

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILE 8672
1906 SCOMM 75: MARICULTURE (FISH FARMING), 1987-1990

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PRO AQUATIC FARMING

Lack of public knowledge

Fish farming economic benefits and potential were generally unknown. The public is unaware of the government safeguards for the industry.

Native Involvement

Support for aquatic farming for its potential for generating direct and indirect employment for natives in the small coastal communities of B.C.

Pricing Impact of Farm Salmon

Farm salmon will compete only minimally with wild salmon. The recent price declines are well within the range of normal price fluctuations.

Impact on Market Demand and Supply

The increased availability of salmon is leading to increased consumption

CON AQUATIC FARMING

Lack of public knowledge

Many government studies regarding marketing and environment impact are not readily available to commercial fishermen.

Native Involvement

Concern about loss of native employment in the commercial fishery and concern on the environmental effects of fish farming in their traditional harvest areas were expressed by the native leaders.

Pricing Impact of Farm Salmon

Concerns were expressed that the influx of farm salmon will cause both farm and wild salmon industries to suffer drastic price declines

Impact on Market Demand and Supply

The anticipated growth in farm salmon production will lead to market saturation. Production controls should be in place (as in Norway). Farmed salmon should be labeled as such.

Effect on Processing Facilities

If new processing plants are built to process farm salmon, it may aggravate the current over-capitalization of existing plants.

INQUIRY RECOMMENDATION

Communication link should be established

The provincial government should encourage a formal communication between the commercial wild fish and the fish farming industry.

Native Involvement

The federal government should be encouraged to develop programs to assist natives to become involved in aquatic farming. Fish farming in leaders should establish a policy to promote native participation.

Rely upon market forces to dictate prices

B.C. farm salmon should concentrate in specialty markets in the U.S.A. in the major B.C. wild catch product does not compete.

Support a strategy for the integrated marketing of farm and wild salmon products

New markets, new ways of packaging new salmon products should be explored. Government should support this strategy through financial assistance, training missions and technology transfer.

Promote use of existing processing plants

Farm operators should be encouraged to contract between existing processing companies. Government promotion should include review of regulations governing the on-farm processing of salmon, transport of live salmon to plant, inspection/grading of processed salmon.

PRO AQUATIC FARMING

CON AQUATIC FARMING

INQUIRY RECOMMENDATIONS

Impact on Employment

Fish farmers projected large growth in feed plants, plastics and equipment manufacturing construction.

Disease Transference

Some studies indicate the risk of transmission of disease from farm to wild stock is minimal.

Impact on Employment

Currently the commercial fish industry generates many, many jobs. As salmon farming will never generate this level of employment, farming should not be permitted to put the employment health of the salmon fishery in jeopardy.

Disease Transference

Transfer of fish diseases between farms and between farm fish and wild stock was a real concern of many. An immediate ban on egg importation was called for. Farm fish are more susceptible to disease and the diseases will be transmitted to the wild stock.

Genetic Alterations

Concerns were expressed about the possible escapement of farm stock which might interbreed with wild salmon and produce undesirable genetic alterations.

Predator Control

There is insufficient enforcement capability by fish and wildlife officials to stop fish farmers from destroying eagles, herons, seals, otters, and other animals.

Disease Transference

To minimize transfer of diseases between fish farms, 3 kilometres should separate aquatic farms. The provincial government should end the importation of Atlantic salmon eggs.

PRO AQUATIC FARMING

Impact on Water Quality

It is in the farmer's own self-interest to maintain a healthy growing environment for the fish.

Use of Toxicants and Pharmaceuticals

Antibiotics may not be a problem as the substances are water soluble and quickly dilute.

Inadequate Consultation with Interest Groups

Short referral period was necessary to keep processing time delays to a minimum.

CON AQUATIC FARMING

Impact on Water Quality

The following examples of potential damage to water quality were cited:

build up of sediments on the sea bed, increased algae growth, mortality of bottom creatures and plants, and destruction or reduced growth of nearby shellfish beds.

Use of Toxicants and Pharmaceuticals

Studies were cited which implicated the toxicant tributyltin (TBT) as a human health risk, through its concentration in the flesh of farm salmon and shellfish. Lack of manpower reduced the frequency of periodic checks on toxicant levels in farm fish. The use of antibiotics was expressed as a concern.

Inadequate Consultation with Interest Groups

Dissatisfaction with the application referral process was expressed - either because the time available to provide comments was too short (30 days) or because their interests were not included in the process.

INQUIRY RECOMMENDATIONS

Support research on long-term effects of salmon farming

Studies should be performed on the effects of fish farms on shellfish, other bottom dwellers and upon water quality.

Establish a mandatory environmental monitoring system

Monitoring of on and near-site environmental conditions should be required for a permit. The measurement should be regularly submitted for government review. Government needs to establish standards which divide acceptable conditions from unacceptable conditions.

Increased government research, health inspection, and testing activities

Funding for an adequate inspection, testing program should be approved.

Establish standards for finfish aquaculture equipment

The standards should eliminate the use of toxicants which affect human health.

CORRECTION

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

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Local Government Involvement

Salmon farmers expressed concern that local government involvement might delay the approval process.

Length and Complexity of Approval System

The high number of agencies involved in the approval system was a source of frustration to many farm operators.

Health and Safety of Farm Workers

Fish farmers stated that concerns are known and the industry has been working on a set of standards.

Local Government Involvement

Local government agencies were concerned that they were given insufficient time in the referral process to consult with an advisory planning group or landowners adjacent to the proposed aquaculture site.

Length and Complexity of Approval System

Provincial regulations and approvals are not tight enough.

Health and Safety of Farm Workers

The lack of safe diving conditions and lack of safety regulations were listed as a concern.

Local governments should redefine zoning bylaws

Approval of aquaculture locations should remain a provincial decision. However, zoning will allow local governments to ensure aquaculture operation are compatible with adjacent uses. The degree to which local government referral comments influence provincial decisions on aquaculture should be clearly identified in government policy.

Continue its use of the interagency referral system

The referral system is important in identifying land use concerns and should be continued. The provincial government should expand its list of referral groups, increase the time available for response (to 60 days) and establish subsequent notification practices for finfish referrals.

Government should adopt regulations for the occupational health and safety of farm workers

The regulations should include requirements for diver training and rescue, personal floatation devices, hand systems, emergency medical services, and proper handling of chemicals and pharmaceuticals.

Site Selection

Established farmers expressed concerns that temporary licenses were being used for financial gain through speculation and as means of tying up sites to prevent competition.

Control of Foreign Investment

Foreign money is needed to offset the reluctance of Canadian financial institutions to provide loans.

Loss of Anchorage and Access

Farm operators spoke of their concerns about boater noise, fuel slicks, and discharge of wastes.

Site Selection

The need for coastal planning studies was stressed often by boaters, commercial fishermen, and government agencies.

Control of Foreign Investment

Individuals argued that foreign control of salmon farming was not in the best interest of B.C. because of the likelihood of export of jobs and profits. Strict controls to prevent foreign corporations from taking over B.C. farms were requested.

Inadequate Rental and Bonding Requirements

The low annual rental charged for fish farms was a concern expressed. It was felt by some that a bond should be posted to allow government to pay for site clean-up in the event of environmental problems.

Loss of Anchorage and Access

Concerns that the coastline would soon be devoid of open anchorages for emergency and recreational use was discussed.

Identification study

The government should initiate a study that will identify sites of high value for other important coastal interest and which should be reserved from aquaculture activities. Speculating within these remaining areas can then be determined on the basis of environmental factors. Fish farms should not be adjacent to provincial parks and recreation areas.

Establish minimum fish production levels

To determine whether land is used productively, the government should set standard levels of fish production. A new rental structure should be established as well as a bond should be required for environmental clean-up.

Offer safe anchorages

The aquaculture industry should be encouraged to institute a program to provide anchorage, access, and emergency assistance to other coastal users.

Upland Owner Impact

The farms benefit communities by adding a tax base.

Effects on Recreational and Tourism Industry

Aquaculture may increase tourisms due to the attraction of touring farms

Involvement of Fishermen in the Farm Industry

Farming will allow fishermen to offset their short income earning period with fish farm equipment.

Upland Owner Impact

Declining property values were due to the imposition of a fish farm along their view frontage.

Effects on Recreational and Tourism Industry

A concern was expressed that the proliferation of fish farms would ultimately erode the tourism industry as related to recreational boating, sports fishing, and commercial fish guiding.

Involvement of Fishermen in the Farm Industry

A large capital outlay is required to start a fish farm. This makes it very difficult to get into the fish farming business

Minimum Distance

The distance between fish farms be determined regarding the potential of the spread of disease and the surrounding property.

Farms offer 'surplus' chinook

Surplus chinook smolts offered to the fisheries department by the B.C. Salmon Farmers Association should be destroyed, says the UFAWU, rather than released in a makeshift enhancement scheme.

At least eight farms offered the smolts for sale earlier this month, suggesting that some kind of technological breakthrough led to survival rates above their forecast.

In fact, the proposal to sell the "surplus" chinook to the Salmonid Enhancement Program is a bid for a bail-out by an industry facing collapsing prices, said the UFAWU May 10.

"Prices for farmed salmon have tumbled a dollar a pound in the past few months," said union spokesman Geoff Meggs. "They simply can't afford to feed these fish and are hoping the taxpayer will bail them out."

Fisheries department spokesman Ted Perry said at least six

million fish were available in farms and hatcheries from Duncan to Powell River. He said DFO would not buy any fish, nor accept donations of fish that were not genetically pure Big Qualicum or Robertson Creek stock.

The fish would be released by DFO into the wild.

At press time, the farmers were insisting on selling the fish, which will starve unless fed by mid-June.

"Release of these fish poses a disease threat to wild stocks and would open the door to private ocean ranching," Meggs said. "Fish farmers have resisted every effort to win appropriate govern-

ment regulations, but they're not shy about asking for government money when times get tight."

Uncontrolled growth of the industry has seen farm fish harvests rise to 6,000 tonnes last year from 387 tonnes in 1986. Prices have crashed from an average annual farm gate value of \$3.17 to \$2.27, according to B.C. provincial statistics.

"Spending on salmonid enhancement has been frozen," Meggs said, "but apparently money may be found for this boondoggle. It's a slap in the face to SEP volunteers who have donated thousands of hours and faced steady funding cuts to even to consider this kind of a scheme."

Consumer group urges farm salmon controls

Both levels of government should step up their regulation of the fish farming industry, says the Consumers' Association of Canada (CAC), to protect the consumer and wild salmon stocks.

In a comprehensive task force report on the industry released April 17, the CAC declares that "a self-regulated industry is not in the consumer's best interest."

Farmed fish is being sold "without specific regulations since pre-existing legislation is being used to govern a new industry," the report says.

In particular, the task force recommends:

- stepped-up provincial government monitoring and regulation of the aquaculture industry;
- public sector testing of fish for market to determine levels of residues;
- monitoring of environmental impacts and prosecution of regulatory violations; and
- consumer labelling to distinguish farmed and wild fish and to report harvest dates.

The report also urges the B.C. Salmon Farmers Association to rejoin the Canadian General Standards Board committees on feed and feed additives to seek ways to reduce residues and contaminants.

The task force expressed concern about colorants, drugs and other medication used in aquaculture "which may remain in the product at the point of consumption."

Antibiotics are a very real problem, the report says, because "long-term consumption of sub-clinical dosages of antibiotics by humans (for example, by consuming antibiotic-containing fish) can lead to the development of resistant strains of bacteria in the body system."

Treatment of infection in humans can be undermined by such doses, the report notes and "there is a potential for allergic reactions by individuals sensitive to antibiotic traces."

(The farm industry has established a Quality Assurance program with spot-checking which it says will control this problem. Fish must be held 42 days after drug treatment before going to market. The provincial government is recommending at least double that time.)

The task force recommends much tighter controls and monitoring of antibiotic use, including certification of farmer staff handling drugs.

The CAC proposes an industry commitment to "produce, catch and process fish without negative impact to the environment."

All types of fish, farmed and wild, should be checked for chemical residues, PCBs and pesticides.

Consumers should insist on protection of wild stocks, the CAC concludes. "A fish farm industry at the expense of the wild stock would, in fact, reduce the choices of fish for the consumer."

LETTERS

The Fisherman welcomes letters to the editor. Letters must be signed and should be brief, if possible.

UFAWU stand on fish farms needs to be toughened

In a recent editorial entitled "Can the UFAWU represent salmon farm workers?" (April 21, 1989) union policy was outlined with respect to aquaculture — no ban on fish farming but strict regulations. Your position is reasonable and takes into consideration that workers in this industry require safe working conditions and decent wages.

However, it has now become apparent that salmon farming has become an even bigger problem than most had predicted in terms of mort disposal, industrial plastic garbage, destruction of marine wildlife, water pollution, antibiotics, price wars, fish escapement and numerous other problems.

The union's decision to embrace a "regulated" aquaculture industry does not take into account the burden that must be shouldered by the residents of the many communities that have to live with and pay for (through taxation) this new industry.

Our communities have lost funding in other areas, such as recycling, parks development and education as public money and expertise are poured into this industry.

We then must live with the mess created by people who don't care about local concerns and values and think that all you have to do is wave money in people's faces and they will swallow anything.

Both levels of government seem completely disinterested in regulating this industry. The new waste management laws for fish farms are not even worth the paper they are printed on. This industry is, and will continue to be, "self-regulating."

This industry has little respect for existing laws like the Fish and Wildlife Act or the Pest Control Products Act, so there is every possibility that new laws will be ignored as well.

In the wake of falling farm fish prices, many people are asking questions concerning the viability of fish farming. But regardless whether or not fish farming is sustainable or must continue to be subsidized by the public, there is no question the industry will continue to impact negatively on coastal communities.

The use of the biocide Nuvan 500 in Scotland to control sea lice is just one indication of what we can expect to see here if it hasn't already been used.

It is becoming more and more obvious that the economic benefits are confined to the fish farming industry while we must pay the social/economic and environmental costs borne out over the long term. Under these circumstances, phasing out fish farming during the next five years is become a more appealing and realistic alternative. Then we can get on with the real job at hand — rehabilitation and conservation of wild salmon stocks.

We would be pleased to present a slide show documenting industry abuses.

Claire Heffernan,

Citizens for Aquaculture Regulations,
POWELL RIVER

The Fisherman
(B.C.)

6/23/89



Cortez Kennedy to anchor Hawks' new defense

SPORTS, Page D1

TRANSLATING THE BODY'S LANGUAGE

Behind those gurgles and rumbles
LIVING, Page C1



Seattle Post-Intelligencer

A HEARST NEWSPAPER

WEDNESDAY MORNING

APRIL 24, 1990

50 CENTS OUTSIDE
SEATTLE METRO AREA 35 C

Salmon pens may take cue from playpens — diapers

By Rob Taylor

Staff Reporter

Washington's infant salmon-farming industry may get the latest in pollution control technology: diapers.

The state Department of Ecology seized on the idea recently as it prepared to issue

water pollution permits for three new net pen operations. But the applicants have been wailing so loudly about the cost and potential problems of the diapers that the department is reconsidering.

At issue is neither the disposable diaper nor the cloth variety. Regulators are talking about requiring a plastic sheet under net

pens to catch feces, food and other wastes. These would be gathered and shipped to a sewage treatment plant.

The system has never been used in U.S. tidal waters before, officials say. And in the face of industry protests, they are trying to determine if they know enough about its practicality to

require it.

In Puget Sound tides, "it would be like putting a sail on these things," complained Terry Wright, a spokesman for the Northwest Indian Fisheries Commission. "It would just blow them away."

"We have grave reservations whether any existing design is

workable," said John Forster, president of Sea Farm Washington Inc. Sea Farm is seeking a permit for net pens at Whiskey Creek, 14 miles west of Port Angeles.

Diapers would be costly, too. Brian Moog, an employee of Swecker Sea Farms, said installing diapers for 42 net pens it

plans off Hartstene Island of Olympia would cost about a million.

The third enterprise seeking a permit is the Jamestown Indian Tribe, which plans an operation in Discovery Bay near Port Townsend.

See **DIAPERS**, Page A4

Diapers: An idea for curbing pollution in the pen

Page 1

The plan to collect and treat wastes stems from a decision last year by the U.S. Environmental Protection Agency, which was under threat of a lawsuit from the Sierra Club Legal Defense Fund to treat fish excrement like factory waste water.

The EPA ruled that net pens need water pollution permits under the Clean Water Act, just as factories do.

The decision requires "best practicable" treatment of all pollution entering U.S. streams and waterways. Washington state law also requires use of "all known available and reasonable" methods of treatment.

After hearing that net pen diapers were used in Europe, state officials suggested last week that they be required in the new permits expected to be issued in about a week.

But yesterday the agency said no decision has been made. And officials sounded as if they were backing off from requiring diapers. At least for now.

"There are a lot of questions about whether this technology is available," said the Department of

Ecology's Chris Haynes, head of the state's water pollution permit program.

"We're not backing down from saying that treatment may be attainable," said Michael Herold, the department's aquaculture permit writer. "But we don't know enough to know what form it will take."

Herold said the agency has also considered a system for vacuuming wastes from under net pens, but is worried that this might harm the environment.

Opponents of net pens have long complained about the wastes and potential for spreading disease. According to Herold, a large net pen would emit as much

sewage as a town of 10,000 to 20,000 people.

Washington's decision would set a national precedent. Maine is considering a net pen permit system, but is waiting to see what Washington does, David Ragsdale of the EPA said.

Ironically, Washington has made diapering of the three proposed operations more difficult. Initially the state planned no treatment for wastes, so it pressed the applicants to put pens in deep water with strong tidal currents to disperse wastes. Now it is backpedaling, and those criteria for siting will have to be reconsidered, said Haynes.

Eventually, permits are ex-

pected to be required for all net pens producing 20,000 pounds of fish a year or using 5,000 pounds of fish food a month, said Wright of the Indian Fisheries Commission.

Herold said that the 13 existing commercial net pens in Washington waters may face a mandate to capture wastes before the three sites that are seeking permits.

The existing pens tend to be in calmer waters better suited to waste gathering. Although they haven't yet been required to get pollution permits, Herold said, "we'll be getting to them."

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50 CENTS OUTSIDE
SEATTLE METRO AREA

from playpens — diap

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draws opposition

By DAVID FOSTER
The Associated Press

RICH PASSAGE, Wash. — The history of salmon-fishing in the stormy North Pacific is filled with tales of brave fishermen riding the wild seas, but its future is being shaped in calmer waters.

Thousands of salmon in this sheltered arm of Puget Sound are captives in sunken pens the size of basketball courts. Crowded fin to fin, they swim endless laps, gobbling feed pellets and being fattened toward the day they'll be scooped up and whisked to market.

