

HCR

9

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 26, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/7/93

The FINANCE Committee considered:

HCR 9

HOUSE CONCURRENT RESOLUTION NO. 9

COMMUNITY DEVELOPMENT FISHING QUOTAS

Relating to management of the community development fisheries quota program and fisheries development by the state.

RECOMMENDATIONS:

be replaced with CS HCR 9 (Fish) the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) FC 3/17/93

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Donald J. Larson</i>	X	<i>Terry Martin</i>		✓	
<i>Sam Parnell</i>	X	<i>Gene Theriault</i>		X	
<i>Ben Gussendorf</i>	X	<i>Therriault</i>			
<i>Tom Hoffman</i>	✓				
<i>Mike Maxine</i>	✓				
<i>Lay Brown</i>	✓				
<i>Mark Hanley</i>	X				
<i>Richard Foster</i>	X				

Donald J. Larson
CHAIRMAN'S SIGNATURE

FISCAL NOTE

No. _____
 E Version: CSHCR 9 (FSH)
 (H) Publish Date: 3/17/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Fish and Game

Title: Community Development Fishing Quotas

BRU: Commercial Fisheries

Component: Commercial Fisheries

Sponsor: Representative Hoffman

Requestor: House Fisheries

COMPONENT SERIAL NO. 439

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Geron Bruce Phone: 465-6143

Division: Commissioner's Office Date: 3/9/93

Approved by Commissioner: [Signature]

Agency: Department of Fish and Game Date: 3/9/93

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(Rev. 12/92)

COMMITTEE COPY

Community Development Quota (CDQ) Program

The Community Development Quota (CDQ) is a fisheries development program between the North Pacific Fisheries Management Council (NPFMC), the State of Alaska and 55 rural coastal communities along the Bering Sea coastline. Through a cooperative working approach, pollock groundfish quota was reserved for Alaska rural coastal communities. Between 1992 and 1995, 7 1/2% of available pollock quota is set aside for competitive application from groups of eligible communities.

After forming applicant groups, regional associations incorporated for the purposes of fisheries development enterprises. Business plans were prepared and applications submitted to the state for review and recommendation to the U.S. Secretary of Commerce.

Federal and state regulations govern operations of the CDQ program, including organization requirements, listings of eligible communities, goals and objectives of applicant entities, reporting requirements and overall performance stipulations. The necessary public hearings were held throughout this process and transcripts compiled.

Initially, the CDQ program addresses the pollock groundfishery, the most lucrative biomass available within the Bering Sea groundfish fishery. Subsequent entry into halibut and sablefish (black cod) is underway. Further incursions into Pacific cod and crab resources are being actively considered and fully supported by the Hickel administration.

Proceeds derived from partnership arrangements with industry are required to be reinvested in fishery development projects, either within the applicant's region or as additional investment in the larger Bering Sea fisheries arena. Employment of local residents is required. Testimony by state officials and both state and federal regulations insist that operations be *active* not passive. Mere sale of quota and receipt of *dividends* will not be tolerated; all parties to the program are fully warned of this requirement. State and federal regulations provide measures for suspension or termination of quota awards should the state recommend such to the Secretary. Failure of applicant groups to reasonably perform according to regulations could trigger such action.

Annual quota amounts to approximately 101,450 metric tons, with an estimated value of \$20 M, not including direct employment benefits.

Prepared by: John M. Walsh, Deputy Director
Department of Community and Regional Affairs

Date: January 29, 1993

**CDQ CHRONOLOGY
WHAT WE HAVE DONE**

1. November 1, 1991 — DCRA & ADF&G bring CDQ issue to Rural Sub-Cabinet.
2. January 1992 — Governor gives direction to Rural Sub-Cabinet to move forward on approval of CDQ's.
3. March 1992 — Governor writes letter to Secretary of Commerce and makes call to EPA Administrator Reilly on inshore/off-shore amendment (includes CDQ)
4. April 1992 — The North Pacific Fisheries Management Council (NPFMC) approves our State CDQ criteria and procedures.

The NPFMC action did 2 things:

1. Gave Alaska the go ahead to draft State Regulations;
2. Gave direction to the National Marine Fisheries Service to draft Federal Regulations.

In order to speed the Federal Regulatory Process, the State paid for the Environmental Assessment Regulatory Impact Review required by the Federal process.

5. May 1992 — Governor secures funding for CDQ implementation and operations: FY92 \$100K, FY93 \$200K.
6. May - Sept. 1992 — DCRA, ADF&G and DCED work with the National Marine Fisheries Service on proposed Federal regulations.
7. October 23, 1992 — Public Comment period on Federal Regulations completed.
8. November 18, 1992 — Secretary of Commerce approves Federal Regulations.
9. November 18, 1992 — State Emergency Regulations adopted.
10. November 25, 1992 — CDQ Application review completed and Governor makes findings and recommendations to Secretary.
11. November 27, 1992 — CDQ Applications submitted to National Marine Fisheries Service for review.
12. December 1, 1992 — Governor's Recommendations received in Washington D.C. for Final Approval of U.S. Department of Commerce Secretary.
13. December 3, 1992 — Dr. Fox at U.S. Department of Commerce signed findings and recommendations for Secretary of Commerce. Signing action filed in the Federal Register.
14. December 3, 1992 — National Marine Fisheries Service in Juneau officially notifies Governor of Secretary's decision and alerts CDQ applicants with authorization to fish.

