

**AGENDA B-6
JUNE 2007**

U.S. Fish and Wildlife Service
June 6, 2007

Northern Sea Otter: The southwest Alaska sea otter recovery team (SWAKSORT) held their third meeting April 10-11, 2007, in Anchorage. The Team drafted sections of the Recovery Plan, and discussed de-listing recommendations. The Team also evaluated a simplified Population Viability Analysis (PVA) model, and made recommendations for how the model could be applied to sea otters in southwest Alaska. The Team is planning on meeting again in October or November 2007. The Team's webpage is:
<http://alaska.fws.gov/fisheries/mmm/seaotters/recovery.htm>

In April 2007, the Service and the Center for Biological Diversity reached a settlement in the lawsuit over failure to designate critical habitat for sea otters in southwest Alaska. The Service will begin the process in October 2007, and will either make a finding of "not prudent" of a proposal to designate critical habitat by November 30, 2008. The Service will also publish a Final Rule by October 1, 2009.

Short-tailed Albatross: We continue to gather telemetry data from short-tailed albatross chicks tagged on their main nesting colony at Torishima Island in Japan. This is the second year in which breeding birds have been tagged to determine where they go to obtain provisions for chicks. It appears that they remain almost entirely within heavily-fished Japanese waters during this critical time in their life cycle. Up-to-date distribution maps for 4 of the 8 tagged birds can be viewed at:
<http://www.wfu.edu/biology/albatross/shorttail/shorttail3.htm>

We just took delivery of a PVA model for short-tailed albatrosses from modelers at the University of California, Santa Cruz. We will be using the model to evaluate our recovery criteria and to revise the draft recovery plan as appropriate.

Efforts to hand-rear translocated black-footed albatross in Japan continue. This is phase two of a three phase effort leading up to translocation of short-tailed albatross chicks and subsequent establishment of a third breeding colony for this species. In 2006, 10 Laysan albatross were moved from Midway Island to Kauai, where 4 fledged. In 2007, 10 black-footed albatross were moved from Nakodo-jima to Muko-jima. Eight remain on the island as of the end of May (1 death, 1 premature fledge event). If the 2007 operation is judged a success, we are poised to begin translocating short-tailed albatross chicks as early as March or April, 2008.

Endangered Species Act Consultation: Staff from the Service and the U.S. Coast Guard will meet in Sitka to discuss the scope of the programmatic section 7 consultation for all regularly occurring Coast Guard activities in Alaska.

Bering Sea Research Needs: Service staff will brief the Scientific and Statistical Committee on two notable fishery/bird interaction research needs that the Service

believes warrant funding and Council support; one relating to spectacled eiders on their wintering grounds, the other to short-tailed albatrosses over heavily fished canyons along the Bering Sea shelf break (see attached fact sheets).

Seabird Monitoring: The Service's at-sea program continues to monitor marine bird distribution and relative abundance throughout the Bering Sea. Our cooperators include NOAA-Fisheries stock assessment research vessels, and National Science Foundation-sponsored research on the Bering Sea (BEST, BASIS, SBI (shelf-basin interaction)). We are also working with the GLOBEC project in the Gulf of Alaska and the Alaska Maritime Refuge around the Aleutian Islands.

The Service was also part of the large Bering Sea proposal to the North Pacific Research Board (Bering Sea Trophic Understanding and Climate Change). This project was mainly organized around NOAA research, but is a 5-year proposal that will look at the Bering Sea ecosystem over three years of field work. The seabird component includes: 1) at-sea surveys on NOAA vessels, with the addition of data collection on seabird diets; 2) radio-telemetry studies of foraging and breeding success of breeding murres and kittiwakes on the Pribilof Islands; and 3) increased colony monitoring of study sites within the Alaska Maritime Refuge, particularly in the Pribilof Islands.

Yukon River Salmon Management: The Service began participating in Alaskan salmon management to provide a meaningful rural subsistence preference for federally qualified fishers on federal waters consistent with the requirements in Title VIII in ANILCA in October of 1999. The Service is responsible for providing for the conservation of healthy fish populations, established escapement goals, and sustained yields of the fish populations federally qualified residents depend on. Yukon River salmon returns have steadily improved since the poor salmon returns of 1998 through 2002, although Yukon River Chinook salmon remain identified by the State Board of Fisheries as a stock of yield concern.

The Service is concerned about high levels of bycatch of chum and Chinook salmon in the groundfish fisheries when they do not allow for meeting salmon spawning escapements in rivers on National Wildlife Refuges, and other federal Conservation Units in Alaska and do not provide for harvests by federally qualified subsistence users. When escapements are met and subsistence harvests are not restricted, bycatch of salmon in the groundfish fisheries is an allocation issue that is best addressed by NOAA Fisheries, ADF&G and through the Council.



Pervenets and Zhemchug Canyons and the Short-tailed Albatross:

Information Needs

Endangered Albatross in the Canyons; What We Know

An unprecedented concentration of endangered short-tailed albatross may be congregating in waters above Pervenets and Zhemchug canyons in September, just before their breeding season each year. On September 24, 2004, Mr. Jason Everett of the F/V Blue Gadus photographed a flock of 150 to 330 short-tailed albatross at 60.1° N x 178.7° W, floating above Pervenets Canyon in the Bering Sea. Given that the total world population of this species is only about 2,500, this flock represents a sizeable proportion of the global population.

Initially, we didn't know what to make of this unprecedented observation. However, as we checked our opportunistic sightings database, we noted that other smaller flocks had been reported in the same area (along the Bering Sea shelf break near Pervenets and Zhemchug canyons) in September. We also noted that 4 out of 5 reported longline takes of this species since 1995 have occurred along this shelf break or directly over these canyons during late September and early October.