Yet while the crenulated coastline and pristine waters that stretch from Washington's Puget Sound to southeastern Alaska might be ideal for fish farming, the political climate is not so welcoming.

In Alaska, where commercial fishermen are a powerful

Please see Back Page, **FISH FARMING**

Anchorage
Daily News

2-20-90

FISH FARMING: Young industry has run into resistance

Continued from Page A-1

lobby, bumper stickers in fishing towns proclaim "Real Fish Don't Eat Pellets," and the legislature is considering a permanent ban on fish farms when a two-year moratorium expires in July.

In Washington state, salmon farmers have the official blessing of the legislature, but that has helped little in the face of challenges from fishermen and environmental groups, which have defeated several proposed farms.

The fish waste produced by a two-acre salmon farm is equivalent to the sewage produced by a town of 5,000 people, claims a Washington citizens group called the Marine Environmental Consortium.

Environmentalists also fear introduced species such as Atlantic salmon — favored because they fetch a higher price and are more docile than Pacific salmon — will corrupt the local gene pool and spread disease. Wealthy owners of shoreside homes, meanwhile, don't want fish farms spoiling their views.

Promoters call fish farming an efficient way to help meet the world's growing appetite for fish. Not only does it provide a year-round supply of fresh salmon to supplement the seasonal wild catch, they say, it also creates jobs free of the hazards of commercial fishing, one of the nation's most dangerous occupations.

They also contend salmon-farming provides an economic incentive to preserve clean water.

"We're the best environmentalists of all, because we're dependent on it," said Jerry Polley, site manager for Global Aqua, the nation's largest salmon farm. "If something's wrong with the water quality, we're going to be the first to complain."

Production of farm-raised salmon, here and abroad, has boomed in five years, flooding markets traditionally held by wild salmon and driving down prices.

"For the first couple of years, as more salmon was around on a year-round basis, the farmed fish seemed to help the wild market," said commercial fisherman Randy Babich. "Now it's a battle at the retail counter."

Fish farming, or aquaculture, is hardly a new concept. For years, farmers have raised oysters in the Northwest, rainbow trout in Idaho and catfish in the Southeast. But techniques have developed more slowly in domesticating salmon, the mainstay of fisheries off Oregon, Washington, British Columbia and Alaska.

For years, it was practiced only by the Norwegians, forced into salmon farming by their declining wild fish populations. But interest has spread quickly since 1985, after Norway refined methods to raise salmon cheaply enough to compete with the wild catch.

In 1983, world production of farm-raised salmon was 23,500 metric tons, just 3 percent of the 670,000-ton wild salmon catch. By last year, farm-raised salmon production had soared to an estimated 202,000 tons, or 30 percent of the relatively constant wild catch.

Norway still leads the pack, producing about 75 percent of the world's farm-raised salmon, but other places, including Scotland, Chile, Canada and Iceland, are catching up.



Daily News file photo

Alaska Department of Fish and Game technician feeds penned salmon at Little Port Walters in southeast Alaska.

The United States, with 50 fish farms in Washington state and Maine, lags far behind, producing 1 percent of the total.

Many of the U.S. salmon farms are run by Norwegian companies, including Global Aqua's four-acre operation in Rich Passage, 10 miles west of Seattle.

Global Aqua's farm is fairly typical: a huge raft anchored offshore holds 40 pens, each lined with a net holding as much as 15 tons of fish, which range from finger-size smolts to fat-bellied salmon 2 feet long.

A half-dozen workers tend the pens from metal walkways, filling automatic feeders and mending nets. At harvest, workers herd fish into one end of the pens, scoop them out with an oversize dipnet and load them onto a boat. The salmon are still kicking when they reach a Seattle processing plant 30 minutes away.

In the three years it takes to raise salmon to harvest, farmers contend with prowling otters, hungry sea lions and diseases that can wipe out whole farms if left unchecked.

Aquaculturists say their operations will never be a major blot on the coastline.

"It would take just 40 acres of farms to produce all of the salmon that was imported into the United States in 1988," said Chris Gibson of Sea Farm Washington in Port Angeles. "The industry does not need a lot of space."

It may need even less space in coming months. Worldwide growth of salmon farming and recent overproduction in Norway have glutted the market with fish. Prices have plunged, and many farms are selling below cost just to keep cash flowing.

In British Columbia, lax regulation and a surge of Norwegian investment capital helped the number of fish farms soar from five to 135 in the past six years. But now many are in trouble. Nineteen have filed for receivership in the past year, and small businesses are being bought out by large investors better able to outlast the lull in prices.

Aquaculture boosters profess confidence in their long-term place in the salmon trade.

Juneau Empire
2-20-90

Japanese buying up Norwegian fish

Surplus of pen-reared fish threatens Alaska's seafood markets in Japan

THE ASSOCIATED PRESS

ANCHORAGE — Norwegian fish farmers are attempting to sell a huge surplus of pen-reared salmon in Japan, long the main market of Alaska seafood processors.

The 88 million pounds of frozen fish could add to an already glutted Japanese salmon market, and drag down prices for this summer's Alaska salmon harvest, according to a U.S. embassy cable from Japan.

More than 80 percent of Alaska's salmon goes to Japan, most of it frozen.

The Norwegians so far have been unable to sell most of their frozen fish, but may cut prices in order to move it, according to the cable released by the U.S. International Trade Administration. If that happens, the Norwegian salmon "will be a threat to U.S. frozen, chum, coho and sockeye salmon," the cable said.

"If they dump it on the market, that would create one hell of a mess," said Roger Dahlke, market-

ing manager for Trident Seafood, a Seattle processor with plants in Bristol Bay and the Aleutians.

Dahlke said Trident is currently trying to sell a lot of Alaska salmon in Japan. But the company is making little headway in a market swamped with both fresh farm-raised fish and frozen fish left over from last season.

As of December, wholesale prices for sockeye salmon had dropped by more than a third from summertime levels, according to Pacific Fishing Magazine. Prices haven't moved much since then, according to industry officials.

Bill Atkinson, publisher of a seafood newsletter that tracks Japanese markets, doubts the Norwegians will be willing to drop their price low enough to compete on the glutted frozen market.

"The Norwegians are not really interested at selling at a loss," Atkinson said. "And the Japanese are not going to accept a high price for them when there are all the other less ex-

pensive fish available."

But one unnamed importer cited in the embassy cable said at least 44 million pounds of the frozen Norwegian fish probably will end up in Japan, knocking down salmon prices just as Alaska's annual harvest begins.

"This scenario, if true, is very critical for U.S. salmon fishermen," embassy officials said. Japanese buyers might import Norwegian salmon in an attempt to force down Alaska salmon prices during pre-season negotiations, the cable said.

"With this type of volume they could start eroding traditional (Alaska) sockeye markets," said Gary Ervin, president of the Kenai Peninsula-based Seafoods From Alaska.

Pen-reared salmon production has been expanding rapidly since the Norwegians pioneered the aquaculture technology in the early 1980s. Salmon farming has been banned in Alaska but is legal in Europe, South America, the South Pacific, Canada and the Pacific Northwest.

Farmers feed the salmon until they reach market size. They offer the fish fresh on a year-round basis. Most Alaska salmon is sold frozen or canned.

Within the past five years, farm-raised salmon have taken over most of the European market, as well as much of the East Coast market, according to a report by the state-funded Alaska Finfish Farming Task Force Force.

Last year Norway produced more than 330 million pounds of salmon, a nearly 60 percent increase from 1988, and farmers have been unable to sell all that fish.

That production, combined with a record Alaska salmon harvest and a strong Japanese chum harvest, created a huge glut on the worldwide market. The amount of unsold fish is estimated by the state finfish task force at more than 200 million pounds. That equals the entire 1989 export of Alaska salmon to Japan.

When Norwegian fish farmers could not sell all their fish, they froze large amounts and began pushing it toward Japanese markets long claimed by Alaska.

"I think the impact of farm-reared salmon on traditional Alaska markets is profound, and simply going to accelerate," said Chuck Becker, Anchorage district director of the U.S. Commerce Department's International Trade Administration.



Filming at sea: Old Harbor fishermen provide talent for new TV ad.

New Alaska seafood ad debuts on national TV

Five Alaska fishermen and the Kodiak Island village of Old Harbor will be making waves in 54 million American homes over the next two months.

The Alaska Seafood Marketing Institute (ASMI) debuted its new 30-second "marine cowboy" commercial promoting Alaska seafood nationwide this week.

The date was less than two weeks after the commercial was filmed in Old Harbor.

"Only fresh or fresh-frozen Alaska seafood can make it into American homes any faster," said Kevin O'Sullivan, ASMI's acting executive director.

The new ASMI commercials feature five Alaska fishermen riding the seas off America's last frontier. In the commercial, the fishermen are shown heading to sea and harvesting Alaska seafood from tumultuous waters.

"The commercial uses a real fishing boat getting knocked around in a real storm off Kodiak Island," O'Sullivan said. "We couldn't chance losing that realism by replacing Alaska fishermen with actors who didn't know what they were supposed to be doing."

The fishermen chosen by the commercial's director have decades of experience in the halibut, salmon, crab, herring and bottomfish harvesting industry. Two generations of Old Harbor's Christiansen family are represented — father Carl who fishes the boat "Sabrina C." and son Ken who fishes the boat "Mischelken C."

Two other fishermen out of Old Harbor, Jose Aguilar and Bill Pulkownik, and one Kodiak fisherman, Matt Shadle, rounded out the on-camera talent for the commercial.

Behind the talent and crew stood the entire community of Old Harbor. The residents of the southern Kodiak Island village rallied around to support the filming and film crew when power was lost for a couple of days, when planes could not get into or out of Old Harbor during a three-day storm and when long distance telephone service to the small community was lost.

Old Harbor's 350 residents put each of the setbacks into perspective. Many of them had survived the tsunami that followed the Good Friday earthquake which swept away most of the village in 1964. The tsunami left only the Orthodox Church and a few houses standing.

When the planes couldn't land with fresh meat and vegetables to feed the film crew, Old Harbor residents donated crab, halibut, deer meat and smoked salmon to keep the crew going.

When electrical power failed before the final scene was shot, an Old Harbor skipper brought his fishing boat around so his generator could provide power to run the television lights.

Women in Old Harbor held traditional banyas so that female production crew members could thaw out by taking steambaths.

For the camera and production crews, the minor inconveniences in town paled in comparison to the talk of filming in the stormy Gulf of Alaska seas.

Weather deteriorated as each day passed. As one of the fishermen described it, the film crew, producers and fishermen ended up in "pretty nautical stuff" including 50 mph winds and waves over the bows and across the decks.

Cameramen tied themselves to the decks while filming and protected cameras with underwater housings.

At one point, the seine boat skipper ordered the fishermen to quit acting and revert to sea duties by chopping away ice in the scuppers and on the deck and deckhouse.

There were 31 people involved in filming the commercial. Out of those, 17 were on Kodiak Island for some portion of the commercial's production. ASMI spent over \$60,000 for talent, lodging, travel, location scouting, production services, equipment and other expenses.

ASMI developed the commercials to promote all Alaska seafood products. The Alaska seafood industry directly contributes one of every 13 jobs in Alaska and one of every eight private sector jobs, the organization says.

The seafood payroll in Alaska in 1983 topped \$1 billion — more than the combined payrolls for the oil and gas, tourism, mining and forest products industries, according to ASMI.

The commercials will be placed on cable television, allowing ASMI to target specific market niches to assure optimum exposure. Stations included are the Arts and Entertainment Network, Cable News Network, The Discovery Channel, The Lifetime Network, Turner Broadcast Network, CBN, TNT and USA.

ALASKA STATE LEGISLATURE · SENATE

SENATOR RICHARD I. ELIASON

LABOR & COMMERCE COMMITTEE, CHAIRMAN

RESOURCES COMMITTEE

RULES COMMITTEE

SPECIAL COMMITTEE ON HIGH SEAS
SALMON INTERCEPTION

SELECT COMMITTEE ON
LEGISLATIVE ETHICS



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SETTLING THE FISH FARMING DEBATE

NOW IS THE TIME TO SAY "NO"

Senator Dick Eliason

After four years of discussion on the subject of mariculture, the time has come for the Legislature to end the debate on fish farming and resolve the matter once and for all.

The grave problems associated with fish farms operating in other states and countries, the testimony of witnesses from Ketchikan to Bristol Bay expressing staunch opposition to the legalization of fish farm operations, and the findings and recommendations contained in the recently released report of the Finfish Farming Task Force have led me to introduce legislation prohibiting commercial finfish farming in Alaska.

Several years ago, when the issue of fish farming was first raised, the Legislature recognized the need to proceed slowly and withhold action until more information could be gathered. We have enacted two consecutive moratoriums on finfish farming and in 1988 called for a non-legislative task force to examine the key issues pertaining to finfish farming in Alaska and providing a well-balanced report to the legislature. The group, which completed its work this month, has done a commendable job of laying out the pertinent facts, noting several possible benefits and some serious risks, and leaves

to the legislature the disposition of the issue. One of the main conclusions in the report is that the legislature should not simply extend the current moratorium on finfish farming (expiring in July), but should instead enact a law either allowing or prohibiting finfish farming.

The legislation I introduced, Senate Bill 397, reflects the concerns addressed in the task force report. In evaluating the costs and benefits of fish farming identified in the report, it seems apparent to me that the serious risks outweigh any potential benefits. These risks include the spread of disease among wild fish by farmed fish, genetic intermingling of wild fish stocks with farmed fish unsuited to survival in the wild, degradation of water quality near finfish farms, and land use conflicts over farm siting. The report acknowledges that these potential threats to Alaska's valuable fishery resources and the environment can never be eliminated if fish farming is permitted. They can only be minimized.

Minimizing the risks would be accomplished largely through state regulation, which would necessitate a substantial expenditure of public funds. I don't believe the public would support such an expenditure when there it is unlikely that a fish farming industry can succeed here, and nobody can guarantee the absolute protection of wild fish stocks upon which commercial fishing, subsistence harvests, recreational fishing, and increasing sportfish-based tourism depend.

Although the proposed ban on finfish farming is necessitated by the legislature's responsibility to protect Alaska's natural resources, I have some additional personal concerns. The proponents of finfish farming speak of "employment" and "economic development." The truth is that fish farms employ very few people, approximately 3 people per farm. Is that worth risking harm to resources which currently support, among other things, Alaska's commercial fishing industry: our largest employer and second only to "Big Oil" in terms of its value to the state in dollars? Furthermore, I am concerned about the fact that most of the private sector investment in any finfish farming industry in Alaska will not be by Alaskans. Even if the industry were to make a profit here, much of it would leave the state.

We are fortunate to have resisted jumping into such a volatile enterprise -- lucky that during our moratoriums we have been able to learn from others' mistakes. We have seen genetics and disease problems cropping up at Norwegian fish farms, water contamination problems in Washington, and some of British Columbia's leading fish farms on the brink of bankruptcy, due in part to a glut of farmed salmon on the world market requiring many to sell below cost.

A couple of other good things emerged from the extended debate stimulated by the proposal of mariculture legislation. The question of shellfish and sea vegetable cultivation was divided from the fish farming issue during the course of legislative work on the issue. This has, in turn, given rise

to a fledgling industry to which Alaska has given both its blessing and the benefit of a comprehensive regulatory process.

Another positive aspect of the long discussion on the issue was the great degree of public participation which was achieved. Public awareness of the implications of launching a fish-farming industry in Alaska led to the expression of concern, and finally staunch opposition from the majority of Alaskans interested in the issue.

In response to all that we have learned, the responsible course of action is for the legislature to now move swiftly in adopting legislation prohibiting finfish farming and thus settling the debate once and for all.

BY SEN. ELIASON, Jones, Kerttula, Zharoff, Duncan, Adams, Binkley, Coghill, Faiks, Fischer, Halford, Kelly, Rodey, Szymanski, Uehling

IN THE SENATE

SENATE BILL NO. 397

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act prohibiting finfish farming; and
for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. FINDINGS. Based on a legislative examination of the potential effects of allowing finfish farming in the state on the common property resources and on the overall economic well-being of the state; the number of serious concerns associated with finfish farming and the need for study of finfish farming that has caused the legislature to enact two moratoriums on finfish farming and establish a nonlegislative task force to study the issue and to report its findings and recommendations to the legislature; a review of the final report of the Alaska Finfish Farming Task Force which notes several possible benefits and some serious risks of finfish farming; the need for the legislature to take action before the current moratorium on finfish farming expires on July 1, 1990; the recommendation of the task force that the legislature not extend the moratorium, but make a final determination to either allow or prohibit finfish farming; and the testimony and evidence received; the legislature finds that

(1) the state has the healthiest stocks of wild salmon and other wild finfish in the world and benefits from thriving commercial, sport, and subsistence fisheries for these fish and a growing tourism industry related to sport fishing;

(2) the people, economy, and environment of the state are dependent in large measure upon the continued health of the state's wild finfish

resources;

(3) serious risks are posed by commercial finfish farming, including the spread of disease among wild fish by farmed fish, genetic intermingling of wild fish stocks with genetically manipulated farmed fish, degradation of water quality near finfish farms, and land use conflicts over the siting of commercial finfish farms;

(4) the state has invested significantly in marketing efforts to promote Alaskan finfish as wild and natural fish products, and this investment in developing the reputation of Alaskan finfish would be lost by allowing commercially farmed finfish to be produced and marketed from Alaska;

(5) the cost to the state to regulate the commercial finfish farming industry would be high;

(6) few jobs would be generated by a commercial finfish farming industry in the state;

(7) the state is responsible for ensuring the protection and wise use of the renewable natural resources of Alaska and providing a framework for a sound economy;

(8) a long-term decision must be made regarding the future of commercial finfish farming in the state;

(9) avoiding harm to the state's wild finfish, land, and water resources must take precedence over the development of a new speculative and potentially harmful commercial finfish farming industry;

(10) the best interests of the state are served by prohibiting commercial finfish farming.

* Sec. 2. AS 16.40 is amended by adding a new section to read:

Sec. 16.40.210. FINFISH FARMING PROHIBITED. (a) A person may not grow or cultivate finfish in captivity or under positive control for commercial purposes.

(b) This section does not apply to

(1) the fishery rehabilitation, enhancement, or development activities of the department;

(2) nonprofit corporations that hold permits under AS 16.-10.400;

(3) the incidental sale of finfish held for scientific or educational purposes under a permit issued by the department;

(4) rearing and sale of finfish for aquariums or ornamental ponds.

* Sec. 3. This Act takes effect July 1, 1990.

