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Alaska Salmon Alliance (ASA) Presentation to the Alaska State Legislature
Senate Resources Committee
Upper Cook Inlet Salmon Dialogue
Arni Thomson, Executive Director
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Juneau, Alaska

Summary of Topics to be Discussed:

- Introduction of ASA and briefly describe mission and goals and outreach work to engage stakeholders in dialogue that can lead to long term Cook Inlet management solutions.
- Describe the economic significance of the Kenai Peninsula commercial salmon and other fisheries.
- Issues of concern that need to be addressed, Legislative involvement in the Upper Cook Inlet Board of Fisheries meeting; Board Generated Proposals; Excessive number of proposals; Habitat concerns.
- Identification of potential solutions
- Conclusions

Description of the Alaska Salmon Alliance: The Alaska Salmon Alliance was formed in 2011 and it is a State of Alaska corporation and IRS designated 501c6 not for profit trade association representing Kenai Peninsula and Anchorage-based seafood processors and numerous Cook Inlet commercial drift and set net fisherman. Our organization believes that wild Alaska salmon are part of the cultural fabric of our state. They are woven into our past, our present and our future. As an organization, ASA is focused on public education, promoting the value of scientifically based salmon management to preserve habitats and create predictable harvests for all salmon users in the Cook Inlet Region. The ASA promotes long term sustainability and is a source for accurate information about the salmon industry. We advocate for thoughtful, process-oriented allocation of Cook Inlet salmon for the benefit of all Alaska. ASA also supports the concept of a healthy diverse economic for the Kenai Peninsula, with a balance of commercial, sport, personal use and subsistence fisheries.

During the past year the ASA has invested tens of thousands of dollars on community outreach in the Anchorage bowl and Mat-Su Valley delivering our message about the need for cooperation between all user groups to come together to resolve conflict and seek long term allocative and sustainable fisheries management programs for the Cook Inlet salmon fisheries. ASA efforts are well known and well documented vis a vis

community meetings and chambers of commerce attendance and sponsorship of programs encouraging collaboration and negotiation. We have documented some of those efforts with attachments.

It is noteworthy that the ASA spearheaded a precedential collaborative research funding initiative in the Alaska Legislature with the Mat-Su Fish and Wildlife Commission, the Kenai River Sportfishing Association and the Cook Inlet Aquaculture Association in a March 26, 2013 letter to the Alaska Legislature. This effort resulted in an allocation of over \$7 million for vital migration, genetics and habitat studies for the Cook Inlet region. Repeated requests throughout November and December of 2013 for continuing the collaboration in 2015 have not yet materialized. However, we heard yesterday the Mat-Su Borough and Commission have apparently submitted a new \$2.5 million salmon research appropriation request to the Legislature.

Economic Significance of Kenai Peninsula Commercial fisheries:

ASA has attached a detailed summary of its processor members and the economic significance of Peninsula fisheries, that we presented to the Board of Fisheries in February (RC 114, attachment). The introduction notes that the “commercial sockeye salmon fishery is the core fishery that is responsible for us being able to maintain plant operations on the Peninsula, and to attract halibut, black cod, and Pacific cod from this region, and to also attract salmon species from other regions, including Prince William Sound, Bristol Bay, the Yukon River and Kotzebue. We depend on regulatory stability and we have a pressing need for an orderly harvest spread out over an extended period of time to insure premium product quality and to maintain a stable labor force.”

To document the economic significance of Kenai Peninsula commercial fisheries the ASA contracted with Northern Economics in Anchorage to conduct an analysis of the fisheries. This precedential report was completed in May of 2013 and it is entitled “Cook Inlet Drift and Set Net Salmon Fisheries Report.” Catch and value figures are current through 2011 and they are based on official State of Alaska reported catches from fish tickets and processor reported data, the COAR reports. Department of Labor and CFEC data bases are also used as well as NMFS fisheries landing data. A copy of the report will be placed on line with the record of this hearing and it is available on the ASA web site. Some of the significant economic statistics are summarized here.

