

HCR

8

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8</SUBJECT><COMM>HFSH30</COMM></TARGET>



30th Alaska State Legislature

House Fisheries Committee

Chair: Rep. Louise Stutes
Committee Aide: Reid Harris
Committee Email: hfish@akleg.gov

Sponsor Statement for HCR 8 ver A

"A resolution expressing the strong support of the Alaska State Legislature for the Kodiak Seafood and Marine Science Center; and urging the University of Alaska to maintain the Kodiak Seafood and Marine Science Center as an important resource in the state."

This resolution expresses the Alaska State Legislature's support for the Kodiak Seafood and Marine Science Center (KSMSC) and urges the University of Alaska to maintain this valuable resource for the state.

The Alaska seafood industry employs more workers than any other private sector industry in the state, employing 60,000 workers annually and providing those workers with \$1.6B in annual earnings. Significant economic benefits accrue to the state directly from activities in the seafood industry; in 2014, the seafood had a harvest value of \$1.9B and a first wholesale value of \$4.2B.

Created by the Alaska State Legislature in 1981, the KSMSC is the only center of training, applied research, and technical assistance program of its kind in the state. The Center was constructed in 1991 with Exxon Valdez settlement funds on 7 acres of land donated by the Kodiak Island Borough.

KSMSC, in partnership with University programs such as Alaska Sea Grant and the UAF Fisheries program, is a statewide hub for seafood processing and fisheries workforce training, research, and technical assistance. Its active seafood processing, fisheries training, and education program trained over 250 people in 2016 alone. KSMSC also serves as a regional science center, providing a hub for Gulf of Alaska research and science education.

The seafood processing pilot plant and laboratories at KSMSC are a unique state asset. The plant contains a wide range of seafood processing equipment used for research in seafood safety and product development, technical assistance, testing, and workforce development training.

The University of Alaska Fairbanks is currently facing deep budget cuts and, as a result, UAF is considering developing a public-private partnership to continue and grow the functioning of this valuable center.

Through this action, the Alaska State Legislature recognizes the value of the Center and urges the university to find a solution to keep the KSMSC stable and operating to support the seafood industry and the State of Alaska.

Thank you for your support of this legislation.

Alaska State Legislature

Leadership
Majority Whip

Chair
Fisheries Committee
Transportation Committee

Member
Rules Committee
Labor and Commerce Committee
Legislative Council



REPRESENTATIVE LOUISE STUTES

District 32

Kodiak-Cordova-Yakutat

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Explanation of Changes from HCR 8 ver A to ver A.A

Page 1, line 2 (title amendment):

Delete "maintain"

Insert "find a solution to keep"

Page 1, line 3 (title amendment):

Delete "as an important"

Insert "operating as a stable"

Page 3, line 17:

Delete "solution that keeps"

Insert "creative solution in which the university partners with industry, stakeholders, and the community of Kodiak to keep"

This amendment was added to clarify and strengthen the resolutions intent.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HCR 8
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HCR8-LEG-SESS-03-10-17
Title: KODIAK SEAFOOD & MARINE SCIENCE
CENTER
Sponsor: FISHERIES
Requester: HOUSE FISHERIES

Department:
Appropriation:
Allocation:
OMB Component Number: 0

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates					
			FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 (separate supplemental appropriation required)

(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 (separate capital appropriation required)

(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?

If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

INITIAL VERSION. ONE PAGE. ZERO NOTE

Prepared By: JESSICA GEARY, FINANCE MANAGER
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Approved By: PAM VARNI, EXECUTIVE DIRECTOR
Agency: LEGISLATIVE AFFAIRS AGENCY

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Date: 03/10/2017

LEGISLATIVE RESEARCH SERVICES

29th Alaska Legislature
LRS Report 17.046
December 2, 2016



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Kodiak Seafood and Marine Science Center

Tim Spengler, Legislative Analyst

You asked for information about the Kodiak Seafood and Marine Science Center, formerly known as the Fishery Industrial Technology Center. Specifically, you wished to know about its creation; you also had questions pertaining to the University of Alaska's authority over the Center.

