


MEMORANDUM

TO: Council, AP and SSC Members

FROM: Clarence G. Pautzke
Executive Director 

DATE: January 8, 1991

SUBJECT: Inshore-Offshore Allocation

ACTION REQUIRED

Receive status report on analysis.

BACKGROUND

Since the December status report, the analytical team has continued to work diligently toward preparing a draft amendment analysis and remaining on schedule for April (item C-5(a)). As mentioned to the Council previously, minor adjustments to the work schedule have been made to remain on track for April. These adjustments have been necessary due to late arrival of survey forms, the complexity in preparing the data base for use in the economic models, and the need to de-bug the linear programming model. The status of each of the three main sections of the analysis – economic, social, and biological impacts – is reported below.

Economic Analysis

Meetings with industry were held in Seattle and Kodiak December 10-19 to clarify the economic survey responses, collect additional information, and ground truth various economic assumptions prior to inputting these data into our models. These meetings were very helpful and the team greatly appreciates the time industry representatives spent participating in these meetings. A list of the participating industry organizations and other individuals is provided as item C-5(b).

Work on building the economic data base for this analysis has proceeded with the Council staff taking the lead in programming and data input. This aspect of the analysis has proven to be extremely complex because each economic survey questionnaire could generate up to 1,600 individual data entries, many of which require interpretation and recalculation to a standard format. We have hired a consultant to work with staff in designing a data base system that will lend itself to linkages with other data sets and to provide the input variables necessary for running the economic models. We also replaced two computers once we discovered that our existing machines were operating at their maximum limits and incapable of running the complete models.

Our intention is to have our baseline model runs generated by next week. These data runs will tell us if our models are running properly and produce the baseline results needed for the social impact analysis. Further runs of the models for the various alternatives will be conducted, and the economic

results should be available to the analysts in early February. A preliminary draft of the economic analysis is scheduled for first review by the Fishery Planning Committee in mid/late February (e.g. the week of February 18).

Social Impact Analysis

The social impact analysis (SIA) continues on schedule with the completion of the six detailed community profiles prepared by the consulting firm Impact Assessment, Inc. These profiles will serve as the background data base from which the SIA will describe the effects of Council inshore-offshore decisions on communities. The community profiles are undergoing technical review and will be finalized shortly. The six communities described are: Unalaska, St. Paul, Sand Point, Kodiak, Bellingham, and Newport. The Seattle district of Ballard will be included in the SIA but studied in a different perspective.

At the last meeting the Council was advised that it was impossible, given time and funding constraints, to assess, at a similar level of detail, the social impacts of Council decisions on Seattle/Ballard. The Fishery Planning Committee recommended that attempts to include Ballard in the analysis be made where possible. In response to this request, Impact Assessment recommended a series of key interviews with Ballard processors, fisherman organizations, unions, local businessmen and leaders to develop sufficient information to describe, in non-quantitative terms, the potential social impacts of the proposed alternatives on affected community sectors. The consultants estimated that this process would enable them to describe, at a relatively elevated level, the principal social ramifications of the various alternatives, without, however, the quantitative support available as a result of the six detailed community profiles. During the week of December 10, John Petterson met with industry representatives, local business and other community leaders to collect the information needed for an analysis of potential impacts on Ballard.

Following these meetings a letter was received from the American Factory Trawler Association expressing to the Fishery Planning Committee their concerns with the SIA methodology (item C-5(c)).

The social scientists are scheduled to receive baseline economic data from the economists next week. Transmission of these data will initiate their preparation of the SIA. It is anticipated that the SIA will be available for the FPC and the SIA Review Panel by mid/late February.

Biological Analysis

Considerable progress was made at a drafting session held January 7-8 at the Alaska Fisheries Science Center in Seattle. This section of the amendment package examines primarily two key issues: (1) the availability of pollock and Pacific cod resources to inshore communities and users; and (2) whether concentrated harvest operations targeting on localized or spawning stocks can adversely impact pollock and Pacific cod resources. A first draft of this part of the analysis is scheduled for initial FPC review in February.

