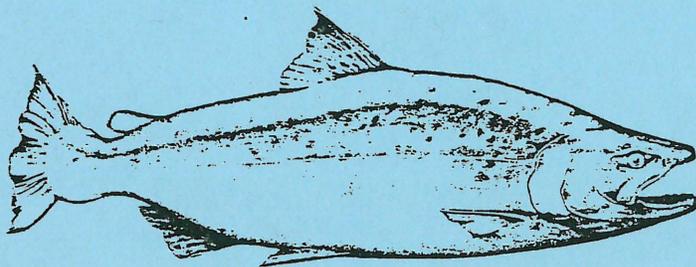


REPORT  
AD HOC  
FISHERIES  
DEVELOPMENT  
COMMITTEE

APRIL

1986



CITY/BOROUGH OF JUNEAU, ALASKA

AD-HOC FISHERIES DEVELOPMENT COMMITTEE

REPORT

Prepared for the  
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April, 1986

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April 7, 1986

TO: Assembly, City and Borough of Juneau, Alaska

Enclosed is the Final Report of the Ad Hoc Fisheries Development Committee, created by Assembly resolution on February 4, 1985. With issuance of this report the Committee will cease to exist. However, we trust that the recommendations presented will help guide Assembly policy in the future.

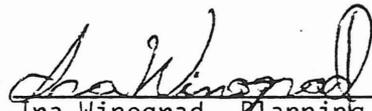
The main body of the report consists of specific recommendations for Assembly action. These are reported in a standardized format for ease of reference. Each recommendation consists of a project description, a brief narrative justification, recommendations for implementation, an evaluation of economic benefits, and a CBJ budget impact analysis. When appropriate, these action item reports are supported by appendices giving more detailed analysis.

The Committee wishes to express its appreciation for the opportunity to serve our community. We all feel very strongly that Juneau has much to gain by developing its potential as a fishing industry center. We have expressed this enthusiasm in our recommendations. After reading our report we hope you will share our optimism and act on our recommendations.

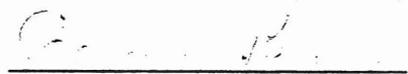
Respectfully,



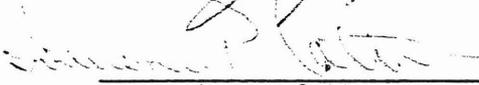
Gregory Fisk, Chairman



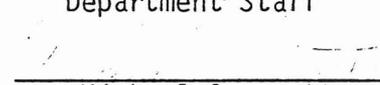
Ira Winograd, Planning  
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Geron Bruce



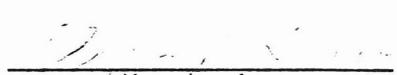
Larry Cotter



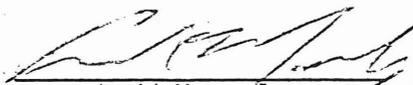
Michael Grummett



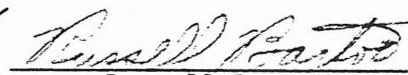
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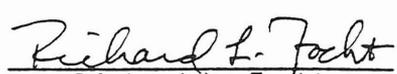
Max Lewis



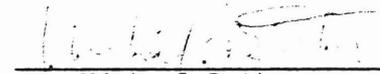
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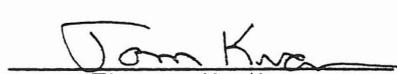
Richard L. Focht



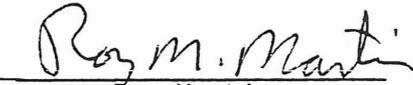
Michael Bethers



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Thomas M. Kron



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Steve Ignell

## EXECUTIVE SUMMARY

The Ad-Hoc Fisheries Development Committee reviewed five (5) fisheries development sectors which can contribute to the diversification of the CBJ economy. In alphabetical order these are: aquaculture, commercial, government, habitat, and recreation.

The Committee recommends the following actions:

### Aquaculture

Priority 1. Provide political support for aquaculture development.

### Commercial

Priority 1. Develop a commercial fisheries support facility. This facility should include dock, ice machine with storage, and prepared uplands available for lease to the private seafood industry.

Priority 2. Establish competitive seafood industrial water rates.

Priority 3. Dedicate fisheries business tax receipts for development of fishing industry infrastructure.

Priority 4. Modify the personal property tax as it applies to seafood business inventory, to encourage the retention of fish for local processing.

Priority 5. Encourage "Lower 48" fishermen to relocate to Juneau.

Priority 6. Encourage distant water fishing vessel operators to locate their headquarters in Juneau.

Priority 7. Improve harbor parking areas and regulations to facilitate access to loading ramps, vessels and other facilities.

Priority 8. Sponsor local seafood awareness weeks.

Priority 9. Host a Southeast Alaska Fisheries Exposition in Juneau.

Priority 10. Amend the Commercial Waterfront Residential (CWR) zone to allow commercial fishing gear storage.

### Government

Priority 1. Encourage the relocation to Juneau of National Oceanic and Atmospheric Administration (NOAA) programs and vessels which focus on Alaska or operate predominantly in Alaska.

### Habitat

Priority 1. Implement habitat improvement, rehabilitation, and enhancement program to protect designated sensitive areas.

Priority 2. Amend land use ordinances and procedures to provide more effective protection of fisheries habitat.

#### Recreation

Priority 1. Provide better salt-water fishing opportunities from public docks and mooring facilities.

Priority 2. Improve roadside fisheries access for residents and tourists.

Priority 3. Enhance charter boat sport fishing opportunities by developing charter boat reserved moorage facilities.

## INTRODUCTION

On February 4, 1985, the Assembly created an Ad-Hoc Fisheries Development Committee to suggest options available to the CBJ to stimulate fisheries related economic activity. Given the current drop in State oil revenue and subsequent decline in central state government employment, it is urgent that steps be taken to diversify the Borough's economy. Fisheries and related activities offer significant opportunities for development which are exceptionally responsive to local government stimulation.