POLLUTION ISN'T A SOUND POLICY

Should corporations use public waters for private profit?

By John de Yonge

P-I Contributor

Consider these things about floating fish farms:

■ A typical net-pen fish farming operation on Puget Sound produces pollutants "equivalent to untreated sewage from approximately 10,000 persons." That's what a state report says. The pollution comes from fish feces, urine and food pellets deposited in the water and on the bottom of the Sound.

■ There are 13 commercial pens now operating over 69 acres of aquatic lands leased from the state. These 13 operations daily deposit to the bottom of Puget Sound nearly six times as much oxygen-demanding fecal matter and other wastes than does Metro's Renton Waste Water Treatment Plant, which serves 430,000 people. Materials that deplete oxygen can radically change or kill off the life forms in an unpolluted environment.

■ Siting 27 more fish farms, now delayed by opposition from upland property holders, environmentalists and county officials, would add a pollution load to Puget Sound equal to that from building four new cities the size of Everett.

■ The "... proper siting of 100 farms would not have significant impact on the aquatic environment." So says the state's just-issued environmental impact statement on floating net pens.

Those 100 fish farms would produce 55 metric tons of oxygen-demanding waste per day. That's 18 more tons a day than Metro's Renton and West Point treatment plants together produce from the sewage of 1 million people.

Analysis

The environmental impact statement was prepared by three private organizations that supply fish-farm companies with paid expert witnesses.

Under Gov. Booth Gardner, state policy is to hush any increase of fish farming in the state's waters and to downplay environmental problems that aquaculture may bring.

The official evangelist is the Department of Agriculture's Dr. John Pitts, veterinarian and former Jefferson County commissioner who appears at meetings and hearings — in one case, as a paid witness for a net-pen applicant — to pooh-pooh environmental objections raised by net-pen opponents.

Opponents are not just those who own shoreline property, who howl against a net pen being erected in their aquatic front yard. They've been fired up by what the state's environmental impact statement confirms: A new, nearby fish farm can give view property a one-time, financial knock.

Opponents include environmentalists like David Ortman of Friends of the Earth, who says: "Why should we be happy about fish farms that dump tons of fish poop every day into Puget Sound?"

They include commercial fishermen like the Puget Sound Gillnetters, who know something that has largely escaped the notice of sport anglers:

Atlantic salmon, not a salmon but a sea-run trout of the Atlantic seaboard, have escaped by the thousands from net pens here and in British Columbia. The B.C. government booms fish farms with a gusto exceeding even the ta-ra-ra-boom-de-ays from Gardner's men and from Brian Boyle, the separately elected head of the Department of Natural Resources, which manages shore bottoms and other public lands.

What's more, hundreds of thousands of Pacific salmon have also escaped from the pens, especially in British Columbia.

So what does that mean?

The state environmental impact statement points out that escaped exotic fish like the Atlantic salmon "could establish self-sustaining populations and compete with indigenous fish," such as steelhead trout.

That may not be far off.

In the North Puget Sound last year, commercial and sports fishermen caught hundreds, probably thousands, of Atlantic salmon weighing up to 10 pounds.

More dangerous by far is that for the first time ever at least three sexually mature Atlantic salmon showed up miles from the sea in the Nooksack River last year, near Bellingham, and one in the Nisqually, near Olympia. Rumor has a fourth Atlantic netted in the Skagit River at Sedro-Woolley.

What's the worry about four fish, though they may be forerunners of thousands to come?

The environmental impact statement warns that accidental importation of "exotic" fish diseases associated with fish farms in Europe could devastate existing salmon and trout runs in state rivers.

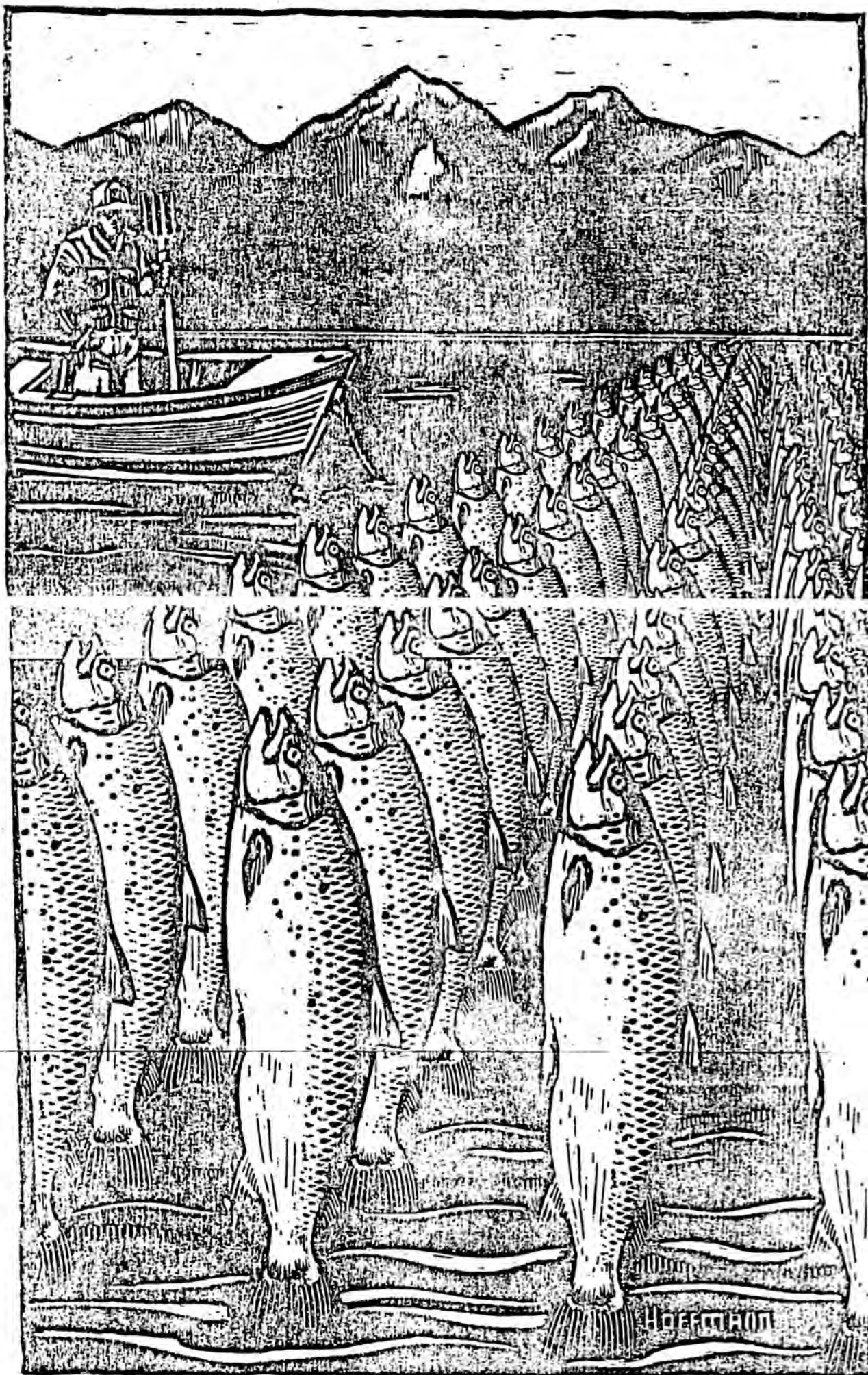
Just in the past two weeks the public has learned that such a disease, viral hemorrhagic septicemia or VHS, has shown up at two hatcheries in state waters. It is the first time ever that VHS has been found in North America.

VHS, state fish-disease experts say, has never been found to occur naturally in Atlantic salmon. They say that the chance that Atlantic salmon in pens here are the source of the disease is "virtually zero." The disease was found in chinook and coho salmon, species raised extensively at federal, state and tribal hatcheries and at commercial net-pen operations.

The impact statement does not dwell on what has happened in Norway, where other diseases associated with that country's extensive net-pen industry have ravaged wild Atlantic salmon runs in 32 rivers. The government was forced to poison some streams, set up a salmon sperm bank to preserve wild genes and consider banning any new net pen within 12 miles of a river mouth, an obvious rule not yet under consideration here.

Nor does the statement dwell on the possibility of migrating wild fish catching indigenous fish diseases from net pens here or of net-pen escapees spreading such diseases into our river systems.

Fish farmers themselves helped call state attention to fecal build-up beneath pens, a build-up that kills clams, oysters and other bottom dwellers and can release poisonous hydrogen sulfide gas, which



DUANE HOFFMANN/PI

can kill all fish in a pen in minutes.

In 1986 Commissioner of Public Lands Boyle limited new net pens to sites where the water is at least 40 feet deep at low tide, a mile away from other pens and with enough current to flush away food and fecal deposits. He also limited the surface area of new pens to two acres or less.

These requirements ended up in "Recommended Interim Guidelines" written for the departments of Agriculture, Ecology, Natural Resources and Fisheries, which share regulation of the fish-farm industry, with Agriculture and Pitts calling most of the shots.

With no force of law and offered to help county commissioners site pens under state law, the guidelines deliberately do not talk about navigation problems, use conflicts and, most important, esthetic

operations at Port Angeles.

Both pen systems, clean, low in the water, quiet, full of fat, bright Pacific and Atlantic salmon, are barely noticeable in the working harbors that contain them.

But that's quite different than siting a pen in Frenchman's Cove on the west side of Hood Canal, as International Marine Farms Inc. proposes.

Or siting a pen, as Tailfin Inc. proposes, in a main salmon and trout-fishing cove between East Point and Bells Beach on the west side of Whidbey Island, where from her home Margaret Johnston looks out across Saratoga Passage to Camano Island. She heads the Marine Environmental Consortium, made up of 20 citizen organizations that oppose fish and other floating farms.

Katz argues for having the state set standards for

siting and operating net pens, to ensure that the pens do not harm the environment and to give the net-pen operators a clear but flexible regulatory framework to live with. But Katz feels the industry is getting a bad rap from people like Johnston, who, he says, simply don't want a net pen in their aqueous front yard.

"If the two sides could stop feuding and start talking about necessary standards, we could have a safe, considerable industry . . .," he says. "But we're years away from that."

Forster, president of the Washington Fish Growers Association, dismisses esthetic revulsion as the main drive behind the opposition to what he characterizes as a clean, beneficial industry with vast prospects.

"It's more than esthetics. It's an intrusion into a life style that they don't like and they're using environmental problems as a smokescreen . . . Because of that, the debate is dishonest at the moment, terribly dishonest."

Johnston, at a gathering in her home with other members of the Marine Environmental Consortium, characterizes such comments as unworthy.

"The net pen issue raises a fundamental issue of public policy that involves more than us, though the environmental questions are real and cannot be brushed aside by the industry or the state. The big question is: Should the public waters of Washington State be turned over to a few corporations for private profit?"

That's a proper question for us all to ask. It must be answered by political action. Gardner's administration has already answered: Yes.

To me it seems stupid to site more pens in pristine salt and fresh waters (yes, an application is pending in Eastern Washington) until we have better, more extensive scientific information about siting than what the draft environmental impact statement supplies.

Until we know if pens can be sited safely anywhere, we would be blind to commit ourselves to putting major sources of pollution in our unpolluted waterways and in waterways we are trying to clean up.

The tragedy of Norway's rivers demonstrates that.

If the two sides could stop feuding and start talking about necessary standards, we could have a safe, considerable industry.

—Peter Katz,
fish farmer

Commissioners have learned that if they turn down a net-pen proposal, the applicant will seek a full rehearing before the state's Shorelines Hearings Board, with Pitts certain to show up to put the stamp of Gardner's administration on having the permit granted.

Dwain Colby, an Island County commissioner, put the matter thus in a 1987 letter:

"While there may be legitimate reasons for denying a permit to locate a salmon net pen, local government has been placed in the position of being able to say 'yes' to such a proposal but not 'no.'"

Under Gardner, the Department of Ecology has refused to require net pen operators to get pollution-limiting discharge permits under the federal Clean Water Act.

The Sierra Club Legal Defense Fund has announced it will sue the U.S. Environmental Protection Agency if necessary to force EPA to force Ecology to force every net pen operator have such a permit.

The state's draft environmental impact statement declares that the major impacts of net pens can be cured by "proper farm siting to assure dispersion of wastes, flushing of the site and protection of sensitive areas."

It's a view that one can come to easily while talking to such eloquent fish farmers as Peter Katz, a marine architect running the Paradise Bay Co. net farm at Port Townsend, and John Forster, a Ph.D. in aquaculture running Sea Farm Washington's similar

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ALASKA STATE LEGISLATURE • SENATE

SENATOR RICHARD I. ELIASON

LABOR & COMMERCE COMMITTEE, CHAIRMAN
RESOURCES COMMITTEE
RULES COMMITTEE
SPECIAL COMMITTEE ON HIGH SEAS
SALMON INTERCEPTION
SELECT COMMITTEE ON
LEGISLATIVE ETHICS



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July 17, 1990

Mr. Lew Williams, Publisher
Ketchikan Daily News
P. O. Box 7900
Ketchikan, Alaska 99901

Dear Lew:

Thank you for your recent note and the accompanying Alaska Business Monthly article concerning fish farming. I appreciate the sentiment behind your view that the fish farm ban should be "revised a little" for Thorne Ferguson and Fairbanksan Andy Wescott, and want to share some information with you to help you round out the picture a bit.

When I first heard of Thorne Ferguson's predicament in March of '88, I moved immediately to find out as much about it as I could, and my inquiries yielded a slightly different picture than the one presented in the magazine article. In 1985 Mr. Ferguson sought DNR approval of a multi-stage development, the initial stage being development of a hunting and fishing lodge/resort, and the second stage involving a hatchery and fish farm. It appears that later that year (see enclosed 3/23/90 letter from DNR) he dropped the hatchery/hydroelectric plant portion of the proposal and proceeded with his efforts to further the plans for the lodge, barge and dock. In 1986 he received permits from DEC and the Army Corps of Engineers for a lodge, barge and dock facility, and had not applied for any permits necessary to begin raising fish in saltwater tanks.

Mr. Ferguson did purchase a "Fish, Game and Fur-Farm License" from ADF&G in December of 1986, however this license is little more than a business license received by anyone who applies, and is unrelated to the regulatory aspects of fish farms and their activities; he did not pursue obtaining any of the necessary permits from DEC, DNR, ADF&G, Army Corps of Engineers, and the U.S. Forest Service. As early as 1982 (see attached correspondence) the letters sent by ADF&G and the USFS in response to permit inquiries from James McCormack of T. Ferguson Construction indicate that there were a number of regulatory hoops to jump through, although it is true that the letter from Commissioner Collinsworth does not explicitly say that the project would require the approval of the Board of Fish.

Mr. Lew Williams

July 17, 1990

page two

At no point in time was Mr. Ferguson ever assured of being able to develop the hatchery phase of his development. It seems that he didn't even pursue that aspect of the project vigorously, and instead he decided to proceed with the lodge only. It seems to me that Mr. Ferguson is being somewhat misleading with his story that his family's entire investment is forfeit due to legislative action when in fact the hatchery portion of the project was purely speculative from the outset.

Of interest to Mr. Ferguson, Mr. Wescott, and others interested in pursuing upland tank farming, the Senate adopted a letter of intent that accompanied HB 432 (the ban bill). The language in the letter of intent supports the concept of upland tank farming of non-salmon species and directs ADF&G to work with legislative committees during the interim to develop environmental, siting and broodstock acquisition and ownership criteria for the upland tank farming of non-salmon species. This may indeed pave the way for upland tank farming of char, such as Thorne Ferguson has discussed.

With respect to Mr. Wescott, when the temporary moratorium on fish-farming was crafted by the Legislature, every effort was made to ensure that Mr. Wescott's operation would not be shut down as a result. It was not clear at the time that Mr. Wescott's operation had been granted a permit in violation of the law (according to an opinion from the Attorney General's office). Mr. Wescott received a permit from ADF&G, when in fact the authorization of the Board of Fish was required. Ultimately, when he did run into trouble it was due not to the moratorium, but to a run-in with the Board of Fish relating I believe to permits for broodstock or transport of eggs -- I confess I don't recollect the details. The Board of Fish has complete authority over these regulatory issues.

As a footnote, some of the trouble that crops up in trying to craft clean legislation is when we try to go about "grandfathering-in" every individual who has proceeded with a venture before obtaining authorization. Not to mention the folks that have some sort of official blessing that turns out to be against the written law!

Thanks for your interest, as always, and let me know if I can provide further information. We haven't heard the last of this issue, I'm sure of that!

Sincerely,

Senator Dick Eliason

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

SOUTHEAST REGIONAL OFFICE DIVISION OF LAND AND WATER MANAGEMENT

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVENUE
SUITE 400
JUNEAU, ALASKA 99801-1000
PHONE: (907) 465-3400

March 23, 1990

Re: Thorne Ferguson

Honorable Richard I. Eliason
c/o Pouch V
Juneau, Alaska 99811

Dear Senator Eliason:

Research of our records indicates that T. Ferguson Construction, Inc. did purchase U.S. Mineral Survey 419B, known as the Maine, Monterey and San Francisco claims from Georgia-Pacific Corporation, (Warranty Deed, 1984). The property is located at Copper Harbor, Hetta Inlet, on the west side of Prince of Wales Island. In 1985 In 1985 Mr. Ferguson submitted applications intended to obtain approval of what appeared to be a multi-stage development. According to one of the cover letters, the initial stage of construction (development of a seasonal resort for hunting as well as fresh and salt water fishing) was intended to support the second stage (the development of a hatchery and fish farm); see ADL lease application 104488.

In September of 1987 the applicant indicated to DNR they had received a Army Corps of Engineers permit dated in June of 1986. Proposed construction under the Corps permit consisted of a lodge, barge ramp, and docks to be constructed in conjunction with the proposed private fish hatchery. The permit stated that the lodge and docks would supported by approximately 100 piles, and the barge ramp would consist of a timber crib bulkhead placed at M.L>L>W. and back-filled with approximately 1,800 cubic yards of shot rock fill (see Army Corps of Engineers Public Notice of Application for Permit Hetta Inlet 7, dated September 3, 1985).

However, contrary to the lease application and corps notices, a letter from the State Office of Management and Budget dated August 22, 1985 appears to indicate that the applicant dropped the hatchery portion of its proposal at that time. Mr. Menzies letter of June 2, 1986 appears to furnish the reason. The OMB consistency determination of May 9, 1986 purposely dropped consideration of the hatchery and hydroelectric plant.

