

SCOMM

113:3



Official Business

Alaska State Legislature

ECONOMIC DEVELOPMENT & TOURISM COMMITTEE

Representative Gail Phillips, Chair
State Capitol, Room 411
Juneau, Alaska 99801-1182

(907) 465-2689; (800) 665-2689

FAX: (907) 465-3472

Email: Representative_Gail_Phillip@legis.state.ak.us

April 21, 1999

April 28, 1999 – 5:00 p.m.

Joint Meeting

Economic Development & Tourism Committee
Fisheries Committee
World Trade Committee

Tlingit and Haida Central Council – job partnerships; local hire preferences to create jobs for rural Alaska (5 to 6:00 p.m.)

Alaska Seafood International Manufacturing Plant – innovative concept for Alaska; presentation on value-added products (6 to 7:00 p.m.)

Meeting to take place in House Finance Committee (Room 519)

GP:ps

Modifying State Policies

Alaska Natives might benefit if the state government tightened its definition of who is a "local resident" under the local hire statute for public projects.

State law gives hiring preference for public construction projects to local residents, but anyone who lives in an area for 30 days is considered a local resident. Under such a liberal definition, workers could move to an area just to get specific jobs. Other agencies require longer residence. For instance, when the National Park Service hires rural residents under its local-hire authority, it typically requires one year's residence. *AK-10-1066*

Restoring matching state funding for the federal Rural Development Assistance program would help poor rural communities.

This federal program is one of the few that provides grants for projects to improve economic or social conditions in small rural places. Between 1989 and 1998 the program distributed \$12.6 million to Alaska communities, and federal and state officials consider it very effective. But the program has been hurt by the state legislature's decision two years ago to cut matching state funding—leaving only \$165,000 in annual federal funds.

STATE BUDGET CUTS

Rewarding Managers Who Meet Native Hiring Goals

Rewarding state and federal managers who meet or exceed Native hiring goals could boost Native hire.

The federal and state governments are major employers in Alaska. Alaska Natives make up only about 6.5 percent of the more than 13,000 state employees. We don't know the overall percentage of Native workers among the federal government's 10,000 civilian employees. We do know that the percentage of Native workers holding federal jobs varies considerably by agency, but that apparently in no agency do Native workers make up the same proportion as in the Alaska work force—about 14 percent. Although government agencies can't recruit Alaska Natives at the expense of other groups, they can take a number of steps to make sure Alaska Natives know about jobs and to help them apply for jobs.

Private industry successfully uses cash awards as an incentive for managers who meet or exceed minority hiring targets. We believe rewarding federal and state managers who meet or exceed hiring goals or targets for Alaska Natives would also be an incentive.

Interim Report

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE ALASKA NATIVE COALITION ON EMPLOYMENT AND TRAINING
AND
STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

Whereas, this Memorandum of Understanding is being entered into, in good faith, by the Alaska Native Coalition on Employment and Training (ANCET), which includes approximately 75,000 Native Americans and approximately 200 Native villages within its service area, and the State of Alaska Department of Transportation and Public Facilities (DOT/PF), Department of Environmental Conservation (DEC), and Department of Community and Regional Affairs (DCRA) for the purposes of improving opportunities for qualified Alaska Natives applying for employment by State agencies in Alaska and for employment on projects and programs sponsored by the State.

Whereas, the ANCET and the DOT/PF, DEC and DCRA are in agreement that it is a desirable and mutually beneficial goal to increase the employment and training opportunities of its rural residents, including its Native citizens and to remove any barriers which may impede qualified Alaska Natives from obtaining State employment.

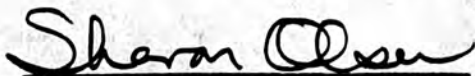
Whereas, the ANCET and the State of Alaska Division of Personnel/Office of Equal Employment Opportunity have jointly signed a voluntary cooperation agreement to work together in a mutual goal of increasing rural resident employment opportunities; including employment opportunities for Alaska Natives.

Therefore, the ANCET, DOT/PF, DEC and DCRA, jointly agree to the following good faith efforts:

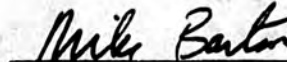
- (1) Continue to meet quarterly to coordinate progress towards a common goal of work force percentage equivalency for Alaskan Native hire within DOT/PF, DEC and DCRA and to work to expand this goal to other State agencies.
- (2) And further, at these quarterly meetings, the state agencies will report on progress made towards the above goal and will identify potential solutions for remaining problem areas.

This document, by date shown, is continuously in effect until changed by date of signature.

APPROVED AND DATED: 10-31-94



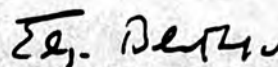
Sharon Olsen
Chairperson
Alaska Native Coalition on
Employment and Training



Michael Barton
Commissioner
Alaska Department of Transportation
and Public Facilities



John Sandor
Commissioner
Alaska Department of Environmental Conservation



Edgar Blatchford
Commissioner
Alaska Department of
Community and Regional Affairs

STATE OF ALASKA

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL

TONY KNOWLES, GOVERNOR

P.O. BOX 110300
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 465-2075

RECEIVED AUG 17 1998

August 12, 1998

Joe Williams, President
Organized Village of Saxman
Route 2, Box 2 - Saxman
Ketchikan, AK 99901

Dear Joe:

Barbara Ritchie and I want to thank you for hosting the meeting held last Wednesday in Saxman on issues related to tribal employment rights ordinances.

As I stated last week, I believe that we share a common objective: to secure the benefits of training and employment for local residents through public construction contracts. The apparent barrier to state recognition of TERO provisions in state-administered contracts is the Alaska Constitution. Our constitution may prohibit the implementation by the state of TERO employment preference provisions, even though such provisions are generally permissive under federal law.

I have asked my staff to reevaluate the Department of Law's 1995 opinion on the subject. It would be of immeasurable assistance to me if the organizations represented at our meeting could bring their legal resources to bear on this issue. Toward that end, I would be pleased to schedule a briefing between legal counsel to identify the specific legal impediments we must overcome.

Sincerely,



Bruce M. Botelho
Attorney General

BMB:kh

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

TONY KNOWLES, GOVERNOR

P.O. BOX 110300
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 465-2075

November 27, 1998

Joe Williams, President
Organized Village of Saxman
Route 2, Box 2 - Saxman
Ketchikan, AK 99901

Teresa Germain
Tlingit & Haida Central Council
320 W. Willoughby
Juneau, AK 99801

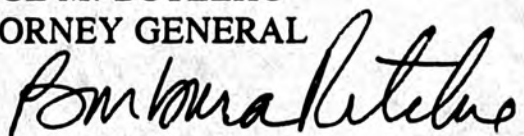
Dear Joe and Teresa:

This is to follow-up on Attorney General Botelho's letter of August 12, 1998, concerning issues relating to tribal employment rights ordinances. As stated in that letter, the Attorney General has assigned staff to review the Department of Law's 1995 opinion on the subject. That work is now underway. The purpose of this letter is to state once again that it would be of significant assistance to the Attorney General in his consideration these issues if your organizations could bring their legal resources to bear on the matter. We would be pleased to schedule a briefing between legal counsel to identify the specific legal impediments that we must overcome.