CDQ Applicant/Representative	CDQ Applicant Partner
× John Jemewouk Norton Sound Economic Development Corporation PO Box 39089 Elim, AK 99739 Phone: (907) 890-2248 Fax: (907) 890-2249	Bill Stokes Glacier Fish Co. 1200 Westlake Avenue N. Seattle, WA 98107 Phone: (206) 782-0118 Fax: (206) 298-4750
× Edwin Glofelty Yukon Delta Fisheries Development Corporation 2415 Western Avenue Seattle, WA 98121 Phone: (206) 443-1565 Fax: (206) 443-1912 PO Box 210 Emmonak, AK 99581	Robert Breskovitch/Randy Adamson Golden Alaska Seafoods Inc. Market Place One 2001 Western Avenue Seattle, WA 98121 Phone: (206) 441-1990 Fax: (206) 441-8112
× Norm Cohen Coastal Village Fisheries Cooperative 204 N. Franklin Street, Suite One Juneau, AK 99801 Phone: (907) 586-2360 (Home) 586-1840 Fax: (907) 586-2331	Stan Simonsen/Lee Daneker Golden Age Fisheries 18 W. Mercer Street, Suite 400 Seattle, WA 98119 Phone: (206) 285-2815 Fax: (206) 282-5938
Paul Peyton Bristol Bay Economic Development Corporation PO Box 22871 Juneau, AK 99802 Phone: (907) 586-6070 Fax: (907) 586-6071	× Robin Samuelson Bristol Bay Economic Development Corp. Box 1464 Dillingham, AK 99576 Phone: (907) 842-5257 (Home) 842-5335 Fax: (907) 842-5932 Jeff Polvony Ocean Trawl Inc. 135 East 57th Street New York, NY 10022 Phone: (212) 752-5020 Fax: (212) 752-5094 <i>842-4370 Cecilia</i>
× Joe Kyle/Larry Cotter Aleutian Pribilof Island Community Development Association 119 Seward Street, Suite 8 Juneau, AK 99801 Phone (907) 586-3107 Fax: (907) 586-1001	Chuck Bundrant/Joe Plesha Trident Seafoods, Inc. 5303 Shilshole Avenue N.W. Seattle, WA 98107 Phone: (206) 783-3813 Fax: (206) 781-7883
× Perfenia Pletnikoff/William Arterburn Central Bering Sea Fishermen's Association/PBS Ltd. 1500 W. 33rd, Suite 100 Anchorage, AK 99503 Phone: (907) 278-2314 Fax: (907) 278-2316 (P. Pletnikoff) PO Box 88 St. Paul, AK 99660 (907) 546-2312 (907) 546-2366	Bernt Bodal American Seafoods Co., Inc. Suite 900 Market Place Tower 2025 First Avenue Seattle, WA 98121 Phone: (206) 728-0200 (206) 448-0300 Fax: (206) 448-0303

Community Development Quota Program

Project Group	Aleutian Pribilof	Bristol Bay	Central Bering Sea	Coastal Villages	Norton Sound	Yukon Delta
Communities Involved	Atka, St. George, Nelson Lagoon, Plover Pass, Nikolski	Aklavik, Clark's Point, Dillingham, Egegik, Etuk, Manokotak, Nalereik, Pilot Point, Port Heiden, Savonoski/King Salmon, South Nalereik, Togiak, Twin Hills, Ugashik	St. Paul	Chefomak, Eek, Hooper Bay, Kongiganak, Mekoryuk, Nighthute, Quinagak, Toksook Bay, Tunutulak, Chevak, Goodnews Bay, Kipnuk, Kwigillingok, Newtok, Plathnum, Scammon Bay, Tununak	Savoonga, Gambell, Elim, Galovin, Inalik/Dionede, Koyuk, Shaktoolik, Nome, St. Michael, Stebbins, Teller, Unalakleet, Wales, Brevig Mission, White Mountain	Alakanuk, Emmonak, Kotlik, Sheldon's Point
Eligibility	To be eligible, communities must be located within 50 miles of the Bering Sea Coastline, and must have no existing bottomfish industry					
Management Organization	Aleutian Pribilof Islands Community Development Association	Bristol Bay Economic Development Corporation	Pribilof Bering Seafood, for Central Bering Strait Fishermen's Association	Coastal Villages Fishing Cooperative	Norton Sound Economic Development Corporation	Yukon Delta Fisheries Development Association
Private Partners	Trident/Siorbound	Ocean Trawl	American Seafood and Ice	Golden Age	Glacier Fish	Golden Alaska
Vessels	Alderbaran* Columbia* Pacific Viking* Viking Explorer* Arcturus* Starfish* Nordic Star* Starbound (F/T) * catcher boats delivering fish to Alutan	Northern Hawk Northern Eagle Northern Jaeger (All F/T)	American Empire American Dynasty American Triumph American Champion Pacific Explorer Pacific Scout - (All F/T)	Brown's Point (F/T)	Northern Glacier (F/T) Pacific Glacier (F/T)	Golden Alaska (M/S) American Beauty Ocean Leader Aleutian Challenger Sheldon Point (CVs)
Amount Allocated MT	18,268.18	20,289	18,144.58	27,390.15	20,289	5,072.25
Amount Allocated %	18%	20%	18%	27%	20%	5%
Project Duration	Two Years	Two Years	Two Years	Two Years	Two Years	Two Years
Employment	At least 40 individuals in CDQ program; additional employment from capital projects	60 full time in CDQ operations; 20 internships; additional 125 post-CDQ operations (minimums)	20-25 directly involved with CDQ harvest, plus 1993: 102; 1994: 229	25-35 year-round hires for 1992; 50-70 by 1995; plus 15 graduate workers in 1994	Up to 40 FTEs in CDQ operations; at least 530 permanent FTE, PT and seasonal jobs by end of CDQ program	Up to 20 FTEs by 1995 in CDQ operations; up to 230 in post-CDQ operations
Training	Budgeted \$300,000 per year to support training programs	50 students in basic vocational training per year; 8-10 in advanced vocational training per year; 3-4 scholarships of \$5,000-\$10,000 each per year	25 on-the-job trainees on factory trawlers annually; 3-10 maritime service trainees annually; \$100,000 scholarship fund; internships will be available at ASC offices; other training planned	12-18 management internships annually at CAF; scholarship fund of 5% of net CDQ profits; other training and career counseling	300 people trained for various positions in shoreside plants or on factory trawlers plus endowment for education and training	25 training initiatives for 250 residents by 1995, plus annual scholarship program
Infrastructure Enhancement	Build/improve two docks; dredge one harbor; build one small process plant; expand width of a runway; build gear warehouse; expand gear storage pad; build one slaughter house and one cattle ranch; aquaculture and mariculture enhancement	Create a business extension service for fishermen; provide matching fund for state capital projects; provide funds for fisheries development	Build new groundfish/crab processing plant and develop and complete harbor and community infrastructure	Build a training facility and salmon processor	Revitalize local fish processing facilities in four communities and other projects such as ice-delivery systems and small processing units	Two value-added processing and cold storage plants; small business fisheries infrastructure financing fund
Capital/Equity Generation	Vessel/IFQ purchase fund of 20% after-tax revenue. \$134 per metric ton plus 33% of gross revenues from roe.	70% of CDQ proceeds to Seafood Investment Fund; 20% to community development programs. Minimum royalties are about \$180 per metric ton roe fish and \$132 per metric ton for non-roe fish, or 60% of CDQ profits, yielding up to about \$12 million.	70% of CDQ royalties to infrastructure; 30% of royalties to vessel acquisitions and loan guarantees. \$265 per metric ton of CDQ fishery, totalling about \$19 million.	50% equity in FV Brown's Point; 50% equity in FV Barbara Lee. Additional revenues to develop infrastructure. Benefits of about \$20 million over two years plus \$10.5 million from salmon plant.	Royalties in excess of \$200 per metric ton, totalling about \$15 million over two years.	Royalty fee of \$250 per metric ton, totalling about \$9 million over two years.