- 3,600 fishing jobs, with overall Alaskan residency of 80%;
- \$212 million first wholesale export value, all species;
- combined labor income to fisherman is \$78 million;
- 1,600 processing jobs with processing income of \$30 million
- total labor payroll of \$108 million.
- Combining the ports of Seward, Kenai, Homer and Anchorage and total landings of all species in these ports—the region would rank as the sixth largest port in the US in landed value of species.
- During the period 1980-2011, the accumulated harvest (landed) value of Cook Inlet salmon using 2012 inflation adjusted dollars was \$2.15 billion.

- The economic footprint for the region using a conservative economic multiplier of .6, over and above the first wholesale value of \$212 million is \$350 million per year.

The economic footprint estimate does not include many indirect economic benefits such as goods and services purchased locally by fishermen and processors and the revenue generated for the transportation of seafood products by truck and air freight, mostly to the lower 48. Reduced transportation costs for all northbound industrial and consumer products that come into Alaska through the port of Anchorage that are a direct result of the backhaul of Peninsula seafood products to the lower 48 are also not accounted for in the analysis.

Economic value and participation in sport, personal use and commercial fisheries fluctuate widely from year to year as circumstances change. South Central Alaska needs the social and economic contributions of all users of Cook Inlet salmon and we all must work together for the long term sustainability of our salmon resources.

In comparing economic reports it is important to refer to Gunnar Knapp's "Comparison of Recent Sport and Commercial Fisheries Economic Studies", (2009) prepared for the Cook Inlet Economic Task Force. Mr. Knapp used two major reports for his comparisons. Knapp advises caution in the comparison of economic reports between commercial and sportfish sectors of the industry. Differing methodologies are used by the sectors with non comparable economic value conclusions. In regards to Cook Inlet, Knapp had several interesting conclusions; (pages 38-42)

- How fisheries are managed affects their economic impacts.
- Public investments affect fisheries economic impacts
- Even if catches and allocations stay the same, economic impacts can change significantly from year to year.
- Economic impacts aren't necessarily proportional to fish catches.
- The studies provided relatively little if any useful policy guidance on sport-commercial allocation issues.
- There is not a one-to-one tradeoff between commercial harvests and sport harvests.
- Allocating more salmon to Cook Inlet sport fisheries will not result in proportionally higher economic contributions—it won't give Alaska anglers more money to spend.
- The potential increase in sport fishing income and jobs won't all go to Alaskans.
- The commercial industry is not viable without a certain threshold level of fishing opportunities and regular openings.
- Diversification of economic activities is generally a good idea.
- Not everyone wants more fishermen in Cook Inlet salmon streams (and more traffic, more crowded parking, etc.)
- Other things matter besides economic impacts—for example, treating people fairly.

- Economic arguments for changes in allocation should be based on analysis and clear thinking about the specific expected economic effects of the specific proposed policy change.
- Even if average economic effect per fish in a region is higher in the sport fishery than the commercial fishery, that does not mean that all reallocations are always economically justified.

A major concern of the ASA is the anti set netter ballot initiative. This initiative if allowed to go forward by the court and adopted by the voters in 2016 will immediately eliminate 500 setnet family businesses, most of whom reside in the Cook Inlet region. It will also severely disrupt processors' efforts for orderly and efficient production that maximizes benefits for all in the Cook Inlet sockeye salmon fisheries. The set net sector of the fishery is also essential to sustainable management of the salmon resources.

Legislative Involvement at the Cook Inlet Board of Fisheries Meeting, February 2014:

Without a doubt we have seen a sea change in recent years in how certain influential people have interacted with the Board of Fisheries and ADF&G. In the past, fishery management was a job that was best left to the professionals, that means biologists who were trained and mentored in the ever-changing and dynamic field of fisheries sciences. It takes years of involvement in the fisheries and a thorough understanding of the interrelationships between the different fisheries, gear types, run timing, historical patterns and emerging scientific data to make informed and intelligent decisions.

Policies of allowing trained professionals to comment on the scientific aspects of proposals, even allocative proposals that are couched in escapement goal proposals, needs to be encouraged. The professional biologists need to fulfill their job requirements so Alaska fisheries management can continue to be the model for the future. We should not allow the influence of politically motivated people to affect the best management practices of the salmon resources that so many Alaskans depend on.

