



"Village with a Past, City with a Future"

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January 7, 2020

The Honorable Peter Micciche
145 Main Street Loop, Ste. 217, Room 226
Kenai, AK 99611

RE: Kenai River Personal Use Fishery Permit Fees

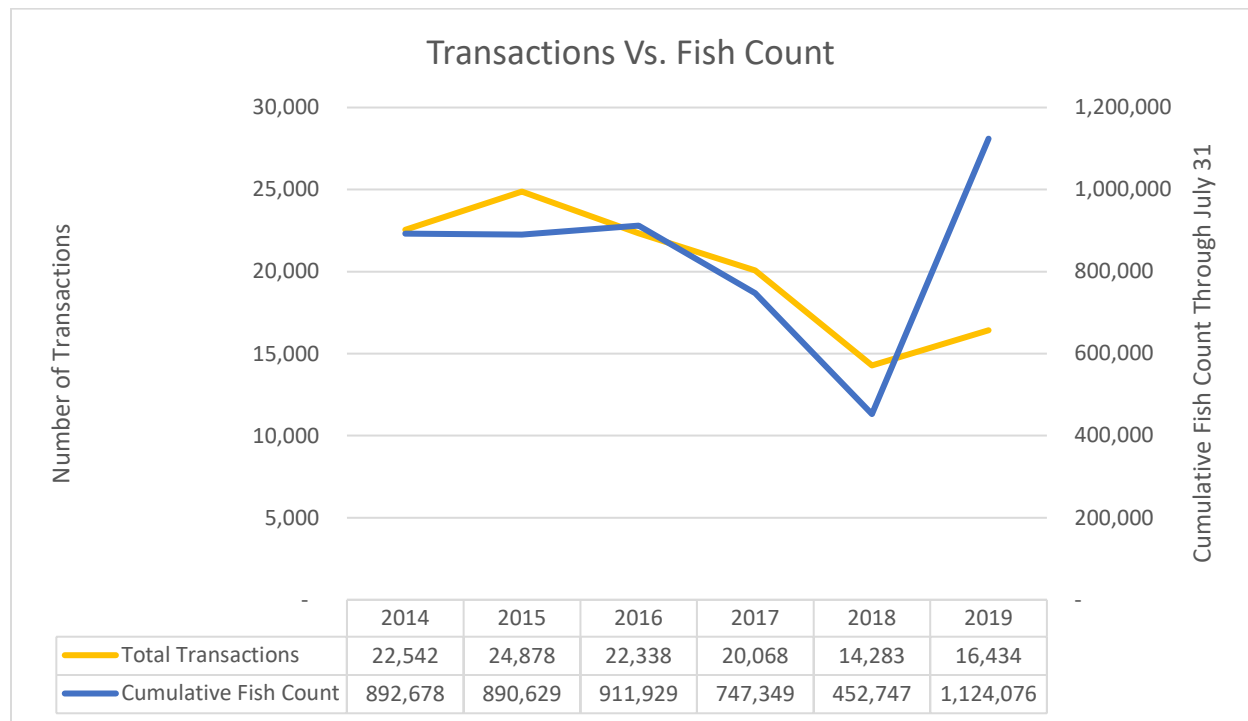
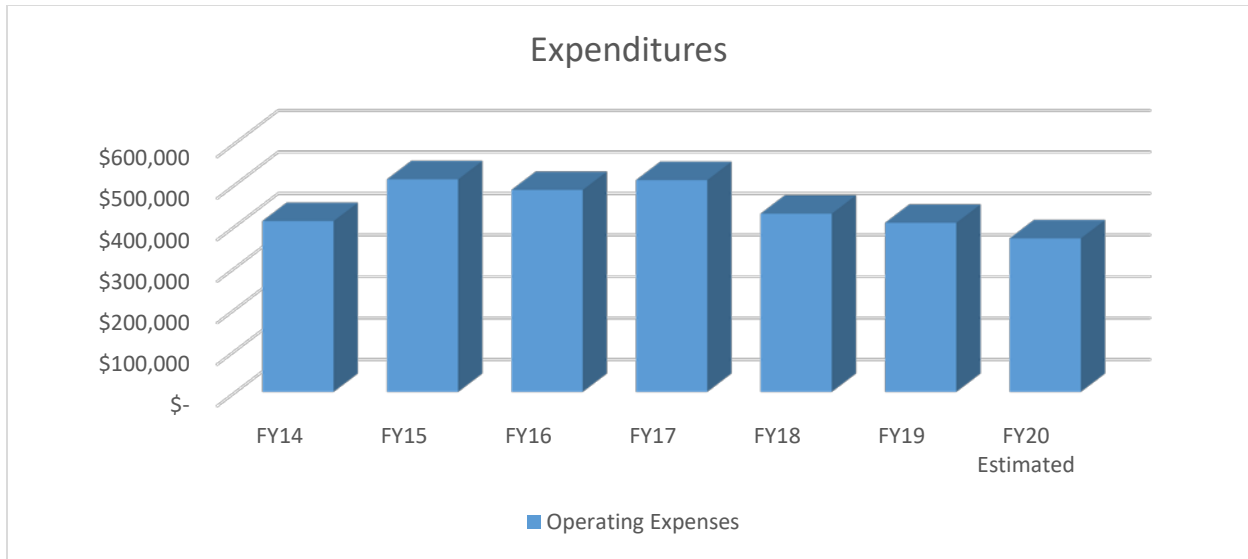
Dear Senator Micciche,

