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# HOUSE COMMITTEE REPORT

4/21

(9)

Date referred: 2/15/88

FURTHER REFERRALS:

Finance

DATE: 4-20-88

The Resources Committee has considered HB 492

"An Act making special appropriations to the Department of Administration for grants and to the Office of the Governor for operating expenses to implement the Alaska bottomfish development plan; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 492 (res)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

Sen. G.T.  
Adelheid Herrman  
Kenich Hanyu  
John King  
John S. Lavan

**SIGNING OTHER RECOMMENDATIONS:**

Dick Shutz No Rec  
Cliff Davidson (no rec)

Sen. G.T.  
 CO- Chairman's signature

K 4/24

*zw*

Original sponsors: Herrmann, Gruenberg,  
Sund and Ellis

Funding Information

General Fund	\$2,760,000
Other Funds	-0-
	<u>\$2,760,000</u>

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 492 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-  
7 ment of Administration for grants and to the Depart-  
8 ment of Fish and Game and the Office of the Governor  
9 for operating expenses to implement the Alaska  
10 bottomfish development plan; and providing for an  
11 effective date."

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

13 \* Section 1. FINDINGS. The legislature finds that

14 (1) the bottomfish industry is currently valued at  
15 \$2,000,000,000 annually;

16 (2) it is necessary for the state to reduce its dependence on  
17 oil revenue and that the bottomfish industry has great potential for the  
18 generation of substantial revenue and jobs for the people of this state;

19 (3) at the present time Alaskans realize only a small fraction  
20 of the benefits from the bottomfish industry off Alaska's coast;

21 (4) the Port of Seattle plans to spend \$200,000,000 to encourage  
22 the bottomfish factory trawler fleet to homeport in Seattle;

23 (5) Alaska has the potential to compete successfully against the  
24 Seattle effort if the state acts promptly; and

25 (6) the appropriations made by this Act have state-wide signifi-  
26 cance by implementing the Alaska bottomfish development plan, which will  
27 result in revenue to the state and jobs and business development throughout  
28 rural and urban Alaska.

29 \* Sec. 2. The sum of \$2,500,000 is appropriated from the general fund

1 to the Department of Administration for payment as a grant under AS 37.-  
2 05.315 to the city of Unalaska for the Ballyhoo Road water and sewer proj-  
3 ect.

4 \* Sec. 3. The sum of \$100,000 is appropriated from the general fund to  
5 the Department of Administration for payment as a grant under AS 37.05.315  
6 to the Municipality of Anchorage for a program to begin implementing the  
7 Alaska bottomfish development plan within the municipality.

8 \* Sec. 4. The sum of \$100,000 is appropriated from the general fund to  
9 the Department of Fish and Game to establish a computerized fisheries  
10 information system to implement the Alaska bottomfish development plan.

11 \* Sec. 5. The sum of \$60,000 is appropriated from the general fund to  
12 the Office of the Governor to fund a position in that office to coordinate  
13 the implementation of the Alaska bottomfish development plan.

14 \* Sec. 6. The unexpended and unobligated portion of the appropriations  
15 made by secs. 3 - 5 of this Act lapse June 30, 1989.

16 \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).  
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Dierdorff  
3/30/88

Original sponsors: Herrmann, Gruenberg,  
Sund and Ellis

Funding Information

General Fund	\$2,760,000
Other Funds	-0-
	<u>\$2,760,000</u>

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## CITY OF UNALASKA

P.O. BOX 89  
 UNALASKA, ALASKA 99808  
 (907) 581-1251



April 8, 1988

TO: Governor Steve Cooper and Alaska State Legislature  
 FROM: Paul Fuhs, Mayor, City of Unalaska/Dutch Harbor

RE: Bottomfish development projects on Ballyhoo Road in Dutch Harbor

Dear Governor and Legislators,

Detailed below is a description of the current status of our request for State assistance in developing the bottomfishery in Unalaska and Alaska.

In September of 1987 we identified the following opportunity: Twelve private companies would invest up to \$60 million in bottomfish operations on Ballyhoo Road if a basic level of infrastructure could be provided. The necessary projects are:

\$2.3 Million - 800' extension of City Dock  
 1.2 Million - 10,000 ft sewer line  
 2.5 Million - 25,500 ft water line  
 \$6.0 Million Total

Over the past four years, Unalaska has spent \$8 Million of our own money in infrastructure development. This has maxed out our bonding capacity. In addition, we have been informed by Community and Regional Affairs that they are recalculating our population determination downward by one-third, further reducing our bonding capacity.

Nevertheless, since September we have been working on ways to cover part of this project ourselves in conjunction with private industry. We have recently made some breakthroughs so at this time we are able to make the following proposal:

\$2.3 Million - 800' dock extension - this facility will be built by the City of Unalaska in conjunction with private industry users.  
 1.2 Million - 10,000 ft sewer line.  
 1.5 Million - 12,500 ft water line the water line has been reduced to the shortest run possible between our new water mainline and the proposed Icicle Seafoods shoreplant  
 \$5.0 Million TOTAL requested CIP from State of Alaska

These projects are the absolute minimum necessary to allow development of private investment on Ballyhoo Road. All three projects can be completed in one construction season and we would move as quickly as possible to expedite the construction timetable.

As with all other capital projects there will be construction jobs created by the building of these projects. What makes this development project appealing is the jobs created for Alaskans in the future. Jobs in processing transportation, vessel repair, cold storage, fuel sales and general merchandising, along with the spinoff jobs in fisheries service industries in Anchorage. Jobs based on a renewable resource that will help carry Alaska's economy into the future.

We are turning away business every day here. Business that could be done by Alaskan businesses. Jobs that could be done by Alaskan workers. Here is a real opportunity for diversifying and contributing towards the stabilization of Alaska's economy.