Sincerely,

BRUCE M. BOTELHO
ATTORNEY GENERAL

By:



Barbara J. Ritchie
Deputy Attorney General

MEMORANDUM

State of Alaska
Department of Law

TO: The Honorable Joseph Perkins
Commissioner
Department of Transportation
and Public Facilities

DATE: July 11, 1995
FILE NO: 663-95-0291
TEL NO: 465-3600
SUBJECT: Indian Employment
Preference

FROM: 
William F. Cummings
Assistant Attorney General
Transportation Section-Juneau

I. Introduction

Your predecessor requested an opinion on whether the Department of Transportation and Public Facilities can legally establish an employment preference for Alaska Natives for highway projects, funded by federal aid, constructed on or near ANCSA corporation land.¹ The Federal Highway Administration takes the position that the establishment of an Indian employment preference is consistent with federal law, but the decision to do so is discretionary with the states.

II. Short Answer

We have considered this question in light of the Alaska Constitution. We conclude that, even though federal law may permit the state to include an Indian employment preference requirement in federally funded state highway construction contracts, such a requirement would violate the equal protection provisions of the state constitution.

III. Analysis

A. Indian preference under federal law

Congress has the exclusive right to regulate relations with the Indian tribes. U.S. Const. art. I, § 8, cl. 3. As an incident of that power, Congress may pass legislation that grants preferences or special rights to Native Americans not enjoyed by other Americans. Under federal Indian law, the special rights and privileges are not a matter of a racial determination, but are

¹ This issue arose out of meetings between the previous administration and the Alaska Native Coalition on Employment and Training (ANCET). In late 1994, a draft administrative order was prepared by the state's EEO office which would establish a Native hire preference on all federally funded state public works projects, not just highway projects.

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instead a product of the political relationship between the United States and Indian tribes.¹

States are in a much different relationship with Indian tribes and tribal members than the federal government. A state is obligated to conduct its operations consistent with principles of equal protection, i.e., all of its citizens who are similarly situated are entitled to equal treatment.² Under federal law, if a state acts in a manner authorized by Congress which accords special treatment to Indian tribes and members of Indian tribes, the state's action is permissible under the federal constitution.³

Recent amendments to federal law which authorize an Indian hire preference on federally funded highway construction projects illustrate this point quite clearly. States receiving federal funding are required to assure that "employment in connection with proposed projects will be provided without regard to race, color, creed, national origin, or sex." 23 U.S.C. § 140(a). However, in regard to Indians, Congress provided:

(d) Indian employment and contracting. Consistent with section 703(i) of the Civil Rights Act of 1964 (42 U.S.C. 2000e-2(i)), nothing in this section shall preclude the preferential employment of Indians living on or near a reservation on projects and contracts on Indian reservation roads. States may implement a preference for employment of Indians on projects carried out under this title near Indian reservations. The Secretary shall cooperate with Indian tribal governments States to implement this subsection.

23 U.S.C. § 140(d) (emphasized language added in 1991). The Federal Highway Administration (FHWA) interprets this section to mean that an Indian employment preference is permissible on all

¹ Morton v. Mancari, 417 U.S. 535, 551 (1974).

² Washington v. Confederated Bands and Tribes of the Yakima Indian Nation, 439 U.S. 463, 761 (1979), and Queets Band of Indians v. Washington, 765 F.2d 1399, 1404 (9th Cir. 1985). However, the operations of state government are circumscribed by requirements for equal protection found in the state's constitution as well as the federal constitution.

³ Washington v. Confederated Bands and Tribes of the Yakima Indian Nation, 439 U.S. at 500.

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federally funded highway projects near Indian reservations.' However, whether the Indian employment preference is included in federally funded state construction contracts is discretionary with the states.

B. The proposed Indian employment preference

A draft administrative order was prepared by the state EEO office in 1994 which addresses the matter of an Indian employment preference on federally funded state construction projects. It also sets out administrative details for the operation of the program.

The draft administrative order would require the following language be inserted into each federally funded state construction contract or grant:

The contractor [grantee] agrees to give preference to Alaska Natives and American Indians who can perform the work required regardless of age, gender, religion, mental or physical disability, or tribal affiliation for training and employment opportunities under this contract and, to the extent feasible consistent with efficient performance of this agreement, training and employment preferences and opportunities shall be provided to Alaska Natives and American Indians regardless of age, gender, religion, mental or physical disability, or tribal affiliation who are not fully qualified to perform under this agreement.

Under the draft administrative order, the state and its grantees are required to set employment and training goals for Alaska

3 See attached opinion of the chief counsel of the FHWA dated July 12, 1994. In 1987 the FHWA had a much narrower interpretation of 23 U.S.C. § 140(d). At that time it interpreted the Indian employment preference as applicable only to roads within an Indian reservation or leading to an Indian reservation. In 1991 Congress amended 23 U.S.C. § 140(b), (c), and (d), as well as the term "Indian reservation road" defined in 23 U.S.C. § 101(a). The FHWA's chief counsel reviewed the legislative history of these amendments and came to the conclusion that Congress intended a broader Indian employment preference.

⁶ See attached draft administrative order, page 2 at paragraph V.

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Natives and American Indians for each project and include those goals as a part of the contract.⁷ The administrative order envisions that there would be reporting requirements imposed on the contractor to enable the state to monitor compliance with the employment and training goals.⁸ It also requires the inclusion of penalties in each contract, including contract termination, for not reaching the employment and training goals set out in the contract.⁹

C. The Alaska Constitution precludes the establishment of an Indian employment preference for state construction contracts

The Alaska Constitution provides in article 1, section 1:

This constitution is dedicated to the principles that all persons have a natural right to life, liberty, the pursuit of happiness, and the enjoyment of the rewards of their own industry; that all persons are equal and entitled to equal rights, opportunities, and protection under the law; and that all persons have corresponding obligations to the people and to the State.

(Emphasis added.)

Equal protection analysis under the Alaska Constitution turns first upon the nature of the state interest which the state is attempting to further by its actions and the rights of individuals which the state action will impact.¹⁰ It is essentially a balancing of the competing interests: the more important or fundamental the individual rights at stake, the more compelling the state interest must be to justify the state's

⁷ See attached draft Administrative Order, page 2 at paragraph VI.

⁸ See attached draft Administrative Order, page 3 at paragraph VIII.

⁹ See attached draft Administrative Order, page 3 at paragraph XI.

¹⁰ Our review of the suggested Indian employment preference will focus on the Alaska Constitution. Because implementation of the proposed Indian employment preference is discretionary with the state, our analysis turns on state law and does not reach the issue of equal protection under the federal constitution.

