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Alaska State Legislature
House of Representatives

Special Committee on Fisheries

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MEMORANDUM

TO: House Special Committee on Fisheries
FROM: Mel Monsen, Professional Assistant
DATE: November 9, 1983
SUBJECT: Aleutian/Peninsula/Pribilof Committee Trip Report

This report covers the September 17-24th Committee trip which made stops in; Unalaska, Atka, Cold Bay, St. George, and St. Paul.

1. Public Hearing: Unalaska, City Council Chambers
September 18, 1983
1pm - 4pm

Members Present: Representative Adelheid Herrmann, Chairman
Representative Ben Grussendorf
Representative Jack McBride
Staff - Mel Monsen

Public Present: Michael Palmgren
Verne Robinson
Dave Pahnke
Benjamin Golodoff
Jurate Mazeika
Emil Berikoff
Frank Kelty
Glenn Boledovich
Dan Dunaway
Marilyn Rasmussen
John Lincoln
David Stanchfield
Michael Sokoloski
Suz Dengler
L. Mishefski
Jeff Harrison
Ronald Anderson
R. M. Tappi, Jr.
Don Malcolm
Ken Griffin
Paul Fuhs

Testimony:

Verne Robinson-

Covered the history of cod fishery in relation to the abundance of crab stocks. In 1941 there were lots of cod and very few

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crab, but when cod stocks went down crab stocks went up. Pressing need to harvest pollock and cod in order to continue fishing industry. The government should set up subsidies on these fish so that domestic fishermen can compete with subsidized foreign fleets which now have markets to themselves.

Also, concerned with local pink salmon fishery. The salmon fishery is managed too far away (Cold Bay) and violations are not caught. Several systems no longer support runs because they have been swept clear of fish by outside based seiners. Need to control foreign interception of our salmon. Has cruised up to seven miles of monofilament nets.

Frank Kelty-

Need more money for research into our fisheries, especially the new and developing ones. Need to know more about crab. Several regulations are giving shore-based processors problems. An example of this was the St. Mathew's crab opening which forced fishermen to deliver to floaters or to lose fishing time. Urged strong support of the Alaska Seafood Marketing Institute.

Jeff Harrison-

Need more crab surveys. The last crab survey at Adak was in 1976-77. Research and enforcement vessels are based in Kodiak but they need to be based in Unalaska to do the most good. Have to improve marketing of fish products.

Paul Fuhs-

The longshoremen jobs depend on the fisheries and because of that times are rough. Crab related jobs are down 75% but jobs have become available in oil industry. Some problems in crab fishery are too high of a dead loss and the seasonal flooding of markets. Need for more long term planning in fisheries. Escape panels in crab pots are not enforced and this may impact crab and other stocks.

Dave Stanchfield-

Crab can escape from pots without an escape panel. Whenever a lost pot is recovered you never see a fish or crab in one. Need for better communication between National Marine Fisheries Service and Alaska Dept. of Fish and Game on crab data. Catcher processors can easily get away with processing sub-legal size crab, this needs to be enforced. The joint ventures are incidentally catching a lot of crab, incidental catches need to be stopped. Regulations are making it hard to manage a vessel.

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A fisherman needs to know ahead of time so he can plan, last minute closures can bankrupt a fisherman who has just moved all his pots. Had problems with gear conflicts between crabbers and trawlers. Support ASMI. Need more enforcement as it is frustrating to see illegal vessels. Crab fishery is at the point where it is worthwhile to take a chance on being caught because the vessel will be lost to creditors anyway. Need more search and rescue capability, although it has come a long ways recently.

Emil Berikoff-

Need more money for crab research, especially surveys. Should research to determine if halibut and crab are also eating salmon smolt. The 200 mile limit has helped salmon. Local herring harvest needs more research. Salmon fishery at South Unimak is starting to have problems. We need more enforcement as it is hard to get people to turn violators in with the small towns in the area. Need greater penalties for violators. Had no pink salmon returns this year in Unalaska area. Need more observers on foreign vessels.

Don Malcolm-

Noted that floating processors which are not shore based are as bad as catcher/processors when it comes to using sub-legal males. A pot limit would be an improvement in some areas. Need better crab regulations to take out loopholes which are taken advantage of to increase harvests. Trawlers are taking a lot of halibut. Need more enforcement.

