

**Agency: Commerce, Community and Economic Development****Grant Recipient: Alaska Industrial Development & Export****Federal Tax ID: 92-6001185****Authority****Project Title:****Project Type:** Remodel, Reconstruction and Upgrades

# Alaska Industrial Development & Export Authority - Ketchikan Shipyard Expansion and Improvement

**State Funding Requested: \$6,000,000****House District: 1 / A**

Future Funding May Be Requested

**Brief Project Description:**

Project will fund expansion and improvement of the state-owned shipyard in Ketchikan.

**Funding Plan:**

Total Project Cost:	\$6,000,000
Funding Already Secured:	(\$0)
FY2012 State Funding Request:	<u>(\$6,000,000)</u>
Project Deficit:	\$0

**Detailed Project Description and Justification:**

Project will fund expansion and improvement of the state-owned shipyard in Ketchikan. The shipyard is owned by AIDEA and operated by Alaska and Ship & Drydock, a Ketchikan based contractor. The shipyard is expanding its facilities and capacity to meet the demand emerging as part of a new regional marine industry cluster in the North Pacific.

This project will position the shipyard to attract new investment and better serve longstanding state contracts. Funding will support construction and maintenance of marine vessels in Ketchikan reducing the cost of owning and operating marine vessels and ferries in Alaska. The project also supports the growing arctic energy sector, by further developing an ice-free North Pacific shipyard. Developing this capacity at the shipyard will help assure its long-term role in supporting vessels operating in the Inside Passage, the North Pacific, and Arctic Oceans. This project gives Alaska further regional advantage in the emerging marine industry cluster.

Development of the Ketchikan has substantial economic benefits for Southeast Alaska, and can help stem the economic facing our region. A 2010 McDowell Report estimates that expansion of shipyard could mitigate much of the job loss associated with the decline in the timber industry and the loss of Ketchikan's single largest employer, the KPC pulp mill. The study identified further growth at the shipyard as the only meaningful opportunity available to the community to reverse the downward spiral in the economy predicted by the Alaska Department of Labor.

The Ketchikan Shipyard has an impressive portfolio that will be enhanced by state funding. The Alaska Marine Highway System fleet relies on the Ketchikan Shipyard for affordable maintenance and repair services. The yard works to ensure critical marine transportation links between Alaska coastal communities and the continental U.S. Last year the shipyard completed construction of the M/V Susitna, a high-speed catamaran hybrid designed to test the latest in naval technology. Through partnerships with the U.S. Navy and completing complicated, cutting edge vessels, the shipyard has proven itself

as a solid state investment. The shipyard is a leading contender for construction of future AMHS Vessels including the Alaska Class Ferry project.

In addition to the strategic advantages and long-term savings the shipyard expansion will provide, developing the Ketchikan Shipyard will also put Alaskans to work. The McDowell Group projects that 240 new jobs will be added to the 120 existing jobs for a total 360 during the multi-phase build out of the planned for the shipyard facilities. At a multiplier of 1.6, total direct and indirect employment resulting from shipyard activities would be 575 jobs.

Public investment in the Ketchikan shipyard has been ongoing since the initial 1981 State of Alaska appropriation to purchase the 22 acre Sunny Point Cannery. Funding sources have included the Ketchikan Gateway Borough, State of Alaska, U.S. Dept. of Economic Development, and US Dept. of Transportation. Time and again, the shipyard has proven to be a good investment for the state and is one of Alaska's most successful manufacturing projects. This project is well designed, is in the best interest of the state, and enjoys wide support across Alaska.

### Project Timeline:

This request will be used to construct advanced manufacturing facilities at the state owned Ketchikan Shipyard. This funding will be used as either match to pending federal grant requests or directly to fund construction of shipyard improvements in 2011 or 2012. Engineering and NEPA Environmental Assessment are complete for the improvements to be funded by this appropriation.

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

Ketchikan Ship & Drydock, Inc.

### Grant Recipient Contact Information:

Name: Karl Reiche  
 Title: Alaska Industrial Development & Export Authority  
 Address: 813 West Northern Lights Blvd.  
 Anchorage, Alaska 99503  
 Phone Number: (907)228-5302  
 Email: kreiche@aidea.org

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

# THE COMMUNITY OF KETCHIKAN

## FISCAL YEAR 2012 STATE FUNDING REQUEST



### PROJECT NAME

Ketchikan Shipyard Expansion & Improvement

### APPLICANT

Alaska Ship & Drydock, Inc. (Community of Ketchikan Priority No. 8)

### FUNDING REQUEST

Total Project Request	\$6,000,000
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### PROJECT DESCRIPTION

#### **Transportation:**

This request will fund shipyard infrastructure that will support construction and maintenance of marine vessels in Ketchikan reducing the cost of owning and operating marine vessels and ferries in Alaska. The project also supports Alaska energy and resource exploration, production, and transmission industry sectors.

#### **Infrastructure:**

The project will provide globally competitive advanced manufacturing infrastructure providing regional competitive advantage in the emerging marine industry cluster.

#### **Public Safety:**

Regionally available industrial support for marine vessels and ferries in distress will reduce the risk to Safety of Life at Sea (SOLAS) for passengers, freight, and mariners and reduce threats to the marine environment.

#### **Private Sector Tools:**

The Ketchikan Shipyard is owned by AIDEA and operated by Alaska and Ship & Drydock, Inc. a Ketchikan based contractor and is an anchor industry to an emerging regional marine industry cluster capable of attracting new investment through growth of regional competitive advantage.

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**Investment in Future:**

A 2010 McDowell Report estimates that, at build out, the Ketchikan Shipyard," would mitigate much of the job loss associated with the decline in the timber industry and the loss of Ketchikan's single largest employer, the KPC pulp mill, just over ten years ago. Further, the economic activity and potential growth at the shipyard is the only meaningful opportunity available to the community to reverse the downward spiral in the economy predicted by the Alaska Department of Labor to continue well into the future independent of the national economy."

**Support for Essential Services:**

The project will help assure the long term operation of the Ketchikan Shipyard supporting vessels operating in the Inside Passage, the North Pacific and Arctic Oceans.

**Culture and Recreation:**

The publicly owned ferries that rely on the Ketchikan Shipyard for affordable maintenance and repair services provide critical marine transportation links between Alaska coastal communities and the continental U.S and transport student sporting and academic event participants, connect families, and bring visitor to the state and region.

**Economic Development:**

The January 2010 McDowell Group report titled the Economic Benefits of the Ketchikan Shipyard projects that 240 new jobs will be added to the 120 existing jobs for a total 360 direct jobs after 10 years of build out of the planned facilities. At a multiplier of 1.6, total direct and indirect employment resulting from shipyard activities would be 575 jobs.

Public investment in the Ketchikan shipyard has been ongoing since the initial 1981 State of Alaska appropriation to purchase the 22 acre Sunnypoint Cannery. Funders include the Ketchikan Gateway Borough, State of Alaska, US Dept. of Economic Development, and US Dept. of Transportation.