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has reviewed similar restrictions and concluded that the right to enter an economic endeavor is an "important right."¹³

Because the individual interest is, we believe, an "important right" rather than merely an economic right, rationality of the means and legitimacy of the goal to address the particular evil are not sufficient justification.¹⁴ Instead, its purpose and the goal it seeks to achieve must be "closely scrutinized."¹⁵ There must be a close fit between the means selected and the goal the specific policy seeks to accomplish.¹⁶

¹³ State v. Enseach Alaska Constr., Inc., 787 P.2d 624, 631 (Alaska 1989) (an employment preference designed to benefit unemployed workers in an economically distressed area); and Commercial Fisheries Entry Comm'n v. Apokadak, 606 P.2d 1255 at 1266 (Alaska 1980) (the right to participate as a gear license holder in commercial fisheries).

¹⁴ Under state law, the proposed Indian employment preference is a racial classification scheme. The Alaska Constitution provides in article I, section 3 that

No person is to be denied the enjoyment of any civil or political right because of race, color, creed sex, or national origin. The legislature shall implement this section.

Equal protection analysis under this section is the same as used under article I, section 1. The analysis is an examination in which the "[i]mportance of the asserted right and the suspectness of the classification scheme determine the end-means scrutiny that is to be applied." State v. Cosio, 858 P.2d 621, 629 (Alaska 1993). Because the classification scheme involves a racial determination, the means to end fit is subject to "strict scrutiny." Our review has focused on equal protection (article I, section 1), which results in close scrutiny of the ends and means because the individual interest is an "important right." Because the preference plan fails to meet the standard of close scrutiny, it would also fail to meet the more rigorous standard of strict scrutiny.

¹⁵ Patrick v. Lynden Transport, 765 P.2d 1375, 1379 (Alaska 1988) (the important right was access to the judicial system); State v. Enseach, 787 P.2d at 631; and Apokadak, 606 P.2d at 1265-1267.

¹⁶ Keyes v. Humana Hospital of Alaska, Inc., 750 P.2d at 357-358. See also State v. Ostrovsky, 667 P.2d 1184, 1193 (Alaska 1983), (continued...)

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The proposed administrative order provides a broad preference for the hiring of Native Alaskans or American Indians without further delineation of the class receiving the preference.¹⁷ However, the federal legislation, 23 U.S.C. § 140(d), which governs highway projects subject to the proposed order, permits an employment preference for Indians living on or near an Indian reservation for construction projects by a state near an Indian reservation.¹⁸

We have not previously addressed the issue of Indian employment preferences in the context of federally funded state construction contracts. There are, however, opinions that address the validity of tribal employment rights ordinances enacted by the Northway traditional council and the tribal government of the Metlakatla Indian Community.¹⁹ The result of the application of those ordinances, if valid, would be the establishment of a Native employment preference in specific localities. These opinions consider the validity of the particular ordinances under federal

¹⁶ (...continued)
where the court said:

As the level of scrutiny selected is higher . . . , we require that the asserted governmental interests be relatively more compelling and that the . . . means-to-end fit be correspondingly closer. On the other hand, if relaxed scrutiny is indicated, less important governmental objectives will suffice and a greater degree of over/or under inclusiveness in the means-to-ends fit will be tolerated.

(Citations and footnotes omitted.)

¹⁷ See attached draft Administrative Order, page 2 at paragraph V.

¹⁸ The FHWA Chief Counsel's opinion concludes, consistent with other federal statutes, that for the purposes of 23 U.S.C. § 140(d) lands held by ANCSA corporations are within the definition of the term "reservation." Thus, Alaska Natives living on or near lands held by ANCSA corporations would be eligible for the employment preference for projects constructed on or near lands held by ANCSA corporations.

¹⁹ See 1986 Inf. Op. Att'y Gen. (May 6; 663-86-0476) (Northway Village Council Ordinance); and 1985 Inf. Op. Att'y Gen. (Feb. 4; 366-287-85) (Metlakatla Ordinance).

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Indian law and particularly the concept of Indian country. We concluded that the tribal employment rights ordinance enacted by the Northway traditional council was invalid. We reached the opposite conclusion regarding the Metlakatla ordinance because it was enacted by the tribal government of an Indian reservation. We advised the Department of Transportation and Public Facilities that the state's contractors should comply with the ordinance for projects within the Annette Island Reserve unless it placed an unreasonable burden on the projects. If unreasonable burdens were placed on a particular project, we advised that the state should not proceed forward with the project. Neither of these opinions address the relationship of the ordinances and equal protection under the state constitution.

The Alaska Supreme Court has considered the issue of employment preferences for state construction projects. In State v. Ensearch Constr., Inc., 787 P.2d 624 (Alaska 1989), the court addressed an employment preference, created by statute, that was crafted to provide employment on state funded public works projects for unemployed workers living in economically distressed regions of the state. While the goal of furthering the employment opportunities of unemployed workers in general is a legitimate state goal, the court opined that close scrutiny requires "the state's interest underlying the enactment be not only legitimate, but important, and that the nexus between the enactment and the important interest that it serves be close." Id. at 633. The court concluded that "the disparate treatment of unemployed workers in order to confer an economic benefit upon similarly situated workers in another region is not a legitimate legislative goal." Id. at 634.

An Indian employment preference plan meeting the criteria of 23 U.S.C. § 140(d) has similar difficulties under the state constitution. Alaska Natives and American Indians, living on or near land owned by an ANCSA corporation, would be granted an employment preference for a project constructed on or near ANCSA corporation land. Non-natives living on or near land owned by an ANCSA corporation would be denied employment on a project constructed on or near ANCSA corporation land until the hiring goals for Alaska Natives had been met. Similarly, Alaska Natives and American Indians (as well as non-natives), not living on or near land owned by an ANCSA corporation would also be denied employment until the hiring goals for Alaska Natives who lived on or near ANCSA corporation land had been met.

The goal of the federal statute is to enhance employment opportunities for Indians through the application of an employment preference. The means selected, a preference based in part upon where a person lives, does not treat all Alaska Natives and

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American Indians the same. Those living on or near ANCSA corporation land would enjoy the preference, while those not living on or near ANCSA corporation land would not enjoy the preference. Similarly, non-natives who do not live on or near ANCSA corporation lands would not receive the benefit of the preference. The classification of workers eligible for the preference based upon where they live "does not have rest upon some ground of difference having a fair and substantial relationship to that purpose."²⁰

For these reasons we conclude that the Indian employment preference set out in 23 U.S.C. § 140(d), if implemented by the State as a requirement in federally funded state highway construction projects, would violate the equal protection provisions of the Alaska Constitution. We do not believe that such a requirement, implicating "important" individual interests, would pass muster under the "close scrutiny" test.²¹

Please let us know if you have any further questions.

²⁰ Keyes v. Humana Hospital, 750 P.2d at 357.

²¹ As discussed in n.15, we have not focused on the racial classification aspects of the Indian employment preference. Our state constitution requires that a racially based scheme be reviewed under a standard of "strict scrutiny." Because we do not believe the Indian employment preference passes the "close scrutiny" test, it is not necessary to review it under the strict scrutiny standard.

ALASKA TERO'S
LEGISLATIVE PRESENTATION

April 28, 1999

5:00 p.m. - 6:00 p.m.

