

MADE IN ALASKA

MARICULTURE

ALASKA DIVISION of
ECONOMIC DEVELOPMENT

ALASKA
TO OPPORTUNITY

ALASKA
COMMERCE
COMMUNITY
AND ECONOMIC
DEVELOPMENT

**Alaska Mariculture Task Force
Meeting Minutes**

Friday, December 13, 2019 @ 8:30am AST

APICDA Conference Room, 302 Gold Street, Suite 202, Juneau, Alaska 99801

1) Roll call – Chair Decker calls meeting to order at 8:46am AST.

MTF Members Present:

- Julie Decker – AFDF
- Heather McCarty - Central Bering Sea Fishermen’s Association
- Eric Wyatt – Blue Starr Oysters, Board of OceansAlaska and ASGA
- Ginny Eckert – Alaska Sea Grant
- Flip Pryor – ADFG (on behalf of Sam Rabung)
- Mike Stekoll – University of Alaska
- Ed Douville - Shaan Seet Corporation, Craig, Alaska (online)
- Kimberly Stryker – ADNR (online)
- Jeff Hettrick - Alutiiq Pride Shellfish Hatchery (online)
- Kate Sullivan – SARDFA (late, online)
- Jim Anderson – ADCCED (late, online)

Public Participants Present

- Elizabeth Figus - Juneau resident
- Michelle Morris, - ADFG, Permit Coordinator
- Patrick Simpson – Consultant (online)
- Charolotte Levy – Aleutians East Borough (online)
- Rachel Sapins – Intrafish, seafood reporter (online)
- Stephen Phillips – Pacific States Marine Fisheries Commission (online)
- Melissa Good – Alaska Sea Grant (online)
- Tomi Marsh – OceansAlaska (online)
- Justin Sternberg – Alaska Oceans Cluster (online)
- Bobbi Hudson – Pacific Shellfish Institute (online)
- Julie Scheurer – NOAA (online)
- Sherry Clein – Senator Murkowski & Sullivan’s Offices (online)
- Rachel Hankie – ADFG (online)
- James Chang – Juneau Economic Development Council (online)
- Margo Reveil – ASGA (late, online)
- Mark Scheer – Premium Aquatics (late, online)

2) Review and approve agenda

- Decker – Move NOAA workshop discussion to beginning of updates.

Motion (McCarty/Eckert) to approve agenda as amended. Motion passes with no objections.

3) Review and approve minutes: Oct. 15 & Nov. 6, 2019 (5 mins)

Motion (McCarty/Eckert) to approve October 15th, 2019 minutes. Motions pass with no objections.

Motion (McCarty/Eckert) to approve November 6th, 2019 minutes. Motions pass with no objections.

4) Public introductions & comments (15 mins)

No comments.

5) Updates by MTF members (30 mins):

a. Introduction – NOAA Regional Aquaculture Coordinator, Alicia Bishop

- Decker – Alicia Bishop hired by NOAA for the Aquaculture Coordinator position. Unable to attend this meeting. Will be present @ next MTF meeting and at the NOAA workshop.

b. NOAA workshop (Jan. 21-22)/ASGA conference (Jan. 23-25) – draft agenda

- Scheurer – Invitations for speakers and guests have been sent out. Please RSVP. Workshop size increased, need to know the final number of persons and what to budget for travel. Not open to the public, invite only and there is a waitlist for attendees.
 - Registration fee: PSMFC will be reimbursing for travel expenses for select individuals, registration fee for food is required to be paid by attendees.
 - McCarty – How many are registered now?
 - Scheurer – Invited 50 w/25 confirmed. Will expand to 60 participants.
- Wyatt – ASGA workshop: registration is open online. Keynote speaker and agenda still in development phase.

c. Seaweed Training Workshops: Kodiak, Feb. 13-14, Ketchikan, Feb. 17-18, Sitka, Feb. 20-21

