ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8072

2141 ST SB 219 - SB 294 2141

would not be part of the federal system. Most of the provisions describe in some specificity just what is to be done, and who has legal responsibility. "Review and comment" and "permit waiver" provisions are included, and you should note the unique provision that requires all construction contracts relating to an intermunicipal road project to be released at the same time. Sec. 11 authorizes specific intermunicipal road projects to span Knik Arm between Anchorage and the Matanuska-Susitna Borough, north from Juneau to connect with Haines and Skagway, and between the Kuskokwim river communities of Bethel and Napakiak.

Secs. 8 and 9 add a parallel program for urban roads, that is, roads built wholly within one municipality without local government support (distinguishing them from matching programs and the local service roads program). There is no requirement in the urban road program that all contracts be awarded at the same time, but these are generally less extensive projects so there is likelihood that contracts for construction would be awarded to one party anyway. In all other respects, the urban program is similar to the intermunicipal road program. In Sec. 11, two urban road projects are authorized: Ketchikan and Kenai (North Kenai area).

Sec. 12 of the bill, uncodified, directs certain work to be performed to extend the Alaska railroad west from the interior to the general proximity of Nome/Kotzebue, and the alignment of a surface transportation corridor for the upper Colville area on the north side of the Brooks Range. The companion appropriation awards money for this project.

JBC:ljb

SB

221

-FILE-

ALASKA STATE LEGISLATURE HOUSE OF REPRESENTATIVES

REPRESENTATIVE SALLY SMITH • 321 CHURCH STREET • FAIRBANKS, ALASKA 99701 • IN JUNEAU: POUCH V • JUNEAU, ALASKA 99811

March 16, 1981

Oscar L. Venable
330 Wedgewood, #7
Fairbanks, Alaska 99701

Dear Oscar,

Thank you for your letter supporting a state-owned railroad. State ownership of the Alaska Railroad is being discussed, but a bill has not been introduced that would appropriate money to actually buy it.

You have made some very good points in your letter, and I thoroughly agree with your position. House Bill 12 and Senate Bill 221 have been introduced which would establish an Alaska Railroad authority whose goal would be to work with the federal government toward purchasing the Alaska Railroad. House Bill 12 is in the House Transportation Committee and a copy of your letter has been sent to Committee Chair Bette Cato. Senate Bill 221 is in the Senate Transportation Committee so I've sent a copy of your letter to Committee Chair Bill Ray as well. Your letter will show public support to the Committee members. If you have further comments about these bills, I urge you to contact Representative Cato and Sentaor Ray at Pouch V, Juneau, 99811.

Thanks for taking the time to write and express your opinion on this issue.

Sincerely,

Sally

Sally Smith
Alaska State Representative

cc: Rep. Cato
Sen. Ray

Dear Oscar

3/6/81

Sally Smith
House of Rep.

Dear Sally:

I kinda envied you in Miami an much that cold North Slope.

Sally I hope you will look into the purchase of the railroad an Gov. put by a State Corp. I am sure it would have to subsidized but look at the Ferry System as you know a little money will be coming from the Fed. Govt for Gov. Maint & etc.

I am sure if the road Bed, Servines Equp were updated business would be good, I presume you have been to Europe put look at their railway system how fast the Trains go, Freight & Passeng — I think it would be a Worth while project for the State

Sincerely
Oscar Kendall

Oscar L. Venable
330 Wedgewood, 7
Fairbanks, AK 99701

P.S. The Govt. Might give it away to get rid of it.

COPY COMMITTEE MEMBERS

STATE OF ALASKA
THE LEGISLATURE

POUCH ... STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M April 7, 1981

SUBJECT: Alaska Railroad Authority
(Work Order No. 12-1364)

TO: Senator Bill Ray

FROM: Thomas A. Sofo TAS
Legislative Counsel

You have requested that this office undertake a section-by-section analysis of SB 212 and SB 221 with notations of any differences which exist between the two bills. Both bills create an Alaska Railroad Authority. SB 212 and SB 221 share more parallel provisions than they do differences. In the interest of economy of time and effort, I have attempted to summarize the main differences which exist between the two bills since this seems to be most salient feature of your request. I do not believe that one will encounter much difficulty in understanding what a given section of either bill says, but I am aware that there is some need to be able to compare differences between the two bills. I have undertaken that comparison in narrative form below. You may find that future reference would be facilitated if the format of this memo is changed into some sort of graphic presentation.

Both bills create the Alaska Railroad Authority as a public corporation of the state. However, the composition of the governing board varies. Under SB 212, the board consists of at least one banker, one attorney, one economist, one transportation person, and one business person [sec. 42.40.030.]. Under SB 221, the board consists of the commissioner of transportation and public facilities, two senators, two representatives and two members of the general public [sec. 44.87.015]. Only SB 212 specifically sets out a conflict of interest section [sec. 42.40.050]. SB 221 calls for the employment of an executive director to manage the authority [sec. 44.87.025], while SB 212 gives this job to

the president [sec. 42.40.100]. The general powers of the authority under both bills are practically identical. One of the purposes of the authority under SB 221 is to enter into talks with the federal government and Canadian provinces regarding an international rail connection [sec. 44.87.030]. Nowhere is this expressly mentioned in SB 212 although this purpose could be implied easily under sec. 42.40.120. Only SB 212 expressly calls for an annual report [sec. 42.40.120], and audit [sec. 42.40.150].

The financial provisions of both bills are similar. SB 212 differs as it provides for bond anticipation notes [sec. 42.40.160(b)]. SB 221 provides for a maximum forty year maturity for authority bonds [sec. 44.87.040(b)], while SB 212 calls for a fifty-year maximum [sec. 42.40.150(c)]. SB 212 goes into much more detail when describing the resolution which authorizes the issuance of bonds [sec. 42.40.160(f)], than does SB 221 [sec. 44.87.040(b)]. Only SB 212 calls for an independent financial advisor [sec. 42.40.170]. SB 221 specifically refers to trust indentures and trust agreements and provides that an issue of bonds may be secured by such instruments while SB 212 is silent on this point[sec. 44.87.045]. SB 212, unlike SB 221, provides for the issuance of refunding bonds [sec. 42.40.220]. Only SB 212 provides for the dissolution of the authority [sec. 42.40.270], and for the exemption of authority personnel from the State Personnel Act [sec. 42.40.280]. The last substantive difference in the financial provisions of these two bills is that only SB 221 expressly states that income from investments of the authority is limited to maintenance or improvement of railroad facilities [sec. 44.87.075].

Call me at your convenience if you have any problems with understanding the content of a specific section beyond the differences identified by this comparison.

TAS:ljb

Send to SALLY SMITH, Ichles Chair House?

ALASKA STATE LEGISLATURE HOUSE OF REPRESENTATIVES

REPRESENTATIVE SALLY SMITH • 321 CHURCH STREET • FAIRBANKS, ALASKA 99701 • IN JUNEAU: POUCH V • JUNEAU, ALASKA 99811

March 31, 1981

Is this WOLD any relation to SIG WOLD from FAIRBANKS?, BR

Bruce E. Carr
Box 81023
Fairbanks, Alaska 99708

Dear Mr. Carr:

Thank you for your message concerning your opposition to a state-owned railroad. State ownership of the Alaska Railroad is being considered, but a bill has not been introduced that would appropriate money to actually buy it.

You have made some very good points, and they definitely deserve consideration. House Bill 12 and Senate Bill 221 have been introduced which would establish an Alaska Railroad Authority whose goal would be to work with the federal government to determine if purchasing the Alaska Railroad is feasible. House Bill 12 is in the House Transportation Committee and a copy of your letter has been sent to Committee Chair Bette Cato. Senate Bill 221 is in the Senate Transportation Committee, so I've sent a copy of your letter to Committee Chair Bill Ray as well. Your message will show public support to the Committee members. If you have further comments about these bills, I urge you to contact Representative Cato and Senator Ray at Pouch V, Juneau, 99811.

Thanks for taking the time to express your opinion.

Sincerely,

Sally

Sally Smith
Alaska State Representative

cc: Rep. Cato
Sen. Ray

TO: REPS. BETTISWORTH, BROWN, FANNING, RANDOLPH, ROGERS AND SMITH
SENS. BENNETT, FAHRENKAMP AND PARR

FROM: BRUCE E. CARR, BOX 81023, FAIRBANKS 99708 479-3747

RE: STATE OF ALASKA BUYING THE ALASKA RAILROAD

I AM AGAINST THE STATE BUYING THE RAILROAD. GOVERNMENT SHOULD NOT BE IN COMPETITION WITH PRIVATE ENTERPRISE. TRANSPORTATION IS THE LARGEST PRIVATE EMPLOYER IN THE FAIRBANKS AREA AND THE RAILROAD COMPETES WITH AND TAKES BUSINESS AWAY FROM THE PRIVATE TRUCKING COMPANIES, BUS COMPANIES, SHIP AND AIRLINE COMPANIES. THE TAXES PRIVATE ENTERPRISE PAYS SUBSIDIZES THEIR COMPETITOR.

Senate Bill No. 221

Page 1 -- Lines 12 and 13 have been revised to read as follows: "For the achievement of the goals of reasonable freight costs, long-term economic growth and continuing common carrier service.

Page 1 -- At line 20, add "self-sustaining, financially viable" after "a".

Page 3 -- At line 22, add "in self-sustaining, financially viable" after "operate".

Page 4 -- At line 11, delete "fares" and replace with "fully compensatory rates".

Page 5 -- At line 11, redesignate "(e)" as "(f)" and insert new "(e)": "(e) The proceeds resulting from the issuance of bonds pursuant to this section may only be used to meet the capital obligations and expenses of the Authority. None of the proceeds may be used to meet the Authority's operating expenses or any deficit resulting from an insufficiency of operating revenues."

For a Complete Copy of this report see Legislative Reference Library (LLB document no. 8001600) or other libraries throughout the State.

Feasibility Study
Proposed Extension of the Alaska Railroad From Eielson AFB to the Canadian Border

Submitted to
Legislative Affairs Agency
State of Alaska

Submitted by:
Larry Orsini Associates, Inc.
Anchorage & Fairbanks, Alaska
D.J. Moore, Project Manager
December 10, 1980

Submitted to:
George H. Hohman, Jr.
Project Director

SB

222

Alaska Transportation Consultants, Inc.

PLANNERS & ENGINEERS
212 WEDGEWOOD DRIVE · SUITE C · FAIRBANKS, ALASKA 99701 · (907) 456-1967

March 2, 1981

The Honorable John B. Coghill
Mayor of the City of Nenana
City Hall
Nenana, Alaska

Dear Mayor:

We are pleased to have had the opportunity to work with you in the development of the agricultural potential within the Nenana area. I believe that your effort has proven exemplary and you have demonstrated that projects such as these can be fast-tracked and still be accountable to all concerned.

We are confident that you now wish to proceed as fast as practicable in completing this project. Bridge construction is a key element in staying with an accelerated schedule. It will be necessary to have it under construction next winter to take advantage of the winter ice for construction purposes. Roadways should be under construction as soon as possible to provide access during the 1982 growing season.

The next phase of this work is the design of the bridges and roadways. We have given this phase serious thought and of course would like to participate in it. Alaska Transportation Consultants, Inc. (ATC), Henningson, Durham & Richardson (HDR), and Kaljenco, Inc. are prepared to do this work as a joint effort. Within this team, Alaska Transportation Consultants, Inc. would be responsible for the overall project and would work with Kaljenco to develop a final road design and with HDR to develop a final bridge design. Kaljenco would be doing design surveying. Because each of these firms have intimate knowledge of the proposed project it is possible for us to provide design services at approximately three percent (3%) of the anticipated construction cost. This works out to be approximately $519,000 and would result in a final design package that is ready for advertising and has the approval of both the client (City of Nenana) and the State Department of Transportation and Public Facilities.

Given an early notice to proceed our joint effort would have the roadway ready to advertise by the middle of July and the bridge by early September.

We would be pleased to discuss this matter with you further and to provide you with additional details regarding our proposal.

Sincerely,

Francis W. Engle

Francis W. Engle, P.E.
Vice President
Alaska Transportation Consultants, Inc.

FWE-lvb

FEE BY ACTIVITY

	Estimated Construction	Design Fee
STRUCTURES 1 Major (600') 2 Minor (Less than 100')	$5,354,700	$ 189,000
ROADWAY (Approximately 37 miles)	$9,965,000	$ 160,000
DESIGN SURVEYS		$ 123,000
SUB TOTAL	$15,319,700	$ 472,000
ROW	$ 30,000	$ -0-
CONTINGENCY	$ 1,840,000	$ 47,000
	$17,190,000	$ 519,000

CS SENATE BILL NO. 222

If the appropriation is to be granted directly to the City of Nenana, the following language should be used:

For an Act entitled: "An Act making a special appropriation to the Department of Administration for a grant for engineering and design of bridges and roads in the Nenana Agricultural Area; and providing for an effective date."

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

* Section 1. The sum of $500,000 is appropriated from the general fund to the Department of Administration for payment as a grant to the City of Nenana for engineering and design of bridges and roads in the Nenana Agricultural Area.

* Section 2. The appropriation made by this Act shall be disbursed in accordance with AS 37.05.315.

* Section 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y · STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

M E M O R A N D U M March 12, 1981

SUBJECT: Bridges and roads in Nenana agricultural area (CS for SB 222)

TO: Senator Bill Ray, Chairman
Senate Transportation Committee

FROM: Donna Spragg Pegues
Co-Revisor of Statutes

I have drafted the committee substitute in the form requested. It is in draft form for your consideration.

I have one problem with the bill. Sec. 2 of the draft you sent to me reads:

> The appropriation made by this Act shall be disbursed in accordance with AS 35.15.080.

However, nothing is actually "disbursed" under AS 35.15.080. That section simply sets up an optional program for local control of state public works projects. AS 35.15.090 provides how appropriations shall be disbursed if the optional program is undertaken by agreement of DOTPF and a municipality.

Neither section actually requires local assumption of a program. I question whether such a requirement could be made in an appropriation bill in light of our constitutional requirement that appropriation bills be confined to appropriations.

I would suggest the deletion of Sec. 2 and the substitution of a standard non-lapse clause.

DSP:ljb

Enclosure

Violation Or Type of Violations	Point Value
(A) driving while license cancelled, suspended or revoked	12
(B) driving while under the influence of intoxicating liquor or drugs	10
(C) reckless driving	10
(D) speed contest—racing	10
(E) fleeing or attempting to elude a police officer	10
(F) leaving scene of accident	9
(G) negligent driving	6
(H) failure to yield right-of-way to authorized emergency vehicle	6
(I) failure to stop for school bus while bus is loading or unloading	6
(J) failure to obey official traffic control device in school zone, playground crosswalk, or park	6
(K) speeding:	
in school zone or playground crosswalk	6
3 to 9 miles per hour over limit	2
10 to 19 miles per hour over limit	4
20 or more miles per hour over limit	6
(L) violation of oversize or overweight permit pertaining to restriction:	
on speed:	
3 to 9 miles per hour over limit	2
10 to 19 miles per hour over limit	4
20 or more miles per hour over limit	6
on hours of operation	3
(M) careless driving	4
(N) following too closely	4
(O) failure to stop or yield	4
(P) all others	2

(Eff. 2/1/69, Reg. 28; am 3/29/75, Reg. 53)
Authority: AS 28.17.010
28.17.030

13 AAC 25.050. SUSPENSION, REVOCATION AND REFUSAL TO RENEW LICENSE. (a) The commissioner or an employee of the department deputized by him for the purpose may suspend, revoke or refuse to renew a license for any of the following causes:

(1) upon determination, subsequent to the original application, that the license could have been denied under section 40 of this chapter at the time of application;

(2) for an occurrence of a cause which would be grounds for denial of license under sec. 40 of this chapter;

(3) for failure to maintain the standards required by sections 10–190 of this chapter;

(4) if the licensee has been found guilty of fraud or fraudulent practices or of inducing another to resort to fraud or fraudulent practices;

(5) if the licensee violates a provision of AS 28.17.

(b) No revocation, suspension or refusal to renew may be based on a determination under (a)(1) of this section unless action to revoke, suspend or refuse renewal is initiated by the commissioner or his representative within two years of original application, or for a cause as provided under (a)(2)–(5) of this section unless action to revoke, suspend or refuse to renew is initiated by the commissioner or his representative within two years after the occurrence of the cause. (Eff. 2/1/69, Reg. 25)
Authority: AS 28.17.010; 050

13 AAC 25.060. TEMPORARY PERMIT. Pending the satisfaction of the department that the applicant for a license has met the requirements of secs. 10–190 of this chapter, it may issue a temporary permit to the person making the application. This permit allows the operation of a driver training school, or instructing student drivers or both, as specified

SB

229

STATE OF ALASKA

MEMBER
TENTH ALASKA LEGISLATURE
ELEVENTH ALASKA LEGISLATURE
TWELFTH ALASKA LEGISLATURE

POUCH V
JUNEAU, ALASKA 99811
(907) 465-3822

283 MULDOON ROAD
STATION BOX 76
ANCHORAGE, ALASKA 99504
(907) 333-1178

SENATOR TIM KELLY

M E M O R A N D U M

TO: SENATOR BILL RAY, CHAIRMAN
SENATE TRANSPORTATION COMMITTEE
SENATOR SACKETT
SENATOR DANKWORTH
SENATOR KERTTULA
SENATOR GILMAN

FROM: SENATOR TIM KELLY

DATE: MARCH 30, 1981

RE: SENATE BILL 229, APPROPRIATION FOR A PEDESTRIAN OVERPASS IN EAGLE RIVER

A pedestrian Overpass is needed in downtown Eagle River due to the new five-lane Highway which is scheduled to be started this year. The five-lane Highway thru downtown Eagle River, which is referred to as the Eagle River Urban Project, was approved last year.

The people in the community have expressed concern over the new five-lane highway because of the close proximity of a residential area with many children. The overpass would alleviate some of these fears by providing access to and from the residential areas to the shopping centers.

The Department of Transportation estimated the cost of the overpass, which would have ramps to be used by the handicapped in addition to stairs, to be $600,000. We would like the appropriation to go to the Municipality of Anchorage for planning and bidding procedures.

I urge you to support this bill. The overpass will protect the many pedestrians in the community and provide safety for the children in the area.

Chugiak-Eagle River
Chamber of Commerce

353, Eagle River, AK 99577
P. O. Box 520, Chugiak, Alaska 99567

"PLACE OF MANY PLACES"

March 17, 1981

Mr. Rowe E. Redick
Chief Central Engineer District
Alaska Dept. of Transportation
Pouch 6900
Anchorage, AK 99502

Dear Mr. Redick:

The purpose of this letter is to reaffirm support by this organization for the Eagle River Urban Project. At our regular Board of Directors meeting on March 2, 1981, a motion was made and carried unanimously to send a message to all District 8 Legislators (Senators Bradley & Kelley, and Representatives Cotton, Martin, Phillips and Halford) to take no action which would delay the project. This was done on or about March 4. We have received back written support for our position from Senator Kelly and Representatives Martin and Halford. The remaining legislators apparently prefer not to take a definate position regarding the project at this time.

