

SJR

20

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SJR 020A

Revision Date: 3/29/95
 Title: Relatino to the Western Alaska CDQ Program, the inshore/offshore allocation process, etc.
 Sponsor: Senator Hoffman
 Requestor: Senator Hoffman

Department Affected: Commerce and Economic Development
 BRU: Economic Development
 Component: _____
 COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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 EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of current year (FY 95) cost: \$ 0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Gabrielle LaRoche, Section Chief
 Division: Economic Development

Phone: 465-5487
 Date: 3/29/95

Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Date: 3/30/95

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FISCAL NOTE

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 offshore allocation process, etc.
 Sponsor: Senator Hoffman
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Department Affected: Commerce and Economic Development
 BRU: Economic Development
 Component: _____

COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	58.2	59.4	60.6	61.8	63.0	64.9
TRAVEL	16.0	16.3	16.6	16.9	17.2	17.5
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	74.2	75.7	77.2	78.7	80.2	81.4

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	74.2	75.7	77.2	78.7	80.2	81.4
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	74.2	75.7	77.2	78.7	80.2	81.4

Estimate of current year (FY 95) cost: \$ 0

POSITIONS

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

(SEE ATTACHED)

Prepared by: Gabrielle LaRoche, Section Chief
 Division: Economic Development

Phone: 465-5467
 Date: 3/23/95

Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Date: 3/24/95

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FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SJR020A

ANALYSIS:

Community Development Quota (CDQ) Program

The division has requested interagency receipts funding for a new position and related travel to adequately support the CDQ program.

The major focus of this position is to monitor and assist in the economic development of the CDQ program. The DCED position would provide corporate oversight in the review and monitoring of CDQ plans and audits, and expertise to the CDQ groups in their efforts to implement the fishery business development goals of their CDQ plans.

The CDQ program has made a significant impact on unemployment and income in the state's most depressed region. Its continued success and expansion is critical to the long-term economic development of Western Alaska. Since the CDQ program began in December 1992, the combined gross revenues of the CDQ groups has exceeded \$30 million. Over 300 Western Alaskan residents have found direct employment through the program generating an additional \$1.5 million in wages in the past year. A halibut and blackcod CDQ program has been implemented this year. The pollock program will sunset in 1996 unless extended.

Continuous monitoring and assistance to the six CDQ groups is critical at this time. Success of the program will support the state's efforts to extend the program beyond 1995 and to extend it to additional species, especially cod and crab.

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 3/10/95

FURTHER: *has no further*

John
 Date of 5-Day Notice: 3-15-95
 (in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-10-95

Resources Committee considered SJR 20

Western Alaska Community Development Quota Program, the inshore/offshore allocation process, and the North Pacific Fishery Management Council Comprehensive Rationalization Program.

and recommends:

- be replaced with CS SJR 20 (RES)
- adopt previous CS ()
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

Senate Bill:

same title
 new title

House Bill:

same title
 technical title
 new: SCR# _____

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Tom Hoff</i>	<input checked="" type="checkbox"/>	<i>Irma Dease</i>	<input checked="" type="checkbox"/>		
<i>Rick Halford</i>	<input checked="" type="checkbox"/>				
CHAIR: <i>Brew A. Lewis</i>	<input checked="" type="checkbox"/>				

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

<i>CED</i>	<i>2-29</i>	<input checked="" type="checkbox"/>	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

9-LS0876C ✓
Utermohle
4/5/95

**CS FOR SENATE JOINT RESOLUTION NO. 20(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - FIRST SESSION**

BY THE SENATE RESOURCES COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATOR HOFFMAN

A RESOLUTION

1 **Relating to the Western Alaska Community Development Quota Program, the**
2 **inshore/offshore allocation process, and the North Pacific Fishery Management**
3 **Council Comprehensive Rationalization Program.**

4 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 **WHEREAS** the Western Alaska Community Development Quota (CDQ) Program is
6 a fisheries development program involving the federal Department of Commerce, the North
7 Pacific Fishery Management Council, the State of Alaska, and 56 Bering Sea coast, Aleutian
8 Islands, and Pribilof Islands communities; and

9 **WHEREAS** the CDQ program has set aside 7.5 percent of the available Bering Sea
10 pollock quota during 1992 through 1995 for Bering Sea coast, Aleutian Islands, and Pribilof
11 Islands communities; and

12 **WHEREAS** the amount of pollock available for harvest under the CDQ program is
13 more than 100,000 metric tons per year and has an approximate annual value of \$20,000,000;
14 and

15 **WHEREAS** the CDQ program allocates the available harvest of pollock among
16 eligible communities, local fishermen's organizations, and local economic development

1 organizations who in turn reinvest the proceeds from the harvest and processing of the pollock
2 in additional local fisheries development projects; and

3 WHEREAS the CDQ program has been expanded to include halibut and sablefish
4 (black cod); and

5 WHEREAS the CDQ program is important to the economic development of the
6 Bering Sea coast, Aleutian Islands, and Pribilof Islands communities; and

7 WHEREAS the North Pacific Fishery Management Council established the CDQ
8 program as a component of the inshore and offshore allocation of Bering Sea pollock; and

