

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 80/2

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SENATE RESOURCES COMMITTEE

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NENANA FARM PROJECT BRIEFING 2/6/81

OIL AND GAS LEASE PLAN, BRIEFING BY DNR,
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POWER BRIEFING 2/9/81

RESOURCE INVENTORY, DNR BRIEFING 3/17/82

ROYALTY OIL CONTRACTS 3/25/82

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LISTING OF
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December 22, 1982

Files on the listing of "Resources Files Sent to Legislative Library" are separated by year; however, files are arranged together for 1981 and 1982 in the filing cabinets.

Jeanie Henry

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

TO: Kay Shelton
Legislative Library

DATE: 11/10/82

FROM: Resa King *R.K.*
Administrative Assistant

RE: Committee Files

Attached is an itemization of Committee files being transmitted to the library.

Since some files are still in use, we are not sending the following:

SB 29	Hazardous Waste
SB 582	Forestry <i>rec'd 12/84</i>
SB 732	Production License - 6(i) <i>rec'd 8/83</i>
SB 843	Coal Reclamation <i>rec'd 8/83</i>
SB 872	Seafood Quality <i>rec'd 11/84</i>
SB 875	University of Alaska Trust Lands <i>rec'd 8/83</i>
HB 2	University of Alaska Lands/Seismic Information
<i>SB 835</i>	<i>rec'd</i>

If you should receive inquiries regarding the above files, please have the person contact us and we will be happy to share the information.

Attachment

1981 RESOURCES FILES SENT TO LEGISLATIVE LIBRARY

Agriculture Briefing

report of Ad Hoc Transportation Committee
Report on the Feasibility of a Livestock Industry in Alaska
various news articles
marketing and production cost estimates

Alaska Lands Legislation Briefing

DNR task list for state projects related to implementation of the Alaska Lands bill
U.S. Forest Service task list
federal register on D-2 (1/19/81)
"ANILCA: How Affects Forest Service Programs in Alaska"
public information officer contact list
information directory
environmental statement - Mt. McKinley National Park Additions
Alaska Land Acreage Summary (DNR, 1/28/81)
Chronological Summary of Deadlines Specified in Alaska Lands Legislation

Alpetco Contract Briefing

hearing transcript

Appointments (by Governor)

Resumes:
Mark Jensen (Guide Licensing and Control Board)
Royal Jack Devaney (King Crab Marketing and Quality Control Board)
Valerie J. Shepard (Board of Veterinary Examiners)
Vern Starks (Board of Veterinary Examiners)
Harry Sundberg (Board of Fisheries)
information from Jim Clark RE: Board of Game/Logging

AKRC Briefing

various news articles

CFAB Briefing

brochure
financial statements 12/79 and 12/80

Coal Marketing Conference

copy of proceedings
staff report

Coastal Management Briefing

leasing schedule with maps
Attorney General's opinion
Annual Report Update, 6/30/80
Alaska Coastal Management Program 1982 budget
Hammond memo - position on repeal of Act

DEC Briefing

history and mandate of Department
1980 public opinion survey on Alaska's environment
Dutch Harbor/Unalaska Water Quality Survey
Chena River/Noyes Slough Water Quality Success Story
packet of issue papers

Department of Fish and Game Briefing

status of program support, 2/18/81
summary of offices, staff, budget
information on various division's programs

Fisheries Briefing

Gasline Briefing

ANGTS project highlights
map

Geochemical Briefing

various news articles
Los Alamos Scientific Laboratory (LASL) project proposal

Habitat Regulations

proposed regulations on habitat protection
legal opinion on jurisdiction
ADF&G memo - Stoney Creek Salmon Die-Off
various news articles
testimony: ARCO
Southeast Alaska Conservation Council
Alaska Environmental Lobby
position statement: Alaska Loggers' Association
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Dept. of Public Safety
Dept. of Fish and Game
numerous individuals

Inholders Briefing

various news articles
Comptroller General's report
8/80 issue of National Inholders News

Milton Lipton

Miners' Informal Meeting, Anchorage

Mining Briefing

House Research Agency: Production of Fairbanks Electric Power
From Cook Inlet Natural Gas

DNR Briefing

Resource Evaluation and Mapping Program
State's investment in agriculture - costs and schedule
Resource Development Council's statement of suggested changes in
DNR and DNR's response

Nenana Farm Project

Bob Palmer memo - background
timber proposals
special projects contracts
priority development planning tasks
1981 report to legislature on agriculture
"Unlocking the Agriculture Potential of Western Alaska"
"Work in Progress - Vegetable Industry Project"
"Nenana Agricultural Transportation Systems"

Power Briefing

Alaska Power Authority brochure
1980 year-end Status Report
price chart - U.S. News and World Report, 2/9/81

Suneel Marketing Company

Timber Briefing

proposal for expanding central Alaska's forest industry (Arktos
Association, 11/80)
DNR's response to RDC's list of deficiencies
position statement: DNR
Society of American Foresters
Northland Wood Products
Jim Clark memo on primary manufacture requirement
memo: International Workshop on Forest Regeneration
resolution: State Board of Forestry

Win-Rock Briefing

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Attorney General's opinion
Judge's memorandum of decision
DeBoer vs. United States

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Edward Keily hydro proposals
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Fahrenkamp "Energy" speech
testimony: Alaska Environmental Lobby
Cook Inlet Region, Inc.
Golden Valley Electric
and numerous others
"National Hydropower Study, Alaska Region", Corps of Engineers
U.A. overview/questionnaire on Susitna project
minutes from 4/28/80 Senate Finance hearing on SB 294
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abstracts of Senate Resource Committee's 2/16/80 hearing on SB 294

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Marathon Oil

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Conference of State Legislatures Press Release
legal opinion
federal registers
Attorney General's opinion
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maps/charts of waste disposal areas throughout U.S.
various news articles

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testimony: Alaska Alpine Club
Windham Bay Independent Company

letter of intent
Fahrenkamp memo: position
Comptroller General's report
Environmental Impact Statement - Voyageurs National Park
Department of Interior memo
press release
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position: Robertson, Monagle, Eastaugh and Bradley
Commercial Fisheries Entry Commission
Governor's transmittal letter
minutes from Fisheries Subcommittee hearing, 4/15/81

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photographs of signs
position: Fairbanks Environmental Center
legal opinion

SB 84

3/31/81 "My Turn" column by Lt. Gov. Terry Miller
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Alaska Environmental Lobby
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Natural Resources Section of Alaska Bar Association

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Sohio's paper, "The Saga of Sag 7 and 8"
Uniform Procedural Regulations Executive Summary

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minutes from 2/11/81 Fisheries Subcommittee hearing

SB 111

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minutes from 4/15/81 Fisheries Subcommittee hearing
license sale statistics
petition in support
position statement: Alaska Department of Fish and Game
fishing license fees: Montana, Idaho, Washington

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minutes of Fisheries Subcommittee hearings: 2/11/81, 2/18/81, 3/4/81
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ARRC 1980 report
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position statement - Dept. of Health and Social Services

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Sen. Fahrenkamp's floor speech to rescind action
T.E. Ibberson Co. memo RE: construction contract
position statement - Rep. Moss

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LASL proposal explanation
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R. Allington, Alaska Coastal Policy Council
Office of Coastal Management
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Washington, D.C. LAA memo
testimony: S. SMITH, Association of Village Council Presidents
Consistency Determination Summary - Prudhoe Bay Waterflood Final EIS
CPC minues on Cordova Plan approval
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Authorization to Discharge (ARCO into Beaufort Sea)

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"Pertinent Questions and Answers on Waste Heat"
"Feasibility of Utilizing Waste Heat From Trans-Alaska Pipeline
for Grain and Forage Drying"

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copy of a placer mining application
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position statement: Dept. of Commerce and Economic Development

SB 245

statements RE utilization of timber on agricultural land:
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Extension Service, University of Alaska
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minutes of 4/29/81 Fisheries Subcommittee hearing
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DNR feasibility study with questionnaire
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position statement - Bristol Bay Native Association
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Memorandum on the Income Tax Consequences of Patronage Dividends

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minutes of Fisheries Subcommittee 4/15/81 hearing
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"Training and Technology Center for Alaska's Fishing Industry"

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Board of Fisheries Findings: 1981 Troll Fishery
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"A-Y-K Salmon Research and Management Project Recommendations"

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M. Treadwell proposal
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"Stikine-Iskut Dam Proposals Fact Sheet"
position statement - City of Petersburg
Resolution - United Fishermen of Alaska
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"Proposed Coastal Studies Program for Alaska Oil and Gas" (4/81, DPDP)

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Issue Brief: "Oil Spill Liability and Compensation"

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Yakutat Troll Fisheries Management Plan
Fisheries Subcommittee hearing minutes - 6/3/81

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Congressional Record
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ESC Weekly Bulletin, 5/18/81

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House Research Agency: Alaska's Surface Coal Mining Program
Pedro Denton's report on surface coal mining
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"American Bison in Alaska", ADF&G, 3/80

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5-year reappraisal reports
"Synopsis Chronology - Steele Creek/Tungsten Subdivision"
"Legislative Relief for State Leaseholders"
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proposed land legislation notebook, prepared by Senate Resources
Committee Staff, 5/11/81
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 Alaska Municipal League
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 Sen. Bennett
 City of Fairbanks
 Tanana Chiefs Conference
 Sen. Fischer
 George Gee

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Agriculture (Alaskan) - Briefing

"Alaskan Agriculture, An Overview", Snodgrass, Logsdon, Heim
memo from Senator Gilman: status of Homer Research Center

ANGTS Status Report

press release
1/22/82 issue of Alaskan Newslines
transcripts
Kidder-Peabody report
Legislative Finance report (Milt Barker)
marketability analysis (Budget and Audit)
March Revenue Forecasts (Department of Revenue)
Financing Options (Dept. Revenue)
Conflict of interest analysis (Loeffler)
Cost overruns (Pipeline Coordinator)
Effect of delayed gas sales

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Charles Conway - Alaska Power Authority
Val Stuve - Board of Veterinary Examiners
John Katz - DNR
Ed Shavings - Guide Licensing and Control Board
Clarence Chatterton - Alaska Oil and Gas Conservation Committee
Robert Weeden - APA

Committee Update

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Delta Agriculture Project

press release
Dept. of Fish and Game position statement
Memorandum of Understanding between AAAC and DNR

DNR Briefing

Various Katz memos:
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Leasing Schedule (5-Year)

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Leasing Schedule (5-Year)- DNR Briefing

1/82 publication on status
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Resource Inventory Briefing

Katz letter on long term rock and gravel needs

Royalty Oil Contracts

transcript of hearing

TAPs Litigation Settlement

position statement J. Billig for North Pole Refinery
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SB 297 (waived)

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2/24/82 fiscal analysis - general funds available
2/82 issue of Ruralite
APA abstract of computer program for comparing revenue requirements
of power projects
1982 long term energy plan
Battelle Study - power alternatives
Yould letter - license application
funding requirements of various projects
Palmer-Glenallen Intertie feasibility study
RurALCAP statement of need (3/16/82)
Ahtna, Inc. Resolution 82-2 - electric power for Cantwell
Research Agency analysis of SB 25 and SB 26
comparison of hydro power costs/HB 655
report on current power costs in Alaska communities
Official Alaska population statistics (1980, 1981) and projected
population tables through 1985
Birch, Horton, Bittner, Monroe: Regulatory Impact Management Plan:
Foreshortening Regulatory Approval
Tussing: review of issues
Fairbanks Chamber of Commerce Resolution in support
Testimony: RurALCAP
Jim Lazar, Economist (Environmental Lobby)
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Rural Development Counsel resolution in support
1/82 Agroborealis article on vegetation studies

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Department of Labor position paper
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tape log from Fisheries Subcommittee hearing

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Department of Commerce opinion
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SB 697

1982 legislature's recommendations
Counsel for Community Development report
Legislative Audit review of ARRC
ARRC 1982 Annual Report and audit
Attorney General's opinion
Sen. Sturgulewski memo on revolving loan funds
Sen. Rodey memo - background
Alaska Fisherman's Journal article on an ARRC project

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SB 710

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House Finance Committee hearing minutes
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Alaska Miners' Association position statement
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1957 statement of AMA
Department of Interior decisions, 1975

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APA and State of Alaska Memorandum of Understanding
Homer Electric Association RE Bradley Lake Hydro Project
testimony: Alaska Environmental Lobby
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SB 772

testimony: D. Dinkel, Professor of Plant Physiology, U. of A.
J. Drew, Dean, School of Agriculture, U. of A.
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SB 794

