

Agency: Commerce, Community and Economic Development**Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Douglas Island Pink and Chum, Inc.****Federal Tax ID: 92-0060815****Project Title:**

Douglas Island Pink and Chum, Inc. - Hatchery Net Pen Replacement

State Funding Requested: \$ 390,000**House District: 5 - C**

One-Time Need

Brief Project Description:

Replace failing net pens used for enhancing salmon runs critical to all of Southeast Region fisheries

Funding Plan:**Total Cost of Project: \$390,000**Funding Secured*Amount FY*Other Pending Requests*Amount FY*Anticipated Future Need*Amount FY*

There is no other funding needed

Detailed Project Description and Justification:

These funds will cover the capital replacement costs of net pens used in Boat Harbor, a remote release site in Lynn Canal on the Chilkat Peninsula and in Limestone Inlet in Stephens Passage. Current net pens are in severe dilapidated condition and are no longer serviceable. Immediate replacement is necessary to ensure the continuation of these critical salmon enhancement projects.

The fish raised at the two remote release sites depend on the initial use of the DIPAC facility in Juneau. The funding will benefit fishermen and processors in House Districts 1 -5, as they are harvested in numerous waterways of the region as they return. Fishermen from as far away as Ketchikan also come to the release sites when the adjacent waters are open to fishing. Furthermore, when fishermen are able to harvest closer to the release sites, other important fishing districts see reduced pressure. So this project is critical to prevent over-concentration of fishing effort in other parts of the region.

Without this funding, the fleet and processors will suffer from lost revenue, and communities will lose associated fisheries business tax revenue.

Project Timeline:

Net pens will be purchased in November to December 2008. Installation by April 1, 2009

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

Douglas Island Pink and Chum, Inc.

Grant Recipient Contact Information:

Contact Name: Eric Prestegard
Phone Number: 463-5113
Address: 2697 Channel Dr. Juneau, AK 99801
Email: eric_prestegard@dipac.net

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



Alaska State Legislature

Official Business

State Capitol
Juneau, AK 99801-1182

April 4, 2008

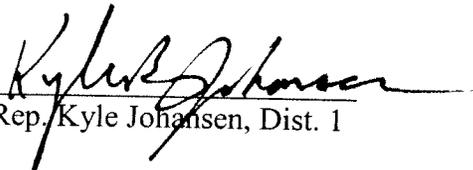
Rep. Kevin Meyer, Co-Chairman
Rep. Mike Chenault, Co-Chairman
House Finance Committee

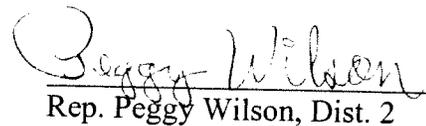
We, the undersigned, pledge our support for a capital project to fund salmon enhancement net pen replacement in two critical locations in Southeast Alaska: Boat Harbor and Limestone Inlet. The Douglas Island Pink and Chum (DIPAC) hatchery operates this project which provides significant fisheries enhancement that is important to fishermen from all over the region. Vessels come from as far away as Ketchikan to harvest these fish, meaning that pressure is taken off of other fishing districts as well.

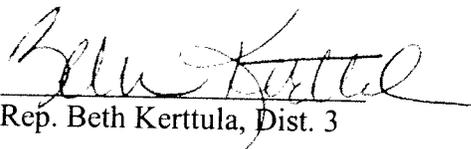
By enabling the Boat Harbor and Limestone Inlet salmon enhancement project to continue, these funds will be very helpful to all of our fishing constituents region-wide. Furthermore, the project will create opportunities for processors throughout Southeast Alaska and will create fisheries business tax revenue which is shared with communities.

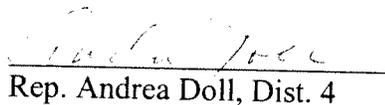
Thank you very much for considering our support for this project.

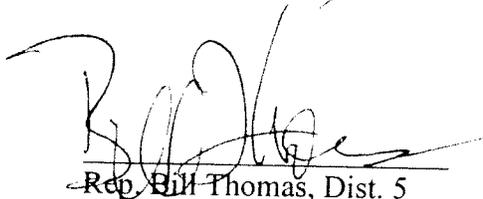
Respectfully submitted,


Rep. Kyle Johansen, Dist. 1


Rep. Peggy Wilson, Dist. 2


Rep. Beth Kerttula, Dist. 3


Rep. Andrea Doll, Dist. 4


Rep. Bill Thomas, Dist. 5



Douglas Island Pink and Chum, Inc.

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April 1, 2008

Representative Bill Thomas, member
House Finance Committee
State Capitol
Juneau, AK 99801

Representative Thomas,

I wanted to thank you for taking the time to meet with us specifically regarding future funding of the salmon enhancement projects occurring at Boat Harbor and Limestone Inlet. As you know, the recent action (*mid March of 08*) by the Northern Southeast Regional Aquaculture Association's (NSRAA) removed all funding for the two projects. DIPAC, which has been conducting both enhancement projects under paid contract, would like to continue funding the projects if possible. However, current infrastructure to promote both projects including net pens, platforms and net-barges is literally falling apart and in poor condition. Without additional funding for new capital infrastructure, the future of both projects is severely jeopardized.

