

**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: New Construction and Land Acquisition**

## Seward - Marine Expansion Including Breakwater

**State Funding Requested: \$7,900,000****House District: Kenai Areawide (28-30)**

Future Funding May Be Requested

**Brief Project Description:**

Enclose and develop the Seward Marine Industrial Center (SMIC) to provide essential marine services to support oil and gas exploration development, increased Arctic marine traffic, Alaska Railroad trans-shipment, UA research, AVTEC job training and home-porting of Coastal Villages Region Fund (CVRF) and/or other fishing fleets from Seattle to Alaska. The SMIC Expansion Project includes two phases. Phase 1 is construction of the breakwater.

**Funding Plan:**

Total Project Cost:	\$65,200,000
Funding Already Secured:	(\$20,400,000)
FY2015 State Funding Request:	<u>(\$7,900,000)</u>
Project Deficit:	\$36,900,000

*Funding Details:*

*FY 2011: The State appropriated \$400,000 for SMIC harbor planning and feasibility study.*

*FY 2012 and 2013: The City of Seward received \$10,000,000 via the Transportation Bond package and \$10,000,000 from the Legislature.*

**Detailed Project Description and Justification:**

The City respectfully requests the Legislature's support and funding to expand and protect this major Alaska transportation center and ice-free deep-water port. Seward Marine Industrial Center (SMIC) is a vital component to the U.S. maritime infrastructure. It supports the recent increase and growth in Arctic marine traffic, shipping via the Northwest Passage, new Arctic routes, homeland security, military, Arctic research, and is a desirable location for petroleum and natural gas companies as SMIC offers road and rail access to Anchorage and surrounding Alaska.

Seward's central geography enables provision of critical ship repair, fuel, moorage and support facilities for maritime vessels traveling through Anchorage, Kodiak, Western Alaska and the Arctic. SMIC provides essential ship haul-out and maintenance/repair services at the drydock with a 250-ton Marine Travelift and 5,000-ton Synchronlift. Existing utility infrastructure and significant upland acreage offer ample space for vessel repairs, marine support services, cargo storage, staging, and future development.

Presently, the SMIC basin is unprotected from ocean swells and boat wake action rendering SMIC's wharfing structures unusable most of the year. The dock structure and fendering systems have been damaged by wave action and the Synchronlift dock has been damaged by the rolling of a berthed vessel. There is lack of safe moorage in Seward for commercial vessel with drafts in excess of twelve (12) feet and/or displacements of 1,000 tons. Tugs, barges, and many other vessels often must anchor or "jog" within Resurrection Bay awaiting moorage. The Seward Ship's Drydock facility has

insufficient moorage to accommodate its customers and many potential users are forced to bypass Seward altogether. Additionally, SMIC's inadequate wave protection negatively impacts the use and development of the entire facility, including the ample upland area where many infrastructure improvements have been made.

The increased utility gained by the SMIC expansion will foster the private development of the extensive available uplands. Uplands development would support additional services, infrastructure, and address the increased demand for cargo and staging areas at the three major mainland Alaska ports of Seward, Whittier and Anchorage. Development at SMIC will enable Seward to better support moving goods and material throughout the state via the Alaska Railroad.

Demand for additional moorage and laydown yard space in Seward continues to increase. New business interests have emerged that will benefit from the SMIC Expansion:

- Based on increasing freight, the Alaska Railroad has issued its five-year Master Plan for Seward calling for additional moorage/wharf capacity, new roads and industrial space
- The AVTEC Maritime Program has increased its training of Alaskans for marine industry jobs statewide, noting the value of the SMIC breakwater for future statewide economic growth, increased workforce development and employment opportunities training
- Increased petroleum exploration in the Beaufort and Chukchi Seas has led to increased supply shipments and vessel over-wintering in Seward
- The new UAF School of Fisheries and Ocean Sciences Research Vessel (R/V Sikuliaq) will homeport in Seward
- Seward Highway improvements to broaden access and increase safety support increased vendor traffic in and out of Seward
- Fuel storage and dispensing infrastructure is in place at SMIC
- Increased activity by the U.S. Coast Guard and Homeland Security
- Seward Ship's Drydock anticipates doubling its current employment to one hundred (100) jobs as infrastructure is added to the SMIC
- Private industry has expressed interest in leasing industrial yard space at SMIC for short term storage and long term development of warehouse and vessel support facilities

As presented in the City's FY2013 and FY2014 State funding requests, the CVRF is actively exploring relocating its CDQ fleet back to Alaska. Annual spending for maintenance of CDQ vessels is between five and ten million dollars (\$5,000,000-\$10,000,000). Nearly twenty million dollars (\$20,000,000) is spent annually on moorage and vendor support. An additional two million dollars (\$2,000,000) is estimated for crew airfare to reach vessels. This money is now being spent in Seattle. Relocation of Alaska's CDQ fishing fleet close to the fishing grounds will realize the vision of Senator Stevens (Magnuson-Stevens Act in 1976) to revitalize Alaska's maritime/fishing industries while creating jobs and revenue in Alaska for Alaskans.

