

MEMORANDUM

TO: Council, SSC and AP Members  
FROM: Clarence G. Pautzke  
Executive Director  
DATE: June 17, 1993  
SUBJECT: Comprehensive Planning

ESTIMATED TIME

8.0 HOURS

**ACTION REQUIRED**

- (a) Receive progress report.
- (b) Review 'Elements and Options' draft discussion paper and take action as appropriate.
- (c) Review draft community profiles.

**BACKGROUND**

**(a) Progress Report**

Progress through April

In April the Council received a report from staff which detailed the analytical game plan for Comprehensive Planning. This included a description of the methods and models which will be employed to assess potential socio-economic impacts and net benefits of the proposed alternatives. The Council was also updated on the development of data bases for the analysis, a process which is still underway and will continue through the summer.

At the April meeting, the Committee/Council spent considerable time on the issue of which species would be included in a potential IFQ program. The major options outlined at that time included: (1) a target species only program, (2) a PSC species only program, and (3) a program which covers all species, including 'under-utilized' and PSC species. Though the Council did not dismiss the idea of a target species only or a PSC species only program, they did indicate a preference for a comprehensive program which includes all species. The indication of the Council was that the major staff resources should be devoted to a full analysis of the comprehensive IFQ program, with less analytical emphasis on the other options, including the license limitation option. A copy of the report from the April meeting is available as Item C-3 (a).

Activities since April

Data: An aggregated data set for groundfish was made available in February per industry and Council request. This contains historical fisheries landings data which enables the user to evaluate different IFQ allocation scenarios in terms of their effects on fisheries sectors, or individuals if the individual knows his/her landings history, for comparison. Council staff visited with several industry groups in the Seattle area in May and with a combined industry group in Kodiak, also in May. The purpose

of these meetings was to offer assistance to these groups as they began to evaluate the information in these data sets. Council staff presented a draft software package which enables the user to easily evaluate different allocation scenarios as to their effects on IFQ distributions (for inclusive scenarios only). This software package has now been updated based on input from these industry groups and is available for use at this meeting. The aggregated data for crab fisheries have just become available in time for this meeting.

The comprehensive database (CDB), based on individual catch records, is still being developed for use in the formal analyses. However, the CDB as originally envisioned will not be available for this analysis. NMFS was to build the CDB as part of their sablefish/halibut IFQ and Moratorium implementation database, but have decided to concentrate their available resources only on the IFQ/Moratorium database at this time. In lieu of the full-blown CDB, Council staff will be building a dataset which includes all catches by individuals but aggregated over the year for each species/area. We will be able to complete the analyses with this database, but will be limited in our ability to examine specific fishing patterns and in our ability to determine target fisheries on a trip basis from fish ticket records.

Vessel/processor profiles: As outlined in April, we will be needing information on the cost and operating characteristics of various vessel/processor categories for use in the formal net benefit assessment of the IFQ and license limitation alternatives. During our meetings with the industry groups in May, we presented some draft categories which will be used in the analysis. The goal was to groundtruth the various categories which we had set up and determine if they accurately captured the existing fishing industry. The second goal of this process was to initiate collection of this information through a cooperative agency/industry effort. Council and Center staff will be working with various representatives of the industry through the summer to collect this information. We have already established contact with several operators who have expressed a willingness to work with us on this part of the analysis.

Qualitative analysis of elements and options: Since April, staff has also developed a draft discussion paper entitled, "Potential Elements of IFQs or License Limitation Programs in North Pacific Groundfish and Crab Fisheries." This paper, mailed to you last week, is designed to help the Council and industry as they begin to sift through the range of possible specifics of these programs. As we have noted earlier, hanging the meat on the bones of the IFQ (or license limitation) programs is one of the most immediate and important tasks the Council faces in this process. Our meetings with the industry groups in May gave us some very useful insights as we were developing this discussion paper. We will come back to this paper in further staff presentations today. We have also included a spreadsheet which attempts to summarize all of the possible elements and options based on previous industry comments and Council discussions. This spreadsheet follows fairly closely the format of the discussion paper.

Economic analyses and modeling tools: With guidance from the SSC subgroup and Center economists, we have been further defining and developing the modeling tools to be used in the formal analyses.—This includes contract work to the University of Alaska Institute for Social and Economic Research (ISER) for development of a prototype linear programming model as well as prototype economic base models which we reported on in April. These will be discussed in some detail with the SSC during this meeting. Item C-3(b) is a summary of the prototype linear programming model which will be used in the cost/benefit analysis.

**Social Science Steering Group:** Per suggestions by the SSC and the Council, we have formed a steering group comprised of prominent fisheries sociologists/anthropologists to help advise on development of the social impact end of the analyses. The group includes:

Dr. Rachel Mason, Alaska Department of Fish and Game  
Dr. Carolyn Creed, University of New Orleans  
Dr. Peter Fricke, National Marine Fisheries Service  
Dr. Michael Orbach, Duke University  
Dr. Marc Miller, University of Washington

We held our first meeting on June 8 in Seattle and expect to meet again in July and possibly this fall. A report from that meeting will be available at meeting time. We will come back to this report and the issue of social impact analysis during the final part of our presentation.

Written comments received from industry since April are included as Item C-3(c).

#### Schedule through 1994

From now until the September meeting we will be continuing work on the comprehensive database, model development for the socio-economic end of the analysis, and collecting the vessel/processor operational profiles. We will also be completing the community profiles to be used as part of the overall analytical documentation. A schedule of timelines is included as Item C-3(d) which is also captured in graphic form. This has not changed since the April meeting so we are still on schedule for a June 1994 decision.

#### (b) **Elements and Options Discussion Paper**

The draft paper on potential elements and options discusses both IFQ options and license limitation, but concentrates on IFQs at this time. This paper is intended to help the Council as they flesh out the IFQ program for the formal, quantitative analyses to be conducted later this year and into 1994. This paper will be incorporated into the final analysis with an expanded discussion of the license limitation alternative. Again, we will come back to this paper shortly as we go through the potential elements and options for the program. As we go through these options, we will try to identify for the Council which items require resolution at this meeting, which items require resolution by the September meeting, and which items can wait until a final Council decision next year. We will also try to identify suboptions which require extensive, quantitative analysis versus those which simply represent permutations of 'data runs' or which can be handled in a primarily qualitative manner.

As noted in the paper, the more and the sooner the Council can identify the specifics of the program, the better job of analysis the staff will be able to conduct. This will also enable the industry and public to effectively comment on the program prior to a final Council decision.

#### (c) **Review Draft Community Profiles**

As we presented at the April meeting, part of the overall analyses for comprehensive planning will include community profiles for 127 coastal communities in Alaska and 8-10 Pacific Northwest communities. Draft profiles for five communities are provided in your notebook as Item C-3(e). Though not intended as the 'analysis' per se, these profiles are important as a reference document and as a baseline for the socio-economic studies. The economic base models for specific communities as well as representative community types will rely on information contained in these profiles. This

includes basic demographic information, descriptions of economic base activities, and, in particular, descriptions of fishing activities in each of these communities. The specific fisheries activities (such as number of permit holders, landings and value histories, and processing activity) are currently included only for 1991 and 1992. We have limited this information in these draft profiles due to the preponderance of confidential information in these records. As they are 'cleaned up' we can go back and include a wider range of years in the historical descriptions.

The Social Science Steering Group reviewed these draft profiles and felt that they formed a critical part of the overall analysis package. The discussions of these profiles centered on the types of information included and how they would be used in any formal analyses. We would like the Council to review these profiles and give us any guidance on additional information which might be useful as the Council moves toward a decision on comprehensive planning.

Finally, we would like to reiterate our earlier outline of the scope of the social impact assessment which we can accomplish with current staff, time, and budget restrictions. In addition to the profiles themselves, we will be making comparisons of the distribution of QS (or licenses) against the distribution of landings and processing in the historical or base case. This is much as we did for the sablefish and halibut IFQ analyses. These distributions of QS are then translated into landings or processing activities which feed the economic base models. The results are estimates of changes in employment and income at the community level. These are primarily economic impacts described at the community level. The Council and the industry need to determine if this type of information is sufficient for purposes of their decision process or whether additional questions need to be answered. This was one of the major areas of focus for our Steering Group's initial meeting on June 8. We will be meeting with that group again in July and will likely want to finalize our approach to this part of the analysis based on Council guidance and funding availability for any additional, outside studies.



**Summary of the  
Comprehensive Planning Committee Meeting  
April 19-20, 1993  
Anchorage, AK**

The Comprehensive Planning Committee for the North Pacific Fishery Management Council met on Monday and Tuesday, April 19-20, 1993 at the Hilton Hotel in downtown Anchorage. Members in attendance were:

Robert Alverson (Chair)  
Linda Behnken  
Oscar Dyson  
Robert Mace

Ronald Hegge  
Richard Lauber  
Al Millikan  
Henry Mitchell

Steve Pennoyer  
Wally Pereyra  
Clem Tillion  
Capt. Bill Anderson

The meeting was called to order by Chairman Bob Alverson, and an overview of the meeting agenda was presented by Clarence Pautzke. The Committee then received a staff report outlining the Comprehensive Planning process.

**Staff Report**

The Committee was presented with a report from staff which outlined the proposed methods and models for the comprehensive planning process. The comprehensive planning analysis was broken into four Cases: Case 1 is the historical fishery, Case 2 is the baseline fishery (this may be an abstract of the fishery and not what the fishery actually looked like in 1992), Case 3 is a snapshot of the fishery after implementation of the alternatives, and Case 4 is the downstream effects of the management alternatives after implementation.

A description of analytical approaches and methodologies was then presented to study each of the four cases. Development of a comprehensive data base and a representative fleet profile will provide a majority of the data to be used in the analysis. This data will feed into an assessment of the costs and benefits for each alternative. Costs and benefits were proposed to be studied under a scenario and a simulation/LP approach. Outputs from the cost/benefit analysis would be inputs to the community economic assessment models. The community impact models were proposed to be a fishery economic assessment model and economic base models. Income and employment information generated from the community economic impact models, along with secondary data from community profiles, would provide information for the social impact analysis. The possibility of conducting meetings with industry groups to gather and disseminate information was also discussed.

**Public Testimony**

The Committee then took public testimony, with the intent of receiving input on the major management alternatives and allocation scenarios. License-limitation and IFQs were the main management alternatives discussed, with much of the focus on specific issues within the major alternatives. Public testimony on allocation issues covered a broad range of subjects including who should be allowed to receive quota shares and what criteria should be used to determine the distribution of quota shares based on historical participation in the fishery.

**Committee Action**

The Committee then began discussions based on staff reports, public testimony, and a draft discussion

document to provide staff direction in developing a qualitative paper on comprehensive planning alternatives being considered by the Committee.

Under the various broad management headings the Committee provided the following direction:

1. **License Limitation** - The Committee thought that a compilation and summary of the work already done for license limitation would suffice for the June meeting. The depth of quantitative analysis of License Limitation options will be determined by the Committee (Council) later this summer.
2. **All Species (Target and PSC) IFQs** - An IFQ system with both target species and PSCs was discussed by the Committee, including the following specific issues:
  - Will all species under Council jurisdiction be included?
  - Should IFQs be allocated as targets with a suite of all needed by-catch species or on their own?
  - Should the sale of quota shares include a target species with all needed by-catch to prosecute that fishery?
  - How should PSC species be packaged with target species?
  - How should under-utilized species be allocated?
  - Should CDQs be included and if so what groups should be eligible and how much should they be allocated?
  - Will there be a use it or loose it clause attached to quota shares issued?
  - How should species complexes be allocated?
3. **Target IFQs, or PSC IFQs** - A target or PSC IFQ system alone would require a separate analysis from that from that for "All Species" because fishers would react differently under each of the IFQ systems. However, much of general discussion for "All Species" IFQs would apply to either target of PSC species only (i.e. the target species in a "All Species" IFQ system could be the same as those in a target species only IFQ system).

### **Recommendations**

The Committee stressed that if industry groups were consulted, regarding fleet profile information or how they might react if they were given various allocations, the Council should be provided both the initial staff estimates and the changes made by industry to allow comparisons.

Generally the Committee felt that:

1. Staff analytical resources should be focused primarily on the "All Species" alternative, with less quantitative analyses applied to the license limitation, PSC only IFQ, and target species only alternatives.
2. Staff should evaluate current CDQ fisheries for indications of changes in fishing operations, as well as implications of management, enforcement, and monitoring of programs of individual accountability.
3. Variables in the models which are "sensitive" should be identified.
4. All species under Council jurisdiction should be included in the IFQ program.
5. Species assemblages may be allocated based on an individual's historical catch of each

species within the assemblage or by allocating a fixed percentage of each species based on the fisher's historical landings of all species in the complex. This is designed to deal with species such as rockfish and flatfish for which the species assemblage groupings have changed over the period 1976-1992. For example, a person's total rockfish landings, for the qualifying period, would be summed and then divided by the rockfish quota share pool (i.e. 0.01 percent of all rockfish). That fisher would then receive 0.01 percent of all rockfish species and assemblages currently managed by the Council. This remains an option.

6. Target species could be allocated in a package that includes the by-catch species needed to prosecute the fishery. The allocation could be made using rates based on fleet averages or a person's historical catch. This remains an option.
7. PSC species could be allocated based on a two tier system. First, a percentage of the total PSC would be allocated to a group based on, for example, a three year average of their PSC usage (i.e. trawl, longline, pots, etc.). Secondly, that group's portion of the PSC total would then be divided among the members of that group. This remains an option.
8. The sale of a target species could also include the by-catch species needed to fish the target (i.e., packaged ITQs). This remains an option.
9. A pro-rated system should be used to allocate under-utilized species, such as arrowtooth and the "Other Species" group.
10. A license limitation program would have different licenses for groundfish, crab, and scallops. A crossover license, which could be used in more than one of the specific fisheries listed would also be included in the program.

## North Pacific Fisheries Optimization Model Model Documentation

DRAFT: June 16, 1993

### Introduction

The North Pacific Fisheries Optimization Model is a spreadsheet-based model that projects how the Alaska groundfish and crab fleets allocate their fishing effort in order to maximize profits over a season. Its projections are based on applications of linear programming techniques under alternative assumptions about how the fisheries are managed, as well as about fishing and harvesting costs. The model produces a simulation of costs and benefits to each component of the industry, as well as information about the marginal cost of fishing and the amount different types of vessels would be willing to pay for various types of individual fishing quotas.

The prototype model currently available defines seven processor types producing eight fishery products. Five classes of fishing vessels may harvest six fish species in five target fisheries in each of five regions. Two of the harvest vessel classes are catcher boats that may deliver to onshore processors in three different locations, as well as offshore to motherships. The remaining three classes of fishing vessels are catcher-processors.

The model is completely defined in a set of Lotus 1-2-3 spreadsheets, currently available in an MS-DOS operating environment. The model requires the professional version of What's Best! (Lindo Systems, Inc.) and a 386 or higher PC to run the linear programming routines. What's Best! is a spreadsheet add-in that also works with Microsoft Excel and Quattro Pro software, and is available for Macintosh operating systems. This makes the North Pacific Fisheries Optimization Model easy to use and readily transportable.

### Overview of the Model Structure

The North Pacific Fisheries Optimization Model contains three integrated components: (1) a set of spreadsheets containing all the relevant economic and management information, (2) a set of linear programming overlays, and (3) a set of macros to run the model. All the relevant material to run the model is contained in the spreadsheet files available with the model.

Each spreadsheet is conveniently organized into numbered pages corresponding to one (or occasionally two) screens of information. Each page is given a range name corresponding to the page number in order to facilitate moving around the spreadsheet.

The linear programming overlays are contained in a set of range names specified in the spreadsheet. All the information needed by What's Best! to run the linear programs to optimize the spreadsheet is stored in these range names. Unless the user is experienced with designing linear programming applications using What's

Best!, modifying these ranges should not be attempted.

The final component of the model is a set of macros that simulates the fishery. The instructions contained in these programs are displayed in cells to the right of page number one in the upper right-hand corner of the spreadsheet.

There are two versions of the model -- an open-access version and an individual fishing quota (IFQ) version -- each associated with its own spreadsheet file. The spreadsheets for the two versions are nearly identical, differing only in the number of periods considered at a time and the way they treat harvest constraints, contained in the last page. There are a number of differences between the open-access and IFQ versions in the named ranges and macros that run the models, however.

### Detailed Model Structure

The upper left-hand corner (page 1) of the spreadsheet contains a table of contents. One can skip to any page of the spreadsheet by pressing {f5} (in the Lotus 1-2-3 implementation) followed by the page number and {return}. One can then return to the contents page by pressing {home}.

Each spreadsheet contains information pertaining to one simulation period. In the open-access version, there is only one sheet, containing data for the current period. In the IFQ version, there is one sheet for each period of the year. The length of the period can be redefined by the user. However, the prototype model is set up to model 12 simulation periods (monthly data) for the open-access fishery, and four periods (quarterly data) for the ITQ model.

Each spreadsheet is divided into two sections. Pages 2 through 7 contain the assumptions and relationships defined for the processing sector. Pages 8 through 24 contain the assumptions and relationships for the harvesting sector. In the open-access version, page 25 contains a cumulative catch summary, showing total harvest and bycatch for the year. The corresponding page of the IFQ version shows instead the total harvest and bycatch quotas for each vessel class.

### Processor model

The processor section is a complete stand-alone model that projects the quantities of production of seafood products for the period that maximizes profits for each processor, given assumed quantities of raw fish available for processing. Activities are defined as tons per period of each product produced by each processor.

Page 2 contains assumptions about processing costs, product prices, recovery rates. Information contained in the cells can be numbers or formulas. Page 3 contains capacity constraints on each product line, plus total processor capacity limits on labor and freezing capacity. Formulas on these two pages should not refer to cells on other pages of the spreadsheet, however (otherwise, the programming model is

likely to be nonlinear). For example, in the prototype model, recovery rates for pollock products depend on the time of year.

Page four contains the processing activity levels for all primary products. Fish meal is not included because it is only modeled as an ancillary product. Pollock roe is potentially available as a primary product as well as an ancillary product. A roe-stripping constraint has been added that strictly limits the scale of this activity. What's Best! adjusts the cells on this page during its optimization routine. They show as unprotected cells (bold) on the screen.

Page 5 specifies all the constraints needed for the linear program for the processing sector. Constraints include limits on rates of production of each product and on total labor and freezing capacity. Since What's Best! assumes all cells in the spreadsheet are non-negative unless explicitly specified, constraints are easily entered as formulas that must evaluate to a non-negative number.

Processing sector results are displayed on pages 6 and 7. Page 6 shows product totals, including ancillary as well as primary products. Page 7 displays the derived demands for raw fish needed to produce the products shown on page 6, and shows the financial summary for the industry. When run as a separate linear program, the processor model maximizes the product revenue net of processing costs but exclusive of harvesting cost.

### Harvester model

The harvester section is a complete stand-alone model that projects the allocation of fishing effort among vessel classes, target fisheries, and areas. The linear programming model minimizes harvesting costs for each vessel, given that harvest quantities delivered to each processor defined in the processor model exceed a minimum level.

Pages 8 through 18 contain assumptions about fishing costs, and about directed and incidental catch rates per unit of effort (CPUE) for each target fishery and gear type. Page 8 contains distances between fishing areas and ports where processing plants are assumed to be located. Pages 9 through 16 contain CPUE and bycatch assumptions for each fishing area for each target fishery for trawl, longline, and pot gears. Midwater trawl and bottom trawl are included as separate target fisheries for the pollock trawl fleet.

Page 17 contains scale factors that adjust the target fishery CPUEs by gear type for various vessel classes. In the prototype model, there are only two classes of vessels of each gear type -- catcher vessels and catcher-processors -- and pot and longline catcher vessels are combined into one fixed-gear category. Page 18 contains marginal fishing cost assumptions for each vessel class. Costs can be input as numbers or as formulas, provided that the formulas do not refer to variables defined outside pages 8 to 18 of the spreadsheet.

Activities, shown again as unprotected (bold) cells, are contained in page 19. These are the cells that What's Best! adjusts in order to minimize total harvesting costs for each vessel class. Activities are defined as boats per period (boat-periods) for each vessel class participating in each target fishery in each area. (One boat-period could mean one boat for the entire period or two or more boats for a portion of the period.)

Page 20 shows total catch of each species, including incidental catch, from all target fisheries. Catch rates are derived from multiplying CPUE by species and area in each target fishery by the corresponding activity levels, and summing over target fisheries. Total variable costs for each vessel class in each target fishery and area are shown on page 21. Costs are derived simply from multiplying the activity levels by a constant marginal fishing cost for each vessel class.

Harvester model results are tabulated on pages 22 and 23. Page 22 shows total catch and bycatch quantities for the period, summarizing the information on page 20. Page 23 shows the total cost by vessel type, summarizing the information on page 21.

Harvest model constraints are shown on page 24. One of the constraints is that the combined harvest supplied by the harvesting sector to each processor must be at least as great as the raw fish inputs demanded by that processor. If the supply is greater than the demand, the model projects that the surplus will be discarded. What's Best!'s implied non-negativity constraints automatically prevent the model from trying to run negative fishing activity levels, catch, or costs.

Catch limit information is shown on page 25. Total catch and bycatch enter into model constraints in differing ways depending on the assumptions for the way the fisheries are managed. In the open-access version of the model, harvest activities for specific target fisheries are constrained to zero in the simulation for a period if cumulative catch limits have been reached or exceeded in a previous period. In the IFQ version, total harvest by species for each vessel class is constrained across the entire year. In the spreadsheet, this constraint appears as a formula for remaining uncaught quota running across multiple sheets (time periods). The non-negativity convention imposes this formula as a constraint during optimization.

### Running the Model

The North Pacific Fisheries Optimization Model simulates the fishery using a set of macros written on the top right-hand corner of the spreadsheet (immediately to the right of the Table of Contents). The What's Best! spreadsheet add-in looks for specific range names in order to define which spreadsheet cell to maximize or minimize, which constraints to ignore during optimization, etc. Consequently, the macros that run the model define named ranges for What's Best.

Model inputs are very similar for the IFQ and open-access versions. The procedures for simulating the model, however, differ substantially between the two

versions. IFQ and open-access simulations are described separately below.

### **Model Inputs**

User-defined inputs can be entered into the model in four places, defined in the ranges named "wbcalc1", "wbcalc2", "wbcalc3" and "wbcalc4". The name "wbcalc $n$ ", where  $n$  is a one- or two-digit number, indicates to What's Best! that the cells in a defined range are to be evaluated and then held constant during optimization.

The first range, "wbcalc1", contains all the cells on pages 2 and 3. All information about processing technology, costs, product recovery rates, product prices, and capacity limits are entered on these two pages of the spreadsheet. The second range, "wbcalc2", contains all the cells on pages 8 through 18. Spreadsheet cells in these pages contain all information about harvesting costs, catch and bycatch rates for different classes of vessels operating in different target fisheries in different areas.

The "wbcalc3" and "wbcalc4" ranges contain additional constraints for the harvesting sector. The total potential number of vessels (total vessel-periods) available in each vessel class is entered in range "wbcalc3" on page 24. Total catch constraints -- total allowable catch (TAC) and bycatch -- are entered in range "wbcalc4" on page 25.

### **IFQ simulation**

In the IFQ version of the model, there is one sheet for each model period. Many of the named ranges run vertically through the same page on each sheet. Processor and harvester price, productivity, and cost assumptions -- the ranges "wbcalc1" and "wbcalc2" -- need to be specified on each sheet. For example, one should enter assumptions corresponding to the first period on sheet "A", the second period on sheet "B", etc. The period number referenced by that sheet and the total number of periods modeled appears at the top of page 6 of every sheet.

Total fishing capacity and harvest limits (quotas) are specified only on page 24 and 25 of the first sheet (sheet "A"). These pages are blank in the spreadsheets for subsequent periods. The constraints in the ranges "wbcalc3" and "wbcalc4" apply to the entire year, not just the first simulation period.

Three executable macros run the IFQ model. The macro named {\r} runs the full model, combining the harvesting and processing sectors. This macro sets ranges and runs the linear program to maximize net profits for the industry as a whole. What's Best! maximizes the sum of discounted processing profits, net of harvesting costs over the entire year.

The macro named {\p} sets range names and runs a linear program that maximizes processing profits, given an assumed maximum set of raw fish supplies available to each processor. The macro named {\h} sets range names and runs a linear program that minimizes harvesting profits, given an assumed minimum



quantities of raw fish that must be delivered to each processor.

If simulating the harvester or processor models separately, one can use a previous solution of the full model to initialize the raw fish supply or demand constraints. Alternatively, one may enter the assumptions directly in the cells of the range named "rawsupply" (if running the processor model), or "rawdemand" (if running the harvester model). In this case, one should file the model with a different name in order not to delete permanently the formulas calculating derived demand and supply for the full model simulation.

An example of the use of the separate models would be to project the effects of establishing separate quotas for processors that are not fully and immediately transferable. The processor quotas would be entered in the "rawdemand" range if running the harvester model, or in the "rawsupply" range if running the processor model.

### Open-access simulation

The open-access version of the model contains only one sheet, but an expanded set of macros to simulate the model over a number of periods. One enters current assumptions about prices, productivity, and costs in the "wbcalc1" and "wbcalc2" ranges, and about vessel capacities "wbcalc3", as in the IFQ version. The range, "wbcalc4" on page 25 contains annual TAC and bycatch limits for inshore and offshore sectors.

The macros {\r}, {\p}, and {\h} also are found in the open-access version. In this version, these macros simulate the entire fishery, or just the processing or harvesting sectors, respectively, for one period instead of over the entire year. The open-access version implements linear programs that maximize profits or minimize costs for the single period assuming that no TAC or bycatch constraints apply to individual vessels or processors.

In addition to the macros simulating the fishery over one period, the macros {\i} and {\c} simulate the open-access fishery over multiple periods. The former macro, {\i}, begins with period one, optimizing the fishery period by period until the period reaches the value of the cell named "endperiod" -- at the top of page 6. During this simulation, total catch and bycatch are cumulated from previous periods, and the results from each period's optimization are filed in a spreadsheet named "OPENLp<sub>n</sub>", where "n" is the period number. Fishing activities are automatically constrained to zero in future periods as cumulative catch reaches or exceeds the specified TAC or bycatch limits.

When the endperiod is reached, the program stops, and the simulation results for the final period are displayed in the spreadsheet. At this point, one may change any set of assumptions in the "wbcalc1" through "wbcalc4" ranges. For example, if quarterly TAC limits are specified, the TAC for the second quarter can be added to the initial amount input on page 25.

The macro {c} then resumes simulation without resetting the period to one or initializing the cumulative catch results to zero. To run this macro, one should input a value for "endperiod" that is at least one greater than the last simulated period. The macro resumes simulation exactly as before, but includes the revised assumptions in model calculations.

### Interpreting model results

In addition to computing the configuration of harvest and processing effort each period that maximizes profits for the industry, the North Pacific Fisheries Optimization Model calculates a set of shadow prices, derived from the dual of the linear program, to help one interpret the results. What's Best! can be asked to calculate shadow prices for every model constraint -- that is, every cell that evaluates to a non-negative number and might be constrained during optimization from falling below zero. The model is designed to calculate a number of important shadow prices automatically, however.

On page 23, the table labeled "marginal cost" is derived from the dual of the constraint that requires the supply of raw fish to be at least as large as demand. This constraint is actually shown as "market discard" -- the excess of supply over demand -- on page 22. The economic interpretation of these shadow prices depends on how the model is optimized. When the harvester model is optimized separately, the shadow prices indicate the marginal cost of harvesting a particular species and delivering it to a particular processor. When the processor model is run separately, on the other hand, the shadow prices indicate the processors' demand price for raw fish -- the marginal potential profit -- at the constrained optimum. If one were to run the processor model under the assumption that very large supplies of fish would be available in each period -- basically, without a raw fish supply constraint -- the shadow prices on page 23 would estimate the highest amount processors would ever pay for raw fish. When the two sectors are optimized simultaneously, the shadow prices represent whichever is lower, the marginal harvesting cost, or the marginal processing profit.

Additional shadow prices are shown on page 24. The shadow prices for area closures -- the CVOA exclusion in the prototype model -- represent the amount of profit -- both harvesting and processing if both models are simultaneously optimized -- foregone per period per boat. Shadow prices for vessel capacity represent the profit per period that the industry would earn if one more boat of that class were available. When the harvester model is optimized separately, the shadow prices indicate the amount that the additional boat would earn exclusive of processing profits.

In the open-access version, the shadow prices for TAC and bycatch closures are also shown on page 24. These numbers represent the amount that the industry could earn in a period if one boat could continue fishing in the closed fishery. These shadow prices do not appear in the IFQ model, due to the different way in which

catch constraints affect the fishery. Instead, shadow prices are shown for the catch and bycatch quotas entered on page 25. (Page 25 only appears on sheet "A".) Shadow prices for catch quotas estimate the profit that sector of the industry could earn if one additional ton of quota were available. That is, they estimate the demand for quota from various sectors of the industry.

The quota constraints in the IFQ model are designed to show the initial situation after allocation of quota but before transfers take place. To model the long-term equilibrium of the industry after quota transfers have occurred, one needs to modify the constraints on page 25 of the spreadsheet to reduce the number of constraints. Instead of requiring that the catch not exceed the quota allocated to each vessel and processor class, the formula should be modified so that the *sum of catches* not exceed the *sum of quota* for vessel and processor classes that are permitted to trade.

### Technical information

The prototype IFQ version of the North Pacific Fisheries Optimization Model requires Lotus 1-2-3 release 3.0 or higher, and What's Best! Professional installed on a 386 PC with a math coprocessor and at least one Megabyte of free memory. If installed on a Macintosh operating system, the model requires system 7 and 2 Mb of available memory. The open-access version can be run on Lotus 1-2-3 release 2.01 or higher, and requires about 600 Kb of free memory for the PC.

Since the What's Best! spreadsheet add-in works with Microsoft Excel, Lotus Symphony, and Quattro Pro, the model can in principal be installed on this software instead of Lotus 1-2-3. In practice, however, the IFQ version of the model uses named ranges that run vertically through a number of linked spreadsheets. Users should make certain their version of spreadsheet software supports three-dimensional named ranges and can import such ranges from Lotus 1-2-3.

Both versions of the prototype model have been thoroughly tested, and no errors in execution are known at this time. The most likely source of errors users may encounter in running the model comes from accidental corruption of named ranges in the spreadsheets. Since What's Best! relies on specific named ranges to optimize the model, corruption of these ranges may cause the model to stop simulating or generate erroneous results. A suggestion to the user is that when entering data to multiple cells at a time, copy cell data or formulas but do not move them. Copying generally preserves named ranges, while moving a cell in a named range can move or destroy the range.

Modifying the model is straightforward due to the ease of working in the spreadsheet environment. Before adding or changing the location of any cells to the worksheet, however, users should become familiar with the location and function of each named range that appears in the executable macros, so that the ranges can be adjusted as necessary. For example, if the processing or harvesting technology were to be respecified and expanded, the named ranges "wbcalc1" and "wbcalc2", respectively, should be expanded to include all the relevant cells.

S.E.A.  
SKIPPER'S FOR EQUITABLE ACCESS  
7030 15th Ave. N.W.  
Seattle, Washington 98117  
(206) 782-4454

June 3, 1993

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

VIA FAX (907) 271-2817

RE: Comprehensive Plan for the Bering Sea

Dear Mr. Lauber:

At the June 21 meeting in Kodiak the North Pacific Fishery Management Council will receive a petition from a new fishermen's organization, Skippers for Equitable Access (S.E.A.). S.E.A. represents captains and owner/operators who have been responsible for harvesting and landing groundfish and crab in the North Pacific.

We are concerned that current licensing proposals ignore our investment of time, effort, skill and, in some cases, financial capital in the North Pacific groundfish and crab fisheries. For the last 30 years it has been our personal obligation to obtain the required permits necessary to legally harvest the resource. In addition, the fish tickets that will be used to determine eligibility under future license limitation programs reflect our personal catch histories.

Therefore, we respectfully request that the NPFMC recognize our fair share of any future limited access program in the North Pacific groundfish and crab fisheries. Specifically, we ask that you direct your staff to analyze, as one option, allocating a percentage of ownership in the individual quotas or limited access licenses to skippers with documented catch histories during the qualifying years covered by the June, 1992 moratorium.

We look forward to working with you to develop a scheme for the fisheries of the North Pacific that is rational and equitable.

Sincerely,

Absent but Please Include  
Jorn Kvinge

John Zimmerman  
John Zimmerman

Daniel B. Hanson  
Daniel Hanson

Walter Christensen  
Walter Christensen

Tom Suryan  
Tom Suryan

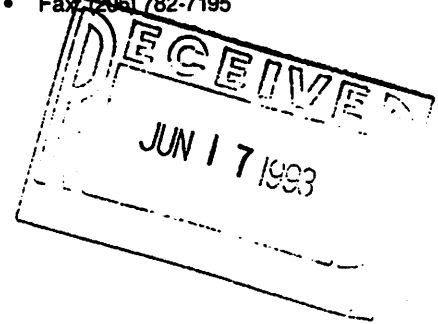
Ben A. Stevens  
Ben A. Stevens



5303 Shilshole Ave. NW, Seattle, WA 98107 • (206) 783-3818 • Fax: (206) 782-7195  
Domestic Sales: (206) 783-3474 • Fax: (206) 782-7246  
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June 14, 1993

Mr. Robert D. Alverson, Chairman  
Comprehensive Rationalization Committee  
North Pacific Fishery Management Council  
Post Office Box 103136  
Anchorage, Alaska 99510



Dear Bob:

At the April meeting of the Comprehensive Rationalization Committee, the question was raised whether the Magnuson Act provided authority for the Secretary of Commerce to allocate quota shares under an Individual Transferrable Quota system to seafood processors. The Secretary must have a rational basis demonstrating that an allocation of quota shares to any sector furthers the purposes and policies of the Magnuson Act. Given such a rationale, supported by the administrative record, there is no legal restriction in the Act which would preclude allocations of quota shares to seafood processors.

Section 303 of the Magnuson Act outlines provisions which can be included within any fishery management plan. In addition to mandatory plan provisions provided in section 303(a), section 303(b) describes a wide-range of discretionary management tools that are available to the Secretary for use in a fishery management plan. These discretionary measures include the provision that any plan may, "prescribe such other measures, requirements or conditions and restrictions as are determined to be necessary and appropriate for the conservation and management of the fishery."<sup>1</sup> Using this authority, the Secretary could allocate quota shares to processors if it was determined *necessary and appropriate for the conservation and management of the fishery*.

The Council is well aware of the broad scope given to the Magnuson Act's definition of "conservation and management."<sup>2</sup> In order to effectuate the Magnuson Act's policy objectives, the Secretary has defined conservation and management to include any purpose that can be inferred from the Act. Craig O'Connor made the following comments in his memorandum regarding the legality of prohibitions against roe stripping:

Not since 1978 has the definition of "conservation and management" stood in the way of Secretarial action under the Magnuson Act. In fact, the definition was broadly construed in General Counsel Opinion No. 80 (1979), which addressed public health and safety measures, *to allow any purpose that can be inferred from the Act* as a basis for an FMP provision. Strict application of a narrow interpretation of the term would eliminate probably half the FMP measures currently in place....<sup>3</sup>

The guidelines promulgated by the Secretary underscore the broad interpretation of conservation and management. These guidelines state:

Akutan Plant  
Pouch 77  
Akutan, AK 99553  
(907) 698-2211  
Fax: (907) 698-2236

Anacortes Plant  
P.O. Box 954  
Anacortes, WA 98221  
(206) 293-7701  
Fax: (206) 293-0185

Anchorage Office  
1569 S. Bragaw, #101  
Anchorage, AK 99508  
(907) 333-4434  
Fax: (907) 338-1126

Bellingham Plant  
P.O. Box 427  
Bellingham, WA 98225  
(206) 734-8900  
Fax: (206) 671-0918

Clarks Point Plant  
General Delivery  
Clarks Point, AK 99569  
(907) 236-1204  
Fax: (907) 236-1206

Dutch Harbor Office  
Pouch 508  
Dutch Harbor, AK 99692  
(907) 581-1241  
Fax: (907) 581-1482

Sand Point Plant  
Box 229  
Sand Point, AK 99661  
(907) 383-4848  
Fax: (907) 383-4846

South Naknek Cannery  
Box 70004  
South Naknek, AK 99670  
(907) 246-6510  
Fax: (907) 246-6568

Numerous methods of allocating fishing privileges are considered "conservation and management measures" under section 303 of the Act. An allocation scheme may promote conservation by encouraging a rational, more easily managed use of the resource. Or it may promote conservation (in a sense of wise use) by optimizing the yield, in terms of size, value, market mix, price or economic or social benefit of the product.... In designing an allocation scheme, a Council should consider other factors relevant to the FMP's objectives. Examples are economic and social consequences of the scheme, food production, consumer interest, dependence on the fishery by present participants and coastal communities, efficiency of various types of gear used in the fishery, transferability of effort to and impact on other fisheries, opportunity for new participants to enter the fishery, and enhancement of opportunities for recreational fishing.<sup>4</sup>

This interpretation of conservation and management has been unanimously upheld by the courts.<sup>5</sup>

In addition to section 303(b)(10) authorization for measures determined to be appropriate for conservation and management of the fishery, section 303(b)(6) of the Magnuson Act authorizes the Secretary to "establish a system for limiting access to the fishery in order to achieve optimum yield...."<sup>6</sup> The legislative history of this section indicates that Congress intended this provision to also authorize a wide-range of limited access allocative schemes. To quote from the Senate Commerce Committee's report:

Limited access is a rather novel fishery management tool and is being tried on a large scale only in Alaska, British Columbia, and in the salmon fishery in the State of Washington. Experience with limited access is still sparse and refinement of the technique is continued.<sup>7</sup>

Section 303(b)(6)(A) goes so far as requiring that, when establishing a limited entry plan, the Council and the Secretary take into account "present participation in the fishery."<sup>8</sup> It seems obvious that seafood processors directly participate in the fishery. Moreover, the Magnuson Act defines "fishery" to include processing activities. "Fishery" is defined as one or more stocks of fish...and, any *fishing* for such stocks.<sup>9</sup> "Fishing" is then defined as the harvesting of fish and "any other activity which can reasonably be expected to result in the catching, taking or harvesting of fish...."<sup>10</sup> Providing a market directly results in commercial harvest and, therefore, processing is included in the Magnuson Act's definition of "fishing." That the definition of "fishing" and therefore "fishery" includes processing is reiterated in the legislative history of the Magnuson Act. The Chairman of the House Merchant Marine and Fisheries Committee emphasized this point during consideration of the so-called "processor preference" amendment in 1978. He stated:

Mr. Speaker, I wish to clarify one technical point associated with the legislation. -In the course of our discussions of the bill, some question was raised about whether the definition of "fishing" under section 3 of the FCMA includes "processing." This question is important because the FCMA uses the term "fishing" so that the statute applies to the processing industry in some situations only if "fishing" includes processing.... In the end, we decided to leave the FCMA definitions unchanged on this point, while at the same time, making clear that the act was intended to benefit the entire fishing industry.... *[I]t is the understanding of the House that*

*"fishing" in section 3 of the FCMA does include "processing" and that, for that reason, the proposed clarification is unnecessary.<sup>11</sup>*

Because the "fishery" as defined by the Magnuson Act, includes seafood processing activities, it would appear that the Act not only authorizes allocations of quota shares to processors, but it requires the Council and the Secretary to take into account processors' "present participation in the fishery" when developing an ITQ System.

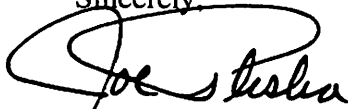
An issue has been raised whether National Standard Four would require that allocations of quota shares be made only to individuals who work aboard fishing vessels.<sup>12</sup> The relevant portion of National Standard Four provides that "[i]f it becomes necessary to allocate or assign fishing privileges among various United States fishermen, such allocation shall be ...fair and equitable to all such fishermen." "Fishermen" is not defined by the Act. As noted above, however, the definitions of "fishing" and "fishery" encompass processing. By common usage, the "fishermen" referenced in National Standard Four are people who engage in fishing, which includes processors.<sup>13</sup>

To interpret National Standard Four as limiting allocations of quota shares only to individuals who work aboard a fishing vessel is also inconsistent with past precedents of the Secretary and the practicality of the industry. The three current ITQ systems developed in the North Pacific have allocated quota shares to individuals and firms that do not necessarily work aboard a vessel. The sablefish and halibut ITQ program, for example, allocated quota shares to owners and leaseholders of vessels regardless of whether they actually fished on the vessel. In the pollock fishery it is likely that over 95% of the capital invested in the fishery is by individuals who do not work aboard vessels. An allocation of quota shares which did not include these investors would expropriate vast amounts of property and may constitute a taking under the fifth amendment to the U.S. Constitution.

Perhaps the best example of the breadth of authorization provided to the Secretary in allocating quota shares is evidenced by the pollock Community Development Quota program. The CDQ program allocates quota shares to communities with residents who have not worked on boats fishing for pollock and typically had no prior involvement in the fishery whatsoever. This allocation of quota shares was made to these communities to help further the Magnuson Act's social and community objectives, not because of the communities' present participation or dependency on the fishery.

I would like to reemphasize that the Secretary must have a rational basis, supported by the record, showing that *any* allocation of quota shares further the purposes and policies of the Magnuson Act. Assuming such rational basis, the Magnuson Act allows for allocations of quota shares to seafood processors.

Sincerely,



Joseph T. Plesha  
General Counsel

---

<sup>1</sup> 16 U.S.C. §1853(b)(10).

<sup>2</sup> The Magnuson Act defines the term conservation and management as follows:

The term "conservation and management" refers to all of the rules, regulations, conditions, methods, and other measures (A) which are required to rebuild, restore, or maintain, and which are useful in rebuilding, restoring, or maintaining, any fishery resources and the marine environment; and (B) which are designed to assure that—

- (i) a supply of food and other products may be taken, and that recreational benefits may be obtained, on a continuing basis;
- (ii) irreversible or long-term adverse effects on fishery resources and the marine environment are avoided; and
- (iii) there will be a multiplicity of options available with respect to future uses of these resources.

16 U.S.C. §1802(2).

<sup>3</sup> Opinion dated September 6, 1989, Office of the General Counsel, NOAA, at 7 (emphasis added).

<sup>4</sup> 50 C.F.R. § 60214(c)(3)(ii) and (iv).

<sup>5</sup> See, for example, National Fisheries Institute v. Mosbacher, 732 F. Supp. 210 (D.D.C. 1990).

<sup>6</sup> 16 U.S.C. § 1853(b)(6). This section of the Magnuson Act requires that when establishing a system for limiting access to the fishery:

"the Council and the Secretary take into account —

- (A) present participation in the fishery,
- (B) historical fishing practices in, and dependency on, the fishery,
- (C) the economics of the fishery,
- (D) the capability of fishing vessels used in the fishery to engage in other fisheries,
- (E) the cultural and social framework relevant to the fishery, and
- (F) any other relevant considerations..."

<sup>7</sup> S. REP. NO. 94-416, 94 Cong., 1st Sess. (1975). *Reprinted in A LEGISLATIVE HISTORY OF THE FISHERY CONSERVATION AND MANAGEMENT ACT OF 1976*, at 692.

<sup>8</sup> 16 U.S.C. §1853(b)(6)(A).

<sup>9</sup> 18 U.S.C. §1802(8).

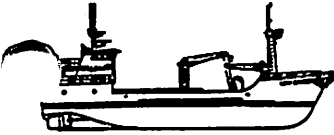
<sup>10</sup> 16 U.S.C. 1802(10)(C).

<sup>11</sup> Statement of Congressman John Murphy, 124 Cong. Rec., H.8266, Aug. 10, 1978.

<sup>12</sup> See letter from Paul K. Seaton to Richard Lauber, Jan. 23, 1993. "The Council had no authority to violate National Standard #4 in the previous ITQ plans and decide to award the allocation to investors in the harvesting capacity sector instead of the fishermen as required."

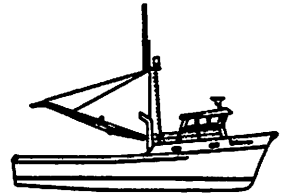
<sup>13</sup> Even if "fishermen" were somehow defined to include only individuals who physically worked aboard fishing vessels, it could be strongly argued that allocating quota shares to processors is not prohibited by the Act. National Standard Four requires only that allocations be "fair and equitable." The Council could determine that including allocations to others besides those who physically work aboard fishing vessels is "fair and equitable." In addition, it could be argued that the "fair and equitable" requirements in National Standard Four apply only to allocations among fishermen and that allocations to others need not meet the same "fair and equitable" standard.



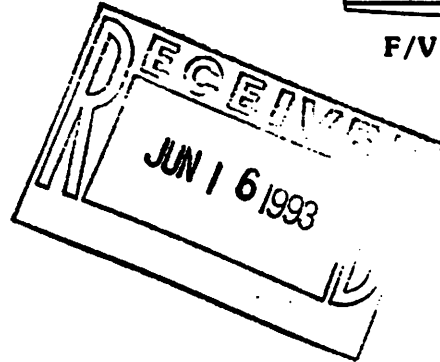


F/V LADY ALASKA  
F/V LADY KODIAK

**KEVIN SUYDAM**  
**F/V LADY KODIAK – F/V LADY ALASKA**  
**F/V WENONA**  
**P.O. Box 980 • Kodiak, Alaska 99615**  
**(907) 486-5396**



F/V WENONA



6-11-93

RE: IFQ and moratorium programs  
To North Pacific Fisheries Management Council:

Introduction: I have been operating and sole owner of my own boats for twenty three years. I still actively skipper also spending approximately six months of the year at sea myself. I currently own four vessels for which we had eighty crewmen and skippers in rotation for the seasons in 1992. In 1993 I project we will have had in excess of one hundred crewmen and skippers employed on our boats. In addition I have spent millions of dollars to shipyards for construction and maintenance, gear suppliers and every other form of fish industry support facility which has also created hundreds of jobs throughout. At the current time all vessels are doing very well as the financial portion is very stable and it appears that all vessel owners I know are likewise stable. It makes us feel that we've achieved some level of success until you realize you can be wiped out by the stroke of a bureaucrats pen by interjecting the IFQ program.

For the IFQ program to be fair and equitable being nondiscriminatory within the Magnuson Act, it would have to include too many outside entities and non-active participants so that it will take from and penalize the current active participants. Many vessel owners operating on thin financial margins now state that the IFQ program will re-distribute vessel finances disrupting and bankrupting some. Many jobs and careers will be lost due to bankruptcies, as well as jobs lost as some multiple boat owners state that they will pyramid their Quotas onto one vessel and tie up their surplus vessels. Then hiring skeleton crews for the one vessel on salaries or minimal wages. You will have surplus and bankrupt vessels mothballed as you could not sell a crab vessel that could not fish, which devalues the whole fleet.