9 WHEREAS the CDQ program represents an unparalleled opportunity for long-term
10 stable economic development for the communities of the Bering Sea coast, Aleutian Islands,
11 and Pribilof Islands; and

12 WHEREAS the social and economic welfare of many Alaska coastal communities is
13 largely dependent upon continued access to and utilization of the vast pacific cod and pollock
14 resources off the shores of Alaska; and

15 WHEREAS access to and utilization of the pacific cod and pollock resources has been
16 assured under the inshore/offshore allocation adopted by the North Pacific Fishery
17 Management Council; and

18 WHEREAS the increased harvesting capacity of the large industrialized offshore
19 fishing fleets have developed an advantage over the catcher boat fleet that harvests fish for
20 shoreside processing plants; and

21 WHEREAS the North Pacific Fishery Management Council is preparing to adopt a
22 Comprehensive Rationalization Plan (CRP) for groundfish and crab in the Bering Sea and
23 Aleutian Islands area; and

24 WHEREAS the North Pacific Fishery Management Council's CRP will limit access
25 in the groundfish and crab fisheries off Alaska, which are important to Alaska's coastal
26 communities and to Alaska's seafood industry;

27 BE IT RESOLVED by the Alaska State Legislature that the North Pacific Fishery
28 Management Council is respectfully requested to allocate Bering Sea groundfish and crab to
29 the Western Alaska Community Development Quota (CDQ) groups and support the
30 continuation of the inshore/offshore allocation process as parts of any Comprehensive
31 Rationalization Plan (CRP) that the council prepares; and be it

1 **FURTHER RESOLVED** by the Alaska State Legislature that the North Pacific
 2 Fishery Management Council is also respectfully requested to ensure that any CRP developed
 3 by the council addresses access for Alaska's small boat fleet and coastal residents to
 4 groundfish and crab. *allocation and fair and reasonable*

5 **COPIES** of this resolution shall be sent to the Honorable Ron Brown, Secretary of the
 6 U.S. Department of Commerce; Richard B. Lauber, chair of the North Pacific Fishery
 7 Management Council; and to the Honorable Ted Stevens and the Honorable Frank Murkowski,
 8 U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska
 9 delegation in Congress.

Amend #3

whereas
 The state legislature has passed legislation to increase
 allocation to the small boat fleet
 Re: US Dept. of Commerce
 B.I.S. in order to preserve
 or was continuing grant of per 25th

*Amend
 withdrawn*

Under proposed Treaty

and Re it further

*Further resolved that... in the...
 shall be controlled and...
 Fishery Quota (ITQ) process, not in a...
 Federal jurisdiction over Alaska fisheries
 (not as a requirement by Alaska of the
 fisheries)*

SENATOR LOREN LEMAN'S OFFICE

TELECOPIER COVER SHEET

State Capitol, Juneau, Alaska 99801

907-465-2095 (office)

907-465-3810 (fax)

ATTN: George Demichle FAX: 2029

OFFICE: LAA PHONE: _____

FROM: A. Kreitzer DATE/TIME: 1/4/95 10:45 AM

COMMENTS: I need class by Nov. 4-5 95 to
distribute to members THINKS

(AK)
NUMBER OF PAGES (including cover sheet): 2



Alaska State Legislature

Session:
State Capitol
Juneau AK 99801-1182

MEMO

Interim:
716 W 4th Avenue
Anchorage AK 99501-2133

TO: George Utermohle, Attorney
Legal Services

FROM: Annette E. Kreitzer, Committee Aide *AK*
Senate Resources Committee

DATE: April 4, 1995

RE: Blank CS for SJR 20

.....
Please prepare a CS for SJR 20 to address the following concerns:

- 1) Page 2, line 22: Capitalize the first letters in the phrase Comprehensive Rationalization Plan and add (CRP) after that phrase.
- 2) Page 2, line 25: after "allocate" INSERT: Bering Sea groundfish and crab...
- 3) Add new WHEREAS after line 23: WHEREAS the North Pacific Management Council's CRP will limit access in the groundfish and crab fisheries off Alaska, which are important to Alaska's coastal communities and to Alaska's seafood industry;
- 4) Page 2, line 28: council prepares; [.]
- 5) Page 2, after line 28: add new: BE IT FURTHER RESOLVED by the Alaska State Legislature that the North Pacific Fisheries Management Council is also respectfully requested to ensure that any CRP developed by the council addresses access for Alaska's small boat fleet and coastal residents to groundfish and crab.

Benefits for YOU

EDUCATION

Initial training for entry level fish processing has resulted in fishery jobs for more than 150 local residents. In anticipation of long range training needs, groups have set aside education and scholarship endowments insuring funds for residents' tuition to acquire necessary skills, Coast Guard licenses or college degrees. Coastal Villages Fishing Cooperative plans to establish a school to train residents in netting and salmon toe grading. Currently these lucrative positions are filled by foreigners.

JOBS

All CDQ groups are required to provide jobs for community residents, either working directly with the CDQ operation or their fishing partners. Each group has goals for employment placement in their approved Community Development Plan (CDP). Interested residents should contact their local CDQ management office.

