

**ALASKA STATE LEGISLATURE  
HOUSE SPECIAL COMMITTEE ON FISHERIES**

January 19, 2005

8:37 a.m.

**MEMBERS PRESENT**

Representative Gabrielle LeDoux, Co-Chair  
Representative Bill Thomas, Co-Chair  
Representative Peggy Wilson  
Representative John Harris  
Representative Jim Elkins  
Representative Mary Kapsner  
Representative Woodie Salmon

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

OVERVIEW: DEPARTMENT OF FISH AND GAME

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

DOUG MECUM, Director  
Division of Commercial Fisheries  
Alaska Department of Fish and Game  
Juneau, Alaska

POSITION STATEMENT: Presented an overview of the division

KELLY HEPLER, Director  
Division of Sport Fisheries  
Alaska Department of Fish and Game  
Juneau, Alaska

POSITION STATEMENT: Presented an overview of the division

REPRESENTATIVE MIKE KELLY  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Posed questions to the directors

## **ACTION NARRATIVE**

**CO-CHAIR GABRIELLE LEDOUX** called the House Special Committee on Fisheries meeting to order at [8:37:00 AM](#). Representatives LeDoux, Thomas, Wilson, Harris and Elkins were present at the call to order. Representatives Kapsner and Salmon arrived as the meeting was in progress.

### OVERVIEW: DEPARTMENT OF FISH AND GAME

[8:38:56 AM](#)

DOUG MECUM, Director, Division of Commercial Fisheries, Alaska Department of Fish and Game (ADF&G), presented a brief outline of fisheries authorities, including National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service Office of Subsistence Management (USFWS - OSM). He explained that the state Board of Fisheries adopts fishery management plans and makes allocation decisions while ADF&G implements those plans and decisions. The Commercial Fisheries Entry Commission (CFEC) has the authority to establish moratoria or limited entry systems for state-managed fisheries. The Department of Public Safety [Alaska Bureau of Wildlife Enforcement] enforces ADF&G regulations.

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MR. MECUM stated that ADF&G is the primary state fishery authority which operates under the federal regulatory regime as established under the Magnuson-Stevens Fishery Conservation and Management Act (MFCMA). The ADF&G has an exclusive economic zone within 200 miles of U.S. Coasts. He said that the State of Alaska has a commissioner's seat and five other seats on the North Pacific Fisheries Management Council (NPFMC), which adopts regulations. This council makes decisions with respect to Bering Sea crab, Aleutians Island crab and groundfish, Gulf of Alaska (GOA) groundfish, and salmon and scallops. The salmon fisheries in federal waters are managed by ADF&G under delegated authority, as are the Bering Sea, Aleutians Island and GOA crab fisheries, and shrimp and some rockfish species. He said that the International Pacific Halibut Commission (IPHC) regulates the halibut fishery; the state doesn't have management authority for halibut in either federal or state waters. He noted that [the State of Alaska] also has a seat on the [Pacific Salmon Commission].

[8:41:48 AM](#)

MR. MECUM pointed out that the Division of Commercial Fisheries is responsible for managing the commercial fisheries as well as some personal use fisheries, and it is the primary management authority for the subsistence fisheries. The ADF&G also conducts research programs. The department is responsible for the planning and permitting of fish hatcheries and mariculture operations; and also participates extensively in the Board of Fisheries process, the Pacific Salmon Treaty, Alaska-Yukon Treaty negotiations, and North Pacific Fisheries Management Council.

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MR. MECUM explained to the committee that the Division of Commercial Fisheries has about 300 full-time and 520 seasonal employees. The division is organized into five offices, including the headquarters office in Juneau and the following four regional offices: Southeast Region (Southeast Alaska and Yakutat), Central Region (Cook Inlet, Prince William Sound, and Bristol Bay), Arctic Yukon Region (Western Alaska, Interior, and North Slope), and Westward Region (Kodiak, Bering Sea, and Alaska Peninsula). The division has about 40 area offices around the state.

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MR. MECUM pointed out that, for his division, between fiscal year 2005 (FY05) and FY06 the general fund (GF) increased by about \$1.34 million. This consists of a \$900,000 increment that the division submitted and approved to do expanded stock assessment, genetics work, and sonar-verification in the following areas: Copper River, Prince William Sound, Cook Inlet, Kenai River, and Bristol Bay. He stated, "Another 500 and some-odd thousand dollars is increased employers' costs, PERS [Public Employees' Retirement System]. Other than that it's really a status quo budget."