House Finance Committee Room - Capital Building

Co-Sponsored by:

Central Council Tlingit & Haida Indian Tribes of Alaska (CCTHITA) and the
Alaska Native Coalition on Employment and Training (ANCET)

*12 Regions
9 Central Council
like ANSCA*

PURPOSE: To inform Alaska Legislators about Regional Non-Profit Organizations TERO activities in implementing "local hire" preferences that enhance economic development at the local level. We have the infrastructure to provide the outreach and the knowledge of local community economics and in partnership with state agencies we can orchestrate employment and training opportunities for local residents. Welfare Reform is the driving force for developing partnerships between the state and the non-profit organizations.

GOAL: To ask the Legislature to adopt a resolution for the development of partnership agreements between Regional Non-Profit Organizations and all State Government Agencies to implement "local hire." These partnerships will reduce the over 70,000 jobs lost to non-residents.

PRESENTERS:

- 1) Sharon Olsen, ANCET Co-Chair, Director Employment & Training, CCTHITA
- 2) Danny Moreno, TERO, Sitka Tribe of Alaska, CTER AK. Rep., ITA AK. Rep.
- 3) Joseph Mounts, TERO Intern, Ketchikan Indian Corporation
- 4) Teresa Germain, Job Developer/TERO, Central Council Tlingit and Haida

*Good
Jobs!*

Alaska Native Coalition on Employment and Training (ANCET) is a statewide organization, formed in 1982, which is comprised of representatives from the regional non-profit Alaska Native organizations and tribes. ANCET acts from a statewide perspective on education, welfare reform, employment, training and economic development issues and concerns specific to Native people. The Alaska Native TERO's organized to implement "local hire" preference provisions that eliminate barriers that allowed for the under-utilization of Alaska Native people.

- Alaska Natives make up only about 6.5 % of the more than 13,000 state employees (see page S-6 of the Interim Report prepared by AFN on January 6, 1999) which includes seasonal jobs.
- ANCET had several meetings with the Governor's Office and his cabinet to discuss TERO in order to develop a MOA (see MOA 10-31-94 between DOT/PF, DEC and DCRA) that would improve opportunities for qualified Alaska Natives applying for employment by State agencies.
- Southeast Transportation Committee successfully obtained a commitment from the Attorney General's office to re-write the July 11, 1995 Indian Employment Preference opinion (see letters dated August 12, 1998 and November 27, 1998 from Attorney General's Office).
- Welfare Reform - Agreements with the Department of Health and Social Services to provide rural communities with case management of ATAP clients.

*make up about 36%
of folks on welfare
native folks =
across the State*

- MOA's with Federal Agencies and Local Municipalities – Development of signed MOA's between these agencies throughout the state implements local hire preferences.
- Labor Agreements – Development of labor agreements between non-profit organizations and unions to implement local hire training and employment opportunities on projects in the public and private sector. Offer more apprenticeship opportunities in Rural Alaska.

Examples of Successful Local Hire Projects

Sitka Tribe of Alaska, Danny Moreno:

- Mt. Edgecumb High School renovation project 20,000,000 - School was taken over by State government. As a result of Native Preference requirements, 93% Native hire occurred. State DOT/PF had a Compliance Officer, on the project that enforced the Indian Preference provisions outlined in the contract.
- In cooperation through a moa with the USFS, has placed local individuals on the AMHS to fulfill the positions of the Interpretive program.
- US Coast Guard Airstation renovation projects, have local hire provisions through a MOA with the Dept. of Defense and the Tribe and have been successful at placing local people on these projects.
- Through MOA, the tribe and the Municipality of Sitka will work to implement local hire on road projects.
- HUD – Through agreement with the Baranof Island Housing Authority we provided the workforce to complete two housing subdivisions.
- National Park Service – Local hire was implemented in youth programs and other meaningful employment opportunities.
- SEARHC – Employs over 400 community members through partnerships with the non-profit organization.

Ketchikan Indian Corporation, Joseph Mounts:

- Ketchikan Indian Health Clinic – 115 trained members and 86% local hire.
- Through utilizing training funds KIC has been successful at implementing local hire for the Alaska Marine Highway System, Tribal Hatchery and Gift Shop, longshoring, seafood, and other tourist businesses to assist in the Economic Development of the community.

Central Council Tlingit and Haida Indian Tribes, Teresa Germain:

- Housing Authority Projects – Juneau, Yakutat, Petersburg, Klawock, Kake housing projects employed local residents to construct HUD homes and utilized training dollars to provide on-the-job training opportunities for local residents.
- Berner's Bay Consortium – Goldbelt, Kake, and Klukwan worked with Tlingit and Haida to prepare local workforce for jobs with the Kensington mine.
- Indian Health Service Clinics – Haines and Ketchikan Health clinics trained local residents to provide opportunities for employment in the medical professions.
- Sealaska Corporation – The Silviculture project will prepare local residents for tree thinning, pruning and planting on corporate lands and developed a program to train shareholders in surveying.
- Vocational Training & Resource Center – Local residents were trained on steel building erecting and this workforce was used to construct the facility. The VTRC has also developed training programs in the following areas: small business development, computer skills, life

198 *Corleone*

\$250,000 @ UAK Joseph are you taking classes?

Community trained / 16 trained workers or jobs?

skills, visitor industry, construction skills, oil/furnace technician, mining, Northwest Indian Arts, surveying. All VTRC classes are designed to meet the specific needs of employers and through a MOA with the UofAK S.E. all students receive college credits.

Angoon Community Association:

- Angoon Road Project – 65% local hire was achieved as a result of cooperative efforts between ACA, the City of Angoon, Bureau of Indian Affairs Roads, and the DOT/PF.

Organized Village of Saxman:

- Saxman Road Project – With cooperative agreements between the City Council, the Tribal council, the BIA and State DOT/PF, local residents were hired to perform the work on this project.

Cook Inlet Tribal Council - Anchorage:

- Alaska Native Medical Center – Residents statewide successfully constructed the ANMC through the coordinated efforts of the TERO's to identify the qualified Native workforce.

Kawerak, Inc.:

- With the help of local Union and TERO representatives, International Technology negotiated and implemented a project-specific Union agreement and initiated an aggressive local hiring process at each of the primary work areas. Since project inception, 100% of all craft employees were local and Native Alaskans from the communities where the sites are located including: Nome, Teller, Elim, Wales, and Brevig Mission. As of 1996, local hires accounted for 64% of the project's workforce. Out of 118 total employees utilized on the Nome Project, 75 were hired locally, accounting for over \$2 million in payroll.

Association of Village Council Presidents

- AVCP's TERO activities regarding local hire have been projects let by two federal agencies. The two agencies HUD and HIS provides for Indian Preference on new construction and housing improvement projects under P.L. 93-638, Indian Self-Determination and Education Assistance Act, Section 7(b). As a result we have had over 1,000 local village residents employed as laborers or skilled craftspeople during each construction season. The TERO has played an important role in insuring that the contractors are in compliance to the Indian Preference requirements.