COMMUNITY

All six groups plan fishery development infrastructure projects in and around their area. This will result in many jobs and long term economic development in these communities. Plans include shoreside processing facilities, warehouses, cold storage, fishing gear storage, docks, and fishery enhancement projects. Projects will be partially or wholly owned by the CDQ groups.

SECURITY

Through vessel, gear, permit or future Individual Fishery Quota (IFQ) loans, local residents will become personally involved in long range fishery career opportunities. Bristol Bay plans on direct fishery investments, Coastal Villages has already purchased direct ownership of a factory trawler, Yukon Delta has purchased two fishing vessels and Central Bering Sea will soon launch a vessel loan program. Management of these operations will require a host of local resident managers and onshore fleet support staff.



Photo: Alaska Seafood Marketing Institute

Make into a great variety of tasty products, Alaska pollock enters the world market to feed millions of people.

The CDQ program will forever change the economic outlook for Alaska's Bering Sea coastal communities. The Fisheries Conservation and Management Act (Magnuson Act) provided for Americanizing the Bering Sea fisheries. The CDQ program lets them be Alaskanized. Rural resident fishermen lacking necessary financial capital, groundfishing experience and fishing vessels adequate to compete in the fishery are provided direct access through the CDQ program. Wise management of CDQ quota and prudent financial investments will secure a long-term involvement. Through sound fisheries management, the 21st century holds a very bright future for this heretofore depressed area of the great state of Alaska.

For additional information on the CDQ program, contact:

John M. Walsh
Dept. of Community & Regional Affairs
PO Box 112100
Juneau, Alaska 99811-2100
Phone (907) 465-4989

This brochure was prepared by the rural students at Mt. Edgecumbe High School, Sitka, Alaska.

Building Your Future



the CDQ Program



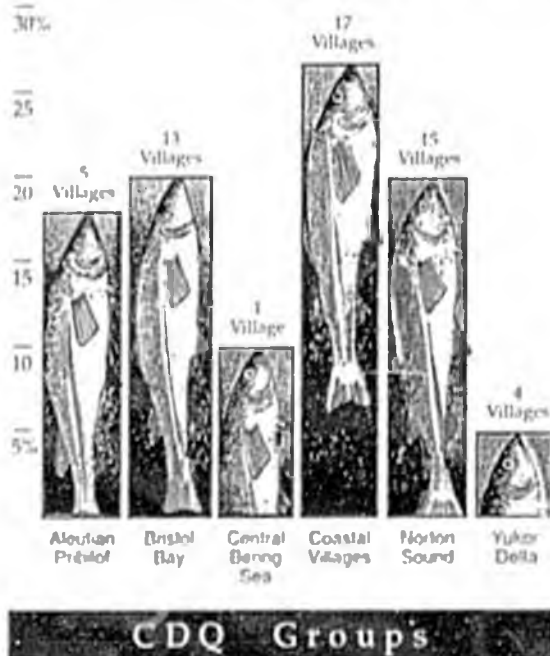
The T/T Brown's Point, 50% owned by the Coastal Villages Fishing Cooperative, returns from pollock fishing in the Bering Sea.

Community Development Quotas

Rural communities in western Alaska are poised to benefit from a unique federal, state, and industry fishery partnership developed under Governor Hickel's direction. Approved in March of 1992 and implemented that fall, the Community Development Quota (CDQ) program allows small communities along the Bering Sea to partner with experienced fishery companies to harvest, process and market the bountiful pollock groundfish. 75% of the allowable catch limit is reserved for the CDQ program. This amounts to more than 100,000 metric tons of fish! The 55 eligible communities formed six regional associations to compete for a share of the quota. Initial program authorization runs through 1995.

Western Alaskans will benefit through profit sharing, fishery partnerships with experienced industry, direct job placement, career opportunities, nearshore fishery development, experience in groundfishing management, scholarship endowments, and general community development.

POLLOCK ALLOCATIONS



Processing of groundfish holds abundant employment opportunities for Alaskans.

CDQ Groups

Aleutian Pribilof Island Community Development Association consists of five communities. For 1992/1993 the association was granted 18,260 metric tons of pollock. It has partnered with Trident Seafoods, Inc. and Starbuck, Inc. to harvest and process fish. More than 40 local residents will be employed by the end of 1993.

Bristol Bay Economic Development Corporation includes 14 communities, and was allocated 20,289 metric tons of pollock for 1992/1993. Their fishing partner is Oceanrawl, Inc. More than 60 local residents will be employed directly in the fishery, with an additional 20 to be placed through a management internship program.

Central Bering Sea Fishermen's Association represents the fishing community of St. Paul. In partnership with American Seafoods, Inc. they are going out for their quota of 10,141 metric tons of fish. Their goal is to employ 25 local residents by the end of 1993.

Coastal Villages Fisheries Cooperative has formed the largest regional association with 17 communities. Their 1992/1993 pollock allocation is 27,390 metric tons. Coastal Villages is partnered with Golden Age Seafoods for harvesting and processing. They will employ more than 50 local residents in the fishery, develop a management intern program and place residents in salmon net grading jobs.