The possibility that albatross are regularly congregating along the shelf break during late summer and early fall is supported by the observation that many of our satellite tagged birds of breeding age lingered in the same area during September.



One of several photos taken by Jason Everett of the F/V Blue Gadus on September 24, 2004, at 60° 5 minutes N latitude, 178° 39 minutes W longitude. Biologists counted between 150-330 short-tailed albatross in this flock, found floating above Pervenets Canyon in the Bering Sea.

Albatross Distribution; What We Don't Know

No systematic albatross survey has ever occurred in the area of the canyons at this time of year. We don't know whether this albatross congregation was a freak occurrence or was something that takes place every year. If this gathering is a regular occurrence, we don't know whether it is a response to seasonally abundant food, or whether it serves a role such as pair bonding just prior to the start of their breeding season.

A Call For Further Study

The North Pacific Fisheries Management Council recently adopted their Scientific and Statistical Committee's

recommendation to gather more information on the Bering Sea slope canyons. Furthermore, the Council suggested that this be a top research priority for the North Pacific Research Board. We suggest that an investigation of endangered short-tailed albatross concentrations in the heavily exploited fishing area above Pervenets' canyon should be a high priority research topic.

Filling the Data Gap; The Next Step

Fish and Wildlife Service biologists could presumably take advantage of vessels of opportunity to search for seasonal concentrations of short-tailed albatross in an inexpensive and opportunistic manner. However, the

ability to conduct a systematic survey would be severely limited or impossible on such a vessel. We believe that chartering a survey vessel dedicated to this field work would allow us to most efficiently gather the best possible albatross information from the waters around the heavily fished canyon areas.

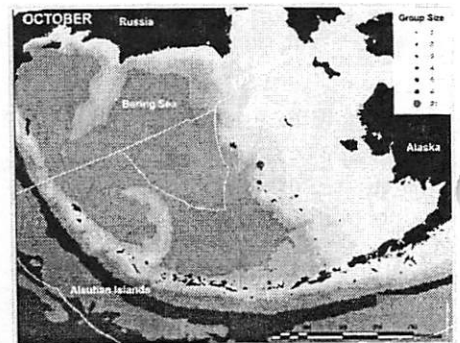
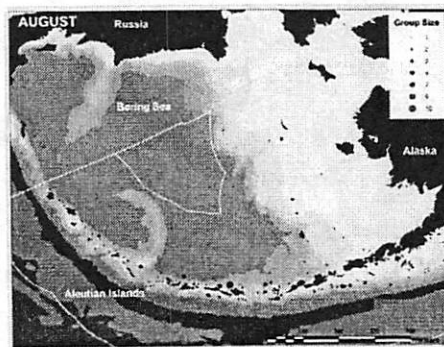
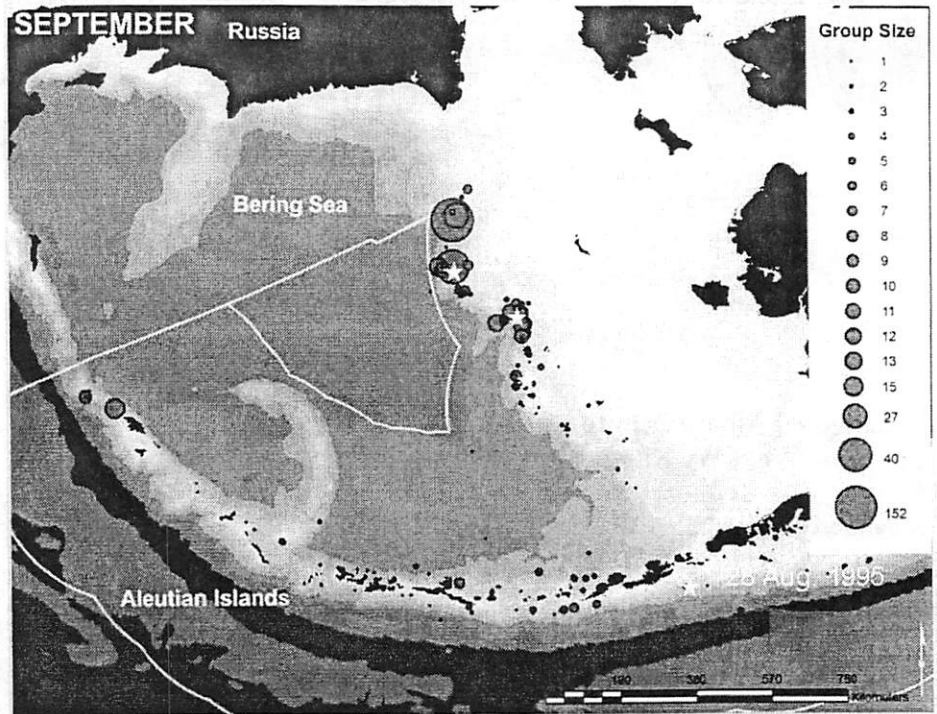
In addition to designing a survey to efficiently characterize the distribution of a rare species with a presumably clumped distribution, we need to be poised with sampling gear that will allow us to determine, in one visit, the reason for this albatross congregation. If food seems to be the attraction, identifying the food source and roughly quantifying it would be a research priority. Finally, we should take advantage of the bird concentrations and attempt to capture a few birds for the purpose of deploying satellite transmitters. This will allow us to fill in the largest temporal gap in satellite telemetry information for this species; their pre-breeding migration southward.