Recommendations For the State Legislature:

The State Legislature adopt a resolution that endorses the following:

- MOA's - Require DOT/PF and other state agencies to develop MOA's and initiate contact with regional non-profit organizations to discuss projects within their respective regions in a timely fashion to identify and prepare the local workforce.
- State Funded Projects - Require a sliding scale based on experience and training to develop reasonable wages when state agencies are implementing projects.
- State Policies & Procedures - Require all state agencies to develop standard policies and procedures that are equitably implemented with regional non-profits.
- TEA21 – Offers an opportunity for DOT/PF, BIA and the regional non-profit organizations to develop partnerships to implement local hire preferences on federal highway assisted road projects.
- 1999 National TERO Conference – Encourage state agencies to attend the National TERO Conference in Minnesota at Mystic Lake Casino on 6/6/99 – 6/9/99 and learn how other

*Davis
Bacon
or
Little
Davis
Bacon
Wage
scale?*

states have benefited by utilizing TEROs to get local hire on federal and state funded projects.

- Rural Governance Commission – Recommends, for example, that the state do more contracting with tribes and involving them more in managing natural resources.
- Support SB 80 and HB 98 which will give eligible Native non-profits a “state match” to operate their own regional TANF programs. The Alaska State Legislature is the key decision makers on state implementation of welfare reform.
- Support Legislative Resolution to implement partnerships with Alaska TEROs and State agencies (DOT, DEC, DCRA, DCED and ADMIN.) to promote local hire for Rural Alaska.
- The Denali Commission needs to join in the Commission on Rural Governance and Employment in supporting recommendations that will ensure local hire and support a government to government relationship between the tribes and the state.
- Support Senator Murkowski’s Legislation to “win more jobs for Native Alaskans in running National Parks in Alaska.”

In closing, Governor Knowles states in his letter, dated October 20, 1998, to Roy Kenick, TERO, Association of Village Council Presidents, “I agree with your concern it is now more important than ever local residents have first crack at projects in their communities and receive the training they need to allow them to work on them. . . . letters I sent to contractors and prospective bidders on projects in your area this summer urging them to use the local work force and informing them of tax credits available to employers who help us move Alaskans from welfare to work. My Jobs Cabinet will continue to urge contractors on state projects to hire local workers rather than import workers.

DRAFT Resolution

TITLE: Partnership Agreements with State Agencies and Regional Non-Profit Organizations

WHEREAS, the State of Alaska recognizes the need for economic development in every community; and

WHEREAS, the State of Alaska understands that the declining oil revenues has caused a budget shortfall that impacted the assistance to communities; and

WHEREAS, the State of Alaska also understands that the MOA's between federal agencies and regional non-profit organizations to implement and provide local hire preference provisions have proven to be beneficial to the economic development at the community level.

NOW THEREFORE BE IT RESOLVED, the Alaska State Legislature supports the development of MOA's between State government agencies and regional non-profit organizations to develop a partnering relationship to implement local hire provisions that will provide opportunities and assist in economic development; and

BE IT FURTHER RESOLVED, the Alaska State Legislature hereby mandates that all State Government agencies develop MOA's that identifies procedures that will develop partnerships with all Non-Profit Organizations to implement local hire preferences which will create and enhance economic development at the community level.

WHO IS ALASKA SEAFOOD INTERNATIONAL?

Alaska Seafood International, LLC, is a state-of-the-art, value-added seafood manufacturer located in Anchorage, Alaska. ASI is designed to meet increasing demands for a reliable and consistent supply of great tasting fresh and frozen seafood that is easy to prepare.



WHAT DOES ASI PRODUCE?

Every ASI product starts with the best seafood in the world: Alaskan-caught salmon, halibut, cod, pollock, and other fish. We add value to these raw products by portioning, shaping, and adding sauces or other coatings. These value-added seafood products are then packaged as either heat-and-eat entrees or as part of complete table-ready meals (including side dishes). ASI can produce a wide variety of high-quality, delicious products - everything from steaks and fillets, to noodle and pasta bowls, to soups and chowders.



WHO ARE ASI'S CUSTOMERS?

ASI partners with a small number of high-volume customers in long-term relationships. We provide our retail and warehouse wholesale customers with signature products in custom-designed, private-label packaging. This allows ASI's customers to extend their well-known, quality brands into the emerging value-added seafood category. We also produce value-added seafood products for institutional foodservice and contract feeders.

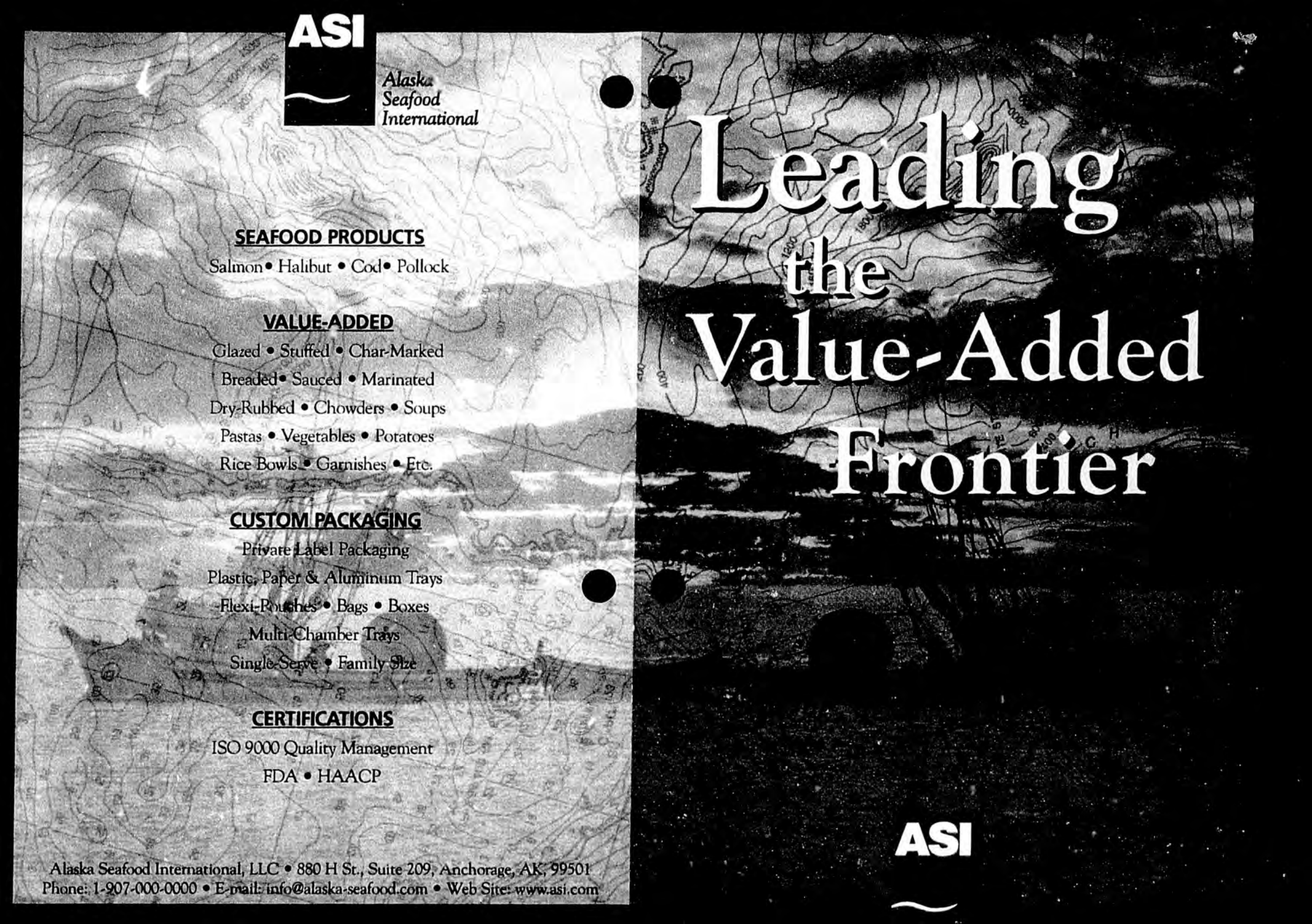


THE ASI FACILITY

ASI's 202,000 square foot high-volume, state-of-the-art facility is the largest value-added seafood operation in North America.