Norton Sound Economic Development Corporation is comprised of 15 communities. Their 1992/1993 quota is 20,289 metric tons of pollock. Glacier Fish Company, Ltd. is their fishing partner. NSEDC expects 40 local residents to be employed in the fishery in 1993.

Yukon Delta Fisheries Development Association embraces four communities. For 1992/1993 they were granted 5,072 metric tons of pollock. Their partner for harvesting and processing is Golden Alaska Seafoods, Inc. More than 40 local residents are expected to be employed in 1993 operations.

The CDQ Program

New Economic Potential for Western Alaska

BERING SEA

PACIFIC OCEAN



INTRODUCTION

A Community Development Quota (CDQ) program was implemented in 1992 that thrust participating western Alaska communities into a unique partnership with the multimillion-dollar Bering Sea groundfish industry.

In contrast to their traditional subsistence and small boat commercial fisheries, western Alaska residents will now have opportunities to work on factory trawlers capable of fishing the Bering Sea year-round, in shoreside processing plants, and in related seafood industry operations. With CDQs, Bering Sea coastal communities are partners with established corporations in industrial-scale seafood production — delivering massive quantities of groundfish to consumers efficiently and at the lowest price — and will derive direct economic benefits (estimated at up to \$20 million annually) from a resource located just off their shores.

The CDQ program has been carefully designed to avoid the mistakes of the past. As one CDQ corporation said in its quota application, "...there are far too many monuments to good intentions scattered throughout western Alaska already." To many, CDQs represent the most viable opportunity yet for sustained economic development in western Alaska.

BACKGROUND

The concept of Community Development Quotas emerged in the mid-1980s as the Bering Sea groundfish fisheries — long dominated by foreign nations — finally became profitable for the domestic fishing industry. Advocates for rural Alaska wondered if the guaranteed quota concept — based on the experiences in Greenland, New Zealand, Iceland and elsewhere — could be adapted for use in the state. If western Alaska rural communities could implement such a program, they could help diminish chronic unemployment and social problems, and share directly in the harvest of a multimillion-dollar fisheries resource.

During the 1989 Congressional hearings on the reauthorization of the Magnuson Fishery Conservation and Management Act, western Alaskans proposed an amendment expressly allowing the creation of CDQs. The idea, however, was dropped during Congressional negotiations.

In the meantime, the Alaska-based seafood industry launched a campaign to convince the North Pacific Fishery Management Council to split groundfish allocations in the Gulf of Alaska and Bering Sea between shorebased seafood processors and offshore factory trawlers. At its April, 1991 meeting, the council adopted a specific CDQ alternative for analysis as part of the inshore-offshore proposal. The final inshore-offshore



Photos (above) A cod-end filled with 120 tons of CDQ pollock is hauled on board the FT Pacific Glacier, owned by Glacier Seafoods, Ltd., and working in partnership with the Norton Sound Economic Development Corporation. (below) Commercial fishermen deliver skiff loads of chum salmon to a buying station along the Yukon River. Skiffs and gillnets are the traditional tools for western Alaska commercial fisheries.

management plan was approved by the council in June 1991, and included a provision that set aside 7.5 percent of the pollock quota in the Bering Sea (approximately 100,000 tons annually) for a four-year CDQ program.

The CDQ provision was structured to give the Governor of Alaska the lead responsibility for recommending who would receive quotas. In 1992, state and federal officials drafted CDQ criteria, procedures and regulations. Once all the administrative measures were approved, the state accepted CDQ applications from the eligible communities of western Alaska, submitted through six newly formed or reorganized corporations, each with a corporate fishing partner.

On Nov. 25, 1992, Gov. Walter Hickel issued findings and recommendations for the amount of quota each applicant would receive for 1992 and 1993. The Secretary of Commerce approved the state's decision on Dec. 3, 1992, and authorized the CDQ applicants to harvest their quotas.

How CDQs Work

Applications for CDQs, based on 7.5 percent of the biologically harvestable Bering Sea pollock resource, are submitted on a biennial basis to the Governor of Alaska. The governor evaluates the applications and makes recommendations on the size of the quota to be awarded. The recommendations are reviewed by the North Pacific Fishery Management Council and are submitted for final approval to the U.S. Secretary of Commerce.

Applications for CDQs, based on 7.5 percent of the biologically harvestable Bering Sea pollock resource, are submitted on a biennial basis to the Governor of Alaska. Communities that are eligible to receive quotas must be located on or within 50 miles of the Bering Sea coast from the Bering Strait to the westernmost of the Aleutian Islands, or located on islands within the Bering Sea. CDQ proceeds must be invested in fishery development programs and ventures that create jobs and promote stable local economies in western Alaska.

Communities that are eligible to receive quotas must be located on or within 50 miles of the Bering Sea coast from the Bering Strait to the westernmost of the Aleutian Islands, or located on islands within the Bering Sea. The communities must meet the definition of Native villages under the Alaska Native Claims Settlement Act.