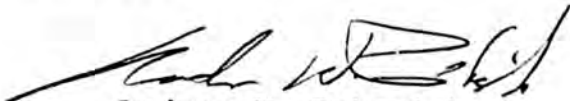
March 23, 1990

The 1986 Army Corps of Engineer Permit is the only document that appears to still imply a remaining interest in a hatchery. None of the State approvals, including Water Use Applications LAS 6089 and 6090 involve the hatchery proposal directly.

It appears clear from the file that the applicant was never assured of being able to develop a hatchery. That although it is something that he wanted to do, he decided to proceed with the lodge with no guarantees that he would be able to construct the hatchery. It is possible that the \$500,000 figure thrown around would include the \$370,000 initial purchase price.

Please let me know if there is anything else I can do.

Sincerely,



Andrew W. Pekovich
Regional Manager, SERO

CC: Larry Ostrovsky
Gary Gustafson
Janet Burleson

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

P.O. BOX 3-2000
JUNEAU, ALASKA 99802
PHONE: (907) 465-4100

November 12, 1982

Mr. James L. McCormack
Project Manager, Ice Palace Farms
3321 Seppala Drive
Anchorage, Alaska 99503

Dear Mr. McCormack:

This letter is in response to yours of October 12, 1982, to Commissioner Skoog, regarding your interest in a commercial marine net-pen farm for coho salmon in Southeast Alaska. We are enclosing the \$100.00 check you submitted since we will be unable to issue a permit for your proposed operation.

In explanation, as stated in your letter, it is correct that State of Alaska law does not allow conduct of salmon ranching for a profit, only on a nonprofit basis. From the text of your letter, you appear to have received insufficient information about the legality of hatching and rearing stock coho for commercial purposes. The Alaska Department of Revenue does have available a Fish Farming License, which allows for the rearing of fingerlings, fry, or smolt to commercial marketing size, but this license does not allow the operator to incubate and hatch eggs. That can only be done in the private sector under a Private Nonprofit (PNP) Hatchery Permit, which cannot be secured for profit-making purposes. It would be for such a permit that a \$100.00 fee would be appropriate.

Functions under the fish farming license may only be conducted in a land-locked situation, so that would rule out net-pen rearing of coho in a bay, as is indicated in your proposal.

If you can define a land-locked location for fish farming and can determine a source of coho fry or smolt, it would be necessary for you to secure a Fish Transport Permit from Dave Daisy at the Anchorage Office, in order to assure that the source of stock is disease-free before you would be allowed to transport fish.

Finally, it would be necessary that you secure information on health inspection requirements for preparing for market and actual marketing of any fish produced. For information in that regard, please contact the following:

Alaska Department of Environmental Conservation
Anchorage Regional Office
P.O. Box 1328

Mr. McCormack

-2-

November 12, 1982

Anchorage Alaska 99510
Attn: George Hart
Telephone: 907-745-3236

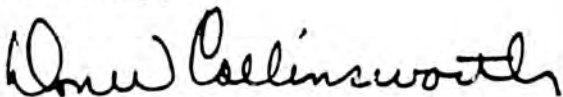
Also, I am enclosing for your use copies of application forms and background information for fish, game and/or fur farm licenses. The above references and enclosed information should give you the materials necessary to pursue a fish farm license, if you desire.

Should you have further questions, please contact me or Jerry L. Madden at the following address:

Alaska Department of Fish and Game
P.O. Box 3-2000
Juneau, Alaska 99802

Thank you for your interest in the Alaska salmon industry.

Sincerely,



Don W. Collinsworth
Deputy Commissioner
Resource Management

Enclosures

cc: Dave Daisy



United States
Department of
Agriculture

Forest
Service

Stikine Area, Tongass National Forest
Box 309, Petersburg, Alaska 99833

Reply to: 2720

Date: August 6, 1982

Mr. James L. McCormack
Project Manager
T. Ferguson Construction, Inc.
3321 Seppala Drive
Anchorage, AK 99503

Dear Mr. McCormack:

I have read your proposal for a net pen farm to be located in Washington Bay.

I will try to assist you by listing some of the things that must happen before your project can proceed as you have described it.

You must obtain approval from the Alaska Department of Fish and Game. We would follow their lead in this matter; therefore, this is the first step you must take. You need to obtain a State tidelands permit, a Corps of Engineer's permit, and a license or waiver from the Federal Energy Regulatory Commission; to mail application to the Forest Service for a special land use permit; and to prepare (or have prepared) an environmental assessment document to be approved by the Forest Service before a permit can be issued. Detailed engineering plans and drawings are also required by us and others. Unless you are one and the same, another party from Kake was also interested in developing a fish farm in Washington Bay. If this is the case, agreement between the parties would have to be reached before we could consider a permit application.

Twenty percent of the total project cost is not an unreasonable estimate of dollars needed to be spent just to get to the construction stage for a project of this type.

A fee is charged for the special use permit, payable each year. A decision would have to be made on whether or not to require a performance bond. Land on the National Forest is not available for sale.

You also must show that the National Forest is the only land suitable for your use. State and private land is available throughout southeast Alaska.

I am not trying to discourage you; I am simply trying to point out what we all must live with these days. Good luck.

Sincerely,



JOHN M. HUGHES
Forest Supervisor

SENATOR ELIASON'S OFFICE

ATTN: JO-EVE

FROM: AWP

SCARY FOR DEWAT

March 23, 1990

Re: Thorne Ferguson

Honorable Richard I. Eliason
c/o Pouch V
Juneau, Alaska 99811

AWP

7/16/90

Dear Senator Eliason:

Research of our records indicates that T. Ferguson Construction, Inc. did purchase U.S. Mineral Survey 419B, known as the Maine, Monterey and San Francisco claims from Georgia-Pacific Corporation, (Warranty Deed, 1984). The property is located at Copper Harbor, Hetta Inlet, on the west side of Prince of Wales Island. In 1985 Mr. Ferguson submitted applications intended to obtain approval of what appeared to be a multi-stage development. According to one of the cover letters, the initial stage of construction (development of a seasonal resort for hunting as well as fresh and salt water fishing) was intended to support the second stage (the development of a hatchery and fish farm); see ADL lease application 104488.

In September of 1987 the applicant indicated to DNR they had received a Army Corps of Engineers permit dated in June of 1986. Proposed construction under the Corps permit consisted of a lodge, barge ramp, and docks to be constructed in conjunction with the proposed private fish hatchery. The permit stated that the lodge and docks would be supported by approximately 100 piles, and the barge ramp would consist of a timber crib bulkhead placed at M.L.L.W. and back-filled with approximately 1,800 cubic yards of shot rock fill (see Army Corps of Engineers Public Notice of Application for Permit Hetta Inlet 7, dated September 3, 1985).

However, contrary to the lease application and corps notices, a letter from the State Office of Management and Budget dated August 22, 1985 appears to indicate that the applicant dropped the hatchery portion of its proposal at that time. Mr. Menzies letter of June 2, 1986 appears to furnish the reason. The OMB consistency determination of May 9, 1986 purposely dropped consideration of the hatchery and hydroelectric plant.

A. Pekovich to Senator Eliason -2-

March 23, 1990

The 1986 Army Corps of Engineer Permit is the only document that appears to still imply a remaining interest in a hatchery. None of the State approvals, including Water Use Applications LAS 6089 and 6090 involve the hatchery proposal directly.

It appears clear from the file that the applicant was never assured of being able to develop a hatchery. That although it is something that he wanted to do, he decided to proceed with the lodge with no guarantees that he would be able to construct the hatchery. It is possible that the \$500,000 figure thrown around would include the \$370,000 initial purchase price.

Please let me know if there is anything else I can do.

Sincerely,

Andrew W. Pekovich
Regional Manager, SERO

CC: Larry Ostrovsky
Gary Gustafson
Janet Burleson

Department of Natural Resources
Division of Land & Water Management

Water Rights Application - Ferguson Construction Inc.
LAS 6090 & 6089
REGIONAL OFFICE

AFFIDAVIT OF PUBLICATION

UNITED STATES OF AMERICA

STATE OF Alaska SS

Southeast DIVISION.

BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC THIS DAY
PERSONALLY APPEARED Colleen MacCannell WHO,

BEING FIRST DULY SWORN, ACCORDING TO LAW, SAYS THAT

~~HE~~ SHE IS THE Publisher OF Island News

PUBLISHED AT Thorne Bay IN SAID DIVISION

Southeast AND STATE OF Alaska AND THAT THE

ADVERTISEMENT, OF WHICH THE ANNEXED IS A TRUE COPY, WAS

PUBLISHED IN SAID PUBLICATION ON THE 4 DAY OF

August 1986, AND THEREAFTER FOR 4

CONSECUTIVE ^{weeks} DAYS, THE LAST PUBLICATION APPEARING ON THE

4 DAY OF August 1986 AND THAT THE

RATE CHARGED THEREON IS NOT IN EXCESS OF THE RATE

CHARGED PRIVATE INDIVIDUALS.

Colleen L. MacCannell

SUBSCRIBED AND SWORN TO BEFORE ME

THIS 25th DAY OF August 1986

Doris Brimfield

NOTARY PUBLIC FOR STATE OF Alaska

MY COMMISSION EXPIRES August 30, 1989

REMINDED

Notice *

A CERTIFICATE
MUST

STATE OF ALASKA
Department of Natural Resources
Division of Land and Water Management
400 Willoughby Ave., Suite 400
Juneau, AK 99801
Phone: 907-465-3400

Notice of Water Permit Application
LAS 6090 & 6089

Pursuant to AS 46.15 and rules and regulations promulgated thereunder, notice is hereby given that an application has been received from Ferguson Construction Inc., 1200 East 76th Avenue, Suite 1222, Anchorage, AK 99502.

To appropriate water as follows:
from either anadromous stream #103-25-10400 within the Brooklyn Lode Claim of U.S. Mineral Survey 419-B or anadromous stream #103-25-0390 within the Monterey Lode Claim of U.S. Mineral Survey 419-B or from both streams provided that the combined use does not exceed 2,400 gallons per day. Both appropriations are located at Copper Harbor on Prince of Wales Island within the SE1/4 of Protracted Sec 4, T 77 S, R 85 E, Copper River Meridian. The water is to be used domestically in a lodge to be constructed on the Maine Lode Claim, U.S. Mineral Survey 419-B and an adjacent TR of tide and submerged lands located within the SE1/4 of Protracted Sec 4, T 77 S, R 85 E, Copper River Meridian.

Further information may be obtained from the Division at the above address. Any facts tending to show that the rights of any person or the public interest would be adversely affected by the proposed appropriation must be submitted in writing to the Division within fifteen (15) days of publication of this notice in order to be considered.

The right is reserved to waive technical defects in this publication.

Tom Hawkins
Director

Publish August 4, 1986

LAS 6089 &
6090

May 28, 1987

Certified Mail
Return Receipt Requested
P 713 947 828

Ferguson Construction Inc.
1200 East 76th Avenue
Suite 1222
Anchorage, Alaska 99502

Re: Water Rights Application
LAS# 6089

Dear Mr. Ferguson,

This pending application is for water rights to 2400 gallons per day from an unnamed stream (anadromous stream #103-25-10400) located 800 feet north of Reynolds Creek within the Brooklyn Lode claim of USMS 419-B at Copper Harbor. As you know, you were not issued a water use permit to appropriate from this stream primarily because the owner of the property adjoining this stream, Sealaska Corp., has indicated that legal access may not be granted to you.

As a follow up to the attached October 14th 1986 letter from Malcolm Menzies in which he requested that we suspend this application, you are here by notified that the Department of Natural Resources has determined that it is not in the public interest to permit this appropriation request.

You have the right to file a written appeal of this decision which should include a written indication from Sealaska Corp. that they no longer object to your access upon their land and that they are willing to negotiate with you for an easement granting you legal access to the stream. All rights of appeal are forfeited and this case will be closed effective July 15, 1987 unless by that date, we have received your written appeal indicating Sealaska's written approval.

Sincerely,



Paula Burgess
Regional Manager

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LAND AND WATER MANAGEMENT

PERMIT
TO
APPROPRIATE WATER

LAS 6090

THE STATE OF ALASKA UNDER AS 46.15, THE ALASKA WATER USE ACT,
AND THE REGULATIONS ADOPTED UNDER IT, GRANTS TO:

FERGUSON CONSTRUCTION INC.
1200 EAST 76TH AVENUE
SUITE 1222
ANCHORAGE, AK. 99502

THE RIGHT TO DEVELOP THE USE OF WATER FROM THE FOLLOWING SOURCE:

A) STREAM OR RIVER WITH A PRIORITY DATE OF 12/18/1985
2400.0 GAL/DAY
FOR HOTELS MOTELS 365 DAYS/YR

THE LOCATION TO WHICH THIS WATER RIGHT APPERTAINS IS:

AN UNNAMED STREAM, ALASKA DEPARTMENT OF FISH AND GAME CATALOGUED
ANADROMOUS STREAM NO. 103-25-10390, LOCATED IN THE MONTEREY LODE
CLAIM, U.S. MINERAL SURVEY NO. 419-B, IN THE SW1/4SE1/4 PROTRACTED
SECTION 4, TOWNSHIP 77 SOUTH, RANGE 85 EAST, COPPER RIVER MERIDIAN AND
THE WATER RIGHT GRANTED SHALL BE APPURTENANT TO THAT CERTAIN TRACT OF
REAL PROPERTY DESCRIBED AS FOLLOWS:

A LODGE TO BE CONSTRUCTED ON THE MAINE LODE CLAIM, U.S. MINERAL SURVEY
NO. 419-B, AND ON ADJACENT TRACT OF TIDE AND SUBMERGED LAND, ALASKA
DIVISION OF LANDS (ADL) NO. 104488, LOCATED IN THE SE1/4 PROTRACTED
SECTION 4, TOWNSHIP 77 SOUTH, RANGE 85 EAST, COPPER RIVER MERIDIAN.

CHANGES IN THE NATURAL STATE OF WATER ARE TO BE MADE IN THE MANNER AND
ONLY FOR THE PURPOSES STATED IN THIS PERMIT. THIS PERMIT IS SUBJECT
TO THE PERTINENT STATUTORY PROVISIONS IN AS 46.15, ADMINISTRATIVE
REGULATIONS IN 11 AAC 93, AND THE FOLLOWING CONDITIONS:

THE HOLDER OF THIS PERMIT SHALL:

FOLLOW ACCEPTABLE ENGINEERING STANDARDS IN EXERCISING THE PRIVILEGE
GRANTED BY THIS PERMIT.

DEFEND AND INDEMNIFY THE STATE AGAINST AND HOLD IT HARMLESS FROM
ANY AND ALL CLAIMS, DEMANDS, LEGAL ACTIONS, LOSS, LIABILITY AND

PERMIT
TO
APPROPRIATE WATER
LAS 6090

EXPENSE FOR INJURY TO OR DEATH OF PERSONS AND DAMAGES TO OR LOSS OF PROPERTY ARISING OUT OF OR CONNECTED WITH THE EXERCISE OF THE PRIVILEGE GRANTED BY THIS PERMIT.

COMPLY WITH ALL APPLICABLE LAWS, REGULATIONS AND CONDITIONS.

NOTIFY THE DIVISION OF LAND AND WATER MANAGEMENT, DEPARTMENT OF NATURAL RESOURCES OF ANY CHANGE OF ADDRESS OF THE GRANTEE OR TRANSFER OF ANY REAL PROPERTY IDENTIFIED IN THIS DOCUMENT.

PER AS 46.15.100 AND AS 46.15.147

FAILURE TO RESPOND TO ANY REQUEST FOR ADDITIONAL INFORMATION DURING THE DURATION OF THIS PERMIT MAY RESULT IN THE TERMINATION OF THIS PERMIT.

AN INSTREAM FLOW OF 0.2 CFS SHALL BE MAINTAINED BELOW THE POINT OF WITHDRAWAL.

ANY IN-STREAM WORK SHALL BE CONDUCTED BETWEEN JUNE 1 AND AUGUST 15.

THIS PERMIT SHALL EXPIRE ON 12/18/1990

THIS PERMIT TO APPROPRIATE WATER IS ISSUED BY AUTHORITY OF AS 46.15.080 AND 11 AAC 93.120 ON December 18, 1986.

APPROVED: Andrew W. B. Boush

TITLE: Kate Regan May 5212
DIVISION OF LAND AND WATER MANAGEMENT

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LAND & WATER MANAGEMENT
DEPARTMENT OF
NATURAL RESOURCES

LAND USE APPLICATION AND PERMIT 30 AM 9 31

SOUTHEAST

2. APPLICANT

Ferguson Construction

Name (Last) (First) (MI)

1200 East 76th, Suite 1222, Anchorage, Alaska 99501 349-6485

Street/P.O. Box City State Zip Phone

See attached vicinity maps, etc.

3. LAND LOCATION:

Protracted

Township 77S, Range 85E, C.R. Meridian, Section 4 Portion
Other Description Tide and submerged lands within the S $\frac{1}{4}$ per attached
drawing. Only "drawing" Tracts A and C are requested at this time.

Floating hatchery will be a future use.

4. PROPOSED ACTIVITY: Resort facility with appropriate boat and float
plane docks - see attached drawings.

(Use extra sheets if necessary)

5. SPECIAL STIPULATIONS: (in addition to conditions on reverse side)

6. DATE OF APPLICATION: July 10, 19 86

7. DATE OF INTENDED USE (not to exceed one year) From 7/86 to 6/87

8. CONTACT PERSON, if other than applicant: Malcolm A. Menzies, c/o R & M Engineering, Inc.
Name

P.O. Box 1786, Juneau, AK 99801 780-6060 President
Address Phone Position/Title

9. *Malcolm A. Menzies* President 7-29-86
SIGNATURE OF APPLICANT OR AUTHORIZED REPRESENTATIVE Title Date

10. APPLICATION IS Granted Denied Granted as modified

By *Paula Burger* Regional Manager 10-8-86
Division of Land and Water Management

11. BOND IS REQUIRED (See attached bond) No data on bonds were attached

12. SUPPLEMENTAL INFORMATION

See plans attached. Please note that fish pens and hydro facility to
and from Reynolds Creek are void at this time.

ADL # 10-8-86

ALASKA
ADVERTISING
ORDER

FORM FOR INVOICE ADDRESS

ADVERTISING ORDER NO.

A0-

10 SET-499

Department of Natural Resources
Div. of Land & Water Management
Southeast Regional Office
400 Willoughby Avenue, Suite 400
Juneau, Alaska 99801

AGENCY CONTACT
Gerald FiscusDATE OF A.O.
June 2, 1986PHONE
(907) 465-3400

DATES ADVERTISEMENT REQUIRED:

June 6, 1986

THE MATERIAL BETWEEN THE DOUBLE LINES MUST BE PRINTED IN ITS ENTIRETY
ON THE DATES SHOWN.

