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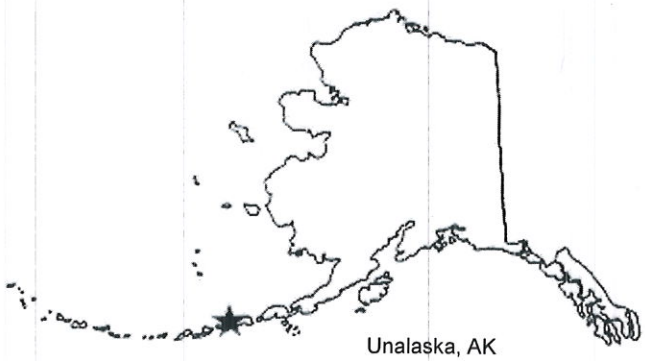

February 7, 2015

Dan Hull, Chairman
North Pacific Fisheries Management Council
605 W 4th Avenue, Suite306
Anchorage, Alaska 99501

RE: Bering Sea Aleutian Island Crab Rationalization Ten Year Review Item D-2

Chairman Hull:

The City of Unalaska has been a major supporter of the crab rationalization plan since it was adopted in June of 2002 and we believe the plan is working. Having said that, the City of Unalaska feels we still have one major issue in the community protect area that needs to be addressed, and that is the custom processing and intra –company transfers outside the community of origin. Having brought this issue before the Council many times before, the Council at the December 2013 meeting, decided that this issue should be addressed and analyzed under the crab program ten year review. That is why we write to you today; we feel custom processing of crab outside the community of origin is a major loophole in the community protections measures that could be exploited to the detriment of the protection measures afforded crab communities under the crab rationalization program.

A large portion of the IPQ and CDQ Bering Sea Aleutian Island (BSAI) crab allocations are custom processed; in Unalaska we have over 20 Right of Refusal Contracts (ROFR) with Individual Processer Quota (IPQ) holders but we only have 4 crab operations in the community. We are concerned that if this loophole is left unchecked it could have a major impact on local processors, community revenues from fish and sales taxes as well as impacts to the support sector businesses of the community. We appreciate the work on the BSAI Crab Rationalization 10-Year Work Plan by Council staff and acknowledge that custom processing arrangements and leasing were mention briefly in Section 6 of the document on the Processing Sector. Unalaska would like to see expanded analyses in Section 10 of the document on Social and Community Impacts from custom processing and intra-company transfers, listed below are some bullet points that have areas that we feel should be looked at during the review process.

- Historical poundage amount of IPQ custom processed and intra- company transfers inside and outside communities of origin.
- Can ROFR agreements be modified or can separate agreement negotiated on annual basis to provide for some amount of compensation either monetary compensation or a scheduled crab delivery at a later date if an IPQ holder voluntarily moves product to another community for custom processing.
- Emergency Relief Agreements could they be developed to provide compensatory crab deliveries at a later date to compensate for custom processing outside the community of origin.
- Information on areas of community impacts, revenue losses, and potential dollar amounts of impacts per fishery annually.
- Impacts on IPQ holders if community ECCO entities have not given their approval of custom processing or intra-company transfers outside the community of origin.

We would like to thank the Council for your consideration of are comments as they pertain to the ongoing work on the BSAI Crab Rationalization Ten Year Review.

Sincerely,

Frank Kelty
City of Unalaska