Our manufacturing operations are adjacent to a 65,000 square foot, 30 million-pound cold storage production warehouse, ideal for holding inventories of completed product. ASI's close proximity to Anchorage International Airport, one of the largest cargo airports in the world, allows us to ship fresh and frozen seafood to any market in the United States, Asia, and Europe within hours and at competitive pricing.



The background of the entire advertisement is a detailed topographic map, likely of Alaska, showing various elevation contours and geographical features. The map is in grayscale, with darker lines indicating higher elevations and lighter areas indicating lower elevations. The map covers the entire page, providing a textured and thematic backdrop for the text.

ASI

*Alaska
Seafood
International*

SEAFOOD PRODUCTS

Salmon • Halibut • Cod • Pollock

VALUE-ADDED

Glazed • Stuffed • Char-Marked
Breaded • Sauced • Marinated
Dry-Rubbed • Chowders • Soups
Pastas • Vegetables • Potatoes
Rice Bowls • Garnishes • Etc.

CUSTOM PACKAGING

Private Label Packaging
Plastic, Paper & Aluminum Trays
Flexi-Pouches • Bags • Boxes
Multi-Chamber Trays
Single-Serve • Family Size

CERTIFICATIONS

ISO 9000 Quality Management
FDA • HACCP

Leading the Value-Added Frontier

ASI

Alaska Seafood International, LLC • 880 H St., Suite 209, Anchorage, AK, 99501
Phone: 1-907-000-0000 • E-mail: info@alaska-seafood.com • Web Site: www.asi.com



(2-99)

FOR IMMEDIATE RELEASE

Gregory Galik
(907) 561-2009
Release Date: 1/4/99

ALASKA SEAFOOD INTERNATIONAL – AT A GLANCE

Alaska Seafood International, LLC. (ASI) is building a 202,103 square foot seafood manufacturing facility in Anchorage, Alaska. This state-of-the-art facility, the largest of its kind in North America, will produce fresh and frozen value-added, private label products made from Alaska salmon, halibut, cod, pollock and flatfish. These unique products are being developed for food service and retail markets in the U.S.A., Asia and Europe. The company objective is to deliver the highest quality seafood products available on a reliable and cost-efficient basis.

- There are no major value-added seafood manufacturing facilities in Alaska. ASI will be the first to add value to Alaska fish by portioning and shaping products as well as adding sauces, marinades, coatings and packaging to meet the growing demand for "table-ready" seafood meals.
- ASI will be an innovative manufacturer utilizing the most modern processing techniques and equipment to preserve and enhance the fresh quality of the raw seafood available in Alaska.
- ASI will NOT compete with existing Alaska processors, but will be a large, new, in-state customer for their products. To that end, ASI is currently developing long-term relationships with Alaska harvesters and processors to assure an ample supply of top quality raw materials.
- ASI has partnered with Geneva Lakes Cold Storage Company of Darien, Wisconsin to build and operate an 84,000 square foot cold storage warehouse adjacent to the ASI facility. It will have a capacity to handle approximately 30 million pounds. Geneva Lakes will also provide logistic and transportation services for ASI customers throughout the U.S.

-More-

ASI At A Glance

Alaska Seafood International, LLC 880 H St., Suite 209 • Anchorage, Alaska 99501
Email: info@alaska-seafood.com • Web Site: www.alaska-seafood.com



Add 1

- In addition to being fully HACCP certified, the plant is being built to meet all applicable FDA and USDA standards. ASI has also made the strategic decision to operate the business in accordance with the rapidly growing international ISO 9000 Quality Management Standards and will seek formal ISO certification as soon as possible after startup.
- ASI will supply a small number of select customers with Alaska seafood products that are custom designed and produced under their private brand name. ASI's business concept is unique in the seafood industry as a competitively priced, high quality, customer-oriented supplier. ASI's business concept was developed in direct response to customers' needs after two years of market research that included the largest seafood users in the food industry.
- The Anchorage International Airport is the largest cargo airport in the U.S. with less than six days of downtime for weather per year. ASI has consulted with some of the largest airfreight companies in the world to develop a system utilizing ASI's chilled storage capacity to ship fresh, value-added products to any market in the U.S., Asia or Europe within hours at a competitive price.

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1-1/8/99 GJG



(1-99)

FOR IMMEDIATE RELEASEContact: Gregory Galik
(907) 561-2009**ALASKA SEAFOOD INTERNATIONAL FACILITY SET FOR COMPLETION
MID-SUMMER 1999**

(Anchorage, Alaska) Construction of an ultra modern, value-added seafood manufacturing facility near Anchorage International airport, is nearing 70% completion. The \$125 million operation is a joint venture of Anchorage-based Alaska Seafood International (ASI) and Central Investment Holding Company of Taiwan.

Keld Andersen, Chief Operating Officer, reports the design phase is complete and construction is proceeding on schedule. The multi-million dollar facility, which has been in development for eight years, is scheduled for completion in mid-June, 1999 with the first product shipping later that month.

The ASI concept is to provide a consistent supply of value-added seafood through the addition of coatings of herbs, sauces, marinades and other ingredients resulting in table-ready items needing only heating and serving. When completed, the 202,000 square foot plant will begin ramping up production to ship more than 100 million pounds of high quality, fresh and frozen seafood each year to waiting markets worldwide.

-More-



Add 1
Alaska Seafood

The facility is designed and constructed to meet USDA and FDA requirements and planning is underway to implement the rapidly growing worldwide ISO 9000 Quality Management Standard. This will enable ASI to enter markets inaccessible to companies with uncertified, older facilities. The importance of the ASI concept is that it allows Alaska's seafood industry to move beyond primary processing, developing new markets for one of the State's most important industries.

As a result, ASI will be a major customer of the primary processors and fishermen operating in Alaska.

Joint venture partners for the project have completed financing with \$50 million coming from the State of Alaska Industrial Development and Export Authority. These funds will help ensure timely start up of the operations by financing construction, leases and equipment.

The design team for the project is Cash Barner Architects, CH2M Hill and Dowl Engineers, all based in Anchorage, Alaska. Construction contractor for the project is Unit Company also of Anchorage. For more information about ASI, our personnel, products and services, please call Gregory Galik, 907 561-2009.

