

Agency: Commerce, Community and Economic Development**Grants to Municipalities (AS 37.05.315)****Grant Recipient: Seward****Federal Tax ID: 92-6000086****Project Title:****Project Type: Other**

Seward - Seward Marine Industrial Center/ Homeport Coastal Villages Region Fund's Fleet to Alaska Project

State Funding Requested: \$17,900,000**House District: Kenai Areawide (28-30)**

Future Funding May Be Requested

Brief Project Description:

Enclose and develop the Seward Marine Industrial Center Basin (SMIC) and adjacent uplands on the East side of Resurrection Bay to accommodate the home-porting of the CDQ Fishing Fleets from Seattle to Alaska and to provide vessel support services to petroleum exploration and development.

Funding Plan:

Total Project Cost:	\$65,200,000
Funding Already Secured:	(\$10,400,000)
FY2014 State Funding Request:	<u>(\$17,900,000)</u>
Project Deficit:	\$36,900,000

Funding Details:

The State appropriated four hundred thousand (\$400,000) dollars in the FY 2012 budget for the now completed planning work. In 2013, the City will receive ten million (10,000,000) dollars via the State-wide Transportation Bond Package. The City is currently negotiating a pre-development agreement with Alaska Industrial Development and Export Authority for management and oversight for the Seward Marine Industrial Center's port development.

Detailed Project Description and Justification:

The City respectfully requests the Legislature's support and funding for one of Alaska's premier economic development opportunities: The Seward Marine Industrial Center / Coastal Villages Home-port Project. Previous grants, appropriations, and City bonds have constructed a basin, ship lift, and ship repair facility at the Seward Marine Industrial Center. However, past improvements have not yet included enclosing the basin nor developing necessary moorage.

There are only two ship-size lifts in Alaska. The other is in the South East. The Center is located within the Seward City limits on the eastern shore of Resurrection Bay.

Available infrastructure provides an essential foundation to meet the requirements for relocating the CDQ fishing fleets to Alaska, expanding Seward Ship's Drydock business, and accommodating the influx of petroleum exploration and support corporations that have expressed a desire to utilize port services in Seward. Previously funded improvements have significantly reduced the cost of constructing additional necessary infrastructure.

After receiving a request from Coastal Villages Region Fund (CVRF is the largest of six CDQ groups) in 2011 to assess the prospect of relocating their home port from Seattle to Seward, Alaska, the City of Seward contracted respected engineers and economists to conduct a detailed scoping analysis demonstrating the project's feasibility for Seward and Alaska.

Moving the home port of the CVRF fishing fleet from Seattle to Seward is an extraordinary cultural and economic opportunity for Alaska. This has been a longstanding goal of many prominent Alaskans that began with the Magnuson-Stevens Act in 1976 and the Community Development Quota (CDQ) Program that began in December 1992. The forward visions of Senator Ted Stevens and others led to the Act which with its amendments Americanized the fishing fleet in Alaska, and provided fishing quotas to the communities nearest prime fishing areas. It enabled the reinvestment of profits, produced needed jobs, and "Alaskanized" the state's fishing fleet.

After examining ports across Alaska, CVRF found Seward's ice-free deep-water port met all of CVRF's requirements that included road, air, and rail access. Seward is now home to five CVRF vessels and space to meet CVRF's immediate needs with room to expand to meet future needs of CVRF and other customer groups. It is the home of the Alaska Vocational Technical training center (AVTEC) where maritime crews receive training, licensing and re-certification of maritime skills. Seward has a strong maritime, fishing and vessel repair industry. (AVTEC welding students in the 1990s built several Yukon Delta Fisheries Development Association CDQ fishing vessels) This project and years of effort are coming full circle to benefit Alaskans.

Seward's location, infrastructure, and the resource features that CVRF found attractive are the same that will attract other users to SMIC once it is completed. Implementation of this project will have a dramatic and positive economic impact on the entire state. Seward is preparing for future use by Homeland Security, increased Coast Guard activity, and is the home port of the National Science Foundation / UAF Polar Research Vessel Sikuliaq. Marine and land based support activity will increase as traffic over the Arctic increases.

Coastal Villages reports their fleet ANNUALLY spends:

- Approximately \$5,000,000-\$10,000,000 (5-10 million) dollars on maintenance of vessels,
- Nearly \$20,000,000 (20 million) dollars on moorage and vendor support
- Nearly \$2,000,000 (2 million) dollars for crew airfare for to reach vessels

in SEATTLE. Now is the time to reinvest Alaskan money drawn from Alaskan resources back into the Alaskan economy.