This project has been in the planning stages for many years and has experienced one delay after another. Numerous public hearings were held here in the community over the past 3 years and to my knowledge there was absolutely no opposition to the project. To the contrary many members of the community were angered over the numerous delays which the project has experienced.

Over the years, as this community has grown, the traffic has increased proportionately along the Old Glenn Highway, which is the route of the Eagle River Urban Project. At the present time, this traffic is almost unbearable during rush hours. I sincerely believe that the only solution to this problem is completion of the project as currently envisioned, that is five lanes from Artillery Road to the North Eagle River exit. I base this belief on thestatements of

highway and traffic engineers who have stated to me that a three lane street is not sufficient now, let alone 5 or 10 years from now. In order to provide for the safety of our citizens and the orderly growth of this community I urge you to use the power and influence of your office to insure that the Eagle River Urban Project proceeds on schedule.

Sincerely,

Henry M Warren

Henry M. Warren
Vice President
Chugiak-Eagle River
Chamber of Commerce

cc Mr. Gene Hanna
Federal Hwy Dept, Juneau
Each legislator, District 8
Governor Hammond

March 18, 1981

Eagle River Community Council
Eagle River, Alaska 99577

Mr. Rowe D. Redick
Chief, Highway Engineering
Central Region, D O T
Pouch 6900
Anchorage, Alaska 99502

Dear Mr. Redick:

The Eagle River Community Council whole heartedly supports the construction of the Eagle River Urban Project scheduled to begin this summer.

The Council held a general meeting for members and concerned citizens within our council area and heard both the "pros and cons" for the project. Considering the facts that this project has been carefully studied and public hearings previously conducted, the Eagle River Community Council feels this project should not be delayed any further.

We are forwarding copies of this letter to the District 8 legislators and the Federal Highway Administration Offices for their reference.

If I can be of further assistance please do not hesitate to contact me.

Yours truly,

Vernelle T. Smith
President, ERCC

EAGLE RIVER VETERINARY HOSPITAL
MILE 14½ OLD GLENN HIGHWAY
P. O. BOX 1033
EAGLE RIVER, ALASKA 99577

TELEPHONE (907) 694-3800

March 17, 1981

FHWA
U. S. Department of Transportation
Federal Highway Administration
P. O. Box 1648
Juneau, AK 99802

ATTENTION: Gene Hanna

Dear Sir:

I am very disgusted and concerned that the Eagle River Urban Highway Project might be delayed.

This project is very important to my community. It will correct the crowded and unsafe road conditions currently present here. Also the annual flooding of the business parking lots along the Old Glenn Highway will be corrected. The continuation of this highway project is important in maintaining the quality of life in Eagle River.

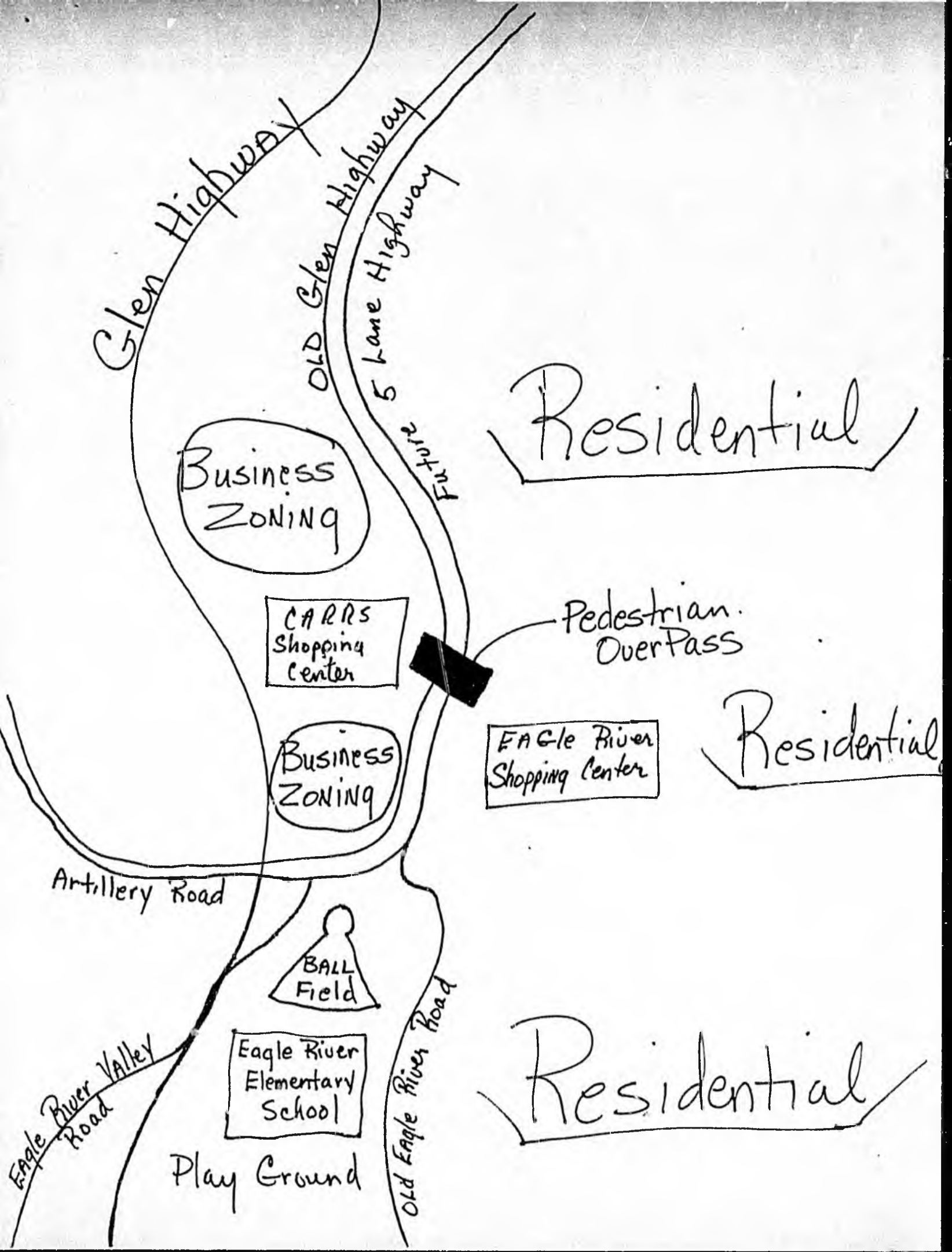
Sincerely,

Jonathan Bettridge D.V.M.

Jonathan Bettridge, D.V.M.

cc. Rep. Rick Halford
cc. Sen. W.E. (Brad) Bradley
cc. Rep. Sam Cotten
cc. Sen. Tim Kelly
cc. Rep. Terry Martin
cc. Rep. Randy Phillips

Tim
I appreciate the time you have spent on this project especially the pedestrian bridge. Thanks
Jon


Glen Highway
OLD Glen Highway
5 Lane Highway
Future
Residential
Business Zoning
CARRS Shopping Center
Pedestrian OverPass
Business Zoning
EAGle River Shopping Center
Residential
Artillery Road
BALL Field
Eagle River Elementary School
Residential
Eagle River Valley Road
Play Ground
OLd Eagle River Road

SB

294

TELEGRAM

ALASCOM, INC.
PHONE: 586-6442
JUNEAU, AK 99802

#

12048 NL FAIRBANKS ALASKA 278 05-06 247P ADT

PMS SEN BILL RAY

0476

JUN

I WANT TO THANK YOU FOR ALL THE SUPPORT AND CONSIDERATION THAT YOU HAVE GIVEN ME AND THE FOLKS FROM THE CITY OF NENANA ON OUR AGRICULTURE PROGRAM AS WE HAVE PRESENTED IT DURING THIS SESSION OF THE LEGISLATURE. ON TUESDAY THE 5TH OF MAY SENATOR SACKETT, ORIE WILLIAMS AND I MET WITH GOVERNOR HAMMOND AND HIS STAFF ON THE FEASIBILITY OF FUNDING AND IMPLEMENTING THE TOTCHAKET DEVELOPMENT PLAN THIS SESSION AS OUTLINED IN HB333 AND SB294. THE 27 MILLION DOLLARS NEEDED TO ENTER THIS PHASE OF THE PROJECT EXCEEDED THE GOVERNORS TOP LINE DOLLAR FIGURE FOR SPENDING IN THIS YEARS CAPITOL PROJECTS BUDGET. WE AGREED THAT I SHOULD FINE TUNE THE PLANNING OF THE PROJECT AS TO THE COST RETURN RATIOS TO THE STATE ON THIS AND OTHER PHASES OF THE DEVELOPMENT PLAN THAN SUBMIT THE PROJECT TO YOU IN HIS 1982 ADMINISTRATION BUDGET IN THE NEXT SESSION. NENANA FEELS THAT A MUCH BETTER APPROACH TO THE OVERALL AGRICULTURE PLAN FOR THE STATE WOULD BE TO ALLOW US TO WORK WITH THE STATE AGENCIES IN THE INTERM TO HELP DEVELOP THAT MUCH NEEDED STATEWIDE PLAN. IN ORDER FOR NENANA TO MOVE FORWARD WITH THE PROJECT WE APPRECIATED YOUR FAVORABLE CONSIDERATION TO CS FOR SB222 WHICH WILL ALLOW US TO DESIGN THE ROADS AND BRIDGES FOR ACCESS TO THE AREA AND ASK THAT YOU WORK WITH REPRESENTATIVE MOSS AND SENATOR SACKETT FOR A NOMINAL AMOUNT OF FUNDING IN THE GENERAL APPROPRIATIONS BILL TO CARRY OUT THE PLANNING NEEDED TO GIVE YOU A FULL AND TRUE PICTURE OF OUR AREAS PLAN AT THE NEXT SESSION. THANK YOU AGAIN FOR YOUR CONSIDERATION OF OUR PROJECT IN THE PAST TEN WEEKS.

JOHN B COGHILL, MAYOR CITY OF NENANA

Office of the City Clerk
832-5441
Incorporated November 17, 1921

City of Nenana

State of Alaska

M E M O R A N D U M

To: Interested Parties
From: John B. Coghill, Mayor
Date: February 23, 1981

Subject: NENANA-TOTCHAKET; Projected Financing Requirements for FY 81, FY 82 and FY 83.

In order to achieve the City's Phase I goal for the Nenana-Totchaket Agricultural Project-The Planting, Harvesting and Sale of a crop in 1982-Four objectives must be met:

1. Township 4 South, Ranges 10 and 11 West, Fairbanks Meridian must be disposed for Agricultural use no later than February 15, 1982.

2. Areas on farms whithin the two townships which are to be cultivated for barley production during 1982 must be ready for planting by May 1, 1982.

3. An Agricultural Financing program for Nenana-Totchaket will need to be available in spring of '82. An estimate of financing needed has not yet been developed.

4. Surface Transportation systems for transport of harvest from the producing farms to the rail head at Nenana must be adequate for trucking and rail car loading by September 1, 1982.

In order to maintain the pace of development necessary to achieve these objectives the City has projected financing requirements for FY 81 and FY 82 as follows:

FY 81:

1. A maximum of $500,000 for immediate engineering design of bridges crossing the Nenana, the East Middle and the West Middle Rivers.

FY 82:

1. Construction Financing for primary, secondary and tertiary roads and bridges between farm lots and the City of Nenana.

$17,305,225.00

2. Clearing, Wood Fiber Harvest and Ground Preparation: A maximum of $200.00 per acre up to a maximum of 41,472 acres. Though the City is attempting to reduce these costs by stimulating a wood fiber industry; if we are unsuccessful these costs may be a maximum of:
$8,300,000.00

3. Agricultural Design for farm lots, determination of seed varieties, wind rows, natural areas, etc.
$ 500,000.00

4. Farm Lot Surveying
$ 600,000.00

5. Coordination of information to assist Totchaket Farmers with day to day production and transportation problems, and with the development of Producers Cooperative Organization to develop markets and to assure purchasers for 1982 production.
$ 500,000.00

FY 81:
1. Bridge Design-Maximum: $ 500,000.00

FY 82:
1. Road and Bridge Construction-Maximum:
$17,305,225.00

2. Clearing Wood Fiber Harvest-Maximum:
$ 8,300,000.00

3. Agricultural Design-Estimated:
$ 500,000.00

4. Farm Lot Surveying-Estimated:
$ 600,000.00

5. Farm Support and Marketing:
$ 150,000.00

6. Engineering Design for Storage and Loading Facilities, and Livestock Processing: $ 500,000.00

Maximum development financing requested in the first session 12th Alaska Legislature for FY 82: $27,855,225.00

Assuming sufficient financing becomes available during 1982 to enable the City to substantially achieve each of it's 4 Phase I objectives, the City anticipates the following financing requirements during FY 83 in order to expand agricultural production in the Phase I area and prepare for disposal of the first two Phase III Townships scheduled for early spring 1983.

PLANNING

1. Research and Development
2. Phase III Project Planning
3. Phase III Lot Surveys

DEVELOPMENT PROGRAMS

1. Continued Clearing-Phase I
2. Beginning Clearing-Phase III
3. Farm Support Marketing
4. Aquisition of Beef and Swine herds
5. Financing for Farm Support Enterprises

CAPITAL PROJECTS

1. Phase III-Roads
2. Storage and Transfer Facilities-Nenana Port
3. Feed Mills, Feed Lots, Livestock Processing Facility.
4. Research Facility

Thank you for your interest in Nenana-Totchaket. I look forward to talking to you.

Sincerely,

John B. Coghill, Mayor
City of Nenana

Office of the City Clerk
832-5441
Incorporated November 17, 1921

City of Nenana

State of Alaska

February 25, 1981

Senator Bettye Fahrenkamp
Pouch V
Juneau, Ak. 99811

Dear Senator Bettye Fahrenkamp,

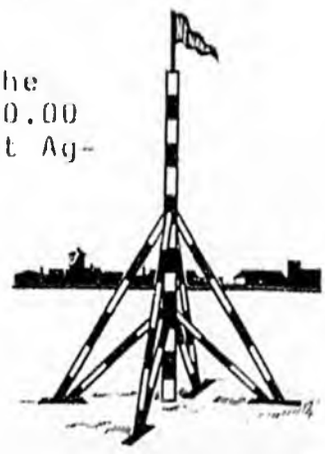
As you may recall the City of Nenana appeared before the Senate Resources Committee on February 6, 1981 to discuss the Nenana-Totchaket Agricultural Project. Following our presentation we received several requests for additional copies of our workshop proceedings, and copies of final reports by the City's consultants.

We are pleased to provide you with the following documents and maps relevant to Nenana-Totchaket:

1. Project status report and bookkeeping summary.
2. Projected financing requirements for FY 81, FY 82, and FY 83.
3. Regional maps.
4. Project planning map.
5. Nenana-Totchaket: Composite planning, Development and Production schedule 1980-1990. Revised 2/23/81.
6. Nenana-Totchaket Seminar and workshop proceedings; Published January 1981.
7. Nenana Agricultural Transportation systems; Published February 15, 1981.
8. Nenana Livestock Report; Published February 15, 1981.

We would appreciate your careful consideration of this information in your deliberations on Agricultural Financing this year.

We have been asked why these requests were not part of the Governor's FY 82 Budget request. As you may know $500,000.00 was appropriated by Chapter 50, SLA 80 for the "Totchaket Agricultural Project."



The City of Nenana did not receive authority to begin work on the project until early September. Because of the time required for the City's open bidding procedures we were not able to sign our first contract with Alaska Transportation Consultants until October 1, 1980. Since the City did not want to "second guess" our consultants it was agreed with the Agricultural Action Council that the City would request financing from the Legislature as soon as we received recommendations from the consultants.

If you need additional information please call either myself or Steve Bainbridge, City Engineering Consultant, at 832-5441 or Jerry Smetzer, Development Consultant, at 452-6500 in Fairbanks.

I look forward to discussing these reports with you.

Sincerely,

John B. Coghill
Mayor

Office of the City Clerk
832-5441
Incorporated November 17, 1921

City of Nenana

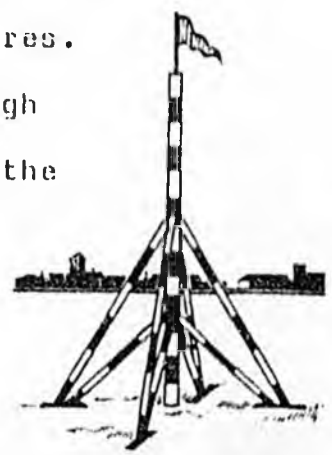
State of Alaska

OVERVIEW OF THE NENANA-TOTCHAKET PROJECT

Date: March 2, 1981
From: John B. Coghill, Mayor

In 1968, during route survey and soil testing work associated with the North Commission west of Nenana, Alaska, field crews found relatively deep top soil covering a broad plateau lying between the Tanana and Nenana rivers to the east and the Kantishna river on the west. More extensive analysis of these soils showed that they possessed excellent agricultural potential. A more extensive and detailed soil survey conducted between 1975 and 1977 by the Soil Conservation Service of the U.S. Department of Agriculture defined the extent of the agricultural soils in what SCS has called the "Totchaket Area", at least 175,000 acres of Class II and Class III soils...soils which, for Alaska, show the highest potential for agricultural productivity. Thousands of acres of Class IV soils with lesser potential are also extensive on the plateau, and preliminary reconnaisance of areas west of the Kantishna show lands with agricultural potential numbering in the millions of acres.

That these lands are capable of producing both high quantity and high quality yields has been accepted by the



State's agricultural community for several years. The more important discussion in recent years has not been whether Totchaket should be developed for agriculture, but what kind of agricultural development would better satisfy the multiple and diverse needs of individual Alaskans and Alaskan families on the one hand, and on the other, what kind of agriculture can best meet the State's urgent need to invest its' short term oil wealth in long term renewable resource industries which can sustain themselves economically far into the future.

Even in view of these urgent concerns, however, planning for eventual development of Totchaket by City, State, University and Federal agricultural interests proceeded slowly during the 1970s as Native Claims in the area were resolved according to the provisions of the Alaska Native Claims Settlement Act of 1971. With final conveyance of land title to Native corporations in the area in late 1979 the last of the major concerns affecting the future of Totchaket were resolved, and the City of Nenana initiated the necessary financing and studies required for the design and long term development of what we are now calling Nenana-Totchaket.

