

CDDQ

Briefing

2-17-93

CDQ Delegation
February 17, 1993

Aleutian Pribilof Island Community Development Association

Mark Snigaroff - APICDA chairman, commercial fishermen, president of the Andreanof Electric Corporation, member of the Atka city council, board member for the Aleutian-Pribilof Islands Assn., Atxam Corporation, and Bering Sea Commercial Fisheries Development Foundation.

Bristol Bay Economic Development Corporation

Robin Samuelsen, Jr. - BBEDC chairman, Natural Resources Coordinator for the Bristol Bay Native Association, former member of the Alaska Board of Fisheries, lifelong Bristol Bay commercial driftnetter.

Norman Anderson - BBEDC vice-chairman, Naknek village administrator, Bristol Bay commercial setnetter.

Central Bering Sea Fishermen's Association

Perfinia Pletnikoff, Jr. - CBSFA president, Advisory Panel member for the North Pacific Fisheries Management Council, commercial fisherman.

William Arterburn - Executive vice-president of Pribilof Bering Seafood, Ltd., managing organization for CBSFA.

Kjell Rokke - Chief executive officer for American Seafoods Company, Seattle.

Bernt Bodal - Executive vice president for American Seafoods Company, Seattle.

Coastal Villages Fishing Cooperative

Fred Phillip - CVFC board treasurer, commercial fisherman from Kwigillingok.

Norton Sound Economic Development Corporation

John Jemewouk - NSEDC executive director, lifelong resident of Elim, previously held positions as president of the Norton Sound Health Corporation, president KEG Fisheries Co., president Elim Native Corporation, an officer of the Elim IRA Council, and manager Elim Fish Processing Co-op.

Yukon Delta Fisheries Development Association

Laurentia Mike - YDFDA board member, Kotlik City Council member, subsistence fisheries participant.

Pius Akaran - YDFDA board member, Kotlik mayor, Kotlik Traditional Council member, vice chairman of Kotlik Yupik Corporation, Advisory School Board chairman, commercial and subsistence fisherman.

Edwin Glottelty - YDFDA executive director, former Emmonak city manager, 25 years of experience in rural Alaska community administration and economic development.

Mark Springer - YDFDA consultant, Hooper Bay resident, Emmonak Tribal Council consultant on processing plant project.

Karl Ohls - Coordinator - Fisheries Development Specialist for the Bering Sea Fishermen's Association.

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 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.

Community Development Quota Program

Project Group	Aleutian Pribilof	Bristol Bay	Central Bering Sea	Coastal Villages	Norton Sound	Yukon Delta
Communities Involved	Aika, St. George, Nelson Lagoon, False Pass, Nikolski	Aknagik, Clark's Point, Dibingham, Egegik, Etuk, Manokotak, Naknek, Pilot Point, Port Heiden, Savoroski/King Salmon, South Naknek, Togiak, Twin Hills, Ugashik	St. Paul	Chefomak, Eek, Hooper Bay, Koniglganak, Mekoryuk, Nighmute, Quinhagak, Toksook Bay, Tuntutullak, Chevak, Goodnews Bay, Kilpnuk, Kwigillingok, Newtok, Plathum, Scammon Bay, Tununak	Savoonga, Gambell, Elm, Golovin, Inalik/Diomedea, 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 Seafoods for Central Bering Strait Fishermen's Association	Coastal Villages Fishing Cooperative	Norton Sound Economic Development Corporation	Yukon Delta Fisheries Development Association
Private Partners	Trident/Starbound	Ocean Trawl	American Seafood and Ice 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 Alaska	Northern Hawk Northern Eagle Northern Jaeger (All F/T)	American Empress 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	18,260.10	20,289	10,144.50	27,390.15	20,289	5,072.25
Amount Allocated %	18%	20%	10%	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 538 permanent FTE, FT and seasonal jobs by end of CDQ program	Up to 50 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 258 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, \$154 per metric ton plus 33% of gross revenues from roe.	70% of CDQ proceeds to Seafood Investment Fund; 30% to community development program. 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.