SPECIAL INSTRUCTIONS:

Legal Ad

D
MT
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R

Island News
P.O. Box 433
Thorne Bay, Alaska 99950

Type of Advertisement: ☒ Legal ☐ Display ☐ Classified ☐ Other (Specify):

Department of Natural Resources
Division of Land & Water Management

Notice of Preliminary Decision

Pursuant to AS 38.05.945 and regulations thereunder, notice is hereby given that a Preliminary Decision has been made to lease approximately 3 acres of state tidelands in Copper Harbor, Prince of Wales Island, within Section 4, T.77S., R.85E., C.R.M. The application proposes to develop a lodge, barge ramp and docks in conjunction with upland facilities. The barge ramp would consist of a bulkhead and 1,800 cubic yards of fill.

Comments to this proposed action will be accepted for 30 days following this notice and must be submitted in writing to the Southeast Regional Office, 400 Willoughby Avenue, Suite 400, Juneau, Alaska 99801.

SEND INVOICE IN
TRIPLICATE TO

Same as above

PAGE 1 OF
1 PAGESTOTAL OF
ALL PAGES \$

REF	TYPE	NUMBER	AMOUNT	DATE	COMMENTS
1	PVN				
2					
3					
4					

FIN	AMOUNT	SY	CC	PGM	LC	ACC	FY	NMR	OPEN ITEM			
									TYPE	NUM	LINE	FLI
1												
2												
3												
4												

REQUISITIONED BY:

Barbara Bartoo, Admin. Asst.

DIVISION APPROVAL

Paula Burgess, Req. Mgr. 6/2/86

REMITTANCE ADVICE

CERTIFICATION: I certify that the facts herein and on supporting documents are correct that this voucher constitutes a legal charge against funds and appropriations cited that sufficient funds are encumbered to pay this obligation or that there is a sufficient unencumbered balance in the appropriation cited to cover this obligation. I am aware that certifying false, inaccurate or misleading documents constitutes an unsworn falsification under AS 11.56.210.

CERTIFYING OFFICER'S PRINTED NAME

CERTIFYING OFFICER'S SIGNATURE

DATE

June 2, 1986

Island News
P.O. Box 433
Thorne Bay, Alaska 99950

Re: SET-499

Dear Publisher:

Please publish the enclosed advertising order. Send bills and affidavits to this office for payment. Thank you for your service.

Comments to this proposed action will be accepted for 15 days following this

Sincerely,

Willoughby Avenue, Suite 400, Juneau, Alaska 99801

Paula Burgess, Regional Manager

by:

Gerald E. Fiscus
Gerald E. Fiscus
Retained Lands Officer

Enclosure

R&M
R&M ENGINEERING, INC.

6205 GLACIER HWY

P.O. BOX 1786

JUNEAU, ALASKA 99801

PH (907) 780-6060

ENGINEERS
GEOLOGISTS
SURVEYORS

June 2, 1986

State of Alaska
Department of Natural Resources
Division of Forest, Land and Water Management
Southeast Regional Office
400 Willoughby Avenue, Suite 400
Juneau, Alaska 99801

Attn: Mr. Christopher Landis
Water Resource Officer

Re: Hetta Inlet No. 7
R & M Project No. C715

Ladies and Gentlemen:

This will acknowledge receipt of your correspondence dated March 18, 1986. Please excuse this long delay in responding to your letter. We responded to the correspondence to the Office of the Governor and the Corps of Engineers, but failed to respond to you with regard to your questions. For this we apologize.

By reference to your correspondence and previous correspondence, we wish to answer all questions, but prefix same by this brief history of the project. In May 1985, R & M, on behalf of Ferguson Construction, made original application to the U.S. Army, Corps of Engineers; the Office of the Governor; and all other appropriate agencies to perform and construct; a fish hatchery, resort, hydroelectric facilities, and other related uses (fish pens, ponds, etc.) in Copper Harbor at the vicinity of the former community of Coppermount, Alaska. Previous to this submittal, R & M, on behalf of Ferguson, applied to Mr. John Palmer of DNR, DOLWM - Southeast, for a tidelands lease survey, instructions, etc., for the facilities. Appropriate plans, etc., were submitted to both applications. After much "back and forth," the public notice for the permit application for the Hetta Inlet 7 was issued in August 1985. During that same month, the Alaska Department of Fish and Game posed many questions to the writer/ Ferguson Construction with regard to the hatchery, water use, etc. The original questions by ADF&G were handled by the writer; however, in subsequent months, more questions, etc., regarding the hatcheries were asked. Mr. Ferguson, after diligent thought, decided to drop the fish pen portion of the project until he had a grasp on the total lodge/resort/hatchery activity. He would go ahead with the lodge/resort, but hold back on the hatchery.

5. In Attachment "A", you state "The unnamed creeks previously applied for will supply the lodge and other facilities with the required water supply of 3,400 GPD." What exactly does other facilities refer to here.

"Other facilities" refer to the fresh water needed on the dock for fish cleaning, boat filling, and other matters. It also would reflect any waters for additional uplands building constructed for year-round "watchmen" and others.

6. Previous applications ask for a maximum domestic appropriation of 2,400 GPD from either anadromous Stream No. 103-25-0390 or No. 103-25-10400. Why in Attachment "A", Paragraph 3, are we now talking about 3,400 GPD supply from these two unnamed streams.

We asked for the maximum allowable appropriation of GPD from the two anadromous fish streams. If there is confusion between the applications, it is undoubtedly a typo for which we apologize. The maximum domestic appropriation of 2,400 GPD has been asked for and granted for both of the unnamed streams north and west of Reynolds Creek (see attached correspondence by ADF&G/Office of the Governor).

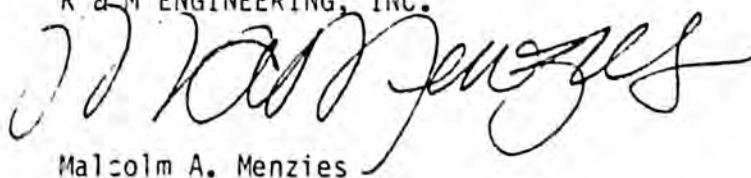
7. Pursuant to the application for stream No. 103-25-10400, does Ferguson Construction own the (location of point of take) Brooklyn Claim, USMS 419B? If yes, attach deed. If no, who does? (full name and current mailing address).

To the best of the writer's knowledge, Sealaska Corporation is the fee title owner of Brooklyn Lode, USMS 419B. Their address is Sealaska Corporation, One Sealaska Plaza, Juneau, Alaska 99801.

We hope this letter answers all questions spoken to in the March 18 correspondence and others, if they exist. If we may be of further assistance, please do not hesitate to contact us at your convenience.

Sincerely,

R & M ENGINEERING, INC.



Malcolm A. Menzies

fej

Attachments

STATE OF ALASKA

OFFICE OF THE GOVERNOR
OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF GOVERNMENTAL COORDINATION

BILL SHEFFIELD, GOVERNOR

CENTRAL OFFICE

POUCH AW
JUNEAU, ALASKA 99811-0165
PHONE: (907) 465-3562

SOUTHEAST REGIONAL OFFICE

431 NORTH FRANKLIN
POUCH AW, SUITE 101
JUNEAU, ALASKA 99811-0165
PHONE: (907) 465-3562

SOUTHCENTRAL REGIONAL OFFICE

2600 DENALI STREET
SUITE 700
ANCHORAGE, ALASKA 99503-2798
PHONE: (907) 274-1581

NORTHERN REGIONAL OFFICE

675 SEVENTH AVENUE
STATION H
FAIRBANKS, ALASKA 99701-4596
PHONE: (907) 456-3084

August 22, 1985

Mr. Thorne Ferguson
Ferguson Construction
1200 East 76th, Suite 1222
Anchorage, AK 99502

Dear Mr. Ferguson:

SUBJECT: Hetta Inlet 7
COE Number 071-OYD-2-850240

We have received copies of the coastal project questionnaire, the U.S. Army Corps of Engineers (COE) application and Department of Natural Resources (DNR) leave application you submitted for the referenced project. The COE permit application also serves as application for the Alaska Department of Environmental Conservation Certificate of Reasonable Assurance.

We have been informed by your agent that you have dropped the hatchery portion of your proposal at this time. DNR has recently informed me that a water right permit will be required for the resort. A handbook and application form are enclosed. Please contact DNR (Chris Landis, 465-3400) quickly to avoid as much delay as possible.

Also, have you contacted the Department of Fish and Game (DFG) (Jack Gustafson, 225-2027) to determine if a permit will be required from that department, and advise me of the DFG answer.

We will hold this material until we receive copies of all required permit applications and a notice from the COE regarding your application. Upon receipt of these items, the State will

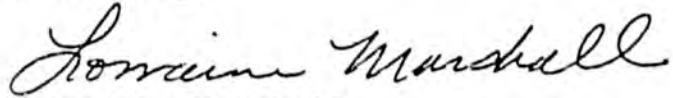
Mr. Ferguson

- 2 -

August 22, 1985

begin review of your project, and we will then send you a letter informing you of that fact.

Sincerely,

A handwritten signature in cursive script that reads "Lorraine Marshall".

Lorraine Marshall
Project Coordinator

cc: Jack Gustafson, DFG, Ketchikan
Paula Burgess, DNR, Juneau
Jerry Fiscus, DNR, Juneau
Chris Landis, DNR, Juneau
Permit Processing Section, COE, Anchorage

ab850822011md

MEMORANDUM

State of Alaska

TO: Project Reviewers

DATE: July 30, 1985

FILE NO: ab850729011mg

TELEPHONE NO: 465-3562

FROM: Lorraine Marshall *Lorraine Marshall*
Project Coordinator
Division of Governmental
Coordination
Office of Management and Budget

SUBJECT: Lodge in Copper Harbor,
Prince of Wales Island

On July 25, Mal Menzies, agent for Ferguson Construction, informed me that Thorne Ferguson has decided to withdraw the hatchery from his proposal. The applicant might apply later for the hatchery. Please consider this revised activity as consisting of a resort lodge, barge ramp, and dock. The U.S. Army Corps of Engineers (COE) has been notified of this fact.

State review has not yet been initiated. This project as originally proposed, required a Department of Fish and Game Title 16 and hatchery permits, Department of Natural Resources water right and tideland lease, and a COE permit. Will each department advise me of any permits that will not be required now, since the hatchery portion is being dropped?

Distribution

Jack Gustafson, DFG, Ketchikan
Kevin Duffy, DFG/PNP, Juneau
Paula Burgess, DNR, Juneau
Jerry Fiscus, DNR, Juneau
Chris Landis, DNR, Juneau
Permit Processing Section, COE, Anchorage

DEPARTMENT OF
NATURAL RESOURCES
AUG 2 AM 11 16
SOUTHEAST
REGIONAL OFFICE

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF GOVERNMENTAL COORDINATION

BILL SHEFFIELD, GOVERNOR

CENTRAL OFFICE

POUCH AW
JUNEAU, ALASKA 99811-0165
PHONE: (907) 465-3562

SOUTHEAST REGIONAL OFFICE

431 NORTH FRANKLIN
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JUNEAU, ALASKA 99811-0165
PHONE: (907) 465-3562

SOUTHCENTRAL REGIONAL OFFICE

2600 DENALI STREET
SUITE 700
ANCHORAGE, ALASKA 99503-2798
PHONE: (907) 274-1581

NORTHERN REGIONAL OFFICE

675 SEVENTH AVENUE
STATION H
FAIRBANKS, ALASKA 99701-4596
PHONE: (907) 456-3084

Registered Mail
Return Receipt
Requested

May 9, 1986

Mr. Malcolm Menzies
R & M Engineering, Inc.
P.O. Box 1786
Juneau, AK 99802

Dear Mr. Menzies:

SUBJECT: HETTA INLET 7
STATE I.D. NUMBER AK851219-08J

The Division of Governmental Coordination (DGC) has completed coordinating the State of Alaska's consistency review of Ferguson Construction's project in which Thorne Ferguson proposes to construct a resort in Copper Harbor, Prince of Wales Island. Included in the construction is a lodge, barge ramp, and docks. The lodge and docks would be supported by timber pilings; approximately 100 piles would be placed below the mean high water line. The barge ramp would consist of a timber crib bulkhead placed at mean lower low water and backfilled with approximately 1,800 cubic yards of shot rock fill. The applicant proposes to supply the lodge and support facilities with approximately 2,400 gallons of water per day from two unnamed creeks north of Reynolds Creek. The two streams are catalogued anadromous streams 103-25-10390 and 103-25-10400.

This conclusive consistency determination applies to the following State and federal authorizations as per 6 AAC 50:

U.S. Army Corps of Engineers permit 071-OYD-2-850240

Alaska Department of Environmental Conservation (DEC)
Certificate of Reasonable Assurance 401

Alaska Department of Natural Resources (DNR) Tidelands Lease
ADL 104488

DNR Water Rights (for two streams)

Alaska Department of Fish and Game (DFG) Title 16 (for two streams)

May 9, 1986

Based on our review, the State concurs with your certification that the project is consistent with the Alaska Coastal Management Program (ACMP) provided the following stipulations are adopted.

The stipulations listed below will be placed on the water rights permit issued by DNR:

The stipulation listed below will be placed on the Title 16 permit issued by DFG:

1. Water withdrawal from either stream cannot occur when the instream flow is 0.2 or less.
2. Instream work shall be allowed during the time period June 1 through August 15.

The first stipulation is needed to protect habitat by preventing adverse effects to fish in streams due to waterflow changes. The second stipulation is needed to avoid disturbance to fish during sensitive life stages. These stipulations are required per 6 AAC 80.130 HABITAT. The text of these standards are provided as an enclosure to this letter.

If changes to the proposal as authorized by this finding are made during its implementation, you are required to contact this office to determine if a review of the revision is necessary.

By a copy of this letter we are informing the federal agency reviewing your permit of our finding.

The scope of the project was changed during the review. At the outset of the review, the state believed the scope to include a hatchery and a hydroelectric plant. These two activities were dropped from this review, and hence are not authorized by this finding. If the applicant decides to pursue one or both of these activities, a questionnaire must be submitted for review. If the hydroelectric plant comes up for future review, we recommend that the information requested in the Department of Natural Resources' May 18 letter (copy enclosed) be addressed in the submittal of any new application for the use of Reynolds Creek water.

DNR advised that further clarification is still needed to resolve the inconsistencies referenced in questions numbers 5 and 6 of their March 18 letter to you, as well as an answer to question number 7 regarding the water rights on stream number 103-25-10400. These questions will need to be resolved before any water use permits can be issued.

May 9, 1986

If withdrawals from the two streams would not meet the requirements, DFG recommends that Reynolds Creek be considered an alternative for a water source. This, of course, would require application to DFG and DNR. DFG has provided information on hydrology of the two streams. This was previously sent to you by DFG for your information.

Thank you for your cooperation with the ACMP.

Sincerely,



Lorraine Marshall
Project Review Coordinator

Enclosures: DNR 5/18 letter and Standards

cc: Dick Stokes, DEC, Juneau
Jack Gustafson, DFG, Ketchikan
Carmen Denny, DNR, Juneau
Don Rice, COE, Anchorage
Fletcher Shives, EPA, Juneau
Waine Oien, FWS, Juneau
Theodore Meyers, NMFS, Juneau
Richard Harris, Sealaska, Juneau
Judy Rodriguez (w/P.I.S.), DGC, Juneau

abak85121908jc



DEPARTMENT OF NATURAL RESOURCES

**SOUTHEAST REGIONAL OFFICE
DIVISION OF LAND AND WATER MANAGEMENT**

400 WILLOUGHBY AVENUE
SUITE 400
JUNEAU, ALASKA 99801
PHONE: (907) 465-3400

March 18, 1986

Mr. Malcolm A. Menzies
R&M Engineering, Inc.
P.O. Box 1786
Juneau, AK 99802

**OFFICE OF
MANAGEMENT & BUDGET**

MAR 19 1986

Re: R&M Project No. C715
Reynolds Creek Hydro

**GOVERNMENTAL
COORDINATION**

Dear Mr. Menzies,

Your application for Water Rights filed on behalf of Ferguson Construction for a 500 KW Hydroelectric development on Reynolds Creek at Copper Harbor has been accepted. Pursuant to 11 AAC 93.050 (b) however, additional information is required in order to afford project reviewers a ready and clear understanding of the proposal. Please provide as much information as possible to shed light on the following questions.

1. What is the diameter of the pipe leading from the pelton wheel/spillway area to the hydro plant? & What is the distance between these two points?
2. Does Ferguson Construction own the (location of point of withdrawal) Chicago Claim, USMS 419-B? If yes attach deed. If no, Who does? (Full name and current mailing address).
3. What is the elevation above sealevel of the point of take? (please provide topographic map designating: point of take, pipeline route and point of use. Also please provide a claim map of the Chicago showing approximate point of withdrawal structures on creek.)

March 18, 1986

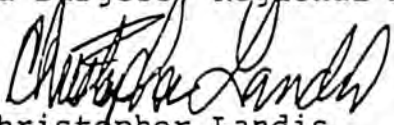
4. How can 1000 gal per day (or .0015 CFS) power two 250 KW generators?
- 5. In 'Attachment A', you state "The unnamed creeks previously applied for will supply the lodge and other facilities with the required water supply of 3,400 GPD." What exactly does other facilities refer to here?
- 6. Previous applications ask for a maximum domestic appropriation of 2400 GPD from either anadromous stream # 103-25-0390 or # 103-25-10400. Why, in Attachment A paragraph 3, are we now talking about a 3400 GPD supply from these two unnamed streams?
7. Pursuant to the application for stream # 103-25-10400, Does Ferguson Construction own the (location of point of take) Brooklyn Claim, USMS 419-B? If yes attach deed. If no, Who does? (full name and current mailing address).

We will await a timely and thorough response to the above so that the consistency review process can be restarted as soon as possible.

Sincerely,

Paula Burgess, Regional Manager

By:


Christopher Landis
Water Resource Officer

cc: Ferguson Construction
Lorraine Marshall, DGC
Jack Gustafson, ADF&G

STATE OF ALASKA
DIVISION OF GOVERNMENTAL COORDINATION
STANDARDS OF THE
ALASKA COASTAL MANAGEMENT PROGRAM

Standard(s): 6 AAC 80.130. HABITATS. (a) Habitats in the coastal area which are subject to the Alaska coastal management program include:

- (1) offshore areas;
- (2) estuaries;
- (3) wetlands and tideflats;
- (4) rocky islands and seacliffs;
- (5) barrier islands and lagoons;
- (6) exposed high energy coasts;
- (7) rivers, streams, and lakes; and
- (8) important upland habitat.

