

ITEM C-1(c)
APRIL 2005

OFFICE OF THE COMMISSIONER

Frank H. Murkowski, Governor

March 31, 2005

Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

RE: 2006-2008 Multi Species and 2005 Crab CDQ
CDQ Team Draft Initial Allocation Recommendations

Dear Madame Chair:

Through the combined efforts of the CDQ groups, private industry partners, State of Alaska, National Marine Fisheries Service (NMFS), and the North Pacific Fishery Management Council (Council) the CDQ program has generated revenues of over \$580 million for the purpose of developing a sustainable fisheries related economy in western Alaska. Since its inception, the CDQ program has provided nearly \$125 million in wages, education, and training benefits to over 25,000 western Alaska residents. CDQ groups have invested in processing plants, vessels, fishing companies and non-CDQ quota, as well as several fisheries-related infrastructure development projects in western Alaska. The asset value of all CDQ groups at the end of 2004 was over \$300 million (unaudited).

The 2006-2008 Allocation Cycle Recommendations

Enclosed with this letter you will find the State of Alaska CDQ Team's (CDQ Team) draft allocation recommendations set forth in the form of a draft letter to Governor Murkowski. This enclosed draft allocation recommendation letter sets forth the process the CDQ Team went through in reaching its allocation recommendations, and sets forth the rationale for each recommendation based on the applicable regulations and the CDQ Team's application of those regulatory standards to the materials in the record.

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In this allocation cycle, the CDQ Team analyzed performance and plans of each of the six CDQ groups, and sought to allocate the available CDQ quotas for various species to groups with sound and well thought out Community Development Plans (CDPs). Consistent with the goals of the CDQ Program, the CDQ Team looked to the likelihood that a group's CDP will generate a sustainable in region fishery with strong employment benefits for eligible community members, coupled with infrastructure improvements and educational opportunities.

The CDQ Team's draft allocation recommendations to Governor Murkowski considered efforts by CDQ groups who have invested in for-profit onshore and offshore investments with strong overall business plans emphasizing Alaska hire delivering measurable benefits to western Alaska residents.

The Team also considered relationships with industry partners and whether those relationships would generate in region onshore jobs and opportunities for community members. The CDQ Team considered testimony at the public hearings that residents usually prefer to work onshore, and that, at times, residents who have been hired to work on the offshore fleet have not completed their contract obligations.

In making draft allocation recommendations, the CDQ Team considered efforts by CDQ groups who have invested in economic development in their respective communities in the form of docks, harbors, on shore processing plants, and local fisheries related infrastructure

The CDQ Team recommendations reflect its support for the concept of utilizing revenues earned from CDQ allocations to promote sustainable in-region onshore economic development projects in western Alaska. However, the State feels it is important for CDPs prepared by CDQ groups ensure prudent investments are made in income producing investments that will support investment in in-region economic development projects and programs that provide measurable economic benefits to western Alaska residents.

Consultation with the North Pacific Fishery Management Council

This draft recommendation letter to Governor Murkowski is the start of an administrative process which involves this Council. The applicable regulations specify that the State of Alaska shall consult the Council regarding its initial allocation recommendations. As a result, the CDQ Team is submitting the enclosed letter for the Council's review and consideration. The Council is invited to gather comments about these initial allocation recommendations, and I look forward to meeting with you to discuss the CDQ Team's recommendations to Governor Murkowski and answer any questions you may have about our recommendations.

A part of this consultation process, the CDQ Team would note that, during this allocation process, six Community Development Plan (CDP) applications were submitted for multi-species and associated bycatch for the 2006-2008 Multi-species and 2005 Crab

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CDP allocation cycle. As a result of crab rationalization, two new crab CDQ species will be added to the CDQ program beginning in 2005, which are Eastern Aleutian Islands (EAI) Golden (Brown) king crab and Adak (Petrel Bank) Red king crab.

Six CDP applications were received from the following CDQ groups:

- Aleutian Pribilof Island Development Association (APICDA)
- Bristol Bay Economic Development Corporation (BBEDC)
- Central Bering Sea Fishermen's Association (CBSFA)
- Coastal Villages Region Fund (CVRF)
- Norton Sound Economic Development Corporation (NSEDC)
- Yukon Delta Fisheries Development Association (YDFDA)

The State CDQ Team's Allocation Process

The CDQ Team adhered to the criteria in both the State and Federal regulations in making the enclosed allocation recommendations. The CDQ Team held a publicly noticed application period and application packets were mailed to the six CDQ groups. The CDQ Team received an application from each of the six CDQ groups. After reviewing these applications, the CDQ Team required revisions to each CDP. The CDQ Team then noticed and held public hearings in Anchorage, Alaska on November 30, 2004 and December 15 through 17, 2004.

The CDQ Team's initial allocation recommendations were mailed to the six CDQ groups on February 9, 2005 (enclosed). However, given the need for extended public hearings, and the CDQ Groups' desire to discover what the CDQ Team's recommendation to the Governor would be, the CDQ Team was pressed for time and was not able to provide a lengthy justification in support of their initial allocation recommendation. A much more thorough justification supporting the CDQ Team's allocation recommendations to the Governor was mailed to the CDQ groups on March 14, 2005 (enclosed).

The State's CDQ Team's Recommendations

The CDQ Team recommended to the Governor that 2005 Crab and 2006-2008 primary target species allocations be as follows:

CDQ Group	Pollock	Pacific Cod	Opilio Crab	Bristol Bay King Crab	EAI Brown King Crab
APICDA	11%	15%	8%	10%	8%
BBEDC	22%	21%	20%	21%	18%
CBSFA	6%	9%	20%	13%	21%
CVRF	24%	18%	17%	20%	18%
NSEDC	22%	18%	18%	18%	21%
YDFDA	15%	19%	17%	18%	14%

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The CDQ Team used a bycatch model to determine the non-target species allocations. Unless otherwise noted, the non-target species allocations for the 2006-2008 CDP cycle were based on harvest statistics provided to the State by the CDQ groups for the period 1999-2003.

Status of the CDQ Team's Initial Recommendations

The recommendations transmitted with this letter are not final and are just the start of the process. First, the State has provided the CDQ groups until April 1, 2005 to request reconsideration of the CDQ Team's draft allocation recommendation to the Governor. Secondly, the CDQ Team will consult with the Council and will answer any questions about the allocation recommendations which the Council may have. The CDQ Team will incorporate any comments from the Council consultation as well as comments and responses generated during the reconsideration processes into the CDQ Team's final allocation recommendation to the Governor.

Transmittal to the National Marine Fisheries Service

After considering any applications for reconsideration and after consultation with the Council, the Governor, with the assistance of the CDQ Team will prepare a new draft allocation recommendation to be submitted to the National Marine Fisheries Service (NMFS).

However, prior to submitting this recommendation to NMFS, the CDQ groups will be provided a copy of the Governor's draft allocation recommendations as they exist after consultation with the Council. The CDQ Groups who received less quota than requested will be asked to provide written comments to the State on how they think their CDP will be affected by receiving less quota than requested. These comments will be due ten days after receiving the Governor's draft allocation recommendations.

After receiving the Governor's draft allocation recommendations, the CDQ groups will also be allowed a second opportunity to file a written request for reconsideration. This second reconsideration process will be limited to new issues and facts not raised by a CDQ group in their first request for reconsideration. These comments will also be due within ten days of receiving the Governor's draft allocation recommendations.

Finally, the CDQ groups comments will be incorporated into the Governor's final allocation recommendation to NMFS. The Governor's final allocation recommendation will be forwarded to NMFS along with the proposed CDPs.

Conclusion

The State would like to take this opportunity to thank the Council for its continued support of the CDQ program. We hope the State's continued oversight of the

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program will maximize benefits to the CDQ program region and all participants in the Bering Sea fishing industry.

The combined total allocations requested by the CDQ groups far exceeded the amount of CDQ available. In apportioning the CDQ allocation among the CDQ groups, the CDQ Team's draft allocation recommendations seek to maximize the benefits of the CDQ program to the greatest number of residents in participating communities. The CDQ Team feels the draft allocation recommendations accomplish this goal and are the proper allocations necessary to achieve the milestones and objectives in the proposed 2005 Crab and 2006-2008 CDP's submitted by all CDQ groups.

Sincerely,

Edgar Blatchford

Edgar Blatchford
Commissioner

Attachments

cc: Governor Frank H. Murkowski
North Pacific Fishery Management Council
Alaska Department of Fish & Game
National Marine Fisheries Service
CDQ Team



**DIVISION OF BANKING, SECURITIES, AND CORPORATIONS
COMMUNITY DEVELOPMENT QUOTA PROGRAM**

Frank H. Murkowski, Governor

February 9, 2005

Larry Cotter, CEO
APICDA
234 Gold Street
Juneau, AK 99801-1211

RE: 2006-2008 Multi Species and 2005 Crab CDQ
Initial Allocation Recommendations

Dear Mr. Cotter:

The State of Alaska (State) received six Community Development Plan (CDP) applications for multi-species and associated bycatch Community Development Quota (CDQ) for the 2006-2008 and 2005 Crab CDP allocation cycle. The six CDP applications are from the six regional organizations or CDQ groups representing 65 eligible coastal communities bordering the Bering Sea. As a result of crab rationalization, two new crab CDQ species are added to the CDQ program beginning in 2005, which are Eastern Aleutian Islands (EAI) Golden (Brown) king crab and Adak (Petrel Bank) Red king crab.

Please remember, the State is required to start each allocation cycle with a clean slate. 50 C.F.R. 679.30(a) provides:

Allocations of CDQ and PSQ are harvest privileges that expire upon the expiration of the CDP. When the CDP expires, further CDQ allocations are not implied or guaranteed, and a qualified applicant must re-apply for further allocations on a competitive basis with other qualified applicants.

As you are well aware, the State is required to solicit submittal of CDPs, hold an application period and public hearings, and review and evaluate a multitude of factors in making an allocation recommendation to NMFS. These criteria are set out in State and federal regulations. The State strictly adhered to these requirements during this allocation process.

