

HJR

27

<TARGET><BILL>HJR 27</BILL><SUBJECT>HJR
27</SUBJECT><COMM>SCRA27</COMM></TARGET>

Alaska State Legislature

State Capitol, Room 102
Juneau, AK 99802
Phone: 465-4389
Fax: 465-3472
Toll Free (800) 665-4389
Representative_Paul_Seaton@legis.state.ak.us



345 W. Sterling Highway
Suite 102B
Homer, AK 99603
Phone: 235-2921
Fax: 235-4008

REPRESENTATIVE Paul Seaton
District 35

MEMORANDUM

TO: Senator Olson
FROM: Representative Paul Seaton
DATE: April 11, 2011
RE: Request for a hearing, HJR 27

A handwritten signature in cursive script that reads "Paul Seaton".

I respectfully request a hearing on HJR 27 before the Senate Community and Regional Affairs Committee.

In summary, HJR 27 expresses the support of the Alaska State Legislature for re-locating the Coastal Villages Region Fund fleet to Seward, Alaska.

Attached please find: sponsor statement, fiscal note, HJR 27, letters of support (from Coastal Villages, KPBN, KPEDC and congressional delegation), and PND engineering study.

Staff contact: Katie Koester, 465-2028

Alaska State Legislature

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Juneau, AK 99802
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REPRESENTATIVE Paul Seaton

District 35

Sponsor Statement HJR 27 ***"Bring the Fleet Home"***

Coastal Villages Region Fund is one of six Community Development Quota (CDQ) groups created under re-authorization of the Magnuson-Stevens Fishery Conservation and Management Act to provide economic development in villages located in Western Alaska from the fisheries resources of the Bering Sea. There are 65 communities within a fifty-mile radius of the Bering Sea coastline who participate in the program.

Coastal Villages has grown from a small start up company to one of the largest Alaska based and Alaska owned seafood companies. They have a fleet of 18 ships that fish the pollock, cod, ground fish and crab fisheries in addition to providing bulk transportation and tender services. Coastal Villages is projected to bring in \$75 million in sales in 2011.

With a company this large there are millions spent in support services where the fleet home ports such as training programs, fuel, processing, office/warehouse space, and maintenance. This is currently spent in Seattle, however it has been a long standing wish of Coastal Villages and Alaskan leaders to bring the CDQ groups back to Alaska. Coastal Villages has identified Seward as a port that meets their needs for a home port: ice free year- round; road, rail and air access; land and harbor development space; dry dock services for maintenance; and maritime licensing and training.

HJR 27 expresses the support of the Alaska State Legislature for re-locating Coastal Villages Region Fund to Seward, Alaska.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version HJR 27
 () Publish Date _____

Identifier (file name) HJR27-LEG-COU-04-06-2011 Dept. Affected Legislature
 Title "Relocate Coastal Villages Region Fund" Appropriation Legislative Council
 Allocation Session Expenses
 Sponsor Representative Seaton
 Requester House Spec Comm on Economic Dev, Trade & Tourism OMB Component Number 782

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES								
CHANGE IN REVENUES								

FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Initial Version

Prepared by Shane Miller, Finance Manager
 Division Legislative Affairs Agency
 Approved by Pamela Varni, Executive Director
Legislative Affairs Agency

Phone 465-6626
 Date/Time 4/6/11 1:49 PM
 Date 4/6/2011

Analysis

This fiscal note has zero impact on the Legislative Affairs Agency.



Coastal Villages Region Fund

711 H Street, Suite 200 • Anchorage, Alaska 99501 • Phone 907.278.5151 • Fax 907.278.5150

February 7, 2011

The Honorable Willard E. Dunham
P.O. Box 167
Seward, AK 99664

Dear Mayor Dunham,

We have a historic opportunity at hand – moving the home port of the Coastal Villages Region Fund (CVRF) fishing fleet from Seattle to Alaska. This is a longstanding goal of many prominent Alaskans that began with the Magnuson-Stevens Act of 1976 and the Community Development Quota (CDQ) Program that began in December of 1992. The vision of the recent Senator Ted Stevens and others saw the Magnuson-Stevens Act of 1976 and subsequent amendments to the Act as opportunities first to Americanize the fishing fleet in Alaska, secondly to provide fishing quotas to the communities surrounding prime fishing areas, thirdly to reinvest profits to produce jobs and grow the industry, and finally to Alaskanize the Alaska fishing fleet.

