

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86 / 2

172 SCOMM 9: HOUSE SPEC. COMM. ON PERMANENT FUND 1977-78

Koniag, Inc.

REGIONAL NATIVE CORPORATION

OFFICERS
JACOB WICK, PRES.
HENRY EATON, V.P.
KARL ARMSTRONG, SEC.
FRED ZHAROFF, TREAS.

DONNELLY BUILDING
POST OFFICE BOX 746
KODIAK, ALASKA 99615
AREA CODE 907/416-5626

DIRECTORS
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SVEN HAAKANSON
WALTER SIMECNOFF

LEGAL COUNSEL
ROY H. MADSEN

October 17, 1973

Dr. Charles E. Logsdon
Associate Director
Institute of Agricultural Sciences
Palmer Research Center
P. O. Box AE
Palmer, Ak. 99645

Dear Dr. Logsdon:

The Federal-State Land Use Planning Commission has informed us of your desire to assist the regional and village corporations in their search and evaluation of lands with agricultural potential.

Would you please arrange two soil study maps and two copies each of institute reprints applicable to agricultural development for the Kodiak Island complex.

Any other information, in your opinion valuable to us, would be greatly appreciated.

Thank you.

Sincerely,

KONIAG, INC.

Karl Armstrong, Director
Land Department

Charles C. Naughton
Charles C. Naughton
Field Assistant

KA/CN:jtl

NANA REGIONAL CORPORATION, INC.

POST OFFICE BOX 49 / KOTZEBUE, ALASKA 99752 / TELEPHONE (907) 442-3261
September 30, 1974



Chuck Logsdon
Associate Director
Institute of Agricultural Sciences
Box AE
Palmer, Alaska 99645

Dear Mr. Logsdon:

The Board of Directors of NANA Regional Corporation has authorized the staff to investigate the feasibility of establishing a NANA owned reindeer herd on the Baldwin Peninsula near Kotzebue. The Peninsula offers a natural advantage in that it has very narrow fencible neck, allowing summer isolation of a herd on the northern half. Peninsula however, has a disadvantageous lack of winter range, according to BLM.

In broad outline, planning for a reindeer operation will entail the following elements:

1. Find a source of initial reindeer stock. The present intention is to acquire the BIA model herd, which is presently near Nome, on a loan basis.
2. Determine the extent of winter range and carrying capacity on Baldwin Peninsula and in nearby areas not subject to known overrunning by caribou.
3. Investigate the use of imported or locally - grown feed during winter, if winter range is inadequate. This would include the use of supplemental concentrated feed.
4. Determine the best age and season for slaughtering. This will tend to determine the range required to support a given annual slaughter level.
5. Determine the management requirements for an efficient operation. These requirements will vary depending on the type and location of winter feed available.
6. Investigate modes of transportation for both slaughter and live reindeer to Kotzebue.



7. Ascertain the requirements for selling reindeer from the NANA herd in the Anchorage, Fairbanks, Barrow and other markets.

The above is a broad outline of what NANA needs to do to establish a successful herd on the Peninsula. In this effort, we will need every bit of technical, as well as financial assistance we can get. I would appreciate knowing what areas of the project you feel your organization can become involved in, and the extent of assistance you could render. I hope that we can develop a fruitful working relationship, and look forward to hearing from you. Thank you for your cooperation.

Sincerely yours,

NANA REGIONAL CORPORATION INC.

Nick Landis

Nick Landis
Planner

NL/hs

BRISTOL BAY NATIVE ASSOCIATION

P. O. BOX 179
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3322

OCT 5 1976

October 1, 1976

State Extension Service
P.O. Box 95151
University of Alaska
Fairbanks, Alaska 99701

Attn: Dr. James Matthews

Dear Mr. Matthews:

The Bristol Bay region contains agricultural potential that deserves examination by the University of Alaska. Enclosed you will find a copy of the report entitled: "The Agricultural Potential of Bristol Bay".

I would appreciate your help in finding out if there is any way in which we could possibly have the University of Alaska establish an agricultural experiment station within Bristol Bay.

We are anxious to hear from you.

Sincerely yours,

BRISTOL BAY NATIVE ASSOCIATION, INC.

Andrew Golia

Andrew Golia
Economic Planner

AG/db

Enclosure

cc: Hjalmar Olson, Executive Director, BBNA
Freeman Roberts, BBRDC Planner

. The Agricultural Potential of Bristol Bay

The agricultural potential of Bristol Bay has not been thoroughly examined to depict the more viable resources that could be developed throughout the region. Although it is known that rangeland for reindeer is extensive throughout the region, and small gardens have been successful in producing certain vegetables, limited knowledge is available on the actual agricultural potential.

The publication entitled Alaska Agricultural Potential which has been prepared by the Agricultural Potential Committee of the Alaska Rural Development Council during March, 1974, points out the following figures on the agricultural potential of Bristol Bay:

The Dillingham Area*:

1.070 million acres of potential farm land
2.498 million acres of potential range land
46.9 million pounds carcass intensive beef potential
72.7 million pounds carcass beef range potential

The Alaska Peninsula Area*:

.454 million acres of potential farm land
3.811 million acres of potential range land
80.7 million pounds carcass beef range potential.

The only agricultural study that took place in Bristol Bay was the experimental planting of oats, barley, and wheat in Dillingham and Koliganek, a village located on the Hushagak River approximately 90 miles northwest of Dillingham. With the experimental planting of the grains taking place in early June, the results were as such:

* Boundaries unknown within Bristol Bay.

Dillingham Area

- | | |
|-----------|-----------|
| 1. Oat | very good |
| 2. Barley | fair |
| 3. Wheat | poor |

Koliganek Area

- | |
|-------------------|
| no grains ripened |
| no grains ripened |
| no grains ripened |

The reason no grains ripened at Koliganek was because of cooler temperatures present. The results that indicated that oat can be grown successfully, and barley fairly within the Dillingham Area.

With the experimental planting completed by the University of Alaska, School of Agriculture and Land Resources Management, Agricultural Experiment Station, the results have been recorded in the tables attached to this report.

Mr. Frank J. Wooding, Associate Professor of Agronomy at the University of Alaska has recommended what he calls the "village farm concept" be introduced in each village. This concept would involve a combination green house - truck farm operation. Mr. Wooding writes that each unit would require approximately 20 acres of land, a greenhouse, a cold room for storage of vegetables, and some small types of farm machinery. The basic use of the greenhouse would be to start seedlings for transplanting to the field in the spring season and for growing tomatoes and cucumbers during the summer. Field crop production would emphasize potatoes, cabbage, broccoli, lettuce, and possibly carrots.

The "village farm concept", as felt by Mr. Wooding, could be established at a relatively small cost, a short period of time, and requires a small amount of land. The following benefits would occur:

1. It could supply fresh vegetables at a reasonable price for the villagers.
2. It could provide summer jobs for high school students.
3. It could provide sufficient earnings to support at least one family which manages the concept.

The need for more information on the agricultural potential of other

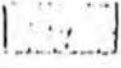
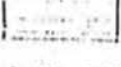
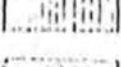
villages besides Dillingham and Kolinganek is apparent. The Bristol Bay Regional Development Council, formed in the fall of 1974 by the State of Alaska with the purpose of developing a legislative report based on alleviation of the economic distress aroused by the fishery disaster, has recommended that an agricultural experiment station be established in Bristol Bay to assist the villages in pinpointing the actual agricultural potential of the region.

The establishment of such an agricultural experiment station would conduct agricultural studies in each village and could assist in the initial stages of introducing the "village farm" concept among the villages that show interest.

In conclusion, two maps have been attached to this report to portray the potential farm areas.

P.A.C.

Above map is adapted from the Soil Conservation Service Plan No. M/E-22974-9 on Alaska, June 1973.

-  Upland Soils Suitable for Farming (25 - 50%)
-  Lowlands Soils Suitable for Farming (25 - 50%)
-  Marginal Farming Soils (More than 50%)

LEGEND



TABLE Dillingham Grain Adaptation Test, 1974

GRAIN TYPE Variety or Selection	Total Yield tor a	Straw Yield tons/a	Grain Yield tons/a (bu/a)	Grain Protein %	Height in.	Lodging %	Maturity Class
WHEAT							
Gasser			0.27 (9)	15.0	26	0	3
Rovaniemi Sel.			0.33 (11)	12.9	33	0	4
Park			0.24 (8)	16.6	26	0	4
Saunders			0.21 (7)	16.8	30	0	4
Thatcher			0.21 (7)	18.2	28	0	4
Pitic 62			0.30 (10)	15.8	33	0	4
BARLEY							
Lidal			1.30 (54)	11.0	41	0	1
Edda			0.41 (17)	14.1	39	0	2
Galt			0.86 (36)	11.2	32	0	3
Rovaniemi Sel.			0.91 (39)	12.1	37	0	1
Weal	5.47	4.51	0.96 (40)	13.0	38	0	3
Olli			0.41 (17)	10.6	37	0	1
OATS							
Nip	4.10	2.21	1.89 (113)	9.6	41	0	2
Coal	4.10	2.87	1.23 (77)	8.2	43	0	2
Pendak	3.43	2.50	0.93 (58)	7.5	42	0	3
Rodney	4.10	2.98	1.12 (70)	8.3	48	0	3
Cayuse	2.07	1.40	0.67 (42)	8.8	39	0	3
Total	4.80	3.18	1.62 (101)	6.4	45	0	3

TABLE

Kolliganek Grain Adaptation Test, 1974

GRAIN TYPE Variety or Selection	Total Yield tons/a	Straw Yield tons/a	Grain Yield tons/a (bu/a)	Grain Protein %	Height in.	Lodging %	Maturity Class
WHEAT							
Gasser			--	--	25	0	5
Rovaniemi Sel.			--	--	27	0	5
Park			--	--	29	0	5
Saunders			--	--	24	0	5
Thatcher			--	--	28	0	5
Pitic 62			--	--	26	0	5
BARLEY							
Lidal			--	--	24	0	5
Edda			--	--	29	0	5
Galt			--	--	27	0	5
Rovaniemi Sel.			--	--	29	0	5
Waal	2.79	2.65	0.14 (6)	14.9	38	0	5
Olli			--	--	34	0	5
OATS							
Nip	2.40	1.49	0.91 (57)	10.8	38	0	5
Coal	1.60	1.14	0.46 (29)	9.9	32	0	5
Pendek	2.00	1.43	0.57 (36)	10.7	36	0	5
Rodney	4.00	3.15	0.85 (53)	11.9	39	0	5
Cayuse	3.20	2.37	0.83 (52)	11.5	38	0	5
Total	4.00	3.07	0.93 (58)	12.3	39	0	5



Kuskokwim Native Association

ANIAK, ALASKA
BOX 31
Ph. 675-4316

December 13, 1976

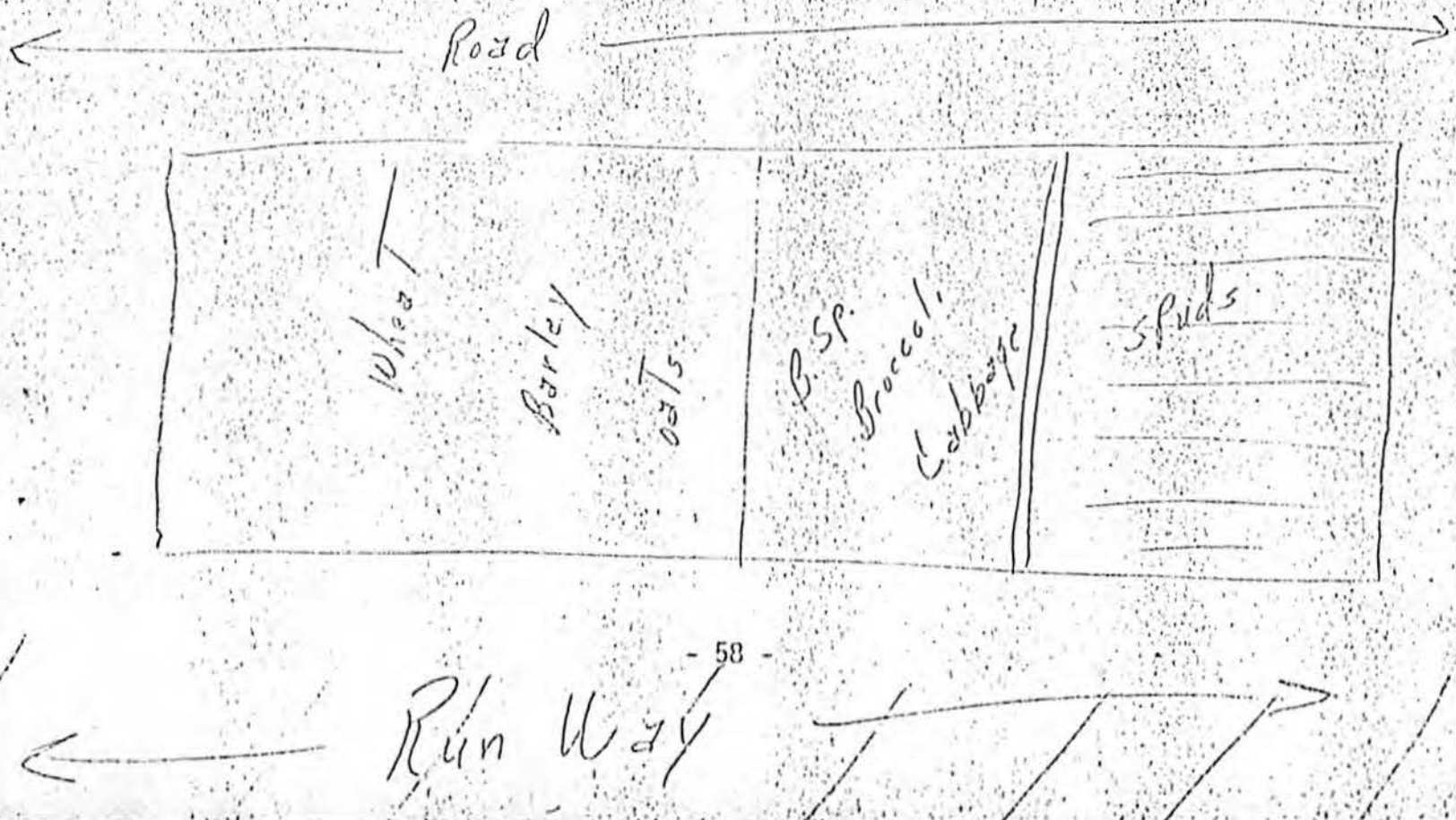
Dr. Frank Wooding
Ag. Exp. Station
University of Alaska
College, Alaska

same letter to: Pete Probusco
Reginald Yaple

Dear Dr. Wooding:

I have an idea that hasn't even begun to jell yet and I'm sure that I'll need help to see it thru. This letter is to ask you for assistance in planning and conducting a field day sometime in August, here in Aniak.

Briefly, this is what I'm planning to plant in the Spring of '77: 2 acres of potatoes, 3000 cabbage sets, 500 broccoli sets, 500 brussel sprout sets plus an assortment of various garden small seeds; one acre each of barley and oats and a small plot of wheat. The lay-out might be something like this:



The Kuskokwim Native Association has leased about 24 acres here in Aniak from the Division of Aviation. The land lays along either side of the runway and has just recently been cleared. There are still lots of sticks and stumps in it and its tough to till properly. I have one side about all plowed ($\frac{1}{2}$ the area) and plan to summer till the other side this summer. This spring's planting will of course be on the plowed ground.

Weeds were one of the biggest problems we had last year. Lambsquarter took over on about 80% of the potato ground, even before the potatoes came up. I don't have a big sprayer for the tractor-just a little hand type one-but I've been thinking about band treating right over the potato rows immediately after planting. I don't have a cultivator either but we do have a couple of roto-tillers and will have to use them to get the weeds between the rows.

We had several thousand cabbages planted last year too. They were planted too close together to allow cross tilling with the roto-tiller and it took an awful lot of hand labor to keep them clean. As with the spuds, I'd like to band treat these this year with the hand sprayer for control of broadleaf weeds. Do you know which of the many chemicals might do the job? A liquid would maybe be better than a wettable powder as there would be less chance of plugging the sprayer nozzle. Also, the herbicide used would be able to be mixed with as little water as possible because it will be a hand operation and have to be carried up and down the rows. And can the same chemical be used for small seed crops, i.e., turnips, rutabaga, radish, etc.?

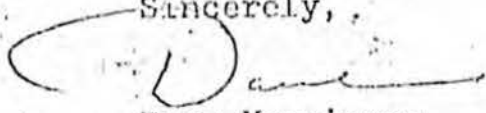
I'd say our soil is about all the same. It's a sandy loam. It's fast to warm up in the spring and productive with application of a heavy dose of fertilizer. We used about 600 lbs/acre of 8-32-16 last year with good results. (The weeds loved it).

As you can tell by our lack of necessary tillage implements, our budget is very limited. I was hoping to be able to help get you fellows out here a couple of times this year but it doesn't look too good now. I plan to visit in Anchorage and Fairbanks in early April and would like to be able to get together with you then.

As far as our field day goes, I'm thinking of taking responsibility for getting two village leaders in from each of the villages in the K.N.A. district (9 villages), plus inviting agency people from here and Bethel, and maybe some interested legislators.

Please let me know your thoughts on this rambling that I've done.

Sincerely,


Dave Hassinger

Alaska Rural Development Council - 10/14/76

Resolution No. 1

REGARDING NUTRITION INFORMATION

Whereas the Alaska Department of Fish and Game has drastically reduced the allowable caribou harvest in game management areas 23, 24, & 26 and caribou harvest in game management areas 23, 24, & 26 and

Whereas the Rural Development Council recognizes the serious nutritional problems which may be encountered by the Alaska Natives because of the resulting reduction in caribou meat

Be it resolved that the Rural Development Council endorses the recommendations (attached) made by the Alaska Service Health Service and

Be it further resolved that the Rural Development Council recommend that the Rural Community Action Program and the Cooperative Extension Service, University of Alaska, Non profit Health Corporation, and Alaska Area Native Health Service coordinate dissemination of nutritional information to the affected native people, suppliers, and other concerned parties regarding selection of wholesome nutritious replacement foods which are consistent with the needs and living habits of the impacted native people.

ALASKA RURAL DEVELOPMENT COUNCIL - 10/14/76

Resolution No. 3

regarding

DEVELOPMENT OF A REINDEER INDUSTRY

WHEREAS, there is and will continue to be a severe shortage of meat available from within the Northwest and northern Alaska regions due to restrictions on caribou harvest, and

WHEREAS, NANA Regional Corporation has undertaken to establish a reindeer herd which will be able to provide a relatively cheap and reliable source of meat in Northwest Alaska, and

WHEREAS, NANA Regional Corporation desires to manage this herd on a basis of maximum sustainable yield consistent with maintenance of the range, and

WHEREAS, NANA Regional Corporation intends to increase the herd as rapidly as possible consistent with maintenance of the range,

NOW, THEREFORE, BE IT RESOLVED that the Alaska Rural Development Council endorses the attempts of NANA to develop the reindeer industry in Northwest Alaska, and

BE IT FURTHER RESOLVED that federal and state agencies are encouraged to continue and increase their technical educational and financial support for the reindeer industry, including establishment of a reindeer research facility in northwest Alaska, and

BE IT FURTHER RESOLVED that said agencies be encouraged to assist NANA Regional Corporation in establishing programs of cooperation with the Soviet Union and North European nations to exchange technology, train personnel, increase herds by importation of breeding stock, and ship meat directly to Alaska if feasible, and

BE IT FURTHER RESOLVED that the members of this Council will endeavor to assist NANA and other herd owners to efficiently manage and increase the herds so as to meet the food needs of the people of NW Alaska.

ALASKA RURAL DEVELOPMENT COUNCIL - 10/14/76

RESOLUTION NO. 4

regarding

ACCELERATING DEVELOPMENT

WHEREAS, the NANA Region is undergoing an economic disaster caused by severe restrictions on the subsistence harvest of caribou, poor commercial and subsistence salmon catches, reduced employment opportunities outside the region for the people, and greatly increased freight costs, and

WHEREAS, these conditions have combined to produce less income at a time when more income is needed to replace unavailable caribou meat and fish through a high-cost transportation system, and

WHEREAS, the people of the NANA Region have no desire to become wards of the State and Federal governments, but would prefer to provide for themselves, their families and neighbors as they have done for centuries past,

NOW, THEREFORE, BE IT RESOLVED, that the Alaska Rural Development Council calls on the Governor of the State of Alaska, and all Departments and other agencies of the State and Federal Governments, to make use of all powers and prerogatives of the State and Federal governments to create jobs in the public and private sectors, by: encouraging and assisting the development of the reindeer and other native resource industries; accelerating the funding and implementing public works projects in the region which will provide jobs as well as needed public facilities such as streets, walk-ways and community buildings; accelerating the improvement of airports so as to create a cheaper and more reliable transportation system; ensuring that local hiring will be of the highest priority in state and federal projects, and; working with and supporting NANA Regional Corporation and Mauneluk Association in their efforts to create employment opportunity in the private sector.