On August 15, 2004, the State notified the public of the 2006-2008 and 2005 Crab CDP Application Period and application packets were mailed to the six CDQ groups. The application period began on October 1, 2004 and ended November 1, 2004. Public notice scheduling a public hearing was provided on October 15, 2004 and held in Anchorage, Alaska on November 30, 2004. The State required revisions to each CDP in letters to the CDQ

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groups dated November 15th and December 6, 2004. Expanded public hearings were held during December 15 through 17, 2004 in Anchorage, Alaska.

The State reviewed and evaluated all proposed CDPs to determine whether the CDPs were consistent with the standards in 6 AAC 93.017 and met all requirements of 6 AAC 93 and 50 C.F.R. 679. The State also considered all 20 factors set forth in 6 AAC 93.040(b) when reviewing and evaluating the six proposed CDPs.¹

Additionally, the State's evaluation and review and initial allocation recommendation was guided by the regulatory requirement to "maximize the benefits of the CDQ program to the greatest number of participating communities."² Therefore, the State determined that the following factors should be given more weight: 6 AAC 93.040(b)(1)-(5), (b)(9), and (b)(11)-(17).

After reviewing the six 2006-2008 and 2005 Crab CDP applications and having considered all factors for consideration under 6 AAC 93.040, CDQ Program Standards under 6 AAC 93.017, and the federal CDQ regulations under 50 C.F.R. 679, the State has determined initial allocation recommendations for all six CDQ groups. See Attached table. As in prior allocation cycles, the State used a by-catch model to determine the non-target species allocations. The calculations used for the 2006-2008 CDP cycle were based on harvest statistics provided to the State by the CDQ groups for the period 1999-2003.

A brief explanation of some of the factors the State relied on in making this initial allocation recommendation for your group is set forth below. Given the tight timelines the State is working under during this allocation cycle, a more thorough explanation of all of the factors relied on in making this initial allocation recommendation would have meant delaying this process even further. Therefore, in the interest of keeping this allocation cycle on track, a brief explanation is all the State could offer at this point. The State is mindful of the fact that a more thorough explanation of the basis of this initial allocation recommendation would provide for a more meaningful reconsideration process. However, the State is also mindful of the fact that further delays could disrupt the State's ability to consult with the North Pacific Fishery Management Council (Council) at the April 2005 meeting. The State feels strongly that being prepared to meet with the Council in April is an important step in completing this allocation process in time for the groups to fish the new allocations.

Each CDQ group will have 30 days from the receipt of this initial allocation recommendation to request reconsideration from the State. The request for reconsideration shall be in writing. There is no State or federal regulation requiring this reconsideration process. As you know, the State has proposed changes to the regulations that would provide for a reconsideration process. Additionally, the State provided this reconsideration process during the prior allocation cycle. However, there is no requirement to participate in the reconsideration process. For groups that provide a timely written request for reconsideration, the State will have 30 days to respond to that request and will incorporate these comments in consultation with the Council at the April 2005 meeting.

Last, the State does not believe that any information in this initial allocation recommendation should be classified as 'confidential'. If you disagree, within 10 days of receiving this document, please provide us with notice of what information contained in this document is 'confidential' and why.

¹ Public comment received at the public hearings was considered. 6 AAC 93.040(b)(20).

² The State determined that 6 AAC 94.040(g) applied because the six groups requested more allocation than was available.

Initial Allocation Recommendation for APICDA

Per the 2000 U.S. Census³, APICDA has the lowest population among the CDQ groups. APICDA also has the lowest unemployment rate, the second highest median household income and a low poverty rate in comparison to the other CDQ groups. Based on these factors, the APICDA region has a high standard of living and therefore APICDA's economic need is low in comparison with the other CDQ groups.

APICDA's past performance of existing offshore CDQ projects have, for the most part, been successful in generating capital for fisheries related business investment. However, APICDA has been reluctant to invest in additional for-profit offshore investments in the Bering Sea that have the ability to provide a long term steady income stream to promote self-sufficiency and support their active and proposed CDQ projects. APICDA has not made a major vessel or quota investment in the Bering Sea since 2000⁴.

Instead, APICDA has chosen primarily to invest in in-region infrastructure and processing projects in their communities. With the exception of one in-region CDQ project in Atka, APICDA's in-region CDQ projects have not been profitable for consecutive years, provided benefits to a limited number of APICDA residents, and resulted in non-performing assets.

APICDA's active and proposed CDQ projects do not appear to have the likelihood of developing a self-sustaining local fisheries economy or have a viable schedule for transition from reliance on an allocation to self-sufficiency. According to APICDA, their transition plan places emphasis on the amount of CDQ allocation they receive, especially pollock.⁵ However, 50 C.F.R. 679.30(a)(6) provides, "The plan for transition to self-sufficiency must be based on the qualified applicant's long-term revenue stream without CDQs." Further, APICDA's in-region projects do not appear to be designed with realistic measurable milestones for determining progress.⁶

APICDA's CDQ projects for employment, education, and training that provide career track opportunities have been static for several years and the Team feels APICDA could improve in this area on behalf of APICDA residents, especially with offshore industry partners.⁷

After considering all of the factors in 6 AAC 93.040, the CDQ Program Standards in 6 AAC 93.017, the federal CDQ regulations under 50 C.F.R. 679, and for the reasons set forth above, the State makes the following allocation recommendations:

Pollock allocation: 3% reduction. The Team feels this is the proper allocation necessary to achieve the milestones and objectives in the proposed CDP.

Pacific cod allocation: No adjustment.

Bering Sea Fixed Gear Sablefish allocation: 2% increase. APICDA's harvest rates were taken into consideration in this recommendation.

³ 2000 Census data, <http://www.census.gov>

⁴ Offshore investments, http://www.commerce.state.ak.us/bsc/CDQ/cdq_handbook/13_cdq_chapt5_APICDA.pdf

⁵ 2006-2008 MS CDP, Binder II, Part 1, Chapter 5, Section 1.0, "CDQ Planning Transition to Self-Sufficiency" pages 1-2

⁶ 2006-2008 MS CDP, Binder I, Executive Summary, Section 5.0 "Goals/Objectives & Milestones of the CDP" to Section 7.0 "Management Strategy to Accomplish CDP Projects" pages 5-18

⁷ 2004 MS Third Quarter Report, November 5, 2004, II. Community Development, C. "Employment" to D. "Training and Education" pages 5-7

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Bristol Bay Red king crab allocation: 7% reduction. APICDA's investment in this sector and employment and training benefits provided by harvesting vessels were taken into consideration.

Atka mackerel and Pacific Ocean Perch allocation: 15% reduction. APICDA is no longer the only group successfully prosecuting this fishery.

Yellowfin sole allocation: 14% reduction. APICDA is no longer the only group successfully prosecuting this fishery.

Rock sole allocation: 10% reduction. APICDA is no longer the only group successfully prosecuting this fishery.

Eastern Aleutian Islands Golden king crab and Adak Red king crab allocation: 8% allocation.

The State did not recommend adjustments in the majority of non-target species. Unless otherwise noted, adjustments in non-target species were the result of the State's bycatch matrix.

Sincerely,

Edgar Blatchford

Edgar Blatchford
Commissioner

Attachment

cc: Governor Frank H. Murkowski
CDQ Team

Western Alaska Community Development Quota Program
2006 - 08 Quota Allocations

	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA	Total
Pollock	11%	22%	6%	24%	22%	13%	100%
BS	11%	22%	6%	24%	22%	13%	100%
AI	11%	22%	6%	24%	22%	15%	100%
Bogoslof	11%	22%	6%	24%	22%	15%	100%
Pacific Cod	15%	21%	9%	18%	18%	19%	100%
Sablefish							
BS FG	17%	20%	14%	2%	16%	31%	100%
AI FG	14%	19%	3%	27%	23%	14%	100%
BS	16%	22%	8%	16%	16%	22%	100%
AI	15%	18%	11%	19%	17%	20%	100%
Atka Mackerel							
WAI	15%	18%	11%	19%	17%	20%	100%
CAI	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%
Yellowfin Sole	14%	24%	11%	16%	11%	24%	100%
Rock Sole	14%	23%	8%	16%	16%	23%	100%
Greenland Turbot							
BS	15%	20%	8%	17%	19%	21%	100%
AI	15%	19%	8%	18%	20%	20%	100%
Arrowtooth	16%	22%	8%	16%	16%	22%	100%
Flathead Sole	18%	21%	9%	16%	16%	20%	100%
Other Flatfish	20%	24%	9%	12%	11%	24%	100%
Alaska Plaice	11%	22%	6%	24%	22%	15%	100%
POP							
BS	15%	22%	7%	21%	20%	17%	100%
WAI	15%	18%	11%	19%	17%	20%	100%
CAI	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%
Northern Rockfish BS	15%	20%	8%	18%	19%	20%	100%
Shorrfaker/Rougheye Rockfish BS	14%	20%	8%	19%	20%	19%	100%
Northern Rockfish AI	14%	18%	11%	20%	17%	20%	100%
Shorrfaker/Rougheye Rockfish AI	14%	19%	10%	19%	18%	20%	100%
Other Rockfish							
BS	14%	20%	8%	19%	20%	19%	100%
AI	14%	19%	9%	19%	19%	20%	100%
Other Species	15%	21%	9%	18%	17%	20%	100%
PSC							
Zone 1 Red King Crab	14%	22%	10%	17%	14%	23%	100%
Zone 1 Bairdi Tanner Crab	14%	24%	11%	16%	12%	23%	100%
Zone 2 Bairdi Tanner Crab	16%	23%	9%	15%	15%	22%	100%
Opilio Tanner Crab	14%	23%	10%	16%	14%	23%	100%
Pacific Halibut	15%	22%	9%	17%	16%	21%	100%
Chinook Salmon	11%	22%	6%	24%	22%	15%	100%
Non-Chinook Salmon	11%	22%	6%	24%	22%	15%	100%
Halibut							
4B	100%	0%	0%	0%	0%	0%	100%
4C	15%	0%	85%	0%	0%	0%	100%
4D	0%	26%	0%	24%	30%	20%	100%
4E	0%	30%	0%	65%	5%	0%	100%
Crab							
Bristol Bay Red King	10%	21%	13%	20%	18%	18%	100%
Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
Pribilof Island Red and Blue	0%	0%	100%	0%	0%	0%	100%
St. Matthew Blue	50%	12%	0%	12%	14%	12%	100%
Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
EAI Golden (Brown) King	8%	18%	21%	18%	31%	14%	100%
Adak (Petrel Bank) Red King	8%	18%	21%	18%	31%	14%	100%
Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%



**DIVISION OF BANKING, SECURITIES, AND CORPORATIONS
COMMUNITY DEVELOPMENT QUOTA PROGRAM**

Frank H. Murkowski, Governor

February 9, 2005

Robin Samuelsen, President/CEO
BBEDC
P.O. Box 1464
Dillingham, AK 99576-1464

RE: 2006-2008 Multi Species and 2005 Crab CDQ
Initial Allocation Recommendations

Dear Mr. Samuelsen:

The State of Alaska (State) received six Community Development Plan (CDP) applications for multi-species and associated bycatch Community Development Quota (CDQ) for the 2006-2008 and 2005 Crab CDP allocation cycle. The six CDP applications are from the six regional organizations or CDQ groups representing 65 eligible coastal communities bordering the Bering Sea. As a result of crab rationalization, two new crab CDQ species are added to the CDQ program beginning in 2005, which are Eastern Aleutian Islands (EAI) Golden (Brown) king crab and Adak (Petrel Bank) Red king crab.