It is conceivable that the move of CVRF to Alaska would encourage the other 5 CDQ Groups to relocate their home ports to Alaska as well. Please allow me a moment to introduce you to the CDQ Program. The CDQ program allocates a portion of the Bering Sea and Aleutian Island harvest amounts to CDQ groups, including pollock, halibut, Pacific cod, crab and bycatch species. The CDQ program was granted perpetuity status during the 1996 reauthorization of the Magnuson-Stevens Act.

Our Coastal Villages Region Fund has become the largest of the CDQ groups. We may be the largest Alaskan owned and Alaska based Seafood Company in Alaska's 100+ year history of commercial fisheries. CVRF is owned by 9,400 native Alaskans from the beautiful west coast of our great state. We are projected to generate about \$100 million in seafood sales in 2011. In the 1990s when the Federal government allocated most of the Bering Sea to Seattle and Japanese companies it gave Coastal Villages 2% of the fish. Over the last decade we have gone from zero to nearly a quarter of a billion dollar balance sheet. And we have become the largest private-sector employer in the Kuskokwim Region.

CVRF offers fishing and processing jobs for more than 1,000 of our residents each year. We offer scholarships and summer jobs to our youth. We have become the largest Alaska based harvester and processor of seafood in the Bering Sea. Coastal Villages provides hope, fish, and work.

To provide the regional jobs Coastal Villages owns and operates a fleet of large fishing and processing vessels in the Bering Sea. With success our Bering Sea fleet has become quite big – it costs \$2 million to fill up the fuel tanks of our fishing fleet one time; we pay the crew more than \$10 million each year; we have more than 250 crew members including skippers who make more

than \$300 thousand each year and entry level jobs that pay more than \$50 thousand each year; we spend between \$5 million and \$10 million each year on maintenance; we spend approximately \$20M annually in Seattle for moorage, vendor support, and maintenance; and we spend approximately \$2M per year to fly crews to and from Alaska and Seattle. This is money that should be spent in Alaska, not in Seattle.

There are no harbors on the Alaska road system big enough to moor our entire fleet of vehicles. We need half a mile of dock space to park our vessels; we need 20,000 square feet of warehouse; we need 5,000 square feet of office space; we need 5 to 10 acres of fenced yard each year for equipment and staging; we need vendors to repair propellers and vessels, weld and paint, service electronics, mend fishing gear, repair the 50 diesel engines aboard our vessels, provide packaging for seafood products, provide fuel, provide Marine safety training, provide groceries and provisions. In other words we need in Alaska all those things that Seattle vendors have been providing for the last 50 years for the fishing industry. We need your help to Alaskanize the Bering Sea fisheries.

Coastal Villages has 100% ownership of 8 deep draft vessels ranging in length from 113 feet to 341 feet and 10 other tenders, longliners, and a tug. In partnership with another CDQ group, the Norton Sound Economic Development Corporation, we acquired another crab vessel and 5 pollock trawlers just last week. We will continue to buy more of the Seattle based Alaska fishing vessels in the future because the Federal CDQ Program requires all 6 CDQ Groups to reinvest in the Bering Sea. It is inevitable that our recently acquired fleet will gravitate north to its owner for the same reason that many of the vessels still go south to their Seattle owners and for the same reason that before the Americanization of our fisheries that began in 1976 the vessels used to go home to cities in Asia.

In considering moving our home port from Seattle to Alaska, our Board of Directors and staff established a set of criteria that are essential to our success. We identified the following requirements:

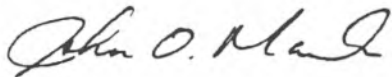
- deep water year-round ice-free port
- sufficient space and depth of water to construct a half-mile of dock for mooring, loading, and servicing our deep draft and other vessels
- sufficient land upland to construct warehouses and offices
- existing ship repair and maritime support facilities
- existing maritime training and licensing facilities
- road, rail, and air access

In examining ports across Alaska, we concluded that Seward on Resurrection Bay meets all our requirements. It is a deep water year-round ice-free port. It has the space on the water and upland to construct the half-mile of dockage to meet our needs, and room to expand in the future to meet the needs of others that will surely migrate north, including the other 5 CDQ groups. It is the home of AVTEC where our residents receive training, licensing, and recertification of maritime skills. It has a major ship repair facility, Seward Ship's Dry Dock that has the capability of lifting and repairing our largest 341 foot fishing vessel. It has a 250-ton travel lift and upland storage and maintenance space for our smaller vessels at the Seward Marine Industrial Center. It has an

existing maritime and fishing industry. It has road, rail, and air access and close proximity to Anchorage.