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Sen. Fischer memo - background
Chugach Region Study

SB 795

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Mat-Su Borough position paper
DNR memo on Historic Sites Advisory Commission
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Alaska Municipal League Statement
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strip mine reclamation
1/82 issue of Agroborealis
draft regulations
fiscal note
"Investigation of the Surface Mining Control and Reclamation Act
of 1977 in Regard to Alaskan Conditions"
Pedro Denton's report
testimony: Department of Environmental Conservation
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Sen. Fahrenkamp position statement
Sen. Sturgulewski memor RE Beluga Coal
Misolek and Noser paper
Department of Interior position paper
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1/82 Landmark article
2/15/82 Alaska Journal of Commerce article

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SB 834

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AG's opinion
copy of public law
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Bering River Coal Field Port and Transportation Study
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SB 877

Governor's permission to hire non-permanent employees

SB 880

Doyon contract and summary
DNR position paper
Legislative Audit - "Review of Petroleum Revenues"
testimony: Tim Wallis, President of Doyon
Advisory Board Resolution

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Tesoro contract and summary
Royalty Oil and Gas Development Authority Board resolution

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Senator Gilman position statement
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minutes of House Community and Regional Affairs Committee hearing

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APA recommendation on Susitna project

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Department of Fish and Game report on processing capacity

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Alaska Trollers Association
W. McDonald, Petersburg fisherman
House Research Agency: Effect of Craig Decision on Troll Fisheries
"Our Nation and the Sea"
transcript: Administrative Regulation Review Committee, 2/10/82
Statement of Pelican ADF&G Advisory Committee
Lundahl's paper on trolling west of Cape Suckling
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Environmental Impact Statement on High Seas Salmon Fisheries of Japan

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House Research Agency: U. of A. Lands
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statutes referenced in bill
transcript of hearings: 5/3/82, 5/5/82, 5/6/82
"Assessment of Market Demand for State Land" for DNR by Real
Estate Services Company, 1/11/82

HB 47

various news articles
position statement - Rep. Hurlbert
House Research Agency: Game Violations

HB 304

fiscal note
position statement: Alaska Municipal League
DEC
status report of municipal grants program

HB 313

fiscal notes
position statement: Rep. Gardiner
University of Alaska
North Pacific Fishery Management Council
subcommittee report on fisheries research facility
House Research Agency: Alaska Fishing Industry
transcript of 3/10/82 Senate HESS hearing
Report of Alaska Fisheries Center Study Group to the State of
Alaska (2/82)

HB 318

fiscal notes
legal opinion
position statement: beekeepers
DNR

HB 528

various news articles
Governor's position statement

HB 637

position statement: Rep. Sutcliffe
Department of Labor
Department of Public Safety
Commercial Fisheries Entry Commission
fiscal notes
legal opinion
minutes of House Resources 3/2/82 hearing

HB 643 (waived)

HB 668

fiscal note

HB 811

fiscal note
minutes of House Resources 3/16/82 hearing

HB 888

HB 889

HCR 51

Subsistence Summit Panel position statement

HCR 52

HJR 75

HJR 76

HJR 74

tape log and minutes from Fisheries Subcommittee
position statement: Department of Fish and Game
catch statistics/maps
"proposed Revision of Herring FMP"

HJR 78

testimony: Alaska Trollers Association
W. McDonald, fisherman
minutes from House Resources 2/18/82 hearing
various news articles
U.S. Department of Commerce RE California Troll Salmon Controversy
Rep. Randolph - position statement and bill background

* SB 275

position statement: Matanuska Trading Company
Senator Kertulla
Department of Fish and Game
Department of Revenue

legal opinion

fiscal notes

statistics: license costs
vendor sales 1980

* SB 796

legal opinions
fiscal note
petition from Haines citizens
Native Allotment status
Public Service Announcement
press release - Resource Development Council
Letter of Consensus
news articles
Klukwan IRA Chilkat Indian Village Council Petition
case file reports on trespass suits
legal descriptions
position statements: Grand Camp ANB, Governor Hammond,
Senator Bradley, Department of Natural Resources, City of Haines,
National Audubon Society, Tlingit and Haida Central Council,
Klukwan, Inc., Chilkat Indian Village
transcript of 1946 public hearing on proposed native reservation
Haines/Klukwan Cooperative Resource Study - 6/81 Progress Report
6/82 Progress Report

**NOTICE
OF
HEARINGS**



Alaska State Legislature
Senate

JUNE 6 ALASKA

RESOURCES SUBCOMMITTEE ON FISHERIES

TO: Senator Fahrenkamp, Chairman
Senator Fischer, Vice Chairman
Senator Sturgulewski
Senator Gilman
Senator Bradley
Senator Eliason

FROM: Senator Bob Mulcahy

SUBJ: Resources Subcommittee on Fisheries Hearing

DATE: Friday, March 26, 1982
3:00 P.M. in the Butrovich Room

AGENDA: SB 806 "An Act relating to the issuance of citations for fish and game violations".

SS SB 51 "An Act relating to penalties for violations of fishing laws and regulations".

Alaska State Legislature

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VIC FISCHER, VICE-CHAIRMAN
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Senate

Committee on Resources

AMENDED SCHEDULE

DATE	TIME	PLACE	TOPIC
3/22/82 Monday	1:30 - 3:00 p.m.	Beltz Room 211 Capitol	SB 731 Establishing the Shuyak Island State Park. SB 769 Removing the requirement that power projects constructed under the energy program for Alaska be owned by the State. SB 843 Continued - Relating to surface coal mining and the surface effects of underground coal mining. SJR 70 Relating to commercial fishing of North Pacific chinook salmon. SJR 79 Requesting the National Park Service to adopt procedures providing public notice of proposed regulations, emergency regulations, and field orders for national parks, preserves, and monuments in Alaska.
3/24/82 Wednesday	1:30 - 3:00 p.m.	Beltz Room 211 Capitol	Statewide Teleconference SB 794 Establishing certain areas as units of the state marine park system. SB 795 Relating to outdoor recreation and historic projects.
3/26/82 Friday	1:30 - 3:00 p.m.	Beltz Room 211 Capitol	SB 772 Making a special appropriation to the Department of Natural Resources for construction of a plant quarantine station at the plant material center (AS 03.22) operated in cooperation with the Institute of Agricultural Sciences. SB 803 Establishing the land clearing account in the agricultural revolving loan fund. SB 804 Making a continuing appropriation or repayments of the principal and interest on loans made by the Alaska Agricultural Action Council for land clearing to the land clearing account in the agricultural revolving loan fund. SB 697 An Act relating to the Alaska Renewable Resources Corporation.

Alaska State Legislature

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Senate

Committee on Resources

on calendar

SCHEDULE

DATE	TIME	PLACE	TOPIC
1/22/82 Monday	1:30 - 3:00 p.m.	Beltz Room 211 Capitol	SB 731 Establishing the Shuyak Island State Park. SB 769 Removing the requirement that power projects constructed under the energy program for Alaska be owned by the State. SB 843 Continued - Relating to surface coal mining and the surface effects of underground coal mining.
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Senate

Committee on Resources

an calendar

AMENDED SCHEDULE

DATE	TIME	PLACE	TOPIC
3/10/82 Wednesday	1:00 - 3:00 p.m.	Beltz Room- 211 Capitol	SB 608 Making a special appropriation to the power development fund of the Alaska Power Authority for the Susitna River hydroelectric project and other hydroelectric projects. ** <u>Work session only.</u>
			SB 825 Transferring among various appropriations to the Alaska Power Authority for power projects and making special appropriations to the Alaska Power Authority for power projects.
			SB 826 Relating to preliminary work on the Susitna River hydroelectric project.
			SB 828 Relating to the responsibilities of the Alaska Power Authority.
3/12/82 Friday	1:30 - 3:00 p.m.	Beltz Room- 211 Capitol	Alaskan Agriculture - An Overview Briefing by Roland Snodgrass and Bill Heim

Alaska State Legislature

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Senate

Committee on Resources

SCHEDULE

DATE	TIME	PLACE	TOPIC
3/1/82 Monday	1:30- 3:00 p.m.	Beltz Room 211 - Capitol	SB 730 An Act establishing the Aleksandr Baranov State Game Refuge. SB 731 An Act establishing the Shuyak Island State Park. SJR 59 Relating to support for legislation establishing a national garden week.
3/2/82 Tuesday	7:00 p.m.	Room 124 Capitol	Meeting with House Resources Committee Briefing by: Board of Fish and Board of Game.
3/3/82 Wednesday	1:30- 3:00 p.m.	Beltz Room 211 Capitol	SB 608 Teleconference - Juneau Testimony An Act making a special appropriation to the power development fund of the Alaska Power Authority for the Susitna River hydroelectric project and other hydroelectric projects.
3/5/82 Friday	1:30- 3:00 p.m.	Beltz Room 211 Capitol	SB 730 and SB 731 <u>Continued</u> from 3/1/82 SB 769 An Act removing the requirement that power projects constructed under the energy program for Alaska be owned by the state.

Alaska State Legislature

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(907) 485-3835

Senate

Committee on Resources

SCHEDULE

DATE	TIME	PLACE	TOPIC
3/1/82 Monday	1:30- 3:00 p.m.	Beltz Room 211 - Capitol	SB 730 An Act establishing the Aleksandr Baranov State Game Refuge.
			SB 731 An Act establishing the Shuyak Island State Park.
			SJR 5 ⁿ Relating to support for legislation establishing a national garden week.
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Alaska State Legislature

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Committee on Resources

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JUNEAU, ALASKA

Alaska State Legislature

Senate

RESOURCES SUBCOMMITTEE ON FISHERIES

on calendar

TO: Senator Fahrenkamp, Chairman
Senator Fischer, Vice Chairman
Senator Sturgulewski
Senator Gilman
Senator Bradley
Senator Eliason

FROM: Senator Bob Mulcahy *Bm*

SUBJ: Resources Subcommittee on Fisheries Hearing

DATE: Monday, February 1st, 1982
3:00 P.M. in the Butrovich Room

AGENDA:

SB 47 "An Act relating to reports and records of fishermen, fish buyers and fish processors; and providing for an effective date".

SB 658 "An Act increasing the fees for a commercial fishing license".

SJR 60 "Requesting the Secretary of Commerce to disapprove certain portions of the Bering-Chukchi Sea Fishery Management Plan".

Alaska State Legislature

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Senate

on call notes

Committee on Resources

SCHEDULE

FEBRUARY 5, 1982

1:30 p.m.
Beltz Room
Room 211 Capitol

FRIDAY

SB 275 Relating to the compensation of persons collecting hunting and fishing license and tag fees.

SB 525 Relating to land lotteries.



JUNEAU, ALASKA

Alaska State Legislature

Senate

RESOURCES SUBCOMMITTEE ON FISHERIES

TO: Senator Fahrenkamp, Chairman
Senator Fischer, Vice Chairman
Senator Sturgulewski
Senator Gilman
Senator Bradley
Senator Eliason

FROM: Senator Bob Muicahy *Bm*

SUBJ: Resources Subcommittee on Fisheries Hearing

DATE: Monday, February 1st, 1982
3:00 P.M. in the Butrovich Room

AGENDA:

SB 47 "An Act relating to reports and records of fishermen, fish buyers and fish processors; and providing for an effective date".

SB 658 "An Act increasing the fees for a commercial fishing license".

SJR 60 "Requesting the Secretary of Commerce to disapprove certain portions of the Bering-Chukchi Sea Fishery Management Plan".



Alaska State Legislature
Senate

JUNEAU, ALASKA

on calendar

COMMITTEE HEARING

SENATE RESOURCES COMMITTEE

January 29, 1982

Friday

1:30 p.m.
Beltz Room
Room 211 Capitol

SB 275: An Act relating to the compensation of persons collecting hunting and fishing license and tag fees

SB 525: An Act relating to land lotteries

SB 666: An Act relating to the mining loan fund (AS 27.09); and providing for an effective date



Alaska State Legislature

Senate

RESOURCES SUBCOMMITTEE ON FISHERIES

JUNEAU, ALASKA

on calendar

TO: Senator Fahrenkamp, Chairman
Senator Fischer, Vice Chairman
Senator Sturgulewski
Senator Gilman
Senator Bradley
Senator Eliason

FROM: Senator Bob Mulcahy *Bm*

SUBJ: Resources Subcommittee on Fisheries Hearing

DATE: Monday, February 1st, 1982
3:00 P.M. in the Butrovich Room

AGENDA:

SB 47 "An Act relating to reports and records of fishermen, fish buyers and fish processors; and providing for an effective date".