Outline of Survey Methods:

- Charter a vessel for a three-week period in mid to late September to survey the waters above Zhemchug and Pervenets canyons.
- Engage a systematic strip transect survey of the area across bathymetric lines, switching to an adaptive sampling plan when short-tailed albatross are encountered (threshold number of birds that is required to engage adaptive sampling plan is to be determined).
- When flocks are encountered, stop survey to make behavioral observations of members of the

U.S. Fish and Wildlife Service
 907/786-3309
<http://alaska.fws.gov/>

May 2007



Locations and relative sizes of short-tailed albatross flocks reported by opportunistic observers during August, September and October. Stars in the September figure note the locations of short-tailed albatross taken on longline gear during September and early October since 1995. Note the lack of reported large flocks in both August and October.

flock. Attempt to remain with the flock, making continuous observations for at least 24 hours to determine if food is periodically becoming available to the birds. Upon completion of flock observations or during a time when food is apparently becoming available to the birds, take tow samples of the water column near the surface to determine what food items are available, and in what amount.

-If feasible, capture and satellite tag a small number of breeding-aged

birds using methods previously established. This would provide us with distribution and movement information during the only time of year for which we lack it; the time when the birds travel from Alaska to Japan to breed.

For further information, contact:
Greg Balogh, Endangered Species Branch Chief, Anchorage Fish and Wildlife Field Office, at
greg_balogh@fws.gov or at 907-271-2778.



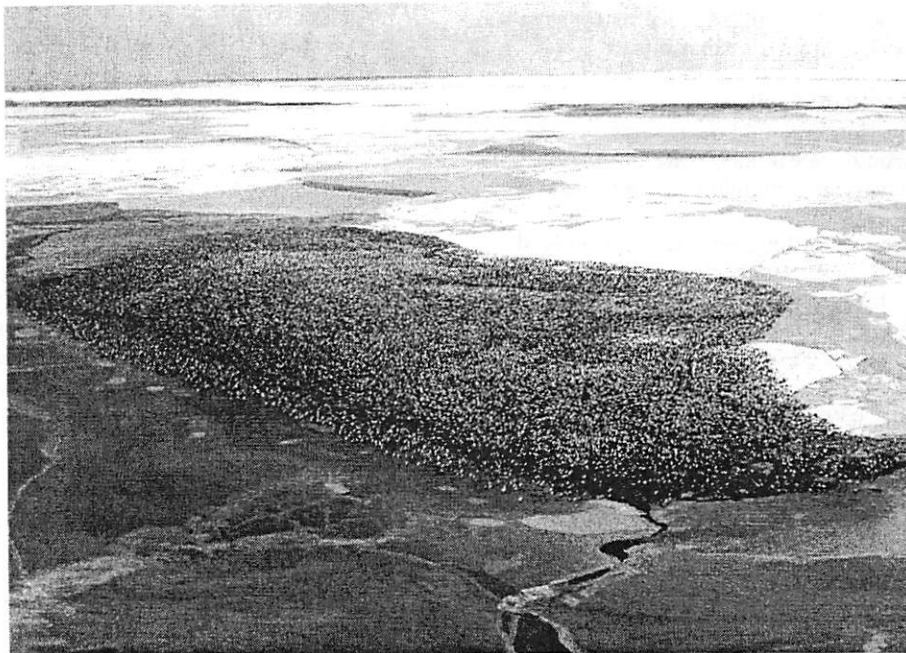
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Non-pelagic Trawl Fishing and Listed Spectacled Eiders:

Information Needs

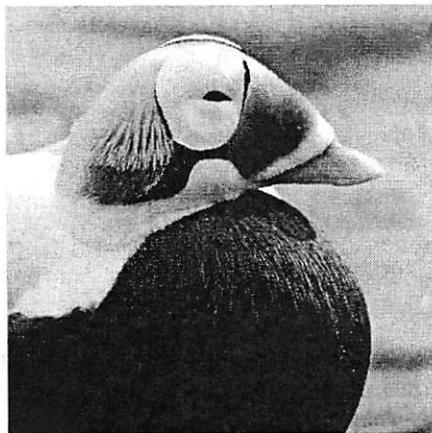
If commercial fish stocks in the Bering Sea move north in response to climate change and reductions in extent of sea ice, Alaska's fisheries may soon intersect with a spectacular sea duck congregation.

From December through April, the world population of spectacled eiders gathers in a few extremely dense flocks south of St. Lawrence Island among openings in the sea ice. Here, they spend all winter diving to the bottom to feed on clams. This wintering area, if it has remained unchanged since it was last surveyed nearly a decade ago, occurs in an area about 20 miles across, at the northern edge of documented non-pelagic trawl fishing. In 2001, the area was declared Critical Habitat for this sea duck listed as threatened under the Endangered Species Act.



USFWS

During the winter, spectacled eiders gather in dense flocks of tens of thousands in openings of nearly continuous sea ice south of St. Lawrence Island in the Bering Sea.



Laura Whitthouse/USFWS

Spectacled eiders are found only in the northern latitudes of Alaska and Siberia.

Will Fishing Move North?

Some exploratory trawling has already occurred in spectacled eider critical habitat.

In 1992, 14 trawls for yellow-finned sole or pollock were reported by two trawl vessels. Such a small level of fishing effort is not a notable threat to the birds. But if fishing were to increase, the U.S. Fish and Wildlife Service would need to carefully consider the potential threat posed to the birds through disturbance of benthic habitat.

Trawling Could Affect Biomass and Size Classes of Eider Prey

If non-pelagic trawl fishing effort creeps northward in response to changing sea ice conditions, it may adversely impact the beds of *Nuculana radiata* clams upon which this threatened species depends during winter.

