

LEGISLATIVE FINANCE - HOUSE / SENATE FINANCE COMM. FILES 8879

HJR 23 cont. - 25 418 9

Section G.
APPLICATION OF ANNEXATION STANDARDS

INTRODUCTION

State statutes and administrative regulations establish a number of standards which must be applied in judging the merits of any proposal for the annexation of territory to a borough. This section of the report lists each of these standards (phrased as a question and printed in bold capital letters), followed by a discussion of current conditions which apply under the standard and the Department's analysis of the degree to which the standard is satisfied by the proposal.

To approve the annexation, the LBC must determine that one or more of the first eight standards is satisfied to the extent that annexation is warranted. It is mandatory that all of the remaining standards (9th - 14th borough incorporation standards) be satisfied. It is within the Commission's discretion to approve the petition as submitted, reject the petition entirely, or amend the boundaries of the territory proposed for annexation. With respect to the latter, the LBC may expand or reduce the territory proposed for annexation.

BOROUGH ANNEXATION STANDARDS

G. 1. IS THE CONTIGUOUS TERRITORY TOTALLY SURROUNDED BY THE BOROUGH'S BOUNDARIES?

The territory proposed for annexation is not totally surrounded by boundaries of the Kodiak Island Borough. Therefore, this standard is not met.

G. 2. IS THE LAND IN THE TERRITORY WHOLLY OWNED BY THE BOROUGH?

None of the land in the territory proposed for annexation is owned by the Borough. Therefore, this standard is not met.

G. 3. IS THE TERRITORY IN NEED OF MUNICIPAL SERVICES WHICH THE BOROUGH CAN PROVIDE MORE EFFICIENTLY THAN ANOTHER MUNICIPALITY OR THE STATE?

The Kodiak Island Borough exercises the following powers on an areawide or non-areawide basis: education, planning, platting, regulatory controls, assessment and collection of taxes, health services, parks and recreation, animal control, solid waste collection and disposal and economic development.

Because the subject territory is uninhabited, the demand for services is limited. The borough contends that the area warrants land use planning, platting and land use regulations which it would provide upon annexation. The petition also indicates that solid waste disposal for floating processors is

being provided by the KIB. The KIB contends that with the enactment of MARPOL on December 31, 1988, this service will be mandated. That is, since it reportedly provides solid waste collection and disposal at the Port of Kodiak it will be impacted by the requirements of the recently enacted federal legislation. However, the Department understands that the City of Kodiak actually provides waste collection services to the users of the harbor. In response to the legislation, the City plans to purchase additional solid waste receptacles for the harbor. The City is planning to offset the additional costs it will incur in the handling of solid waste and waste oil from marine vessels through increases in moorage and/or user fees. Thus, the City of Kodiak is actually providing these services to vessels frequenting the waters of the contested area.

In considering whether the Kodiak Island Borough is the municipality best suited to provide planning and solid waste disposal services, the Department notes that the proposed Lake and Peninsula School Borough will offer identical planning services to that area currently proposed for incorporation. Further, since the City of Kodiak provides solid waste services to the vessels of the area, the KIB appears to offer no advantage to the area over services to be provided by other governments. Therefore, the Department concludes that this standard is not met.

G. 4. IS THERE A REASONABLE LIKELIHOOD THAT FUTURE GROWTH AND DEVELOPMENT WILL OCCUR WITHIN THE TERRITORY AND THAT ANNEXATION OF THE TERRITORY WILL ENABLE THE BOROUGH TO PLAN FOR AND CONTROL THAT DEVELOPMENT?

The petitioner identifies potential development of the area. This is primarily through mineral, oil and gas and fishing activities. The petitioner has observed that mineral exploration continues to take place in the area proposed for annexation. Oil and gas lease sale #114 is scheduled to be held in September of 1990. Both activities have the potential for resource development and attendant impact on the area proposed for annexation. However, because the potential for this development is so speculative, the Department can not conclude that these activities will satisfy this standard.

The petitioner has observed that the number of offshore floating processors in this area continues to increase yearly and certainly indicates growth and development in the fishing industry in the area. While the actual number of fish processors will certainly fluctuate with the fish harvest, the petitioner observes that it is likely the area will see added growth in the use of offshore processors since it is also likely that larger and more varied fish harvests will be experienced in the future.

The Department recognizes the potential for growth of this industry sufficient to meet the "potential for development" suggested by this standard. It agrees that inclusion of this area within a regional government is appropriate for regulation

of the growing fisheries industry. Since the area faces problems and issues that are likely to be regional in nature (mineral and fisheries resource extraction) the Department finds it appropriate to assume a regional approach to problem solving.

Both governments can argue that it is necessary for each to regulate development activity in the contested area. That is, debris and waste wash ashore on the Alaska Peninsula as well as on Kodiak Island. Therefore, there is no compelling aspect of this argument which justifies the KIB having this territory any more than the proposed Lake and Peninsula Borough. Both governments are regional governments with legitimate concerns over control and regulation of development activity in the area. Thus, it is the Department's opinion that only in the absence of a Lake and Peninsula Borough should the petitioner be allowed to plan for and control existing and anticipated development in the contested area proposed for annexation.

G. 5. IS THE HEALTH, WELFARE OR SAFETY OF BOROUGH RESIDENTS ENDANGERED BY CONDITIONS EXISTING OR DEVELOPING IN THE TERRITORY AND WILL ANNEXATION ENABLE THE BOROUGH TO REMOVE OR RELIEVE THESE CONDITIONS?

The KIB has argued that the mineral resource extraction industries and floating processors in the area as well as federal land development plans have resulted in negative impacts on local fishermen and onshore fish processors on Kodiak Island. The petitioner observes that the number of offshore processors, who typically operate with self-contained out-of-state crews, has increased substantially in recent years. The petitioner contends that these processors have drawn the fish which would normally be delivered to on-shore facilities, thus denying the KIB the proportionate amount of raw fish tax revenues as well as its residents the dollars that would normally go to the local economy. The economic welfare of KIB residents is thus negatively affected.

The petitioner further argues that floating processors discharge waste that finds its way to the beaches and waters of Kodiak Island. Thus, the health of KIB residents is endangered.

Finally, the petitioner makes the point that the federal government has indicated its intent to plan for and manage the land in the area proposed for annexation without regard to the concerns of the KIB. The petitioner argues that annexation of the area will allow more extensive and influential input from the borough on the use and management of these lands.

The Department does not discount the Borough's arguments. However, to the extent that they apply to the KIB so they apply to the proposed Lake and Peninsula Borough. In fact, it is notable that in relative financial terms these arguments apply to a greater degree to the Lake and Peninsula Borough. That is, the contested area holds relatively greater revenue potential for the Lake and Peninsula Borough than for the KIB.

As noted earlier, this area represents 1.2% of the total taxable property value of the borough. However, it represents 15.9% of the total taxable value of the Lake and Peninsula Borough. Further, the estimated numbers of fish sold in the contested area are tantamount to an additional \$60,000 in sales and use tax revenues to the Lake and Peninsula Borough while they represent no additional tax revenue to the KIB. These fish sales then represent 8.8% of the total local revenues to be generated by the Lake and Peninsula Borough. On the other hand the territory represents only 1.2% of the total local revenues generated by the KIB, and these in terms of taxable property values. Thus, to the Lake and Peninsula Borough, the loss of taxable property values and sales/use tax revenue from this area is far more significant than to the Kodiak Island Borough.

In terms of endangerment to the health of borough residents, again the proposed Lake and Peninsula Borough will face the problems experienced by the KIB. Floating debris and waste washes ashore on the Alaska Peninsula even as it does on Kodiak Island. The Lake and Peninsula region contends that these conditions apply to it to at least the same extent, if not more so, than they do to the KIB. The Department agrees.

In regard to influence over land use and management plans of the area by the federal government, the Lake and Peninsula Borough claims even greater interest in policy direction. It notes that much of the land in the area proposed for annexation is also within the Katmai National Park and Preserve, Becharof National Wildlife Reserve, Alaska Peninsula National Wildlife Reserve, and Aniakchak National Monument and Preserve. These federal parks and reserves contain practically all of the proposed borough's remaining lands on the Alaska Peninsula. Given the interest to which the proposed Lake and Peninsula borough will have in federal decisions over these lands, the proposed borough would seem to have a need for an even greater degree of influence in federal planning and management decisions of the area.

All factors considered, it is the Department's opinion that only in the absence of a Lake and Peninsula borough should the petitioner annex the contested area to address the economic and health problems presented by the existing and developing industry in the area.

G. 6. IS THE EXTENSION INTO THE TERRITORY OF BOROUGH SERVICES OR FACILITIES NECESSARY TO ENABLE THE BOROUGH TO PROVIDE ADEQUATE SERVICE TO BOROUGH RESIDENTS, AND IS IT IMPOSSIBLE OR IMPRACTICAL FOR THE BOROUGH TO EXTEND THE FACILITIES OR SERVICES UNLESS THE TERRITORY IS WITHIN THE BOROUGH'S BOUNDARIES?

The Kodiak Island Borough has presented no evidence that its petition satisfies this standard. Likewise, the Department is unaware of circumstances which apply in this situation.

G. 7. DO THE RESIDENTS OR PROPERTY OWNERS WITHIN THE TERRITORY RECEIVE OR CAN THEY BE REASONABLY EXPECTED TO RECEIVE, DIRECTLY OR INDIRECTLY, THE BENEFIT OF BOROUGH GOVERNMENT WITHOUT COMMENSURATE PROPERTY TAX CONTRIBUTIONS, WHETHER BOROUGH SERVICES ARE RENDERED OR RECEIVED INSIDE OR OUTSIDE THE BOROUGH?

The Kodiak Island Borough has presented no evidence that its petition satisfies this standard. Likewise, the Department is unaware of circumstances which apply in this situation.

G. 8. IS THE ANNEXATION OTHERWISE NECESSARY TO ACCOMPLISH A VALID PUBLIC PURPOSE?

The petitioner has stated that it believes the Kodiak Island Borough can not "control its destiny" (based as it is on the commercial fishing industry) without expanding its regional geographic base. This expansion is necessary because of the trend toward floating fish processing, federal and state decisions made about the contested area without regulatory input from the Borough, and loss of local revenue which the area may somewhat offset. The Borough implies that the combined impact of these conditions forms a valid public purpose of the action.

However, as stated in preceding standards, as the situation applies to the KIB so it applies to the proposed Lake and Peninsula Borough. That is, the latter argues that it will need to: regulate and control development and attendant impacts of existing and anticipated growth; avail itself of any potential raw fish tax revenues or potential fish sale tax revenues; and influence federal land use and management decisions of so much of its territory. Thus, an equally valid public purpose is served by the inclusion of this area within the proposed Lake and Peninsula borough as within the Kodiak Island Borough. In fact, given the relative importance of this area in terms of potential revenue, impact on its region's residents and interest in federal management decisions, it is the Department's opinion that only in the absence of a Lake and Peninsula Borough does annexation of the contested area by the KIB become necessary to accomplish a valid public purpose.

BOROUGH INCORPORATION STANDARDS

The following standards are those which apply to the incorporation of boroughs. While these standards are examined with regard to the proposed Lake and Peninsula Borough under separate cover, they likewise apply in the case of proposed annexations. In fact, it is mandatory that they be met in the course of a successful borough annexation. Therefore, they are examined below.

G. 9. IS THE KODIAK ISLAND BOROUGH CAPABLE OF AND WILLING TO EXTEND AREAWIDE AND NON-AREAWIDE SERVICES TO THE AREA PROPOSED FOR ANNEXATION?

As indicated in Section G.3. of this report, the need for services in the area proposed for annexation is limited. The extension of areawide and non-areawide services to this territory would require little expenditure by the Borough. The KIB appears willing and capable of serving the contested area. Therefore, the Department agrees that on the merits of the annexation only, this standard is satisfied.

G. 10. WOULD THE POPULATION WITHIN THE EXPANDED BOUNDARIES OF THE BOROUGH REMAIN INTERRELATED AND INTEGRATED AS TO ITS SOCIAL, CULTURAL, AND ECONOMIC ACTIVITIES?

The area proposed for annexation is uninhabited. However, the KIB has claimed that the social, cultural and economic activities of the population of the Borough is tied to the area proposed for annexation. The Department agrees that on the merits of the annexation only, this standard is satisfied.

G. 11. WOULD THE POPULATION WITHIN THE EXPANDED BOUNDARIES OF THE BOROUGH REMAIN LARGE AND STABLE ENOUGH TO SUPPORT BOROUGH GOVERNMENT?

Again, since the area proposed for annexation is uninhabited, the size and stability of the Borough's population would not be affected by the annexation. The Department agrees that on the merits of this annexation only, this standard is satisfied.

G. 12. WOULD THE EXPANDED BOUNDARIES OF THE BOROUGH CONFORM GENERALLY TO THE NATURAL GEOGRAPHY AND STILL INCLUDE ALL AREAS NECESSARY FOR FULL DEVELOPMENT OF MUNICIPAL SERVICES?

The petitioner contends that with this annexation, the Borough's boundaries would follow the natural geography of the region. It identifies the Aleutian Range running east/west along the peninsula as a natural divider between the rivers that empty into Shelikof Strait and those that empty into Bristol Bay. The Borough notes that this drainage pattern unites the area with the Kodiak Island Borough as the islands' rivers likewise flow into Shelikof Strait. The Department agrees that on the merits of this annexation only, this standard is satisfied.

G. 13. WOULD THE ECONOMY OF THE EXPANDED BOROUGH STILL INCLUDE THE HUMAN AND FINANCIAL RESOURCES CAPABLE OF PROVIDING MUNICIPAL SERVICES?

Again, because there is no population change, the annexation would have no effect on the human resources of the KIB. Likewise, it would have no effect on the human resources of the proposed Lake and Peninsula Borough. The Department agrees that on the merits of this annexation only, this standard is satisfied.

G. 14. WOULD THE LAND, WATER AND AIR TRANSPORTATION FACILITIES OF THE EXPANDED BOROUGH STILL ALLOW THE COMMUNICATION AND EXCHANGE NECESSARY FOR THE DEVELOPMENT OF INTEGRATED BOROUGH GOVERNMENT?

This annexation will not affect the ability of residents of the Kodiak Island Borough to communicate and interrelate. The Department agrees that on the merits of this annexation only, this standard is satisfied.

Section H.
CONCLUSIONS AND RECOMMENDATIONS

INTRODUCTION

This section of the report summarizes the findings of the Department with regard to the petition before the LBC. These findings are presented as conclusions. The conclusions are followed by recommendations to the LBC.

H. 1. DEPARTMENT CONCLUSIONS

Clearly, claims to the contested area by the KIB and the proposed Lake and Peninsula Borough are meritorious in their own right. Both governments appear to meet the standards for their respective actions; both governments appear to be capable of serving the territory; neither government would be rendered financially infeasible if the territory were located within the boundaries of the other. However, given the fact that claims are laid to the same territory by these two regional governments under the conditions stated herein, the Department finds that the cumulative weight of evidence supports the proposed Lake and Peninsula Borough. Thus, it is the conclusion of the Department that the proposed Lake and Peninsula Borough should include the contested area within its proposed boundaries. However, because of the legitimacy of the claims on the part of both regional governments, it is also the conclusion of the Department that if the Lake and Peninsula region fails to incorporate as a borough during 1989, the Local Boundary Commission should forward a legislative review annexation recommendation to the 2nd Session of the Sixteenth State Legislature (to convene in 1990), that the contested area be annexed to the Kodiak Island Borough.

H. 2. DEPARTMENT RECOMMENDATIONS

1. The Local Boundary Commission approve the annexation of the Semidi Islands and Chirikof Island to the Kodiak Island Borough. The boundaries of the Kodiak Island Borough would then read as follows:

Beginning at 56° 16' 10" North Latitude, 157° 07' 40" West Longitude, thence; thence northeasterly to a point at 56° 28' 00" North Latitude, 155° 12' 00" West Longitude which is the mid-channel of Shelikof Strait; thence continuing along the mid-channel of Shelikof Strait to a point at 58° 45' North Latitude; thence northeasterly to a point three geographic miles northeasterly of the northwestern peninsula of Ushagat Island; thence continuing along a line that is three geographical miles north of Ushagat, West Amatuli and East Amatuli Islands; thence along a line that is three geographical miles seaward from the Pacific coast of Shuyak, Afognak, Marmot, Spruce,

Kodiak, Woody, Ugak, Sitkalidak, Two Headed, Geese, Sitkinak and Chirikof Islands; thence along a line that is three geographical miles south and west of the Semidi Islands; thence northwesterly to 56° 16' 10" North Latitude, 157° 07' 40" West Longitude, the point of beginning.

With respect to the water areas, the boundaries of the Kodiak Island Borough extend to the limits of the State's jurisdiction under AS 44.03.010.

2. The Local Boundary Commission approve inclusion of the contested area within the proposed boundaries of the Lake and Peninsula Borough. However, inclusion is contingent upon successful borough incorporation. Should the area remain unincorporated during 1989, the contested area should automatically be recommended for annexation to the KIB and presented for approval to the 2nd session of the 16th state legislature.

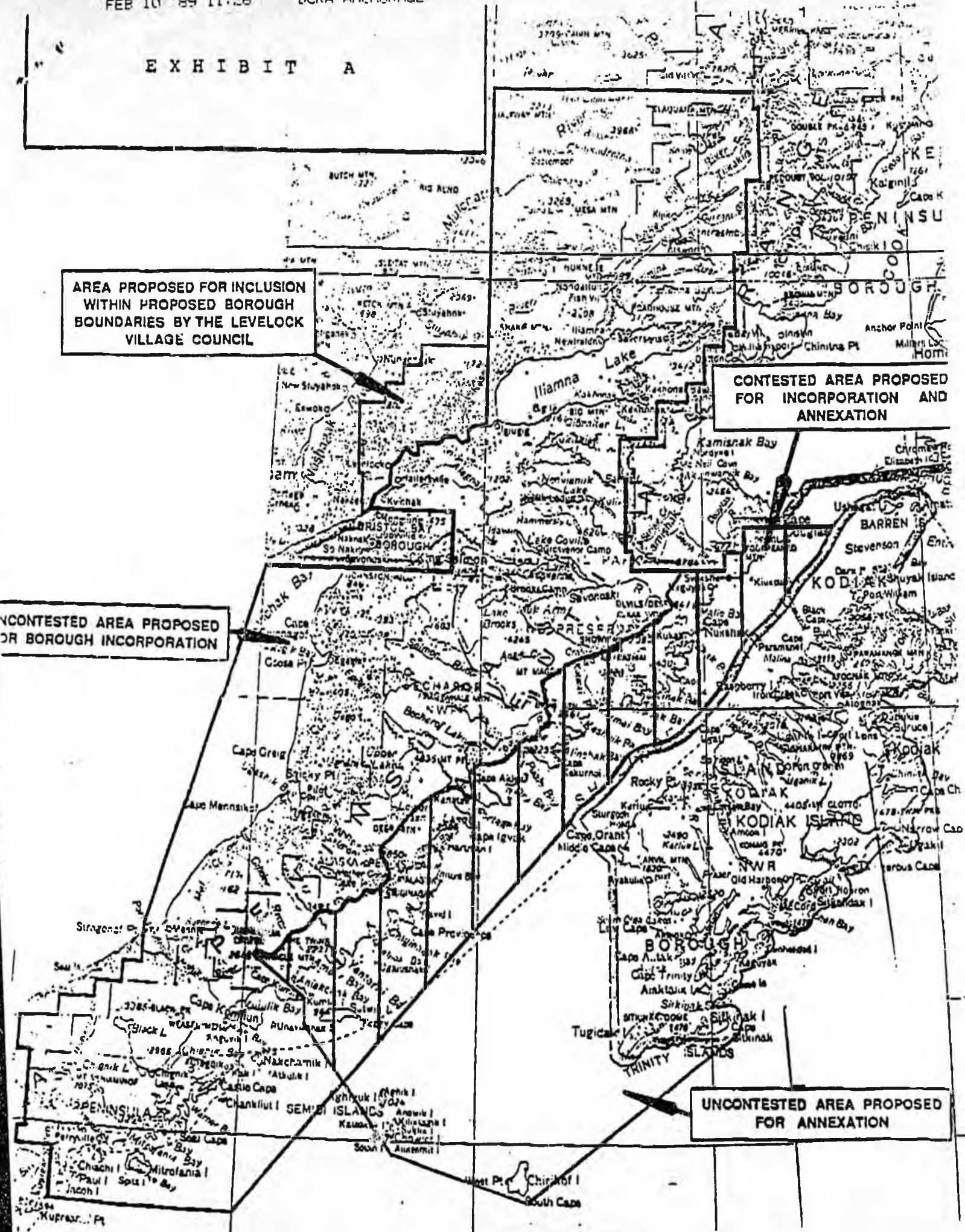
EXHIBIT A

AREA PROPOSED FOR INCLUSION WITHIN PROPOSED BOROUGH BOUNDARIES BY THE LEVELOCK VILLAGE COUNCIL

CONTESTED AREA PROPOSED FOR INCORPORATION AND ANNEXATION

UNCONTESTED AREA PROPOSED FOR BOROUGH INCORPORATION

UNCONTESTED AREA PROPOSED FOR ANNEXATION



3



**THE
LAKE AND PENINSULA
SCHOOL DISTRICT**

P.O. Box 498
King Salmon, Alaska 99615
Phone (907) 246-4280



Date: February 10, 1989

To: Members of the Alaska Legislature

**From: Frank Hill, Petitioners Representative
Lake and Peninsula Home Rule Borough**

FH

The petitioners for the incorporation of the Lake and Peninsula Borough request your support in disapproving the annexation proposed by the Kodiak Island Borough.