By working together we can accelerate this process of Alaskanizing the part of the Alaskan fishing fleet active in the Bering Sea. We look forward to working with you to achieve this historic opportunity.

Quyana,

A handwritten signature in cursive script, appearing to read "John O. Mark".

John O. Mark, President
Coastal Villages Region Fund

Congress of the United States

Washington, DC 20510

March 31, 2011

The Honorable Sean Parnell
Governor
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Parnell:

We recently heard presentations by the Coastal Villages Region Fund (CVRF) and the City of Seward regarding a proposal before the State of Alaska and the Alaska State Legislature to construct homeport facilities for the Community Development Quota (CDQ) fishing fleet.

As you are aware, Alaska has been working since Statehood to fully develop its coastal marine resources. In 1976 the Congress expanded sovereign jurisdiction over the conservation and management of fish stocks to 200 miles. The State of Alaska worked tirelessly within the framework of the Magnuson-Stevens Fishery Conservation and Management Act to transition from a federal fishery dominated by foreign fishing vessels to a fishery fully utilized by Americans. Over the last fifteen years we have seen substantial investments into the Alaskan fishery, and it is now a much more substantial part of the state's economy.

The next logical step, in our opinion, is to promote policies and initiatives that will maximize the value of the federal fisheries to Alaskan communities and businesses. The State of Alaska worked in partnership with the Alaska Congressional Delegation in the 1990s to develop the CDQ program in the Bering Sea. For the first time, residents of Bering Sea villages were provided a direct stake in the fishing industry. The CDQ community participation has taken firm root to include increasing ownership of the fishing and processing fleets. The next phase is bringing more economic value from this participation to Alaska.

The President and Board of Directors of the Coastal Villages Region Fund have proposed Seward become the homeport for its growing fishing and processing fleet. The City of Seward meets all CVRF requirements that include a (1) year-round ice-free deep water port; (2) road, rail, and air access; (3) available space on the water and upland for development; (4) major ship repair capabilities; and (5) maritime training and licensing through AVTEC. These are the assets that will allow successful and profitable re-location of the CVRF fleet from Seattle to Seward.

The Honorable Sean Parnell

March 31, 2011

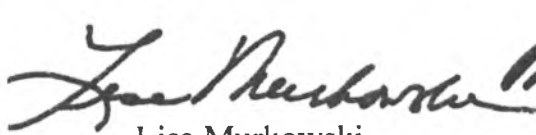
Page 2

The relocation of the largest CDQ group to Alaska will begin the transition of hiring Alaskan vendors to repair propellers and vessels, weld and paint, service electronics, mend fishing gear, repair diesel engines, supply packaging, provide fuel and groceries, and provide marine safety training. The dollars earned by Coastal Villages in the Bering Sea fisheries will ripple through the greater Alaska economy. The hurdles to this initiative are the lack of adequate dock space and uplands in an Alaskan port community, on the road system, to handle the substantial needs of this growing enterprise.

In a preliminary study, the U.S. Army Corps of Engineers has already found the project is economic. We are aware that an economic analysis, engineering design, geotechnical report and preparation of permit documents all need to be submitted to move this project forward. Construction of the project and movement of the home port of CVRF to Seward could be completed by December 15, 2014, if the previously mentioned steps are funded and expeditiously enacted.

We hope that this project may act as the catalyst for the consideration by other CDQ groups to homeport in Alaska. Such a move would result in tens of millions of dollars in new annual income for Alaskan vendors, more revenues for the State of Alaska, and local job creation. We look forward to working with you in the future to help Alaska maximize the value of the federal fisheries for its residents.

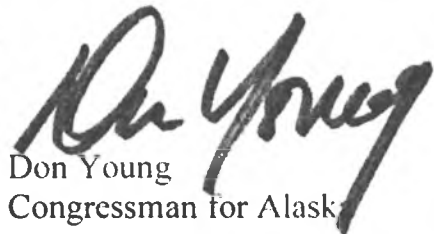
Respectfully,



Lisa Murkowski
United States Senator



Mark Begich
United States Senator



Don Young
Congressman for Alaska

Introduced by: McClure
Date: 03/01/11
Action: Adopted
Vote: 8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2011-014**

**A RESOLUTION SUPPORTING THE CITY OF SEWARD'S STATE FUNDING
REQUEST TO ESTABLISH THE HOME PORT OF THE COASTAL VILLAGES
REGION FUND'S FISHING FLEET IN SEWARD, ALASKA**