Brief History of the Kodiak Seafood and Marine Science Center

In 1981, Alaska established the Fishery Industrial Technology Center (FTIC) in Kodiak to enhance the technological competitiveness of Alaska's fishing industry. The enabling legislation for the FTIC was House Bill 262, sponsored by then-Representative Fred Zharoff, and enacted as Ch 44 SLA 1981.¹ The program was one of several grouped together in 1987 to create the University of Alaska Fairbanks School of Fisheries and Ocean Sciences (SFOS). In 2011, the Kodiak Center was renamed the Kodiak Seafood and Marine Science Center (KSMSC).²

The purposes of the Center are enumerated in AS 16.020 as follows:

- Providing training opportunities to citizens of the state on the most efficient and appropriate technologies for the harvesting, processing, and conservation of the fishery resources of the state;
- Providing information and technical assistance on the adaptation of existing and new technologies to the users of the fishery resources of the state;
- Providing research and development activities to adapt existing technologies to enhance the economic viability of the industry;
- Providing research and development activities to create new technologies that will enhance the effectiveness of the industry, and provide economic benefits to state citizens; and
- Encouraging joint projects between industry and government in order to use industrial experience and government programs to enhance the productivity of the industry.

The creation of the KSMSC was a product of a long history of interest and effort. As early as 1974, the University of Alaska (UA) had proposed an Alaska Fisheries Education Program that would expand and enhance the existing program at the Fairbanks campus as well as expanding, throughout the UA statewide system, technical training on fisheries. One component envisioned was a program in Fishery Technology at the Kodiak Community College to provide formal and informal training in modern fishing methods, gear and vessel handling, seafood processing and plant operation, fishing business administration, and fisheries enforcement.

¹The enabling legislation is codified in Alaska Statutes at AS 16.52.010-070.

² The KSMSC website is located at <http://www.uaf.edu/cfos/about-us/locations/kodiak/about-ksmsc/>.

By 1980, the University of Alaska had achieved status as a Sea Grant College.³ In December of that year, a conference entitled "Fisheries Education in Alaska: Creating a Program of Excellence" was sponsored by the Division of Policy Development and Planning in the Office of Governor Jay Hammond; the Alaska Department of Education; the Office of Commercial Fisheries Development in the Alaska Department of Commerce and Economic Development; and the University of Alaska-Juneau. The conference was designed as a joint effort of industry and state government to identify specific advanced fisheries education needs in the state and to incorporate and adapt components of successful programs to address those needs for Alaskans. Presenters represented a majority of the most respected fisheries and seafood education programs in the United States as well as in other countries including Canada, Denmark, Great Britain, and Japan. The record of the proceedings contain recommendations on the development of a program for Alaska.⁴

In March 1981, Representative Zharoff introduced HB 262, an act establishing a fishery industrial technology center as part of the University of Alaska. Proponents of the measure envisioned that the Kodiak center would be designed to carry out training, research and development of fisheries and the fishing industry in Alaska.

As mentioned earlier, after three decades as the Fisheries Industrial Technology Center, the facility was renamed the Kodiak Seafood and Marine Science Center. The University of Alaska Board of Regents approved the change in December 2011 with the support of the SFOS dean, UAF chancellor, and UA president. The name change was recommended at the end of a program review conducted in 2011 and was intended to more fully describe the work being done at the Center.

Response from The University of Alaska to Questions Regarding KSMSC

Below we list the questions (in bold) that we put to the University of Alaska, followed by the responses we received (verbatim).⁵

Does the University of Alaska own the Kodiak Seafood and Marine Science Center building, or is it owned by the State of Alaska?

The (KSMSC) facility, previously known as the Fisheries Industry Technology Center (FITC), is a University owned facility.

How many different buildings has the Center been housed in since it was established in 1981?

The Center has been located on Near Island since 1991. Before 1991, administrative offices were housed in an office in downtown Kodiak. Laboratory space was located at the US Coast Guard base.

How much state money has been appropriated to build the various phases of the Center?

