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**DEPARTMENT OF TRANSPORTATION****Maritime Administration**

[Docket No. MARAD-2011-0162]

**Assistance to Small Shipyard Grant Program****AGENCY:** Maritime Administration, DOT.**ACTION:** Notice of Small Shipyard Grant Program.

**SUMMARY:** This notice announces the intention of the Maritime Administration to provide grants for small shipyards. Catalog of Federal Domestic Assistance Number: 20.814.

**DATES:** The period for submitting grant applications, as mandated by statute, commenced on November 18, 2011. The applications must be received by the Maritime Administration by 5 p.m. EST on January 17, 2012. Applications received later than this time will not be considered. The Maritime Administration intends to award grants no later than March 18, 2012.

**FOR FURTHER INFORMATION CONTACT:**

Director, Office of Shipyards and Marine Engineering, Maritime Administration, Room W21-318, 1200 New Jersey Ave. SE., Washington, DC 20590; *phone:* (202) 366-5737; or *fax:* (202) 366-6988.

**SUPPLEMENTARY INFORMATION:** In accordance with Section 54101 of Title 46, United States Code, and the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2012, Public Law 112-55, this notice announces the intention of the Maritime Administration to provide grants for small shipyards. Catalog of Federal Domestic Assistance Number: 20.814.

Under the Small Shipyard Grant program, there is currently \$9,980,000 available for grants for capital and related improvements for qualified shipyard facilities that will be effective in fostering efficiency, competitive operations, and quality ship construction, repair, and reconfiguration. Grant funds may also be used for maritime training programs to foster technical skills and operational productivity in communities whose economies are related to or dependent upon the maritime industry. Grants for such training programs may only be awarded to "Eligible Applicants" as described below, but training programs can be established through vendors to such applicants. Grant funds may not be

used to construct buildings or other physical facilities or to acquire land unless such use is specifically approved by the Maritime Administration as being consistent with and supplemental to capital and related infrastructure improvements.

**Award Information:** The Maritime Administration intends to award the full amount of the available funding through grants to the extent that there are worthy applications. No more than 25 percent of the funds available will be awarded to shipyard facilities in one geographic location that have more than 600 production employees. The Maritime Administration will seek to obtain the maximum benefit from the available funding by awarding grants for as many of the most worthy projects as possible. The Maritime Administration may partially fund applications by selecting parts of the total project. The start date and period of performance for each award will depend on the specific project and must be agreed to by the Maritime Administration.

**Eligibility Information:** 1. Eligible Applicants—the statutes referenced above provide that shipyards can apply for grants. The shipyard facility for which a grant is sought must be in a single geographical location, located in or near a maritime community, and may not have more than 1200 production employees. The applicant must be the operating company of the shipyard facility. The shipyard facility must construct, repair, or reconfigure vessels 40 ft. in length or greater, for commercial or government use. 2. Eligible Projects—capital and related improvement projects that will be effective in fostering efficiency, competitive operations, and quality ship construction, repair, and reconfiguration; and training projects that will be effective in fostering employee skills and enhancing productivity. For capital improvement projects, all items proposed for funding must be new and to be owned by the applicant. For both capital improvement and training projects, all project costs, including the recipient's share, must be incurred after the date of the grant agreement.

**Matching Requirements:** The Federal funds for any eligible project will not exceed 75 percent of the total cost of such project. The remaining portion of the cost shall be paid in funds from or on behalf of the recipient. The applicant is required to submit detailed financial statements and supporting documentation demonstrating how and when such matching requirement is proposed to be funded as described below. The recipient's entire matching

requirement must be paid prior to payment of any federal funds for the project. However, for good cause shown, the Maritime Administrator may waive the matching requirement in whole or in part, if the Administrator determines that a proposed project merits support and cannot be undertaken without a higher percentage of Federal financial assistance.

**Application:** An application should be filed on standard Form SF-424 which can be found on the Internet at *Marad.dot.gov*. Although the form is available electronically, the application must be filed in hard copy as indicated below due to the amount of information requested. A shipyard facility in a single geographic location applying for multiple projects must do so in a single application. The application for a grant must include all of the following information as an addendum to Form SF-424. The information should be organized in sections as described below:

**Section 1:** A description of the shipyard including (a) location of the shipyard; (b) a description of the shipyard facilities; (c) years in operation; (d) ownership; (e) customer base; (f) current order book including type of work; (g) vessels delivered (or major projects) over last 5 years; and (h) Web site address, if any.

**Section 2:** For each project proposed for funding the following:

(a) A comprehensive detailed description of the project including a statement of whether the project will replace existing equipment, and if so the disposition of the replaced equipment.

(b) A description of the need for the project in relation to shipyard operations and business plan and an explanation of how the project will fulfill this need.

(c) A quantitative analysis demonstrating how the project will be effective in fostering efficiency, competitive operations, and quality ship construction, repair, or reconfiguration (for capital improvement projects) or how the project will be effective in fostering employee skills and enhancing productivity (for training projects). The analysis should quantify the benefits of the projects in terms of staff-hours saved, dollars saved, percentages, or other meaningful metrics. The methodology of the analysis should be explained with assumptions used identified and justified.

(d) A detailed methodology and timeline for implementing the project.