Please remember that the State is required to start each allocation cycle with a clean slate. 50 C.F.R. 679.30(a) provides:

Allocations of CDQ and PSQ are harvest privileges that expire upon the expiration of the CDP. When the CDP expires, further CDQ allocations are not implied or guaranteed, and a qualified applicant must re-apply for further allocations on a competitive basis with other qualified applicants.

As you are well aware, the State is required to solicit submittal of CDPs, hold an application period and public hearings, and review and evaluate a multitude of factors in making an allocation recommendation to NMFS. These criteria are set out in State and federal regulations. The State strictly adhered to these requirements during this allocation process.

On August 15, 2004, the State notified the public of the 2006-2008 and 2005 Crab CDP Application Period and application packets were mailed to the six CDQ groups. The application period began on October 1, 2004 and ended November 1, 2004. Public notice scheduling a public hearing was provided on October 15, 2004 and held in Anchorage, Alaska on November 30, 2004. The State required revisions to each CDP in letters to the CDQ

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groups dated November 15th and December 6, 2004. Expanded public hearings were held during December 15 through 17, 2004 in Anchorage, Alaska.

The State reviewed and evaluated all proposed CDPs to determine whether the CDPs were consistent with the standards in 6 AAC 93.017 and met all requirements of 6 AAC 93 and 50 C.F.R. 679. The State also considered all 20 factors set forth in 6 AAC 93.040(b) when reviewing and evaluating the six proposed CDPs.¹

Additionally, the State's evaluation and review and initial allocation recommendation was guided by the regulatory requirement to "maximize the benefits of the CDQ program to the greatest number of participating communities."² Therefore, the State determined that the following factors should be given more weight: 6 AAC 93.040(b)(1)-(5), (b)(9), and (b)(11)-(17).

After reviewing the six 2006-2008 and 2005 Crab CDP applications and having considered all factors for consideration under 6 AAC 93.040, CDQ Program Standards under 6 AAC 93.017, and the federal CDQ regulations under 50 C.F.R. 679, the State has determined initial allocation recommendations for all six CDQ groups. See Attached table. As in prior allocation cycles, the State used a by-catch model to determine the non-target species allocations. The calculations used for the 2006-2008 CDP cycle were based on harvest statistics provided to the State by the CDQ groups for the period 1999-2003.

A brief explanation of some of the factors the State relied on in making this initial allocation recommendation for your group is set forth below. Given the tight timelines the State is working under during this allocation cycle, a more thorough explanation of all of the factors relied on in making this initial allocation recommendation would have meant delaying this process even further. Therefore, in the interest of keeping this allocation cycle on track, a brief explanation is all the state could offer at this point. The State is mindful of the fact that a more thorough explanation of the basis of this initial allocation recommendation would provide for a more meaningful reconsideration process. However, the State is also mindful of the fact that further delays could disrupt the State's ability to consult with the North Pacific Fishery Management Council (council) at the April 2005 meeting. The State feels strongly that being prepared to meet with the Council in April is an important step in completing this allocation process in time for the groups to fish the new allocations.

Each CDQ group will have 30 days from the receipt of this initial allocation recommendation to request reconsideration from the State. The request for reconsideration shall be in writing. There is no state or federal regulation requiring this reconsideration process. As you know, the State has proposed changes to the regulations that would provide for a reconsideration process. Additionally, the State has provided this reconsideration process in past allocation cycles. However, there is no requirement to participate in the reconsideration process. For groups that provide a timely written request for reconsideration, the State will have 30 days to respond to that request and will incorporate these comments in consultation with the Council at the April 2005 meeting.

Last, the State does not believe that any information in this initial allocation recommendation should be classified as 'confidential'. If you disagree, within 10 days of receiving this document, please provide us with notice of what information contained in this document is 'confidential' and why.

¹ Public comment received at the public hearings was considered. 6 AAC 93.040(b)(20).

² The State determined that 6 AAC 94.040(g) applied because the six groups requested more allocation than was available.

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Initial Allocation Recommendations

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Initial Allocation Recommendation for BBEDC

Per the 2000 U.S. Census, BBEDC has the third highest population and fourth highest median household income. BBEDC has a mid-range poverty rate and low unemployment rate among the CDQ groups. Based on these factors, the BBEDC region has a mid-range standard of living and economic need among the CDQ groups.³ However, BBEDC communities have been adversely affected by overall low salmon prices which is the primary source of revenue in the region.

BBEDC's past performance of existing offshore CDQ projects have been very successful in generating capital for fisheries related business investment. BBEDC has been very active investing in for-profit offshore and onshore investments in the Bering Sea that provide a steady income stream to support their active and proposed CDQ projects.⁴ BBEDC has a well-prepared long-range transition plan to develop a self-sustaining fisheries economy in the Bristol Bay region.⁵

BBEDC's CDQ projects for employment, education, and training that provide career track opportunities have been successful for several years.⁶ However, the Team feels BBEDC should continue to pursue their employment efforts on behalf of BBEDC residents, especially with industry partners.

BBEDC's active and proposed CDQ projects appear to have the likelihood of developing a self-sustaining local fisheries economy and a viable schedule for transition from reliance on an allocation to self-sufficiency.⁵ Per 50 C.F.R. 679.30(a)(6), "The plan for transition to self-sufficiency must be based on the qualified applicant's long-term revenue stream without CDQs." BBEDC's in-region projects appear to be designed with realistic measurable milestones for determining progress for their projects.⁷

After considering all of the factors in 6 AAC 93.040, the CDQ Program Standards in 6 AAC 93.017, the federal CDQ regulations under 50 C.F.R. 679, and for the reasons set forth above, the State makes the following allocation recommendations:

Pollock allocation: 1% increase. The Team feels this is the proper allocation necessary to achieve the milestones and objectives in the proposed CDP.

Pacific cod allocation: No adjustment.

Bering Sea Fixed Gear Sablefish allocation: No adjustment.

Bristol Bay Red king crab allocation: 2% increase. BBEDC's investment in this sector along with employment and training benefits provided by harvesting vessels were taken into consideration.

³ 2000 Census, <http://www.census.gov>

⁴ Offshore investments, http://www.commerce.state.ak.us/bsc/CDQ/cdq_handbook/14_cdq_chapt5_BBEDC.pdf

⁵ 2006-2008 MS CDP, Binder III, CDQ Planning, A. "Transition Plan from CDQ Program to Self-Sufficiency in Fisheries" pages 1-8

⁶ 2004 Third Quarter Report, II. Community Development, C. "Employment" to D. "Training" pages 22-24

⁷ 2006-2008 MS CDP, Binder I, Executive Summary, E. "Goals/Objectives and Milestones of the CDP" to G. "Management Strategy to Accomplish CDP Projects" pages 11-23

2006-2008 Multi Species and 2005 Crab CDQ

Initial Allocation Recommendations

Page 4 of 4

Atka mackerel and Pacific Ocean Perch allocation: 3% increase. The fact that BBEDC, along with other groups, have begun to successfully harvest these two species was taken into consideration.

Yellowfin sole allocation: No adjustment.

Rock sole allocation: No adjustment.

Eastern Aleutian Islands Golden king crab and Adak Red king crab allocation: 18% allocation.

The State did not recommend adjustments in the majority of non-target species. Unless otherwise noted, adjustments in non-target species were the result of the State's bycatch matrix.