Representative George Jacko Jr. has introduced HJR23 which, if passed, would disapprove the Local Boundary Commission's inappropriate recommendation for annexation of territory to the Kodiak Island Borough.

The Lake and Peninsula area residence will vote on the incorporation of a Home Rule Borough on April 11, 1989. Most of the territory that Kodiak Island Borough will annex is within the area proposed for incorporation by the Lake and Peninsula Borough.

Please review the attached document which briefly list reasons why we believe the Kodiak Island Borough annexation needs to be disapproved by the Alaska Legislature.

Thank you in advance for your support on Rep Jacko's resolution which is critical to borough formation in the Lake and Peninsula area.

The Legislature Should Deny The Annexation By Kodiak Island Borough for the Following Reasons:

- 1) The majority of the areas proposed for annexation falls within the borders of The Lake and Peninsula REAA.
- 2) Mandatory Borough formation proposed by HRI in the 15th Legislature gave cause to think about creating our own borough in the region. Also when Lake and Peninsula REAA territory was allowed to become a part of the Aleutians East Borough as it was incorporated gave further cause to begin the process of forming a borough in the Lake and Peninsula region.
- 3) On March 30, 1988 The Representatives of all the villages within The Lake and Peninsula REAA voted to request that The Lake and Peninsula REAA study the feasibility of a borough in the region, and if found feasible, to file an incorporation petition on their behalf.
- 4) During the June 9, 1988 School Board Meeting, The Lake and Peninsula School Board approved the drafting of a petition for the incorporation of The REAA as a home rule borough.
- 5) The Lake and Peninsula Borough Incorporation proposal drafts were submitted to DCRA in September 1988; copies of The Incorporation proposal were requested by Kodiak Island Borough.
- 6) Kodiak Island Borough (KIB) filed a proposal to annex territory on the Alaska Peninsula and the waters of Shelikof Strait on October 13, 1988. The land area and much of the water area are currently within The Lake and Peninsula REAA.
- 7) A petition to incorporate the entire Lake and Peninsula REAA as a home rule borough was filed on November 10, 1988.
- 8) The DCRA completed a study of the two petitions, and concluded that the contested area should be included within the proposed Lake and Peninsula Borough. The DCRA study recommended that the annexation proposal by Kodiak Island Borough be denied.
- 9) The LBC conducted teleconference hearings in with Kodiak, and three communities (Newhalen, Port Heiden, and Chignik) within the area proposed for incorporation on December 2, 3, 1988. The hearings were held to receive testimony on the Kodiak Island Borough Annexation, and The Incorporation of Lake and Peninsula Borough questions.
- 10) On December 4, 1989, the LBC held a decisional meeting concerning the Kodiak Annexation and Lake and Peninsula Borough Incorporation issues. The LBC approved the KIB Annexation proposal and the incorporation petition for the Lake and Peninsula home rule borough.
- 11) The LBC favored an existing, viable borough with additional resource and revenue base over a proposed borough that has yet to prove its actual economic viability.
- 12) It is the position of Lake and Peninsula that the area allowed to be annexed is noncontiguous to the KIB. The contested area is separated from the KIB by Federal Waters. LBC regulations (19 AAC 19.190 (b) (1) (2)) do not allow annexation of noncontiguous areas.
- 13) The LBC made no finding that the contested area was contiguous to KIB.
- 14) The residents of the proposed Lake and Peninsula borough view the annexation by KIB as a disincentive to incorporating their own area due to the diminished economic viability caused by the KIB annexation. We are convinced that the Kodiak annexation will jeopardize voter approval of borough formation in the Lake and Peninsula Area.

Petitioners
Lake and Peninsula Borough

February 7, 1989
Box 762
Dillingham, Ak 99576

Sen. Al Adams, Chairman
Senate Community and Regional Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Rep. Eileen Maclean, Chairman
House Community and Regional Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: Local Boundary Commission - HB-131, Kodiak Island Borough
annexation, Lake and Peninsula incorporation

Dear Sen. Adams and Rep. Maclean:

I write to urge your committees to consider a major overhaul of the Local Boundary Commission process for considering borough incorporations and annexations. I also urge you to put borough decisions on hold in the meantime, and more particularly to veto the Kodiak Island Borough annexation and, if possible, to remand the Lake and Peninsula decision to the LBC for further consideration.

As a Dillingham city councilman, an attorney employed by a Native association, and a former newspaper writer in Bristol Bay I have closely scrutinized the above-referenced actions and also the 1987 Aleutians East incorporation. In terms of substantive analysis these three LBC decisions are probably the worst administrative decisions I have seen in ten years of legal practice.

While Rep. Shultz's bill is a good starting point, it does not go far enough. A major problem is that the statutory and regulatory standards, probably inadequate to begin with, have been so loosened in application that they no longer mean anything. The LBC simply substitutes its own judgement for the legally-promulgated standards whenever a contested issue arises, with the result that its decisions are arbitrary and inconsistent.

The process encourages land-grabs and results in further concentration of the tax base in the more politically sophisticated, urbanized communities at the expense of villages. It also results in boundaries that are irrational from a geographic and demographic perspective. You simply cannot carve up large regions of the state on a first-come

first-served basis, requiring only minimal compliance with weak standards, and hope to have a fair and rational result.

The Kodiak Island Borough annexation. This annexation should be vetoed because it is bad public policy and because the LBC threw its standards to the winds to allow it.

The Kodiak borough was allowed to annex a large uninhabited portion of the Alaska Peninsula and adjacent waters of the Shelikoff Strait that Lake and Pen also sought to incorporate. It should be borne in mind that Lake and Pen had only to meet the standards for incorporation, while Kodiak had to meet those standards and the regulatory standards for annexation.

The LBC's rationale for giving the area to Kodiak instead of Lake and Pen seems to have been that the Shelikoff Strait is fished primarily by Kodiak-based fishermen and that taxes from that fishery should, in fairness, go to Kodiak. While that may seem reasonable, no such standard is found in the statute or the regulations. This is a prime example of the LBC substituting its own judgement of what "ought" to happen for the legally-established rules.

The Kodiak annexation was granted under the LBC's regulations governing "contiguous" annexations, under which it had to meet one of eight regulatory standards. However, a preliminary issue not even discussed in the decision was whether the annexed territory is contiguous to the original borough. By any common sense definition it is not contiguous because it is separated from the original Kodiak Island Borough by federal waters beyond the territorial limit of Alaska and will be a separate enclave.

Likewise, the eight regulatory standards were not meaningfully applied. The LBC found that three of them were met, but not one of these findings withstands scrutiny. The LBC merely accepted the bare representations of the petitioners without independent analysis or research - despite DCRA's statutory duty to "investigate" proposals.

There was no evidence of likely development in the area which Kodiak could realistically plan for or control, no evidence that municipal services were needed and no evidence that the borough would provide any additional services in the area, which after all is uninhabited. In short, the only real reason for the annexation was to provide the Kodiak borough an additional revenue source, and that alone does not meet the legal standards. It should also be noted that most of the reasons the LBC cited for approving the annexation applied only to the waters of Shelikoff Strait and not to the Alaska Peninsula.

From a public policy perspective one has to question the wisdom of giving this revenue source to a borough with a relatively vibrant economy and healthy tax base at the expense of nearby chronically depressed villages with no tax base. Kodiak has numerous fisheries and is one of the communities directly benefitting from the "Americanization" of the North Pacific bottom fishery. It has year-round harbors and processing plants. The Lake Iliamna villages in contrast are almost solely dependent on the Bristol Bay salmon fishery, for which non-residents hold most permits. There are no processing plants. The typical village has only a few salmon permits and a handful of salaried jobs in the schools and local government. Unemployment is astronomical in the winter months.

One would think it in the state's interest that such villages have access to nearby fisheries, if only through taxation. And perhaps the new borough could develop programs enabling its people to more directly benefit from the Shelikoff Strait fisheries.

The LSC's decision itself found that the revenues from this territory would be much more important to Lake and Pen than to Kodiak, although not critical to either. Kodiak's benefit would be negligible.

Lake and Peninsula incorporation. This decision should be held open by whatever legal mechanism is available to do so. For one thing, a veto of the Kodiak annexation will not alone give Lake and Pen the additional territory it sought, and deserves.

For another, the borough's northwestern boundary was approved without adequate notice to neighboring communities in the Nushagak drainage. In my view, the procedures used effectively precluded any meaningful opportunity to be heard by residents of the adjacent area and thereby violated their constitutional rights of due process and equal protection.

Substantively, the northwestern boundary clearly violates the statutory standards by following longitudinal lines rather than natural geography and socio-economic use patterns. By slashing arbitrarily across the drainages, it divides historic (and logical) planning units and puts valuable spawning grounds for the Nushagak salmon fishery in the new borough. It also places subsistence hunting and fishing areas that Nushagak village residents say are traditionally "theirs" in the Lake and Pen Borough.

Depending on Lake and Pen's evidence, of course, the boundary might be moved in either direction if the legal standards were applied. But the northwestern boundary was not even addressed in the LSC decision, and the LSC refused to grant reconsideration of the decision so that it could be.

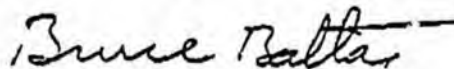
Another reason for overturning this decision is the speed with which it was made (24 days). This did not allow sufficient investigation and evaluation of the proposal by DCRA and the LBC, much less by the public. Many residents of the region believe one borough encompassing all of Bristol Bay would be a better choice. DCRA has been asked to study this possibility but has not done so.

In conclusion, the LBC process and the statutory standards for incorporation should be modified to ensure that boundaries are made on sound planning principles. Natural geography, traditional use patterns, and existing land-planning units should be emphasized in unpopulated areas. At the very least, if decisions are going to be made on the basis of "who should get the revenues," the legislature and not the LBC should establish the policies for making that choice. I would think the state would want to spread out the tax base as much as possible.

The standards and procedures should also be modified to give the interests of communities outside proposed boundaries equal consideration and to ensure that regions are looked at as whole.

The LBC's analysis would be improved if neutral hearing officers conducted the hearings and made recommended decisions, and if DCRA's investigative and technical assistance roles were clearly separated and performed by different people. DCRA's investigative duty should be more clearly spelled out so that decisions are based on facts and expertise rather than the superficial representations of those pushing a proposal. Right now, the whole petitioning process is little more than a word game.

Sincerely,



Bruce B. Baltar

cc Sen. Zharoff
Sen. Binkley
Rep. Jacko
Rep. Hoffman
Rep. M. Davis
Rep. Schultz

FROM: COMMENTS ON LOCAL BOUNDARY COMMISSION PROCESS BY: BRISTOL BAY NATIVE ASSOC.

B. Annexation.

There are no statutory standards for annexation. The LBC by regulation (19 AAC 10.190) has set up separate standards for the annexation of contiguous territory and of non-contiguous territory. The latter, for obvious reasons, is much more stringent.

1. Definition of "Contiguous."

The LBC recently approved the annexation of a large area on the Alaska Peninsula to the Kodiak Island Borough under its standards for annexation of contiguous territory. The annexed area is separated from the Kodiak Island Borough by Shelikoff Strait, the center of which for its entire course is federal water beyond the territorial limit of Alaska. The LBC rejected Lake and Pen's competing claim for the same territory.

Neither the LBC decision nor its staff report discuss the crucial preliminary issue of whether the annexed territory is contiguous to the original Kodiak Island Borough. Under a dictionary or common sense definition, it surely is not contiguous. However, contiguous is defined at 19 AAC 10.840(4) "as territory which is immediately adjacent to or which is separated only by natural or artificial barriers which do not disrupt or impede the supplying or receiving of municipal services."

The problem with that definition, as apparently construed by the LBC in the Kodiak decision, is that the exception swallows the rule. Boroughs provide very few municipal services in roadless, unpopulated areas, and those services they do provide (i.e., planning) are not hampered by geographic barriers. If the Alaska Peninsula is "contiguous" to Kodiak Island despite the jurisdictional barrier of federal waters, it is difficult to conceive of any roadless, sparsely populated area of the state that is not contiguous to any other area. An ocean, another borough, a mountain range, or 500 miles of land are just barriers which do not "disrupt or impede" borough services when those services are almost non-existent to begin with.

The definition of contiguous in 19 AAC 10.840(4) could be salvaged if the LBC were to construe it more closely to the dictionary definition. But following the Kodiak decision, there is no longer a distinction between contiguous and non-contiguous lands for purposes of borough annexations, and the whole framework of 19 AAC 10.190 is undermined.

2. Standards for contiguous annexations.

Eight standards are set forth in 19 AAC 10.190(a) for annexation of contiguous territory. Only one of these standards must be met for the annexation to be approved. In addition, the annexation must meet the four statutory standards for borough incorporation of AS 29.05.031.

Some of the eight standards of 10.190(a) are relatively straight-forward and easy to apply, i.e. whether the land is totally surrounded by the borough or wholly owned by the borough. Others, however, have been so watered down by the LBC that virtually any proposal will meet them. Such standards are meaningless.

The problem can best be illustrated by reference to an LBC decision. In the Kodiak decision the LBC found that three of the regulatory standards for annexation were met, those of 19 AAC 10.190(a)(3),(4) and (8).

(a) Application of 10.190(a)(3)

The LBC found that the Kodiak annexation met the third regulatory standard: "the territory is in need of municipal services which the organized borough can provide more efficiently than another municipality or the state." Specifically, the LBC found that the area was in need of "planning, economic development and solid waste collection and disposal which can best be provided by the Kodiak Island Borough."

This ruling is particularly surprising since earlier in the decision the LBC said: "The contested area is uninhabited. Therefore, the need for services in that area is greatly limited."

In regard to "planning," the area consists almost entirely of state and federal land (with some subsurface rights owned by a Native regional corporation). Coastal management and state and federal land use plans are already in place and could not easily be changed by a borough, nor did Kodiak indicate it would try to do so. The decision offered no explanation at all of how planning services would be improved; arguably planning services could suffer due to the dismemberment of the CRSA.

The "economic development" consisted of "salmon enhancement projects" which were never identified in the decision, the DCRA report, or testimony. Worse, there was no finding or evidence that salmon enhancement is actually needed, which would be necessary to meet the standard. Moreover, given exclusive federal jurisdiction on federal lands and ADF&G's authority over fish stocks, it is doubtful that any such borough-sponsored project is feasible. (The LBC decision did not discuss the legal obstacles to it.)

As for "solid waste collection and disposal," the opinion discussed fisheries-related waste disposal in the City of Kodiak and at the Borough's landfill on Kodiak Island. It did not find that such services were needed within the annexed area. Indeed, there was no discussion of such services within the annexed area and the Kodiak Borough did not indicate it would extend such services into the area.

Since there is no population to be served and since planning services are already in place, it is apparent that the LBC bent over backwards to find this standard met. It is quite difficult to conceive of any area in the state which would not meet it as applied.

(b) Application of 10.190(a)(4)

The LBC also found the fourth standard met, that "there is a reasonable likelihood that future growth and development will occur within the territory considered for annexation and that annexation of that territory will enable the borough to plan for and control that development."

The LBC cited testimony from Kodiak officials that "there is potential for development of mineral, oil and gas and fishing activities in the area considered for annexation." The specific examples cited were the federal oil and gas lease sale scheduled for 1990, "likely" growth in the number of offshore processors, and Kodiak's complaint it hadn't been consulted on federal land use plans.

One problem with this analysis is that both the federal lease sale and the growth of offshore processors apply only to the waters and not to the annexed territory on the Alaska Peninsula. Indeed, the federal lease sale will occur by definition outside of state and borough jurisdiction. Likewise, there was no discussion of how the borough could plan for and control the growth of offshore processors, a process that (if true) will likely occur outside the boundary of the state. The reference to federal land use plans is a non sequiter, irrelevant to the issue of whether there is a reasonable likelihood of growth and development.

There was no finding of fact and no evidence of any projected shoreside development in that part of the Alaska Peninsula. No land disposals, no mineral discoveries, no development of canneries or other fishery-related infrastructure were indicated. The LBC did not even look behind the federal lease sale to find if oil is actually expected to be discovered. (In fact, the Shelikoff Strait is not considered a good oil prospect and the lease sale has generated little interest by the oil industry.)

A better interpretation of this standard would apply it to areas experiencing specific, identifiable development that distinguishes them from the unorganized borough in general, or in which such development is planned. Examples would include rapid population growth or industrial or mineral development such as the Red Dog Mine. To extend the standard to areas such as the south side of the Alaska Peninsula, which at most is experiencing slow incremental development no different in scope from that in any other unpopulated area, is to render the standard meaningless.

(c) Application of 10.190(a)(8)

The LBC also concluded that the eighth standard was met, that "the annexation is otherwise necessary to accomplish a valid public purpose." The decision refers to the growth of offshore fish processors which are replacing shore-based processors, thereby diminishing local employment and depriving municipal governments of raw fish taxes. It concludes: "Annexation of the area in question would mitigate these negative effects."

This again is completely irrelevant as applied to the annexed land on the Alaska Peninsula. Even in regard to the waters it is difficult to see how annexation to the borough could curtail the growth of offshore processors, or confine them to the three-mile limit. Although the annexation may give Kodiak more raw fish tax revenues simply by increasing the area in which it collects them, if that is all the standard means then raising revenue alone becomes a "valid public purpose" sufficient to justify annexation.

I. Procedural Problems

A. Timeframe.

The timeframe used by the LBC to reach borough decisions precludes rational decision-making and may in itself violate constitutional standards of due process. The Aleutian's East process took just two months from the filing of the petition to the decisional meeting (May 7 - July 8, 1987). The Kodiak process took just over seven weeks (Oct. 14 - Dec. 4, 1988), and the Lake and Pen process lasted just three and one-half weeks (Nov. 10 - Dec. 4, 1988). It is inconceivable that all factors relevant in applying all the standards to all the boundaries can be adequately weighed in those time frames.

DCRA is under statutory duty to investigate borough proposals. AS 29.05.080. Some indication of the depth of investigation which should be required may be found in the

legislation which authorizes DCRA to contract for borough studies and allows up to three years for completion of the studies. AS 44.47.730. Nowhere near that depth of analysis was given to any of the Bristol Bay proposals.

It is equally impossible for an opponent of a borough proposal to adequately respond in the time allowed. The borough petitioners have months or years to prepare the proposal, and an adequate response would require considerable marshalling of facts, evidence and legal arguments. The LBC's own regulations call for "answering briefs" to be filed (19 AAC 10.390), but no time is provided to prepare them, especially considering that the governing bodies of cities and most other organizations are not in continuous session and need time to react.

Ironically, the LBC has no legal deadline for considering borough petitions. It rushes decisions only as a matter of policy. (Deadlines come into play only after the LBC's public hearing. And, in practice, the LBC doesn't take as long as those deadlines allow.)

B. Notice.

1. Outside the boundary.

One major flaw with the regulations governing notice and public hearings is that as interpreted they don't recognize the rights of those outside of proposed boundaries.

AAC 10.370(a) requires that the petition be served directly on "every municipality in or adjoining the territory." In the unorganized borough, of course, municipal boundaries rarely meet. The only interpretation of this regulation that makes sense in the unorganized borough is to apply it to communities in the adjoining geographical area. The regulation should also be expanded to include unincorporated communities.

The LBC, however, and its staff interpret it to require direct notice only to municipalities with a common legal boundary with the new borough. As a result, in the Lake and Pen process villages in the Nushagak drainage did not receive direct notice of the Lake and Pen proposal, and at the time the decision was made DCRA's mailing list did not include one village or village corporation on the western side of boundary. Nor did it include BBNA or the Southwest Region School District - even though the latter would lose one of its villages to the proposal.

#7
EGEKIK VILLAGE COUNCIL

Box 29
Egegik, Alaska 99579

Dan Buckworst
Community and Regional Affairs
949 E. 36th Avenue
Anchorage, Alaska 99508

October 14, 1988

Dear Sir,

We listened to the teleconference on October 11th 1988 concerning Kodiak annexing the east peninsula coast and the Chignik fishing grounds. We are opposed to this annexation for the following reasons.

1. This area includes our old village of Kanatuk, No one lives there in the winter now. but in the summer it is still used as a camping site for people from Egegik. And some day may be a town again. This area also includes the Federal Becharoff refuge. Which if we became part of a Borough ourselves we will want because of the Tourist Hunting and mineral potentials it holds. The people of Kodiak have never lived in this area so they have no right to this land as ground base or economic base. It should be part of the Lake and Peninsula Borough when Formed soon.

