

HB

191

<TARGET><BILL>HB 191</BILL><SUBJECT>HB
191</SUBJECT><COMM>HEDT27</COMM></TARGET>

ALASKA STATE LEGISLATURE

Session:

**State Capitol Building
Room 428
Juneau, Alaska 99801-2186
Phone (907) 465-3004
Fax: (907) 465-2070
Toll Free: (877) 465-3004**



Interim:

**1292 Sadler Way, Ste. 308
Fairbanks, Alaska 99701
Phone: (907) 452-1088
Fax: (907) 452-1146
Toll Free: (877) 465-3004**

REPRESENTATIVE STEVE THOMPSON DISTRICT 10

SPONSOR STATEMENT HB 191 – “An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservations and the Department of Natural Resources; and providing for an effective date.”

HB 191 was introduced at the request of the state-wide Alaska Farm Bureau. HB 191 establishes a new state Department of Agriculture and Food with the intent of using the current Division of Agriculture’s budget. Currently, statutes and regulations that govern food, food products, land sales, loans, land development, and animals are spread between the Department of Natural Resources (DNR), and the Department of Environmental Conservation (DEC). HB 191 is an effort to stream-line government by bringing agriculture and agricultural foods products under the purview of one department.

A Department of Agriculture would allow for a singular focus that would enhance agriculture and food security in Alaska. Agricultural policy has been inconsistent and prone to changes with new administrations, retirements, or economic changes. This ever-changing policy has hampered the development of a strong agricultural economy.

In 1974, Governor Hammond stated that “the state needed a renewable resource economic base to sustain Alaska after the oil was depleted.” In 1976, Governor Hammond in an effort to develop renewable sources in the state established the following goals:

- Broaden the economic base of the state through agriculture production;
- Stabilize real food cost by increasing local food;
- Provided alternative job opportunities through expanded agriculture;
- Improve rural life by developing an economic base through agriculture.

Today people want to know where their food is coming from, they want to feel the security of having a farmer growing and storing food close by, they want to be at the farmers market on Saturday buying food from their neighbor.

Under a Department of Agriculture farming can expand to meet the needs of Alaska’s residents, providing meat, milk, vegetables and grains for the table. Alaska’s biomass can be used to heat homes and power cars, and fiber can be used to manufacture goods. Agriculture is a renewable resource that provides independence and industry into the future for the State of Alaska.

E-Mail: Representative.Steve.Thompson@legis.state.ak.us
Website: www.akrepublicans.org/thompson/

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REPRESENTATIVE STEVE THOMPSON DISTRICT 10

SECTIONAL ANALYSIS (version M)

HB 191 – “An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservations and the Department of Natural Resources; and providing for an effective date.”

Sec. 1, 2 & 3. Set forth the powers and duties of the Commissioner of the Department of Agriculture and Food and exempts retail food establishments from the department’s purview.

Sec. 4. Defines “commissioner” and “department” in AS 03.05.011

Sec. 5. States those powers over fish and fisheries products remain under the auspices of the Department of Environmental Conservation.

Sec. 6. Puts the appointment of the state veterinarian under the purview of the Commissioner of Agriculture and Food.

Sec. 7. Puts the appointment of the state coordinator for noxious weed, invasive plant, and agricultural pest management under the powers of the Commissioner of Agriculture and Food.

Sec. 8. Gives the power of inspection to the Commissioner of Agriculture and Food with exceptions.

Sec. 9. Puts forth that the Commissioner of Agriculture and Food has jurisdiction over agricultural products and animals except for fish and fish products and that the Commissioner of DEC has jurisdiction over retail food establishments, fish or fisheries products and establishments.

Sec. 10. Puts elk farming, licensing and elk farm inspections under the powers of the new Department of Agriculture.

Sec. 11. States that the Commissioner of the Department of Agriculture and Food shall provide the Department of Fish and Game with copies of elk farming applications and licenses.

Sec. 12. Fencing standards for elk shall be established under the Department of Agriculture and Food.

Sec. 13. Puts the power to regulate elk farming in the Department of Agriculture and Food.

Sec. 14. Sets forth criminal penalties for violations of regulations under this chapter made by the Departments of Agriculture and Food and Environmental Conservation.

Sec. 15. Sets forth civil fines for violations of quarantines or embargos made by the Departments of Agriculture and Food and Environmental Conservation.

Sec. 16. States that the Department of Agriculture, the Department of Environmental Conservation or a court may impose civil fines authorized by this chapter.

Sec. 17. Redefines “animal” to exclude fish or fisheries products.

Sec. 18. Adds new definitions to this chapter, to include “commissioner”, “department”, and “retail food establishment.”

Sec. 19. States that the Commissioner of Agriculture and Food shall appoint the director of the Board of Agriculture and Conservation to oversee the daily operations of the agricultural revolving loan fund (ARLF).

Sec. 20. The Commissioner of Agriculture and Food shall set the regulations for disposal of property acquired by the ARLF to ensure that the property is disposed of as so to maximize the return to the state.

Sec. 21 - 23. Amends definitions to conform to the Department of Agriculture

Sec. 24 - 26. Puts the plant materials center under the purview of the Department of Agriculture and Food and the University of Alaska.

Sec. 27. Judicial orders concerning livestock districts must be served upon the Commissioner of the Department of Agriculture and Food.

Sec. 28. Instructs that a brand or mark that identifies ownership of livestock shall be recorded by the commissioner of Agriculture and Food.

Sec. 29. Defines that the commissioner in this chapter is the Commissioner of the Department of Agriculture and Food.

Sec. 30 – 35. Puts beekeeping under the purview of the Department of Agriculture and Food.

Sec. 36. Puts the care of animals and the control of dogs under the powers of the Department of Agriculture and Food.

Sec. 37. Puts organic food and agricultural products under the purview of the Department of Agriculture and Food.

- Sec. 38.** Sets out the role of the Department of Agriculture and Food in assisting in the development and implementation in the farm-to-school program.
- Sec. 39.** Sets forth the powers and duties of the Commissioner of Agriculture and Food.
- Sec. 40.** Sets forth the duties of the Commissioner of the Department of Environmental Conservation to conform to the duties of the Department of Agriculture.
- Sec. 41.** Puts the power to regulate food standards under the Department of Agriculture and Food.
- Sec. 42.** Keeps the power to regulate fish and fish products under the Department of Environmental Conservation.
- Sec. 43 & 44.** Put the duty to regulate hormone labeling in milk under the Department of Agriculture and Food.
- Sec. 45.** Separates out the responsibilities of the Department of Agriculture and the Department of Conservation when it comes to tolerances for added poisonous ingredients.
- Sec. 46.** Puts misbranded food under the jurisdiction of the Department of Agriculture and food and fish under the Department of Environmental Conservation.
- Sec. 47 & 48.** Separates the responsibilities for the sales and labeling of frozen meat, fish, and poultry between the Department of Agriculture Food and the Department of Environmental Conservation.
- Sec. 49.** Changes the definition of “retail food establishment”.
- Sec. 50.** Separates the responsibility for emergency permit controls between the Department of Agriculture and Food and the Department of Environmental Conservation.
- Sec. 51.** Defines which department is responsible for suspension and reinstatements of emergency permits.
- Sec. 52, 53 & 54.** Defines that the Department of Environmental Conservation is responsible for seafood processing permits and plans of operation, seafood product quality standards and seals, and seafood processing research.
- Sec. 55 & 56.** Separate out inspection and enforcement authority between the Department of Agriculture and Food and the Department of Environmental Conservation.
- Sec. 57.** Allows the Department of Agriculture and Food to adopt regulations for efficient enforcement of its respective portions of this chapter.
- Sec. 58.** Allows the Commissioner of Environmental Conservation access to establishments where fish or fisheries products are manufactured.
- Sec. 60.** Grants the Department of Agriculture and Food the ability to publish reports.

- Sec. 61.** Grants the Department of Environmental Conservation the ability to publish reports.
- Sec. 62.** Grants the Commissioner of Agriculture and Food the ability to disseminate information regarding agricultural food.
- Sec. 63.** Gives the Department of Environmental Conservation the power to detain or embargo fish or fish products that are dangerous or fraudulent.
- Sec. 64.** Gives the Department of Agriculture and Food the power to detain or embargo agricultural food that is adulterated or misbranded in a manner that is dangerous or fraudulent.
- Sec. 65.** Adds the Department of Agriculture and Food to the departments that can petition for condemnation of a food.
- Sec. 66.** Allows the Department of Agriculture and Food to destroy adulterated or misbranded goods under its purview.
- Sec. 67.** Gives the Department of Agriculture the oversight of relabeling of misbranded food items under the department's purview.
- Sec. 68.** Gives the Department of Agricultural and Food the oversight of destruction of contaminated food items under the department's purview.
- Sec. 69.** Gives the Department of Agriculture and Food the ability to apply to the superior court for injunctions against person's violating provisions of this chapter.
- Sec. 70.** Conforming provision.
- Sec. 71.** Grants the Department of Agriculture and Food the power to enforce the provisions of this chapter.
- Sec. 72.** States that the Department of Agriculture and Food has the power to impose civil fines for serious violations of this chapter.
- Sec. 73.** States that nothing in this chapter requires the Department of Agriculture and Food to report minor violations.
- Sec. 74.** States that the Attorney General is to prosecute violations reported by the Department of Agriculture and Food.
- Sec. 75.** Amends definitions to conform to the new Department of Agriculture and Food.
- Sec. 76 - 82.** Conforming amendments to include the new Department of Agriculture and Food.
- Sec. 83.** Defines the powers of the Department of Agriculture and Food.
- Sec. 84.** Conforming amendment

Sec. 85. Adds the Department of Agriculture and Food with reference to the Alaska grain reserve program to the list under the Administrative Procedure Act.

Sec. 86. Repealers

Sec. 87 Gives the Department of Agriculture and Food the ability to adopt, amend, and repeal regulations as necessary.

Sec. 88 & 89. Effective dates.

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SECTIONAL ANALYSIS (version M)

HB 191 – “An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservations and the Department of Natural Resources; and providing for an effective date.”

Sec. 1. Amends AS 03.05.010, which deals with agriculture and food. Changes the responsible commissioner to the commissioner of agriculture and food (see new AS 03.05.100(5) in sec. 18). Adds some responsibilities to the list, including establishing a food security program. Exempts retail food establishments and fish or fisheries product establishments from coverage of (b).

Sec.2. Amends AS 03.05.011(a), which relates to certain powers over animals and animal products. Exempts retail food establishments from its coverage.

Sec. 3. Amends AS 03.05.011(b) which relates to certain powers over animals and animal products. Exempts retail food establishments from its coverage.

Sec. 4. Amends AS 03.05.011(e) to change the commissioner and department responsible for AS 03.05.011 to the commissioner of agriculture and food and the Department of Agriculture and Food (DOAF).

Sec. 5. Adds the new section AS 03.05.012, which provides powers over fish and fisheries products. Establishes the commissioner of environmental conservation and the Department of Environmental Conservation (DEC) as the responsible commissioner and department for this section.

Sec. 6. Amends AS 03.05.013 to change DOAF (based on the new definition in bill sec. 18) the commissioner and department are responsible for appointing or employing the state veterinarian for animal products over which DOAF has jurisdiction.

Sec. 7. Amends AS 03.05.027(a) to change DOAF (based on the definition in bill sec.18) the commissioner responsible for employing or appointing the state coordinator for noxious weed, invasive plant, and agricultural pest management.

Sec. 8. Amends AS 03.05.040(b) gives the power of inspection to the Commissioner of Agriculture and Food to inspect agricultural products and animals, with exceptions for retail food establishments and fish or fisheries products to DEC.

Sec. 9. Amends AS 03.05.050(b). Establishes which commissioners are responsible for carrying out this section dealing with animals, animal products, and agricultural products that violate regulations and are public nuisances. Changes to DOAF the commissioner for agricultural products and animals, except fish and fisheries products. Changes the responsibility of the commissioner of DEC to retail food establishments, fish or fisheries products, and fish or fisheries products establishments.

Sec. 10. Amends AS 03.05.075(a) relating to elk farming, licensing and elk farm inspections under the powers of the new DOAF.

Sec. 11. Amends AS 03.05.075(b) relating to elk farming. Changing the responsible commissioner to the Commissioner of the Department of Agriculture and Food. The Commissioner of DOAF shall provide the Department of Fish and Game with copies of elk farming applications and licenses.

Sec. 12. Amends AS 03.05.075(d). Fencing standards for elk shall be established under the Department of Agriculture and Food.

Sec. 13. Amends AS 03.05.075(e) Putting the power to regulate elk farming in the Department of Agriculture and Food.

Sec. 14. Amends AS 03.05.090(a) for criminal penalties for violations of regulations under this chapter made by the Departments of Agriculture and Food and Department of Natural Resources.

Sec. 15. Amends AS 03.05.090(c) Setting forth civil fines for violations of quarantines or embargos made by the Departments of Agriculture and Food and Environmental Conservation.

Sec. 16. Amends AS 03.05.090(d) States that the Department of Agriculture and Food, the Department of Environmental Conservation or a court may impose civil fines authorized by this chapter.

Sec. 17. Amends AS 03.05.090(d). Redefines “animal” to exclude fish or fisheries products.

Sec. 18. Amends AS 03.05.100. Adds new definitions to this chapter, to include “commissioner” and “department” as DOAF for the chapter. Also adds a definition of “retail food establishment” for the chapter.

Sec. 19. Amends AS 03.09.020(a). To direct the Commissioner of Agriculture and Food to appoint an employee of DOAF as the director of the Board of Agriculture and Conservation to oversee the daily operations of the agricultural revolving loan fund (ARLF).

Sec. 20. Amends AS 03.10.050(g). The Commissioner of Agriculture and Food shall set the regulations for disposal of property acquired by the Board of Agriculture and Conservation to ensure that the property is disposed of as so to maximize the return to the state.

Sec. 21. Amends AS 03.13.050 to make DOAF the department responsible for implementing the chapter relating to federal crop insurance contributions (AS 03.13)

Sec. 22. Amends AS 03.20.080 to define as DOAF the “commissioner” and “department” for the article relating to agriculture and industrial fairs (AS 03.30.010 – 03.20.080).

Sec. 23. Amends AS 03.20.100(e) to designate the DOAF as the lead department in the farm-to-school program.

Sec. 24. Amends AS 03.22.010 to change the DOAF as the department responsible for establishing and maintaining the plant materials center.

Sec. 25. Amends AS 03.22.040 to make DOAF one of the agencies that appoints the administrator of the plant materials center.

Sec. 26. Adds sec. 03.22.100 to define “department” for AS 03.22, the plant materials center chapter, as DOAF.

Sec. 27. Amends AS 03.35.030 to identify the commissioner of DOAF as the commissioner to whom a district judge sends a copy of an order related to the establishment, addition, elimination, or dissolution of a controlled livestock district.

Sec. 28. Amends AS 03.40.030(a) to identify the commissioner of DOAF as the commissioner to whom a person applies for a brand mark.

Sec. 29. Amends AS 03.40.270 to define “commissioner” in 03.40 as the Commissioner of the Department of Agriculture and Food.

Sec. 30. Amends AS 03.47.020 to make DOAF responsible for determining whether apiary inspectors are qualified.

Sec. 31- 35 makes DOAF the responsible department for bees and beekeeping.

Sec. 36. Amends AS 03.55.190 to put the care of animals under the DOAF.

Sec. 37. Adds sec. 03.58.090 to put organic food and agricultural products under the purview of the Department of Agriculture and Food.

Sec. 38. Amends AS 14.07.020(a) Setting out the role of the Department of Agriculture and Food in assisting in the development and implementation in the farm-to-school program.

Sec. 39. Repeals and reenacts AS 17.20.005 to give to the commissioner of DOAF the powers to regulate food except for fish and fisheries products.

Sec. 40. Adds sec. AS 17.20.007 Setting forth the duties of the Commissioner of the Department of Environmental Conservation to regulate fish and fisheries products (including seafood raising and processing) and to inspect retail food establishments.

Sec. 41. Amends AS 17.20.010 to direct DOAF to adopt regulations relating to definitions and standards for agricultural food and to establish a mobile canned agricultural food inspection service.

Sec. 42. Adds a new subsection to AS 17.20.010, keeping the power to regulate fish and fish products under the Department of Environmental Conservation and to establish a mobil canned nonagricultural food inspection service.

Sec. 43 & 44. Put the duty to regulate hormone labeling in milk under the Department of Agriculture and Food.

Sec. 45. Amends AS 17.20.030 to make changes to conform the section to the new division of responsibilities between the departments.

Sec. 46. Amends AS 17.20.040(a) to make changes to conform the subsection to the new division of responsibilities between the departments. Also, makes stylistic and clarifying changes.

Sec. 47 & 48. Amends 17.20.044(b) and (C) Separating the responsibilities for the sales and labeling of frozen meat, fish, and poultry between the Department of Agriculture Food and the Department of Environmental Conservation.

Sec. 49. Amends AS 17.20.049(b) to reference the moving of the main part of this definition of “retail food establishment” to the general definition of “retail food establishment” for As 17.20 (in AS 17.20.370).

Sec. 50. Amends AS 17.20.050 makes changes to conforming the responsibility for emergency permit controls between the Department of Agriculture and Food and the Department of Environmental Conservation.

Sec. 51. Amends AS 17.20.060 to make changes to conform the section to the new division of responsibilities between the departments.

Sec. 52 - 56. Amends AS 17.20.065-.072 to make changes to conform the section to the new division of responsibilities between the departments.

Sec. 57. Amends AS 17.20.180 to allow the Department of Agriculture and Food to adopt regulations for efficient enforcement of its respective portions of this chapter.

Sec. 58. Amends AS 17.20.200(a) to limit the food covered in this subsection to fish and fisheries products over which DEC has responsibility.

Sec. 59. Amends AS 17.20.200 to add an inspection equivalent to subsection (a) to cover DOAF’s access and inspection authority.

Sec. 60. Amends AS 17.20.220(a), which relates to making reports about court actions, to add DOAF as a department that may issue reports.

Sec. 61. Amends AS 17.20.220(b), which relates to dissemination of information, to limit the food-related subjects to fish, fisheries products, and retail establishments to over which DEC has jurisdiction.

Sec. 62. Amends AS 17.20.220 to add information dissemination equivalent to subsection (a) to cover DOAF's information dissemination authority.

Sec. 63. Amends AS 17.20.230(a), which relates to the Department of Environmental Conservation's power to detain or embargo fish or fish products that are dangerous or fraudulent.

Sec. 64. Amends AS 17.20.230 to give the Department of Agriculture and Food the power to detain or embargo agricultural food that is adulterated or misbranded in a manner that is dangerous or fraudulent.

Sec. 65. Amends AS 17.20.240 Adding the Department of Agriculture and Food to the departments that can petition for condemnation of a food.

Sec. 66. Amends AS 17.20.240 to allow the Department of Agriculture and Food to destroy adulterated or misbranded goods under its purview.

Sec. 67. Amends AS 17.20.260 gives the Department of Agriculture the oversight of relabeling of misbranded food items under the department's purview.

Sec. 68. Amends AS 17.20.260 to gives the Department of Agricultural and Food the oversight of destruction of contaminated food items under the department's purview.

Sec. 69. Amends AS 17.20.290(b) Giving the Department of Agriculture and Food the ability to apply to the superior court for injunctions against person's violating provisions of this chapter.

Sec. 70. Amends AS 17.20.290(b) , which relates to enforcement action taken on prohibited acts by DEC, to limit the food-related acts to fish, fisheries products, and retail food establishments.

Sec. 71. Amends AS 17.20.290 to add an enforcement action equivalent to subsection (b) to cover DOAF's enforcement action authority.

Sec. 72. Amends AS 17.20.315(c) gives the Department of Agriculture and Food the power to impose civil fines for serious violations of this chapter.

Sec. 73. Amends AS 17.20.350, to state that nothing in this chapter requires the Department of Agriculture and Food to report minor violations.

Sec. 74. Amends AS 17.20.360 to make a change to conform the section to the new division of responsibilities between the departments.

Sec. 75. Amends AS 17.20.370 to add definitions to AS 17.20 for "agricultural food" and "retail food establishments".

Sec. 76. Amends AS 18.65.340(f) to make a conforming change.

Sec. 77. Amends AS 37.05.146(c)(55) to include DOAF food inspection receipts in a specific category of program receipts and to reflect the change in the division of responsibilities under AS 17.20.

Sec. 78. Amends AS 38.07.030(a), which relates to the clearing and draining of agricultural land, to change the responsibility to DOAF.

Sec. 79. Amends AS 44.17.005 to list the new DOAF as a principal department of the state.

Sec. 80. Amends AS 44.27.020(a) to remove agriculture and soil conservation from DNR's responsibility.

Sec. 81. Amends AS 44.46.020(a), which relates to DEC's duties, to limit the application of certain provisions because DOAF will be performing some activities in the same general categories.

Sec. 82. Amends AS 44.46.025(a), which relates to DEC's powers, to limit the application of certain provisions to reflect DEC's new food and animal related responsibilities under AS 03.05 and AS 17.20.

Sec. 83. Adds a new chapter to establish the new DOAF department.

Section 44.48.010. Establishes the commissioner of DOAF as the principal executive officer of DOAF.

Sec. 44.48.020. Establishes the duties of the DOAF.

Sec. 44.48.030. Authorizes DOAF to establish reasonable fees for its services relating to DOAF's responsibilities under AS 03 and AS 17.20. Prohibits DOAF from charging a fee for a service provided by a municipality under a delegation of authority from the municipality. Prohibits DOAF from charging a fee for a service provided under AS 03.05 to a school.

Sec. 44.48.090. Defines a term for the new chapter.

Sec. 84. Amends AS 44.62.330(a)(16) to add DOAF to the agencies enforcing AS 17.20 and that are subject to the general administrative adjudication provisions of AS 44.62.330 - 44.62.630 (part of the state's Administrative Procedure Act).

Sec. 85. Amends AS 44.62.330(a)(34) to change to DOAF the agency identified as subject to the general administrative adjudication provisions of AS 44.62.330 - 44.52.630 (part of the state's Administrative Procedure Act) concerning the Alaska grain reserve program under former AS 03.12.

Sec. 86. Repeals certain laws.

Sec. 87 Authorizes the DOAF, DEC, and DNR to begin adopting, amending, and repealing regulations as necessary to implement this Act.

Sec. 88. Makes bill sec. 87 effective immediately

Sec. 89. Makes the bill effective July 1, 2014, except as provided in bill sec. 88.

In the first committee packet there was a budget document titled Agriculture Revolving Loan Fund (ARLF), dated Feb. 28, 2011. Which we were told was not accurate. We received a different set of numbers from the Division titled Agricultural Revolving Loan Fund Cash Flow Projections.

Question: Can you describe the differences in the two sets of numbers?

Question: Who prepared the second cash flow projections document?

Question: What variables are included in the cash flow projections? (Future sale of ARLF Palmer Mat Maid property) (Refinances of bad debts)(Future loan activity)

Question: Why is there a sudden drop in projected loan activity (FY10, 3,285.000 FY11, 2,400.000 FY12 1,500.000?)

Question: Are all the current loans that are approved and in process for this year included in the cash flow projections?

Question: On Page 4 of the ARLF Program Administration Summary I see that the funding sources are the Agricultural loan fund. Why is there such a large increase from FY2010 1,511.8 to FY2011 2,486.0.

(at line 74000 commodities went from 737.0 to 1,495.7)

Question: On page 14 of the ARLF budget detail I see line number 74490 (commodities) listed as meat processing cost. But it also includes things like Agricultural supplies, seed, fertilizer, herbicides, and insecticides. What does that have to do with meat processing?

Question: On the same line 74490, FY2010 costs are listed as 37.0 and for FY2011 the cost is 362.0. Why is there such a large increase? Are we using Insecticides to slaughter cows? Is the Division growing hay?

Note: That the Division's projections for Mt. McKinley Meat Plant expenses are at \$1,400,000 and the income from sales is projected at \$1,250,000. A difference of about \$150,000.

Note: In the Governor's budget, the Personal services expenditures (PCN or jobs) for administration of ARLF are \$512.375 FY2012 seems high to make \$1.5 million in loans as projected by the Division's projections.

Question: Is the Board of Agriculture and conservation responsible for managing the ARLF and its assist? Did they pass a resolution requesting that the fund be recapitalized?

**Agriculture Revolving Loan Program Administration
Component Financial Summary**

All dollars shown in thousands

	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	453.6	471.7	504.7
72000 Travel	6.7	24.0	24.0
73000 Services	314.5	494.6	494.6
74000 Commodities	737.0	1,495.7	1,489.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,511.8	2,486.0	2,512.3
Funding Sources:			
1021 Agricultural Loan Fund	1,511.8	2,486.0	2,512.3
Funding Totals	1,511.8	2,486.0	2,512.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	3,339.3	0.0	0.0
Unrestricted Total		3,339.3	0.0	0.0
Restricted Revenues				
None.		0.0	0.0	0.0
Restricted Total		0.0	0.0	0.0
Total Estimated Revenues		3,339.3	0.0	0.0

**Component Detail All Funds
Department of Natural Resources**

Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

	FY2010 Actuals	FY2011 Conference Committee (Final)	FY2011 Authorized	FY2011 Management Plan	FY2012 Governor	FY2011 Management Plan vs FY2012 Governor	
71000 Personal Services	453.6	463.2	463.2	471.7	504.7	33.0	7.0%
72000 Travel	6.7	24.0	24.0	24.0	24.0	0.0	0.0%
73000 Services	314.5	494.6	494.6	494.6	494.6	0.0	0.0%
74000 Commodities	737.0	1,504.2	1,504.2	1,495.7	1,489.0	-6.7	-0.4%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	1,511.8	2,486.0	2,486.0	2,486.0	2,512.3	26.3	1.1%
Fund Sources:							
1021 Agric Loan	1,511.8	2,486.0	2,486.0	2,486.0	2,512.3	26.3	1.1%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	1,511.8	2,486.0	2,486.0	2,486.0	2,512.3	26.3	1.1%
Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	5	5	5	5	5	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Personal Services Expenditure Detail
Department of Natural Resources

Scenario: FY2012 Governor (8665)
Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
10-3052	Office Assistant II	FT	A	GP	Palmer	200	10G	12.0		38,076	0	0	29,027	67,103	0
10-3064	Loan/Collection Off I	FT	A	GP	Palmer	200	16O	12.0		72,084	0	0	41,001	113,085	0
20-6122	Corr Indus Prod Mgr II	FT	A	GP	Palmer	200	18N	12.0		79,404	0	0	43,578	122,982	0
20-6169	Corr Indus Prod Mgr I	FT	A	GP	Palmer	200	16M	12.0		66,972	0	0	39,201	106,173	0
20-6425	Corr Indus Prod Mgr I	FT	A	GP	Palmer	200	16L / M	12.0		64,649	0	0	38,383	103,032	0
													Total Salary Costs:	321,185	
													Total COLA:	0	
													Total Premium Pay::	0	
													Total Benefits:	191,190	
													Total Pre-Vacancy:	512,375	
													Minus Vacancy Adjustment of 1.50%:	(7,677)	
													Total Post-Vacancy:	504,698	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	504,698	
Total Component Months:		60.0													

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1021 Agricultural Loan Fund	512,375	504,698	100.00%
Total PCN Funding:	512,375	504,698	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail
Department of Natural Resources
Commodities

Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
74000	Commodities		737.0	1,495.7	1,489.0
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
74000 Commodities Detail Totals			737.0	1,495.7	1,489.0
74226	Equipment & Furniture	ARLF furniture replacement.	2.2	2.9	1.5
74229	Business Supplies	Office supplies, forms, photo supplies, aerial photos, maps, duplication materials/paper/developer, data processing and computer supplies.	3.7	5.7	5.7
74233	Info Technology Equip	Information technology equipment, PC computer, monitor, cables.	0.0	3.1	3.1
74235	Items For Resale	Mt. McKinley Meats live animal purchase for slaughter and resale.	49.9	249.5	248.6
74236	Subscriptions	Subscriptions	0.0	0.5	0.5
74481	Food Supplies	Meat purchases for resale.	633.8	836.9	836.9
74485	Cleaning	Janitorial supplies	3.2	15.2	15.2
74490	Non-Food Supplies	Meat processing, agricultural supplies, seed, fertilizer, herbicides, insecticides, ARLF asset feed supplies, related material necessary to manage Mt. McKinley meat plant operation.	37.0	362.0 14479	357.6
74691	Building Materials	Structural repair supplies.	0.2	0.5	0.5
74700	Electrical	Electrical.	0.6	1.8	1.8
74701	Plumbing	Plumbing.	3.4	3.4	3.4
74754	Parts And Supplies	Repair and maintenance supplies including vehicle parts and parts for other equipment including field equipment components.	0.7	2.3	2.3
74759	Paint & Preservatives	Paints and preservatives.	0.0	1.6	1.6
74820	Sm Tools/Minor Equip	Hand tools.	1.4	7.9	7.9
74850	Equipment Fuel	Diesel, gasoline and oil.	0.5	0.5	0.5
74854	Vehicle (Commodities-Repair & Maint)	Vehicle repair, parts and maintenance.	0.4	1.9	1.9

Agricultural Revolving Loan Fund Cash Flow Projection
Interest Rate at S-3%, C-4%, F-4.5%
Loan \$2,400,000 in FY11, \$1,500,000 in FY12-FY15

FSS Projections

	Actual	Estimates				
	FY10	FY11	FY12	FY13	FY14	FY15
Beginning Cash Balance	5,864,683	\$4,653,390	\$5,125,622	\$5,555,232	\$5,484,725	\$5,372,633
Operating						
Cash Inflows						
Principal & interest payments - Note 1	2,284,992	2,985,036	2,099,264	2,099,149	2,057,669	2,116,026
Leases	26,326	20,726	3,926	3,926	3,926	3,926
Late payment penalties (ave 0.3% of total pmts)	4,008	7,745	5,419	5,419	5,312	5,462
Settlements on defaulted loans	0	0	0	0	0	0
Fees services forfeitures	254,000	1,000	1,000	1,000	1,000	1,000
Cash Outflows						
Loan Disbursements	(3,285,000)	(2,400,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
ARLF Operating expenses	(404,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Return of Deposit	0	(62,275)	0	0	0	0
Fiscal Year End adjustments	(29,619)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Operating Change in Cash	(1,149,293)	22,232	79,609	79,494	37,907	96,415
Non- Operating						
Cash Inflows						
Transfer of Creamery Corp. Assets	0	0	500,000	0	0	0
Creamery Corp. Equipment Lease	0	0	0	0	0	0
Transfer from General Fund	0	600,000	0	0	0	0
Sale of Assets - Note 3	125,000	0	0	0	0	0
Mt. McKinley Meat Plant Revenues - Note 2	1,068,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Cash Outflows						
Mt. McKinley Meat Expenses Plant - Note 2	(1,255,000)	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)
Non-Operating Change in Cash	(62,000)	450,000	350,000	(150,000)	(150,000)	(150,000)
Net Change in Cash	(1,211,293)	472,232	429,609	(70,506)	(112,093)	(53,585)
Ending Cash Balance	4,653,390	5,125,622	5,555,232	5,484,725	5,372,633	5,319,047

Note 1 - Based on all current loans plus future loans at S-3%, C-4%, F-4.5% for FY11 through FY15.

Note 2 - The loss listed for the Mt. McKinley Meat Plant is an estimate based on the last 5-year average.

Note 3 - All proceeds from prior financed sales are included in Principal and Interest payments.

Loan Activity allocated as follows based on an average of all current loans:

C-loans = 12% of total loans over 7 years

F-loans = 0% of total loans over 12 years

L-loans = 0% of total loans over 20 years

F-loans = 45% of total loans over 30 years

S-loans = 43% of total loans over 1 year

P-loans = 0% of total loans over 20 years

AGRICULTURAL REVOLVING LOAN FUND (ARLF)

Financial Summary as of February 28, 2011

Fiscal Year July 1 – June 30

\$4,700,000	Cash Balance
(500,000)	FY11 Balance ARLF Operating Expense
(325,000)	FY11 ARLF Approved Loans Undisbursed
(450,000)	FY11 ARLF Loans Pending Approval
\$3,425,000	FY11 End ARLF Cash Balance (Assuming no FY11 additional new loans)
(1,500,000)	FY12 ARLF Annual Operating Expenses
(2,500,000)	FY12 ARLF Annual New Loans
600,000	FY12 ARLF Annual Interest Revenue
\$ 25,000	FY12 End ARLF Cash Balance

Variables

\$ 500,000	Creamery Corp cash assets transfer to ARLF - CAPITAL
\$1,000,000	ARLF Asset Disposal Palmer MatMaid real property – CAPITAL, unlikely to be immediate capital as it may not be sold OR sale may be financed by the ARLF
	MMM& S operation loss –EXPENSE
	ARLF Bad Debt - EXPENSE

ARLF Annual Loan Activity – Does not include refinances of ARLF loans

FY11 \$1,900,000 (2/28/2011)

FY10 \$3,500,000

FY09 \$2,500,000

Key Provisions of Dept. of Agriculture from the Alaska Farm Bureau, Inc.

Using the current budget for the Division of Agriculture, we propose forming a Dept. of Agriculture for Alaska to more effectively guide agricultural policy during this critical time. Alaska is far too reliant on importation of food. When a disruption of the transportation occurs, which happens all too regularly, Alaskans suffer. This is especially obvious in the remote rural areas, but the major impacts would be felt in the urban centers, simply because the majority of Alaskans live there.

The state suffers from the lack of attention to agriculture. Let us consider that with agricultural products on the farms, storage barns, and feedlots of Alaskans, we become more able to weather the effects of natural disasters or widespread pandemic. Alaskan farms can produce the variety of food needed to provide a balanced diet.

What we lack is a focused agency that houses the needed services that government can and should provide. Inspection of locally produced food and processing is currently under DEC, as is the state veterinary. We believe moving both these functions back to Agriculture would greatly facilitate the development of agriculture and the attendant processing needs. There is a simple, but powerful difference the attitudes of facilitation and regulation exert on the business climate.

To this end, we suggest the following adjustments:

Creation of a Department of Agriculture – DNR is rightfully absorbed with oil, gas, and mining. There is no time and very little support for agriculture in the shadow of these topics. Yet feeding our citizens healthy, nutritious food and securing its supply for Alaska is important enough to warrant a higher level of support from the administration.

1. Under the Dept. of Agriculture, inspection services of all agricultural products and State Veterinary services would be transferred from DEC along with the budgets for those services.
2. ARLF would remain with the Dept. of Agriculture. This is important because banks will not lend on land subject to ag covenants. Therefore, lending options for ag producers are limited. Not only does the ARLF lend on farm enterprises, because it is housed under agriculture, there is a better understanding for the ag of the risks and opportunities relating to agriculture than other state loan programs have.
3. Plant Material Center (PMC) functions would continue with the new Department of Agriculture to develop and propagate seed for agriculture.
4. Oversight of all land classified for agricultural development will be moved to the Dept. of Agriculture. Alaska has a limited amount of land suitable for agriculture, much of which has been designated as such. When a borough, municipality, or the University receives land, those ag covenants do not transfer with the land. This reduces the amount of land available for growing agriculture. The state land

designated for ag development that currently remains, must be protected from losing those covenants. The Dept. of Agriculture is the logical entity to identify land for disposal to the private sector for development. They need to have funding to survey it, put in pioneer access to it, and dispose of it to people interested in farming and ranching.

5. Budget

- a. Recapitalize ARLF and stop funding operations from the loan fund. The fund was set up to revolve, however some operational cost are drawn from the loan fund, resulting in a gradual decline of money available for lending to farming operations.
- b. Fund all Dept of Agriculture functions from budget, including Mt. McKinley Meats, the loan officer positions, and any other expenditures currently being drawn from the ARLF. This legitimizes the functions performed by the Dept. of Agriculture with a budget, and preserves the corpus of the revolving loan fund.
- c. Include agriculture education in budget. This might be funded from a percentage of the sale agricultural land, but it is important that the next generation be informed about where their food comes from and what they can do to participate in that process or else food production in Alaska will only last for one generation.
- d. Statutory regulations regarding loan policies.