MR. MECUM explained that the value of salmon has gone up in the last couple of years due to the abundance of sockeye, a higher value species, and some improvement in prices. He stated that harvests continue to be very high; over the past 15 years salmon fisheries have been at record levels.

[8:45:35 AM](#)

MR. MECUM pointed out that salmon made up 15 percent of the total 2004 Alaska Commercial Fisheries Harvest; halibut, shellfish and herring each made up 1 percent; and groundfish made up 83 percent.

MR. MECUM explained that, even though halibut made up only 1 percent of the landed catch, it made up almost 17 percent of the value. Similarly, the shellfish made up a small percent of the landed catch, but made up 13 percent of the value.

REPRESENTATIVE HARRIS asked MR. MECUM what his biggest challenges were this year.

[8:47:12 AM](#)

MR. MECUM replied that salmon fisheries are in a state of distress around the state. The ADF&G is working with a salmon restructuring panel that is an extension of the Joint Legislative Salmon Industry Task Force. This panel is currently working on some options for restructuring fisheries. He explained that, in the federal fisheries, "rationalization, for lack of a better term, is something that's been going on, that's going to continue to go on". He stated that the division will work with the various policy makers, the legislature, the Board of Fisheries, and the council process to restructure the fisheries to make them more economically viable and to try to eliminate the race for fish, for safer fishing conditions.

MR. MECUM noted that the Division of Commercial Fisheries has a GF budget of about \$23 million, which, in real terms, is less than the budget of 1975. He said that the division has made up a lot of that with federal funds, but while the budget has remained static, the division's responsibilities over the past 15 years have increased dramatically.

[8:49:17 AM](#)

CO-CHAIR THOMAS asked Mr. Mecum if ADF&G planned to weigh in on the Tulsequah Mine, which he believes will have a major impact on the gillnet fishery.

MR. MECUM deferred to the director of the Division of Sport Fisheries, which is responsible for habitat management permitting.

KELLY HEPLER, Director, Division of Sport Fisheries, answered that ADF&G is involved and working with the Canadians. He said

that Ron "Rocky" Holmes, Regional Supervisor, ADF&G, is representing the department and making sure that the fisheries concerns are met.

8:50:27 AM

REPRESENTATIVE WILSON stated that when the Canadians open a mine they do a fairly good job bringing in all the stakeholders at the beginning. She said that usually the First Nations and the environmentalists are involved, so that everyone gets their say. She asked if [the State of Alaska] has been included in that process.

MR. HEPLER responded in the affirmative, adding that Mr. Holmes will be attending another meeting in about a month -and-a-half.

8:51:28 AM

MR. HEPLER, in response to a question from Representative Kapsner, said that there are two hatcheries in Anchorage, one located on Elmendorf Air Force Base and one at Fort Richardson Army Base. The hatcheries are about 30 years old and have failing infrastructures. Furthermore, there have been some heating concerns; "we've been getting some hot water out of the bases to raise some fish, particularly Rainbow Trout. We're losing those heating sources." These two hatcheries represent a lot of sport fishing opportunities through the Railbelt area. He noted that fish from these hatcheries have been shipped to Juneau and Kodiak. Mr. Hepler stated that these hatcheries are currently producing 25-30 percent of the sport fishing opportunities, but the hatchery production is falling. Within the next two years, he said, "We're going to lose it down, maybe 50-60 percent of the productions coming out of those hatcheries is going to go away." He informed the committee that the ADF&G received funds to perform an engineering review, which concluded that the department needs to build two new hatcheries, one in Fairbanks and one in Anchorage, and raze the current hatcheries.

MR. HEPLER said that the cost of building two new hatcheries would be about \$60 million. Additionally, he said that he had a meeting a year ago to ask "private nonprofits" in Southeast Alaska "what are the needs facing Southeast...particularly on the sport fishing side, not so much commercial production...and tell us what your needs are. So, in combination of those two, there's around \$63 million need."

MR. HEPLER stated that, ideally, he'd like to get that money from a bank account, from the GF or from U.S. Senator Ted Stevens, "but there's a lot of competing needs right now." He said, "The only way we could think of to realistically be able to ... build those hatcheries in the time frame that makes sense is to go back and bond these things out. So we ask, if we need \$63 million, what's it take to pay a \$20 million bond off, and it comes to \$5.3 million." In order to raise the \$5.3 million, the department has proposed the license increases.

