

In the vessel construction market, small boat builder All American Marine of Bellingham, Wash., and RIB builder Wing Inflatables of Arcata, Calif. both reported a satisfactory 2010 in their niche markets, with good reasons to be optimistic about 2011. Bollinger Shipyards, a major builder in the offshore market also had a good 2010, but is bracing for the impact of the drilling moratorium going into 2011. Meanwhile, new yard, Argosy Boat Company, of Pierre Part, La., is still working to establish itself as a diesel-electric, Z-drive towboat builder.

Wing Inflatables builds sponsons for rigid inflatable boats (RIBs) whose missions range from disaster relief and protecting the U.S. fleet to whale watching excursions. President Bill Wing said "Wing Inflatables has been steadily growing and 2010 will end well." The company expects stable growth in its core sponson business and has launched its newest product, the P-4.7 Combat Rubber Raiding Craft (CRRC). The CRRC is used in littoral operations and can be broken down, folded up and transported.

"As fuel prices continue to rise, we believe more and more agencies will consider RIBs or inflatable alternatives in lieu of totally rigid constructed boats. The weight savings translates into lower fuel consumption and lower operating expense," Wing said. "In boarding situations, RIBs are particularly well-suited because they allow contact with the subject vessel without inflicting or incurring damage and they offer shock mitigation, and flotation of course."



Above:
Production on the floor of All American Marine's facilities in Bellingham, Wash.



Right:
All American Marine President Matt Mullet

gencorp
INSURANCE GROUP

the power to provide
commercial marine coverage and programs



Shipyards

Tow Boats

Passenger Vessels

Contractors & Salvors

Headquarters: 16 Main street, East Greenwich, RI 02818 | 800.232.0582 x 182 | rcarnahan@gencorp-ins.com



(Photo courtesy Bollinger Shipyards)

Artist rendition of the USCG's Sentinel Class 154-ft Patrol Boats currently under construction at Bollinger Shipyards.

Matt Mullett

"I have been a bit surprised by the number of contacts we have made this year who are looking to start up new passenger vessel service."

All American Marine (AAM) President Matt Mullett said "We started 2010 with an encouraging backlog and the new contracts we recently signed will ensure a steady workload lasting well into 2011." AAM specializes in the construction of custom aluminum catamarans and monohulls for survey, research, ferry, patrol, eco-tour, fishing and dive applications.

"We went back to our roots and are in the process of building several Bristol Bay sternpicker fishing boats this year. Our founding partner worked with our naval architect (Teknicraft Design, Ltd.) to offer a newly engineered design for this niche market. The fishery has rebounded, prices are up, buyers are paying a premium for fish that have only been refrigerated and the maturation of capital construction funds are sparking strong interest in new fishing vessel construction."

There are other interesting highlights in vessel construction, Mullett said. "I have been a bit surprised by the number of contacts we have made this year who are looking to start up new passenger vessel service. Economic hardships and environmental concerns may finally be pushing commuters harder to seriously consider waterborne transit as a viable option."

Also Mullett said "One market segment that seems to remain isolated from the effects of the recession is the oceanographic survey and research vessel market. We are speculating that the demand for these specialized vessels will only grow as the planning of offshore wind farms commences and regulations are implemented in

NABRICO

1250 Gateway Drive • Gallatin, TN 37066

WE OFFER A COMPLETE LINE
OF DECK FITTINGS.
CATALOG AVAILABLE.

615-442-1300
FAX: 615-442-1313
www.nabrico-marine.com

...OUTFITS THEM ALL

the offshore oil fields.”

On the other end of the spectrum, Bollinger Shipyards builds offshore oil field support vessels and fast military patrol boats among other types of vessels and has 12 shipyards between New Orleans and Houston. Benjamin G. Bordelon, Executive Vice President, Repair, at Bollinger Shipyards said “Coming off of a down market in 2009 we finished the year on a high note with the award of three options on our USCG Sentinel Class Patrol Boat program. Bollinger entered 2010 with optimism as the oil and gas market showed signs of rebound.”

