

**THE THIRTIETH LEGISLATURE
APPLICATION FOR GRANTS
CHAPTER 42F, HAWAII REVISED STATUTES**

Type of Grant Request:

Operating Capital

Legal Name of Requesting Organization or Individual: Db:

SHIP REPAIR ASSOCIATION OF HAWAII

Amount of State Funds Requested: \$ 984,500.00

Brief Description of Request (Please attach word document to back of page if extra space is needed):

SRAH is requesting funds to advance the Pearl Harbor floating dry dock initiative to a point where a public/private partnership can be executed between the Navy, State, and private industry. Without this intervention, nearly all Pearl Harbor Naval Shipyard surface-ship dry dock maintenance is forecast to relocate out-of-state due to capacity limitations; an estimated loss of 900 industrial sector jobs and \$1.31B in Hawaii GDP. The addition of a new dry dock will not only prevent this loss, but will strengthen the ship repair industry; a major component of our state's industrial base.

Amount of Other Funds Available:

State: \$ 0

Federal: \$ 0

County: \$ 0

Private/Other: \$ 0

Total amount of State Grants Received in the Past 5 Fiscal Years:

\$ 234,600

Unrestricted Assets:

\$ 101,107.60

New Service (Presently Does Not Exist): Existing Service (Presently in Operation):

Type of Business Entity:

501(C)(3) Non Profit Corporation

Other Non Profit

Other

Mailing Address:

PO Box 29001

City:

Honolulu

State:

HI

Zip:

96820

Contact Person for Matters Involving this Application

Name:
Iain Wood

Title:
President

Email:
iwood@srahawaii.org

Phone:
808-848-6211 ext 247

Federal Tax ID#:

[REDACTED]

State Tax ID#

[REDACTED]

Authorized Signature

Iain Wood, President

Name and Title

January 18, 2019


Date Signed

received
1/18/19 3:30p [Signature]

Application Submittal Checklist

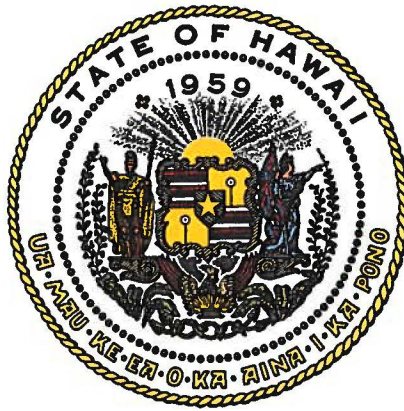
The following items are required for submittal of the grant application. Please verify and check off that the items have been included in the application packet.

- 1) Certificate of Good Standing (If the Applicant is an Organization)
- 2) Declaration Statement
- 3) Verify that grant shall be used for a public purpose
- 4) Background and Summary
- 5) Service Summary and Outcomes
- 6) Budget
 - a. Budget request by source of funds ([Link](#))
 - b. Personnel salaries and wages ([Link](#))
 - c. Equipment and motor vehicles ([Link](#))
 - d. Capital project details ([Link](#))
 - e. Government contracts, grants, and grants in aid ([Link](#))
- 7) Experience and Capability
- 8) Personnel: Project Organization and Staffing


AUTHORIZED SIGNATURE

IAIN WOOD, PRESIDENT
PRINT NAME AND TITLE

JANUARY 18, 2019
DATE



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

SHIP REPAIR ASSOCIATION OF HAWAII

was incorporated under the laws of Hawaii on 04/05/2002 ; that it is an existing nonprofit corporation; and that, as far as the records of this Department reveal, has complied with all of the provisions of the Hawaii Nonprofit Corporations Act, regulating domestic nonprofit corporations.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: January 15, 2019

Catherine P. Owali-Cole

Director of Commerce and Consumer Affairs

Application for Grants

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Certification – Please attach immediately after cover page

1. Certificate of Good Standing (If the Applicant is an Organization)

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2018.

See attached Certificate of Good Standing dated January 15, 2019.

2. Declaration Statement

The applicant shall submit a declaration statement affirming its compliance with Section 42F-103, Hawai'i Revised Statutes. ([Link](#))

See attached declaration statement.