SB 658 "An Act increasing the fees for a commercial fishing license".

SJR 60 "Requesting the Secretary of Commerce to disapprove certain portions of the Bering-Chukchi Sea Fishery Management Plan".

Alaska State Legislature

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on calendar

Senate

Committee on Resources

SCHEDULE

Friday, 1:30 p.m.
January 15, 1982
Room 211 - Capitol

Hearing

HB 318 An Act relating to the control of bee disease.

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
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Senate

Committee on Resources

January 11, 1982
10:50 a.m.

Beltz Room
211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Fischer
Senator Bradley
Senator Eliason
Senator Gilman
Senator Mulcahy
Senator Sturgulewski

The Committee was briefed on plans for the year.

A list of bills currently in committee was distributed. Announcement was made of a joint House and Senate Resources Committee Hearing to be held at 3:00 p.m., 1/13/82, on the Delta II Agriculture project.

The Committee adjourned at 11:05 a.m.

Alaska State Legislature

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Senate

Committee on Resources

SCHEDULE

Friday, 1:30 p.m.
January 15, 1982
Room 211 - Capitol

Hearing

HB 318 An Act relating to the control of bee disease.

AGRICULTURE
BRIEFING

1-19-81



Alaska State Legislature

Senate

RESOURCES COMMITTEE

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

January 19, 1981
1:30 p.m.

Butro Room
Capitol 207

MEMBERS PRESENT

SENATOR FAHRENKAMP
SENATOR ELIASON
SENATOR FISCHER
SENATOR GILMAN
SENATOR MULCAHY
SENATOR STURGULEWSKI

MEMBERS ABSENT

SENATOR BRADLEY

The following people briefed the Committee on agriculture:

Dr. James Drew - Director, Agriculture Experiment Station, Dean of School of Agriculture and Land Resources Management.

Robert Pollock - Executive Director, Agriculture Action Council.

Dominic Carney - Director, Alaska Division of Agriculture, Department of Natural Resources.

Claude Hoffman - Director, Alaska Division of Technical Services, Department of Natural Resources.

Art Davidson - Agriculture Land Planner, Department of Natural Resources.

Dr. Drew spoke about the basic elements of agriculture: 1. Agriculture is a renewable resource industry; 2. Alaska has a policy for agriculture development. DNR has a long term plan for such development; 3. Modern agriculture is a complex industry; 4. Alaska's agriculture must be competitive, and; 5. Agriculture development requires public support.

Mr. Carney indicated that in order for Alaska to be agriculturally competitive certain conditions must be present: 1. Large parcels of land must be made available for farmers; 2. Farmers must be supplied with low interest loans; 3. Farmers need access to their lands, and; 4. Farmers need to be able to obtain land at a reasonable price.

Mr. Davidson briefed the Committee on DNR'S Action Planning

process (example attached). The basic components are: 1. Project coordination; 2. Area, management and agricultural planning; 3. Project development; 4. Preliminary decision, and; 5. Disposal process.

Mr. Hoffman's agency is responsible for providing the technical aspects of land disposal such as: surveying the land, field identification, placement of monuments, checking ownership status and preparing titles.

Mr. Pollock briefed the Committee on processing and marketing. He indicated that because of the Delta agriculture project Alaska has proven its ability to produce, process and market agricultural products. The success of that project was dependent upon expanses of land being placed into production, experienced farmers using modern equipment and fertilizers. The yields were tested and were found to be able to compete anywhere in the world. He outlined the three variables of production as; land, climate and management.

He also indicated that there are three major markets for Alaska crops: 1. Export; 2. Feed for livestock, and; 3. Alcohol. He stressed the need for an integrated marketing system containing these elements: 1. Elevator/farm storage; 2. Truck movement; 3. Transfer facility; 4. Rail movement; 5. Marketing service; 6. Tidewater export facility; 7. Marketing service; 8. Ocean movement, and; 9. Export market.

In order for the livestock industry to be used as a market for Alaska grains the following conditions would need to be met: 1. A guaranteed supply of feed grain and forage; 2. A competitive feed price, and; 3. Access to modern processing facilities.

He further indicated that in order to have alcohol production, a livestock industry must be in place to use the high protein grain waste.

Mr. Carney briefed the Committee on government institutions. He indicated that government regulations are in existence to help protect public health and the industry. He further indicated that state loan programs are necessary because in Alaska the farms, farmers, products and concepts are new. Commercial financial institutions want to see a tract record before they will loan money. He suggested that the state could help with processing plants until a level of volume is reached at which time the private sector can take over.

The last portion of the briefing was about the various research projects around the state: testing plant varieties, test growing plots, in-soil test of fertilizers and pesticides, soil fertility test on newly cleared land, breeding of seed varieties for climactic conditions, equipment testing and livestock research.

nenana-totchaket tentative schedule of activities

12-80

1981

1982

1983

		Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan		
ACTIVITY	RESPONSIBILITIES																												
PROJECT COORDINATION	Div. of Ag., L&RP, Ag. Action Council																												
Data, Mapping, Analysis *																													
AREA, MANAGEMENT & AGRICULTURAL PLANNING ACTIVITIES																													
Schematic Area Plan/Management Plan Classification	L&RP, NCDO																												
Agricultural Design Phase I Farm Layout, Service Roads Facilities	Div. of Ag., Ag. Action Council																												
PROJECT DEVELOPMENT																													
Farm Development Financing	Div. of Agriculture																												
Access Road & Bridge Construction																													
Clearing Option #1 - Before Disposal	FL&WM																												
Clearing Option #2 - After Disposal	FL&WM																												
Surveying	DTS																												
LEGISLATIVE REQUESTS	Ag. Action Council																												
Preliminary Decision & Final Finding	FL&WM																												
DISPOSAL PROCESS																													
Public Workshops (Farming Program)	Div. of Agriculture																												
Prequalification Submittal	Div. of Agriculture																												
Prequalification Selection & Notice	Div. of Agriculture																												
Lottery Brochure	FL&WM																												
Sale Contract Form	FL&WM																												
Appeal Period	FL&WM																												
Administrative Findings & Appeal Hearings	FL&WM																												
Notice (345) for Lottery	FL&WM																												
Lottery Filing Period	FL&WM																												
15 Day Period	FL&WM																												
Lottery	FL&WM																												

* Analysis relates Nenana agricultural development to State agricultural goals, objectives and development program

Data and special studies (including climate, livestock, vegetation, transportation, etc) are incorporated

** Depends upon industry proposals and adequate access

▲ Estimated dates for workshops, hearings and other oppor-

Address Questions and Suggestions to:

ART DAVIDSON
Land and Resource Planning Section
Department of Natural Resources
323 E. 4th Avenue
Anchorage, Alaska 99501

April 10, 1980

Alaska Agricultural Action Council
Office of the Governor
Juneau, Alaska 99811

RE: Report of Ad Hoc Transportation Committee

The purpose of this letter is to set forth the unanimous recommendations of the Transportation Committee with respect to the transfer of barley produced in the Delta Junction area to port facility for subsequent export and sale.

The involved farmers have presently signed statements declaring an intention to seed approximately 15,000 acres to barley. Accordingly, based on past production, it is reasonable to predict that approximately 12,000 to 15,000 tons of barley could be produced in the Delta area this summer. Local consumption could be approximately 2,000 to 4,000 tons.^a The committee believes it is very important to arrange for the export of 10,000 tons (500,000 bushels) of barley during 1980-81, but also that sufficient grain should be retained in the State to satisfy local consumption. The legislature has previously made monies available for the purchase of barley pursuant to a test marketing program. However, unless that barley can be sold within a reasonable time, the effect is simply to accumulate barley in warehouses. We need to sell the product to make money available for the purchase of additional feed grains and to reduce storage charges. Additionally, prompt sale of the 1980 crop will permit payment in full to the participating farmers who will need the money for debt service and reinvestment.

The committee has understood its charge is to evaluate and recommend the best possible options in moving 10,000, 20,000 and 30,000 tons of the Delta Agricultural Project's initial barley production to tidewater and therefore into the export market.

In reaching our conclusions, we have traveled to the ports of Anchorage, Seward, Whittier, Valdez and Nenana. Only one of the ports, Whittier, has the capacity to handle 10,000 tons through an existing warehouse with rail access on the dock. However, unless modifications are made^b conditions of the dock at Whittier are such that it will not accept a vessel larger than 10,000 tons. Grain vessels of 10,000 tons or less are rare. Valdez is not considered a viable option for 1980 because there is only one mode of transportation, no storage is available, transportation cost is excessive, and it is the greatest distance from future agricultural developments. In the future, should Valdez construct suitable grain export facilities, it could become a viable option, especially for Delta Junction agriculture.

The considerations used in determining port locations are as follows:

^aMike Gilleland, correspondence to C. E. Lewis (enclosed)
^bDobie Weeks, Alaska Railroad, Anchorage, Alaska

1. proximity to the present and future production areas
2. frequency of transportation service
3. location and preparation of the site
4. availability of rail
5. rail delivery cost
6. availability of storage space
7. cost of storage space
8. suitability of storage space
9. proximity to rail
10. spur capacity on the dock
11. availability of dock
12. suitability of dock
13. proximity of rail to dock
14. availability of rail car unloading equipment
15. availability of ship loading equipment
16. suitability of equipment
17. equipment required and cost
18. adaptability of equipment to dock
19. first year development needs
20. third year development needs
21. net contribution to port development

The Committee evaluated in detail how the grain would be stored and transported to port. In doing so, the following conclusions were reached:

1. The Alaska Farmers' Cooperative elevator must be completed (loan from the Agricultural Revolving Loan Fund).
2. Truck movement is the weakest link in the chain because of low tonnage capacity per unit, road conditions, critical scheduling at transfer sites, relative fuel and labor intensity and government regulations. In order to implement the most efficient transportation system, the exemption of motor transportation from tariff regulation is essential.
3. A transfer facility (both for grain and fertilizer) must be constructed by August 30, 1980, and be located in the vicinity of North Pole Refinery which offers convenient multimodal access described later in this report.

The Committee then addressed the movement of the grain to the best port served by rail. It was also brought to our attention that several North Pole sites offered large access to the ocean via the Tanana-Yukon River system.^{cd} This proposal is discussed later in this report.

Both Anchorage and Seward can immediately tie up the vessel required, both offer a rail spur and adequate land for development with proximity to the ship. The most immediately apparent difference between the two ports is that the Port of Anchorage is a more highly developed port. Seward, on the other hand, in its beginning stage of development, offers more flexibility.

More specifically, Anchorage offers proximity to production areas, and a more sophisticated management and planning structure. The Port of Seward offers a better ship approach channel^e and loading equipment which can be modified to move grain.

Because of future uncertainty of volumes through a port facility, it is the Committee's judgment that the investment at the port facility should be kept to a minimum. The Committee feels that the Legislature should be made aware of present and future permanent port facility needs and that funding necessary to meet those needs should be requested. Based on the previous conclusion, the existing loading facilities in Seward become attractive. Also, in the short term, any warehouse must be multipurpose, making certain that other products could be stored in or moved through the facility during the off-season. Again, Seward is attractive because of an expanding wood chipping operation^f near the dock and the interest expressed in a bonded warehouse.^g The additional \$2.00 per ton rail cost to move the grain to Seward becomes a mitigating factor. However, the Committee's judgment is that higher ship operating costs to Anchorage, and especially the higher facility costs^h will exceed the additional rail charges to Seward.

The option of moving barley, or any other grain, directly onto barges at North Pole, Nenana or Galena and down river to ocean loading is very real.ⁱ The Committee can envision that, especially as Nenana production reaches large volumes, the down river option may siphon off significant volumes which would otherwise flow into the rail system. Additionally, encouraging the beginnings of barge traffic to tidewater will encourage agricultural development along the Yukon River, particularly in the Galena-Ruby area.

^ePilots Association, Anchorage: 1) Natural deep water port; 2) Shorter access to dock from bay entrance; and 3) Year-round ice free.

^fLarry Potts, Louisiana Pacific, Seward.

^gDaryll Schaefermeier, Seward.

^hSealand, Inc., has quoted facility use cost of \$79,240 for 10-week period.

ⁱLarry Shelver, Yutana Barge correspondence to Ron Walt.