6. Develop a Food Safety plan for Alaska. The Department of Agriculture will develop a plan to address food security in Alaska by providing for the expansion of local production. There is no other method of ensuring our food security because all other sources depend on the same transportation system we currently depend on. Food produced in Alaska and stored in the vegetable barns and cellars, grain bins, feedlots, dairies, and ranges of Alaska are 2500 miles closer to their end user, greatly facilitating access to food in the event of a transportation disruption. Several aspects of this plan need to be put in place while there is time including:

- a. The scheduled sale of ag land. State owned land is not producing land. It must be put into the hands of farmers who are determined to work it and produce on it.
- b. Regulations need to be designed to encourage a cottage industry for food production and processing. Small scale operations will provide the pool from which larger operations will emerge as they see growth in their markets. One model for accomplishing this is in Oregon, which allows a small producer to sell to neighbors.
- c. The Dept. of Agriculture can play an important role in facilitating small scale infrastructure development including mobile processing, inspections, land disposal, village food production projects, and farm financing. It is critical that through it all, the Dept. of Agriculture stay focused on improving our food security by facilitating growth of agriculture.
- d. The Department of Agriculture must proactively renew expiring livestock leases in a timely manner. Livestock leases are integral to the red meat industry, which is vital to our food security. Some producers have been

waiting years to get their leases renewed while the state determines what the wisest and best use of the land is and whether the lease cost need to be raised. Boiled down to the essentials, the Dept. of Agriculture will recognize that:

- Grazing leases are indicative of Agricultural land, therefore it has already been determined that agriculture is the highest and best use for it.
- Improvements made by the leaseholder should be credited toward the lease price, not charged extra for. In other words, when a rancher has put in livestock wells or working facilities, he should not be charged extra for them by the state when the lease comes up for renewal since the state had no part in making the improvements. Instead, the improvements should weigh in favor of the rancher as evidence that he is a good risk.
- Preference rights should be allowed if the current leaseholder continues to raise animals. This encourages the rancher to invest in improvements because the expenses can be amortized over a longer period of time.
- New leases should be for a minimum of 20 years to allow reasonable stability for financing improvements and making management decisions such as increasing his herd.

AGRICULTURAL REVOLVING LOAN FUND
Fiscal Summary

FISCAL YEAR	APPROPRIATION		INCEPTION TO DATE TOTAL	STATUTORY AUTHORIZATION AND CHANGES
	ADDITION	WITHDRAWAL		
1978	400,000		4,040,000	Irrigation loans @ 6%
1979	200,000		4,240,000	Farm development limit raised to \$500,000; chattel limit raised to \$300,000; short-term limit raised to \$100,000 AS 03-10-030(e) 15-day delinquency; 7% penalty; AS 03.10.035 Use or Disposal of Mortgaged Farm Land
1980	4,000,000 6,800,000	(1,200,000)	13,840,000	\$1.2 million taken for fire fighting AS 03.10.030(f) Product processing loans with \$2,500,000 limit; repeal authority to sell loans
1981	6,160,000 8,500,000		28,500,000	
1982	14,000,000		42,500,000	
1983	10,000,000		52,500,000	
1984	10,000,000		62,500,000	Appropriated \$1 million for Grain Reserve Loan Program
1985	5,000,000		67,500,000	
1986	2,500,000		70,000,000	
1988		(6,762,000)	63,238,000	AS 03.10.050 Good Borrower Credit program instituted; AS 03.10.033 Restructure of agricultural debt
1989		(1,462,000) (460,314)	61,315,686	\$460,314 in GF expenditures paid by ARLF
1990		(1,000,000) (253,888)	60,061,797	Moratorium on loans - Delta Area \$253,888 in GF expenditures paid by ARLF
1993		(180,500)	59,881,297	\$180,500 in GF expenditures paid by ARLF
1994		(180,900)	59,700,397	\$180,900 in GF expenditures paid by ARLF
1995		(203,361)	59,497,036	\$203,361 in GF expenditures paid by ARLF
1996		(455,487)	59,041,549	\$455,487 in GF expenditures paid by ARLF
1997		(1,110,730)	57,930,818	\$1,110,730 in GF expenditures paid by ARLF

**AGRICULTURAL REVOLVING LOAN FUND
Fiscal Summary**

FISCAL YEAR	APPROPRIATION		INCEPTION TO DATE TOTAL	STATUTORY AUTHORIZATION AND CHANGES
	ADDITION	WITHDRAWAL		
1998		(951,222)	56,979,596	Moratorium on loans affected by Mt. McKinley Meat Plant fire \$951,222 in GF expenditures paid by ARLF
1999		(910,302)	56,069,294	\$910,302 in GF expenditures paid by ARLF
2000		(899,501)	55,169,793	\$899,501 in GF expenditures paid by ARLF
2001		(1,055,916)	54,113,877	\$1,055,916 in GF expenditures paid by ARLF
2002		(1,163,478)	52,950,399	\$1,163,478 in GF expenditures paid by ARLF
2003		(1,056,783)	51,893,616	\$1,056,783 in GF expenditures paid by ARLF
2004		(1,436,874)	50,456,743	\$1,436,874 in GF expenditures paid by ARLF
2005		(649,743)	49,806,999	\$649,743 in GF expenditures paid by ARLF
2006		(860,680)	48,946,320	\$860,680 in GF expenditures paid by ARLF
2007		(831,615)	48,114,705	\$831,615 in GF expenditures paid by ARLF
2008		(1,505)	48,113,201	\$1,505 in GF expenditures paid by ARLF (FY07 Appropriation expended in FY08)
2009		0	48,113,201	No GF expenditures paid by ARLF
2010	600,000	0	48,113,201	\$600,000 Creamery Corporation appropriation to ARLF. No GF expenditures paid by ARLF
TOTAL	71,800,000	(23,086,799)	48,713,201	

(12,662,799) Total GF Expenditures from 1989

NOTE: If the fiscal year is not shown it means that there were no appropriations for that particular year and there were no GF expenditures paid by ARLF for that year.

AGRICULTURAL REVOLVING LOAN FUND (ARLF)

Financial Summary as of February 28, 2011

Fiscal Year July 1 – June 30

\$4,700,000	Cash Balance
(500,000)	FY11 Balance ARLF Operating Expense
(325,000)	FY11 ARLF Approved Loans Undisbursed
(450,000)	FY11 ARLF Loans Pending Approval
\$3,425,000	FY11 End ARLF Cash Balance (Assuming no FY11 additional new loans)
(1,500,000)	FY12 ARLF Annual Operating Expenses
(2,500,000)	FY12 ARLF Annual New Loans
600,000	FY12 ARLF Annual Interest Revenue
\$ 25,000	FY12 End ARLF Cash Balance

Variables

\$ 500,000	Creamery Corp cash assets transfer to ARLF - CAPITAL
\$1,000,000	ARLF Asset Disposal Palmer MatMaid real property – CAPITAL, unlikely to be immediate capital as it may not be sold OR sale may be financed by the ARLF
	MMM& S operation loss –EXPENSE
	ARLF Bad Debt - EXPENSE

ARLF Annual Loan Activity – Does not include refinances of ARLF loans

FY11 \$1,900,000 (2/28/2011)

FY10 \$3,500,000

FY09 \$2,500,000

Summary of Fiscal Notes for HB191 as of 4.6.11

Note #	Dept.	Svc.	Amount 2015	
1	OMB	Lab Service	***	
2	OMB	Ag. Development	2,503.60	
3	OMB	ARLF	2,512.30	
4	OMB	Plant materials	2,266.50	
5	DNR	Admin Svcs.	106.80	
6	DNR	DNR Fac. Rent	(54.00)	
7	DNR	HR	(23.10)	
8	DNR	IT	(29.70)	
9	DNR	Ag. Development	(2,503.60)	
10	DNR	ARLF	(2,512.30)	
11	DNR	Plant materials	(2,266.50)	
12	OMB	Admin Svcs.	1,326.80	13 staff - on going
13	OMB	Office Commisioner	775.00	Commissioner's Office - on going
14	DEC	Lab Svcs.	***	

2015 Costs reflected in FNs

2,101.80

Prepared by Rep. Thompson's office

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version HB 191
 () Publish Date _____

Identifier (file name) HB191-GOV-OMB-03-14-11 Dept. Affected Agriculture and Food
 Title Department of Agriculture and Food Appropriation Food Safety
 Allocation Laboratory Services
 Sponsor Thompson by request
 Requester Special Committee on Economic Development, Trade & Tourism OMB Component Number _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING					***	***	***

CAPITAL EXPENDITURES							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES							
---------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL					***	***	***

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time					***	***	***
Part-time					***	***	***
Temporary					***	***	***

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by John Boucher, Senior Economist
 Division Office of Management and Budget
 Approved by Karen J Rehfeld, Director
Office of Management and Budget

Phone 465-4677
 Date/Time 3/14/2011 11:00am
 Date 3/14/2011

FISCAL NOTE

**STATE OF ALASKA
2011 LEGISLATIVE SESSION**

BILL NO. HB 191

Analysis

HB 191 creates a new Department of Agriculture and Food. Although it is clear that a portion of the existing programs and staff will be transferred from the Department of Environmental Conservation to the Department of Agriculture and Food, the Department of Environmental Conservation is currently unclear about what aspects of food safety regulatory responsibilities would be transferred to the Department of Agriculture and Food. This fiscal note is currently indeterminate.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB191
() Publish Date _____

Identifier (file name): HB191-GOV-OMB-3-11-11
Title State Department of Agriculture and Food Dept. Affected Agriculture and Food
Appropriation Agriculture Development
Allocation Agricultural Development
Sponsor THOMPSON
Requester HEDT OMB Component Number 455

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services					1,600.8		
Travel					102.2		
Services					630.4		
Commodities					63.2		
Capital Outlay					7.0		
Grants					100.0		
Miscellaneous							
TOTAL OPERATING		0.0	0.0	0.0	2,503.6	0.0	0.0

CAPITAL EXPENDITURES							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES							
---------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts					753.1		
1003 GF Match							
1004 GF					1,202.8		
1005 GF/Program Receipts					1.5		
1037 GF/Mental Health							
Other:1108, 1153					546.2		
TOTAL		0.0	0.0	0.0	2,503.6	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time					15		
Part-time					1		
Temporary					1		

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version, not applicable.

Prepared by John Boucher
Division OMB
Approved by Karen Rehfeld
OMB

Phone 465-4677
Date/Time 3/15/11 12:00 AM
Date 3/15/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food. This fiscal note is based on FY2012 Governor amended numbers.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB191
() Publish Date _____

Identifier (file name) HB191-GOV-OMB-3-15-11 Dept. Affected Agriculture and Food
Title State Department of Agriculture and Food Appropriation Agriculture Development
Allocation Agricultural Revolving Loan Program
Sponsor THOMPSON
Requester HEDT OMB Component Number 2235

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services					504.7		
Travel					24.0		
Services					494.6		
Commodities					1,489.0		
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING		0.0	0.0	0.0	2,512.3	0.0	0.0

CAPITAL EXPENDITURES							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES							
---------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other:1021 Agric Loan					2,512.3		
TOTAL		0.0	0.0	0.0	0.0	2,512.3	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Fulltime					5		
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by John Boucher
Division OMB
Approved by Karen Rehfeld
OMB

Phone 465-4677
Date/Time 3/15/11 12:00 AM
Date 3/15/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food . This fiscal note is based on FY2012 Governor amended numbers.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB191
() Publish Date _____

Identifier (file name) HB191-GOV-OMB-3-15-11
Title State Department of Agriculture and Food
Sponsor THOMPSON
Requester HEDT
Dept. Affected Agriculture and Food
Appropriation Agriculture Development
Allocation North Latitude Plant Material Center
OMB Component Number 2204

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services					1,667.9			
Travel					31.1			
Services					316.6			
Commodities					56.7			
Capital Outlay					194.2			
Grants								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	2,266.5	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts					370.0			
1003 GF Match								
1004 GF					1,610.8			
1005 GF/Program Receipts					16.2			
1037 GF/Mental Health								
Other: 1007, 1061, 1108					269.5			
TOTAL	0.0	0.0	0.0	0.0	2,266.5	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time					11			
Part-time					11			
Temporary					2			

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version, not applicable.

Prepared by John Boucher
Division OMB
Approved by Karen Rehfeld
OMB

Phone 465-4677
Date/Time 3/15/11 12:00 AM
Date 3/15/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food . These costs are based on FY2012

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB191
() Publish Date _____

Identifier (file name): HB191-DNR-HRC-3-15-11
Title Establish Department of Agriculture and Food
Sponsor _____ Rep. Thompson
Requester _____ HEDT
Dept. Affected Agriculture and Food
Appropriation Administration and Support
Allocation Administrative Services
OMB Component Number _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services					106.8		
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	106.8	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF					106.8		
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	0.0	0.0	0.0	0.0	106.8	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by John Boucher
Division OMB
Approved by Karen Rehfeld
OMB

Phone 465-4677
Date/Time 3/15/11 12:00 AM
Date 3/15/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources (DNR) to a newly created commissioner of the Department of Agriculture and Food.

This fiscal notes shows the allocation of general funds DNR pays to support the Agriculture Division in various Department of Administrating costs.

\$23,100 for Division of Personnel costs
\$29,660 for ETS Telecommunications EPR charges
\$54,000 for the Division of Agriculture lease costs.

This bill will take effect July 1, 2014.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB191
() Publish Date _____

Identifier (file name): HB191-DNR-FRC-3-15-11
Title Establish Department of Agriculture and Food
Sponsor _____ Rep. Thompson
Requester _____ HEDT
Dept. Affected Natural Resources
Appropriation Resource Development
Allocation DNR Fac. Rent/Chargeback
OMB Component Number 2423

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services						(54.0)		
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	(54.0)	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF						(54.0)		
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
TOTAL	0.0	0.0	0.0	0.0	0.0	(54.0)	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by Jean Davis, Director
Division Support Services
Approved by Daniel S. Sullivan
Department of Natural Resources

Phone 465-2422
Date/Time 3/15/11 12:00 AM
Date 3/15/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources (DNR) to a newly created commissioner of the Department of Agriculture and Food. DNR pays \$54,000/year in general fund from the allocation Facilities Rent/Chargeback to support the Division of Agriculture lease costs.

This bill will take effect July 1, 2014.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version HB191
 () Publish Date _____

Identifier (file name): HB191-DNR-HRC-3-15-11
 Title Establish Department of Agriculture and Food
 Sponsor Rep. Thompson
 Requester HEDT
 Dept. Affected Natural Resources
 Appropriation Resource Development
 Allocation Human Resources Chargeback
 OMB Component Number 2734

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services					(23.1)		
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	(23.1)	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1002 Federal Receipts						
1003 GF Match						
1004 GF				(23.1)		
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please identify)						
TOTAL	0.0	0.0	0.0	(23.1)	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by Jean Davis, Director
 Division Support Services
 Approved by Daniel S. Sullivan
Department of Natural Resources

Phone 465-2422
 Date/Time 3/15/11 12:00 AM
 Date 3/15/2011

FISCAL NOTE

**STATE OF ALASKA
2011 LEGISLATIVE SESSION**

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources (DNR) to a newly created commissioner of the Department of Agriculture and Food. DNR pays \$23,100 in general funds from the Human Resources Chargeback allocation to support the Department of Administration Division of Personnel costs for the Division of Agriculture.

This bill will take effect July 1, 2014.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB191
() Publish Date _____

Identifier (file name): HB191-ITC-3-15-11
Title Establish Department of Agriculture and Food
Sponsor Rep. Thompson
Requester HEDT
Dept. Affected Natural Resources
Appropriation Resource Development
Allocation Interdept. IT Chargeback
OMB Component Number 1650

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required		Information				
	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services					(29.7)		
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	(29.7)	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF					(29.7)		
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	0.0	0.0	0.0	0.0	(29.7)	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by Jean Davis, Director
Division Support Services
Approved by Daniel S. Sullivan
Department of Natural Resources

Phone 465-2422
Date/Time 3/15/11 12:00 AM
Date 3/15/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources (DNR) to a newly created commissioner of the Department of Agriculture and Food. DNR pays \$29,660 in general funds from the Interdepartment IT Chargeback allocation to support ETS Telecommunications EPR charges for the Division of Agriculture.

This bill will take effect July 1, 2014.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB191
() Publish Date _____

Identifier (file name): HB191-DNR-AG-3-11-11
Title State Department of Agriculture and Food
Sponsor THOMPSON
Requester HEDT
Dept. Affected Natural Resources
Appropriation Resource Development
Allocation Agricultural Development
OMB Component Number 455

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services					(1,600.8)		
Travel					(102.2)		
Services					(630.4)		
Commodities					(63.2)		
Capital Outlay					(7.0)		
Grants					(100.0)		
Miscellaneous							
TOTAL OPERATING		0.0	0.0	0.0	(2,503.6)	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts					(753.1)		
1003 GF Match							
1004 GF					(1,202.8)		
1005 GF/Program Receipts					(1.5)		
1037 GF/Mental Health							
Other:1108, 1153					(546.2)		
TOTAL		0.0	0.0	0.0	(2,503.6)	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time					(15)		
Part-time					(1)		
Temporary					(1)		

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version, not applicable.

Prepared by Franci Havemeister
Division Agriculture
Approved by Daniel S. Sullivan
Department of Natural Resources

Phone 761-3867
Date/Time 3/11/11 12:00 AM
Date 3/11/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food. This fiscal note is based on FY2012 Governor amended numbers.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB191
() Publish Date _____

Identifier (file name) HB191-DNR-ARLF-3-11-11 Dept. Affected Natural Resources
Title State Department of Agriculture and Food Appropriation Resouce Development
Allocation Agricultural Revolving Loan Program
Sponsor THOMPSON
Requester HEDT OMB Component Number 2235

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services					(504.7)		
Travel					(24.0)		
Services					(494.6)		
Commodities					(1,489.0)		
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING		0.0	0.0	0.0	(2,512.3)	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other:1021 Agric Loan					(2,512.3)		
TOTAL		0.0	0.0	0.0	0.0	(2,512.3)	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time					(5)		
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by Franci Havemeister
Division Agriculture
Approved by Daniel S. Sullivan
Department of Natural Resources

Phone 761-3867
Date/Time 3/11/11 12:00 AM
Date 3/11/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food . This fiscal note is based on FY2012 Governor amended numbers.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB191
() Publish Date _____

Identifier (file name) HB191-DNR-PMC-3-11-11
Title State Department of Agriculture and Food
Sponsor THOMPSON
Requester HEDT
Dept. Affected Natural Resources
Appropriation Resource Development
Allocation North Latitude Plant Material Center
OMB Component Number 2204

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services						(1,667.9)		
Travel						(31.1)		
Services						(316.6)		
Commodities						(56.7)		
Capital Outlay						(194.2)		
Grants								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	(2,266.5)	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						(370.0)		
1003 GF Match								
1004 GF						(1,610.8)		
1005 GF/Program Receipts						(16.2)		
1037 GF/Mental Health								
Other: 1007, 1061, 1108						(269.5)		
TOTAL		0.0	0.0	0.0	0.0	(2,266.5)	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time						(11)		
Part-time						(11)		
Temporary						(2)		

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version, not applicable.

Prepared by Franci Havemeister
Division Agriculture
Approved by Daniel S. Sullivan
Department of Natural Resources

Phone 761-3867
Date/Time 3/11/11 12:00 AM
Date 3/11/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food. This fiscal note is based on FY2012 Governor amended numbers.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB 191
() Publish Date _____

Identifier (file name) HB191-GOV-OMB-03-14-11
Title Department of Agriculture and Food Dept. Affected Agriculture and Food
Appropriation Administration and Support
Allocation Administrative Services
Sponsor Thompson by request
Requester Special Committee on Economic Development, Trade & Tourism OMB Component Number _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services					1,121.8	1,121.8	1,121.8	
Travel					15.0	15.0	15.0	
Services					175.0	175.0	175.0	
Commodities					15.0	15.0	15.0	
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	1,326.8	1,326.8	1,326.8
CAPITAL EXPENDITURES								
CHANGE IN REVENUES								

FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1002 Federal Receipts							
1003 GF Match							
1004 GF					1,326.8	1,326.8	1,326.8
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	0.0	0.0	0.0	0.0	1,326.8	1,326.8	1,326.8

Estimate of any current year (FY2011) cost _____

POSITIONS

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Full-time					13	13	13
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by John Boucher, Senior Economist
Division Office of Management and Budget
Approved by Karen J. Rehfeld, Director
Office of Management and Budget

Phone 465-4677
Date/Time 3/14/2011 11:00am
Date 3/14/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 191

Analysis

HB 191 creates a new Department of Agriculture and Food. Although the programs and staff will be transferred from the Departments of Environmental Conservation and Natural Resources, an entirely new Office of the Commissioner and Division of Administrative Services will be created.

Funding and staffing are based on Office of the Commissioner staffs and funding in other departments. These are preliminary estimates only and would need to be refined closer to the actual set-up of the Office. This estimate excludes any initial set-up costs for the new office or the additional lease space required, which would increase the costs on a one-time basis in FY2015.

The 13 positions requested are:

Division Director (range 27A)	145,544
Budget Analyst III (range 19A)	94,199
Administrative Assistant II (range 14A)	71,062
Procurement Specialist III (rang 18A)	88,958
Supply Technician II (range 12A)	64,442
Accountant IV (range 20A)	101,770
Accounting Tech III (range 16A)	79,272
Accounting Tech II (range 14A)	71,062
Accounting Tech II (range 14A)	71,062
Accounting Tech I (range 12A)	64,442
Micro/Network Spec II (range 20A)	101,772
Micro/Network Spec I (range 18A)	88,958
Micro/Network Tech II (range 16A)	79,272
(vacancy adjustment)	(13)
Estimated Personal Services Costs	1,121,813

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB 191
() Publish Date _____

Identifier (file name) HB191-GOV-OMB-03-14-11 Dept. Affected Agriculture and Food
Title Department of Agriculture and Food Appropriation Administration and Support
Allocation Office of the Commissioner
Sponsor Thompson by request
Requester Special Committee on Economic Development, Trade & Tourism OMB Component Number _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services					630.0	630.0	630.0	
Travel					30.0	30.0	30.0	
Services					100.0	100.0	100.0	
Commodities					15.0	15.0	15.0	
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	775.0	775.0	775.0	
CAPITAL EXPENDITURES								
CHANGE IN REVENUES								

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF					775.0	775.0	775.0	
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
TOTAL	0.0	0.0	0.0	0.0	775.0	775.0	775.0	

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time					5	5	5
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by John Boucher, Senior Economist
Division Office of Management and Budget
Approved by Karen J Rehfeld, Director
Office of Management and Budget

Phone 465-4677
Date/Time 3/14/2011 11:00am
Date 3/14/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 191

Analysis

HB 191 creates a new Department of Agriculture and Food. Although the programs and staff will be transferred from the Departments of Environmental Conservation and Natural Resources, an entirely new Office of the Commissioner and Division of Administrative Services will be created.

Funding and staffing are based on Office of the Commissioner staffs and funding in other departments. These are preliminary estimates only and would need to be refined closer to the actual set-up of the Office. This estimate excludes any initial set-up costs for the new office or the additional lease space required, which would increase the costs on a one-time basis in FY2015.

The five positions requested are:

Commissioner (Range 30A)	205,910
Deputy Commissioner (range 28A)	170,409
Executive Secretary III (range 16A)	81,999
Special Assistant to the Commissioner II (range 21A)	108,175
Administrative Assistant (range 12A)	64,442
<u>Minus Vacancy adjustment of .02%</u>	<u>(135)</u>
Estimated Personal Services Line	630,000

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 27-LS0458\IM
Bill Version _____
() Publish Date _____

Identifier (file name) HB191-DEC-LS-03-11-11 Dept. Affected Environmental Conserv
Title Department of Agriculture and Food Appropriation Environmental Health
Allocation Laboratory Services
Sponsor Representative Thompson
Requester (H) Economic Development, Trade & Tourism Spec Comm. OMB Component Number 2065

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	***	***	***	***	***	***	***	***

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
TOTAL	***	***	***	***	***	***	***	***

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	***	***	***	***	***	***	***
Part-time	***	***	***	***	***	***	***
Temporary	***	***	***	***	***	***	***

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version

Prepared by Kristin Ryan, Director
Division Environmental Health
Approved by Dan Easton
Deputy Commissioner

Phone 907-269-7645
Date/Time 3/11/11 4:00 PM
Date 3/11/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 191

Analysis

The Department of Environmental Conservation is unclear about aspects of the food safety regulatory portions of this bill and which department would be responsible for them. The Department needs clarification before finalizing a fiscal note. For example, there are hundreds of food processors in Alaska (birch syrup, salsa, tortillas, potato chips, jam, candy, etc) that are not agricultural products but don't meet the definition of retail food.

**State of Alaska
FY2012 Governor's Operating Budget**

**Department of Natural Resources
Agriculture Revolving Loan Program Administration
Component Budget Summary**

Component: Agriculture Revolving Loan Program Administration

Contribution to Department's Mission

Promote and encourage development of an agriculture industry in Alaska.

Core Services

- The Board of Agriculture and Conservation (BAC) administers the Agricultural Revolving Loan Fund (ARLF) through the Division of Agriculture.

Results at a Glance

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)

END RESULT A: Sustained availability of financing for future agricultural development and expansion in Alaska. ARLF celebrated 57 years of service to Alaska in 2010.

- 47.43% loan to equity ratio in 2010 as compared to 44.75% loan to equity ratio in 2009.
- 2.1% delinquency in 2010 as compared to 1.6% delinquency rate in 2009.

Status of Strategies to Achieve End Result

- \$5,710,650 was approved in FY10 as compared to \$4,393,800 loaned in FY09.
- \$234,000 was returned to the ARLF in FY10 from the sale of asset property.

Major Activities to Advance Strategies

- | | |
|--|---|
| • Process new loan applications | • Recover foreclosed/repossessed collateral |
| • Process loan modification requests | • Facilitate settlements |
| • Inspect and evaluate collateral | • Provide protection of ARLF assets |
| • Close loan/modification requests | • Respond to informational requests |
| • Service loans, contracts, leases, accounts | • Provide asset management |
| • Manage default accounts | • Dispose of foreclosed/repossessed assets |

Key Component Challenges

Management continues to make efforts to minimize the draw on the fund by keeping delinquency rates low. Conventional financing is not generally available to agriculture in Alaska.

- Reduce Agricultural Revolving Loan Fund (ARLF) expenditures through efficiencies.
- Provide low interest rate loans for agricultural development.
- Sustain growth and expansion of the ARLF program.
- Sell Palmer asset property offered at \$975,000.
- Sell Delta Junction asset property offered at \$275,000.
- Sell Kenai asset property offered at \$19,500.
- Continue to look at ways to minimize losses at Mt. McKinley Meat & Sausage (MMM&S).

Significant Changes in Results to be Delivered in FY2012

- Update the ARLF procedures manual.
- Sell asset property and return \$1,269,500 to ARLF

Major Component Accomplishments in 2010

- The ARLF program celebrated 57 years of continued service to Alaska agriculture in August.
- The delinquency rate of the \$21.8 million ARLF loan portfolio is 2.1%.
- Promoted industry growth through competitive interest-rate loans to borrowers with viable business plans.

- Updated the ARLF loan application to an online entry format.
- Contributed to industry stability by providing continued financing for existing agricultural enterprises.

Statutory and Regulatory Authority

AS 03.09, AS 03.10

Contact Information
<p>Contact: Franci Havemeister, Director Phone: (907) 761-3867 Fax: (907) 745-7112 E-mail: Franci.Havemeister@alaska.gov</p>

**Agriculture Revolving Loan Program Administration
Component Financial Summary**

All dollars shown in thousands

	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	453.6	471.7	504.7
72000 Travel	6.7	24.0	24.0
73000 Services	314.5	494.6	494.6
74000 Commodities	737.0	1,495.7	1,489.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,511.8	2,486.0	2,512.3
Funding Sources:			
1021 Agricultural Loan Fund	1,511.8	2,486.0	2,512.3
Funding Totals	1,511.8	2,486.0	2,512.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	3,339.3	0.0	0.0
Unrestricted Total		3,339.3	0.0	0.0
Restricted Revenues				
None.		0.0	0.0	0.0
Restricted Total		0.0	0.0	0.0
Total Estimated Revenues		3,339.3	0.0	0.0

**Summary of Component Budget Changes
From FY2011 Management Plan to FY2012 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2011 Management Plan	0.0	2,486.0	0.0	0.0	2,486.0
Adjustments which will continue current level of service:					
-FY 2012 Personal Services increases	0.0	18.2	0.0	0.0	18.2
-FY 2011 Over/Understated GGU/SU salary adjustments	0.0	8.1	0.0	0.0	8.1
FY2012 Governor	0.0	2,512.3	0.0	0.0	2,512.3

**Agriculture Revolving Loan Program Administration
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2011 Management Plan	FY2012 Governor		
Full-time	5	5	Annual Salaries	321,185
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	191,190
			<i>Less 1.50% Vacancy Factor</i>	<i>(7,677)</i>
			Lump Sum Premium Pay	0
Totals	5	5	Total Personal Services	504,698

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Corr Indus Prod Mgr I	0	0	0	2	2
Corr Indus Prod Mgr II	0	0	0	1	1
Loan/Collection Off I	0	0	0	1	1
Office Assistant II	0	0	0	1	1
Totals	0	0	0	5	5

Component Detail All Funds
Department of Natural Resources

Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

	FY2010 Actuals	FY2011 Conference Committee (Final)	FY2011 Authorized	FY2011 Management Plan	FY2012 Governor	FY2011 Management Plan vs FY2012 Governor	
71000 Personal Services	453.6	463.2	463.2	471.7	504.7	33.0	7.0%
72000 Travel	6.7	24.0	24.0	24.0	24.0	0.0	0.0%
73000 Services	314.5	494.6	494.6	494.6	494.6	0.0	0.0%
74000 Commodities	737.0	1,504.2	1,504.2	1,495.7	1,489.0	-6.7	-0.4%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	1,511.8	2,486.0	2,486.0	2,486.0	2,512.3	26.3	1.1%
Fund Sources:							
1021 Agric Loan	1,511.8	2,486.0	2,486.0	2,486.0	2,512.3	26.3	1.1%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	1,511.8	2,486.0	2,486.0	2,486.0	2,512.3	26.3	1.1%
Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	5	5	5	5	5	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Natural Resources

Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2011 Conference Committee (Final) To FY2011 Authorized *****												
FY2011 Conference Committee	ConfCom	2,486.0	463.2	24.0	494.6	1,504.2	0.0	0.0	0.0	5	0	0
1021 Agric Loan		2,486.0										
Subtotal		2,486.0	463.2	24.0	494.6	1,504.2	0.0	0.0	0.0	5	0	0
***** Changes From FY2011 Authorized To FY2011 Management Plan *****												
ADN 10-1-5023 Transfer from Commodities to Personal Services to Maintain Acceptable Vacancy Factor	LIT	0.0	8.5	0.0	0.0	-8.5	0.0	0.0	0.0	0	0	0
This line item transfer moves authorization from commodities to personal services to reflect anticipated increases personal services expenditures due to step increases and to manage a reasonable vacancy rate.												
Economic factors such as weather, the price of feed, fertilizer, the national average paid for animals are all factors causing a natural up and down cycle of expenditures and the availability of meat. Additionally, institutions purchasing meat cycles due to the changing client base.												
Subtotal		2,486.0	471.7	24.0	494.6	1,495.7	0.0	0.0	0.0	5	0	0
***** Changes From FY2011 Management Plan To FY2012 Governor *****												
Realign Line Items to Maintain Vacancy Factor	LIT	0.0	6.7	0.0	0.0	-6.7	0.0	0.0	0.0	0	0	0
This line item transfer from commodities to personal services reflects anticipated increases in personal services expenditures due to step increases and allows for a reasonable vacancy rate.												
Economic factors such as weather, the price of feed, fertilizer, the national average paid for animals are all factors causing a natural up and down cycle of expenditures and the availability of meat. Additionally, institutions purchasing meat cycles due to the changing client base. The current downward cycle allows the excess authority in commodities to be transferred from commodities to personal services.												
If the transfer is not approved the Agricultural Revolving Loan Program component will be unable to meet its personal services obligations in FY12.												
FY 2012 Personal Services increases	SalAdj	18.2	18.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1021 Agric Loan		18.2										
This change record includes the following personal services increases: : \$18.2												

Change Record Detail - Multiple Scenarios With Descriptions
Department of Natural Resources

Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Alaska State Employees Assn (GGU) FY2012 Health Insurance Increased Costs : \$9.9												
Alaska State Employees Association (GGU) FY 12 COLA increases : \$8.4												
Alaska State Employees Association - ASEA Geographic Differential for GGU : \$-0.1												
FY 2011 Over/Understated GGU/SU salary adjustments												
	SalAdj	8.1	8.1	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1021 Agric Loan		8.1										
When the SU and GGU salary adjustments were calculated, errors were made that understated some GGU amounts and overstated some SU amounts. This change record identifies the over and under stated amounts associated with these calculations.: \$8.1												
Totals		2,512.3	504.7	24.0	494.6	1,489.0	0.0	0.0	0.0	5	0	0

Personal Services Expenditure Detail
Department of Natural Resources

Scenario: FY2012 Governor (8665)
Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
10-3052	Office Assistant II	FT	A	GP	Palmer	200	10G	12.0		38,076	0	0	29,027	67,103	0
10-3064	Loan/Collection Off I	FT	A	GP	Palmer	200	16O	12.0		72,084	0	0	41,001	113,085	0
20-6122	Corr Indus Prod Mgr II	FT	A	GP	Palmer	200	18N	12.0		79,404	0	0	43,578	122,982	0
20-6169	Corr Indus Prod Mgr I	FT	A	GP	Palmer	200	16M	12.0		66,972	0	0	39,201	106,173	0
20-6425	Corr Indus Prod Mgr I	FT	A	GP	Palmer	200	16L / M	12.0		64,649	0	0	38,383	103,032	0

	Total Positions	New	Deleted
Full Time Positions:	5	0	0
Part Time Positions:	0	0	0
Non Permanent Positions:	0	0	0
Positions in Component:	5	0	0

Total Component Months: 60.0

Total Salary Costs:	321,185
Total COLA:	0
Total Premium Pay:	0
Total Benefits:	191,190
Total Pre-Vacancy:	512,375
Minus Vacancy Adjustment of 1.50%:	(7,677)
Total Post-Vacancy:	504,698
Plus Lump Sum Premium Pay:	0
Personal Services Line 100:	504,698

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1021 Agricultural Loan Fund	512,375	504,698	100.00%
Total PCN Funding:	512,375	504,698	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail
Department of Natural Resources
Travel

Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
72000	Travel		6.7	24.0	24.0
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
72000 Travel Detail Totals			6.7	24.0	24.0
72100	Instate Travel	Field travel for inspections will help hold down the delinquency rate and help maintain repossessed properties. Administrative training for management and meetings. Travel including transportation, lodging and per diem. Board of Agriculture and Conservation has increased meetings held due to agendas that are more complex.	6.7	19.0	19.0
72400	Out Of State Travel	Travel including transportation, lodging and per diem. Includes travel for National (NASDA) and Western Association of State Departments of Agriculture (WASDA) and Western United States Trade Association (WUSATA).	0.0	5.0	5.0

Line Item Detail
Department of Natural Resources
Services

Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000	Services		314.5	494.6	494.6
Expenditure Account			FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000 Services Detail Totals			314.5	494.6	494.6
73025	Education Services	Alaska Revolving Loan Fund memberships and conferences.	0.0	1.4	1.4
73050	Financial Services	ARLF loan service fees, expense management and consulting.	3.0	6.9	6.9
73156	Telecommunication	Data communications, including phone and data line charges.	4.8	6.3	6.3
73225	Delivery Services	Postage, freight and courier costs. Lending activity and Board of Agriculture and Conservation information to the public. Meat plant postage to ship meat to institutions.	25.7	25.7	25.7
73450	Advertising & Promos	Printing materials, invoices, receipts, ARLF application and brochures, film for ARLF inspections, land sale printed material to the public, copy charges.	3.1	9.0	9.0
73525	Utilities	Utilities, heating oil, gas electric, waste disposal, water and sewer necessary to maintain assets and the Mt. McKinley meat plant.	87.2	108.3	108.3
73650	Struc/Infstruct/Land	Property and facility appraisal to facilitate asset disposals. Mt. McKinley Meat Plant facility repairs and maintenance.	6.3	13.5	13.5
73675	Equipment/Machinery	Minor repair and maintenance of vehicles and office equipment.	2.0	6.3	6.3
73750	Other Services (Non IA Svcs)	Professional services contracts, other professional services and special projects.	2.6	25.8	25.8
73750	Other Services (Non IA Svcs)	Protection of assets. Alaska Revolving Loan Fund is in the process of maintaining properties that are active and intended to be sold.	0.0	30.1	30.1
73804	Economic/Development (IA Svcs)	Correct Mt. McKinley Meat Plant inmate wages.	23.7	35.0	35.0