(b) The habitats contained in (a) of this section must be managed so as to maintain or enhance the biological, physical, and chemical characteristics of the habitat which contribute to its capacity to support living resources.

(c) In addition to the standard contained in (b) of this section, the following standards apply to the management of the following habitats:

(1) offshore areas must be managed as a fisheries conservation zone so as to maintain or enhance the state's sport, commercial, and subsistence fishery;

(2) estuaries must be managed so as to assure adequate water flow, natural circulation patterns, nutrients, and oxygen levels, and avoid the discharge of toxic wastes, silt, and destruction of productive habitat;

(3) wetlands and tideflats must be managed so as to assure adequate water flow, nutrients, and oxygen levels and avoid adverse effects on natural drainage patterns, the destruction of important habitat, and the discharge of toxic substances;

(4) rocky islands and seacliffs must be managed so as to avoid the harassment of wildlife, destruction of important habitat, and the introduction of competing or destructive species and predators;

(5) barrier islands and lagoons must be managed so as to maintain adequate flows of sediments, detritus, and water, avoid the alteration or redirection of wave energy which would lead to the filling in of lagoons or the erosion of barrier islands, and discourage activities which would decrease the use of barrier islands by coastal species, including polar bears and nesting birds;

(6) high energy coasts must be managed by assuring the adequate mix and transport of sediments and nutrients and avoiding redirection of transport processes and wave energy; and

(7) rivers, streams, and lakes must be managed to protect natural vegetation, water quality, important fish or wildlife habitat and natural water flow.

(d) Uses and activities in the coastal area which will not conform to the standards contained in (b) and (c) of this section may be allowed by the district or appropriate state agency if the following are established:

(1) there is a significant public need for the proposed use or activity;

(2) there is no feasible prudent alternative to meet the public need for the proposed use or activity which would conform to the standards contained in (b) and (c) of this section; and

(3) all feasible and prudent steps to maximize conformance with the standards contained in (b) and (c) of this section will be taken.

(e) In applying this section, districts and state agencies may use appropriate expertise, including regional programs referred to in sec. 30(b) of this chapter.

Authority: AS 44.19.893
AS 46.40.040

FOSTER

MAIL ADDRESS: 360 W. BENSON BLVD., SUITE 205, ANCHORAGE, ALASKA 99503
PHONE: (907) 563-5744

L.B.FOSTER COMPANY

PIPE PRODUCTS • PILING • HIGHWAY PRODUCTS
CONSTRUCTION EQUIPMENT • RAIL PRODUCTS
SALES • SERVICE • LEASING
FABRICATION • MANUFACTURING • MAINTENANCE

August 22, 1985

Mr. Malcolm A. Menzies
R & M Engineering, Inc.
P.O. Box 1786
Juneau, Alaska 99802

Mr. Menzies,

L.B. Foster Company is very interested in furnishing the Pile Driving Equipment for your project.

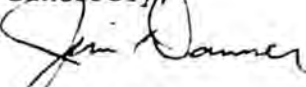
L.B. Foster Company is a supplier of; Steel Pipe, H-Piling, Sheet Piling, Pile Driving Equipment, and Structural Steel. We also handle the accessories for these products, such as; Driving Points for Timber and Steel Piling, Rubber Fenders, Tie Back Rods, etc.

Should you require literature on any of our products, or further information on L.B. Foster Company please let me know. I would be more than happy to send the information to you by mail, or possibly set up a meeting to discuss your particular requirements.

If I can be of any service by providing budget estimates or firm quotations, please call.

Good luck on your project!

Sincerely,



Jim Danner
Sales Representative





US Army Corps
of Engineers

Alaska District
Regulatory Branch
Post Office Box 898
Anchorage, Alaska 99506-0898

Public Notice of Application for Permit

PUBLIC NOTICE DATE: August 1, 1985
EXPIRATION DATE: September 3, 1985
REFERENCE NUMBER: 071-OYD-2-850240
WATERWAY NUMBER: Hetta Inlet 7

Interested parties are hereby notified that an application has been received for a Department of the Army permit for certain work in waters of the United States, as described below and shown on the attached plan.

APPLICANT: Ferguson Construction, 1200 East 76th Avenue, Suite 1222, Anchorage, Alaska 99502.

LOCATION: Copper Harbor, section 4, T. 77 S., R. 85 E., C.R.M., Prince of Wales Island, Alaska.

WORK: A proposed lodge, barge ramp, and docks would be constructed in conjunction with the construction of an upland private fish hatchery. The lodge and docks would be supported by timber pilings; approximately 100 piles would be placed below the mean high water line. The barge ramp would consist of a timber crib bulkhead placed at mean lower low water and backfilled with approximately 1,800 cubic yards of shot rock fill.

PURPOSE: Resort and fish hatchery development.

ADDITIONAL INFORMATION: Contact applicant agent, Mr. Malcolm A. Menzies, R&M Engineering, Incorporated, Post Office Box 1786, Juneau, Alaska 99802 telephone (907) 780-6060.

WATER QUALITY CERTIFICATION: A permit for the described work will not be issued until a certification or waiver of certification as required under Section 401 of the Clean Water Act (Public Law 95-217), has been received from the Alaska Department of Environmental Conservation.

COASTAL ZONE MANAGEMENT ACT CERTIFICATION: Section 307(c)(3) of the Coastal Zone Management Act of 1972, as amended by 16 U.S.C. 1456(c)(3), requires the applicant to certify that the described activity affecting land or water uses in the Coastal Zone complies with the Alaska Coastal Management Program. A permit will not be issued until the Office of Management and Budget, Division of Governmental Coordination has concurred with the applicant's certification.



US Army Corps
of Engineers

Alaska District
Regulatory Branch
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PUBLIC HEARING: Any person may request, in writing, within the comment period specified in this notice, that a public hearing be held to consider this application. Requests for public hearings shall state, with particularity, the reasons for holding a public hearing.

CULTURAL RESOURCES: The latest published version of the National Register of Historic Places has been consulted for the presence or absence of registered properties, or properties listed as being eligible for inclusion therein, and this worksite is not registered property or property listed as being eligible for inclusion in the Register. The construction site may be located at the abandonment townsite of Coppermount.

ENDANGERED SPECIES: No threatened or endangered species are known to use the project area. Preliminarily, the described activity will not affect endangered species, or their critical habitat designated as endangered or threatened, under the Endangered Species Act of 1973 (87 Stat. 844). This application is being coordinated with the U.S. Fish and Wildlife Service and the National Marine Fisheries Service. Any comments they may have concerning endangered or threatened wildlife or plants or their critical habitat will be considered in our final assessment of the described work.

FEDERAL SPECIES OF CONCERN: None

FLOOD PLAIN MANAGEMENT: Evaluation of the described activity will include conformance with appropriate State or local flood plain standards; consideration of alternative sites and methods of accomplishment; and weighing of the positive, concentrated and dispersed, and short and long-term impacts on the flood plain.

SPECIAL AREA DESIGNATION: The project is located within the Tongass National Forest.

EVALUATION: The decision whether to issue a permit will be based on an evaluation of the probable impacts including cumulative impacts of the proposed activity and its intended use on the public interest. Evaluation of the probable impacts which the proposed activity may have on the public interest requires a careful weighing of all those factors which become relevant in each particular case. The benefits which reasonably may be expected to accrue from the proposal must be balanced against its reasonably foreseeable detriments. The decision whether to authorize a proposal, and if so the conditions under which it will be allowed to occur, are therefore determined by the outcome of the general balancing process. That decision should reflect the national concern for both protection and utilization of important resources. All factors which may be relevant to the proposal must be considered including the cumulative effects thereof. Among those are conservation, economics, aesthetics, general environmental concerns, wetlands, cultural values, fish and wildlife values, flood hazards, floodplain values, land use, navigation, shore erosion and accretion, recreation, water supply and conservation, water quality, energy needs, safety, food and fiber production, mineral needs, considerations of property ownership, and, in general, the needs and welfare of the people. For activities involving 404 discharges, a permit will be denied if the discharge that would be authorized by such permit would not comply with the Environmental Protection Agency's 404(b)(1) guidelines. Subject to the preceding sentence and any other applicable guidelines or criteria (see Sections 320.2 and 320.3), a permit will be granted unless the District Engineer determines that it would be contrary to the public interest.

AUTHORITY: This permit will be issued or denied under the following authorities:

(X) Perform work in or affecting navigable waters of the United States - Section 10, Rivers and Harbors Act 1899 (33 U.S.C. 403).

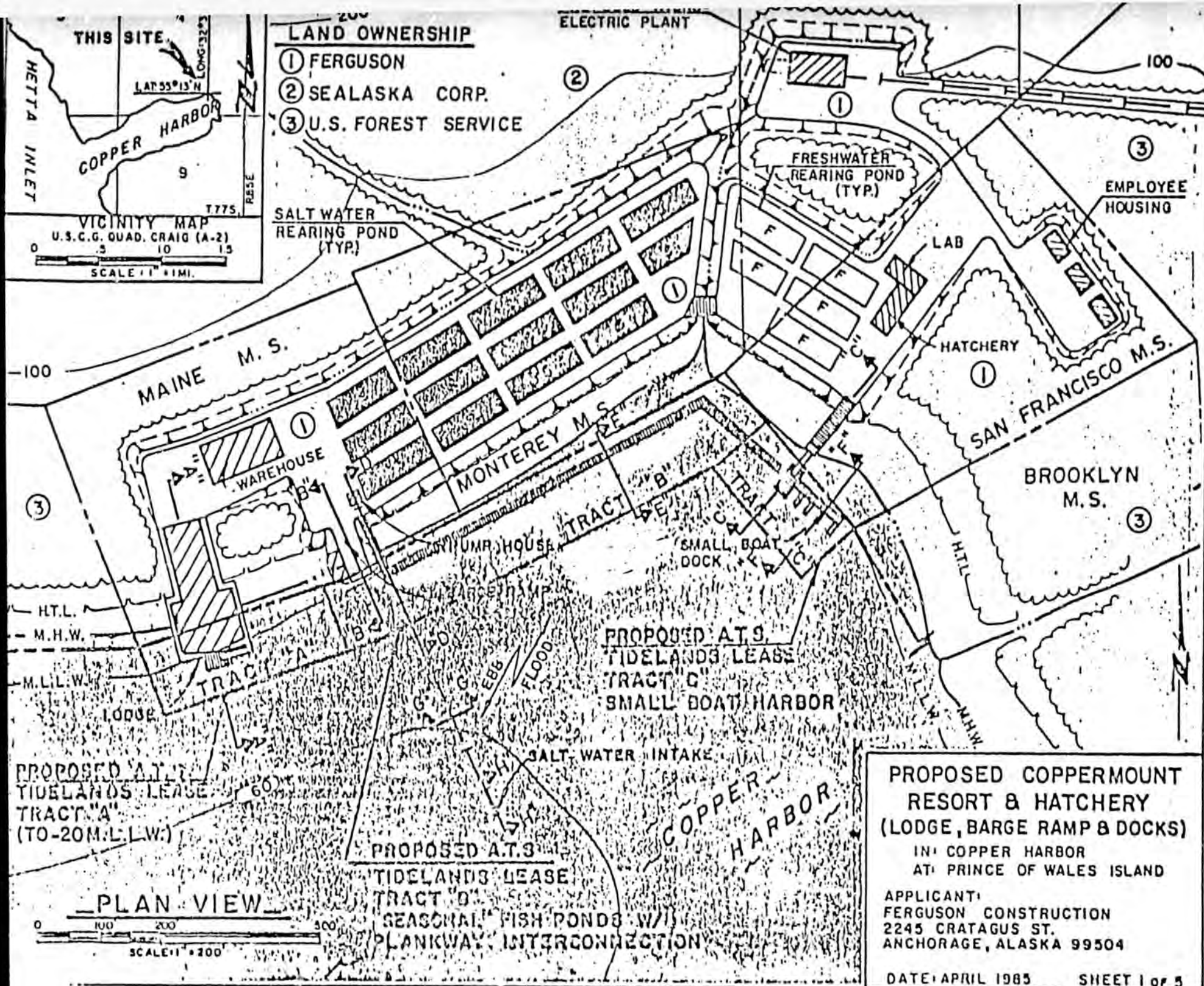
(X) Discharge dredged or fill material into waters of the United States - Section 404, Clean Water Act (33 U.S.C. 1344). Therefore, our public interest review will consider the guidelines set forth under Section 404(b) of the Clean Water Act (40 CFR 230).

Comments on the described work, with the reference number, should reach this office no later than the expiration date of this Public Notice to become part of the record and be considered in the decision. If further information is desired concerning this notice, contact Mr. Don R. Rice at (907) 753-2712.

A plan, Notice of Application for Certification of Consistency with the Alaska Coastal Management Program, and Notice of Application for State Water Quality Certification are attached to this Public Notice.

District Engineer
U.S. Army, Corps of Engineers

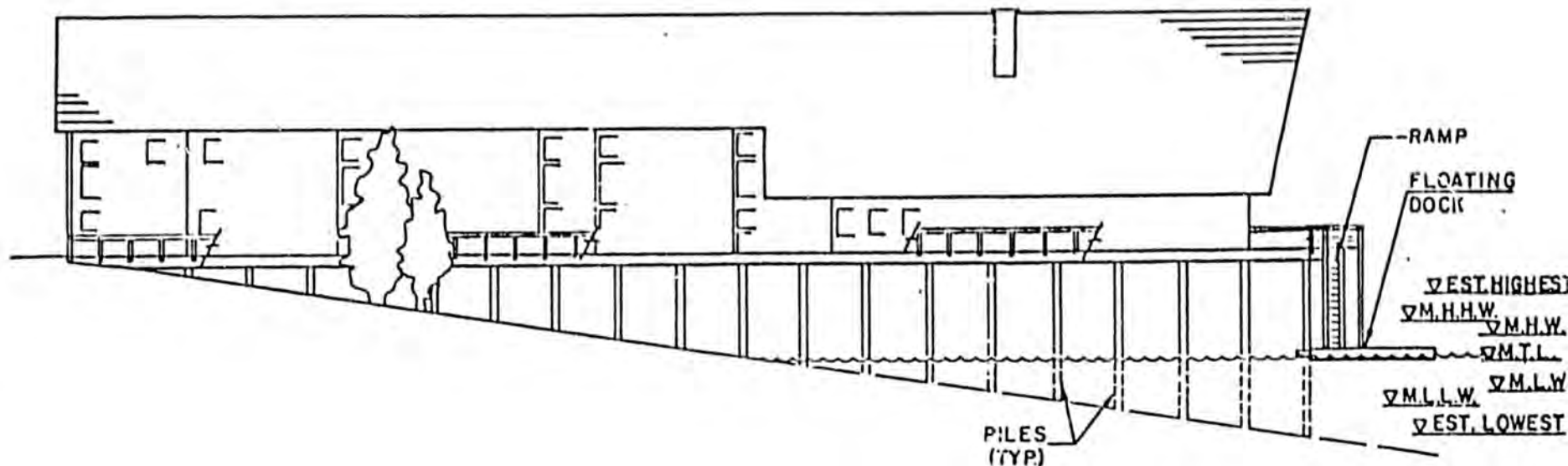
Attachments



**PROPOSED COPPERMOUNT
RESORT & HATCHERY
(LODGE, BARGE RAMP & DOCKS)**
IN: COPPER HARBOR
AT: PRINCE OF WALES ISLAND

APPLICANT:
FERGUSON CONSTRUCTION
2245 CRATAGUS ST.
ANCHORAGE, ALASKA 99504

DATE: APRIL 1985 SHEET 1 of 5



SECTION "A-A"

NOTE: APPROXIMATELY 60 TIMBER PILES WILL BE PLACED BELOW THE MEAN HIGH WATER LINE, AND WILL BE USED AS THE FOUNDATION FOR A LODGE. ALSO, A RAMP AND DOCK WILL BE CONSTRUCTED AS SHOWN.

