



Revised November 21, 2011

Project Fact Sheet: KETCHIKAN SHIPYARD

CURRENT STATUS: Several SAFETEA-LU funded shipyard improvements are under construction: an Operations Office, Assembly Hall, Production Center, and a relocated Oily Water Separator. Project completion is scheduled for mid-2012. Dawson Construction is AIDEA's Construction Manager/General Contractor for construction of shipyard improvements.

AIDEA received an FY2009 state appropriation (\$3 million) for standby power generators, a process water treatment system, and deferred maintenance. The City of Ketchikan (Ketchikan Public Utilities) repaired one of its generator sets to resolve the standby power issue. As of December 2010 the process water treatment system is complete. The remaining deferred maintenance funds will be used on the two dry docks. AIDEA also received an FY2011 state appropriation (\$2 million) for deferred maintenance. AIDEA received an FY2012 state appropriation for \$2 million for shipyard upgrades.

South Berth was transferred from DOT&PF to AIDEA October 2010.

PARTICIPANTS: AIDEA; Ketchikan Gateway Borough ("Borough"); City of Ketchikan ("City"); Ketchikan Public Utilities ("KPU"); and the shipyard operator, Alaska Ship and Drydock ("ASD").

BACKGROUND: The Department of Transportation & Public Facilities (DOT&PF) spent approximately \$30 million to construct the shipyard facility during the 1980's. The facility is capable of providing maintenance for the Alaska Marine Highway System. Under an agreement with the state, the City subleased operation and management of the shipyard to private contractors. Each operator experienced operational and financial difficulties. In 1991, the state canceled its lease with the City and closed the facility for two years. In November 1993, DOT&PF awarded an operating contract to reopen the facility and manage Alaska Marine Highway System overhaul projects. In July 1997, facility was transferred from DOT&PF to AIDEA.

In 1997 AIDEA contracted with ASD to operate the facility. The agreement was renegotiated in December 2005 with a ten-year term and two ten-year extensions. Also in 1997, AIDEA, the City and the Borough negotiated an MOU that describes each entity's contributions towards supporting shipyard development. The MOU was renegotiated in September 2005.

Shipyard development plans have been modified over the years to reflect the changing requirements of the operator. A revised Ketchikan Shipyard Development Plan and a Marketing Plan were prepared for the Borough by Northern Economics in March 1999, and updated in 2002. Proposed improvements included: employee facilities, additional enclosed fabrication areas, a second ship lift, a dry-dock cover, office space, an upland vessel rail transport system, vessel hull washing system, pier-side crane, and various material handling and material storage additions. An updated new development plan was prepared in 2007.

The shipyard has received funding for several projects:

- TEA-21 funding (1999) was used to construct employee facilities and to expand fabrication and storage facilities.
- Two federal Economic Development Administration (“EDA”) grants have been received. The first grant (2002) funded the construction of a second dry dock, which was fabricated by the Penglai Bohai Shipyard, China and delivered in July 2007. The second EDA grant (2006) funded the dry dock berth. The dry dock berth project includes four phases. Phase 1 Bulkhead and Phase 2 Dredging were completed in 2008. Phase 3 Barge Fuel Header was substantially complete in December 2008.
- Federal SAFETEA-LU funds were appropriated for the shipyard in 2006. The SAFETEA-LU funds and STIP match total to about \$50 million over five years. Three TEA-LU funded projects were completed to support the E-craft project (fabrication building extension, parking/lay down area, and Berth 1). The funds for these three projects passed through FHWA and were managed by DOT & PF and AIDEA. Future SAFETEA-LU funds will pass through the Federal Transit Authority (FTA). FTA approved AIDEA’s grant application August 25, 2008 for: an environmental assessment; preliminary engineering for future upgrades; and dry dock grounding grids (\$7 million).

ECONOMIC/SOCIAL EFFECTS: The shipyard facility provides between 50 and 150 direct jobs in Ketchikan. ASD’s gross revenues from shipyard operations grew from \$6.9 million to a high of \$36.8 million for 2009.