

AK LEGISLATURE SPECIAL COMMITTEE FILES SCOMM 146 3137

1 ☐ **Working Together For Jobs – Alaska's Construction Industry**

Alaska House of Representatives
Special Committee on Economic Development, Trade and Tourism
April 10, 2007

2 ☐ **Rural Apprenticeship Outreach**

- Began mid 2000 - six + years of progress major funding by the Denali Commission
- 50-60 accepted each year, >350 to date
- Millions paid to apprentices in on-the-job training wages
- Technical trade courses are paid for by private sector

3 ☐ **Building Maintenance & Repair Apprenticeship**

- 6 years of active effort in Western Alaska – over 350 homes built in remote communities
- Apprentices also work on schools, clinics, roads, village safe water projects
- 9 major employers – AVCP, Bristol Bay, Cook Inlet, North Pacific Rim, Interior Regional, Tlingit-Haida, Yukon-Kuskokwim Health Corp, Alaska Native Tribal Health Consortium, North Slope Public Works Department
- Millions in on-the-job training wages paid to rural Alaskans

4 ☐ **Women in the Trades**

- Purpose is to increase the % of Women working in construction
- Program created in 2003
- Construction Apprenticeship Preparation Courses; Fairbanks, Anchorage, statewide recruitment
- 40 accepted into apprenticeship so far

5 ☐ **Helmets to Hardhats**

- Began in 2004
- Over 100 H2H assisted vets in JATCs
- 37 H2H apprentices in 2006
- MOU with State to provide H2H apprentices support while in training
- Contract with National Building Trades and National H2H

6 ☐ **Pipeline Training**

- 297 apprentices and rural workers trained by pipeline trades in Fairbanks in 3 annual courses 2004-2006
- 95% employed on North Slope as result of training
- Legislature provided \$1.5M for pipeline training equipment & \$3 M for construction of training facility in Fairbanks

7 ☐ **Pipeline Training**

- Pre-pipeline training offered at rural regional training centers (Kotzebue, Bethel, Delta, King Salmon)
- Fairbanks North Star Borough is working closely with AWP to site the facility – design & engineering firm negotiations underway
- Need estimated \$3 M to complete facility

8 ☐ **Construction Academies**

- AWP pioneered mobile Construction Academies for young Alaskans 2-3 weeks intensive training (academy)
- St. Mary's, Bethel, King Salmon, Klawock, Anchorage, Delta, Nome, Ninilchik, Prince of Wales, Anchorage
- >150 Youth age 17 to 24 served

- 9  **Anchorage Construction Academy**
- Pilot funded with \$1M grant from Legislature in 2006
 - Started October 2006 by Associated General Contractors, Anchorage Home Builders, Anchorage School District, AWP and JATCs
 - Afternoon courses for high school students at King Career Center, Adult courses through AWP

- 10  **Anchorage Construction Academy**
- >700 students take voc-ed courses as electives
 - >150 adults get basic skills training for entry jobs and/or career training through apprenticeship
 - Model to Fairbanks in fall 2007, may expand to Mat-Su & Kenai as well, depending upon funding

- 11  **Overall**
- Industry, labor unions and education partnerships are closing the construction skills gap preparing a new generation of Alaska workers to build the gas pipeline
 - AWP has the support of industry associations, hundreds of employers and a proven track record
 - AWP has created a cost-effective and non-duplicated training system that reaches across the state



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February 2007

It has been five months since the Anchorage Construction Academy (ACA) began recruiting and training youth and adults for entry-level jobs in the Alaska construction industry. ACA highlights include:

The Adult Program

- ☐ 75 adults completed the first four ACA classes: Carpentry, Plumbing, Electrical, and Welding Basic Training
- ☐ 16% average increase in math scores for adults completing basic courses
- ☐ 55% average increase in math test scores after Math Refresher class
- ☐ 94% of employers surveyed are interested in hiring ACA class completers (and indicated that more than 300 jobs are available for graduates.)
- ☐ Began formation of Fairbanks Construction Academy Partnership

The High School Program

- ☐ 34 construction-related classes offered to 1476 students in 8 comprehensive high schools and the King Career Center (includes duplication of students)
- ☐ Offered after school construction classes in 8 comprehensive high schools and the King Career Center
- ☐ 202 students completed National Center for Construction Education and Research (NCCER) construction modules
- ☐ King Career Center began using the WorkKeys program in classes (an occupational and math assessment and enhancement program promoted by DEED)
- ☐ 72 seniors completed prerequisite coursework for Summer Construction Institute

If you have any questions regarding the ACA please contact one of our Advisory Board members or call Dick Cattnach, Executive Director, Associated General Contractors of Alaska (907) 561-5354.

Building Alaska



Alaska Works Partnership

2006

Innovative training
for Alaskan youth

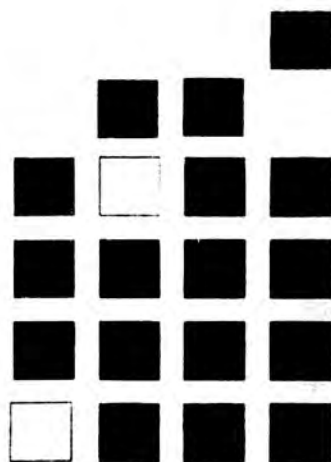
Construction
Academy

ALASKA
Works

Partnership, Inc.



Construction Academies





Building Alaska

What does an 18-year-old Anchorage high school graduate with no building experience have in common with a young Kokhanok woman who never learned to drive a car? Both young people attended innovative Alaska Works Partnership Youth Construction Academies this past year as they explored career options in the construction trades.

Seventy students, ages 16-24, from dozens of communities around the state attended AWP's pioneering Youth Construction Academies in 2006. What they learned ranged from construction driving to carpentry to operating heavy equipment. What they shared was an opportunity to gain skills for construction jobs in an industry that is clamoring for trained workers.

The Youth Construction Academies targeted 11th and 12th graders as well as recent high school graduates and those that had left school. Studies have shown that vocational education increases student retention and decreases high school dropout rate. After AWP's Youth Construction Academies, junior and senior participants returned to school with a renewed sense of purpose; many had plans for careers in construction. Academy graduates who had already graduated or left school had the opportunity to continue training in a building trade or be hired for capital construction projects in their own communities.

AWP's Youth Construction Academies are tailored to meet student needs. For example, in rural villages where there are no roads, local



youth often do not have a driver's license. Alaska Works Partnership addressed this barrier to employment by developing a driver education component to allow students to earn a driver's license as part of their training.



Youth Construction Academies are also customized to meet the workforce needs of local communities. In St. Mary's and Klawock, for example, academies emphasized basic carpentry skills for regional housing projects. In King Salmon, workers were needed for road construction, so training emphasized construction driving. The Academy in Delta offered training in civil construction where students had an opportunity to operate heavy equipment for local building projects.

Construction Academies are held at regional training centers. This year's Youth Construction Academies took place in Bethel at the Yuut Elitnaurviat People's Learning Center; in St. Mary's at the St. Mary's Area Regional Training Center; in Ninilchik at the Cook Inlet Tribal Council Leadership Camp; in Klawock at the Klawock



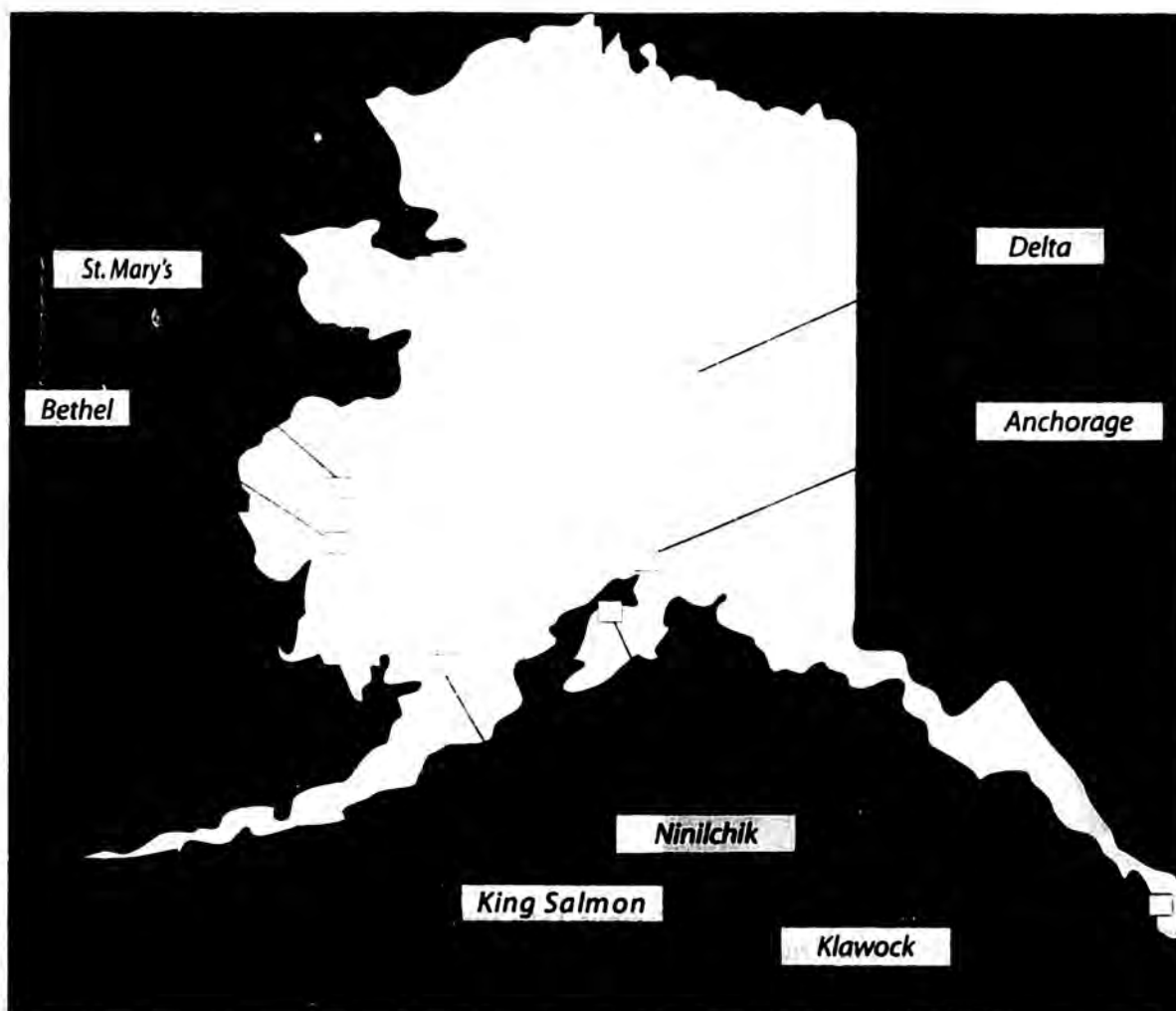
School; in King Salmon at the Southwest Alaska Vocational & Education Center (SAVEC); in Delta at the Delta Career Advancement Center; and in Anchorage at the King Career Center.

Teamwork is the foundation for the success of AWP's Youth Construction Academies. Partnerships with educators, labor, and industry help place graduates into jobs and prepare them for trade apprenticeships. School districts, Native corporations, regional training centers, local branches of the University of Alaska, Joint Apprenticeship Training Committees (JATCs) and others have partnered with AWP to train Alaskan youth for Alaska jobs.

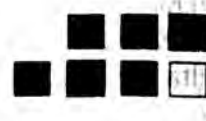
Major funding for the Academies was provided by the Denali Commission through the Youth Initiative and the Alaska Department of Labor and Workforce Development High Growth Job Training Initiative. In each region, partners contributed resources to support the Academies.



