

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES**

February 21, 2017

10:03 a.m.

MEMBERS PRESENT

Representative Louise Stutes, Chair
Representative Zach Fansler
Representative Jonathan Kreiss-Tomkins
Representative Geran Tarr
Representative Mike Chenault
Representative David Eastman
Representative Mark Neuman

MEMBERS ABSENT

All members present

OTHER LEGISLATIVE MEMBERS PRESENT

Representative Dan Ortiz

COMMITTEE CALENDAR

PRESENTATION: KODIAK SEAFOOD MARINE SCIENCE CENTER

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

JAY STINSON, President
Alaska Research Consortium (ARC)
Kodiak, Alaska

POSITION STATEMENT: Co-presented the overview on the Kodiak Seafood and Marine Science Center (KSMSC).

SCOTT SMILEY, Retired Director
Alaska Research Consortium (ARC)
Kodiak, Alaska

POSITION STATEMENT: Co-presented the overview on the Kodiak Seafood and Marine Science Center (KSMSC).

PAULA CULLENBERG, Director
Alaska Sea Grant
Co-Director
Kodiak Seafood and Marine Science Center (KSMSC)
Anchorage, Alaska

POSITION STATEMENT: Participated in the overview on the Kodiak Seafood and Marine Science Center (KSMSC).

PAT JACOBSON, Member
Alaska Research Consortium (ARC)
Kodiak, Alaska

POSITION STATEMENT: Co-presented the overview on the Kodiak Seafood and Marine Science Center (KSMSC).

MATTHEW MOIR, Manager
North Pacific Seafoods
Kodiak, Alaska

POSITION STATEMENT: Testified during the overview on the Kodiak Seafood and Marine Science Center (KSMSC).

PAUL LUMSDEN, Plant Manager
Manager, North Pacific Seafoods
Kodiak, Alaska

POSITION STATEMENT: Testified during the overview on the Kodiak Seafood and Marine Science Center (KSMSC).

DUNCAN FIELDS, Member
Alaska Research Consortium (ARC)
Kodiak, Alaska,

POSITION STATEMENT: Testified during the overview on the Kodiak Seafood and Marine Science Center (KSMSC).

ACTION NARRATIVE

[10:03:57 AM](#)

CHAIR LOUISE STUTES called the House Special Committee on Fisheries meeting to order at 10:03 a.m. Representatives Stutes, Eastman, Chenault, Fansler, and Kreiss-Tomkins were present at the call to order. Representatives Tarr and Neuman arrived as the meeting was in progress.

PRESENTATION: Kodiak Seafood Marine Science Center

[10:04:43 AM](#)

CHAIR STUTES announced that the only order of business would be a presentation on the Kodiak Seafood Marine Science Center.

[10:05:14 AM](#)

JAY STINSON, President, Alaska Research Consortium (ARC), explained the genesis of the Kodiak Seafood and Marine Science Center, paraphrasing from a prepared statement, which read as follows [original punctuation provided]:

In 1981 the Alaska legislature created the Fisheries Industrial Technology Center, [(FITC)], now renamed the Kodiak Seafood and Marine Science Center.

It was given 5 directives:

1. Provide training opportunities to the citizens of the state on the most efficient and appropriate technologies for harvesting, processing and conservation of Alaska's fisheries resources;
2. Provide information and technical assistance on the adaptation of existing and new technologies;
3. Provide research and development activities to adapt existing technologies to enhance the economic viability of the industry;
4. Create new technologies that will enhance the effectiveness of the fisheries and provide economic benefit to the citizens of the state;
5. Encourage joint projects between industry and government that will enhance the productivities of the industry.

These directives are more critical for the Alaska fishing industry of today than ever before.

However, due to state a University budget cuts [University of Alaska Fairbanks (UAF)] has given the industry and the coastal communities of Alaska notice of their intent to shut in the facility! This will be a significant blow to the largest employment sector of the state.

Seafood and Fisheries technology has changed immensely in the 36 years since the Alaska legislature saw the need and potential [to] bring Alaska into the forefront of global fisheries.

Fishermen don't steer by compass these days;

First, they turn on 4 or 5 or 6 computers that plot the course, chart the bottoms, report their position to the [National Marine Fisheries Service (NMFS)], provide satellite communications with the processing plant or home office, log hold temperatures and fish quality assessments, the list goes on.

For Alaska fishermen now, the priority is not developing technology to catch fish; but to develop technology on how **not** to catch certain fish, while improving the value and full utilization of those species that we target.

