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03:31:02 p.m.

12-hr 24-hr

Thursday, May 10, 2018
Alaska Time (DST)
Corrected for network delay 65.5 m



Sun is shining in light region
It is night in dark region

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Fisheries Enhancement Fund
Sitha Sound Science Center
5-10-18 3:31 pm SP

SITKA SOUND SCIENCE CENTER

834 Lincoln Street, Suite 200
Sitka, Alaska 99835
Admin Phone: 907.747.8878
www.sitkascience.org



May 9, 2018

Dear City and Borough Assembly members,

It is a great pleasure to send this proposal request for the Fisheries Enhancement Fund on behalf of the Sitka Sound Science Center (SSSC). The City of Sitka has been a strong supporter and partner in moving our community forward in salmon enhancement, science research and science education. In addition to our hatchery adding to the common property fishery of Sitka Sound, our visitor programs educate thousands of people about salmon enhancement, fisheries, and marine and terrestrial science issues.

The voters approved the Enhancement Funds to be used in part for fisheries enhancement in the Sitka area. Our proposal does exactly what the voters had in mind. SSSC has utilized the dollars from this Fund to provide salmon to the common property fishery in Sitka Sound and Deep Inlet through its operation of the Sheldon Jackson Salmon. In addition, the Sitka Sound Science Center trains people to work in the salmon enhancement sector and provide support to the aquaculture industry. The requirement to submit a proforma, a standard part of hatchery operation, is because the Assembly expected the funds to be allocated for fishery enhancement which benefits the users who pay the tax.

The funds will be used to operate our hatchery and help support the Mill Building project which is a critical structure for hatchery operations and a National Historic Landmark.

Thank you for your past support and for helping us build an organization that is adding to the fishing sector of our community.

Thank you also for your careful consideration of this proposal. I welcome your interest in our organization and invite you to tour the facility with me when it is convenient for you.

All the best,

A handwritten signature in dark ink, appearing to read 'Lisa Busch', written in a cursive, flowing style.

Lisa Busch
Executive Director
Sitka Sound Science Center

Application City and Borough of Sitka Fisheries Enhancement Fund

Sitka Sound Science Center

2018

The Sitka Sound Science Center respectfully requests the City and Borough of Sitka consider providing the Sheldon Jackson Salmon Hatchery \$42,000 from the Fisheries Enhancement Fund. The SJ salmon hatchery work aligns perfectly with the purpose of the Fisheries Enhancement Fund. Our facility is permitted for 12 million chums, 3 million pink and 250,000 coho eggs. The Sitka Sound Science Center produces these fish for the charter, commercial, sport and subsistence harvest in Sitka Sound and Deep Inlet. We have a partnership with the Northern Southeast Regional Aquaculture, for whom we provide 9 million chum eggs, returning \$7.1 million total value to the commercial fishing fleets of Sitka over the past ten years and millions to the guided sport industry. The salmon Sitka Sound Science Center release in front of our facility are valued at another \$2 million over the last 10 years just for the commercial catch. In 2017, SSSC contributed \$1.2 million to the commercial salmon fleet, and (though undocumented) enhanced the guided sport fishery. Our hatchery fish are also caught by recreational, and subsistence fishermen in Sitka Sound and surrounding waters and our return site adjacent to the Sage Beach provides a unique opportunity for anglers of all ages to catch salmon.

History of the Organization: Sitka Sound Science Center

The Sitka Sound Science Center (SSSC) is a **non-profit 501c3** organization formed in 2007. The Sitka Sound Science Center is dedicated to increasing understanding and awareness of terrestrial and aquatic ecosystems of Alaska through education and research. Our vision is to build on Sitka's legacy and potential as an educational and scientific community. We have 15 year-round staff members and 14 additional summer employees. We own the 1929-era Sage building that at one time housed the Sheldon Jackson College science classrooms and laboratories. Today we operate the Molly O Ahlgren Aquarium and the Sheldon Jackson Salmon Hatchery. Our hatchery contributes to the guided sport and recreational fisheries, Sitka Sound common property fishery, the Deep Inlet chum fishery and towards training people in the UAS Fisheries Technology Training Program as well as in the Sitka School District and Mt. Edgecumbe High School. Students in these programs are the future of salmon enhancement and fisheries management. This year we provided a new aquaculture class with hands-on, experiential learning to Pacific High School students.

