



Community Economic
Development Strategy

CEDS



2011 Five Year CEDS Regional Project - Action Initiative

Title or Name of the Project:

Develop Region-Wide Mariculture Zoning

Motivation:

Developing a new mariculture industry based on growing shellfish, oysters, geoduck, clams and other species takes significant energy, vision and leadership from both the Federal Government which owns 95% of the land in Alaska and the State which controls the majority of the water. There is the potential to create a significant economy that is environmentally sustainable and will produce jobs for a year around work force. The preliminary outlook shows the potential of a \$20 - \$30 million dollar annual industry that creates 400 jobs. The mariculture industry can develop in a fashion that has little no or conflict with current existing uses of the land and water. This is a great opportunity for the government land stewards to help create a new industry that can generate jobs in economically depressed areas of the Tongass National Forest.

The history gained over the last 10 – 20 years from the pioneers in the mariculture industry has produced a few lessons. First, site selection is critical. This step should include a comprehensive approach that enables entrepreneurs to decrease the risk of investment, and mariculture zoning and clustering is one approach to this issue. Currently, batch processing is done every other year for permit applications, and the burden falls upon the applicant to identify an appropriate location. The time, financial investment, and risk of the unknown are all deterrents to applying for a farm site and investing in mariculture. Mariculture zoning initiatives would help create “clusters” of farm sites. Farm clusters in proximity to each other helps reduce the cost of operations and the risk of failure. The cluster of farmers allows for creation of cooperative processing facilities that lower costs. It allows transfer of knowledge and information. The cluster provides for a flexible workforce to help on the various farms in the area. Transportation of product to market is lower because of the collective volume of production. There is the opportunity to create cooperative sales and marketing entities to help maximize the penetration of certain market places and supply steady volume of product.

Access to seed is also critical- it is impossible to farm without a secure and reliable seed supply. Transportation of materials to the farm and products from the farm to market is critical in the cost of operations. Training and education in terms of best management practices, biological advantages and threats, new technology, impact on growth yield, business management, sales and marketing are important to the success of every industry and business. But it is especially necessary in Alaska in the creation of an industry that is just getting started.

Objective:



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Create sustainable mariculture industry that supports vibrant coastal communities. This is especially relevant in the smaller rural communities throughout the Tongass that have been hard hit by the loss of fisheries related jobs, decline in the timber industry and slow down in tourism. The identification of the opportunity for a mariculture industry and an area for specific farm sites needs to include access to reliable seed supply, cluster development of farm sites, access to training and education and good transportation systems. These actions will help attract the new farmers and investment of private capital to build successful farms.

Obstacles:

Buy-in from all levels of State and federal Government. We will need Legislators to champion effort; and, Governor's cabinet, State and Federal Government Agencies, who play a critical role in water and land allocation, and processes involved in leasing.

The challenge is attracting new people to invest substantial amounts of private funds to build the farms, acquire the seed, buy or invent the equipment, obtain the training and education and locate the farm sites through the permit and license process of using public land and water. How to reduce the risk of failure is a major task.

Financing the building of new farms on land and water leased from the state and federal government with very little fee simple or private ownership is difficult. The Farm Services Agency is a reliable supplier of financing to new farmers, but terms can be improved to attract new entrants to invest in a sustainable business. The creation of "clusters" or the start up of a new farm in the close proximity of existing farms or other new farms reduces the risk of failure and increases the chances of the new farmer succeeding and repaying the start up financing.

There are many challenges in creating new initiatives. The creation or identification of specific areas that will assist new mariculture farmers to succeed is imperative to attracting the entrepreneur needed to build a new industry. The mariculture zoning initiative will help establish known areas that are biologically productive for growing shellfish, located in areas that reduce or lower the cost of operations, help to lower transportation costs and provide ease of access to communities. It also will resolve many of the user issues in a comprehensive manner, and increase the likelihood of a successful application and business. It does not cover all of the challenges and issues facing a new industry such as access to secure seed supply, training and education, financing, lower transportation costs and community support and development.

Outcomes/ Results:

Create an economically viable shellfish industry. Increase the number of permitted, commercially productive farms. Mariculture working group that can continue to address barriers to entry for mariculture entrepreneurs-including training and workforce development, seed security, financing, best practices, and public-private partnerships in developing the industry.



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Leadership:

Anthony Lindoff, Ha'ani/Sealaska
Mike Round, Assistant General Manager, Oceans Alaska SSRAA
David Mitchel, General Manager Oceans Alaska
Casey Havens, President/CEO, Yak Tat Kwaan
John Sund, Mariculture Advocate
Ray RaLonde, Sea Grant Marine Advisory Program Aquaculture Specialist
Tom Henderson, Oceans Alaska Mariculture Director
Rodger Painter, Alaska Shellfish Growers Association
Southeast Conference

Action Plan and Implantation:

1. Define Mariculture Development Zone concept, including role of local resident, regulators and policymakers, and industry.
Key People: Alaska Dept of Fish and Game, Alaska Dept of Natural Resources, Alaska Dept of Environmental Conservation, US Forest Service, aquatic farm industry, Native organizations and local communities.
Resources needed: Project coordinator with USFS, teleconferencing system and travel funds.
Timeline: 3 months
2. Identify candidate areas and proposed boundaries.
Key People: Aquatic farm industry, Native organizations, local communities, ADNR, USFS & ADFG
Resources needed: GIS mapping, teleconferencing, USFS coordinator, travel funds
Timeline: 3 months
3. Survey zones, identify potential farm sites, interact with local residents, and gather background data (land use classifications, human use, etc.)
Key People: Industry, user groups, local residents, ADFG, ADNR & USFS
Resources needed: GIS mapping, teleconference, funding for field work and reporting and community meetings.
Timeline: 8 months
4. Conduct public hearings and complete farm site classification process
Key People: Alaska Department of Natural Resources, Mariculture working group.
Resources needed: Funding for public hearings and farm site classification.
Timeline: 1 month

Performance Measures:



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1. Clearly identified Mariculture Zones pre-approved and permitted. Over the counter sites available for lease at any point in time
2. 10 new Mariculture farms (40 new jobs) in Southeast Alaska in the next five years
3. An active Mariculture working group

These are not meant to be the only performance measures for the CEDS. Most Planning organizations developing a CEDS will benefit from developing additional quantitative and qualitative measures that will allow them to evaluate progress toward achieving the goals identified as important in their regions

Funding:

<u>Phase</u>	<u>Budget</u>	<u>Source</u>
Mariculture Conference & Buy- In/Travel & Conference Expenses	\$10,000	USDA/USFS
Community Outreach/Travel & Meeting Expenses	\$ 5,000	USDA/USFS
Working Group training, education/Travel, materials for training, and instructors	\$25,000	UAS/USDA/USFS