- Decker – Series of workshops that AFDF will be leading (funded by NOAA for AMI – Phase 2). Three communities, 30 total participants w/50 applicants to date.
- Wyatt – In the future, training workshop need to create a connection with a farm or pilot farm when they are seeding line or harvesting product.
- Decker – There is immense interest. We need to make sure that the market and demand is caught up with the expected production. Currently, there are only two buyers purchasing a total of 200,000 lbs of seaweed annually.
- Wyatt – Capacity building is critical. For instance, can we even get seeded line for small independent efforts?
- McCarty – Will there be a recording available?
 - Decker – Greenwave was contacted by the Algae Foundation of Maine - they offered to send someone to record each session and make it available online.

d. Letter of Intent submitted to EVOS Trustee Council & meeting with staff

- Decker – McCarty and I met with the Executive Director and Science Director of EVOS this week.
- McCarty – Both expressed that there have had conversations with Trustees that showed interest in mariculture.
 - Mariculture related project have not been funded by EVOS in the past. The portion of the Letter of Intent related to ecological restoration was well received and in line with the EVOS mission. The economic development portion seems to be outside EVOS mission.
 - Overall: Meetings will be held with the EVOS Trustee Council in February. Optimistic outlook for a thorough review from the Trustee Council in February. After meeting, we will be notified whether or not to submit a full proposal.
 - Wyatt – What aspects were they most interested in for potential funding?
 - McCarty – In the past, EVOS focused on long-term research programs with directed plan.
 - Decker/McCarty – Mariculture-related research and outreach/education related to that research is in line with current EVOS program. Challenge will be to make argument that mariculture has an impact on habitat and ecosystems improvement along with economic development. Waiting on input from Trustee Council after February meeting.
 - Four potential ways for us to submit a proposal:
 - 1) 5-year programs – RFP released to public
 - 2) Separate RFP for mariculture projects
 - 3) Trustee Council may be very interested in letter of intent and ask for a related proposal
 - 4) Anyone can put in a proposal for anything out of cycle without request, but funding is least likely

e. Presentation to ASMI Board & Board action

- Decker – Presentation to ASMI Board during their meeting in November 2019 on any updates since October MTF meeting.
 - Presented on statutory changes to enable ASMI to market mariculture products from Alaska. Easiest avenue to enable this (priority action plan for next 6 months) was to redefine “seafood” in the ASMI statutes. ASMI Board supported legislative action to amend ASMI statutes to redefine “seafood” to include aquatic farm products as defined in AS 16.40.199. The Board directed ASMI staff to pursue and work with necessary stakeholders to meet this objective. Revision of HB41 accomplishes the same goal, however, “aquatic farm products” are allowed for ASMI marketing in addition to “seafood”.

f. Michael Rubino presentation to ASMI Board

- Decker – During the November ASMI Board meeting, Michael Rubino (NOAA, Director of Seafood Strategy) presented NOAA’s new seafood strategy to ASMI Board. Aquaculture is a facet of NOAA’s national seafood strategy.

g. Paul Dobbins visit to Alaska, returns in January

- Decker – Paul Dobbins of WWF visited Alaska in November – will be at the NOAA workshop and part of the ASGA conference. WWF sees growing shellfish and seaweed as important to the future of U.S. seafood and worldwide seafood production while improving the environment. WWF is looking to make equity investments in companies (6-8 companies worldwide). Alaska has been identified as a target region – \$250,000 to \$750,000 per company. Two companies have already been identified in Faro Islands and Norway.
 - Wyatt – seems to be targeting the larger businesses, instead of the multitude of smaller businesses that need time to grow.
 - McCarty – Would WWF be interested in investing in a group of small, coordinated, coastal Alaska companies, versus larger companies?
 - Decker – These are good questions and points. WWF has a focus on large companies for this program, however, there is much appreciation for small-scale companies and their importance in industry development.
- h. Four seaweed products entered in Symphony; kelp wins Retail Category
- Decker – 4 of 20 seaweed products entered into the Alaska Symphony of Seafood this year. Barnacle Foods won the Retail category with their Bullwhip Kelp Hot Sauce.
- i. Others – None.