In view of the considerations, the Committee recommends:

1. Grain exported in 1980-81 be shipped through the port of Seward.
2. Additional investigation and evaluation begin immediately into a location for a permanent grain export facility.

Given the above considerations, the Committee's plan for the transport of the barley is as follows. Grain will be picked up at the existing elevator site in Delta Junction. This elevator site accommodates approximately 10,000 tons of grain. The additional grain production will be stored in facilities on the farm for transfer by the farmer to the local elevator. The first step in the transfer will be the movement of grain from the existing elevator facility at Delta Junction to a new and smaller facility to be constructed in North Pole. This facility does not now exist and funds will have to be appropriated for its construction. It will essentially be a small elevator composed of four round steel storage bins for grain, two upright tanks for fertilizer, and a flat storage building. Attached to this letter is a report submitted by The Haskins Company, dated March 7, 1980, advising that the grain transfer station would cost \$298,840 if constructed in Spokane and the fertilizer facility \$111,000. The Committee estimates that there would be an additional 25 percent charge because of transport to Alaska and increased construction costs. Accordingly, the grain and fertilizer facility would cost \$512,300 if constructed in interior Alaska. In addition, \$100,000 will be required for a railroad spur and \$32,000 will be required to construct a suitable flat storage facility. The flat storage facility can be used to store grain, fertilizer, and other agricultural products for availability in the Fairbanks community as well as for the farmers in Delta Junction.

In the near future, permanent grain storage and export facilities will be needed at a tidewater location in Alaska. The Committee's evaluation is that the construction of a multi-purpose flat storage facility could be the logical first step of a phased-in grain export terminal. This first phase could begin construction in 1980-81 at a cost of approximately \$750,000.

It is the Committee's recommendation:

1. That the State of Alaska construct and operate the grain/fertilizer facility in the North Pole area.
2. The possible future change in ownership or operation be made at the State's discretion.
3. The transfer tariffs charged to users of the facility be based on operating costs.

Intentative pending site selection

The remaining expenditure required to accommodate movement of 10,000 tons of grain will be \$146,000 for modification of temporary facilities and purchase of equipment to be used at the port to off-load railroad cars into storage areas and to transfer grain to a ship. This expenditure would permit purchase of two vacuators, materials for jackbins, and sufficient conveyors, tubing and related equipment for transfer into the ship. The equipment could then be moved from one port to another. In addition, if necessary, a portion of the equipment could be used in the interior to facilitate movement of the movement of the grain from truck to train.

In summary, the capital cost of the facilities which are believed necessary to accomplish the task will be a total of \$1,540,300. At current prices, this expenditure would facilitate movement of approximately 1.4 million dollars worth of feed grain. We strongly believe that these facilities can be used for a period of three to five years and that they will be adequate for the export of grain produced during this period of time. Accordingly, this expenditure for the State of Alaska is a good and necessary investment to accommodate the export of grain which cannot reasonably be locally consumed within the State. Further, the Committee emphasizes the urgency of immediate approval of the funds. Table A shows a suggested time schedule which illustrates this point.

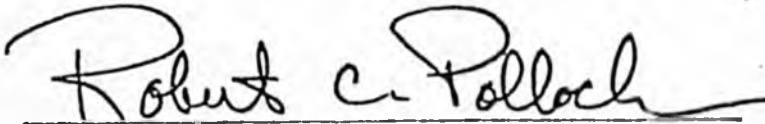
The Committee wishes to express four points which are essential to this year's export effort and for the export of grain in the next three to five years. These are:

1. A well-qualified person should be hired immediately to oversee the construction recommended and to manage the transfer facility.
2. Additional agricultural lands, Delta II, Nenana and possibly Galena are critical to competitiveness of Alaska's grain transportation network to allow it to be competitive with modern facilities in the lower 48 states.
3. Additional and continuing work is needed to keep pace with the rapidly changing transportation modes in the State, changing grain consumption patterns, and changing grain production levels.
4. If grain sales are restricted to a specific time of year, any market consideration will be eliminated.

The Committee understands that a bill is presently pending before the State of Alaska which authorizes the appropriation of funds to accommodate the transfer of the grain. We request that this report be made available to the senators, representatives, and legislative committees considering this bill. In addition, the Committee will be available to give testimony as desired by interested government officials.

April 10, 1980

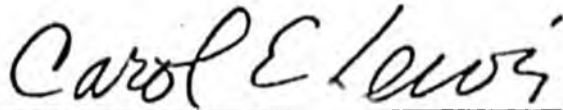
Sincerely,



Robert Pollock - Chairman
Export/Transportation Committee



Lyle R. Carlson



Carol E. Lewis

Ronald S. Walt

William R. Wood

CONSTRUCTION FOR 1980-81

Completion by September 1, 1980

	<u>Cost</u>
1. Construct transfer facility at North Pole site	—
a. Grain and fertilizer	512,300
b. Flat Storage	32,000
c. Railroad Siding	<u>100,000</u>
	\$644,300
2. Temporary facilities and equipment at the port	\$146,000
3. Construction of grain storage flathouse	<u>\$750,000</u>
 <u>TOTAL CAPITAL INVESTMENT</u>	 <u>\$1,540,300</u>

TABLE A: TASKS TO BE COMPLETED PRIOR TO 1980 MOVEMENT

<u>TASKS</u>	<u>TIME FRAME</u>
1. Trucking	
a. Passage of SB 463 - deregulation of agricultural products by motor transport	by 5-15-80
b. Advertise and let contract for transfer of grain	by 7-1-80
c. Trailers purchased and delivered (responsibility of trucking firm)	
2. Transfer Facility	
a. Secure lease on site	5-1-80
b. Go to construction bid	5-1-80
c. Secure financing	6-1-80
d. Award bid	6-1-80
e. Begin construction	6-1-80
f. Complete construction	9-1-80
3. Railroad	
Secure contract for	5-1-80
a. facilities	
b. rates	
4. Truck/Railcar Unloading System (vacuators)	
a. Go to bid	5-1-80
b. Secure financing	7-1-80
c. Award bid	7-1-80
d. Delivery	8-1-80
5. Storage Facilities Remodeling	
a. Go to remodeling bid	5-1-80
b. Secure lease on site (or warehouse)	5-1-80
c. Secure financing	7-1-80
d. Award bid	7-1-80
e. Begin construction	7-1-80
f. Complete construction	9-1-80
6. Pneumatic Ship Loader (if needed)	
a. Go to bid	5-1-80
b. Secure financing	7-1-80
c. Award bid	7-1-80
d. Begin construction	7-1-80
e. Complete construction	9-1-80

ANTICIPATED COST WITH EXPORT ELEVATOR

	low	high
1. AFC handling	2.00	3.00
2. Trucking	10.00	15.00
3. Transfer facility*	3.00	5.00
4. Rail Road	12.00	15.00
5. Export Facility*	5.00	8.00
	32.00	46.00

* assumes only maintainence and operational costs which will be greatly reduced with additional tonnage.

*Comparable rates in "lower 48"

	single-car	multicar
Great Falls, Mont to West Coast (650 miles)	27.80	23.2
Wolf Point, Mont to West Coast (900 miles)	39.20	34.60
Minot, N. Dakota to West Coast (1100 miles)	45.60	41.00

* These rates are only proposed rates. Current freight rates are as much as \$7.00 per ton higher. These rates are for transportation only and do not include transfer thru an export facility or local elevator loading charges.

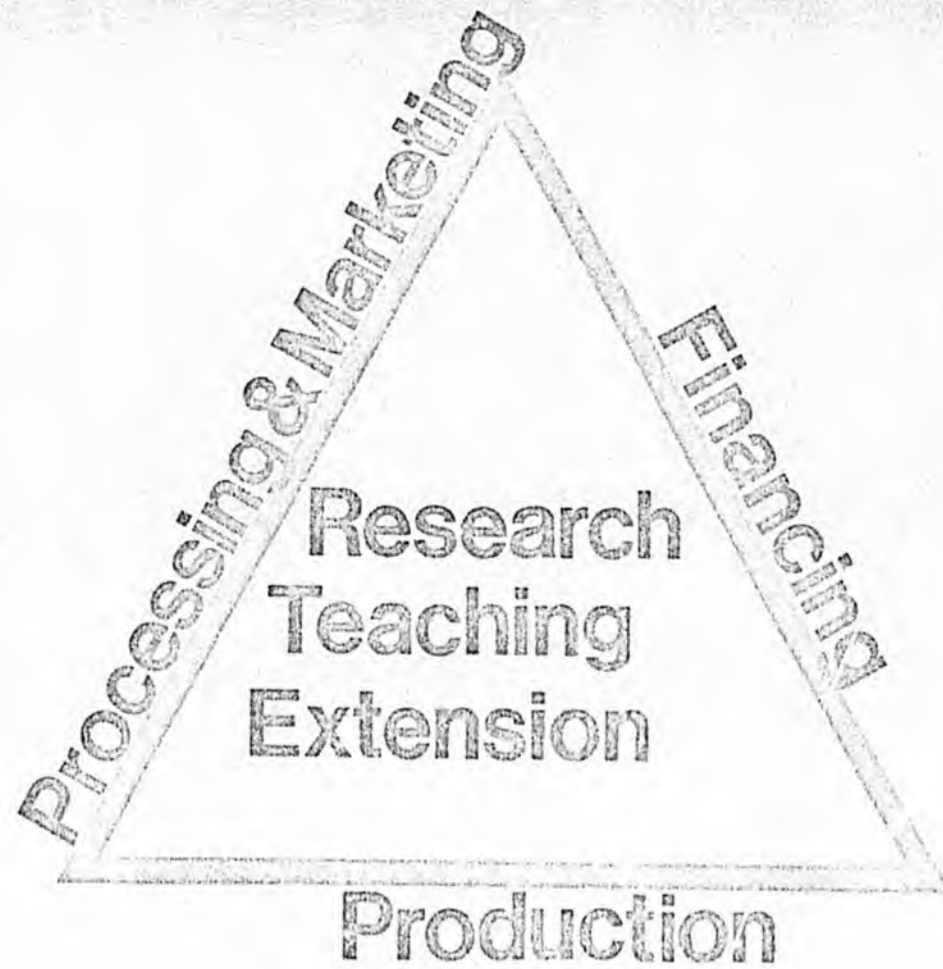
- A. Alaska's Agricultural Development - Dr. James Drew
 - 1. Agriculture is a renewable resource industry.
 - 2. Alaska has a policy for agricultural development.
 - 3. Modern agriculture is a complex industry.
 - 4. Alaska's agriculture must be competitive and have a critical mass.
 - 5. Agricultural development requires public support.

- B. Land - Carney 6 min.

