
MADE IN ALASKA

MARICULTURE

Mariculture Industry Needs to Accelerate Growth

July 17, 2019

In 2017-19, the mariculture industry (growing shellfish and seaweed) met several milestones:

- 500% increase in new aquatic farm lease applications (1,558 new acres vs. 330 old acres)
- 1,558 acres (when approved) represents \$195,000 in new annual revenue to ADNR
- Largest aquatic farm (127 acres) in Alaska to date was approved
- Three medium-scale start-up operations proposed (\$5-10 million initial investment)
- Investment interest from new segments of industry (e.g. seafood processors, fishermen, CDQ groups, tribes, and Alaska Native Corps)
- New farm applications in three regions: SW, SC, SE

With the support of the Dunleavy Administration, several issues outlined below are important to continue and accelerate growth of this new industry:

1) Approval of new farm leases & permits (ADNR & ADFG)

- Aquatic farm lease applications from 2017 thru 2019 are currently backlogged at ADNR due to the following: 500% increase in new applications, reductions in staff, and recent changes in how permit renewals or transfers are handled.
- This backlog can be addressed in three ways:
 - Conduct two-step review to improve application process (goal = reduce processing time from 27 to 12 mos)
 - Step 1 – internal review & implement changes ASAP
 - Step 2 – MTF/public review & implement changes over 1-2 yrs
 - Pass HB 116 to fix lease renewals and transfers (see below)
 - Re-invest new annual lease fees paid by industry to ADNR for additional staff to manage continued growth of new lease applications
 - provide access to data for public in new Mariculture Map (see below)

2) Capital for private investment (ADCCED)

- Finish promulgating regulations for HB 76, which amended the Mariculture Revolving Loan Fund (MRLF) to allow shellfish or seaweed hatcheries as eligible applicants.
- Consider increasing principal of MRLF
- Consider loan program within AIDEA which allows agency to take increased risk for medium-size farm start-ups. Start-up capital for new businesses without previous mariculture experience is very difficult, virtually limited to private equity/angel investment.

3) Infrastructure Required: Hatcheries (shellfish & seaweed)

- Consider AIDEA-owned hatchery in SE to meet industry growth needs over the next 20 years.
- *Exxon Valdez Oil Spill (EVOS) fund:*
 - EVOS funds may be a source of funding to help develop the industry. EVOS funds may provide financial support for hatchery operations in the affected region (Sand Point to Cordova).
 - For example, \$50 million of the \$200M+ EVOS fund may be provided to third-party to support hatchery operations at the Seward hatchery, given an approved annual operation plan to support industry growth, and EVOS objectives.

4) Bills needing passage during 2020 session:

- HB 41 / SB 22 will allow for shellfish enhancement, otherwise forward progress and continued private investment in shellfish enhancement (i.e. King crab, sea cucumber, geoduck, scallop) is restrained. This is akin to the 1970's before salmon enhancement legislation was passed authorizing what has become a \$100+ million/year economic engine.
- HB 116 will streamline the 10-year lease renewal process, decrease burden on ADNR staff time, and increase certainty for industry investments.

5) Mariculture Map:

- Private industry currently does not have access to all existing information about potential lease sites. This dampens investment interest and wastes state staff time. A GIS map which layers information important to choosing farm sites which would greatly improve the lease application process and reduce conflicts.
- AFDF has secured federal funds to develop a Mariculture Map which would layer existing data pertinent to siting a new farm in state waters in a publicly accessible GIS map.
- AFDF needs approval from the Administration to work with each pertinent department (e.g. ADFG, ADNR, ADEC) to link and automatically feed important into the MaricultureMap.
- NOAA has created a version for the EEZ:
<https://coast.noaa.gov/digitalcoast/tools/ort.html>
- Mariculture Map prototype to date: <https://mariculture.portal.aos.org/>

6) Mariculture Task Force

- The Mariculture Task Force (MTF) was created under Administrative Order #297. Until industry grows, MTF is needed to continue work towards implementation of the Plan, including creation of industry-led Alaska Mariculture Development Council (MTF sunsets on June 30, 2021). John Moller has been designated the liaison within the Governor's Office in order to allow a flow of communication.
- Federal funds have been secured by AFDF to facilitate the work of the MTF.