ALASKA RURAL DEVELOPMENT COUNCIL - 10/14/76

RESOLUTION NO. 5

regarding

FISH & GAME INFORMATION FOR NORTH AND NORTHWEST ALASKA

WHEREAS, the fish, sea mammals, and land animals that inhabit the area around Northwest and Northern Alaska are essential to the well being of the people of Northwest and Northern Alaska, and

WHEREAS, in order to make accurate management decisions concerning these renewable resources accurate population information must be available, and

WHEREAS, there is an important interrelationship between the levels of abundance of fish and animals and the well being of the people that depend on them for a large part of their livelihood, and

WHEREAS, existing data and knowledge pertaining to population levels, sustainable size each population etc., is largely inadequate to make intelligent resource management decisions, and

WHEREAS, an example of how drastic the effects of poor information and poor resource management decisions can effect the people of Northwest and Northern Alaska is the current Arctic Caribou Herd decline, now

THEREFORE, BE IT RESOLVED, that the Alaska Rural Development Council recommends that the Alaska Department of Fish & Game be requested to:

- monitor population levels of caribou and keep residents of NW and Northern Alaska currently informed as to population status
- implement stock assessment programs on current and potentially valuable commercial fish species.
 - A. Collect basic life history data on species such as whitefish about which very little is known in N.W. Alaska; collect harvest information systematically on present subsistence use of whitefish, sheefish, and salmon
 - B. Adopt salmon run prediction methods based on larger populations to Kotzebue and Norton Sound fisheries
 - C. Explore the possibilities for harvesting, processing and marketing populations in their unique fisheries and request that the department respond by the next quarterly meeting as to the availability of resources and their ability to respond to its above concerns, and

Page 2 Alaska Rural Development Council - 10/14/76 Resolution #5

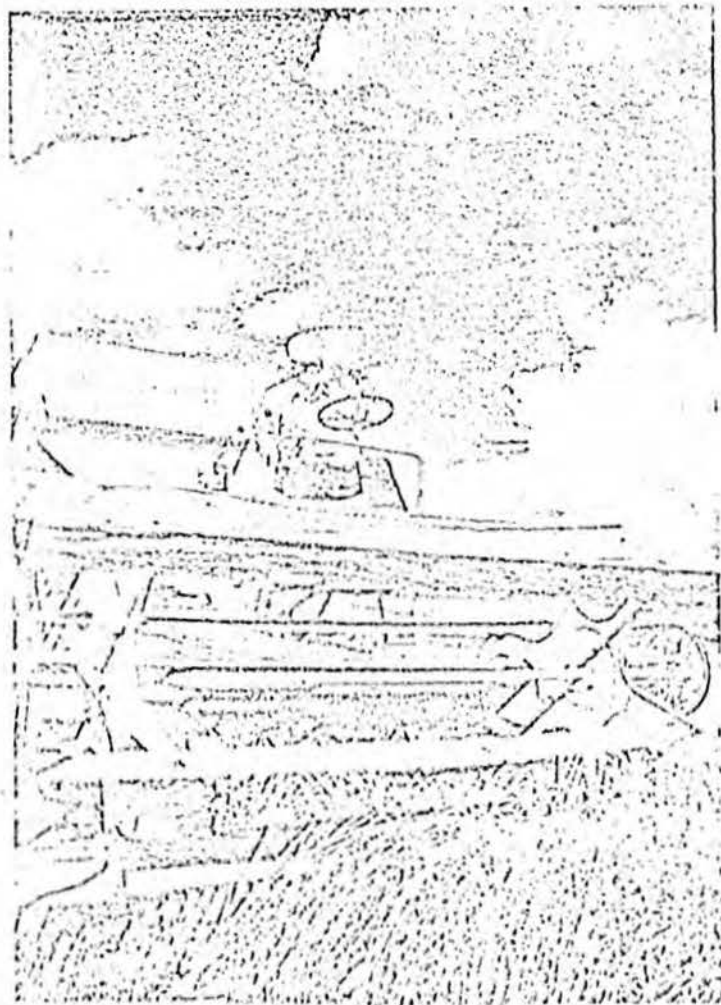
THEREFORE, BE IT FURTHER RESOLVED, that this resolution be sent to:
Governor Hammond, The Alaska Department of Fish & Game, the Alaska
Fisheries Board and the Alaska Game Board.

APPENDIX 2. Non-Native Village Developments

Resolution 77 opens doors

Following is the text of Senate Resolution No. 77, perhaps the most important breakthrough for agricultural development in the history of Alaska. In order to carry out the intent of Resolution 77, Task Force 77 was formed, and the following individuals make up the Agriculture Study Group appointed by Gov. Jay Hammond:

- (1) Mr. Jalmar Kerttula
- (2) Mr. Paul Huppert
- (3) Mr. Walter Kubley
- (4) Mr. Allen Linn
- (5) Dr. James V. Drew
- (6) Mr. Ed Merdes
- (7) Mr. Graydon Nichols
- (8) Mr. Bob Palmer
- (9) Mr. Roland Snodgrass
- (10) Dr. Donald Dinkel
- (11) Mr. James G. Patton



GOLDEN GRAIN—Barley is one crop well-suited to Interior Alaska's climate and soil. In fact, experts at the University of Alaska Department of Agricultural Science say Alaska's grain products contain more protein than their counterparts in the Lower 48.

Photo by Evan Bracken

SENATE CONCURRENT RESOLUTION NO. 77

Relating to the establishment of a comprehensive and meaningful agricultural policy for the State of Alaska.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA.

WHEREAS without a state policy, boldly set out and strongly backed by the people, the Legislature, and the Executive, little can or will be done to establish agriculture in Alaska as an economically worthwhile endeavor; and

WHEREAS a sound and sustained agricultural production, processing and marketing industry is necessary to the healthy economic life and future well-being of Alaska; and

WHEREAS no geographic entity has ever attained lasting greatness through extractive resource production alone; and

WHEREAS the agriculture potential of the Great Land is perhaps its single most significant prospect for a stable future—a point clearly and emphatically made in three federal-state university studies: (1) "Development of New Lands in Matanuska-Susitna Borough", 1970; (2) "Irrigation

Potentials, Tanana River Valley, Alaska," 1972; and (3) "Alaska's Agricultural Potential," 1974; and

WHEREAS, given any one of many possible natural disasters—prolonged drought, floods, virulent disease among plants and animals, extreme climatic change, unpredictable weather in the continental United States—Alaska, because it is at the end of the nation's food system, would suffer the most direct and immediate impact; and

WHEREAS Alaska is known to have at least 17.5 million acres of tillable land, plus at least 10 million more acres of conventional grazing land for potential agricultural use, as well as 100 million acres of land suitable for reindeer and musk ox grazing; and

WHEREAS in the past there has been a lack of coordination of government programs and policies regarding agriculture; and

WHEREAS Alaska now produces less than five per cent of the food it consumes annually, agriculture, as a resource management tool, could provide a much larger percentage of the state's basic consumer needs in food, fiber, industrial raw materials, and aesthetic products at a reasonable price;

BE IT RESOLVED by the Alaska State Legislature that the State of Alaska hereby commits itself to an agricultural policy that encourages and promotes wise use of its agricultural base, including, but not limited to the following courses of action:

(1) The state shall promptly determine how best to make available land for agricultural use.

(2) The state shall encourage agricultural production, processing and marketing through identification and use of massive amounts of potentially recyclable waste energy.

(3) In connection with the commitment of "in kind" state royalties of oil and gas, provision shall be made for the production of reasonably priced fertilizer and fuel for local Alaska use.

(4) The state shall demand that all land identified in "Alaska's Agricultural Potential," 1974, as having tillable agriculture potential be removed from B 2 classification, and, in the national interest, be set aside for future agricultural production.

(5) The state shall actively encourage the production of phosphate, limestone, and fish meal resources in Alaska for use in agricultural production.

(6) The state shall actively assist in the establishment and financing of agriculture processing plants in key agricultural areas of the state to encourage local farm production.

(7) The state agencies shall work closely with private land owners, native regional corporations, village corporations, and other management organizations to stimulate agricultural production, processing and marketing.

(8) The Legislature, in cooperation with the Governor, shall establish a task force, composed of representatives of agriculture, business, and consumer interests, which shall be responsible for the study of legislative options for implementing the policies enunciated in this resolution.

University officials testify during U.S. Senate subcommittee visit here

Washington, D.C. came to the University of Alaska, Fairbanks recently for an update on the developing agriculture industry.

The Senate Subcommittee on Agricultural Production, Marketing and Stabilization of Prices heard testimony urging federal support for cultivating the industry here. Speakers included UA President Robert W. Hiatt and Dr. James Drew, head of the UA Agricultural Experiment Station.

Hiatt told the visiting federal officials, "Alaskans today import 95 per cent of the food they consume. The significance of this virtually complete dependence on food shipped from elsewhere is evident to all Alaskans each time they pay the weekly grocery bill."

Both Hiatt and Drew maintained the full potential of agriculture here will be realized if the industry is developed so it can compete with production in other states. Hiatt said prices here then will be commensurate with prices in other areas.

The president urged federal support to develop resource inventories and economic analyses, to aid farmers and to improve transportation. Drew asked for federal assistance for two specific research proposals.

Hiatt explained, "Alaska is attempting to plan the use of enormous areas of land with a bare minimum of information about the distribution and behavior of Alaska's soils for agriculture, forestry, rangeland and other uses." He asked for increased support for research and for the Soil Conservation Service's soil survey.

Under improving transportation, Hiatt discussed studies made of the feasibility of linking the Alaska Railroad to Tanana, Delta Junction and the Canadian

Border. He pointed out increased federal support for highway construction also would benefit agricultural development.

Dr. Drew described two proposed research projects aimed at overcoming traditional limitations of Alaska agriculture. UA is looking for federal assistance for these projects which involve the use of waste heat.

Drew pointed out there are 8.5 million tillable acres of land in Alaska. But only about 17,000 acres are in production.

He said barley, oats, forages, potatoes and a number of other vegetable crops are suited to the soil and climate here. Drew added the yields and quality of these crops equal or exceed the yields and quality of the same kinds of crops grown elsewhere.

In pursuit of these goals, the UA project would use waste heat from pump station nine on the trans-Alaska pipeline to dry grain and to dehydrate and pellet forage in the Clearwater-Big Delta area. Also, fish meal, a waste product in the fishing industry, would be used as a high protein supplement in pellets produced for livestock feed.

Drew explained, "the use of waste heat in these processing operations can provide, for the first time, a means of offsetting the cool and somewhat wet harvest seasons that have frustrated Alaskan producers of grain and forage in the past."

The second research proposal would test a broad spectrum of waste heat application. It is a joint proposal of the university and the Alaska Energy Office.

Both Hiatt and Drew emphasized Alaska agriculture has the potential of increasing U.S. production significantly.

THE DELTA PAPER

2 1/2
pages

VOL. 1, NO. 6

DELTA JUNCTION, ALASKA

MAY 18, 1976

CO-OP NEEDS A NAME

Members of the Delta Agri-Business Group had a regular meeting Tuesday, May 11. The group is still looking for a name for the farm co-op to be formed. Persons who have name suggestions are asked to turn them in to Stan Orcutt or Dan Hinsley by this Friday.

AGRI-BUSINESS GROUP PLANS POTLUCK PICNIC

Everyone interested in agricultural development in Alaska is invited to attend a potluck picnic at 6:30 pm Friday, May 21, in the Triangle at Delta Junction.

Families are asked to bring a meat dish as well as an extra dish, such as salad, vegetable or dessert. Plates, cups and utensils will be supplied and coffee and soft drinks will be available.

The picnic is being organized by the Agri-Business Group of Delta, which is interested in forming a farmers co-op in this area.

On hand to visit will be Congressman Charles Rose III from N. Carolina, who is on the House subcommittee for agriculture and rural development; Dr. James Drew, director of the Agriculture Department at the University of Alaska; Hall Green, area representative for Farm Land International Energy Co., and that concern's attorney, Robert L. Echert; Dr. William R. Wood, director of Fairbanks Industrial Development Corp.; Wayne Burton, agricultural economist at the University of Alaska; and Ms. Carol Forbes, legal counsel for the rural caucus in the U.S. House.

A meeting of persons interested in agricultural development will follow the picnic at about 8 pm.

State Studies Barley Project

By SUSAN ANDREWS
Times Staff Writer

Fifty thousand acres of barley may be growing on state land in the Delta Junction area within a few years if a state study backs up some experts' contention that the crop will be profitable.

The grain could be exported to Japan and Korea and used as feedstock for expanded beef cattle production in Alaska.

Bob Palmer, special projects coordinator for Gov. Jay Hammond, said in Anchorage yesterday that he has been working on the pilot project since June.

He said two agricultural economists, hired by the joint Federal-State Land Use Planning Commission, concluded that while operating costs in Alaska would be double Nebraska's, the yield of grain per acre in Alaska would also be twice as high as in Nebraska because of Alaska's long hours of daylight during the growing season.

Agricultural economists for the university of Alaska and the U.S. Department of Agriculture are making their own study of the feasibility of raising barley in Delta

Junction. Their report is due in early November.

The idea, Palmer said, is to divide the initial 50,000 acres into farms of at least 1,200 acres, the minimum size needed for an economical production unit.

The 1,200-acre farms would be offered on lease-purchase arrangements. After the operators

had demonstrated their capability over several years they could buy the agricultural rights at a price that would repay the state for its investment, Palmer said.

Purchasers would be prohibited from sub-dividing and they would not receive sub-surface mineral rights, Palmer said.

The experts have estimated that

50,000 acres would be needed to make it feasible to construct a grain elevator. About 60,000 acres would have to be cleared to provide room for windbreaks and roads, Palmer said.

Once the nucleus of 50,000 acres is in production, state officials expect that other interested farmers would acquire adjoining acreage.

Similar grain or vegetable projects could be started in the Nenana area, which Palmer said may be even better suited for agriculture but where there is no existing transportation system.

"And there may be literally millions of acres of land available north of Fairbank in the Yukon Flats area, which is highly suited for agriculture," Palmer said.

He estimated that clearing would cost about \$5 million, based on the going rate in that area of \$100 per acre.

The state may be able to get a better rate next year, he said, than any other year because trans-Alaska oil pipeline sub-contractors may be anxious for jobs to keep their earth-moving equipment in the state in

(See Page 2, Col. 4)

State Considers Cultivation Of Barley

(Continued From Page 1)

hopes of bidding on a possible gas line.

If the economists' study concludes that the grain-growing project is feasible, Hammond would request an appropriation by the legislature early next session and clearing could begin next spring.

The land under consideration is owned by the state or has been tentatively approved for selection under the statehood act.

Palmer said Hammond asked him to look into the agricultural project as a way of developing the state's food-growing potential.

"This is the kind of stable population growth that can be beneficial over a long period of time," Palmer said. "I think it's desirable to have additional numbers of people in the country."

Raising the limits in the state's agricultural loan program may be necessary to help farmers get started in grain production," Palmer said.

APPENDIX 3. Food and Store Prices in the Villages

Quarterly Report on Alaska's FOOD PRICES— SEPTEMBER, 1976

Charles F. Marsh
Research Economist, Agricultural Research Service
United States Department of Agriculture,
Palmer.

June to September Changes—Retail food prices continued to rise in most cities over the state during the third quarter ending September 15. The statewide food basket containing 40 food items (old list) cost consumers an average of \$41.58 in September compared to \$40.84 in June—a rise of 1.8 percent for the quarter. With the exception of Juneau's basket, which showed a slight decline of 0.1 percent for the quarter, all other city baskets were higher and ranged from 0.4 to 3.5 percent higher. Seward's basket led the way up with a jump of 3.5 percent followed by Palmer-Wasilla 3.2 percent, Kenai-Soldotna 2.6 percent, Nome 2.4 percent, Sitka 2.3 percent, Fairbanks 2.0 percent, Ketchikan and Petersburg 1.8 percent respectively, Bethel 1.4 percent, Valdez and Anchorage each up 1.0 percent, and Kodiak 0.4 percent higher.

Seattle's basket, containing the same food items, rose an average of 0.7 percent for the May-August quarter.

Not all major food groups showed price increases. Cereals which include flour, rice, corn flakes and bread were down 0.8 percent with lower prices for flour and corn flakes more than offsetting higher prices for rice and bread.

Red meat prices averaged 1.3 percent higher with a few cuts such as chuck roast and wieners averaging lower for the quarter.

Dairy product prices rose an average of 1.7 percent during the quarter. Ice cream prices dropped 1.0 percent balancing off somewhat a sharp rise in butter prices.

Fresh fruit prices advanced 8.1 percent with apples sharply higher. Oranges registered a 1.3 percent price decline.

Fresh vegetable prices were mixed with prices averaging lower for potatoes, onions, cabbage and tomatoes but much higher for lettuce and moderately higher for carrots. Overall, prices for fresh vegetables averaged 0.3 percent higher for the period.

Prices of most staples averaged higher with coffee showing significant price gains. Most canned items including vegetables and some fruits were moderately higher. Frozen orange juice, canned pears, cola drink, dried beans, sugar and salad dressing (Italian) averaged lower in price for the quarter. September 1976 compared with 1975—Retail food prices in Alaska, after substantial rises in each of the second and third quarters of 1976, were back within 0.3 percent of the peak reached a year ago in September. The statewide food basket was costing consumers an average of \$41.58 this September compared with \$41.72 a year ago—a difference of only 14 cents. Lower basket costs in some southeastern and railbelt cities i.e. Juneau, Sitka, Kodiak, Kenai-Soldotna, Anchorage and Fairbanks were offset by higher average baskets in Palmer, Petersburg, Seward, Valdez, Bethel and Nome. Ketchikan's food basket was costing consumers the same this September as last year at this time.

Of the major food groups, cereals, dairy products and eggs averaged considerably higher in price for the year. Lower prices for fresh fruits and vegetables and red meats along with sharp price declines for some staples i.e. sugar, dried beans, salad or cooking oil and margarine more than balanced off the price increases. Coffee prices registered sharp increases for the year.

STATE OUTLOOK

Many cities and villages throughout Alaska have experienced a higher rate of inflation over the past three years than comparable areas over the U.S. Food prices, especially, have continued to escalate to the point that consumers are wondering when and if it will ever stop. One wonders how those living in the interior and northern areas of the state can continue paying higher and higher prices for the food they must purchase.

Now that the killing of caribou for food has been cut back severely over northwestern Alaska the people living there will be forced to buy more food at the grocery counter. Is it possible that the high cost of food has been a factor in the rather rapid depletion of the caribou herds over northwestern Alaska?

Are retail food prices higher than they should be in some cities and villages over the state? This question cannot be answered by merely comparing prices from place to place. An in-depth study of the supply and distribution system for food throughout the state is badly needed.

There are some who say there are irregularities in the pricing of food. Among the questions asked: "are consumers in Nome and Bethel, for example, paying a fair price of \$2.72 and \$2.61 for a half gallon of fresh milk compared to \$1.38 in Anchorage?" "Is sugar at \$6.27 for 10 pounds a fair price at Nome and \$5.69 at Barrow compared to \$2.83 in Anchorage and \$3.01 in Fairbanks?" These are questions being asked by consumers.

There is no intention here of pointing the finger at any one. We merely state that inflation continues and is a very serious problem faced by many Alaskans with no relief in sight.

IS \$6.27 A FAIR PRICE FOR SUGAR IN NOME?

Marguerite Stetson
Coordinator—Nutrition Programs
Cooperative Extension Service
University of Alaska

Anyone visiting a rural Alaskan town will ask if the pricing system is fair. With sugar twice as expensive in Nome as in Anchorage or Fairbanks, three markets in Nome were contacted for information on their ordering and pricing systems.

On October 26, the average price for 10 pounds of white granulated sugar was \$5.71, down from the \$6.27 quoted in this release. Individual store prices varied from \$4.89 to \$6.85. The cost of bringing in heavy staple items by barge ranged, according to the manager's estimate, from 10¢ to 13¢ per pound. Some managers stored sugar from September 1975 . . . that was when sugar was very expensive . . . and only recently started selling from the new shipment. Other managers felt that long term storage of sugar was not a successful merchandising technique, as the sugar became very hard when stored under low-humidity conditions. Also many food products now contain dates and consumers are reluctant to purchase out-of-date foods.

One manager shipped foods by barge from Seattle to Anchorage and then via parcel post to Nome for a cost in the vicinity of 17¢ per pound. With sugar prices fluctuating monthly, it is probably to the store's benefit to order smaller supplies by this method; but as with all food merchandising, a crystal ball is necessary to foresee what will happen to the cost of food in the future. It is only fair to also point out that all other costs are higher in remote villages and these costs are part of the storekeepers cost-of-doing business. As in any town, it is a good idea for consumers to shop carefully. It is often best to select the best buys from more than one store. And during the next few months coffee should be a good buy in Nome.