6) Old Business (60 mins):

- a. Action Plan – for final review & adoption
- Decker – Action Plan Workgroup (Stekoll, McCarty and Decker) met to revise document.
 - Yellow highlight denotes near-term priority actions (next 6-18 months)
 - Red text denotes actions in progress with Alaska Agency Staff
 - Green text denotes completed actions
- i. Action Plan

Task (Decker) - Will follow up with Matt Fagnani on all actions that are in progress with Alaska Agency staff (red text) to ascertain whether the actions are: a) correct and b) if the agency took action to update said action.

- Wyatt – in regard to #3, *Expand Mariculture Revolving Loan Fund (MRLF)*, the interest rate is over 6% over a 30-year loan. Very high.
- Decker – I believe that the interest by statute is tagged to federal rates.

Task (Decker) – add consideration of change of interest rates to be similar to the Farm Service Agency (FSA) program.

- Eckert - #12, “provide introduction to” should be highlighted yellow bc of current seaweed farmer training program. ANSEP is not currently doing anything in this realm. With no conversation with ANSEP yet, it seems premature to include them in action plan to educate/train all workers in mariculture industry.

- ASG will be starting program this year for recently graduated graduate student to support farmers with mariculture lease application process. Graduate student will be an “aquaculture policy fellow”. Position will begin this summer.

Task (Decker): Add in bullet to offer support and/or training related to ADNR aquatic farm lease application to #12.

- Wyatt – Hands-on skills and capital necessary to run a shellfish/oyster farm.
- Decker - #12 bullet revised to offer *hands-on* training as objective of programs.
- Stryker – Note on uncertainty with the completion of #32 due to staffing.
 - Would it be appropriate to incorporate the ADEC rules for processing and handling of shellfish and seaweed into the training program? HACCP training is a requirement; however, it is a lot for individuals to absorb.
 - Decker – Continued professional development around food safety issues?
 - Stryker/Wyatt – Harvester versus shipper (dealer) requirements. Entry-level farmers normally do not ship oysters, instead they sell to established companies. Wet storage versus relaying oysters. Conversation will be continued offline.
- Pryor (on behalf of Rabung) – #17, pass legislation to allow shellfish enhancement, ADFG has been drafting this and taken lead. Should be included here as a responsible entity. #18, *Pass legislation to simplify ADNR lease renewal process*, needs to be very clear that ADNR is responsible for aquatic leases and ADFG is responsible for permitting. #26 d., there needs to be a funding source defined to identify priority genetics research to be used to inform a new mariculture genetics research policy.
- Douville –#4, *Explore and expand additional sources of public and private capital*, there is a great opportunity to get involved with tribes and environmental organizations on potential funding as this action is in line with mission and current programs (i.e. abalone restoration research). #12, industry training component – using Premium Aquatics operation in Craig as an example, a lot of fishermen are very interested. Fishermen and interested farmers are interested in 1) proof of concept and 2) application process. Tribes could help with the paperwork process, especially with the membership group.

ii. ADEC fees

- Decker – From October MTF meeting, we spoke of adding an action item related to adding ADEC fees for water quality and PSP testing and/or a priority action. Wanted to wait for input by ASGA, SARDF, ADEC, etc. before including.
- Stryker – Governor’s budget proposal is a fund source swap – the fund source that currently funds the testing for PSP and water quality testing is being proposed to be swapped - 50% unrestricted general funds and 50% program receipts (translates to fees). Expected fee increase amount = \$230,000 annually. Christina asked staff to prioritize a shellfish fee study so that there is a better idea of breakdown of fees (communicated to SARDF and ASGA).
 - Commissioner will need to issue a regulatory change for fee amount. Initially it was believed that industry would be asked to pay the fee that is already set in regulation (\$125 per toxin sample, \$17 per water sample), however, it looks like the fee will need to be increased. Currently, ADEC is running 600 toxin samples and 450 water samples per year – if charging the current rate in regulation, that would equal \$90,000.

