



Statement
March 1, 2017

Port and Puglia Engineering, Inc. at Pier 70 Shipyard
Extends Operations While Resolving Legal Disputes

Under Mayor Lee’s leadership, the Port and Puglia Engineering, Inc. (Puglia) are pleased to announce that they have agreed on the terms of a 90-day Interim Operating Agreement while they develop a longer-term business operations plan that prioritizes keeping the shipyard operational and maintaining as many jobs as possible for the approximately 240 jobs at the yard.

The San Francisco Port Commission yesterday unanimously approved the basic terms of the Interim Operating Agreement between the two parties.

The Interim Operating Agreement will not only keep the yard operational, but provides time for the parties to plan for needed capital investment in dry dock maintenance and repair, and dredging.

Port Director Elaine Forbes said, “We are very pleased that the shipyard will remain open for business during this 90-day period while the parties work toward a positive future for ship repair in San Francisco. The Port and Puglia will collaborate to save good union jobs and keep this important maritime facility working.”

Last week, Puglia filed a notice of imminent closure of the Shipyard at Pier 70 under the WARN Act as a result of legal disputes between Puglia and the prior operator, BAE Systems San Francisco Ship Repair (BAE). Puglia alleged, among other things, that BAE did not perform required maintenance and repair of the drydocks which caused significant degradation to this critical infrastructure, and that BAE withheld material information regarding the condition of the facility and drydocks.

With the primary goal to keep the shipyard operational for the workers in the short term, the Port is negotiating an interim operating agreement with Puglia for continued operation of the shipyard. This interim agreement will help protect the local jobs at the shipyard. On average, the shipyard has employed over 240 full time, skilled labor, craft, and administrative workers per day, most of who are represented by union locals.

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