WHEREAS, the Coastal Villages Region Fund (CVRF) is one of six Community Development Quota (CDQ) groups; and

WHEREAS, it has been a longstanding goal, beginning with the Magnuson-Stevens Act of 1976, and the CDQ Program in 1982 to return the home port of the Coastal Villages Region Fund's fishing fleet from Seattle to Alaska; and

WHEREAS, CVRF offers fishing and processing jobs for more than 1,000 residents each year; and

WHEREAS, Coastal Villages owns and operates a large fleet of fishing and processing vessels in the Bering Sea; and

WHEREAS, the City of Seward on Resurrection Bay meets all of their requirements for a home port in Alaska for the fleet, and is the only port in Alaska to meet all of the requirements; and

WHEREAS, the City of Seward is poised to become the home port for the CVRF fleet;

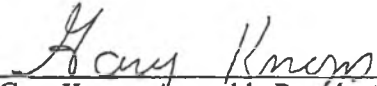
NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Kenai Peninsula Borough Assembly supports the relocation of the Coastal Villages Region Fund's fishing fleet from Seattle to Alaska.

SECTION 2. That the Kenai Peninsula Borough Assembly supports the efforts of the City of Seward to obtain FY2012 state funding to prepare for this relocation effort.

SECTION 3. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 1ST DAY OF MARCH, 2011.



Gary Knopp, Assembly President

ATTEST:



Johni Blankenship, Borough Clerk



Yes: Haggerty, Johnson, McClure, Pierce, Smalley, Smith, Tauriainen, Knopp
No: None
Absent: Murphy



14896 Kenai Spur Highway, Suite 103-A • Kenai, AK 99611
Phone: (907) 283-3335 • Fax: (907) 283-3913
info@kpedd.org • www.kpedd.org

Leadership to enhance, foster and promote economic development

Introduced: J. Torgerson
Date: 2/24/2011

KENAI PENINSULA ECONOMIC DEVELOPMENT DISTRICT, INC.

RESOLUTION 2011-12

**SUPPORT OF THE CITY OF SEWARD'S REQUEST FOR STATE FUNDING TO
ESTABLISH THE HOME PORT OF THE COASTAL VILLAGES REGION FISHING
FLEET IN SEWARD ALASKA.**

Whereas, the Coastal Villages Region Fund is one of six Community Development Quota Groups in Alaska; and

Whereas, it has been a longstanding goal, beginning with the Magnuson-Stevens Act of 1976 and the CDQ Program in 1982 to return the home port of Coastal Villages Region Fund's fishing fleet from Seattle to Alaska; and

Whereas Coastal Villages Region Fund offers fishing and processing jobs for more than 1,000 residents each year; and

Whereas, Coastal Villages Region Fund owns and operates a large fleet of fishing and processing vessels in the Bering Sea; and

Whereas, the City of Seward on Resurrection Bay meets all of their requirements for a home port in Alaska for the fleet; and

Whereas the City of Seward is poised to become the home port for the Coastal Village Region Fund's fleet;

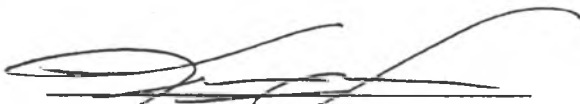
NOW THEREFORE BE IT RESOLVED BY THE Board of Directors of the Kenai Peninsula Economic Development District that:

The District supports the relocation of the Coastal Village Regions Fund's fishing fleet from Seattle to Alaska.

The District supports the City of Seward's request for funding from the State of Alaska for this relocation effort.

The District finds that this project meets the Comprehensive Economic Development Strategy produced by the District with support of the Kenai Peninsula Borough, the State of Alaska and the Economic Development Administration.

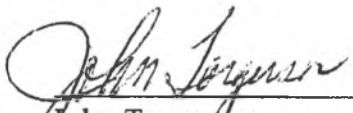
APPROVED BY THE KPEDD BOARD OF DIRECTORS THIS 24TH DAY OF FEBRUARY, 2011.



