

MEMORANDUM

TO: Council, SSC and AP Members  
FROM: Clarence G. Pautzke  
Executive Director  
DATE: September 8, 1995  
SUBJECT: Community Development Quotas



ESTIMATED TIME  1.5 Hours
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**ACTION REQUIRED**

- (a) Review pollock CDQ programs and Governor's recommendations for 1996-98.
- (b) Status report from State of Alaska on adding Akutan to eligibility list.
- (c) Consider establishing CDQ Implementation Committee.

**BACKGROUND**

(a) Pollock CDQ Applications

The State of Alaska has been meeting with the six CDQ operations to review their progress since 1992 and to develop recommendations for percentage apportionment of CDQ pollock for 1996-98. The State will provide their recommendations and rationale at this meeting. Procedures call for State consultation with the Council on the final allocations before the recommendation is sent to the Secretary of Commerce for approval. The Council's formal action in the past has been to pass unanimously a motion approving the Governor's recommendations.

The individual programs and a comparative spreadsheet format are attached as Item C-1(a). Executive summaries of the individual applications are included in your supplemental folders.

The percentages for 1992-93 and 1994-95, and recommendations for 1996-98 are as follows:

	<u>1992-93</u>	<u>1994-95</u>	<u>1996-98</u>
Coastal Villages Fishing Cooperative	27%	27%	25%
Norton Sound Economic Development Corp.	20%	20%	22%
Bristol Bay Economic Development Corp.	20%	20%	20%
Aleutian Pribilof Island Community Dev. Assn.	18%	18%	16%
Central Bering Sea Fishermen's Assn.	10%	8%	4%
Yukon Delta Fisheries Development Assn.	5%	7%	13%

The Council's proposed 3-year extension of inshore-offshore allocations and the pollock CDQ program was transmitted to the Secretary on August 29, 1995. A final decision (Day 95) by the Secretary is scheduled for December 1.

(b) Akutan

Last June the Council requested the State to consider adding Akutan to the list of communities determined to be eligible to participate in the CDQ program. We are expecting a report from the State on their progress on adding Akutan. Following their report we will need to initiate changes to the federal regulations governing CDQs.

(c) CDQ Committee

Item C-1(b) is a letter from APICDA requesting the Council establish a CDQ Implementation Committee, and our response, which was to delay action on this item until this meeting.

# CDQ DATA BY GROUP

## 1996 - 1998 Pollock CDQ Application Period

Applicant Group	APICDA	BBBDC	CBSFA	CVFC	NSBDC	YDFDA
State of Alaska 1996/98 Recommendations	16%	20%	4%	25%	22%	13%
1996/98 Request	22%	25%	12%	33%	33%	17.5%
1994/95 Allocation	18%	20%	8%	27%	20%	7%
1994 Awarded tonnage	18,732 mt	20,814 mt	8,326 mt	28,099 mt	20,814 mt	7,284 mt
1994 Harvest	18,703 mt	20,132 mt	8,306 mt	28,033 mt	20,792 mt	7,280 mt
1992/93 Allocation	18%	20%	10%	27%	20%	5%
Number of Communities	5	14	1	17	15	4
# Community Residents	449	3,854	763	5,786	8,752	1,756
Average income (per capita)	\$ 9,992	\$ 12,900	\$ 15,115	\$ 4,456	\$ 11,004	\$ 6,519
Business Partner	Trident/Starbound	Arctic Storm	American Seafoods	Golden Age Fisheries	Glacier Fish Company	Golden Alaska Fisheries
Managing Organization	Board	Board	Board	Board	Board	Board
Total Wages Reported 92-6/30/95	\$ 1,109,932	\$ 966,486	\$ 1,747,677	\$ 931,758	\$ 4,168,570	\$ 1,591,996
<b>Projects for 1996/98</b>	Education Endowment Fund Employment Training Product Diversification Program CDQ Programs: ♦ Atka Dock ♦ St. George Harbor ♦ St. George new sub-harbor & ramp ♦ Nelson Lagoon processing facility ♦ False Pass travel lift & storage ♦ Nikolski boat ramp ♦ Akutan boat harbor Vessel Acquisit. Prog. IFQ/Limited Access Program Fishery Assist. Loan Stevedore Business Fishermen's Association Donation	Training Scholarships Employment Bristol Bay Permit Brokerage Factory Trawler Freezer/Long liner Crabber/tender fleet Salmon/Crab Fillet Processor Bristol Bay Business Investment Development Corp. Marketing & Distribution company	Scholarships FISHI Training Program Fishing Industry Employment Acquisition of Undeveloped St. Paul Harbor lands Fishing Loans & Infrastructure Processor and Vessel Investments	4-SITE Training Program Salmon Roe University Scholarships Internships Employment Imapiqamiut Partnership Long line Vessel Project Shore-Based Processing Tender Vessel Project Halibut Infrastructure Improvements	Fisheries Development Program Education, Employment & Training Program Revolving Loan Program Shoreside Infrastructure improvements Program Fund for IFQ Purchases Harvesting/Tendering Vessel Funding Salmon Rehabilitation & Enhancement Program Education Endowment Norton Sound Fish Company Norton Sound Seafood Products, Inc. Fund for Equity Purchases	Comprehensive Voc.-Educ. & Rehab. Training Program Employment Placement Salmon & Herring Buy-back and ITQ Acquisition Prog. Training Subsidy for Small Multi-fishery Boat Fleet Joint Ventures in Offshore Catcher/Processor Vessels Continued Develop. of Shoreside Processing Operations Financing Fund to Support Development of Small Business Fisheries Infrastructure

**Aleutian Pribilof Island Community Development Association (APICDA)  
1996 - 98 CDQ APPLICATION REVIEW**

Five (5) Communities Represented: Atka, False Pass, Nelson Lagoon, Nikolski, and St. George, (Akutan's inclusion is pending future decision by the NPFMC).

Allocation Amounts:

	<i>1992-93</i>	<i>1994-95</i>	<i>1996-98 Requested</i>	<i>1996-98 Recommended</i>
<b>Allocation %</b>	18%	18%	22%	16%

Harvesting Partner: Trident/Starbound

Proposed Projects\*:

- Infrastructure development
  1. Atka Dock
  2. St. George Harbor
  3. St. George new sub-harbor & ramp
  4. Nelson Lagoon processing facility
  5. False Pass travel lift & storage
  6. Nikolski boat ramp
  7. Akutan boat harbor
- Education Endowment Fund
- Employment agreement with Trident/Starbound
- Training
- Product Diversification Program
- Vessel Acquisition Program
- IFQ/Limited Access Program
- Fishery Assistance Loan
- Stevedore business
- Fishermen's Association Donation

Projects/Achievements for 1992-95:

- Offshore Employment
- Training and Education Program
- Product Diversification Program
- APICDA Joint Ventures, including Atka Pride Seafoods
- APICDA Management Corporation
- False Pass Dock Improvement
- St. George Dredge
- Loan Guarantee Program
- Nelson Lagoon Dock

\* based on the original plan submitted with a requested allocation of 22%

**Bristol Bay Economic Development Corporation (BBEDC)  
1996 - 98 CDQ APPLICATION REVIEW**

Fourteen (14) Communities Represented: Alcknagik, Clark's Point, Dillingham, Egegik, Ekuk, Manokotak, Naknek, King Salmon/Savonoski, South Naknek, Togiak, Twin Hills, Pilot Point, Ugashik, and Port Heiden.

Allocation Amounts:

	<i>1992-93</i>	<i>1994-95</i>	<i>1996-98 Requested</i>	<i>1996-98 Recommended</i>
<b>Allocation %</b>	20%	20%	25%	20%

Harvesting Partner: Arctic Storm

Proposed Projects\*:

- Training
- Scholarships
- Employment
- Bristol Bay Permit Brokerage
- Factory Trawler
- Freezer/Long Liner
- Crabber/Tender Fleet
- Salmon/Crab Fillet Processor
- Bristol Bay Business Investment Development Corporation
- Marketing & Distribution Company

Projects/Achievements:

- Offshore Employment Program
- Permit Stabilization Program
- Training and Scholarship Program
- Alaska Scafood Investment Fund

\* based on the original plan submitted with a requested allocation of 25%

**Central Bering Sea Fishermen's Association (CBSFA)  
1996 - 98 CDQ APPLICATION REVIEW**

One (1) Community Represented: St. Paul

Allocation Amounts:

	<i>1992-93</i>	<i>1994-95</i>	<i>1996-98 Requested</i>	<i>1996-98 Recommended</i>
<b>Allocation %</b>	10%	8%	12%	4%

Harvesting Partner: American Seafoods

Proposed Projects\*:

- Scholarships
- FISH Training Program
- Fishing Industry Employment
- Acquisition of Undeveloped St. Paul Harbor lands
- Fishing Loans & Infrastructure
- Processor and Vessel Investments

Projects/Achievements:

- St. Paul Harbor Dredge
- Scholarship Program
- Vocational Training
- Fishery Employment
- Vessel Loan Program
- Gear Loan Program
- Test Fishery Project
- Equity Investment in Longline Vessel
- Impact Fund

\* based on the original plan submitted with a requested allocation of 12%

**Coastal Village Fisheries Cooperative (CVFC)  
1996 - 98 CDQ APPLICATION REVIEW**

Seventeen (17) Communities Represented: Cherformak, Chevak, Eek, Goodnews Bay, Hooper Bay, Kipnuk, Kunigiavak, Kwigillingok, Mckoryuk, Newtok, Nightmute, Platinum, Quinhagak, Scammon Bay, Toolsok Bay, Tuntutuliak, and Tununak.

Allocation Amounts:

	<i>1992-93</i>	<i>1994-95</i>	<i>1996-98 Requested</i>	<i>1996-98 Recommended</i>
<b>Allocation %</b>	27%	27%	33%	25%

Harvesting Partner: Golden Age Fisheries

Proposed Projects\*:

- 4-SITE Training Program
- Salmon Roc University
- Scholarships
- Internships
- Employment
- Long line Vessel Project
- Shore Based Processing
- Tender Vessel Project
- Halibut Infrastructure Improvements

Projects/Achievements:

- Resident Employment Program
- Scholarship Fund
- Coastal Village Fisheries
- Imapiqamiut Partnership

\* based on the original plan submitted with a requested allocation of 33%

**Norton Sound Economic Development Corporation (NSEDC)  
1996 - 98 CDQ APPLICATION REVIEW**

Fifteen (15) Communities Represented: Brevig Mission, Diomede/Inalik, Elim, Gambell, Golovin, Koyuk, Nome, Savoonga, Shaktoolik, St. Michael, Stebbins, Teller, Unalakleet, Wales, and White Mountain.

Allocation Amounts:

	<i>1992-93</i>	<i>1994-95</i>	<i>1996-98 Requested</i>	<i>1996-98 Recommended</i>
<b>Allocation %</b>	20%	20%	33%	22%

Harvesting Partner: Glacier Fish Company

Proposed Projects\*:

- Fisheries Development Program
- Education, Employment and Training Program
- Revolving Loan Program
- Shoreside Infrastructure Improvements Program
- Salmon Rehabilitation and Enhancement Program
- Fund for IFQ Purchases
- Harvesting / Tendering Vessel Funding
- Education Endowment Fund
- Fund for Equity Purchases

Projects/Achievements:

- Resident Employment Program
- Education Endowment Fund
- Revolving Loan Program
- Norton Sound Seafood Products, Inc.
- Norton Sound Fish Company
- Unalakleet Processing Plant
- Salmon and Herring Marketing Program
- Koyuk Ice Delivery System
- Savoonga Ice Delivery System
- Shaktoolik Processing Plant
- Salmon Rehabilitation and Enhancement Program
- St. Lawrence Island Halibut Fishery

\* based on the original plan submitted with a requested allocation of 33%



**Yukon Delta Fisheries Development Association (YDFDA)  
1996 - 98 CDQ APPLICATION REVIEW**

Four (4) Communities Represented: Alakanuk, Emmonak, Kotlik, and Sheldon Point.

Allocation Amounts:

	<i>1992-93</i>	<i>1994-95</i>	<i>1996-98 Requested</i>	<i>1996-98 Recommended</i>
<b>Allocation %</b>	5%	7%	17.5%	13%

Harvesting Partner:

Golden Alaska Fisheries

Proposed Projects\*:

- Comprehensive Vocational, Education, and Rehabilitation Training Program
- Employment Placement Program
- Salmon & Herring Buy-back and ITQ Acquisition Program
- Training Subsidy for Small Multi-fishery Boat Fleet
- Joint Ventures in Offshore Catcher/Processor Vessels
- Continued Development of Shoreside Processing Operations
- Financing Fund to Support Development of Small Business Fisheries Infrastructure

Projects/Achievements:

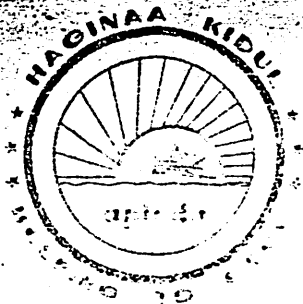
- Fishery Employment Program
- Comprehensive Training Program
- Exploratory Fishing Research
- Emmonak Processing Facility
- Yukon Delta Fisheries, Inc.

\* based on the original plan submitted with a requested allocation of 17.5%

# Aleutian Pribilof Island Community Development Association

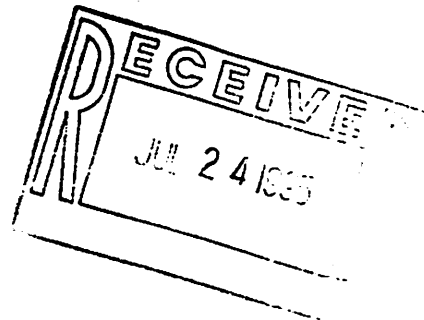
Gilda Shellikoff, Chair • Laurence Lestenkof, Vice Chair • Justine Gundersen, Sec-Treas

234 Gold St. • Juneau, Alaska 99801 • (907) 586-3107 • (907) 586-1001



July 20, 1995

Mr. Rick Lauber, Chairman  
North Pacific Fishery Management Council  
P.O. Box 103136  
Anchorage, Alaska 99510



Dear Chairman Lauber:

On behalf of APICDA and the other five CDQ organizations, I would like to request that you establish a CDQ Implementation Committee. This committee would be composed of one representative from each of the six CDQ organizations, and would work in close association with staff from the NMFS, the state of Alaska, and the Council. The purpose of the committee would be to identify, address, and resolve issues that may affect the implementation, structure, and function of current and future CDQ programs. We understand that both NMFS and the state of Alaska support the concept of this committee.

If you are inclined to appoint a committee such as this, each CDQ organization would be pleased to provide a nominee(s) from their organization for you to consider as their representative.

Sincerely,

Gilda Shellikoff, Chair  
APICDA Board of Directors

cc: NMFS  
State of Alaska  
All CDQ Groups

## Executive Summary

### Section 1.0 Name of Applicant

The Aleutian Pribilof Island Community Development Association (APICDA) is composed of fishermen's associations from the eligible communities of Atka, St. George Island, Nelson Lagoon, False Pass, and Nikolski. The following outlines each community's compliance with federal and state regulations regarding eligibility:

### Section 2.0 Communities Represented

The following eligible communities participate in APICDA:

<u>Community</u>	<u>Within 50 miles of Bering Sea</u>	<u>On the Bering Sea Coast</u>	<u>Certified Under PL 92-203</u>	<u>Majority of Fishery Activity in Bering Sea</u>
Atka	Yes	Yes	Yes	Yes
St. George	Yes	Yes	Yes	Yes
Nelson Lagoon	Yes	Yes	Yes	Yes
False Pass	Yes	Yes	Yes	Yes
Nikolski	Yes	Yes	Yes	Yes

### Section 3.0 Managing Organization

The Board of Directors of APICDA is the managing organization as envisioned in 50 CFR 675.27. The Board of Directors primarily consists of representatives of fishermen's organizations from the Bering Sea and Aleutian Islands. Aside from the community and fishing expertise brought to the board by the members of the resident communities, the board consists of two members from the business community, one voting and the other ex-officio. One of these members has a lifetime of experience in the commercial fishing industry as an employee of the government and as a private consultant. The other is employed in the banking industry as Senior Vice President of the National Bank of Alaska, specializing in commercial loans to the fishery industry.

The board chose to retain three professional service firms to assist APICDA in implementing its program. The firms selected include: Pacific Associates, Inc. a Juneau consulting firm with expertise in commercial fisheries, the maritime industry, fishery enforcement, government relations, and management and administration; the Anchorage law firm of Foster, Pepper & Shefelman with expertise in corporate law and structure, taxation, and Native affairs; and, the Anchorage accounting firm of Coopers and Lybrand, with expertise in financial accounting and audit services. A further review of the role and capabilities of each of these companies is found in Section 5.3.1, 5.3.2 and 5.3.3.

**Section 4.0 Goals and Objectives**

The Aleutian Pribilof Island Community Development Association (APICDA) will develop commercial fishing industry related opportunities and enhance the long term social and economic viability of the residents of coastal communities in the Bering Sea and Aleutian Islands.

APICDA will maximize benefits to the member communities and their residents through the development of infrastructure and fishery support services in the communities, the acquisition of seafood related businesses, including fishing vessels and/or processing facilities and support service industries at economically beneficial prices, and the acquisition of harvest and processing rights. By enabling the communities to participate in the Bering Sea and Aleutian Island fisheries, APICDA will:

- Promote and participate in business opportunities with capital investment funds;
- Relieve chronic social problems through the creation of jobs, and encourage individual growth through educational and vocational opportunities;
- Promote community control over their individual economic and social destinies; and,
- Continue to assist each community as they make the transition from reliance upon a CDQ allocation to economic and social self-sufficiency.

**Section 4.1 Goal 1 *Provide capital for construction and investment to community participation in Bering Sea/Aleutian Islands fisheries***

- a.) Assess each communities' ability to take advantage of fishery support services opportunities;
- b.) Complete its infrastructure development program so the APICDA communities can offer the basic support services from which related businesses will develop, and so that the cost of services to the seafood industry can be reduced;
- c.) Engage in joint venture businesses related to the fishery support services within the communities;

- d.) Provide capital for vessel acquisition, investments in the processing sector, and limited access loan programs.

**Section 4.2                      Goal 2    *Provide and promote employment and educational opportunities for local residents in all aspects of the Sea/Aleutian Islands fisheries***

To accomplish this goal, APICDA will:

- a.) Continue implementation of the comprehensive employment, job training and internship program with Trident/Starbound;
- b.) Continue funding the Educational Endowment Fund to provide scholarships for local residents;
- c.) Continue to develop and expand the comprehensive training and employment data base that details the skills, job history, and training and employment desires of APICDA residents; and,
- d.) Continue to promote local hire in all of its capital projects and investments;

**Section 4.3                      Goal 3    *To become a self-sustaining entity that will foster continued development, participation, and stability for the region's communities and their residents***

To accomplish this goal, APICDA will:

- a.) Engage in conservative fiscal management;
- b.) Maintain sufficient liquidity to take advantage of investment opportunities;
- c.) Approve projects which conform to the Board's objective criteria;
- d.) Participate in a Joint Investment Committee with Trident/-Starbound;
- e.) Continue the Product Diversification Program;

- f.) Maintain the *quid pro quo* policy for all infrastructure projects so that APICDA will receive a reasonable return, or the opportunity to obtain a reasonable return, for each investment; and,
- g.) Maintain diversity on the Board of Directors so that expertise from the commercial fishing industry and the financial banking industry is available and participating.

#### **Section 4.4                      Milestones**

Table 1 identifies the milestones for this CDP.

#### **Section 5.0                      CDQ Requested**

APICDA requests a CDQ during 1996, 1997, and 1998 of 22% (approximately 22,000 mt) of the total pollock CDQ. As shown in Table 5.2, this level of CDQ will generate approximately \$4.4 million of revenue in each of the three years. A CDQ at this level should allow APICDA to become self-sufficient by the end of 1998 if the income and harvest projections used in Chapter 4 are accurate.

#### **Section 6.0                      Description of Projects**

APICDA's capital expenditure program emphasizes a combination of local infrastructure development and equity acquisition in fishery related businesses. The board believes that economic and social stability within an APICDA community, and economic self-sufficiency for APICDA, are interrelated. Both depend upon economic activity in the communities.

For there to be economic activity on a local level, each community must be able to take advantage of its geographic location and other assets. During 1993, APICDA commenced an infrastructure development program intended to make it feasible for the groundfish and crab industries to utilize our communities for fishery support services. Once complete, the foundation for economic development in each of the communities will have been established.

#### **Section 6.1                      Atka**

Assuming a positive decision to construct the proposed dock, and completion of a *quid pro quo* agreement, APICDA has allocated an additional \$1.2 million during 1996 for dock construction (bringing APICDA's total commitment to \$1.7 million). The \$1.7 million is to be used as matching funds. If the project proceeds on time, construction should be completed during the summer of 1996.

In concert with the dock project, APICDA is also investigating the establishment of a fuel tank farm and other associated support service businesses in Atka. To the extent possible, APICDA will develop equity relationships with local Atka residents and/or the Atkam Corporation to own and operate these businesses. It is probable that the cost to move and/or construct a processing facility at the new dock will exceed \$1 million.

The halibut and sablefish IFQ programs include a community development quota program. For halibut, 20% of the Area 4B quota is set aside for the exclusive use of the residents of 4B communities. The only civilian community within 4B is Atka. The 1994 Area 4B CDQ allocation was 462,000 pounds. For sablefish, APICDA received 10% of the Aleutian Islands sablefish CDQ (approximately 60,000 round pounds).

Both Atka and APICDA will benefit from the halibut and sablefish CDQ programs. As stated above, the local fishermen need to upgrade their vessels. APICDA will assist local residents in improving their vessels through plant loans from Atka Pride Seafoods and/or through the Fishery Assistance Loan Program APICDA is developing (see Section 3.10). Proceeds generated from their harvest of the halibut CDQ will serve to meet their loan payments.

## Section 6.2

### St. George

APICDA, through its partnership relationship with the City of St. George, the Traditional Council, and the St. George Tanaq Corporation, may serve as a lending entity to local groups seeking to develop new businesses or expand services. APICDA will serve as an equity investor on a case by case basis. In providing loans with a fair market rate of return and/or participating in harbor and fishery support services, APICDA expects a reasonable economic return from its investments in St. George.

APICDA has begun discussions with Snopac to form a joint venture through which APICDA and Snopac would develop shoreside processing and dock facilities in the northern portion of the harbor. Pending the results of the 1995 Bering Sea crab survey (results available in September), and our negotiations with Snopac, the project may be well underway during 1996. The construction phase would include building a shoreside processing facility and dock facilities (including a dock on the leased land held by APICDA). APICDA's costs are estimated at \$1 million.

APICDA is also forming a joint venture with the Tanaq Corporation to excavate a new sub-harbor on the south end of Zapadni Bay. This project would consist of creating a new harbor basin of nearly 3.5 acres on land owned by the Tanaq Corporation. The basin would be able to support a shoreside processing facility and a floating processor. Additionally, the basin could serve as a small boat harbor for the local fleet. The cost for this project, including construction of the dock facilities, is estimated at \$1.6 million.

APICDA will also evaluate construction of a ramp on the northeast side of the island. The ramp would be used to launch and retrieve vessels from the local fleet. The best halibut fishing is on the north side of the island. The run from Zapadni Harbor to the northern side of the island exposes the small, local fleet to the open waters of the Bering Sea. Immediate access to the north side would substantially increase the ability of local fishermen to harvest halibut. A decision whether or not to proceed will be made by the end of this year. Cost projections range from \$20,000 to \$450,000, depending upon the scope of the project.

The halibut and sablefish CDQ programs also offer opportunity for the future. These CDQs provide for 50% of the area 4C halibut quota to be set aside for the exclusive use of the residents of 4C communities. The only communities in 4C are St. George and St. Paul. The 1994 Area 4C CDQ was approximately 350,000 pounds. Both St. George and APICDA will benefit from the halibut and sablefish CDQ, just as APICDA and Atka will benefit from the Area 4B halibut CDQ.

### **Section 6.3 Nelson Lagoon**

The combination of a dock and a small processing facility in Nelson Lagoon would provide the community with the ability to establish a stable, albeit small, economic base. Local fishermen spend their summers harvesting fish in the vicinity of Nelson Lagoon, but must deliver them to other areas where docks and processing facilities exist.

As part of its development plan, APICDA will study the viability of a small value-added seafood processing facility in Nelson Lagoon. The feasibility study and pro forma will be complete this fall. A decision whether or not to proceed will be made by the end of this year. If the decision is to proceed, construction should begin in the spring of 1996, with the facility operational next summer. We expect the cost of the facility to be approximately \$650,000.

### **Section 6.4 False Pass**

False Pass has embarked upon a planned program to develop a fishery related economy. The plan has clear goals and objectives. The foundation was the construction of the new dock. That was completed in 1992. The remainder of the plan relies upon the development of additional support services, a small boat harbor, and shoreside seafood processing.

APICDA will evaluate the possibility of forming a joint venture with the Isanotski Corporation to purchase a travel lift for a vessel haul out and storage business. The travel lift would have sufficient lifting capacity to handle most vessels that operate in the area. Many of the vessels that participate in the Area M salmon fisheries are stored for the winter in other Alaska locales far removed from the immediate fishing area. The ability to store vessels in False Pass near the fishing grounds, may be more desirable to the vessel



owners, particularly with the availability of the False Pass gear storage warehouse. The cost of a travel lift is approximately \$1 million.

**Section 6.5                      Nikolski**

APICDA will construct a concrete boat ramp in the community for launching and retrieving vessels. This will be accomplished in the spring of 1996, and will cost approximately \$50,000.

APICDA proposes to develop a small fishing lodge in the community. The company would be a joint venture between APICDA and local residents, the local IRA, or the local village corporation. The company would use existing, unoccupied houses as lodging. Appropriate vessels would be purchased and located in Nikolski to serve as a charter fishing fleet. Local residents would serve as employees of the company. Halibut and salmon caught by the fishing lodge clients would be processed and frozen at the cold storage/meat processing facility. This would be a very modest operation, and could be operational during the summer of 1996. The estimated cost to develop the business is \$300,000.

**Section 6.6                      Akutan**

The residents of Akutan have been striving for the past several years to gain entry to the groundfish fisheries in their area. Their success has been limited by small vessels and the lack of capital to purchase larger vessels. Even if capital was available for larger vessels, weather conditions and the lack of a small boat harbor would make it impractical for the local residents to operate the vessels on a daily basis.

Trident Seafoods plans to expand their dock by several hundred feet during 1996. The construction will consist of a sheet piling design. This will create a small enclave between the expanded dock and the shore, which could be converted to a small boat harbor/mooring facility for an estimated \$1 million. APICDA proposes to allocate \$250,000 during 1996 as matching funds for the construction of the small boat harbor. Completion of this facility would make it practical for local residents to purchase medium size vessels and participate in near-shore groundfish fisheries.

During 1997, assuming the small boat harbor is constructed, APICDA plans to construct a Pacific cod processing facility in Akutan. The facility will be a joint venture between APICDA Joint Ventures, Inc., and one or more of the local Akutan entities (the Akutan Village Corporation, the Akutan Fishermen's Association, or the IRA Council). Trident Seafoods has agreed to participate in the planning design of the facility, and has offered its assistance in marketing and other aspects of the business.

Akutan residents will also have access to the Fishery Assistance Loan Program (see Section 3.10) for funding assistance for their entry into the groundfish fisheries.

Through this program, the local Akutan residents will be able to develop an independent local economy based upon their direct participation in the fishing industry.

### **Section 6.7                      Small Vessel Acquisition Program**

Few of the residents in APICDA communities have fishing vessels of the type necessary to safely and profitably harvest fishery resources in the Bering Sea/Aleutian Islands. The APICDA Board recognizes that self-sufficiency for local resident fishermen is not possible without access to vessels capable of fishing the waters adjacent to their community. Accordingly, APICDA will assist local fishermen in upgrading their current vessels or purchasing other vessels that will allow them to safely participate in their near shore fisheries. APICDA's assistance will take the form of loans (through the Fishery Assistance Loan Program outlined in Section 3.10 below) or through lease/purchase agreements made in conjunction with APICDA joint venture seafood processing companies where appropriate.

### **Section 6.8                      Large Vessel Acquisition Program**

APICDA intends to continue purchasing large harvesting and/or processing vessels during the next CDQ time period. APICDA will normally seek experienced partners to joint venture in owning and operating the vessels, but may choose to purchase vessels itself if APICDA's board believes that such a decision is appropriate. Prior to making a decision to purchase a vessel, APICDA will ensure that the vessel has been surveyed recently. A pro forma will be constructed on the vessel's prospective operations prior to a purchase decision.

It is APICDA's intent that these vessels ultimately be crewed and operated by local residents from APICDA communities. The crews for these vessels would be trained through the APICDA and Trident/Starbound training program

### **Section 6.9                      IFQs/Limited Access Programs**

The implementation of Individual Fishery Quotas and other limited access programs constitute a transfer of ownership of the resource from the public sector to the private sector. As such, the value to the owner is many times greater than the mere right to participate in an open access fishery. The current cost of IFQs is beyond the means of local fishermen in the APICDA communities.

APICDA will assist local residents in obtaining financing for the purchase of IFQs and groundfish/crab limited access licenses. The assistance will be through the Fishery Assistance Loan Program described below in Section 3.10.

### **Section 6.10 Fishery Assistance Loan Program**

As APICDA's CDQ program matures, there is increasing opportunity for local residents to participate in fisheries. With opportunity, however, comes the cost of participation. Many APICDA residents do not have the financial capability to fund their participation. To address this, APICDA is creating a Fishery Assistance Loan Program.

It is the intent of APICDA's board that this program be used to provide small to medium size loans (less than \$50,000). Larger amount will be addressed on a case by case basis.

It is also APICDA's intent to form this program so that its obligation to set funds aside to cover the guarantees are minimal. At a level of \$500,000, it is not expected that cash backing by APICDA will be necessary given APICDA's assets.

### **Section 6.11 Stevedore Business**

APICDA has tried to work with the International Longshoremen's and Warehousemen's Union (ILWU) during the past three years to increase work opportunity in the stevedore and longshore industry for local residents. Unfortunately, the program has largely been a failure. As our infrastructure projects mature and the volume of seafood shipped out of our communities increases, the amount of stevedore work available will also increase. These are high paying jobs, that often generate a positive return for the operating company as well.

APICDA plans to investigate forming a stevedore company to provide the ship assist, longshore, and other stevedore services for ports in the APICDA region. As part of our investigation, we will work closely with other currently established stevedore companies that may be interested in expanding into or within the region.

### **Section 6.12 Product Diversification Program**

Alaska has long served as a primary processing center for the nation and the world's seafood. Fish harvested in Alaska is minimally processed and then exported to the Lower 48 or overseas, where secondary processing activities occur and value is added. There are many reasons for this, including the cost of transportation, proximity to markets, and lack of cold storage holding capacity. APICDA and Trident/Starbound believe, however, that opportunities exist for greater emphasis on product diversification in Alaska. If properly developed, these opportunities will result in a greater economic return from Alaska fisheries to the fishermen, the processing sector, the communities, and the state.

was volumetrically measured, and voluntarily terminated the CDQ fishery when the allocation was harvested. (NMFS implemented new product recovery rates for deep skin blocks for the 1993 CDQ fishery.)

All APICDA CDQ harvesting vessels have carried observers in compliance with NMFS regulations.

Additionally, pursuant to APICDA's agreement with Trident/Starbound, all APICDA CDQ harvests that occur on catcher-processors must be weighed or volumetrically measured. These requirements have always been adhered to.

During the actual CDQ fishery, Trident/Starbound submit daily reports to APICDA detailing the amount of harvest by species, the amount of discard by species, and the products produced. APICDA maintains a computer spreadsheet that is updated daily and tracks all harvest/production/discard data by species and product mode.

APICDA has harvested in excess of 99% of its CDQ allocation for each of the CDQ years to date, and has never exceeded an allocation. This would not have been possible without the combined management efforts of Trident/Starbound and APICDA.

## **Section 9.0                      Employment Expectations**

In terms of immediate employment benefits, APICDA was directly responsible for the employment of over 60 individuals during the calendar year 1995 through July. Our numerical goal for 1994 and 1995 was to provide and maintain at least 80 job opportunities; our primary goal, however, was to ensure that any resident of any APICDA community who desired a job, or training for a job, could have that desire realized. We have accomplished those objectives.

Our employment goals for the period 1996 through 1998 remain the same: a numerical goal of at least 80 job positions each year — but, principally, we want to ensure that anyone who desires a job can have one.

As APICDA completes its infrastructure development program, local business ventures will develop. These will begin to generate self-sustaining employment. We believe there is currently sufficient labor available in the APICDA communities to meet our employment goals; however, it is quite possible that employment opportunities may become available that we cannot fill internally as our programs mature. Should that occur, APICDA will develop an expanded employment opportunity program for Alaskans from other regions of the state. In this regard, APICDA will work closely with the other CDQ groups.

It is very difficult to project the number of employment hours that will be generated from this CDP. In large part, that is due to the nature of the jobs themselves; fishing jobs, in

## Executive Summary

general, require as many hours as necessary to accomplish the task at hand — time clocks are infrequent on commercial fishing or processing vessels. Nevertheless, we project approximately 165,000 hours of employment annually by the end of 1998. This is the equivalent of 80 full time jobs (an average of 2,073 hours per job per year).

