

HCR

52

SEAFOOD'S FUTURE

SALES STILL FLAT

As economists talk healthy retail sales, surprising unemployment drops, and steady economic recovery, seafood dealers are becoming weary of the good news. The recovery has not yet touched seafood sales, which remain depressingly flat.

Holiday sales of specialty and shellfish items did not materialize as expected. Confusion in the shrimp and scallop markets has kept buying at a hand-to-mouth level. Fish inventories are running 13 percent higher and shellfish inventories 16 percent higher than one year ago, mostly due to cod and shrimp.

The strong U.S. dollar has attracted imports from all over the world, intensifying competition for traditional suppliers. In the shrimp and scallop markets, prices have hit resistance levels. The U.S. dollar continues at record-high levels and is expected to remain strong, dampening exports.

With Lent starting almost one month later this year than last (March 7 as opposed to February 16), more time is available for planning promotions and for suppliers and buyers to establish programs.

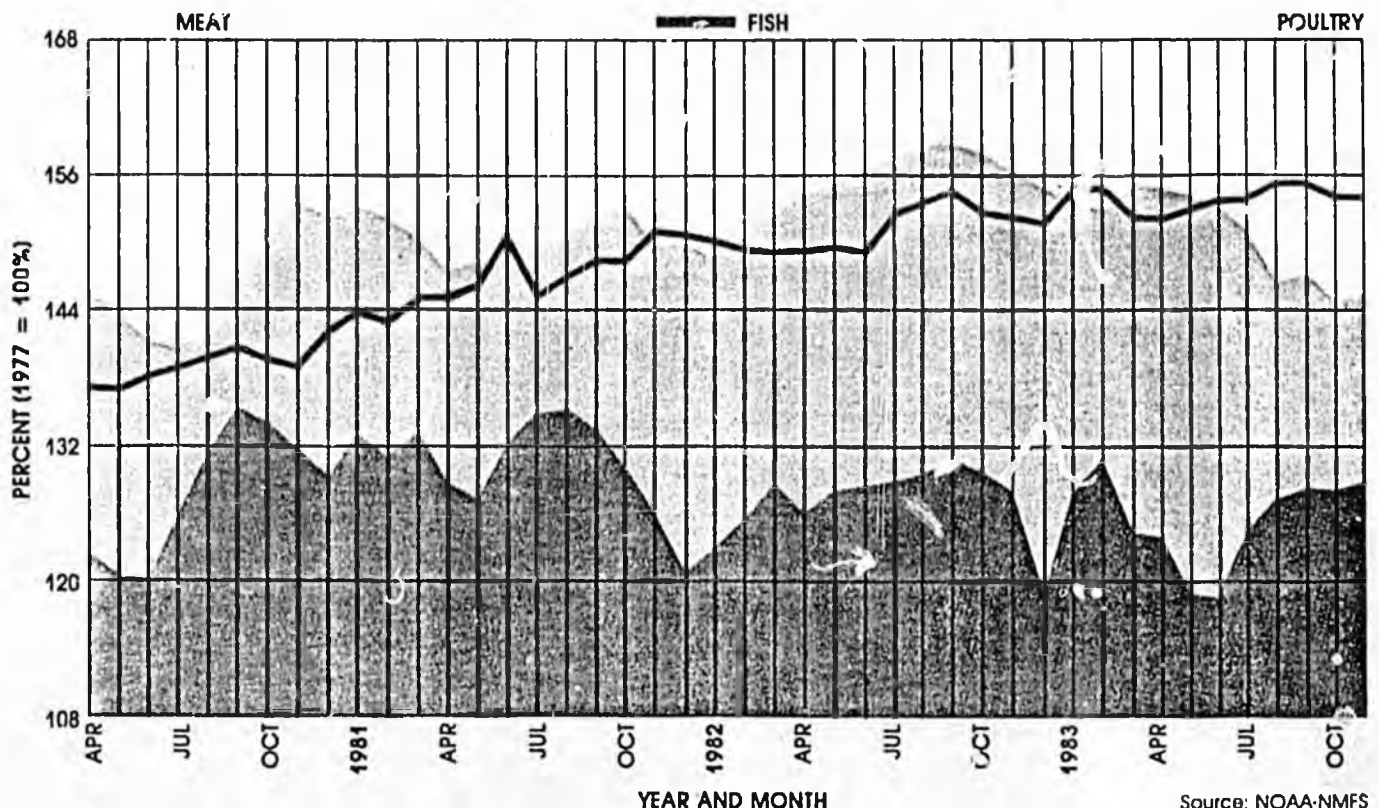
Despite the doldrums, there is good news on the horizon for seafood consumption. Beef, pork,

and broiler prices are expected to rise in the spring, as supplies dwindle. An explanation by David Stroud follows on page 11.

The relationship between higher prices in competing protein sources and increased seafood consumption is made clear by a recent USDA report tying changing incomes and prices to consumption. Data on per capita consumption and prices of red meats, poultry, and fish in the U.S. from 1950 to 1978 showed that for every 1 percent rise in the price of red meats, red meat consumption is reduced 0.68 percent. At the same time, poultry consumption increases 0.56 percent, and fish consumption increases 0.16 percent. Thus, if beef prices rise the 2 percent predicted in the first half of the year, fish consumption should increase a minimum of 0.32 percent. Since the price of broilers is also expected to rise, more consumers should turn to seafood.

As incomes rise, as they are expected to, shellfish consumption should benefit. According to the USDA study, a 1 percent rise in consumer incomes prompts a 0.68 percent increase in dollars spent on shellfish, the category among all meats and poultry with the highest positive reaction. Finfish expenditures increase 0.14 percent with a 1 percent rise in income.

Retail Price Index for Meat, Fish, Poultry



Source: NOAA-NMFS

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**Amendments made to
limited entry regulations**

Plenty of changes have been made to limited entry regulations, and copies of the new regulations are available from: Commercial Fisheries Entry Commission, Pouch KB, Juneau, AK 99811, or call (907) 586-3456.

Some of the changes include the broadening of the definition of sablefish; rewording of gear codes to include power jigging equipment; changes in the boundaries of king crab administrative areas in the Bering Sea and Norton Sound; increasing the annual fee for Class VI permits from \$15 to \$30 for Alaska residents, and from \$45 to \$90 for non-residents; requiring applicants in limited entry fisheries to notify the Commission if they have not received confirmation that the Commission has received their application. □

**Whitney processing
plant closes**

The *Whitney*, a processing barge owned by Whitney-Fidalgo Seafoods, is closing its doors following precipitous declines in shrimp and crab stocks. Plant supervisor Mike Thompson said the Dutch Harbor plant will probably remain closed in the near future.

Twenty people will be laid off by the closure and only one person will remain behind to maintain the barge. □

**Naknek demo to chair
new fish committee**

Representative-elect Adelheid Herrmann (D-Naknek) has been selected by the majority coalition of the Alaska State House of Representatives to chair the Special Committee on Fisheries.

Herrmann is one of six rural legislators who have joined with other House members to form a coalition of twenty-seven members.

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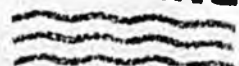
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BIGGER LOAD
AND STILL STAYS STEADY IN
THE WATER."**

Bill Brasler, Marysville, Wash



**HOUGH
Marine AND
Machine**



A Cold Winter Coming for salmon buyers

by Brent Evans

*'Salmon in the ice-box,
Salmon in the sink.
Salmon on consignment,
Floating in red ink.'*

Step inside the corridors of any major processor or broker of frozen salmon and feel the chill. It's the cold draft of millions and millions of unsold frozen salmon; it's the despair of playing Japanese Roulette and losing.

"I've been in the fish business all my life. My father was a canner in Alaska . . . I've never seen it as bad as it is this year," says a manager of one seafood company. "Somebody's going to get hurt."

This year's Bristol Bay record run is a classic case of how volatile and dangerous the salmon market can be. By all accounts, both American processors and Japanese importers (trading companies and fishing companies) stand to "lose big" in 1983. Some companies, like Vanguard Fisheries, which filed for bankruptcy under Chapter 7 in Seattle, August 12, don't have the capital resources necessary to withstand initial losses. Other companies, already weakened financially by high interest rates and poor cash flows, could be forced into selling product at a loss in order to make their first quarterly payments to, as yet, friendly bankers.

Japanese buyers, too, are suffering from the plunge in the price of salmon. "We're absorbing most of the loss this year, not American processors," says a spokesman for one Japanese trading company. "We had the pre-season contracts based on the projected run and we lost. We had to take the salmon at the agreed upon price no matter what wholesalers in Japan will pay us for it. Unfortunately, most American fishermen and processors never, ever believe we lose money."

By all accounts, the knife cut both ways this year. Some American companies have reportedly done well by wisely sticking to pre-season arrangements and avoiding the temptation of bidding for fish without a guaranteed buyer. Most, however, took the fish. The excitement of the enormous run must have infected buyers as much as fishermen. How else to explain the enthusiastic buying of salmon that went on and on, days, even weeks after it was common knowledge that the Japanese weren't buying, that the Japanese were desperately trying to back away from previous commitments?

Frozen storage facilities in Seattle and Tokyo are bulging with salmon. The question is: whose is it? Reportedly, many American brokers and packers either didn't believe their Japanese counterparts that the market was bad, feeling they could hold out for higher prices, or they found transportation routes south overloaded and shipped salmon to Japan without a buyer. No one knows how many million pounds of sockeye left on trampers from Bristol Bay with no place to call home, but everyone knows there is a tremendous plug of fish in Japanese and American cold storage which inevitably has to be offered to the

market at a price the market will accept. This year, for many, the price won't be enough.

How did matters get so bad, you ask. Well, fishermen aren't the only ones who know the price goes up sometimes, and sometimes it goes down. Despite the enormous financial and economic leverage of Japanese trading companies, the price of salmon in Japan depends to a great extent on the confidence of those closest to the market, the primary wholesaler. The Japanese wholesaler, or niuke (nee-oo-kay), is currently buying very little salmon, even though the price is low. He knows it will go lower. The danger for both American and Japanese

"Imported salmon fits neatly into an allotted time frame in the minds of most Japanese buyers," says one American processor who sells a great deal to Japan, "right behind deliveries of Japan's mothership fleet and coastal fishermen, and right before the large Hokkaido chum runs in September and October. If the wholesalers lack the confidence to buy and distribute imported salmon aggressively during that interim, imported salmon could be largely ignored by the market."

That is the current dilemma. Though prices are low, wholesalers are only buying what they need on a daily basis. Why buy on speculation when any day now, some American packer is going to break, sell off his product at a loss and pay his banker?

Under normal conditions; the salmon market in Japan develops slowly each year. Buyers and sellers

of the number and quality of fish available, of overall consumption, of last year's inventories, of weather and any number of other factors. Their profit margins are close, the volumes involved are large, and mistakes can be costly. They've all been burned before.

As a result, salmon consumption builds slowly. As projections and estimates match with actual harvests, as price expectations match actual prices, enthusiasm among wholesalers and retailers builds. Salmon gets sold . . . and eaten.

This year that scenario quickly fell apart. Even before the season began, the market was depressed by large inventories of frozen salmon from last year. Some estimates pegged the holdover as high as 70,000 metric tons, the highest level seen since the disastrous year, 1980. Still, Japanese buyers projected a

see SALMON BUYERS page 48

Thinking about repowering? Think Cummins

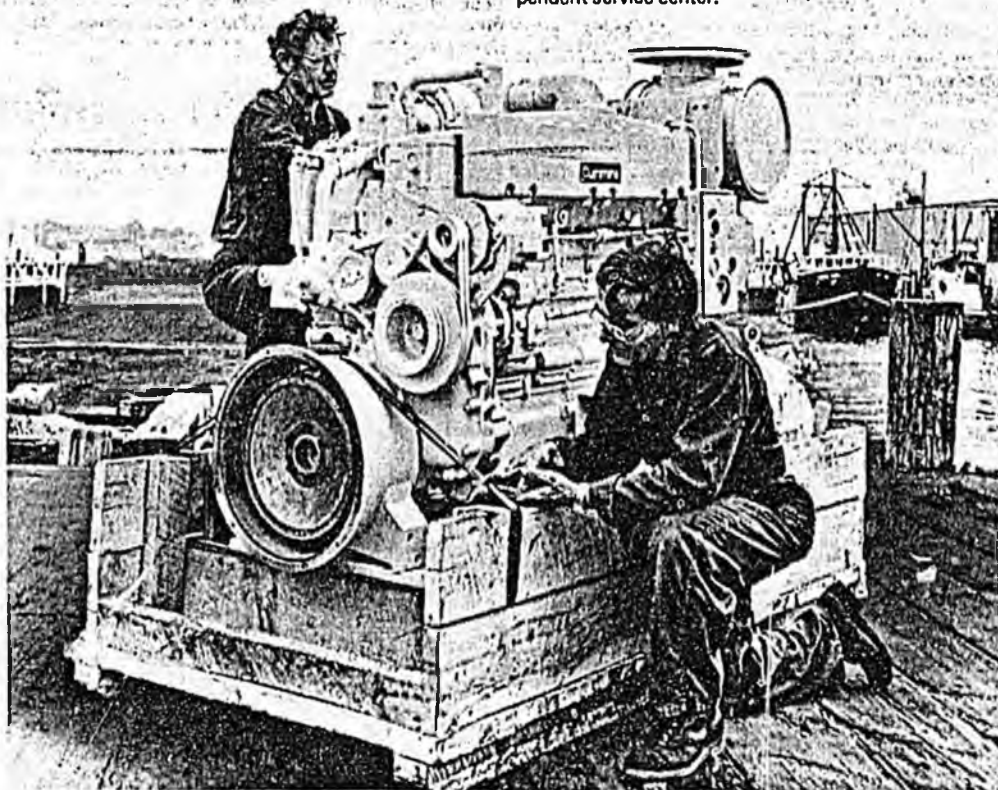
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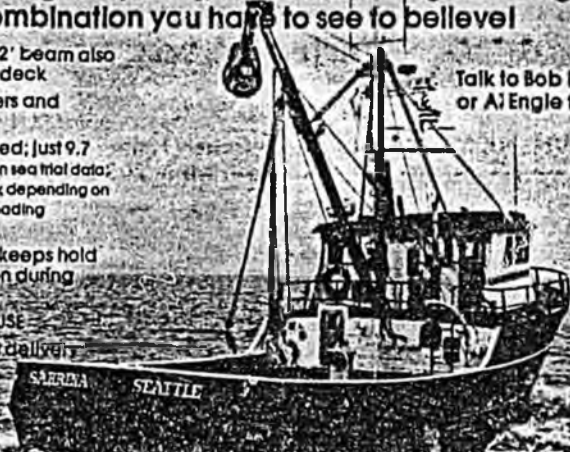
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continued from page 7

starting price for Japanese mothership salmon (semi-dressed, 3 fish/10 kilo box) at 1,750 yen/kilo, down from 2,000 yen the year before, but not all that bad either.

Every year, American and Canadian salmon get linked to this price, usually starting 200-300 yen lower for False Pass sockeye, and so on, for other areas. This year, working back from these prices and using projected runs in Alaska to estimate the overall harvest, Japanese importers made pre-season contracts with some American packers for a reported \$1.65-1.75/pound. These prices in turn influenced processor-fishermen negotiations for ex-vessel prices. By July, the market, the importers, the processors, the fishermen—all were expecting an estimated 21 million salmon to be taken in Bristol Bay. Instead, 36 million were taken from the largest run in history. Wholesale prices plummeted. Mothership prices slid to 1,250 yen/kilo and purchasing of imported salmon ground to a halt.

Conditions were made worse, however, by a number of other factors. Russia closed its north Pacific waters to Japanese fishing ahead of schedule this year. Japan's mothership fleet returned home and its catch went on the market all at once, forcing down prices. In Bristol Bay, the salmon tended to be small, 2-4 pounds instead of 4-6 pounds and the enormous run coincided with sultry weather and warmer water. Combined with long holding times, these factors resulted in poorer quality, lower grade fish. The small sizes impinged upon both the pink and chum markets, and price fell.

For those who think having fish is the same as having money, the buying continued. Wiser heads got out fast. Japanese wholesalers were for a while "in an absolute panic." The buying stopped in Japan in the second week of July but went on for another two weeks in Alaska. For some who had turned down Japanese offers to buy at \$1.50 the week before, there was only the bitterness of knowing no one would now buy their fish at any price.

Vanguard Fisheries is perhaps just the first to fall out. Owned and operated by Vince Goddard, a talented young entrepreneur with lots of Japanese expertise, Vanguard Fisheries aggressively sought fishermen and fish deals this spring. An agreement to market fish from the Copper River Fishermen's Co-op was one such arrangement. The company also took the plunge and set up processing operations and hired floaters, moving from brokering to buying-their-own, a calculated risk that didn't pay off. When the company filed for bankruptcy in early August, it listed assets of \$300,000 and liabilities of \$1,000,000.

The problem, then, is salmon: too much bought from fishermen at too high a price. Rumors in Seattle say that anyone that relied heavily on the frozen market this year could be in trouble. Most readers will know who they are.

The market right now is like the great earthen dam at the base of Mount St. Helens holding back what once was Spirit Lake. Everyone knows it's going to go, the only question is when. In the case of the salmon market in Japan, everyone knows the plug of salmon will have to go and that the price will fall with it. For some, there may be an axe on the way down, too. □

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n of which extends into the
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Northern District opened for
king crab fishing May 1. The
nit is 5½ inches. □

Brown king crab

Four boats check out Shelikof

Success of the Adak brown
crab fishery has created
interest in exploring Kodiak's
Strait for brown king crab

Permit-only season opened in
May 1. Four vessels applied
permits and headed out to
sea. Small numbers of brown
crab have occasionally shown
up in the red king crab deliveries,
whether Kodiak has any concen-
of stocks is unknown. □

Tanner crab Still scratching in Aleutians

There was little effort on the
Aleutian tanner crab stocks after
the April 15 closure of the Adak
brown king crab fishery.

In the Western Aleutian District
there was no fishing the last part of
April and the season's catch stands
at 463,000 pounds.