Line Item Detail
Department of Natural Resources
Services

Component: Agriculture Revolving Loan Program Administration (2235)

RDU: Resource Development (136)

Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011	FY2012 Governor	
				Management Plan		
73000 Services Detail Totals			314.5	494.6	494.6	
73804	Economic/Development (IA Svcs)	NatRes	ARLF Public Information Center (PIC) support.	0.6	0.6	0.6
73804	Economic/Development (IA Svcs)	NatRes	ARLF accounting support.	49.3	53.2	53.2
73804	Economic/Development (IA Svcs)	NatRes	ARLF CIC support.	0.1	0.9	0.9
73805	IT-Non-Telecommnctns	Admin	ETS Computer Service RSA.	2.9	2.8	2.8
73805	IT-Non-Telecommnctns	Admin	DOA microsoft contract.	0.8	0.9	0.9
73809	Mail	Admin	Central Mail RSA.	0.2	0.3	0.3
73810	Human Resources	Admin	Division of Personnel/Human Resource RSA.	0.6	0.3	0.3
73812	Legal	Law	Regulations RSA.	0.1	0.1	0.1
73812	Legal	Law	ARLF Legal Services to support the Board of Agriculture and Conservation (BAC) including the loan program.	67.7	110.0	110.0
73813	Auditing	Admin	Statewide Audit RSA.	0.0	0.1	0.1
73814	Insurance	Admin	Risk Management Public Official Bond RSA.	8.2	11.4	11.4
73814	Insurance	Admin	Risk Management Overhead RSA.	0.0	1.0	1.1
73814	Insurance	Admin	Risk Management Non-shared facilities	0.0	10.3	10.3
73815	Financial	Admin	Division of Finance AKSAS/AKPAY RSA	0.3	0.5	0.5
73816	ADA Compliance	Labor	ADA compliance RSA.	0.1	0.1	0.1
73819	Commission Sales (IA Svcs)	Admin	Central office travel fees.	0.1	1.5	1.5
73848	State Equip Fleet	Trans	Charges to state equipment fleet rolling stock. Vehicle and equipment expenses payable to Department of Transportation State Equipment Fleet.	25.1	32.3	32.2

Line Item Detail
Department of Natural Resources
Commodities

Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
74000	Commodities		737.0	1,495.7	1,489.0
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
74000 Commodities Detail Totals			737.0	1,495.7	1,489.0
74226	Equipment & Furniture	ARLF furniture replacement.	2.2	2.9	1.5
74229	Business Supplies	Office supplies, forms, photo supplies, aerial photos, maps, duplication materials/paper/developer, data processing and computer supplies.	3.7	5.7	5.7
74233	Info Technology Equip	Information technology equipment, PC computer, monitor, cables.	0.0	3.1	3.1
74235	Items For Resale	Mt. McKinley Meats live animal purchase for slaughter and resale.	49.9	249.5	248.6
74236	Subscriptions	Subscriptions	0.0	0.5	0.5
74481	Food Supplies	Meat purchases for resale. meat	633.8	836.9	836.9
74485	Cleaning	Janitorial supplies	3.2	15.2	15.2
74490	Non-Food Supplies	Meat processing, agricultural supplies, seed, fertilizer, herbicides, insecticides, ARLF asset feed supplies, related material necessary to manage Mt. McKinley meat plant operation.	37.0	362.0	357.6
74691	Building Materials	Structural repair supplies.	0.2	0.5	0.5
74700	Electrical	Electrical.	0.6	1.8	1.8
74701	Plumbing	Plumbing.	3.4	3.4	3.4
74754	Parts And Supplies	Repair and maintenance supplies including vehicle parts and parts for other equipment including field equipment components.	0.7	2.3	2.3
74759	Paint & Preservatives	Paints and preservatives.	0.0	1.6	1.6
74820	Sm Tools/Minor Equip	Hand tools.	1.4	7.9	7.9
74850	Equipment Fuel	Diesel, gasoline and oil.	0.5	0.5	0.5
74854	Vehicle (Commodities-Repair & Maint)	Vehicle repair, parts and maintenance.	0.4	1.9	1.9

Unrestricted Revenue Detail
Department of Natural Resources

Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

Master Account	Revenue Description	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
68515	Unrestricted Fund	3,339.3	0.0	0.0

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
64101	Late Fees		Late Fees	21606	4.0	0.0	0.0
64108	New Loan App Fees		New Loan App Fees	21606	1.2	0.0	0.0
64560	Misc Trans Charges		Misc. Tran Charges	21606	28.0	0.0	0.0
64750	Service Rendered Rec		Service Rendered Rec.	21606	120.3	0.0	0.0
64800	Sale Of Products		Sale of Products	21606	918.6	0.0	0.0
65310	Lease Of St Property		Lease of St. Prop.	21606	26.3	0.0	0.0
65519	Matanuska Maid Dairy		Mat Maid Dairy	21606	1,653.3	0.0	0.0
65756	Short Term Loan Int		Short Term Loan	21606	587.6	0.0	0.0

mount me meat

Inter-Agency Services
Department of Natural Resources

Component: Agriculture Revolving Loan Program Administration (2235)
RDU: Resource Development (136)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2010 Actuals	FY2011		
					Management Plan	FY2012 Governor	
73804	Economic/Development (IA Svcs)	Mt. McKinley Meat Plant inmate wages.	Inter-dept	Correct	23.7	35.0	35.0
73804	Economic/Development (IA Svcs)	ARLF Public Information Center (PIC) support.	Intra-dept	NatRes	0.6	0.6	0.6
73804	Economic/Development (IA Svcs)	ARLF accounting support.	Intra-dept	NatRes	49.3	53.2	53.2
73804	Economic/Development (IA Svcs)	ARLF CIC support.	Intra-dept	NatRes	0.1	0.9	0.9
73804 Economic/Development (IA Svcs) subtotal:					73.7	89.7	89.7
73805	IT-Non-Telecommnctns	ETS Computer Service RSA.	Inter-dept	Admin	2.9	2.8	2.8
73805	IT-Non-Telecommnctns	DOA microsoft contract.	Inter-dept	Admin	0.8	0.9	0.9
73805 IT-Non-Telecommnctns subtotal:					3.7	3.7	3.7
73809	Mail	Central Mail RSA.	Inter-dept	Admin	0.2	0.3	0.3
73809 Mail subtotal:					0.2	0.3	0.3
73810	Human Resources	Division of Personnel/Human Resource RSA.	Inter-dept	Admin	0.6	0.3	0.3
73810 Human Resources subtotal:					0.6	0.3	0.3
73812	Legal	Regulations RSA.	Inter-dept	Law	0.1	0.1	0.1
73812	Legal	ARLF Legal Services to support the Board of Agriculture and Conservation (BAC) including the loan program.	Inter-dept	Law	67.7	110.0	110.0
73812 Legal subtotal:					67.8	110.1	110.1
73813	Auditing	Statewide Audit RSA.	Inter-dept	Admin	0.0	0.1	0.1
73813 Auditing subtotal:					0.0	0.1	0.1
73814	Insurance	Risk Management Public Official Bond RSA.	Inter-dept	Admin	8.2	11.4	11.4
73814	Insurance	Risk Management Overhead RSA.	Inter-dept	Admin	0.0	1.0	1.1
73814	Insurance	Risk Management Non-shared facilities	Inter-dept	Admin	0.0	10.3	10.3
73814 Insurance subtotal:					8.2	22.7	22.8
73815	Financial	Division of Finance AKSAS/AKPAY RSA	Inter-dept	Admin	0.3	0.5	0.5
73815 Financial subtotal:					0.3	0.5	0.5
73816	ADA Compliance	ADA compliance RSA.	Inter-dept	Labor	0.1	0.1	0.1
73816 ADA Compliance subtotal:					0.1	0.1	0.1
73819	Commission Sales (IA Svcs)	Central office travel fees.	Inter-dept	Admin	0.1	1.5	1.5
73819 Commission Sales (IA Svcs) subtotal:					0.1	1.5	1.5
73848	State Equip Fleet	Charges to state equipment fleet rolling stock. Vehicle and equipment expenses payable to Department of Transportation State Equipment Fleet.	Inter-dept	Trans	25.1	32.3	32.2
73848 State Equip Fleet subtotal:					25.1	32.3	32.2
74226	Equipment & Furniture	ARLF furniture replacement.	Inter-dept		2.2	2.9	1.5
74226 Equipment & Furniture subtotal:					2.2	2.9	1.5

AGRICULTURAL REVOLVING LOAN FUND
Fiscal Summary

FISCAL YEAR	APPROPRIATION		INCEPTION TO DATE TOTAL	STATUTORY AUTHORIZATION AND CHANGES
	ADDITION	WITHDRAWAL		
1953	\$200,000		\$200,000	Fund created; authorized up to \$1,000,000 short-term loans not to exceed \$2,000 for 1-year terms at 6%; chattel loans not to exceed \$10,000 for 5-year terms at 5%; farm development loans not to exceed \$15,000 for up to 20-year terms at 4.5%
1955	150,000		350,000	Farm development limit raised to \$20,000 maximum
1957	125,000		475,000	
1959	100,000		575,000	
1960	75,000		650,000	
1961	200,000		850,000	Authorized fund increased to \$2,000,000; short-term limit raised to \$5,000; chattel limit raised to \$25,000; farm development limit raised to \$40,000
1962	200,000		1,050,000	
1964				Authorized to utilize TR and PER Funds
1966	45,000		1,095,000	Short-term limit raised to \$10,000; chattel limit raised to \$40,000 for 7 years at 6%; farm development limit raised to \$50,000 for 30 years at 5%
1967	45,000		1,140,000	Short-term limit raised to \$15,000; farm development limit raised to \$75,000 at 6%
1968	300,000		1,440,000	
1969	100,000		1,540,000	
1970	500,000 800,000		2,840,000	Special irrigation fund established with up to 20 years at 4%; chattel limits raised to \$100,000; farm development limit raised to \$150,000; authority to sell loans to Dept of Revenue Authorized fund increased to \$5,000,000
1971	200,000		3,040,000	Agreement with Commissioner for sale/purchase of loans @ 0.5% service fee
1975	200,000		3,240,000	Short-term limit raised to \$25,000; farm development loans @ 6%
1976	200,000		3,440,000	Farm development limit raised to \$200,000
1977	200,000		3,640,000	Loan Board re-established

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1978	400,000		4,040,000	Irrigation loans @ 6%
1979	200,000		4,240,000	Farm development limit raised to \$500,000; chattel limit raised to \$300,000; short-term limit raised to \$100,000 AS 03-10-030(e) 15-day delinquency; 7% penalty; AS 03.10.035 Use or Disposal of Mortgaged Farm Land
1980	4,000,000 6,800,000	(1,200,000)	13,840,000	\$1.2 million taken for fire fighting AS 03.10.030(f) Product processing loans with \$2,500,000 limit; repeal authority to sell loans
1981	6,160,000 8,500,000		28,500,000	
1982	14,000,000		42,500,000	
1983	10,000,000		52,500,000	
1984	10,000,000		62,500,000	Appropriated \$1 million for Grain Reserve Loan Program
1985	5,000,000		67,500,000	
1986	2,500,000		70,000,000	
1988		(6,762,000)	63,238,000	AS 03.10.050 Good Borrower Credit program instituted; AS 03.10.033 Restructure of agricultural debt
1989		(1,462,000) (460,314)	61,315,686	\$460,314 in GF expenditures paid by ARLF
1990		(1,000,000) (253,888)	60,061,797	Moratorium on loans - Delta Area \$253,888 in GF expenditures paid by ARLF
1993		(180,500)	59,881,297	\$180,500 in GF expenditures paid by ARLF
1994		(180,900)	59,700,397	\$180,900 in GF expenditures paid by ARLF
1995		(203,361)	59,497,036	\$203,361 in GF expenditures paid by ARLF
1996		(455,487)	59,041,549	\$455,487 in GF expenditures paid by ARLF
1997		(1,110,730)	57,930,818	\$1,110,730 in GF expenditures paid by ARLF

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1998		(951,222)	56,979,596	Moratorium on loans affected by Mt. McKinley Meat Plant fire \$951,222 in GF expenditures paid by ARLF
1999		(910,302)	56,069,294	\$910,302 in GF expenditures paid by ARLF
2000		(899,501)	55,169,793	\$899,501 in GF expenditures paid by ARLF
2001		(1,055,916)	54,113,877	\$1,055,916 in GF expenditures paid by ARLF
2002		(1,163,478)	52,950,399	\$1,163,478 in GF expenditures paid by ARLF
2003		(1,056,783)	51,893,616	\$1,056,783 in GF expenditures paid by ARLF
2004		(1,436,874)	50,456,743	\$1,436,874 in GF expenditures paid by ARLF
2005		(649,743)	49,806,999	\$649,743 in GF expenditures paid by ARLF
2006		(860,680)	48,946,320	\$860,680 in GF expenditures paid by ARLF
2007		(831,615)	48,114,705	\$831,615 in GF expenditures paid by ARLF
2008		(1,505)	48,113,201	\$1,505 in GF expenditures paid by ARLF (FY07 Appropriation expended in FY08)
2009		0	48,113,201	No GF expenditures paid by ARLF
2010	600,000	0	48,113,201	\$600,000 Creamery Corporation appropriation to ARLF. No GF expenditures paid by ARLF
TOTAL	71,800,000	(23,086,799)	48,713,201	

(12,662,799) Total GF Expenditures from 1989

NOTE: If the fiscal year is not shown it means that there were no appropriations for that particular year and there were no GF expenditures paid by ARLF for that year.

Agricultural Revolving Loan Fund Cash Flow Projection
Interest Rate at S-3%, C-4%, F-4.5%
Loan \$2,400,000 in FY11, \$1,500,000 in FY12-FY15

FSS Projections

	Actual	Estimates				
	FY10	FY11	FY12	FY13	FY14	FY15
Beginning Cash Balance	5,864,683	\$4,653,390	\$5,125,622	\$5,555,232	\$5,484,725	\$5,372,633
Operating						
Cash Inflows						
Principal & interest payments - Note 1	2,284,992	2,985,036	2,099,264	2,099,149	2,057,669	2,116,026
Leases	26,326	20,726	3,926	3,926	3,926	3,926
Late payment penalties (ave 0.3% of total pmts)	4,008	7,745	5,419	5,419	5,312	5,462
Settlements on defaulted loans	0	0	0	0	0	0
Fees, services, forfeitures	254,000	1,000	1,000	1,000	1,000	1,000
Cash Outflows						
Loan Disbursements	(3,285,000)	(2,400,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
ARLF Operating expenses	(404,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Return of Deposit	0	(62,275)	0	0	0	0
Fiscal Year End adjustments	(29,619)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Operating Change in Cash	(1,149,293)	22,232	79,609	79,494	37,907	96,415
Non-Operating						
Cash Inflows						
Transfer of Creamery Corp. Assets	0	0	500,000	0	0	0
Creamery Corp. Equipment Lease	0	0	0	0	0	0
Transfer from General Fund	0	600,000	0	0	0	0
Sale of Assets - Note 3	125,000	0	0	0	0	0
Mt. McKinley Meat Plant Revenues - Note 2	1,068,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Cash Outflows						
Mt. McKinley Meat Expenses Plant - Note 2	(1,255,000)	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)
Non-Operating Change in Cash	(62,000)	450,000	350,000	(150,000)	(150,000)	(150,000)
Net Change in Cash	(1,211,293)	472,232	429,609	(70,506)	(112,093)	(53,585)
Ending Cash Balance	4,653,390	5,125,622	5,555,232	5,484,725	5,372,633	5,319,047

Note 1 - Based on all current loans plus future loans at S-3%, C-4%, F-4.5% for FY11 through FY15.

Note 2 - The loss listed for the Mt. McKinley Meat Plant is an estimate based on the last 5-year average.

Note 3 - All proceeds from prior financed sales are included in Principal and Interest payments.

Loan Activity allocated as follows based on an average of all current loans:

C-loans = 12% of total loans over 7 years
I-loans = 0% of total loans over 12 years
L-loans = 0% of total loans over 20 years

F-loans = 45% of total loans over 30 years
S-loans = 43% of total loans over 1 year
P-loans = 0% of total loans over 20 years

Re: FW: HB 191 ARLF Document

From: [REDACTED]
Sent: Sun 4/03/11 6:27 PM
To: Bryce Wrigley (bjwrigley@gmail.com)
Cc: pete fellman (petefellman@hotmail.com)

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Subject: FW: HB 191 ARLF Document

Here is the corrected ARLF spread from Trevor.

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Jane,

- Please replace the prior ARLF document submitted as backup for HB 191 with the attached. Thanks.

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Legislative Liaison

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"To develop, conserve, and enhance natural resources for present and future Alaskans."

Re: HB 191 ARLF Document



Sent: Sun 4/03/11 7:01 PM

To: pete fellman (petefellman@hotmail.com); Bryce Wrigley (bjwrigley@gmail.com)

This ARLF Cash Flow Projection report is a report that has been done in the past internally with the other ARLF annual reports. It was submitted to the BAC with the other ARLF annual reports in order for them to see the over all picture of the ARLF cash flow AND to keep an eye on the ARLF's cash balance. This report was made public with all the other ARLF annual reports.

I believe this report provided a good tool for the Board to better manage the ARLF. Franci took this report responsibility away from me after the 2009 report disagreement and assigned it to FSS. FSS did not provide one to the Board with the 2010 annual reports.

I wonder if Franci will now provide this report to the BAC members.

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Sent: Sun 4/03/11 7:01 PM

To: pete fellman (petefellman@hotmail.com); Bryce Wrigley (bjwrigley@gmail.com)

This ARLF Cash Flow Projection report is a report that has been done in the past internally with the other ARLF annual reports. It was submitted to the BAC with the other ARLF annual reports in order for them to see the over all picture of the ARLF cash flow AND to keep an eye on the ARLF's cash balance. This report was made public with all the other ARLF annual reports.

I believe this report provided a good tool for the Board to better manage the ARLF. Franci took this report responsibility away from me after the 2009 report disagreement and assigned it to FSS. FSS did not provide one to the Board with the 2010 annual reports.

I wonder if Franci will now provide this report to the BAC members.

----- Original Message -----

From: pete fellman**To:** Bryce Wrigley; **Sent:** Sunday, April 03, 2011 5:43 PM**Subject:** RE: HB 191 ARLF Document

I'm not sure where they got these numbers, I think I understand what they are doing on the report but I've been going through the 2012 DNR budget looking for corresponding numbers and categories.. This is not a typical budget report at least not what I'm use to seeing in Juneau. Maybe Candy could explain the background of the in house report ? I sent you the State of Alaska FY2012 Governors operating budget report, I see 2.4 million (DGF) which is ARLF money. IT looks like the 1.5 mill listed as commodity in FY2012 is listed as loanDisbursements on the in house report.... I'm working on it

Date: Sun, 3 Apr 2011 16:28:00 -0800

Subject: Re: FW: HB 191 ARLF Document

From: bjwrigley@gmail.com

To: petefellman@hotmail.com



It looks like this projection is based on ARLF disbursements that are significantly lower than FY2010 and 2011. What is the basis for this reduction? By applying this reduced level of disbursements, the cash flow shows a slight reduction in the beginning balance every year, however if we use figures more in line with 2010, the ARLF gets depleted pretty fast. Were there disbursements in 2010 that are atypical? What is the average of loan disbursements over the past 5 or ten years?

Also, I see that there is no recapitalization of ARLF from the General Fund in 2015, which I had expected to see according to DNR's 10 year budget projection of a few days ago. Is that because by using these lower loan numbers the fund basically revolves and it was decided that a recap was not needed at this time?

Just trying to understand where these figures came from. I have a letter to Commissioner Sullivan and would like to make sure I understand these numbers before I send it. Let me know if I have misread this cash flow.

AGRICULTURAL REVOLVING LOAN FUND (ARLF)

Financial Summary as of February 28, 2011

Fiscal Year July 1 – June 30

\$4,700,000	Cash Balance
(500,000)	FY11 Balance ARLF Operating Expense
(325,000)	FY11 ARLF Approved Loans Undisbursed
(450,000)	FY11 ARLF Loans Pending Approval
\$3,425,000	FY11 End ARLF Cash Balance (Assuming no FY11 additional new loans)
(1,500,000)	FY12 ARLF Annual Operating Expenses
(2,500,000)	FY12 ARLF Annual New Loans
600,000	FY12 ARLF Annual Interest Revenue
\$ 25,000	FY12 End ARLF Cash Balance

Variables

\$ 500,000	Creamery Corp cash assets transfer to ARLF - CAPITAL
\$1,000,000	ARLF Asset Disposal Palmer MatMaid real property – CAPITAL, unlikely to be immediate capital as it may not be sold OR sale may be financed by the ARLF
	MMM& S operation loss –EXPENSE
	ARLF Bad Debt - EXPENSE

ARLF Annual Loan Activity – Does not include refinances of ARLF loans

FY11 \$1,900,000 (2/28/2011)	FY10 \$3,500,000	FY09 \$2,500,000
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Division of Agriculture

Alaska Department of Natural Resources

Building a Sustainable Agriculture Industry

*** defining a strategic planning process for the Alaska Division of Agriculture***

January 30, 2009





Division of Agriculture

Alaska Department of Natural Resources

January 30, 2009

Dear Alaskans;

This plan was developed by the Division of Agriculture, in cooperation with the industry, to build a sustainable agriculture industry. This report will be an evolving document, in that each year a committee will review and revise this plan as needed. It is important to note that the listed goals and steps must change over time, if we are to continue to meet the needs of the industry and assist them in providing food, fiber and energy to the people of Alaska.

ADOA has heard the concerns addressed by the aquaculture industry during the public comment period. The farming and growing of shellfish, Mariculture products in Alaska hold promising opportunities to become a viable industry and create new economic security in coastal Alaska. This industry has not been addressed in our long term plan as it does not currently fall under the Division of Agriculture.

I want to thank everyone who participated in drafting and finalizing this plan, and the Alaska State Farm Bureau membership who took the time to review and make comments at their annual meeting.

Please look for the Alaska Grown Label at your local stores – and support the Alaska Agriculture Industry.

Franci Havemeister, Director

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Alaska Division of Agriculture

The Long Term Plan for Agriculture

January 30, 2009

Introduction

The agricultural industry of Alaska contributes to the economy and well-being of the State. To continue to do so, agriculture must be a healthy and sustainable renewable resource industry.

The Alaska Division of Agriculture (ADOA) understands that its mission is not to guide the agriculture industry, but to assist and promote. In this plan, the ADOA has sought direction from industry to address its concerns and ongoing issues.

When considering the contents of this review and proposed planning process, readers should keep in mind that the ADOA believes that through open communication, education, and appropriate funding, producers will prosper and the citizens of Alaska will enjoy the benefits that Alaskan Agriculture offers.

Mission Statement

The mission of the Alaska Division of Agriculture is to promote and encourage the development of an agricultural industry in Alaska that is stable and profitable.

Vision Statement

The vision of the Alaska Division of Agriculture is to promote an economically stable agricultural industry for Alaska that can enhance the quality of life for its people, create sustainability of its communities, and encourage new business development opportunities for all Alaskans.

Background - Agriculture

Agriculture has played a role in Alaska over the past century. Prior to statehood, the people of Alaska realized the value of agriculture. This is noted with the state seal, originally designed in 1910, which portrays a farmer, his horse, and three shocks of wheat. Today, much of the general population does not understand the significance of agriculture, as the majority of the population is two or three generations removed from the farm. It is critical that we educate the citizens of Alaska, most importantly – the young people, of its importance and the value of being self sustainable, if Alaska is to maintain its agriculture industry.

Alaska's current policy reflects the boom-and-bust history of the State and territory that has often sought immediate profit at the expense of long-term stability. This does not fully reflect or recognize Alaska's potential for a diversified agricultural industry, the characteristics or the need for long-term stability. Numerous agricultural development projects, plans, analyses, reports, and studies have been undertaken, and issues and proposals have been debated. The industry and the State must now come together and create a plan that defines the role of the ADOA and in doing so assists the industry.

Alaska must continue to embrace the challenges and look for opportunities for the future. It must continue to incorporate good agriculture principles and good management practices, including food safety and security.

At present, factors that impact the industry are in the midst of change. Some of this dynamic change is positive as evidenced by several factors:

- The emergence of niche markets;
- Need for native plants used for revegetation;
- The increase in demand for “local grown” and community-based agriculture; and
- The desire for healthier lifestyles.

And some are negative:

- The lack of recognition of agriculture as a sustainable industry;
- The need for better linkages with land grant research, education and outreach;
- The need to ensure regulations and implementation allow the producer to continue to fill present markets as well as encourage new markets;
- The need for advocacy from state, university, federal, industry, local interest groups, and municipal and local governments; and
- The need for ongoing partnerships amongst the industry, local, state and federal agencies to move programs and services forward.

The ADOA must work in cooperation with the Board of Agriculture and Conservation (BAC), and improve communication among the University Alaska Fairbanks (UAF), industry representatives, the United States Department of Agriculture (USDA), local governments and communities, and organizations across the State to promote the development of a healthy and sustainable agricultural resource industry in Alaska. Alaska agriculture must be revitalized and become a stable industry that can then realize its potential in contributing to Alaska and maximizing the value of the land and its products for the citizens of Alaska.

Purpose of a Strategic Plan

A comprehensive and strategic understanding of the Alaskan agricultural industry is needed so that the State can direct its efforts and resources to best serve the industry, and in turn the citizens of Alaska. This review and strategic planning process is an attempt to understand the dynamics of the industry and to focus on meeting the needs of the industry both today and in the future. This strategic planning process will provide the Alaska Department of Natural Resources (ADNR) and the ADOA with a path towards identifying goals for the long-term growth and viability of the agricultural industry in Alaska and defines the role of the ADOA in accomplishing objectives for meeting these goals.

The ADNR recognizes that a plan with goals and specific objectives will provide a sense of stability that is needed for the industry to make informed decisions and to clearly understand the mission of the ADOA. Further, this plan will be an evolving effort, implemented by the ADOA. An annual joint review of the plan by ADOA, the BAC and industry will be presented by the ADOA to the Commissioner of the ADNR and will be available to the Governor and the Legislature. Input and involvement from both industry and agency will contribute to the overall success of creating and supporting an economically stable agricultural industry for Alaska.

This strategic plan was created to provide a tool to assist both ADOA and the industry. The document has been developed in thanks to interactive participation of public and private participants - producers, processors, agencies, educators, the general public, and legislators – and builds upon past efforts of the ADOA.

Some specific points need to be kept in mind:

- The agricultural industry must receive assurance that it is recognized and supported in its effort to develop and grow;
- It is critical that the core of Alaska's agricultural industry that is currently in place and/or its successful transition be supported, and be allowed to develop new priority programs/ initiatives;
- ADOA must work with industry and identify and creatively resolve issues that impede the growth of a successful agriculture industry;
- The ADOA will continue to provide services and programs needed to support and promote the agricultural industry;
- Strengths, underutilized abilities, and limited resources must be identified so that they may be enhanced and strengthened by additional investment, either State, Federal, or private; and
- ADOA and the agriculture industry must expand its base to include both non-agriculture sectors and non traditional agriculture regions of the state by creating partnerships; inclusionary programs for cooperative ventures and rural development/education projects.

A major part of this process requires that the ADOA initiate and support an engagement process that involves all aspects of Alaska agriculture. The proposed goals and objectives of this process reflect the following ten areas with which the ADOA has strategic programmatic linkages and where ADOA can assist the agricultural industry.

1. Agricultural development and marketing
2. Board of Agriculture and Conservation
3. Plant Material Center
4. Agricultural Revolving Loan Fund
5. Sustainable agricultural resources and services
6. Outreach, education and recruiting
7. Planning
8. Research
9. Energy
10. Infrastructure

This proposed review and plan provides comprehensive direction to allow both the agricultural industry and the State to forge a solid relationship so the industry can grow and prosper. The plan must be realistic and achievable to be successful. It must be based on a thorough understanding of the industry, thus requiring the industry's direct participation in its review, preparation and overall support.

Table 1 provides a list of individuals who participated in the development of this long term. These participants, in a joint effort with the ADOA, identified the proposed Goals and Objectives that comprehensively address issues relating to the Alaska agricultural industry.

Table 1: Participants	
<u>Name</u>	<u>Organization</u>
Dick LeFebvre	ADNR
Jeff Werner	FFA/UAF
Don Lintelman	Northern Lights Dairy
Ben VanderWeele	Agriculture Producer
Allen Mitchell	UAF
Chad Padgett	USDA
Bill Allen	City of Palmer
Bernie Karl	Business Owner
Tony Nakazawa	UAF
Carol Lewis	UAF
Franci Havemeister	ADOA
Rep. Mark Neuman	AK Legislature
Bryce Wrigley	AK Farm Bureau
Ed Arobio	ADOA Northern Region
Charlie Knight	ADOA Northern Region
Ruby Hollembaek	Agricultural Producer
Stoney Wright	ADOA PMC
Douglas Warner	ADOA
Al Poindexter	BAC
Victoria Naegle	Agriculture in the Classroom
Steve Brown	UAF, Cooperative Extension
Lee Hecimovich	UAF, 4-H, Cooperative Ext.
John Schirack	BAC
Tom Paragi	ADF&G
PMC Advisory Board	
Division of Agriculture Staff	
Board of Agriculture & Conservation	

Proposed Goals 1 through 9 and Related Objectives

Proposed Goal 1. Agricultural development and marketing – The ADOA will continue to support and assist the producer in increasing market share and creating a food system.

Situation: The short growing season for traditional Alaskan agriculture has resulted in long-standing production and marketing challenges. The division will continue to work cooperatively with producers and growers to increase their market share in Alaska.

Objective 1.1: The ADOA will support and assist farmers' markets in increasing their market share with the establishment of a year-round market for *Alaska Grown* products.

Objective 1.2: The ADOA will work with farmers and producers to help form cooperatives or other appropriate business structures to support the sale of Alaskan agricultural products.

Objective 1.3: The ADOA will include in its planning process the potential for sustainable production and marketing of red meat in Alaska.

Objective 1.4: The ADOA will improve communication among the industry, ADOA and other federal and state agencies. The ADOA will work with the industry to improve communication with consumers. ADOA recognizes that good communication among all of the above plays a crucial role in the success of agriculture in Alaska. ADOA will explore the opportunity of utilizing alternative communication methods, via other farm cooperatives, etc.

Objective 1.5: The ADOA will build a strong base for Alaskan agriculture through partnerships, promotion, advocacy and communication. It will establish and cultivate champions and advocates of Alaskan agriculture, including individuals, organizations, government entities, and user groups.

Objective 1.6: The ADOA will work with other State of Alaska departments to support *Alaska Grown* by implementing a “buy Alaska policy” where feasible, and to take actions that ensure conformity with existing laws and regulations.

Proposed Goal 2. Board of Agriculture and Conservation – The BAC will work with ADOA in a comprehensive manner to support the growth and development of Alaskan agriculture.

Situation: The ADOA reports to the commissioner of the ADNR. The Governor appoints the members of the Board of Agriculture (BAC). The BAC consists of 7 members – 1 with general business or financial experience; 1 member of a statewide agricultural promotion organization; 1 member of a soil and water conservation district who is also engaged in commercial production agriculture; 4 members engaged in commercial production agriculture, each representing a different agricultural enterprise from the others, such as: livestock production, dairy, vegetable production, grain production, horticultural production, and greenhouse and hydroponic production. The BAC will work within their statutory authority, to promote the growth and development of Alaska Agriculture.

Objective 2.1: The BAC will continue to support the vision for Alaskan agriculture through input and personal expertise.

Objective 2.2: The BAC supports continued funding of ADOA with general funds.

Objective 2.3: The BAC requests that major issues and concerns affecting the agriculture industry and identified by the BAC be addressed by the Commissioner of ADNR.

Objective 2.4: BAC recommendations for policy, statutory, and /or regulatory changes will be considered by ADOA/ADNR.

Objective 2.5: The BAC/ADOA will work with industry to stabilize Mt. McKinley Meat and Sausage (MMM&S) until the private sector is able to assume responsibility.

Objective 2.6: The BAC/ADOA will explore opportunities to promote a Junior Farmer Loan Program, providing low interest loans to high school age children interested in exploring an agriculture endeavor.

Objective 2.7 ADOA/BAC will increase the agricultural land base, through identification of designated agricultural land and increased sales.

Objective 2.8: ADOA/BAC will identify agriculture lands at risk to suburban expansion in organized boroughs.

Proposed Goal 3. The Plant Material Center – ADOA will facilitate the development and sustainability of appropriate plant materials for Alaskan agriculture.

Situation: The Alaska Plant Materials Center (PMC) is the primary source of information in Alaska for seed production, harvest, and cleaning. The PMC is also the primary source of information on revegetation and seeding mixes used by the primary seed purchasers. However, the primary purpose of the PMC is the production of high quality; disease tested seed stocks to be used in production agriculture in Alaska. (See appendix A)

Objective 3.1: The PMC will reflect and anticipate the needs in Alaska to protect, support, enhance and expand Alaskan agriculture in terms of: appropriate plant materials for crop production; soil and water conservation programs and projects; noxious weed and invasive species, and increased activity in demonstration projects and education/outreach. Furthermore, the PMC will work to enhance its ties to the Natural Resources Conservation Service (NRCS) and the Soil and Water Conservation Districts (SWCD).

Objective 3.2: The ADOA, through the PMC will work cooperatively with other agencies, as climate changes occur, to address new crops and conservation issues.

Objective 3.3: The PMC must not lose sight of the fact that it is a crop production facility responsible for the production of high quality, disease tested, low generation crop seed. This material is the base for the production of Alaskan developed varieties. Crop production in Alaska depends on disease free, high quality seed.

Objective 3.4: Nearly all development projects require some form of revegetation following surface disturbance. The primary users of seed in Alaska are the Alaska Department of Transportation and Public Facilities, the Department of Defense, mining companies, and the oil industry. The use of native species in restoration should be encouraged and user's findings shared so all Alaska programs can benefit. The PMC will enhance its abilities to act as the state's land resources conservation laboratory.

Objective 3.5: The PMC must remain ever vigilant to industry/producer needs and changes in technology or policy directions and remain adaptable to the new conditions and economic environment. The PMC is the research and development arm of the ADOA; it is an economic development proponent and a new crop source for Alaska Agricultural producers. This requires stable and appropriate funding.

Proposed Goal 4. The Agricultural Revolving Loan Fund (ARLF) - The Agricultural Revolving Loan Fund is a critical component to the viability of Alaska agriculture, overseen by the Board of Agriculture & Conservation (BAC) and will be supported by ADOA.

Situation: The health of the Agricultural Revolving Loan Fund (ARLF) remains a critical component in Alaskan agriculture. This program offers low interest loans to the Alaskan agricultural industry. The ARLF within the ADOA has played and will continue to play an important role in creating a profitable and growing agricultural industry.

Objective 4.1: It is imperative to protect the health of the ARLF. The ADOA administrative staffing budget should not be drawn from this fund but funded through general funds.

Objective 4.2: The ARLF will work with government agency lenders and guarantors in an effort promote the growth of the agricultural industry. In forming these partnerships ADOA is confident it will further the development of the agricultural industry.

Objective 4.3: The ADOA and the agricultural industry support the recapitalization of the ARLF.

Objective 4.4: The ARLF will increase its marketing presence at agricultural functions and promote the use of its loan programs.

Proposed Goal 5. Sustainable agricultural resources and services – The ADOA will assist the Agricultural industry and continue to provide needed resources and services, which include inspection, regulatory requirements, and food safety and security.