Applications for a maximum 33 percent of the available CDQ pollock may be submitted by local fishing organizations from eligible communities or groups of communities, or a local economic development organization incorporated for the purpose of designing or implementing a Community Fisheries Development Plan.

Applications must address the level of local employment that will be generated, the vocational and educational programs that will be created, and the schedule for moving from reliance on CDQs to self-sufficiency. Applications must also include detailed business plans to allow evaluation of the feasibility of the CDQ joint ventures. In these ventures, the corporate partners purchase the rights to the fish, hire western Alaskans to work at all levels of their operations, and guide the CDQ groups to full involvement in the groundfish industry.

Because the total amount of CDQ pollock is limited, applications are evaluated in competition with each other on the basis of goals and objectives, realistic measurable milestones for determining progress, methods for developing a self-sustaining local fisheries economy, level of local employment, capital or equity generated for local fisheries investment and profit-sharing arrangements.

The state requires active, not passive operations. The mere sale of quota and receipt of dividends is not considered acceptable. Western Alaska residents must fully participate in the fisheries. CDQ proceeds must be invested in fishery development programs and ventures that create jobs and promote stable local economies in western Alaska.

CDQ recipients must file quarterly reports to allow the state to monitor their progress and compliance with program requirements. CDQ groups that represent more than one community must have at least one resident from each member community on their boards of directors.

CDQ PROGRAM GOALS

The overall goal of the CDQ program is to make substantial progress toward economic self-sufficiency for western Alaska through:

- ◆ Promoting the economic well-being of local coastal communities through involvement in Bering Sea fishery resources.
- ◆ Allowing western Alaska communities to diversify local economies.
- ◆ Providing western Alaska community residents with new opportunities to obtain stable, long-term employment.
- ◆ Allowing western Alaska residents a fair and reasonable opportunity to participate in the Bering Sea/Aleutian Islands fisheries which have been closed to them because of the high capital investments required.

Six applicants received CDQ allocations in western Alaska. A summary of each organization and program plan is provided below.



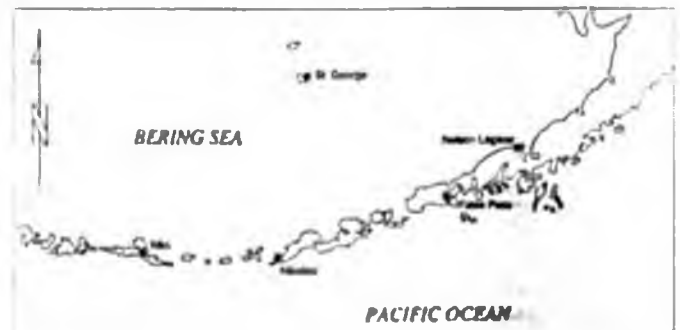
St. George in the Pribilof Islands is a member of the five-community Aleutian Pribilof Island Community Development Association.

ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION

APICDA consists of the communities of Atka, False Pass, Nelson Lagoon, Nikolski, and St. George. Akutan and Unalaska participate in the training and education programs. APICDA received 18 percent of the pollock reserve set aside for CDQs. APICDA's corporate partners in harvesting the quota are the Trident Seafoods Corporation, one of Alaska's largest shorebased seafood processing companies, and Starbound Partnership, operator of a factory trawler. Both companies are 100 percent American-owned. The F/T *Starbound* was built in the United States.

APICDA plans to:

- ◆ Establish a comprehensive vocational education, job training, and employment program.
- ◆ Establish a higher education endowment fund for community residents who wish to pursue university degrees.
- ◆ Participate in the funding for completion of the Zapadni Bay Harbor on St. George Island, creating a new commercial service center for the Bering Sea fisheries. Harbor completion will be coupled with the construction of a shoreside processing plant in 1993 and ancillary economic development.
- ◆ Complete engineering designs for a dock in Nelson Lagoon (to be constructed in 1994) and conduct an economic feasibility study on related economic development, all in cooperation with the Aleutians East Borough.
- ◆ Work with the False Pass Tribal Council to fund the construction in 1993 of a gear storage warehouse in False Pass.
- ◆ Cooperate with the City of False Pass to extend water and sewer service to the new False Pass dock, making the facility ready for commercial activity. A vessel storage facility, repair facility, and/or seafood processing facility may be developed adjacent to the dock.



- ◆ Combine forces with the City of Atka to complete engineering designs for a dock (to be constructed in 1994) and conduct an economic feasibility study on related development, including a fuel-tank farm and shoreside processing plant construction.
- ◆ Make funds available for the purchase of fishing vessels, Individual Fishing Quotas, and other business opportunities.
- ◆ Employment goal: 60 people in 1993.

Contacts: Mark Snigaroff, Chairman
 APICDA
 P.O. Box 47307
 Atka, Alaska 99547
 (907) 839-2249 FAX: 829-2234

Larry Cotter
 Pacific Associates
 116 Gold Street
 Juneau, Alaska 99801
 (907) 586-3107 FAX: 586-1001

BRISTOL BAY ECONOMIC DEVELOPMENT CORPORATION

BBEDC consists of the Bristol Bay communities of Aleknagik, Clark's Point, Dillingham, Egegik, Ekuk, Manokotak, Naknek, Pilot Point, Port Heiden, Savonoski / King Salmon, South Naknek, Togiak, Twin Hills, and Ugashik. BBEDC received 20 percent of the available CDQ pollock. BBEDC's corporate fishing partner is Oceantrawl Inc., an Alaska corporation operating three factory trawlers.