3. Public Purpose

The applicant shall specify whether the grant will be used for a public purpose pursuant to Section 42F-102, Hawai'i Revised Statutes. ([Link](#))

Public purpose is detailed in Section II below.

II. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

1. A brief description of the applicant's background;

Organized in 2002, the Ship Repair Association of Hawai'i ("SRAH") is a nonprofit voluntary trade organization, dedicated to growing Hawai'i's ship repair industry through a unified public/private partnership by providing cost-effective, high-quality services to all commercial and government customers. SRAH was established to:

- *Strengthen and increase the capabilities of the industry in the state;*
- *Complement Pearl Harbor Naval Shipyard (PHNSY) capabilities and capacity – a ready resource to respond to surge and peak loading demands;*

- *Educate potential Pacific Rim customers of the value of utilizing Hawai`i's ship repair infrastructure;*
- *Be the supplier of choice for ship repair in the Pacific Region*

The central mission and core values of the SRAH:

- *To be the voice of the ship repair industry in Hawai`i*
- *To be responsible for identifying issues affecting the industry*
- *To leverage the power of the members to gain resolution*
- *To meet current and future needs of our U.S. Government and commercial customers*
- *To maintain and expand Hawai`i's ship repair industry through participation in:*
 - *The Navy's One-Shipyard Program*
 - *Department of Homeland Security, Maritime Administration (MARAD), and other Military and Department of Transportation programs and requirements*
 - *Commercial ship repair opportunities including the use of DD#4 in partnership with the Navy*
- *To develop and maintain:*
 - *A highly trained workforce*
 - *A vibrant ship repair industrial base, with adequate facilities, in Hawai`i*

2. *The goals and objectives related to the request;*

According to findings released in the executive summary of SRAH's FY 2019 study of the subject, the State of Hawai`i is at risk of losing \$1.31B of GDP, \$351M of wages, and 900 jobs over the next seven years alone due to a forecasted shortage of drydocking assets in the State. To mitigate this risk, the study evaluated four possible options and determined that the most cost-effective mitigation option was to use a public/private partnership to construct a purpose-built floating dry dock to sustain and augment Pearl Harbor's ongoing capacity to perform critical fleet maintenance here in the State of Hawai`i.

The objective of this FY 2020 funding request is to advance the recommended course of action from the FY 2019 study by completing the design of the dry dock and obtaining construction bids. The award of a FY 2020 state grant for this purpose would reinforce the State of Hawai`i's long-standing commitment to maintaining a robust private sector industrial base in support of Navy ship repair and modernization efforts in Hawai`i. This commitment will further serve as foundation for the timely formation of a public/private partnership to construct, manage, and operate the floating dry dock.

