

2003 Annual Report Executive Summary

Metlakatla Indian Enterprise Community

Metlakatla's economy continues to be adversely affected by the closure of the Annette Hemlock Mill, formerly the major employer in the Annette Island Reserve. In addition, the community-owned fish processing plant, Annette Island Packing Company, like other Alaska processors, continues to be adversely impacted by imports of farmed salmon.

However, significant progress was made on several fronts during 2003, with EZ/EC funds providing a critical assistance.

1. Construction of a bottled water plant, built with a HUD grant, was completed early in 2003. EZ/EC grant funds were used to purchase and install water bottling equipment. All necessary permits have now been obtained. Water is being bottled under the Purple Mountain Water label, a name which refers to Purple Mountain, the water source. At year-end, trial shipments of bottled water were being shipped to Ketchikan stores and marketing discussions were underway with Japanese and tribal organizations.

2. The Metlakatla swimming pool was reopened in January 25 helped, in part, with an EZ/EC grant used to replace a pump. Metlakatla has a very high rate of diabetes, and a Diabetes grant was used to help underwrite the cost of the pool operation. The pool remained open all year except in the summer when local residents are more interested in outdoor pursuits.

3. Expansion of the Annette Island Packing Company's capacity to process herring took a big step forward when Metlakatla received a \$702,000 grant from the U.S. Economic Development Administration for a tunnel freezer and associated sex sorter machines. (The sex sorter machines separate male and female herring for roe stripping operations). Metlakatla had applied to HUD for an Indian Community Development Block Grant (ICDBG) to obtain the remaining funds needed. Unfortunately, that application was not successful, and MIC plans to obtain EZ/EC funds to help cover the shortfall.

4. Environmental work for the Bald Ridge Aggregate Project (BRAP) was almost complete at year end. EZ/EC funds were used to help defray expenses for the last part of this work. Environmental clearances need to be obtained before Metlakatla can be successful in obtaining partners to exploit these valuable rock deposits.

5. Renovation and repairs to the Metlakatla town hall, a very large and culturally important structure, were undertaken with EZ/EC funds in late 2003. This building was built in the 1920's and was later expanded. The building is heavily used for basketball and serves as a venue for Tsimshian dancing when the larger cruise ships stop at Metlakatla. The roof of this structure had exceeded its useful life, the replacement of unsafe electrical wiring was needed, and rotten and water damaged portions of the interior needed repair. Additional EZ/EC funds are being applied for to complete this work.

6. Work on the Walden Point Road by the military continued during 2003. The military portion of the 14.5 mile route is scheduled to be completed in 2006 or 2007. Completion of the Walden Point Road is a very high priority item for Metlakatla. Walden Point, the terminus of the road, is only a short distance by water from Ketchikan. The planned frequent ferry connection between Walden Point and Ketchikan will greatly lessen Metlakatla's isolation, as well as providing public access to a much greater amount of Annette Island. No EZ/EC funds have been used on this project to date, nor are any planned to be used at this time.

7. EZ/EC funds have played an important part in Metlakatla's community economic reassessment. They have enabled Metlakatla to hire a consultant to develop a Comprehensive Economic Development Strategy (CEDS) required by the U.S. Economic Development Administration based on Metlakatla's strategic plan and two-year work plan and to keep the recommendations of both documents by meeting periodically with Metlakatla's planning committee. This consultant has also been used effectively to work with financial planning for new enterprises such as the bottled water plant.

8. Metlakatla Power and Light, which had been delinquent on RUS and related electrical loans, paid RUS \$798,000 in November 2003. Much of the reason for Metlakatla Power and Light's delinquency was the closure of the Annette Hemlock Mill, by far the largest local electrical power user. At year-end, negotiations underway with RUS about Metlakatla Power and Light's remaining indebtedness.