With the support of our delegation to the legislature and the encouragement and assistance of many people around the State, these reports are now either complete or nearly complete and are being presented to the legislature for consideration. It

is important to emphasize again that these studies were not designed by the City to figure out whether or not to develop agriculture. They were designed to determine what kind of agriculture will respond to the real needs of Alaska's people for food, access to land, and increased self-sufficiency; what kind of agriculture can be developed in Nenana-Totchaket which will help the State's new agricultural industry become economically self-sustaining in a reasonably short period of time; and, finally, what will it all cost.

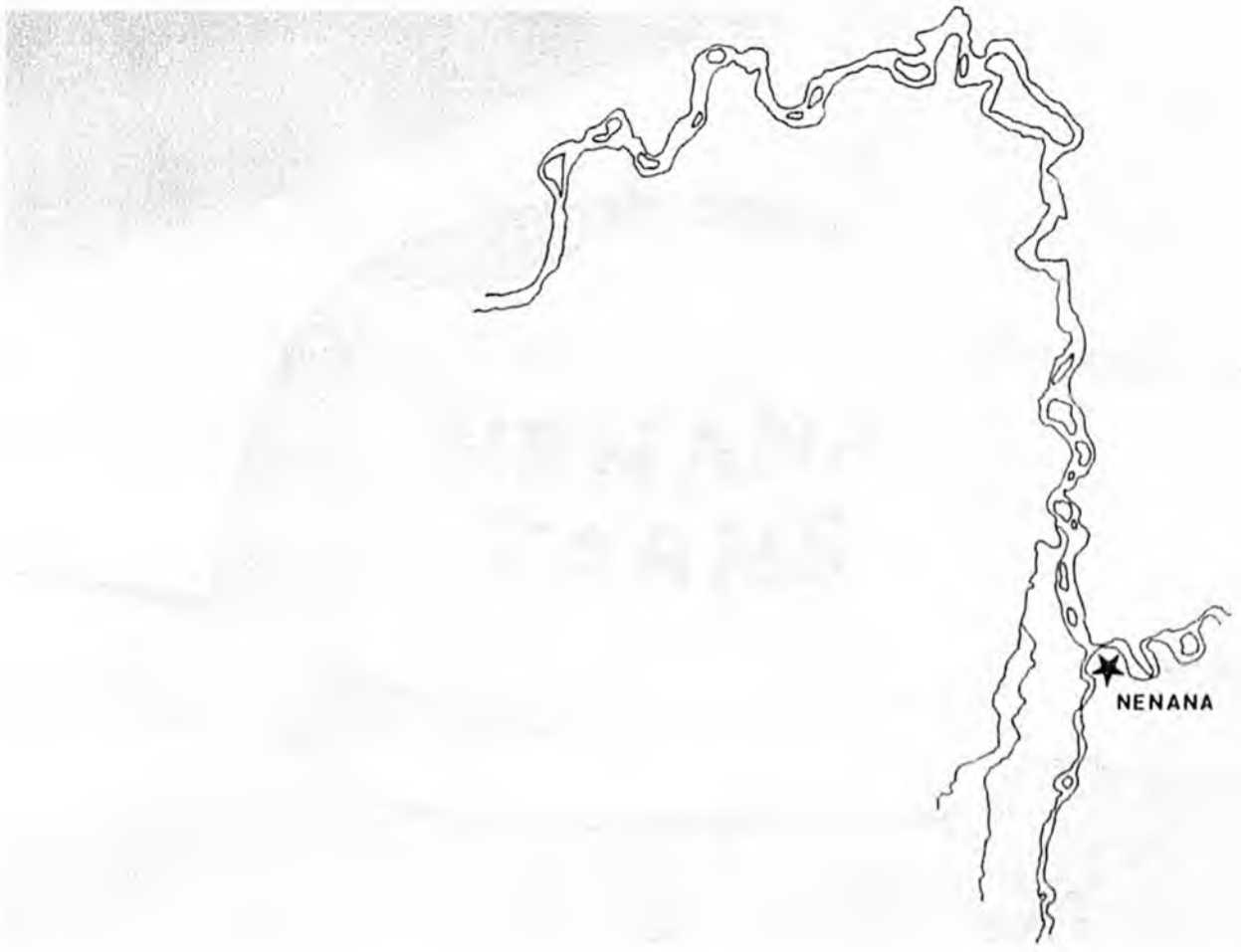
We are pleased with the reports, and we believe they offer a well thought out and detailed plan for initial development of Nenana-Totchaket. The transportation proposal includes both the initial design, and cost estimates for overland access from Nenana to the first two townships which the City and the Department of Natural Resources have scheduled for disposal in February 1982...less than one year from today. The livestock report lays out a detailed and comprehensive plan for the development of a red meat industry that will involve all the State's farming regions. The composite Planning, Development, and Production Schedule from 1980 through 1990 shows our best estimates of the annual financing required and the annual production and employment associated with development in the area. Clearly the amounts of money involved are not insignificant even when compared with the multi-billion annual revenues of the State of Alaska. More importantly, financing decisions this

year will be followed by financing decisions as large, or larger, in subsequent years throughout the decade.

The transportation system should fall into our highest priority-for without that access, the proposed clearing, wood fiber harvest, and land disposal programs are meaningless.

NENANA — TOTCHAKET

UNLOCKING THE AGRICULTURAL POTENTIAL OF WESTERN ALASKA

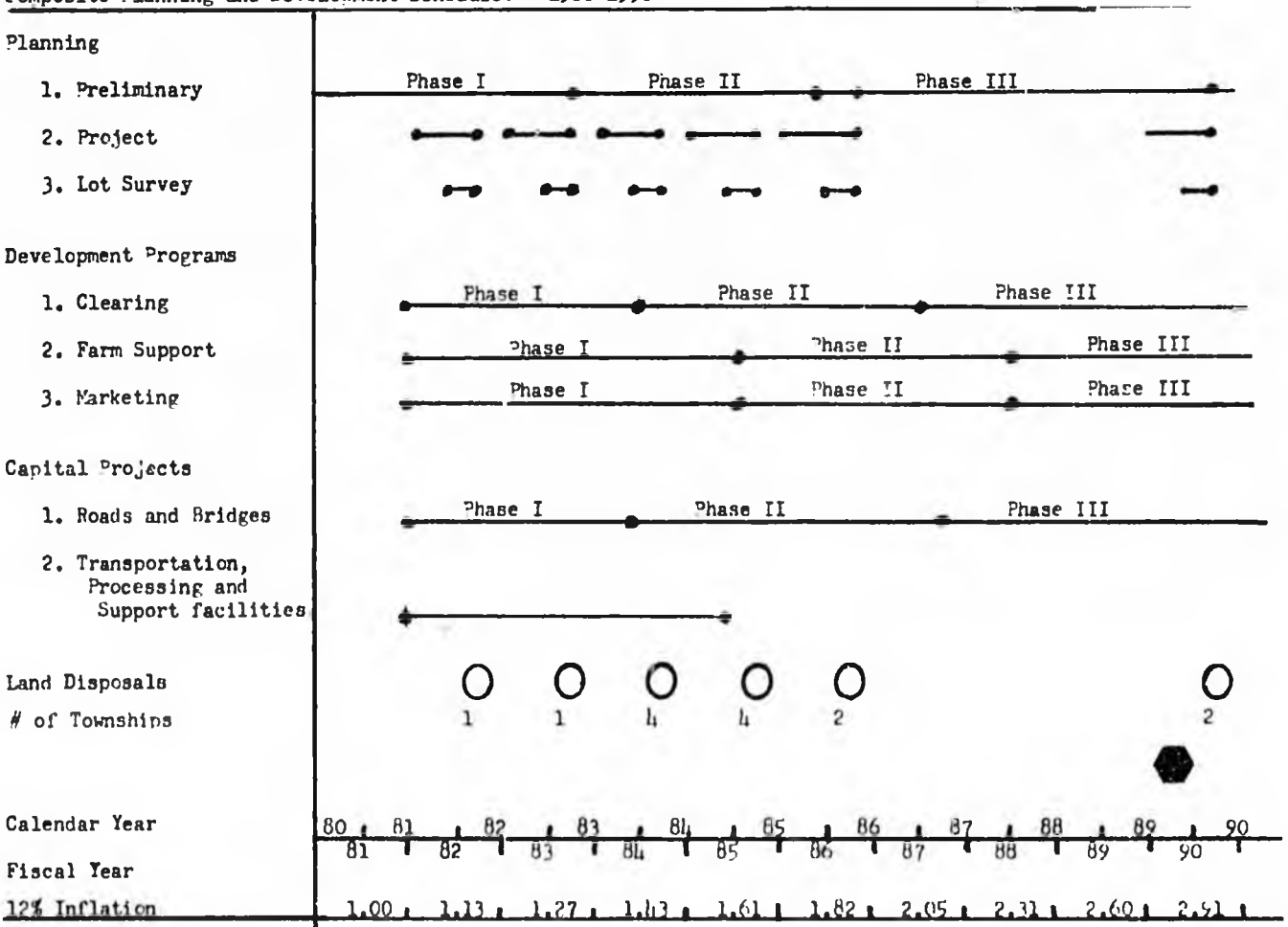


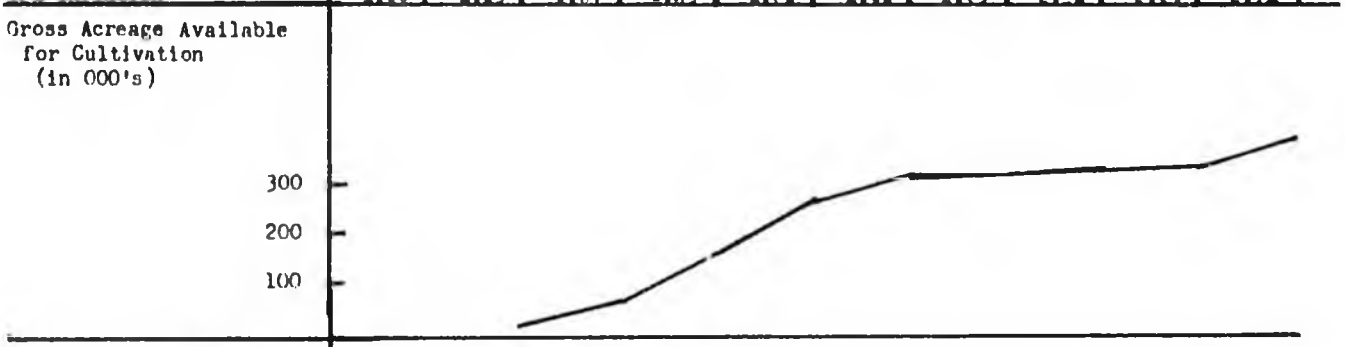
A Report on A Seminar and Workshop on Agricultural Development.
Sponsored by THE CITY OF NENANA
December 20, 1980

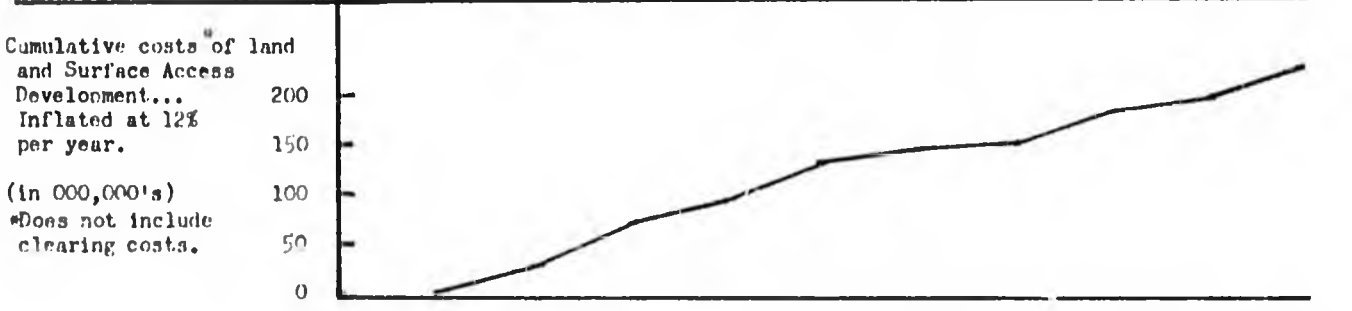
JANUARY, 1981

NENANA-TOTCHAKET
AGRICULTURAL PROJECT

Composite Planning and Development Schedule: 1980-1990







Prepared by: Northern Development Associates
Fairbanks, Alaska

The City of Nenana is pleased to publish and distribute the proceedings of our Nenana-Totchaket Development Seminar which we held in Nenana on December 20, 1980.

Though it was a cold blustery day, nearly 100 people came to the Civic Center to discuss, with us, Agricultural Development in a 700,000 acre area west of Nenana known as Totchaket.

We are at the beginning of a major development program which will open western Alaska to agriculture, and will, over time, become the single largest agricultural region in the State. Our planning and development schedule through 1990, shown on the opposite page, is both reasonable and acheivable. However, it can only happen with the continued support and assistance of people whose names and pictures appear in these proceedings and hundreds more like them.

This document is a way of preserving the comments, opinions and criticisms of the participants, including me, largely as they were offered...with some improvements in grammar and syntax.

In order to encourage the use of this document as a working paper--rather than a shelf filler--we have taken some license with the organization of the presentations. We felt it would be easier to use if the consultant reports were followed by the appropriate workshop summary. We have done so.

We appreciate your interest in these proceedings and, as always, we welcome your reveiw and comment.

Sincerely,

John B. Coghill, Mayor
City of Nenana, Alaska

January 1981

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NENANA - TOTCHAKET
December 20, 1980

Mayor John B. Coghill
City of Nenana

Welcome Speech by Mayor John B. Coghill:

When we talk about agriculture in this part of the valley, instead of saying, 'establish an agricultural base', we should be saying, 're-establish an agricultural base! In the 20's and 30's, there was a very strong agriculture in this part of the Tanana Valley, as well as Fairbanks.

It was a necessity years ago. They had large fields of oats and cow-feed and that type of thing. In those days, transportation was basically the horse and the dog. Of course, those animals by themselves created plenty of need for an agricultural industry.

It was also a fact that the transportation base of the early days -- you couldn't call Seattle and get produce or needed vegetables in here just overnight. They had to be grown here, and, by that means, of course, there was a tremendous amount of truck gardening and green-housing that were part of the industry.

Because of the fact that we are re-establishing a base, I would like to dedicate our proceedings, today, to those people who were part of the original

agriculture of the Nenana area. Frank Truffel (ph), John Peterson, Connie (ph) Jones, Frank Jones, Sr., Laurence Anderson, Al Lindser (ph), Al Wheeten (ph) and many, many more that had viable agricultural programs.

In the Fairbanks area, of course, you all know the Creamer's Dairy, the Bentley Dairy, the Yankovich's, the University of Alaska, Lloyd Oldroid (ph) and many of the rest of them were tremendously important in the agriculutral program. In fact, some of you will probably remember that they had a power mill in Fairbanks, right where the News Miner Building sets today.

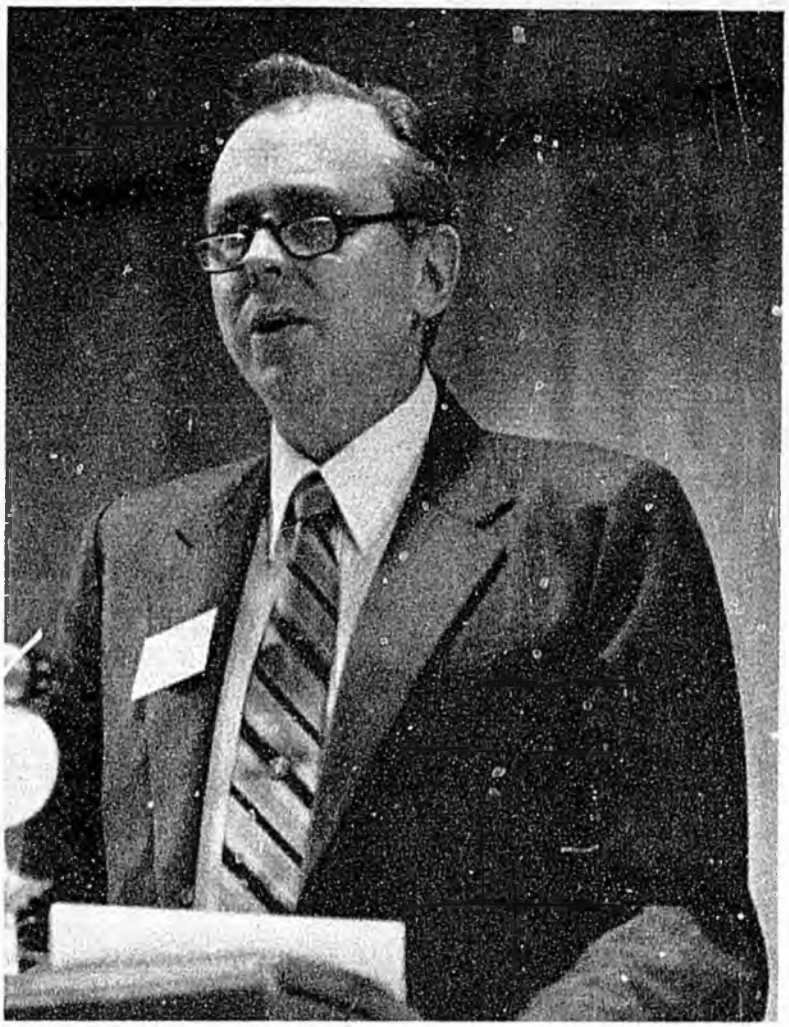
The Totchaket area, west of Nenana, was basically brought into the foreground during 1968, when we had the North Commission Transportation Corridor Study and Field Survey. During the field survey work, we found that there were good soils covering the whole area. From 1972, the U.S. Department of Agriculture, Soil Conservation Service conducted an official soils survey, and that map that sets over there shows excellent potential for a viable program for agriculture in the Class II's and Class III lands.

We put our first plan together in 1975, and we looked at agriculture from the 'market side'. Then, of course, had to put our plan on the shelf until such time as the Native Land Claims conveyances had been made in that area for the Toghetthele Corporation which is the local Native Corporation.

In December of last year, those conveyances were made and they were finalized in January, 1980. From that time on, why we have been in full gear. Of course, some people question why we are going so fast in getting our program going, we do want to harvest and sell a crop from the area in 1982. We're just trying to catch up on time, because we've been at this program for about ten (10) years, trying to get the interest of Agriculture going. It does my heart well to see this many people coming here.