SEPTEMBER 1976 AVERAGE RETAIL PRICES OF 45 FOOD ITEMS IN THIRTEEN ALASKA CITIES

FOOD ITEMS	UNIT	CITIES												
		KETCHIKAN	PETENSGOR	SITKA	JUNEAU	SEWARD	KODIAK	SOLDOTNA	VALDEZ	ANCHORAGE	POWELL	FAYR	BETHEL	NOPE
FLOUR.....	10 lb.	2.71	2.66	2.27	2.20	2.04	2.02	2.71	2.55	2.54	2.77	2.31	3.02	3.52
RICE.....	20 oz.	1.70	1.73	1.60	1.60	1.98	1.75	1.06	1.83	1.80	1.02	1.90	2.27	2.33
CORN FLAKES.....	10 oz.	.80	.86	.87	.87	1.00	.94	.93	.85	.89	.85	.92	1.24	1.25
BREAD WHITE.....	1 1/2 lb.	.72	.77	.52	.81	1.18	1.31	1.15	1.02	.91	.97	.87	1.38	1.33
ROUND STEAK.....	1 lb.	2.06	2.34	2.10	2.34	2.62	1.67	2.11	1.93	1.72	1.69	1.94	2.98	3.16
CHUCK ROAST.....	1 lb.	1.42	1.26	1.21	1.09	1.80	1.33	1.37	1.59	1.01	1.19	1.21	2.28	2.00
HAMBURGER.....	1 lb.	1.14	1.05	1.08	.97	1.40	1.14	1.22	1.36	1.19	1.21	1.32	1.90	1.69
PORK CHOPS.....	1 lb.	2.12	2.32	2.29	2.14	2.45	2.04	2.47	2.79	2.55	2.36	2.53	3.06	3.56
BACON.....	1 lb.	1.94	2.07	2.05	1.82	2.36	2.16	2.37	2.20	2.17	2.14	2.36	3.02	2.79
WEINERS.....	1 lb.	1.26	1.31	1.19	1.41	1.39	1.33	1.42	1.95	1.23	1.42	1.60	1.77	1.88
FRYING CHICKEN.....	1 lb.	.90	1.07	1.00	1.11	1.05	1.06	1.01	.96	1.04	1.09	1.00	1.59	1.59
TUNA FISH.....	6 1/2 oz.	.85	.71	.74	.74	.83	.82	.75	.82	.61	.99	.72	.98	.90
MILK, FRESH.....	1/2 gal.	1.26	1.27	1.29	1.23	1.72	1.41	1.73	1.69	1.58	1.43	1.57	2.61	2.72
ICE CREAM.....	1/2 gal.	1.62	1.99	1.74	1.79	1.88	1.82	1.78	1.91	1.57	1.56	1.64	2.72	2.94
BUTTER.....	1 lb.	1.34	1.46	1.36	1.51	1.74	1.75	1.47	1.59	1.41	1.51	1.58	2.16	2.06
MILK, EVAP.....	14 1/2 oz.	.42	.41	.42	.44	.44	.45	.43	.48	.39	.44	.36	.66	.63
MILK, POWDERED.....	12 oz.	4.08	3.35	4.13	3.63	4.59	3.59	4.12	4.46	4.12	4.42	4.20	5.46	5.12
EGGS FRESH.....	1 doz.	.89	.96	.91	.92	1.01	.99	.99	1.06	1.00	.93	.93	1.44	1.54
ORANGE JUICE, FROZEN.....	12 oz.	.77	.75	.85	.76	.94	.95	.83	.91	.71	.95	.87	1.29	1.25
APPLES.....	1 lb.	.56	.53	.53	.49	.62	.59	.74	.63	.56	.62	.76	.92	.95
BANANAS.....	1 lb.	.39	.41	.38	.42	.53	.54	.57	.62	.43	.49	.62	.74	.69
ORANGES.....	1 lb.	.30	.35	.28	.37	.34	.39	.44	.41	.33	.38	.40	.62	.78
POTATOES.....	1 lb.	.16	.16	.14	.14	.21	.18	.24	.25	.19	.17	.26	.41	.64
ONIONS.....	1 lb.	.25	.19	.20	.27	.28	.29	.33	.39	.27	.29	.28	.56	.74
CARROTS.....	1 lb.	.30	.33	.31	.31	.44	.44	.41	.55	.49	.46	.46	.66	.78
LETTUCE.....	1 lb.	.51	.53	.46	.49	.55	.65	.72	.68	.67	.50	.59	.66	.82
CABBAGE.....	1 lb.	.74	.64	.68	.64	.66	.44	.62	.44	.25	.23	.39	.55	.74
TOMATOES, FRESH.....	1 lb.	.79	.47	.65	.76	.86	.89	1.32	.91	.77	.81	.67	1.26	1.36
GRAPEFRUIT JUICE.....	46 oz.	.91	1.03	.94	.92	1.04	.96	1.03	.73	.65	.95	.95	1.41	1.56
TOMATO JUICE.....	46 oz.	.91	.91	.89	.86	.96	.92	.99	1.02	.78	.99	.91	1.30	1.44
PEARS.....	no.2 1/2 can	.82	.77	.74	.80	.82	.60	.81	.75	.70	.91	.59	1.13	1.24
PEACHES.....	no.2 1/2 can	.79	.75	.67	.74	.76	.63	.68	.61	.65	.65	.61	1.16	1.37
FRUIT COCKTAIL.....	303 can	.56	.57	.67	.59	.62	.59	.51	.59	.56	.62	.60	.81	.77
CORN.....	303 can	.48	.44	.48	.40	.55	.55	.52	.54	.44	.51	.44	.63	.75
TOMATOES, CANNED.....	303 can	.46	.49	.49	.44	.55	.41	.54	.53	.49	.63	.44	.67	.75
BEAN SOUP.....	4 1/2-5 oz.	.20	.23	.22	.23	.24	.25	.23	.25	.20	.29	.22	.35	.33
COFFEE.....	3 lb.	5.63	6.59	6.52	5.94	7.25	7.06	6.54	6.75	6.38	7.58	7.11	7.58	8.62
SALAD OR COOKING OIL.....	48 oz.	3.19	1.36	1.95	1.99	2.42	2.07	2.15	2.56	1.69	2.05	2.16	3.25	3.68
MARGARINE.....	1 lb.	.51	.51	.78	.53	.79	.63	.57	.60	.54	.75	.52	1.38	.78
MAYONNAISE.....	1 qt.	1.45	1.45	1.30	1.47	1.76	1.68	1.36	1.66	1.37	1.61	1.47	2.11	2.54
COLA DRINK.....	6 pack	1.62	1.72	1.57	1.44	1.85	1.85	1.53	1.52	1.62	1.77	1.82	2.36	2.50
BEANS, DRIED.....	2 lb.	1.69	1.61	1.12	1.62	1.35	1.94	.91	1.56	1.15	1.27	1.20	1.31	1.32
SUGAR.....	10 lb.	2.67	2.68	2.59	2.71	3.41	3.15	3.03	3.10	2.83	2.85	3.51	5.58	6.27
TOMATO SOUP.....	10 1/2 oz.	.77	.76	.75	.75	.81	.79	.79	.79	.74	.76	.76	.90	.84
CREAM OF MUSHROOM SOUP.....	10 1/2 oz.	.31	.33	.27	.30	.34	.33	.34	.34	.30	.33	.33	.47	.49
TOTAL*		53.84	52.77	52.83	51.70	62.43	57.51	58.98	60.70	53.47	56.79	57.01	80.96	84.41
TOTAL**		36.19	37.01	35.30	35.53	42.69	39.54	40.62	42.76	35.39	39.54	39.21	56.82	58.45
% OF SEATTLE***		122	125	121	120	144	122	127	144	123	133	132	172	197
TOTAL JUNE 1976		35.49	35.37	34.99	35.57	41.24	39.40	39.51	42.13	35.62	38.33	38.45	56.03	57.08
TOTAL SEPTEMBER 1976		36.19	36.23	36.36	36.39	42.50	41.77	41.82	41.74	37.66	38.22	39.78	58.20	59.44

* New Revised Food List.

** Old Food List.

*** Based on U.S. Department of Labor, BLS "ESTIMATED AVERAGE RETAIL FOOD PRICES - PACIFIC REGION - AUGUST 1976".

Compiled, written and edited by the Economics Department, Alaska Agricultural Experiment Station, Dr. James V. Drw, director, cooperating with Agricultural Research Service, North Central Region, United States Department of Agriculture. Printed and distributed by Cooperative Extension Service, University of Alaska, Fairbanks, Alaska.

Enumerators collect these prices from two to four retail merchants in each Alaska city shown on the table. The collection occurs in each city on Tuesday or Wednesday only of the week containing the 15th day of the month. Sale prices or weekend special prices are quoted if offered on the day prices are taken. These reports are better for comparing time to time changes than for comparing city to city.

The Cooperative Extension Service as a part of the University of Alaska conducts educational programs in agriculture, natural resources, human resources (including home economics and youth), and community resource development. Extension information and programs are available to all citizens throughout the state, regardless of race, color, or national origin.

What To Do without Caribou?

People living in villages around Kotzebue sometimes have to pay as much as \$10 for one chicken. Now that caribou herds are diminishing and few people can afford to buy \$10 chickens, there is a growing concern over the diets of citizens in this area where people have traditionally relied on the caribou for their primary source of protein.

As a result, a unique educational workshop, "Meeting the Caribou Shortage," took place recently in Kotzebue involving nutritionists, members of the community, and health aides from surrounding villages.

It was unique because for the first time in the history of health education in Alaska, nutrition was taught as preventive medicine. The importance of not only helping people adjust to this caribou shortage but also improving nutrition for better overall health of the villagers was stressed by Dennis Tie elman, president of Mauneluk Association, sponsor of the workshop.

Most villagers still eat the traditional native foods simply because they cannot afford to buy food at the store. Kotzebue prices are estimated to be 90 per cent higher than Seattle prices, and those in villages surrounding Kotzebue are much higher yet. Therefore, buying at the store is not the answer for people living in remote village situations, according to Marguerite Stetson, nutrition program coordinator for the University's Cooperative Extension Service.

They should continue to rely as much as possible on their tradition of "living off the land" with wild game and wild plants, not only for economic reasons but also for the high nutritional value of such foods, Stetson said.

In an attempt to stress good nutrition, participants were asked to use workshop materials to analyze their present diets. The resulting nutritional comparison showed that natives who included traditional foods in their diets were receiving nutrition superior to the average white American's.

Since the caribou shortage will directly affect this native diet, suitable protein substitutes were discussed in terms of taste, nutrition, cost and safety. Possible alternatives included wild rabbits, dry beans, hamburger and peanut butter.

Stetson would like to see more of this type of practical education being taught so that people can learn to make intelligent choices about the foods they eat, and not just rely on their taste buds or pocketbook.

"Nutrition can play an important part in upgrading the general overall health of our people," Stetson said. "It's probably the best preventive medicine there is." —Kathy Kollodge.



Stetson

APPENDIX 4. Nature, Frequency, and location of Agency and Institutional Services

PUBLIC PROGRAM SERVICES WHICH DIRECTLY OR INDIRECTLY CONTRIBUTE
TO AGRICULTURAL AND/OR AGROEUTHENICS RESOURCE ASSESSMENTS, ENTER-
PRISE DEVELOPMENT, AND ONGOING ENTERPRISE OR INDUSTRY SUCCESS.
(in the villages)

Alaska Division of Economic Enterprise

Service Locations:

Pouch "EE". Juneau, AK - 99811
12th Floor, MacKay Building, 338 Denali St., Anchorage, AK 99501

Services Provided:

None specified.*

Alaska Division of Agriculture

Service Locations:

Box 1088, Palmer, AK - 99645
Room 210, 1512 Cushman Street, Fairbanks, AK - 99701
Pouch "M", Juneau, AK - 99811

Services Provided:*

Animal health, food inspection, "reindeer", and combinations thereof.

Agricultural Experiment Station (University of Alaska)

Service Locations:

O'Neill Resources Bldg., University of Alaska, Fairbanks, AK - 99701
Palmer Research Center, P.O. Box AE, Palmer, AK - 99645
Star Route A - Box 32, Homer, AK - 99603

Services Provided:*

Remote crop testing sites, phenology plots, public land management
meetings, consulting on development projects, and analytical and
laboratory services.

Cooperative Extension Service (University of Alaska)

Service Locations:

Eielson Bldg., University of Alaska, Fairbanks, AK - 99701
2651 Providence Ave., Anchorage, AK - 99504
Box 556, Bethel, AK - 99559

Kenai Peninsula Community College, Soldotna, AK - 99669
Box 736, Palmer, AK - 99645
Box 400, Nome, AK - 99762
Box 109, Juneau, AK - 99801
1514 South Cushman, Room 303, Fairbanks, AK - 99701

Services Provided:*

Local govt. workshops, business mgt. workshops, horticulture consultation, engineering consultation, and marine advising.

Agricultural Research Service (USDA)

Service Locations:

Palmer Research Center, P.O. Box AE, Palmer, AK - 99645

Services Provided:*

None specified, and no villages identified.

Agricultural Stabilization and Conservation Service (USDA)

Service Locations:

2221 East Northern Lights Blvd., Suite 129, Anchorage, AK - 99504

Services Provided:

No response.

Forest Service (USDA)

Service Locations:

P.O. Box 1628, Juneau, AK - 99801
P.O. Box 561, Craig, AK -
2221 East Northern Lights Blvd., Anchorage, AK - 99504
P.O. Box 1049, Juneau, AK - 99801
P.O. Box 2278, Ketchikan, AK - 99901
P.O. Box 757, Sitka, AK - 99835
----- Kake, AK -
----- Yukatat, Ak -
----- Fairbanks, Ak - 99701
----- Kodiak, AK -

Services Provided:*

Assistance, training and council on forestry and land management, planning, etc.. (small sawmill training, timber estimating, timber sale information, market possibilities, wood preserving, and etc.).

Farmers Home Administration (USDA)

Service Locations:

2221 East Northern Lights Blvd., Suite 127, Anchorage, AK - 99504
950 Cowles St., Fairbanks, AK - 99701
P.O. Box 819, Palmer, AK - 99645
P.O. Box B, Soldotna, AK - 99669
Rm. 315, New Federal Bldg., Juneau, AK - 99802

Services Provided:*

Home loans, small business loans, city water projects, farm operating loans, and community services loans.

Soil Conservation Service (USDA)

Service Locations:

2221 East Northern Lights Blvd., Suite 129, Anchorage, AK - 99504
Fairbanks Work Unit, 1760 Westwood Way, Fairbanks, AK - 99701
Homer Work Unit, P.O. Box 394, Homer, AK - 99603
Palmer Work Unit, P.O. Box F, Palmer, AK - 99645

Services Provided:*

Range/soil surveys, snow surveys, detailed soil surveys, range mgt. plans, and planning and application in relation to agricultural and urban land uses.

Statistical Reporting Service (USDA)

Service Locations:

P.O. Box 799, Palmer, AK - 99645

Services Provided:*

None identified.

Community Colleges

Locations:

Anchorage Community College, 2533 Providence Avenue, Anchorage, Ak - 99504
Juneau-Douglas Community College, P.O. Box 135, Auke Bay, AK - 99821
Kenai Peninsula Community College, Box 848, Soldotna, AK - 99669
Ketchikan Community College, Box 358, Ketchikan, AK - 99901
Kodiak Community College, Box 946, Kodiak, AK - 99615
Kuskokwim Community College, Box 581, Bethel, AK - 99559

Matanuska-Susitna Community College, Box 899, Palmer, AK - 99645
Northwest Community College, Box 400, Nome, AK - 99762
Sitka Community College, Box 1090, Sitka, AK - 99835
Tanana Community College, University of Alaska, Fairbanks, AK - 99701

Services Provided:

Limited, ranging from none to bilingual and general adult programs.
Some reindeer programming reported at Nome.

* As identified by the institution or agency.

Note: Other institutions and agencies will be listed as survey progresses.

Service Locations and Frequency

Village	AK Div Econ Enpris	AK Div Agri	Agri Expt Sta	Coop Ext Ser	Agri Res Ser	A.S.C. - USDA	Forest Service	Farm Home Admin	Soil Con Service	Stat Report Ser	Comm Colleges
<u>Afognak Island</u>											
Afognak	o	o	o	o	o	-	i	o	o	o	
<u>Alutian Region</u>											
Akun	i	o	o	o	o	-	o	o	o	o	
Atka	i	o	o	o	o	-	o	o	o	o	
Belkofsky	o	o	o	o	o	-	o	o	o	o	
Blorka	o	o	o	o	o	-	o	o	o	o	
False Pass	i	o	o	o	o	-	o	o	o	o	
Ivanof Bay	i	o	o	o	o	-	o	o	o	o	
King Cove	i	o	o	o	o	-	o	i	o	o	
Nelson Lagoon	i	o	o	o	o	-	o	o	o	o	
Nikolski	i	o	o	o	o	-	o	o	o	o	
Pauloff Harbor	i	i	i	o	o	-	o	o	o	o	
Port Heiden	o	o	o	o	o	-	o	o	o	o	
St. George	i	(1)	i	o	o	-	o	o	a	o	
St. Paul	i	(1)	i	o	o	-	o	o	a	o	
Sand Point	i	o	o	r	o	-	o	a	o	o	
Squaw Harbor	o	o	i	o	o	-	o	o	o	o	
Unalaska	i	i	i	o	o	-	o	a	a	o	
Unga	o	o	o	o	o	-	o	o	o	o	
<u>Arctic Slope</u>											
Anaktuvuk Pass	i	o	o	o	o	-	o	o	r	o	
Atkasook	o	o	o	o	o	-	o	o	o	o	
Barrow	i	r	i	i	o	-	o	r	o	o	
Kaktovik	o	o	o	o	o	-	o	o	o	o	
Nooiksut	o	o	o	i	o	-	o	o	o	o	
Point Hope	i	o	o	o	o	-	o	o	o	o	
Point Lay	i	o	o	o	o	-	o	o	o	o	
Wainwright	i	i	o	o	o	-	o	i	o	o	

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Village	AK Div Econ Enpris	AK Div Agri	Agri Expt Sta	Coop Ext Ser	Agri Res Ser	A.S.C. - USDA	Forest Service	Farm Home Admin	Soil Con Service	Stat Report Ser	Comm Colleges
<u>Bering Sea</u>											
Gambell	i	o	o	o	o	-	o	o	o	o	
Savoonga	i	o	o	i	o	-	o	i	o	o	
<u>Bering Strait</u>											
Ambler	o	o	o	o	o	-	i	o	o	o	
Brevig Mission	i	i	o	o	o	-	o	o	o	o	
Buckland	i	i	o	o	o	-	o	o	a	o	
Candle	o	o	o	o	o	-	o	o	a	o	
Deering	i	i	o	o	o	-	o	o	a	o	
Elim	o	o	o	o	o	-	i	i	a	o	
Golovin	o	i	o	o	o	-	o	i	a	o	
Inalik	o	o	o	o	o	-	o	o	a	o	
Kiana	i	o	o	a	o	-	i	o	a	o	
Kivalina	o	o	o	o	o	-	o	o	a	o	
Kobuk	i	o	i	o	o	-	i	o	a	o	
Kotzebue	o	r	i	a	o	-	o	i	a	o	
Koyuk	i	o	o	o	o	-	i	o	o	o	
Mary's Igloo	o	o	o	o	o	-	o	o	o	o	
Noatak	o	o	o	o	o	-	i	o	o	o	
Rome	o	r	i	r	o	-	o	r	a	o	
Noorvik	o	o	o	o	o	-	i	o	o	o	
Northeast Cape	o	o	o	o	o	-	o	o	o	o	
St. Michael	i	o	o	i	o	-	o	o	o	o	
Selawik	o	o	o	i	o	-	o	o	o	o	
Shaktolik	i	i	o	o	o	-	o	i	o	o	
Shishmaref	i	i	o	i	o	-	o	o	o	o	
Shungnak	o	o	o	i	o	-	o	o	o	o	
Stebbins	o	(1)	o	i	o	-	o	o	o	o	
Teller	o	(1)	o	i	o	-	o	i	o	o	
Unalakleet	o	r	i	i	o	-	i	i	o	o	
Wales	o	o	o	i	o	-	o	o	o	o	
White Mountain	i	o	o	o	o	-	i	o	o	o	
<u>Bristol Bay</u>											
Aleknagik	m	o	o	o	o	-	i	o	o	o	
Clark's Point	m	o	o	o	o	-	o	o	o	o	
Igeqik	m	o	o	o	o	-	o	o	o	o	

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Village	AK Div Econ Enpris	AK Div Agri	Agri Expt Sta	Coop Ext Ser	Agri Res Ser	A.S.C. - USDA	Forest Service	Farm Home Admin	Soil Con Service	Stat Report Ser	Comm Colleges
Ekuk	m	o	o	o	o	-	o	o	o	o	
Ekwok	m	o	o	i	o	-	i	o	o	o	
Igiuig	m	o	i	o	o	-	i	o	o	o	
Koklanok	m	o	o	o	o	-	i	o	o	o	
Koiganek	m	o	o	o	o	-	i	i	o	o	
Levelock	m	o	o	o	o	-	i	o	o	o	
Manokotak	m	o	o	i	o	-	o	o	o	o	
Naknek	m	o	o	o	o	-	o	o	a	o	
New Stuyahok	m	o	o	i	o	-	i	i	o	o	
Pilot Point	m	o	o	i	o	-	o	o	o	o	
Portage Creek	m	o	o	o	o	-	i	o	o	o	
Savonoski	-	-	-	-	-	-	-	-	-	-	
South Naknek	m	o	o	o	o	-	o	o	o	o	
Togiak	m	o	o	i	o	-	o	i	o	o	
Twin Hills	m	o	o	o	o	-	o	o	o	o	
Ugashik	m	o	o	i	o	-	o	o	o	o	
Dillingham	o	r	i	i	o	-	i	i	a	o	
<u>Cook Inlet</u>											
Eklutna	o	o	o	r	o	-	i	o	b	o	
English Bay	i	o	o	o	o	-	i	i	b	o	
Nianna	m	o	o	o	o	-	i	o	b	o	
Rewhalen	m	o	o	o	o	-	i	o	b	o	
Winiichik	a	r	i	r	o	-	i	m	b	o	
Wondalton	m	o	o	i	o	-	i	o	b	o	
Pedro Bay	m	o	o	o	o	-	i	o	b	o	
Port Graham	i	o	o	i	o	-	i	i	b	o	
Salamatof	o	o	o	o	o	-	i	m	b	o	
Seldovia	o	(1)	a	r	o	-	i	m	b	o	
Tyonek	i	o	o	i	o	-	i	o	b	o	
<u>Copper River</u>											
Chistochina	o	r	i	r	o	-	i	o	b	o	
Chilina	o	r	i	r	o	-	i	o	b	o	
Gakona	i	r	i	r	o	-	i	o	b	o	
Gulkana	i	r	i	r	o	-	i	o	b	o	
Hentasta Lake	o	o	i	r	o	-	i	o	b	o	
Slana	o	r	o	r	o	-	i	o	b	o	
Tazlina	o	r	i	r	o	-	i	o	b	o	
Copper Center	i	r	i	r	o	-	i	i	b	o	