2. The Kodiak Island Borough should not be allowed to take a communities Fishing area with out taking also the City itself, that will rob Chignik for future potential revenue for the Lake and Peninsula Borough when Formed.

3. We want the potential revenue producing Land and water in our area to remain ours. Not be divided up between other districts that are not even connected to us by any land base, or historical connection.

4. The Communities in the Lake and Peninsula are striving to form our own Borough and should be allowed the time to vote on it before you chop it up and give it away to other boroughs. We as a community are not opposed to being part of a Borough, But we have just found out that we need to form our own in the last 6 months and Community and Regional affairs is presently in the process of doing a study to help us form our own Borough at this time. So we do not think you should allow Kodiak to have what we are asking for also.

Sincerely,

Richard E. Deigh

Richard E. Deigh, President

cc: Local Boundry Commission
Chow Taylor, Com&Reg. Dillingham
Lake and Peninsula School District

RECEIVED
OCT 14 1988

Dept. of Comm. & Reg. Affairs
Municipal & Reg. Asst.

EGEGIK IMPROVEMENT CORPORATION

Box 29
Egegik, Alaska 99579

October 30, 1988

C. Bettisworth, Chairman
Local Boundry Commission
State of Alaska
Community and Regional Affairs
949 E. 36th
Anchorage, Alaska 99508

RECEIVED

NOV 4 1988

Dept. of Comm. & Reg. Affairs
Div. of Municipal & Reg. Asst.

Dear Mr. Bettisworth;

RE: Annexation Petition, Kodiak Island Borough

The Egegik Council is hereby on record in opposition to the Petition by Kodiak Island Borough to annex land on the Alaskan Peninsula.

Page 8 of the petition states that the Kodiak Island Borough is linked to the Alaskan Peninsula by long standing cultural and economic ties. Egegik Village Council goes on record to refute that statement. The Alaska Peninsula area that is in question has more ties to this Community than to Kodiak Island Borough. The Village of Kanatuk, which is now abandoned had residents who came to Egegik to fish in the summer and returned to Kanatuk in the winter. When the children were required to attend school they moved to Egegik permanently. When mail is forwarded to Kanatuk it is sent to Egegik not Kodiak. If there are any ties to the region in question, it is with Egegik. In point of fact, the remaining descendants of Kanatuk's people reside here in Egegik, when not employed elsewhere, and still have fishing permits for Bristol Bay not Kodiak.

Page 9 of the petition states that the social and kinship links appear greater between South Kodiak Island Villages and the Alaskan Peninsula. Our question here and it should be yours, is how can there be any social and kinship links where there are no people? You have to have a society and a community to do that.

The petition also states that the major users of the area in question are Kodiak residents. The people of the Village of Egegik use that portion of the Alaskan Peninsula also for camping, clam digging, and hunting. There are also many Professional Guides based out of King Salmon, Egegik, and Pilot Point. Other communities on the Peninsula use the area in question for hunting and fishing. The people of Chignik also use some of this area for commercial fishing.

Page 12 5th paragraph, 1st sentence, states that the Kodiak Island Borough would be able to influence planning and decision making for the area in question. Egegik does not have a government 150 miles away making decisions on land that we use and share. True, the Regional Corporation does have land selections on the Alaskan Peninsula, but that was because there was no other land that could be allocated on Kodiak Island. Socially and culturally, the people had closer ties with the former people of the region in question, through the now abandoned village of Kanatuk.

Page 15 of the petition under standard 3, states that the territory is in need of municipal services which the organized borough can provide more efficiently than another municipality. The question you need to ask is what services and to who? The petition states on page 9, 5th paragraph, that the Kodiak Island Borough is

not proposing to annex any of the established villages or cities on the Alaska Peninsula. How can the borough provide a municipal service when there is no municipality to provide it to in the area in question.

Page 16, standard 4, 3rd paragraph states that there is mineral potential in the area. It states the Council's position that if mineral development take place it should be ~~by~~ dictated from a government based on the Alaskan Peninsula, not the Kodiak Island Borough. The rationale here is that the Kodiak Island Borough is 150 miles away and the people of Egegik would have no influence on policy decisions in the area in question.

Page 17, 3rd paragraph, 2nd sentence once again states that the Kodiak Island residents are the primary users of the area. A check with the State of Alaska, Guide Licensing and Control Board, shows that 30 use the approximate area, based out of King Salmon alone, as well as residents from the other communities on the Alaska Peninsula.

Page 17, States that the welfare, health and safety of the residents of the organized borough is endangered by conditions existing, on development in the territory and annexation will enable the organized borough to remove or relieve those conditions. We don't know what kind of dangers Kodiak has but we do not want their problems transferred to land close to us and how can giving them land help them get rid of whatever dangers they may have? Kodiak Island Borough states that it would provide land use regulations that provide for orderly growth in the area. Your question should be what orderly growth of the area and for what purpose? No one to my knowledge actually lives in the area in question and the Dept. of Fish and Game already handles the Hunting and Fishing Regulations.

Page 19, Standard 4, states that at least 1,000 people are located within the area. Of course Kodiak Island has 17,000 people, but there are no people and no organized communities in the area that they propose to annex. It is assumed that the area stated here is the area in question, namely the land mass of the Alaska Peninsula that Kodiak wants to annex. For the record there are not 1,000 people residing in the area unless you count the caribou!

Page 19, Standard 5, refers to a regional education attendance area and educational services. The Kodiak Island Borough proposes to provide educational services should any new communities be created. Let it be pointed out that the area in question is already in the jurisdiction of the Lake and Peninsula Regional Education Attendance Area. The statement that Lake and Peninsula does not provide education services in the area in question is true only because there's no one there to receive them.

Regarding the specific Requirements of AS29.05.031 (a) (Formerly A.S.29.18.030): Standard 1 refers to the population of the area being interrelated, etc. The area in question, Alaskan Peninsula has no population per se. (Alaskan Peninsula Exhibit 2, page 26 Annexation Petition)

Standard 2, page 20, refers to the boundaries of the proposed borough conforming to generally natural geography. It is suggested that the Kodiak Island Borough restrict its boundaries to the natural geography outlined by its name, Kodiak Island Borough.

Page 20, standard 3, should refer to the area in question, not the existing borough. Here again it is stated that the Borough can provide municipal services to the annexed area. What municipal services can the Borough provide to the Alaskan Peninsula when there is no one residing in the area? How can the Kodiak Island Borough propose to provide services on the one hand and propose not to include the established villages in the other hand?

Page 21, standard 3, refers to Transportation Facilities. It is required that the communities in a borough be linked by an established daily system which does not exist to the region from Kodiak. The nearest transportation link to Kodiak is Chignik and it is proposed not to be included in the annexation. It is stated that the area in question has a current transportation system with Kodiak, (this simply is not true and has the capability of providing increased service. How can transportation increase when there is no one residing in the area now?

Finally, in reference to the new regulations [19 AAC 10.835. (d)] and the standards followed by the Local Boundry Commission:

Standand 1: states that again the Kodiak Island Borough is better able to provide services to the Alaskan Peninsula. How can the borough offer services but not include established villages? (9, 5th paragraph. Annexation Petition, Kodiak Island Borough) Again there's the statement that the area in question, (Alaska Peninsula) is predominantly used by current Kodiak Island Borough residents. Egegik Council disagrees that they use it more than we do . The area in question is used by over 74 professional guides and all local residents at one time or another and the people of Chignik commercial fish there every year. The area is used by all the people of the Alaska Peninsula for hunting or fishing. Finally the Village of Egegik does not beleive that Kodiak Island Borough meets or exceeds the standards required for Annexation, especially that area that includes the Alaskan Peninsula.

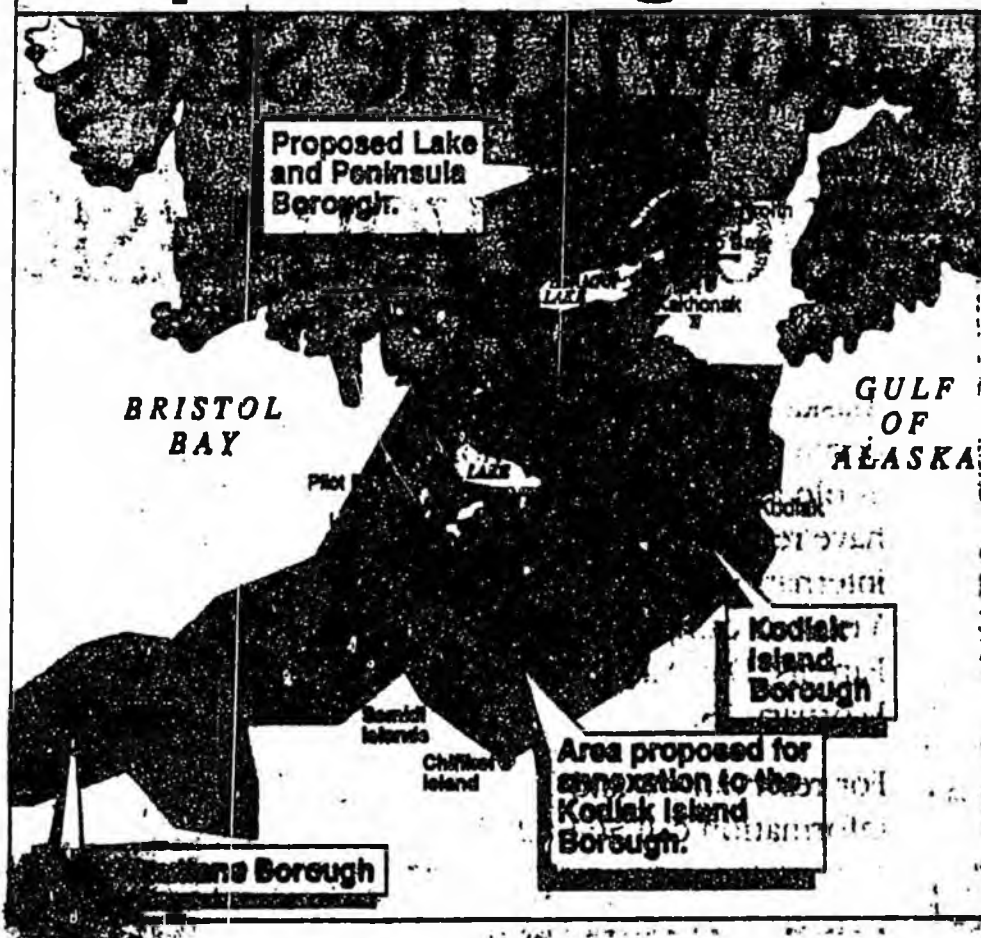
Sincerely,

Richard E. Deigh
Richard E. Deigh, President

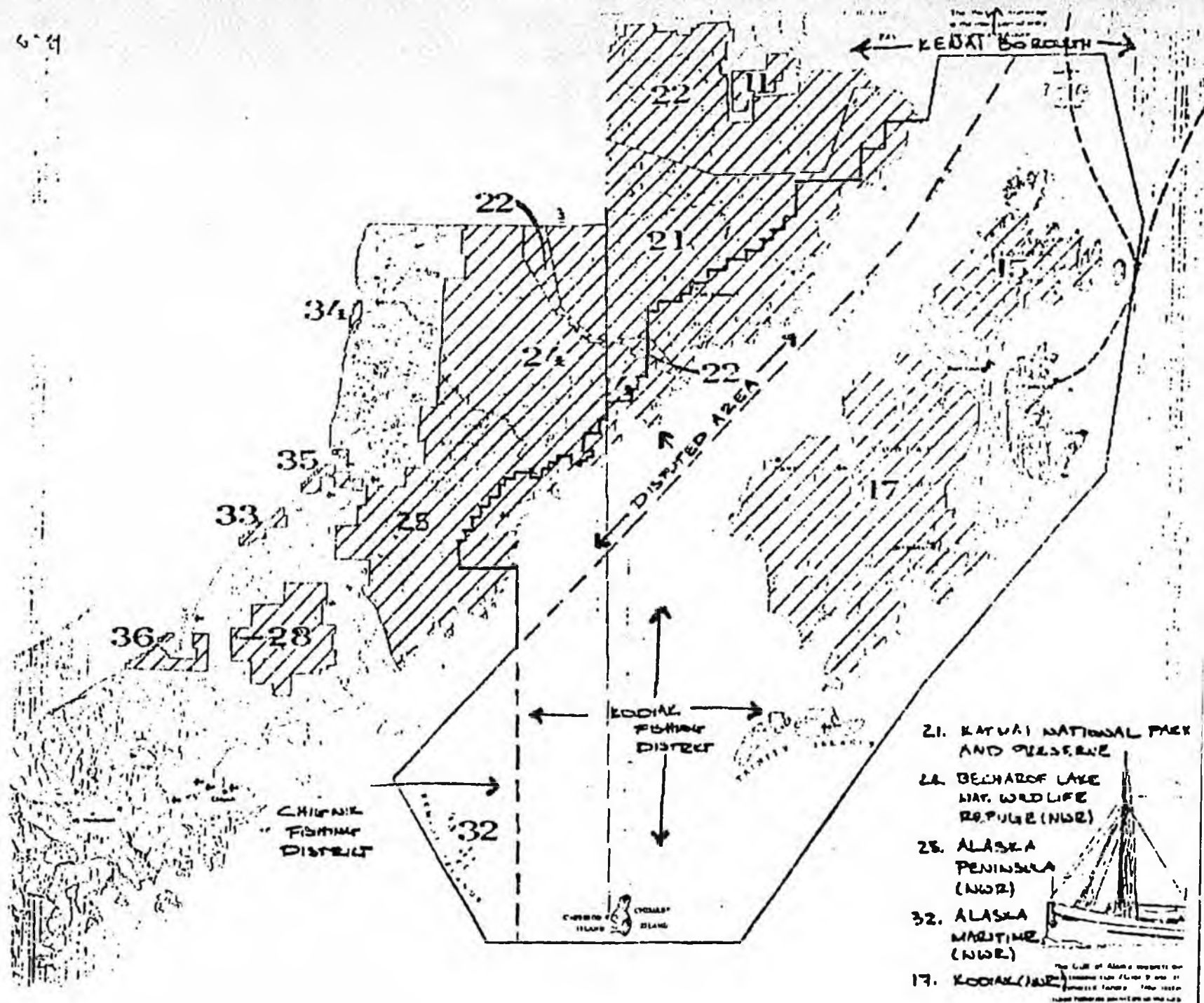
REFER TO KODIAK ISLAND ANEXATION PETITION
DATED OCTOBER 13, 1988, FOR INFORMATION

cc: Pilot point Village Council
Ugashik Village Council
Frank Hill, Superintendent, Lake and Peninsula School District
Sue Flensburg, Bristol Bay Coastal Resourse Service Area
Bristol Bay Times and Dutch Harbor Fisherman
David Hoffman, Commissioner, DCRA
Anchorage Dailey News
Senator Fred Zharoff
Jim Clark, Bristol Bay Borough
K. Jerome Selby, Kodiak Island Borough
Borough Post, Naknek

Proposed Borough Plans



6-4



The State of Alaska is a member of the International Fishery Commission. The State is a member of the International Commission for the Northwest Atlantic Fisheries Commission.

LBC RECOMMENDATION TO THE FIRST SESSION
OF THE SIXTEENTH STATE LEGISLATURE

ANNEXATION TO THE KODIAK ISLAND BOROUGH

SUMMARY OF PROPOSED ANNEXATION

On October 14, 1988, under the provisions of AS 29.06.040(b), the Kodiak Island Borough submitted a petition for annexation of approximately 12,825 square miles. The territory was comprised of approximately 2,130 square miles of land and approximately 10,695 square miles of water.

On November 10, 1988, voters in the adjacent Lake and Peninsula REAA petitioned for the incorporation of a home rule borough encompassing an estimated 26,675 square miles of land and waters offshore. Nearly all of the estimated 2,130 square miles of land and much of the waters sought for annexation by the Kodiak Island Borough were also included in the area proposed for incorporation.

On December 2, 3 and 4, 1988, a series of public hearings were scheduled to be held by the Commission in the communities of Kodiak, Iliamna, Port Heiden and Chignik Bay concerning the proposed borough incorporation and the proposed annexation of a portion of the same territory to the Kodiak Island Borough. Weather and technical problems at two airports however, forced the Commission to conduct these meetings via teleconference from Anchorage with all communities scheduled for hearings.

A decisional session was held December 4, 1988 in Anchorage. The four participating Commission members voted 3 to 1 to approve the annexation petition with amended boundaries. The amended boundaries resulted in exclusion of that portion of the Alaska Peninsula and waters offshore lying southwest of Cape Kilokak. The area approved for annexation consists of that portion of the Alaska Peninsula which drains into the mainland district of the Alaska Department of Fish and Game Kodiak Area Salmon District (Cape Douglas to Cape Kilokak), Chirikof Island, the Semidi Islands and the waters offshore of these lands (see Exhibit A). Much of the water area is presently outside the boundaries of the State (and thus the potential jurisdiction of the Borough). However, Borough officials anticipate that actions contemplated by the federal government may extend the jurisdiction of the State and the Borough in this area.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

In arriving at its findings, the LBC has considered documents and evidence including but not limited to, the petition for annexation, accompanying brief, the report and recommendation of the Department, and oral testimony provided during the series of public hearings on December 2, 3 and 4. Because of the competing nature of the annexation petition from the Kodiak Island Borough and the borough incorporation

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petition from the Lake and Peninsula area, the findings of fact and conclusions of law listed below include consideration of the competing petition standards as well as other standards for annexation and incorporation. For the sake of expediency, only those standards satisfied by each petition are discussed. If the standard is not mentioned, it may be assumed that it was not met.

I. Under competing petitions standards, it is appropriate that those lands on the Alaska Peninsula which drain into Shelikof Strait and the Pacific Ocean from the Kenai Peninsula Borough boundaries to Cape Kilokak and the waters offshore be included within the Kodiak Island Borough rather than the proposed Lake and Peninsula Borough.

a. Ability to Serve the Territory in Question

The proposed Lake and Peninsula Borough would initially exercise only the powers of education, planning and tax collection. As the need arose, the Borough could assume other powers. The Kodiak Island Borough currently exercises (on an areawide or non-areawide basis), the powers of solid waste collection and disposal and economic development along with other required and discretionary powers.

The territory in question is unpopulated, therefore the need for services is greatly limited. Both the Kodiak Island Borough and the proposed Lake and Peninsula Borough would have the capacity to provide the required degree of planning, land use regulation and tax collection and assessment.

However, the Kodiak Island Borough exercises the power of economic development by engaging in commercial salmon enhancement activities within its boundaries. It is estimated that 67 salmon streams exist in that portion of the Alaska Peninsula which drains into the Alaska Department of Fish and Game Kodiak Area Salmon District (within the contested area). Commercial harvests of salmon, herring, bottomfish and shrimp in this district are carried out predominantly by residents of the Kodiak Island Borough. It is unlikely that the Lake and Peninsula Borough would spend funds for salmon enhancement for the principal benefit of residents of an adjacent borough if this area were included within its boundaries.

Further, the Kodiak Island Borough provides solid waste collection and disposal within the City of Kodiak and the area outside of all other cities in the borough. The Borough anticipates expansion of this service as a result of recently enacted federal legislation known as MARPOL which was effective December 31, 1988.

Given the service needs relating to economic development and solid waste collection and disposal, the Commission found that the Kodiak Island Borough would be better able to serve that portion of the Peninsula which drains into the Kodiak Area Salmon

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District and the waters offshore.

b. Importance of the Region to the Financial Viability of each Competing Entity

The contested area offers relatively little to either municipality in revenues from the State Business Fisheries Tax. Fish processing may occur on floating bottomfish catcher/processors, many of whom operate outside of the jurisdiction of the State. Thus the potential for revenues to either borough from the State Business Fisheries Tax from this activity would be limited.

The contested area is estimated by the Kodiak Island Borough to have a taxable value of \$5,110,000. That value represents approximately 1.2% of the total value of taxable property within the Kodiak Island Borough. Given the current levy of ad valorem taxes, the Kodiak Island Borough would generate \$22,995 in revenues from the entire area proposed for annexation. However, the portion of the area proposed for annexation consisting of the land on the Peninsula which drains into the Kodiak Area Salmon District is reported to be owned almost entirely by the State and Federal governments. It is believed that the Koniag Regional Corporation owns limited oil and gas subsurface rights in the area around Wide Bay. The value of those rights, if any, is undetermined. As such, the particular area in question has virtually no taxable value and would provide the Kodiak Island Borough with no opportunity to generate property tax revenues. The contested area represents an estimated 15.9% of the total property value within the Lake and Peninsula Borough. However, that prospective borough does not propose to levy a property tax. Therefore, the area means no loss in potential ad valorem taxes to the prospective Lake and Peninsula Borough.

