

Oct 08

Public Testimony Sign-Up Sheet

Agenda Item C-2(b) BSAI Crab St. George
Protect. Measures

	NAME (PLEASE PRINT)	AFFILIATION
1	Larry Catter	API/DA
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

Ice has always been there

NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.

MEMORANDUM

TO: Council, SSC and AP Members
FROM: Chris Oliver *DO*
Executive Director *FOR*
DATE: September 24, 2008
SUBJECT: Crab management

ESTIMATED TIME 12 HOURS (all C-2 items)

ACTION REQUIRED

Final Action on St. George community measures.

BACKGROUND

Under the crab rationalization program, processors were allocated processor quota shares (PQS) based on their respective processing histories. To protect community interests, most processing shares were required to be used in the community in which the processing history occurred during the first two years of the program (the 'cooling off period'). In addition, holders of most processor shares were required to enter agreements granting community designated entities a right of first refusal on certain transfers of those shares. The agreements also specify that the right of first refusal will lapse, if the holder of the PQS processes those shares outside of the community for a period of 3 consecutive years.

Notwithstanding these protections, exemptions from the cooling off requirement were granted in both years for St. George, as the harbor was deemed inaccessible for processing as a result of storm damage. No shares designated for processing in the City of St. George were processed in that community during the first two years of the rationalization program. In the first year of the program, the waiver of the 'cooling off' requirement was uncontested by St. George. In the second year, St. George contested NOAA Fisheries finding. That appeal was denied, based on a conclusion that the harbor was inaccessible to processing vessels because of boulders, rocks, and sand deposited in the harbor entrance and harbor by the storm during the 2007-2008 season (see Aleutian Pribilof Island Community Development Association v. Snopac Products, Inc., 2008). This action considers establishing a new 'cooling off period' for shares originally subject to the St. George processing requirement and a new right of first refusal with respect to those shares.

As noted in the analysis, Aleutian Pribilof Island Community Development Association (the holder of the right of first refusal on behalf of St. George) has reached a settlement with one of the two PQS holders subject to the St. George-based right of first refusal, settling any issue concerning the 'cooling off' period and right of first refusal with respect to that PQS holder. The dispute remains outstanding with the second PQS holder.

At its February 2008 meeting, the Council reviewed the analysis of alternatives defining a new cooling off period and extending the rights of first refusal for processor shares originating in St. George. After reviewing the analysis the Council directed staff to release that analysis for public review and action at its April 2008 meeting. At the April meeting, the Council elected to delay action on the issue until this meeting, in part, to

wait to for the outcome of the appeal of the exemption. The appeal has since been denied. Yet, the parties affected by this action dispute whether the conditions in the harbor are adequate to support processing and whether current harbor conditions were affected by the storm.

The executive summary of that analysis follows.

Executive Summary

In August of 2005, fishing in the Bering Sea and Aleutian Island crab fisheries began under a new share-based management program (the "rationalization program"). The program is unique in several ways, including the allocation of processing shares corresponding to a portion of the harvest share pool. Processor shares were allocated to processors based on their respective processing histories. To protect community interests, most processing shares were required to be used in the community in which the processing history occurred during the first two years of the program (the 'cooling off period'). In addition, holders of most processor shares were required to enter agreements granting community designated entities a right of first refusal on certain transfers of those shares. The agreements also specify that under certain conditions, the right of first refusal will lapse. Due, in part, to intervening circumstances, and notwithstanding these protections, no shares designated for processing in the City of St. George were processed in that community during the first two years of the rationalization program. This action considers extending the 'cooling off period' for the City of St. George and revising the conditions under which the right of first refusal will lapse with respect to those shares.

Purpose and Need Statement

The intent of community protection measures in the crab rationalization program may not have been met in St. George due to unavoidable circumstances including a federal declared disaster. While processing history was generated from St. George, no crab has been processed in St. George under the crab rationalization program. As a result, the two year "cooling off" period will expire June 30, 2007 and the three year right of first refusal (ROFR) will expire June 30, 2008, if IPQ designated for St. George is not used in the community in the 2007/2008 season.