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Village	AK Div Econ Enpris	AK Div Agri	Agri Expt Sta	Coop Ext Ser	Agri Res Ser	A.S.C. - USDA	Forest Service	Farm Home Admin	Soil Con Service	Stat Report Ser	Comm Colleges
Kodiak Island											
Akhiok	i	o	o	i	o	r	o	o	b	o	
Chignik	m	o	o	i	o	-	o	o	b	o	
Chignik Lagoon	m	o	o	i	o	-	o	o	b	o	
Chignik Lake	m	o	o	i	o	-	o	o	b	o	
Kaguyak	o	o	o	i	o	-	o	o	b	o	
Karluk	i	o	i	i	o	-	o	o	b	o	
Larsen Bay	i	(1)	o	i	o	-	o	o	b	o	
Old Harbor	i	i	o	i	o	-	o	o	b	o	
Ouzinkie	i	o	o	i	o	-	i	o	b	o	
Perryville	m	o	o	i	o	-	o	o	b	o	
Port Lions	o	(1)	o	i	o	-	i	o	b	o	
Uyak	o	o	o	i	o	-	o	o	b	o	
Koyukuk-Lower Yukon											
Alatna	i	o	o	o	o	-	i	o	o	o	
Allakaket	i	o	o	o	o	-	i	o	o	o	
Anvik	i	o	i	o	o	-	i	o	o	o	
Galena	o	o	i	o	o	-	i	o	o	o	
Holy Cross	i	o	i	o	o	-	i	o	o	o	
Hughes	i	o	i	o	o	-	i	o	o	o	
Huslia	i	o	o	o	o	-	i	o	a	o	
Kallag	i	o	i	o	o	-	i	o	a*	o	
Koyukuk	i	o	o	o	o	-	i	o	o	o	
Makok	o	o	o	o	o	-	i	o	o	o	
Nulato	o	o	o	o	o	-	i	o	o	o	
Paradise	o	o	o	o	o	-	i	o	o	o	
Ruby	i	o	i	o	o	-	i	o	o	o	
Shageluk	i	o	o	i	o	-	i	o	o	o	
Tanana	i	(1)	m	o	o	-	i	o	o	o	
Grayling	i	o	o	o	o	-	i	o	o	o	
Southeast											
Angoon	o	o	i	i	o	-	i	a	o	o	
Craig	o	i	o	i	o	-	r	r	o	o	
Hoonah	o	i	i	i	o	-	i	r	o	o	
Hydaburg	o	o	o	i	o	-	i	r	o	o	
Kake	o	o	i	i	o	-	r	a	o	o	
Kasaan	i	o	o	o	o	-	i	o	o	o	
Klawock	o	o	o	i	o	-	i	a	o	o	
Klukwan	i	o	o	i	o	-	i	o	o	o	

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Village	AK Div Econ Enpris	AK Div Agri	Agri Expt Sta	Coop Ext Ser	Agri Res Ser	A.S.C. - USDA	Forest Service	Farm Home Admin	Soil Con Service	Stat Report Ser	Comm Colleges
Saxman	i	o	o	o	o	r	i	m	o	o	
Yakutat	o	(1)	i	i	o	r	r	a	o	o	
Southwest Coastal Lowland											
Akiachak	i	o	o	o	o	-	o	o	o	o	
Akiak	i	o	o	o	o	-	i	o	o	o	
Alakanuk	i	o	o	o	o	-	o	o	o	o	
Andreafsey	i	o	o	o	o	-	i	o	o	o	
Aniak	i	o	i	o	o	-	i	o	a*	o	
Atmautluak	i	o	o	o	o	-	o	o	o	o	
Bethel	o	r	a	r	o	-	o	o	a*	o	
Bill Moore's	o	o	o	o	o	-	o	o	o	o	
Chanilut	o	o	o	o	o	-	o	o	o	o	
Cherfornak	i	o	o	o	o	-	o	o	o	o	
Chevak	o	o	o	o	o	-	o	o	o	o	
Chukvuktoligamute	o	o	o	i	o	-	o	o	o	o	
Eek	i	o	o	i	o	-	o	o	o	o	
Emmonak	o	(1)	i	i	o	-	o	o	o	o	
Goodnews Bay	i	o	o	i	o	-	o	o	o	o	
Hamilton	o	o	o	i	o	-	o	o	o	o	
Hooper Bay	i	(1)	o	i	o	-	o	o	o	o	
Kalskag	i	o	o	i	o	-	i	o	o	o	
Kasigluk	i	o	o	i	o	-	o	o	o	o	
Kipnuk	i	o	o	i	o	-	o	o	o	o	
Kongiganak	i	o	o	i	o	-	o	o	o	o	
Kotlik	i	o	o	i	o	-	o	o	o	o	
Kwethluk	i	o	o	i	o	-	i	o	o	o	
Kwigillingok	i	o	o	i	o	-	o	o	o	o	
Lower Kalskag	i	o	o	i	o	-	i	o	o	o	
Marshall	i	o	o	i	o	-	i	o	o	o	
Mekoryuk	i	a	o	i	o	-	o	o	o	o	
Mountain Village	i	o	o	i	o	-	o	o	o	o	
Napakiak	o	o	o	i	o	-	o	o	o	o	
Napaskiak	o	o	o	i	o	-	o	o	o	o	
Newtok	o	o	o	i	o	-	o	o	o	o	
Rightmute	o	o	o	i	o	-	o	o	o	o	
Iluapitchuk	o	o	o	i	o	-	o	o	o	o	
Ohogamiut	o	o	o	i	o	-	i	o	o	o	
Oscarville	i	o	o	i	o	-	o	o	o	o	
Pilot Station	i	o	o	i	o	-	i	o	o	o	
Pitkas Point	i	o	o	i	o	-	i	o	o	o	

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Village	AK Div Econ Enpris	AK Div Agri	Agri Expt Sta	Coop Ext Ser	Agri Res Ser	A.S.C. - USDA	Forest Service	Farm Home Admin	Soil Con Service	Stat Report Ser	Comm Colleges
Platinum	i	o	o	i	o	-	o	o	o	o	
Quinhagak	i	o	o	i	o	-	o	o	o	o	
Russian Mission	i	o	o	i	o	-	i	o	o	o	
St. Mary's	o	(1)	i	i	o	-	i	i	o	o	
Scammon Bay	o	o	o	i	o	-	o	o	o	o	
Sheldon's Point	o	o	o	i	o	-	o	o	o	o	
Tooksook Bay	o	o	o	i	o	-	o	o	o	o	
Tulusak	i	o	o	o	o	-	i	o	o	o	
Tuntutuliak	i	o	o	o	o	-	o	o	o	o	
Tununak	o	o	o	o	o	-	o	o	o	o	
<u>Tanana Region</u>											
Cantwell	o	r	o	m	o	-	i	o	b	o	
Dot Lake	o	r	o	m	o	-	i	o	b	o	
Manley Hot Springs	o	r	i	m	o	-	i	o	b	o	
Minto	o	o	o	m	o	-	i	o	b	o	
Nabesna Village	i	r	o	m	o	-	i	o	b	o	
Nenana	o	r	i	m	o	-	i	i	b	o	
Northway	i	r	i	m	o	-	i	o	b	o	
Tanacross	o	r	o	m	o	-	i	o	b	o	
Tetlin	i	a	i	m	o	-	i	o	b	o	
<u>Upper Kuskokwim</u>											
Crooked Creek	o	o	o	m	o	-	i	o	o	o	
Georgetown	o	o	o	m	o	-	i	o	o	o	
Lime Village	o	o	o	m	o	-	i	o	o	o	
McGrath	i	r	i	m	o	-	i	o	a*	o	
Medfra	i	o	o	m	o	-	i	o	a*	o	
Hinchumina	o	o	i	m	o	-	i	o	o	o	
Napa imute	o	o	o	m	o	-	i	o	o	o	
Hikolai	o	o	o	m	o	-	i	o	o	o	
Red Devil	o	o	i	m	o	-	i	o	a*	o	
Russian Mission	i	o	o	m	o	-	i	o	a*	o	
Sleetmute	i	o	i	m	o	-	i	i	o	o	
Stony River	i	o	o	m	o	-	i	o	o	o	
Takolna	o	o	o	m	o	-	o	o	o	o	
Telida	o	o	o	m	o	-	o	o	o	o	

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Service Locations and Frequency

Village	AK Div Econ Enpris	AK Div Agri	Agri Expt Sta	Coop Ext Ser	Agri Res Ser	A.S.C. - Ser USDA	Forest Service	Farm Home Admin	Soil Con Service	Stat Report Ser	Comm Colleges
Upper Yukon - Porcupine											
Arctic Village	i	o	i	r	o	-	i	o	o	o	
Beaver	i	o	i	r	o	-	i	o	o	o	
Birch Creek	o	o	o	r	o	-	i	o	o	o	
Canyon Village	o	o	o	r	o	-	i	o	o	o	
Chalkyitsik	i	o	i	r	o	-	i	o	o	o	
Circle	o	a	i	r	o	-	i	o	a*	o	
Eagle	i	a	i	r	o	-	i	o	o	o	
Fort Yukon	o	r	i	r	o	-	i	o	o	o	
Rampart	o	o	i	r	o	-	i	o	o	o	
Stevens Village	i	o	i	r	o	-	i	o	o	o	
Venetie	i	o	i	r	o	-	i	o	o	o	

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APPENDIX 5. Agricultural Statutes and Bills

The following list of statutes and bills are to be considered illustrative rather than exhaustive. (relating to agriculture)

1975

- Chapter No. 18 Section 1. AS 03.030 (a) An Act concerning limitations (increasing) on agricultural loans.
- Chapter No. 146 Section 1. AS 29.48.260 An Act relating to sale or other disposition of agricultural lands by an organized borough.
- Chapter No. 176 Making a special appropriation to the Department of Natural Resources, cold weather botanist positions.

1976

- CSSB 14 Classification of agricultural lands. Chapter No. 261
- CSHB 654 Administration of state lands. Chapter No. 257
- CSHB 438 Leasing of state lands. Chapter No. 36
- CSHB 411 Sale, lease, agricultural lands. Chapter No. 71
- SCR 77 Create agricultural policy taskforce.
- SB 529 Taxes, exemptions (agriculture). Chapter No. 229
- CSHB 725 Taxes, exemptions from municipal. Chapter No. 262

1977

- HB 4 Relating to the Alaska Permanent Fund
- HB 26 Establishes Surplus Heat Loan Fund (CS)*
(Swanson)** To Finance Committee
- HB 40 Creating a division of forestry within the Department of Natural Resources.
- HB 47 Alaska Railroad Utility Corridor
(10 Representatives) To Rules Committee
- HB 51 Veterans' Loans - raise loan limits
(13 Representatives) Reported out of Commerce to Finance Committee
- HB 90 Estray Law - for livestock
(12 Representatives) To Judiciary Committee
- HB 155 Surplus Heat Use at Ft. Wainwright by Ag. Experiment Station \$102,000
(Cowper) To Finance Committee
- HB 156 Acquisition of Development Rights on Ag. Land
(Cowper) To Resources Committee
- HB 157 Waste Heat Utilization Facility
(Cowper & Swanson) To Finance & Resources Committee
- HB 158 Waste Heat Utilization for Grain & Forage Drying at Pump Station 9;
\$100,000.
(Cowper) Finance Committee
- HB 159 Dept. of Renewable Resources (Agric., Timber, Parks)
(Resources) To Finance Committee

- HB 202 Assessment of Developed Land in Unorganized Borough
(Parr) To Community & Regional Affairs & Finance Committee
- HB 225 Talkeetna Mountains State Grazing Reserve
(Ose) To Resources & Finance Committee
- HB 245 Hanley Hot Springs Plant Materials Center, \$275,000
(Cowper & Swanson) To Finance Committee
- HB 233 Small Business Loans - raise limits to \$150,000
(8 Representatives) To Commerce & Finance Committee
- HB 300 Alaska Permanent Fund - States purpose of fund
(Special Committee) To Special Committee & Finance Committee
- HLJR 10 Asks BLM to open homesteading in Alaska (CS)
To Rules Committee
- SB 4 Veterans' Loans - raises limits (CS)
(Croft & Huber) To Rules Committee
- SB 13 Waste Heat Utilization at Ft. Wainwright, \$102,000 for U of A Agriculture
Experiment Station (Same as HB 155)
(Kerttula) To Resources & Finance Committee
- SB 16 Hanley Hot Springs Plant Materials Center
(Kerttula) To Resources & Finance Committee
- SB 18 Requires Licensing of Commercial Pesticide Applicators
(Kerttula & Tillian) Passed Senate
- SB 35 Provided for Tax on Developed Land in Unorganized Borough
(Orsini) Community & Regional Affairs & Finance Committee
- SB 56 Hatcher Pass State Recreation Area
(Administration) To Commerce & Resources Committee
- SB 59 Forest Resources & Practices
(Administration) To Resources & Finance Committee
- SB 66 Acquisition of Development Rights on Ag. Land
(Kerttula & Tillian) To Resources & Finance Committee
- SB 72 Waste Heat Utilization on Pipelines
(Kerttula & Meland) To Resources Committee
- SB 82 Creating a Department of Renewable Resources (Kerttula, Meland & Huber)
To Resources & Finance Committee.
- SB 87 Waste Heat Utilization for Agriculture, \$100,000
(Kerttula, Meland & Huber) To Resources Committee
- SB 159 State Land Leasing System
(Poland, Croft & Huber) To Resources & Finance Committee
- SB 165 Herbicides: Disallows use of 2, 4, - D & 2, 4, 5 - T in Alaska
(Croft & Ray) To Resources Committee
- SB 194 Unemployment Insurance - allows self-employed persons to participate
(Bradley) To Commerce, Labor & Management Committee
- SCR 12 Annuls requirement for Income Tax Form on Ag. Land Tax Exemption
(Rules Committee) To Community & Regional Affairs Committee

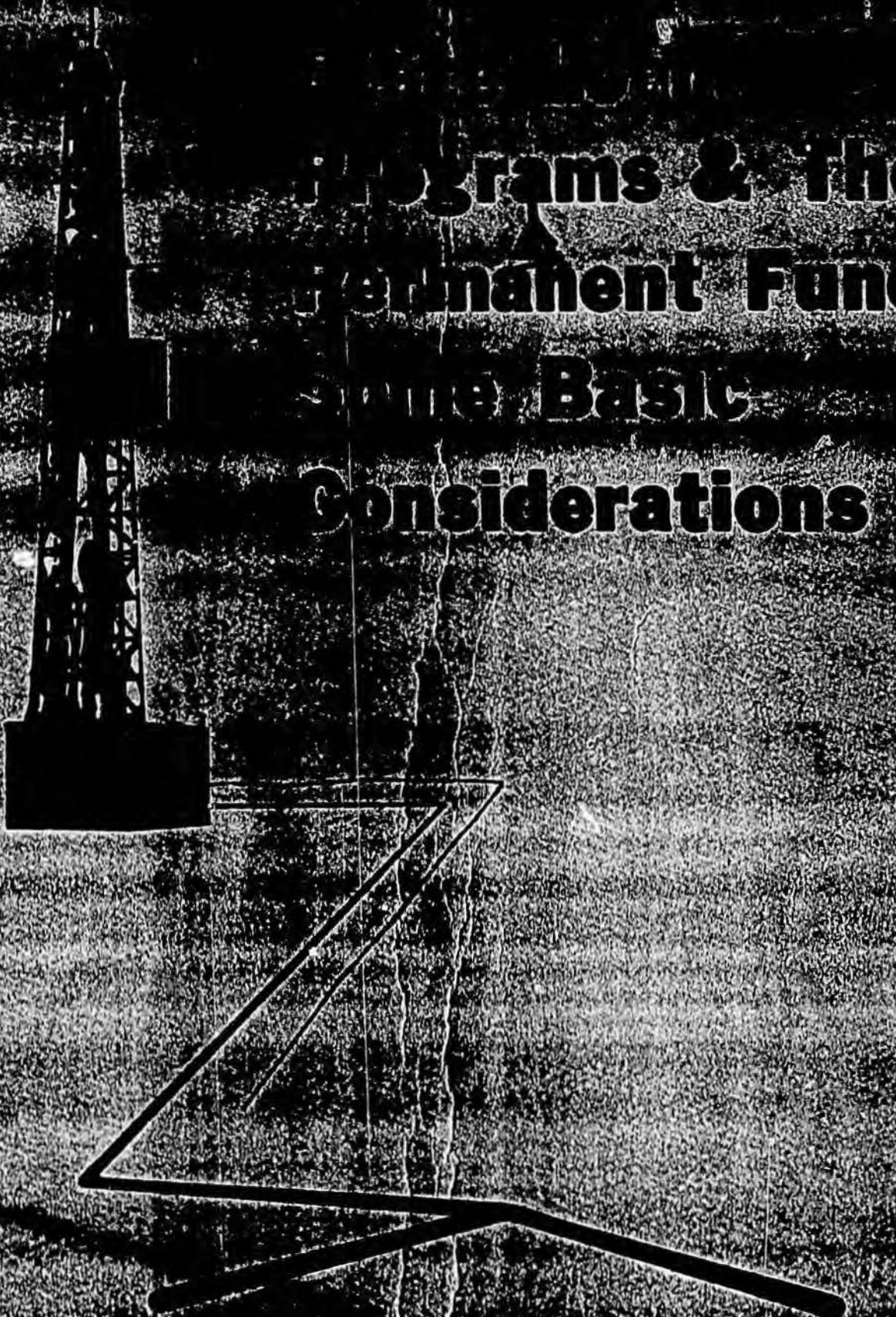
* (CS) means Committee Substitute

** (Swanson) original sponsor of bill

SCOMM

#9:59

Programs & The Permanent Fund: Some Basic Considerations



PERMANENT
FUND



GENERAL FUND
GOVERNMENT SERVICES



STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D - JUNEAU 99811

JAY S. HAMMOND, GOVERNOR

December 16, 1976

Mr. Robert McFarland
Chairman of the State
Investment Advisory Committee

Dear Bob:

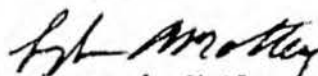
At the request of the committee I have attached a report on some of the State loan programs. The request was timely for two reasons: First, we were in the final stages of doing some in-house analysis of the programs, that for the first time attempted to establish some more comprehensive comparative measurement criteria; and secondly, as a member of the committee, I have been doing a considerable amount of thinking regarding how to translate the basic constitutional requirements into performance standards for the Permanent Fund.

While all agree that "duplication" efforts should be avoided, I am not convinced that this fact alone automatically qualifies any loan program as a Permanent Fund "vehicle." I believe that further examination of statutory purpose and actual performance - on an individual basis - should be undertaken before those determinations are made.

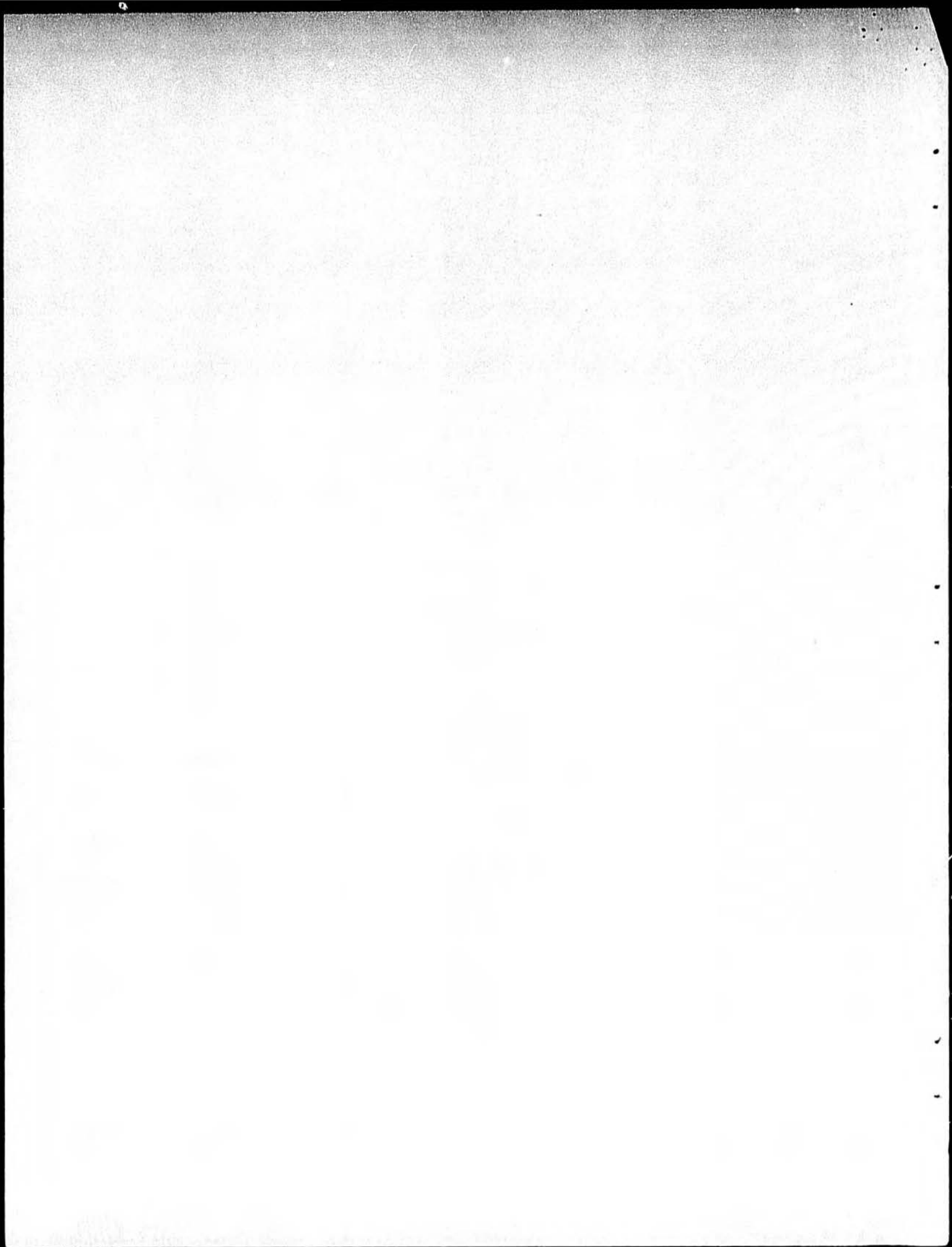
Paramount in importance to the committee (I believe) is an agreement on the definition of "Permanent Fund" and "Income Producing," as they appear in the constitution. Once having defined these two, translating the definitions and associated performance standards into law are necessary. The second part of the report addresses this matter and hopefully offers some food for thought.