The effect of trawling on *Nuculana* clams is unknown, but the first trawls through *Nuculana* beds could reduce clam biomass, at least for several years, and could change clam size classes. We know that spectacled eiders feed on clams of a narrow size range, but our understanding of the relationship between eiders and their primary prey base in the Bering Sea remains poor.

Read about the information needs to address these issues on the next page.

What We Need to Know: Spectacled Eider Winter Distribution and Movements

The foremost information need to manage eiders in relation to non-pelagic trawl fishing is to survey eiders to understand their current winter distribution and movements.

We believe that unrestricted non-pelagic trawl fishing could result in significant localized impact to the primary constituent element of spectacled eider critical habitat, and could adversely affect this species. Since we last surveyed wintering eiders from the air in 1998, their winter habitat use and population status may have changed notably in response to changes in ice patterns or benthic fauna distributions.

The eider distribution and movement questions should be addressed soon through coordinated satellite tagging operations and follow-up aerial surveys.

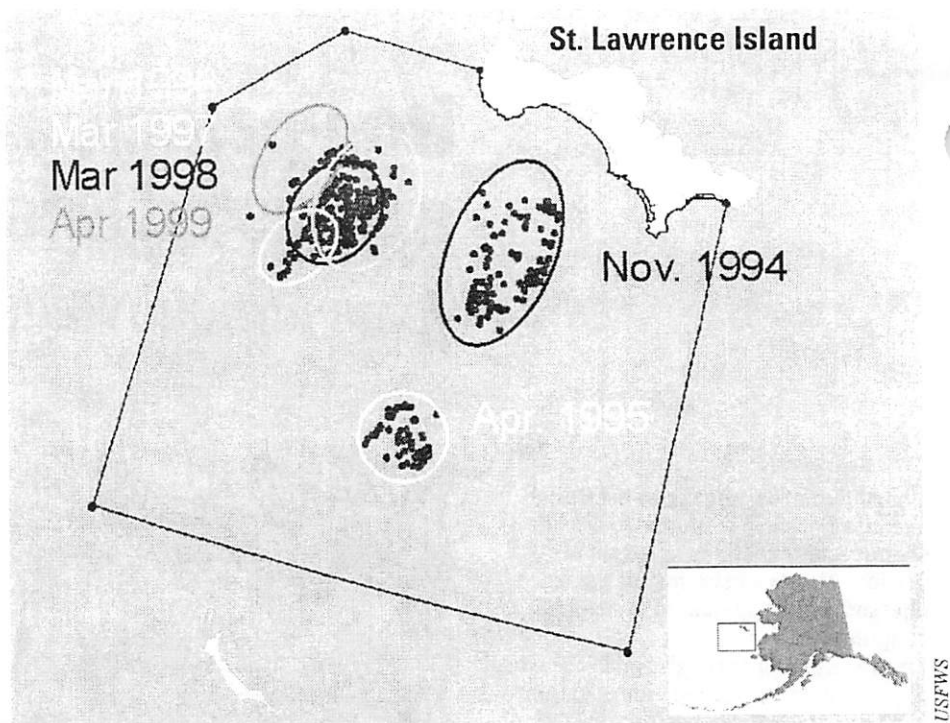
Agency funding limitations precluded us from conducting surveys since 1998, and future budget projections are downward. Using the following methods, this project is estimated to cost \$170,000 for the first year. Costs for surveying a second year will be lower if transmitters from the first year are still working.

Methods

1. Implant 20 spectacled eiders in early June with satellite transmitters designed to last 2 years. Monitor the status and location of eiders throughout the year.
2. Using satellite location data, design an initial search grid for aerial surveys. In late February – early March, guided by telemetry data, conduct a systematic search using a twin-engine aircraft, to determine sea ice conditions and distribution of eider flocks. Depending on results, additional flights may be necessary for this reconnaissance.
3. When distribution of flocks and ice conditions are favorable (i.e. ice cover >90 percent, eider flocks distributed in compact flocks among sea ice), conduct photo census using oblique and vertical aerial photography in combination with existing protocols for visual estimates and ratio estimation procedures. This will likely require 2-3 full-day flights.

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May 2007



Spectacled eider wintering critical habitat boundary with aerial and Coast Guard Cutter-based sightings of eiders superimposed. Spectacled eiders tend to congregate in the northwestern portion of critical habitat, but high numbers have also been observed elsewhere within the critical habitat boundary. Data are from the U.S. Fish & Wildlife Service, U.S. Geological Survey, and the University of Wyoming.

What We Need to Know: Spectacled Eider Prey Distribution and Ecology

To protect eiders and manage fisheries we also need to understand the distribution of their prey, why that distribution fluctuates naturally, and how it might change as the climate changes.

We are not sure what constitutes good eider foraging habitat. To protect eiders and manage fisheries in the northern Bering Sea, we need to understand the specific habitat conditions eiders require, where those conditions exist, and how the distribution of eider habitat may shift as the climate changes.

The distribution and relative dominance of clam species in this area of the Bering Sea have changed over decades for unknown reasons, with biomass dominance apparently shifting from *Macoma calcareo* in the 1950s and 1960s to *Nuculana radiata* at present. It is possible that the biomass of *Nuculana radiata* is now declining.

Some benthic studies have been progressing independent of our agency, thanks to the University of Wyoming with National Science Foundation funding. Such studies, and experimental non-pelagic trawling to predict the

effects of trawling on dense beds of *Nuculana* (and other) clams, are outside the scope of field work contemplated by our agency.

The following questions could be addressed through the Bering Sea Integrated Ecosystem Research Program of the North Pacific Research Board, or through its regular annual request for proposals.