**Table 1**  
**Measurable Milestones**

Project	Completion Date
<b>Atka:</b>	
Commence construction of Atka dock	Spring/Summer, 1996
Move and/or construct new Atka Pride Seafoods plant at new dock	Summer, 1997
<b>Akutan:</b>	
Construction of Akutan small boat moorage facility/boat harbor	Summer, 1996
Complete discussions with local entities regarding joint venture on cod processing plant	Fall, 1996
Construct cod processing plant	Summer, 1997
<b>St. George:</b>	
Finalize joint venture agreement with Tanaq Corporation for Tract I development project	August, 1995
Commence Tract I construction project	September, 1995
Selection process for Tract I tenants	Fall, 1995 thru Winter, 1996
Completion of Tract I project	December, 1996
Complete discussion with Snopac Products regarding joint venture in Zapadni Bay Harbor, St. George	November, 1995

**Table 1 continued**  
**Measurable Milestones**

<b>St. George (continued):</b>	
Evaluate/decide on construction of northeast side boat ramp on St. George Island	Fall, 1995
<b>Nelson Lagoon:</b>	
Complete construction of Nelson Lagoon dock facility	September, 1995
Complete fill of APICDA land in Nelson Lagoon	September, 1995
Solicit industry partner for Nelson Lagoon processing operation	Fall/Winter, 1995/96
Construct seafood processing facility	Spring/Summer, 1996
<b>False Pass:</b>	
Complete discussions with Isanotski Corporation regarding vessel haul out/storage joint venture	Fall, 1995
Open joint venture business	Spring, 1996
Review options for False Pass small boat harbor and feasibility study for False Pass seafood processing operation	Ongoing
<b>Nikolski:</b>	
Complete construction of concrete boat ramp in Nikolski	Spring, 1996
Complete discussion with local entities regarding joint venture for fishing lodge	Spring, 1996
Commence fishing lodge business	Spring, 1997

**Table 1 continued**  
**Measurable Milestones**

<b>Other:</b>	
Purchase large commercial fishing vessels	Ongoing
Implement Fishery Assistance Loan Program	Fall, 1995
Complete evaluation of stevedore business joint venture	Spring, 1996
Provide annual donation to local fishermen's associations	Spring (each year)
Annual conference of Community Liaison Officers	Winter (each year)
Assessment of Product Diversification Program expansion opportunities	December 31, 1995 for completion of assessment, and April 1, 1996 for implementation decision.
Distribute annual school grants	Winter (each year)
Establish higher education scholarship funding levels and identify recipients	Spring (each year)



Table 2

**Projected APICDA CDQ Royalty Revenues  
for CDQ years 1996 through 1998**

APICDA Income Projections:

- 22% CDQ (approximately 21,576 mt)
- 35% of CDQ taken in roe season; 65% taken in non-roe season.
- \$0.0775 per pound base fee applied to all harvest.
- No market price share during "A" Season, and \$0.0025 per pound during "B" Season.
- \$0.04 per pound for roe during "A" season.

1996	"A" Season	"B" Season	TOTAL
Base Fee	1,290,244	2,396,167	3,686,410
Market Share	0	77,296	77,296
Roe	665,932	0	665,932
<b>TOTAL</b>	<b>1,956,176</b>	<b>2,473,462</b>	<b>4,429,638</b>

1997	"A" Season	"B" Season	TOTAL
Base Fee	1,290,244	2,396,167	3,686,410
Market Share	0	77,296	77,296
Roe	665,932	0	665,932
<b>TOTAL</b>	<b>1,956,176</b>	<b>2,473,462</b>	<b>4,429,638</b>

1998	"A" Season	"B" Season	TOTAL
Base Fee	1,290,244	2,396,167	3,686,410
Market Share	0	77,296	77,296
Roe	665,932	0	665,932
<b>TOTAL</b>	<b>1,956,176</b>	<b>2,473,462</b>	<b>4,429,638</b>

**BERING STRAIT REGION  
COMMUNITY DEVELOPMENT PLAN**

**AN  
APPLICATION FOR POLLOCK  
COMMUNITY DEVELOPMENT QUOTAS  
1996-1998**

**Submitted by:**

**Norton Sound Economic Development Corporation  
601 West 5th Avenue, Suite 415  
Anchorage, Alaska 99501**

**Submitted to:**

**State of Alaska  
Department of Community and Regional Affairs  
Department of Commerce and Economic Development  
Department of Fish and Game**

**August 1995**

## I. EXECUTIVE SUMMARY

### PREFACE

In just three short years, NSEDC has made a dramatic impact on the economies of communities in the Bering Strait region. NSEDC's efforts to provide markets to local fishermen resulted in a record Norton Sound salmon harvest in 1994 and a record dollar value herring fishery in 1995. Fisheries development projects for halibut at St. Lawrence Island and red king crab in Norton Sound set the groundwork for local participation in active, self-sustaining commercial fisheries. Involvement of our harvesting partner, Glacier Fish Company, in herring and salmon operations, providing employment for residents onboard their vessels, and their advice and consultation in NSEDC's Fisheries Development Committee, has added to the progression of our successes. Thanks to NSEDC and the CDQ program, the region has broken through long-standing barriers to active participation in the distant-water fisheries in the Bering Sea through the acquisition of a freezer longliner, the *F/V Norton Sound*. The result of these accomplishments has made NSEDC one of the largest non-governmental employers in the Bering Strait region. Over \$6 million dollars in direct employment income has been earned since 1992.

Since the beginning of the CDQ program, NSEDC has experienced a tremendous growth in seafood business activity, community-based projects and program activities, cash flow, cash holdings and investments, employment and payroll, and visibility within the region and state. NSEDC has taken bold and decisive steps to implement corrective measures for the occasional operational problems which naturally accompany rapid growth and success. The company was partially reorganized earlier this year with the objective of improving the product quality, cost effectiveness and efficiency of operations. The creation of a non-profit subsidiary company to undertake NSEDC's seafood production activities for salmon, herring, crab and halibut was the focus of this reorganization. Norton Sound Seafood Products, Inc. was formed and a business manager was hired. NSEDC also moved its administrative and accounting offices to Anchorage and hired professional accounting staff.

As the CDQ program expands into other groundfish and crab, NSEDC plans to continue building a foundation to take advantage of these opportunities. Vessel acquisition constitutes a major component of this CDP and NSEDC's evolution toward being a major participant in the Bering Sea fisheries. This progression from using contract harvesters toward direct and active involvement represents a giant leap forward in expanding our ownership, management and marketing of seafood products. NSEDC has been a leader among CDQ groups; in the future NSEDC plans to lend a cooperative helping hand to the other CDQ groups to safeguard and efficiently utilize the resources of the Bering Sea and expand employment, advancement and other opportunities for western Alaskans.

## A. NAME OF APPLICANT

Norton Sound Economic Development Corporation (NSEDC)

## B. COMMUNITIES REPRESENTED

NSEDC is submitting this application to the State of Alaska for pollock community development quotas (CDQs) on behalf of fifteen member communities in the Bering Strait region of northwestern Alaska. Each of these communities have provided support to this pollock CDQ application. These communities are:

- Brevig Mission
- Gambell
- Nome
- Shaktoolik
- Unalakleet
- Diomede
- Golovin
- St. Michael
- Stebbins
- Wales
- Elim
- Koyuk
- Savoonga
- Teller
- White Mountain

Each community represented above is eligible to participate in the CDQ program both under federal rules as defined in 50 CFR 675.27 (d) (2) and under State of Alaska CDQ criteria. The Secretary of Commerce has determined that these villages meet the requirements of CDQ program eligibility.

## C. MANAGING ORGANIZATION

NSEDC will act as the managing organization for the pollock CDQ program described in this CDP. NSEDC has already qualified as an applicant and managing organization for the pollock, halibut and sablefish CDQ programs. NSEDC has been successfully managing these CDQ programs, associated development projects, and CDQ fishing for the Bering Strait region since its inception in 1992.

The primary contact person for NSEDC is Eugene Asicksik, President/Executive Director. The office primarily responsible for administering the company is located in Anchorage. Other offices are located in Unalakleet, Nome, Shaktoolik and Elim. The Anchorage office also serves as a central location for communications and contact with agencies from outside of the region, provides accounting and financial support, and manages CDQ fishing operations. The address of this office is as follows:

Eugene Asicksik  
NSEDC Anchorage Administrative Office  
601 West 5th Avenue, Suite 415  
Anchorage, Alaska 99501  
Phone (907) 274-2248 • FAX 274-2249

## D. GOALS, OBJECTIVES AND MILESTONES

The overall goal of this CDP and development programs contained herein is to provide fishing opportunities, jobs and income for residents of our communities. In 1992, NSEDC drafted a comprehensive plan under the pollock CDQ program focused on developing self-sustaining fishing economies for communities in the region, and getting people more actively involved in the distant-water fisheries in the Bering Sea. This mission was reaffirmed in the 1994-1995 pollock CDP and now again in this CDP.

NSEDC's commitment to this goal is clearly demonstrated by its employment record since the inception of the CDQ program in 1992 (See Table 1). Total employment income earned was \$6,073,486. These employment statistics do not include the secondary employment created within our communities. NSEDC anticipates that a similar level of employment or greater will be generated in the future by the further evolution of development programs and subsidiary companies described in this CDP.

Table 1: NSEDC Employment - 1992 to 1995

<u>CDQ Pollock Related</u> (Seafood processors)	
Number of individuals employed	77
Estimated hours worked	99,891
Total wages	\$1,568,717
<u>Other Employment</u> (permanent, seasonal and temporary)	
Estimated number of jobs	350
Total hours worked	45,902
Total wages	\$519,250
<u>Fishing Employment*</u> (salmon, herring, halibut and crab)	
Number permit holders	236
Total hours worked	unknown
Total wages	\$2,914,177
<u>Project Management/Administrative</u> (full-time and part-time)	
Maximum number of positions	11
Total hours worked	48,478
Total wages (incl. benefits)	\$1,071,342
<b>Total employment income</b>	<b>\$6,073,486</b>

\* Fishing employment and income from NSEDC, GFC and joint NSEDC/GFC fishing operations in Norton Sound.

#### **D.1. Employment**

Employment continues to be the top priority for the 1996-1998 CDP. Increased employment and income from self-sustaining activity in the region, and a well educated workforce, are the ultimate objectives behind each of the programs described in the CDP.

#### **D.2. Self-Sustaining Fisheries Development**

A central objective is that NSEDC's activities and programs be economically self-sustaining. NSEDC was established as a permanent regional economic development force for the future. Over the next three years, NSEDC will continue to use the pollock CDQ program to underwrite the planning, investment, or other start-up expenses of expanded fisheries activities, both locally in the Bering Strait region and also in the Bering Sea/Aleutian Islands. These objectives are addressed through activities of Norton Sound Seafood Products, Inc., funding for purchase of equity interest in the fishing industry, and funding for purchase of harvesting and tendering vessels.

#### **D.3. Education and Training**

A large component of the CDP is education and training which is addressed in both the training, education and employment program and the Education Endowment. The education and training activities are funded through CDQ proceeds during the CDQ period, then continued on a self-sustained basis through a major investment in an Education Endowment. NSEDC believes the economic future of the region, as well as its general quality of life, is highly dependent upon educating its young and training or retraining its unemployed or underemployed residents.

#### **D.4. Retention/Addition of Locally Held Permits**

The ability to participate in many nearshore fisheries often depends on ownership of limited-entry permits. This CDP aims to increase local participation in region-wide fisheries by providing local fishermen with loan funds to purchase limited-entry permits in local fisheries, and through the purchase of halibut individual fishing quotas (IFQs). The revolving loan program and the fund for IFQ purchases addresses this objective.

#### **D.5. Fisheries Rehabilitation and Enhancement**

NSEDC intends to increase economic returns by restoring and possibly enhancing fisheries resources in the Bering Strait region. The salmon resources are unpredictable and sometimes almost nonexistent in local rivers. In addition, the commercial salmon fishery

in Norton Sound is underdeveloped due to processing and marketing shortfalls. The value of the herring fishery continues to be highly variable. Some species of fish which are in abundance in the region have no developed markets. This objective is addressed through the salmon rehabilitation and restoration program, fisheries development program, and shoreside infrastructure improvements program.

#### **D.6. Provision of Value to State and Local Government**

NSEDC believes that, as in shore-based and near-shore fisheries-related business, CDQ operations can help pay some of the direct state costs of implementing and monitoring the CDQ program.

#### **D.7. Measurable Milestones**

##### **Administrative**

Milestone: NSEDC Board of Directors will hold regularly scheduled meetings during each quarter in 1996, 1997 and 1998.

Milestone: NSEDC's five advisory committees will hold regularly scheduled meetings during each quarter in 1996, 1997 and 1998.

##### **CDQ Fishing Operations**

Milestone: NSEDC and GFC will harvest the entire CDQ pollock allocation by the end of the CDQ A season and CDQ B season in 1996, 1997 and 1998.

##### **Objective: Self-Sustaining Fisheries Development**

###### **Norton Sound Seafood Products, Inc. (NSSP)**

Milestone: NSSP will develop an operations plan and budget for buying, processing and marketing herring, salmon, king crab, and halibut by April 30th of each year.

Milestone: NSSP will sign an agreement with one or more custom processors for herring by April 30th of each year.

Milestone: NSSP will make arrangements for salmon operations and markets by April 30th of each year.

Milestone: NSEDC will conduct additional research into new markets for various products from the Norton Sound fisheries by January 1998.

###### **Funding for Purchase of Equity Interest in the Fishing Industry**

Milestone: NSEDC will make one or more equity investments into one or more companies with offshore fishing operations in the Bering Sea on or before June 30, 1998.

###### **Funding for Harvesting and Tendering Vessel**

Milestone: NSEDC will make capital investments under the harvesting/tendering vessel fund according to the capital investment guidelines on or before December 31, 1997.

##### **Objective: Education and Training**

###### **Education, Employment and Training Program**

Milestone: NSEDC will facilitate the employment of 80 residents of the region on factory trawlers, other offshore fishing vessels, near-shore processors and in shoreside processing plants by the end of the 4th quarter each year.

Milestone: NSEDC will provide fisheries skills training for 60 residents of the region by the end of the 4th quarter each year.

Milestone: NSEDC will award at least 60 scholarships to students in the region by the end of the 4th quarter each year.

#### **Education Endowment**

Milestone: NSEDC will contribute approximately 5% of CDQ proceeds to the Education Endowment by the end of the 4th quarter 1998.

#### **Objective: Retention/Addition of Locally Held Permits**

##### **Revolving Loan Program**

Milestone: NSEDC will make at least one loan program outreach visit to each NSEDC community by the end of the 4th quarter each year.

Milestone: NSEDC will conduct annual reviews of the revolving loan program by the end of the 4th quarter each year.

##### **Fund for IFQ Purchases**

Milestone: Funding for IFQ purchases by the end of the 3rd quarter of 1996.

#### **Objective: Fisheries Rehabilitation and Enhancement**

##### **Salmon Rehabilitation and Restoration Program**

Milestone: NSEDC and ADF&G will complete the comprehensive salmon restoration plan by the end of the 1st quarter of 1996.

Milestone: NSEDC will make funding decisions under the salmon restoration fund according to the capital investment guidelines by the 4th quarter of 1996.

##### **Fisheries Development Program**

Milestone: NSEDC will prepare a detailed plan to conduct fisheries development activities by the end of the 2nd quarter each year.

##### **Shoreside Infrastructure Improvements Program**

Milestone: NSEDC will evaluate potential site-specific projects in which to invest at regularly scheduled meetings of the Fisheries Development Committee and Board of Directors.

Milestone: NSEDC will make capital investments under the shoreside infrastructure improvements fund according to the capital investment guidelines by the 4th quarter each year.

## **E. POLLOCK CDQ REQUESTED**

NSEDC requests 33% of available pollock CDQ for both the Bering Sea subarea and Aleutian Island subarea of the BSAI management area for each of the years 1996, 1997 and 1998. This amount of CDQ allocation will allow NSEDC to conduct its development programs as described in the body of this CDP.

## **F. CDP PROJECTS**

NSEDC is proposing to build on the economic development programs started in 1992, in addition to investing in subsidiary companies to form the foundation for active participation in the fisheries in the Bering Sea.



## **F.1. Development Programs**

### **F.1.a. Fisheries development program**

NSEDC successfully conducted fisheries development projects for salmon, herring, red king crab in Norton Sound, halibut at St. Lawrence Island, and bait herring at Port Clarence. As a result of these projects, local fishermen are now actively participating in these commercial fisheries. Halibut fishermen from Savoonga on St. Lawrence Island harvested the entire CDQ allocation and were seeking additional halibut quota. The king crab fishery in Norton Sound was made into a superexclusive use area under petition from and at the urging of NSEDC. This crab fishery is now providing an opportunity for local fishermen and an economic charge for people and businesses in Nome. Herring fishermen from Teller are selling their bait herring to crab fishermen in Nome. From 1993 to the present, NSEDC and GFC have paid fishermen more than \$2.9 million for salmon, herring, crab and halibut.

This program will be expanded at the request of local residents to address other fisheries development needs throughout the region including, but not limited to, halibut fisheries at Wales and Gambell, blue king crab and red king crab at St. Lawrence Island and the Bering Sea, underutilized salmon species in Norton Sound, and cooperative management efforts with ADF&G throughout the region. NSEDC will contribute an additional \$300,000 of CDQ proceeds to this program.

### **F.1.b. Education, employment and training program**

NSEDC started the education, employment and training program in 1992. This program provides training for people in the region to take advantage of a wide range of employment opportunities including jobs on GFC's factory trawlers and Norton Sound Fish Company's freezer longliner, salmon, herring and halibut fishing, and in processing, quality control, sales and management. Employment services are available to help local workers get jobs in the seafood industry. Scholarships are awarded to local students in both post-secondary education and vocational education programs. Finally, funds for fisheries related educational programs are made available to the Bering Strait School District for local schools. These programs have proven to be highly successful.

Since 1992, NSEDC has provided employment for 77 residents of the region working as entry level seafood processors onboard the *Pacific Glacier* and *Northern Glacier*, other factory trawlers and the *F/V Norton Sound* earning a total of \$1,568,717 in wages. NSEDC has also awarded \$206,000 in scholarships to eligible residents for college and

vocational education, and co-sponsored internships with Glacier Fish Company at their offices in Seattle for individuals interested in management, seafood business operations, and marketing. NSEDC will contribute \$804,046 to the education, employment and training program to continue these efforts over the next three years.

#### **F.1.c. Revolving loan program**

NSEDC originally established the revolving loan program to help residents purchase permits and gear for Norton Sound commercial fisheries. Since 1993, NSEDC has loaned out \$397,418 to 75 fishermen in the region. Fishermen have paid back \$139,143 of these loans. NSEDC will contribute an additional \$300,000 of CDQ proceeds over the next three years to this loan program.

The revolving loan program makes loans to local people for upgrading fishing boats and fishing related equipment, permit purchases, and buying salmon, herring, crab and halibut fishing gear.

#### **F.1.d. Shoreside infrastructure improvements program**

NSEDC has invested about \$480,000 since 1993 in shoreside infrastructure throughout the region including Unalakleet and Shaktoolik fish processing plant improvements, Nome Eskimo freezer plant upgrade, Savoonga and Koyuk ice delivery systems, and construction of a floating dock in Nome. These facilities were all instrumental in supporting salmon, crab and halibut commercial fishing in the region.

This program allows NSEDC to provide assistance and funding for renovation and new construction of fish processing facilities, dock or harbor facilities, and other infrastructure which supports the local fishing industry in accordance with NSEDC's capital investment guidelines. Proposals from local communities will be solicited and carefully reviewed by NSEDC on a regular cycle each year. NSEDC will make \$650,000 in additional contributions to the shoreside infrastructure fund.

#### **F.1.e. Fund for IFQ purchases**

NSEDC originally proposed a similar program in the 1992/1993 pollock CDP. The original IFQ funding program was delayed pending the implementation of the IFQ program. IFQs for halibut and sablefish are now available. NSEDC is proposing to reserve funds for the purchase of halibut IFQs in Area 4D and other IFQs if they become available and are appropriate. These funds will be made available to qualified fishermen in the region through a loan program. The capitalization of this fund will be \$1,350,000.

#### **F.1.f. Harvesting/tendering vessel funding**

Vessel acquisition constitutes a major component of this CDP. It represents the continued evolution of the CDQ program from using contract harvesters towards direct and active involvement of the region in the offshore fisheries of the Bering Sea. It is an integral part of NSEDC's plans to harvest the CDQ allocations of additional species as programs for these allocations are implemented.

As the additional species of CDQ become available, NSEDC will be prepared to harvest them with vessels in which NSEDC has a substantial ownership, similar to NSEDC's ownership of the longline vessel *F/V Norton Sound*. This CDP provides funds to purchase a crab fishing vessel and a trawl vessel, which would be the minimum additional vessel acquisition required. NSEDC will make these investments in accordance with the capital investment guidelines and the CDP amendment process. These two vessels plus the longliner would comprise a fleet capable of harvesting all of the species allocated. Depending on the percentage of CDQ allocated to NSEDC and the total allowable catch determined by NMFS, an additional vessel or vessels could be necessary. A total of \$6.5 million will be placed in this fund over the three-year period.

The structure used in the acquisition of the *F/V Norton Sound* is a successful model which may be used in the acquisition of additional vessels. NSEDC along with Glacier Fish Company purchased a longline vessel, put the vessel into operation within 6 months of receiving a CDQ allocation, and is using this vessel to harvest its entire sablefish CDQ allocation. In addition, this vessel is participating in the open access Pacific cod fishery and provides near-shore processing for Norton Sound salmon fishermen.

#### **F.1.g. Processing vessel funding**

This project was originally proposed in the 1994-95 pollock CDP to acquire and operate a floating seafood processor in a joint venture or partnership with Glacier Fish Company. A portion of the funds initially reserved for this project have been reallocated for other approved uses as per CDP amendments. Higher than anticipated costs for converting an existing vessel into a floating processor as specified in preliminary engineering designs, and declining opilio crab stocks in the Bering Sea, prompted NSEDC and GFC to place this project on hold.

#### **F.1.h. Salmon rehabilitation and enhancement program**

In 1992, NSEDC in cooperation with ADF&G established a region-wide salmon rehabilitation and enhancement program for the Bering Strait region. This program

consists of a comprehensive planning process, salmon resource inventory, and a salmon restoration fund. The planning process is underway and a state-approved plan is due to be completed by the end of 1995. The salmon restoration fund will be used as matching money for future site-specific projects within the region. This fund now contains about \$250,000 of NSEDC contributions. NSEDC is proposing to contribute an additional \$506,959 to the salmon restoration fund. Decisions regarding the financing of specific priority projects will be made with advice from the Regional Planning Team within the framework established in NSEDC's capital investment guidelines.

#### F.1.i. Education endowment

In 1993, NSEDC established an education endowment for future employment, educational and training activities and invested about \$2.9 million to date, which has grown to approximately \$3.3 million. Continued investment at a more modest rate, plus reinvestment of all earnings, will bring the endowment to a size where it can endow the entire employment, education and training program. Under this CDP, an additional \$1,095,000 of CDQ proceeds will be placed in the endowment.

#### F.2. Subsidiary Companies

##### F.2.a. Norton Sound Fish Company, LLC .

The Norton Sound Fish Company, LLC (NSFC) was formed by NSEDC and Glacier Fish Company in December 1994. This company owns and operates a 137-ft freezer longliner, the *F/V Norton Sound*. This vessel will harvest and process Pacific cod and other Bering Sea fisheries resources including CDQ sablefish and other fixed gear CDQs and support salmon processing operations in Norton Sound. NSEDC and GFC investigated several potential forms of ownership with the assistance of legal and tax counsel, and determined that the formation of a limited liability company (LLC) was the best course. GFC has a 51% interest and NSEDC has a 49% interest, and significant strategic issues require agreement of both members. NSEDC acquired its interest in the company and vessel using proceeds from CDQ pollock fishing.

##### F.2.b. Norton Sound Seafood Products, Inc.

From the beginning of the CDQ program in 1992, a centerpiece of the NSEDC strategy has been the development of self-sustaining herring and salmon fisheries and markets in Norton Sound. In 1994, working with GFC and local fishermen, NSEDC's operations resulted in shattering the 30-year record for the commercial harvest of salmon in Norton Sound. The herring fishery in 1995 was the biggest in history, in terms of

dollar value to the fishermen, thanks primarily to the market provided by the NSEDC/GFC joint venture.

To complete the transition to self-sustaining fisheries in Norton Sound, NSEDC is establishing a separate wholly-owned entity called Norton Sound Seafood Products, Inc. (NSSP). This company conducts NSEDC's commercial seafood activities in the greater Norton Sound region including salmon, herring, halibut, winter and summer king crab, bait fisheries, and pink salmon with GFC. NSSP operates facilities throughout the region including the Nome Eskimo freezer plant, Unalakleet plant, and buying stations at Elim, Golovin, Savoonga, Shaktoolik and Teller.

NSEDC is in the process of certifying this company as a non-profit corporation within the State of Alaska. Until this process is complete, NSSP will operate as a division of NSEDC. In 1995, after a careful executive search, NSEDC hired a professional business manager to oversee the operations of NSSP. A separate board of directors was elected with representatives from NSEDC, GFC, National Bank of Alaska, the accounting profession and western Alaska business community. NSEDC will invest an additional \$1 million in NSSP to cover the working capital demands of expanded operations.

#### **F.2.c. Fund for the purchase of equity interest**

The fund for equity purchases is the largest dollar component of the 1996-1998 CDP. This fund is established to further NSEDC's participation in the Bering Sea offshore fisheries through the purchase of an equity ownership interest in a firm or firms having business operations in the Bering Sea.

An equity purchase of this nature would allow NSEDC to extend its involvement in the offshore fisheries of the Bering Sea to include participation in the pollock resource. It is a natural evolution of the CDQ program, and complements NSEDC's participation in other resources through its purchase of a crabber and trawler (see section on Harvesting/Tendering Vessel Fund). Through careful decision-making and prudent planning of the use of CDQ allocations and participation in the open-access fisheries, a business investment in an operating company can be a very good investment.

The fund for equity purchases also will enhance NSEDC's ability to work cooperatively with other groups, because operating companies have provided essential assistance to the CDQ groups in establishing and improving their CDP programs. NSEDC, as an equity owner in one of more of these companies, will be well positioned to provide the type of cooperative assistance which represents a desirable evolution of the CDQ program.

The total amount of funds called for in this component is \$7,500,000. This CDP includes the setting aside of funds for the equity purchase. The actual transaction would include details which would be submitted under the regulations governing plan amendments.

### F.3. Distribution of Pollock CDQ Proceeds

GFC will pay NSEDC royalty fees based on harvested tonnage and projected gross revenues from CDQ fishing during the roe season. NSEDC expects that the rate of royalty payments (dollar average per ton) for 1996-1998 will be commensurate with rates for 1992 through 1995. Based on these rates and a 33,000 ton harvest, NSEDC expects to receive \$21,780,000 for a 33 percent allocation over the next three years. These payments will be used to fund the fisheries development programs and acquisitions which NSEDC undertakes within the CDP.

NSEDC is proposing to distribute proceeds from CDQ pollock fishing to development programs and to its subsidiary companies in 1996, 1997 and 1998 as follows:

NSEDC Programs:	
Fisheries Development	\$300,000
Education, Employment, Training	\$804,046
Revolving Loan Program	\$300,000
Shoreside Improvements (capital investment fund)	\$650,000
Fund for IFQ Purchases (capital investment fund)	\$1,350,000
Salmon Restoration (capital investment fund)	\$506,959
Education Endowment (approximately 5%)	\$1,095,000
CDQ Harvest Expense	\$993,995
NSEDC Admin/Operating	\$780,000
NSEDC Companies:	
Norton Sound Seafood Products (established 1995)	\$1,000,000
Harvesting/Tendering Vessel (capital investment fund)	\$6,500,000
Fund for Purchase of Equity Interest	\$7,500,000
	\$21,780,000
Assumptions:	
Cash Proceeds: \$21,780,000	
Allocation Percentage: 33% (33,000 mt/year)	
Total CDQ allocations - 100,000 mt per year	
NSEDC royalty payments of \$220 per mt each year	

### G. HARVESTING PARTNER

NSEDC has established an excellent working relationship with Glacier Fish Company (GFC) of Seattle, Washington. Organized in 1982, GFC was one of the first United States fishing companies to establish successful factory trawler operations in the North Pacific. The partners of GFC are involved in various aspects of the seafood

industry, including ownership and operation of factory trawlers, crab boats and crab processors, salmon seiners and processors, longliners and cold storage and seafood distribution to world markets. More information about GFC is contained in Appendix L.

NSEDC signed a contractual agreement with GFC in 1992 to harvest CDQ pollock on behalf of NSEDC, provide employment, and lend their expertise to fisheries development projects (See Appendix U). GFC has made every payment as promised in a timely manner, and has honored all of its contractual commitments to NSEDC. GFC will continue to provide technical assistance in NSEDC training programs, marketing activities, fishing vessel purchasing and fisheries development projects. NSEDC and GFC will continue their Fisheries Development Committee (FDC) which has proven to be an excellent format for providing analysis and technical support for fisheries projects and potential investments. The primary contacts at GFC are:

Erik Breivik and John Bundy  
Glacier Fish Company  
1200 Westlake Avenue North  
Seattle, Washington 98107  
Phone (206) 298-1200 • FAX (206) 298-4750

Glacier Fish Company owns two factory trawlers: the *Northern Glacier* and the *Pacific Glacier*. See specific vessel information below:

	<u><i>Northern Glacier</i></u>	<u><i>Pacific Glacier</i></u>
Official Number:	663457	933627
Federal Permit:	AK920661A	AK923357A
ADF&G:	48075	56991
Call Sign:	WRC 6707	WRYH
Production/day:	270 mt	400 mt

#### H. MANAGEMENT STRATEGY

NSEDC and Glacier Fish Company will work together cooperatively to manage CDQ pollock fishing. GFC will use its two vessels, the *Northern Glacier* and the *Pacific Glacier*, to harvest CDQ pollock on behalf of NSEDC each year. Backup vessels will not be required. Both NSEDC and GFC have assigned the specific responsibility of tracking CDQ pollock fishing to designated individuals within their respective organizations. Daily contact will be maintained between NSEDC and GFC while CDQ pollock fishing is underway. GFC will fish according to NMFS rules established for CDQ pollock fishing including the requirement to carry two NMFS fisheries observers.

NSEDC understands that it is the responsibility of the managing organization to harvest and not overharvest the CDQ allocation. Fishing operations must cease once the CDQ allocation is reached. NSEDC has never once overharvested their CDQ pollock allocation. In order to achieve this objective, accurate and timely reporting and tabulation of catch data is a necessary component of the management strategy. Total pollock harvests are determined by observer estimates of total catch and composition as reported on the daily observer catch message. Catch data from daily observer messages are transmitted to NSEDC each day during CDQ pollock fishing

#### I. LOCAL PARTICIPATION

NSEDC and its development programs and subsidiary companies are set up to maximize participation by and work for residents of the Bering Strait region. As discussed above, NSEDC has become one of the leading employers in the region. Over \$6 million in direct employment income has been earned through NSEDC programs since 1992.

NSEDC will continue activities started with the 1992 CDQ program in partnership with GFC. NSEDC and GFC are working together to achieve specific employment objectives for the region's residents on GFC's vessels, the freezer longliner owned by Norton Sound Fish Company, and in their home office. In addition, the administration of the CDQ harvest and the CDP and longer-term economic development programs will continue to provide employment for the region.



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## **Executive Summary and Summary of Benefits BBEDC Community Development Plan and 1996-1998 Pollock CDQ Application**

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### **A. Name of Applicant**

Bristol Bay Economic Development Corporation

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### **B. Communities Represented within the Application**

Aleknagik	King Salmon/ Savonoski	Port Heiden
Clark's Point		South Naknek
Dillingham	Manokotak	Togiak
Egegik	Naknek	Twin Hills
Ekuk	Pilot Point	Ugashik

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### **C. Description of the Management Organization**

#### **Overview**

There are three major activities described in this Application which will require management:

- the implementation of the Community Development Plan;
- the harvest, processing and sale of the CDQ pollock; and
- operating of BBEDC's investment arm, the Alaska Seafood Investment Fund Limited Partnership (ASIFLP) and its general partner, the Alaska Seafood Investment Management Company (ASIMCo).

BBEDC is the applicant and managing organization. BBEDC will be responsible for implementing the Community Development Plan, will be the sole owner of the ASIM Co., the managing partner of the ASIFLP, and will contract with Arctic Storm to harvest, process and sell the pollock.

BBEDC's professional approach is reflected in the early recognition of the complexity and responsibility implied in this undertaking. The Board has

consistently sought out, listened to, and retained the best professional help available. Their meetings are open, their advisors are present and participate fully, and the whole Board participates in carefully considered decisions.

BBEDC is now ready to step up its staffing and pace considerably in recognition of the extension of the pollock CDQ program and the North Pacific Fishery Management Council's recent actions extending CDQs to other species.

This philosophy of careful planning and preparation is also carried into BBEDC's investment arm. This has been restructured so that BBEDC is the sole owner of the managing partner, ASIMCo. BBEDC's three most experienced Board members sit on that board along with two outside directors noted for their industry experience and financial expertise. BBEDC is now the only limited partner, though others will be actively sought.

### **BBEDC Is the Applicant and Managing Organization**

BBEDC will allocate at least 70% of the CDQ proceeds to the ASIFLP and ASIMCo, and will manage the Community Development Plan with 30% of the proceeds. One-third (10% of the total proceeds), will go into a scholarship trust. The actual mechanism for funding the trust will differ from the last allocation period.

The management of BBEDC will consist of the board, particularly the executive committee, and staff. Executive Director Nels Anderson Jr. is a former member of the Alaska State Senate and Majority Leader of the State House of Representatives. Chairman Robin Samuelsen is a member of the North Pacific Fishery Management Council. Secretary Hazel Nelson is a member of the Council's Industry Advisory Panel. Treasurer Robert Heyano is former Chairman of the Nushagak Regional Fish and Game Advisory Committee. Donald Nielsen is President of the Bristol Bay Native Association and sits on the Bristol Bay Native Corporation Board, as does Harvey Samuelsen, Sr., ex-officio member of the Executive Committee and non-voting member of the BBEDC Board.

BBEDC is advised by Paul Peyton, former Director of Commercial Fisheries Development for the Alaska Department of Commerce and Economic Development, Peter Moore, former Project Manager for the Alaska Fisheries Development Foundation, and Dave Rose, former Executive Director of the Alaska Permanent Fund. Legal representation is provided by Paul Kelly of Kelly and Patterson.