Unless we can provide the basic infrastructure, this business simply will not locate in Alaska, and the money from our fisheries will continue to go to Seattle. We look forward to working as partners with the State of Alaska to realize this important opportunity.

Sincerely,

Paul Fuhs

Paul Fuhs, Mayor  
City of Unalaska/Dutch Harbor

## MEMO

TO: RAY GILLESPIE  
FROM: NANCY GROSS  
DATE: APRIL 14, 1988  
RE: BACKGROUND FOR CITY OF UNALASKA PROJECTS AND NEEDS

## WATER NEED

I have attached two pages of information regarding the city's water project for FY 89. The system is made up of World War II wood stave lines that leak very badly. We lose about 80% of the water we treat through pipe leakage. Total cost of a new system has been estimated to cost between \$10M and \$30M. We have been trying to take the parts that will give us the most immediate benefit first because we cannot finance the entire project, and we don't think the state can either.

Our greatest need this year is for replacement of the line to the Dutch Harbor Spit. That project would provide the ability to suppress fire in a \$2.8M existing facility, and would allow the construction of a \$30M plant by Icicle Seafoods. I learned today that another processor is negotiating for land somewhere along that road, to build another plant.

## ECONOMIC IMPACTS

If both plants were to be built and were of the size of our existing plants, they would generate an additional \$1M in fish tax revenues. Half of that goes to the state and half to the local government.

Ray Benish, an Anchorage economist, has estimated that for every 5% of revenue from the fishing industry that can be captured in Alaska, \$100M will flow into the private sector economy. In our area, we are now getting five to seven per cent of the total revenue.

## FACTORY TRAWLERS

There are 41 factory trawlers operating in Alaska, with about thirty of them based here in Unalaska. These trawlers now are operating on a twenty to thirty day schedule. Each time they come in they offload approximately 2.5M lb of product. Almost all of that comes from outside state waters, and so is not subject to any sort of state tax. The average value is \$1.25 per pound. They do transship from here because it is easier than doing it at sea, but they have the capability to do that and would if there were any sort of landing tax.

If you need additional information I will try to provide it.

APP 15 '88 10:10 CITY OF UNALASKA

P.3

To: Nancy Gross, City Manager  
From: David Gregory, Fire Chief *D.M.G.*  
Ref: Water Supplies Ballyhoo Area.

Upon completion of a series of water flow tests in the Ballyhoo dock area, the Delta Western/Petro Marine area, and the City Spit dock area it is apparent that needed water supplies are not available for fire protection.

This is a critical problem as there are several major industrial complexes in these areas and without adequate water supplies available to the fire department a fire would rage out of control with a high probability for injury to citizens and substantial loss of businesses and property.

The water main size in these areas must be increased to deliver the required fire flows for fire protection in industrial areas.

28 March, 1988

The following businesses have talked with the City Of Unalaska regarding development possibilities along the Ballyhoo Road in Dutch Harbor:

<u>Golden Alaska Seafoods, Inc.</u>	Require 5,000 s.f. of warehousing to accomodate their three factory Trawlers.
<u>AMFISH Inc.</u>	Requires 6,000 s.f. warehousing
<u>PROFISH INTERNATIONAL</u>	ARCTIC STORM factory Trawler needs 4,000 s.f. of warehousing
<u>ARCTIC ALASKA SEAFOODS, INC.</u>	Enterprise Fleet (19 ships) requir 5,000 plus s.f. plus own dock
<u>SUNMAR SHIPPING, INC.</u>	Requires 3,000 s.f. of warehousing
<u>ICICLE SEAFOODS, INC</u>	Proposes \$20 Million shoreplant an associated dock facilities.
<u>NORTH PACIFIC SHIP SUPPLY, INC.</u>	Requires up to 8,000 s.f. of warehousing adjacent a dock.
<u>SEA-LAND SERVICES, INC.</u>	Requires a minimum of 2,500 S.F. of warehousing.
<u>FRED DEVINE SALVAGE</u>	Requested 25,000 s.f. warehousing plus dock facilities
<u>HAKODATE SEIMO SENGU</u> (Net manufacturing Co.)	Requested 10,000 s.f. of warehousi
<u>MARCO - SEATTLE</u>	Requested 2,500 s.f. warehousing
<u>GOLDEN AGE FISHERIES</u>	Requires 10,000 s.f. of warehousin
<u>ALASKA MARITIME AGENCIES</u>	5,000 s.f. warehousing/offices

In addition to the warehousing and docking requirements of the above listed Companies, adjoining offices and Manager residents are needed.

Cold storage requests for up to one million cubic feet of storage eac have been received from:

- SUNMAR SHIPPING
- BELLINGHAM COLD STORAGE
- Ray Bennish & Associates representing American investors.