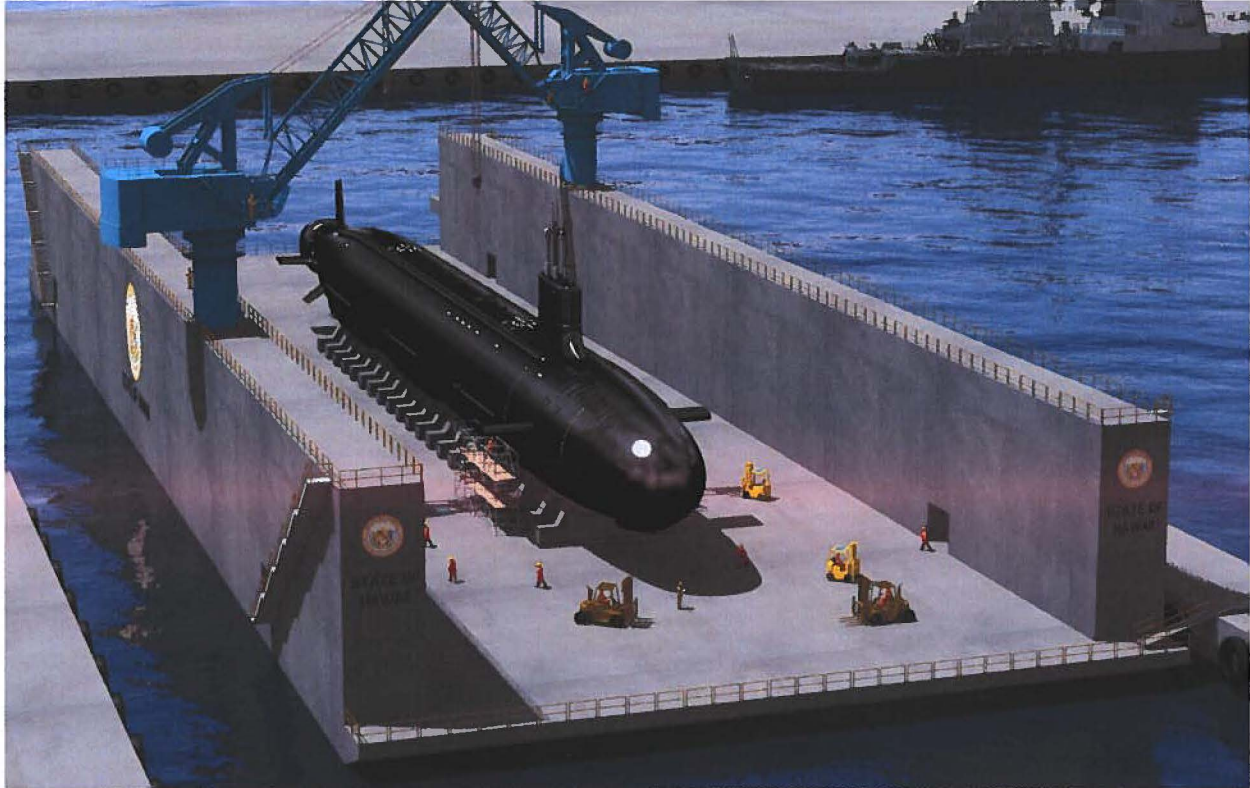


Figure 1: Conceptual rendering of a purpose-built floating dry dock for Pearl Harbor Naval Shipyard

3. The public purpose and need to be served;

The Pearl Harbor Floating Dry Dock is anticipated to

- *Prevent the loss of \$1.31B of Hawai'i GDP, \$351M of wages, and 900 jobs over the next seven years alone*
- *Stimulate overall job growth in the high-wage local ship repair industrial base by the addition of private-sector dry dock capacity complementary to the Navy's organic resources*
- *Alleviate the Navy's substantial backlog of restoration and maintenance projects – improving the readiness of the Navy and enhancing the economy of the State of Hawai'i*

The purpose of the FY 2020 funding request is to advance the Pearl Harbor floating dry dock initiative to the point where a public/private partnership can be executed between the Navy, State and private sector industry stakeholders. Finalizing the partnership is critical to formalize the contributing elements, the timeline and ultimate requirements of the dry dock initiative.

4. Describe the target population to be served; and

The beneficiaries of the Pearl Harbor Floating Dry Dock initiative will include:

- *The workers and companies in Hawai'i's ship repair industry and their material and service providers. Without the procurement of a floating dry*

dock, the anticipated loss of surface fleet maintenance at PHNSY would lead to a critical, and likely permanent decline in Hawai'i's private-sector industrial base.

- All residents of the State of Hawai'i stand to benefit from the economic benefits of protecting revenues coming into the State that would otherwise be lost.*
- Lastly, but no less importantly, by supporting the readiness of the Navy's Pacific Fleet, this floating dry dock will contribute to the security of the Pacific Region.*

5. Describe the geographic coverage.

The Pearl Harbor Floating Dry Dock will provide benefits:

- Locally: through the sustainment and creation of high-wage private-sector jobs on O'ahu and throughout the State of Hawai'i.*
- Nationally: Pearl Harbor Naval Shipyard is a National Asset. The addition of a public/private floating drydock would provide complementary support of PHNSY's critical mission.*
- Internationally: PHNSY's role as the largest, most comprehensive fleet repair and maintenance facility between the U.S. West Coast and the Far East serves to maintain a "Fit to Fight" fleet within and throughout the Asia-Pacific region.*

III. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities;

The FY 2020 scope of work involves the following tasks:

