


MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director 

DATE: November 30, 1992

SUBJECT: Community Development Quotas

ACTION REQUIRED

- (a) Status report on CDQ program for 1992 and 1993.
- (b) Management of CDQ fisheries in 1993

BACKGROUND

CDQ Allocations for 1992-1993

The Council teleconferenced to review community development quota applications for pollock on November 25, 1992. A summary of the meeting is in attachment C-2(a) along with a table showing the Governor's recommended allocations and several pieces of correspondence concerning CDQs. The Governor's and Secretary's recommendations are as follows:

1. Aleutian Pribilof Island Community Development Association (APICDA): 18,260 mt (18%).
2. Bristol Bay Economic Development Corporation (BBEDA): 20,289 mt (20%).
3. Central Bering Sea Fishermen's Association (CBSFA): 10,144 mt (10%).
4. Coastal Villages Fishing Cooperative (CVFC): 27,390 mt (27%).
5. Norton Sound Fisheries Development Association (NSFDA): 20,289 mt (20%).
6. Yukon Delta Fisheries Development Association (YDFDA): 5,072 mt (5%).

There was a chance that the allocations would be filed with the *Federal Register* by Friday, December 3, or Monday, December 7. Then fishing can commence. NMFS will provide an update on the CDQ fisheries at this meeting.

Implementation in 1993

The final rule for CDQs provides that all existing federal fisheries regulations will apply to the harvest of CDQs in 1993 except that an offshore vessel in the CDQ program can fish in the Catcher Vessel Operational Area even when the area is closed to the offshore component. CDQ harvests may occur

during or between the A-B seasons, depending on the seasonal CDQ allocations recommended by the Council and approved by the Secretary of Commerce. CDQ harvests cannot commence for 1993 until after the A season begins on January 20.

CDQ vessels must have 100% observer coverage and submit daily observer and vessel production reports. NMFS will use "best blend" data to monitor fishing, but the managing organizations must also monitor operations and will be responsible to stop fishing when a CDQ is reached. C-2(b) is a NMFS news release explaining the CDQ reporting requirements.

The Council should be aware of the above requirements for the CDQ fisheries, and if appropriate, offer recommendations for changes for 1993. In September the Council stated its intent to consider at the December meeting various alternatives for the CDQ fisheries for 1993: Must CDQ allocations be fished in the same seasons and proportions as the olympic pollock fishery? And if some or all of the CDQs can be fished during the roe season, should that be subtracted from the 40% of the pollock available to the olympic system during the roe season?

The Council will determine the level of BSAI pollock TAC for 1993 under agenda item D-1(e) and the harvest split between the A and B seasons. The Council also will review a proposed groundfish plan amendment assigning PSC bycatch to inshore, offshore, and CDQ fisheries under agenda item D-3(c).

Summary

**NPFMC Teleconference
November 25, 1992
Community Development Quota Program Proposals**

The conference call originated in Anchorage, Alaska. The following Council members participated:

**Richard Lauber, Chairman
Linda Behnken
Oscar Dyson
Dave Hanson
Ron Hegge
Bob Mace
Al Millikan**

**Robert Alverson, Vice Chairman
Henry Mitchell
Steve Pennoyer
Wally Pereyra
Capt. William Anderson
Clem Tillion**

Also participating were Paul Fuhs, Commissioner of the Alaska Dept. of Commerce and Economic Development, Carl Rosier, Commissioner of the Alaska Department of Fish and Game. Staff support was provided by Clarence Pautzke, NPFMC, and Donna Parker, Dave Benton, and John Walsh, all with the State of Alaska. Lisa Lindeman, NOAA General Counsel for the Alaska Region, also participated in the conference.

Over 50 other persons were in attendance at the listening sites in Anchorage, Juneau and Seattle.

Summary

In accordance with the Council's approved Community Development Quota program for pollock in the Bering Sea/Aleutian Islands, the State of Alaska developed criteria for program applications, solicited applications, and reviewed and critiqued them before making their decisions on which applicants would be eligible, and how the allocation would be divided for 1992-93. The process also calls for State consultation with the Council on the final allocations before the recommendation is sent to the Secretary of Commerce for approval.