- C. Production - Pollock 10 min. Slides and projector

- D. Infrastructure - Dr. Drew 3 min.
 - 1. Pollock - 5 min. Slides and Projector - Processing
 - 2. Pollock - 5 min. Marketing Slides and Projector
 - 3. Harker - 5 min. Transportation Slides and Projector
 - 4. Harker - 5 min. Financing Overhead
 - 5. Carney - 5 min. Government Institution Overhead
 - 6. Dr. Drew - 10 min. Research, Education, Extension
Overhead slides

- E. People - Dr. Drew 3 min. Slides



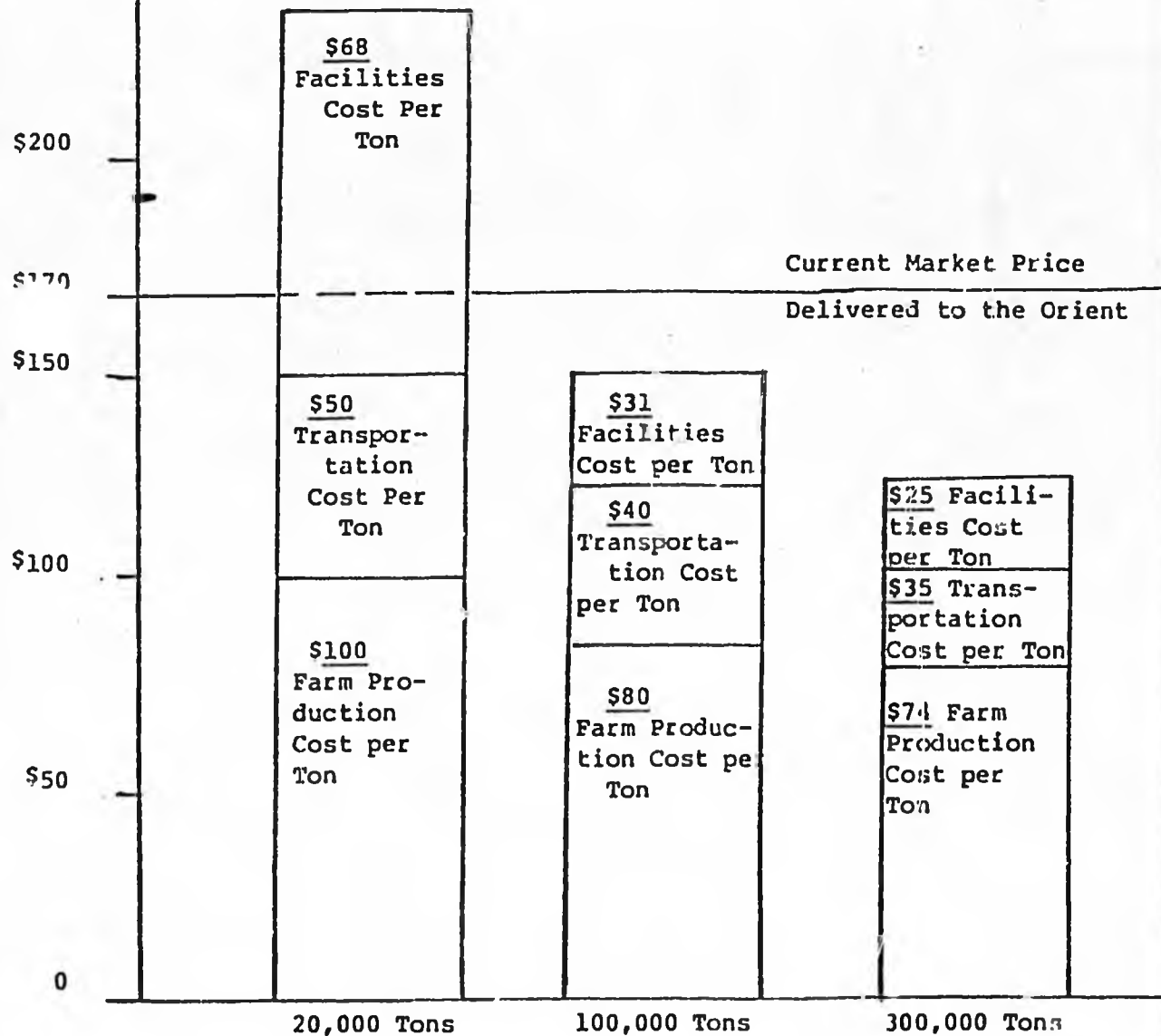


FIGURE 1. An example of the potential reduction of average costs in Alaska's developing barley industry.

I. Marketing

II. Production

1. Agronomic capability slides
2. Size Critical Mass
3. Critical Mass
4. Farm Size
5. Cost of Production
6. Modern Technology
7. Commercial/Subsistence
8. Key crops
9. U. S. Ag. Production
10. Management
11. Why barley/livestock

○	EXPORT MARKET	Free Market Pricing		\$180/T
	OCEAN MOVEMENT	Market Rate on Shipping (Can be expected to drop \$5 to \$10/T with larger export volume)	40	140/T
	MARKETING SERVICES	Marketing Agents Fee (pure estimate)	5	135/T
○	EXPORT FACILITY	Requested Flat-Rate Tarriff	3	132/T
	<i>Marketing Services</i>			
	RAIL MOVEMENT	Tarriff Rate Assumed to Prevail if the Alaska Railroad is Provided 10 Hopper Bottom Cars by Grant From State	10	122/T
○	TRANSFER FACILITY	Requested Flat-Rate Tarriff	2	120
○	DELTA ELEVATOR	Free Market Tracking Existing Pricing	14 8	106 98 98

Price Floor Mechanism:
 Existing Federal Non-Recourse Loan approx. \$64
 Proposed State Non-Recourse Loan
 Tied to Federal Target Price \$30 to \$40

Ward Target Price - \$106.40

From Key Morgan
Coop. Extension

\$94/acre cost of Production - U.S. Avg 1980 *Bob Pollock*

bushels per acre, the cost of producing a bushel of corn rose only 7 percent nationwide.

Producers in the lake states and Corn Belt—accounting for 70 percent of U.S. corn production—had the lowest per-bushel costs in 1979, at \$1.47, while those in the southwest had the highest costs, at \$2.41 a bushel.

Costs in the southeast—the second highest cost region—declined slightly in 1979 due to recovery from the poor yields of 1978.

Sorghum Up 24 Percent Per Acre

Nationwide, per-acre production costs jumped 24 percent in 1979 to \$119.69. However, with average yields up 8.4 bushels per acre, the average cost per bushel rose less than 7 percent to \$1.94.

The cost of producing sorghum varies among regions mainly according to the degree of irrigation. In the Central Plains—where 60 percent of the 1979 sorghum crop was produced—only 16 percent of

the land is irrigated, and production costs there were consequently lowest, about \$110 an acre.

About 40 percent of the sorghum-growing area in the Southern Plains and nearly all of that in the southwest is irrigated, resulting in proportionally greater per-acre costs—\$127 in the Southern Plains and \$210 in the southwest.

Even though yields are highest in the southwest, the cost per bushel in 1979 was still highest there at \$2.90, compared with \$2.47 in the Southern Plains and \$1.60 in the Central Plains.

Highest Per Bushel Barley Cost in Southwest

Barley growers in all regions faced higher costs per acre in 1979. Costs ranged from \$154 in the southwest to \$91 in the Northern Plains—where 49 percent of last year's crop was grown. Per-acre costs were up 17 percent nationwide from 1978.

Despite a record average U.S. yield of 48 bushels per acre, the cost of producing a bushel of barley still rose 12 percent to \$2.26. Dramatic yield gains in the Southern Plains and southwest helped bring costs per bushel down somewhat in those regions, although costs rose in all others.

The Southern Plains had the lowest cost per bushel last year at \$2.00, while the Northern Plains—which had the lowest cost in 1978—had the second-lowest cost at \$2.09.

At \$2.87, costs per bushel were highest in the southwest, where most of the barley is grown under irrigation.

Costs of Producing Corn in 1979

	North-east	Lake states and Corn Belt	Northern Plains	South-east	South-west	United States
<i>dollars per acre</i>						
Variable costs:						
Seed	12.45	12.52	11.56	12.68	11.52	12.41
Fertilizer	42.07	40.60	23.28	48.77	35.17	37.95
Lime	1.35	1.23	.04	3.04	—	1.18
Chemicals ¹	14.68	14.58	9.05	13.50	21.24	13.67
Custom operations ²	5.81	4.01	3.57	7.75	9.45	4.49
All labor	13.93	10.72	12.53	12.88	24.97	11.68
Fuel and lubrication	9.93	8.93	17.36	9.58	38.68	11.13
Repairs	7.67	7.42	11.03	6.94	15.08	8.17
Drying	5.72	8.16	4.24	3.87	4.42	6.90
Purchased irrigation water	—	—	.30	—	1.21	.08
Interest	4.20	4.28	3.60	4.63	6.07	4.23
Total variable	117.81	111.05	96.50	123.64	107.79	111.89
Machinery ownership:						
Replacement	19.42	20.12	26.63	18.28	30.35	21.26
Interest	12.11	12.59	17.59	10.53	18.92	13.37
Taxes and insurance	2.96	3.08	4.38	2.59	4.61	3.28
Total machinery	34.49	35.79	48.60	31.38	53.88	37.91
General farm overhead Management	13.07	7.67	6.73	9.52	9.57	7.92
	16.54	15.54	15.19	16.45	23.12	15.77
Cost per acre, including land	181.91	170.95	167.08	180.99	254.36	173.49
<i>bushels per acre</i>						
Average yield	92.3	115.9	105.3	77.8	105.6	109.2
<i>dollars per bushel</i>						
Cost per bushel, excluding land	1.97	1.47	1.59	2.33	2.41	1.59

¹Includes herbicides, insecticides, and rodenticides not otherwise included under custom operations. ²Includes

uniform application of crop chemicals, and custom harvesting and hauling. ³Based on 10 percent of above costs.

Oat Outlays Rise in All Regions

Farmers' outlays in producing oats rose in 1979 for all regions on both a per-acre and per-bushel basis.

With national average costs per acre up 16 percent and yields up a modest 2 percent, the average cost per bushel of oats rose 13 percent from \$1.46 to \$1.65.

Costs continued to be highest in the northeast—\$120 an acre and \$2.18 a bushel—and lowest in the Northern Plains—\$65 an acre and \$1.50 a bushel.

The lake states and Corn Belt region—which accounted for about 50 percent of the 1979 oats crop—had costs of \$95 an acre and \$1.66 a bushel.

July 10, 1980

Director Ronald F. Shrader
Office of Transportation
1405 Audit Building
U.S. Department of Agriculture
Washington, D.C. 20250

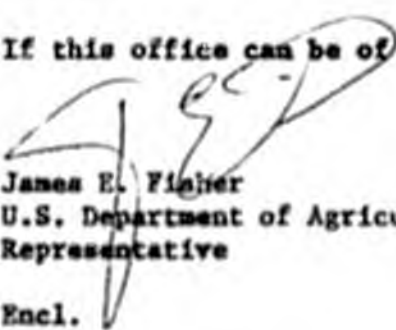
Re: Report on Alaska's transportation systems

Because of my concern with the problems of emergency handling facilities for the State of Alaska for small grains, I thought you might be interested in the enclosed publication entitled "Alaska's Unique Transportation System" issued by University of Alaska, Institute of Social and Economic Research, June 1980, Vol. XVII, No. 2.

This is a summary/overview of the entire transportation system and could be of some assistance to the Office of Transportation, USDA.

I am sending this as a follow-up to my telephone call I made to your office on 9 July, 1980 with respect to the need of the State of Alaska for grain handling facilities. The idea of using Liberty Ships, with installed equipment for handling such grain prompted the telephone call. Thank you for the assistance, and helpful attitude provided by Mr. Crowder.

If this office can be of any assistance to you, please do call upon us.


James E. Fisher
U.S. Department of Agriculture
Representative

Encl.

cc: Paul Huppert
Member, Alaska Agriculture Action Council

✓ Robert Follock
Executive Director
Alaska Agriculture Action Council



REVIEW OF
SOCIAL AND ECONOMIC
CONDITIONS

UNIVERSITY OF ALASKA, INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH, JUNE 1980, Vol. XVII, No. 2

Alaska's Unique Transportation System

INTRODUCTION

General

Alaska's transportation needs are unique compared to those of the contiguous states. This uniqueness results from a small population being scattered across a vast, rugged area, mostly in urban coastal centers. These centers either have no highway connections to the outside or can be served by overland transportation only at considerable expense. Consequently, the dominant modes of transport in Alaska are air and marine, precisely those that play the smallest role in the domestic commerce of the contiguous states. It is only in Alaska's railbelt corridor that a variety of transport modes compete for the market.

Except for the region surrounding Fairbanks, all significant population centers in Alaska have access to marine transport, with most of the Interior having access to seasonal river transportation. Thus, this is the mode used to transport most goods into and out of the state. The pervasive nature of marine transport in Alaska is reflected in Table 1, which shows types and

frequency of marine services provided selected Alaska ports. Historical trends in marine traffic through selected Alaska ports are shown in Table 2.

Because of the long distances between urban areas and the lack of direct surface transport over many shorter distances, air travel dominates in moving passengers throughout the state. It provides the only year-round access to many of the more remote areas and takes the traditional place of trucking as the primary mover of high-value items into many of these locations.

The Regional Approach

For purposes of describing Alaska's transport system, we have divided the state into three major regions: (1) the Southeastern; (2) the Southcentral/Interior, and (3) the Western/Arctic. Each of these regions has, for a variety of reasons, developed a transport system whose structure is closely identified with its particular population and resource requirements. The Southeast network is primarily concerned with the forest products industry, the Western/Arctic is

The information on which this article is based was gathered for a study being performed by the Institute of Social and Economic Research for the United States Department of Transportation. Entitled "The Alaska Transportation Systems Study," the project interconnects computer simulation models of Alaska's economic and transportation systems. It uses these interconnected models to evaluate impacts of alternative transportation policies on both the operation of the state's transportation system and the patterns of state and regional development. By creating a method for systematically analyzing the interaction between economic development and transportation, ISER

hopes that this study will provide a basis for informed and objective policy decisions in the transportation sphere.