Ron Anderson-

Every processing facility, including floating, should bear the cost of a state observer. Need more enforcement. Coast Guard should be present in area because of the size and value of the fleet.

Glen Boledovich-

Joint ventures are not giving local people any benefits. Need some sort of subsidy in order to get into the bottom fish industry. Should cut off foreigners who cheat in the FCZ.

Summary Of Other Committee Activities While In Unalaska-

The Committee toured Unisea processing facilities. This included both the Vita and the Unisea which are shorebased floating processors.

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Neither of the facilities was operating, although the Vita was being converted to process cod.

Members also got a tour of the hatchery facility at the local high school and a explanation of the hatchery education program.

Paul Saunders, public works director for Unalaska, showed the committee all the services the city provided the processing industry including; water and power.

Committee members also met informally with many fishermen on the docks and in town.

The Committee also was treated to a tour of the recently discovered geothermal well site which the Alaska Power Authority has been working on. This site has the potential to provide power for the entire community of Unalaska.

2. Public Hearing: Atka, Carpenter Hall
September 20, 1983
4:00pm - 5:15pm

Members Present: Representative Adelheid Herrmann, Chairman
Representative Ben Grussendorf
Representative Jack McBride
Staff - Mel Monsen

Public Present: George Kudrin Vincent Golodoff
George Dirks Louis Nevzoroff
Larry Dirks, Jr. John Nevzoroff
Greg Golodoff Raymond Golodoff
Moses Dirks Lawrence Prokopeuff
Teresa Dirks Ralph Prokopeuff
Mike Snigaroff Alex Kudrin
Spiridon Zaachney Fitiana Zaachney
John Nevzoroff Sally Swetzof
Victor Golodoff Betsy Golodoff
Julie Dirks
Richard Wilson (fisheries consultant for the
Atxam Corporation)

Testimony:

Richard Wilson-

Had been looking into the fisheries development potential for Atka for four weeks.

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So far, the available small boat fisheries which have a potential for local success are cod, halibut, sablefish, squid, and pink salmon. Markets are available for all of these and the stumbling block is getting the product to the market from Atka. The airport is excellent, but the harbor needs to be developed with at least a break water and a dock. Some problems are the potential for limited entry in the halibut fishery and the current limited entry program in the salmon fisheries.

George Kudrin-

No local economic base, only subsistence. Commercial fisheries never have existed other than a cod saltery in the 1920's. The community has grown in the last few years because of the construction of the new school, housing, airport, firehall, carpenter hall, and the new phone and electricity systems. The only source of real employment is the fisheries. Would like to get started with commercial fisheries because the resource is there and we are fishermen.

Larry Dirks-

Big crabbers are out catching cod and making money while we sit here. Crab fleet and halibut fleet do the same thing; we would like to get involved. Would rather keep it to the village, concerned about a lot of fishermen coming in.

Richard Wilson-

Three major fish processors have expressed interest in Atka, mainly because they do not have access to the Adak Naval Base.

Larry Dirks-

Army Corp. has been studying Atka for a harbor facility and Atka is one of their top priorities for Alaska. We could look into shore support facilities for crabbers, but don not want all the stuff like bars and liquor that go with it.

Summary Of Other Committee Activities While In Atka-

The committee was able to view the water front, the small boat fleet of 12-18 footers, and the cold storage facilities while in Atka.

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3. Site Tour: Russell Creek Hatchery, Cold Bay
September 21, 1983
9am - 1pm

Members Present: Representative Adelheid Herrmann, Chairman
Representative Ben Grussendorf
Representative Jack McBride
Staff - Mel Monsen

The Committee took a tour of the Russell Creek Hatchery facilities including the grounds and the hatchery itself. Special areas of attention were the systems which have been limiting the productivity of the hatchery and which were the basis of the recently settled law suit.

The creek that supplies the hatchery water has presented some expensive to solve problems. First, the stream has a tendency to wander, this leaves the water intake system for the hatchery dry at certain times of the year. Second, the stream can undergo temperature changes of twenty degrees (F) in a matter of hours during special weather conditions, this causes a lack of oxygen in the water supply. Finally, the stream floods at levels which not only present a problem for the water intake system, the chum salmon's gills and the adult spawner collection but also jeopardizes the entire facility.