- Decker – The shellfish fee study will be looking at what the breakdown of fees will be. What else will the study be looking at? Out-of-state examples?
- Stryker – The fee study will analyze the number of tests and the amount to be collected in fees in order to reach budgetary constraints. Regulatory package will be released with a comment period.
- Reveil – this is the single most important item to shellfish growers. None of the other action items matter if the public doesn't trust that the product is safe, and if farmers cannot sell their product. This creates uncertainty for shellfish growers.
- Sullivan – without a functional shellfish authority, there is no shellfish farming (either wild harvest or farmed). As an example, the commercial geoduck industry is in the red. High PSP levels, more testing resulting leaving product in the ground. Governor's language that this is a subsidized industry. Every other state in the country pays to protect public health. Geoduck divers pay the 3% commercial fisheries tax plus an additional 7% self-imposed tax in order to fund SARDFA, ADFG and pay for shipment of samples to ADEC for testing. Shellfish safety is mandated by the federal government (FDA), however, through the Interstate Shellfish Sanitation Conference and the National Shellfish Sanitation Program, that authority is transferred to an entity and ADEC is that authority in Alaska with oversight by FDA and the federal program. Any regulatory testing in Alaska has to have the oversight of ADEC, including training and/or hiring of ADEC personnel specialized in testing and lab oversight work. WA= WA Department of Health, ME = ME Department of Marine Resources.
- Decker – At this point the public should write to Alaska Legislators on the topic.
- Wyatt – Is there an opportunity to obtain federal funds for the state to meet these federal requirements?
 - Stryker – Modest funding has been acquired by ADEC and is available for equipment and training. Nothing substantial enough to meet these training and personnel requirements.
- Decker – currently the industry is covering the costs of collecting and shipping samples. That is unlike any other state. With the addition of lab fees, the cost is high for industry.
- Wyatt – In Alaska, there are a lot of oysters in the market that are from out-of-state. If Alaska wants to compete both in-state and export out-of-state, this competitive disadvantage must be addressed.
- Decker – what is the action and response now that we have identified the issue?
- Reveil– ASGA is working on gathering data, however, ASGA doesn't have the resources to address this and outline an accurate economic picture (i.e. what is the percentage of shellfish imported to Alaska, with the current annual gross revenue at \$1.5 million, what is the impact of the increased fees (\$230,000) on this?).

Task (Reveil) – compile and send a list of questions for the MTF to address relative to the issue of the ADEC budget cuts and imposition of increased user fees for industry.

- Stryker/Sullivan – There is \$457,000 being removed from the ADEC budget. This year, industry will be charged with covering half of this budget cut and the long-term goal is that industry will cover the full budget cut.
- Hetrick – We should look at the Fisheries Development Tax of 1%. This applies to all state agencies that help coordinate our programs and economic development in coastal Alaska and could amount to \$1 million annually, once developed to a \$100M industry.

Tasks (ASGA and MTF) – 1) Add ADEC user fees to Action Plan, 2) Add issue to list of priority issues (short-term 6-months and 18-months), 3) ASGA and SARDFa collect information and meet with MTF to coordinate legislative strategy and 3) MTF makes a statement to the administration on issue of ADEC budget cuts and imposed user fees on industry.

iii. Discuss finalization of document (by Jan. 21, 2020)

Motion to approve (McCarty/Wyatt) Action Plan as amended on December 13th, 2019. Motion passes with no objections.

[NOTE: The visual representation/format of Action Plan may change, and other actions may be added over time.]

iv. Highlight Priority Actions

Motion to approve (McCarty/Pryor) to approve the addition of the ADEC fees to list of 6-month priority action items. Motion approved with no objections.

7) New Business (60 mins):

a. NOAA workshop – draft agenda (Jan. 21-22)
See discussion above.

b. HB 41 – draft committee substitute with amendments

- Decker – Senator Stedman’s office is drafting this. The draft combines HB 41 (shellfish enhancement) and HB 116 (ADNR lease renewals) and the ASMI related statutes. It also allows for eco-tourism at aquatic farm sites. There is an outline of all components of bill along with draft bill for review.
- McCarty/Decker – This is not the version that is online. This is strictly a discussion draft.

c. EVOS proposal – discussion & designate workgroup; will include MRC, AMDC and hatchery production

- Decker – Since agenda was created, we were able to meet with EVOS staff. Waiting on Trustees. There will be much work for MTF if proposal is requested. August will be realistic date for submission for proposal. We will reach out to EVOS staff in mid-January.
- Decker/McCarty – We need to start formally drafting up what the Alaska Mariculture Development Council will be.

