



CURRENT STATUS

QUARTER 2 - 2020

AIDEA's Ketchikan Shipyard Federal Transit Administration (FTA) grant has successfully been extended to June 30, 2020. The relocation of the electrical substation project has started with an anticipated completion date in late April of this year. Effective October 2019, the parent company of Vigor Alaska LLC, operator of the Alaska Ship & Drydock in Ketchikan, was acquired by private equity firms Carlyle Group and Stellex Capital Management. Jim Marcotuli, a veteran manager within Carlyle Group, was named the new CEO of the parent company, Vigor Industrial.

PROJECT DESCRIPTION

The Ketchikan Shipyard is located in Ketchikan, Alaska, adjacent to the Alaska Marine Highway System (AMHS) ferry facility. The shipyard consists of approximately 25.27 acres of real property, various buildings, fixtures and improvements, floating drydocks (10,000 ton and 2,500 ton lift capacity), various equipment and tools and other personal property. AIDEA acquired title to and ownership of the Ketchikan Shipyard and entered into an agreement with Alaska Ship and Drydock (ASD) for the operation of the shipyard effective on 15 July 1997. Vigor Industrial purchased the shipyard operator, ASD, in March 2012. In 2013 ASD's name changed to Vigor Alaska.

PROJECT HISTORY

The Department of Transportation & Public Facilities (DOT&PF) spent approximately \$30 million to construct the shipyard during the 1980's. The shipyard is capable of providing maintenance for the AMHS. 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 shipyard for two years. In November 1993, DOT&PF awarded an operating contract to reopen the shipyard and manage AMHS overhaul projects. On 15 July 1997, the shipyard was transferred from DOT&PF to AIDEA. In conjunction with the transfer, an MOU between AIDEA, the City of Ketchikan, Ketchikan Public Utilities and the Ketchikan Gateway Borough was created. In 1997, the Operations of the Shipyard was established through an agreement between AIDEA and ASD. The agreement was renegotiated in December 2005 with a ten-year term and two ten-year extensions. The South Berth was transferred from DOT&PF to AIDEA in October 2010 and the Platt was officially signed in February 2014.



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. This \$2.65 million grant required a 20 percent match which was provided by AIDEA and the Borough (approximately \$328,000 each).
- Two federal Economic Development Administration (EDA) grants were received. The first grant (2002) funded the construction of a second dry dock and the second EDA grant (2006) funded the dry dock berth.
- Federal SAFETEA-LU funds were appropriated for the shipyard in 2006. The SAFETEA-LU funds totaled about \$50 million over five years. Three TEA-LU funded projects were completed - the fabrication building extension, parking/lay down area and Berth 1. The funds for these projects was managed by DOT & PF and AIDEA. The Federal Transit Authority (FTA) approved AIDEA's grant application 25 August 2008 for an environmental assessment, preliminary engineering for future upgrades and dry dock grounding grids (\$7 million).
- AIDEA received an FY2009 state appropriation (\$3 million) for standby power generators, a process water treatment system and deferred maintenance. The deferred maintenance funds were used on the two dry docks. AIDEA received a \$2 million FY2011 state appropriation for deferred maintenance and a FY2012 state appropriation for \$2 million for shipyard upgrades.
- The Ketchikan Shipyard received \$1.18 million in FY15 State Appropriations to be used for the electrical substation relocation.

- AIDEA received \$2.5 million of unobligated federal funds from the Federal Transit Administration (FTA) for Ketchikan Shipyard improvements. The improvements include the purchase of equipment (vessel transfer carts and automated weld equipment) and the construction of a land level berth supporting ship repairs and the fabrication of ship modules.

BUDGET/FINANCE

AIDEA has made capital investments in the shipyard, including the 1997 cost of acquiring the shipyard (\$80.3 million) and a partial match to the 1999 federal TEA-21 grant. AIDEA has also matched Borough contributions to the repair and replacement (R&R) fund. AIDEA does not provide financial support for shipyard operations. Local government entities have made contributions for capital improvements, the R&R fund and shipyard operations.

AIDEA's financial return from the Shipyard is based on several terms in the Agreement for the Operation and Use of the Ketchikan Shipyard. An amended and restated agreement became effective 1 December 2005. Under the amended and restated Operator Agreement the financial returns are through revenue and net profit sharing via payments to AIDEA first to reimburse AIDEA's administrative expenses (up to \$18,000), next into the R&R fund until its funded to 125 percent and then distributed as profit sharing to the AIDEA, Borough and City of Ketchikan.

PROJECT/ ECONOMIC BENEFITS

Summary of Ketchikan Shipyard Impacts on Ketchikan 2015	
Impacts	
Direct Employment	200 jobs
Direct Wages	\$10 million
Average Annual Wages	\$60,685
Total Employment (direct and indirect)	270 jobs
Total Wages (direct and indirect)	\$14.2 million
Spending with Local Businesses	\$4.9 million
Property Taxes Attributable to Employees	\$210,000
Sales Taxes Paid by Employees	\$165,000
Sales Taxes Paid by Vigor	\$140,000
Estimated Local Charitable Contributions	\$30,000

**The McDowell Group, Economic Impact of the Ketchikan Shipyard, June 2016*

PARTNERS

Facility Owner: AIDEA

Land Owner: Ketchikan Gateway Borough, City of Ketchikan

User: Various

Operator: Vigor Alaska, LLC