

Agency: Commerce, Community and Economic Development**Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Kaltag Traditional Council****Federal Tax ID: 92-0068214****Project Title:****Project Type: New Construction and Land Acquisition**

Kaltag Traditional Council - Fish Processing Plant Renovation

State Funding Requested: \$447,308**House District: 39 / T**

One-Time Need

Brief Project Description:

Renovate village-based fish processing plant to expand to year-round operations.

Funding Plan:

Total Project Cost:	\$1,437,308
Funding Already Secured:	(\$990,000)
FY2014 State Funding Request:	<u>(\$447,308)</u>
Project Deficit:	\$0

Funding Details:

FY2013 CIP -- \$60,000

Tribal contributions \$90,000 (2013)

FY2014 CIP Request \$447,308

Detailed Project Description and Justification:

Kaltag Traditional Council Legislative Capital Improvement Project Funding Request

Kaltag Fish Processing Plant

CIP FUNDING REQUEST

Kaltag Traditional Council is working on the upgrades and renovations for the fish processing plant. Kaltag Traditional Council is requesting a \$447,308.52 Legislative capital project appropriation to provide match funding to obtain an \$850,000 State of Alaska Community Development Block Grant (CDBG) for the purpose the improvements of the seafood processing center. The above funding sources, plus the \$140,000 that the community is adding to the project totals \$1,437,308.52 which allows the Traditional Council to make reconstruction improvements which will allow the seafood processing plant to be open on a year round basis with on site processing and value added products.

The project for the Kaltag community will consist of adding to, remodeling and bringing up to date the seafood processing plant. The seafood processing plant is managed by Ocean Beauty Seafood. A trial run was completed by Ocean Beauty for the commercial chum salmon fishing season for 2012. Using antiquated and lack of equipment for processing and harvesting chum salmon the commercial season will be determined to be a major success in that a potential for an economical and employment contributor for the Kaltag community was recognized. During the 2012 commercial summer and fall chum salmon season approximately 92 local Kaltag residents were hired by Ocean Beauty Seafood to work at the seafood processing plant. Being extremely limited as to the extent a salmon could be processed due to the lack of equipment, the salmon was cleaned and frozen. Lacking the proper processing equipment, frozen salmon were sent from

Kaltag to another Ocean Beauty Seafood plant for process completion. Local jobs were lost due to lack of processing and value added equipment, frozen salmon with approximately 35% of unusable product paid for the fish to be shipped. As fisheries are a seasonal employment event for approximately 10 weeks, the unemployment base in Kaltag, Alaska was essentially zero. With the Community Development Block Grant and matching funds the salmon fishery will be extended by months to create yearlong employment for Kaltag residents.

Kaltag ran out of workers and had to import more workers from surrounding regional villages. Approximately 130 jobs were created this summer by this seafood processing cluster. During the 2012 season, actual payroll checks were wrote to processing workers, trades people and fishermen. The goal of this project is to keep these jobs and expand upon them by fully utilizing the local salmon resources as was done in the past, and expand once again upon these historical employment numbers by producing value-added jobs, which were not normally produced in this area in the past. The Kaltag Seafood Processing plant has been in operation since 2007, and making significant progress every year since.

The planned renovations of the Kaltag Seafood processing plant will increase employment to 200 seasonal jobs and 25 permanent jobs at the end of a two year period. Heating the building will allow for rare full time employment for 25 people, and plant capacity increases will allow for harvesting our full quota of summer chums, which will conservatively produce 200 seasonal jobs (1-3 months). The plant hires many young people for their first jobs, providing them with their first references to future employment. Working with the Galena Interior Learning Academy (GILA), a 9-12 grade vocational boarding school, the seafood processing plant is offering internships to students, working under skilled trades-people at the Kaltag Seafood plant, continuing their education in a village environment. These students are young, and difficult to place in internships at this age, but the Kaltag Seafood Plant is one place they can intern. The Kaltag Seafood Processing plant fulfills one of the Kaltag community development priorities identified in their Community Development Plan and it will directly improve the economic welfare of Village residents. The total project is estimated at \$1,437,308.52 and the City and Native Village is working on funding from the State of Alaska Community Development Block Grant for \$850,000.00 and it requires a cash match. The City of Kaltag is matching with \$140,000 and that is why the Council requires the \$447,308.52 Legislative CIP grant.

NEEDS STATEMENT

The Alaska Division of Community and Regional Affairs and U.S. Census Bureau have the employment rate of Kaltag, Alaska at approximately 60%. With 60% of a community being at low to moderate income level having a potential employer who at times will employ almost 100% of the community is a God send that must be acted upon. The impact of this project will be the successful completion of all the necessary upgrades for this project. It will lead to the creation of local jobs that would be otherwise lost for lack of a properly equipped processing plant. The economic benefit from the renovation activity will have a multiplier effect on local business and the community.