Task – Reaffirm workgroup for the Alaska Mariculture Development Council (Eric Wyatt, Mike Stekoll, Julie Decker, Tommy Sheridan, Tomi Marsh, Mark Scheer, Justin Sternberg, Elizabeth Figus).

d. ADEC/FDA issues relevant to shellfish, seaweed

- Decker – Is there anything new coming down the pipeline in relation to shellfish or seaweed farming?

- Wyatt – Has there been more development on the passive requirements for seaweed processing, water quality, etc. that might affect seaweed farming.
 - Stryker – Since seaweed is not a fish, it is not covered by the HACCP guide for seafood. It falls under the general provisions for manufacturing practices. It is a growing industry; jurisdictions are considering how it should be regulated to ensure safety. See paper from Marine Advisory from Connecticut on potential provisions to ensure safety in processing of seaweed.
- Wyatt – With upcoming training workshops, AFDF and project partners need to know specifics to instruct current and potential farmers.
- Decker – Chris Sanitto will be putting together guidelines for seaweed quality handling and processing as part of the ARPA-E project. This is relevant and there is room for collaboration between Stryker and Sanitto.
- Stryker – ISSC, biannual meeting was held in October in San Diego. 131 proposals submitted for consideration, 67 approved, 48 were deferred to different committees and 15 were no action. Will email info on that for MTF.

Task (Stryker): Will forward Marine Advisory paper to MTF for review along with specifics on what is required to process and sell seaweed from Alaska. Additionally, Stryker and Sanitto will collaborate on seaweed handling and quality guidelines.

e. SK grants – no funding available?

- Decker – There might not be any funds available this year. The federal government needs to pass the US Dept of Commerce budget in order to fund the SK grant program this year. There is an appropriations bill drafted and Congress has until December 20th to act. If the appropriations bill does not pass by then, they will likely extend the continuing resolution or a government shutdown will go into effect. If the continuing resolution is extended, there will not be any money for SK funding for this year. [UPDATE: the budget passed by Dec. 20th, which enables the SK grant program in 2020.]

f. Discussion – BOF proposal to allow Kumamoto Oysters

- Wyatt – Currently, shellfish farmers are only allowed to grow Pacific oysters. ASGA is considering submitting a proposal to the BOF for Kumamoto oysters to be allowed as permitted oysters for farming in Alaska. Seems to be the only way to allow for the cultivation of another species. Need to research the lifecycle of the Kumamoto to ensure that they would not become invasive in Alaska.

8) Work Groups - review tasks (15 mins)

- 1) Legislative Workgroup (McCarty, Rabung, Drobnic, Decker)
- 2) Regulatory Workgroup (Rabung, McCarty, Wyatt, Decker, Sullivan, Stryker, Smith)
- 3) Research Workgroup (Eckert, Stekoll, Wyatt, Foy, Decker, Sternberg, Stephens)
- 4) EVOS Proposal Workgroup (postponed due to potential August timeline for submission)
- 5) Alaska Mariculture Development Council Workgroup (Wyatt, Stekoll, Decker, Sheridan, Marsh, Scheer Sternberg, Figus).

Tasks: Both the Legislative Workgroup and AMDC Workgroup will meet sometime between now and next MTF meeting in January.

9) Topics for next meeting (5mins)

- a. EVOS proposal – draft
- b. Mariculture Map demonstration
- c. Ocean acidification presentation
- d. Legislative strategy
- e. Updates from Workgroups
- f. NOAA Workshop
- g. Others?

10) Set next meeting date and time – Jan. 7-11, 13-15 (5 mins)

Final meeting date: January 8th, 2020 @ 12:00pm – 5:00pm AST [UPDATE - POSTPONED TO FEBRUARY]

11) Closing Comments & Adjournment (5 mins) – No comments.

Motion to adjourn (Eckert/Wyatt). Motion passes with no objections. Chair Decker adjourns meeting at 12:08pm AST.