<b>Executive Committee</b>	<b>Representing</b>	<b>Phone</b>	<b>Fax</b>
Robin Samuelsen, Chairman	Dillingham	842-2743	842-4336
Donald Nielsen, Vice Chairman	So. Naknek	246-6552	246-3567
Hazel Nelson, Secretary	Egegik	263-9820	263-9971
Robert Heyano Treasurer	Ekuk	842-1053	842-4336
Mark Angasan	King Salmon	246-7483	246-3449
Moses Kritz Sr.	Togiak	493-5029	493-5932
Emil Christensen	Port Heiden	376-0658	same
Harvey Samuelsen, Sr.	Ex-officio	842-5265	c/o BBEDC

### **BBEDC Owns 100% of ASIMCo and Is Currently the Sole LP in ASIFLP**

The Business Plan consists of using a venture capital investment fund, the Alaska Seafood Investment Fund Limited Partnership (ASIFLP or "the Fund"), to enter into the Bering Sea, Alaska and Pacific Northwest seafood industry, and to provide an income stream in perpetuity. ASIFLP will diversify investments by region, fishery, and asset type to spread the risk in this highly cyclical industry, and will provide a vehicle for training and employment for BBEDC residents in a wide variety of seafood industry enterprises.

Passive equity involvement with successful partners was chosen as the means for investment in the industry. The region's past, marginal experience managing various major fishing enterprises led to the conclusion that the talent pool in Bristol Bay was not sufficiently developed to handle management of major Bering Sea enterprises. That experience also argued against using hired managers if suitable managing partners could be found. Thus the Fund is essentially a regional venture capital fund/development bank that takes major equity positions in various businesses.

The ASIFLP is advised by Bill Stokes, formerly General Manager of Glacier Fish Co. for over ten years, and Martin Barrack, an attorney with the firm of Partnow, Sharrock, and Tindall and Counsel to the Alaska Science and Technology Foundation who specializes in business startups and mergers. Paul Peyton,

former Director of Commercial Fisheries Development with the Alaska Department of Commerce and Economic Development, manages the ASIFLP.

There are five ASIMCo Board members, with three BBEDC Directors and two outside directors. BBEDC Chairman Robin Samuelsen Jr. is President and Treasurer, BBEDC Vice-Chairman Donald Nielsen is Secretary, and BBEDC Treasurer Robert Heyano is the third member. The two outside Directors are Bill Stokes and Ed Crane, President of the Alaska Commercial Fishing and Agriculture Bank.

BBEDC has purchased Oceantrawl Inc.'s interest in the Alaska Seafood Investment Fund, L.P., and will be the sole owner of the managing partner, ASIMCo. BBEDC is currently the only limited partner. Other limited partners are being sought.

Arctic Storm will actively participate with the BBEDC in the identification and evaluation of investments of mutual interest, but will have no direct involvement in the Fund.

BBEDC has signed a purchase agreement for an interest in the *F/T Arctic Fjord*, one of Arctic Storm's surimi catcher-processors, and is currently developing the legal structure with Arctic Storm. Details of the arrangement are contained in the Confidential Items section. BBEDC will dedicate the majority of its CDQ pollock allocation to processing on the *F/T Arctic Fjord*.

## **Reasons for an Alaska Seafood Investment Fund**

A diversified seafood investment fund was selected as BBEDC's principal CDQ fisheries business for a number of reasons.

First, members of the BBEDC communities are most experienced in the local salmon and herring gillnet fisheries. They fully realize that it would not be prudent to make additional commitments in this fully capitalized, market-saturated, and very competitive segment of Alaska's fishing industry. The Board is committed to exploring value-added products, especially if they can be processed in the region to provide year round employment. Another area of interest is the underutilized salmon species, primarily silvers and chums.

Second and perhaps most important, rather than concentrate their CDQ resources in a single fisheries investment outside of their area of fisheries expertise, the Board prefers to develop a diversity of knowledge and experience in all the fisheries which may provide investment opportunities.

Third, a successful investment fund such as the Alaska Seafood Investment Fund will attract significant third party equity investors, amplifying the impact of the CDQ program and contributing to the growth of the Fund.

### **Investment Policy – The Target Market**

The following principles will be followed in selecting investments for ASIFLP.

1. Investments will be made in a diversified portfolio of Alaska and Pacific Northwest seafood businesses. They will be diversified by region, by fishery, and by type of asset (i.e. from fishing vessels to seafood marketing companies).
2. Investments will be made in companies with sound management. ASIFLP will be operated as an investment partnership, not a management company.
3. Investments will be selected to generate a cash surplus and pay immediate dividends. Investments will be in businesses which do not require major retention of earnings to finance growth.
4. Investments will be made outside Bristol Bay's fully developed sockeye salmon and herring fisheries.
5. Investments by ASIFLP will not contribute to over-capitalization in Alaska's seafood industries. Participation will be sought in currently operating assets.

### **Investments Under Development**

The Fund came very close to investing in a crabber/tender in July 1994, but decided to wait after crab quotas were slashed in half. This is still of great interest to the Board and discussions continue with potential partners and vessel owners.

The ASIFLP is currently negotiating the final details of an investment with Arctic Storm in the *F/T Arctic Fjord*, a surimi and fillet factory trawler currently fishing pollock, hake and yellowfin in Alaska and Washington.

The ASIFLP has exhaustively researched investments in cod freezer longliners and is in continuing dialogue with several vessel owners. The timing of cod CDQ allocations will influence the schedule for investment, assuming a suitable deal can be arranged.

The Fund is currently investigating investment in a pollock trawler for mothership deliveries to the *F/T Arctic Fjord* and shoreside or mothership deliveries of other CDQ species.

Examples of other seafood businesses in which ASILP might invest include:

1. Provision of equity and working capital to an outstanding fish broker that enables them to trade fish and do value-added processing. This might be used to leverage early and late season salmon and value-added markets for local fisheries.
2. Participation in a value added processing or reprocessing facility or technology. An example is a specialized flatfish filleting and freezing operation when advanced filleting equipment under development becomes available.
3. Investment in a successful food distribution company that can augment the marketing of BBEDC quota products and other seafood products from Bristol Bay.
4. Investments will be considered that add value to salmon and herring and that moves BBEDC closer to providing year round employment opportunities for residents.

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#### **D. Goals, Objectives and Milestones of the CDP**

See tables on following pages.

Bristol Bay Economic Development Corporation  
1996-98 Operations Plan

Goal	Obj.	Mile Stone		Schedule	AUPR Review	Note
<b>1</b>	<b>Maintain an effective and efficient Board of Directors</b>					
	<b>1.1</b>	<b>Establish and maintain bylaws and board procedures</b>				
	1.1	1	Board annually reviews bylaws and procedures.	Board Cal.	no	1
	1.1	2	Annually review committee structure.	Board Cal.	no	1
	1.1	3	Review and revise board calendar annually.	Board Cal.	no	1
	1.1	4	Provide financial report analysis training.	Board Cal.	no	1
	1.1	5	Provide training on ASI Royalty, Employment and ASIF agreements.	Board Cal.	no	1
	1.1	6	Conduct additional Board training as needed.	Board Cal.	no	1
	<b>1.2</b>	<b>Develop and update long range strategic plans</b>				
	1.2	1	Review long range plan and modify as needed.	Board Cal.	no	1
	<b>1.3</b>	<b>Develop and update annual operation plans</b>				
	1.3	1	Review progress and update annual operations plan midyear if needed	Board Cal.	no	1
	1.3	2	Monitor progress on Ops. Plan monthly.	Monthly	no	2
	1.3	3	Develop and approve Annual Operating Plan.	Dec-96	yes	3
	1.3	4	Develop and approve Annual Operating Plan.	Dec-97	yes	3
	1.3	5	Develop and approve Annual Operating Plan.	Dec-98	yes	3
<b>2</b>	<b>Develop efficient and cost effective staff and administrative procedures.</b>					
	<b>2.1</b>	<b>Identify skills needed and plan staff.</b>				
	2.1	1	Review tasks, skills, job descriptions and staff structure annually.	Board Cal.	no	1
	<b>2.2</b>	<b>Recruit staff and evaluate progress</b>				
	2.2	1	Do annual ED performance review.	Board Cal.	no	1
	2.2	2	Perform staff evaluations annually.	Annual	no	2
	<b>2.3</b>	<b>Develop and update personnel manual</b>				
	2.3	1	Annually review and update personnel policies and procedures.	Board Cal.	no	1
	<b>2.4</b>	<b>Develop financial plan, budget and controls</b>				
	2.4	1	Allocate funds 70%, 20%, and 10% to ASIF, CDP and Scholarship.	Dec-96	yes	4
	2.4	2	Allocate funds 70%, 20%, and 10% to ASIF, CDP and Scholarship.	Dec-97	yes	4
	2.4	3	Allocate funds 70%, 20%, and 10% to ASIF, CDP and Scholarship.	Dec-98	yes	4
	2.4	4	Review fund manager performance annually.	May-96	yes	
	2.4	5	Review fund manager performance annually.	May-97	yes	
	2.4	6	Review fund manager performance annually.	May-98	yes	
	2.4	7	Develop consolidated and detailed budgets annually.	Nov-96	yes	
	2.4	8	Develop consolidated and detailed budgets annually.	Nov-97	yes	
	2.4	9	Develop consolidated and detailed budgets annually.	Nov-98	yes	
	2.4	10	Prepare quarterly financial and management reports.	Annual	no	2

Bristol Bay Economic Development Corporation  
1996-98 Operations Plan

Goal	Obj.	Mile Stone		Schedule	AUPR Review	Note
	2.5	<b>Utilize financial and performance audits to improve management</b>				
	2.5	1	Have Financial and Agreed Upon Procedures audits done.	Annual	no	2
	2.5	2	Review audit results and revise operations plan as appropriate.	Board Cal.	no	1
	2.5	3	Review and approve auditors.	Board Cal.	no	1
	2.6	<b>Track Arctic Storm performance closely and monitor fishery</b>				
	2.6	1	Review ASI Royalty Agreement performance.	Nov-96	yes	
	2.6	2	Review ASI Royalty Agreement performance.	Nov-97	yes	
	2.6	3	Review ASI Royalty Agreement performance.	Nov-98	yes	
	2.6	4	Review ASI training and employment performance.	Nov-96	yes	
	2.6	5	Review ASI training and employment performance.	Nov-97	yes	
	2.6	6	Review ASI training and employment performance.	Nov-98	yes	
	2.6	7	Hold annual meeting with ASI and approve annual fishing plan.	Nov-96	yes	
	2.6	8	Hold annual meeting with ASI and approve annual fishing plan.	Nov-97	yes	
	2.6	9	Hold annual meeting with ASI and approve annual fishing plan.	Nov-98	yes	
3	<b>Develop methods for getting information to villages, public, and regulators.</b>					
	3.1	<b>Develop and publish quarterly newsletter</b>				
	3.1	1	Produce and distribute quarterly newsletter.	Dec-96	yes	4
	3.1	2	Produce and distribute quarterly newsletter.	Dec-97	yes	4
	3.1	3	Produce and distribute quarterly newsletter.	Dec-98	yes	4
	3.1	4	Evaluate effectiveness of the quarterly newsletter regularly.	Board Cal.	no	1
	3.2	<b>Develop and maintain effective press relations</b>				
	3.2	1	Maintain active contact with press.	Annual	no	2
	3.3	<b>Provide regular Board and staff contact with villages</b>				
	3.3	1	Plan and implement ED and staff visits to member communities.	Dec-96	yes	4
	3.3	2	Plan and implement ED and staff visits to member communities.	Dec-97	yes	4
	3.3	3	Plan and implement ED and staff visits to member communities.	Dec-98	yes	4
	3.4	<b>Prepare and file necessary state and federal reports on time.</b>				
	3.4	1	Prepare and file annual report.	May-96	yes	
	3.4	2	Prepare and file annual report.	May-97	yes	
	3.4	3	Prepare and file annual report.	May-98	yes	
	3.4	4	Prepare and file four quarterly reports to state each year.	Dec-96	yes	4
	3.4	5	Prepare and file four quarterly reports to state each year.	Dec-97	yes	4
	3.4	6	Prepare and file four quarterly reports to state each year.	Dec-98	yes	4



Bristol Bay Economic Development Corporation  
1996-98 Operations Plan

Goal	Obj.	Mile Stone		Schedule	AUPR Review	Note
4	<b>Provide a self sustaining basis for community development</b>					
	4.1	<b>Maintain the Alaska Seafood Investment Fund Limited Partnership</b>				
	4.1	1	Provide annual training for ASIMCo board.	Board Cal.	no	1
	4.1	2	Seek additional limited partners for ASIFLP	Dec-96	yes	
	4.2	<b>Manage ASIFLP to provide ongoing revenues to BBEDC.</b>				
	4.2	1	Capitalize fund initially with \$1.1 million from BBEDC	Dec-95	yes	
	4.2	2	ASIFLP escrow account earnings to ASIFLP operations and Reserve.	Dec-96	yes	
	4.2	3	ASIFLP escrow account earnings to ASIFLP operations and Reserve.	Dec-97	yes	
	4.2	4	ASIFLP escrow account earnings to ASIFLP operations and Reserve.	Dec-98	yes	
	4.2	5	Target ASIFLP investment date.	Dec-96	yes	3
	4.2	6	Target ASIFLP investment date.	Dec-97	yes	3
	4.2	7	Target ASIFLP investment date.	Dec-98	yes	3
	4.3	<b>Utilize 20% of CDQ income for community development.</b>				
	4.3	1	Apply for other CDQs as they become available.	Aug-97	no	1
	4.3	2	Apply for other CDQs as they become available.	Aug-98	no	1
5	<b>Employment for region's residents.</b>					
	5.1	<b>Place inexperienced BBEDC residents on Arctic Storm vessels 1996-1998</b>				
	5.1	1	Place a total of 120 entry-level hires with Arctic Storm.	Dec-96	yes	
	5.1	2	Place a total of 120 entry-level hires with Arctic Storm.	Dec-97	yes	
	5.1	3	Place a total of 120 entry-level hires with Arctic Storm.	Dec-98	yes	
	5.2	<b>Place experienced BBEDC residents on ASI vessels 1996-1998</b>				
	5.2	1	Place up to 30 advanced hires with Arctic Storm.	Dec-96	yes	
	5.2	2	Place up to 30 advanced hires with Arctic Storm.	Dec-97	yes	
	5.2	3	Place up to 30 advanced hires with Arctic Storm.	Dec-98	yes	
	5.3	<b>Establish vigorous permit retention program</b>				
	5.3	1	Develop and maintain contacts with the IRS.	Dec-96	yes	
	5.3	2	Provide in region permit brokerage.	Dec-96	yes	
	5.3	3	Provide in region permit brokerage.	Dec-97	yes	
	5.3	4	Provide in region permit brokerage.	Dec-98	yes	
	5.3	5	Provide tax counseling services to 20 clients annually.	Dec-96	yes	
	5.3	6	Provide tax counseling services to 20 clients annually.	Dec-97	yes	
	5.3	7	Provide tax counseling services to 20 clients annually.	Dec-98	yes	
	5.3	8	Contact 150 permit holders in arrears with IRS annually .	Dec-96	yes	
	5.3	9	Contact 150 permit holders in arrears with IRS annually .	Dec-97	yes	
	5.3	10	Contact 150 permit holders in arrears with IRS annually .	Dec-98	yes	
	5.3	11	Establish cooperative permit revolving fund if timely.	Dec. 96	yes	
	5.3	13	Provide matching funds for permit revolving loan fund.	Dec-96	yes	
	5.3	13	Provide matching funds for permit revolving loan fund.	Dec-97	yes	
	5.3	14	Provide matching funds for permit revolving loan fund.	Dec-98	yes	

Bristol Bay Economic Development Corporation  
1996-98 Operations Plan

Goal	Obj.	Mile Stone		Schedule	AUPR Review	Note
<b>6</b>	<b>Provide appropriate training and education opportunities</b>					
	<b>6.1</b>	<b>Establish scholarship trust fund</b>				
	6.1	1	Forward fund scholarship trust with 3 years' est. allocation.	Apr-96	yes	
	6.1	2	Award at least \$60,000 in scholarships in 1996.	Dec-96	yes	
	6.1	3	Award at least \$80,000 in scholarships in 1997.	Dec-97	yes	
	6.1	4	Award at least \$85,000 in scholarships in 1998.	Dec-98	yes	
	<b>6.2</b>	<b>Place experienced residents as interns with Arctic Storm</b>				
	6.2	1	Place at least 10 interns on vessels.	Dec-96	yes	
	6.2	2	Place at least 10 interns on vessels.	Dec-97	yes	
	6.2	3	Place at least 10 interns on vessels.	Dec-98	yes	
	6.2	4	Place up to 10 interns in office or other settings.	Dec-96	yes	
	6.2	5	Place up to 10 interns in office or other settings.	Dec-97	yes	
	6.2	6	Place up to 10 interns in office or other settings.	Dec-98	yes	
	<b>6.3</b>	<b>Provide ABE, GED and vocational training programs</b>				
	6.3	1	Provide ABE training for up to 500 annually.	Dec-96	yes	
	6.3	2	Provide ABE training for up to 500 annually.	Dec-97	yes	
	6.3	3	Provide ABE training for up to 500 annually.	Dec-98	yes	
	6.3	4	Provide GED training for up to 35 annually.	Dec-96	yes	
	6.3	5	Provide GED training for up to 35 annually.	Dec-97	yes	
	6.3	6	Provide GED training for up to 35 annually.	Dec-98	yes	
	6.3	7	Provide basic vocational training for up to 100 annually.	Dec-96	yes	
	6.3	8	Provide basic vocational training for up to 100 annually.	Dec-97	yes	
	6.3	9	Provide basic vocational training for up to 100 annually.	Dec-98	yes	
	6.3	10	Provide advance voctec training for up to 20 annually.	Dec-96	yes	
	6.3	11	Provide advance voctec training for up to 20 annually.	Dec-97	yes	
	6.3	12	Provide advance voctec training for up to 20 annually.	Dec-98	yes	
	<b>6.4</b>	<b>Work to provide training opportunities to non-CDQ BB communities.</b>				
	<b>6.5</b>	<b>Investigate feasibility of a regional training center</b>				
	6.5	1	Develop a plan for establishing regional training center.	Dec-96	yes	
	6.5	2	Solicit regional voctec center proposals from appropriate agencies	Dec-96	yes	
	6.5	3	Establish regional training center if appropriate.	Dec-97	yes	

Bristol Bay Economic Development Corporation  
1996-98 Operations Plan

Goal	Obj.	Mile Stone	Schedule	AUPR Review	Note	
7	<b>Develop regional fisheries development plan</b>					
	<b>7.1 Develop a regional fisheries development plan</b>					
	7.1	1	Select several scenarios annually for regional development.	Dec-96	yes	4
	7.1	2	Select several scenarios annually for regional development.	Dec-97	yes	4
	7.1	3	Select several scenarios annually for regional development.	Dec-98	yes	4
	7.1	4	Implement the annual fisheries development priorities.	Dec-96	yes	4
	7.1	5	Implement the annual fisheries development priorities.	Dec-97	yes	4
	7.1	6	Implement the annual fisheries development priorities.	Dec-98	yes	4
	<b>7.2 Investigate regional options for value-added and under-utilized species</b>					
	7.1	1	Annually review under-utilized species and value-added opportunities	Annual	no	
	7.1	2	Develop market driven scenarios for fisheries development plan.	Annual	no	
	<b>7.3 Develop regional fisheries development assistance program</b>					
	7.3	1	Provide regional fisheries development assistance.	Dec-96	yes	4
	7.3	2	Provide regional fisheries development assistance.	Dec-97	yes	4
	7.3	3	Provide regional fisheries development assistance.	Dec-98	yes	4
	<b>7.4 Actively advocate region's interest in bycatch, CDQs, waste, etc.</b>					
	7.4	1	Represent CDQ interests at NPFMC meetings.	Annual	no	
	7.4	2	Promote new CDQs and extension of CDQs in time.	Annual	no	
	8	<b>Provide for infrastructure development based on new economic development</b>				
		<b>8.1 Establish infrastructure priorities within context of fisheries development plan</b>				
8.1		1	Develop infrastructure priorities if appropriate.	Dec-97		
8.1		2	Develop infrastructure priorities if appropriate.	Dec-98		
<b>8.2 Establish a fisheries infrax development matching fund if funds are available</b>						
8.2		1	Devote a portion of reserve fund to infrastructure if appropriate.	Dec-97		
8.2		2	Provide grants to assist with infra. development if appropriate.	Dec-98		
<b>Notes:</b>						
1	Board Calendared items are primarily informational, do not have milestones dates, and are not recommended for AUPR review.					
2	Monthly and annual items are primarily informational as in 1 above.					
3	Target investment dates require significant investigation action at a minimum, but are not hard targets for spending money.					
4	Some items require periodic performance. Where Dec. date is used, this usually indicates review at year's end to ensure periodic tasks are completed.					

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## **E. Amount of Quota Requested in Percentages**

### **Allocation**

*BBEDC requests a 25% increase in its CDQ allocation to 25% of the available CDQ pollock. This will allow significant improvements, particularly in the level of training programs.*

Though BBEDC has made great progress and contributions to the development of the region's residents and will have greater resources under its new agreements with Arctic Storm, the magnitude of the human resource development needs far outstrip the resources available.

Consider the following facts about Bristol Bay's population:

- of the 3,500 adult residents, nearly 40% are in need of basic life skills training through Adult Basic Education (A.B.E.) or attainment of a G.E.D. certificate;
- from 1990-94, the combined school districts serving BBEDC communities had 58 high school students drop out;
- without this basic education, these people will likely remain a burden on the state and federal welfare systems. If they receive this training, statistics show that many who achieve their G.E.D. continue their schooling and become productive members of the regional economy;
- BBEDC has developed a stepped training program to address this regional crisis. It begins with the disadvantaged residents of the region and provides for increasingly sophisticated training and education opportunities and financial support. Because of the way in which the program is structured, it is conceivable that within three years of entering the A.B.E. program, Bristol Bay residents could progress to full time (seasonal), highly skilled and well paying positions with Arctic Storm or other industry employers. Alternatively, they could be receiving significant scholarship support which would enable them to pursue the profession or vocation of their choice at the best schools in the country;
- salmon fishing is the basis of the region's economy for most residents and limited entry fishing permits are the ante into the game. Due to personal and market circumstances, there is a steady loss of permits

from resident fishermen and families to nonresidents. Every permit expatriated from the region represents three jobs lost. BBEDC has established a locally-based Permit Brokerage to serve residents in need of tax counseling, business planning and permit brokerage assistance. The Brokerage has been very successful but needs to expand in order to serve the demand.

## Use of Proceeds

The basic direction set out in the 1992 application has proven to be very well conceived. Its direction and philosophy are based on the fact that the pollock CDQ program ends in 1998 and may not be renewed. BBEDC decided at the outset that it would conservatively invest the majority of its CDQ proceeds in the seafood industry so that, if necessary, its training, regional fisheries development and employment programs could be supported by the earnings and dividends from those investments. While we sincerely hope that the program becomes perpetual, we believe that ours is the correct interpretation of the current regulations.

Thus, the division of CDQ proceeds will continue at a 70/20/10 ratio, 70% to the Alaska Seafood Investment Fund, 20% to fund the Community Development Program and 10% for the Scholarship Trust.

Three levels of CDQ proceeds and their allocation are shown in the following table. The first uses average prices at the requested 25% of the CDQ total, approximately 23,400 mt annually at current TAC levels. The second and third are at the current 20% level, 18,750 mt annually at current TAC levels. The second uses average prices, the third incorporates Arctic Storm's guaranteed minimum surimi price and low roe prices.

Proceeds from CDQ Allocation at TAC of 1.25 M mt						
Allocation	Tonnage	Income/mt	Total Income, \$000	Community Development Activities	Scholarship Trust	ASIFLP
25%	23,438	\$ 250	\$ 17,578	\$ 3,516	\$ 1,758	\$ 12,305
20%	18,750	\$ 250	\$ 14,063	\$ 2,813	\$ 1,406	\$ 9,844
20%	18,750	\$ 200	\$ 11,250	\$ 2,250	\$ 1,125	\$ 7,875

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## **F. Description of Community Development Projects**

The objectives laid out in the 1992-1995 Community Development Plan will continue to guide the process for the next three years.

### **Allocation of CDQ Proceeds Between ASIFLP and the CDP**

BBEDC's first premise is that the level of seafood industry investments and resulting dividends from the ASIFLP be sufficient to support BBEDC's Community Development Plan in the absence of a CDQ allocation. That does not mean that the Bristol Bay region would be self sufficient in groundfish without a CDQ, as the size of the BBEDC Community Development Program is small compared to the need in the region for groundfish related employment, training, business counseling, and fisheries development planning and investments.

Investing the bulk of the CDQ proceeds in profitable seafood businesses will mean that BBEDC will not disappear if pollock quotas go down, the surimi market craters again, or for some reason the CDQ program ends. BBEDC will not "spend its capital" – there are too many examples of failed economic development programs in Western Alaska, and BBEDC is resolutely committed to making this opportunity last and succeed over the very long haul.

During the three-year extension of the CDQ program (1996-1998), no more than 30% of CDQ proceeds (paid by Arctic Storm to the BBEDC as per the Royalty Agreement) will be used to fund the Community Development Program and no less than 70% of CDQ proceeds will be invested by the BBEDC in the Alaska Seafood Investment Fund. Of the proceeds going to BBEDC, one-third (10%), will go to a scholarship trust fund.

### **Scholarship Trust**

BBEDC will forward fund the scholarship trust at 10% of the projected revenues for the entire three year period (approximately \$1 million) so that it can reach its full size immediately. That will make the trust more attractive to fund managers, resulting in lower management fees, and will allow it to operate throughout the allocation period as an independent trust disbursing earnings after inflation proofing. The forward funding will be repaid over the three years of the program by allocating the 10% for scholarships to repaying the appropriate savings account.

## **Administrative Budget**

The second premise is to keep overhead to a minimum. The Board's directive has been to keep administrative costs below the level of program budgets while keeping the overall costs at a level that can be sustained in perpetuity. The effect of that is to limit administrative costs to less than 10% of CDQ income. The current staffing level of Executive Director, Administrative Assistant and Secretary has been bare bones, and BBEDC will hire two new staff effective October 1 provided its allocation increases, or at least remains the same, for 1996-1998.

The first new position will be a Deputy Director/Comptroller, who will be responsible for financial planning and budgeting, oversight of fund managers, accounting, audit and tax preparation, purchasing and most report writing. The second position is the Program Manager, whose major responsibilities will be overseeing the training and employment programs and assisting Arctic Storm in recruiting employees. Many of these functions are currently handled under contract.

With an increase in quota and a more remunerative Royalty Agreement, administrative costs would total about 8.5%. These costs are relatively fixed, and would not change significantly with lower or higher prices or allocation levels.

## **Program Budget**

The program budget focuses on increasing employment and economic activity through developing the human resources of the Bristol Bay region, which will result in a healthy local fisheries economy supported by all necessary business services. The Program and Administrative Budgets are set at levels that can be supported by future earnings should pollock CDQs end in 1998. Any funds available beyond that level go into Reserves for use primarily as a savings account. If earnings exceed projections, Reserves can be used for increasing the level of training and fisheries development, infrastructure development and IFQ acquisition. At low allocation or profit share levels, these programs are minimal.

The Community Development Plan's main programs are:

1. Basic vocational and job skills training to enhance employability of BBEDC's disadvantaged residents, focusing primarily on G.E.D. and Adult Basic Education to prepare individuals for employment;
2. Vessel, office and regional resource management agency internships and related advanced vocational training in conjunction with Arctic Storm BBEDC and its vendors, and state and federal agencies;

3. Scholarships to support advanced vocational, technical and academic training for young people in the region;
4. Fisheries development through extension services, particularly business and tax counseling to halt and reverse limited entry permit out-migration;
5. Fisheries development through investigation of, and hands on assistance with, local value-added and under-utilized species development. Arctic Storm marketing connections will be utilized as will supplemental funding sources and strategic alliances (such as the AFDF-BBEDC-Ocean Beauty value-added salmon project currently underway);
6. Reserve Fund for IFQ acquisition and infrastructure development matching fund focused on seafood industry economic development as identified in the regional fisheries development plan.

### **Continued Community Development Funding After the CDQ Period**

Following the CDQ project period at the end of 1998, the investments of the ASIFLP are projected at a 6% annual net rate of return to provide earnings for dividend payments to the BBEDC at levels sufficient to support the Community Development Program. The size of these programs will be scaled appropriately to Fund income based on rate of return.

The focus of the CDP will continue to be on human resource development. Reserves will continue to act primarily as a savings account. If earnings exceed projections, they can be allocated into improving training programs, infrastructure matching funds (with local, state, federal and private participation) and the purchase of IFQs to supplement the ASI activities to the extent funds are available.

The funding available at various allocation levels is shown in the following table.



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## **G. Description of Harvesting Partner, Arctic Storm**

Through the selection process, BBEDC gained in-depth knowledge of many major Bering Sea pollock operators. Arctic Storm was selected by the Board in part for its outstanding record of low bycatch and discard rates, its clean record with the Coast Guard, ADEC, and OSHA, its reputation in the market for a superior and consistent product, and its reputation in the industry for honest and fair dealing.

Arctic Storm is a Washington State corporation. Chairman of the Board is Wally Pereyra, member of the North Pacific Fisheries Management Council and longtime pioneer in Americanization of North Pacific groundfish. Contact person for NMFS regarding pollock harvesting is President and CEO Doug Christensen.

Arctic Storm formed in 1986, was one of the first U.S. companies to enter the groundfish fishery in the Bering Sea. The company manages three vessels, the *F/T Arctic Storm*, *F/T Arctic Fjord* and the pollock catcher vessel *F/V Sea Storm*.

Arctic Storm is a unique group of owners representing expertise in the areas of trawling, crabbing, joint venture fisheries, and an end user of pollock and other species from the North Pacific. Oyang Corporation of Korea is a partner in the management company and part owner of the *F/T Arctic Storm*.

In 1987, Arctic Storm commissioned the *F/T Arctic Storm*, the first U. S. surimi trawler, a 320 foot "super trawler" equipped with state of the art equipment. The *F/T Arctic Storm* also processes yellowfin sole and hake.

The *F/T Arctic Fjord*, a 275 foot surimi and fillet catcher/processor, was purchased from Christiania Bank in 1993, was renovated and put back into service in 1994. BBEDC, through its investment arm, the ASIFLP, has signed a purchase agreement with the owners, and is currently negotiating the final business agreements.

This offer played a significant role in Arctic Storm's selection as BBEDC's 1996-1998 pollock partner. The ownership of the *F/T Arctic Fjord* is 100% American. See the Confidential Items section for more details about Arctic Storm and the business plan.

### **Selection Process**

BBEDC's main guiding principle is careful evaluation of the possibilities and clean and professional implementation. This is reflected in how its new partner

was selected and the contractual agreements for investment in and prosecution of the pollock fishery.

BBEDC started last September reviewing the previous partnership and developed a superlative RFP. Between November and March the responses were developed, received, and evaluated, and two rounds of interviews and extensive followup questions completed. Of the fifteen companies submitting proposals, seven were interviewed and two were interviewed again, both times by the full Board over two day periods.

Arctic Storm stood out throughout the process for their thorough and professional response, high standards of conduct, and warm and open staff. Arctic Storm proposed one of the most competitive royalty and employment/training packages of any of the fifteen proposers and has a superior overall operations record and reputation in the industry. Arctic Storm is also appropriately sized to be responsive to BBEDC's needs and desires. Arctic Storm is committed to being an equity partner in future investments, and offered an equity position in a very competitive vessel which BBEDC has accepted.

## **The Agreements**

There are three Agreements that govern the BBEDC-Arctic Storm relationship: the Royalty Agreement, the Employment Agreement and the Investment Memorandum of Understanding (please refer to Confidential Items section for copies of agreements) .

The BBEDC/Arctic Storm agreements are structured to provide an opportunity for a close working relationship by granting each party the flexibility to anticipate unforeseen circumstances. This is a major change from BBEDC's current Royalty Agreement with Oceantrawl Inc. BBEDC intends to continue the very high standard of professionalism and compliance with the letter and intent of the various state and federal agencies' directives which BBEDC and Oceantrawl Inc. have demonstrated from 1992-95.

The Royalty Agreement with Arctic Storm will provide considerably greater financial return than did our previous Royalty Agreement with Oceantrawl Inc. It also grants BBEDC control over the use of the CDQ and provides for the joint development of a Fishing Plan which governs the manner in which the CDQ is prosecuted. Elements to be included in the Plan include employment opportunities, expected prices, yields, schedules, bycatch rate and discard level triggers, product marketing plans, and other information.

Arctic Storm will harvest BBEDC's allocation of pollock and pay BBEDC a royalty fee based on a percentage of gross revenue of both surimi and roe. It is Arctic Storm's responsibility to harvest all the pollock, and Arctic Storm must pay the royalty even if they leave some CDQ unharvested.

If fillets are produced, a royalty percentage will be negotiated. Under no circumstances will the royalty paid BBEDC be less than \$165 per MT plus an agreed upon percentage of FOB Dutch Harbor gross roe revenues. This should raise BBEDC revenues by 25-66% over those attained working with Oceantrawl.

The Royalty Agreement contains the details and provisions for securing the Quota and contractually defines the procedures used to calculate the royalty payment.

The Employment Agreement provides BBEDC residents a defined career path within Arctic Storm, beginning at the entry level, through provision of internships and a commitment to advance qualified BBEDC residents when openings occur.

The Investment Agreement defines the way in which Arctic Storm and BBEDC may pursue development opportunities in the Bristol Bay salmon and herring fisheries, and provides for Arctic Storm's participation in other fisheries developments of interest to BBEDC.

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## **H. Description of Management Strategy to Prevent Overages**

Under the terms of the Royalty Agreement, Arctic Storm is obligated to comply with all federal regulations governing the harvest of the CDQ. Failure to do so will constitute a breach of the Royalty Agreement and could lead to termination of access to BBEDC's CDQ.

Arctic Storm will be responsible for providing a minimum of two federally authorized fishery observers on each vessel during harvesting of the CDQ. These observers will provide Arctic Storm and NMFS with a daily report of each haul, including estimated pollock harvest, bycatch and species composition. BBEDC will receive a copy of the reports on a daily basis directly from Arctic Storm.