In order to fulfill the original intent of the community protection measures, the Council will initiate an analysis for an FMP amendment to the community protection provisions. The amendment will restart and/or extend the time period for community protection measures (ROFR and "cooling off" period) for St. George. NMFS has indicated that such an amendment will likely not be in place for the 2007/2008 season. However, the intent of the community protection measures may be met by extending the measures into the future.

Alternatives

Alternative 1: Status quo

Alternative 2 A processor that holds St. George IPQ is subject to a two year cooling off period and a new right of first refusal three year agreement with a starting date of October 1, 2009 – unless that processor and the community entity provide proof to NMFS that they have otherwise entered into a written contract that addresses both the cooling off period and the right of first refusal.

Alternative 3: A processor that holds St. George IPQ is subject to a one year cooling off period and a new right of first refusal three year agreement with a starting date of October 1, 2009 – unless that processor and the community entity provide proof to NMFS that they have otherwise entered into a written contract that addresses both the cooling off period and the right of first refusal.

Effects of the alternatives

Alternative 1: Status quo

Under the status quo, the cooling off provision expired at the end of the 2006-2007 season, allowing IPQ holders to move their shares out of the community of origin. Although the 'cooling off' protection lapsed, the protection of the rights of first refusal remains in effect during the term of that contract. Yet, the protection lapses, if the PQS holder uses its IPQ outside the community of origin for a period of 3 consecutive years.

Given that no processing has occurred in St. George during the first two years of the program, if PQS holders choose to move their IPQ processing out of that community for the third year of the program, all rights of first refusal to Aleutian Pribilof Island Community Development Association would lapse under the terms provided for in regulation. On the lapsing of those interests, no regulatory or contractual connection between any PQS and the community of St. George would exist.

Although the rights of first refusal would lapse under the terms required by the crab program, Aleutian Pribilof Island Community Development Association has reached agreement with one PQS holder, who holds approximately 4 percent of the Bering Sea *C. opilio* PQS, concerning the use and transfer of their PQS. Since the terms of that agreement subject to a confidentiality agreement between the parties, it is not known whether processing will be required to occur in St. George or some other benefits will be conveyed to the community in lieu of movement of processing activity to the community. Likewise, the agreement may also include some rights of first refusal on transfers of PQS and IPQ. Aleutian Pribilof Island Community Development Association has not reached agreement with the second PQS holder, who holds slightly less than 6 percent of the Bering Sea *C. opilio* PQS, concerning its shares. Shares held by that PQS holder are subject to the right of first refusal required by the rationalization program, which would lapse, if those PQS are used outside of St. George for three consecutive years. Given that no processing occurred in St. George in the first two years of the program, it is possible that the right could lapse this year, if the shares are processed outside of the community this year.

Under the status quo, PQS holders subject to a St. George association are likely to have the ability to realize any processing efficiencies that might be available by processing their shares in the North region outside of St. George. Efficiencies may be realized by saving any added costs of movement of a floating processor and crews to St. George and any associated permitting with operating in St. George. The effects of the action on harvesters are likely to be limited. Concentration of processing that could occur under the status quo could result in slight operating costs savings to harvesters who might otherwise have needed to make partial deliveries to multiple locations in the North (e.g., St. George and St. Paul). These additional costs are likely to vary depending on share matching and coordination of harvest and are likely to be less prevalent in years of high TACs, when more crab are required to be delivered into St. George (limiting the number of partial deliveries).

Under the status quo, the cooling off period would not be extending, limiting the burden on managers to monitor compliance with that provision. Removal of this burden with respect to St. George associated shares has a very minor effect on management costs. Similarly, the choice not to extend the time period for the removal of rights of first refusal through use of the shares outside the community could reduce management costs very slightly.

Alternatives 2 and 3: Extension of community protection provisions.

Under the second and third alternative, the cooling off period would be renewed and the time period for rights of first refusal to lapse would be renewed. The two alternatives vary only in the length of the new cooling off period. Alternative 2 would create a new cooling off period of two years, while alternative 3 would create a one year period. In all cases, if a PQS holder reaches an agreement with the holder of the rights of first refusal concerning the cooling off period and the rights of first refusal, that agreement would substitute for the new cooling off period and the right of first refusal extension.