Without a doubt it would bankrupt my vessels; as although I have been fishing for twenty three years, two of my vessels were completed within the last two years thus having no real catch history. These two vessels were conceived and started well in advance of The Moratorium and IFQ conceptions. The second new vessel construction was halted from the withdrawal of financing due to these proposals of possible IFQs at 30% completion with \$500,000 of hull and machinery in the shipyard. This investment I couldn't walk away from so after nine months of delay; I mortgaged my home and other vessels to complete but missed the deadline. Indecision over IFQs is the cause.

To be where I am today I have worked very hard all my life and am known to be very

reputable and honest, yet I would be dealt one of the severest penalties possible, as if I had committed a crime; by being stripped of the right to fish. Buy IFQs you may say to get by. Well I know I do not have the financial clout of Tyson Arctic Alaska Corp, Trident Seafood Corp. or Japanese Corporations to outbid them to buy IFQs. Nor the ability to handle additional financial burdens of paying for IFQs. The majority of IFQs will be bought by large Corporations irregardless of ownership caps by simply putting IFQs in separate individual names. This was proven in Countries with IFQs and our U.S. surf clam IFQ.

Why is this being done to us we ask? There is no benefit for conservation as we already have harvest guideline quotas known as total allowable catch (TAC). There is not a product quality issue as crab cannot be sold unless they are alive. Safety issues from the supposed race for fish are not valid as you can not change the fact that the crab grounds are a days travel time offshore such that a vessel to try to stay in port waiting for the unpredictable Bering Sea in the winter to remain calm is impossible.

What you are proposing by an IFQ program is that the government bureaucracy will enter the private sector of free enterprise by re-distributing the finances generated from quotas. I equate that to government entering the Banking Industry taking money from one individuals bank account to the point of bankruptcy just to put it in someone else account. The bottom line will be that thousands of direct jobs and non-direct support industry jobs will be lost which is exactly what the Clinton administration nor Secretary of Commerce Ron Brown would not want to be a part to. It also involves catering to special interest groups making some of the rich be richer at the sacrifice of a lot of less fortunate people. We may bring this to the attention of them even if it takes something as strange as placing a call to CNN Head line News, for Media Coverage.

I personally have a large stake at hand here with a obligations of debt service and many people dependent on jobs. If I am stripped of fishing rights that I currently now have as my new boats are presently engaged in the harvest of crab, when I've done absolutely nothing wrong nor illegal; would necessitate hiring the best legal counsel available to contest it. I am not alone in this predicament of new vessels with no catch history. I can guess there to be approximately twenty newer vessels without catch histories that would join forces for legal action against IFQs. Additionally you would even see vessels with good catch histories legally contest IFQs when a large portion of IFQs are given to past and non-participants that are not currently engaged in the harvest of Crab.

The North Pacific Fishery Management Council, State of Alaska Hickel Administration in addition to Federal-agencies; has created a form of entrapment. Entrapment by the fact that it was permissible to construct and enter the fishery legally, by issuance of vessel licenses and gear permits during the moratorium notice having only proposed cut-off dates also which is still not endorsed. Additionally no notice for IFQ's which necessitates catch histories was given. I contend that legally the way limited access would have to be done; is the date of signing the Moratorium, is the time when no new vessels could enter the fishery which would be cut and dried. Then at the Moratorium

signing these vessels currently engaged in the harvesting of crab would have to be provided for fairly to be non-discriminatory within the Magnuson Act in any limited access program. The easiest limited access could be done by issuance of a vessel license limited access crab permit to current bonafide (50% or more of their catch) crab vessels whom are actively engaged in the harvest of crab and dependent on that resource to survive. Any IFQ program; in order to be non-discriminatory has to include new constructed vessels currently engaged in the harvest of crab by letting them prove themselves by extension of time on the cut-off date proposed to establish a catch history, or factor in a type of formula that provides equitably for them.

Respectfully,



Kevin Suydam  
F/V Lady Alaska  
F/V Lady Kodiak  
F/V Lady Aleutian  
F/V Wenona

cc: Honorable Ron Brown, Secretary of Commerce  
Honorable Ted Stevens, U.S. Senate

North Pacific Fishery Management Council Members:

Robert D. Alverson, Fishing Vessel Owners' Assn.

Linda Behnken, Voting Member

William E. Dilday, Office of Fisheries Affairs

Oscar Dyson, Voting Member

Randy Fisher, Oregon Dept. of Fish & Wildlife

Dave Hanson, Pacific States Marine Fisheries Commission

Marcus L. Hartley, Economist

Ronald Hegge, Voting Member

Richard B., Lauber, Chairman

Henry Mitchell, Bering Sea Fishermen's Assn.

Chris Oliver, Deputy Director

Steve Pennoyer, NOAA Fisheries

Wally Pereyra, ProFish International

Carl Rosier, Commissioner

Clem Tilleon, Alternate

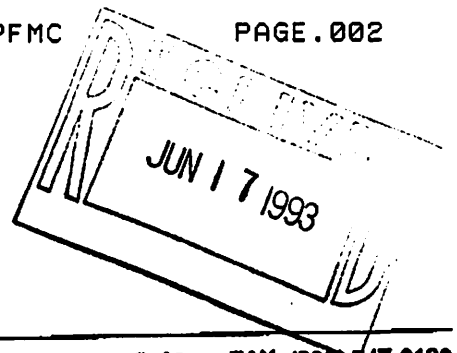
Roger T. Rufe Jr., (RADM)

Walter O. Stieglitz, U.S. Fish & Wildlife Service

Robert A. Turner, Director, Washington Dept. of Fisheries



# ALASKA CRAB COALITION



3901 Leary Way (Bldg.) N.W., Suite #6 • Seattle, WA 98107 • (206) 547-7580 • FAX (206) 547-0130

DATE: June 16, 1993

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

FROM: Arni Thomson, Executive Director *Arni Thomson*

RE: INDIVIDUAL FISHING QUOTA SYSTEM FOR BERING SEA/  
ALEUTIAN ISLANDS CRAB FISHERIES--REVISED OUTLINE

This is a revision of a working draft outline for a system of individual fishing quotas (IFQs) for crab fisheries. The draft was developed by the Alaska Crab Coalition (ACC), with the assistance of LGL Alaska Research Associates at a workshop conducted January 6, 1993. The revision, prepared by ACC staff and attorneys, reflects discussions among ACC members, North Pacific Fishery Management Council members, and others in the industry interested in the issues.

The revised outline sets forth certain points that must be addressed in the development of an IFQ system for the crab fisheries. The list is not exhaustive.

The ACC understands that any system of IFQs under the Magnuson Act would establish "fishing privileges", not property rights. Accordingly, IFQs could be amended or revoked by action of the Council and Commerce Department in the same manner as any other fishery management measure. The federal government would retain full control of the resource in the public interest. The ACC feels that a responsible program of IFQs would provide clear advances for conservation of the resource and for safety of the participants in the fisheries.

**INDIVIDUAL FISHING QUOTA SYSTEM FOR BERING SEA/ALEUTIAN ISLANDS CRAB FISHERIES, REVISED OUTLINE, JUNE 16, 1993**

**I. Points of little or no contention.**

- A. The IFQ system should cover all crab fisheries that are subject to the federal fishery management plan for the Bering Sea/Aleutian Islands.
- B. IFQs should be denominated on the basis of a percentage of the crab guideline harvest for each species.
- C. IFQs should be categorized by individual species fisheries (red king, blue king, brown king, opilio, bairdi).
- D. The only legal gear for retention of crab will continue to be pots.
- E. IFQs should be issued initially to those who own crab fishing vessels at the time of issuance--on an individual vessel basis.
- F. IFQs should be issued initially to those who own crab fishing vessels that have made one landing of the specific species of crab during any one of the past three years (1990-1992).
- G. Initial IFQs should not be subject to quantitative restrictions; caps should apply only with respect to transfers.
- H. IFQs should not be categorized by vessel size classes.
- I. IFQs should be required for all crab landed, and all deadloss, in the fisheries.

**II. Points that need further refinement.**

- A. Qualifying period for determination of size of IFQs. Cutoff date for earning credit towards quotas- June 24, 1992.
  - 1. 1990 - 1992.
  - 2. 1988 - 1992.
  - 3. 1983 - 1992.
  - 4. 1976 - 1992.

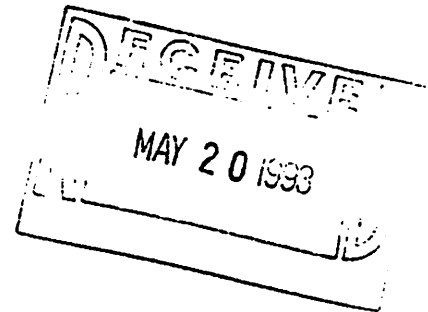
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5. Need to develop a separate qualifying period for fisheries that have been closed for 3 or more years, the Pribilofs blue king crab fishery and the Dutch Harbor red king crab fishery.
- B. Quantitative limits on IFQs.
1. Based on a percentage of guideline harvest level by species, fishery, and area based on historical patterns.
  2. Establish caps to govern transfer of quotas, after intitial issuance, to avoid excessive concentration of harvest privileges.
- C. Eligibility for initial acquisition and transfer of IFQs should be restricted.
1. U.S. citizens.
  2. U.S. corporations and partnerships.
- D. Transferability.
1. Limit transfers to leasing during the first two years of the implementation of the IFQ program.
  2. Can be sold to qualified purchasers.
  3. Can be leased to those who would be qualified to purchase.
- E. Discards.
1. Develop a system of accountability for discards including a scientific investigation of discard mortality rates in all crab fisheries.
  2. IFQs required only for landed catch.
  3. IFQs required for all crab species caught in a crab fishery.

907-486-3910  
Box 991



Kodiak, Alaska  
99615



May 17, 1993

Chris Oliver  
North Pacific Fisheries Management Council  
333 West 4th Avenue  
Anchorage, Alaska 99510

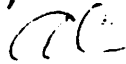
Dear Chris,

Alaska Dragger's Association would like to offer you the use of our association to help you with collecting data for the economic study of fishing vessels.

The decisions made at the NPFMC over the next few years will be the most dramatic and far reaching ever made in the fishing industry. We hope that good data will be collected and wise decisions will be made. No matter what the outcome is, fishing will never be the same.

I would suggest that you schedule your trip to Kodiak late in the week and be prepared for some long meetings. ITQ's are still quite controversial in Kodiak.

Sincerely,

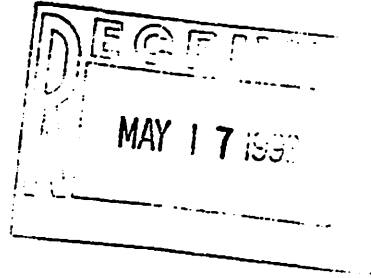
Al Burch   
Executive Director

cc Rick Lauber  
Clarence Pautzke

# Q & S Enterprises, Inc.

## F/V EXITO

P.O. Box 70591  
Seattle, WA 98107  
(206) 940-0650  
(206) 282-3468



May 10, 1993

Chris Oliver  
North Pacific Management Council  
605 West 4th Avenue  
P.O. Box 103136  
Anchorage, Ak 99510

RE: Crab IFQ's

Dear Chris:

On May 6, 1993, I had the pleasure of listening to you address the Alaska Crab Coalition regarding the future of Individual Fishing Quotas in the Alaska crab fisheries.

At this time I own the crab vessel EXITO and manage for Kodiak King Crab, Inc. the crab vessel KODIAK QUEEN.

With this investment, I am very interested in the future of our industry. If I can be of any assistance or can offer any information about my operation to further your research, I would be more than happy to comply. Please feel free to call me at the above numbers.

Sincerely yours,

Steven L. Toomey, President  
Q & S Enterprises, Inc.

cc: Marcus L. Hartley



**United Fishermen's Marketing Association, Inc.**

P.O. Box 1035 Kodiak, Alaska 99615

Telephone 486-3453

June 6, 1993

Mr. Marcus Hartley  
Economist  
North Pacific Fishery Management Council  
PO Box 105136  
Anchorage, Alaska 99510

SENT VIA FAX # 271-2817

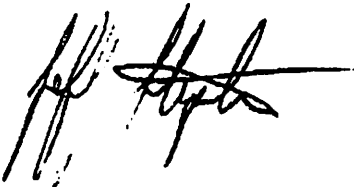
Dear Marcus,

I have reviewed your letter (and attachments) of June 1, 1993, regarding the development of representative vessel and processor profiles for use in the Comprehensive Rationalization Program (CRP) and other upcoming economic analyses. I am in the process of informing UFMA members and others of your need in this regard. We will attempt to put you in touch with fishermen and processors who are able and willing to share the necessary information with you. Clearly, we desire that the information that you use is as accurate and representative as possible.

I will contact you as soon as I can put together a list of volunteers for this project. I will also review the categories that you have defined in Attachment 1 with several fishermen and processors, and let you know what comments I receive regarding these categories.

Thank you for keeping us informed and involved regarding this issue.

Sincerely,



Jeffrey Stephen

**SCHEDULE AND TIMELINES FOR PROJECT**

- Feb-March 1993** (1) Compile initial data base to make available to industry and Council. (2) finalize species assignments and any other lingering questions regarding the comprehensive data base - these may be policy calls. (3) Finalize decision on methodologies, models, or other tools to be used in the assessment of net benefits and social impacts. (4) Begin compiling information for social impact section.
- March-April 1993** (1) Begin assembly of comprehensive data base. (2) Begin putting together the Environmental Assessment section. (3) Continue development of baseline community profiles. (4) Begin compilation of costs and revenues of representative fleet. (5) Progress report to CPC and Council at April meeting.
- May-June 1993** (1) Continue assembly of comprehensive data base. (2) Completion of baseline community profiles and representative community 'types'. (3) Develop initial analysis (Qualitative analysis) of broad IFQ options such as transferability, CDQs, target species, etc. (4) Industry meetings regarding data, fleet profiles, and possible sub-options for further analysis.
- June 1993** (1) Progress report to CPC/Council. (2) CPC/Council determine primary (initial) sub-alternatives for study; this should include alternatives for allocation criteria.
- July-Sept 1993** (1) Completion of comprehensive data base. (2) Completion of modelling approaches or other analytical tools. (3) Complete vessel/fleet profiles. (4) Finalize Qualitative analysis of sub-alternative (elements and options). (5) Complete community profile information for those communities/types selected for in-depth analysis.
- Sept 1993** (1) Progress Report to CPC/Council at September meeting. (2) Identification of final sub-alternatives for inclusion in detailed analysis.
- Oct-Dec 1993** (1) Complete economic analysis (Phases 1 through 4) including any assessments of downstream effects. (2) Complete social impact assessment, including any downstream effects. (3) Complete EA section. (4) Include any new alternatives from September Council meeting. (5) Progress report to CPC/Council at December meeting.
- January 1994** (1) Draft analysis for Council review. (2) Refinement of sub-alternatives for additional analysis, or, additional instructions on analysis to date.
- Feb-March 1994** Complete analysis based on additions or suggestions from January meeting.
- April 1994** Council review of analysis and send to public review
- June 1994** Council final decision on CRP.

## TIMELINES FOR COMPREHENSIVE PLANNING PROCESS

Major Tasks	1993						1994									
	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Comprehensive Data Base																
Vessel/Fleet Profiles																
Community Profiles																
Economic Base Models																
I/O Model																
LP Model																
Industry Meetings																

Major Analyses	1993						1994										
	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
Elements & Options Analysis		draft		*	final		*										
Case I (Historical fishery)																	
Case II (Baseline fishery)																	
Case III (Post-implementation)									draft			final					
Case IV (downstream effects)									draft			final					
Complete EA/RIR/IRFA												draft		*	final		*

- Denotes a Council Meeting

\* - Denotes a Council Decision Point

Potential Elements and Options for Comprehensive IFQ Program  
in North Pacific Groundfish/Crab Fisheries

Note: These elements and options were developed mainly from industry comments.

\* An asterisk indicates areas of agreement by trawl group organization.

\*\*Two asterisks indicate area of Council preference as identified in previous meetings.

PROVISIONS	RECOMMENDED OPTIONS
Species	<p>(A) All species under Council jurisdiction.**/*</p> <ul style="list-style-type: none"> <li>• All areas (targets): pollock, cod, Atka mackerel, rockfish, other flatfish, red king crab, blue king crab, brown king crab, bairdi, opilio.</li> <li>• BSAI (targets): yellowfin sole and rock sole.</li> <li>• GOA (targets): deep water flatfish and shallow water flatfish.</li> <li>• All areas (bycatch): sablefish, greenland turbot, thornyheads, etc.</li> <li>• All areas (PSC): halibut, crab, herring, (possibly salmon).</li> </ul> <p>(B) IFQs for prohibited species only.</p> <p>(C) Target species only</p>
Areas	<p>IFQs should be awarded in the area they were earned: Bering Sea/Aleutian Islands, Bering Sea, Aleutian Islands, Western Gulf, Central Gulf, or Eastern Gulf. Bogoslof pollock should be awarded in the Bering Sea. Gulf pollock will be issued by TAC subareas.**/*</p>
Initial Assignment of Quota Share	<p>(A) To vessels or vessel owners at the time IFQ is issued.*</p> <p>(B) To vessel owners at time of landings activities (this option assumes criteria for allocation would be some form of landings history).</p> <p>(C) Other fisheries investors including processors, skippers, and crew:</p> <p>(D) Coastal communities.</p>

PROVISIONS	RECOMMENDED OPTIONS
Qualifying Period	<p>(A) 1976 through June 24, 1992.* (More details are in attached tables from trawl group letter.)</p> <p>(B) 1976 through Council approval date of program.*</p> <p>(C) Other industry recommendations.</p>
Criteria for Initial QS Allocation	<p>(A) DAH historical landings history.**/* (See note above)</p> <p>Suboptions include:</p> <ol style="list-style-type: none"> <li>1. All years weighted equally (must define years for inclusion).</li> <li>2. Discount JVP catch by 50%.</li> <li>3. Credit catch only for years that were fully DAP.</li> <li>4. Credit catch only for years up to "full utilization."</li> <li>5. Credit retained catch only.</li> <li>6. "Package" QS bundles based on target fisheries with attendant bycatch and PSC needs.*</li> <li>7. Weight DAP history 3.5 times greater than JVP history.</li> <li>8. Weight early years of participation greater.</li> <li>9. Weight American ownership greater.</li> <li>10. Those first and longest in fisheries should receive preference.</li> </ol> <p>(B) Vessel tonnage.</p> <p>(C) Combination of vessel tonnage and landings history.</p> <p>(D) Dependence on fishery (relative income by species).</p> <p>(E) Specific percentages by gear type or other sector (would then rely on landing history, for example, within a specific group).</p>

PROVISIONS	RECOMMENDED OPTIONS
Transferability of QS/IFQ	<p>(A) Fully and freely transferrable.</p> <p>(B) Fully and freely transferrable after initial 2 year moratorium on permanent sales.*</p> <p>(C) Transferrable only within specific gear, vessel categories, or other sectors.</p> <p>(D) Transferrable only in bundles (target species).</p> <p>(E) Limited to ensure some level of deliveries to shoreside processing.</p> <p>(F) No waiting period for transfers beyond administrative necessities.*</p> <p>(G) No transfer of QS/IFQs except within organization's own fleet.</p>
Ownership Caps	<p>(A) Either 1%, 5%, or 10% - inshore/offshore rules prevail for pollock and Pacific cod.</p> <p>(B) No inshore/offshore restrictions.</p> <p>(C) Other</p>
General Provisions	<p>(A) Pooling of IFQs on vessels would be allowed.*</p> <p>(B) Allocations would be permanent; however, the Council could alter or rescind program without compensation.</p> <p>(C) Unclaimed QS would be re-allocated to remaining qualified recipients based on relative percentages.</p> <p>(D) Council should pursue some level of rent extraction to fund program.</p>

PROVISIONS	RECOMMENDED OPTIONS
Use Provisions	<p>(A) After initial allocation, QS would be independent of vessels.</p> <p>(B) Must control IFQs for expected catch before trip begins.</p> <p>(C) Allow trading of QS/IFQs after the fact to cover catch already taken.</p> <p>(D) No restrictions on where catcher vessels deliver catch.*</p> <p>(E) Overage/Underage program.</p>
Penalties	(A) Violations should carry severe penalties but will be set by NOAA-GC.*

(Excerpted from Travel Group proposal of 14 Apr 93)

### STRAWMEN PROPOSALS FOR ALLOCATION CRITERIA

These are proposals for analysis that cover the range of objectives that different participants considered most important.

- Option 1. a) All years weighted equally  
b) Discount JVP catches by 50%
- Option 2. a) Give credit only for years that were fully DAP, with the date varying by fishery  
b) Give credit only for years up to full DAP, with the date varying by fishery
- Option 3. Give greater credit for early years of participation:  
 .. determine the first year in which JVP took 10% of the TAC and the first year in which DAP took 10% of the TAC;  
 - give 100% credit for this year, the following two years, and all prior years;  
 - years of JVP history following this period will receive only 50% credit and years of DAP history following this period will receive only 60% credit.
- Example: for Bering Sea pollock:  
 JVP took 10% in 1983; DAP took 10% in 1987  
 JVP receives 100% credit for catches up to and including 1985; from 1986 on it receives 50% credit for catches  
 DAP receives 100% credit for catches up to and including 1989; from 1990 on it receives 60% credit for catches

To be included as part of the options above:

Give greater credit for higher percentage of American ownership:

100% US	=	100% credit
90% US	=	90% credit
80% US	=	80% credit

and so on



Chart of Strawmen Proposals for Allocation Criteria

	<u>Base Years</u>	<u>JV Weight</u>	<u>DAP Weight</u>
Option 1. a)	1976-1992	100%	100%
b)	1976-1992	50%	100%
Option 2. a)	full DAP, by fishery	0%	100%
b)	1976 to full DAP, by fishery	100%	100%
Option 3.	1976-1992, by fishery	100% before trigger; 50% after trigger	100% before trigger; 60% after trigger

All options: include sub-option of weight given to US ownership percentage



## Buholm Fisheries, Inc.

10930 Broom Gerrie Road • Bainbridge Island, Washington 98110

June 16, 1993

Dear Council Members,

Once again council members have a complex decision to make with all ramifications that could have grave consequences on certain groups and play into the hands of others. The matter of I.F.Q.s for Ground Fish and Crab stocks.

I have been an owner of a crab vessel since 1973, I have made my income in the crab industry since 1968. I have seen all the building booms and the ups and downs that go along with it. I have been offered 10% ownership to sponsor foreign based group's whose goal seemed to be to over capitalize different fisheries. I declined and wanted no part of it. I believed that if I just kept my small family run operation financially sound, it would all work out and those I felt who had over capitalized their operation would fail from the greed of building a operation that couldn't pay for itself. How wrong I was! Enter in the corporations with the financial capacity to wait it out for the I.F.Q plan. Then they will be there to run the small boat owner out of business.

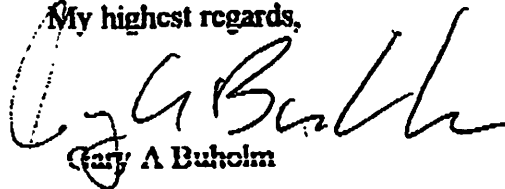
After spending many years battling to make my operation financially stable, running it myself, only to hear that there is now a "Captains Organization" with their hands out too. UNBELIEVABLE!!! All of the Captains I have hired in the last few years to run my operation were offered Percentages of the operation at no money down to make it easier for them to have ownership. They declined and decided to invest the money they were paid by me into other investments. They didn't want the risk or in one instance had such a problem with IRS that I was unable to offer them a part. I also have gone out of my way to make sure that my Captains got the lions part of the season even though they have always known that I have always wanted to fish at least half of the season myself. Now being a good guy could work against me, and the Captains want something for nothing. I can't see where they can ask for when there was no financial sacrifice on their part. They haven't had to struggle with high interest rates, owners making do at home with less to put more money in the boat just to keep up with the competitive seasons and.

They haven't had to answer and pay insurance companies when someone is hurt on board or the queries from the Coast Guard of what went wrong or the fines levied because of it. They have always been able to go on their vacations with out a care in the world even though all their paper work isn't finished crew not paid or crew over paid because of their carelessness. They just need to show up before the season to a boat made ready by me and buy a permit. Although I will admit some have been better than others at helping out

At this point there must be some kind of safety net for us small guys that cannot afford the lobbying group nor the legal representation costs to fight this battle and compete against the large corporations legal coffers. The whole tradition of working hard to have a better life will be a thing of the past if something is not done. All we will see are large corporations waiting to get their quota and sell off the amount of boats they need to foreign countries to make their companies profitable and dominate the markets. They will push all small operators out and neither your sons or daughters or mine will ever have a chance to get ahead by pure good hard work in the fishing industry.

I don't envy your job ahead, but you must remember to think of us small guys who have spent out lives doing what we love and give meaning to all we've been through to get where we are before you make your decision.

My highest regards,

A handwritten signature in black ink, appearing to read "Gary A. Buholm". The signature is fluid and cursive, with a large initial "G" and "B".

Gary A Buholm

**DRAFT REPORT**  
**SOCIAL SCIENCE STEERING GROUP**  
for  
**COMPREHENSIVE PLANNING**

The Council formed a steering group to work with staff on development of the social impact part of the comprehensive planning analysis. The group has the composed of the following individuals:

Dr. Carolyn Creed, University of New Orleans  
Dr. Peter Fricke, NMFS  
Dr. Rachel Mason, ADFG  
Dr. Marc Miller, University of Washington  
Dr. Michael Orbach, East Carolina University (soon to be Duke University)

This group met in Seattle on June 8 for an initial, organizational meeting. In attendance were Clarence Pautzke (NPFMC), Chris Oliver (NPFMC), Krys Holmes (Winterholm Press), Rich Marasco (NMFS), and Jon Pollard (NOAA-GC). Council staff described the group with an overview of the comprehensive planning process including details of the socio-economic analytical approaches developed so far by staff. This was the same information presented to the Council in April. The goal of this initial meeting was to open a general dialogue of the overall analytical approach and, more specifically, to solicit advice from the group on how to best accomplish the social impact assessment with the available staff, time, and budget resources. We also presented the group with the draft community profiles to solicit input on the structure and content of those profiles.

The group spent the entire day discussing the sociological aspects of the proposed limited entry program. The 'round table' discussion proved both interesting and useful to the staff working on this analysis. We expect the group to meet once again this summer after the June Council meeting and likely again this fall. The major themes and recommendations from our initial meeting are summarized below.

#### General Approach

The group reviewed the overall approach and agreed that the game plan as outlined was sound (i.e., measuring changes in income and employment at the community level) and that the group should concentrate on what additional work would be appropriate. This led to the question of "Where do the economics leave off and the social sciences begin?" In answer to this question, the group felt it was important for the industry and the Council to determine what additional social factors should be taken into account in the analysis. In other words, identify what questions the Council needs answered in order to make an informed decision next June.

#### Community Profiles

The group was unanimous in its endorsement of the Council's initiative to develop these profiles as a base for the socio-economic study. The content of the draft community profiles was in line with what the Committee felt was appropriate for these types of profiles. The group also felt that these profiles were especially important because we do not have time series (predictive) data for social variables as we have for biological or economic analyses. It was also noted that informed speculation, which could be fostered by these profiles, is important to the Secretarial decision process.

The group expressed two specific concerns relative to the use of the profiles: (1) that the specific fisheries information, particularly for smaller communities and particularly for the processing activity, was typified by confidential information (less than 4 operators); therefore, it may be difficult to provide information on landings, processing, and value of fisheries in meaningful way to the industry. (2) that the focus of the profiles and the economic base models which are based on the profiles not ignore the regional impacts. While we feel that the second concern can be handled by the analysts, we are concerned about the extent to which we can address the first and are exploring ways to present the information which will not violate confidentiality restrictions.

### Industry Workshops

Some of the steering group members have substantial experience conducting interactive workshops with industry sectors which may be affected by proposed limited entry programs. Considerable discussion was devoted to this concept with the general consensus of the group that such workshops may be a useful, up-front addition to the work already planned, particularly if funds are available to do so. These workshops would be of an interactive nature with the goals of bringing the industry into the planning process and to get their feelings on how the proposed program might affect them. It was noted that when the question is asked "How do you feel this program will affect your operation?", that the response of an individual automatically takes into account all of the perceived socio-economic implications to themselves. Everyone, in effect, conducts their own 'social impact assessment' and conveys that to the organizers of the workshops.

Though this concept may be somewhat oversimplified in this report, it may be a very useful area where the Council could devote some effort and funding. This goes hand in hand with simply identifying what is important to measure in the analysis.

### Potential Studies

The group felt that one way to supplement the existing plan would be to fund additional research on one particular aspect of limited entry (approximately \$80,000 may be available for such a study). For example, one area not specifically addressed in the existing analytical plan concerns effects on crew members in the fishing industry. Given changes in income and employment, what would be the effects on crew members, their families, and how do these effects tie into the broader social context.

Another area which was suggested for possible concentrated research has to do with employment. This involves an assessment of what particular jobs 'are worth', in a relative sense, in different sectors and geographic regions. For example, is a fishing related job in Bethel relatively more valuable than a fishing job held by someone in a metropolitan area were there may be far more alternative employment possibilities? Answers to these questions would become very important when we make estimates of changes in employment in various sectors or geographic areas.

An additional area which was identified as possibly deficient in the existing plan was definition of 'linkages' between fisheries activities (landings data for example) of specific communities and the social structures of those communities. This may be better summed up as the relationship between a community and fishing as defined by the seasonal round of activities in that community. The economic base models attempt to define these linkages to some extent by assigning economic multipliers to landings and processing data. However, the group felt that perhaps there are other, less tangible linkages which could be identified through additional study. Knowing such linkages would obviously provide the Council and industry with a more informed perspective on potential impacts of the proposed management program.

### Specific Variables for Identification

After the generalized discussions summarized above, the group made an attempt to identify specific variables which might be considered for additional research:

- \* Differential employment impacts (between sectors or geographic regions)
- \* Ethnographic impacts
- \* Differential urban/rural impacts
- \* Seasonal rounds of activities by communities or sectors
- \* U.S. nationals vs non-nationals
- \* Age, education, and kinship variables
- \* % income from fisheries and groundfish fisheries specifically (this is already included within the community profiles)
- \* Production, tenure, and dependency variables (these are also included already to some extent). It was noted that the variable of dependency is a de facto proxy of the social and cultural framework of the fisheries.

### Conclusions

The group concluded by requesting that the specific data bases available be summarized for them in detail prior to their next meeting. There was general agreement that the Council should make a concerted effort to identify those variables which would be of most use to them in the decision process, noting that the analytical approach already laid out by staff may be sufficient for legal and practical purposes. If extra funds are available for other research, then the Council should identify those areas they feel are most important in terms of social impact assessment.



# WINTERHOLMPRESS

## MEMORANDUM

To: Chris Oliver  
North Pacific Fishery Management Council

From: Krys Holmes *KH*

Re: Draft Community Profiles for Comprehensive Management Plan

Date: June 7, 1993

Attached is a draft of five sample community profiles for review by the Social Science Steering Group. For this meeting I have chosen a smattering of communities that show the variety of information we have for each one:

**Chignik** - A small community on the upper Alaska Peninsula that is very active in fisheries but is not a CDQ community;

**Sand Point** - a medium-sized Aleutian community with a strong history in commercial fisheries including both groundfish and salmon;

**The Pribilof Islands** - St. Paul and St. George are both CDQ communities with their own unique history and agenda, and with not much success in breaking into the groundfish fisheries;

**Quinhagak** - a small traditional Native village on the western coast of Alaska with an active salmon and herring fleet but no processing facilities; and

**Kenai** - a fairly active fishing fleet in an economically prosperous area (this is one example of a community that sent us a lot of information!)

When completed, these community snapshots will introduce the Council and its Comprehensive Rationalization Plan team to all the coastal communities of Alaska, as well as several in Washington and Oregon that participate in Council-managed fisheries. From these snapshots we hope to classify the various communities to come up with ten or 15 representative towns to focus on for the socioeconomic impact studies.

You'll notice that we don't have all the same information for each community. I have collected available data from a number of sources, including the U.S. Census, the Alaska Department of Community and Regional Affairs, the local Economic Development Corporations, ADF&G Subsistence Division, CDQ applications, Minerals Management Service, and of course the Council's own community profiles generated during the Inshore/Offshore amendment process. And for each community we also have fish ticket information from CFEC, which is part of the comprehensive database.

A partial list of sources is attached to the draft.

## CHIGNIK

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### General profile --

The Kaniagmuit Eskimo village of Kaluak here at the head of Anchorage Bay on the south shore of the Alaska Peninsula was destroyed by Russians in the 1700s. The village of Chignik was established in the early 1900s as a salmon fishing and canning village. Now a community of 177, Chignik is home to two canneries that were built in the late 1800s, and to a small group of fishermen who rely primarily on salmon fishing for the cash portion of their livelihoods.

Chignik, Chignik Lagoon and Chignik Lake are clustered on a peninsula that looks across the bay toward the Aleutian Range, Alaska's portion of the great Pacific's volcanic Ring of Fire. Here the high rugged cliffs run right down into the sea, and the villages sprout along the minimal flat spaces.

Chignik is a scenic little spot 450 miles southwest of Anchorage and about 260 miles from Kodiak, accessible by air and sea, and enjoys the temperate climate shared throughout the upper Alaska Peninsula — cool summers and warm winters, with average temperatures between 21°F and 60°F and about 127" of rainfall per year. "Chignik" is the Sugpiat native word for "Big wind."

### The community --

The Chignik community is about 45% Native, and also has a strong history of Scandinavian culture. The Native community is a mixture of Aleut and Eskimo. There is one non-denominational church here.

#### Population:

Community	Chignik
1990 Population	188
Non-Native Population	103
Native Population	85
Percent Native	45.2
Housing Units	104
Vacant Units	58
Owner-Occup Housing Units	27
Median Value of Housing Units	\$89,800
Renter-Occup Housing Units	19
Median Rent Paid	\$475
Number of Households	45
# Family Households	34
# Non Related Households	11
Median Family Income	\$36,250
Persons in Poverty	0
Percent in Poverty	0.00

(Source: ADCRA)



**The city of Chignik, 1990**

Total population	188
Males	111
Females	77
White	48.9%
Black	0%
Pacific Islanders	4.8%
American Indian, Eskimo or Aleut	45.2%
Hispanic	8.0%
Other races	0.1%
Median age	28.1
Median household income (1989)	\$36,875
Median family income	\$36,250
Median per capita income	\$13,188
Mean non-farm self employment income	\$16,889
Under poverty level	0%
High school graduates (of pop. 25+)	33.6%
College graduates (of pop 25+)	11.5%
Total households	45
Single women raising families	2

(Source: US Census)

**The city --**

**Form of government:** Chignik is a second class city (incorporated 1983) within the Lake & Peninsula Borough. The seven members of the Chignik City Council serve three-year terms, and the City Council also elects the Mayor from among its members. The City Council meets once a month from September to May, and then recesses for the salmon season. The city levies no taxes. The borough charges a 2% raw fish tax. Lodges and hunting/fishing guides pay \$1/day bed tax per visitor.

The BIA tribal government, Chignik Bay Village Council, provides leadership to the Alaska Native residents.

**Housing costs:** There are 55 single family homes in Chignik, some of which are vacant in the winter. There are two apartment buildings and 23 mobile homes. Average rent is \$500/mo., according to SWAMC.

**Municipal facilities:** Electrical power, water, sewer and landfill services are available. Power is subsidized by the state's Power cost Equalization program, and the city does not charge residents for water, sewer or solid waste disposal. The Borough School district runs a school for K-12 (30 students in 1990), with three full-time and two part-time teachers.

**Community care:** The one-bed Chignik Bay Subregional Clinic has two health aides and one physician's assistant. The clinic has x-ray and lab facilities, but for more comprehensive medical care, patients must go to Kodiak or Anchorage.

One Village Public Safety Officer works for the city, and there are six volunteer firefighters in town.

**The economy --**

**Major industries:** Commercial fishing provides 75% of the local employment, and seafood processing an additional 10%. Government, education and native corporations each provide 5% of the local employment. Average personal income was \$21,960 in 1980; average household income was \$46,726. In 1989, the average wage and salary income was \$36,324. Nine residents reported non-farm self employment income, with a mean income of \$16,889. Per capita income was \$13,188.

**Chignik employment, 1990 (Source: US Census)**

Agriculture/forestry/fisheries	25 jobs
Public administration	14
Educational services	10
Construction	5

Retail trade	4
Entertainment/recreation services	3
Other professional services	3
Health services	2
Transportation	2
<b>Total Chignik Jobs</b>	<b>68</b>

## Subsistence activities --

Subsistence harvests play a huge part in the livelihoods of Chignik residents. Moose, caribou and salmon are the most important species. The Northern Alaska Peninsula caribou herd is one of the largest in Alaska, and its 18,000 or so caribou range around the Chignik region. Small mammals and marine mammals are also important here. Ducks and geese are not as abundant as on the northern slope of the Alaska Peninsula.

All species of salmon, as well as king, Tanner and Dungeness crabs and razor clams are also taken with zeal by subsistence users. Octopus, halibut, cod, pollock and freshwater fish such as Dolly Varden also contribute to the dinner tables of Chignik residents.

ADF&G conducted a comprehensive survey of subsistence use among 19 households in Chignik Bay, a neighboring village to Chignik, in 1984. The survey accounted for all subsistence resources used between June 1, 1983 and May 31, 1984, and from the survey ADF&G estimated a per-capita subsistence consumption of 187.94 lbs. for Chignik Bay residents. The figures in the following table should be used as an indication for the area. Some villages use fish, game and wild berries differently than even their closest neighbor villages do.

### Subsistence Information for Chignik Bay:

<u>Year 1984 - Of 19 Chignik Bay households</u>	<u>Lbs.</u>	<u>Per capita</u>
Total subsistence harvest (all resources)	15,410.8	187.94
Fish harvested	13,019.1	158.77
Salmon	11,214.1	136.76
Cod	211.2	2.57
Halibut	1,504.4	18.35
Herring	30.0	0.36
Trout & char	46.2	0.56
Total Marine invertebrates	605.4	7.38
Game	1,156.8	14.11
Birds and eggs	149.5	1.82

## Fisheries activities --

**Fishing:** Fishermen here seine for sockeye, chum, pink and coho salmon. Fish are delivered either to Chignik for canning or Kodiak for freezing. Fishermen deliver either to the two canneries in Chignik or to floating processors who recently started working these waters.

Tanner and Dungeness crab also attract Chignik and Chignik Lagoon vessels. Some of these fishermen told ADF&G subsistence surveyors that they only participated in crab to establish a history in case limited entry is imposed in the future. Some fishermen take halibut, and in the early 1980s about 32 boats participated in the herring fishery.

The following tables show commercial fishing activity for the community of Chignik. Table 1 shows fish deliveries by permit holders who were residents of Chignik, including the species, gear type, volume and estimated value of landings. In cases where three or fewer fishermen delivered, the volume and value are now shown for reasons of confidentiality.

Table 2 shows deliveries by vessels that were home-ported in Chignik. (Source: CFEC fish ticket data)

**Table 1.**  
**Fish deliveries by Chignik resident commercial fishing permit holders**  
**by gear type, 1991 - 1992**

Year	Species del	Gear	# permit holders	Lbs.	Value (\$)
1991	Groundfish	Longline	1	**	
	Groundfish	Pot	6	534914	140740
	Halibut	Longline	17	206851	415978
	Herring	Seine	2	**	
	Other	Pot	2	**	
	Salmon	Seine	15	2401525	1568817
1992	Groundfish	Longline	4	43051	0
	Groundfish	Pot	3	**	
	Herring	Seine	5	936910	159463
	Other	Pot	2	**	
	Salmon	Seine	17	2463431	1865708

**Table 2.**  
**Fish deliveries by vessels home-ported in Chignik, 1992**

Year	Species del	# permit holders	Lbs.	Value (\$)
1992	Groundfish	7	219225	0
	Herring	5	936910	159463
	Other	3	**	
	Salmon	15	2413141	1809229

**Processing:** Aleutian Dragon Fisheries and Chignik Pride Fisheries operate year-round in Chignik, processing salmon, halibut, sablefish and Tanner crab.

The following table shows processing activity by species for 1991 and 1992 (data is available for 1978 through 1992.) This data is sometimes only marginally useful, because for those years that fewer than four processors were active, poundage and estimated value of fish are deleted to protect confidentiality.

**Table 3.**  
**Processing activity in Chignik, 1991 - 1992**

Year	Species	# processors	Lbs.	Value (\$)
1991	Halibut	2	**	
	Groundfish	2	**	
1992	Groundfish	4	16993872	0
	Other	2	**	
	Salmon	3	**	

### **Economic development plans --**

Chignik received a grant in FY 1993 to develop, construct and finance a dock facility. (ADCRA didn't identify the grant amount.) The city is also upgrading its water and sewer facilities. Chignik is a member of the Southwest Alaska Municipal Conference.

## **SAND POINT**

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### **General profile --**

Sand Point is a small village set on the Northwest coast of Popof Island just off the Alaska Peninsula, 570 air miles southwest of Anchorage. Sand Point was colonized in 1898 by a San Francisco fishing company as a trading post and center for salmon and cod fishing. Sand Point obtained a Post Office in 1891. Early residents were Aleuts from other villages and Scandinavian fishermen. Gold mining fed the population in the early years of this century, and in the 1930s fish processing took over as the dominant activity.

Sand Point sits on rolling, treeless terrain marked only by a 400-foot rocky outcropping between town and the airport, and some Sitka spruce trees that were imported to spruce the place up. Dry tundra vegetation prevails throughout this maritime region, as do cloudy or foggy days, brisk ocean breezes and mild climactic changes.

Today, Sand Point is home to the largest fishing fleet in the Aleutian Chain and boasts a 25-acre boat harbor with 134 slips and a 150-ton marine travel lift. Sand Point provides the area's state services such as public safety, a fish and game office, and a courthouse. There are several churches and one school (K-12), and the population grows by an average 7% per year.

Commercial fishing, the activity that spawned Sand Point to begin with, is a crucial thread in the social and economic fabric of Sand Point. The residents strongly identify with commercial fishing. Sand Point residents are proud of the fact that its fishing history is due mostly to its own efforts, whereas other communities like Unalaska were developed primarily as a result of Outside investment coming in to use the port. Residents here consider their town a "fishing town," while their neighbors Unalaska and Akutan are "processing towns."

Sand Point is a progressive community, recognized throughout the Peninsula as one of the most self-sufficient, forward-thinking cities in the area. Community leaders recognize that state funding for community development projects will decrease in the future, and they are pursuing opportunities on their own in hopes of attaining long-term self-sufficiency.

### **The community --**

Sand Point was settled primarily by Aleuts from nearby communities, though in recent years more people from all over Alaska have migrated into town to try their hand at the local fishing resources. Unlike surrounding communities, Sand Point was never a traditional Native village and over the years it has taken on a personality different from its neighbors. Sand Point is relatively sophisticated compared to other communities in this area, it thrives on a cash economy, and its lifeblood is the commercial fishing industry. The community is highly committed to the fishing industry, and in interviews and documents expresses a willingness to take financial, personal and political risks to enhance their future in the fisheries. They feel that limited entry enhanced their stability in the salmon fisheries, and hope a comprehensive management plan for groundfish will do the same.

A 1983 survey showed that 61% of the community of Sand Point had lived there ten years or longer, but community stability is giving way to a more transient trend: in 1987, 14% of the population had lived in Sand Point two years or less. Sand Point sees less out-migration than other Aleutian towns, primarily because members of the younger generation tend to remain in town to fish or work in fisheries-related activities.

The St. Nicholas Chapel, the Russian Orthodox church here, was built in 1933 and now is on the National Register of historic places. There is no resident Russian Orthodox priest here, but lay leadership of the church is very strong. Fewer than two dozen people attend weekly services, but a large majority of the community are nominally affiliated with this church. Other denominations active in Sand Point are Baptist (with two powerful churches), Catholic, Mormon and Baha'i.

**Population:** Sand Point is 45.3% Caucasian and 38.5% Alaska Native, with a median age of 28.5. Its children are relatively well educated, and the number of kids who have completed high school and gone on to finish college is unusually high for a rural Alaskan village. Parents are highly involved in extracurricular school activities, and there is a high return rate for teachers here.

**Demographics: The city of Sand Point, 1990**

Population	878
Males	557
Females	321
Caucasian	32.3%
Black	0.4%
Pacific Islanders (Filipino)	9.9%
American Indian, Eskimo or Aleut	49.3%
Hispanic	8.9%
Other races	7.9%
Median age	28.5
Median household income (1989)	\$42,083
Median family income	\$43,125
Median per capita income	\$20,218
Mean non-farm self employment income	\$79,876
Under poverty level	12.5%
High school graduates	32.1%
College graduates	6.9%
Total households	10
Single women raising families	28

**The city --**

**Form of government:** Sand Point was organized as a first-class city in 1978. The major landholder in Sand point is the Shumagin Corporation, the largest local native Corporation, which has worked closely with the City government to enhance growth and stability in the community. The 45-member Unga Corporation is based in Sand Point but represents members on Unga Island; likewise the Sanak Corp. represents members on Sanak Island, and its primary asset is its land holding on Sanak Island. The Aleut Corporation and the Aleutian-Pribilof Island Association play relatively minor roles in the community.

Sand Point is governed by a six-member elected city council and an elected mayor. The city's business is handled by a city manager, who works in Anchorage. Sand Point is the largest city in the Aleutians East Borough, followed by Cold Bay. The borough operates primarily off of fish taxes, but those taxes come from several different fisheries so the ability of local operators to diversify is important. It's also unlikely that a crash in one of the species would devastate the borough. As a hedge against wild fluctuations, the borough created a \$750,000 permanent fund in 1988, which had grown to \$4 million by 1990.

**Housing costs:** In 1990, 22% of the Sand Point population lived in the processors' bunkhouses.

**Municipal facilities:**

- Two dock facilities
- 150-ton marine travel lift
- Public water
- Marine vessel repairs
- 3,700-foot airfield
- Bulk fuel sales (from Trident Seafoods)
- Medical services (by mid-level practitioner)
- Warehousing
- Marine Garbage Disposal
- Ice

**Community care:** The Sand point Clinic is staffed by a mid-level practitioner, two community health aides and an office manager. The clinic provides general and preventative medicine, some trauma care and well baby services. Emergencies or cases requiring specialists' care are transferred to Anchorage. In 1988, the clinic averaged about 180 patients a month. The city and clinic have given a lot of attention in recent years to some alarming health statistics that they hope to turn around: A high suicide rate, particularly among Natives, a high death rate in general, and a disproportionate number of deaths

related to alcohol. Since the Aleutian Counseling Center closed its Sand Point office in 1990, the community has worked to bring in other resources that they hope will improve the community's overall health prospects.