“Our new construction backlog was fairly constant in 2010. We delivered OPA'90 tank barges to Bouchard Transportation and K-Sea Transportation, and multiple DP II classed OSV's. Our backlog was solidified when we announced the award of the next generation tugs for Crowley as well as several other barge contracts. Our workforce will remain strong for the remainder of 2010.” However, Bordelon said, “As for 2011, we are prepared to go through a down market for the majority of our business segments. The current deep-water drilling moratorium is creating uncertainty in the market and has created a situation that makes it nearly impossible for companies to make any future plans. We are also seeing that the de facto moratorium in the shallow waters is playing a similar role for that market.”

From a fledgling yard's perspective, Dave Reidt of Argosy Boat Company said “2010 has been a really difficult year for us as we spent over 18 months finding sufficient funding for

our new yard. As a new start up shipyard it is difficult to secure customers in such a depressed market. 2011 will be substantially better, especially

when we prove our fuel savings are not just speculation, they are real.” Argosy Boat Company builds diesel-electric powered inland river tow-



INDEPENDENCE BANK

Marine & Fishery Finance

While others are not, we continue to lend!

Independence Bank is pleased to announce the financing of:

Subbase Drydock, Inc. of St. Thomas, USVI

Financing of New 1000 Ton Drydock

May Ship Repair of Staten Island, NY

Working Capital Loan

Love City Car Ferries, Inc. of St. John, USVI

Vessel Refurbishment Loan

USA Island Seafood, Inc. of Saipan,

Commonwealth of the Northern Mariana Islands, USA

Financing of Processing Plant, Fishing Vessels and Working Capital

Borinken Towing & Salvage, LLC of St. Croix, USVI

Financing of two Tugs and two Barges

Velvet Maritime of Hahnville, LA

Financing of Tug Boat

Call Mike Sammartino

401-471-6318

Toll Free: 1-877-252-8583, ext. 318

EMAIL: msammartino@independence-bank.com

Independence Bank

1370 South County Trail • East Greenwich, RI 02818 USA

www.independence-bank.com

Click on commercial lending



Above:
Wing Inflatables President Bill Wing.

Left:
Wing Inflatables Factory in Arcata, Calif.

(Photo courtesy Wing Inflatables)

Coast Guard Commandant on Ship Budget

In September, the Congressional Shipbuilding Caucus hosted a meeting with the Commandant of the Coast Guard, Adm. Robert J. Papp, to discuss the Coast Guard's ship force structure needs, its missions, future threats and the U.S. shipbuilding industry. Admiral Papp conveyed the difficulty the Coast Guard has in keeping its major programs funded sufficiently. The Admiral discussed specific programs such as the National Security Cutter (NSC), the Fast Response Cutter (FRC) and the Offshore Patrol Cutter (OPC). The Admiral acknowledged that the fleet has grown far too old, citing the High Endurance Cutter (HEC), which has an average age of 41 years despite a life expectancy of 20 years. He called the Offshore Patrol Cutter his "pet project," and that he intends to make sure this class of cutters is well on its way in production during his tenure as Commandant. While fewer OPCs will be built than the class they will replace, he assured the audience that they will be much more capable. He emphasized that the Coast Guard needs to keep working to increase its acquisition budget.

The NSC consumes half the entire acquisition budget of \$1.4b, making it extremely difficult to include all the items the Coast Guard needs to meet its various missions. Moreover, the Office of Management and Budget mandates that the Coast Guard buy each vessel in whole in one fiscal year. One option Adm. Papp proposed was to work for more flexibility in its acquisitions by spreading funding for vessels over multi years as is the Navy's practice. He added that Secretary of Homeland Security Janet Napolitano has opened discussion with OMB regarding this approach. Underscoring the fiscal constraints on the Coast Guard is its polar icebreaker fleet, which the Admiral stated is a program that clearly needs attention. Although the USCGC Healy is operating in the Arctic, there is currently no heavy duty icebreaker capability available to the Coast Guard, and the Admiral added that the Antarctic region cannot be overlooked. There is currently no projection for new icebreakers in the budget and while Congress added \$57m to overhaul the Polar Star, a decision has to be made regarding the future of this fleet.