MR. HEPLER, in response to a request from Representative Kapsner, re-explained the background on the Anchorage hatcheries and the license increases. He said that the two hatcheries are producing a lot of fish, adding up to about 15 percent of the sport fishing opportunity in the Southcentral area. He stated that there is an immediate need for these to be replaced. By increasing licenses to pay for the new hatcheries, he said, "It's hatchery production and it's going to be primarily born on the backs of the anglers."

MR. HEPLER stated that he can't find any information about when the resident license fees were last raised, but the licenses have remained \$15 for more than 25 years.

[8:58:11 AM](#)

REPRESENTATIVE KAPSNER expressed concern for people in remote parts of the state who will not benefit from the hatcheries but will be putting money into them [by paying for licenses]. She stated that some parts of the state are philosophically opposed to sport fishing and find the name itself offensive. She expressed further concern for the economically depressed parts of the state.

MR. HEPLER pointed out that the department is not raising the low-income license for people who are economically depressed, which he thinks is defined as having a salary of less than \$15,000. In further response, Mr. Hepler stated that ADF&G still has programs for stock assessment in rural areas that benefit rural communities. If ADF&G cannot raise money through license increases, it may need to consider whether it can afford to keep area offices open in rural areas and perform stock assessment. He said, "If we keep people fishing in Railbelt areas, they're not going to go back in your backyard and go fishing."

MR. HEPLER stated that people may view this as a tax, but ADF&G will be able to show a direct benefit from this in sport fishing opportunities.

[9:01:39 AM](#)

MR. MECUM, in response to Representative Salmon, explained that the False Pass fishery, like all other fisheries around the state, is regulated by the Board of Fisheries. At the last meeting, the fisheries board increased fishing time considerably in the Area M fishery, which has raised a lot of concern because many of the stocks in the Yukon and Kuskokwim drainages, particularly the summer run chum and the fall chum salmon, have fallen below historical levels for a few years. The fisheries are regulated under management plans that are adopted by the board while ADF&G implements those plans and ensures the conservation of the stocks through the emergency order authority. MR. MECUM noted that this year, the first year of the new management regime that was established by the board, ADF&G was able to meet its escapement goals. In fact, many runs have improved, chum in particular.

[9:03:34 AM](#)

CO-CHAIR LEDOUX asked if the Kodiak tanner crab stock is expected to continue increasing.

MR. MECUM answered that he thinks so, in the short term, but no one can really say what will happen several years out, although one can look at the recruitment information from the surveys to gauge the health of the stock. He said, "... the quota was doubled from what it was before; it's a real shot in the arm to the Kodiak economy and to the state ... ."

[9:04:24 AM](#)

CO-CHAIR LEDOUX inquired as to the type of research being conducted regarding regime shifts.

MR. MECUM explained that the term "regime shift" refers to a change from a cold-water/cold-temperature regime in the ocean to a warm-water/warm-temperature regime. He said that through most of the 1960s and 1970s, there was a cold-water regime and there was a higher abundance of shrimp and crab species. However, now there is a warm regime, and there is an increase in cod and pollock populations, which prey on crab larvae. The shift in the ocean-temperature regime results in a shift in the ecosystem

and the predator-prey relationship. He informed the committee that there is not a lot of research that allows one to predict [ocean temperatures]. The North Pacific Research Board is funding research projects in the northern Pacific Ocean. He said that most of ADF&G's research is directly tied to managing the fisheries, not long-term research. He noted that ADF&G has been conducting a trawl survey for shrimp in the GOA, which is indicating that shrimp populations are continuing to increase, as are some other species of forage fish.

[9:07:55 AM](#)

MR. MECUM, in response to Co-Chair LeDoux, said that regime shifts are being tracked in several ways, including mass balance studies on glaciers. Still, it is difficult to tie this information back to predictive models for managed stocks like cod or crab.

[9:08:41 AM](#)

MR. MECUM, in response to Co-Chair Thomas, stated that the hatchery contributions are more than 20 percent of the total statewide commercial harvest. The major pink salmon hatchery production is centered in Prince William Sound. In Southeast there is a large chum salmon hatchery program. He said that the cost recovery harvest is included as part of the commercial harvest on the graph [see handout, page 10; "Statewide Fisheries"]. He explained that the percentage of salmon taken by the hatcheries for cost recovery can be anywhere between 20 and 70 percent.