The Sheldon Jackson Salmon Hatchery was the first hatchery permitted in the State of Alaska. The hatchery was a production facility and a training location where students learned fisheries biology, natural resource management and fisheries enhancement techniques. Graduates from the fisheries program at Sheldon Jackson College from 1975 to 2007 are now professionals and leaders in fisheries enhancement, management and policy around the State of Alaska. When the Science Center took over operation of the hatchery in 2007, our board remained committed to contributing to the common property fishery and the continuation of the unique training program our location and facility affords.

Today, SSSC delivers high quality science education programs and conducts collaborative research with a number of research institutions from around the nation. SSSC works to conduct research that reflects

Sitka's locally relevant scientific questions and in close partnership with fishing interests such as NSRAA, Silver Bay Seafoods, and the Alaska Longline Fishermen's Association.

Our programs:

What's new? We instituted **an aquaculture class for Pacific High School** in which PacHigh students receive exposure to aquaculture issues, visit aquaculture facilities and do hands on activities with SSSC hatchery and education department staff. Our dive programs have also grown as the state and the nation become more interested in ocean acidification (OA) and mariculture. University of Santa Cruz conducts dive research on kelp and OA educational programs and held a winter dive field course for undergraduates in February.

We continued our strong partnerships with the University of Alaska Southeast Fish Tech program, NSRAA, Sitka School District, Alaska Longline Fishermen's Association, Mt. Edgecumbe High School, National Institute of Health, University of Alaska Fairbanks, Stanford University, University of San Francisco, U.S. Coast Guard Academy, Mote Marine Laboratory, NOAA, US Geologic Survey, National Park Service, U.S. Forest Service, and the Alaska Department of Fish and Game.

We provide salmon culture workshops for students in the University of Alaska Fisheries Technology Program. Our after-school, and summer camps have become enormously popular and our Scientists in the Schools program, integrated into the K-12 curriculum for the Sitka School District and Mt. Edgecumbe High School, has been credited for raising science test scores and closing the academic achievement gap in science between Alaska Natives and non Natives. Our other education programs include our Sprouts program for 3-5 years olds, a natural history seminar series, and Sitka WhaleFest. We institute community programs with Sitka Tribe of Alaska, the National Park Service, and Sitka Conservation Society.

Enhancement

Sitka Sound Science Center is part of the almost \$1 billion aquaculture industry in Alaska. Southeast Alaska hatcheries contribute millions of pounds of fish to commercial, charter, sport, personal use and subsistence fisheries, resulting in the injection of millions of dollars into the Sitka economy. The McDowell study (May 2010) demonstrates how important hatcheries are to our community and regional economy. The SJ Hatchery facility is permitted by the State for 12 million Chums, 3 million Pinks, and 250,000 Coho that return to Crescent Bay, providing important local sport, commercial and charter fishing opportunities near town. Sitka has 81 guided sport businesses and employs more than 160 people.(with Sitka residencies). While we don't know the exact numbers of fish taken by non resident guided anglers, we know that a McDowell study done 7 years ago in Ketchikan shows that the industry there (with similar numbers of businesses) contributes \$15 million to the economy each year. A chance to fish in Sitka Sound is the basis for the experience. In addition, visitors target our fish when fishing near the sea walk and Sage Beach (adjacent to our facility). Our nonprofit organization provides 9 million chum eggs for the Deep Inlet remote release site. **The value of SSSC's S.J. Hatchery returning chum salmon to the Deep Inlet fishery in 2017 was valued at \$225,000 to the commercial fleet, and the chum salmon on the SSSC permit that were released by NSRAA was valued at \$1.028 million.** Because of our location, SSSC-reared salmon are easily accessible to commercial fishermen, recreational and guided sport fishermen including land-based sport fishing. The return site adjacent to Sage Beach provides a unique opportunity for anglers to catch salmon from the shore, an opportunity used by

children, family and elders during the salmon return. We also provide salmon carcasses for locals to use for dog food and gardening. In addition, SSSC is training people to work in fisheries enhancement. We have a formal Memorandum of Understanding with the University of Alaska Southeast to provide hands on training to people in the University of Alaska Fisheries Technology Program. **We are the only working training facility hatchery in the State of Alaska, and one of only two in the Pacific Northwest.**

We are part of the State of Alaska \$20 million long term study on the interaction between wild and hatchery chum salmon overseeing the Southeast field crews conducting the research. SSSC continues to conduct controlled research experiments for the hatchery feed company Skretting in which we are testing alternative fish food ingredients. We continue to collaborate on doing research in partnership with University of Alaska Southeast and University of Alaska Fairbanks School of Fisheries, on humpback whales feeding on hatchery released smolt and fry.