COPPER HARBOR
TIDAL DATUM
U.S.C. & G.S. - 1958
LAT. 55° 12.6'; LONG. 132° 37.5'

ESTIMATED HIGHEST WATER	16.5'
MEAN HIGHER HIGH WATER	12.8
MEAN HIGH WATER	11.0
MEAN TIDE LEVEL	8.7
MEAN LOW WATER	1.5
MEAN LOWER LOW WATER	0.0
ESTIMATED LOWEST WATER	-4.0

SOURCE: U.S.C. & G.S. PUBLICATION
5 E. ALASKA - GG

NOTE: THE HIGH TIDE LINE EL. = 14.5', AS
FURNISHED BY THE ARMY CORPS OF ENGINEERS

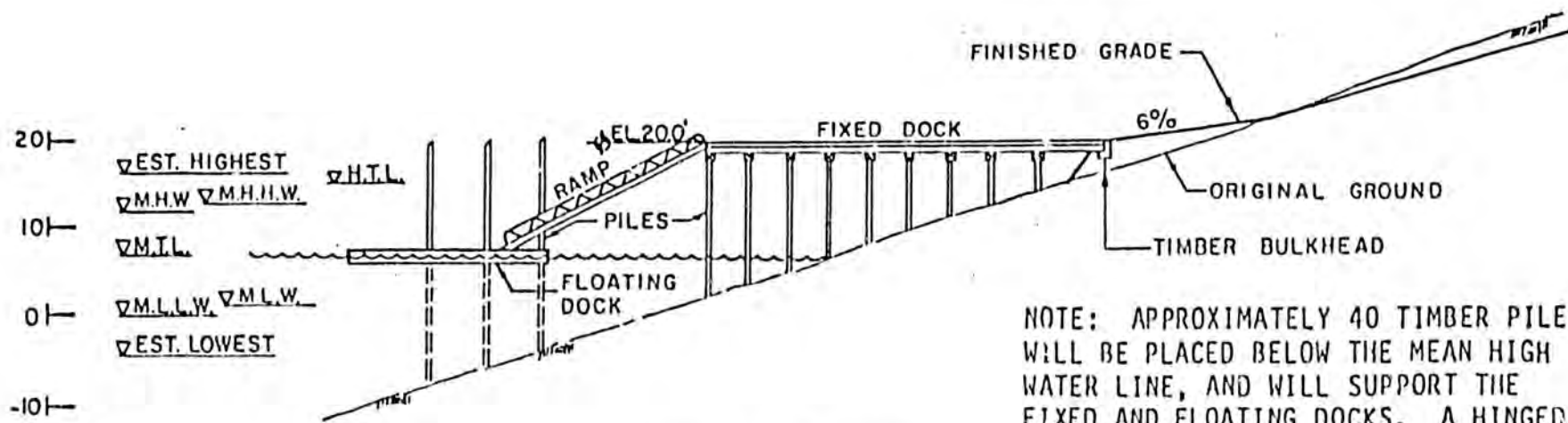
**PROPOSED COPPERMOUNT
RESORT & HATCHERY
(LODGE, BARGE RAMP & DOCKS)**

IN: COPPER HARBOR
AT: PRINCE OF WALES ISLAND

APPLICANT:
FERGUSON CONSTRUCTION
2245 CRATAGUS ST.
ANCHORAGE, ALASKA 99504

DATE: APRIL 1985

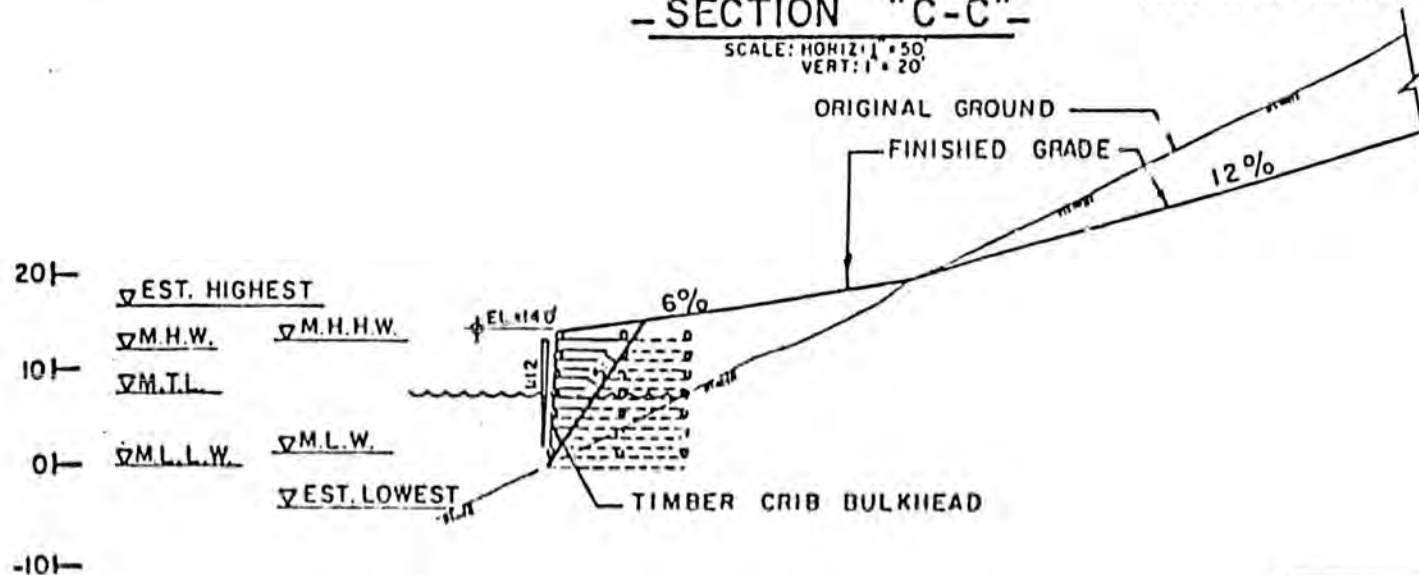
SHEET 2 of 5



- SECTION "C-C" -

SCALE: HORIZ. 1" = 50'
VERT. 1" = 20'

NOTE: APPROXIMATELY 40 TIMBER PILES WILL BE PLACED BELOW THE MEAN HIGH WATER LINE, AND WILL SUPPORT THE FIXED AND FLOATING DOCKS. A HINGED RAMP WILL CONNECT THE TWO AS SHOWN.



- SECTION "B-B" -

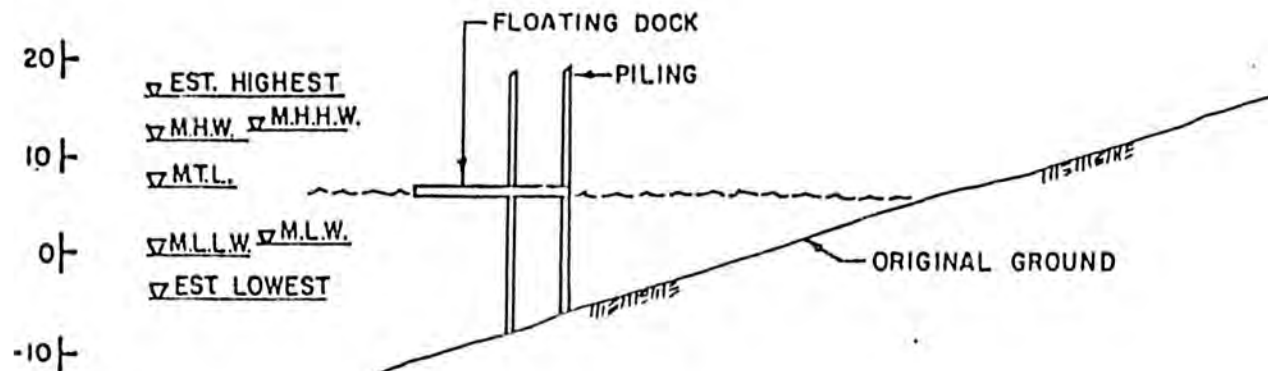
SCALE: HORIZ. 1" = 50'
VERT. 1" = 20'

NOTE: TO CONSTRUCT THE BARGE RAMP, A TIMBER CRIB BULKHEAD WILL BE CONSTRUCTED AT MEAN LOWER LOW WATER AND BACKFILLED WITH APPROXIMATELY 1,000 CUBIC YARDS OF SHOT ROCK FILL MATERIAL.

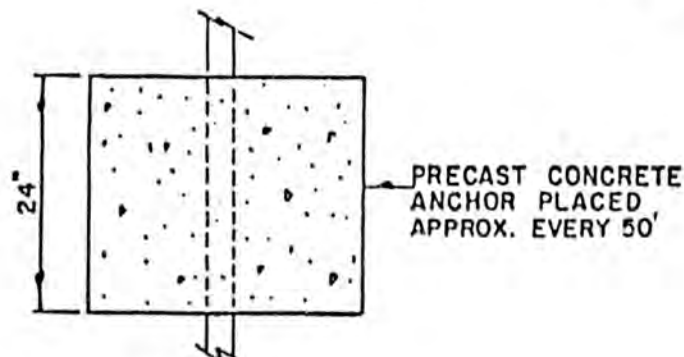
PROPOSED COPPERMOUNT RESORT & HATCHERY (LODGE, BARGE RAMP & DOCKS)

IN: COPPER HARBOR
AT: PRINCE OF WALES ISLAND

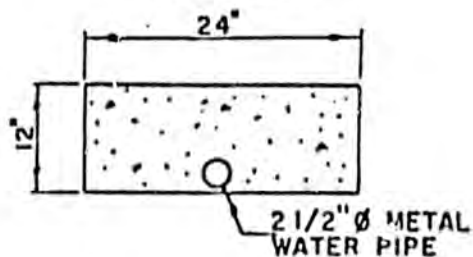
APPLICANT:
FERGUSON CONSTRUCTION
2245 CRATAGUS ST.
ANCHORAGE, ALASKA 99504



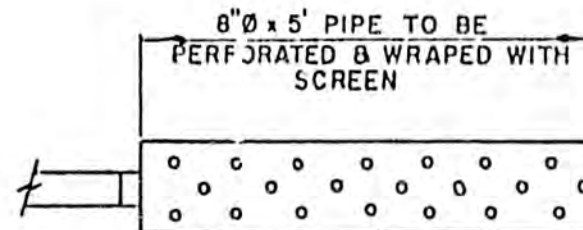
SECTION "F-F"
SCALE: HORIZ. 1" = 50'
VERT. 1" = 20'



PLAN VIEW



SECTION "G-G"
N.T.S.



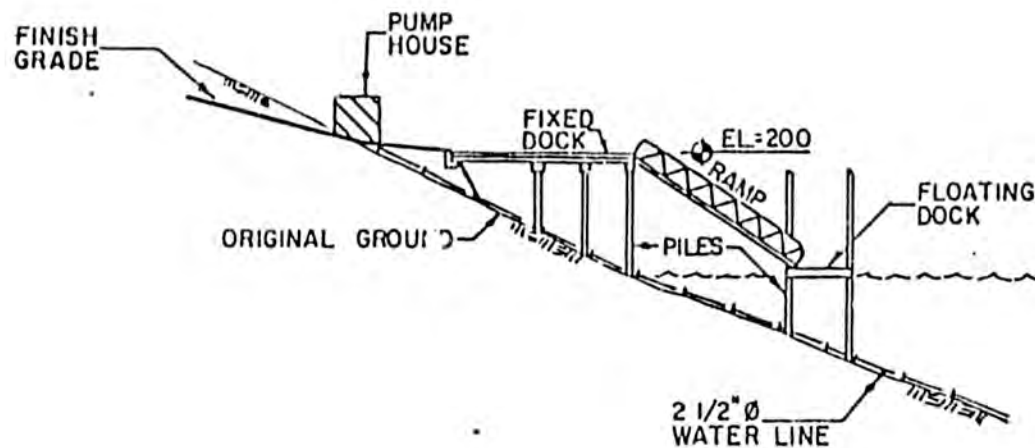
SECTION "H-H"
N.T.S.

**PROPOSED COPPERMOUNT
RESORT & HATCHERY
(LODGE, BARGE RAMP & DOCKS)
IN: COPPER HARBOR
AT: PRINCE OF WALES ISLAND**

**APPLICANT:
FERGUSON CONSTRUCTION
2245 CRATAGUS ST.
ANCHORAGE, ALASKA 99504**

DATE: APRIL 1985

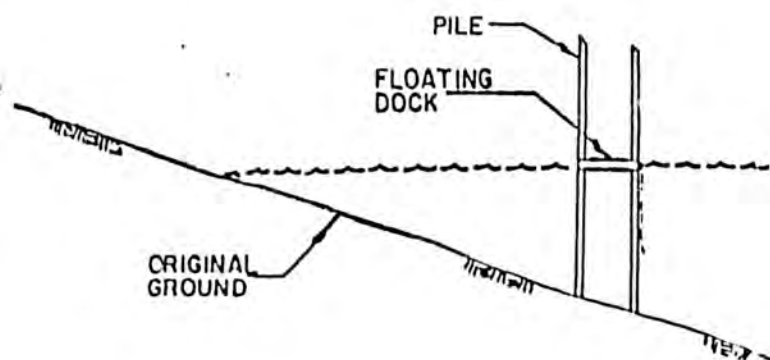
SHEET 5 of 5



SECTION "D-D"

SCALE: HORIZ: 1" = 50'
VERT: 1" = 20'

∇ H.T.L.	∇ EST. HIGHEST	-20
	∇ M.H.H.W.	
	∇ M.H.W.	-10
	∇ M.T.L.	
	∇ M.L.W.	
	∇ M.L.L.W.	-0
	∇ EST. LOWEST	-10



SECTION "E-E"

SCALE: HORIZ: 1" = 50'
VERT: 1" = 20'

∇ EST. HIGHEST	-20
∇ M.H.H.W.	
∇ M.H.W.	-10
∇ M.T.L.	
∇ M.L.W.	
∇ M.L.L.W.	-0
∇ EST. LOWEST	-10

PROPOSED COPPERMOUNT RESORT & HATCHERY (LODGE, BARGE RAMP & DOCKS)

IN: COPPER HARBOR
AT: PRINCE OF WALES ISLAND

APPLICANT:
FERGUSON CONSTRUCTION
2245 CRATAGUS ST.
ANCHORAGE, ALASKA 99504

DATE: APRIL 1985 SHEET 4 of 5

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

OFFICE OF THE GOVERNOR

POUCH AW
JUNEAU, ALASKA 99811
PHONE: (907) 465-3568

OFFICE OF MANAGEMENT AND BUDGET

DIVISION OF GOVERNMENTAL COORDINATION

STATE OF ALASKA

DIVISION OF GOVERNMENTAL COORDINATION

Notice of Application for Certification of Consistency with the Alaska Coastal Management Program

Notice is hereby given that a request is being filed with the Division of Governmental Coordination for concurrence, as provided in Section 307 (c) (3) of the Coastal Zone Management Act of 1972, as amended [P.L. 94-370; 90 Stat. 1013; 16 U.S.C. 1456 (c) (3)], that the project described in the Corps of Engineers Public Notice No. 071-0YD-2-850240, will comply with the Alaska Coastal Management Program and that the project will be conducted in a manner consistent with that program.

Any person desiring to present views pertaining to the project's compliance or consistency with the Alaska Coastal Management Program may do so by providing his views in writing to the Division of Governmental Coordination, Office of Management and Budget, Pouch AW, Juneau, AK 99811, within 30 days of publication of this notice.

Attachment 2

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

465-2601

BILL SHEFFIELD, GOVERNOR

POUCH 0 - JUNEAU 95811

NOTICE OF APPLICATION FOR STATE WATER QUALITY CERTIFICATION

Any applicant for a Federal license or permit to conduct any activity which may result in any discharge into the navigable waters must first apply for and obtain certification from the Alaska Department of Environmental Conservation that any such discharge will comply with the Clean Water Act of 1977 (PL 95-217), the Alaska Water Quality Standards and other applicable State laws. By Agreement between the U.S. Army Corps of Engineers and the Alaska Department of Environmental Conservation application for a Department of the Army Permit may also serve as application for State Water Quality Certification when such certification is necessary.

Notice is hereby given that the application for a Department of the Army Permit described in the Corps of Engineers Public Notice No. 071-0YD-2-850240 also serves as application for State Water Quality Certification from the Alaska Department of Environmental Conservation, as provided in Section 401 of the Clean Water Act of 1977 (PL 95-217).

The Department will review the proposed activity to insure that any discharge to waters of the United States resulting from the referenced project will comply with the Clean Water Act of 1977 (PL 95-217) the Alaska Water Quality Standards and other applicable State laws.

Any person desiring to comment on the water quality impacts of the proposed project may do so by writing to:

Alaska Department of Environmental Conservation
Southeastern Regional Office
P.O. Box 2420
Juneau, Alaska 99803
Telephone: 789-3151

within 30 days of publication of this notice.

Attachment 3

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS

DEPARTMENT OF
NATURAL RESOURCES Serial No. ADL 104498

APPLICATION FOR LEASE OF ALASKA TIDE AND SUBMERGED LANDS

This application to lease applies to tide and submerged lands not seaward of a municipality incorporated on or before January 3, 1959. Applications to lease tide and submerged land seaward of an incorporated city must be accompanied by a letter of concurrence from the city. Use additional sheets for explanation wherever necessary.

Filing Fee \$10.00

Date of Application April 8, 1985

1. Name of Applicant Thorne Ferguson dba Ferguson Construction
2. Address of Applicant 1200 East 76th, Suite 1222
Anchorage, Alaska 99502
3. Is the applicant 21 years old? ☒ Yes ☐ No.
4. The lease term applied for (maximum 55 years) 55 years
5. The lands are to be used for Residential ☐ Private Recreation ☐
Commercial ☒ Industrial ☐
6. Legal description of land applied for (metes and bounds) See attached drawing. Tract A, 110'($\pm$) x 310'($\pm$) = $\pm$ 0.8 acre; Tract B, 120'($\pm$) x 730'($\pm$) = ($\pm$) 2 acres; Tract C, 110'($\pm$) x 230'($\pm$) = $\pm$ 0.6 acre. All to be field verified through field surveys of depth sounding.
7. Adjacent to: Section 4, Township 77, Range 85, CR Meridian.
8. Borough Prince of Wales Island
9. Number of acres $\pm$ 3.4 acres
10. Is applicant the upland owner? ☒ Yes ☐ No.
11. If not, give name and address of upland owner or owners _____

12. Name and address both adjacent land owners US Forest Service to the east; Sealaska Corporation to the west and north
13. Are there any existing permits or leases covering any part of the land applied for? Yes ☒ No ☐ Lease ☐ Permit.
14. If number 13 is answered yes, state the type of permit or lease and the name and last known address of the permittee or lessee _____
15. Is the land applied for seaward of any lands reserved by the U.S. or State of Alaska for military, lighthouse, park, forest or other purposes?
Yes ☒ No ☐
16. If 15 is answered yes, give use of land and name of agency _____
17. State the proposed use of the lands herein described Resort and fish hatchery/farm, docks, etc.
18. State the purpose of the proposed construction or improvement Boat dock and fish pens, lodging, fish farm/hatchery
19. State the type of construction timber
20. State the date construction will begin and estimated date of completion Upon approval - 1985/86
21. Describe and state approximate value of improvements on the land Tidelands - \$1,750,000; Uplands - \$8,250,000
22. Name and address of person or persons owning the improvements Ferguson Construction
23. Distance to the nearest occupied tidelands and if known, state name and address of occupant No occupied tidelands until Hydaburg
24. Distance to and the name of the nearest city, town or village Hydaburg - 15 miles (+)
25. Is the land applied for within an organized borough. Yes ☐ No ☒

26. If Z5 is yes, give the name of the borough _____
27. Is the preliminary survey plat submitted with this application? _____ Yes
_____ x No. Concept drawing
28. If applicant is a corporation, give the following information:
- (a) Name, address and place of incorporation _____
Ferguson Construction, 1200 East 76th, Suite 1222, Anchorage, AK 99502
- (b) Is corporation qualified to do business in Alaska? _____ Yes
- (c) Name and address of resident agent _____ Thorne Ferguson

NOTICE TO APPLICANT

- A. This application will not be considered unless it is accompanied by a filing fee, and a sketch map which fully illustrates your intended use. The map shall include the locations of buildings and improvements, existing landmarks and access points. The map shall also be labeled with all dimensions.
- B. In the event that an appraisal and/or advertisement is required for sale or lease of this land, the applicant will be required to deposit with the Director a sum of money sufficient to cover the estimated cost of appraisal and/or advertising. If advertisement of this land is required and the land is leased to another party, the deposit for appraisal and/or advertising will be returned to the applicant; PROVIDED, however, should the applicant enter a bid at the auction for an amount less than the minimum appraised value and the land is not leased, the applicant will forfeit all deposits mentioned herein to the State of Alaska.
- C. Before processing may continue on this application, the applicant must notify the Department of Fish and Game of his intended use of the tidelands and request that a letter of approval be submitted to this office.

IN WITNESS WHEREOF, the undersigned applicant has hereunto set his hand and official seal on the date and year first above written.

R & M Engineering, Inc. (seal)
(Applicant) R & M Engineering, Inc.
for Ferguson Construction (seal)
(Applicant)
(seal)
(Applicant)

Subscribed and sworn to before me this 8th day of April, 19 85.