There's one thing that should be put to rest. That is, in the paper about two weeks ago, there was a big headline called: "Coghill's Plantation." Although I don't mind seeing my name in print, because they did spell my name right, and that of course, in politics, is the 'main thing'. But, I think that the headline creates a negative impression, because it puts people into a position where they think that Totchaket is a 'pet project' of mine. It's not a 'pet project'. It's something that I've been very interested in, and over the years I've spent a lot of time trying to get others interested. Many people have brought Nenana - Totchaket to where it is today and many many more will be involved in bringing it to its full potential.

One of the reasons for having the symposium is, of course, to enlist your help and to pick your brain. We coined a phrase a couple of weeks ago which I think is real great. 'Nenana - Totchaket is not cast in concrete, it's cast in jello'. We want to make sure that we can bend with whichever way is necessary in order to get the grain program going in the two townships that we have designated. We're pushing straight ahead with our roads' program. We'll get those people involved and the consultants involved in their reports, so that we can then turn it over to the people here in kind of a 'roundtable' discussion and see what your opinions are.



Dr. James Drew
Dean
School of Agriculture and
Land Resources Management
University of Alaska
Fairbanks

Jim Drew: When the program for today was being planned, Mr. Goghill suggested that I might say something about the manner in which the Totchaket Agricultural Development Project relates to the agricultural development programs that are going on statewide in Alaska.

During the past few years, there have been a number of administrative and legislative actions to initiate the development of an agricultural industry within the State to expand the local farming operations we have had over the previous 10 or 15 years.

In 1976, an Agricultural Policy Task Force was formed as a result of legislative action. During the same year, an Ad Hoc Agricultural Group prepared plans for agricultural development near Delta Junction. Then, two years ago, the Alaska Agriculutral Action Council was formed to move ahead with the development and management of agricultural programs.

These activities have tended to crystalize some specific objectives with respect to agriculture in Alaska as a renewable resource industry. It is useful to review these objectives, because they give us some insight as to where we're going on a statewide basis.

The first objective for looking at increased agricultural development in the State is to broaden the economic base of Alaska; to expand the development of land for the production of agriculturall and forest products. The second is to stabilize real food costs by increasing food production in Alaska; to reduce the almost complete dependence of Alaskan consumers upon food imported from Outside. A third is to provide alternative job opportunities for Alaskans, through the expanded production of food and fiber, as well as the necessary supporting services for agriculture, forestry, and outdoor recreation. A fourth point is to approve rural and community life by developing an economic base through agricultural production and enhancing agricultural ameneities and the quality of food available in Alaskan communities. The fifth objective which seems to be becoming even more important nationally these days is to assist in meeting the national goal of increased food production, to meet world food needs; and to aid in maintaining a positive position for the U.S. in the balance of world trade.

We've moved ahead in the past few years of agricultural development in Alaska, and I think it's of interest to see just where all the parts are beginning to fit together with respect to a total agricultural industry within the State.

The first thing we need to consider is: If we're going to develop an agricultural industry in Alaska, it has to be a modern agricultural industry. Our biggest competitors are the folks in the agricultural industry in the lower '48. And, as you know, America's agriculture is the one unit of industrial activity within the United States and perhaps anywhere in the world, that has increased in efficiency every year over the past 10 to 20 years. Virtually every other industrial activity; at least in the United States, has shown declining increases in efficiency in the past few years. That's part of the reason we see so many automobiles from places other than Detroit being sold in the United States. Yet, we seem to be able to produce food with increasing efficiency in the United States.

In fact, there are only four major food exporting countries in the world today. These include the United States, Canada, Argentina and Australia. Every other country either just maintains self-efficiency in food or imports food. That doesn't mean that certain specialized products like hams from Denmark or wine from France aren't exported from those countries. But, in general, the only four major countries in the world that have a net export of food are the four countries I just mentioned.

To develop our agriculture in Alaska, we must compete with agriculture in the rest of the United States. They are good, and we have to be right up with them if we're going to do the job. Alaska's agriculture has to be large enough to provide a critical mass necessary to support the essential agricultural infrastructure that we need within the State. This is something we've lacked in the past. We've got to be technologically up-to-date, because, if we're not, we're not going to provide the most efficient and cost-effective production that's possible.

Our agricultural development must be economically sound. Our agriculture will not be successful if it's not good business.

Of course, our agricultural development will not be successful it it's not also environmentally sound. We need to take every possible precaution within the economic constraints that we have to work with, to make sure that we're doing our job in an environmentally satisfactor manner.

What has gone on in the past three or four years? Briefly, we've initiated the Delta Agricultural Project which has involved some 22 new farms on about 60,000 acres of land. The initial lottery sale for that program was in 1978, and the acreage should be producing as much as 40,000 tons of barley by 1982. The land is coming into production now. It should come into production very rapidly within the next two years. Most of the trees have been knocked down across the area and it's a matter of moving ahead now with the cleaning up the vegetation debris and getting the land broken for crops.

The Point MacKenzie Project, which is across the Knik Arm from Anchorage, is underway now and a lottery sale is scheduled for 15,000 acres in that area on March 6, 1981. That will provide a minimum 19 dairy farms and probably some 10 to 12 additional farms for other kinds of diversified agricultural production, including vegetables. So, we'll see some land coming into production there. As yet, there is very little land cleared in the project and of course, the land has not been sold. Access roads are completed, however, and it is possible to visualize the agriculture that will develop there.

As you may know, the Point MacKenzie project was designed to enhance dairy production in southcentral Alaska. Because it looked as though our major dairy processor, Matanuska Maid in Anchorage, would likely go out of business if it could not obtain larger quantities of locally produced milk for processing. In the absence of a processor, it's impossible to have dairying as an economic activity within the State.

The interesting thing is that as soon as the Delta Project and Point MacKenzie Project come on line, we're going to see a 'tying together' of these two agricultural activities, because lactating dairy cows require from 30 to 35 pounds of feed grain concentrate per day. So, it's the grain produced at Delta that will be available for dairy farms at Point MacKenzie. This will provide the elements of an integrated agricultural industry within the State, rather than the localized agricultural production that we've had before. The availability of feed grain from Point MacKenzie, at a world market price instead of a world market price plus whatever freight would be required to get it here from Vancouver or Seattle, is one of the elements that makes the Point MacKenzie project economically feasible. The two projects relate together in that sense.

Planning is moving ahead through the Agricultural Action Council to expand the initial Delta Project by an additional 45,000 acres. And, if plans go according to schedule, a land sale by lottery should be ready to go for that project by the first of September, 1981. The purpose here is to expand the grain production and make more effective and efficient the transportation and marketing systems which are necessary for economically viable feed grain production.

Today, we're involved in stages of planning for agricultural development within the Totchaket area near Nenana. The geographic location of this area is very important with respect to tying in with the transportation systems and marketing systems needed for the Delta and Point MacKenzie areas. These projects will all be on Alaska's existing roadbelt system; consequently the transportation and marketing associated with them will be facilitated.

In addition to these major commercial agricultural developments, the Alaska Department of Natural Resources has also been involved in making other agricultural land sales over the past few years. You're familar, I'm sure, with sales of smaller parcels that have been completed within the Tanana Loop near Delta Junction, the Potlatch Ponds area near Fairbanks; and near Talkeetna and the Four-mile Hill area. Of course, farming on a small scale and on a part-time basis on these farms will be enhanced by the agricultural development and the marketing and the transportation systems necessary for larger commercial farms.

While land clearing for the smaller farms is progressing more slowly than in the commercial farm projects, we anticipate that once the agricultural infrastructure is developed, we'll see more rapid development of some of these smaller and part-time farming programs.

If we're going to be successful in agricultural development, we have to keep in mind that we need to give as much attention to processing, marketing and financing, as we do to our production. We're not going to have an agricultural system or an agricultural industry if we don't have these elements. We need the total infrastructure including processing, transportation, and marketing, and we need it not just for grain production, but for livestock production, for vegetable production, and for other kinds of agricultural commodities, if we're going to diversify into these different production programs.

There is another area for agricultural development in Alaska that is not related geographically to farming plans in the Totchaket area or near Delta Junction. That is our areas of range land within the State. Alaska has substantial areas of range land on the Lower-Kenai Peninsula, on Kodiak Island and on the Aleutians much of which is not being utilized by any wild ungulates today. If we can begin to develop the feed grain base in Alaska so it becomes possible to feed cattle then feeder cattle are going to have to be produced somewhere.

Across the United States and around the world, feeder cattle are produced in areas where there is fairly extensive and accessible native range land. This provides relatively inexpensive roughage for cow-calf operations which will produce calves. Calves, thus produced, can be fed in feed lots and run through slaughter, processing and marketing facilities.

Certainly, with Alaska importing 98% of the red meat which is consumed within the State today, we should see plenty of markets within the State for beef and pork.

Thus, we're going to be looking at more expanded uses of Alaska's range lands if the present projects that we're talking about along the roadbelt near Delta Junction, Point MacKenzie and the Totchaket area come into being. We're going to see native range land utilized. In addition, we may see some pasture areas created where we do not have native range land today.

Our research and education programs are a very important part of the social infrastructure of agricultural development. If we don't have these programs, our farmers will not be able to compete with agricultural production

in other states. We've been able to move ahead successfully with barley production in Alaska in the Delta Agricultural Project because we have varieties of grains which have been developed here in Alaska by the Agricultural Experiment Station. These varieties produce good yields in short seasons because of their early maturity. In the absence of these varieties, we'd be in trouble.

We've got crop production systems including fertilizer recommendations which have been developed by the Experiment Station. These are extremely important as we develop commercial farming enterprises. If you are working only with a 'backyard garden', and you make a mistake and apply twice as much fertilizer as you need, or half as much, it really isn't a major problem. But, if you're dealing with one-thousand or two-thousand acres in production, an error like that can be the difference between economic success or failure.

We're completing work at the Experiment Station to develop the use of shellfish meal as a protein supplement in livestock feed. By using Alaska-grown grain and shellfish meal, which is also produced in Alaska as a by-product of our fishing industry, we're ending up with substantially reduced costs for hog production within the State. Keeping in mind that some 85% of the cost of raising hogs is in the feed, we can see that any reduction in the cost of feed which we can develop through research and technology is going to improve the economics of our hog production programs.

During this past summer, we initiated our first research in the Delta Junction area to look at 'no-tillage' systems for producing small grains. These are very important systems from the standpoint of soil and water conservation and also energy conservation, because they protect the soil from erosion and require fewer operations with machinery in order to grow a crop.

The interesting thing was that this past summer our results in the Delta area showed that the no-till production gave higher yields than either conventional or minimum tillage systems. So, we think that we're going to see a real potential for no-till systems within our grain production programs.

Our agricultural development is not going to move ahead if we don't have a positive commitment by Alaskans to an economically viable agricultural industry. I'm sure the project we see developing in the Totchaket area will fit in with the other ones that have already begun within the State.

If we look at agricultural development in Alaska, it's impossible to avoid some conflicts with other uses for land. We need to keep carefully in mind that if we are committed to agricultural development, then we have to designate the lands which we're going to use for that purpose and move ahead with it. If we don't, if we end up having conflicts with respect to land use in areas that have been designated for agriculture, then we have set the stage for failure of the agricultural projects.

Let me explain why:

I read a speech a month or so ago, that was prepared by John Mellor who is the Director of the International Food Policy Research Institute in the Agency for International Development in Washington, D.C. Mr. Mellor's job is to look

at policy issues that are important to developing agriculture in undeveloped countries where agricultural programs are insufficient to meet the needs of the people. The Agency for International Development has taken a leadership role in developing agriculture to alleviate world hunger problems.

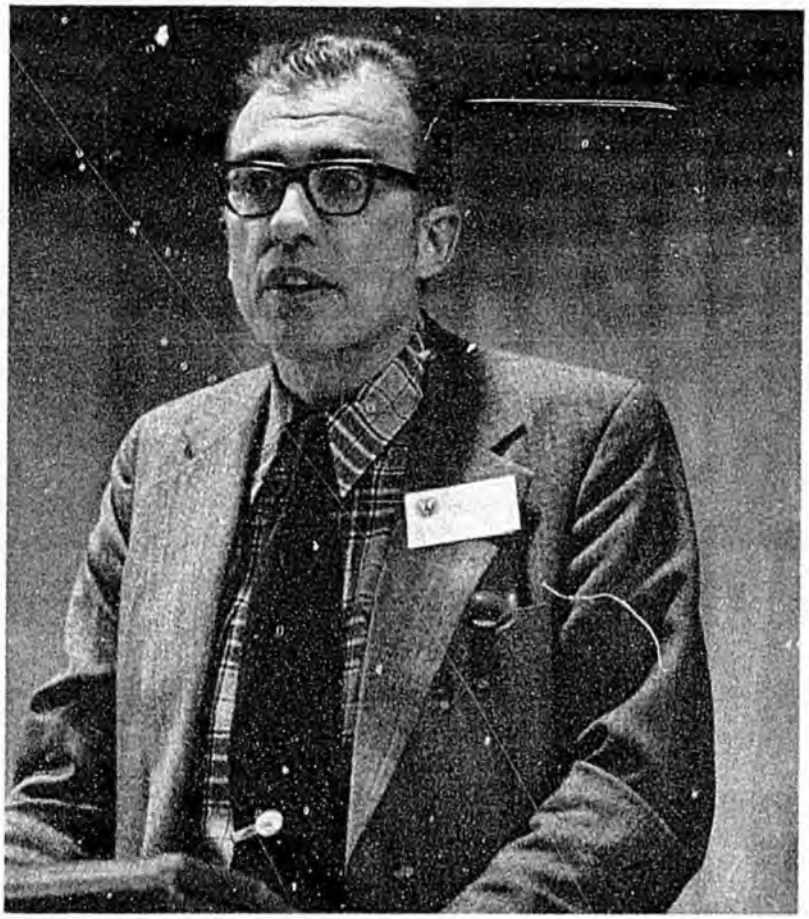
Now, Mr. Mellor pointed out an interesting fact in his speech: Of all of the various kinds of industrial development which various countries and the underdeveloped countries themselves are trying to initiate today, agricultural development is the most difficult. It's easier for them to develop almost any other kind of industry than it is to develop agriculture. If you look at Alaska as sort of an underdeveloped country, you can easily see that right here.

The kinds of management; the kinds of centralized control used to develop other industries, is easier than it is with respect to agriculture. In terms of agriculture, we're looking at individual farms; individual farmers; individual concepts; the need to tie together a whole infrastructure of production, marketing, processing and transportation.

According to Mr. Mellor, the underdeveloped countries are able to develop industries other than agriculture more easily than agriculture. What that does is provide additional income to the people in those countries. Thus, they are able to buy food. People have more money in the countries where they're developing industries other than agriculture. So, what that does is raise the demand for food and food prices within those countries themselves. In addition, it pulls food away from other underdeveloped countries that have not been able to develop agriculture and puts those countries in a totally untenable position. In other words, the ones that have not been able to meet any kind of industrial development or agricultural development seem destined to 'go down the tubes' within the next couple decades, because there's no way to provide their increasing needs for food.

Last year, the U.S. exports of food amounted to some 36 billion dollars, which was the largest export of food that has ever occurred in U.S. history, in terms of dollars. So, the U.S. is playing an important role worldwide.

The significance of Mr. Mellor's talk to us is that we need to be very careful not to put in road blocks to our agricultural development which we really don't have to put there. Because, if we do, it's very easy to have agricultural development fail, simply because it is one of the most difficult kinds of industrial development that we can undertake. We need to think about ways in which we can work together to put together the complex array of agricultural production, processing, marketing, financing, research, education and the other elements of the infrastructure. If we do this, we can meet the objectives of agricultural development that will benefit Alaskans well into the future.



James E. Fisher
Office of the Secretary
U.S. Department of
Agriculture
Anchorage, Alaska

I am here as a representative of the Department of Agriculture. All of what we will deal with here, in the way of iniatives, are primarily going to be the iniatives of the State of Alaska and the State of Alaska's agencies, its people, its institutions.

As Alaska moves towards - or as Jack Coghill points out: 'return to' - food self-sufficiency, I think I will only focus on one aspect of what the U.S. Department of Agriculture can do and does best. It doesn't hand out money very well. And, it's probably going to hand out money even less in the future. Those of us who are here in Alaska and who are sensitive to the newspaper, our governmental people, are aware of the fact that money from government is not necessarily the best kind of government support anymore. Our reactions in the territory in the early days of statehood were: Let's see if the Feds can't do something for us? Well, when it comes to money, that's not going to 'be' anymore. I say that that's part of my job to deflate the expectation as related to direct project financing from Federal sources. I used to say that facetioulsy, and I don't say it facetioulsy anymore. I say it very seriously.

However, the thing that you need to remind yourself and I need to remind myself -- the thing that the U.S. Department of Agriculture does very very well is to operate in a cooperative manner; in a cooperative manner, not in a regulatory manner -- to cooperate with people, to offer the help that's available from the Farmer's Home Administration, the Agricultural Stabilization and Conservation Service, the Soil Conservation Service, those that have cooperative agencies that are available with their expertise. Those are the people that you can call on to provide the support and the underpinning (if you will) to the State Iniatives. USDA is not going to get out and do it; the people of the State are going to do it. The USDA agencies and people are going to be there with their knowledge and expertise and their attitude of cooperation to help. I think that we need to remember that cooperative attitude because it's longer, it's tougher and once it's accomplished, it's more longlasting. I think it's the most important thing I talk about and I say it over and over again.

