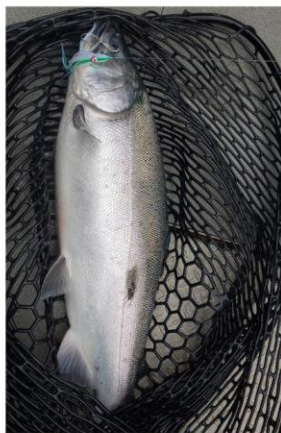
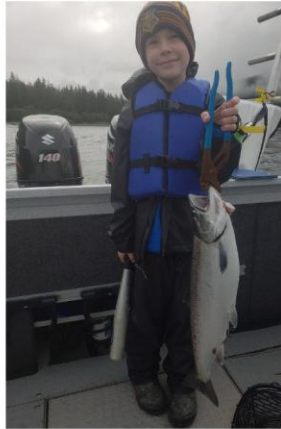




Coho Incubation & Rearing Facility

Request for Funding



MAY 26, 2026

VALDEZ FISHERIES DEVELOPMENT ASSOCIATION, INC.

PO Box 125, Valdez, AK 99686

VALDEZ FISHERIES DEVELOPMENT ASSOCIATION, INC.
SOLOMON GULCH HATCHERY

P.O. Box 125 Valdez, AK. 99686 1815 Mineral Creek Loop Road Valdez, AK 99686
(907) 835-4874 Fax (907) 835-4831 Mike.Wells@valdezfisheries.com



May 26, 2026

Mayor Fleming and Members of the Valdez City Council,

Incorporated in 1980 by local business people and commercial fishers, Valdez Fisheries Development Association, Inc. (VFDA), was created to improve salmon fisheries in Prince William Sound and support local fisheries related businesses. With this mission, VFDA constructed the Solomon Gulch Hatchery (SGH) in 1981 and saw the first returns of Pink salmon to its hatchery facility in 1982.

Over the last 46 years, VFDA has grown its fisheries enhancement programs into one of the largest salmon hatcheries in North America. VFDA pink salmon returns are the foundation of the Sound's commercial fishery, and its Coho (Silver) salmon now support one of the largest sport fisheries in Southcentral Alaska and provides an annual subsistence harvest for the Native Village of Tatitlek.

VFDA must now replace its Long Term Rearing Building, which provides fresh water residence for juvenile coho salmon development. This project is complex and estimated to total approximately \$10 million in cost. Projects of this type are usually financed through the State of Alaska's Fisheries Enhancement Revolving Loan Fund (FERLF) and loan payments to service these loans are made through the sale of cost recovery pink salmon, which reduces the catch of salmon available to commercial harvesters. However, because the coho salmon produced by VFDA are primarily for the benefit of the sport fishery and because there is no direct user-pay mechanism to collect fees for this type of capital investment, alternative funding methods are needed.

The City of Valdez and VFDA have a long and successful history of working together to foster economic growth in the community. In addition to seafood processing and raw fish taxes, hatchery salmon increase travel to Valdez for summer recreation and tourism. The city contributes annually to the cost of producing our coho salmon, which has resulted in strong cost to benefit ratios. In addition, the city has supported efforts to improve Robe Lake salmon habitat, and has recognized VFDA's hatchery programs as a key economic driver within its community, economic development, and waterfront planning.

VFDA's board of directors seeks to raise approximately 50% of the total project cost using direct funding or grant collaboration where possible to reduce the cost to all the fisheries supported by the association. We feel strongly that a partnership with the City of Valdez, to fund a new Coho Incubation and Rearing Facility will continue to provide significant long-term benefits to the community, and sustain and expand the local economy. Not only will it support existing coho salmon production, but it will also position VFDA to develop a much-desired Chinook (King) salmon sport fishery.

Thank you for your consideration and we look forward to discussing this opportunity further.