If I can be of any further assistance in this matter, please do not hesitate to contact me.

Sincerely,



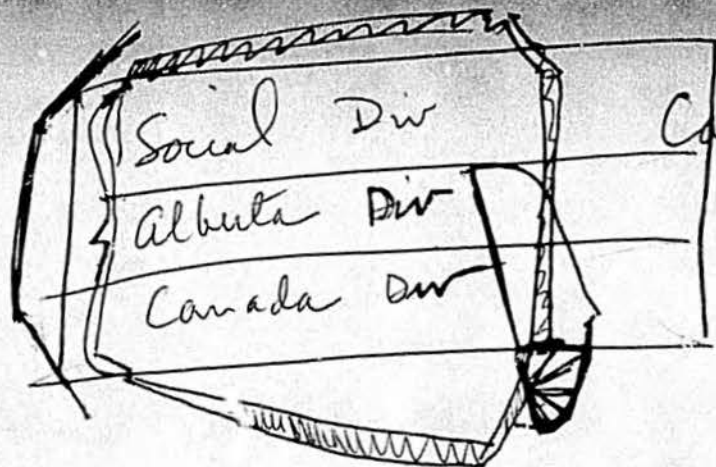
Langhorne A. Motley
Commissioner





STATE LOAN PROGRAMS
and
THE PERMANENT FUND:
SOME BASIC CONSIDERATIONS

A special presentation by Langhorne A. Motley, Commissioner, Alaska
Department of Commerce and Economic Development, to the State Investment
Advisory Committee, December 16, 1976.



Capital Project
Division




State Loan Programs



The purpose of this portion of the report is informational regarding some of the loan programs of the State within the context of current deliberations on the Permanent Fund. It will list all the programs, but in the interest of brevity only analyze a few representative ones within the purview of the Department of Commerce and Economic Development. The purposes of the loan programs will be discussed, and an attempt will be made to measure their performance.

Scope of Activities: There are 13 loan programs within the State government. Ten of these fall within the general purview of the Department of Commerce and Economic Development.

<u>Commerce and Economic Dev.</u>	<u>Natural Resources</u>	<u>Community and Regional Affairs</u>	<u>Education</u>
Veterans' Commerical Fishing Small Business Water Resources** Child Care** Fisheries Enhancement** ASDC* SBDC* AHFC* * Limited line authority ** FY '77 legislation or initial appropriation	Agricultural	Senior Citizen Housing* 	Student Aid

Purposes: The purpose of each loan program varies with the specific applicable statute. With a possible exception of the Veterans' program, most loan programs were conceived to fill void in the private money market, where the private financial structure of the State would not, or could not, meet the needs of the people. Most of the programs were directed to the enhancement of small entrepreneurs and/or expansion of certain developmental industries or business. A couple of them had the enhancement of social benefits as their goal. Generally, the interest rate charged was lower than that rate charged by banks, and loans were usually considered to be of a "higher risk" nature than that normally undertaken by private banks.

There is a certain vagueness in the purpose and function of the specific programs. Some allow for departmental discretion on interest rates, terms, etc. None set specific performance standards or goals. This is not stated as criticism, because a certain latitude should be allowed to the managers to point the program in the proper direction without undue statutory constraints. Nevertheless, there is an overall vagueness, especially as to the goals.

There has been a recent attempt by the Department of Commerce and Economic Development to quantify the performance of the various loan programs as to their "yield" to the State treasury. Recognize that "maximizing yield" does not appear to be the primary purpose of any of the loan programs. However, both the Commissioner of Commerce and Economic Development and the Commissioner of Revenue feel that the loan programs should insure a yield commensurate with efficient loan administration and the purpose of the program. The following then, is a recent attempt at determining precisely what the yield is today.

For purposes of comparative analysis, we have chosen three basic loan programs. First was "business loans" which are administered by the Division of Business Loans and is an aggregate of three programs: the Commercial Fishing Revolving Loan Fund, the Tourism Revolving Loan Fund, and the Small Business Revolving Loan Fund. The second program chosen was the "Veterans'." This includes all single family, and multiple family dwellings, personal, and business loans made to Alaskan veterans under the Veterans' Program. The third program shown is that of the Alaska Housing Finance Corporation (AHFC). AHFC is a "secondary" lender that buys Alaskan mortgages from banks and receives its capitalization from independently offered bonds. On this latter point, it is distinctly different from the other loan programs, which receive their capitalization from the general fund in accordance with their applicable statutes. AHFC is also run by a board of five directors, four being appointed by the Governor and the fifth one, required by statute, being the Commissioner of Commerce and Economic Development. Therefore, its direction, while generally being "under" the Department of Commerce and Economic Development and having the Commissioner as the Governor's link, is in fact independent to a certain degree. These three programs were chosen for two reasons: first because they are the largest programs in the State and are fairly representative, and secondly because they are in the purview of the Department of Commerce and Economic Development and the data was more readily at hand. The next two charts (charts 1 and 2) address themselves to the dollar volume of the programs at fiscal year end for the last four years and projections for 1977. Note that there is no projection for Alaska Housing Finance Corporation for FY '77. Assuming that AHFC will stay at least equal to the FY '76 level (a very conservative, if not inaccurate assumption) the total volume of these three programs in FY '77 will well exceed \$350 million. Chart 3 depicts total number of loans in portfolio.

TOTAL DOLLAR VOLUME OF LOAN PORTFOLIO

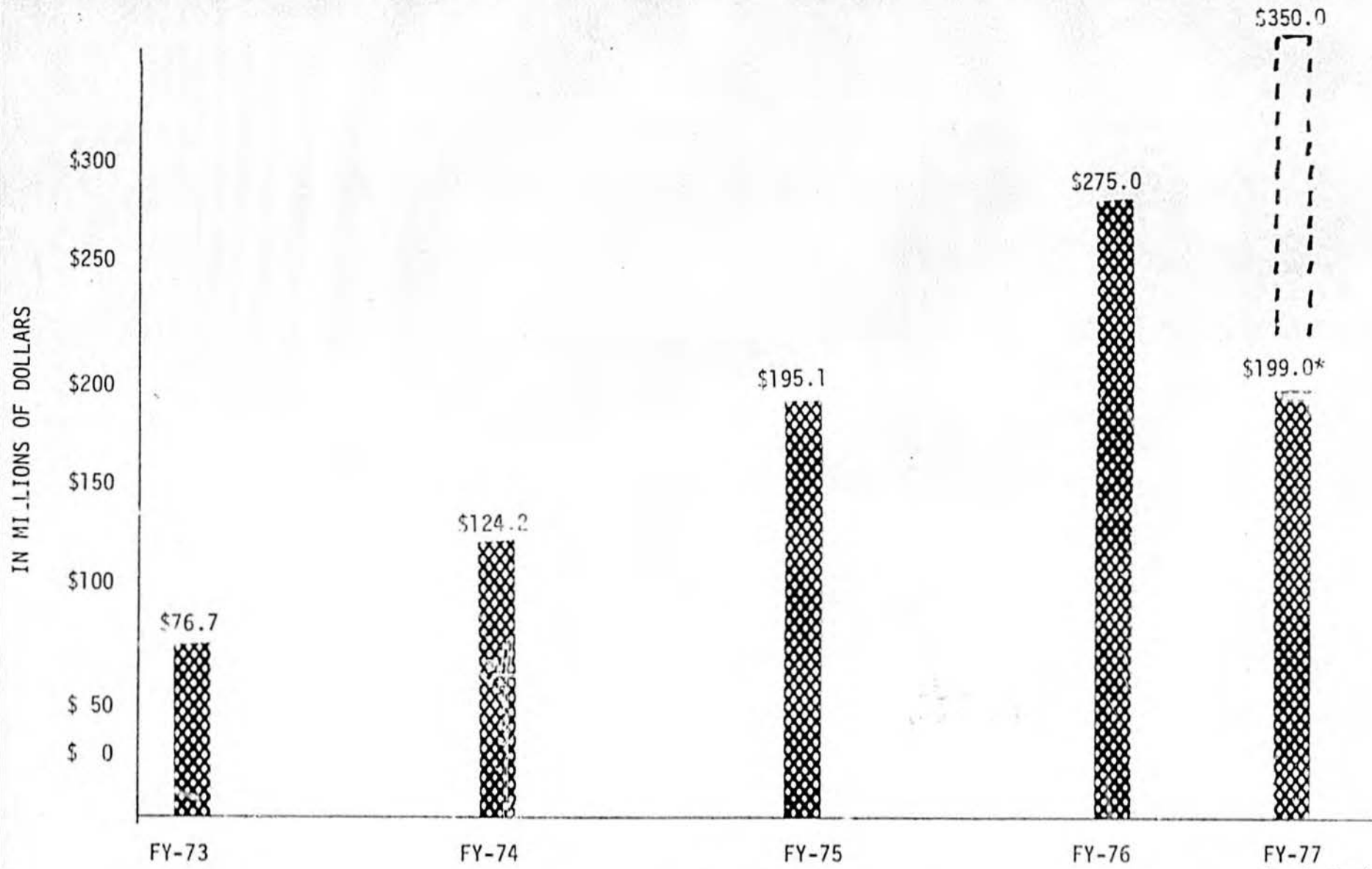


CHART 1

FISCAL YEAR

LEGEND
Business Loans
Veteran Loans
Alaska Housing Finance Corp

* Does not include
Alaska Housing Finance Corporation

TOTAL DOLLAR VOLUME OF LOAN PORTFOLIO

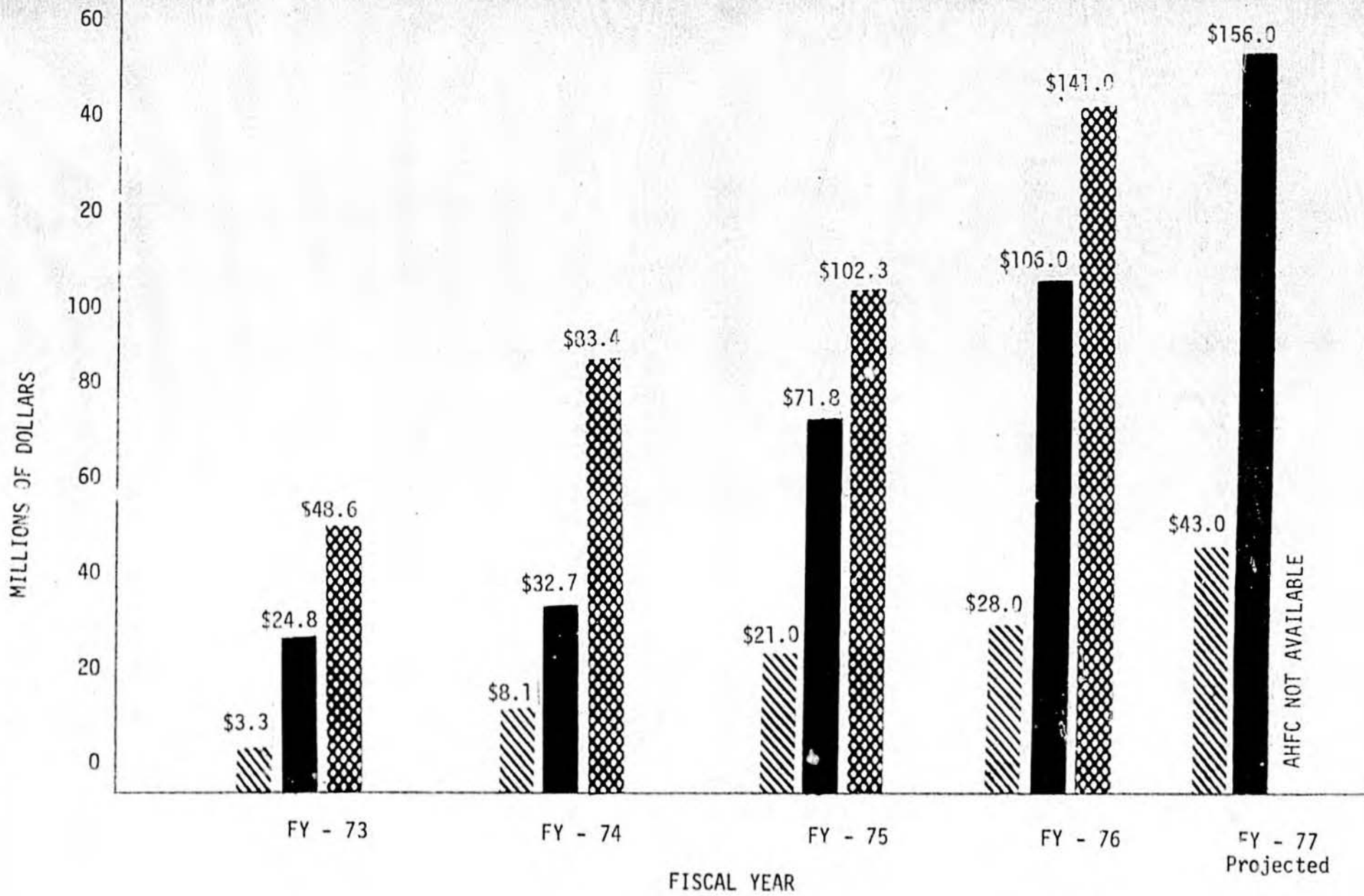
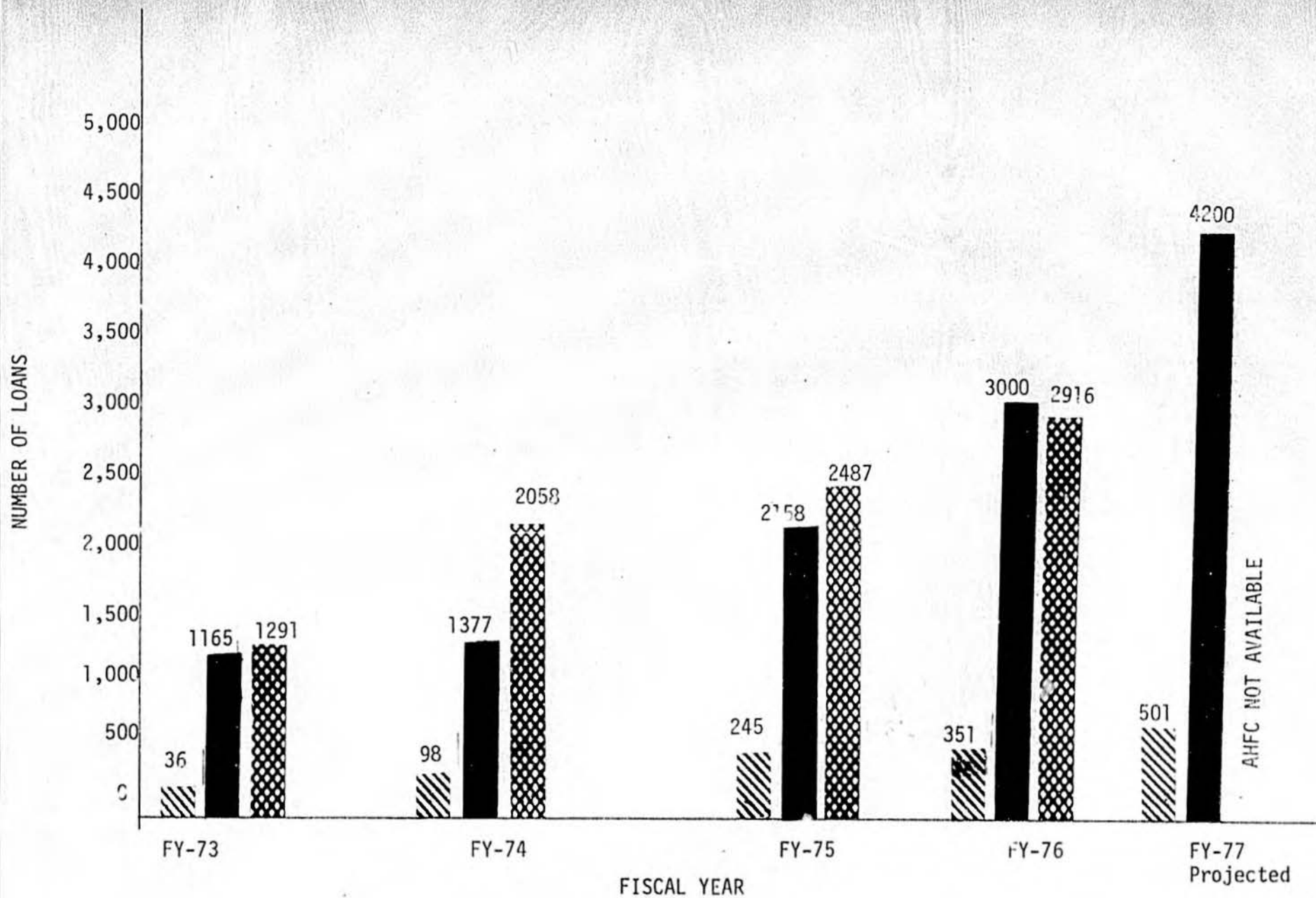


CHART 2

LEGEND
 Business Loans
 Veteran Loans
 Alaska Housing Finance Corp.



TOTAL NUMBER OF LOANS



LEGEND

- Business Loans
- Veteran Loan
- Alaska Housing Finance Corp

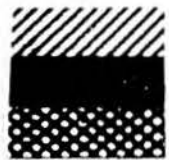


CHART 3

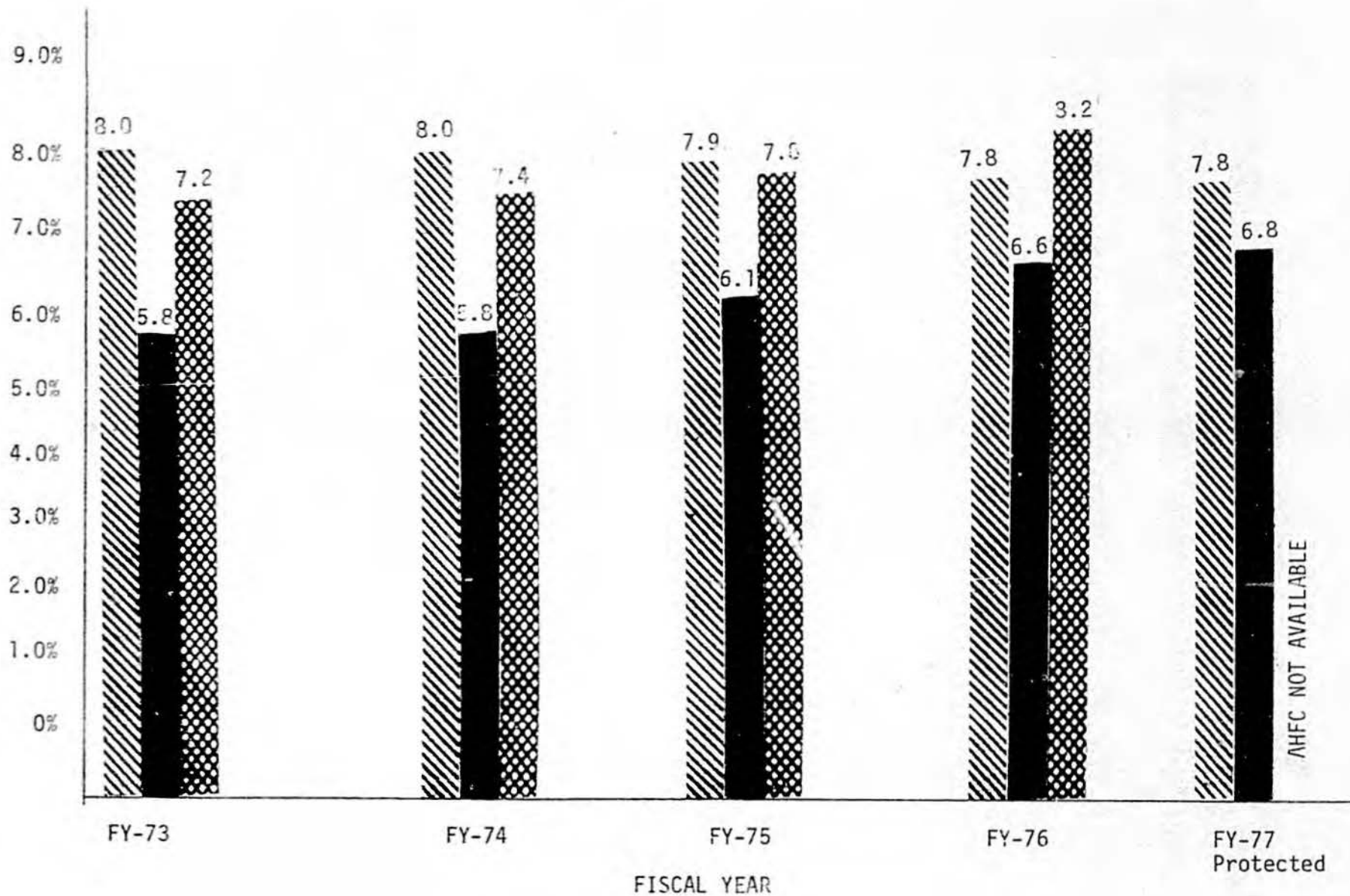
In order to start an analysis of the performance of the funds, it was decided to examine what was the "gross return" to the State on its "investment." It is important to recognize certain points in this comparative analysis:

- A. The three different programs used different accounting methods.
- B. AHFC does not "return" to the State; it "returns" to itself, and it must "buy" its capitalization in the bond market.
- C. The historical record keeping, especially in the earlier periods, did not contemplate an analysis as to yield, so a certain amount of interpolation and computation was necessary.
- D. There are different rates of interest charged for the different programs. For instance, tourism, fishing, and business loans are set by statute at 8%, 7.5% and 8% respectively. Therefore, as the volume of fishing loans goes up in relation to the other programs, the yield comes down. The Veterans' interest rate is set by the Commissioner, and is currently 7.5%. The portfolio does include many early loans at 6% (and still on the books) so this factor coupled with a dramatic decrease in delinquencies has resulted in an increased yield in the past 1.5 years. AHFC's rate "floats" with the "price" of bond money and the prevailing mortgage market money rate. Generally we attempt to keep the rate at 3/4% - 1% below the prevailing private market.