Building Alaska requires a trained workforce. Our future success depends on how well our youth are prepared to fill tomorrow's jobs. Through Youth Construction Academies, Alaska Works Partnership and its partners are working to bring vital construction training and exciting job opportunities to young people across the state.



King Salmon



Laura Wassillie, of Kokhanok, had never driven a car before. But by the second week of training, Wassillie – who had earned her driver's license just a few days earlier – was backing a 17,000-pound KW tractor trailer with amazing precision. Wassillie was one of seven students who tried their hands at construction driving at King Salmon Youth Construction Academy June 5-16.

"That was so scary!" she said as she climbed out of the cab, smiling ear-to-ear. She reflected the sentiments of all students after their first drives – yet without exception, they were all eager to get back behind the wheel.

The two week introductory course took place at the Southwest Alaska Vocational & Education Center (SAVEC) and included flagging certification, Occupational Safety and Health Administration (OSHA) 10 certification and job readiness skills. The Alaska Teamsters-Employers Service Training Trust provided instruction for the Academy. During the first week of training, students earned a driver's license – only one student had a license before the class began.

"The best kept secret is that vocational technical skills can offer careers with great wages," said Eldon Davidson, Executive Director for SAVEC. "Individuals with a CDL [commercial driver's license] can make starting wages of \$35,000 to \$40,000.



The best kept secret is that vocational technical skills can offer careers with great wages.

After a few years experience drivers can earn up to \$75,000."

Cathy Reamy, Bristol Bay Native Association's Employment and Training Program manager agreed. "I want [young people] to know that you can work construction for a season, go back to the village and live comfortably on that income for the rest of the year," she said.



Students attending were from the Bristol Bay villages of:

- Aleknagik
- Nondalton
- Dillingham
- Chignik Lake
- Clarks Point
- Kokhanok
- New Stuyahok



AWP Partners: UAF Bristol Bay Campus, Lake and Penn School District, Bristol Bay School District, Bristol Bay Native Association, Northern Dynasty, Southwest Alaska Vocational & Education Center (SAVEC), Alaska Teamsters-Employer Service Training Trust.

Delta



The only heavy equipment Olga Kulinich had ever operated was a one-time gig running a farm combine for a friend. But when she saw a flyer posted at the Delta grocery store announcing the Delta Youth Civil Construction Academy, she thought it might be fun. It would certainly be a departure from her job working at a bank. Only two years out of high school and looking for new direction, Kulinich decided to give it a try.

Kulinich was one of ten youth, ages 17-24, who participated in the Delta Youth Civil Construction Academy June 5-23. By the end of three weeks, she and other students were operating backhoes, dozers, excavators, graders, loaders, rollers, and a truck. Delta students also received forklift safety certification.

In the end, Kulinich graduated at the top of her class and was one of two students who were accepted into apprenticeships with Operating Engineers Local 302.

Gary Hall, coordinator of the Delta Career Advancement Center where the training took place, explained that hundreds of applicants vie for these apprenticeships and usually less than a dozen are admitted into each class. He added that the Delta Youth Construction Academy offered



The Delta Youth Construction Academy offered vocational exploration and hands-on training that set many students on a new career path.

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"We had an excellent site, a real-world location to set up real job site scenarios," Hall said.

As part of their training, Delta students received CPR/First Aid, OSHA 10, mine safety and forklift safety certifications.

Delta Industrial Services supported the Academy by renting the machinery and providing a gravel pit in which students could operate the equipment. Operating Engineers/Employers Training Trust provided instructors and helped develop the curriculum. As part of learning to operate heavy equipment, students put their new skills to work to help grade the parking lot at the new Delta Career Advancement Center.

Following her training at the Delta Youth Civil Construction Academy and acceptance into the apprenticeship, Kulinich went to work for two months on the Dalton Highway. She took a gamble when she left her banking job to attend the Academy. "At first I had to ask myself, 'What am I doing?'" she said. "It looks like I made the right decision."



AWP Partners: Partners for Progress, a consortium comprised of Alaska Works Partnership, Delta Greely School District, Cooperative Extension Service, University of Alaska Tanana Valley Campus, and Delta Mining Training Center; Alaska Operating Engineers/Employers Training Trust.

St. Mary's



St. Mary's Youth Construction Academy students – like participants in other academies – first learned fractions in class. Then they went to work using their tape measures to figure out how much lumber they needed to build a sawhorse. All that work with fractions suddenly made a lot of sense. It's known as relevance – a catalyst for engaging students in their learning.

"One thing I really like about the Youth Construction Academies is the application of mathematics," said Debra Vo, Rural Development Specialist for the Yukon Delta Fisheries Development Association (YDFDA). "Math had always been a struggle for kids in rural areas. The question is always 'When am I going to ever use this?' The academies show a connection between math and a career track."

Vo said that the academy training also helps boost math scores which is crucial in meeting No Child Left Behind requirements for rural schools. Not only are high school students learning math, they are exploring a career field that offers lifelong opportunities for employment. Vo said that when YDFDA, the Lower Yukon School District, and community leaders came together, they looked at the amount of money that came into the area for capital projects and noticed that most of the workers were being imported.

"There are opportunities in our region and we want to grow-our-own, so to speak," Vo said. "We



knew that not all kids graduating from high school are going to college. Some like to work with their hands and be outside. So exploring construction career paths was a good opportunity."

The academies have been so successful that St. Mary's is planning its fifth Youth Construction Academy for 2007.

Ten students from the Lower Yukon Delta region were introduced to carpentry during the May 15-26, 2006 academy. Along with learning basic carpentry and tool safety, the students, ages 17-20, received math enrichment, career exploration and OSHA 10 and HILTI certification.

Training was held at St. Mary's Area Regional Training Center and instruction provided by the Southern Alaska Carpenter Joint Apprenticeship and Training Committee.



Students were from the villages of:

- Marshall
- Pilot Station
- Mountain Village
- Emmonak,
- Russian Mission
- St. Mary's



AWP Partners: Lower Yukon School District, Yukon Delta Fisheries Development Association, Southern Alaska Carpenter Joint Apprenticeship and Training Committee.

Bethel

Simeon Williams, 23, of Hooper Bay is building a school for his young son. By the time his seven-month-old enters kindergarten, Williams will also have built a career for himself as a journey carpenter. A graduate of AWP's Bethel Youth Construction Academy, Williams currently works as an apprentice helping to build the Hooper Bay K-12 School.

Williams is an example of how a AWP's Youth Construction Academy helps youth people decide on and train for lifelong careers.

"I didn't think about going into construction work but I wanted a job in the village," Williams said. So he attended Alaska Works Partnership's Youth Construction Academy in Bethel where he learned skills he could put to work in his own community.

His proficiency and can-do attitude landed him a job with Neeser Construction to help build the Hooper Bay school. Superintendent Chuck Holbrook recommended Williams for a carpentry apprenticeship where Williams could refine

Williams currently works as an apprentice helping to build the Hooper Bay K-12 School.



his skills through classroom instruction and on-the-job training.

The Bethel Youth Construction Academy was held at the Yuut Elitnaurviat People's Learning Center. Twelve students from the Bethel area participated. Students also received daily math instruction, OSHA 10 and HILTI certification. Training was provided by the Southern Alaska Carpenter Joint Apprenticeship and Training Committee.

Williams says the hours in construction work are long but the pay is good and the benefits of becoming a journeyworker will provide a good living for his family. Although Williams at first thought he wanted to stay in Hooper Bay, he now says he's willing to go where ever there is work.

"Eventually you work yourself out of a job in the village and you have to find another school or fire department to build," he said. "It doesn't really matter where I go as long as I have a job."

That's good news for his current boss. Already, Williams is considered a "Neeser Hand."



Students who attended were from the villages of:

- Bethel
- Kipnuk
- Hooper Bay
- Kwethluk
- Kasigluk



AWP Partners: Lower Kuskowwim School District, YUUT Elitnaurviat, Inc., Southern Alaska Carpenter Joint Apprenticeship and Training Committee.

Klawock



Josiah Huestis is a go-getter. He is purchasing property on Prince of Wales Island and in the coming year plans to build his own house doing most of the work himself. After that he figures he'll "get serious" about a possible career in construction. Huestis is 17 years old.

Huestis was one of 14 participants, who took part in the Klawock/Prince of Wales Youth Construction Academy held June 5-16. He heard about the academy from the PACE Statewide Correspondence School where he graduated in 2006. The Academy offered students, ages 16-24, career exploration, classroom instruction, and hands-on training in carpentry.

Although Huestis is no stranger to construction – his father is a contractor – he had never received any formal training. The Academy helped him start thinking and planning on his own which boosted his confidence and sharpened his skills.

Rich Carlson, Superintendent of the Klawock City School District, said that the academy was enormously successful on many levels.

"It was a very demanding course," he said. In addition to instruction in basic carpentry, students received math enrichment, earned First Aid/CPR certification and OSHA and HILTI training and certification. "One hundred percent of the students graduated and we had a 99.3 percent attendance rate."

According to pre and post Academy test scores, Academy participants jumped ahead three months to a full year in their math skills, Carlson said. "They went immediately from the classroom to the construction site and were able to apply it right away."

As with all of the Youth Construction Academies, classroom instruction was followed

Youth Academy participants jumped ahead three months to a full year in their math scores.

Students were from the communities of:

- Klawock
- Craig
- Thorne Bay
- Hydaburg
- Whale Pass



by hands-on training. Many Academies feature a community service project to hone their new skills. Klawock/Prince of Wales Youth Construction Academy students built three school bus shelters as their final training assignment.

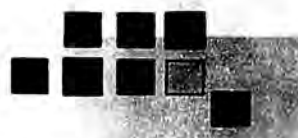
"The academy is an example of action-oriented education that is purposeful. What surprised me, to be honest, was how engaged [students] were. They were very excited about their learning and about applying it to an outcome," Carlson said. "These are all educational premises, but to see it unfold in an eleven day period was phenomenal."

With Alaska Works Partnership and the Prince of Wales Vocational Education Consortium, Carlson is already planning another Youth Construction Academy for 2007. Meanwhile, graduate Josiah Huestis is putting his new knowledge and confidence to work. He is helping his father build a lodge in Whale Pass. And when the snow finally melts, he looks forward to breaking ground on a place of his own.



AWP Partners: The Prince of Wales Vocational Education Consortium is comprised of Alaska Works Partnership, Klawock City School District, Southeast Island School District, Craig City School District, Alaska Department of Education, University of Alaska Southeast Tech Prep program, Prince of Wales Chamber of Commerce, 3-B Construction, Cleary Computer Services, Klawock Bay Inn, Klawock IRA Council, Communities Organized for Healthy Options (COHO), and PACE Statewide Correspondence School. Training was provided by Southern Alaska Carpenter Joint Apprenticeship and Training Committee.

Ninilchik



Deep in the heart of the Kenai Peninsula, amongst moose and mosquitoes, hammers pounded and saws zipped to the background murmur of men at work. The 19-23 year old Native youth were building a log cabin at the Cook Inlet Tribal Council Leadership Camp in Ninilchik as part of their final project at their Youth Construction Academy.

Two of the nine participants were brothers Les and Edward Kayoukluk, who are originally from Unalakleet but now live in Anchorage.

"I got a tremendous amount of knowledge from the academy," said Les. "It was a good opportunity to make a career of construction work." Not long after attending the academy, Les went to work for Cook Inlet Housing Authority to help remodel senior housing in Anchorage.

His brother, Ed, agreed that the academy was a great way to learn about a career path in construction. "I started working in medical administration but didn't like sitting behind a desk."