- What factors affect clam distribution, including changing oceanographic conditions and potential impact of additional predators?
- What effects will non-pelagic trawling have upon dense *Nuculana* beds?
- Do eiders always rely upon *Nuculana* clams, or are *Macoma* clams sometimes their primary prey?

For further information contact Karen Laing, Eider Recovery Coordinator at karen_laing@fws.gov or 907-786-3459; or Greg Balogh, Endangered Species Branch Chief, Anchorage Fish and Wildlife Field Office at greg_balogh@fws.gov or 907/271 2778.

**Alan Bing Henkel
FV Erla N
1736 205th Place N.E.
Sammamish, Washington 98074
425 503 5120**

May 29, 2007

Ms Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

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MAY 29 2007

N.P.F.M.C.

Re: Agenda item C-4(c) Discussion paper on custom processing

Dear Ms Madsen:

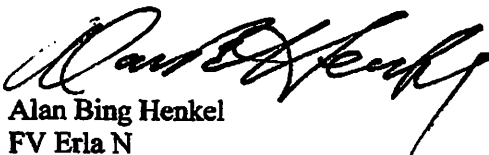
I am the co-owner of the crab fishing vessel Erla N and it is a major participant in the Eastern Aleutian Islands (Dutch Harbor area) golden king crab fishery. I was actively involved in the development of the crab rationalization program and I am knowledgeable about most of the critical aspects of the program.

I wish to recommend that custom processing of Eastern Aleutian Golden King Crab in Unalaska be allowed up to 60 percent of the TAC. This would assure at least two competitive markets, and prevent consolidation of processing in a single processor in the region. However, it will also enable improved economic efficiency amongst the competitive markets.

My experience with markets in Unalaska under the current 30 percent cap in the rationalization program is that my vessel has been required to deliver to four different markets, which has resulted in increased plant operating costs and additional costs to my vessel operations.

Increased costs to the vessel operations arise from it being required to do multiple offloads of a single trip, to more than one processor, in order to comply with the existing 30 percent use cap. Multiple offloads of one trip incur deadloss and scheduling difficulties that result in unnecessary lost time waiting for boats to offload at plants.

Thank you for your consideration.


Alan Bing Henkel
FV Erla N

Deep Sea Fishermen's Union of the Pacific

5215 Ballard Avenue N.W.
Seattle, WA 98107
Phone: (206) 783-2922
Fax: (206) 783-5811
www.dsfu.org



Established 1912

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MAY 29 2007

N.P.F.M.C.

May 29, 2007

Stephanie Madsen, Chair
North Pacific Fisheries Management Council
605 W 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Subject: BSAI Crab Management
"Active Participation" for C-shares

Dear Ms. Madsen:

The Deep Sea Fishermen's Union was first established in 1912 representing the halibut and sablefish schooner fleet fishermen of Seattle. Over half our members are still working on these vessels and are second and third-generation longline fishermen. In more recent years we opened our membership to crabbers, supporting other fixed gear groundfish fisheries. We have a long and distinguished history in the fishing industry. Today we are writing in support of our crabbing members.

The June, 2007 meeting of the NPFMC in Sitka, Alaska is addressing the BSAI Crab Management Plan, in particular, the discussion paper on "active participation" for C-shares. We ask the Council to consider the following:

Current participation requirements:

Based on public testimony and a recommendation from the Advisory Panel, the Council initiated consideration of an amendment to the criteria used to determine a person's eligibility to acquire captain and crew shares (C shares) in the Bering Sea and Aleutian Island crab fisheries governed by the rationalization program. Currently, a person must be an 'active participant' in the fisheries, defined as having participated in a landing during the 365 days preceding the C share purchase. Testimony suggested that this requirement is overly burdensome to some former participants wishing to secure a position in the fisheries, who were unable to participate in the first year of the program because of fleet consolidation. Relaxing participation criteria could facilitate share purchase by persons wishing to reenter the fisheries.

The Union supports the purpose and need statement put forth by Council staff. Our Union sees the problem as transitional, therefore we support the options to address current transition in the discussion paper.

For a period of 5 years from the
Option 2: Implementation of the loan program

C shares can also be acquired only by an individual who:

- 1) Is a U.S. Citizen,
- 2) Has at least 150 days of sea time as part of a harvesting crew in any U.S. Commercial fishery (historic participation), and

Option 1: received an initial allocation C shares

Option 2: demonstrates participation in a rationalized crab fishery during
b. 2 of the 3 years (2002-2004)

Immediately preceding implementation of the crab rationalization program

The Union feels this would be a good one time solution to the current situation of accelerated job loss and re-integration into the fleet by long term committed crewmen who lost their jobs.

Statement concerns on processing shares 90/10 split:

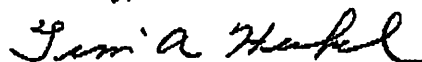
We feel C shares should be exempt from the processing share and regional landing requirements. This additional cost would further diminish the value of C shares to their holders. The decline in flexibility and use and value would limit the benefit of C shares to their holders. The C shares are in general in smaller amounts and would be logistically challenging.

Leasing sunset extension:

We strongly suggest that the extent of the sunset for leasing C shares be lengthened an additional 5-years upon the implementation of the loan program. After the 5-years the quota share holder must meet the active participant criteria to be issued IFQ.

The DSFU has been ardently working toward getting help in Congress to activate the federal loan program established for captain and crew. Under the new loan program it is expected that share purchase and distribution will accelerate and define itself in the fleet.

Sincerely,



Tim Henkel
Oystein Lone
Deep Sea Fishermen's Union

May 29, 2007

North Pacific Fishery Management Council

Re: BSAI Crab Fisheries

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MAY 29 2007

N.P.F.M.C.