BBEDC plans to:

- ◆ Implement a Community Development Plan in 1993 consisting of employment training programs, a small business development program, grants for value-added processing and marketing, and extension services to halt the regional loss of limited entry permits.
- ◆ Establish a Scholarship Endowment Fund in 1993 for students to attend universities or full-time vocational programs.
- ◆ Set up a reserve to provide matching funds for infrastructure construction, and financing for the acquisition of Individual Fishing Quotas.
- ◆ Establish the Alaska Seafood Investment Fund in 1993 to invest in a diversified series of Alaska seafood businesses both within and outside the Bristol Bay region.
- ◆ Employment goal: 60 people year-round in Oceantrawl, Inc. operations by 1993.



Contact: H. Robin Samuelsen, Jr., Chairman
 BBEDC
 P.O. Box 1464
 Dillingham, Alaska 99576
 (907) 842-4370 FAX: 842-4336

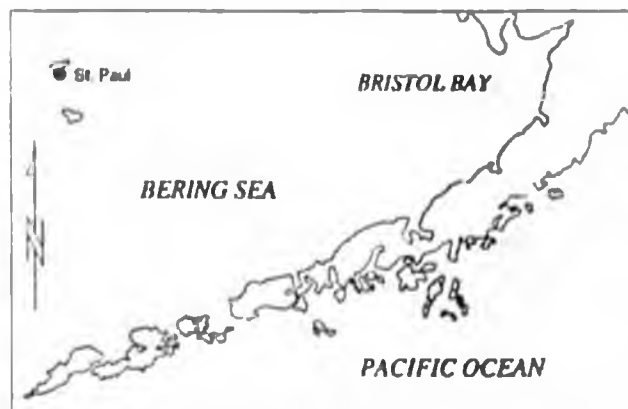
CENTRAL BERING SEA FISHERMEN'S ASSOCIATION

CBSFA represents the community of St. Paul in the Pribilof Islands. It received 10 percent of the Bering Sea CDQ pollock. Its corporate fishing partner is American Seafoods Company, Inc.

CBSFA plans to:

- ◆ Establish a boat loan program for the purchase and construction of vessels 32 to 125 ft. in length that are capable of participating in the multi-species fisheries of the Bering Sea.
- ◆ Set aside funds for infrastructure development on St. Paul Island.
- ◆ Employment goal: 20-25 people in CDQ operation.

Contact: Pertenia Pletnikoff, Jr., President
CBSFA
P.O. Box 88
St. Paul, Alaska 99660
(907) 546-2312



CBSFA
1300 W. 33rd Ave.
Anchorage, Alaska 99503
(907) 278-2312 FAX: 278-2316

COASTAL VILLAGES FISHING COOPERATIVE

CVFC consists of the Yukon-Kuskokwim Delta communities of Chefomak, Chevak, Eek, Goodnews Bay, Hooper Bay, Kipnuk, Kongiganak, Kwigillingok, Mekoryuk, Newtok, Nightmute, Platinum, Quinhagak, Scammon Bay, Toksook Bay, Tuntutuliak, and Tununak. CVFC received 27 percent of the available pollock CDQ. CVFC's corporate partner is Golden Age Fisheries, owner of five factory trawlers involved in Bering Sea and Gulf of Alaska fisheries.

CVFC plans to:

- ◆ Purchase 50 percent equity in the 197 ft. factory trawler *Browns Point* with the long-term goal of owning, managing, and operating a fleet of at-sea processing and harvesting vessels.
- ◆ Establish a "Salmon Roe University" to train residents of the region to be salmon roe technicians.
- ◆ Purchase or construct a salmon processor to operate in the lower Kuskokwim River.
- ◆ Self-assess the equivalent of the State of Alaska's fisheries business tax and dedicate this money to grants for fisheries infrastructure development.
- ◆ Train individuals from CVFC member villages to work at all levels of the groundfish industry — harvesting, processing, marketing, and corporate management.



- ◆ Establish a Coastal Villages Scholarship Fund for careers in the fisheries and fisheries management.
- ◆ Create a financing mechanism for purchasing and repatriating salmon and herring entry permits to the region.
- ◆ Create a financing mechanism for the purchase of vessels for local and nearshore fisheries.
- ◆ Employment goal: 51-70 people by 1993.

Contact: Norman Cohen
 CVFC
 204 North Franklin Street, #1
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Skiffs are pulled up on the beach at Toksook Bay prior to a commercial herring opening. Toksook Bay is a member of the Coastal Villages Fishing Cooperative.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

NSEDC consists of the Norton Sound, Little Diomed Island, St. Lawrence Island and Seward Peninsula communities of Brevig Mission, Diomedes/Inalik, Elim, Gambell, Golovin, Koyuk, Nome, St. Michael, Savoonga, Shaktoolik, Stebbins, Teller, Unalakleet, Wales, and White Mountain. NSEDC received a 20 percent share of the CDQ. NSEDC's corporate fishing partner is Glacier Fish Company, Ltd.