Sincerely,

Edgar Blatchford

Edgar Blatchford
Commissioner

Attachment

cc: Governor Frank H. Murkowski
CDQ Team

Western Alaska Community Development Quota Program
2006 - 08 Quota Allocations

	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YFDA	Total
Pollock	11%	22%	6%	24%	22%	15%	100%
BS	11%	22%	6%	24%	22%	15%	100%
AI	11%	22%	6%	24%	22%	15%	100%
Bogalof	11%	22%	6%	24%	22%	15%	100%
Pacific Cod	15%	21%	9%	18%	18%	19%	100%
Sablefish							
BS FG	17%	20%	14%	2%	16%	31%	100%
AI FG	14%	19%	3%	27%	23%	14%	100%
BS	16%	22%	8%	16%	16%	22%	100%
AI	15%	18%	11%	19%	17%	20%	100%
Alaska Mackerel							
WAI	15%	18%	11%	19%	17%	20%	100%
CAI	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%
Yellowfin Sole	14%	24%	11%	16%	11%	24%	100%
Rock Sole	14%	23%	8%	16%	16%	23%	100%
Greenland Turbot							
BS	15%	20%	8%	17%	19%	21%	100%
AI	15%	19%	8%	18%	20%	20%	100%
Arrowtooth	16%	22%	8%	16%	16%	22%	100%
Flathead Sole	18%	21%	9%	16%	16%	20%	100%
Other Flatfish	20%	24%	9%	12%	11%	24%	100%
Alaska Plaice	11%	22%	6%	24%	22%	15%	100%
POP							
BS	13%	22%	7%	21%	20%	17%	100%
WAI	15%	18%	11%	19%	17%	20%	100%
CAI	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%
Northern Rockfish BS	15%	20%	8%	18%	19%	20%	100%
Shorrfaker/Rougheye Rockfish BS	14%	20%	8%	19%	20%	19%	100%
Northern Rockfish AI	14%	18%	11%	20%	17%	20%	100%
Shorrfaker/Rougheye Rockfish AI	14%	19%	10%	19%	18%	20%	100%
Other Rockfish							
BS	14%	20%	8%	19%	20%	19%	100%
AI	14%	19%	9%	19%	19%	20%	100%
Other Species	15%	21%	9%	18%	17%	20%	100%
PSC							
Zone 1 Red King Crab	14%	22%	10%	17%	14%	23%	100%
Zone 1 Bairdi Tanner Crab	14%	24%	11%	16%	12%	23%	100%
Zone 2 Bairdi Tanner Crab	16%	23%	9%	15%	15%	22%	100%
Opilio Tanner Crab	14%	23%	10%	16%	14%	23%	100%
Pacific Halibut	15%	22%	9%	17%	16%	21%	100%
Chinook Salmon	11%	22%	6%	24%	22%	15%	100%
Non-Chinook Salmon	11%	22%	6%	24%	22%	15%	100%
Halibut							
4B	100%	0%	0%	0%	0%	0%	100%
4C	15%	0%	85%	0%	0%	0%	100%
4D	0%	26%	0%	24%	30%	20%	100%
4E	0%	30%	0%	65%	5%	0%	100%
Crab							
Bristol Bay Red King	10%	21%	13%	20%	18%	18%	100%
Norman Sound Red King	0%	0%	0%	0%	50%	50%	100%
Pebble Island Red and Blue	0%	0%	100%	0%	0%	0%	100%
St. Matthew Blue	50%	12%	0%	12%	14%	12%	100%
Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
EAI Golden (Brown) King	8%	18%	21%	18%	21%	14%	100%
Adak (Perd Bank) Red King	8%	18%	21%	18%	21%	14%	100%
Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%



**DIVISION OF BANKING, SECURITIES, AND CORPORATIONS
COMMUNITY DEVELOPMENT QUOTA PROGRAM**

Frank H. Murkowski, Governor

February 9, 2005

Phillip Lestenkof, President
CBSFA
P.O. Box 288
St. Paul, AK 99660-0288

RE: 2006-2008 Multi Species and 2005 Crab CDQ
Initial Allocation Recommendations

Dear Mr. Lestenkof:

The State of Alaska (State) received six Community Development Plan (CDP) applications for multi-species and associated bycatch Community Development Quota (CDQ) for the 2006-2008 and 2005 Crab CDP allocation cycle. The six CDP applications are from the six regional organizations or CDQ groups representing 65 eligible coastal communities bordering the Bering Sea. As a result of crab rationalization, two new crab CDQ species are added to the CDQ program beginning in 2005, which are Eastern Aleutian Islands (EAI) Golden (Brown) king crab and Adak (Petrel Bank) Red king crab.

Please remember that the State is required to start each allocation cycle with a clean slate. 50 C.F.R. 679.30(a) provides:

Allocations of CDQ and PSQ are harvest privileges that expire upon the expiration of the CDP. When the CDP expires, further CDQ allocations are not implied or guaranteed, and a qualified applicant must re-apply for further allocations on a competitive basis with other qualified applicants.

As you are well aware, the State is required to solicit submittal of CDPs, hold an application period and public hearings, and review and evaluate a multitude of factors in making an allocation recommendation to NMFS. These criteria are set out in State and federal regulations. The State strictly adhered to these requirements during this allocation process.

On August 15, 2004, the State notified the public of the 2006-2008 and 2005 Crab CDP Application Period and application packets were mailed to the six CDQ groups. The application period began on October 1, 2004 and ended November 1, 2004. Public notice scheduling a public hearing was provided on October 15, 2004 and held in Anchorage, Alaska on November 30, 2004. The State required revisions to each CDP in letters to the CDQ

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Telephone: (907) 465-5536 Fax: (907) 465-2549 Text Telephone: (907) 465-5437

Email: dhsc@commerce.state.ak.us Website: <http://www.commerce.state.ak.us/hsc/CDQ/cdq.htm>

2006-2008 Multi Species and 2005 Crab CDQ
Initial Allocation Recommendations
Page 2 of 4

groups dated November 15th and December 6, 2004. Expanded public hearings were held during December 15 through 17, 2004 in Anchorage, Alaska.

The State reviewed and evaluated all proposed CDPs to determine whether the CDPs were consistent with the standards in 6 AAC 93.017 and met all requirements of 6 AAC 93 and 50 C.F.R. 679. The State also considered all 20 factors set forth in 6 AAC 93.040(b) when reviewing and evaluating the six proposed CDPs.¹

Additionally, the State's evaluation and review and initial allocation recommendation was guided by the regulatory requirement to "maximize the benefits of the CDQ program to the greatest number of participating communities."² Therefore, the State determined that the following factors should be given more weight: 6 AAC 93.040(b)(1)-(5), (b)(9), and (b)(11)-(17).

After reviewing the six 2006-2008 and 2005 Crab CDP applications and having considered all factors for consideration under 6 AAC 93.040, CDQ Program Standards under 6 AAC 93.017, and the federal CDQ regulations under 50 C.F.R. 679, the State has determined initial allocation recommendations for all six CDQ groups. See Attached table. As in prior allocation cycles, the State used a by-catch model to determine the non-target species allocations. The calculations used for the 2006-2008 CDP cycle were based on harvest statistics provided to the State by the CDQ groups for the period 1999-2003.

A brief explanation of some of the factors the State relied on in making this initial allocation recommendation for your group is set forth below. Given the tight timelines the State is working under during this allocation cycle, a more thorough explanation of all of the factors relied on in making this initial allocation recommendation would have meant delaying this process even further. Therefore, in the interest of keeping this allocation cycle on track, a brief explanation is all the state could offer at this point. The State is mindful of the fact that a more thorough explanation of the basis of this initial allocation recommendation would provide for a more meaningful reconsideration process. However, the State is also mindful of the fact that further delays could disrupt the State's ability to consult with the North Pacific Fishery Management Council (Council) at the April 2005 meeting. The State feels strongly that being prepared to meet with the Council in April is an important step in completing this allocation process in time for the groups to fish the new allocations.

Each CDQ group will have 30 days from the receipt of this initial allocation recommendation to request reconsideration from the State. The request for reconsideration shall be in writing. There is no state or federal regulation requiring this reconsideration process. As you know, the State has proposed changes to the regulations that would provide for a reconsideration process. Additionally, the State has provided this reconsideration process in past allocation cycles. However, there is no requirement to participate in the reconsideration process. For groups that provide a timely written request for reconsideration, the State will have 30 days to respond to that request and will incorporate these comments in consultation with the Council at the April 2005 meeting.

Last, the State does not believe that any information in this initial allocation recommendation should be classified as 'confidential'. If you disagree, within 10 days of receiving this document, please provide us with notice of what information contained in this document is 'confidential' and why.

¹ Public comment received at the public hearings was considered. 6 AAC 93.040(b)(20).

² The State determined that 6 AAC 94.040(g) applied because the six groups requested more allocation than was available.

Initial Allocation Recommendation for CBSFA

Per the 2000 U.S. Census, CBSFA has the fifth highest population and highest median household income among the CDQ groups.³ CBSFA has a low poverty rate and mid-range unemployment rate among the CDQ groups. Based on these factors, the CBSFA region has a relatively high standard of living and low economic need among the CDQ groups. However, CBSFA has been adversely affected by a downturn in the opilio crab harvest level over the last few years that the City of St. Paul is heavily dependent upon.

CBSFA's past performance of existing offshore CDQ projects have been successful in generating capital for fisheries related business investment. CBSFA has been very active investing in for-profit offshore investments in the Bering Sea that provide a steady income stream to support their active and proposed in-region CDQ projects.⁴ CBSFA has a well-prepared long-range transition plan to develop a self-sustaining fisheries economy on St. Paul.⁵

CBSFA's CDQ projects for employment, education, and training that provide career track opportunities have been successful.⁶ CBSFA's halibut fishery provides employment to a significant portion of St. Paul residents. However, the Team feels CBSFA could improve in their employment efforts on behalf of CBSFA residents, especially with industry partners.

CBSFA's active and proposed CDQ projects appear to have the likelihood of developing a self-sustaining local fisheries economy and a viable schedule for transition from reliance on an allocation to self-sufficiency. Per 50 C.F.R. 679.30(a)(6), "The plan for transition to self-sufficiency must be based on the qualified applicant's long-term revenue stream without CDQs." CBSFA's in-region projects appear to be designed with realistic measurable milestones for determining progress for their projects.⁷

After considering all of the factors in 6 AAC 93.040, the CDQ Program Standards in 6 AAC 93.017, the federal CDQ regulations under 50 C.F.R. 679, and for the reasons set forth above, the State makes the following allocation recommendations:

Pollock allocation: 1% increase. The Team feels this is the proper allocation necessary to achieve the milestones and objectives in the proposed CDP.

Pacific cod allocation: No adjustment.

Bering Sea Fixed Gear Sablefish allocation: 2% decrease. CBSFA's harvest rates were taken into consideration in this recommendation.

Bristol Bay Red king crab allocation: 3% increase. CBSFA's investment in this sector along with employment and training benefits provided by harvesting vessels were taken into consideration.

Atka mackerel and Pacific Ocean Perch allocation: 3% increase. The fact that CBSFA, along with other groups, have begun to successfully harvest these two species was taken into consideration.

³ 2000 Census, <http://www.census.gov>

⁴ Offshore investments, http://www.commerce.state.ak.us/bsc/CDQ/cdq_handbook/15_cdq_chapt5_CBSFA.pdf

⁵ 2006-2008 MS CDP, Binder I, CDP Planning, Section V.A. "St. Paul Island's Road to Self-Sufficiency" pages 1-3

⁶ 2004 Third Quarter Report, Community Development C. Employment and D. Training, pages 14-15

⁷ 2006-2008 MS CDP, Executive Summary, E. "Goals Management / CBSFA and CBSFC Combined," pages 3-14

Yellowfin sole allocation: 4% increase. The fact that CBSFA, along with other groups, have begun to successfully harvest these two species was taken into consideration. By-catch requirements to prosecute the groundfish fishery was also considered.

