

MADE IN ALASKA

MARICULTURE

ALASKA DIVISION of
ECONOMIC DEVELOPMENT

ALASKA
FOR OPPORTUNITY

ALASKA
COMMERCIAL
COMMUNITIES
AND ECONOMIC
DEVELOPMENT

Alaska Mariculture Task Force
Meeting Minutes

Monday, February 10, 2020 @ 8:30am – noon AST

APICDA, 302 Gold Street, Juneau, AK 99801 AFDF ZOOM conference info

1) Rollcall – Vice-Chair McCarty calls meeting to order at 8:32 AST

MTF Members Present:

- Heather McCarty – Central Bering Sea Fishermen’s Association
- Flip Pryor – ADFG (on behalf of Sam Rabung)
- Angel Drobnica – APICDA
- Julie Decker – AFDF (online)
- Jim Anderson – ADCCED (online)
- Ed Douville - Shaan Seet Corporation, Craig, Alaska (online)
- Jeff Hettrick - Alutiiq Pride Shellfish Hatchery (online)
- Eric Wyatt – Oyster farmer, nursery owner, Board of OceansAlaska and ASGA (online, late)
- Kate Sullivan – SARDF (online, late)

Public Participants Present

- Michelle Morris, - ADFG, Permit Coordinator
- Tomi Marsh – OceansAlaska (online)
- Riley Smith – AFDF (online)
- Julie Scheurer – NOAA (late, online)
- Melissa Good – ASG (late, online)
- Meta Mesdag – ASGA (late, online)

2) Review and approve agenda

Amendment to agenda item #3 - minutes to be approved are 12-13-2019, not October and November minutes. ***Motion (McCarty, Douville) to approve the agenda as amended. Motion passes with no objections.***

3) Review and approve minutes: Dec. 13, 2019

- Pryor – on the page 5 of 12-13-2019 minutes, note correction from on ADFG role in aquatic farm lease application process: amend to state “aquatic farm operations permitting”.

Motion (McCarty, Pryor) to approve minutes as amended. Motion passes with no objections.

4) Public introductions & comments: None

5) Updates by MTF members

a. Introduction – NOAA Regional Aquaculture Coordinator, Alicia Bishop

- McCarty – Alicia Bishop is expected to join later. Alicia has been hired as the NOAA Regional Aquaculture Coordinator and was extremely involved in NOAA workshop.

b. EVOS Trustee Council & meeting with staff; next meeting Feb. 28, 2020

- McCarty – Julie and I met with Shiway Wang, Chief Scientist of the EVOSTC to discuss potential for EVOSTC funding for mariculture research. Shiway attended NOAA workshop and was very enthused by interest and progress for mariculture industry in Alaska. EVOSTC board and staff will discuss potential future funding during meeting on Feb. 28th in Anchorage. Mariculture is one of four topics to be discussed on the agenda.
- Decker – MTF will hear back after Feb. 28th meeting with thoughts on proposal and EVOSTC's path forward for funding proposals (i.e. requests for proposals regarding mariculture).
- McCarty – Letter of Intent was for a multi-year project focused on research/outreach/community development.

c. ASGA annual meeting update

- Decker – during ASGA grower meeting, ASGA voted to support the legislative changes proposed by the MTF. Wanted to include component of subleasing in legislative changes. DNR believes that subleasing is allowable, however, we need to look into specific cases and other requirements.
- Wyatt – PSP testing is a critical issue for ASGA. ASGA affirmed that membership is open to all aquatic farmers, not just shellfish farmers. ASGA would like to expand membership.

d. NOAA site visit to seaweed farm in Craig

- Decker – eight NOAA staff went to Craig to visit Seagrove Kelp farm site the day prior to the NOAA workshop. Overview of farm site and lunch with Mayor of Craig, City Administrator, Jon Bolling, Paul Dobbins (WWF), MTF members and others. Important for NOAA to see support for the industry and action (i.e. investments).
- Scheurer – still aquaculture point of contact for protected resources division. I will actively stay involved in all issues and help support and facilitate Alicia.

