

**Subject:** FW: SCIP HUD Grant B-03-SP-AK-0001 Projects  
**From:** "Dan Jones" <danj@cityofsitka.com>  
**Date:** Thu, 20 May 2010 16:18:35 -0800  
**To:** "'Linda Wilson, Administrative Assistant'" <admin@sitka.net>

**From:** Dan Jones [mailto:danj@cityofsitka.com]  
**Sent:** Wednesday, May 19, 2010 4:36 PM  
**To:** 'tori@cityofsitka.com'  
**Cc:** 'Lesly Peters'; 'garrywhite@gci.net'  
**Subject:** SCIP HUD Grant B-03-SP-AK-0001 Projects

Tori-

The projects we expect to be able to complete with the remaining ~\$142,000 available through this grant are:

Install Cell Phone Repeater(s) in Administration Building- \$8,000

Repaint the Administration Building Exterior- \$94,000

Rehabilitate Administration Building Interior Lighting- \$40,000

This list was approved by the SCIP board at their 29 March 2010 meeting.

Thanks-

Dan

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SEAN PARNELL, GOVERNOR

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
TELEPHONE: (907) 465-4660  
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May 12, 2010

Mr. Garry White  
Executive Director  
Sitka Economic Development Association  
329 Harbor Drive  
Sitka, AK 99835

Re: Support for Blue Lake Hydroelectric Expansion, Sawmill Cove Waterfront Development, and Public Safety Academy Driver Training Facility Projects

Dear Mr. White,

Thank you for your letter to Governor Parnell dated April 26, 2010, regarding your support of funding for the Blue Lake Hydroelectric expansion, Sawmill Cove Waterfront Development, and other Sitka area projects.

As you know, the 26th Legislature has adjourned and passed several appropriation bills. The Governor will review each budget item and the information we have regarding specific projects. You are welcome to provide additional information on the request directly to the Office of Management and Budget at P.O. Box 110020, Juneau, AK 99811-0020, or via email to [Karen.rehfeld@alaska.gov](mailto:Karen.rehfeld@alaska.gov). OMB can also be contacted at 907-465-4660 or by fax 907-465-3640.

The Governor is very concerned about the level of spending in the capital budget because oil prices and revenues can be volatile. He is committed to a reasonable budget that spends less, creates jobs, brings additional private-sector investment, and saves more for the future. His action regarding specific projects will be taken with these concerns in mind.

Thank you, again, for writing.

Sincerely,



Karen J. Rehfeld  
Director

Revised April 23, 2010

**Project Fact Sheet: KETCHIKAN SHIPYARD**

**CURRENT STATUS:** The Dry Dock #2 Civil Berth project was completed in May 2009, and Alaska Ship & Drydock (ASD) installed Dry Dock #2 in the berth in June 2009. In mid-April 2010, the M/V *Susitna* was launched. This vessel is an advanced ship design that ASD and the Office of Naval Research built to operate as a ferry serving the Mat-Su Borough. The *Susitna* will undergo sea trials around Ketchikan before its delivery to the Mat-Su Borough in the summer of 2010.

AIDEA submitted grant amendment #2 to FTA in July 2009, for remaining SAFETEA-LU funds received by FTA (\$10.4 million including STIP funds). Amendment #2 was approved September 2009. AIDEA is currently drafting on a second grant application to FTA for SAFETEA-LU funds that were transferred from FHWA to FTA (approximately \$20 million including STIP funds). An FTA required environmental assessment (EA) was completed in June 2009, and FTA issued a FONSI in July 2009. The EA was a prerequisite for the above FTA grant amendment and application. AIDEA is preparing a final grant application to FTA for remaining funds. AIDEA and ASD are refining the 2007 Preliminary Engineering plan in preparation for beginning detailed design for utilities upgrades, Assembly Hall Berth 3, and other shipyard additions. **AIDEA will publish an RFP for CM/GC services mid-April 2010, for upgrades utilizing FTA funding.**

AIDEA received an FY2009 state appropriation (\$3 million) for the shipyard. The appropriation is for standby power generators, a process water treatment system, and deferred maintenance. In August 2009, AIDEA signed an agreement with the City of Ketchikan and ASD for a standby generator solution. The water treatment system is pending DEC approval of ASD's NPDES permit application. The scope of deferred maintenance is pending completion of an updated shipyard maintenance schedule.

Negotiations are in progress between AIDEA and the Alaska Marine Highway System for the purchase of adjacent property to accommodate future shipyard expansion.

AIDEA submitted an application for federal TIGER funds for shipyard upgrades in September 2009 (TIGER=Transportation Investment Generating Economic Recovery). A federal announcement February 18, 2010 indicated that the application was not successful.

**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 \$38 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. Gross revenues (millions) were \$6.9 in 1997; \$9.6 in 1998; \$14.9 in 1999; \$19 in 2000; \$20 in 2001; \$8.2 in 2002; \$9.2 in 2003; \$16 in 2004; \$14.6 in 2005; \$22.5 million in 2006; \$19.9 million in 2007; \$28.3 million in 2008; and \$36.8 million for 2009.