

Agency: Commerce, Community and Economic Development**Grant Recipient: Alaska Industrial Development & Export****Federal Tax ID: 92-6001185****Authority****Project Title:****Project Type: New Construction and Land Acquisition**

Alaska Industrial Development and Export Authority - Ketchikan Shipyard Land Level Berth II

State Funding Requested: \$3,000,000**House District: 33 / Q**

Future Funding May Be Requested

Brief Project Description:

This project will increase the utilization of existing infrastructure and increase the volume of work that can be performed at the Ketchikan Shipyard. Future capital requests are expected to complete the build out of the 2012 Shipyard Development Plan.

Funding Plan:

Total Project Cost:	\$3,000,000
Funding Already Secured:	(\$0)
FY2015 State Funding Request:	<u>(\$3,000,000)</u>
Project Deficit:	\$0

Funding Details:

No other funding has been secured for this project nor are there other funding sources available.

Detailed Project Description and Justification:

The Ketchikan Gateway Borough and the City of Ketchikan support development of the Ketchikan Shipyard at nearly \$1 million per year through the provision of competitive electrical rates and tax relief related to AIDEA owned real and personal property as stipulated by a 30-year Memorandum of Understanding between AIDEA, the City and Borough of Ketchikan, and Ketchikan Public Utilities.

Currently Dry Dock #2, Land Level Berth #1, and the Assembly Hall are arranged in a linear configuration requiring Land Berth #1 to be clear of all work in order to launch ships from the Assembly Hall or recover ships for maintenance.

Construction of the new adjacent, open air Land Level Berth will provide repair and outfitting capacity that will not need to be interrupted during ship launch or recovery operations. An open air, Land Level Berth 2 will assist in side by side ferry construction as will be required to support the AMSH Day Boat -- ACF, the Tustumena Replacement Ferry and commercial shipbuilding opportunities.

A significant portion of the work required to establish Land Level Berth #2 is the relocation of the primary electrical power substation that is currently located in the middle of the proposed Berth #2 foot print. The transformers and switch gear making up the substation have reached the end of their useful life and require replacement in the near future. Relocating and updating the equipment in this substation will achieve several shipyard development goals:

- Make way for establishing a Land Level Berth #2
- Modernize switching, transforming, and metering functions within the substation,
- Provide for more accurate metering
- Mitigate negative impacts on the utility
- Provide more efficient distribution of energy within the yard

Ongoing Operation and Maintenance: The Ketchikan Shipyard real and personal property including property, buildings, and major equipment (dry docks) are owned by AIDEA. Vigor Alaska operates and maintains the shipyard through an Operating Agreement with AIDEA. The Agreement stipulates Vigor Alaska pay into an AIDEA managed Repair and Replacement (R&R) Fund through Revenue Sharing as stipulated in the long term Operating Agreement between AIDEA and Vigor Alaska. Vigor Alaska has paid \$300,000, on the average, per year into the R&R fund since 2008.

Deferred Maintenance: The existing Ketchikan Shipyard electrical substation has been in service since the yard opened in 1987, 26 years ago, and with significantly smaller electrical loads. The electrical substation has reached the end of its useful life. Relocation of upgraded substation equipment will facilitate build out of the development plan and provide equipment sized for newly installed capacity at the yard.

Transportation: The Ketchikan Shipyard supports local, state, and federal marine transportation infrastructure through the building of new and maintenance of existing ferries, work boats, barges, fishing vessels, US Coast Guard Cutters, off shore oil and gas support vessels, and oil spill response assets.

Infrastructure: The Ketchikan Shipyard is owned by AIDEA. AIDEA's public purpose is to increase job opportunities and otherwise to encourage the economic growth of the state, including the development of its natural resources, through the establishment and expansion of manufacturing, industrial, energy, export, small business, and business enterprises.

Public Safety: The Ketchikan Shipyard reduces threats to Safety Of Life At Sea (SOLAS) and threats to the marine environment by providing regionally available ship repair capacity for stricken vessels.

Private Sector Tools: The State-owned shipyard is operated by Vigor Alaska under a long term Operating Agreement with a goal of attracting new private investment. Purchase of ASD by Vigor is new investment in the state. With AMHS located in Ward Cove and establishing lay-up berths for both AMHS ferries and NOAA vessels, Ketchikan's marine vendor base will grow through expansion of existing businesses and attraction of new firms.

Investment in Future: Marine and industrial activity in Alaska is projected to grow in response to demand for modern ferries; fishing vessel replacement; off-shore oil and gas, energy, and natural resource exploration and development opportunities. The shipyard industrial facilities will support these growing industry sectors.

Project Timeline:

Engineering would begin immediately upon funding becoming available. Construction would commence in the first quarter of 2015 with completion in June of 2015.

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

AIDEA, with funding provided by Vigor Alaska, which pays into a Repair and Replacement Fund.

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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