The largest problem facing this region is the loss of the dried salmon market and having to re-start a fishery and transition from a market for salmon that no longer exists. Infrastructure and equipment to supply the human food market with summer chums salmon has never existed in this region, and the capital to acquire these improvements to re-employ hundreds of people in the region, is also non-existent outside of grants like these.

Salmon markets in the 1980-2000 struggled as salmon farming exploded onto the world market, along with tremendous growth in Alaska's salmon harvests driven by new hatchery production. Worldwide demand has caught up with salmon production, and is fueled by long term trends in population growth and middle class emerging markets appetite for seafood protein and salmon's reputation as an excellent source of the human essential nutrient; Omega 3.

Today there is a ready market for salmon flesh including the salmon from the Yukon summer chum. There are challenges with the low pricing of summer chum salmon flesh when coupled with the high costs of operations in Kaltag; Primarily transportation and energy. As you will see in the Scope Section below, these challenges can be addressed by significant

improvements in reducing total shipments, but increasing the value of what is shipped, along with transferring some of the plants energy supply requirements from diesel/electric to biomass (wood). Value adding also tends to increase the number jobs created.

This project has enjoyed broad support from not only the State of Alaska and ADFG, but also four corporations; Crowley Maritime, Lynden Transport Inc, Ocean Beauty Seafood's, and Kwik Pak Fisheries. Regionally Tanana Chiefs Conference, the Denali Commission, and the Yukon River Drainage Association have provided support too.

Finally, the market is ready, the resource is ready, the regulations are ready, the region is ready, and the time is now. Creation and retention of jobs is a high priority of the federal and state governments, along with the community. The related value-added products will lead to the opportunity to create sustainable employment to a chronic under-employed region of Alaska. The vast majority of individuals benefiting from the project are Alaska Natives. The project will save jobs that would be otherwise lost to increased stringent state and federal in quality control and seafood handling. The project will lend itself to improvements in the local production of food for domestic consumption. The major production from the facility has been to export to Asia (Japan in particular). The project will provide local workers with job opportunities that will improve their individual marketable skills. The renovations will lead to job spin-offs for workers in both Kaltag and other regions of Alaska with skilled manpower shortages.

Kaltag is located in the Tanana Chiefs Conference Region (TCC) as the Native Non-Profit Corporation. The jobs that would be created by renovations to the seafood processing plant typically have a large percentage of women in the work force. Likewise, throughout the fishing industry there are a large number of low to moderate income statistical workers. This project is supported by the Kaltag Tribe, as a valuable job opportunity for the tribal members, for the construction jobs and operational processing jobs created. The commercial fishermen, who will benefit from the seafood processing plant, are predominantly Alaska Natives. This region of Alaska along the Yukon River has one of the highest unemployment rates and families living below the poverty level (+80%). Beneficiaries of this project will include all residents living in communities along the middle Yukon River, most of whom are Alaska Natives, women and/or economically disadvantaged. Additionally, local commercial fishermen will have a market outlet for their harvest to be processed and produce a monetary product.

This project is constructed for the benefit of the community and no disproportionate adverse human health or environmental impacts relative to minority and low-income populations will result. To the contrary, this project will improve sanitation, food preparation, and hazardous conditions that now exist to the detriment of minority and low-income populations of the community. This project will result in the creation of youth employment and capacity building between communities along the Yukon River and the Fisherman's Association.

As previously stated, the commercial fishing industry is vital to the continued economic survival of Kaltag and the fishing communities of the middle Yukon River. It is the major private sector industry of the area, with few other options for diversification of the economic base.

PROJECT TIMELINE

Project Period March -- September 2013

Fresh Fish Entry	April, May and June 2013
Mud Room/Reception Entry	April, May and June 2013
Loading Dock Entry	April, May and June 2013
Clean Room	April, May, June and September 2013

For use by Co-chair Staff Only:

2:02 PM 5/9/2013

Total Project Snapshot Report

2013 Legislature

TPS Report 60539v2

Permanent Processing Equipment	March, May and September 2013
Permanent Freezing Equipment	March, April, May and June 2013
Electrical and plumbing	April, May and June 2013
Heating	March, May, June and August 2013
Worker housing	April, May, June and September 2013
Consolidated Freight from Seattle to Kaltag	May 2013
Final Engineering	March 2013

Contact Information

City of Kaltag	Native Village of Kaltag
Violet Burnham-Mayor	Donna Esmailka-Tribal Administrator
P.O. Box 9	P.O. Box 129
Kaltag, Alaska 99748	Kaltag, Alaska 99748
Phone 907-534-2301	Phone 907-534-2224
Fax 907-534-2236	

Project Timeline:

- *Fish Renovations April through June, 2013 -- \$850,000 CDBG, \$60,000 FY2013 CIP and \$90,000 tribal contributions.
- *Further fish plant renovations using request \$447,308 FY2014 CIP - July through September, 2013.