NSEDC plans to:

- ◆ Pioneer new markets for salmon and herring starting in 1993 when Glacier Fish Company will buy and market all salmon species and 1,500 tons of herring.
- ◆ Provide low-interest loans starting in the spring of 1993 for the region's fishermen to purchase Norton Sound salmon and herring permits, fishing gear, and to upgrade boats.
- ◆ Establish a program for training up to 80 residents of the region each year in the skills necessary to work on fishing boats and in shoreside plants, and to help them get jobs in the fishing industry.
- ◆ Award scholarships each year to residents interested in obtaining advanced education and technical school training in fisheries-related areas.
- ◆ Work with the school district to establish salmon hatchery programs in every school in the region, and hold more commercial herring and salmon fisheries workshops.
- ◆ Establish a construction fund to revitalize shoreside fish processing in Unalakleet, Shaktoolik, Golovin and Moses Point, and explore building processing plants in other communities.



- ◆ Purchase a fishing vessel capable of catching and processing halibut, black cod, and other species, and serving as a salmon and herring tender or processor.
- ◆ Create new fishing opportunities through regulatory changes and technical assistance, targeting halibut in St. Lawrence Island nearshore water, crab in Norton Sound and elsewhere, and groundfish species such as tomcod.
- ◆ Establish a permanent endowment, providing funds after 1996 to build a regional workforce through fisheries skills training, scholarships, and employment programs.
- ◆ Employment goal: 80 people in CDQ operations.

Contact: John Jemewouk, Executive Director
 NSEDC
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 Elim, Alaska 99739
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YUKON DELTA FISHERIES DEVELOPMENT ASSOCIATION

YDFDA represents the Yukon Delta communities of Alakanuk, Emmonak, Kotlik, and Sheldon Point. YDFDA received five per cent of the available CDQ. YDFDA's corporate fishing partner is Golden Alaska Seafoods.

YDFDA plans to:

- ◆ Establish a training program for up to 258 residents by 1995.
- ◆ Develop a fleet of small catcher vessels designed to operate in local longline and/or pot fisheries.
- ◆ Participate with the Emmonak Co-op and the Emmonak Tribal Council in the construction and operation of a shoreside processing and cold storage facility.
- ◆ Set up a fund for purchasing salmon limited entry permits.
- ◆ Explore halibut and cod fisheries in the upper Bering Sea.
- ◆ Employment goal: 50 people in CDQ operations by 1995.

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YDFDA
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FUTURE ISSUES

The CDQ program, along with the inshore-offshore allocation plan, will expire in 1995.

The North Pacific Fishery Management Council adopted the initial CDQ plan as a temporary measure with the expectation that a comprehensive rationalization plan — establishing allocation systems for all fisheries under federal management — would then be ready for adoption. In the meantime, many major CDQ-related issues remain to be resolved:

- ◆ Will the CDQ program prove valuable enough that its existence should be extended past 1995?
- ◆ Should CDQs be implemented for crab, Pacific gray cod, rock sole, yellowfin sole, and other Bering Sea species? If so, how should these CDQs be designed?
- ◆ How will the CDQs that are a part of the Individual Fishing Quota (IFQ) allocation system for halibut and sablefish be implemented?
- ◆ Should pollock CDQs continue or should they be converted to IFQs?
- ◆ Should the Magnuson Act, up for Congressional reauthorization in 1993, be amended to include CDQs?



Fresh-caught CDQ pollock receives a freshwater rinse in a holding tank on the F/T Pacific Glacier. Pollock is the largest harvestable resource in the Bering Sea and the foundation for the CDQ allocation program.

CONCLUSION

The CDQ program brings a new group of people into the industry as major participants. The state and federal governments, as well as private industry groups, will closely monitor the CDQ program to determine if it is successful in achieving its goals.

While the information and results will be debated in fishery forums for many years, no one can deny that a new set of issues will challenge the industry and that the criteria and standards for federal fisheries allocations have changed forever.

This publication was produced by the Bering Sea Fishermen's Association in March, 1993 with information supplied by the State of Alaska — Department of Community and Regional Affairs, Department of Commerce and Economic Development, and Department of Fish and Game — the Aleutian Pribilof Island Community Development Association, the Bristol Bay Economic Development Corporation, the Central Bering Sea Fishermen's Association, the Coastal Village Fishing Cooperative, the Norton Sound Economic Development Corporation and the Yukon Delta Fishery Development Association. Photos by Lew Tilton, Tom Zick and Malineth Saville. Design by North Coast Research Group, Inc.



