

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

1888 SRES KIDDER PEABODY 3/31/82 - NEMANA PROJECT 2/6/81 188

the oil and gas industry participants as well as the strong support of both the domestic and international financial communities.

The U.S. has much to gain from the ANGTS. The project will provide American gas consumers with access to 26 trillion cubic feet of proven and recoverable gas reserves at Prudhoe Bay, representing 13 percent of America's known supplies, and to a potential of between 100 and 200 trillion cubic feet of additional gas reserves believed to be along Alaska's north coast. These supplies will reduce the risk of future energy shortages in America and strengthen national security by limiting U.S. vulnerability to foreign oil embargo.

The ANGTS not only will provide a dependable long-term energy alternative to OPEC oil, but also stimulate exploration and development of vast additional reserves in Alaska and create thousands of jobs for U.S. workers. Construction of the Alaskan pipeline segment and conditioning plant will require a peak work force of 16,000 workers.

The Alaska Natural Gas Transportation System will have an initial capacity of 2 billion cubic feet of gas per day, enough energy to displace approximately 400,000 barrels of imported oil each day for the next 25 to 30 years.

The 745-mile Alaska segment of the project will be built and operated by a consortium of ten U.S. and Canadian natural gas companies called the Alaskan Northwest Natural Gas Transportation Company. Northwest Alaskan Pipeline Company, a wholly-owned subsidiary of Northwest Energy Company of Salt Lake City, Utah, is operating partner for the consortium.

Other members are subsidiaries of: Pacific Gas & Electric Company, San Francisco, California; Pacific Lighting Corporation, Los Angeles, California; InterNorth, Inc., Omaha, Nebraska; Panhandle Eastern Pipe Line Company, United Gas Pipe Line Company and Texas Eastern Corporation, all of Houston, Texas; American Natural Resources Company, Detroit, Michigan; Columbia Gas System, Inc., Wilmington, Delaware; and TransCanada Pipelines, Ltd., Toronto, Ontario.

In addition, the major Alaskan North Slope gas producers, Exxon Corporation, Atlantic Richfield Company and the Standard Oil Company (Ohio), as previously mentioned, have agreed to participate in financing the Alaska segment.

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FERC ORDERS GAS CONDITIONING PLANT AS PART OF ANGTS: As a first agency action following approval of the waiver package the FERC on January 4, 1982 amended its conditional certificate designating the sponsors, nature and route of the Alaska segment of the ANGTS to include a required gas conditioning plant as part of the system. In two other separate but related orders, the Commission vacated a proposed regulation and policy which sought to limit the types of production-related costs gas producers could recover for conditioning the gas. According to the Commission both orders were rendered moot by the waiver package legislation.

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EASTERN LEG CONTINUES ON SCHEDULE: Construction of the Eastern Leg of the ANGTS is on schedule for its fall 1982 completion date. Northern Border Pipeline

(more)

Company, responsible for the U.S. section of the Eastern Leg, is approximately 77 percent complete on the 823-mile U.S. segment from Port of Morgan, Montana on the U.S./Canadian border to Ventura, Iowa. Foothills Pipe Line (Yukon) Ltd., responsible for the Canadian section of the Eastern Leg, is 67 percent complete on the 395-mile Canadian segment from James River, Alberta to Port of Morgan. Both companies have stopped mainline construction for the winter and will resume construction in the spring. Up to 800 million cubic feet of Canadian gas per day will flow through these segments in the fall of 1982, serving consumers in midwestern, eastern and southern portions of the United States. Both the Eastern and Western Legs of the ANGTS will transport surplus Canadian gas in advance of Alaskan gas.

The initial phase of the Western Leg is complete and Canadian gas began flowing through this system on October 1, 1981 to serve customers in Southern California.

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ALASKA STUDIES GASLINE FINANCING: Members of a special committee established by Alaska Governor Jay Hammond met with financial officers of Northwest Alaskan Pipeline Company in December to explore possible state participation in financing the Alaskan facilities of the ANGTS. The committee, headed by Natural Resources Commissioner John Katz, also hired the New York investment firm of Kidder, Peabody & Co. in an advisory capacity. An initial report will be made to the Governor by March 1, 1982.

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PROGRAM DEVELOPED FOR EMPLOYMENT, TRAINING AND COUNSELING OF ALASKAN NATIVES: Northwest Alaskan Pipeline Company has created a program for the employment, training and counseling of Alaskan natives during construction of the Alaska segment of the ANGTS. The plan was developed by Northwest in consultation with members of an Ad Hoc Training Advisory Committee established in May 1981 to provide the company with views from interested organizations and individuals, including Alaskan natives.

The program currently is being reviewed by members of the Advisory Committee. It was also submitted to the FERC in November as part of a supplemental filing on Northwest's Certification Cost Estimate. Ultimately the job training plan will be submitted to the Office of the Federal Inspector (OFI) and to the Secretary of the Interior in compliance with the requirements of the federal right-of-way grant issued in December 1980.

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COMPRESSOR BIDS REQUESTED FOR PLANT, PIPELINE: Northwest Alaskan Pipeline Company issued requests December 21, 1981 to vendors for bids on turbine-compressors and main power generators for the North Slope gas conditioning facility. On January 18, 1982 the company issued requests for bids on turbine-compressors for the Alaska segment.

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1981 YEAR IN REVIEW: A great deal of progress was made during 1981 to move the Alaska Natural Gas Transportation System (ANGTS) forward. Following is a review of significant developments.

(more)

January 16, Affirmative Action Plan Approved for Eastern Leg: The Office of the Federal Inspector (OFI) approved the affirmative action and minority business contracting plan for the Eastern Leg of the U.S. delivery system. The plan, which applies to Northern Border Pipeline Company, its contractors and subcontractors, sets employment goals for each of four minority groups and for females in each employment classification.

February 9, Construction Begins on U.S. Western Leg: Ceremonies were held in Spokane, Washington commemorating startup of construction on the U.S. Western Leg of the ANCTS. The initial phase of the Western Leg involved construction by Pacific Gas Transmission Company of 160 miles of 42-inch diameter pipeline paralleling its existing system between Kingsgate, British Columbia, on the U.S./Canadian border, and Stanfield, Oregon. By the fall of 1982, approximately 1,500 miles, or more than 30 percent, of the total ANCTS will be completed.

February 23, Compressor Station Permits Received: The Environmental Protection Agency (EPA) granted Federal air quality permits for construction and operation of the seven compressor stations to be constructed in Alaska for moving Prudhoe Bay natural gas to the lower 48 states. The permits represent more than two years of preparatory work by pipeline sponsors.

February 26, Western Leg Affirmative Action Plan Approved: The OFI approved Pacific Gas Transmission Company's affirmative action plan for the U.S. Western Leg.

March 1, Alaska Office Expands: Northwest Alaskan Pipeline Company's Alaska office moved to larger headquarters in Fairbanks. Fluor Alaska, Inc. and the joint venture of Michael Baker/Gulf Interstate, project design contractors, also relocated to the new headquarters on Douglas Avenue.

March 11, President Reagan and Department of Energy Reaffirm Support for ANCTS: On a visit to Ottawa, President Reagan told members of the Canadian Parliament that he strongly favors prompt completion of the ANCTS. Department of Energy Secretary James Edwards also assured the Canadian Northern Pipeline Agency that the U.S. government is firmly committed to completion of the system in conformity with agreements between the two countries.

March 11, Eastern Leg Receives Right-of-Way: The Department of Interior issued a right-of-way grant across Federal lands for the U.S. Eastern Leg.

March 17, Conditioning Plant Lease Filed with Alaska: Northwest Alaskan Pipeline Company applied to the State of Alaska for a lease of state lands at Prudhoe Bay, Alaska for the purpose of constructing a gas conditioning plant.

April 15, Pipeline ROW Application Updated: Northwest Alaskan submitted a major update to its earlier application to the State of Alaska for a pipeline right-of-way across state-owned lands in Alaska.

May 5, Construction Begins on U.S. Eastern Leg: Groundbreaking ceremonies were held near Aberdeen, South Dakota for the U.S. Eastern Leg of the ANCTS. The U.S. Eastern Leg will extend 823 miles from Port of Morgan, Montana to Ventura, Iowa. Completion is scheduled for the fall of 1982.

May 9, Six New Test Sites Under Operation: Six chill pipe test sites were constructed along the route of the pipeline in Alaska for testing various soils

for the project's design. The first site became operational on March 5 and all six were operational by May 9.

June 3, Sponsors & Producers Reach Financing Agreement: Northwest Alaskan and the three major North Slope gas producers, Exxon, ARCO and Sohio, reached a joint financing agreement.

June 17, ANGTS Waiver Package Sent to White House: Northwest Alaskan on behalf of project sponsors asked President Reagan to consider a waiver of law package designed to remove government obstacles hindering private financing of the remaining portions of the ANGTS.

August 13, Alaskan Segment Affirmative Action Plan Approved: The OFI approved the affirmative action and minority business contracting plan for the Alaska segment of the ANGTS.

September 29, First Quarterly Impact Report Released: Northwest Alaskan released the first in a series of quarterly impact reports to assist Alaskans in planning for construction of the Alaskan pipeline system. The 40-page report, "Gasline Planning Update", includes updated information on current and projected gasline manpower, scheduling, Alaska field program activities, logistics planning, gas conditioning facilities, Fairbanks housing trends and results of a survey of six small communities along the gasline route.

October 1, First Canadian Gas Flows Through Western System: Ceremonies were held in Los Angeles celebrating the first flow of natural gas from Alberta, Canada to Southern California through the Western Delivery System. The system includes nearly 300 miles of new pipeline constructed in the U.S. and Canada as the initial phase of the Western Leg. Northwest Pipeline Corporation also added 351 miles of new pipeline to its system in Oregon and Idaho to help deliver the Alberta gas to Southern California.

October 15, President Reagan Send Waiver Package to Congress: President Reagan submitted to Congress a proposed waiver of existing law designed to help achieve private financing for the Alaska segment of the ANGTS. The waiver is required to: permit equity participation in the project by the three major Prudhoe Bay gas producers -- Exxon, ARCO, and Sohio; include the necessary North Slope gas conditioning plant as part of the ANGTS; allow the Federal Energy Regulatory Commission (FERC) to approve at its discretion a tariff that would provide lenders with sufficient assurances of repayment of funds needed for private financing; and to provide regulatory consistency and expedite issuance of remaining federal regulatory approvals.

November 10, Waivers Clear Senate Committee: By a vote of 14 to 1 the Senate Committee on Energy and Natural Resources approved the ANGTS waiver package.

November 12, House Interior Committee Approves Waivers: The Interior and Insular Affairs Committee of the House of Representatives passed the ANGTS waiver proposal by a vote of 32 to 9.

November 17, House Subcommittee Votes in Favor of Waivers: The Subcommittee on Fossil and Synthetic Fuels of the House Committee on Energy and Commerce approved the ANGTS waiver package by a vote of 12 to 9.

November 19, ANGTS Waivers Clear House Energy Committee: By a vote of 21 to 14 the House Committee on Energy and Commerce approved the ANGTS waiver package.

November 19, Senate Approves Waiver Package: The U.S. Senate voted 75 to 19 in favor of the waiver package.

December 10, House Approves Waiver Package: The U.S. House of Representatives voted 230 to 188 in favor of the waiver package.

December 15, President Reagan Signs Final Waiver Package: President Reagan signed into law the waiver package allowing individual pipeline sponsors, the gas producers and the banks to develop a definitive financing plan.

For further information contact:

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Northwest Alaskan Pipeline Co.
P.O. Box 1526
Salt Lake City, Utah 84110
(801) 534-3531

Penny Miller
Northwest Alaskan Pipeline Co.
1120 20th Street, N.W.
Washington, D.C. 20036
(202) 872-0280

Kathleen Dyer
Northwest Alaskan Pipeline Co.
701 Douglas Avenue
Fairbanks, Alaska 99701
(907) 451-1000

NOTE REGARDING THE FOLLOWING FRAME ON MICROFILM:

COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES
IN ALASKA STATE ARCHIVES. TITLE PAGE ONLY HAS
BEEN FILMED.

**REPORT TO
THE GOVERNOR'S TASK FORCE
ON
STATE OF ALASKA PARTICIPATION
IN FINANCING THE ALASKAN SEGMENT
OF
THE ALASKA NATURAL GAS TRANSPORTATION SYSTEM**

**Kidder, Peabody & Co. Incorporated
10 Hanover Square
New York, New York 10005**

**Joseph M. Schell, Vice President
Otto Lowe, Jr., Vice President**

**Kenneth F. Seplow, Vice President
Roger N. Pyle, Vice President**

March 22, 1982

VENANA FARM

PROJECT

BRIEFING

2-6-81



STATE OF ALASKA
OFFICE OF THE GOVERNOR
Special Projects Office
ALASKA AGRICULTURAL ACTION COUNCIL

The Alaska Agricultural Action Council today approved the following motion. Members voting in the affirmative were: Paul Huppert, Nick Carney and W. I. Palmer.

Motion:

Whenever there are agricultural lands with commercial timber growing on these lands, it is the policy of the AAAC that the Division of Forestry shall cruise that timber and place a reasonable price on the timber. The land shall then be sold to the farmer with the timber intact. The farmer will pay the price for the timber, in addition to the regular price of the land.

In each case where there is commercial timber on such farms, the farm development plan required by the AAAC of the farmer will allow sufficient time for the best utilization of the timber.

Signed at Fairbanks, Alaska, this 6th day of January, 1981.

Handwritten signature of W. I. Palmer in cursive.

W. I. "Bob" Palmer, Chairman

Handwritten signature of Paul Huppert in cursive.

Paul Huppert, Vice-Chairman

Handwritten signature of Domonic L. Carney in cursive.

Domonic L. Carney, Member

Handwritten signature of Charles R. Webber in cursive.

Charles R. Webber, Member

DATE: February 5, 1981

REQUEST FOR PROPOSALS

The City of Nenana, Alaska, is seeking proposals from private companies involved with harvesting, processing and marketing wood fiber resources to conduct a two year program designed to accomplish the objectives described below.

The City of Nenana has determined that these objectives are essential to the completion of Phase 1 of a 20 year program of Agricultural Development in an undeveloped region west of Nenana, Alaska. The region comprises a gross area of over 300,000 acres under extensive forest cover of which 175,000 acres have been classified as Class II and Class III agricultural soils by the Soil Conservation Service. This region is more commonly known as Totchaket.

The City, under the general authority of the Special Projects Office of the Governor, and with the cooperation of the Agricultural Action Council, is the prime sponsor of the Totchaket Development Program and will be the contracting authority for that company which submits the successful proposal. During the period of the clearing, harvest and marketing program, the City will act as a single point of contact and permit coordination center, on behalf of the company conducting the program, and all agencies of State, Federal and local governments with permitting jurisdiction over Totchaket.

OBJECTIVES:

1. Through the use of clear cutting, shear cutting, de-stumping, root plowing and other appropriate methods the harvest of all wood fiber resources within two contiguous townships comprising 46,080 acres, described legally as follows: Township 4 South, Ranges 10 and 11 West, Fairbanks Meridian;
2. The processing, grading, marketing, and sale of wood fiber resources such as wood chips and other products for which a market exists;
3. The stockpiling and/or windrowing as appropriate to minimize fire risks, of all remaining wood fiber resources for future use as hog fuel, energy and/or power production, or other recommended applications toward the eventual use of the cleared area for agricultural production;
4. The general contouring and preparation of the cleared land for plowing and further preparation for planting scheduled to begin the summer of 1982.

PROPOSAL REQUIREMENTS:

Companies responding to this request for proposals will need to demonstrate their familiarity with and ability to use standard practices within the industry and within applicable regulatory procedures to accomplish the following tasks in advance of any clearing activity:

1. Development of overland access along a route designed by the City from Nenana to the two townships, and within the two townships to proposed clearing areas;

REQUEST FOR PROPOSALS (CONT.)

2. Based on micro-meteorological data for the designated townships, design, survey and delineation of clearing area, and proposed clearing schedule by area, subject to approval by the City of Nenana;
3. Survey, appraisal and preparation of preliminary estimates by grade and quantity of the market value of all wood fiber resources;
4. A proposed method of transporting marketable resources to market;
5. The development of a method by which the City of Nenana and other interested parties will be able to monitor program progress; to assess its cost effectiveness for future clearing; and to evaluate its value in stimulating the long term economic development of Interior Alaska;
6. The method required under 5. above shall include, at a minimum the selection of one test site--subject to location and timing approval by the City--within the area for the purpose of completing an actual field test and system evaluation of the proposed program methodology prior to July 15, 1981.

All proposals shall include a design for the general contouring, stock-piling, and/or windrowing of non-marketable resources in a manner which, after thorough analysis and evaluation of the constraints imposed by the macro and micro environment affecting Totchaket will yield the greatest agricultural productivity over the long term in the cleared areas.

PROGRAM FINANCING:

The City of Nenana expects to finance its costs of the program primarily with the sale proceeds of marketable resources, and companies preparing proposals should include an outline of contractual consideration designed to yield an equitable share of such proceeds to both parties.

Additional contractual consideration involving financing and other matters may be included in the proposal as appropriate.

In addition to the descriptive information included with this request for proposals the City of Nenana, the Special Projects Office and appropriate agencies of the State and Federal government are conducting and have completed several studies of the Totchaket region. The City has established a library and data resource and access system for the purpose of assuring that existing information is readily available to interested parties. Companies interested in responding to this proposal should plan to discuss this data with the following people at their earliest opportunity:

1. The Honorable John B. Coghill, Mayor
City of Nenana
(907) 832-5476 in Nenana, Alaska

REQUEST FOR PROPOSALS (CONT.)