The new cooling off period would ensure that processing occurs in the St. George for the period of the extension. Processing in St. George under the cooling off provision would be slightly less than 10 percent of all IPQ in the Bering Sea *C. opilio* fishery, or approximately 4.4 million pounds under the current TAC. Tax revenues would be gained by the community under both the local fish tax and shared state fish tax, as are gained for any processing within community boundaries. Other economic impacts on St. George are likely, but will be limited since the processing is very likely to occur on a floating processor. Floating processors are largely self-supporting, relying primarily on provisions carried to the processing location on the vessel,

particularly for short term processing ventures like that which would be undertaken in St. George.

The effects of these alternatives could be increased, if St. George were able to attract additional processing, which might occur given that the cooling off provision would not apply in St. Paul. To the extent that costs might be saved by using a floating processor in St. George only, a potential efficiency could exist for relocating processing to St. George from St. Paul during the new cooling off period. To the extent that processing moves out of St. Paul (either through the direct requirement of the new cooling off period or through the attraction of additional processing beyond the cooling off requirement), St. Paul would suffer a loss of benefits. These losses to St. Paul would likely include taxes revenues and community economic impacts, arising from the processing in St. Paul. If the provision results in the transfer of processing from the shore plant in St. Paul to a floating processor off St. George, it is possible that the result could be a minor loss of economic impacts to communities in the North region. In considering the importance of any potential loss of local impacts, the effects of those impacts should be balanced against the distributional considerations. Given that St. Paul currently attracts a substantially greater share of crab processing in the North region, it is possible that the minor loss of local impacts in the North are outweighed by the need ensure that the smaller economy of St. George benefits from the transfer of economic impacts of the processing activity of the extended cooling off period.

Once the new cooling off period expires, it is uncertain whether St. George would continue to attract processing. The potential to attract processing would largely depend on whether processors perceive an opportunity to improve operations in St. George. These processor benefits could arise, if St. George is perceived to provide improved services, which is uncertain. Alternatively, if the holder of the right of first refusal is able to leverage its improved position, derived from the new cooling off period to gain concessions from the affected PQS holders, it is possible that arrangements could be made for extending processing in the community after that cooling off period lapses. The added leverage of the right holder and its potential to succeed in any such efforts is uncertain and depends on several factors, including the relative financial position of the PQS holders and the right holder. The settlement of terms between the right holder and one of the PQS holders suggests that the potential for the right holder to use this leverage is not wholly hypothetical.

Net benefits to the Nation

A minor decline in net benefits to the Nation is likely to arise from this action. The action is likely to decrease production efficiency for some processors, reducing efficiency that might arise from locating processing outside of St. George.

**St. George Fishermen's Association
P.O. Box 991
St. George Island, Alaska 99591
Tel. # (907) 859-2324**

September 24, 2008

North Pacific Fisheries Management Council
605 W. 4th Ave. Suite 306
Anchorage, Alaska 99501

Via Fax: (907) 271-2817

Re: Crab Rationalization - Processing Quota Shares

Dear Council Members:

Once again we are before you with our plea to assist us in realizing our long held and desired objective to build our community. However, as each of you clearly understand, this is not possible without a solid economic structure in place. Further, each of you are well informed about the history and relationship of the Pribilof communities with our Government. Each of you are well informed about the critical role fisheries now plays in our communities and the legislative history regarding such matters. Today, as we have in the past, we ask you to help us. We do not ask for any special consideration or the denial of privileges to anyone. We ask you for that which was promised when the program of Crab Rationalization was implemented. We ask you to restore the two years lost in the processing of crab on our island and to restore the ROFR provisions.

My name is Patrick Pletnikoff. I was born and raised at St. George. I am currently the President of the Fishermen's Association. I also serve as a member of the APICDA Board of Director's. I also serve as a member of the City Council for the City of St. George.