Dave Benton, Donna Parker and John Walsh each provided the Council with an overview of the process developed and followed for the CDQ program applicants. Dave Benton briefly reviewed the State's recommendations and how they were made. Applications were submitted by six applicants:

**Aleutian Pribilof Island Community Development Association
Bristol Bay Economic Development Corporation
Central Bering Sea (Fishermen's Assn, City of St. Paul)
Coastal Villages Fishing Cooperative
Norton Sound Fisheries Development Association
Yukon Delta Fisheries Development Association**

Council members were advised that the State critiqued the applications on the basis of the strength of the proposal and background information, need, community size, number of residents, flexibility in the use of funds generated from the program, and consideration of the projects themselves. Background checks were done on management entities, including credit checks.

Council members asked whether there was sufficient time for the applicants to begin operations and harvest the remaining pollock TAC. Mr. Benton responded that during interviews and discussions with applicants it was apparent that most are in a position to begin operations as soon as they have been approved by the Secretary of Commerce, and several have augmented their harvesting capacity especially for the late 1992 fishery.

During questions Council members also asked for the amount of harvest which would be taken inshore and offshore. State representatives responded that they had not taken that into account during their deliberations; however, a quick review of the summary documents available indicates that, for 1992, approximately 91% could be harvested by offshore operations and 9% by the inshore segment.

There was some concern that some of the proposed programs could not be put into effect because the applicants will receive considerably less of the allocation than planned. Mr. Benton replied that at this time all applicants had been notified of the recommended allocations and indicated their willingness to continue.

The Council received brief comments from representatives of the Bristol Bay Economic Development Corporation, Yukon Delta Fisheries Development Association, Norton Sound Fisheries Development Association, and the Central Bering Sea Fishermen's Association. Applicants generally were pleased to have the opportunity to have an allocation to benefit their communities. The representative of the Central Bering Sea group expressed disappointment with their reduced allocation.

Steve Pennoyer, NMFS-Alaska Regional Director, advised Council members that participants in the CDQ fishery would be required to abide by all current regulations for the pollock fishery, i.e., time and areas and trawl restrictions. NMFS will be in contact with applicants before the start of fishing. He also clarified that the Catcher Vessel Operating Area will be available for CDQ participants.

Council Action

Henry Mitchell moved to approve the Governor's recommendations with regard to the Community Development Quota program applicants for 1992-93. The motion was seconded by Clem Tillion and carried unanimously.

Summary of 1992 CDQ Applications and Governor's Recommendations

Applicant Group	APICDA	BBEDA	CBSFA	CVRC	NSFDA	YDFDA
Recommendation (Request)	18%, 18260.1 mt (30%)	20%, 20,289 mt (33%)	10%, 10,144.5 mt (33%)	27%, 27,390.15 mt (33%)	20%, 20,889 mt (33%)	5%, 5,072.25 mt (17.5%)
Number of communities	5 (7)	14	1	17	15	4
# Community residents	449	3,406 over 16	763	5,786	8,752	1,756
Average Income	\$9,992 per capita	12,400		\$4,456 per person	median \$16,000/house	\$6,519 per capita
Business Partner	Trident/Starboard	Oceantrawl	American Seafoods & Isdale Seafoods	Golden Age Fisheries	Glacier Fish Co back-up Pacific Orion	Golden Alaska Seafoods
Board of Directors	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified
Managing organization	Larry Cotter Joe Kyle	Board of Directors & Unspecified	Pribilof Bering Seafoods	Board of Directors	Board of Directors	Ed Glasfelly William Quinnivan
Pay Fish Tax	Yes	No (yes if shore plant built)	No	Eqvty paid to a joint manng fund	Yes	No
Payment Arrangements	\$154/MT B season \$231/MT A season Increased market prices (30% gross)	est. \$190/MT + 60% gross profit over expected	\$865/mt	35% net profit and risk - leveraged funds \$101 match from GAF	Min \$220/MT and 51% net over expected profit range	\$250/MT + 50% profit above baseline
Requires State funds	Yes	Maybe	Yes	No	Some FKED Div	No
Projects (amount, State funds required)	Employment Training Educ. endowment Infrastructure Docks Water Dredging Slaughterhouse	Seafood investment fund (70%) Employment Training Infrastructure Community dev (30%)	Community infra-structure (70%): utility coord. water supply sewage disposal upgrade electrical Entire new processor. Vessel acquisition & fisheries training (30%): fishermen training job creation vessel enhancement	Purchase F/V Brown Point Purchase longline F/V Barbara Lee Salmon Roe Unit. Salmon processing Extensive training and employment programs Scholarship prog	Increase salmon & herring processing Loan program Tender purchase Remodel processor Training & education (25%)	Purchase 160' boat (75% ownership) and another similar vessel Employment prog Fish surveys Permit buy-back Finance small boat Two small local processors Marine supply business