Rock sole allocation: No adjustment.

Eastern Aleutian Islands Golden king crab and Adak Red king crab allocation: 21% allocation. CBSFA's investment in this sector along with employment and training benefits provided by harvesting vessels were taken into consideration.

The State did not recommend adjustments in the majority of non-target species. Unless otherwise noted, adjustments in non-target species were the result of the State's bycatch matrix.

Sincerely,



Edgar Blatchford
Commissioner

Attachment

cc: Governor Frank H. Murkowski
CDQ Team

Western Alaska Community Development Quota Program
2006 - 08 Quota Allocations

	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA	Total
Pollock	11%	22%	6%	24%	22%	15%	100%
BS	11%	22%	6%	24%	22%	15%	100%
AI	11%	22%	6%	24%	22%	15%	100%
Bogoslof	11%	22%	6%	24%	22%	15%	100%
Pacific Cod	15%	21%	9%	18%	18%	19%	100%
Sablefish							
BS FG	17%	20%	14%	2%	16%	31%	100%
AI FG	14%	19%	3%	27%	23%	14%	100%
BS	16%	22%	8%	16%	16%	22%	100%
AI	15%	18%	11%	19%	17%	20%	100%
Atka Mackerel							
WAI	15%	18%	11%	19%	17%	20%	100%
CAI	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%
Yellowfin Sole	14%	24%	11%	16%	11%	24%	100%
Rock Sole	14%	23%	8%	16%	16%	23%	100%
Greenland Turbot							
BS	15%	20%	8%	17%	19%	21%	100%
AI	15%	19%	8%	18%	20%	20%	100%
Arrowtooth	16%	22%	8%	16%	16%	22%	100%
Flathead Sole	18%	21%	9%	16%	16%	20%	100%
Other Flatfish	20%	24%	9%	12%	11%	24%	100%
Alaska Plaice	11%	22%	6%	24%	22%	15%	100%
POP							
BS	13%	22%	7%	21%	20%	17%	100%
WAI	15%	18%	11%	19%	17%	20%	100%
CAI	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%
Northern Rockfish BS	15%	20%	8%	18%	19%	20%	100%
Shortraker/Rougheye Rockfish BS	14%	20%	8%	19%	20%	19%	100%
Northern Rockfish AI	14%	18%	11%	20%	17%	20%	100%
Shortraker/Rougheye Rockfish AI	14%	19%	10%	19%	18%	20%	100%
Other Rockfish							
BS	14%	20%	8%	19%	20%	19%	100%
AI	14%	19%	9%	19%	19%	20%	100%
Other Species	15%	21%	9%	18%	17%	20%	100%
PSC							
Zone 1 Red King Crab	14%	22%	10%	17%	14%	23%	100%
Zone 1 Bairdi Tanner Crab	14%	24%	11%	16%	12%	23%	100%
Zone 2 Bairdi Tanner Crab	16%	23%	9%	15%	15%	22%	100%
Opilio Tanner Crab	14%	23%	10%	16%	14%	23%	100%
Pacific Halibut	15%	22%	9%	17%	16%	21%	100%
Chinook Salmon	11%	22%	6%	24%	22%	15%	100%
Non-Chinook Salmon	11%	22%	6%	24%	22%	15%	100%
Halibut							
4B	100%	0%	0%	0%	0%	0%	100%
4C	15%	0%	85%	0%	0%	0%	100%
4D	0%	26%	0%	24%	30%	20%	100%
4E	0%	30%	0%	65%	5%	0%	100%
Crab							
Bristol Bay Red King	10%	21%	13%	20%	18%	18%	100%
Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
Pribilof Island Red and Blue	0%	0%	100%	0%	0%	0%	100%
St. Matthew Blue	50%	12%	0%	12%	14%	12%	100%
Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
EAI Golden (Brown) King	8%	18%	21%	18%	21%	14%	100%
Adak (Puebl Bank) Red King	8%	18%	21%	18%	21%	14%	100%
Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%



DIVISION OF BANKING, SECURITIES, AND CORPORATIONS
COMMUNITY DEVELOPMENT QUOTA PROGRAM

Frank H. Murkowski, Governor

February 9, 2005

Morgen Crow, Executive Director
CVRF
711 H Street, Suite 200
Anchorage, AK 99501-3461

RE: 2006-2008 Multi Species and 2005 Crab CDQ
Initial Allocation Recommendations

Dear Mr. Crow:

The State of Alaska (State) received six Community Development Plan (CDP) applications for multi-species and associated bycatch Community Development Quota (CDQ) for the 2006-2008 and 2005 Crab CDP allocation cycle. The six CDP applications are from the six regional organizations or CDQ groups representing 65 eligible coastal communities bordering the Bering Sea. As a result of crab rationalization, two new crab CDQ species are added to the CDQ program beginning in 2005, which are Eastern Aleutian Islands (EAI) Golden (Brown) king crab and Adak (Petrel Bank) Red king crab.

Please remember that the State is required to start each allocation cycle with a clean slate. 50 C.F.R. 679.30(a) provides:

Allocations of CDQ and PSQ are harvest privileges that expire upon the expiration of the CDP. When the CDP expires, further CDQ allocations are not implied or guaranteed, and a qualified applicant must re-apply for further allocations on a competitive basis with other qualified applicants.

As you are well aware, the State is required to solicit submittal of CDPs, hold an application period and public hearings, and review and evaluate a multitude of factors in making an allocation recommendation to NMFS. These criteria are set out in State and federal regulations. The State strictly adhered to these requirements during this allocation process.

On August 15, 2004, the State notified the public of the 2006-2008 and 2005 Crab CDP Application Period and application packets were mailed to the six CDQ groups. The application period began on October 1, 2004 and ended November 1, 2004. Public notice scheduling a public hearing was provided on October 15, 2004 and held in Anchorage, Alaska on November 30, 2004. The State required revisions to each CDP in letters to the CDQ

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Telephone: (907) 465-5536 Fax: (907) 465-2549 Text Telephone: (907) 465-5437

Email: dbsc@commerce.state.ak.us Website: <http://www.commerce.state.ak.us/dbsc/CDQ/cdq.htm>

groups dated November 15th and December 6, 2004. Expanded public hearings were held during December 15 through 17, 2004 in Anchorage, Alaska.

The State reviewed and evaluated all proposed CDPs to determine whether the CDPs were consistent with the standards in 6 AAC 93.017 and met all requirements of 6 AAC 93 and 50 C.F.R. 679. The State also considered all 20 factors set forth in 6 AAC 93.040(b) when reviewing and evaluating the six proposed CDPs.¹

Additionally, the State's evaluation and review and initial allocation recommendation was guided by the regulatory requirement to "maximize the benefits of the CDQ program to the greatest number of participating communities."² Therefore, the State determined that the following factors should be given more weight: 6 AAC 93.040(b)(1)-(5), (b)(9), and (b)(11)-(17).

After reviewing the six 2006-2008 and 2005 Crab CDP applications and having considered all factors for consideration under 6 AAC 93.040, CDQ Program Standards under 6 AAC 93.017, and the federal CDQ regulations under 50 C.F.R. 679, the State has determined initial allocation recommendations for all six CDQ groups. See Attached table. As in prior allocation cycles, the State used a by-catch model to determine the non-target species allocations. The calculations used for the 2006-2008 CDP cycle were based on harvest statistics provided to the State by the CDQ groups for the period 1999-2003.

A brief explanation of some of the factors the State relied on in making this initial allocation recommendation for your group is set forth below. Given the tight timelines the State is working under during this allocation cycle, a more thorough explanation of all of the factors relied on in making this initial allocation recommendation would have meant delaying this process even further. Therefore, in the interest of keeping this allocation cycle on track, a brief explanation is all the state could offer at this point. The State is mindful of the fact that a more thorough explanation of the basis of this initial allocation recommendation would provide for a more meaningful reconsideration process. However, the State is also mindful of the fact that further delays could disrupt the State's ability to consult with the North Pacific Fishery Management Council (council) at the April 2005 meeting. The State feels strongly that being prepared to meet with the Council in April is an important step in completing this allocation process in time for the groups to fish the new allocations.

Each CDQ group will have 30 days from the receipt of this initial allocation recommendation to request reconsideration from the State. The request for reconsideration shall be in writing. There is no state or federal regulation requiring this reconsideration process. As you know, the State has proposed changes to the regulations that would provide for a reconsideration process. Additionally, the State has provided this reconsideration process in past allocation cycles. However, there is no requirement to participate in the reconsideration process. For groups that provide a timely written request for reconsideration, the State will have 30 days to respond to that request and will incorporate these comments in consultation with the Council at the April 2005 meeting.

Last, the State does not believe that any information in this initial allocation recommendation should be classified as 'confidential'. If you disagree, within 10 days of receiving this document, please provide us with notice of what information contained in this document is 'confidential' and why.

¹ Public comment received at the public hearings was considered. 6 AAC 93.040(b)(20).

² The State determined that 6 AAC 94.040(g) applied because the six groups requested more allocation than was available.

Initial Allocation Recommendation for CVRF

Per the 2000 U.S. Census, CVRF has the 2nd highest population and a high unemployment rate among the CDQ groups.³ CVRF has the lowest median household income and a high poverty rate among the CDQ groups. Based on these factors, the CVRF region has a low standard of living and high economic need among the CDQ groups.

CVRF's past performance of existing offshore CDQ projects have been successful in generating capital for fisheries related business investment.⁴ CVRF has been very active investing in for-profit offshore investments in the Bering Sea that provide a steady income stream to support their active and proposed CDQ projects in-region. CVRF has a well-prepared long-range transition plan to develop a self-sustaining fisheries economy the CVRF region.⁵

CVRF's CDQ projects for employment, education, and training that provide career track opportunities have been very successful in-region.⁶ However, the Team feels CVRF could improve in their employment efforts on behalf of CVRF residents, especially with industry partners.