The facility was phase funded via capital appropriations with a combination of state and Exxon Valdez oil spill (EVOS) funding totaling \$10.8M (in 1989, 1990, 1991 and 1994). However, of these appropriations, UAF transferred \$3M to the Kodiak Island Borough to build residential apartments that UAF manages for students and visitors and to contribute to the construction of the Near Island Research facility, a separate facility next door to KSMSC leased by NOAA Fisheries. The land that the

³ As Public Law 89-688, Congress passed the National Sea Grant College and Program Act of 1966, establishing Sea Grant Colleges within existing universities wishing to develop oceanic work across the nation. The program was inspired by the success of the Land Grant University model, which combined the resources of state universities with the needs of citizens. Designed to be a national network to sustain and enhance the vitality, value and wise use of the nation's coastal resources, the program is administered and supported by the National Oceanic and Atmospheric Administration (NOAA), and implemented through 33 leading research universities.

⁴ William W. Smoker, ed., "Fisheries Education in Alaska: Creating a Program of Excellence," Anchorage, Alaska, Sea Grant Report 82-4, published December 1981; available at <http://nsgl.gso.uri.edu/aku/akuw80003/akuw80003index.html>.

⁵ UA's response was provided by Michelle Rizk, Vice-President University Relations. Ms. Rizk can be reached at (907) 450-8187.

KSMSC is on (approximately 7.15 acres) was donated to the University of Alaska by the City of Kodiak to house KSMSC.

Annual facility operations and maintenance costs are approximately \$300,000. Four faculty (Marine Advisory Program and Fisheries Department) and 1.5 staff (Marine Advisory Program) are supported by CFOS at approximately \$500,000 per year.

The University received one partial operating increment in 1992 from the state to cover some of the costs associated with operating the facility. In the 1990's and early 2000's dedicated federal research funds supported faculty salaries to offset facility operating costs since no overhead was allowed on these dedicated funds. Today, the faculty in the building may generate overhead through competitive grant funds (e.g. Sea Grant, NPRB, NOAA, USDA, and ASMI) and may generate salary funds through industry-funded research (PCCRC) and UA TVEP funds. The amount of faculty generated operating revenue each year is variable.

Does the UA have sole authority to decide what the current Center building is used for?

Yes.

Could the UA sell the building and keep the funds for other University purposes, if it chose to?

The sale of university property is governed by BOR Policy and Regulation Chapter 5.11- Real Property. The distribution of the proceeds of the sale of university assets rests with the Board of Regents.

It is important to note that the university is required by statute to meet the Kodiak Seafood and Marine Science Center's (formerly Fishery Industrial Technology Center) purpose established in Alaska Statute 16.020. "The center shall create employment opportunities in the state's fishing industry and other benefits to the state by:

- (1) providing training opportunities to citizens of the state on the most efficient and appropriate technologies for the harvesting, processing, and conservation of the fishery resources of the state;
- (2) providing information and technical assistance on the adaptation of existing and new technologies to the users of the fishery resources of the state;
- (3) providing research and development activities to adapt existing technologies to enhance the economic viability of the industry;
- (4) providing research and development activities to create new technologies that will enhance the effectiveness of the industry, and provide economic benefits to state citizens; and
- (5) encouraging joint projects between industry and government in order to use industrial experience and government programs to enhance the productivity of the industry."

The university will therefore continue to need resources in Kodiak to meet this purpose.

We hope this is helpful. If you have questions or need additional information, please let us know.

KSMSC Operations

Ongoing Operations Concerns Continue

FY2016 began with a notification to faculty and staff at KSMSC from UAF Provost Susan Henrichs and School of Fisheries and Ocean Sciences interim dean that due to budget concerns UAF was considering transferring ownership of KSMSC to UAA for repurposing. Alternately UAF was considering closing the Center by the end of FY2016. In an energetic response, community and industry leaders contacted UAF to express strong objections to closing the Center and/or changing the Center's mission, citing importance of the mission, the seafood industry to the economy and UA's statutory responsibility. The City and Borough of Kodiak as well as industry groups such as Trident Seafoods, Alaska Pacific Seafoods, Alaska Seafood Marketing Institute, Seafood Producers Association, Icicle Seafoods and others sent letters protesting the proposed transfer/closure to UA leadership.