Situation: ADOA inspection responsibilities and regulatory roles are essential for Alaska agriculture to grow and prosper. ADOA will continue to provide the industry with Inspection Services that are required to move product into commerce and work with industry to meet new requirements.

Objective 5.1: ADOA is aware that all laws and regulations related to preserving and/or enhancing farming must be carefully reviewed. ADOA will seek opportunities for input on new regulations affecting the agricultural industry, prior to agency review. ADOA will keep industry informed of possible regulation changes.

Objective 5.2: ADOA will work to expedite state grazing lease renewals, as well as work within regulation to provide terms that encourage continuity and profitable livestock production.

Objective 5.3: ADOA will work with federal and other state agencies to facilitate the import and export of plants and animals under the appropriate protocols that prevent the spread of disease or invasive species.

Proposed Goal 6. Outreach, education and recruiting –The ADOA will improve or establish outreach, education and recruiting initiatives to serve the agricultural industry of Alaska.

Situation: Agriculture is a critical industry in Alaska. A strong Alaska agricultural industry is vital for our state and national security. Alaskan agriculture growth requires ongoing education of agricultural producers and other industry professionals, potential new producers and consumers.

Objective 6.1: The ADOA will help coordinate and focus efforts to raise awareness of the importance of Alaskan agriculture to Alaska consumers, including issues of food security, sustainability, health benefits of locally grown foods, invasive species management and farmland protection.

Objective 6.2: The ADOA, to the extent it can, will provide and support programs, infrastructure and mechanisms that enable current Alaska farmers and processors to operate profitable businesses or organizations, and encourage Alaska's future farmers so the state is prepared for anticipated and needed growth in the industry.

Objective 6.3: The ADOA will focus on educational partnerships to promote Alaskan agriculture, explore internships at working farms, explore workforce training programs and identify and create new educational partnerships to promote Alaskan agriculture.

Objective 6.4: The ADOA will partner with Future Farmers of America (FFA) and 4-H programs to help develop tomorrow's agricultural leaders. ADOA will

partner with the State of Alaska Department of Education, Division of Career and Technical Education and Alaska's Agriculture in the Classroom and Farm to School programs to increase appreciation for agriculture in the general K-12 population, most of which has no connection to agriculture.

Proposed Goal 7. Planning – The ADOA’s future plans for a changing Alaskan agriculture will encourage best practices.

Situation: Impediments to the growth of Alaskan agriculture include: insufficient low-cost energy supplies; lack of appropriate transportation for inter- and intra-state movement of products; lack of accessible land that has been identified as agricultural land; and insufficient appropriate protection to maintain or sustain lands in production. Efforts that address each of these issues must consider not only the future growth and development of Alaska agriculture as a whole, but consider their effects on the other issues as well.

Objective 7.1: Sustained yield agriculture has a future and rightful place in land use planning in Alaska. The ADOA will create a plan that incorporates a best management practice approach for the preservation of land having agricultural potential, conservation of soils and surface resources existing on those lands.

Objective 7.2: ADOA will encourage the agricultural community to develop State Farm Conservation Plans and/or Soil & Water Conservation Plans that incorporate a best practice approach, and protect agricultural land under the Right to Farm legislation.

Objective 7.3: ADOA will work with the Division of Mining Land & Water, SWCD and NRCS to review state land for possible agricultural use.

Objective 7.4: ADOA will inform the Agricultural community of area plan reviews that have the potential to affect agriculture and/or agricultural land sales.

Objective 7.5: The ADOA will review existing legislation and regulations to determine applications to agricultural land that allow such land to remain in agricultural production; such rules include taxation and regulations to protect agricultural lands, and regulations regarding waste disposal and application.

Proposed Goal 8. Research – The ADOA will ensure that stakeholders in the Alaska agricultural industry are made aware of existing and emerging technology and research in natural resources and agriculture.

Situation: Changing technology offers new opportunities for Alaskan agriculture to seize opportunities and/or address operational efficiency-related concerns. ADOA will seek opportunities to apply new research and emerging technologies to agriculture in Alaska.

Objective 8.1: The expansion of agriculture in Alaska will require the awareness and ability to implement the latest technology and research applicable to Alaska agriculture. The ADOA will work with the agricultural industry, state and federal agencies, the University and others to ensure this process.

Objective 8.2: The ADOA will look at the potential of a closer affiliation between the PMC, UAF, Agriculture, Forestry, and Experiment Station (AFES), and Agriculture Research Service (ARS) as well other cooperators.

Proposed Goal 9. Energy – The ADOA will seek opportunities to partner with others to establish energy or support initiatives for Alaska and Alaskan agriculture.

Situation: Energy, or the cost of energy, has always been an issue related to agriculture as well as other resource development. Federal and State legislation recognizes the enormity of the issue of rising energy costs. Energy costs are also driving energy demonstrations and innovation initiatives across the State. Wind, biomass, bio-fuel, geothermal sources, hydropower, energy conservation, and other alternative energy resources, can all play a role in the Alaskan agricultural industry.

Objective 9.1: The ADOA will support meaningful discussions on energy issues, technology, and implementation related to enhancing the viability, marketability, and profitability of Alaskan agriculture.

Objective 9.2: ADOA supports the development of an alternative fuel industry, through tax credits, infrastructure, direct grants and low interest loans.

Objective 9.3: ADOA supports the production of our natural resources and by-products, such as urea, which are critical to the expansion of the agricultural industry.

Proposed Goal 10. Infrastructure – Infrastructure needs as determined by Industry. These needs are not listed in preferential order, but have been put forward by the industry.

Situation: Alaska is lacking the infrastructure needed to see substantial agricultural growth.

Objective 10.1 -Infrastructure needs:

- Local meat processing capabilities are needed state wide.
- A stable dairy processing facility must be developed in the Mat-Su Valley.
- Manufacturing plant for urea, this will sell to Alaska farmers as well as an international market.
- Development of a phosphate mine.
- A vegetable processing plant to extend the market season for locally grown produce. (Mat-Su borough has done this study)
- Improved loading and unloading facilities for rail shipments
- Rail spur to Delta to carry fertilizers to farms and grain to markets.
- Formation of marketing cooperatives to insure consistent quality and supply, and develop new markets in the state.
- Access to natural gas for processing Alaskan products
- Production Credits Program for producers meeting certain levels of production targets.
- Increase accessibility of USDA inspections coupled with the ability to sell locally in diverse areas of the state.
- Develop Nenana agricultural area and other agricultural areas

Appendix A: Alaska Plant Materials Center Strategic Plan

Vision: The Alaska Plant Materials Center (PMC) serves Alaska's needs in the production foundation class seed of Alaska native plants and traditional crops. The PMC provides leadership, innovation, and initiative in Alaska for revegetation, erosion control and commercial crop and plant production in Alaska. The PMC has created and continues to modernize a high quality facility for seed production, harvest, and cleaning.

Mission: The broad mission of the Plant Materials Program throughout the United States is to "develop and transfer state-of-the-art plant science technology to meet customer and resource needs." The Alaska Plant Materials Center:

- Focuses on using plants as a natural way to solve conservation issues and re-establish ecosystem function;
- Collects, selects, and releases grasses, legumes, wildflowers, trees, shrubs, and general high latitude germplasm;
- Cooperates with public, private, commercial and tribal partners and land managers to apply new conservation methods using plants;
- Offers plant solutions to battle invasive species, heal lands damaged by natural disasters, reduce the effects of construction and resource development, and promote air and water quality;
- Produces disease-free seed of potatoes;
- Enhances economic opportunities for agriculture producers; and
- Expand programs to include alternative energy crops, forage crops for non-traditional livestock, horticulture crops for the future agricultural needs of Alaska producers.

Objectives: In general and as per legislative intent the objectives of the PMC are to:

- assemble, evaluate, select, and increase plant materials needed in soil and water conservation, agriculture, and industry, and maintain genetic purity of these materials;
- increase promising plant materials for field scale testing;
- test the promising materials in field plantings on sites that represent soil and climatic conditions not found at the center;
- maintain and provide for increase of basic seed stocks of plant materials for agricultural and conservation interests;

- make seed and plant materials available, for a fee if necessary, in such a manner as to avoid monopolistic control of basic stocks of these materials and encourage the development of a seed industry;
- support but not duplicate activities carried on by state or federally funded research programs in the state; and
- prepare, publish, and disseminate a summary report on all studies as they are completed.

Using these underlying charges, the PMC will move into the future with a renewed emphasis on service delivery and progressive program development. These guiding principles will evolve with market demands and Department/Division policy directives.

Objective 1: PMC Agriculture Support: The PMC will anticipate the need to protect, support, enhance and expand Alaska agriculture in terms of: appropriate plant materials for Alaska; soil and water conservation programs and projects; noxious weed and invasive species integration; and increased activity in demonstration projects and education/out reach. Furthermore, the PMC will work to enhance its ties to the Natural Resources Conservation Service and the Alaska Soil and Water Conservation Districts.

Objective 2: A Center for Revegetation Excellence: Nearly all development projects require some form of revegetation following surface disturbance. The use of native species in restoration should be encouraged and user's findings shared to all. The PMC will be the lead agency in the State of Alaska with regard to development, use and commercialization of native species for revegetation, erosion control and other resource development and agriculture activities.

Objective 3: Expanded PMC Services: Erosion control, storm water issues, and a litany of new revegetation topics are creating problems for the natural resource extraction and construction industries. The PMC, with its expertise in these areas, should be the home to the state's Land Use and Conservation Laboratory (LUCL). In full cooperation with industry, union training programs, land management agencies, NRCS and the SWCD's, the PMC will develop and demonstrate land and soil protection measures (best management practices [BMPs]) to preserve the quality of the waters and air of Alaska.

The PMC with the Natural Resource Specialist augmented staff can become the states land laboratory of proactive and progressive stewardship working hand-in-hand with the Conservation Districts and ADNR.

Objective 4: Regional Native Plant Production Centers: Solutions to developing sources of native seed are needed by resource industries. By establishing seed growing/collecting cooperatives in village and rural regions, local native plants and seed can be made available, marketed and thereby create a sustainable industry formed in a few villages close to resource development projects.

Objective 5: Alaska Natural Gas Pipeline Seed Source Development Project: In Canada, some of the first contracts awarded in association with the Mackenzie Gas Line have been for seed production. This is in-part due to the basic problem in seed production that time is required to build up stocks of seed and to develop the production fields needed to supply the anticipated demand. Expect the same to occur in Alaska. The PMC is critical for the seed requirements of large projects like the proposed natural gas line.

Objective 6: Extension Activities and Public Workforce Development: Educational programs from the PMC engender the intrinsic value of green space, agriculture land, and wilderness. These programs empower teachers, adults, and children to appreciate, understand, and become stewards of Alaskan land.

Objective 7: Ethnobotany and Harvest Manual: The Ethnobotany Project impacts not just plants and other forest species, but also people along the spectrum from Native Alaskans who may have the intellectual rights to the uses of traditional plants and depend on them for a subsistence lifestyle to those who wish to harvest those plants for commercial purposes on State land. Sustained yield of these resources is critical.

Through publications, presentations and trainings, as well as experience, the people on the Alaska Ethnobotany Project are in a position to positively impact the effect of commercial harvest of native Alaska plants in a sustainable manner on State land.

Objective 8: The Alaska State Seed Laboratory: The State's only official seed testing laboratory is certified by the national seed testing organization, Association of Official Seed Analysts (AOSA). It has been an official laboratory since 1998 and is the only one in the state of Alaska.

Essential services the laboratory provides are purity and germination tests, noxious weed seed examinations, tetrazolium testing, and grain moisture testing. New services could include: Endophyte Testing, Seed Vigor Testing, Leachate

Conductivity Analysis, Cold Test, Accelerated Aging, Herbarium Development, Dormancy Research, Rare and Endangered Plant Research and Outreach and Education

Objective 9: Alternative Forages for Non-traditional Animals: Acquisition and evaluation of plant material with potential use as forage is in demand by producers of musk ox, elk, yak, bison, reindeer, and other livestock. These animals need a variety of plants in their diets – plants which have not been cultivated yet or evaluated by the PMC. It is time for this activity to start at the PMC.

Objective 10: Potato Disease Control Project: The potato program produces and provides a local source of pathogen-tested seed tubers. It assists the continuing development of the Alaskan potato industry. The project produces and provides disease tested seed primarily to commercial seed growers. The use of clean seed helps reduce losses from disease and helps to prevent disease introduction; critical elements in Alaska's potato industry.

Objective 11: Horticulture Development Project: The ADOA, PMC recognize the fact that the Horticulture Industry is by far the largest and most significant segment of commercial and hobby plant production in Alaska. In the context of this objective primary and secondary users such as the landscape industry and general public grounds beautification will be included as horticulture. With that said the ADOA, PMC will request the ADNR secure funding to re-establish a horticulture development project at the PMC.

Appendix B: Definitions & Acronyms

The definition of agriculture is “The process, business, or science of producing food, feed, fiber, and other desired products by the cultivation of certain plants and the raising of domesticated animals (livestock). There are numerous branches of agriculture including: agronomy, animal husbandry, horticulture, floriculture, dairy production, and many others.

ADF&G –	Alaska Department of Fish & Game
ADNR –	Alaska Department of Natural Resources
ADOA-	Alaska Division of Agriculture
AFES –	Agriculture, Forestry, and Experiment Station
AOSA –	Association of Official Seed Analysts
ARLF –	Agricultural Revolving Loan Fund
ARS –	Agriculture Research Service
BAC –	Board of Agriculture & Conservation
BMP’s –	Best Management Practices
FFA –	Future Farmers of America
LUCL –	Land Use and Conservation Laboratory
MMM&S –	Mt. McKinley Meat & Sausage
NRCS –	Natural Resources Conservation Service
PMC –	Plant Material Center
SWCD –	Soil and Water Conservation Districts
UAF –	University of Alaska, Fairbanks
USDA –	United States Department of Agriculture

[print](#)

Securing Alaska's insecure food supply: With some help, Alaska could produce more

by Carol E. Lewis and Fred Schlutt Jr., Community Perspective

03.19.11 - 11:00 pm

Community Perspective

Thought about food lately? Maybe three times a day (or more)?

Thought about what would happen if our food supply was interrupted?

Benjamin Franklin said "When the well is dry, we know the worth of water." We would paraphrase: "When the food is gone, we will know the worth of food."

Alaska's food supply is not secure.

Food security includes not only availability of locally produced foods but also a mix of imported and exported food products. Most states and regions in the U.S. have a reasonable balance of locally produced, imported and exported foods. Alaska imports nearly all its food and is increasingly dependent on imported food. If this trend continues, Alaska's expanding population will require increased food imports during a time when energy plays an ever-increasing role in their cost.

Producing more food in Alaska is possible with help from university research, the Cooperative Extension Service and university-business partnerships. While Alaska currently does not depend on in-state production, there is no reason why it cannot. Lands are productive for crops and livestock, and the growing season can be extended with modern technologies.

State funding for a special project could make a world of difference in the state's dismal food security outlook. This joint project between UAF School of Natural Resources and Agricultural Sciences, the Agricultural and Forestry Experiment Station and UAF Cooperative Extension Service addresses food security by focusing on animal agriculture (reindeer, elk, bison, muskoxen, yaks, cattle, sheep, goats, hogs and poultry) and controlled environment vegetable production (controlling the length of the growing seasons and using local materials to manufacture soil). The proposal, which is before the Alaska Legislature via the University of Alaska budget, includes \$300,000 per year during a five-year period for research, education and outreach.

We will focus on community development of local food production, including food science, food technologies, processing and human nutrition as well as production technologies, food preservation, and processing and storage for year-round consumption. Cultural considerations of food self-reliance, nutrition and appropriate crops and livestock for Alaska's diverse climate and geography will also be addressed.

The close linkage of the extension service, the experiment station and the school

will give us the opportunity to look at ways to help our farmers produce high-quality products to take the place of imported fresh, frozen and canned supplies, will potentially provide business opportunities for processing and distribution and will train students who, when they graduate, will be expert in bringing research and technology to users.

Why should you care? This type of important research and outreach affects the very food that will appear on your plate tonight.

While many people proclaim the virtues of local food via T-shirts or bumper stickers, are they willing to truly support a project that will make Alaska-grown food more abundant and accessible? Food insecurity for Alaskans is a grave concern but can only be addressed if we choose to make it a priority.

Alaska needs locally grown food. Are you willing to help by letting your legislators know you support this important project?

Carol E. Lewis is dean of the UAF School of Natural Resources and Agricultural Sciences and director of the Agricultural and Forestry Experiment Station. Fred Schlutt Jr. is director of the UAF Cooperative Extension Service and UAF vice provost for outreach.

**State of Alaska
FY2012 Governor's Operating Budget**

**Department of Natural Resources
Agricultural Development
Component Budget Summary**

Component: Agricultural Development

Contribution to Department's Mission

Promote and encourage development of an agriculture industry in Alaska.

Core Services

- Agricultural land management and sales.
- Marketing services.
- Inspection services.

Results at a Glance

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)

END RESULT A: Development and expansion of Agriculture Industry in Alaska by providing marketing and educational information to Alaska producers and consumers.

- Hosted 2 conferences, spoke at 47 events, administered 13 grants and produced 12 newsletters.
- Increased public awareness of Alaska Grown by participating in 232 public marketing outreach activities and managing 3 marketing campaigns.
- Reached 14% of the school districts through class presentations, educational grants and cooperating with Ag in the Classroom (AITC), increasing youth awareness of Alaska Grown.
- In 2009 \$31.9 million dollars was achieved as compared to \$32.4 million in 2008.

Status of Strategies to Achieve End Result

- Hosted 2 conferences, spoke at 47 events, administered 13 grants and produced 12 newsletters.
- Participated in 232 public marketing outreach activities and managed 3 marketing campaigns.
- Reached 14% of the school districts through class presentations, educational grants and cooperating with Ag in the Classroom (AITC).
- In 2009 \$31.9 million dollars was achieved as compared to \$32.4 million in 2008.

END RESULT B: Ensure inspection and grading services are provided for agricultural production and sales.

- In 2010, 428 inspections were requested and 100% were completed to meet statutory, federal and international contract requirements related to commercial sales activity. These inspections represent approximately \$66.4 million realized primarily from timber exports and Alaska produce. This compares to 401 inspections requested and completed in FY09, representing approximately \$43.1 million primarily from timber exports and Alaska produce.
- In 2010, 102 farm and retail inspections were completed, ensuring produce met USDA grade requirements for consumer protection and plant health requirements were met compared to 84 farm and retail inspections in 2009.

Status of Strategies to Achieve End Result

- 428 inspections were requested and 100% requests were completed to meet statutory, federal and international contract requirements in 2010. These inspections represent approximately \$66.4 million realized from timber exports and other products.
- In 2010, 102 inspections were completed and 139 brands as compared to, 84 total inspections in 2009.

END RESULT C: Agriculture land is made available in a range of parcel sizes by regional and local demand for land sales.

- 2010 auction sold 481 acres of agricultural land with an additional 202 acres currently available in the Initial Over the Counter Lottery (IOTC).

Status of Strategies to Achieve End Result

- A minimum of 481 acres of agricultural land were sold in 2010.

Major Activities to Advance Strategies

- Help implement National Farm Bill through
- Maintain State Plant Health Programs to deliver pest

Major Activities to Advance Strategies

<ul style="list-style-type: none"> • participation in the National Association of State Departments of Agriculture (NASDA). • Help implement National Farm Bill through participation in the Western Association of State Departments of Agriculture (WASDA). • Farm Bill priorities for Alaska are specialty crop, equip, and Wildlife Habitat Improvement project. • Set policy and manage the agricultural development program, the Northern Latitude Plant Materials Center, and the Agricultural Revolving Loan Fund. • Provide administrative support to the Board of Agriculture and Conservation. • Prepare land sales and work with the Board of Agriculture and Conservation and Soil and Water Districts to accomplish land disposals. • Adjudicate lease and permit applications. • Develop new statewide grazing policy and possibly new regulations. • Provide inspections for elk farming to meet statutory requirements. • Conduct produce inspections for USDA grade and buyer specifications. • Cooperate with USDA to provide shell egg surveillance. • Provide meat grading services as requested. 	<ul style="list-style-type: none"> • exclusion and monitoring programs to support trade. • Issue phytosanitary certificates for export products. • Provide for organic product certification. • Continue Cooperative Marketing Program • Provide marketing assistance to farmers through information transfer. • Manage Alaska Grown program. • Assist farmer markets with promotional efforts. • Assist seed growers with market development. • Encourage use of Alaska Grown products by state and federal agencies. • Monitor compliance with local purchase practice, statutes and regulations. • Train staff in organic program management.
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Key Component Challenges

- Increase public awareness of the importance of local food production through the Alaska Grown Program.
- Enforcing Alaska Grown preference law for state institutions to purchase Alaska Grown produce.
- Support Farmer's Markets which act as education incubators.
- Ensure the Alaska Grown Director's Policy is used for the benefit of the farm community state-wide.
- Increase independence from imported food.
- South Central sale of mid- sized agriculture parcels.
- Northern Region sale of agriculture parcels.
- Increase agriculture land development.
- Northern Region sale of 3840 acres will be offered in FY11/12.
- Monitor potato late blight to mitigate future outbreaks.

Significant Changes in Results to be Delivered in FY2012

Continue to implement the new Farm to School program to increase the use of Alaska grown foods in public schools and make available existing curricula, programs and publications that educate students on the benefits of producing, preparing and consuming locally grown foods.

- Continue marketing to increase consumer awareness of Alaska Grown products.
- Develop rhubarb and specialty crop markets through funding from USDA.

Major Component Accomplishments in 2010

- 100% requests were completed to meet statutory, federal and international inspection requirements.
- Enforced state statute and regulations regarding plant pests and the sale, certification, and labeling of agricultural products.
- Implemented USDA plant protection projects to prevent harm to the agriculture environment, natural resources and economic welfare.
- Sold 408 acres of agricultural land.

- Assisted producers in organic certification in cooperation with USDA.
- Added 27 new farms to the Alaska Grown user list an increase of 6% in one year.
- Helped facilitate the creation of Alaska's Food Policy Council.
- Delivered a monthly agriculture newsletter reporting on activities, division overview and grant availability.
- Assisted in the promotion and development of 29 farmers markets, a 120% increase over 2005 number.

Statutory and Regulatory Authority

AS 03, AS 03.09, AS 03.10, AS 03.22, AS 38.05, AS 41.10, AS 41.17

Contact Information
<p>Contact: Franci Havemeister, Director Phone: (907) 761-3867 Fax: (907) 745-7112 E-mail: Franci.Havemeister@alaska.gov</p>

Representatives,

Here is my take on this bill:

You may have heard of the National Animal Identification System (NAIS). Here is a link to explain the overview of the program:

http://en.wikipedia.org/wiki/National_Animal_Identification_System

This proposed program met with serious opposition from the agricultural community and in 2010 the USDA decided to drop the program:

<http://www.avma.org/onlnews/javma/mar10/x100315a.asp>

Our cleaver federal government decided not to let it die quietly and through Executive Order, our president redirected this battle. Through executive order the USDA expanded the powers of one of its departments called Animal and Plant Health Inspection Service (APHIS).

APHIS is aligned in the following "chain of command"

WTO/EU
To
Codex Standards
To
OIE
To
United States
To
Executive Orders
To
Department of

Homeland Security

To

USDA

To

APHIS

To

The States (Alaska)

To

(Proposed Creation) of Department of Agriculture

Here is a link to USDA/APHIS where you can click and view their "Strategic Plan".

http://www.aphis.usda.gov/about_aphis/strategic_plan.shtml

As you can see in their plan, they have been given the authority of "surveillance and enforcement" with the full power of Homeland security. What bothers me most are the statements concerning "international exports", "respond to conflicts between humans and wildlife", "APHIS also receives funding through user fees".

APHIS has been directed to respond to a wider range of emergencies in partnership with FEMA. This includes identifying available resources during emergency response (Where the food is and how to get it to where they have).

APHIS is expected to lead emergency response efforts related to animal and plant pest and disease outbreaks, as well as animal and plant health aspects of natural disasters and bioterrorism threats. APHIS is also expected to support a wide range of other (unspecified) emergency response efforts.

Proponents of HB191 say that it will consolidate all of Alaska's agricultural statutes under one department and simplify addressing agriculture issues. This part is true but it works two ways. It also

es it easier for federal directives and policies to be implemented also. This is the main reason that I
against this bill. When NAIS was being fought by farmers the states that had active Departments of
culture were the first ones to start involuntary implementation of USDA directives.

In summary, I see passing HB191 will help facilitate the control over Alaska by the federal
government.

Thank You Representatives for your time,

Cameron Seddon

Sent via e-mail:

There is no "food security" for Alaska at this time. Well over 90 percent of what we consume is barged up weekly from the L48. Years ago, stores used to manage a large reserve inventory of groceries, mostly due to shipping uncertainties. With the advent of increased competition and the "JIT" inventory management (so successful for WalMart) most stores these days have under a weeks' worth on hand, and less for items which are delivered more frequently. Add in the challenges of slide into a depression (shrinking economy, inflation, etc) most of these stores operate on a razor thin margin and they are all fighting for the consumer dollars still available.

The state has done nothing to address this either. The disasters of the Delta and Pt MacKenzie projects should teach us that government has no business being in business. Yet, the state spends (or makes available loans) millions of dollars in what can only be called subsidies for....well, basically the dairies. It sounded great in theory-grow the barley and oats in Delta, ship down to Southcentral to feed the dairy cows and everyone would benefit. Of course, their terms were beyond stupid-expecting a return in a few short years was impossible. In the L48, family farms were built over decades and sometimes centuries, as each generation cleared land and made improvements. It was set up to fail and I am pretty sure that some folks got what they wanted: 1000s of acres available for Anchorage's future expansion, right across the Inlet. But that's another subject altogether, lol

As our productive lands are gobbled up by developers who then go on to populate the landscape with cookie cutter subdivisions, there is no effort to expand Ag whatever. Yes, there are occasional lease sales, property sales, but most are not suitable for agriculture. And it comes with strings. Lots and lots of strings. A person only has "fee simple" (an equivalent, actually) to about five acres, the rest-only ag rights. In practical terms, the farmer pays only ag taxes on that land, not the "going rate" for residential. Can you imagine a farmer with 600 acres being able to pay the taxes at, say, the \$38,000 per acre that is the norm here?

In fact, there is no unified program to provide food security in the state. There are no programs or support for small operations whatever. Someone who wishes to start a small herb farm has no resources, and neither do greenhouses, or truck farms, etc. Only those who have larger farms can get funding (loans).

If the new Ag Dept had a goal, a mission, to improve Alaska's food security and worked with people and farms (large AND small) to make it happen, then I would be behind it. But that is not the case. Most of the people involved in Ag right now at the state level, are folks who have failed at farming here already, and who now control the purse strings.

Brasier Farms

2 ½ Mile Tanana Loop road

Delta Junction, Alaska, 99737

907-895-4961

Honorable Representative Thompson

Honorable Representative Kerttula

Thank you for sponsoring HB 191 establishing a state department of agriculture and food.

We have been an Alaska producer of Potatoes, Livestock , Forage, and Grain for 38 years.

The people of Alaska need a Department of Agriculture in order establish a vital food source for the security of the state. Food security is even more evident in light of the current events in the world today.

The Agriculture industry of the state needs a cabinet level position to keep the Governor and Legislature advised of the needs of the industry with out Multi tiered process which is now in place.

Thank You

Lyll Brasier

Subject: Department of Agriculture Letter
Date:

Kodiak Game Ranch
Box 1608
Kodiak, Alaska 99615

March 14, 2011

Representative Steve Thompson
Representative Beth Kerttula

This letter is in support of developing and reinstating a Department of Agriculture in our state. A Department is needed especially to sustain Alaska's food supply. The fact is that in the event of a catastrophe, the food supply for our citizens would last at the most just a few days!

Whereas the DNR has higher priorities than agricultural programs, a Department of Ag. would concentrate on Alaska's food source.

We need to reinstate a Department of Agriculture as we had in the past. Thank you.

Sincerely,
Bill Burton
Kathy Burton
Buck Burton

Kodiak Game Ranch

Attn: Rep S. Thompson
Beth Kertula

Re: HB191

As a farmer in Point Mackenzie, I would like to go on record in support of HB 191. I believe the attention to agriculture in this state has been sadly lacking. In fairness I attribute this to DNR having so many responsibilities, that by the time agriculture is looked at, there is little leadership and direction from the top. We need to ALL be moving in the same direction.

This lack of attention can be seen from a lack of a true plan for the needs of Alaskans and its farmers. I think there are things in this bill that I do NOT agree with, but the one thing that this bill does, is address the inattention to Agriculture and allows agriculture to have a "seat at the table".

Sincerely,

Lynn Gattis
Gattis Farms
907-373-0300

PS I plan on testifying tomorrow on this bill

To Whom It May Concern:

I have been involved with the agriculture community in Kodiak since 1963 when we purchased a cattle ranch at Kalsin Bay. We took a big hit in the 1964 tidal wave loosing many of our purebred Scottish Highland cattle we had shipped all the way from Colorado. We revived and added a large lease and cattle from the adjoining ranch a few years later that resulted in a cattle ranch encompassing 50,000 acres of lease and we ran nearly 1000 head of cattle. At that time agriculture was at it's peak with seven large cattle operations on the road system on Kodiak.

I remember when the transition was made from the Department of Agriculture to the Division of Agriculture and the great concern the ranchers had about that change. The fear at that time was that the emphasis on support for agriculture in Alaska would be greatly diminished. The timing of this was also coupled with the Native Land Claim Settlement Act that allowed for native selection of lands that encroached on some of the lease hold interests.

Those fears have come to reality in the place agriculture has been able to hold in the state.

I strongly support the switch back to the Department of Agriculture. Agriculture in our state needs renewed emphasis and support if we are to increase the level of production to serve our needs. I recently saw a statistic that said we produce 3% of our food. I have recently taken part in the USDA hoop house project which is very exciting in trying to increase local production of vegetables. Please support the move to the Department of Agriculture.

Sincerely,

Marie Rice
10746 Bells Flats Road
Kodiak, Alaska 99615
(907) 487-2589
mariejrice@gmail.com

Alaska Diversified Livestock, Association
8850 North Simineo Circle
Palmer, Alaska 99645
Website: www.adlainc.blogspot.com
January 31, 2011

Dear Legislature and Governor's Office,

Please note that I was directed in our last Alaska Diversified Livestock Association meeting to write a letter of support in creating an Alaska Department of Agriculture. From our territorial history, it was apparent that Alaska form a department for agriculture. It was created under the territorial constitution. Things changed along the lines of this department when statehood was developed. This was an unfortunate step and we would like to see us reinstate a Department of Agriculture to supply resources for Alaskans for food, fiber and fuel using the truest renewable resources, farm products. Why is this change important you might ask. In Alaska in 1987 there were 1026732 acres of agriculture land in production. In 2007 there were 881585 acres of land in production, a decrease of 15% or > 145,000 acres. When looking at the agriculture we produce here as compared to the rest of the United States we rank 50th in almost all areas. (<http://www.aecensus.usda.gov/>) This is not because of lack of producible land, lack of water or acceptable growing season. There needs to be a change in the political outlook for agriculture in Alaska.

The Alaska Diversified Livestock Association has been in creation since 2001 when we felt it was imperative to form such a group to bring unity and a voice from livestock producers such as ourselves. We are encouraged with the public's interest in Alaska in regards to eating locally, alternative energy projects and Alaskan-made fiber. Our businesses are thriving although the prices of fuel have drastically affected our profit. The cost of fertilizer and fuel are challenging aspects of our raising feed for our livestock. However, we have faith and preserver. We continue to be a strong organization and meet twice annually to discuss our livestock business needs.

When asked what the legislature and Governor's Office can do for Alaskan agriculture, our answer is: "The same thing you do for oil, gas, fisheries, and other resources in our land. We want to sit at the table with and conduct business about our product and available food, fiber and fuel for all Alaskans. We simply want a seat. We want a cabinet level seat. We don't want to be a division under a department. Nearly every state in the union has a cabinet level department or agency. With our unique geographical location, it is paramount that we return to the original Department of Agriculture that was in our first State Constitution in 1945."

Should you need further information from us, feel free to contact us anytime. Thank you for supporting Alaskan agriculture.

Regards to all of us who eat Alaskan food, wear Alaskan fiber and fuel with Alaskan products,



Ruby Hollembaek, President, ADLA, Inc.

Jane Pierson

From: [REDACTED]
Sent: Monday, March 14, 2011 3:15 PM
To: Jane Pierson

I have been involved in Agriculture all my life and in Alaska for the last fifty years. I was appointed to various Ag Councils and Boards. It became very apparent early on that Agriculture was about the fifth step child of DNR. Food production and the necessary research for the Northern latitude that is required will never happen as it should without a Department attention.

I own Palmer Produce, Inc. which wholesales Alaskan produce. Additionally, my family are involved in commercial production of vegetables and potatoes. HB191 is a very important bill for everyone who eats and works in Alaska.

Palmer Produce, Inc.

Paul A. Huppert

While I am not averse to essentially separating the Div. of Ag into its own department to improve efficiencies, I do have some concerns. Foremost, in my mind, is who is on the slate to chair this new Department? As it stands right now, there is a razor thin line between government and the commercial producer when it comes to Ag (and all its programs, grants, loans, leases, etc) in the state. The key being: Commercial farms and producers. Nowhere do I see an avenue for a home gardener, hobbyist, small greenhouse, herbalist or any small operation considered or even contacted for input on this bill. And no expectation that the concerns of the "small farm" or home gardener would ever be included.

A defined mission or goal for a new Department would go a long ways toward gaining support for the bill as it stands now.

Regards-

T Heider
Su Valley Farm
Wasilla

**March 15, 2011 Testimony on HB 191: Dept of Agriculture & Food
before the House Economic Development, Trade and Tourism Comte**

I am Gayle Eastwood. My husband and I have been importing different species of trees, to see what species would live here in Southeast. After the trees survive for a number of years, we would sell the trees. In Delta Junction, we have a ranch where we farm Hay, specifically Brome and Timothy, for sale. We can sell Alaskan Grown hay cheaper than we can buy and import that hay which is grown in either Canada or the Lower 48.

Thank you for listening to everyone and also to me.

I am here to testify on behalf of HB 191. In 1945, the Territorial Legislature created a Department of Agriculture. It was headed by a Territorial Commissioner, and was created to promote and develop agriculture here in Alaska. In 1953, they, further, authorized One Million Dollars to create the Agriculture Revolving Loan Fund (ARLF), which continues today, with a maximum cap of one million Dollars per loan. The ARLF was created to assist farmers in controlling animal diseases, plant pests, and other agricultural endeavors.

Alaska is only one of two states, Rhode Island being the other, in which there is not a Cabinet level Department of Agriculture. We DO have agriculture, and not just garden grown vegetables. In the Barley Project of Delta Junction, we have farmers who grow barley, wheat, oats, canola and potatoes. These are grown on a commercial scale. We also have farmers who raise sheep, cattle, yaks, bison, and other animals for commercial sale.

In Southeast Alaska, we also have farmers, on a smaller scale, who raise sheep and cattle, to name a few. We have nurseries where flowers and vegetable starts are started for others to have in their home vegetable gardens. Juneau and Petersburg have Farmers Markets during the summer.

A Department of Agriculture will benefit all these farmers and consumers, by assisting the farmers to improve their products thus providing a locally produced product reducing the freight costs of importing food stuffs from outside and increasing the vitamin content of fresher food.

If the Division of Agriculture remains in the Department of Natural Resources, the above would be greatly reduced. Being the "poor relation",

with oil and gas, coal, and other “natural” resources taking the majority of the time and money, designated by the legislature in the budget, agriculture would be on the “short end of the stick” for allocations.

Please approve the Department of Agriculture.