Since the early 1970's, Southeast Alaska's fisheries have experienced a rebirth. However, Juneau has not participated in the industry's resurgence. In 1985, nearly 100 million dollars worth of salmon was landed in Southeast Alaska, but the total value of all seafood landings in Juneau is estimated at less than three (3) million dollars!

The Committee has assembled a set of specific action items which can significantly increase and diversify our economy through enhanced seafood resource utilization and expansion of fishery related activities. Many of our recommendations need little direct fiscal outlay. Those that require CBJ funds rely largely on funds already in existence and/or user fees for implementation and operation.

The Committee is very positive about the local opportunities for fisheries and related economic activity. However, our perception is not held by everyone. The 1984 Downtown Waterfront Study, prepared for the CBJ by Shapiro and Associates, described the fishing industry in Juneau in less than glowing terms.

"...Juneau is not considered to be a fishing port. The main fishing activity does not utilize Juneau. Therefore, the fishing industry of Juneau is not expected to grow."

Frequently cited opinions about Juneau's fishing industry include statements such as, "Juneau is not located near good fishing grounds." "We don't have a fishing fleet." "If there was money to be made in fishing here somebody would already be doing it." It is important to dispel these incorrect impressions, and to carefully analyze our realistic fisheries development potential.

### SEAFOOD COMMERCIAL RESOURCE BASE

Petersburg is generally acknowledged as one of Alaska's most successful fishing communities. Why is Petersburg so successful and Juneau so unsuccessful? The answer is not that Juneau lacks the fisheries resources of Petersburg. The Committee compared the quantity and value of seafood harvested in waters local to Petersburg, and local to Juneau. 'Local waters' are defined as those waters closer to either Juneau or to Petersburg than to any other city. These are illustrated in Figure 1.

Table 1 summarizes the results of our findings for the period 1980 through 1985. During that period, Juneau's local seafood resource base

significantly out-produced Petersburg's both in pounds and value. It is not a disparity in local resources which accounts for Petersburg's superior performance as a seafood economic center.

Fisheries Business Tax yields are a good indicator of relative economic activity. Municipalities receive fifty percent of the Fisheries Business Tax collected by the State. Petersburg typically receives nearly nine times more from "raw fish tax" receipts than Juneau (Table 2). On average, Petersburg exceeds Juneau in landed (ex-vessel) value by 19 million dollars (\$21.6 million to \$2.6 million).

The difference in value of fish products landed in Juneau and Petersburg is not due to inadequacies in our local fleet. Juneau has a large and active fishing community. Table 3 cites the number of Juneau residents holding limited entry permits and their gross earnings in 1983. Juneau has one of the largest resident fleets in Southeast Alaska with a total of 749 active fishing permit holders, including 98 power trollers, 125 hand trollers, 7 seiners, and 101 gillnetters. In addition, 286 Juneau residents are permitted to fish halibut.

Given our fisheries resource and the greater size of our fleet compared to Petersburg's, why are these resources not landed and processed within the City and Borough of Juneau? The answer to Juneau's poor showing as a fishing port is complex. The high cost of acquiring industrial waterfront sites in Juneau has been a major deterrent to the modernization and growth of seafood processing. The lack of basic commercial port facilities, noncompetitive industrial water rates, and general lack of recognition of the economic importance of the seafood industry may partially explain why the private sector has not invested in Juneau. By rebuilding our fisheries infrastructure and promoting Juneau and its facilities we can reestablish Juneau as a major seafood center.

Some of our key recommendations address the establishment of facilities which are vital for the maintenance and growth of Juneau's fishing industry. Lack of action by the community on these recommendations will likely result in further loss of fisheries related jobs. However, once in place, the recommended facilities will reverse the erosion of our fishing industry and provide a base for economic growth and diversification. The business activity of local fishermen and processors will be enhanced, and new seafood businesses will be attracted to Juneau.

#### GOVERNMENT AND EDUCATION ACTIVITIES

Fisheries related economic growth is not limited to fishing and fish processing. Juneau hosts a variety of governmental and educational institutions directly related to fisheries. These include central and regional offices of the Alaska Department of Fish and Game, the Alaska Regional Offices of the National Marine Fisheries Service (NMFS), the NMFS Auke Bay Laboratory, The University of Alaska, Juneau (UAJ) School of Fisheries and Sciences, and Juneau-Douglas Community College Marine Technology Center. Collectively, these institutions represent a major base of local economic activity. They also represent a fertile area for expansion. A number of our recommendations develop these opportunities. This set of recommendations offers the possibility of adding many jobs to the local economy, without major CBJ expenditures.

## ENHANCEMENT AND PROTECTION OF FISHERY RESOURCES

The Committee also addressed the issue of protecting our fisheries habitat, and the enhancing of our resource base through aquaculture. Specific recommendations promote improving the City's response to habitat threatening activities, and supporting aquaculture projects.

## RECREATION

Sportfishing opportunities are a good indicator of the quality of life and are an important economic activity. The committee concentrated on increasing sportfishing opportunities and amenities for non-boaters. There are recommendations for improving access to freshwater systems and shoreside marine sites, and for enhancing charter boat operations. Sportfishing is dependent on a productive natural environment. Therefore, the habitat recommendations are crucial to sport and commercial fishing.



TABLE 1

LANDINGS AND VALUES OF FISH AND SHELLFISH FROM THE LOCAL  
WATERS OF JUNEAU AND PETERSBURG, 1980 - 1985

	JUNEAU		PETERSBURG	
	Pounds	Value	Pounds	Value
1980	7,728,466	\$ 4,165,385	3,416,438	\$ 1,690,892
1981	8,122,881	4,493,139	6,002,841	4,150,722
1982	12,568,213	5,347,032	11,071,708	5,830,369
1983	4,103,250	1,857,612	3,691,367	2,110,075
1984	7,941,793	3,753,133	4,817,882	1,760,107
1985	17,644,644	6,565,120	12,863,830	5,207,091
TOTALS	58,109,247	\$26,181,421	41,864,066	\$20,749,256
AVERAGE	9,684,875	\$ 4,363,570	6,977,344	\$ 3,458,209