In the Eastern Aleutians a few
local boats continued to scratch into
May delivering about 10,000 pounds
a week. As of May 4, the total
harvest for the season was 516,000
pounds. □

Small fleet still on Bering Sea

In the Bering Sea the tanner crab
fishery continued to be a shadow of
days gone by. Estimated 30 to 40

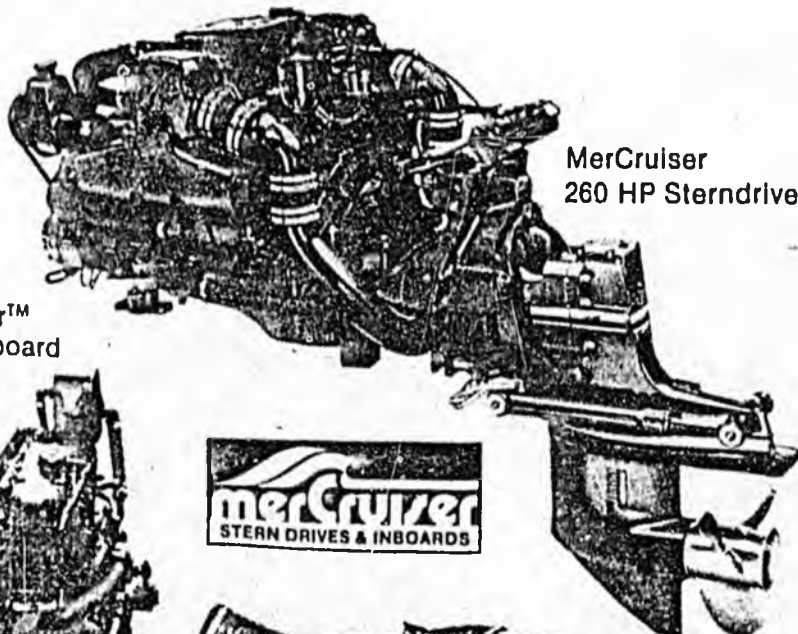
vessels continued to fish into the
spring and, by May 4, had delivered
4.3 million pounds of bairdi and 11.7
million pounds of opilio tanner crab.

In 1982 the bairdi deliveries had
reached 8.4 million pounds by the
first of May and the opilio deliveries
had reached 17.7 million pounds.
There were more than 100 boats on
the grounds during the 1982 fishery,
about double the number of boats
which fished the 1983 season. □

Shrimp No joy at all in Kodiak

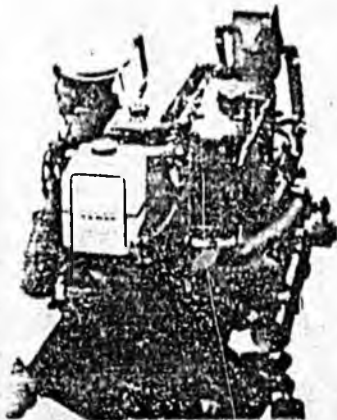
Kodiak fishermen have pretty
much written off a spring shrimp
fishery and are looking for whitefish
markets. On April 25 the 86-foot
stern trawler *Dawn's* owners
removed the vessel's outriggers as
part of the conversion of the vessel
from a double-rigged shrimp trawler
See **GROUNDS** page 42

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June 1983 Fish Journal

From the Grounds

continued from page 37

to a single-rigged dragger capable of mid-water trawling.

"It's the end of an era," commented part owner Al Burch. The *Dawn* was the first double-rigged trawler with a stern ramp to fish shrimp in Alaskan waters. It sailed into Kodiak in 1971, the year of the record 180 million pound shrimp harvest.

Robert J. Browning described the *Dawn* as "a pioneer vessel" which "quickly became a highliner," in his book "Fisheries of the North Pacific."

"We hope this will be the beginning of a new era—the era of whitefish," said Burch.

The Fish and Game research vessel *Resolution* left Kodiak May 9 to begin the annual shrimp survey, though biologists doubted there were any concentrations of shrimp left.

Recent work by Fish and Game biometrician Steve Thompson indicates there is a strong correlation between the decline of the Kodiak shrimp stocks and increasing water temperatures.

The recent warming trend, which began about 1975, was enough to cause stock reduction, Thompson's analysis of historic data showed. His work also indicated that shrimp stock declines are also correlated with the presence of pollock on the shrimp grounds. The presence of cod on the grounds is followed by a decline in the shrimp stocks a year later.

All three elements—warm temperatures, increased pollock stocks and increased cod stocks—are present in the Kodiak area. □

Shrimp Cook Inlet looks bad

Cook Inlet's shrimp stocks appear to be collapsing and whether there will be a 1983-84 season depends on the results of the May 18-24 shrimp survey. "Even the areas not fished, the Outer and Eastern Districts, are affected the same way as the areas fished," reported the Homer shrimp management biologist.

The disappearance of Cook Inlet's shrimp stocks coincided with the appearance of an unusually large biomass of young pollock. The pollock do not appear to stay in the inlet for more than a year.

Last year biologists saw the first evidence of a decline in the Cook Inlet shrimp stocks and slashed the quota from 6 million to 3 million pounds. Humpy shrimp populations were the first to disappear, followed by pink shrimp populations.

Despite one of the most conservative management strategies in the state, the shrimp population continued to spiral downward during the 1982-83 season. □

Whitefish New pollock school found

A second major school of spawning pollock was discovered about April 20 by Mel Wick while enroute to Prince William Sound

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Slug, Lunger, Smiley, Hog

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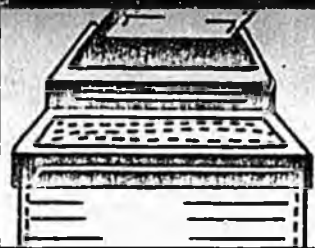


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FROM THE GROUNDS



Summer 1983 Fish Journal

Herring PWS a bust with 2,600 tons

Bad weather and reluctant herring plagued this year's Prince William Sound herring fishery. During the only opening for seiners 2,600 tons of the projected 5,000 ton harvest was taken in the Naked

Island area. The fleet then settled in to wait for the Montague run, but the Montague run never showed.

By the first week in April, marine mammals and birds were congregating in Prince William Sound right along with the seiners and tenders. Biologists estimated that the 20 companies buying herring had fielded "a tender for every seiner."

As 70 knot winds whipped the sound April 3, most of the fleet huddled in Cordova Bay. "It's like a floating city out there," commented

one resident.

On April 11 snow fell in Prince William Sound and some boats reported three inches of the stuff on their decks. Snow and fog kept the spotter planes out of the air and fishermen worried that the herring might spawn before anyone knew the fish were ripe.

On April 14, despite blowing snow and rain, the Naked Island run boiled up. Spotter planes were forced to fly at 200 feet in order to see the fish. In one hour the estimated 70 seiners on the Naked

Island grounds took nearly 2,600 tons of herring.

In Montague Island's Rocky Bay the weather was so bad and the water so stirred up no one could see fish and the boats had to set blind.

"Even so six or seven boats managed to set on herring," said the Cordova Fish and Game management biologist. Total catch from Rocky Bay was 146 tons.

The big surprise was the size of the herring in the Naked Island area. "They're the biggest herring we've ever seen—very comparable

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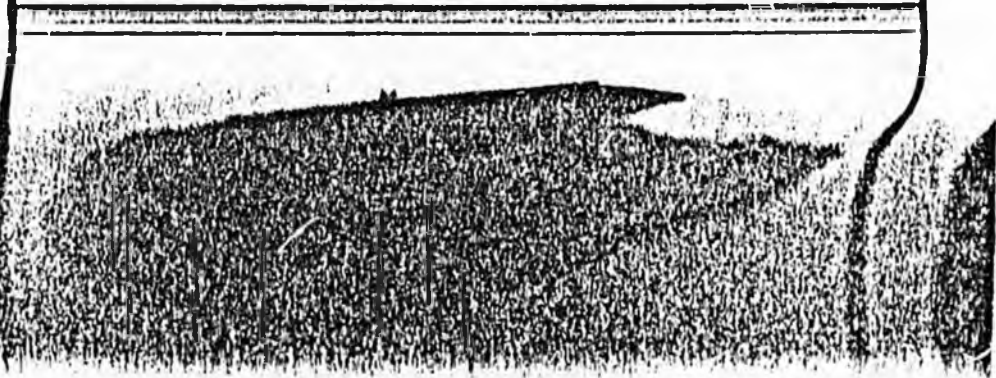
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Spring 1983 Fish Journal

station in Cordova for five-day periods, and will bring with it a double crew to insure 24-hour operation. □

Processing Wrangell plant closed for 1983 season

Harbor Seafoods, Wrangell's only seafood processing plant, closed its doors in early May and says it will not operate for the remainder of the 1983 season. A spokesman for Harbor Seafoods said the company has suffered significant operating losses during the past several years and would have again lost money had the plant remained open.

Harbor Seafoods is owned by the Alaska Lumber and Pulp Company, a subsidiary of a Japanese-owned corporation. The timber company acquired Harbor Seafoods in 1974. The Wrangell plant employed about 20 people, but during the peak of the salmon runs the work force swelled to over 100. Harbor canned and froze all species of salmon from seiners, gillnetters and trollers delivering there and to the company's tenders. □

Canadian seized for poaching

The U.S. Coast Guard seized the Canadian halibut longliner *Cassiar 67* in Dixon Entrance for illegally fishing in U.S. waters. The cutter *Cape Hatteras* intercepted the Canadian fisherman 40 miles south of Ketchikan shortly after midnight on May 24.

...is strongly opposed to any renegotiation of the U.S.-Canada salmon treaty which has been stalled by vehement opposition from Alaska's fishermen. The British Columbia position was conveyed to Canada's Minister of Fisheries, Pierre De Bane, in Ottawa on May 11. De Bane is expected to issue a statement on his country's position on the treaty by the end of May.

The Canadians have threatened a fish war in the event the U.S. refused to begin managing along treaty guidelines this season. In such a "war" Canada would cut enhancement efforts on rivers shared with the U.S., increase catches on those rivers, and allow their troll fishery to take king salmon in much larger numbers

Hoax brings false lead in 'Investor' murder case

A former mental patient in Indiana claiming to know the whereabouts of a surviving crewman from the fishing vessel *Investor* led Alaska detectives on a chase to that midwestern state in April, according to a story in the *Bellingham Herald*. The *Investor* burned off Craig during the 1982 season after its skipper, his family and crew were murdered.

The tip from Indiana proved to be a hoax. It began on April 11 when a man telephoned long distance to Alaska State Troopers in Ketchikan and asked where he could contact the parents of one of the *Investor*



Mike Douville

impossible.

The man who called Ketchikan described the crewman "down to the last hair," according to the Troopers. He also knew the answers to questions about the case that investigators believed were known only to them and the killer or killers.

Investigators learned that the long distance call was made from a home in Goshen, Indiana, and they contacted the Goshen police. Two Alaska detectives then flew to Indiana and, with the Goshen police, took the caller into custody April 24.

Under questioning, the man's story held up for about two hours, according to the investigators, but eventually it broke down and deteriorated into a wild tale laced with paranoid conspiracy theory and inaccuracies about the murders.

Investigators then learned the man's real name from a mental hospital to which he had

Alaska and the U.S. responded to the Canadian threats by categorically refusing to consider a fish war as a viable response. Alaska Commissioner of Fish and Game Don Collinsworth said, "Alaska will not fire the first fish," when asked about participation in a dispute. Alaska Governor Bill Sheffield is personally overseeing the feelers from Alaska, through the State Department to Canada and has thus far assumed a conciliatory stance. However, Sheffield has outlined his objections to the current version of the treaty and clearly will not accede unless some changes are made. The consensus among U.S. fishing interests and politicians remains in favor of a treaty, but against the present version. □

...for the group which will plant said daily fish auc be held, offering salmon, bottom fish during the The plant will be equ bread, fillet and c process the fish and c spokesman said Crysta will be competitive with rates for processing and l

Sealaska timber fined \$9,500

Sealaska Timber Corp has been fined \$9,500 for timber into a salmo steelhead spawning cri Prince of Wales Islan violation occurred in 1981, when a large nur trees were found in St Creek.

Sealaska Timber is ow the Sealaska Corporat Juneau-based Alaska corporation which also Ocean Beauty Seafoods, the State's two largest pro companies. Sealaska pleaded no contest to the violation charges in Ke District Court. □

New director for Fish Board

Beth Stewart has been ap ed executive director o Alaska Boards of Fisherie Game, replacing Mil Zah left the job in January serving for less than one Stewart was formerly the s assistant to the Commission the Alaska Commercial Fis Entry Commission. She has in Alaska since 1958 an served in government pos several years.

Stewart said her first task as the administrative cl the two Boards would be to the State's six Regional Fis Game Councils up to full

Hard times Sealaska backs out of NEFCO deal

After flirting with the idea for over two years, Sealaska has backed out of buying the Alaska processing plants of the bankrupt New England Fish Company (NEFCO).

The December 16 announcement is a blow to the settlement of the NEFCO estate, which is still trying to pay off a reported \$35 million in unsettled claims.

Shortly after NEFCO went broke in May 1980, Sealaska agreed to pay the NEFCO estate \$11.1 million for properties at Sand Point, Uganik, Chatham, Noyes Island, the Ketchikan Cold Storage, and the Totem Packing Company (formerly Nefco-Fidalgo Packing Company).

Sealaska lowered their original offer to \$8 million in November because of the severe recession in the salmon industry. The purchase was also hampered by a still-pending class-action lawsuit called the Domingo case, in which a federal court found NEFCO liable for racial discrimination.

Sealaska spokespeople on numerous occasions said the deal would only be consummated if the lawsuit is settled.

Sealaska Corporation is Alaska's largest privately-owned business corporation and is the Alaska native regional corporation for Southeast Alaska.

Labor

Dutch Harbor workers OK union

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U.S**

The salmon in between the U.S. about to yield a t to the chief n announced compl treaty in Sea December.

After going h two weeks, Lee Canadian nego Shepard were con final version of th be ready to pre respective gove December's end.

Under the draf sides will reduce sport harvest of Chinook runs in ord them. Although the of endangered C relies on lower cal large part of the tre to agreement on con enhancement mea treaty calls for U.S./Canadian mana designed to prev declines in spawning.

The draft treaty al that the U.S. federal will fund the expan Little Port Walte

...which capsized and sank 22 miles north of Dutch Harbor on Aug. 14, bound for St. Matthews Island with fuel tanks full and loaded down with crab pots.

Lost are skipper Harold Pederson of Seattle; Randy Ficks of Seattle; Jim Converse of Engadine, Mich.; and Annette Fletcher of Port Townsend, Wash.

Surviving the sinking was a fifth crewman, Jeff Anderson of Everett, Wash., who escaped in a liferaft. He was picked up about 24 hours later by a Panamanian fishing vessel and taken to Dutch Harbor in good condition.

Anderson reported to Coast Guard authorities in Dutch Harbor that the crabber capsized so quickly that there wasn't time to send a May Day or put on survival suits. Other crewmen had escaped the capsizing vessel, he said, but they were limp in the water, and he was unable to paddle to them in the heavy seas.

The vessel had left Dutch Harbor after some temporary repairs had been made to her rudder system. Anderson reported to investigating Alaska State Trooper John Leonard that the vessel departed Dutch Harbor with "a slight list to port" and that the boat had been responding "sluggishly" during the trip. The search for the missing crewmen was hampered by heavy fog, said the Coast Guard. □

which sank after being hit by two giant waves, watched as a shark bit off the leg of crewman Dennis Murphy who then swam off to lure sharks away from him and a female crewmate. Crying, Boundy told the story to reporters from a hospital bed in Townsville, Australia. Murphy was killed, he said, and the sharks returned a few hours later and killed the woman. Six planes and a fleet of local trawlers searched for survivors for two days before finally spotting Boundy on Lodestone Reef, part of the Great Barrier Reef. □

How to cook 65-pound salmon?

Troller Jim Barker of Wrangell lifts a 65-pound king salmon which he caught on July 4, near Lazaria Island, on the F/V *Ar. Barker* entered the giant king in the Alaska Seafood Marketing Institute's contest for the biggest and best-handled salmon the 1983 season. So far, Barker's entry is the front-runner. Plans are to present the salmon as a "centerpiece" at the Fish Expo seafood reception, Oct. 1 at the Westin Hotel in Seattle. Barker wins, he will be flown to Seattle where he can be on hand toasting of his winning fish. According to ASMI, this will be the largest salmon ever cooked whole; and no one knows exactly how to go about it. Poach it? That's a possibility if a poaching pan big enough can be found. Chefainer Greubel of the Westin Hotel surveys his challenge (upper right) along with Jon Crowley, banquet coordinator. □

Old NEFCO cannery to become a resort

The Chatham salmon cannery, located on the southeast corner of Chichagof Island, is slated to become a recreational community. The 55-acre property was purchased by three Juneau residents, including former Attorney General Av Gross. Built in 1905, the Chatham Cannery was purchased from the holdings of the former New England Fish Co. for an undisclosed amount. NEFCO closed the cannery in 1974 when it failed to meet E.P.A. standards; the following year a fire burned the main building. Plans call for a fuel dock, marina and general store. Other partners in the venture are Lee Coffman, president of Alaska Savings and Loan, and Bill Goertzen, a contractor. □

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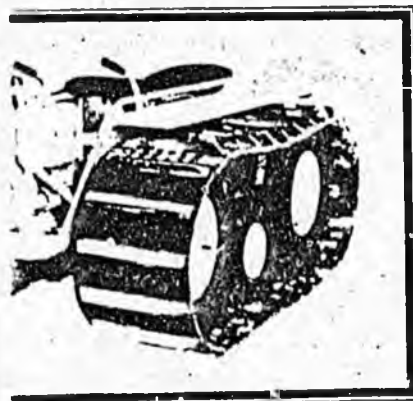
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San Michel

Low Prices and Short Season Squeezes Trollers to the Limit

by Karl Ohls

In the year when management had apparently stabilized, the Southeast troll fleet suffered an unexpected shock when salmon prices, all species, hit the lowest level in years.

"I hear it over and over again," said Jacqui LaRue, the Elfin Cove fish buyer for Pelican Cold Storage. "A guy bringing in a load of fish will say this is half of what he got last year."

Trollers have gotten used to premium prices for their fish, caught while feeding in saltwater, dressed on board the vessel and destined for the top quality market. From the fishermen's vantage point, the reasons for the price drop weren't clear.

Cal Boord, manager of Pelican Cold Storage, would only say that the prices "are reflective of the market situation worldwide." This means they were driven down by a combination of events, such as a devalued franc, high inventories, and, almost certainly, competition from Norwegian pen-raised salmon.