*Gary K. Daily*  
Gary K. Daily  
Port Director

APR 15 '88 10:11 CITY OF UNALASKA

P.5

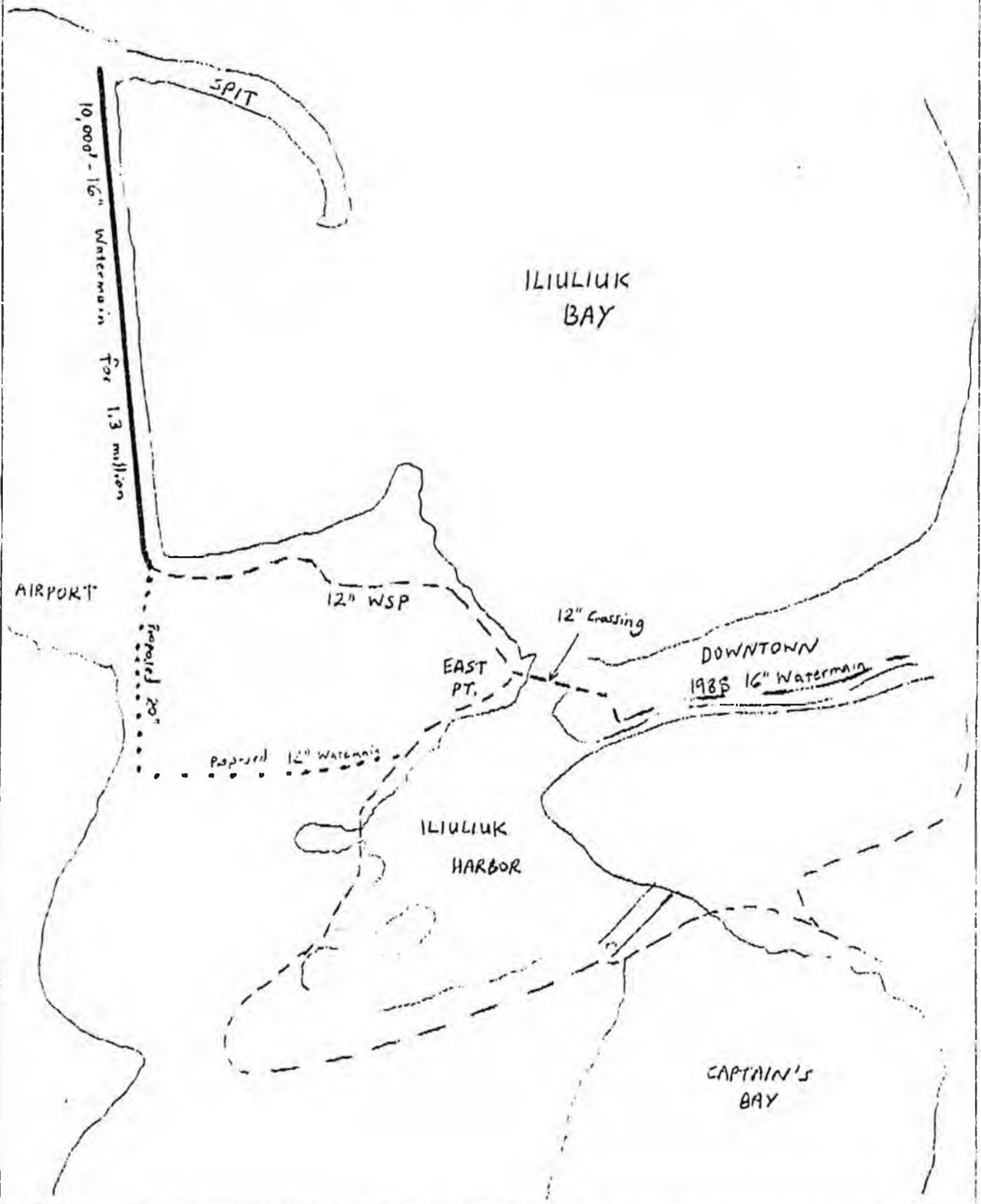
1/2

TO: Nancy Gross, City Manager

FROM: Dean Day, DPH Director

DATE: 13 Apr '88

SUBJECT: Water project to the Dutch Harbor Spit with 1.3 million \$



Vertical text on the left margin, possibly a stamp or reference number.

COST SUMMARY

10,000' of 16" pipe @ \$ 110/ft =	\$ 1,100,000
Design, administration, contingency (25%) =	<u>275,000</u>
	1,375,000 = 1.3 million

Conclusion:

1.3 million will provide for replacement of the watermain from the airport to the spit with 16" pipe.

47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100  
 NATIONAL

MARCH, 1988 MONTHLY REPORTBALLYHOO DOCK ACTIVITY ... TOTAL SHIP LANDINGS = 75

- U.S. vessels	= 24	
- Soviets	= 3	
- Japanese	= 2	
- Korean	= 1	
- Chinese	= 1	
- Medivacs	= 2	(one Korean, one Polish)
- Government	= 1	(NOAA Ship MILLER FREEMAN)
- Fuel Barges	= 1	(Petro Marine Services - Pumped 1.748 million gallons)
- Vessels fueling	= 40	

SPIT BOAT FLOAT ... = 85 Vessels boarded and registered

SODIUM LIGHT BOARDINGS = 17

OIL POLLUTION INVESTIGATIONS = 1

The Ballyhoo Dock has been exceptionally busy this past month with over 70 vessels requesting the use of the dock. Approximately 20 vessels were turned away for insufficient space. This angers many.

Dock utility systems functioned reasonably well during the cold weather with the exception of the 3" water line at the North end of the dock which is subject to freezing. Heat tapes and additional insulation will correct the problem.

The Ballyhoo Dock's two new spring line bollards are working well and are given high marks by the marine pilots. The new ferry gate is also well designed and ready for the arrival of TUSTEMENA on May 13th at 3:30 a.m. (Toll Free Number 1-800-642-0066)

The repairs and upgrade to the Spit Boat Float will commence this month with security light replacement, single phase maintenance, upgrade and replace 3 phase system on Dock's South end. Repairs have been coordinated through the City Electrical Department.

*Sally Daily*

# CITY OF UNALASKA

P.O. BOX 89  
UNALASKA, ALASKA 99685  
(907) 581-1251



March 25, 1988

Representative Adelhaid Herrmann  
Alaska House of Representatives  
Pouch V  
Juneau, Ak 99811

Dear Representative Herrmann:

Last week when I spoke before the House Resources Committee regarding House Bill 492 some questions were raised that I have had a chance to research and respond to. My answers are given below. I will be in Juneau again from March 28 to 31, and would be happy to appear before the committee again, if that seems appropriate.

First I have attached the Anchorage projects to this letter. They were inadvertently omitted from the packet I gave the committee when I spoke with them last week.