The potential for revenues from a municipal sales and use tax on commercial fishing in the contested area is more significant to the proposed Lake and Peninsula Borough than to the Kodiak Island borough. Currently the Kodiak Island Borough levies no sales tax. The proposed Lake and Peninsula Borough will levy a 1% sales and use tax. Although the precise structure of the proposed sales and use tax is unknown at this time, the tax could be levied at the point of sale of the fish as currently implemented by at least one other borough in the state. The Alaska Department of Fish and Game in Kodiak has reported that the 1988 value of salmon caught for the mainland of the Kodiak Management Area (from Cape Douglas to Cape Kilokak) was \$13,938,400. Noting that this was an unusually large catch (30% - 50% higher than the average poundage for the area) with record prices, the Department of Community and Regional Affairs conservatively estimated the value of the annual harvest of salmon in the area at \$6,000,000. Since the Kodiak Island Borough levies no sales and use tax, these fish offer no sales or use tax revenues to it. However, since the Lake and Peninsula Borough will levy a 1% sales and use tax, these salmon represent a potential \$60,000 in annual revenues to the new Borough. That amount represents 6.9% of the total local revenues for the Lake and

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Peninsula Borough. However, in relative terms of total revenues (local, state and federal), the \$60,000 amounts to only 0.8% of the income anticipated by the Borough in FY 92.

In relative terms, the territory is more important to the financial viability of the Lake and Peninsula Borough than it is to the Kodiak Island Borough. The potential revenues generated within the area represent 6.9% of the locally generated revenues of the Lake and Peninsula Borough and only 1.2% (0% in the area which drains into the Kodiak Area Salmon District) of the locally generated revenues of the Kodiak Island Borough.

However, in absolute terms the importance of the contested area to the financial viability of each of the competing entities is much different. At most, there would be an estimated annual loss of \$60,000 to the Lake and Peninsula Borough if the area were included within the Kodiak Island Borough. The loss to the Kodiak Island Borough would represent a maximum annual loss of \$22,995. The loss of such funds to either entity would not render either one infeasible. Therefore, while the Commission found that in relative terms the area is more important financially to the Lake and Peninsula Borough, the level of funding involved is so small (less than 1% of the projected FY 92 budget of the Lake and Peninsula Borough) that this factor was given minimal consideration in judging the competing interests.

c. Satisfaction of Standards for Annexation and Incorporation.

Of the many standards which apply to incorporation and annexation proposals, the principal ones of interest here which have not yet been examined relate to the social, cultural and economic interrelationship between the populations of each competing entity within the area in question and how this area conforms to the natural geography of the area encompassed by the competing entities.

Those lands on the Alaska Peninsula which drain into Shelikof Strait and the Pacific Ocean ranging from the Kenai Peninsula Borough boundaries to Cape Kilokak and the waters offshore are of vital economic importance to the residents of the Kodiak Island Borough. As noted earlier, the waters in this area comprise the Kodiak Area Salmon District (Mainland District). The area also includes most, but not all of the Kodiak Shellfish District. Commercial harvests of salmon, herring, bottomfish, shrimp and crab in these waters are carried out predominantly by residents of the Kodiak Island Borough. Kodiak area fishermen also use the uplands for storage of fishing gear. If the area were included within the proposed Lake and Peninsula Borough, it is unlikely that sales and use taxes levied in the area in question by that government would be used to support services and facilities available to those paying the tax in that particular area. In other boroughs (notably the Aleutians East Borough and the Bristol Bay Borough) those who pay taxes on fish caught in those respective regions also use the public facilities and services located in those areas.

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To divide the Shelikof Strait so the waters are located within two separate boroughs would likely create problems in the management of the area. Difficulties in the enforcement of municipal tax levies and the management of natural resources (particularly commercial fishing) are likely to result.

Cultural and historical ties to the territory in question exist for the areas within the Kodiak Island Borough as well as the Lake and Peninsula Borough. Based on testimony and documents submitted to the Commission, the strength of these ties appears to be equal if not greater for the Kodiak Island Borough.

The area in question is also more geographically related to the Kodiak Island Borough than to the proposed Lake and Peninsula Borough. The Aleutian Range on the Alaska Peninsula, which determines river drainage patterns, serves as a natural topographical divider for those rivers that drain into Shelikof Strait. The Strait in turn unites the rivers on Kodiak Island with these same rivers as a common drainage basin.

The Commission found that the appropriate standards for annexation and incorporation support the inclusion into the Kodiak Island Borough of those lands on the Alaska Peninsula which drain into Shelikof Strait and the Pacific Ocean ranging from the Kenai Peninsula Borough boundaries to Cape Kilokak and the waters offshore. Further references to the territory considered for annexation include the territory described in this section plus those areas proposed for annexation to the Kodiak Island Borough which do not overlap the territory proposed for incorporation by the Lake and Peninsula Borough.

II. The territory considered for annexation is in need of municipal services which the Borough can provide more efficiently than another municipality or the State

As previously noted, much of the contested area is in need of planning, economic development and solid waste collection and disposal services which can best be provided by the Kodiak Island Borough. The facts which supported that conclusion also support the conclusion that the entire area considered for annexation is in need of municipal services which the Kodiak Island Borough can provide most efficiently.

III. There is a reasonable likelihood that future growth and development will occur within the territory considered for annexation and that annexation of that territory will enable the Borough to plan for and control that development

Kodiak Island Borough officials testified that there is potential for development of mineral, oil and gas and fishing activities in the area considered for annexation. The petitioner has observed that mineral exploration continues to take place in the area considered for annexation. Oil and gas lease sale #114 is scheduled to be held by the

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Federal government in September of 1990. Both activities have the potential for resource development and attendant impact on the area considered for annexation.

The petitioner has observed growth in the number of offshore floating processors in this area. While the actual number of fish processors will certainly fluctuate with the fish harvest, the petitioner observes that it is likely the area will see added growth in the use of offshore processors since it is also likely that larger and more varied fish harvests will be experienced in the future.

Finally, officials of the Kodiak Island Borough have testified that the Federal government has prepared and carried out plans for the management of lands in the area considered for annexation without regard to their concerns. Annexation of the area will allow more extensive and influential input from the borough on the use and management of these lands.

IV. The annexation is otherwise necessary to accomplish a valid public purpose

The Kodiak Island Borough noted that the number of offshore processors, which typically operate with self-contained out-of-state crews, has increased substantially in recent years. The petitioner contends that these processors have attracted the fish which would normally be delivered to on-shore facilities, thus denying the Borough the proportionate amount of raw fish tax revenues as well as its residents the dollars that would normally be dispersed into the local economy. The economic welfare of the region is thus negatively affected. Annexation of the area in question would mitigate these negative effects.

V. The Kodiak Island Borough is capable of and willing to extend areawide and non-areawide services to the area considered for annexation

As indicated earlier, the need for services in the area considered for annexation is limited. The extension of areawide and non-areawide services to this territory would require little expenditure by the Borough. The Kodiak Island Borough appears willing and capable of serving the contested area.

VI. The Kodiak Island Borough, with the addition of the area considered for annexation, still satisfies the standards for incorporation of a borough as required by 19 AAC 10.220

A. The population within the expanded boundaries of the borough remains interrelated and integrated as to its social, cultural, and economic activities. The area proposed for annexation is uninhabited. However, as noted earlier there are strong social, cultural and economic ties between the area considered for annexation and the population of the Borough.

LBC RECOMMENDATION TO THE FIRST SESSION
OF THE SIXTEENTH STATE LEGISLATURE

B. The population within the expanded boundaries of the borough remains large and stable enough to support borough government. Again, since the area considered for annexation is uninhabited, the size and stability of the Borough's population would not be affected by the annexation.

C. The expanded boundaries of the borough still conform generally to natural geography and include all areas necessary for full development of municipal services. With the annexation, the Borough's boundaries would follow the natural geography of the region.

D. The economy of the expanded borough still includes the human and financial resources capable of providing municipal services. Again, because there is no population change, the annexation would have no effect on the human resources of the Kodiak Island Borough. Any impact on the financial resources of the Borough would be positive.

E. The land, water and air transportation facilities of the expanded borough still allow the communication and exchange necessary for the development of integrated borough government. This annexation will not affect the ability of residents of the Kodiak Island Borough to communicate and interrelate.

LBC DECISION AND RECOMMENDATION

Based upon the findings of fact and conclusions of law summarized herein, the proposed annexation of approximately 12,825 square miles of territory to the Kodiak Island Borough does not, in its entirety, satisfy the applicable requirements of State statute and regulation regarding annexation of contiguous and competing territory to a borough. However, there is an approximate 12,343 square mile area which has been found to satisfy these requirements.

THEREFORE, the Commission ordered the amendment of the petition to include: 1. (with respect to the area in competition involving the proposed Lake and Peninsula Borough) **only** those lands on the Alaska Peninsula which drain into Shelikof Strait and the Pacific Ocean from the Kenai Peninsula Borough Boundaries to Cape Kilokak and the waters offshore; and 2. all other territory sought for annexation by the Kodiak Island Borough.

IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE X, SECTION 12 OF THE STATE CONSTITUTION, the Commission hereby recommends to the First Session of the Sixteenth Legislature, the annexation of the territory described herein. The resulting boundary description of the Kodiak Island Borough reads as follows:

10

19 AAC 10.185 COMMUNITY AND REGIONAL AFFAIRS 19 AAC 10.190

Article 7. Standards for Annexation to Organized Boroughs

Section	Section
185. Applicability	210. Annexation of incorporated territory
190. Annexable territory	220. Statutory standards
200. Application of standards	

19 AAC 10.185. APPLICABILITY. The provisions of 19 AAC 10.190 — 19 AAC 10.220 apply to a proposal for annexation by local action (19 AAC 10.630 — 19 AAC 10.730) or by legislative review (19 AAC 10.450 — 19 AAC 10.620). (Eff. 2/21/82, Register 81)

Authority: Art. X, Sec. 12, Ak. Const.
AS 44.47.567

19 AAC 10.190. ANNEXABLE TERRITORY. (a) Territory which is contiguous to an organized borough may be annexed to that borough if one or more of the following standards are met:

- (1) the contiguous territory is totally surrounded by the organized borough's boundaries;
- (2) the land in the territory is wholly owned by the organized borough;
- (3) the territory is in need of municipal services which the organized borough can provide more efficiently than another municipality or the state;
- (4) there is a reasonable likelihood that future growth and development will occur within the territory and annexation of the territory will enable the organized borough to plan for and control that development;
- (5) the health, welfare, or safety of the residents of the organized borough is endangered by conditions existing or developing in the territory and annexation will enable the organized borough to remove or relieve those conditions;
- (6) the extension into the territory of borough services or facilities is necessary to enable the organized borough to provide adequate service to residents of the organized borough, and it is impossible or impractical for the organized borough to extend the facilities or services unless the territory is within the organized borough's boundaries;
- (7) residents or property owners within the territory receive or may be reasonably expected to receive, directly or indirectly, the benefit of organized borough services without commensurate property tax contributions, whether such services are rendered or received inside or outside the territory; or
- (8) the annexation is otherwise necessary to accomplish a valid public purpose.

(b) Territory which is not contiguous to the borough may be annexed to the borough if

(1) the land in the territory is wholly owned or leased by the borough or used primarily for the performance of borough functions; and

(2) annexation is necessary to enable the borough to achieve adequate control, protection or management of the property.

(c) Contiguous territory which does not meet the requirements of (a) of this section may nevertheless be annexed to a borough if the territory lies between the borough boundary and noncontiguous territory which does meet the requirements of (a) of this section.

(d) In determining whether the standard established in (a)(7) of this section is met, the commission will consider alternate methods available to the borough for offsetting the cost of providing services to individuals or property beyond its property taxation powers.

(e) The commission will, in its discretion, conduct public hearings or investigations after a detachment to determine if the service requirements of the territory are being met. If the commission determines that the service requirements of the territory are not being met, it will, in its discretion, begin annexation proceedings under this chapter. (Eff. 2/21/82, Register 81)

Authority: Art. X, Sec. 12, Ak. Const.
AS 44.47.567

Editor's notes. — 19 AAC 10.190 is based on a former version of 19 AAC 05.110.

19 AAC 10.200. APPLICATION OF STANDARDS. The commission will not approve an annexation unless the annexing organized borough demonstrates to the satisfaction of the commission that it is capable of extending and willing to extend services to the annexed area in accordance with this subsection. If possible, areawide and non-areawide borough services shall be extended to the annexed area immediately. If the immediate extension of services is not possible, the commission must be satisfied that the services not immediately extended will be extended as soon as possible and that reasonable plans have been formulated for the capital expansion necessary for the extension of services. (Eff. 2/21/82, Register 81)

Authority: Art. X, Sec. 12, Ak. Const.
AS 44.47.567

Editor's notes. — 19 AAC 10.200 is based on a former version of 19 AAC 05.120.

19 AAC 10.210 COMMUNITY AND REGIONAL AFFAIRS 19 AAC 10.220

19 AAC 10.210. ANNEXATION OF INCORPORATED TERRITORY. (a) If the territory sought to be annexed includes part of another organized borough which is providing services to the territory that the annexing borough will provide upon annexation, the commission will determine the method by which assets and liabilities are to be distributed between the annexing borough and the borough formerly providing the services.

(b) In determining the method of transfer of service responsibility and the distribution of assets and liabilities, the commission will, in its discretion, approve an equitable agreement between the municipalities affected but will independently review the proposed agreement.

(c) Territory which is part of an organized borough may not be annexed to another borough unless the commission determines the annexation to be in the best interests of the annexing borough, the borough from which the annexed territory is taken, and the annexed territory.

(d) Separate or additional proceedings are not required for detachment of territory from an incorporated city or borough which becomes annexed to another borough. The detachment is affected by, and at the same time as, the annexation itself. (Eff. 2/21/82, Register 81)

Authority: Art. X, Sec. 12, Ak. Const.
AS 44.47.567

Editor's notes. — 19 AAC 10.210 is based on former versions of 19 AAC 05.130 and 19 AAC 15.040.

19 AAC 10.220. STATUTORY STANDARDS. (a) In addition to the requirements of 19 AAC 10.190 — 19 AAC 10.220, the commission will approve and recommend to the legislature the annexation of territory to an organized borough only if it finds that the resulting boundaries of the expanded borough conform substantially to the standards set forth in AS 29.18.030.

(b) In approving organized borough boundary changes, the commission, with the assistance of the department, will, if necessary, determine proposed assembly reapportionment plans applicable to the organized boroughs whose boundaries are to be affected by the change. (Eff. 2/21/82, Register 81)

Authority: Art. X, Sec. 12, Ak. Const.
AS 44.47.567

Editor's notes. — 19 AAC 10.220 is based on a former version of 19 AAC 05.140.

Plan for new borough fuels debate on Alaska Peninsula

ASSOCIATED PRESS

A plan to create a new borough on the Alaska Peninsula is causing a tangle of legal lines to be drawn in communities throughout the region.

The issue are taxes, control over fish and fur resources and whether another form of government is necessary.

Some of it may be sorted out in April, when residents vote on whether to form a new Lakes and Peninsula Borough.

The battle began two years ago, when the state's Local Boundary Commission approved the new East Aleutians Borough.

Peninsula residents were furious. The

new borough's boundaries stretched to the edge of two peninsula villages, enabling the new government to collect thousands of dollars a year in fish taxes from fishermen working waters off the peninsula.

The school board started talking about forming a borough to keep others from gobbling up more of the area.

"They felt like they were being picked on," said Bruce Baltar, a lawyer for the Bristol Bay Native Association, which works with villages in the area. "It was a land grab and they were mad about it. They didn't want it to happen again."

Within months, though, the peninsula was being picked at from another direc-

tion. Officials from the Kodiak Island Borough launched a bid to annex a long strip of peninsula land south of the Alaska Range, as well as a big strip of the salmon-rich Shelikof Strait.

State officials approved the annexation in January. Unless the legislature blocks it, that part of the peninsula becomes part of the Kodiak Island Borough on March 4.

Meanwhile, backers of Lakes-Peninsula Borough wrote a petition last year, with proposed borders stretching from north of Lake Clark down to the Aleutians East border. Enough signatures were gathered among the 1,500 people who live in the area to put it on the ballot April 11.

Supporters think it could mean more money for schools in the region, and say they don't envision many government services beyond that.

"We'd rather have our own borough controlled by people from around here than be taken over by Kodiak or Kenai," says Wassillie Balluta of Newhalen, a village of 160 on Illamna Lake.

Those opposed don't want taxes on local resources going elsewhere.

"We're just not interested in seeing our fish taxes going outside the community," says Ron Bowers, a member of the Chignik council who is also fire chief and public safety officer.

2/2/89

Archie Thomas

TESTIMONY ON HJR-23 (KODIAK ANNEXATION)

By Bruce Baltar, Bristol Bay Native Association

House Community and Regional Affairs Committee

February 14, 1989

Thank you, Chairperson Maclean. My name is Bruce Baltar and I'm an attorney, employed by the Bristol Bay Native Association, which is the regional non-profit corporation for the 30 villages of Bristol Bay. Our address is Box 310, Dillingham, Alaska 99576.

I'd like to first respond to the remarks made by the folks from Kodiak. All the 'taxation without representation' rhetoric is a smokescreen utterly irrelevant to the issue at hand. It's a prime example of how throughout this process Kodiak has succeeded in diverting attention away from the actual standards for annexation. While I can understand that Kodiak-based fishermen don't want to be taxed by Lake and Pen, at most that's a public policy argument against Lake and Pen's proposal that says nothing at all about Kodiak's.

The issue in these competing proposals has never been a mere balancing of interests under identical standards. Lake and Pen had only to meet the standards for original incorporations while Kodiak had to meet those standards plus the ones for annexation. Kodiak's claim has to stand on its own merit regardless of what Lake and Pen is doing. The taxation argument is a red herring because blocking another community from taxing an area is not, by law, a justification for annexation.

Even as public policy the the taxation without representation argument doesn't bear scrutiny. By Mayor Selby's reasoning we should never have let the North Slope Borough incorporate and tax Prudhoe Bay. After all, the oil companies and most of their workers don't come from Barrow. Fishermen travel all over the place. Most Bristol Bay permit holders, for example, come from outside the region. Should we let Anchorage or Seattle annex Bristol Bay? Kodiak is such a large fishing port it could end up with much of western Alaska under that logic.

Mr. Selby's scoffing of the 'contiguous' argument also diverts attention from the actual issue. No one argues, of course, that non-contiguous areas can never be part of a borough. But Kodiak is trying to annex territory under regulations which specifically apply only to contiguous territory. Different standards - which Mayor Selby knows Kodiak can't meet - have been established for non-contiguous annexations. As for the Attorney General's opinion on contiguity, it was made in a different factual context and in my view supports a legislative veto because it required the

LBC to make findings of fact that it never made. The LBC did not even consider the issue.

I'd also like to point out a basic geographic fact that Kodiak prefers to ignore. The Shelikof Strait is 30 miles wide, while this annexation will take in only three miles of waters along the Alaska Peninsula. The rest will remain outside the borough because it is outside the territorial limits of Alaska. Kodiak's arguments relating to the growth of the bottom fishery and offshore processing speak to the strait as a whole and it is impossible to tell from those arguments how much, if any, of this activity occurs within the annexation area.

Another point is that while most of Kodiak's arguments are based ultimately on the commercial fisheries, the bulk of the annexation area is land, to which those arguments don't apply. And in any event the commercial fisheries will remain under the exclusive management authority of ADF&G.

I'd like to bring us back to reality by focusing on the contested territory as it relates to the actual standards for annexation. All the annexed land is within Katmai National Park or the Becharof and Alaska Peninsula National Wildlife Refuges. More than half is in Katmai. All of this part of Katmai is Congressionally-designated wilderness. All of the relevant part of Becharof is also wilderness or proposed wilderness, and the Alaska Peninsula Refuge lands are classified for "minimum management," which is the next most restrictive category. Federal management plans are already in place and basically prohibit development, including fishery support services, mineral development, most types of fish enhancement - you name it. The plans are designed to keep fish and wildlife resources in the natural state under the maximum possible protection.

While of less significance given federal control, the state's coastal management and area land use plans are also in place and make protection of fish top priority.

The enclaves of state and private land where development could theoretically occur are insignificant. None of the rivers have been identified as navigable, so the water columns and stream beds are federal. There are three undeveloped parcels of a few acres each in Katmai, all owned by the Russian Orthodox Church. Within the refuges are a couple of Native allotments and about a half-section of patented state land at Wide Bay, which contains a landing strip for an abandoned exploratory oil well.

Although there are other state selections, and Konlag has selected about 50 sections of oil and gas subsurface interests, federal authorities say these have not been conveyed. The state lands, at least, probably will never

will be. (The patented Konlag oil and gas interests Mayor Selby referred to are outside the territory.) Considered in total the inholdings are miniscule given the scale of the annexed area.

There are no inhabitants in the area, no lodges, no mineral entries, no canneries or other fishery infrastructure. Although there are some lands identified as "mineral," none have high potential. The federal management authorities are not aware of a single development project of any sort in the annexation territory and every single one that Kodiak mentions is outside the annexed territory.

In short, the justifications raised by Kodiak and relied upon by the LSC don't make a bit of sense when the annexation standards are applied to this territory. Looking briefly at the three regulatory standards the LSC found met, the first states: "the territory is in need of municipal services which the organized borough can provide more efficiently than another municipality or the state." 19 AAC 10.190(a)(3).