The Ninilchik Youth Construction Academy evolved when the Cook Inlet Tribal Council Inc. (CITCI) contacted Alaska Works Partnership to provide a youth construction academy with an emphasis on carpentry. The academy took place May 8-27 and like other construction academies included basic carpentry, health and safety, math enrichment, leadership training and career exploration. Classroom instruction was conducted in Anchorage followed by hands-on training at the CITC Leadership Camp in Ninilchik.

Nine students completed the 2006 program. This was AWP's second Youth Construction Academy in Ninilchik. In 2005, participants built a bathhouse as their final project.

The academies provide a positive situation for industry, students, and their villages said Randy Alvarez, journeyman carpenter and instructor for Southern Alaska Carpenters Apprenticeship Training Program. He explained that building contrac-



tors often come to villages but cannot find local residents who have the construction skills or qualifications they need to be hired. Although they might like to teach the building trades to young Natives, contractors rarely have the time.

"This program puts some of their own people to work in the villages," Alvarez said. The cabin that Les and Ed Kayoukluk helped to build will likely serve generations of Native youth as a place to learn about their cultural heritage. And the construction skills these brothers learned at the Ninilchik Youth Construction Academy will likely serve them both well into their futures.

Students attending were from the communities of:

- Palmer
- Anchorage
- Wasilla
- Galena
- Kotlik



AWP Partners: Cook Inlet Tribal Council, Southern Alaska Carpenters Apprenticeship Training Program.

Anchorage

Little Leaguers and other ball players have new dugouts at the Harmon Baseball fields thanks to some all-star students of a construction academy that took place in Anchorage this summer.

One of those students was Kevin Ambro. Before the Anchorage Youth Construction Academy, his construction experience consisted of helping his dad build a shed. Today he has over 1,000 hours of construction experience and is working with journeymen to help build a \$66 million dollar, 50,000-square-foot cancer treatment center at Providence Hospital.

Ambro was one of 14 students who attended the Anchorage Youth Construction Academy held June 5-23. Students received safety training and certification, tool safety instruction, forklift certification, and carpentry instruction. The final project for Anchorage students was the construction of baseball dugouts. Ambro says the Academy's classroom instruction and hands on training helped pave his way for a carpentry apprenticeship and a subsequent job with Davis Constructors.



"I learned a lot at the Academy," Ambro said. "Things like basic layout for building construction. The construction math was especially helpful."

The Anchorage School District provided the King Career Center as the training facility for

the Academy and the Anchorage Home Builders Association had contractors lined up to hire the Academy's graduates. Carpentry training was provided by the Southern Alaska Carpenters Apprenticeship Training Program.

"I'm just thrilled we've finally put this partnership together," said Carol Comeau, Anchorage School District Superintendent. "We need to show students and families that these are wonderful jobs to build Alaska. These are lifetime careers."

Industry experts around Alaska agree that this kind of training is long overdue. Vicki Portwood, Executive Officer for the Anchorage Home Builders Association and the Alaska State Home Building Association said, "Our construction workforce issues are huge. The average age of our carpenters is 52. We need to train the next generation. The construction academy will help get us started in bridging the gap."

All 14 graduates of the Anchorage Youth Construction Academy who wanted jobs in construction after their training went to work. Eleven went to work on construction jobs in the Anchorage area. One graduate entered the National Guard but plans to return from Basic Training and continue his construction career. One graduate left for college and another went to work at a family business.



AWP Partners: Anchorage School District, Anchorage Home Builders Association, Alaska State Home Building Association, U.S. Department of Labor, Associated General Contractors of Alaska, Southern Alaska Carpenter Joint Apprenticeship and Training Committee, Alaska Department of Labor and Workforce Development.

For more information

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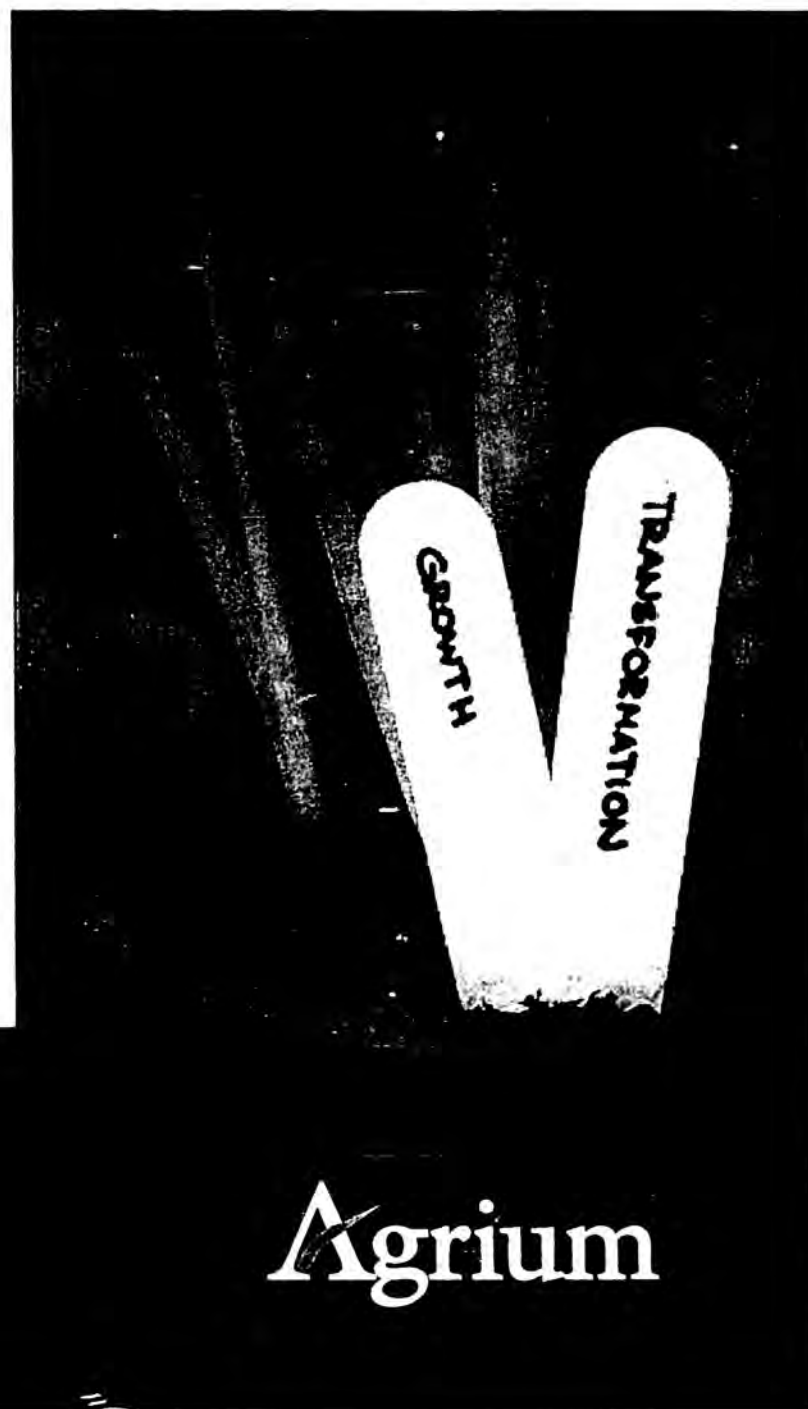
Funded in part by grants from the Denali Commission's Training Fund awarded through the Alaska Department of Labor and Workforce Development, Division of Business Partnerships and the Presidents High Growth Job Training Initiative as implemented by the U.S. Department of Labor's Employment and Training Administration. AWP operates an equal opportunity program, auxiliary aides and services are available upon request to individuals with disabilities.

Written and designed by Kaylene Johnson, Writing Research & Graphics. AWP logos by FOF.

SCOMM

146:9

**Agrium KNO:
Economic
Impacts
&
International
Trade**



Forward Looking Statements

Certain statements in this material constitute forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties and various business sensitivities, including those referred to in the MD&A section of the Corporation's most recent Annual Report to Shareholders as well as those risk factors described in the Corporation's most recent Annual Information Form, which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Other factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, weather conditions, government policies and actions, future nutrient supply/demand and price factors, the future gas price and availability at Kenai, the exchange rates for U.S., Canadian and Argentine currencies, China's and India's fertilizer trade policies and volumes, future fertilizer inventory levels, future crop input application rates in North America, future crop prices, future levels of nitrogen imports into North America and future additional fertilizer capacity and operating rates, and the potential inability to integrate and obtain anticipated synergies for recent or new business acquisitions as planned or within the time predicted. In particular with respect to the Royster-Clark acquisition, we assume we will achieve improved fertilizer margins from centralized purchasing and synergies from combined chemical or other associated rebates. Agrium disclaims any intention or obligation to update or revise any forward-looking information as a result of new information or future events.

These and other risks are described in the Company's Annual Report and Interim Reports that are available directly from the Company's web page and online from SEDAR and EDGAR.

Consequently, all of the forward-looking statements made in or incorporated by reference in this material are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us.

We undertake no obligation to update or revise these forward-looking statements even if circumstances or management's estimates or opinions should change. Investors should not place undue reliance on forward-looking statements.

Outline of Presentation

- **Agrium Inc.**
 - Background
 - 2006 Earnings
 - Wholesale
 - Retail
 - Advanced Technologies
- **Agrium Kenai Nitrogen Operations**
 - Economic Impacts
 - Natural Gas
 - Commodity Sales
 - Kenai Gasification Project