Second, on the matter of computerized data collection and analysis, it appears that it might be better to leave that component in a "generic" status rather than placing it in the Port of Anchorage. The point raised about how late ADF&G is regarding entry of fish ticket information so that it is in a useful form was a very good one. We would like to see the data gathered somewhere, and disseminated so that decision makers could be better informed about the status of the various resources for management purposes; the coastal communities could gauge the impacts of the fisheries on their communities, and plan accordingly; and the state administration could understand more graphically the per cent of the revenue from the fisheries that is going out of state and possibly take steps to slow it down.

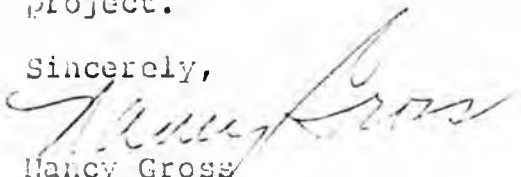
Third, the question of possibly forming an assessment district to fund the water and sewer projects along Ballyhoo Road was raised. I have discussed this with several financial people. Their responses were negative. There is no way presently to tax, or even set up some future encumbrance of the presently undeveloped properties that are owned by the Unalaska Corporation. The level, or timing of the development of those presently undeveloped lands is impossible to predict. Therefore, the payback schedule would be too uncertain to warrant any serious attention from commercial lenders.

Rep. Adelheid Herrmann  
3/25/88  
Page 2 of 2

Fourth, the question of phasing was raised. It seems that we may be able to make arrangements to do a Revenue Bond for part of the dock project, the eight hundred foot extension. There has been some interest expressed by the private sector in that, and if we can get long term agreements to secure the bonds, we would be able to subtract that from our request. This is a change from earlier times when we were told by private interests that they would sign agreements if we already had the money in hand for the extension.

I hope that this answers questions of the committee. As I stated earlier, I would be happy to try to answer questions about this project.

Sincerely,



Nancy Gross  
City Manager

cc: Governor Steve Cowper  
Commissioner Tony Smith  
Representative Sam Cotten

## ALASKA BOTTOMFISH DEVELOPMENT PLAN

If a company were in deep economic trouble it could do two things:

1. Analyze its strengths and invest resources into realizing the potential of these strengths so as to rebuild the company.
2. File bankruptcy and go out of business.

Our State does not have the luxury of going out of business for the people. We must build on our strengths, especially when different cities and regions of the State can cooperate with each other in real economic development.

The booming Alaska Bottomfish industry is such an opportunity - not our only opportunity - but an opportunity that is immediately realizable. There is a high rate of return to the State, and the potential for creating thousands of jobs for Alaskans.

The stakes are huge: 2 million metric tons of 43 different species of Bottomfish in the Bering Sea are harvested annually. That is 4.5 billion pounds of fish! The Bering Sea can be a perpetual Prudhoe Bay if we manage it wisely.

The Japanese estimate that the Bering Sea fishery is responsible for more than 500,000 jobs in Japan. This includes fishing and processing, value added reprocessing, transportation, marketing and the service industry necessary to keep it all operating. To make the best decisions they have the best fisheries research and information systems available.

As the Foreign fleets are being phased out, this fishery is being Americanized. But how much of this Americanization will benefit Alaska? That depends on what we do to take advantage of this opportunity. The State of Washington commissioned a study to determine its role in the Alaska Bottomfishery and found that 93% of the value of the fishery goes to Washington.

Now is the time for Alaska to stake our claim on the enormous economic potential of this industry during its developmental stage. This is an opportunity to put the "Bush vs: Anchorage" syndrome behind us and work together to put our State back on a sound economic footing.

Some of these plan elements are immediate, some are more long term. Along with seizing the immediate opportunities, we need to look out for the long-term interests of the whole State in this endeavor. As a coordinated effort this plan is substantial enough to really accomplish something. The plan includes capital projects and policies designed to capture a large share of the Bottomfish industry for Alaska.

The capital projects portion of the plan would be a supplemental capital budget. We do not seek to alter the Governor's Jobs Bill as it is a necessary relief measure which will distribute State money throughout the whole State. However, along with relief, it is necessary for the State to target economic development projects which will move the State's economy ahead.

#### PLAN ELEMENTS:

1) Primary production: Many companies want to locate onshore in Alaska. Our communities do not have the basic infrastructure to accommodate this development. \$6 million in capital projects in Unalaska/Dutch Harbor will bring \$60 million dollars of private investment in fish processing, cold storage, salvage and other associated services. The projects are a water and sewer extension and an 800 foot extension of the City Dock. (See attached project description #1). It is Unalaska's #1 capital projects priority.

St. Paul harbor completion - \$4 million is already included in the Governor's capital budget so the Bottomfish industry can locate some of their operations in the Pribilofs.

2) Services and marketing: Anchorage is the logical location for the service center for Alaska's Bottomfish industry. It means millions of dollars a year to Seattle's economy and it can mean the same thing for Anchorage's economy if we analyze which segments of the service industry it is reasonable to locate in Anchorage. We can then design an aggressive campaign to show our existing businesses which services are needed and also convince new businesses to locate in Anchorage.

The obvious industries are cold storage and transportation at Anchorage International Airport, banking, primary and secondary processing, office location (the price is right), fisheries data bank location, retailing parts and commodities to rural fish production centers such as marine repair parts, food, automobiles, processing equipment, etc.

The cost of this project is \$232,000. (See attached project description #2)

3) Value added processing: Most of the value added in the Bottomfish industry is in processing the product to final form. Most of our seafood leaves the State in the least processed form possible, sometimes even frozen whole.

The purpose of the Fisheries Industrial Technology Center (FITC) in Kodiak is to provide research and training on value added processing techniques. Dr. Jong Lee expresses the philosophy of the Center: "When I think of fish I see money -- Kodiak is left with the fish guts and the smell and somebody else gets the money."