Gayle Eastwood
P.O. Box 1185
Petersburg, Alaska 99833
907-772-4307 or cell 907-518-4244
gaylewind@juno.com

Or

HC 62 Box 5312
Delta Junction, Alaska 99737
907-723-1132

Jane Pierson

From: Rep. Steve Thompson
Sent: Monday, March 21, 2011 12:33 PM
To: Jane Pierson
Subject: FW: HB 191

Follow Up Flag: Follow up
Flag Status: Flagged

From: Leslie Seddon [<mailto:seddon5@mtaonline.net>]
Sent: Friday, March 18, 2011 3:49 PM
To: Rep. Steve Thompson
Cc: Rep. Beth Kerttula; Rep. Chris Tuck; Rep. Bob Lynn; Rep. Alan Dick; [Representative Bob-Miller@legis.state.ak.us](mailto:Representative_Bob-Miller@legis.state.ak.us);
Rep. Tammie Wilson
Subject: HB 191

Dear Representative Steve Thompson and other supporting Representatives,

House Bill 191 has recently come to the attention of many small, personal and/or family farmers in Alaska. I have spent three days reading the bill in its entirety and tracing it back to its roots. After much debate and discussion with two farming groups, we have come to the conclusion that this bill is exactly as stated to streamline the existing powers and duties of the DEC and DNR into one Department of Agriculture and Food.

It was pleasing to review the existing duties of educating the public about agriculture since we feel it is imperative that non food producing residents of our state share in the burden of providing for themselves. Even the city dwellers (no longer in the school system) would benefit from revisiting the skills of victory gardening. More emphasis on this education would increase self-reliance and decrease the dependency on government.

Unfortunately, it also adds verbiage that we cannot support as new legislation on page 2, lines 24 through 26 in regard to inventorying and reporting of stored food for the sake of food security. As you must have anticipated, we are against any such infringement of personal rights. The language in which the bill is currently written does not exclude the small, personal or family farm from government scrutiny. (I was not able to locate any definition of 'farm' in Alaska state law.) We would like to see these lines removed from this bill as they are objectionable and are not a part of the efforts to create (recreate) the Department of Agriculture & Food.

Finally, we are questioning the overall purpose of forming this department. Other than opening a final link in the chain of command for Federal intrusion, what benefit will it serve more than a few Alaskans?

I would appreciate any enlightenment on the above in regards to the proposed HB 191. I will be sharing your responses with the farming groups and am looking forward to hearing from you.

Thank you for your time,

Leslie Seddon
Wasilla, AK

Mat-Su/Alaska Farm Bureau

1100 South Colony Way, Palmer, Alaska 99645 746-0044 Fax 907-357-6777

May 9, 2007

Governor Sarah Palin
Office of the Governor
Sent via Fax to 907/465-3532
Juneau, AK 99811

Dear Gov. Palin:

The Mat-Su Chapter of the Alaska Farm Bureau watched with alarm as Alaska agriculture was forced to the brink of irrelevance by the Murkowski Administration's missteps. So far, the overreach and mistakes of that Administration seem to have been stemmed in Alaska's other industries.

Not so, however, with agriculture. Within the secret confines of what I truly hope are the most dysfunctional parts of state government, the Division of Agriculture, the Board of Agriculture and Conservation, and the Creamery Corporation Board continue as if an election hadn't occurred.

We are disappointed that our small industry has not yet experienced a change in leadership and approach. Perhaps after May 16, some small attention can be turned to the problems of an industry that, without a fast course correction, is poised to lose entire sectors.

The State of Alaska's agriculture leadership under the Murkowski Administration went about "helping" farmers by putting them out of business, suing them for trying to help themselves in marketing, presiding over the final failures of publicly owned processors, and dividing a weak industry against itself.

The late Earl Clabo, one of our most stalwart members and one of your most enthusiastic supporters, spearheaded the circulation of a "white paper for change" before the last election. It was signed by representatives not only of this organization, but of all the organizations involved in Alaska farming production. We thought it was a reasoned, thoughtful and restrained call for action. We submitted it to you in October, in a productive discussion with John Bitney. Please take another look at it.

Below, I will briefly outline the broad areas where the Mat-Su Chapter's initiatives and concerns over the past three years have been ignored or attacked.

1. **Alaska Grown.**

Reams of paper and hundreds of thousands in legal fees have been needlessly expended. Since the Agricultural Revolving Loan Fund pays the state's expenses in suing our chapter over this issue and Alaska Grown is not an ARLF asset, we believe these fees have been illegally expended as well.

To win its anti-farmer point of view, the Division has resorted to two rounds of personal attacks and attempts to instigate changes in leadership within the chapter. It has threatened and misrepresented and unethically called on others within the farming community to lobby against the chapter and marketing self-rule. Now, it is backtracking from a negotiated settlement agreement.

What is this issue that commands so much in state money and state employee ethical lapses?

Simply, the state feels it must own and micro-control every aspect of the Alaska Grown program, down to the tee-shirt sales that our group has slowly built up with our own work for over 21 years.

The state acknowledges that the program and its logo were developed together with the farmers. The state acknowledges that its own function is to certify that the farm products so stamped are of good quality and are grown here in Alaska. So why interfere with our promotional efforts?

Every other industry in this state is given the courtesy of a belief that industry representatives can best run an industrywide marketing program. Only farmers are considered too infantile for this.

A survey of other "Grown" programs across the nation shows that the only ones which can be said to work are the ones where the industry runs the program.

It is the farmers who make such programs work, and it is we who have made the tee-shirts work.

Our recommendation: This suit should end immediately, while the state and the farmers begin an industry relationship like that with the Alaska Travel Industry Association.

2. Dairy Concerns.

Here the present Division leadership was not originally to blame; it is only their response to a long-standing problem that gave them ownership over the current debacle.

The mistake that triggered the decline of the dairy industry in Alaska was made in the 1980s. The state refused to sell the creamery back to a farm cooperative. Instead, it chose to retain ownership and control over Matanuska Maid.

Then, Matanuska Maid compounded the mistake by steadfastly holding to an industrial milk sales model, in a state where there is no industrial milk production.

Predictably, this model resulted in a steady decline of local milk production. It is now just a small fraction of the amount it was 20 years ago.

We have monitored and cajoled about this situation for the past several years, with increasing frustration in the last two years.

The current director pledged to us before his selection that he would see that the balance between processor and producer was redressed. He has broken this pledge.

His and the Board of Agriculture's response has ranged from the silly to the sinister. The silly was to advocate the dairy "industry" go back to one- and two-cow "farms" selling raw milk; never mind that that happens to be illegal. More sinister were the successful destruction of the two most recent attempts to dairy at Point MacKenzie, through targeted adverse loan actions and unfair pricing.

Just a week ago we learned that while the farmers have been stonewalled and blamed relentlessly, Matanuska Maid has secretly run up \$700,000 in losses over the past two years. Its industrial model of importing milk and starving the locals is at last revealed as a failure.

The state was warned over and over that a policy of favoring a processor while starving the farmer was wrong, and contrary to its fiduciary responsibilities of preserving ARLF farm collateral.

Once again, the farmers were ignored and the concerns of our chapter ridiculed. Once again, the state chose to stick by state control over private production.

Our recommendation: Dairy industry policy in this state must be based on the necessities facing the actual dairy farmers in this state. Matanuska Maid has had over 20 years to try this, and has failed. Solutions to the problem of inadequate farmgate milk prices must be sought in the private sector, where the U.S. Department of Agriculture has recently invested in two innovative approaches.

3. Slaughterhouse.

Here, the current leadership simply decided to abruptly abandon the processing business after more than 20 years of state ownership. This decision was, commendably, modified to take proposals for private ownership of the plant.

Then, the one bidder was rejected. The stated reason for the rejection was that the person could not get non-ARLF operating funds to run the plant, and the plant could not be used as collateral.

Since we are not privy to the details, we cannot say whether this is the real reason or not. However, we note that the U.S. Department of Agriculture has a method of releasing grant assets for use in securing operating loans, without losing its interest in ensuring that projects are completed.

It seems to us that wise management might have adopted this approach.

Instead, the plant is still being operated by the state, but the meat prices to the producer have been lowered even further and the charges to the producer raised.

Once again, the farmer is blamed and penalized, while the industry becomes more miniscule.

Not only were we as a chapter and farmers ignored, but even farmer members of the Board of Agriculture were restrained from speaking freely on the slaughterhouse issue or voting on it.

Our recommendation: The slaughterhouse, just like sustainable dairy processors, must base its pricing policies on the needs of the farmers it serves. The current unstable, farmer-punitive system will never work. Either the privatization of the plant through gradual conversion to cooperative farmer marketing should begin, and/or the Department of Corrections should contribute added training dollars to the operation.

There are other missteps and lapses, and corresponding future opportunities, many of them discussed in the "white paper for change" previously mentioned.

Two of the examples given above heavily impact the Southcentral dairy and meat industries, and the third denies all farmers in the state a share in their own collective marketing symbol.

The rigid, secretive, dictated ways of the present have reached their logical conclusion: Failure.

It is past time for a fresh, farmer-centered approach to the business of farming in this state.

Please help.

Sincerely,

Karen Olson,
Executive Director

Support Documentation for an Alaska Department of Agriculture and Food
From Ruby Hollembaek 04/07/2011

The History of Agriculture in Alaska and Support for a Department of Agriculture and Food (DAF)

In 1945 the Territorial Legislature created the Alaska Department of Agriculture for the purpose of promotion and development of agriculture. Agriculture is specifically identified in the State constitution. Prior to statehood, there was a Territorial Commissioner of Agriculture (George W. Gasser) who headed the Alaska Department of Agriculture. (<http://www.litsite.org/index.cfm?section=Digital-Archives&page=Industry&cat=Agriculture&viewpost=2&ContentId=2710>) Certain functions in agriculture were established prior to statehood, such as a creation of the Agricultural Revolving Loan Fund in 1953 with a \$1 million authorization.

"The funds have dwindled because ARLF was set up to revolve, but it hasn't. It has not received general funding since 1986 and \$12 million total has been siphoned from the coffers to supply the Alaska Division of Agriculture's operating expenses since 2008."¹ It should also be noted that funds have been siphoned off for other purposes other than funding the Division of Agriculture. There was a sizeable amount taken out for fire fighting. I believe that may have been in the \$2 million mark.

"In Alaska in 1987 there were 1,026,732 acres of agriculture land in production, in 2007 there were 881,585 acres of land in production, a decrease of 15%. When looking at the agriculture we produce here as compared to the rest of the United States we rank 50th in almost all areas. (<http://www.agcensus.usda.gov/>). This is not because of lack of producible land, lack of water or acceptable growing season. There needs to be a change in the political outlook for agriculture in Alaska."²

It has been reported by a speaker at our Alaska Farm Bureau annual meeting held in November of 2010 that Indiana recently created a cabinet level Department of Agriculture and Food. Prior to this, I believe that there were only a few states (one of which is Alaska) who did not have a cabinet level department of agriculture. Vermont was another; they (in the last decade) were also successful in creating an Agency of Agriculture which is at the cabinet level. Upon review of the agricultural agencies in the United States, it appears that Rhode Island and Alaska may share the distinction of not having a cabinet level agency or department. I believe that Rhode Island and the Anchorage area are near the same size.

In a 147 page Ten-Year Plan for Alaska's Agricultural Development submitted by a committee in 1983, Alaska Agricultural Action Council (AAAC) members (Richard Lyon, Chairman Commissioner of the Department of Commerce and Economic Development; Richard Neve, Commissioner of Department of Environmental Conservation; Peter McDowell, Director Division of Budget and Management; Paul Huppert, Palmer farmer; and Steve Hamilton, Palmer Farmer; James Drew, UAF Dean School of Agriculture and Land Resources Management; and Weymeth E. Long, State Conservationist, USDA) for Governor Bill Sheffield sited that "The responsibilities of the AAAC and the Division of Agriculture either frequently overlap or fail to provide a necessary service. The AAAC was responsible for the Delta Project and for subsequent projects and has taken advocacy positions on behalf of the Alaska agricultural

¹ Alaska Business Monthly, March 2011 "Banking on Agriculture" p.64

² <http://www.adlinc.blogspot.com>

**Support Documentation for an Alaska Department of Agriculture and Food
From Ruby Hollembaek 04/07/2011**

industry. Because the Division of Agriculture is a part of a large department (DNR), it has been unable to devote its complete attention to planning or administering projects."

"Coordination between financing and farm development is a serious problem. The ARLF is responsible for credit programs that are critical to the success or failure of agricultural projects, even though the AAAC has overall project responsibility. The ARLF is administered by the Division of Agriculture, with no coordination or responsibility shared with the AAAC."

"Several options for administrative reorganization should be considered. These include combining the functions of both groups into one agency or the other, are combining the functions of both groups, along with other functions, into a Department of Agriculture."

"At the very least, more coordination between the AAAC and the Division of Agriculture will be required as agricultural development continues. This would become easier if both were in a single organization. Ultimately, if the State of Alaska is to have a relatively larger agricultural industry, a Department of Agriculture should be considered."

"The Resources Committee offered on 05/18/81 HCR 29 in the House for House concurrent resolution No. 29 (Finance) relating to the development of a plan for Alaska agricultural development. Whereas, the legislature determines that the agricultural development goals of the state are to:

1. **Promote self-sufficiency and to decrease dependency on imported foods;**
2. **Provide opportunities for Alaskan to produce their own food individually and collectively;**
3. **Provide employment for Alaska;**
4. **Provide nutritional food products from local sources for Alaska;**
5. **Develop a self-supporting agriculture industry in Alaska;**
6. **Encourage the export of surplus agricultural products; and**
7. **Ensure that agricultural development proceeds with sound environmental practices and energy efficiency;"³**

The Alaska Farm Bureau 2010 Resolution Platform was approved by those voting members (delegates) attending the annual meeting where they unanimously supported a cabinet level Department of Agriculture. The Alaska Farm Bureau submits Alaska's Long-Range Plans on a regular basis. These include agricultural entities of transportation, standard; marketing, land sales, tax issues, renewable energy, etc. Testifying for HB 191 in support of a Department of Agriculture and Food was Bryce Wrigley, Alaska Farm Bureau President; Lyall Brazler, Delta Farm Bureau President; Ruby Hollembaek, President Alaska Diversified Livestock Association, Inc.; and several producers from around the state. Testifying was Paul Huppert who was also an AAAC member with the 10 year report submitted in 1983. Another testimony was from a rancher who remembered the transition from a Department of Agriculture to a division under the Department of Natural Resources. I believe she was from Kodiak. Kodiak Game Rancher, Bill Burton, read her testimony if my memory serves me correctly. I believe that

³ Ten Year Plan for Alaska's Agricultural Development, p.108-114

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the transition from Department to Division occurred the early 1960's while changes were made in the state government system to ensure ANSCA and the expedience of the Alyeska Pipeline venture.

"In a report prepared for President Barack Obama and Secretary of the US Department of Agriculture, Tom Vilsack, and based on forums conducted by State USDA Alaska Farm Service Agency Danny Consenstein and Alaska State Direction USDA Rural Development Jim Nordlund the following facts were derived from meetings held across Alaska (Fairbanks, Kotzebue, Juneau and Anchorage) to provide input on what works and what does not work when it comes to job creation and retention, especially in rural Alaska. Three areas for potential job growth emerged from all four meetings:

- Food Systems
- Renewable energy/energy efficiency
- Rural infrastructure"

"Even in Alaska's urban areas, most purchased food has to travel thousands of miles just to reach grocery store shelves. To arrive in Alaska's remote communities, the journey is even farther. Spoilage rates and prices are both high, especially in rural villages. This challenge provides opportunities for innovation in developing methods for growing, processing and transporting food more locally and efficiently. These opportunities tie in directly to energy costs, training and infrastructure."⁴

In an open letter to all Alaska Farmers, Bryce Wrigley says it best when he states:

"Farmers and ranchers are thwarted by regulations that prohibit the growth and expansion of the industry. Agencies providing inspection services, veterinary services and the oversight of land issues are currently functions of several different agencies. Locating these basic agricultural services in a single Department of Agriculture will increase efficiency by focusing all the resources on the mission of providing food for Alaska."

As the former Department of Natural Resources retired land director, Glen Franklin, walked by my table at the Delta Farm Forum this last February, he asked who was behind the move to create a Department of Agriculture. I explained that I supported such a move. He stated, "It's about time." After dialogue, he said a commissioner would probably be paid half again as much as the division director is paid but he didn't see where the extra cost would be in creating such a move back to the original intentions of our state founding fathers. After all, DNR is housed in Fairbanks so a DAF could be located as is in Palmer.

When asked what the legislature and Governors' office can do for Alaskan agriculture, my answer is: "The same thing you do for oil, gas, fisheries, and other resources in our land. We want to sit at the table with and conduct business about our product and available food, fiber and fuel for all Alaskans. We simply want a seat. We want a cabinet level seat. We don't want to be a division under a department. It hasn't worked. Nearly every state in the union has a cabinet level department or

⁴ Alaska Forums on Jobs and Economic Development, February 15, 2010 USDA, Rural Development Farm Service Agency, pgs.4-5

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From Ruby Hollembaek 04/07/2011**

agency. With our unique geographical location, it is paramount that we return to the original Department of Agriculture that was in our first State Constitution in 1945."

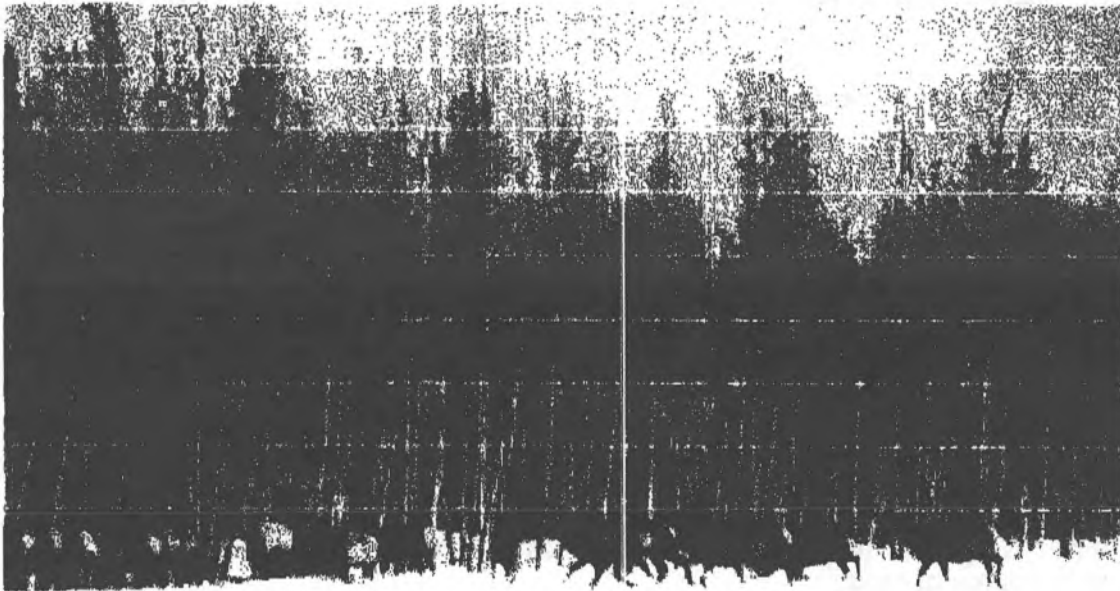
Respectfully and with high regards I submit this plea to continue with the movement of HB 191 for a Department of Agriculture and Food. Thank you for supporting Alaskan agriculture and regards to all who care.



Ruby Hollembaek

Alaska Diversified Livestock Association, Inc. President www.adlainc.blogspot.com

Alaska Interior Game Ranch, Owner-Operator www.bisonandelk.com





ALASKA FARM BUREAU, INC.

Bryce Wrigley, President
bjwrigley@gmail.com

Jane Hamilton, Executive Director
janehamilton99737@yahoo.com

March 15, 2011

Representative Steve Thompson
Alaska State Legislature
120 4th Street
State Capitol, Room 3
Juneau, Alaska 99801-1182

Dear Representative Thompson,

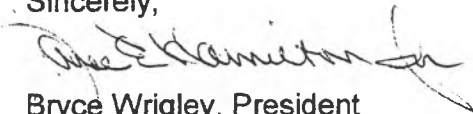
We wanted to take this opportunity to thank you for introducing HB 191 that creates a Department of Agriculture and Food. Agriculture has struggled to survive in the shadow of oil and gas for several decades. We understand the attention that oil and gas demand as they drive the economics of our state. This doesn't leave adequate attention to focus on agriculture and the importance of supplying a safe, secure and plentiful food supply to our citizens.

The Alaska Farm Bureau feels that this bill is important to every Alaskan citizen as well as the agricultural community. Since most of our food is imported, we are in a precarious position and vulnerable to the many disruptions to our transportation system that have occurred in the past and will, most likely, occur in the future. It is of the utmost importance that we produce our own safe and abundant source of food.

A Department of Agriculture and Food will give the industry the opportunity that is needed to ensure that locally grown food, - food produced in Alaska will be able to expand and develop to feed the citizens of Alaska.

If you have any questions about how HB 191 will improve and impact Alaska's agricultural industry, or if we can be of any assistance to you, please don't hesitate to contact me.

Sincerely,



Bryce Wrigley, President

PO Box 760 Delta Junction, Alaska 99737 Telephone: (907) 895-4752



ALASKA FARM BUREAU, INC.

Bryce Wrigley, President
bjwrigley@gmail.com

Jane Hamilton, Executive Director
janehamilton99737@yahoo.com

December 22, 2010

Representative Steve Thompson
PO Box 70843
Fairbanks, Alaska 99709

Dear Representative Thompson

The Alaska Farm Bureau respectfully requests your support as we pursue the creation of a Department of Agriculture in the next legislative session.

A Department of Agriculture would replace the Division of Agriculture that is currently in the Department of Natural Resources (DNR) where time and attention are focused on oil and gas.

A Department of Agriculture is not a new concept. In fact, the Alaska Territorial Legislature originally created a Department of Agriculture in 1945 and Governor Ernest Gruening named George Gasser as the first Commissioner of Agriculture. His appointment was readily confirmed by the legislature, praised by Alaska newspapers and widely welcomed by Alaskans.

We envision a streamlined Department that would be funded at about the same level that the Division of Agriculture currently is. The Department should focus on development of agriculture as the best way to achieve food security. We need a department that is focused on, and is supportive of the industry. Alaska's citizens deserve one. Alaska's farmers and ranchers must have one to survive.

Food production and food security should be the number one priority in Alaska. There is approximately a 3-5 day supply of food in the state. The majority of all of our food comes from the Lower 48. We are dependent on a food distribution system that has been disrupted several times due to natural disasters as well as those created by man such as longshoremen's strikes and of course, September 11th.

PO Box 760 Delta Junction, Alaska 99737 Telephone: (907) 895-4752

Farmers and ranchers are thwarted by regulations that prohibit the growth of the industry, preventing us from resolving the food security dilemma. Inspection services for farm products, veterinary services, and farmland issues are currently functions of several different agencies and would be more efficient if located in a single department - a Department of Agriculture.

The phrase "If you eat, you are involved in agriculture" is not just a catchy tagline. It is a truism that all of us need to pay better attention to. We look forward to working together to improve Alaska's food security by increasing food production and ensuring that our citizens have access to an abundant, safe and healthy food supply grown in Alaska.

Over the next few weeks we will be providing you with additional information, which will serve to brief you more fully on this issue. If you have any questions, please don't hesitate to contact us. We look forward to working with you on this very important issue.

Sincerely,

Bryce Wrigley,
President,
Alaska Farm Bureau
bjwrigley@gmail.com
907-687-9924



ALASKA FARM BUREAU, INC.

Bryce Wrigley, President
bjwrigley@wildak.net

Jane Hamilton, Executive Director
janehamilton99737@yahoo.com

To Whom it May Concern:

The Alaska Farm Bureau represents 350 farm families throughout the state of Alaska. At our Annual Meeting in November, we voted to pursue creation of a Department of Agriculture for Alaska. The motion passed unanimously.

For almost 30 years, agriculture has struggled to survive in the shadow of oil and gas. We do not resent or regret the attention that those natural resources receive, for we agree that at this time they drive the economic engine of the state. Unfortunately, after adequate attention has been focused on those resources, there is simply no more time in the day for DNR managers to address the vital importance of agriculture in Alaska.

We import almost all our food and as a result our food supply is in a precarious state in the event of any number of possible disruptions to transportation. We believe agriculture can do much to increase our food security – not only on the road system, but in remote rural communities as well.

A strong agricultural base is absolutely vital to Alaska for several reasons. Enhancing food security is just one. Improving rural communities by creating jobs and work allows rural residents to remain in their communities. Many secondary jobs are created when there is a strong agriculture industry, including jobs in transportation, processing, and marketing.

Most dollars from the sale of agricultural products stay in the community and state. Economists use a multiplier of 8 for such sales compared with about 2 or 3 for oil and gas. The result of this turnover is a stronger economic engine.

I could continue with the social benefit to remote rural villages, beset with alcohol, drugs, and violence. Millions of dollars are spent for intervention programs that treat the symptoms, but do not address the cause. I believe agriculture establishes a connection with the land and gives people a reason to live and work, and builds pride by providing for themselves.

The end result is that given the importance of agriculture to the social and economic health of Alaskans, there must be a more streamlined method of charting the course and accomplishing the mission of feeding Alaskans, than under the current system. The multiple layers of bureaucracy through wich plans,

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budget, and initiatives must pass under the current structure provides too many opportunities to sideline critical functions because while they may meet the needs of the agriculture industry, they do not meet the priorities of DNR. Consequently, valuable resources to the state never make it to the cabinet level where agricultural resources can be coordinated among agencies to meet socio-economic needs.

Many are concerned about the cost of creating a new department. We believe that properly structured, the cost of a Department of Agriculture need not be significantly more than the current division. The discussion we should be having is whether the value of the new department, in efficiency, purpose, and widespread benefits to urban and rural residents alike, will make it a bargain for Alaska.

We believe it can.

Sincerely,

Bryce Wrigley,
President, Alaska Farm Bureau



ALASKA FARM BUREAU, INC.

JMH

Bryce Wrigley, President
bjwrigley@gmail.com

Jane Hamilton, Executive Director
janehamilton99737@yahoo.com

January 5, 2011

ALASKA NEEDS A DEPARTMENT OF AGRICULTURE – REASON #1

As explained in our last letter, the Alaska Farm Bureau is pursuing creating a Department of Agriculture. There are many significant reasons for this – benefiting the Alaskan consumer as well as the Alaskan farmer. In the next few weeks we will address some of them.

Agricultural Inspections need to be consistent, reliable and conducted by the same department.

The Division of Agriculture is currently responsible for inspecting crops and shell eggs (poultry), elk fencing and farming licenses and beehive registrations. Seed potato inspections are made in the field during the growing season as well as the crops after harvest. The Division of Agriculture administers seed potato and tomato plant regulations for nurseries and garden centers.

Producers participating in the Alaska Grown program are also subject to inspections to ensure produce meets the Alaska Grown quality requirements.

The Office of the State Veterinarian is responsible for the surveillance and control of animal diseases as well as the inspection of sanitary conditions of dairy farms, milk, cheese and ice cream processing equipment and facilities and the issuance of their permits.

There are specific regulations regarding the export and importation of both pets and domestic livestock. Wild bird flocks as well as domestic poultry are tested for H1N1 (Swine Flu). Domestic livestock are inspected and tested for several diseases such as Brucellosis, Johannes Disease, TB, etc.

The Office of the State Veterinarian is currently under the umbrella of the Department of Environmental Conservation. This separation from agriculture

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coupled with the intense regulatory mindset of DEC results in disenfranchisement of the agriculture industry from one of the most important offices that should support development of a healthy local food production industry.

The Office of State Veterinarian used to be located in the Division of Agriculture and was viewed as a resource by the agriculture community. We propose returning the State Veterinarian to the Division of Agriculture because we believe it will serve the industry better by improving the working relationship between the State Veterinarian and agriculture.

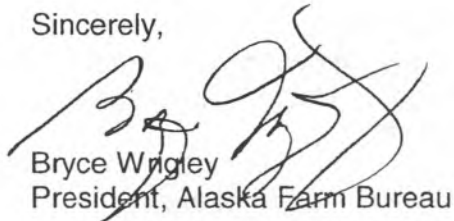
We also propose transferring the inspection services of all local agricultural products to the new Department of Agriculture. There is a different mindset in the Division of Agriculture than what exists in the strict regulatory mentality of DEC. The Division of Agriculture has a mission to work with producers to accomplish food production. The Division of Agriculture already performs many inspections of agricultural products and when problems are found, their approach is to work with the producer to correct the problem.

This is not the policy of DEC, whose stance is to rigidly enforce regulations and ignore the calls of legislative oversight committees to modify overly strict rules that obstruct local food production. Regulations that ensure a safe food supply need not be a barrier to local food production systems if there is a willingness for the state and the industry to work together. However, that goal can best be achieved by inspections being housed in a Department of Agriculture with the goal of increasing our food security through increased local production and reasonable inspection standards.

In closing, we need to create a more business-friendly climate for food production and processing. Alaska needs to produce more of our own food to supply in-state needs in times of emergency. The importance of developing our food producing resources cannot be overstated. It will take time to increase our production and processing, so that it is available when it is needed. This process can best be accomplished with a Department of Agriculture that houses all the state services that affect agriculture.

Please contact us if you would like further clarification or additional information regarding this letter. We will be happy to provide documentation and examples of how the state agencies can participate in the development of a more secure food supply.

Sincerely,



Bryce Wrigley
President, Alaska Farm Bureau

Key Provisions of Dept. of Agriculture
from the Alaska Farm Bureau, Inc.

Using the current budget for the Division of Agriculture, we propose forming a Dept. of Agriculture for Alaska to more effectively guide agricultural policy during this critical time. Alaska is far too reliant on importation of food. When a disruption of the transportation occurs, which happens all too regularly, Alaskans suffer. This is especially obvious in the remote rural areas, but the major impacts would be felt in the urban centers, simply because the majority of Alaskans live there.

The state suffers from the lack of attention to agriculture. Let us consider that with agricultural products on the farms, storage barns, and feedlots of Alaskans, we become more able to weather the effects of natural disasters or widespread pandemic. Alaskan farms can produce the variety of food needed to provide a balanced diet.

What we lack is a focused agency that houses the needed services that government can and should provide. Inspection of locally produced food and processing is currently under DEC, as is the state veterinary. We believe moving both these functions back to Agriculture would greatly facilitate the development of agriculture and the attendant processing needs. There is a simple, but powerful difference the attitudes of facilitation and regulation exert on the business climate.

To this end, we suggest the following adjustments:

Creation of a Department of Agriculture – DNR is rightfully absorbed with oil, gas, and mining. There is no time and very little support for agriculture in the shadow of these topics. Yet feeding our citizens healthy, nutritious food and securing its supply for Alaska is important enough to warrant a higher level of support from the administration.

1. Under the Dept. of Agriculture, inspection services of all agricultural products and State Veterinary services would be transferred from DEC along with the budgets for those services.
2. ARLF would remain with the Dept. of Agriculture. This is important because banks will not lend on land subject to ag covenants. Therefore, lending options for ag producers are limited. Not only does the ARLF lend on farm enterprises, because it is housed under agriculture, there is a better understanding for the ag of the risks and opportunities relating to agriculture than other state loan programs have.
3. Plant Material Center (PMC) functions would continue with the new Department of Agriculture to develop and propagate seed for agriculture.
4. Oversight of all land classified for agricultural development will be moved to the Dept. of Agriculture. Alaska has a limited amount of land suitable for agriculture, much of which has been designated as such. When a borough, municipality, or the University receives land, those ag covenants do not transfer with the land. This reduces the amount of land available for growing agriculture. The state land

designated for ag development that currently remains, must be protected from losing those covenants. The Dept. of Agriculture is the logical entity to identify land for disposal to the private sector for development. They need to have funding to survey it, put in pioneer access to it, and dispose of it to people interested in farming and ranching.

5. Budget

- a. Recapitalize ARLF and stop funding operations from the loan fund. The fund was set up to revolve, however some operational cost are drawn from the loan fund, resulting in a gradual decline of money available for lending to farming operations.
- b. Fund all Dept of Agriculture functions from budget, including Mt. McKinley Meats, the loan officer positions, and any other expenditures currently being drawn from the ARLF. This legitimizes the functions performed by the Dept. of Agriculture with a budget, and preserves the corpus of the revolving loan fund.
- c. Include agriculture education in budget. This might be funded from a percentage of the sale agricultural land, but it is important that the next generation be informed about where their food comes from and what they can do to participate in that process or else food production in Alaska will only last for one generation.
- d. Statutory regulations regarding loan policies.

6. Develop a Food Safety plan for Alaska. The Department of Agriculture will develop a plan to address food security in Alaska by providing for the expansion of local production. There is no other method of ensuring our food security because all other sources depend on the same transportation system we currently depend on. Food produced in Alaska and stored in the vegetable barns and cellars, grain bins, feedlots, dairies, and ranges of Alaska are 2500 miles closer to their end user, greatly facilitating access to food in the event of a transportation disruption. Several aspects of this plan need to be put in place while there is time including:

- a. The scheduled sale of ag land. State owned land is not producing land. It must be put into the hands of farmers who are determined to work it and produce on it.
- b. Regulations need to be designed to encourage a cottage industry for food production and processing. Small scale operations will provide the pool from which larger operations will emerge as they see growth in their markets. One model for accomplishing this is in Oregon, which allows a small producer to sell to neighbors.
- c. The Dept. of Agriculture can play an important role in facilitating small scale infrastructure development including mobile processing, inspections, land disposal, village food production projects, and farm financing. It is critical that through it all, the Dept. of Agriculture stay focused on improving our food security by facilitating growth of agriculture.
- d. The Department of Agriculture must proactively renew expiring livestock leases in a timely manner. Livestock leases are integral to the red meat industry, which is vital to our food security. Some producers have been

waiting years to get their leases renewed while the state determines what the wisest and best use of the land is and whether the lease cost need to be raised. Boiled down to the essentials, the Dept. of Agriculture will recognize that:

- Grazing leases are indicative of Agricultural land, therefore it has already been determined that agriculture is the highest and best use for it.
- Improvements made by the leaseholder should be credited toward the lease price, not charged extra for. In other words, when a rancher has put in livestock wells or working facilities, he should not be charged extra for them by the state when the lease comes up for renewal since the state had no part in making the improvements. Instead, the improvements should weigh in favor of the rancher as evidence that he is a good risk.
- Preference rights should be allowed if the current leaseholder continues to raise animals. This encourages the rancher to invest in improvements because the expenses can be amortized over a longer period of time.
- New leases should be for a minimum of 20 years to allow reasonable stability for financing improvements and making management decisions such as increasing his herd.

ALASKA BUSINESS MONTHLY

March 2011 Finance

SHARE    ...

Agricultural Revolving Loan Fund Running Dry

Could Alaska face a land without agriculture?

By Deborah Jeanne Sergeant

If things don't change soon, the State-run Agricultural Revolving Loan Fund (ARLF) will be shuttered. Although other programs and lenders exist, nixing the 58-year-old ARLF will decrease funding available to an already precarious agricultural industry.

Banks generally do not lend to farms because in case of default, the land may be used only for farming, rendering it nearly valueless. Alaska farmers use the three main lending institutions in the state: Agricultural Revolving Loan Fund (ARLF), a State-run program; U.S. Department of Agriculture Farm Services Agency (FSA), a program operated by the federal government; and (AARC), a private, nonprofit lender.

In an industry accustomed to relying upon credit for supplies and equipment upgrades until the harvest or slaughter, cash has been especially tight during the downturn.

"In the last few years, our funds have diminished," said Candy Easley, loan officer with ARLF. "Unless it's recapitalized, there won't be enough funds."

The Missing Link

Losing ARLF is like kicking out one leg from a three-legged stool.

"Each program serves a different need and we cross-participate with each other," Easley explained.

Established in 1953, ARLF, as a revolving loan fund, focuses on development. Many of its loans are larger loans for funding a new farm that's clearing land, operations that add a processing plant for its goods or some other large-scale venture. ARLF caps its loans at \$1 million.

FSA is more geared toward beginning farmers. Because they lack collateral, obtaining a

standard bank loan to start their ag business is next to impossible. FSA also serves people with credit issues or other problems that impede their ability to get a traditional loan.

AARC is the most conservative of the three ag lenders because of the amount of funds they possess. Its high-qualifications standards make it tougher for obtaining a loan.