Kristine Holdridge
President

2.24.11
Date

ATTEST:



John Torgerson
Executive Director

2-28-11
Date



February 9, 2011

111015

Mr. Phillip Oates
City Manager
City of Seward
PO Box 167
Anchorage, Alaska 99664

Subject: SMIC Basin Concept Design and Economics Study

Dear Mr. Oates:

As requested by the City of Seward, PND Engineers, Inc. (PND) has performed a scoping analysis for a proposed boat harbor located at the Seward Marine Industrial Center (SMIC). The proposed boat harbor would be developed as a commercial craft facility with the primary tenant being the CDQ fleet. Vessels would be in the range of 40 feet through 350 feet.

The CDQ fleet is seeking to home port in Alaska, and Seward is ideally situated to support this fleet. Seward's infrastructure can provide the necessary support and the SMIC area provides the necessary real estate for development. By utilizing and improving the existing infrastructure in Seward, the benefits of the project will include:

- Growth of the overall Alaskan economy
- Provision of more Alaskan jobs
- Protecting Alaskan resources
- Providing a means to further enable the development of the private sector in Alaska
- Keep Alaskan owned vessels in Alaska

Attached Figure 1 depicts conceptual layouts of the proposed facility and represents the initial configuration for data collection and design. It is likely that the configuration shown will be modified as the design is developed and the fleet characteristics become better understood. The facility has also been shown in phases to allow development as demand grows. Phase 1 would develop the existing SMIC basin into a calm water harbor and maintenance facility. It is believed that this concept would accommodate 30 vessels or more, depending upon length, with moorage on the unprotected (north) side of the proposed dock for vessels over 300 feet. Phase 2 is shown north of the current SMIC basin and could be built as a protected harbor accommodating approximately 60 vessels, depending upon size. Phase 3 would represent a final phase that could be developed if and when the Phase 2 area became fully utilized. Other potential locations may also serve the needs of Phase 3 and could also be examined, but the location shown is presented for concept level consideration.

In order to progress development of this proposed facility, the first step in the process would involve economic analysis, field data collection and preliminary design. The economic analysis would be performed to identify economic benefits of the proposed project and to identify the optimum project scope based upon the economics. Through the economic analysis, the concept in Figure 1 will be

modified and tailored to best fit the demand and provide optimum benefits. The estimated cost of this economic analysis is \$85,000.

Parallel with the economic analysis, a field data collection program will be conducted to advance the engineering design effort. Geotechnical information will be gathered to support cost estimates of project components and to be used throughout project development. Survey information will also be gathered to support the project, consisting of bathymetric and uplands data. For the initial project development, the bathymetric survey is proposed to be performed manually, while uplands data will be gathered using LIDAR. The LIDAR data is believed to be sufficient for initial design and can be supplemented with ground survey where more precision is found to be required as the project advances. LIDAR will provide a more cost effective method of obtaining uplands topographic data over the large area proposed for the project.

PND has researched available data as a portion of this work scope. A good amount of geotechnical data has been developed in the vicinity of SMIC and will greatly reduce the required amount of additional data that would need to be gathered. Survey data, particularly bathymetric data, is limited however and would need to be gathered in whole to support the proposed project. Geotechnical work will be performed primarily to support development of Phase 1 only, while survey data will be gathered over the entire project site to be used throughout development. The estimated cost of the geotechnical program is \$135,000, while the survey data gathering is estimated to require \$60,000.

Preliminary engineering design will be performed in conjunction with the economic study and in support of project permitting. In order to develop the data necessary for permitting, the design will need to be advanced to a preliminary level. Permitting of the project represents possibly the critical path as related to overall project construction schedule and would need to commence as soon as possible to allow the development. It is recommended that engineering and associated permitting focus only on Phase 1 in order to expedite the initial development. Phase 1 generally lies within the existing SMIC boundary and, as such, should be a much easier and quicker scope to permit. However, it may also be desirable to start the permitting process for Phase 2 soon after receiving the Phase 1 permit in order allow sufficient time for development and receipt of these permits. The estimated cost for preliminary engineering and development of permitting documents is \$120,000 for Phase 1 only. The estimated cost for permitting does not include the actual permitting effort and it is anticipated that the permitting documents would be submitted upon full approval of the project.

The total estimated costs for these initial project expenditures are as follows:

Economic Analysis	\$85,000
Survey	\$60,000
Geotechnical Investigation	\$135,000
Phase 1 Preliminary Engineering	\$110,000
Phase 1 Permitting	<u>\$10,000</u>
TOTAL	\$400,000

PND has also developed overall Phase 1 project costs in an effort to assist in future planning. The total construction, engineering, permitting and management costs are estimated to be \$34 million with detail as provided in the attached estimate. This estimate should be considered relative order of magnitude (ROM) at this time and will be further developed during the initial efforts.