Seafood process workers now need to do more than just take weights from a scale or work the slime line. The current generation of processing plants is computerized from the time the offloading pump first goes into the fish hold, until the finished product is identified with a computerized tracking chip and robotically packaged and palletized, and loaded into the shipping container.

Workers need to be able to program and operate fully automated processing through-put systems, computerized freezer systems and robotic packaging equipment.

Regulatory compliance and food safety are huge! Processing plants must comply with [Alaska Department of Environmental Conservation (ADEC)], [U.S. Food and Drug Administration (FDA)], and retail process auditors, such as the British Retail Consortium.

Quinton Fong, Brian Himelbloom, and Chris Sannito are fully engaged and have more work than they can effectively handle.

KSMSC is the only state-recognized Process Authority in Alaska.

The faculty assists with [hazard analysis and critical control points (HACCP)] plans, marketing, microbiology, food safety, ...the list goes on.

Last summer Kodiak had a local Paralytic Shellfish Poisoning incident. Kodiak Center faculty has been engaged coordinating information and public awareness releases. She is also working with harmful algal blooms and seafood toxins which affect nearshore crab stocks, marine mammals, and potentially critical fisheries resources.

1. Faculty from KSMSC is engaged with seaweed farming entrepreneurs in business and marketing plan development - funded Sea Grant aquaculture extension work.

2. They will also be working with local sea weed farmers on processing techniques and product development.

3. Contact has also been made with Paul Anderson, [University (U)] of Maine Sea Grant Director for future collaboration. U of Maine has received \$24 million for their [EPSCoR, the Established Program to Stimulate Competitive Research, a federal grant program led by the National Science Foundation (NSF)] program to develop the Sustainable Ecological Aquaculture Network (SEANET) to gain understanding of how social-ecological systems interact with sustainable ecological aquaculture in coastal communities and ecosystems.

The State of Alaska in conjunction with [Alaska Fisheries Development Foundation (AFDF)] is developing a Shellfish Mariculture Program. The Kodiak Center has a long history of collaborative work with AFDF and [Alaska Department of Fish & Game (ADF&G)] and is well positioned to continue this type of work. We have access to filtered and unfiltered saltwater as well as an onsite seawater tank.

However, KSMSC is now operating below human critical mass.

The number of personnel here has been significantly reduced: Scott Smiley, Chuck Crap, and Kate Wynn have

retired without replacement. Dr. Foy, Dr. Sathival, Dr. Buck, Dr. Olivera, Dr. Choudhury all moved on without replacement.

Associated personnel like Jerry Babbit, who retired from NMFS and Peter Bechtel whose ARS program was curtailed are both greatly missed.

In August of 2015, Dr. Joan Braddock, interim Dean of [School of Fisheries and Ocean Sciences (SFOS)], informed the SFOS Advisory Committee that Chancellor Rogers had initiated discussions for possible transfer of this building and the potential closure of Kodiak Center.

Now, the University of Alaska is facing even deeper budget cuts.

The University of Alaska Fairbanks has released a **Request for Information** for the process of learning what options may be available for a non-University of Alaska organization to manage and operate the Kodiak Seafood and Marine Science Center.

A group of concerned folks, many of whom are here now, have been discussing options in response to the University of Alaska's Request for Information. We have filed a research and education 501c3 with the State of Alaska with the idea of developing a Private-Nonprofit/University partnership.

The name of the new 501c3 organization is the Alaska Research Consortium (ARC).

The intent is to develop a Public Private Partnership that can better assess and respond to the workforce training and education needs of the Alaska seafood industry in a cost effective manner, and to continue to engage in related applied fisheries and marine science at this facility as directed by state statutes.

There are several conceptual strategies at this point.

But it is critical that we build a research and service model that supports the needs of the industry while maintaining the training, outreach, applied

research and education Mission of the Alaska Sea Grant and Marine Advisory Programs.

In order to utilize directed Alaska Education Tax Credits, we need to be partnered with a qualified educational facility. Sea Grant meets those requirements.

I envision **The Kodiak Seafood and Marine Science Center as a private-nonprofit/University partnership** that continues to meet the current and future needs of the Alaska Fishing Industry.

There has been significant dialogue concerning the shift in needs to more certificate training as opposed to the classic academic degree track. The concept of **modular training certificate** programs that can be used for accreditation with **high school or [Associate of Arts (AA)] degrees** would be more responsive to Alaska's work-force development requirements.

Partnerships and collaboration with coastal communities and Native Organizations need to be part of this strategic plan.

