

Ketchikan Gateway Borough- Ketchikan Shipyard Second Ship Lift Project **FY2004 Request: \$1,500,000**
Reference No: 38709

AP/AL: Appropriation **Project Type:** Equipment
Category: Development **Recipient:** Ketchikan Gateway Borough
Location: Ketchikan Gateway Borough **Contact:** Tena Hart
House District: Ketchikan (HD 1) **Contact Phone:** (907)465-4731
Estimated Project Dates: 07/01/2003 - 06/30/2008

Brief Summary and Statement of Need:

X

Funding:	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	Total
Gen Fund	\$1,500,000						\$1,500,000
Total:	\$1,500,000	\$0	\$0	\$0	\$0	\$0	\$1,500,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

FY2002: \$1,000,000

Project Description/Justification:

Ketchikan Shipyard Development-Second Ship Lift Project

\$1.5 Million State Match Appropriation

Matches \$5 million in federal & \$2.5 million in borough funds

PROJECT HISTORY

In 1982, the State of Alaska published a Site Planning Report for the Ketchikan Shipyard specifying facilities that would be required to establish a commercially viable shipyard. A viable shipyard in Ketchikan would ensure in-state spending and employment for maintenance of the state's ferries and strengthen and diversify the regional economy. The 1982 Planning Report concludes that the Ketchikan Shipyard must be capable of performing all AMHS maintenance and repair requirements **and** of repairing and maintaining commercial ships that work principally in Alaska. The State's Planning Report emphasizes that commercial repair capability is necessary to establish year-round employment for the workforce and to allow the facility to become self-supporting. Alaska's fleet of commercial, and other government vessels, that work principally in Alaska range in size up to 250 feet in length and displace up to 2,500 long tons.

The Ketchikan Shipyard was opened in 1987 at a cost of \$38 million to the State, but without the capability to serve other non-AMHS and commercial vessels. The shipyard was opened without the capability to become self-supporting. Today, the shipyard is still not self-supporting because it lacks the capability to lift and maintain 2,500 ton vessels concurrent with lifting AMHS vessels. In 1996, the shipyard was transferred from DOT/PF to AIDEA as recommended in early State planning reports. AIDEA commissioned a 1999 Shipyard Development Plan that specified improvements needed to make the facility self-supporting. The most critical component needed today at the shipyard is a second ship lift sized for ships up to 250 feet in length weighing up to 2,500 long tons.

FUNDING REQUEST	
22nd Legislature Appropriation to KGB	\$1,000,000 Remains Available for Match
REQUESTED 23rd Legislature Appropriation to KGB	\$1,500,000
MATCHING/LOCAL (KGB)	\$2,500,000
Federal Component EDA Grant to AIDEA	\$5,000,000
Total Phase 3	\$10,000,000

PROJECT STATUS:

Construction of the proposed second ship lift is estimated to cost \$10 million. In August, 2002, The U.S. Economic Development Administration (EDA) awarded to AIDEA a \$5.0 construction grant to build the proposed second, 2,500-ton ship lift. The EDA grant requires a \$5.0 million match. The EDA Application for Federal Assistance identifies the match as \$2.5 million from the State and \$2.5 million from local sources for total project funds of \$10.0 million. The Ketchikan Gateway Borough has earmarked \$2.5 million as match for this project.

The 1st Session of the 22nd Legislature appropriated \$1.0 million to the Ketchikan Gateway Borough through the Dept. of Community and Economic Development (DCED) as a match for Ketchikan shipyard development. This grant remains available for use.

The 2003 Community of Ketchikan Legislative Priorities list ranks Ketchikan Shipyard development as the top regional priority. The Community of Ketchikan's capital request to the 1st Session of the 23rd Legislature for this project is \$1.5 million to be used with the available DCED grant of \$1.0 million to fulfill the match requirements for the U.S. EDA grant.

Construction of the this second ship lift is critical to completing the Ketchikan Shipyard so that the facility can become commercially viable and self supporting.