Sand Point has its own police force, volunteer fire department and a rescue squad. The greatest number of crime and disturbance calls come in the summer, and the police department says many of those calls result from the influx of transient boat crews rather than processing workers.

There is also a District Court office at Sand Point, which hears cases filed by the Sand Point Police Dept, the Alaska State Troopers, Village Public Safety Officers and the state Fish & Wildlife Protection officers.

Few mental health services are available. The Aleutian-Pribilof Islands Region funds a professional counselor in Sand Point, and there is a small family services resource center built by the community in a renovated old house where domestic violence and other family needs are addressed on a small scale.

## The economy --

**Major Industries:** The dominant industry here is the seafood industry, employing 87% of the Sand Point workforce in 1987. Construction, government, education and professional services account for most of the remainder. In 1986 the school employed 20 people and 53 jobs were provided by the general store, bank, cafe, tavern, motel, electrical and telephone companies, the local clinic, the Native Corporation, gift shops a vending machine company, air charters and one airline. The city has developed as a business and services hub for neighboring villages as well.

## Employment:

**1980 employment composition (Source: City of Sand Point, 1981 [MMS9])**

Commercial fishing	52%
Seafood processing	35%
Commercial services	3%
Construction	1%
Transportation	1.5%
Education	3%
Technical/professional services	0.5%
Government: federal	0.5%
state	1%
local	1.5%
Corporations and non-profit organizations	1%

## 1990 Employment data (Source: U.S. Census)

Manufacturing non-durable goods	180 jobs
Agriculture/forestry/fisheries	76
Educational services	52
Retail trade	27
Transportation	18
Construction	15
Public administration	14
Wholesale trade	13
Business/repair services	9
Communications/public utilities	8
Personal services	7
Other professional services	6
Finance/insurance/real estate	5
Manufacturing durable goods	4
Health services	4
<b>Total Sand Point jobs</b>	<b>438</b>

**Area employment:** A 1987 survey revealed that 87% of the employment in Sand Point was attributable to the seafood industry. Most of this activity — 70%, according to DCRA — is exogenous, that is, in the form of goods and services provided to companies or customers outside the community. Economic activity that brings in outside money, rather than simply recycling money within the community, creates a more stable employment environment and a more stable population.

Per capita income and household income in Sand Point are higher than the statewide average. In 1983, per capita income of \$21,206, reported by the Alaska Department of Labor, was the highest in the state. Variations in the fisheries are directly reflected in Sand Point's per capita income.

### Harvesting employment

#### Employment in the fish harvesting sector - Sand Point (Source: MMS9)

Species/gear	Crew #	1981	1982	1983	1984	1985	1986	1987	1988
<b>Salmon</b>									
Purse seine	5	245	235	245	220	245	230	225	230
Drift gillnet	2.25	50	47	43	47	41	38	34	32
Set gillnet	2.13	72	66	75	85	85	81	85	87
King crab	3.75	146	131	8	8	11	8	15	8
Tanner crab	4.17	100	121	142	146	108	121	121	133
Dung. & other	3		3	9	3	6	6	6	3
<b>Herring</b>									
Seine	3.88	4	16	12	4	4	8	4	19
Gillnet	2	0	2	0	0	2	0	0	2
Sablefish	4.3	0	0	0	4	17	22	47	30
Halibut	4.3	43	237	237	198	206	254	310	n/a

In 1982, halibut provided 35.9% of the mean personal gross income of Sand Point.

Sand Point is home to the largest fishing fleet of the Eastern Aleutians area, 134 boats, which are almost exclusively small boats that are locally owned and operated and deliver to nearby processors. This characteristic of locally-owned vessels that deliver to the local plant is quite different from most other Aleutian communities.

Most of the local boats are salmon vessels, divided about evenly between purse seiners and drift gillnet boats. In 1991, about a third of the Sand Point fleet also fished tanner and Dungeness crab in the winter, and a few were involved in the halibut and herring fisheries. Where skippers previously hired relatives and family members to crew for them, they now increasingly hire outside help to crew. Kinship was traditionally most important within the gillnet fleet, but even here, half of the crew on locally owned purse seine or gillnet vessels were outsiders in 1986.

About 21 draggers — converted 58-ft. salmon boats with a 4-man crew — deliver to the Trident plant. Almost all are locally owned or remain at Sand Point year-round, even if their owners are only seasonal residents. The vessels' small size can be a handicap during rough weather, but there probably are not economic incentives to attract (or invest in) larger vessels, and the local boat owners would not want to be excluded from salmon fisheries by switching to bigger boats.

In 1982, the average age of a Sand Point fisherman was 40.7 years, and he had 10.5 years of education.

**Cannery employment:** During Pacific cod season, Trident employes about 350 workers. Salmon processing employs 60 to 190 workers. Processing crews primarily consist of non-local males, and when processing is shut down between seasons there's an immediate and dramatic effect in the community.

The cannery workforce is fairly transient; a March 1981 study, which was conducted before the arrival of the summer workers, showed at least 61% of the workforce had worked six months or less. Cannery work is considered less attractive than fishing, and most of the local Sand Point community busies itself with salmon fishing activities in the summertime. For those reasons, few Sand Point residents work in the processing sector, and then only in the winter.

Trident purchased Sand Point's only processing plant in 1986 and significantly changed the interaction between the town and the plant. Since first built in 1946 as a halibut plant by Aleutian Cold

Storage, the plant primarily employed local men and women year round, or nearly so. It was an important second income to local women whose husbands earned sporadic income from fishing. Since Trident's purchased the plant, however, virtually all the employees come from outside the community. Plant workers have no interaction with the community other than patronizing the local store, restaurants and bars. Because groundfish plant workers' salaries are relatively low, the women of the community frequently prefer other jobs around town — in local government offices or retail businesses, for example. A majority of the men in town fish for salmon in the summertime, and prefer fishing to processing line jobs.

## Fisheries activities --

Total fish taxes collected in 1990	\$307,018	(21%)
Total harbor fees collected in 1990	\$247,485	(17.3%)
Total City Revenues collected in 1990	\$1,428,814	

**Fishing:** The South Alaska Peninsula salmon harvests in 1989 totaled 11 million salmon (all species) by 90 purse seiners, 153 drift gillnetters and 64 set gillnetters. Total fishery values from the fishing industry to the Aleutians East Borough were figured at \$132.7 million in 1988, the last year for which the borough provided figures. Of this, salmon contributed \$84.2 million, Tanner crab \$27.3 million, bottomfish \$8.5 million and halibut \$4.04 million. These figures are not broken down by community. This \$132.7 million total value was significantly higher than the \$99.8 million of the 1987 fisheries, and the \$75.3 million value of the 1986 fisheries.

In 1988, 48% of the fleet was between 20 and 39 feet, 43% 40-59 feet, and 9% were skiffs smaller than 20 ft.

Diversification and flexibility are important to the Sand Point fleet. Almost all the fishermen here target sockeye salmon as their primary fishery, and fish for other species — halibut, crab, bottomfish — to enhance their income and keep their boats busy during the rest of the year. Fishermen's ability to switch gear to target non-salmon fisheries is directly related to how well they do in the salmon fisheries. Many converted seiners are now equipped with booms to load trawl nets aboard, allowing local fishermen to participate in the Pacific cod fisheries, when weather permits, in their 58-footers. Needless to say, this little fleet fought hard for the Inshore/Offshore allocation scheme, which gave them a Pacific cod allocation separate from the factory trawler fleet.

In 1988, Sand Point fishermen landed 22.1 million pounds of salmon (all species), valued at \$24.3 million (MMS9). In 1987, they harvested 867,000 lbs. of halibut, valued at \$1,236,000.

Local fishermen are represented by the Peninsula Marketing Association, the collective bargaining group that represents about 95% of the Alaska Peninsula fishermen. Also active in this area are the Stepovak Bay Set Netters Assoc. and the Concerned Area M Fishermen, which represents the drift gillnet fleet.

In addition to the local fleet, a number of Seattle-based vessels call at the port of Sand Point for supplies and services during the season.

**Table 1.**  
Commercial fishing permits by species - Sand Point, 1988  
(Called Sand Point worksheet on the disk)

<u>Species</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Salmon	79	97	113	101	108	99	105	106	109	102	104	105
King crab	24	28	49	40	45	41	3	3	3	2	5	3
Tanner crab	34	39	32	36	29	39	39	39	36	31	34	34
Dungeness & other	0	0	0	0	0	1	1	1	5	2	2	1
Herring	0	1	5	4	1	4	3	2	2	4	1	7
Sablefish	0	0	0	0	0	0	1	1	4	5	18	9
Halibut	28	11	13	6	10	47	60	53	55	69	86	?
Other	6	6	7	4	5	1	0	1	0	9	95	115
<b>Total</b>	<b>171</b>	<b>182</b>	<b>219</b>	<b>191</b>	<b>198</b>	<b>232</b>	<b>212</b>	<b>206</b>	<b>214</b>	<b>224</b>	<b>345</b>	<b>274</b>



The following tables show commercial fishing activity for the community of Sand Point. Table 2 shows fish deliveries by permit holders who were residents of Sand Point, including the species, gear type, volume and estimated value of landings. In cases where three or fewer fishermen delivered, the volume and value are now shown for reasons of confidentiality.

Table 3 shows deliveries by vessels that were home-ported in Sand Point. (Source: CFEC fish ticket data)

**Table 2.**  
Fish deliveries by Sand Point resident commercial fishing permit holders by gear type, 1991 - 1992

Year	Species del	Gear	# permit holders	Lbs.	Value (\$)
1991	Crab	Pot	4	181793	514192
	Groundfish	Jig	10	74057	19177
	Groundfish	Longline	28	452456	257014
	Groundfish	Pot	9	199174	43688
	Groundfish	Trawl	24	21375190	4035830
	Halibut	Jig	1	**	
	Halibut	Longline	90	1010230	1976396
	Halibut	Troll	1	**	
	Herring	Seine	8	987299	157089
	Other	Pot	6	9956	9921
	Other	Trawl	3	**	
	Salmon	Net	59	5192474	3455869
	Salmon	Seine	47	20796078	5102174
	1992	Groundfish	Jig	5	34094
Groundfish		Longline	16	352213	0
Groundfish		Pot	20	230100	0
Groundfish		Trawl	25	20230475	0
Herring		Seine	14	1230595	171742
Other		Pot	13	7023	6667
Other		Trawl	8	1520	1337
Salmon		Net	55	5026905	5427168
Salmon		Seine	48	21456727	9930695

**Table 3.**  
Fish deliveries by vessels home-ported in Sand Point, 1991 - 1992

Year	Species del	# permit holders	Lbs.	Value (\$)
1991	Crab	12	6176512	4400078
	Groundfish	72	22482197	4858880
	Halibut	94	1006373	1968586
	Herring	8	985799	156837
	Other	10	15108	15242
	Salmon	110	24268926	7707410
1992	Crab	13	5623615	4168715
	Groundfish	62	20273764	0
	Herring	14	1230595	171742
	Other	23	34309	61019
	Salmon	94	25136122	14297407

**Processing:** Trident Seafoods has a major bottomfish and salmon plant in Sand Point, and Peter Pan Seafoods has a 12,000 square-foot storage and transfer station near the airport. Peter Pan also owns a 300-foot dock, a 7,200 square foot gear building and workshop and a 5,000-square foot bunkhouse that sleeps eight to ten seasonal employees and one year-round employee. They usually open up in May and shut down in late September.

In recent years, the Trident plant has shifted from emphasis on cod, sablefish and halibut more toward a focus on Pacific cod. In 1990, the plant processed 36 million lbs. of Pacific cod, 1.5 million lbs. of halibut, 0.5 million lbs. of sablefish and small amounts of other groundfish species.

In 1991, New West Fisheries signed a contract with the city to moor a floating processor near the city dock for Pacific cod processing. The agreement was, if New West was successful at processing 10

million lbs. of Pacific cod that year, they would invest \$10 million in a shore-based plant in the community.

Processing occurs on a year-round basis, providing relatively regular business activity for owners of marine services and support services industries.

The following table shows processing activity by species for 1991 and 1992 (data is available for 1978 through 1992.) This data is sometimes only marginally useful, because for those years that fewer than four processors were active, poundage and estimated value of fish are deleted to protect confidentiality.

**Table 4.**  
**Processing activity in Sand Point, 1991 - 1992**

Year	Species	# processors	Lbs.	Value (\$)
1991	Halibut	4	1341295	2632966
	Groundfish	5	34137402	7807369
1992	Groundfish	4	52023660	0
	Herring	2	**	
	Other	1	**	
	Salmon	1	**	

Marine services: The City's two docks and small boat harbor, in addition to its 150-ton marine travel lift, provide the most docking, repairs and supply services in the area. These facilities generate revenues for the city, employ local residents, and also provide incentive for Outside boats to call at Sand Point, diversifying the city's economy.

### **Subsistence activities --**

This is not your typical subsistence area. Sand Point is made up of third and fourth generation commercial fishermen who understand the commercial fisheries, are driven to be successful, and seek stability in the industry. They take their subsistence catch out of the commercial catch, and they fish with rod and reel as well. Their traditional consumption of fish as food probably would not change under any commercial fishery management scenario.

However, a look into the subsistence activities of Sand Point shows a community that relies heavily on the local resources for food. A 1983 survey showed that 87% of the community fishes, 65% hunt and 91% pick berries for personal use. About 71% of the population considered subsistence activities crucial to their lifestyles; 28% said it was somewhat important, and only 1% said it was not important at all. Of those who consider subsistence harvesting to be important, most of them indicated it was for recreational, rather than survival or cultural, purposes. This is very different from other villages in Western Alaska.

Locals primarily harvest caribou and salmon. Sand Point families commonly consume one to four caribou and between 50 and 200 salmon per year. Hunting, fishing and berry-picking is primarily a family-oriented activity, though subsistence-harvested resources are shared within the community far less here than in other communities in the region.

### **Economic development plans --**

Sand Point hopes to develop new groundfish opportunities to provide an economic bridge between salmon seasons. Revenues from fish taxes are shared with the state and the Aleutians East Borough (50% to the state, 25% to the borough, 25% local). The borough has obtained \$650,000 in funding for harbor expansion, \$440,000 for road improvements, and \$2.25 million for airport improvements, designed primarily to increase safety. The Sand Point airport is VFR-equipped only; it and Cold Bay's airport have the only lighted runways in the Aleutians East Borough.

The borough has hired a lobbyist in Washington, D.C. to promote the area's interests in fisheries development with respect to the Magnuson Act, marine Mammal Act and economic development projects.

## THE PRIBILOF ISLANDS

The Pribilof Islands, 500 miles west of the Alaska mainland in the central Bering Sea, were discovered in June 1786 by Gavril Pribilof of the Russian Lebedov Lastochkin Company on his search for the famed northern fur seal breeding grounds. He first landed on the southernmost island, which he named after his vessel, the *Sveti Georgiy* — Saint George.

Pribilof left a small group of hunters on St. George Island and, along with provisions for the winter, left them with instructions to scope out the area for potential fur seal hunts. On one unusually clear June day a year later, the hunters could see the outline of another big island about 30 miles northward, and they named that island St. Peter and St. Paul Island, because it was the dedication day of those two apostles.

In 1788, groups of Aleut hunters from Unalaska and Atka were captured as slaves and taken to St. George and St. Paul islands to hunt fur seals for the Russian company. Their descendants live on the two islands to this day, the progeny of hunters and slaves, and themselves the wards of a federal government that has outlawed residents' historic livelihood, fur seal hunting, but has been slow to provide aid to develop a commercial fisheries infrastructure.

The Aleuts who first came to the Pribilof Islands, under the Russian plan to centralize and control the Native communities of Western Alaska for their own commercial purposes, were prohibited from traveling back to the mainland, were cut off from their kinship ties, and in many cases were prevented from hunting for their own food in an effort to keep families dependent upon the income from seal harvesting. The hunters and their families suffered nutritional deficiencies, isolation and other hardships at the hands of their Russian masters.

When the U.S. bought Alaska from the Russians in 1867, control of the Pribilofs shifted to the Alaska Commercial Company, and later to the North American Commercial Company, and under their control the fur seal populations declined and the industry fell into a depression that left Pribilovians poverty stricken and far from home, mainland and other opportunities. The U.S. government took over control of the island activities after 1910 and regulated seal hunting and other activities there with no more understanding of the Aleut way of life than the previous landlords had had.

Pribilovians were evacuated from their homes on one June day in 1942 — with no warning from the federal government — along with the residents of other Aleutian Island communities important to the military's agenda in World War II. Most Pribilovians were returned in 1942, but continued to live under federal control — virtually as wards of the federal government, which controlled management and administration of all community facilities and activities — until fur seal harvests were outlawed in 1983. At that time, control of the villages was turned over to local entities, along with \$20 million in grants (\$12 to St. Paul, \$8 million to St. George) to develop an alternative economy for the Pribilof Islands.

Whether or not that local economy is possible, the Pribilof Islanders have set their hopes on the groundfish fisheries of the Bering Sea. Though their participation in groundfish has been minimal to date, they have identified this industry as the only opportunity they have for economic survival, other than continuing to seek federal grants.

map

## ST. PAUL

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### General profile --

The community of St. Paul, the only settlement on St. Paul Island, is located on a narrow thumb of land on the southern tip of the 44-square-mile island, 47 miles from St. George. Here, fur seal rookeries and thousands of sea bird rookeries explode with life in summertime, and windswept, icy shorelines hug and pummel the island through the winter. More than 210 species of sea birds nest here, some from as far away as Argentina. Tourists flock here too, to view the largest single herd of sea mammals in the world — 1.3 million or so fur seals distributed among 14 rookeries and haul-outs. There is also a reindeer herd on St. Paul Island, a holdover from a previous commercial venture.

St. Paul is trying with all its might to become a commercial fishing town. The city has built dock and breakwater, and is completing a 700-foot dock expansion, cold storage, surimi plant and warehouse facility. There is a state-maintained airport with a 5,075-ft. gravel runway that accommodates regular air service. St. Paul is the major port for ships operating in the Central Bering Sea area, but the full potential for developing portside business has not yet been developed because the infrastructure has been so slow in coming.

## The community --

St. Paul is the largest community of Aleut people in the world. With a population of 763 and 66.1% Alaska Native, St. Paul's 504 Aleut residents represent the largest remaining concentration of a community of seafaring Natives that once spread throughout the Aleutian Islands and the Alaska Peninsula. The proportion of men to women is uncommonly high (62.6% to 37.4%, respectively). Young people often leave the island for work or schooling, and women are more likely than men to marry or settle into other areas; male residents are more likely to return to their home town, according to a 1988 study (Kevin Waring Associates).

This is a struggling community, with alcohol and drug problems rising in direct proportion to the uncertainty of the economic and political climate. Yet the strong sense of direction and self-determination that the community demonstrates in the face of its sorrowful past and uncertain future is also evident. St. Paul has a 10.8% unemployment rate and a per capita income of \$15,115, and 7.1% of the population is below poverty level. Though per capita income is nearly as high as the statewide average, the cost of living is far higher here, 500 miles offshore, than it is in most villages.

Of the 433 residents over 25 years old, 61.7% have high school diplomas, and only 3.2 have college degrees or higher. Some 88 residents speak their Native language, with 58 of them unable to speak English well, and 25 residents speak an Asian or Pacific Island language and do not speak English very well.

Schoolchildren up to 10th grade attend school in St. Paul, but high school juniors and seniors have to leave the island for the school year. The Russian Orthodox church is strong here; St. Paul is one of the few communities with a resident Russian Orthodox priest. There is also an Assembly of God church, attended primarily by non-Natives.

### Population data:

Community	Saint Paul
1990 Population	763
Non-Native Population	259
Native Population	504
Percent Native	66.1
Housing Units	177
Vacant Units	23
Owner-Occup Housing Units	105
Median Value of Housing Units	\$84,100
Renter-Occup Housing Units	49
Median Rent Paid	\$508
Number of Households	161
# Family Households	132
# Non Related Households	29
Median Family Income	\$48,000
Persons in Poverty	50
Percent in Poverty	7.11

(Source: ADCRA)

### The city of St. Paul, 1990

Males	478
Females	285
White	21.5%
Black	1.5%
Pacific Islanders	5.8%
American Indian, Eskimo or Aleut	66.1%
Other races	5.1%
Median age	28.0
Median household income (1989)	\$39,922

Median family income	\$48,000
Median per capita income	\$15,115
# people with nonfarm self emp. income	9
Mean non-farm self employment income	\$12,400
# people on public assistance	20
Mean public assistance income	\$4,089
Under poverty level	7.1%
High school graduates (of pop. 25+)	61.7%
College graduates (of pop 25+)	3.2%
Total households	161
Single women raising families	13
(Source: US Census)	

## The city --

**Form of government:** The City of St. Paul is a second-class city (incorporated in 1971) and, as primary beneficiary of the St. Paul Trust set up by the federal government in 1983 to facilitate the transition from federal to local control, is also the city's largest employer. The city is run by a city manager and a seven-member city council, and levies a 3% sales tax.

The local Native corporation organized under ANCSA is Tanadgusix (or TDX) Corp., and while not a political force in itself, the corporation is the major land owner and is the major economic development force in the community.

The Aleut Community of St. Paul was organized under the Indian Reorganization Act, and it also is instrumental in fisheries development and other economic activities here. The IRA Council does act as a political institution on the island, and is also a force in helping preserve the Aleut culture in the face of increasing intrusion by Anglo-Americans.

**Housing costs:** Housing was constructed by the federal government and was extremely limited until the early 1980s. Since then some higher-quality homes have been built, the average household size has decreased, and housing for families and local workers is a lot closer to adequate.

Of the 93 owner-occupied homes in St. Paul, 73 are valued between \$50,000 and \$99,000, with a median value of \$84,100. There are 32 mortgaged homes in St. Paul, with a median mortgage payment of \$414, and the average non-mortgage house payment is \$394. Median rent is \$688

**Municipal facilities:** St. Paul has a 300-foot city dock, a 300-foot private dock, a boat harbor, water, electrical, sewer, refuse removal and telephone services. The city has also started a solid waste reduction and recycling program, and is planning a new landfill area.

**Community care:** The City of St. Paul provides public safety, fire, police, search and rescue and airport fire, crash and rescue services. There is a three-bed Indian Health Service clinic, with three physician's assistants and a paraprofessional social worker. A dentist visits periodically, and an EMT team provides stabilization care in emergencies. The nearest hospital is Anchorage, 800 miles away; emergency patients are medevaced by air.

## The economy --

Today, St. Paul is a supply and processing port for a portion of the Bering Sea groundfish and crab fleets. The city and the TDX Corp. have put forth major efforts to increase processing capacity, to build docks and breakwaters to accommodate the Bering Sea fleet, and to find ways to help local fishermen participate more in the region's fisheries. Those efforts themselves, fueled by federal grants and state funding, have generated a certain amount of economic activity.

Also, the magnificent local habitat for Arctic birds, marine mammals and other rare sights have attracted an increasing number of tourists to St. Paul Island. But the primary focus is increasing participation in the Bering Sea fisheries, the industry the U.S. government hoped would provide an economic future for St. Paul after their previous economic structure, and way of life, was shut down in 1983.

The 1990 census showed St. Paul had a 10.8% unemployment rate, and that the economic community supported 330 jobs, as outlined below:

### St. Paul Jobs, 1990

Manufacturing	
non-durable goods	71 jobs
Ag/forestry/fisheries	44
Public administration	41
Educational services	34
Construction	32
Other professional services	28
Health services	19
Communications/utilities	15
Transportation	12
Personal services	12
Retail trade	12
Wholesale trade	6
Business/repair services	2
Entertainment/recreation	2
<b>Total jobs</b>	<b>330</b>

The median wage/salary income was \$42,026 in 1990. Median self-employment income, among the nine people who reported it, was \$12,400.

In 1980, when there were only 244 jobs in St. Paul, 18 people worked in reindeer antler processing, a business not highlighted but which is probably included in the "manufacturing non-durable goods" category, above. Back then, 180 of the 244 jobs — 73.7% — were only part-time jobs. There is no current information on how many of the 330 jobs in 1990 were full-time or part-time.

### Subsistence activities --

Subsistence hunting, fishing and gathering has always been an important part of life on the Pribilof Islands. The ADF&G estimated in 1981 that St. Paul residents consumed approximately 307 lbs. of subsistence resources per capita annually (Schroeder, et al). Halibut, cod and sculpin are the primary marine fishes harvested for subsistence purposes. Salmon and Dolly Varden are absent in the Pribilofs, and clams and marine invertebrates are less abundant than on the mainland or in the Aleutians.

Fur seals are by far the most important marine mammal taken for subsistence use. Though it is illegal under the Fur Seal Act, to commercially harvest these animals, Natives are allowed to take them for subsistence purposes only. Sea lions are also taken frequently, and harbor seals once in a while. The abundance of sea birds, ducks, geese, murre, kittiwakes, cormorants, and least auklets that nest on the island have led to the enthusiastic use of those birds and their eggs by the local Natives. The only land mammal harvested in any number is reindeer.

Following a house-by-house survey in 1981, ADF&G estimated the per-household use of seals, sea lions, halibut and reindeer as follows:

#### Estimated consumption per household for subsistence purposes, 1981

Total fur seal		1,020 lbs.
Summer harvest	320	
Winter harvest	700	
Sea lion		105
Halibut		513
Reindeer		54
<b>Total weight:</b>		<b>1,692</b>

### Fisheries activities --

Though fisheries activities are the prime mover in the economy and the hopes of St. Paul, their participation has been relatively small so far. The local fleet fishes primarily for halibut; local processors produce crab and several species of groundfish. Several obstacles currently hold back fisheries activities: Though \$75 million in federal, state and private funds have been spent building ocean breakwaters, docks and other marine improvements, those improvements have come slowly and the fact that they're not finished yet means the community is missing out on a lot of fisheries activity. So while the fisheries remain St. Paul's primary focus, actual participation is still pretty minimal until the city's fisheries development program can get on line.

St. Paul is the only member of the Central Bering Sea Fishermen's Association (CBSFA), a CDQ corporation.

**Fishing:** The St. Paul fleet does not have the vessels or equipment to participate in the cod, pollock or crab fisheries, nor do they have the capital or the expertise to jump into those fisheries right now. All the local boats are under 50' in length. Most fishermen harvest only halibut, in the pulse fisheries in the Bering Sea areas. They began halibut fishing in about 1982 because, though there were no docks or harbor facilities to support a large fleet, the small locally-owned boats could fish off resources close to the island in small boats, which could be hauled out of the water.

The most halibut the St. Paul fleet has ever taken was 75% of the Halibut Area 4C quota in 1990, a year when most longliners preferred to fish elsewhere for regulatory reasons. Most years, the local fleet averages about 35% of the Area 4C harvest, primarily because the size of their boats means they have to sit out bad weather or rough seas while larger boats from outside the area continue fishing. St. Paul has applied some of its partnership funds gained from CDQ arrangements to helping fishermen invest in larger, more competitive vessels. Under the proposed IFQ program, St. Paul and St. George fishermen will be allocated quota shares that, assuming 1992 quotas, would bring in 400,000 to 550,000 lbs. of halibut quota according to CBSFA.

There are no salmon or herring fisheries in the Pribilofs, and the fleet is made up of boats too small to cross the Bering Sea to participate in other small-boat fisheries nearer the mainland. The St. Paul fleet hopes to expand its flexibility to participate in Pacific cod, pollock, flounder, crab, sea urchin and other fisheries.

The following tables show commercial fishing activity for the community of St. Paul. Table 1 shows fish deliveries by permit holders who were residents of St. Paul, including the species, gear type, volume and estimated value of landings. In cases where three or fewer fishermen delivered, the volume and value are now shown for reasons of confidentiality.

Table 2 shows deliveries by vessels that were home-ported in St. Paul. (Source: CFEC fish ticket data)

**Table 1.**  
Fish deliveries by St. Paul resident commercial fishing permit holders by gear type, 1991 - 1992

Year	Species del	Gear	# permit holders	Lbs.	Value (\$)
1991	Halibut	Jig	3	**	
	Halibut	Longline	14	185,504	252,794
	Halibut	Troll	1	**	
1992	Crab	Pot	2	**	
	Salmon	Net	2	**	

**Table 2.**  
Fish deliveries by vessels home-ported in St. Paul, 1991 - 1992

Year	Species del	# permit holders	Lbs.	Value (\$)
1991	Halibut	18	189,036	257,597
1992	Other	1	**	
	Salmon	1	**	

**Processing:** The only processing plant on St. Paul is Pribilof Island Processors (PIP), which underwent Chapter 11 bankruptcy in 1990 and was facing reorganization. However, it geared up for the 1991 season and, according to a 1991 report by Impact Assessment, Inc., took delivery from 18 or 19 crab boats and hired between 55 and 180 people, depending on how busy the plant is. The plant also processes halibut and Pacific cod.

In 1991, reports showed that the PIP plant paid \$7/hour to locals, and \$5.50/hour to non-locals (the lower wage to compensate for travel, room and board costs). However, many locals are unwilling or unable to work for \$7/hour, especially the primary breadwinners of a household. Cost of living studies here show that it requires at least \$9.59/hour to barely survive on the most meager budget in St. Paul — and that budget would not provide off-island travel, a motorized vehicle on the island, or any other such "amenities."

In addition, a Japanese-financed group called St. Paul Seafood has been developing a shore-

based processing facility and already has invested \$28 million, but in 1991 needed additional financing to construct a waste outflow system. This plant was originally designed to process surimi.

The CBSFA is working to attract a major shore-based processor to St. Paul to produce the groundfish made available through the CDQ program. The corporation is also considering chartering a 98' crab boat to tender halibut for the 1993 season.

The following table shows processing activity by species for 1991 and 1992 (data is available for 1978 through 1992.) This data is sometimes only marginally useful, because for those years that fewer than four processors were active, poundage and estimated value of fish are deleted to protect confidentiality.

**Table 3.**  
**Processing activity in St. Paul, 1991 - 1992**

Year	Species	# processors	Lbs.	Value (\$)
1991	Halibut	1	**	
	Groundfish	1	**	
1992	Crab	1	**	
	Groundfish	3	**	
	Other	1	**	

### **Economic development plans --**

In a study conducted at the end of the federal control of the Pribilofs, four areas were identified as potential economic development opportunities for St. Paul: fisheries, tourism, fur sealing and offshore oil and gas development. Tourism is a small, seasonal activity that contributes some, but not much, to the local economy, and probably is limited because of the expense of flying out to the Pribilofs from the mainland. Fur sealing had already become uneconomical even before it was politically incorrect — and subsequently was outlawed. Offshore oil and gas development was attempted for a while, but regulatory uncertainties concerning oil and gas leases in the Bering Sea killed that idea. Fisheries development is the area's only remaining realistic hope.

The City of St. Paul and the TDX Corp. are struggling through a long-term plan to build a 700-foot dock, surimi plant, a floating processor, cold storage and warehouse facilities along with a bulk fuel terminal, airport terminal, container storage and transfer, a new hotel, restaurant and recreation building. These plans are enhanced by the CBSFA's program to repair the old East Landing dock, develop temporary floating moorage for the local fishing fleet, and boost the harbor development project, which is the most pressing need right now in St. Paul's fisheries development progress.

At the same time that the St. Paul community hopes to develop new opportunities in the Bering Sea fisheries, residents are also concerned that the sea surrounding their island may be overfished. Many residents struggle with their resentment against the gigantic, efficient factory trawl fleet that is designed to potentially degrade the marine environment for lucrative short-term gains, while at the same time hoping that their own fleet can develop enough to participate in the groundfish fisheries as well. There is also discomfort at the idea of developing new fisheries from underutilized resources, after a bad experience in the hair crab fishery when, after local fishermen opened up the fishery, large Outside boats came in and exploited most of the resource before the locals could catch up to them.



## ST. GEORGE

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### General profile --

St. George is a smaller island and a smaller town than St. Paul and has lived in its larger brother's shadow for most of its 20th Century life. It is the second largest of the five Pribilof Islands, and is 11 miles long and 5 miles wide. A 6,000-ft. gravel runway accommodates regular commercial air traffic from Anchorage and the Aleutians, and most freight and supplies come by barge from Anchorage every month. Like St. Paul, St. George is strategically located in the middle of the groundfish and crab fisheries of the Bering Sea, and is a major breeding ground for fur seals, sea lions and arctic birds.

The climate here is typical of northern maritime regions, with cool, cloudy weather the year round and temperatures ranging from 24°F to 52°F. Average precipitation is 23" annually, and average snowfall is 57".

### The community --

With only 143 residents, St. George is tied economically, socially and culturally to St. Paul. The community here is 94.9% Aleut; only seven residents (at the time of the 1990 census) were white. Median age is 28.4, some 64.6% of adults over 25 have finished high school, and 5.1% have a bachelor's degree or higher. St. George residents are considerably poorer than St. Paul residents; here, 42% of the people — ten families out of 36 — are under the poverty line (compared to 7.1% in St. Paul.)

Most residents in this tightly knit community are Russian Orthodox. There are quite a few organized recreational activities for the community, as well as a few continuing education programs for adults, including on-the-job training and academic programs in hatchery management, sponsored by the St. George Aquaculture Association. The local school educates children through the 8th grade; high school students have to leave the island for schooling.

#### Population data:

Community	Saint George
1990 Population	138
Non-Native Population	7
Native Population	131
Percent Native	94.9
Housing Units	67
Vacant Units	22
Owner-Occupy Housing Units	31
Median Value of Housing Units	\$55,600
Renter-Occupy Housing Units	14
Median Rent Paid	\$133
Number of Households	43
# Family Households	36
# Non Related Households	7
Median Family Income	\$26,000
Persons in Poverty	60
Percent in Poverty	-41:96

(Source: ADCRA)

### The city of St. George, 1990

Males	66
Females	77
Median age	28.4
Median household income (1989)	\$25,250
Median family income	\$26,000
Median per capita income	\$9,332
Under poverty level	42%
# people on public assistance	5
Mean public assistance income	\$13,152
High school graduates (of pop. 25+)	64.6%
College graduates (of pop 25+)	5.1%
Total households	43
Single women raising families	2

(Source: US Census)

### The city --

**Form of government:** St. George is a second-class city, (incorporated in 1983) with a seven-member city council and a mayor elected from that council. The seven-member St. George Traditional Council is the tribal government, owns and operates the clinic, publishes a local newspaper, administers recreational programs and also oversees other community development projects and job training for the community. The St. George Tanaq Corp., the local Native corporation, owns the store, hotel, the port and most of the land on the island.

**Housing costs:** There are 28 owner-occupied homes in St. George, with a median value of \$55,600. None of them is mortgaged; the median non-mortgage house payment is \$325 per month, and median rent is \$475 per month.

**Municipal facilities:** St. George's new 6,000-foot runway is the only one in the Pribilofs that can accommodate jet traffic. The 8-acre Zapadni Bay Harbor is still under construction, but has been open for use. The City harbor provides 60-ft. and 75-ft. docks, with 250 feet of additional moorage.

The City of St. George also provides electric services, water, sewer, solid waste disposal at the local landfill, public safety and fire protection, and distributes fuel to the community.

**Community care:** A Village Public Safety Officer acts as the city policeman. A volunteer fire department takes care of fire protection, and there is a four-bed clinic staffed by a physician's assistant and two community health aides. The state public health nurse, a dentist, a doctor and an optometrist visit the community a few times a year.

### The economy --

Most of the employment in St. George is government-related. Together government, education and Native corporation jobs make up 60% of the jobs available to St. George residents. The St. George Aquaculture Assoc. has begun developing salmon and shellfish aquaculture programs, with the first salmon returns expected in 1993. In addition, there are several private concerns here, including a day care, gas station, grocery and hardware stores, lumber yard and marine supply, movie rental, restaurant, taxi and underwater construction company.

At the time of the 1990 Census, St. George residents reported 40 jobs among a labor force of 47 people, leaving 7 people unemployed. Census data does not differentiate between full- and part-time jobs. The jobs were distributed as follows:

**St. George Jobs, 1990 (Source: U.S. Census)**

Educational services	10
Construction	10
Public administration	5
Health services	5
Retail trade	4
Transportation	2
Personal services	2
Professional/related services	2
<b>Total jobs</b>	<b>40</b>

**Subsistence activities --**

Subsistence is as crucial to the cultural and nutritional life of St. George as it is to any rural Alaskan village, though St. George residents usually take less per capita in subsistence resources than St. Paul residents do. The ADF&G estimated in 1981 that St. George residents consumed approximately 270 lbs. of subsistence resources per capita annually (Schroeder, et al). Halibut, cod and sculpin are the primary marine fishes harvested for subsistence purposes. Salmon and Dolly Varden are absent in the Pribilofs, and clams and marine invertebrates are less abundant than on the mainland or in the Aleutians.

Fur seals are by far the most important marine mammal taken for subsistence use. Though it is illegal under the Fur Seal Act, to commercially harvest these animals, Natives are allowed to take them for subsistence purposes only. Sea lions are also taken frequently, and harbor seals once in a while. The abundance of sea birds, ducks, geese, murre, kittiwakes, cormorants, and least auklets that nest on the island have led to the enthusiastic use of those birds and their eggs by the local Natives.

Following a house-by-house survey in 1981, ADF&G estimated the per-household use of seals, sea lions, halibut and reindeer as follows:

**Estimated consumption per household for subsistence purposes, 1981**

Total fur seal		561 lbs.
Local harvest	331	
From St. Paul	230	
Sea lion		324
Halibut		270
<b>Total lbs. per household:</b>		<b>1,155 lbs.</b>

**Fisheries activities --**

Like St. Paul, St. George is struggling to develop a groundfish and crab fishery, and to build up its harbor facilities enough to attract business from the Bering Sea commercial fishing fleets. The City of St. George hopes to develop a shoreside seafood processing facility in Zapadni Bay Harbor, though there are some reservations about how a large processing plant might affect the social structure of this small, isolated and close-knit community.

St. George is a member of the Aleutian Pribilof Island Community Development Association (APICDA), a CDQ organization that also includes Aleutian villages from Adak east to Nelson Lagoon.

**Fishing:** There are 28 fishermen and 12 fishing vessels in St. George, and the vessels range in size from 16' to 30' in length, according to the Aleutian Pribilof Island Community Development Association. They primarily longline for halibut and cod, though their participation is sometimes limited by bad weather and high seas. Fishing the Bering Sea with vessels of this size is quite a challenge, and the fishing community will have to upgrade the size and safety of its fleet before fishermen can expand their participation in Bering Sea fisheries.

The following tables show commercial fishing activity for the community of St. George. Table 1 shows fish deliveries by permit holders who were residents of St. George, including the species, gear type, volume and estimated value of landings. In cases where three or fewer fishermen delivered, the volume and value are now shown for reasons of confidentiality.

Table 2 shows deliveries by vessels that were home-ported in St. George. (Source: CFEC fish ticket data)

**Table 1.**  
**Fish deliveries by St. George resident commercial fishing permit holders**  
**by gear type, 1989-1990 (No processing activity in 1991 or 1992)**

Year	Species del	Gear	# permit holders	Lbs.	Value (\$)
1989	Halibut	Jig	3	**	
	Halibut	Longline	6	22,816	21,606
1990	Halibut	Troll	6	9,862	9,340
	Halibut	Jig	3	**	
	Halibut	Longline	10	30,200	53,394
	Halibut	Troll	4	7,179	12,691

**Table 2.**  
**Fish deliveries by vessels home-ported in St. George, 1989 - 1990**

Year	Species del	# permit holders	Lbs.	Value (\$)
1989	Halibut	15	47,016	44,523
1990	Halibut	17	43,587	77,061
	Salmon	2	**	

**Processing:** Two floating processors operated within the Zapadni Bay Harbor in recent years, but because the harbor itself is incomplete there is no shoreside processing facility operating here. As soon as the harbor is complete, establishing shoreside processing capabilities will become the top priority at St. George Tanaq Corp. The community is looking for a small processor that could operate on a year-round basis, rather than a large plant that would bring in a large influx of new people.

The following table shows processing activity by species for 1991 and 1992 (data is available for 1978 through 1992.) This data is sometimes only marginally useful, because for those years that fewer than four processors were active, poundage and estimated value of fish are deleted to protect confidentiality.

**Table 3.**  
**Processing activity in St. George, 1983 - 1990**

Year	Species	# processors	Lbs.	Value (\$)
1983	Halibut	1	**	
1984	Halibut	1	**	
1985	Halibut	1	**	
1986	Halibut	1	**	
1987	Halibut	1	**	
1988	Halibut	1	**	
1989	Halibut	1	**	
1990	Halibut	1	**	

## **Economic development plans --**

Finishing the harbor and finding a shoreside processor are the two economic development priorities for this community. In the past ten years, \$30 million has been invested in literally carving the harbor out of the island, but more dredging and construction work is required before the port is usable. The APIDCA has set aside approximately \$2.27 million of its CDQ-generated funds to to construct docks and complete upland construction at the harbor. They are seeking \$3.3 million from the state legislature to complete the project.

APICDA has entered an agreement with Snopac Products, Inc. to develop a shoreside processing facility on Zapadni Bay after the harbor project is complete. In addition, some CDQ-generated Fishery Investment Funds will be used to help local fishermen upgrade their vessels, gain training with operating larger vessels, and to purchase halibut and sablefish quota shares after the new IFQ program is implemented.

# QUINHAGAK

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## General profile --

Quinhagak is one of the oldest villages, and has long been one of the largest villages, along the Kuskokwim Bay. The Yup'ik Eskimo community of *Kuinerraq* (meaning "new river channel") has been traced as far back as 1000 A.D. This village is located 71 miles southwest of Bethel on the east shores of Kuskokwim Bay, on the Kanektok ("snowy") River, a world-class sport fishing mecca. Quinhagak is less than a mile from the Bering Sea coast.

The village is accessible primarily by air transportation. Barge services arrive twice a year. This area gets about 22" of precipitation per year, including an average of 43" of snow. Temperatures range from a low of -35°F in wintertime to as high as 68°F or 70°F in summer.

## The community --

Quinhagak's 507 residents maintain a subsistence way of life, and are closely tied to the land. Most of the jobs in town are government-related, including school teaching and administration. Many of the locals are commercial fishermen, and some also produce Native crafts and arts commercially.

The official unemployment rate is only 5.7% — very low compared to other Y-K Delta villages. These figures are virtually meaningless, however, because they reflect the number of people on the unemployment rolls, and do not necessarily indicate the number of people without jobs.

More than 37% of the population here is considered to be below poverty level. The average home is valued at \$60,500; average salaries are \$17,050. Of the residents over 25, 45.6% have finished high school and 8.9% have finished college. These percentages reflect a slightly higher level of education than in neighboring villages. Of the 429 residents over 5, 396 speak their Native language and 280 do not speak English very well.

### Population data:

Community	Quinhagak
1990 Population	501
Non-Native Population	31
Native Population	470
Percent Native	93.8
Housing Units	136
Vacant Units	9
Owner-Occup Housing Units	88
Median Value of Housing Units	\$60,500
Renter-Occup Housing Units	39
Median Rent Paid	\$99
Number of Households	132
# Family Households	115
# Non Related Households	17
Median Family Income	\$17,969
Persons in Poverty	188
Percent in Poverty	37.23

(Source: ADCRA)

## The city of Quinhagak, 1990

Males	263
Females	238
Alaska Native (Eskimo)	93.8%
White	5.7%
Asian/Pacific Islander	0.2%
Hispanic	0.3%
Median age	24.7
Median household income (1989)	\$17,500
Median family income	\$17,969
Median per capita income	\$5,842
# with non-farm self employment income	59
Mean non-farm self employment income	\$6,030
Under poverty level	37.2%
High school graduates (of pop. 25+)	45.6%
College graduates (of pop 25+)	8.9%
Total households	132
Single women raising families	12

(Source: US Census)

## The city --

**Form of government:** Quinhagak is a second-class city (incorporated in 1975) and is not within an organized borough. It is in the Calista Corp. region.

**Housing costs:** Average home mortgage payment is \$315 per month. Average non-mortgage house payment is \$146. Average rent is \$513. The median value of owner-occupied homes is \$60,500.

**Municipal facilities:** Quinhagak has a water treatment plant that treats water from the clear river for public consumption. There is also a village washeteria. Sewage is handled by the honeybucket system, and there is a municipal pickup program and dumping site. The village is connected to the rural television system, and electrical utilities are provided by Alaska Village Electric Corp. (AVEC).

**Community care:** There is a health clinic and a Village Public Safety Officer, providing minimal public services.

## The economy --

At the time of the 1990 Census, only eight people here were in the labor force but without a job. Quinhagak is primarily a subsistence community, with some public sector jobs and also a number of outlets for Native arts and crafts. Commercial fishing is the primary income earning industry for the private sector. The 127 local jobs are distributed among the following industries:

<b>Quinhagak jobs in 1990:</b>	
Educational services	48
Public administration	29
Retail trade	16
Communications/utilities	13
Business/repair services	5
Construction	4
Transportation	4
Health services	3
Wholesale trade	3
Personal services	2
<b>Total jobs</b>	<b>127</b>

## Subsistence activities --

The last ADF&G subsistence survey of Quinhagak was conducted in 1983. At that time, field biologists took comprehensive surveys of 12 of the village's 58 households and from those subsistence

harvests they estimated a per-household and per-capita subsistence consumption for the community. Those 12 households harvested a total of 44,539 lbs. of subsistence resources between May 1, 1982 and April 30, 1983. At that time there were an estimated 473.66 people and 98 households in the village. ADF&G estimated that Quinhagak's per capita consumption of subsistence resources (all species) was 767.92 lbs.

<u>Year 1982 - Of 12 Quinhagak households</u>	<u>Lbs.</u>	<u>Per capita</u>
<b>Total subsistence harvest (all resources)</b>	<b>44,539</b>	<b>767.92</b>
Fish harvested	28,523.3	491.78
Salmon	19,852.1	342.28
Blackfish	280	4.83
Cisco	235.5	4.06
Cod	399.7	6.90
Smelt	927.2	15.99
Trout & char	6,828.7	117.74
Total marine mammals	7,220	124.48
Seal	4,060	70
Walrus	2,880	49.66
Sea lion	280	4.83
Game	6,838.7	117.91
Birds and eggs	1,697.5	29.27
Plants and berries	260	4.48

### Fisheries activities --

Quinhagak is a pretty active salmon fishing community. In addition, it is one of seventeen members of the Coastal Villages Fishing Cooperative, a CDQ group. In its community profiles, the CVFC compiled fisheries information for the seventeen communities together because their fishermen participate in many of the same commercial fisheries.