Coastal Villages Fishing Cooperative

P.O. Box 109 • Chevak, Alaska 99563 • Phone 907-858-7250 • Fax 907-858-7812

COASTAL VILLAGES ENTERING NEW ECONOMIC ERA AS CDQ PROGRAM BRINGS FISHING JOBS TO REGION



CVFC members meet with Gov. Hickel and other state officials in October. Pictured, R to L: Norman Cohen, interim Executive Director; Dave Benton, ADF&G; Joe Paniyak, President, Gov. Hickel; John Phillip Sr., Board member from Kongiganak; Fred Phillip, Board member from Kwigillingok; Charlie Spud Sr., Board member from Mekoryuk; David Bill Sr., Board member from Toolsook Bay; John Walsh, DCRA; and DCRA Commissioner Edgar Blatchford.

Co-op's COASTAL VILLAGES FISHERIES Processor Will Work 1993 Kuskokwim Salmon Fisheries

With funds earned through the CDQ program, CVFC is purchasing the entire Schenk Seafoods salmon processing operation which formerly operated on the Yukon River.

The operation, which will provide more than 75 jobs to residents of the CVFC region, will be relocated to the lower Kuskokwim River in time for the June 1993 salmon fisheries.

CVFC is purchasing the opera-

tion with its partner, Golden Age Fisheries, for \$2.6 million. Equipment in the purchase will total 19 vessels, including processing barges, a freezing plant, cold storage, a refrigerated freighter, and 14 tendering vessels.

The operation will have sufficient capacity to process the majority of salmon landed in the Kuskokwim commercial fisher-

SEE PROCESSOR, PAGE FOUR

Seventeen coastal communities from Scammon Bay in the north to Platinum in the south, organized as the Coastal Villages Fishing Cooperative, received the highest share — 27 percent — of the newly established Community Development Quotas for the 1992-1993 pollock season in the Bering Sea.

After decades of having little opportunity to take part in one of the world's richest fishing operations, these 17 CVFC communities are now active participants in the Bering Sea groundfish fisheries.

The CDQ program was created by the North Pacific Fishery Management Council to provide a means for residents of rural Bering Sea coastal villages to enter and become significant participants in the billion-dollar fisheries directly off their shores.

Seven and one-half percent of the overall Bering Sea pollock quota has been allocated to the CDQ program.

Coastal Villages Fishing Cooperative is a for-profit corporation and a full-bledged fishing company. The goal is to not only fish in the Bering Sea fisheries, but also to take an active role in

SEE VILLAGES, PAGE FIVE

Coastal Villages Fishing Cooperative Board of Directors

EXECUTIVE COMMITTEE MEMBERS:

Joe Paniyak, President
Chevak 858-7250

Harvey Joe, Vice President
Hooper Bay 758-4534

Rose Thomas
Goodnews Bay 967-8929

Fred Phillip, Secretary
Kwigillinok 588-8114

Monroe Kaganak, Member at Large
Scammon Bay 558-5428

BOARD OF DIRECTORS

Wassilie Bavilla David Bill, Sr.
Quinhagak 556-8133 Tooksook Bay 427-7012

Carl Docl. Peter John
Kipruk 99614 Newtok 237-2314

Thomas Jumbo Victor Kamrilak
Nighmate 647-6129 Tununak 652-6527

James Kasayulie Tommy Kusaiak
Platinum 979-8215 Cherformak 867-8978

Peter Lupie John Phillip, Sr.
Tuntutuliak 256-2841 Kongigmak 557-5227

Charlie Spud, Sr. Steven White
Mekoryuk 827-8941 Eek 536-5426

MESSAGE FROM JOE PANIYAK, PRESIDENT, CVFC

Greetings!