Schedule for Inshore-Offshore Allocation Analysis (REVISED)

- August 17 Send out comprehensive economic survey.
- August 24 FPC meeting. Receive status report on economic survey, development of analytical models, and social impact assessment.
- September 25-28 Council meeting. Status report.
- Late September Complete development of economic models. Finalize industry projection data base.
- October 6 Economic survey responses due.
- November 6 • Finalize economic survey data base and industry sector profiles.
 • Perform trial runs of analytical models.
- December 6 • Council meeting. Status report.
 • Industry review meetings.
 • Economic model runs.
- January 15-18 • Council meeting. Status report.
 • Draft community profiles due to review team.
 • Submit economic results to social impact assessment team.
- Mid-February
(week of Feb. 18) FPC meeting. Review preliminary inshore-offshore results.
- Mid-March FPC meeting. Review draft analysis of inshore-offshore amendment.
- April 21-25 FPC and Council review. Approval to send out to public review.
- May 10 Send amendment documents out to public review.
- June 24 Public review period ends.
- June 25-28 FPC and Council meeting. Final approval of amendments.
- July Submit to Secretarial review.
- November Secretarial review ends. Implementation.

FPC = Fishery Planning Committee

Note: Scheduling of additional milestones, FPC meetings, and some adjustment of dates will likely occur during the year.

MEMORANDUM

TO: Steve Davis
FROM: Jim Cornelius
DATE: January 8, 1991
SUBJECT: Attendance/Participation at Industry Review Meetings

During the week of December 10, 1990, Marcus Hartley, John Petterson, and I met with nine industry organizations in Seattle (listed below) represented by 50 different individuals (head count in parenthesis). In addition, we toured 4 vessels during this visit (Golden Fleece, Northern Glacier, Pacific Glacier, and Ocean Phoenix).

1. AFSC and SSC (5) [Lew Queriolo and Dan Huppert]
 2. FVOA: Iceboat Longliners (7) [Rick Malsed & Bob Alverson]
 3. FVOA: Freezer Longliners (9) [Thorne Smith]
 4. PSPA: Shoreside Processors (8) [John Iani]
 5. North Pacific Vessel Owners Assn [Dennis Peterson]
 6. American High Seas [Doug Gordon]
 7. Midwater Trawlers Assn [Steve Hughes]
 8. AFTA (10) [Bert Larkins]
 9. ad hoc Mothership Group (4) [Mick Stevens]
- } (7) group meeting

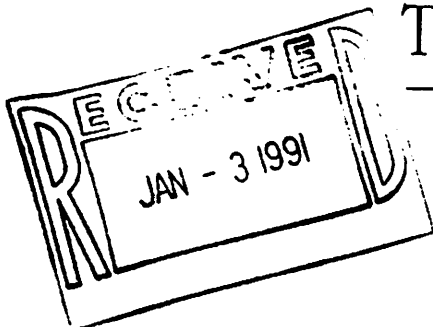
The following week (December 18-19) I met in Kodiak with smaller groups on a more ad hoc basis under the very helpful organization of Linda Kozak, Jeff Stephan, and Chris Blackburn. These meetings covered 8 groups represented by 23 individuals.

1. Kodiak Longliner's Assn (5) [Rob Wurm]
2. Pot Cod Catcher Vessels (5) [Jack Hill]
3. Cook Inlet Processing (2) [Wayne Selby]
4. Alaska Fresh Seafoods (2) [Dave Woodruff]
5. United Fishermen's Marketing Assn (3) [Jeff Stephan]
6. Western Alaska Seafoods (1) [Ken Allread]
7. Alaska Pacific Seafoods (1) [John Sevier]
8. Trawl Catcher Vessels (4) [Oscar Dyson]

The meetings were designed to meet two objectives; 1) "ground truth" some of the conclusions we drew from the returned survey data, and 2) gather additional information regarding key economic, operational, and sociological (Seattle only) aspects. In addition, we listened and took note of many concerns these groups had relating to the onshore/offshore debate.

There is a great deal of skepticism in the industry concerning the Council's ability to resolve this issue, although all seem to agree that something must be done. We spent perhaps a third of our time in Seattle discussing various aspects of the proposed amendment and the scope of the analysis. Despite the skepticism, the meetings proved very helpful in terms of understanding various industry perspectives, and I believe those in attendance appreciated the opportunity to provide input.