**Fishing:** Together, the CVFC commercial fishing fleets own 380 limited entry salmon permits, and 549 herring permits. The five major commercial fisheries that CVFC fishermen participate in are: Kuskokwim River salmon, Yukon River salmon, Bristol Bay Salmon, Security Cove herring, Goodnews Bay herring, Cape Avinof Herring, Cape Romanzof herring, Nelson Island herring, Nunivak Island herring and Bristol Bay herring. In addition, a few local residents participate in a small halibut fishery near Mekoryuk and Nelson Island.

Most of the fishing is done out of small skiffs that work inshore or nearshore waters. No one in this area has the capital to invest in groundfish vessels. The following tables show commercial fishing activity for the community of Quinhagak. Table 1 shows fish deliveries by permit holders who were residents of Quinhagak, including the species, gear type, volume and estimated value of landings. In cases where three or fewer fishermen delivered, the volume and value are now shown for reasons of confidentiality.

Table 2 shows deliveries by vessels that were home-ported in Quinhagak. (Source: CFEC fish ticket data)

**Table 1**  
Fish deliveries by Quinhagak resident commercial fishing permit holders,  
1991 - 1992

Year	Species del	Gear	# permit holders	Lbs.	Value (\$)
1991	Herring	Net	11	44,299	7,442
	Salmon	Net	88	1,089,026	567,403
1992	Herring	Misc.	1	**	**
	Herring	Net	9	169,828	33,965
	Salmon	Net	80	1,497,191	703,999

**Table 2.**

**Fish deliveries by vessels home-ported in Quinhagak, 1991 - 1992**

<b>Year</b>	<b>Species del</b>	<b># permit holders</b>	<b>Lbs.</b>	<b>Value (\$)</b>
1991	Herring	12	52894	8886
	Salmon	4	131395	84724
1991	Herring	9	148137	29628
	Salmon	5	39283	21667

**Processing:** A fish processing plant was under construction in 1992 for Quinhagak, which will provide a local processing alternative for fishermen. It is not yet completed. In addition, there is a 1,100 square-ft. community cold storage facility, but as yet no commercial cold-storage facility. Quinhagak has no dock, blast freezer or commercial cold storage.

**Economic development plans --**

The Coastal Villages Fishing Cooperative, in their CDQ application, stated their fisheries development plans for the seventeen villages included in their cooperative. The CVFC hopes to expand locals' participation in the offshore fisheries of the Bering Sea, and to enhance the economic benefit to local communities from the salmon and herring fisheries in this area. Specifically, the CVFC plans to:

- purchase and operate a salmon processor on the lower Kuskokwim;
- Provide tendering and markets on a consistent basis for fishermen in the Lower Kuskokwim area;
- Provide ice to fishermen delivering to the CVFC salmon processor;
- Give price bonuses to fishermen delivering well-handled, iced and bled fish;
- Give fishermen a share in the profits from the processing operation;
- Develop a financing mechanism to help local fishermen recapture salmon and herring permits that have been sold out of the area;
- Help develop new markets for herring, which sometimes goes unharvested for lack of buyers;
- Help fishermen upgrade their vessels;
- Train local residents to be salmon roe technicians;
- Forgive loans from the Kuskokwim Scholarship Fund to people who return to the area to work;
- Apply a raw fish tax on CDQ fish (equivalent to the state's raw fish tax) to collect funds to make grants for non-profit infrastructure developments in the CVFC region;
- Conduct a fisheries survey to identify new fishery opportunities.



# **KENAI**

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## **General profile --**

Kenai and Soldotna are the population centers of the Kenai Peninsula, a verdant tongue of land that extends south and west of Anchorage in Southcentral Alaska. Kenai sits on the western coast of the Peninsula, at the edge of the Cook Inlet. Grigor Konovalov, commander of the St. George, established Fort St. Nicholas, in 1791 on this spot. In 1869 the U.S. military established a post for the Indians living in the area, and called it Fort Kenai. The Fort was abandoned after Alaska was purchased, and Kenai remained a small village, primarily made up of Natives who commercially fished, until the first dirt road was punched through in 1951. Oil discovery at Swanson River in 1957 set off the long, slow population boom of the Kenai Peninsula.

Today, the city of Kenai is accessible by one of the most heavily traveled highways in Alaska, or by 30-minute flights from Anchorage. Kenai is surrounded by other interrelated communities to the north, east and south: Nikiski, Salamatof, Ridgeway, Sterling, Soldotna, Kalifornsky, Kasilof and Clam Gulch. Kenai runs on a cash economy, most of its residents are employed, and the average wage is relatively high. Residents harvest large quantities of subsistence fish, game, berries and birds, their subsistence activities seem to be recreational and lifestyle-oriented, rather than need-based. Kenai is a relatively developed area with a new city dock, many paved roads and \$100,000 houses, and its own semi-pro baseball team. It is home to the largest grocery store in Alaska, and is one of the state's most popular recreation areas.

## **The community --**

Kenai is comprised primarily of young white people, with a preponderance of German, Irish and English ancestry. The average income is slightly higher here than the statewide average, and 58% of the households have two or more vehicles in the driveway.

Civilian veterans make up 14.2% of the population. Nearly a quarter of Kenai residents live outside of city limits, and nearly 39% have lived in the same house more than five years. This is a fairly settled population of people who, for the most part, prefer rural or small-town living, enjoy using the local natural resources for recreation or commercial purposes, rather than subsistence or "lifestyle" purposes, and like living at the end of a long road.

Kenai offers full-service medical clinics, fully staffed hospitals with several resident specialists, access to Kenai Peninsula College (its campus is actually in Soldotna proper) and a number of social service clubs such as Moose, Elks, Lions, Kiwanis and Rotary Club. The Kenai Peninsula Borough Economic Development District recently obtained a \$47,000 grant to initiate a borough-wide health care program for every resident.

**Population:** The city of Kenai has grown steadily since oil was discovered on the Peninsula in 1957. The population peaked in 1986, at 6,546 but has only dropped by 100 or so people since then. The 1991 population figures provided by DCRA show 6,327 people living in the city of Kenai, and more than 3,500 additional rural residents who receive mail there.

**Demographics: The city of Kenai, 1990**

Males	51.7%
Females	48.3%
White	88.6%
Black	0.6%
Pacific Islanders	1.5%
American Indian	4.8%
Eskimo	2%
Aleut	1.6%
Hispanic	2.8%
Other races	0.9%
Median age	28.6
Median household income (1989)	\$42,889
Median family income	\$49,552
Median per capita income	\$17,877
# of people with non-farm self emp. income	371
Mean non-farm self employment income	\$25,968
Under poverty level	9.4%
High school graduates	87.4%
College graduates	15.1%
Total households	2,337 households
Married couples	1,294
Single women raising families	165

**The city --**

**Form of government:** Kenai is a home rule city (established 1960) and is the largest community in the Kenai Peninsula Borough. The borough spans 25,600 square miles (of which 39% is water) on either side of the Cook Inlet south of Anchorage. The borough has a mayor and an elected assembly, and takes care of solid waste management, planning and zoning, taxation and assessment, hospital, fire protection and road maintenance.

**Housing costs:** Average market price of a Kenai Peninsula single-family dwelling is \$93,539 and in 1991 stayed on the market an average of 142 days before selling. Average weekly food costs were estimated at \$108.50 for a family of four with school-aged children, slightly higher than the Anchorage average of \$98.40 and the national average of \$103.90.

**Municipal facilities:** The Kenai Municipal Airport saw 90,175 take-offs and landings in 1991, up 7.76% from 1990 and up from 81,260 in 1985. The City of Kenai reports that 110,843 passengers boarded or deplaned at Kenai in 1991 (up 7.75% from 1990). An estimated 6,493 vehicles per day drove through the main stoplight at Kenai. In 1991, 2,733 residents were registered to vote. Of a total capacity of 3,404 in the town of Kenai, 2,524 post office boxes or star route boxes were used.

Most Kenai residents use the public water and sewer system, though about 24% of the households run on a septic system. Most houses are heated with natural gas.

**Community care:** In 1991, the Kenai fire department responded to 168 calls within their service area and 25 calls outside the service area. Emergency medical teams attended 478 calls within the Kenai service area and 2 outside. Kenai has a city police department, and its officers responded to 451 property crimes and 212 violent crimes in 1991. There are several non-profit mental health clinics in the borough. Mental health caregivers stopped tracking caseloads in 1990, but that year they treated 8,218 active cases in Kenai. The Kenai Inmate alcohol and drug abuse clinic served 137 clients in fiscal year 1989-90(KPBEDD).

**The economy --**

**Major industries:** Oil and gas is the dominant industry, followed by tourism, commercial fisheries and timber. Construction is also important — the KPB reports Bradley Lake Hydroelectric project, Kenai's \$1.6 million Kenai Bicentennial Visitors & Cultural Center, a \$3 million fire training school and the 72,000-sq.-ft. Carrs store (the largest Carrs grocery store in Alaska) provided hundreds of construction jobs in the past few years. Future construction projects: \$125 million power line to distribute Bradley Lake power and a new courthouse in Kenai.

Cook Inlet oil and gas industries employ about 1,156 people year round in the borough. When

Chevron closed its North Kenai refinery in 1991, 20 jobs and a \$1 million payroll were lost. Three Cook Inlet platforms suspended production in 1991, but the remaining three now operate at or near capacity (KPBEDD). Phillips Petroleum, ARCO and Stewart Petroleum plan to increase production of oil from this area, and new legislation easing oil spill regulations will open doors for some expansion at Tesoro as well.

The Kenai Peninsula began producing oil and gas in 1958 and since then has produced 1.1 billion barrels of oil and 6.5 trillion cubic feet of natural gas. The 1991 production totaled 307,997 billion cu.ft. of gas and 15,363,000 barrels of oil.

Tourism is a \$95 million a year business on the Kenai Peninsula, and primarily centers around sport fishing for salmon and halibut. Diminished salmon runs in the Kenai River, and ongoing allocative disputes between sport and commercial salmon fishermen, are of primary concern in Kenai. The borough estimates that 22% of all visitors to Alaska come to the Kenai/Soldotna area; 136,000 tourists showed up in fiscal year 1989/90 and spent approximately \$8.7 million in the Kenai/Soldotna area.

The timber industry has suffered in the past few years due to uncertain overseas markets and an infestation of the spruce bark beetle, which has killed trees on 700,000 acres of the peninsula since 1970. The Chugach lumber mill closed in 1991; it previously employed up to 145 people.

Mining has not occurred in the Kenai area, though business leaders here would like to see it developed. The KPBEDD says "the Beluga region has in excess of two billion tons of identified recoverable coal reserves."

**Employment:**

Kenai Peninsula Borough, 1991	16,438
Unemployment rate	12.6%
Primary industries (% of jobs)	
Retail	19.7%
Mining	13.4%
Ag/Forestry/Fishing	3.6%
Non-farm self employed people	371
Mean non-farm self employment income	\$25,968

Kenai Peninsula Borough employment reached an all-time high in 1991, with the lowest unemployment rate since 1977. Kenai's unemployment historically is lowest in the summer months, when both construction and fishing activities offer jobs, and peaks in February. Average unemployment has run 3-5% higher than the statewide average in the past decade.

The three most common types of occupation are precision production, draft and repair occupations; administrative support occupations (including clerical); and professional specialty occupations.

Since most commercial fishermen are self employed, a look at the nonfarm self-employment income data from the 1990 Census gives some indication of the importance of fish harvesting to the Kenai community. In 1990, 371 Kenai city residents earned non-farm self employment income, with a mean earning of \$25,968. This represents the second highest mean income source for Kenai (the mean wage and salary is \$43,997; third highest mean income source is retirement income, which averaged \$10,848.) Kenai's non-farm self employment income is about \$3,000 higher than the statewide average in that category.

Cannery workers in Kenai earned an average of \$5.79/hour in 1988-89, increasing to \$6.02/hour in 1990-91. Average monthly salary as measured by the ADOL for agriculture/forestry/fishing increased from \$1,669/month in 1984 to \$2,995 in 1987, decreased to \$2,303 in 1989 — the year of the oil spill of the *Exxon Valdez* — and increased to \$3,385 by 1991. In contrast, borough-wide average monthly salaries in all industries peaked in 1989, the year of the oil spill, dropped again in 1990 and increased slightly in 1991. The average monthly salary in the Kenai borough was 72.4% as high as the average monthly salary in the agriculture/forestry/fishing sector. Since there is only about \$600,000 worth of total agriculture and little forestry going on in the Kenai Peninsula Borough, most of that income is assumed to be attributable to the seafood industry. The total "gross sales" reported from the agriculture/forestry/fishing sector by the Kenai Peninsula Borough Finance Department in 1991 were valued at \$39,956,398, or 3.8% of the borough's total gross sales.

## Subsistence activities --

ADF&G surveyed 1,854 Kenai households in 1982 and compiled a comprehensive list of subsistence harvests. From that data they estimated a per-household and per-capita subsistence consumption for the community of Kenai for the period between June 1, 1981 and May 31, 1982.

<u>Year 1982 - Of 1,854 Kenai households</u>	<u>Lbs.</u>	<u>Per capita</u>
<b>Total subsistence harvest (all resources)</b>	<b>232,084</b>	<b>37.9</b>
Fish harvested	166,545	27.2
Salmon	94,980	15.51
Grayling	260	0.04
Whitefish	19	Tr
Halibut	51,671	8.44
Herring	3,949	0.64
Smelt	3,226	0.53
Trout & char	12,070	1.97
Total Marine invertebrates	21,024	3.43
Clams	12,515	2.04
Crabs	4,153	0.68
Mussels	56	0.01
Shrimp	4,005	0.65
Unknown marine invertebrates	297	0.05
Game	37,970	6.20
Birds and eggs	2,503	0.41
Plants and berries	4,023	0.66

Source: ADFG Subsistence Division

Despite other economic opportunities and well-stocked local grocery stores, subsistence and personal-use harvests of local fish and game are highly valued in this community. In 1982, ADF&G reported that 59% of Kenai residents get at least part of their food from fishing, hunting or gardening, and that subsistence foods contribute at least 25% of the total food supply to 11.3% of the households in Kenai. A 1983 survey revealed that Kenai households consumed a mean harvest of 100.5 lbs. of king salmon, red salmon, silver salmon, moose, razor clams and halibut per year (compared to 184 lbs. for Ninilchik households, and 222.7 lbs. for Homer).

Salmon is by far the most widely used subsistence resource., making up roughly half of the total personal-use harvest. Halibut is used by 70.3% of Kenai households, but actual harvesting is done by a smaller number of people. This figure includes those who buy halibut directly from commercial fishermen, or from the grocery store.

## Fisheries activities --

**Fishing:** Commercial fishing took hold in this area in the 1920s, and was first tackled by the Tanaina Indians who populated the peninsula. In 1992, the Kenai Peninsula Borough estimates that fish harvesting accounts for 22% of the borough-wide employment during fishing season. Processing plants provide jobs to an additional 23% of the borough workforce. MMS estimates 40% of the processing employees in the Kenai area are resident and 60% are transient.

MMS extrapolated labor data to estimate that 159 Kenai residents were full-time fishermen during the years 1980-1987.

Cook Inlet sockeye salmon is the primary species of interest to Kenai fishermen. Low sockeye returns and low salmon prices have hit the Kenai gillnet fleet hard. Only 2.3 million sockeye were caught in 1991, but that fishing season was marred by two strikes to protest low prices and by one emergency closure of the fishing season by ADF&G due to unexpectedly low returns. In 1991, prices for pink and chum salmon were the lowest in 10 years; prices for chinooks, sockeyes and cohos had only been lower one of the past ten years. In Upper Cook Inlet, where many Kenai salmon boats fish, 1992 sockeye returns were unexpectedly high.

Groundfish harvests by Kenai area fishermen, however, were the largest on record. In 1991, 272 Cook Inlet and outer coast groundfish vessels delivered 3,353,819 pounds of groundfish to Kenai

Peninsula ports, delivering 2,923,694 lbs. of Pacific cod, 256,287 lbs. of rockfish, 104,107 lbs. of sablefish, 62,256 lbs. of ling cod, 1,625 lbs. of flounder and several thousand pounds of other groundfish (KPBEDD). These harvests don't include Prince William Sound landings. Cook Inlet shellfish catches for 1991 yielded 537,485 lbs. of Tanner crab, 7,315 lbs. of shrimp, and 248,891 lbs. of clams. King and Dungeness crab seasons were closed in Cook Inlet that year.

The following tables show commercial fishing activity for the community of Kenai. Table 1 shows fish deliveries by permit holders who were residents of Kenai, including the species, gear type, volume and estimated value of landings. In cases where three or fewer fishermen delivered, the volume and value are now shown for reasons of confidentiality.

Table 2 shows deliveries by vessels that were home-ported in Kenai. (Source: CFEC fish ticket data)

**Table 1.**  
Fish deliveries by Kenai resident commercial fishing permit holders by gear type, 1992

Year	Species del	Gear	# permit holders	Lbs.	Value (\$)
1992	Crab	Pot	6	995981	847693
	Groundfish	Longline	28	260235	0
	Groundfish	Pot	1	..	
	Groundfish	Troll	1	..	
	Herring	Misc.	3	..	
	Herring	Net	17	429668	93113
	Herring	Seine	2	..	
	Other	Pot	1	..	
	Salmon	Net	181	12386636	18245799
	Salmon	Seine	4	492384	277955
	Salmon	Troll	1	..	

**Table 2.**  
Fish deliveries by vessels home-ported in Kenai, 1992

Year	Species del	# permit holders	Lbs.	Value (\$)
1992	Crab	6	99867	223070
	Groundfish	38	503901	0
	Herring	21	890542	189437
	Other	3	..	
	Salmon	97	7100472	9770208

**Processing:** In 1991, there were 111 processors who bought fish from the Cook Inlet area; 24 onshore plants in the Kenai Borough and the remainder of them marketers, independent buyers, exporting fishermen and restaurant processors. The Kenai Borough estimates that 397 people borough-wide were employed by fish processors in December 1991, and a peak of 3,367 were employed in July 1991.

The following table shows processing activity by species for 1991 and 1992 (data is available for 1978 through 1992.) This data is sometimes only marginally useful, because for those years that fewer than four processors were active, poundage and estimated value of fish are deleted to protect confidentiality.

**Table 3.**  
Processing activity in Kenai, 1991 - 1992

Year	Species	# processors	Lbs.	Value (\$)
1991	Halibut	13	870955	1738426
	Groundfish	1	..	
1992	Groundfish	5	41116	0
	Herring	5	4715413	900206
	Other	3	..	
	Salmon	23	42060876	62952234

## **Economic development plans --**

The Kenai Peninsula Borough Economic Development District has developed an overall economic development program for the borough. Their fisheries-related plans focus primarily on salmon enhancement for the Kenai River and Cook Inlet fisheries (Cook Inlet Aquaculture Assoc. completed its Paint River fish ladder in 1991), and on shellfish culture in Kachemak Bay. However, the borough and the city of Kenai are concerned with keeping groundfish options open to their fishermen, because in light of diminishing salmon returns and prices, coupled with crab closures in this area, they see the need for diversification.

Some value-added seafood processing is taking place in the Kenai area. KPBEDD coordinated with the Southeast Conference in 1992 in launching an experiment with microwavable salmon cans. Several local companies are investing in specialty fish product development equipment, according to Borough officials.

## COMPONENTS NECESSARY FOR AN ITQ SYSTEM

The following proposal is the result of several informal meetings by vessel owners, including pot, longline and trawl interests, who shared their ideas about individual transferable quotas. Their intent was to find common ground on what components will have positive results for the resource, the fishery and the nation.

Any comprehensive plan that the Council develops will come through a lengthy process. These vessel owners recognize that reality and are committed to the process.

### The Proposal

An individual transferable quota (ITQ) system is the best hope of rationalizing a very irrational system. An ITQ system, however, can be just as irrational as any other system if not properly developed. The following ten fundamental points are agreed as mandatory for an ITQ system:

I. The Council and NMFS must retain their conservation and management roles.

II. ITQs are a right of access to a public resource, granted to the owner of a vessel at the time of allocation.

III. ITQs should be based on total vessel catch history accrued between 1976 and June 24, 1992.

IV. No initial allocations should be made to anyone other than harvesting vessels.

V. Because the benefits of an ITQ program accrue over an extended period, the duration of the program must be considered perpetual, subject to periodic review.

VI. All species under Council jurisdiction should be included and treated by species assemblages where appropriate.

VII. ITQs should be granted for the area in which they were earned, and used in proportion to current subarea TACs.

VIII. Vessel catch histories for all non-PSC groundfish must be based on total catch. Initial allocations of prohibited species bycatch must be granted as part of the initial ITQ shares, and be based on 3-year fleet average historical rates.

IX. ITQs must be fully transferable. There should, however, be a 2-year moratorium on sales of shares, with only leasing of shares allowed, to let the appeals process be completed.

X. Current laws and regulations should apply to ownership and limits on aggregation of ITQs.

## PETITION BY BERING SEA CRAB VESSEL OWNERS

These are additional vessels opposed to Crab IFQs that have just come in to be added to the petition submitted Sunday. We project that by the time all vessel owners have been contacted that the overwhelming majority will opposed to IFQs for crab.

It is important to note that in excess of one hundred vessels to date have endorsed opposition to Crab IFQs which far outnumbers the ACC membership number. Included in these are approximately thirty members of the ACC opposed to IFQ with more Coming.











We the undersigned Crab Vessel Owners, many of whom are Alaska Crab Coalition members, oppose the IFQ program as the viable answer to Limited Access for the Crab Fisheries. Our contention is that there is no fair nor equitable way to be non-discriminatory within the Magnuson Act. The Disbursements of the IFQ share pie would have to include many entities and past participants such that it would take from and severely penalize the current participants. This could possibly bankrupt many currently active participants that are operating on thin margins already. The Crab industry has evolved today by many individuals making large investments on projections to continually harvest crab to the best of their ability; which if thrown out of balance, would cost the loss of many crab vessels, livelihoods and jobs in the support industry. Additionally there is no basis under conservation either; as there always has been Total Allowable Catch harvest guidelines.

We recognize the potential need for limited access to keep the current fleet at its current size so as not to overcapitalize at a time of declining crab stocks. Therefore the undersigned also request that Limited Entry Program be retained in place of the IFQ Program. Suggested guidelines could be that if 50% or more of the vessels income in any of the last three years was derived from the harvest of Crab; then that vessel would qualify. Any vessel that didn't qualify to the above is no longer a current active participant dependent on this resource to survive. It also would keep the currently active number of bonafide Crab Vessels at approximately 250 vessels.

Vessel(s)	Owner(s) and Address	ACC Member?
W/ Lady Blackie	Donald G Hall POB. 3084 Homer AK 99603	Not any more
F/V ANSEL CAROL	James R. NIELSEN P.O. Box 2582 Homer, AK 99603	NO
F/V NOR' QUEST	" " " "	NOT ANY MORE
F/V ARCTIC QUEST	" " " "	NO



An open letter to the Council's

My name is Ron Frels, and I am buying the FV High Spirit, a 97' crabber-Tender. I'm 39 years old and have been fishing commercially since I was 17 years old. It has taken until April 1992 until I was able to come up with the right set of circumstances to purchase my own vessel. Thus, I have only delivered crabs in the Bering Sea during the 1992 King crab season and the 92-93 Bairdi/Opik season. This last statistic is a scary one in view of the proposed IFQ system concerning the BSAI Crab Fisheries. I have made 100% of my yearly income from either being a crew member or a Relief Skipper in all of the past 21 years. I now have the boat of my dreams and am struggling to pay it off. If the currently proposed IFQ plan for the BSAI Crab Fisheries is adopted ... I will lose my first and only chance to own my own vessel, along with my home and every thing I own, which is tied up with this purchase. Somehow I don't feel this is a fair turn of events. I am a current participant in this Crab fishery and 3/4 of what I make annually with the High Spirit comes directly from the BSAI Crab Fisheries.

Since there seems to be a need for further control on the amount of effort in these fisheries, the only fair way to address it appears to me to be the vessel license limitation plan put forward by the U.F.M.A. I would ask the Council to please give this recommendation very careful consideration before making a decision on this matter and forever sealing my fate and that of many other long-time fishermen.

Thank you for your time.

Respectfully

Ronald G. Frels  
owner/operator FV High Spirit

# United Fishermen's Marketing Association, Inc.

P.O. Box 1035 Kodiak, Alaska 99615

Telephone 486-3453

June 16, 1993

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

## RE: Comprehensive Planning for Crab in the Bering Sea Aleutian Islands

Dear Rick,

The United Fishermen's Marketing Association (UFMA) hereby submits specific recommendations, and some general suggestions and observations regarding the development of a program to limit effort in the Bering Sea Aleutian Islands crab fisheries.

### 1.0. GENERAL

1.1. UFMA recommends License Limitation of crab vessels as the preferable method for limiting effort in the BSAI crab fisheries.

1.2. License Limitation of crab vessels in the BSAI crab fisheries (Crab Vessel License Limitation) is the method that is most efficiently and easily applied within the framework of the vessel Moratorium that was adopted by the Council in June, 1992 (Moratorium).

1.3. Crab Vessel License Limitation is the method that will best fit with the customary, historical and traditional participation in the BSAI crab fisheries.

1.4. Crab Vessel License Limitation can be implemented soon; it is probably achievable in a much shorter time period than an IFQ program for BSAI crab.

1.5. Crab Vessel License Limitation is a viable restriction on effort; it is probably more politically attainable in the reasonable future than IFQ management.

### 2.0. RELATIONSHIP TO MORATORIUM

2.1. Crab Vessel License Limitation is a logical extension of the Moratorium. Crab Vessel License Limitation is a natural progression from the Moratorium; it is a reasonable and cost-effective refinement of the Moratorium.

2.2. The Moratorium provides that any harvesting vessel that made a legal landing in any of the Moratorium fisheries between January 1, 1980, and February 9, 1992, will qualify under the Moratorium (Qualified Vessel). The Crab Vessel License Limitation program that is recommended by UFMA includes a modification of this qualification period.

2.3. The Crab Vessel License Limitation program recommended by UFMA applies to vessels, not to people; the Moratorium applies to vessels, not to people.



2.4. Crab Vessel License Limitation will limit "Crossovers" into the BSAI crab fisheries, therefore, it will limit the further expansion of effort in the BSAI crab fisheries. However, the Moratorium permits "Crossovers"; therefore, under the Moratorium, a Qualified Vessel that has never made a landing in any BSAI crab fishery is permitted to participate in the BSAI crab fisheries (i.e., the Moratorium does not restrict a Qualified Vessel from crossing over and participating in any of the Moratorium fisheries).

2.5. In an action that was related to the Moratorium, the Council notified the industry that any future Council decisions that regard allocations and limited access may rely upon, consider and count catch histories only up through June 24, 1992 (the date that the Council adopted the Moratorium). Therefore, the Council alerted the industry that catch histories that are accrued after June 24, 1992 (Control Date), may not be considered or counted in any subsequent allocation or limited access plan that may be developed by the Council as a part of any long term comprehensive management program. It is important to note that June 24, 1992, is a non-binding option, and the Council may disregard it.

2.6. The Control Date of June 24, 1992, should be modified to include the consideration of catch histories and participation in any BSAI crab fishery through and including June 30, 1993.

2.7. Crab Vessel License Limitation will protect the BSAI crab fisheries from invasion by new vessels. Crab Vessel License Limitation will protect the BSAI crab fisheries from the entry of more vessels, and it will restrict increases in the fishing capacity of the BSAI crab fleet.

2.8. The Moratorium intends to protect the affected fisheries from any more boats entering the fishery. Crab Vessel License Limitation will freeze the size and harvesting capacity of the BSAI crab fleet, and prevent further speculative increases in capacity in the BSAI crab fleet. Crab Vessel License Limitation is a further refinement and restriction of the Crossover provisions of the Moratorium.

### 3.0. LICENSING OF CRAB VESSELS

ALTERNATIVE 3.1. A Crab License is issued to any harvesting vessel that made a legal landing in any BSAI crab fishery (Licensed Vessel) between:

ALTERNATIVE 3.1.1. January 1, 1990, and June 30, 1993;

ALTERNATIVE 3.1.2. January 1, 1988, and June 30, 1993;

ALTERNATIVE 3.1.3. January 1, 1986, and June 30, 1993.

ALTERNATIVE 3.2. A Crab License is issued to any harvesting vessel that made a legal landing of BSAI king crab and BSAI tanner crab (Licensed Vessel) between:

ALTERNATIVE 3.2.1. January 1, 1990, and June 30, 1993;

ALTERNATIVE 3.2.2. January 1, 1988, and June 30, 1993;

ALTERNATIVE 3.2.3. January 1, 1986, and June 30, 1993.

3.3. The Crab License is attached to a Vessel. A Crab License is not attached to an Person.

3.4. The Crab License follows a Vessel.

3.5. The catch history of a vessel in the BSAI crab fisheries will follow the vessel for purposes of determining qualification in the Crab Vessel License Limitation program.

3.6. The catch history of a vessel in the BSAI crab fisheries will follow the vessel for purposes of determining any future ownership rights (i.e., IFQ's) that may be implemented.

#### 4. CATEGORIES OF CRAB LICENSE

4.1. A Crab License will cover all BSAI crab fisheries. A Crab License will permit a Licensed Vessel to participate in all crab fisheries and in all Districts that are covered under the Fishery Management Plan for King Crab and Tanner Crab in the Bering Sea and Aleutian Islands (BSAI Crab FMP).

NOTE 4.1. A separate Crab License for each BSAI crab fishery (i.e., by District, and/or by species) is cumbersome, overly restrictive and unnecessary. Objectives thought to be intended by proponents of requiring a separate Crab Vessel License for each BSAI crab species and District are achieved through the use of Pot Limits, Exclusive Registration Areas, Super-Exclusive Registration Areas, etc.

ALTERNATIVE 4.2.1. Only one Crab License Category will exist, and will apply to all vessel-class-sizes and all vessel functions (i.e., catcher-boat and catcher-processor). The Crab Vessel License Limitation Program will include the same restrictions as the Moratorium with regard to such issues as vessel construction, reconstruction, replacement, modification, etc.

ALTERNATIVE 4.2.2. Two Crab License Categories will exist. One Crab License Category will apply to catcher boats. One Crab License Category will apply to catcher-processors. The Crab Vessel License Limitation Program will include the same restrictions as the Moratorium with regard to such issues as vessel construction, reconstruction, replacement, modification, etc.

#### 5.0. ECONOMIC DEPENDENCE TEST AND/OR CRITERIA

5.1. UFMA recommends that a Crab Vessel License program include no test and/or criteria that relates to economic dependence.

5.2.1. If a test and/or criteria for economic dependence is viewed as a desirable element of a Crab Vessel License program, such economic test and/or criteria should measure:

(a) The ratio of total gross income generated from the BSAI crab fisheries to the total gross income generated from all income sources (i.e., from all fishing and all non-fishing income sources), and

(b) the ratio of total gross income generated from all fishing activities to the total gross income generated from all income sources.

6.0. OWNERSHIP AND TRANSFERABILITY AND USE

6.1. A Crab Vessel License must be owned, leased or sold by or to a "Person".

6.1.1. An "Individual" means a natural person who is not a corporation, partnership, association or other such entity.

6.1.2. A "Person" means any individual who is a citizen of the United States or any corporation, partnership, association or other entity (or their successor in interest), whether or not organized or existing under the laws of any state, that is a United States citizen.

6.1.3. A "United States Citizen" means: (1) any individual who is a citizen of the United States, (2) any corporation, partnership, association, or other entity that is qualified to document a fishing vessel as a vessel of the United States.

NOTE 6.1.: The intent of this section is to minimize the accumulation of fishing privileges (Crab Vessel Licenses) by foreign entities in much the same way as this issue is addressed in the sablefish/halibut IFQ Program; such program that addresses this objective, in part, by adopting the definitions of "Individual", "Person" and "United States Citizen". There are other specific provisions that should be added to the Crab Vessel License program that would further address the issue of foreign accumulation of Crab Licenses.

6.2. A Crab Vessel License may be purchased by and/or sold to a Person without restriction.

6.3. A Crab Vessel License may be leased by and/or leased to a Person without restriction.

ALTERNATE 6.4.1. There is no limit to the number of Crab Vessel Licenses (i.e., Qualified Vessels) that a Person may own.

ALTERNATE 6.4.2. A Person may own no more than three (or any other number that is agreed upon) Crab Licenses (i.e., Qualified Vessels), unless such Person qualifies under the initial distribution of Crab Licenses for more than three Crab Licenses, in which case, such Person may own no more than that number of Crab Licenses that such Person was granted under the initial distribution of Crab Licenses.

ALTERNATE 6.4.3.1. A Person may own no more than three (or any other number that is agreed upon) Crab Licenses (i.e., Qualified Vessels), unless such Person qualifies under the initial distribution of Crab Licenses for more than three Crab Licenses, in which case, such Person may never own more Crab Licenses than that number of Crab Licenses that such Person was granted under the initial distribution of Crab Licenses.

6.4.3.2. In the event that a Person is granted more than three Crab Licenses under the initial distribution of Crab Licenses, and if such Person sells one of such Crab Licenses, then such Person is permitted to own no more than the number of Crab Licenses that such Person owns after such sale. For example, if a Person is granted 5 Crab Licenses under the initial distribution of Crab Licenses, then that Person is "grandfathered", and is permitted to own 5 Crab Licenses. However, if such Person sells one of the 5 Crab Licenses, then such Person is permitted to own no more than 4 Crab Licenses.

ALTERNATE 6.5.1. There is no limit to the number of Crab Vessel Licenses (i.e., Qualified Vessels) that a Person may activate.

ALTERNATE 6.5.2. A Person may activate no more than three (or any other number that is agreed upon) Crab Licenses (i.e., Qualified Vessels), (i.e., a Person may participate in the BSAI crab fisheries with no more than three Crab Licenses).

## 7.0. BUYBACK ALTERNATIVE

7.1. UFMA recommends that an alternative for a Crab Vessel License Buyback Program (Buyback Program) be developed for use in conjunction with a A Crab Vessel License Program.

7.2. A Buyback Program should include the authority to impose an assessment on the industry, such assessment should be imposed on the ex-vessel value of BSAI crab.

7.2.1. The revenues that are collected as a result of this assessment should be generally restricted for use only for the purchase of a Crab Vessel License, and for the general administration of the Buyback Program.

7.2.2. The revenues that are collected from this assessment should be controlled by the Board of Directors of the Buyback Program. The revenues that are collected from this assessment shall be owned by the Buyback Program.

7.3.1. The Buyback Program shall be managed and directed by a Board of Directors that is constituted of Persons who own a Crab Vessel License.

7.3.2. Such Directors shall be elected from a group that includes all Persons who own a Crab Vessel License.

7.4. A vote may be cast in any election associated with the Buyback Program on the basis of one vote per Crab Vessel License.

7.5. Any sale, any change in ownership, or any transfer of ownership of a Crab Vessel License will be governed by the Buyback Program. The Buyback Program will have the first right of refusal to purchase any Crab Vessel License that is the subject of any sale, any change in ownership, or any transfer of ownership of a Crab Vessel License (the specific provisions of what constitutes "any sale, any change in ownership, or any transfer of ownership" should be defined).

7.6. All Crab Vessel Licenses that are purchased under the Buyback Program must be permanently retired.

7.7. The Board of Directors of the Buyback Program shall adopt provisions to ensure that "fair market value" is paid for any Crab Vessel License that is purchased (i.e., retired) by the Buyback Program.

## 8.0. CONCLUSIONS

8.1. A Crab Vessel License program is more applicable for the BSAI crab fisheries than is an IFQ program for BSAI crab (IFQ program).

8.2 Generally, fishing behavior and fishing patterns that are currently evident in the BSAI crab fisheries would not likely change in any significant way under an IFQ program. Therefore, it makes sense to apply an effort limitation/management program that actually limits effort, but at the same time is less cumbersome and less disruptive than an IFQ program.

8.3 Generally, the BSAI crab fisheries do not lend themselves to a year-around fishery in the same manner as do the groundfish fisheries. A year-around fishery is thought to be one of the major benefits and objectives of an IFQ management regime for the BSAI groundfish fisheries. However, because of the biological, product-quality and market-related constraints and characteristics of the BSAI crab fisheries, the objective of a year-around fishery, or even a significantly extended fishery, is not achievable in the BSAI crab fisheries under an IFQ program. Even under an IFQ program in the BSAI crab fisheries, the traditional requirements and constraints of the BSAI crab fisheries would not permit a significant increase in the length of the BSAI crab season.

8.4. Generally, the BSAI crab fisheries are restrained by a relatively narrow biological window that must restrict the fishery to a time period other than the molting season, the soft shell season, the mating season, etc. Brown crab may be considered to be an exception to this rule.

8.5.1. Generally, the BSAI crab fisheries are further restrained by a window of time that affects the product-quality of BSAI crab species. Under a Crab Vessel License program, several quality-related issues such as meat recovery, section recovery, fullness of crab, double-skinned crab, etc. will be addressed generally in the same manner as they are now; that is, even under an IFQ program, BSAI crab will be harvested during generally the same time period as has been the case in recent years. For example, from a red king crab product quality standpoint, red king crab are best harvested between early October and early January; an IFQ program for the BSAI crab fisheries will not change this.

8.5.2. Since regulations require that crab must be alive at the time of delivery to a seafood processor, and at the time of processing, an IFQ program will not affect the quality performance of the BSAI crab fisheries any differently than Crab Vessel License Limitation or the status quo.

8.6. Generally, the BSAI crab fisheries are even further restrained by a market-related window that is dictated by the timing of traditional marketing, distribution sales and consumption patterns. For example, with regard to red king crab, the best and primary market for Alaskan red king crab is and has been Japan. Traditionally, because of consumption patterns, the Japanese are most successful in marketing, distributing and selling red king crab and moving it through the distribution channels in November and December; an IFQ program for the BSAI crab fisheries will not change this.

8.7. A Crab Vessel License Limitation program is made more flexible and is significantly enhanced thru the application of Traditional Management Tools. Traditional Management Tools have been used with success in the crab fisheries. Traditional Management Tools are workable in connexion with a Crab Vessel License program. A Crab Vessel License program that incorporates such Traditional Management Tools as Pot Limits (some are already in place), Exclusive Registration Areas, Super-Exclusive Registration Areas, etc. can be successfully and efficiently implimented.

8.8. Crab Vessel License Limitation preserves the traditional competitive patterns of the BSAI crab fisheries better than an IFQ program.

8.9. Crab Vessel License Limitation preserves the traditional economic diversity of the fleet for the BSAI crab fisheries better than an IFQ program.

8.10. Crab Vessel License Limitation addresses the traditional patterns of the fleet with regard to the BSAI crab fisheries better than an IFQ program.

8.11. Crab Vessel License Limitation addresses the lifestyle and traditions associated with the coastal communities and associated support industries better than an IFQ program.

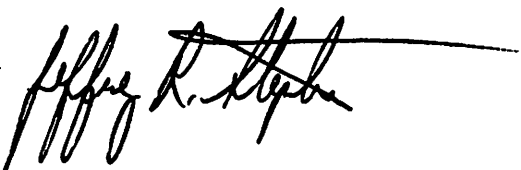
8.12. Crab Vessel License Limitation in the BSAI crab fisheries is more equitable than an IFQ program.

8.13. Crab Vessel License Limitation in the BSAI crab fisheries is more likely to provide a more equitable distribution of crab among processors than an IFQ program. Crab Vessel License Limitation supports the traditional and competitive opportunity for seafood processors to purchase crab from fishermen. Under an IFQ program, it is likely that the historical distribution of crab between processors will change. Under an IFQ program, purchases of crab from fishermen by processors will occur in quantities that are significantly disproportionate to their average past history. Crab Vessel License Limitation in the BSAI crab fisheries ensures a fairer distribution of crab among processors than an IFQ program.

8.14. The hi-grading of crab is less likely to occur under a Crab Vessel License program than under an IFQ program.

We would like to note that with regard to the BSAI crab fisheries, there has been no data set available to the industry, or to the agencies, scientists, etc. We recommend that the Council proceed very slowly with regard to the general direction and specific elements of any initiative to limit effort in the BSAI crab fisheries until an edited and corrected data set for the BSAI crab fisheries is available.

Sincerely,



Jeffrey R. Stephan

## PETITION BY BERING SEA CRAB VESSEL OWNERS

This petition is signed by crab vessel owners whom will be directly affected by the outcome of the proposed Crab IFQs. Therefore the most weight possible should be given to this petition. Of the approximately one hundred plus vessels contacted to date we have had only about five abstain from signing as preferring to remain status quo. We wish to reserve the adding of the balance of signatures as we receive them as this petition was put together on short notice and we are still are receiving responses daily.

Additionally many Alaska Crab Coalition members; as well as ex-members, wish to dispute the ACC endorsement of IFQ. Aside from the members already opposed to IFQs; some of the members whom initially voted in favor of IFQ are changing to opposed, as it was felt a misleading formula to compute IFQ percentages was given by the ACC.

There is no direct benefit for Crab Vessel owners under IFQs. Product quality is not, as crab have to be alive and a certain size limit to be sold. Conservation is not, as we have Total Allowable Catch Guidelines (TAC). Safety is not, as the crab have a window of time to be harvested due to soft shell, molting and product recovery which dictates a winter weather fishery with the grounds being hundreds of miles offshore in unprotected water.

Financial disruption from giving portions of IFQ percentages away from the current participants would have serious consequences. If some of the council are in favor of IFQs to benefit their own vested bottomfish interests; we ask that you don't include crab in your IFQ program as these crab vessel owners and more coming do not want it.

Petition To The North Pacific Fisheries Management Council:

We the undersigned Crab Vessel Owners , many whom are Alaska Crab Coalition members; oppose the IFQ program as the viable answer to Limited access for the Crab Fisheries. Our contention is that there is no fair nor equitable way to be non-discriminatory within the Magnuson Act. The Disbursements of the IFQ shares pie would have to include many entities and past participants such that it would take from and severely penalize the current participants. This could possibly bankrupt many currently active participants that are operating on thin margins already. The Crab industry has evolved today by many individuals making large investments on projections to continually harvest crab to the best of their ability; which if thrown out of balance, would cost the loss of many crab vessels, livelihoods and jobs in the support industry. Additionally there is no basis under conservation either; as there always has been Total Allowable Catch harvest guidelines.

We recognize the potential need for limited access to keep the current fleet at its current size so as not to overcapitalize at a time of declining crab stocks. Therefore the undersigned also request that Limited Entry Program be retained in place of the IFQ Program. Suggested guidelines could be that if 50% or more of the vessels income in any of the last three years was derived from the harvest of Crab; then that vessel would qualify. Any vessel that didn't qualify to the above is no longer a current active participant dependent on this resource to survive. It also would keep the currently active number of bonafide Crab Vessels at approximately 250 vessels.

Vessel(s)	Owner(s) and Address	ACC Member?
Lady Alaska	Kevin Suydam Box 980 Kodiak	Yes
Lady Kodiak	Kevin Suydam	
Lady Aleutian	Kevin Suydam	
WINDY BAY	PETE WOECIE 709 3RD AVE	YES
ICY BAY	PETE WOECIE STR # 2 SEWARD AVE	
FIERCE CONTENDER	Bill Whiting 3600 15th Ave W Suite 202 SEATTLE WA 98119	YES
FIERCE ALLEGORANCE	Bill Whiting "	YES
AMATULI	Bill Whiting "	YES



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Vessel(s)	Owner(s) and Address	ACC Member?
Polar Lady	Greg Stewart 12700 7th PL W Seattle, 98172	Yes
NORTH POINT	Frank Damon 4917 LARRY AVE NW SEA. 98107	NO
Andromeda	Sen 98155 19239 70th PL N.E.	Yes
Penguin	3127 Highland Drive Kassal S. Edwards Wash DC	
Island Ocean Volympic	Samuel Albert Kassal S.	
	Kim K Hansen 5305 Shilshole AV NW suite 200	NO
OLYMPIC	Kim K Hansen 5305 Shilshole AV NW 200	NO
Karla Faye	Kim K Hansen 5305 Shilshole AV NW 200	NO
Deep Sea Harvester	Kim K Hansen 5305 Shilshole AV NW suite 200	NO

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Vessel(s)	Owner(s) and Address	ACC Member?
NDWITNA	Jim Kennedy	
SECRET ISLAND	TIM KENNEDY 8641 JUANITA DR. KIRKLAND WA 98037	
AURIGA	Peter Kelly 4574 W Craner	i
CHEVAK	Peter Kelly Seattle, WA. 98199	YES
ALEUTIAN LADY	Rich. Nelson Seattle WA	yes
Wizoo	Stann Lawrence BELLINGHAM	
Smokey Point	Anthony & wife Seaton 1009 Wood Pl	yes
Controller Bay	Dick Miller Edmonds, WA 98020	

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Vessel(s)	Owner(s) and Address	<del>ACC Member?</del>
ARCTIC ORION	4055-21ST AVE WEST, SEATTLE, WA	<i>[Signature]</i>
PACIFIC ORION	4055-21ST AVE WEST, SEATTLE, WA	<i>[Signature]</i>
NORTHERN ORION	4055-21ST AVE WEST, SEATTLE, WA	<i>[Signature]</i>
SITKIN ISLAND	4055-21ST AVE WEST, SEATTLE, WA	<i>[Signature]</i>
NORTHLAND	4055-21ST AVE WEST, SEATTLE, WA	<i>[Signature]</i>
FRANCES M	4055-21ST AVE WEST, SEATTLE, WA	<i>[Signature]</i>
ST MATTHEW	4055-21ST AVE WEST, SEATTLE, WA	<i>[Signature]</i>
SEA FISHER	4055-21ST AVE WEST, SEATTLE, WA	<i>[Signature]</i>
ARCTIC DISCOVERY	4055-21 <sup>st</sup> AVE WEST, SEATTLE, WA	<i>[Signature]</i>

Petition To The North Pacific Fisheries Management Council:

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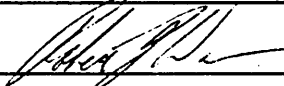
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Vessel(s)	Owner(s) and Address	ACC Member?
Niemi's Beauty	3650 15th Ave W Suite 202 SEATTLE WA 98119	Yes
Northern Lady	Scott Jacobsen Mercer Id. 9020 SE 51st Pl. Wa. 98040	Yes
GULL MAIDEN	MASON WILLIAMS 9301 21st NW 98117	NO
KODIAK Queen	Jon Black - MANAGER PO Box C-70739 Seattle 98107	NO
Cougar	MIKE Steelman PO. Box 2603 Kodiak	NO
Alaska Leader	Ken O'Leary 4044 Cliffside Kodiak AK 99615	NO
FLORIAN STAR HU MISS LOPE	Patrick P. P. Box 2843 Kodiak AK 99615	NO

Petition To The North Pacific Fisheries Management Council:

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Vessel(s)	Owner(s) and Address	ACC Member?
ECHO BELLE	JONATHAN W. SWEE P.O. Box 2116 KODIAK, AK 99615	
Moriala	 Box 1035 Kodiak AK 99615	
ATLANTICO	Bill JACOBSON P.O. Box 551 Kodiak, AK 99615	✓ YES
Silver Spray	Bill Jacobson P.O. Box 551 Kodiak AK	✓ YES
Guardian	Steve Colkoun Box 56 Kodiak AK 99615	

Petition To The North Pacific Fisheries Management Council:

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Vessel(s)	Owner(s) and Address	ACC Member?
F/V Island Mist	Rosella M. Covens Box 2681 Kodiak, AK	No
M/V Selief	Rosella M. Covens Box 2681 Kodiak, AK	No
M/V Sea Quail	Michael R. Hagen Box 822 Kodiak, AK	NO
F/V New Venture	Russell H. Hagan P.O. 3584 Kodiak, AK	NO
M/V Lady Helen	Frank Terminus Box 2776 Kodiak, AK	NO
F/V ELDAN	Elken Abraham Box 1342 Kodiak, AK	NO
F/V SAGA	Todd Hmi Box 671 Kodiak	Yes

Petition To The North Pacific Fisheries Management Council:

We the undersigned Crab Vessel Owners, many whom are Alaska Crab Coalition members; oppose the IFQ program as the viable answer to Limited access for the Crab Fisheries. Our contention is that there is no fair nor equitable way to be non-discriminatory within the Magnuson Act. The Disbursements of the IFQ shares pie would have to include many entities and past participants such that it would take from and severely penalize the current participants. This could possibly bankrupt many currently active participants that are operating on thin margins already. The Crab industry has evolved today by many individuals making large investments on projections to continually harvest crab to the best of their ability; which if thrown out of balance, would cost the loss of many crab vessels, livelihoods and jobs in the support industry. Additionally there is no basis under conservation either; as there always has been Total Allowable Catch harvest guidelines.