Political influence was clearly apparent at the 2014 Cook Inlet BOF meeting and decisions were made that did not incorporate the best science and the public process was pushed aside for expediency.

We would like to reference a letter of concern regarding the Board's decisions being rash and insufficient time being allowed for public process that was filed by Representative Kurt Olson. Representative Seaton also expressed concerns in a newsletter about Legislative interference in the Board of Fisheries process. (attachments).

As a direct result of this political influence, drastic new restrictions were placed on the Cook Inlet commercial drift fleet's harvest of sockeye salmon. The drift fleet has been squeezed into a smaller, less productive area that will exacerbate overcrowding with sport fishermen and reduce economic efficiency for the fleet. Following the decision, an ADF&G representative noted that this decision could also result in long term over-escapements in the Kenai and Kasilof Rivers. This can significantly decrease future runs

and long term economic benefits to the fleet, shore-based processors and coastal communities of Kenai, Soldotna, Homer, Seward and Anchorage.

Major new restrictions were also placed on the east side setnetters, the ramifications of which could result in up to a 75 percent decrease in set netters fishing time and a similar amount of lost income for this harvest sector, disruption and proportional losses to the processors and the region's coastal communities. (attachment)

There were many reports presented to the Board of Fisheries at the 2014 Cook Inlet meeting. ADF&G presented several staff reports and individuals and user groups abused ADF&G data in compiling their reports. In contrast, a report from the Mat-Su Borough Fish and Wildlife Commission called "Juneau We Have a Problem" is simply a case study in Alaska fisheries ideology. As such, it characterizes the Mat-Su Borough culture of fisheries science and management. It is a conglomeration of assertions, theories and claims that hint at a political, social and economic program that will hopefully lead to "getting more fish in the Northern District rivers". In actuality, its acceptance can set a precedent that will lead to the demise of science-based management in the Board of Fisheries.

Specific Board of Fisheries Process Issues of Concern Leading to a Politicized Process:

Board Generated Proposals and Substitute Proposals: Board Generated Proposals and Substitute Proposals, although authorized by the Board of Fisheries, thwart the public process involved in the submission of proposals. Submission of proposals follows guidelines whereby the public is required to submit proposals using guidelines and criteria for providing information. There is a long established statutory deadline of April 10th for submission. Out of cycle proposals, Agenda Change Requests are required to be submitted 45 days in advance of the October Work Session. Petitions also follow guidelines. The purpose of the established guidelines is to allow for not only public input, but to allow time for the ADFG personnel to analyse and comment on the proposals. As noted earlier, two major Board Generated Proposals, 135 and 219, did not allow for public comment and adequate time for ADFG to analyze and comment on the proposals. There was virtually no scientific peer review involved in these two significant proposals.

Need for Pre-Screening Process for Upper Cook Inlet Board of Fisheries Proposals: At the current Board of Fisheries meeting, 222 proposals were reviewed by ADFG prior to the meeting and they were also deliberated and acted upon by the Board of Fisheries. The meeting lasted 14 days, January 31st to February 13th. Although the Board of Fisheries process works well for most regional fisheries under State jurisdiction, it is not adequately addressing long term solutions for the Upper Cook Inlet (UCI) salmon fisheries. The growth of personal use and sport fisheries on the Kenai River and the Big Susitna and Little Susitna river drainages, exacerbated by the decline in Kenai River king salmon and habitat inspired salmon declines in the Mat-Su drainage, it is time for the Board of Fisheries to step back and take a holistic approach, rather than the piecemeal

individual proposal approach, that will require adaptive measures and result in long term solutions. Some recommendations are:

- An interim pre-screening system could be developed that could utilize some combination of ADFG staff to prioritize a meaningful list of proposals to be dealt with in the normal cycle, with a goal to reduce the number of proposals to a pre-established limit for UCI issues, that could be set by the Board of Fisheries.