The LSC said this standard was met because the area needs "planning, economic development and solid waste collection and disposal services." That's absurd given the total lack of actual or planned onshore development, the unavailability of land for development, exclusive federal planning jurisdiction over the lands, the level of planning already in place, and ADF&G's authority over commercial fisheries. There is no need for municipal services, and Kodiak would not have the power to provide them if there was.

The only possible borough-sponsored economic development activity cited by Kodiak or the LSC is "salmon enhancement." But to this day no one has identified a single salmon enhancement project that is actually needed. The experts at ADF&G say that enhancement projects in this area are not biologically justified due to the nature of the runs and spawning grounds. Even if Kodiak could identify practical projects, to meet the standard it would still have to show that they would be allowed under the federal plans and that Kodiak it is better able to perform them than ADF&G.

As for marine waste disposal and MARPOL, that whole argument is a kind of sleight-of-hand. Kodiak hasn't even suggested it would actually provide this service within the annexed territory as required by the standard. Nor could it, because there is no available site. Instead, Kodiak says it meets the waste disposal needs of the region at disposal sites on Kodiak Island. Logically, if that is true the annexation standard cannot be met because there is no need for the services in the annexed territory.

Kodiak has not come up with a single way in which annexation will affect waste disposal. Rather it implies

that because of fishing activity in the annexation area it incurs waste disposal costs without compensation. But Kodiak already receives the raw fish taxes from the annexation territory and other areas outside the borough because the fish are processed on Kodiak Island. And if compensation is a problem, Kodiak can always charge for the service.

The next standard relied upon is that "there is a reasonable likelihood that future growth and development will occur within the territory and annexation of the territory will enable the organized borough to plan for and control that development." 19 AAC 10.190.

Again, it is difficult to conceive of any area less likely to meet this standard than the area Kodiak annexed. The LBC merely cited generally "a potential for development of mineral, oil and gas and fishing activities," and more specifically the planned federal oil lease sale and "the growth of offshore processors."

It seems obvious that "a potential for development" is a far cry from a reasonable likelihood that development will actually occur, which is what the standard says. The only "development" in the area is commercial fishing, which is beyond the power of a borough to control.

The migration of processing offshore just isn't happening. According to ADF&G the salmon and herring harvested in this area are delivered exclusively to shore-based Kodiak processors. While there is growth of offshore bottomfish processing in southwestern Alaska, there is nothing in the record showing this is happening in the waters Kodiak actually annexed and no indication the borough could realistically "plan for and control it" if it does.

In regard to the federal offshore lease sale scheduled for 1990, it will take place in federal waters outside borough control, and there is no site or infrastructure for shoreside support services in the annexed area. Besides which, the U.S. Minerals Management Service says there is only a 3% probability of finding oil in commercially recoverable quantities. For the life of me, I can't see how a 3% probability that they won't find oil constitutes a "reasonable likelihood" that they will.

As for other possible development, the only land area not locked up is Konig's small area of oil and gas selections near Wide Bay which are not yet conveyed. Exploration took place there 30 years ago, and nothing was found. According to the federal resource assessments, the places with highest oil and gas potential are on the other side of the peninsula outside the annexation territory, and even those are not particularly promising. Any other mineral development is absurd since there are no mineral entries and no mineral lands with which high potential.

The LBC also found a third standard met, that the "annexation is otherwise necessary for a valid public purpose." 19 AAC 10.190(5). It based this conclusion on the growth of offshore processing and said, without explanation, that the annexation would mitigate the negative effects of that growth. That makes no sense whatsoever for the reasons previously mentioned. The only conceivable "mitigation" would simply be in the form of increasing the borough's revenue base, which alone is not to be a valid basis for annexation.

To sum up, it is absolutely clear that this annexation does not come close to meeting the standards under any rational interpretation. Common sense tells you the standards were meant to apply to adjacent areas where there is growth and development requiring the expansion of municipal services. No significant growth is even possible in this area, much less likely. No additional services are needed, and Kodiak will not provide any.

From today's testimony it is apparent that the real reason Kodiak wants the area is simply to keep anyone else from getting it. Like everyone else, Kodiak fishermen don't like to pay taxes. But that is not a valid public purpose and certainly is not legally a justification for annexation. And while Mayor Selby is correct that Kodiak will not immediately derive additional revenue from this territory, the fact remains that it is potential revenue source that Kodiak wants to lock up.

These annexation disputes are not just local squabbles of no statewide concern. It is bad public policy to continue concentrating resources in relatively wealthy and politically powerful communities at the expense of villages with few jobs and no tax base. Moreover, the LBC decision approving the Kodiak annexation exemplifies the LBC's practice of disregarding its own legally constituted standards. A standardless system has resulted at a time when there is more and more political and economic pressure to form or expand boroughs. A statewide planning process is in the making, and that should be of profound concern to the legislature.

So far, no one has held the LBC to account. But their decisions are so bad in terms of analysis as to almost guarantee that they will be litigated, at untold cost to the state. The constitution gives the legislature oversight of annexation decisions, and it could and should send a clear message that the LBC must clean up its act. HJR-23 should be passed.

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

NAME: GLEN KALMAKOFF

TITLE:

ADDRESS: GENERAL DELIVERY

CITY: IVANOF BAY, ALASKA

ZIP: 99502

PHONE: 669-2205

BILL NO: HJR 23

SUBJECT: DISAPPROVE KODIAK ISLAND BORO ANNEXATION

MESSAGE: WOULD LIKE YOU TO KNOW THAT I OPPOSE THE KODIAK BORO ANNEXATION PRO-
 POSAL. LAND AND WATER IN THE ANNEXATION SHOULD REMAIN WITH THE PEOPLE WHO HAVE
 TRADITIONALLY USED THIS AREA. KAMATAK WAS MOVED TO PERRYVILLE WHEN KATHAI
 ADJUSTED, MY PARENTS AND OTHERS ARE CLOSELY TIED TO THAT LAND. THE LBC SHOULD
 REVERSE THEIR RECOMMENDATION. URGE THAT YOU SUPPORT PASSAGE OF HJR23 TO DIS-
 APPROVE THE ANNEXATION OF LANDS IN OUR AREA TO KODIAK BOROUGH. THANKS.

POMID: 06083632

DATE: 02/23/89

TIME: 08:36:30

SIGNATURE: DILLINGHAM LIO

COPIES: REPRESENTATIVES

LARSON
 HOFFMAN
 SWACKHAMMER
 WALLIS
 KOPONEN
 ULMER
 BROWN
 SHULTZ
 RIEGER
 PHILLIPS
 BARNES

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

NAME: MARGARET ELKINTON

TITLE:

ADDRESS: 4022 DEBORAH

CITY: JUNEAU

ZIP: 99801

PHONE: 789-9370

BILL NO: SB 8

SUBJECT: ALASKA WOMEN'S COMMISSION

MESSAGE: I AM OPPOSED TO THE BILL BUT IF IT IS GOING TO PASS PLEASE VOTE FOR
 ALL THE AMENDMENTS.

POMID: 00091510

DATE: 02/23/89

TIME: 09:15:10

SIGNATURE: JUNEAU LIO

COPIES: REPRESENTATIVES REPRESENTATIVES

BARNES	BOUCHER
BOYER	BROWN
CATO	COLLINS
COTTEN	DAVIDSON
DAVIS, C.	DAVIS, M.
DONLEY	ELLIS
FOSTER	FURNACE
GOLL	GRUENBERG
GRUSSENDORF	HANLEY
HOFFMAN	HUDSON
KOPONEN	LARSON
LEMAN	MACLEAN
MARTIN	MEHARD
MILLER	NAVARRE
PETTYJOHN	PHILLIPS
RIEGER	SHARP
SHULTZ	SPONHOLZ
SWACKHAMMER	TAYLOR
ULMER	WALLIS
ZAWACKI	

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

NAME: CHERYL COOPER, PRESIDENT
TITLE: DELTA/GREELY EDUCATION ASSOCIATION
ADDRESS: 1954 DAVENPORT RD.
CITY: DELTA JCT. ZIP: 99737
PHONE: 895-4577
BILL NO: HB 16
SUBJECT: APPROP: PASS THRU GRANTS FOR EDUCATION
MESSAGE: WE WOULD LIKE YOU TO SUPPORT AND ADVOCATE FOR FULL FUNDING FOR PUBLIC
EDUCATION. THANKS AGAIN FOR YOUR SUPPORT.

POMID: 02162633
DATE: 02/22/89
TIME: 16:26:33
LIONAME: DELTA JUNCTION LIO

COPIES: REPRESENTATIVES

ELLIS
BOYER
GOLL
GRUENBERG
DAVIS, C.
FURNACE

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

NAME: ELIZABETH KALMAKOFF
TITLE:
ADDRESS: GENERAL DELIVERY
CITY: IVANOF BAY, ALASKA ZIP: 99695
PHONE: 669-2204
BILL NO: HJR 23
SUBJECT: DISAPPROVE KODIAK ISLAND BORO ANNEXATION
MESSAGE: I'M FOR HJR 23 BECAUSE I THINK THAT THE PROPOSED LAKE AND PENINSULA
BOROUGH SHOULD HAVE THIS LAND THAT WAS TRADITIONALLY USED. THESE ARE NATURAL
BOUNDARIES OF THAT PROPOSED BOROUGH RATHER THAN THE KODIAK ISLAND ANNEXATION
PROPOSAL. THE RECOMMENDATION OF THE LBC SHOULD BE RECONSIDERED, MANY PEOPLE
FEEL IT WAS WRONG. THE MATTER NEEDS TO BE CONSIDERED MORE CAREFULLY BY OUR
LEGISLATORS IN LOOKING AT WHAT IS BEST FOR THE ENTIRE DISTRICT.

POMID: 06164435
DATE: 02/22/89
TIME: 16:44:35
LIONAME: DILLINGHAM LIO

COPIES: REPRESENTATIVES SENATOR

DAVIS, M. ZHAROFF
HOFFMAN
LARSON
SWACKHAMMER
WALLIS
KOPONEN
ULMER
BROWN
SHULTZ
RIEGER
PHILLIPS
BARNES

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

NAME: CHERYL COOPER, PRESIDENT
 TITLE: DELTA/GREELY EDUCATION ASSOCIATION
 ADDRESS: 1954 DAVENPORT RD.
 CITY: DELTA JCT. ZIP: 99737
 PHONE: 895-4577
 BILL NO: HB 21
 SUBJECT: SCHOOL DISTRICT LABOR NEGOTIATIONS
 MESSAGE: WE URGE YOUR SUPPORT TO PASS OUT OF COMMITTEE NOW, HB 21. WE BELIEVE
 CLASS LOAD AND WORK LOAD ARE BASIC CONDITIONS OF EMPLOYMENT AND SHOULD BE
 NEGOTIABLE. THANKS FOR YOUR SUPPORT.

POHID: 02162231
 DATE: 02/22/89
 TIME: 16:22:31
 LIONAME: DELTA JUNCTION LIO

COPIES: REPRESENTATIVES

ELLIS
 BOYER
 GOLL
 GRUENBERG
 DAVIS, C.
 FURNACE

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

NAME: NANA KALMAKOFF, SECRETARY
 TITLE: CHIGNIK LAKE VILLAGE COUNCIL
 ADDRESS: GENERAL DELIVERY
 CITY: CHIGNIK LAKE, ALASKA ZIP: 99548
 PHONE: 845-2215
 BILL NO: HJR 23
 SUBJECT: DISAPPROVE KODIAK ISLAND BORO ANNEXATION
 MESSAGE: CHIGNIK LAKE VILLAGE COUNCIL IS IN FAVOR OF HJR23. WE ARE IN FAVOR
 OF DISAPPROVING THE KODIAK ISLAND ANNEXATION. IT TAKES AWAY A POTENTIAL TAX
 REVENUE FOR THE BOROUGH THAT IS IN THE PROCESS OF BEING ESTABLISHED. THE LBC
 CHOSE NOT TO FOLLOW THE RECOMMENDATIONS OF THEIR OWN STAFF. PLEASE SUPPORT
 HJR 23 THAT WOULD DISAPPROVE THE ANNEXATION PROPOSAL. THANK YOU.

POHID: 06162029
 DATE: 02/22/89
 TIME: 16:20:29
 LIONAME: DILLINGHAM LIO

COPIES: REPRESENTATIVES SENATOR

DAVIS, M. ZHAROFF
 HOFFMAN
 LARSON
 SHACKHAMMER
 WALLIS
 KOPONEN
 ULLNER
 BROTH
 SHULTZ
 RIEGER
 PHILLIPS
 BARNES

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

NAME: GLENDA PEDERSON

TITLE:

ADDRESS: PO BOX 73635

CITY: FAIRBANKS

ZIP: 99707

PHONE: 479-8772

BILL NO:

SUBJECT: FNSB ANNEXATION

MESSAGE: I LIVE AT 75 MILE ELLIOTT HIGHWAY. I AM AGAINST THE FBX NORTH
 STAR BOROUGH'S ANNEXATION OF PUMP 7. THE ANNEXATION WOULD TAKE AWAY FROM
 OUR TAX BASE IF WE EVER FORMED A NEW BOROUGH. THERE IS A SCHOOL IN THE
 AREA IF PUMP 7'S WORKER'S EVER HAD A NEED TO SEND THEIR CHILDREN TO
 SCHOOL. EOM/MJD

POMID: 07122055

DATE: 02/22/89

TIME: 12:20:55

LOCATION: FAIRBANKS LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

BARNES	BOUCHER	ADAMS
BOYER	BROWN	BINKLEY
CATO	COLLINS	COGHILL
COTTEN	DAVIDSON	DUNICAN
DAVIS, C.	DAVIS, M.	ELIASON
DOHLEY	ELLIS	FAHRENKAMP
FOSTER	FURNACE	FAIKS
GOLL	GRUCINBERG	FISCHER
GRUSSENDORF	HANLEY	FRANK
HOFFMAN	HUDSON	HALFORD
KOPONEN	LARSON	JONES
LEMAN	MACLEAN	KELLY
MARTIN	MENARD	KERTTULA
MILLER	HAVARRE	PEARCE
PETTYJOHN	PHILLIPS	POURCHOT
RIEGER	SHARP	RODEY
SHULTZ	SPORHOLZ	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMAWSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

FEB 23 1989

NAME: CLEM GRUNERT

TITLE: PRES., CHIGNIK LAGOON VILLAGE COUNCIL

ADDRESS: GENERAL DELIVERY

CITY: CHIGNIK, ALASKA

ZIP: 99565

PHONE: 235-6509

BILL NO: HJR 23

SUBJECT: DISAPPROVE KODIAK ISLAND BORO ANNEXATION

MESSAGE: URGE YOUR SUPPORT FOR THE PASSAGE OF HJR 23 DISAPPROVING THE LOCAL
 BOUNDARY COMMISSION'S RECOMMENDATION FOR ANNEXATION OF TERRITORY TO KODIAK
 ISLAND BOROUGH BECAUSE WE FEEL THAT TAXES ON THE RESOURCES SHOULD BE LEFT IN
 THE AREA WHERE THE FISH ARE HARVESTED. PERRYVILLE WAS RELOCATED FROM THE
 AREA PROPOSED IN THE ANNEXATION, THEY HAVE STRONG TIES TO THIS LAND. THANK
 YOU FOR YOUR CONSIDERATION, PLEASE PASS HJR 23 AND DISAPPROVE ANNEXATION.

POMID: 06152050

DATE: 02/22/89

TIME: 15:20:50

LOCATION: DILLINGHAM LIO

COPIES: REPRESENTATIVES SENATORS

DAVIS, M.	ZHAROFF
HAVARRE	FISCHER
SWACKHAMMER	
LARSON	
HOFFMAN	
WALLIS	
KOPONEN	
ULMER	
BROWN	
SHULTZ	
RIEGER	
PHILLIPS	
BARNES	

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

NAME: BOB KRAMER
 TITLE:
 ADDRESS: BOX 435
 CITY: PILOT POINT, ALASKA ZIP: 99649
 PHONE: 796-2213
 BILL NO: HJR 23

SUBJECT: DISAPPROVE KODIAK ISLAND BORO ANNEXATION

MESSAGE: I AM IN SUPPORT OF HJR 23 AND URGE YOUR SUPPORT THAT THE KODIAK
 LAND BOROUGH ANNEXATION BE DISAPPROVED. DON'T BELIEVE THAT KODIAK OUGHT TO
 HAVE THE RIGHT TO ANNEX THE LAND NEAR UGASHIK AND THE WEST SIDE OF THE MOUN-
 TAINS. THIS LAND HAS BEEN TRADITIONALLY USED BY US AND I BELIEVE IT SHOULD NOT
 BE ALLOWED TO BE ANNEXED INTO THE KODIAK ISLAND BOROUGH. THANK YOU FOR YOUR
 CAREFUL CONSIDERATION. PLEASE SUPPORT HJR23.

POMID: 06153228
 DATE: 02/22/89
 TIME: 15:32:28
 LIONAME: DILLINGHAM LIO

COPIES: REPRESENTATIVES SENATOR

DAVIS, M. ZHAROFF
 LAPSON
 HOFFMAN
 SHACKHAMMER
 WALLIS
 KOPONEN
 ULMER
 EROH
 SHULTZ
 RIEGER
 PHILLIPS
 BARNES

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

NAME: PATRICE LEE
 TITLE:
 ADDRESS: 676 HILLCREST
 CITY: FAIRBANKS ZIP: 99712
 PHONE: 457-8797
 BILL NO: HB 16

SUBJECT: APPROP: PASS THRU GRANTS FOR EDUCATION

MESSAGE: WE URGE YOUR SUPPORT FOR FULL FUNDING OF EDUCATION.
 SIGNED PATRICE LEE FOR CONCERNED TEACHERS AT RYAN MIDDLE SCHOOL.
 EOM/HJO

POMID: 07154543
 DATE: 02/22/89
 TIME: 15:45:43
 LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

ELLIS FISCHER
 BOYER DUNCAN
 GOLL ADAMS
 GRUENBERG JONES
 DAVIS, C. KELLY
 FURNACE

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

NAME: MYRA OLSEN
TITLE:
ADDRESS: BOX 74
CITY: EGEKIK, ALASKA ZIP: 99579
PHONE: 233-2235
BILL NO: HJR 23

SUBJECT: DISAPPROVE KODIAK ISLAND BORO ANNEXATION
MESSAGE: I SUPPORT HJR23. KODIAK IS SEPARATED FROM THE PENINSULA BY FEDERAL
WATERS. EGEKIK HAS PHYSICAL AND EMOTIONAL TIES TO THE LAND AND OUR DEVELOPMENT
SHOULD NOT BE FURTHER ENCROACHED BY OUTSIDE ENTITIES FOR THEIR GAIN. I REQUEST
VOTE DO PASS ON HJR23. THANK YOU.

POMID: 06094333
DATE: 02/23/89
TIME: 09:43:33
NAME: DILLINGHAM LIO

COPIES: REPRESENTATIVES SENATOR

LARSON ZHAROFF
HOFFMAN
SWACKHAMMER
WALLIS
KOPONEN
ULMER
BROWN
SHULTZ
RIEGER
PHILLIPS
BARNES

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE JACKO

NAME: JOY ABALAMA
TITLE:
ADDRESS: BOX 129
CITY: EGEKIK, ALASKA ZIP: 99579
PHONE: 233-2235
BILL NO: HJR 23

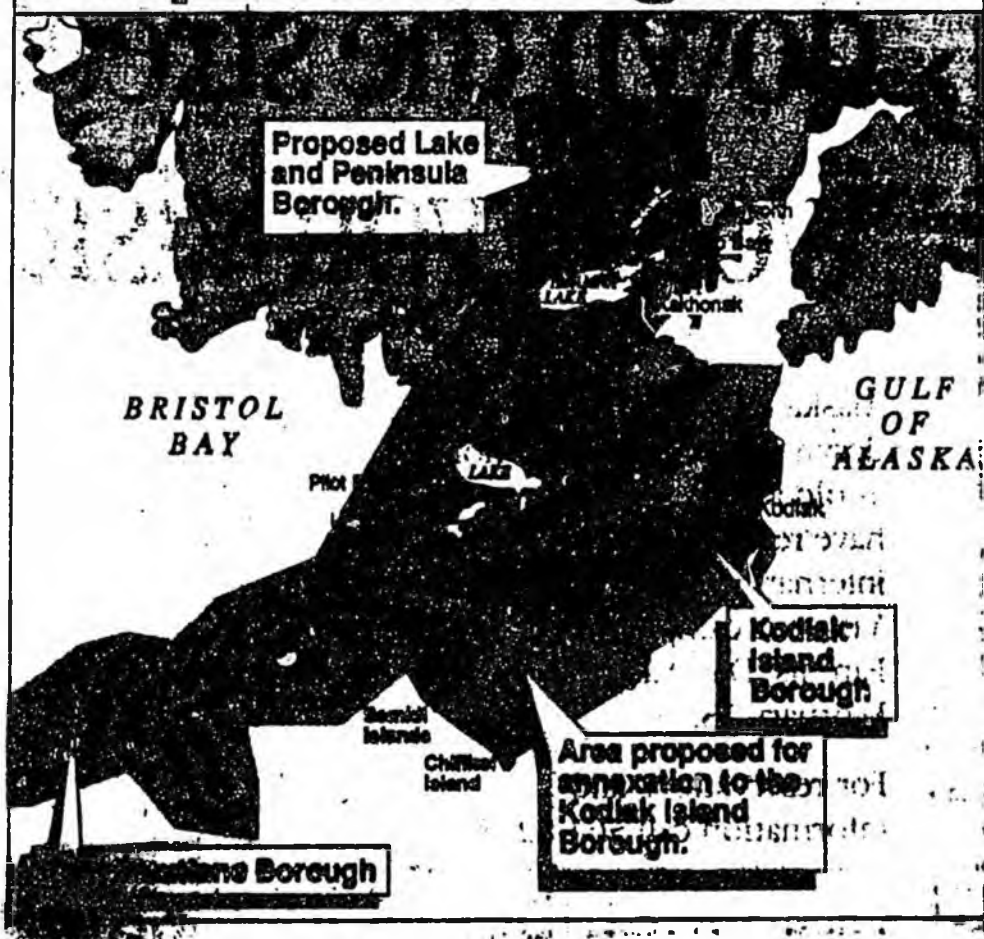
SUBJECT: DISAPPROVE KODIAK ISLAND BORO ANNEXATION
MESSAGE: I SUPPORT HJR23. WHY? THE ANNEXATION TAKES VALUABLE RESOURCES AWAY
FROM THE PROPOSED LAKE AND PENINSULA BOROUGH. THIS AREA INCLUDING KANATUK HAS
ALWAYS BEEN VIEWED BY THE PEOPLE OF EGEKIK AS AN ESSENTIAL PART OF OUR HERI-
TAGE. WE SUPPORT FORMING OUR OWN BOROUGH. W WANT IT TO BE FINANCIAL STABLE.
URGE YOUR SUPPORT FOR HJR23. THANK YOU.