Agrium's History

1931
Cominco
Ltd.
Enters
fertilizer
business

1969
Vanscoy
Potash
Operations
opens

1993
Cominco
Fertilizers
Ltd. Trades
on TSE as
separate
company

1994
Crop
Production
Services
acquired
(CPS)

1995
Cominco
Fertilizers
Ltd. Changes
name to
Agrium Inc.

Argentina
Farm
Centers open

1996
Agrium
listed on
NYSE

1998
Rasmussen
Ridge
Mine
acquired

2000
Porfertil
S.A.
comes
on
stream

2005
W.
Canadian
fertilizer
distribution
assets from
Imperial Oil
acquired

2006
Nu-Gro
fertilizer
technology
and
professional
products
businesses
acquired



1954
Sherritt
Gordon
Fertilizers
enters
fertilizer
business

1983
Fort
Saskatchewan,
Alberta plant
opens

1994
Sherritt
acquires
Imperial Oil
assets
Including
Redwater
Operations

1995
Western
Farm
Services
acquired
(WPS)

Nu-West
Industries
acquired

1996
Viridian
(Sherritt)
fertilizer
assets
acquired

1999
Kapuskasing
Phosphate
Mine begins
production

2000
Unocal
nitrogen
fertilizer
operations
acquired

2004
Astaris
Production
LLC assets
acquired
(Nu-West's
Conda, Idaho
phosphate
operation)

2006
Royster-Clark
acquired

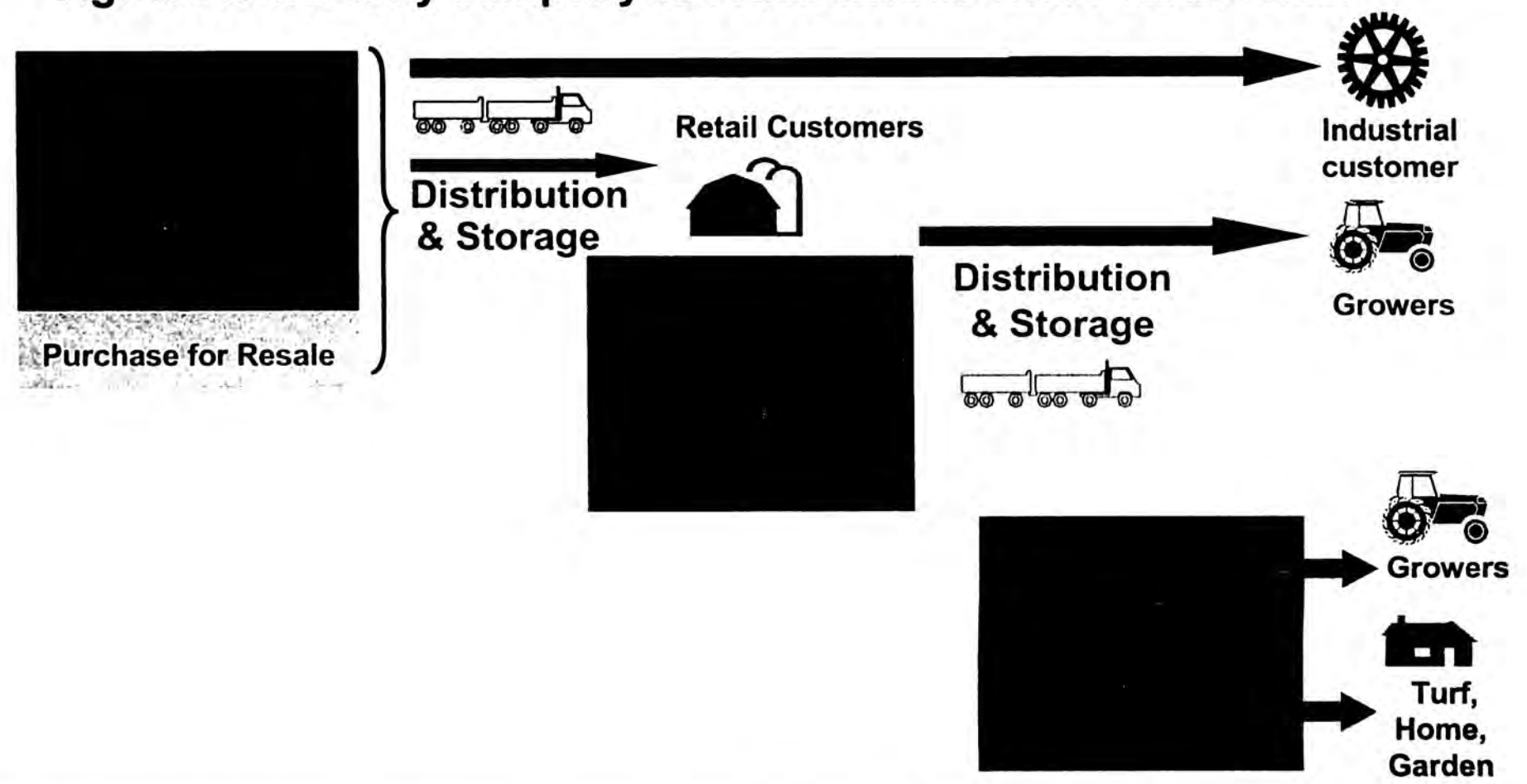
Acquired
Pursell
Technologies
Inc. (PTI)

transformation & growth

Agrium

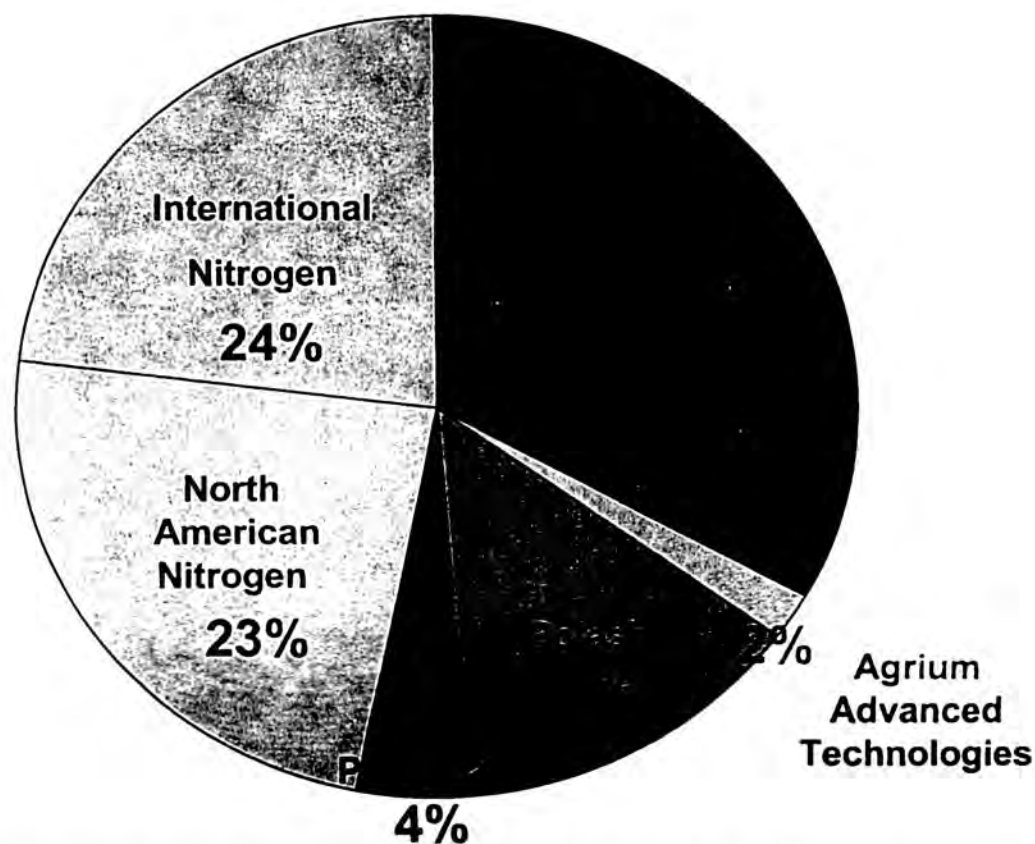
Agrium Throughout the Value Chain

Agrium is the only company to reach across entire value chain



* Measured by direct to grower sales

Diverse Portfolio : 2006 Actual EBITDA by Business Unit & Product

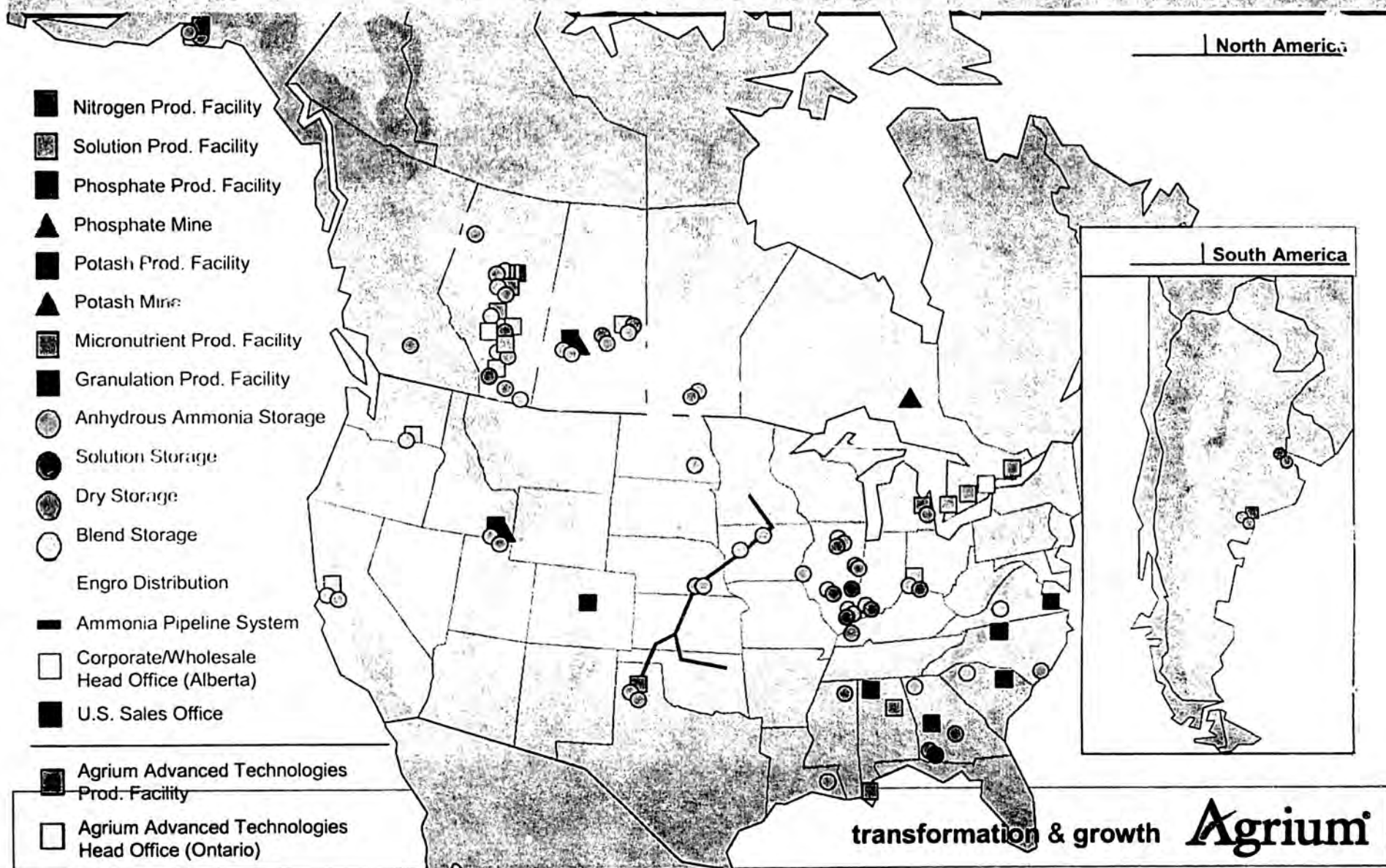


Results are 2006 EBITDA, International Nitrogen includes sales from Profertil & Kenai facilities

transformation & growth

Agrium

Production and Distribution Facilities – Wholesale and Agrium Advanced Technologies

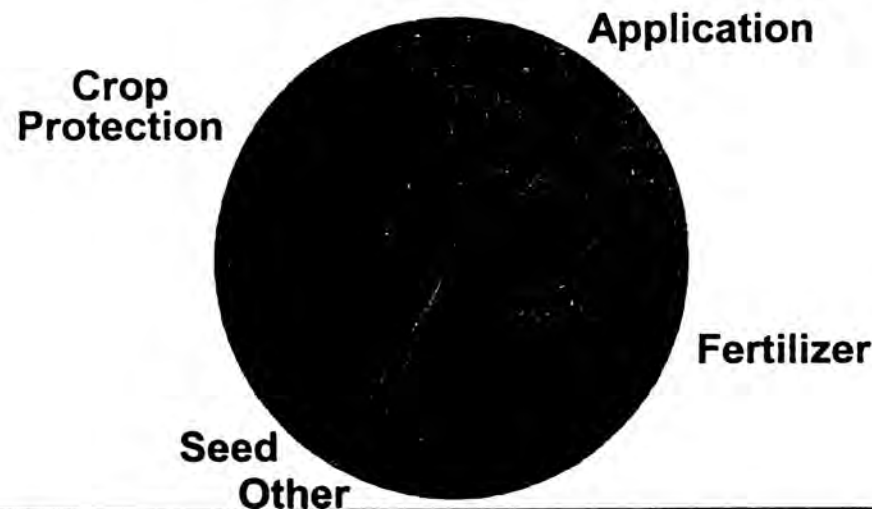


Leading NA Agriculture Retailer



- Largest North American Agricultural Retailer*
- About \$2-billion in sales to growers of seed & services, crop protection products and fertilizers
- Royster-Clark acquisition in February 2006, further consolidation potential