Source: Commercial Fisheries Entry Commission

TABLE 2

MUNICIPAL RECEIPTS FROM FISHERIES BUSINESS TAX FOR  
REPRESENTATIVE SOUTHEAST ALASKA COMMUNITIES, FY '81 - FY '84

	JUNEAU	PETERSBURG	KETCHIKAN	SITKA	WRANGELL	HAINES
FY '81	\$26,184	\$186,868	-----	-----	\$20,268	-----
FY '82	32,789	387,004	\$240,555	\$104,130	26,852	\$124,216
FY '83	56,108	330,262	277,350	392,976	26,975	105,741
FY '84	39,165	389,035	351,567	218,031	2,948	52,207
TOTALS	\$154,246	\$1,293,169	\$869,472	\$715,137	\$77,043	\$282,164
AVERAGE	\$ 38,562	\$ 323,292	\$289,824	\$238,379	\$19,261	\$ 94,055

Source: Department of Revenue

TABLE 3

PARTICIPATION BY CBJ RESIDENTS IN ALL ALASKA  
LIMITED ENTRY FISHERIES 1978 - 1983

	Permit Holders	Total Permits Fished	Total Pounds	Ex-Vessel Value
1978	969	1,141	7,360,004	\$ 7,232,067
1979	674	915	10,064,255	11,363,094
1980	619	836	11,807,429	7,698,658
1981	493	691	12,926,907	9,474,282
1982	478	701	15,627,842	11,791,241
1983	492	749	14,635,104	10,062,992
Average	621	839	12,070,256	\$ 9,603,722

AQUACULTURE

PROJECT: Encourage further development of the aquaculture industry in the CBJ.

JUSTIFICATION: Since state, regional and private nonprofit (PNP) hatcheries began operations in the mid 1970's and early 1980's, thousands of additional salmon have returned to the Juneau area to be harvested by the commercial and sportfishing sectors. While these results are encouraging, Juneau's aquaculture industry has not yet reached its full potential, especially in the private sector.

Of particular interest is the Douglas Island Pink and Chum, Inc., (DIPAC) proposal, to build and operate a large salmon hatchery at Salmon Creek. This hatchery would substantially increase the number of pink, chum, king and coho salmon returning to Gastineau Channel and the surrounding area, offering significant opportunities for the commercial, recreational and processing sectors. With respect to the latter, DIPAC has noted that several companies have come to Juneau expressing interest in investing capital monies in the Juneau area for shore-based fish processing ventures. However, much higher levels of salmon production would be needed. The proposed DIPAC facility should be able to provide the additional production necessary.

It is important to note that the Alaska Department of Commerce and Economic Development has placed a moratorium on Fishery Enhancement Loans for development of new hatchery facilities proposed after February 15, 1984. This decision has had serious consequences for new PNP hatchery proposals since PNP operators rely almost entirely on state loans for construction and initial operation. The decision was based on a recent study which concluded that while the state's present investment in public and private hatcheries should produce positive net benefits to Alaskans, further investments in additional salmon production overall are unlikely to produce similar results. However, this study was conducted on a state-wide basis and does not specifically address the potential impacts of additional salmon production to Juneau's economy.

IMPLEMENTATION: The CBJ is urged to support future aquaculture proposals that have significant positive impacts on Juneau's economy. Aquaculture shows great promise for the future and can contribute to Juneau's economy. Mariculture opportunities which conform to the Governor's policies should be promoted.

The Assembly has already adopted a resolution requesting the State of Alaska to approve the development of and provide a loan for the proposed DIPAC facility. This effort was a good first step but should be expanded to include lobbying of Juneau's legislators and the Governor's office. Senator Ray and Representatives Duncan and Miller should be requested to provide their support for the approval of DIPAC's proposal and loan request. Possibly, this hatchery development could be included on the CBJ's annual Capital Improvement Project Priority Request that is sent to the Governor.

ECONOMIC BENEFIT: Benefits include increased earning in the commercial fishing sector, increased sportfishing activity, increased employment and earnings in related support sectors, increase in jobs in the processing industry, and increased revenue from the Fisheries Business Tax.

BUDGETARY IMPACT: There would be minimal budget impact. Support activities will require some staff time to develop and implement the recommended lobbying efforts.

COMMERCIAL

PROJECT: Create a municipal commercial fisheries support facility with room for private sector upland development.

JUSTIFICATION: Each of the past three years has seen a new per capita record in seafood consumption in the United States. Such increases in demand are expected to continue with growing awareness of the health and fitness benefits of diets high in seafood. Juneau can take advantage of the growing seafood market by encouraging growth in its seafood industry through provision of basic infrastructure. We have growth potential in several areas.

Over the last several years there has been a dramatic increase in small scale processing and direct marketing, including air shipments of fresh seafood. Small-scale processing and marketing is the fastest growing sector of the seafood industry, and the proposed Fisheries Support Facility would encourage its growth. The primary restriction to increased small-scale processing is the lack of adequate dock space, handling facilities, and a reliable supply of ice.

Juneau's only large scale seafood processing plant, Juneau Cold Storage, (JCS) is obsolete, and conflicts with tour boat mooring areas. It is for sale, and is not envisaged to continue as a site for seafood processing. Douglas Cold Storage, a medium sized processor, is dependent on the JCS ice machine and is severely hampered by lack of available cold storage and room for expansion.

The high cost of acquiring industrial waterfront sites in Juneau has been a major deterrent to the modernization and growth of medium and large scale processing plants in Juneau. The proposed Fisheries Support Facility will provide lease ready uplands for prospective operators, making Juneau a reasonable cost site to locate seafood processing businesses.

Juneau does not have adequate fishing vessel docking facilities, and the critical ice supply is tenuous because the owner, Juneau Cold Storage, has the property for sale. If these basic facilities were constructed they would provide a more stable business climate and lead to increased private sector seafood processing. If they are not constructed, the fishing industry will continue its exodus from Juneau. Without an ice making facility and delivery system, a large number of fishermen will be forced to move their operations out of Juneau.