AMERICAN FACTORY TRAWLER ASSOCIATION



ACTION	ROUTE TO	INITIAL
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December 28, 1990

Mr. Joseph Blum, Chairman
NPFMC Fishery Planning Committee
c/o Washington Department of Fisheries
115 General Administration Building
Olympia, Washington 98501

Re: Socioeconomic Analyses of Shoreside Preference
Alternatives

Dear Joe:

I am writing in regard to the Social Impact Assessment (SIA) currently being developed in connection with the various management alternatives identified under the shoreside preference amendment package. As you know, socioeconomic considerations have been cited as the primary justification and underlying rationale for most of the allocation alternatives currently under review -- all of which would involve a reduction in the amount of pollock currently being utilized by the offshore fleet and an increase in the amount of pollock available to shoreside processors.

The SIA is supposedly designed to assist the Council and the Secretary of Commerce in evaluating the social impacts, from both a cost and benefit standpoint, of the various management options available to the Council. It was for this reason that the Council, after considerable urging from AFTA, agreed to include Ballard as one of the seven study sites that would be evaluated in connection with the SIA. Ballard was selected as the sole representative of communities which are dependent on at-sea processing and which would be adversely affected by management measures favoring shoreside interests over at-sea processors. The other six sites are communities that would, at least theoretically, benefit from the adoption of a shoreside preference amendment. In this regard, it was our original understanding that:

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- (1) Ballard would receive a comparable level of analyses with that being devoted to the shoreside communities;
- (2) the SIA would be based on extensive interaction with those individuals, businesses and other elements in the community which would be impacted; and
- (3) a 30-day comment period on the input and assumptions was to be provided for the affected parties.

By letter to you dated December 12, 1990, AFTA expressed its concerns over the suggestion that the planned comment period might be eliminated. In our view, such action would remove any meaningful opportunity to comment on the preliminary data and model assumptions underlying the analysis of the shoreside preference alternatives. This concern turned to dismay on December 13, 1990, when we met with Council staff to be briefed on the status of the various socioeconomic studies that are currently under way. At that meeting, it became painfully clear that those portions of the SIA dealing with Ballard were woefully inadequate; and that no meaningful analysis of the community most negatively impacted by a shoreside preference amendment was being undertaken. At the meeting, we were informed that:

- The "industry briefing" to which we had been invited on the 13th constituted one of the principal on-site interviewing sessions scheduled for Ballard -- the community most closely connected with the at-sea processing industry; and
- Ballard has not been included in the preliminary baseline report currently under development and will not, therefore, be receiving the same level of attention in the SIA that is being paid to communities standing to benefit from a shoreside preference amendment.

Based on our meeting with Council staff and contractors on the 13th, it is clear to us that the SIA as currently being developed is seriously defective -- primarily as a result of scheduling and study design decisions that are beyond the staff's and/or contractor's control. Our reasons for that conclusion are set forth below.

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and/or contractor's control. Our reasons for that conclusion are set forth below.

1. What was scheduled as a briefing for members of the industry, was in fact the extent of the input being solicited from those that would be most harmed by the proposed shoreside preference FMP amendment. It is our understanding that community profiles for Ballard are not going to be developed and that the analysis of Ballard will be based on a series of brief interviews that were conducted over a two or three-day period. It is unconscionable that the sector of the industry primarily affected by the offshore/inshore amendment is to be characterized based on the conversation we had with the analytical team on the morning of December 13.

If the SIA of Ballard is going to be based on such limited interviewing as was characterized by the meeting of December 13, Ballard continues to be effectively left out of the analysis. If the SIA for Ballard is to be a meaningful exercise, a dramatically enhanced information collection program is essential. Time and financial constraints have been cited as reasons for such an abbreviated effort in evaluating impacts on Ballard. These are simply inadequate justifications for giving Ballard such short shrift in the analytical process. The implications of a shoreside preference amendment on the Nation in general and on communities such as Ballard in particular, are simply too important to ignore.

2. Based on the briefing we received on December 13, it is clear that the current structure of the SIA inherently precludes an even remotely balanced consideration of both the positive and negative effects of transferring pollock resources from existing to prospective users. The SIA, as currently structured:

- (a) focuses on the incremental benefits of future growth in yet-to-be developed shore-side processing capacity, while ignoring the potential hardships of existing users denied access to their traditional resources;
- (b) focuses almost exclusively on modest, and in some cases minute, benefits for potential users, while ignoring potentially catastrophic harm to existing users;

- (c) utilizes the majority of the limited resources available for research on communities for which extensive secondary information is already available, while ignoring the one community (Ballard) for which there is no secondary information on which to base an informed decision; and
- (d) fails to provide even a remotely comparable level of analysis of the existing user population to that which is being undertaken for shore-based plant operations.