Relocation of Alaska's CDQ fishing fleet close to its intended beneficiaries will realize Senator Stevens' vision of revitalizing Alaska's maritime/fishing industries while creating jobs and revenue in Alaska, for Alaskans. Seward Ship's Drydock alone anticipates adding fifty new jobs to the current fifty now employed there as infrastructure is added to the Seward Marine Industrial Center in support of CVRF and other users. This project will design and build the most cost-effective basin enclosure to protect the moored vessels and docks.

Countless prospective marine business has been lost to the Outside due to the lack of a protective basin. The city is encouraging private development of the uplands for office and warehouse structures. These improvements will enable the Coast Villages Region Fund to home-port their fleet in Alaska and provide petroleum exploration and support companies a viable port in South Central Alaska instead of sailing south at the end of their season.

Project Timeline:

March 2013 Geotechnical work for Phase 1

March 2014 Materials order and construction of sheet-pile barrier

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

City of Seward

Grant Recipient Contact Information:

Name: Jim Hunt
Title: City Manager
Address: 410 Adams
Seward , Alaska 99664
Phone Number: (907)224-4012
Email: jhunt@cityofseward.net

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



ALASKAN-IZING THE FLEET

Bringing the Coastal Villages Region Fund CDQ vessels home to Alaska

The Program

Coastal Villages Region Fund (CVRF) represents 20 Western Alaska communities, and with 35% of the total assets is the largest of the six Community Development Quota (CDQ) groups. Combined, the groups are a billion dollar business annually, employing 2300 people in wage and salary jobs paying \$32 million, with another \$25 million in ex-vessel payments to 1500 permit holders and 1700 crew.

CVRF harvests cod, pollock, crab, salmon and halibut in the Bering Sea and Aleutian Islands, and holds over \$300 million in CDQ assets.

The Project

Currently, the economic benefits of homeporting are largely lost to Alaska. Given sufficient infrastructure choices ships will follow their owners. The CVRF fleet owners desire to bring their fleet home to Alaska, and have partnered with Seward to further develop the Seward Marine Industrial Center (SMIC) support facilities including:

- ◆ Breakwater to protect mooring basin
- ◆ 2500' of moorage
- ◆ 20,000 sq. ft. of warehouse
- ◆ 5,000 sq. ft. of office
- ◆ 5-10 acres fenced storage
- ◆ Private sector vendors for fuel, provisions, training and services across marine trades.

Why Seward?

- ◆ Year-round ice-free port
- ◆ Road, rail and air access
- ◆ Fleet-capable drydock and ship repair
- ◆ History of fishing businesses
- ◆ AVTEC maritime licensing, training and certification
- ◆ Access to marine trades and services across all of South-Central Alaska
- ◆ Building onto \$30+ million of community bonded basic port infrastructure
- ◆ Regulatory process streamlined by adding onto currently permitted SMIC projects and activities
- ◆ Existing baseline geotechnical work

"No single port can meet all the fleet's service, supply and repair needs. Seward's location will serve as the ideal hub for access to Anchorage, Cook Inlet, Prince William Sound and Kodiak port resources for the vessels".

Cost and Funding

Phase 1 cost is \$21 million to enclose the basin, finalize initial the engineering, and preliminary Phase 2 design. Final total cost is ~\$80-90 million.

Given the size of the project and the economic importance of the CDQ fleet to Alaska, Seward is pursuing a combination of grant funding and debt service options, including:

- ◆ State: AIDEA, Legislative appropriation, Statewide Port Bond Package, ADOT&PF Harbor program
- ◆ Federal: USACE, "TIGER" grant, EDA, USDA Rural
- ◆ Local bonding
- ◆ Private sector w/hse, offices, housing and vessel services

Benefits

In addition to construction jobs, the primary benefit is spending on vessel repair and maintenance and goods and services and jobs created and supported.

Savings to CVRF are significant, including air and vessel travel, and exemplified by average fuel savings of \$75,000 per vessel per round trip to Seward rather than Seattle. Savings will more than offset the sometimes higher cost of doing business in Alaska, and are expected to increase as economies and efficiencies of scale grow with the relocation.

The harbor improvements will be critical in attracting other new business to Alaska, including exploration and support vessels for Beaufort and Chukchi OCS oil and gas development.

The Future

The economic activity associated with homeporting the CVRF fleet will enable private sector development to existing, new, and new-to-Alaska businesses.

Sales and property taxes and fuel excise taxes will far outweigh moorage charges. These, together with lease fees, will support debt service and ongoing operations and maintenance of the public infrastructure so that future state and federal subsidies are avoided.