The attached report gives estimates of the potential demand for specific components of the proposed Fisheries Support Facility. It concludes that it is possible to operate the proposed facility at a break even point. The Committee's first choice for a site for the proposed facility is the publicly owned site by the Juneau-Douglas Bridge encompassing the southern end of Harris Harbor and the land adjacent to the city maintenance shop. Full development of the site could be phased over several years.

IMPLEMENTATION: Basic facilities should include a dock with off-loading cranes and staging area, a high capacity ice machine with storage, complete utilities, and leaseable upland commercial/industrial buildings and/or sites. Optional facilities could include gear repair and storage areas, and an area for direct public marketing.

Construction costs can be financed with reappropriations from the \$3.4 million Gold Creek development fund. Detailed construction costs can be obtained through preliminary engineering and design work. The Harbor Board has requested an appropriation in its FY87 CIP requests to finance this work. The Harbor Board can develop a detailed operating budget.

ECONOMIC BENEFIT: By providing a basic Fisheries Support Facility the CBJ will not only anchor the existing local fishing industry, but will also encourage its expansion. The benefit is a more diversified local economy with large growth potential based on the utilization of local renewable resources. Without such a facility, the fishing industry will continue its attrition.

BUDGETARY IMPACT: Operating costs of the facility would be financed by user fees and ice sales. Detailed operating cost and revenue projections are contained in the attached report. The larger facility would generate approximately \$250,000 in annual user fees and ice sales. Operating costs would be about \$220,000 per year. The smaller maintenance level facility might have slightly better financial characteristics.

Construction costs of the Fisheries Support Facility could be financed with existing State grant monies currently allocated to Gold Creek.

PROJECT: Adjust industrial water rates to encourage seafood processing.

JUSTIFICATION: Water rates are an important operating cost for seafood processors. Even a small processor may require large quantities of water during peak production periods. Juneau's water rates to seafood processors are more than twice as high as competing Southeast communities. Juneau charges \$1.50 per thousand gallons of water up to 17 million gallons, or \$25,500 for 17 million gallons per year. Sitka charges \$9,559.77 for 17 million gallons, Wrangell is a flat \$201.60 per month, \$2,419.20 per year. Ketchikan is \$533.50 per month, or \$6,402 per year. Petersburg charges \$10,800 for 17 million gallons.

IMPLEMENTATION: Adopt the resolution drafted by this committee which would establish a seafood industrial water rate of \$.50 per thousand gallons with a minimum charge of \$50 per month.

ECONOMIC BENEFIT: Lower water rates will lower the operating costs of existing or potential processors. New processors will be encouraged to locate in Juneau, and existing processors will be encouraged to expand.

BUDGETARY IMPACT: The CBJ water fund will lose a small amount of revenue as only one seafood processor is currently operating. The stimulus provided by the new rate structure could encourage seafood processors to locate in Juneau, thus increasing overall CBJ revenues.

PROJECT: Appropriate CBJ Fisheries Business Tax receipts for fisheries economic development work.

JUSTIFICATION: Under terms of AS 43.75.130, the CBJ receives one-half of the Fisheries Business Tax, also known as the "raw fish tax", collected by the State from fish landings within the CBJ. Since 1981, the CBJ has averaged \$38,562 from this source. These funds accrue to the CBJ general fund. Although they cannot be formally dedicated to a specific purpose, as a matter of policy the Assembly can annually appropriate an equivalent amount to fisheries development purposes.

These funds can be regarded as a profit made by CBJ managed harbor facilities, as they are generated by fishing operations using and dependent upon the harbors. The harbors are managed as an enterprise fund, yet these "profits" are not available for harbor use.

The CBJ currently captures very little of the economic benefit derived from the fisheries resources of its waters. By reinvesting the Fisheries Business Tax receipts into fisheries related development, increased seafood landings will occur within the CBJ. The end result will be increased revenues for the city from the "raw fish tax".

IMPLEMENTATION: The Assembly could pass by resolution a policy which assigns the Fisheries Business Tax receipts to commercial fisheries development within the CBJ.

ECONOMIC BENEFIT: The economic impact will vary according to the nature of the reinvestment program. The following examples provide a base for analysis:

1) Fisheries business tax receipts of \$40,000 might fund a small Alaska Industrial Development Authority loan of about \$400,000. Such bond funded financing could support some of the projects listed in this report.

2) Planning for commercial fisheries development and subsequent attraction of fisheries related businesses to Juneau requires professional time. The tax receipts could pay for a professional position explicitly devoted to Juneau port development and marketing.

Either of the foregoing could be expected to increase the pounds of fish landed within the CBJ, further increasing fisheries business tax receipts thereby initiating a "snowballing" investment effect.

BUDGETARY IMPACT: The proposed appropriation will directly reduce CBJ general funds, but will conversely add an equivalent amount to enterprise funds with potential to progressively increase the initial source amounts. Fiscal impact would be positive.

PROJECT: Modify the CBJ personal property tax (inventory tax) to encourage retention of seafood products for secondary and value-added processing in the City and Borough of Juneau, and to encourage the development of Juneau based export marketing activities.

JUSTIFICATION: The City and Borough personal property tax is currently one percent. The tax applies to all goods in inventory and all equipment owned by the business as of December 31 of each calendar year. Most seafood commercially processed in Juneau is exported to markets outside of Juneau. The inventory tax creates an economic disincentive for a seafood processor to retain the product in Juneau past December 31 for secondary or added-value processing. The product is shipped to other locations where additional processing takes place. The inventory tax, therefore, inhibits secondary and added-value processing of seafood in Juneau during the winter months, thereby reducing employment and in-town marketing opportunities for Juneau residents.

IMPLEMENTATION: Under the terms of CBJ 15.05.010 (7), the Assembly may specifically exempt goods from this tax. The assembly should pass an ordinance which exempts goods manufactured within the CBJ but destined for "outside" or foreign markets.

ECONOMIC BENEFIT: Secondary, or "value added" seafood processing creates the largest increase in dollar value of seafood products. This is also where the largest number of seafood related jobs are on a "year-round" basis. Development of seafood operations in Juneau which maximize permanent employment opportunities is highly desirable. Modification of the personal property tax coupled with development of the proposed commercial fisheries support facility could stimulate establishment of seafood processing operations in Juneau.