The FITC will be an important addition to Alaska's strategy to keep more of the jobs in Alaska. This project is 7 million dollars and is Kodiak's #1 capital project priority. (See attached Project Description #3)

4) Information Systems: A computerized fisheries information system is necessary to provide information on fisheries performance, research and import/export marketing information. This information system would be a function of the Port of Anchorage through a working agreement with other ports and private users in Alaska who would pay for operational costs through users fees. The cost for establishing the system, including hardware is \$250,000. (See attached project description #4)

5) To become more self-sufficient in port and harbor development, Southwest Alaska should form into an Economic Development District under EDA or should join with Anchorage and other Alaskan ports to form the Alaska Port Authority.

6) Support the proposal by Southwest Alaska Municipal Conference before the North Pacific Fisheries Management Council (NPFMC) to implement the priority U.S. cargo carriers and bulk fuel distributors are given under the Magnuson Act. The proposal would require foreign JV processors to utilize domestic support capacity before foreign operations could be brought in. This would mean millions of dollars of support activity for Alaskan ports.

7) Support the allocation of a percentage of the total Bottomfish quota directly to Alaska coastal communities as a Community Development Quota. The smaller villages especially need this development quota to ensure that they will benefit from Bottomfish development. Federal Bottomfish limited entry proposals could otherwise legally disenfranchise our people from participating in the fishery.

8) Orient our local and University school systems to train Alaskans so they can fully participate in the development of the fishery. So often we wring our hands about other people taking our work when in fact we also need to make the commitment to offer qualified people.

The State legislature should amend the State raw fish tax law to allow processors to check off 3% of their fish tax which would be administered by the Department of Education. Funds would be granted to secondary school systems to allow for development of fisheries education programs in local schools.

9) Establish the Governor's proposed Alaska Science and Technology Foundation. This is necessary to accomplish applied research to keep us current with new trends in the industry.

10) Extend the effective date of the State's investment tax credit program on fish tax to encourage on shore processing development. Last year this program was responsible for more than \$49 million of private investment in onshore operations.

11) Resource protection: Establish a mandatory observer program on floating processing vessels. Support enforcement measures to control foreign fishing in our waters, including a mandatory check-in, check-out system. Support bi-lateral agreements with the Soviet Union on taking fish management control in the "Donut hole" under the closed and semi-closed seas section of the Law of the Sea Convention. Oppose increases in the Bottomfish quota at this time until illegal foreign fishing and other management uncertainties can be eliminated.

CONCLUSION: The State has a responsibility not only to provide relief for hurting Alaskan communities. We also have the responsibility to build our economy for the future. This Bottomfish development plan is an ambitious but realistic proposal to ensure that Alaskans benefit from this developing industry. Other people may be able to indicate further opportunities in Bottomfish development. This is a good start.

The additional capital project portion of this plan is \$13.7 million dollars. The appropriation of these funds is a sound investment in the future of Alaska.

For more information contact:

Paul Fuhs, Mayor, City of Unalaska, (907)581-1251  
Jerome Selby, Mayor, Kodiak Island Borough, (907)486-5736  
Tom Fink, Mayor, City of Anchorage, (907)343-4804

# CITY OF UNALASKA

P.O. BOX 89  
UNALASKA, ALASKA 99685  
(907) 581-1251

## SYNOPSIS OF ESSENTIAL CAPITAL PROJECTS CITY OF UNALASKA FY 89



### Ballyhoo Road Water and Sewer

#### WATER

The water project would replace approximately twenty thousand feet of World War II vintage water line varying in size from 3 inch galvanized iron to 12 inch wood stave line. The new line would be 12"-20" ductile iron pipe.

The Delta Western Complex which presently exists is seriously under utilized because there is not enough water pressure to provide sprinklers in two of their new warehouses.

Icicle Seafoods has brought in a barge for fish processing and has a long term development plan for property they have leased from the Ounalashka Corporation. Without additional water capacity these plans will not be able to be carried out.

The Ounalashka Corporation has had a number of inquiries from processors, and service providers about leasing land along the road, but the lack of city services makes the land undevelopable. There is no other area of the community that is close to tidewater that can be used by deep draft vessels. The total cost of the water project is estimated to be \$2,638,000.

With the addition of the Icicle barge which is now processing fish, there has been a substantial reduction in water pressure at the Ballyhoo Dock, the major watering point for large vessels. This slows the turnaround time on the dock, worsening the dock congestion problem.

#### SEWER

The sewer project would extend the city sewer system to this area which is presently unserved. It would bring in approximately 10,000 feet of sewer line which would make the area useful. DEC has prohibited further development of the area without a public sewer.

The Ounalashka Corporation and the City of Unalaska, both of which are land owners along Ballyhoo Road have had to turn down requests for long term land leases because of the lack of a public sewer in the area.

The City of Unalaska has had some preliminary engineering done on this project which gives a cost estimate of \$1,298,000 for a conventional system. This would assure a relatively trouble free line which would be handling extensive industrial activity.

#### DOCK EXPANSION

The third priority component of the City of Unalaska's capital requests is the expansion of the Ballyhoo Dock. This project would include an 800 foot extension to the existing 400 foot dock, removal of rock from a hillside on the property to provide additional staging area, and placement of the rock in the water to increase the amount of available land for storage and transshipment of cargo

We expect fifteen to twenty factory trawlers to be using the facility in the next year. We have presently seven factory trawlers each using the facility every twenty days to load supplies and unload three million pounds of fish product at each off load.

In addition Petro Marine Services has put a multi-million dollar tank farm on the uplands on the Ballyhoo Dock property. This tank farm has pumped many millions of gallons of fuel oil to fishing, processing, and cargo vessels in the six months it has been in operation. The agreement we have with Petro Marine calls for first priority to be given to vessels loading and unloading cargo. The lack of additional docking facility reduces Petro Marine's ability to deliver fuel, and revenue to the city from the sale. In the first two weeks of this year, 114 fishing vessels were denied moorage at city dock facilities due to lack of space.