CVRF's active and proposed CDQ projects appear to have the likelihood of developing a self-sustaining local fisheries economy and a viable schedule for transition from reliance on an allocation to self-sufficiency. Per 50 C.F.R. 679.30(a)(6), "The plan for transition to self-sufficiency must be based on the qualified applicant's long-term revenue stream without CDQs." CVRF's in-region projects appear to be designed with realistic measurable milestones for determining progress for their projects.⁷

After considering all of the factors in 6 AAC 93.040, the CDQ Program Standards in 6 AAC 93.017, the federal CDQ regulations under 50 C.F.R. 679, and for the reasons set forth above, the State makes the following allocation recommendations:

Pollock allocation: No adjustment. The Team feels this is the proper allocation necessary to achieve the milestones and objectives in the proposed CDP.

Pacific cod allocation: No adjustment.

Bering Sea Fixed Gear Sablefish allocation: 2% increase. CVRF did not have an allocation for this fishery in prior allocation cycles and this was taken into consideration in the recommendation.

Bristol Bay Red king crab allocation: 2% increase. CVRF's investment record in this sector along with employment and training benefits provided by harvesting vessels were taken into consideration.

4E Halibut allocation: 5% reduction. In making this recommendation, the State took into consideration harvest rates and employment of local fishermen in the CDQ region as a whole.

³ 2000 Census, <http://www.census.gov>

⁴ Offshore investments, http://www.commerce.state.ak.us/bsc/CDQ/cdq_handbook/16_cdq_chapt5_CVRF.pdf

⁵ 2006-2008 MS CDP, Binder I, I-V Planning, A. "Transition Plan from CDQ Program to Self-Sufficiency in Eligible CDQ Communities" pages 1-7

⁶ 2004 Third Quarter Report, II. Community Development, C. "Employment" and D. "Training" pages 24-30

⁷ 2006-2008 MS CDP, Binder I, Executive Summary, E. "Goals, Objectives and Milestones of Our CDP" to G. "Management Strategy to Accomplish CDP Projects" pages 17-28

Atka mackerel and Pacific Ocean Perch allocation: 4% increase. The fact that CVRF, along with other groups, have begun to successfully harvest these two species was taken into consideration.

Yellowfin sole allocation: 10% increase. The fact that CVRF, along with other groups, have begun to successfully harvest this species was taken into consideration. CVRF's equity ownership in a vessel that harvests groundfish species including Atka mackerel, Pacific Ocean Perch, Yellowfin sole, and rock sole was also considered.

Rock sole allocation: 5% increase. The fact that CVRF, along with other CDQ groups have begun to successfully harvest this species was taken into consideration. The State also took into consideration bycatch requirements necessary to prosecute the groundfish fishery.

Eastern Aleutian Islands Golden king crab and Adak Red king crab allocation: 18% allocation.

The State did not recommend adjustments in the majority of non-target species. Unless otherwise noted, adjustments in non-target species were the result of the State's bycatch matrix.

Sincerely,

Edgar Blatchford

Edgar Blatchford
Commissioner

Attachment

cc: Governor Frank H. Murkowski
CDQ Team

Western Alaska Community Development Quota Program
2006 - 08 Quota Allocations

	APICDA	BBEDC	CBSFA	CVRP	NSEDC	YDFDA	Total
Pollock	11%	22%	6%	24%	22%	15%	100%
BS	11%	22%	6%	24%	22%	15%	100%
AI	11%	22%	6%	24%	22%	15%	100%
Bogachof	11%	22%	6%	24%	22%	15%	100%
Pacific Cod	15%	21%	9%	18%	18%	19%	100%
Sablefish							
BS FG	17%	20%	14%	2%	16%	31%	100%
AI FG	14%	19%	3%	27%	23%	14%	100%
BS	16%	22%	8%	16%	16%	22%	100%
AI	15%	18%	11%	19%	17%	20%	100%
Atka Mackerel							
WAI	13%	18%	11%	19%	17%	20%	100%
CAI	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%
Yellowfin Sole	14%	24%	11%	16%	11%	24%	100%
Rock Sole	14%	23%	8%	16%	16%	23%	100%
Greenland Turbot							
BS	15%	20%	8%	17%	19%	21%	100%
AI	15%	19%	8%	18%	20%	20%	100%
Arrowtooth	16%	22%	8%	16%	16%	22%	100%
Flathead Sole	18%	21%	9%	16%	16%	20%	100%
Other Flatfish	20%	24%	9%	12%	11%	24%	100%
Alaska Plaice	11%	22%	6%	24%	22%	15%	100%
POP							
BS	13%	22%	7%	21%	20%	17%	100%
WAI	15%	18%	11%	19%	17%	20%	100%
CAI	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%
Northern Rockfish BS	15%	20%	8%	18%	19%	20%	100%
Shorthead/Rougheye Rockfish BS	14%	20%	8%	19%	20%	19%	100%
Northern Rockfish AI	14%	18%	11%	20%	17%	20%	100%
Shorthead/Rougheye Rockfish AI	14%	19%	10%	19%	18%	20%	100%
Other Rockfish							
BS	14%	20%	8%	19%	20%	19%	100%
AI	14%	19%	9%	19%	19%	20%	100%
Other Species	15%	21%	9%	18%	17%	20%	100%
PSC							
Zone 1 Red King Crab	14%	22%	10%	17%	14%	23%	100%
Zone 1 Bairdi Tanner Crab	14%	24%	11%	16%	12%	23%	100%
Zone 2 Bairdi Tanner Crab	16%	23%	9%	15%	15%	22%	100%
Opilio Tanner Crab	14%	23%	10%	16%	14%	23%	100%
Pacific Halibut	15%	22%	9%	17%	16%	21%	100%
Chinook Salmon	11%	22%	6%	24%	22%	15%	100%
Non-Chinook Salmon	11%	22%	6%	24%	22%	15%	100%
Halibut							
4B	100%	0%	0%	0%	0%	0%	100%
4C	15%	0%	85%	0%	0%	0%	100%
4D	0%	25%	0%	24%	30%	20%	100%
4E	0%	30%	0%	65%	5%	0%	100%
Crab							
Bristol Bay Red King	10%	21%	13%	20%	18%	18%	100%
Norman Sound Red King	0%	0%	0%	0%	50%	50%	100%
Prudhoe Island Red and Blue	0%	0%	100%	0%	0%	0%	100%
St. Matthew Blue	50%	12%	0%	12%	14%	12%	100%
Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
EAI Golden (Brown) King	8%	18%	21%	18%	21%	14%	100%
Adak (Petrel Bank) Red King	8%	18%	21%	18%	21%	14%	100%
Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%



DIVISION OF BANKING, SECURITIES, AND CORPORATIONS
COMMUNITY DEVELOPMENT QUOTA PROGRAM

Frank H. Murkowski, Governor

February 9, 2005

Eugene Asicksik, President/CEO
NSEDC
420 L Street, Suite 310
Anchorage, AK 99501-1971

RE: 2006-2008 Multi Species and 2005 Crab CDQ
Initial Allocation Recommendations

Dear Mr. Asicksik:

The State of Alaska (State) received six Community Development Plan (CDP) applications for multi-species and associated bycatch Community Development Quota (CDQ) for the 2006-2008 and 2005 Crab CDP allocation cycle. The six CDP applications are from the six regional organizations or CDQ groups representing 65 eligible coastal communities bordering the Bering Sea. As a result of crab rationalization, two new crab CDQ species are added to the CDQ program beginning in 2005, which are Eastern Aleutian Islands (EAI) Golden (Brown) king crab and Adak (Petrel Bank) Red king crab.

Please remember that the State is required to start each allocation cycle with a clean slate. 50 C.F.R. 679.30(a) provides:

Allocations of CDQ and PSQ are harvest privileges that expire upon the expiration of the CDP. When the CDP expires, further CDQ allocations are not implied or guaranteed, and a qualified applicant must re-apply for further allocations on a competitive basis with other qualified applicants.

As you are well aware, the State is required to solicit submittal of CDPs, hold an application period and public hearings, and review and evaluate a multitude of factors in making an allocation recommendation to NMFS. These criteria are set out in State and federal regulations. The State strictly adhered to these requirements during this allocation process.

On August 15, 2004, the State notified the public of the 2006-2008 and 2005 Crab CDP Application Period and application packets were mailed to the six CDQ groups. The application period began on October 1, 2004 and ended November 1, 2004. Public notice scheduling a public hearing was provided on October 15, 2004 and held in Anchorage, Alaska on November 30, 2004. The State required revisions to each CDP in letters to the CDQ

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Correspondence with this office: P.O. Box 110807, Juneau, Alaska 99811-0807

Telephone: (907) 465-5536 Fax: (907) 465-2549 Text Telephone: (907) 465-5437

Email: dbsc@commerce.state.ak.us Website: <http://www.commerce.state.ak.us/dsc/CDQ/cdq.htm>

groups dated November 15th and December 6, 2004. Expanded public hearings were held during December 15 through 17, 2004 in Anchorage, Alaska.

The State reviewed and evaluated all proposed CDPs to determine whether the CDPs were consistent with the standards in 6 AAC 93.017 and met all requirements of 6 AAC 93 and 50 C.F.R. 679. The State also considered all 20 factors set forth in 6 AAC 93.040(b) when reviewing and evaluating the six proposed CDPs.¹

Additionally, the State's evaluation and review and initial allocation recommendation was guided by the regulatory requirement to "maximize the benefits of the CDQ program to the greatest number of participating communities."² Therefore, the State determined that the following factors should be given more weight: 6 AAC 93.040(b)(1)-(5), (b)(9), and (b)(11)-(17).

After reviewing the six 2006-2008 and 2005 Crab CDQ applications and having considered all factors for consideration under 6 AAC 93.040, CDQ Program Standards under 6 AAC 93.017, and the federal CDQ regulations under 50 C.F.R. 679, the State has determined initial allocation recommendations for all six CDQ groups. See Attached table. As in prior allocation cycles, the State used a by-catch model to determine the non-target species allocations. The calculations used for the 2006-2008 CDQ cycle were based on harvest statistics provided to the State by the CDQ groups for the period 1999-2003.

A brief explanation of some of the factors the State relied on in making this initial allocation recommendation for your group is set forth below. Given the tight timelines the State is working under during this allocation cycle, a more thorough explanation of all of the factors relied on in making this initial allocation recommendation would have meant delaying this process even further. Therefore, in the interest of keeping this allocation cycle on track, a brief explanation is all the state could offer at this point. The State is mindful of the fact that a more thorough explanation of the basis of this initial allocation recommendation would provide for a more meaningful reconsideration process. However, the State is also mindful of the fact that further delays could disrupt the State's ability to consult with the North Pacific Fishery Management Council (Council) at the April 2005 meeting. The State feels strongly that being prepared to meet with the Council in April is an important step in completing this allocation process in time for the groups to fish the new allocations.