(e) A detailed itemization of the cost of the project together with supporting documentation, including current

vendor quotes and estimates of installation costs.

(f) A statement explaining if any elements of the project require action under the National Environmental Policy Act (42 U.S.C. sec. 4321, *et seq.*) or require any licenses or permits.

Items 2(a) thru 2(f) should be repeated, in order, for each separate project included in the application.

*Section 3:* A table with a prioritized list of projects and total cost and Government portion (in dollars) for each.

*Section 4:* A description of any existing programs or arrangements, if any, which will be used to supplement or leverage the federal grant assistance.

*Section 5:* Special economic circumstances and conditions, if any, of the maritime community in which the shipyard is located (beyond that which is reflected in the unemployment rate of the county in which the shipyard is located and whether that county is in an economically distressed area, as defined by 42 U.S.C. 3161).

*Section 6:* Shipyard company officer's certification of each of the following requirements:

(a) That the shipyard facility for which a grant is sought is located in a single geographical location in or near a maritime community and (i) the shipyard facility has no more than 600 production employees, or (ii) the shipyard facility has more than 600 production employees, but less than 1200 production employees (the shipyard officer must certify to one or the other of (i) or (ii));

(b) That the applicant has the authority to carry out the proposed project; and

(c) Certification in accordance with the Department of Transportation's regulation restricting lobbying, 49 CFR Part 20, that the applicant has not, and will not, make any prohibited payments out of the requested grant. Certifications are not required to be notarized.

*Section 7:* Unique identifier of shipyard's parent company (when applicable): Data Universal Numbering System (DUNS + 4 number) (when applicable).

*Section 8:* 2009 or 2010 (if available) year-end audited, reviewed or compiled financial statements, prepared by a certified public accountant, according to U.S. generally accepted accounting principles, not on an income tax basis. September 30, 2010, financial statements prepared by the company if December 31, 2010, CPA-prepared statements are not available. Do not provide tax returns.

*Section 9:* Statement regarding the relationship between applicants and any

parents, subsidiaries or affiliates, if any such entity is going to provide a portion of the match.

*Section 10:* Evidence documenting applicant's ability to make proposed matching requirement (loan agreement, commitment from investors, cash on balance sheet, etc.) and in the times outlined in 2(d) above.

*Section 11:* Pro-forma financial statements reflecting (a) September 30, or December 31, 2010, financial condition; (b) effect on balance sheet of grant and matching funds (*i.e.* a decrease in cash or increase in debt, additional equity and an increase in fixed assets); and (c) impact on company's projected financial condition (balance sheet) of completion of project, showing that company will have sufficient financial resources to remain in business.

*Section 12:* Statement whether during the past five years, the applicant or any predecessor or related company has been in bankruptcy or in reorganization under Chapter 11 of the Bankruptcy Code, or in any insolvency or reorganization proceedings, and whether any substantial property of the applicant or any predecessor or related company has been acquired in any such proceeding or has been subject to foreclosure or receivership during such period. If so, give details.

Additional information may be requested as deemed necessary by the Maritime Administration in order to facilitate and complete its review of the application. If such information is not provided, the Maritime Administration may deem the application incomplete and cease processing it.

*Where to File Application:* Submit an original copy and one additional paper copy of the application and two CDs each containing a complete electronic version of the paper copy, no additional information of the application in PDF format to: Associate Administrator for Business and Finance Development, Room W21-318, Maritime Administration, 1200 New Jersey Ave. SE., Washington, DC 20590.

*Evaluation of Applications:* The Maritime Administration will evaluate the applications on the basis of how well the project for which a grant is requested would be effective in fostering efficiency, competitive operations, and quality ship construction, repair, and reconfiguration (for capital improvement projects) or how well the project for which a grant is requested would be effective in fostering employee skills and enhancing productivity (for training projects) and the economic circumstances and conditions of the surrounding community. The Maritime

Administration will also evaluate applications on the basis of how well they advance—consistent with achieving the program's statutory objectives—the Department's strategic goals of economic competitiveness, safety, livability, environmental sustainability, and state of good repair. The economic circumstances and conditions will be based upon the unemployment rate of the county in which the shipyard is located and whether that county is an economically distressed area, supplemented by any special economic circumstances and conditions identified by the applicant. The Maritime Administration will award grants in its sole discretion in such amounts and under such conditions it determines will best further the statutory purposes of the small shipyard grant program. Projects that may require additional environmental assessments such as those including waterside improvements (dredging, bulkheading, pier work, pilings, *etc.*) will not be considered for funding. Preference will be given to funding applications: (1) That propose matching funds greater than a 25% share of the project; (2) that impact existing operations and/or product lines rather than expand the capabilities of the shipyard into new product lines or capabilities; and (3) that result in a geographic diversity of grant recipients.

Potential applicants are advised that it is expected, based on past experience, that applications will far exceed the funds available and that only a small percentage of applications will be funded. It is anticipated that about 10 applications will be selected for funding with an average grant amount of about \$1 million.

*Conditions Attached to Awards:* The grant agreement will set out the records to be maintained by the recipient that must be available for review and audit by the Maritime Administration, as well as any other conditions and requirements.

Dated: December 7, 2011.

By Order of the Maritime Administrator.

**Julie P. Agarwal,**

*Secretary, Maritime Administration.*

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