We recognize the potential need for limited access to keep the current fleet at its current size so as not to overcapitalize at a time of declining crab stocks. Therefore the undersigned also request that Limited Entry Program be retained in place of the IFQ Program. Suggested guidelines could be that if 50% or more of the vessels income in any of the last three years was derived from the harvest of Crab; then that vessel would qualify. Any vessel that didn't qualify to the above is no longer a current active participant dependent on this resource to survive. It also would keep the currently active number of bonafide Crab Vessels at approximately 250 vessels.

Vessel(s)	Owner(s) and Address	ACC Member?
IRONHEAD	Robert J. Henrichs	NO
SPARTAN	Robert J. Henrichs	NO
	P.O. Box 1000	
	Cordova, AK 99574	
	907-424-3604	
	FAX 907-424-7780	

Petition To The North Pacific Fisheries Management Council:

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Vessel(s)	Owner(s) and Address	ACC Member?
41 Beauty Bay	Bob Tremaine / Doc Inman	YES
	P.O. Box 746	
	Kailua-Kona, Hawaii	
	96740	





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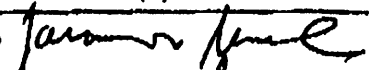
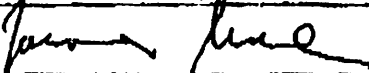
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Vessel(s)	Owner(s) and Address	ACC Member?
Alaska Trojan	Ted Painter Mike Wilson Dave Capri Newport OR	NO by Ted Painter
Kiska Sea	Ted Painter Mike Wilson Troy Painter Newport OR	NO by Ted Painter
Pacific Venture	Ted Painter Bob Henderson Newport OR	No by Ted Painter
Siberian Sea	Ted Painter Bonnie Bu. Kholms Dick Miller Dorrick Roy Newport OR	NO by Ted Painter

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Vessel(s)	Owner(s) and Address	ACC Member?
F/V CONSTELLATION	 MIRA MACH	NO
, CENTAURUS	 MIRA MACH	NO
	1108 NW BALLARD WAY	
	BALLARD, WA. 98107	

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Vessel(s)	Owner(s) and Address	ACC Member?
Alredale	Walt Raber	Yes
Ocean Spray	336 main St # 203	
Providence	Grand Tot Co 81501	
Northern Enterprise	Arctic Alaska / Paul Keger	

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Vessel(s)	Owner(s) and Address	ACC Member?
SHELIKOF	BOB WOOD 130 NICKERSON ST. #307, SEATTLE, WA 98109	NO <i>Bob Wood</i>
SEA PRODUCER	SAME AS ABOVE	NO
JUNO	SAME AS ABOVE	NO <i>David M. Ruffalo</i>
ALASKA TRADER	STEVE SPEELMON/BOB WOOD 935 SHARON AVE, BURLINGTON, WA 98233	NO <i>Wm CW Williams</i>
MAGNUM	BILL WILLIAMS/BOB WOOD 720 11TH #B1, BELLINGHAM, WA 98225	NO <i>Steve Speelman</i>
OCEAN TEMPEST	SUSAN DAVEY/ANGELA RAIKDON/SEAN WOOD/HEATHER WOOD 8505 192ND ST. SW, EDMONDS, WA 98026	NO <i>Sean Wood</i>



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Vessel(s)	Owner(s) and Address	ACC Member?
MAR DEL SUN	MAR DEL SUN, LTD. P.O. Box 1513 Kodiak, AK, 99215	No
LUSTINY	Ronald G. Hennin Box 2206 Kodiak 99215	NO
High Spirit	Ronald A. Frels Ronald G. Frels Box 3553 Kodiak	no
OBSESSION	W. Stede Po Box 1732 Kodiak AK	Yes
<del>JANET</del>	<del>_____</del>	<del>NO</del>
516-BLUE	11379 W. 12th St DR Kodiak, AK 99215	
Four Daughters	Thomas A. Millman RT 5, Box 113 Mantoloking, MN 56001	NO

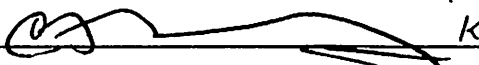


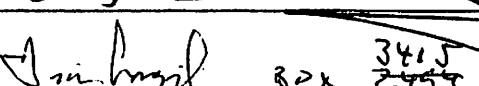





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Vessel(s)	Owner(s) and Address	ACC Member?
ARCTIC LADY	 Box 767 KODIAK	NO
FRANCIS LEE	 Box 767 KODIAK	NO
NEW VENTURE	 Box 767 KODIAK	NO
DESKMOUNT	 Box 3415 2495 HOQUIAM	<del>NO</del> YES
KODIAK	 Box 3415 HOQUIAM	NO
THE SURVEYOR	Paul Deffy Box 2795, KODIAK	YES

**Western Alaska Fisheries Development Association  
Presentation before the North Pacific Fishery Management Council  
Agenda Item C-3, Comprehensive Planning  
June 24, 1993**

**John Jemewouk - Chairman, Western Alaska Fisheries Development Association, President, Norton Sound Economic Development Corporation**

**Nels Anderson, Jr. - Executive Director, Bristol Bay Economic Development Corporation**

**Karl Ohls - Executive Director, Western Alaska Fisheries Development Association**

**Paul Peyton - Consultant, Bristol Bay Economic Development Corporation**

**JOHN JEMEWOUK**

*Morning*  
**GOOD AFTERNOON, MY NAME IS JOHN JEMEWOUK. I'M THE PRESIDENT OF THE NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION AND CHAIRMAN THE RECENTLY-FORMED WESTERN ALASKA FISHERIES DEVELOPMENT ASSOCIATION.**

**WITH ME ARE MR. NELS ANDERSON, JR....THE EXECUTIVE DIRECTOR OF THE BRISTOL BAY ECONOMIC DEVELOPMENT CORPORATION...MR. PAUL PEYTON...A CONSULTANT FOR THE BRISTOL BAY CORPORATION...AND MR. KARL OHLS...THE EXECUTIVE DIRECTOR OF THE WESTERN ALASKA FISHERIES DEVELOPMENT ASSOCIATION.**

**WAFDA CURRENTLY CONSISTS OF THE BRISTOL BAY AND NORTON SOUND CDQ CORPORATIONS, ALONG WITH THE COASTAL VILLAGES FISHING COOPERATIVE AND THE YUKON DELTA FISHERIES DEVELOPMENT ASSOCIATION.**

WAFDA IS DEDICATED TO THE SUPPORT OF THE CDQ PROGRAM AND TO THE ESTABLISHMENT OF A SOUND ECONOMY IN WESTERN ALASKA. WE OFFICIALLY APPEAR BEFORE THE COUNCIL FOR THE FIRST TIME TODAY TO PRESENT OUR VIEWS ON THE COMPREHENSIVE PLANNING PROCESS.

WE ALSO WISH TO DESCRIBE FOR YOU SOME OF THE EXCITING PROJECTS THAT ARE UNDERWAY IN WESTERN ALASKA BECAUSE OF THE CDQ PROGRAM AND IMPRESS UPON YOU THE NEED TO INCLUDE CDQ'S IN THE COMPREHENSIVE PLANNING PROCESS IN ORDER TO ENSURE THE PROGRAM'S CONTINUATION.

BEING PASSED OUT IS A BROCHURE THAT MANY OF YOU MIGHT HAVE ALREADY SEEN WHICH DESCRIBES THE CDQ CORPORATION PROJECTS.

TO GIVE YOU SOME IDEA OF HOW MUCH WE'VE ACCOMPLISHED DURING THE PROGRAM'S BRIEF EXISTENCE WITH THE POLLOCK CDQ, I'D LIKE TO BRIEFLY DESCRIBE WHAT WE'RE DOING IN NORTON SOUND.

(John provides details on NSEDC projects including salmon and herring buying, shoreside processing, job training, etc.)

*Salmon/Herring Shoreside infrastructure Employment training Salmon Enhancement Loan program Educational op. New fishing opportunities*

I'D NOW LIKE TO TURN THE MICROPHONE OVER TO NELS AND KARL, WHO WILL DESCRIBE THE PROJECTS OF THE OTHER CORPORATIONS.

NELS A. ANDERSON, JR.

I'D NOW LIKE TO TURN THE MICROPHONE OVER TO NELS ANDERSON, WHO WILL DESCRIBE THE PROJECTS OF THE OTHER CORPORATIONS.

THANK YOU MR. CHAIRMAN.

BBEDC'S MAIN FOCUS IS ON EMPLOYMENT AND HUMAN RESOURCE DEVELOPMENT FOR THE REGION'S YOUNG PEOPLE AND UNEMPLOYED. OVER 45 HAVE BEEN EMPLOYED SO FAR IN THE FACTORY TRAWL FLEET, AND ANOTHER 15 WILL BE EMPLOYED BY YEAR'S END. NEW WAGES INTO THE REGION AS OF APRIL 30 TOTALLED \$145,000.

WE HAVE ESTABLISHED A SCHOLARSHIP ENDOWMENT AND ARE IN THE PROCESS OF A DETAILED LABOR AND SKILLS INVENTORY FOR THE REGION'S RESIDENTS, WHICH WILL BE USED TO DESIGN A TARGETED VOCATIONAL TRAINING PROGRAM. THIS FALL WE WILL BE SENDING AT LEAST FOUR STUDENTS OUT FOR ACADEMIC SCHOLARSHIPS AND PROVIDING BASIC AND ADVANCED VOCATIONAL TRAINING FOR UP TO 60

OUR IN-REGION FISHERIES DEVELOPMENT PROGRAM FOCUSES ON REVERSING THE OUTMIGRATION OF LIMITED ENTRY PERMITS AND DIVERSIFYING THE MARKETS FOR OUR TRADITIONAL SPECIES. AS YOU MAY KNOW THE BAY HAS SEEN SEVERAL DISASTEROUS SEASONS FOR SOCKEYE PRICES, AND MANY OF OUR FISHERMEN ARE IN ARREARS WITH THE IRS. AT THIS TIME THE PERMIT PRESERVATION PROGRAM FOCUSES ON INTERVENTION WITH THE IRS AND DEVELOPING WORKOUT PLANS. WE ARE NOT IN THE BUSINESS OF BAILING PEOPLE OUT. THE PROGRAM HAS ALREADY BEEN SUCCESSFUL IN KEEPING EIGHT PERMITS OFF THE AUCTION BLOCK. WE WILL START A PERMIT BROKERAGE PROGRAM THIS FALL TO ASSIST THE REGION'S RESIDENTS IN KEEPING LOCAL PERMITS LOCAL.

THESE PROGRAMS WILL BE FUNDED IN PERPETUITY BY INVESTMENTS IN THE SEAFOOD INDUSTRY THROUGH THE ALASKA SEAFOOD INVESTMENT FUND WITH OUR PARTNER OCEAN TRAWL. WE ARE TAKING A CAUTIOUS APPROACH TO INVESTMENTS, KNOWING FULL WELL HOW VOLATILE THIS INDUSTRY IS AND DESIRING TO SPREAD THE RISK OF OUR INVESTMENTS. WE WILL BE INVESTING IN A VARIETY OF ENTERPRISES DISPERSED IN REGION, FISHERY AND POINT IN THE DISTRIBUTION CHAIN.

AT THIS POINT WE ARE DRAFTING THE DETAILED LEGAL DOCUMENTS ESTABLISHING WHAT IS ESSENTIALLY A VENTURE CAPITAL FUND. THAT

(5)

I'd like to comment now on the Comprehensive Rationalization Process.

COG organizations are now active players in the Bering Sea, and we are breaking ground now for the IFQ system. We are taking the lead and absorbing the costs of double observer coverage, bin measurements, and more comprehensive accounting of Prohibited species.

We are also demonstrating the economic effects of specific allocations. Our fisheries are prosecuted at a more relaxed pace. We encourage the council and its staff to examine our operations in detail (which you are) but also to incorporate the findings in the CRP deliberations and analysis.

(6)

We also must point out that as with any other portion of the industry, <sup>it is difficult</sup> to survive on a single species. Populations and prices rise and fall, and if the IFQ program is to succeed it is likely that access to other species will be needed.

Proportional access to communities that have not been included in the process is reasonable in context of privatizing the resource. Including a community development component should strengthen the case for an IFQ program, particularly with the <sup>or license limitation</sup> current administration, which should respond well to sustainable economic rural economic development, job training, and community empowerment.

Thank you.

PROCESS SHOULD BE COMPLETE BY THE NEXT APPLICATION PERIOD,  
AND WE WILL HAVE BEGUN INVESTIGATING POSSIBLE INVESTMENTS.

THANK YOU FOR THIS OPPORTUNITY.

**JOHN JEMEWOUK**

WAFDA SUPPORTS COMPREHENSIVE PLANNING AS A METHOD TO BRING STABILITY TO A FISHERY THAT SEVERELY STRESSED BY ALL THE PROBLEMS ASSOCIATED WITH OVERCAPITALIZATION. WE BELIEVE COMPREHENSIVE PLANNING CAN RESULT IN A FISHERY ALLOCATION SYSTEM THAT EASES THE BURDENS ON THE PARTICIPANTS, ALLOWS FOR MORE ORDERLY HARVESTS, IS MORE CONSUMER-ORIENTED, AND CONTRIBUTES TO RESOURCE CONSERVATION.

WE WISH TO SUGGEST THAT THE PLANNING PROCESS BE GREATLY STRENGTHENED IN THE AREA OF CONSERVATION.

WE MUST NOT LOSE SIGHT OF THE FACT THAT CONSERVATION IS ONE OF THE MAIN REASONS FOR THIS ENTIRE EXERCISE IN COMPREHENSIVE PLANNING. WE SHOULD NOT ALLOCATE THE RESOURCE FOR THE SAKE OF ALLOCATION ITSELF. INSTEAD, COMPREHENSIVE PLANNING SHOULD BE A MEANS TO REDUCE PRESSURE ON THE RESOURCE AND ENCOURAGE CONSERVATION. WE FOUND LITTLE DISCUSSION OF THIS CONCEPT IN THE ELEMENTS AND OPTIONS PAPER.

WE WOULD SUGGEST THAT AS THE PROCESS DEVELOPS MORE EFFORT BE PLACED ON EXPLORING THE ENFORCEMENT MEASURES THAT WOULD BE AVAILABLE UNDER AN ITQ/CDQ PROGRAM FOR MONITORING THE HARVESTS. WITHIN THE CDQ PROGRAM, FOR EXAMPLE, WE SUPPORT THE USE OF TWO OBSERVERS AND TOTAL VOLUMETIC MEASUREMENTS OF CATCH.

WE ALSO WISH TO SUGGEST THAT THE COUNCIL CONSIDER A COST RECOVERY PROGRAM IN THIS PROCESS SO THAT ADEQUATE FUNDS WILL BE AVAILABLE FOR RESEARCH, MONITORING, AND ENFORCEMENT.

ADDITIONALLY, WE URGE MUCH MORE CONSIDERATION OF CDQ'S IN THE PLANNING PROCESS.

AS EXPLAINED BY NELS ANDERSON, CDQ'S HAVE TREMENDOUS VALUE TO THE NATION. BUT EXCEPT FOR THE REFERENCE CITED BY NELS, WE CAN FIND NO OTHER MENTION OF CDQ'S IN THE ELEMENTS AND OPTIONS PAPER. AS MENTIONED PREVIOUSLY, CDQ'S PROVIDE AN EXCELLENT TEST SITUATION FOR IFQ'S IN BEING ABLE TO OBSERVING THE CHANGES IN FISHING OPERATION PATTERNS, IN MEASURING THE IMPACT ON EMPLOYMENT, AND IN ALLOWING NMFS TO PRACTICE TECHNIQUES FOR MONITORING INDIVIDUAL CATCHES.

WE URGE THE COUNCIL TO REQUEST STAFF TO CONDUCT AN ANALYSIS OF THE BERING SEA FISHERIES COMMUNITY PROPERTY CONCEPT IN FUTURE DRAFTS OF THIS PAPER SO THAT IT MAY BE CONSIDERED ON EQUAL FOOTING WITH ALL THE ALLOCATION PLANS THE COUNCIL CONSIDERS. AS A PART OF THE RATIONALIZATION PROGRAM, CDQ'S NEED TO BE MUCH MORE THOROUGHLY ANALYZED.

WE WISH TO THANK YOU FOR THE OPPORTUNITY TO TESTIFY AND WOULD BE PLEASED TO ANSWER ANY QUESTIONS.



S.E.A.  
SKIPPER'S FOR EQUITABLE ACCESS  
7030 15th Ave. N.W.  
Seattle, Washington 98117  
(206) 782-4454

June 3, 1993

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

VIA FAX (907) 271-2817

RE: Comprehensive Plan for the Bering Sea

Dear Mr. Lauber:

At the June 21 meeting in Kodiak the North Pacific Fishery Management Council will receive a petition from a new fishermen's organization, Skippers for Equitable Access (S.E.A.). S.E.A. represents captains and owner/operators who have been responsible for harvesting and landing groundfish and crab in the North Pacific.

We are concerned that current licensing proposals ignore our investment of time, effort, skill and, in some cases, financial capital in the North Pacific groundfish and crab fisheries. For the last 30 years it has been our personal obligation to obtain the required permits necessary to legally harvest the resource. In addition, the fish tickets that will be used to determine eligibility under future license limitation programs reflect our personal catch histories.

Therefore, we respectfully request that the NPFMC recognize our fair share of any future limited access program in the North Pacific groundfish and crab fisheries. Specifically, we ask that you direct your staff to analyze, as one option, allocating a percentage of ownership in the individual quotas or limited access licenses to skippers with documented catch histories during the qualifying years covered by the June, 1992 moratorium.

We look forward to working with you to develop a scheme for the fisheries of the North Pacific that is rational and equitable.

Sincerely,

  
Walter Christensen

  
Tom Suryan

  
Ben A. Stevens

  
John Kvinge

  
John Zimmerman

  
Daniel Hanson



**SKIPPERS FOR EQUITABLE ACCESS**  
7030 15th NW, Seattle, Washington 98117  
(206) 782-4454

Limited access to North Pacific fisheries may freeze independent skippers out of their chosen profession. **SEA** is determined to keep skippers from being left out in the cold.

**SEA** is a group of skippers and owner/operators that was founded to protect our investment and our contribution to the catch records of the vessels we operate. As permit holders we have risked our lives to become direct contributors to the development of established groundfish and crab fisheries covered by the June 1992, three-year moratorium on new entrants.

Current licensing proposals ignore the investment of time, effort, and skill, in some cases financial capital, by skippers, despite the facts:

- ☉ As captains, we have been responsible for landings made by vessels which meet the moratorium guidelines.
- ☉ For the last 30 years it has been our personal obligation to obtain the required permits necessary to legally harvest the resource. If we do not have a permit, the boat does not fish.
- ☉ Fish tickets are in our name. Fish tickets are our personal catch history.

Therefore, having a direct investment in the development and future of North Pacific groundfish and crab fisheries, we feel we deserve and have a right to share in any future individual quota or other limited entry system to be established.

### **GOALS**

We will work toward adoption of an individual quota system or other limited access system which grants a share of ownership to the vessel operator based on their catch history.

### **ACTIONS**

In June 1993, **SEA** petitioned the NPFMC to recognize our fair share of any limited access program. Specifically we requested NPFMC to analyze, as one option, allocating a percentage of ownership in the individual quota or limited access licenses to skippers with documented catch histories.

# PETITION

## SKIPPERS FOR EQUITABLE ACCESS

We, the undersigned captains, do hereby petition the North Pacific Fishery Management Council to recognize our fair share of any future limited access management program in North Pacific groundfish and crab fisheries.

Current licensing proposals ignore our investment of time, effort and skill in these fisheries. As a group, we have risked our lives to become direct contributors to the development of established groundfish and crab fisheries covered by the June 1992, three-year moratorium on new entrants.

⇒ AS CAPTAINS, WE HAVE BEEN RESPONSIBLE FOR LANDINGS MADE BY VESSELS WHICH MEET THE MORATORIUM GUIDELINES.

⇒ FOR THE LAST 30 YEARS, IT HAS BEEN OUR PERSONAL OBLIGATION TO OBTAIN THE REQUIRED PERMITS NECESSARY TO LEGALLY HARVEST THE RESOURCE. IF WE DO NOT HAVE A PERMIT, THE BOAT DOES NOT FISH.

⇒ FISH TICKETS ARE IN OUR NAME. FISH TICKETS ARE OUR PERSONAL CATCH HISTORIES.

**T**HEREFORE, HAVING A DIRECT INVESTMENT IN THE DEVELOPMENT AND THE FUTURE OF THESE FISHERIES, WE FEEL WE DESERVE AND HAVE A RIGHT TO SHARE IN ANY FUTURE INDIVIDUAL QUOTA SYSTEM OR OTHER LIMITED ACCESS SYSTEM TO BE ESTABLISHED.

**W**E PROPOSE THAT SKIPPERS BE ALLOCATED OWNERSHIP OF THE INDIVIDUAL QUOTAS, OR OTHER LIMITED ACCESS LICENSES DISTRIBUTED BY THE COUNCIL, ACCORDING TO A PERCENTAGE OF THE QUALIFYING CATCH HISTORIES DOCUMENTED BY FISH TICKETS IN OUR NAMES.

SIGNATURE	PRINT NAME	ADDRESS	YRS. WITH PERMIT
<i>Tom Suryan</i>	Tom Suryan	4756 34 <sup>th</sup> Ave NE Seattle 98105	8
<i>John L Zimmerman</i>	John L Zimmerman	11600 Bella Cool Rd Edmonds, Wash. 98020	15 OWNER
<i>Walter Christensen</i>	WALTER CHRISTENSEN	9015 25 <sup>th</sup> NW SEA. WA 98117	15 OWNER
<i>Jorn Kvinge</i>	JORN KVINGE	2321 WINDSAMMER ST NW OLY WA 98502	15
<i>Don Hanson</i>	Don Hanson	Rt 2 Box 253A Raymond Wa	15
<i>Roger Overa</i>	Roger Overa	16 Columbia Key Bellevue Wash 98001	19 OWNER
<i>Gudjon Gudjonsson</i>	Gudjon Gudjonsson	3421 - 32 W Seattle WA 98199	13 OWNER
<i>Gretar Gudjonsson</i>	Gretar Gudjonsson	17121 NE 98 <sup>th</sup> Ct Redmond Wa 98052	8 OWNER
<i>HELGE CLAES</i>	HELGE CLAES	23317 CEDAR WAY PNT. WA 98043	12
<i>GARY STEWART</i>	GARY STEWART	12702 7 <sup>th</sup> AVE NW SEATTLE, WA 98177	20 OWNER
<i>SIGMUND INGEBRETSEN</i>	SIGMUND INGEBRETSEN	13035 12 <sup>th</sup> NW SEATTLE, WA 98177	11 OWNER
<i>BRIKE TUCKER</i>	BRIKE TUCKER	26029 SE 170 <sup>th</sup> ST. Issaquah WA 98027	3
<i>Robert Peterson</i>	Robert Peterson	1011 NW 17 <sup>th</sup> Seattle Wa 98177	4
<i>John O. Clausen</i>	John O. Clausen	23118 23 <sup>rd</sup> DR. N.E. Arlington Wa 98223	12 YRS
<i>FLOYD E. SMITH</i>	FLOYD E. SMITH	815 PUGET WAY EDMONDS WA 98020	6 YRS
<i>JAMES K LEE</i>	JAMES K LEE	6027 35 <sup>th</sup> AVE NW SEA WA 98107	3 YRS

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<i>Ben Stevens</i>	BEN STEVENS	Box 102711 Anchorage AK 99510	7
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<i>Richard Morton</i>	RICHARD MORTON	3924 Federal Ave Everett, WA 98201	6 Leasce
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<i>Scott Jacobsen</i>	Scott Jacobsen	9020 SE 51 <sup>st</sup> Pl Mercer Id. Wa 99340	6 owner
<i>Scott Hansen</i>	Scott Hansen	3925 161 <sup>st</sup> SE Bellevue WA 98006	3 owner
<i>Ralph Di Carlo</i>	RALPH DI CARLO	719 NW CULBERTSON DR SEATTLE WA 98177	8
<i>Steve Harvik</i>	Steve Harvik	18316 128 <sup>th</sup> AVE W Lynnwood WA 98037	7 owner
<i>Don Ostlie</i>	DON OSTLIE	22512 Deppman Rd SW Vashon WA 98148	10 owner
<i>William Elbow</i>	William Elbow	4038-B 128 <sup>th</sup> St SE #180 Bellevue	20 yr
<i>Thomas Haugen</i>	THOMAS HAUGEN	632 N. 201 LINE SEATTLE WASH	26 YR
<i>Karl Bratvold</i>	KARL BRATVOLD	14350 Phinney Ave N Seattle WA 98133	10 YR
<i>Kenneth Longaker</i>	KENNETH LONGAKER	3614 NW 60 <sup>th</sup> SEA WA 98107	10 YR
<i>Kurt Vedoy</i>	KURT VEDOY	18507-126 <sup>th</sup> ST SE Snohomish WA 98290	15 years owner
<i>Alan Lauritzen</i>	Alan Lauritzen	19012 88 <sup>th</sup> West Edmond, Wa 99026	8 years
<i>Matt Pope</i>	MATT POPE	3818 Northshore Blvd NE Tacoma, WA 98422	5 years

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<i>Jostein T. Karlsen</i>	JOSTEIN T. KARLSEN	725 175 ST. S.W. BATHAL, W.A. 98012	17 YRS.
<i>Sam O Medhaug</i>	SAM O MEDHAUG	1328 NW - 201 ST SEATTLE WA 98133	26 YRS
<i>Karl J Hansson</i>	KARL J HANSSON	439 NW 196TH PL SEATTLE WA 98177	26 *
<i>Hudst. Fahrunkov</i>	Hudst. Fahrunkov	5810 Malby Rd. Woodinville, Wa. 98072	7
<i>Ernie Svason</i>	Ernie Svason	111 - 12th ave N. Edmonds WA 98020	17 YRS
<i>Michael I Fox</i>	Michael I Fox	9201 242 <sup>nd</sup> NW Seattle Wa 98177	7 yrs.
<i>Ronald G. Swaster</i>	Ronald G. Swaster	6435 Cedar Terrace Lane, N611 Sennedon WA 98148	15 yrs
<i>Richard A. Kruse</i>	RICHARD A. KRUSE	12637A 9 <sup>th</sup> AVENUE SEATTLE WA 98177	3 yrs
<i>G. F. R. D. D. D.</i>	G. F. R. D. D. D.	10604 RIVIERE PL NW SEATTLE WA 98107	OWNER
<i>Sam Hebert</i>	SAM HEBERT	P.O. Box 2336 Ferndale, wa. 98248	7 years
<i>Donna</i>	Donna	2328 Everett Dr Gig Harbor wa 98329	4 yr
<i>Robert C. Koenig</i>	Robert C. Koenig	16270 224 <sup>th</sup> Ave NE Woodinville wa 98072	8 Owner
<i>Brod Mendelsohn</i>	Brod Mendelsohn	23401 40 <sup>th</sup> W. #10 Mt. Lk. Terrace 98043	4
<i>Kay Rasmussen</i>	Kay Rasmussen	12332 15 <sup>th</sup> SE Everett WA 98201	16 yrs
<i>Kurt Ochsner</i>	KURT OCHSNER	10214 BELGROVE CT. NW SEATTLE 98179	10 yrs
<i>Kim K. Hansen</i>	Kim K. Hansen	15715 3 <sup>rd</sup> DR SE Everett WA 98203	20 yrs.

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<i>[Signature]</i>	OLUF VEDØY	19507-126 <sup>TH</sup> ST SE SPOKANE WA 99290	17 yrs
<i>[Signature]</i>	DAGFINN HALVORSEN	3021-123 <sup>RD</sup> SE EVERETT WA 98208	9
<i>[Signature]</i>	SOREN A. SORESEN	1805 VILLAGE GREEN DR MILL CREEK WA 98012	27
<i>[Signature]</i>	RICHARD TARDY	15907 3 <sup>RD</sup> DR SE MILL CREEK WA 98112	7
<i>[Signature]</i>	PETER W. RICHARDSON	6101 34 <sup>TH</sup> NW SEATTLE WA 98107	8
<i>[Signature]</i>	NORMAN G. ANDERSON	10839 34 <sup>TH</sup> AVE. SW SEATTLE WA 98147	12 yrs
<i>[Signature]</i>	LEIF M. MANNES	18525 8th NW SEA WASH 98127	11 yrs
<i>[Signature]</i>	JENS P. JOHNSON	452 4th KIRKLAND WA 98083	4 years
<i>[Signature]</i>	PER MANGARFERKJUSAN	15438 NE 144 <sup>TH</sup> PL WOODINVILLE WA 98022	7 years
<i>[Signature]</i>	ALBERT J. PHILLIPS	P.O. Box R3E Seaside WA 99137	4 years
<i>[Signature]</i>	WALTER H. DAUDERIS	317 NW 201 PL Seattle WA 98177	8 yrs
<i>[Signature]</i>	OWEN KVINDE	1508 NW 200 <sup>TH</sup> Seattle WA 98111	2 yrs
<i>[Signature]</i>	ANTHONY W. ...	13042-12 <sup>TH</sup> NW, Seattle, WA 98122	28 yrs











**KODIAK LONGLINE  
VESSEL OWNERS' ASSOCIATION**



326 CENTER AVENUE, P.O. BOX 135  
KODIAK, ALASKA 99615  
(907) 486-3781 FAX (907) 486-2470

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HALIBUT • SABLEFISH • PACIFIC COD • CRAB

June 20, 1993

Mr. Bob Alverson, Chairman  
NPFMC Comprehensive Planning Committee  
P. O. Box 103136  
Anchorage, Alaska 99510

Dear Bob,

The following is a proposal for analysis and consideration by the NPFMC in your attempt to rationalize the groundfish and crab fisheries in Alaska. The first part of our presentation is a statement of our concerns and position regarding an equitable initial allocation to all members of the industry as well as consideration for maximizing the net benefit to the nation. The second part is an offering of possible scenarios to implement a plan.

Ultimately, if the perceived need to rationalize the fisheries of the North Pacific is to succeed to the benefit of industry, as well as the nation, whatever plan is finally adopted will be most successful if it achieves two objectives. First, the plan must be workable over the long term to the benefit of industry, the nation, and the resource involved. Second, in achieving a workable program, the transition phase from open access to rationalization should be the least disruptive possible, to minimize severe economic dislocation and pain to industry so that the natural course of capital flow and consolidation can take place to the benefit of all members of industry.

While it is the Council's objective to move forward with rationalization simultaneously in all fisheries and the argument for doing so may be compelling, it is important to understand and remember that not all fisheries under consideration share similar histories and are at the same stage of development. It will be necessary to treat the various fisheries differently. For example, fisheries that are harvested with a single gear type present much less complicated issues for initial allocation than fisheries in which the resource is harvested by multiple competing gear types. Further, some fisheries are more mature than others, with the total allowable catch having been achieved for many years, while in others, the TAC has only recently been achieved. Thus, criteria for initial allocations will need to be different for different fisheries. Also of great importance in the adoption of a plan for initial allocation are history in the fishery and present capitalization. Some would argue the "pioneer theory" of allocation; allocations based on an average of a long history in the



fisheries. Others would argue that political considerations and Council decisions impeded their ability to develop until more recently, but that their capital investment represents a logical evolution of the fishery to the benefit of fishery resources. This, in addition to occupying a market previously closed to American fisherman because of a national "fish & chips" policy and North Pacific Council actions in implementing that policy. It is our position that the Pacific cod fishery in the Bering Sea/Aleutian Islands is an example of a fishery where the DAP TAC has only recently been reached (1992) and where development of the U.S. longline segment was delayed as a result of Council actions that allowed Japanese longline vessels TALFF to promote the Americanization of other fisheries. We believe that it was never the Council's intent to favor one segment of the industry over the other. The market in Japan did not open for high quality American longline caught and processed Pacific cod until after the Japanese no longer had access to Pacific cod TALFF. This impediment to the American longline industry puts us in a position of having an artificially short history vis a vis the trawl industry.

The rapid development of the American freezer longline fleet in the early 1990's was a direct response to market demand and the perceived undercapitalization of the Pacific cod fishery reflected in the fact that the first year a TAC closure was implemented was 1992. It is our position that the Council never intended to impede the evolution of the Pacific cod fishery into new markets and fishing methods that reduce bycatch of prohibited species and discard waste. Those U.S. trawl vessels that in the mid and late 1980's dominated the BSAI Pacific cod fishery never did achieve the TAC. Their profitable use of the cod resource was a direct result of Council and government policy. Their reward for participation in the transition to full Americanization was the profit they made during that time. Most continue to participate in the fishery today, but since 1990 have been shut down by prohibited species caps prior to achieving the TAC. They have then moved into other fisheries. In fact, the recent Amendment 24 analysis shows that the trawl dependence on the cod fishery has decreased dramatically in the last three years.

The freezer longline fleet has concentrated on the Pacific cod fishery and is almost wholly dependent on the cod resource. It has little or no history in other fisheries. Being a relatively new component of the industry, the freezer longline fleet is highly leveraged. If not allocated a share of the cod fishery commensurate with their current production, it is unlikely these vessels would survive. High quality frozen at sea longline caught cod has developed a substantial export market in Japan and Europe, as well as an increasing domestic use for reprocessing into fillets. This product is produced at a substantial savings of halibut mortality and groundfish discard waste compared to the cod production by the trawl fleet. Listed is a table taken from the NMFS Observer Reports and Weekly Production Reports through May 29, 1993:



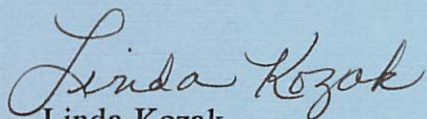
<i>GEAR/SPECIES</i>	<i>RETAINED</i>	<i>DISCARDED</i>	<i>TOTAL</i>	<i>% RETAINED</i>
<i>Longline</i>				
<i>Cod</i>	<i>60,436 MT</i>	<i>3,486 MT</i>	<i>63,922 MT</i>	<i>94.5%</i>
<i>Other Groundfish</i>	<i>1,756 MT</i>	<i>9,512 MT</i>	<i>11,268 MT</i>	<i>15.6%</i>
<i>Pot</i>				
<i>Cod</i>	<i>2,213 MT</i>	<i>34 MT</i>	<i>2,247 MT</i>	<i>98.5%</i>
<i>Other Groundfish</i>	<i>3 MT</i>	<i>64 MT</i>	<i>67 MT</i>	<i>4.5%</i>
<i>Trawl</i>				
<i>Cod</i>	<i>51,855 MT</i>	<i>7,931 MT</i>	<i>59,786 MT</i>	<i>86.7%</i>
<i>Other Groundfish</i>	<i>4,583 MT</i>	<i>42,961 MT</i>	<i>47,544 MT</i>	<i>9.6%</i>

The trawl groundfish discards as shown above are nearly half of their entire catch in the directed cod fishery. Additionally, they discarded over 17 million pounds of cod.

It is our position that to skew the initial allocation of the Pacific cod resource to distant history will negate the beneficial evolutionary effects that have taken place in the industry recently, unjustifiably benefiting one segment of the industry over another. Further, the net effect would be to institutionalize high levels of PSC and discard waste, while destroying the fleet that has developed, in part, as a response to these problems.

For all the reasons so far discussed, it is the position of our group that the points outlined on the attached page be given full consideration and analysis prior to the implementation of any comprehensive rationalization scheme.

Sincerely,

  
Linda Kozak  
Director





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HALIBUT • SABLEFISH • PACIFIC COD • CRAB

## **COMPREHENSIVE PLANNING PROPOSALS FOR ANALYSIS**

### **PREFERRED ALTERNATIVE:**

Institution of a three year license limitation program to phase in a more comprehensive rationalization program.

Vessels that entered the fisheries and made a groundfish or crab delivery by February 1, 1992 would qualify.

During this phase-in period, no lengthening or widening of vessels would be allowed.

No transfer of licenses would be allowed, unless a vessel sank or was unable to fish for another approved reason.

A vessel must continue to participate in the fisheries for all three years or lose the license.

The best two out of three years of vessel catch records during the license limitation period would determine quota allocations for each vessel.

Owners, operators and crew members would begin the ITQ stage of rationalization on a level playing field as the percentage allocated to each group would be decided during the three year license period.

The Council should set conservation and waste reduction criteria for the fisheries to operate under during the qualifying period.



**SECOND ALTERNATIVE:**

If the Council wishes to move directly to an ITQ system, we propose that the following points be analyzed.

Initial allocation of ITQs would be to the ownership of record at the time ITQs are issued.

Qualifying years would be considered on a fishery by fishery basis, with the earliest year beginning at the achievement of TAC by DAP.

Allocations would be based the best two out of three years with the ending period to be the date that the Council approves a plan.

The limits on ownership and leasing would be as few as possible to enable the program to work well.

The allocations would be based on retained groundfish, not total catch. Discards and wasteful fishing must not be rewarded.

All groundfish would be allocated based on catch. Incidental catch that was retained would be allocated as well.

A community development program should be analyzed for groundfish and crab.

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<i>Tom Suryan</i>	Tom Suryan	4756 34 <sup>th</sup> Ave NE Seattle 98105	8
<i>John L Zimmerman</i>	John L Zimmerman	11600 Bella Coola Rd Edmonds, Wash 98020	15 OWNER
<i>Walter Christensen</i>	WALTER CHRISTENSEN	9015 25 <sup>th</sup> NW SEA. WA. 98117	15 OWNER
<i>Jorn Kvinge</i>	JORN KVINJE	2321 WINDSAMMIA CT NW OLY WA 98502	15
<i>Don Hanson</i>	Don Hanson	Rd 2 Box 253A Raymond Wa	15
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<i>Helge O. Veit</i>	HELGE O. VEIT	23317 CEDAR WAY MT. WA 98043	12
<i>Gary Stewart</i>	GARY STEWART	12700 7 <sup>th</sup> AVE SEATTLE, WA 98177	20 OWNER
<i>Sigurd Ingebretsen</i>	SIGMUND INGEBRETSEN	13035 12 <sup>th</sup> NW SEATTLE, WA 98177	11 OWNER
<i>Baker Tucker</i>	Baker Tucker	26929 SE 170 <sup>th</sup> ST. Issaquah, WA 98027	3
<i>Robert Paterson</i>	Robert Paterson	1011 NW 17 <sup>th</sup> Seattle Wa 98177	4
<i>John O. Clausen</i>	John O. Clausen	23118 23 <sup>rd</sup> DR. N.E. Arlington Wa 98223	12 YRS.
<i>Floyd E. Smith</i>	FLOYD E. SMITH	815 PUGET WAY Edmonds WA. 98020	6 YRS
<i>James K Lee</i>	JAMES K LEE	6027 35 <sup>th</sup> AVE NW SEA WA 98107	3 YRS



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<i>Richard Morton</i>	RICHARD MORTON	3924 Federal Ave Everett WA 98201	6 Leasee
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<i>Scott Hansen</i>	Scott Hansen	3925 161 <sup>st</sup> SE Bellevue Wa 98006	3 Owner
<i>Ralph DiCarlin</i>	RALPH DI CARLIN	719 NW CULBERTSON DR SEATTLE WA 98177	8
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<i>William ElcBow</i>	William ElcBow	4038-B 128 <sup>th</sup> St SE #180 Bellevue WA 98006	20 Yrs
<i>Thomas Haugen</i>	THOMAS HAUGEN	632 N. 201 LINE SEATTLE WASH	26 Yr
<i>Karl A. Bratvold</i>	KARL A. BRATVOLD	19350 Phinney Ave N Seattle WA 98133	10 Yr
<i>Kenneth Longaker</i>	KENNETH LONGAKER	3614 NW 60 <sup>th</sup> SEA WA 98107	10 Yr
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➤ FOR THE LAST 30 YEARS, IT HAS BEEN OUR PERSONAL OBLIGATION TO OBTAIN THE REQUIRED PERMITS NECESSARY TO LEGALLY HARVEST THE RESOURCE. IF WE DO NOT HAVE A PERMIT, THE BOAT DOES NOT FISH.

➤ FISH TICKETS ARE IN OUR NAME. FISH TICKETS ARE OUR PERSONAL CATCH HISTORIES.

**T**HEREFORE, HAVING A DIRECT INVESTMENT IN THE DEVELOPMENT AND THE FUTURE OF THESE FISHERIES, WE FEEL WE DESERVE AND HAVE A RIGHT TO SHARE IN ANY FUTURE INDIVIDUAL QUOTA SYSTEM OR OTHER LIMITED ACCESS SYSTEM TO BE ESTABLISHED.

**W**E PROPOSE THAT SKIPPERS BE ALLOCATED OWNERSHIP OF THE INDIVIDUAL QUOTAS, OR OTHER LIMITED ACCESS LICENSES DISTRIBUTED BY THE COUNCIL, ACCORDING TO A PERCENTAGE OF THE QUALIFYING CATCH HISTORIES DOCUMENTED BY FISH TICKETS IN OUR NAMES.

SIGNATURE	PRINT NAME	ADDRESS	YRS. WITH PERMIT
<i>Jostein J. Karlsen</i>	JOSTEIN J. KARLSEN	725 175 ST. S.W. BATHELL, W.A. 98012	17 YRS.
<i>Jan O Medhaug</i>	JAN. O MEDHAUG	1328 NW - 201 ST SEATTLE WA 98133	26 YRS.
<i>Karl J Hansson</i>	KARL J HANSSON	439 NW 196TH PL SEATTLE WA 98177	26 "
<i>Hubert Fehrenkopf</i>	Hubert Fehrenkopf	5810 Maltby Rd. Woodinville, Wa. 98072	7
<i>Ernie Swasand</i>	Ernie Swasand	111 - 12th ave N. Edmonds WA 98020	17 YRS.
<i>Michael J Fox</i>	Michael J Fox	9201 242 <sup>nd</sup> NW Seattle wa 98117	7 YRS.
<i>Ronald G Brewster</i>	Ronald G Brewster	6485 Cedar Terrace Lane (N) Brierley WA 98005	15 YRS.
<i>Richard H. Kruse</i>	RICHARD H. KRUSE	12037A 9 <sup>th</sup> AVENUE NW SEATTLE WA 98177	3 YRS
<i>Gerald Damon</i>	G ERALD DAMON	10604 RIVIERA PL NE SEATTLE WA 98107	OWNER
<i>SAM HERBERT</i>	SAM HERBERT	RD. BOX 2336 FEEDALE, W.A. 98248	7 YEARS
<i>Devin H. Hestermann</i>	Devin H. Hestermann	13228 Emerald Dr Gig Harbor wa 98329	4 yr
<i>Robert Carlberg</i>	Robert Carlberg	16220 224 <sup>th</sup> AVE NE Woodinville wa. 98072	8 OWNER
<i>Brod Mendenhall</i>	Brod Mendenhall	23401 46 <sup>th</sup> W. #10 Mt. Lak. Terrace 98043	4
<i>Koy Krauss</i>	Koy Krauss	12332 15 <sup>th</sup> SE Everett WA 98208	16 YRS
<i>Kurt Ochsner</i>	KURT OCHSNER	0214 BELGROVE CT. NW SEATTLE 98177	10 YRS
<i>K. V. Hermanson</i>	K. V. Hermanson	12715 2 <sup>nd</sup> DR N F. FISH HARBOR WA 98102	OWNER 27 YRS.