[10:12:56 AM](#)

SCOTT SMILEY, Retired Director, Alaska Research Consortium (ARC), provided a historical review of the center paraphrasing from a prepared statement, which read as follows [original punctuation provided]:

The Fishery Industrial technology Center (FITC) was the vision of a group of coastal Alaskan citizens in the '70s. To insure the long term viability of commercial, sports and subsistence fishing in their communities, they developed a plan and petitioned the Alaska Legislature for assistance. In 1981, FITC was established with its mission and functions encoded in State Statute (Title 16, Chapter 52). FITC was located in Kodiak because fish landed there included 80% of the species harvested in the eastern Gulf of Alaska and 80% of those caught in the Bering Sea.

FITC and Sea Grant's Marine Advisory Program was lodged within the Community College Rural Education and Extension [(CCREE)] Division of the University of

Alaska. Community Colleges specialized in granting certificates and Associate of Arts (AA) or two year degrees. In 1987, FITC and the Marine Advisory Program (MAP) were moved to UAF's newly formed, School of Fisheries and Ocean Sciences (SFOS). SFOS primarily awarded graduate degrees, precious few Bachelor degrees and no certificate or AA degrees at all. This is important because while the seafood industry in Alaska might staff their technical plant positions with employees having certificates or AA and Bachelor degrees, their need for employees with graduate degrees was vanishingly small.

Cultural conflicts were present between the Academic Research Focus of SFOS faculty and the Applied Industrial Focus of FITC faculty. Such conflicts between Applied and Academic units are well known as underlined by the presence, in many states, of both an Academic Research University and a separate Applied Research University, such as in Colorado with the Academic Research oriented University of Colorado in Boulder and Applied Science oriented Colorado State University in Fort Collins. The costs to field two separate University systems speak to the degree of conflict between cultures of Academic and Applied institutions.

From 1981 until 1991 FITC was located in rented office space in Kodiak and on Kodiak's Coast Guard Base in shared laboratory space. In 1991, the Alfred Owen Building on Near Island in Kodiak was completed, including its 5,000 sq. ft. pilot plant, with funds drawn from the State.

In aggregate, there have been a total of 13 [fulltime employees (FTEs)] Faculty and Staff positions at FITC. Faculty numbers grew with the conversion of technical to faculty positions and the award of two University Presidential appointments. However, commencing in about 2005, and continuing through the name change in 2011 the number has been reduced so that only 1.35 non MAP faculty and staff FTEs remain. This amounts to a subtraction of 11.65 positions. Given this, it seems unfair to condemn Fish Tech for a lack of productivity.

Alaska's Seafood Industry is the largest employment sector in the state. Importantly, it includes many entry level jobs where new workers can increase their earning power through education. For many, if not most, coastal Alaskan communities the Seafood Industry is the only economic horse in town. The role of FITC, as originally configured, was to provide this employment sector with education, service and research, helping it to face the new challenges of the future. That mission is why FITC was originally placed within CCREE. To allow it to return to its applied roots will benefit coastal Alaskan communities now and into the future. In this context it is pertinent to remember that something above 80% of Alaska's population lives within 20 miles of the ocean.

The Alaska State Legislature created the Fishery Industrial Technology Center and provided for its future. Since the University's reorganization in 1987, FITC has seriously atrophied. We now have an opportunity to change this. We believe that through Private Public partnerships, we can fulfill the ongoing needs of Coastal Alaska seen encoded in the State Statute.

I want to give you a brief overview of the kinds of research projects that have been completed at FITC. You have a list of the titles of about 200 research projects completed between 1986 and 2008. These projects were funded to the tune of about \$25 million dollars through 2 divisions of USDA, their Agricultural Research Service and their Cooperative State Research Education and Extension Service.

[10:18:06 AM](#)

MR. SMILEY added that in the last 20 years, research endeavors at the center have been productive. He offered two examples of outcomes: the development of surimi; and the waste stream associated with processing fish, about 80 percent, being converted into value added products, with the side benefit of minimizing the waste being dumped into the ocean. Finally, he said:

Given our expertise, our equipment, and the Alfred Owen facility, in addition to fish products we have

assisted the Reindeer project on the Seward Peninsula, worked with producers of a rhubarb juice, and helped some folks make birch syrup.

10:22:04 AM

The committee took an at-ease from 10:22 a.m. to 10:23 a.m.