As President of the Coastal Villages Fishing Cooperative, it is my great pleasure to send to you our first newsletter. In this newsletter you will find articles describing the Coastal Villages Fishing Cooperative (CVFC), what we have accomplished so far, and some of our plans for the future.

CVFC was established to apply to the State of Alaska and the Secretary of the U.S. Department of Commerce for a Western Alaska Community Development Quota (CDQ), and to help create a fishing economy in the CVFC Region.

Of the six groups applying for a share of the 7.5 percent of the pollock catch reserved for CDQ groups, Coastal Villages won the largest share at 27 percent. The key to our success was putting together a for-profit business strategy that we could put into effect immediately upon receiving our allocation. As one of those involved in reviewing our application said, "It showed the kind of program we really were looking for, where the community was going to get in the fishing business immediately, were going to take a reasoned approach, and we wouldn't see long lead times for the thing to happen."

Now that we've got the allocation, we believe that the best way to accomplish our goals is to make CVFC a successful fishing company involved in all of the fisheries in our region. That is why we are buying Schenk Seafoods and putting that salmon processing plant in the lower Kuskokwim River. In the future, we hope to be able to process herring and halibut as well.

Our other main goal is to provide employment to the young people of our villages. We know that they will have to start out in lower paying jobs and will have to travel far from home. However, in the long term, we want these young people to advance into higher paying jobs requiring skills that they have learned on the job. To accomplish this goal we are recruiting young men and women for training in fish processing, providing internship programs for more skilled jobs, and will establish a

SEE PANIYAK, PAGE SIX

AGENDA FOR CVFC BOARD MEETING Feb. 2, 1993 • 9 A.M. • KVNA Building, Bethel

Tuesday, February 2

morning: Reports by Harold Sparck (teleconference)
Norman Cohen, Acting Director
Joe Paniyak, Employment Coord.
David Bill, Office Manager

afternoon: Board training session

Wednesday, February 3

morning: Inexpensive Partnership mgmt. agreement
Coastal Villages Fisheries 1993 operations
Review proposed development projects

afternoon: Cooperative financial report
Scholarship and investment funds
Personnel selection committee

**EXECUTIVE DIRECTOR
POSITION ANNOUNCEMENT**

The Coastal Villages Fishing Cooperative is seeking a highly motivated person to assume the position of Executive Director. The position, to be filled by mid-April 1993, will be based in Bethel. A Yup'ik speaker is desired.

QUALIFICATIONS: Applicant must have a four-year college degree and minimum of five years experience in business or natural resources fields. Must be knowledgeable of Y-K Delta issues. Must be capable of using a computer and of operating the CVFC office without supervision or secretarial support. Must be able to write grants and draft comments in support of CVFC positions on public issues and documents. Must also be able to participate in a six- to eight-week internship with Golden Age Fisheries in Seattle.

SALARY: Minimum \$60,000 annually, possibly higher, depending on experience. Benefits included.

TO APPLY: Application should include a resume and cover letter explaining applicant's interest in this position and description of relevant skills. Resume must cover the past 10 years and include positions held, responsibilities, salary ranges, names and addresses of supervisors, and reason for leaving. Applications lacking salary history or salary requirements will not be considered. Submit application by February 28, 1993, in care of Norman Cohen, CVFC Interim Executive Director, 204 N. Franklin St., Suite 1, Juneau, AK 99801. For a complete copy of the position announcement write to the above address or call 586-2360.

CDQ Program Will Expand Into Other Fisheries Soon

CDQ programs applying to the halibut and sablefish (black cod) fisheries are now being developed by the North Pacific Fishery Management Council. The program should operate similarly to the pollock CDQ program.

The Cooperative is working with other CDQ organizations and the Bering Sea Fishermen's Association to convince the federal government to revise the program's rules so that western Alaska villages are able to fully participate in these fisheries. Although the catch quotas for halibut and sablefish in the Bering Sea are relatively low, CDQ's will provide yet another opportunity for western Alaskans to develop local fisheries and expand their local economies.

First CDQ Season Was Good, But 1993 Should Be Even Better

The first fishing effort conducted by the Coastal Villages Fishing Cooperative partnership under the new CDQ program was a clear success, according to Lee Daneker, Director of Development for Golden Age Fisheries of Seattle.

Using leased vessels and the factory trawler BROWNS POINT, owned jointly by CVFC and Golden Age, the partnership caught 24,520 metric tons of pollock between Dec. 5 and Dec. 31. The catch fell about 2,800 metric tons short of the CVFC allocation under the CDQ program, but the shortfall was understandable, Daneker said.

"The final approval of the CDQ program didn't come through until early December, and then one of the vessels that was supposed to fish with us dropped out at the last moment," he said. "Even so, we got very good value for our fish — probably more value per fish than a lot of other operations."

A significant part of that enhanced value can be traced to quality control, and Daneker said crewmen from the coastal villages proved to be excellent at spotting defective product.

"We hired a new quality control manager and he went out on the BROWNS POINT in December," he said. "He found that there were brand new, green employees from the villages who were better at quality control than experienced employees were. In fact, they were better than *he* was, too."