The companies desiring to locate on Ballyhoo Road if we can provide the basic infrastructure are: Icicle Seafoods, Artic Storm, Amfish and Golden Alaska (fish processors); Sunmar, Delta Western and Sealand Services (shipping and cold storage); Fred Devine Salvage and Marco-Seattle (vessel repairs); and Hokodate Seimo Sengu a net manufacturer.

The total cost of the dock project is \$2,350,000.

# ANCHORAGE BOTTOM SH ANALYSIS AND MARKETING PROGRAM

## PROJECT DESCRIPTION #2

Phase I will be structured into four main tasks:

1. Strategic review of the industry's potential in Anchorage comprising of:
  - \* an assessment of what types of businesses in Anchorage are currently participating in the industry and their level of involvement
  - \* an assessment of the opportunities and constraints facing existing businesses
  - \* estimates of current demand and projections of future demand
  - \* competitive factors influenced by Anchorage's geographic location
  - \* cost structures for Anchorage firms
2. Strategic review of key needs necessary to expand and build the industry's presence in Anchorage.
3. Develop business strategies by industry sector to attract business away from Seattle and to attract other U.S. domestic firms or subsidiaries of foreign firms.

Phase II: Implement a market driven industry expansion program targeted on U.S. domestic firms and subsidiaries of foreign firms with operational bases in the U.S.

The purpose of Phase II is to actively market Anchorage as a desirable location for selected whitefish industry sectors. Active marketing means that targeted firms would be called upon at their offices. This approach is proposed to avoid the "bookshelf study syndrome" that often characterizes economic development activities. And, more importantly, this approach has the highest probability of successfully attracting increased investment into Alaska's whitefish industry. We stand a better chance of convincing a target company of the potential of the

whitefish industry in Alaska if we meet them on their own ground with reliable and relevant market and cost information. The strategies developed in Task 3 above would be presented by the marketing team.

Phase II will be structured into three tasks:

1. Industry sectors (e.g. processing, cold storage, and transportation) having the greatest potential for future expansion in Alaska would be selected for marketing follow up.
2. Identify target firms:
  - \* Alaskan firms with potential to service the industry but not currently doing so
  - \* U.S. domestic (non-Alaskan)
  - \* Foreign firms with U.S. subsidiaries
3. Implement U.S. domestic marketing program--Once marketing calls will be made on the target firms. Specific industry information including comparative cost data, market data, and other data relevant to a business relocation or investment decision will be presented during the marketing call.

Phase III: Implement a Marketing Program Targeted on Foreign Firms

The purpose is to identify and target Japanese and European secondary processors and cold storage firms involved in the whitefish industry to locate a processing plant or cold storage facility in one of three Alaskan communities: Unalaska, Kodiak or Anchorage.

The scope will cover those companies involved in secondary whitefish processing and cold storage who are located in either Japan or Europe. In Europe, we will concentrate on the following countries:

- \* UK
- \* Norway
- \* Germany
- \* France
- \* Portugal

There will be three major elements to the project:

- \* overview of the European and Japanese whitefish and cold storage industries
- \* identifying target firms
- \* office marketing calls on the target firms with specific industry information about investment opportunities in Alaska

1. OVERVIEW OF EUROPEAN AND JAPANESE WHITEFISH AND COLD STORAGE INDUSTRY AND MARKETS

This will be a summary report. It will highlight key strategic factors influencing these markets at the present. The purpose of this overview is to enable us to tailor our marketing materials in a manner that is responsive to the market environment that the target firms are currently dealing with. For example, the reliability of raw material supplies is becoming increasingly important to European processors. The dollar-yen exchange rate will influence any Japanese processor that expects to export product to U.S. markets.

The overview will include the following:

- Industry Structure
- Number of companies
  - Type of companies (integrated)
  - Organization

### Customer Structure

#### Important competitive weapons

- Quality
- Range of products
- Price
- Delivery
- Availability of raw materials
- Age of plant and equipment
- Application of technology

#### Distribution

- Geographic
- Channels
- Distance to markets
- Transportation systems

#### Taxation

#### Factors of Production

- Labor cost
- Land cost/value
- Utility cost
- Regulatory

#### Markets

- Volumes
- Life cycle
- Market saturation
- Growth
- Shares

## 2. IDENTIFY THE PROSPECTS

First, a selection criteria will be developed to be used to evaluate and select target companies. We will use basic information (a.g. turnover, products, and location) to make the first cut at selecting target firms. For firms that appear to have significant potential, we will develop a basic target firm profile including:

Species processed

Size

Markets

Products

Type of processing--primary, secondary

Type of food industry served

Ownership

This information will be used to establish a number of likely prospects for focused marketing purposes.

3. IMPLEMENT FOREIGN FIRM MARKETING PROGRAM

Office marketing calls will be made on the target firms. Specific industry information including, comparative cost data, market data and other data relevant to a business relocation or investment decision will be presented during the marketing call.

**COST**

The costs for completing the Alaska Whitefish Industry Program have been estimated for each phase of the work. A more refined scope of services and better understanding of the schedule and consultant responsibilities could result in lesser or greater costs.