Another benefit from year round seafood processing is that local fishermen would have greater opportunity to fish during the "off" season, winter months. Development of secondary and value-added processing operations in Juneau would enhance sales opportunities of local retailers to residents and tourists. However, it is the export of finished seafood product to communities outside of Juneau which creates the greatest benefit to the local economy because "new dollars" are brought into the community.

BUDGETARY IMPACT: The modifications of the inventory tax on manufactured goods destined for export would result in a slight loss of direct tax revenue to the City and Borough; the amount of seafood inventory now subject to tax is minimal. The size of the loss could be inconsequential when compared to the economic value of the additional employment, sales, and marketing revenues generated.

PROJECT: Encourage gillnetters, trollers and seiners currently residing in the Lower 48 to relocate to Juneau.

JUSTIFICATION: Each gillnet, troll and seine operator is a small business which we have the potential to attract to our community. Without competing with other Southeast communities for businesses already resident in those towns, we can still tap a considerable business potential - nonresidents. Commercial Fisheries Entry Commission (CFEC) data from 1984 indicates that of 417 Southeast seine permit holders, 231 or 55% live out of State. Thirty-two percent of the Southeast gillnet fleet (150 of 469 permits), and 23 percent of the power trollers (216 of 939 permits) were nonresidents.

Juneau is in proximity to some important seining grounds, though we have few resident seiners. We are in the very midst of some of the most productive gillnet areas, Taku and Lynn Canal. Despite some distance from most troll grounds Juneau already has considerable numbers of trollers. Juneau has 101 active gillnetters, 98 active power trollers, 7 active seiners, and 125 active hand trollers.

Despite our poor fisheries infrastructure Juneau has a lot to offer: access to regulatory agencies, both State and Federal, good schools, the best air service in Southeast, recreation facilities (especially Eaglecrest, Southeast's only ski center), and the general amenities associated with the region's most sophisticated city. These are important selling points for fishermen and their families just as with any business person. As our commercial harbor facilities improve Juneau will become an attractive alternative for "Lower 48" fishermen who would live in Alaska but for lack of amenities. As facilities improve, Juneau should be actively promoted.

ECONOMIC BENEFIT: Each fishing operation is a business which generates production values. Average gross earnings for the respective salmon fisheries are cited below (recent year typical earnings from CFEC data). In addition, a multiplier of 1.15 is assigned for estimated earnings from other fisheries such as halibut, crab, black cod, etc.

SEINE	\$103,500
TROLL	\$28,750
GILLNET	\$34,500

Using a general multiplier of 1.75 to calculate economic effects through the local economy, a seiner could be expected to generate \$181,125 in total economic activity, a gillnetter \$60,375 and a troller \$50,313. If we were able to attract just 10 new fisheries businesses in each category, the annual net economic effect would be worth some \$2,920,000. Direct employment would be estimated at 30 owner operators and up to 90 crew positions.

BUDGETARY IMPACT: Moorage within the harbor system will need to be increased if significant numbers of new fishing businesses are to be attracted. At a "high end" estimate of \$30,000 per slip, 30 new slips would require \$900,000 in capital improvements. This would be offset by moorage fees of \$25-30,000 per year, increased tax receipts, and general economic stimulus created by the increased area wide business generated. Actual construction costs of new moorage has typically been financed by State grants, so budgetary impacts could be limited to cost of efforts to secure grant funding.

PROJECT: Encourage distant water fishing vessels, including domestic factory trawlers, to locate in Juneau.

JUSTIFICATION: Juneau is home port to 98 power trollers, and 125 handtrollers who conduct most of their fishing operations and landings at some distance from the city. These resident fishermen return profits here and, unlike a resident who fishes Bristol Bay, they also moor and service their vessels in Juneau.

The municipality should promote the basing of groundfish operations in Juneau. Large longliners and trawlers with onboard processing and/or freezing capability could also base operations in Juneau even if they conduct their fishing operation hundreds of miles from here. Our living amenities and access to financial, governmental, and other services make Juneau an attractive site. Our proximity to substantial groundfish stocks is actually good. For example, Eastern Gulf of Alaska groundfish stocks include the following available optimum yields for currently under utilized groundfish. <sup>1</sup>

	<u>M Tons</u>	<u>EX-VESSEL VALUE</u>	<u>PROCESSED VALUE</u>
Pacific Cod	9,900	\$3,055,000	\$7,026,000
Pollock	16,600	\$2,927,000	\$7,153,000
Flounders	8,400	\$2,592,000	\$5,961,000
Pacific Ocean Perch	875	\$ 231,000	\$ 577,000

This chart does not include all species and does not include fish from inside waters of Southeast Alaska. The Eastern Gulf represents only a small percentage of available groundfish statewide.

A large factory trawler capable of operating in the Bering Sea could have its corporate base here. Producing pollock blocks at \$.50 per pound such a vessel could easily gross \$8 million per year, about \$2.4 million of which would be crew shares. Even assuming that only one fifth of the crew would be locally hired, the marketing office of the operation was entirely in Seattle, and landings were made in Dutch Harbor, such an operation could still generate a local payroll of half a million dollars per year. At least one new vessel specifically designed for pollock block production is currently under construction, with operations expected to commence in 1987. The operators should be invited to consider Juneau as a corporate home base. Additionally, the eight current large domestic factory trawlers should be contacted, as should their organization, the Alaska Factory Trawlers Association.

IMPLEMENTATION: In order to attract fisheries businesses to Juneau a concerted effort will be needed to ensure that the necessary facilities and infrastructure are in place and that they are successfully marketed to potential users. We should aggressively promote Juneau's current assets. Access to government policy makers is particularly important for large, heavily capitalized fishery operations.

<sup>1</sup> Ex-vessel values were figured using per lb. values of raw fish at \$.14 for cod and flounders, \$.12 for Pacific Ocean perch, and \$.08 for pollock. Processed values were calculated using an estimated round fish to fillet yield of 23 percent, with fillet prices of \$1.40 for cod and flounder, \$1.30 for PCP, and \$.85 for pollock.