UNITED STATES DEPARTMENT OF COMMERCE
 National Oceanic and Atmospheric Administration
 NATIONAL MARINE FISHERIES SERVICE
 1335 East-West Highway
 Silver Spring, MD 20910
 THE DIRECTOR

DEC 03 1992

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

Dear Chairman Lauber:

On November 27, 1992, the Secretary received the Governor's recommendations for approval of Community Development Plans (CDPs) according to regulations at 50 CFR 675.27 implementing the Community Development Quota (CDQ) Program. The record has been reviewed and it has been determined that the Governor's recommendations are consistent with the community eligibility criteria and the evaluation criteria set forth in 50 CFR 675.27(d) and other applicable law. Therefore, the Governor's recommendations are approved.

The following are the percentages of CDQ reserve for each CDP recipient for 1992 and 1993 that the Secretary has approved, and the corresponding metric tonnages (rounded to the nearest ton) of CDQ pollock allocated to each recipient for 1992:

Aleutian Pribilof Island Community Development Association -
 18 percent and 18,260 mt;
 Bristol Bay Economic Development Corporation -
 20 percent and 20,289 mt;
 Central Bering Sea Fishermen's Association -
 10 percent and 10,144 mt;
 Coastal Villages Fishing Cooperative -
 27 percent and 27,390 mt;
 Norton Sound Fisheries Development Association -
 20 percent and 20,289 mt; and
 Yukon Delta Fisheries Development Association -
 5 percent and 5,073 mt.

Notice of this decision will be published in the Federal Register. A copy of the Secretary's findings is enclosed.

Sincerely,

William W. Fox, Jr.
 William W. Fox, Jr.

Enclosures

THE ASSISTANT ADMINISTRATOR
 FOR FISHERIES



North Pacific Fishery Management Council

Richard B. Lauber, Chairman
Clarence G. Pautzke, Executive Director

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November 27, 1992

Mr. David Benton
Director of External and International Fisheries
Alaska Department of Fish and Game
P.O. Box 3-2000
Juneau, AK 99802

Dear Dave:

For the record, I am writing to confirm the Council's action on Community Development Quotas (CDQs) from our teleconference on Wednesday afternoon, November 25, 1992. The Council reviewed the proposals, received an excellent and thorough staff report from the State's CDQ Committee which outlined the Governor's recommendations for the CDQ apportionments, and took public comments. The summary report from the meeting is not yet available but will be forwarded to you next week when it is completed. The result of the meeting was a unanimous endorsement by the Council of the Governor's recommendations.

Again, the Council extends its sincerest appreciation for the outstanding job done by the State's CDQ Committee, particularly given the limited time frame within which you worked. You made the Council's job on this issue an easy one. Please contact me if we can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Clarence G. Pautzke".