The Kenai River Personal Use Fishery is the most popular fishery in Southcentral Alaska and takes place at the mouth of the Kenai River within the City of Kenai city limits. Alaskans harvest an average of 350,000 sockeye salmon annually among approximately 30,000 permit holders. Participants must purchase a sportfishing license, but dipnet permits are free. Based on the factors discussed below, the City of Kenai recommends that the State enact a small dipnet permit fee paid for by participants to support the fishery in Kenai as well as other personal use dipnet sites.

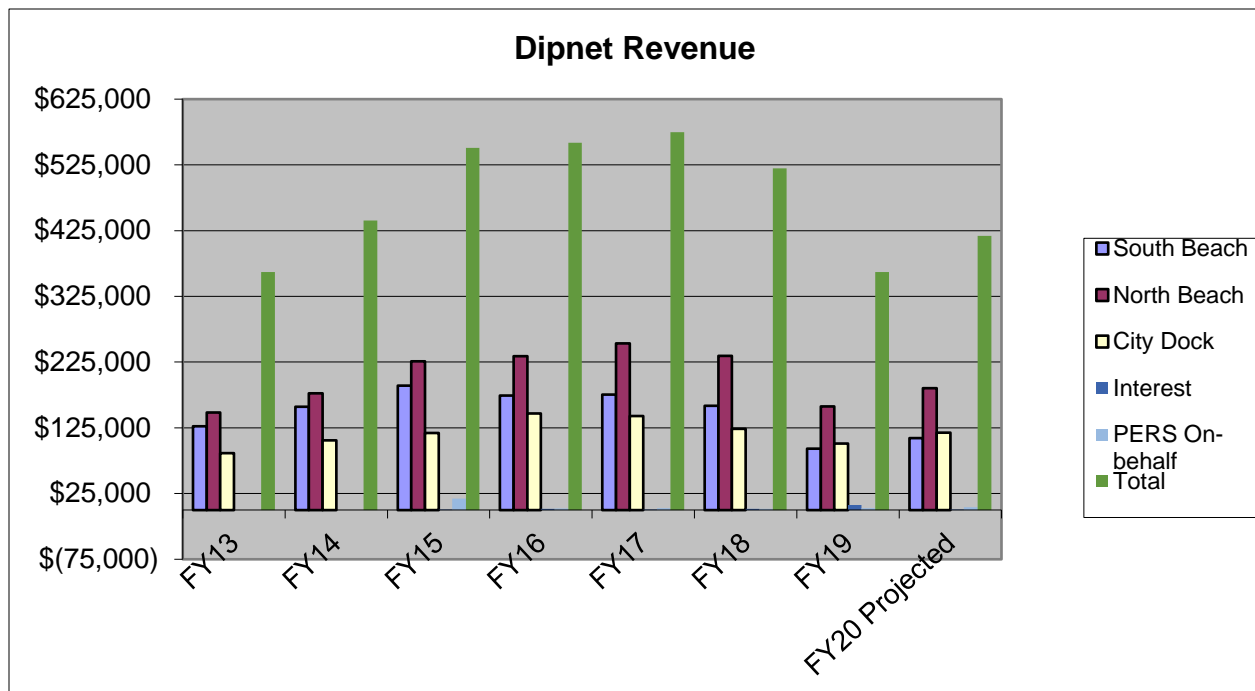
Since the beginning of the fishery in 1996, the City of Kenai has provided services and support, including parking areas, launch ramp and docking facilities, restroom facilities, fish waste and garbage management, extensive and continuous beach raking and clean up, camping, law enforcement, and emergency services. We've refined the City's approach to managing the fishery over the years, and in 2018 we developed the Dipnet App, which provides useful information to participants, including fish counts, webcams, fee calculators, and push notification capabilities that help keep people safe.

