

ALASKA STATE LEGISLATURE
JOINT MEETING
SENATE SPECIAL COMMITTEE ON WORLD TRADE, TECHNOLOGY AND
INNOVATION
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL
TRADE AND TOURISM
October 26, 2009
11:11 a.m.

[12:42:55 PM](#)

BARNEY UHART, President, Chugach Alaska Corporation (CAC), said he has been employed by CAC for the past 16 years and involved in federal contracting for the past 30 years. His testimony will be specific to the benefits that the 8(a) program has provided to Chugach Alaska Corporation.

MR. UHART explained that CAC, which is the regional corporation for the Prince William Sound area of Alaska, includes five Native villages and the communities of Cordova, Valdez, Whittier, and Seward. The corporation was created in the '70s; its first businesses included fish processing, timbering, and minor construction and maintenance on TAPS. In the late '80s CAC made a poor investment choice to build a sawmill in Seward, had a devastating cannery fire, experienced a glut in the salmon industry, and saw timber prices fall. Then in 1989 the Exxon Valdez spilled 11 million gallons of oil in the heart of the Chugach region. Many people did and continue to think that was the keystone event that forced CAC into Chapter 11 bankruptcy in the early '90s. In 1991 the corporation had revenue of less than \$10 million and net losses approaching \$64 million.

In 1994 CAC received 8(a) certification and was awarded an airport caretaker contract at King Salmon Alaska. The last of the bankruptcy creditors were paid off in 2000 and shareholders were paid a \$5 per share dividend. Since then CAC has developed additional benefits including internships, apprenticeships, scholarships, elder dividends, shareholder business assistance training, and succession planning and training. A corporate goal is to have only Alaska Natives running the corporation.

As a result of the success in 8(a) programs along with other forms of contracting and investment opportunities, revenue in 2008 approached \$1 billion. The Alaska Business Monthly ranked CAC fourth in Alaska-owned businesses; the corporation has ranked in the top five for past seven years. The 8(a) program has provided the corporation the opportunity to dig itself out

of bankruptcy and achieve success. To Chugach shareholders, the greatest benefit to the 8(a) program is that CAC is still here.

[12:48:46 PM](#)

REPRESENTATIVE DOOGAN questioned why the 8(a) program has suddenly become so interesting to people in Washington D.C.

MR. UHART replied it's a combination of things and it's not new. Over the past several years a lot of attention has been focused on sole-source or no-bid contracting. Native corporations have a different statutory model, but it may be that they are an easier target than the Lockheed Martins of the world.