2. Mr. Jerry Smetzer, Principal
Northern Development Associates;
Development Representative for the
City of Nenana
(907) 479-6816 in Fairbanks, Alaska

PROPOSAL DEADLINES AND EVALUATION PROCEDURES:

Deadline for receipt of proposals shall be 2:00 p.m. Tuesday, December 2, 1980, at the City Hall in the City of Nenana, Alaska. All bids received shall be opened during a public bid opening beginning at 3:00 p.m. The City anticipates a thorough review and analysis of all proposals received and expects to select 3 proposals for intensive interviews prior to Saturday, December 20, 1980, in Nenana. As part of its evaluation process on the 20th of December, the City of Nenana will require a public presentation of the three top ranked proposals before a group of interested citizens and participating government and industrial interests.

Depending on the results of the December 20th evaluation the City hopes to select a company to initiate the Harvest, Processing and Marketing Program by January 5, 1981.

The City of Nenana reserves the right to reject any and all proposals; to request interviews with two or more top-ranked companies; or to request resubmittals either jointly or individually by one or more top-ranked companies prior to final selection and award.

The City of Nenana, Alaska, is an equal opportunity employer and all qualified bidders will receive consideration for award without regard to race, religion, color, national origin, physical handicap, sex or marital status.

MEMORANDUM

State of Alaska

TO: Robert C. Pollock, Exec. Director
Alaska Agricultural Action Council

DATE: July 14, 1980

FILE NO: J-66-800-80

TELEPHONE NO: 465-3666

FROM: WILSON L. CONDON
ATTORNEY GENERAL

SUBJECT: Agricultural devel-
opment problems

By:

Rodger W. Pegues
Assistant Attorney General



This responds to your request of June 16, 1980, for advice on several problems and confirms our discussion of July 11, 1980.

First, to the extent that the authority has been given to it by the head of the Special Projects Office, the Agricultural Action Council has control over the money appropriated to that office for the Totchaket agricultural project. The legislature's naming of an outside, non-governmental corporation as a joint administrator would exceed the power of the legislature, would breach the separation of powers, and would therefore, be a nullity. Accordingly, the language in the appropriation concerning the Totchaket corporation must be read as being advisory or precatory in nature, requiring nothing more than reasonable efforts to harmonize the work of the state and the corporation.

Second, the council can contract for specific tasks with contractors other than the Totchaket Corporation.

Third, the money can be expended only in accordance with state law just as for the Delta project.

The Point McKenzie project can go forward through cooperative arrangements with the Department of Natural Resources. The Delta II project cannot without further approval.

RWP/pjg

RECEIVED JUL 16 1980



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU
MEMORANDUM

To: Mrs. Resa King
Senate Resources Committee

From: W. I. "Bob" Palmer *WB*
Special Projects Coordinator
Office of the Governor

Date: February 5, 1981

Re: Nenana Agricultural Project

The Nenana/Totchaket Agricultural Project is located in two townships directly west of the City of Nenana, 60 miles south of Fairbanks. The preliminary project is in its first phase and is only 46,000 acres; however, an additional 130,000 acres have been soil surveyed by the USDA Soil Conservation Service and have been determined to have excellent agricultural soils.

The 1980 Legislature initiated the planning process for this project with an appropriation to determine transportation access, feasibility of livestock and vegetable production and the analysis of other developmental stages. The appropriation, contained in Chapter 50, SLA 1980, Sec. 281 reads:

The sum of \$560,000 is appropriated from the general fund to the Office of the Governor, special projects office, to be administered in conjunction with the Totchaket Development Corporation for development of the Totchaket agricultural project.

Several difficulties arose with respect to the inherent problems in the interpretation of this section. Accordingly, the Special Projects Office sought an Attorney General's Opinion to clarify the following questions:

1. Can the Special Projects Office assign to the Alaska Agricultural Action Council (AAAC) the responsibility for administering the funds for the contractual work between the State and potential contractors?
2. Is the Totchaket Development Corporation a joint administrator and is the Special Projects Office mandated to contract with a specific entity, namely the Totchaket Development Corporation? (As of the time of the signing of the bill, May 30, 1980, no such entity had been legally incorporated. Additionally, there was a local dispute in Nenana as

to whom would be legally bestowed (by the Department of Commerce) the incorporating name because there were two groups vying for the name.)

3. How should the funds be administered?

The Attorney General's formal Opinion is attached for your information. Briefly, it states:

1. that if the Special Projects Coordinator gave the authority to do so, the AAAC could have control over the appropriated funds;
2. the Legislature's naming of a private corporation as a joint administrator for the project exceeded the Legislature's powers and was nullified;
3. the language regarding the Totchaket Corporation should be read as advisory in nature, with nothing more required than reasonable efforts to harmonize the project work between the State and the Corporation;
4. the ability of the AAAC to contract with whomever it chooses, not being legally bound to contract with the Totchaket Corporation; and
5. the requirement that the funds should be expended in compliance with state law.

After these initial questions were answered, the Special Projects Office contracted with the City of Nenana to provide the basic data needed for the design of a realistic, successful agricultural development project, with project implementation likely in 1982 or 1983. In all, there are six signed contracts, with no final studies resulting from the contracts in yet. Copies of these contracts are also attached for your information.

A concerted effort has been made by the Alaska Agricultural Action Council to keep abreast of the wishes of Nenana's residents. The Council held a public hearing in Nenana on August 29, 1980, which was well attended. Additionally, AAAC staff attended a workshop in Nenana sponsored by the City of Nenana on December 20, 1980, in which the goals and objectives and problems encountered in developing the agricultural potential of Western Alaska were laid out.

Additionally, the AAAC has a contract with the Nenana Native Council to clear 25 acres of land in the area for a small-scale agricultural project. A cover crop on this acreage will be planted in the spring.

Stalled in past years due to uncertainties regarding land ownership by State and Federal governments and Native corporations, this contractual planning process has added a significant momentum towards a major agricultural development near Nenana. Long considered one of the State's prime agricultural areas, the Nenana/Totchaket Project is located adjacent to the Alaska Railroad, which connects between Fairbanks and the State's tidewater ports. In addition to the positive aspects of this transportation link, the area has the capability of expanding agriculture into the river valleys to the west.

Attachments

Alaska State Legislature

See page 2

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



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3034
(907) 465-3035

Senate

Committee on Resources

February 6, 1981
1:37 p.m.

Beltz Room
211 Capitol Building

MEMBERS PRESENT

SENATOR FISCHER
SENATOR MULCAHY
SENATOR STURGULEWSKI

OTHERS PRESENT

SENATOR SACKETT

The Committee was briefed on the Nenana Farm Project by the Mayor of Nenana Jack Coghill, Jerry Smetzer, Development Representative, City of Nenana, Bob Palmer, Special Projects Coordinator, Governor's Office, Nick Carney, Director Division of Agriculture, Department of Natural Resources, and Art Davidson, Department of Natural Resources.

Jerry Smetzer, stated that the project is west of Nenana and south of Fairbanks and consists of 300-500,000 acres. There is an immediate need for \$500,000 for continuation of the bridge design program.

Mayor Coghill stated that the \$500,000 appropriated last session was spent for feasibility studies to determine if vegetables or cattle could be raised on the land. The studies showed that cattle are very viable. Because of the short growing season there are still some questions to be answered about vegetable production.

Bob Palmer stated that the Nenana project is important to Alaska's overall agricultural program. He indicated that grain, livestock and ethenol can be produced in the area.


Nick Carney and Art Davidson stated that the development of this area is crucial if the State is to have an agricultural industry. They went over their chart of "aspects of planning".

Art Davidson, indicated that the key to agricultural development

is to identify the best soils. He indicated that it is crucial that the access to the land is begun prior to disposal to the farmers.

In response to the question, is there an integrated 3-5-10 year plan that shows priorities? Bob Palmer stated that there was more than enough to accomplish with the short-term projects before they could get involved with long-term planning. The funds appropriated by the legislature have gone into projects not into organizational planning. Nick Carney stated that there is a need for a long-term statewide plan for agriculture. He indicated there has been rapid expansion of state agriculture land. Two years ago the state had 17,000 acres of agriculture land compared to 50,000 today.

It was requested that in two weeks a comprehensive plan be submitted to the Committee. Mr. Carney stated that the Division of Agriculture will have a comprehensive plan for the Committee in two weeks. (This will be presented to the Committee as a portion of the Department of Natural Resources briefing presentation on February 23rd.)



AUTHORITY TO ENTER CONTRACT NEGOTIATIONS

This form must be executed prior to entering negotiations regarding PROFESSIONAL SERVICE CONTRACTS when the contract amount is in excess of \$2,000 in an annual period. This includes the PROFESSIONAL SERVICES CONTRACTUAL RELATIONSHIP QUESTIONNAIRE on the back side of this form. Refer to Purchasing Regulations Manual, Chapter 5, for further instructions.

DEPARTMENT: Office of the Governor DATE: 9-2-80
 DIVISION: Special Projects Office AMOUNT OF CONTRACT: \$68,000.00
 PREPARED BY: W.I. Palmer/S. Boyer PERIOD COVERED FROM: 9-1-80
 TELEPHONE: 465-3568 TO: 12-15-81

Purpose(s) of contract:

Planning analysis for agricultural transportation system in the Nenana area to be coordinated and reviewed by the Department of Transportation.

We intend to negotiate with the following persons or firms. Agencies SHOULD list at least three choices or explain why it is not possible.

<u>NAME</u>	<u>ADDRESS</u>	<u>ALASKA BUSINESS LICENSE</u>	
<u>City of Nenana, Box 177, Nenana, Alaska 99760</u>		YES _____	NO <u>X</u>
_____		YES _____	NO _____
_____		YES _____	NO _____

Budgetary Data:

BRU NAME Special Projects Office COMPONENT _____
 8 DIGIT CODE 01-71-1-097

The concurrence of the Department of Administration is sought so that we may proceed to negotiate the above contract.

FOR THE DEPARTMENT:

CONCUR:

DEPARTMENT HEAD OR AUTHORIZED REPRESENTATIVE

DEPARTMENT OF ADMINISTRATION

DATE

DATE

The proposed contract must be forwarded to the Department of Administration after contractor and Departmental signatures have been affixed but prior to execution or effective date, for final approval.



**STANDARD AGREEMENT FORM
FOR PROFESSIONAL SERVICES CONTRACT**

This contract, which is effective only if it is approved by the Department of Administration, is between the State of Alaska,

Department of Office of the Governor/Special Projects Office					<i>hereafter, The State, and</i>
Contractor City of Nenana					<i>hereafter, the Contractor</i>
Mailing Address Box 177	Street or P. O. Box	City Nenana	State Alaska	Zip Code 99760	
Alaska Business License Number			Internal Revenue Service Number		

This is a contract for professional services. AS 44.37.030 authorizes the State to make this contract. The parties to the contract agree as follows:

AS03.05.010

ARTICLE 1. Appendices. Appendices referred to in this contract and attached to it are considered part of it.

ARTICLE 2. Performance of Services:

- 2.1 Appendix A, Articles 1 through 16, governs the performance of services under this contract.
- 2.2 Appendix B sets forth the services to be performed by the contractor.

ARTICLE 3. Period of Performance. The period of performance under this contract begins September 1, 1980, and ends December 15, 1981. Performance may be extended for additional periods by the written agreement of the parties.

ARTICLE 4. Consideration.

- 4.1 In full consideration of the Contractor's performance under this contract, the State shall pay the Contractor in accordance with the provisions of Appendix C.
- 4.2 When billing the State, the Contractor shall refer to the State Contract Number and send the billing to:

Department of Office of the Governor	Attn: Division of Special Projects Office
Mailing Address Pouch AN, Juneau, Alaska 99811	
CONTRACTOR	STATE
Name of Firm City of Nenana	Department or Agency Office of the Governor/Special Projects
Signature of Authorized Representative	Signature of Certifying Officer
Typed or Printed Name of Authorized Representative	Typed or Printed Name of Certifying Officer
Title	Title

APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

NOTICE! This contract has no effect except as an offer by the Contractor until it is approved by the Department of Administration.

Signature of Authorized Official of the Department of Administration	Date
Typed or Printed Name of Authorizing Official	Title

APPENDIX A

Article 1. Definitions.

- 1.1 In this contract and appendices, "Certifying Officer" means the person who signs this contract on behalf of the Department and includes a successor or authorized representative.
- 1.2 "Department" means the agency for which this contract is to be performed and for which the Certifying Officer acted in signing this contract.

Article 2. Inspection and Reports.

- 2.1 The Department may inspect, in the manner and at reasonable times if considers appropriate, all the Contractor's facilities and activities under this contract.
- 2.2 The Contractor shall make progress and other reports in the manner and at the times the Department reasonably requires.

Article 3. State Saved Harmless.

The Contractor shall indemnify and hold and save the State, its officers, agents and employees harmless from liability of any nature or kind, including costs and expenses, for or on account of any and all legal actions or claims of any character whatsoever resulting from injuries or damages sustained by any person or persons or property arising from its performance of this contract in any way whatsoever.

(OVER)

APPENDIX B

The Services to be Performed by the City of Nenana for the Office of the Governor/Special Projects.*

A. The Contractor agrees to perform the following services: Planning analysis for agricultural transportation system in the Nenana area. The entire analysis, including original contract, will be reviewed and coordinated with the Department of Transportation to determine the most feasible routing in main agricultural area and to establish:

1. size and location of roads,
2. gravel pits,
3. river and stream crossings,
4. utility corridor,
5. coordination of main access routes with respect to the basic agricultural program intentions -
 - a. grain production
 - b. livestock production
 - c. vegetable production,
6. establish a boundary between state and private lands,
7. to arrive at estimated cost of all transportation facilities ie.; roads, bridges, etc.,
8. to include preliminary designs,
9. to identify any permits needed for transportation (environmental overview),
10. to determine maintenance needs.

B. Time Frame:	Commence	September 1, 1980
	Expire	December 15, 1981

C. Consideration	Professional Services	\$60,000.00
	<u>Administration</u>	<u>8,000.00</u>
	Total	<u>\$68,000.00</u>

* The Office of the Governor/Special Projects Office reserves the right to review all professional contract bids relative to this agreement and to have final approval of the contractor selected. The Office of the Governor/Special Projects Office reserves the right to review all activities relating to this agreement during the contract period and have final approval prior to any public distribution. All information gathered will be routed through the City of Nenana and the Agricultural Action Council prior to public distribution.

APPENDIX C

Consideration:

In full consideration of the Contractor's performance hereunder, the State shall pay the Contractor an amount not to exceed \$68,000.00 based on submission of monthly billings to the Special Projects Office, Office of the Governor, Juneau, covering expenditures occurring in the period. The final billing date shall occur not later than 30 days following the expiration date of the contract.

AUTHORITY TO ENTER CONTRACT NEGOTIATIONS

This form must be executed prior to entering negotiations regarding PROFESSIONAL SERVICE CONTRACTS when the contract amount is in excess of \$2,000 in an annual period. This includes the PROFESSIONAL SERVICES CONTRACTUAL RELATIONSHIP QUESTIONNAIRE on the back side of this form. Refer to Purchasing Regulations Manual, Chapter 5, for further instructions.

DEPARTMENT: Office of the Governor DATE: December 15, 1980
DIVISION: Special Projects Office AMOUNT OF CONTRACT: \$50,100
PREPARED BY: W.I. Palmer/J. Hickey PERIOD COVERED FROM: November 12, 1980
TELEPHONE: 465-3568 TO: May 1, 1981

Purpose(s) of contract:
To coordinate all activities associated with determining public access and to establish a survey baseline approximately 31 miles in length along a surface transportation access corridor identified by the City of Nenana as the Totchaket Agricultural Development Area

We intend to negotiate with the following persons or firms. Agencies SHOULD list at least three choices or explain why it is not possible.

<u>NAME</u>	<u>ADDRESS</u>	<u>ALASKA BUSINESS LICENSE</u>	
<u>City of Nenana</u>	<u>Box 177, Nenana, AK 99760</u>	YES <u> </u>	NO <u>x</u>
<u> </u>	<u> </u>	YES <u> </u>	NO <u> </u>
<u> </u>	<u> </u>	YES <u> </u>	NO <u> </u>

Budgetary Data:

BRU NAME Special Projects Office COMPONENT
8 DIGIT CODE 01-71-1-097

The concurrence of the Department of Administration is sought so that we may proceed to negotiate the above contract.

FOR THE DEPARTMENT:
[Signature]
DEPARTMENT HEAD OR AUTHORIZED REPRESENTATIVE

DATE

CONCUR:
[Signature]
DEPARTMENT OF ADMINISTRATION
12-24-80
DATE

The proposed contract must be forwarded to the Department of Administration after contractor and Departmental signatures have been affixed but prior to execution or effective date, for final approval.

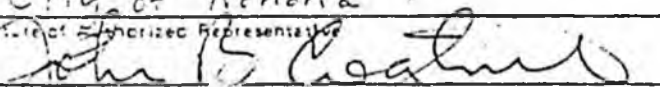
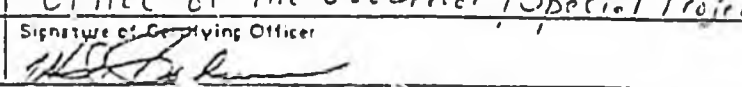
FOR PROFESSIONAL SERVICES CONTRACT

This contract, which is effective only if it is approved by the Department of Administration, is between the State of Alaska,

Department of Office of the Governor/Special Projects Office <i>hereafter, The State, and</i>				
City of Nenana <i>hereafter, the Contractor</i>				
Shipping Address Box 177	Street or P. O. Box	City Nenana	State Alaska	Zip Code 99760
State Business License Number None		Internal Revenue Service Number 92 6001390		

This is a contract for professional services. ASAA 37.030 authorizes the State to make this contract. The parties to the contract agree as follows:

- ARTICLE 1. Appendices. Appendices referred to in this contract and attached to it are considered part of it.
- ARTICLE 2. Performance of Services.
 - 2.1 Appendix A, Articles 1 through 16, governs the performance of services under this contract.
 - 2.2 Appendix B sets forth the services to be performed by the contractor.
- ARTICLE 3. Period of Performance. The period of performance under this contract begins November 12, 1980 and ends May 1, 1981. Performance may be extended for additional periods by the written agreement of the parties.
- ARTICLE 4. Consideration.
 - 4.1 In full consideration of the Contractor's performance under this contract, the State shall pay the Contractor in accordance with the provisions of Appendix C.
 - 4.2 When billing the State, the Contractor shall refer to the State Contract Number and send the billing to:

Department of Office of the Governor	Attn: Division of Special Projects Office
FISHERMAN, Juneau, Alaska 99811	
CONTRACTOR	STATE
Name of Firm City of Nenana	Department or Agency Office of the Governor / Special Projects
Signature of Authorized Representative 	Signature of Certifying Officer 
Typed or Printed Name of Authorizing Representative JOHN B. COGHILL	Typed or Printed Name of Certifying Officer
MAJOR City of NENANA	Title

APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

NOTICE! This contract has no effect except as an offer by the Contractor until it is approved by the Department of Administration.