e. ARPA-E annual meeting in DC

- Decker – ARPA-E has been exploring seaweed as a potential biofuel. For this to come to fruition in the US, the production costs of growing and harvesting seaweed have to reduce dramatically via technology and scale. About 100 people attended a DC conference to provide updates on programs and networking. Alaska finished phase 1 in August. Phase 2 underway – pilot demonstration farm to efficiently produce seaweed at a large scale. Alaska pilot farm in Kodiak. Tech to market is an important part of the project, because ARPA-E wants to see the technology used after the project is over.
 - Bioplastics pilot plant in Alaska? (Oceanium)
 - Decker – company in Scotland and the UK is working to produce bioplastics from seaweed (food grade bioplastic). Representative was in D.C. looking for other places to

expand to and build a pilot plant. Need 10,000,000 lbs of wet seaweed per year as a minimum to build pilot plant. Alaska is on their radar and they want to visit. Price point they expect for bioplastics = more valuable than a fertilizer product, less valuable than a food product. Projecting \$0.10-0.25/lb as a price for farmers.

- Coalition for seaweed food safety, Lloyd's Register Foundation
 - Decker – group from Europe forming coalition for seaweed food safety. Realize that this is an area where there is not much known or produced.

f. NOAA SK grants 2020: funding was included in federal budget and grants will be awarded in May.

g. New aquaculture grants (Alaska Sea Grant, National Sea Grant Aqua, others?)

- Decker - National Sea Grant NOFO, Letter of Intent due Feb. 26th, full proposal due April 22nd.
- Good – potential projects for National Sea Grant: 1) Production economics of seaweed across the US (seaweed hub, University of Connecticut), 2) value chain analysis for aquaculture products in the US (Virginia Sea Grant), 3) Green sea urchin life history for Alaska (Alaska Sea Grant), 4) Business planning tool development, seaweeds and other shellfish (Scott Lindell of Woods Hole Sea Grant).
 - Other proposal: Western Regional Aquaculture Center – economic impact of aquaculture on western US. Working with Arkansas Sea Grant.
 - Decker - King crab shellfish enhancement should be on radar for this funding opportunity. Also, increased demand for hatchery seed will be an issue for mariculture industry moving forward.
 - Good - will add both hatchery seed demand and training to list for discussion with ASG staff next week.

h. Humpback Whale Critical Habitat Designation

- McCarty – NOAA proposing to expand Humpback whale critical habitat designation greatly in AK. Public comment period is over (January 31st, 2020). Proposed critical habitat stretches from SEAK to Bristol Bay along coastline (critical habitat designation: 78,690 square nautical miles, exclusion area: 44,000 square miles). Impacts on mariculture and fishing industry.
- Decker – Wrangell Assembly submitted a letter which sited impact on mariculture.

Task (Scheurer): work with Alicia and staff to put together an overview and presentation on potential impacts on mariculture industry from Humpback whale critical habitat designation for next MTF meeting, including how to receive updates and participate in process.

6) Old Business (60 mins):

a. NOAA workshop- discuss outcome, final report

- Scheurer – great engagement and presentation of information at workshop. Facilitators of workshop are working on final report and will distribute a draft within the next 2 weeks.

- Decker – great demonstration of NOAA’s new interest in aquaculture in Alaska. Especially with them addressing the needs of industry to move forward.
- McCarty – interesting to see the process of recently involved participants arriving at very similar conclusions to what the MTF has already outlined. Will be interesting to compare priorities of the MTF and the report from the workshop.
- Scheurer – was evident that the ideas and work of the MTF is being circulated and gaining momentum. Goal was also that new partnerships and collaborations arise from workshop.
- McCarty – can we use the effort from the workshop to move the MTF work forward?

b. Legislative issues:

i. MTF letter of support for PSP testing funds (draft attached)