In addition, as part of the Royalty Agreement, BBEDC and Arctic Storm will jointly develop a Fishing Plan in November of each year preceding the Season "A" pollock fishery. The Plan will govern the conduct of the harvest of the CDQ. BBEDC and Arctic Storm will establish maximum rates for bycatch and discards

which, if exceeded, will require Arctic Storm to modify its operation to lower the rates.

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## **I. Description of Local Participation**

### **Local Participation in This CDP**

From 1992 to present, BBEDC region residents have actively set the goals, made the policy, and managed the day to day affairs of the organization. The BBEDC Board is fully engaged in all critical decisions while being advised by the best professional help available.

BBEDC region residents have directly participated on a large scale in the CDQ pollock fishery as employees of BBEDC's partner. In 1994 alone, over 194 residents worked on Oceantrawl vessels, exceeding our goal of 120 hires by the end of 1995. These people earned in excess of \$600,000, most of which returned to the region's economy after their employment contracts were completed.

A number of our residents have advanced to high paying, skilled positions on Oceantrawl's vessels. Others are serving as management-level interns with Oceantrawl and with regional resource management agencies such as Alaska Dept. of Fish and Game.

BBEDC's Community Development Plan focuses on developing the human resources of the region – training residents so that they have more employment options and have the opportunity to participate in the Bering Sea fisheries as fully competent and competitive fishermen and processors. With the knowledge and experience BBEDC residents gain through working in successful businesses and participating as equity owners, BBEDC will be well positioned to move into more active management and participation, particularly as additional CDQs become available that are not as capital intensive as pollock. This direction is not yet ready for implementation, however, and is not included in this CDP.

BBEDC established a Limited Entry Permit Brokerage in 1994 that has been extremely successful in stemming the flow of permits from the region and in repatriating permits to residents in the region. The Manager/Broker is the wife of a local fisherman. She will hire another resident as an assistant as part of the 1996-98 CDP.

Through its Fisheries Development Planning and Assistance programs, BBEDC is working to develop better markets for under-utilized Bristol Bay resources

and to promote value added processing in-region that will provide more of a year-round economy and employment.

The Board has also identified as a priority increased participation by fishermen in the processing and marketing of their catch through joint ventures with processors and marketers and greater sharing in the risk and rewards thereof.

### **What Local Participation Is Not**

The Board has specifically spelled out several things they do not want to participate in that could be considered "local participation."

- BBEDC will not participate in "make-work" projects, the monuments that litter so many communities in western Alaska that result primarily from government and private grants rather than sound business decisions. Any undertaking BBEDC gets involved with must be a viable business in its own right.
- BBEDC will not contribute to over-capitalization in fisheries that are already saturated with effort and equipment. It is our opinion that using proceeds from the CDQ program to subsidize direct competition with existing private enterprise to produce identical products and services is not an appropriate activity, particularly in the Bristol Bay sockeye salmon and herring sectors.

In the pollock CDQ program, BBEDC has focused on providing opportunities for employment and individual advancement and on investing in existing profitable businesses. There are few opportunities for individuals to directly participate in the pollock fishery except as employees of an existing pollock harvesting and processing business. Opportunities to participate in other fisheries will be developed through ASIFLP investments and as CDQs for other fisheries become available.

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## **J. Conclusion**

The BBEDC has demonstrated its well thought out, competent and fiscally conservative approach to use of and investment of CDQ proceeds. BBEDC is well positioned to enter into a wide variety of seafood businesses and if it receives an allocation somewhat greater than or equal to its current level, it will provide an even more successful model of what the CDQ program can do for Western Alaska.

The Community Development Plan focuses primarily on increasing employment and economic activity through developing the human resources of the Bristol Bay region. The size of the population served is large, and despite having a rich salmon fishery, the needs are also large. Participation by local residents in that fishery is declining, and barriers to entry are huge. This is evidenced by the steady outmigration of permits from the region and the large number of unemployed and underemployed in the region.

The need for a carefully mapped regional fisheries development strategy is clear. BBEDC has invested considerable effort in this area and will continue working to develop value added processing and development of under-utilized salmon and other species with the goal of year round employment for residents.

Additional goals to the extent resources are available will be infrastructure development and possible purchase of IFQs to enhance the investments made in seafood businesses and in conformance with the regional fisheries development plan.

## EXECUTIVE SUMMARY

- A. The applicant for this Community Development Quota is Central Bering Sea Fishermen's Association (CBSFA). CBSFA is a non-profit corporation formed by and representing fishermen living on St. Paul Island. It has been the successful recipient of two previous pollock CDQ allocations for 1992 - 1993 and 1994 - 1995. The members of CBSFA are also members of the halibut CDQ group Pribilof Islands Fishermen (PIF).
- B. The community represented within this application is St. Paul.
- C. The managing organization for this CDP is the applicant. The CBSFA Board of Directors will manage the CDP with assistance from staff and consultants. The key contact person is:

Carl Mercurief, President, P.O. Box 288, Saint Paul Island, Alaska 99660  
(907) 546-2592 (phone) (907) 546-2280 (fax)

- D. The goals, objectives and milestones of the CDP are listed below:

### **GOAL 1. Maintain CBSFA's access to Bering Sea fisheries resources.**

**Objective 1** Purchase fishing privileges to any and all Bering Sea limited access fisheries.

**Issue:** Long-term self-sufficiency. (Ongoing)

**Milestone** Support PIF fishermen in purchasing 200,000 lbs of halibut IFQs (based on 1995 TAC) in Area 4, especially Area 4C.

**Objective 2** Obtain a significant percentage of future CDQ allocations.

**Issue:** Long-term self-sufficiency. (Ongoing)

**Milestone** Prepare for, apply for, and obtain a 12% or greater portion of any future CDQ allocation.

### **GOAL 2. Enhancement of local fishing fleet.**

**Objective 1** Maintain self-sustaining vessel, gear, and IFQ loan programs for local, privately owned fleet.

**Issue:** Local harvesting enhancement. (Ongoing)

**Milestone** Successful lending and collection of the revolving funds available to CBSFC for vessel, gear, and IFQ loans.

**Objective 2** Maintain local fleet facilities including dock and haul out.

**Issues:** Local harvesting and support enhancement. (Ongoing)

**Milestone** Maintain small vessel mooring dock on an annual basis and ensure that haul out facilities are suited to the locally owned fleet's needs.

**Objective 3** Assist in the expansion of local fleet into multispecies fisheries.

**Issues:** Local harvesting and support enhancement. (Ongoing and new)

**Milestone** In early 1996, conduct comprehensive feasibility study of the possibilities for locally owned and operated vessels.

**Milestone** Increase participation in multispecies fisheries by two locally

owned vessels per year.

**Objective 4** Improve the training and experience of local fishermen.

**Issues:** Education, training and employment. (Ongoing and new)

**Milestone** Provide loans and opportunities for training experiences for 20 persons per year.

**Milestone** Provide fishing industry jobs for 50 persons in 1996 increasing by at least 20% per year. Priority is to be given to St. Paul residents followed by other western Alaskans and finally by other rural Alaskans.

**Milestone** Our specialized training program will develop a model to train and support individuals who are traditionally under-employed. The program will be community based, involve job coaches who receive intensive instruction and provide job support as well as community and social support. It will focus on people who suffer from environmental or other disabilities and have had difficulty with employment.

**GOAL 3. Maximize local fishing industry business opportunities**

**Objective 1** Increase fishing industry spending on St. Paul.

**Issues:** Employment and processing enhancement. (Ongoing and expanded)

**Milestone** Work with Icicle and American Seafoods to increase local employment by 5 jobs in 1996 and at least an additional job per year thereafter.

**Milestone** Increase the number of visits to St. Paul by American Seafoods vessels and Icicle delivery vessels by 10% per year.

**Objective 2** Invest in local fisheries industry and support businesses.

**Issue:** Local support facilities enhancement. (New)

**Milestone** Invest in two business with outside service providers on St. Paul Island.

**Milestone** Assist at least five local residents with fishing industry related business opportunities.

**Milestone** Conduct a feasibility study in 1996 to examine foreign trade zone opportunities on St. Paul.

**Milestone** Begin or purchase two businesses in the Bering Sea region.

**Objective 3** Educate and train the local residents to participate in the fishing industry.

**Issues:** Education and training. (Ongoing)

**Milestone** Provide education loans to at least 10 members per year to attend colleges and universities.

**Milestone** Provide training loans to 20 members per year.

**GOAL 4. CBSFA become a major participant in the Bering Sea/Aleutian Islands fisheries.**

**Objective 1** Develop comprehensive development and investment strategies.

**Issue:** Generate new capital and equity. (New)

**Milestone** Develop a strategic fishing industry development plan for CBSFA



- during 1996.
  - Milestone** Prepare a comprehensive processor strategic investment feasibility study by mid-1997.
  - Milestone** Conduct an annual strategic assessment in order to monitor external events that may adversely affect all of CBSFA's investments.
- Objective 2** Invest in Bering Sea fishing vessels and processor(s).
  - Issue:** Generate new capital and equity. (Ongoing and new)
  - Milestone** Invest in three fishing vessels during this CDQ program.
  - Milestone** Save and/or invest \$450,000 per year towards fishing vessel investments.
  - Milestone** Save and/or invest \$900,000 per year towards processor investments.
- Objective 3** Education, training and employment in the seafood industry.
  - Issues:** Education, training and employment. (Ongoing)
  - Milestones 8, 9, 10, 11, 16, and 17.
- Objective 4** Resource management
  - Issue:** Long-term self-sufficiency. (Ongoing)
  - Milestone** Conduct an annual strategic assessment in order to monitor external events that may adversely affect all of CBSFA's investments.
  - Milestone** Continue to be actively involved in BSAI resource and management decision making processes.

E. This CDP requests 12% of the CDQ pollock available from the Bering Sea and Aleutian Islands areas. In the past it was the practice for most of the CDQ applicants to request the full amount available, 33%. Rather than request such a large amount and be forced to scale back our plans dramatically, we have developed a CDP that is reasonable and achievable given this realistic request. We believe that a lesser amount would seriously jeopardize the integrity of this CDP and preclude our progress towards self-sufficiency. This application is made for the years 1996, 1997 and 1998.

F. The CDP projects contained in this document are few but we expect to amend them on a regular basis. The ongoing projects which are managed by our wholly owned subsidiary, Central Bering Sea Fishermen's Corporation consist of loan programs (vessels, gear, and IFQs), and ongoing business investments in the F/V Zolotoi and a rental building in St. Paul. The bulk of our new activities in the CDP as currently structured will be savings and strategic planning. These are the necessary precursors to successful business ventures. When we move into further projects they will be added to this CDP via the plan amendment process. Another important ongoing project is the continuation of employment opportunities with our business partners American Seafoods and Icicle Seafoods. Between them these two companies have over 2,700 employment positions. Both of these companies have agreed to aggressively pursue increasing employment of Alaskans. We will place employment emphasis on St. Paul residents followed by other

CDQ residents and finally other rural Alaskans. Both companies also offer a variety of training opportunities throughout their companies. Both companies will support our business planning process with their expertise and both will assist us in creating successful business enterprises.

Two projects are presented in this CDP. The first concerns our desire to acquire undeveloped lands near the St. Paul harbor. Such property is necessary to obtain before we can create new businesses on the island. There is only limited amounts of property available at this time and much of that is not economic to develop. We are entering into an agreement with the City of Saint Paul to assist in the funding of a Corps of Engineers harbor project. In exchange for our assistance, the City will make available to us either new lands created by spoil deposition or a parcel of land they already own near the crab pot storage area. Either location would be acceptable for a variety of businesses including a marine service center or processing support facility.

The second project proposed in this CDP is a specialized training program aimed at discouraged workers. This project will require training model development funds which we will supply. The model development and implementation will be undertaken under a contract with the University of Alaska. Our partner Icicle Seafoods has agreed to work with us to provide employment opportunities in their St. Paul processing operation and other facilities around the state. The training approach involves job local persons employed as job coaches. Each coach will assist two trainees with instruction and job support. This type of training is innovative to the seafood industry. Its success will open a great range of employment opportunities to a whole class of people desiring to work.

- G. The harvesting partner for this CDP is American Seafoods Corporation (ASC). They are an American company based in Seattle. They operate one of the largest fishing fleets in the U.S. with 13 vessels and over 700 employees. Their international fishing operations occur off of Argentina, Chile, and Russia while they fish domestically off of Alaska, Oregon and Washington. They were our harvesting partner for the past four years under previous pollock CDQs. Six of their factory trawlers will be used to harvest pollock allocated to this CDP. Three of these vessels produce primarily surimi, roe and fishmeal while the other three produce primarily deep-skinned fillets, roe and mince. ASC has a good compliance record, low discard rates, and low bycatch rates of halibut and king crab.
- H. The management strategy we have used successfully during the past four years will be continued under this CDP. We have never exceeded our allocation but have achieved virtually 99% or better usage of it. This is the result of good fleet coordination on the part of ASC operations managers and routine contact with NMFS staff. Federal reporting and monitoring requirements continue to improve and we will continue to comply with them. At this time, vessels fishing for CDQ pollock are required to carry two observers, measure all catch volumetrically, and submit observer reports daily.

- I. Local participation in this CDP will be from top to bottom. The Board of Directors of CBSFA and the managing organization are local residents. This allows them to be very aware of local needs and conditions and to be able to accurately gauge local development potentials. This plan will result in the direct employment of a number of St. Paul residents. This will occur through the training program (an estimated 24 persons in 1996) and through other employment with our partners. As more business comes to St. Paul, there will be greater opportunities for locally owned small businesses. We are planning to assist in the beginning of such businesses. The local fishermen have already benefited greatly from our assistance and this will continue as they expand into other fisheries. The success of this program can be measured in future years as local residents continue to stay in our village but become the workers and managers in a variety of Bering Sea region fishing businesses. Near term gains might seem small but this goal is achievable and we are on the correct path towards success and self-sufficiency.



# Coastal Villages Fishing Cooperative

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## 1996-1998 POLLOCK CDQ APPLICATION

### EXECUTIVE SUMMARY

The Coastal Villages Fishing Cooperative (the "Cooperative" or "CVFC") is a for-profit cooperative corporation established under the laws of the State of Alaska for the purpose of participating in the Western Alaska Community Development Quota ("CDQ") program.

Established in May 1992, the Cooperative consists of seventeen villages located along the Bering Sea coastline from Scammon Bay in the north to Platinum in the south. This is the fourth application for a quota award being submitted by CVFC to the Governor of the State of Alaska and the Secretary of the U.S. Department of Commerce. For the 1992-1993 and 1994-1995 pollock CDQ application cycles, CVFC was awarded 27% of the quota allocated to the six CDQ groups. These were the highest awards and recognized the well thought out and ambitious program being undertaken by CVFC to create a self-sustaining fishing economy in one of the most depressed regions of the state and nation.

CVFC has come a long way since its inception in December 1992. The Cooperative now owns 50% of a factory trawler, the F/V BROWNS POINT, was actively involved in the region's salmon fisheries through COASTAL VILLAGES FISHERIES that operated the LUCKY BUCK during the summer of 1993, and has developed the halibut fisheries in the Nelson and Nunivak islands area to the maximum extent allowed under current quota allocations. Additionally, CVFC has sponsored successful training programs and an employment program that will be used as a model for putting western Alaskans to work in the seafood industry.

At the June meeting of the North Pacific Fishery Management Council, the western Alaska CDQ program was expanded to include all remaining Bering Sea groundfish and crab species not presently included. This action, when confirmed by the Secretary of the U.S. Department of Commerce, creates a wide range of options to CVFC and the other CDQ groups for developing sustainable fisheries economies. As a result, this allocation period, 1996-1998, should be viewed as a transition period, which builds on the accomplishments of the initial four-year pollock program and concludes with a comprehensive fishery development program covering all of the species available in the Bering Sea/Aleutian Islands area and the Coastal Villages Region.

Despite the fact that Council action to expand the CDQ program into these other fisheries only recently took place and an implementation date is still uncertain, CVFC has already begun the intensive planning process needed to wisely develop these new opportunities. Once the

expansion has been confirmed, CVFC will devote considerable resources to prepare the best community development program possible incorporating its early investments, those described in this application, and those directed at the expanded program to achieve its specific long term goals and those of the Western Alaska Community Development Program. This pollock CDQ application will be limited to further developing CVFC's participation in the Bering Sea and Aleutian Islands pollock fisheries as well as the other opportunities that are made possible from the proceeds of the harvesting and processing of the pollock CDQ allocation.

For the 1996-1998 pollock CDQ application period, CVFC undertook an exhaustive review of the programs and projects begun during the first three years, including the fishery infrastructure and business projects identified for development by its member villages. Additionally, CVFC critically reviewed its employment and training programs and will be presenting comprehensive, cutting edge programs in this application for the State's review.

In its application for the 1994-1995 pollock CDQ allocations, CVFC described its accomplishments for the first eight months of the program, impediments to success, and its plans for the following two years. A similar format will be used in this application beginning with the accomplishments of the first three years.

## **THE FIRST THREE YEARS**

**Employment:** Fundamentally, the CDQ program is about job training and employment. Creating a self-sustaining fisheries economy is not an end in itself, but simply a means of providing a continuous supply of jobs for a region of the nation where opportunities have not existed nor where alternatives are likely to develop. CVFC can proudly point to the progress that has been made in this area over its first three years. CVFC's employment goals have been reached in each of the first three years, and will be exceeded in 1995, truly a breakthrough year. Undoubtedly, a major reason for this success is the positive experience of western Alaska workers returning to their home villages with good take home pay. In addition, however, an improved recruiting program is more efficiently locating and preparing potential employees and as a result is having an extremely positive effect. Another critical factor is the ownership of the means of employment. This has proven to be a key element for recruiting and training as it indicates that the jobs will remain and that there can be a future in fisheries. Finally, the zero tolerance policy is making a big difference by setting a bright line test for the pool of potential workers.

Building on this success, CVFC has now embarked on an ambitious program to expand employment opportunities throughout the fishing industry. By developing partnerships with a variety of companies, both shoreside and offshore, groundfish and salmon, CVFC will be able to keep up with the growing demand for employment, and will be better able to fit the potential work force to jobs compatible with interest and skills. This expansion will involve a greater commitment of resources to the employment program, but in the end that is CVFC's number one

priority.

**Training:** CVFC's training program has experienced some impressive successes, including the training and certification of four individuals for employment as Baader technicians. This month-long training at the Baader plant in Germany has opened up lucrative opportunities for the residents involved. A second program that has been extremely successful is the internship program operated by Golden Age Fisheries in Seattle. Two recent participants in the program are currently employed by CVFC as its employment coordinator and halibut/sablefish program manager.

In addition to these programs, CVFC is undergoing an assessment of its training program in order to strengthen and make improvements based upon the experience of the last three years and the needs for the future. CVFC is taking a critical look at the businesses it plans to participate in, the job categories that are needed to operate these businesses, and the training that is required to fill these positions. This targeted approach to training is being employed in the internship program, in an assistantship program on the BROWNS POINT, which is training successful processing workers in the more skilled positions on board the vessel, and in CVFC's general training program. CVFC has learned that training programs will work only if the skills being taught lead directly into an available job. Early experience with the internship program, where skills were taught, but did not lead to any specific job at CVFC, resulted in some level of frustration. (This training did not go to waste as it did result in jobs and all of the past interns are currently employed.) Targeted training, such as the Baader technician training and a quality control internship, where jobs are available and are being filled, lead to optimism and a positive vision for the future.

**F/T BROWNS POINT:** One centerpiece of CVFC's community development program is the investment in the F/T BROWNS POINT. This vessel, 50% owned by CVFC, was purchased with the contribution of pollock CDQ over the first four years of the program. Future arrangements for the ownership and operations of this vessel are described fully in this application.

Investment in the F/T BROWNS POINT enabled CVFC to become an active participant in the groundfish fisheries of the Bering Sea right from the outset of the CDQ program. During both the 1992-1993 and 1994-1995 allocation periods, the State of Alaska pointed to CVFC's application and CDP as a model for the other CDQ groups to emulate.

Based upon this support, CVFC believes that through this investment it is fulfilling a basic tenet of the CDQ program. The CDQ program was created, in large part, to provide entry into fisheries that otherwise were foreclosed to them due to the lack of capital and experience. CVFC capitalized on this opportunity and is now an active participant through its ownership position. That is not to say that this investment or, for that matter, any investment in the fisheries is without substantial risk. Based upon several factors, the most important being the general decline in pollock product values between 1992 and 1994, profits from this investment were not as high

as had been expected.

The differences between investment and ownership in a vessel and simply providing the raw materials to a vessel for a royalty payment should not be underestimated. CVFC has benefitted substantially from its ownership position. It has gained first-hand experience in the industry. It has played a role in directing the use and development of the vessel. It has guaranteed an ever-increasing role for the vessel as an employment platform. The F/V BROWNS POINT is a long term investment for the region and it will continue to play a central role in CVFC's CDP.

**Coastal Villages Fisheries:** Coastal Villages Fisheries ("CVF") is a second partnership between CVFC and Browns Point Joint Venture formed to purchase and process salmon on the Kuskokwim River. Due to a variety of circumstances, CVF did not turn out to be a profitable business. The 1993 chum salmon disaster, intense competition for limited salmon on the Kuskokwim River, intense political pressure, and a variety of other problems beyond the control of the operation led to losses from operations that year. CVF has not operated since that time.

Yet, CVF had its positive side as well. It was a learning experience, where CVFC gained first hand knowledge of how the salmon business works. There were also the benefits received by fishermen from the region, who would have had a much more difficult winter, but for the higher prices that were generated through competition. CVF estimates that fish prices were 37% higher in 1993 than if no competition existed. Other benefits of this venture include the supplies and services purchased locally, the employment of 100 area residents at the plant, and underwriting of the purchase of two tender boats. Equipment purchased for the operation will be used in other ventures proposed in this CDP. Given the failure of the chum run, the increased prices paid for coho salmon came at an opportune time for area fishermen. CVFC may have thought that over the long term providing an alternative market for the region's fishermen was a good idea. However, what is now clear to the board is that few investments are worth it if they are not sustainable from revenues generated. The lessons learned from this experience are reflected in the projects proposed in this CDP.

**Salmon Roe University:** A third major investment program contained in CVFC's previous applications was to begin operating as a salmon roe technician training facility supplying roe technicians to salmon plants throughout Alaska. CVFC began active development of this project with the preparation of a roe technician curriculum during 1993. Unfortunately, due to resistance by the Japanese salmon industry and the inability to gain recognition of CVFC's program, actual training was delayed. However, some recent events, such as the commitment by the Knowles Administration and the Alaska fishing industry to promote Alaska hire throughout the industry and the development of a new working relationship with Sheldon Jackson College and its hatchery program, have greatly improved the opportunity for successfully completing this project. Six residents of the Yukon-Kuskokwim Delta attended a CVFC-sponsored pilot training course at Sheldon Jackson in July 1995. The training session was a success and active efforts at placement of the trainees is underway. CVFC remains committed to this project and the training of salmon roe technicians for positions throughout the Alaska industry.

**Halibut and Sablefish CDQ Program:** While the halibut and sablefish program is covered under a separate CDP, it is important to include its projects in any review of CVFC's overall accomplishments and plan for the future. CVFC received an allocation of 70% of the halibut CDQ in area 4E, 24% of the halibut CDQ in area 4D, and 25% of the sablefish CDQ in the Aleutian Islands area. Again, CVFC's CDP was cited by the State as a model for the program as a whole.

Except for salmon and herring, halibut is the only other fishery resource available in large enough quantities to support the existing local, small boat fishing fleet. Since its inception in the early 1980s, the halibut fishery has not had a consistent market for fishermen from the three villages harvesting the bulk of the resource - Mekoryuk, Toksook Bay, and Tununak. As a result, CVFC has seen a clear role for itself in ensuring that the processing plants are operating, permits are obtained, and markets are made available. Much of the necessary infrastructure to support this fishery now exists, in part the result of CVFC's contributions. CVFC is proposing two additional projects to complete the development of the nearshore halibut fishery.

The offshore halibut and sablefish fisheries are being operated with two goals in mind - first, to provide an opportunity for residents to gain entry into the longline industry, through training and crew member positions; and second, to provide enough revenue to support the overall halibut and sablefish management program. CVFC has been experiencing success in both of these areas. Of the two residents who have been crew members, one has made a commitment to continue in the industry and CVFC has shown its support by helping to finance his purchase of Aleutian Islands sablefish IFQ. As to the harvest of the offshore allocation, the F/V OCEAN HARVESTER is on a schedule to complete CVFC's CDQ operations by the end of August. Revenue has remained consistent with 1994 projections.

**Coastal Villages Fishing Cooperative:** CVFC has continued the grow slow approach over the past two years. Direct employment now totals five individuals, three in Chevak, one in Toksook Bay, and one in Juneau. While the administrative structure of CVFC has remained small, the responsibilities of the staff have grown immensely, especially in the areas of employment and training and business development. This trend will continue with the expansion of the CDQ program into other species in 1997.

**Coastal Villages Scholarship Fund:** The Coastal Villages Scholarship Fund ("CVSF") was organized in 1993, obtained 501(c)(3) tax-exempt status from the Internal Revenue Service, and has been awarding scholarships since that time. In 1994, four individuals received scholarships and an additional four were awarded during the 1995 winter semester. The CVSF board has retained a firm control on the use of scholarship funds - supported educational activities must lead directly to employment in fisheries-related businesses or government positions in the Yukon-Kuskokwim delta. This narrow approach recognizes that CVSF and the CDQ program as a whole can only do so much in a region with so many legitimate needs and that it is necessary to keep focused on the goal and not spend limited resources on unrelated opportunities, even if they are valuable in their own right.



**Coastal Villages Investment Fund:** The Coastal Villages Investment Fund ("CVIF") was organized in 1994, has applied for 501(c)(3) tax-exempt status, and has been a major source of investment funding for the Coastal Villages region. Three investments have been supported by the Fund, including: upgrade of the Toksook Bay halibut processing plant allowing operations to begin in the summer of 1994; a \$100,000 investment in the AVCP revolving loan fund that will make a funding pool of nearly \$4 million available to residents of the region for commercial fisheries projects; a loan to a resident of the region who is a crew member on the F/V OCEAN HARVESTER for the purchase of Aleutian Islands sablefish IFQ, and a grant to a small businessman for purchase of aluminum welding equipment. CVIF has become an important tool for achieving the goals set out in CVFC's three previous CDPs.

**BENEFITS TO THE CVFC REGION SINCE IMPLEMENTATION OF THE CDQ PROGRAM AND PROJECTED BENEFITS FOR 1996-1998**

The CVFC region has seen enormous benefits from the first three years of activity alone. As CVFC's community development plan targets employment, equity ownership and growth, access to resources, and infrastructure development, these benefits are found in several different categories. Detailed results and projects for the remainder of the 1992-1995 period appear in the body of the application. Summary results and projections are as follows:

- over 225 crew months employment on vessels
- total wage and salary benefit of over \$1,00,000 earned by individuals from the CVFC region

Employment Revenue for Selected Communities from 1992 to present	
Community	Employment Revenue
Chevak	\$257,783
Hooper Bay	\$113,364
Chefornak	\$71,672
Mekoryuk	\$96,886

- immediate equity ownership valued at \$13,500,000 in F/T BROWNS POINT and Coastal Villages Fisheries
- 16 management internships completed at GAF
- over 120 jobs created in region at CVFC and CVF

- increase by 37% the value received by salmon fishermen from Kuskokwim River fishery in 1993

Over the four year life of the CDQ program currently authorized, benefits to the CVFC region will be substantially greater. Detailed projections for 1996-1998 appear in the body of the application. Summary projections are as follows:

- over 800 crew months employment on vessels
- over 540 months of shoreside employment in commercial fisheries
- total wage and salary benefit of over \$4,000,000 earned by individuals from the CVFC region
- additional equity ownership valued at \$9,000,000 in Imapiqamiut Partnership<sup>1</sup>
- 18-24 management internships completed at GAF
- over 12 jobs created in region at CVFC

## **CONTINUING CHALLENGES**

In the 1994-1995 pollock CDQ application, CVFC described several reasons why it was having difficulty in its recruiting and employment program. Drug and alcohol abuse, dependency on welfare payments, and lack of experience in the work force were cited as the primary reasons. Given that a central purpose of the CDQ program is to address these problems, having to face them was no surprise.

Now, two years later, it is possible to say that CVFC has turned the corner and is making significant progress on addressing and overcoming these impediments to success. Recruitment is up, employment numbers are up, and demand for jobs is up. There is a growing awareness that opportunities and a future exist. CVFC is meeting this growth through an expanded employment referral program and an expanded and targeted training program. Additionally, recent emphasis on the high school age population is beginning to show signs of success.

In this regard, CVFC has spearheaded two initiatives aimed at better preparing the graduating high school students for the work place. One is CVFC's initiation of and support for a "School-to-Work" program through the five regional school districts. This program, which is intended

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<sup>1</sup> See Section (6)(H) - Amendments to Agreements for a more detailed explanation of this amount.

to provide graduating seniors with the skills needed to enter the work force, can make a real difference for future employability. CVFC is assisting this program through its participation on the Yukon Kuskokwim Delta Employers Council, through grant writing assistance, and will provide further support through scholarships and on-the-job training in marine fisheries. The other program being sponsored by CVFC is the "Career Track" program, which is intended to show interested and capable individuals the path from entry level employment to more advanced, professional and technical positions.

Finally, the board of CVFC will continue to insist on drug and alcohol-free work environments for residents of the region who are employed through CVFC sponsored programs. CVFC understands that some individuals will make it and others will not. While it is important to work with individuals to get them on a path that will lead to future employment and a feeling of empowerment, the board will continue to insist that strict standards be maintained in the work place. People who have not complied with the employment conditions have been let go. At the same time, CVFC is committed to using its resources to assist these individuals and will continue to work with them as long as they take personal responsibility and seek appropriate rehabilitation.

## **THE FUTURE OF CVFC**

As stated previously, CVFC believes that this pollock CDP covers a transitional phase between its early embryonic stage of the first four years and an expanding, diversified, and more mature stage including active participation in all of the groundfish and crab resources of the Bering Sea. To achieve this transition successfully, CVFC must continue to concentrate on its original goals and strategies as well as to expand its planning capabilities in order to be prepared for the opportunities now clearly on the horizon.

CVFC included eight goals in each of its pollock CDPs and similar goals in its halibut and sablefish CDP. These goals include the following:

- Through the CDQ program, to develop a self-sustaining, self-sufficient fisheries economy in the CVFC region.
- Develop the technical and managerial potential of CVFC members to own and operate a diversified fishing company through a "career track" program.
- Provide jobs and expand employment opportunities for the residents of CVFC member and surrounding villages.
- Accumulate capital for Coastal Villages region fisheries infrastructure development.
- Invest capital in new ventures to further develop the Coastal Villages region.

- Establish CVFC ownership in onshore processing facilities (for value added production) and offshore harvesting and processing capacity (factory trawlers, long liners, crabbers and processing vessels) capable of fishing in nearshore and offshore fisheries.
- Provide markets for local salmon and herring fisheries.

Section (6)(A) of this application contains CVFC's slightly amended goals statement. The major difference between the two lists is the emphasis placed on two particular goals - developing a self-sustaining, self-sufficient fisheries economy in the CVFC region and expanding employment opportunities for the residents of the CVFC region. These goals are given higher status in the current CDP as they more accurately define what CVFC needs to accomplish during this CDP period. Each strategy, project, and business relationship must focus on the creation of a sufficient number of sustainable long-term employment opportunities in the fishing industry.

According to the 1990 census, the CVFC region had slightly more than 3500 residents over the age of 16, of which 1826 were not in the labor force. Since the census, the number of residents needing employment has risen steadily, with the largest increases still to come. It was to address this problem, and the social ills associated with lack of opportunity, that spurred the development of the CDQ program. By placing greater emphasis on the creation of sustainable, long-term employment opportunities, CVFC will more clearly focus its efforts in this direction and restrain itself from the tendency to see the program simply in terms of its own development.

Similar to the shift in emphasis in the goals statement, the CVFC Board of Directors is adding a fifth strategy to its CDP and making some changes to the remaining four. This new CDP contains the following five strategies:

**Human Resources:** Develop the human resources of the region for all levels of employment; provide specialized training programs; assist local school districts to prepare future employees for the work force; leverage the CDQ allocations and other state, federal, and private sector programs to open employment opportunities for residents of the CVFC region.

**Management:** Build a management organization through training, internships, scholarships, and experience of residents of the CVFC region able to operate fisheries development programs, vessels, and related-businesses; market and sell products; and provide financial services.

**Equity Ownership:** Establish an ownership interest in offshore fishing and processing vessels, inshore processing facilities, and tendering and longlining vessels able to participate in the inshore and nearshore fisheries.

**Access to Resources:** Participate in open commercial fisheries offshore, nearshore, and

inshore. Maintain a pollock, halibut, and sablefish CDQ allocation and expand the allocation to other species. Purchase Individual Fishing Quotas ("IFQ") as these programs are established in various fisheries. Develop fisheries and markets on underutilized species.

**Infrastructure:** Support economically viable fisheries-related projects in CVFC region communities; create value-added processing businesses; and develop a modern, efficient office with computer capability and up-to-date communications systems.

## **CVFC'S 1996-1998 COMMUNITY DEVELOPMENT PLAN**

As described previously, CVFC's 1996-1998 CDP is intended to build upon the efforts initiated through the first two CDPs, while preparing a strong foundation for the challenges that will be encountered through the expansion of the CDQ program. In developing this CDP, CVFC took a critical look at its existing programs and projects, surveyed the villages for remaining opportunities within the region, and searched for opportunities that would best take advantage of the benefits obtainable from a continuation of the pollock CDQ program. Each of the activities described in this application are intended to further develop CVFC's overall program through the five strategies described in the previous section. While no one strategy will be fully developed at the end of this CDQ allocation period, progress will be clear and measurable.

**Human Resources:** In human resources terms, CVFC's goal is to facilitate the development of confident, flexible, competent citizens involved in a variety of individual, community, and economic development processes. While CVFC job opportunities have made a visible and formal contribution to the region, CVFC is stretching beyond the current employment and training arena. CVFC, in association with GAF, has constructed a powerful strategy for recognizing and mobilizing the coastal communities' human resources. The central premise of this strategy is that to be successful in our development efforts, CVFC must act with foresight towards the interests of the coastal communities. We have incorporated the meaning of "foresight" (the power to imagine the future), and the knowledge gained through the experience of the past three years to define the elements of our strategy in one comprehensive program called "4-SITE".