Signature of Authorized Official of the Department of Administration	Date
Typed or Printed Name of Authorizing Official	Title

APPENDIX A

Article 1. Definitions.

- 1.1. In this contract and Appendices, "Certifying Officer" means the person who signs this contract on behalf of the Department and includes a successor or authorized representative.
- 1.2. "Department" means the agency for which this contract is to be performed and for which the Certifying Officer acted in signing this contract.

Article 2. Inspection and Reports.

- 2.1. The Department may inspect, in the manner and at reasonable times it considers appropriate, all the Contractor's facilities and activities under this contract.
- 2.2. The Contractor shall make progress and other reports in the manner and at the times the Department reasonably requires.

Article 3. State Saved Harmless.

The Contractor shall indemnify and hold and save the State, its officers, agents and employees harmless from liability of any nature or kind, including costs and expenses, for or in connection with and all legal actions or claims of any character whatsoever resulting from injuries or damages sustained by any person or persons or property arising from its performance of this contract in any way whatsoever.

(OVER)



**STANDARD AGREEMENT FORM
FOR PROFESSIONAL SERVICES CONTRACT**

ATN 81-610

This contract, which is effective only if it is approved by the Department of Administration, is between the State of Alaska,

Department of				
Office of the Governor/Special Projects Office			hereafter, The State, and	
Contractor				
City of Nenana			hereafter, the Contractor	
Mailing Address	Street or P. O. Box	City	State	Zip Code
Box 177		Nenana	Alaska	99760
Alaska Business License Number		Internal Revenue Service Number		
None		92 6001390		

This is a contract for professional services. AS44 37 .030 authorizes the State to make this contract. The parties to the contract agree as follows:

ARTICLE 1. Appendices. Appendices referred to in this contract and attached to it are considered part of it.

ARTICLE 2. Performance of Services.

- 2.1 Appendix A, Articles 1 through 16, governs the performance of services under this contract.
- 2.2 Appendix B sets forth the services to be performed by the contractor.

ARTICLE 3. Period of Performance. The period of performance under this contract begins November 12, 1980, and ends May 1, 1981. Performance may be extended for additional periods by the written agreement of the parties.

ARTICLE 4. Consideration.

- 4.1 In full consideration of the Contractor's performance under this contract, the State shall pay the Contractor in accordance with the provisions of Appendix C.
- 4.2 When billing the State, the Contractor shall refer to the State Contract Number and send the billing to:

Department of Office of the Governor Juneau, Alaska 99811		Attn: Division of Special Projects Office	
CONTRACTOR		STATE	
Name of Firm City of Nenana		Department or Agency Office of the Governor / Special Projects	
Signature of Authorized Representative		Signature of Certifying Officer <i>[Signature]</i>	
Typed or Printed Name of Authorized Representative		Typed or Printed Name of Certifying Officer	
Title		Title	

APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

NOTICE! This contract has no effect except as an offer by the Contractor until it is approved by the Department of Administration.

Signature of Authorized Official of the Department of Administration <i>Kenneth T. Rab</i>		Date 12-24-80
Typed or Printed Name of Authorizing Official		Title

APPENDIX A

Article 1. Definitions.

- 1.1 In this contract and appendices, "Certifying Officer" means the person who signs this contract on behalf of the Department and includes a successor or authorized representative.
- 1.2 "Department" means the agency for which this contract is to be performed and for which the Certifying Officer acted in signing this contract.

Article 2. Inspection and Reports.

- 2.1 The Department may inspect, in the manner and at reasonable times it considers appropriate, all the Contractor's facilities and activities under this contract.
- 2.2 The Contractor shall make progress and other reports in the manner and at the times the Department reasonably requires.

Article 3. State Saved Harmless.

The Contractor shall indemnify and hold and save the State, its officers, agents and employees harmless from liability of any nature or kind, including costs and expenses, for or on account of any and all legal actions or claims of any character whatsoever resulting from injuries or damages sustained by any person or persons or property arising from its performance of this contract in any way whatsoever.

(OVER)

2.2 Appendix B

The Services to be Performed by the City of Nenana for the Office of the Governor/Special Projects Office*

Purpose of Contract: ESTABLISH SURVEY BASELINE ALONG TOTCHAKET AREA ACCESS CORRIDOR

- A. The contractor agrees to perform the following services:
Coordination of all activities associated with determining public access and establishing a survey baseline approximately 31 miles in length along a surface transportation access corridor identified by the City of Nenana to the Totchaket Agricultural Development Area located within R8W, R9W, R10W, and R11W of T4S, Fairbanks meridian.
- B. The contractor agrees to subcontract for performance of the following services:
1. Establish a survey baseline; brush and clear along the designated route;
 2. Maintain field notes on significant terrain features and changes in fauna along the baseline;
 3. Set 30-inch-long x 3 and one-quarter-inch diameter aluminum monuments with bearing trees at every section corner on the survey baseline, using the Alaska State Plane, projected positions;
 4. Provide a plot map which shows the control diagram and monumentation diagram for the above survey. This plot shall meet all applicable State and/or Federal standards.
- C. Time Frame:

Completion of Field Work:	February 1, 1981
Completion of Final Plat:	May 1, 1981

*The Office of the Governor/Special Projects Office reserves the right to review all professional contract bids relative to this agreement and to have final approval of the contractor selected. The Office of the Governor/Special Projects Office reserves the right to review all activities relating to this agreement during the contract period and have final approval prior to any public distribution. All information gathered will be routed through the City of Nenana prior to public distribution.

4.1 In full consideration of the Contractor's performance hereunder, the State shall pay the Contractor an amount not to exceed \$56,100, based on submission of monthly billings to the Special Projects Office, Office of the Governor, Juneau, covering expenditures occurring in the period. The final billing date shall occur not later than 30 days following the expiration date of the contract. The amount to be paid to the Contractor is divided into the following categories:

Professional Services	\$55,000
Administration	<u>1,100</u>
TOTAL	\$56,100

AUTHORITY TO ENTER CONTRACT NEGOTIATIONS

This form must be executed prior to entering negotiations regarding PROFESSIONAL SERVICE CONTRACTS when the contract amount is in excess of \$2,000 in an annual period. This includes the PROFESSIONAL SERVICES CONTRACTUAL RELATIONSHIP QUESTIONNAIRE on the back side of this form. Refer to Purchasing Regulations Manual, Chapter 5, for further instructions.

DEPARTMENT: Office of the Governor DATE: 9-2-80
DIVISION: Special Projects Office AMOUNT OF CONTRACT: \$53,000.00
PREPARED BY: W.I. "Bob" Palmer / S. Boyer PERIOD COVERED FROM: 9-1-80
TELEPHONE: 465-3568 TO: 3-31-81

Purpose(s) of contract:
To coordinate all activities in regards to determining the feasibility of an economic vegetable production, processing and marketing industry in the Nenana area.

We intend to negotiate with the following persons or firms. Agencies SHOULD list at least three choices or explain why it is not possible.

<u>NAME</u>	<u>ADDRESS</u>	<u>ALASKA BUSINESS LICENSE</u>	
<u>City of Nenana, Box 177, Nenana, Alaska 99760</u>		YES _____	NO <u>X</u>
_____		YES _____	NO _____
_____		YES _____	NO _____

Budgetary Data:

BRU NAME Special Projects Office COMPONENT _____
8 DIGIT CODE 01-71-1-097

The concurrence of the Department of Administration is sought so that we may proceed to negotiate the above contract.

FOR THE DEPARTMENT:

CONCUR:

DEPARTMENT HEAD OR AUTHORIZED REPRESENTATIVE

DEPARTMENT OF ADMINISTRATION

DATE

DATE

The proposed contract must be forwarded to the Department of Administration after contractor and Departmental signatures have been affixed but prior to execution or effective date, for final approval.



**STANDARD AGREEMENT FORM
FOR PROFESSIONAL SERVICES CONTRACT**

Page

This contract, which is effective only if it is approved by the Department of Administration, is between the State of Alaska,

Department of **Office of the Governor/Special Projects Office** hereafter, *The State, and*

Contractor **City of Nenana** hereafter, *the Contractor*

Mailing Address **Box 177** Street or P. O. Box **Nenana, Alaska** City **Alaska** State **99760** Zip Code

Alaska Business License Number Internal Revenue Service Number

This is a contract for professional services. AS 44.37.030 authorizes the State to make this contract. The parties to the contract agree as follows:

ARTICLE 1. Appendices. Appendices referred to in this contract and attached to it are considered part of it.

ARTICLE 2. Performance of Services.

- 2.1 Appendix A, Articles 1 through 16, governs the performance of services under this contract.
- 2.2 Appendix B sets forth the services to be performed by the contractor.

ARTICLE 3. Period of Performance. The period of performance under this contract begins September 1, 1980, and ends March 31, 1981. Performance may be extended for additional periods by the written agreement of the parties.

ARTICLE 4. Consideration.

- 4.1 In full consideration of the Contractor's performance under this contract, the State shall pay the Contractor in accordance with the provision, of Appendix C.
- 4.2 When billing the State, the Contractor shall refer to the State Contract Number and send the billing to:

Department of Office of the Governor	Attn: Division of Special Projects Office
Mailing Address Pouch AN, Juneau, Alaska 99811	

CONTRACTOR	STATE
Name of Firm City of Nenana	Department or Agency Office of the Governor/Special Projects
Signature of Authorized Representative	Signature of Certifying Officer
Typed or Printed Name of Authorized Representative	Typed or Printed Name of Certifying Officer
Title	Title

APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

NOTICE! This contract has no effect except as an offer by the Contractor until it is approved by the Department of Administration.

Signature of Authorized Official of the Department of Administration	Date
Typed or Printed Name of Authorizing Official	Title

APPENDIX A

Article 1. Definitions.

- 1.1. In this contract and appendices, "Certifying Officer" means the person who signs this contract on behalf of the Department and includes a successor or authorized representative.
- 1.2. "Department" means the agency for which this contract is to be performed and for which the Certifying Officer acted in signing this contract.

Article 2. Inspection and Reports.

- 2.1 The Department may inspect, in the manner and at reasonable times it considers appropriate, all the Contractor's facilities and activities under this contract.
- 2.2 The Contractor shall make progress and other reports in the manner and at the times the Department reasonably requires.

Article 3. State Saved Harmless.

The Contractor shall indemnify and hold and save the State, its officers, agents and employees harmless from liability of any nature or kind, including costs and expenses, for or on account of any and all legal actions or claims of any character whatsoever resulting from injuries or damages sustained by any person or persons or property arising from its performance of this contract in any way whatsoever.

(OVER)

APPENDIX B

The Services to be Performed by the City of Nenana for the Office of the Governor/Special Projects Office.*

A. The Contractor agrees to perform the following services: Coordination of all activities in regards to determining the feasibility of an economic vegetable production, processing and marketing industry in the Nenana area. Contract to research, survey and recommend a course of action to establish a viable economic vegetable industry project, with due consideration of, but not limited to, the following:

1. establishment of necessary criteria to determine the economic units needed, by size and quantity, in order to support the first phase of a processing facility to market fresh, frozen or dehydrated vegetables,
2. profitability and economic analysis,
3. time frame and scheduling required,
4. number and size of farms,
5. infrastructural needs ie.; seed, fertilizer, machinery, cooperatives, etc.,
6. total funding necessary to implement,
7. recommended legislation.

B. Time Frame:	Preliminary analysis	November 15, 1980
	Final analysis	March 31, 1980 1981
C. Consideration:	Professional Services	\$45,000.00
	Administration	8,000.00 5,000 1981
	<u>Totals</u>	<u>\$53,000.00</u>

* The Office of the Governor/Special Projects Office reserves the right to review all professional contract bids relative to this agreement and to have final approval of the contractor selected. The Office of the Governor/Special Projects Office reserves the right to review all activities relating to this agreement during the contract period and have final approval prior to any public distribution. All information gathered will be routed through the City of Nenana prior to public distribution.

APPENDIX C

Consideration:

In full consideration of the Contractor's performance hereunder, the State shall pay the Contractor an amount not to exceed \$53,000.00 based on submission of monthly billings to the Special Projects Office, Office of the Governor, Juneau, covering expenditures occurring in the period. The final billing date shall occur not later than 30 days following the expiration date of the contract.

AUTHORITY TO ENTER CONTRACT NEGOTIATIONS

This form must be executed prior to entering negotiations regarding PROFESSIONAL SERVICE CONTRACTS when the contract amount is in excess of \$2,000 in an annual period. This includes the PROFESSIONAL SERVICES CONTRACTUAL RELATIONSHIP QUESTIONNAIRE on the back side of this form. Refer to Purchasing Regulations Manual, Chapter 5, for further instructions.

DEPARTMENT Office of the Governor DATE September 3, 1980
 DIVISION: Special Projects Office AMOUNT OF CONTRACT: \$53,000.00
 PREPARED BY W.I. Palmer/S. Bover PERIOD COVERED FROM 9/1/80
 TELEPHONE: 465-3568 TO: 3/31/81

Purpose(s) of contract:

Coordination of all activities in regards to determining the feasibility of an economic livestock production, processing and marketing industry in the State of Alaska and specifically in the Nenana area.

We intend to negotiate with the following persons or firms. Agencies SHOULD list at least three choices or explain why it is not possible.

<u>NAME</u>	<u>ADDRESS</u>	<u>ALASKA BUSINESS LICENSE</u>	
<u>City of Nenana, Box 177, Nenana, Alaska 99760</u>		YES _____	NO <u>X</u>
_____		YES _____	NO _____
_____		YES _____	NO _____

Budgetary Data:

BRU NAME Special Projects Office COMPONENT _____
 8 DIGIT CODE 01-71-1-097

The concurrence of the Department of Administration is sought so that we may proceed to negotiate the above contract.

FOR THE DEPARTMENT:

CONCUR:

DEPARTMENT HEAD OR AUTHORIZED REPRESENTATIVE

DEPARTMENT OF ADMINISTRATION

DATE

DATE

The proposed contract must be forwarded to the Department of Administration after contractor and Departmental signatures have been affixed but prior to execution or effective date, for final approval.



**STANDARD AGREEMENT FORM
FOR PROFESSIONAL SERVICES CONTRACT**

J. Weir

This contract, which is effective only if it is approved by the Department of Administration, is between the State of Alaska,

Department of Office of the Governor/Special Projects Office					<i>hereafter, The State, and</i>
Contractor City of Nenana					<i>hereafter, the Contractor</i>
Mailing Address Box 177	Street or P. O. Box Nenana	City Nenana	State Alaska	Zip Code 99760	
Alaska Business License Number			Internal Revenue Service Number		

This is a contract for professional services. AS4 37 .030 authorizes the State to make this contract. The parties to the contract agree as follows: AS03.05.010

ARTICLE 1. Appendices. Appendices referred to in this contract and attached to it are considered part of it.

ARTICLE 2. Performance of Services.

2.1 Appendix A, Articles 1 through 16, governs the performance of services under this contract.

2.2 Appendix B sets forth the services to be performed by the contractor.

ARTICLE 3. Period of Performance. The period of performance under this contract begins September 1, 1980, and ends March 31, 1981. Performance may be extended for additional periods by the written agreement of the parties.

ARTICLE 4. Consideration.

4.1 In full consideration of the Contractor's performance under this contract, the State shall pay the Contractor in accordance with the provisions of Appendix C.

4.2 When billing the State, the Contractor shall refer to the State Contract Number and send the billing to:

Department of Office of the Governor	Attn: Division of Special Projects Office
Mailing Address PO Box AN, Juneau, Alaska 99811	

CONTRACTOR		STATE	
Name of Firm City of Nenana	Department or Agency Office of the Governor/Special Projects	Signature of Authorized Representative	Signature of Certifying Officer
Typed or Printed Name of Authorized Representative	Typed or Printed Name of Certifying Officer	Title	Title

APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

NOTICE! This contract has no effect except as an offer by the Contractor until it is approved by the Department of Administration.

Signature of Authorized Official of the Department of Administration	Date
Typed or Printed Name of Authorizing Official	Title

APPENDIX A

Article 1. Definitions.

1.1. In this contract and appendices, "Certifying Officer" means the person who signs this contract on behalf of the Department and includes a successor or authorized representative.

1.2 "Department" means the agency for which this contract is to be performed and for which the Certifying Officer acted in signing this contract

Article 2. Inspection and Reports.

2.1 The Department may inspect, in the manner and at reasonable times it considers appropriate, all the Contractor's facilities and activities under this contract.

2.2 The Contractor shall make progress and other reports in the manner and at the times the Department reasonably requires.

Article 3. State Saved Harmless.

The Contractor shall indemnify and hold and save the State, its officers, agents and employees harmless from liability of any nature or kind, including costs and expenses, for or on account of any and all legal actions or claims of any character whatsoever resulting from injuries or damages sustained by any person or persons or property arising from its performance of this contract in any way whatsoever.