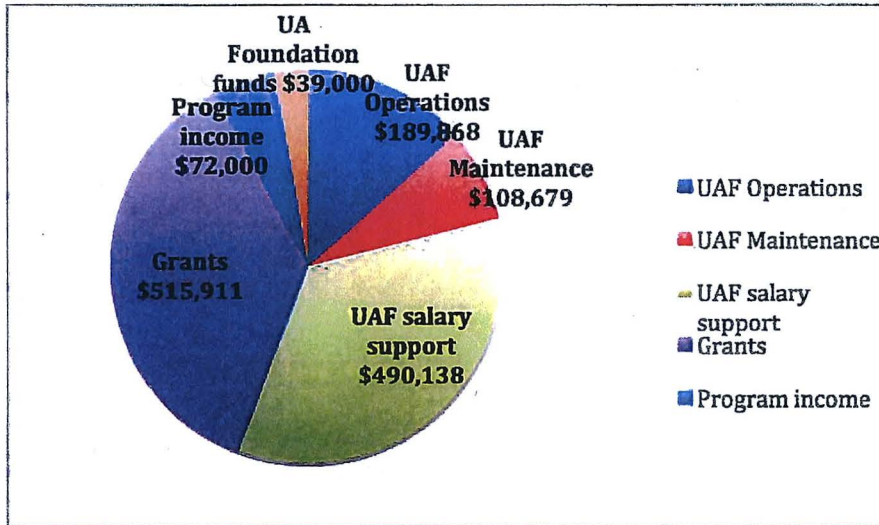
In fall 2015, UA President Jim Johnsen visited Kodiak and met with the KSMSC Policy Council and the City and Borough of Kodiak in a working group meeting. Mayor Pat Branson pledged support from the City and Borough to find a solution to keep KSMSC operating. In March 2016, Senator Lisa Murkowski met with the KSMSC Policy Council to express her concern and support for the Center.

In response, a new nonprofit called the Alaska Research Consortium (ARC) was formed in Kodiak with the intent of acting as an operating body for the Center. ARC has formed a 501c3 nonprofit and worked with Foraker Foundation to develop a board of directors, bylaws and strategic direction. At the end of FY2016, UAF had issued a Request for Information (RFI) from groups interested in developing a public/private partnership for KSMSC. ARC was the sole responder, sending their proposal to UAF on July 1, 2016.

Budget

In FY16, faculty and staff salaries and program expenses at the Center were covered by University of Alaska Fairbanks funds, charges to nine grants, and program income. The University of Alaska Fairbanks covered operations and maintenance of the Kodiak Seafood and Marine Science Center.

Kodiak Seafood and Marine Science Center Budget, FY2016



- UAF funds: \$788,685
 - faculty and staff salaries and program support: \$490,138
 - operations and maintenance FY2016: \$298,547
- Grants charged: \$515,911
 - Alaska Sea Grant, faculty salaries: \$79,277
 - Southwest Alaska Municipal Conference, Manufacturing Extension Partnership, PIs Quentin Fong and Chris Sannito: \$64,386
 - TVEP, Seafood Processing Training Program, PI Chris Sannito, \$44,000
 - Pollock Conservation Cooperative Research Center (PCCRC)
 - Shelf stable pet treats from pollock skins, PIs Chris Sannito and Quentin Fong, \$41,997.
 - Freshness and nutritional value of Alaska pollock products and byproducts, PIs Quentin Fong and Jae Park (OSU), \$91,589
 - USDA, Fisheries to schools: a model to enhance food security in Alaskan Communities, co-PI Quentin Fong, \$69,000.
 - NOAA, Gulf Apex Predator, PI Kate Wynne, \$202,038
 - UHI – Hawaiian Oyster Production, PI Quentin Fong, \$19,126
- UAF Foundation funds: \$39,000 (industry donations)
- Program income: \$72,000

New Grants awarded this FY

- Alaska Seafood Marketing Institute, Inactivation of Fish Parasites: Exploration of

- current regulatory guidelines for freezing and cooking, PIs Brian Himelbloom and Chris Sannito, Alaska Seafood Marketing Institute, \$59,000.
- NPRB, Implementation of Community Based PSP Testing for Subsistence and Recreational Shellfish Harvesting in Southwestern Alaska, co-PI Julie Matweyou, \$77,564.
- PCCRC - Utilization of nano fish-scale bone, PIs Quentin Fong and Christina DeWitt (OSU), \$63,044
- PCCRC - Developing alternative product forms for pollock roe, PIs Quentin Fong and Chris Sannito, \$69,000.
- Southwest Alaska Municipal Conference, Manufacturing Extension Partnership, PIs Quentin Fong and Chris Sannito: \$152,000/yr for 5 years
- TVEP, Seafood Processing Training Program, PI Chris Sannito, \$44,000

Personnel

In FY2016, long-time Marine Advisory professor and marine mammal specialist Kate Wynne retired and was appointed to an emeritus faculty position. Research professor Brianna Witteveen moved to Oregon to attend school and continues as an affiliate faculty member in the Marine Advisory Program. UAF did not refill these positions. Loss of personnel this year was two faculty positions in Kodiak.