POMID: 06100245
DATE: 02/23/89
TIME: 10:02:45
NAME: DILLINGHAM LIO

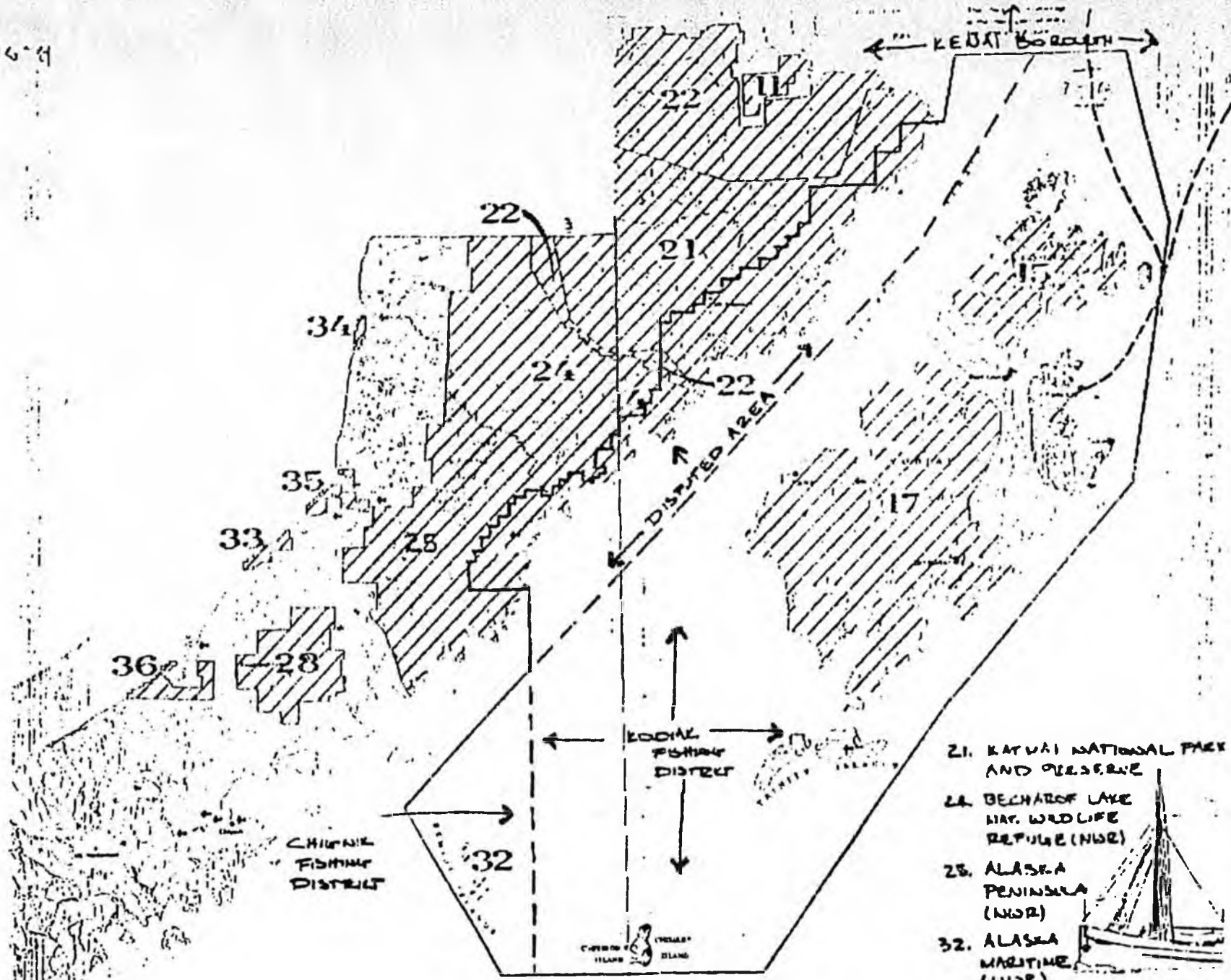
COPIES: REPRESENTATIVES SENATOR

HOFFMAN ZHAROFF
DAVIS, M.
LARSON
SWACKHAMMER
WALLIS
KOPONEN
ULMER
BROWN
SHULTZ
RIEGER
PHILLIPS
BARNES

Proposed Borough Plans



6-4



- 21. KATVAI NATIONAL PARK AND PRESERVE
- 22. BECHAROF LAKE NAT. WILDLIFE REFUGE (NWR)
- 23. ALASKA PENINSULA (NWR)
- 32. ALASKA MARITIME (NWR)
- 17. KODIAK (NWR)

The State of Alaska supports the National Wildlife Refuge System. The State of Alaska supports the National Wildlife Refuge System. The State of Alaska supports the National Wildlife Refuge System.

HJR

25

HOUSE COMMITTEE REPORT

(11)

Date Referred: February 24, 1989

FURTHER REFERRALS:

Date of Committee Action: 3/6/89

The FINANCE Committee considered:

HJR 25

HOUSE JOINT RESOLUTION NO. 25

[SALTONSTALL-KENNEDY GRANTS & PROJECTS]

Relating to support for the federal Saltonstall-Kennedy grants program and the role of industry-directed private foundations in the program.

RECOMMENDS:

- [] replacing with _____ the same title
[] the attached amendment(s) [] a new title
 do pass
[] do not pass
[] no recommendation
[] individual recommendations
[] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
[] zero fiscal note
[] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published:

 zero fiscal notes(s) published:
2/24/89

SIGNING DO PASS:

[Signature] HOFFMAN
[Signature] LARSON
[Signature] SWACKHAMMER
[Signature] BROWN
[Signature] KORONEN
[Signature] WILMER
[Signature] BARNES
[Signature] SIMLITZ
[Signature] PHILLIPS
[Signature] WALLS

SIGNING OTHER THAN DO PASS: (Do Not Pass, No Recommendation, Amend)

[Signature]
Chairman's signature
[Signature]

FISCAL NOTE

REQUEST:

Revision Date: 2/22/89
Title: SALTONSTALL KENNEDY GRANTS &
PROJECTS.
Sponsor: Prime: Rep. Davidson
Requestor: House Resources Committee

Fish & Game
Agency Affected: _____
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Resources Committee
Division: Representative Cliff Davidson, Chairman
Phone: 465-2487
Date: 2/22/89

Approved by Commissioner: _____
Agency: _____
Date: _____

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

BY DAVIDSON, COTTEN, HOFFMAN,
GRUSSENDORF, KOPONEN, NAVARRE,
GRUENBERG, GOLL, MENARD, TAYLOR,
JACKO, ELLIS, RIEGER, M.DAVIS,
HUDSON, ZAWACKI AND SHULTZ

1 IN THE HOUSE

2

HOUSE JOINT RESOLUTION NO. 25

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

Relating to support for the federal

6

Saltonstall-Kennedy grants program and

7

the role of industry-directed private

8

foundations in the program.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS the federal government established the Saltonstall-Kennedy
11 seafood industry grants program; and

12 WHEREAS the Saltonstall-Kennedy grants program was established to fund
13 the development and promotion of the United States seafood industry and
14 fisheries products; and

15 WHEREAS the Saltonstall-Kennedy grants program is directed towards
16 strengthening the United States seafood industry in the face of increasing
17 foreign competition and a fluctuating resource base; and

18 WHEREAS the Saltonstall-Kennedy grants program is funded from tariffs
19 on imported seafood and seafood products; and

20 WHEREAS Saltonstall-Kennedy grants program projects receive matching
21 funds and in-kind services from the seafood industry; and

22 WHEREAS the Saltonstall-Kennedy grants program is unique because it
23 sets goals based on industry priorities and works with industry to accom-
24 plish projects to achieve those goals; and

25 WHEREAS the primary method that the seafood industry has used to
26 participate in the Saltonstall-Kennedy grants program is through regional
27 fisheries development foundations; and

28 WHEREAS the Alaska Fisheries Development Foundation was established by
29 the Alaska seafood industry to maximize the benefit of the Saltonstall-

1 Kennedy grants program in Alaska; and

2 WHEREAS the Saltonstall-Kennedy grants program has resulted in several
3 projects that have had significant national and regional benefits to the
4 seafood industry; and

5 WHEREAS in Alaska five shore-based and at least 10 vessel-based surimi
6 processing firms have begun operations since the completion of the Alaska
7 Fisheries Development Foundation's surimi demonstration project; and

8 WHEREAS two recent projects of the Alaska Fisheries Development Foun-
9 dation, flatfish fishery development and by-product utilization, are having
10 a similar positive effect on the Alaska seafood industry; and

11 WHEREAS this unprecedented level of success in development efforts is
12 directly related to the unique joint industry and foundation participation
13 in the Saltonstall-Kennedy grants program;

14 BE IT RESOLVED that the Alaska State Legislature expresses its appre-
15 ciation for the results of past Saltonstall-Kennedy grants program projects
16 and gratitude for their support, to the President and Vice-President of the
17 United States, the United States Congress, the United States Department of
18 Commerce, the National Oceanic and Atmospheric Administration, the National
19 Marine Fisheries Service, and the many industry organizations, fishery
20 groups, and individuals that contribute to the success of this program; and
21 be it

22 FURTHER RESOLVED that the Alaska State Legislature respectfully re-
23 quests the President and Vice-President of the United States, the United
24 States Congress, the United States Department of Commerce, the National
25 Oceanic and Atmospheric Administration, the National Marine Fisheries
26 Service, the seafood industry, and other concerned groups to continue their
27 support for this program and the unique joint industry and foundation
28 cooperation that provides such beneficial results from well-directed and
29 efficient projects.

1 COPIES of this resolution shall be sent to the Honorable George Bush,
2 President of the United States; the Honorable Dan Quayle, Vice-President of
3 the United States and President of the U.S. Senate; the Honorable Richard
4 G. Darman, Director of the Office of Management and Budget; the Honorable
5 Robert A. Mosbacher, U.S. Secretary of Commerce; the Honorable William E.
6 Evans, Administrator of the National Oceanic and Atmospheric Administra-
7 tion; the Honorable James W. Brennen, Assistant Administrator for Fisher-
8 ies, National Marine Fisheries Service; the Honorable George J. Mitchell,
9 U.S. Senate Majority Leader; the Honorable Bob Dole, U.S. Senate Minority
10 Leader; the Honorable Ernest F. Hollings, Chairman of the U.S. Senate
11 Committee on Commerce, Science, and Transportation and Chairman of the
12 Subcommittee on Commerce, Justice, State, the Judiciary, and Related
13 Agencies of the U.S. Senate Committee on Appropriations; the Honorable
14 Warren B. Rudman, Ranking Minority Member of the Subcommittee on Commerce,
15 Justice, State, the Judiciary, and Related Agencies of the U.S. Senate
16 Committee on Appropriations; the Honorable John C. Danforth, Ranking Minor-
17 ity Member of the U.S. Senate Committee on Commerce, Science, and Transpor-
18 tation; the Honorable John B. Breaux, U.S. Senator; the Honorable Jim
19 Wright, Speaker of the U.S. House of Representatives; the Honorable Thomas
20 S. Foley, U.S. House Majority Leader; the Honorable Robert H. Michel, U.S.
21 House Minority Leader; the Honorable Walter B. Jones, Chairman of the U.S.
22 House Committee on Merchant Marine and Fisheries; the Honorable Robert W.
23 Davis, Ranking Minority Member of the U.S. House Committee on Merchant
24 Marine and Fisheries; the Honorable Gerry E. Studds, Chairman of the Sub-
25 committee on Fisheries and Wildlife Conservation and the Environment of the
26 U.S. House Committee on Merchant Marine and Fisheries; and to the Honorable
27 Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
28 Honorable Don Young, U.S. Representative, members of the Alaska delegation
29 in Congress.

S-K Review

AN OVERVIEW OF THE U.S. SEAFOOD INDUSTRY 1987

WHAT IS THE S-K PROGRAM?

The Saltonstall-Kennedy (S-K) program is a grants program, established to fund the development and promotion of the U.S. seafood industry and fisheries products.

The S-K program was initiated to strengthen the U.S. fishing industry in the face of increasing foreign competition and a fluctuating resource base.



IS THE PROGRAM NECESSARY?

Yes.

The U.S. seafood industry is comprised of a diverse group of individuals and small, independent companies who have neither the resources nor the financial clout to engage in research and development or consumer education programs.

(According to *Seafood Business* magazine, less than 1 percent of U.S. harvesting and processing companies had sales over \$50 million in 1984.) The S-K program was designed to serve the seafood industry as a source of funds for industry research and development as well as consumer education.

The S-K program was also developed to help remedy the growing trade imbalance for seafood and fisheries products. In 1985, the U.S. imported nearly \$4.1 billion in edible seafood products, resulting in a trade deficit of \$3.1 billion.

HOW IS THE PROGRAM FUNDED?

S-K funds are derived from tariffs on imported seafood and seafood products, not from taxes. Under the S-K program, 30 percent of all import tariffs on seafood products must be turned over to the U.S. Secretary of Commerce "to provide for the development and promotion of the U.S. fishing industry and fisheries products." (*American Fisheries Promotion Act*.)

These funds are made available through regional and national offices of the National Marine Fisheries Service and awarded on a competitive basis to the Fisheries Development Foundations and industry groups served by the Foundations.

HOW DOES THE PROGRAM WORK?

The S-K program is set up to be responsive to the industry it serves. S-K program funds are channeled where they will do the most good, according to priorities set up by industry for industry.

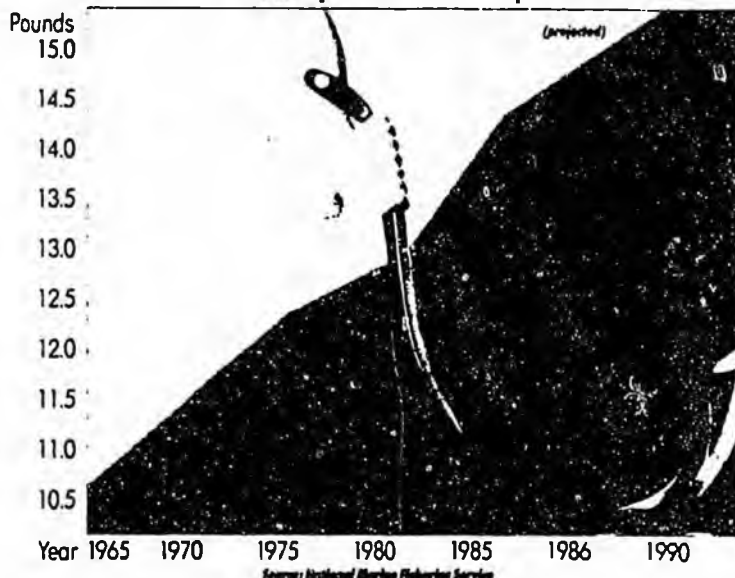
HAS THE PROGRAM WORKED?

In the six years since the grant program was initiated, the S-K program has benefited both the seafood industry and the U.S. consumer in a number of significant ways.

Not only has the S-K program been responsible for improving harvesting technologies, seafood quality and utilization, but the program has helped educate the American public about seafood.

SEAFOOD CONSUMPTION REACHES ALL-TIME HIGH IN U.S. S-K PROGRAM CITED AS 'CATALYST FOR CHANGE'

Per Capita Seafood Consumption



Americans are becoming a nation of seafood lovers, and a unique fisheries development program has been given much of the credit for helping fuel a record 6 percent jump in U.S. seafood consumption in just one year.

According to the U.S. Department of Commerce, Americans consumed 14.5 pounds of seafood per person in 1985, up from 13.6 pounds the previous year. Many observers predict that per capita consumption will reach 15 pounds for 1986.

Why the sudden increase in demand? It's simple, says economist Martha Blaxall, President of BBH Corporation of Washington, D.C.

Blaxall, former Director of the Office of Utilization and Development for the National Marine Fisheries Service in Washington, D.C. (1979 to 1982), believes the recent increase in seafood consumption and overall awareness of the variety of seafood products available in the U.S. can be attributed in part to an effective, successful, and much-needed fisheries development program: the Saltonstall-Kennedy Fisheries Development Program (S-K).

Under the S-K program, 30 percent of the tariffs on imported fisheries products are turned over to the U.S. Secretary of Commerce for "the development and promotion of the U.S. fishing industry and fisheries products."

According to Blaxall, the S-K Program has, in just six years, made a lasting and positive impact on all aspects of the seafood industry—fishing, on-board handling and storage, product utilization and development, distribution, marketing and consumer education.

"I think the most important thing to realize is that the S-K program provided the monies for an applied R&D program in the development of the U.S. fishing industry, and that it provided the mechanism by which those funds could be gotten out," Blaxall argues.

"The second, and more substantive, point is that the promotion end of the program has focused the public's attention on the benefits of eating more seafood—not just more as in quantity, but more as in variety. I'm not at all convinced that we'll see the public's attention focused on the benefits of eating seafood without the S-K program."

Blaxall, whose office was responsible for implementing the S-K program when it was first established, notes that the program accomplished several critical objectives:

- It is in part responsible for increased consumption of, and familiarity with, seafood in the United States, thanks to nationwide initiatives such as the "Catch America program."

- It focused the industry's attention on seafood quality, and provided research and development funds to improve quality.

- It targeted early on the importance of the developing Alaska pollock fishery by providing the seed money to get people focused on pollock, leading to the implementation of joint ventures and shoreside processing, and—ultimately—the Americanization of the whitefish industry, "the most important fishery resource we have."



ALASKA POLLOCK RESOURCE, S-K FUNDS CRITICAL FACTOR IN SURIMI EXPLOSION

Surimi-based products, virtually unknown in this country a few short years ago, have—in less than six years—come of age in America.

Americans now consume an estimated 120 million pounds of surimi-based crab, up from zero pounds six years ago. The good news is that U.S. producers are gaining a foothold in an industry once dominated by the Japanese. In the past three years alone, 15 surimi-based seafood analog plants have begun operating in the United States.

Nowhere is the Americanization of the surimi industry more evident than in Alaska, where 10.6 million pounds of surimi have been produced in just two years.

All this spells economic revival for the Western Alaska fishing industry, which faced a downturn when king crab stocks declined several years ago. And the revitalization, according to people like Alaska fisherman Oral Burch, is being felt throughout the state.

"What's happening today is just wonderful," argues the 67-year-old Kodiak fisherman. "If I had five more trawlers I could put them all to work today."

Much of the credit for this growth goes to an ambitious market development project, funded by a Saltonstall-Kennedy grant administered by the Alaska Fisheries Development Foundation (AFDF).

This project, which linked AFDF with Alaska Pacific Seafoods (APS) of Kodiak, accomplished in just a few short years what it might have otherwise taken many years to perfect: a technology for processing Alaska pollock into the refined, shelf-stable protein material known as *surimi*.

So successful was the project that Alaska Pacific Seafoods has added equipment to double the capacity of its plant.

Three shore-based surimi plants and one floating processor are now in operation in Alaska, with a half dozen floating processors expected to be producing surimi in 1987.

Most industry observers agree that this development would never have occurred, or at least not as quickly, without Saltonstall-Kennedy funding. S-K grants benefited the entire industry, which learned from the experience of APS how to produce and market high-quality surimi.