AARC loan officer Steve Gallagher confirmed the agency will continue to lend to farmers despite the credit crunch.

"We're increasing our funds by partnering with Farm Service Agency's funds so we don't run out," he said. "They used to be the 'lender of last resort' and now they're the 'lender of first opportunity' because of the financial crisis in the Lower 48."

Three to Completion

Easley believes because farms rarely need only one kind of loan, it's important to the industry that all three ag lenders are well-funded. For example, a farm may need a FSA loan to buy dairy cattle, an ARLF loan for adding a creamery and milking equipment and an AARC loan for building a farmhouse.

Once a farm has been established, it make operate for decades, depending upon farm credit, to cover operating expenses and to replace and upgrade equipment as it wears out or as the farm expands. They will need to buy seed, feed, fuel and other supplies they cannot afford until the harvest comes in.

"It's a fragile lending scenario," Easley said. "We work together and there's not hundreds and hundreds of farms. It's a big state with a small ag community."

Dwindling Funds

The funds have dwindled because ARLF was set up to revolve, but it hasn't. It has not received general funding since 1986 and \$12 million total has been siphoned from the coffers to supply the Alaska Division of Agriculture's operating expenses since 2004.

As for ARFL, it's been living on its hump, selling off its assets. The organization has less than \$5 million left and generates only \$.5 million in interest based upon its portfolio. Easley said it takes \$1 million to operate, so farmers will have only \$4 million to borrow in 2011.

"That's not enough money to revolve when you're loaning approximately \$2.5 million in new loans," Easley said. "There's not enough money, so depending upon the amount of loans

taken out, that's going to be the factor, and depending upon if no loans going bad. In a year, we won't have that \$2.5 million to loan out."

The Alaska Board of Agriculture and Conservation is lobbying for support from the Legislature to recapitalize ARFL.

"Whether it happens or the conditions under which it happens I don't know," Easley said. "We're at risk for not being able to provide development funds or operating funds within the next year."

She estimates with an average farm purchase of \$300,000 to \$500,000, ARFL will be able to fund about four before the funds dry up.

Slow Death

Twenty years ago, ARFL employed 15; for the past seven years, Easley has worked alone.

"If the State wants to promote the development of agriculture and maintain the existing level of agriculture, then they really need to recapitalize and reaffirm their support to finance ag in this state," Easley said. "I think that before they fund it, they need to decide the goals."

Amy Pettit, Alaska Department of Agriculture development specialist on the Food Policy Council in Palmer, said that the increase in small-scale production indicates a growing opportunity for farmers, fueled by "people becoming more interested and concerned with how it was grown where and how it got to them," she said.

In 2005, the Department of Agriculture recognized 13 farmer's markets. By 2010, the number had risen to 29.

'Endless Opportunities'

"There could be more and more farmers could be utilizing the facilities available and if there were more facilities, we could use more farmers. We could use more farmers in Alaska. There's endless opportunity."

Previously from Kansas, Pettit recalls her former state's number of listed farmers: 44,000. Alaska's 680 farms is very low, especially considering the state's size.

The output of Alaska's farms is low also. Only 320 of Alaska farms are making more than \$10,000 per year.

"They're supplementing their income with non-farm work," Pettit said. "It's a budding industry."

But unless the industry can obtain sufficient funding, it will stagnate. Bryce Wrigley, president of Alaska Farm Bureau, operates Wrigley Farms in Delta Junction, where he raises 1,000 acres of barley.

"I think that ARLF, the primary lender of the state, needs to be recapitalized," he said. "Dump \$10 million in there. Their policies should change so any operation expenses of the Department of Ag should come out of the general fund not the ARLF loan fund."

Wrigley fears for the future not only of Alaska's farmers, but also the state's food supply.

"We're going to allow our capability to produce our own food slip away from us and that's not going to be recoverable," he said. "It's estimated that the average farmer feeds 153 people apiece. That's good productivity. But when you consider a 300 million population and 2 million farmers, we're barely making enough food for our nation."

He compared America's reliance upon other nations for oil with the possibility of depending upon them for a majority of our food.

"I remember the oil embargo lines in the '70s," he said. "Suppose we have to wait in lines at the grocery stores for food?"

Should the state's food supply lines become interrupted with a major catastrophe, "we would be in a world of hurt," he said. "We're trying to put in place those growth mechanisms to cover ourselves in the case of emergency. We can grow those things that would result in a diet that would preserve life."

Infrastructure to process, market and distribute those goods is also a part of the ag picture in Alaska.

"We don't have a miller in the state and flour is basic," Wrigley said. "Our challenge maybe isn't so much the credit crunch, although that could change. Our challenge is in putting the raw product we can grow into the hands of the consumers with adequate processing and distribution marketing."

Here are the differences and similarities among Alaska's agricultural lenders:

Alaska Rural Rehabilitation Corporation - Variable rate

ARRC offers conservative financing with a focus on moderate operating loans, chattel loans and farm land purchase financing. Current interest rates are varied 5 percent to 9 percent, determined by applicant's credit and collateral and no loan fees with terms of up to 20 years. The majority of the loans are closed at the 5 percent. Their rates are adjustable every two years with no cap.

USDA Farm Services Agency - Fixed rate

FSA offers financing if other credit is unavailable with some program loan funds targeted specifically for disasters, beginning farmers and socially disadvantaged farmers.

Farm Credit Services - Variable rate

Farm Credit Services offers conservative financing with FSA guarantees and has only made a few agricultural loans in Alaska over the years. Their interest rates are variable rates with a cap and presently range 3.85 percent to 8.3 percent and loan fees from no fee to 2 percent with a maximum 20-year term. Borrowers may be eligible for 0.5 percent to 0.7 percent annual interest refund. There may be prepayment penalties.

Commercial Fishing & Agriculture Bank - Variable rate

CFAB has had no agricultural loan activity in years. Their loan programs are primarily for the fishing and tourism industries. Their variable rates are not competitive for agricultural loans at 7.25 percent to 8.5 percent and 1 percent loan fee with a maximum 20-year term.

Agricultural Revolving Loan Fund - Fixed rate

The ARLF currently offers 3 percent short-term; one-year, 4 percent intermediate term up to seven years and 4.5 percent long-term up to 30 years.

ALASKA'S STATE-FUNDED AGRICULTURAL PROJECTS AND POLICY —

HAVE THEY BEEN A SUCCESS?

A Senior Thesis

Presented to the faculty of the School of Natural Resources and Agricultural Sciences, University of Alaska Fairbanks, and the Senior Thesis Committee: J. Greenberg, Chair, H. Geier, S. Sparrow.

In partial fulfillment of the requirements for the degree of Bachelor of Science in Natural Resource Management

Plant, Animal, and Soil Sciences option

by Darcy Denton Davies

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Delta Junction grain elevator at the modern farm co-op.

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Abstract

In the 1970s and 1980s the state of Alaska invested millions of dollars to develop a large-scale agricultural industry. The Delta Barley Project and the Point MacKenzie Dairy Project were created to show that large-scale agriculture was possible in Alaska. This study looks at the major events and policy decisions that occurred and determines how the outcome of the demonstration projects was affected. An extensive literature review was conducted, focusing on state documents; key persons were also interviewed. The projects did not accomplish their original goals for a number of economic and political reasons. The positive aspects of development are that Alaska now has more land in private ownership, more infrastructure to support the industry, and a thriving agricultural community at Delta Junction.

Preface

The advancement of agriculture in Alaska in the 1970s and 1980s was considered one of the more important times for the Alaska agricultural industry. Numerous policy decisions were made during that period that has shaped the current industry. This thesis charts the history of the large-scale state-funded agricultural projects and identifies major events and management decisions. Through review of past agricultural management decisions, insight can be gained about the current state of agriculture in Alaska and what direction the industry is moving. This thesis will provide a historical overview of that era of development, as well as provide information to managers about past agricultural policy.

INTRODUCTION

In the late 1970s the State of Alaska developed a task force to address the advancement of an agricultural industry in Alaska. During this time the state had large budget surpluses due to incoming revenue from oil development on the North Slope (Lehne nd). The governor at the time established goals to develop renewable resource industries to spend oil revenues responsibly (AAAC 1981). During this time an exploratory soil survey was conducted, which identified over 20 million acres (8 million ha) of land suitable for agriculture. It was decided that Delta Junction was a good place to start a project demonstrating Alaska's capability for large-scale agriculture. The project land was sold through a lottery system and winners were put on a development schedule and given large loans to get their farms operating. Other tracts of land were surveyed for agricultural production, and a few years later the Point MacKenzie dairy demonstration project was auctioned at lottery, as well as the Delta expansion. Support facilities, such as meat processing plants and grain holding bins, were also planned and built.

The state spent millions of dollars to create this industry (Teal 1982), yet events took place that changed the intended outcome of the projects. It is still a controversial topic, as it is considered a blunder by some and a success by others. The objective of this study is to evaluate whether the major state-funded agricultural projects of the late 1970s and early 1980s accomplished their original goals, and to assess how policy decisions affected the outcome of the projects.

Review of Previous Investigations

There have been few complete studies done on the long-term effects of the agriculture projects. Many reports were published in the years directly following completion of the first phases of the projects, but most have failed to take a look at later, related events. Geier and Lewis wrote in 1998 that farms may have been more successful had the state put smaller parcels up for lottery to "make it easier for initial success," which may have allowed for further expansion of the industry.

In 1987 Engelbrecht and Thomas conducted a study about how policy was implemented during this time. The study indicated that there were conflicting agency goals and poor cooperation between the Division of Natural Resources (DNR) and the Alaska Agricultural Action Council (AAAC), which led to many complications during execution of the projects. Over time these conflicts led to decreased public support of the agricultural projects, and the political standing of the AAAC diminished. They concluded that "the degree of success achieved in implementing new policies is largely dependent on the ability of the power interests to negotiate or force change."

Methods

I conducted an extensive literature review to reveal the history of the projects and state actions. Specifically, I reviewed state papers documenting the policies and actions since the 1970s. Documents from the AAAC were of particular importance. I analyzed statistical data from the Alaskan Agricultural Statistics to ascertain the changes in production since the 1970s. I interviewed key personnel to better understand various agencies' actions and positions on the issues, as well as to obtain information that has not been formally documented. The State of Alaska Division of Natural Resources - Division of Agriculture and the University of Alaska Fairbanks School of Natural Resources and Agricultural Sciences data were particularly significant. I also interviewed various project farmers to understand the state's actions from a producer's point of view. I followed the University of Alaska Fairbanks' Institutional Review Board's guidelines when conducting interviews.

HISTORY OF ALASKA AGRICULTURE

Alaska has historically been a land of subsistence and the 'hunting and gathering' way of life. Agriculture was first introduced during the 1700s, when Europeans first colonized Alaska (Snodgrass et al. 1982). The Russians began many small

agricultural colonies in such areas as Yakutat, Ninilchik, and Kasilof. Cattle were introduced to the state at this time also.

When gold was discovered in Alaska there was a revival of agriculture. Homesteads were established and the farmers began producing crops for the many prospectors that had migrated into the state. By the time the gold rush had ended many permanent communities had already become established and were thriving. The Tanana Valley was the center of agricultural production up until the 1930s (Snodgrass et al. 1982).

The Matanuska colony was President Roosevelt's plan to breathe life into agriculture and revitalize people during the depression. In 1934, 202 impoverished families were relocated from the lower 48 states to Alaska (Lehne nd). During this time it was shown that agriculture was, in fact, viable in the state. The Matanuska Valley proved to be very capable of producing vegetable crops and became known for its dairy production.

As the Soil Conservation Service began mapping the soils in Alaska in the mid twentieth century, many areas were identified as having potentially arable soils (Snodgrass et al. 1982). In the end the figure reached over 20 million acres (8 million ha) of land suitable for agriculture. The discovery that the state had so much agricultural soil led to the publication of Alaska's Agricultural Production by the Alaska Rural Development Council and the idea of agricultural development again became an interest.



Plowing wheat in the Matanuska Valley, at the Matanuska Experiment Farm.

—AFES FILE PHOTO

Governor Hammond's Alaska

Governor Jay Hammond entered into office in December of 1974. This was a time of great wealth for the state following the discovery of oil at Prudhoe Bay in the 1960s. Governor Hammond believed the state needed a “renewable resource economic base to sustain [Alaska]” after the oil was depleted (Lehne nd). In 1976 Governor Hammond established the following goals to encourage the development of renewable resources in the state, including agriculture:

- Broaden the economic base of the state through agricultural production.
- Stabilize real food costs by increasing local food.
- Provide alternative job opportunities through expanded agriculture.
- Improve rural life by developing an economic base through agriculture.
- Assist in meeting national goals of increased food production for world needs.

(AAAC 1981)

These goals helped to shape future agricultural development in the state.

In 1975, the Federal-State Land Use Planning Commission for Alaska conducted an in-depth study on the feasibility of agriculture in Alaska. They concluded that agriculture was possible in Alaska and recommended that “a large demonstration area be developed,” and that “efforts be made to designate a considerable portion of land for agriculture” (Faris and Hildreth 1975). This prompted Bob Palmer, Special Projects Coordinator for Governor Hammond, to establish an ad hoc committee to address the study (Lehne nd).

The committee investigated agricultural production and decided to focus on Delta Junction as the first project area. On August 5, 1978, 22 names were drawn by lottery for the opportunity to purchase agricultural rights to the demonstration area land, which totaled approximately 60,000 acres (24,281 ha). This marked the beginning of an era of large-scale state funded agricultural projects.

In 1979 the AAAC was created to manage the Delta project and recommend future projects to the legislature (AAAC 1979). It was composed of five members, three people from the state government and two from the private sector. It was chaired by the Office of the Governor's Special Projects Coordinator (AAAC 1979). This council was the influential body that made recommendations to the legislature, many of which were ultimately funded and completed.

The AAAC generated reasons why the state should support agricultural development. The five reasons are paraphrased as follows:

- Nonrenewable resource wealth must be used to develop renewable resource industries.

- Alaska has enough arable acreage to provide satisfying work and an enjoyable lifestyle for many Alaskans.
 - Alaska should not import 98% of red meat and depend on a system that maintains only a four-day supply.
 - Agriculture is an opportunity for rural people who wish to remain on historic land and participate in the economy of the state.
 - The state can demonstrate that oil wealth is being used responsibly.
- (AAAC 1981)

The AAAC devised many projects to expand the agriculture industry in Alaska. Additional projects were designed for land disposal, meat processing, grain handling, and transportation. Nearly all of the projects that the AAAC recommended to the legislature were funded, but not all were completed. It was also envisioned that 500,000 acres (202,343 ha) of land would be in cultivation by 1992 (AAAC 1982d).

The legislature was very supportive of agricultural development for a number of years, and from 1978–1982 over \$41 million was appropriated to the various projects of the AAAC. In the mid 1980s the political climate changed, following certain setbacks of the projects and tightening fiscal constraints due to dropping oil prices (Lewis and Pearson 1990). Legislators became more reluctant to fund agricultural development, possibly because they were unable to determine how their constituents felt about the projects (Snodgrass et al. 1982). At this time there was also skepticism from the public about the ability of the AAAC and DNR to implement the projects in the public's best interests (Engelbrecht and Thomas 1987). Governor Bill Sheffield took office in 1982, and the administration's support on the previous levels of development was much reduced (Lewis 2007).

In 1984, the effective life of the AAAC concluded and it was not renewed by the legislature. All of its duties reverted back to the Director of the Division of Agriculture (Fowler 1992). Once the AAAC was inactivated no more projects were devised, and it marked the end of large-scale agricultural development in Alaska.

Delta

The Delta project was designed as an agricultural demonstration, and was intended to specialize in the production of small grains—particularly barley. The intent was to produce grains on a large scale to lower the cost of feed grains, which would in turn stimulate the livestock industry in Alaska (AAAC 1982a). Delta was selected as the site for the large-scale demonstration for a number of reasons. Most important, there was a road system, large areas of state land were available for disposal, agriculture was already practiced there, and the community specifically asked for agricultural development in the area (Lewis and Wooding 1978).

Barley was selected because it is a proven crop in Alaska and export markets had been identified to support the industry. It can mature at cool temperatures and has a short growing

season, both of which are required for successful growth in Alaska (Lewis and Wooding 1978). According to studies, Alaska land produced nearly twice as many bushels of barley per acre as the Great Plains area (Faris and Hildreth 1975). In Alaska's Agricultural and Forestry Experiment Station trials, the highest yielding varieties averaged 76 to 80 bushels per acre (Lewis and Wooding 1978). The barley was expected to be purchased by the small in-state market and eventually to a larger Asian export market (AAAC 1981). The consensus at the time was that Alaska could be competitive with other regions for the Asian markets if the quality and price of the grain was comparable (Thomas 1979).

Agricultural rights to the land of the Delta I project were sold by lottery on August 5, 1978. Twenty-two tracts were included in the sale, averaging 2,600 acres (1,052 ha) per tract, for a total project area of 60,000 acres (24,281 ha) (AAAC 1981). Pre-qualified applicants in the lottery were required to be Alaska residents, have capital of their own to spend, and management ability (Lehne nd). After being selected in the lottery, winners were sold the agricultural rights to the land through the Department of Natural Resources Division of Lands (Division of Legislative Audit 1991). Contracts and loans for land clearing and development were established between the lottery winner and the Governor's Office, but contracts were later transferred to the AAAC. Additional loans for tract development were supplied by the Agricultural Revolving Loan Fund (ARLF). Since the landowners only purchased the 'agricultural rights' to the land, as opposed to a fee simple title, it was much harder to receive loans for capital investments (Johnson 1984). Private lenders felt that loaning money for agricultural rights was too risky because the industry was unstable.

An extension of the first Delta demonstration area was conceived in 1979 and approved by the legislature in 1981 (AAAC 1981). This extension, called Delta II, was to follow the same principles as Delta I and with the extension the state would be able to produce enough grain to support the infrastructure surrounding processing, marketing, and transportation (AAAC 1982b). On March 13, 1982, 24,600 acres (9,955 ha) in 15 tracts were sold by outcry auction (AAAC 1982c). There were no pre-qualifications in the Delta II sale because it was determined by the state court to exceed the government's authority (Engelbrecht and Thomas 1987). Originally the state had proposed a sale of 55,000 acres (22,258 ha) in the expansion, but resource conflicts prompted postponement of the western portion, called Delta II West (AAAC 1982a). There were concerns about using the land for timber, as opposed to agriculture, as well as concerns about the damage the buffalo herd could inflict on potential crops (Engelbrecht and Thomas 1987).

Clearing the land proceeded quickly, and planting crops began in 1980 (AAAC 1981). That year there were crop failures due to adverse weather conditions and predation by a local free-ranging buffalo herd, and the acreage planted produced on

average 30 bushels per acre. While some farms had losses of 20 to 50 percent (Lehne nd), some averaged over 75 bushels per acre (AAAC 1981). All of the grain produced that year, which was 6,000 tons, was sold in-state as livestock feed (AAAC 1982b). The next year, weather, in the form of an early snow, again caused crop loss. Grasshopper infestations also accounted for crop losses during the formative years (Hollembaek 2007). It is probable that these events contributed to the public's doubt about the capability of the project to succeed.

As grain production increased, so did the demand for in-state livestock feed (Lehne nd). The plan was to begin export of barley once there was a reasonable surplus, but as in-state demand increased, the date for export was delayed. At this time there was still no export grain elevator, and in 1983 the Division of Agriculture (DOAg) suggested that construction of the grain terminal be put on hold until production exceeded in-state markets and Alaska barley could be competitive with the world market (DOAg 1983). In the end the Seward export terminal was never completed and the dream of a large export market was not realized.

Also during this time the price of barley, and other agricultural crops, began declining internationally (Division of Legislative Audit 1986). The drop in international prices made imported grain cheaper than barley produced in Alaska (Lewis and Pearson 1990). Too little barley was being produced to

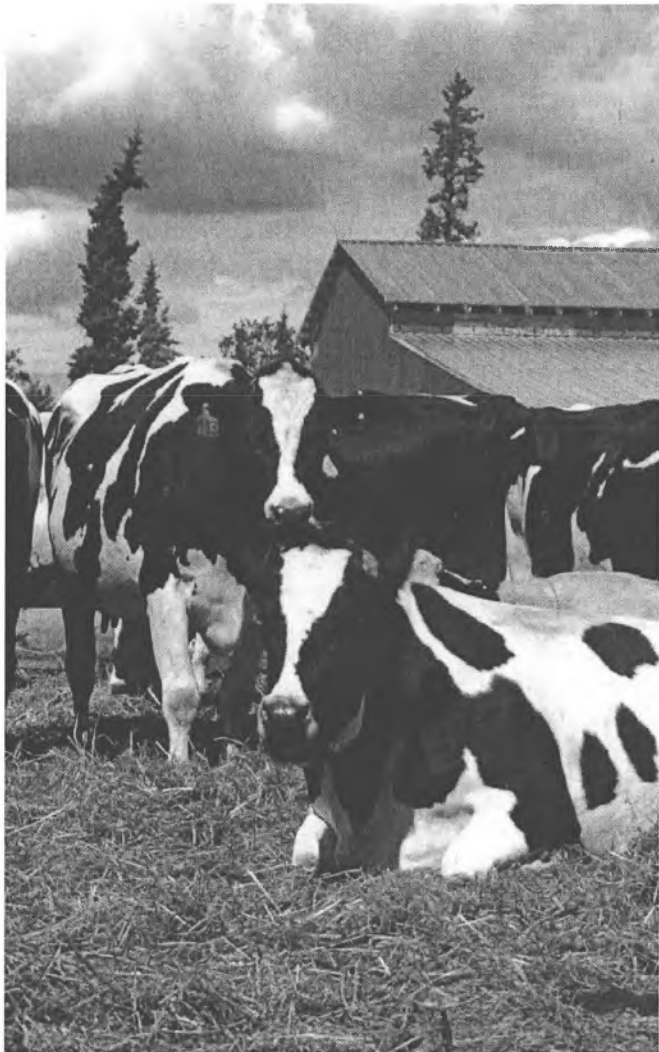


Barley harvest in Delta.

—AFES FILE PHOTO

export, and prices were too low for that to be an economical solution. As debt mounted, the number of farmers in Delta began decreasing (Division of Legislative Audit 1986). Farmers looked to in-state markets, but it was hard to compete with low prices from the lower 48 states. Some farmers thought that the state was responsible for the mounting debt because certain infrastructure, such as the export grain terminal, had never been completed and was deemed essential to the success of the farms in the University of Alaska's feasibility study and by the Alaska Agricultural Action Council. An investigation by the Division of Legislative Audit showed that farmers would be unable to have debt relieved by filing a lawsuit because the state had never guaranteed funding for additional infrastructure.

In 1990 the debt owed to the state by Delta project farmers totaled over \$53 million, in 1990 dollars (Division of Legislative Audit 1991). The state began to restructure loans with farmers to see some return on its investment. The programs for debt restructuring were generally unavailable to landowners participating in federal assistance programs, such as the Conservation Reserve Program (CRP), that paid to keep land out of production. It was felt by some that the restructuring process was very subjective, and the way it was carried out created distrust of the ARLF.



Dairy cattle in Delta.

—AFES FILE PHOTO

By 1998 only seven of the original 37 landowners from both projects still retained ownership of their parcels (Geier and Lewis 1998). The rest of the parcels had either been sold by the original tract owner or foreclosed upon and resold by the state. Some of the large tracts that reverted back to state ownership were then subdivided and sold, which put farmers on smaller parcels. Original project farmers who had retained ownership of their land were likely involved in the Conservation Reserve Program or had needed less initial capital investment and therefore accumulated lower amounts of debt (Hollembaek 2007). Currently there are 56 Delta farmers on 29,000 acres (11,736 ha) enrolled in the CRP received a combined annual payment of \$949,703 (Huelskotter, Pers. Comm. 2007¹).

Delta Junction currently has a diverse agricultural community, though it is not as was envisioned at inception of the Delta Project. There are still farms that are producing traditional crops and livestock, as well as other farms that are producing alternative livestock and niche market crops, and it is viewed as an agricultural community. The goal of a large export market for small grains was never achieved and the export elevator at Seward was never completed. This, coupled with falling grain prices, led to farmers being unable to survive economically. Original project farmers either sold their land or tried to enter different markets. Those who survived and have remained in Delta are extremely loyal to the community and are supportive of the agricultural development that has occurred there.

Point MacKenzie

Point MacKenzie was designed as a dairy project to supply the Anchorage market, as well as to use the livestock feed being produced in Delta (Snodgrass et al. 1982). The dairy industry depends heavily on infrastructure and other industries, so it was assumed that a revitalized dairy industry would create jobs and boost the local economy. There was once a relatively large dairy industry in Alaska, but during the 1960s many farms either consolidated or went out of business. By expanding the existing industry it was believed that the production of dairy products would become more feasible through an economy of scale (AAAC 1979). Point MacKenzie was designed as a 15,000 acre (6,070 ha) project with 31 tracts, 19 of which were designated as dairies and 12 others that were to be supplemental farms for growing feed and other crops (AAAC 1981).

A feasibility study was conducted in 1980 that estimated the productivity of dairy operations at Point MacKenzie (Lewis et al. 1980). According to the study a farm could achieve a positive cash flow by the second year in operation, assuming that the price paid to the farmers remained at or above \$16.84 per cwt (one hundred pounds of milk). The authors also stated the dairy industry could only grow if the farmers used best management

1. E-mail dated 18 April 2007 from Helga Huelskoetter, Program Technician, Farm Service Agency Northern County.

practices and if the processing sector became more efficient.

The project was scheduled for sale March 6, 1981 (Fowler 1992). The lottery took place, but was later thrown out by the court based on the fact that the state had required a farm conservation plan or dairy farming experience to qualify, which was deemed to be exceeding the state's own authority (Englebrecht and Thomas 1987). Two tracts were not included in the lawsuit because they were Matanuska-Susitna Borough land, and remained with the original lottery winner. Another lottery was held in September 1982, and this time no previous dairy farming experience was required to be considered for the lottery. The winners signed contracts that gave them agricultural rights to the land and established deadlines for land clearing, crop production, and production of milk.

Under the contract signed for the loans, farmers were expected to clear land, begin producing crops, and start milking cows in three years (Fowler 1992). At the start of the project milk prices were high, around \$22 cwt, and farmers felt confident in their investments. By 1983 one farm had already begun producing milk and the others were clearing property in anticipation of milking cows. Milk was being sold to Matanuska Maid, the oldest milk processor in the state. Matanuska Maid is located in Anchorage and was a major catalyst in beginning the Point MacKenzie project (Lewis et al. 1980). At the end of 1983, Matanuska Maid was unable to repay its debts and filed for bankruptcy and the price paid to producers immediately dropped (Fowler 1992). These events brought public attention to instability in the dairy industry.

The loan limit from the Agricultural Revolving Loan Fund was capped at \$1 million, and some farmers were already at or near this limit (Fowler 1992). Many farmers had initially invested in expensive barns, which left little or no money for other expenses, such as cows and equipment. The increased debt load made farms less likely to be successful.

Farmers had trouble staying on schedule, but were told the schedule was inflexible. Around this time the state took ownership of Matanuska Maid, which was deemed necessary to keep the dairy industry operating (Van Treeck 2006). The ARLF previously loaned \$4.5 million to Matanuska Maid (Division of Audit and Management Services 1990), but even more compelling was the investment made in the dairies at Point MacKenzie. Without the processor, the state believed the dairy industry it was trying to create would inevitably fail (Alaska Ombudsman 1989). Matanuska Maid, because it was state owned, was required to purchase all the milk produced that met quality standards (Fowler 1992). Though most farmers faced financial challenges, milk was being produced in significant quantities by 1986, so much so that Matanuska Maid stopped importing milk, but at the same time their sales were down.

During this time the Matanuska area was going through a recession (Alaska Ombudsman 1989). Unemployment rates in the area rose to 12 percent, and bankruptcies increased 250 percent through 1984. Businesses in the area had to downsize and cut costs to survive. Local feed suppliers were unable to supply

Point MacKenzie farmers because most could not afford to buy feed with cash, and suppliers were not willing to accept their credit. Farmers in the Point MacKenzie project began having problems repaying debt and keeping their dairies operating. As production decreased in 1988, Matanuska Maid began importing milk again. By 1990 over 50 percent of Matanuska Maid's milk was being imported, and coincidentally their sales began rising (Fowler 1992).

As of 1992, only two dairy producers remained at Point MacKenzie (Fowler 1992). This number has fluctuated through the years, but has stayed steady with at least one producer in Point MacKenzie at any time. The Point MacKenzie dairy project did not meet the expectations envisioned by the state. Some of the landowners at Point MacKenzie invested in the land as speculators, waiting to sell when the agricultural zones are lifted and the Knik Bridge is built (Fowler 1992). Instead of creating a sustainable industry, the state instead became owner of the primary milk processor in southcentral Alaska and watched as most of the dairy farms at Point MacKenzie underwent financial trouble and eventually failed. As dairies from Point MacKenzie defaulted on debts and went out of business, Matanuska Maid began importing more milk from out of state. Currently there are only nine grade A dairies in the state, down from sixteen at the height of Point MacKenzie's production in 1986 (Alaska Agricultural Statistics Service 1976–2006).

Nenana-Totchaket

The Nenana-Totchaket area has been considered an area with some of the most prime agricultural soils in the state (AAAC 1981). The proposed project was located west of the city of Nenana in a remote area. The original thought was that the producers would be linked to markets through the adjacent railroad, and agriculture would begin to expand westward. The Natural Resource Conservation Service (NRCS) (at that time the Soil Conservation Service) identified 175,000 acres (70,820 ha) of agricultural soils in the area between the Tanana and Kantishna Rivers. The feasibility study conducted assumed that this project would be much like Delta and be a small grain-producing area (AAAC 1982a).

In 1980 the legislature appropriated \$500,000 for design and development of the project. In 1982 the AAAC asked the legislature to fund further development of the project and that a lottery sale for 75,000 acres (30,351 ha) take place as soon as possible (AAAC 1982a). In 1983 the Division of Agriculture suggested that the sale be delayed until analysis of the previous projects had been completed, to help determine if the investments needed to complete the Nenana-Totchaket project would result in sufficient benefits to Alaska (DOAg 1983). It is possible that funding for a bridge and access to the remote location was more than the legislature was willing to do, because no more appropriations were made and the project was never completed (Lewis 2007).

Infrastructure

The infrastructure proposed, which would support the grain, dairy, and red meat industries, was seen as a “vital link between the producer and the consumer” (AAAC 1979). It was viewed as essential to the economic success of the projects that certain facilities were in place. To make the facilities available to the producer quickly, the AAAC knew the facilities would have to be government owned and managed for a period, but felt that “as soon as possible, the ownership and management function should be transferred to the private sector” (AAAC 1979).

A grain elevator at port was considered a necessity to the success of a small grain export industry. Seward was selected as the preferred city for its location because it was connected to the railroad system (Lewis 2007). Under this plan, grain trucked to Fairbanks from Delta would be loaded on rail cars and travel to Seward, stopping along the way to deposit grain for livestock producers in various towns (AAAC 1982a). The AAAC recommended that the legislature spend \$6.5 million to construct the terminal elevator.

Construction of the grain terminal began in 1981. The legality of the AAAC hiring contractors and leasing land was questioned, and work was halted later that year (Division of Internal Audit 1981, AAAC 1982a). Once Governor Sheffield took office no additional appropriations were made to fund the construction and the terminal elevator was never realized (Lewis 2007). Despite the \$6.5 million invested, the state placed further grain terminal appropriations on hold until there was increased production to support it (AAAC 1983). It is also possible the state thought the terminal being built in Valdez would be suitable, and did not wish to fund a redundant facility (Hammond 1994). That additional investment never materialized and the Seward facility is currently a concrete pad still owned by the state and used for various purposes, none of which are grain exportation (Lewis 2007).

The city of Valdez began construction of a grain terminal concurrently with the Seward project. The city of Valdez thought that it should be the place of grain export since all the oil from the North Slope was being shipped out from the same location. The state did not support a grain terminal at Valdez because it was not a part of the railroad system (Lewis 2007), but Valdez built one regardless. The building site was chosen poorly, and the terminal needed approximately \$500,000 in dredging to allow barges close enough to load grain (Alaska Cooperative Extension Service 2006). No grain was ever exported using the Valdez grain terminal.

A livestock processing facility was also deemed necessary to “complete the feed grain-livestock cycle” (AAAC 1981). Livestock numbers were expected to increase as grain production increased, and the existing slaughterhouses at the time would be unable to accommodate for the growth. The legislature appropriated \$2.65 million for the development of these facilities (AAAC 1982a), in the form of loans to private builders (Teal 1982). A slaughterhouse was built in Fairbanks, but it was

leased and later sold to Interior Alaska Fish Processors without ever being used for livestock slaughter (Knight 2007). Mt. McKinley Meat and Sausage (MMMS) was built in Palmer and began operation in December of 1983 (AAAC 1983).

The Palmer facility was designed to handle 100 hogs per day and 50 cattle. It stayed in operation for two years, but was foreclosed by the Agriculture Revolving Loan Fund in 1985 (Torgerson et al. 2003). The facility remained closed until 1987, when the Department of Corrections reopened it to use for rehabilitation and training of inmates. The MMMS continued to lose money and was unable to cover its operating expenses. In 2002 MMMS was able to cover operating expenses, but it was still unable to cover other expenses, such as wages. This was the closest it had come to being economical since its inception.

In 2002 the Division of Agriculture developed a request for proposals that would allow for a \$1 per year lease to operate MMMS in an attempt to get the losing venture out of state control. Although there was a lot of interest in the proposal request, no one submitted a responsive proposal and MMMS remained state operated. MMMS debt is paid out of the ARLF, which is steadily decreasing in funds and entirely pays for the operation of the Division of Agriculture, so the division has continually tried to decrease expenses and transfer the facility to private ownership (Torgerson et al. 2003). It has been suggested in the past that the facility be shut down, but the state recognizes the need that MMMS meets for the community. Currently MMMS remains under state ownership and management, and steps are still being taken to minimize expenses and reduce losses (DeVilbiss 2006).

A grain handling facility was constructed in 1980 in Delta Junction that provided an elevator, drying, and storage for Delta grain producers (AAAC 1981). It cost approximately \$1,300,000 in loans to a private business to construct, and had to be expanded almost immediately to deal with all the grain being produced in Delta. In 1985, when grain production dropped dramatically, it was foreclosed upon by the state (Alaska Cooperative Extension Service 2006). Currently it is owned by the ARLF, but is leased for \$1 a year by the Alaska Farmers Cooperative, Inc. It is used for grain and fertilizer storage for farmers in the Tanana Valley.

Analysis

Through the years the Alaska state government spent millions of dollars to create a large scale agricultural industry. In appropriations alone, over \$76 million, in 2006 dollars, was spent on the projects (Table 1). Even more millions of dollars were spent on the ARLF loans to farmers. It is debatable whether the funds expended were worth the benefits created. It is interesting to note that appropriations made to Delta I spanned a period of a few years, whereas all infrastructure appropriations came in a lump sum in one year.

Table 1. Direct Appropriations made by the Alaska Legislature, 1978–1982 (in 2006 \$)

Project	Year*					Total
	1978	1979	1980	1981	1982	
Delta I	\$11,296,253	\$14,844,849	\$3,671,072	\$1,595,762	0	\$31,407,936
Delta II	0	0	0	\$15,136,876	0	\$15,136,876
Point MacKenzie	0	0	\$9,223,568	0	\$392,286	\$9,615,854
Nenana-Totchaket	0	0	\$917,768	\$840,760	0	\$1,758,528
Infrastructure†	0	0	0	\$18,748,949	0	\$18,748,949
						\$76,668,143

*PPI (all commodities), not seasonally adjusted, normalized to 2006

† includes processing facilities, export terminal, rail hopper cars, and marketing

Source: Teal, D. 1982. Financing agricultural projects in Alaska. Juneau: State of Alaska, House Research Agency report 81-5

The projects increased overall commodity production in the state for a period of time. Total acres planted in crops rose during the period that the Delta project was created (Fig 1). Represented in the total cropland are many agronomic crops, such as hay, oats, and grass, and acreage dedicated to those commodities was highest during the projects' initial years. Acres in cropland dropped after a few years, in the mid 1980s. This was when farmers at the Delta project were going through financial troubles, and the international price of grains had dropped. The peak in 1984 of 41,000 acres (16,592 ha) has not since been reached. It is important to note that acreage in cropland

is presently at higher levels than before the agricultural projects were established. The 100,000 acres (40,469 ha) of project land put into private ownership appears to have made an impact on agricultural production, but not to the extent that was envisioned. The AAAC had a goal that 500,000 acres (202,343 ha) would be in production by 1992, and this obviously did not occur.