# PETITION

## SKIPPERS FOR EQUITABLE ACCESS

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SIGNATURE	PRINT NAME	ADDRESS	YRS. WITH PERMIT
<i>Oluf Vedoy</i>	OLUF VEDOY	19507-1216 <sup>TH</sup> ST. SE. SNOHOMISH WA 98290	17 OWNER
<i>Dagfinn Halvorsen</i>	DAGFINN HALVORSEN	3021 - 123 <sup>RD</sup> ST SE EVERETT WA. 98208	9
<i>Soren A. Sorensen</i>	SOREN A. SORESEN	1805 VILLAGE GREEN DR MILL CREEK WA 98012	27
<i>Nicholas Jarboe</i>	NICHOLAS JARBOE	15907 30 <sup>TH</sup> DR SE MILL CREEK WA 98012	7
<i>Peter W. Richardson</i>	PETER W. RICHARDSON	6101 34 <sup>TH</sup> N.W. SEATTLE WA 98107	8
<i>Norman C. Anderson</i>	NORMAN C. ANDERSON	10839 34 <sup>TH</sup> AVE. S.W. SEATTLE WA 98147	12 yrs.
<i>Kerf M. Mannes</i>	KERF M. MANNES	18525 8th NW SEA WASH 98127	11 yrs OWNER
<i>Jens P. Johnson</i>	JENS P. JOHNSON	452 4th KIRKLAND WA 98033	4 years
<i>Perman Garferrington</i>	PERMAN GARFERRINGTON	15438 NE 144 <sup>TH</sup> PR. WOODINVILLE WA 98022	7 years
<i>Albert J. Phillips</i>	ALBERT J. PHILLIPS	P.O. Box 838 Seaside WA 99164	4 yrs
<i>Walter H. Dauberts</i>	WALTER H. DAUBERTS	317 NW 201 PL Seattle WA 98177	8 yrs
<i>Owen Kvinge</i>	OWEN KVINGE	1508 NW 200 <sup>TH</sup> Seattle WA 98117	2 yrs
<i>Art Larson</i>	ART LARSON	13057-12 <sup>TH</sup> NW, SEATTLE, WA 98122	28 yrs







**Transcript of Council Discussion - Comprehensive Rationalization Program  
June 24, 1993**

**Tape 56 10:21 am - 11:10 am**

**Chairman Rick Lauber:** We've been talking about ways we could put this together, so maybe Clarence could give you an idea of what we've been talking about and see if it meets your approval and then go ahead with it.

**Clarence Pautzke:** Mr. Chairman, the spreadsheet (attached) that you had in your materials that you received on Sunday attempts to capture the various elements and options that have been suggested by industry as we walked into this meeting and, of course, additional things that have come on board, with the many letters and public testimony that you received on Sunday and then today. I would suggest that you let the staff walk you down through these various items here and as we're debating the elements they can bring in some of the discussion from that larger discussion paper (Elements and Options . . .) where there may be certain pitfalls or difficulties in carrying out a particular element and while they're going down through that, then, they can also point out to you what are high priority items that we need narrowing and focusing on today, which ones you'll need to have your mind semi-made up by September and which items are more long-term, that you don't really have to have them made up until early 1994 or even at the time you make the decision in June. So, I would say let's use this as the focus and let them walk you through it.

**Lauber:** Does that sound agreeable? Mace.

**Bob Mace:** That sounds good; I do think that someplace along the line that we have to take a look at this license limitation issue that we've got a lot of testimony on now and decide whether to scratch it or continue it, so some place I'd like to see a little discussion of that. All right, why don't you start it through, we'll start at the top of page 1 and work our way through it.

**Chris Oliver:** Mr. Chairman, the first item, and this is one we feel is important to get some resolution to early on and hopefully at this meeting, is under "Species." This is the general scope of the program, what species are going to be covered by the program. We're talking about all species that the Council manages, only designated target species; do we want to continue consideration of the prohibited species only concept, for example, and . . .(unintelligible) or specific to an IQ alternative. Mr. Mace pointed out that we might want to discuss license limitation separately after we go through this. That's one of the items we feel needs to be defined; it certainly is important in terms of the models and databases that we're putting together for the analysis.

Skipping down there to the "Initial Assignment of Quota Shares," we have four options outlined there, and that's current vessels or vessel owners versus item B, which is to vessel owners at the time of landings activities which is what in fact we did under the sablefish/halibut program. The third item is other fisheries investors including processors, skippers and crew; and fourth item, D, Coastal Communities. And on that issue, briefly on the coastal community issue, we've taken your guidance from earlier meetings and made no assumption as to what the scope of that program might be; you (the Council) indicated at earlier meetings that any and all of the license or IFQ alternatives was open to any CDQ options within it and of course we made no assumption as to what the scope of that might be; that's something you'll define.

Lauber: Why don't we take them one block at a time. We'll start out with "Species" and move to "Areas" and so forth. If someone wants to put some forth we can talk about it at that time, but right now let's see if we can't move it through one block at a time. So, let's concentrate on species. The Staff's recommended three, (A), (B), and (C). I assume that our options include all three, or two, or one . . . yes

Clem Tillion: Mr. Chairman, I think we should at this time we should narrow it to "A," All Species, that's what's been recommended and it just doesn't make much sense to try to wag the dog with the tail and you might just as well include all species.

Mace: I have a question. Many of those species are not fished or we don't have a history of catch on them and I'm wondering how we're going to allocate quotas if we approach it from a generalistic standpoint.

Pautzke: Mr. Chairman, when you come to those kinds of issues would you like the staff to try to reflect a little bit on what they put in that paper, because they had some suggestions, or do you just want to go on with Council discussions? 'Cause they did have some suggestions on how to get over those hurdles that were in the other paper and do you want them to bring them in now or not?

Mace: Well, I think it'd be appropriate because this is the nitty gritty of the whole issue.

Lauber: O.K., go ahead, Marcus.

Marcus Hartley: With regard to underutilized species, for example, one of the things that we had thought about would be to allocate catch histories of underutilized species to persons who had caught them, but rather than doing it in terms of pounds of landings divided into the total pounds landed over the qualifying period; you might look at it in terms of the percentage that they landed divided into the whole. So, if they landed 5% of the TAC, then they would get 5% of the TAC, rather than if they had landed 5% TAC and nobody else landed anything, they would get it all. Does that make sense?

Lauber: Of course, the next thing is, when people want to start landing the other 95%.

Hartley: Then I think that you could probably devise a system of some sort that would just allocate it on an application basis; if they wanted to land it, give it a shot, they could. And, allocate it out in blocks or something like that, without regard to catch history.

Tillion: The fear I have is that we do not want an open fishery starting on another species that impacts those species we're already regulating and so therefore you can't leave something out. The product mix will change drastically.

Hartley: I'm not suggesting that, Mr. Chairman.

Tillion: Yes, because your arrowtooth flounder right now are just a bycatch and so you allocate them all because someday you might find a way to use those arrowtooth flounder. So, you don't want to start a whole new fishery that can come in with a whole new fleet and overcapitalize. How do you figure to get around that?

Hartley: Again, there's two ways. One way is certainly to allocate arrowtooth catches in terms of bycatch of other species. That still may not account for all the arrowtooth TAC. If you did allocate it and did it in such a way that say not just one or two persons who made landings of it had part of that fishery. If there were some left over, you would still keep that under an IFQ, but allocate chunks of it, 1,000 pounds, 1,000 tons, whatever you want to do, to persons who wanted to give it a shot. It's still an IFQ fishery but if you don't have catch histories on them, you don't want to necessarily to give them all to the few persons that did target on them; you may be able to get around it this way. It's just an idea we had.

Wally Pereyra: The Council's got ultimate control over how much of a particular species is going to be fished anyway by the annual setting of TACs so really what we're doing here is talking about how do we apportion out the proportions of whatever the annual TACs are. I think one of the advantages of coming up with some mechanism to allocate out all the quota shares at this point in time even though these species may not be fully utilized is that it provides an incentive for people to go out there and try and create a use for a resource and I think that that's a very valuable thing to do. It's somewhat similar to what happened when our country was first developing the west and there were certain incentives that were provided, there were homesteads that were provided, the railroads were given incentives by various means of allocating blocks of land and so forth. I think you create an incentive for someone to go out there and develop a particular species that's underdeveloped at the present time because his quota share will have greater value and then that, I think, creates better wealth for everybody that's involved in the fisheries and all aspects of it, so I would personally prefer us to come up with sort of scheme that allows us to allocate out all the quota shares for a particular species.

Hartley: I think you would have that capability in doing that. I think, maybe it's more appropriate to deal with this issue in detail a little further on down, but I think that it's. . .



Tape 57 11:10 am - 11:40 am

Hartley: [some lost in tape switchover]. . . want to allocate them to the few persons that really targeted on them, or whether you want to come up with another allocation scheme that maybe encourages, as you were saying, somewhat like a homesteading package or something like that.

Lauber: We might be able to do it under some form of a cap; we're going to have caps on percentage of ownership of species and it may well be that instead of 5%, a guy fishes for 5% of it and ends up with a whole 100% of the fish, but to say that 5 people would have 5% each, but we put a cap on it of 5% and then we double TAC, well that means that they can still fish their 5% but they have to, through a use it or lose it, they have to sell off a percentage of those shares to somebody else that wants to enter into; probably could be sold at a relatively reasonable price because if we had a use it or lose it the guy has to sell quota or he doesn't get credit for it. Again, I think we could take care of it later, but I think there are scenarios that we can use to get to it without . . .

Tillion: When we go all species, there's another item and I don't know whether to cover it a little further on. We don't want people to be able to sell off just one species and find that you can't prosecute a fishery because there isn't enough bycatch. We have to work out something where you sell off components in a fishery. Now, is that so that you don't have just. . . you sell your rockfish off to one person and your pollock off to another and then nobody can prosecute a fishery because if they don't have an ITQ for the bycatch, they don't fish it. And, so what we should have is some system where if you sell 30% of your pollock, 30% of your bycatch goes with it.

Linda Behnken: I still have a question getting back to the underutilized species, if you want to wait on this, but did you consider, rather than trying to figure out what chunk you would give of the underutilized species or of this TAC. . . , of having a license program for people until it became fully utilized and then cutting off the license there and then moving to IFQs. In other words, using licenses as an interim measure until it was fully utilized. Is that something you looked at?

Hartley: I think that would . . . basically it would fall under a scenario where we talk about target-only, or . . . it really is an open access, race for fish concept, . . . for that underutilized species and we did talk about the consequences of that in the target species allocation, the definition of an IFQ system under the target-only . . . we have considered it but I don't think in terms of actually licenses or those things.

Pautzke: I was just going to say to Mr. Tillion that transferability of your IFQ and QS is covered on page 3 and we'll be getting to whether you need to be able to transfer in bundles of fish or separate by species or whatever, that is on page 3.

Lauber: O.K. we have a motion that we go with (A), All Species under Council jurisdiction. [where's the motion?--was it Tillion's earlier comment?] Is there discussion? Yes, Linda Behnken.

Behnken: Yes, I just wanted to raise one other concern that maybe the staff can address. I'm looking at (B) which is the idea of looking at IFQs for prohibited species only and I recognize that it doesn't solve the race for fish and is really not the best system because of that, that quota shares for all species would be the best way to go. But my concern is that we may not be able to come up with an adequate monitoring and enforcement program to do a quota share system for all species and all PSC and I guess the reason that that's really been driven home to me is that yesterday we had a presentation from the SSC where they said that our estimation of what's actually been taken out

there could be off by as much as 20% and out of two million, what is that, 400,000 tons? That just seems to me we could not be able to do this program that may be the optimal program and that possibly for that reason we should keep alive, at least for analysis, this IFQ system for prohibited species only, so I would offer that as an amendment or open it for discussion, maybe get some response from NMFS or from the staff about what they think is going to be doable or not doable in the future.

Pautzke: I was thinking, Linda, as I listened to you talk, it seems to me that the collective preference is to try and do all the species, but as the system is being examined over the next twelve months you're going to have implementation teams going to work, NMFS, and so on, tell you, and the enforcement people to tell you how doable how all these components are. And it seems to me that the fallback position could be considered within the bounds of any analysis we're going to do, could be (B) there. In other words, if you felt that you could not implement the rest of the program you still could fall back on that and still be within the bounds of our analysis without carrying it as a separate major alternative right now.

Pereyra: Question of Dr. Pautzke. We also could if we wanted to maybe just select one species if it turned out that for enforcement reasons or whatever we just wanted to do one species, we could always do that, too.

Pautzke: Seems to me the most restrictive system would be to have all species, then you could fall back to others if you found there was a reason to.

Bob Alverson: In that context, Clarence, then (A) encompasses (B) and (C), is that what you're saying? We always have the option. . .[unintelligible]. . .the last bullet under (A) [All Areas (PSC)], that sort of tells me that we have the option of (B) and if I look at inclusively at all that what's under the middle 3 bullets and I guess the crab one, too, that's all target species also. Is that accurate?

Pautzke: It seems to me that's . . . but you're not carrying it as a specific alternative in the study. It's kind of a fallback if you can't do these for implementation reasons. I think what you're doing is indicating to industry that your preference right now is to capture all of those within an IFQ system and the way my logic runs is that if you drop out any of the species you're moving toward the status quo alternative and you may want to have a license . . .

Alverson: What do you mean by status quo?

Pautzke: Well, where you didn't have any species covered by an IFQ system.

Alverson: What would have if. . .sitting through the halibut blackcod thing for four years and watching at least three melt-downs politically and otherwise, say you get to the end of the road and the politics and the industry have an option of three of the 20 species to go with, that's what we can agree with, it seems to me we would have the options of (B) or (C) or combinations just by looking today.

Pautzke: That's what I think, too.

Oliver: Mr. Chairman, I think you would. I guess what it means when we say narrowing it down to (A) is that we would approach our study in developing these linear programming models that we're using in the cost-benefit assessment would be built around the all species alternative as opposed to us constructing a separate modeling analysis for an IFQ-only or for a target species-only, so though

you would still have that option within (A), we wouldn't be devoting the specific analytical resources in a specific analysis document for those alternatives.

Lauber: All right. Are we ready? Is there any objection to recommending option (A)? Hearing none, it passes. Now we move on to "Areas."

Oliver: On the subject of areas, this one I think should be fairly easy, at least in terms of your groundfish, crab or target species. Obviously, your distribution of fishing privileges is going to be restricted by management area for biological reasons. In other words, a quota share for the Western Gulf can't be used in the Central Gulf or the Bering Sea, the same way we have for the sablefish/halibut program. I guess the way that's awarded would be based on catch history correspondent to those areas, if catch history is going to be our allocation criteria. The only exception may be with the PSC species. For example, in the Gulf, those are Gulfwide caps; Bering Sea, likewise though they're divided by fishery. And the issue there is whether to make those PSC quota shares because you're going to have the target groundfish quota shares by areas, to make them attendant with that as opposed to freely tradable across the areas. And that gets into the issue of the bundling concept and I think initially, based on your previous direction, what we were . . . was making those assignments of the PSC species in proportion to the groundfish species so they would at least initially be by an area, but you may not want to restrict them to those areas in subsequent transfers.

Lauber: Can we have a motion on. . .yes, Mr. Tillion.

Tillion: Well, do we need a motion on this one. The thing is that I think it would be totally reckless for us to issue a species composition where your bycatch could be sold off into another area and you could find out that you could not harvest your species; you have to keep enough of your bycatch with any species so it's the minimum that NMFS sets. So I agree, you'd have to issue it by area. Then, it's just a decision at a later date whether they would be allowed to rent it at a time they did not take it. I don't really have as much fear about the rent, but I'd hate to see an area find that all of their bycatch had migrated and that you were having to discard; you know, what we want to avoid is having any discards; we want full utilization in so far as we can or at least we don't want somebody without the minimum set by NMFS for prohibited species. It has to be. . .so let's issue it by area for the first go-around.

Alverson: I interpret by area, at least for halibut PSC, and I guess crab would be only Bering Sea, would be Bering Sea and Aleutians, and then the other would be GOA, Gulfwide.

Tillion: Somebody's that's getting his with demersal shelf rockfish that's in one particular spot, you want them to have their mix of species too so that you do not throw something back.

Hartley: I think what the real question is, if you have differences in the way you allocate target species and the way you allocate prohibited species right now. You set prohibited species caps Gulfwide and you set TACs for some species in parts of the Gulf and I think what Chris is talking about is that you may in fact have to or want to divide your prohibited species caps into these smaller subareas to get the to match up. You may not have to, but it's an option that you have to think about. If in fact you want them to be allocated so that they have to stay in that area, that means that you have to set overall TACs, overall caps, for those smaller areas.

Pereyra: From my perspective, what makes sense is to handle the PSCs the same way we handle the other species and that is, if there is biological justification for allocating by areas, such as we have in the Gulf of Alaska with certain rockfish species, you go ahead and you do that; the same thing with the PSC, if there was some biological reason for allocating it that way, you'd go ahead and you'd do that. If not, it makes sense to keep it as general as possible so that the market place can allow for the free flow of PSCs in response to the needs of the target species and the relative values and so forth. I think to go the other way and start ratcheting these down to the small blocks, each time you make a block or you order it, nest it further, it makes it that much more difficult to manage and I think it makes the actual fisheries themselves, the prosecution more inefficient because you've got these things segmented apart. So I think there's both some biological and some economic justification for keeping it as simple as possible.

Lauber: So, if we just approved what is here, is that adequate to encompass what . . .

Pautzke: Don't we need some clarification on how you want to assign these PSCs? That's not in that block at all.

Hartley: Assignment of PSCs is a different thing than looking at the areas. I think that if you want to change the way you allocate PSCs on a area-by-area basis, much like what Wally was talking about, then you probably need to start thinking about that at this point. If you don't want to change the way you do it, then you don't have to.

Pereyra: Don't change it.

Tillion: As long as it's understood that if a person disposes of his PSC for salmon because he's never caught one there and on his first haul for the year he catches one, he has to realize that he's done for the year because he took one in when he did not have. . .you know, he'd sold his bycatch for his area and if you want to be that hard-nosed, it'll work. If you're not willing to be that hard-nosed, then you better make sure these people cannot dispose of those PSCs.

Steve Pennoyer: Aren't we getting ahead of ourselves? The question here is areas. It's not whether you dispose of them, don't dispose of them, trade them or don't trade them, initially allocate them by fishery or past performance, or any other reason. And, I guess, it still seems to me the area question is it's going to be based on probably our current rules in terms of the area allocation--halibut for the Bering Sea, not for 517 versus 518 versus 519. And, later on if we figure there's a biological reason that PSC doesn't make sense the way it's set up we'll probably have to come back and change it. I think we're ahead of ourselves; I think the area question is right now we should stay with our current system. . .

Lauber: The language contained in areas, is that adequate to cover what we want? So, we'll move on. All right, "Initial Assignment of Quota Share."

Oliver: Of those four options, the decisions for example on (C) and (D) we weren't necessarily saying that we need those decisions from you at this meeting. I think the (A) versus (B) issue is something that is an important one and needs to be discussed by the Council and that's when we talk about allocation to vessel owners, are we talking about current vessel owners or, as we do with sablefish and halibut, the vessel owner at the time the landings were made. And that's going to make a big difference in the way we set up and aggregate our databases for this analysis and that's why we want to try to get some resolution.

**Lauber:** It might be nice if we could start limiting these early on, but there are cases where it's an open question and we just may have to have you do the work and then we make the decision a little later on.

**Alverson:** In talking to some members of the staff on Sunday I picked up that there's been some complaints, and I didn't hear any public testimony to this effect, that's why I'm bringing it up, that under (B), a guy that had bought a boat, sold a boat, bought a boat, sold a boat, still in the business, under (A) of course he loses all fishing rights to his other activity and the vessel that he built which is dependent upon his history is basically potentially without any income to pay for it. Have you picked up any more comments through the Council office from members of the public speaking to this issue?

**Oliver:** Mr. Chairman, we have received some letters and phone calls to that effect. Most of the industry recommendations that you've gotten so far do recommend assigning it to the current vessel owner and certainly if you do that there are cases where someone who has a long history in the fishery may have recently acquired a new vessel; they're basically going to lose their entire catch history and the person that just bought that vessel is going to get it. We have had some inquiries expressing concern over that.

**Tillion:** I happen to favor (A), but we've already seen, for instance in the halibut transfers, where people knowing this was coming down the line when they sold their vessel had agreements on the sale that the ITQ would stay with the person that sold it. Those should be honored, but what you don't want to do is have people from the dim past that are not involved in the fishery any more, have sold their boat not even thinking of the rights that went with it, now come back and say hey, I was the one that owned it and made the deliveries in those years so I get that share of the ITQs. So, this is all that you're doing by saying "To vessel owners at the time the IFQ is issued," and then, any agreements they have on the sale of the boat to somebody else are contractual agreement that they'll have to work out themselves.

**Behnken:** I guess I'm a little uncomfortable with making any cut in this area right now. The studies that are talked about being done, these community profiles are going to provide us information that might help us decide some of these issues. I think these fisheries profiles that the AP has proposed are a really good idea. In talking about much would go to vessel owners or to the operators, some of these fisheries I'm really unfamiliar with the current situation on board and what risks are being taken by who and I feel as if I need to know more about that before we make decisions on some of these issues. And, looking at our problem statement we set out that stability, economic well-being in the industry, coastal communities, was a priority, and until we have those community profiles in front of us, I'm just not sure how we could go ahead and make some decisions on these things.

**Pereyra:** Mr. Chairman, I'd like to make a motion that we select (A) rather than (B) as our initial cut at any rate; that we go with the initial allocation shares to the vessel or vessel owners at the time the IFQ is issue.

**Lauber:** That's just between (A) and (B)?

**Pereyra:** [affirmative]

**Tillion:** A question. Unless otherwise done, the fishing history of a vessel should accompany that vessel unless there's a contractual arrangement otherwise so that a person buying the vessel has in effect bought that vessel's history unless there is a contractual arrangement otherwise and that would

avoid people from coming back from the grave but it would also take care of the person that bought a vessel just shortly before and needs that history to be able to make it work.

Pautzke: I was just going to ask for clarification on the AP report. Under this initial assignment of quota share they had the words "vessels or vessel owners at the time IFQ is issued," and they had underlined "collectively" and emphasis. What does that mean? What exactly was the discussion there?

Oliver: That had to do with whether we would assign, for example in a partnership or corporate ownership situation, whether we would assign that quota share for a given vessel individually to the disaggregated ownership and our response was, no, it would be issued to the partnership in the initial allocation and then the division after that would be up to them.

Pereyra: My reason for making the motion in this form is that I think that all these contractual discussions are very interesting; I know of vessels that have recently been sold where in fact there was specific language in the purchase and sale document that said that all of the prior history went with the vessel and that the prior owner didn't have the right to claim any claim on those shares if in fact they were allocated. So that was all included and that was supposedly part of the transactional costs that went on. I think all of this sort of business, that goes on outside of the Council and NMFS framework, those are normal business dealings that are handled either in a friendly way or in a negotiated way or in some sort of a legal manner. What the Council and National Marine Fisheries Service should be concerned about is that there are a certain number of vessels that will qualify, though we haven't talked to the qualifying criteria, but there will be a certain number of vessels that will qualify and those vessels will receive the allocations, period.

Alverson: I think under this I would prefer going just with (A) and (B) and telling the staff that we have a preference for analysis for (A); I don't feel comfortable dropping (B); I do feel comfortable dropping (C) and (D), however.

Tillion: Well, I'm not willing to drop (C) and (D) yet.

Lauber: We're only on (A) and (B); Marcus, you had something?

Hartley: I just want to raise an issue to make sure the Council was aware of that. We talked some about it on Sunday. This goes back to lessons that we learned in sablefish and halibut. Right now in sablefish and halibut the Council chose to allocate in that case to the vessel owner at the time of the landing and you'll recall that we are now having some problems allocating quota shares to vessel owners rather than. . .in cases where the vessel owner was not the person who actually made the landing, due to confidentiality restrictions. In other words, NMFS may not be able to give the vessel owner the full amount of quota shares that would have been granted him because he did not make that landing, the permit holder did. If that's a problem, allocating to a person to owned the boat at the time of the landing because of confidentiality restrictions, then I think it might have to be considered more of a problem to allocate catch histories to persons who were not related to that vessel at all. In other words, NMFS says we can't give Steve Pennoyer his catch when he wasn't the skipper on board, when he didn't sign the fish ticket even though he owned the boat at the time. That's the way the regs are written right now. If we go to a system where the allocation is to go to the vessel owner at the time of issue and that person was never even related to the catch as an owner or as a skipper when it was owned by another person, then it may be doubly difficult, if you will, to give that person that catch history award because of these confidentiality restrictions, and I think you probably need to be mindful of that when you . . .

**Pennoyer:** Maybe we can get Jay Ginter to go a little bit into that so that you understand what the options are. I don't think we've got any confidentiality regs that say we can't give the data to the owner and the operator, there's state regs. . .

**Hartley:** Now, you're talking about owners that weren't even owners at the time of the vessel and that may be even more difficult. . .

**Jay Ginter:** We're currently investigating this with the state, so I don't know exactly how it's going to come out, but currently the state, it's my understanding, requirements are that they would allow us to give the information about catches only to the person who actually made the catch, signed the fish ticket on their particular permit, and if that is not the vessel owner, then we would be prohibited from giving that data to the vessel owner unless there are at least four or more persons who were signing permits on behalf of that vessel owner. Then we could aggregate those data and we could give an aggregate amount.

**Tillion:** This is one I've been talking over with our limited entry commission that's caught in this privacy box and I think we could work it out where if we chose x number of years. . .

Tape 58, 6/24/93, 11:40 am - 1:16 pm

. . .some disc lost in tape change. . .

Tillion: . . .necessarily release who caught what in what year. And I think it's one that we can get around if we choose to do it. I just don't think that we have much of a choice but to go to the last owner of record and let everything else. . .I do know that some of agreements they've had on the longline vessels when the ITQ is issued so and so gets one-half of that, and these are all contractual agreements, as Wally Pereyra spoke of, and we shouldn't be involved in it. It will be so much simpler if you take the fishing history of the vessel and issue it to the owner of record at the time.

Lauber: Let's get back on the track here. Mr. Millikan.

Al Millikan: Just a point of clarification. If we go with the motion and we exclude (C), for example, does that mean that we are not going to fully analyze some of the options as presented to us from the public, such as the "two-pie" system or the one Dave Fraser mentioned to us earlier today?

Lauber: Well, right now we're only talking about (A) and (B) (under initial assignment of quota share) and there's been no action taken on (C) and (D) where I think that would come in, although someone mentioned it in debate, but. . .it would be subject to amendment if you wanted to add (B), (C), and (D) or something, but I'm not suggesting what. . .but I'm just saying let's keep it on (A) and (B) now; that's where we are.

Pereyra: I just wanted to further note that this particular motion was unanimously supported by the AP.

Millikan: Just for clarification for a simple guy like me, does that mean that we're going to address (C) and (D) sometime later? [affirmative]

Mace: I don't understand everything I know about this, except that these fleets are very mobile and people are upgrading all the time, and I think that we're tiptoeing through a minefield when we say that it has to only go the vessel at the time of delivery. I sort of agree with Bob Alverson, that someplace along the line you've got to consider this history. A person could have been in the business all his life and three years ago upgraded, got another vessel, and would lose substantially.

Tillion: If he is so foolish as to sell his ITQ rights after the debate that's been going on for several years, he's probably not going to succeed business-wise anyway. The thing is there are all sorts of contractual agreements on the street right now dealing with this. If you do not have a simple issue to the vessel, you'll be having people in from God knows where, that have been out of it x number of years, claiming a share because they once owned it and sold it. So, you have to have something that's simple enough, leave the contractual agreements on who got the ITQs to the people that bought and sold the boats. Anybody that's bought a vessel that's been in the game for a number of years and didn't arrange to buy the ITQ rights with it at the time of purchase really didn't have his head screwed on very tight.

Lauber: My problem with that, if "he was so foolish as," . . . because if he was listening to what we've doing over these last few years, he would find out that what we actually did was (B), because that's what we did under halibut and sablefish. So, he'd think, well I guess I don't need to protect myself legally because the Council apparently is going to give out ITQs to the owner at the time of the landing, because that's what we did under halibut and sablefish. Now, actually the Council, if in fact



we go with only (A), it's making a switch. I realize that some of them have, for instance when members first started appearing and testifying on behalf of the moratorium, as I remember on halibut, was a crew member and then became probably one of the largest ITQs holders as a vessel owner and I asked him how that was since he had very little history. He said well I bought the rights to the quota shares with the vessel, and that could be done, but had he not done that he would have been. . ., so I think we. . .your argument, Clem, as far as putting somebody on notice and they be so silly, actually listening to us, we went the other way just last year. Now, as it stands right now we're voting . . .(A) and delete (B), so we'd go between those two options.

Pennoyer: I'm sorry, you're going with (A)?

Lauber: The motion was that we go with (A) rather than (B), yes. . .the vessel owner type thing, for analysis.

Pennoyer: So we're choosing a different system than we did for sablefish and halibut absent any other analysis to choose between them?

Lauber: That's my interpretation.

Pennoyer: Sablefish and halibut, we went with (B).

Lauber: That's what I just said.

Pennoyer: But the motion now is to go with (A) and exclude (B).

Tillion: We have an owner operated fleet for the great majority of halibut and black cod; we actually required in that that the owners when retiring had to sell to somebody that was on the vessel. They're restrictions that don't make sense when you're talking about catcher processors and when you start talking about who owns it and issuing it to them on a past preference, you're getting into a morass. In other words, if we used the same system and went back and gave each owner their share, number one you'd have a hell of a time finding the owners; they'd be coming out of the woodwork for years. So, you're the ones that want it a little simplified. I don't know of any other way than to just say it goes with the vessel. If you bought a vessel you bought the fishing rights that went with it.

Pereyra: I understand the feelings and so forth and maybe we're taking a little different tack than was taken with sablefish and halibut, but in thinking about this, looking downstream, (B) would be an absolute morass. I can just imagine with all the various changing ownerships, because most of these vessels in the groundfish fishery are by and large multiple-owner type vessels or partnerships, they're corporations, they're changing. You've got vessels that are in and out of fisheries, they're in for 3 months and then sold off and somebody else picks them up and you've got a lot of changing occurring from the joint venture years through the present time and I just think the ability to deal with that is just going to be horrendous and I would think that if you had any sort of an adjudication board that this board would be working 365 days a year for a large number of years and the concern that I have is that this ITQ system, there's some people that have said let's have a 2-year cooling off period, if you will, in which time these quota shares couldn't be sold because some adjustments may have to be made because of the way in which the shares were initially allocated. I think that you'd be looking at a situation where if you went with (B) you wouldn't be able probably to market shares for maybe ten years running because there'd be so much challenge and so forth because of these

various former owners and relationships that are coming out of the woodwork. So, I think (A) is a much more simplified, straight-forward way of going about it.

Behnken: Just briefly, my feeling is that Mr. Pereyra is probably right and (A) is probably the direction we're going to go and I recognize there's going to be a lot of differences between this program and the sablefish and halibut program but I just feel as if I need a little more analysis in front of me before I make that decision.

Pennoyer: I think I tend to agree with Mr. Pereyra and Mr. Tillion. I'm just a little concerned about narrowing things down to some point that we don't have to until we have some of the analysis in front of us and I'd like to ask Mr. Hartley what the difference is, the added problem is of analyzing (A) and (B), analyzing both options. I think we'll end up with (C) and (D) also, so what is the need to [choose between (A) and (B)]. I tend to agree with Mr. Pereyra; I think we're going to end up with (A) but I haven't got all the ramifications of this thing in my head at this moment.

Hartley: With option (B), the way I would envision the process would be that for each year that a vessel was in the fishery we would match that up to a vessel owner file. It would basically be the state vessel license file. And then, depending on your allocation criteria, link that ownership number to all other incidences that ownership number shows up. It would really be a kind of a double analysis at the same time. This linking of the files is somewhat problematic and probably not representative of the actual owners that changed . . . as Wally said, some of these boats changed hands three or four times, maybe in a given year and the license file would only show the owner at the beginning of the year. We, in fact, don't have a very good way to trace back through those different ownership patterns. If you looked at it in terms of (A), we would, well, first of all, of course, you would have to define the owner at the time of the allocation was. If, for example, a boat hadn't participated in the fishery for a couple of years, is that one of the vessels that would get quota shares? You'd have to determine that. Or if, for example, Dave Harville's boat, the last time that boat fished, he would be the owner of that boat at the time of the analysis, IFQ things, so we would have to trace. . . you'd have some more and different decisions. I guess I'm not making myself clear at all here and I don't really. . .

Pautzke: Marcus, in terms of setting up your economic models, does this mean if you keep both (A) and (B) in here it doubles the work and the analytical load because you have a bunch of different constraints in the LP model versus another one? Or, is it simply a model and you just kind of tweak it a little bit?

Hartley: As far as that particular model goes, no it probably doesn't matter but it does make a difference in how we treat the data sets. And, it certainly makes a difference in the number of tables that you would be looking at and trying to make a decision on. In other words, with the second we would include only the most recent ownership record that was involved rather than for each year having an ownership record.

Behnken: It just occurs to me that we're not only talking about the kind of vessels that you're describing or that Wally's describing. We're also talking about under this comprehensive some very small shorebased trawlers in the P. cod fleet, some boats that don't at all fit the kind of description that you've just given us, as corporate owned partnerships. In some of those situations we could really be disadvantaging a few people, or a lot of people, who don't fit this model and where it would really be appropriate to be giving them their history from landings for a boat that they've sold. So, remembering that, I just feel really strongly that it's too soon to be dropping the (B) out.

Pereyra: One of the things that we have to keep in mind here is that we have a certain decision horizon that we're facing and we've all made a lot of comments about how it's important to get this on line as soon as possible because we have all these allocation disputes which keep coming before us and delaying us and so forth. The staff is coming to us and saying please, Council, narrow down the choices because to the degree that you don't narrow down the choices it expands the whole analysis part, ties us up, stretches this whole thing out. And we're never going to get there from here unless we sit down and make some hard decisions and when we're saying, yeah, I think this is the way we should go, we have to make decisions based on the best information we have available to us at the time and I'm concerned if we go with (B) it's going to tie up the staff, there's going to be a lot of additional analysis that's going to have to be done in order to be able to look at how many different units are we talking about here, and how they spread out over the years, and how they've done by the different species, and the areas, and so forth. So, there's a lot of extra analysis that I don't think is really going to do anything for us. And so, with that, Mr. Chairman, I would call for the question.

Tillion: Just one short thing in answer to Linda. It's the number of our small boats that make me think this way. We've had a number of small vessels changed hands in the area I'm familiar with, several times. The owners have wandered off; they had their life experience; they did it, they sold the boat, they moved on. To try and search those people out and find them when they issue quota would be nightmare. But on the other hand the person that bought the boat should be able reach back and take the harvest record; that's part of what you buy when you buy the vessel and carry it. And I don't think we can work it any other way than (A) without getting into a morass that we just don't want to get involved with. . .trying to find who the owners were of record of that particular delivery. Just get the boat's record. If a guy sold the boat, he sold the history with it, or he has a contract with the person to not sell the history with it; there's a lot of them out there.

Lauber: I can understand the problems, but I can also visualize down the road apiece here, if we go with this (A) the way it is, that there are going to be some cases come in that are just absolutely going to be very good reading, and maybe what we're looking at. . .I'm sympathetic. . .one of things I think is a problem is the so-called windfall profit of people who are no longer in the fishery, like you say, walked off, did their thing, got their money and don't intend to stay in the fishery. But maybe what we ought to be looking at is a situation where a person, in absence of other contractual relationship, that has sold the boat a few years ago and then used that money to stay in the fishery and at that point both boats are gathering their own separate quota shares, but to strip that fisherman who pioneered the fishery and so forth at the point where they now have a large vessel anticipating taking a certain amount of catch and find out that they're going to end up with 10% of what is necessary to make a go of it and have to go out and buy this out and the other person that has the smaller vessel that really doesn't need it. . .maybe we could craft something so that we don't go back and give all this to all these other people who are out of it and never are in the fishery and at the same time design something for those people who are in the fishery. For purposes of this motion I'm going to have to vote against it; I'm sympathetic to the problem but I think there's another way out of it and maybe if we later add (B) and so, with that, I'm going to call the roll.

Pennoyer: There are a lot of ways you could do that; you could say only somebody who's fished in the last two years qualifies and had to have fished in the last two years; there other ways to craft this. I'm just still not completely comfortable with the (A) versus (B). . .I'm not trying to visit a lot of extra work on the staff; I'm uncomfortable with it.

Lauber: Let's call the roll. We're voting on initial assignment of quota shares and the motion was they would go to vessel owners at the time the IFQs are issued, Number (A).

Pennoyer: And we would vote on (B) separately?

Lauber: No.

Tillion: There is no (B); it's either (A) or (B).

Roll call: Pennoyer (N); Pereyra (Y); Tillion (Y); Alverson (N); Behnken (N); Dyson (Y); Hegge (Y); Mace (N); Millikan (Y); Mitchell (Y); Lauber (N).

Pautzke: Pass.

Lauber: All right. We've taken care of (A) and (B), shall we move to (C) and (D) on initial assignment of Quota shares. There's no motion on the floor.

Pennoyer: Move to adopt.

Lauber: (C) and (D) [miscellaneous voices - don't know what's happening]

Lauber: Wait a minute, I'm going to recognize. . .O.K., there's been a second (Mitchell), I'm going to recognize NOAA General Counsel.

Lisa Lindeman: I just want to point out that with regard to the initial allocations to processors, what I had said in April and hasn't changed is that the legal basis for initially allocating to processors is uncertain and we're just real real concerned about any initial allocation to processors, but we can't tell you that you cannot do it under the authority of the Magnuson Act. The Magnuson Act gives the Secretary authority to directly regulate the activity of fishing and any authority over processors is an incidental authority flowing from that, so I just want to let you know that you run a substantial legal risk if that's what you ultimately adopt, but I understand that you're just sending this out for analysis.

Alverson: I would move to amend (C) of the main motion to read, ". . .processors through the allocation of processor quota shares." [second: Pereyra]

Pennoyer: Would somebody explain what that means?

Alverson: Well, the initial assignment of quota shares which is the heading would be to processors, through the allocation of processor quota shares. That's essentially the "two-pie" system. Skippers and crew fall out under my motion.

Tillion: Fall out, they got shot.

Alverson: Well, you can put them back in someplace else.

Mitchell: I'm not necessarily opposed to the analysis of processor quota shares, but I personally think that analyzing skippers would be appropriate so I'm going to oppose Mr. Alverson's motion at this point.

**Alverson:** With a debate between whether they should get a percentage of the quota shares versus something else is a legitimate debate, but I would want to add somewhere a separate section that spoke to skippers and/or crews having some sort of recognition as Dave Fraser testified to, rather than under this section that is the initial assignment of Qs.

**Pereyra:** I agree with Mr. Alverson, that's the reason I seconded the motion, and my reasoning there is I look upon the problem statement that we have and the problem statement is excess capitalization; the problem statement is not too many crewmen and so forth as relates to the conservation and management of the resource, so I think it's appropriate to handle the issue of skippers and crews in another manner, but not to the allocation of quota shares. Those that have invested capital and taken risks in that manner, based upon the inability of this Council to put a halt to that sort of activity seven or eight years ago when the industry requested it, I think that is where the allocation should be and so I support his motion.

**Tillion:** We had Ben Stevens come testify on the captains. I think that in the end we'll probably not allocate anything to crews or captains due to the difficulty, but I think to cut it off at this time is to raise a flag; it doesn't bring any profit to us and I think we should leave that one in there. The crew is hopeless; there's no real records of them but the captains. there's a good record. . .well, I mean it's pretty hard to find out who was on a crew. . .it's very hard to document. You can document the skipper, but I think cutting it out this early in the game isn't wise.

**Pautzke:** Marcus, with those kind of marching orders, what kind of analysis would you bring back, say in September or sometime in the future as far as crews and skippers and so on and how quantitative would you be and what would you be prepared to provide the Council?

**Hartley:** Well, we have data on skippers as Clem has pointed out. I guess it would be at least in the distributional parts of our analyses. We would be able to provide a breakout of what different permit holders have reported their catch as under the various years. That would, of course, mean a whole another set of analyses rather than just paying lip service to it. If you wanted us to analyze it, we would analyze it, and it would take time.

**Pautzke:** What could you do for crews, though? What database would you have to work with.

**Hartley:** For crews we don't have any. . .well, I can't say that we don't have any information. Crew that are on vessels that delivered to ports or shoreside ships are required to have state crew licenses. Whether or not that is computerized or not I'm not certain, but they do have to have state crew licenses that that could provide a way of identification of whether or not they were on board vessels or whether or not they had licenses anyway. I'm not sure the extent to which it can be linked, in fact I don't think it can be linked back to vessel catches though we may be able to provide some information.

**Dyson:** I think with the crew members being allowed shares would create a whole big problem for the boat owner and the way it worked, with the joint ventures at least, the skipper signed the fish slips as an agent for that boat and if you look at it that way then the skipper would get all the shares, so I think you're opening a whole big can of worms there. I think most of the whole fleet worked that way, they had spare skippers and back-up skippers, two or three skippers on every boat and I don't know how you would get back to the boat owner so I'm going to support this motion.

Tape 59 1:16 pm - 1:47 pm

Tillion: [some disc lost in tape transfer]. . .and that is absolutely morass and in any of these things if you can't find all of the information and then none of the information is any good. The skippers, you could at least analyze it and I recommend we do, but for the crews I think that what your asking these people is a hopeless task that they can never do.

Pereyra: I see several other problems with this whole issue. One of them is on the larger vessels quite often you have multiple skippers; one of them is the skipper in command, the other may be acting as a mate to operate the vessels during the time that the captain, so to speak, is down in his bunk; how do you weight that? Do you give only the fellow who was the captain of the vessel the actual licensed captain of the vessel at that time the recognition for this? Then, what do you do in terms of allocating the initial allocations? Do you give it to the skipper of record at the time the allocations are made, or do you go back in time and allocate it in some manner back in time. We just went through this now prior to lunch with regard to the vessel. The other thing which is starting to concern me even more, when we get the system finally allocated out, very likely if you go ahead and divide this out among all these different various participants you very likely may find that you have vessels without enough ITQ, enough quota share, to actually be able to operate properly. So you may actually be creating a whole range of bankruptcies as a result of that, so I think you've got to keep this clear, simple, and straightforward and allocate it to the vessels.

Hartley: A point of clarification on my earlier comment. Skipper permit holders are. . .those records are applicable to shorebased deliveries; at-sea processing, catcher processors, and even domestic deliveries to domestic motherships are permitted under the federal permit and that permit has not always required that the skipper be listed and so that information is much more suspect for at-sea processors and delivery vessels. The federal permit is not a skipper record as is the state permit.

Pennoyer: I don't know if that's true for all fleets. What about crab, which has been a state-managed fishery for all these years. I'm not sure this is going to work the same in every fishery or the testimony or public input's going to be the same in every fishery. I suspect, and Mr. Tillion is right on crews, but judging on what happened on halibut and sablefish I would hope that whatever you come up with has an adequate . . . and the record has some level of an analysis, even if it's just the level you've talked about here, and as you go down the pike here you're going to get beaucoup public testimony the next couple of years and if you eliminate something now without an adequate look at it I think you may live to regret it and have to resurface it, so even if the crew thing is appropriate and maybe you need the analysis that comes out simply as Mr. Tillion talked about it, but it's on the record, and the skipper thing is appropriate, well maybe it is in some fisheries and not in others. So, I'm real concerned. . .I don't want to get off into too much analysis and bog the whole thing down but I'm concerned about narrowing it too much based on just the discussion here.

Lauber: I have similar thoughts. Those that are interested implementing this as soon as reasonable or possible may find that by attempting to narrow it so early on without any analysis and just making arbitrary decisions and whack here and whack there, it may look like you're streamlining it but it may end up that you're gong to have to back up and analyze these things because come to find out. . .the other thing is just from a pure public image situation, the more you narrow the scope at this particular time it seems to me that the sooner you focus the opposition which may or may not be a good idea. I don't know; maybe you want to let everybody know where you stand so they can really get organized.

**Lindeman:** Some comments have been made that Council does have a deadline that they're working toward and the more complicated the analysis, you might overrun your time frame, but just to remind that what you're doing is complicated and you've undertaken this effort and time and complexity aren't justifications for cutting short analysis of reasonable alternatives. Just to bring that up. What it would do is cause problems later in review.

**Pereyra:** Councillor, if you will recall when we had the discussion of inshore-offshore we specifically eliminated any consideration of ITQs as a solution to the inshore-offshore problem for the very reason that we thought it was going to take too much time, so I don't find that to be overly compelling at this point in time.

**Lindeman:** What I would say is, what I might have said then or whoever was sitting in my seat might have said, you can raise alternatives and then point out why they're not reasonable, i.e., data's not around, impossibility or extreme, extreme, extreme difficulty to implement. My understanding is that you're going through this process today to figure out what to analyze and I just caution that the Council might want to consider whether or not they're getting too. . .in eliminating things now.

**Behnken:** We have one amendment on the floor, is that right? Can I propose either a friendly amendment or an amendment to the amendment to Bob's "Other fisheries investors including processors, through the allocation of processor quota shares and the consideration of skippers," so we do do the analysis of the skippers?

**Lauber:** Well, that's hardly a friendly amendment.

**Behnken:** In light of what Mr. Pennoyer has said it's not saying it's something we're going to settle on, it's just saying we need to analyze so we don't. . .

**Lauber:** Is there a second to Linda's motion? [second: Pennoyer]  
Now we're speaking to a motion which basically adds skippers back into the original motion.

**Alverson:** So basically it would read, processors, skippers, through the allocation of PQS or skipper shares.

**Mitchell:** So at this point if this motion passes we're not analyzing crews? [affirmative] I would state that I think it's a good idea to analyze crews and what you'll find out basically is that it's an impossible task and I think we should have that analyzed. I know it's not going to take all that much time to do it and that way people who are crew members who are concerned can read the analysis and then we can't be accused of shortchanging them on the analysis. So I would recommend that we analyze all these things because it's really not going to take all that much time and it's going to head off a lot of problems later on.

**Pennoyer:** I agree with Mr. Mitchell and that's not to analyze crews, 'cause I don't think you can analyze them; I think the very reason you can't allocate to crews is because you can't take the analysis past a certain point, but I'd like to see that on the record because we're going to get deluged with people coming in here and saying why aren't you doing it, just as they did with sablefish and halibut and I think the fact that you analyzed it and found you couldn't do it is an important criteria.

**Pereyra:** I guess I have to raise another question. If we're going to go to that degree with skippers and crews and then I don't see why we shouldn't do the same thing with regards to plant foremen and cannery workers. There's just as much rationale as there is to go and be allocating to skippers

and crews and I think if we're going to look at this we should look at it so we have all our bases covered if that's what our intent is here. I'm not trying to be facetious or throw some roadblocks. I feel there is parity on each side if, in fact, you're going to go that far.

Millikan: I was convinced by Steve's comments relative to skippers, but I'm not convinced we need to go as far crews. I think we all have a lot of experience in this process and we collectively agree without question that it's an impossible process, and that's an analysis of a sort in itself. There's virtually no hope that we can come up with formula for crew shares because of all the complications thrown out about the table, so why try. There is a hope for skippers.

Lauber: All right. The question is on the Behnken amendment which would basically add skippers. Is there any objection? O.K., call the roll on the amendment.

Hegge: Can I ask a quick question? Is that going to require for skippers the analysis as far as background, what boats they were on, determining whether or not it goes to the skipper of record on the day it goes in or every boat he's worked on, or, how's that going to work?