Sincerely,

Mike Wells
Executive Director

**VALDEZ FISHERIES DEVELOPMENT ASSOCIATION, INC.
COHO INCUBATION & REARING BUILDING
FUNDING PLAN**

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PROJECT DESCRIPTION

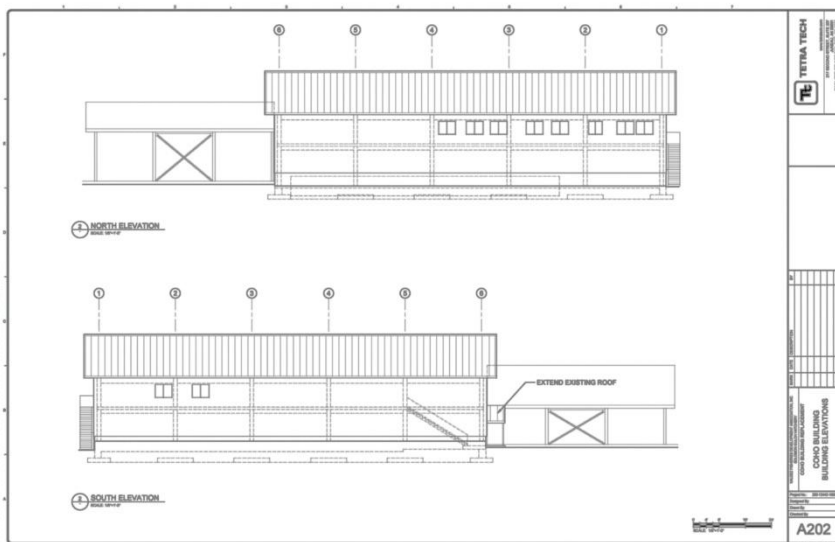
Program Need



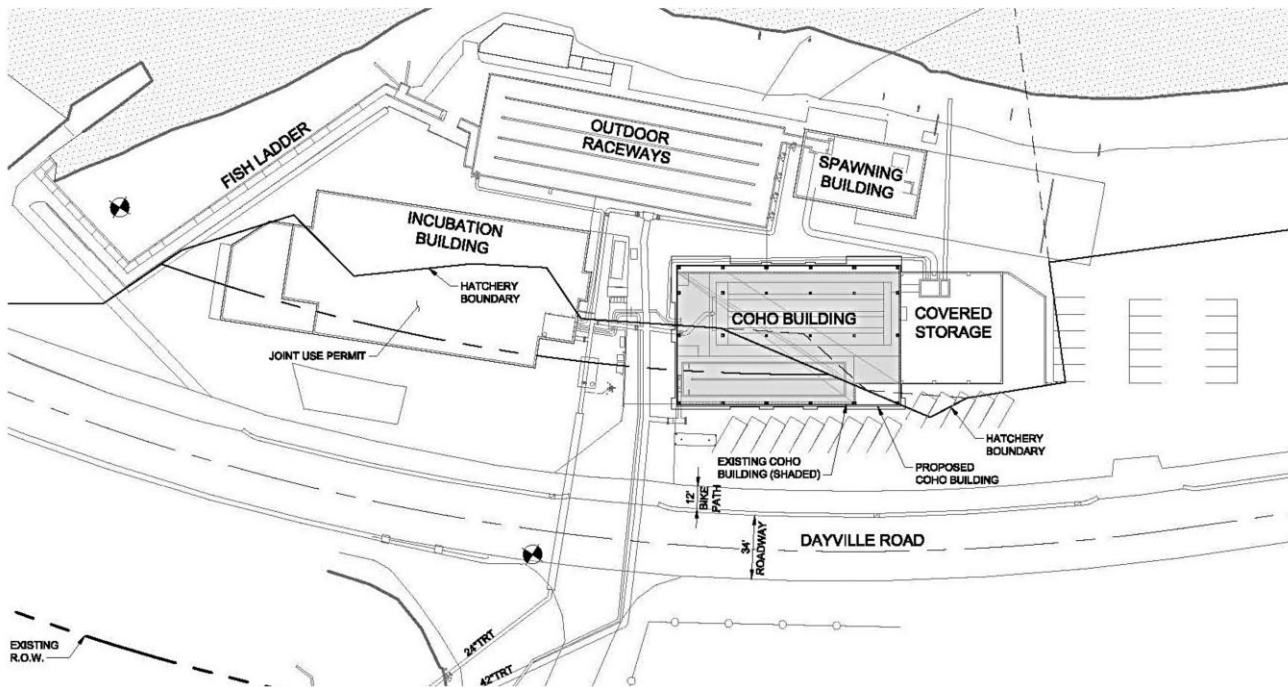
Constructed in 1983, VFDA’s long term rearing facility is used for growing out juvenile Coho salmon production at Solomon Gulch Hatchery. Originally built to provide fresh water residency for 1 million coho smolt, the program has increased over time to the current production level of 2 million smolt annually. Over its forty four year lifespan, the facility was added onto in 1993, providing two additional concrete raceways, and again in 1995 to add storage and work space. In 2015, VFDA contracted with Tetra Tech LLC., to provide a complete structural evaluation of the aging facility. This evaluation found that the building in its current state is unable to meet required design conditions for snow, wind, and seismic loading, and its aluminum raceways are showing significant structural corrosion. The evaluation determined that the building would serve hatchery operations another 10 years before significant work would be needed to extend the life of the building; therefore receiving a recommendation from the engineers to replace rather than renovate the building. Given the costs to renew the facility, and significant need for increased space for existing and future programs, VFDA has chosen to construct a new facility.

The Project

VFDA proposes to construct a new 9,400 square foot, two story, Pre-Engineered Metal Building (PEMB), which will provide a fully contained incubation hatchery and grow out tanks. VFDA’s current bio-program is shared between two buildings, with hatch taking place in the egg incubation building and grow out in the coho building. The new facility will combine all of this under one roof by creating incubation space for hatching, and six full-length concrete raceways within the same facility. The second floor will provide indoor work space, as well as a future office suite. The second story office suite is not considered part of the project. Total capacity of the new facility when complete will permit production of up to 3 million juvenile salmon, or allow VFDA to maintain existing permitted capacity of 2 million coho, and up to 300,000 Chinook salmon smolts.