Bering Sea Fishermen's Association

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Senator Lyman F. Hoffman

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- Saint Paul Island
- Sand Point
- Sherma
- South Naknek
- Squaw Harbor
- Togiak
- Tuntutuliak
- Twin Hills
- Ugashik
- Unalaska
- Unga

TO: Senator Loren Leman, Chairman
Senate Resources Committee

FROM: Senator Lyman F. Hoffman, Prime Sponsor

RE: SJR 20 - supporting CDQ's

DATE: March 24, 1995

Mr. Chairman,

Thank you for taking up consideration of SJR 20. This resolution recommends that the North Pacific Fisheries Management Council consider continued support of the Western Alaska Community Development Quota Program and support the continuation of the inshore/offshore allocation process as parts of any comprehensive rationalization plan that the council prepares.

The CDQ program was implemented in December of 1992 and is scheduled to sunset in December of 1995 unless extended by the Council. In your packet, you will find an informative summary of the program prepared by Donna Parker at the Department of Commerce. This summary illustrates the tremendous success the CDQ program has experienced. In addition, you will also find a copy of "The CDQ Program - New Economic Potential for Western Alaska." This publication will provide you with the background of the program as well as a description of the six CDQ organizations.

I believe you will find that the DQ Program represents the most viable opportunity yet for sustained economic development in western Alaska. SJR 20 provides the legislature with the opportunity to voice its support for a program that has had a significant positive impact on the economy of western Alaska.

Thank you for your consideration of this resolution.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF ECONOMIC DEVELOPMENT

P.O. BOX 110004
JUNEAU, ALASKA 99811-0004
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DCED COMMENTS ON SJR 20

BACKGROUND

The pollock Community Development Quota (CDQ) program is a federal allocation of approximately 100,000 metric tons of pollock annually to 56 Alaska communities that border the Bering Sea. It was implemented in December of 1992 and is scheduled to sunset in December of 1995 unless extended by the North Pacific Fishery Management Council (Council) and approved by the Secretary of Commerce. It is worth approximately \$20 million annually in revenues generated by lease of those harvesting rights to seafood industry partners. By the time the program sunsets later this year, it will have generated more than \$80 million in payments to the region and created more than 600 jobs.

The halibut and sablefish CDQ program is also a federal allocation of fishery resource to eligible communities. That allocation was made as part of the halibut and sablefish IFQ program and will not sunset. It is a much smaller allocation, worth approximately \$3 million annually.

The 56 eligible communities have grouped themselves into six organizations that vary in size from one to 17 villages.

The intent of the CDQ program is to provide these remote Alaskan villages, which have historically been reliant on the fishery resources of the Bering Sea, an "entry ticket" into the capital intensive fisheries of the North Pacific. For that reason, the goal of the CDQ program is to attain economic self-sufficiency for these regions through successful investment in fishing industry businesses and infrastructure in the North Pacific seafood industry.

One of the most unique features of the CDQ program is that it fosters accomplishments of ambitious Community Development Plans (CDP) because of the competitive nature of the allocation process. These plans, which include employment, training and investment milestones are actively monitored by the state. If a group fails to meet scheduled milestones, it could hurt their ability to secure desired allocation levels during the next allocation cycle. While CDPs can be amended, good cause must be demonstrated to win approval from the state and federal government.

While this is a federal program, it is the state's responsibility to oversee its implementation and assure compliance with state and federal regulations. The state also provides assistance to CDQ participants to help facilitate the success of their projects and programs. The three agencies which share equally in the management of the CDQ program are the Department of Community and Regional Affairs (DCRA), Alaska Department of Fish & Game (ADF&G), and Department of Commerce and Economic Development (DCED). The National Marine Fisheries Service (NMFS) provides federal oversight.

DCED COMMENTS ON SJR 20

PAGE 2

Since the CDQ program was implemented, two pollock allocations and one halibut and sablefish allocation have been made. To date, all recommendations made by the state have been approved at the federal level.

PROGRAM EFFECTS

The most important work ahead of us is to extend the pollock CDQ program beyond 1995 and expand it to additional species. It has been the policy of the state that it will seek a CDQ allocation whenever a limited access scheme is proposed for any species under federal jurisdiction. That policy has been implemented as part of efforts by the state to roll-over separate onshore and offshore allocations of groundfish and to develop a Comprehensive Rationalization Plan (CRP) to change federal fishery management in the North Pacific.

Currently, extension of the CDQ program is being moved forward for consideration in four separate platforms:

1. extension of the onshore/offshore allocation program
2. the state's proposed license limitation program
3. the state's proposed phased-in quota program
4. reauthorization of the Magnuson Act

Extension of the CDQ program, as proposed in this resolution, should continue to receive high priority by the state for several reasons:

1. It uses private sector money to spur significant economic development and jobs in Western Alaska and has decreased reliance on state and federal programs.
2. All CDQ programs are developed at the local level and reflect the unique needs of these diverse communities.
3. The partnership formed between the CDQ groups and their harvesting partners has forged a transference of knowledge and expertise that is unequalled in the public sector.
4. It has provided a strong incentive for joint venture seafood investments by the CDQ groups and their partners that will increase the likelihood of successful investment participation by CDQ groups in the North Pacific seafood industry.
5. It has benefited the entire fishing industry by providing venture capital to the CDQ groups to complete port infrastructure development in the region and to help finance development of new salmon products.
6. It is the most effective way to significantly increase Alaskan ownership in the North Pacific fishing industry.