Whatever the exact cause, fishermen had the same answer when they were asked how their seasons were: "lots of fish, lousy price."

(At the dock in Pelican, the prices were \$1.90 a pound for large red kings, \$1.10 for medium kings, 73¢ for coho, and 35¢ for pinks. The buying stations, because of

transportation costs, paid 5¢ less for each species.)

"I'd be sitting on top of a real nice season, except for the price," said Loren Carter of Tenakee Springs, skipper of the *F/V Relief*. He added that he won't be hurt by the season "because I've got the old slab paid for," but some other guys might not be so lucky.

Juneau resident Rod Pruitt, owner of the *F/V Kipling*, said, "Fishwise, I'm okay. I don't know if I'm going to make ends meet or not."

Chuck Piedra (*F/V Mercedes*) of Port Protection described 1983 as, "Financially, the worst season I've had in eight years."

The price for fresh troll-caught, dressed cohos is the real shocker. Jim Wild, an Elfin Cove power troller and handtroller since 1973, said that in a normal year he gets \$10 for each 12 pound coho. "This year it's \$6."

Jacqui LaRue, interviewed shortly before the Aug. 4 coho closure, said some guys had already

Troller Jim Wild: "We need help with the markets." Wild has developed his own markets for winter fish, but in the summer there are too many fish and not enough time.

Heading out from Elfin Cove: For Alaskan trollers, seasons are getting shorter and prices lower.



hung up the season and left. Some get disgusted and come in for most of the day. "Some are out twice as long because they're getting half as much."

Hugh Rietze, who, along with his wife Mary, buys fish in Elfin Cove for the Excursion Inlet Packing Co., said, "Of course nobody is happy with the price. But the fishermen have to realize there are ups and downs. I think most of them are taking it pretty well."

Alternate markets aren't really feasible for the trollers of the isolated north end. Jim Wild has his own markets for winter kings, but said that in the summer he handles too many fish. "It would take too much time to box them up and ship them out."

Wild is a recently elected member of the Alaska Trollers Association board of directors. He said he brought up at a recent meeting the idea of ATA somehow getting involved in the market situation. But the other board members felt there were too many issues upon us—the treaty, the single species fishery—to spend energy on it now. Others felt market problems should be left to the Seafood Producers Cooperative. Wild said there may be more interest in pursuing the matter at the end of the season.

"We need help with the markets," Wild said as he maneuvered his boat, the *Euphoria*, in the waters off Three Hill Island. Occasionally the conversation would be interrupted as he raised the line to bring in a coho or pink. "We can't dump off cohos at 68¢/lb. and expect to make any money."

With the troll seasons unlikely to improve, people in Elfin Cove and Pelican are starting to explore other ways of making a living, such as tourism. But there is uncertainty that people used to the rough and tumble commercial fishery would be able to comfortably cater to the needs of tourists and sportmen. Also, no one knows if it would really generate enough business.

As for the future of the troll fishery, the fleet is divided into optimists and pessimists.

Jim Wild is an optimist. He points to the chinook quota not taking any further cuts and the unratified Canada-U.S. salmon interception treaty. "The governor is giving us support," he said, as he cleaned a humpy on one particularly slow day of fishing. "The state is starting to stand up for us and admit we exist. There's a heck of a lot more optimism than there was at this time last year."

He admits that there still may be some tough times ahead. "We've still got the treaty threat hanging over our heads."

Alaska trollers were outspoken in their opposition to the draft treaty because they felt the chinook cuts they would have to take were inequitable compared to what the Canadians would do in return.

Fred Howard, on the *Jolene M.*, is also hopeful of better times ahead. He said there may be a light at the end of the tunnel in the governor standing up for the fishermen.

"Washington and Oregon are trying to get Alaska to sign the treaty," he said. "They ought to put their goddamn pressure on Canada and forget about Alaska because Alaska has things under control."

Rod Darnell of Elfin Cove is a pessimist. "As long as they keep a quota, there's no hope," he said. The managers aren't managing on the strength of the run, he added, and if there's a poor run it could be wiped out. Darnell's attitude toward management is that he's fighting a foreign government.

Darnell had spent the last couple

days before the Aug. 4 closure rigging up a new trolling pole for his boat, the *F/V Pinto*. "I've only got one day of fishing left," he said. "Why should I rush out for 60¢ a pound?"

Darnell was optimistic about the fishery until he saw the price reduction. He caught 23 more king salmon than last year, but still isn't ahead. "I don't see how I'm going to make boat payments now," he said. "The state or the bank is going to repossess half the boats. The fishermen will become shoe clerks in town." He added that the only solution is to diversify into rockfish, cod and halibut.

Most of the fishermen on the north end commented on the high availability of king salmon in recent years. This was attributed to foreign trawlers being regulated a couple years ago to the west side of a longitudinal line running south of Yakutat.

The outcry over the presence of

mysterious net-marks on troll-caught salmon also seems to have tapered off. Teresa Moen, the quality control supervisor for Pelican Cold Storage, said she does see quite a lot of them, possibly "more than one out of every hundred" fish. Rarely, though, are the marks bad enough that a troll salmon would be graded number two instead of number one.

Fish buyer Hugh Reitz in Elfin Cove said he's not seeing as many marks as in past years.

Still, almost everyone seems to have samples of nets, floats and other foreign fishing gear that they either found washed up on beaches or caught on their lines and stabilizers. The lack of marine organisms on much of the debris is evidence that it hasn't been in the water very long. This leads to the suspicion that some illegal foreign fishing is taking place close to Southeast.

All of these things add up to the

conclusion that the troll fishery's problems aren't likely to be solved anytime soon.

Despite the preoccupation with the market problems, trollers still have plenty of complaints about the Alaska Department of Fish and Game's management of the fishery. For the last four to five years, trollers have been engaged in an ongoing battle with the state and federal fisheries managers over the optimum yield (OY) figure, or quota for king salmon. Each year, until this year, the trollers saw their allocation and seasons reduced so more chinooks could get back to the fisheries and spawning grounds of British Columbia, Washington and Oregon.

One common complaint was that when this year's quota was figured out, no one realized the prices would be so low.

"We could live with those prices if we could (continue to) fish," said Ernst Rasmussen, skipper of the

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Even though all kinds of boats are used in the troll fishery, Rasmussen's vessel was one of the more unique sights in the Pelican boat harbor. It looks like a 53-foot pleasure craft. Rasmussen said he saw the trend in the troll fishery when he had it built in 1977. Just remove the trolling polls "and I can sell it as a yacht." No one would be able to buy it as a troller.

Myrl Hancock of Port Townsend, Wash., said his boat, the *F/V Murrelett*, and permit are now up for sale "for the simple reason that they've got me shut-down. I'm not allowed to fish." Hancock expects that his boat will stay tied up next year because no one will want to buy the package.

While Fish and Game catch statistics show that trollers are going to do the same or better than last year, no one in Pelican or Elfin Cove was very pleased with all the closures (Apr. 15 to May 15, most of June, and Aug. 4 to 14; also all federal waters from three to 200 miles shut down July 20).

Cal Boord at Pelican Cold Storage said the closure of the fisheries conservation zone certainly reduced his plant's ability to attract landings.

Rasmussen said that except for

"There's going to be more people winter fishing than anybody has seen before."

July, the closures came just when the fishing was getting good each month. Pulling out a tidebook and pointing to the series of building tides in early August, he said he would "trade all the rest of the year for the days from August 7th to the 17th."

The seasons and the prices are going to "force people to winter fish," said Fred Howard, from Whidbey Island, Wash. "There's going to be more goddamn people winter fishing than anybody has seen before. Half the goddamn quota will be filled" (by spring).

The closures and the prices also have a major impact on the troll fishing communities and on the businesses that service the fleet.

"I have a feeling a lot of people are just making do with what they have to have," Walton said. "If it's not

essential, they're getting it fixed. He added that between prices and the pressure of the season, a lot of fishermen don't want to lose fishing time driving into the cove to get something repaired.

Leslie Dudley manages Swanson's General Store in Elfin Cove. She has noticed that fishermen are very cautious with their money; they just buy the basics, "milk, eggs, bread."

Vivian Max, a lifelong Pelican resident and the owner for the last ten years of Vivi's Cafe, said she used to be able to get up in the morning, look at the boat harbor, and tell how busy her day was going to be. Now, they "all come in at once and leave at once."

Sitting at a table in her cafe, Max said, "Today (Aug. 5) probably is one of my busiest days all season. You can see the difference between yesterday and today." This

unevenness causes problems in ordering food and hiring employees. Nonetheless, "I'll still keep going as long as it doesn't get worse."

Still, some people have tried to think up solutions. Juneau troller Rod Pruitt on the *F/V Kipling* has a simple solution to the whole dilemma. First, he said, adjust the Fraser River section of the proposed treaty so that the Canadians get 60% of the sockeye run and the Americans 40%. In return for this, he believes, the Canadians will allow the Alaska trollers the 20 year average of their king catch, 300,000. The last thing that needs to be done is reopen the traditional trolling grounds west of Cape Suckling to relieve pressure on Southeast.

"With those three simple things, we could do it," Pruitt said. "We could survive under a number and the troll fleet could return to a state of health."

Management and market problems often have a way of resisting simple solutions. Unforeseen things crop up.

Asked about the future of trolling, 23-year-old Dwight Riederer, skipper of the *Wendy A*, said his hope was that "20 years from now, I don't want to be down in Ketchikan, huddled around my stove, waiting for a 10-day opening in July." □

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King crab demise hastens switch to groundfish

ADN 129-84

By ANDREW MacLEOD
United Press International

KODIAK — Collapse of Alaska's red king crab stocks — once the jewel of the Bering Sea — has spurred American fishermen to enter the foreign-dominated deep water fishery, officials say.

"The decline in the king crab fishery is largely responsible for the development of the bottom fishery as we know it today," said Jeff Stephan, manager of the United Fishermen's Marketing Association.

While some in the crab fleet are

shifting to such species as cod and halibut, owners of many of the larger boats are concentrating on the ground fishery.

The ground fishery includes pollock and other high-volume, low-price species. It traditionally has been bypassed by American fishermen who concentrated on catches of lower volume and higher prices.

Until the passage of the 200-mile limit in 1976, Americans had little opportunity to claim the 1.5 million metric-ton harvest of ground fish off Alaska.

"It is hard to say, but I would say you're looking in the next two years at 40 to 60 percent of the crab fleet seriously looking into, if not making, the necessary (mechanical) conversions," Stephan said.

The collapse of the red king crab industry came only three years after a record harvest of 190-million tons worth \$160 million. The collapse has been particularly hard felt because recovery of the stocks is expected to be a slow process.

Cancellation of the season in September, the first time since state-

hood it had been closed, was prompted by decimated stocks. The exact cause, or causes, of the sharp drop in crab population is not known.

Disease, increased predation, a warming of water temperatures and just a natural change in the life cycle of the crab have been offered as answers.

What is known is that for several years biologists noted a drop in the number of young males entering the population and an alarming increase in the number of barren females.

"I don't think there is any one factor that is more responsible than others," said Martin Eaton, a state shellfish biologist who has studied the problem.

Biologists believe it will be at least eight years before the stocks recover. During that period, no commercial harvest is expected.

"The whole thing makes us pretty uncomfortable," said fisherman Vern Hall. "We've got a resource that is going down hill in several

See Page J-3. FISHERMEN

Fishermen gear up for ground fishery

Continued from Page J-1

ways."

With the prospect of a long wait before the red kings' return, fishermen have an added incentive for considering the \$300,000 to \$750,000 cost involved in converting their boats for the ground fishery.

Along the misty docks of Kodiak, which bills itself as the "King Crab Capitol of the World," not all are happy about the looming changes.

Control of the multimillion-dollar ground fishery off Alaska will not occur fast enough for some fishermen.

"Overall, I would say the vast majority of the people don't have the money to convert," said Ron Jolin, who operates a 90-foot schooner and 44-foot seiner.

In addition, there is little onshore processing capacity and the Alaskan fleet, for the most part, is diversified. To enter the ground fishery, some fishermen will have to forego other lucrative catches.

Jack Hill, operator of a 90-foot boat, said he would have to give up tendering salmon and fishing for tanner crabs and halibut to enter the ground fishery.

"Why should I convert?" he asked. "So I can give up (a good income) to get into a high-volume, low-price fishery."

However, some of the key historic obstructions to American fishermen entering the ground fishery, which is concentrated in the Bering Sea and dominated by the Japanese, are crumbling.

Japanese officials, faced with the prospect of being forced out of the 200-mile limit, agreed in November to nearly double their purchase from U.S. fishermen of the annual ground fish catch.

"The U.S. harvest has increased 10 fold since 1980 and the new agreement will put us in the range of 500,000 to 600,000 metric tons."



Anchorage Daily News/Craig Barlett

Kodiak king crab fishermen deliver their prized catch in 1981 during better times.

said Bill Phillips, a fisheries expert on the staff of Sen. Ted Stevens, R-Alaska.

Lack of onshore processing facilities has been addressed by legislation backed by Stevens that would ease financing for converting onshore plants to handle ground fish.

"I think the transition that is now under way is off the ground and rolling," Phillips said. "The full integrated system is within reach in 10 years. The control of the harvesting is within reach in five years."

Counting onshore processing, Phillips estimates the

ground fishery off Alaska could develop into one of the largest in the nation.

"We've called it a billion-dollar fishery when you look at the processing and associated industries," he said.

The shift in product harvested also would bring a change in markets and put the U.S. into competition with large-scale fishing nations, according to industry officials.

"With a ground fishery, you're talking a different ballgame. You're looking at a world market," Stephan said.

Sept. 26, 1983

Strapped gillnetters blame politics

by Andy Ryan
Times Juneau Bureau

Juneau — Despite record runs of sockeye and pink salmon this year, gillnet fishermen in Southeastern Alaska say they are on the brink of financial ruin.

They blame their problems largely on past policies of the state Board of Fisheries, which they say have discriminated against them in favor of purse seine fishermen.

Two weeks ago, gillnetters presented Gov. Bill Sheffield and Fish and Game Commissioner Don Collingsworth with a set of statistics — culled from state records — showing that average Southeastern purse seine catches have jumped by 500 percent since 1975, while gillnet catches have stayed about the same.

The figures, compiled by Jeron Bruce, director of the United Southeast Alaska Gillnetters Association, also show that Alaskans hold about 63 percent of the state's 486 gillnet permits but just 45 percent of the 421 seine permits.

Seiners use a larger, different kind of net than gillnetters use. Also, seiners typically have a six or seven-person crew, compared to gillnetters, who tend to be soloists.

This year will bring the largest salmon harvest in the region since 1949, Bruce said.

But gillnetters' share of the take is expected to be about the same as in the past few years.

In fact, gillnetters' percentage of the total catch may be the lowest since 1900.

"Some people may be able to weather it better than others, but everybody is taking a beating this year," Bruce said.

The plight of the gillnetters, he said, has been caused by mismanagement in the Division of Commercial Fisheries and by "the political nature" of the Board of Fisheries.

Politics, he said, has kept gillnetters out of prime fishing areas, while purse seiners have filled their holds with salmon.

With Sheffield's election, however, and with his appointment of new members to the Board of Fisheries, gillnetters have begun to talk about a return to prosperity.

"We're real hopeful with the new administration," Bruce said. "There's a new commissioner of fish and game and an entire new board of fisheries. The time has finally come when the state is going to respond to the problems facing the gillnet fishery since 1977."

At their spring meeting, members of the Board of Fisheries voted that when they meet again in February they will take up how salmon should be allocated among fishermen using different type of

gear. Previous boards had refused to consider the issue of allocation.

Steve Pennoyer, commercial fishery director, said Sheffield and Collingsworth have agreed to try to bring seiners and gillnetters together before the board meeting to try to iron out their differences. But the state has been careful not to take sides in the matter, he said.

There is no doubt that seine catches have risen while gillnetters have been treading water, Pennoyer said.

But he noted that seine fishing on pink salmon stocks was cut back during the early 1970s for conservation reasons. It has been only recently, he said, that pink salmon — the mainstay of the seine industry — have made such a formidable comeback.

In the past, he said, the Board of Fisheries operated under the general axiom that fish stocks should not be reallocated — that is, dramatically shifted from one gear group to another.

"They thought that you shouldn't simply be able to waltz in and take the fish away from somebody else," Pennoyer said. If board members do decide to reallocate the fish, he said, they will be in for some tough choices.

Terry Gardiner, a former state representative from Ketchikan and a gillnet fisherman for 14 years, hung up his net this year and stayed home to work at his seafood packing business.

Before the number of salmon fishermen was restricted in the early 1970s, he said, there was a 35 percent annual turnover among gillnetters.

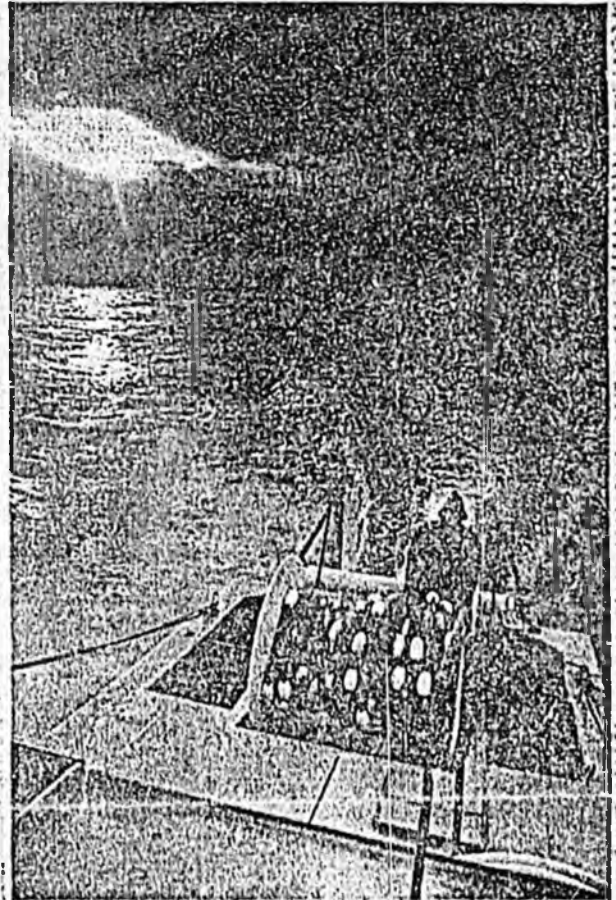
Gardiner said figures showing higher catches by seiners are a result of dramatic increases in pink salmon runs. And the areas where gillnetters fish aren't the areas where pinks are being caught.