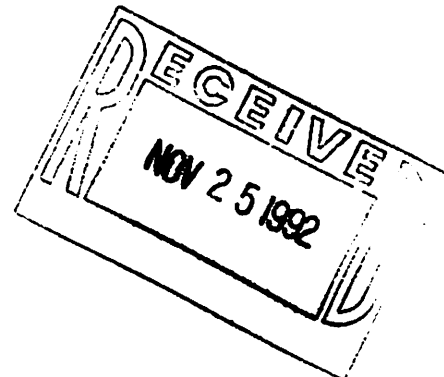
Clarence G. Pautzke
Executive Director

CENTRAL BERING SEA FISHERMEN'S ASSOCIATION

P.O. Box 88, St. Paul Island, Alaska 99660-0088

Telephone: 907-546-2313 Fax: 907-546-2366

November 25, 1992



Governor Walter J. Hickel
State of Alaska
Juneau, Alaska

Dear Governor Hickel,

Central Bering Sea Fishermen's Association cannot help but be greatly disappointed over the allocation scheme that has been announced by your CDQ review team. This determination by the State of Alaska, if adopted by the Secretary of Commerce, ruins any chances for the development of onshore processing development on St. Paul Island from the CDQ Program from 1992 and 1993 quota. It drastically curtails our plans for fisheries infrastructure improvement of eminent benefit to the State.

We have been advised that the State may recommend termination of the the small allocation CBSFA received altogether because we do not yet have a definitive agreement with Icicle Seafoods to lease land on St. Paul Island. This would be arbitrary and capricious on the part of both the State and the Secretary, and contrary to the interest of the State in fostering Bering Sea fisheries development.

The allocation received by your team makes development of such a lease impossible, and your team was told that in no uncertain terms during our review session on November 24, 1992. The only conclusion we can draw is that the State does not want to see an Icicle plant on St. Paul Island. If the absence of a definitive agreement for any development program proposed by any applicant were fatal to an application intended to fund it, let alone fatal to an entire allocation, we respectfully suggest that all CDQ allocations must be rejected, as none has a definitive agreement for future development.

Central Bering Sea Fishermen's Association regrets that the Community Development Quota Program has taken this direction. It was because of CBSFA's concern that CDQs would turn into a social welfare quota program, rather than based on the criteria of the

Magnuson Act, that CBSFA originally opposed the program. Based on State and federal assurances that it would not, we withdrew our Petition for a Secretarial allocation of pollock.

We are advising you by this letter that CBSFA is evaluating its options for remedy of this unfortunate situation.

Sincerely,


Perfenia Pletnikoff, Jr., President
Central Bering Sea Fishermen's Association

cc. Clem Tillion
Rick Lauber
Don Giles, ICI
Bernt Bodal, ASC

NEWS RELEASE (92-135)

Steven Pennoyer

907-586-7221

November 30, 1992

9:56 am

For Immediate Release

CDQ REPORTING AND OBSERVER REQUIREMENTS IN THE BERING SEA ALEUTIAN ISLANDS AREA

Daily Production Reports, 100% observer coverage, and Daily Observer Reports are required from all vessels and shoreside processing facilities fishing for, or receiving pollock under the Western Alaska Community Development Quota (CDQ) Program in the Bering Sea and Aleutian Islands Management Area, effective 12 noon, Alaska local time (A.l.t.), December 2, 1992, according to Steven Pennoyer, Director, Alaska Region, National Marine Fisheries Service (NMFS). An exception to these requirements is for catcher vessels delivering only unsorted codends to observed motherships. These requirements will remain in effect until NMFS determines that these measures are no longer necessary.

DAILY PRODUCTION REPORTS

Daily Production Reports are required in addition to Weekly Production Reports from any reporting area in which pollock are harvested under the CDQ Program. Record only pollock information -- landed weight (shoreside), product weight (at-sea) and discard (shoreside and at-sea) -- on the Daily Production Reports. Daily Production Reports must be submitted to NMFS by 12 noon A.l.t. of the day following processing (at-sea processors) or landing (shoreside processors).

OBSERVER COVERAGE AND REPORTING

All vessels and shoreside processing plants engaged in fishing for, receiving or processing pollock allocated under the CDQ program, except catcher vessels that deliver only unsorted codends to mothership operations, must have an observer present during all fishing and processing operations.