(OVER)

APPENDIX B

The Service to be Performed by the City of Nenana for the Office of the Governor/Special Projects Office.*

A. The Contractor agrees to perform the following services: Coordination of all activities in regards to determining the feasibility of an economic livestock production, processing and marketing industry in the State of Alaska and specifically in the Nenana area. Contract to research, survey and recommend a course of action to establish a viable economic livestock project after due consideration of, but not limited to, the following:

1. establishment of necessary criteria to determine the economic units needed, by size and quantity, in order to support the first phase of a processing facility,
2. number and size of farms,
3. profitability and economic analysis,
4. time frame and scheduling required,
5. infrastructural needs ie.; seed, fertilizer, veterinary, machinery and transportation,
6. total funding necessary to implement,
7. recommended legislation,
8. possible coordination with other industries ie.; fresh water fisheries of interior, vegetable processing and grain production.

B. Time Frame:	Preliminary analysis	November 15, 1980
	Final analysis	March 31, 1981

C. Consideration:	Professional Services	\$45,000.00
	<u>Administration</u>	<u>8,000.00</u>
	Total	\$53,000.00

* The Office of the Governor/Special Projects Office reserves the right to review all professional contract bids relative to this agreement and to have final approval of the contractor selected. The Office of the Governor/Special Projects Office reserves the right to review all activities relating to this agreement during the contract period and have final approval prior to any public distribution. All information gathered will be routed through the City of Nenana prior to public distribution.

APPENDIX C

Consideration:

In full consideration of the Contractor's performance hereunder, the State shall pay the Contractor an amount not to exceed \$53,000.00 based on submission of monthly billings to the Special Projects Office, Office of the Governor, Juneau, covering expenditures occurring in the period. The final billing date shall occur not later than 30 days following the expiration date of the contract.

AUTHORITY TO ENTER CONTRACT NEGOTIATIONS

This form must be executed prior to entering negotiations regarding PROFESSIONAL SERVICE CONTRACTS when the contract amount is in excess of \$2,000 in an annual period. This includes the PROFESSIONAL SERVICES CONTRACTUAL RELATIONSHIP QUESTIONNAIRE on the back side of this form. Refer to Purchasing Regulations Manual, Chapter 5, for further instructions.

DEPARTMENT: Office of the Governor DATE: December 15, 1980
DIVISION: Special Projects Office AMOUNT OF CONTRACT: \$40,000
PREPARED BY: W. I. Palmer/J. Hickey PERIOD COVERED FROM: November 12, 1980
TELEPHONE: 465-3568 TO: January 1, 1983

Purpose(s) of contract:
To prepare a long-range agricultural development program for the Totchaket area west of Nenana. This, in effect, would be research for Totchaket land use planning.

We intend to negotiate with the following persons or firms. Agencies SHOULD list at least three choices or explain why it is not possible.

<u>NAME</u>	<u>ADDRESS</u>	<u>ALASKA BUSINESS LICENSE</u>	
<u>City of Nenana</u>	<u>Box 177, Nenana, AK 99760</u>	YES <u> </u>	NO <u>X</u>
<u> </u>	<u> </u>	YES <u> </u>	NO <u> </u>
<u> </u>	<u> </u>	YES <u> </u>	NO <u> </u>

Budgetary Data:

BRU NAME Special Projects Office COMPONENT
8 DIGIT CODE 01-71-1-097

The concurrence of the Department of Administration is sought so that we may proceed to negotiate the above contract.

FOR THE DEPARTMENT:
[Signature]
DEPARTMENT HEAD OR AUTHORIZED REPRESENTATIVE

DATE

CONCUR:
[Signature]
DEPARTMENT OF ADMINISTRATION

12-24-80
DATE

The proposed contract must be forwarded to the Department of Administration after contractor and Departmental signatures have been affixed but prior to execution or effective date, for final approval.

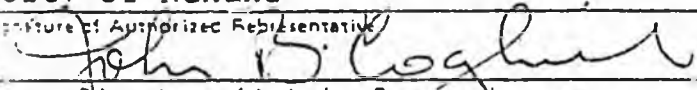
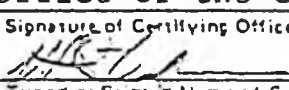
FOR PROFESSIONAL SERVICES CONTRACT

This contract, which is effective only if it is approved by the Department of Administration, is between the State of Alaska,

Department of Office of the Governor/Special Projects Office <i>hereafter, The State, and</i>					
Contractor City of Nenana <i>hereafter, the Contractor</i>					
Billing Address Box 177		Street or P. O. Box	City Nenana	State Alaska	Zip Code 99760
State Business License Number			Internal Revenue Service Number 92 6001390		

This is a contract for professional services. AS 44.37.030 authorizes the State to make this contract. The parties to the contract agree as follows:

- ARTICLE 1. Appendices.** Appendices referred to in this contract and attached to it are considered part of it.
- ARTICLE 2. Performance of Services.**
- 2.1 Appendix A, Articles 1 through 16, governs the performance of services under this contract.
 - 2.2 Appendix B sets forth the services to be performed by the contractor.
- ARTICLE 3. Period of Performance.** The period of performance under this contract begins November 12, 1980, and ends January 1, 1983. Performance may be extended for additional periods by the written agreement of the parties.
- ARTICLE 4. Consideration.**
- 4.1 In full consideration of the Contractor's performance under this contract, the State shall pay the Contractor in accordance with the provisions of Appendix C.
 - 4.2 When billing the State, the Contractor shall refer to the State Contract Number and send the billing to:

Department of Office of the Governor		Attn: Division of Special Projects Office	
Billing Address PO Box 23, Juneau, Alaska 99811			
CONTRACTOR		STATE	
Name of Firm City of Nenana		Department or Agency Office of the Governor/Special Projects	
Signature of Authorized Representative 		Signature of Certifying Officer 	
Typed or Printed Name of Authorized Representative JOHN B. COGHILL		Typed or Printed Name of Certifying Officer	
MAJOR - City of NENANA		Title	

APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

NOTICE! This contract has no effect except as an offer by the Contractor until it is approved by the Department of Administration.

Signature of Authorized Official of the Department of Administration		Date
Typed or Printed Name of Authorizing Official		Title

APPENDIX A

- Article 1. Definitions.**
- 1.1. In this contract and appendices, "Certifying Officer" means the person who signs this contract on behalf of the Department and includes a successor or authorized representative.
 - 1.2. "Department" means the agency for which this contract is to be performed and for which the Certifying Officer acted in signing this contract.
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- 2.1 The Department may inspect, in the manner and at reasonable times it considers appropriate, all the Contractor's facilities and activities under this contract.
 - 2.2 The Contractor shall make progress and other reports in the manner and at the times the Department reasonably requires.
- Article 3. State Saved Harmless.**
- The Contractor shall indemnify and hold and save the State, its officers, agents and employees harmless from liability of any nature or kind, including costs and expenses, for or on account of any and all legal actions or claims of any character whatsoever resulting from injuries or damages sustained by any person or persons or property arising from its performance of this contract in any way whatsoever.

(OVER)



**STANDARD AGREEMENT FORM
FOR PROFESSIONAL SERVICES CONTRACT**

81-611

This contract, which is effective only if it is approved by the Department of Administration, is between the State of Alaska,

Department of
Office of the Governor/Special Projects Office hereafter, *The State, and*

Contractor
City of Nenana hereafter, *the Contractor*

Mailing Address	Street or P. O. Box	City	State	Zip Code
Box 177		Nenana	Alaska	99760

Alaska Business License Number	Internal Revenue Service Number
	92 6001390

This is a contract for professional services. AS 44.37.030 authorizes the State to make this contract. The parties to the contract agree as follows:

ARTICLE 1. Appendices. Appendices referred to in this contract and attached to it are considered part of it.

ARTICLE 2. Performance of Services.

2.1 Appendix A, Articles 1 through 16, governs the performance of services under this contract.

2.2 Appendix B sets forth the services to be performed by the contractor.

ARTICLE 3. Period of Performance. The period of performance under this contract begins November 12, 1980, and ends January 1, 1983. Performance may be extended for additional periods by the written agreement of the parties.

ARTICLE 4. Consideration.

4.1 In full consideration of the Contractor's performance under this contract, the State shall pay the Contractor in accordance with the provisions of Appendix C.

4.2 When billing the State, the Contractor shall refer to the State Contract Number and send the billing to:

Department of Office of the Governor	Attn: Division of Special Projects Office
--	---

Mailing Address Pouch AN, Juneau, Alaska 99811
--

CONTRACTOR	STATE
-------------------	--------------

Name of Firm City of Nenana	Department or Agency Office of the Governor/Special Projects
---------------------------------------	--

Signature of Authorized Representative	Signature of Certifying Officer <i>[Signature]</i>
--	---

Typed or Printed Name of Authorized Representative	Typed or Printed Name of Certifying Officer
--	---

Title	Title
-------	-------

APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

NOTICE! This contract has no effect except as an offer by the Contractor until it is approved by the Department of Administration.

Signature of Authorized Official of the Department of Administration <i>[Signature]</i>	Date 12-24-80
--	-------------------------

Typed or Printed Name of Authorizing Official	Title
---	-------

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(OVER)

2.2 Appendix B

The Services to be Performed by the City of Nenana for the Office of the Governor/Special Projects Office.*

Purpose of

Contract: TOTCHAKET LAND USE PLANNING

- A. The Contractor agrees to perform the following services:
1. to prepare and seek concurrence in a long-range agricultural development program for the Totchaket area west of Nenana, Alaska;
 2. to work with the Alaska Agricultural Action Council and with State, Federal and local officials and all private consultants conducting studies related to the Totchaket area in order to assure overall communication and coordination, avoidance of duplication, and resolution of conflict;
 3. contract to research, survey and recommend courses of action when necessary to resolve key policy or technical problems or issues not covered by other studies;
 4. conduct or contract to conduct market assessment and market development based on agricultural industries in the Totchaket region which are shown to be feasible after due consideration of relevant technical studies and objectives established by the following activities:
 - a. to work with the Department of Natural Resources and other associated Federal and State agencies to develop an overall land use plan for the Totchaket area;
 - b. establishment of general scheduling of development of Totchaket agriculture in five (5) phases through the period 1980 to 2000, objectives to be accomplished in each phase and specific tasks and projected costs necessary to complete each objective;
 - c. to form a five-member (5) committee sponsored by the City of Nenana to be called the Totchaket Land Use Planning Committee;

d. to seek nomination of members to serve on the committee as follows:

- (1) the Mayor of the City of Nenana or his designee;
- (2) the City Council of the City of Nenana;
- (3) Toghettelle Corporation;
- (4) the Alaska Agricultural Action Council;
- (5) one at-large member selected by the other four members.

B. The function of the Committee shall be:

1. to provide assistance in the long-range development program for Totchaket;
2. to provide continuity and assistance and support needed for market development, general promotion, financing and needed legislation;
3. to determine long-range financing and sources of financing for each phase of development;
4. to recommend legislation.

C. Date for completion: January 1, 1983

ARTICLE 4. CONSIDERATION

4.1 In full consideration of the Contractor's performance hereunder, the State shall pay the Contractor an amount not to exceed \$40,000, based on submission of monthly billings to the Special Projects Office, Office of the Governor, Juneau, covering expenditures occurring in the period. The final billing date shall occur not later than 30 days following the expiration date of the contract. The amount to be paid to the Contractor is divided into the following category:

Administration	\$40,000
TOTAL	\$40,000

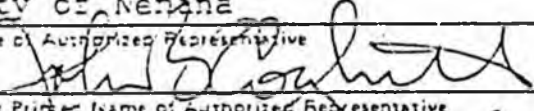
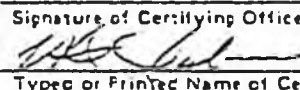
FOR PROFESSIONAL SERVICES CONTRACT

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Department of		<i>hereafter, The State, and</i>	
Office of the Governor/Special Projects Office			
Contractor		<i>hereafter, the Contractor</i>	
City of Nenana			
City Address	Street or P. O. Box	City	State
Box 177		Nenana	Alaska
			Zip Code
			99760
State Business License Number		Internal Revenue Service Number	
None		92 6001390	

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Department of		Attn: Division of	
Office of the Governor		Special Projects Office	
City Address			
Pouch AN, Juneau, Alaska 99811			
CONTRACTOR		STATE	
Name of Firm		Department or Agency	
City of Nenana		Office of the Governor/Special Projects	
Signature of Authorized Representative		Signature of Certifying Officer	
			
Typed or Printed Name of Authorized Representative		Typed or Printed Name of Certifying Officer	
JOHN B. LOGHILL			
Title		Title	
MAYOR City of NENANA			

APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

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Typed or Printed Name of Authorizing Official		Title

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(OVER)



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			Zip Code
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Department of	Attn: Division of
Office of the Governor	Special Projects Office
Mailing Address	
Pouch AN, Juneau, Alaska 99811	
CONTRACTOR	STATE
Name of Firm	Department or Agency
City of Nenana	Office of the Governor/Special Projects
Signature of Authorized Representative	Signature of Certifying Officer
Typed or Printed Name of Authorized Representative	Typed or Printed Name of Certifying Officer
Title	Title

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Signature of Authorized Official of the Department of Administration	Date
	12 24 80
Typed or Printed Name of Authorizing Official	Title

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(OVER)

ARTICLE 2. PERFORMANCE OF SERVICES

2.2 Appendix B

The Services to be Performed by the City of Nenana for the Office of the Governor/Special Projects Office*

Purpose of Contract: CONDUCT BRIDGE SITE CORE DRILLING AND DETERMINE SUBSURFACE CONDITIONS WITHIN TRANSPORTATION ACCESS CORRIDOR

- A. The contractor agrees to perform the following services: Coordination of all activities related to determining the subsurface conditions at the proposed bridge sites; to contract for the performance of the following services:
1. Drilling and logging a minimum of one test bore hole of 100-foot depth at each of three areas designated for river crossings at the Nenana River, East Middle River and West Middle River;
 2. Drilling and logging of one test bore hole of sufficient depth at each of the bridge abutments and bridge piers to identify the load-bearing strata;
 3. Drilling and logging of center-line test bore holes of 10-foot depth every 1300 feet on center along the estimated 31 miles of proposed Transportation Access Corridor in Township 4 South, Ranges 8, 9, 10, and 11 West, Fairbanks Meridian;
 4. Classification of soils with analysis and interpretation of the soils data found along the proposed transportation corridors;
 5. Recommendations as to
 - a. Suitable roadbed construction methods;
 - b. Adequate bridge abutment and bridge pier design criteria based on the above soils data.

B. Time Frame:

Completion of drilling and logging of test holes: February 15, 1981

Final Report: March 1, 1981

*The Office of the Governor/Special Projects Office reserves the right to review all professional contract bids relative to this agreement and to have final approval of the contractor selected. The Office of the Governor/Special Projects Office reserves the right to review all activities relating to this agreement during the contract period and have final approval prior to any public distribution. All information gathered will be routed through the City of Nenana prior to public distribution.

ARTICLE 4. CONSIDERATION

4.1 In full consideration of the Contractor's performance hereunder, the State shall pay the Contractor an amount not to exceed \$61,200, based on submission of monthly billings to the Special Projects Office, Office of the Governor, Juneau, covering expenditures occurring in the period. The final billing date shall occur not later than 30 days following the expiration date of the contract. The amount to be paid to the Contractor is divided into the following categories:

Professional Services	\$60,000
Administration	<u>1,200</u>
TOTAL	\$61,200



City of Nenana

State of Alaska

The Honorable Senator John Sackett
Pouch V.
Juneau, Alaska 99811

Dear Senator Sackett:

Per your request of last week I have asked the City's Development Consultant to prepare a list of priority development planning tasks to be completed by the City of Nenana during fy '82 in order to assure a Phase I Nenana-Totchaket disposal no later than January 1983. A general outline of the list-which is attached-and the bottom line total financing required (\$300,000.) was telephoned to Lee Stoops last Friday.

I want to emphasize that we have included the 500,000 for Road and bridge design (CSSB 222 am) in the total amount. However, we would prefer to see that bill passed in its present form and the remainder, 399,000., included in the final budget as an appropriation to the City of Nenana via the Municipal Grant statute...AS. 35.05.315. for intensive development planning on the Nenana-Totchaket Agricultural Project.

Thank you again for your efforts with the City's legislative requests this session, and for the meeting with Governor Hammond and his staff. I and others involved and interested in the project are very pleased with the results, and we will be working closely with the Governor and other interested legislators on capital financing for the project early in the second session.

Please convey my personal thanks and appreciation to the other members of the Senate --particularly Senator Fahrenkamp--and staff members for helping bring the Nenana-Totchaket project this far.

Sincerely,

John B. Coghill, Mayor
CITY OF NENANA, ALASKA

Bettye

Jack wanted to get together with you for a minute today, but didn't want to ask you to leave the hearing. This letter to John Sackett when you return to Juneau if you care. He and I would appreciate it very much.

TASKS REQUIRED DURING fy 82 FOR CONTINUED PROJECT DEVELOPMENT OF PHASE I-
 NENANA-TOTCHAKET AGRICULTURAL PROJECT. PLANNED DISPOSAL DATE: January 1983.

The City of Nenana, following discussions with Governor Jay Hammond concerning Phase I financing for the Nenana-Totchaket Agricultural Project (SB 294 and HB 333), has agreed to postpone the planned disposal date for Phase I from early 1982 to January 1983.

The later disposal date will allow for more thorough and more comprehensive development planning for Phase I and for more detailed long range planning for Phases II, III, IV, and V.

Governor Hammond has agreed that construction financing for roads and bridges and expanded financing for appropriate loan programs will be thoroughly analyzed by the Governor's staff and proposed for financing by the legislature in the Governor's fy 83 budget.

In order to assure that essential development planning necessary for a January 1983 disposal date is completed on time the City of Nenana believes that the tasks listed below need to be initiated as soon as possible during the fy 82 fiscal year.

Finally. The City further believes that, based on the results of the several preliminary studies completed by the City during fy 81 and the excellent working relationships established with participating agricultural interests in Alaska that fy 82 funds for continued project development will be more effective in terms of costs and time if appropriated by the legislature to the City of Nenana by means of a municipal grant authorized by AS. 37.05.315. In order to assure that the City's development planning for the project is compatible with the state's agricultural programs, work will be coordinated with established agencies of the University, and state and federal governments conducting agriculture development and regulatory programs.