According to Sharon Gwinn, AFDF's acting executive director, "The development of such sophisticated processing technologies was not something processors could have done on their own; the costs were just too prohibitive."

Instead, S-K funds helped APS learn state-of-the-art technologies needed to manufacture high-quality surimi. In exchange, APS agreed to provide the Foundation with nearly one million pounds of surimi, which were then sold at minimal cost to food companies who agreed to develop end uses for the product. APS also maintained an open-door policy so other companies could learn from APS's experience.

The Developing Alaska Pollock Market,
4-Year Growth Chart

	1982	1986
POLLOCK CATCH		
U.S. VESSELS	131,000 metric tons	1,071,000 metric tons
POLLOCK PROCESSED BY U.S. FIRMS	2,352 metric tons	169,000 metric tons
CATCH VALUE EA. VESSEL	\$14.5 million	\$118.5 million
U.S. FACTORY TRAWLER PROCESSORS	2	20
PROCESSED VALUE EA. PLANT	\$830,000	\$59.5 million
POLLOCK PRODUCT SALES	???	\$190 million
U.S. SALES OF SURIMI KAMABOKO	19 million lbs	70 million lbs
U.S. ANALOG MANUFACTURERS	1	14

According to APS Plant Manager John Sevier, the arrangement suited everyone. Not only did it provide APS with the tools necessary to continue producing surimi after the grant period ended, but it spurred other companies to act.

"We were able to make mistakes and learn along the way," he points out. "The S-K grant enabled us to make some mistakes without being subject to horrendous costs. We couldn't have afforded the learning curve as an unaided private company."

How has the S-K project affected Alaska?

Like Burch, Sevier believes it has had a "major, major impact, not only on the city [of Kodiak], but on the entire fishing industry." For starters, Sevier says, the growth of Alaska's groundfish industry has, for the first time, provided year-round employment for Alaska's processing workers—who have been dependent upon seasonal employment until now. Sevier says APS expects to employ approximately 200 people during the winter and spring months, where just a few years ago, nobody would be working.

As Gwinn sees it, "We've developed the capacity to produce a raw material that is a food ingredient rather than a finished product. That's an important distinction, because surimi is a food ingredient is so versatile. It can be used profitably in many different kinds of finished products. Now our seafood producers can have access to a wide range of customers in the international food industry."

"This is particularly important for Alaska because traditionally we've been shackled by the limitations of a few market alternatives. The beauty of the S-K program is that it allows us to focus on Alaska's particular situation."

S-K REVIEW

An overview of the Saltonstall-Kennedy Fisheries Development Program

**Editorial
Art Direction** Jeanne McAnicht
Lorraine McAnicht
McAnicht & Company, Inc.
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Seattle, Washington 98101 100

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Thor J. Lanyon, Executive Director

New England Fisheries Development Foundation
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Boston, MA 02208
(617) 542-8800
Katherine G. MacArthur, Executive Director

West Coast Fisheries Development Foundation
812 S.W. Washington, Suite 800
Portland, OR 97205
(503) 222-2545
Walter Gumpert, Executive Director

National a Up

NATIONAL AND REGIONAL FIS



IT'S UNCANNY! W FRESH/FRO

The albacore fishery on the West Coast has long played a vital role in the region's heritage and economy.

Since 1982, however, the West Coast offshore albacore troll fleet has suffered economic hard times because of a major influx of imported foreign-caught fish, causing major canneries such as Bumble Bee, Van de Camp, and Starkist to experience disruptions in their normal operations. This, in turn, has left albacore fishermen without an outlet for their product.

In the face of such circumstances, representatives from the albacore fishery worked hand-in-hand with the West Coast Fisheries Development Foundation in a pilot project to develop both alternative market forms and alternative markets for Pacific albacore.

The project, which used Saltonstall-Kennedy Fisheries Development funds, was designed to produce a high-quality fresh-frozen product using techniques very different from those used in fish destined for the cannery.

These procedures included bleeding immediately after bringing the fish on board, heading and gutting it, washing, then vacuum-packing it. Vacuum-packed fish were placed in the hold where they were blast frozen and kept at -22 degrees F. until unloading.

The result: a seafood product that elicited positive comments among buyers. Even more important, the S-K project helped create a market for albacore where none before existed. Three additional boats have become involved in on-board processing and vacuum-packing albacore, and participatory fishermen are getting almost double the price for their quality product.

Through the course of the project, S-funds were used to refine on-board handling techniques and procedures that have been made available to other albacore fishermen interested in producing a high-value species. But project participants also learned valuable information about meeting the demands of the marketplace.

"It was a real learning experience to meet people in the food business who are looking for quality," states the project's marketing coordinator, Kathy Vanderpool.

She also points out that albacore must be handled properly on-board the vessel, and held at proper temperatures, or "the quality will turn away all future consume

Mid-Atlantic Regional Development Foundations

Mid-Atlantic Regional
Development Foundations



WEST COAST PROMOTES IN ALBACORE



In the course of the project, Vanderpool also learned that the on-board handling techniques used upon the F.V. "Pursuit" helped insure as high quality a product as fresh, even when thawed months later.

NEW ENGLAND

QUALITY BEGINS AT SEA, SAY NEW ENGLAND FISHERMEN: BLEEDING, BOXING YIELD HIGH PROFITS

How has the Saltonstall-Kennedy program contributed to the success of the New England seafood industry?

"It's one of the few programs that works," insists Jerry Knecht, President of the Portland, Maine-based North Atlantic, Inc., the largest fish boxer in the country.

North Atlantic, which harvests, packs and markets such species as haddock, cod, pollock, hake, ocean perch and gray sole, was one of the participants in an innovative quality program offered by the New England Fisheries Development Foundation.

The program involved 28 New England druggers who learned state-of-the-art techniques for bleeding fish, boxing them on board, along with improved fishing methods. Such techniques have long been in use by Icelandic, Norwegian and Danish whitefish producers, helping them produce a high-quality product and thereby to dominate the U.S. market for whitefish filets—until now.



MID-ATLANTIC REGION EMPHASIZES 'HOW TO' OF SEAFOOD COOKERY: OVER ONE MILLION RECIPES GIVEN AWAY

The Mid-Atlantic region is home to more seafood consumers than any other region in the country.

That's why the Mid-Atlantic Fisheries Development Foundation has spent the past six years educating consumers about familiar and unfamiliar seafood species in the heavily populated states of New York, New Jersey, Delaware, Pennsylvania, Maryland, and Virginia.

Using Saltonstall-Kennedy grant funds, the Foundation has conducted a number of educational events, including:

- Educational seminars for teachers, home economists, extension agents, and retail meat managers.
- Television and radio appearances.
- Seafood demonstrations and cooking classes.

Because of the S-K funding, the Foundation was able to leverage its appearances to more than \$20 million worth of free publicity for seafood.

How have these efforts benefited the industry in the region?

According to Oscar Nelson, General Manager of Kennerly Booth of Nanticoke, Maryland, producers and distributors of oysters and clams, "The S-K program has definitely helped make people aware of seafood, especially our underutilized fish like monkfish, for example."

Nelson points out that the S-K program has helped large seafood distributors such as Booth Fisheries, because it has provided

a climate of awareness and interest that makes seafood an easier "sell."

According to Nelson, the S-K program has provided the materials and the awareness needed for the distribution segment of the seafood industry to work with both foodservice and retail buyers.

As a result, "The way fish is handled and presented today is far superior to anything in the past. Fish today is presented in a much more palatable way, and quality is a prime interest."



GULF & SOUTH ATLANTIC

GULF REGION USES S-K FUNDS TO IMPROVE OYSTER INDUSTRY

Over 70 percent of the oysters consumed in the U.S. are produced in the Gulf and South Atlantic region, with a dockside value of more than \$50 million.

One of the most labor-intensive industries in the region, the oyster industry has long been plagued with problems regarding closures of oyster beds because of bacteriological contamination, along with resulting delays in interstate shipment during product testing—a procedure which could cost five or six days' delay and a loss over time of millions of dollars in revenues.

Faced with this recurrent problem, Gulf oyster producers joined forces with the Gulf and South Atlantic Fisheries Development Foundation to develop a more efficient and effective test for shellfish sanitation.

Their research efforts were funded by a Saltonstall-Kennedy grant, research which yielded a vastly improved, more effective assay procedure which drastically cut the amount of time needed for results: from five days to just 24 hours.

According to Mike Voisin of the Louisiana Oyster Dealers and Growers Association, "This situation really typifies the value of our Foundation to the industry. When we've got a problem in a particular area which we don't have the resources to tackle individually, the S-K program provides a unique vehicle for immediate response."

For Mike Voisin and other oyster growers and dealers in the region, the S-K grant provided invaluable benefits:

- It improved the efficiency of shellfish testing, while maintaining the credibility of previous testing methods.
- It expedited the approval of shellfish shipments.

It reduced by 80 percent losses resulting from shipping delays.

Equally important, the economic benefit from such research was felt in rural areas in the region, where many Gulf oysters are produced.

"CATCH AMERICA" CAMPAIGN CATCHES AMERICANS; S-K FUNDS HELP NATIONAL FOUNDATION TURN A FEW THOUSAND DOLLARS INTO \$30 MILLION WORTH OF PUBLICITY

Although the U.S. seafood industry lacks the "beefy" promotional budget of other commodity groups, over the past six years, a unique consumer education and promotion program has parlayed a few thousand dollars' worth of S-K fisheries development money into an estimated \$30 million dollars worth of publicity for fish and seafood products.

The program, known as "Catch America," was coordinated by the National Fisheries Education and Research Foundation in conjunction with the U.S. regional foundations.

"Catch America" has enabled industry and government to join forces to educate the consumer about a wide range of seafood products, and, ultimately, to expand domestic consumption of fishery products.

Consumer education efforts included the following:

- Public service announcements on the merits of seafood were created for television and radio.
- Newspaper editors were sent information on selecting and preparing seafood.
- Workshops were held to educate food professionals.
- Brochures, recipe cards and informational booklets were produced,

describing preparation techniques and special qualities of seafood.

- In-store demonstrations and displays were arranged, along with cooking demonstrations and discount coupons.
- Restaurant and retail personnel were taught the best ways to select, handle and merchandise seafood.

In the first year alone, media broadcast coverage reached an audience of over 100 million on an estimated 3,000 radio and television stations—exposure that would have cost close to \$4.5 million. Newspaper coverage in over 4,000 newspapers was estimated to be worth about \$1 million.

In 1984, public service announcements developed through the national foundation reinforced the seafood and health message under the theme "Your Heart Will Love You For It." This televi-

sion exposure in conjunction with print materials provided the industry with approximately \$14.5 million in media coverage. Much that was generated in this period was featured in national network programs such as the CBS Morning News. With relatively small funding from the S-K program, the industry has been able to generate national exposure worth an estimated \$30 million. The return to the U.S. industry in terms of advertising time alone is almost 20 times the original level of federal support—a success story the S-K program can claim without reservation.

MILESTONES

1954

Saltonstall-Kennedy (S-K) Act is passed to make available to the U.S. Secretary of Commerce 30 percent of import tariffs on seafood and seafood products.

1978-79

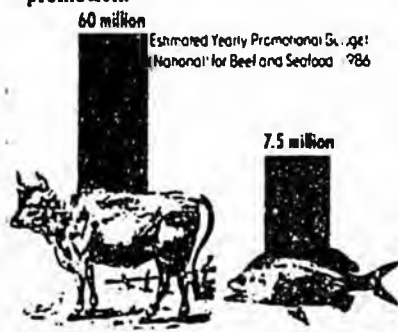
National Marine Fisheries Service identifies S-K program as primary vehicle to achieve objectives of Magnuson Fishery Conservation and Management Act (MFCMA).

1980

American Fisheries Promotion Act (Public Law 96-561, December 22, 1980) is passed into law, requiring that portions of S-K funds be used for U.S. fisheries development and promotions.

1980-86

Over a six-year period, less than \$60 million has been made available through S-K grants program for promoting American fisheries. In comparison, cattle producers will have an estimated \$60 million per year for promotion.



HEALTH BENEFITS OF SEAFOOD FUELING PER CAPITA CONSUMPTION

Seafood has become widely recognized as a *healthy food*, and Americans have begun to make dietary changes that are just starting to make themselves felt within the seafood industry. Many observers believe that as the seafood and health story continues to unfold, seafood consumption could rise to 20 pounds per capita by 1990.

The good news, according to clinical research, is that eating seafood as little as twice a week can indeed reduce the risk of coronary heart disease. (Coronary heart disease still ranks as the nation's number one killer, killing some 300,000 people per year in the U.S.)



According to a study published in the May 9, 1985 *New England Journal of Medicine*, as little as two seafood meals per week significantly lowered the risk of heart attack among middle-aged men living in The Netherlands.

Other research is now underway linking omega-3 fatty acids to the prevention of certain forms of cancer, notably cancer of the colon, prostate, and breast; the alleviation of symptoms of rheumatoid arthritis; a reduction in the severity of symptoms from asthma; mild improvement in lesions associated with skin conditions such as psoriasis; the normal development of the retina and the brain.

Many public health experts, nutrition educators and journalists consider the link between seafood in the diet and the reduction of risk of a number of diet-related diseases to be the most significant and promising public health stories of the decade.

They also credit the Saltonstall-Kennedy Fisheries Development Program with helping make available much of the scientific and clinical research findings—which might have otherwise been buried in scholarly journals.

The S-K program has funded a number of national and regional consumer education programs and research efforts, including the national "Catch America" program which was launched in 1981. The S-K program also funded, in part, the pioneering research efforts of William E. Connor, M.D. whose clinical trials featuring salmon, whitefish, and shellfish pointed the way to the triglyceride and cholesterol lowering effects of seafood omega-3s on humans.

S-K funds also made possible a landmark conference on seafood and health held in Seattle during November 1985.

That conference, funded by a Saltonstall-Kennedy fisheries development grant awarded to the West Coast Fisheries Development Foundation, brought together—for the first time ever—key researchers and clinicians studying the beneficial effects of seafood on human health, along with nutrition educators, dietitians, journalists, and representatives from the seafood industry. Even the researchers are excited.

To quote pioneering researcher William E. M. Lands, Ph.D., head of biological chemistry at the University of Illinois, "The excitement we feel about the possible use of seafood is balanced by a rather sobering awareness of our ignorance."

CITY OF KODIAK
RESOLUTION NUMBER 02-89

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK SUPPORTING THE FEDERAL SALTONSTALL-KENNEDY PROGRAM AND THE ROLE OF INDUSTRY DIRECTED FOUNDATIONS IN THE PROGRAM

WHEREAS, the federal government established a seafood industry grants program in 1980; and

WHEREAS, this grants program was established to fund the development and promotion of the U.S. seafood industry and fisheries products; and

WHEREAS, the program is directed towards strengthening the U.S. seafood industry in the face of increasing foreign competition and a fluctuating resource base; and

WHEREAS, the program is funded from tariffs on imported seafood and seafood products; and

WHEREAS, program projects receive matching funds and in-kind services from the seafood industry; and

WHEREAS, the Saltonstall-Kennedy program is unique because it sets goals based on industry priorities and works with industry to accomplish projects to achieve those goals; and

WHEREAS, the primary method the seafood industry has used to participate in the Saltonstall-Kennedy program is through regional fisheries development foundations; and

WHEREAS, the Alaska Fisheries Development Foundation was put together by the Alaska seafood industry to maximize the benefit of the Saltonstall-Kennedy program in Alaska; and

WHEREAS, the Saltonstall-Kennedy program has resulted in several projects which have had significant national and regional benefits to the seafood industry; and

WHEREAS, in Alaska five shore-based and at least ten vessel-based surimi processing firms have begun operations since the initiation and completion of the Alaska Fisheries Development Foundation's surimi demonstration project; and

WHEREAS, two more recent Foundation projects, flatfish fishery development and by-product utilization, are having the same level of positive impact on the Alaska seafood industry; and

WHEREAS, this unprecedented level of success in development efforts can be directly related to the unique industry/foundation

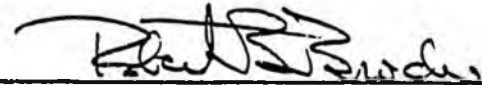
participation in the Saltonstall-Kennedy program,

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Kodiak, Alaska, expresses its appreciation for the results of past Saltonstall-Kennedy program projects and gratitude for their support to the United States Congress, the United States Department of Commerce, the National Oceanic and Atmospheric Administration, the National Marine Fisheries Service, and the many industry organizations, fishery groups, and individuals that contribute to the success of this program.

BE IT FURTHER RESOLVED the Council of the City of Kodiak respectfully requests the United States Congress, the United States Department of Commerce, the National Oceanic and Atmospheric Administration, the National Marine Fisheries Service, and other concerned groups to continue their support for this program and the unique industry/foundation involvement which provides beneficial results and directed, efficient p

PASSED AND APPROVED this 26TH day of JANUARY, 1989.

CITY OF KODIAK



MAYOR

ATTEST:



CITY CLERK

THE HONORABLE WILLIAM E. EVANS
 UNDER SECRETARY FOR OCEANS AND ATMOSPHERE
 NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
 MAIN COMMERCE BUILDING
 WASHINGTON, D.C. 20230

U.S. House of Representatives
Committee on
Merchant Marine and Fisheries
 Room 1334, Longworth House Office Building
 Washington, DC 20515-6230

January 12, 1989

The Honorable William E. Evans
 Under Secretary for Oceans and Atmosphere
 National Oceanic and Atmospheric Administration
 Main Commerce Building
 Washington, D.C. 20230

Dear Dr. Evans:

A recent opinion prepared by the Office of General Counsel of the National Oceanic and Atmospheric Administration (NOAA) indicates that NOAA may intend to divert funds that Congress specifically provided for the Saltonstall-Kennedy Grant Program for Fisheries Research and Development (hereinafter "Grant Program"). According to the opinion, NOAA could then use the diverted grant funds to implement a "National Program" or for NOAA in-house activities, including salaries. We believe that this diversion would be inappropriate and would violate the intent of Congress regarding the Saltonstall-Kennedy Act.

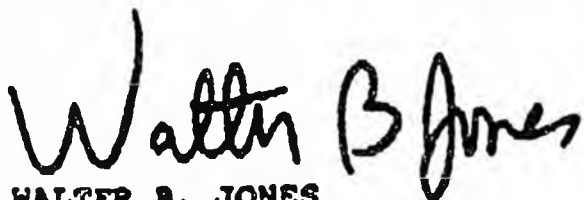
As part of last year's Conference agreement, the Appropriations Committees recommended that \$45.6 million be transferred from the S-K Fund to offset NOAA's Operations, Research, and Facilities account with the remaining funds to be made available for the Grant Program. The Conference Report states that the agreement "provides for \$7,700,000 for Saltonstall-Kennedy Grants to conduct educational, technological, and biological related research and marketing pertaining to American fisheries" (emphasis added). Moreover, the Report directs NOAA to distribute more equitably these grants based on the level of fisheries activities within each region.

The Honorable William E. Evans
January 12, 1989
Page Two

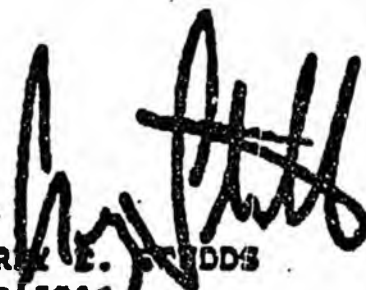
There can be no question that Congress intended these remaining funds to be used only for the Grant Program. Unfortunately, for fiscal year 1989 only about \$5 million will be available for the Grant Program because of the statutorily required transfer of \$3 million into the Fisheries Promotional Fund. We request that you ensure that none of these funds will be diverted from the Grant Program to pay for in-house or other NOAA activities.

We want to thank you in advance for your personal attention to this important matter.

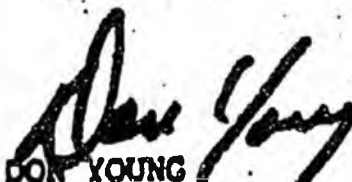
Sincerely,



WALTER B. JONES
Chairman
Committee on Merchant Marine
and Fisheries



GERY E. STUDDS
Chairman
Subcommittee on Fisheries
and Wildlife Conservation
and the Environment



DON YOUNG
Ranking Minority Member
Subcommittee on Fisheries and
Wildlife Conservation and
the Environment

January 24, 1989

Ms. Margaret Ommiskey
Senator Daniel Inouye's Office
722 Hart Senate Building
Washington, D.C. 20510

Dear Margaret:

RE: SALTONSTALL-KENNEDY INDUSTRY GRANTS

I am writing to ask your help on behalf of the Pacific Fisheries Development Foundation. The Foundation has used S-K funds to provide coordinated development assistance to the U.S.-affiliated Pacific Islands for the past 15 years.

We need your assistance at this time to ensure that S-K funds are adequate to continue its work in the Pacific.

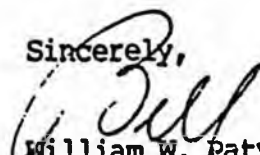
Please help us by:

1. keeping the S-K grants program funded at \$8-10 million; and
2. returning the S-K program to its original intent--i.e., to assist industry-based foundations and associations with support for research and development projects.