-End-

2-1/8/99GJG

Alaska Seafood International, LLC 880 H St., Suite 209 • Anchorage, Alaska 99501
Email: info@alaska-seafood.com • Web Site: www.alaska-seafood.com



Qimley Services

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FEB - 1 1999

Date

JOURNAL OF ALASKA
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Entrepreneur ready to take on titans of food

Conventional wisdom in Alaska's Seattle-based fishing industry is that a big seafood plant in Anchorage won't work. Howard Benedict wants to prove them wrong.

By Tim Bradner
Journal Reporter

It's been an uphill struggle for Alaska entrepreneur Howard Benedict and his large seafood manufacturing plant in Anchorage.

The 200,000-square-foot plant,

near Raspberry Road and Minnesota Drive in South Anchorage, is now more than 60 percent complete. The project is on schedule, under budget and set to open in June, says chief operating officer Keld Andersen of Alaska Seafood International, the company formed by Benedict and a group of Taiwanese investors.

The plant is important to Anchorage. It will provide 450 jobs, generate new sales for fish processors, air and sea shippers and even local farmers who can grow potatoes, carrots and peas needed in prepared meals the plant will make.

Benedict has promoted his idea since 1990 and had to overcome the doubts of many to get it off the ground. There seemed little hope until a group of Taiwanese investors came in two years ago.

The project received additional backing from the Alaska Industrial Development and Export Authority, the state development corporation, which is financing \$50 million of the \$125 million project.

Skeptics abound, particularly



in the largely Seattle-based fishing industry. The main questions revolve around whether the Anchorage plant can really get the quantities and types of fish it needs and whether a big seafood plant makes economic sense in Anchorage, compared with Seattle.

Benedict and others in ASI's management say skeptics still don't grasp the innovative business concepts behind the venture.

ASI is a value-added food manufacturing plant, not a fish plant, they say. It will make customized, prepared, ready-to-heat meals for a select few private-label buyers. The concept of making prepared meals is brand new for the fish business, though not for the food industry.

But making customized, higher-value meals under private label purchase contracts is brand new for the industry.

"We're not in a commodity market," said Gail Marshall, ASI vice president for research and development. "If we were just producing small squares of fish, we couldn't compete" with plants in Seattle.

It's the value added — customizing of products with sauces, breadings or stuffings and adding vegetables to create a complete meal — that enhances value of the products the plant produces enough to offset any Alaska cost disadvantage.

An independent seafood consultant, who asked not to be identified, said private-label market-

ing could give ASI an important advantage because its products will be guaranteed retail shelf-space. If ASI marketed under a brand name, it would have to fight for retail space.

ASI also appears to be well-capitalized, a big plus compared with other Alaska seafood ventures, which often are under-financed, he said.

"We're not in a commodity market," said Gail Marshall, ASI vice president for research and development. "If we were just producing small squares of fish, we couldn't compete" with plants in Seattle.

Andersen said his company's plan to make fresh as well as frozen value-added meals is important in the decision to build in Alaska. "If we only made a frozen value-added, our costs would be too high compared with Seattle," Andersen said.

When it comes to shipping fresh fish products by air, Anchorage is superior to Seattle because it's closer to the supply source and because so many

direct air cargo flights are available from Anchorage to major continental United States, Asia and European markets, and Asia is important in ASI's long-range plan, Andersen said.

Anchorage's airport also has more reliable flying weather than Seattle, he said.

Manufacture of prepared seafood meals has been done in Europe since the 1970s, and there are now several plants that do it, including one developed by Andersen in northern Denmark.

ASI hopes to benefit the trend toward "home-meal replacement" under way in the United States. Families with working parents have less time for meal preparation. Consumers are demanding high-quality meals that are pre-prepared, and the food industry is now responding.

Pre-cooked, prepared chicken meals are now a huge part of Tyson's business, said James Daniels, vice president of manufacturing for ASI. Campbell's Soup Co. also is moving into the field, he said. Daniels once served as a former Tyson's manager, and also was with Mrs. Paul's, a division of Campbell's Soup.

Marshall said some regional retail chains are selling pre-cooked ready-to-heat meals. "You can go into major markets like Atlanta, Boston or Chicago, and even Anchorage, and find prepared foods sold through regional chains with a central kitchen for preparation," she said.

"But people aren't doing much

with seafood. What little in seafood I've seen is usually a portion of salmon in a dill sauce."

Seafood has been a challenge because of problems in establishing supply sources and dependence on wild harvests, which affect pricing, Daniels said.

The few mass-producers of fish products, such as Mrs. Paul's, produce modestly-priced fish sticks or other breaded products for the large middle of the market, he said.

Mrs. Paul's specializes in seafood, but the company hasn't been able to shift from mass production of a limited line of products to more upscale products, Daniels said.

"We looked at our production line, and we realized we were still using 1950s technology. We were never able to make the step," in modernizing the process and upgrading the product line, Daniels said.

With a new plant and technology, ASI hopes to leap-frog the rest of the industry into a higher-end market.

ASI officials won't divulge what contracts they already have signed, but they are hosting potential customers at the Anchorage plant.

Buyers are telling the company they want more variety in seafood but haven't been able to get it. "They want more than just a slab of fish on ice," Marshall said.

ASI already has developed about 200 prototype products, often using one fish species with several sauces, or other preparations. Recipes are being developed by Marshall and her staff in a temporary test kitchen at the as-yet-uncompleted plant.

The innovations are confidential, but include sauces with coconut or tequila lime, or a red bell pepper sauce made with a roasted lobster base. Breading innovations like couscous, combined with Japanese bread crumbs, and lemon yogurt with mint sauces, also are planned.

Most of the products can be baked or heated by microwave, Marshall said, while others should be fried or baked. Some dishes will be targeted for the lunch market.

The plant will generate a lot of spin-off benefits for Alaska because things needed for the plant, from plastic trays to veg-

etables, could be supplied locally. Some types of breadings can be made by local bakers.

"We find someone in Alaska is producing almost everything we need, although usually on a small scale," Marshall said. "They may be able to increase their capacity enough to supply our plant."

On the supply question, Andersen said the plant will

shellfish, which may be used in stuffings, Andersen said. Salmon, halibut, cod and pollock will be mainstays, but the company is experimenting with other Alaska fish like yellow fin and rock sole, and black cod.

Discussions were under way with Sea-Land Freight Service Inc. and other marine shippers on transporting bottomfish to Anchorage. But if supply isn't



Gail Marshall, vice president of research and development, holds a frozen packaged gourmet meal that will be offered by ASI when the plant is in full production.

be diversified, not dependent on any one species, and will be working with a wide variety of suppliers, including shore-based processors, trawler operators, Western Alaska communities with Community Development Quota shares of pollock, cod and halibut, and salmon hatcheries.

"We'll buy our product where it makes sense, and we prefer to build long-term relationships with suppliers so that we're not constantly shifting our suppliers," Andersen said.

ASI will buy all fish commonly available in Alaska except

available in Alaska, the plant can buy bottomfish from operators in Russian waters or even elsewhere, he said.

