

Financing Strategies for Communities

Alaska's Fishing Communities: Harvesting the Future

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Salmon Industry Example

➤ **Recognition of Problem**

- Salmon Forums
- Salmon Summit

➤ **Development of Solutions**

- Legislative Salmon Task Force
- Economic Analysis

➤ **Determine Funding Channel**

- Disaster
- Cooperative State Research, Education, and Extension
- Saltonstall-Kennedy Funds
- Southeast Sustainable Salmon Fund

Salmon Industry Example - Lessons

➤ **Recognition of Problem**

- Continue to develop the issue
- Educate policy makers - with economic analysis, reports

➤ **Development of Solutions**

- Goal setting at a local, regional and state level.
- Understand successful methods to achieve goals at that local, regional & state level.

➤ **Determine Funding Channel**

- Buy a plane ticket to Washington D.C. and Juneau.
- Gain access to top policy makers within government.
- Get dialed into existing programs and drive the creation of specific programs.

Economic Development

Economic development is a government (local, state, federal, other) effort to propel an economy to obtain a certain optimum status. Economic development employs government resources to accelerate development.

What comes first, community development or economic development?

Community & Economic Development

➤ Economic development is slowed and often stopped in a community bound by social distress.

➤ Quality of life aspects that government handles -

- providing and improving education
- mitigating social harm

are critical components of economic development.

Elements of Economic Development

➤ Resources

➤ Capital

➤ Physical

➤ Human

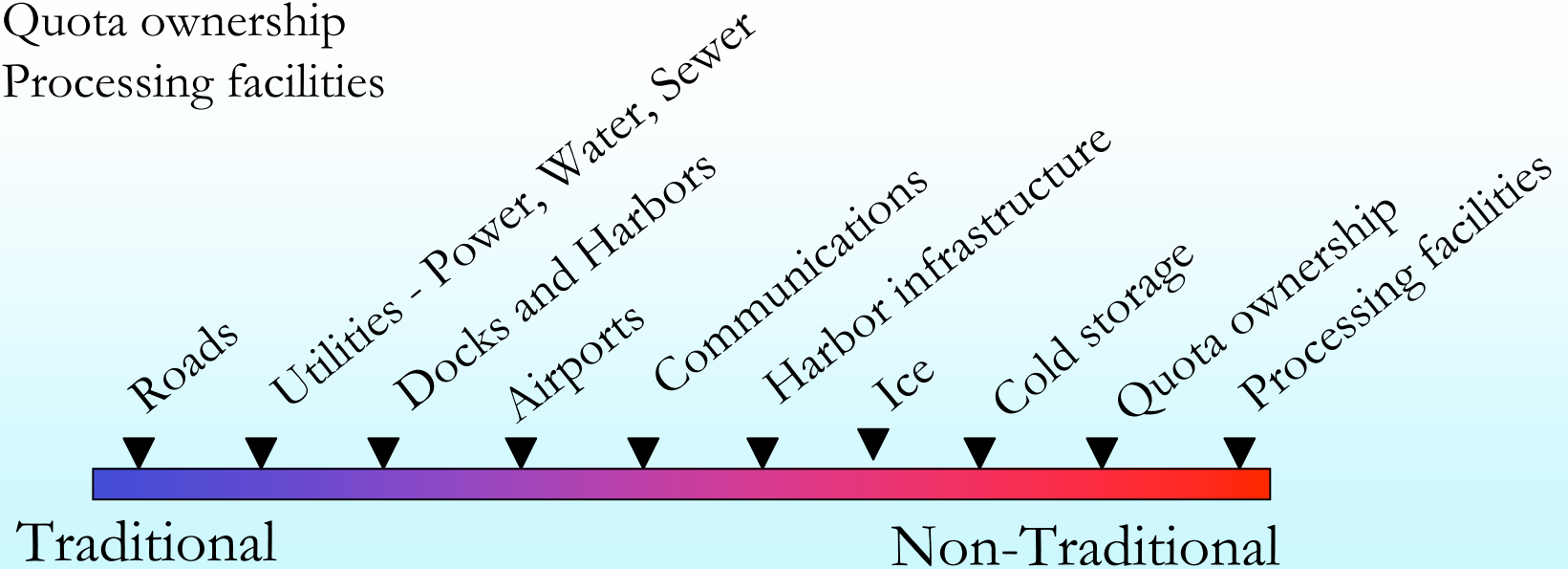
Elements of Economic Development

➤ Human Resources

- For Alaska, particularly in rural communities, nurturing and developing a stable work force is one of the greatest challenges/needs.
- Education beyond standard curriculum may be necessary to make local opportunities relevant to tomorrow's workforce.

Types of Fisheries Related Community Investments

- › Roads
- › Utilities - Power, Water, Sewer
- › Docks and Harbors
- › Airports
- › Communications
- › Harbor infrastructure - cranes, pumps, net repair locations
- › Ice
- › Cold storage
- › Quota ownership
- › Processing facilities



Different Approaches By Communities

➤ **Docks and Harbors**

- Dillingham and Adak

➤ **Ice**

- Angoon - looking for an operator
- Valdez - leased to private operator
- Haines - still under construction
- Kuskokwim - operated by the CDQ organization
- Bristol Bay - leased to private operators
- Cook Inlet Salmon Branding - leased to private operators
- Pilot Point - repairs to existing machine

Different Approaches By Communities

➤ Harbor Infrastructure

- Bristol Bay Borough - forklift
- Valdez - crane and fish pump
- Juneau - crane

➤ Cold Storage

- Ketchikan - voted down at the Borough level
- Petersburg - under construction
- Wrangell - in planning stages

Different Approaches By Communities

➤ **Processing Facilities - Equipment**

- Coffman Cove - equipment leased to local operator
- Wrangell - equipment leased to local operator
- Metlakatla - freezer equipment for community owned facility
- Elfin Cove - buying station
- Yukon Delta Fisheries Development Association - equipment leased to its for-profit salmon operation
- Valdez - fish meal plant - ultimately rejected
- Cordova - fish meal plant - ultimately rejected
- Kotzebue - two grants for processing equipment and facility improvements

General Observations

➤ **Public v. Private competition**

➤ Significant controversy over public v. private sector when moving into icing projects and beyond.

➤ **Handling of fish**

➤ Projects that involve handling the fish tend to be more difficult for governments to manage. Greater success in turning assets over to private sector. -- which brings its own controversies.

➤ **Public process slow**

➤ Non-traditional fisheries investments (ice, cold storage, etc.) often bogged down in the public process. Very difficult to launch.

➤ **Public and private investment**

➤ Investments that compete in the open market stand a greater chance of success if they are conducted with private investment and offers substantial rewards for the investor.

Community-Led Development - Things to Think About

➤ **Nature of investment**

- Traditional government investment? A road, dock, airport extension?
- Does this investment begin to move into the realm of running a business? Does it compete with the private sector? Ice machine, cold storage facility, processing plant?

➤ **How does the investment cover costs**

- Existing tax base
- Fee based
- Does it attempt to operate at a profit?

➤ **Who will manage the investment**

- Government entity
- A non-profit
- Lease to a business

Community-Led Development - Strategies

➤ **Caution when approaching a “business” investment**

- Unfair competitive advantage over businesses - governments/non profits often have deep pockets and will subsidize these activities.
- Can put a damper on innovation and productivity which may work in short-term, but long-term changes in the market may put impacted stakeholders at a major disadvantage.

➤ **Local governments are often pressured to provide an economic base when it is not there.**

- Approach this with caution.
- Developing the conditions that support economic activity are essential.

Thank you

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