Project development tasks which must be completed during fy82 include the following. Estimated man/months required are shown with estimated total costs.

TASKS	Man/Months	Other Costs	Total
1. DNR concurrence, Disposal date	.25		\$ 1,000.
2. Including T&S, R9W in Phase I.	.25		\$ 1,000.
3. Engineerin, roads and bridges (CSSB 222)			\$ 500,000.
4. Farm lot design			
a. meteorology			
b. hydrology			
c. agronomy	1.5	90,000.	97,000.

Development Planning
Phase I
Page 2

TASKS	Man/Months	Other Costs	Total
5. Wood fiber harvest, clearing, ground prep, fiber processing	3.	30,000. (timber cruise)	\$ 45,000.
6. Market development, market organizations, production scheduling.	8.	20,000 (market consultations)	\$ 60,000.
7. "Cash flow, costs of money" analysis; financing procedures, financing sources.	2.	(fiscal evaluation) 10,000.	\$ 20,000.
8. Availability, suppliers, F.O.B. costs, and dates for buildings equipment, livestock and supplies.	12.		\$ 60,000.
9. Disposal and farm development procedures.			
a. #fee simple, ag covenant"			
b. pre-qualifications			
c. title conveyance			
d. farm development requirements			
e. land use regulations			
f. penalties	3.	20,000. (legal work)	\$ 35,000.
10. Cost estimating and site selection			
a. grain drying, storage, transfer			
b. warehousing, farm businesses			
c. administration			
d. research			
e. livestock processing			
f. wood fiber processing			
g. vegetable processing	6.		\$ 30,000.
11. socio-economic impact analysis, on the City of Nenana	6.		\$ 30,000.
12. Reveiw of current ag statutes	1.		\$ 5,000.
13. development planning, Phases II, III, IV, V.	1.		\$ 5,000.
14. Compilation and reveiw of applicabl3 studies	1.		\$ 5,000.

Development planning
Phase I
Page 3.

TASKS	Man/Months	Other costs	Total
15. Recommendations on required support institutions for long term ag development.	1.		\$ 5,000.
TOTALS	Man/Months: 46.	Total costs:	<u>\$ 899,000.*</u>

*Includes the costs of Engineering design for roads and bridges which is being considered as a separate bill numbered CSSB 222 am.

NOTE: For additional information on the detailed work to be completed in each of these tasks, please contact:

1. Jerry Smetzer, agricultural development consultant to the City of Nenana.

479--6816 in Fairbanks or
452--6500 24 hour message phone.

2. Steve Bainbridge, City Engineer, City of Nenana.

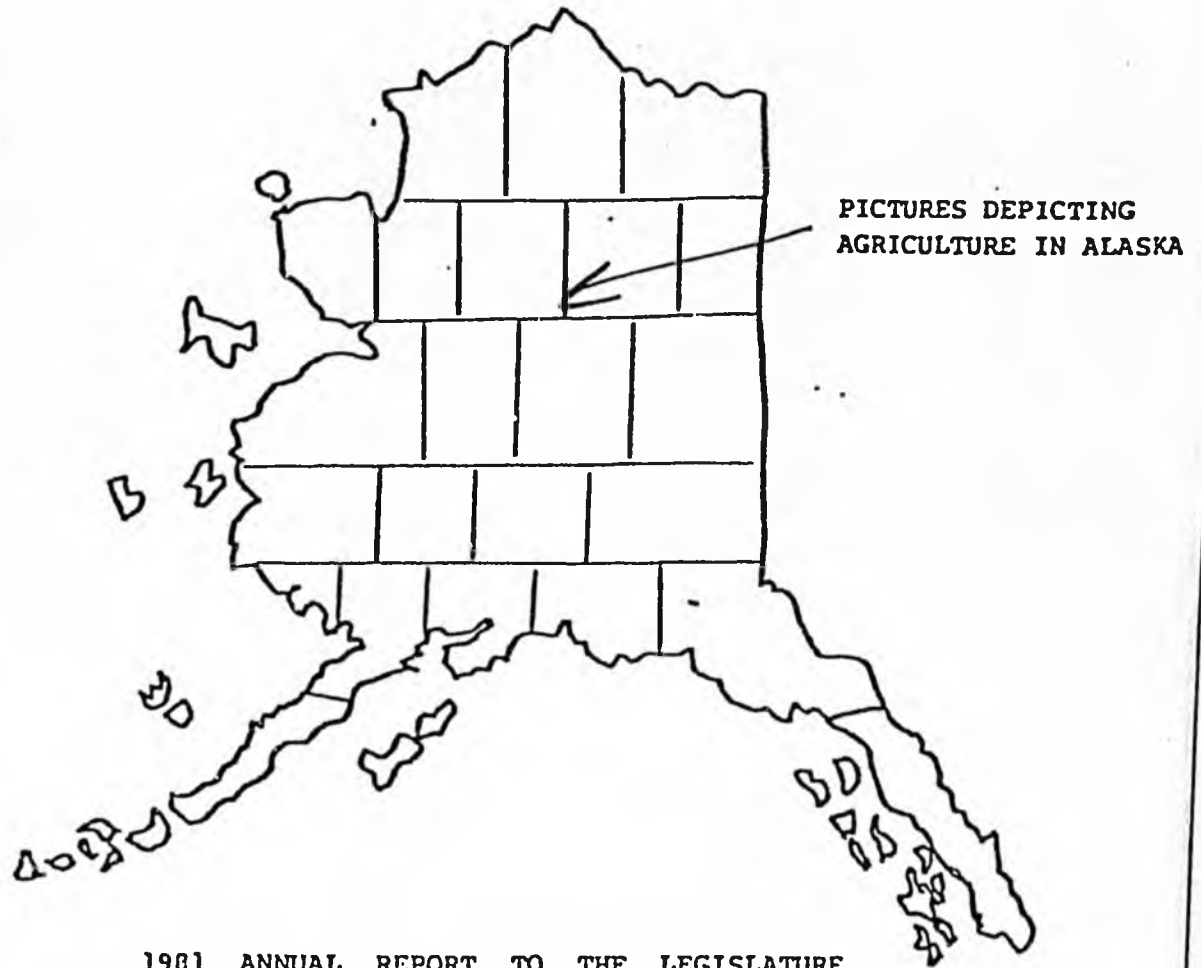
832-5441

3. Mayor John B. Coghill, City of Nenana

832-5688

A

POSITIVE FUTURE



1981 ANNUAL REPORT TO THE LEGISLATURE



- need
- ① Raindeer
 - ② Research
 - ③ Research
 - ④ Green Plot
 - ⑤ Green
 - ⑥

Inside Cover

ALASKA AGRICULTURAL ACTION COUNCIL

W. I. "Bob" Palmer, Chairman
Coordinator-Special Projects Office
Office of the Governor
Pouch AN
Juneau, Alaska 99811

Charles Webber
Commissioner
Department of Commerce and Economic Development
Pouch D
Juneau, Alaska 99811

Domonic Carney
Director
Division of Agriculture
Pouch A
Wasilla, Alaska 99687

Paul Huppert
Box 858
Palmer, Alaska 99645

Steve Hamilton
Box 239
Palmer, Alaska 99645

James Drew, ex-officio

Wayne Long, ex-officio

ACKNOWLEDGEMENTS

The Alaska Agricultural Action Council wishes to thank the many individuals and organizations who have contributed to this annual report. It is only through the combined efforts of these people that the true potential of Alaska's agriculture will be developed: Agricultural Experiment Station, University of Alaska; Cooperative Extension Service, University of Alaska; U.S.D.A. Soil Conservation Service; Division of Agriculture, Department of Natural Resources; Alaska Farmers Cooperative, Inc.; Commercial Fishing and Agriculture Bank; Department of Commerce and Economic Development; The Alaskan Farmers; and the Mat-Su Borough.

General Statement addressed to the Governor and Legislature from W. I. "Bob"
Palmer, Chairman of the Alaska Agricultural Action Council.

SUMMARY AND OUTLINE

In 1976, Governor Hammond announced that a major goal of State government was to encourage the economic development of renewable resources, including agriculture. He set up the following goals;

- *broadening the economic base of the State through agricultural production;
- *stabilizing real food costs by increasing local food;
- *providing alternative job opportunities through expanded agriculture;
- *improving rural life by developing an economic base through agriculture;
- *assisting in meeting national goals of increased food production for world needs.

In 1977, the Alaska State Legislature allocated the first funding toward the goals of developing a self-sustaining commercial agricultural industry. Since that time, each legislature has approved additional funding, several major projects have been started and more are planned, beginning infrastructure facilities are under construction, and many other activities have been taking place. This report will attempt to summarize many of those activities, analyze past events, and focus both on the present and the future.

Agriculture is a tremendously diverse industry, but yet totally interdependent. It would be easy to concentrate on any one individual sector, but initially it is critical to maintain an "overall approach" to development. It is not only important to do a good job planning individual elements of the system but to plan how each separate element will coordinate with the entire system.

This report is divided into several sections, each consisting of a summary discussion, outline of past progress, current status, and recommendations of the Alaska Agricultural Action Council for the future.

SUMMARY PAGE

Alaska Agricultural Action Council	Page
1980 Major Accomplishments	
1980 Activities	
1981 Legislative Recommendations	
What is Alaskan Agriculture?	Page
Agricultural Projects	Page
Agricultural Infrastructure	Page
1. Financing	
2. Marketing	
3. Transportation	
4. Grain and Fertilizer	
5. Livestock Processing	
6. Research and Extension	
Agricultural Activities not under control of Agricultural Action Council	Page
1. Non Project Farmlands	
2. Subsistence Agriculture	
3. Reindeer industry	
4. Grazing Programs	

MAJOR 1980 ACCOMPLISHMENTS

- A. Delta Agricultural Project
 - 1. Land clearing
 - a. 54,000 acres knocked down
 - b. 37,000 acres piled
 - 2. Land in production
 - a. 8000 project acres, 3000 non-project acres doubled in 1979 production (new State record)
 - 3. Entire 1979 production sold in-state
 - 4. Barley feed trials with reindeer started
 - 5. Exported 15 tons barley for Japanese feeding trial
 - 6. Major world-class fertilizer plant completed
 - 7. Utility Road improvement completed (Hanson Road)
 - 8. Farmer owned and controlled grain marketing system
 - 9. First Major swine operation started
 - 10. Two dairies began operations
 - 11. Beef cattle population doubled
 - 12. Major grass-seed operation started

- B. Point MacKenzie Agricultural Project
 - 1. Entire project surveyed and platted
 - 2. Access road system connecting all farms completed
 - 3. Qualification and disposal process completed

- C. Delta Agricultural Project Expansion
 - 1. Project area identified and survey started

- D. Nenana
 - 1. Initial feasibility studies for transportation, livestock and vegetable production were implemented.

As directed by the State Legislature, the Alaska Agricultural Action Council is involved in many areas of the State's agricultural development. Following is not only a summary of the Council's 1980 activities, but an indication of the complexity of this type of development:

1. Marketing - Research and coordination of test marketing programs and any other areas of state agriculture marketing involvement.
 - a. Assist in organizing a state-wide marketing system and related functions (processing and transportation);
 - b. Investigate new markets for Alaskan agricultural products;
 - c. Maintain contact with "Lower 48" and world markets to remain informed of pricing direction and market trends.
2. Transportation
 - a. Promote and coordinate State's efforts to set up an agricultural transportation system;
 - b. Work with all modes of transportation (truck, rail, air) and the facilities to complement the system.
3. Research and Extension - Promote and review agricultural research and extension.
4. Financial - Maintain contact with various agricultural financial institutions and encourage the development of private financing.
5. Livestock - Coordinate efforts to expand State livestock industry. Work both in processing, transportation and marketing.
6. Energy Coordination
 - a. Investigate and encourage alternate energy programs for agriculture
7. Farmer Contact
 - a. Offer assistance to various farmer organizations
8. Public Relations - Coordinate a detailed planned program aimed at informing and educating the general public about agriculture in general and Alaskan agriculture specifically.
9. Contracts Administration - Administer contracts involving project implementation, land clearing, road construction, transportation system, marketing programs, state equipment and facility construction.
10. Intergovernmental Coordination - Maintain communication between various Federal and State agricultural departments, i.e., SCS, ASCS, USDA, AMS, CES, etc.
11. Legislation
 - a. Make recommendations on existing and proposed legislation;
 - b. Offer assistance on any agricultural legislation;
 - c. Maintain contact with "Lower 48" agricultural legislation, both Federal and State.

MEETINGS

The Council had 21 scheduled meetings during 1980. The dates and locations were as follows:

<u>DATE</u>	<u>LOCATION</u>
January 14, 1980	Juneau
January 29, 1980	Anchorage
February 8, 1980	Juneau
February 22, 1980	Anchorage
March 13, 1980	Delta Junction
March 28, 1980	Anchorage
April 10, 1980	Juneau
April 24, 1980	Anchorage
May 12, 1980	Anchorage
June 6, 1980	Anchorage
June 27, 1980	Anchorage
July 11, 1980	Anchorage
July 25, 1980	Anchorage
August 13, 1980	Palmer
August 14, 1980	Anchorage
September 12, 1980	Anchorage
September 29, 1980	Anchorage
October 16, 1980	Anchorage
October 31, 1980	Anchorage
December 8, 1980	Anchorage
December 29, 1980	Anchorage

PUBLIC HEARINGS

In addition, there were six public hearings held on various projects under consideration by the Agricultural Action Council:

<u>DATE</u>	<u>LOCATION</u>	<u>PROJECT UNDER CONSIDERATION</u>
March 13, 1980	Delta Junction	Delta Expansion
August 13, 1980	Palmer	Point MacKenzie
August 14, 1980	Anchorage	Point MacKenzie
August 29, 1980	Nenana	Nenana Agricultural Development
October 6, 1980	Fairbanks	Point MacKenzie
October 8, 1980	Soldotna	Point MacKenzie

MISCELLANEOUS ACTIVITIES ACCOMPLISHED IN 1980*

1. Appointment of Export-Transportation Committee
2. Consultation Services of George Figdor (Develop a documentary slide presentation of agricultural development)
3. Consultation Services of Ray Fendenheim, Transportation Expeditor
4. Chairman's Trip to Australia and New Zealand
5. Participation of AAAC in Deltana Fair in Delta Junction
6. Participation of AAAC in Tanana Fair in Fairbanks
7. Visit of three agricultural consultants to Delta to organize Alaska Grain Exchange
8. Pacific Northwest Grain and Feed Dealers
9. Canadian Institute of Agriculture
10. Marketing Symposium
11. Met with Nicholson, Incorporated on Wood Utilization
12. Feeding Trails in Hokkaido
13. Reindeer Feeding
14. Interior Development Conference in Fairbanks
15. Governor's Visit
16. Lieutenant Governor's Visit
17. Argentina Attache's Visit
18. Denmark Attache's Visit
19. Various Tours of Project
 - a. Successful Farming magazine
 - b. Time-Life
20. Donated grain to Future Farmers of America
21. Donated grain to Fairbanks Kiwanas for Waterfowl Project

*Details concerning individual activities available upon request

REIMBURSABLE SERVICES AGREEMENTS

University of Alaska for hydrological/meteorological studies at Point MacKenzie, Nenana and Delta

DNR for Point MacKenzie Project Planning Costs

DNR for Preliminary Survey of Ag Lands in Nenana Area

DNR for Cadastral Survey of Point MacKenzie

Contract with Matanuska-Susitna Borough for Point MacKenzie Road Construction

Office of the Governor for Delta Ag Development Documentary

DCED for Preparation of Proposal to DOE to Fund a Phased Program to Continue Biomass Utilization Study

DNR to Fund Collecting Ag Statistics from 1979 Crop Year

University of Alaska for Policy Information Needs

Hanson Road Construction

AGRICULTURAL RECOMMENDATIONS

The Alaska Agricultural Action Council was created by Chapter 75, SLA 1979, First Session, Eleventh Alaska Legislature. AS44.33.425 (a) states "Before January 15 of each year the council shall report to the governor and the legislature concerning the activities of the council during the current fiscal year. The report shall contain recommendations for the development of agriculture in the state during the next fiscal year."

The Council's duties as charged by the legislature range from coordination of agricultural data collection, recommendation of agricultural promotion activities and land classification to the administration of the Delta Agricultural Project and any other agricultural development projects as authorized by the Legislature. In addition, the council is charged with the clearing, draining, and breaking of land located in the Delta Agricultural Project and any other project authorized under AS44.33.425.

The Council is mandated to report to the Legislature annually with recommendations for one or more agricultural projects; to propose legislation identifying the tasks of various state agencies necessary to accomplish the development project; and to propose legislation granting to the Council sufficient authority to insure cooperation of all state agencies involved in the implementation of the agricultural development project.

Considering the critical timeliness and need for orderly progression of agricultural development, the Alaska Agricultural Action Council recommends to the governor and the legislature the following items.

1. Appropriation to final phase of land clearing on Delta Agricultural Project
2. Appropriation to continue administration and provide two items of specialized land preparation equipment for Point MacKenzie Agricultural Project
3. Expansion of the Delta Agricultural Project
4. Construction of a livestock slaughter and processing facility
5. Construction of a Grain Export Terminal
6. Implementation of a state-wide grain marketing system
7. Reenactment of the State's Homesteading Credit
8. Continuation of Nenana feasibility, environmental baseline studies, and project development.
9. Implementation of a program to compensate farmers for bison damage.

WHAT IS ALASKAN AGRICULTURE?

IN TERMS OF DOLLARS: The Alaska State Legislature has earmarked several million dollars to begin the development of expanded agriculture in the Delta and Point MacKenzie Projects. Over the next several years, private and State sources are expected to invest as much as 100 million dollars in a statewide development program. Most of the state funding will be loan money.