My name is Mikal Mathisen. I currently run the crab vessel Karin Lynn and have been in the Bering Sea Crab industry since 1990. I am a resident of Washington State.

I am writing in support of keeping the C shares as open access; meaning no regionalization and no a/b split. With the timing requirements of share matching it seems like an unnecessary burden to get all of the crew shares lined up as well. It would be a logistical nightmare for the people involved to deal with these relatively small pieces and be quite restrictive of any crew movement after share matching had taken place. The more restrictive the shares are the more likely that some crab will not get caught.

I would also like to see the C shares remain leaseable and co-opable eliminating the participation requirement. With as fast as the fleet has shrunk in the first two years of rationalization it is easy to imagine further shrinking particularly of the King Crab fleet and especially if we ever get a St Matthew/Pribilof Island season. It is hard now and will become even harder with further consolidation for all C share holders to find boat jobs for all fisheries. Some of the crab will undoubtedly then not get caught. People have earned and/or purchased these shares with a lot of time and money, it would be a shame not to get the financial reward.

As far as the purchasing of these shares there is supposed to be a federal loan program in place and I am wondering where that is. Hopefully that will go in effect soon and allow the non-owner crew types that it was designed for some financial options.

As far as the fishery itself I would like to see some form of post delivery transfers put into place. No one is trying to gain financial reward by going over quota because it is all assigned and accounted for. In the case of a boat delivering more or less than he was supposed to it is the simple case of the count being off, or the crab weighing more or less than assumed. We should give people one full week to come up with the pounds from another vessel or co-op to cover their overage. Also when a boat or co-op is done fishing for the season any uncaught pounds left on its quota should automatically transfer to a central account available to cover overage's or allow boats still fishing to catch the quota. It is a shame to leave any pounds in any fishery on the table. Pounds put into this account could automatically go to some pre-arranged lease fee such as 50/50.

Thank you,



Mikal Mathisen
206-842-5154

To: The Honorable Sarah Palin
Governor of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

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MAY 29 2007

From: Saint Paul Island Entities

N.P.F.M.C.

Anthony Philemonoff, President
Tanadgusix Corporation
P.O. Box 88
St. Paul Island, Alaska 99660
Tel. 907 546-2312
Fax 907 546-2366

Linda Snow, City Manager
City of St. Paul
P.O. Box 901
St. Paul Island, Alaska 99660
Tel. 907 546-3113
Fax 907 546-3188

Robert Melovidov, President
Tribal Government of St. Paul
P.O. Box 86
St. Paul Island, Alaska 99660
Tel. 907 546-3200
Fax 907 546-2354

Phillip Lestenkof, President
Central Bering Sea Fishermen's Association
P.O. Box 288
St. Paul Island, Alaska 99660
Tel. 907 546-2597
Fax 907 546-2450

Re: Letter from Saint Paul Island Entities

April 27, 2007

The Honorable Sarah Palin
Governor of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Palin:

As representatives of Saint Paul Island's main entities, we are writing to express our concern that the carefully constructed balance between processors, harvesters, and communities in the Bering Sea/Aleutian Islands (BSAI) crab rationalization program, which is necessary to protect the interests of all participants, may be altered in a manner that is harmful to our community. The North Pacific Fishery Management Council (NPFMC or Council) is in the first stage of a planned 18-month review of the program, and is naming a crab advisory committee to consider, among other things, the effects of the 90/10 split between "A" shares which are regionalized and must be delivered to processors owning processor quota in designated regions, and "B" shares which can be delivered anywhere.¹

For various reasons, specified in greater detail below, Saint Paul's economy is almost entirely dependent on crab processing. As a result, negative impacts to the processing sector impact the community's economic base and other dependent businesses. Although crab stocks continue to be low, the rationalization program has ensured that some level of economic activity derived from this fishery has remained on Saint Paul and in the northern BSAI crab region. We therefore urge that the program, which is only 18 months old, be given an opportunity to work.

We would also like to take advantage of this opportunity to extend to you an invitation to visit our historic community and the rich marine wildlife that characterizes the Pribilof Islands.

1. The Transition from Fur Sealing to Fishing on the Pribilof Islands:

For over a century, Saint Paul was not allowed to develop a commercial fishing industry due to the exclusive federal management of the commercial fur seal harvest.²

¹ The program summary included in the "Bering Sea and Aleutian Islands Crab Rationalization Program Report, Fishing Year 2005/06, prepared by NMFS (12/14/06) provides a valuable overview of the main elements of the program on pages 1-9. The report may be accessed at: <http://www.fakr.noaa.gov/sustainablefisheries/crab/rat/rpt/2005crabreport.pdf>.

² The Pribilof Islands have a unique history due to the fact that until 1983 the Islands were administered by the U.S. Department of Commerce for the exclusive purpose of harvesting fur seal pelts. No other commercial (i.e. fishing) activities were allowed by federal administrators out of concern that it would impact the commercial fur seal harvest. The Native Aleut residents on both Saint Paul and Saint George Islands were employed in this commercial operation which was inherited by the U.S. Government when it purchased the Alaska territory from the Russian Empire in 1867. In fact, historians note that it was the valuable Pribilof fur seal operation that spurred

Then, in 1983, the U.S. Congress directed that the federal government's fur sealing operations be phased out. With fisheries being the only viable alternative to fur sealing on the Pribilofs, the community scrambled to develop the necessary fisheries-related infrastructure in the late 80's and early 90's with the support of the U.S. Congress and the State of Alaska.³ The first stage of the Saint Paul Harbor was completed on August 4, 1990, at a cost of \$32,332,600. In addition, the community indebted itself with millions of dollars to upgrade infrastructure and build facilities that would support the development of a fisheries-based economy such as a fuel farm, a power plant, water storage facilities, a landfill, and other utility upgrades.