As our facilities improve, we may be able to attract a troll buyer to Juneau. This would improve the business climate for this group of resident distant water fishermen, and increase local landings and tax revenues.

ECONOMIC BENEFIT: Any distant water fishery operation which is based in Juneau will have a positive impact on our economy even if it does not actually land fish here. The degree of positive impact will depend on the nature of the operation.

Below are three examples indicating a reasonable range of possibilities.

<u>OWNER OPERATED TROLLER/LONGLINER*</u>	<u>SMALL GROUND FISH TRAWLER/PROCESSOR*</u>	<u>LARGE FACTORY TRAWLER*</u>
Annual Gross      \$45,000	Annual Gross      \$900,000	Annual Gross      \$8,000,000
Accruals to CBJ economy	Accruals to CBJ economy	
crew share            \$ 6,500	crew shares x .6 = \$209,560	crew share x .2 = \$480,000
vessel share        25,000	corporate profits	corp. office salaries
20% of operating	x .5            = 28,553	and expenses = 100,000
expenses        2,700	40% of operating	<u>\$580,000</u>
\$33,200	expense        = 117,300	
	fisheries business	
	tax              = 7,500	
	<u>\$362,913</u>	

\*The examples above are based on the following assumptions: 1) Troller/Longliner - fishing outside waters for salmon and halibut, with permanent moorage in Juneau, but delivering fish in Pelican, has one crew member hired locally; 2) Small Trawler Processor - fishing Eastern Gulf of Alaska for groundfish, with corporate offices in Juneau, 50% local ownership, 60% of crew shares to local residents, 50% of landings made in Juneau; and 3) Large Factory Trawler - fishing in Bering Sea producing pollock blocks, corporate offices in Juneau (2 persons), 20% of 50 man crew hired in Juneau, all marketing done in Seattle, with fish transshipped via Dutch Harbor.

BUDGETARY IMPACT: Most costs are associated with developing and implementing a successful marketing campaign. Larger vessels will not actually be berthed in Juneau. These costs would include existing staff time, or a new staff position in the CBJ or appropriate Board.

This marketing can be accomplished by coordinated efforts to make a desirable business climate. Creation of a new Port Development Director would be an appropriate way to market our fishing potential.

PROJECT: Improve parking areas and parking regulations in all harbors and launching facilities.

JUSTIFICATION: Any new facilities either for commercial or sports fishing interests should be designed with adequate parking facilities. The easier it is to access any facility, the more it will be used by the public. Although it appears that parking at both downtown harbors and the Auke Bay boat harbor is adequate from September through May, it may not be adequate during the sport fishing season, which coincides with the commercial salmon harvest season as well as the tourist season.

IMPLEMENTATION: During the peak season, harbor personnel might attempt to watch for derelict autos and/or equipment i.e. trailers, fishing gear etc. which block existing parking spaces for excessive periods of time. Problems also arise when "live-aboards" leave for long periods of time leaving their cars in the harbor parking lots. Fishermen who leave for fishing trips create the same problem. Perhaps areas nearby the harbors could be designated for long term automobile parking (similar to the situation at the Juneau Airport).

If commercial areas are developed within the harbors, temporary parking areas must be provided for the commercial users of the facility in order to operate efficiently. It would be possible to issue permits (bumper stickers) for the harbors identifying the user type (i.e. different color stickers for commercial operators, live-aboards, stall renters, governmental agencies etc.) A fee may or may not be assessed for the privilege of having a parking sticker. Any auto without some type of parking sticker might be allowed a twenty-four hour time limit in one spot before being cited. These suggestions should be forwarded to the Harbors Board Rules committee.

ECCONOMIC BENEFIT: Sports interest: increase in the number of sport boat fishing trips and a corresponding increase in sport fishing related revenues. Commercial interests: increase in the number of commercial vessels landing their catch through Juneau harbors resulting in spin off jobs for the community (fish expeditors, handlers, cleaners, repair, etc.) and an increased revenue from the Boroughs' share of raw fish tax imposed by the State of Alaska.

BUDGETARY IMPACT: Revenues can be enhanced via parking sticker fees and ticketing parking violators.

PROJECT: The Alaska Seafood Marketing Institute (ASMI), local seafood retailers, local fishermen's associations, and restaurants should be encouraged to sponsor a seafood awareness week which would increase local consumption of locally produced seafood.

JUSTIFICATION: The harvesting and marketing of fresh seafood has grown recently in Juneau with the opening of two new retailers. Fishermen sell directly from their boats to local consumers. Halibut fishermen typically sell a portion of their catch to the public. Fishermen also sell shrimp, crab, salmon, snapper and cod. With Juneau's expanding tourist and convention business, and the growing recognition that seafood is health food, there is good opportunity to increase local marketing.

IMPLEMENTATION: The Mayor could proclaim a week as "Seafood Awareness Week". Publicity can be coordinated by the CBJ Information Officer. ASMI should be encouraged to target Juneau for local advertising. ASMI presently sponsors an annual foot race in Juneau with a seafood theme and prizes, which could be incorporated into the program. Special areas of the Borough's harbors could be reserved for boats to sell their catch directly to the public.

ECONOMIC BENEFIT: The economic benefit would be to stimulate direct sales of fresh seafood to Juneau consumers, and to encourage people to go out to restaurants and eat fish. There would be economic benefits to restaurants, local fishermen, and seafood retailers. Subsequent increases in sales tax revenues would benefit the CBJ. Increased dock sales could encourage local fishermen to continue to reside in Juneau.

BUDGETARY IMPACT: The cost to the Borough would be minimal.

PROJECT: Host a Southeast Alaska Fish Exposition in Juneau utilizing Centennial Hall facilities.

JUSTIFICATION: Each year Juneau has an annual boat show which utilizes Centennial Hall and other nearby public facilities. This show is almost exclusively dedicated to recreational boating. Juneau has a large number of limited entry permit holders, and many more reside in other Southeast communities. The boat show is held at a time when fishermen are making purchases for the coming season. Addition of commercial displays could reach a sizable audience. Show organizers should be encouraged to invite participants with products applicable to local commercial fisheries.