As to the question of whether the Board of Fisheries has discriminated against gillnetters in assigning the areas in which they may fish, Gardiner said the board has simply maintained the status quo for the past 15 years.

"The board really hasn't done anything one way or the other. So they really haven't discriminated for or against someone, unless you initially make the moral judgement that the status quo was wrong," he said.

Gardiner was asked if, in light of changes in catch patterns in Southeastern Alaska, the salmon fishery needs to be reallocated between different gear groups.

"If I was a gillnetter I'd say it does, if I was a seiner I'd say no," Gardiner said. "If I was God, I'd say cut the baby in half."



Times file photo

Alaskan gillnetters feel they are being shorted in favor of purse seiners

Finance

\$3 million in fed. loans ok'd

Three million dollars in emergency, low-interest loans have been made available from the federal fisheries loan fund through the Department of Commerce. The funds are intended to help fishermen avoid default on fishing vessel mortgages.

According to NMFS, the administrative agency in charge of the fund, mortgages must be on vessels of at least five net tons to be eligible for assistance. The money can be used to pay off mortgages incurred to finance the building, rebuilding, or reconditioning of those vessels.

One million dollars has been set aside for fishermen whose vessels are financed under the Federal Fisheries Obligation Guarantee Program. The deadline for application is June 1, 1984.

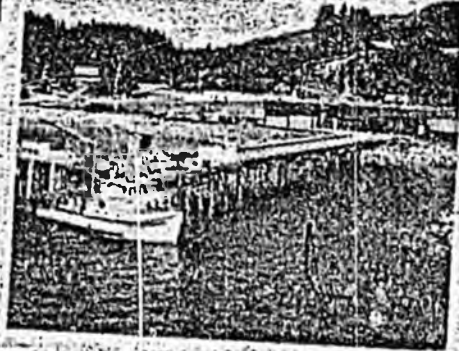
The remaining two million dollars is earmarked for fishermen whose vessels are not financed through the federal program. Application for this money is open from January 15 to March 1, 1984.

Contact the National Marine Fisheries Service for more information. □

3ering Sea oil survey done



Processors



Sea Galley wants out of Seldovia plant

Sea Galley Stores, Inc., which owns Sea Galley restaurants, is trying to sell the Seldovia seafood packing plant it has owned for two years. The company blames heavy losses partially on the decline in king crab production and other operating problems.

The Seldovia plant produced portion controlled packages of crab, halibut, and salmon, most of which was for the Sea Galley restaurants. The company is also selling its meat processing and packing plant near Seattle.

At press time, no buyer had been found for the Seldovia plant on the south side of Kachemak Bay on lower Cook Inlet. Opening of the plant for the 1984 season will depend upon a successful sale. Numerous local fishermen have been delivering to Sea Galley. □

Seward waits for opening of shipyard

An ill wi carries f gift to K

On Dec. 15 the ster fish blanketed down Residents buried th their coat collars lon find a phone and call demand olfactory relie The odor was waiti westerly air current Dry, the fish meal pl: of Kodiak is in the purchasing.

City Manager Sam asked that the fish been sitting in Bio-Dry for several months be c which is exactly what manager started doing can't believe they didn an offshore wind," said (Irate citizens calle Geko called Police. Martin and Martin sen officer out to Bio-Dry t manager to cease and de

Sheffield pick Admiral Knapp for cabinet

Coast Guard Rear A Richard Knapp has been by Alaska Governor Bill S to head the state Departn Transportation. Knapp, currently the commanding of all Coast Guard perso Alaska. He will retire fro Coast Guard with 32 years vice to accept the cabinet p March 1.

Knapp is filling a vacancy \$73,000 per year job that w when Sheffield fired fo Commissioner Tom Casey Department of Transportat the largest department in government. Knapp has living in Alaska for three year Sheffield said Kna experience

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Crab stocks decimated; seasons canceled

By CHUCK KLEESCHULTE
Daily News business reporter

For the first time since statehood, Alaska officials Thursday canceled king crab seasons this year off Kodiak and in Bristol Bay because surveys show crab populations at critically low levels.

The closures by the state Department of Fish and Game in the two areas that produce most of the state's

red king crab mean Alaska fishermen may harvest as little as 4 million pounds of red king crab this year, compared to 175 million pounds just three years ago.

Overall, the total harvest of all species of king crab — red, blue and brown — likely will be less than 25 million pounds in the 1983-84 season, officials say. That compares to 193.1 million pounds

hauled in at the peak of modern crab catches in 1980.

The economic impact of the closure could be devastating for many Kodiak fishermen, who already are reeling from poor salmon harvests off the Southcentral Island this summer.

"I've never seen a season this bad. It will just be disaster for a lot of fishermen. Hopefully, most will be

able to hang on until tanner crab season opens (in February), but it is going to be tough," said Hank Eaton, a Kodiak commercial fisherman for 44 years.

Marty Eaton, a state regional biologist in Kodiak, said preseason surveys in Bristol Bay estimate there are only 9.6 million female crabs in the bay, down 50 percent from last year. The state esti-

mates that 20 million females are needed to maintain healthy breeding stocks in the bay.

The number of male crabs in those waters was estimated at 1.5 million, the lowest ever recorded.

Last year Bristol Bay produced 3 million pounds of red king crab. The state estimates the bay could have produced only 1 million

pounds this year if the season had opened, but only at the risk of destroying future harvests.

Off Kodiak, where stocks are sampled by a different method, estimates are that there are only 5.5 million pounds of male crab, compared to 10 million pounds just two years ago. Many of

See Back Page, KING

King crab

Continued from Page A-1

the female crabs surveyed off Kodiak were barren of eggs, leaving less than 70 percent capable of reproduction, compared to more than 90 percent two years ago.

Biologist Eaton said that in Uganik Bay off Kodiak, every female crab tested was barren of eggs.

"If this isn't a disaster, I don't know what is. It is precedent setting for us to close entire grounds, but we've never seen such dismal stocks before," Eaton said.

He said the state closed the Kodiak season, which would have opened Sept. 25, and the Bristol Bay season, which would have opened Oct. 1, because stocks are still declining after last year's sharp decline.

Eaton said the main cause of the fall in stocks seems to be the increase in cod and halibut that feed on king crab larva and immature crabs. "Our surveys are sampling record cod and halibut stocks. And we are seeing a decrease in undersized crabs that points a finger at cod as the cause," the biologist said.

The state is still trying to determine the cause for the great increase in barren females over the past two years.

Last year, fishermen netted \$116 million off state crab stocks. With further increase in king crab prices likely to be triggered by the reduced harvest, state officials said it is too early to predict the final value of this year's catch.

The closure means that the total Alaska red king crab catch this year will consist of:

- 200,000 pounds caught off Southeast;
- 300,000 pounds caught in early August in Cook Inlet;
- 750,000 to 1 million pounds that are expected to be caught off the Alaska Peninsula; and,
- About 2.5 million pounds predicted for harvest off Adak.



UNITED FISHERMEN OF ALASKA

319 Seward Street, Suite #10
Juneau, Alaska 99801-1188
(907) 556-2320

Cass M. Parsons
Executive Director

RESOLUTION NO. 1

WHEREAS market value of Alaska salmon is depressed from the high levels achieved during the late 1970's and early 1980's by as much as 40% on some species; and

WHEREAS salmon fishermen from all areas of the state in response to the favorable economic conditions of the immediate past made substantial investments in up-grading their vessels and gear; and

WHEREAS many of these fishermen now in the areas of Kodiak and Cordova and tomorrow in other areas of the state are over-capitalized in relationship to the current market value of their products; and

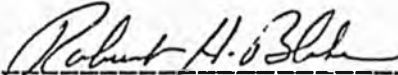
WHEREAS many of these fishermen, who are professionals with years of productive experience, will soon be faced with the dismal prospect of defaulting on their vessel and permit loans.

NOW THEREFORE BE IT RESOLVED that the United Fishermen of Alaska requests Governor Sheffield to take immediate action in determining the magnitude of this problem; and

BE IT FURTHER RESOLVED that a program be created and funded to assist those fishermen who can demonstrate the potential to regain their economic viability in solving their immediate financial problems.

Date: _____

2/2/84



Robert H. Blake
President

Juneau fish processing plant to close Dec. 31

By CHUCK KLEESCHULTE
Daily News business reporter

12-6-83

The only fish processing plant in Juneau will shut down and be put up for sale at the end of the year, the victim of high Southeast operating costs.

Kodiak King Crab Inc., a subsidiary of Ocean Beauty Seafoods, said it will close Juneau Cold Storage and sell the downtown waterfront property Dec. 31.

Victor Horgan, president of Kodiak King Crab, said in a phone interview from Seattle that the Juneau plant has consistently recorded operating losses. In recent years, it has been processing and freezing 3 million to 4 million pounds of seafood — red, chum, pink

and coho salmon.

While declining to discuss the size of the losses, Horgan said the company had tried new measures during the past two years to stem the red ink.

"It's been a steady decline for the past three or four years. And we're convinced it just can't be turned around," Horgan said.

He said the plant was closing since its older equipment resulted in inefficiency and higher operating costs than newer ones in the state. And he said Juneau's location, a long distance from major Southeast fishing grounds, also hurt its chances for profitability.

The closing will idle seven full-time employees and nine hourly workers. During the

summer, an additional 16 hourly workers were hired. The plant is Juneau's largest non-governmental employer.

Horgan said this summer the plant bought fish from 101 fishermen. The company is trying to help the fishermen find new buyers.

Horgan said the closing likely will not have a major effect on the state's fish processing industry.

The Juneau plant is owned jointly by the Japanese trading company Marubeni Corp. and by Ocean Beauty, a wholly owned subsidiary of the Sealaska Native Regional Corp. based in Juneau.

The closing will not affect Kodiak King Crab's Kodiak processing plant, Horgan said.

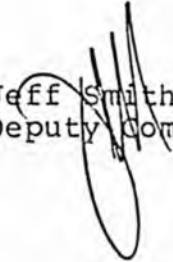
MEMORANDUM

State of Alaska
Community and Regional Affairs

TO: Lennie Boston, Special Assistant DATE: January 24, 1984
Office of the Governor

FILE NO:

TELEPHONE NO: 465-4700

FROM:  Jeff Smith
Deputy Commissioner

SUBJECT: Kodiak Near-Term
Assistance Project

Attached is an executive summary for the project effort, as well as individual reports produced by each of the Departments represented on the interdepartmental working group. The executive summary represents a distillation of the positive action steps proposed by each Department that would contribute towards near-term economic relief on Kodiak Island.

DRAFT

Kodiak Near-Term Assistance Working Group

Executive Summary

An interdepartmental working group was convened January 12, 1984 to address Kodiak Island's current economic difficulties. The working group consisted of members from the Departments of Commerce and Economic Development; Community and Regional Affairs; Health and Social Services; labor; and Transportation and Public Facilities. The object of this working group has been to produce a report regarding the options and prospects for near-term assistance which the State could provide to Kodiak Island residents who are coping with dramatic declines in the region's fisheries related economy. This report focuses on specific actions which the State could take in the near future to provide for some level of immediate economic relief to the region.

This executive summary presents the cumulative positive actions proposed by the separate agencies which participated in the project working group. The work plan for this project is attached as well as the separate reports as provided by the participating agencies.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

A. Loan Extensions. The Division of Accounting and Collections considers formal requests for loan extension on commercial fisheries loans issued by the Division of Investments. Most annual interest and principal payments are due in a lump sum each October and November. This year, 53 loan extension requests have been received from Kodiak Island.

Action Steps: Processing of extension requests are receiving priority attention. As of 1/20/84, 38 requests were approved, 1 request was disapproved, and 14 requests are under varying stages of review. All applications are expected to be processed by early February, 1984.

B. Bulk Fuel Loan. The Division of Investments has a bulk fuel loan program to assist small communities in the purchase of bulk fuel. The six outlying communities on Kodiak Island are eligible for this program. Loans are interest-free the first year, 5% the second year, and graduated upwards thereafter. Karluk presently has a loan; Akhiok would qualify for a second-year loan. All of the other communities could qualify for the interest free loan. Application requires a letter from an authorized community representative.

Action Steps: The DCED has initiated steps to inform all communities of the availability of these loans and procedures required to apply.

C. National Marines Fisheries Services loan Program. NMFS has a limited loan program (\$3 million nationwide) designed to assist fishermen in making loan payments on their vessels. Tax and accounting records are required, the borrower must be in risk of default but not in bankruptcy proceedings, and the vessel cannot be secondhand. One year loans can be paid off over ten years at a rate of 3%.

Action Steps: The DCED has initiated steps to provide the Borough of Kodiak with appropriate regulations and information.

D. Fishermen/Vessel Matching services. Cut-of-state vessels which fish off the Alaskan coast traditionally employ few Alaskans, since most gear up in Seattle. Alaskans have not actively pursued these positions. It is likely that many under-employed Kodiak Island fishermen are more skilled in Alaskan fishing than the present crews on these vessels.

Action Steps: The Office of Commercial Fisheries Development, DCED, has initiated conversations with the North Pacific Fishing Vessel Owners' Association for the purpose of determining the nature of potential job openings and to initiate a pilot program for matching those openings with fishermen on Kodiak Island interested in such employment. The Association responded positively to initial inquiries.

E. Tourism Survey. Several rural Kodiak communities have expressed an interest in tourism. There is, however, a lack of specific information on the characteristics of these communities that might attract tourists as well as a lack of market survey information on what potential tourists might be interested in and the kinds of services they would seek.

Action Step: The Division of Finance & Economics in Coordination with advocacy divisions within DCED has initiated a study which will survey rural communities on one hand and a sample of Anchorage's population on the other to determine the potential of tourism for rural Kodiak communities.

F. Coast Guard Uniformed Service Provision. A number of maintenance services presently performed by Coast Guard personnel in Kodiak could be performed by the private sector.

Action Step: A letter has been transmitted from the Governor's Office to the Alaskan Delegation in Washington encouraging that such a transfer of maintenance services from the Uniformed Service to the private sector be considered.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

A. Job Training Partnership Act (JTPA), Division of Community Development (DCD).

1. Matching Fund Assistance. JTPA offers a Dislocated Workers Program for residents who have been terminated due to industrial decline. Approximately \$340,000 will be available (as of contract award in Feb., 84), \$67,000 of which is state money. Program respondents (private-for-profit or non-profit) must provide an additional 25% in matching funds.

Action Step: The state could pick-up the 25% matching funds to facilitate access. Additionally, the DCFA will assist where possible in the local vendor application process.

2. Vocational Educational Funds. JTPA provides funding for a.) Employment Security counseling staff and b.) Pre-apprenticeship Training in building maintenance.

Action Steps: A supplemental appropriation could be targeted at providing such positions in Kodiak Island on a per-community basis. The building maintenance positions could be linked to proposed RDA building and hydropower projects.

3. Other JTPA Programs. JTPA offers On-The-Job-Training (OJT), Institutional Skills Training (IST) and Youth Programs (YP); all of which could be applicable to the diversification of Kodiak's fisheries industries. Direct infusion of job training/employment dollars into these small communities could provide for immediate economic relief. Lack of a private economy makes use of federal funds unlikely. Short-term assistance with OJT in the public sector, perhaps one to six jobs per community, could be accomplished through a direct grant to the regional non-profit for implementation.

Action steps: The state could provide additional immediate funding to these programs through a supplemental appropriation. Estimated cost would be \$150,000 to \$225,000. The Department's regional representative is in contact with City officials and community service agencies in regard to application of existing funding. DCFA's regional representative is currently negotiating with private industry in Kodiak with regard to IST contracts.

B. State Employment and Training Program (SETP), DCD. This program provides upgrade training and internships and would be applicable to the retraining needs of fishermen and fish processors in adapting to the new bottomfish industry. This state-funded program requires annual appropriations.

Action Step: An FY84 supplemental appropriation could be targeted to the Kodiak region.

C. State Low-income Weatherization Program, DCD. The Department has recently received two proposals from the Kodiak area: one from KANA (\$182,000) to weatherize homes in Akhiok and Karluk; and one from ACDC for \$1.5 million to weatherize homes in the City of Kodiak. At present, these proposals must pass through a comparative evaluation process and may or may not be approved and may be funded at a lower level than requested. The Department has received approximately \$15 million in requests and has approximately \$5.5 million available in program funds.

Action Step: The state could target a supplemental appropriation to assure the funding of these proposals, and perhaps additional, weatherization proposals and "fast track" the evaluation process.

D. Child Care Programs, DCD. Because of the economic difficulties in Kodiak, an increasing number of mothers wish to enter the active labor force. The lack of adequate child care facilities is a major constraint. There are three areas of critical need for which the state could provide additional near-term day care assistance: 1) more licensed child care facilities; 2) more program dollars to allow eligible families access to services; 3) additional training of staff and administrators.


Action step: The state could target a supplemental appropriation in the form of Child Care Grants to the communities on Kodiak Island.

E. Technical Assistance Grants, Municipal and Regional Assistance Division (MRAD). Existing FY84 program funds have been expended or committed.

Action Steps: A supplemental appropriation could be directed to providing technical assistance to Kodiak Island communities. Near-term benefits would derive most quickly from labor intensive projects such as community surveys performed in conjunction with longer term development concepts. Additional, funding could be targeted towards occupational training schemes which provide residents with maintenance and operational skills required for anticipated equipment or capital facilities purchases.

F. Rural Development Assistance, MRAD. Present program guidelines limit grants to \$100,000 per community per fiscal year. FY 84 RDA funds have been disbursed or committed. At this time, there are several proposals submitted to the Department for FY85 consideration.

Action steps: A state supplemental appropriation could be targeted to each of the outlying six communities to be disbursed along the lines of the existing RDA program. The appropriation would be administered through the Kodiak Island Borough which has planning powers for Kodiak Island. Two general areas of program application would be the construction, expansion, and maintenance of community halls and the construction and maintenance of equipment storage facilities for existing or anticipated city equipment (oil trucks, graders, fire engines, etc.).



G. Capital Improvements Projects: Force Accounts, MRAD. Force accounts are where the community performs its own construction projects, in-house, rather than going out-to-contract. In this case, the community could hire local residents to perform the project. Small communities would need technical assistance/training in the efficient formulation and implementation of such programs.