10:23:08 AM

PAULA CULLENBERG, Director, Alaska Sea Grant, Co-Director, Kodiak Seafood and Marine Science Center (KSMSC), said the Alaska Sea Grant program is one of 33 national programs, and represents a 45 year partnership between the University of Alaska (UA) and the National Oceanic and Atmospheric Administration (NOAA). With a presence in eight coastal communities, the program funds a number of statewide undertakings, including: research, K-12 marine education, hosting the annual Alaska Young Fisherman's Summit, and the Marine Advisory program. She said, at one time, the program faculty was comprised of 10-11 members; however, today there are only 4, including a general coastal marine advisory agent and 3 seafood specialist for marketing, technology, and microbiology. The program retains a staff and graduate students are also present at the center. Directing attention to the committee packet, she pointed out the document titled, "Kodiak Seafood and Marine Science Center University of Alaska Fairbanks, Annual Activities Report FY2016 (July 1, 2015-June 30, 2016)," which is the executive summary of the past year's activities at the center. It also includes the sources of external funding received by KSMSC for the industry funded research projects. The building also hosts work force training programs and, in 2016, over 250 people attended a large variety of courses. The center is unique, as it's the only seafood processing, pilot plant in the state. It houses state-of-the-art seafood processing equipment, as well as five laboratories, and classroom space. In proximity to the center are apartments for housing, the NOAA laboratory, and the Alaska Department of Fish & Game (ADF&G) building. She said it offers a compliment of federal, state, and university opportunities that otherwise would not be available. The association/partnerships enjoyed by the center, include: Ocean Beauty Seafoods, Alaska Seafood Marketing Institute (ASMI), Department of Environmental Conservation (DEC), and Trident Seafoods. Finally, she stated support for continuing KSMSC as a public/private partnership facility.

10:31:13 AM

PAT JACOBSON, Member, Alaska Research Consortium (ARC), explained the genesis of the Kodiak Seafood and Marine Science Center, paraphrasing from a prepared statement, which read as follows [original punctuation provided]:

ARC, the Alaska Research Consortium that we established, is really an illustrious group and I wanted to flesh out, just a little bit, the composition of that group.

Jay Stinson, Chair KSMSC Policy Council and longtime fisherman and he's also the President of ARC

Alan Austerman, is a former Ak State House Representative

Dr. Larry Ledoux, is a former Ak Commissioner of Education

Dr. Scott Smiley, former director of FITC, Fisheries Industrial Technology Center

Duncan Fields, President KIB School Board, lawyer and longtime fisherman, former ASMI board member, former North Pacific Fisheries Management Council member

Jeff Stephan, Chair of the Alaska Sea Grant Advisory Committee, currently on the North Pacific Fisheries Management Advisory Panel, and a former member of the North Pacific Fisheries Management Council

Matt Moir, Manager North Pacific Seafoods Kodiak Plant

Paul Lumsden, Manager Trident Seafoods Kodiak

All of us on this committee have very busy lives. Some of us are retired, but some also have jobs. It's not like we were looking for a new project or for something to do. Nonetheless, when we heard the intent was to close the facility, we were shocked, quite frankly, since it IS in AK Statute and has done some really great work. At the same time we understood that the University has had significant budget cuts. So, we kicked into gear to try to help the facility survive. We are dedicated and have contributed a great

deal of time (and as in the case of this trip down here, on our own dime) in this effort and we've worked hard on this for over a year now, because we KNOW how important it has been, is now and will be in the future, not just to Kodiak, I emphasize, but statewide. Thank you very much.

[10:34:33 AM](#)

MATTHEW MOIR, Manager, North Pacific Seafoods, said the center is integral for maintaining a trained workforce and keeping the seafood industry strong. Closure of the facility would be counterproductive and detrimental to the coastal communities that rely on keeping pace with the evolving technology required by today's fishing industry.

[10:37:24 AM](#)

PAUL LUMSDEN, Plant Manager, North Pacific Seafoods, cited the automation and technical programming that is necessary to operate the fish processing equipment used today. The center trains Alaskans to be employed in these high paying jobs, versus reliance on hiring help from Outside. He pointed out that the center doesn't only serve the region, and said, "What's good for Kodiak is good for [all of Alaska]."

[10:39:45 AM](#)

DUNCAN FIELDS, Member, Alaska Research Consortium (ARC), provided an anecdote of the type of service that the center provides and the type of questions that the research capabilities of the facility can address. He stressed that the loss of the facility would leave people in the industry with nowhere to go to get answers. The KSMSC provides an opportunity for applied science to occur within the state, he stressed, and directed attention to the committee packet and the handout titled, "Alaska House of Representatives Fisheries Committee, Resolution No. 2017-." He said funds are not being requested, but rather the adoption of the draft resolution to show the committee's support for the continuance of this valuable facility. He said the resolution is based on the legislature's original intent as expressed in 1981, and subsequent appropriations, for the importance of the ongoing mission of the facility to provide training, technical assistance, research, development, the creation of new technologies for food processing, and to encourage joint projects and research between the academic community and seafood industry. The ask being

posed to the committee, is to pass or recommend a resolution for consideration of the full legislature.