- 1) Preliminary design package: Heger Dry Dock, Inc. will be engaged to prepare a preliminary construction design of a floating dry dock sized to meet the anticipated future needs of Pearl Harbor Naval Shipyard. The preliminary design will include preliminary drawings of all major ship systems, a preliminary design calculation package, and a preliminary technical specifications document. The preliminary design package will be sufficient to solicit construction bids, and to pursue preliminary ABS design review. The preliminary design package and preliminary ABS review are anticipated to require 14 weeks to complete.*
- 2) Bid solicitation and shipyard evaluation: SRAH will engage a ship broker to solicit construction bids from worldwide shipyards. Based on a review of bids received, SRAH representatives with experience in international ship construction projects will evaluate those shipyards found to be most*

competitive. The bid solicitation and shipyard evaluation process is anticipated to require approximately 3-4 months depending on number of qualified foreign shipyards interested in participating. Key evaluation factors will be time, cost, schedule, dry dock construction experience, particularly working to ABS and any other US Quality Standards.

3) *Final Design Package: Heger Dry Dock, Inc. will prepare the final design package. The final design package is anticipated to begin after completion of the preliminary design package, and require 15 weeks to complete.*

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

Subject to approval and timely appropriation, it is anticipated that the proposed objectives can be achieved within FY 2020

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

A committee of SRAH members and their design consultants will participate in design reviews via conference calls to provide input and to stay informed of the design's progress. The design will be reviewed and validated by the American Bureau of Shipping (ABS) to verify that it complies with all necessary standards.

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

The SRAH committee and expending Agency will meet upon award of the grant to define agreed upon parameters and preferred measures to report upon.

IV. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.

See Attached

- a. Budget request by source of funds ([Link](#))
- b. Personnel salaries and wages ([Link](#))
- c. Equipment and motor vehicles ([Link](#))
- d. Capital project details ([Link](#))
- e. Government contracts, grants, and grants in aid ([Link](#))

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2020.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$550,000	\$300,000	\$100,000	\$34,500	\$984,500

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2020.

Not Applicable – No other sources of funding

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

Not Applicable - None

5. The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2020 for program funding.

2019 Grant-In-Aid: Contract #67096 for \$234,600

6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2018.

SRAH's current assets balance as of December 31, 2018 was: \$101,107.60

V. Experience and Capability

1. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

SRAH's membership includes 30 companies who are direct and indirect providers of repair overhaul, maintenance and modernization services to commercial, DOD, DOT and foreign vessel owners/operators. Three of SRAH's member companies have designed and built floating dry docks internationally within the past three years:

- *Marisco: 9,500-ton capacity "Peleke Nui", delivered in 2017*

- *Pacific Shipyards: 7,500-ton capacity “Ho`ola I Na Moku”, delivered in 2017*
- *BAE Systems: 55,000-ton capacity, delivered in 2017 (based in San Diego)*

These dry docks were built in different countries using entirely different construction methods (pre-cast concrete vs steel), which provides SRAH with a unique breadth and depth of recent floating dry dock procurement experience.

The bulk of the design effort will be performed by Heger Dry Dock, whose team includes a diverse group of engineers and support staff, several of which have over 30 years of experience in dry dock design and marine engineering.

2. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

Not applicable – SRAH does not have its own facility. SRAH is an association of ship repair and service providers and does not need a facility for the purposes of this request.

VI. Personnel: Project Organization and Staffing

1. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

Not applicable – SRAH does not have its own employees (it is an association of ship repair and service providers) and will be engaging the services of qualified consultants as noted in Section V.1. Personnel from member companies with relevant experience will support the initiative through the formation of a volunteer committee. Recent foreign shipyard dry dock construction projects, including BAE, Marisco, and PSI, have been very successful by using third party overseas consulting companies that reside at the designated shipyard to insure quality and specification requirements are all met and achieved.

2. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.

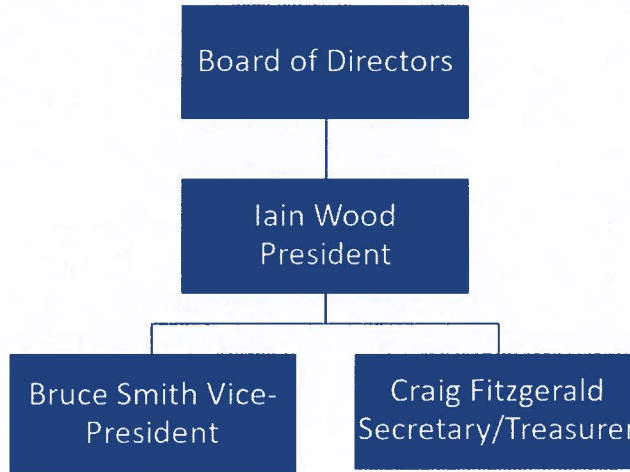


Figure 2: Ship Repair Association of Hawai'i Organization Chart. Note that SRAH does not have any employees. Officers are members of the Board of Directors

3. Compensation

The applicant shall provide an annual salary range paid by the applicant to the three highest paid officers, directors, or employees of the organization by position title, not employee name.