Action Step: The Department would offer a program of training and follow-up technical assistance to support communities in this effort. This program would be well suited for placement in the Municipal and Regional Assistance Division and could be implemented rapidly.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Office of Alcohol and Drug Abuse. The program caseload in the Kodiak area has more than doubled in the last year. The current economic problems have been identified as a major cause of this increase. This increase has forced the program to exceed appropriate counselor to client ratios. The Office reports that budget cuts last year necessitated the cessation of client services to residents of the outlying villages on Kodiak Island. In FY84 the Kodiak Council received a grant award of \$265,000 requiring a local match of \$29,400. The state has the option of waiving this match at any time.

Action Steps: An additional staff counselor should be added to the regional staff. This position would allow for increased aftercare and renewed outreach services to the six outlying communities. Additional travel funds would also be required. Total projected costs for the additional position and travel would be about \$30,000.

B. Division of Mental Health and Developmental Disabilities. Based upon current trend information, there will be a major increase in demand for mental health services in Kodiak. This increase may be directly linked to the present economic difficulties. Unemployment both precipitates mental problems and precludes access to treatment without some form of financial assistance.

Action Steps: Two to five new positions are required. These should be local hire positions that would be involved with the residential training program as well the vocational rehabilitation cases (Trainers and Aides).

C. Division of Public Assistance. There is an increasing level of need and demand on DPA programs. Many households are seeking energy assistance (EAP) much earlier in the winter heating season than usual.

Action Steps: While DPA programs are reported to be well known in the region, DPA will initiate an outreach effort, including additional display advertisements in the local paper. An EAP outreach contract with the Kodiak Area Native Association has recently been executed. While recent increases in DPA caseloads have not been dramatic, DPA is "being particularly mindful" of monitoring caseloads in the Kodiak region in order to anticipate any dramatic increase in program demand.

D. Division of Family and Youth Services. The Division has experienced a 10-15% increase in caseloads in the Kodiak area during the last year.

Action Steps: Additional staff will be required. These would preferably be entry level positions such as Social Worker I or Social Service Associate III. Using an entry level position would promote local hire.

DEPARTMENT OF LABOR

A. Job Placement Assistance. Job Service personnel in Kodiak provide a wide range of employment placement services. These personnel work closely with managers of all plants on Kodiak Island to provide a service that promotes consideration of available workers in and around Kodiak.

Action Steps: To improve consideration for local hire of seafood workers, the State Seafood Placement Coordinator will revisit the Seattle offices of Kodiak plants in February and further encourage the use of job service in Kodiak to obtain their workers. A special effort will be made to access federal emergency Veteran's Job Training funds by assisting local employers in the development of significant job training programs. Up to \$10,000 in wage subsidy are available through this program, which offsets the employer's costs of trainings

B. Job Training Partnership Act (JTPA). Job Services functions as a liaison with the Department of Community and Regional Affairs and the Department of Education, to coordinate and provide JTPA services.

Action Step: Job Service will coordinate with the JTPA efforts described earlier under the Department of Community and Regional Affairs.

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

A. Local Service Roads and Trails Program. The Local Service Roads and Trails (LSR&T) program was initially created in 1971 to provide State grant funds to improve local community roads. The distribution formula and funding cycle for the LSR&T program significantly affects its ability to be responsive to Kodiak needs in any significant fashion. As an example, if the present annual appropriation were divided evenly among the six outlying Kodiak communities, roughly \$22,000 would be available per community, which would barely cover equipment mobilization costs.

Action Step: Designate some type of add-on or supplemental funding for the Kodiak Island Borough Local Service Road and Trail Program. Given such funding as indicated, the following local projects, which have been identified for immediate construction, would in each case provide some near-term employment opportunities for local laborers:

1. Cuzinkie Boardwalk; \$60,000.
2. Old Harbor Landfill Access Road Improvements; \$250,000.
3. Port Lyons Road Rebuilding and Extensions; \$2,000,000.
4. Karluk Upgrade of Road to Sanitary Landfill; \$200,000

B. Early Implementation of Funded Capital Improvement Projects. The DOT/PF has identified a number of projects on Kodiak Island for which funding exists and which are essentially ready for construction. However, the only project which could in some manner be facilitated is the Mission Road Reconstruction Project. The Project will be ready for construction this spring, but at a reduced scope unless supplemental funding is made available. An expanded project would translate into immediate employment opportunities.

Action Step: Supplemental appropriation for the Mission Road Reconstruction Project of \$340,000.

C. Expediting Federal Construction Programs. There is currently only one outstanding program reservation for HUD housing in the Kodiak area. The reservation is for 15 units in Old Harbor. The Kodiak Island Housing Authority has been unable to proceed because they cannot ensure HUD of physical access to the site. KIIHA is working with EIA to secure a commitment for road construction; however, EIA has very limited resources.

Action Step: The DOT/FF could be useful in expediting the HUD construction project by supporting an Old Harbor access road. Near-term benefits would derive from both the road and housing projects. It is anticipated that such a project could begin by late spring and would cost approximately \$400,000.

D. "Other" Projects. The DCT/PF has identified several Kodiak Island Projects which could provide some level of near-term economic benefit to local residents.

Action Steps:

1. Upgrade Dog Bay Small Boat Harbor; \$800,000.
2. Construct Community Equipment facilities; \$100,000 per facility.
3. Port Lions Ferry Dock Repair; \$500,000.
4. Old Harbor Fuel Dock Repairs; \$800,000.

KODIAK PROJECT
NEAR-TERM ASSISTANCE

WORKING GROUP PLAN

Work Group Members

DCRA: Jeff Smith (lead agency)
DHSS: Jerry Harris
DOT/PF: Riley Snell
ASMI: Bill Hudson
DCED: Bill Beardslaw
DOL: Jim O'Connor

The object of this working group is to produce a report regarding the options and prospects for near-term assistance which the State may provide to Kodiak Island residents who are coping with dramatic declines in the region's fisheries related economy. This report should present specific actions which the State could take in the near future to provide for some level of immediate economic relief to the region. Where appropriate, supplemental funding requirements should be defined. If possible, the effects of various levels of supplemental funding should be identified. The report is to be presented, in final form, to the Governor's mini-Cabinet on Tuesday morning, 1/24/84.

In order to achieve this timeframe, the following work plan is suggested:

1/12 (Thursday, a.m.): First group meeting; scoping session to review the general task, discuss the interagency report on Kodiak economic conditions, discuss specific agency assignments and areas of research/report coordination. We should leave this meeting with a clear idea of what each individual is responsible for producing, as well as agreed upon times for submission of draft materials.

1/18 (Wednesday, p.m.): Second group meeting; exchange preliminary findings, discuss research/report problem areas.

1/20 (Friday, p.m.): Submission of final draft materials for inclusion into final report.

1/23 (Monday): Preparation of executive summary.

1/24 (Tuesday, a.m.): Report to Cabinet.

Preliminary task assignments, by department, are as follows:

I. DCRA

- A. Lead agency responsible for working group coordination and production of executive summary.
- B. Investigate "matching fund" constraints to community access to federal funding (BIA, HUD, etc.)
- C. Investigate requirements of increased facilitation of RDA projects.
- D. Investigate requirements for expanding the LEAP program (fuel supplement).
- E. Assess levels of most critical, immediate, needs (Fuel, Food)

II. DHSS

- A. Inventory the Departments programmatic activity in the Kodiak Island Area.
- B. Investigate "matching fund" constraints to community access to federal funding (HSS, HUD, etc.)
- C. To the degree possible, define present and projected increases in program use (WIC, Food Stamp, ADF, Mental health, Y&FS, etc.) attributable to the recent economic slowdown. Investigate the cost requirements of serving this increased need.
- D. Assess levels of most critical, immediate, needs (health, social)
- E. Research temporary employment opportunities of DHSS program activity.

III. DOT/PF

- A. Investigate the costs and effects of supplemental appropriations for Local Service Roads and Trails funds.
- B. Investigate the specific steps of early implementation of funded capital improvements in the Kodiak Island area.
- C. Investigate facilitating early implementation of proposed federal construction projects (BIA, PHS, HUD) insofar as they might provide immediate employment opportunities.
- D. Erosion Control Programs
- E. To research availability for contracting out to communities maintenance for State facilities.

IV. DOL

- A. Supplemental Job Service Activity.
- B. Research DOL regulations to obtain hiring at the community level for capital construction this summer.

V. DCED

- A. Investigate short-term projects, loan vehicles, that could provide interim employment opportunities.
- B. Investigate expedient implementation of the Raw Fish Tax Credit Incentive Program as recommended by Governor's Fisheries Policy Task Force.
- C. Investigate status of the Fisheries Industrial Technological Center proposed for Kodiak Island.
- D. Summarize recent/ongoing studies regarding economic diversification on Kodiak Island (State, Chamber of Commerce activity, etc.).
- E. Look at transitioning Coast Guard enlistment employment to civilian at Kodiak Base.

cc: Bruce Twombly, Commercial Fisheries Limited Entry
Commission

NEAR TERM ASSISTANCE TO KODIAK
DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
SYNOPSIS AND ACTION STEPS

Loan Extensions:

Synopsis: The Division of Accounting and Collections considers formal requests for loan extension on commercial fisheries loans issued by the Division of Investments. Most annual interest and principal payments are due in a lump sum each October and November. This year 53 loan extension requests have been received from Kodiak Island.

Action Step: As of 1/20/84, 38 requests were approved, 1 request was disapproved, and 14 requests are under varying stages of review. Processing of extension requests are receiving priority attention, and all applications are expected to be processed by early February, 1984.

Bulk Fuel Loans:

Synopsis: The Division of Investments, DCED, has a bulk fuel loan program, the purpose of which is to assist small communities in the purchasing of bulk fuel. Any "organized municipality or unincorporated village with a population under 2,000, or individual endorsed by the municipality" is eligible. All communities on Kodiak Island, except for the City of Kodiak, qualify for this program. Loans are interest-free the first year that a community applies, 5 % interest the second year, and graduated upward thereafter. Karluk presently has a loan. Akhiok would qualify as a second-year candidate (i.e., for the 5% loan). The remaining communities qualify for interest-free loans. Application procedures are very simple (basically a letter to the Division of Investments from an authorized community representative).

Action Step: DCED has initiated steps to inform all communities of the availability of these loans and the procedures required to apply.

National Marine Fisheries Loan Program:

Synopsis: JMF has a very limited loan program (\$3 million nationwide) designed to assist fishermen in making loan payments on their vessels. Tax and accounting records are required, the borrower must be in risk of default but not in bankruptcy proceedings, and the vessel cannot be secondhand. One year loans can be paid off over 10 years at a rate of 3%.

Action Step: DCED has initiated steps to provide the Borough of Kodiak with appropriate regulations and information.

Fisherman/Vessel Matching:

Synopsis: Out-of-state vessels and fleets which fish off the Alaskan coast traditionally employ few Alaskans, since most gear up in Seattle, and Alaskans have not actively pursued these positions. Many of the crews hired are not skilled fishermen and few know the Alaskan fisheries environment. Further, on the surface it appears that there may be a significant number of Kodiak fishermen who might be available and qualified for such employment.

Action Step: The Office of Commercial Fisheries Development, DCED, has initiated conversations with the North Pacific Fishing Vessel Owners' Association for the purpose of determining the nature of potential job openings and to initiate a pilot program for matching those requirements with fishermen on Kodiak Island interested in such employment. The Association responded positively to initial inquiries.

Tourism Survey:

Synopsis: Several rural Kodiak communities have expressed an interest in tourism. There is, however, a lack of specific information on the characteristics of these communities that might attract tourists and a lack of market survey information on what potential tourists might be interested in and the kinds of services they seek.

Action Steps: The Division of Finance & Economics, DCED, in coordination with advocacy divisions within the DCED has initiated a study which will survey rural communities on one hand and a sample of Anchorage's population on the other to determine the potential of tourism for rural Kodiak communities.

Attachments:

Fuel Loan Information Sheet
Fisheries Loan Fund Application
Letter relating to Vessel/Fishermen Matching

WHB:gr/1-23-84

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**
OFFICE OF COMMERCIAL FISHERIES DEVELOPMENT

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2518

January 20, 1984

Mr. Barry Collier, Manager
North Pacific Fishing Vessel
Owners' Association
Fishermen's Terminal
Bldg. C-3, Room 218
Seattle, WA 98119

Further to our telephone conversation this morning I would like to explain in greater detail the fisheries related economic problems being experienced by rural Kodiak fishermen and the possibility of our working together to place some of those fishermen as crewmen in the upcoming Shelikof Straits joint venture fishery. As you may know, two years of poor Pink salmon returns in the Kodiak area have combined with the collapse of the King Crab fishery to severely disrupt the economy of rural Kodiak. In such villages as Old Harbor, Ahkiok, Larsen Bay, and Ouzinke experienced purse seine/crab fishermen who own their vessels or operate cannery owned vessels are virtually without alternate employment opportunities, fisheries related or otherwise.

As I indicated in our conversation earlier today, I would propose that our office, NPFVOA, and possibly the Kodiak Area Native Association (KANA) work together in a "matchmaking" role, exploring the possibility of creating employment opportunities aboard some of your members' vessels during the 1984 Shelikof Straits fishery. I would perceive that the respective roles of our organizations would be as follows:

NPFVOA would identify vessel owners interested in participating with the program and outline basic requirements for potential crewmembers.

KANA would perform the outreach function and preliminary screening of potential crewmembers.

OCFD would coordinate the program and would further screen potential crewmembers to insure that only truly qualified applicants were introduced to vessel owners.

I would appreciate it greatly if you could present this idea to your Board of Directors and subject to their approval

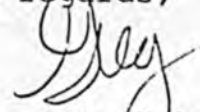
Page two.

Letter to Barry Coll
1/20/84

proceed with some more detailed discussions, possibly during the upcoming NPFMC meeting here in Juneau. Clearly we are only in the conceptual stage with this idea and I'm certain that more discussion would lead to a better understanding of the options. Should we be able to reach some agreement, I fully understand that in no way would NPFVOA be in a position to guarantee any actual employment and that any hiring decisions will ultimately rest with the vessel owner(s) involved.

Barry, thank you again for your interest in this issue and I look forward to seeing you here in Juneau for the Council meeting.

Best regards,



F. Gregory Baker
Director

cc: Commissioner Richard Lyon ✓
Deputy Commissioner Vince O'Reilly
Ben Harding, Special Assistant
to the Governor

MEMORANDUM

State of Alaska
Community & Regional Affairs

JAN 20 1984

TO: The Honorable Jeff Smith
Deputy Commissioner
Office of the Commissioner

DATE: January 20, 1984

FILE NO: COMMISSIONER'S OFFICE
COMMUNITY & REGIONAL AFFAIRS

TELEPHONE NO: 465-4861

FROM: Mark Mickelson *MM*
Grant Administrator
Division of Community Development

SUBJECT: Kodiak Island Near-
Term Assistance
Project

Attached for your information and use are individual program manager reports from within the Division of Community Development which address the Kodiak Near-Term Assistance Project. The major issues that our Division would like to put forward as practical suggestions are as follows:

1. Supplemental Funding Request - For the State Employment and Training Program. Funds specifically earmarked for the Upgrade Skills Training component could effectively promote retraining efforts for fishermen and fish processors on Kodiak Island to adopt to the evolving bottom fisheries and related support occupations. Under this program other components could also provide short term subsidized employment in the form of vocational exploration for youth and internship possibilities.
2. JTPA Dislocated Worker Program - Because of lay-offs in the fishing industry and changes in species harvest/processing, this special program might well be utilized in Kodiak. We can better promote the program there and provide assistance with application preparation.
3. Low-Income Weatherization - Pending proposed selection, two contracts may be issued which could impact on Kodiak Island communities. Because there is an obvious need there, supplemental funding under this program could reach more communities on Kodiak, with secondary effects of economic stimulus to local economies. Once contracts are awarded we can expedite their implementation.

Jeff Smith
January 20, 1984
Page 2

4. Increased Child Care Funding - In addition to the obvious assistance provided to low income families which in turn enables them to work with affordable child care, additional child care industry jobs are created with more economic stimulus to the local economy.
5. Increased Outreach and Technical Assistance Efforts - Pursuant to all Departmental grant programs we can improve the Kodiak Communities access to and expertise in application procedures and successfully obtaining grant funds. Cross training of Departmental staff, a strong commitment to Regionalization and circuit-riding educational and technical assistance efforts would all reap longer term results. Board, commission or council vacancies filled by Kodiak representatives could also potentially have a longer term benefit in program planning/design and allocation of grant funds for Kodiak communities.

If you have any questions on these recommendations on the attached reports please feel free to contact me.

Attachments

cc: Karen Perdue

MEMORANDUM

State of Alaska

TO: Mark Mickelson
Grants Administrator
Div. of Community Development

DATE: January 18, 1984

FILE NO:

TELEPHONE NO:

FROM: Deborah Smith
JTPA Program Manager
Div. of Community Development

SUBJECT: Kodiak Near Term
Asst. Project

I. The following State JTPA programs may be available for use in the Kodiak area.

1. The Older Workers program for economically disadvantaged residents who are at least 55 years old.

An RFP has been issued and awarded. The one respondent from Kodiak, KANA, did not receive a contract. However, another RFP for approximately \$26,600 will be issued in April and any private-for-profit, non-profit, or state agency may respond.

2. The Dislocated Workers program is for Alaskan residents who have either been terminated or have received a lay-off notice due to industrial decline and are unlikely to return to that industry.

The RFP was issued 1/18/84, is due in 2/17/84, and the contracts will be awarded 2/24/84.

Approximately \$336,900 is available, which includes \$67,394 of State money. The respondents must provide an additional 25% in matching funds. Any private-for-profit or non-profit agency may apply.

3. The following recommendations for the Vocational Education monies have been made:

- a) \$16,000 to S.E.R.R.C. for Skagway Host program.
- b) \$65,085 to Employment Security for counseling staff to work in E.S. offices and community colleges.
- c) \$60,000 in Pre-Apprenticeship Training in Building Maintenance.

The Kodiak area may be able to obtain some of the funds available under sections b & c of this program.