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

City of Kaltag and Native Village of Kaltag

Grant Recipient Contact Information:

Name: Donna Esmailka
 Title: Tribal Administrator
 Address: P.O. Box 129
 Kaltag, Alaska 99748
 Phone Number: 534-2224
 Email: esmailka@hotmail.com

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

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Academy (GILA), a 9-12 grade vocational boarding school, the seafood processing plant is offering internships to students, working under skilled trades-people at the Kaltag Seafood plant, continuing their education in a village environment. These students are young, and difficult to place in internships at this age, but the Kaltag Seafood Plant is one place they can intern. The Kaltag Seafood Processing plant fulfills one of the Kaltag community development priorities identified in their Community Development Plan and it will directly improve the economic welfare of Village residents. The total project is estimated at \$1,437,308.52 and the City and Native Village is working on funding from the State of Alaska Community Development Block Grant for \$850,000.00 and it requires a cash match. The City of Kaltag is matching with \$140,000 and that is why the Council requires the \$447,308.52 Legislative CIP grant.

COMMUNITY PROFILE

Kaltag is located on the west bank of the Yukon River, 75 miles west of Galena and 335 miles west of Fairbanks. It is situated on a 35-foot bluff at the base of the Nulato Hills, west of the Innoko National Wildlife Refuge. It lies at approximately 64.327220 North Latitude and - 158.721940 West Longitude. (Sec. 29, T013S, R001E, Kateel River Meridian.) Kaltag is located in the Nulato Recording District. The area encompasses 23.3 sq. miles of land and 4.1 sq. miles of water.

Kaltag Native Village is a federally-recognized tribe and is governed by the Kaltag Traditional Council. The population of the community consists of 91.4% Alaska Native or part Native. Kaltag is located in Koyukuk Athabascan territory and was used as a cemetery for surrounding villages. It was located on an old portage trail that led east through the mountains to Unalakleet. The Athabascans had spring, summer, fall, and winter camps and moved as the wild game migrated. There were 12 summer fish camps located on the Yukon River between the Koyukuk River and the Nowitna River. The village was named by Russians for the Yukon's called Kaltaga. A smallpox epidemic, the first of several major epidemics, struck the Koyukon in 1839. A military telegraph line was constructed along the north side of the Yukon around 1867. Missionary activity was intense along the Yukon, and a Roman Catholic mission and school opened upriver in Nulato in 1887. The number of steamboats on the Yukon, which supplied gold prospectors, peaked in 1900 with 46 in operation. During 1900, food shortages and a measles epidemic struck down one-third of the Native population. Kaltag was established shortly thereafter, when survivors from three nearby seasonal villages moved to the area to regroup. A post office opened in 1903 but closed in 1904. Gold seekers left the mid-Yukon after 1906, but other mining activity, such as the Galena lead mines, began operating in 1919. As a downriver village on a major transportation route, Kaltag witnessed rapid economic change. The post office reopened in 1909 and operated until 1920. Kaltag's first school opened in 1925. The post office reopened again in 1933. The old cemetery, which was located on Front Street, caved into the river around 1937. A watering point, airport, and clinic were constructed during the 1960s. The city government was incorporated in 1969.

Kaltag's residents are Koyukon Athabascans. The Stick Dance Festival draws visitors from many neighboring villages. This one-week festival of potlatches is sponsored by relatives of the

recently deceased, in appreciation of those who helped during their time of mourning. Subsistence is an important part of the local economy. Salmon, whitefish, moose, bear, waterfowl, and berries are harvested. Most cash jobs are with the tribe, school, local government, BLM firefighting, and commercial fishing.

The 2006-2010 American Community Survey (ACS) estimated 41¹ residents as employed. The public sector employed 29.3%¹ of all workers. The local unemployment rate was 59.4%¹. The percentage of workers not in labor force was 27.3%¹. The ACS surveys established that average median household income (in 2010 inflation-adjusted dollars) was \$21,667 (MOE +/- \$13,590)¹. The per capita income (in 2010 inflation-adjusted dollars) was \$13,632 (MOE +/- \$3,548)¹. About 32.7%¹ of all residents had incomes below the poverty level.

Piped water and sewer has existed since 1982 in Kaltag. A circulating water and gravity sewage system is used. Water is derived from a well and is treated. The majority of households are fully plumbed. A washeteria is also available.

The state-owned 3,986' long by 100' wide lighted gravel airstrip provides Kaltag with year-round air service. Barges typically deliver heavy cargo three times a year. Snow machines, ATVs, and riverboats are used for local transportation. The frozen river, local trails, and the 90-mile Old Mail Trail to Unalakleet are used during the winter for woodcutting and trap lines.

The area experiences a cold, continental climate with extreme temperature differences. The average daily high temperature during July is in the low 70s °F; the average daily low temperature during January ranges from 10 to below 0 °F. Sustained temperatures of -40 °F are common during winter. Extreme temperatures have been measured from -55 to 90 °F. Annual precipitation is 16 inches, with 74 inches of snowfall annually. The river is ice-free from mid-May through mid-October.

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