These caveats notwithstanding, the basic formula used in arriving at "gross" yield was basically followed by dividing the income received in any given point in time (year) by the amount of money invested in that point in time. "Income" was defined as all principal and interest payments, loan application fees, service fees, late charges, etc. Therefore the basic formula used in chart 4 was:

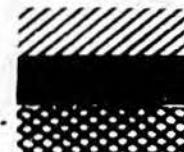
$$\frac{\text{Income}}{\text{Investment}} = \text{Gross Income}$$

GROSS YIELD ON LOAN PROGRAMS



LEGEND

Business Loans
 Veteran Loans
 Alaska Housing Finance Corp.



The comparisons of gross yield are not completely intellectually honest, in that they do not address themselves to the efficiency of the management of the programs. A more thorough analysis must address the expense of operating these programs. In most of these programs the expenses involved are operating expenses, as very little permanent acquisition or "capitalized" items occur. Again there are certain caveats in comparing the various programs:

- A. AHFC does not make "retail" loans; it buys loans already made by private financial institutions. Therefore it does not have the expenses associated with initial loan applications, servicing, etc. These costs are borne by the private market and accounted for in a "servicing fee" they retain prior to selling the loan to AHFC.
- B. There is a certain amount of economies of scale. During the significant gearing up for the business loan programs (FY '74) the ratio of expenses to income was understandably high. Obviously, as the amount of loans and dollar volume of income and investment go up, a more efficient ratio can be established. There are two other governing criteria: first, a cost efficiency trade-off as to "hand posted" accounts vs. computerized billing and servicing will be eventually reached; and secondly, with both of these methods ("hand" and "computerized") there is a plateau of cost per loan that is reached. The increase in the Veterans' expenses in FY '77 over FY '76 is attributed to just that--we are in the process of converting billing and servicing to a computerized system. While in normal accounting practices one would "capitalize" such expenses, we have included it in one year under operating expenses. FY '78 expenses, therefore, will be less than FY '77. (see chart 5)

The relationship of income to expenses and their relationship to investment is addressed in the next two charts. Chart 5 deals only with the expenses involved, and these expenses are normally operating expenses. In the Alaska Housing Finance Corporation chart we did not include the "expense" of bond money. Chart 6 arrives at a "net" yield. For purposes of definition, the income used in previous examples, less all the associated operating expenses to run the program, divided by the investment (as described in previous examples) equals net yield, therefore:

$$\text{Net Yield} = \frac{\text{Income} - \text{Expenses}}{\text{Investment}}$$

LOAN PROGRAMS - OPERATING EXPENSE

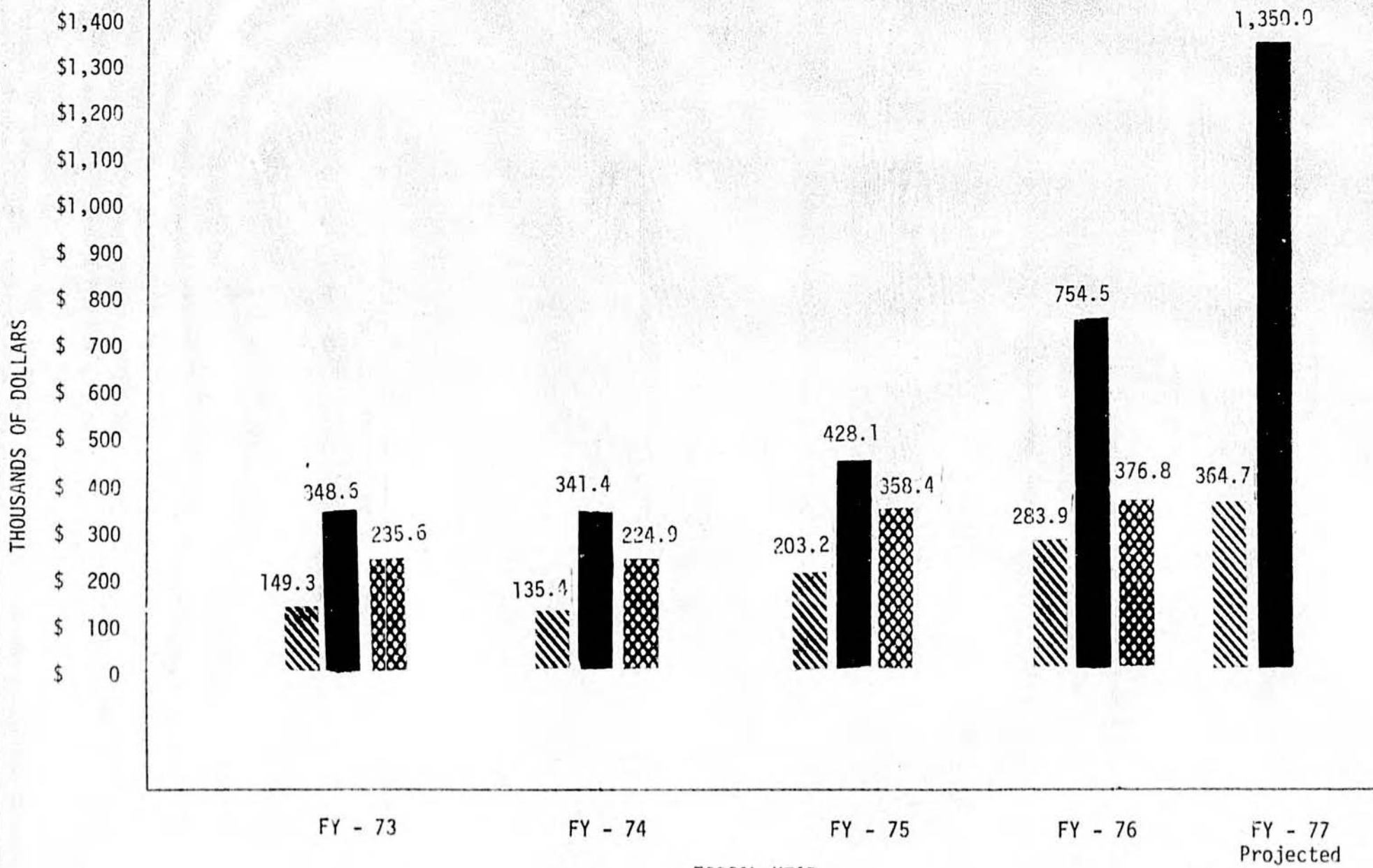
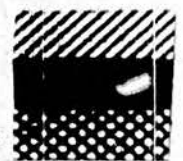
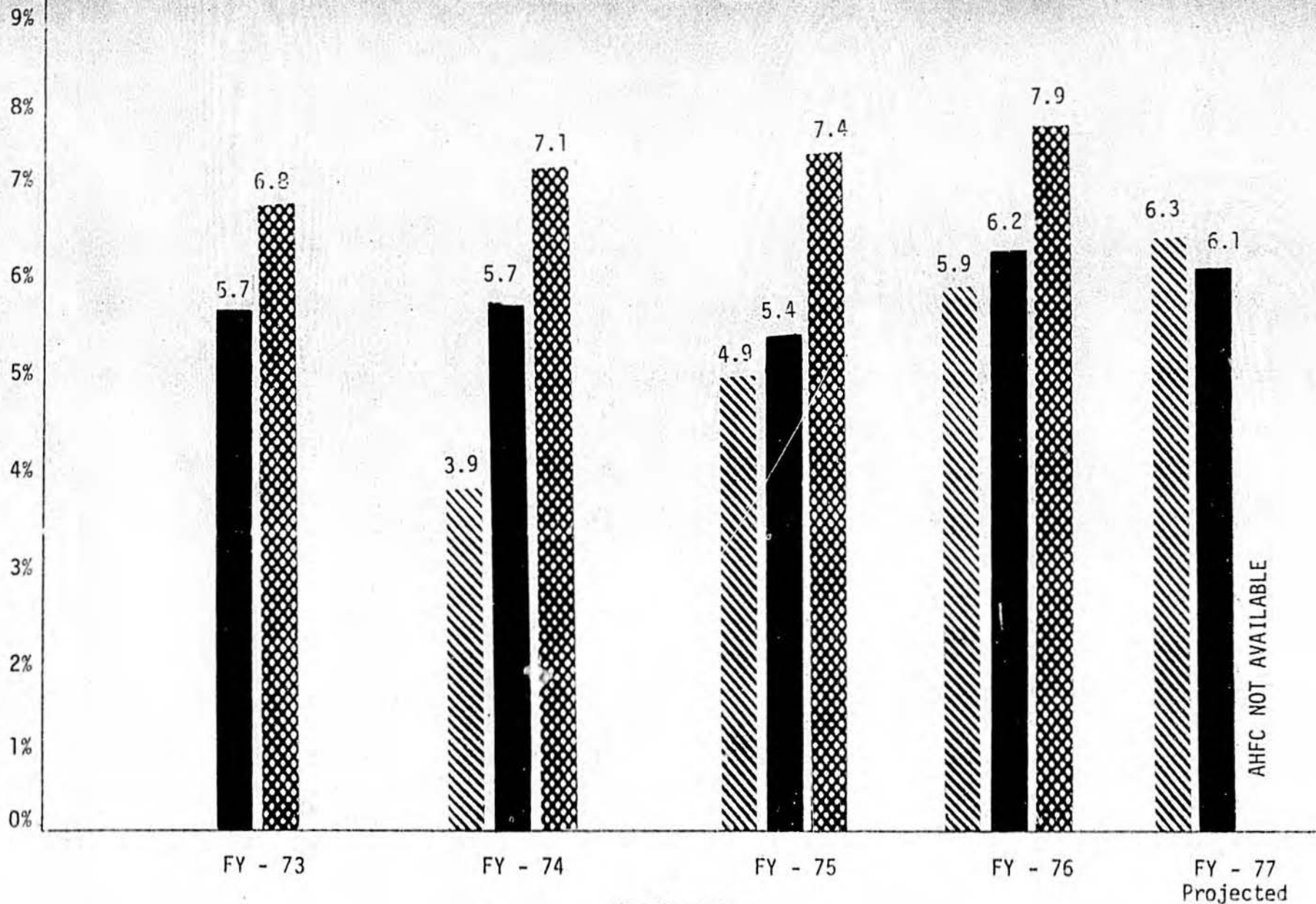


CHART 5

LEGEND
 Business Loans
 Veteran Loans
 Alaska Housing Finance Corp.



LOAN PROGRAMS - NET YIELD



FISCAL YEAR

LEGEND

- Business Loans
- Veteran Loans
- Alaska Housing Finance Corp.



The final chart (7) in this portion addresses itself to the delinquency rate of the programs. Generally speaking, a high delinquency rate is symptomatic of one or more of the following: poor underwriting criteria, poor servicing procedures, and poor loan portfolio evaluations. It is generally reflected in a reduced "earned income" as a result of poor "collected income." This is then translated into lower gross and net yields. For purposes of definition, a loan is delinquent when 31 days or more have transpired without the receipt of an expected periodic payment. A quick look at chart 7 reveals two things: first a significant decrease in the delinquency rate of the Veterans' program in the last two years. While arguably, a small share of this could numerically be accounted for by the overall growth of the portfolio, the major reduction was a result of a targeted effort on the part of the division and management to reduce, what was in December of 1974, an intolerable situation. The second point that comes to mind is that the 1976 level for all these programs is within acceptable limits. Each in its own sphere ("business" or "home loans") is at least competitive, if not superior, to the levels maintained by private institutions in Alaska.

Permanent Fund

The idea and concept of the Permanent Fund received much deliberation and debate prior to its passage by a respectable majority of the people on November 2. What the people voted on and is now embodied in two sentences with 94 words in the Constitution was:

SECTION 15. ALASKA PERMANENT FUND. At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a PERMANENT FUND, the principal of which shall be used only for those INCOME-PRODUCING investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

We have highlighted two phrases in that section for your consideration. This is because, of all the important guidance contained in that section, those two phrases probably have as much importance, if not more than any other, while at the same time being the two phrases with possibly the most relative absence of legal definition or precedents. Because the proper definition of these two phrases, or a least an agreement on their intent, may affect other important deliberations regarding mechanisms, programs to be invested in, etc., we believe the resolution of a definition of these phrases to be paramount. To this end we have attempted to lay out a methodology for definition which should be embodied in law.

"Permanent Fund":

"Permanent" implies the need for protection, because "permanent" means it's going to be with us for a long period of time.

"Fund" implies principal or investment, or the receptacle for the dedicated 25%.

Therefore, protection (permanent) of the principal (fund) is a critical criterion.

"Income Producing":

"Income Producing" means that in addition to the return of the initial investment something more (let's say "x") is contemplated. The magnitude of "x" will be the income produced. This income (x), expressed in the percentage, is usually defined as "yield" or "return."

Therefore:

$$\frac{\text{Income}}{\text{Investment}} = \text{Gross Yield}$$

However, as we stated earlier, gross yield is not completely honest. One should take into account administrative and operating expenses to arrive at a truer yield.

Therefore:

$$\frac{\text{Income} - \text{Expenses}}{\text{Investment}} = \text{Net Yield}$$

Have we provided for the "protection of the fund?"

What about the long-term rate of inflation?

Persons involved in the management of trust funds or similar permanent type funds have long battled to "protect" the principal amount of the fund from erosion or inflation. Charts 8 and 9 show what has happened and what possibly will happen to the producing power of the dollar over a period of time. Chart 8 shows what has happened to the purchasing power of the dollar in the last 30, 20, and 10 years respectively. One dollar in 1945 is worth 30¢ today or has an average long-term rate of inflation of 4.4%. One dollar in 1955 is worth 48¢ today or has an average long-term rate of inflation of 3.7%. One dollar in 1965 is worth 68¢ today, or has an average long-term rate of inflation of 5.6%. Chart 9 shows what the value of a dollar will be over the next 18 years (1977 through 1995) assuming the long-term rate of inflation to be 6%. That shows that a dollar today will be worth 35¢ in 1995.

ACTUAL PURCHASING POWER OF THE DOLLAR

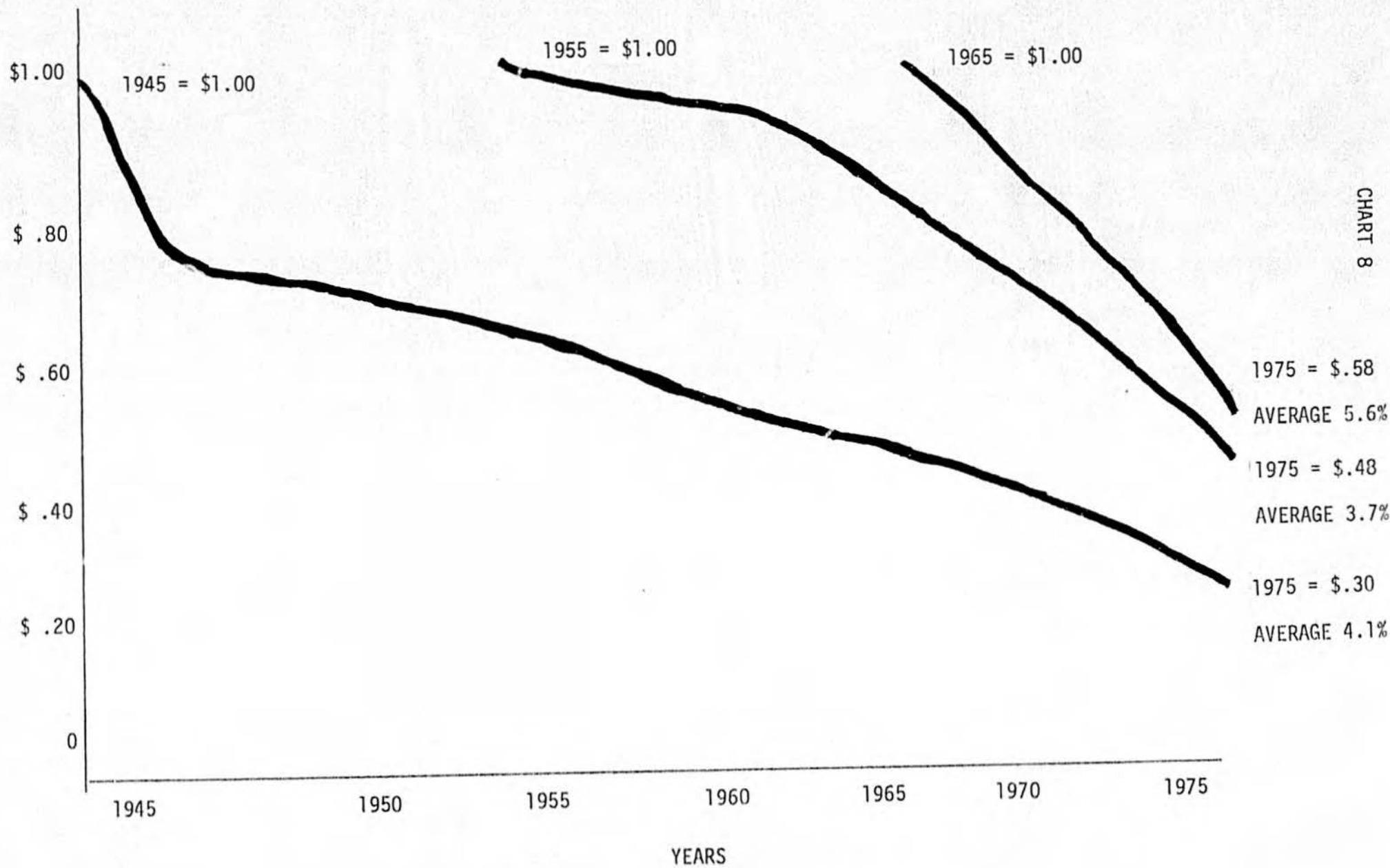
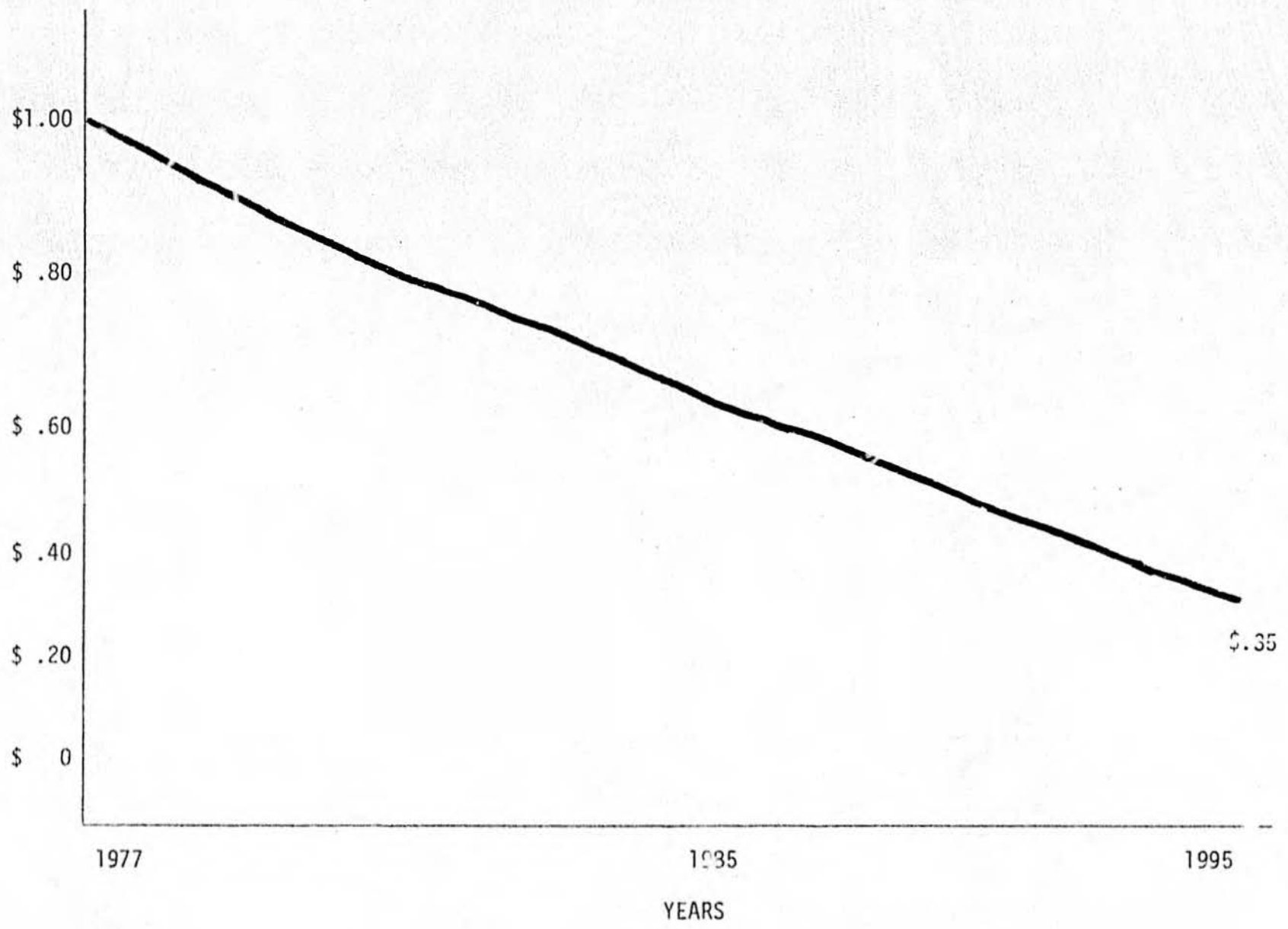