- II. Kodiak's need appears to be a diversification of economy from a fishing base. The projections for the fishing industry are dismal at best for the Kodiak area. The completion of the Terror Lake Hydro project should provide some incentive for alternate industry to relocate, thus providing a stable year-round economy, but the nature and extent of that industry are unknown at this time. The harbor completion would assist in the fishing industry expansion, but at this point the current fisheries would receive little benefit.

Mark Mickelson
January 19, 1984
Page Two

III. It is possible that the Title III program under JTPA could be used to assist the Dislocated Worker in Kodiak, provided a proposal is received from a vendor to serve that population. The matching requirement of the program could be met through the State funded share of the unemployment benefits the participants are receiving.

MEMORANDUM

State of Alaska

RECEIVED
1984 JAN 10 1984

TO: Mark Mickelson
Grants Administrator
Central Office

DATE: January 17,

FILE NO:

TELEPHONE NO:

Dept. of Community & Regional Aff
Division of Community Developme

FROM: Michelle Church *me*
Field Representative II
Region V

SUBJECT: Kodiak Project Near Term
Assistance

Programs available, Dollar amounts, Planned Activities in Kodiak.

JTPA OJT \$ 86,400 (total Region V Adult and Youth)
JTPA IST \$ 43,000 (total Region V)
JTPA Youth Programs \$100,000 (total Region V)
SETP Programs \$ unknown (Upgrade, In-School Counseling,
Internship and VEP)
Displaced Homemakers \$ unknown
Legislative Grants \$ unknown

These funds are controlled by the legislature.

We are currently in contact with several employers in the Kodiak area in pursuit of OJT contracts. The RFP's are still out for Institutional Skills Training and the Youth Programs; therefore, no projections can be made on the number of vendors to be served or the dollar amounts involved. As stated above, the SETP, Displaced Homemaker, and the name recipient legislative grants are controlled solely by the legislature and projections on the numbers and dollar amounts available can not be made.

OJT Contracts project as follows:

*North Star Seafoods	70 position	\$ 5,000 \$10,000
City of Port Lions	1 position	\$ 2,500
City of Ouzinkie	1 position	\$ 2,500
City of Larson Bay	1 position	\$ 2,500
	Total	\$17,500

Mark Mickelson
January 17, 1984
Page 2

*This is a possibility for a Performance Based contract however negotiations will not take place until January 18 or 19, 1984. If the contract is written on performance basis the amount may be higher

I will be traveling to Kodiak on January 18 through 20th to negotiate the North Star Seafoods contract and begin the necessary applicant pool. I plan to meet with other cannery representatives and interested employers to discuss the programs available. I also plan to meet with Tom Peterson from Kodiak Area Native Association to discuss a possible cooperative agreement.

Currently the economic picture in Kodiak is down due to the poor fish take and the closedown of crab fishing. The OJT contract we are negotiating with North Star is directly related to the changing fishing industry. The fishermen and canneries are turning towards bottom fishing. However they are both unprepared and untrained to deal with this total change in techniques. We are hopeful to assist in this change.

Action Plans:

We will keep in contact with the City offices and community service agencies. We will remain available to the private employers for input and we will work with KANA to provide cooperative services to Kodiak residents.

MEMORANDUM

State of Alaska
COMMUNITY AND REGIONAL AFFAIRS

TO: Mark Mickelson
Grants Administrator
Div of Community Development

DATE: January 16, 1984

FILE NO:

TELEPHONE NO:

FROM: Robert L. Brean
Deputy Director
Div of Community Development
Office of Energy Programs

Robert L. Brean
SUBJECT: Kodiak Funding

The State's Low-Income Weatherization Program is the only program within the Office of Energy Programs having a potential funding impact on Kodiak. I use "potential" because we do not currently have any contracts in that area, but have just received two proposals (one from KANA for \$182,296 to weatherize homes in Akhiak and Karluk and one from ACDC for about \$1.5 million to weatherize homes in the city of Kodiak.)

These proposals must go through an evaluation and may or may not be funded or may be funded at a lesser amount than that requested.

We believe that weatherization is probably of greatest benefit of any energy conservation program since it improves the housing stock while simultaneously lowering fuel costs and also provides some temporary employment for local individuals.

By expediting the weatherization contracts once they're awarded, Kodiak will have their program available as soon as possible.

cc. Karen Perdue

RECEIVED
JAN 18 1984

Dept. of Community & Regional Affairs
Division of Community Development

MEMORANDUM

State of Alaska
Community & Regional Affairs

TO: Mark Mickelson
Grants Administrator
Division of Community Development

DATE: January 16, 1984

FILE NO: 6.1.8

TELEPHONE NO: 465-4890

FROM: Sherry Valentine
Block Grants Administrator
Division of Community Development

SUBJECT: Program Funds
Re: Kodiak Island

Pursuant to your request for potential and/or actual funding available to Kodiak Island, I have identified the following source of funds:

1. (A) Community Development Block Grant Program:

These federal Department of Housing and Urban Development funds are passed through to states in the form of a block grant. The state disseminates CDBG funds to incorporated communities on a competitive basis for community development and planning projects.

(B) Funding Available: \$1,500,000

In FY84, the State will receive approximately \$1.5 million. Cities are eligible to apply for community development funds up to \$105,000 maximum per applicant, or \$55,000 maximum for planning funds. Grantees are selected on the basis of a competitive review and scoring process.

(C) Matching Requirements:

There are no matching funds required of sub-grantees. However, due to the limited federal funding available for this program, the leveraging of other sources of funds is encouraged. An applicant can receive up to 40 points depending on the amount of other funds leveraged.

(D) Present Funding for Kodiak Island Communities:

The City of Kodiak was designated a three year comprehensive grantee by HUD for the period FY81-83. When the State accepted the CDBG program in FY82, it agreed to honor this three year commitment. As a result the City of Kodiak has received the following funds:

FY81:	\$500,000	(directly from HUD)
FY82:	500,000	(through the State of Alaska)
FY83:	500,000	(through the State of Alaska)
TOTAL	<u>\$1,500,000</u>	

Funds are being utilized for street construction, a mini park, and teen center renovation.

Utilizing FY82/83 combined competitive funds the City of Port Lions has been selected to receive a CDBG grant:

FY82/83: \$78,000

These funds will be used to add an addition to the City offices. The community will use local hire to help offset high unemployment.

2. Critical Needs:

Most rural alaskan communities need capital project and planning funds. Funding which can create needed facilities, supply jobs, and aid in developing some level of economic development are critical. Employment opportunities are essential in Kodiak.

3. Action Plan:

Because of the competitive nature of the CDBG program, quick access to funding is not possible. However, other potential resources might be the federal Economic Development Administration (EDA) with an outreach office located in Anchorage. HUD should also be contacted concerning their Urban Development Action Grant (UDAG) program which can provide a percentage of funding for the overall cost of a project in distressed communities.

*CDBG - 84. Grant cycle - deadlines not known yet
applications will probably not be available until
mid April 84. (Street Plan - still needs to be
finalized + approval.
Congress held up process)*
Technical Assistant = *Port ...*

MEMORANDUM

State of Alaska

TO: Mark Mickelson

RECEIVED
 DATE: JAN 18 1984
 FILE NO:

January 16, 1984

Dept. of Community & Regional Affairs
 Division of Community Development

FROM: Lare' *L*
 Child Care Coordinator

SUBJECT: Kodiak Island:
 Child Care Programs

I. Child Care Programs Available

The Child Care programs administered by the Department and operating on Kodiak Island are:

	<u>Program</u>	<u>Total '84 Budget</u> \$	<u>Kodiak Island '8</u> \$
1. a.	Day Care Assistance	5,693,393	150,121
b.	Local Administration for Day Care Assistance	569,739	15,012
2.	Child Care Grant	1,117,963	34,479 (Estimate)
3.	Education & Training	84,500	2,430
4.	Developmentally Disabled	194,400	Not operati
5.	Head Start	2,768,000	(B
(A)	Reallocation of Day Care funds takes place by the end of January. Kodiak is requesting \$30,000 more to alleviate Waiting Lists caused by lack of program dollars for eligible families.		
(B)	Rural CAP administers the Head Start program in Kodiak and is one of approximately 30 sites. The budgeted dollar figures for Head Start in Kodiak for FY '83 was \$45,000 (federal and State dollars)		

II. What are most critical needs?

From the child care perspective, the most critical needs are (1) more licensed child care facilities, (2) more program dollars to allow eligible families access to child care services (3) additional training of staff and parents in early childhood issues (4) additional training for early childhood administrators.

Because of the "recession" in Kodiak, more and more mothers are entering the active labor force. This will further increase the demand for child care, as well as place an even greater demand on limited State Day Care dollars for this community.

From a broader perspective, diversification of employment is essential if Kodiak is to move from the rollercoaster syndrome of a one industry community. This will include not only attracting new and small industries but also developing a trained and diversified labor force.

III. Expansion and Infusion of Dollars:

Day Care: Day Care Assistance dollars are allocated by the number of licensed child care spaces in a given community. In the past two years (1981 to 1983) the number of licensed child care spaces has increased by 50. However, even with this increase, each year Kodiak requests additional program dollars to allow eligible parents to participate in the program. This has a direct impact on employment and training.

There is also a need for additional child care spaces. While there are six licensed child care centers, the number of licensed homes has dropped from 17 to 9 family day care homes in the past year. This issue has been discussed with the Department of Health & Social Services.

Thus, if more homes are licensed, there will be both a larger number of child care spaces as well as alternatives where parents can have their children in care.

Child Care Grant: The Child Care Grant has allowed Kodiak child care facilities to augment budgets in salaries, food and age appropriate equipment expenditures. The Child Care Grant Program has assisted child care providers in not drastically raising rates.

Education & Training: Kodiak's Small World Child Care Center was awarded two Education & Training grants in FY '84. One grant will provide a series of audio tapes on infant development for the Kodiak area, as well as Anchorage, Juneau, Bethel, Fairbanks, Kotzebue and Nome. The other grant provides funding for three Small World staff members to participate in the AAEEYC annual conference in April of '84.

Kodiak, as with other rural areas in Alaska, is rather isolated. The Education & Training grants provide Kodiak child care staff an opportunity to work with other child care professionals within the State.

MEMORANDUM

State of Alaska
Community and Regional Affairs

TO: Jeff Smith, Deputy Commissioner
Municipal & Regional Assistance Div.

DATE: January 20, 1984

FILE NO:

TELEPHONE NO:

FROM: Michael Cushing, Research Analyst
Municipal & Regional Assistance Div.

SUBJECT: Kodiak Island
Assistance

MRAD community assistance programs were reviewed with regard to their application to the immediate needs of the economically depressed communities of Kodiak Island. More specifically, the focus was on employment generation in the next 30 to 180 days. Appendix A presents an overview of the range of program options available within the Division. A number of these assistance options are not immediately applicable to the situation at hand, either because of lack of existing funding or because the program is inherently directed at longer range solutions. Budgeted FY 84 program funds are already expended or committed. FY 85 program funding will not be available until July or later. This essentially narrows the range of possible options to those which could be funded by a supplemental appropriation to the FY 84 budget.

Following is a presentation of selected options which could provide some form of short-term economic relief:

1. Planning Grants/Technical Assistance

Given a supplemental appropriation, funds could begin to enter the communities as early as March. The most immediate form of employment opportunity would be provided by a local-hire survey program. In this program two or more individuals would be employed in each community for several months to assist in the performance of an updated attitude and/or economic assessment survey of their community. The survey would be designed to provide baseline information in support of developing longer range solutions for the communities. Local people could be brought to Kodiak/Anchorage for initial training workshops, to assist in developing the survey instrument, and later, to assist in the assessment of survey results. These efforts would be coordinated through the Kodiak Island Borough/KANA.

Timeframe:

Jan/Feb: MRAD Staff Assignment; draft program requirements (budget) in preparation for supplemental appropriation request.
Feb/March: draft preliminary survey; coordinate with Kodiak Island Borough; select and hire local individuals.
March-June: hold training sessions, perform and assess survey.

Jeff Smith, Deputy Commissioner
January 20, 1984
Page Two

2. Rural Development/Bulk fuel storage Grants

Present program guidelines limit grants to \$100,000 per community per fiscal year. The six outlying Kodiak Island communities would require a designated supplemental appropriation totaling \$600,000. The community of Old Harbor has an FY 85 request in for \$27,000 and Larsen Bay is formulating a request for harbor development. Other project possibilities mentioned by communities which could generate some short term local employment are:

Akhiok: equipment storage buildings
road to new bulk fuel site
phase II bulk fuel storage facility (\$65,000)
Karluk: equipment (proposed fire truck, existing fuel truck) storage buildings
Larsen Bay: community center
tie-down spaces at airstrip
Old Harbor: community building
Ouzinkie: water & sewer repair
Port Lyons: upgrade community building and Library
site preparation for cannery or cold storage

3. Coastal Energy Impact Program (CEIP) loan program

While all grant monies from the CEIP program have been disbursed, loan monies are available (\$20,000,000). The present terms are unapproachable by smaller communities (10% interest), especially when potential default is already a major problem in the community. One possible approach that the State could consider would be the creation of a loan subsidy program whereby the State would pay all or part of the interest on a federal CEIP loan to communities. A further depth of subsidy would include the State's paying the costs of deferring the loan repayment for a period of time until the immediate economic problems are past. This loan subsidy concept should be pursued by the Department of Revenue and, more specifically, by the Municipal Bond Bank which presently maintains the CEIP loan account. Depending upon the mechanics of installing such a program, funds could be available in the communities by late-summer (84)

cc: Marty Rutherford, Director
Municipal & Regional Assistance Div.

Appendix A

KODIAK ASSISTANCE PROJECT

OUTLINE OF POTENTIAL MRAD ASSISTANCE OPTIONS

I. EXISTING PROGRAMS/ Existing (FY 84) funding

- A. Summary: Primarily because such funding is expended or committed, existing MRAD programs and FY 84 funding provide no means of immediate employment generation on Kodiak Island.
- B. RDA Grants/Bulk Fuel Storage: FY 84 funds have been almost entirely disbursed. There is a small RDA reserve which is committed to an appeals process.
- C. General Planning Grant Money/ Technical Assistance: Of the original \$180,000 for FY 84, approximately \$33,000 remain. These remaining funds are to be distributed to existing proposals, none of which come from Kodiak Island. There were over a million dollars in requests for these funds, again, none of which came from Kodiak Island communities.
- D. CEIP funds: All grant monies from this have been disbursed. Kodiak City received \$140,000 in a grant; the Borough received \$307,000 in 6 grants (1978-1983). While loan monies are available (\$20,000,000), the present terms are unapproachable by smaller communities (10% interest), especially when potential default is already a major problem in the community. One possible approach that the State could consider would be the creation of a loan subsidy program whereby the State would pay all or part of the interest on a federal CEIP loan to communities. A further depth of subsidy would include the State's paying the costs of deferring the loan repayment for a period of time until the immediate economic problems are past. This loan subsidy concept should be pursued by the Department of Revenue and, more specifically, by the Municipal Bond Bank which presently maintains the CEIP loan account. Depending upon the mechanics of installing such a program, funds could be available in the communities by late-summer (84)

II. EXISTING PROGRAMS/ Supplemental FY 84 Funding

- A. Summary: With regard to supplemental funding providing specific assistance to Kodiak Island, a major consideration is that existing MRAD programs function on a statewide basis incorporating distribution equity

guidelines. Therefore, in the case of supplemental appropriations to existing programs, Kodiak Island communities would be competing with communities throughout the State for supplemental funding. As an alternative, a supplemental appropriation to the Department could be provided which specifically targets Kodiak Island and then directs that the Department's RDA/Technical Assistance mechanisms be employed in the distribution/management of those funds to the community level.

Assuming that such a supplemental appropriation were passed in February, funds could probably enter the communities by March or April. This would require that community proposals for funding requests be in the works now and submitted as soon as possible after passage of the supplemental appropriation. Another time frame consideration is the necessary coordination of efforts through the Kodiak Island Borough, which has planning powers in the region.

- B. RDA: Present RDA guidelines limit grants to \$100,000 per community per fiscal year. Assuming this maximum were to be provided to each of the six outlying communities on Kodiak Island, this would require a supplemental appropriation of \$600,000.
- C. Planning Grants/Technical Assistance: Given a supplemental appropriation in late February, these funds could begin to enter the community by March/April, 84. One employment possibility would be a local attitude and economic conditions survey effort. This could include workshops, training, survey, and assessment activities at the local level. This would require coordination with the Kodiak Island Borough.

III. EXISTING PROGRAMS/ FY 85 funding

- A. Summary: The time frame of FY 85 program funding would essentially preclude any immediate employment generation. The first effect of these funds, if proposals were successful, would begin in late summer (84). There are several ways in which the Department might be able to facilitate the disbursement of these funds.
- B. RDA/Bulk Fuel: Community proposals are to be submitted to the Department by June 1. Depending on the duration of the legislative session, it could be mid-summer before an appropriation level is determined. A Statewide competitive selection process must then disburse the available funding amongst submitted

proposals. One possibility of facilitating this process would be to provide technical assistance to the communities during the process of proposal submission. This service is available, time and funding permitting, upon formal request from the community. A second possibility would be to advance the deadline date for proposal submission and begin a preliminary selection process before the final program appropriation level is actually known.

- C. General Planning Grant/ Technical Assistance: These are general fund monies and the actual level of funding is determined contingent upon other internal funding requirements. Given the present budgeting process, the level of money available for such grants and assistance is not clearly established until July, or disbursed until at least August. This process might be fast tracked to disburse funds a month earlier, but probably not earlier than mid-July. The FY35 amount is estimated to be about \$200,000, similar to the FY 84 figure.

KODIAK PROJECT

Options and Projects for Near-Term Assistance

Working Group Plan

Department of Health and Social Services

The Department of Health and Social Services was assigned the task of reviewing five specific areas to determine levels of services presently being provided, additional services or programs which may be needed and special projects which may be undertaken to provide economic relief to the Kodiak area. These five areas included:

- (A) Inventory of DHSS programmatic activity in the Kodiak Island area
- (B) Investigate "matching fund" constraints to community access to federally funded grants, projects, etc.
- (C) To the degree possible, define present and projected increases in program use (WIC, Food Stamp, AFDC, Mental Health, Family and Youth Services, etc.) attributable to the recent economic slowdown. Investigate the cost requirements of serving this increased need.
- (D) Assess levels of most critical, immediate needs (health, social and financial)
- (E) Research temporary employment opportunities of DHSS program activity.