Our Fishermen's Association is not a large organization. We work hard to build opportunities in the fisheries and to make those opportunities a reality for the few people that fish actively. At this time, we only harvest the halibut CDQ quota available through APICDA. This year, that quota was 132,600 lbs.. I am pleased to report, we harvested all that was granted our community with only our local fleet and people. However, it must be clear to anyone that this halibut quota is obviously not sufficient in order to support our economic needs in our community. Therefore, it is critical, as we have discussed in our board meetings, to expand our efforts. Certainly we have looked to the other fish species we might take advantage of and bring those fish to our island for processing. We recognize that we are indeed a "crab dependant" community. Without the ability to harvest or even process crab on our island, our efforts to build are marginalized.

As with any community on the West Coast of Alaska, our desire to develop all of the fisheries we find ourselves surrounded by is great. We recognize the opportunity to take care of ourselves and our community and future generations. All of these things take significant time and effort. Our people, indeed the members of our fishermen's association, want very much to accomplish these

things. Like most people, we want to take care of ourselves and to develop responsibly and in recognition of the unique and fragile environment, which is our island and home.

Today we find ourselves faced with a serious matter. One we did not, as a people or community, bring upon ourselves. We have no power over natural events and it is this that all of us must deal with. Because of nature's power, we were not able to meet time constraints in the rationalization program. Because of nature's power, it appears we are being punished and opportunities we should enjoy are denied our community and people. This cannot be so. All over our country when nature intervenes in the devastation of our lives and opportunities, we stand up, take note, and take firm corrective action. Firm corrective action is what is required now to correct what nature has done to our community and restore opportunity.

Our Fishermen's Association would be more than happy to work with SNOPAK and it's representatives to accomodate mutually beneficial objectives. It is unfortunate that we have not accomplished this. Perhaps due to neglect on each of our parts, perhaps due to time constraints. Nevertheless, it is abundantly clear to all concerned with this matter that we must find the time and goodwill to make positive progress. Progress that must work for both SNOPAK and St. George. Given the time we might have had to work with SNOPAK in the processing of crab on our island, we might have developed a mutually beneficial relationship. This did not happen and it is clear that it has lead to both parties suffering. Today, we ask this Council to help us find a avenue by which to restore opportunity to both parties. As I have previously testified and written, St. George is clearly dependant upon crab in order for us to move in a positive direction.

All of our local political entities have worked hard to deal with our economic condition. We have worked hard and closely with our CDQ Organization, APICDA. We are making progress. Yet, we are realistic enough to recognize that a lot more effort must be forthcoming on all of our parts to make our island community economically independant, which is the hallmark of our government's fishery policy in the CDQ program. Our people on St. George ask for the restoration of time, opportunity and indeed the experience necessary to make positive change and development. We ask for your positive consideration.

Respectfully,



Patrick Pletnikoff

PRIBILOF ISLAND ALEUT COMMUNITY
of
St. George Island / Traditional Council

P.O. BOX 940 • ST. GEORGE ISLAND, ALASKA 99591 • (907) 859-2205 • TELEFAX (907) 859-2242
September 18, 2008

Eric Olsen, Chairman
North Pacific Fisheries Management Council
425 4th Avenue
Anchorage, Alaska 99501

RECEIVED
SEP 19 2008

Re: St. George Crab Processing

N.P.F.M.C.

Dear Chairman Olsen:

The St. George Traditional Council is the official Aleut Tribe of the Community of St. George. Our mission is to promote the social, cultural and economic well being of our people – in short, to advance our mutual welfare and the health of our tribal members. With regards to the strong traditional and cultural values we teach and display within our community, we are, in a sense, the heart and soul of St. George.

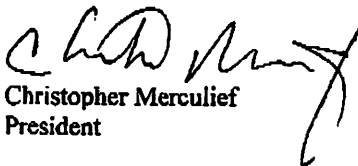
The original crab quota was processed and landed in St. George; therefore the Traditional Council strongly supports to have the crab processing rights remain in St. George. With the high cost of heating fuel, which is at \$5.50 per gallon, and electricity at forty-three cents per kwh, this community would benefit from the employment and revenue the city would attain if the processor quota remains on St. George. The local Fishermen's Association and the APICDA group have a small halibut quota which produces income for a few local fishermen. As part of a unified community, all entities work jointly on St. George together to pursue the general health and economic well-being of the community members of St. George

The St. George Traditional Council owns the St. George Clinic. Due to the storm damage to the St. George Harbor and the resulting lack of crab processing, the clinic has lost revenue. The local grocery store has also been denied the opportunity for direct income benefits from crab operations.