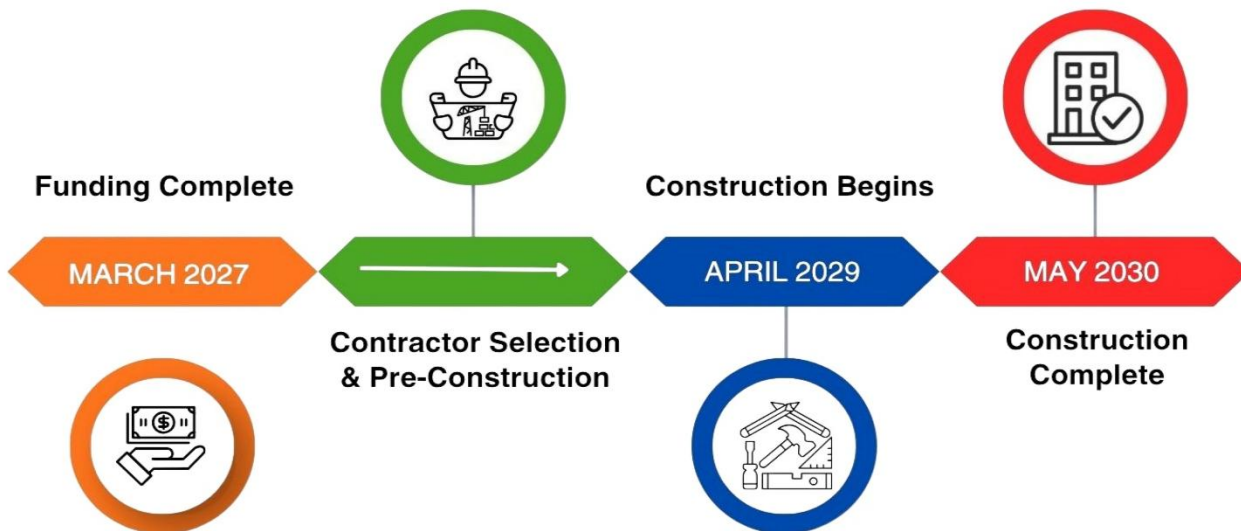


Project Site



The Solomon Gulch Hatchery site is located on lands leased long term from the Alaska Department of Natural Resources and the City of Valdez. The old coho building will be demolished and the project will be constructed on the same space to utilize the two concrete raceways and water conditioning and distribution systems already in place, which have an extended remaining lifespan.

Project Timeline



The existing facility has now reached the 10 year milestone beyond the structural evaluation's recommendation. VFDA seeks to begin the project immediately to provide a completed and useable facility by 2030.

Project Cost

Est. Construction Cost

\$9.9 Million

VFDA has developed an architectural design of the project to 35% completion. This work was commissioned to determine constructability, site suitability, and a base cost estimate for the project. The design has been evaluated by Estimations LLC, an Anchorage firm familiar with Alaska’s construction environment, and includes reasonable cost estimates for each construction category, engineering costs, project management using a General Contractor Construction Manager (GCCM) delivery method, permitting, and contingency. It was last revised in February of 2025 and includes inflationary adjustments for 16 months. VFDA has completed significant portions of the project work, including preliminary design engineering Raceways 5&6, and the water degassing and distribution system.

Base Bid Estimate – February 2025

Coho Building Replacement Solomon Gulch Hatchery Prepared for Valdez Fisheries Development Association, Inc. by Estimations		2025 Update Construction Cost Estimate Schematic Design Submittal February 27, 2025		
Description	Estimated Cost	Estimated Cost Plus Contingency & Escalation	Div.	
Basic Bid				
01 - GENERAL REQUIREMENTS	\$1,455,886	\$1,730,857	1	
02 - EXISTING CONDITIONS	\$257,818	\$306,512	2	
03 - CONCRETE	\$1,219,860	\$1,450,253	3	
05 - METALS	\$1,894,130	\$2,251,872	5	
06 - WOOD AND PLASTIC	\$23,418	\$27,841	6	
07 - THERMAL & MOISTURE PROTECTION	\$815,083	\$969,027	7	
08 - OPENINGS	\$114,162	\$135,724	8	
09 - FINISHES	\$295,005	\$350,722	9	
10 - SPECIALTIES	\$619	\$736	10	
23 - HVAC	\$220,371	\$261,992	23	
26 - ELECTRICAL	\$270,224	\$321,261	26	
31 - EARTHWORK	\$171,095	\$203,409	31	
32 - EXTERIOR IMPROVEMENTS	\$20,000	\$23,777	32	
33 - UTILITIES	\$460,758	\$547,781	33	
Total Estimated Construction Cost - Basic Bid:	\$7,218,429	\$8,581,764	<<<<<	
Project Costs				
Permitting		\$15,000		
Special Inspections		\$30,000		
Engineering	6.5% of Construction Cost	\$557,815		
Construction Administration	8.0% of Construction Cost	\$686,541		
Total Project Cost		\$9,871,119	<<<<<	
Estimating Contingency:		10.0%		
Escalation For Inflation:	16 Mths @ 6.0%	8.1%		