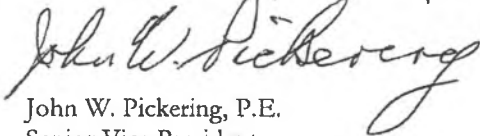
An anticipated schedule for construction of the Phase 1 scope of work would be similar to the following:

Initial Funding Appropriation and Project Kick-Off	July 15, 2011
Survey Layout	September 15, 2011
Geotechnical Report	October 31, 2011
Draft Economic Report	December 1, 2011
Final Economic Report	February 1, 2012
Permit Documents Prepared and Ready for Submission	September 15, 2011
Obtain Project Funding and Begin Final Design	January 1, 2013
Submit Phase 1 Permit Application	April 1, 2013
Complete Engineering Design	September 15, 2013
Receive Project Bids	October 30, 2013
Award Construction Contract	November 30, 2013
Begin Field Construction	February 15, 2014
Complete Phase 1 Construction	December 15, 2014

PND appreciates the opportunity to assist the City of Seward with this exciting project. If you have any questions regarding the attached information, please contact us.

Sincerely,

PND Engineers, Inc. | Anchorage Office



John W. Pickering, P.E.
Senior Vice President

Attachments: Figure 1 – Existing Conditions
Figure 2 – Conceptual Layout
ROM Cost Estimate
Northern Economics Proposal

J:\2011\1105 Seward SMIC Basin\Drawings\SMIC Basin Existing Conditions.dwg, Layout: 2/20/11 1:51:17 PM, MAB, Inc., PND Engineers, Inc. 12



CONCEPT
2/9/11

PND Engineers, Inc. (PND) is not responsible for safety programs, methods or procedures of operation, or the construction of the design shown on these drawings. Where specifications are general or not called out, the specifications shall conform to standards of industry. Drawings are for use on this project only and are not intended for reuse without written approval from PND. Drawings are also not to be used in any manner that would constitute a detriment directly or indirectly to PND.