2006 Retail Gross Profit

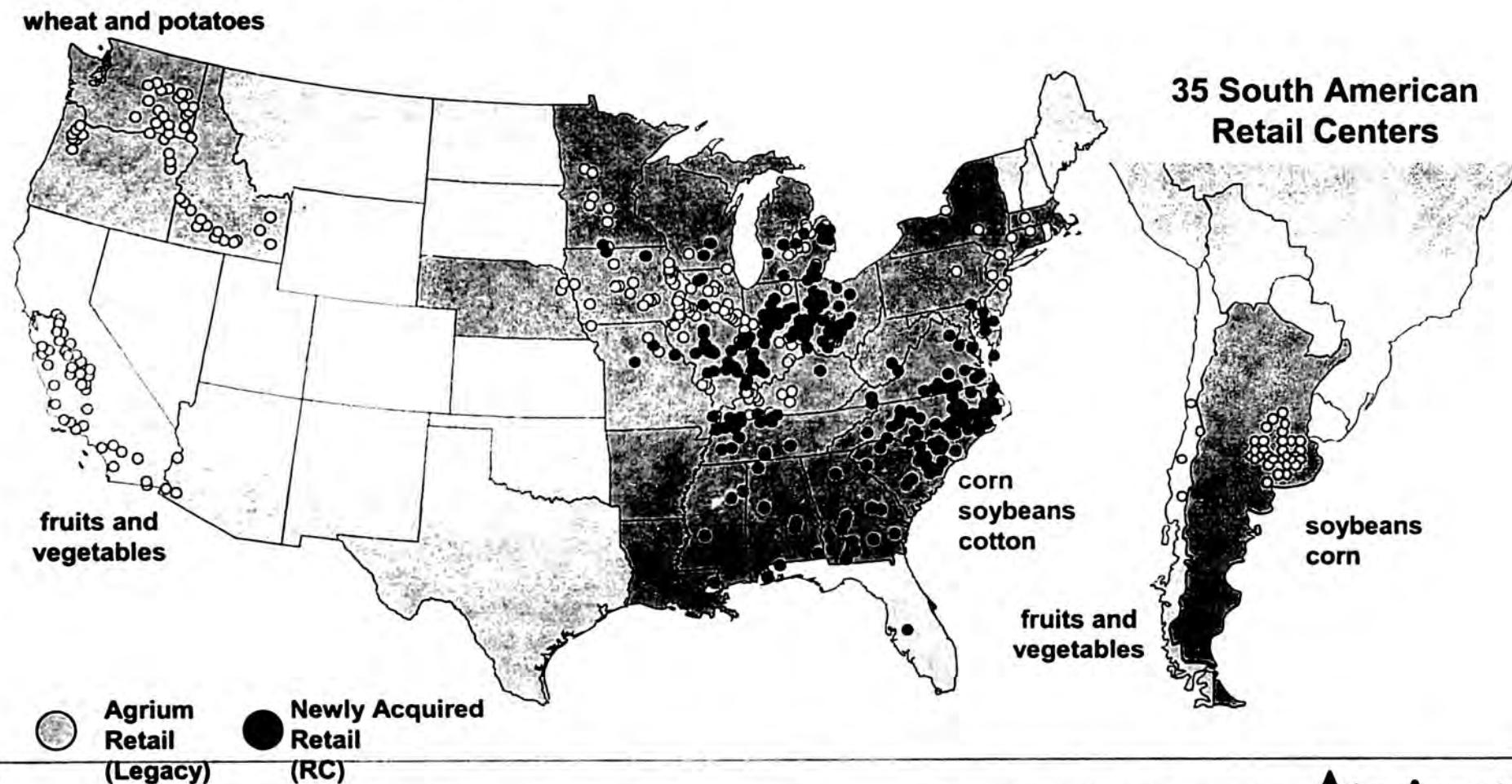


**on a direct sales to grower basis*

transformation & growth **Agrium**

Agrium's Retail Centers: Geographic and Crop Diversity

>440 retail centers globally



transformation & growth **Agrium**

Agrium Advanced Technologies

- Leader in environmentally friendly specialty products
- Products directed at Turf, Ornamental, Greenhouse, High Value Specialty Crops, Lawn and Garden
- Nu-Gro & Pursell expand our controlled-release product offering beyond DurationCR®
- ESN® is Agrium's patented controlled-release environmentally friendly product for commodity crops

Agrium in
Alaska:
**Kenai Nitrogen
Operations**



Agrium

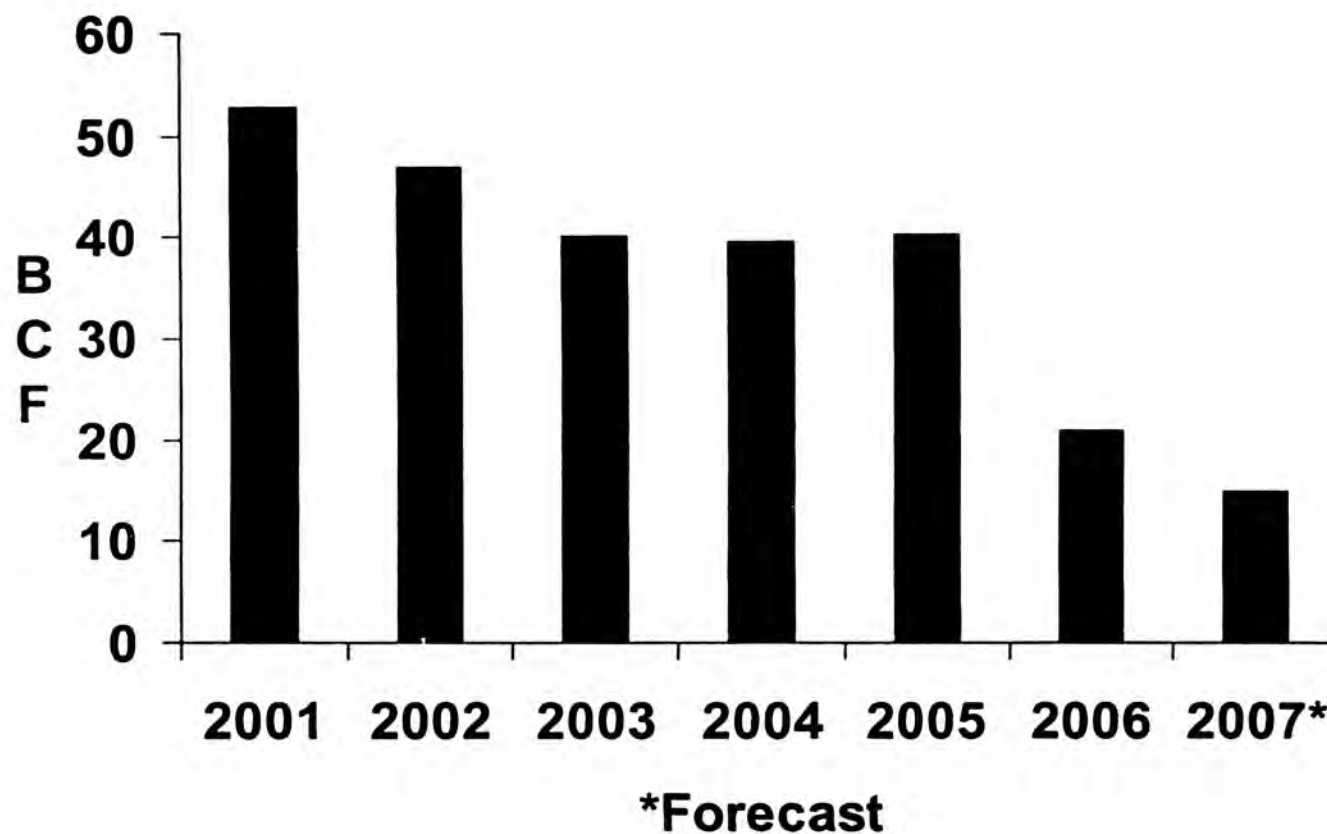
Economic Impacts

- **2nd Largest Nitrogen Complex in United States**
- **230+ employees at capacity (150 today)**
 - Fourth largest private employer on Kenai Peninsula
 - Direct, indirect and induced employment accounts for 4% of total employment on the Kenai Peninsula
 - Direct, indirect and induced payroll supports 7% of Kenai Peninsula payroll
- **For every MCF of gas used \$9.35 in total economic output is generated**
- **One of state's largest value added industries**
- **Purchase goods and services from almost 400 Alaskan businesses**

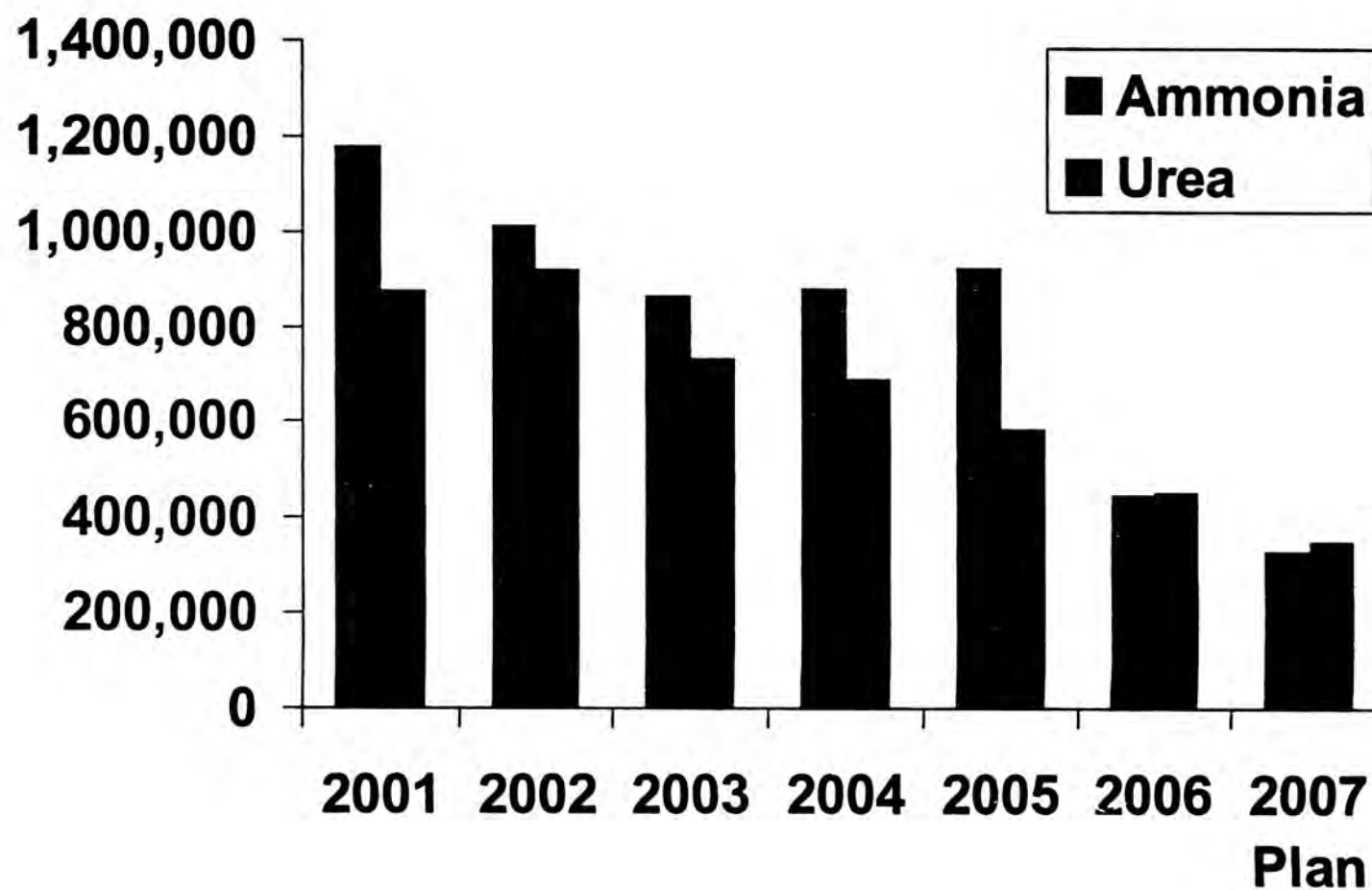
KNO - Operations Today

- Have operated at 50% of plant capacity since November 2006
- Extended shutdown during winter 2006/2007
- Current gas contracts expire October 31, 2007
- Negotiating for additional contracts to keep plant operational beyond 2007
- Kenai pays a competitive market price for gas