Anticipated Development Budget

Expense	Cost	Prospective Funding Source
*Land Purchase	\$ 0	Long Term Leased, ADNR, COV
*Engineering and Design 35%	\$ 177,019	VFDA
*Equipment Purchase (Degas & RW5&6)	\$ 1,071,801	VFDA
Est. Project Construction	\$ 4,935,560	VFDA 50%
Est. Project Construction	\$ 4,935,560	50% COV, USEDA, Congressional Directed Spending Request
<i>*Cost already invested in project</i>		

Work/Approvals Accomplished to Date



Project Implementation

Phase 1 – Funding Cycle

VFDA's Board of Directors has approved the commencement of Phase 1 to make formal funding requests to potential grantors and lending agencies. VFDA seeks to fund the project through two primary methods, which include the loan financing for 50% of the total project cost through the State of Alaska Fisheries Enhancement Revolving Loan Fund (FERLF). Established by state statute AS. 1610.10.505, the FERLF program makes loans to private nonprofit hatchery operators at 7.5% interest, over a 30 year loan term. To best position VFDA for a loan of this magnitude, VFDA anticipates having all of its existing state loans retired before construction begins. Loan payments will be serviced using proceeds from cost recovery sales of Pink salmon. VFDA seeks to secure the remaining 50% through direct grants. Desired completion date to have all project funding secured is March 2027.

Phase II – GCCM Selection/Final Engineering/Permitting

Upon a successful completion of the Funding Cycle, VFDA will immediately begin the process of selecting a General Contractor/Construction Manager (GC/CM). VFDA has chosen to utilize this alternative method of project delivery, given the complexities of the project due to tight biological timelines for fish development, project complexity, and the need to coordinate a smooth execution of the project. Selection of the GCCM contractor is expected to be in place by June 2027 with final engineering completed by December 2027.