To fully appreciate the need for systems-wide planning for the Alaska transportation system, one must first understand the economic and geographic influences that make the system and its problems unique among the states. Thus, the purpose of this review is to provide a basis for such understanding by briefly examining the Alaska transportation network and its interrelationships with the population, geography, and the economy of the state. A fuller description of the Alaska Transportation System Study and its results will be presented in a future issue of the Review.

tial or actual economic development before transport development.

The sparseness of the network even in relatively developed regions makes it obvious that any facility additions or changes or any flow pattern or volume changes may impact major portions of the system. This is particularly true if such a change were to lead to a substantial flow across regional boundaries. The relatively small traffic volumes and primitive facilities make the term "major change" refer to projects or commodity quantities which would be regarded as incremental improvements or flow diversions in more highly developed parts of the nation. Thus, a system-wide model that takes the whole network into account would likely be the most appropriate tool for assisting the planning and decision-making process in the transport sector.

Another characteristic that has determined the state's pattern of transport development is the flow imbalance which results in low back-haul rates. Even though the state's imports and exports are somewhat

balanced in terms of total quantities, the mix of commodity types (export of bulk resource materials versus imports of manufactured goods and food) is such that one type of vehicle cannot be used for both export and import. In any case, the import commodity flows have to be broken down into relatively small shipment sizes because of the small markets and long distances. This has prevented the development of a modern efficient transport infrastructure in most areas. In most of the state, only the most rudimentary cargo handling facilities are available due to the limited volumes which are being moved. This severely limits the types of vehicles that can be used in a particular service, a problem made even more serious by the limited number of transport modes available.

In this article we have outlined the structure and constraints of the Alaska transport system. Subsequent *Reviews* will define the procedure designed to replicate and simulate this system in a computer model and detail findings regarding the interrelationship of transportation and various kinds of development.

* * * *

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Featherstone Corporation

A PRELIMINARY REPORT
ON THE
FEASIBILITY OF A LIVESTOCK INDUSTRY
IN ALASKA

PRESENTED
DECEMBER 2, 1980

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I. INTRODUCTION

THE PURPOSE OF THIS PRELIMINARY REPORT IS TO GIVE THE ALASKA AGRICULTURAL ACTION COUNCIL AN INSIGHT INTO THE FINAL REPORT EARLY ENOUGH TO START PREPARING NECESSARY LEGISLATION FOR THE 1981 ALASKA LEGISLATIVE SESSION. FEATHERSTONE MUST STRESS THE TERM PRELIMINARY FOR THIS REPORT. ONE TRIP OF FIVE DAYS WAS SPENT IN THE AREA BY A FEATHERSTONE REPRESENTATIVE AND THREE WEEKS OF RESEARCH AND DATA COLLECTION IN THE LOWER 48. AS A RESULT THIS REPORT WILL ADDRESS ONLY BROAD AREAS IN GIVING DEFINITIVE YES-NO TYPE ANSWERS WITHOUT GIVING DETAILED QUANTITATIVE ANSWERS.

SOME OF THE BROAD AREAS ADDRESSED WILL BE SUPPORTED BY DETAILED FACTS OR INFORMATION. OTHER AREAS WILL BE SUPPORTED BY ONLY THE INTUITION, GENERAL KNOWLEDGE, AND BEST GUESS THAT FEATHERSTONE CAN DERIVE. IN THE FINAL REPORT FEATHERSTONE WILL TRY TO SUPPORT THESE OTHER AREAS WITH MORE DETAILED FACTS.

THE TIME SEQUENCING OF THE PROJECTED INDUSTRY WILL BE ADDRESSED ONLY IN RELATIONSHIP OF ONE MAJOR EVENT TO ANOTHER AND IN A TIME FRAME OF YEAR COMPLETED. THE FINAL REPORT WILL RE-FINE THE EVENTS INTO BETTER DETAIL WITH PROJECTED TIME NEEDED TO COMPLETE THE DEVELOPMENT.

THE SIZING AND NUMBER OF PRODUCING FARM UNITS WILL BE TREATED THE SAME AS TIME SEQUENCING. THE GENERALLY ACCEPTED ECONOMICAL SIZE UNIT FROM THE LOWER 48 WILL BE USED TO PROVE VIABILITY FOR THIS REPORT. A FULL DISCUSSION OF VARIATIONS IN SIZE WILL BE MADE IN THE FINAL REPORT.

FEATHERSTONE CORP. AT THIS TIME WOULD LIKE TO EXPRESS ITS APPRECIATION TO THE PEOPLE IN THE FAIRBANKS AREA THAT TOOK THEIR TIME TO GIVE IDEAS AND INSIGHTS INTO THE LIVESTOCK INDUSTRY OF ALASKA. SPECIFIC COMMENTS AND STATISTICS WILL BE GIVEN DIRECT CREDIT OR WILL BE FOOTNOTED. FEATHERSTONE ALSO WOULD BE AMISS IF CREDIT WAS NOT GIVEN TO THE PEOPLE OF ELLERBE ALASKA OFFICE IN FAIRBANKS WHO HAVE AGREED TO BE OUR LOCAL REPRESENTATIVE FOR THIS PROJECT.

II. ASSUMPTIONS

CERTAIN ASSUMPTIONS HAD TO BE MADE IN ORDER TO GET THIS PRELIMINARY REPORT MADE ON TIME. MOST OF THESE ASSUMPTIONS WILL BE VERIFIED IN THE FINAL REPORT. IN THIS REPORT, HOWEVER, FEATHERSTONE HAD TO RELY ON LOCAL INFORMATION AND RESEARCH AS BEING VALID. IN OTHER CASES, DATA BELIEVED BY FEATHERSTONE TO BE APPLICABLE WAS USED. UNDOUBTEDLY, IN A FEW OF THESE CASES, THE ASSUMPTION WILL NOT BE PRACTICAL OR VALID BECAUSE OF LOCAL CONDITIONS. HOPEFULLY THESE CASES WILL BE CORRECTED IN THE FINAL REPORT.

THE FIRST ASSUMPTION MADE IS THAT RED MEAT CONSUMPTION IN ALASKA WAS ACCURATELY DETAILED IN SUPPLYING ALASKA'S RED MEAT AND POULTRY MARKETS.⁽¹⁾ THE AMOUNT OF BEEF AND PORK THAT WAS CONSUMED AT THAT TIME DID NOT DIFFER SIGNIFICANTLY FROM THE LOWER 48 ON A PER CAPITA BASIS. CONSEQUENTLY, IT HAS BEEN ASSUMED THE PRESENT CONSUMPTION FIGURES OF THE LOWER 48 CAN BE APPLIED TO ALASKA FOR THE PRESENT TIME. THOSE PRESENT FIGURES ARE 105 POUNDS OF BEEF PER CAPITA PER YEAR AND 53 POUNDS OF PORK PER CAPITA PER YEAR.

A SLIGHT VARIATION IN PORK CONSUMPTION WAS FOUND. THIS VARIATION WAS FELT TO BE DUE TO HANDLING AND TRANSPORTATION PROBLEMS ASSOCIATED WITH FRESH PORK AND NOT A BIAS OF THE PEOPLE. IF PORK IS PRESENTED TO THE PEOPLE OF ALASKA IN THE SAME CONDITION AND PRICE RELATIONSHIP TO BEEF AS IN THE LOWER 48, IT IS ASSUMED THE CONSUMPTION PER CAPITA WILL BE THE SAME.

THE SECOND ASSUMPTION IS THAT THE ALASKA LIVESTOCK INDUSTRY WILL FOLLOW THE SAME ECONOMIC AND MARKETING TRENDS OF THE LOWER 48. THAT IS TO SAY THE PRODUCTS AND SERVICES DEMANDED AND SUPPLIED BY ALASKANS WILL HAVE THE SAME ECONOMIC FORCES WORKING ON THEM AS IN THE LOWER 48. EXAMPLES OF THIS ASSUMPTION IS THE RED MEAT CONSUMPTION IN THE PREVIOUS PARAGRAPH. ANOTHER EXAMPLE USED IN THIS REPORT IS THAT THE LOWER 48 HAS FOUND THAT SHIPPING LIGHT WEIGHT ANIMALS TO GRAIN SOURCES IS MORE PROFITABLE THAN SHIPPING GRAIN TO THE ANIMALS.

THE THIRD ASSUMPTION IS THAT FREIGHT RATES FROM SEATTLE TO ALASKA FOR CHILLED FOOD STUFFS IS \$12.00 PER HUNDREDWEIGHT (CWT.). THIS PRICE PER CWT. WAS OBTAINED FROM DIFFERENT LITERATURE AND FROM DISCUSSIONS WITH LOCAL RETAILERS. THIS TRANSPORTATION FACTOR ON RED MEAT EQUALS \$54.00 PER HEAD OF BEEF AND \$16.30 PER HEAD OF SWINE. (2) CONSEQUENTLY IF THE ADDED COST OF RAISING AND PROCESSING CATTLE AND SWINE IN ALASKA (DUE TO REGIONAL CONDITIONS) IS LESS THAN THE TRANSPORTATION FACTORS, IT IS ASSUMED THE INDUSTRY IS POTENTIALLY VIABLE ECONOMICALLY.

THE FOURTH ASSUMPTION IS THAT ADEQUATE TRANSPORTATION SYSTEMS AND ELECTRICITY WILL BE AVAILABLE TO LIVESTOCK PRODUCERS AND PROCESSORS. WHEN IDENTIFYING PRODUCING AREAS, EFFORTS WILL BE MADE TO COORDINATE THOSE LOCATIONS WITH THE RESULTS OF THE TRANSPORTATION STUDY PRESENTLY UNDER WAY.

III. SUMMARY

FEATHERSTONE CORPORATION APPROACHED THIS PRELIMINARY REPORT IN AN UNUSUAL METHOD FOR DETERMINING THE VIABILITY OF THE BEEF CATTLE AND SWINE INDUSTRY FOR ALASKA. DUE TO THE ISOLATED NATURE OF THE STATE, IT WAS ASSUMED IF THE ADDED COSTS OF PRODUCTION WERE LESS THAN THE TRANSPORTATION COSTS FROM THE LOWER 48, THE INDUSTRY COULD BE VIABLE IN THE LONG RUN. THE TOTAL ADDED COSTS TO PRODUCE BEEF IN ALASKA WERE FOUND TO BE \$34.56 PER HEAD COMPARED TO TRANSPORTATION CHARGES FROM SEATTLE OF \$54.00 PER HEAD. THE TOTAL ADDED COSTS TO PRODUCE PORK IN ALASKA WERE FOUND TO BE \$12.35 PER HEAD COMPARED TO TRANSPORTATION CHARGES FROM SEATTLE OF \$16.32.

ONCE THE INDUSTRY WAS PROVED VIABLE, FEATHERSTONE TRIED TO DETERMINE A FEASIBLE SIZE FOR THE INDUSTRY. IN LOOKING AT THE MARKET IT IS APPARENT THE RAILBELT IS THE MOST ACCESSIBLE MARKET AND IT HAS APPROXIMATELY 300,000 PEOPLE. DUE TO THE RELATIVELY SMALL PERCENTAGE (5%) THE RETAIL MARKET HAS OF THE TOTAL MARKET, FEATHERSTONE FEELS THE LOCAL INDUSTRY COULD CAPTURE 50% OF THE RAILBELT MARKET WITHIN A REASONABLE PERIOD OF TIME. IN ORDER TO OBTAIN 50% OF THAT MARKET, THE PROCESSING UNIT MUST PROCESS 500 CATTLE AND 1600 SWINE PER WEEK.

AFTER FEATHERSTONE HAD MADE ITS PRELIMINARY REVIEW OF THE STATE AND TALKED TO SOME OF THE PEOPLE, A COOPERATIVE FORM OF INDUSTRY APPEARED TO BE THE MOST FEASIBLE. THE COOPERATIVE WOULD OWN THE PROCESSING UNIT, A CATTLE FEED LOT, AND A FEED

MILL WHICH WOULD BE NEEDED BY THE INDUSTRY. INDIVIDUALS WOULD OWN THE COW-CALF RANCHING OPERATIONS, THE CONFINED SWINE OPERATIONS, AND THE GRAIN FARMS. THE GROWING AND FINISHING OF CATTLE COULD BE DONE BY INDIVIDUALS WITH THE FEED LOT ACTING AS A BACKUP FOR THE PROCESSING UNIT.