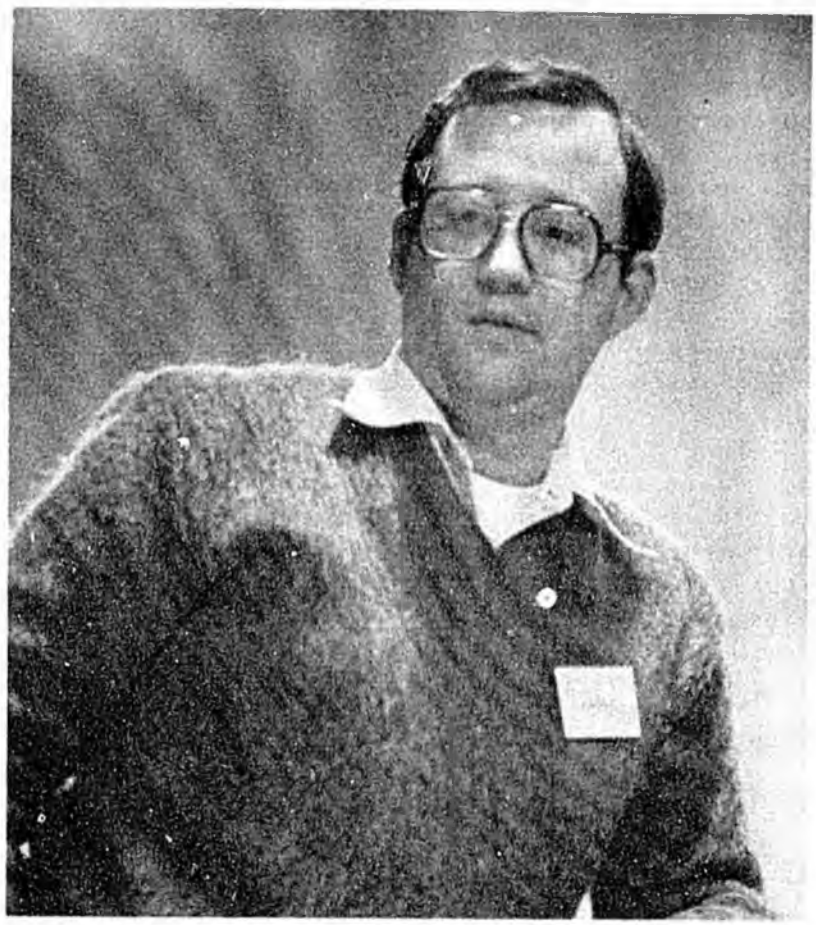
That's all I'm going to say this morning; to emphasize the cooperative nature and the availability of the cooperative program that so many of you have dealt with and so many of you are going to deal with in the future in Alaska's Agricultural Development. I would suggest: That to enhance those cooperative programs, we are going to have to pound, urge, scream and going to have to think clearly and innovatively. We're going to have to figure out how to pay, from State sources; to secure that cooperative underpinning.

The reason I say that, and I'll give you one example: When I was talking to Wayne Long, who many or most of you know, earlier this year and he's repeated it on several occasions, he said, "If I had to do one more program this year and it was not 100% funded from outside agencies, I would not do it." "I do not have the people." I would ask: 'Why should we accept that particular situation?' I would suggest that we should not wait until the Federal Government decides to make it available. I would suggest that we should ask the Federal Government to put those people there and we would furnish the payment from within Alaska.

I am IPA; Interpersonnel ACT, in reverse as you will. I would suggest that that needs to be done and hopefully it will be done. I would request that you pound on we Feds in order to see that it gets done. Because, if you pound on us, we can say, 'The interest is high; the support is there; and the people are ready to move forward when you will provide us with the appropriate response to the people of the State of Alaska'.

Thank you.

Domenic Carney
Director
Division of Agriculture
State of Alaska
Wasilla, Alaska



I think probably that quite a few of you have seen me before speaking in front of a bunch of people who are interested in agriculture. I would like to echo what Pappy said about the group. I'm very pleased to see, not only as many people as there are here, because I was with Pappy when we went through the seige when there would be 20 bureaucrats, 6 would-be farmers and one politician. Today we've got about 4 or 5 politicians, still the same 20 or 30 bureaucrats and we've got a hell of a lot more people interested in farming. That's really what it's all about. It really is encouraging to see so many people coming out and finding out exactly how the program is put together and how it is run.

The two points that I think were missed so far this morning that I would like to mention, briefly just before we get started on the department program is: The first is that I like food and I just had an excellent sample of it, and I think we ought to give the ladies a hand for the food they gave us for lunch. The second is: We had the concurrence this morning; I don't know how many of you realized that, but we had Dr. Jim Drew from the Experiment Station come up here and speak for about 20 minutes and he never mentioned research. That is the very first time that I've ever heard him speak more than two minutes without mentioning research. So, I'm going to mention research.

It happens that I feel that research is one of the most important building blocks that we have to have for an agricultural industry. I'd like to quote for you some statistics about research stations. I've been working for the last 2 or 3 months with the Office of Technological Assessments in Washington, D.C. on a Review of the United States Research Program for Food and Agriculture. It's been pointed out to me in very certain terms exactly what research means to the agricultural industry in the United States. This same principle applies here. I hope that we have some of the representatives; the senators, that will take some notes back; some of these figures that I've got for you, because -- these are telling figures.

Here in Alaska right now, we have a research station that has 15 professional people on it. We have, at present time, about 50,000 acres, including Delta, that you can figure are agriculture acres. We have plans to have, in the next ten (10) years, about 500,000 acres under crop production.

We have 15 people for about 50,000 acres now, and we're going to look at 500,000 acres in ten (10) years. By comparison, the State of Maine, which has a cultivated acreage of about 456,000, has 127 people. The State of New Hampshire, which has a cultivated acreage of only 120,000 -- now, you're only talking about twice what you have today, has 96 professional people. We're talking about people was Phd's. This is not the clerical staff; Phd people. The State of Wyoming, which has 2.1 million acres, has 79. Those are some of the smaller staffs. When you start getting into some of the bigger states of Nebraska, Iowa, California, when you start getting into larger research states, you find that the proportion is even worse.

I point this out because I think it's not the fault of the people that are representing you; it's not the fault of the people who are interested in agriculture. In fact, I don't know if we can ever say it, that it is the fault of anyone. The reason why we don't have a better research effort -- it's something that has developed over a period of years, but, the important point is that we have to reverse that trend and we have to correct that situation. We don't want to look at what's caused it; we want to look at how we can get to where we belong. We have to have a strong research effort, if we're going to succeed. You can't expect a farmer to go out there, no matter how good his markets are or how much financing you have, no matter how much land you give to him, without the research and the extension he has to have to succeed.

In a nutshell, I'd like to go through just briefly, what the department's policies are; what the governor's policies are on agriculture; and where we stand with the Nenana Project.

First, the Governor has said that it is his policy to proceed with as rapid a development of our agriculture industry as possible. He did this after reviewing the progress that has been made in Delta; after seeing that the potential is there; and after basically being influenced to see that we have to reach a certain size before we can be viable as an industry.

Part of that is the development of the Nenana area. He is in support of working with the local communities, in doing these types of developments, and that's the reason why we're here in Nenana, working with the City of Nenana and the people here to get this project started.

I'm going to let Art Davidson go through for you the schedule that we have developed. It's a joint schedule, developed by our division under Ed Kern. Ed is in charge of our planning section and has the statutory responsibility for doing the planning and the layouts for all our development programs in the State. He and Art Davidson with the Research and Development Division of our department have put together the Time Schedule for the transfer of title of the Nenana land.

Art Davidson: This fall, we've tried to take a real close look at just what it's going to take to get us to the point of having the Land Disposal for the Nenana AG project and to see if it can be done in the spring, summer or fall of '82. Target dates have been set out. This is sort of a schematic organization of some of the tasks -- you can see some of the various agencies that are going to be working together. It's going to have to be quite a cooperative effort, because there are a lot of specific tasks. This is our time-flow over here.

One aspect of the project -- a lot of data gathering, mapping analysis, economic analysis, infrastructure, transportation, for marketing. This is going to be an ongoing activity throughout the development stages of the project. In fact, it is something that will continue on even after you have cultivation. With specific dates, we're going to have various climate information or market information or transportation information available.

The next area of planning is what we've called, sort of a schematic Area and Management Plan. Before lands can be disposed -- for agriculture, they need to be classified: You need to look at the area to make your major resource allocations; find where the Fish and Wildlife Habitat is; the forest products; the AG land; and come up with a plan of the area which is going to balance or coordinate the various resource uses.

We determined that if we had the funds and the people would rearrange the work schedules, that we could do a schematic Area and Management Plan in the Department by next August; if we begin right away. This would meet, not only statutory requirements, but what we feel has to be done; various considerations to look objectively at where is the best way to begin a road or to balance the resource uses. To take in the whole sphere of various interests; things that might be effected by this AG development. This will lead to the classification, which takes a couple of months. And, we anticipated by the middle of May, to have the recommendation for Classification. That they would then be complete by August.

Now, a major part of this Management Plan in this area is going to be the AG Design. I see that we have a workshop on that this afternoon. In other words, considering things like: exactly where the roads are going to be; what size and shape and adjust the position the farms are going to be; consider things like wedge-row (ph) -- a whole variety of detail planning.

We need to begin data gathering on that right away. Then this spring -- go for about five (5) months to actually work out the detailed plans and have that ready by August.

The next se·ies of activities that we have listed here, we put under the title of Project Development. Things such as developing of farm financing; the access road; bridge construction; and clearing of land. Nick will get into this perhaps in a minute, but, basically we set out two different options for clearing of land: 1) Would be clearing by the industry before the land is disposed of. That would be dependent upon industry coming up with a suitable program for not only clearing the land, but utilizing the products and leaving the land in suitable condition for farming.

If that's not feasible, then it is thought that the farmers, themselves sill handle clearing as they've done in other projects.

Another area is the legislative request. There will have to be financing for roads and bridges, farm development financing. And, the planning -- to put that finance package together, will have to be thought out real clearly. We'll have to find appropriate dates to tie in that financing of legislative requests, if it's going to be cultivation by '82 or'83, or whatever date that would be.

The disposal process itself takes about six (6) months. It has various aspects to it, ranging from public workshops, requalification submittals, requalification selection and notice, lottery brochures and field periods, and finally down to lottery.

Now, as we've looked at the mechanics of making the Nenana Project go, we feel that the necessary planning (up on the top here) can be done by next August. That's on an accelerated basis and dealing with available data. But, we feel that can be done. We also note that this process takes about six (6) months, and that that could be done.

We feel though, in this area, where we're talking about the necessity of building the roads, the bridges and the clearing, that there's some uncertainties as to exactly how soon that can be done and how it can be accomplished. So, there's some degree of uncertainty here, as far as the timing.

Roughly, that's the time schedule that we perceive at this time. Nick.

Nick Carney again:

I'd like to point out a few things on the chart that I think merit some consideration. You heard Jack say that when we began that our plans here are not 'cast in concrete, they are cast in jello'. This chart will show you exactly why.

It requires, for example, if we're going to have a farm clearing project by industry, we have to have access out there before industury can get out there to cut those trees. If we're going to have that backing off, we have to have that access built early this summer. To do that, you've got to have the money available very early this spring, so that we can advertise and lease those contracts. This chart shows what we feel -- that happens to be the critical path of the project during that period of time.

If we, for some reason, do not meet that deadline, we can still change our option, go ahead and have the lottery later, and have the farmers themselves do the clearing, as we did in Delta and as we're doing at Point MacKenzie. Or, as another alternative, we can delay the lottery, if we have more than one.

It may be, and again keep in mind that we're talking possibilities here; we're not talking anything that anyone has decided upon, it's just what we have thought -- It may be that we would want to, for example, proceed with the timber of harvesting project on the different parts of the ground from this initial disposal AG land at Nenana. I don't know, it may be that we would want to delay that disposal until we get that timber harvested off. Those decisions are going to have to be made, probably, by the legislators and by people in administration at a higher level than myself. Those are the kinds of things that we have to consider when we're looking at this.

That's the reason why we put into this plan the different clearing options. I hope later on that we will get some time and maybe you can come and take a look at this. We're available to answer any questions that you have on it.

This is the way we see it. It hasn't been adopted by anybody. It's the Department's feeling of how we can put together the disposal of Nenana by late February, early March of 1982. It presumes that we're going to make substantial decisions very soon. For example: We're going to have the farm's design we hope by sometime in August. That means that we will have to have it done by August; between August and January of next year - We have to put together the financing package for the farm operation in themselves; for the infrastructure; for processing facilities. Those things have to be built very soon, after disposal. Because they have to be introduced to the Legislature in early '82, to pass the Legislature and be available for us by July of '82. That's the kind of lead time we're looking at.

One other thing that we'd like to bring to you up-to-date on: We do have a contract between Nenana and the State's Division of Technical Services on preliminary survey. I have Ron Mitchell here who is the Assistant Director for that division. He can give you just a very brief rundown of exactly where they stand with that contract.

Ron Mitchell: I'll go fast. We have been involved with this project since September. We have identified four (4) phases. We have an additional one which is identified on this one.

The Division of Technical Services is responsible for the State ownership identification of lands. They are also responsible for the technical identification of lands, which is surveying.

On this project, we identified Phase I as 'Ownership and Status Plats', which this green map over here represents. It identified the ownership's status of the lands involved. The two townships that we are now talking about are identified as patented land for state lands. We plan to update this map one or two more times before the project is over. Since we only planned that, we'll probably do it several more times than that.

We're doing Soil's mapping with the SCS and with the other state agencies. We have produced some colored photos; we have obtained them, actually.

In Phase II, we have controlled mosaics which are hanging back over here. That was taken with high altitude NASA photography. I don't know the year. The altitude is somewhere around 12 miles when it was taken.

We also have photo base maps which we have produced under contract. I might point out that this identifies the two townships which are involved. We also have produced a three (3) quadrangles to the south of that. We are identifying or preparing maps to the three (3) quadrangles to the north, making a total of the nine (9) quadrangles for the entire State.

These maps are based off of aerial photography. They are relatively accurate. Therefore, they can be used for making measurements and to be used in your platting.

Phase III is vegetation mapping which we are having done by other agencies within the State.

Phase IV (indiscernible) form permafrost wetlands construction material map. This is on schedule and we expect to have this information done by March 1, 1981.

Art Davidson added: I would just like to add that: To the right of the schedule over here, is a map which sets up a boundary of the area; the area planning and some of the areas like Minto Flats, up to the north. I would also like to introduce Peggy McNees who will be working on the area planning.

Nick Carney: Well, if I had to sum it up - I hope I'm not getting too wordy, but -- If it had to sum it up: There's no reason why we can't hold a disposal on this parcel by the spring of '82. There are three (3) possible areas that we will have to approach in the way of making decisions.

One of them, of course, is: Getting the road money available; getting those roads built so we have access very soon, because we have a policy in the Department, at least as far as Agricultural Lands are concerned: That we do not want to dispose of anymore agricultural lands without access on the ground.

The second one, of course, is the decision about what type of clearing procedure; who does the clearing procedure and what type is followed; and how the farmer is charged for that clearing if it is done for him.

And, the last (I don't feel that it's going to be a problem, but I'm duty-bound to mention it, because it has come up in the past) -- and that is: The possibility that we will have conflicts with our area plan. In other words, there may be small areas within this area that we want to dispose of for agriculture that someone -- some vested interest will be interested in preserving for their particular use, and if that does come up, it can take some time to resolve those differences to make the determination of exactly which resouce use takes priority.

I mentioned it as a possibility because that's the reason why we go through the area plan, and it would be presumptious on my part to give you the impression that it is cut and dried 100% in that area and that the two townships are already determined to go for agriculture. That isn't decided until the Commissioner signs the documents and accepts that area plan.

THE FLOOR WAS OPENED FOR QUESTIONS

By Senator Bettye Farhenkamp:

Q How much attention are these people paying to the studies?

A The studies that we heard from this morning are part of the material that we're considering already. That's the process that we started to go through.

Q Okay. It wasn't clear. In my mind, I could see the studies going out the window and that bothered me.

A No, that's the idea of getting those done, because it has to be done very early in the process. Those studies give us the basic material that we use when we decide how big the parcels are going to be; what's economically viable; and what kind of infrastructure we need.

Q How soon will this 'jello' that you have now fill up enough that we know where you want the roads; how much money for doing it etc?

A We felt that the end of January is the absolute deadline. That's what these are; they're absolute deadlines. Anything you see up here -- we feel the last date that that can occur. If we can get it a month earlier, that's what we'll do.

Q Senator Farhenkamp requested some small reproductions of the maps.

A We will have some. All the legislators will get one.

By Representative Bob Bettisworth:

Q There might be lands within these two townships that would be in dispute for other -- Is there any reason they aim to hold up your time schedule on the whole project -- that they just be set aside until resolved -- go ahead and . . .

A Well, I think we probably could do it that way, yeah. The question comes down to: at what point do you actually have an area plan? And, it also comes down as to how much of a disruption could those areas be on what you want to do for agriculture? In other words, if they are fairly substantial, I think we could aim more to get those things resolved in a hurry than to try to bypass them and think we're going

to have a pocket of land in there that we didn't make a decision on and we're going to do it later. I think that that would be the attitude of the division. I don't consider the area plan to be one of the restricting time schedules here. The road and the clearing decisions are much more restrictive than the area plans. We've got enough time built into this area planning process, we would be able to resolve any of those difficulties that come up. I hate to make a commitment and say that they're not going to happen. I hate to give the impression that the status of the use of that land has already been decided, because that's what this whole process is about.

By Senator Farhenkamp:

Q Which agencies have you already contacted? Where do you foresee possible conflicts? Are you working on those now?

Answer by Art Davidson:

A We've been talking to a lot of different people; different agencies within the department, the AG Action Council. As I see it, to make something like this happen, it's gotta be a big cooperative effort. It's not one person or one agency going out and doing it all. It's going to take a lot of people in this room, working together to make it happen.

I want to add, Nick, on the planning: Our attitude in the planning section is that we want to organize ourselves; to apply ourselves, so we can get that done just as expeditiously as possible, and also to make certain that we're going to have the information to date; and answer the questions and make sure that this thing is going to work. The worse thing that could happen is that we should miss something. It is really important.

By Charlie Farron:

Q Fish and Game is interested in lands of this size. Have you had any contact with . .

A Yeah. The planning process approaches Fish and Game, Parks, Transportation and just about all the agencies. We have a lot of conflict often times in agriculture with Fish and Game. So far, we haven't had any indications from them. Of course, they're aware of what we're doing. They're going to have a problem with this particular area. It seems pretty clean so far, but I'm not with Fish and Game.

Q Sir, just one point for clarification. I don't really understand. Is it necessary that the City of Nenana annex the two townships before the land be turned over to the farmers?

A Oh, no!

Q Or is that red tape -- tax base -- I really don't understand that.

A Even if it were annexed, the responsibility for disposing of state land would still rest with the State. The title to the land does not transfer to the City, if they do annex.

Question of Dr. William Wood:

Q Indiscernible

A Well, we expect the area plan to do just that. The area plan will take care of our planning for the entire area. We won't have to do this area plan for the next phase.

Question by Dr. William Wood:

Q Indiscernible

A That to me is a time scheduling problem and not a problem of deciding what the land is going to be used for. It's a fact of timing.

Unidentified Person:

Q Has there been a conflict with Mr. Coghill and D.N.R. over the use of forest products on this land? How much of a conflict is going to arise?

A (Nick) I wouldn't call that a conflict between them and ourselves. That's a conflict between the method and the time schedule. Somewhere we're either going to have a meeting of the minds or we're going to have to say, 'if we follow this procedure and it shows that the industry cannot take that timber off there for five (5) years and we're willing (both of us) to live with the fact that we won't have a disposal for 5 years, that's cool. We'll do it.' But, when that comes, I suspect that we're going to have a compromise somewhere and that's the reason that we work with the local community. Don't get me wrong. The State has a responsibility for managing state lands. And, in the ultimate outcome I'm not saying that we're going to ignore the City of Nenana. We have statutory responsibilities. It's in our best interest and the City's best interest, that we sit down and say, 'here's our problem. What is the most logical solution to it? How do we achieve both ends, if possible, and still get our agricultural project off the ground'? That's the reason why we're working with the City in the area planning process and the reason why we're here today.