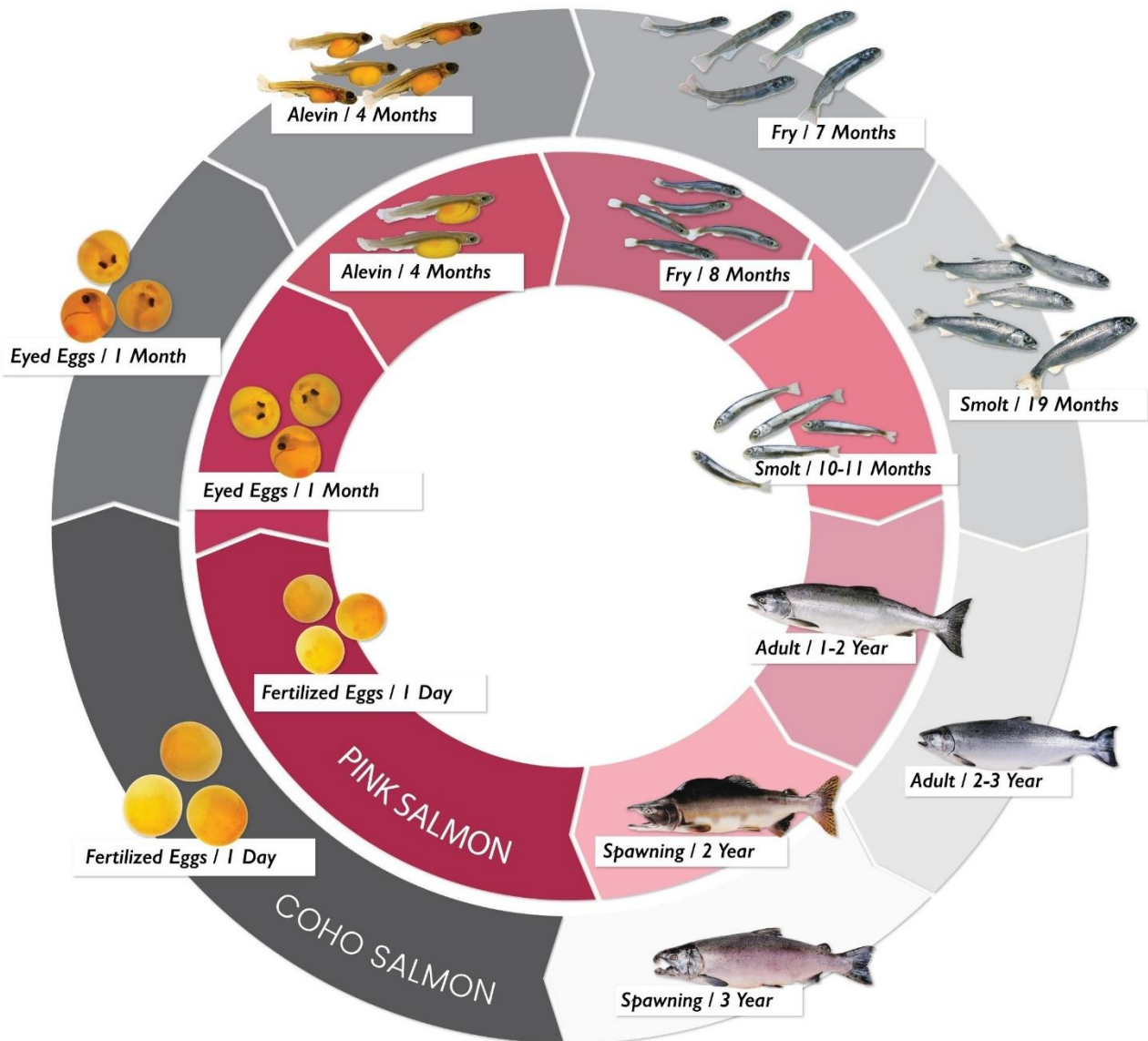
Phase III – Pre-Construction

Upon completion of Phase II, the project will move into pre-construction, which includes completing design to 100% and final permitting. Completion of this phase will provide a Guaranteed Maximum Price (GMP) to be presented to the VFDA board for approval. If approved, notice to proceed will be given to the GCCM to secure construction packages from sub-contractors. The project requires that all

building materials are on site before construction begins, so additional time has been built into the schedule to allow for that, and an anticipated construction start date of April 2029.

Phase IV - Construction

Project construction will be constrained by fish development in the existing facility and accommodating two year classes of juvenile salmon. Once all smolt are out migrated from the facility in early May, demolition of the building can commence while fry from the incoming brood year are contained in start tanks in the incubation building. After demolition, construction will begin with forming and pouring of the foundation, raceways 1-4, and connections of water service followed by slab on grade. Erection of the PEMB will commence with a minimum enclosure of the building's ground floor. This work must be completed within five months to allow beneficial use of the facility to meet fish development requirements by September. Completion of erection, enclosure, and interior and exterior finishes may continue through the winter months with final completion anticipated by May of 2030.



Estimated Project Schedule

Coho Incubation & Rearing Building Project Schedule	Days for Task Completion	Task Start Date	Task Completion Date
Coho Incubation & Rearing Building	1001 days	Mon 6/1/2026	Mon 4/1/2030
1. Funding Cycle	214 days	Mon 6/1/2026	Thu 3/25/2027
1.1 Secure Outside Funding Commitment	155 days	Mon 6/1/2026	Fri 1/1/2027
1.2 Secure FERLF Loan	60 days	Fri 1/1/2027	Thu 3/25/2027
1.3 Board Approval to Proceed with Project Development	1 day	Fri 3/26/2027	Fri 3/26/2027
2. GCCM Selection Process	37 days	Mon 5/3/2027	Tue 6/22/2027
2.1 Prepare RFQ for GCCM Services	10 days	Mon 5/3/2027	Fri 5/14/2027
2.2 Advertisement	18 days	Mon 5/17/2027	Wed 6/9/2027
2.3 Bid Opening	1 day	Wed 6/9/2027	Wed 6/9/2027
2.4 Board Approval of GCCM Selection	1 day	Wed 6/16/2027	Wed 6/16/2027
2.5 Execute GC/CM Services Contract	5 days	Wed 6/16/2027	Tue 6/22/2027
3. Pre-Construction/Construction Design Services	5 days	Tue 6/15/2027	Mon 6/21/2027
3.1 Execute Pre-Construction/Construction Design Services Contract with Tetra Tech LLC	5 days	Tue 6/15/2027	Mon 6/21/2027
4. Pre-construction	176 days	Wed 6/30/2027	Wed 3/1/2028
4.1 35% Design Review Meeting with Selected GC/CM	11 days	Wed 6/30/2027	Wed 7/14/2027
4.2 Prepare 60% Drawings and Specs	30 days	Thu 7/15/2027	Wed 8/25/2027
4.3 60% Design Review Meeting	1 day	Tue 8/31/2027	Wed 9/1/2027
4.4 Prepare 90% Drawings and Specs	30 days	Thu 9/27/2027	Wed 10/13/2027
4.5 90% Design Review Meeting	1 day	Wed 10/13/2027	Thu 10/14/2027
4.6 SoA Fire Marshal Permit Review	100 days	Thu 10/14/2027	Wed 3/1/2028
4.7 CoV Building Permits	45 days	Thu 10/14/2027	Wed 12/15/2027
4.8 Prepare 100% Design Review Meeting	30 days	Fri 10/15/2027	Thu 11/25/2027
4.9 100% Design Review Meeting	1 day	Thu 11/25/2027	Fri 11/26/2027
4.10 Board Approval of Design and Guaranteed Maximum Price (GMP)	1 day	Wed 12/15/2027	Thu 12/16/2027
5. Sub-Contractor Bid and Procurement Begins	298 days	Mon 1/10/2028	Thu 3/1/2029
5.1 Delivery of Project Schedules, Schedule of Values	45 days	Mon 1/10/2028	Mon 3/13/2028
5.2 Material Procurement	251 days	Wed 3/15/2028	Thu 3/1/2029
6. Construction Begins	261 days	Mon 4/2/2029	Mon 4/1/2030
7. Closeout	21 days	Mon 3/4/2030	Mon 4/1/2030
7.1 Punchlist Items	15 days	Mon 3/4/2030	Fri 3/22/2030
7.2 Final Completion	1 day	Mon 4/1/2030	Mon 4/1/2030

The project timeline is a best-case schedule depending on a successful execution of the Funding Cycle by March of 2026. The schedule may also be adjusted based on input from the GCCM and availability of construction materials. Delays in VFDA's acquiring full project funding or unforeseen conditions caused by contracting, permitting, or fish development may alter the project schedule.