The 1981 collapse of the Bering Sea king crab fishery and the need by harvesters and processors to diversify from king crab into opilio crab provided Saint Paul with the opportunity to enter a major fishery. The Bering Sea crab fishing industry took advantage of Saint Paul's harbor and the community's considerable investments in fisheries-related infrastructure to initiate shore-side landings, processing, and vessel support services for the fleet. Saint Paul's proximity to the opilio crab grounds with the associated benefits of reduced fuel costs, time, deadloss, and safety risks, plus its fresh water reserves, its airport, and other support services, were extremely valuable to a non-rationalized derby-style fishery. The first significant opilio landings in the harbor occurred in 1993 at the Unisea barge followed in 1995 at the Trident shore plant. The processing and harvesting sectors clearly benefited from their relationship with Saint Paul and the considerable public and private investment on the Island. The community and the State also benefited.⁴ As a result, in the late 90's, Saint Paul was, after Unalaska, the largest generator of fisheries business tax in the State of Alaska.

III. The Impacts of the Collapse of the Opilio Crab Fishery on Saint Paul:

In 1999, when the Alaska Department of Fish & Game (ADF&G) announced a significant reduction in the Guideline Harvest Level (GHL) for opilio crab from approximately 192 million lbs. in 1999 to 28 million lbs. in 2000, our community was forced to take drastic actions. The City receives a portion of the State levied fisheries business tax on all crab delivered and processed by the Island's shoreplants as well as by

U.S. interest in acquiring Alaska in the first place. Within ten years of the purchase, the fur seal harvest had paid for Alaska's entire cost to the U.S. of \$7.5 million. The history of the American operation of the fur seal franchise on the Pribilof Islands and the treatment of the Aleuts through 1947, is documented in Aleut Community of Saint Paul Island v. United States, 42 (Ind. Cl. Comm. 1, 149 (1978)).

³ A \$20 million trust was established pursuant to the 1983 Fur Seal Act Amendments and the federal government and the State of Alaska committed to helping Saint Paul and Saint George build harbors necessary to develop a fisheries-based economy.

⁴ For the 1995-1999 period, for example, Saint Paul's market share of the opilio crab harvest averaged 36.1% based upon revenues. See "Economic Impact of Bering Sea Crab Stock Disaster on Saint Paul and the Need for Fisheries Diversification in Years 2000 and Beyond," prepared by Natural Resources Consultants, December 1999.

floating processors stationed within three nautical miles of Saint Paul Island⁵. In addition, the City receives a 3% sales tax on crab delivered to processors inside the Saint Paul Harbor as well as a sales tax on fuel and other supplies sold in the harbor. As a result of the fishery collapse, the total decrease in revenues to the City of Saint Paul in 2004, 2005, and 2006, as compared to 1999, was 84%, 84%, and 86%, respectively. This is almost directly proportional to the 85% decrease in the GHIL from 1999 to 2000 and subsequent years. Several major areas of City revenues such as onshore and offshore processing, fuel distribution, harbor services, and local businesses continue to be depressed. These effects are summarized in the chart included as Attachment A.

The decline in revenues experienced by the City is indicative of the declines similarly experienced by privately held businesses in the community. These revenue declines have been felt directly by Saint Paul's 460 residents through loss of jobs, loss of consumers, loss of the community day care facilities, and curtailment in air passenger, cargo and bypass services to the mainland. As of the date of this letter, the City of Saint Paul officially has 38 employees, down from 50 in early 2000. The 2000 Census listed the population at 532; many residents have moved off the Island due to lack of work and opportunities. The departure particularly hurts the long-term viability of the Island as many of those leaving are educated, skilled, and young. The community is now heading into the eighth year of the opilio crab fishery collapse. However, the scenario would have been much worse if Saint Paul had not been protected by the Three Pie concept built into the crab rationalization program.

IV. "Three Pie" and the Benefits of Rationalization for Saint Paul:

As a result of the crisis brought on by the crab collapse our community was forced to make a number of difficult decisions. One of the first steps was to request, as an affected fishing community, that the Secretary of Commerce, under the authority extended to him by Section 312 (a) of the Magnuson-Stevens Fishery Conservation and Management Act, declare that a commercial fishery failure had occurred due to a fishery resource disaster. Such determination was made by the Secretary on May 11, 2000, and due to the continued collapse of the opilio crab fishery has been extended by successive notifications from NMFS. This declaration allowed Saint Paul to tap into federal assistance and provided the impetus for proceeding with the development of a rationalization program in the crab fisheries.

On the rationalization front, the community with the support of the State, played a key role in constructing the proper balance among processors, harvesters, and communities, known as "Three Pie." Critical from the community's perspective was that the US Congress, the State of Alaska, and the NPFMC (the Council) recognized that the considerable federal, state, and municipal investments made on Saint Paul that proved invaluable to developing a commercially successful crab fishery in the Bering Sea,

⁵ The fish tax is 3% for shorebased facilities and 5% for floaters (see A.S. 43.75.015(a)). The state refunds 50% of the tax collected to cities located in unorganized boroughs and 25% to cities located within organized boroughs (A.S. 43.75.130(a)).

merited protection within the context of rationalization, in a manner similar to that extended to the harvesting and processing sectors.