REV	DATE	DESCRIPTION	DATE

1506 West 36th Avenue
Anchorage, Alaska 99503
Phone: 907.561.1011
Fax: 907.563.4220
www.pndengineers.com



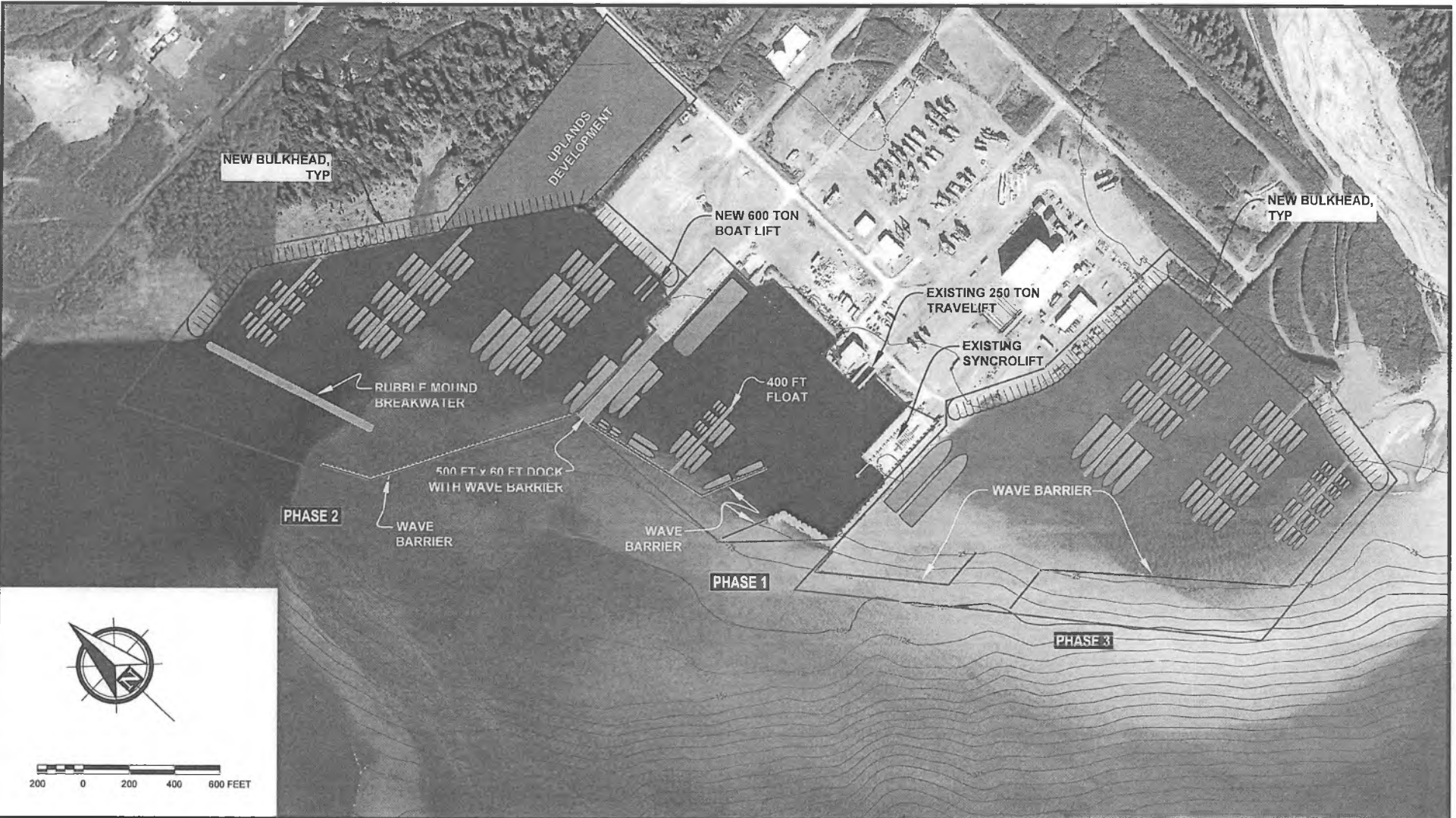
SEWARD SMIC BASIN

EXISTING CONDITIONS

DESIGNED BY:	KMB	DATE:	2/9/11
CHECKED BY:	JMP	PROJECT NO.:	111815

Figure 1

A:\2011\11015 Seward SMIC Basin\Drawings\SMIC Basin Concept Layout.dwg, Layout1, 2/2/11, 1:58:13 PM, Mitch Kemp, PND Engineers, Inc., 12



CONCEPT
2/9/11

PND Engineers, Inc. (PND) is not responsible for safety programs, methods or procedures of operation, or the implementation of the design shown on these drawings. Where specifications are general or not called out, the specifications shall conform to standards of industry. Drawings are for use on this project only and are not intended for reuse without written approval from PND. Drawings are also not to be used in any manner that would constitute a detriment directly or indirectly to PND.

REV	DATE	DESCRIPTION	DATE

1506 West 36th Avenue
Anchorage, Alaska 99503
Phone: 907.561.1011
Fax: 907.563.4220
www.pndengineers.com



SEWARD SMIC BASIN
CONCEPTUAL LAYOUT

DESIGNED BY:	NAME	DATE:	2/9/11
CHECKED BY:	JWP	PROJECT NO.:	111915

Figure 2

City of Seward
SMIC Expansion Scoping
ROM PROJECT COST ESTIMATES
PHASE I

Item	Description	Cost	Assumptions
1	Mobilization	\$ 2,800,000	13% of items 2 thru 7
2	Permeable Wave Barrier	\$ 9,400,000	
3	Float System	\$ 600,000	
4	Repair North Dock & Barge Ramp	\$ 600,000	
5	500' x 60' Dock	\$ 8,000,000	
6	Electrical Upgrades	\$ 2,000,000	
7	Site Improvements	\$ 1,000,000	
8	Engineering and Construction Oversight	\$ 2,000,000	8% of items 1 thru 7
9	City Project Management	\$ 2,400,000	10% of items 1 thru 7
10	Contingency	\$ 4,900,000	20% of items 1 thru 7
<i>Phase I Total</i>		<i>\$ 33,700,000</i>	

Notes:

1. Vessel sizes range from 340 ft to 30 ft.
2. Costs presented represent Phase I only. Future phases are not estimated at this time.
3. Costs are ROM and have not been validated with field data.

Thank you for contacting us about conducting an economics study to look at the feasibility of developing a facility to homeport the CDQ fleet in Alaska. We have developed an approach to quantify the benefits of this movement of vessels from Puget Sound to the state.

Major components of our proposed study include: an evaluation of ports for homeporting the CDQ fleet, economic benefits accruing to the State of Alaska and appropriate local and regional governments, fiscal impacts on the state and local governments, benefits and costs to the CDQ groups, and industries and other infrastructure needed to support a large number of CDQ vessels.

