

Agency: Commerce, Community and Economic Development**Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Alaska Oyster Cooperative****Federal Tax ID: 27-1552941****Project Title:****Project Type: Remodel, Reconstruction and Upgrades**

Alaska Oyster Cooperative - Upgrade Existing Building to a Shellfish Processing Facility

State Funding Requested: \$106,500**House District: 5 / C**

One-Time Need

Brief Project Description:

Upgrade existing building in Naukati to serve as a centralized shellfish processing facility for shellfish farmers in the Sea Otter Sound area. The facility will help create growth in shellfish farming estimated at \$3.8 million in economic output in this economically distressed community.

Funding Plan:

Total Project Cost:	\$229,500
Funding Already Secured:	(\$123,000)
FY2012 State Funding Request:	<u>(\$106,500)</u>
Project Deficit:	\$0

Funding Details:

This lot on which the unfinished building resides was purchased with private capital and is valued at \$56,000. The building was financed with private capital and is valued at \$67,000.

Detailed Project Description and Justification:

This project would allow the Alaska Oyster Cooperative (AOC) to upgrade an unfinished building to serve as a centralized processing facility for the growing number of shellfish farms Sea Otter Sound area. The shellfish processing facility would allow shellfish growers in the area to avoid having to construct and operate independent processing, shipping and marketing operations.

The centralized facility would eliminate the need for new farmers to invest about \$30,000 in initial capital to build a facility meeting state and federal requirements, and an investment of 25% of each farmer's time, according to industry surveys of active oyster farmers. The result is that farmers could concentrate resources and time to increasing production, rather than building redundant infrastructure and services and dealing with compliance to stringent state and federal public health requirements.

Completion of the project would provide the processing capacity to handle the production of many new farms beyond the 15 different farms now located in the Sea Otter Sound area. AOC estimates the processing facility could help generate \$3.8 million of economic output and support 50 jobs in the area. That would amount to an important new foundation for the area's economy.

The processing, shipping and marketing function is time consuming and expensive, and is cited by growers as a major

impediment to increasing production volume from their existing farms. Furthermore, it requires an entire additional skill set, which not all growers possess. The need to be good at so many different functions is a deterrent to many individuals with good aptitude as shellfish growers.

A centralized facility, serving a number of farms, can process oysters more efficiently and at lower unit cost, while ensuring more uniform size and quality grading. Farmers will see the regulatory and equity capitalization burdens of maintaining their own processing facilities eliminated, while having access to a facility that is superior to anything they could reasonably expect to build, operate and maintain on their own.

Our existing building for the Alaska Oyster Cooperative Processing Facility consists of

- 1200 square foot building
- Additional box storage in concrete floor
- 300 square foot connecting building
- Water pump, Pressure tent
- Large Rock Pad
- Metal siding
- Power to building on road system
- 2.7 acre lot, paid for Lot 6 Block 6

Lot 6 Block 6 is valued at \$56,000, existing building is valued at \$67,000 Total \$123,000. We have a 12year lease with option to renew, or purchase.

The \$106,500 capital budget request will be used to finish the facility to meet DEC requirements for a shellstock shipping facility capable of handling the production of all oyster farms in the Sea Otter Sound area. A detailed budget breakdown is included in the attachments, along with photos of the existing building and lot.

Project Timeline:

Construction will commence immediately upon issuance of a grant contract between the state and Alaska Oyster Cooperative and will be completed by December 2011.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Alaska Oyster Cooperative

Grant Recipient Contact Information:

Name: Michael Sheets
 Title: vice-president
 Address: P.O. Box NKI
 Ketchikan, Alaska 99950
 Phone Number: (907)629-4348
 Email: mskl@starband.net

Has this project been through a public review process at the local level and is it a community priority? Yes No

**Resolution of Naukati Bay Inc. a Community Association
Resolution No. 2011-9**

**A RESOLUTION TO SUPPORT THE JOINT RESOLUTION BY AND BETWEEN THE
COMMUNITY OF NAUKATI BAY AND ALASKA OYSTER COOPERATIVE (AOC)
GETTING A REGIONAL SHIPPING/Processing FACILITY SUPPORTING
SHELLFISH FARMERS IN NAUKATI AND PRINCE OF WALES ISLAND**

**WHEREAS, Naukati Bay Inc, a Community Association has adopted Resolution No. 2011 # 9
A Resolution to support the AOC Grant request for a Private Shipping/Processing Facility
on private property for Shellfish Farmers in NAUKATI AND PRINCE OF WALES
ISLAND_ and**

**WHEREAS, the Alaska Oyster Cooperative has identified as first priority the Alaska Oyster
Cooperatives Shipping/Processing Facility to help Oyster Farmers in Naukati and Prince of
Wales Island and lower the cost and time spent shipping and processing their product; and**

**WHEREAS, Naukati Bay Inc, a Community Association has adopted Resolution No 2011 # 9
A RESOLUTION TO SEEK FUNDING FOR THE FOLLOWING PRIORITY
PROJECT: Construct a Private Shipping/Processing Facility on private land to help lower
cost and time spent for Shellfish Farms in Naukati and Prince of Wales Island_ and**

NOW THEREFORE BE IT RESOLVED that Naukati Bay Inc, a Community Association adopts

**A RESOLUTION TO SUPPORT THE JOINT RESOLUTION BY AND BETWEEN THE
ALASKA OYSTER COOPERATIVE (AOC) SETTING A REGIONAL
SHIPPING/PROCESSING FACILITY FOR NAUKATI AND PRINCE OF WALES ISLAND
SHELLFISH FARMERS**

PASSED AND APPROVED by the Naukati Bay Inc Community Association on this

10 day of Feb., 2011

**Candy Hemple
Candy Hemple, President
Term Expires 2013**

**Kelly Zwick
Kelly Zwick, Secretary**