This project furthers the late Sen. Steven's vision in the Magnuson-Stevens Fisheries Act and CDQ amendments of achieving sustainable and diversified economies in Western Alaska, as well as bringing significant benefits to the state as a whole.

VOLUMES (CY)

N. BREAKWATER	61,000
CAISSON BREAKWATER	11,000
CAISSON BREAKWATER FILL	11,000
N. DOCK FILL	22,000

LEGEND

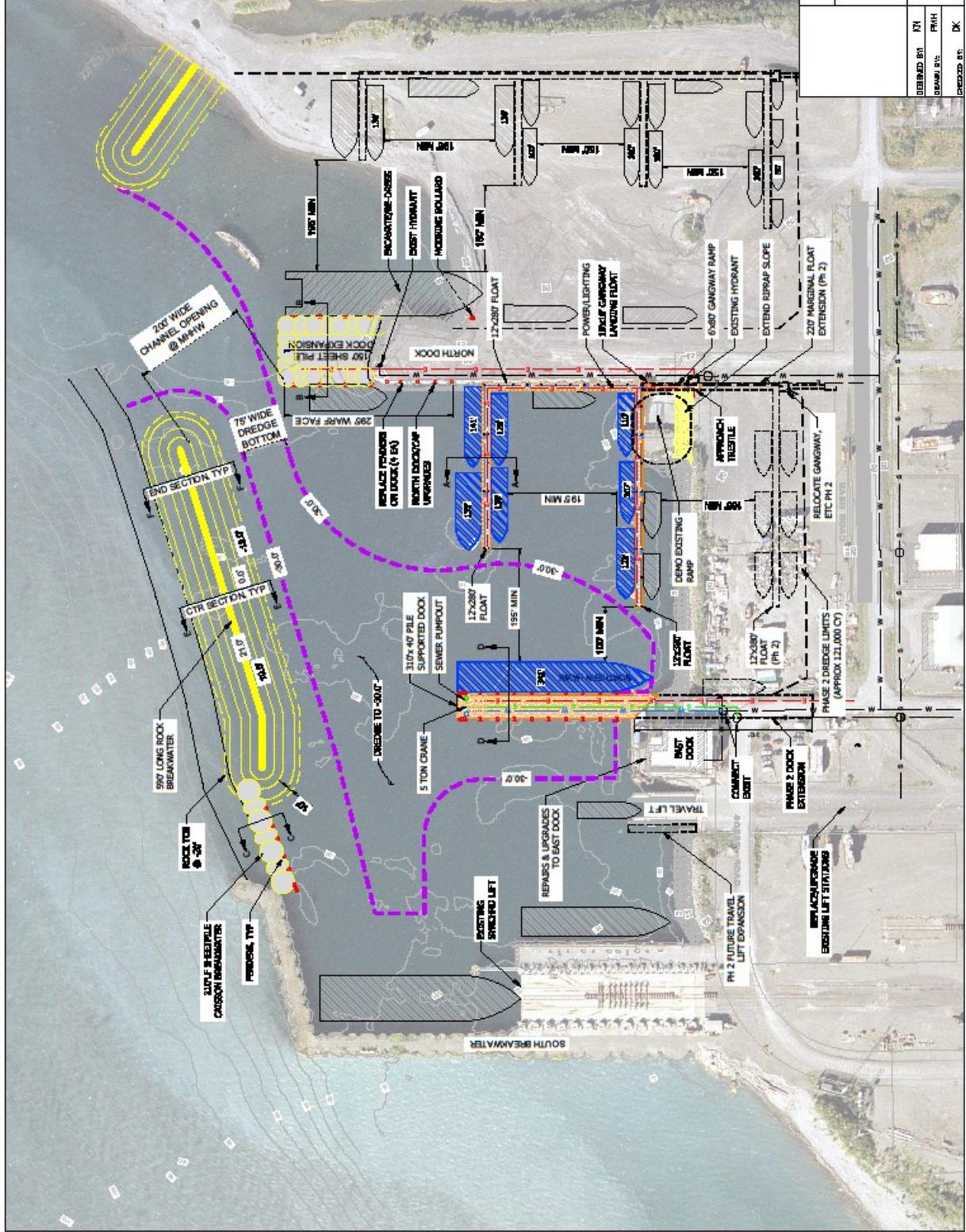
- EXIST WATER
- EXIST POWER/LIGHTING
- EXIST SEWER
- EXIST WATER
- NEW WATER
- NEW POWER/LIGHTING
- NEW SEWER
- CVR FLEET

SEWARD MARINE INDUSTRIAL CENTER
SEWARD, ALASKA

RCM
RCM CONSULTANTS, INC.
DRIVERWAY • IMPRYM • EARL • BREWER • CHURCHILL • BERRY
4411 WILSON AVE., ANCHORAGE, ALASKA 99507
TEL: 907-562-7700 FAX: 907-562-7701

