

Agency: Commerce, Community and Economic Development**Grant Recipient: Community & Economic Dev****Project Title:****Project Type:** Remodel, Reconstruction and Upgrades

Alaska Industrial Development & Export Authority - Ketchikan Shipyard Improvements

State Funding Requested: \$13,750,000**House District: 1 / A**

Future Funding May Be Requested

Brief Project Description:

Ketchikan Shipyard improvements consisting of assembly/production hall outfit and mechanical, steel fabrication building and/or a surface preparation and coatings building.

Funding Plan:

Total Project Cost:	\$13,750,000
Funding Already Secured:	(\$0)
FY2013 State Funding Request:	<u>(\$13,750,000)</u>
Project Deficit:	\$0

Funding Details:

No other source of funding is available at this time. Alaska Ship and Drydock is pursuing other federal funding opportunities and announcements on behalf of AIDEA for continued build out the facility.

Detailed Project Description and Justification:

Ketchikan Shipyard improvements consisting of assembly/production hall outfit and mechanical, steel fabrication building and/or a surface preparation and coatings building.

Alaska Industrial Development & Export Authority (AIDEA) and Alaska Ship and Drydock (ASD) have determined that a FY2013 request for \$23,350,000 for shipyard improvements total estimated combined cost of the three elements, for shipyard improvements would be difficult to appropriate in the next cycle and is recommending that total request be limited to \$13,750,000. AIDEA may determine the optimal allocation of any funds resulting from this potential appropriation to any one or all of the three components of this request. This note is intended to provide flexibility in the legislative intent for any funds obligated by this requested appropriation.

Detail design and construction of:

1. Final outfit and mechanical for Assembly/Production Hall, up to \$3,000,000;
2. Steel Fabrication building at a minimum of \$4,150,000;
3. Surface Preparation and Coatings building at up to \$6,600,000;

All three project components support the new Ship Assembly/Production Hall currently under construction.

Background:

The Ketchikan Shipyard has been on the community priority list since approximately 1976 (last available priority list dated July 1995). The purposes of the overall Ketchikan Shipyard project have been and remain to be to reduce the cost of

building, maintaining, and repairing ships in Alaska and to transform Ketchikan into the premier maritime industrial and support center in the state.

In 2005, Congress appropriated approximately \$50 million to AIDEA through the Federal Transit Administration for shipyard improvements. Between 2005 and 2010 AIDEA and ADOT&PF used these funds to construct a Land Level Ship Berth and other improvements at the shipyard at a cost of approximately \$9 million. In 2010, AIDEA entered into an agreement with URS Engineering and Dawson Construction Company (DCC) to construct the large Ship Assembly and Production Hall and an Operating Center at the Ketchikan Shipyard at a cost of approximately \$41 million. This phase of the project is scheduled to be completed in June of 2012.

The three project components addressed by this request are the next logical set of facilities required to provide competitive ship building facilities in Ketchikan capable of supporting such projects as the proposed new Alaska Marine Highway System (AMHS) Alaska Class ferry fleet of up to four vessels. The Steel Fabrication Shop will weld steel plate into large panels that will be assembled into 3D ship modules where pre-outfitting will occur. The ship modules will then be moved into the Surface Preparation and Coatings Building for corrosion control work. The coated modules will then be moved into the, by then completed, Ship Assembly Hall for final outfitting and assembly of the ship.

AIDEA administers a Repair and Replacement (R&R) fund for the Ketchikan Shipyard from revenues paid by the contract shipyard operator. ASD is the contract operator that pays into the AIDEA R&R Fund and must perform a portion of the annual maintenance at its cost.

Deferred Maintenance:

The Ketchikan Shipyard reduces the cost of performing deferred maintenance programs for AMHS, Inter-Island Ferry Authority and other marine transportation and marine resource development assets operating in Alaska and northern British Columbia.

Transportation:

The Ketchikan Shipyard reduces the cost of annual maintenance programs for AMHS, Inter-Island Ferry Authority and other marine transportation and marine resource development assets operating in Alaska and Northern British Columbia.

Infrastructure:

The Ketchikan Shipyard is owned by the Alaska Industrial Development and Export Authority (AIDEA) and operated to reduce the cost of owning and operating Alaska's marine transportation assets and to produce economic returns to Ketchikan, the Southeast Region, and State.

Public Safety:

The Ketchikan Shipyard enhances Safety of Life at Sea for stricken vessels and mariners in the Inside Passage, and the North Pacific and Arctic Oceans.

Private Sector Tools:

The AIDEA-owned Ketchikan Shipyard is operated as a public-private partnership with the Borough and City of Ketchikan and Alaska Ship & Drydock, Inc. through a 30-year operating agreement with AIDEA enacted in 2005. ASD commenced operation of the yard in 1993 with a workforce of 35. AIDEA assumed ownership of the facility in 1997.

The Steel Shop and Surface Prep & Coatings facilities will support the Ship Assembly Hall that together will increase base

shipyard employment from an annual average of 120 to 250 employees. Growth in demand for shipyard supplies, material, and workforce support expansion of local businesses, creating new employment opportunities and economic diversity. The Ketchikan Shipyard is developing Alaska's infrastructure, knowledge, skills, and abilities to support the marine and heavy manufacturing demand of Alaska's marine transportation, resource development, fisheries, ocean science, and on and off shore oil and gas.

Investment in Future:

The Ketchikan Shipyard is the anchor industry to a Maritime Technology cluster that is driving a broader awareness of the local, regional, and state maritime opportunities. In addition, the Ketchikan Shipyard is attracting marine vessel fleet owners and operators to the region (AMHS and NOAA) enhancing Ketchikan's potential as a base port for commercial vessels engaged in the Bering Sea Ground Fisheries, Alaska and Arctic shipping, ocean sciences, and off-shore oil and gas that together have potential to transform the Southeast Alaska economy.

Support for Essential Services:

The Ketchikan Shipyard reduces the cost of building, operating and maintaining public owned marine transportation assets.

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES (CEDs):

Number of jobs created after implementation:

The Steel Shop and Surface Prep. & Coatings facilities will support the Ship Assembly Hall that together will increase base shipyard employment from an annual average of 120 to 250 employees

Number and types of investments undertaken:

The Ketchikan Shipyard has been a legislative priority since 1976 when initial planning for the shipyard began.

Number of jobs retained: 120

This project will increase the ability of the Ketchikan Shipyard to secure new shipbuilding and/or repair contracts and stabilize peak demand for long term employment at the Ketchikan Shipyard.

Project Timeline:

Fall of 2013

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Ketchikan Ship & Drydock, Inc.

Grant Recipient Contact Information:

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Has this project been through a public review process at the local level and is it a community priority? Yes No

For use by Co-chair Staff Only:

Ketchikan Shipbuilding & Repair Yard

Advance Marine Technology for Alaska

Ship Assembly /Production Hall
Enters service June 2012

Surface Preparation & Coatings Facility Located
behind Ship Repair Hall (not visible) - Future

Panel & Module Fabrication
State of Alaska FY 2013 Capital
Request

Ship Repair Hall -
Future

Machine & Shaft Shop
-in service

Rolling Roof Sections - Future

Operations Center
Scheduled for service 2011

Land Level Berth 1 - in service

Elevated Gantry/Roof Rail
Future

Dry Dock #2 - In service

Dry Dock #1 - In service