The coastal villages employees proved adept at other jobs, as well; several have already received promotions and pay raises, Daneker said.

The outlook for the 1993 fishery looks even better, and Daneker said there will be no shortfall in the catch.

"We're going to take our whole CDQ allocation, because we'll have the luxury of knowing at the beginning of the year what we're going to get and we can take all year to get it," he said.

That prospect, and the diversified projects that the partnership will be undertaking in its three other joint ventures, should make 1993 quite a busy year.

"We're just very excited to be in this partnership," he said, "and we're very much looking forward to getting all these projects rolling this year."

CVFC Plans Job Recruitment Trips To Co-op Villages

The Coastal Villages Fishing Cooperative is planning a series of trips to co-op villages to discuss job opportunities for the 1993 fishing seasons.

Joe Paniyak, President of CVFC, and Mary Leeney, Director of Human Resources for CVFC partner Golden Age Fisheries, will travel to the villages and meet with local residents in February and March.

"We'll be discussing exactly what kind of jobs are going to be available, what the working conditions are like, and what the pay scales will be," Leeney said.

The cooperative estimates it will be filling 60-75 jobs on its trawlers in 1993, and more than 75 jobs in its lower Kuskokwim salmon processing operations. Twelve to 18 internships designed to teach the skills needed in higher-level jobs also will be offered this year.

Exact dates that they will be in the villages, and the time and location of the meeting in each village

will be announced locally. And as usual for this time of year, the schedule may have to be revised because of weather conditions.

"We'll have posters in each village announcing when and where the meeting will take place," Leeney said. "At the meetings, we'll talk about the jobs and explain the internships. We'll also have job applications with us, so we really hope to meet with as many people as we can in each village."

On the first trip, Paniyak and Leeney will travel from Feb. 9-20, and will visit the following villages: Chefomak, Hooper Bay, Mekoryuk, Newtok, Nightmute, Scammon Bay, Tooksook Bay, and Tununak.

On the second trip, scheduled between March 8-20, they will visit Eek, Goodnews Bay, Kipnuk, Platinum, Tuntutuliak, Kwigillingok, Konigiganak, and Quinhagak.

PROCESSOR...from page 1
ies.

"Fishermen from the delta villages will greatly benefit from local ownership," said Joe Paniyak of Chevak, president of the Coastal Villages cooperative. "We will provide regular tendering, ice and good prices to our fishermen.

"This is an exciting opportunity to finally have local ownership and participation in the salmon processing industry in our region," Paniyak said. "We are confident we can handle well over 50 percent of the salmon in the Kuskokwim fishery."

CVFC will be stressing strict quality control in its processing operations, Paniyak said. And since quality control starts the moment the fish leaves the water, the cooperative plans to require that fishermen bleed and ice their salmon immediately upon landing them.

"This is a great chance to show the world just how good Kuskokwim salmon can be," he said. "And CVFC is a fishermen's organization, so we will pass on the benefits of better quality to the fishermen of the Kuskokwim through higher prices for

better handling of the fish."

CVFC interim Executive Director Norman Cohen said the equipment to be purchased from Schenk is a complete processing operation, but much of the gear needs work.

"It's badly in need of repair and modernization," he said. "We plan to invest significant sums in improving the factory and other machinery, and by the beginning of the salmon season it will be ready to go."

The barges and other vessels will be accepting deliveries in the lower Kuskokwim, Kanektok and Goodnews Bay salmon fisheries in June.

Cohen said initially most jobs for area residents will be as fishermen or in processing or salmon-tendering positions. Golden Age will supply key management jobs, and has committed to training people from the Coastal Villages and Kuskokwim regions to take over those positions later.

"Our goal is to make this, over time, a totally locally run operation," he said.

CVFC Board Member David Bill Explains CDQ Plan To Villagers

It has been a busy month for Coastal Villages Cooperative board member and Office Manager David Bill, Sr., who has been travelling to the villages in the co-op to explain the potential benefits of the new CDQ program to western Alaska.

It's the second round of trips to talk about the program for Bill, who lives in Tooksook Bay.

"I went out to the villages in October, before we got our allocation," he said. "I found then that the people didn't understand the CDQ program very well, but they understand it much better now. Their eyes are open."

Bill said he is finding villagers to be very interested in the program, and the potential it has for providing jobs for their local economies.

"The young people, especially, are very excited about the economic opportunities," he said. "It's been very nice to be able to tell them they are going to have something to look forward to in the way of a job opportunity."

COASTAL VILLAGES FISHING CO-OP: HERE'S WHAT WE'RE ALL ABOUT

COMMUNITIES: Chefmak • Eek • Hooper Bay • Konigiganak • Mekoryuk • Nightmute • Quinhagak • Tooksook Bay • Tinnuliat • Chevak • Goodnews Bay • Kipruk • Kwigillingok • Newtok • Platinum • Scammon Bay • Tunnak

CDQ PARTNER: Golden Age Fisheries, with two factory trawlers.

JOBS: 25-35 year-round hires, growing to 51-70 by 1995.

TRAINING: 12-18 management interns annually at Golden Age Fisheries; scholarship fund to receive 5 percent of net CDQ profits.

INFRASTRUCTURE ENHANCEMENT: Will establish a training facility and salmon processor.

CAPITAL/EQUITY: 50 percent equity in F/V

BROWNS POINT: 50 percent equity in F/V **BARBARA LEE.**

BENEFITS TO REGION: \$40 million over 4 years, plus \$10.5 million from salmon processing.