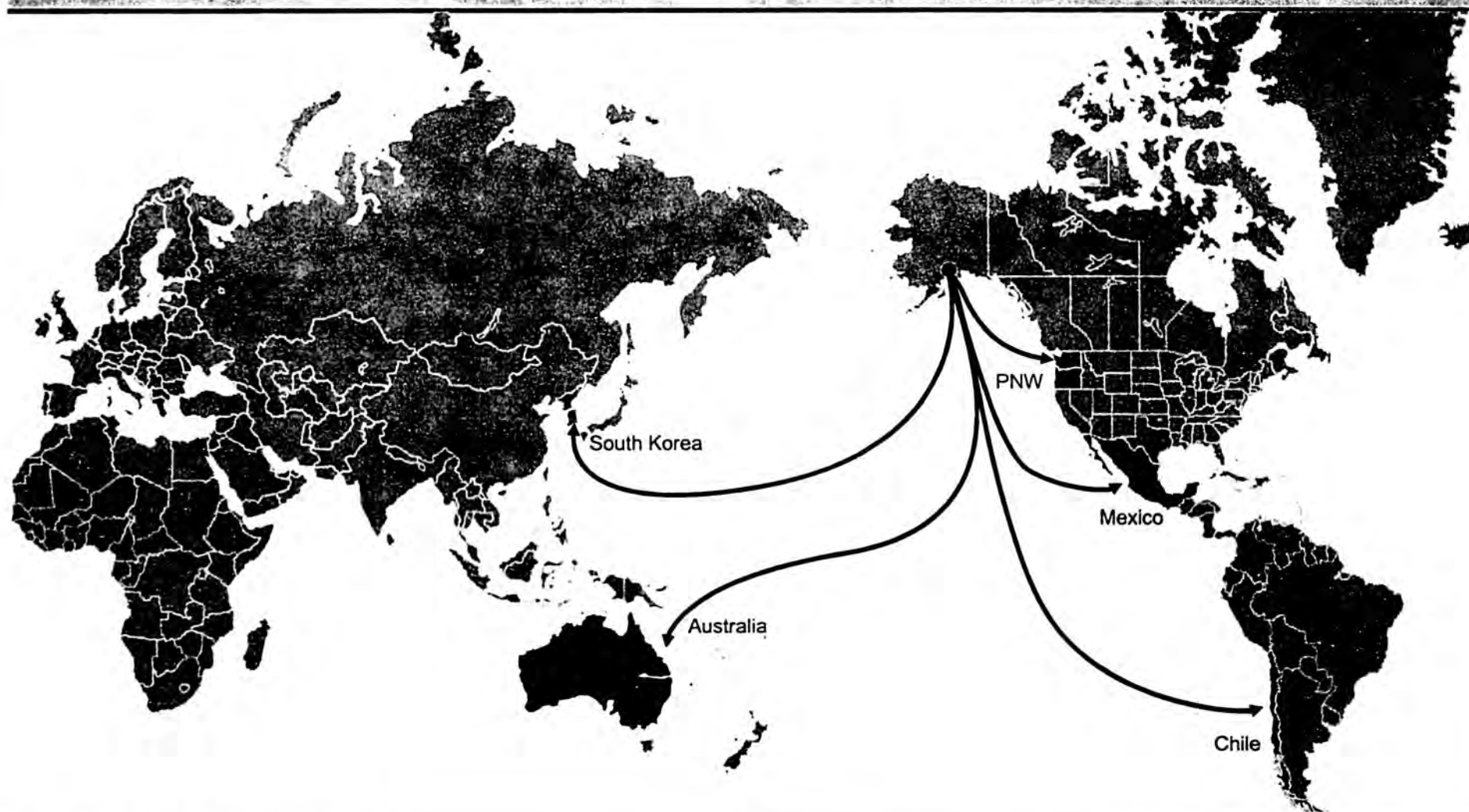
KNO Gas Consumption: 2001 - 2007



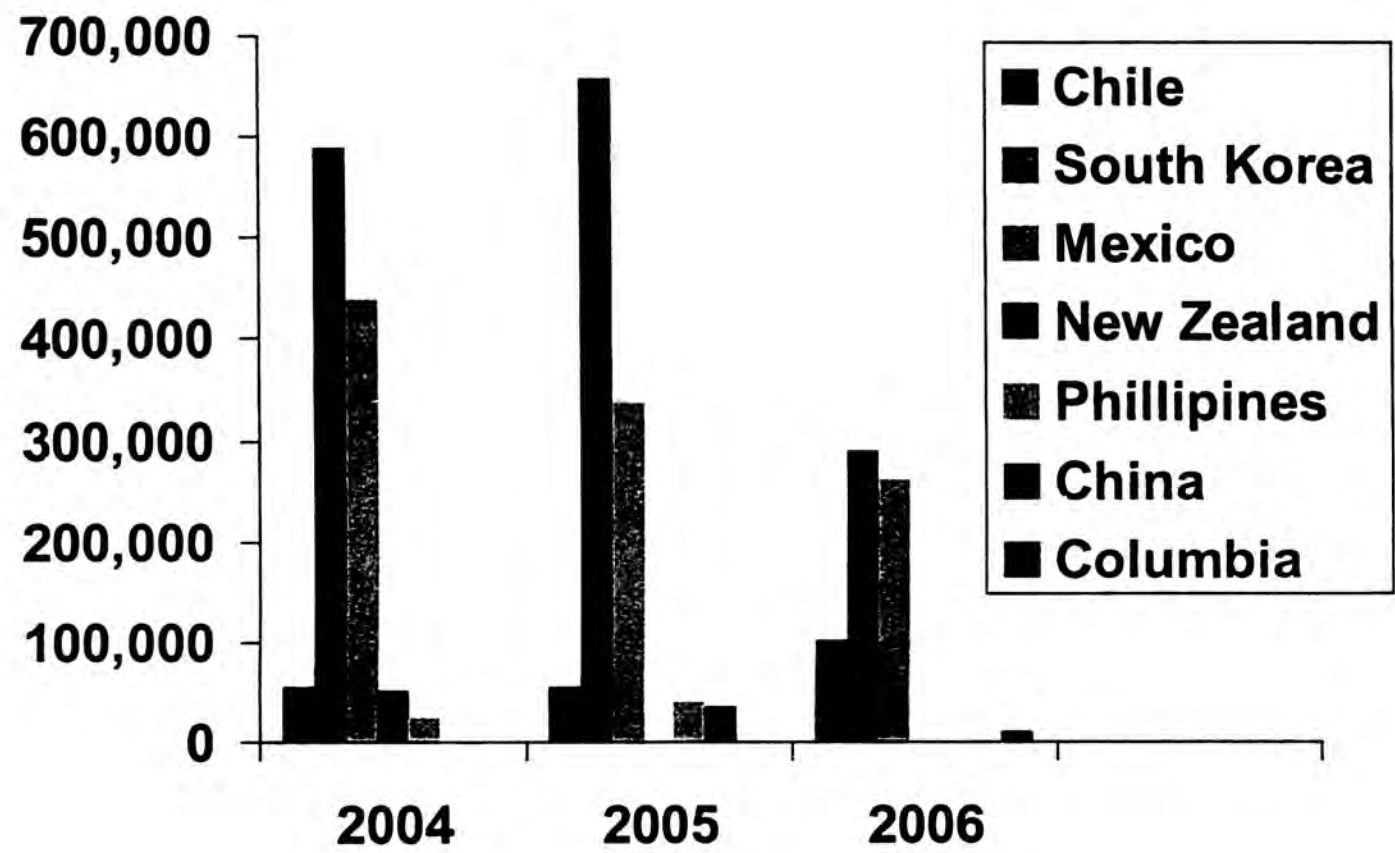
Kenai Fertilizer Production: 2001 - 2007