3. Unless Ballard is fully studied in the SIA, the analysis will report to the Council the incremental benefits of future growth in shoreside processing, without any regard for the real-time hardships borne by existing users. As currently structured, the SIA is limited to addressing the benefits of shifting jobs out of Ballard. At a minimum, the effects on those families displaced and those communities bearing the brunt of the dislocation, should be receiving equal consideration. The approach being undertaken borders on misuse of socioeconomic science -- a technique that was developed and refined primarily as a tool for balancing beneficial and adverse effects of alternative actions.

4. The greater community of Ballard, with potentially thousands of families at risk, is by the analytical team's own omission not a full study site even though it has a demonstrated presence in and dependence on the Bering Sea Pollock fishery. At the same time, the so-called "representative" communities which are being studied include locations with modest, or even remote and undefined ties to the pollock fishery. The SIA is focusing on communities in which the potential beneficiaries are likely to be measured in the 10's, while greater Ballard, with 1,000's of jobs at stake, is not a full study site. While we do not question the appropriateness of examining the smaller Alaska communities, it is unconscionable that there was a budget to make a number of small communities full study sites, while the most heavily impacted community remains an afterthought. Communities such as Sand Point and St. Paul, which have no significant ongoing dependence on the pollock resource, are being studied in detail, while Ballard, with a major ongoing dependence on pollock, continues to be ignored.

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5. The study is focusing on communities for which there is a wealth of secondary information while Ballard, which has never been studied from this perspective, continues to be short changed. Communities such as Kodiak, Sand Point, St. Paul and Unalaska have all been subjected to in-depth study by both economists and anthropologists. In fact, a substantial portion of this research has been undertaken by the SIA contractor, Impact Assessments, Inc. Sound research would draw heavily on prior publications and experience in these communities, and focus research resources on those locations and issues for which information is totally lacking. Precisely the opposite has been done in this analysis. The Council is spending approximately \$80,000 and six months studying communities for which there is an existing wealth of information and only \$10,000 and several days in Ballard looking at the one community for which there is no pool of information on which to base an informed decision.

6. The SIA as currently structured will have no meaningful baseline for Ballard, or any other representative community dependent on the at-sea fleet. The exclusive intention of including Ballard in the SIA was to provide comparable consideration of both positive and negative community effects. The cornerstone of each of the community analyses are the community data profiles. For other communities, these profiles include in-depth profiles on the size and factors influencing the population, household characteristics, educational status, employment and income attributes, relationships with the fishery, community infrastructure, and social organization. We were shocked when we were informed at the meeting on December 13 that none of this information is being developed for Ballard. In effect, the analysis of Ballard is going directly to the conclusion phase without any of the intermediate steps.

Please be assured that we remain sensitive to the difficulty in undertaking a meaningful analysis of a complex community such as Ballard. However, the Council, having announced its intentions to incorporate community considerations into the decision making process, must consider the impacts on the thousands of families currently dependent on at-sea processing activities. It is essential that at least one community being adversely affected by the proposed allocation scheme receive comparable attention to that being paid to other communities which stand to benefit from the proposed allocation.

7. The 30-day public comment period on the preliminary data and model assumptions, which had been promised, has

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apparently been dropped. The study plan for the surveys and associated economic models were to be distributed in early November as part of a 30-day comment period. The purpose of that comment period was to "ground truth" and/or verify some of the preliminary data being generated from the Council's economic survey of the industry, and the assumptions upon which the analytical models are based. While we found the briefing of December 13 informative, it can in no way serve as a substitute for the opportunity for a thoughtful review and the opportunity to submit written comments.

Thank you for your consideration of our concerns regarding the serious and potentially fatal defects in the SIA. As indicated above, our comments are not intended to be critical of the Council staff or their contractor, Impact Assessments, who have been assigned to do the analytical work involved. It is the time and other constraints under which they have to work that are precluding them from conducting a fair and objective analysis of the issues involved and the costs and benefits of the management measures under consideration.

We at AFTA will be working over the next few days to identify alternative vehicles for supplying the missing information to the Council and their contractor, Impact Assessment, Inc. We will keep you informed of these efforts.

Sincerely,



H. A. Larkins
Executive Director
American Factory Trawler Association

cc: Dr. William Fox
Mr. Steve Pennoyer
Mr. Clarence Pautzke, NPFMC ✓