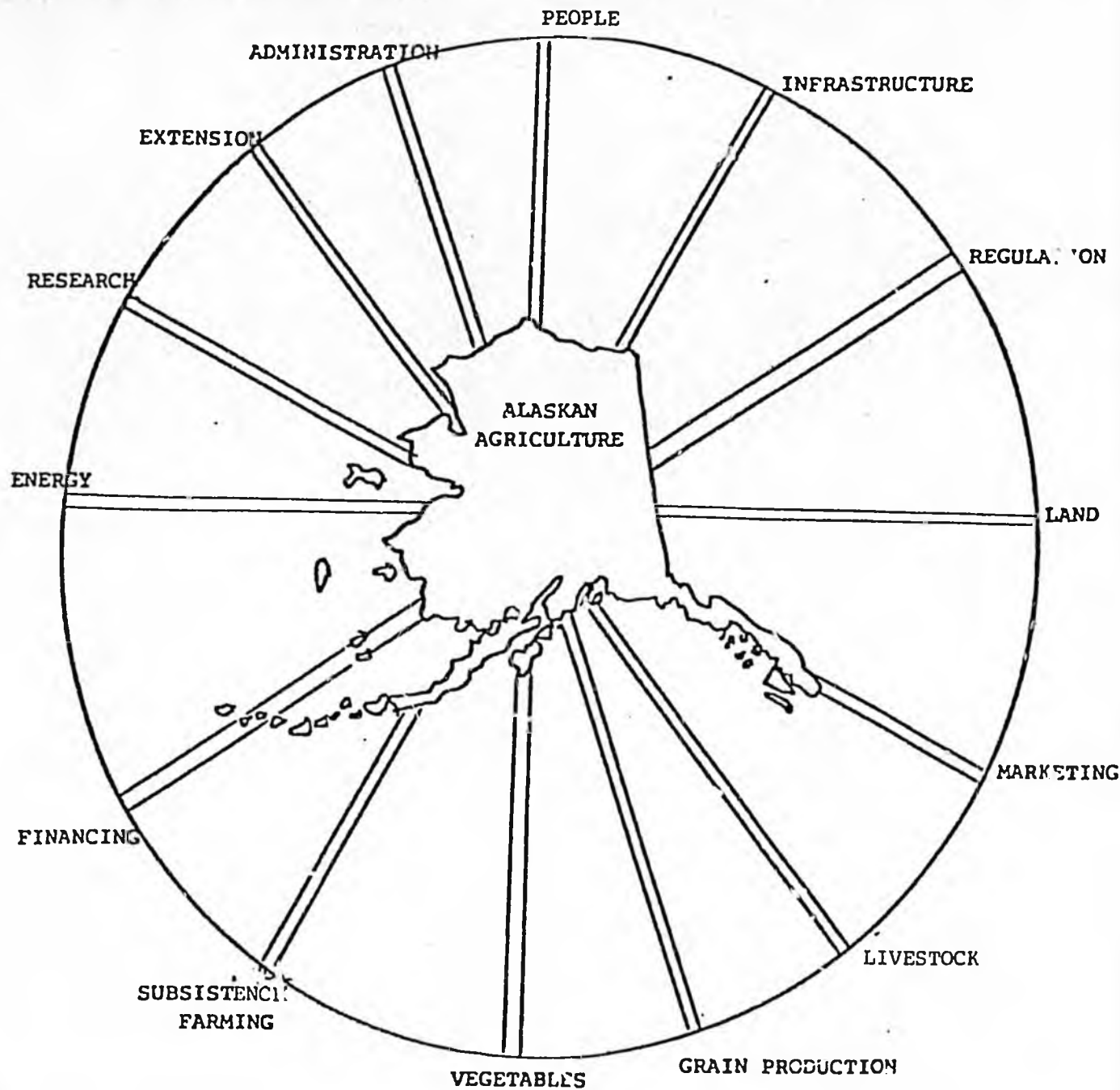
IN TERMS OF LAND: Right now, there are about 34,000 acres of land in agricultural production in Alaska compared to only 7,000 acres in 1978. By contrast, the State of Rhode Island has 23,000 acres. The Delta Project will put 50,000 acres of new land into production by 1983. By 1990, the timetable calls for at least 500,000 acres to be in cultivation. And for long term thinkers -- out of Alaska's 378,165,760 acres, 20 million acres have been identified as being potential.

IN TERMS OF JOBS: Agriculture doesn't have the glamour of gold or oil. But neither does it have the boom and bust cycle we've experienced in both. It offers steady, long term jobs for Alaskans, not only in direct agricultural employment, but in the support businesses as well that will grow up around agriculture on a local level; direct jobs such as farmers and farm hands, mechanics and elevator operators, and secondary support jobs such as grocery stores, hardware stores, and barber shops.

IN TERMS OF SELF-SUFFICIENCY: Right now, we import about 95 percent of all our food. It's high priced and oftentimes less than Grade "A" quality. A basic competitive feed grain industry will encourage a competitive livestock industry within the State. Once the basic support systems are set up, other forms of agriculture will be competitive such as vegetables, potatoes, and milk. Locally produced agricultural commodities will dampen the upward spiral of prices, and will insure fresher meat and produce. Currently, it is estimated that Alaska has a four-day supply of food. Can Alaska afford to be so dependent on such a fragile supply system?

IN TERMS OF PEOPLE: Alaska has been buffeted by a boom and bust economy since the gold rush. Agriculture, properly organized on a competitive scale, can do a great deal to smooth out that chaotic cycle by introducing long term stable economic benefits in jobs, increased self-sufficiency, and in stabilized prices.

It's not going to be done by magic. It will be people who will build the new homes and till the soil. It will be people who will plan and organize the complex management and logistics system that modern agriculture requires. It will be people who will work the support jobs in Alaskan communities. It's people, with a lot of dreams, doing a whole lot of hard work, that will make expanded agriculture a positive force in Alaska's economy -- How big a deal is that? We think it's a pretty big deal. We believe agriculture will become the dominant industry in interior Alaska.



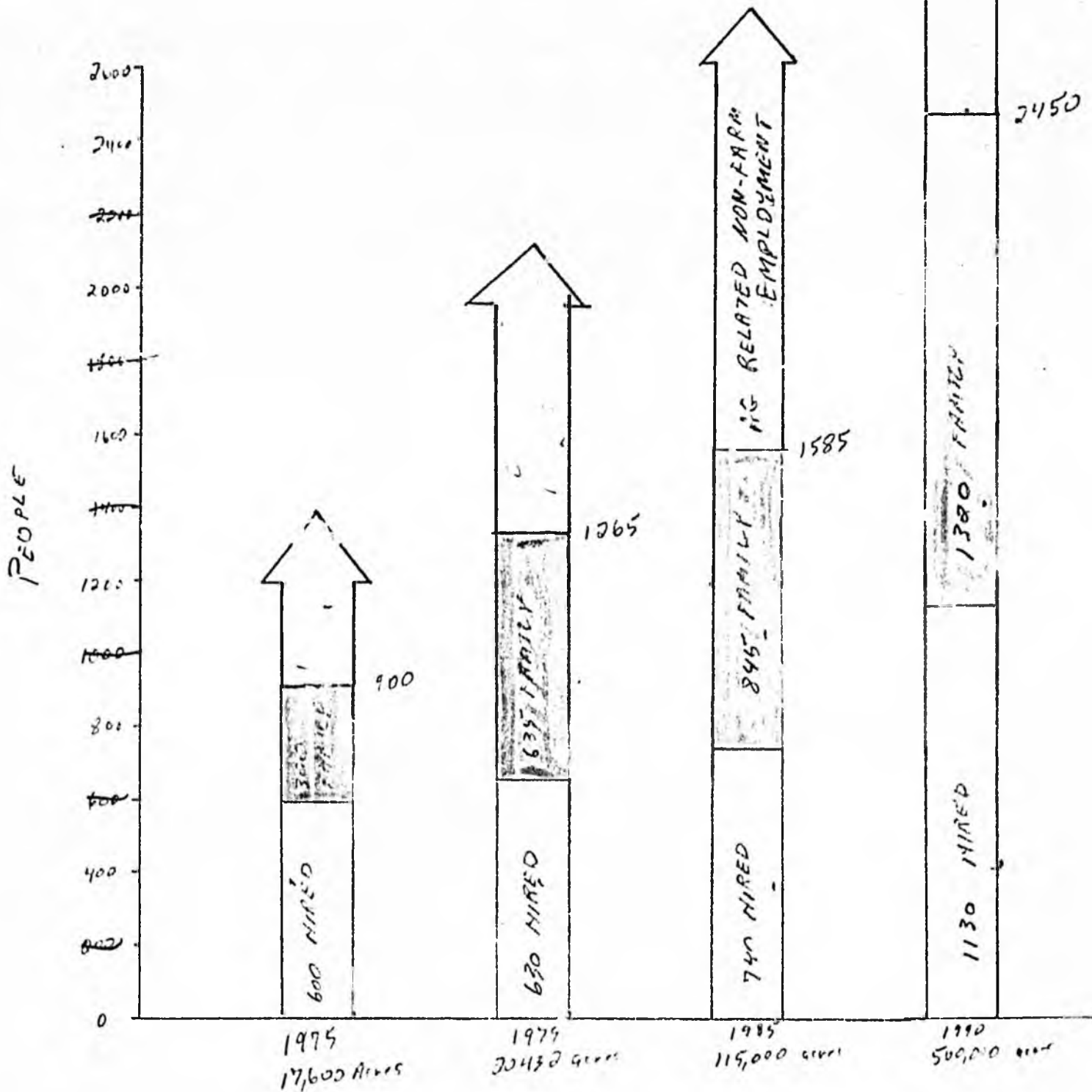
THE BEGINNINGS OF A STABLE

ECONOMIC BASE PROVIDING JOBS

AND FOOD FOR ALASKANS

BY ALASKANS

ACTUAL AND PROJECTED JOBS
DIRECTLY RESULTING FROM
AGRICULTURAL DEVELOPMENT IN ALASKA



Employment figures for 1975 and 1979 obtained from USDA Statistical Reporting Service

DELTA AGRICULTURAL PROJECT

In August, 1978, a lottery was held to distribute nearly 60,000 acres of land for agricultural production near Delta Junction.

The land was platted in 22 parcels averaging 2,850 acres each. Studies conducted by the University of Alaska determined that these sizes were necessary to provide the economies of scale necessary for small grain production in a semi-arid climate such as found in the interior region of Alaska.

Clearing of the land began during the first winter following the lottery.

The progress made during the two years succeeding the lottery has been phenomenal. The actual work that has been accomplished totals nearly 60 percent of completion. Vegetation on approximately 55,000 acres has been knocked down and has been piled into berm rows on 35,000 of these acres. Crops were planted in 1980 on about 7,600 project acres and 3,000 acres on other lands. It is expected that 1981 will show a significant increase.

Coop.

In 1979, 1.3 million dollars were loaned to the Alaska Farmers Cooperative, Inc., for the purchase and construction of a grain elevator. During 1980, an additional \$300,000 was used to expand their grain storage and handling capabilities. They now have secure storage for over 12,000 tons of grain.

It has become apparent, however, that an additional facility must be added in the very near future. This elevator likely will be in a location separate from the existing facilities and will receive grain from the eastern portion of the Delta Agricultural Project (Delta I), and also production from the newly planned Delta Expansion Project, (Delta II). It is expected that construction will be started in 1981.

Grain harvested in 1980 totaled approximately 7,800 tons from the Delta Area. Due to severe weather conditions and predator (buffalo) damage, however, field losses ranged as high as 50 percent. Despite these problems and the fact that late seeding resulted in some acreage being abandoned, the total acreage planted averaged over 30 bushels per acre. Several operators, on the other hand, averaged greater than 75 bushels per acre.

Since 1980 was the first year of any significantly large acreage planted, it served as an educational period. Much was learned from this season and this knowledge will be incorporated into farming plans for succeeding years. We have the technology to overcome the problems encountered in this year's harvest.



With the opening of new agricultural lands in Delta Junction, the private business sector has stepped in to supply farmers with needed equipment, parts, and service. There are now three equipment dealers operating in the area. They represent the three major manufacturers of agricultural equipment in the U.S. The financial commitments of the dealers are indicative of the faith they have in the potential for agricultural development in interior Alaska.

DELTA EXPANSION PROJECT (DELTA II)

A land sale by lottery is prepared for the expansion September 1, 1981. Survey work is now underway to establish exact acreages, tract sizes, and layouts. The individual tract size will be 1,800 to 2,700 acres.

The project will encompass some 55,000 acres. Approximately 45,000 acres are located on the north and east boundaries of the existing Delta I project (Delta East). An additional 10,000 acres are west of Delta Junction and located on the west bank of the Delta River (Delta West).

In order to promote usage of existing resources, all potentially commercial timber stands will be sold with the farms to be managed privately. Proven timber stands will be assessed at a reasonable market value and that value added to the price of the tract. Farm development plans will allow adequate time for alternative uses of the timber resource.

A road transportation network to service all the tracts is being designed. It will be in place when the land clearing process begins.

To provide a broader base of climatological data for the area, the Alaska Agricultural Action Council has undertaken the task of having weather recording stations installed in both Delta East and West areas. These stations will provide information that will be invaluable to the farm owners when they begin to lay out their cropping plans.

The prospective applicant, for this and other projects, will be required to submit a complete prequalification package to determine his or her eligibility for the lottery. The information to be included in this package will be proof of actual farming experience or a contract for farm management services, sufficient capital to insure adequate financing for a farm project of this scope, Alaskan residency, and a farm plan. This plan must contain a general schedule of clearing and production intentions as well as a five-year cash flow projection. This will insure that the prospective farmer knows the financial commitments required on a large scale farming operations.

To preserve natural wildlife habitats, several areas in the Delta Expansion Project have been reserved. In Delta West, a greenbelt along the river has been set aside to insure that the salmon spawning grounds will not be affected by siltation or human encroachment.

On Delta East, the head waters of the Clearwater Creek have been protected in the same manner. Also on Delta East, an historic Peregrine nesting grounds plus all lands within a one mile radius have been reserved.

NENANA AGRICULTURAL PROJECT

Stalled in past years due to uncertainties regarding land ownership by State and Federal governments and Native Corporations, the planning process has gained significant momentum towards a major agricultural development near Nenana. The first phase of the Totchaket Project, as it is called is located in two townships directly west of the City of Nenana, 60 miles south of Fairbanks.

Long considered one of the State's prime agricultural areas, this project is located adjacent to the Alaska Railroad, connecting between Fairbanks and the State's tidewater ports. In addition to the positive aspects of this transportation link, the area has the capability of expanding agriculture into the river valleys to the west.

The 1980 Legislature initiated the planning process with an appropriation to determine transportation access, feasibility of livestock and vegetable production, and analyze other developmental stages. Presently, the U.S.D.A. Soil Conservation Service has identified 175,000 acres of soils determined to have excellent potential. It is anticipated, due to access problems and the need to finalize other segments of the industry, and the actual disposal will not take place until 1982 or 1983.

POINT MACKENZIE PROJECT

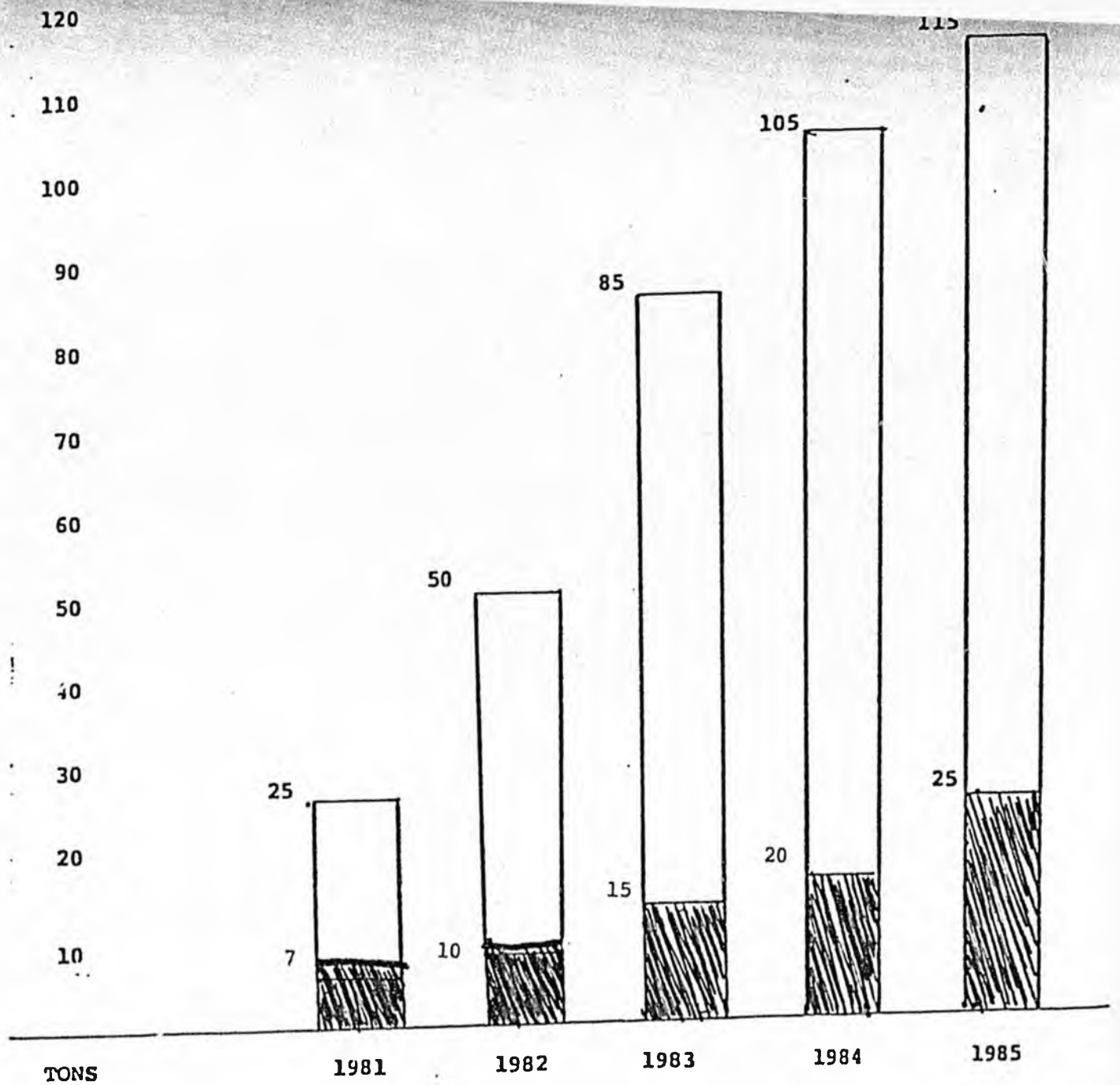
In 1980, the Alaska State Legislature appropriated funding to implement a 15,000 acre project designed mainly to revitalize the State's existing dairy industry. 30 tracts have been surveyed, roads have been built, and applications by prospective farmers have been analyzed prior to a lottery on March 6, 1981.