There are many changes which will occur on St. George with crab quota here. One in particular is more frequent freight service, fuel sales increasing, and simply an economic boost which is much needed by all entities on this island which we work closely.

We ask of the North Pacific Fisheries Management Council to extend the cooling off period to allow the crab to be processed on St. George and give this community the inherent historical right and opportunities which it deserves from the Bering Sea, for now and into the future.

Sincerely,


Christopher Mercurief
President

ST. GEORGE TANAQ CORPORATION

P.O. BOX 939
ST. GEORGE ISLAND • ALASKA • 99591-0939
(907) 859-2255 or 859-2256
Fax: (907) 859-2230

4141 B STREET, SUITE 301
ANCHORAGE • ALASKA • 99503
(907) 272-9886
September 19, 2008 Fax: (907) 272-9855

Eric Olsen, Chairman
North Pacific Fisheries Management Council
425 4th Avenue
Anchorage, Alaska 99501

RECEIVED
SEP 19 2008

N.P.F.M.C.

Dear Chairman Olsen,

St. George Tanaq Corporation ("Tanaq") would like to express its support to the City of St. George in its appeal to the North Pacific Fisheries Management Council ("NPFMC") to reestablish community protections for St. George Island regarding the northern Bering Sea crab fishery.

Being the primary landholder at the island's harbor, Tanaq has lost revenue from fuel sales and crab pot storage fees that have been absent since the harbor was damaged by storm in 2004. It is unfortunate that the two-year "cooling off period" under the crab rationalization program — which would have required processing St. George's allotted crab quota at St. George Island — occurred during this storm-damaged period before the harbor could be repaired. However, emergency government funds to dredge the storm-damaged entrance to the harbor were finally received this past year and the scheduled dredging was completed by Kelly-Ryan this past April.

Now that the harbor is virtually in the same condition it was prior to the 2004 storm, the City of St. George believes the crab quota can finally be processed on St. George Island, possibly by floating processor or land-based processing, thereby bringing direly needed income back to the City's coffers.

Therefore, Tanaq supports the City of St. George in their efforts to secure crab processing revenue for the community of St. George by way of an extension of the two-year cooling off period under consideration before the NPFMC.

Thank you for your attention.

Sincerely,



James Dunn
CEO
St. George Tanaq Corporation

St. George Office:

P.O. Box 929
St. George, Alaska 99591-0929
Tel: (907) 859-2263
Fax: (907) 859-2212



RECEIVED
SEP 19 2008
N.P.F.M.C.

September 18, 2008

Eric Olsen, Chairman
North Pacific Fisheries Management Council
605 West 4th Avenue Suite 306
Anchorage, Alaska 99501

Dear Chairman Olsen:

The community of St. George requests that the North Pacific Fishery Management Council restart the 2 year cooling off period and the right of first refusal options that were enacted under the Crab Rationalization Program for the community of St. George.

As noted in writing and previous testimony to the North Pacific Fishery Management Council the St. George Harbor was damaged as a result of a storm event that occurred in October of 2004. The damage to the south breakwater was repaired in the summer of 2006 and the entrance channel was dredged in the spring of 2008. Attached is a letter from our consulting engineers PND Engineers Inc. that address the issues stated above.

When the rationalization program was in the process of being set up by the North Pacific Fishery Council the City of St. George objected to the program fearing consolidation in the industry would allow processor's to abandon St. George. We agreed to support the program after the 2 year cooling off provision and the rights of first refusal options were adopted as part of the program. The storm event of 2004 prevented processor's with processor history in St. George from utilizing the harbor because of obvious reasons.