I. Inventory of DHSS Programmatic Activity in the Kodiak Island Area:

(A) Division of Public Assistance

The Division of Public Assistance provides services to Kodiak and the surrounding villages through a network of fee agents, two full time Eligibility Technicians in Kodiak and field unit staff support from Anchorage. The Division offers a variety of cash, food and medical assistance programs which include the following:

Aid to Families with Dependent Children (AFDC) A nationwide state/federal financial aid program helping needy children who are deprived because at least one parent is absent, disabled, or dead. Assistance is intended to provide the basic necessities for the children, thereby enabling them to remain within the family unit.

Adult Public Assistance (APA) APA Includes Aid to the Blind, Aid to the Disabled, and Old Age Assistance. These programs provide cash assistance to needy adults who are unable to provide for their own basic needs.

Energy Assistance Program (EAP) EAP is a 100 percent federally funded program to aid low-income households. Cash assistance in the form of payments to home energy suppliers are made on behalf of eligible households to offset the impact of rising home energy costs. Renters and homeowners are served.

General Relief Assistance (GRA) The GRA program provides assistance for obtaining the necessities of life for people who temporarily have absolutely no other personal, private, or public resources available to meet their needs.

Food Stamp Program Food stamps provide assistance to low-income households in purchasing food. The objective is to improve nutrition of recipients.

Medicaid Medicaid is a joint state/federal program which pays providers of medical care for medical services delivered to eligible low-income Alaskans. Early and Periodic Screening, Diagnosis and Treatment (EPSDT), a component of Medicaid, is a preventive health program for children of eligible low-income families.

General Relief Medical (GR Med) This state program pays providers for medical care and emergency dental care for low-income persons.

Catastrophic Illness Program This is a state-funded program established to financially assist residents of Alaska who have suffered a serious illness or injury resulting in unpaid medical expenses exceeding \$1000.

(B) Office of Alcoholism/Drug Abuse

The Kodiak Council on Alcoholism is presently operating an Intensive Intermediate Care, 45 day non-medical treatment program at Hope House, utilizing 13 beds in the facility. Non-medical detox for those persons wishing to enter the treatment program is accomplished in a

seperate 1-bed and bath wing of Hope House. Outpatient, aftercare, family counseling, outreach and intervention are provided from a seperate clinic. Education and consultation, youth alternative and the alcohol safety action program (drunk driving diversion) are also provided through a subcontract with the Kodiak Area Native Association. Information, education and prevention services are provided through Community Health representatives to six villages on Kodiak Island.

(C) Division of Family and Youth Services

The Kodiak office provides services to residents of the island of Kodiak plus 15 villages on the peninsula. Services provided include child abuse investigations, individual and family assessments, adult protective services, individual and family counseling, information and referral, foster care for children and adults, residential care for children and adults, and protective services day care. Licensing services include homemaker support, residential child care, and day care. Our Kodiak staff also provides a good deal of community service serving as members of committees and boards.

(D) Division of Public Health

The Division of Public Health provides health services to Kodiak and surrounding villages through a staff of three Public Health nurses and two support staff. The Kodiak Area Native Association (KANAA) receives a \$120,500 rural itinerant health care grant. The Division offers a variety of services which include the following provided by Public Health nurses:

Immunizations: Immunizations to infants, preschool, school children and adults.

Tuberculosis: Give TB tests annually to preschool and school-aged children. TB testing and surveillance of cases and contacts.

Venereal Disease: Conducts VD clinics, obtains lab tests for diagnostic purposes and does surveillance and treatment of cases including follow-up of contacts.

Early Periodic Screening, Diagnosis and Treatment (EPSDT): Inform and outreach high risk medicaid eligible children. Screen children according to guidelines. Refer for medical or dental evaluation. Track referrals to resolution.

Handicapped Children: Case finding through EPSDT and well child conferences; complete HCP application and coordinates case management until condition resolved.

Communicative Disorders: Cooperate with school personnel to screen hearing of preschool and school children according to schedule. Coordinate patient referrals, treatment, clinics and follow-up.

Infancy and Preschool: Early identification and intervention through home visits of newborn infants at risk for health or social reasons. Well child conferences to screen, refer and facilitate medical care; (target pop.0-3 years).

School Age: Coordinate with school nurses as indicated in TB, vision, hearing, screening and school entry immunization.

Child Bearing Years: Provide family planning outreach, education, counseling and referral services. Identify early pregnancy through testing, promote physician evaluation in first trimester and make home visits to postpartum referrals and at risk infants or families.

Middle and Late Years: Promote adult health services aimed at reducing risks associated with the following: heart disease, stroke, cancer, accidents. Provide cancer screening services, pap smears, breast exam, stool testing, blood pressure, etc.

Health education is integrated into each individual encounter or through the utilization of group classes and sponsoring of local community health fairs.

Home Health Aides: PHNs set up plan of care and supervise HHA who provides health related personal care to individuals at their place of residence.

The public health nurse that works in the villages also teach and work with the community health aides.

HEALTH EDUCATION

Positive health practices are promoted by integrating health teaching into each encounter and through group classes, i.e., prenatal, childbirth, child rearing, family planning, stress management, etc. The focus of health education is personal responsibility for quality of life and the relationship between personal choices and health.

(E) Division of Mental Health and Developmental Disabilities

The Division of Mental Health and Developmental Disabilities offers a comprehensive services to include outpatient services, school counseling services, day care services, 24 hour emergency services, child and adolescent services, inpatient services, diagnostic and testing services to vocational rehabilitative clients, chemotherapy and residential training services.

II. Investigate "Matching Fund" Constraints to Community Access to Federally Funded Grants, Projects, etc.

(A) Division of Public Assistance

In the domain of cash, food and medical assistance DPA is offering communities all available state and federal resources for such aid. There are no constraints to a particular community's access to DPA programs. Communities do not have the option to operate these programs in most instances. In the event they could, it would not generally profit a community to duplicate an existing and currently available DPA service.

The Kodiak Area Native Association will soon be serving the area temporarily through the Bureau of Indian Affairs General Assistance program. They have limited one-time funding, but there is a possibility of additional funds being available this year if there is a caseload increase. Though not a major source of assistance it will provide temporary cash assistance to some households.

DHSS has transferred \$500,000 from its Low Income Home Energy Assistance block grant to the Department of Community and Regional Affairs to augment their state and federal funding for low-income weatherization. This has helped create more flexibility in the program, thus allowing the weatherization program to be offered in the Kodiak area for the first time. It will create some temporary jobs and result in considerable energy savings to those households served. The work should occur this spring and summer.

(B) Office of Alcoholism and Drug Abuse

In FY'84 the Kodiak Council received a grant award of \$265,000 requiring a local match of \$29,400. The State Office has the ability to waive this match at any time. It should be noted that the program has ample funds to meet the match requirement this year and during the coming fiscal year.

(C) Division of Family and Youth Services

No impact as no local match required.

(D) Division of Public Health

KANA receives \$120,600 which is a rural itinerant health care project and community health aide supervision and training. There are no matching fund constraints.

(E) Division of Mental Health and Developmental Disabilities

Currently, the Kodiak program is required to match the mental health grant by 25%. Reducing the match requirement to a poverty level 10% will have no appreciable effect upon the program since it now far exceeds the match requirement meeting nearly 50% of the program costs.

III. To the Degree Possible Define Present and projected increases in program use (WIC, Food Stamp, AFDC, Mental Health, Family and Youth Services, etc.) attributable to the recent economic slowdown. Investigate the cost requirements of serving this increased need.

(A) Division of Public Assistance

Some DPA programs are more likely to experience caseload increases than others. Aid to Families with Dependent Children, Adult Public Assistance, and Medicaid have had no significant recent increase in participation from the Kodiak area, nor is an increase anticipated.

This is due largely to the nature of these programs and their qualifying standards. If caseload increases occurred in these programs, applicants could be handled. Kodiak does not have a large enough population of potential eligibles to seriously impact program budgets.

The Energy Assistance Program, Food Stamps, and General Relief Assistance are the programs most likely affected by an economic slowdown. EAP has increased response from Kodiak this year. Last year approximately \$275,000 in EAP benefits went to eligible applicants on the island. The increase in benefits and qualifying income guidelines this year, coupled with the poor economic situation have resulted in more applicants applying and being found eligible. There has also been increasing demand for additional emergency benefits to avoid home energy crisis such as utility service termination and running out of heating fuel. The FY 84 estimate is for expenditures in excess of \$300,000. The FY 84 EAP budget can accommodate the projected caseload and emergency service increases. With its liberal eligibility requirements, EAP is the DPA program most accessible and drawn upon by Kodiak households facing economic difficulties.

The Food Stamp program has more restrictive eligibility requirements including an assets test. The food stamp program caseload in the Kodiak area is up only slightly in the last year.

<u>DATE</u>	<u>HOUSEHOLDS</u>	<u>DATE</u>	<u>HOUSEHOLDS</u>
May 1982	253	May 1983	268
Sept 1982	181	Sept 1983	201
Nov 1982	216	Nov 1983	211

Workers in the Kodiak DPA district office reported an overall increase in inquires and applicants, particularly from persons involved in the fishing related occupations. They also noticed an increase in first time applicants which had not previously applied for public assistance. A lengthy economic slump in the area could bring a rise in the food stamps caseload. In the event that this were to occur, it would not impact the food stamps program budget since it is 100 percent federally funded and can cover all qualifying applicants.

General Relief Assistance is a program of last resort aiding the destitute with basic subsistence needs. The caseload during October to December 1982 is identical to the same period in 1983. Its highly restrictive qualifying standards and low assistance amount make GRA available only to those in desperate need. There were but two such cases in Kodiak in December.

It is not anticipated that GRA will be drawn upon heavily in coming months. If it were, the FY 1984 GRA budget does appear able to accommodate a moderate increase in demand.

DPA programs basically have income and resource tests, and are designed to serve low-income households. Most have strict federal regulations concerning eligibility and benefit amounts. Many households facing temporary economic hardship may not qualify for public assistance, however, those falling to the point of eligibility have a range of services available to meet their basic needs. DPA is meeting the needs of those who currently qualify for its programs, and is capable of aiding those who may soon need to draw upon its services.

(B) Office of Alcoholism/Drug Abuse

The program has seen an increase in outpatient case load which may be due to the recent economic slowdown. During the past year, they have seen 325 clients compared to 152 the prior year. This is due in part to an improved program, but unemployment has been a major factor. Budget cuts last year necessitated the cessation of client services to residents of the outlying villages other than in Kodiak.

(C) Division of Family and Youth Services

The Division of Family and Youth Services is experiencing increases in caseloads. Child Protective Service investigations are estimated to increase this fiscal year by 10% and individual and family counseling cases will increase by 15%. Just how much of this projected increase may be attributed to the economic down-turn is unknown.

(D) Division of Public Health

In 1983 4,990 individuals were served by the Section of Nursing Services. This represents an increase of 770 over the previous year. At present, the current staff is able to meet the service demands. No significant demand for service resulting from the recent economic slowdown is anticipated.

(E) Division of Mental Health and Developmental Disabilities

The active number of cases in July 1983, was 370. This increased to 406 in August, 382 in September when several staff were on vacation, 400 in October, 435 in November and 415 in December. There has also been a noticeable increase in collaborative type cases between mental health and vocational rehabilitation since July. Thus, during the first half of FY84, the number of active cases served by the Kodiak Mental Health Program ranged from 370 in July to 435 in November, an increase of 18% in four months.

Based upon the current trend, there will be a major increase in the demand for mental health services in the Kodiak. There is an expected increase in the number of shared mental health/vocational rehabilitation cases. Patients who are carrying private insurance are dropping insurance coverage due to their inability to pay the premiums. This is resulting in an increased number of no-charge cases and an expected decrease in revenue for the program.

IV. Assess levels of most critical, immediate needs (Health, Social, Financial)

(A) Division of Public Assistance

From the DPA viewpoint there is an increasing level of need and demand on its programs. The DPA district office in Kodiak and village Fee Agents are busier than usual, but are currently meeting that demand. The Energy Assistance Program has been very active. Many households are contacting DPA seeking additional energy assistance much earlier in the winter heating season than usual. This program is well known and widely used in the area. To ensure that those unfamiliar with the program are made aware, additional display advertisements will be run in the local paper. The DPA network is good in the Kodiak area. The Fee Agents are of high quality and have been recently trained. The Kodiak Area Native Association has a good social services staff, and works cooperatively with DPA by referring needy households. An EAP outreach contract with the Kodiak Area Native Association has been recently executed.

DPA programs do form a "safety net" which can help needy families. The network is in place, and the services available to those who qualify. There has not been a crisis situation to date. Applicants are being served in a timely way by existing staff. Caseloads have

not dramatically expanded. With the economic slowdown in the area, many families are experiencing genuine hardships. This has not yet translated into a major migration to DPA programs. It may be that many of these households still have income and resources that keep them above the DPA qualifying standards. The most critical and immediate need is for DPA to be prepared to meet the demand should it increase suddenly, being particularly mindful of caseload trends.

(B) Office of Alcoholism/Drug Abuse

The increase in the outpatient load has forced the program to exceed the appropriate counselor to client ration necessary for effective counseling interaction. The addition of another staff counselor would reduce the overload and improve service quality. The additional counselor position would also allow Kodiak Council on Alcoholism to provide increased aftercare and outreach services to strengthen those components of the program, and community development services to the six other villages on the island. Some additional travel funds would also be required. Total projected costs for an additional worker and travel would be \$30,000.

(C) Division of Family and Youth Services

Unmet needs. In view of the anticipated workload, additional staff will be required, preferably at the entry level and/or paraprofessional level, either a Social Worker I or a Social Service Associate III. Using an entry level position should result in local

hire. Additional funds for support, such as office equipment, space, travel and per diem will be needed. This is the best projection we can give for needs for FY 85. A supplemental for this fiscal year would not be required.

(D) Division of Public Health

The existing staff is able to meet the service demands

(E) Division of Mental Health and Developmental Disabilities

The program has an immediate need to increase their residential training program and had plans to do so had they been allowed to apply for CSP monies. They would need 2-5 local hire positions that would be involved with the residential training program as well as the vocational rehabilitation cases. These people would be trainers and aides.

V. Temporary Employment Opportunities of DHSS Program Activity

The opportunity available for temporary employment through the expansion of DHSS appears minimal. The Department of Health and Social Services has not yet realized a significant increase in the demand for services which can be attributed to the recent economic slowdown in the Kodiak area. For the most part, the present level of demand for services can be met with the existing level of staff. Various program enhancements could be made which would provide employment opportunities in the Kodiak area, if the

department were to receive additional resources. These enhancements would be of benefit to both the programs and the people who are served. At the same time opportunity for employment, although minimal would be available to residents of the Kodiak Island area.

MEMORANDUM

State of Alaska

TO: Jeff Smith
Deputy Commissioner
Department of Community & Regional Affairs

DATE: January 23, 1984

THRU: Bob Landau *BL*
Assistant Commissioner

FILE NO: 465-4342

TELEPHONE NO:

FROM: *MA* James J. O'Conno *JA*
Regional Supervising Investigator
Department of Labor

SUBJECT: Kodiak
Near-Term Assistance

1. Grants to City and/or Borough for capital improvements projects, to be used as force account. Force account are a do-it-yourself type of construction, wherein the City or Borough decides not to contract out the work, but actually performs it "in-house" with its own employees. Therefore, the City or Borough could hire local people, to provide interim employment opportunities.
2. Alaska's 34,000-miles coastline represent the world's largest and most productive commercial fishery. Therefore, the Governor's Fisheries Task Force, should communicate with, and contact all floating or shore based processors in/or outside the State, and ask them for assistance in hiring Kodiak residents, through private sources, or the state employment centers.
3. Contact all businesses working on the North Slope and ask for assistance in hiring Kodiak residents.
4. A joint effort between the state and private industries, to train Alaskan residents in the field of tourism.

JJO/BL/law
N-13

MEMORANDUM

ALASKA DEPARTMENT OF LABOR

State of Alaska

Employment Security Division

TO: Jeff Smith, Director
Dept. of Community & Regional Affairs
Division of Municipal & Regional
Assistance

THRU: Robert Landau *RL*
Assistant Commissioner

FROM: John W. Shay, Jr. *JWS*
Director

DATE: January 23, 1984

FILE NO: AK (EMS 9)

TELEPHONE NO: 465-2712

SUBJECT: Kodiak Near-Term
Assistance

During the current drastic economic downturns the Employment Security Division will provide the residents of Kodiak with direct placement assistance, employer tax credits, Veterans Job Training enrollment and unemployment insurance benefits. In addition, the office will maintain information on job and training opportunities in other locations and can assist job seekers and employers in taking advantage of Job Training Partnership Act and other programs.

ESD operates a full-service office in Kodiak staffed by three Employment Service (ES) and two Unemployment Insurance (UI) workers who have the capability to deliver all division programs on site immediately.

UNEMPLOYMENT INSURANCE IN KODIAK

The Job Service office in Kodiak contains a full-service unemployment insurance contingent. The staff via direct satellite communication with the Employment Security Division's main frame computer, are able to directly input claim transactions which result in overnight payments or determinations of eligibility. The staff in Kodiak and the support system behind them in Anchorage and Juneau are capable of paying timely Unemployment Insurance benefits to those eligible and out of work in a falling economy. Those benefits not only provide partial wage replacement to the individuals affected, but provide much needed cash flow to the local economy. Without modification, unemployment insurance is designed for just such a situation.

EMPLOYMENT SERVICE

Basic Placement Assistance

The Kodiak Employment Center, as part of the Employment Service network, provides the full range of employment services for job applicants who are seeking employment and employers who are recruiting qualified employees.

Kodiak job applicants are assisted in matching their job skills to labor market demands through the registration process, referral to appropriate

jobs, job development, and through special referral for applicants who need pre-employment assistance from other appropriate service agencies.

Employers, through the Kodiak Employment Center, are able to recruit workers who meet their specific industrial needs.

The Kodiak Employment Center registered for work over 3,000 new job applicants during the 1983 Federal Fiscal Year. Over 1,200 of those registered applicants were identified as being qualified for occupations in the seafood industry. In addition, 1,325 job openings were filled and it is estimated that 42 percent of the openings were in the seafood processing industry.