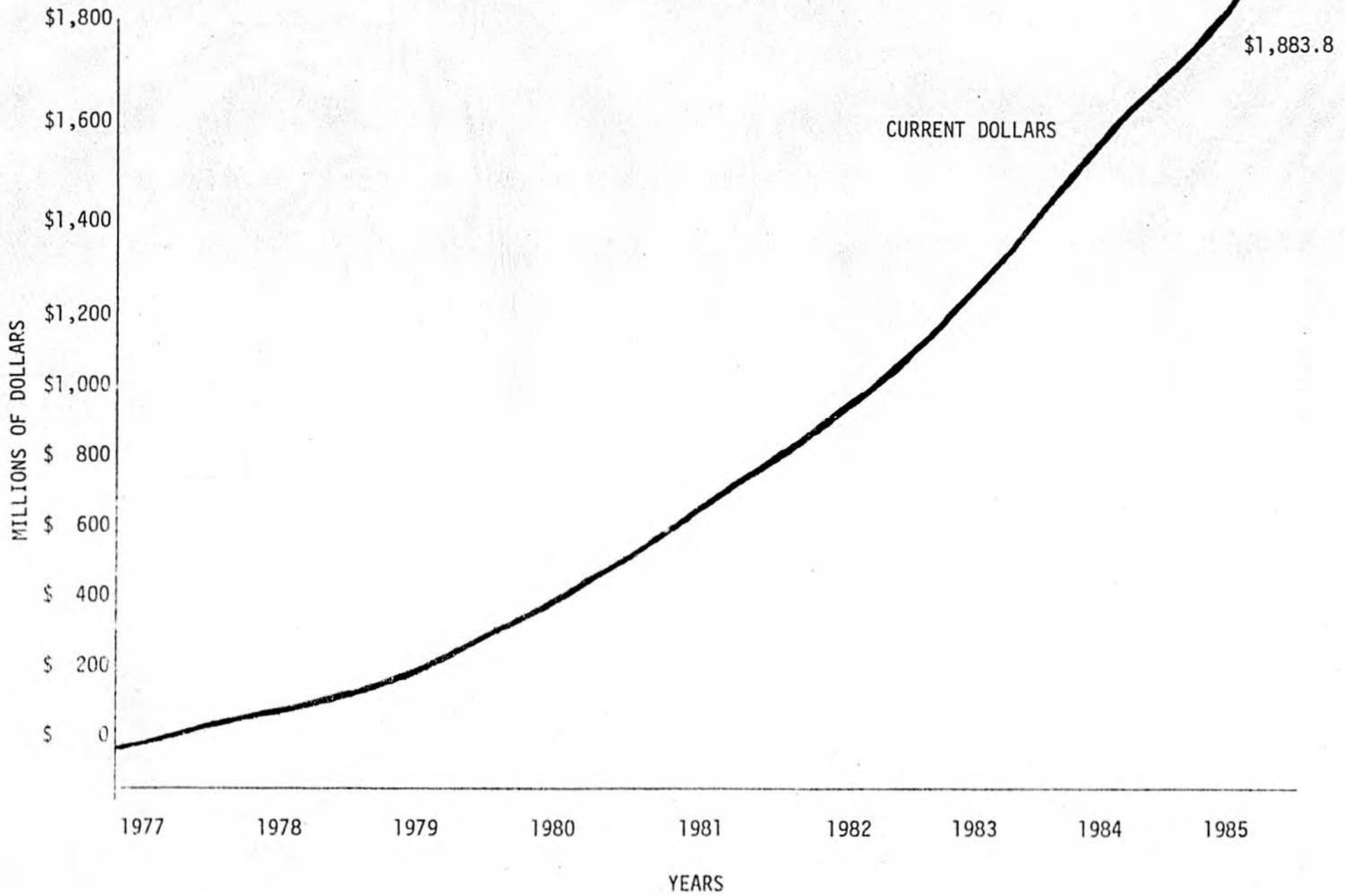
CHART 8

THE PURCHASING POWER OF THE DOLLAR
ASSUMING A 6% RATE OF INFLATION



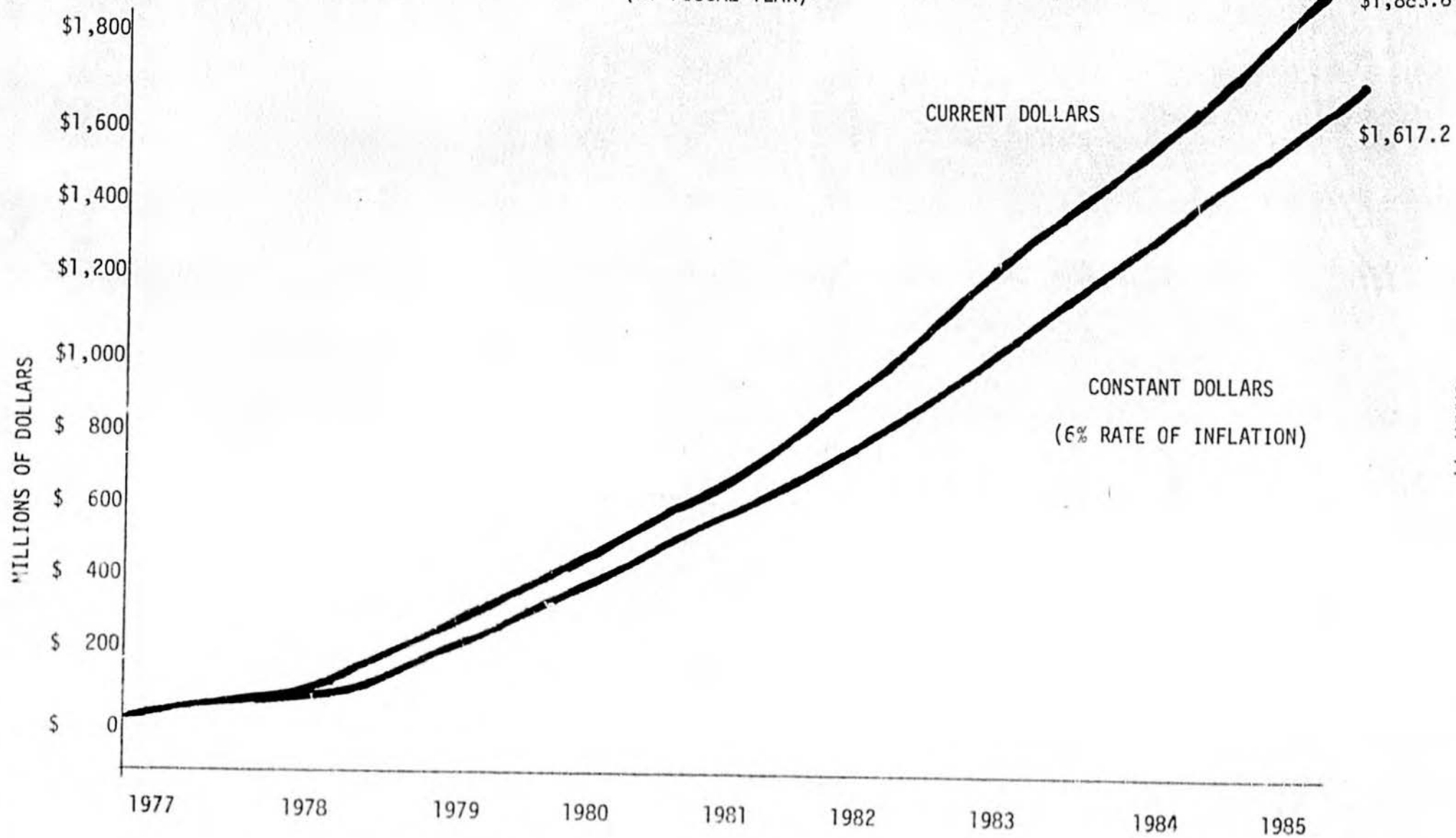
If one was to apply the factor of a long-term rate of inflation to the contemplated revenues to be received by the Permanent Fund, it can be quickly seen that, short of mitigating measures, the fund would erode very rapidly. In order to make the analysis meaningful, we have chosen the revenues projected for the Permanent Fund as depicted in Revenue Journal, Vol. I. No. 2, October 1976, by the Department of Revenue. Chart 10 shows gradually increasing funds starting from \$2.8 million in FY '77 and totaling \$1,883.8 million in FY 1985. This assumption (and ours) contemplates "current" dollars and includes only money deposited in the Permanent Fund.

PERMANENT FUND BALANCE
IN CURRENT DOLLARS
(BY FISCAL YEAR)



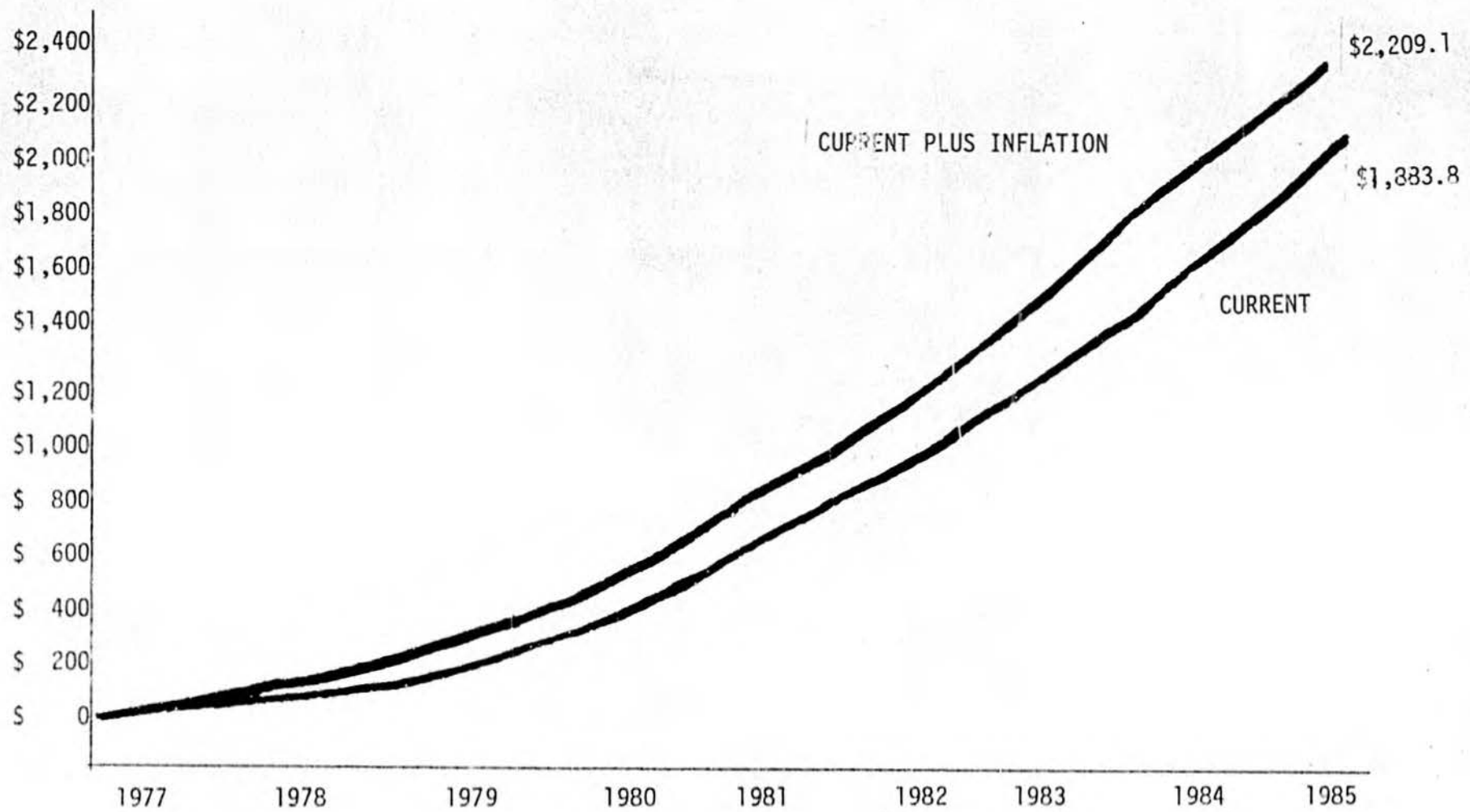
In chart 11, we have added a second line that represents "constant" dollars that have suffered an erosion at the rate of 6% per year in purchasing power. One can note that the differential is not much because the majority of the money was added to the fund in later years.

PERMANENT FUND BALANCE
IN CURRENT AND CONSTANT DOLLARS
(BY FISCAL YEAR)



If it was determined to add to the Permanent Fund at a rate equal to the erosion factor (assuming a 6% rate of inflation), then the fund would have to have \$2,209.1 million in 1985 to equal the \$1,883.8 million purchasing power that we envisioned in 1977 (see chart 12).

PERMANENT FUND BALANCE
IN CURRENT AND INFLATIONARY DOLLARS
(BY FISCAL YEAR)



If the goal is to maintain the purchasing power of the dollar as we envision it today, and assuming a 6% long-term rate of inflation, then the Permanent Fund total in 1995 would have to be \$6,041.6 million. If no action is taken, then that Permanent Fund as envisioned by us to be "worth" \$1,883.8 million in 1985, will in fact erode to a "worth" half that, or \$971.4 million in 1995. (See chart 13)

PERMANENT FUND

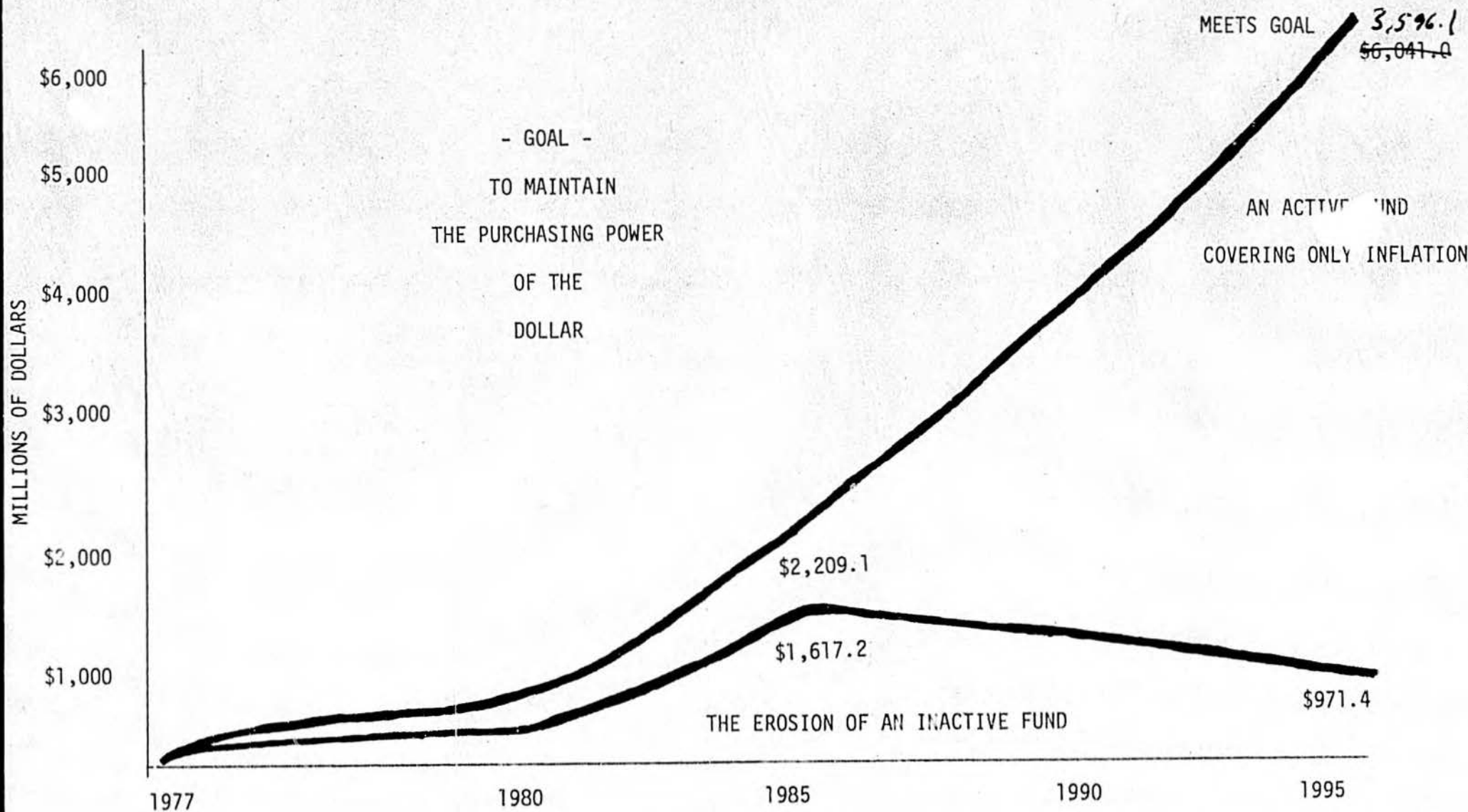


CHART 13

It becomes abundantly clear then that short of statutory action "...unless otherwise provided by law", there will be an erosion of our nonrenewable nest-egg to the point that the income generated from it - in the time period when it will be most needed - would neither sustain government-provided services or provide a dividend to the people.

Therefore, it is felt by some that not only for practical reasons, but more importantly, to achieve satisfaction of the basic Constitutional criteria, a formula similar to the following should be enacted into law:

$$\begin{array}{l} \text{Permanent Fund} = \frac{\text{Income} - \text{Expenses} - \text{LTRI}}{\text{Investment}} = \text{Yield} \\ + \\ \text{Income Producing} \end{array}$$

If the foregoing has any merit, and in the form of a summary or conclusion, we believe the priority goals of this committee should be:

- I. Arrive at a proper legislative definition of "permanent fund" and "income producing" as an overall policy guide to "Permanent Fund Inc."

This should:

- A. Be expressed in layman's terms.
- B. Have periodic accountability standards to the public (in simple terms) in addition to the required annual audits. The test might be:

"For year 19-- , was it "income producing" and did it remain "permanent"?"

- II. Select the appropriate mechanism to manage the Permanent Fund.
 - A. Determine selection and composition of the governing body (bodies).
 - B. Delineate the Authority and responsibilities of the governing body and "staff".
- III. Discuss the investment criterias and directions beyond the "income producing" "permanent fund" definitions.

THE ALASKAN ECONOMY

Mid-Year Performance Report 1976

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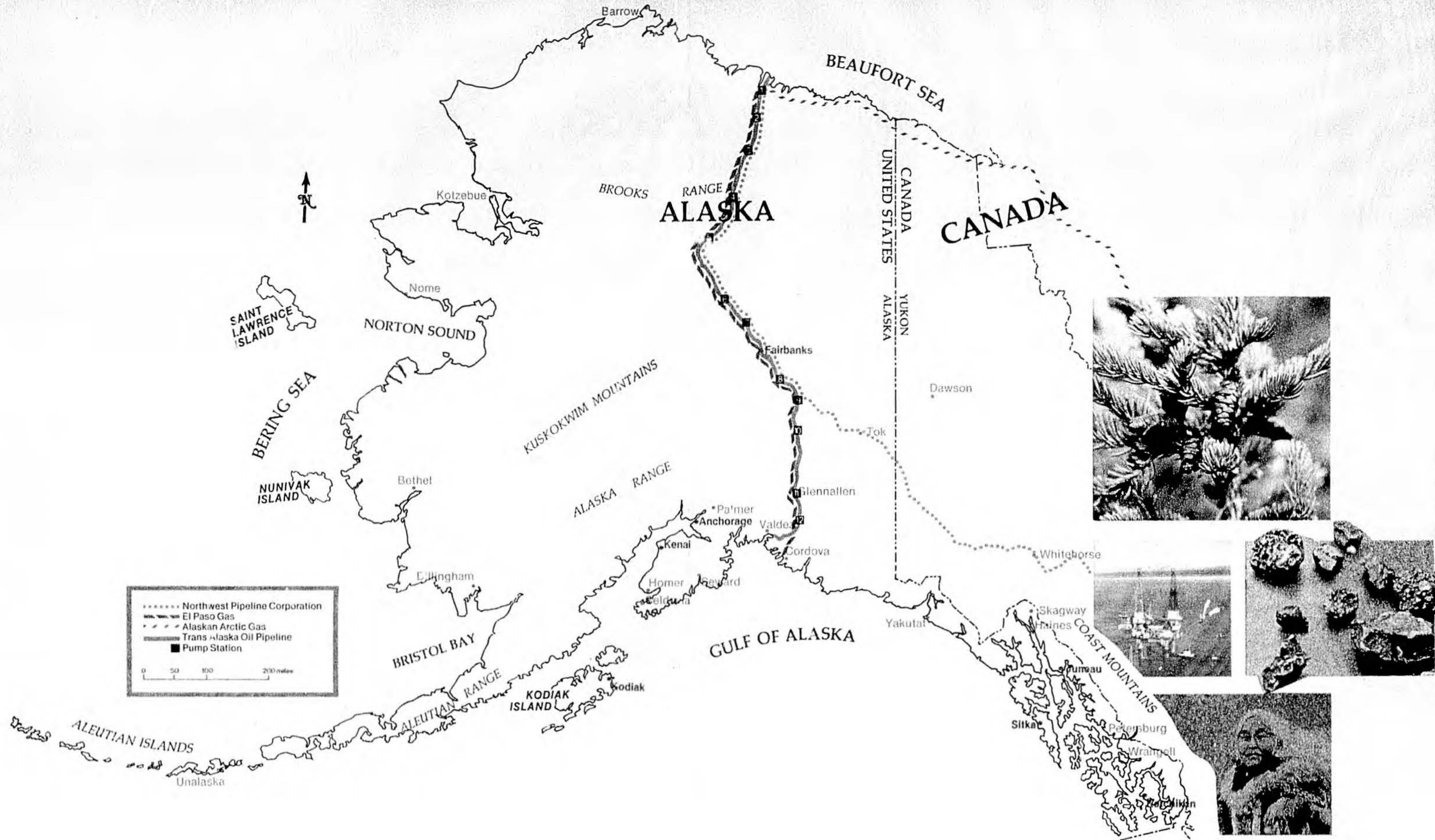
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Introduction

Isolated with its northern corner of the world, distant from many of the nation's urban and regional centers of economic activity, finance, and population, Alaska's misconceived image is rapidly being changed. For better or for worse, the attention that Alaska has attracted, nationally and internationally, is dispelling the average non-Alaskan's stereotyped notions of what actually comprises this State's natural and human resources. As the world's demand for Alaska's natural resources increases, greater pressures will be exerted for development. Only by becoming better informed on the issues and alternatives, and through the use of judicious planning, can we hope to be able to intelligently guide future growth and development for the benefit of all Alaskans.