Significant marine business has been lost due to the lack of a protective and sufficiently-sized basin. At times, barges circle in Resurrection Bay, waiting to get in the harbor and for available loading and off-loading dock space. Damages to vessels and dock facilities occur due to current undesirable wave environment. A dredged, protected basin at SMIC with adequate moorage and uplands development will position SMIC to better support existing and new businesses, providing a stable economic base with year-round jobs and revenue streams to support operations and maintenance of the new facility.

**Project Timeline:**

Fall/Winter 2013 Design Development and Permitting  
Winter 2014 Complete Construction Documents/Issue Construction RFP for Phase 1  
Spring 2014 Select Construction Contractor  
Summer/Fall 2014 Phase 1 Breakwaters Construction

**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)224-4047  
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



**THE PROJECT**

The Seward Marine Industrial Center (SMIC) Expansion will provide protected and safe moorage to meet increasing demand, including: fishing fleets, gas/oil industry exploration and support equipment, USCG, the R/V Sikuliaq and various other tugs, barges and shipping vessels..

Phase 1 will construct the necessary breakwaters and increase utility for the SMIC harbor now challenged by an unsafe wave climate.

Phase 2 will develop and dredge the existing basin to expand moorage capacity, repair damaged infrastructure and add utility and upland improvements.

**SCHEDULE**

Fall/Winter 2013: Design Development and Permitting

Winter 2014: Construction Documents/Bidding

Summer/Fall 2014: Phase 1 Breakwaters Construction

**CAPITAL COST AND FUNDING**

The Phase 1 cost to protect the basin with an additional breakwater is \$27.9 million. \$20 million has been received from the State of Alaska, building on the \$400,000 legislative appropriation for the initial planning and feasibility work. The City of Seward FY2015 legislative request is for final funding of \$7.9 million required to complete Phase 1. Total SMIC Expansion project cost is estimated at \$65.2 million. Potential fund sources include State and Federal grants, State port bonds, private and AIDEA investment. Seward taxpayers have invested over \$30 million in bonds for existing infrastructure. Private upland development to provide additional vessel repairs, marine support services, cargo storage and staging will utilize the improved facilities and provide operating revenue.

**PROGRESS**

The City of Seward has actively invested in the development of an expanded business agenda that ensures economic growth, sustainability and prepares the project for construction.

- Phase 1 engineering and concept design have been further refined.
- Permitting and geotechnical studies are underway.
- Business case has been expanded to now include statewide agenda of oil and gas exploration, Arctic marine traffic support, ARRC, over-land and marine cargo, UA, AVTEC and other initiatives in addition to the CDQ Alaskanization program..
- City of Seward plans to initiate Phase 1 construction in Summer 2014.

**ECONOMIC BENEFITS**

The SMIC Expansion project provides regional economic diversification with statewide benefits:

- CDQ fleets could bring \$5-10M in annual maintenance revenue and \$20M in moorage and vendor support services. Relocation of fleets to Seward will enhance these revenues.
- Revenue from increased oil and gas exploration vessels wintering in Seward
- Capacity to meet ARRC’s and private industry’s increased demand for freight, dock extension, road and industrial laydown space
- New jobs in construction, marine services/supplies, tourism, commercial and sport fishing, marine research, oil and gas exploration and maritime shipping
- AVTEC Maritime Program licensing, training and certification; Marine trades and services across Southcentral Alaska ports
- UAF Alaska Region Research Vessel (Sikuliaq) moorage and maintenance
- Additional harbor capacity for existing businesses looking to expand
- Support to Port of Anchorage in moving material and goods around the state
- Improvements to region’s economy by bringing down marine costs for Alaska

**CITY OF SEWARD**

Jim Hunt, City Manager  
 907.224.4047  
 jhunt@cityofseward.net  
 PO Box 167 • Seward, Alaska 99664  
 www.cityofseward.us