The 4-SITE Program is an employment and development system. This system incorporates community resources and individual aptitudes and motivations to meet business needs through a variety of development and employment activities. CVFC's systems approach focuses attention on the important principles that apply to increasing the long term employment opportunities for our community members (e.g., increasing motivation, developing interpersonal skills, decreasing attrition, designing training delivery styles for employees from other cultures, etc.).

The 4-SITE program components (scholarship, internships, training, and employment) are designed to have both a short term impact with quantifiable results and a longer term influence on sustainable community development. To accomplish this, CVFC is expanding each program

component in both breadth and depth.

For example, CVFC and GAF are broadening the positive impact of the CDQ program by partnering with regionally sponsored human resource development efforts. CVFC is an active participant in both the Yukon Kuskokwim Employers Council and the Yukon Kuskokwim School-to-Work Initiative. Through financial and technical advisory support offered by the Louis Bunyan Scholarship Fund to these groups, as well as scholarship awards made to individual students, CVFC is able to amplify the long term benefits brought to the member villages.

CVFC's role in employment facilitation and placement will continue to grow through structured activities (e.g., skills inventories and industry needs analysis) aimed at better identifying and matching individual skills and employer needs. These activities will be implemented through increased community involvement and by creating a variety of project specific home-based employment opportunities, and supporting new small business ventures for individual village members.

Further, CVFC is now taking a two-pronged approach to training and development by integrating programs that address the development of core competencies (compute literacy, communications skills, self-esteem, and assertiveness) along with technical expertise in a chosen career field. CVFC has also invested in new skills assessment and career development tools to enhance the career counseling and facilitation offered to village members.

As a full partner in the conceptualization and implementation of the 4-SITE program, Golden Age Fisheries has also augmented its on-the-job training and career advancement programs. The Imparpiqamiut Partnership has created an at-sea assistantship program for advanced on-the-job training. The assistantship program targets those individuals who have received prior training from GAF and whose job performance has advanced to an intermediate level of competency in their chosen technical skill area. Individuals accepted into the assistantship program receive intensive training and coaching throughout their assistantship or until they have reached full competency.

CVFC and GAF realize the immediacy to develop leaders among the youth of Western Alaska. To this end, GAF has restructured its internship program so that each intern will undertake six domains of learning via OJT, interactive exercises, counseling, mentoring, and classroom/structured training:

- 1) chosen professional/career field;
- 2) community development and citizenry;
- 3) business writing;
- 4) computer literacy/proficiency;
- 5) public speaking;
- 6) intra/inter personal skills.

CVFC and GAF will tap into the skills, knowledge, and personal maturity these individuals acquire by forming a 4-SITE Leadership Team. The Leadership Team will act not only as an advisory board for the administration of the 4-SITE programs, but also be tasked by the CVFC board to serve as a research committee for the development of new programs. In this manner, past and present interns will gain broad exposure and meaningful experience in CVFC's community development initiatives and CVFC can leverage the skills, talents, and energy of these young leaders to build toward a lasting fishing economy in the Coastal Villages region.

**Management:** CVFC will expand its management capabilities in several ways during this CDP period. Clearly, the top priority is to begin comprehensive planning for the projects proposed in this CDP as well as for the expansion of the CDQ program for the future. This role will be filled with a fisheries development specialist who has extensive experience in the fishing industry. Another area for expansion is in village outreach and public information. As the CDQ program becomes permanent, more information needs to be provided to the residents of the region as well as from the residents to CVFC. Two other areas where CVFC needs to strengthen its management program is in marketing and accounting. These positions will be located at Golden Age Fisheries, initially through the internship program. Over time, CVFC expects to undertake both roles directly.

**Equity Ownership:** There are two fairly distinct areas where CVFC currently has an equity ownership interest in the fishing industry or plans on developing such interests. These are the offshore segment, where CVFC's ownership in the fisheries is through the F/T BROWNS POINT, and the inshore segment, supporting the region's salmon, herring, and halibut fisheries. In the offshore segment, ownership and operation of the F/T BROWNS POINT, through the Imapiqamiut Partnership, will continue throughout this CDP period. In addition, CVFC plans to purchase an interest in a longline vessel to harvest its offshore halibut and sablefish CDQs, and to begin participation in the Pacific cod fishery, based upon the opportunities that will be made available through implementation of a Pacific cod CDQ program.

As to the inshore sector, CVFC began operations of CVF in 1993, a salmon processor at Bethel on the Kuskokwim River, but suspended operations after the first year. At this time, CVFC does not plan to set up a new salmon processing operation on the river. As to the other locally available, commercially harvestable fishery resources, halibut and herring, CVFC will use somewhat different strategies. In the case of halibut, operating plants are locally-owned and operated and will be discussed under the Infrastructure strategy, below.

As to herring, village fishermen are being serviced through existing buying operations supported by outside-owned tender boats. These operations plan their season around the larger harvests at Togiak and Norton Sound and do not always have the capacity to be at the smaller CVFC region fishing districts when herring roe is at its peak. To address this concern, CVFC plans to begin a phased investment program into tendering, and potentially into a floating processor. The top priority for this project will be to ensure that all of the CVFC fishing districts have sufficient processing capacity in a timely manner. To ensure the feasibility of this project, tender vessels

will have to be employed in the herring fisheries throughout Alaska as well as in salmon operations later in the season.

**Access to Resources:** CVFC will continue its efforts to maintain and expand its access to fishery resources. Access to fishery resources is critical for successful participation in the fishing industry. The recent decision by the North Pacific Fishery Management Council to expand the CDQ program to other species provides some very obvious possibilities. In the meantime, there are existing opportunities that will be taken during this CDP period. The F/T BROWNS POINT is entitled to a significant quota share if an IFQ program is implemented by the Council. CVFC and GAF will conduct a second nearshore trawl survey in the Kuskokwim Bay/Etolin Strait area to determine if there are other species available for commercial harvest by the small boat, nearshore fleet. CVFC will continue to advocate for an increase in the quota for halibut in Area 4E. CVFC will investigate the potential for a herring roe on kelp fishery near Cape Romanzof and market studies for known available underutilized species in and around Nelson Island. Finally, CVFC will continue to support local fishermen who are interested in participating in the halibut and sablefish IFQ program and will initiate a tax and permit assistance program to retain fishing permits and quotas within the region.

**Infrastructure Development:** As has been fully described in each of CVFC's CDQ applications, there are few major infrastructure projects that are feasible in the region. However, needs are being identified and CVFC will participate in these projects. Presently, there is sufficient processing capacity for the available halibut quota levels. However, there are additional opportunities for development at Kipnuk and upgrades are needed at the existing plants. More and more fishermen are turning to aluminum fishing boats and there is a need for welding equipment for boat repairs and boat building. Several welding projects will be supported during this CDP period. Fishermen and fishing businesses are in need of loans for purchases and operations and CVFC will continue to support these needs through the AVCP Revolving Loan Fund. Finally, CVFC will continue its efforts to establish a training center, with at least a portion of the training program to take place in Sitka, in cooperation with Sheldon Jackson College and Mt. Edgecombe High School.

## **CONCLUSION**

CVFC's 1996-1998 CDP continues its aggressive approach to fisheries development. This approach relies upon sound investments rather than the accumulation of large amounts of capital. While it is true that the groundfish fisheries of the Bering Sea are currently overcapitalized making each investment less attractive than in the developing stage for these fisheries, the economic, employment, and social needs of the region demand that we not wait for the elusive "perfect" opportunity. This application describes a series of investments, both in fisheries businesses and human resources, that will move the region steadily along the path towards its ultimate goals. The CDQ program is providing incredible opportunities to a region without any other resources upon which to base an economy. CVFC intends to take full advantage of these opportunities, because truly there are no other alternatives.



## REGULATORY EXECUTIVE SUMMARY

### COMMUNITY ELIGIBILITY

(A) The Coastal Villages Fishing Cooperative is a for-profit cooperative corporation established under the laws of the State of Alaska, for the purpose of applying on behalf of its members for a pollock Community Development Quota allocation. There are seventeen members of the Cooperative. Each member is an eligible community listed in Table I, "Communities Eligible to Apply for CDQ," included in the Federal Regulations implementing the CDQ program, 50 CFR 675.27.

The following communities are members of CVFC:

Chefornak	Chevak
Eek	Goodnews Bay
Hooper Bay	Kipnuk
Kongiganak	Kwigillingok
Mekoryuk	Newtok
Nightmute	Platinum
Quinhagak	Scammon Bay
Toksook Bay	Tununak
Tuntutuliak	

(B) These seventeen communities are situated in the Southwest Coastal Lowlands region within fifty miles of the Bering Sea coast from Scammon Bay in the north to Platinum in the south. None of the CVFC communities are located on the Gulf of Alaska coast.

Each of these seventeen communities has been certified by the Secretary of the U.S. Department of the Interior as a "Native village" pursuant to the Alaska Native Claims Settlement Act (Pub. L. 92-203).

Residents of the seventeen communities conduct more than one-half of their current commercial and subsistence fishing effort in the waters of the Bering Sea.

Presently, there are commercial fisheries for salmon, herring, and halibut in the CVFC region. Commercial salmon fisheries take place in Goodnews Bay, at Quinhagak, and in the mainstem of the Kuskokwim River, all part of the Kuskokwim River fishery, and in the Yukon River fishery. Fishermen from the region participate in herring fisheries in Goodnews Bay, at Cape Avinof, at Nelson Island, at Nunivak Island, and at Cape Romanzof. A halibut fishery occurs near Mekoryuk and Nelson Island. Some fishermen also participate in salmon fishing in Bristol Bay. Each of these fisheries is conducted in the Bering Sea or at the mouths of rivers at the entrance to the Bering Sea.

Subsistence fishing and marine mammal harvesting by residents of the seventeen communities occurs primarily in the waters of the Bering Sea and nearshore coastal areas. There is a wide range of fish species which are harvested in the coastal areas, including salmon, herring, Bering cisco, cod, humpback whitefish, with herring and salmon being the most heavily harvested. Marine mammals harvested include several species of seals, beluga whales, and walrus.

Prior to the creation of the CDQ program and entering into a partnership owning the F/T BROWNS POINT, none of the seventeen communities which are members of the Cooperative had developed harvesting or processing capability sufficient to support substantial fisheries participation in the Bering Sea/Aleutian Islands area. Except for some marine mammal harvesting which occurs outside three miles of the coastline, the residents of the communities use small skiffs suitable only for subsistence fishing and limited commercial fishing in nearshore, estuary, and river waters. Processing capabilities are virtually non-existent in the region.

## **APPLICANT QUALIFICATION**

(A) The applicant organization for seventeen of the eligible communities on the Yukon-Kuskokwim Delta along the Bering Sea coast is the Coastal Villages Fishing Cooperative. The Cooperative was incorporated as a State of Alaska for-profit cooperative corporation on May 18, 1992, and is in good standing. (See Appendix A)

(B) Each member community is entitled to one seat on the Cooperative's Board of Directors. At the present time there are seventeen duly chosen members of the Board of Directors, one from each eligible community. Board members serve staggered three year terms. Each of the current board members is a resident fisherman. Each resides and maintains a mailing address in the member community which he or she represents, is a commercial and/or subsistence fisherman, and is eligible to receive an Alaska Permanent Fund dividend check. There is one non-voting member of the Board of Directors. (See Appendix B)

(C) The governing body of each member community has duly adopted a resolution in support of the Coastal Villages Fishing Cooperative's Community Development Plan. (See Appendix C)  
Contact Person for the Cooperative:

Norman A. Cohen  
Executive Director  
204 North Franklin Street, Suite One  
Juneau, AK 99801  
Phone (907) 586-2360  
Fax: (907) 586-2331

## **MANAGING ORGANIZATION**

(A) The managing organization for the Community Development Plan is the applicant, the Coastal Villages Fishing Cooperative. Overall policy for the Cooperative is developed by a Board of Directors consisting of one director from each of the member communities, an executive committee of the board consisting of the four officers and a member at large, and the four officers, President, Vice President, Secretary, and Treasurer. Day-to-day operational management is vested in the Executive Director, who takes his direction from the Board of Directors and the President.

Financial management for the Cooperative is provided by CVFC's partner, Golden Age Fisheries. Annual financial results are audited by the public accounting (CPA) firm of Coopers & Lybrand of Anchorage.

The President of CVFC is David Bill, Sr. of Toksook Bay. Mr. Bill is a commercial and subsistence fisherman and currently serves as the Toksook Bay Office Manager for CVFC.

David Bill, Sr.  
P.O. Box 37052  
Toksook Bay, AK 99637  
Phone: (907) 427-7012  
Fax: (907) 427-7012

Norman A. Cohen is the Executive Director of the Cooperative. Mr. Cohen is an attorney and served as legal counsel for CVFC at its inception and executive director since August 1992.

(B) Responsibility for managing the Cooperative's pollock CDQ allocation is vested in the Imapiqamiut Partnership ("IP"). IP owns the F/T BROWNS POINT, and uses this vessel and other (leased) vessels (when needed) to harvest CVFC's pollock CDQ.

GAF manages the F/T BROWNS POINT under a management contract. This contract provides that GAF must manage the vessel in a manner that observes all fisheries rules and regulations issued by the National Marine Fisheries Service ("NMFS"). This includes the requirement that CDQ allocations shall not be exceeded.

GAF has operated factory trawlers since 1986 and the use of CVFC's pollock CDQ allocation since 1992. The company has extensive experience in the prevention of quota overage and has an excellent record of regulatory compliance, including its management of the 1992 through 1995 "A" season CDQ fisheries. GAF's specific plan and proposed procedures to assure that the CDQ allocation is not exceeded are set forth at the end of this section. A full statement of GAF's history, experience, personnel and expertise in vessel management is included in Section (3)(F) of this application.

In 1996-1998, the IP will lease additional vessels to harvest a portion of CVFC's CDQ allocation. While the F/T BROWNS POINT is capable of harvesting the full allocation of 33% of the pollock CDQ, the allocation will be split between the F/T BROWNS POINT and additional vessels. Additional vessels will be chosen using the following factors: royalty payment; employment opportunities for CVFC region residents; availability of sales of "B" season CDQ to the IP, and the potential for jointly conducting additional business activities with the IP or CVFC. GAF applies the same stringent quota control program to these leased vessels as it applies to the F/T BROWNS POINT.

The Cooperative is developing the expertise to play a major role in management of all ventures included in our CDP. These ventures are detailed in the CDP and Business Planning sections of this CDQ application.

Individuals from CVFC member communities are acquiring needed managerial and technical skills through the "career track" program. This program includes on-the-job and classroom training, the internship and employment programs offered by GAF, the Assistantship program, career counseling, and opportunities for higher education afforded by the Coastal Villages Scholarship Fund.

The Cooperative has formed a partnership with GAF, and under the terms of the agreements between CVFC and GAF, the Cooperative will take part in the management of ventures in which they participate jointly. The Board of Directors of CVFC has appointed the President, in conjunction with the Executive Director, to act for the Cooperative in partnership decisions.

As CVFC has entered into more ventures, its staffing is expanding, though at a conservative pace. At this time, staff is limited to an Executive Director, Employment Coordinator, Training Coordinator, Halibut/Sablefish Program Manager, and Toksook Bay Office Manager. Other employees will be added as individuals acquire experience and develop skills through the internship and on-the-job-training programs that are a part of the agreement between Golden Age Fisheries and CVFC.

As the overall level of our expertise and training rises, we will exert an increasing influence on management of all ventures identified in our CDP. CVFC currently manages the Halibut/Sablefish Program without assistance from another entity and will expand its management program into other projects described later in this CDP.

## **GOALS, OBJECTIVES AND MILESTONES OF THE CDP**

See pages viii through xiii of this Executive Summary for a listing of CVFC's Goals and Objectives. The milestones of this CDP are summarized here. For a complete description of this plan's milestones, see Section (6)(C) of this application.

## **1996-1998**

### **Human Resources:**

- Initiate the 4-SITE program, a comprehensive employment and development system, intended to provide the talent and skills needed for sustainable economic and community development.
- Expansion of CVFC's employment referral program intended to provide employment opportunities throughout the fishing industry. The program will involve partnering with existing fishing companies and will provide a model for hiring of Alaskan residents in the industry.
- Expansion of programs for advancement into the more technical occupations at-sea and at shoreside fishing operations.

### **Management:**

- Continuation of the career track program and creation of a regionally-grown management capability, by using the following tools, including: pre-employment training; entry-level employment; on-the-job training; internships; specialized training; advanced employment; career counseling; and scholarships.
- Increase CVFC's planning capabilities in anticipation of the projects proposed in this CDP as well as for the new opportunities from the expanded CDQ program.

### **Equity Ownership:**

- CVFC will assess the success of the upgrade of the F/T BROWNS POINT to determine if further upgrade of the machinery will be advantageous to the products produced by the factory.
- CVFC's will purchase a long line vessel for use in the Pacific cod, Greenland turbot, and halibut and sablefish CDQ fisheries.
- CVFC will begin development of a tender boat fleet and possibly expand into a floating processor to support the region's herring fisheries and to assess participation in salmon fisheries throughout Alaska.
- CVFC will invest in a value-added, fresh fish marketing project that will provide employment and maximize value to be realized from the region's fisheries resources.

### Access to Resources:

- Through the investment in the F/T BROWNS POINT, CVFC is entitled to ownership rights in that vessel's fishing history and its eventual award of Quota Shares.
- Success in the pollock CDQ program during the 1992-1993 and 1994-1995 periods will ensure continuation of the program either as a CDQ fishery or as a part of an IFQ program.
- CVFC applied for and received an allocation of halibut and sablefish CDQs.
- Through the purchase of additional IFQs as they become available, CVFC will ensure that its access to resources grows, enabling the company to expand as well.
- Through the expansion of the CDQ program into other species, CVFC will increase its access to resources ensuring its continued growth as a fishing company and the ability to withstand fluctuations in populations of the various species that make up the complex of Bering Sea resources.
- Conduct a second nearshore trawl survey during the early summer period to determine if there are other underutilized species in sufficient numbers to support a small boat fishery.
- Conduct marketing and research studies to determine the feasibility of marketing other locally-available resources, including the potential for herring roe-on-kelp fisheries.

### Infrastructure Development:

- Access to fisheries will take place at Bethel, through tendering operations at the more remote inshore and nearshore salmon, herring, and halibut fisheries, and offshore in the Bering Sea and Gulf of Alaska.
- CVFC will continue to investigate the possibilities of expanding the halibut facilities that currently exist at Mekoryuk, Quinhagak, Toksook Bay, and Tununak, and potentially expanding halibut operations to Kipnuk.
- CVFC will continue to support expansion of aluminum boat building and repair to other villages within the region.
- CVFC will work with Sheldon Jackson College and Mt. Edgecombe High School

on a training facility/program due to the fishery resources available at that location year round.

- Development of a tender boat fleet will enable CVFC to better serve the herring fisheries of the region through more reliable and timely access to markets.
- CVFC will continue to support the AVCP Revolving Loan Fund that will provide funds for fishermen to purchase gear and equipment as well as to start up new fisheries-related businesses.

### **AMOUNT OF QUOTA REQUESTED**

CVFC is applying for 33% of the pollock CDQ available in Bering Sea and Aleutian Islands areas.

### **DESCRIPTION OF COMMUNITY DEVELOPMENT PLAN PROJECTS**

See pages viii through xiii of this Executive Summary.

### **HARVESTING PARTNERSHIP**

#### **(A) IDENTIFICATION AND CONTACT INFORMATION**

<b>Name:</b>	Golden Age Fisheries
<b>Address:</b>	18 West Mercer Street Suite 400 Seattle, WA 98119
<b>Phone:</b>	206-285-2815
<b>Telefax:</b>	206-282-5938
<b>Contact:</b>	Stanley Simonson, Owner
<b>US Tax Number:</b>	91-1494244

**(B) HARVESTER VESSEL IDENTIFICATION**

**(1) F/T BROWNS POINT**

**Ownership:** Imarpiqamiut Partnership

**Address:** c/o Golden Age Fisheries  
P.O. Box 1107  
Bethel, AK 99559

**US Fisheries  
Permit Number:** AK952726

**Alaska Vessel  
License Number:** 55511

**(C) CERTIFICATION OF CAPACITY**

The F/T BROWNS POINT has the capacity to fully harvest, on an annual basis, the 33% of pollock CDQ allocation for which the Cooperative is applying.

**DESCRIPTION OF MANAGEMENT STRATEGY TO PREVENT OVERAGES**

Golden Age Fisheries is responsible for monitoring and managing the harvest of the CVFC CDQ. The GAF Operations Department takes a series of measures to insure that none of the CVFC quotas are exceeded. In addition to using a system of reports and confirmations sent directly from the fleet to their offices in Seattle, GAF also keeps in close contact with the Management Division of the NMFS Alaska Regional Office. This allows us to check our numbers against the official NMFS tally and has resulted in both GAF and NMFS finding errors in their calculations that might otherwise have gone unnoticed.

GAF receives a copy of the observers' daily report of total catch and catch composition sampling results for each day of CDQ operations. From this information GAF is able to calculate the official harvest of CDQ pollock for that day. At the end of each trip, the captain of the Browns Point confirms the total amount of fish harvested during that trip. This is done in order to verify that all of that trip's catch was included in the calculation of CDQ harvest.

GAF confirms NMFS's catch-to-date tallies for all of the CVFC CDQ vessels in insure that GAF and NMFS are using the same numbers and have calculated the same CDQ catch. If there is a discrepancy, a GAF representative reviews each day's catch with an NMFS representative until the cause of the discrepancy is determined and corrected.



When a vessel other than the Browns Point is harvesting CVFC CDQ, GAF receives the same reports and follows the same procedures as it does for the Browns Point. Obviously, some companies are more cooperative than others when required to provide information on a timely basis. CVFC and GAF take these factors into consideration when arranging for the lease of CDQ to vessels other than the Browns Point. GAF also confirms with each company harvesting CVFC CDQ that their vessel is carrying two observers and has volumetrically marked bins during the CDQ fishery. GAF prohibited one vessel from harvesting CDQ in 1995 due to concerns regarding the observer's access to bin markings.

Given the smaller quota in the Aleutians, special attention is paid to daily harvest rates in that CVFC CDQ fishery. The Browns Point has not been used to harvest that quota and many of the vessels that have leased Aleutian quota are capable of catching the entire quota in just a few days.

## **DESCRIPTION OF LOCAL PARTICIPATION**

CVFC went through an exhaustive process to develop its 1996-1998 Pollock CDQ Community Development Plan. The following steps were followed to ensure that there was full local participation in the process:

- A "Village Priority Project" form was sent to each village informing them of the application process, describing projects undertaken to date, and requesting proposed projects for inclusion in the application.
- The Board of Directors created an Application Committee to review village proposed projects, staff proposed projects, and Golden Age Fisheries proposed projects.
- President of the Board, David Bill, Sr., travelled to 15 of the region's villages explaining the priority setting process and requesting suggested project and other ideas for inclusion in the CDP.
- Resolutions endorsing the application were obtained from each village governing body.
- The Board of Directors approved the CDP and application at its July 22, 1995 meeting.

**EXECUTIVE SUMMARY**  
**YUKON DELTA FISHERIES DEVELOPMENT ASSOCIATION'S**  
**1996-1998 COMMUNITY DEVELOPMENT QUOTA APPLICATION FOR POLLOCK**

This document is the Yukon Delta Fisheries Development Association's (YDFDA) application to receive an allocation of the Alaska pollock in 1996 through 1998 under the Community Development Quota Program for the Bering Sea and Aleutian Islands (CDQ Program). The remainder of this summary uses the following organization as outlined in the Community Development Plan Application Booklet:

- Name of applicant;
- Communities represented within the application;
- Description of the management organization;
- Goals, objectives, and milestones of the Community Development Plan (CDP);
- Amount of quota requested;
- Description of CDP initiatives;
- Description of harvesting partner;
- Description of management strategy to prevent harvest in excess of CDQ;
- Description of local participation;
- Accomplishments to date of our CDP; and
- Organization of YDFDA application.

Because we believe that the successes we have achieved to date with our limited prior pollock CDQ allocations are compelling evidence of the merit of our application, the progress our program has made since 1992 is also presented in the summary.

**A. NAME OF APPLICANT**

This application is submitted by the Yukon Delta Fisheries Development Association, an Alaskan not-for-profit community development corporation formed in 1992 for the express purpose of stabilizing and developing the economic base of the region known as the Yukon River Delta. Questions regarding this application should be addressed to YDFDA's Executive Director, Mr. Edwin Glotfelty, at:

- Market Place One, Suite 400  
2003 Western Avenue  
Seattle, Washington 98121  
(206) 443-1565; Fax: (206) 443-1912  
or
- P.O. Box 2626  
Seward, Alaska 99664  
(907) 224-5158; Fax: (907) 224-5159

**B. COMMUNITIES REPRESENTED WITHIN THE APPLICATION**

The YDFDA represents the Native Alaskan communities of: Alakanuk; Emmonak; Kotlik; and Sheldon's Point (Sheldon Point). The villages of Hamilton, Bill Moores, and Chaniliut are also villages within the geographic scope of the YDFDA. These villages are

our traditional homes and now serve as seasonal fishing camps. They are recognized as communities by both the U.S. Bureau of the Census and the Alaska Native Claims Act.

Exhibit 1 is a summary of the characteristics of the YDFDA communities in comparison to the communities in the five other CDQ groups. These characteristics, which represent U.S. Census data from 1990, were used by the State of Alaska (the State) to describe the population and economy of the CDQ communities in its 1995 report *Economic Impacts of the Pollock Community Development Quota Program*. It is worth noting that the conditions most frequently cited by the State in this justification for the CDQ program are frequently for our Census area. This exhibit and Exhibit 2, which summarizes some social problem indicators, clearly indicate the need for sustained economic development. Highlights of these findings follow:

### **Population and Demographics**

- We have the youngest population and the highest proportion of children among the six groups. This means that as high as our unemployment rate currently is, absent a CDQ, it will grow much faster than in other CDQ applicant regions.
- Over 90 percent of our residents are Native Alaskans, well above the proportion for all CDQ communities.

### **Employment and Income**

- Our unemployment rate is the highest among the six groups and is more than twice the rate found in most of the CDQ applicant regions.
- Our median household income, as well as our per capita income, is among the lowest of the six groups even though we have the largest household size.

### **Poverty Status**

- One-fourth of our population lives in poverty.

### **Social Characteristics**

- Our communities are located in the Census district with the highest birth rate, teenage birth rate, and infant mortality of the CDQ groups.

It is conditions such as those evident in these statistics that form the basis for our request to the State for equitable treatment under the CDQ program.

Appendix A of this application contains a copy of our Eligibility Statement, which documented conclusively that our communities meet the State and Federal requirements for eligibility for the pollock CDQ Program.

## Selected 1990 U.S. Census Data for CDQ Communities

Characteristics	Aleutian Pribilof Island Community Development Association	Bristol Bay Economic Development Corporation	Central Bering Sea Fishermen's Association	Coastal Villages Fishing Cooperative	Norton Sound Economic Development Corporation	Yukon Delta Fisheries Development Association	Total, All CDQ Groups
• Total Population	397	4,719	763	5,781	7,621	1,756	21,037
• % Native	92%	56%	70%	96%	74%	91%	77%
• Age (years) – % Under 16	30%	31%	23%	39%	35%	40%	35%
• Unemployment Rate	12%	9%	11%	20%	17%	31%	16%
• Median Household Income	\$23,750	\$38,437	\$39,922	\$16,691	\$31,145	\$21,193	NA
• Per Capita Income	\$11,545	\$16,325	\$15,115	\$5,198	\$11,082	\$6,862	NA
• Percent of Families in Poverty	14.1%	13.9%	3.8%	38.3%	18.6%	24.2%	22.3%

NA – Not available

Source: 1990 U.S. Census as reported in *Economic Impacts of the Pollock Community Development Quota Program* prepared by the State of Alaska, April 1995

# Social Characteristics By Census Area, 1992

YDFDA

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Summary

Census Area	Birth Rates	Teenage Birth Rates	Low Birth Weight	Infant Mortality
Aleutians East	7.8	38.9	3.6	9.4
Aleutians West	16.6	38.8	3.6	9.4
Bethel	28.2	84.9	5.2	16.5
Bristol Bay	12.8	30.0	3.1	13.2
Dillingham	30.0	97.8	5.5	14.5
Lake & Peninsula	30.7	131.3	5.5	14.5
Nome	29.6	147.4	4.6	16.6
Wade Hampton	39.0	136.0	4.9	19.1
Anchorage	20.5	68.6	5.2	9.2
Fairbanks	21.7	71.4	4.8	10.1
State	20.0	70.4	4.8	10.5

YDFDA's communities are all part of this census area

*Rates are per 1,000 population*

*Source: Alaska Department of Health and Social Services, 1995, as reported in Potential Economic Impacts of CDQ Options for Western Alaska Communities, a report for the Bering Sea Fishermen's Association to the North Pacific Fishing Management Council*

## C. DESCRIPTION OF THE MANAGEMENT ORGANIZATION

The Yukon Delta Fisheries Development Association, the applicant organization, is responsible for the management of the CDQ quota and associated development program. The management of the organization resides at four levels: 1) Board of Directors; 2) Financial Advisory Board; 3) Executive Director; and 4) Initiative Staff. This organization has been shown to be effective over the past 2½ years, with the exception of the Financial Advisory Board which is a new feature of our management organization. The membership and responsibilities of each are summarized as follows (see Exhibit 3):

- **Board of Directors.** The Board of Directors is entrusted with both overall authority and responsibility for the management of the not-for-profit foundation and the subsidiary corporation in which commercial fishing activities reside. They receive reports both from the Executive Director and the Financial Advisory Board. Our nine-member Board is made up of two representatives from each of our communities and one at large seat as follows:
  - Edward J. Adams, Sr. (Sheldon Point)
  - Ragnar Alstrom (Alakanuk)
  - Robert Andrews (Emmonak)
  - Billy Charles (Chairperson, Emmonak)
  - Emmanuel Keyes (Kotlik)
  - Laurentia Mike (Kotlik)
  - Franklin Murphy (at large seat, Sheldon Point)
  - Paul Phillip (Alakanuk)
  - Isidore Shelton (Sheldon Point)

Involvement of our Board is coordinated through informal monthly discussions, scheduled public sessions held in each of the communities, quarterly board meetings to formally review progress, and special board meetings, such as the one we held to prepare this application.

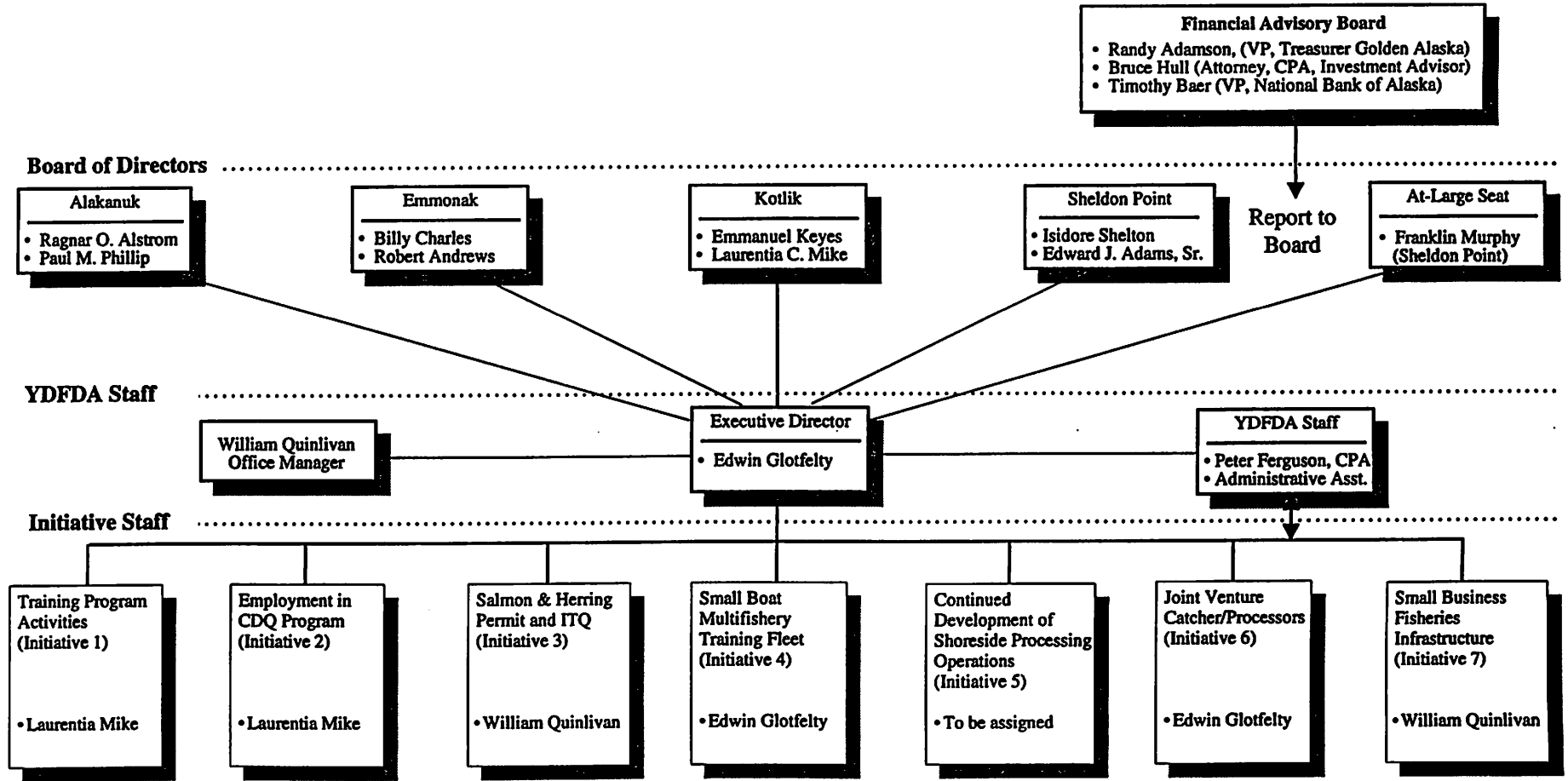
- **Independent Financial Advisory Board.** Because this application entails a larger quota and budget than has previously been approved, we have created an independent Financial Advisory Board to provide us with assistance with our investment and business decisions. The Financial Advisory Board is made up of three community leaders with 40 years of combined training and experience in the areas of finance and fishery and vessel investments in Alaska. This board will review business plans for all capital investments over \$50,000 and the operating budgets for both the YDFDA and our "for-profit" corporate subsidiary – Yukon Delta Fisheries, Inc. To assure the requisite level of guidance and independence, reviews will be made at least on a quarterly basis and be rendered in writing to both the Board of Directors and the State. Our business advisors are:
  - Randy Adamson (Vice President for Finance, Golden Alaska Seafoods)
  - Bruce Hull (Attorney and CPA)
  - Tim Baer (Vice President, National Bank of Alaska)

# Organization Of The Yukon Delta Fishery Development Association

YDFDA

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Summary



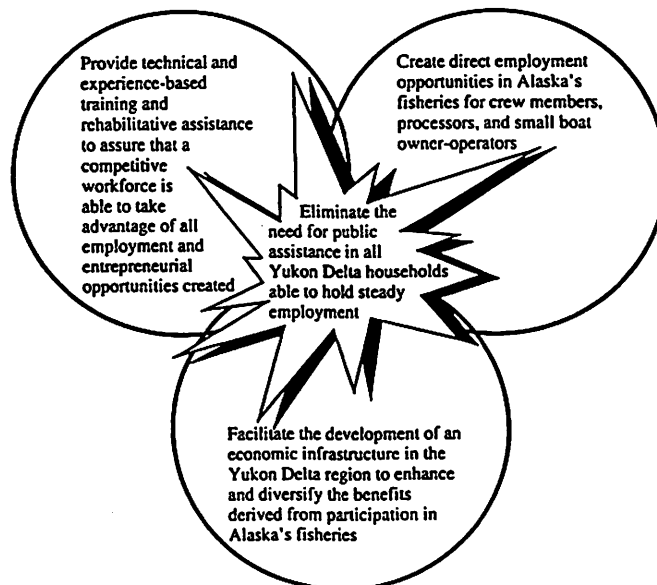
- **Executive Director.** Day-to-day management of the YDFDA is organized around the Executive Director, with major development initiatives and operational assignments clearly assigned to a staff member or the Executive Director. The Executive Director has overall responsibility for operations, the relationship with our harvesting partner, and reporting to the State, while the Initiative Staff are accountable for the success of our individual development initiatives. Our Executive Director is Edwin H. Glotfelty. We do not delegate any management aspect of our operations to outside parties or consultants.
- **Initiative Staff.** YDFDA has four persons on staff, Laurentia Mike, William Quinlivan, Peter Ferguson, and a rotating administrative intern. Ms. Mike coordinates the training and operates YDFDA's job bank. Mr. Quinlivan coordinates the operations of YDFDA's small boat fleet and other field operations. Mr. Ferguson, an experienced CPA, handles the accounting, budgeting, and cash management activities, including those for YDFDA's small boat fleet.

