

Investment and Infrastructure Advisory Committee Meeting

Meeting Notes

March 9, 2017

Attendees: Angel Drobnić, Jeff Hetrick, Julie Decker, Markos Scheer, Renee Johnson (USDA), Jeff Curry (USDA) , Tomi Marsh, Eric Wyatt, Erik Obrien, Trevor Sande, Kirsten Shelton Walker (McDowell Group)

The AC continued its discussion on existing funding opportunities for Mariculture. Focus was on USDA grants and loans. Jeff and Renee led discussion of the agency's programs:

Name	Type	Benefit	Eligible Participant
Business Industry Loan Guarantee	Loan Guarantee	Reduced risk for lender/increase flexibility to borrower	Processing facilities/hatcheries Public or private
REAP	25% grant of RE or EE project cost/Loan guarantee for 75% of project costs	Offset costs related to energy consumption	Small for profit business
RBDG/ Rural Business Dev. Grant Program *APPLICATIONS DUE APRIL 28 th	Grant Anticipated that approximately 135K will be awarded to AK this year with average of 50K each	Technical Assistance and training targeted at small private businesses with less than 1 million in gross revenues. Ex. Business plan dev., seed \$ for establishment of revolving loan funds	Rural public entities: ex: non-profits/higher learning inst/tribes
Value added producer grant	1 to 1 match grant	Planning, feasibility or working capital grant to support generating new products/markets	Private Harvester/Producers
RTCP/Reimbursement Transportation Cost Program	Partial Reimbursement-capped at 8K	Offset costs of shipping to market	Aquatic farmer must be in a geographically disadvantaged area (AK)
Non-insured crop disaster	Insurance	Protects against yield losses (not quality) due to natural disaster-	Farmers
Farm Storage Facility	Loan up to 500K	Very low interest for coolers/refrigerators etc.	Farms/Hatcheries
Farm Service Agency	Loan Max 300K	Beginning	For profit

Loan	Guaranteed Loan max 1.39 million	Farmers/those in need of guarantee for traditional lending or additional support	Farms/Hatcheries
Micro Loan	Less than 50K	Flexible terms/adjustable payments. Can be used for operating capital	For profit farms/hatcheries

Group discussed whether hatcheries were eligible for the Community Facilities program. This program offers loans/grants for essential community facilities in communities with populations less than 20,000. The agency needs to determine whether hatcheries would constitute an essential facility. Renee suggested that interested stakeholders send an inquiry email to the agency to initiate a formal response/determination regarding hatcheries.

Other potential funding opportunities that were briefly discussed and that will be expanded on in future meetings include: venture capital, traditional lenders, CFAB, USDA Rural Development American Indian and Alaska Native Programs, co-op structures and industry/nonprofit revolving loan funds

Discussion of Existing Barriers/Challenges:

Business Development and Scale: Group discussed that a significant limitation with existing growers may be a lack of business experience, and that the industry needs sufficient resources to build a stronger business acumen. New entrants have been challenged with developing the business plans that are necessary in applying for financing. The group also discussed that growers could benefit from advancing past viewing mariculture as a lifestyle profession and while small scale operations play a significant role, we need to begin thinking bigger to achieve critical economies of scale.

Labor costs: There are very few operations using labor saving equipment like optical sorting machines because of the high initial expense. Labor costs are very large, as are the initial investments in labor saving machinery. Alaska's remote coastal communities also have unique problems with access to an adequate labor force and suffer from the increased costs associated with supporting human labor, such as housing and transportation. These challenges may emphasize the need to investigate collaborative business opportunities with existing seafood operations.

Legislative Update on HB 76 and HB 128 provided by Julie. The first hearing occurred in House Fisheries on 3/7/2016. A CS was introduced the morning of the hearing and there were a lot of questions from committee members regarding changes to the revolving loan fund. Another hearing is scheduled for March 14th; Julie and others will be working with committee members and staff to provide information and offer clarification on the next CS. Letters of support are encouraged.

Infrastructure Discussion:

Members discussed the idea of creating an interactive map targeted at potential investors as a recommendation from the I&I AC. This map could serve as a more comprehensive product than the fact sheet that the AC originally discussed. Data inputs could include resource and social/demographic information such as; bathymetry, PSP information, growth rates, water temp/acidification information etc. Members mentioned that some of this information existed on ADFG's website and may be easy to access. NOAA GIS staff have also expressed interest in helping to collect resource inputs. Demographic information could include; existing seafood processing plants and hatcheries, existing mariculture operations, transportation and freight availability, population, identification of potential conflicting user groups/fisheries as well as complimentary fisheries/operations, fleet composition, ownership information etc.

The site could also include a comprehensive list of funding opportunities and links to various agencies.

The group briefly discussed the upcoming SeaGrant opportunity and potentially utilizing graduate students to help in developing and managing a future proposal/project.

Members also discussed the important gap in commercial seed availability and lack of hatchery support for farmers. The AC agreed to forward/identify this as a recommendation from the I & I committee.

Next Steps:

- Explore collaborative opportunity with Sea Grant or explore other grant funding for interactive map project
- Send email inquiry to USDA regarding definition of hatcheries as essential community infrastructure
- Discuss recommendation for business literacy training as part of USDA program. Work with Workforce Development AC
- Develop current list of seafood producers in AK. (Markos Scheer)
- Develop lists of social/demographic inputs for interactive map. Ask R&D AC to assist with resource related inputs
- AC will collectively evaluate the existing funding options identified to date and discuss whether modifications to various programs should be included as part of recommendations, or whether new program/s should be designed for various scales and business models in the industry.
- Jeff and Angel will begin structuring recommendations from AC discussions to circulate