Project Alignment

Mission of VFDA – The project fully aligns with VFDA’s mission statement and its 501(c)3 non-profit designation:

“VFDA was formed to raise, propagate, and market fish and fish products, and to develop renewable fisheries resources for the benefit of commercial fishermen, fish processors, sports fishermen, tourists, and all businesses dependent upon the fishing industry in Alaska.”

City of Valdez – The project fully aligns with the city’s long and short term community planning as follows:

PLANVALDEZ - Valdez Comprehensive Plan Revision 2021

The adopted plan strives to build a thriving and sustainable economy by setting the following goals:

- ✓ Build upon Valdez core economy by continue to advocate for the core economies (shipping, fishing, oil, tourism).
- ✓ Pursue a diverse and self-reliant economy by participating in private/public partnerships to support small businesses and work with and provide support for industries (both new and existing) to develop new opportunities that diversify and support the local economy.
- ✓ Promote Valdez as a destination by expanding shoulder season for fishing with hatchery and continuing to partner to market Valdez tourism.

VALDEZ BY THE NUMBERS - Valdez Economic Strategic Action Plan 2030

- ✓ Summary - 2. Sports Fishing Enhancement for Visitors
- ✓ Priority #2: Salmon Hatchery Support

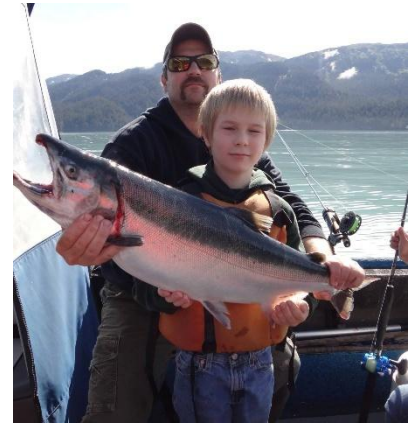
Community Benefits

VFDA’s fisheries enhancement projects provide significant community benefit and improve quality of life for many residents. In Alaska and here locally, sport fishing for salmon is the leading outdoor summer recreational activity enjoyed by many who harvest salmon to fill freezers and secure food for families. Residents and visitors alike enjoy this annual bounty, fulfilling traditional and cultural needs, and recreating with family and friends.

Economic Development

Salmon produced by the Solomon Gulch Hatchery generate significant economic impact in Valdez, the greater Prince William Sound, and throughout Alaska. Our 2026 study composed by McKinley Group, llc titled *Economic Impact of the Valdez Fisheries Development Association*, estimates the impact of our fisheries enhancement programs to create approximately 670 jobs and nearly \$104 million dollars in total economic impact annually.

VFDA's coho program is a strong pillar of the Valdez summer economy. Economic impact created by our sportfish program totals nearly \$10 million annually and is measured by new money flowing into the local economy. This sport fish program supports approximately 105 jobs annually just for this sector. Fishing charters, RV parks and hotels, tackle shops and custom fish processing businesses benefit, drawing an estimated 19,900 anglers for premier events such as the Valdez Silver Salmon and Women's Silver Salmon Derbies.



A Chinook (King) Salmon sport fishery in Valdez could support additional economic impact, made possible by the construction of a new facility. If successful, a king program is estimated to bring spring and early summer visitors to the community. This much needed shoulder season visitor activity is estimated to bolster local businesses in May and June, and bring an additional \$750,000 dollars annually to the local economy.

Corporate Experience

2026 marks 46 years of production of pink and coho salmon at the Solomon Gulch Hatchery. Over its history, VFDA has created a strong economic engine and built strong support within the Alaska's commercial, sport, and subsistence fishing community. VFDA's fisheries enhancement programs are well established and have grown successfully to provide consistent economic and community benefit.

VFDA has recently completed a significant infrastructure update of the Solomon Gulch Hatchery. This work totaling nearly \$9 million in investment included eight projects to replace all primary and secondary water supply systems, increase incubation space and install structural seismic improvements and roof renewals. Funding for these projects came from cost recovery sales and loans through the FERLF program. Today, the Solomon Gulch Hatchery is structurally renewed, efficiently managed, and ready to produce salmon for Alaskans for the next 50 years.

Key Staff and Partners

Executive Director - Mike Wells has held many leadership roles in VFDA since starting employment with the association in 1993. These included oversight of VFDA salmon returns and management, and the development and oversight of VFDA's seafood processing programs and cold storage. He was appointed as executive director in 2012 and has considerable experience in project and funding management. From 2013-2025, Mike oversaw the renewal of all critical hatchery infrastructure, demonstrating a strong background for project planning and contract management, and collaborating with contractors and project partners to bring projects in on time and budget.