Administration

- Paula Cullenberg, Alaska Sea Grant (based in Anchorage) and Gordon Kruse, Fisheries Division (based in Juneau) serve as co-directors of KSMSC.
- Quentin Fong, Marine Advisory associate professor, seafood marketing, is KSMSC onsite coordinator.

UAF CFOS Faculty Based at KSMSC

- Quentin Fong, seafood marketing specialist, associate professor, Marine Advisory Program, KSMSC coordinator
- Brian Himelbloom, microbiology, associate professor, Fisheries Division
- Julie Matweyou, Marine Advisory agent, assistant professor
- Chris Sannito, seafood processing specialist, research assistant professor, Marine Advisory Program

Staff

- Astrid Rose, Marine Advisory Program administrative assistant
- Laurinda ("Kay") Bodi, KSMSC facilities manager
- Kate Schaberg, 4-H coordinator, Cooperative Extension Service

Students

- Danielle Ringer, MA interdisciplinary studies, political ecology fisheries
- Natura Richardson, MS fisheries, ADF&G employee
- Michelle Stratton, MS fisheries, ADF&G employee

- Joe Bottoms, MS fisheries, Kodiak Regional Aquaculture Association (KRAA) employee
- Michael Knutson, MS fisheries, ADF&G employee

Interns

- Steven Greenlaw, fisheries undergraduate
- Mark Young, fisheries undergraduate

KSMSC Policy Council Members

- Jay Stinson, chairman
- Jeff Stephan, vice chairman
- Greg Peters, Alyeska Seafoods
- Mark Palmer, Ocean Beauty Seafoods
- Alan Austerman, retired legislator
- Paul Lumsden, Trident Seafoods
- Dean Adams, retired fisherman
- Heather McCarty, fisheries consultant

**ALASKA MUNICIPAL LEAGUE
RESOLUTION # 2016-XX**

**A RESOLUTION URGING THE UNIVERSITY OF ALASKA TO
RECONSIDER THE DECISION TO CLOSE THE UNIVERSITY OF
ALASKA FAIRBANKS' KODIAK SEAFOOD AND MARINE SCIENCE
CENTER, FORMERLY, AND IN ALASKA STATUTE (TITLE 16
CHAPTER 52), REFERRED TO AS THE FISHERY INDUSTRIAL
TECHNOLOGY CENTER (FITC)**

WHEREAS, the State of Alaska is currently facing fiscal difficulties as a result of an overdependence on oil prices and needs a more diversified base of income and,

WHEREAS, the State of Alaska has an abundance of other natural resources, including a rich and robust abundance of fish that drives Alaska's largest economic employment sector, it is imperative that this resource is well managed to ensure it is sustainably and safely harvested, processed, marketed, and distributed to provide the maximum benefit and value to the State of Alaska

WHEREAS, the Kodiak Seafood and Marine Science Center, known in Alaska Statute as the Fisheries Industrial Technology Center (FITC) in Kodiak, was created by the University in response to a charge by the Alaska Legislature (Title 16 Chapter 52) to represent an applied science partnership between the fishing industry, coastal communities and the University where members of the Alaska Seafood Industry (harvesters, processors and community members) present the questions they need answered and scientists at FITC endeavor to answer them.

WHEREAS, academic research represents a core mission of UAF, applied research supports the jobs, industry and economic vitality of the communities the University of Alaska is charged to serve.