Unidentified Person:

I have a few comments I'd like to make on the clearing process. For your harvesting wood chips; harvesting your timber on the hydro electric project like Susitna, industrial development project. I've been here in Alaska for 40 years and I've been involved in Agriculture. I came to Alaska in 1940, started clearing land for my

homestead. The way we did it was like we always did it -- plowed it with a dozer in a big pile. Then 10 or 15 years later when you get those minerals worked out you start farming it. Your vegetation, your grains and potatoes (whatever you grow) where those burn piles were, you get twice the production as you do on the area that was taken off.

In the last few years, I've been working in the Fairbanks area, where you sheer your ground in small minerals; you burn it in small minerals. You get the benefit in two ways; the heat from your fire and the distribution of your ash. You save all your nutrients and your vegetaion. It stays in the ash on the ground, except nitrogen. You lose about 95% of that. But, everthing else stays on the ground. So, you've got some considerations to make there. Clearing it the way they did in Delta and the way they've done it in the past, putting it in minerals and burn piles, (indiscernible inaudible). . .

A That's right. That's a consideration. When you consider the decision on exactly how we're going to dispose of the land, which decides who's going to clear it under what method. That's one of the factors that we have to consider; we're well aware of it.

Q In my case, let the farmer decide how he wants it there.

A That may be. It may be that if we're going to meet a time schedule, that may be the only one we have on this particular parcel. I'm in full agreement that we ought to try and salvage that timber if we can. Keep in mind that we're only supposing. It may be an option that we'll want to go out and try the timber-harvesting method on Phase II to try to get Phase I started, so that we get some infrastructure begun. I don't know. It may be well to do both, but that's a decision we'll have to come up against very soon, probably some time by May.

Asked of Art
by Celia Hunter:

Q Art, the D.N.R. process, the planning process is supposed to have pretty structured public participation. I don't see it on your program.

A These lines we have out here really combine quite a few different things. For example, we talking under the data gathering and the mapping analysis. We can do another whole chart, which would show the various studies which feed in there, that have already been done and presented here today and the same way on the area management planning. You could do a whole other chart of various workshops and other participation and meetings we're going to have.

Q In January?

A In fact, those charts are already roughed. Each agency that's responsible in our department for a phase, is putting together exactly that kind of a chart, so that they have their own time schedule to meet this major time schedule. Those are required by law. There's no way to get around them when they're in there.

Nick: I'd like to make just one more little statement before I give up the podium. Contrary to popular belief, in the Division of Agricultdure and within the Department as well, we appreciate and would like to get letters from people or expressions of their concerns and suggestions as to how we might approach this problem. Because, it is a major problem and it's one that we wrestle with all the time in the Department. We often do have to make decisions in the vacuum of public opinion or maybe we only get verbal opinion that can either be distorted or twisted. If some of you have concrete suggestions as to how you feel this should be done, don't hesitate to send them to us. I enjoy getting them.

* * *

Mayor Coghill: Thank you very much Nick. I might make one or two point clarifications to answer Dr. Wood's question and to answer a couple of others. I think we're getting into the spirit of these workshops, because this is what we want. We want to get input from all of you folks that have had practical experience or that are interested in this type of thing. When we zeroed in on the two townships -- if you look at that map over there, the four that are outlined in the middle are patented - State Patented Land. The one down below has a recreational area in it. It's the closest access to Nenana. If you transpose this over onto the red overlay, you'll see that it's in the Class III lands. It's in the part of the area that we're going in.

The City of Nenana and my staff felt that, if we could convince the Department of Natural Resources and Nick's shop to do a land classification on those two townships as a beginning that we wouldn't hold up the project as we did the classification on the whole thing. In other words, it would be an on-going program, and this way we can shorten the time. Because at the outset, I said that we were trying to compress time. It really frustrates some people because it has, of course, changed their priorities in some of the things.

We know that if you took it on those two townships that the Legislature would say, 'Heh, the cost of getting in there is way too great.' But, when we start looking at the whole classification, there will be an awful lot more cost-ratio benefit. The thing is, there are no recreational areas that have been designated by the State at this particular time for it.

Dr. William R. Wood
President Emeritus
University of Alaska
Former Mayor
City of Fairbanks

Dr. William Wood

Referring to Pappy Moss who would be the luncheon speaker:

Think of him in connection as a farmer. Really, he's aggressive and a forager for things that will help us. Something like to buffalo. So maybe he's part buffalo. He's very persistent. He does it in rather an amiable way! But, he's stubborn; he's persistent. So, he's (I suppose) part mule. Then, he has a very exuberant optimism and a tremendous confidence about Interior Alaska. Of course, we're all very grateful.

So, I think I have to introduce Pappy by saying, 'He's part buffalo, part mule and part bull'. All of them are needed; all three have thick hides. Anyone attempting to promote Interior Alaska, certainly has to have a thick skin.

But, the future is going to be an exciting one. I have tremendous confidence in it myself. I think some day we're going to realize that the most expensive thing that there is for cultural and social progress is idle resources, especially idle, human resources. The reason I have been so opposed to various programs that are going to do good for us; simply because we are. All they do is destroy our initiative, our enthusiasm, our opportunity to be creative.

Idle, natural resources are also exceedingly expensive. Someday, I think we'll all face up to that 'basic issue'. That the one thing that human existance cannot abide for long is idle resources; human or natural.

There are also uses; multiple uses that can be put to use. One may be just recreation; one may be just spiritual fulfillment. But, you also have to have your land to use, your natural resource uses for food (food fibre); for tools as well as for recreation.

Pappy, you being in a very key position this year where the other members of the Interior Delegation -- frankly, at this stage in history, that has tremendous significance for every, single person that chooses to reside in Alaska.

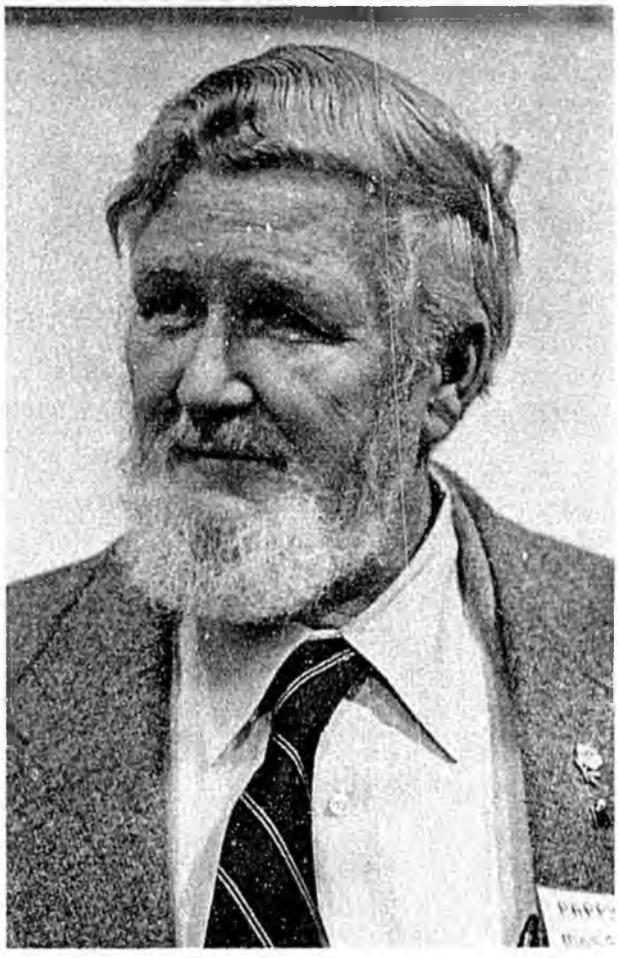
We talk about the fact that we think that the government would just get out of our hair; that, on our own, we could do anything. I suppose that's true, but I suggest we're also past that time in history.

What we're talking about now is Partnership. Private sector and Public sector in Alaska -- it's the public sector represented by the State government that is absolutely the key to what is or is not going to happen to us in the immediate future and in the long years ahead.

So, Pappy, give us some insight into what is going to happen this year.

* * *

Representative Pappy Moss
District 19
Delta Junction



Pappy Moss: Thank you Dr. Wood. It's always been a pleasure to be around when Dr. Wood is, because I always learn a little something. An old country boy like me, everywhere I go, I'm trying to learn something. I sometimes feel like I'm a little like Don Quixote and the windmill -- I do a lot of flailing on occasion, but I stir up a little wind once in a while. I'll try not to pass out too many chips, but you know -- I was standing around here today and looking at the people here today. And I can't help recall -- In the past years that we were trying to develop agriculture and set us this great renewable resource of ours, the problem was much smaller. We felt like we were a bunch of participants, dreamers and fools. I'm glad to see a hell of a bunch more participants, dreamers and fools in here today.

I might ought to clarify what I mean by the word participants, dreamers and fools. A participant -- the first participant -- in fact, it started out in agriculture -- it was that fellow named Adam. Eve convinced him to take a bite out of the apple. Ever since then, he's been trying to figure out where to get something to eat.

Everyone of you today have just participated in agriculture by the very simple fact that you've had something to eat. There is nobody -- developers, non-developers, poor people, rich people -- that can get by without being a participant, at least every day of their lives. Some days are kind of thin in your participation. Up here in Alaska it's going to get even thinner.

I'm kind of reminded about the opportunities which we've got now to make a viable resource out of our agricultural business renewable resource. It is an opportunity -- you know, it reminds me of a story I heard once. It's alright for mixed company I think.

It seems that there was a young fella who was a salesman for farm supplies, travelling through the countryside. He had a long day and he came to this farmhouse. He asked if he could spend the night. The farmer said, 'Yeah, sure. Come on in, you'll have to sleep with baby sister.' He said 'baby' really. So, he took his lighted lantern and he went upstairs and he put him to bed up in the big, feather mattress; put a pillow between him and the baby. He went to sleep; he was real tired. The next morning, he went down on the back porch there, washing his face in the cold water out of the well, and this beautiful vision stepped out of the building there. There was a little breeze blowing. She had on a big bonnet and it blew over the garden fence. 'Wait a minute, honey, I'll get it for you'. She says, 'Heh fella, you done missed your opportunity'! The point is, let's not miss our opportunity.

We've got an opportunity now to make agriculture one of the greatest things in the State of Alaska. You know, when I spoke of fools, I think that sometimes we are perceived in being fools, to think that we can grow anything up here that we can eat. Especially the people in the lower '48. Of course, right now in Delta and Nenana, I think the best probably that we can grow right now is a few igloos. I know that we have a few upstarted down at Delta now. But, that's wintertime.

But, that Delta Project is beginning to prove a point; that we're going to be able to make it. A lot of people think we're foolish to even try. Are we foolish to try to put food on our tables? By golly, you know -- if we don't start thinking now, we're in trouble; we're in big trouble.

I read some statistics the other day where it said, 'There are approximately 3 million acres', and I think Jim Drew over there will probably bear with me on this and back me up on it (it's not a chip really) -- 'there's 3 million acres a year that's disappearing in the lower '48 of farmlands; 3 million acres a year.' (Paved parking lots and suburbia.) Right now, we just heard this morning that $36 billion a year in exports are going out of this country across the waters. It's one of the greatest balances of payments we've got. Here we're worried to death about all this energy that we're having to buy from the Arabs over there.

By the year 2000, we ain't going to have it if we continue at the rate we're going. Do you think that those poeple down there are going to sell us a 'tater' up here? Hell no, they're going to eat it 'theirselves'. They're going to have to. If Alaska is not into the mainstream of Agricultural Production, where we have something to feed ourselves with by the year 2000, we're in big trouble.

The people that are in this room today and the number of other people that are around the State; new members of that New Frontier Society. We're about 50 years behind in everything we're trying to do. I know that there's a building that I'm working on right now, for example, talking about being years behind. The Soil Conservation people, the federal government, have had a beautiful thing here for a number of years. We've had some small clearing practices. They've eliminated money for that. That's going to eliminate the little farmer to some extent. I hope that we can reintroduce that with State participation.

The point that I'm talking about there is: The backbone to our agriculture industry is going to be the 'little guy'. We've got to continue on as we have in the Delta Project. For example: To have the large farms to help develop the infrastructure which we have spoken to here this morning. But, we've got to start considering the 'little guy'. He's going to be the meat that's going to go on that skeleton and make it a viable industry. It we don't, we're going to be awfully hungry in not too many years from now.

I mentioned the fact that we are participants. Every time we eat, we're participants in agriculture. I would hope that each and every one of you -- Every time you talk to somebody, tell them, 'Heh, you're part of that agriculture business. You eat don't you?'

The very fact -- As I was looking this morning, I saw people registering to come to the symposium. It kind of reminded me of a story. You're registering to show that you are a part, and that you are interested in this thing. It kind of reminds me of a story one time -- You know, the farmboy -- His dad had a cow that was about ready to be bred. So, he told his young son to take the cow over to the next farm next-door and get her bred. So, he's going around the corner, around the front porch and mama came out. 'Where are you going?' 'Well, I'm taking the cow up to get her bred at Mama Brown's.' 'Oh, don't do that'. 'How come mama?' 'Well, you should let your father do that.' 'But Ma, he ain't registered!'

The point of the whole story is: Every one of us should let people know we're registered and we know where we're coming from in agriculture. It's important tc be registered in this thing. And, you've got to know what you're doing too.

We've got a lot of expertise up here. Some of it's good and some of it's bad. We've got a lot of problems in trying to assimilate all of it. A lot of the things that they did in the lower '48 don't work up here. They say that we don't know what we're doing.

That reminds me of another story about a fellow that might not have known what he was doing either, but at the same time he was doing something anyway. He was studying to be a veterinarian. He was taking it by correspondence course. You know how that stuff goes Dr. Wood. You have to do certain practical experiments and everything. He had a paper made out and was ready to send it in about what he did on his tests and everything. He knew exactly what he was doing. He took a frog to use as a demonstration. He had a piece of paper to tell what he did and what happened. So, he took a frog and put the frog on the floor and he said, 'Jump frog'. and, the ole frog jumped about 15 feet. He wrote down on his paper 'Frog with 4 legs jumps 15 feet'. So, he took out his correspondence veterinarian scalpel and cut a leg off; put the olde frog back on the floor again and says, 'Heh, jump frog'. And, the olde frog didn't jump so far that time, but he did jump. He jumped about half the distance. He did that until he got down to that last leg there and he stomped around there and hollered at him. The ole frog jumped about 2 feet. He says, 'Frog with 1 foot jumps 2 feet'. He got his correspondence scalpel out and he cut that last leg off. And, he put the frog back on the floor and he jumped and he stomped and he says, 'Jump frog, jump'. The frog wouldn't move. He scratches his head and he looked down on his paper and he says, 'Frog with no legs can't hear'.

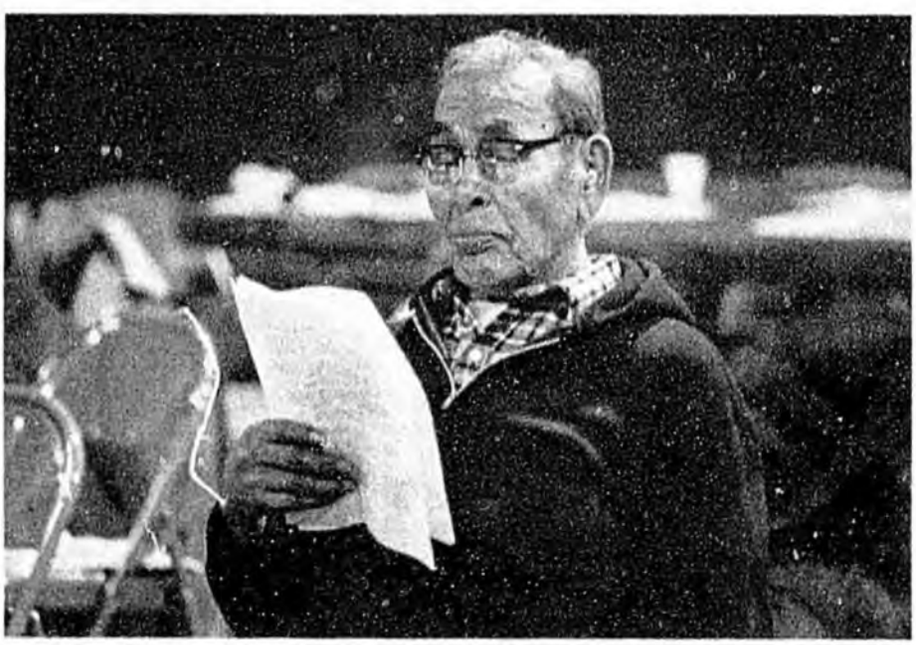
The point of it is: I hope that we're all going in the same direction. I like to see all this stuff going on, but I hope that we're going in the same direction by the same set of rules, and that we don't change in the middle of the stream.

And that means, pure and simple, a lot of things that we have learned in the past, let's don't forget them in trying to create new things in the future in our agriculture business. I hope we don't get off in left field.

I don't want to take a much more of your time because you have quite a bit to do this afternoon, but I would like to quote to you, when I said 'dreamers'. One of my favorite quotations is from George Bernard Shaw. George Bernard Shaw said, "you see things as they are and you ask why. I dream of things that never were and I ask, 'Why not'?"

So, folks, there's where we can be dreamers and we can make it happen if we would work together. I think we've got the people here that can do it.

And, now that I've got the opportunity, I hope you all have a very Merry Christmas and a Happy New Year. You've got some good seed for next spring's planting. Thank you for having me.



Consultant for Transportation Planning
Bob C. Thomas, President, Alaska Transportation Consultants, Inc., Fairbanks
Transportation Workshop Moderator
Mike Tinker, DOT/PF, Fairbanks

Mr. Bob Thomas: I've known Jack Coghill for an awfully long time. There's one quality about Jack that I really admire and that's: Whatever he gets involved with, he's committed to it. It kind of reminds me of a little stoy: Remember the last time you had ham and eggs -- If you remember eating that egg -- That chicken that laid that egg -- he got involved in that project but that pig -- well, he was committed. Jack has always been committed on anything he's ever done.

I'd like to talk a little bit about the transportation. One of the important things to a project and one of the keys to the success of this project is Transportation.

Agriculture in Alaska is kind of like a safety deposit box. It takes a couple of keys to get into it. In fact, more than two. But, with the safety

deposit box, you have to have two keys and you have to unlock them both to get inside. Transportation is just one of those keys to the success of this project.