**D. GOALS, OBJECTIVES, AND MILESTONES OF THE CDP**

The objective which evolved from our "ground-up" development strategy is simple -- use the training, income, and commercial fishing opportunities created by a pollock CDQ allocation to eliminate the need for public assistance in all Yukon Delta households with an individual able to hold seasonal full-time employment (see Exhibit 4). We believe YDFDA can best meet this goal by assuring that three strategic objectives come together at the same time. First, we must assure that a trained reliable Native Alaskan workforce is available to fill all employment opportunities that develop. Second, we must use our CDQ harvest to directly and indirectly create employment opportunities for our communities in Alaska's fisheries. Third, YDFDA must facilitate the development of an economic infrastructure in our communities so that additional income and employment from the local harvest and fishing wages return to and remain in the community.

Exhibit 4

**YDFDA's Strategy**





Realizing our goal of eliminating public assistance in all Yukon Delta households able to hold seasonal employment will require us to meet at least ten of the following 14 tactical goals.

**Objective 1:** Provide technical and experience-based training and rehabilitative assistance to assure that a competitive workforce is available to take advantage of all employment and entrepreneurial opportunities created. Doing this will require that we meet the following tactical goals:

- Identify and fund appropriate training in fisheries, seafood processing, and the marine trades for our residents.
- Leverage our CDQ to maximize the number of experience-based training positions offered to Native Alaskans by our harvesting partner.
- Recognize difficulties some Native Alaskans have with alcohol and industrial working conditions and implement tailored instructional and rehabilitation programs to address these shortcomings when they develop.
- Operate our existing fleet of small boats and proposed larger vessels to maximize the number of on-the-job training opportunities which result.

**Objective 2:** Create direct employment opportunities in Alaska's fisheries as crew members, processors, and small boat owner-operators. We will do this by:

- Participating in the Bering Sea fisheries by directly developing a self-sustaining, locally owned and operated small-scale fishing fleet to fish in our traditional fisheries, ITQ fisheries that we receive, and other open access fisheries.
- Acquiring coastal and offshore catcher/processing vessels to serve as a source of sustainable employment and program income.
- Implementing a mechanism to obtain limited-entry permits and ITQs for our residents.
- Using a CDQ allocation to create long-term career opportunities for our residents with our CDQ partner in Bering Sea groundfish and their other extensive operations.
- Inspiring additional CDQ-type programs by demonstrating sustainable tangible results with our pollock CDQ.
- Using the YDFDA small boat fleet as a "greenhouse" for the cultivation of innovative vessel, gear, and processing designs and techniques suited to the needs of Native Alaskan villages.
- Encouraging the development of a local small boat fleet by demonstrating the technical and economic viability of conducting coastal fishing operations out of the communities of Western Alaska.

**Objective 3:** Facilitate the development of an economic infrastructure in the Yukon Delta region in order to enhance and diversify the benefits derived from participation in Alaska's fisheries.

- Contribute to the development of a local seafood processing infrastructure to maximize the local value added by our communities.
- Selectively assist through training, technical assistance, and small business loans the development of a more self-sufficient economic infrastructure in our region, including development of an appropriately scaled support sector capable of servicing the existing and developing indigenous fishing industry.
- Collaborate with the Lower Yukon Economic Development Council to create a sustainable base economy in the lower Yukon region.

**E. AMOUNT OF QUOTA REQUESTED**

Our minimal allocation to achieve the above goals is estimated at 17.5 percent of the 1996 through 1998 pollock CDQ for the Aleutian Islands, Eastern Bearing Sea, and Bogaslov area. This allocation reflects our program cost of \$4,285,000 annually and an average royalty of \$250 per metric ton (MT) of pollock harvested.

**F. DESCRIPTION OF CDP INITIATIVES**

The objective of our Community Development Plan, which evolved from hearings in all of our member communities, is to use the training, income, and commercial fishing opportunities created by a pollock CDQ allocation to eliminate the need for public assistance in all Yukon Delta households able to hold seasonal employment. The CDP with the best chance of meeting our goal required seven distinct, but interrelated, initiatives. The scheduling of each of these initiatives is summarized in Exhibit 5, and a brief description of each follows.

**Initiative 1 -- Comprehensive Vocational, Educational and Rehabilitative Training Program**

The core of our program consists of continuing our comprehensive training program which builds on the training opportunities provided over the past 2½ years. We anticipate providing 80 to 100 training opportunities annually in 1996 through 1998. Requests from over 50 individuals are already on file for various training or rehabilitation courses that YDFDA has developed, sponsored, or is considering. In addition to shifting training activities from basic and entry-level skill areas to advanced and technical training, an alcohol and personal responsibility training program will be offered in 1996 through 1998. Alcohol-related absenteeism is the primary cause of unsuccessful or incomplete YDFDA-sponsored training and employment, and we believe that addressing this problem on a long-term basis is necessary to make our employment initiatives sustainable. Much of this training will continue to be provided at the Alaska Vocational Technical Center in cooperation with the State.

# Implementation schedule for YDFDA community development program

YDFDA	Initiative	1996				1997				1998			
Comprehensive Vocational and Educational and Rehabilitative Training Programs	1	25	25	25	25	25	25	25	25	25	25	25	25
Placement of YDFDA Community Residents in Bering Sea Harvesting and Processing Operations	2	41	21	21	21	41	21	21	21	41	21	21	21
Salmon & Herring Buy-back and ITQ Acquisition Program	3	10 Permits ITQ Quota				11 Permits ITQ Quota				11 Permits ITQ Quota			
Training Subsidy for Small Multi-Fishery Boat Fleet	4	10 Boats Operated				11 Boats Operated				12 Boats Operated			
Joint Ventures in Offshore Catcher/Processor Vessels	5	Joint YDFDA & Other CDQ Group Longline Vessel		Joint Venture with Golden Alaska— Groundfish/ Crab Catcher/ Processor		Long-line Vessel		Vessel— to be Determined					
Continued Development of Shoreside Processing Operations	6	Add Cold Storage/ processing to 1 Community				Add Cold Storage/ processing to 1 Community				Add Cold Storage/ processing to 1 Community			
Financing Fund to Support Development of Small Business Fisheries Infrastructure	7	Finance Additional Businesses				Finance Additional Businesses				Finance Additional Businesses			

## **Initiative 2 -- Placement of YDFDA Community Residents in Bering Sea Harvesting and Processing Operations**

A noteworthy success of our modest CDQ has been the high level of interest in our communities to work in the pollock fishery and the willingness of Golden Alaska Seafoods, Inc. (our commercial harvesting partner) to work with us to place Native Alaskans throughout Golden Alaska's operations. Our ability to train and recruit Native Alaskans was so successful that YDFDA served as an intermediary to place our trained residents on other CDQ applicants' boats. While some CDQ groups have failed to obtain local interest in their communities to work in the pollock fisheries, we have shown the opposite by having a surplus of trained Native Alaskans ready to work. When this occurred, YDFDA served as a "broker" to get our people placed on other boats. YDFDA's role as a clearinghouse for fishing jobs available for Native Alaskans will be continued through 1998. The employment targets we have set for our 1996 to 1998 program are as follows:

- 30 seasonal positions annually on the Golden Alaska mothership and catcher boats.
- 4 office interns in Golden Alaska's business organizations annually.
- The set-aside of 20 positions annually in shoreside processing plants by Golden Alaska's sister company, Peter Pan Seafoods.
- Continued operation of a clearinghouse to place an additional 20 residents throughout other companies with which YDFDA or Golden Alaska has developed contacts.

## **Initiative 3 -- Salmon and Herring Permit Buy-Back and ITQ Purchase Program**

Because the benefits our villages derive from the Yukon River salmon and herring fishery have been eroded over time as permits have been lost to outsiders and due to the declining value of the harvest, YDFDA will use a portion of CDQ royalties to fund a \$300,000 self-liquidating fund to finance the buy-back of local salmon and herring permits. In total, we plan to recover 12 herring limited entry permits and 20 salmon permits. We also plan to purchase halibut and sablefish ITQ quota.

## **Initiative 4 -- Training Subsidy for Small Multi-Fishery Boat Fleet**

As will be described under our accomplishments section, we own eight and lease one multi-gear inshore fishing boats. These boats provide on-the-job training opportunities for 30 to 50 of our residents each year. While these boats could be operated on a full-time self-sufficient basis, we believe that it is more important at this time to provide transitional training for our residents across a range of fisheries. We will continue to provide these opportunities. The subsidy is required to provide pay for instructors which conduct the on-the-water training, for rotating the boats between fisheries in order to provide diverse fishing experiences, and for transportation and expenses for the apprentice crews while in training. This initiative will include the construction and deployment of two additional boats at the Alaska Vocational Training and Education Center. The construction of these additional boats will also provide additional training opportunities.

This initiative is essential for providing training experience and employment opportunities in order to prepare approximately 50 of our people for positions of responsibility throughout the Alaska fishing industry, including operating their own boats.

#### **Initiative 5 -- Continued Development of Shoreside Processing Operations**

To date YDFDA loans have been instrumental in the Yukon Delta Fish Marketing Cooperative, Inc.'s barge in Emmonak receiving a \$680,000 investment from the Economic Development Administration (EDA). These monies are being used to add value-added salmon and groundfish processing lines. We will build on this initial initiative to provide processing or cold storage in the villages of Alakanuk, Kotlik, and Sheldon Point. We have budgeted \$258,000 annually for these investments which will consist of containerized freezer units, and gradually the addition of small-scale processing of salmon and other local harvests. The EDA project will create 10 jobs and our additional initiatives have the potential to create an additional 15 jobs in the villages.

#### **Initiative 6 -- Joint Ventures in Offshore Catcher/Processor Vessels**

In 1992, and again in 1993, we stated that YDFDA needed an offshore vessel to be a sustainable participant in the Bering Sea fisheries. The last 2½ years has reinforced this need and we continue to believe that we need to participate in several catcher/processor joint ventures if we are to have a sustainable future in the Bering Sea. We propose to enter into the following types of joint ventures during 1996 through 1998.

- A joint venture with a CDQ group to purchase and jointly operate with native crews a longline catcher/processor vessel. This vessel will fish in both open access fisheries and utilize our sablefish ITQ. We plan a second Pacific cod longline vessel to allow us to take advantage of future groundfish CDQ's
- A joint venture with Golden Alaska for a combination pollock catcher boat.
- A combination boat designed to purchase and process crab, herring, and groundfish from the small YDFDA boats in the Norton Sound area and off the Yukon Delta during the summer, and then to participate in other fisheries in the fall.

#### **Initiative 7 -- Financing Fund to Support Development of Small Business Fisheries Infrastructure**

Over \$1 million in purchases are made outside our communities simply because we lack fishing service and supply infrastructure. To capture lost business revenues and keep more of our fishing income within our communities, YDFDA has established a small business fisheries infrastructure financing initiative. The program will facilitate the development of financially-justified marine or seafood businesses, facilitate a marketing project with the Yukon Delta Cooperative, and fund joint projects with the Lower Yukon Economic Development Council.

Exhibit 6 depicts how we will allocate our income among these various activities.

## Exhibit 6

### Summary of Key Programs and YDFDA Funding Requirements

<u>Initiative/Descriptions</u>	<u>Annual Funding Required</u>
Initiative 1: Comprehensive Vocational, Educational and Rehabilitative Training Program	\$500,000
• AVTEC-Welding • Alcohol Rehabilitation • AVTEC-Boat Build • Scholarships • AVTEC-Longline & Fishing • Employment Assistance	
Initiative 2: Placement of YDFDA Community Residents in Bering Sea Harvesting and Processing Operations	In Admin. Budget
Initiative 3: Salmon and Herring Permit Buy-Back and ITQ Purchase Program	\$300,000
• Herring Permits • Salmon Permits • ITQ Shares	
Initiative 4: Training Subsidy for Small Multi-Fishery Boat Fleet	\$633,000
• Training 1995 • AVTEC Vessel Construction (2)	
Initiative 5: Continued Development of Shoreside Processing Operations	\$258,000
Initiative 6: Joint Ventures in Offshore Catcher/Processor Vessels	\$1,834,000
• Joint Venture Catcher/Processor with other CDQ Group • Joint Venture Trawler/Crabber • Joint Venture Longliner Catcher/Processor	
Initiative 7: Financing Fund to Support Development of Small Business Fisheries Infrastructure	\$400,000
• Welding Businesses • YD Co-op Marketing Project • LYEDC ARDOR Program Support • LYEDC Small Business Training Program	
Administration:	<u>\$360,000</u>
Annual Operating Budget:	\$4,285,000
CDQ Requirement:	17,141 MT per year (17.5 percent of CDQ Allocation)

## **G. DESCRIPTION OF HARVESTING PARTNER**

The Yukon Delta region lacks access to the harvesting, processing, and marketing expertise and technology to utilize our CDQ quota and has established a long-term relationship with Golden Alaska Seafoods, Inc. (Golden Alaska), one of the pioneer developers of the U.S. pollock industry. Golden Alaska is a sister company to one of the largest investors in Alaska's seafood industry, Peter Pan Seafoods. Golden Alaska has been highly responsive to YDFDA's needs over the past years, and the YDFDA will continue this relationship. Examples of how Golden Alaska has been helpful to YDFDA include their providing technical assistance to us for our projects, making voluntary contributions to community programs beyond those associated with the harvesting royalty, voluntarily creating a series of office intern positions in their organization, using their contacts in industry and with their sister company to have job openings filled by Native Alaskans, and providing funding advances to us when it was necessary to bridge our operating costs between the pollock A and B fishing seasons.

Our CDQ quota will be harvested primarily by Golden Alaska's catcher boats the *F/V American Beauty*, *F/V Ocean Leader*, *F/V Aleutian Challenger*, *F/V Vanguard*, and *F/V Amber Dawn*. These vessels are moderate size catcher boats in the 90 to 123 foot range. All have been updated and retrofitted to operate specifically as pollock catcher boats. Processing will be conducted by the *M/V Golden Alaska*. This U.S. flag vessel is a state-of-the-art mothership groundfish processing plant which was completely rebuilt in 1990 at a cost of approximately \$45 million.

## **H. DESCRIPTION OF MANAGEMENT STRATEGY TO PREVENT HARVEST IN EXCESS OF CDQ**

YDFDA's CDQ agreement with Golden Alaska specifically requires the firm to maintain and provide all reporting required under the CDQ Program and other State and Federal reporting requirements. We are convinced that our harvesting partner has a demonstrated strategy for preventing CDQ harvesting overages for the following reasons.

- Golden Alaska has the recordkeeping and accounting systems to assure compliance with State and National Marine Fisheries Service (NMFS) reporting requirements and the equitable payment of royalties to the YDFDA. The Golden Alaska mothership has a state-of-the-art landings system in place to measure, monitor, and report catch. Landings are based on volumetric tank measurements, not cod end measurements. These procedures are developed in conjunction with both the NMFS-certified observer and the catcher vessel captains. During CDQ operations, these reports will identify all CDQ-related operations by the distinct YDFDA permit number. This system comes under intense scrutiny because the *M/V Golden Alaska* works with catcher boats and each delivery must be accurately measured as it forms the basis for the payment to the catcher vessels.
- YDFDA is the only CDQ recipient to harvest their CDQ quota using small catcher vessels operating in conjunction with a processing mothership. Catcher boats are better able to harvest small increments of quota without exceeding the authorized harvest because their harvesting rates are slower than those of larger factory trawlers. In practice when the fleet is approaching the very end of a quota allocation, Golden

Alaska has the capability to have only the smallest of the catcher boats continue fishing. Further, because the gear on the catcher boat is smaller than factory trawlers, tows are smaller and can be more easily returned to the mothership at increasingly frequent intervals.

- The final evidence that our harvesting partner has the ability to operate within the regulatory requirements of the CDQ Program is their record over the past 2½ years. During that time Golden Alaska and their delivery boats have had an exemplary reporting record with NMFS and the State and have closed out each year within YDFDA's CDQ.

It should also be noted that Golden Alaska and their catcher vessels employ several unique initiatives designed to minimize bycatch, fully utilize the pollock harvest, and extract additional value from each unit of the pollock harvest. As requested, these initiatives are described in detail in our full application.

## **I. DESCRIPTION OF LOCAL PARTICIPATION**

Our CDP is a "grass roots" process which benefits in three ways from the participation of the Native Alaskans we represent.

First, our communities participated in the development of our program and continue to participate in all aspects of our program. All YDFDA-affiliated communities were actively involved in the formation of our fisheries development strategy, the selection of our harvesting partner, and the preparation of our CDQ application. Each community continues to participate in the evaluation and fine tuning of our program through annual public hearings which have been held in each community and through contacts with the YDFDA board members in each community. This is possible because on average one in 50 households is directly represented on our Board. Appendix F provides a sample of a newsletter distributed in the villages to be sure that our neighbors remain in touch with the program.

Second, the breadth and sheer numbers of participants in our program virtually assures that our CDP is a "grass roots" process. Over 170 of our residents have participated in at least one YDFDA training or employment initiative. This equates to 18 percent of our working age population and one in three of our households having participated in one or more of our training or fishing initiatives. A program affecting this high a proportion of our community can not help but be citizen oriented.

Third, we have reached out and involved other disadvantaged Native Alaskan villages. For example, we conducted exploratory fishing which allowed non-YDFDA villages to start-up fishing operations, we are working through the Lower Yukon Economic Development Council to assist non-CDQ communities in the lower Yukon, we have collaborated with the Norton Sound CDQ group in the development of the crab fishery in Norton Sound, and we have put Native Alaskans from non-YDFDA communities on our training vessels.

## **J. ACCOMPLISHMENTS TO DATE OF OUR CDP**

Our CDQ allocations have been extremely small in size -- 5 percent of the total allocation in 1992 and 7 percent in 1994-1995 -- yet we have accomplished a great deal in a



short time. A time line of our CDP activities and the accomplishments achieved with our allocations is shown in Exhibit 7. Highlights of our accomplishments include:

- About 18 percent of our working age population participated in one or more CDP-related training experiences or employment opportunities
- Residents from all our communities participated in our CDP-sponsored initiatives
- We proposed an aggressive training goal in each year, and then exceeded it each year. In fact, about 9 percent of all CDQ Program training opportunities cited by the State in its 1995 report *Economic Impacts of the Pollock Community Development Quota Program* were sponsored by us, including:<sup>1</sup>
  - 47 percent of all the vocational education training opportunities offered;
  - all of the vocational education training in boat fabrication offered;
  - 9 percent of the technical training opportunities offered;
  - about 21 percent of the technical training opportunities in seafood processing provided;
  - about 23 percent of the technical training opportunities in fishing offered (which does not include our own small boat fisheries program); and
  - about 19 percent of clerical training opportunities offered.

Many of the CDQ Program recognized successes are in fact YDFDA successes, even though we have received only 6.5 percent of the total pollock CDQ awarded through 1995.

- Our residents worked on fishing vessels owned by three companies, two of which are not affiliated with our CDQ harvesting partner.
- We reached or exceeded our employment goal with our CDQ harvesting partner, Golden Alaska, in each year. Our residents worked over 3,600 days for our partner.
- Residents' earnings from CDQ fishing with our harvesting partner through mid-1995 represent about 13 percent of private sector earnings in our communities.
- We own and operate a fleet of eight fishing vessels and lease one other which is used in our small boat fisheries program and our exploratory fishing initiative. Captains and crews from our communities are for the first time actively fishing in the crab, sablefish, halibut, and Pacific cod fisheries. Because of our boats, our residents are fishing our own halibut and sablefish ITQ, not leasing it to a third party.
- We provided a \$250,000 loan to the Yukon Delta Fish Marketing Cooperative, Inc. in Emmonak to match a Federal grant to renovate our existing salmon processing plant. Without our loan, they would not have been eligible for this \$680,000 investment in

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<sup>1</sup> The estimate of 9 percent of total training opportunities offered in 1993 and 1994 does not include our small boat fisheries program, which does not appear to have been included in the "State's" training category.

# Stages Of YDFDA CDP Activities and Accomplishments

YDFDA

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Summary

Initial CDQ Application	CDP Activities and Accomplishments		CDQ Application for 1994/1995	CDP Activities and Accomplishments	
	1992	1993		1994	1995
<ul style="list-style-type: none"> <li>• November 1992 application for allocation of pollock under 1992/93 CDQ Program</li> <li>• Awarded 5,073 MT of pollock</li> </ul>	<ul style="list-style-type: none"> <li>• Training offered in vessel operations and basic seafood processing</li> <li>• 31 individuals successfully complete training</li> <li>• 10 positions successfully completed with Golden Alaska</li> <li>• Five additional positions completed on vessels owned by other companies</li> </ul>	<ul style="list-style-type: none"> <li>• Training offered in vessel operations and longlining</li> <li>• YDFDA small boat training program begins</li> <li>• 50 individuals successfully complete training</li> <li>• 27 positions successfully completed with Golden Alaska</li> <li>• 9 additional positions completed at other companies</li> <li>• YDFDA buys two vessels and leases two others</li> <li>• Salmon permit buy-back program established; program expanded to include herring</li> <li>• Loan authorized to Yukon Delta Fish Marketing Co-op</li> </ul>	<ul style="list-style-type: none"> <li>• August 1993 application for allocation of pollock under 1994/95 CDQ Program</li> <li>• Awarded 7,102 MT of pollock</li> </ul>	<ul style="list-style-type: none"> <li>• Training offered in longlining and boat fabrication (welding)</li> <li>• YDFDA small boat program continues</li> <li>• 54 individuals successfully complete training</li> <li>• 20 positions successfully completed with Golden Alaska</li> <li>• 10 additional positions completed at other companies</li> <li>• YDFDA buys six additional boats and leases one other</li> <li>• Loan application for salmon and herring permits distributed</li> <li>• Two business plans for welding shops received</li> </ul>	<ul style="list-style-type: none"> <li>• Training offered in welding</li> <li>• YDFDA small boat fleet effectively fishing for crab, halibut, cod, and sablefish in the Bering Sea</li> <li>• 52 individuals estimated to successfully complete training</li> <li>• Eight positions successfully completed with Golden Alaska</li> <li>• Feasibility plan for welding shop completed</li> <li>• Six positions completed on vessels owned by other companies</li> </ul>

shoreside processing. Our investment resulted in a four-fold leveraging for non-State of Alaska funds provided to our community.

**Success in Providing Training.** CDQ-funded training is central to our CDP. Since 1992, we have offered three types of training at four training sites and with our own small boat fisheries program. The types of training offered have changed as our residents have gained additional knowledge and skills in CDQ enterprises. We started our CDP by sponsoring training in basic seafood processing and vessel operations. We then added training that focused on fish finding. Most recently we worked with the State to co-sponsor training in aluminum boat fabrication and welding. This program has been highly successful. In addition, we began our own small boat fisheries program in 1993, which continues today, and which provides on-vessel training in longlining and crab fishing. This training is a prerequisite to purchasing a small boat using our financing fund of small-scale owner-operated vessels. Some of our residents also held internship positions with Golden Alaska in Seattle.

We have exceeded our training goal, in terms of number of opportunities offered, since the CDQ program began. In 1993 and 1994 alone, we sponsored over 170 training opportunities, including training in our small boat fishing program. Through June 1995, over 150 individuals, representing about 16 percent of our working age residents, have participated in the nearly 300 YDFDA sponsored training opportunities.

Several of our residents are successfully working in jobs outside the villages as a result of YDFDA-provided training.

**Success in Placing YDFDA Residents in Golden Alaska Harvesting and Processing Operations.** Like our training accomplishments, we have met our commitments in placing our residents in Golden Alaska harvesting and processing operations. About 4 percent of our working age residents have worked for Golden Alaska. Their days worked total over 3,600. Their earnings through mid-1995 represent about 4 percent of the 1993 private sector earnings in the entire Wade Hampton Census Area and 13 percent of that found in our communities. (Our communities represent about 29 percent of the population in the Wade Hampton Census Area). Our residents have not only participated in the CDQ fisheries but have participated in the Canadian and U.S. whiting season. As noted under training, some of our residents have held internship positions at the Golden Alaska business offices.

In addition to work on Golden Alaska's vessels, 43 residents worked for two other fishing companies -- Deep Sea Fisheries and American Seafoods. These results will show up in other CDQ applications as their accomplishments. However, YDFDA recruited some of these individuals, provided them with training, and when necessary subsidized their transportation. Unlike in some CDQ communities which have not been willing to take CDQ-related processing jobs, we have a waiting list of trained and qualified applicants waiting to get onto boats.

**Successes of Our Eastern Bering Sea Exploratory Fishing Research Initiative.** We use our fleet of eight owned and one leased fishing vessels in our small boat fisheries training and to fish for cod, halibut, king and blue crab, and sablefish. With these vessels, we have participated in non-salmon commercial fishing in our area. This has enabled us to enter alternate fisheries in our region. Our fishing and training efforts have resulted in the

identification of commercially viable crab and halibut fisheries off Northwestern Alaska, which are now being fished by other non-YDFDA communities.

**Progress in Establishing a Salmon Permit Buy-Back Program.** The YDFDA Board of Directors came to agreement on the permit eligibility requirements and the financing guidelines for this program. These requirements cover the types of permits eligible, qualifications of the applicant including credit and work history, and financing arrangements. A formal application process was established and loan applications have been distributed.

**Progress in Establishing a Fund for the Financing of Small-Scale Community-Based Longline Vessels.** We purchased our first two community-owned vessels, the 47 foot F/V *Blue Dolphin* and 53 foot F/V *Nakat* in late 1992 and early 1993, respectively. In 1994 and 1995, we added seven 32-foot fishing vessels to our fleet: *Yukon Chinook*; *Arctic Chinook*; *Sea Nat*; *Grace C*; *Yukon Mist*; *Li'l River Hawk*; and *Red Fox*. These vessels are used in our longlining and crab training program and our exploratory fishing activities. Between 30 and 50 of our residents have been trained in longline fishing annually since 1993 using our vessels. This training is a prerequisite to purchasing a vessel under this initiative. No vessels have been turned over to other owners, however.

**Success in Development of Shoreside Processing Operations.** Through the joint efforts of the Tribal Council, the Yukon Delta Fish Marketing Cooperative, Inc., and YDFDA, local capabilities to process groundfish and value-added salmon are being developed. There are two parts to the development of our local processing capabilities. The first relates to the construction of a processing facility by the Tribal Council. The second is expansion and renovation of the processing barge owned by the Cooperative. Together, there will be a \$1.48 million investment in local processing facilities. This investment will be made possible by a \$250,000 loan we made to the Cooperative. We stress that it is a loan, not a grant, thus protecting our equity.

**Progress in Development of Small Business Fisheries Infrastructure.** We received and reviewed two business plans for welding shops submitted by two of our residents who had received YDFDA-sponsored welding training. A YDFDA-funded feasibility study for welding shops and boat building business indicated that there is adequate work for one small shop. We are working to establish this shop. Training has been completed in welding and small boat building and there are adequately trained residents available to fill these positions.

## **K. ORGANIZATION OF YDFDA APPLICATION**

This document, with its accompanying appendices, is designed to be fully responsive to the State and Federal CDQ regulations. To facilitate the State's review, this submittal has been organized around the specific requirements outlined in the State and Federal CDQ regulations and contains all of the materials necessary to establish our eligibility, evaluate our accomplishments to date, and merits of our plans. Our document is organized as follows:

- **Section 1.0 (Yukon Delta Fisheries Development Association Community Development Plan, 1996-1998)** contains all of the information requested by the State on how we plan to develop a sustainable fisheries economy in our communities. These materials provide a description of the YDFDA goals and the development initiatives we propose to undertake.

- Section 2.0 (**Business Information for the YDFDA**) provides the requested financial information. This information describes how we arrived at our budgets for each fisheries initiative and demonstrates that the requested resources are adequate to fully execute our CDP.
- Section 3.0 (**YDFDA Management Plan and Qualifications**) addresses administrative, managerial, and financial controls. This administrative, management, and financial structure has been evaluated by an independent management and financial audit.
- Section 4.0 (**State of Alaska Requirements**) provides the additional information requested by the State in order to evaluate the merit of our application within the context of long-term fisheries conservation. This section includes information on bycatch, discards, and utilization and plans to improve these measures over time.

Several appendices are also described in the text and are provided as attachments to this submittal. These appendices include:

- Appendix A (**Eligibility Statement of the Yukon Delta Fisheries Development Association**) is an updated copy of our documentation which established our eligibility to the program.
- Appendix B (**Statements of Support from Applicant Communities**) provides copies of recent resolutions of support from our communities as required to establish eligibility to the CDQ program.
- Appendix C (**Situation in YDFDA Communities and Necessity for a CDQ Allocation**) responds to the State's intentions to provide allocations based, in part, on community and population need.
- Appendix D (**Independent Auditors Report on YDFDA's Operations**) provides copies of the findings of our independent 1994 year-end audit and first two quarterly 1995 audits. These audits reviewed our operations and accomplishments as well as financial reporting. Copies of these audits are already on file with the State and are being provided at this time to simplify the evaluation of our application.
- Appendix E (**Community Development Fishing Quota Agreement**) documents our business relationship between YDFDA and our contractor, Golden Alaska, including the fees we will receive from our allocation.
- Appendix F (**Sample Community Involvement Newsletter -- Community Development Fishing Quota Agreement**) provides an example of the lengths we have gone to keep our communities involved in our program and assure that all households have an equal opportunity to participate.
- Appendix G (**YDFDA Articles of Incorporation**) documents the organization of our Association.
- Appendix H (**YDFDA Bylaws**) documents the rules under which we operate our organization.

**COMMUNITY  
DEVELOPMENT PLAN  
APPLICATION  
BOOKLET**



**Prepared by  
State of Alaska**



**June 1995**

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

*Division of Community and Rural Development*

July 5, 1995

P.O. Box 112100  
Juneau, Alaska, 99811-2100  
Fax: (907) 465-3212

JTPA 465-4890  
STEP 465-4893  
Head Start 465-4860  
Block Grants 465-5541  
RDA 465-5539

Dear Interested Party:

The State of Alaska is pleased to announce an open application period for the Community Development Quota (CDQ) program for pollock for 1996, 1997, and 1998. Specific allocations of Bering Sea pollock will become available for harvest by qualified applicants representing eligible communities.

Federal regulations governing this program are found at 50 C.F.R. 675. As these regulations detail specific responsibilities to the state, regulations implementing our role are also necessary. State regulations are to be found at 6 AAC 93. Applications must meet the requirements and provide the information specified in state and federal regulations. Applicants are advised to review the state and federal regulations in their entirety.

Applications may request quota allocations for the calendar years 1996, 1997, and 1998 at this time. The application period opens July 6, 1995, and closes August 10, 1995. Applications must be received in this office no later than August 10, 1995, 4:30 pm.

Please prepare ten copies on three hole punched paper. Applications should include the information required in federal regulations 60 C.F.R. 675.27. In addition, each CDP should include an executive summary providing a brief but accurate summary of all items contained in the complete CDP.