Acreage planted in barley increased dramatically in the years following the lottery for Delta I, but started to decline in the mid 1980s (Fig 2). The decline is due to a combination of factors, including dropping grain prices, farmer turnover,

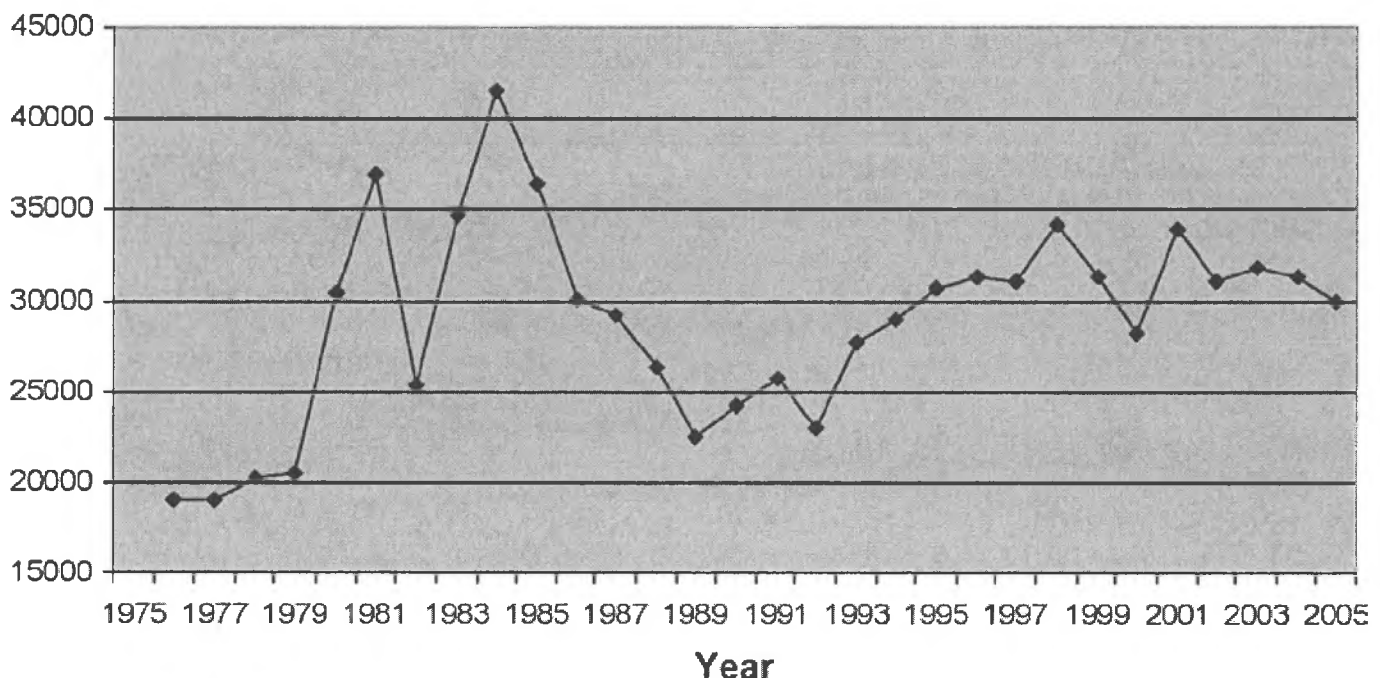


Figure 1. Alaska Cropland Utilization, 1976-2005. Source: Alaska Agricultural Statistics Service 1977–2006.

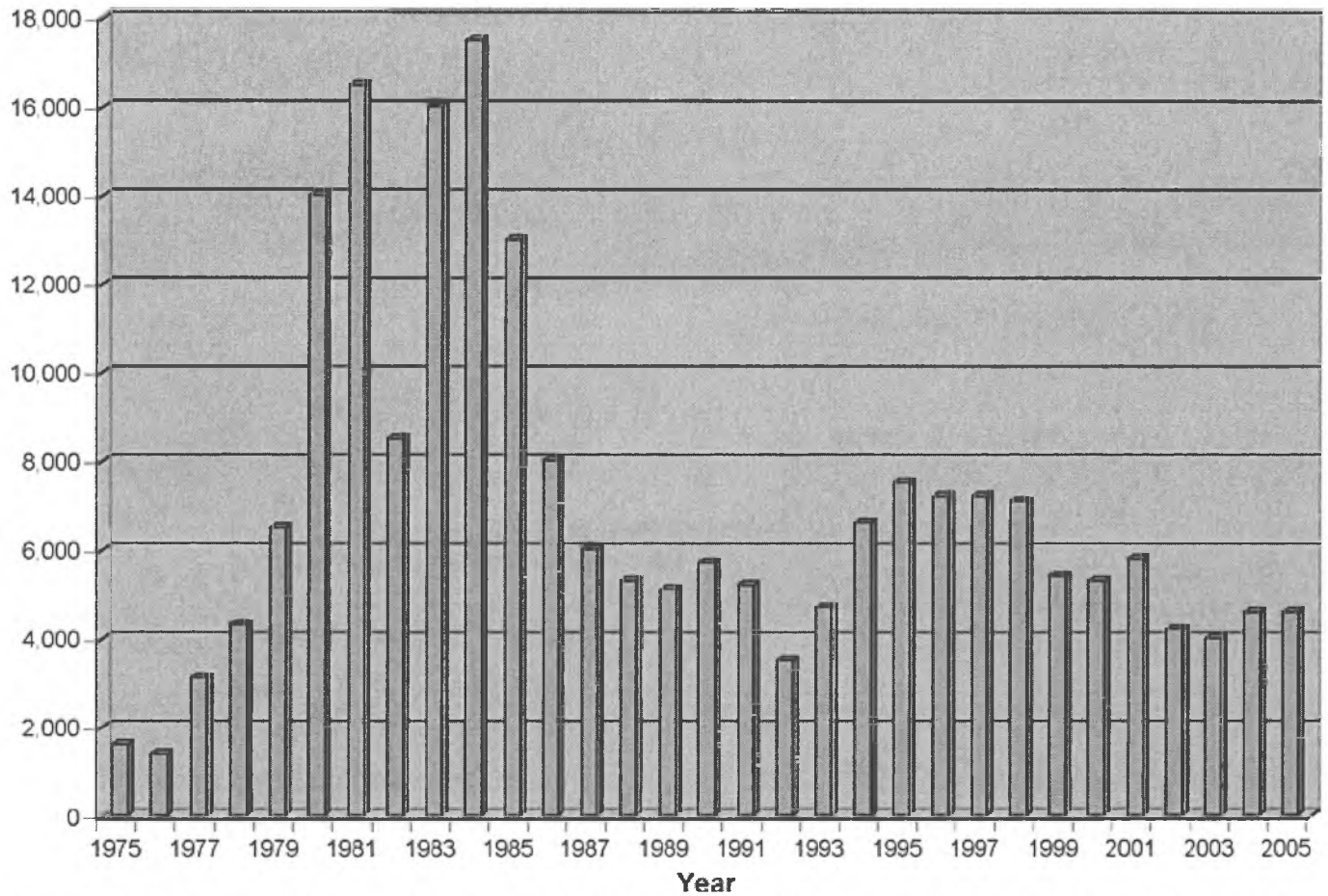


Figure 2. Alaska Acreage Planted in Barley, years 1975-2005. Source: Alaska Agricultural Statistics Service 1976-2006.

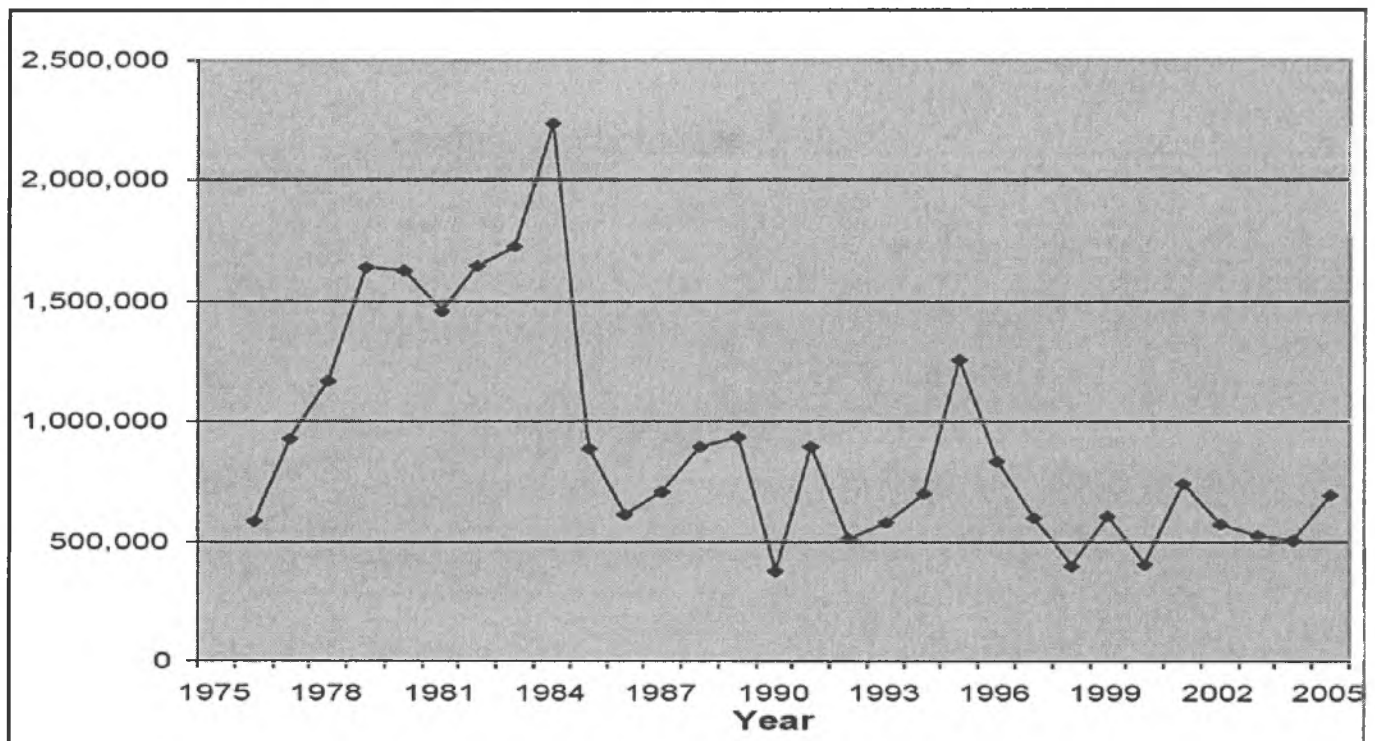


Figure 3. Alaska Cash Receipts for Barley, 1976-2005. PPI (all commodities), not seasonally adjusted, normalized to 2006 dollars. Source: Alaska Agricultural Statistics Service 1978-2006.

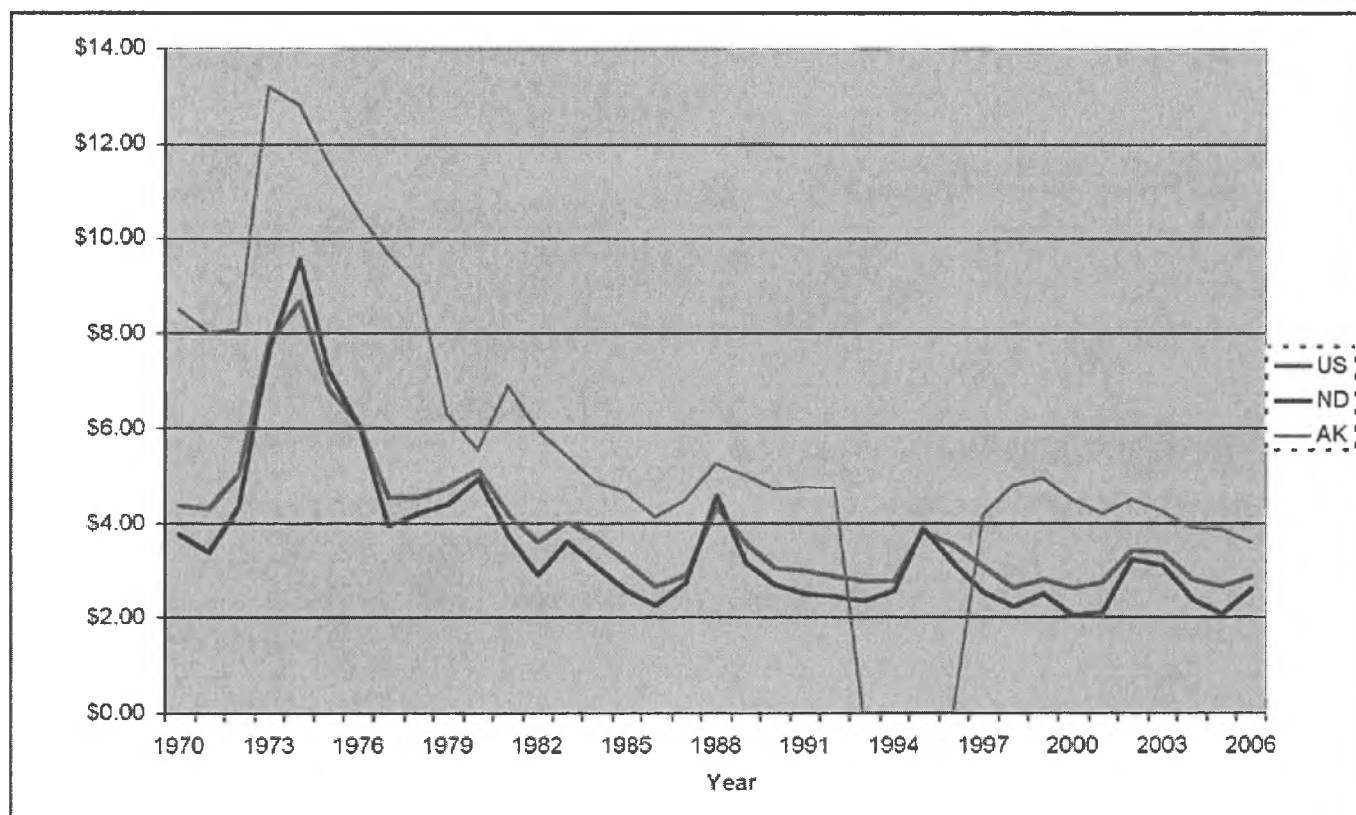


Figure 4. Barley Prices for the United States, North Dakota, and Alaska. Dollars per bushel, 1970–2006. PPI (all commodities), not seasonally adjusted, normalized to 2006 dollars. Source: USDA National Agricultural Statistics Service

and land being devoted to the Conservation Reserve Program. Barley production acreage has not fallen back to the low levels before 1978 and has remained between 4,000 and 8,000 acres (1,619-3,237 ha) over the past ten years. The projects affected barley production, but did not reach the expectations of the planners. The industry was supposed to grow to completely fill the in-state need and the surplus was to be sold on the world market. However, as prices dropped and production decreased the terminal was put on hold.

The cash receipts paid to farmers for barley peaked in 1984, at over \$2 million (Fig 3). Considering that each project farmer owed close to or over a million dollars, it is clear why many farmers were unable to pay back their debts. Nationally, barley prices were high during the planning stages of the Delta I project, but have been on a downward trend since 1974 (Fig 4). It is interesting that barley prices had already begun dropping when the ad hoc committee designed and created the Delta I project.

The level of milk production rose significantly during the late 1980s (Fig 5, p. 12). This rise can be attributed to the increased production from the Point MacKenzie project. Landowners were receiving large loans to bring farms into production swiftly, and some were quickly reaching the \$1 million loan limit. The rapid rise in production began in 1984 and peaked in 1987 at 35,000,000 lbs. of milk produced in the state of Alaska. The increase envisioned by the project's creators in Alaska milk production was short lived, and by 1987 milk production

began dropping. The decrease in production can be attributed to the numerous financial troubles that plagued area farmers, which led to foreclosures. Since 1991 production has remained relatively stable and comparable to production before the Point MacKenzie dairy project was established.

Based on the statistical data it is clear that project commodity production increased during the initial years of development, but drastically dropped in the mid to late 1980s. As farms in the Delta area accrued debt and were foreclosed upon, those acres went out of production. Many farms on Delta project land were placed into the Conservation Reserve Program (Knight 2007), which also accounts for the decrease in barley acreage. Milk production increased rapidly as farms were being subsidized and large investments were made to quickly begin milk production. Milk production decreased as debt mounted and farms were abandoned. The 'boom and bust' cycle exhibited by barley and milk production is indicative that the project goals were not achieved and that the projects were not sustainable, which is due to a number of factors.

Discussion

Governor Hammond had grand ideas about the creation of an agricultural industry from oil profits. The goals of his administration were to broaden the economic base of the state

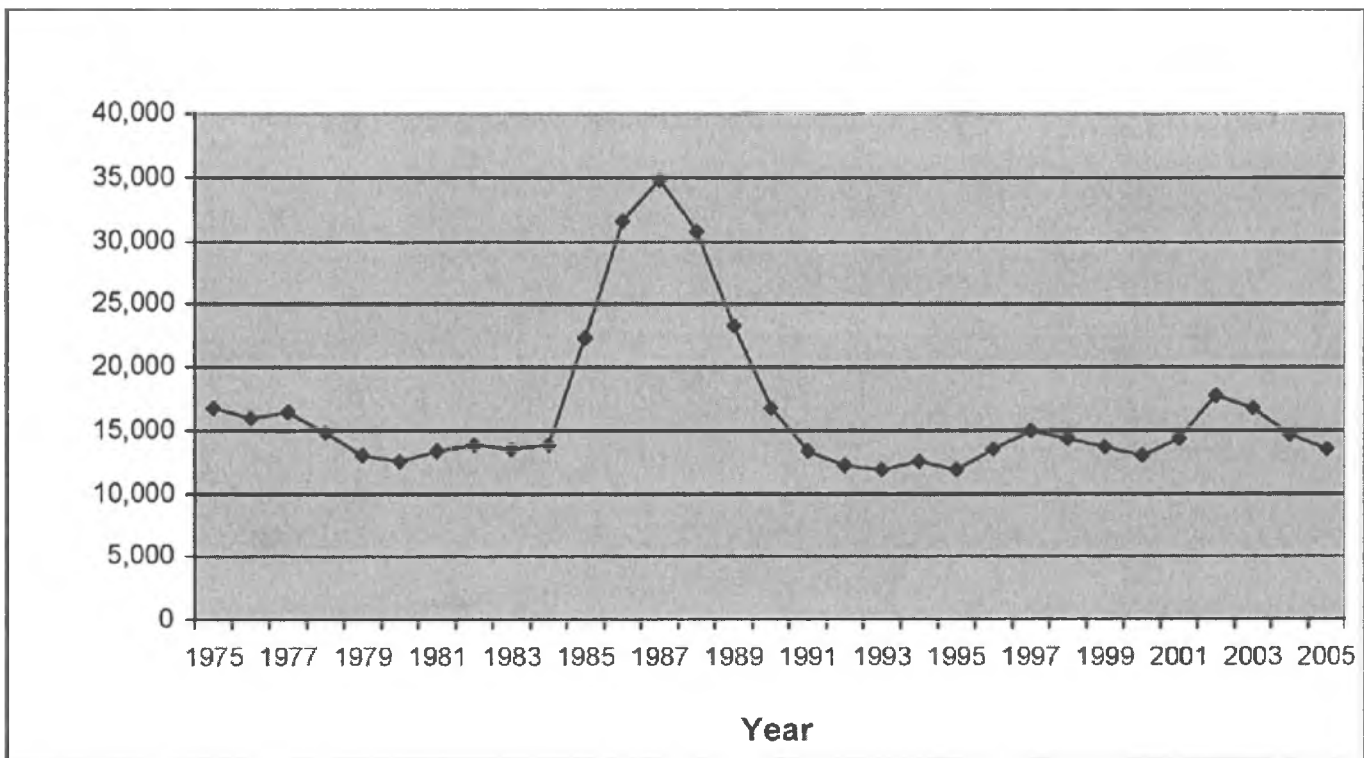


Figure 5. Alaska Milk Production, years 1975–2005. Source: Alaska Agricultural Statistics Service 1976–2006.

through agricultural production, stabilize real food costs by increasing local food, provide alternative job opportunities through expanded agriculture, improve rural life by developing an economic base through agriculture, and assist in meeting national goals of increased food production for world needs. Examination of the outcomes provides little evidence that any of these goals were achieved.

Agriculture is a minor component of Alaska's economy. Governor Hammond once said he believed "it is in fact possible that Alaska will be the prime agricultural state in the not too distant future" (Lehne nd). While Alaska does have dedicated farmers and agriculturalists, the industry is nowhere near the industrial scale that was envisioned in the design of the projects. Agriculture as an industry currently makes up less than one percent of the revenues earned from all resource industries in the state (Alaska Cooperative Extension Service 2006).

An increase in local food production has occurred, but not to the extent that was envisioned. Washington State is still the primary supplier of milk to the state, supplemented by the small amount produced in-state. Currently there are two milk bottlers in the state, Matanuska Maid and Northern Lights Dairy (Van Treeck 2006).² Northern Lights Dairy is located in Delta and uses only Alaska milk (Lewis and Pearson 1990). As of 1998, Matanuska Maid processed about 30 percent Alaska milk, with the rest imported (Division of Legislative Audit 1998). Alaska red meat production has increased since the 1970s, but so has the population of Alaska. The state still imports about

2. Editors' note: now one, since Matanuska Maid was shut down at the end of 2007 and is scheduled for sale.

95 percent of its food (Alaska Cooperative Extension Service 2006), and increases in commodity production have probably been only enough to counteract population growth and keep food importation at the levels it was in the 1970s.

The development of Alaska agriculture came along as the importation of commodities was becoming more efficient. Currently there are no price incentives for Alaska to become self-sufficient, considering how the markets have changed and how effectively air and land transport have brought food and products to Alaska (Division of Legislative Audit 1998). Though this system is not infallible, as adverse circumstances can slow or stop transportation, it has worked well enough that Alaska has not substantially decreased its dependence on importing food.

As far as improving rural life by developing an economic base through agriculture and assisting in meeting goals of increased food production, this simply did not occur. Although the local economy of Delta has been affected by the agriculture practiced there, based on commodity production it is doubtful the Matanuska Valley's economy is greatly affected by the Point MacKenzie development. Nenana-Totchaket was never completed, so development of a western Alaska agriculture economy was not accomplished. Grain production never reached the levels that had been imagined and the export terminal was never finished, so Alaska does not play a role in meeting world grain needs.

In the late 1970s and early 1980s, the rest of the United States was experiencing a farm crisis (Public Agenda Foundation 1987). A third of the nation's farmers were experiencing

financial troubles due to falling land values, low commodity prices, and mounting debt. The fiscal policies of the Carter and Reagan administrations escalated farmers' problems because the industry is extremely capital intensive, dependent on interest rates and heavily subsidized (Buttel 1989). Declines in United States commodity prices, including small grains, began in 1984 (Buttel 1989), which happens to be the peak year of Alaska barley production (Alaska Agricultural Statistics Service 1985). Alaska's attempt at creating an agriculture industry happened to coincide with this arduous time in American agriculture, from which it could not have benefited. Alaska farmers were at more of a disadvantage because the project land was bought at a time when agricultural lands had reached peak values, and it still took a few years of clearing and capital investment before the farmer could begin producing crops and making money (DOAg 1985).

There are federal government programs that have the potential to help stabilize commodity prices. The Commodity Credit Corporation (CCC) is managed by the Farm Service Agency (FSA), and its major functions are preservation of farm prices and income, as well as maintenance of supplies and balanced distribution of agricultural commodities.³ Programs such as this could have helped to stabilize barley prices during the Delta project's formative years, but many farmers did not use the program. Some of the programs require a licensed grain elevator in the state for eligibility, which leaves Alaska's grain industry at a disadvantage (Alaska Cooperative Extension Service 2006).

The Conservation Reserve Program is one government program that helped farmers retain control of their land (Knight 2007). By paying farmers to keep 'conservation covers' on their land the farmers did not have to invest in capital for high-risk crop production that may not be of suitable quality or quantity to make land payments. This land was not under cultivation, and was set aside as wildlife habitat, which allowed some landowners to receive an income without actually farming the land (Geier and Lewis 1998).

The agricultural projects were created using a system that was very governmentally 'hands on' (Lewis and Pearson 1990). The land was made available by the state, the state gave loans to landowners to develop farms, and the state invested millions of dollars to build support facilities that were supposed to boost the industry. Eventually, administration changes coupled with project setbacks and tightening fiscal constraints due to dropping oil prices led to less political and financial support for the government-funded projects. Legislators began asking when "enough is enough" and how much more money should be expended on the agricultural projects (Lehne nd). Lewis and Pearson noted in their 1990 study that a "hands-off model" of agricultural development would probably be most successful in Alaska. This model has been exhibited by the vegetable industry, especially potatoes and carrots. The vegetable industry uses a smaller land base than grains, but received \$4.7 million in cash

receipts in 2005, compared with \$787,000 for barley and oats (Alaska Agricultural Statistics Service 2006).

The trend in Alaska agriculture has shifted from traditional large-scale farms to smaller farms that produce for a niche market (Alaska Cooperative Extension Service 2006). Farmers' markets that supply local products to local consumers are growing statewide. There is room for growth in the alternative livestock industry, which emphasizes animals that are both well suited to Alaska and are a high value commodity. Currently, the most lucrative agricultural businesses in Alaska are greenhouses and aquaculture. The most traditional agronomic crop receiving the highest cash receipts is hay, which is mostly being used by recreational horse owners (Alaska Cooperative Extension Service 2006, Alaska Agricultural Statistics Service 2006).

The Delta project failed at creating a sustainable large-scale grain industry in Alaska. There have been positive outcomes from the Delta development, such as the agricultural community that has grown there. Dr. Lewis, Dean of the University of Alaska Fairbanks School of Natural Resources and Agricultural Sciences and co-author of the Delta and Point MacKenzie feasibility studies, has stated that the Delta project has shown that agriculture in Alaska is possible under certain conditions, and that it can be successful (2007), though the level of success envisioned in the large-scale agricultural projects has obviously not been achieved. The project did put large amounts of state-owned land into private ownership, and most of it is still being used for some type of agricultural enterprise.

The Point MacKenzie project has less success to show for all the money that was invested in it. Only two dairies remained in 1992 out of nineteen that were proposed, one of which was an original lottery winner (Fowler 1992). Point MacKenzie had many problems, such as lawsuits and the bankruptcy of Matanuska Maid, which hindered success. It is troubling that the state did not anticipate Matanuska Maid's impending bankruptcy. The project had been underway for less than a year before the processor declared bankruptcy. Probably the most detrimental factor to the project's success was the development time scale imposed on farmers. The project was designed with a development schedule that was too fast for nearly all of the farmers. They built up large amounts of debt quickly and were either unable to stay on schedule or make payments due to the decrease in milk prices. Lottery winners were not required to have dairy experience, and as such were unprepared for the circumstances that followed.

The Point MacKenzie project was based on numerous assumptions from the University of Alaska's feasibility study that did not materialize after inception. It was assumed that milk prices of \$16.84 cwt would be sufficient for farmers to make a profit. However, later studies showed that the Point MacKenzie dairies needed up to \$50.90 cwt to support their capital investments (Fowler 1992), which is an alarming difference. It was envisioned that Point MacKenzie farmers would be able to buy grain from the Delta project, but as grain prices dropped and farms pulled out of production, that was never realized. Land

3. Farm Service Agency website. Commodity Credit Corporation. <http://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc>

clearing costs were underestimated, which led to farmers quickly reaching their \$1 million loan limit, along with excessive amounts being invested in capital expenses. Parts of the feasibility study were unrealistic, and it led to overoptimism about the potential risks and investments involved.

The Point MacKenzie project was envisioned as a large-scale dairy project, just as Delta was designed as a large-scale grain industry. The successes of the projects are that 100,000 acres (40,469 ha) have been transferred to private ownership and that there are now support facilities available to producers, even though most are state owned. In both cases, experience of the farmers was limited and large capital investments were either required or advocated, before profits could be achieved. Events not predicted by the development councils, such as adverse weather, decreased commodity values, and political decisions were detrimental to the outcome of the projects.

Based on the information and sources available, some lessons can be learned from the state-funded agricultural projects. The way that the projects were planned and carried out was instrumental to the outcome. The ideas proposed were grand and designed on an immense scale. Generally, creating an industry such as this would take generations to accomplish, but the planners tried to create it in a short time. Administration changes proved volatile for the projects in their formative years, and those routine changes of the political climate were not conducive to industry growth. Not only was there a high rate of farmer turnover, but project administrators also came and went, which created a loss of continuity.

There were setbacks in the early years, which were potentially minor events, but administrators saw this as a mark of failure, lessening their support for additional funding. It seemed as though some administrators were willing to cut their losses when the projects did not go exactly as planned. The industry was designed on an intricate scale with many interconnected parts, and each piece depended on the others. As certain parts fell through, such as the Seward Grain Terminal and the Matanuska Maid bankruptcy, the chance of success for the rest of the projects decreased. Government can create a climate to encourage industry growth, but it is inappropriate for government to entirely fund and create an industry.

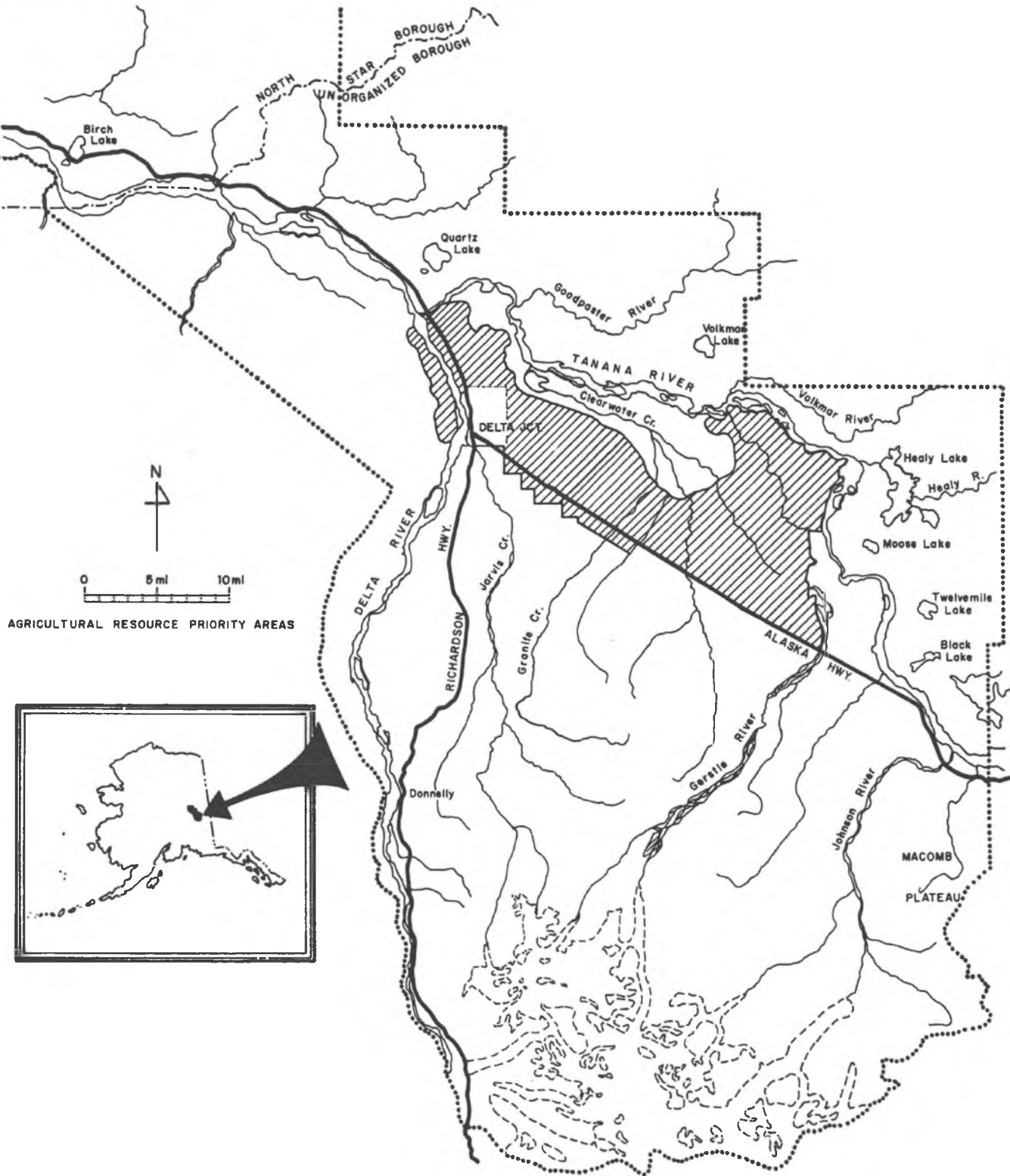
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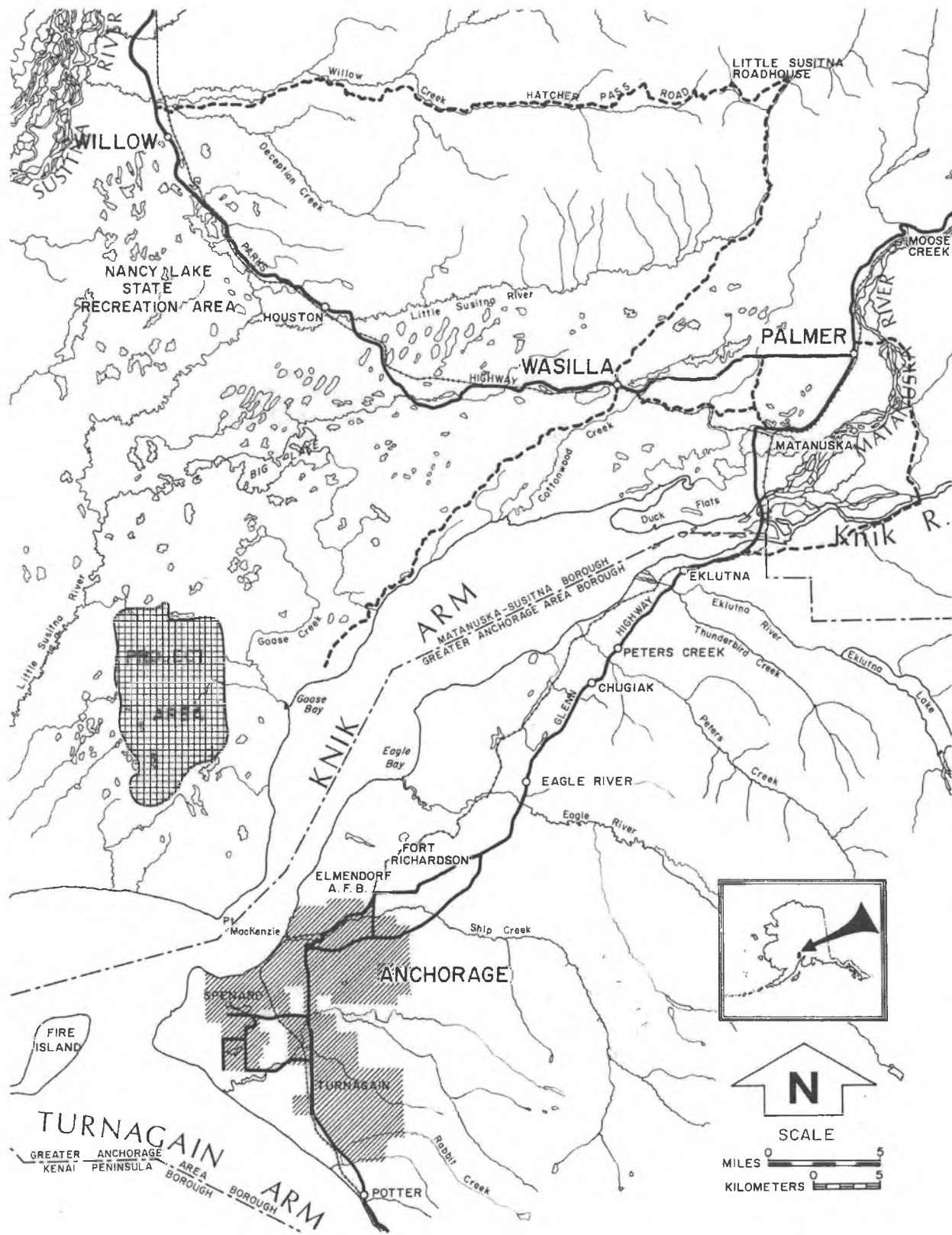
APPENDIX A: MAPS OF PROJECT AREAS

Delta



Lewis, C.E. and F.J. Wooding. 1978. Barley production in the Delta-Clearwater area of interior Alaska. University of Alaska Agricultural Experiment Station Bull. 49.

