



Coastal Villages Region Fund

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February 7, 2011

The Honorable Willard E. Dunham
P.O. Box 167
Seward, AK 99664

Dear Mayor Dunham,

We have a historic opportunity at hand – moving the home port of the Coastal Villages Region Fund (CVRF) fishing fleet from Seattle to Alaska. This is a longstanding goal of many prominent Alaskans that began with the Magnuson-Stevens Act of 1976 and the Community Development Quota (CDQ) Program that began in December of 1992. The vision of the recent Senator Ted Stevens and others saw the Magnuson-Stevens Act of 1976 and subsequent amendments to the Act as opportunities first to Americanize the fishing fleet in Alaska, secondly to provide fishing quotas to the communities surrounding prime fishing areas, thirdly to reinvest profits to produce jobs and grow the industry, and finally to Alaskanize the Alaska fishing fleet.

It is conceivable that the move of CRVF to Alaska would encourage the other 5 CDQ Groups to relocate their home ports to Alaska as well. Please allow me a moment to introduce you to the CDQ Program. The CDQ program allocates a portion of the Bering Sea and Aleutian Island harvest amounts to CDQ groups, including pollock, halibut, Pacific cod, crab and bycatch species. The CDQ program was granted perpetuity status during the 1996 reauthorization of the Magnuson-Stevens Act.

Our Coastal Villages Region Fund has become the largest of the CDQ groups. We may be the largest Alaskan owned and Alaska based Seafood Company in Alaska's 100+ year history of commercial fisheries. CVRF is owned by 9,400 native Alaskans from the beautiful west coast of our great state. We are projected to generate about \$100 million in seafood sales in 2011. In the 1990s when the Federal government allocated most of the Bering Sea to Seattle and Japanese companies it gave Coastal Villages 2% of the fish. Over the last decade we have gone from zero to nearly a quarter of a billion dollar balance sheet. And we have become the largest private-sector employer in the Kuskokwim Region.

CVRF offers fishing and processing jobs for more than 1,000 of our residents each year. We offer scholarships and summer jobs to our youth. We have become the largest Alaska based harvester and processor of seafood in the Bering Sea. Coastal Villages provides hope, fish, and work.

To provide the regional jobs Coastal Villages owns and operates a fleet of large fishing and processing vessels in the Bering Sea. With success our Bering Sea fleet has become quite big – it costs \$2 million to fill up the fuel tanks of our fishing fleet one time; we pay the crew more than \$10 million each year; we have more than 250 crew members including skippers who make more

than \$300 thousand each year and entry level jobs that pay more than \$50 thousand each year; we spend between \$5 million and \$10 million each year on maintenance; we spend approximately \$20M annually in Seattle for moorage, vendor support, and maintenance; and we spend approximately \$2M per year to fly crews to and from Alaska and Seattle. This is money that should be spent in Alaska, not in Seattle.

There are no harbors on the Alaska road system big enough to moor our entire fleet of vehicles. We need half a mile of dock space to park our vessels; we need 20,000 square feet of warehouse; we need 5,000 square feet of office space; we need 5 to 10 acres of fenced yard each year for equipment and staging; we need vendors to repair propellers and vessels, weld and paint, service electronics, mend fishing gear, repair the 50 diesel engines aboard our vessels, provide packaging for seafood products, provide fuel, provide Marine safety training, provide groceries and provisions. In other words we need in Alaska all those things that Seattle vendors have been providing for the last 50 years for the fishing industry. We need your help to Alaskanize the Bering Sea fisheries.

Coastal Villages has 100% ownership of 8 deep draft vessels ranging in length from 113 feet to 341 feet and 10 other tenders, longliners, and a tug. In partnership with another CDQ group, the Norton Sound Economic Development Corporation, we acquired another crab vessel and 5 pollock trawlers just last week. We will continue to buy more of the Seattle based Alaska fishing vessels in the future because the Federal CDQ Program requires all 6 CDQ Groups to reinvest in the Bering Sea. It is inevitable that our recently acquired fleet will gravitate north to its owner for the same reason that many of the vessels still go south to their Seattle owners and for the same reason that before the Americanization of our fisheries that began in 1976 the vessels used to go home to cities in Asia.

In considering moving our home port from Seattle to Alaska, our Board of Directors and staff established a set of criteria that are essential to our success. We identified the following requirements:

- deep water year-round ice-free port
- sufficient space and depth of water to construct a half-mile of dock for mooring, loading, and servicing our deep draft and other vessels
- sufficient land upland to construct warehouses and offices
- existing ship repair and maritime support facilities
- existing maritime training and licensing facilities
- road, rail, and air access

In examining ports across Alaska, we concluded that Seward on Resurrection Bay meets all our requirements. It is a deep water year-round ice-free port. It has the space on the water and upland to construct the half-mile of dockage to meet our needs, and room to expand in the future to meet the needs of others that will surely migrate north, including the other 5 CDQ groups. It is the home of AVTEC where our residents receive training, licensing, and recertification of maritime skills. It has a major ship repair facility, Seward Ship's Dry Dock that has the capability of lifting and repairing our largest 341 foot fishing vessel. It has a 250-ton travel lift and upland storage and maintenance space for our smaller vessels at the Seward Marine Industrial Center. It has an

existing maritime and fishing industry. It has road, rail, and air access and close proximity to Anchorage.

By working together we can accelerate this process of Alaskanizing the part of the Alaskan fishing fleet active in the Bering Sea. We look forward to working with you to achieve this historic opportunity.

Quyana,

A handwritten signature in dark ink, appearing to read "John O. Mark". The signature is fluid and cursive, with the first name "John" being more prominent.

John O. Mark, President
Coastal Villages Region Fund