The public hearing on the applications received will be held September 14, 1995, from 9:00 am till 12 noon, in Anchorage at the LIO office, 716 W. 4th Avenue. Teleconference sites can be requested by calling this office prior to September 12, 1995. Executive summaries for all applicants will be available for review during the public hearing.

Application packets are available by contacting the address listed below:

**Department of Community & Regional Affairs  
Division of Community & Rural Development  
P.O. Box 112100  
Juneau, AK 99811-2100  
Attn: Melanie Moats, CDQ Technician  
(907)465-5534 (phone) (907)465-2948 (fax)**

**Applications for pollock must be stand alone documents; this means that if an applicant had a previously existing approved CDP for pollock, their application must be entirely separate and complete as a stand alone document. Identical information must be included again. CDQ applicants must meet all state and federal requirements for qualification (50 CFR Part 675.27.d(6)) and provide requisite supporting resolutions and materials within the application. Appropriate supporting documents from each community must also be included in the application. (Reference federal regulations 50 CFR Part 675.27(d)(5)(iii).)**

**Please be advised, quota allocations may reflect decreases from requested amounts. Applicants should be prepared to adapt their CDP to reflect these changes. Once the Governor has made his recommended allocations for 1996-1998, CDP applicants will need to revise their applications to match the recommended allocation amounts. All aspects of the CDP, especially budgets, will need to be reviewed by the applicant and possibly modified to reflect the actual allocation. The purpose of the revisions is to update the application to become the actual Community Development Plan, which will be working document for the next three years. Careful scrutiny by the applicant at this time may result in fewer CDP amendments in the future.**

**Under the CDQ program, each successful applicant is responsible to manage its annual allocation of pollock. Your CDP should clearly describe how the management organization will monitor and report CDQ fishing activities to maintain compliance with federal fishing and reporting requirements.**

**CDQ applicants can harvest their allowable quota directly, through joint venture or leased operations, or by allowing local fishermen direct access to the quota. If harvest rights are leased, the CDP should include proof of contract arrangements. In addition, contract language should contain wording that the CDQ allocation to the applicant is not permanent and could be subject to change. All contracts entered into prior to CDP approval by the Secretary of Commerce should include a provision stating that the available quota is "...pending approval by the Secretary."**

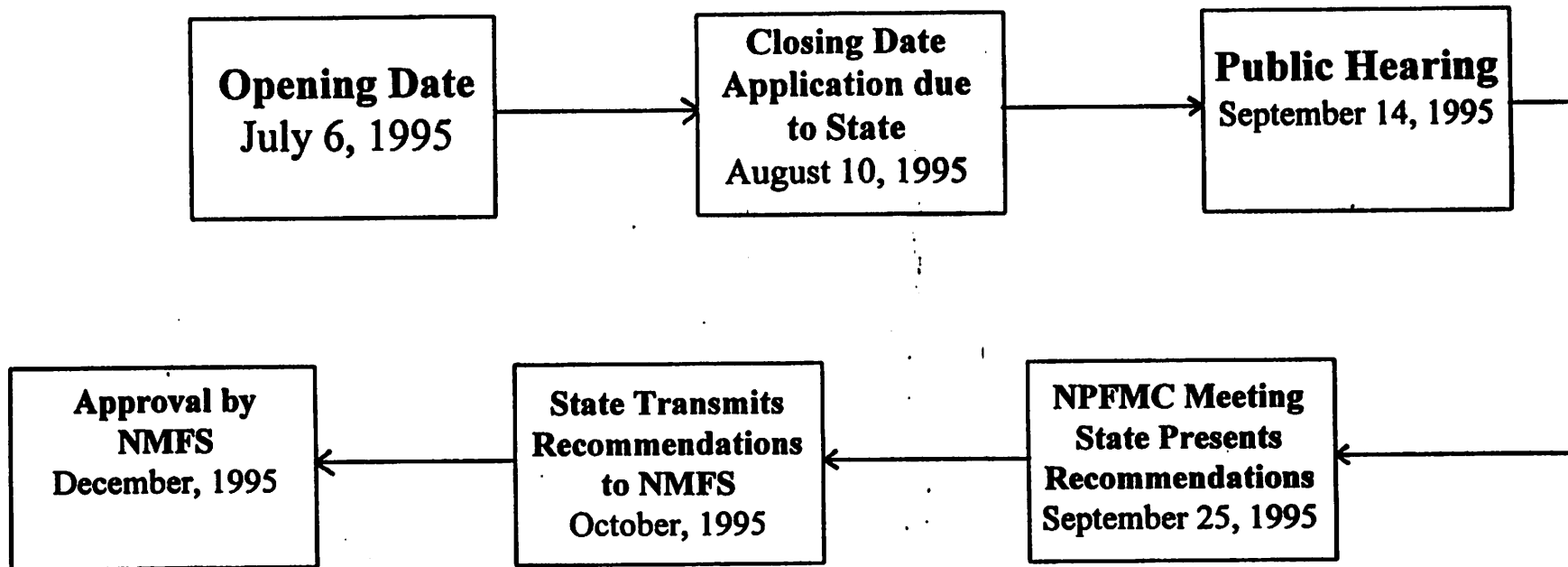
**If there are any questions, please feel free to contact Julie Anderson (465-5536) or John McNair (465-6122). Thank you.**



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# Pollock CDQ Timeline for Applications Public Hearing and Review/Approval



# Introduction

Community Development Plan applications for pollock Community Development Quotas (CDQs) based on 7.5 percent of the biologically harvestable Bering Sea resource are submitted to the Governor of Alaska. The Governor, the Commissioners of the departments of Community and Regional Affairs, Commerce and Economic Development and Fish and Game and their staff, evaluates the applications and makes recommendation on the size of the quota to be awarded. Evaluation criteria is available in the federal regulation 50 CFR Part 675. The recommendations are reviewed by the North Pacific Fishery Management Council (NPFMC) and are submitted for final approval to the National Marine Fisheries Service.

Communities that are eligible to receive quotas must be located on or within 50 miles of the Bering Sea coast from the Bering Strait to the westernmost part of the Aleutian Islands, or located on islands within the Bering Sea. The communities must meet the definition of Native village under the Alaska Native Land Claims Settlement Act. A list of eligible communities is listed in the federal regulations, 50 CFR Part 675 located at the back of this handbook.

Applications for a maximum 33 percent of the available CDQ pollock may be submitted by local fishing organizations or a local economic development organization incorporated for the purpose of designing or implementing a Community Development Plan, from eligible communities or groups of communities

Applications must address the level of local employment that will be generated, the vocational and educational programs that will be created, and the schedule for moving from reliance on CDQs to self-sufficiency. Applications must also include detailed information on the management of the quota, and how they intend to use the revenues generated by their allocation. This includes detailed business plans of proposed ventures, contract information as well as a budget outlining proposed projects and anticipated expenditures for both the three year allocation period as well as an annual budget for 1996. These budgets are required to be updated annually.

Because the total amount of CDQ pollock is limited, applications are evaluated in competition with each other on the basis of goals and objectives, previous ability to manage a Community Development Plan, realistic measurable milestones for determining progress, methods for developing a self-sustaining local fisheries economy, level of local employment, capital or equity generated for local fisheries investment and profit-sharing arrangements.

Upon receipt of the CDP application, the state will review the CDP for completeness, recommend allocation amounts and forward it to the Department of Commerce, National Marine Fisheries Service, with a recommendation of approval.

And finally, *ten (10)* copies of the CDPs should be submitted to the State of Alaska (with a petition of confidentiality if necessary) through the Department of Community and Regional Affairs. Each of these copies should be three-hole punched and ready to put in 3 ring binders immediately upon receipt.

It is important to keep in mind the fact that often, CDQ organizations will collectively request a greater amount of quota than what is available. Should a CDQ groups get less quota than requested, the Community Development Plan application will need to be revised to reflect the amount of quota awarded. This final document will be the Community Development Plan which they and the appropriate agencies will refer to during the three year period.

# CDP Pollock Application Outline

## Executive Summary

- A. Name of applicant
- B. Communities represented within the application
- C. Description of the management organization
- D. Goals, objectives and milestones of the CDP
- E. Amount of quota requested in percentages
- F. Description of CDP projects
- G. Description of harvesting partner
- H. Description of management strategy to prevent overages
- I. Description of local participation

Please format your executive summary as outlined above. Although we request that these summaries be brief, it is important that they be accurate. It is the intention of the State of Alaska to release the executive summary for public review; as such, you should not include information of a confidential nature in the executive summary.

## Federal Requirements

### Community Development Information

- A. Goals, objectives and milestones of CDP
- B. Allocation of CDQ requested
- C. Length of time CDP and allocation will be necessary to achieve goals and objectives
  1. Project schedule
  2. Measurable milestones to determine progress
- D. CDP employment information
  1. Number of individuals to be employed
    - a. Direct (CDQ group or partner)
    - b. Indirect
  2. Nature of work provided
  3. Number of employee-hours anticipated per year
  4. Availability of labor from communities
- E. Description of vocational and educational training programs that would be generated
- F. Description of:
  1. Existing fishery-related infrastructure
  2. How CDP would use or enhance existing
    - a. Harvesting capabilities
    - b. Processing capabilities
    - c. Support facilities
    - d. Human resources

- G. How would the CDP generate new capital or equity for fishing or processing operations
- H. Plan and schedule for transition from CDQ to self-sufficiency in fisheries
- I. Description of short and long term benefits to applicant

Information which should be included can be found in federal regulation 676.27 (b)(1). Please reference the regulations for a complete listing of the information required.

## **Business Information**

- A. Description of:
  - 1. Intended method of harvesting CDQ
  - 2. Types of products to be produced
  - 3. Amounts to be harvested
  - 4. When, where, and how harvesting is to be conducted
  - 5. Pollock management and reporting plan
- B. Description of:
  - 1. Target market for sale of products
  - 2. Competition existing or known to be developing in that market
- C. Description of business relationships between all business partners or with other business interests including:
  - 1. Arrangements for management
  - 2. Audit control
  - 3. Plan to prevent quota overages
- D. Description of profit sharing arrangements
- E. Description of all funding and financing plans
- F. Description of joint venture arrangements, loans or other partnership arrangements including the distribution of proceeds among parties
- G. Budget for implementing the CDP - include a 3-year budget as well as an annual budget for 1996
- H. List of all capital equipment
- I. Financial Pro Formas
  - 1. Cash flow, balance sheet, income statement
  - 2. Break even, where appropriate
  - 3. Proven business experience

Information included under this chapter can be found in federal regulation 675.27 (b)(2).

## **Statement of Managing Organization's Qualifications**

- A. Information
  - 1. Management structure
  - 2. Key personnel - resume and references
- B. Description of organization
  - 1. How qualified to manage a CDQ allocation
  - 2. How qualified to prevent quota overages

3. **Qualifications**

- a. Documentation of support from each community
- b. Documentation of legal relationship between CDP applicant and managing organization
- c. Clearly describe responsibilities
- d. Contract or other legally binding agreement
- e. Demonstration of necessary management expertise
- f. Demonstration of necessary technical expertise
- g. Proven business experience
  - 1. Balance sheet
  - 2. Income statement
  - 3. Profit/loss
  - 4. Return on investments on all businesses

**State of Alaska Requirements**

- 1. Past bycatch and discard data
- 2. Plan to reduce bycatch and discards
- 3. Past and proposed utilization data, products, and yield
- 4. Past and proposed inshore and offshore deliveries
- 5. Cooperative efforts with other CDQ groups
- 6. Efforts taken to include residents from other regions in program
- 7. History of CDQ fishery violations
- 8. Clear summary of Contractual Agreements (Royalty Agreements)

Information included under this chapter can be found in federal regulation 675.27 (b)(3).

**Statement of Applicant's Qualification**

A. Board of Directors

Listed below is the suggested format for Board of Director's eligibility information.

Board Member's Name	Village	Address	Commercial or Subsistence Fisherman	Letter of Support Attached

Information included under this chapter can be found in state regulations under 6 AAC 93 and federal regulation 50 C.F.R. 675.27 (d) and 675.27(5)(D).

## **Statement of Community Eligibility**

Information included under this chapter can be found in federal regulation 675.27 (d)(2)(i).

## **Statement of Support from Each Community**

Information included under this chapter can be found in federal regulation 675.27 (d)(5)(iii).

## **Exhibits**

## **Index**

## **Confidential Items**

All Confidential items should be identified and placed as an appendix at the end of the CDP. Each page of Confidential material should be stamped with a red CONFIDENTIAL stamp and should be accompanied by a petition.

# CDP Checklist

Please complete and include this checklist which identifies the location of items in the CDP.

CDQ Criteria	Page #
<b>I. Community Development Information</b>	
A. Goals and objectives of the CDP	
B. Allocation of CDQ halibut requested	
C. Length of time CDP and allocation will be necessary to achieve goals and objects	
1. Project schedule	
2. Measurable milestones to determine progress	
D. For CDP	
1. Number of individuals to be employed	
2. Nature of work provided	
3. Number of employee-hours anticipated per year	
E. Description of vocational and educational training programs that would be generated	
F. Description of	
1. Existing fishery-related infrastructure	
2. How CDP would use or enhance existing	
a. Harvesting capabilities	
b. Processing capabilities	
c. Support facilities	
d. Human resources	
G. How CDP would generate new capital or equity for fishing or processing operations	
H. Plan and schedule for transition from CDQ to self-sufficiency in fisheries	
I. Description of short- and long-term benefits to applicant	
<b>II. Business Information</b>	
A. Description of	
1. Intended method of harvesting CDQ	
2. Types of products to be produced	
3. Amounts to be harvested	
4. When, where, and how harvesting is to be conducted	
5. Names and permit numbers of vessels that will harvest CDQ halibut	
6. Management and reporting plan to NMFS	



<b>B. Description of:</b>	
1. Target market for sale of products	
2. Competition existing or known to be developing in that market	
<b>C. Description of business relationships between all business partners or with other business interests, including:</b>	
1. Arrangements for management	
2. Audit control	
3. Plan to prevent quota overages	
<b>D. Description of profit sharing arrangements</b>	
<b>E. Description of all funding and financing plans</b>	
<b>F. Description of joint venture arrangements, loans or other partnership arrangements including the distribution of proceeds among parties</b>	
<b>G. Budget for implementing the CDP</b>	
<b>H. List of all capital equipment</b>	
<b>I. Analyses</b>	
1. Cash flow	
2. Break-even	
3. Proven business experience	
<b>III. Managing Organization's Qualifications</b>	
<b>A. Information</b>	
1. Management structure	
2. Key personnel - resumes and references	
<b>B. Description of organization</b>	
1. How qualified to manage a CDQ allocation	
2. How qualified to prevent quota overages	
3. Qualification includes	
a. Documentation of support from each community	
b. Documentation of legal relationship between CDP applicant and managing organization	
c. Clearly describes responsibilities and obligations	
d. Contract or other legally binding agreements	
e. Demonstration of necessary management expertise	
f. Demonstration of necessary technical expertise	
g. Proven business experience	
(1) Balance sheet	
(2) Income statement	
(3) Profit/loss	
(4) Return on investments on all business	

<b>IV. Statement of qualification</b>	
<b>V. Statement that each community is eligible</b>	
<b>VI. Statement of support from each community</b>	
<b>VII. List of Board of Directors, fishing status, and residency</b>	
<b>VIII. State Requirements</b>	
<b>A. Past bycatch and discard data</b>	
<b>B. Past and future utilization data, products, and yield</b>	
<b>C. Inshore and offshore deliveries for both past and future estimations</b>	
<b>D. Cooperative efforts with other CDQ groups</b>	
<b>E. Efforts taken to include residents from other regions in the program</b>	
<b>F. History of fishery violations</b>	
<b>G. Clear summary of contractual agreements (royalty agreements)</b>	
<b>H. Confidential petition and stamped confidential pages</b>	

## Confidentiality

**It is the responsibility of each CDQ group to ensure a petition of confidentiality is included with any CDP or amendment which contains confidential information, as required by 6 AAC 93.070 (see state regulations at the end of this booklet). Each time an item is sent to the state for consideration, the document should be reviewed for confidentiality status. Failure to comply with the requirements of this section could potentially result in the documents being considered as public documents and made available to the public upon request.**

**In addition, each page containing confidential information should be stamped or noted as confidential in the upper right hand corner where it will be evident. Any confidential documents which do not have a petition attached, or any documents which have not been stamped or noted as confidential, and any copies which are stamped as confidential but has a stamp which is not legible on the final Xeroxed copies will be distributed to any agency or individuals who request it. It is the responsibility of each CDQ group to ensure these requirements for maintaining confidential information are met.**

# Sample Confidentiality Petition

April 24, 1995

Ms. Julie Anderson  
CDQ Manager  
Department of Community & Regional Affairs  
Division of Community & Rural Development  
P.O. Box 112100  
Juneau, AK 99811-2100

RE: Confidentiality Petition

Dear Ms. Anderson:

The (CDQ Group) requests application of confidentiality provisions of 6 AAC 93.070 to certain documents, specifically the items marked confidential in its (name and date of document; i.e., the 1994 Fourth Quarter Report dated February 6, 1995). The items listed below should be determined confidential and withheld from public access and each page has been marked confidential:

Section VI. Confidential Issues  
Pages \_\_\_\_\_ of (Group) (First) quarterly report

## Justification

There is good cause pursuant to 6 AAC 93.070 for finding these records confidential for the following reason:

(Include Justification)

For this reason, (CDQ Group) respectfully requests the specified documents be kept confidential. Thank you for your consideration.

Sincerely,

(Name)  
Executive Director

# STATE OF ALASKA

## DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 112100  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700  
FAX: (907) 465-2948

333 W. 4TH AVENUE, SUITE 220  
ANCHORAGE, ALASKA 99501-2341  
PHONE: (907) 269-4500  
FAX: (907) 269-4520

September 25, 1995

Mr. Richard Lauber, Chairman  
North Pacific Fishery Management Council  
P.O. Box 103136  
Anchorage, Alaska 99510

Dear Mr. Lauber:

I am pleased to present a petition from the Aleutian Pribilof Island Community Development Association and the community of Akutan for Akutan to be included as an eligible community in the Community Development Quota Program (CDQ).

Akutan was originally excluded from the CDQ program based on the existing groundfish processing plant located near the village. Upon reviewing the information provided in the petition, pursuant to 50 CFR 657.27 (d.2), the State finds that Akutan meets all four eligibility criteria necessary for a CDQ community:

1. Akutan is within 50 miles of the Bering Sea;
2. Akutan has been certified by the Secretary of the Interior to be a native village pursuant to ANCSA;
3. Akutan residents conduct more than one-half of their current commercial and subsistence fishing effort in the waters of the Bering Sea and Aleutian Islands management area; and,
4. Akutan does not have previously developed harvesting or processing capability sufficient to support substantial groundfish fisheries participation in the BSAI. The large groundfish plant adjacent to Akutan is not considered to be a part of the community and rarely, if ever, do local residents work in the plant.

The attached petition provides justification for Akutan's participation in the CDQ program. Akutan is lacking in basic infrastructure developments such as a runway, harbor, or support facilities. Like most CDQ communities, the skiff fishermen must launch their small fishing vessels from the beach. Without

Richard Lauber, Chairman

Page Two

September 25, 1995


adequate dock or harbor facilities, Akutan cannot use the larger vessels which may enable them to participate in the fishery. Due to the small size and few number of vessels, the amount of groundfish caught by Akutan fishermen is not enough for the large plant to economically process the locally caught fish. The CDQ program will provide options currently not available to the Akutan people to develop "substantial groundfish fisheries participation."

The CDQ group, Aleutian Pribilof Islands Development Association (APICDA) has petitioned the State and the Secretary of Commerce several times to include Akutan as a CDQ community. The member villages are supportive of the inclusion of Akutan within the CDQ program. With a fixed pollock allocation, this inclusion may actually dilute some benefits to other member villages. These Aleutian communities accept this and believe Akutan's membership in APICDA will benefit the entire region.

Due to these considerations, the State of Alaska recommends the Council approve Akutan as an eligible community. Akutan will then share in the benefits which the CDQ program has provided to the residents of western Alaska: jobs, training and investment opportunities.

We look forward to working with the Council and the National Marine Fisheries Service to improve economic development opportunities for the residents of Akutan through the CDQ program.

Sincerely,



Mike Irwin  
Commissioner

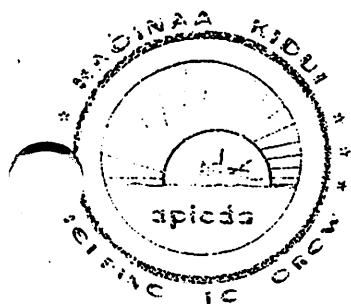
Enclosures (as noted)

cc: Commissioner Frank Rue, DF&G  
Commissioner Willie Hensley, DOC

# Aleutian Pribilof Island Community Development Association

Gilda Shellikoff, Chair • Laurence Lestenkof, Vice Chair • Justine Gundersen, Sec-Treas

234 Gold St. • Juneau, Alaska 99801 • (907) 586-3107 • (907) 586-1001



September 6, 1995

The Honorable Michael Irwin, Commissioner  
Alaska Department of Community & Regional Affairs  
P.O. Box 112100  
Juneau, Alaska 99811-2100

Re: Akutan CDQ Program Participation

RECEIVED

SEP 07 1995

COMMISSIONER'S OFFICE  
COMMUNITY & REGIONAL AFFAIRS

Dear Commissioner Irwin:

The community of Akutan successfully petitioned the North Pacific Fishery Management Council (NPFMC) at its June, 1995 meeting in Unalaska, to consider adoption of a regulatory amendment to designate Akutan as an eligible Community Development Quota (CDQ) community.

On behalf of the community of Akutan, the Aleutian Pribilof Island Community Development Association (APICDA) respectfully requests that the State of Alaska re-consider its former opinion, and recommend that Akutan be designated as an eligible community in the CDQ Program. Additionally, we request that the state advocate for Akutan's inclusion in the CDQ program before the NPFMC at its September 27, 1995 meeting.

APICDA submits the enclosed justification document as the sponsor of Akutan's request. The enclosure summarizes previously submitted information, and provides additional rationale to support this action.

Sincerely,

  
Gilda Shellikoff

Enclosure

cc. The Honorable Tony Knowles, Governor  
The Honorable Lyman Hoffman, Alaska State Senate  
The Honorable Carl Moses, Alaska State House  
The Honorable William L. Hensley, Commissioner, DCED  
The Honorable Frank Rue, Commissioner, ADF&G  
The Honorable Joe Bereskin, Mayor, City of Akutan  
Mr. Jacob Stepetin, President, Akutan Traditional Council  
The Honorable Dick Jacobsen, Mayor, Aleutians East Borough

# JUSTIFICATION FOR AKUTAN'S PARTICIPATION IN THE COMMUNITY DEVELOPMENT QUOTA PROGRAM

The community of Akutan and the Aleutian Pribilof Island Community Development Association (APICDA) have been working together since 1992 to achieve Akutan's inclusion in the Community Development Quota (CDQ) Program as an eligible community. The North Pacific Fishery Management Council (NPFMC) agreed, at its June 1995 meeting in Unalaska, to consider adoption of a regulatory amendment that would designate Akutan as an eligible community. This document presents relevant background information, additional factual material pertinent to Akutan's case, and a discussion of the reasons to support this action.

## CDQ Program Background

The CDQ program was initiated in 1992 for a four-year period to involve western Alaska residents more fully in the economic opportunities related to the multi-million dollar Bering Sea groundfish industry. Eligible western Alaskan communities have since been able to participate as partners with established commercial fishery entities for the purpose of deriving direct economic benefits from this valuable resource located in nearby waters. Direct benefits to date include employment on commercial fishing vessels and in seafood processing plants, and direct ownership and/or operation of commercial fishing vessels and seafood processing plants. Indirect benefits have accrued through various training and education programs, as well as employment in seafood related sectors of the economy.

The Council originally established the following four qualifying criteria.

- (1) Communities must be located on or within 50 miles of the Bering Sea coast from the Bering Strait to the westernmost of the Aleutian Islands, or located on islands within the Bering Sea.
- (2) These communities must also meet the definition of Native villages under the Alaska Native Claims Settlement Act.
- (3) Community residents must conduct more than one-half of their current commercial and subsistence effort in the waters of the Bering Sea and Aleutian Islands (BSAI) management area.
- (4) The final criteria states *"that the community must not have previously developed harvesting or processing capability sufficient to support substantial groundfish fisheries participation in the BSAI, except if the community can show that benefits from an approved CDP would be the only way to realize a return from previous investments."*

Akutan clearly meets the first three criteria fully. On the sole basis on the fourth criteria,



Akutan was denied program eligibility. This decision is described in the federal rulemaking of November 23, 1992, promulgated by the National Marine Fisheries Service of the U.S. Department of Commerce. The location in Akutan of a large seafood processing plant engaged in groundfish processing was the stated basis for the decision to exclude the community.

### Akutan Information

Akutan is among the oldest continuously settled villages in the Aleutians, yet it remains one of the least developed in terms of commercial fishing opportunities. Groundfish fishing and processing began in the early 1980's with the establishment of the Trident Seafoods owned and operated processing plant, located adjacent to, but distinctly separate from, the village of Akutan.

The village of Akutan has a "local" full-time population of about 90 to 100 people. The working age population is approximately 50 people. Almost all of the residents are Aleut. Although the 1990 federal census listed 589 residents, approximately 85% of these individuals were non-resident employees of the Trident Seafoods plant.

In recent years, the average per capita income of residents has ranged between \$8,000 to \$10,000. These figures are consistent with most of the CDQ eligible communities, and are more severe than several of these communities. This is well below the poverty level developed by the State of Alaska. The unemployment rate has held fairly steady at 30% for some time.

With the exception of Trident Seafoods, employment opportunities in Akutan are very limited. The city government and the local village corporation are the main employers, providing jobs in administration, municipal services, and through a few small business outlets. Employment at the Trident plant is generally undesirable to local residents, and efforts to integrate local residents into the Trident workforce have failed. This is due to a combination of factors, including wage rates, hours of employment, cultural considerations, and the predominant desire of local residents to fish for a living.

In 1992, approximately 22 Akutan residents were licensed commercial fishermen and/or crew. Of these, ten owned fishing vessels - all of which were simple open skiffs with an average length of 16 feet. These figures are lower today. In addition, residents are pursuing fewer fisheries now than in past years.

There is no boat harbor or airport at Akutan. Local fishermen must land their skiffs on the rocky beach. The lack of a boat harbor makes it impractical for local fishermen to acquire larger vessels since there are no protected moorage facilities available. Without larger vessels, local residents are limited to smaller boats, which greatly impacts their ability to derive a living from the fishery resources in the Akutan area.

### Justification For CDO Program Inclusion

As stated above, there are four criteria a community must meet to become an eligible CDQ community. Of the four, three are fact based (must meet geographic, Native designation, and fishing history criteria). There is no dispute that Akutan meets these three criteria. It is the fourth criteria that has caused a problem in the past. This criteria is subjective.

In the 1992 rulemaking, the U.S. Secretary of Commerce stated that "*Akutan has been excluded because it has a large groundfish processing plant.*" This comment ties directly to the fourth qualifying criteria "*that the community must not have previously developed harvesting or processing capability sufficient to support substantial groundfish fisheries participation in the BSAI.*" The community of Akutan and APICDA believe that this finding was made without a clear understanding of the relationship between the village and the *nearby* plant.

The fourth criteria focuses upon the participation of the "community" in the groundfish industry. We submit that the village of Akutan is a "community" which is distinctly separate and distinctly different from the Trident Seafoods plant. There is little interaction between the village and the plant except for business related functions, such as planning and zoning. While the Trident operation does generate tax revenue for the village, there is very limited contact between local residents and plant personnel. This is purposeful, and reflects the tacit understanding between the village and Trident that interactions are to be minimized. In this manner, the village has been able to maintain its separate and distinct identity. The village of Akutan is not Trident Seafoods, nor is Trident Seafoods the village of Akutan.

There is no dispute that local Akutan residents lack the "harvesting capability" to "support substantial groundfish fisheries participation in the BSAI." The local fleet consists of skiffs. Without larger vessels, local residents cannot participate in the groundfish fisheries. As stated above, the lack of a small boat harbor inhibits the ability of local residents to acquire larger vessels. Additionally, the lack of a market for their skiff harvests impedes their ability to amass sufficient funds to buy larger vessels.

The Trident Seafoods plant was built to support the large capacity, heavy industrialized vessels of the Bering Sea and Gulf of Alaska. Due to economies of scale, the plant is normally unable to accept deliveries from the village's small skiff fleet. The small volumes generated by the skiff fleet clog the offloading system when the plant is operational, and do not economically justify starting up a processing line when large volumes of product are not available. As a result, there effectively is no current market for the skiff fleet's production. Without a market, there is not the "*processing capability sufficient to support substantial groundfish fisheries participation in the BSAI*" by local residents.

Akutan's local fishermen are effectively foreclosed from entering the fishery because there are no buyers for the small volume generated by their skiffs, and there is no boat harbor or funding mechanism for one so they can upgrade to larger vessels. Without larger boats, they cannot enter the Bering Sea groundfish fisheries in a meaningful or substantial manner. Until the

village is able to make the capital investment in a boat harbor which would, in turn, allow investment in more suitable vessels, the plant near town is irrelevant to the development of a local economy based upon the nearby Bering Sea groundfish fishery.

The employment opportunities at the plant helped argue for Akutan's original exclusion from the CDQ program. As a general rule, however, Native Alaskans have not been successfully assimilated into a processing plant's workforce. Akutan is no different. Few local residents have consistently sought and maintained employment at Trident's plant. This is due to a combination of factors, including wage rates, hours of employment, cultural considerations, and the predominant desire of local residents to be more personally involved in "fishing" for a living. The lack of local participation in the plant is very similar to other western Alaskan coastal communities where large processing plants are located nearby.

When the CDQ program was initially adopted, members of the North Pacific Fishery Management Council discussed the criteria that would define eligible communities. At that time, the program consisted of a single species — pollock. The NPFMC has since extended the program to include all species in the Bering Sea/Aleutian Islands, including crab.

During the original discussion over criteria, NPFMC members expressed their desire to limit eligibility in the program to those "communities" that have not had the ability to successfully participate in the groundfish fisheries of the Bering Sea/Aleutian Islands. In this manner, the residents of those communities could become participants in the groundfish fisheries and contribute to the development of a stable, local economy that otherwise would be unavailable.

This criteria is appropriate, but it is also subjective and depends upon one's definition of "participation." To "participate" in an activity, an entity or an individual must be engaged in that activity. There is no resident of Akutan who engages in the harvesting or processing of groundfish to any meaningful degree. The local fleet consists of skiffs. There is almost no local groundfish employment. Clearly, the community of Akutan does not "participate" in these fisheries.

There is no dispute that the Trident plant represents substantial groundfish harvesting and processing. But the Trident plant is distinctly separate from the community, and its proximity has not made it possible for local residents to substantially participate in the harvesting or processing sectors of groundfish fisheries in the Bering Sea or Aleutian Islands.

In all respects save one, the village of Akutan and its residents are in the same economic condition as the other CDQ eligible communities. They suffer from high unemployment and poverty, and they do not participate in the harvesting or processing of groundfish. Their lack of participation, past and present, is proof that the community should be defined as eligible. The only difference between Akutan and the other eligible communities is that Trident Seafoods has a groundfish plant nearby.

### Summary

Akutan's inclusion into the CDQ program would provide the capital it needs to finance larger vessels and to develop the infrastructure it needs to build a stable local economy. For example, the village of Akutan has been working in conjunction with the Aleutians East Borough to develop a viable small boat harbor project for some time, but has been unable to identify adequate funding for the project. With the partnership and seed money from APICDA, other funds can be leveraged from the public and private sectors (including local and borough funds). The success of APICDA in Atka and St. George attest to this approach.

Without Akutan's inclusion in the CDQ program, the opportunity for local residents to derive a meaningful benefit from the fishery resources adjacent to their community simply will not exist.

The state and the NPFMC should take the following points into account:

- (1) The village of Akutan is proximate to the Bering Sea, located in the eastern part of the Aleutian Islands.
- (2) Akutan is a Native village, as defined by the Alaska Native Claims Settlement Act.
- (3) Akutan is clearly a disadvantaged community, with high unemployment and the lack of a boat harbor or airstrip.
- (4) Almost all fisheries-related economic development in the Akutan area has benefited fishermen and processing companies based outside Akutan, rather than the residents of Akutan.
- (5) There is a distinct lack of local involvement in fisheries-related economic development, especially business operations and ownership.
- (6) The Trident plant does not provide meaningful opportunity for local residents to process or harvest groundfish because of the plant's economies of scale and the skiff boat size of the local fleet.
- (7) There is a lack of alternative (non-seafood) economic opportunities in Akutan.

August 10, 1995

The Honorable Michael Irwin  
Commissioner  
Dept. of Community & Regional Affairs  
P.O. Box 112100  
Juneau, AK 99811-2100

and

The Honorable William Hensley  
Commissioner  
Dept. of Commerce & Economic Development  
P.O. Box 110800  
Juneau, AK 99811-0800

Dear Commissioners Irwin and Hensley:

As you may know, the community of Akutan was successful in having the North Pacific Fishery Management Council review its decision regarding Akutan's exclusion from the Bering Sea/Aleutian Islands Community Development Quota Program. We are unsure of just how the process will work, and request your assistance in defining our role.

This morning we learned that we may be required to meet today's deadline for submitting a Community Development Plan to the Alaska Department of Commerce and Economic Development. If that is so, please consider this letter an appropriate submission under your deadline. We are quite willing to provide any additional information that may be required, but we need some clarification of our role and the State of Alaska's expectations. For now, we are providing the following summary.

Akutan's Status Under the Council's Criteria

Akutan clearly met three of the Council's original four qualifying criteria:

1. Akutan is within 50 miles of the Bering Sea,
2. Akutan has been certified by the Secretary of the Interior pursuant to the Alaska Native Claims Settlement Act, and

3. Residents of Akutan conduct more than one-half of their current commercial and subsistence fishing effort in the waters of the Bering Sea and Aleutian Islands management area.

It was the fourth criteria (*The community must not have previously developed harvesting or processing capability sufficient to support substantial groundfish fisheries participation in the BSAI, except if the community can show that benefits from an approved CDP would be the only way to realize a return from previous investments. The communities of Unalaska and Akutan are excluded under this provision.*) that placed Akutan in its current position.