An alternative date might be one coinciding with the Board of Fisheries meetings. The exposition could have special events for people attending these Board meetings.

IMPLEMENTATION: The CBJ Information Officer could coordinate with the sponsors of the annual boat show and fishery related businesses to encourage a joint exposition. Centennial Hall staff could contact fishing gear suppliers and other fishery related businesses.

ECONOMIC BENEFIT: Addition of a commercial fisheries component to the boat show should increase revenue to Centennial Hall and should attract additional out-of-town visitors to Juneau during the slack visitor season.

BUDGETARY IMPACT: This should not entail any fiscal impact as existing staff would be doing the organizing in the course of their regular activities.

PROJECT: Clarify the Commercial Waterfront Residential (CWR) zone ordinance to allow commercial fishing gear storage.

JUSTIFICATION: 49.25.411 Commercial Waterfront Residential Purpose states:

"This district is primarily for waterfront apartments and service-commercial uses oriented to the marine element of the community and is designed to be located in close proximity to residential districts. This district recognizes the community's increasing interest in water related activities and will be designated on the zoning maps as further need develops."

The listing of principal uses does not include commercial fishing gear storage. The listing of conditional uses also excludes this use, although it includes airplane storage facilities. As a result of this deletion a proposed, much needed, gear storage facility was not allowed in 1985.

IMPLEMENTATION: The Committee recommends that the Assembly and Planning Commission modify the conditional use in CWR zones to allow for "fishing supplies and gear storage".

ECONOMIC BENEFIT: Provision of more amenities to the commercial fishing industry encourages the development of Juneau based commercial fishing.

FISCAL IMPACT: None.

GOVERNMENT

PROJECT: Move some of the National Oceanic and Atmospheric Administration (NOAA) programs primarily concerned with Alaska fisheries and oceanography to Juneau from Seattle, and move three of the NOAA research vessels to Juneau from Seattle.

JUSTIFICATION: Alaska has long served as a resource hinterland for Seattle. While this has been beneficial to both Seattle and Alaska in many respects, it has also resulted in stunting the growth of in-state economic infrastructure. This is fostered by U.S. government policy which maintains the bulk of federal research and management activities in the fisheries and ocean sciences in Seattle. Alaska's status is reflected in numerous statistics. The Northwest and Alaska Fisheries Center (NWAFC) devotes seventy percent (70%) of its resources to Alaska work but actually spends only twenty-five percent (25%) in Alaska (see Appendix C). As Alaska's capital, and the site of important federal management activities, Juneau is the logical site for transference of certain NOAA activities.

IMPLEMENTATION: In order to achieve the above program the CBJ will have to mount a coordinated effort: enlisting support of other benefitted communities, the Governor's office, the Legislature, and our Congressional delegation. Ultimately, the Congressional delegation must be presented with a clear plan of action.

The decision to move these programs and vessels to Alaska will not be based solely on economy of operations. In large measure, it will be a policy decision. Although this decision is a matter of national policy, the CBJ has an excellent opportunity to influence events to its own benefit and to the benefit of the State as a whole.

ECONOMIC BENEFITS: The following information exemplifies the economic benefits of transferring certain NOAA functions to Juneau.

1) Basing NOAA research vessels in Juneau. Assuming home basing of three vessels, the R/V Miller Freeman, R/V Fairweather and R/V John N. Cobb.

Total annual payroll	\$2,389,497
Direct employment	83

These three ships spent an average of 85.5%, 85.5%, and 57.5% of their active duty time, respectively, from FY 83 through FY 86 in Alaska waters. Last year they were here 81%, 100% and 100% of their active time, respectively.

Basing three vessels in Juneau could have positive effects on other Southeast Alaska communities. Average annual maintenance charges for the three is nearly \$700,000, much of which could accrue as business for the new Ketchikan maintenance facility.

2) National Marine Fisheries Management Programs: Analyzing and projecting benefits from transference of NMFS programs is more difficult because units are not as discrete. However, of the total Northwest and

Alaska Fisheries Center FY 85 budget of \$26,000,000, \$18.2 million was devoted to Alaskan projects, but only \$6.5 million was actually spent in Alaska.

Ultimately, Alaska should be an entirely separate NMFS management region with its own management center. On a short term basis we should look at doubling the percentage of expenditures devoted to Alaska work which is actually spent in Alaska. We should, for example, seek to change the current 35/65 Alaska/Seattle split to 70/30 within five years. A sizeable portion of this Alaska expansion would accrue to Juneau. The Auke Bay Laboratory and Alaska Region headquarters could approximately double in size; creating many new direct jobs in Juneau.

In addition to direct and secondary effects of additional employment in Federal jobs, tertiary effects can be expected. Increased federal research presence will stimulate growth at UAJ and create greater stimulus throughout our science, fisheries and related support sectors.

BUDGETARY IMPACT: Juneau would incur costs to mount a successful lobbying effort. Total expenditure of \$10,000-\$15,000 per year for five (5) years is not unreasonable to expect, plus considerable efforts on the part of elected officials.

HABITAT

PROJECT: Develop habitat improvement and rehabilitation programs for fisheries enhancement.

JUSTIFICATION: Any increase in productivity of the fisheries resources within our Borough will result in benefits to both sport and commercial fishermen and the fishing industry. Development in the City and Borough of Juneau, especially with regard to North Douglas, the west side of Douglas Island, and the area between Tee Harbor and Echo Cove presents a unique opportunity to establish solid guidelines for future development.

IMPLEMENTATION: Identify, describe and evaluate each stream by listing its special features and opportunities for rehabilitation. A consultants report, enclosed, provides specific recommendations for action, such as use of dredged ponds for rearing habitats, spawning channel improvements, measures to insure adequate stream flow, etc. The consultants final analysis is a plan of implementation utilizing key land owners along the Juneau road system including United States Forest Service, State of Alaska, private land owners, and the CBJ.

