

**Agency: Commerce, Community and Economic Development**

**Grants to Municipalities (AS 37.05.315)**

**Grant Recipient: Unalaska**

**Project Title:**

**Project Type:** New Construction and Land Acquisition

# Unalaska - Unalaska Powerhouse Expansion Project

**State Funding Requested: \$5,000,000**  
One-Time Need

**House District: 37 / S**

**Brief Project Description:**

Unalaska Powerhouse Project - Installation of a new 4.4 MW C280 CAT engine.

**Funding Plan:**

	<u>Funding Secured</u>		<u>Other Pending Requests</u>		<u>Anticipated Future Need</u>	
	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>
<b>Total Cost of Project:</b> \$50,000,000						
Federal Funds			\$5,000,000	2010		
State Funds	\$2,500,000	2004 -2009			\$5,000,000	2011
Denali Commission	\$0					
Rasmuson Foundation	\$0					
Local Funds	\$37,500,000	2000 to 2009				
<b>Total</b>	<b>\$40,000,000</b>		<b>\$5,000,000</b>		<b>\$5,000,000</b>	

**Detailed Project Description and Justification:**

The City of Unalaska is currently constructing a new power house with the capacity of 20MW. The structure has been designed with two bays that provide for future growth. Phase one of the project involves the installation of two 5.2 MW engines in the first bay. The second bay will house up to three 4.4 MW CAT's. Phase I is currently under construction with a start up date of August of 2010.

The Power House project was initiated in 2001 as a result of a power supply study that outlined capacity problems for the City and the need to provide for more power to ensure the fishing industry has the required infrastructure to operate as such – the City of Unalaska purchased two 12V32 Wartsila GenSets in 2004 for Bay One. The City acquired land adjacent to the existing WWII powerhouse to ensure the project site was large enough for the new building. The existing Unalaska Powerhouse has a limited peak production of 7.5 MW.

An extensive PCB cleanup was required that delayed the construction project four years; this work was completed in 2008 and resulted in a direct cost of \$4,000,000. Also in 2008 the City contracted to complete the site preparation and civil work of the project. Due to increased demand, the City purchased a third engine (C280 CAT initiating Phase II of the project) in June of 2008 for bay two of the new Powerhouse.

In January, 2009 a contract was awarded to SKW Eskimos to construct the 16,000 square foot new powerhouse. Demand for electricity has continued to grow since project began in 2001. Private investment of \$80 million by DH Ports and Kloosterboer for a new dock and cold storage facility which began service in 2009, Horizon Lines and American Presidents

*For use by Co-chair Staff Only:*

\$5,000,000  
Approved

6/29/PM 5/4/2010

Lines requested electrical upgrades requiring nearly 2 megawatts of additional power, and several other fish processors are interested in purchasing more power from the city requiring an expansion of capacity even before Phase one is completed. Future demand will be more than double the existing peak. We currently can not meet future electrical power needs to support current business investments.

The City is requesting \$5,000,000 from the state which will be used for the installation of the new C280 Cat (3rd engine) and associated equipment such as radiators, fuel pumps, exhaust equipment, electrical and mechanical piping. This project was originally slated for a future date, but current demand has forced us to purchase the engine and plan installation much earlier than expected. Unalaska is the number one commercial fishing port in the nation. Our contribution to Alaska's tax base exceeds \$27 million per year which is twice the State of Alaska per capita average. Investment in Unalaska's infrastructure also strengthens this tax producing infrastructure for years to come.

**Project Timeline:**

Construction commencing November 2010.

Construction Completed June 2011.

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

City of Unalaska Department of Public Utilities

**Grant Recipient Contact Information:**

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Has this project been through a public review process at the local level and is it a community priority?  Yes  No