Notary Public
My Commission Expires _____

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF GOVERNMENTAL COORDINATION

BILL SHEFFIELD, GOVERNOR

CENTRAL OFFICE

POUCH AW
JUNEAU, ALASKA 99811
PHONE: (907) 465-3562

SOUTHEAST REGIONAL OFFICE

211 Fourth Street
Pouch AW, Room 306
Juneau, AK 99811
Phone: (907) 465-3562

SOUTHCENTRAL REGIONAL OFFICE

3301 Eagle Street
Suite 307
Anchorage, AK 99503
Phone: (907) 272-3504

NORTHERN REGIONAL OFFICE

675 Seventh Avenue
Station H
Fairbanks, AK 99701
Phone: (907) 456-3084

Certification of Consistency with the Alaska Coastal Management Program

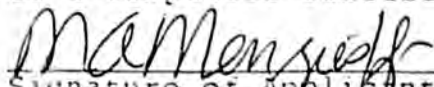
Section 307(c)(3)(A) of the Coastal Zone Management Act of 1972 as amended by 16 USC 1456(c)(3) requires that applicants for federal permits to conduct activities affecting land or water uses in Alaska's coastal area must provide certification that the activities will comply with the standards of the Alaska Coastal Management Program.

The proposed activity described in your federal permit application may require certification. By filling out the attached coastal project questionnaire you, together with the State's resource agencies, will not only determine the necessity for this certification, but you will also find out if other State approvals are needed before your proposed activity can proceed. This will also assist you in filling out your federal permit application. Upon receipt of the signed, dated certification, a public notice can be issued and review of your project can begin. For additional information on the Alaska Coastal Management Program and project review procedures, contact one of the offices indicated on this letterhead.

Please submit a signed certification and applicable State permit applications to the appropriate State agency indicated in the questionnaire. You must also submit a signed certification to the Corps of Engineers along with your Corps permit application.

CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief, the proposed activity described in the Corps of Engineers permit application complies with the approved Alaska Coastal Management Program, and will be conducted in a manner consistent with such program. Attached is a copy of a completed coastal project questionnaire.



Signature of Applicant
R & M Engineering for Thorne Ferguson
fc/permit/coe

April 8, 1985
Date

Attachment

9/19/84

COASTAL PROJECT QUESTIONNAIRE

The State has a system for reviewing and processing resource-related permits, leases, and approvals for proposed projects in coastal areas of Alaska. As a participant in this process, you are required to complete this questionnaire. The questionnaire will help you identify approvals required for your project (or a specific phase of your project) from the Departments of Fish and Game, Natural Resources and Environmental Conservation.

Attached is a list of regional agency contacts and a map of the coastal area with the regions delineated. We urge you to contact the appropriate agency staff when you are answering that agency's questions.

If you need several approvals you must submit the packet of applications for those approvals along with this questionnaire to the appropriate office in the region where the proposed project is to occur. Your project cannot be reviewed until all applications are received. Please use the following contacts for submittal:

1. Packets that include applications to more than one State agency and/or one or more federal agencies must be submitted to the regional Office of Management and Budget, unless fees or confidential information are included.
2. Packets that require fees or confidential information must be submitted to the resource agency with that requirement.
3. Packets that include application(s) for a project requiring approval from only one State resource agency must be submitted to that State resource agency.
4. The Annual Placer Mining Application must be submitted to the Department of Natural Resources instead of this questionnaire.

If you have any questions concerning the process, please contact the Office of Management and Budget, Division of Governmental Coordination. If you have general questions about local, State or federal permits, both in and outside the coastal area, you may wish to contact the Department of Environmental Conservation Permit Information Centers in Fairbanks (452-2340), Anchorage (279-0254) or Juneau (465-2615). Collect calls are accepted.

IF YOUR ANSWERS TO THE FOLLOWING QUESTIONS ARE NOT CORRECT AND COMPLETE AND AN AGENCY DETERMINES THAT YOU DO NEED ONE OF THEIR APPROVALS, THEY WILL NOTIFY YOU AND YOU WILL BE RESPONSIBLE FOR ATTAINING THAT APPROVAL. HOWEVER, THIS WILL LIKELY CAUSE A DELAY IN THE REVIEW OF YOUR PROJECT. TO AVOID THIS DELAY, WE ENCOURAGE YOU TO SEEK ASSISTANCE FROM AGENCY STAFF IN COMPLETING THE QUESTIONNAIRE.

* * * * *

Applicant: <u>Thorne Ferguson dba Ferguson Construction</u>	Contact Person <u>Malcolm A. Menzies</u>
	<u>R & M Engineering, Inc.</u>
Address: <u>1200 East 76th, Suite 1222</u>	Address: <u>P.O. Box 1786</u>
<u>Anchorage, Alaska 99502</u>	<u>Juneau, Alaska 99802</u>
Phone (day): _____	Phone (day): <u>780-6060</u>
Brief desc of project activity: <u>Fish hatchery is to be constructed in Copper</u>	
<u>Harbor on</u>	<u>along with lodging, boat dock, and hydro plant.</u>

Location of project: Copper Harbor

Twp 77 Rge 85 Meridian C.R. Section 4

USGS Map Craig (A-2)

Is the project on: private land x state land federal land

municipal land ownership not known

* * * * *

PART A

Yes No

Do you currently have any State or federal approvals/permits for this project? x

Permit/Approval Type Permit/Approval # Expiration date

Will you be placing structures, or placing fills in any of the following:
tidal waters, streams, lakes, wetlands?

x

If so, have you applied or do you intend to apply for a U.S. Army Corps of
Engineers permit? (Indicate below.)

x

Have you applied or do you intend to apply for other permits from any federal
agency? (Indicate below.)

x

<u>Agency</u>	<u>Permit/Approval Type</u>	<u>Date you submitted Application</u>
DNR	Tidelands lease	4/85

* * * * *

PART B DEPARTMENT OF NATURAL RESOURCES

1. Is the proposed project on State-owned lands or will you need to cross
State lands for access? x

2. Do you plan to use any of the following State-owned resources?

a. Sand and Gravel Yes No x If yes, amount?

Source?

b. Water Yes No x If yes, amount?

Source?

c. Timber Yes No x If yes, amount?

d.	Other Materials	Yes	No	x
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If yes, what material?

(peat, building stone, etc.)

3. Do you plan to drill a geothermal well?

Yes No
 x

4. Will you be exploring for or extracting coal?

X

5. Will you be harvesting timber from 10 or more acres?

X

6. Will you be investigating or removing historic or archeological resources on state-owned lands?

x

IF YOU ANSWERED NO TO ALL THESE QUESTIONS, YOU DO NOT NEED APPROVAL FROM THE ALASKA DEPARTMENT OF NATURAL RESOURCES (DNR). GO TO PART C.

IF YOU ANSWERED YES TO ANY OF THESE QUESTIONS, CONTACT DNR TO IDENTIFY AND OBTAIN ANY NECESSARY APPLICATION FORMS.

If you have already contacted DNR, are you now submitting application(s) for permits or approvals?

If no, indicate the reason below:

a. _____ (person contacted) told me on _____ (date) that no DNR approvals or permits were required for this project.

b. DNR regulations have no requirement for a permit or approval.

c. Other.

* * * * *

PART C DEPARTMENT OF FISH AND GAME

Yes No

1. Will you be working in a stream or lake (including in running water or on ice, within the gravel floodplain, on islands, the face of the banks, or the stream tideflats down to mean low tide)?

x

Name of stream or lake Copper Harbor (see attached concept plan)

If no, go to question number 3.

2. If yes, will you be doing any of the following:

a) Building a dam or river training structure? shoring old dam.

x

b) Using the water?

x

c) Diverting the stream?

x

d) Blocking or damming the stream (temporarily or permanently)?

x

- | | | |
|--|-------|----|
| d) Incinerator burning more than 1000 lbs. per hour? | _____ | X |
| e) Industrial process? | _____ | X |
| 3. Will a drinking water supply be developed that serves more than a single-family residence? | X | |
| | Yes | No |
| 4. Will you be processing seafood? | X | X |
| 5. Will food service be provided to the public or workers? | X | |
| 6. Will the project result in dredging or disposal of fill in wetlands or waterways? (Very minor - piling construction except bulkheads) | X | |
| 7. Is on-lot sewage or greywater disposal involved or necessary? | X | |
| 8. Will your project result in the development of a currently unpermitted facility for the disposal of domestic or industrial solid waste? | | X |
| 9. Will your project require offshore drilling or vessel transport of oil, or other petroleum products as cargo, or include onshore facilities with an effective storage capacity of greater than 10,000 barrels of such products? | | X |
| 10. Will your project require the application of oil or pesticides to the surface of the land? | | X |

IF YOU ANSWERED NO TO ALL THESE QUESTIONS, YOU DO NOT NEED A PERMIT OR OTHER APPROVAL FROM THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION (DEC).

IF YOU ANSWERED YES TO ANY OF THESE QUESTIONS, CONTACT THE DEC REGIONAL OFFICE TO IDENTIFY AND OBTAIN ANY NECESSARY APPLICATION FORMS.

If you have already contacted the Alaska Department of Environmental Conservation, are you now submitting an application for permit(s)?

X

If no, indicate the reason below:

- a. _____ (person contacted) told me on _____ (date) that no DEC approvals or permits were required for this project.
- b. DEC regulations have no requirement for a permit or approval.
- c. Other. _____

* * * * *

To the best of my knowledge, this information is accurate and complete.

Signed MA Menzies

Date April 8, 1985

***** PLEASE ATTACH YOUR PERMIT APPLICATIONS *****
cpqa, PERMIT

Parmitine

1132 Lakeview Terrace
Fairbanks, Alaska 99701
May 9, 1987

Dear Hon. Sen. Eliason,

Andy and I have been working on a project to raise fresh water silver salmon to a selling size of five (5) or six (6) pounds.

Our landlocked salmon will not be released into streams as they will be placed in an enclosed lake where we'll be able to monitor their progress and eliminate chemical pollutants. We will be able to supply buyers with a pure fish. Also, our salmon will not adversely affect tidelands, as they will not be near any, nor will they be able to infect wild stocks in case of disease, which is minimal because of the controlled arena in which they will grow.

Salmon fry will be in-housed the first year and placed into a lake the second for final growth. Eventually, we hope to in-house them their entire growth.

Buyers will be able to purchase fresh fish all year instead of buying from foreign markets nine months of the year. Our capability of supplying during the winter will keep buyers buying in the Alaska market thereby enhancing the sale of Alaskan seafood products.

Each year we will need to collect eggs or secure them from hatcheries as our landlocked salmon will not sexually mature.

We have read House Bill 108 and Senate Bill 106 which seem expressly concerned with the tidelands. To reiterate, we will have no tidelands problems. The new bill introduced by Senator Hermann to eliminate the farming of salmon completely seems an unnecessary move to try to eliminate an unwarranted threat to the commercial fishermen. Our fresh water salmon will not constitute a threat, but compliment sea fishermen by keeping markets in Alaska all year long.

Discussions with local sports fisheries biologist, Mike Kramer, have been very positive. At this time, extra frys are growing at the Clear Hatchery. Without a positive go on our project these extra fry will be discarded as waste products as there are no funds to place them. I will forego the problem of world hunger at this point.

Besides the market capabilities of our fresh water salmon, the education acquired through our novel project would be beneficial to university students, Fish and Wildlife and the breed itself. In addition to the education we would welcome visitors to the facility.

Without the acquisition of these salmon this year, our project would be held up for a year until the next group of salmon spawn thereby allowing other world markets to increase their grasp on the salmon trade. If Senator Herrmann's protectionist bill passes, it would be a two year or more hold on our project.

So, basically our major problem narrows down to: Do commercial fishermen hold a monopoly on salmon, reared in state hatcheries, in Alaska?

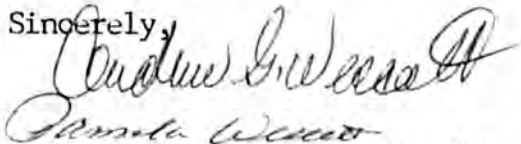
As I have stated throughout this letter, for nine (9) months of the year local markets buy salmon elsewhere, i.e. Sweden. This lapse of salmon availability encourages buyers into other markets where they may possibly stay and not return to Alaska contacts. Our product availability could keep these buyers in the Alaska market thereby securing a trade for sea and fresh water salmon. The concept is the same marketing as placing a Burger King store near a McDonald's. The availability draws the public market and provides both with a handsome income.

When inventive free enterprise is curtailed and limited by the State, everyone feels the impact. Currently, Saudi Arabia is in-housing fish to compete heavily in a world market desperate for more fish, fish which are raised faster and pure of chemicals. Alaska's incapacity to move forward in innovative projects may very well jeopardize market after market of resources.

I have enclosed a copy of an article from U.S. News & World Report concerning catfish farming and the profits to Mississippi by promoting a bottom feeding fish with a previous disgusting reputation.

Andy and I thank you for your time and sincerely hope to become future fresh water salmon farmers.

Sincerely,



Andrew and Pamela Wescott, future fish farmers

P.S. If you'd like more research materials, I have a copy of the work done by the Department of Fisheries at the Pacific Biological Station in Nanaimo, British Columbia.

Re: Mrs. Andy's Coho Ranch
1132 Lakeview Terrace
Fairbanks, Alaska 99701
(907) 456-4598

Andy and Pamela (Rahoi) Wescott have been Alaskan residents since 1966 and 1953, respectively. They are in the process of raising coho (silver salmon) to a 3-5 pound stage to sell commercially. The coho are raised in tanks in a heated building with a completed market sale at 18-24 months.

Mrs. Andy's uses a 99% recycling water system that collects wastes and returns clean, oxiginated water into the tanks. One-half gallon of water is added per 1,000 gallons to keep the water temperature at 55 degrees F.

Mrs. Andy's received their first coho June 1, 1988. As of December 27, 1988 they were 6 inches to a whopping 16 1/4 inches.

The coho are fed an Oregon pellet that is prepared in Washington.

Mrs. Andy's has had 0 deaths due to disease. Some jumped retaining nets and we had a system failure that we have now improved upon.

Andy and Pamela hope to receive financing to grow another 200,000 coho and 2,000 Arctic Char which we will receive April, 1989. Once we have these 200,000 coho and Arctic Char, we estimate they will create 40 jobs which include biologists, fish culturists, office clerks, manager, processors, packers, delivery truck drivers and airline and truck transport personnel.

After this initial step of 200,000 coho and 2,000 Char we hope to hatch our own and increase, as the demand for coho increases, to 1,000,000 coho per year. Arctic Char is a new market and it also looks very promising. We also hope to create our own fish food, fish fertilizer and a gourmet cat food which will add more jobs and income to the State.

With other plants on line over the State we estimate that for each 200,000 fish it will require approximately 40 employees.

We have had tremendous amounts of help from the FRED Division, particularly Dave Parks at the Clear Hatchery, Mike Kaill in Juneau, Tom Kron in Anchorage and Brian Allee in Juneau.

Senators Fahrenkamp and Sturgelewski have also been extremely helpful and Mrs. Andy's would like to thank them.

Also supportive of Mrs. Andy's is the Fairbanks Chamber of Commerce, the local news media and the Fairbanks Convention Bureau.

March 1989

Mrs. Andy's Coho Ranch has put a third of the silver salmon into their private lake because the project was going so well, there was no need to support the extra fish. The ones remaining are growing and are now larger than pan size. Pan selling price now is \$2.58 a fish. (No fish will be sold from this project.)

DRAFT

section 1: The commissioner ^{shall} ~~may~~ provide ^{surplus catch} ~~finfish~~ fry from state hatcheries and ^{shall} ~~may~~ issue a FTP under 5AAC41.005 ^{for} ~~in conjunction with~~ a commercial finfish farming operation in a privately owned freshwater body that has no outlet to state waters for ~~finfish~~ fry to any person who before the effective date of this legislation had been issued and had operated under an FTP ~~to~~ to hold finfish in such a privately owned freshwater body, ~~for any species covered by the earlier FTP.~~

section 2: Section 1 is repealed July 1, 1990.

section 3: effective immediately

Proposal to amend 5 AAC 41.001-- 5 AAC 41.400

TRANSPORTATION, POSSESSION, AND RELEASE OF LIVE FISH

Enclosed for your consideration is a proposal and draft set of administrative regulations for freshwater finfish farming. When the Legislature addressed finfish farming in 1988, they stated in a letter of intent, "for the period of the moratorium on finfish farming, the farming of finfish in a privately owned freshwater body with no outlet to state water should proceed." The letter of intent also directed the Commissioner of Fish and Game to "work with prospective farmers and the Board of Fisheries to develop appropriate proposals to meet the goals of this legislation." The Attorney General's Office has also advised us to develop appropriate regulations in order to implement the permit system.

Regulations regarding the transportation, possession and release of live fish have previously been adopted by the Board (1982), and last year these regulations were amended by the Commissioner, under a delegation from the Board, to allow for shellfish farming. ADF&G FRED Division is now proposing that the Board amend 5 AAC 41.001, sentence one to include transportation and possession of live fish "in conjunction with a commercial finfish farming operation on private property in a freshwater body that has no outlet to state water." Furthermore, our proposal asks that the Board either consider and adopt appropriate regulations or delegate this authority to the Commissioner.

In the absence of legislative direction regarding allowable species and the fact that the Board has not addressed freshwater finfish farming, the enclosed draft regulations would allow finfish farming in freshwater for coho salmon, trout, sheefish and Arctic char, would reconfirm that the import of Atlantic salmon is prohibited in all circumstances, and would preclude freshwater finfish farming of Pacific salmon, with the exception of coho salmon.

Background

Senate Bill 297, which became law during the 1987 legislative session, placed a moratorium until July 1, 1988 on authorizations for commercial finfish farming and also provided the Commissioner of ADF&G with the authority to issue permits for the collection of bivalve spat for use in connection with an aquatic farm. In response to this, the Commissioner, under a delegation from the Board of Fisheries, developed regulatory amendments to 5 AAC 41.001-41.100 to establish a permitting system for commercial shellfish farming.

Aquatic farming legislation passed during the 1988 legislative session (Chapter 145, SLA 1988) provided for the farming of shellfish, shellfish hatcheries, and the farming of aquatic plants as part of a statewide mariculture program. The legislation also extended the moratorium on finfish farming until July 1, 1990. In response to this, the department has drafted a new set of regulatory amendments for aquatic plant farming which are currently out for public review. These draft amendments are designed to incorporate changes into the shellfish farming section of the current regulations necessary for the farming of aquatic plants.