The State of Alaska recently won a \$2.5 million settlement because of these deficiencies. To solve these problems will take even more capital dollars, but until they are solved the hatchery not only cannot operate at design capacity but risks the loss of the small amount of chum production it currently has. The Department has several different scenarios under which the facility can be reconstructed to correct the current situation, I will cover only two here (the attached FRED report to the Fisheries Committee briefly covers all the different options).

The first plan (case two in attachment) I will cover is the \$7.5 million plan, this would require \$5 million in capital construction funds to go along with the \$2.5 million already received by the State of Alaska. In this plan are three major changes directed to correcting the stream problems at the facility. First, a sheet pile wall would be built between the facility and the stream and, at a lower height, across the stream to far a small diversion dam upstream from the hatchery. This wall would protect the existing buildings during periods of high water and also chanalize the stream so that a stable water supply is available. Second, a settling pond will be constructed. This pond would allow the hatchery to settle out the large particle load of the stream which occurs during floods.

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Finally, a new adult collection weir would be constructed. This would enable the hatchery crew to keep the weir clear of debris during periods of high water and would enable much more control in the handling of returning adults. This plan, along with all the others, also includes some funds for increasing the egg, fry, and adult capacities of the hatchery; these would bring the hatchery up to its designed capacity.

The above plan permanently corrects the design problems at the present facility. The next plan (case three in attachment) I will cover attempts an interim/temporary solution to the design problems and although not permanent will usually allow the facility to operate at capacity. The cost of this plan is \$2.5 million which would require no additional funds beyond the settlement amount. This plan includes in house construction of rock gabions which will control the flow of Russell Creek. The sheet pile wall, settling pond and new adult collection weir would not be built. This plan would be very labor intensive and would also result in a higher operating cost than the \$7.5 million plan. Under this less expensive plan it is expected that floods and other natural variations in stream flow would cause a loss of fish and/or eggs on a regular basis.

The hatchery building and facilities are all in excellent shape and cost about \$3.5 million in 1977 dollars. The facility appears to be capable of being very productive with cost/benefit ratios around 1.44:1 if adequate reconstruction (\$7.5 million) is under taken.

The Committee and FRED staff went over the options for the facility after the tour of the grounds. I will have a copy of all the reconstruction plans available for review in Juneau.

4. Site Tour: St. George

Members Present: Representative Adelheid Herrmann, Chairman
Representative Ben Grussendorf
Representative Jack McBride
Staff- Mel Monsen

The charter to St. Paul stopped off for an hour at St. George Island where Committee members had a chance to see the current dock and the future site of the state funded boat harbor. The Committee also was able to talk with some members of the community about this years halibut fishery. Local residents harvested some 90,000 lbs. of halibut and are preparing to approach regulatory bodies to increase the fishing time for the local fishery.

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5. Site Tour: St. Paul

Members Present: Representative Adelheid Herrmann, Chairman
Representative Ben Grussendorf
Representative Jack McBride
Staff- Mel Monsen

The Committee met with the Central Bering Sea Fishermen's Association, a group of local fishermen who have just begun to commercially exploit local fish stocks. Their harvest is primarily halibut at this time but they have plans to branch out into hair crab and anything else they can reach with their small vessels. Their biggest concerns were with the management of the halibut fishery by the International Pacific Halibut Commission, especially the lack of a long enough season for the small boats to make a profit.

The small boat fleet in St. Paul until recent years consisted of small aluminum skiffs, but now includes many larger vessels. The largest is a 32 foot aluminum halibut longliner which has a small raised cabin and is fairly expensive. There are also aluminum, fiberglass, and fiberglass covered plywood vessels in the mid-20 foot size class in the local fleet.

The fishermen of St. Paul, as with St. George, have teamed up with the Japanese to increase the probability of success in the new industry. With training and gear from the Japanese, local fishermen hope to be able to replace the former federal jobs with a commercial fishing industry.