This issue of the Performance Report examines the second year of our current economic expansion and presents a preliminary view of the economic trends in 1976. The past twenty-four month interval has not been one of moderation. A number of activities have been very visible, and in some instances very volatile, affecting the lives of every Alaskan. And yet, it is abundantly clear that there is an underlying strength and stability developing in the State's economy which will not disappear with "the pipeline". A base is being established for future economic growth. Increased activity is being experienced by the Native regional and village corporations — a very potent economic force; offshore and onshore petroleum exploration and development is increasing in tempo; and with the national and international economies recovering from the recent recession, the export demand for Alaska's natural resources is improving. These and other activities are effectively broadening the State's

economic base, mitigating the potential for a "boom-bust" condition to occur.

The coverage and content of this report has been changed somewhat, notably with the addition of a statistical section. This new section was added in response to requests for more detailed data than what has been provided in the narrative or tables of previous issues. This section also provides an update to some of the time series contained in another publication of the Division, the ALASKA STATISTICAL REVIEW. Other changes include new sections on population and personal income; an expanded and more in-depth analysis of international trade and the focus of the government section has been shifted to an historical perspective. In addition, for the first time, area profiles have been added for Juneau and Ketchikan.

This report is divided into two parts. The first part is a text, grouped by such subjects as the mineral industry, petroleum and natural gas, fisheries, forest products, etc., accompanied by charts and photographs. The second part is a statistical documentation of the first part. The sources for the data contained in the statistical section have been credited on each tabulation. The Division of Economic Enterprise wishes, however, to acknowledge its indebtedness to the many individuals in the government and private sectors, who gave generously of their time and effort in providing us with information and data for inclusion in this report. The special service rendered by each of them is gratefully appreciated.

Once again, we earnestly solicit input from our readers as to ways in which this publication can better meet their needs.

ALASKAN ECONOMIC INDICATORS

	1972	1973	1974	1975 ¹	1976 ²	% Change	
						1975	1976
Total Resident Population (000)	302.4	311.0	322.1	330.4	351.2	404.6	+ 3.6%
Labor Force (000)	108.2	115.9	122.9	129.6	148.9	178.6	+ 5.7
Total Employment (000)	98.5	103.8	110.0	115.6	134.0	164.1	+ 5.6
Wage & Salary Employment (000)	93.1	98.3	104.2	109.9	128.2	160.9	+ 5.7
Number Unemployed (000)	9.7	12.1	12.9	13.9	14.9	14.5	+ 6.9
Percent Unemployed	9.0	10.4	10.5	10.7	10.0	8.1	—
Wage & Salary Payments* (\$000,000)	\$1,116.2	\$1,283.7	\$1,422.7	\$1,546.8	\$2,078.0	\$3,280.0	+15.9
Total Personal Income** (\$000,000)	\$1,412.8	\$1,548.4	\$1,657.1	\$1,957.8	\$2,398.0	\$3,232.0	+14.5
Alaska Gross Product (\$000,000)	\$2,116.6	\$2,257.3	\$2,416.3	\$2,617.4	\$3,550.9	\$5,600.0	+14.3

1972-1974: Bureau of Economic Analysis; 1975: Alaska Department of Economic Enterprise; 1976: Alaska Department of Economic Enterprise.

Source: 1972-1974 Bureau of Economic Analysis; 1975-1976 Alaska Department of Economic Enterprise; 1977-1978 Alaska Department of Economic Enterprise; 1979-1980 Alaska Department of Economic Enterprise; 1981-1982 Alaska Department of Economic Enterprise.

Summary and Aggregate Performance

The Alaskan economy is now in the third year of its current expansion. After posting record-breaking growth rates in 1975, the economy in 1976 is expanding less rapidly, but still at a faster rate than the long-term trend. Although the direct effects of the trans-Alaska oil pipeline upon the economy were quite evident, the expansion of the economy extended elsewhere in construction and to most other industries. As this occurred, the apparent links with the pipeline project became less obvious. Nor was this huge project the only important stimulant; other developments associated with the mineral industry grew in significance during 1975 and 1976. Declining production was noted only in the commercial fisheries and forest products industries.

Mining activity mushroomed due to the influence of various petroleum developments and intensified exploration efforts for hard rock minerals. In particular, with the Alyeska transportation system scheduled for completion in mid-1977, drilling of development wells increased sharply during both 1975 and the first half of 1976. Larger numbers of exploratory wells were drilled, both offshore and onshore, than in preceding periods.

The non-pipeline portion of the construction industry fared extremely well in 1975 and should perform similarly in the current year. Much of this work is influenced by the pipeline or the mining industry. Continued strength in residential and commercial construction plus work on four multi-million dollar industrial projects should support this year's advance.

A major decline in the Alaska timber harvest was precipitated by the severe recession which afflicted the national economies of the United States and Japan. The market failed to improve during the last half of 1975 and into 1976 as large lumber and wood pulp inventories discouraged Japanese importation of Alaskan wood products. A court decision banning clear-cutting on part of the Tongass National Forest cast a pall of uncertainty over the immediate future of timber harvesting on all Forest Service lands in the State. Further uncertainty was created by the decision of one pulp mill to cease operations rather than install the secondary water treatment facilities required by the Federal Government; at mid-year the problem had been postponed but not resolved.

Commercial fisheries experienced another mixed year in 1975. The volume of seafood caught declined fractionally from the previous year's low while the value of the entire harvest increased 15 percent. However, some of the salmon fisheries sustained severe losses, with a devastating effect upon a number of small communities whose economies are based upon this one industry, or on a combination of

fishing and forest products. The statewide outlook is moderately favorable; however, certain salmon fisheries are expected to be faced with small runs and catches.

Looking at the performance of the economy from a broader perspective, there are definite signs that much of the recent and current expansion reflects what will prove to be a long-term trend rather than merely a temporary, cyclical upturn which is subsequently followed by retrenchment to near pre-pipeline levels.

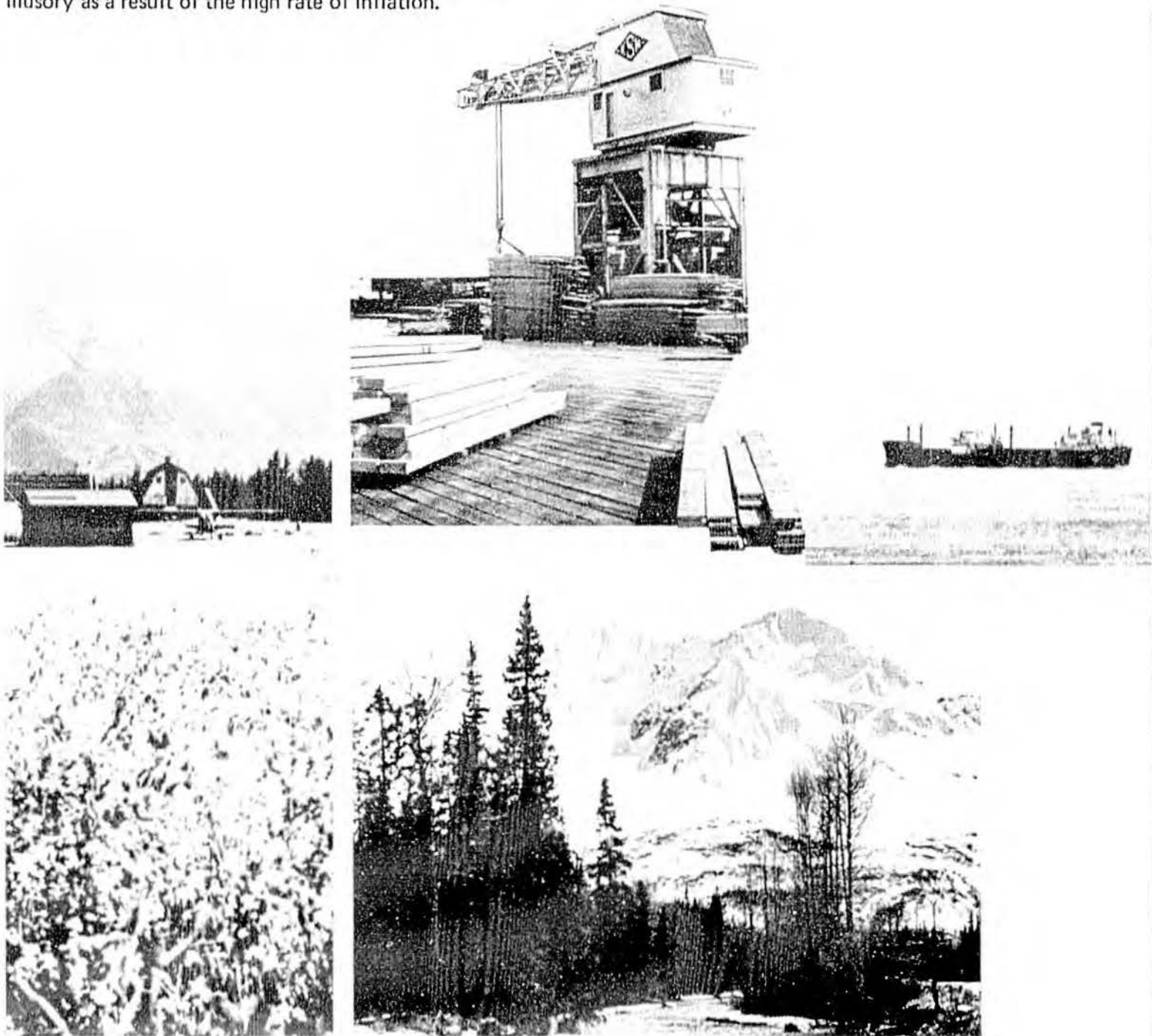
Aggregate Indicators

Final and complete data for 1975, for a number of economic variables, were not available at the time this report was prepared. However, on the basis of six months of final data for 1975, estimates of non-agricultural employment and wage and salary payments for 1975 and 1976 have been revised from that which was reported in the previous year-end issue of this publication. The new estimates reflect a fractional decrease in the average annual wage payments from +10.6 percent to +9.7 percent.

The aggregate measures of income and employment registered substantial gains during the past eighteen months. Based upon preliminary information, total employment increased to an estimated 164,100 in 1975, up 22 percent from the year-earlier average. This year, indications are that the employment total may exceed 173,000 (+5.6 percent). The Alaska Department of Labor estimated unemployment to be 14,500 in 1975, an unexpected decrease from the previous year; the unemployment rate declined from ten percent to 8.1 percent during this period. However, the downtrend in unemployment appears to have reversed as entrants into the labor force exceeded the number of jobs created in the first quarter of 1976.

The income indicators exhibited even more rapid advances than employment. Wage and salary payments jumped 58 percent to nearly \$3.3 billion last year and should reach \$3.8 billion in 1976. Paralleling this trend, personal income rose from \$2.4 billion in 1974 to over \$3.2 billion in 1975, an increase of 35 percent. This unusual situation, in which wage and salary income exceeded personal income, reflected a difference in the definitions of the two variables. Personal income estimates are adjusted to exclude income of nonresidents; wage and salary income includes nonresident income. Ordinarily, nonresident income is relatively minor. In 1975 however, nonresident workers, primarily in construction, accounted for a larger portion of personal income.

Gross State product increased by more than 50 percent between 1974 and 1975, expanding from over \$3.5 billion to roughly \$5.6 billion. A much slower rate of increase, about 14 percent, is forecast for 1976, when gross product is expected to total \$6.4 billion. Although the income indicators grew at a very fast rate in 1975, much of the change was illusory as a result of the high rate of inflation.



Sources of Basic Income

The economic health and prosperity of any region is dependent upon those goods and services which that region produces and markets beyond its borders. In general, those industries primarily dependent upon the growth of local markets are classified as "non-basic industries", while those industries whose income is derived from markets outside of the regional area are classified as primary or "basic industries". These basic industries are important in that they provide the "new dollars" necessary for purchasing those goods and services which the region does not produce and hence, must import.

The resource industries of mineral extraction and fisheries tend to be the major sources of basic income in Alaska. Other significant basic industries include tourism, forest products, international trade, and the Federal Government sectors, all of which contribute "new dollars" to the State's economy.

In many regions, agriculture is also considered a basic or exporting industry. However, in Alaska, the agricultural industry has not yet progressed to the stage of exporting the majority of its products.

Minerals

While gold was the first mineral to draw attention to Alaska's vast mineral resources, petroleum and natural gas now rank as the leading mineral commodity produced in the State. Significantly, even though their combined value accounts for slightly more than three-fourths of all minerals produced in the State, the value of other precious and industrial minerals is gaining in importance. Between 1971 and 1975, the value of petroleum and natural gas produced increased by 43.0 percent, while all other minerals combined recorded a gain in value of



production that amounted to 175 percent. However, the gain was largely accounted for by huge volumes of construction aggregates used for the Alyeska pipeline project, and by inflated metal prices.

The total value of all minerals produced in Alaska reached a record high of \$524 million in 1975, representing a gain over 1974 of \$86 million or 20 percent. The value of petroleum and natural gas production accounted for nearly \$25 million of this increase and the value of minerals other than petroleum and natural gas, the remainder, or \$61 million.

The value for sand and gravel production held the spotlight in 1975, reaching over \$100 million for an increase of more than \$47 million over 1974. Paradoxically, while the total value increased by 89.5 percent, the volume of production declined by 40.8 percent. This is, however, a direct result of the end use for the product. In 1974, a large volume of sand and gravel was furnished at no cost for the pipeline haul road (which is to become part of the State's public highway system). The major end use in 1975 was for construction of work pads on the pipeline and therefore, the sand and gravel was sold to private companies at a negotiated price.

Gold production increased sharply, both in volume and value, as a result of the part year reactivation of an Alaska Gold Company dredge at Nome. Full year operation of the reactivated dredge and the possible part year operation of a second dredge can be expected to add considerably to the gold volume in 1976. Recent gold prices, however, appear to be fluctuating around \$130 per ounce, considerably lower than the highs reached in 1975. Coal and platinum production remained stable during 1975.

Expectations for the mineral industry during 1976 include, among others, the resumed production of barite from the Castle Island deposit; continuation of the coal production at the Usibelli Mine near Healy which supplies fuel for electrical power and heat generation for the Fairbanks area; the consumption and, therefore, the production of sand and gravel should decrease as pipeline construction nears completion; and the platinum dredge at Goodnews Bay will be deactivated, ending its long term steady production of that metal.

Expenditures by federal and State agencies for mineral exploratory projects should remain high. The efforts will seek to identify high mineral potential as an aid to land classification and land status assignment decisions.

Industrial exploration activity is expected to decrease from the high level of 1975 as a result of improving political policy in other world areas with nearly equal geological probability for mineral occurrence. Exploration budgets tend to migrate to those areas where conditions for recovery of the investment seem most favorable.

A few of the previously active exploration projects have reached the stage of relative inactivity and maintenance while the processes of environmental statements, permits, feasibility studies, and final financing decisions and arrangements are undertaken.

Exploration on Native regional corporation lands is expected to remain high or increase. These corporations will depend on profits generated from the resource product development of their land holdings. Preliminary exploration leading to eventual development and production will, therefore, receive serious attention and effort. Exploratory work in the usual copper and copper-nickel provinces is expected to continue at a relatively high level and the search for uranium is also attracting greater exploratory attention.

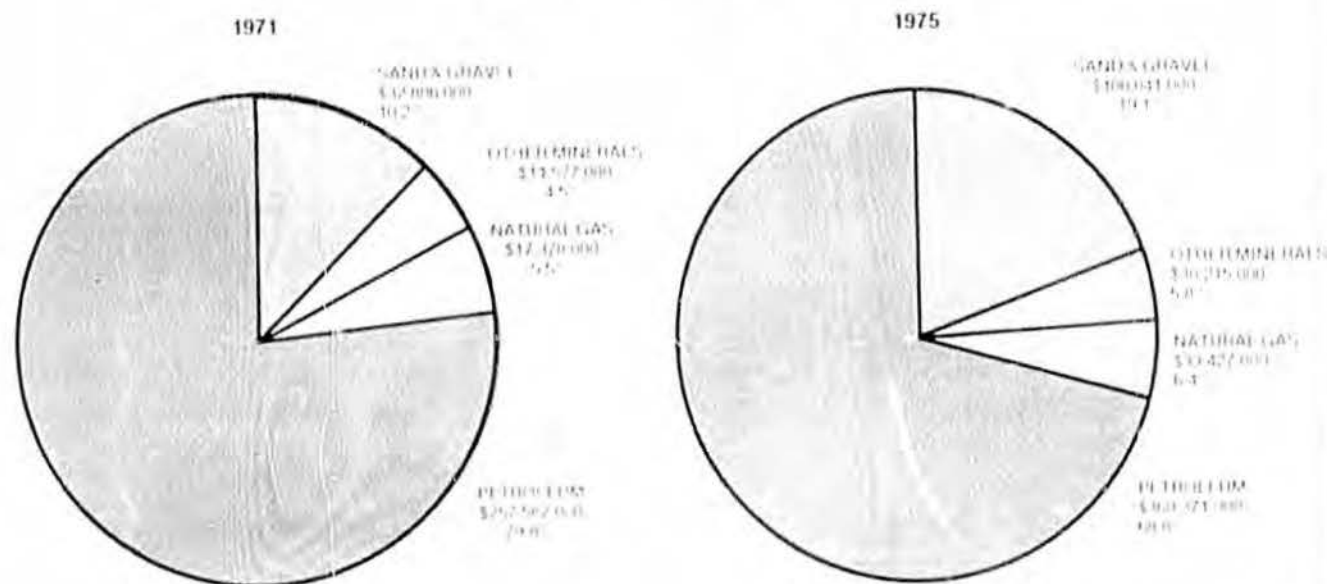
Two projects in Southeastern Alaska have received recent attention in the press. Inspiration Copper Company will continue its work on the copper-nickel deposits on Yakobi Island and the U.S. Borax Company has announced its intentions to drill for further information at its new discovery of molybdenite mineralization located on the mainland east of

Ketchikan. In addition, Portland General Electric Company plans to continue examination of its coal leases in the Petersville area, and Placer-Amex, Inc., is continuing its market research and exploration in the Beluga River coal field.

The outlook for eventual development of Alaska's hard mineral potential is currently clouded by land status and ownership determinations, policy decisions, and the increasingly restrictive regulatory legislation based on determinations unrelated to mineral product supplies. Meanwhile, the domestic U.S. supply of mineral raw materials continues to shrink while the demand increases. Indications seem to point in the direction of eventual heavy demand for both the hard mineral and energy potential of Alaskan resource lands. Development may, furthermore, tend toward production and recovery systems combining both classes of mineral products to supply refined raw material feedstocks to the national economy. The potential for supplying basic raw materials are indicated by surface exposures and excellent geological conditions for mineral occurrence.

The growing oversubscription of West Coast power producing capacity can be expected to encourage an interest in the energy and resource potentials of Alaska. If present trends restricting new power generating capacity for West Coast markets persist, Alaskan energy may become essential to the economic and social health and well-being of that area.

VALUATION OF MINERAL PRODUCTION
IN ALASKA, 1971 AND 1975



Petroleum and Natural Gas

With the cancellation of the first OCS lease sale that was scheduled for December of 1975, the year ended on a note of uncertainty. While the Navy was beginning its exploration efforts on NPR-4, the oil industry and the State and Federal Government all spent 1975 in frantic preparation for a coming event that did not take place. On April 26, 1976 at the Anchorage Westward Hotel, the event occurred — "OCS sale number 39". Sometime in the fall of 1976 the first semi-submersible rig will arrive, and Yakutat will become a "petroleum support base". The rush for black gold is on and Alaska should expect increases in petroleum exploration and in the development of our continental shelves.

Production

The Cook Inlet oil fields continue to be the State's major producing fields. The average production rate has remained very stable over the last two years, recording a decline of less than 1.0 percent. The first quarter 1976 production figures have registered a slight increase of 0.9 percent over the comparable period last year, however, production figures for the first half are expected to record a decrease due to an explosion on one of the three McArthur River Field platforms in early April. This has caused the shutting-in of the platform's 30,000 barrel per day production until all repairs can be completed by sometime in July. The expected average production rates for the first half of 1976, and the percent change from 1975 are projected to be: crude oil — 183,704 barrels per day, a decline of 6.8 percent; gas — 787,059 MCF per day, a gain of 12.8 percent; and, natural gas liquids — 1,987 barrels per day, a decrease of 5.1 percent.