Hartley: With most of these motions, the processor as well as the skipper, telling us to analyze processor quota shares isn't probably enough, or telling us to analyze skipper quota shares; we can't do anything with that level of detail. We have to have more. . .are you talking quota shares - I don't know; are you talking about a 3-pie system when you talk about skippers? Are you talking about a split of the harvesting shares between skippers and owners, exclusive of owners, . . . I have no input so I can't analyze it at this point. I could probably come up with a list of skippers and what boats they were on.

Tillion: I'd recommend you analyze for 5% which is the normal skipper's. . .of ITQ. Just analyze. . .you want a fixed amount of that for any vessel that he was skipper on for any deliveries he made. So those you have the record on, right? And the skipper's share was x amount and so this is what you're looking at.

Pereyra: I can assure that a skipper's share on a large factory trawler is not 5%. Just picking a number out of the sky like that just doesn't play.

Behnken: That's precisely the reason why we need some baseline data before we make too many of these cuts because we have, say, these fishery profiles then we have an idea of what the skipper's share is and in the different fisheries it may turn out to be different, but that's the kind of guidelines we're going to need. And as much answer I could give you I think it would come out of the catcher quota share and it would be allocated in some way that's equitable to what's going on in that fishery now if we choose to go that route.

Alverson: Maybe it is premature to cut these people out. In retrospect, I remember we did do an analysis on crews and I think it came back on black cod and halibut that you'd be dealing with 80,000, 50,000 numbers, and there was an impossibility of getting to the root of any allocation. On skippers, though there are fewer there, there were skippers who came and debated on that issue. I know one of the bigger arguments of them not getting rights was as masters they got the additional percentage as Clem has talked before, and that was for their knowledge of running the vessel and taking the risk of running that vessel. I would point out that if under their mastership of the ship a injury was to take place, no one sues the master or skipper of the vessel, it's always the owner of the vessel. It is the responsibility of the owner for taking that risk for injury as well as lost profits and lost investment. So, that's what drove us to the allocation to the vessel owner. But in listening to the concerns of



NOAA General Counsel and the NMFS representative Steve Pennoyer, I think maybe we ought to have some analysis of this over the summer and come back and look at it in September and if we need to pare, we pare then. But I would feel uncomfortable putting any specific percentage amounts for any of these groups, Clem, at this time.

Lauber: All right, call the roll on the Behnken amendment which would add skippers.

Mitchell: And eliminate crews from any sort of analysis.

Lauber: That's right.

Roll call: Pereyra (N); Tillion (Y); Alverson (N); Behnken (N); Dyson (N); Hegge (N); Mace (Y); Millikan (Y); Mitchell (N); Pennoyer (N); Lauber (N). Failed.

Lauber: O.K., we now have the main motion.

Pennoyer: I don't know if further amendment makes sense here or not. What I was saying was not that we're telling Mr. Hartley to go back and get all the crew members names and divide them up in some type of matrix that would give crew members 1%, 2%, a tenth of a percent based on years of participation or anything like that. . I guess what I'm saying is you ought to have a very solid history on why you're not doing crew members that includes the analysis that does come up with the fact that you don't have crew member contracts you can fall back on in one particular fleet, you don't have any way of getting shares back to crew. So the analysis I was talking about for that, and maybe skippers if it works out that way, is not that you're going to take it down to the final year-by-year catch history, record-seeking and so on, you're just going to have something there that says this doesn't make sense because we can't get the records. Now maybe your discussion here is adequate but I don't know that we've gone back and actually looked at it as we did with sablefish and halibut and came up with the fact that there are going to be 80,000 crew shares scattered out if you tried to do something with it.

Pereyra: Mr. Chairman, what are we debating right now.

Pautzke: There's an amendment on the floor to the main motion.

Mitchell: Would you read the amendment that's current?

Pautzke: The amendment is that you would change (C) to be processors through allocation of processing QS.

Mitchell: Then the skippers and crew would remain there?

[No]

Alverson: So if this fails then we're back to. . .

Mitchell: Call for the question.

Lauber: Call the roll. As Mr. Mitchell stated, if this fails we're back to (C) and (D) which is the main motion.

Roll call: Tillion (N); Alverson (N); Behnken (N); Dyson (N); Hegge (N); Mace (N); Millikan (N); Mitchell (N); Pennoyer (N); Pereyra (Y); Lauber (N).

Lauber: All right, the main motion is on the floor, which is (C) and (D) as it currently reads, are you ready for the question?

Pereyra: Point of clarification. The way this reads now we're not even talking about a sort of two-tiered system. This is the allocation of harvested shares to processors, skippers and crews, is that what we're talking about that this time?

Lauber: It says "other fishery investors including processors, skippers, and crew," and the (D) is "coastal communities."

Pereyra: But is there anything in here that directs the staff to start to look at processors shares?

Lauber: Well, it would be encompassed in it I assume, along with the skippers receiving shares; skippers receiving types of things that were mentioned under. . .so forth. We're just talking here about options, we haven't broken down into the actual allocations.

Pereyra: I'd like to add an amendment, that we also include plant foreman and cannery workers.

Lauber: Failed for lack of a second.

Mitchell: I'm want to vote this through and I want to add a (E) which will be the analysis of a separate processing quota because necessarily under (C) we should analyze the idea of just giving a harvester's share to a process at a certain percentage--I'd like that analyzed, and then under (E) I'd like to have this other concept of matching processors to harvesting shares. So the way I would understand (C) as it is right now, would be that the processors there would be treated as being analyzed as getting quota itself that they in turn would allow others to fish or boats they own to fish if they bought a vessel that had fished for a fishery, and there's going to be a new (E) and that would be the one of the double system where you would match up a harvester's share and a processor's share.

Lauber: I don't know that that's needed.

Pautzke: Well, if you do decide to have both of those options continued through your quantitative analysis, then you need to give us some direction on how you want Marcus and his computer models to divide up the shares to recognize the processors out of a fishing quota that would normally go to all harvesters. And once you give us that, you can put it in the model. Otherwise we would use the two-pie system.

Tillion: If otherwise you would use the two-pie system that's plenty good. The idea that you would have the votes here to give processors a share of fish quotas is highly unlikely but we need to analyze the two-pie one anyway.

Behnken: I'll second Mr. Mitchell's amendment.

[What is it, specifically?]

**Mitchell:** My amendment would change, under (C), processors there, I would like that portion of processors to be an analysis of them actually getting out of the harvester's share a certain percentage which would reduce the overall pie. We're talking about overcapitalization. I'd like that analyzed. And then I'd like to add an (E) which would be the double-pie analysis about matching a processor's share to a harvester's share.

**Alverson:** Clarification, Mr. Chairman? So, Henry, your interpretation of (C) is that for instance if you had a 100 pound TAC, 50 of it might go to processors and 50 might go to harvesters, and under (E), a two-tiered program where they each get 100%, and you have to match.

**Lauber:** Let's call the roll.

**Roll call:** Alverson (Y); Behnken (Y); Dyson (N); Hegge (N); Mace (N); Millikan (N); Mitchell (Y); Pennoyer (Y); Pereyra (Y); Tillion (Y); Lauber (Y). Pass.

**Lauber:** All right, . . . actually I guess that was an amendment so I guess we need to . . .the amended main motion is before us, which is (C) as amended, (D) and the new (E). Is there any objection? Hearing none, it passes. All right, now, Mr. Alverson.

**Alverson:** As processors are defined, I don't know how much of this may or may not have gone on, but there's a number of what I'd call brokers who contract through existing processors to buy product and that happens a lot in the black cod/halibut game and I would imagine may occur in custom processing of some sort and other operations. If we have the situation where you give only to the existing processors that have a plant, you then shorten up the market considerably and how are you going to handle existing people who are actually sometimes competitors because a processor and marketer may be using the same plant, how do we handle that so that we don't deprive the existing demand that is in the market right now from not participating?

**Tillion:** We have a processing license requirement if you're going to move and transport and market fish and it covers people that . . .

**Alverson:** Is that state or federal?

**Tillion:** The state, which it's the requirement here in the state. When you're talking about your onshore processors which is basically what, you know, you've got your offshore factory processors which is fairly simple, you give them whatever the share is they process, you're talking about onshore, your small processors, you have lots of people with processing licenses that have to have them if they do anything all to the product, box it, anything, and so the thing is you have lots of small processors licenses around Alaska doing . . .buy a few tons of crab or some halibut and move it into the Anchorage market and stuff like that. These all have to have a processors permit.

**Alverson:** Just a clarification on this; ?, you know the answer to this better than I do and Clem does, in the case I'm thinking of, a company maybe everybody knows, Dory Seafoods doesn't own a processing plant here but uses Bendixen's plant at times or a plant over in Seward or Homer, is he included in this?

**Tillion:** You have to have a processors license if he issues a fish ticket to somebody for the purchase of the fish.

**Lauber:** And they usually have the payment of taxes where it's an onshore operation obviously and there's some method of computing those which I don't recall off hand. They have various custom pack arrangements where. . . I think that there's ways to sort it out and we're way beyond that but there are methods that we can take that into consideration and I think that they. . . in other words in a situation where someone actually used another person's plant to process their fish, you can sort that out without too much difficulty.

**Pereyra:** I think that what we're going to find out when we get into this is that we're really creating a monster and I think we're going to find that if we continue in this direction this whole thing is going to melt down and we're going to be looking at some other alternative other than IFQs. For example, I know there's halibut brought down to Bellingham Cold Storage, for example, and they process the halibut down there. They're not part of the Alaskan system and so while they are legitimate processors, they've processed Alaskan bottomfish, they're entitled to some. You've got other people outside Alaska, fish that's shipped out and maybe processed on the East coast. So, I think we're going to find as we get into this that this is quite an involved matrix that we're looking at and I'm just a little bit nervous about where we're headed here.

**Mitchell:** In response for the concerns raised by Mr. Pereyra. This we will find out relatively quickly and that being in the analysis basically will give us perhaps the options to do away with that idea relatively quickly, but if we don't analyze this stuff we're going to get down to the end and somebody's going to raise that flag and we're going to get stopped cold in our tracks moving forward, at least YOU guys are going to get stopped in your tracks.

Tape 60, 1:46 pm - 2:32 pm

Lauber: Let's move on to qualifying period here.

Alverson: I wanted to put a second in between 'Initial Assignment of Quota Shares' and 'Qualifying Period, another box, if you would. I don't really know specifically know the motion I want to make, but try something here. . .it would address skippers and/or crew, that based on some performance, meaning months or years of service, would be issued some sort of license.

Behnken: Second.

Pereyra: In this situation are you talking about just fishing crews or processing crews, what?

Lauber: Are you talking about Dave Fraser's. . .

Pereyra: . . .on a factory trawler you've got guys on deck that are handling the gear that are part of the fishing crew and then you've got males and females both on deck and down below that have different roles and they are looked upon differently by the Coast Guard. Coast Guard recognize a fishing crew differently than they recognize processing crew, so . . . how are you going to handle that?

Alverson: Well, I was thinking fishing crew. You're more involved in the other aspect of that, you've got a larger boat.

Hegge: Bob, are you going to add something later, I was thinking of recommending that we do it as we did in the sablefish where sales go to crews which includes boat owners, the definition we used there.

Alverson: That would be fine but I didn't know quite where to put that.

Hegge: It goes under transferability.

Alverson: O.K., I'll hold my comments until transferability, Mr. Chairman.

Lauber: Maybe I could ask the staff. Under the initial assignment of quota shares, and it does say quota share, I must admit, but would also take some kind of look at. . .would we have an option available that would include the, for lack of better term, the "Dave Fraser" license system or do we need to put in another category someplace?

Hartley: This thing is a tool, guideline, you don't have to follow the wording in this, you can do whatever you want to do. If you think you want to put in Dave Fraser's motion, put it in.

Lauber: I understand that. I'm asking you a question, is it already in there?

Hartley: No, I don't think it is.

Lauber: O.K., thank you, then we can put it in in some other place. . .although I don't know why we wouldn't put it in right there, but. . .

Behnken: . . .What I understand is that Bob's motion would be. . .yeah, the Dave Fraser amendment . . .maybe just do a qualitative analysis of the feasibility of a license limitation program for crew and skippers and . . .

Lauber: Is there a second? [Seconded] O.K., been moved and seconded. Is there any objection? Hearing none, it passes. All right, now we'll move on to Qualifying Period.

Mitchell: Before we do that, I'd like to move to reconsider the action that we took on (B) of Initial Assignment of Quota Share. I voted on the prevailing side.

Behnken: Second.

Mitchell: I'd like to reconsider this. It'll slow the process down more if analysis of (B) is not conducted. I think if we fail to do this short analysis if we get down the turnpike somebody's going to raise that flag again so I really think the best move of this Council is to analyze (B), I would request that you vote the reconsideration and include that in the package.

Lauber: Any objection reconsidering the motion? [someone did] All right, call the roll.

Roll call: Behnken (Y); Dyson (N); Hegge (Y); Mace (Y); Millikan (N); Mitchell (Y); Pennoyer (Y); Pereyra (N); Tillion (N); Alverson (Y); Lauber (Y). Pass.

Lauber: So, we have before us the motion on (A) and (B) now.

Behnken: I would move to add (B) back into the analysis and I think Mr. Mitchell in bringing up why we should reconsider already spoke to some of the problems of slowing the process down later. I think additionally this comprehensive rationalization program is also affecting some segments of the industry that have been following very closely the sablefish and halibut program where the history of the vessel owner and have not had the kind of contractual agreements that Mr. Pereyra has described in other components of the industry and I think to not do the analysis on this would be a big mistake and in September we'd find out that we'd left out a whole segment of the industry that was being severely affected. So, I think we ought to go back and do the analysis on this aspect. [Seconded by Mitchell]

Pereyra: I don't want to delay this any longer than necessary but I think it's fair to say we've had a long discussion on this issue and to go ahead and carry out a lot more analysis to look at some small segment of this that we know is the exception to the rule, I think, is a waste of our time. I think we've got enough information before us to understand that that is not the way that we're going to go and we should make our decision based on that information so I think it's a wrong move to go ahead and start building this huge house that's got all these added rooms to it that don't fit into the main structure.

Lauber: Just a question maybe of Clarence. If this motion passes would my question about those people that have gotten out of the fishery would be out and the people that have purchased new vessels, would that be. . .

Pautzke: Yes, I think that's been verbalized and the different treatments, like you brought up your concept before, I think that we would go back and capture that off the tape and would try to flesh that out for you for the September meeting.

Pereyra: When you did the analysis would you also be looking at how this allocation to any of these that are no longer associated with the vessels of record, how that would impact the vessel of record?

Pautzke: [Yes]

Tillion: When we start this off it means that instead of issuing to the owner of record at the time of the quota share you're considering going back to all the owners of record in the period of which you're. . .that's an awful lot of analyzing for a very little value.

Pautzke: Just to clarify. . .I think what your concept was that you've got two sets of people out there. You've got some that had vessels in the past, they're no longer active in the fishery. You may want to treat them differently than you do than someone who was in for 8 years, sold his vessel and now has a new vessel and is a current participant, and that's the concept we're going to look at. Maybe there's a way to treat those differently and thus not have them lose 8 years of vessel history.

Pereyra: Could I have the motion restated?

Lauber: Well, the motion merely adds (B) back in. I asked the question because mine was kind of a half-way. . .and I just wondered if it would also be taken a look at.

Pereyra: I'd like to make an amendment if I could. I'd like to amend the motion and after the third word, "owner," add the word "and processors," so it would read, "to vessel owners and processors at the time of landings." [seconded by Dyson] The reason why I add that, Mr. Chairman, I think the rationale here is identical to the one with vessels. There have been processors that have got into this business, have been in it for several years and for whatever reason got out. They put their time in, they participated in the Americanization of the fishery and if we're going to give credit to vessel owners that participated in the past I think we should also give credit to processors that participated in the past, I think it's consistent.

Lauber: O.K., the amendment is that we add after owners, the word processors, and call the roll.

Roll call: Dyson (Y); Hegge (Y); Mace (Y); Millikan (N); Mitchell (N); Pennoyer (N); Pereyra (Y); Tillion (N); Alverson (N); Behnken (N); Lauber (N). Failed.

Lauber: Call the roll on the main motion, which is to add (B) in.

Roll call: Hegge (Y); Mace (Y); Millikan (N); Mitchell (Y); Pennoyer (Y); Pereyra (N); Tillion (N); Alverson (Y); Behnken (Y); Dyson (N); Lauber (Y). Pass.

Lauber: Now, can we move to. . .Qualifying Period.

Oliver: Mr. Chairman, I'd just like to say a couple things here about. . .both sections on this page I guess we could handle them separately or together, they're sort of tied together, Qualifying Period and then below that, the Criteria for Initial Allocation, and what's been talked about so far have been this inclusive versus exclusive allocation criteria. I wanted to clarify some things we said earlier when we were talking about inclusive vs exclusive qualification and we certainly didn't mean to imply that we couldn't do an analysis of these exclusive type scenarios or that you couldn't or shouldn't consider them, because you very well may. But one of the things that's been hammered to us by industry and direction from the Council is that industry wanted to be in a position to evaluate individually or by sector how they would fare under whatever criteria you use and they have the ability to do that with

the data that we've provided in the software program for those inclusive-type scenarios. If you want to include some type of exclusive option as an alternative, i.e., for example, had to have fished within the last 3 years, then we go back and use best 5 of 7, or something to that effect, I guess we would need you to specify one or two of those options so that we could make available the data sets for example for industry to be able to look at how they might fare under that. Right now you have a wide open suite of options for both the qualification period that would initially qualify a person and then for the second tier of that, what years you would use to actually calculate the quota share and right now most of the discussion is centered around landings history as the allocation criteria and there are a suite of options that you have within that, such as weighting of years, which years you're going to use, whether you're going to weight JV higher than DAP, for example. The other options that are on this list at the bottom, (B), (C), (D), and (E), for example vessel tonnage whereby landings history would be irrelevant basically, or some combination of vessel tonnage and landings history. It's also been suggested that we use dependence on fisheries as an allocation criteria measured by relative income, for example, or another option is to specify percentages up front by a given sector of gear or industry sector and then rely on landing history, for example, to distribute that allocation within that sector. We didn't assume that you would be in a position at this meeting to make a decision on what those years should be. Something that would help us is if you could give us direction on whether or not those options at the bottom are viable options in addition to landings history.

Tillion: How far back do your records go fairly accurately? Is it '85? I know there's some blocks there to '76. How far back does your good. . .

Hartley: . . . Look at it piece-by-piece, I guess. Joint venture data is available back to 1984; before 1984 we have reasonable data on how much each foreign mothership reported but we don't have any data, well I won't say any, we don't very good data at all on the delivery vessels' catches that contributed to that amount of processed fish. We have what we think is reasonable data on the vessels that did participate before '84. For fish ticket data we have data back through 1976; we don't have any vessel ownership data before 1978; before 1985 we don't have any, I don't want to say any, but the data that we have concerning who they delivered to is missing or non-traceable. It's there but we can't translate the data out to which processor it actually was. Weekly processor reports go back to 1986, that's fairly complete data. There are some gaps in at-sea deliveries by catcher vessels to motherships. We're not sure of how good that data is in any sector; that's probably our weakest sector of data but it may not be that bad of a data set.

Tillion: The only reason for this question is we might want to pick something like '84, '85, and not ask them to go back, that's getting back probably far enough to be reasonable in our decisions and then we know we have fairly good data. I don't have any objection to going back to '76, but the data starts getting shaky; we'll probably have to discard it anyway and we might save them some time by doing that. Another thing that I'd like to talk about is you wanted some direction if you said a person must have made deliveries within the last 2 or the last 3 years to be counted, you get rid of some, in effect, ghost boats that are on your statistics but are gone, right?

Hartley: That's true, Mr. Chairman. I guess one approach to look at it is, do you want to consider that kind of a qualifying period or not. You may not necessarily need to specify what that qualifying period is. If you did specify what that qualifying period is, a 3-year window or 6-year window, for example, we would be able to eventually develop the same kind of a program that we had in this QSAM model that would operate with only those qualified vessel owners from, say that 3-year window so that the industry and you all could relatively quickly look at different allocation scenarios. That would not, however, give you the ability to look at allocations, say, of best 5 of 7 years. That



best 5 of 7 kind of scenario includes or means that we have to go right to the data and run a specific computer algorithm to get that data; it takes a while for us to do that.

Dyson: This would go to Clem, he sort got this started. What happens if you go to '84, Clem, in the crab fishery? Everything you did before that is gone, is that your idea?

Tillion: Yes, I was just looking and didn't even say which way I was going to vote. It was basically a question to find out if we start running out of data at a particular date, are we going to reach back that many years anyway and let's be logical about it. Do we want to have these people analyzing years of which the data is very sketchy or do we want to have them analyzing starting when the data is fairly good.

Dyson: The crab program was run by the state at that time and they have should have all those records; they should be easy to get.

Pautzke: It could be different for each fishery.

Alverson: Well, that was the basis of my question. Has the State of Alaska indicated how far back they can go on crab data versus NMFS on. . .

Hartley: As I indicated, fish ticket data which is. . .crab data is all on fish tickets, the catch data itself goes back to the 50s, but

Alverson: The problem there is the confidentiality thing.

Hartley: Well, the real problem, I think, is that the vessel ownership files only go back to 1978; we don't don't know who owned the boats before that. That's the state vessel registration files. There may be Coast Guard data, paper trail data, certainly not computerized data.

Tillion: It starts getting expensive to find this all.

Hegge: I've got a couple that I wanted to add; is it appropriate to do it at this time? . . .I'd like to have analyzed the preferred alternative put forward by the Kodiak Longline Vessel (Owners) and also single best year of the last 3 years prior to our announcement, which would be 90-91-92.

Lauber: Everything? Groundfish, crab.

Hegge: Groundfish.

Tillion: You mean trawl as well as longline?

Hegge: I'm open to. . .I think it's a good comparison to do because going back all those years with the changes that were done in boats, ownership, and so on and so forth and the amount of people we're including, I think the current industry is going to find that they would do just as well here and it's a very valuable piece of information.

Mitchell: Is that now the main motion?

Hegge: I wouldn't make it the main motion.

[several: There's no main motion on the floor]

Hegge: (A) and then my motion.

Mitchell: There's no motion right now? I'd like to make a motion. . .

Lauber: Wait a minute, he's got a motion somebody's going to second.

Alverson: I'll second it, two parts, the Kodiak and the . . .

Lauber: And the best year out of. . .

Hegge: Last three prior to our announcement in '92; that would be '90, '91, and '92.

Tillion: While I think this makes eminently good sense for longline and some of the pot boats for cod and stuff, you realize it would also let in every reflagged vessel that recently came down the pike for their maximum amount and you might not want to do that. Now if it's just analyzing it I don't think we have to go the same way for every species for every fishery, but I'll tell you very plainly that I don't like to give Judge Penn (?) boats the maximum amount of their catch.

Mitchell: I'm not sure from his motion whether he's talking about a qualifying period or actually analyzing the criteria within the Qualifying Period, which are two different things.

Hegge: I got broken up in my motion. The motion would be (A), which gives the years 1976 through June 24, 1992 and within that to analyze the additional two that I've identified; one goes ahead of that time, but. . .

Lauber: As far as qualifying periods? [Yes]; so you're moving (A), plus your motion.

Mitchell: The rest of his motion belongs in the next section which is Criteria for Initial QS allocation.

Lauber: Well, he's talking about the qualifying period is going to be. . .

Mitchell: 1976 through June 24 plus is going to be. . .

Hegge: It will be that, or you can just like you have (B) down here, (B) will be single best year of the last three within that period, or the Kodiak Longline Vessel Owner, which goes forward from that time I think.

Mitchell: There are some very significant legal problems involved here as far as not doing an analysis of people's historical fisheries and you're going to get yourself all wound up on this one.

Hegge: It does give historical clear back to 1976.

Mitchell: Not the way you have it worded it doesn't.

[break]

**Lauber:** It may be that we've been trying to overthink this a little bit and that we may not need to be as specific as we're attempting to be at this time. Can staff give us a little direction as to what you see, particularly maybe in Qualifying Period and Criteria for Initial QSA Allocation, at least the (A) down there under Initial QS Allocation. What do you need from us?

**Oliver:** We'll give it a shot, Mr. Chairman. Right now, looking at Qualifying Period itself and then secondly based on some qualifying period, are you going to use all those years for allocation criteria or some subset of the years, and then you've again got all of these options within that for covering that whole range of years, weighting years, etc., etc. We tried to capture all of the suggestions made by industry and previously talked about by the Council. We didn't expect you were going to be able to come to the decision or want to come to the decision this early in the process on those. We've included them there to make sure we've captured what's out on the table right now. It's the bottom part of the page I think we really were hoping we'd get some decision on.

**Lauber:** So, if we leave Qualifying Period as is, that creates no problem for you.

**Oliver:** Not at this point.

Tape 61, 2:30 pm - 3:01 pm

Lauber: And if we leave (A) as is at this point, no problem. But if we would give you some help on such things as do we want to include and analyze vessel tonnage, a combination of tonnage and landing history, dependence on fishery income and so forth and specific percentages by gear type, in other sectors, whether or not we wish to include those or not, if we'd like to cut one of them out or none of them out, you'd like to know that.

[Yes]

Hartley: In addition, if in fact you don't want to go back to 1976 or 1978 or 1980-81, for any of these species, groundfish or crab or whatever, in the qualifying period, that would be good; we would take that as a thanks, it would shorten our analysis, but you don't have to. If you do want to make any of those decisions off on the top, you may, if you don't, that's OK.

Lauber: Along those lines and I don't want to get off on this, but as we were talking about this earlier, it would seem to me that in whatever fishery we're talking about we really cannot go back any further than a year in which we have relatively complete data, in my opinion. Because if you do, then one, it's difficult to analyze, but, two, when it comes time to passing out quota shares you have a nightmare of people attempting to qualify and appeals and so forth. I'm not saying it couldn't be done, but it would be. . .so, I would assume that for practical purposes, and I don't know what we're going to do, but it would seem to me to be very difficult for us to go back beyond a year in which we have relatively good data available. Now there's some of it I heard you mention, well, it's not on a computer. Well, I don't know if that's adequate or not, we might have to go back and put it on a computer if it's someplace; but if it's not available, for instance if it's early JV stuff, it may be that some . . . could piece it together, but I'm talking about in a government agency or someplace where it's. . .it's just not available.

Hartley: It's not available and so that may put a limit on what you can do with groundfish; it may not limit what you can do with crab and there's no reason that you have to have it be the same.

Lauber: So, to give you some direction, if I would suggest that in putting this together you use what data is available, not attempt to create new databases, spend a lot of money by putting something on a database, and use what you have, then you can come to us and show us what you have and we can make a decision at that time.

Hartley: I can tell you that from 1984 through '92 you would be able to do groundfish allocations and from 1978 to '92 you would be able to do crab allocations.

Mitchell: So moved. [Seconded: Pereyra?]

Lauber: Does that type of thing sound adequate?

Mace: I have a strong feeling that we should. . .we've got, I think, to consider the period from 1976 on. That's when the Act became effective and we've got some early people in that that pioneered it. He says the data's not available. I'd like to take a look at that down the line and make that judgement. I'm also concerned about the June 24, 1992 cut-off date. Do we really mean that this is a cut-off date. We've had some questions on filing this in the Federal Register within 30 days and if we want to do that we'd better make our intention known at this meeting.

**Tillion:** I'd say that we've lost the whole game; that's what I was fighting alongside Mr. Millikan on and the other one; we gave that date out. . .

**Pennoyer:** Mr. Chairman, that date's been filed.

**Tillion:** That date's been filed, thank you. And let's figure it's cast in concrete and we're not going to move one day afterward.

**Hegge:** Marcus, if you used the date, whether it's '84 or '76, whatever we agree on, will you be able to give us what I offered there, a single best year out of that, too, or do we have to give you direction on that.

**Hartley:** The single best year analysis is a fairly involved analysis, much more involved than, say, deciding to include '76, or let's say '84 through '92 for JV boys and '86 through '90 for catcher vessels and '90 to '92, and weight this and that. That one's pretty easy, believe it or not. But to come up with, put your best year in, '84 through '92, is a fairly difficult assessment.

**Hegge:** I'd give you a much narrower time period, but at some place in the process I'm going to ask for that because of the comparison. . .

**Hartley:** And I think that's appropriate; it's a much more difficult. . .

**Alverson:** Marcus, in the option that we have, '84 through '92, if we wanted you to look at inclusive of the 3 years, inclusive of the last 5 years, inclusive of the whatever, is that going to be a tough call for you to do quickly with the programming you have or do we need to tell you now that we want to look at those type of options.

**Hartley:** If I understand what you're saying, 90-92 include all catch; 88 through 92 include all catch, those kinds of options, that quota share assessment model that we have available would give you a sector analysis, this vessel would get 46% and an individual could calculate his quota shares instantaneously practically.

**Alverson:** So, that's almost done, or is done.

**Hartley:** What it doesn't tell you, understand that it doesn't right now tell you, that that breaks out 60/40 Alaska versus Northwest, or any of that stuff but it does give you the quota share pool and allows you as an individual or you as a sector to figure out how you stand.

**Alverson:** But if we were to ask you any one year, that adds. . .you know your best year. . .

**Hartley:** If you ask me to say, O.K., from '84 to '92 and include an individual's best year.

**Alverson:** Because everybody might have a different best year, that creates a problem.

**Hartley:** Yes, I have to then go back and look at each individual and determine which that individual's best year was and then come up with the quota share pool. It's not undoable, understand that, it's not that I can't do it; it's just not as easy as if you include all the catch. Which, basically you have right now at your fingertips.

Dyson: Marcus, a large part of the crab fleet has asked that they have a license limitation for crab. If that was the case you wouldn't need to go back to the earlier years because the bottomfish didn't start much before '82 or '83, so that might help.

Tillion: Well, he's just said if you picked '84 for that and '78 for the crab, those are the years he has the good records for. Are we even conceivably thinking of going back further than that. That might be a very good thing to tell him. It was interesting on that one that Ron Hegge had. In other words, if you took an average of the last 3, for your longline for instance you wouldn't have any trouble at all; everybody could figure their own average, but how vital is it to be able to leave one hardship year off.

Lauber: Well, I was trying to cut it off a little bit and make it easier for them, but it's obvious we're not going to get there from here. You're just going to keep chewing this around. Just leave it the way it is right here. They say they can do it; if they don't have the numbers, they don't have numbers, and then come back and give us what they've got. And let's get on with it.

Alverson: If we do that, does that allow. . . I guess this is for NOAA General Counsel, do we need to identify some other date range if the Council wanted to, say take the last 7 years or the last 5 years, or because we're analyzing this potentially really broad spread that Marcus has indicated data will be available from, what kind of options in terms of years to we have?

Lauber: If we analyze between 1976 through the day of approval of the program or through 1992, can we make that from 1985 to the date of . . .

Pennoyer: I assume you can't pick those dates until you have some numbers in front of you and see what the effect is in the analysis. In sablefish and halibut, remember we went through that stuff, the quota shares, these guys would get this percentage; these guys would get that percentage; what years you use and how you shuffle it around. I assume you're going to have that type of information in front of you to say, yeah, let's go '88 to '92, or the last two years or anything else like that. I don't know how you're going to make those judgements here with no numbers in front of you.

Alverson: See, that's part of my problem, and I think the staff's problem. They have the computer and if we told them, please provide us at the September Council (meeting) what's going to happen at 3 years and 6 years and 9 years, or maybe pick one of those, then you've got something hard. We don't have anything in front of us, but they've got the computer run out there if you want to. . .

Hartley: I don't want you to pick the years actually; the best thing for me to hear from you would be, for example--I'm not recommending it, but the motion that Henry made, if you don't want me to continue to consider '83 and backwards for groundfish catch data, that's a good thing for me to know. It saves me a lot of time and trying to figure out how I'm going to come up with data where I don't have it. I'm not suggesting that that says that the allocation period is '84 through '92; all of that is alive inbetween there, but before there, '83, '82, '76, for groundfish, is now if that motion goes through is just not part of the picture, so you don't have that option any more.

Lauber: But Mr. Mace raised this issue. You don't have the information, it may not be readily available right now. . .

Hartley: It's not available.

Lauber: But, wait a minute, it's like, I don't know a hell of a lot about one side of my family's genealogy, but it's there some damn place, it's just that I'm not digging it out and the thing is that if you tell these people all of a sudden that well, we're not giving you anything before '84 and your JVs because we don't have the data, I'll bet you ten to one that all of a sudden, magically, people are going to, it may be a little dusty, but you're going to get some data and they'll want to know why they're not going to get credit 'cause they pioneered this fishery and so forth. I bet it's someplace.

..

Hartley: Mr. Chairman, there are not observer records by delivery vessel before 1984; there are records of the processing ships, how much they landed, and in fact there are records that say that vessel x delivered to this processor, but there are no records, at least not complete in any way, shape or form, that say vessel x delivered this much fish to vessel y.

Lauber: I understand that, but let's say this scenario comes up: You say, OK, we have the record of how much was purchased by this vessel; we may know who sold them to them, we don't know who owns the boat; maybe we don't know who sold them. All of a sudden you find out that there were 3 vessels that delivered to those and those 3 vessels walk into your office and lay down their sales receipts that total up to whatever this was. Now you've got some data and if we don't crank it into the system, we've got a problem.

Tillion: I don't know how much trouble we have with that so I need to have my RD tell me a little bit. To me it makes eminently good sense to say, we don't need them to go back beyond '84 for groundfish or '78 on crab. I don't expect us to go that far back for the qualifying years, yet can we make that kind of a decision here and save that much staff time or do you feel we have to shoot all the way back to '76 and hope that some sleuth comes up with the information.

Lauber: The question is directed at you, Mr. . . .[Pennoyer]. . .

Pennoyer: When I said before you have to analyze crew members, at least have somebody come back and put in front of you information you're going to believe, find supportable, that you can't do it, and staff's going to go back at look at it, and if you're convinced Marcus has already gone back and looked at it and those records just don't exist; I don't mean that one vessel can't bring some records forward, but that overall those records don't exist, then you could go ahead and make that choice. However, if you're not sure of that then maybe you're not warranted in making a choice at this time.

Mitchell: I would move to amend my motion, which basically I believe went back to '78, and the amendment would be that the staff should search for available records and inform the Council of the nature of those records and analyze whether or not those records are sufficient or not for the Council to use in any form in regard to the allocation issues. [considered friendly amendment; added to his previous motion] I understand that we may find some records that are usable and basically all that's doing is looking for every available record and you'll inform the Council of the nature of those records going back to 1976.

Tillion: He just did.

Pautzke: Mr. Chairman, I thought that Marcus had done that. He's done an awful lot of meeting with data folks from NMFS, from ADF&G, and I think he was trying to prepare himself for this meeting and feels comfortable on what is out there so he could inform you. Is that right, Marcus?

**Lauber:** And I think he's done an excellent job of it. I'm just saying that there may be other sources of data and, Marcus, I'm thinking back to the salmon limited entry program in the early '70s when there was not a lot of information as far as the individual fishermen and it had to all be pieced together, many of them doing extensive research by fish buyers and so forth to gain the information they needed. But if you had been there then and you were trying to say that information is not readily available, it's not on a data base or so forth, but they could glean it out, which was obviously very important to people when it meant the difference between getting a permit and not getting a permit, they dug into it and they may on this; they may not, and I'm not saying so, but . . .

**Pennoyer:** Marcus, the reason I said what I said was it depends on how sure we are of what you've done and I know you spent time and go back and talk to industry. Some industries indicated to me they do have sales records by vessel in the JV days. Now I don't know if that's just because not all of them do and therefore it's an incomplete record, or what your premise is based on, but if you talk to these people maybe you can pass that on to the Council. But if we make the judgment now to eliminate crew members or to eliminate some years of catch history period then we need some assurance that in fact that's correct and if we do that, sure as heck at the next meeting if we're wrong they're going to bring up and we'll have to start all over again anyway, so. . .

**Mace:** I don't think that anyone's challenging your skill and dedication in getting the record but I've been approached by many of the JV people who say don't let them rip us out of our fishing record back to '76 and I would feel much more comfortable if we had a chance to visit with some of those people and they'd come up and tell us we don't have records or we do have records and on that basis I think we'd be in a better position to proceed with this. I hesitate to really pick a date here in our infinite wisdom and chop off this and that on the basis of our judgement without hearing from the people involved.

**Pereyra:** I don't think we're being totally consistent here. Earlier I offered up an amendment to include a little analysis or a look-see at the possibility of including plant foremen and cannery workers, for example, in the analysis and we in a very summarial fashion decided not to include even any qualitative consideration of the possibility those participants in the fisheries would receive any consideration. Now, I'm not whining about that; that's a fact, we did it, fine. The Council decided to act in that manner and I think we did it based upon our best information we had at hand. I don't see why we cannot do the same thing here. Why do we have to go through some sort of analysis because in this case here we're taking a whole and we're just taking some part of it, where in the former case we discarded the whole whole without even any analysis. So I think if the Council wants to go ahead and take into consideration historical practices in the fishery, 'cause that's all required, under 303(b)(6) it just says, "take into consideration historical practices in the fishery," we can do that. I personally would rather see us start biting the bullet on some of these based upon our understanding and the information we're getting from staff.

**Pennoyer:** I'm not arguing from Mr. Pereyra on that. If we have a rational reason to make the judgement based on the fact that the data's not available. If the data is available, then you probably ought to look at it before you make the judgement of which years to drop off and I'm just confused by the fact that I know some people have approached me and said that they do have individual vessel data records, not just hearsay, going back to 1976. I'm not saying we should use that; I'm not at all implying that that's the appropriate action to take. We may pick any number of different years.

**Pereyra:** Why don't we go back to 1950?

**Tillion:** No, no. 1976 was the Magnuson Act.



Pereyra: So what, there's crab fishing to goes back many, many, many years. In fact I have a fellow working for me that used trawl for crabs on the deep sea.

Pennoyer: Fine, I'm not arguing '76; that's the number that was provided in the table and the argument is shall we go back that far. If you want to go back to 1920, fine. I'm sorry, Mr. Chairman.

Lauber: We have a motion on the floor. I've accepted Henry's amendment as friendly to Henry's motion so we'll include the both of them together.

Hegge: Henry's motion goes up to June '92, no consideration to the time of implementation.

Pautzke: No, it's just up to the June 24, 1992 cut-off.

Lindeman: For purposes of analysis, 303(b)(6) requires that the Council take into consideration present participation and so I believe that there would be a problem if you cut the analysis at June 24, 1992 because then you wouldn't have considered present participation.

Mitchell: I move a friendly amendment, that would be to the date of approval of the program.

Alverson: We did the same thing under black cod and halibut and you have to consider it, . . .

Lauber: O.K. what we gotta do, we gotta do. So, now we have the main motion.

Alverson: Can we have a summary of it.

Pautzke: The main motion was originally '78 through June 24, 1992 for crab and '84 through June 24, 1992 for groundfish; it was friendly amended by saying there would be a staff search of available records before then and then informing the Council in September, and we've moved the cut-off date, an option would be implementation of the program. I'm not sure what that all means, but it looks like we open it all the way up.

Lauber: Is there any objection to. . .[objection]. . .all right, call the roll.

[Dyson requested re-reading of motion]

Pautzke: The options for the cut-off date are either June 24, 1992 or date of implementation. The options for the start date would be '78 for crab and '84 for groundfish, or an earlier date if a staff search shows that there are adequate available data or earlier records and we'll report to you in September on that.

Pereyra: I change my objection.

Mace: I have trouble with the words "date of implementation." The black cod and halibut hasn't been implemented yet, so what are we doing, still considering that.

Mitchell: It's not implementation, I said approval.

Pautzke: I'll change it to approval.

Alverson: Why don't you just change it to date of final Council action.

Lauber: Again, it's that we have to take this into consideration to analyze it; we don't have to, and we didn't before, go to that date. Is there any objection? Hearing none, it passes. So now we've gotten through qualifying period. Now, is there any objection, and the staff tells us we don't need to do anything with (A) under QS allocation, but is that acceptable? Hearing no objection, we'll adopt (A). But, we do need, staff could take some guidance as to whether as a criteria you would like to consider the items listed under (B), (C), (D), and (E). So, let's see what your. . .vessel tonnage, landings history, so forth.

Tillion: I move we consider them all. You're going to sit here and debate, we're going to hear about the fact that you've left somebody out like dependence on the fishery, it's a ridiculous reason, but somebody will have an argument.

Alverson: I almost hate to. . .I was going to add one. I think it's pretty reasonable when you hear it in that these averages that people are looking at. My number 11 [under (A)] that in no case would you get greater than your single best year's harvest. In the analysis that I saw down in Seattle from Marcus and the team, if a guy fished all the years and he fished equally in all those years and his average for his best year was 15,000 tons of pollock he'd probably be allocated 24,000 tons of pollock because of the way the math works out on the averaging. It is, because in those earlier years they guys caught a greater percentage of. . .

Tape 62, 3:01 pm - 3:41 pm

Alverson: [some cut off in tape transfer]. .into the mix down in Seattle so my intent would be in no case you get greater than your single year's best allocation.

Mitchell: That's merely for analysis, is that correct?

Alverson: Yeah. Why should someone get more than his average?

Tillion: But now isn't the time to put it in.

Oliver: Mr. Chairman, if you want to include that, I guess we'd need a little clarification because quota share is going to be issued in effect as a percentage of the TAC, so should we look at what the TAC is in the year of implementation or the year of Council approval and use that as the guideline for whether or not someone's quota share equates into an IFQ that's greater than their average past landings, because that will change every year.

Alverson: The Q is a percentage, correct? Well, if your average percentage. .you'd not get any greater percentage than your single best year.

Tillion: I'm going to oppose that because the thing is that when we start allocating, and I don't want to leave any on the table, there'll be some things like arrowtooth flounder that people are going to get more than they did. Leave it there so that you can dispose of the whole show even including those species that we haven't now found a real adequate market for so that we don't go through an open fishery in midst of our ITQ fishery at some future date, so leave that one alone for now. That's a fight when you actually start issuing ITQs and who to.

Alverson: Don't we have to analyze it?

Pautzke: Well, we're not really going to analyze each one of these things, Mr. Chairman. All we're doing is saying we don't need your direction on those right now. You've still got the whole thing open there. Where we do need some direction is do you really want vessel tonnage. That was mentioned in one of the proposals; I don't think it's a matter of whether it's a reasonable alternative argument, but whether do you want vessel tonnage to be one of the bases by which you might give out allocations and if you do, how do you want to use vessel tonnage.

Lauber: According to this, I assume, that (B) is. .we don't. .it's just vessel tonnage, right? The next one is you'd use vessel tonnage in some kind of combination with landings. Do we want to even go to the bother of analyzing just vessel tonnage. [several 'Nos'] Clem, you were the one that put them all in.

Tillion: The thing is that I feel like if we had a certain percentage to vessels under 60 ft that we might very well in some of the fisheries want to do that again. I don't think it would be very wise to shut the door right now. We going out for analyzing, we're probably going to have a share for your small boat fleet, your jig fleet, we just put in a 42 ft here the other day. I think we're going to use vessel tonnages maybe instead of length, or vessel lengths, for some of the fisheries and I think that to cut it out now would just leave us. . .

Lauber: But that's not what we're talking about here. This is initial allocation. We're not talking about whether you could chop it up and you could say, vessels of such and such ton and greater or feet, greater than 125, less than 125, that doesn't have anything to do with initial allocation except what category they might fall into. In other words, my understanding of this, correct me if I'm wrong, is we're talking about, well, what we're going to do is we're going to divide up the fish based upon the guy's got the biggest boat gets the most fish period. It doesn't have anything to do with when you fished or whatever it is, you just. . big boat, big fish; little boat, little fish.

Tillion: The Secretary has already said, like on the pot limit, that we have to give the big guy a little bit more, right? Yeah, we had to give more pots to the bigger boats to get it past the Secretary, right?

[miscellaneous irrelevant comments]

Mitchell: I may be mistaken, I don't believe there's a motion on the floor and I would move that we adopt (B), (C), (D), (E). [second: Tillion] Call for the question.

Pereyra: I amend the motion to eliminate (B) and (C). [second: Dyson]

Lauber: O.K., is there any discussion?

Alverson: What does (E) mean?

Lauber: We're not on (E); the amendment is that we delete (B) and (C). We're voting on that, we're debating that and that's all. Call the roll. A yes vote will delete vessel tonnage or a combination of vessel tonnage and landings.

Roll call: Millikan (Y); Mitchell (N); Pennoyer (Y); Pereyra (Y); Tillion (N); Alverson (Y); Behnken (N); Dyson (Y); Hegge (Y); Mace (Y); Lauber (Y). Pass.

Lauber: All right, we now vote on what's left of the motion, which is (D) and (E). Now you had something about (E)?

Alverson: Yeah, what is it?

Hartley: Real quickly, it could just as well be included in (A); what might be envisioned there might be, let's allocate pollock: 45% of the pollock shares will go to (this is pure example) catcher processors; 35% of the pollock quota shares will go to vessels that deliver to shoreside plants; the remaining 20% will go to vessels that deliver to offshore plants. And, then, use catch history for each of those sectors and let those sectors perhaps decide what years and how to split them up. That's not excluded in (A) and it's something that you can analyze with that quota share assessment model. For example, the P. cod allocation that you've just made. You could say, OK, we want the split of quota shares, and again not speaking with regard to transferability or anything, but the initial allocation of quota shares to end up being something like 45/55% to each of these sectors and then within that sector use catch history to divide it up.

Alverson: Could you use different catch histories?

Hartley: You could use different catch histories and you're doing the same thing by weighting a given year's catch. All you're doing there is changing the percentage of quota shares that goes to one sector or another sector, so it really is included in (A) already. I think by eliminating. . .there really isn't even any need to have (E) in there, really.

Lauber: You can do it already.

Hartley: We'll do it already in (A), but it was mentioned specifically as an option by the industry so we included it specifically down here in (E).

Lauber: All right, so we are voting now on (D) and (E). Is there any objection? [Pereyra] All right, call the roll.

Pennoyer: What's the motion?

Lauber: We're voting on (D) and (E).

Pautzke: Well, Mr. Mitchell's original motion was (A) through (E) and you knocked out (B) and (C) so you're voting on (A), (D), and (E).

Lauber: No, I asked if there was any objection to (A) and they approved it. (A) was adopted. Then it was (B), (C), (D), (E), and the amendment was to drop (B) and (C), and so my understanding is we're now voting on (D) and (E) and I asked if there was a objection and Mr. Pereyra objected.

Pereyra: Point of information. What is (D). How would you allocate quota shares on dependence on the fishery?