We continually strive to make the fishery safe and enjoyable while minimizing the impacts on sensitive habitat areas and the residents of Kenai. Our management of the fishery has evolved over the years to provide the best possible experience to the personal use participants. Operations are now more efficient and effective than ever, and we have accomplished this while reducing expenditures significantly over the last four years.

The City of Kenai plans to continue to provide a high level of service in support of the fishery. However, due to inconsistent participation over the last four years, it is evident the fees we collect, such as a daily drop-off pass or fee for overnight parking, to support the fishery are not sufficient to cover the costs that we incur. As shown on the graph below, this trend was confirmed during the 2019 fishery, when despite the greater return of sockeye to the river (fish counts were up 36% over the five-year average), the number of transactions was down 16% over the same period.



The corresponding loss of revenues will not sustain our operations. In FY2019, the City of Kenai operated the personal use fishery at a net loss of \$95,100. In FY2020, despite reducing budgeted expenditures by \$56,000, fish counts significantly higher than what we have seen historically, and recognizing an increase in revenues of almost \$60,000, the City projects that we will operate the fishery at a net loss of almost \$3,000. Last summer's fishery should have represented a year in which the City replenished our Personal Use Fishery Fund Balance, yet we continued to operate in the red.



The following photo, one of many taken in 2011, shows what the Kenai Beach looked like before the City of Kenai refined our processes and began to actively rake the beaches at low tide and provide educational materials to fishery participants about how to clean and handle fish and fish waste. The City and fishery participants cannot let the fishery revert to this previous standard, which was becoming dangerous to the health and safety of participants. At the same time, the City and its residents should not have to continue to subsidize the fishery. The continued efforts and the City's management of the fishery have been critical to the health and safety of participants and the impact on local beaches. We have worked as efficiently as possible to avoid a reduction in services. Still, it has become necessary to find a solution to the revenue shortfalls and, based on our analysis, a minimal dipnet permit fee paid for by participants to support the fishery.



A dipnet permit fee of \$5 per personal use permit issued would generate enough revenue to allow the City of Kenai to sustainably provide the same level of support to the fishery as we have in the past. Based on the 5-year average number of permits issued, a \$5 permit fee would generate approximately \$157,000. Based on the same five-year period, 69.3% of the household days fished were in the Kenai Dip Net fishery. Distributing the revenues from a dipnet fee based on household days fished would result in approximately \$109,000 to the City of Kenai and approximately \$48,000 to the State of Alaska to support the other Upper Cook Inlet personal use fisheries.

HOUSEHOLD DAYS FISHED 2014-2018				
Year	Fish Creek	Kasilof Gillnet	Kasilof Dip Net	Kenai Dip Net
2014	1,792	1,389	10,236	36,380
2015	2,303	1,741	10,346	31,487
2016	0	1,962	9,334	30,745
2017	1,311	1,874	9,458	27,775
2018	2,324	1,616	9,377	20,170
Five year average	1,546	1,716	9,750	29,311
% of total	3.7	4.1	23.0	69.3
PERMITS ISSUED 2014-2018 - All UCI Water Bodies				
2014		35,989		
2015		34,920		
2016		31,216		
2017		29,981		
2018		24,722		
Five year average		31,366		
PROJECTED DIPNET USER FEE REVENUE - Based on Five Year Average				
	Fish Creek	Kasilof Gillnet	Kasilof Dip Net	Kenai Dip Net
% of total	3.7	4.1	23.0	69.3
At \$5 / permit	\$5,803	\$6,430	\$36,070	\$108,682
At \$7 / permit	\$8,124	\$9,002	\$50,499	\$152,155
At \$10 / permit	\$11,605	\$12,860	\$72,141	\$217,364

If you need additional information or would like to discuss further, I may be reached by email at postrander@kenai.city, and my office phone number is 283-8222.

Sincerely,

A handwritten signature in blue ink that reads "Paul Ostrander". The signature is written in a cursive, flowing style.

Paul Ostrander
City Manager