The CBJ has identified lower Jordan Creek and lower Duck Creek as high priorities for rehabilitation. Funds could be appropriated to implement the Jordan Creek Duck Creek Stream Enhancement Plan.

ECONOMIC BENEFIT: Improved habitat increases fish production and associated sport and commercial activities. The net result would be increased sales of sporting goods and increased commercial fisheries landings. Productive streams are an important community amenity which also increases local property values.

BUDGETARY IMPACT: Costs could be kept to a nominal level by use of volunteer groups for certain projects. United States Forest Service money might be obtained on a grant or matching funds basis for CBJ sponsored (or supported) projects.

PROJECT: Amend land use ordinances pertaining to zoning and subdivisions to protect fisheries habitat.

JUSTIFICATION: The approval procedure for building permits on individually owned lots needs to be refined, and recommendations need to be developed which insure that anadromous fish streams are protected during future development.

IMPLEMENTATION: Endorse the Mendenhall Valley Wetlands study results which would lead to obtaining of a "general permit" from the Corps of Engineers, thus making the CBJ a one-stop permit center for all applicants. The Corp of Engineers would delegate dredge and fill permit authority to the CBJ. This would assure uniform and sensitive application of permit review procedures, as well as simplifying the permitting procedure for applicants.

Endorse the Draft Land Use Ordinance which would require a fifty foot (50') setback for structures, and a twenty-five foot (25') setback for an undisturbed area, adjacent to designated water bodies. This would implement a Comprehensive Plan Policy.

Reproduce the Comprehensive Plan list of designated water bodies onto a 1:200 foot scale and overlay this information on CBJ property maps. This would enable the Building Division to locate designated water bodies on building permit applications.

ECONOMIC BENEFIT: The protection of spawning streams and lakes will contribute to a healthy commercial and sport fishbase. Sportfishing opportunities are an amenity value which increases the quality of life. Healthy stream environments add to local property values.

BUDGETARY IMPACT: Use available in-house capability to map designated water bodies.

RECREATION

PROJECT: Designate certain areas on existing or proposed docks and mooring facilities for non-boating sportfishing, and provide sportfishing amenities.

JUSTIFICATION: Many Juneau residents do not own boats and tourists often do not have ready access to boats. Improved shore-side fishing opportunities will benefit these people.

IMPLEMENTATION: Request the Department of Fish and Game to use Federal "pass-through" funds, Federal Sportfish Access Program funds, (known as "Dingle-Johnson" program) to construct an access trail to Outer Point on North Douglas Island. The construction of sportfishing piers or floats at Sheep Creek and at the North Douglas boat launch facility would also benefit many roadside anglers.

In addition, the Harbor Board should place or upgrade fish cleaning tables with running water at key locations in all CBJ harbors and boat launching ramps. Consistent with public safety and navigation needs certain areas on CBJ docks and floats should be identified for sportfishing.

ECONOMIC BENEFITS: Enhanced roadside fishing opportunities resulting from easier access will benefit the sportfishing industry. The number of elderly, young, and handicapped residents participating in the shore-side sportfisheries would increase, as would participation by tourists.

BUDGETARY IMPACT: The required match for the Dingle-Johnson (D-J) funds by local governments is twenty-five (25%). However, property can be used as an "in-kind" contribution. For example, Haines will use cash to match D-J funds which were granted for the construction of a facility on Lutak Inlet, and Sitka has used property as a local match to construct a similar facility. Juneau has not taken full advantage of the Dingle-Johnson funds, although these funds are being used to transport Snettisham Hatchery fingerlings to Juneau.

PROPOSED ACTION: Improve roadside fisheries opportunities for residents and tourists.

JUSTIFICATION: There is potential to expand the economic impact of fresh water fishing. The CBJ should continue to encourage volunteer groups such as the Taku Conservation Society and the Territorial Sportsman to brush new trails and improve existing beach access from our highways. The CBJ should initiate negotiations to purchase easements accessing streams and beaches. Easements to Peterson Creek at Amalga Harbor and Cowee Creek near Echo Cove are possibilities. The salt water pond at the mouth of Peterson Creek would be excellent for the release of salmon smolt.

IMPLEMENTATION: Specific recommendations for increased sportfishing opportunities are contained in "Recommendations for Fish Habitat Protection, Rehabilitation, or Enhancement of Juneau Area Streams".

ECONOMIC BENEFIT: Enhanced roadside fishing opportunities benefit the sportfishing industry as the young, elderly and handicapped will have higher participation rates.

BUDGETARY IMPACT: Outright purchase of access easements could be costly, but land exchanges between the CBJ and private or other government landholders could be used as an alternative way to gain public access.

PROJECT: Enhance charter boat sportfishing operations.

JUSTIFICATION: Charter boat sportfishing is a developing commercial activity. Charter boat operators would benefit from having reserved moorage enabling all operators to be in the same location. This would create an attraction for potential customers and it would also allow customers to comparison shop by selecting the most suitable price - service combination. The resulting competition would improve the consistency of services offered.

By controlling moorage sites the CBJ could also control the size of the industry. This would only be a consideration in the event that the industry created conflicts with other forms of sport and commercial fishing.

IMPLEMENTATION: Request the Harbor Board to create an area reserved for charter sportfishing vessels. This area should be close to tourist activity, and it should allow pedestrian access to the vessels. The facility could be used during summers only depending on the suitability of the location for protection against adverse weather conditions.

ECONOMIC BENEFIT: Improving charter boat moorage near tour ship berths would increase the accessibility of sportfishing charters, and create increased competition which would improve the price and quality of services offered. As the industry develops, there will be employment opportunities and increased sales of vessels and related gear.

An important caveat on increased charter boat fishing is its impact on existing local resource users. King and coho salmon which are most highly prized by tourist fishermen are already fully utilized by local commercial, sport and personal use fishermen. Expansion of charter boat fishing effort on these species should only be encouraged on a shared basis as stocks are enhanced.

BUDGETARY IMPACT: Cost will depend on the site selected, and the amount of construction required if a new facility were constructed. A conservative estimate for creation of new moorage is \$30,000 per berth.