VILLAGES...from page 1

the nearshore and inriver fisheries of the Yukon-Kuskokwim Delta.

The Cooperative will provide substantial benefits for member communities and throughout the Y-K Delta, such as investment in local fisheries businesses, improvement of local fisheries infrastructure, training and scholarships.

To achieve these important goals, the Cooperative joined with Golden Age Fisheries of Seattle, which owns five fishing and processing vessels.

The current CDQ program is authorized for four years. If successful, it could be extended, and may also be implemented in other fisheries in other regions.

The Cooperative has four business ventures under way currently, all in 50-50 partnership with Golden Age Fisheries. They are:

- Imapiqamuit Partnership, which owns the factory trawler **BROWNS POINT** for pollock fishing.
- Barbara Lee Partnership, which owns the **BARBARA LEE**, a longliner to fish cod, and which will be used when the halibut, sablefish and cod CDQ programs are implemented.

- Salmon Roe University, a joint venture to train residents for high-paying jobs as salmon roe technicians in Alaska's salmon fisheries.

- **COASTAL VILLAGES FISHERIES** salmon processor, a joint venture designed to process highest-quality Kuskokwim salmon at top prices.

WHY GOLDEN AGE SEAFOODS?

The Coastal Villages Fishing Cooperative chose Golden Age Seafoods for its partner because the company has common goals and a common vision for the future of the coastal villages region. CVFC wanted a CDQ partner that is committed to the region, and Golden Age has shown that commitment by endorsing the concepts of equity and profit sharing, training, employment, scholarships, and a voluntary tax to fund additional fisheries infrastructure projects in the region in the future.

Golden Age has experience and expertise in the operation of large offshore vessels, including factory trawlers and processors. In recent years it has achieved sales of \$40 million to \$60 million, and its vessels are valued at more than \$45 million.

PANYAK COLUMN...from page two

scholarship fund for higher education in fisheries and business.

I believe that we are very fortunate to have Golden Age Fisheries as our partner to help us achieve our CDQ program goals. Stan Simonson, the President of Golden Age Fisheries, is committed to having our partnership be successful. He and his company will be working hard to make certain that in just a few short years, Coastal Villages Fishing Cooperative will be a major fishing company providing more opportunities for jobs in our traditional salmon and herring fisheries, as well operating offshore in the groundfish fisheries of the Bering Sea.

The successes we have had thus far have the result of the hard work of many people. I want to mention some of them to you, so that you will know who to thank for giving us the opportunity to have a better future.

These people include Harold Sparck; Governor Walter J. Hickel; Senator Ted Stevens; Congressman Don Young; Henry Mitchell; Commissioner

Edgar Blatchford of the Department of Community and Regional Affairs; Commissioner Paul Fuhs, Department of Commerce; Commissioner Carl Rosier, Department of Fish and Game; Clem Tillion, of Gov. Hickel's office; David Benton of ADF&G; Donna Parker, of Commerce; John Walsh, of DCRA; and Steven Pennoyer, Director of the Alaska Region of the National Marine Fisheries Service.

And of course, I need to thank all the members of the Coastal Villages Board of Directors for their time and good work in putting this cooperative together.

I know that I speak on behalf of the entire Board of Directors of CVFC in saying that there is a bright future ahead for the communities in the region, and all of the Yukon-Kuskowkwim Delta villages. We at CVFC want to help create that bright future.

And we look forward to working with you in making this happen!

COASTAL VILLAGES FISHING COOPERATIVE

P.O. Box 109

Chevak, Alaska 99563

(907) 858-7250 Fax 858-7812

FIRST CLASS

CDO AMENDMENT CONTINUED

Budget addresses, increased interest and strong support from numerous legislators, as well as the recent approval of the Individual Fishing Quota (IFQ) program for halibut and sablefish, including an expanded CDQ program for these species, warrant this request for new funding to support program expansion.

Line item detail:	71000	136.8	For two new Economic Development Specialists (EDS) positions, R19, (PCN 21#012, PCN 21#013). See Request for New Position forms.
	72000	14.9	See Request for New Position forms.
	73000	82.7	A total of 65.9 is to be paid by RSA to the Department of Fish and Game to cover a Fishing Biologist III, R18 position (57.9), with travel (4.5), and equipment (3.5). The balance of 16.8 will cover overhead for DCRA's 2 new EDS positions.
	74000	3.4	Office overhead for 2 new EDS positions.
	75000	7.0	Two personal and portable computers.
	77000	<u>(100.0)</u>	Reduce grants to anticipated need for FY94.
		144.8	