SSSC conducts longline fishery research, funded by NOAA, and in partnership with Scripps Institution of Oceanography, the University of Alaska Southeast, the Central Bering Sea Fishermen's Cooperative, and the Alaska Longline Fishermen's Association.

Our facility receives approximately 18,000 visitors annually, including many charter clients in town for fishing as well as cruise ship passengers, students and scientists. As part of the visitor experience, we provide them with a history of salmon enhancement and commercial, sport and subsistence fishing in Alaska. We teach visitors about the salmon life cycle, how our community depends on fishing for an economic base and the importance of culture in our relationship with the natural world.

Community Support

Sitka Sound Science Center has a wide breadth of community support as represented by our donation and in-kind support from fish processors such as Silver Bay Seafoods, and Sitka Sound Seafoods; private foundations including the Sitka Permanent Charitable Trust, the Boat Company, Rasmuson Foundation, members, and a breadth of individual donations. We are also supported by Douglas Island Pink and Chum (DIPAC) and the Northern Southeast Regional Aquaculture Association (NSRAA). Our Board of Directors represents a cross section of Sitka. Our board members are: Trish White (chair, owner, White's Pharmacy); Kitty LaBounty (vice chair, UAS); Justin Penny (Wells Fargo), Linda Waller (co-secretary, Sitka Sound Seafoods); Steve Clayton (building contractor); Rob Allen (Sitka Community Hospital administrator, treasurer); Randy Lantaigne (Silver Bay Seafoods) Madison Kosma (UAF graduate student)

Dollars Requested: Sitka Sound Science Center respectfully requests the balance of the fisheries enhancement fund \$42,000

Statement of what will be achieved with the funding: Fisheries Enhancement funding will enable Sitka Sound Science Center to maintain its hatchery production and enhancement operations. The monies from the Fisheries Enhancement Fund go directly into supporting hatchery operations and staffing the hatchery. These positions are responsible for overseeing fish health, spawning, daily fish culture, tagging fish, water quality monitoring, research operations, facility issues and other essential hatchery tasks that support strong, healthy fish releases. Because of the small size of our facility, cost recovery fishing does not pay all the bills for operations. The funds provided by the fish box tax are vital for our organization, particularly this year with diminished federal and state opportunities for grants and contracts. **Also, this**

year funds will be used for the renovation of the Mill Building which houses much of our aquaculture equipment and fish food.

Explanation of how this will enhance the fisheries within the City and Borough of Sitka: Sitka Sound Science Center provides fisheries enhancement in many ways. We directly contribute to salmon fishing opportunities for all users in Sitka by:

- Enhance the quantity of fish stocks returning to Sitka Sound by releasing 250,000 Coho, 3 million Chum and 3 million Pink salmon that return to Crescent Bay.
- Enhance and contribute to the Deep Inlet terminal fishery in partnership with NSRAA to release 9 million Chum salmon.

Additionally, we ensure fisheries enhancement into the future by:

- Train adults and students to become competent aquaculture technicians for work at NSRAA or other hatcheries/salmon enhancement projects through on-the-job training and UAS Fisheries Technology class laboratories.
- Introduce K-12 students to fisheries enhancement, science and other marine related disciplines as options for their future careers by providing hands-on laboratories and supporting science curriculum at all Sitka Schools.
- Educate visitors (including charter clients) about hatcheries and how salmon enhancement works in conjunction with wild salmon management and conservation in Southeast Alaska and the important role of commercial, sport and subsistence fishing to Sitka's economy, lifestyle and culture.
- Provide internship opportunities for college students studying science and to work in science education and hatchery operations during the summer.
- Provide summer employment opportunities for Sitka High School students to work in science education and hatchery operations.

ATTACHED:

Hatchery Pro Forma(and narrative)

SSSC recent Balance Sheet

Support Letter from NSRAA and Southeast Alaska Guide Organization

May 9, 2018

RE: Support for Sitka Sound Science Center 2018 Fish Box Tax Request

Dear Mayor Hunter & Sitka Assembly,

The Sitka Sound Science Center through its operation of the Sheldon Jackson Hatchery fully meets the criteria for receiving the 2018 Fish Box Tax funds in the category for salmon enhancement. SSSC conducts and is committed to salmon enhancement programs that benefit common property fisheries in Sitka. No other entity in Sitka, applying for the funds, fulfills that mission. In addition, SSSC provides several functions that support enhancement programs in important and fundamental ways, including kindergarten to college science education and aquaculture research, as well as providing student/employee salmon hatchery training.