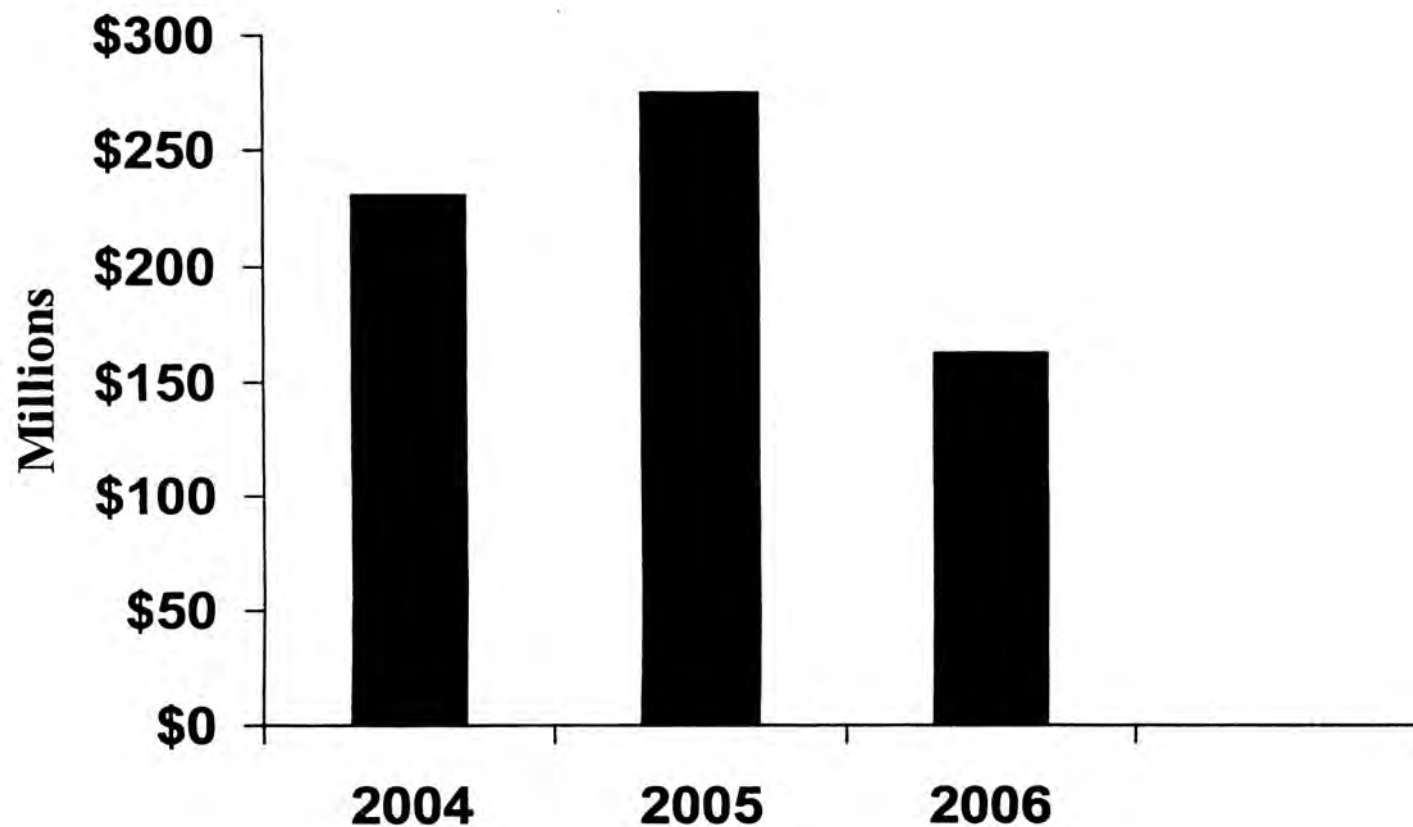
Kenai Nitrogen Operations Exports



Agrium Export Markets 2004 - 2006



Value of Exports by Year



Agrium in Alaska: Kenai Gasification Project



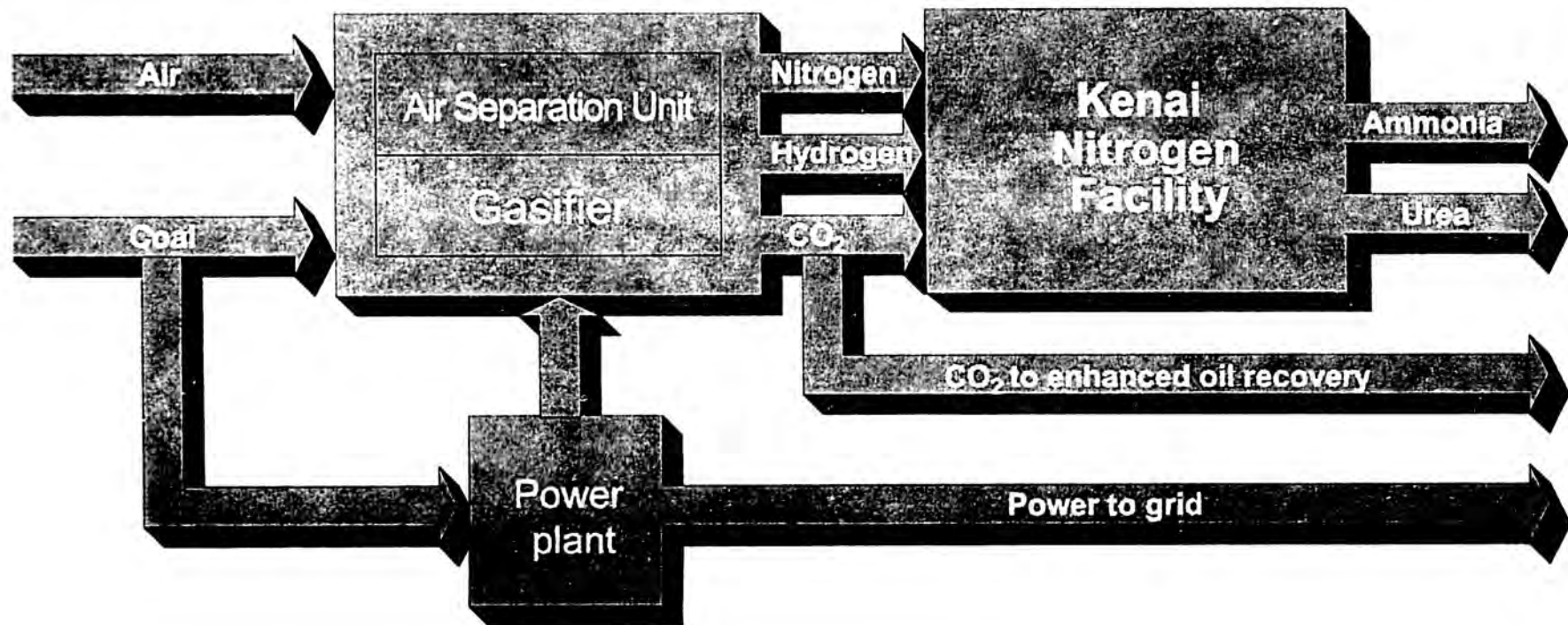
Kenai Gasification Project Drivers

- **Severe decline in Cook Inlet natural gas supplies**
- **Agrium operations may close October 31, 2007 due to lack of natural gas feedstock**
- **Post-2007 operations are year to year, subject to short-term natural gas contracts**
- **Agrium shutdown eliminates**
 - Over 400 direct and indirect jobs
 - Substantial tax base of Kenai Peninsula Borough
 - Alaska's 3rd largest exporter

Kenai Gasification Project Drivers

- **Project capitalizes on long-term supply of low cost coal.**
- **Abundance of compelling project components**
 - Second largest nitrogen manufacturing complex in North America
 - Alaskan market demand for low cost power alternative
 - 13 Cook Inlet oil fields may produce an additional 300 million barrels through CO₂ enhanced oil recovery

Value Proposition



Project Approach

- **Phase 1 – Feasibility Study Completed**
- **Phase 2 – Front End Engineering Design (FEED) Package and Permitting**
- **Phase 3 – Detailed Engineering and Final Permitting**
- **Phase 4 – Construction and Startup**

Feasibility Studies Agrium- Phase 1

- **Worked with Usibelli Coal Mine**
- **Detailed feasibility engineering and environmental review**
 - IGCC vs. PC Boiler
 - Site selection and location
- **Examined wide range of design cases**
 - Maximize all four plants
 - Maximize ammonia production
 - Maximize urea production
- **Feasible to move into next Phase, best design case maximizes urea production**
- **DOE Gasification Studies**

Phase 2 Front End Engineering Design (FEED) Study

25

- **Partnership with Homer Electric Association**
- **Set final engineering design basis**
 - Power Block configuration and sizing
 - Gasification Technology and sizing
 - Kenai Plant Integration
- **Feedstock Due Diligence**
- **Environmental permitting**
- **Partnerships and financing**
- **Natural Gas Demands 2008 - 2011**

Conclusions

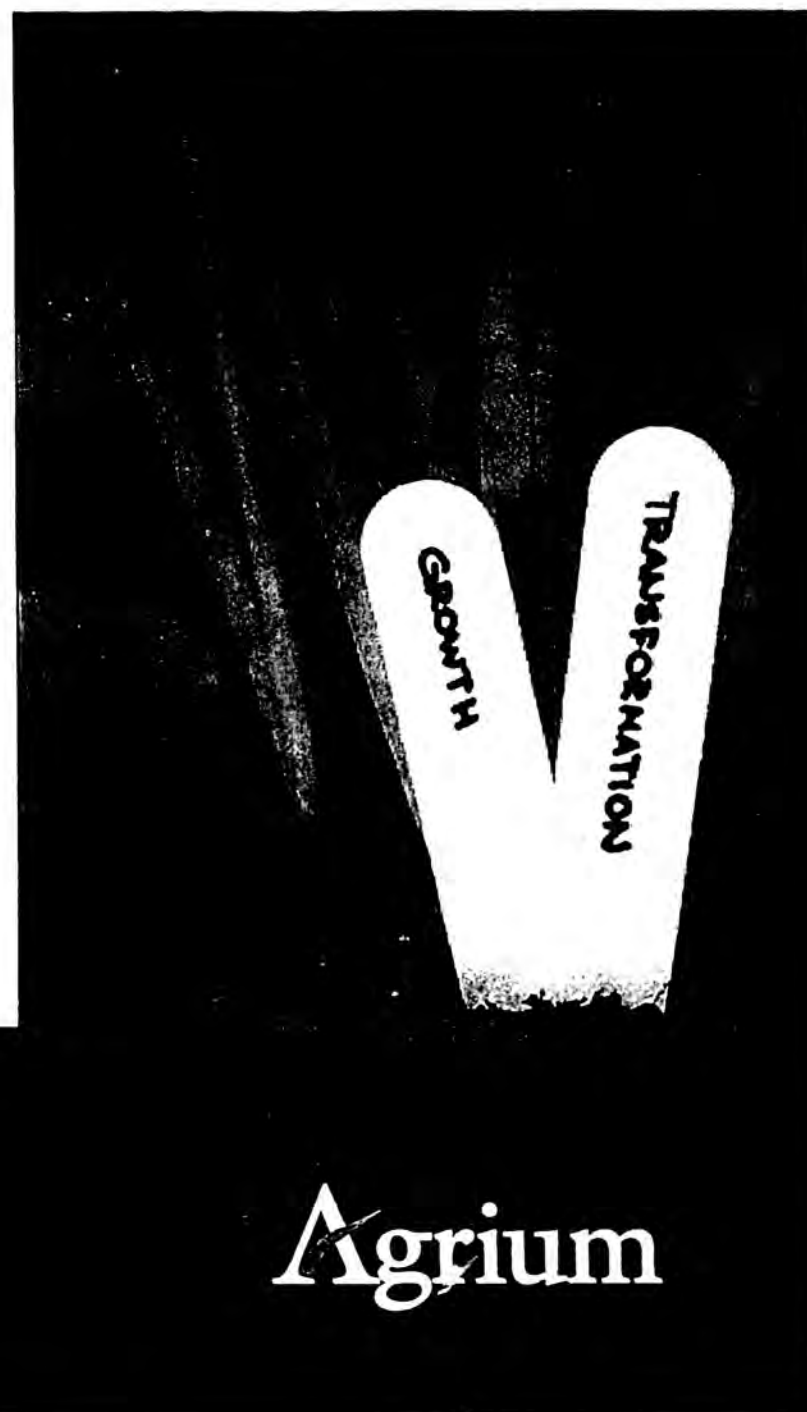
- **Phase 1 Feasibility Study Shows Potentially Viable Project**
 - Coal can replace the natural gas feedstock to KNO
 - The project has many benefits to Alaska
 - There are no environmental permit obstacles
- **Phase 2 – Front End Engineering Design (FEED)**
 - Engineering work is beginning
 - Feedstock due diligence underway
 - Coal & power partnerships developing
 - Screening strategic gasification partners
 - Selecting environmental permit contractor

Questions?



Agrium

**Agrium KNO:
Economic
Impacts
&
International
Trade**



SCOMM

146:10

- At this time we will call the House Special Committee on Economic Development, Trade, And Tourism to order.

- Let the record reflect the time is 5:15 PM²⁰
The day is TUESDAY, April 24, 2007

- With us today are

- ☐ Representative Gatto
- ☐ Representative Lynn
- ☐ Representative Kohring
- ☐ Representative Johansen
- ☐ Representative Doll
- ☐ Representative Doogan
- ☐ And myself Representative Neuman

- Let the record reflect that we have a quorum present
- Let the record also reflect that Rep. Kohring is excused as is Rep Gatto
- On the agenda today are hearings on "The Economics of Sport Fishing in Alaska" and a presentation on "Agruim's Economic Impact on the Kenai" .
- We with will begin with "The Economics of Sport Fishing in Alaska". I want to thank Ricky Geese for being willing to start this conversation with a presentation.

Remember to state your name for the record

- Does the committee have any questions or comments
- We will move to testimony from those on line around the state. I will call out the LIO and your name. To assist the clerk clearly state your name for the record and begin your testimony.
- Beginning with (See the online Sheets) _____
- (After each testimony) Does the committee have any questions?

(If no questions remember to thank each presenter and call for the next one)

- We will now move back to Juneau and take testimony from those here in the room (see the list). Again before you begin, please state your name for the record.
- Have we missed anyone wishing to testify?
- Hearing none lets move on.
- Does the committee have any further questions or comments on
- Our next presentation is on ^{Parker / Sonics on} "Agruim's Economic Impact on the Kenai". Thank you Lisa and Chris for joining us this evening come up and join us if you would. We appreciate your willingness to help this committee better Agruim's role on the Kenai -- and in the state.