**GBA
ADDITIONAL
EXPLANATION
FORM**

AGENCY COMMUNITY & REGIONAL AFFAIRS
 BRU EMPLOY/TRAIN/RURAL DEVELOPMENT
 COMPONENT COMMUNITY DEVELOPMENT ASSISTANCE

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BUDGET AMENDMENT CDQ

Position Title ECONOMIC DEVELOPMENT SPECIALIST		No. of Positions 1	Range Step 19A	Barg. Unit XE
Time Status PFT	Staff Months 1 2	Location Bethel		Election District
TYPE OF EXPENDITURE		Amount	Justification <u>Duties would include, but not limited to:</u>	
Salary		57.0	Field work: This position is primarily an on-site field assistance staff.	
Benefits		19.9	Frequent participation at regional level is critical. Each CDQ applicant	
Premium Pay			proposes numerous fishery development projects, all requiring technical	
Other			participation and on-site response and involvement. Each fishery	
Total Personel Services		76.9	development project will undoubtedly require interagency coordination	
Travel		9.8	to implement in an orderly fashion; i.e. ADFG site assessment analysis,	
Contractual		8.4	biological considerations and research, DEC and EPA permitting assistance,	
Commodities		1.7	Coastal Zone Management permitting and assistance, site determination and	
Equipment		3.5	coordination with Municipal Lands staff within DCRA, coordination with	
Other			communities, local and regional native corporations, grant writing for	
Total Cost		100.3	necessary fund leveraging, project management oversight and reporting, etc.	
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002		The position will provide local and regional fishery association assistance,	
G. F. Match	1003		developing sustainable fishermen's associations or cooperatives. Strategic	
General Fund	1004	100.3	planning at a local and regional level for long range goals and objectives	
I-A Receipts	1007		of fisheries associations is another integral component of the field work	
CIP Receipts	1061		assignment. Development of insurance plans, pension sharing plans, career	
Other			advancement training coordination and implementation, in cooperation	
			with the CDQ applicants, fleet development and securing both CDQ and	
			IFQ quota are some of the ingredients of a successful rural fisheries	
			development plan and essential to long term success of this outreach	
			effort and implementation in the field is the responsibility of this position.	
			(CONTINUED ON NEXT PAGE)	

**REQUEST
FOR
NEW
POSITION**

AGENCY Community & Regional Affairs
 BRU Employ/Train/Rural Development
 COMPONENT Community Development Assistance

PAGE 3 OF 6

FY 94

BUDGET AMENDMENT CDA

TRAVEL:

This position would require extensive travel throughout the CDQ regions, especially focusing on the Bristol Bay, Kuskokwim, Yukon and Norton Sound districts. Coordination with the Anchorage EDS would be required for distance delivery in the remote Aleutian and Pribilof Islands district. Periodic travel to Anchorage for internal management sessions, coordinated with fishery development workshops or fishery management meetings, such as the North Pacific Fisheries Management Council or the state Board of Fish, would be expected.

3 trips Bethel - Anchorage @ \$400	\$1,200
3 X 3 X \$100	\$900
2 trips Bethel - Dillingham @ \$300	\$600
2 X 3 X \$150	\$900
2 trips Bethel - Emmonak @ \$300	\$600
2 X 2 X \$150	\$600
2 trips Bethel - Nome (area) @ \$700	\$1,400
2 X 3 X \$150	\$900
6 trips Bethel region @ \$150	\$900
6 X 2 X \$150	\$1,800
	<hr/>
TOTAL TRAVEL	\$9,800

**GBA
ADDITIONAL
EXPLANATION
FORM**

AGENCY COMMUNITY & REGIONAL AFFAIRS
 BPU EMPLOY/TRAIN/RURAL DEVELOPMENT
 COMPONENT COMMUNITY DEVELOPMENT ASSISTANCE

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FY 94

Position Title ECONOMIC DEVELOPMENT SPECIALIST		No. of Positions 1	Range Step 19A	Barg. Unit XE
Time Status PFT	Staff Months 1 2	Location Anchorage		Election District
TYPE OF EXPENDITURE		Amount	Justification	
Salary		43.6	Duties would include, but not limited to:	
Benefits		16.3	<u>Program reporting:</u> CDQ applicants are required to prepare quarterly management progress and financial reporting and annual audited reports. Tracking, review and monitoring for program compliance would fall under this position. Compilation of reports and preparation of state reports to the federal oversight authority would be required by this employee.	
Premium Pay				
Other				
Total Personal Services		59.9		
Travel		5.1		
Contractual		8.4	<u>Program development:</u> Expansion of the CDQ program to additional species would be monitored and coordinated by this employee in coordination with the state CDQ staff task force, in conjunction with the North Pacific Fisheries Management Council and the Governor's fishery designee on the Council. Development of necessary governing regulation and program implementation would be handled by this employee.	
Commodities		1.7		
Equipment		3.5		
Other				
Total Cost		78.6		
FUNDING SOURCE FOR TOTAL COST			This position would coordinate with the Bethel based EDS , Insuring on-site field monitoring, progress in CDQ applicant's goals and objectives in development of fisheries projects in the region. Coordination between the CDQ staff task force and the CDQ applicants would be incumbent upon this staff.	
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	78.6		
I-A Receipts	1007			
CIP Receipts	1061			
Other				
			<u>Travel:</u> This employee would be expected to attend appropriate fishery council meetings, including but not limited to the North Pacific Fisheries Management Council, the state Board of Fish and various fishery	
			CONTINUED ON NEXT PAGE)	

**REQUEST
FOR
NEW
POSITION**

AGENCY COMMUNITY & REGIONAL AFFAIRS
 BRU EMPLOY/TRAIN/RURAL DEVELOPMENT
 COMPONENT COMMUNITY DEVELOPMENT ASSISTANCE

PAGE 5 OF 6

FY 94

BUDGET AMENDMENT CDA

Travel (cont'd)

development seminars/symposiums relative to rural fishery development activity. Field travel to particular regions would be coordinated by this staff and the Bethel based development specialist.

2 trips Anchorage - Juneau @ \$450 \$900
Per diem - 2 X 3 X \$100 \$600

2 trips Anchorage - Aleutian/Pribilof Is. \$2,400
2 X \$1,200 \$1,200
Per diem - 2 X 4 X \$150 \$1,200

TOTAL TRAVEL \$5,100

Interagency coordination: Besides working closely with the CDQ staff task force, this employee would be intimately involved with extra-departmental coordination with the University of Alaska system, the Alaska Center for International Business, the Center for Economic Development, affected regional ARDOR groups, the fishery industry, the business community, the financial community and other relevant groups; i.e. regional native corporations, mayors associations, affected economic development organizations.