NEXT, THE INITIAL NUMBER OF ANIMALS, INITIAL SUPPLY OF FEED, INVENTORY AND INITIAL NUMBER OF PRODUCING UNITS (AND IN WHAT SEQUENCE) WAS DETERMINED. THE PRICE TAG FOR THESE ITEMS WAS DETERMINED TO BE APPROXIMATELY \$55,000,000. AND THE ANNUAL RETURN FROM JUST THE TRANSPORTATION COSTS WOULD BE APPROXIMATELY \$2,600,000. IN ADDITION TO THE TRANSPORTATION "PROFIT", THE STATE WOULD ALSO PROFIT FROM THE DIFFERENT RELATED INDUSTRIES AS TO THEIR TAXES, AND PAYROLLS.

WITH THE PRELIMINARY INFORMATION THAT FEATHERSTONE HAS BEEN ABLE TO OBTAIN, IT HAS BEEN DETERMINED THAT A BEEF CATTLE AND SWINE INDUSTRY IS NOT ONLY VIABLE AND FEASIBLE, BUT ALSO WOULD BE ADVANTAGEOUS FOR THE STATE OF ALASKA TO FUND.

IV. CONSIDERATIONS FOR A BEEF CATTLE INDUSTRY IN THE STATE
OF ALASKA

THE MOST PIVOTAL POINT OF THE AMERICAN BEEF CATTLE INDUSTRY IS THE FEED LOT SEGMENT. BOTH THE COW-CALF OPERATOR AND THE PACKING HOUSE OPERATOR HAVE LARGE FRONT END FIXED INVESTMENTS WHICH MEAN BOTH MUST LOOK TO THE LONG TERM TO MAKE A RETURN ON THEIR INVESTMENT. THE FEED LOT OPERATOR HAS A RELATIVELY SMALL FIXED COST BASIS IN HIS OPERATION AND CAN INCREASE OR DECREASE HIS INVENTORY RATHER QUICKLY IN RESPONSE TO MARKET CONDITIONS. AS A RESULT NEITHER THE COW-CALF OPERATOR NOR THE PACKING HOUSE OPERATOR WILL MAKE THE NECESSARY INVESTMENT TO START OPERATIONS WITHOUT A STABLE LONG-TERM FEEDING OPERATION GUARANTEED TO THEM.

THE COW-CALF OPERATORS WILL NOT GROW BEEF CATTLE IF THERE IS NOT A FEED LOT TO FINISH THOSE CATTLE. WITHOUT A FEED LOT TO WHICH HE CAN SEND HIS CATTLE THE COW-CALF OPERATOR MUST "FINISH" HIS OWN CATTLE WHICH OFTEN REQUIRES INVESTMENT IN EQUIPMENT BEYOND HIS COW INVESTMENT AND HIS MEANS. RARELY, HAS A COW-CALF OPERATOR BEEN BIG ENOUGH TO BUILD AN ECONOMICALLY EFFICIENT FEED LOT FOR FINISHING ONLY HIS CATTLE.

THE PACKING HOUSE OPERATOR (OR PROCESSOR) HAS A LARGE FRONT END INVESTMENT IN BUILDING AND EQUIPMENT. HE CANNOT AFFORD TO HAVE HIS INVESTMENT SIT IDLE FOR LACK OF CATTLE TO KILL. IF A SOURCE OF CATTLE IS AVAILABLE THAT HE CAN SELL PROFITABLY, HE WILL THEN MAKE THAT LONG-TERM INVESTMENT.

FOR THE ABOVE REASONS FEATHERSTONE ENVISIONS THE ALASKAN BEEF INDUSTRY BEGINNING WITH A COOPERATIVE FEED LOT AND PACKING HOUSE COMBINATION. BY THE COOPERATIVE (COOP) HAVING BOTH OPERATIONS UNDER ITS CONTROL, TWO OBJECTIVES ARE MET. 1) THE COW-CALF OPERATOR SEES A LONG-TERM INVESTMENT IN THE PACKING HOUSE AND THE FEED LOT AS A PLACE TO FINISH HIS CATTLE. 2) THE PACKING HOUSE-FEED LOT OPERATION CAN IMPORT FEEDER CATTLE FROM THE LOWER 48 TO START THE OPERATION AND TO FILL IN TIMES OF INADEQUATE SUPPLY IN THE SHORT RUN. THE IMPORTATION OF LIVE FEEDER CATTLE IS NOT A LONG TERM ECONOMICALLY FEASIBLE OPTION, BUT MUST BE TREATED AS A SHORT TERM COST TO START UP THE INDUSTRY AND COVER SHORT TERM SUPPLY PROBLEMS.

MEMBERSHIP IN THE COOP SHOULD BE OPEN TO ALL PHASES OF THE LIVESTOCK INDUSTRY INCLUDING GRAIN FARMERS. THROUGH REGULARLY SCHEDULED AUCTIONS THE COOP COULD SELL TO MEMBERS FEEDER CATTLE THAT WERE BROUGHT UP FROM THE LOWER 48 OR RECEIVED FROM MEMBER ALASKAN COW-CALF OPERATORS. FEEDERS NOT SOLD AT THE AUCTION WOULD BE FED OUT IN THE COOP FEED LOT. IN THE INITIAL YEARS TO INDUCE FARMERS TO GROW OUT FEEDER CATTLE, A GUARANTEED PRICE SUPPORT SYSTEM WOULD HAVE TO BE USED. WITH A KNOWN NUMBER OF FEEDER CATTLE IN THE HANDS OF COOP MEMBERS OR IN ITS OWN FEED LOT, A COOP PACKING HOUSE IS GUARANTEED A SUPPLY OF CATTLE FOR PROCESSING.

THE COOP FEED LOT ALSO WOULD OPERATE A FEED MILL FOR ITS MEMBERS. THIS SERVICE WOULD ALLOW MEMBERS WHO ARE GRAIN FARMERS TO HAVE THEIR CROPS MILLED AND MIXED FOR ANIMAL FEED, AND USED BY

OTHER MEMBERS OR FOR THEMSELVES IF THEY WISHED TO EXPAND THEIR OPERATION INTO CATTLE FEEDING. THE FEED MILL WOULD SUPPLY THE FEED LOT AS WELL AS MEMBERS WHO ARE GROWING CATTLE THAT NEED SUPPLEMENTAL FEED, VITAMINS, OR PROTEIN CONCENTRATES. BEING IN A CENTRAL LOCATION FOR ALL FEEDER CATTLE OPERATIONS WOULD BE IMPORTANT FOR THE FEED MILL'S SUCCESSFUL OPERATIONS. ALSO BY HAVING A CENTRALIZED MILL, THAT MILL CAN BE BIG ENOUGH TO HANDLE THE DIVERSE NEEDS OF THE FEEDER CATTLE INDUSTRY AND THE SWINE INDUSTRY IN BAGGED OR BULK FORM, IN LOOSE OR PELLET FORM OR ON A WILL-CALL BASIS OR DELIVERED BASIS.

THE PACKING HOUSE OPERATION MAY OR MAY NOT BE PHYSICALLY LOCATED NEXT TO THE FEED LOT. THE FEED LOT NEEDS A GOOD SIZE PIECE OF LAND THAT IS RELATIVELY INEXPENSIVE NOT TOO CLOSE TO A POPULATION CENTER. THE PACKING HOUSE HOWEVER NEEDS VERY LITTLE LAND BUT REQUIRES A LOT OF UTILITIES IN THE FORM OF ELECTRICITY, WATER, SEWER, AND CHEAP ENERGY TO PRODUCE STEAM FOR RENDERING BY PRODUCTS.

BY HAVING THE PACKING HOUSE A COOP VENTURE SEVERAL ADVANTAGES ARE OBTAINED. FIRST, THE COW-CALF OPERATORS AND THE FEEDER INDUSTRY WILL FEEL MORE SECURE INVESTING IN THEIR HERDS, KNOWING THEY ARE PART OWNERS IN THE COOP PACKING HOUSE. SEVERAL OF THESE OPERATORS EXPRESSED RELUCTANCE TO EXPAND IF A PACKING HOUSE WAS BUILT BY PRIVATE OR GOVERNMENTAL MEANS. SECONDLY THE PACKING HOUSE, IF A COOPERATIVE VENTURE, CAN BE A SOURCE OF INFORMATION GATHERING AND DISSEMINATION FOR THE REST OF THE INDUSTRY. GRADE

AND YIELD INFORMATION REGARDING CERTAIN LOTS OF CATTLE WOULD BE GIVEN TO MEMBER OPERATORS TO IMPROVE THEIR FEED LOT TECHNIQUES. THIRDLY, TO DISPERSE INFORMATION GAINED FROM RESEARCH FACILITIES IN ALASKA AND THE LOWER 48 THROUGH THE COOP WOULD BE A NATURAL FUNCTION.

WHILE IN ALASKA THE FEATHERSTONE REPRESENTATIVE HEARD SOME PEOPLE EXPRESS CONCERN OVER THE ABILITY OF A LOCAL PROCESSOR TO BE ABLE TO MARKET HIS PRODUCT EFFECTIVELY. FEATHERSTONE'S EXPERIENCE INDICATES THE END MARKETING PHASE OF THE INDUSTRY IS THE EASIEST TO ACCOMPLISH. DUE TO VERY THIN MARGINS IN THE RETAIL FOOD MARKETS AND THE VOLUME THAT BEEF REPRESENTS IN A NORMAL STORE, THE MEAT DEPARTMENT IS ALWAYS LOOKING FOR MORE SOURCES OF BEEF. OFTEN, ONLY A HALF-CENT PER POUND WILL SWING A DECISION ON WHICH SUPPLIER GETS THE BUSINESS FOR A PARTICULAR WEEK. REALIZING THE LONG-TERM NATURE OF THE PRESENT CUSTOMER-SUPPLIER RELATIONSHIPS AND THE DEPENDENCY OF THE CUSTOMER ON A CONSISTENT SUPPLIER, FEATHERSTONE SUGGESTS A RETAIL MARKETING STRATEGY OF BEGINNING AS A SECONDARY SOURCE OF SUPPLY. THIS POSITION WOULD BE TO FILL IN SHORTED ORDERS OR BE A BACKUP SOURCE FOR A LARGE ADVERTISED SALE.

THE RETAIL VOLUME IN ALASKA TO TOTAL VOLUME IS ONLY 56% OF THE MARKET WITH THE WHOLESALE AND MILITARY MAKING UP THE BALANCE. (3) THE WHOLESALE MARKET (23% OF TOTAL) IS NOT BRAND IDENTIFICATION CONSCIOUS DUE TO THE NATURE OF THE MARKET. BY

DEMONSTRATING THE QUALITY OF PRODUCT AND QUICKNESS OF DELIVERY, THE WHOLESALE MARKET SHOULD BE RELATIVELY EASY TO ENTER. THE MILITARY MARKET (21% OF TOTAL) SHOULD BE EVEN EASIER SINCE THE FEDERAL GOVERNMENT HAS PUT OUT DIRECTIVES TO HAVE COMMISSARIES PURCHASE LOCALLY PRODUCED PRODUCTS WHENEVER POSSIBLE.

FEATHERSTONE IS PROJECTING IN THE INITIAL STAGE THE INDUSTRY SHOULD BE BUILT FOR ONLY 50% OF THE TOTAL MARKET OF THE RAIL-BELT AREA. USING 300,000 POPULATION WITH A 105 POUND ANIMAL CONSUMPTION AND 50% OF THE MARKET, THE PACKING PLANT AND FEED LOT SHOULD BE SIZED TO PROVIDE 500 BEEF ANIMALS PER WEEK.

THE LAST SEGMENT OF THE BEEF INDUSTRY FEATHERSTONE FEELS MUST BE DISCUSSED IS THE RESEARCH, DEVELOPMENT AND EDUCATIONAL NEEDS. THE AGRICULTURAL RESEARCH FACILITIES FOR LIVESTOCK OF THE STATE APPEAR TO BE LACKING. FEATHERSTONE STRONGLY RECOMMENDS THAT THE STATE OF ALASKA BUILD A DEMONSTRATION AND RESEARCH FACILITY OF AT LEAST A 500 COW CAPACITY. THIS FACILITY WILL SERVE A MULTIPLE OF NEEDS. FIRST, IT CAN BE A TRAINING GROUND FOR STUDENTS TO GET HANDS-ON EXPERIENCE. SUCH PERSONNEL WILL BE SORELY NEEDED IF THE SECOND 50% OF THE TOTAL MARKET IS TO BE SERVED BY LOCALLY PRODUCED PRODUCT OR IF INCREASES IN POPULATION OCCUR.