The fisheries development foundations, which are regional organizations made up of fishing industry associations and businesses, were established in large part to carry out the S-K Program. Over the past few years, however, funding for the foundations has diminished at the expense of research institutes, state agencies and other non-industry based entities. In 1986, foundations received 63% of S-K funds; in 1988, that figure was 46%. Research institutes, on the other hand, received an increase of approximately 20% more funding over the same period.

Thank you for considering this request. If you have any questions, please call me at (808) 548-6550.

Sincerely,


William W. Paty
Chairman/President

cc: PFDF Board of Directors, Fishery
Officers and Project Directors,
Executive Directors
Regional Fisheries Development Foundations ✓

PACIFIC FISHERIES
DEVELOPMENT FOUNDATION

P.O. Box 2354 - Honolulu, Hawaii 96804
(808) 548-7469 FAX (808) 548-8989

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

January 24, 1989

mm
Ms. Margaret Cumiskey
Senator Daniel Inouye's Office
722 Hart Senate Building
Washington, D.C. 20510

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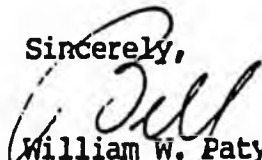
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Thank you for considering this request. If you have any questions, please call me at (808) 548-6550.

Sincerely,

William W. Paty
Chairman/President

cc: PFDF Board of Directors, Fishery
Officers and Project Directors,
Executive Directors
Regional Fisheries Development Foundations ✓



P.O. Box 2388 Honolulu, Hawaii 96804
(808) 548-6550 FAX (808) 548-8989

January 24, 1989

The Honorable Patricia Saiki
United States Representative
1407 Longworth House Office Building
Washington, D.C. 20515

Dear Pat:

RE: SALTONSTALL-KENNEDY INDUSTRY GRANTS

I am writing to ask your help on behalf of the Pacific Fisheries Development Foundation. The Foundation has used S-K funds to provide coordinated development assistance to the U.S.-affiliated Pacific Islands for the past 15 years.

We need your assistance at this time to ensure that S-K funds are adequate to continue its work in the Pacific.

Please help us by:

1. keeping the S-K grants program funded at \$8-10 million; and
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The fisheries development foundations, which are regional organizations made up of fishing industry associations and businesses, were established in large part to carry out the S-K Program. Over the past few years, however, funding for the foundations has diminished at the expense of research institutes, state agencies and other non-industry based entities. In 1986, foundations received 63% of S-K funds; in 1988, that figure was 46%. Research institutes, on the other hand, received an increase of approximately 20% more funding over the same period.

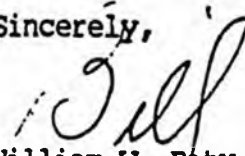


P.O. Box 2359, Honolulu, Hawaii 96804
(808) 548-3469 FAX (808) 548-8989

The Honorable Patricia Saiki
Page 2

Thank you for considering this request. If you have any questions,
please call me at (808) 548-6550.

Sincerely,


William W. Paty
Chairman/President

cc: PFDF Board of Directors, Fishery
Officers and Project Directors,
Executive Directors
Regional Fisheries Development Foundations ✓

P.S. Attached, for your information, is a list of projects in the Freely
Associated States funded by the Japanese government. The projects total
about \$10 million a year over the past six years. The U.S. commitment
to this area, on the other hand, has been a fraction of this amount.

RECEIVED FEB 15 1988

ALASKA FISHERIES DEVELOPMENT FOUNDATION

PROJECTS LIST

FEBRUARY 1982

Legend: O Closed out
 * Winding down
 ** On hold
 *** About to be active
 **** Active
 R Reprogrammed

(Note: Budgets for projects designated O and R should not be included when calculating total program budget sums.)

NMFS Contract 79-ABH-0034

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
	250,000	O	1.	Demonstration Administration. Fy 1979 AFDF Admin. budget
500	30,000	**	2.	Demo. Public Info. Contractors: George Fiodor, Neil Rabinowitz, Wes Johnsen (NFFD - North Pacific Fisheries Development, Inc.) To develop published/displayed materials about the Harvesting Demo. program. Harvesting Demo. includes Longline (Aleutian Mistress) Trawl; Trawler Demo has been reprogrammed, but this public info project still exists to support both demos.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
504	275,000 (15,000 now)	*	3.	Demo. Trawler. Contractors: Wes Johnsen, Helge Christiansen (NFFD) Vessel "Smaragd", owned by NFFCO, originally chosen as demo. vessel before NFFCO bankruptcy. This was companion project to Aleutian Mistress, intended to convert a shrimp to trawling and provide risk guarantee. \$15,000 spent on conversion design for Smaragd, remaining \$260,000 reprogrammed to AFDF's Acc'ts # 552 and 564 plus others.

<u>AEDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
504	475,000	*	4.	Demo Longline (Aleutian Mistress I) Contractors: Aleutian Mistress Associates. Business manager Don Barton, Gordon Lowell. President Seawest Industries (part owner and Project Director), Darryl Pedersen. This budget is just for A. Mistress Phase I: \$200,000 for conversion work, \$275,000 for risk guarantee. See AEDF Acc'ts # 548 and 544 for Phase II and III, respectively.

<u>AEDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
506	90,000	R	5.	Demo. Training Originally intended for training program aboard demo. vessels. Cancelled and reprogrammed to various projects.
	35,000	O	6.	Demo. Quality Assurance. Project intended to implement quality assurance research and demo. program aboard demo. vessels. This budget transferred to 80-AEH-00067, \$10 with \$100,000 added; Then eventually reprogrammed.

<u>AEDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
508	195,000	****	7.	Demo. Monitoring and Evaluation. Contractor: Frank Orth and Associates (\$90,000). Observer: Sandi McKenzie. Remaining budget is for contingencies, advisory services, etc. - About \$27,000 went to Wes Johnson for report on Conversion of Aleutian Mistress. Project purpose is to analyze and report on the technological and economic feasibility of Aleutian Mistress. Budget can be used for monitoring trawler projects also, if funds remain.

<u>AADF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
510	1,100,000	****	4.	<p>Model White Fish Processing.</p> <p>Contractors:</p> <p>1979-80, NEFCO originated 1st project and went bankrupt before project awards made by NMFS.</p> <p>1980, Alaska Food Company (James Kross, President) chosen as Contractor. Contract signed November 80, dissolved April 1981. About \$110,000 disbursed to AFC, \$95,000 of which is in litigation. Other expenses related to AFC contract are for Technical Advisory Team travel and consulting, to Barlinthaug, Fleming, Lowell, Pennington.</p> <p>1981-82, RFP issued July 1981, Trident Seafoods Corporation chosen as contractor September 1981. Expenses incurred for Palmi Ingvarsson report and for Proposal Review Committee meeting. Contract signed December 1981. Trident President Charles H. (Chuck) Sundrant, Project Manager Todd Shaw. Budget for Trident Contract is \$800,000.</p>

<u>AADF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
528	30,000	****	5.	<p>Extension Services.</p> <p>NMFS Title "Establishment of a Fisheries Extension Service for Rural Western Alaska".</p> <p>Contractor: Bering Sea Fishermen's Association.</p>

<u>AADF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
514	98,736	*	6.	<p>Arctic Sea - CEDC</p> <p>NMFS Title "Marketing Assistance Program for Small Rural Fisheries".</p> <p>Contractor: Arctic Sea, Inc., subsidiary of CEDC (Community Enterprise Development Corporation) Terry Peave, President Arctic Sea, and Gretchen Marnix, Vice President, CEDC.</p>

NMFS Contract RC-APW-00067

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>
520	7,450	0	1.

Title, Contractors, Description

Roundtable Workshop on Rural Fisheries
Contractor: Bering Sea Fishermen's Association. Funds used to pay travel expenses for workshop attendees, and for Mark Rove to write report. If funds remain in budget, they can be used to publish report after Sharon Gwinn edits.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>
512	20,000	**	2.
	78,940	R	

Title, Contractors, Description

Opilio Crab Marketing.
NMFS Title "Marketing Demonstration Project for Opilio Tanner Crab". Original project budget \$98,940; contracted to 13th Regional Corporation (Jim Strichartz, counsel and Project Director) and partially subcontracted to Guenter Conradus of Applied Economics Associates. Contractor did not perform adequately - \$78,940 of budget was reprogrammed to ANUGA (AFDF Acc't # 512.6 and 530) \$20,000 kept in budget for contingencies associated with original project.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>
516	18,000	0	3.

Title, Contractors, Description

Rockfish Jigging.
NMFS Title "Exploratory Hydraulic and Electric Jig Fishing for Rockfish in the Seward Area." \$18,000 State cost share added to this budget.
Contractors: Don Hanson, F/V Prospector, Harry Mitchell, F/V Blue Dolphin
Mike Broili did some observer work on contract.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
522	12,900	****	7A.	Annual Report. NMFS Title "Status and Scope of domestic commercial groundfish and other domestic underutilized fisheries in Alaska". Contractor: Natural Resources Consultants, Dr. Lee Alverson and Steve Hughes (Seattle).

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
524	11,100	****	7B.	Long Range Plan. NMFS Title "Regional Five Year Development Plan". 1981 - Leslie Robinson and Mark Hutton contracted to do update. 1982 - Update being done by staff, if at all.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
526	36,000	***	7C.	Investment Profiles - Dr. Abby Gorham. NMFS Title "Investment Profiles for Small Vessels." Contractor: Dr. Abby Gorham, University of Alaska-Fairbanks. In old files, this project may be referred to as "Small Vessel Conversion." NMFS contract stipulates it shall include "a projection of fuel consumption by the nearshore and offshore fleets."

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
518	12,700 plus 24,900 (81-ABC-00279. FAK-81-27)	*	8.	Pollock Conference. NMFS Title "Trawl Fishing Technology Workshop." Contractor: Natural Resources Dr. Lee Alverson. Other expenses associated with Pollock Conference at Sheraton Anchorage, November 1981.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
530	9,960	0	9.	Friedrich Busse NMFS Title "Foreign Factory Trawler Observation and Training Program." Contractor: Applied Economics Associates, Guenter Conradus. Observers: Mark Pennington, Terry Elwell. \$10,000 State cost share added to this budget.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
532	135,000	R	10.	Quality Assurance and Training, Expanded Program

NMFS Contract 81-ABH-00014

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
536	150,000	****	1.	Sablefish Marketing. NMFS Title "Marketing of Sablefish." Contractor: ALFA (Alaska Longline Fisherman's Association) - Project Manager Greg Baker. Also involved: Halibut Producers Cooperative.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
538	25,000	**	2.	Auto-Longlining Demo., Small Boat. NMFS Title "Automated Longline Gear Demonstration". No contractor yet - Will issue RFP.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
540	25,000	***	3.	Baiting Systems. NMFS Title "Baiting Systems for Longline Gear." Contractors: John Enge, Jr., and Kurt Wohlhueter.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
542	23,700	**	4.	Remote Area Small Vessel Cod (Poye). Contractor: Mark Rove. This is a demonstration of small-vessel longlining cod and salting for preservation in remote area of Bristol Bay where no processing facilities exist.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
544	67,000	****	5.	Aleutian Mistress III. NMFS Title "Processing Cod at Sea." This project is intended to provide technical assistance and overall evaluation and documentary services during and after Phase II operations. Technical Assistance Contractors: Baader (Eydfinn Tausen, Jergen Nagrodski, Bob Witte). Mustad (William Nygaard, Arni Thomson). North Pacific Fisheries Development (Sig Jaeger).

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
546	169,700	****	6.	Arctic Trawler (Minced Pollock). NMFS Title "Minced Pollock Processing". Contractor: Trans-Pacific International Industries, Seattle, owner M/V Arctic Trawler. Project Manager - Michael Nordby Skipper - Conrad Uri President Trans-Pacific - John Stone Observer - John Dent, employee of Trans-Pacific.

NMFS Contract 81-ABH-00114 (Reprogramming)

<u>AEDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
548	325,000	****	7.	Aleutian Mistress II. NMFS Title "Demonstration Longliner - Processor F/V Aleutian Mistress, Phase III". Contractor: Aleutian Mistress Associates. Project Director Darryl Pedersen, President, Seawest Industries. Business Manager Gordon Lowell, Sea-Quest Enterprises and Jonah, Inc. Skipper Terry Sparks. \$125,000 for vessel modifications, \$200,000 for risk guarantee (45 fishing days).

<u>AEDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
550	78,940	*	8.	ANUGA NMFS Title "ANUGA '81 European Show". Contractors: Richard Montague, Bob Bowser (Gene Davis & Associates), others.

<u>AEDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
552	60,000	***	9.	Refrigerated Sea Water (RSW) Trawler. Contractor: Willivaw Fish Company, part owner F/V Storm Petrel. F/V Storm Petrel, Captain George Fulton. MARCO (Marine Construction & Design Co.), Seattle, part owner and project conception. Eldon Grimes - Quality assurance Stuart Poach - RSW technology Paul Gilliland - finance, communication w/vessel.

<u>AEDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
554	40,000 (Add to Admin?)	****	10.	Reporting on AEDF Projects. This money allows us to expand staff to take care of reporting responsibilities.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NFS Project #</u>	<u>Title, Contractors, Description</u>
556	10,000	**	11.	Aleutian Mistress Reports. NFS Title "Publication of Reports on Automated Longliner-Processor." Contractor: Printmre Corporation Report Publishing Costs for: Wes Johnson: Conversion Report and Executive Summary Orth: Interim Report Orth: Final Report (to come)

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NFS Project #</u>	<u>Title, Contractors, Description</u>
558	10,000	**	12.	Atka Mackerel Report. Contractor: To be done by staff with assistance from Barry Fisher. Funds are for research and publication of a report summarizing existing knowledge on Atka mackerel.

(The following projects have no NFS Contracts yet, Project Director has arbitrarily assigned NFS Project numbers)

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>NFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
560	25,000	**	13.	Salt Cod Production. Contractors: Unknown. Probably some combination of Jargaard Alaskan Fisheries, Universal Seafoods, and Pelican Cold Storage (Presidents Atle Remme, Dick Pace, Jim Ferguson, respectively). Needs Board direction and NFS OK to become active.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>NFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
562	50,000	**	14.	Small Boat Demonstration Project. Project coordinated with Sea Grant: Mark Pennington, Kodiak Brian Paust, Petersburg. Probably will be a squid project using David Street's vessel out of Ketchikan, and a flatfish trawling project in Kodiak. Needs NFS OK to become active.

<u>AFDF Acct #</u>	<u>Budget</u>	<u>NMFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
564	30,000	**	15.	Small Trawler. NMFS Title "Quality and Handling of Trawl-Caught Cod and Pollock." Needs Board direction and NMFS CK to become active.

<u>AFDF Acct #</u>	<u>Budget</u>	<u>NMFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
526	20,000	**	16.	Investment Profiles Worksheets. This \$20,000 has been added by NMFS to the Investment Profiles - Abby Gorham project, but the money stays with AFDF, does not go to Gorham. It is for translating Gorham's results into worksheets to be used by Foundation.



Alaska Fisheries Development Foundation, Inc.

FAX TRANSMITTAL COVER SHEET

TO: Lawrence Miovski
Rep. Cliff Davidson
465-3841

FROM: Barbara Culver

Number of Pages including transmittal sheet: 18 DATE: 11/10/89

IF TELECOPY DOES NOT TRANSMIT PROPERLY, PLEASE CALL (907) 276-7315

Here is the info you requested re: SE projects funded for the Alaska Region. For 1979, 1980 and 81, ^{as of 1987} there may have been a few projects funded in addition to those for AFDF, but we're unable to locate this info today. Please call if you need clarification.

Barbara Culver

1988 S-K Projects Selected for Funding

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>
<u>Alaska Region</u>		
1. Marine Safety: Reduced Accident Rates thru Education and Training	Alaska Dept. of Health and Social Services Juneau, AK	\$190,000
2. Flatfish Utilization	Alaska Fisheries Development Foundation Anchorage, AK	151,000 ✓
3. Alaska Groundfish Quality Enhancement	Alaska Fisheries Development Foundation Anchorage, AK	366,700 ✓
4. Multi-species By-Product Utilization	Alaska Fisheries Development Foundation Anchorage, AK	479,000 ✓
5. The Role of Groundfish in International Trade	Oregon State University Corvallis, OR	69,683
6. Unobservable Mortality on Red King and Bairdi Tanner Crab	Alaska Department of Fish and Game Kodiak, AK	22,600
7. Conflict Between the Sablefish Longline Fishery & Killer Whales	Sea World Research Institute San Diego, CA	130,000
<u>Northeast Region</u>		
8. Fishing Vessel Safety Training Programs	University of Rhode Island Kingston, RI	56,975
9. Development of Canned Mackerel - Year 1	New England Fisheries Development Foundation Boston, MA	88,000 ✓
10. Quality Improvement of Mackerel and Hake thru Extra Cold Storage - Year 1	Mid-Atlantic Fisheries Development Foundation Annapolis, MD	49,500 ✓

GRANT
 COOPERATIVE AGREEMENT

FINANCIAL ASSISTANCE AWARD

NUMBER
NA-87-ABR-00020
ACCOUNTING CODE
F5A006/78G22FW/119
U.S. SHARE OF COST
\$ 240,200.00
RECIPIENT'S SHARE OF COST
\$ 132,000.00
TOTAL ESTIMATED COST
\$ 372,200.00

PROJECT TITLE
Full Utilization of White Fish Through Multi-Species Processing

AWARD PERIOD FROM July 1, 1987 TO November 30, 1988

RECIPIENT'S NAME
Alaska Fisheries Development Foundation

STREET ADDRESS
508 W. Second Avenue, Suite 212

CITY Anchorage STATE AK ZIP CODE 99501

SPECIAL AWARD CONDITIONS

The Recipient will accomplish the objectives of this project in accordance with the attached Federal Assistance Application dated 87/02/10, with the attendant technical and cost proposals, and all Special Award Conditions.

Continued on attached sheet 2.

The recipient agrees to execute the work in accordance with the Act and pertinent rules and regulations checked below; the approved application to the extent encompassed by this award; the attached documents; and the non-discrimination requirements set forth on the reverse of this document.

- Coastal Zone Management Act, as amended (Section _____)
- National Sea Grant College Program Act
- OMB Circular A-102
- OMB Circular A-110 ~~REGULATORY INFORMATION~~ (Specifying use of the Patent Rights Clause.)
- Cost Principles: Circular A-122
- Other: P.L. 96-561, as amended

SIGNATURE *Robert L. Abbott* TITLE GRANTS OFFICER DATE 7-13-87

1986 S-R Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Alaska Pollock Market Development	Alaska Seafood Marketing Institute Juneau, AK	\$254,530	\$229,035
2. Full Utilization for American Surimi and Other Underutilized Species	Alaska Fisheries Development Foundation Anchorage, AK	875,000	553,000
3. Marine Safety-Reduced Accident Rates Through Education and Training	Marine Advisory Program University of Alaska Anchorage, AK	77,000	50,570
<u>Northwest Region</u>			
4. NPFVOA Vessel Safety Program	North Pacific Fishing Vessel Owners Association Seattle, WA	199,700	91,000
5. Minimization of Crab Bycatch in Groundfish Trawl	Highliners Association Seattle, WA	325,723	150,000
6. Seafood and Health: Promotion and Market Development	West Coast Fisheries Development Foundation Portland, OR	150,000	50,000
7. Alaska Pollock Development Through New Product Development, Promotion & Marketing	Alaska Factory Trawlers Association Seattle, WA	300,000	129,200
8. Impact of Alaska Pollock Foreign Fishing Allocation on U.S. Harvesters and Processors	Alaska Factory Trawlers Association Seattle, WA	123,800	58,050
9. International Competitiveness of the North Pacific Seafood Industry	Pacific Seafood Processors Association Seattle, WA	215,000	102,000

1985 S-R Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Quality Assurance Education for the Alaska Groundfish Industry	University of Alaska Marine Advisory Program Anchorage, AK	\$50,000	\$48,468
2. Alaska Pollock Market Development	Alaska Seafood Marketing Institute Juneau, AK	250,000	210,600
3. Pacific Pollock Protein Project	Alaska Fisheries Development Anchorage, AK	1,190,202	752,900
<u>Northwest Region</u>			
4. Impacts of Fish Oils on Plasma Lipids in Humans	University of Washington Seattle, WA	53,297	11,169
5. Sablefish Soft Flesh Analysis	University of Washington Seattle, WA	37,818	17,337
6. Optical Parasite Detection System	Design Systems, Inc. Auburn, WA	70,000	38,050
7. Seafood and Health: Promotion and Market Development	West Coast Fisheries Development Foundation Portland, OR	150,000	37,500
8. Development of Washed Fish Flesh Production and Utilization	West Coast Fisheries Development Foundation Portland, OR	108,750	52,662
9. Pacific Whiting Industry Development Program	West Coast Fisheries Development Foundation Portland, OR	100,000	52,000
10. Restaurant Marketing Development of Albacore Tuna	West Coast Fisheries Development Foundation Portland, OR	29,350	15,000