Need for a Collaborative and Inclusive Public Process to Develop Long Term Allocative and Management Solutions for Cook Inlet Salmon Fisheries:

- An approach to develop long term solutions for Cook Inlet salmon fisheries: There is a need to consider developing an informal stakeholder process and discussions to identify core problems, a reasonable range of proposed solutions, and credible sector representatives that can eventually serve on a stakeholder committee to seek long term allocative and solutions. Teleconferenced meetings could be organized outside the normal Board of Fisheries meeting cycle. The “unofficial process” can be funded primarily at the expense of stakeholders, who would also set a schedule for meetings. Once a critical mass of stakeholders have come to the table and established some clear alternatives, and demonstrated the desire to continue, the BOF can make a preliminary decision to sanction the process and schedule it for preliminary reviews. Within the process all stakeholder concerns are addressed, commercial, subsistence and recreational fishermen, processors, communities and environmentalists come to the table. This type of process has been successful in several Alaskan fisheries.

The Need for the Board of Fisheries to Take Action to Protect In-River Habitat:

Ten Kenai River habitat protection proposals were submitted to the Board of Fisheries by Dwight Kramer of the Kenai Area Fishermans Coalition (KAFC) Proposals 219-228. These habitat related proposals recommended seasonal spawning bed closures to protect king salmon. All of these were opposed by ADFG and subsequently rejected by the Board of Fisheries. However, the U.S. Department of Interior, Fish and Wildlife Service supported Proposal 219, with modifications subject to discussions with ADFG PC 301 (attachment). The ASA is very supportive of those proposals. ASA submitted PC 198 (attachment) at the Board of Fisheries, supporting “decisive and immediate action to protect spawning king salmon and their freshwater spawning and rearing habitat within the Kenai River.” We attached a list of 239 signatories supporting this action. It is noteworthy that the Board of Fisheries took no substantive action to protect in- river king salmon habitat at the Cook Inlet meeting, despite overwhelming public recognition of the need for such decisive action.

For the record of this hearing, we also support the testimonies of Richard Koch, Dwight Kramer, Robert Ruffner and KPFA at these Hearings, in regard to the need for development of protections for in-river habitat and spawning beds and the integrated research program recommended by KPFA. ASA also supports the concerns of Lisa Gabriel expressed at the Board of Fisheries meeting (RC 238 attachment) regarding

ADFG protracted obfuscation of Kenai River Habitat Reports, that has been ongoing since 1997.

Conclusions: Economic and Resource Sustainability Threats from a Politicized Process:

The powerful economic engine of the commercial, sport and personal use fisheries of Cook Inlet, runs on a renewable resource and requires only two things: science-based management of salmon for sustained yield; and a reliable and predictable regulatory environment that allows for an orderly harvestable surplus of salmon.

Current management plans and politics are increasingly placing salmon runs at risk and setting up unrealistic expectations for some user groups. Kenai River sockeye don't know that they are supposed to arrive at the mouth of the Kenai River on the weekend for the convenience of dipnetters. Cohos and kings did not evolve with the physiology to withstand being hooked, fought and released one or more times before trying to spawn. For long-term sustainability salmon resources need to be managed using the best available science. Only then can Alaska claim to have the best managed fisheries in the world.

All members and participants in our fishing communities benefit from escapement goals that lead to high future yields or returns. When high escapements occur, it is more likely there will be reduced future yields that could lead to otherwise avoidable restrictions and economic losses in our fishing communities.

Healthy salmon runs and reasonable opportunities for Cook Inlet harvesters and processors to access those stocks is critical because it also allows processors to spread costs allowing them to process fish from Prince William Sound, Bristol Bay and Western Alaska.

As long as there are sufficient salmon returns to provide for a healthy commercial fishery there will always be reasonable opportunity and sufficient numbers of salmon to meet the needs of in river harvesters and escapement goals. If salmon returns decline, eventually all users will face restrictions or even closure to meet escapement goals.

Continued politicization will be the death knell of sustainable fisheries management and threatens the State of Alaska fisheries management reputation as a model for fisheries management in the U.S.

List of Attachments:

- Anthology of ASA op eds and forum announcements, Fish Facts ad
- ASA BOF testimony RC 114; Proposals and substitutes for 135 and 209; Mullen
- Board of Fisheries public comments (PCs and RCs) RC 151; RC 219; RC 236;
- ASA RC 87
- Legislative correspondence 2013
- Habitat attachments: PC 301; RC 238; RC 3; PC 198