Commercial fishermen have benefited directly from the 12 million chum eggs (increased from 10 million in 2013) associated with the Sheldon Jackson Hatchery permit. If it were not for SSSC operating the hatchery there would be 125,000 fewer adult chum salmon to catch in Sitka Sound each year. The total value of the SJ hatchery chum caught in Deep Inlet by the commercial fleet from 2007 to 2017 is \$7,300,000. These dollars flow through Sitka's economy. While the ex-vessel value accrues to fishermen and the community, it doesn't pay for the SJ hatchery program which is why the box tax is significant and important to SSSC.

NSRAA is a private non-profit fisheries enhancement organization based in Sitka. We have several large salmon production facilities that benefit commercial, sport, subsistence, and personal use fishermen in the region. The NSRAA board is comprised of 15 commercial fishermen representing the three salmon gear groups, one crew seat, and 9 non-commercial seats including subsistence, conservation, municipality, Native organization, and sport fishermen. NSRAA has a strong partnership with Sitka Sound Science Center that began at its inception. NSRAA believes SSSC is ideally suited for receipt of the fish box tax, and wholly deserves the funds.


The SJ hatchery was one of the very first permitted enhancement facilities in the State of Alaska. It has been producing salmon for common property fisheries in Sitka Sound since 1975. Importantly, SSSC has improved the hatchery infrastructure, staff, and programs. Fishermen depend on SSSC's 12 million permitted chum eggs.

A final comment regarding the origin of the 'box tax' that you may find relevant. The sponsors of the 'box tax' specifically wanted a tax levied on entities that were benefiting from enhanced salmon, particularly coho and chinook, but not paying or contributing to salmon enhancement costs. Commercial fishermen via NSRAA were and are footing 99% of local production costs for chinook, silver brites (chum) and coho through the 3% SET tax. In discussions with the 'box tax' sponsors, they expected the tax money to flow to NSRAA as a way to offset some of the costs. Subsequent to the 'box tax' implementation the NSRAA board established a policy prohibiting acceptance of sport charter derived money in order to maintain clean accounting of commercial

fishermen paying for 100% of the production costs. Therefore, it is logical that the only other producer of enhanced salmon in the Sitka area, SSSC should receive the 'box tax' funds for its intended purpose.

Please support this important enhancement operation in Sitka.

Sincerely,



Steve Reifensstuhl, General Manager

Northern Southeast Regional Aquaculture Association



Sitka Assembly Members
City of Sitka
100 Lincoln St.
Sitka, AK 99835

May 9, 2018

RE: Sitka Sound Science Center Application
Fisheries Enhancement Fund Grant

Dear Sitka Assembly Members,

The Southeast Alaska Guides Organization (SEAGO) is a non-profit dedicated to the sustainability of the sport fishing industry in Southeast Alaska. We work to promote the tradition of sport fishing in Southeast Alaska through reasonable regulations that ensure the long-term sustainability of our members' businesses and fish resources. SEAGO supports the Sitka Sound Science Center's (SSSC) mission to increasing understanding and awareness of aquatic ecosystems of Alaska through education and research. The SSSC's dedication to fisheries and to Sitka is one reason SEAGO supports fully funding the SSSC's grant request at its historic levels.

SSSC research encompasses its hatchery program, which enhances the pink and chum fisheries around Sitka while supporting Alaska's mandate to protect wild stocks. The original intent of the fish box tax revenue was to help sustain the guided sport fleet by spending the funds on fishery enhancement. The guided sport industry contributes a great deal to the Sitka economy. The most recent economic study from Institute of Social and Economic Research (ISER) in 2006 demonstrates that the charter industry annually brings over \$28 million into Sitka's economy as gross revenue. According to the Alaska Department of Fish and Game, there are 81 businesses and 161 Sitka residents operating as guides. This does not include the deckhands, lodge staff, restaurant owners and employees, gift shops, and various other residents and businesses who benefit from healthy charter operations.

Enhancing fisheries in Sitka Sound is critical to maintaining these jobs and businesses. We know that the SSSC is important to your community and the work of its hatchery contributes greatly to the common property fishery. We wholeheartedly support their request.

Sincerely,

A handwritten signature in blue ink, appearing to read 'S. Weinstein', is located below the word 'Sincerely,'.

