

**Agency: Commerce, Community and Economic Development****Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Southern Southeast Regional Aquaculture Assoc.****Federal Tax ID: 92-005772****Project Title:****Project Type: Maintenance and Repairs**

# **Southern Southeast Regional Aquaculture Assoc. - Water Supply Infrastructure**

**State Funding Requested: \$500,000**  
One-Time Need**House District: Southeast Region (31-34)****Brief Project Description:**

The requested funding will be used to purchase and install new hatchery plumbing capable of delivering 20,000,000 gallons of low pressure water to the hatchery rearing units. Funding will also go towards the purchase of centralized water treatment equipment.

**Funding Plan:**

Total Project Cost:	\$1,500,000
Funding Already Secured:	(\$1,000,000)
FY2014 State Funding Request:	<u>(\$500,000)</u>
Project Deficit:	\$0

*Funding Details:**Total Project Cost:\$2,200,000**Funding Secured:\$1,500,000**Additional Funding Potential\$200,000**Project Deficit:\$500,000***Detailed Project Description and Justification:**

In 1979, the newly incorporated Southern Southeast Regional Aquaculture Association signed a legal agreement with Ketchikan Public Utilities allowing SSRAA to connect to the KPU owned Whitman Lake Dam as a water source for the Whitman Lake Hatchery. Part of the agreement was an understanding that KPU would retain the right to construct a hydroelectric plant utilizing the dam at some point in the future. KPU began a feasibility study for the Whitman Lake Hydro project in 1998 and the Ketchikan City Council passed a motion to hold SSRAA harmless for costs associated with the hydro project. In 2007, SSRAA and KPU began serious discussions regarding KPU's intention to actually construct and operate a hydroelectric plant below the Whitman Lake Dam. In February 2008, an agreement was signed between SSRAA and KPU agreeing to hold SSRAA harmless for the sum of \$1.5 million dollars for modifications that would need to be made to the hatchery water supply infrastructure as a result of the hydroelectric plant. Very simply put, the current water supply to the hatchery arrives at 100psi and is distributed through 20" piping to the hatchery rearing ponds. After power production the water available to the hatchery will be delivered at 20psi. The existing distribution manifold is not capable of delivering the necessary water volume to operate the hatchery. SSRAA will need to remove the old steel piping and install new HDPE plumbing capable of carrying 20,000,000 gallons of water per day. The water will also need to be degassed at a central point prior to being distributed throughout the hatchery. All of this needs to happen in a narrow window of time in late spring

**\$500,000  
Approved**

to avoid disrupting the fish production at the hatchery.

Dawson Construction is currently working on the Whitman Lake Hydro project after engaging in a series of value engineering exercises with KPU and Hach Engineering. The value engineering process was necessitated by the extreme gap between the engineer's estimate of cost and the submitted contractor bids. The bids were essentially double the engineered estimates. SSRAA is now faced with a similar situation.

The negotiated number of 1.5 million dollars was agreed on 5 years ago and was based in some part on the same engineer's estimates. To date, approximately \$250,000 of the total has been spent on engineering work initiated by KPU and Hach leaving \$1.25 million for the project. SSRAA is now working independently with R2 Engineering and a local contractor to develop solid cost estimates for the hatchery portion of the work. Initial estimates and bids total approximately \$2.1 million, or \$850,000 above the remaining funds allotted. Some cost savings have been identified that will not compromise the viability of the hatchery and there is another potential funding source for up to \$200,000 but it is almost certain that SSRAA will spend \$500,000 to accomplish the final objective. SSRAA views this as money well spent as it will ensure the future of the Whitman Lake Hatchery water supply for decades. However, as a non-profit entity, \$500,000 is a significant amount of money that could be returned to the commercial fishing fleet of Southeast Alaska as fish available for harvest if another funding source were available.

SSRAA will begin the hatchery portion of the project in April of 2014. The working relationship with Dawson and KPU has been excellent so far and there is every reason to believe that the project will ultimately be a substantial benefit to the entire community of Ketchikan and the surrounding area. A key source of cheap electrical power will be added to the grid and a proven salmon hatchery with 34 years of success behind it will have an entirely new water supply that should last well into the future.

### Project Timeline:

Materials will be ordered in July 2013 and construction will begin in April 2014.

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

Southern Southeast Regional Aquaculture Association

### 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