The Committee also was able to view a film on the state funded breakwater which will soon be constructed. Unfortunately, the Committee was not able to view the operation of the boats because of weather conditions.

Summary Information for Special Committee on Fisheries

ISSUE: Russell Creek Hatchery Upgrade

The Russell Creek Hatchery, located near Cold Bay on the Alaska Peninsula, was designed to incubate 50 million chum salmon eggs, rear 39 million fingerlings, and return 750,000 adult salmon for harvest annually. The Alaska Peninsula seine and gillnet permit holders (403 permits) fishing in the vicinities of King Cove and False Pass are the benefactors of this hatchery production.

Design errors have limited Russell Creek Hatchery production to a program of brood-stock maintenance (14 million eggs). The question of responsibility for hatchery design was litigated, the State prevailed, and was awarded \$2.5 million. This sum of money is currently in a trust account.

In questioning the "availability" of the \$2.5 million, it was learned that HB 105:Sec. 7 (1983) provides for appropriations from the general fund to agencies for that amount of money received by the State in insurance claims on lost property. It is our understanding that we may apply for the \$2.5 million via a letter from Commissioner Collinsworth to Mr. Ronald Lorensen, Department of Law. Once received, these funds would not be expended until direction was agreed upon.

As part of the State's case in the court proceedings, the redesign of the hatchery was contracted for. The engineering design firm of Kramer, Chin and Mayo (KCM) developed the redesign and acted as the State's expert during the litigation.

A team of FRED Division engineers and fish culturists reviewed the preliminary design(s) and cost estimates developed by KCM. Several options were developed (enclosed) by KCM. These options range from nearly \$10 million to \$12.7 million. Case #1 offers the most control over the fish with as little risk as possible and lowest annual operating cost. At the other end of the spectrum is the case that would cost the least for capital construction, but would have the least control and, therefore, the highest operational costs.

The FRED review team was asked to develop an option that included only those items essential to raise fish. Items necessary to increase control and reduce risk were excluded. This option is presented as Case #2.

The FRED team was also asked to develop an option using only available monies, i.e., \$2.5 million. This option assumes less control over the fish, higher risk, and higher annual operational cost. This option is given as Case #3. Proceeding with this option will require authorization by DOTPF to allow the FRED Division to "force account" the repair work.

Case #4 tables the decision for one more year. This case has high operational cost and high risk for the small amount of fish produced.

Case #5 tables the decision until some future date, but costs 40% of the cost of Case #4 with no fish produced.

The benefits accrued to the State and the fishery users through hatchery upgrade are several, and can be supported as follows.

Present - Advantages/Investments

- a. A \$3.5 million ('77 money) basic plant with extremely good structures now exists on site.
- b. About 750,000 chum salmon will be produced annually.
- c. A brood stock has been developed (a \$2 million cost) which will allow us to take 100 million eggs in 1984.
- d. We now have several years of experience with the stream, so the site has been well studied.
- e. We have four houses, two on site (\$220,000) and two newly-remodeled in the town of Cold Bay for hatchery personnel.
- f. We have acquired two trailers to serve as bunkhouses for 12 people.
- g. The hatchery is located in an ideal management area, with no mixed-stock fishery.
- h. Canneries are located nearby, so a superior product may be produced.
- i. The local population is very supportive of the hatchery and are waiting expectantly for the returns.
- j. The original cost of \$3.5 million is quite low, and additional expenditures for completion of the hatchery (assume \$7-9 million) will bring the total cost only up to a level similar to other hatcheries of the same capacity in remote areas of the State.
- k. About 700,000 chum salmon will be produced annually.
- l. No fish from other rivers are mixed with the Russell Creek chums.
- m. Russell Creek chums may be a viable alternative if the south Peninsula salmon fleets are regulated away from the harvest of traveling fish destined for the Kuskokwim, Yukon, Kobuk, and Noatak Rivers.
- n. Legislative intent attached to the FY 84 operating budget provided for the continued operation of the Russell Creek Hatchery.
- o. Benefit-cost analyses indicated a favorable return on investment for this project. That return is primarily to the resource users and associated communities.