Lisa

Remember to state your name for the record

- **Does the committee have any questions or comments**

- **We will move to testimony from those on line around the state. I will call out the LIO and your name. To assist the clerk clearly state your name for the record and begin your testimony.**

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- **Have we missed anyone wishing to testify?**

- **Hearing none lets move back to the committee**

- **Are there any comments?**

- **This Committee meeting, is now adjourned.**

Selected Sport Fish Related Information
from *Alaska Visitor Statistics Program* (Summer 2006)

The Department of Commerce, Community, and Economic Development (Commerce) recently released the Alaska Visitor Statistics Program (AVSP), Summer 2006 Visitor Volume and Profile. The research provides visitor volume, expenditure and opinion data.

Last summer, 1.6 million visitors came to Alaska. Of those visitors, 1 out of 5 participated in guided or unguided sportfishing activities. Two special analysis sections in the AVSP profile sportfishing visitors and visitors to Southcentral Alaska including a profile and expenditures of visitors to the Kenai Peninsula. They are included in the accompanying handout.

In previous AVSPs (there have been five since 1983 including the 2006 research), the Legislature has followed up the baseline collection of data with funding for an economic impact study. Commerce could move forward immediately (pending the availability of funds) with an economic impact analysis of the 2006-07 visitor season which runs from May 1, 2006 through April 30, 2007. Commerce would be able to include a special analysis of the economic impact of sportfishing in the project.

Note: AVSP also includes profiles of visitors to other Alaska regions, but for the purposes of the subcommittee meeting today, only Southcentral is included in the handout. The full document can be found on the Office of Economic Development web site (<http://www.commerce.state.ak.us/oed/toubus/research.htm>).



House Special Committee on Economic Development, Trade and Tourism

*Importance of Sportfishing
to the Alaskan Economy*



A Billion \$\$ Industry

Total Economic Output

\$1 billion dollars

Kenai Peninsula Borough

■ \$650 million

Statewide Jobs

■ 11,000 annual average

■ \$250 million payroll

Who pays for Conservation?

"In a civilized and cultivated country, wild animals only continue to exist when preserved by sportsmen. The excellent people who protest against all hunting and consider sportsmen as enemies of wildlife do not understand the fact that in reality the genuine sportsman is, by all odds, the most important factor in keeping the larger and more valuable wild creatures from total extermination."

President Theodore Roosevelt

Sportsmen Pay for Conservation in Alaska

2003

483,595 licenses, \$13 million revenue

292,844 non-resident licenses, \$9.6 million revenue

2006

■ 499,214 licenses, \$21 million revenue

■ \$6.8 million facility bonds to support hatcheries



Important Source of Funding for Resource Management

- Taxes on outdoor equipment generates \$16 million to pay for fishery conservation efforts in Alaska.
- Anglers are among the Nation's most ardent conservationists and spend time and effort to introduce children and other newcomers to the enjoyment of the outdoors.

Access, Infrastructure & Allocation is Critical

- Public access and allocation for anglers to utilize state and federal fish resources is critical for the recreational economy.
- Basic infrastructure, such as boardwalks, trails and boat launches, must be developed and maintained to provide reasonable access while protecting habitat.

Need for Economic Information

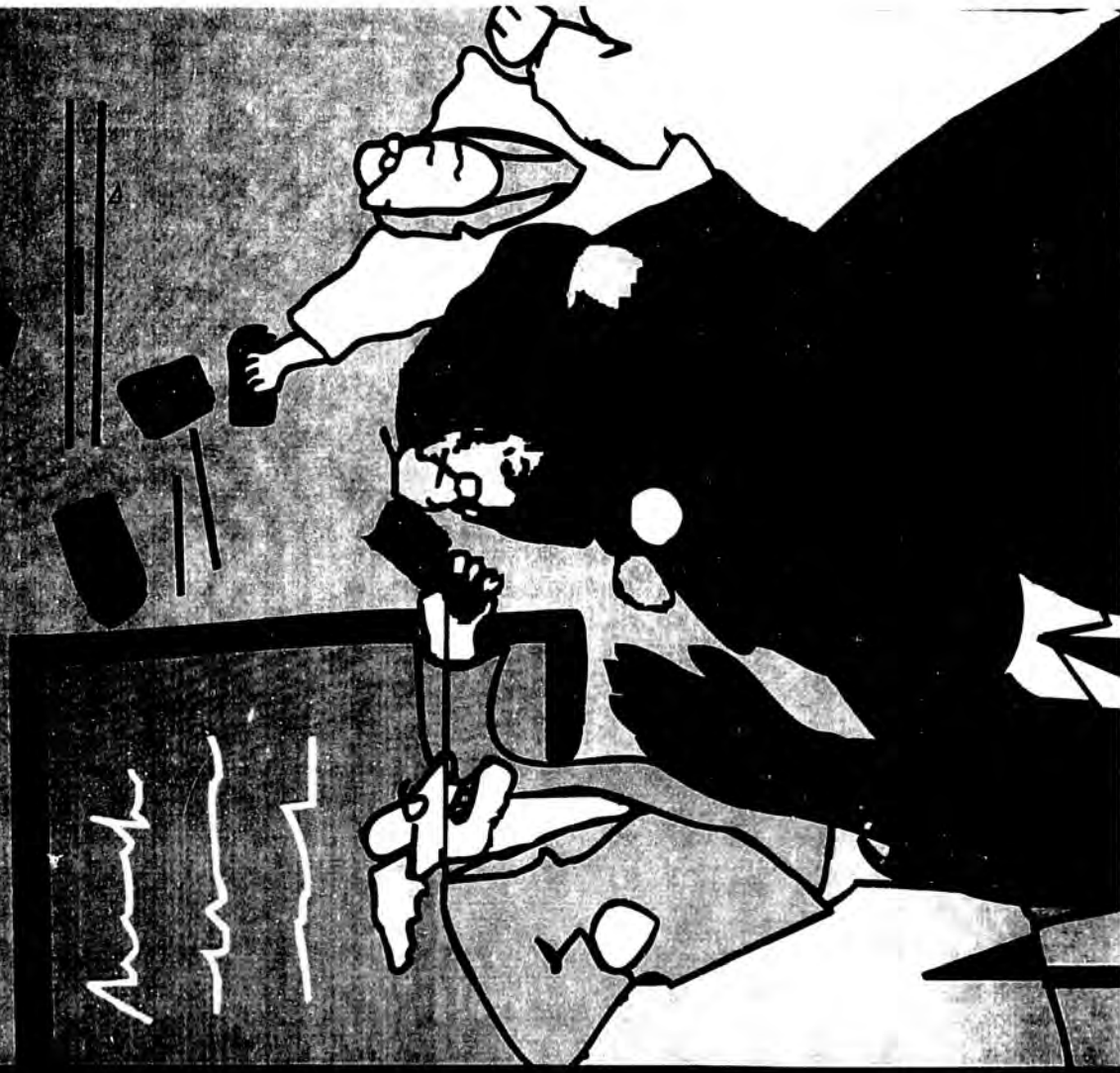
- Fishing a major economic driver for the tourism industry.
- Many Alaskans rely on fishing for recreational and consumptive uses.
- Outdoor recreation is a major component of the quality of life for residents.
- Up to date, comprehensive economic information on this \$1 billion dollar industry is scarce.

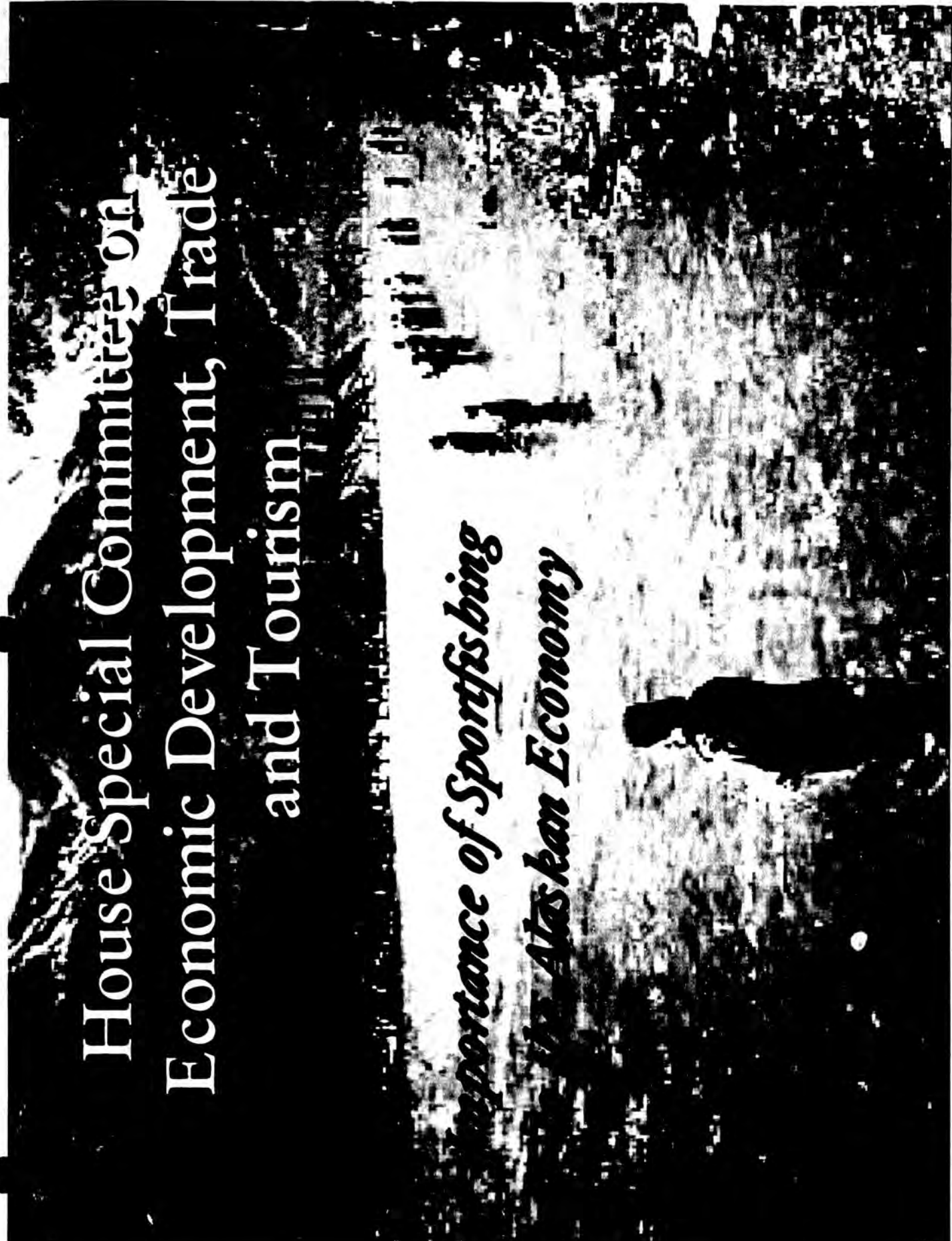
Lack of Information does not lead to Informed Public Policy

- Without up to date, comprehensive economic data, the central role of sport angling in the state's economy will continue to be underestimated and taken lightly in public policy decisions.
- The growing Alaskan retirement community now contributes over \$2 billion dollars annually to the state's economy.

Regulatory Boards & Commissions

- Angler representation
- Balance & fairness





House Special Committee on Economic Development, Trade and Tourism

*Importance of Sportfishing
to the Alaskan Economy*