We were retained by the City to look into the Transportation aspects of it, and we're excited about being able to work on this most important project.

One of the first things that we looked at was an overview of the transportation as a whole, to the Nenana area. Jack has already alluded that the transportation system in Nenana is pretty good. You have the railroad here; you have the Marine transportation in here and you have a highway here. You also have an airport.

It was pointed out by the City that two townships needed immediate access to. We had to look down the road then to see what kind of access would be needed in the future, because I don't think that this is going to stop with just two townships. So, we've developed the overview transportation system that goes beyond this first stage.

(He pointed out the prints that his company had prepared for audience viewing. One showed an ultimate transportation system. Immediate access, though, needs to come from Nenana into the two townships.)

There was an alternative to this, and that was to come in by Rex and then come back down, parallel with the Parks Hishway into the two townships. We did a comparative cost analysis on that. The reason that we did that was because of the bridges that were necessary to go directly from Nenana.

The one bridge across the Nenana River is a major bridge. It's going to cost a lot of money. So, we tried to compare the cost of coming into the area from Rex to the south.

From a cost standpoint, we found that building the road from Rex into the area would be more expensive. From this point, we feel very comfortable in saying that: The most economical way to get into the area now is building a bridge across the Nenana River and going directly into the area. Later on as the project expands, and there is more property under cultivation -- expand to the east and to the west, and ultimately end up with you loop roads and have an efficient transportation system

Another conside ation is the processing area. Where are you going to process whatever you grow or raise? I was very impressed by the Featherstone Corporation's presentation at a meeting not too long ago, concerning the red meat market in the area. I was always under the impression that the foreign market might be very lucrative. But, after listening to a very impressive presentation, I found that it's the local market here that can be met. That's the important thing, at this point.

A processing area needs to be close to your source of labor; your source of water and your source of transportation. We looked at three major variations of this, one being directly in the Nenana area just to your right, across the railroad tracks into the Railroad Industrial area. That really seems to be the best source, because it's within walking distance of the labor force here in Nenana and it's right on the rail so you won't have to extend the railroad tracks over into your processing area, which you would have to do if you moved it somewhere else, and you have plenty of water to do your processing with.

Another area that we looked at was: By putting the processing in the

center of the project. We ran into some difficulties there and some high expenses. 1) You have to extend the railroad to your processing area, which means another bridge leading across the Nenana River which becomes very expensive or 2) We have to truck the stuff from your processing area to Nenana to the rails. Now this multiple handling of product is what increases transportation costs. I'll give you and example: Bringing fertilizer into the area, if it's bought in (the lower '48) and shipped up by the marine mode, it's more economical to bring that in by rail into the area here. If we would obtain that fertilizer locally (say in the Kenai Penisula), it's more economical to truck it from Kenai Penisula to the area here than by rail. That's because you eliminate about two processes of handling of that product. When you're speaking of processing areas and where they're to be located, you want to get them close to your labor market if it were say 14 or 15 miles north of here and people had to travel back and forth from Nenana every day to the processing area -- because, it will be an economic base. It becomes a personal expense each day and you're creating some transportation problems and long term costs that you really don't need to. So, we are recommending that the processing area be located as close to Nenana, preferably on this side of the river as possible.

The Road-Use -- I think this is a very important consideration because the area is some distance from that area. (He pointed out Nenana and the two townships on the display map.) There are three classes of roads shown on this map. One is a dark line, one is a dashed line and just a small pen line. The dark line is your main road into the area. That road has to be a good standard. If it's not, several things are going to happen. One of them is that you're going to start a little town out in that area, because of transportation distance going back and forth. You're going to have to start a gas station, a grocery store and pretty soon Nenana is moved to the center of your area. Then you've got to move the railroad tracks. If you build a good road to begin with there, you will cut down of the need for land that's good for farming, being under some other use.

The farmer will be travelling this road, probably on a daily basis. If you put in what I call a 'poor boy road', that's going to cost him a lot of money on a daily basis and the cost will be passed on to the consumer. It's also going to cost the State a lot of money to maintain that type of road. You're much better off putting in (up front) a good investment and getting a good foundation for your road. You don't need to pave it immediately. But, as the traffic increases, you will have to pave it. I think that's been the experience in the Delta area. The Jack Warren Road -- ultimately it had to be paved because of the traffic. The maintenance cost is a very important consideration. When you start receiving between 300 and 500 vehicles per day over these roads, and on a farm road it doesn't even take that much, because many of your vehicles are trucks. They create the need for more maintenance because they're heavier on the road.

One of the things that we considered in maintenance was: How can we reduce maintenance costs? One way is building the road in such a fashion that you don't have snowdrifting. I try to eliminate as much snowdrifting as possible. What we are recommending is that the right-of-way for the highway that goes into the area be cleared from right-of-way edge to right-of-way edge. This will allow the wind to get in there and blow the road free. We're recommending the use of side slopes that are quite gentle. This will help the road to blow free.

We are also recommending that any wind breaks be not constructed close to the road. They may be constructed in the middle of the field. What this will allow to happen is: When the snowdrifting begins, it will allow the snow to drift up on the fields and not on the roads.

The other two types of roads there: We've got a main road into the area. We think that should be built to the secondary standards of the State. Then we have the access roads within the area and then, finally, the feeder type roads which will go into your individual farms. Those other roads are not quite so important as the access roads in the area.

We looked at the construction techniques. Basically, you have two choices up here. One, is you can use roadside borrow method, which means clearing out the right-of-way, pushing your overburden to the edge of the right-of-way and then coming in and scooping up the underlying good material, which in this case, as far as we were able to tell, was sand. That would make a good combination. Now you scoop that up; you build your road with that and you take the material that you push to the side (the organic). You top this sand base with a gravel surface and that should hold up real well.

Another technique would be to clear the area and then come in from borrow sources and actually build your road on top of the ground with these borrow sources. We found by using the roadside technique, you can save approximately $30,000 per mile and build the same quality of road. There will be areas where we'll have to use borrow, but for the most part, we're recommending that roadside borrow be utilized.

In our final report, we're seriously considering moving this major access road down one section line and coming in -- bringing the railroad right along with it to the railroad right-of-way. The railroad authority has the right to obtain 200 feet of right-of-way throughout these places in Alaska. The land that's been passed onto Alaska has this covenant with it. It will take the cooperation of the railroad to this, but, if you take the 200 feet of right-of-way that's available from the railroad and plus the 100 feet section line easement; put the two together and you'll have a total of 300 feet and that will make a good transportation corridor. And, if that's possible, that would be the best route to go.

The layout, of course, is based upon parcelization. I'm talking about the layout in the area. There will be a mix of farms in the area, as far as we're able to tell; some grain type farms; some gardening type farms. Each of these require different sizes. We have tentatively divided up the area in parcels to match the size of farms that's needed for whatever they will be raising there. We've done this basically on a soil basis. If the area has excellent soils, that would probably go into truck farming and we made those smaller parcels. If the soils were not quite so good, then we went to the grain size areas. However, as Jack pointed out, all of that parcelization in the area there is 'cast in jello' at this point.

We are recommending that you go along the section line easement, because that is a good way to get land, and, that's also the way the land is broken up when people are disposing of it.

Okay, what needs to be accomplished at this point? No. 1, your right-of-way needs to be settled. There are several ways of obtaining rights-of-way. One is with all of state lands, there is a right-of-way that can come with it on section line, which is basically 50 feet on each side of the centerline. On Federal Lands that were homesteaded between such and such a period, there's a -- some periods there were no right-of-way and some periods there were 33 feet and other periods there were 50 feet. Most of this would be involved in state land, so it would have a 50 foot right-of-way available on the section line.

In this day and age, we need a permit to do most anything. You have to have a permit to investigate and you have to have a permit to construct. We have already started the process rolling on those permits, so hopefully there would not be any hangups on that.

If we want to fast tract this project and we plan to have it under cultivation in '82 or '83, that means the one key has to be unlocked this year. That's the transportation. You have to be able to get into the area; get the machinery into the area. That means that the field work needs to be done this winter; there's some extensive drilling that has to be done on the bridge site and there's some centerline drilling that has to be done to verify what we think is out in the field. Then it has to go into a project design and let our for contract.

We've looked at some of these problems and we feel that the funding that's needed for this should come through the Local Service Roads and Trails Program. We feel that that particular program in the State Government has been an excellent program.

For one thing, it obligates the State to maintain it after it's done, or at least to make sure that it is maintained. It doesn't mean that the State has to come out and maintain it, but it does mean that maybe the City of Nenana could maintain it. But, it makes it eligible for Revenue Sharing. That's different than the Access Program under the Agricultural Act within the State Government. It also allows the use of imminent domain and all those other powers available to the State to acquire right-of-way.

We're recommending that the funding for this project be funded through the Local Trails and Roads Program. We think that's the most efficient way of doing it. Having worked with this program, it's a very flexible program and can be utilized very efficiently.

I'll be open for questions if at any time you'd like to ask and I'll try to answer. Thank you.

* * *

Mike Tinker - Transportation Workshop

We didn't come up with any big surprises in transportation because I think the consultant covered it pretty clearly.

This morning, however, we did have the unique opportunity for the Alaska Railroad and the Department of Transportation and the Department of Natural Resources and the City and the consultants to sit down and talk together in a format other than one originally structured in the office. I think that there was some good interplay there. And, those members of the public who were with us would agree that it was a very amiable discussion among the various agencies that will have to come together -- to come to grips on whatever transportation structure is determined to be suitable here.

We did talk about access point in respect to Nenana as the population center and possible alternatives. All we did there really was to bring out a few statistics that didn't come out in terms of the distance of trying to go around through Rex, or something like that. Bob, as the consultant, in his report this morning referred to the fact that it is quite a bit farther and it would be more expensive to build more roads. We drew out of him the fact that we're talking about plus or minus 30 miles of road one way, which, of course, would necessitate a rather lengthy round-trip if you were to go to Nenana, down south and back over into the AG area.

We did talk a little bit about the bridges and what would be required to come up with designs and plans and construction of plans and then operational systems on the bridges, beginning with the on-site surveys that we understand are going to commence here pretty soon.

I talked a little bit about the combination of railroad and highway rights-of-way with respect to getting enough right-of-way to provide the transportation corridor.

We also talked about the fact that there would be about 28 miles of main road in this Phase 1, of roughly 18 miles of main road and 10 miles of collectors and feeders. We questioned Bob on the availability of material sources and he responded, 'The plan was to develop that, in relation to the centerline survey and material investigations, that will go on there in conjunction with the bridge site surveys and others'.

They expected geological formation with the sand under a top soil there. That's based on previous drill logs and whatnot from the area. We found out, just when we were concluding our meeting, that there is a fault located just west of the Nenana River that will have to be considered as a design constraint for any of the structures. And, that we should probably expect some frozen soils just off and adjacent to the active flood plains.

The consultant's final report on transportation incidentally is roughly due February 15th for those of you who are time-tracking this thing.

We talkd a little bit about maintenance of whatever road structure or transportation structure would be there. The consultant recommended that, if the road projects were to be funded under Local Service Roads and Trails, that then the State would have a responsibility for maintenance, whether they did it themselves or provided through the City of Nenana or others to do it.

The City commented that: If they were expected to do that, it would probably about double the amount of energy that they would have to put into maintaining road systems now. Of course, we would interpelate that to be 'full manpower and equipment', to reasonably meet the needs there.

We talked a little bit about the relationship of the timing of the project, in terms of building the bridges and getting access, and that kind of thing. Because of the time needed to build the more comprehensive structure such as the Nenana River bridge, it should be fairly obvious that, whatever access has gone in there (if we're going to go to some type of clearing fairly soon -- I don't want to steal George's thunder on clearing and whatnot,) but, the access will probably have to be provided around those structures in some type of winter trail, or something around the bridges for now, because the bridges will take at least a year and a little more to complete, once they're started. Obvioiusly we're not ready to start them today.

We just briefly commented on the fact that the clearing versus access problem recalling the Department of Natural Resources agricultural discussion this morning, that there was no policy on the required clearing of all the farm land prior to disposal, which is something that could keep the disposal on track if access were a key in the clearing concept.

We also talked about the potential of a railroad tie-in with the existing system. There doesn't seem to be any particular problem in the configuration of the main tracks here in Nenana and getting a spur that would then cross the Nenana River and then go west, either into the agricultural area or farther west from there in time.

We did talke in a little more detail than Bob did this morning about river transportation and kind of got to the point where, because of the late season expected in the harvest of both of the grains, for example, it probably wouldn't be appropriate to consider a water borne transport for that particular agricultural product, because the water, in fact, has early freezeups, which preclude getting a boat down the river. Also, they've considered that, and the only possible markets then really that they can get to via water borne transport would be on the foreign market, once they had them loaded onto a ship.

We talked a little bit about the existing trails in the area, which we recognized probably as some eariler rights-of-way and surveys that were put in as a result of some eariler surveys for various transportation links such as rail corridors. These were surveyed years ago. Some also that were probably used by local trappers on and off. It was thought by those who have good familiarity with the area and who fly over it a lot, that in the disposal area itself right now, there was probably not much use of the area for transportation. The question was aksed: 'Would you see many snowmachine tracks if you flew over it this afternoon?' The answer was: 'No, you probably wouldn't except for the main survey line, trapline trail.'

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Consultant for the Livestock Industry
Kathy Schedler, Ellerbe, Inc., Fairbanks
Representing Featherstone Corporation, St. Joseph, Missouri
Livestock Work Shop Moderator
Alan Epps, University of Alaska, Fairbanks

Livestock

Jerry Smetzer, coordinator for the program stated the City of Nenana had applied for necessary permits and have been working closely with HDR and ATC on transportation. They were about to put out a request for bids to conduct centerline surveys; soil sampling and, in particular, bridge core-drilling which has to get underway very shortly. The core-drilling information will be available for bridge design. The bridge design has got to be completed and ready for bid by this spring.

The position of the City has been very stong in saying that: It's important to look at the local market; it's important to see these studies take a close look at that market that we can best serve in the early stages of argiculture.

I think again, without presuming to say anything about the livestock report, that point was made clearly by Mr. Wilson of the Featherstone Corporation. It's been an important feature of the City's development of agriculture in the region. It's very important that we be able to serve that market which we are best able to serve. That's an important part of this whole project.

Another important part of the City is: Whatever the development is out there, that it make a contribution to the City's economic base over the long term.

Ms. Kathy Schedler of Ellerbe, Inc. Ellerbe is associated with Featherstone Corporation of St. Joseph, Missouri. They are under contract to the City to investigate the Livestock Industry; to present to us a course of action for developing that industry based on the production of livestock at Totchaket.

Ms. Kathy Schedler of Ellerbe, Inc., representing Mr. Ted Wilson: Due to the time frame, certain assumptions had to be made. Hopefully, all these assumptions will be verified by a report. One of these assumptions is: That the Alaska Livestock Industry will follow the same economic and marketing trends of the lower '48. This is to say that the product and services demanded by Alaskans will have the same economic portion on them as in the lower '48. An example of this assumption is that the red meat per capita consumption is the same here as in the lower '48. An example used in this report is: The lower '48 has found that shipping light weight animals to grain sources is more profitable than shipping grain to the animal.

Another assumption is: Freight rates from Seattle to Alaska for chilled food stuffs is $12. per hundred weight. The most pivatable point of the American Beef Cattle Industry is the feedlot segment. Both the cow-calf operator and the packing house operator have large firms and fixed investors, which means that both must look at the long-term to make a return on their investment. The feedlot operator has a relatviely small fixed cost basis in his operation and can increase or decrease his inventory rather quickly in response to market conditions. A a result, neither the cow-calf operator nor the packing house operator will make the necessary investments to start operating with a stable and long-term feeding operation, guaranteed. The cow-calf operators will not grow beef cattle if there's another feedlot to finish these cattle. Without a feedlot to which he can send his cattle to cow-calf operator, he must finish his own cattle which often requires investment and equipment beyond his cow investment as his means. Rarely has the cow-calf operator been big enough to build an economically efficient feedlot for finishing only his own cattle.

The packing house operator has a large front end investment in drilling and equipment. He cannot afford to have his investment sit idle for lack of cattle to kill. If a source of cattle is available; he can sell approximately; he will then make that long-term investment.

For the above reasons, the Alaska Beef Cattle Industry, beginning with the cooperative feedlot and packing house combination, by the cooperative having both operations under control, two objectives are then met. The cow-calf operators see the long-term investment in the packing house and the feedlot as a place to finish his cattle.

The Packing House and Feedlot Operations can import feeder cattle from the lower '48 to start the operation and to fill-in in times of inadequate supply for a short run. The importation of live feeder cattle is not a long-term, economically feasible option, but must be treated as a short-term cost to start up the industry and cover short-term supply problems.

The Packing House operation may or may not be physically located next to the feedlot. The feedlot needs a good sized piece of land that is relatively inexpensive; not too close to a population center. The Packing House, however, needs very little land, but requires a lot of utilities in the form of electricity, water, sewer and cheap energy to produce steam for rendering by-products. By having the packing house a co-op venture, several advantages are obtained. First, the cow-calf operators, in the feeder industry, will feel more secure in investing in their herds, knowing they are part-owners in the co-op packing house.

Several of these operators expressed reluctance to expand, if a packing house was built by private or governmental means. Second, a packing house, if a cooperative venture, can be a source of information gathering into semination for the rest of the industry.

Grade and yield information regarding certain lots of cattle will be given to member operators to improve their feedlot techniques.

Thirdly, to disperse information gained from research facilities in Alaska and the lower '48. To report would be a natural function. To start the swine industry in Alaska, many of the same problems exist as for the Beef Cattle Industry. The packer and processor will not fill the plant without a supply of swine to slaughter available. Likewise, the sow and feeder pig operators will not produce without processing units available for their end product. We suggest from start to finish that a swine slaughtering facility be built in conjunction with the beef slaughtering facility. No comparable feedlot operation for slaughtering would be necessary, due to the nature of the market.

Swine reproduce and grow much more rapidly than cattle and the pounds of the product deemed are less. As a result, if relatively few operators are given incentives to enter the swine producing segment of the industry, starter feeds of the plant will be satisfied.

There are already a few confined swine breeding and finshing operations in existence in Alaska. Undoubtedly these operators have a processing plant available and were given some incentives to grow. They would serve as good examples for others to enter the business.

Within one year after processing each stock, an operator can be producing 2,000 to 2,500 animals per year. It is also estimated, within four (4) years, that a good operator can have extension operation, and a basis for no additional breed stock would be needed. Having such a closed out operation greatly reduces these problems which plague many of the operators.

The swine industry would naturally be part of the co-op and would probably be a large purchaser of feed mill products. Of course, specialized research develops needs of the industry and could easily be supplied by the co-op.