Hartley: I think our thought on this would be that this would be dependence on fisheries based on criteria other than catch history. In other words, it might be this sector or this boat has 100% of their income from groundfish species so they should get a higher weighting scheme as opposed to this boat that has 40% of its income from the dentistry practice.

Millikan: And you have that information, right?

Hartley: No, we don't have that information available.

Pautzke: This was offered by an industry group.

Millikan: Understood, O.K.

Lauber: Call the roll. We're voting on (D) and (E) together, as a package.

Roll call: Mitchell (Y); Pennoyer (Y); Pereyra (Abstain for lack of clarity); Tillion (Y); Alverson (Y); Behnken (Y); Dyson (Y); Hegge (Y); Mace (Y); Millikan (N); Lauber (Y). Pass.

Lauber: We're on the beginning of Page 3, Transferability of Quota Shares. Let's come to order, please. Mr. Mitchell has a question he wants to ask.

**Mitchell:** Marcus, when you go into the qualifying period and we have dates. Do we need to set a qualifying period or exempt, like the CDQ components from a qualifying period, legally. What's the status because I had an attorney call me and was very upset about the qualifying period. His opinion was that unless the Council exempts CDQ components from these qualifying periods that any future CDQ program would not qualify. So I would like to clarify for the record exactly what we should do with regard to CDQ allocations and the qualifying period and perhaps legal counsel, who has not heard this and maybe I'll repeat this: I had a call from an attorney who was representing a CDQ group and he was concerned in reading these documents that there did not appear to be in this document anything that allowed for a qualifying period for CDQ allocations and he was concerned that since there would be a qualifying period that is analyzed that does not specifically relate to CDQ groups that in the final analysis if adopted that there would be a legal argument that the CDQs did not have a qualifying period.

**Pereyra:** Is that a question?

**Lauber:** Well he was asking NOAA Counsel, but. . . I think he must have been short on billable hours and figured that was a. . . \$500 research and the phone call and so forth.

**Mitchell:** I'm sure that's what it was, but it raised a question in my head. I think it's a policy consideration and I think it's necessarily included but do we necessarily have to stick something in that CDQ allocations are exempted from a qualifying period.

**Oliver:** Mr. Chairman, the issue of a CDQ program and whatever allocation you might make to CDQs is irrespective of a landing history and the same thing held true with sablefish and halibut so I don't think it's really a relevant question. I think you can go back and regardless of the landings or qualifications criteria for vessel owners or whatever that's based on landings history, you can assign whatever you wish to CDQs.

**Mitchell:** Is that the understanding of the Council, then?

**Lauber:** Yes. . .

**Mitchell:** Thank you very much, now it's on the record. Thank you.

**Lauber:** Clem made the statement, we may well, and I think he's correct, in various fisheries we're going to use different qualifying period, go back through there and it'll be a lot different, so now we can finally get to you, Mr. Pereyra.

**Pereyra:** I make a motion that we moved forward with item (B), Transferability of QS/IFQ, which would be fully and freely transferrable after initial 2-year moratorium on permanent sales. [Second: Dyson]

**Pennoyer:** Did you move to delete it?

**Pereyra:** No, to go forward with that particular item.

**Pautzke:** That's the only one out of that box?

**Pereyra:** That's the one I'm putting forward in my motion. If somebody else wants to go ahead and add other things or whatever. . . my motion just relates to (B).

**Tillion:** Well, may I ask a question? Aren't these all things that are going to be analyzed, or did you want us to cut some out?

**Oliver:** Mr. Chairman, ideally, certainly you'd cut some out both for purposes of our analysis and for purposes for at some point getting a program more designed that industry can respond to, they know what it looks like, but we weren't necessarily needing you to make these cuts at this meeting. If you wish to do so, certainly.

**Pereyra:** I withdraw my motion.

**Lauber:** So, is there any objection, we can just move ahead with the Transferability of QS/IFQ with what analyzation you can come up with and we would make cuts at some future time if need be, well obviously there needs to be, we can't put them all in.

**Pennoyer:** Would someone explain (G) to me? And what an organization's "own fleet" is and how you decide who's in and who's out and how you pool the quota shares according to that?

**Oliver:** That was with regard to. . .the gist of (G) is from a proposal that said we don't want these quota shares to be transferable except across vessels within the ownership of a specific corporation or partnership, that that would be the only transferability allowed, would be across their own vessels.

**Pennoyer:** So an organization is a corporation, not a association or something then, is the word organization. . .?

**Oliver:** Right, that meant specific ownership whether be an individual, partnership or corporation.

**Pennoyer:** You're going to transfer between corporations then? [couldn't really hear whether he said 'you're going to' or 'you couldn't']

**Oliver:** Yes, that's different than, for example, item (C), which is specific to gear groups, for example, or other industry sectors.

[irrelevant comments]

**Hartley:** To clarify on (G); it's basically it's a non-transferrable quota share that an owner of multiple vessels can allocate within their vessels however they wish.

**Lauber:** I wouldn't give that one an awful lot of time. . .

**Tillion:** In fact, Mr. Chairman, I think I'd move that that one be dropped out. [Second: Alverson]

**Lauber:** Is there any objection to that? Hearing none, we drop (G). Any other questions. If not, we'll go on and leave them the way they are.

**Hegge:** I'd like to replace (G) that transfers be only to bonafide crewman, using the description we used in the sablefish/halibut program.

**Lauber:** Transfers to bonafide crewmen only?

**Hegge:** Well, purchases.

Tillion: You mean a big company couldn't sell their factory trawler to another company, they could only sell it to bonafide fishermen? I don't think you want that.

Lauber: Well just a second, is there a second to that?

Behnken: I'll second it for discussion.

Hegge: The only reason I'm doing this is we need to. . .we have to put in the opportunity for crewmen to have the first opportunity to purchase.

Tillion: We have that further back, don't we?

Hegge: No, we said we'd do it when we got here.

Lauber: I thought this was only, only allowing, you said.

Hegge: I want the same wording that we had for sablefish and halibut. In order to purchase you must be a bonafide crewmen and we described a bonafide crewman as operator, owner or crewman.

Lauber: This is not sablefish/halibut small vessels. I really doubt very seriously we're going to get many people coming up here in opposition testifying like they did in sablefish and halibut saying I have been saving for years to buy my factory trawler and I'm only \$47 million away from it and you're cutting me off right away. . .

Behnken: The reason I would second that and maybe we ought to think about is we are going to be fitting some of these programs into the sablefish and halibut program. We'll have to because there's some of those sablefish and halibut fisheries that take some of these rockfish species and some of these P. cod species and in those programs, for it to mesh with one, we may want to extend that requirement that's in that program that only bonafide crew members can use it. And there's obviously nowhere we're going to say bonafide crewmembers are the only ones that can buy pollock quotas, but we may want to apply it to just those particular fisheries, so that's why I seconded it and that's why I think we may want to. . .

Lauber: Well, I think the big problem with it is the word 'only' and I think if it was redesigned slightly it might be more palatable, but to only allow the transfer to bonafide crew members is. . .

Hegge: Just strike the only, just to allow sales to bonafide crew members.

Lauber: We can handle that, then you could come up with something for what you're trying to do.

Behnken: Maybe it's not necessary, but for certain species or in certain fisheries we may wish to restrict purchase to bonafide crew members. Maybe it doesn't need to be in here, but I can see where we may need to do that with certain fisheries, with certain species.

Mitchell: My preference would be to vote this down and then come up with the proper language as a new (G).

Hegge: I'll just withdraw if you want to come up with the right language.

Mitchell: You come up with the right language, you're the one's that's concerned about it.



**Lauber:** The offer's been made to withdraw with the consent of. . .if there's no objection, the motion is withdrawn allowing you to come back to it at a later time. All right, we've deleted (G); the others are acceptable as far as going forward. Without objection, we'll move on to Ownership Caps.

**Oliver:** Mr. Chairman, that's a situation similar to the one above; that's something we don't have to have decision on by you now. We assume that somewhere further along in this process you'll be making those decisions unless you have some specific caps you do now know that you want included.

**Lauber:** The only thing that I thought is that you don't feel that the percentages given lock you into those exact percentages?

**Oliver:** No, sir.

**Lauber:** You would be analyzing one through ten, not just those.

**Oliver:** We listed those because they're the only specific recommendations we've received so far.

**Lauber:** Is there any objection to leaving it that way, those three?

**Pennoyer:** What's the analysis of "other ownership caps?"

**Oliver:** That's an opening just in case there were others that were specifically suggested and I'm suggesting there probably will be somewhere in this process. Leaves it open for later resolution.

**Lauber:** All right, with no objection we'll leave ownership caps the way it is. Moving on to 'General Provisions.'

**Mitchell:** I would move the adoption of (A), (B), (C), and (D). [Second: Tillion]

**Lauber:** Any discussion? Is there any objection?

**Alverson:** Can the staff explain what might occur under (C)?

**Hartley:** I think what (C), again, these were drawn from industry comments, I think what (C) says is essentially what would naturally occur. Catch histories will be allocated to applicants and if people don't apply for their catch history, then they won't get any catch history and that's what the effect of (C) would be.

**Lauber:** It would be the same as "allocate among applicants."

**Hartley:** What you're doing there is changing the denominator in the quota share pool and the opposite of that would be to keep the quota share pool equal to the actual catch of those years by all persons. . .it's a moot point, really.

**Lauber:** You'd just distribute those to people according to the number of quota shares they have.

**Oliver:** They'd just get a little more than they otherwise would.

Pennoyer: I assume (D) means that the Council's not going to do any analysis, we're just going to . . . if it becomes legal under the Magnuson Act then we would move towards some type of program to extract rent.

Alverson: I have a problem with the term "rent" because I think it indicates something over and above the cost of doing business. I think that it ought to be a level of user fee extraction rather than rent.

Tillion: I believe you should talk with your legal people. If you want to defend this against all comers in the future, the industry is going to have to face up to paying some royalty that has nothing to do with the administration of the program or else you're going to bump into a closed class suit. The way you defend an oil lease is the fact that you pay not only taxes but royalties and therefore the owners of the resource, i.e., the public, get something returned to their general fund for their use and I don't think until you've done some talk to your legal people that you want to really close the door to really doing something that might very well be the best way to protect your industry.

Lauber: At this time we cannot do this, right?

Tillion: That's right, there's no worry right now.

Lauber: And so, this being in here, what would we do? Would you analyze. . . and obviously if the United States Congress and the President tell us that we're going to extract some rent we don't need that analyzed; they're going to do it. They'll do it, not us.

Lindeman: Mr. Chairman, they would analyze the possibility of extracting rent or whatever IF the Magnuson Act were amended.

Lauber: I guess if the Magnuson Act said the Council will set some level of fees less than 5% or something like that, or 10%, or whatever they say.

Lindeman: Yes, assuming under a Magnuson Act amendment.

Lauber: O.K., we wouldn't have needed to put anything in here.

Mitchell: I move to delete (D) from my motion, friendly amendment. [second]

Lauber: Any objection to deleting (D)?

Pereyra: I object.

Alverson: I would move a substitute motion that would read: The Council would pursue some level of administration fee extraction to a fund program in the event that the Magnuson Act is changed to provide such a program. [Second: Mitchell]

Lauber: That's a substitute motion, is there any objection? Hearing none, it passes. (D) has been changed. Is there any objection to current (A) through (D)?

Lindeman: Mr. Chairman, just a point, under (B) it says "allocations would be permanent," and the quota allocations are just harvesting privileges and are not considered permanent and that may be explained by the next part, that "the Council could alter or rescind program," but. . .

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Mitchell: [some lost in tape transfer]. . .But I'd call them use privileges.

Lindeman: Either way. . .

Mitchell: That implies that they're not permanent.

Lauber: Which one have we got, well. . .maybe we'd better accept Mr. Mitchell's at this time. It's use privileges? [Right] Is there any objection to that amendment. Hearing none, it passes. Now, any objections to (A) through (D) as amended? Hearing none, it passes. Now we move on to the final block which are 'Use Provisions.'

Oliver: Mr. Chairman, some of these use provisions, and these are certainly not meant to be a limiting list, you may add more as this process goes along or take them off. Some of them are very tied to the transferability issues. For example, 'must control IFQs for expected catch before trip begins,' and there's implications for allowing for some type of flexibility there depending on how you bundle quota shares or require them to be traded in bundles. I'm not sure you have to make the final decision on this section.

Lauber: Is this one of those that we don't need to do too much on now?

Oliver: Yes.

Lauber: All right, then, is there any objection to moving forward with that? All right, I guess we do have Penalties that would be included in this. Is there anything further under. . .

Alverson: What are we going to do about "bundling?"

Tillion: They're going to study it and bring it back to us, it's just a case of whether you want to let somebody sell something without enough bycatch to really fish.

Alverson: I know what it is, Clem, but I thought that was under something else.

Pautzke: It is, it's under (A). . .

[irrelevant comments]

Dyson: I wonder if this was the place to include license limitation for crab to be analyzed with everything else, I think it would be a good thing to analyze that. [Second: Behnken]

Alverson: Just crab, Oscar?

Dyson: Just crab.

Tillion: Just on crab, not on any other species? Can we put the rest of the license limitation for the other species on the shelf at least for now? I don't mind analyzing it for the crab but I think we're tying our staff up with something. . .I don't want to kill it, just put it aside for now.

Lauber: The motion right now is crab. Is there any further discussion?

Pereyra: Is this a full blown, quantitative analysis we're talking about here, or is this sort of a qualitative, let's see what it would look like sort of thing? That would influence how I vote on this, that's why I'm curious.

Dyson: Well, the motion was to analyze them, I don't know whether that's called a full-blown, whatever. . .

Lauber: Well, it's an option that would be available to the Council. I don't know. . .if selected at some later time as a preferred option, then we would have to go into a full-blown. . .

Pereyra: The reason I mentioned that is that so far everything that we've been discussing so far has to do with the allocation of harvesting rights to fishermen, to vessel owners. We've discussed nothing about the allocation of processor quota shares, for example, none of the various fine-tuning sorts of things; we haven't looked at that at all. We've done nothing looking at any kind of the various options and so forth relating to license limitation programs. They are different than what we're looking at here in many cases and that's why I was curious as to what we're doing here.

Dyson: We had a number of fishermen that requested that we analyze the license limitation. Due to the fact that the IFQ program won't be in place for a number of years, they should have something that would fill in for the crab fishery, otherwise it'll get worse than it is now.

Alverson: I recall that at the last Council meeting we had a debate whether or not to eliminate or to include licenses and we were going to have debate and make a decision at this meeting on that. I don't see licenses listed anywhere in this and as far as I'm concerned it should be listed as a full option at this point for both groundfish and crab and we should make a decision whether we should include it or not. I think it should be used as an option, I'm not particularly fond in all cases of having a license system but I think it would be a tactical error to drop licenses out.

Pautzke: On page 35 of the document that we went over with you on Sunday, Chapter 3 was drafted by Joe Terry and it's on license limitation alternatives and what we'll want to do, then, is to work down through these elements and options for it so you can give us direction on what you want analyzed because just carrying along an alternative, saying 'do something with license limitation' doesn't give us enough definition to come back with any informed analysis for you, so we need to spend a couple of hours, then on that problem.

[In response to the question, NOW?] Well, whenever you want to. I think we do need as much detail as you want to give us at this meeting helps us to come back with something.

Alverson: We did this for halibut and blackcod and if I recall, if you go through these options that are appropriate, we just mirrored what we did for ITQs for licenses, in terms of the qualifying years, in terms of the transferability, in terms of just about everything else, we've already made those decisions and you could use those same things we've already decided on for ITQs, for a license.

Lauber: I think we may be falling in the same situation that we were in earlier, by completely excluding it early on we leave ourselves exposed having not really spent that much time. And, I'm not suggesting that we do a full-blown. . .we have to take a little more look at it.

Mace: I realize that the preferred option of the Council is IFQs and I'll go along with that but at the same time we're getting more and more people taking a look at this and I'm suggesting a little more thorough analysis of license limitation. There are a good many scenarios as to how this will

work out; I can think of three primary ones. Number one would be everything's going to be hunky dory and it's going to just jell and go down the line and be perfect in a few years. Number two, people are going to get so upset with the detail that we're talking about that it's going to go gunny bag. Number three would be an option whereby we might combine the two, sort of tighten up our moratorium, patch up some of the leaks in that and then go ahead and carry on with a license limitation to carry us over and prevent more capitalization during the time that we work species by species and this may be the way you go into IFQ. With a license limitation program it doesn't preclude an IFQ consideration later on. At the same time it does put a very firm cap on growth and I think that a lot of people are concerned about that and they'd like to see that considered as an alternative to go in step with what will probably be a very prolonged exercise in IFQs.

Alverson: I would amend the motion to include groundfish. [Second: Millikan]

Tillion: Clarence, is this going to eat up a lot of our staff time. It's something that I don't really want to throw out, but could we just kind of set it on the back burner until we've done some of the other work? What will it cost us?

Pautzke: What's the answer to that question? I don't have an answer to that, Clem. We'll work the best we can; we'll take Mr. Alverson's suggestion that we try and put together elements that mirror what you've done for criteria and things and we'll come back with our best shot at it in September if you want us to do it.

Hegge: I would agree that you could do a very skeleton analysis for the groundfish at this time, but crab, the people that he was listing as supporters of this are very substantial members of the industry and I think there would be a tremendous opposition if they're out there opposing an ITQ program, so we might as well come to grips with the fact that a good segment feels that license limitation for crab is the way to go.

Millikan: I'm not at all enamored with license limitation but my concern is that as we get a little bit further down the road on ITQ, we're going to find out that we don't have the capability to implement a full ITQ program, that it's not administratively possible, we talked about this early in the program, that the logistics just aren't there and the costs are too high and we may simply have to fall back. I think we have to do at least a qualitative analysis for all species.

Pereyra: I'm just trying to visualize how we're going to do all this. We come to a meeting and we'll spend a couple days, maybe, going through the various alternatives for ITQ and then we go through all the various alternatives for license limitation. I'm just thinking in my own mind that this is going to be horrendous, the matrix is just going to keep spreading out and I would imagine that in some point in time, Counsellor, we're going to have to do some analysis of all the various status-of-the-quo alternatives that we have, too, you know. We have all these various ways in which we might be able to address some of the problems that are identified in the problem statement, so we've got that to do also.

Pennoyer: The last meeting we didn't throw out license limitation; we decided we were going to proceed with holding it up there as sort of a qualitative analysis and go over all the reasons it was going to work or wasn't going to work and then decide before we proceeded any further down the track, have that type of analysis in front of us. Now without that type of analysis we've jumped off doing all the alternatives to all the species relative to license limitation and I think we've gone quite a bit farther than we said we were going to do at the last meeting. Mr. Hegge does bring up a point; industry has specifically requested relative to crab although industry has also specifically requested

it, at least for a time period, relative to longline. Is this the meeting at which we decide whether we're going to use license limitation? I've never seen the qualitative analysis we discussed having at the last session. I'm not really that hot to do license limitation for all the alternatives and all the subalternatives we identified for IFQs unless we've decided it's a useful tool. But I wouldn't drop it completely; I'd still like to see that qualitative analysis.

Lauber: Further discussion? We have an amendment on the floor, which is to add groundfish to the main motion which is on crab. So, I assume there's going to be an objection so I guess we'd better call the roll.

Behnken: Can I ask a question first? I'd just ask a question of the maker of the motion. I think Mr. Pennoyer made a good point that we have had requests from industry on crab and we have had a request from industry on groundfish but I believe it was only specific to one groundfish fishery and I'm wondering whether you want to make your amendment more specific. The only request we've had from industry for licenses is the P. cod fishery and do you want to make it more specific or do you want to keep it that general.

Alverson: At this time I'm comfortable with the amendment that I made.

Lauber: All right. We're voting on the amendment, which is to add groundfish to license limitation.

Roll call: Pennoyer (N); Pereyra (Y); Tillion (N); Alverson (Y); Behnken (Y); Dyson (Y); Hegge (Y); Mace (Y); Millikan (Y); Mitchell (Y); Lauber (Y). Pass.

Lauber: Now we have the main motion which is now groundfish and crab.

Pereyra: I'd like to offer a substitute motion. Given the fact that we did have a fairly nice qualitative presentation on license limitation under item 3.0 on page 35 and on in our Option paper that was presented to us for this meeting, it states here that "the principal problems associated with license limitation programs are (1) the difficulty in reducing harvesting capacity sufficiently to reduce substantially the race for fish and its associated costs, and (2) the difficulty in preventing fishing capacity from increasing even if the number of vessels in each size category is limited. The inability of these problems adequately often has resulted in license limitation programs being replaced with ITQ programs." That having been said, I'd like to make a motion that ITQs be our preferred alternative but we not abandon license limitation but rather have it be a fallback position for us in the event that we're not able to reach agreement on an ITQ program. [Second: Pennoyer]

Pautzke: Is that for both fisheries, crab and groundfish?

Pereyra: Yes. That doesn't necessarily mean, for example, that as we go along here, we get a few months into our program here we find that, for example, crab just doesn't make sense for an ITQ program, it would be better to put it in license limitation, at that time we could pull the license limitation off the back burner and move it up forward and start cooking it. This is so we can kind of focus kind of at the beginning here.

Dyson: It makes some sense if you go to bottomfish, use that theory, but I think the people in the crab fishery have stated loud and clear that they want license limitation analyzed by itself.

Mitchell: I would move to amend the substitute motion. In the case of crab, that will be the primary thing to be analyzed and ITQs will be the secondary. [Second: Hegge]

**Tillion:** [statement about 'having it in for the crab coalition']

**Mitchell:** I don't have it in for the Crab Coalition. Oscar Dyson just stated that a good number of the crabbers felt very secure and at this point we're looking more towards having us analyze sufficiently license limitation for crab. All I'm saying is that underneath this substitute motion we're going to put primary emphasis on license limitation not putting an ITQ program for crab on the back burner, we'll still analyze that, but primarily be looking at license limitation. We may find out that license limitation doesn't work for crab.

**Lauber:** Your motion was it would be the preferred option for license limitation the preferred option for crab, and ITQs would be the preferred option for groundfish, is that right?

**Pennoyer:** Preferred option? Or just analyze and then decide what your preferred option is after you do the analysis.

[several people talking at once; hard to focus on the main point]

**Mitchell:** . . .about putting on the back burner. . .equal burners, equal heat. . .

**Pennoyer:** . . .analyze ITQ and license limitation for crab.

**Mitchell:** Fine.

**Pennoyer:** O.K., thank you.

**Alverson:** The main motion would do that, wouldn't it?

**Mitchell:** Well, I thought so, but everyone's putting things on back burners and stuff and. . .

**Lauber:** Will you, Mr. Pennoyer, state what Mr. Mitchell's motion is.

**Pennoyer:** Well, I'm not sure how this affects the main motion but his motion I think was to do substantial analysis for ITQ programs and license limitation for the crab fishery. I don't know how that affects the rest of the motion, I haven't figured that out. . .

**Mitchell:** Yes, that's it.

**Pereyra:** The substitute motion also had with it the fact that ITQs were going to be the preferred alternative for groundfish, we were not going to do anything with groundfish at this point in time. That was what my motion was.

**Mitchell:** I amended your substitute motion. My amendment's on the floor right now. I moved to amend your substitute motion, so what we're going to vote on . . .

**Pereyra:** What's your amendment say?

**Mitchell:** My amendment says exactly what Mr. Pennoyer says my amendment says.

**Mace:** As far as I'm concerned the jury's still out on this issue. We haven't had one minute's worth of experience with regard to an IFQ program on black cod and halibut and until we get some of that experience I don't think the Council's in a position to develop a preferred alternative for this much bigger arena and that's why I'm just at this particular point, after listening to the last couple of days at least, prepared to state that this would be my preferred alternative.

[irrelevant comments]

**Mitchell:** My motion as it stands right now basically analyzes both of them equally for crab.

[more miscellaneous comments]

**Behnken:** His motion was to analyze license and IFQ equally for crab; that was the amendment to Mr. Pereyra's motion.

**Mitchell:** You already have a motion setting out what you're doing on groundfish. We're dealing with crab now.

**Millikan:** Can we have Dr. Pautzke read the amendment? Just once.

**Pautzke:** What did I ever do to you? Can't you just let me gin it up when we get done? Mr. Mitchell's amendment now is to give equal weight for crab to both license limitation and IFQs, but to give primary weight to IFQs for groundfish.

**Lauber:** This motion will carry Mr. Pereyra's motion. Now, can we call the roll? Call the roll.

Roll call: Pereyra (Y); Tillion (Y); Alverson (Y); Behnken (Y); Dyson (Y); Hegge (Y); Mace (N); Millikan (Y); Mitchell (Y); Pennoyer (Y); Lauber (Y). Pass.

**Lauber:** All right. Now, is there anything else here?

**Behnken:** I would like to move the AP recommendations 1-4 under Comprehensive Planning that were presented to us. [Second: Mitchell]

**Lauber:** Has everyone had a chance to read them? Any objections?

**Alverson:** I thought that we had some sort of social analysis already being undertaken. How does this differ from what we're already doing.

**Oliver:** We described to the AP as we described to the Council in April what our analytical game plan is and what we can do in terms of the economic and social impact analysis with our existing time, staff, and budget, and that includes the community profiles that we talked about earlier this week that we're putting together as a baseline. It includes looking at distributions of landings and processing activities based on whatever allocation you ultimately choose, and comparing that to the activities in these communities or regions based on their relative landings and distributions of fishing activities, and then further, translating those distributions of fishing privileges under an ITQ system and to changes in income and employment at a community level. Those are basically economic-type impacts but they're often what people refer to when they talk about social impacts. That's what we can do, what we put together our social science steering group for, and what we ask for further direction on is what if anything do we need to do in addition to that that you need to help you make a decision



on this program. And some of the things that were discussed by our steering group were adopted by the AP in the form of this list. Now, we cannot do all of them. We don't have enough of a budget to contract out this type of work. We may be able to do all of them if we had another year and some more money to work on this study but not if we're going to stay on our current schedule, so these are suggestions for additional work to supplement our existing study plan and I guess I would suggest. . .the AP declined to prioritize these, but if the Council is really interested in doing this type of work I would suggest they do prioritize, given our budget limitations. Prioritize those four items. If you want to see that type of work done, supplement the analysis, which of those is your first choice as the important for you to help you in this decision process.

Behnken: I guess in response to those comments, as I see it, number 4 is a statement of intent to just send a message to industry that this is where we're headed; we've talked about the importance of full utilization. I believe it's a pretty clear, straight-forward thing, it won't take much time but it's definitely a high priority for this whole program, reducing waste and bycatch. I think number 3, given the discussion we had today about the availability of data and how important it's going to be to our decisions, that would be something very helpful to us in making our decisions. The fishery profiles, that's something that probably will take some time and I would think they would be just some representative profiles of the segments of the industry that we're dealing with here and certainly when making decisions about allocations to crew or skippers or the vessel owners, that's information that we need and. . .Number one seems like a refinement of the social analysis and I'm not sure that one of these would be most important; number 4's not going to take any time; 1, 2, and 3 all seem like important things to me in helping us make our decisions.

Pautzke: I guess that I agree with you, Linda. Seems to me that 3 and 4 is something. . .3 is something Marcus almost has down anyway, I think, and 4 says a policy statement, and some analysis if needed there. As far as the social analysis, 1 is important and 2, we've captured considerable amount of that data and don't you think, Chris, that we can talk with our steering group and find how much more we want to flesh them out and get the best run we can by September and then, of course, I think the major effort would be after the September meeting.

Oliver: Yeah, I think you're right. After looking again at the way they were listed, 3 and 4 are not additional studies, and number 2 is certainly a pretty big study and probably very important, but I think you still may have to look at 1a and 1b as fairly significant undertakings and we can give it a shot and try to do 1a, b, and 2. I'm not sure that we can do all of that that's listed under 1 and 2, but. . .

Tillion: We spent a small fortune on a social profile when we were doing our halibut/sablefish. Is the data not adequate; could it not be. . .might need to be fleshed out a little bit, but certainly that data should be the basis for what we do here. We shouldn't go back and reinvent the wheel.

Pautzke: We'll be bringing much of that information and injecting it into the newer studies, too, which would be expanded.

Tillion: The world hasn't changed quite that much since that study was done.

Pautzke: We've got inshore-offshore, too.

Millikan: I'd like a clear definition of what a local community or a local government is. What does that include? Does that include Seattle or Anacortes, Washington, or does it just include Alaska, what is that?

**Oliver:** I think the intent there, from the recommendation, was that we would try to establish that within the community profiles that we're already in the middle of doing and to supplement those. And that includes nine or ten Pacific Northwest communities in addition to the Alaska communities, so it would be for both.

Tape 64, 4:11 pm to end of discussion, approx. 4:30 pm

Millikan: I guess my follow-up question is, [entire rest of his statement lost in tape transfer]

Pautzke: [beginning lost in tape transfer]. . .if you look down through the regions that are captured, for instance, in the Community Development Program, there's a lot of little communities there along the coast of Western Alaska and then there's some major fishing ports along the Gulf. I think where we went down and looked down in Oregon and Washington we tried to pick up, particularly referencing what we did for inshore-offshore, the communities we looked at there, plus a few more, so we think we have covered the span. We're not going to be giving a lot of details to all 127 when you really get down to analysis because not all of them relate that much to the fishery. If you have suggestions of other ones you want for the Pacific Northwest, tell us.

Pereyra: I have a couple of comments. First of all, with regards to 1a, I have some real problems with that particular item. From a philosophical standpoint, it sounds as though we exist to support government and so forth and that certainly is a little bit difficult for me to swallow. The fact that we've got government entities and so forth that are receiving income or from taxes that they receive in the fisheries, they're there because they provide goods and services that are required for society's needs and this makes it sound as though for some reason if the fisheries aren't distributed in a certain way, some local government won't get as much money as it would like to have and it has a certain connotation to it that gives me some concern. But my biggest concern is with number 4 where we are establishing the minimization of waste and developing incentives to minimize unacceptable bycatch as a priority goal. Now you go back to the draft problem statement. . .I'm not saying that this should not be a goal of comprehensive rationalization, it should, but it makes it sound like it's going to be the number one goal and that's certainly a long ways from the truth. If you go back and look at our draft problem statement we have in there the assurance of a long-term health and productivity of the fish stocks and other living marine resources of the North Pacific Ocean and Bering Sea ecosystem. That is probably the primary goal, the reason why we're in this exercise to begin with, because we haven't been able to get a handle on these fisheries to be able to stop fisheries development to the point where we get into some real stock problems, management problems. The other thing, we've got a requirement to support the stability and economic well-being and so forth of the seafood industry. That is a very important goal and certainly has a high priority. So, putting this in as a priority goal above these others I think shades the focus and the reasons for the comprehensive rationalization, so I'd rather see the word 'priority' taken out. I'd just say it's one of the goals, or something to that effect.

Behnken: It says "a priority," it's not THE priority.

Pereyra: Well, it has a certain connotation to it that. . .

Tillion: I think that the purpose of a commercial fishery period should be a quality product to the consumer at a reasonable price but when you start talking about what. . .clearly the most critical issue facing us in the North Pacific is that constant hammering we get for the couple hundred thousand tons of edible fish that we throw overboard every year and to not have this as a high priority will cause us a heck of a lot more political problems that it's worth, Wally. The way it's worded is 'it is a high priority,' but believe me you better pay attention to it. That one can eat you for lunch, so just put it right out in front.

Alverson: There's nothing on the table right now, is there? [response is yes, Behnken's motion to adopt 1-4, AP recommendation] You asked Al about adding areas. Is that appropriate for this motion, then? . . . [irrelevant comments]. . . I don't know if the following communities are involved, but I would include Redmond, WA, Monroe, WA, Bellingham, WA (already in), Seattle, Tacoma, those are major reprocessing centers for just about everything that's harvested up here.

Tillion: Just one thing in answer to Mr. Millikan; remember one of those cities outnumbers our hundred. So the thing is when you're starting to talk about analyzing something that big it's going to be difficult so you've got a lot of coverage for a lot of your urban areas down there. Under that other study we should look at it because it was a good study.

Alverson: If they can be added, I'd like to know they can be added.

Lauber: Let's get back to the motion.

Pereyra: I'd like to make a friendly amendment, that we eliminate 1a [Behnken accepts].

Lauber: All right, any objection to eliminating 1a? [Mitchell objected]  
All right, so we have 1b, 2, 3, and 4. Ready for the question? Is there any objection? Hearing none, it passes. Any other things under this agenda item?

[miscellaneous irrelevant comments]

Millikan: Just for the sake of information, where and when are we going to start at our capability of managing under an ITQ system. We talked about a parallel analysis early on and I don't know if you need a motion for that. I don't want to overburden the staff, but at some time fairly early in the process we have to know whether managing all species under an ITQ system is even remotely possible. And if it's not, to shift our objectives a little bit.

Tillion: We can only go on the good faith of the federal government who said they can do it. Now the thing is, how long it'll take to get into place is another story, but they've advocated it and said they can do it. What more do you need?

Millikan: Well, I know that they told us they couldn't do it with 13 CDQ vessels and if they couldn't do it with 13 CDQ vessels I'm wondering how they can do it with an entire fleet. And they're the ones that came to us and said we need all this additional information. . .

Ron Berg: That's one of the things we continue to talk about, of course, in our office, especially with our experience we've had managing for example the CDQ program. That's certainly starting to approximate individual quotas for what's going on in CRP with our own initiatives that the Council's recommended with respect to total weight measurement, for example. We're looking at that because that's going to be critical for managing the bycatch amounts that will be needed for the CRP program. Associated with that is likely to be better communication programs for vessels to actually perhaps communicate daily with our own office, perhaps even haul-by-haul reporting, for example, in order to get a handle on some of the small quotas that might result from this program. But the type of thing, of course, we're interested in, we hope that the Council and the CRP planning will continue to focus on how it'll be implemented and challenge us at times to explain how we'll do it.

**Mitchell:** Concerning this, quite obviously in the future the implementation of these programs that we've adopted is going to be very expensive and quite clearly Congress is going to need to act relatively quickly and my preference of course would be to have this Council and the other councils as part of this year's Magnuson Act ask for Congress to basically make the decision to set up some sort of taxing regime to pay for the cost of these programs which goes way beyond the cost of the observers, and for the partial management. I happen to believe that if the industry and the councils support that that Congress will do the right thing on this during this reauthorization. So, what is this Council going to be doing as far as telling the various Congressional committees that are working on this, what is the position of the Council in regard to this at this time?

**Pautzke:** I was just going to say, Mr. Chairman, if we do get time at this meeting to go back to some of the MFCMA things, we may want to inject some kind of proposal in there that you carry forward.

**Alverson:** I don't have any problem as I made the amendment for administrative costs supporting those, but before I support any specific amounts I would like to know the physical costs we're going to have to cover. I don't want to suggest an extraction that's not going to do the job and I don't want to suggest a number that's going to be far more than is needed. Because I can assure you if you put in more than is needed it's going to be used.

**Tillion:** We did this. They came in with an estimated cost of enforcement back when we did the sablefish. Industry did quite a bit of study on it and I believe it came out what we thought was surprisingly high but nevertheless when you figured the value added the industry choked a couple of times and then went on with it, I believe eight cents a pound is what you estimated it would take. . the halibut one which was the first one and therefore one of the more difficult. It turned out that the industry was willing to accept that high a cost, but it's never come to fruition [sic]. I think that you're going to have to signify your willingness to pay but insist on your watchdog ability to see that they don't use it for reckless things. But nevertheless the value of the pack increase has to be balanced against the cost, what you don't throw overboard believe me will more than pay any taxation to manage it. 200,000 metric tons which we're tossing overboard now can buy an awful lot of management.

**Lauber:** As a practical matter, it probably would be better if there's any way we could do it that we would get the ability to get the user fees or whatever to pay for this before it passes, and you have an awful lot of people that would be real willing to pay for it before it passes. After it passes, like this halibut/sablefish thing, you come along with 8 cents or 8 percent or something like that and there's going to be an awful lot of people that never heard of that and didn't know anything about it and didn't agree to that at all. So, I think Clarence is right. If we get a little time here tomorrow, or something like that, we can go over some of the Magnuson Act stuff and we can talk about doing it. I don't know how we'd do that, but in the research plan we had to raise the lid a little bit, but we might try something like that and give us leeway to operate within that. I think if you do it this year you're going to have a lot better time doing it than if we pass this next year and then try to do it.

[irrelevant remarks]

**Pautzke:** I'd like to ask the staff, do they. . .I know Marcus wanted to bring up the subject of convening some implementation teams or interactive teams of some sort this summer in getting a head start on that and also can you summarize. . .do you have everything you need now to march off and be productive over the summer?

**Oliver:** I think we have enough to keep pretty busy, Mr. Chairman.

**Pautzke:** O.K., how about the implementation?

**Hartley:** It might be something that could prove worthwhile to convene industry groups, a industry group, an agency group, to discuss some of the implications for implementation, earlier rather than later if you're ready to look at, say, an IFQ system in general. It might be worthwhile to do that now. For sablefish and halibut we didn't start thinking about that until after the Council declared, voted on their preferred alternative in September of '91. Then we came in with the \$6 million estimate; it might be worthwhile to start earlier rather than later.

**Lauber:** Maybe we couldn't do it much differently than we did on halibut and sablefish, but we do have that learning curve that I realize, Mr. Mace, is not in place. But we did learn a little bit as to how to do it and some of the pitfalls and I think quite frankly a lot of us didn't give an awful lot of thought to, for instance, the enforcement regime and so forth until later on and then all of sudden it loomed on the horizon as a rather significant part of the plan. Is there anything else that we need to bring up here.

**Pereyra:** This is a question to NOAA General Counsel. We've had presented to us and we've accepted for analysis a new approach to looking at the allocation of shares to processors, the so-called two-pie approach. One of the concerns that I have is that I don't want to see us spending a lot of time in going forward and getting way down the road on something that we look upon as a way of bringing about some program that's acceptable and find out that two years from now it's deemed that it's not possible under the Magnuson Act. I know you made mention of this earlier and I've looked over the Magnuson Act and I can see where we can allocate fishing privileges but there's much, not a lot of references about processing facilities in there and I was wondering, are you planning to do, would you do some sort of a legal analysis for us, to present to, to give us the assurance that in fact what we're doing is OK under the Magnuson Act?

**Lindeman:** I think right now without a Magnuson Act amendment all we can say is that it's uncertain. And I can't tell you that you can't do it. But what it's going to come down to, at least at this time, is how you justify what you do in the record, with the record, and how you justify it in terms of the objectives which you've laid out.

**Pereyra:** So what you're saying is, if we can justify it, under the Magnuson Act it's legal.

**Lindeman:** If the Secretary finds in the record that you've justified initial allocations to processors and whatever else you do, then the Secretary could approve it. I'm not saying that the Secretary would, O.K., I'm saying could. You also run the risk of being sued on it and a court could decide that you didn't have the authority to do it under the Magnuson Act.

**Pereyra:** I'm just saying that as far as NOAA is concerned at this point in time, that a scheme that would envision allocating processor shares, if we can justify it and so on and so forth, would be legal, could be acceptable under the Magnuson Act.

**Lindeman:** What I'm saying is we would look at your justification. I can't tell you that you can or that you can't.

Pereyra: I'd like to have some assurance from the legal side anyway that we're not going down a blind road and even though we could justify it and so forth, they come back and say I'm sorry, but we've just done a reinterpretation of the Magnuson Act and it's not possible.

Tillion: We heard this same argument on inshore-offshore when the Secretary approved it that was the end of it, so the thing is we develop the best we can, we take it to the Secretary and if the Secretary considers it legal, acceptable and otherwise, we will have done our job in justifying. If they throw it back, why we've got a whole program in our lap again.

Mitchell: Unfortunately, Mr. Tillion, we're dealing with harvesting privileges which are laid out under the Act and are not laid out as far as processing privileges specifically. My recommendation to this Council if, in fact, you really are interested in doing something as far as processing shares, I think the Council or the industry needs to go on record with Congress and ask them to amend the Magnuson Act to allow for there to be a provision in the Magnuson Act to allow the councils to give out processing shares, because other than that, even if the Secretary approves it, my best guess on this is that a court would throw out a processor share.

Pereyra: My concern comes in the National Standards, Counsellor. Section 301(a)(4) when it talks about if it becomes necessary to allocate or assign fishing privileges. It talks about fishing privileges, it doesn't talk about fishing and/or processing privileges, for example, so that's where my concern comes. It's reference to fishing privileges. Now, handing those fishing privileges out to processors, I fully understand that that would certainly possible under the Magnuson Act the way I read it any, as long as we could justify it and made sense in solving the problem, but coming up with a whole new set of shares and establishing property rights, if you will, for those and allocating those, I don't see where the Magnuson Act allows us to do that, not that I wouldn't like to do that, but I . . .

Lauber: Let me see if we can't cut this short. No matter what any of us say, including Mr. Pereyra, are you (speaking to Lindeman) going to change what you've told us here today? You've said that.  
..

Lindeman: It would only be if the . . .this two-pie idea. . .if that's the same as initial allocations to processors, I doubt if I'll come back and tell you anything otherwise than what I've said. But the individual pie, I haven't looked at that proposal in depth.

Lauber: I understand that. So, what I'm just saying is let's not keep dragging this around, you can't.  
..

Pereyra: You understand my concern.

Lauber: I understand your concern, but understand my concern is that we could stand and talk about this for the next two hours and she is going to tell you exactly the same thing she told you 20 minutes ago, and that we don't need to do this. Appeal it to a higher court.

Mitchell: I'd just like to say one more thing. I think that we could request your boss (NOAA GC) to give us a legal opinion on this.

Lindeman: You want a written legal opinion on this?

Mitchell: Yes. I really would like to see it.

Lindeman: We've discussed this. I'll go back again.

Lauber: She'll write the legal opinion for her boss to send you.

Mitchell: Who's your boss these days? Jay?

Lindeman: He's my first supervisor.

[insignificant comments]

Mace: Well, we've been talking about a two-pie system and another potential in controlling the processors is license limitation on them; control the number of processors in the business, which would certainly give more flexibility for people to harvest outside of a quota and we haven't talked about that.

Lauber: Let's move on. Is there anything else. O.K., we have now finished under the Comprehensive Rationalization portion of our agenda.



Potential Elements and Options for Comprehensive IFQ Program  
in North Pacific Groundfish/Crab Fisheries

Note: These elements and options were developed mainly from industry comments.

\* An asterisk indicates areas of agreement by trawl group organization.

\*\*Two asterisks indicate area of Council preference as identified in previous meetings.

PROVISIONS	RECOMMENDED OPTIONS
Species	<p>(A) All species under Council jurisdiction.**/*</p> <ul style="list-style-type: none"> <li>• All areas (targets): pollock, cod, Atka mackerel, rockfish, other flatfish, red king crab, blue king crab, brown king crab, bairdi, opilio.</li> <li>• BSAI (targets): yellowfin sole and rock sole.</li> <li>• GOA (targets): deep water flatfish and shallow water flatfish.</li> <li>• All areas (bycatch): sablefish, greenland turbot, thomyheads, etc.</li> <li>• All areas (PSC): halibut, crab, herring, (possibly salmon).</li> </ul> <p>(B) IFQs for prohibited species only.</p> <p>(C) Target species only</p>
Areas	<p>IFQs should be awarded in the area they were earned: Bering Sea/Aleutian Islands, Bering Sea, Aleutian Islands, Western Gulf, Central Gulf, or Eastern Gulf. Bogoslof pollock should be awarded in the Bering Sea. Gulf pollock will be issued by TAC subareas.**/*</p>
Initial Assignment of Quota Share	<p>(A) To vessels or vessel owners at the time IFQ is issued.*</p> <p>(B) To vessel owners at time of landings activities (this option assumes criteria for allocation would be some form of landings history).</p> <p>(C) Other fisheries investors including processors, skippers, and crew:</p> <p>(D) Coastal communities.</p>

PROVISIONS	RECOMMENDED OPTIONS
Qualifying Period	<p>(A) 1976 through June 24, 1992.* (More details are in attached tables from trawl group letter.)</p> <p>(B) 1976 through Council approval date of program.*</p> <p>(C) Other industry recommendations.</p>
Criteria for Initial QS Allocation	<p>(A) DAH historical landings history.**/* (See note above)</p> <p>Suboptions include:</p> <ol style="list-style-type: none"> <li>1. All years weighted equally (must define years for inclusion).</li> <li>2. Discount JVP catch by 50%.</li> <li>3. Credit catch only for years that were fully DAP.</li> <li>4. Credit catch only for years up to "full utilization."</li> <li>5. Credit retained catch only.</li> <li>6. "Package" QS bundles based on target fisheries with attendant bycatch and PSC needs.*</li> <li>7. Weight DAP history 3.5 times greater than JVP history.</li> <li>8. Weight early years of participation greater.</li> <li>9. Weight American ownership greater.</li> <li>10. Those first and longest in fisheries should receive preference.</li> </ol> <p>(B) Vessel tonnage.</p> <p>(C) Combination of vessel tonnage and landings history.</p> <p>(D) Dependence on fishery (relative income by species).</p> <p>(E) Specific percentages by gear type or other sector (would then rely on landing history, for example, within a specific group).</p>

PROVISIONS	RECOMMENDED OPTIONS
Transferability of QS/IFQ	<p>(A) Fully and freely transferrable.</p> <p>(B) Fully and freely transferrable after initial 2 year moratorium on permanent sales.*</p> <p>(C) Transferrable only within specific gear, vessel categories, or other sectors.</p> <p>(D) Transferrable only in bundles (target species).</p> <p>(E) Limited to ensure some level of deliveries to shoreside processing.</p> <p>(F) No waiting period for transfers beyond administrative necessities.*</p> <p>(G) No transfer of QS/IFQs except within organization's own fleet.</p>
Ownership Caps	<p>(A) Either 1%, 5%, or 10% - inshore/offshore rules prevail for pollock and Pacific cod.</p> <p>(B) No inshore/offshore restrictions.</p> <p>(C) Other</p>
General Provisions	<p>(A) Pooling of IFQs on vessels would be allowed.*</p> <p>(B) Allocations would be permanent; however, the Council could alter or rescind program without compensation.</p> <p>(C) Unclaimed QS would be re-allocated to remaining qualified recipients based on relative percentages.</p> <p>(D) Council should pursue some level of rent extraction to fund program.</p>

PROVISIONS	RECOMMENDED OPTIONS
Use Provisions	<p>(A) After initial allocation, QS would be independent of vessels.</p> <p>(B) Must control IFQs for expected catch before trip begins.</p> <p>(C) Allow trading of QS/IFQs after the fact to cover catch already taken.</p> <p>(D) No restrictions on where catcher vessels deliver catch.*</p> <p>(E) Overage/Underage program.</p>
Penalties	(A) Violations should carry severe penalties but will be set by NOAA-GC.*