Each CDQ group will have 30 days from the receipt of this initial allocation recommendation to request reconsideration from the State. The request for reconsideration shall be in writing. There is no state or federal regulation requiring this reconsideration process. As you know, the State has proposed changes to the regulations that would provide for a reconsideration process. Additionally, the State has provided this reconsideration process in past allocation cycles. However, there is no requirement to participate in the reconsideration process. For groups that provide a timely written request for reconsideration, the State will have 30 days to respond to that request and will incorporate these comments in consultation with the Council at the April 2005 meeting.

Last, the State does not believe that any information in this initial allocation recommendation should be classified as 'confidential'. If you disagree, within 10 days of receiving this document, please provide us with notice of what information contained in this document is 'confidential' and why.

¹ Public comment received at the public hearings was considered. 6 AAC 93.040(b)(20).

² The State determined that 6 AAC 94.040(g) applied because the six groups requested more allocation than was available.

Initial Allocation Recommendation for NSEDC

Per the 2000 U.S. Census, NSEDC has the highest population and a mid-range unemployment rate among the CDQ groups.³ NSEDC has the third highest median household income and a mid-range poverty rate among the CDQ groups. Based on these factors, the NSEDC region has a mid-range standard of living and economic need among the CDQ groups.

NSEDC's past performance of existing offshore CDQ projects have been successful in generating capital for fisheries related business investment.⁴ NSEDC has been active investing in for-profit offshore investments in the Bering Sea that provide a steady income stream to support their active and proposed CDQ projects in-region. NSEDC has a long-range transition plan to develop a self-sustaining fisheries economy in their eligible communities in Norton Sound.⁵

NSEDC's CDQ projects for employment, education, and training that provide career track opportunities have been successful.⁶ The Team feels NSEDC has done well in their employment efforts with offshore industry partners. However, the Team feels NSEDC should continue their employment efforts on behalf of NSEDC residents, especially with industry partners.

NSEDC's active and proposed CDQ projects appear to have the likelihood of developing a self-sustaining local fisheries economy and a viable schedule for transition from reliance on an allocation to self-sufficiency. Per 50 C.F.R. 679.30(a)(6), "The plan for transition to self-sufficiency must be based on the qualified applicant's long-term revenue stream without CDQs." NSEDC's in-region projects appear to be designed with realistic measurable milestones for determining progress for their projects.⁷

After considering all of the factors in 6 AAC 93.040, the CDQ Program Standards in 6 AAC 93.017, the federal CDQ regulations under 50 C.F.R. 679, and for the reasons set forth above, the State makes the following allocation recommendations:

Pollock allocation: No adjustment. The Team feels this is the proper allocation necessary to achieve the milestones and objectives in the proposed CDP.

Pacific cod allocation: No adjustment.

Bering Sea Fixed Gear Sablefish allocation: 2% decrease. NSEDC's harvest rates were taken into consideration in this recommendation.

Bristol Bay Red king crab allocation: No Adjustment.

4E Halibut allocation: 5% increase. In making this recommendation, the State took into consideration harvest rates and employment of local fishermen in the CDQ region as a whole.

³ 2000 Census, <http://www.census.gov>

⁴ Offshore investments, http://www.commerce.state.ak.us/bsc/CDQ/odq_handbook/17_cdq_chapt5_NSEDC.pdf

⁵ 2006-2008 MS CDP, Binder I, V. CDQ Planning, A. "Plan For Transition From CDQ Program to Self-Sufficiency in Fisheries" pages 75-76

⁶ 2004 Third Quarter Report, II. Community Development, B. "Employment" to C. "Training" pages 14-17

⁷ 2006-2008 MS CDP, Binder I, Executive Summary, E. "Goals, Objectives and Milestones" to H. "Management Strategy to Accomplish CDP Projects" pages 7-19

Atka mackerel and Pacific Ocean Perch allocation: 3% increase. The fact that NSEDC, along with other groups, have begun to successfully harvest these two species was taken into consideration.

Yellowfin sole allocation: 3% increase. The fact that NSEDC, along with other groups, have begun to successfully harvest these two species was taken into consideration.

Rock sole allocation: 5% increase. The fact that NSEDC, along with other groups, have begun to successfully harvest these two species was taken into consideration. The State also took into consideration bycatch requirements necessary to prosecute the groundfish fishery.

Eastern Aleutian Islands Golden king crab and Adak Red king crab allocation: 21% allocation. NSEDC's investment in this sector along with employment and training benefits provided by harvesting vessels were taken into consideration.

The State did not recommend adjustments in the majority of non-target species. Unless otherwise noted, adjustments in non-target species were the result of the State's bycatch matrix.

Sincerely,

Edgar Blatchford

Edgar Blatchford
Commissioner

Attachment

cc: Governor Frank H. Murkowski
CDQ Team

Western Alaska Community Development Quota Program
2006 - 08 Quota Allocations

	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA	Total
Pollock	11%	22%	6%	24%	22%	15%	100%
BS	11%	22%	6%	24%	22%	15%	100%
AI	11%	22%	6%	24%	22%	15%	100%
Bogoslof	11%	22%	6%	24%	22%	15%	100%
Pacific Cod	15%	21%	9%	18%	18%	19%	100%
Sablefish							
BS FG	17%	20%	14%	2%	16%	31%	100%
AJ FG	14%	19%	3%	27%	23%	14%	100%
BS	16%	22%	8%	16%	16%	22%	100%
AJ	15%	18%	11%	19%	17%	20%	100%
Atka Mackerel							
WAI	15%	18%	11%	19%	17%	20%	100%
CAJ	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%
Yellowfin Sole	14%	24%	11%	16%	11%	24%	100%
Rock Sole	14%	23%	8%	16%	16%	23%	100%
Greenland Turbot							
BS	15%	20%	8%	17%	19%	21%	100%
AJ	15%	19%	8%	18%	20%	20%	100%
Arrowtooth	16%	22%	8%	16%	16%	22%	100%
Flathead Sole	18%	21%	9%	16%	16%	20%	100%
Other Flatfish	20%	24%	9%	12%	11%	24%	100%
Alaska Plaice	11%	22%	6%	24%	22%	15%	100%
POP							
BS	13%	22%	7%	21%	20%	17%	100%
WAI	15%	18%	11%	19%	17%	20%	100%
CAJ	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%
Northern Rockfish BS	15%	20%	8%	18%	19%	20%	100%
Shortraker/Roughye Rockfish BS	14%	20%	8%	19%	20%	19%	100%
Northern Rockfish AI	14%	18%	11%	20%	17%	20%	100%
Shortraker/Roughye Rockfish AI	14%	19%	10%	19%	18%	20%	100%
Other Rockfish							
BS	14%	20%	8%	19%	20%	19%	100%
AI	14%	19%	9%	19%	19%	20%	100%
Other Species	15%	21%	9%	18%	17%	20%	100%
PSC							
Zone 1 Red King Crab	14%	22%	10%	17%	14%	23%	100%
Zone 1 Bairdi Tanner Crab	14%	24%	11%	16%	12%	23%	100%
Zone 2 Bairdi Tanner Crab	16%	23%	9%	15%	15%	22%	100%
Opilho Tanner Crab	14%	23%	10%	16%	14%	23%	100%
Pacific Halibut	15%	22%	9%	17%	16%	21%	100%
Chinook Salmon	11%	22%	6%	24%	22%	15%	100%
Non-Chinook Salmon	11%	22%	6%	24%	22%	15%	100%
Halibut							
4B	100%	0%	0%	0%	0%	0%	100%
4C	15%	0%	65%	0%	0%	0%	100%
4D	0%	26%	0%	24%	30%	20%	100%
4E	0%	30%	0%	65%	5%	0%	100%
Crab							
Bristol Bay Red King	10%	21%	13%	20%	18%	18%	100%
Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
Pribilof Island Red and Blue	0%	0%	100%	0%	0%	0%	100%
St. Matthew Blue	50%	12%	0%	12%	14%	12%	100%
Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
EAI Golden (Brown) King	8%	18%	21%	18%	21%	14%	100%
Adak (Fretel Bank) Red King	8%	18%	21%	18%	21%	14%	100%
Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%



**DIVISION OF BANKING, SECURITIES, AND CORPORATIONS
COMMUNITY DEVELOPMENT QUOTA PROGRAM**

Frank H. Murkowski, Governor

February 9, 2005

Ragnar Alstrom, Executive Director
YDFDA
301 Calista Court, Suite C
Anchorage, AK 99518-3028

RE: 2006-2008 Multi Species and 2005 Crab CDQ
Initial Allocation Recommendations

Dear Mr. Alstrom:

The State of Alaska (State) received six Community Development Plan (CDP) applications for multi-species and associated bycatch Community Development Quota (CDQ) for the 2006-2008 and 2005 Crab CDQ allocation cycle. The six CDP applications are from the six regional organizations or CDQ groups representing 65 eligible coastal communities bordering the Bering Sea. As a result of crab rationalization, two new crab CDQ species are added to the CDQ program beginning in 2005, which are Eastern Aleutian Islands (EAI) Golden (Brown) king crab and Adak (Petrel Bank) Red king crab.

Please remember that the State is required to start each allocation cycle with a clean slate. 50 C.F.R. 679.30(a) provides:

Allocations of CDQ and PSQ are harvest privileges that expire upon the expiration of the CDP. When the CDP expires, further CDQ allocations are not implied or guaranteed, and a qualified applicant must re-apply for further allocations on a competitive basis with other qualified applicants.

As you are well aware, the State is required to solicit submittal of CDPs, hold an application period and public hearings, and review and evaluate a multitude of factors in making an allocation recommendation to NMFS. These criteria are set out in State and federal regulations. The State strictly adhered to these requirements during this allocation process.