It has been estimated that 90% of the meat consumed in Alaska is brought in from the lower '48. Most of the meat arrives by barge, airplane or truck to a central distribution plant in either Anchorage or Fairbanks. That central distribution plant would be the same as the processing unit for transportation purposes. As a result, we can look at the freight factor from Seattle to Anchorage or Fairbanks as the economic differential deposit by Alaska.

Alaskan livestock processors must produce meat FOB manufactured differential less than the freight factor. This is to say that the added cost of producing the product in Alaska, due to climatic and economic conditions, is less than the transportation factor; then the industry is economically feasible. By using this method to define viability of the local industry, one must assume that the basic industry is also viable. That is to say that the ups and downs of the short-term market experienced in the lower '48 are going to occur in Alaska. In the long run, however, it must be assumed that the lower '48 has a viable livestock industry, in order to compare the commerical cost of Alaska.

The transportation costs to Alaska have been identified as $12. per hundred weight. That figure will be verified by a report. The cost to deliver one head of beef to a central marketing place is $54. One head of hog is $16.30. The additional cost of raising and processing these species in Alaska must be less than these figures in order to say that the local industry is viable, in the long-term.

The cattle industry will be analyzed first. The first segment of the industry is the cow-calf operation. The Kenai Peninsula, in the June 1980 Alaska Agricultural statistics showed (indiscernible) conditions, very similar to southern Missouri, Oklahoma, northern Arkansas, Tennessee area and the lower '48, which has figures that produce calves economically.

The calves coming from these portions of the lower '48 have traditionally been finished in western Texas, Arizona and northeast Colorado. The Kenai Peninsula can produce 400 pound feeder calves as economically as the lower '48 with proper breeding and poly techniques.

The next segment of the market is the growing and finishing of stockers and feeders. The areas best suited to produce barley have been identified as the Delta-Clearwater area and the Nenana-Totchaket area.

Experience in the lower '48 shows the cattle ideally should be grown and finished near the source of grain, which appears to be the barley producing area.

Transportation of calves from the southern area of growing and finishing areas of Alaska is no different than shipping them west or south, as is done in the lower '48.

The Montana livestock cooperative and the University of Montana Agricultural School are requested to work up the present stage; the least cost of feeding formulas and rates and daily grain. The rate of grain is estimated to be 10% rate of grain; was estimated to be 10% less in Alaska due to cold weather, which is a high differential in our opinion, and will give a conservative differential cost figure.

The feed conversion is estimated to be 6.5 to 1 for growing and 8 to 1 for finishing. The 10% slow rate of grain, which will be 10% in feed cost or $29.50 per animal differential with the lower '48. We are in the process of determining costs of confining the feeding of cattle, which makes it essential to reduce this figure. Once the cattle are finished, they must be slaughtered. Using figures of a large beef slaughterer that we do consulting work for as a base which we'll determine the additional cost to process beef in Alaska is approximately $5.06 per animal. Adding the increased cost of feeding and the increased cost of slaughtering, and the differential cost of beef produced in Alsaka, $34.56 per head; this figure being less than $54.00 proved the beef industry in Alaska is very definitely, economically viable.

To determine that viability in the swine industry, it is considerably less complicated due to the confinement method of feeding. It has been estimated that 50% of all commercial pork production is presently done in confinement. In confinement with temperature and humidity control, swine will grow at the same rate as in the lower '48. The cost of construction and operating the confinement unit will be greater, and these increased costs must be compared to the $16.32 per head to determine viability.

The cost of constructing a confined hog operation in the lower '48 in $375,000 for a 144 sow operation. If you use approximately 20% higher construction costs because of freight and labor costs, the added 20% would make the unit cost $450,000 for a difference of $75,000. If that difference is advertised and depreciated over the 20 year life of the building on the basis of 2,500 head per year, the added cost amounts of $1.50 per head.

If the additional money required could be borrowed at 10% interest and dispersed over the same 2,500 head annually, the added interest cost would be $3.00 per head.

The added power cost to heat the building and the waste products has been estimated to cost $3.00 per hundred weight of finished animal or $6.60 per head. The total added cost to raise swine in Alaska is $11.10 per head. As with beef, swine will have addtional cost of slaughtering because of climate, relatively small capacity and added power costs.

We estimate that these costs will not exceed $1.25 per head. When $1.25 per head is added to the $11.10 added raising cost, the total added production cost is $12.35, which is less than the $16.32 presently used to transport fresh pork to Alaska. Without a doubt, the swine industry in Alaska is also economically viable.

So, from that assumption, we then went on and said, 'Well, what will it cost to set up a livestock industry in Alaska'? In a quick summary of that:

We need the processing units; the cow-calf operation; feed mill and lots and the swine operation. We came up with a total initial cost of $55 million.

The figures are the cost of building and inventory only. The decision is: Whether this investment by the State or its residents is worth the return of 25,000 head of cattle and 80,000 head of swine produced per year? In making that decision, not only should the process be considered, but also the balance of the added costs which will stay in Alaska instead of going to Seattle.

At $54.00 per head for cattle and $16.30 for swine, the total figure that stays in Alaska is $2,000,064 per year. It also must be remembered that this figure will grow if the industry gets more than the 50% of the market or if the population in the railbelt grows.

Additionally, the normal process made by the lower '48 in the cow-calf operation, the feed mill and the feedlot operation, the confined feed operation and the processing unit will be made in Alaska and stay in Alaska.

The summary of these average processes we will put in the final report. The State of Alaska will gain many additional benefits as well, such as the job to create increase in industrial tax base and decrease independence on the shipping yard in Seattle.

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Report of Grain and Livestock Workshop

Alan Epps, Grains and Livestock Workshop: We started out by taking a look at the four basic, broad assumptions that the contractor put forth in their summary report in our handout. Those being, the cost factors which were dealt with in arriving at the feasibility of the project and the possibility of producing cattle and swine primarily.

It was pointed out and discussed at some length that although the numbers may change over time, one of the things that we find in many of these studies is; that when you take the added cost feature versus transportation cost, the relative position does not change over time. Many of the projects that we're looking at within the State of Alaska apparently do, indeed, look good on paper from that standpoint and we have to deal with other issues that are the stumbling blocks.

There are three other generalized areas that we looked at: 1) The market itself (relative to the railbelt and capturing 50% of it). 2) The cooperative approach (and the importance of that). 3) The $55 million financing that they propose as the initial cost of the effort.

One of the things that was pointed out in the discussion group was that the study limited itself to cattle and swine. There was a feeling on the part of most of the people there that there were some other options. Some of these options may be dependent upon the initial development of the cattle-swine industry from a processing standpoint and for the major infrastructure. There were other critters that might fit into this scheme and this part of the world.

It was suggested that fowl for one, was a key thing to take at look at; both egg production and meat production of various fowl. Another animal was suggested that might be worth exploring -- the buffalo and its relationship with cattle (beefalo) as another possible animal which could fit into this enviornment and utilize the kinds of habitat we're looking at out here.

One of the things that was discussed in some detail was the location of the processing plant itself, whether it was one single plant in a certain area or whether it may be someplace between here and Fairbanks and have satellite plants which may be as far away as Delta. This is another issue that the consultants might want to take a look at.

A key that relates to this processing plant issue is the utilization of waste products. It was pointed out that in many parts of the country presently the proceeds utilizied from the waste products quite often pay for the processing plant's operation. The rest of it then becomes profit or its benefits are related back to the producer.

The question that was dealt with somewhat in the Design Group in addition to our group was over 'parcel size'. There is a need to take a hard look at this. One thing that was pointed out was: "It may, indeed, require vast acreages if you're going into a calf-cow operation and graze these animals."

In relationship to this, the question was also asked: "What is the best use of Class II and III soils?" Can we really afford to put Class II and III soils into forage production versus some other more intensive return crop?

(Vegetation or something else I would assume. This is an issue; the State and the people involved in this planning process are going to have to examine. Are there Class IV soils -- generally across the nation these tend to be the soils in the grazing areas? This is something we need to look at, to see if at the fringes of this large block of Class II and III there are soils for grazing areas.

One of the things that was pointed out was: "Although, historically, it's been assumed that the best grazing areas in the State fall on the Kenai and Kodiak areas and out on the Aleutian Chain, it isn't always true." One thing that was pointed out by people who are actually 'in production' here in the valley, as well as some of the research staff, is that it's cheaper to winter a calf in the Tanana Valley than it is on the Kenai Peninsula. This may change the economic influence as we begin to get into these projects at larger scales. It may change the way we address how we develop the project and where the processor draws it products.

One of the main issues that this study is based on is: Capturing 50% of the railbelt market. There were several people within the group who have had upwards to 20 some years experience in trying to break into some of these markets in Alaska. They related to the group some of the problems that they have had and some of the things that will have to be overcome if we are going to do this. This is something that was suggested that the planning group may, indeed, want to look at. They've questioned whether or not the 50% of the market is realistic. It seems logical that to break into the first 30% is real easy, trying to capture that additional 20% might get to be tough.

An issue was raised over the phases of the project. The group questioned the existing report where the contractor indicated that the phases over time will be dealt with in the final report.

One of the things that came out loud and clear is a typical situation of an outside consultant. I say that because one of the returns pointed out in the summary is the benefits in the form of taxes. In this state and the next legislature, taxes (from a state standpoint) may become moot. There was some Alaskanization that might be included in this report before it is in the final stage.

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Vegetables

Consultant for the Vegetable Industry
Eugene Whiting, Little Goldstream Associates, Nenana, Alaska
Vegetable Workshop Moderator
Sig Restad, Palmer, Alaska

Mr. Eugene Whiting is associate with Homan-McDowell of Juneau and Professor Don Dinkel of the University of Alaska for expertise in the vegetable industry.

The overall picture of developing the Totchaket area -- compared to hundreds of thousands of acres for livestock and cattle, we're only talking about thousands of acres for vegetables.

In our contract with the City, we have to: 'Research, survey and recommend a course of action to establish an economically viable vegetable industry project.' This includes many facets of the market, to say the least.

The fresh market, for instance: There is enough land in private hands to satisfy the fresh market many times over. Much of this land is already centered in the main population centers.

To get even with the Processing: Why do we have to have processing? Obviously, vegetables area perishable. If you but into the year round market, they have to be processed. What I have come up with is: The only hope is a frozen vegetable industry. You're shipping full cans up here, you may as well ship enough (indiscernible - manner of speech).

To get into the frozen vegetable business, you need a sizable market. This is the same problem with the livestock business and everything else. The market is so small in Alaska. Well, what is the market?

According to the consumption figures that we dug up, Alaska consumed 15,670,000 pounds of frozen vegetables this year. This rises as the population increases, of course.

They've come up with a market share of what we could hope to sell. We took two-thirds of the Institute of Markets at half the retail market. We came up with 9,765,000 pounds of frozen vegetables that could be processed and sold, if you could meet that share of the market. 82% of this fails. That's a tremendous amount.

It takes about 10 million pounds of product to make a small plant feasible. We're right on the edge; according to that number, which has probably gone up in the last years. This was several years ago. We're right on the edge of having a viable vegetable freezing project. In fact, I'd go out on the limb right now and say, 'If you could process potatoes alone, which is 82% of the market, and capture the market shares that we have estimated, which equals 62% of the overall consumption of the State, you'll make money off of it.' Some of the people in the audience and some other authorities say just the opposite. We are right on the edge of having the necessary volume, the necessary market to support its own vegetable freezing operation.

Now, that's the good news! The bad news is: The rest of the vegetables that should be grown in Alaska are pretty much losers except for potatoes. Not so much from processing itself, but a farmer just cannot make much money growing (indiscernible) at the price a processor can afford to pay, and that processor is seldom on the market.

The high freight costs are an extra advantage actually for vegetables opposed to livestock, because vegetables are a much lesser value product per pound. The freight, therefore, is a much higher percentage of the value.

The 22% of the wholesale price of frozen potatoes is freight. It can cost us 22% more to develop frozen potatoes and still keep the market.

The problem with the other vegetables is that the market is just so small. Here are some numbers; this is a preliminary report, but we're going to be real close. Okay, it would take only 847 acres to provide all of the potatoes to supply the forzen vegetable market.

The next one is seven percent (7%); is peas. They can be supplied on 301 acres. Peas are really a loser for the farmer if he has to harvest them himself, which he won't because the processing plant who own the pea combine, which is a $130,000 piece of equipment by itself and do the harvesting but according to our figures, the farmer would make $389 an acre, gross on an acre of peas. That's not a lot of money.

We're talking about potatoes, peas, broccoli, cauliflower, carrots, brussel sprouts. The gross figure that I came up with; the farmer would gross $1,252 for a acre of broccoli, but it only takes 69 acres to supply the Alaska consumption. Here we get into the problem where the farmer could make some money per acre; perhaps not enough to do it fulltime which isn't the volume of market.

So, if we are going to develop vegetable processing or vegetable farming, we're going to have to put more emphasis on the serious 'part-timer' and develop it over a period of time as the marketing increases and the population grows.

Now, what about the foreign market? We just can't afford to take a chance and get into the foreign market right now. For instance, Japan alone imports to the United States 6½ times as many frozen vegetables as Alaska consumes. If you're going to try and make a dent in the foreign export frozen market, 80% of your planting capacity would have to be geared for the foreign market. I don't think that anybody can take the risk of building five times the plant that would supply Alaska and some of the folks overseas; at least, not right off.

The industry is dependent soley upon a solid domestic base.

Then we come to the problem: Potatoes are the only thing that is going to make money. Can we make an effective penetration into the local market with only one product" That's a good question. Where we are right now -- we'd have to talk to retailers. But I really don't think so.

The other way around this situation is to sit down and figure out how much we can afford to pay a farmer for his product if it's sold; all the other vegetables other than potatoes at cost. This would be based on cooperative type endeavor where farmers, of course, own the processing plant and, therefore, they are working to build the market and take advantage of the overgrades, so to speak.

In addition to, let me add, the 847 acres for a frozen potato market -- there could be another 515 acres added for the rest of the fresh potato market that's available right now. A considerable amount of potatoes are grown and marketed in Alaska, but according to the market data and production data I have, there's still room for another 515 acres. This would be graded out.

As far as the other fresh vegetables go, the quality clouding is just so small I can't see a processing plant really getting involved in marketing fresh vegetables as well as handling the frozen.

I think if an industry like this got started, someone would certainly jump in there and form a (indiscernible) in a central area from which to market the fresh vegetables in addition to the frozen vegetables.

This is all really tentative. I'll probably work up a scenario where the cooperative frozen vegetable plant was established with the farmers and the owners to supply the peas and potatoes alone. 301 acres for the peas and 1,362 acres for the potatoes. That includes the frozen (indiscernible). It will take 14 farms at 240 acres each. The reason I came up with this size was: I just sort of estimated the 100 acres of potatoes to make a living and added the 22 acres of peas. The reason I threw into the peas -- when you go into this business, you take advantage of the market; all the various vegetables. You're going to have to force people to grow some of these things whether they like it or not. People that would sell 100 acres of potatoes, have to supply 22 acres of peas. This is not a losing proposition for the farmer.

If the market was met right now at the wholesale price -- this is the retail-wholesale price by the way, and not the institutional wholesale price -- I would admit to having idealized most of these numbers. I have taken the large market numbers; I've taken the best wholesale price numbers, just to make this thing work out initially. But, there's enough extra, after doing this I think, that we can work back.

Okay, this enterprise could gross over four million dollars a year. That's a pretty hefty sum. I've come up with a cost of over three million dollars annually. It's going to cost me more than that because I'm still in the middle of it. It's enough to make me optimistic.

How much is it going to cost? I figure a capitalization cost of two to three million dollars. It's a wide gap there, but. . . An engineering study is being done in Oregon by a firm there that does engineering studies all over the world for special processing plants. Their costs and engineering analysis should be in this week.

If the additional crops, other than peas and potatoes, would only require another 145 acres total -- the problem that we run into here is that there just isn't enough acres of these diversified vegetables for anybody to make a full-time living at it. I think the State needs to address the serious part-timer, perhaps to a greater extent then they have.

As far as out here in the Totchaket area, I only come up with, right now, 3,360 acres for the 14 farms at 240 acres each plus another 1:5 farms of mixed vegetables. This is the actual crop (indiscernible) of the mixed vegetables. Right now, I'm trying to figure out how to break those up. If you have serious part-timers, they have to work elsewhere to make most of their money. That's a little bit far away from any industry right now.

I believe that there is room in Alaska, right now, to begin a vegetable processing plant. I'm just not quite sure where it should be.

Sig Restad, Vegetable Production in Alaska Workshop: We didn't have a very large group. I'm not sure whether our consultant scared everybody away from that table with his report or it was the report that there was a mystery moderator and they didn't want to get involved in any further mysteries today.

It seems as though there is considerably more interest in other areas of discussion.

Those that were there did 'cuss and discuss' the processing possibilities a little bit. As was reported earlier, the Alaska market provides a rather small market from the industrial standpoint and presents some real problems in developing an industry adequate economy of scale.

They raised the question about the criteria about where vegetable processing should be. The few people who were there were of the concensus that such things as energy costs for processing; electrical energy, cost of producing steam and so-on; transportation and labor force played a large part in plant location. The availability of your labor force both for processing and for intensive farming operations may be more important than an extensive amount of land. The availability of large tracts of lands or large acreages per unit would certainly not be as important or necessary in many of the vegetable production systems as other types of agricultural pursuits.

There was some concern expressed about whether financing was going to be available. We talked about the financing availability, as it now stands, which is much larger than it was a few years ago, but was spread over 14,000 to 15,000 acres of AG production compared to 50,000, 60,000, 100,000 or up to 200,000 acres by 1990 plus new industrial investment. We may become spread, from a financing standpoint, more than a few years ago. I guess that's a challenge for people like Pappy Moss who are very interested in doing something about that.

One of the things that came out in the report by the consultant is the very significant lack of vegetable consumption figures and potential market data, such as movement of vegetables and the utilization by Alaskans compared to the national standard per capita consumption. From what past experience we've had, the material figures may not be applicable. This lack of knowledge yet to be addressed by someone in the State could be a sizeable task.

The study was made on some assumptions as mentioned earlier by Alan Epps. Capturing a certain percentage of the existing market is a factor that probably needs to be addressed. We have, within the State, many present buying procedures by national chains. Markets such as french fries, and some others that have a significant volume handled by these buying procedures may be less available than previously estimated. It may be a significant portion of the industrial use.

I think that there was a feeling of optimism in that group that, 'Yes, something could be done'. There may be a potential for markets outside the State, but I don't think the consultant, or any one of use, has really guts enough to say, 'Yes, there is'! And, they'd want to commit a huge investment, at this time, based on the hopes that there would be.