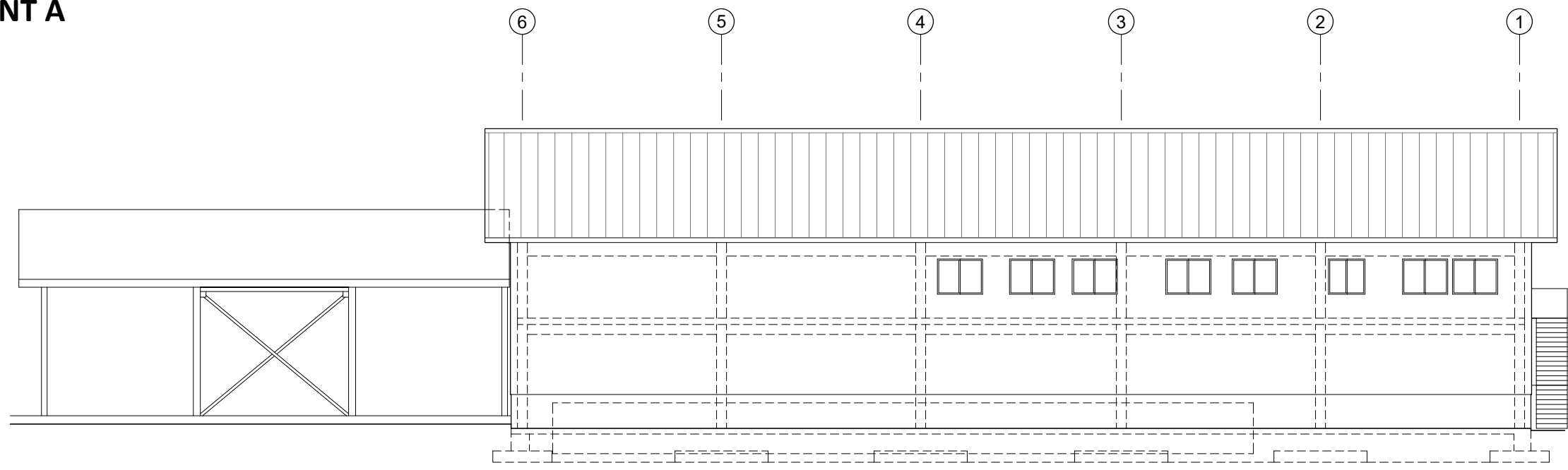
Architect of Record - Tetra Tech LLC has completed all major project engineering for VFDA's infrastructure renewal and has a long history with VFDA projects through its engineering team. Tetra Tech is the engineer of record for the development of the new coho facility and will stay on to work through the completion of the project.

In addition, VFDA has built a strong team of professional service providers and contractors to draw on for the project.

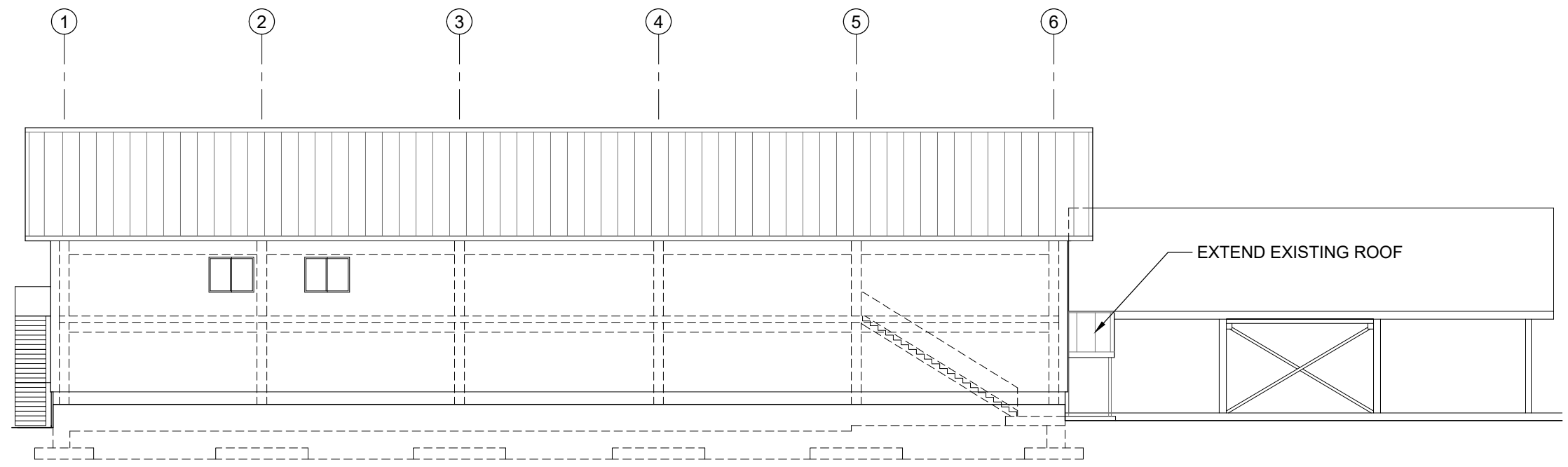
Conclusion

VFDA is well positioned to bring additional and increased benefit to the community of Valdez for the foreseeable future. Our partnership with the City of Valdez to operate the coho sportfish program continues to return significant economic impact to local businesses. We look forward to working with the City of Valdez to develop a funding plan to bring this much needed, shovel ready, project to completion.