Congressional approval of the crab rationalization program in January of 2004 set the stage for ending the derby style crab fishery and for the consolidation of harvesting and processing activity in the Bering Sea. As the main port in the designated northern region of the Bering Sea, Saint Paul has benefited from this program, even though crab stocks remain low and the community's revenues are still at 85% of what they were in 1999. While at present only two of the six crab fisheries are open, required deliveries to northern region processors have helped generate revenues of slightly more than \$600,000 per year during the last seven years which have helped the City to survive until the stocks return and new fisheries can be developed (see Attachment A).

Moreover, even at low quota levels, the limited crab processing taking place on Saint Paul thanks to rationalization provides the economic basis for the local CDQ and IFQ halibut fishery as the local fishermen have no alternative location to process their halibut. CBSFA contracts with Trident at Saint Paul to custom process the halibut delivered by the local fleet. This fishery is a major source of employment and income for the community - in 2006 it generated income of over \$2,400,000. This is significant for a small community. Furthermore, through its CDQ allocations, CBSFA has promoted economic activity by delivering its allocations of Bristol Bay Red King Crab (BBRKC) and Opilio to northern region processors based at St. Paul.

Some 300-400 non-residents work at the shore-based Trident processing facility during the crab season. In addition, transient fishermen who deliver crab are also important to the local economy. These individuals are an important group of consumers and source of business for the Community Store, the Tavern, the Package Store, and the Hardware Store. The local village corporation, TDX, obtains substantial revenue from other related services such as leasing land for freezer vans (crab), sales of fuel, and hotel services, as well as jobs. Businesses such as PenAir, Northland Services, and Delta Fuel are dependent on these flows of people and trade. It is clear that without crab processing, the Island would face economical collapse.

Finally, without crab processing the community would be unable to attract investment in the infrastructure, permitting, and other upgrades necessary to diversify into commercially valuable species such as pollock and cod, and survive in the long term. This would be an unfortunate development given that Saint Paul's greater proximity to the commercial fisheries which are gradually moving into the northern Bering Sea, in addition to high fuel costs, makes the Island an ideal location to support the North Pacific industry.

V. Conclusion:

For the above reasons, the community views with concern challenges to the 90/10 A share/B share split. This is not only a harvester/processor issue, as this split is the basis for labeling quota as either northern or southern region quota and is currently the only protection that Saint Paul has. It is therefore important to maintain a proper balance

between restricted use (regionalized) processor quota shares, which are matched on the harvesting side with regionalized A-shares, and B-shares which do not need to match PQS/IPQ, and are not regionalized. Preliminary Council analyses, moreover, show that there are no significant B-share and C-share landings in the northern region. The level of landings of B-shares and C-shares in Akutan and Dutch Harbor, in the southern region, which are a full 22% higher than those ports' share of A-share landings, illustrate that the northern region is almost completely dependent on the A-share component (90%) in this program.⁶

The community believes that the problems being attributed to the crab rationalization program by some participants in the Council process are being solved and do not require alterations to key elements of the program at this time. In the northern region, these problems have been aggravated by incidents such as the ice events in the harbor during the last two crab seasons and the fire on the Steller Sea processing vessel. All of Saint Paul's entities, however, are working closely with the processing and harvesting sectors, to solve the problems associated with the low crab quotas by allowing for custom processing arrangements that would maximize operational efficiencies for northern region participants. We hope to have this project up and running in time to allow us to process opilio and BBRK crab as well as CDQ and IFQ halibut for the next season.

Governor Palin, we look forward to the opportunity to discuss these issues and our concerns in person with you in Juneau, Anchorage, or on Saint Paul. We would like to meet with you before the next Council meeting, beginning June 4, at which the crab program review will be discussed and potentially acted upon.

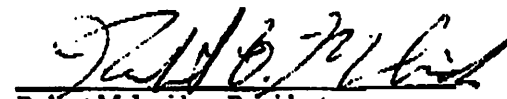
We are aware of your personal commitment to healthy and viable rural Alaskan communities and we hope that you understand our perspective regarding this matter. Again, we would be delighted if you decide to accept our invitation to visit our unique community. We look forward to your response.

Sincerely,


 Linda Snow, City Manager
 City of Saint Paul Island


 Anthony Philemonoff, President
 Tanadgusix Corporation


 Phillip Lestenkof, President
 Central Bering Sea Fishermen's Association


 Robert Melovidov, President
 Tribal Government of Saint Paul

cc: Denby Lloyd, Alaska Department of Fish & Game

⁶ "18 Month Review - Bering Sea and Aleutian Islands Crab Management", NPFMC staff analysis, March 2007, page 45, table 16.

ATTACHMENT A**City of Saint Paul Sales and Fish Tax Revenues**
(rounded to the nearest thousandth dollar and percentage point)

Revenue Source	1999	2000	2004	2005	2006	Revenue Decline 1999 to 2000	Revenue Decline 1999 to 2004	Revenue Decline 1999 to 2005	Revenue Decline 1999 to 2006
Onshore Processors	782	113	178	191	194	86%	77%	76%	75%
Offshore Processors	1,935	298	272	230	135	85%	86%	88%	93%
Fuel Distributors	85	11	20	28	42	87%	76%	67%	51%
Harbor Services	759	78	69	94	91	90%	91%	88%	88%
Local Businesses	110	60	60	47	45	45%	45%	57%	59%
TOTAL	3,671	560	599	590	507	85%	84%	84%	86%

Although Saint Paul has experienced a dramatic decline in revenues since 1999 resulting from the opilio fishery collapse, the existence of the crab rationalization program has ensured deliveries of crab in northern region ports including Saint Paul.

In the past seven years, these revenues have on average ranged between \$500,000 and \$600,000 per year providing some relief to the community until the crab stocks return.