EXPANSION POSSIBILITIES
ALTERNATIVE
CONCEPT PLAN

SCALE: AS SHOWN
DATE: 03-05-2012
DWG. NO.: FIG. 1



DESIGNED BY:	KYI
DRAWN BY:	PKH
CHECKED BY:	DK

CITY OF SEWARD

P.O. Box 167
410 Adams Street
Seward, Alaska 99664-0167



- Main Office (907) 224-4050
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- jhunt@cityofseward.net
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March 26, 2013

Honorable members of the 28th Alaska Legislature House and Senate Finance Committees,

Much has been accomplished since the Legislature funded \$400,000 to study the feasibility of home porting the Coastal Villages Region Fund (CVRF) Community Development Quota (CDQ) fleet in Seward. CVRF had selected Seward as the ideal place to in Alaska to bring their fleet home to from Seattle if we could provide sufficient moorage.

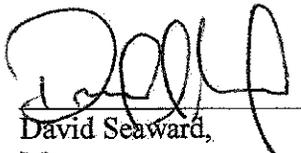
The studies have been completed, the feasibility is solid, and the initial planning and design work is complete. In the meantime, CVRF's fleet has grown, and other customers have also found Seward well suited to their purposes and require more moorage space for their operations. Most notably, oil and gas prospects in the Beaufort and Chukchi Seas have brought a fleet of exploration and support vessels to Alaska that require the same sort of moorage facilities and support services as the CDQ fleet. Some of the vessels in that fleet have wintered over in Seward and other ports in Alaska, and more are planning to make Seward home for the long-term. Seward provides our new customer base necessary road, rail and air access. It has become imperative for Seward to provide adequate facilities for these corporations in order to eliminate their annual transit to the lower forty-eight ports for the repairs, maintenance, goods and services.

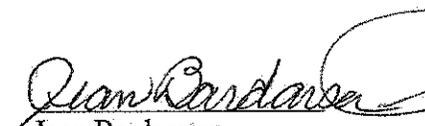
We are excited by these positive paralleling developments and continue our efforts to provide the balance of services and trained workforce ensuring that the leading job opportunities are filled by Alaskans. We are collaborating with the Department of Labor and regional economic development organizations to establish a job and economic development forum to address all aspects of the CVRF marine service needs. The City of Seward is in the process of partnering with the Alaska Industrial Development and Export Authority (AIDEA) as a vehicle for business development and financial planning appropriate for the fleet's needs. The vehicle for this partnership is a pre-development agreement designed to outline AIDEA's role in coordinating the public and private elements of the proposed harbor development. The voters of Alaska approved the statewide transportation bond package that included \$10 million dollars for Seward's port project. This compliments and improves upon the \$30 plus million dollars invested by general obligation bonds paid by local taxpayers for the existing operating infrastructure.

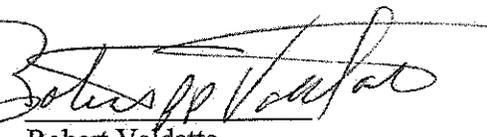
The state bond funding will complete the engineering and permitting work. It will establish the contract fee for AIDEA's services and fund the first extension to the existing but unfinished breakwater in order to enclose the mooring basin. We are asking the Legislature for \$17.9 million to complete the necessary breakwater as the initial phase of the port expansion. With that work done, we will be able to immediately moor vessels and generate operating and maintenance revenue. Once the initial operations are underway, we will be prepared to plan for the eventual build-out within the basin and establish a cost and funding proposal for that work.

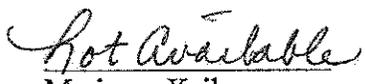
We believe this explanation clarifies our request and provides a complete picture of this project to date. The City cannot overstate the significance of this sustainable economic development project that will benefit the entire Gulf Coast of Alaska for decades.

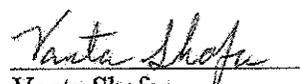
Respectfully yours,

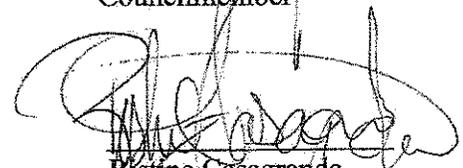

David Seaward,
Mayor


Jean Bardarson,
Vice Mayor


Robert Valdatta,
Councilmember


Marianna Keil,
Councilmember


Vanta Shafer,
Councilmember


Kristine Casagrande,
Councilmember


Christy Ferry,
Councilmember