ATTACHMENT A



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2 SOUTH ELEVATION
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TETRA TECH
www.tetratech.com
217 SECOND STREET, SUITE 207
JUNEAU, AK 99801
MAIN: (907) 586-6400 FAX: (907) 463-3677

MARK	DATE	DESCRIPTION	BY

VALDEZ FISHERIES DEVELOPMENT ASSOCIATION, INC.
SOLOMON GULCH HATCHERY
COHO BUILDING REPLACEMENT
**COHO BUILDING
REPLACEMENT
BUILDING ELEVATIONS**

Project No.: 200-12442-18001
Designed By:
Drawn By:
Checked By:

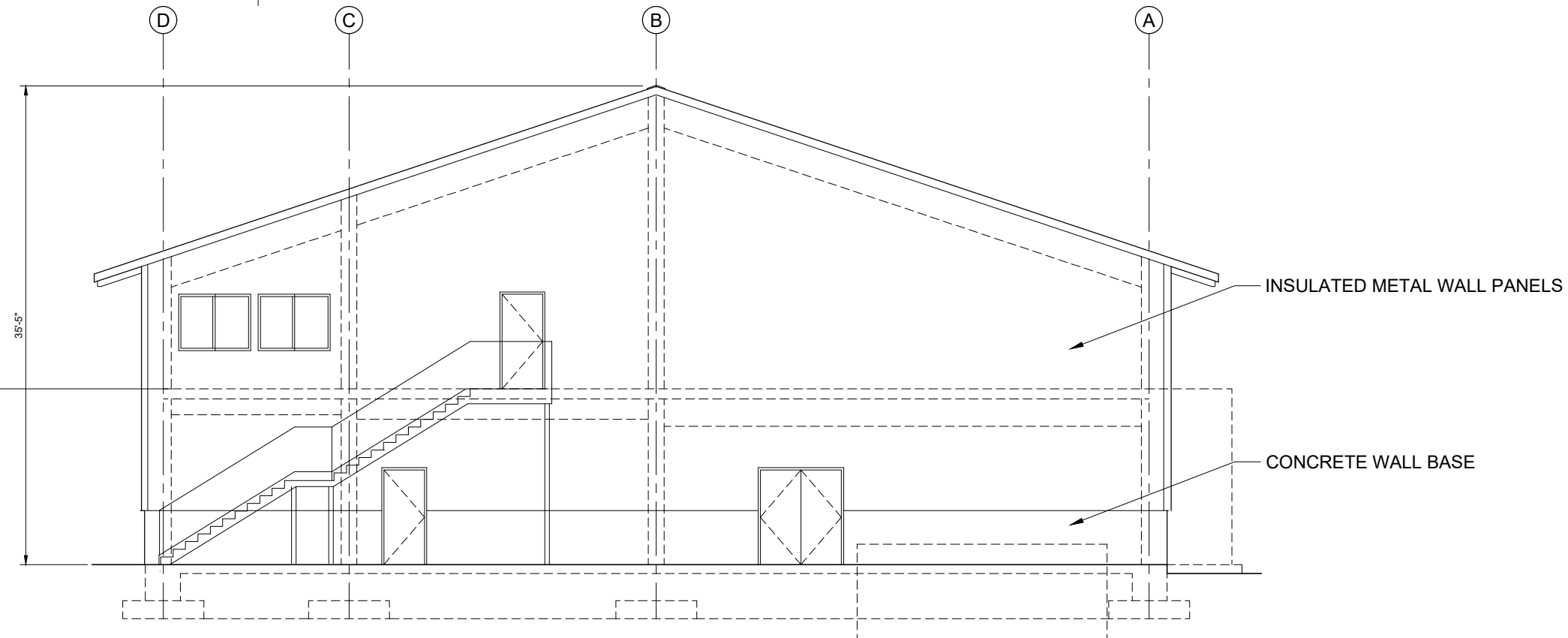
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ATTACHMENT B

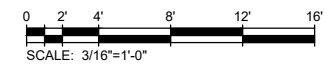
EXTEND EXISTING ROOF OVERHANG OVER NEW DOOR LANDING

EXISTING STRUCTURE

1 EAST ELEVATION
SCALE: 3/16"=1'-0"



2 WEST ELEVATION
SCALE: 3/16"=1'-0"



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www.tetrattech.com
217 SECOND STREET, SUITE 207
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COHO BUILDING REPLACEMENT
**COHO BUILDING
BUILDING ELEVATIONS**

Project No.: 200-12442-18001
Designed By:
Drawn By:
Checked By:

A201

Copyright: Tetra Tech
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