Notable Features of the Design

- a. It is the product of a cooperative effort between FRED personnel with on-site experience and the consultant.
- b. It is based upon and designed to correct observed, measured conditions.
- c. It is a simple, passive design; no complicated mechanics.
- d. It involves almost no increase in energy consumption.
- e. The construction is permanent and will require little maintenance.
- f. It allows multiple use of raceways.
- g. It allows the use of a less-than-ideal stream, which is important under Alaskan conditions.

Some Consequences of Not Upgrading the Russell Creek Hatchery

- a. Hatchery will not produce fishable numbers of chum salmon.
- b. Benefit-cost of hatchery operations is less than 1:1.
- c. Managerial, maintenance, and fiscal resources afforded the hatchery place a drain on more productive projects.
- d. The Alaska public has voted on four hatchery bond issues since 1974. Each proposal was passed in nearly every election district in the State. Closing or mothballing this facility carries with it some liability with the public's opinion.

RECOMMENDATIONS:

A partnership approach must be developed between the Administration and area legislators. If there is not mutual support for the program, then it would be the Department's recommendation to mothball the facility. Assuming mutual support for the reconstruction, Case #2 should be selected. Case #2 requires \$5 million in CIP funds. All cases assume that the \$2.5 million received from the litigation will be available.

Case #1: Kramer, Chin and Mayo Construction Plans.

a. 50 million green eggs, ~ 40 million rearing, with no expansion capability to be built in. Items deleted are: second bank of raceways and associated piping, raceway reeration, settling pond reduced in size (settles only incubator water).

CIP cost (1983 dollars)	9,974,232
Adults returned/year	794,000
Benefit:Cost	Not calculated
Annual operational cost (1982 dollars)	550,000

b. 50 million green eggs, ~ 40 million rearing, with piping necessary to allow expansion to 100 million. Items deleted are: second bank of rearing raceways, settling pond reduced in size.

CIP cost (1983 dollars)	10,209,628
Adults returned/year	794,000
Benefit:Cost	Not calculated
Annual operational cost (1982 dollars)	550,000

c. 100 million green egg capacity, ~ 80 million rearing. Nothing deleted, but settling pond reduced in size.

CIP cost (1983 dollars)	11,461,817
Adults returned/year	1,588,000
Benefit:Cost	2.0:1
Annual operating cost (1982 dollars)	700,000

d. 100 million green egg capacity, ~ 80 million rearing, with full-sized settling pond.

CIP cost (1983 dollars)	12,706,768
Adults Returned/Year	1,588,000
Benefit:Cost	Not calculated
Annual operating cost (1982 dollars)	700,000

Case #2: FRED revision of proposed KCM construction plans. The capacity will be 50 million green eggs with ~40 million rearing. Items included from the KCM plan will be essentially as designed (except for the settling pond). The reliability of this case will be the same as the other KCM proposals, however, only the absolutely essential items have been retained. Expansion piping has been included. Items to be deleted are: tempering pond, roadway, settling structure has been reduced in size, pump house modifications, second bank of raceways and associated piping, fry feeders, spawn house, shop/storage building, bear fence.

CIP cost (1983 dollars)	7,708,231
Adult Returns/Year	794,000
Benefit:Cost	1.44:1
Annual operational cost (1982 dollars)	600,000

Case #3: Use the \$2.5 million award for in-house construction to bring the hatchery to a 50-million level. This would be an option with higher operational costs and a possible decreased survival rate of eggs and fish. The latter has been assumed to be 25% loss of brood fish and 25% loss of eggs once every five years.

CIP cost (1983 dollars)	2,500,000
Adults returned/year	794,000
Benefit:cost (based on assumed losses)	1.3:1
Annual operating expenses	725,000

Case #4: Continue in brood stock development phase. The capacity is 14.0 million green eggs.

Annual operating costs	400,000
Adults returned/year	216,000
Benefit:Cost	Not Calculated
CIP Cost	None

Case #5: Mothball. If we ever want to run the facility again, it must be kept warm and protected, with a caretaker on site.

Annual operating costs	150,000
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Case #6: Close. After two years of non-hatchery use, the grounds and remaining buildings revert to King Cove Native Corporation. Approximately \$200,000 will be required to move hatchery material from Cold Bay to other hatcheries in the State.