



Maritime Administration Announces 2013 Small Shipyard Grant Program

New Development

On April 10, 2013, the Maritime Administration (“MARAD”) issued a Notice of Small Shipyard Grant Program, which will provide for financial assistance to small shipyards (the “Grant Program”). For 2013, there is a total of \$9,457,986 available for grants to be used for capital improvements and related infrastructure improvements for eligible shipyards. All applications must be received by MARAD no later than 5 p.m. EST on May 28, 2013. MARAD intends to award the grants by July 24, 2013. It is anticipated that up to 10 applicants will be selected for funding with an average grant amount of about \$1 million. The Notice can be accessed [here](#).

The 2013 Grant Program

Use of Funds and Matching Requirements

As in previous years, the grants awarded under the Grant Program must be used to facilitate the efficiency, cost-effectiveness, and quality of domestic ship construction, repair, and reconfiguration of commercial and government ships. In addition to capital and related improvements, grant funds may also be used for maritime training programs to foster technical skills and operational productivity. Grants are not available for the new construction of buildings or other facilities and may not be used to purchase land, unless approved by MARAD as being

consistent with, and supplemental to, capital and related infrastructure improvements. Grant funds will only be awarded for up to 75% of the cost of any project, unless MARAD determines that a proposed project merits a higher award. Accordingly, the Grant Program requires that the shipyard put forth the remaining 25% of the funds required to complete the project. No more than 25% of the grant funds available will be awarded to shipyards in any one geographic location that have more than 600 production employees. In addition, MARAD will not fund projects that require waterside improvements, such as dredging, pier work, etc.

Shipyard Eligibility

An eligible shipyard is one which: 1) is located in or near a maritime community, in a single geographical location; 2) employs less than 1,200 production employees; and 3) constructs, repairs, or reconfigures commercial or government vessels 40 feet in length or greater. The applicant must be the actual operator of the shipyard. MARAD will also take into consideration: a) the economic circumstances and conditions of the maritime community where the shipyard is located, and b) the economy of the local, State, and regional areas in which the maritime community is located.

The Application

Applicants should complete Form SF-424 (available for download at <http://marad.dot.gov>) and attach, as an addendum, the following additional information as requested in the Notice:

1. Description of the shipyard, including its location, facilities, years in operation, ownership, customer base, order book, vessels delivered over the last 5 years, and website address;
2. Comprehensive description of the project, including whether any equipment will be replaced;
3. Description of the need for the project in relation to the shipyard’s business plan, and how the project will fulfill such need;
4. Quantitative analysis of how it will facilitate the efficiency, cost-effectiveness, and quality of domestic ship construction/repair, including an analysis of staff-hours and money saved and other meaningful metrics;
5. Detailed methodology and timeline for implementing the project;
6. Detailed itemization of the project costs, along with supporting documentation;
7. Statement whether the project will require any licenses or permits or any action under the National Environmental Policy Act;
8. Description of any existing programs or arrangements available to supplement the federal grant assistance;
9. Information concerning the economic condition of the maritime community where the shipyard is located and whether the yard is located in an economically distressed area;
10. Compliance certificate by officer or government official certifying that the shipyard: a) is in a single

geographical location, located in or near a maritime community; b) employs no more than 600 production personnel, or employs more than 600 but less than 1,200 production personnel; c) has the authority to carry out the proposed project; and d) has not made and will not make any prohibited payments out of the requested grant;

11. 2011 or 2012 (if available), reviewed, or compiled financial statements prepared by a CPA in accordance with GAAP;
12. Statement regarding the relationship between the applicant and any other affiliate providing a portion of the match funding;
13. Financial statements demonstrating how the matching requirement (25%) will be met;
14. Pro-forma financial statements as of September 30 or December 31, 2012; and
15. Statement whether the applicant or any affiliates have been in bankruptcy in the last 5 years.

A shipyard located in a single geographic location applying for multiple projects must do so in one application. The original application (Form SF-424 and addendum) and one copy should be filed in hard copy along with two CDs, each containing an electronic copy in PDF format, at the office of the Associate Administrator for Business and Finance Development, U.S. Maritime Administration.

Conclusion and Recommendation

The 2013 Grant Program could provide the necessary assistance to small shipyards to initiate new or complete already existing capital and infrastructure improvement projects. All small shipyards that could benefit from federal assistance as described in the Notice, and that meet the eligibility requirements set forth in the Notice, should consider applying for the grant.

FOR ADDITIONAL INFORMATION

If you have questions or desire assistance, please contact:

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