NMFS is also requiring submission of Daily Observer Reports from all observers aboard catcher/processors, shoreside delivery vessels, and motherships while conducting fishing activities in these CDQ fisheries. Observers at shoreplants are not required to submit daily reports. Daily Observer Reports are to be completed and sent as described in the daily report instructions of the Observer Field Manual. Observers are instructed to complete data fields (1) through (8) and (13) through (15) on the Daily Catch Message Form, reporting the species group code for pollock.

All vessel operators and observer contractors are reminded of their responsibilities to allow observers to use communications equipment and to provide assistance to send the Daily Observer Report by 12 noon A.l.t. the day following processing.

All reports should be sent to: NMFS Alaska Regional Office, FAX number (907) 586-7131.

This press release summarizes regulatory requirements and is for informational purposes only. For more information concerning regulatory requirements, consult the applicable regulations or contact the Fisheries Management Division, NMFS, 907-586-7228.

COMMUNITY DEVELOPMENT QUOTA FISHING
FOR POLLOCK OPENS FOR 1992

Fishing vessels harvesting pollock in the Bering Sea and Aleutian Islands management area under a Community Development Quota (CDQ) may begin fishing for 1992 allocations at 12 noon, Alaska local time (A.l.t.), December 3, 1992, through midnight A.l.t., December 31, 1992, or until each CDQ allocation is reached, according to Steven Pennoyer, Director, Alaska Region, National Marine Fisheries Service (NMFS).

While NMFS has responsibility for oversight of this program, each CDQ managing organization has the primary responsibility for conducting CDQ fishing in accordance with all applicable regulations and within the quota which has been approved.

The official harvest numbers for all CDQs will be derived using the same 'best blend' approach used to monitor the general pollock fisheries in 1992. Shoreside landings will be supplemented with observer information on at-sea discards. Catcher-processor and mothership total catch will come from production reports if they are within 10 percent of the observer report. If the observer report differs by more than 10 percent from the production report, the observer report will be used. Those operations which carefully use volumetric measures of total catch should closely conform with observer catch estimates.

The total amount of pollock available for CDQ harvest is 101,445 mt, which is apportioned as follows:

Bering Sea	97,500 mt
Aleutian Islands	3,870 mt
Bogoslof district	75 mt (Closed to directed fishing)

Fishermen will be able to conduct directed fishing for pollock in both the Bering Sea and the Aleutian Island subareas up to their CDP allocation or until the aggregate harvest in a subarea reaches the amount listed above. When NMFS determines that the allocation of pollock available in a subarea will be reached, NMFS will notify you of the date and time that fishing in the subarea will close. Those operations which have not reached their overall quota will have to move to the remaining subarea to complete their harvest. Organizations should be prepared to respond immediately to notification that a subarea quota has been reached.

During the 1992 CDQ fishery, the following additional restrictions apply:

- 1) Trawling for pollock with non-pelagic gear is prohibited. All CDQ fishing must be conducted with pelagic trawl gear.
- 2) All current fishing closures and directed fishing standards apply for groundfish species.
- 3) Reporting requirements specific to CDQ fisheries apply. Daily reporting is required of all processors participating in CDQ processing. All daily reports submitted to NMFS must

be received by 12 noon on the next day, and must be identified with the CDQ ID number issued by NMFS for reporting purposes. A list of the CDQ ID numbers is attached.

- 4) A processor receiving CDQ landings must list those landings on a separate Daily Cumulative Production Logbook sheet and on a separate Weekly Production Report Sheet.
- 5) One-hundred percent observer coverage is required at shoreside processors receiving CDQ pollock and on all harvesting and processing vessels participating in a CDQ fishery, except those catcher vessels delivering unsorted cod ends to motherships where the mothership has an observer. Daily observer reports are required from all observers on board vessels.

NMFS will monitor all production and observer reports, and intends to maintain regular contact with designated representatives regarding the current status of each quota. Each managing organization, however, has the primary responsibility to ensure that its CDQ allocation is not exceeded.

This press release is for informational purposes only, other limitations may apply. For more information concerning regulatory requirements, consult the applicable regulations or contact the Fisheries Management Division, NMFS, (907) 586-7228.