Access to bottomfish is critical, however, because most of the plant's products will use fish like pollock and cod. In its first year, the plant will be about 50 percent dependent on salmon, but the percentage of other fish species used will be increased each year. At maximum output, salmon products would be about 10 percent of the plant's production, Andersen said.

Access to salmon appears easier, Andersen said the intent





is to buy all species of salmon, but mainly from Cook Inlet, Prince William Sound and Kodiak.

The company wants to be able to truck as much salmon as possible from Valdez, Kenai and Homer, Andersen said. Some may be flown in, from Kodiak, for example. Bristol Bay doesn't figure in the plan, for now.

Marshall said a lot of attention is being paid to low-value species like pink and chum salmon because it's priced low and when prepared with sauces, stuffings and breading, could be made into very profitable products. Higher-value sockeye and coho products also are planned, but the higher cost of the raw material has a big impact on the bottom line.

Marshall said ASI also will do a lot of work to improve the quality of salmon it receives. The company also is researching natural additives that will help extend the freshness of fish, she said.

Output of the plant will increase with customer demand

but in its first year, the plan is to handle about 22 million pounds of all species, increasing to 38 million in the second year, 50 million in the third year, until the maximum capacity of 100 million pounds annually is reached.

The private-label marketing and "just-in-time" delivery are innovations and big gambles for ASI, but food industry trends favor the concepts, Andersen argued.

Consolidations like the proposed Safeway-Carrs merger will result in more outsourcing. If big retailers can outsource and still feel they can "put their own fingerprint" on products, even with their own recipes, it will be a winning combination, Andersen said.

Journal reporter Tim Bradner can be reached at 907-762-1920.



Alaska
Seafood
International

NEWS

(7-99)

FOR IMMEDIATE RELEASE

Contact Greg Galik
Gregory Galik
(907) 561-2009

BACKGROUND INFORMATION

Project Overview

Alaska Seafood International (ASI) is building a major new value added seafood manufacturing facility in Anchorage, Alaska to respond to the strong worldwide market demand for a reliable, consistent supply of high quality fresh and frozen seafood. To meet this demand ASI has organized itself to be a low-cost producer with an innovative state-of-the-art facility, competitive production, reduced transportation costs, and most importantly, competitive access to fresh high quality raw materials.

The rapid demise of the fish stocks on the East Coast was caused by local mismanagement and has left a severely dislocated, inefficient processing industry thousands of miles away from their raw materials. Today, raw materials are transported by ship from Alaska through the Panama Canal to plants along the Eastern Seaboard from Maryland to Maine. The finished products are then trucked to markets back across the entire continent. This inefficient operation significantly impacts product price and quality.

Industry Background

ASI's location provides competitive access to the clear, cold, unpolluted waters of Alaska, one of the world's largest and best managed fishing grounds. Alaska has more coastline than the rest of the US put together and alone produces over 60% of the total US fish harvest. In 1990, an amendment to Federal Law (The Stevens-Magnuson Act) phased out foreign and joint venture fishing within 200 miles of the US coastline making it economically feasible for the first time to build a plant such as the one ASI will operate.

Worldwide depletion of fish stocks has occurred because of exploitation and lack of prudent management of the resource. In Alaska, the North Pacific Fishery Management Council has a conservative quota policy which is strictly enforced and prevents overfishing. Alaskan waters have never been overfished. Throughout



-More-

the world, Alaska's fisheries are viewed as an example of excellence in federal and state resource management.

Alaska has a well established primary processing industry, largely consisting of converted old canneries for the salmon trade plus a fleet of new high tech catcher processors which can do primary processing only. Primary processing consists of heading, gutting and filleting. Value-added manufacturing, however, is not well established in the state.

This type of manufacturing consists of adding value to fresh and frozen seafood by portioning and shaping, as well as adding breadding, sauces, marinades or coatings, thus making the prepared seafood table-ready. This must be done at a shore-based facility. ASI's operation will be the first major, value-added seafood manufacturing facility in Alaska.

The Location

The ASI facility will be located a few minutes from the Anchorage International Airport with truck and rail access at its door for economical surface shipment of finished products. Anchorage is an ideal location because it is at the center of Alaska's five fishing grounds. Utility costs are among the lowest in the United States. There is a well-educated labor force with generations of skilled labor from the fishing industry anxious to have year round employment.

Transportation of ASI products to worldwide markets is supported by the fact that Anchorage International Airport is the largest cargo airport in the US with less than six days of downtime for weather per year. Federal Express operates a \$50 million overseas terminal here and is currently building a major expansion of their logistic distribution operation. As a result, Anchorage is a vital transportation link serving Europe and the entire Pacific Rim.

- More -



Alaska Seafood
Background Information

The Facility

ASI is building the first seafood facility in the country operated according to the rapidly growing worldwide ISO 9000 Quality Management Standard. This will enable ASI to penetrate overseas markets inaccessible to companies with uncertified older facilities. The 202,000 square foot facility will be among the largest value-added seafood manufacturing operations in the world, making use of processing equipment that is the latest state-of-the-art technology with proven serviceability.

The Market

ASI will supply a small number of high volume customers on a contract basis offering them one stop shopping for Alaska seafood with extensive R&D support. The ASI business concept is unique in the seafood industry with a focus on being a low cost, high quality, customer oriented supplier. Additional markets in the Pacific Rim are already being developed by our Joint Venture partner for air shipments of fresh seafood and surface transportation of frozen value-added products.

Financing

Financing for the \$125 million project is provided by the joint venture partners with additional assistance from the State of Alaska. The Legislature voted \$50 million for ASI to be administered through the Alaska Industrial Development and Export Authority. ASI is now finalizing financing requirements with AIDEA. These funds will help ensure timely start up of the operations by financing construction, leases and equipment.

ASI has a joint venture agreement with a financially strong Pacific Rim partner, Central Investment Holding Company of Taiwan. This company will be actively involved in marketing products throughout the Pacific Rim.

-End-



Official Business

Alaska State Legislature

ECONOMIC DEVELOPMENT & TOURISM COMMITTEE

Representative Gail Phillips, Chair
State Capitol, Room 411
Juneau, Alaska 99801-1182

(907) 465-2689; (800) 665-2689

FAX: (907) 465-3472

Email: Representative_Gail_Phillip@legis.state.ak.us

April 21, 1999

To: Rep. Beverly Masek, Chair and *Bev & Gene*
Members, Transportation Committee *and Committee Members*
Reps. Gene Therriault, Co-chair and
Members, House Finance Committee

From: Representative Gail Phillips, Chair *Gail*
Economic Development & Tourism Committee

Re: April 28 meeting

On April 28, at 5 p.m. the Economic Development Committee will hear a presentation from the Tlingit-Haida Central Council on how the state can create partnerships with the tribes to provide "local hire" preferences and create jobs for rural Alaska on federal transportation projects.

This program is important because of its impact in welfare-to-work communities and the opportunity to create steady employment opportunities for rural Alaska.

You are invited to join us at our committee table for an informative and interesting program. The meeting will take place in the House Finance Committee room.

Thank you.

GP:ps