Project Phase	Out of Pocket	Professional Fees	Total
Phase I	\$ 4,000	\$ 40,000	\$ 44,000
Phase II	16,000*	36,000	52,000
Phase III	72,000*	64,000	136,000
<b>TOTAL</b>	<b>\$92,000</b>	<b>\$140,000</b>	<b>\$232,000</b>

**\*Out-of-Pocket Breakdown**

Phase II	\$ 4,000	Target firm data acquisition cost
	2,000	Miscellaneous postage, telephone, mileage, etc.
Phase III	10,000	Domestic travel and per diem for two to present program to target firms
	\$ 32,000	European market overview and initial contact with target firms (quote from a European consultant 1987)
	16,000	Japanese market overview and initial contact with target firms (quote from Japanese consulting firm 1987)
	22,000	Travel and per diem cost for both Europe and Japan marketing trip for two
	2,000	Miscellaneous postage, telephone, mileage, etc.

## FISHERIES INFORMATION NETWORK (FIN)

Essential to the success of this bottomfish development package, good market research and information access to all who need it is addressed through this world-class Fisheries Information Network (FIN). Computer-based, this system will permit fast access to market data, business intelligence and business contact facilitation.

### BASIC SCOPE OF CONTENT:

- Current and historical market pricing by species and other marine products covering key European, North American, and Asian markets;
- Fish and marine product market and business intelligence from all appropriate published and non-published sources;
- Translation of key Japanese sources for market pricing, technologies and business intelligence;
- International and domestic marine products trading opportunities;
- Domestic and international trade flow by species and port;
- Marine product cargo analysis by port, product and destination via air and sea routes;
- Interactive contact facilitation service for Alaskan businesses;
- Fisheries and seafood technology covering research, product developments, international and domestic patents;
- Directory of technical and business assistance experts;
- Library holdings and article retrieval;
- International communication (telex, telegram and electronic mail) and bulletin board services;
- Industry directory of suppliers;

### IMPLEMENTATION AND ACCESS:

Most of the core elements can be implemented within 2 months and nearly all of the above concepts can be implemented within 4 months from start-up. Direct mail, articles, and presentations will be used to market the system to users. User needs surveys provide additional design input.

The system will be available online for computer dial-up and will be supported by trained analysts for user assistance, research requests, etc. via computer and telephone. Use of the online computer system will not require any prior experience with computers or programming. A range of print products (bulletins, newsletters, etc.) can be easily be supported as well.

An Anchorage walk-in information center can be easily included where users can access the system through on-site terminals and avail themselves of print literature and staff assistance.

### FUNDING AND SUPPORT:

We anticipate two analysts will be required to support users, promote usage of the system, and manage inputting to the system.

Its first full-year budget will require approximately \$250,000. Ongoing funding will come from a structured user fee schedule to meet the needs of individual, corporate and governmental users. Supplementary funding will be sought from various grant sources and specific project work.

II. UNALASKA

TABLE II-1  
POPULATION OF UNALASKA,  
1939-1981

<u>Year</u>	<u>Total Population</u>	<u>Residents</u>	<u>Non- Residents</u>	<u>Data Source</u>
1939	298	-	-	Alaska Consultants 1981
1950	173	-	-	U.S. Bureau of the Census
1960	218	-	-	U.S. Bureau of the Census
1967	254	-	-	Unalaska City Council files
1970	342	178	164	U.S. Bureau of the Census
1972	548	430	118	Unalaska City Council Census
1973	510	-	-	Unalaska City Council Census
1977	1,971	615	1,256	Tryck, Nyman and Hayes, 1977
1980	-	724 <sup>a</sup>	-	U.S. Bureau of the Census
1981	1,944	1,054	890	Department of Labor, State Demographer, State of Alaska: Special Census of Unalaska

<sup>a</sup>Arrived at by subtracting 598 persons living in group quarters from total population of 1,322.

NOTE: Adapted from John Petterson et al., Unalaska: Ethnographic Study and Impact Analysis. Social and Economic Studies Program Technical Report Number 92. Anchorage Minerals Management Service, August 1983, page 83.

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BALLYHOO WATER PROJECT

ESTIMATED COST: \$2,638,000

PROJECT COST BY SPECIAL ASSESSMENT PER FRONTAGE FOOT

COST IF ALL FRONTAGE WAS ASSESSABLE:

OWNER	FRONT FOOTAGE	%	PORTION OF COST
1. UNISEA	2,600	0.07	195,491
2. EASTPOINT	1,780	0.05	133,836
3. AIRPORT	1,700	0.05	127,821
4. POWER PLANT	500	0.01	37,594
5. CITY DOCK	1,425	0.04	107,144
6. DELTA WESTERN	2,400	0.07	180,453
O.C. LEASES	12,490	0.36	939,108
UNIMPROVED LAND	12,190	0.35	916,552
	<u>35,085</u>	<u>100.00%</u>	<u>2,638,000</u>

ACTUAL ASSESSABLE FRONTAGE FOOTAGE:

OWNER	FRONT FOOTAGE	%	PORTION OF COST
1. UNISEA	2,600	0.11	299,576
2. EASTPOINT	1,780	0.08	205,095
3. AIRPORT	1,700	0.07	195,877
4. POWER PLANT	500	0.02	57,611
5. CITY DOCK	1,425	0.06	164,191
6. DELTA WESTERN	2,400	0.10	276,532
O.C. LEASES	12,490	0.55	1,439,119
	<u>22,895</u>	<u>100.00%</u>	<u>\$2,638,000</u>
UNIMPROVED LAND	12,190	NOT ASSESSABLE	