**Norton Sound Economic Development Corporation
Bering Strait Region Community Development Plan
State of Alaska
Briefing Materials**

February 17, 1993

BACKGROUND

- Norton Sound Economic Development Corporation (NSEDC) is a regional economic development nonprofit corporation made up of fifteen villages in the Bering Strait region of northwestern Alaska including: Brevig Mission, Diomedes/Inalik, Elim, Gambell, Golovin, Koyuk, Nome, St. Michaels, Savoonga, Shaktoolik, Stebbins, Teller, Unalakleet, Wales, and White Mountain.
- NSEDC was originally incorporated in 1989 with the general purpose of promoting economic development opportunities primarily for Norton Sound. In June 1992, the organization was restructured to expand membership within the region, to focus its activities on fisheries related activities, and to qualify as a Community Development Quota (CDQ) applicant and managing organization. The NSEDC Board of Directors is made up of one representative from each member community with officers elected by the full board.
- NSEDC selected Glacier Fish Company as its CDQ partner to harvest CDQ pollock and support efforts to successfully implement fisheries development programs.
- NSEDC received allocations for 1992 and 1993 equal to 20% of the CDQ pollock reserve or about 20,000 metric tons per year. NSEDC is managing this allocation and fisheries development programs in the best interest of member communities using CDQ fishing revenues as seed money for NSEDC's fisheries development program funding.

Fisheries Development Programs

- Pioneer *new markets for salmon and herring* starting in 1993 when Glacier Fish Company will buy and market 1,500 tons of herring and all species of salmon including pinks;
- Provide *low interest loans starting this spring for the region's fishermen* interested in buying local salmon and herring permits, purchasing fishing gear, and upgrading their fishing boats;
- Set up a program for *training up to 80 residents of the region each year* in skills needed to work on offshore fishing boats and in shoreside fish processors, and help them get *jobs in the fishing industry*;
- Award *scholarships* each year to residents interested in gaining advanced education and technical school training in fisheries related area;
- Work with the school district to *establish salmon incubation and hatchery programs in every school* in the region, and increase the number of commercial herring and salmon fisheries workshops;
- Establish a construction fund to *vitalize shoreside fish processing* in Unalakleet, Shaktoolik, Golovin and Moses Point, and explore building others in the region;
- *Purchase a fishing vessel* capable of catching and processing halibut, black cod, and others and tendering or processing salmon and herring;



HOUSE RESOURCES COMMITTEE

DATE: Wed. 2/17/93

PLACE: Capitol, Room 124

SUBJECT OF MEETING:
 CDQ Briefing with House Special Comm. on Fisheries
 EO 86

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
John Jemewok	USEDC	Box 89 Elin Alaska	99739	907 890- 2215 ³⁰¹	907 890-2298	Y	N CDQ
Norman N. Anderson	B. B. E. D. C.	Box 112 Natunak Alca	99533	246-4423	246-4210	Y	N C.D.Q.
Fred K Phillip	CUFC	Box 6 Kwigillingok Alca	99622	588 8320	588 8114	<input checked="" type="radio"/>	N CDQ
Robin Samuelson	BSEDC	Box 412 Olg	99576		842-5257	Y	N CDQ
Mark Snierson	APICDA	P.O. Box 4707 Atka	99547	16 Lastm Cottor	586-3107	Y	N CDQ
Laurentia Mike	YDFDA	P.O. Box 20269	99620	899-4220		<input checked="" type="radio"/>	N CDQ
Karl Orlis	PSFA	725 Christensen ^{Anchorage} AK	99501	279-6519	279-6519	Y	N
Edgar Blatchford	DLCA	150 Seward Street				Y	N CDQ
Clark Manning	St. Paul	212 Second St. Juneau	99901		586-8110	Y	N CDQ
Gerard Bruce	ADFLG				465-6143	<input checked="" type="radio"/>	N E.O. 86
John Walsh	YDFDA	Gen'l Deli			465-4885	Y	N

* Mark Springer YDFDA Hooper Bay 99604 ~~821~~ 758-4535 Page ____ of ____