WHEREAS, Applied Seafood Research conducted by FITC scientists staff, students and visiting scientists has improved fishery processing technology, stock sustainability, seafood safety, processing efficiency, food preservation and increased catch utilization across the state; and

WHEREAS, the University of Alaska Fairbanks (UAF) has announced the closure of the Kodiak Seafood and Marine Science Center in Kodiak, the transfer of the Alfred Owen Building's administrative home, the transfer of remaining faculty and the dismantling of the seafood processing Pilot Plant; and

WHEREAS, the decision to close the facility was conducted without consultation with FITC staff, fishing communities, industry or others dependent of the fishing industry; and

WHEREAS, the FITC facility and equipment are critical to achieving the mission; and

WHEREAS, the sudden and unexpected decision by the UAF to close the FITC at the end of the fiscal year suggests that UAF is preparing to abandon both a commitment to applied fisheries research as well as the close community and industry partnerships that provide the foundation for a healthy University system; and

WHEREAS, the key to an effect response to a fiscal crisis is transparent and collaborative dialogue with the citizenry it serves; and

NOW, THEREFORE BE IT RESOLVED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH, that the University of Alaska maintain FITC research, facilities, equipment and staff through fiscal year 2017 to allow sufficient time for the University and Alaska's communities to discuss challenges and opportunities related to the mission, operation and funding of the FITC.

BE IT FURTHER RESOLVED that new university leaders in the offices of statewide system president, UAF chancellor and UAF School of Fisheries and Ocean Sciences dean engage in open dialogue with Alaska's fishing communities relative to the preservation of the FITC as a focus of the universities commitment to the critical need for applied fisheries research.

PASSED AND APPROVED BY THE ALASKA MUNICIPAL LEAGUE ON THE _____ DAY OF _____, 2015

Signed:

Bob Harcharek, President, Alaska Municipal League

Attest:

Kathie Wasserman, Executive Director, Alaska Municipal League

Submitted by: Kodiak Island Borough
Contact Name: Larry LeDoux

Date Submitted: November 5, 2015
Contact Phone #: (907) 942-7011

Implementation Recommendation:

Agencies to Contact:

Funding Required:

Staff/Board/Membership Action:

Mayor
City of Kodiak Pat Branson
Mum McConnell, City + Bor. of Sitka
Dick Coose, City of Ketchikan
David Jack, City + Bor. of Wrangell
MARH JENSEN Petersburg Borough



Aleutian Pribilof Island Community Development Association

302 Gold Street, Suite 202 | Juneau, Alaska 99801 | Phone: (907) 586-0161 | Fax: (907) 586-0165

717 K Street | Anchorage, Alaska 99501 | (907) 929-5273 | Fax: (907) 929-5275 | www.apicda.com

Dec. 10, 2015

President James R. Johnsen
University of Alaska
Office of the President
P.O. Box 755000
Fairbanks, AK 99775-5000

Dear President Johnsen:

Aleutian Pribilof Island Community Development Association (APICDA) is very concerned that the University of Alaska (UA) is considering closing and transferring ownership of the Kodiak Seafood and Marine Science Center (KSMSC) to University of Alaska Anchorage (UAA) from the University of Fairbanks (UAF).

We can understand the need to make difficult budgetary decisions and are very familiar with the state's current fiscal situation. However, transferring ownership from UAF to UAA doesn't appear to provide any fiscal savings, it simply transfers the costs within the same university system. Furthermore, UAF's offer to transfer ownership of the building didn't include a requirement that the statutory mandate (AS. 52.020) for the purpose of the building be upheld, and the intent of KSMSC be carried out. Keeping KSMSC open and at UAF would be a strong statement of your steadfast commitment to applied fisheries research and support of the largest private sector employer in the state – the fishing and seafood industry in Alaska.

KSMSC's curriculum has filled an educational gap in the industry; APICDA and our member communities have benefited greatly from having access to their relevant and critically needed training. KSMSC has played an important role in helping APICDA fulfill its purpose to develop stable local economies based upon the fishing industry in our member communities of Akutan, Atka, False Pass, Nelson Lagoon, Nikolski and St. George. As you are well aware, stable economies and healthy communities provide employment opportunities for local residents, tax revenue for local governments, economic growth in the community and region, a higher standard of living and a reduction in social problems.

With the current economic climate in Alaska and the need to diversify the state's economy, now more than ever there should be continued financial support and commitment for Alaska's largest private sector employer. Given the importance and value of the fishing and seafood processing industry to Alaska, KSMSC should not be closed or transferred, nor its purpose ignored.

Thank you for your time and attention to this important matter.

Sincerely,

Larry Cotter, CEO