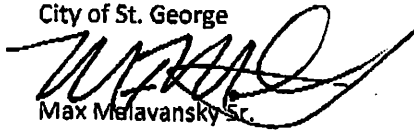
Crab processing activity in the past has generated significant sales tax and other proceeds to the City of St. George that simply cannot be ignored. The City of St. George, the State of Alaska, APICDA and others have invested over \$30 million in the St. George harbor and that investment made it possible for two processors to earn approximately 8% of the opilio crab processor quota shares. In our view it would be simply unconscionable for the North Pacific Fishery Management Council to allow processor quota history that was earned in St. George to simply leave the community of St. George because a storm prevented those shares from being processed under the rules that we and the Council agreed to.

We have, from the community perspective, attempted to meet with Snopac Products owner Greg Blakey to discuss his future plans for St. George. We invited Mr. Blakey to meet with the leadership of our community organizations earlier this month to address this issue (see attached letter from the City of St. George to Mr. Blakely). He refused to meet with us, stating that he has no further legal obligation to the community.

What are we supposed to do? St. George was a crab dependent community, and we remain a crab dependent community – but unless you act now, we have no crab. We invested millions of dollars to make it possible for crab processors to earn their PQS, but Snopac won't even talk to us.

To summarize, the storm damage to the harbor has been repaired and we tried unsuccessfully to meet with Snopac to address this issue. To a very real degree, the future of our community is in your hands. If I can be of further assistance please do not hesitate to contact me.

Sincerely yours,
City of St. George



Max Melavansky Sr.
City Administrator

St. George Office:



P.O. Box 929
St. George, Alaska 99591-0929
Tel: (907) 859-2263
Fax: (907) 859-2212

August 25, 2008

Via Facsimile

Greg Blakey
Snopac Products
6118 12 Ave South
Seattle, Wa 98108

Dear Mr. Blakey:

I'm writing this letter on behalf of the City of St. George, St. George Tanaq Corporation, St. George Traditional Council, and APICDA. We would like to get together with you in the near future to discuss your plans for St. George and your crab processor quota shares. We would appreciate it if you would meet with us in Anchorage sometime during the week of September 8.

I look forward to hearing from you and getting together in the near future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Max Malavansky'. The signature is stylized and written over a horizontal line.

Max Malavansky
City Administrator

Cc: APICDA
St. George Tanaq Corp.
St. George Traditional Council



ENGINEERS, INC.

September 9, 2008

051025.04

Mr. Max Malavansky
City Administrator
City of St. George
PO Box 929
St. George, AK 99591-0929

Subject: St. George Harbor
Depth Verification

Dear Max:

Per your request, this letter is intended to verify that dredging of the harbor entrance channel generally restored the area to conditions of equal or greater depth when compared to conditions before the storm. Also addressed is the depth of the inner harbor based upon the post-storm (2005) and pre-storm (2001) bathymetric surveys.

As you are well aware, a major storm impacted parts of the Bering Sea in October 2004 and caused direct damage to the primary harbor infrastructure at St. George and many other Bering Sea communities. At St. George, the storm caused damage to the south breakwater arm, harbor entrance channel (dredging), and the north shoreline in front of the fuel tank farm.

As a result of the storm, a localized area at the entrance of the harbor, between the two breakwaters, accumulated approximately 12,000 cubic yards of sand, as compared to the most recent previous bathymetric survey performed in 2001. Removal of the sand was required to restore the previous water depth and allow vessels into the harbor which bring needed economic opportunities to the island.

PND Engineers, Inc. (PND) performed design of the repairs to the breakwater, harbor entrance channel, and north shoreline. Kelly-Ryan, Inc. (KRI) was contracted by the City to perform the entrance channel dredging and completed the project in May 2008. After completion, KRI hired Hughes & Associates, Inc. (HAI) to perform an as-built bathymetric survey of the dredged area inside the entrance channel. Based on the as-built survey provided by HAI, the entrance channel was generally dredged to depths at least as deep as the conditions prior to the 2004 storm (based on the 2001 survey). See the as-built drawings attached to this letter.