Point MacKenzie



Lewis, C.E., J.M. Harker, E.L. Arobio, and W.C. Thomas. 1980. Potential milk production in the Point MacKenzie area of southcentral Alaska. University of Alaska Agricultural Experiment Station Bull. 58.

APPENDIX B: RAW DATA

Table 1. Direct appropriations made by the Alaska Legislature 1978-1982

Project	Year					Total
	1978	1979	1980	1981	1982	
Delta I	4,793,000	7,089,900	2,000,000	949,000	0	14,831,900
Delta II	0	0	0	9,001,900	0	9,001,900
Point MacKenzie	0	0	5,025,000	0	238,000	5,263,000
Nenana-Totchaket	0	0	500,000	500,000	0	1,000,000
Infrastructure*	0	0	0	11,150,000	0	11,150,000
					TOTAL:	41,246,800

*includes processing facilities, export terminal, rail hopper cars, and marketing

Source: Teal, D. 1982. Financing agricultural projects in Alaska. Juneau: State of Alaska, House Research Agency report 81-5

Figure 1. Alaska Cropland Utilization, 1976–2005

year	acres
1976	19017
1977	19005
1978	20181
1979	20432
1980	30484
1981	36881
1982	25284
1983	34671
1984	41503
1985	36351
1986	30040
1987	29134
1988	26344
1989	22422
1990	24200
1991	25653
1992	23016
1993	27758
1994	28940
1995	30726
1996	31322
1997	31064
1998	34184
1999	31340
2000	28256
2001	33903
2002	31095
2003	31807
2004	31312
2005	29895

Figure 2. Alaska Acreage Planted in Barley, years 1975–2005

year	acres planted
1975	1,600
1976	1,400
1977	3,100
1978	4,300
1979	6,500
1980	14,000
1981	16,500
1982	8,500
1983	16,000
1984	17,500
1985	13,000
1986	8,000
1987	6,000
1988	5,300
1989	5,100
1990	5,700
1991	5,200
1992	3,500
1993	4,700
1994	6,600
1995	7,500
1996	7,200
1997	7,200
1998	7,100
1999	5,400
2000	5,300
2001	5,800
2002	4,200
2003	4,000
2004	4,600
2005	4,600

Figure 5. Alaska Milk Production, years 1975–2005

year	lbs (1,000)
1975	16,800
1976	16,000
1977	16,400
1978	14,800
1979	13,000
1980	12,500
1981	13,400
1982	13,800
1983	13,500
1984	13,900
1985	22,200
1986	31,500
1987	34,800
1988	30,700
1989	23,300
1990	16,800
1991	13,300
1992	12,200
1993	11,900
1994	12,600
1995	11,900
1996	13,500
1997	15,000
1998	14,300
1999	13,600
2000	13,050
2001	14,360
2002	17,680
2003	16,700
2004	14,600
2005	13,500

Figure 3. Alaska Cash Receipts for Barley, 1977–2005. PPI (all commodities), not seasonally adjusted, normalized to 2006.

year	barley cash receipts	PPI	2006 \$
1976	217,000	0.3708	585,221
1977	364,000	0.3935	925,032
1978	496,000	0.4243	1,168,984
1979	783,000	0.4776	1,639,447
1980	886,000	0.5448	1,626,285
1981	869,000	0.5947	1,461,241
1982	997,000	0.6067	1,643,316
1983	1,059,000	0.6142	1,724,194
1984	1,409,000	0.6289	2,240,420
1985	557,000	0.6257	890,203
1986	373,000	0.6077	613,790
1987	442,000	0.6237	708,674
1988	581,000	0.6487	895,637
1989	636,000	0.6809	934,058
1990	264,000	0.7055	374,203
1991	634,000	0.7069	896,874
1992	362,000	0.7109	509,214
1993	419,000	0.7214	580,815
1994	509,000	0.7307	696,592
1995	951,000	0.7569	1,256,441
1996	646,000	0.7746	833,979
1997	465,000	0.7741	600,698
1998	301,000	0.7548	398,781
1999	459,000	0.7612	602,995
2000	325,000	0.8053	403,576
2001	602,000	0.8141	739,467
2002	455,000	0.7954	572,039
2003	437,000	0.838	521,480
2004	450,000	0.8898	505,732
2005	660,000	0.9549	691,172

Figure 4. Barley Prices for the United States, ND, and AK. \$/bushel, 1970–2006. PPI (all commodities), not seasonally adjusted, normalized to 2006.

		\$/bu	\$/bu	\$/bu
PPI**	Year	US	ND	AK
0.223874	1970	\$4.35	\$3.75	\$8.49
0.231205	1971	\$4.29	\$3.37	\$8.00
0.241418	1972	\$5.01	\$4.31	\$8.08
0.273169	1973	\$7.83	\$7.65	\$13.18
0.324486	1974	\$8.66	\$9.55	\$12.79
0.354416	1975	\$6.83	\$7.19	\$11.57
0.370898	1976	\$6.07	\$6.04	\$10.52
0.393599	1977	\$4.52	\$3.91	\$9.65
0.424339	1978	\$4.52	\$4.19	\$8.96
0.477628	1979	\$4.75	\$4.40	\$6.28
0.544871	1980	\$5.12	\$4.92	\$5.51
0.594772	1981	\$4.17	\$3.70	\$6.89
0.606805	1982	\$3.59	\$2.90	\$5.93
0.614288	1983	\$4.02	\$3.58	\$5.37
0.629	1984	\$3.64	\$3.08	\$4.85
0.625815	1985	\$3.16	\$2.56	\$4.63
0.607715	1986	\$2.65	\$2.25	\$4.11
0.623742	1987	\$2.90	\$2.73	\$4.49
0.648819	1988	\$4.32	\$4.58	\$5.24
0.680975	1989	\$3.55	\$3.16	\$4.99
0.705546	1990	\$3.03	\$2.66	\$4.68
0.707012	1991	\$2.97	\$2.50	\$4.74
0.711007	1992	\$2.87	\$2.45	\$4.71
0.721422	1993	\$2.76	\$2.34	\$0.00
0.730775	1994	\$2.78	\$2.56	\$0.00
0.756914	1995	\$3.82	\$3.86	\$0.00
0.77466	1996	\$3.54	\$3.12	\$0.00
0.774154	1997	\$3.07	\$2.53	\$4.13
0.754942	1998	\$2.62	\$2.21	\$4.77
0.761262	1999	\$2.80	\$2.51	\$4.93
0.805349	2000	\$2.62	\$2.02	\$4.47
0.814146	2001	\$2.73	\$2.10	\$4.18
0.79549	2002	\$3.42	\$3.22	\$4.46
0.83801	2003	\$3.38	\$3.09	\$4.24
0.889883	2004	\$2.79	\$2.38	\$3.88
0.954952	2005	\$2.65	\$2.08	\$3.82
1	2006	\$2.85	\$2.60	\$3.55

** PPI (all commodities), not seasonally adjusted, normalized on 2006

ABOUT THE AGRICULTURAL AND FORESTRY EXPERIMENT STATION

The federal Hatch Act of 1887 authorized establishment of agricultural experiment stations in the U.S. and its territories to provide science-based research information to farmers. There are agricultural experiment stations in each of the 50 states, Puerto Rico, and Guam. All but one are part of the land-grant college system. The Morrill Act established the land-grant colleges in 1862. While the experiment stations perform agricultural research, the land-grant colleges provide education in the science and economics of agriculture.

The Alaska Agricultural Experiment Station was established in Sitka in 1898, also the site of the first experiment farm in Alaska. Subsequent stations were opened at Kodiak, Kenai, Rampart, Copper Center, Fairbanks, and Matanuska. The latter two remain. The Alaska station was not originally part of the Alaska land-grant college system. The Alaska Agricultural College and School of Mines was established by the Morrill Act in 1922. It became the University of Alaska in 1935. The Fairbanks and Matanuska farms are part the Agricultural and Forestry Experiment Station of the University of Alaska Fairbanks, which also includes the Palmer Research Center.

Early experiment station researchers developed adapted cultivars of grains, grasses, potatoes, and berries, and introduced many vegetable cultivars appropriate to Alaska. Animal and poultry management was also important. This work continues, as does research in soils and revegetation, forest ecology and management, and rural and economic development. Change has been constant as the Agricultural and Forestry Experiment Station continues to bring state-of-the-art research information to its clientele.

Agricultural and Forestry Experiment Station

University of Alaska Fairbanks
AFES Publications Office
P.O. Box 757200
Fairbanks, AK 99775-7200
fynrpub@uaf.edu • www.uaf.edu/snras
907.474.6923 or 907.474.5042
fax: 907.474.6184

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**Component Detail All Funds
Department of Natural Resources**

Component: North Latitude Plant Material Center (2204)
RDU: Resource Development (136)

	FY2010 Actuals	FY2011 Conference Committee (Final)	FY2011 Authorized	FY2011 Management Plan	FY2012 Governor	FY2011 Management Plan vs FY2012 Governor	
71000 Personal Services	1,448.0	1,566.9	1,566.9	1,547.1	1,667.9	120.8	7.8%
72000 Travel	4.0	23.1	23.1	31.1	31.1	0.0	0.0%
73000 Services	246.8	308.7	312.7	324.5	316.6	-7.9	-2.4%
74000 Commodities	87.2	57.7	57.7	57.7	56.7	-1.0	-1.7%
75000 Capital Outlay	15.9	194.2	194.2	194.2	194.2	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	1,801.9	2,150.6	2,154.6	2,154.6	2,266.5	111.9	5.2%
Fund Sources:							
1002 Fed Rcpts	89.2	368.1	368.1	368.1	370.0	1.9	0.5%
1004 Gen Fund	1,575.2	1,639.4	1,643.4	1,643.4	1,610.8	-32.6	-2.0%
1005 GF/Prgm	14.8	15.4	15.4	15.4	16.2	0.8	5.2%
1007 I/A Rcpts	29.6	62.6	62.6	62.6	65.2	2.6	4.2%
1061 CIP Rcpts	80.9	41.5	41.5	41.5	179.5	138.0	332.5%
1108 Stat Desig	12.2	23.6	23.6	23.6	24.8	1.2	5.1%
Unrestricted General (UGF)	1,575.2	1,639.4	1,643.4	1,643.4	1,610.8	-32.6	-2.0%
Designated General (DGF)	14.8	15.4	15.4	15.4	16.2	0.8	5.2%
Other Funds	122.7	127.7	127.7	127.7	269.5	141.8	111.0%
Federal Funds	89.2	368.1	368.1	368.1	370.0	1.9	0.5%
Positions:							
Permanent Full Time	13	13	13	13	11	-2	-15.4%
Permanent Part Time	10	10	10	10	11	1	10.0%
Non Permanent	0	0	0	2	2	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Natural Resources

Component: North Latitude Plant Material Center (2204)
 RDU: Resource Development (136)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2011 Conference Committee (Final) To FY2011 Authorized *****												
FY2011 Conference Committee												
ConfCom		2,150.6	1,566.9	23.1	308.7	57.7	194.2	0.0	0.0	13	10	0
1002 Fed Rcpts		368.1										
1004 Gen Fund		1,639.4										
1005 GF/Prgm		15.4										
1007 I/A Rcpts		62.6										
1061 CIP Rcpts		41.5										
1108 Stat Desig		23.6										
August FY2011 Fuel/Utility Cost Increase Funding Distribution from the Office of the Governor												
Atrin		4.0	0.0	0.0	4.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		4.0										
<p>Pursuant to Ch41 SLA10 Sec22 P82 L25 through P85 L3, \$13.5 million is distributed in August to State agencies from the Office of the Governor to offset the increased costs for fuel and utilities. Per the Department of Revenue (DOR), the fiscal year-to-date average price of Alaska North Slope crude as of August 1, 2010, was \$76.53 per barrel, which is \$1.12 (1.4%) below DOR's Spring 2010 FY2011 forecast amount of \$77.65.</p> <p>The amounts transferred to state agencies are as follows: Administration, \$20.5; Corrections, \$540.0; DEED, \$51.5; DEC, \$34.1; Fish and Game, \$69.9; HSS, \$540.0; Labor, \$31.8; DMVA, \$294.6; DNR, \$61.2; DPS, \$246.5; Transportation, \$10,125.0; University, \$1,485.0.</p>												
Subtotal		2,154.6	1,566.9	23.1	312.7	57.7	194.2	0.0	0.0	13	10	0
***** Changes From FY2011 Authorized To FY2011 Management Plan *****												
ADN 10-1-5022 Transfer from Personal Services to Contractual to Support Increasing Program Expenses												
LIT		0.0	-19.8	8.0	11.8	0.0	0.0	0.0	0.0	0	0	0
<p>After adjusting staffing to reflect workload, personal services authorization exceeds the anticipated level needed for the year. The authorization will be transferred to the travel and contractual lines to support increasing program expenses such as utilities, contracts, phones and department approved travel. This transfer will occur in general funds.</p>												
ADN 10-0-5114 Add PCN 10-N10003 Approved 4/28/2010												
PosAdj		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<p>ADN 10-0-5114 Add PCN 10-N10003 Approved 4/28/2010 Agronomist 1</p>												
ADN 100-5113 PCN 10-N10002 approved 4/28/10												
PosAdj		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

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Change Record Detail - Multiple Scenarios With Descriptions
Department of Natural Resources

Component: North Latitude Plant Material Center (2204)
 RDU: Resource Development (136)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
Subtotal		2,154.6	1,547.1	31.1	324.5	57.7	194.2	0.0	0.0	13	10	2
***** Changes From FY2011 Management Plan To FY2012 Governor *****												
Reverse August FY2011 Fuel/Utility/Cost Increase Funding Distribution from the Office of the Governor												
	OTI	-4.0	0.0	0.0	-4.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-4.0										
Pursuant to Ch41 SLA10 Sec22 P82 L25 through P85 L3, \$13.5 million is distributed in August to State agencies from the Office of the Governor to offset the increased costs for fuel and utilities. Per the Department of Revenue (DOR), the fiscal year-to-date average price of Alaska North Slope crude as of August 1, 2010, was \$76.53 per barrel, which is \$1.12 (1.4%) below DOR's Spring 2010 FY2011 forecast amount of \$77.65.												
The amounts transferred to state agencies are as follows: Administration, \$20.5; Corrections, \$540.0; DEED, \$51.5; DEC, \$34.1; Fish and Game, \$69.9; HSS, \$540.0; Labor, \$31.8; DMVA, \$294.6; DNR, \$61.2; DPS, \$246.5, Transportation, \$10,125.0; University, \$1,485.0.												
Noxious Weeds and Invasive Plants (HB 330) CH102 SLA08 CH 27 SLA08 p48 I28 (HB 310) Year 3												
	OTI	-80.0	-75.1	0.0	-3.9	-1.0	0.0	0.0	0.0	-1	0	0
1004 Gen Fund		-80.0										
Program sunsets June 30, 2011												
Continuation of Certified Seed Potato Program												
	OTI	-200.0	-180.2	-8.0	-11.8	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-200.0										
Reverse one-time item												
FY 2011 Over/Understated GGU/SU salary adjustments												
	SalAdj	-4.9	-4.9	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1002 Fed Rcpts		0.1										
1004 Gen Fund		-5.0										
When the SU and GGU salary adjustments were calculated, errors were made that understated some GGU amounts and overstated some SU amounts. This change record identifies the over and under stated amounts associated with these calculations.: \$-4.9												
FY 2012 Personal Services increases												
	SalAdj	64.8	64.8	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1002 Fed Rcpts		1.8										
1004 Gen Fund		56.4										

Change Record Detail - Multiple Scenarios With Descriptions
Department of Natural Resources

Component: North Latitude Plant Material Center (2204)
RDU: Resource Development (136)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
1005 GF/Prgm		0.8										
1007 I/A Rcpts		2.6										
1061 CIP Rcpts		2.0										
1108 Stat Desig		1.2										

This change record includes the following personal services increases:
: \$64.8

Alaska State Employees Assn (GGU) FY2012 Health Insurance Increased Costs : \$13.5

Labors, trades and Crafts (LTC) FY2012 Health Insurance Increased Costs : \$14.4

Alaska Public Employees Assn (SU) FY2012 Health Insurance Increased Costs : \$7.7

Alaska State Employees Association (GGU) FY 12 COLA increases
: \$8.6

Labor, Trades and Crafts (LTC) FY 12 COLA increases
: \$12.6

Alaska Public Employees Association (SU) FY 12 COLA increases
: \$8.0

Continuation of Certified Seed Potato Program

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	PFT	PPT	NP
1004 Gen Fund	IncM	200.0	180.2	8.0	11.8	0.0	0.0	0.0	0.0	0	0	0

The Plant Materials Center (PMC) provides Alaska potato growers with pathogen-tested and certified seed as per 11 AAC 34.075(J). The seed potato project was initiated in 1984 to help stop the significant disease losses occurring to Alaska's potato crops. All seed potato certification programs in the U.S. and Canada require the initial seed stock be derived from pathogen-tested tissue culture produced seed. Alaskan-produced certified seed potatoes meet or exceed these requirements due to the efforts of the PMC potato project. The potato program helps to prevent the introduction of diseases to Alaska by providing certified and tested seed stock.

ADN/RPL 10-0-5054 Develop Rural Village Seed Program

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	PFT	PPT	NP
1061 CIP Rcpts	Inc	136.0	136.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

The North Latitude Plant Materials Center component has an approved ARRA project ADN/RPL 10-0-5054, Develop a Rural Village Seed Production Program and an RSA 100025 from the Governor's Office for funding authorization. This program is active through September 30, 2012.

PMC currently has two long term non perm positions working on this project. (PCN 10N10002 - Natural Resource Specialist II - R16 and PCN 10N10003 - Agronomist I-R16). Both positions were included in the RPL.

Change Record Detail - Multiple Scenarios With Descriptions
Department of Natural Resources

Component: North Latitude Plant Material Center (2204)
RDU: Resource Development (136)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
<p>Current FY 12 personal services CIP authority in this component is \$43.5. To cover the positions listed below an additional \$136.0 CIP personal services authority is needed for a total of \$181.3.</p>												
Change PCN 10-3082 from Full-time to Part-time Status												
	PosAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	1	0
<p>This position is changing from full-time to part-time. It provides technical expertise in propagation, culture, evaluation, and production of virus/disease free seed potatoes. This position work load falls off at the end of September and does not pick up again until January. The primary work is January through May performing tissue culture propagation to produce potato plants for planting in the greenhouse in mid May. During June, July and August the position takes care of the greenhouse and field planting. Harvest is complete mid September.</p>												
Totals		2,266.5	1,667.9	31.1	316.6	56.7	194.2	0.0	0.0	11	11	2

Personal Services Expenditure Detail
Department of Natural Resources

Scenario: FY2012 Governor (8665)
 Component: North Latitude Plant Material Center (2204)
 RDU: Resource Development (136)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
10-3025	Natural Resource Spec II	FT	A	GP	Palmer	200	16B / C	12.0		49,915	0	0	33,195	83,110	83,110
10-3026	Maint Spec Bfc Jrny II/Lead	FT	A	LL	Palmer	2B	51K	12.0		63,434	2,144	0	37,335	102,913	102,913
10-3027	Administrative Assistant II	FT	A	GG	Palmer	200	14N	12.0		60,324	0	0	36,860	97,184	97,184
10-3034	Maint Gen Foreman	FT	A	LL	Palmer	2B	52L	12.0		62,225	2,103	0	36,909	101,237	101,237
10-3035	Maint Gen Sub - Journey I	PT	A	LL	Palmer	2B	58F	8.0		26,247	887	0	19,242	46,376	45,254
10-3039	Maint Gen Sub - Journey II	PT	A	LL	Palmer	2B	56F / J	8.5		31,685	1,071	0	21,781	54,537	0
10-3040	Maint Gen Sub - Journey I	PT	A	LL	Palmer	2B	58F	7.0		22,966	776	0	16,836	40,578	40,578
10-3051	Equip Operator Journey II	FT	A	LL	Palmer	2B	53L	12.0		58,169	1,966	0	35,481	95,616	95,616
10-3054	Maint Gen Sub - Journey I	PT	A	LL	Palmer	2B	58F	7.0		22,966	776	0	16,836	40,578	38,143
10-3055	Maint Gen Sub - Journey I	PT	A	LL	Palmer	2B	58F	6.5		21,326	721	0	15,634	37,681	20,020
10-3059	Agronomist III	FT	A	SS	Palmer	200	20O / P	12.0		98,108	0	0	49,688	147,796	147,796
10-3061	Agronomist I	FT	A	GP	Palmer	200	16B / C	12.0		49,522	0	0	33,057	82,579	82,579
10-3066	Mech Auto Journey	PT	A	LL	Palmer	2B	54K	6.0		26,354	891	0	13,029	40,274	0
10-3074	Natural Resource Tech III	PT	A	GP	Palmer	200	14B	5.0		17,501	0	0	12,670	30,171	0
10-3076	Agronomist II	FT	A	SS	Palmer	200	18J	12.0		69,012	0	0	39,443	108,455	108,455
10-3078	Natural Resource Tech II	PT	A	GP	Palmer	200	12B / C	8.5		26,352	0	0	20,343	46,695	46,695
10-3079	Maint Gen Sub - Journey I	PT	A	LL	Palmer	2B	58F / J	8.0		26,367	891	0	19,284	46,542	46,542
10-3081	Maint Gen Sub - Journey I	PT	A	LL	Palmer	2B	58F	5.5		18,045	610	0	13,229	31,884	0
10-3082	Natural Resource Tech II	PT	A	GP	Palmer	200	12A / B	8.5		25,868	0	0	20,172	46,040	46,040
10-3084	Agronomist II	FT	A	SS	Palmer	200	18M	12.0		77,076	0	0	42,282	119,358	119,358
10-3092	Agronomist II	FT	A	SS	Palmer	200	18C / D	12.0		61,448	0	0	36,780	98,228	98,228
10-3126	Agronomist I	FT	A	GP	Palmer	200	16A / B	12.0		48,191	0	0	32,588	80,779	80,779
10-3127	Natural Resource Spec II	FT	A	GP	Palmer	200	16C / D	12.0		0	0	0	0	0	0
10-N10002	Natural Resource Spec II	NP	A	GG	Palmer	200	16A	12.0		46,668	0	0	21,785	68,453	0
10-N10003	Agronomist I	NP	A	GG	Palmer	200	16A	12.0		46,668	0	0	21,785	68,453	0
Total														Total Salary Costs:	1,056,437
Positions														Total COLA:	12,836
Full Time Positions:														Total Premium Pay::	0
Part Time Positions:														Total Benefits:	646,244
Non Permanent Positions:														Total Pre-Vacancy:	1,715,517
Positions in Component:														Minus Vacancy Adjustment of 2.78%:	(47,617)
Total Component Months: 234.5														Total Post-Vacancy:	1,667,900
														Plus Lump Sum Premium Pay:	0
														Personal Services Line 100:	1,667,900

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column.
 [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario

Personal Services Expenditure Detail
Department of Natural Resources

Scenario: FY2012 Governor (8665)
Component: North Latitude Plant Material Center (2204)
RDU: Resource Development (136)

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1002 Federal Receipts	46,100	44,821	2.69%
1004 General Fund Receipts	1,384,132	1,345,713	80.68%
1005 General Fund/Program Receipts	16,395	15,940	0.96%
1007 Inter-Agency Receipts	63,827	62,055	3.72%
1061 Capital Improvement Project Receipts	180,147	175,147	10.50%
1108 Statutory Designated Program Receipts	24,916	24,224	1.45%
Total PCN Funding:	1,715,517	1,667,900	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column.
 [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail
Department of Natural Resources
Travel

Component: North Latitude Plant Material Center (2204)
 RDU: Resource Development (136)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
72000	Travel		4.0	31.1	31.1
Expenditure Account			FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
		Servicing Agency			
		Explanation			
72000 Travel Detail Totals			4.0	31.1	31.1
72100	Instate Travel		4.0	19.1	19.1
		Training , field travel required by Plant Materials Center staff for field inspections, site identification, site evaluations. Administrative travel to field offices and meetings. All travel is contractually required or authorized, primarily through grants or RSAs.			
72400	Out Of State Travel		0.0	12.0	12.0
		Out of state travel for meetings, and training including transportation, lodging, and per diem. All travel is contractually required or authorized, primarily through grants or RSAs.			

Line Item Detail
Department of Natural Resources
Services

Component: North Latitude Plant Material Center (2204)
 RDU: Resource Development (136)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000	Services		246.8	324.5	316.6
Expenditure Account			FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000 Services Detail Totals			246.8	324.5	316.6
73025	Education Services		2.0	4.0	4.0
73150	Information Technlgy		0.0	15.2	15.2
73156	Telecommunication		15.2	24.0	24.0
73169	Federal Indirect Rate Allocation		3.0	3.0	3.0
73225	Delivery Services		0.9	3.0	3.0
73450	Advertising & Promos		0.0	1.8	1.8
73525	Utilities		70.4	118.1	118.1
73650	Struc/Instruct/Land		13.8	28.7	28.7
73675	Equipment/Machinery		5.3	12.9	12.9
73750	Other Services (Non IA Svcs)		63.7	36.2	28.3
73804	Economic/Development (IA Svcs)	Trans	10.0	10.0	10.0
73804	Economic/Development (IA Svcs)	NatRes	2.1	2.4	2.4
73805	IT-Non-Telecommnctns	Admin	12.0	8.0	8.0
73806	IT-Telecommunication	Admin	0.1	0.1	0.1
73808	Building Maintenance	Trans	2.5	10.0	10.0
73809	Mail	Admin	0.6	0.8	0.8

Line Item Detail
Department of Natural Resources
Services

Component: North Latitude Plant Material Center (2204)

RDU: Resource Development (136)

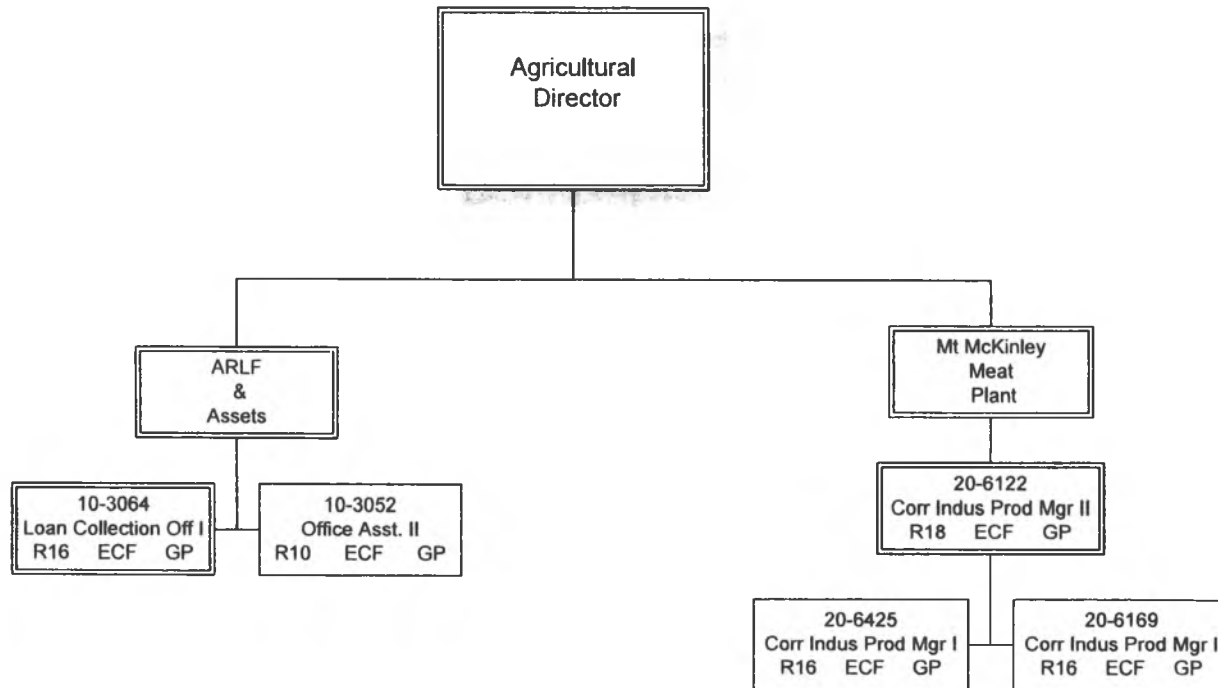
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011	FY2012 Governor
				Management Plan	
73000 Services Detail Totals			246.8	324.5	316.6
73810	Human Resources	Admin	Division of Personnel/Human Resources RSA.	1.9	1.0
73812	Legal	Law	Regulations RSA.	0.1	0.2
73814	Insurance	Admin	Risk Management Overhead RSA.	14.0	1.1
73814	Insurance	Admin	Risk Management non-shared facilities.	0.0	13.0
73815	Financial	Admin	Division of Finance AKSAS/AKPAY RSA.	1.1	1.4
73816	ADA Compliance	Labor	ADA Compliance RSA.	0.2	0.3
73819	Commission Sales (IA Svcs)	Admin	State travel office fees.	0.1	0.2
73827	Safety (IA Svcs)		Fire extinguishers.	1.7	0.0
73848	State Equip Fleet	Trans	Charges to SEF rolling stock. Vehicle and equipment expenses payable to DOT SEF.	26.1	29.1

Line Item Detail
Department of Natural Resources
Commodities

Component: North Latitude Plant Material Center (2204)
 RDU: Resource Development (136)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
74000	Commodities		87.2	57.7	56.7
Expenditure Account			FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
74000 Commodities Detail Totals			87.2	57.7	56.7
74222	Books And Educational	Textbooks, student materials and educational supplies.	1.1	1.3	1.3
74226	Equipment & Furniture	Equipment/furniture/tools/vehicles with a value of less than \$5,000.00 used in everyday operations of the agency.	6.1	5.2	5.2
74229	Business Supplies	Other business supplies (binders, photographic, duplicating, pens, staples, toner cartridges, pencils, paper, etc.)	8.0	0.2	0.2
74233	Info Technology Equip	Information technology equipment PC computers, monitor, power cables and TV.	6.1	4.9	4.9
74236	Subscriptions	Subscriptions.	2.4	1.0	1.0
74443	Growth Control	Growth control insecticides and pesticides.	1.4	2.9	2.9
74446	Growth Promotion	Growth promotion landscaping supplies, fertilizer, plants and seeds.	10.8	17.1	16.1
74522	Instruments & Apps	PMC seed lab supplies.	0.3	1.1	1.1
74607	Other Safety	Other safety supplies first aid kits and body protection.	0.5	0.4	0.4
74691	Building Materials	PMC building materials for repairs and maintenance.	0.6	0.6	0.6
74700	Electrical	PMC electrical supplies for repairs and maintenance.	2.1	2.1	2.1
74752	Lube Oils/Grease/Solv	Lubes oils, grease and solvents.	2.0	2.0	2.0
74753	Bottled Gas	Bottled gas acetylene, oxygen or other gas used for welding.	2.0	2.0	2.0
74754	Parts And Supplies	Parts & supplies nuts, bolts, fasteners, fittings, metal stock, bench stock and misc hardware.	35.2	12.1	12.1
74820	Sm Tools/Minor Equip	Small tools/minor equipment.	4.1	0.3	0.3
74855	Unleaded	Unleaded fuel. Increase reflects new bulk fuel tank installed at the PMC.	1.4	1.4	1.4

Department of Natural Resources
 Agriculture Revolving Loan Program
 Administration
 FY12 Operating Budget





Division of Agriculture

Alaska Department of Natural Resources



[State of Alaska](#) > [Natural Resources](#)

"FINANCING FOR ALASKA AGRICULTURE" **Agricultural Revolving Loan Fund**

Established 1953

AGRICULTURAL REVOLVING LOAN FUND

Attached is the Agricultural Revolving Loan Fund (ARLF) application and supporting documents. The objective of the ARLF is to promote the development of agriculture as an industry throughout the State by means of moderate interest rate loans.

- SHORT TERM - loans to finance annual operating expenses such as seed, feed, fertilizer, harvesting or planting activities.
- CHATTEL - loans to purchase equipment or livestock.
- FARM DEVELOPMENT - loans to purchase real property and construct non-residential improvements for agricultural purposes.
- IRRIGATION - loans to purchase and install irrigation systems.
- PRODUCT PROCESSING - loans to build and equip facilities to process Alaska agricultural products.
- CLEARING - loans to provide for land clearing.

Loan Type	Maximum Loan	Maximum Term	Fixed Rate
Short Term	\$200,000	1 year	3.00%
Chattel	\$1,000,000	7 years	4.00%
Farm Development	\$1,000,000	30 years	4.50%
Irrigation	\$1,000,000	30 years	4.50%
Product Processing	\$250,000	30 years	4.50%
Clearing	\$250,000	20 years	4.50%

Total outstanding balances of ARLF loans for a borrower may not exceed \$1,000,000

APPLICATION PROCEDURE

Loan applications must be submitted on ARLF forms. ***Required information provided on forms other than those provided by ARLF are subject to ARLF Loan Officer review.*** Applications are processed and reviewed by the

ARLF staff. Completed applications are submitted to the Board of Agriculture and Conservation (BAC) for consideration monthly.

ELIGIBILITY

Loans may be made to individuals, partnerships, joint ventures, corporations or other business entities. Proof of current Alaska residency must be provided by applicants at loan closing. A statement of Agricultural and other business experience with evidence of necessary related skills and training is required.

CONDITIONS

Loan funds may only be used for agricultural production or processing operations in Alaska. Loans may not exceed 75% of the value of the collateral, less existing liens.

COLLATERAL

Loans must be secured by adequate collateral as appraised by the ARLF or an independent appraiser. Collateral for consideration may include land, improvements, machinery, equipment, crops, or livestock. Property insurance, naming ARLF as loss payee, is required on buildings and all vehicles, machinery, equipment and livestock that are stored in buildings and used as collateral..

PAYMENT TERMS

Loan terms, including payment terms, will be based on applicant's ability to service the loan. Payment terms may be monthly, quarterly, semi-annual, annual or variable.

RATES & FEES

Fixed interest rates are comparable to rates charged by other Alaska agricultural lenders and established by the BAC. A non-refundable \$50 application fee is required. If you have any questions, please contact an ARLF Loan Officer.

**STATE OF ALASKA
Division of Agriculture
Agricultural Revolving Loan Fund
1800 Glenn Highway, Suite 12
Palmer, Alaska 99645-6736
Phone: (907) 745-7200
Fax: (907) 745-7242**

Web: www.dnr.alaska.gov/ag

Payment Fact Sheet

Good Borrower Credit Fact Sheet

AGRICULTURAL REVOLVING LOAN FUND APPLICATION

ARLF Application Checklist

Loan Application

Financial Statement

Collateral List

[Annual Income and Expense](#)

[Five Year Operating Plan](#)

[Child Support Verification](#)

[Bank Verification](#)

[Operating Budget - MAY BE REQUIRED BY LOAN OFFICER FOR APPLICATIONS SUCH AS NEW OR LARGE PROJECTS](#)

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