While DIPAC is making every effort to financially absorb the projects with regards to operating costs, our non-profit corporation cannot also absorb the necessary capital costs associated with continuing the projects. In fact, without some sort of debt retirement for the hatchery in the long-term, future operational costs for both projects may also be at risk. Current estimates to replace the net pens and associated infrastructure totals about \$390,000. It is imperative that the capital infrastructure be replaced as soon as possible in order to continue the economic benefit from enhanced salmon production for neighboring communities, fishermen and processors.

Both projects benefit seine, troll and particularly gillnet fisherman that fish in Chatham Strait, Lynn Canal and Stephens Passage. Ocean Beauty Seafoods, Icy Straits Seafoods, Icicle Seafoods, Taku Smokeries, Trident Seafoods, Sitka Sound Seafoods, and Wrangell Seafoods are just a few of the processor engaged in buying salmon from these enhancement areas. Without continued funding and without necessary capital improvements for the projects, fisherman, processors and local cities would be adversely affected by the loss of revenues stemming from both Limestone and Boat Harbor salmon enhancement projects.

We appreciate your interest in attempting to secure capital funding. The projects provide broad economic benefit for the state in increased revenues with direct financial revenues particularly realized in election districts 1-5.

We look forward to any financial support you and your colleagues may be able to obtain for the enhancement projects.

Respectfully,

Eric P. Prestegard

Eric Prestegard, Executive Director
DIPAC

cc: *Representative Beth Kerttula,
Representative Andrea Doll
Representative Kyle Johansen,
Representative Peggy Wilson*



United Southeast Alaska Gillnetters

P.O. Box 23378, Ketchikan, AK 99901 Phone & Fax (907) 247-2471 Email: usag@kpunet.net

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April 3, 2008

Representative Bill Thomas, Committee Member
House Finance Committee
State Capitol
Juneau, AK 99801

Representative Thomas,

As the sole gillnet organization, USAG represents 474 fishing permits operating in Southeast Alaska. Many of our fishermen and their families benefit greatly from the enhanced production currently generated by the Boat Harbor and Limestone Inlet salmon enhancement programs. Without this enhanced production, many of our gillnet areas would be overcrowded as these two projects provide additional revenues and fishing opportunities for gillnetters from Ketchikan to Skagway. We understand that DIPAC is attempting to step forward to take over the operational costs associated with the two enhancement projects after NSRAA decided to discontinue funding; however, the current infrastructure, which includes net pens and barges, is in need of immediate replacement. The total cost for replacement is \$390,000.

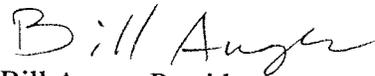
Without capital dollars to immediately replace the necessary infrastructure to house and raise chum salmon fry to optimal size for release, these two projects could be eliminated altogether. DIPAC cannot pay for capital infrastructure while also paying for unexpected operational costs. Funding from the legislature should be a top priority. Both the Limestone and Boat Harbor Salmon enhancement programs provide fishermen and processors alike with additional harvesting and processing opportunities. Communities also receive revenue sharing through the raw fish tax on salmon processed locally.

Petersburg, Wrangell, Sitka, Haines, Hoonah, and Juneau are just a few communities benefiting from enhanced production and revenues associated with the raw fish tax.

The projects provide fishing opportunities for seine, troll and particularly gillnet fisherman that fish in Chatham Strait, Lynn Canal and Stephens Passage. Ocean Beauty Seafoods, Icy Strait Seafoods, Icicle Seafoods, Alaska Glacier Seafoods, Taku Fisheries, Trident Seafoods, Sitka Sound Seafoods, and Wrangell Seafoods are among the processors buying salmon from both areas. As stated previously, without capital improvements for the projects and if the projects were terminated, fisherman, processors and communities throughout this region would be adversely affected by the loss of revenues stemming from both Limestone Inlet and Boat Harbor salmon enhancement projects.

We understand these two enhancement projects provide significant sources of revenue for fishermen and communities in election districts 1 through 5. We appreciate the willingness of yourself and your colleagues to secure the funding necessary to keep these projects alive.

Respectfully,

Bill Auger, President
United Southeast Alaska Gillnetters Association

cc: *Rep. Kyle Johansen*
Rep. Peggy Wilson
Rep. Beth Kerttula
Rep. Peggy Wilson

**BOAT HARBOR & LIMESTONE INLET CHUM SALMON
ENHANCEMENT PROJECTS INFRASTRUCTURE REPLACEMENT**

Limestone Inlet

<u>Description</u>	<u>Amount</u>
Net pen complex	\$120,000
Net pens	\$22,000
Concrete barge	\$95,000
Mooring system upgrade	<u>\$22,000</u>
	<u>\$259,000</u>

Boat Harbor

<u>Description</u>	<u>Amount</u>
Net pens	\$45,000
HDPE barge	\$80,000
Mooring system upgrade	<u>\$6,000</u>
	<u>\$131,000</u>

Grand Total **\$390,000**