THE SECOND NEED, IS ONE OF SUPPLYING PURE BRED BREEDING STOCK FOR LOCAL BREEDERS. THE OUTLOOK FOR AN ECONOMICALLY FEASIBLE PURE BRED BREEDER IN ALASKA IS SLIM. THE HANDLING, TESTING, AND RECORD KEEPING IS VERY LABORIOUS AND THE RATE OF

RETURN IS ONLY GOOD IN LARGE MARKET PLACES. STUDENTS WOULD BE AN EXCELLENT SOURCE OF LABOR FOR SUCH A PROJECT. THIRDLY, A NEED EXISTS TO TEST LOCALLY PRODUCED FEEDSTUFFS UNDER LOCAL CONDITIONS. THE TESTING OF PRODUCTS LIKE CRAB MEAL, RAPE SEED, ETC. IN ALASKAN CONDITIONS IS CRITICAL TO THE LONG-TERM GROWTH AND DEVELOPMENT OF THE INDUSTRY. TO EXPECT INDIVIDUAL FARMERS TO EXPERIMENT OR PIONEER NEW DEVELOPMENTS IN ALASKA, AT THE SAME TIME THEY ARE TRYING TO MAKE A START, IS JUST NOT PRACTICAL. IF THE STATE IS REALLY SERIOUS ABOUT A LONG-TERM BEEF CATTLE INDUSTRY BEING BUILT IN ALASKA, SUCH A LONG-TERM INVESTMENT LIKE A PURE BRED COW OPERATION IS A MUST.

V. CONSIDERATIONS FOR A SWINE INDUSTRY IN THE STATE OF ALASKA

TO START A SWINE INDUSTRY IN ALASKA MANY OF THE SAME PROBLEMS EXIST AS FOR THE BEEF CATTLE INDUSTRY. THE PACKER OR PROCESSOR WILL NOT BUILD A PLANT WITHOUT A SUPPLY OF SWINE TO SLAUGHTER AVAILABLE. LIKEWISE THE SOW AND FEEDER PIG OPERATORS WILL NOT PRODUCE WITHOUT A PROCESSING UNIT AVAILABLE FOR THEIR END PRODUCT. FEATHERSTONE SUGGESTS TO START THIS INDUSTRY THAT A SWINE SLAUGHTERING FACILITY BE BUILT IN CONJUNCTION WITH THE BEEF SLAUGHTERING FACILITY. NO COMPARABLE FEED LOT OPERATION FOR SWINE SHOULD BE NECESSARY DUE TO THE NATURE OF THE MARKET. SWINE REPRODUCE AND GROW MUCH MORE RAPIDLY THAN CATTLE AND THE POUNDS OF PRODUCT DEMANDED ARE LESS. AS A RESULT, IF A RELATIVELY FEW OPERATORS ARE GIVEN INCENTIVES TO ENTER THE SWINE PRODUCING SEGMENT OF THE INDUSTRY THE START-UP NEEDS OF THE PLANT WILL BE SATISFIED.

FROM LOCAL SOURCES FEATHERSTONE HAS LEARNED THERE ARE ALREADY A FEW COMPENED SWINE BREEDING AND FINISHING OPERATIONS IN EXISTENCE IN ALASKA. UNDOUBTEDLY IF THESE OPERATORS HAD A PROCESSING PLANT AVAILABLE AND WERE GIVEN SOME INCENTIVES TO GROW, THEY WOULD SERVE AS GOOD EXAMPLES FOR OTHERS TO ENTER THE BUSINESS. WITHIN ONE YEAR AFTER PURCHASING BREED STOCK, AN OPERATOR CAN BE PRODUCING 2000 TO 2500 ANIMALS PER YEAR. IT IS ESTIMATED WITHIN 4 YEARS A GOOD OPERATOR CAN HAVE SUCH AN OPERATION TO A BASIS WHERE NO ADDITIONAL BREED STOCK WOULD BE NEEDED. HAVING SUCH A "CLOSED OUT" OPERATION GREATLY REDUCES THE DISEASE PROBLEMS THAT PLAGUE MANY OPERATORS.

THE SWINE INDUSTRY NATURALLY WOULD BE PART OF THE COOP AND WOULD PROBABLY BE A LARGE PURCHASER OF THE FEED MILL PRODUCTS. OF COURSE SPECIALIZED RESEARCH TO DEVELOP NEEDS OF THE INDUSTRY COULD EASILY BE SUPPLIED ALSO BY THE COOP.

THE MARKETING OF PORK PRODUCTS IN ALASKA SHOULD BE EVEN EASIER THAN BEEF. FROM THE INHERENT NATURE OF FRESH PORK IT IS MORE PERISHABLE AND DISCOLORS FASTER THAN BEEF. FOR THIS REASON A HIGHER PERCENTAGE OF PORK IS FLOWN TO ALASKA INSTEAD OF A 34 DAY BARGE TRIP. THE ADDED EXPENSE OF AIR FREIGHT AND THE GREATER HANDLING PROBLEMS OF PORK SHOULD MAKE A LOCALLY PRODUCED PRODUCT EASY TO SELL AND POSSIBLY EVEN DEMAND A PREMIUM SINCE IT WILL DISPLAY BETTER AT THE RETAIL LEVEL. AGAIN USING 300,000 POPULATION OF THE RAILBELT, 63 POUNDS OF PORK CONSUMED ANNUALLY PER CAPITA, AND 50% OF THE MARKET, THE INDUSTRY SHOULD SUPPLY 1600 ANIMALS PER WEEK FOR THE MARKET.

A PROBLEM IN MARKETING BEEF (THAT WILL BE DISCUSSED IN THE FINAL REPORT) IS CARCASS GRADING ON A U.S.D.A. BASIS WHICH WILL BE VERY EXPENSIVE TO DO IN ALASKA WITH A LIMITED NUMBER OF CARCASSES TO GRADE. PORK ON THE OTHER HAND IS ACTUALLY SOLD BY CUTS WITHIN A WEIGHT RANGE WITHOUT A U.S.D.A. GRADE. CONSUMER ACCEPTANCE OF PORK SHOULD BE NO PROBLEM.

THE SWINE INDUSTRY (LIKE THE BEEF INDUSTRY) NEEDS TO HAVE A RESEARCH FACILITY AND DEMONSTRATING UNIT. FOR SWINE, FEATHERSTONE RECOMMENDS THE STATE HAVE A 250 SOW UNIT BUILT FOR THE UNIVERSITY OF ALASKA. SUCH A UNIT WOULD SUPPLY THE EDUCATIONAL AND RESEARCH

NEEDS OF THE INDUSTRY AS WELL AS SUPPLY PURE BRED STOCK FOR REPLACEMENT NEEDS IN THE STATE.

FEATHERSTONE REALIZES THE DEVELOPMENT PROPOSED HERE IS RATHER SHORT ON DETAIL. THIS FACT IS DUE TO SEVERAL FACTORS:

- 1) TIME WAS SHORT AND ONLY ONE SPECIES COULD BE ADEQUATELY INVESTIGATED.
- 2) SEVERAL LOCAL AUTHORITIES FELT IF PROVED ECONOMICALLY FEASIBLE AND A PLANT WAS BUILT THAT SWINE PRODUCERS WOULD BE EASILY OBTAINED.
- 3) THE NUMBER OF POUNDS OF PORK CONSUMED AND ITS ECONOMIC VALUE TO THE STATE IS NOT AS GREAT AS BEEF.
- 4) A MORE DETAILED DESCRIPTION WILL BE MADE IN THE FINAL REPORT.

VI. DETERMINING THE ECONOMIC VIABILITY OF A LIVESTOCK INDUSTRY
IN ALASKA

IT HAS BEEN ESTIMATED THAT 95% OF THE MEAT CONSUMED IN ALASKA IS BROUGHT IN FROM THE LOWER 48. MOST OF THIS MEAT ARRIVES BY BARGE, AIRPLANE OR TRUCK TO A CENTRAL DISTRIBUTION POINT IN EITHER ANCHORAGE OR FAIRBANKS. THAT CENTRAL DISTRIBUTION POINT WOULD BE THE SAME AS THE PROCESSING UNIT FOR TRANSPORTATION PURPOSES. AS A RESULT WE CAN LOOK AT THE FREIGHT FACTOR FROM SEATTLE TO ANCHORAGE OR FAIRBANK AS THE ECONOMIC DISTANCE ALMOST LOST BY ALASKA. ALASKAN LIVESTOCKMEN AND PROCESSORS MUST PRODUCE MEAT PRICED F.O.B. MANUFACTURER FOR A DIFFERENTIAL (COMPARED TO SEATTLE PRODUCERS) LESS THAN THE FREIGHT FACTOR. THAT IS TO SAY IF THE ADDED COST OF PRODUCING THE PRODUCT IN ALASKA DUE TO CLIMATIC AND ECONOMIC CONDITIONS IS LESS THAN THE TRANSPORTATION FACTOR, THEN THE INDUSTRY IS ECONOMICALLY FEASIBLE.

IN CLASSICAL ECONOMIC DEFINITIONS A LOCAL FREIGHT ADVANTAGE IS NORMALLY TERMED A SHORT-TERM CONDITION THAT WILL BE CORRECTED IN THE LONG TERM. IN THIS SITUATION, HOWEVER, FEATHERSTONE FEELS THAT CORRECTION WILL NOT BE MADE. BECAUSE OF ALASKA'S RELATIVE ISOLATION TO COMPETITIVE MARKETS, THE STATE BECOMES A MARKET IN ITSELF. ALSO DUE TO THE RELATIVE SMALL POPULATION, ALASKA WILL NOT ATTRACT COMPETITION TO MOVE INTO THE STATE IN THE SHORT TERM. FOR THESE REASONS, FEATHERSTONE IS NOT CONVINCED THAT A LOCAL ALASKAN INDUSTRY MUST BE

COMPETITIVE ON WORLD MARKETS IF IT IS TO BE ECONOMICALLY VIABLE. IF THE LOCAL DEMAND IS ADEQUATE AND THE LOCAL FREIGHT ADVANTAGE SUFFICIENT, A LOCAL INDUSTRY CAN BE VIABLE IN ALASKA IF ITS ADDITIONAL COSTS OF PRODUCTION IS LESS THAN THE FREIGHT DIFFERENTIAL.

BY USING THIS METHOD TO DEFINE VIABILITY OF A LOCAL INDUSTRY, ONE MUST ASSUME THAT THE BASIC INDUSTRY (THAT IS BEING USED AS A COMPARISON BASIS) IS ALSO VIABLE. THAT IS TO SAY THE UPS AND DOWNS OF THE SHORT-TERM MARKETS EXPERIENCED IN THE LOWER 48 ARE GOING TO OCCUR IN ALASKA. IN THE LONG RUN, HOWEVER, IT MUST BE ASSUMED THAT THE LOWER 48 HAS A VIABLE LIVESTOCK INDUSTRY IN ORDER TO COMPARE DIFFERENTIAL COSTS WITH ALASKA. TO STOP TIME AND TAKE AN ISOLATED MARKET CONDITION AND COMPARE INDUSTRIES ON A GROSS DOLLAR BASIS IS UNREALISTIC. ONE CANNOT COMPARE THE TOTAL DOLLARS PER HEAD THAT A PACKER OR FEED LOT OPERATOR GETS IN THE LOWER 48 TO THE TOTAL DOLLARS EACH WOULD GET IN ALASKA ON, FOR EXAMPLE, JANUARY 1, 1980 TO MAKE A DECISION CONCERNING VIABILITY. COMPARING THE DIFFERENTIAL COSTS OF PRODUCTION IS A MORE POSITIVE LONG-TERM DECISION TOOL.

THE TRANSPORTATION COSTS TO ALASKA HAVE BEEN IDENTIFIED AS BEING \$12.00 PER HUNDREDWEIGHT BY LOCAL RESIDENTS. THIS FIGURE WILL BE VERIFIED IN THE FINAL REPORT. THE COST THEN TO DELIVER ONE HEAD OF BEEF TO A CENTRAL MARKETING PLACE IS \$54.00⁽²⁾ AND ONE HEAD OF HOGS IS \$16.30.⁽²⁾ THE ADDITIONAL COSTS OF RAISING AND PROCESSING THESE SPECIES IN ALASKA MUST BE LESS THAN THOSE