- Mesdag – For Alaska to grow a viable industry, including providing incentive to enter industry, it must be competitive on the national level and certainly with WA state. Fee structures: almost unanimously across the nation, PSP test fees are covered by the state as a matter of public health. In WA (closest competition), for a farm under 49 acres, farmers pay \$393 per year for PSP test fees. By 2022, AK state is asking shellfish farmers to pay up to \$20,000 - 24,000 per year, over 6,000% higher than WA state. The industry will not see growth under this structure.
- Drobnica – intro paragraph, need to add more detail about what every other state is doing. Connecting the dots between proposed AK fees and other state structures will highlight the competition.
- Wyatt – encourage more forceful language. This is devastating to existing industry and prohibitive for any expansion. Propose deleting #3, and on #2, include a study that evaluates fixed costs versus variable costs. Need dialed down data from ADEC on costs.
- Sullivan – have been working with Kymberly Striker on exact costs.
 - Due to Coronavirus, Chinese markets are nonexistent, half of geoduck GHL may be left in the ground this year. May result in the closure of the fishery. The state would lose 3% commercial fisheries tax, roughly \$100,000 per year. Fishery will have no money to pay for PSP testing next year since divers pay an assessment tax of 7% to help pay for testing. This is a matter of public health, is covered by the government in all other states. Objecting to #2 and #3 in the final paragraph. SARDFA does not support the MTF recommending legislature actions on this, instead, the commercial industry supports “Legislature needs to continue funding ADEC lab PSP testing costs”. Commercial industry wants it fully funded.
- Decker – idea was to recommend that legislature work with industry to come up with acceptable solution.
- Sullivan – ADEC does have capacity for additional tests. MTF is not the appropriate entity to direct shellfish industry, legislature or ADEC on next steps. A statewide Shellfish Authority is critical to direct this.
- Wyatt – a Shellfish Authority would fill many more needs than PSP testing and is critical to the industry. PSP testing and a designated Shellfish Authority are federal requirements for shellfish to be sold commercially.

Task (Sullivan, Stryker): follow up with other states on structure for lab fees and PSP testing.

Motion (Drobnica, Pryor) to approve the letter, as amended. Motion approved with no objections.

- ii. MTF letter of support for Committee Substitute HB 41 (draft attached)
 - Decker – Support of HB 41, new committee substitute scope and goals to allow for shellfish enhancement.
 - Marsh – ASMI just had a board meeting on Feb. 3rd. Mariculture was brought up. NOAA workshop, new partnerships and funding opportunities that may become available. ASMI is committed to continue to amend legislation by lead of Julie Decker/MTF.
 - McCarty – written support from the ASMI board on HB 41 would be important.
 - Decker –ASMI approved that the ED work directly with stakeholders toward passage of the legislation.
 - On Friday, Nancy Hillstand was in opposition of HB 116 (reduce burden of renewal of aquatic farm leases). HB 116 passed to the Senate Finance Committee along with HB 41. Seems like the majority wants to get the HB 41 passed early along in this session. Important to have comments and letters from groups queued up. Things will be moving very fast at the end of Feb.
 - McCarty – important that individual groups and individuals submit letters in addition to MTF.

Task (Marsh): ask Jeremy Woodrow, ED of ASMI, to write and submit an official letter of support for HB41.

Motion (Decker, Hetrick) to approve letter of support for HB 41. Motion passes with no objections.

7) New Business (60 mins):

a. Hatchery Demand Projections (10-year) – for discussion

- Decker – Compiled info from currently operational oyster and seaweed farms, began with 2017 and projected seed demand through 2030, by total, and by regions. Important to look at seed demand over time and by region. Oyster demand now = 13 million, by 2030 = 158 million. Around 10-fold growth for demand in 10 years. Rough numbers.
- Drobnica – need to clearly show that applications and seed numbers begin with 2017. A cell with range and percentage of growth would be illustrative.
- McCarty – key or legend with notes and description at bottom.
- Decker – yellow highlighted line only included applications in 2020. 10-fold increase depends on many factors, however, may also be underestimating. If interest and applications continue to grow exponentially in 2020, 2021, 2022, 2023, etc.
- Wyatt – suggest adding monetary estimate for 1,000 feet of line, 1,000,000 seed etc. for the industry cost, revenue for hatcheries and nurseries.