[9:10:47 AM](#)

MR. MECUM, in response to a query by Representative Salmon, stated that there are about 36 hatcheries in Alaska. He clarified that the State of Alaska only operates the two sport fish hatcheries in Anchorage, although there is one federal hatchery on Baranof Island, and all the rest are private, nonprofit hatcheries. Mr. Mecum said he didn't know how many people are employed by hatcheries, although the hatcheries contribute greatly to the state's economy.

[9:12:24 AM](#)

REPRESENTATIVE WILSON asked how many of the nonprofit hatcheries were originally funded by the state and how many have paid the state back.

MR. MECUM explained that the state built quite a few hatcheries "when we had lots and lots of money"; some of them were transferred to the nonprofit organizations, some were built with loans that are being paid off. He said that the loans were for operating expenses and other improvements and the hatcheries are paying off those loans.

REPRESENTATIVE WILSON asked for clarification as to why some of the hatcheries were turned over [to private nonprofit organizations] while some have to repay the loans.

MR. MECUM replied that, when the state began to run into fiscal problems, it was determined to be cheaper and more efficient for the facilities to be run by nonprofits with the operations funded by the commercial fishermen. He explained that the sport fish hatcheries are a different issue than the commercial fish hatcheries, and he deferred to Mr. Hepler for further explanation. He said, "In essence, all of the hatcheries are paying off their loans and paying for their expenses through ... taxes on commercial fishermen and through cost recovery on the fish that are returning to the hatchery." He stated that the two proposed hatcheries would be funded by the increased license fees, so there would be no loan.

[9:15:46 AM](#)

CO-CHAIR THOMAS asked Mr. Hepler what ADF&G would do with the fees once the hatcheries are paid off.

MR. HEPLER replied that this has not yet been decided; he proposed that perhaps there should be a sunset clause, or maybe in 20 years there will be a need for a new hatchery.

CO-CHAIR LEDOUX noted that, at the last Board of Fisheries meeting in Anchorage, there was a proposal concerning fish traps. She asked if ADF&G had any position on that.

[9:17:10 AM](#)

MR. MECUM said that the main intent of the proposal was to establish a cooperative; the proponents were looking for a way to pool resources to be more efficient and to harvest a better quality product. He noted that the setnet fisheries in Kodiak can sell their fish to some of the more high-end markets if they can increase the quality of the fish. Some bruising and blemishing can occur when fishing with setnets, so the fisherman

wanted to develop some sort of gear that would allow for live harvest, and therefore a higher quality fish. He pointed out that fish traps are banned by statute, and that the Board of Fisheries cannot authorize a type of gear or activity that is banned by the legislature.

[9:19:02 AM](#)

REPRESENTATIVE KELLY asked for further clarification on the proposed Fairbanks hatchery.

MR. HEPLER clarified that the proposed hatcheries will have backup boiler systems.

REPRESENTATIVE KELLY expressed concerns about the closure of the Clear Hatchery in Fairbanks.

[9:23:32 AM](#)

CO-CHAIR THOMAS asked if ADF&G is trying to do anything about overescapement.

MR. MECUM stated that he is not aware of any overescapement in the Copper River; sometimes ADF&G has to curtail the commercial fishery to protect the wild stocks, and that's allowed some of the hatchery stocks to go unharvested. The department has a sonar counter in the Copper River, but has never had an independent verification of how well it works.

[9:26:02 AM](#)

CO-CHAIR THOMAS voiced concern about excessive catch and release activities which he said can kill the fish.

MR. HEPLER said that ADF&G has produced a lot of literature describing how to correctly catch and release fish.

[9:29:03 AM](#)

REPRESENTATIVE SALMON asked if there are any hatcheries on the Yukon and Kuskokwim Rivers.

MR. MECUM stated that there is some chinook hatchery production in Canada, but it's very small. He said that there are no hatcheries on the Yukon or the Kuskokwim Rivers, but people have talked about rehabilitation-type programs.

[9:30:27 AM](#)

CO-CHAIR LEDOUX asked if ADF&G has done any analysis of the open oceans aquaculture proposal by NMFS.

MR. MECUM replied that the department has commented on this. He explained that the governor, in his comments on the U.S. Commission on Ocean Policy, called for a five-year moratorium on open ocean aquaculture while more impact assessments are completed. Mr. Mecum stated that there should be a strong public process if NMFS is going to move forward with this. He confirmed that the [NMFS] proposal is still just a proposal.

**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at [9:33:24 AM](#).