Prior to the initial funding, the University of Alaska Cooperative Extension Service and the Agricultural Experiment Station studied the local dairy industry. They concluded that the major reason the industry was declining was due to a lack of critical volume to support modern and efficient processing and distribution facilities in addition to many other infrastructure components. A minimum of 19 dairies, within the Point MacKenzie Project are expected to begin milk production during the next three years, and some actual production may come from the project in even the first year.



In addition to dairies, several of the new tracts are expected to concentrate on general farming and vegetable production. This industry has long been the mainstay of the Matanuska Valley, but has also suffered from scarcity of land and production to expand to more efficient marketing and processing facilities.

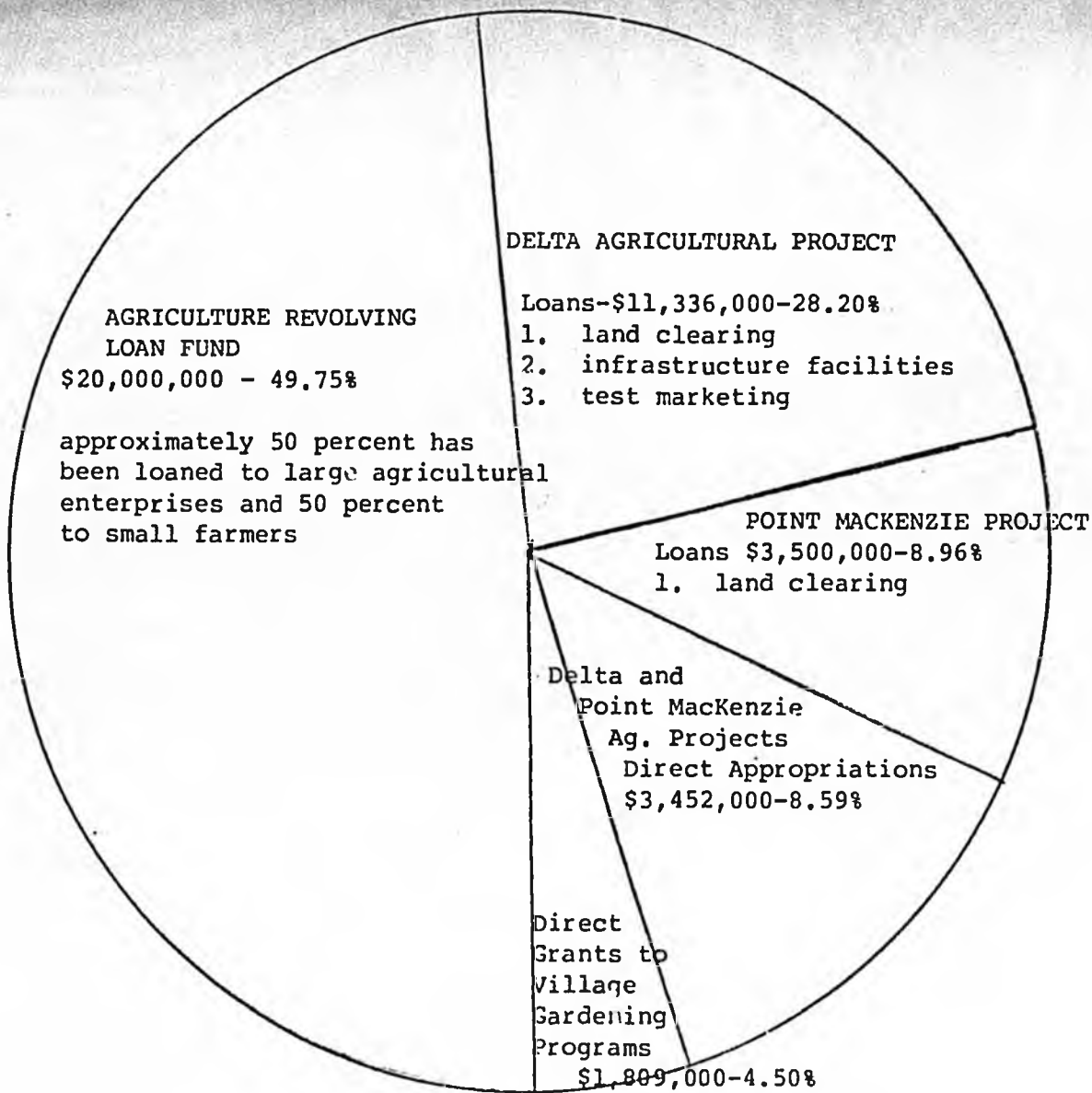
Milk and vegetables aren't the only products coming from Point MacKenzie. Dairy-beef animals will be produced to help support the very critical segment of the State's livestock industry -- a modern and efficient slaughter and processing facility.

Additional areas with agricultural potential for subsequent expansion have also been identified near the Point MacKenzie Project and will be discussed in the next report.



Production and Usage of Grain from
Delta, Delta Expansion, and Nenana Projects

 IN STATE GRAIN USAGE
 SURPLUS



Greater than 86% of agricultural appropriations, other than those grants to the village gardening program, have been in the form of loans for renewable resource development. All loans are adequately collateralized and will be repaid with interest to the state.

FINANCIAL SECTION

The primary source of development credit for Alaska's farmers continues to be the Agricultural Revolving Loan Fund (ARLF) administered by the Division of Agriculture. The fund ceiling and capitalization was increased from 7.8 million to 20 million in the last initial phase of the Delta Project, as well as for production enterprises in other new farm areas of the State. Authorization limits for processing facility was increased in 1980, allowing processing loans up to a \$2.5 million limit. Unfortunately, the increase in 1980, allowing processing loan funds available did not provide adequate monies for an expansion of the processing facilities in the state.

1980 also saw the new state-supported Commercial Fishing and Ag Bank become operational. However, given the restrictions under which commercial banks must operate and the lack of track records of the new farmers, this source has yet to make a significant contribution toward satisfying the total financing need.

If the Legislative and Administrative policy of expansion of the state's agricultural industry is to be successfully instituted the state must continue to play the lead and major role of the industry. Alternative financing sources exist, but commercial sources of credit find it difficult or impossible to offer credit to enterprises in new areas of the State, to enterprises which are programmed to be in the development phase for up to three years, or to young farmers without an Alaskan track record.

In addition to the obvious need for additional loan funds, both the Council and the State Division of Agriculture are devoting considerable effort to look at the total spectrum of agricultural financing. This vital segment of the development effort merits a most thorough examination and analysis, and will require the full cooperation of all financial institutions. As the farmers become more financially stable, they will be turning to more commercial type sources of funding such as the Commercial Fishing and Agriculture Bank and the private financial sector.

MARKETING

One of the key components of any industry is marketing. The Alaska Agricultural Action Council together with other agencies has been very involved in not only identifying potential markets but actually providing marketing for the past three years. Three specific grain markets have been identified. They are:

A. Instate Livestock Industry - This primary objective of our agricultural development is expanding faster than most people expected. Various livestock specialists and the University of Alaska have been outlining the tremendous potential for this domestic industry for many years. In summary their conclusion is that beef, and especially swine operations, are very viable but dependent on these conditions:

- Bold. → {
- a. Livestock producers have a dependable supply of feed (Sufficient land in grain production)
 - a. Livestock producers can buy feed at prices competitive with feed prices in the "lower 48" states. (Feed prices in general are a function of world export prices.)
 - a. Livestock producers have access to modern and efficient slaughter, processing, and marketing facilities.

B. Export Markets - Several foreign countries have indicated an immediate desire to purchase Alaskan grain. This is a larger volume market that could potentially consume any conceivable amount of grain assuming the following conditions:

- Bold. {
1. Products are price competitive
 2. Products are quality competitive
 3. Transportation facilities (tidewater ports) are modern and efficient.

C. In-state Alcohol Industry - Based on several studies sponsored by the Division of Energy and the Alaska Agricultural Action Council, the production of ethanol and subsequent gasohol appears feasible in the future. Presently, these studies are being expanded with hopes of a pilot project within the next several years. In addition to utilizing low quality grain to produce alcohol for energy, one by product will be a high protein mash that can be used as a protein supplement in a ration for livestock.

TRANSPORTATION

Transportation is a vital part of the agricultural industry in all parts of the world; so much so that the kinds of agricultural commodities produced and where they are produced tend to be influenced by transportation costs. These costs include movement of goods into as well as out of production areas.

Closely related to transportation of agricultural goods is the availability of facilities to transfer products from one form of carrier to another. In many cases, particularly in Alaska, an area is served by only one mode of transportation. It is therefore necessary to provide an efficient means to transfer goods between carriers.

Alaska is beginning to develop the production segment of its agricultural industry. It has begun by making land available largely for the production of small grains. In the early years, a major portion of the grain produced must be exported. However, as this grain base expands, it is reasonable to assume that the livestock and poultry industry will expand as well allowing more of the grain to be used in-state. It is also possible that in the future more

vegetables will be produced in the state, at least for the fresh, in-state market. Action must be taken now concerning the manner in which these agricultural products will be moved throughout the state as well as to tidewater ports for export.

Today the transportation system in Alaska is not designed to haul and handle agricultural products. Railroads and roads, two of the principal means to transport bulk goods, service only a very small portion of the state. Yet, much of the land with agricultural potential does not lie near one or the other of these services.

Rural communities are serviced only by air or infrequent barge traffic. In many cases, this makes the cost prohibitive to transport fresh products as well as transport bulk commodities needed for production. Further, the regulatory policy of the state has not favored movement of these goods, or the upgrading and extending its present agricultural transportation system.

This latter consideration should include provisions for better links between rail, road, and waterways. Further it will be necessary to develop regional transportation system in areas remote from major agricultural production areas. In this manner, these regions will be able to rely on a supply of food products produced in Alaska. If Alaskans wish to consider expansion of the State's agricultural industry, its transportation system for agricultural production requirements and commodities must be improved.

GRAIN HANDLING

During the 1979 Legislative session, \$1,300,000 was appropriated to be used as a loan to the Alaska Farmers Cooperative, Inc. The purpose of this loan was to purchase and construct a country grain elevator to handle the feed grains produced in Delta. These monies provided drying, handling, and storage for approximately 300,000 bushels of grain. In 1980 an additional \$300,000 was used to expand the storage capacity to 500,000 bushels and add a second drying unit to this system to facilitate receiving and processing grain in a more timely manner.

This is only the first phase of a system for handling Alaskan grain. Production in 1982 from the Delta Agricultural Project alone will require three times the capacity that it now has available. In addition to storage, our export capabilities must be refined to provide the most economical method of moving grain to tide water. The two primary segments of this system will be a transfer facility to take grain trucked into Fairbanks from Delta and put it on rail for shipment to a port, and a dockside terminal to provide storage and loadout capabilities onto ocean going vessels.

This export elevator will also be a key link in Alaska's future agricultural projects also. When the Nenana project comes into production, the volume of grain that will be available for export will be substantial.

Although the export terminal is a necessity at this stage of development, the added volume of through-put resulting from Nenana production should enable the terminal facility to generate sufficient revenue to defray its operating and debt service.

FERTILIZER

In 1980, two new fertilizer blending plants were added to Alaska's agricultural infrastructure.

Alaska Mill and Feed in Anchorage constructed a blending plant to service the South-Central region. This facility has 700 tons storage capacity with an 8 hour through-put capacity of 90 tons bulk and 30 tons bagged.

In Delta Junction, the Alaska Farmers Cooperative, Inc. has built a 6,000 ton plant to serve the needs of interior Alaskan farmers. This plant has an 8 hour capacity of 400 ton bulk and 80 tons bagged.

The final necessary link in the fertilizer supply line is a bulk materials handling and transfer facility to transfer incoming products from rail to truck for distribution to the final destinations.

ALASKA SLAUGHTER FACILITIES PRESENT AND FUTURE NEEDS

In order to fill the needs of an expanding livestock industry and take advantage of economies of scale, a modern slaughter facility capable of processing 100 head of cattle and 400 head of hogs per day is necessary. Construction of this facility would provide three major benefits:

1. Provide the marketing outlet for the present and future needs of the industry.
2. Provide long range stability necessary to encourage large scale feeder operations utilizing state agriculture and fisheries feed products
3. Provide the Alaskan consumer with a quality product, delivered fresh at a competitive price.

Bold

Perhaps the most significant benefit is that the facility would provide the catalyst needed to complete the feed grain-livestock cycle. Given the reality of a strong facility, the livestock producers can make the commitment to growth confident of the future.

It should be understood, the proposed new facility would augment the existing in-state facilities, not replace them.

AGRICULTURAL RESEARCH AND EXTENSION

The Alaska Agricultural Experiment Station and the Cooperative Extension Service, University of Alaska, are important components of Alaska's agricultural system. The Experiment Station carries out research to increase the production of food and wood products in Alaska; the Extension service transfers technology resulting from this research to farmers, ranchers and land managers.

Alaska, however, has a smaller research and extension program in agriculture than any other state. The success of current agricultural projects and the development of 500,000 acres of new land for crop production by 1990 will depend on how well agricultural research and extension in Alaska can be expanded to equal the effectiveness of these programs in other states.

In the absence of effective and continuing research, Alaska's agriculture cannot compete with the production of commodities in other states where strong programs in agricultural research are provided through the public sector. Specific gaps in Alaska's facilities and staff for research at the Experiment Station include plant breeding and genetics for interior Alaska, agricultural entomology applied soil physics, plant physiology and biochemistry, soil classification and genesis, veterinary science, animal production on native rangeland, meat science, reindeer management, soil microbiology, forest management and human nutrition. Even in fully developed state Experiment Stations, agricultural scientists remain only about 8 to 10 years ahead of significant problems in plant and animal production; disease, insect and weed control; soil and water management; and changing economic and social conditions.

Much of the agricultural research and extension in Alaska will need to be done in the public sector. Researchers in the private sector rely on the Experiment Station to provide primary information for Alaskan agriculture. Investment through the public sector for agricultural research and extension will pay off in the formation of a successful and competitive agricultural industry for Alaska. Nationally, the annual rate of return on agricultural research expenditure in the public sector is on the order of 50 percent.

The following segments are recognized as vital components of the entire Alaskan agricultural development program. While it is necessary to consider these areas, it must be pointed out that they do not come under the legislative mandate of the Agricultural Action Council. We are therefore including these subjects for informational purposes

NON PROJECT FARMLANDS

During the past three years, sales of agricultural land by the State not included in major project-type disposals has occurred at a fairly rapid pace.

Since the fall of 1978, there have been 265 parcels offered for sale, totaling approximately 46,000 acres. These units range in size from 20 acres to 1,120 acres with the majority of the units within the 160-640 acre size range. Sale areas included Delta Junction, Fairbanks, Talkeetna, Copper Center, Homer, and Gustavus. Approximately 14,000 acres of these disposals in the Potlatch Ponds area near Fairbanks continue to be held from final conveyance to lottery winners by court action against the State.

The majority of the units have been disposed of via the lottery process and applicant interest has been high. The fall 1979 sales at Talkeetna and Delta Junction averaged 50 applications per parcel offered. Disposals at auction which included Tanana Loop, Four-Mile Hill and the Two Rivers sale showed considerable bidder interest and most parcels sold over minimum bid. The auction type sale is popular in areas where farming is currently going on since preference rights are allowed to local farmers to expand their present units.

The majority of the parcels are sold with some type of development schedule required. These vary in years and percent cleared from one area to the next. Development schedules are considered by local area farmers as a necessary requirement on all future sales. A number of the parcels do not have current access such as the Talkeetna and Potlatch Ponds sales. In all cases where access is not currently available, the development schedule does not begin until access occurs.

While many of the smaller size tracts are not considered economic units from a commercial agriculture standpoint, they are popular land disposal units. The small tracts allow the subsistency type resident and the part time farmer to try their efforts at agriculture in Alaska without large capital outlays. The major problem with small tracts without commercial potential and sufficient cash flow is the inability to acquire financing for farm development activities. These farmers must rely on non-farm income to pay for the farm development costs.

The estimated 25 percent of these units that are in the 200 acres size or larger may become viable farms as the marketing infrastructure is established for livestock-type activities in Alaska. The second major requirement will be the availability of farm financing, particularly for land clearing on the units with development schedules.

SUBSISTENCE

As stated, there are many people who are farming small acreages in Alaska. They are farming for various reasons; subsistence family income or just for pleasure. Whatever the reason, all contribute to the food supply for Alaskans. Yet, the State has no coherent policy which supports their efforts.

This lack of policy is particularly evident in the native communities. In the past several years, several millions of dollars have been spent in grant money to assist these communities in producing some of their own food products. This alone is not enough.

What is needed is assistance in producing the food products, assistance in using the products, and as efforts progress, assistance in marketing the products to those who are not involved in agricultural production but appreciate a fresh product. Evidence is very high that these services are desired.

Food production efforts have begun in the Galena, Kobuk and lower Yukon area with village gardens, on the Seward peninsula with reindeer, and in the Kuskokwim River valley where a small commercial truck farm is operating. A coherent planning effort including loan programs, applied research and education with almost immediate application of the plan must be begun now to aid regional food producers.