[10:42:35 AM](#)

CHAIR STUTES opined that there is not a community in Alaska that is not touched in some way by Alaska's fishing industry.

[10:43:17 AM](#)

REPRESENTATIVE NEUMAN asked an outline of the funding structure.

MS. CULLENBERG offered to provide the complete annual report to the committee. She said the building is owned by the University of Alaska, with no building debt owed; however, the operating/maintenance cost last year totaled approximately \$299,000. Other costs include faculty and staff salaries. She directed attention to the previously mentioned executive summary to point out the corporate funding and grant sources named in the document.

[10:45:36 AM](#)

CHAIR STUTES asked whether dialogue has been exchanged with Native tribes.

MR. FIELDS responded yes, and reported that the interactions have solidified the support for the facility by the Native populations on Kodiak Island and beyond.

[10:46:51 AM](#)

REPRESENTATIVE NEUMAN asked about the level of effort put towards encouraging industry to invest utilizing the educational credit program.

MS. CULLENBERG responded that every course carries a fee, such as the 80 hour Alaska Seafood processing Leadership Institute for \$2,500. The cost is supplemented with federal Sea Grant funds and UAA Technical Vocation funds. However, there has been zero pushback from industry on charging for classes.

REPRESENTATIVE NEUMAN said the educational credits fund allows industry to invest in training and receive corporate credits from the state. If this is not being implemented, he offered to assist in "driving that boat."

MS. CULLENBERG said that several entities, such as Icicle Seafoods and the Pollock Conservation Cooperative Research Center (PCCRC), have directed funds through the university and received the tax credits, indicating an awareness of the program.

REPRESENTATIVE NEUMAN asked whether there have been changes in regulations that have caused increased costs.

MR. FIELDS answered that the third party monitoring presents a cost to the industry; perhaps not a direct regulatory cost. Budget cuts to ADF&G has eliminated a significant number of weirs and stream surveys, causing a reduction in fishing activity.

REPRESENTATIVE NEUMAN suggested that costs involved in meeting regulatory requirements might be minimized through reform legislation.

[10:52:13 AM](#)

CHAIR STUTES asked about the reference made regarding a statute requiring funding through the University of Alaska, Fairbanks.

MS. CULLENBERG said there was an initial authorizing allocation from the state legislature and dedicated federal funding was received until about six years ago.

MR. FIELDS directed attention to the committee packet and the document from Legislative Research Services, titled, "Kodiak Seafood and Marine Science Center, Tim Spengler, Legislative Analyst." He said it's a response to a number of questions posed by Senator Gary Stevens and contains the legislative intent/mandates, which continue in force despite the UA, as owner of the building, stating imminent closure of the facility.

[10:54:18 AM](#)

REPRESENTATIVE KREISS-TOMKINS noted that the center is collaborating on a project with DEC for processing seal oil, and asked about the state agencies approach for regulating the ways in which people might consume seal oil.

MS. CULLENBERG explained that seafood is regulated by a measure called hazard analysis critical control points (HACCP), which requires a specific plan. Seal oil lacked a HACCP plan, when the senior center in Kotzebue received requests from residents

to be able to enjoy traditional seal oil. The department considers the center to be a process authority, hence it looked to KSMSC for expertise to solve the issue and develop a safe processing plan. She pointed out that, as mentioned, other items outside of seafood are studied at the center.

REPRESENTATIVE KREISS-TOMKINS reported on an entrepreneur, processing kelp and seaweed in southeast, cited KSMSC as integral to analyzing the potential of the products that he is developing.

[10:58:03 AM](#)

CHAIR STUTES directed attention to the packet and the draft resolution and said:

Members have a proposed resolution at the beginning of their committee packets, I would entertain a motion to draft a similar resolution and introduce it as legislation on behalf of the [House Special Committee on Fisheries].

[10:58:22 AM](#)

REPRESENTATIVE FANSLER responded:

I move that we accept the draft resolution, titled "Draft Resolution proposed by the Alaska Resource Consortium" and introduce similar legislation on behalf of the [House Special Committee on Fisheries].

CHAIR STUTES objected for discussion

[10:58:41 AM](#)

REPRESENTATIVE NEUMAN noted that the resolution calls for committee support of a bill to be presented sometime in the future, and established that it would be similar to a document in the committee packet.

[11:00:04 AM](#)

CHAIR STUTES removed her objection. Without further objection, she announced that a resolution would be drafted.

[11:00:22 AM](#)

CHAIR STUTES thanked the participants and announced the next meeting.

CHAIR STUTES ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 11:00 a.m.