Regarding the depth of the inner harbor, comparison of the bathymetric surveys from 2005 and 2001 indicates that, on the average, 1.5 to 2 feet of material was deposited relatively uniformly inside the inner harbor. Based upon the 2005 survey, the central portion of the inner harbor had an elevation of -20 feet MLLW. The south portion of the inner harbor (referred to as the Tract I expansion) had an elevation of about -18 feet MLLW, while the north portion had shallower elevations up to -14 feet MLLW near the east side and up to -4 feet MLLW near the boat launch on the west side. See the "Condition Survey April, 2005" drawing also attached to this letter. It should be noted that a survey of the inner harbor was not performed as part of the 2008 dredging project.



WESTERN ALASKA COMMUNITY
DEVELOPMENT ASSOCIATION

September 19, 2008

RECEIVED
SEP 19 2008
N.P.F.M.C.

Mr. Eric Olson, Chairman
North Pacific Fishery Management Council
605 West Fourth Avenue, Suite 306
Anchorage, Alaska 99501

Dear Mr. Olson:

The Western Alaska Community Development Association (WACDA), representing the six CDQ entities, their 65 eligible CDQ villages and 30,000 residents of Western Alaska, wishes to offer the following comments on the review of the crab rationalization program currently being undertaken by the Council:

- The crab rationalization program adopted by the Council in 2002 and implemented in 2005 was unprecedented in that for the first time the NPFMC recognized the "three pie" nature of the BSAI crab fishery. This program includes essential community protection provisions alongside the allocations to harvesters, processors, and crew-members. The crab rationalization program's community protection provisions have largely had the desired effect. This program has resulted in significant safety improvements, overall economic efficiency and stability, and resource protection.
- Crab rationalization has resulted in an increase in CDQ entities' investments in all aspects of the crab industry. Thereby, it has contributed to more sustainable and diversified local economies throughout Western Alaska and increased private and public infrastructure investments.
- In accordance with federal policies governing the CDQ program and the BSAI fishery, the CDQ entities have made significant long-term direct and indirect investments in the BSAI crab fishery. These investments are substantial both in terms of dollar value and ownership percentage of harvesting and processing shares.

- m o r e -

AKUTIAI	CHEVAK	EKUK	GOLOVIT	KORIGIGANAK	MFKORYUK	THEWTOK	PILOT POINT	SCAMMONI BAY	STEBBINS	TWIN HILLS
ALAKATILIK	CLARKS POINT	EKWOK	GOODNEWS BAY	KOTLUK	MOUNTAIN VILLAGE	NIGHTMUTE	PLATINUM	SHAKTOOLIK	TELLER	UGASHIK
ALEKNAGIK	DILLINGHAM	ELIM	GRAYLING	KOVUK	NARNEK	TIKOLSKI	PORT HEIDEL	SOUTH NARNEK	TOGIAK	UNALAKLEET
ATKA	DIOMEDE	EMMONIAK	HOOPER BAY	KWIGLINGOK	TIAPAKIAK	TJOME	PORTAGE CREEK	ST GEORGE	TOKSOOK BAY	WALES
BREVIG MISSION	EK	FALSE PASS	KING SALMON	LEVELOCK	TIAPASKAK	NIJNAM IQUA	QUITHAGAK	ST MICHAEL	TUNTUTULIAK	WHITE MOUNTAIN
CHEFORNAK	EGEGIK	GAMBELL	KIPRIUK	MANIKOTAK	NELSON LAGOON	OSCARVILLE	SAVOONGA	ST PAUL ISLAND	TUNURAK	

- With regard to the ongoing amendment process, WACDA is concerned about the scope of the analysis. Some of the proposals threaten the stability of the entire program and could weaken the community protection provisions, impact the value of the investments made by CDQ entities, and reverse the gains achieved in Western Alaska.

WACDA therefore urges the NPFMC to move forward cautiously, narrow the scope of analysis to that which is realistic and prudent, and maintain the viability of the BSAI crab fisheries and not destabilize Western Alaska village economies. The CDQ entities are currently engaged in evaluating various amendment proposals. We look forward to sharing our views on the details of those amendments at the appropriate time during a future Council meeting.

Sincerely,

Western Alaska Community Development Association

Wanetta Ayers
Executive Director

pc: APICDA, BBEDC, CBSFA, CVRF, NSEDC, YDFDA
Alaska Congressional Delegation
Governor Sarah Palin
Commissioner Denby Lloyd