BALLYHOO SEWER PROJECT

ESTIMATED COST: \$1,125,000

PROJECT COST BY SPECIAL ASSESSMENT PER FRONTAGE FOOT

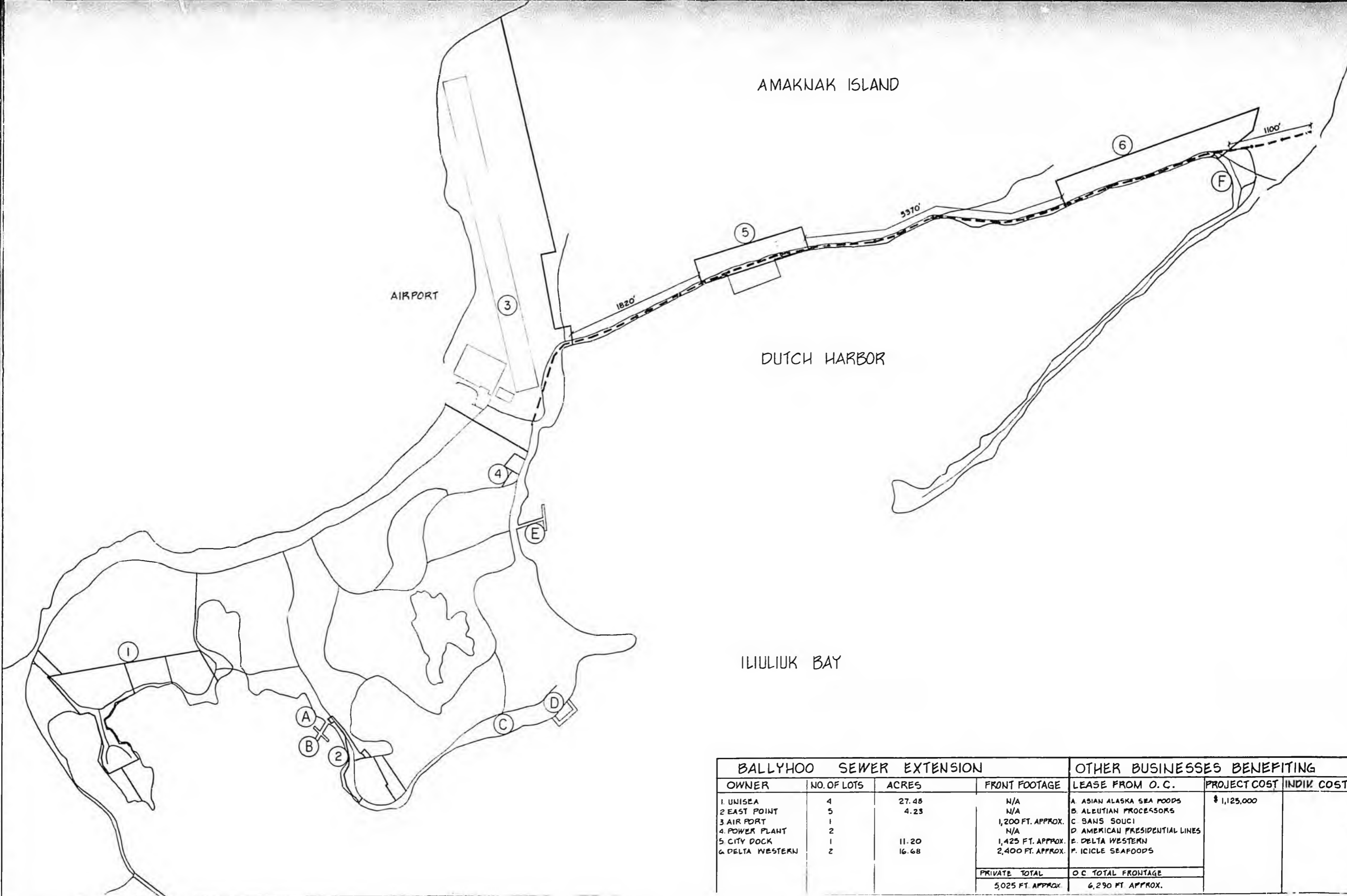
COST IF ALL FRONTAGE WAS ASSESSABLE:

OWNER	FRONT FOOTAGE	%	PORTION OF COST
1. UNISEA	N/A	0.00	0
2. EASTPOINT	N/A	0.00	0
3. AIRPORT	1,200	0.07	81,645
4. POWER PLANT	N/A	0.00	0
5. CITY DOCK	1,425	0.09	96,953
6. DELTA WESTERN	2,400	0.15	163,290
		0.00	0
O.C. LEASES	6,290	0.38	427,956
UNIMPROVED LAND	5,220	0.32	355,156
	-----	-----	-----
	16,535	100.00%	1,125,000

ACTUAL ASSESSABLE FRONTAGE FOOTAGE:

OWNER	FRONT FOOTAGE	%	PORTION OF COST
1. UNISEA	N/A	0.00	0
2. EASTPOINT	N/A	0.00	0
3. AIRPORT	1,200	0.11	119,311
4. POWER PLANT	N/A	0.00	0
5. CITY DOCK	1,425	0.13	141,681
6. DELTA WESTERN	2,400	0.21	238,621
		0.00	0
O.C. LEASES	6,290	0.56	625,387
	-----	-----	-----
	11,315	100.00%	\$1,125,000
UNIMPROVED LAND	5,220	NOT ASSESSABLE	

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BALLYHOO SEWER EXTENSION				OTHER BUSINESSES BENEFITING		
OWNER	NO. OF LOTS	ACRES	FRONT FOOTAGE	LEASE FROM O. C.	PROJECT COST	INDIV COST
1. UNISEA	4	27.48	N/A	A. ASIAN ALASKA SEA FOODS	\$ 1,125,000	
2. EAST POINT	5	4.23	N/A	B. ALEUTIAN PROCESSORS		
3. AIR PORT	1		1,200 FT. APPROX.	C. SANS SOUCI		
4. POWER PLANT	2		N/A	D. AMERICAN PRESIDENTIAL LINES		
5. CITY DOCK	1	11.20	1,425 FT. APPROX.	E. DELTA WESTERN		
6. DELTA WESTERN	2	16.68	2,400 FT. APPROX.	F. ICICLE SEAFOODS		
			PRIVATE TOTAL	O. C. TOTAL FRONTAGE		
			5,025 FT. APPROX.	6,290 FT. APPROX.		