Samantha Weinstein
SEAGO, Executive Director
Samantha@seagoalaska.org

PROJECTED FINANCIAL STATUS													
RETURN YEAR FISCAL YEAR	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
INCOME:													
PINK GROSS REVENUES	\$ 34,659	\$ 81,500	\$ 40,370	\$ 46,480	\$ 39,298	\$ 37,842	\$ 46,223	\$ 47,377	\$ 48,561	\$ 49,774	\$ 51,017	\$ 52,292	
CHUM GROSS REVENUES	\$ 1,994	\$ 6,900	\$ 92,836	\$ 61,284	\$ 66,682	\$ 61,350	\$ 70,710	\$ 75,309	\$ 77,186	\$ 79,259	\$ 81,234	\$ 83,259	
COHO GROSS REVENUES	\$0	\$7	\$230	\$1,070	\$1,114	\$1,142	\$1,170	\$1,199	\$1,229	\$1,260	\$1,292	\$1,324	
CHINOOK GROSS REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Grants	\$39,765	\$27,900	\$28,000	\$90,000	\$80,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	
Loans	\$0	\$0	\$0		\$600,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contract income	\$1,362	\$2,005	\$2,775	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	
NSRAA agreement	\$162,400	\$167,200	\$172,144	\$150,000	\$154,500	\$159,135	\$163,909	\$168,826	\$173,891	\$179,108	\$184,481	\$190,016	
Donation income/ 1 cent for science	\$30,000	\$70,010	\$16,350	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	
TOTAL REVENUE	\$ 270,180	\$ 355,522	\$ 352,704	\$ 376,334	\$ 949,094	\$ 326,968	\$ 349,512	\$ 360,212	\$ 368,367	\$ 376,901	\$ 385,524	\$ 394,390	
EXPENSES:													
OPERATING	\$252,345	\$217,603	\$219,620	\$225,111	\$230,738	\$236,507	\$242,419	\$248,480	\$254,692	\$261,059	\$267,586	\$274,275	
- FISH FOOD/other supplies	\$44,412	\$41,535	\$37,770	\$38,714	\$39,682	\$40,674	\$41,691	\$42,733	\$43,802	\$44,897	\$46,019	\$47,170	
CAPITAL IMPROVEMENTS	\$0	\$37,900	\$50,915	\$75,000	\$625,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$10,000	
TOTAL EXPENSES	\$296,757	\$297,038	\$308,305	\$338,825	\$895,420	\$302,181	\$309,110	\$316,213	\$323,493	\$330,956	\$338,605	\$331,445	
Net Income/ Loan repayment	\$ (26,577)	\$58,484	\$44,096	\$37,509	\$53,674	\$24,787	\$40,401	\$43,999	\$44,874	\$45,945	\$48,919	\$62,945	

SJ Hatchery Proforma Narrative - updated March 30, 2018, Angie Bowers

- For the SSSC both the return year and fiscal year are the same. The SSSC works on the calendar year for its fiscal year.
- Assumptions for egg to fry/smolt release survivals and adult returns can be found within each species block
- In 2013, ADF&G approved a PAR for an additional 2 million chum at the SJ Hatchery. This will mean 3 million eggs and a resulting ~2.7 million fry. Increased adult chum salmon returns were observed in 2017 with the first returning 4 year olds. The first return year for fully increased chum production will be this year when all broodyears will be represented at the new 3 million egg permitted capacity.
- Price per pound for each species was updated for 2017 and projected 2018 prices and are then increased each year by 2.5%
- The hatchery operating budget assumes an annual increase of 2.5% per year including fish food
- The SJ Hatchery currently has agreements with our fish feed suppliers to offset costs. Skretting donates 4,000kg/year and this year Cargill (EWOS) has started donating a kilo for each kilo purchased. This is 42% of our fish feed that is donated.
- The current fish food budget is increased by 2.5% each year based on recent historical pricing.
- Part of the grant funding each year comes from the City of Sitka Fish Box Tax; the rest of the grant funding is done through the grant application process for capital improvements.
- Contract income is received each year for workshops and classes that are held through the hatchery.
- SSSC receives most of its donation income from the "One Cent for Science" program through Silver Bay Seafoods each year. Other donation income is received from businesses that are directly involved in the fishing industry.
- 2018 net income is predicted to be less because SSSC Hatchery is working on several capital improvement projects that are only partially funded through grants.
- SSSC currently has 2 State FELP loans, one for \$222,500 that will be paid in full by the end of 2018 and one for \$413,000 that will have yearly installments of \$37,069 starting in 2021. SSSC is applying for a \$600,000 FELP in 2018 that is expected to be received and used in 2019 for a major capital improvement project. The projected payments for the 2019 FELP are predicted to be yearly payments of \$42,000 starting in 2025. SSSC currently reserves the yearly net income from the hatchery to be able to pay each FELP loan down in full by the time the yearly installments start. This pro forma is based on the option that SSSC will choose to make yearly payments instead of paying the loans in full.