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USDA Investment Strategy in Support of Rural Communities in Southeast Alaska 2011-2013



Executive Summary

Most rural communities in Southeast Alaska are experiencing declining populations, fewer job opportunities, and increasing energy costs. USDA agencies (Farm Service Agency, Forest Service, Rural Development) and the U.S. Economic Development Administration (USEDA) are partnering to revitalize communities and restore public lands by supporting job creation in areas that offer growth potential: fisheries and mariculture, recreation and tourism, forest management, and renewable energy. The goals of this USDA Investment Strategy (Strategy) include:

- creating quality jobs and sustainable economic growth;
- promoting small business creation, expansion, and retention;
- improving access to capital; and
- promoting job training and educational opportunities.

Working with the Juneau Economic Development Council (JEDC), USDA agencies collaborated with over 120 leaders from local businesses and communities to identify initiatives in four areas—Ocean Products, Visitor Services, Forest Products, and Renewable Energy—that will create a regional competitive advantage, thereby raising the economic conditions for all of Southeast Alaskans¹. This is the first time a broad-based, interagency, regional collaborative assessment focusing on economic clusters has been attempted in Southeast Alaska.

This interagency team recommends improving community and ecological health by funding economic initiatives that: cross agency boundaries; align with current actions by USDA agencies; have a high likelihood for success; and are readily achievable. The initiatives include:

- Ocean Products: Increase watershed restoration activities so as to increase wild salmon production; include the seafood industry in USDA programs; study the use of fish byproducts for renewable energy purposes; and support mariculture through zoning adjustments and financial assistance.
- Visitor Products: Create independent traveler opportunities by developing multi-community land and water trails; increase opportunities for guided access; and improve opportunities to provide input regarding Tongass National Forest access fees.
- Forest Products: Promote new opportunities from second growth forest while maintaining support to the existing industry; showcase the use of young growth wood in local structures; simplify the small timber sale process; improve the Tongass timber planning process; catalyze the use of wood waste for energy; and develop a detailed analysis on the volume of young growth available across all lands.
- Renewable Energy: Collaborate with the State of Alaska to develop a Southeast renewable energy plan; increase agency support to renewable energy development projects; convert agency administrative facilities from oil to renewable energy; increase use of the Biomass Crop Assistance Program (BCAP).

USDA has identified about \$30 million of existing funding to support these initiatives. In order to grow these economic sectors, however, USDA recommends an additional \$29 million investment over the next two years. Given the current challenging economic times and likely decreasing federal budgets, an “all-hands-all-lands approach” of leveraging resources across agencies will be essential. Combining grant and loan programs provided by Rural Development, Farm Service Agency, U.S. Economic Development

¹ The full report can be found at www.jedc.org.

INITIATIVE 2—Include the seafood industry in USDA programs.

Background: USDA has several programs designed to promote agriculture development, but the seafood industry often does not qualify for the economic assistance either because it is excluded or because of regulatory roadblocks. The Ocean Products cluster identified mariculture as a significant source of employment and economic opportunity in Southeast Alaska. Access to capital to make investments in this industry is critical to success and would allow this industry to get off the ground much more quickly.

Action: Identify and promote ways to include mariculture development among the traditional USDA agriculture programs.

Lead agency: Farm Service Agency



Ocean products sector has the largest payroll in Southeast Alaska.

INITIATIVE 3—Study the conversion of Southeast Alaska fish byproduct to biogas and fertilizer through anaerobic digestion.

Background: Commercial fishing provides millions in economic activity and thousands of jobs in Southeast Alaska. It also creates significant amounts of fish waste that is often dumped into the ocean, creating environmental problems near communities. Processing the currently underutilized resources could create economic opportunities and jobs in the region.

Action: Rural Development will consider funding projects that would convert fish waste to energy through their Business Loan Guarantee Program.

Lead agency: Rural Development

INITIATIVE 4—Strengthen the region-wide mariculture industry through zoning and support to entrepreneurs.

Background: Studies estimate that the mariculture industry could provide hundreds of jobs and \$20-50 million of economic activity in Southeast Alaska. Mariculture could provide important jobs for small, struggling rural communities, but industry growth is dependent on federal program support to local entrepreneurs as well as acceptable areas for farm sites. To date, FSA has lent approximately \$450,000 to oyster farmers in the region.

Action: Improve collaboration among state and federal agencies, and the public, to increase loans to the mariculture industry. Identify acceptable areas for mariculture development through public planning and agency coordination.

Lead agency: Farm Service Agency

Table 3. Summary of financial investments in mariculture across Southeast Alaska that support Ocean Products Initiative 4. Investments are categorized into two year periods, and include past, projected and future investments needed to grow the industry.

USDA Investments in Support of Mariculture in Southeast Alaska	Participants	Type of Investment	Investments Made FY10&FY11	Investments Planned FY12&FY13 ⁵	Recommended Funding to Increase Growth in FY12&FY13
Loans to oyster farmers	FSA	Mariculture Entrepreneurship	\$450,000	*	*
Community facilities to support mariculture industry; Geoduck nursery and mariculture technical assistance Ketchikan, Kake, Southeast Alaska	RD Enterprise Grant, USED A	Mariculture Entrepreneurship	\$2,099,956	\$500,000	*
Development of oyster-towers best practices manual	RD Enterprise Grant	Mariculture Entrepreneurship	\$29,500	*	*
Dock renovations, seaport revitalization, Petersburg, Kake, Saxman	USED A	Seaport Community Infrastructure	\$4,628,800	\$2,000,000	*
TOTAL			\$7,208,256	\$2,500,000	*

FSA = Farm Service Agency, RD = Rural Development, USED A = Economic Development Administration

* Until FSA, RD, & DOC receive loan applications, it will be difficult to anticipate needed funds.



Restoration of streams on the Tongass National Forest boosts salmon populations.

⁵ Investments planned with annual appropriations assuming budgets at similar levels.