The following special programs are administered by the Employment Service:

Job Placement Assistance For The Seafood Industry

With the exception of seafood plants outside of Kodiak City, housing for workers is a constant problem. As a result, there is a strong tendency for these plants to hire workers who live in Kodiak. On the other hand, those plants located away from the city have adequate quarters and have hired many of their workers from the mainland and from the Lower 48.

Job Service personnel in Kodiak are working closely with managers of all plants on Kodiak Island to provide a service that promotes consideration of available workers in and around Kodiak. Considerable progress is reflected in statistics for the local office as placement to seafood worker positions has nearly doubled over the past two years, from 310 in 1981 to 585 in 1983.

As a measure to further improve consideration for local hire of seafood workers, the State Seafood Placement Coordinator will revisit the Seattle offices of Kodiak plants in February and further encourage the use of Job Service in Kodiak to obtain their workers.

The ES Computer Network

The Kodiak Employment Center is assisted in its efforts to find jobs for people by an extensive statewide computerized network. Information describing both job orders and applicants for Kodiak, as well as statewide, is stored in the ES computer files and is retrievable from the computer via terminals at the Employment Centers. The computer is programmed to match employer job openings with qualified registered applicants.

This computerized network can also provide applicants with information on job openings and identify qualified applicants for employers in Kodiak and throughout the state. Current labor market information for areas within the state served by other Employment Centers is also available.

Job Training Partnership Act (JTPA)

Job Service functions as a liaison with the Department of Community and Regional Affairs and the Department of Education, to coordinate and provide JTPA services to eligible individuals and locate interested employers.

During the registration process, Job Service makes an assessment of an individual's need for training or other assistance to become employable. Applicants interested in JTPA are pre-screened for eligibility and enrollment is facilitated by referring the applicants to the Division of Community Development (DCD). Since DCD has no staff on site, Job Service is able to channel interested and eligible individuals for JTPA service that otherwise might not be reached in a rural area.

Job Service also promotes JTPA among employers to develop On-the-Job Training (OJT) slots, provides information on and recruits for JTPA openings and does pre-apprenticeship aptitude and proficiency testing.

Job Service will also provide placement services to JTPA-trained clients, such as job seeking skills assistance, job search information, specialized job development, and job referral.

Emergency Veterans' Job Training - (VJT)

A special effort can be made through Job Service, Job Service Employer Committees and its links with the private sector to assist employers to prepare significant training programs for eligible veterans. VJT will subsidize with federal funds up to \$10,000 in wages. The subsidy will help offset employer's cost of training and bring federal dollars into the community while training eligible veterans to perform significant jobs. VJT can also be linked with other subsidized programs such as Targeted Jobs Tax Credit (TJTC).

Targeted Jobs Tax Credit

The Targeted Jobs Tax Credit (TJTC) program stimulates private sector employment opportunities by providing a federal income tax credit to those employers who hire and pay wages to eligible individuals. The potential two-year savings can amount to as much as \$3,870 per eligible employee, depending upon the amount of wages paid and the employer's tax bracket.

Eligibility of applicants for the program is determined by Job Service. Those targeted groups who are eligible for TJTC certification include certain youth, Vietnam-Era veterans, ex-convicts, handicapped individuals, recipients of Supplemental Security Income (SSI) payments and recipients of Aid to Families with Dependent Children or general assistance.

SUPPLEMENTAL FUNDING REQUIREMENTS

Most of the above programs are currently funded with the exception of some of the Job Training Partnership Act (JTPA) activity. We are currently planning to request additional staffing to assist the statewide coordination of this program. Any increase in Unemployment Insurance payment activity costs will be covered by reimbursement from the Federal Government.

Kodiak Project
Options and Prospects for Near-Term Assistance
Working Group Plan
Department of Transportation and Public Facilities

The Kodiak Working Group assigned the Department of Transportation and Public Facilities the task of reviewing five specific areas to determine options and prospects for near-term assistance which might be undertaken to provide for some level of immediate economic relief to the Kodiak area. The five transportation areas identified for review are listed below, along with specific recommended action. The areas and projects include:

- A. Investigation of the costs and effects of supplemental appropriations for the Local Service Roads and Trails Program;
- | | |
|---|-------------|
| 1. Akhiok Access Road from Airport to Floating Dock | \$500,000 |
| 2. Ouzinkie Boardwalk | \$60,000 |
| 3. Old Harbor Landfill Access Road Improvements | \$250,000 |
| 4. Port Lions Road Rebuilding and Extension | \$2,000,000 |
| 5. Karluk Upgrade of Road to Sanitary Landfill | \$200,000 |
- B. Investigate the specific steps of early implementation of funded capital improvements in the Kodiak Island area;
- | | |
|------------------------------|-----------|
| 1. Mission Road Supplemental | \$340,000 |
|------------------------------|-----------|
- C. Investigate facilitating early implementation of proposed Federal construction projects (BIA, PHS and HUD), in so far as they might provide immediate employment opportunities;
- | | |
|---|-----------|
| 1. Old Harbor Access Road to Proposed HUD Housing Project | \$400,000 |
|---|-----------|
- D. Erosion Control Program; and
- E. DOT&PF Maintenance and Operations Program
- Findings and conclusions regarding each of the five areas are detailed below. In addition, we have summarized one additional category which includes a variety of activities not identified above. In summary, the "other" activities include:
- F. "Other"
- | | |
|---|-----------|
| 1. Dog Bay Small Boat Harbor Upgrade | \$900,000 |
| 2. Village Equipment Storage Facilities | \$100,000 |
| 3. Port Lions Ferry Dock Repairs | \$500,000 |
| 4. Old Harbor Fuel Dock Repairs | \$800,000 |

A. Local Service Roads and Trails Program

Findings: The Local Service Roads and Trails (LSR&T) program was initially created in 1971 to provide State grant funds to improve local roads within municipalities, boroughs and small cities. In July 1982, the program was phased out. However, an appropriation was identified by the 1983 State Legislature and the program was reauthorized.

The allocation for the Kodiak Island Borough, determined on the basis of a formula which includes population, road miles and other factors, has amounted to \$1,027,710, since the program's inception. This year the LSR&T allocation to the Kodiak Island Borough was \$130,821. Individual projects for the program are determined by the Borough according to State Statute.

Practical application of this program in the villages within the Borough is very limited. Mobilization costs for equipment and machinery sufficiently inflate any single project cost to far exceed any cost-benefit ratio given the limited funds in the LSR&T program. As an example, if the annual appropriation were divided evenly among the six villages, roughly \$22,000 would be available per village. This amount would barely cover mobilization costs for two pieces of heavy equipment to a village. For this reason, the Kodiak Island Borough has elected to use LSR&T program funding only for preliminary engineering design preparation for projects on the contiguous road system.

Actions: The distribution formula and funding cycle for the LSR&T program significantly affects its ability to be responsive to Kodiak needs in any significant fashion. However, if some type of add-on or supplemental funding were made available, designated for the Kodiak Island Borough and not the statewide Local Service Road and Trail program, several local projects have been identified for immediate construction. They include:

1. Akhlok Access Road from Airport to Floating Dock \$500,000

The project would fund construction of a road from the airport to the floating dock. Preliminary engineering estimates the project will cost \$500,000. Most of the remaining work will involve heavy equipment work for grading, hauling and other construction activities. Consequently, near-term economic benefit to the community would be limited since little labor intensive work remains to be done.

2. Ouzinkie Boardwalk \$60,000

Boardwalk improvements are needed to provide safe access for pedestrians around the harbor area. It is estimated the project could be constructed, using local labor, at a cost of approximately \$50,000-\$60,000. Near-term economic benefit would be limited, but would provide immediate income for the laborers.

3. Old Harbor Landfill Access Road Improvements \$250,000

Improvements are needed to the existing landfill access road to prevent its continued erosion by tidal action. The project was originally estimated to cost \$250,000. Some near-term economic benefit would accrue villagers employed as laborers on the job.

4. Port Lions Road Rebuilding and Extensions \$2,000,000

The Port Lions City Council has identified a number of local roads which need rebuilding and/or extensions to better serve the residential and commercial areas of the city. The roads include:

- a. Main Street - 1,500 feet
- b. Spruce Drive - 1,800 feet including 400' extension
- c. Birch Drive - 1,200 feet
- d. Birch Street - 1,800 feet
- e. Beach Drive - 750 feet
- f. Cove Drive - 300 feet
- g. Bayview Drive (Phase II) including sewer and water - 1,300 feet

5. Karluk Upgrade of Road to Sanitary Landfill \$200,000

Improvements are needed to the existing landfill access road. The project is estimated to cost \$200,000 and would provide some near-term economic benefit to villagers used on local labor crew.

B. Early Implementation of Funded Capital Improvement Projects

Findings: The Department's annual capital budget has included a number of Kodiak area projects. The following construction projects are presently funded:

1. Pedestrian Safeway \$670,000

Kodiak Borough has accepted funds through a TORA for project management and construction of a pedestrian bicycle path to run parallel to Rezanoff Drive from East Elementary School to Fort Abercrombie State Park.

2. Mill Bay Road \$1,285,000

Mill Bay Road paving (CDS 1.90-2.59) and construction of a pedestrian walkway with curb and gutter.

3. Mission Road Reconstruction \$1,000,000

Funds will be used to upgrade, realign, pave and acquire R-O-W for Mission Road between Cutoff Road and Shahafka Cove.

4. Kodiak Highway Repair \$1,276,000

Emergency repairs on the Kodiak road in the area of Pillar Mountain. A \$1,000,000 setaside remains from the original appropriation. A portion of the remaining funds will be used for rip-rap maintenance project this summer.

5. Port Lions Innerharbor \$1,650,000

Project consists of construction to complete boat harbor mooring facilities with 50 berths and 10 transient mooring berths.

Three of the above five projects are ready for construction this spring, including the Pedestrian Safeway Project, Mill Bay Road and Port Lions Innerharbor. The Kodiak Highway Repair project is still in the design stage. The repair project includes a Pillar Mountain stabilization element and, because of the complexity of the design problem, probably could not provide any near-term economic benefit, even if accelerated. The Mission Road project has been identified as having a funding short-fall. If so, the project will not be able to proceed until additional funds could be secured or the project scope reduced.

Actions: Three of the funded Capital Improvement projects are already on line and ready for construction as soon as the weather allows. Nothing can be done to accelerate their implementation, barring an early spring. Little can be done to expedite the Kodiak Highway Repair project because of the design phase which must precede any construction activity. A small maintenance project using some of those funds has been planned for this summer. Mission Road will be ready for construction this spring, but with a reduced scope unless supplemental funding is made available. A supplemental appropriation for Mission Road could be considered for immediate action for its near-term benefit.

1. Mission Road Supplemental

\$340,000

C. Federal Construction Programs (BIA, PHS, HUD)

Findings: The Department has contacted the Bureau of Indian Affairs (BIA), the Public Health Service (PHS) and the Department of Housing and Urban Development (HUD) to determine if early implementation of any proposed Federal construction projects could be facilitated. All three of these agencies already seem to work in close concert with one another in the development of projects.

A large share of the housing in rural Kodiak is HUD housing, constructed and financed by HUD through the Kodiak Island Housing Authority. The Public Health Service generally piggybacks the housing construction projects by funding off-site water and sewer development. At the same time, the BIA generally tries to develop road projects which support the housing projects.

There is currently only one outstanding program reservation for HUD housing in the Kodiak area. The reservation is for 15 family units in Old Harbor. The Kodiak Island Housing Authority has not been able to proceed with the project because they cannot ensure HUD they have physical access to the site. The Housing Authority is working with BIA, at this time, to secure a commitment for the road construction. BIA, unfortunately, has very limited sources and is concerned it will not be able to make any financial commitment to the project. The housing units cannot be built without the access road because HUD will not release the reserved funds unless they are assured of site access.

Many village road needs have been met recently by the BIA construction program. The BIA recently completed road reconstruction projects in Akhiok and Old Harbor. This fall their road equipment was moved to Larsen Bay to await a spring start-up on a project there which will construct 9,000' of road to the village's new sanitary landfill. After Larsen Bay, the Bureau road crew and equipment will move to Ouzinkie for a road reconstruction

project. BIA operators travel with the equipment since few villagers are licensed as heavy machine operators. Whenever possible the Bureau employs local labor through force account hiring. Generally that work is limited to brush clearing and labor intensive tasks.

Actions: The Department could be useful in expediting the Federal construction project by supporting an Old Harbor Access Road project. A financial commitment here would allow the Kodiak Island Housing Authority to proceed with construction of the 15 housing units. It is likely at least some near-term economic benefit would be directly realized by Old Harbor residents given PHS and HUD local hire efforts.

1. Old Harbor Access Road to Proposed HUD Housing Project. \$400,000

This project would fund construction of a road from the village to the proposed new HUD housing area. Only preliminary cost estimates from the Kodiak Island Housing Authority are available at this time. Near-term economic benefit to the village residents for this project would include labor intensive work associated with brush clearing and site preparation. Lead time would be required to coordinate the road project's development with HUD. It is possible that construction could proceed late this Spring.

D. Erosion Control Programs

Findings: Three erosion control studies, completed by the Department, have identified potential problem areas and have recommended solutions. The three areas include:

1. Cape Chiniak Road Erosion Control Study

Cape Chiniak road is located on Kodiak Island and connects Cape Chiniak residential area to the City of Kodiak. Wave erosion is cutting into a section of the highway at MP 0-1.0. The recommended alternative for mitigating erosion damage and maintaining access on Cape Chiniak Road is to relocate approximately 0.8 miles of road to the south of the existing route. The report includes a conceptual road relocation alignment. A ground survey and additional engineering studies will be needed to refine the final project, but preliminary estimates place the project cost at \$1,069,000. The near-term economic benefit of this project would be limited since this would be a large scale construction project involving road relocation with much preliminary engineering yet required.

2. Karluk Erosion Control Study

The recommended structural alternatives for mitigating damage include the construction of a rubblemound revetment at Karluk, a rip-rap revetment at Old Karluk, and a sacrificial gravel berm along the bank of the new townsite. Estimated project cost for this alternative is \$631,500. Near-term economic benefit for this project would be limited because of the emphasis on heavy equipment work inherent in the structural alternative recommendation.

Recommended non-structural measures include the relocation or replacement of two endangered structures. This measure would provide several local employment opportunities. Total replacement cost are approximately \$532,000. However, these types of improvements do not have strong local support.

3. Ouzinkie Erosion Control Study

The study recommends that a slope revegetation project be implemented to reduce the rate of side slope erosion. Other non-structural remedial measures include the regulation or control of foot traffic and reduction of the practice of hauling firewood over the eroding slope. It is further recommended the City's sewer outfall system be regularly inspected and future construction near the top of the bluff be discouraged.

The recommended structural alternative includes construction of a quarry stone revetment. Estimated costs for such a revetment is \$407,000, assuming a breakwater project is not implemented. The revetment project should be reevaluated if harbor breakwater plans are ever finalized. If a breakwater is constructed, a less substantial revetment structure would be required. No funds have been identified either for harbor development or erosion control measures at this time. Near-term economic benefit for this project would be limited because of the emphasis on heavy equipment work inherent in the structural alternative recommendation.

Actions: Very little near-term economic development could be realized with the early implementation of any of these projects. All three of the projects emphasize heavy equipment work in their preferred structural alternatives. The most direct economic benefit would probably accrue to the Kodiak metropolitan area where contractors are prepared to handle such work.

E. Maintenance and Operations Effort

Findings: The State of Alaska currently provides maintenance service at the State Airport and on the Island's contiguous highway network of State roads. Services in the villages are limited to the airports and are provided, on a contract basis, with the local unit of government or a private individual.

The following table summarizes major expenses associated with the Kodiak Maintenance and Operations program:

Kodiak and Kalsin Hill Maintenance & Operations Staff	
Average Annual Salaries for 13 permanent full-time positions (including overhead)	\$631,500
Kodiak Airport Annual Maintenance Contracts (local purchase)	
Petroleum Products	\$ 32,000
Sand & Gravel	\$ 50,000
Kodiak Highways Annual Maintenance Contracts (local purchase)	
Highway Grading Material	\$ 60,000

Equipment Transportation Between Villages Barge (two trips per year)	\$ 6,500
Personal Services Contracts (Village Airport Maintenance Program)	
Karluk - Airport (City)	\$ 4,000
Larsen Bay - Airport (Private)	\$ 4,000
Old Harbor - Airport (City)	\$ 2,750
Port Lions - Airport and Road to Small Boat Harbor (City)	\$ 14,000
Akhlok	-0-
Ouzinkie - Airport (being advertised)	\$ 3,500
Total Maintenance & Operations	\$808,250

Actions: The Department's Maintenance effort, to the greatest extent practical, is already being passed through to the local economy. No new positions are expected to be added to staff since no increase in the FY'85 operating budget is expected. Any additional maintenance funding of Kodiak would create inconsistencies in maintenance level within the region.

F. "Other"

Findings: The Department has reviewed the Kodiak Island Borough Capital Improvement Program and other DOT&PF projects in order to identify other possible funding opportunities. A number of projects which did not fall into one of the above five categories might be identified for funding given the special needs of Kodiak. Some of the projects might be most appropriately administered by DOT&PF, some by other Departments, and even others by local units of government.

Actions: DOT&PF Design has identified an improvement project for the Dog Bay Small Boat Harbor facility which would increase its moorage capabilities and provide some safeguards against future failures occurring as a result of strong winds.

1. Dog Bay Small Boat Harbor Upgrade \$800,000

The project would upgrade "N" float, replace finger float hinges and stall float hinges re-drive miscellaneous piling and replace exterior pile collars and overhead lighting.

Community equipment storage facilities have been identified as a need in many of the communities. The communities are beginning to acquire various types of equipment for providing community services (i.e. fire fighting trucks, bulk fuel delivery trucks, small road maintenance equipment). While the villages have been able to acquire funding for the equipment they have not been able to secure funds for construction of storage sheds. The Borough is confident that with a construction foreman a number of local residents can be employed in the construction of the sheds. The Borough estimates the sheds could be constructed for an average \$100,000 per building.

1. Village Equipment Storage Facilities \$100,000/facility

In addition, two dock improvement projects have village priority. They may be implemented with a minimum amount of design work.

2. Port Lions Ferry Dock Repair \$500,000

3. Old Harbor Fuel dock Repairs 800,000

Other projects, including small equipment purchases and preliminary design (i.e. small boat harbors) have been identified, but their ability to respond to the near-term economic benefit criteria are much more limited.