2010

boats with Z-Drive azimuth thrusters. "We stay focused on 1,200 hp to 6,000 hp vessels for the Inland waterways. Our new unique design will save operators at least 30% per day in fuel cost."

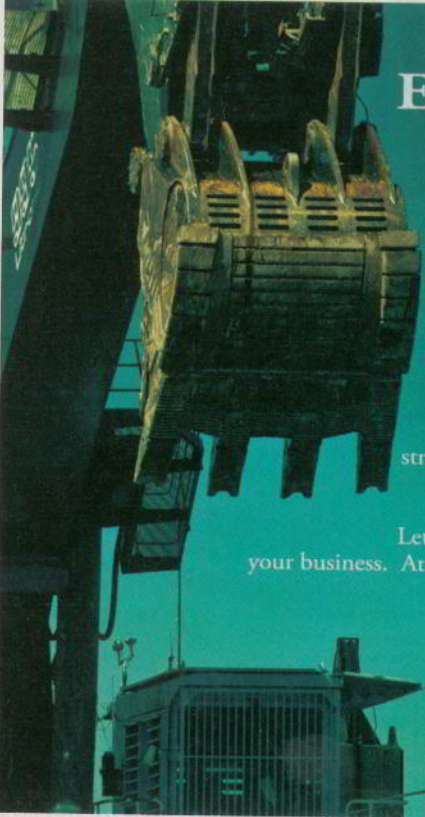
The yard's plan is to get in on an emerging market. "Diesel electric and Z-dive technology will drive the next round of new vessels," Reidt said. "Things change very slowly in our market but the time has come for more aggressive build strategies and use of 'green' technology. The next big market we feel is going to be LNG barges."

Reidt also believes that changing Coast Guard rules for inspected vessels will create a strong need for refurbishing and repairs of older boats. But he doesn't think much of how the government in general has supported the maritime industry.

"MARAD is totally unavailable for the little guy," Reidt said. "Our government talks a great game about things like the Great Marine Highway Initiative, which to date has done nothing but line politicians' pockets. The investment in our water borne systems and their vessels would return more benefits, such as immediate increases in high paying blue collar jobs, thousands of construction jobs fixing the deteriorated condition of our locks and dams, than anything else in Congress."

"Without barges and towboats," he said "a single loaf of bread could cost over \$55 just to get the grain to a mill to turn it into bread."

MN



DEPTHS OF EXPERIENCE

Donjon Marine provides the most innovative solutions to your dredging, marine salvage, marine transportation, marine demolition, heavy lift, vessel recycling, site remediation, ocean engineering, towing and diving challenges.

Since 1964, Donjon has offered full-service marine solutions from the smallest to the most complex, here and around the globe, powered by the strength of our employees, our experience, and our equipment.

Let us offer our marine service solutions to your business. At Donjon, marine service is our business.

DONJON MARINE

100 CENTRAL AVENUE
HILLSIDE, NEW JERSEY 07205
TEL: (908) 964-8812 FAX: (908) 964-7426
www.donjon.com

WHY SETTLE?



THE NEW FEARLESS FROM METAL SHARK RUGGED. DURABLE. FEARLESS.

TWIN-STEPPED, MULTI-MISSION CRAFT AVAILABLE
IN 28-, 32-, 36-, AND 40-FOOT CONFIGURATIONS

METAL SHARK
ALUMINUM BOATS
A NEW BREED OF PATROL BOATS

WWW.METALSHARKBOATS.COM
SALES@METALSHARKBOATS.COM
(337) 364-0777