Based on the requirements for a homeport location, we believe Seward is the best candidate for the proposed facility. Seward is an ice free port and has highway and rail system connections. It is relatively close to Anchorage and the Ted Stevens International Airport which has direct connections with major communities in the CDQ region of western Alaska and to Seattle. Three operators provide scheduled barge freight service to Seward. Seward also has sufficient uplands space, skilled maritime maintenance workers, and vocational training (through AVTEC) in the community. AVTEC provides training for all of the licenses that are needed for maritime maintenance and operations.

We anticipate CDQ groups would require a drive-on dock, work areas, warehousing and office space, and living areas. If located in Seward, the CDQ facility could be located adjacent to the existing infrastructure in the Seward Marine Industrial Center (SMIC), resulting in higher utilization of the SMIC facilities and benefiting from existing infrastructure and services located at SMIC. Additional upland space would be needed for companies providing support service to the vessels. The number of vessels is uncertain at present, but is expected to grow over time due to the requirement that CDQ groups invest at least 80 percent of their income into the fishing industry. The potential Alaska ports should have sufficient land and water areas to accommodate more than one hundred vessels in the future.

The economic benefits of homeporting the CDQ fleet in Alaska would primarily be driven by spending on vessel maintenance work and other goods and services in Alaska, rather than in the Puget Sound region, and the large number of jobs available on the vessels and the support industries. It would allow Alaska businesses to compete with providers in Seattle and elsewhere in the Puget Sound region. Annual operations and maintenance expenditures of the larger CDQ vessels can reach hundreds of thousands of dollars and involve a variety of specialty services. We will use 2010 expenditure data from several CDQ groups to evaluate the amount of money spent by these fleets on each type of service. This information will be used to extrapolate the needs of the entire CDQ fleet if it were to homeport in Alaska. Using annual expenditure data, we will evaluate the economic impact on the state and local governments for the port that best fits the homeport criteria identified by the CDQ groups using IMPLAN input-output modeling software.

In addition to the economic benefits to the state and region, the state and local governments could also see increased corporate income taxes, sales taxes, real and personal property taxes, and moorage revenues as a result of the additional economic activity. Some CDQ groups may prefer to lease uplands and dock space for longer periods of time and recommendations for a preferential use agreement will be included as well as potential lease revenues. The cost of providing some public services could also increase, with the biggest cost perhaps being due to an increased presence of port and harbor staff at a facility. Our study will look at the tax systems in place in the local government(s) where the port is located and estimate the fiscal effects of additional revenues and expenses associated with activity at a new facility.

From the perspective of CDQ groups, homeporting vessels in Alaska could provide substantial cost and time savings from not having to move the vessels to and from their fishing grounds and the Puget Sound region. In addition, CDQ groups could save millions in airfare costs by dramatically reducing travel between Seattle and Alaska for vessel crews and management. Puget Sound's support industry benefits from efficiencies of scale, however, so the cost of goods and services at a new facility in Alaska would likely be higher. The cost premium would shrink as more vessels homeport in Alaska, though some goods and services will likely only be available in Puget Sound. We will conduct a benefit-cost analysis from the perspective of the CDQ groups to evaluate their interest in the facility.

At present, many of the services used by CDQ groups in the Puget Sound region are not available in Alaska or are of insufficient size to serve the number of vessels that could homeport in-state. A fourth major component of our study will be an industry cluster study that looks at the types of services used by the fishing industry. Ballard's waterfront is a good example of the range of services offered in close proximity to haul out and work facilities. An initial challenge in attracting businesses to serve vessels will be the seasonality and operational capacity of a facility, since the work done on the CDQ vessels would occur at limited times during the year, during the off-season. Use of these services by other fishing vessels may help to alleviate the seasonality, since the shipyard does operate year-round. Other types of vessels, such as research, nonprofit, or private vessels, may also have an interest in using or relocating to the facility.

Northern Economics has done a number of studies in Seward that will help to inform its work on this study. Recently, Northern Economics completed a planning study for future investment in SMIC for the City of Seward, and was part of the PND Engineers team in developing a TIGER grant application for SMIC improvements. Northern Economics also conducted some of the original studies for the SMIC and the synchrolift in the 1980s and early 1990s.

The economic analysis for the CDQ Homeporting study will cost \$85,000 to complete. Assuming a start date in early July 2011, we can submit a draft report on December 1, 2011.