Not applicable – SRAH does not have any employees and does not compensate any of its officers or directors.

VII. Other

1. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

Not Applicable - None

2. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

Not Applicable - None

3. Private Educational Institutions

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see [Article X, Section 1, of the State Constitution](#) for the relevance of this question.

Not Applicable - None

4. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2019-20 the activity funded by the grant if the grant of this application is:

- (a) Received by the applicant for fiscal year 2019-20, but
- (b) Not received by the applicant thereafter.

The scope of the design effort covered by this grant, as described in Section III, is planned to be completed during fiscal year 2019-2020. Funding sources for the construction and delivery of the Pearl Harbor Floating Dry Dock will be pursued concurrent with the design phase. Funding is anticipated to come from a mix of public and private sources.

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAII REVISIED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant.

- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided.

- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

SHIP REPAIR ASSOCIATION OF HAWAII
(Typed Name of Individual or Organization)

(Signature) _____

JANUARY 18, 2019
(Date)

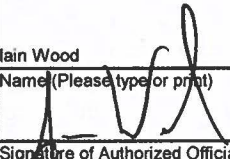
IAIN WOOD
(Typed Name)

PRESIDENT
(Title)

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2019 to June 30, 2020

Applicant: SHIP REPAIR ASSOCIATION OF HAWAII

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
1. Salaries	0			
2. Payroll Taxes & Assessments	0			
3. Fringe Benefits	0			
TOTAL PERSONNEL COST	0			
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island	0			
2. Insurance	0			
3. Lease/Rental of Equipment	0			
4. Lease/Rental of Space	0			
5. Staff Training	0			
6. Supplies	0			
7. Telecommunication	0			
8. Utilities	0			
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES				
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL	984,500			
TOTAL (A+B+C+D+E)	984,500			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	984,500	Iain Wood	808-848-6211 ext 247	
(b) Total Federal Funds Requested	0	Name (Please type or print)	Phone	
(c) Total County Funds Requested	0		1/18/2019	
(d) Total Private/Other Funds Requested	0	Signature of Authorized Official	Date	
TOTAL BUDGET	984,500	Iain Wood, President of SRAH		
		Name and Title (Please type or print)		

BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2019 to June 30, 2020

Applicant: SHIP REPAIR ASSOCIATION OF HAWAII

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Not Applicable - No Employees				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2019 to June 30, 2020

Applicant: SHIP REPAIR ASSOCIATION OF HAI

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Not Applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				

JUSTIFICATION/COMMENTS:

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
Not Applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				

JUSTIFICATION/COMMENTS:

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2019 to June 30, 2020

SHIP REPAIR ASSOCIATION OF HAWAII

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2017-2018	FY: 2018-2019	FY:2019-2020	FY:2019-2020	FY:2020-2021	FY:2021-2022
PLANS			0	0		
LAND ACQUISITION			0	0		
DESIGN			984500	0		
CONSTRUCTION			0	0		
EQUIPMENT			0	0		
TOTAL:	0	0	984,500	0		
JUSTIFICATION/COMMENTS:						
Future costs for drydock construction will change based on final design and market conditions						

GOVERNMENT CONTRACTS, GRANTS, AND / OR GRANTS IN AID

Applicant: SHIP REPAIR ASSOCIATION OF HAWAII

Contracts Total:

234,600

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)	CONTRACT VALUE
1	A Study of the Significant Negative Economic Impact to Hawaii from the Relocation of Drydock Repairs and Modernization to Navy Surface Vessels, and Proposed Mitigating Recommendations to Ensure Jobs and Revenue Stay in Hawaii	7/1/18 - 6/30/19	DBEDT	State of Hawaii	234,600
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					