REINDEER INDUSTRY

Reindeer herding is a major segment of Alaska's livestock industry. For 1980 it is estimated that 25,000 reindeer in 18 herds are roaming grazing lands in Alaska. The majority of herds are on the Seward and Baldwin Peninsulas. Additional herds are located on Nunivak, St. Lawrence, and Hagemester Islands. A final herd, jointly owned by the St. George Tanaq Corporation and Tanadqusix Corporation of St. Paul Island, alone, approximately 14.5 million acres are under permit for reindeer grazing.

Through most of the history of reindeer in Alaska, herding has been largely a part of the subsistence economy. In the past few years, however, the industry has started to move into the modern business world. Increases in prices for reindeer products such as meat and velvet antler have given the industry renewed potential. Current reindeer herd owners are attempting to expand their herds while interest is being expressed by other Natives in starting new herds. At the very least, it is currently estimated that the Seward Peninsula could support 45,000 reindeer. This number is sure to be increased as the results of the current SCS range survey of the Seward Peninsula are translated into range management plans. It

has been estimated that Alaska has 100,000,000 acres of rangelands that are currently, or have in the past, supported domestic reindeer grazing. These lands have been estimated as capable of supporting 400,000 reindeer.

It is probably unrealistic to believe that the Alaska reindeer industry has real potential to expand to the above numbers. Even in the absence of economic consideration, land use conflicts or other difficulties would prevent this from occurring. However, it is not unrealistic to believe that the industry has the potential to expand significantly in areas where it now exists, as well as in specific areas where it formerly existed, the lower Koskokwim area is an example.

What would it take for the reindeer industry to expand? As with all livestock agriculture, it will take, above all, herd owners and herders versed in modern animal husbandry and business management. A start is being made through research and educational programs of the University of Alaska's Agricultural Experiment Station, Institute of Arctic Biology, and Cooperative Extension Service. Adequate financing will be required as herd owners attempt to expand the improved facilities. Finally, reindeer herding faces the same problem as the rest of Alaska's agriculture when it tries to expand. The lack of adequate marketing infrastructure will make it difficult to market large quantities of reindeer products. As the reindeer industry expands, additional infrastructures will be required if the industry is to reach its full potential.

STATUS OF ALASKA'S RANGELANDS IN 1980

Efficient use of Alaska's rangelands is the key factor to the developments of a successful Alaskan livestock industry. Without this low cost feed base the Alaskan livestock industry would have not been in existence today.

It is apparent that to further develop the livestock industry additional grazing lands must be identified and made available, and existing grazing lands must be utilized. However, the ability to identify and utilize grazing lands has been restricted by numerous factors. Additional grazing lands to a variety of landowners thereby making land acquisition complicated. Utilization of existing grazing lands are plagued by lack of market structure and facilities poor accessibility and the cost of winter feed.

Solutions to these factors limiting growth of the livestock industry must be identified and prioritized. It is obvious however, that a successful livestock industry is dependent on additional grazing lands. A concerted effort to collect range resource data and research the effect of livestock production in other resource values must occur. Once it is proven that grazing is an efficient use of Alaska's resources instead of an environmentally damaging land use activity additional grazing lands will most likely become available.



City of Nenana

State of Alaska

January 2, 1981

Dear Sir or Madam:

Thank you for your interest in the City's proposed clearing and wood fiber harvest program in the Nenana-Totchaket Agricultural Development project.

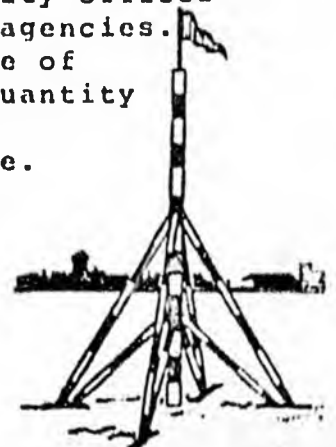
As you may know, concern has been expressed around Alaska about the clearing methods which have been used to develop agricultural lands in the State. Our program, which has been developed after extensive discussions with representatives of industry and government and review of methods used elsewhere will, we believe, correct some of the major clearing problems such as fire and resource waste.

More importantly, by encouraging private initiative and private profit in the program from the beginning we hope to foster the development of a new industrial base for the Interior in wood fiber harvest and processing as a spin off to our primary interest in agriculture.

The materials in the package were assembled in order to provide current background information which you will need in order to decide whether or not to prepare a statement of interest. The materials include:

1. A copy of our legal ad.
2. An area map.
3. A draft REQUEST FOR PROPOSALS.
4. A paper prepared by Mead Treadwell for the Alaska State Senate titled, "Use of Trees to be Cleared From Alaska Agricultural Lands to Develop a New Wood Fiber Industry: A Proposal for State Policy."

Additional information is also available in the City offices and in the offices of participating State and Federal agencies. Official estimates are also being compiled by the State of Alaska Department of Natural Resources on the actual quantity of wood fiber within the two townships and you will be receiving these estimates as soon as they are available.

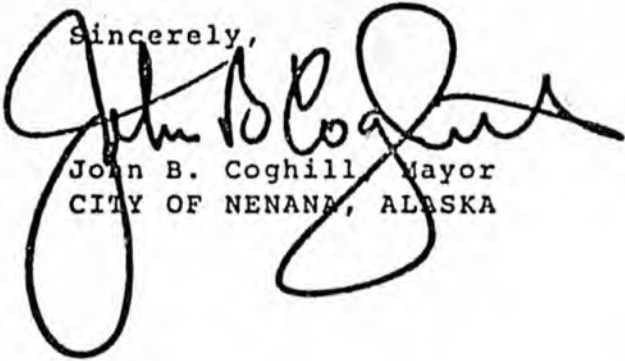


We would appreciate it if you would carefully review the DRAFT REQUEST FOR PROPOSALS. The Draft Request represents proposed performance standards which the City believes are necessary to achieve the program goals and objectives. When it is in final form the Request for Proposals will be the basis for formal bidding and final negotiations with the company or companies which respond to the request.

For further information please call either myself or Steve Bainbridge at (907) 832-5441 in Nenana or Jerry Smetzer, Development Representative for the City of Nenana, at (907) 452-6500 in Fairbanks.

Thank you again. I look forward to hearing from you.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "John B. Coghill". The signature is written over the typed name and title.

John B. Coghill, Mayor
CITY OF NENANA, ALASKA

LEGAL AD

NOTICE OF REQUEST FOR STATEMENTS OF INTEREST IN A TIMBER HARVEST AND CLEARING PROJECT WEST OF NENANA, ALASKA.

The City of Nenana, Alaska, in cooperation with the State of Alaska, department of Natural Resources is seeking statements of interest from private companies involved with harvesting, processing and marketing wood fiber resources to conduct a 1 year program of clearing, processing grading, and marketing woodfiber resources on two townships comprising 46,080 acres west of Nenana, Alaska. The two townships--described as Township 4South, Rances 10 and 11 West, Fairbanks, Meridian--have been identified by the City of Nenana for Phase I of a long range agricultural development program in a region more commonly known as Totchaket. The region generally contains Class II and Class III agricultural soils under extensive forest cover, and the company selected to conduct the program will be required to leave the cleared areas in a condition suitable for cultivation and planting during 1982.

This is a notice only. Firms planning to respond to this request for statements will need to request a package of materials which contains background information and more fully describe the project goals, objectives, and proposed performance requirements.

Additional materials may be requested either by telephone or by writing to the following people:

1. Mayor John B. Coghill or
Steven Bainbridge--City Engineer
City of Nenana
Box 00070
Nenana, Alaska 99760 Phone: (902) 832-5441

2. Jerry Smetzer,
Development Representative
Northern Development Associates
SR 20779
Fairbanks, Alaska 99701 Phone: (907) 542-6500
(24 hr message Phone)

Deadline for receipt of statements is 2:00P.M. Monday, February 2, 1981 Interested firms are encourage to request project materials as soon as possible.

THE CITY OF NENANA IS AN EQUAL OPPORTUNITY EMPLOYER,

T2S

TO PHASE III





T3S

BLACK GEAR LAKE

T4S

T5S

KEY

-  PHASE I
-  PHASE II
-  PHASE I ROADS
-  PHASE II ROADS

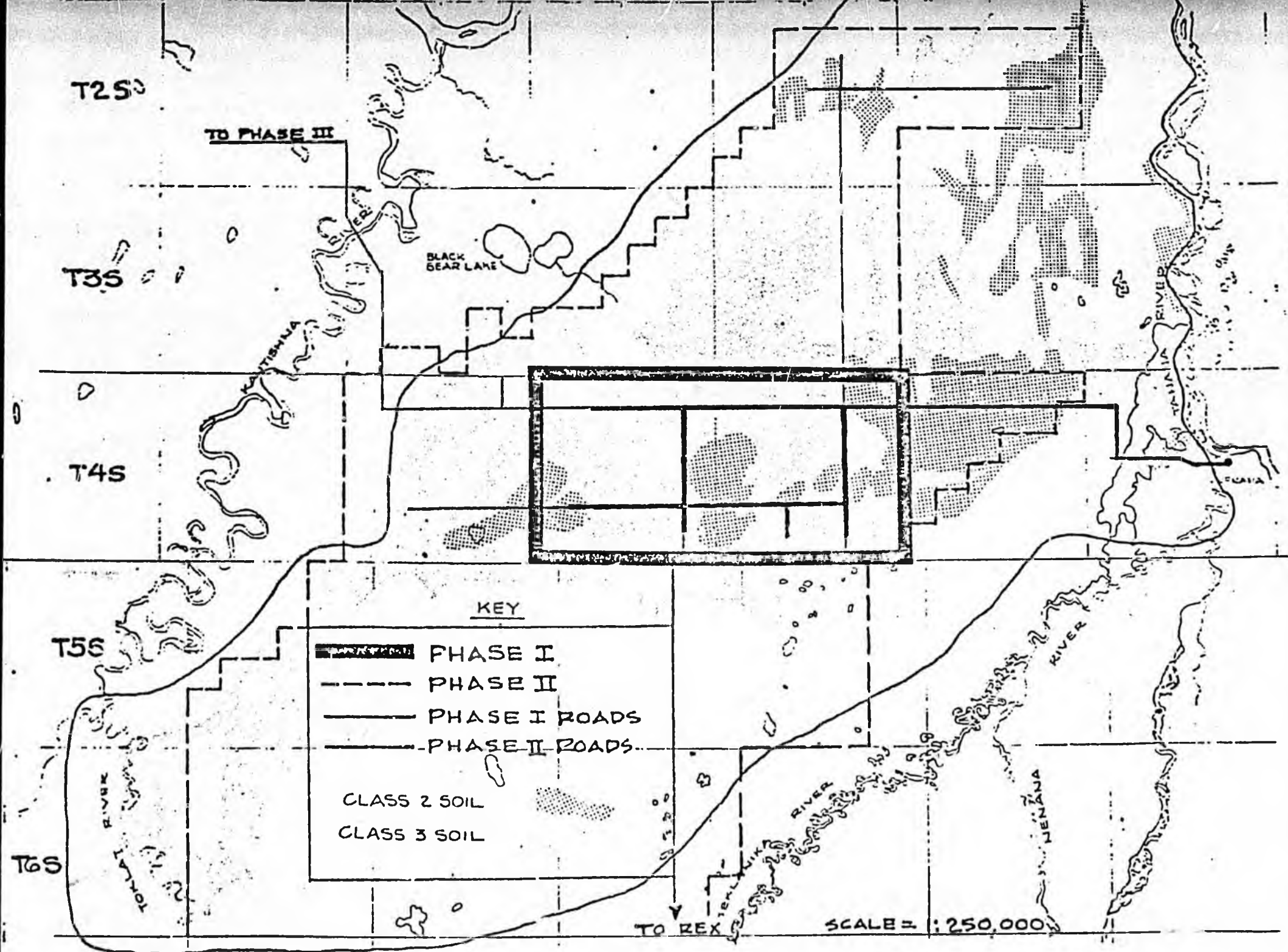
CLASS 2 SOIL

CLASS 3 SOIL

T6S

TO REX

SCALE = 1:250,000



DRAFT REQUEST FOR PROPOSALS

ISSUED BY THE CITY OF NENANA, ALASKA
January 2, 1981

The City of Nenana, Alaska in cooperation with the State of Alaska, Department of Natural Resources is seeking proposals from private companies involved with clearing, harvesting, processing, and marketing wood fiber resources to conduct a one year program designed to accomplish the program goal described below.

The City of Nenana and the Agricultural Action Council of the State of Alaska have determined that this goal is essential to the completion of Phase I of a 20 year program of Agricultural development in an undeveloped region west of Nenana, Alaska. The region comprises a gross area in excess of 350,000 acres under extensive forest cover of which 175,000 acres have been classified as Class II and Class III agricultural soils by the Soil Conservation Service. This region is more commonly known as Totchaket.

The City is the prime sponsor of the Totchaket Agricultural Project and will be, with the Fairbanks office of the Department of Natural Resources, the primary point of contact for all companies submitting proposals.

PROGRAM GOAL

To clear, harvest, and market wood fiber resources from 46,080 acres of forested land west of Nenana, Alaska; and to prepare the cleared lands for planting and cultivation during 1982.

PROGRAM OBJECTIVES

1. Through the use of clear cutting, shear cutting, de-stumping, root plowing and other appropriate methods the harvest of all wood fiber resources within two contiguous townships comprising 46,080 acres described legally as follows: Township 4 South; Ranges 10 and 11 West, Fairbanks Meridian;
2. The Processing, grading, marketing, and sale of wood fiber resources such as wood chips and other products for which a market exists;
3. The stockpiling and/or windrowing, as appropriate to minimize fire risks, of all remaining wood fiber resources for future use as hog fuel, energy and/or power production, or other recommended applications toward the eventual use of the cleared area for agricultural production;

DRAFT REQUEST FOR PROPOSALS

Page 2

PROGRAM OBJECTIVES (Cont.)

4. The general contouring and preparation of the cleared land for plowing and further preparation for planting scheduled to begin during spring of 1982, according to clearing standards established by the State of Alaska.

PROPOSAL REQUIREMENTS

Companies responding to this request for proposals will need to demonstrate their familiarity with and ability to use appropriate technology, and standard practices within the industry and within applicable regulatory procedures to accomplish the following tasks in advance of the clearing activity:

1. Development, if necessary, of overland access along a route designated by the City of Nenana to the two townships, and within the two townships to proposed clearing areas;
2. Based on micro-meteorological data for the designated townships, design, survey and delineation of clearing areas, and proposed clearing schedules by area, subject to approval by the City and the Department of Natural Resources;
3. Survey, appraisal and preparation of preliminary estimates by grade and quantity of the market value of all wood fiber resources based on field surveys of wood quantity conducted by the City, the Department of Natural Resources or their representatives;
4. A proposed method of transporting marketable resources to market;
5. The development of a method by which the City of Nenana and other interested parties will be able to monitor program progress; to assess its cost effectiveness for clearing beyond the original two townships; and to evaluate its value in stimulating the long term economic development of interior Alaska;
6. The method required under 5. above shall include either a test site selected within the two townships, or a demonstration of the program methodology under field conditions prior to April 1, 1981.

All proposals shall include a design for the general contouring, stockpiling, and/or windrowing of non-marketable resources in a manner which, after thorough analysis and evaluation of the constraints imposed by the macro and micro environment affecting Totchaket will yield the greatest agricultural productivity over the long term in the cleared areas.

DRAFT REQUEST FOR PROPOSALS

Page 3

PROGRAM FINANCING

The City of Nenana expects to finance the cost of this program through the sale or utilization of marketable wood fiber resources. Firms responding to this request for proposals who believe themselves to be willing and able to meet the performance requirements within the time constraints imposed by the Program Goal should include an outline of contract consideration for review by the City and the Department of Natural Resources which are essential to a cost and time effective program.

The City with the Department of Natural Resources are reviewing current Statutes and regulatory procedures bearing on the disposal of the State of Alaska's timber and wood fiber resources and the clearing and development of land for agricultural purposes in order to assure that a proper negotiated contract can be drawn with that qualified firm which submits a proposal which, in competition with other firms, is most responsive to the Program Goals and Objectives, and which provides the most assurance of program completion within the time available.

PROPOSAL DEADLINES AND EVALUATION PROCEDURES

Procedures for soliciting formal proposals from firms interested in conducting the wood fiber harvest and clearing program; procedures for evaluating and selecting top ranked bidders for field evaluation; and procedures for final selection and contract negotiation are being developed by the City of Nenana in consultation with the Department of Natural Resources.

Names, addresses, and telephone numbers of principal officers of firms responding to the Request for Statements of Interest will be kept on a permanent mailing list by the City of Nenana and the Fairbanks Office of the Department of Natural Resources. Firms on the permanent mailing list will be invited by letter to review and provide comment on the procedures when they are in draft form.

The City of Nenana believes that in order to substantially complete the program by May 1, 1982 a final selection of a firm to conduct the wood fiber harvest and clearing program must occur shortly after the field test of the program methodology prior to April 1, 1981, with final contract negotiations to be completed prior to April 30, 1981.

ADDITIONAL INFORMATION

The City of Nenana, The Agricultural Action Council, The Department of Natural Resources, and several other agencies of the State and Federal Government are conducting and have completed several studies of the Totchaket Region. The City has established a library and data resource and access system for the purpose of assuring that existing information is readily available to interested parties. A bibliography of current reports, studies in progress and participating state and federal officials will be provided to firms whose names appear on the permanent filing list.

DRAFT REQUEST FOR PROPOSALS

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Persons seeking more information about the program should contact one of the following people:

1. John B. Coghill, Mayor or
Steve Bainbridge, Engineering Consultant
City of Nenana
Box 177
Nenana, Alaska 99760
Phone: (907) 832-5441

2. Jerry Smetzer, Development Representative
SR Box 20779
Fairbanks, Alaska 99701
24 hour message phone: (907) 452-6500

THE CITY OF NENANA IS AN EQUAL OPPORTUNITY EMPLOYER