

Supply Boat Conversions



(LEFT) In the US Gulf there are currently hundreds of Jones Act-qualified PSVs, many like new, sitting idle for lack of work. (RIGHT) By their very nature, PSVs have propulsion systems and crew accommodations very similar to what is required by fishing boats and are available now for a fraction of their value. Artwork courtesy of Jensen.

Convert Your Thinking About Fishing Newbuilds

BY AMELIA P. SMITH

An unexpected confluence of several events in the maritime industry could work to the advantage of commercial fishermen in Alaska and the Pacific Northwest. With the greying of the region's Jones Act fishing fleet, many commercial outfits are now considering strategies for replacing their boats, which will come at the great expense of cost and time.

Additionally, new recent regulations and catch quotas have changed the rules for fishermen. These regulations are a double-edged sword. On one hand, it means operators must either invest in aging vessels or build new to ensure compliance. On the other hand, the new rules and quotas have helped to stabilize the industry, making it easier for operators to gain financing in support of fleet upgrades.

While the aforementioned events are occurring, the oil and gas majors in the US Gulf are responding to constrictions in the market. Among other decisions being made, most exploration companies and marine contractors are now selling laid-up marine assets to relieve the financial burden of the slump.

These seemingly unrelated events present an incredible opportunity for those in the commercial fishing industry,

especially those who operate ground-fishing boats, mid-water trawlers or at-sea processing "mother" ships.

An ideal fishing boat requires several features: Enough deck space to support catch, processing and freezer areas; crew accommodations; and ample engine room space. These highly specialized boats, which typically range between 250 and 350 feet, can cost millions to build new, and spend two to four years in a shipyard before ever hitting the water.

That's where laid-up oil and gas assets, specifically platform supply vessels (PSVs), come in. In the US Gulf there are currently hundreds of Jones Act-qualified PSVs sitting idle for lack of work. Many of these assets are like new, having recently been built to the tune of \$40 to \$50 million for the oil and gas boom that spiked less than a decade ago. With the recent industry slump, however, the owners of these assets are now in urgent need of buyers.

By their very nature, PSVs are convertible, single-deck boats that offer large, open aft-deck spaces. They have propulsion systems and crew accommodations very similar to what is required by fishing boats. While not all are good fits for conversion – such as those

that perform anchor handling or other tasks that require expensive on-board equipment – many US flagged vessels in the US Gulf are ideal candidates. And they are available now for a fraction of their value.

Jensen Maritime Consultants, Crowley Maritime's Seattle-based naval architecture and marine engineering firm, recently identified this opportunity, and has developed a model that considers a PSV's space, size, stability, price and more to determine whether a PSV is a candidate for conversion. Jensen, which got its start supporting the US commercial fishing industry more than 50 years ago, emphasizes that for a conversion to pay off, customers must be highly selective from the start.

"Most fishing boats have a life of 30 years or more," said Jensen's Bob Horsefield, engineer, product development. "If you don't choose the right PSV to convert, that's a long time to live with the wrong boat. Jensen is skilled in this way and can help select the right PSV to convert before any investment is made. This ensures long-term needs are met, regulatory compliance and maximum ROI."

In addition to helping select an ideal PSV for conversion, an

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experienced naval architect and marine engineering provider with proven experience in the commercial fishing industry, like Jensen, can help guide operators through the multi-phase conversion process.

“While we’ve proven the potential profitability of converting these PSVs into commercial fishing vessels for use in this area, it’s not a straightforward process. There are many contributing factors,” said Jensen’s Bryan Nichols, director, business development. “Operators must optimize all steps of the conversion, starting with selection of the right PSV through the concept development, lay-up support, design and construction, and any modifications required.”

Prior to purchase of a PSV, fishermen must perform a thorough survey to ensure all the final requirements can be met with conversion.

“Jensen provides pre-purchase survey support,” added Horsefield. “Then, after a purchase is made, we offer 3D scans and modification plans so a customer is able to virtually ‘walk-through’ the vessel concept to see that all needs have been addressed.”

In short, while the conversion can be profitable for fishermen, it can also be complex. From integrating of the existing systems with the new fishing equipment and incorporating any other custom requirements, support by an experienced provider, like Jensen, should be included in the strategy.

In addition to the considerations above, commercial fishing outfits have several common questions. The first is whether all the best hulls in the US Gulf have already been purchased.

“There are so many opportunities available, one just needs to know where to look,” says Nichols. “Jensen has connections with oil-and-gas exploration companies, as well as brokers, to

source the best assets for conversion. Our goal is to match the right PSVs with the right commercial fishing owners efficiently and affordably.”

The second is how the conversion timeline compares to that of building new, which can be a multi-year process.

“There may be some advantages regarding the length of time in converting over building new, but the duration of each instance has to be reviewed on a case-to-case basis. Jensen can help provide estimates for each to help commercial operators make the best decision for their operations,” said Horsefield.

The final question has to do with the logistical challenges of PSVs being located hundreds or thousands of miles away in the US Gulf.

“Believe it or not, the vessels’ location works out well for Alaskan

and Pacific Northwest fishermen,” said Nichols. “It opens up the construction bidding process to shipyards located throughout the US Gulf and West Coast, which can help to provide competitive pricing.”

For commercial fishing companies facing the challenges of an aging fleet and changing regulations, this is all good news. Those who can recognize the opportunity and capitalize on it will bring in the biggest catch. **FN**

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