- Hetrick – in Kona, HI, Jamestown hatchery facilities have capacity for the next few years and see expansion into Alaska. Herpes virus impact on oysters is of real concern for broodstock and is already infecting PNW, AK needs to be careful. Incorporating hatchery and nursery projections is critical and there is huge economic potential to integrate the three.
- Anderson – dollar revenue projection for hatcheries and nurseries is critical to show viability and secure any state funds or financing.
- Wyatt – projects and tasks like this are a great opportunity for a master's student to take on. State could help with this.

Task (Decker): will continue to make adjustments to spreadsheet for presentation and review at next MTF meeting.

b. AMDC Models – for discussion

- Decker – ten different models were listed. Separated out authority, funding (membership or stakeholders) and mission. Hoping to flesh out 2-3 models to review further.
- Wyatt – funding mechanism may be the most important factor in structure of AMDC.
- Decker –administration wants to see long-term structure in place that will supersede the MTF. Interested in that being an industry-led association. Hard time believing that there would be a new state agency unless there was a funding mechanism in place for it. SARDFA is an example of an entity that was created in the developmental stage of an industry; however, players were in place. Mariculture industry players still be growing.
- Wyatt – can we work within an existing organization with partnership with others? Is it a possibility for the AMDC to be housed within AFDF? Seems to be the most logical step.
 - McCarty – grant procurement and management is a major part of this. AFDF, or an existing private non-profit, would be the best candidate for this. Administration will not create something and immediately give money (seed money needed) and grant funders are unlikely to give funds to a completely new org.
- Anderson – needs to start off as a grassroots movement that is industry-driven. AFDF could bring in ASGA and SARDFA. Industry needs to get behind movement then go to the legislature. Funding mechanism is unlikely to come out of the state right now.
 - Decker – AMDC being allowed by state statute, but funded and operated as a private nonprofit is a potential, i.e. NSRAA. ***Need to decide on organizational structure: basis in state statutes, attached to an existing organization, or a stand-alone private nonprofit.***
- Wyatt – important to note that the mariculture research center could be associated with the AMDC, could also be an individual or group of scientists that lead the charge on research and development for the industry.

McCarty – we should move away from the public model (i.e. ASMI) and move towards a private non-profit. AFDF could be great umbrella organization or springboard for this.

Task (Decker): ask AFDF Board for stance on AFDF supporting and facilitating the AMDC in the future, including position on the mariculture research center and AFDF's future involvement.

8) Work Groups - review tasks (15 mins)

a. Legislative Workgroup (McCarty, Rabung, Drobnica, Decker)

Task: create outreach to MTF and other stakeholders to update on MTF activities and new legislative action.

b. Regulatory Workgroup (Rabung, McCarty, Wyatt, Decker, Sullivan, Stryker, Smith)

- Decker – Action Plan sent to Matt Fagnani with parts highlighted relevant to agencies. Overlap between some regulatory and legislative issues. Legislation is moving forward.

c. Research Workgroup (Eckert, Stekoll, Wyatt, Foy, Decker, Sternberg): none to date.

d. AMDC Workgroup (Decker, Wyatt, Stekoll, Sheridan, Scheer, Marsh, Figus, Sternberg)

Task (Decker): ask AFDF Board for stance on AFDF supporting and facilitating the AMDC in the future, including position on the mariculture research center and AFDF's future involvement.

e. EVOS Proposal Workgroup (Drobnica, Douville, McCarty, Decker, Smith)

- Decker – there may be much work to do if asked to submit a full proposal by mid-June.

9) Topics for next meeting

a. EVOS proposal update

b. Summary of ocean acidification presentation by Wiley Evans, Hakai Institute

c. Legislation & budget issues update

d. Update from AMDC workgroup

e. Aquaculture Act and Ocean Research Act summary and update

f. NOAA Regional Aquaculture Coordinator Update

g. NOAA Humpback whale critical habitat designation update

h. NOAA Workshop final report update

j. AFDF Board position on AMDC and mariculture research center

10) Set next meeting date and time – week of April 6th (5 mins)

Next meeting date set for April XXX. Julie will send out a Doodle Poll for April 9th and 10th.

11) Closing Comments & Adjournment (5 mins)

Chair McCarty adjourns meeting at 12:02pm AST.