Included in this coordination effort would be preparation and organization of planning seminars, training programs, fishery association development, explanation and assistance in benefit management and individual board training assistance, etc.

**GBA
ADDITIONAL
EXPLANATION
FORM**

AGENCY COMMUNITY & REGIONAL AFFAIRS
BFLU EMPLOY/TRAIN/RURAL DEVELOPMENT
COMPONENT COMMUNITY DEVELOPMENT ASSISTANCE

BSFA**Bering Sea Fishermen's Association**

725 Christensen Drive
Anchorage, Alaska 99501
(800) 770-6519 (Within Alaska)
(907) 279-6519
FAX (907) 258-6688

Serving western Alaska small boat fisheries since 1980

March 16, 1993

The Honorable Carl Moses
Chairman
Special Committee on Fisheries
Alaska House of Representatives
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Moses:

At your committee's March 12 hearing on House Concurrent Resolution No. 9, "Relating to state management of the Western Alaska Community Development Quota Program and state fisheries development policy", Mr. Bruce Weyhrauch, an attorney working for the Alaska Crab Coalition, presented testimony and asked a series of questions about the CDQ program.

None of Mr. Weyhrauch's questions were particularly relevant to the actual language of the proposed CS before the committee. Instead, Mr. Weyhrauch's intention appeared to be to raise doubts about the validity of the entire CDQ program.

At this time, for the benefit of the committee, I wish to respond to Mr. Weyhrauch's questions and respectfully request that this letter be included as part of the committee's formal record on HCR 9.

Below I have paraphrased Mr. Weyhrauch's questions, from my notes, and have then responded with my answers. The questions are not Mr. Weyhrauch's exact words, but I believe I have accurately summarized the substance of his comments.

Is it appropriate to expand CDQs to other areas of the state?

From my reading, HCR 9 contains no direct references to the expansion of the CDQ program to other areas of the state. Instead, the resolution focuses on the program as it currently exists along the Bering Sea coast. To the best of my knowledge, none of the existing CDQ organizations have taken a position on this issue. The general feeling is that the people who will be affected need to decide what

will work best for their regions. The CDQ program as it now exists addresses a specific situation in western Alaska.

Is it appropriate to expand CDQs to other fisheries?

This question can best be answered by determining what course of action is in the best interests of the State of Alaska. Specific information on the results of the CDQ program -- number of Alaskans employed, number of Alaskans in training programs, new fisheries markets established in Alaskan communities, etc. -- will be available later this year. If the CDQ program is successful in achieving its overall goals -- more employment for Alaskans and more economic opportunities within Alaska -- it may very well be appropriate to expand the program to other species in the Bering Sea. Dollars generated in rural Alaska circulate throughout the state and benefit the entire Alaskan economy.

Because we have a federal Economic Development Block Grant program, why do we need CDQs?

Not enough funds are available from federal block grants to initiate and complete the projects that are needed in western Alaska. The block grants also are competitive, require matches, and are not specifically fisheries-oriented. Block grants have been in existence for many years and have not been able to address the problems of western Alaska on the scale required. Additionally, one of the goals of the CDQ program is to give the residents of western Alaska the opportunity to participate in the harvest of a resource that, literally, can be found off their front doorsteps. This could not possibly be accomplished through federal block grants.

What will be the scope of CDQ corporation investments? Should the legislature limit what CDQ funds can be spent on?

State and federal CDQ regulations are very clear on this point. Proceeds from CDQ operations can only be invested in fishery-related projects and ventures. The results of these projects and ventures will be evaluated when the CDQ organizations submit applications to the state for 1994-95 quota awards. State officials have said the organizations that follow the rules and invest their revenues effectively and successfully will be rewarded with more quota while those who fail will be shut out of the program.

With the reauthorization of the Magnuson Act now pending before Congress, shouldn't the state move cautiously on CDQs in deference to national concerns?

The CDQ program is one of the most significant fisheries development programs ever implemented in the State of Alaska. It attempts to address the specific problem of poverty and unemployment in western Alaska Native villages by providing the residents of the region with an opportunity to have access to a rich fisheries resource that can be found right off their shores. The program was

March 16, 1993

carefully designed with a great many government-regulated checks and balances. It places western Alaska communities in partnerships with established seafood processing companies in order to guide them to full participation in the fisheries. Most importantly, the entire State of Alaska will benefit from a successful CDQ program. More Alaskan residents will be employed and more dollars will be generated that will circulate within the state's economy.

Most of the concern expressed in Washington D.C. about CDQs is based on misunderstandings and misinformation about the purpose and actual operation of the CDQ program.

The State of Alaska should be proud of the CDQ program and should not be reluctant to publicize its accomplishments. Additionally, successful programs should not be restrained, but used as a model for future endeavors. If anything, the Magnuson Act should be amended to encourage CDQ implementation.

Thank you for your consideration of my comments. Please do not hesitate to contact me if I can provide you with additional information.

Sincerely,



Karl Ohls
Fisheries Development Specialist

cc: Rep. Lyman Hoffman
Mr. John Walsh, DCRA
Ms. Donna Parker, DCED
Mr. David Benton, ADF&G
Aleutian Pribilof Island Community Development Association
Bristol Bay Economic Development Corporation
Central Bering Sea Fishermen's Association
Coastal Village Fishing Cooperative
Norton Sound Economic Development Corporation
Yukon Delta Fisheries Development Association