On August 15, 2004, the State notified the public of the 2006-2008 and 2005 Crab CDQ Application Period and application packets were mailed to the six CDQ groups. The application period began on October 1, 2004 and ended November 1, 2004. Public notice scheduling a public hearing was provided on October 15, 2004 and held in Anchorage, Alaska on November 30, 2004. The State required revisions to each CDP in letters to the CDQ

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Email: dbsc@commerce.state.ak.us Website: <http://www.commerce.state.ak.us/bsc/CDQ/cdq.htm>

groups dated November 15th and December 6, 2004. Expanded public hearings were held during December 15 through 17, 2004 in Anchorage, Alaska.

The State reviewed and evaluated all proposed CDPs to determine whether the CDPs were consistent with the standards in 6 AAC 93.017 and met all requirements of 6 AAC 93 and 50 C.F.R. 679. The State also considered all 20 factors set forth in 6 AAC 93.040(b) when reviewing and evaluating the six proposed CDPs.¹

Additionally, the State's evaluation and review and initial allocation recommendation was guided by the regulatory requirement to "maximize the benefits of the CDQ program to the greatest number of participating communities."² Therefore, the State determined that the following factors should be given more weight: 6 AAC 93.040(b)(1)-(5), (b)(9), and (b)(11)-(17).

After reviewing the six 2006-2008 and 2005 Crab CDP applications and having considered all factors for consideration under 6 AAC 93.040, CDQ Program Standards under 6 AAC 93.017, and the federal CDQ regulations under 50 C.F.R. 679, the State has determined initial allocation recommendations for all six CDQ groups. See Attached table. As in prior allocation cycles, the State used a by-catch model to determine the non-target species allocations. The calculations used for the 2006-2008 CDP cycle were based on harvest statistics provided to the State by the CDQ groups for the period 1999-2003.

A brief explanation of some of the factors the State relied on in making this initial allocation recommendation for your group is set forth below. Given the tight timelines the State is working under during this allocation cycle, a more thorough explanation of all of the factors relied on in making this initial allocation recommendation would have meant delaying this process even further. Therefore, in the interest of keeping this allocation cycle on track, a brief explanation is all the state could offer at this point. The State is mindful of the fact that a more thorough explanation of the basis of this initial allocation recommendation would provide for a more meaningful reconsideration process. However, the State is also mindful of the fact that further delays could disrupt the State's ability to consult with the North Pacific Fishery Management Council (Council) at the April 2005 meeting. The State feels strongly that being prepared to meet with the Council in April is an important step in completing this allocation process in time for the groups to fish the new allocations.

Each CDQ group will have 30 days from the receipt of this initial allocation recommendation to request reconsideration from the State. The request for reconsideration shall be in writing. There is no state or federal regulation requiring this reconsideration process. As you know, the State has proposed changes to the regulations that would provide for a reconsideration process. Additionally, the State has provided this reconsideration process in past allocation cycles. However, there is no requirement to participate in the reconsideration process. For groups that provide a timely written request for reconsideration, the State will have 30 days to respond to that request and will incorporate these comments in consultation with the Council at the April 2005 meeting.

Last, the State does not believe that any information in this initial allocation recommendation should be classified as 'confidential'. If you disagree, within 10 days of receiving this document, please provide us with notice of what information contained in this document is 'confidential' and why.

¹ Public comment received at the public hearings was considered. 6 AAC 93.040(b)(20).

² The State determined that 6 AAC 94.040(g) applied because the six groups requested more allocation than was available.

Initial Allocation Recommendation for YDFDA

Per the 2000 U.S. Census, YDFDA has the 4th highest population and the highest unemployment rate among the CDQ groups.³ YDFDA has the 2nd lowest median household income and a high poverty rate among the CDQ groups. Based on these factors, the YDFDA region has one of the lowest standards of living and highest economic need among the CDQ groups.

YDFDA's past performance of existing offshore CDQ projects have been successful in generating capital for fisheries related business investment.⁴ YDFDA has been active investing in for-profit offshore investments in the Bering Sea that provide a steady income stream to support their active and proposed CDQ projects in-region. YDFDA has a well-prepared long-range transition plan to develop a self-sustaining fisheries economy in their eligible communities on the Yukon River.⁵

YDFDA's CDQ projects for employment, education, and training that provide career track opportunities have been successful.⁶ YDFDA has made considerable efforts to provide employment opportunities for local residents both onshore and offshore. However, the Team feels YDFDA could improve in their employment efforts on behalf of YDFDA residents, especially with industry partners.

YDFDA's active and proposed CDQ projects appear to have the likelihood of developing a self-sustaining local fisheries economy and a viable schedule for transition from reliance on an allocation to self-sufficiency. Per 50 C.F.R. 679.30(a)(6), "The plan for transition to self-sufficiency must be based on the qualified applicant's long-term revenue stream without CDQs." YDFDA's in-region projects appear to be designed with realistic measurable milestones for determining progress for their projects.⁷

After considering all of the factors in 6 AAC 93.040, the CDQ Program Standards in 6 AAC 93.017, the federal CDQ regulations under 50 C.F.R. 679, and for the reasons set forth above, the State makes the following allocation recommendations:

Pollock allocation: 1% increase. The Team feels this is the proper allocation necessary to achieve the milestones and objectives in the proposed CDP.

Pacific cod allocation: No adjustment.

Bristol Bay Red king crab allocation: No adjustment.

Bering Sea Fixed Gear Sablefish allocation: No adjustment.

Atka mackerel and Pacific Ocean Perch allocation: 2% increase. The fact that YDFDA, along with other groups, have begun to successfully harvest these two species was taken into consideration.

³ 2000 Census, <http://www.census.gov>

⁴ Offshore investments, http://www.commerce.state.ak.us/bsc/CDQ/cdq_handbook/18_cdq_chapt5_YDFDA.pdf

⁵ 2006-2008 MS CDP, Binder I, V. CDQ Planning, A. "Transition Plan From CDQ Program to Self-Sufficiency" to C. "Other CDQ Planning Information Which May Assist in The Evaluation of The Application" pages 75-16

⁶ 2004 Third Quarter Report, II Community Development, C. "Employment" and D. "Training" pages 24-30

⁷ 2006-2008 MS CDP, Binder I, Executive Summary, E. "Goals and Objectives/Milestones of The CDP" to G. "Management Strategy to Accomplish CDP Projects" pages 11-20


Yellowfin sole allocation: 3% decrease. The fact that YDFDA, along with other groups, have begun to successfully harvest this species was taken into consideration. In making this recommendation, the State also took into consideration bycatch requirements to prosecute the groundfish fishery among the CDQ region as a whole.

Rock sole allocation: No adjustment.

Eastern Aleutian Islands Golden king crab and Adak Red king crab allocation: 14% allocation.

The State did not recommend adjustments in the majority of non-target species. Unless otherwise noted, adjustments in non-target species were the result of the State's bycatch matrix.

Sincerely,



Edgar Blatchford
Commissioner

Attachment

cc: Governor Frank H. Murkowski
CDQ Team

Western Alaska Community Development Quota Program
2006 - 08 Quota Allocations

	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA	Total
Pollock	11%	22%	6%	24%	22%	15%	100%
BS	11%	22%	6%	24%	22%	15%	100%
AI	11%	22%	6%	24%	22%	15%	100%
Bogoslof	11%	22%	6%	24%	22%	15%	100%

Pacific Cod	15%	21%	9%	18%	18%	19%	100%
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Sablefish							
BS FG	17%	20%	14%	2%	16%	31%	100%
AI FG	14%	19%	3%	27%	23%	14%	100%
BS	16%	22%	8%	16%	16%	22%	100%
AI	15%	18%	11%	19%	17%	20%	100%

Atka Mackerel							
WAI	15%	18%	11%	19%	17%	20%	100%
CAI	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%

Yellowfin Sole	14%	24%	11%	16%	11%	24%	100%
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Rock Sole	14%	23%	8%	16%	16%	23%	100%
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Greenland Turbot							
BS	15%	20%	8%	17%	19%	21%	100%
AI	15%	19%	8%	18%	20%	20%	100%

Arrowtooth	16%	22%	8%	16%	16%	22%	100%
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Flathead Sole	18%	21%	9%	16%	16%	20%	100%
Other Flatfish	20%	24%	9%	12%	11%	24%	100%

Alaska Plaice	11%	22%	6%	24%	22%	15%	100%
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POP							
BS	13%	22%	7%	21%	20%	17%	100%
WAI	15%	18%	11%	19%	17%	20%	100%
CAI	15%	18%	11%	19%	17%	20%	100%
EAI/BS	15%	18%	11%	19%	17%	20%	100%

Northern Rockfish BS	15%	20%	8%	18%	19%	20%	100%
Shorthead/Rougheye Rockfish BS	14%	20%	8%	19%	20%	19%	100%
Northern Rockfish AI	14%	18%	11%	20%	17%	20%	100%
Shorthead/Rougheye Rockfish AI	14%	19%	10%	19%	18%	20%	100%
Other Rockfish							
BS	14%	20%	8%	19%	20%	19%	100%
AI	14%	19%	9%	19%	19%	20%	100%
Other Species	15%	21%	9%	18%	17%	20%	100%

PSC							
Zone 1 Red King Crab	14%	22%	10%	17%	14%	23%	100%
Zone 1 Bairdi Tanner Crab	14%	24%	11%	16%	12%	23%	100%
Zone 2 Bairdi Tanner Crab	16%	23%	9%	15%	15%	22%	100%
Opilio Tanner Crab	14%	23%	10%	16%	14%	23%	100%
Pacific Halibut	15%	22%	9%	17%	16%	21%	100%
Chinook Salmon	11%	22%	6%	24%	22%	15%	100%
Non-Chinook Salmon	11%	22%	6%	24%	22%	15%	100%

Halibut							
4B	100%	0%	0%	0%	0%	0%	100%
4C	15%	0%	85%	0%	0%	0%	100%
4D	0%	26%	0%	24%	30%	20%	100%
4E	0%	30%	0%	65%	5%	0%	100%

Crab							
Bristol Bay Red King	10%	21%	13%	20%	18%	18%	100%
Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
Pribilof Island Red and Blue	0%	0%	100%	0%	0%	0%	100%
St. Matthew Blue	50%	12%	0%	12%	14%	12%	100%
Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
EAI Golden (Brown) King	8%	18%	21%	18%	21%	14%	100%
Adak (Petrel Bank) Red King	8%	18%	21%	18%	21%	14%	100%
Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%