We now have an opportunity to rectify that problem. Akutan is among the oldest continuously settled villages in the Aleutians, yet it remains one of the least developed in terms of commercial fishing opportunities. The average income for the community is well below the poverty level developed for the State of Alaska.

In response to the Secretary of Commerce's comments, "Akutan has been excluded because it has a large groundfish processing plant," (Federal Register, Vol. 57, No. 226), we believe this finding was made without a clear understanding of the relationship between the village and the plant located nearby. While the Trident operation does generate tax revenue, the villagers and the plant have very limited contact.

The plant was constructed to provide processing primarily for vessels over 125 feet. The village lacks a boat harbor, therefore all of the vessels owned by local villagers are skiffs which are small enough to be hauled out of the water. The plant cannot provide markets for the small volume landings these vessels are able to make. The skiffs would need access to higher value species in order to make ends meet, and again the plant simply cannot plan its operation around the small and sporadic landings the village could provide. Until the village is able to make the capital investment in a boat harbor which would allow investment in more suitable vessels, the plant near town is irrelevant to the development of a groundfish fishery for local residents.

Only one person from the village works at the plant. There are long-standing social and economic reasons for this. Our residents need and desire the ability to develop direct participation in the bountiful commercial fishing opportunities in the waters surrounding our village.

As you can see from our previous submissions (letter to Commissioner Irwin dated April 18, 1995, and our 1992 "Request of Community Development Quotas of Halibut, Sablefish and Groundfish"), our needs are similar to the needs of many communities already included in the program.

It is our intent to become a full member of the Aleutian Pribilof Islands Community Development Association. This is acceptable to APICDA, and they have made reference to our participation in their Community Development Plans.

Since 1992 we have worked with the State of Alaska, APICDA and the Aleutians East Borough to gain legitimate access to the CDQ Program which is providing so many

benefits to our neighbors in the Bering Sea. We hope these renewed efforts and the Council's reconsideration will finally make our full participation possible.

If you need other information or a formal application package, we would like to request an extension of today's deadline in order to provide you with all the required information. Although we are in the process of compiling such an application, we were not able to complete that package when we found out this morning about today's deadline. If you need to contact us, please call Erika Tritremmel at the City of Akutan office at (907) 698-2228. We thank you for your consideration of our request.

Sincerely,

Jacob Stepetin  
President

# AKUTAN TRADITIONAL COUNCIL

P.O. BOX 89  
AKUTAN, AK 99563-0089  
PH. 907-698-2300  
FAX 907-698-2301

April 18, 1995

The Honorable Michael Irwin  
Commissioner  
Dept. Community & Regional Affairs  
P.O. Box 112100  
Juneau, AK 99811-2100

Re: CDQ Program Participation

Dear Commissioner Irwin:

The purpose of this letter is to request the support of the Knowles Administration for the inclusion of the Native village of Akutan as an eligible community in the Community Development Quota (CDQ) Program. It is our understanding this program is likely to be re-authorized on a multi-year basis by the North Pacific Fishery Management Council at its June meeting.

## Background

This program was initiated in 1992 for a four-year period to involve western Alaska residents more fully in the economic opportunities related to the multimillion-dollar Bering Sea groundfish industry. Eligible Alaskan communities have been able to participate as partners with established commercial fishery entities for the purpose of deriving direct economic benefits from this valuable resource located in nearby waters. Available opportunities include working on factory trawlers and in related seafood production, and direct participation with locally owned and operated commercial fishing vessels.

Key eligibility criteria requires communities to be located on or within 50 miles of the Bering Sea Coast from the Bering Strait to the westernmost of the Aleutian Islands, or located on islands within the Bering Sea. These communities must also meet the definition of Native villages under the Alaska Native Claims Settlement Act. The Native village of Akutan qualifies fully under both criteria.

Unfortunately, Akutan was denied program eligibility in the federal rulemaking of November 23, 1992, promulgated by the National Marine Fisheries Service of the U.S. Department of Commerce. The location in Akutan of a large seafood processing plant engaged in groundfish processing was the stated basis for the decision to exclude our community. The rulemaking record also suggests that the limitation of the CDQ program to pollock was a related component of this decision.



### Eligibility & Need Issues

The Native village of Akutan objects to this determination and believes it deserves to participate in the program as a full partner. While it is the case that Akutan is the site of a large seafood processing plant, this is also the case with a number of eligible communities such as Dillingham, St. Paul and South Naknek.

Akutan has a "local" resident population of about 90 people. The working age population is approximately 50 people. Almost all of the residents are Aleut. In recent years, the average per capita income has been about \$10,000. These figures are consistent with most of the eligible communities, and are more severe than several of these communities..

Employment opportunity related to the existence of the plant has been part of the argument against Akutan's inclusion in the CDQ program. The reality of our situation is that few local residents have elected to work at the plant because of the conditions related to processing line jobs: very long hours at minimum wages. To the best of our knowledge, this is also true of almost every other eligible community with seafood processing. Nearly half of our working age population attempt to fish commercially for a living. The average size of these vessels is 16 feet, which greatly limits our economic opportunity and presents increased safety risks. IFQs have made it virtually impossible now to participate in the halibut fishery. Akutan residents also do not own any of the lucrative salmon limited entry permits that are owned in many of the other CDQ villages.

Participation by local residents in the fisheries is curtailed, in part, by the lack of a boat harbor for a local fleet. This is a major factor in limiting local residents to the smaller boats that can be physically hauled to shore to avoid the weather. A boat harbor would provide needed protection for larger boats, thereby increasing the amount of local fishing involvement.

The City of Akutan has been working in conjunction with the Aleutians East Borough to develop a viable small boat harbor project. Total project costs are currently estimated at slightly more than \$6 million. A local match of \$1 million in bond funds has already been approved by the borough. The City and the Akutan Corporation are working together to contribute land and access to the construction site. The City and the Borough have also funded some preliminary engineering work.

### Conclusion

The residents of Akutan believe it is inconsistent and unfair to apply one standard to our community and another, more bending standard to the other communities in the Bering Sea/Aleutian Islands area. Most of the local residents of the eligible communities have similar income levels, fish in the same size vessels, have the same opportunity to work in the seafood processing industry.

The only difference between the local residents of Akutan and the local residents of the eligible communities is that groundfish is processed in Akutan and salmon or crab is processed elsewhere. We fail to understand why that justifies treating our community differently. It is worth mention that the proceeds from the CDQ program can be used

to engage in development projects for any fish species. We also understand it is likely this program will be expanded to additional species such as crab.

The availability of a program to help finance larger vessel purchases and to help with needed infrastructure development could greatly aid in the economic growth of our community. The Aleutian Pribilof Islands Community Development Association (APICDA), which is the CDQ group in our area, has consistently supported allowing Akutan to be an eligible community. This position has been included in both the 1992/93 and 1994/95 APICDA CDQ Community Development Plan.

We fail to see any downside to this request. The total amount of CDQ distributed to APICDA and the other applicants will neither increase nor decrease as a result of this step. Any proposals for capital investment in Akutan would be included in a future APICDA program proposal, and would be reviewed by the appropriate parties at that time. A major benefit of this action will be to give Akutan status as full voting member within APICDA.

Thank you for your consideration of our request. If you have any questions, or need additional information, please call me directly at 698-2300.

Sincerely,

Jacob Stepetin  
President

- cc: The Honorable Tony Knowles, Governor
- The Honorable Lyman Hoffman, Alaska State Senate
- The Honorable Carl Moses, Alaska State House
- The Honorable William Hensley, Commissioner  
Department of Commerce & Economic Development
- The Honorable Frank Rue, Commissioner  
Department of Fish & Game
- The Honorable Richard B. Lauber, Chairman  
North Pacific Fishery Management Council
- Ms. Gilda Shellikoff, APICDA Chairman
- The Honorable Joe Bereskin, Mayor  
City of Akutan

Tom CASEY  
C-1

Public Law 100-241  
100th Congress  
[H.R. 278]

## An Act

To amend the Alaska Native Claims Settlement Act to provide Alaska Natives with certain options for the continued ownership of lands and corporate shares received pursuant to the Act, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Alaska Native Claims Settlement Act Amendments of 1987".*

(b) Unless otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or subsection, the reference shall be considered to be made to a section or subsection of the Alaska Native Claims Settlement Act (43 U.S.C. 1601 and following).

### CONGRESSIONAL FINDINGS AND DECLARATION OF POLICY

SEC. 2. The Congress finds and declares that—

(1) the Alaska Native Claims Settlement Act was enacted in 1971 to achieve a fair and just settlement of all aboriginal land and hunting and fishing claims by Natives and Native groups of Alaska with maximum participation by Natives in decisions affecting their rights and property;

(2) the settlement enabled Natives to participate in the subsequent expansion of Alaska's economy, encouraged efforts to address serious health and welfare problems in Native villages, and sparked a resurgence of interest in the cultural heritage of the Native peoples of Alaska;

(3) despite these achievements and Congress's desire that the settlement be accomplished rapidly without litigation and in conformity with the real economic and social needs of Natives, the complexity of the land conveyance process and frequent and costly litigation have delayed implementation of the settlement and diminished its value;

(4) Natives have differing opinions as to whether the Native Corporation, as originally structured by the Alaska Native Claims Settlement Act, is well adapted to the reality of life in Native villages and to the continuation of traditional Native cultural values;

(5) to ensure the continued success of the settlement and to guarantee Natives continued participation in decisions affecting their rights and property, the Alaska Native Claims Settlement Act must be amended to enable the shareholders of each Native Corporation to structure the further implementation of the settlement in light of their particular circumstances and needs;

(6) among other things, the shareholders of each Native Corporation must be permitted to decide—

(A) when restrictions on alienation of stock issued as part of the settlement should be terminated, and

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} #

behalf of members of a Native group in accordance with the terms of this chapter;

(o) "Urban Corporation" means an Alaska Native Urban Corporation organized under the laws of the State of Alaska as a business for profit or nonprofit corporation to hold, invest, manage and/or distribute lands, property, funds, and other rights and assets for and on behalf of members of an urban community of Natives in accordance with the terms of this chapter;

(p) "Settlement Common Stock" means stock of a Native Corporation issued pursuant to section 1606(g)(1) of this title that carries with it the rights and restrictions listed in section 1606(h)(1) of this title;

(q) "Replacement Common Stock" means stock of a Native Corporation issued in exchange for Settlement Common Stock pursuant to section 1606(h)(3) of this title;

(r) "Descendant of a Native" means—

(1) a lineal descendant of a Native or of an individual who would have been a Native if such individual were alive on December 18, 1971, or

(2) an adoptee of a Native or of a descendant of a Native, whose adoption—

(A) occurred prior to his or her majority, and

(B) is recognized at law or in equity;

(s) "Alienability restrictions" means the restrictions imposed on Settlement Common Stock by section 1606(h)(1)(B) of this title;

(t) "Settlement Trust" means a trust—

(1) established and registered by a Native Corporation under the laws of the State of Alaska pursuant to a resolution of its shareholders, and

(2) operated for the sole benefit of the holders of the corporation's Settlement Common Stock in accordance with section 1629e of this title and the laws of the State of Alaska.

(Pub. L. 92-203, § 3, Dec. 18, 1971, 85 Stat. 689; Pub. L. 96-487, title XIV, § 1401(d), Dec. 2, 1980, 94 Stat. 2492; Pub. L. 100-241, § 3, Feb. 3, 1988, 101 Stat. 1789.)

REFERENCES IN TEXT

Section 6(g) of the Alaska Statehood Act, as amended, referred to in subsec. (e), is section 6(g) of Pub. L. 85-508, July 7, 1958, 72 Stat. 339, which is set out as a note preceding section 21 of Title 48, Territories and Insular Possessions.

AMENDMENTS

1988—Subsec. (h). Pub. L. 100-241, § 3(1), inserted "group," after "individual."

Subsec. (k). Pub. L. 100-241, § 3(2), struck out "and" at end.

Subsec. (l). Pub. L. 100-241, § 3(3), substituted semi-colon for period.

Subsec. (m). Pub. L. 100-241, § 3(4), substituted "Group Corporation;" for "Native Group."

Subsecs. (n) to (t). Pub. L. 100-241, § 3(5), added subsecs. (n) to (t).

1980—Subsec. (m). Pub. L. 96-487 added subsec. (m).

SECTIONS REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1615, 1626, 1641 of this title; title 16 section 3102; title 25 sections 472a, 1903, 2011; title 42 section 10101; title 48 section 1292.

§ 1663. Declaration of settlement

(a) Aboriginal title extinguishment through prior land and water area conveyances

All prior conveyances of public land and water areas in Alaska, or any interest therein, pursuant to Federal law, and all tentative approvals pursuant to section 6(g) of the Alaska Statehood Act, shall be regarded as an extinguishment of the aboriginal title thereto, if any.

(b) Aboriginal title and claim extinguishment where based on use and occupancy; submerged lands underneath inland and offshore water areas and hunting or fishing rights included

All aboriginal titles, if any, and claims of aboriginal title in Alaska based on use and occupancy, including submerged land underneath all water areas, both inland and offshore, and including any aboriginal hunting or fishing rights that may exist, are hereby extinguished.

(c) Aboriginal claim extinguishment where based on right, title, use, or occupancy of land or water areas; domestic statute or treaty relating to use and occupancy; or foreign laws; pending claims

All claims against the United States, the State, and all other persons that are based on claims of aboriginal right, title, use, or occupancy of land or water areas in Alaska, or that are based on any statute or treaty of the United States relating to Native use and occupancy, or that are based on the laws of any other nation, including any such claims that are pending before any Federal or state court or the Indian Claims Commission, are hereby extinguished.

(Pub. L. 92-203, § 4, Dec. 18, 1971, 85 Stat. 689.)

REFERENCES IN TEXT

Section 6(g) of the Alaska Statehood Act, referred to in subsec. (a), is section 6(g) of Pub. L. 85-508, July 7, 1958, 72 Stat. 339, which is set out as a note preceding section 21 of Title 48, Territories and Insular Possessions.

§ 1664. Enrollment

(a) Eligible Natives; finality of decision

The Secretary shall prepare within two years from December 18, 1971, a roll of all Natives who were born on or before, and who are living on, December 18, 1971. Any decision of the Secretary regarding eligibility for enrollment shall be final.

(b) Residence; order of priority in enrollment of Natives not permanent residents; regional family or hardship enrollment

The roll prepared by the Secretary shall show for each Native, among other things, the region and the village or other place in which he resided on the date of the 1970 census enumeration, and he shall be enrolled according to such residence. Except as provided in subsection (c) of this section, a Native eligible for enrollment who is not, when the roll is prepared, a permanent resident of one of the twelve regions established pursuant to section 1606(a) of this title shall be enrolled by the Secretary in one of the twelve regions, giving priority in the following order to—

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North Pacific Fishery Management Council  
Subject: Adding Akutan to the CDQ-Eligible Communities  
September 28, 1995

**Tape #18**

**State of Alaska Staff Report**

John McNair: Thank you, Mr. Chairman. My name is John McNair and I help administer the CDQ program. I placed a few copies of the pollock CDQ proposed rule on the back table. This proposed rule contains revisions to the current pollock CDQ regulations and I would like to repeat what Mr. Berg said yesterday, that the public comment period for the inshore and offshore and the extension of the pollock CDQ program is through November 2nd.

The State is submitting a package, just distributed, which is the petition from Commissioner Mike Erwin of DCRA for Akutan to be included as a community in the CDQ program. Akutan was originally excluded from the CDQ program based on the existing groundfish processing plant located near the village. The State agrees that Akutan meets the four eligibility criteria listed on the cover letter. The packet includes a report which provides rationale for the decision. Basically, the village of Akutan does not participate in the groundfish fishery like we assumed they did. The CDQ group APICDA actively supports the inclusion of Akutan. The State of Alaska recommends the Council approve Akutan as an eligible community. Dutch Harbor/Unalaska will continue to be excluded from the CDQ program since it is considered developed relative to the Bering Sea groundfish industry. There are significant differences between Akutan and Dutch Harbor, particularly relative to infrastructure. Jets fly regularly to Dutch Harbor while Akutan has infrequent float planes and no runway. Dutch Harbor just finished a multi-million dollar road paving project while Akutan has minimal roads. The many large processing plants in Dutch Harbor are an integral part of their community; Akutan does get the benefit of taxes from the plant, but the plant is not part of their community. Two-hundred foot trawlers are based out of Dutch Harbor while a local Akutan fleet is mainly skiffs. Akutan has about 90 full-time residents and Dutch Harbor, approximately 2,000. Besides the petitions in the packet I also reference the Resolution 96-10 from the Aleutians East Borough supporting the village of Akutan's[request]; this resolution is included in the halibut/sablefish IFQ packet, C-2. Thank you.

Chairman Rick Lauber: Does that conclude your presentation? [affirmative response]

Council Member Bob Mace: I'm interested in the Akutan proposal. What would be the time line if the Council would approve this, to get them on line? Obviously it wouldn't be possible in '96, but would '97 be potentially

...

McNair(?): Evidently it's a full FMP amendment, but it should be a very simple one so it should be able to go through pretty quickly.

Chairman Lauber: Any additional questions?

[no further questions regarding Akutan]

## Public Comment

### Tape # 18

Tom Casey: . . . I just wanted to read three sentences for you and ask if before December or the next meeting Lisa can tell us what they mean . . . [interrupted by Chairman to quiet the room] . . . I just wanted to read three sentences to you which we encountered about a month after you acted in Dutch Harbor and I wonder if, and I know we didn't, and we just wonder if you took them into account when we did license limitation. And, the first page is from the Alaska Native Claims Settlement Act. The first sentence is, "The Alaska Native Claims Settlement Act was enacted in 1971 to achieve a fair and just settlement of all aboriginal land and hunting and fishing," and you can see that we circled 'fishing,' 'cause that's where we make our money, "claims by natives and native groups of Alaska with maximum participation by natives in decisions affecting their rights and property." Sentence number two, because we think that you were doing section number two; you were honestly involved in trying to do something about number two, which it seems this 1971 law acted on first. "This settlement enables natives to participate in the subsequent expansion of Alaska's economy," which has been your goal, "encourage efforts to address serious health and welfare problems in native villages," which has definitely been your goal, "and spark a resurgence of interest in the cultural heritage of the native people of Alaska." And on the next page, the last sentence I want to read to you is, "All aboriginal titles, if any, and claims of aboriginal title in Alaska based on use and occupancy, including submerged land underneath all water areas, both inland and offshore," and we circled 'offshore,' because that's where the crab are, "and including any aboriginal hunting or fishing rights that may exist are hereby extinguished." And, I must admit to you that we didn't know about this when we were in Dutch Harbor and it was only when Judge Russell Holland decided a legal case for the State of Alaska that it came to our attention and we just wanted to ask if it has any merit in your mind, and if it does, could Lisa [Lindeman] tell you whether we're all wet. Thank you.

Chairman Lauber: Thank you. Any questions of Mr. Casey? O.K., thank you, Tom. The next, I just have a name, it says Dennis, I don't know whether that's a first name, a last name . . . O.K., the next name was Jacob Stepetin. Are you all coming up? Joe Kyle, too? O.K., good.

Joe Kyle: Yes, Mr. Chairman, if I may, for the record I'm Joe Kyle with APICDA. To my left is John Moller here with the Unalaska Fishermen's Association and, effective October 1st, will be moving to Juneau and serving as APICDA's executive director, and to my right is Jacob Stepetin with the Akutan Traditional Council. The reason we're up here all together is to speak in behalf of Akutan being declared an eligible community. APICDA petitioned the Council and provided a document for you working in consultation with Mark Hickey who is Akutan's consultant. What I'm briefly going to do for the record, I think John McNair put a lot of reasons on the record why we think Akutan should be included in the program. I'm just going to briefly go over the summary points that we have in this document.

The village of Akutan is proximate to the Bering Sea--and this of course applies to the criteria for being included and an eligible community--the village of Akutan is proximate to the Bering Sea, located in the eastern part of the Aleutian Islands. Akutan is a native village as defined by the Alaska Native Claims Settlement Act. Akutan is clearly a disadvantaged community with high unemployment and a lack of a boat harbor or air strip. Almost all fisheries-related economic development in the Akutan area has benefited fishermen and processing companies based outside Akutan, rather than the residents of Akutan. And I just wanted to dwell on this point for just a moment. The Trident Plant, as you all are very familiar, is a heavily industrialized, large, commercial facility that's built to capacity for factory trawlers, large catcher boats, huge delivery vessels that bring these industrial sized quantities of fish in. The Akutan villagers fish skiffs. There's really not a way for them to get into the queue, if you will, and deliver fish to Trident's plant in any economical way for Trident. Conversely, when the heavily industrialized fishery is taking place it's really not economically feasible for Trident to open up a processing line to take skiff deliveries. So, the Akutan fishermen sit there really without a market for fish that

they can catch. If they do catch fish they have to pull their boat up on the beach after they've . . . they don't have a boat harbor, and they don't have any way to acquire capital to get themselves into larger vessels that perhaps could bring some quantities of fish into the plant that the plant might be receptive to, and likewise, even if they could get the larger vessels, they don't have a place to moor them. So we think that they're clearly a disadvantaged community and the factor of that Trident plant being there, it's a separate facility altogether from the village and it does not serve to help the village develop its local economy, for good reasons on Trident's part, as well as the community of Akutan's part. I'm not trying to point a finger at Trident by any indication here, it's just that it's a different economic operation than what would be appropriate for a village of less than 100 people. There's also a distinct lack of local involvement in fisheries-related economic development, especially business operations and ownership. They're just not players in the industry right now and they probably can never become players in the industry without being able to benefit from APICDA. [tape changeover . . . lost some testimony]

#### **Tape #19**

. . . built the record with his comments with the State supporting Akutan becoming an eligible community. At this time I'd like John Moller to speak from Unalaska's perspective, and then lastly, Jacob.

John Moller: Mr. Chairman, members of the Council. Once again, as we stressed in June at the Council meeting in Dutch Harbor/Unalaska, the Unalaska Fishermen's Association is very much in favor of Akutan becoming a qualified CDQ community and I'd like to speak on behalf of the Fishermen's Association in Unalaska. We very strongly support Akutan being in the CDQ. Thanks.

Jacob Stepetin: Mr. Chairman, members of the Council. My name is Jacob Stepetin; I'm the President of the Traditional Council in Akutan. I know I didn't make it to the meeting in June in Dutch Harbor, I was busy on a boat, and I wrote a letter there to Mr. Lauber asking for support on Akutan becoming an eligible community and there was some reason there. We still are asking the Council for your support in moving us along as a eligible community for . . . Akutan as a eligible community for a CDQ group. It's important for us to be a full voting member in the APICDA group. Right now we just an unofficial and it would be very helpful for us for the economy of getting boat harbors and stuff that we need. Thank you.

Joe Kyle: Mr. Chairman, that concludes our remarks. I just want to take this moment while we're under the CDQ agenda item to advise the Council that APICDA is involved in the BRAC process, the Base Realignment and Closure as it pertains to Adak. We're attending the meetings chaired by Lamar Cotton from DCRA and we're very interested and we're working through that committee to look at being a possible claimant and user of Adak port facilities.

Council member Clem Tillion: Joe, APICDA is willing to accept Akutan into the fold knowing that this will have no impact on the allocations made under the State's proposals?

Kyle: Mr. Chairman, that's correct. We asked for a 22% allocation and as you heard earlier we were reduced from 18 to 16. Akutan has been functioning with APICDA as an ex-officio member since the program's inception. They've fully benefited from our training programs and job placement programs. What they have not benefited from is our infrastructure monies because they were in an ex-officio status. We've got to go back to the board and look at the implications of the 2% cut and see what projects we can do leaner and meaner and maybe ones we have to scrap, but certainly we think Akutan should be a part of our group. Our board is very committed to sharing whatever our pool of money is with Akutan.

Council member Wally Pereyra: Is Akutan certified under P.L. 92-203? Are they certified as a native community?

Kyle: Yes, Mr. Chairman. I think that . . . under the Native Settlement Claims Act? Yes, they are.

Pereyra: Secondly, how does Akutan differ from Unalaska? If in fact we include Akutan, shouldn't we also include Unalaska?

Kyle: Mr. Chairman. I'm familiar with both communities and I don't think that they're similar. The community in Unalaska has a great deal of onshore business opportunities to participate in, the usual consumer-oriented businesses are in Unalaska that supports a population of about 4,000 people. There's a great deal of ship chandlery, ship service business activity in Unalaska; there's a boat harbor. The local fishermen's association is able to go fishing; there's some small processing companies in Unalaska that they're able to sell their fish to. You have the Trident-type operations in Unalaska, but you also have much smaller processing companies over there so they can go catch fish and bring it to market. I don't think that I'm using the right word, but . . . similar. I think the situations are totally different between Unalaska and Akutan.

Chairman Lauber: Any other questions? Yes, Ms. Behnken.

Council member Linda Behnken: Yes, thank you, Mr. Chairman. I have a question for both representatives from the two towns. Do you expect that your fleets from Unalaska and Akutan in the future will be looking to buy into the IFQ programs and well as participate . . . well, you don't have the CDQ option, but is that something that your fleets are looking to do.

Moller: Linda, I think the fleet in Unalaska is already looking into it. The IFQ program for Unalaska, the amount of quota shares that the average person in Unalaska has is very small. So for the most part my fishermen are already looking into buying IFQs.

Behnken: Just to follow up on that. And, they're primarily skiff fishermen or slightly larger looking for sort of smallish amounts of shares to get started with?

Moller: I think that on the average you're looking at 20-foot boats, 20-foot skiffs, and there's a few 30- and 40 ft. boats up there.

Stepetin: Mr. Chairman. APICDA is already helping Akutan [couldn't understand] buying IFQs for some of our local fleet because we have very small IFQs because as you know, we are skiff fishermen, same as me. I've got three different quota shares that aren't even worth trying to fish and it's something that we'll be looking into.

Chairman Lauber: . . . O.K., thank you gentlemen. Joe Plesha.

Joe Plesha: Thank you, Mr. Chairman, members of the Council. My name is Joe Plesha and for the record I would just like to reiterate Trident's support for including Akutan as an eligible CDQ community. Everybody knows that Trident has a big processing plant that's in Akutan, but there's more to the CDQ program I think than just having a processing plant in the community. Obviously there's infrastructure projects that the city is very interested in and APICDA has been very active in other areas of their region and I think it's appropriate for Akutan to be part of that. They have a very efficient small boat fleet that could benefit by a harbor, for example. That would really help them become more active participants in the fisheries right outside their communities, so we'd just like to go on record and indicate that Trident does support Akutan becoming an eligible community.

Pereyra: Joe, doesn't Trident presently process some cod?

Plesha: Certainly.



Pereyra: Because I noticed in the proposal here to build a cod processing facility and I was wondering, aren't you going to be in competition then with the APICDA activities?

Plesha: My understanding is that the fishing association in Akutan wants to open up a relatively small headed and gutted operation in the village itself to service some of the local skiff fishermen. I don't know off the top of my head the volumes they're talking about but I assume they would be relatively small. We typically deal in considerably larger volumes of cod than that. That's my impression of how they want enter that fishery.

Chairman Lauber: Any other questions? Thank you, Joe. I still have this name "Dennis" here; anybody by the name of Dennis want to testify? . . . O.K., that concludes the public comment.

### **Council Discussion**

Chairman Lauber: Let's see, the action item is the Akutan eligibility and we have to approve . . . or . . .?

Executive Director Clarence Pautzke: We need to send our recommendation on the State's recommendations off to the Secretary of Commerce on the percentages for pollock CDQs.

Chairman Lauber: O.K., what's your pleasure? Which one do you want to go for? Mr. Mace, you had your hand up.

Mace: I wanted to ask Steve (Pennoyer) . . . I understand that it's a rather simple process to add Akutan; what's the timing involved in this? What has to be done?

Council member Steve Pennoyer: Jay (Ginter), why don't you go up to the microphone?

Jay Ginter (NMFS-Alaska Region): Mr. Chairman, we were just consulting with ourselves here over the break and it appears that the exclusion of Akutan is a function of the regulations. The inshore-offshore plan amendment has words to the effect of excluding communities that have a developed infrastructure for processing fish. Now, I'm not quite sure of the genesis of that particular phrase, but that is the phrase in the plan from which the regulations explicitly exclude Dutch Harbor and Akutan. I think what has to be done is that the Council would have to create a record of the rationale for including Akutan when there was a pre-existing rationale for excluding it and, notwithstanding the compelling arguments for including it, I think that there would have to be some kind of a fix to that record, or a change of it, I don't mean a fix, but a changing of it.

Pennoyer: But, the question also is how would that be done from a regulation standpoint and the timing involved?

Ginter: Well, I think it would be just a regulatory amendment, but I'm not quite sure what we do then with the plan language that explicitly excludes communities that have developed processing capacity. Then, we'd have a case of including Akutan, which has developed processing capacity unless we could justify that on the basis that the processing plant in Akutan is really not part of that particular community, it's separate from that community.

Chairman Lauber: Well, how about the comment I believe Mr. Kyle made regarding the . . . well, they have a plant and processing capacity, but the plant really isn't geared to take the type of fishing and the amount of effort and so forth that would be available to that plant? Obviously, wouldn't build a plant that size to take care of that Akutan fleet. That type of thing as justification would be one of the factors that could be considered?

Ginter: That sounds good to me, Mr. Chairman.

Tillion: I think that this is a value judgement and we have heard the fact that Dutch Harbor has adequate harbors for their small boat fleet to operate out of and adequate buyers to buy their product while Akutan does not; I think that should be all the justification necessary and therefore I think that we should just move that Akutan be added and whatever . . . once the Council has voted it, I think APICDA will start including them anyway and then as quick as you can do it would be appreciated, but to me it doesn't seem that difficult to show the difference. For any of you that haven't been to Akutan and Dutch, there's no comparison. One's a little village clung to the side of a hill with a few skiffs in front that's going to have a scratch fishery unless they can develop a harbor down towards the mouth of the bay, and I hope they can; and the other is a fully developed community of which there's no difficulty whatsoever selling product.

Council member David Benton: Mr. Chairman, I guess I'd go back to your question of which one of these do we want to take up first. We have the State recommendations . . .

Chairman Lauber: I was just going to take up whichever one you cared to move.

Benton: And, I would like to get to Mr. Mace's question which is, if I heard you right Jay, this is a regulatory amendment is what it would be if the change was made, correct?

Ginter: The specific words that exclude Akutan from the 55 or 56 communities that are included and make sure that Akutan and Dutch Harbor are not included in that group, those words are in the regulations, so to change those regulations would be a regulatory amendment. But there's plan amendment language which I think you know of, Dave, because I think you were perhaps here when the keel was laid on those, on that language, that . . . it's general language that says that communities that have a developed capacity to process fish are not included.

Benton: And then also in the regulations there's a table that has a list of communities, so the regulatory amendment would be changed . . . correct?

Ginter: That's right, the table and the words.

Benton: And if I remember the plan language, it also says that these are the criteria that would be looked at and then the regulations refine from that and interpret that.

Ginter: That's right, so the simple change of the regulations is very simple. The difficult part is to . . . it's not impossible . . . but the work involved would be to develop the rationale for making that change.

Tillion: I just wondered if you needed more back-up, because the thing is . . .

Benton: Well, let's make the motion first.

Chairman Lauber: O.K., let's get the motion so we know what we're speaking about.

Benton: Mr. Chairman, I would move that the Council adopt the recommendation put forward, or the proposal put forward by APICDA and recommended by the State to include Akutan into the list of eligible CDQ communities through regulatory amendment.

Behnken: Second.

Benton: Now, can I speak to this? I think that for Akutan this has sort of been a long and winding road and first I want to compliment them on their persistence and I also want to compliment APICDA on doing a very good job

of working with them over the course of several years to bring to the Council's attention on numerous occasions the discrepancies between Akutan and, for example, Dutch Harbor. I think that the documentation that's been provided to the Council clearly indicates that Akutan meets the first three criteria of the four criteria that are used to judge whether or not a community meets the eligibility requirements in the CDQ regulations and in the plan. The real issue is whether or not they have previously developed harvesting or processing capabilities sufficient to support substantial groundfish fisheries participation in the BSAI. That really is the heart of the matter here and this gets to what Jay was talking about earlier. And, Mr. Chairman, I think that when the Council originally adopted the plan and also adopted some . . . adopted criteria and guidelines for the kinds of communities that would be included in the regulations and subsequently, I believe, commented on the regulations that were developed by National Marine Fisheries Service that included the list of accepted communities, the information that was available to the Council at the time indicated that Akutan, because of the presence of the Trident plant, probably should not be included in the list of eligible communities. Since that time, over the course of several meetings and several years, Akutan and APICDA both have brought before the Council their belief and concern that the situation in Akutan is different than what the Council believed was true at the time that the plan was adopted, and I think that it's pretty well laid out in the document that APICDA and Akutan provided for us here. And in that document I would note that they talk about the average per capita income of the residents, which is roughly \$8,000 to \$10,000; they note that the presence of the Trident plant has not resulted in significant participation of the community in the fishery. The fishery that the community has is a very modest skiff fishery; it certainly would not be considered, I don't believe, significant participation in the groundfish fishery. Employment at the Trident plant is relatively low for a variety of reasons. I don't think that there's anybody at fault here, I just think that that is the way that it is. The community itself of Akutan is not really connected to the Trident plant; they do not have a harbor, they do not have sufficient infrastructure there to even go beyond a skiff fishery. They have to pull their skiffs up on the beach and there's no . . . as I said, no boat harbor and no airport. The documentation that we have here, I believe, presents to the Council a very good rationale for including Akutan into the APICDA program on an official basis. It does not result in any disruption to the program for either APICDA or the overall CDQ program, and I don't think that what we would be doing is going to be in violation of either the intent of the Council at the original time that the program was put together or subsequent interpretations of how this program should be implemented. I believe that the documentation that we do have here, and I don't want to go through and read every piece of it, provides a basis for including Akutan as an eligible community and I would urge that other Council members support that and that we forward it to the Secretary.

Chairman Lauber: Are there additional comments? Ready for the question? Is there any objection to the motion? Hearing none, it passes.

[end of this agenda topic]