

SCOMM

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BSFA**Bering Sea Fishermen's Association** MAR 22 1993

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Servinn 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 Deveiopment 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

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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,



Kari 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

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 Glotfelty 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. (P. Pletnikoff) 1500 W. 33rd, Suite 100 Anchorage, AK 99503 Phone: (907) 278-2314 Fax: (907) 278-2316 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

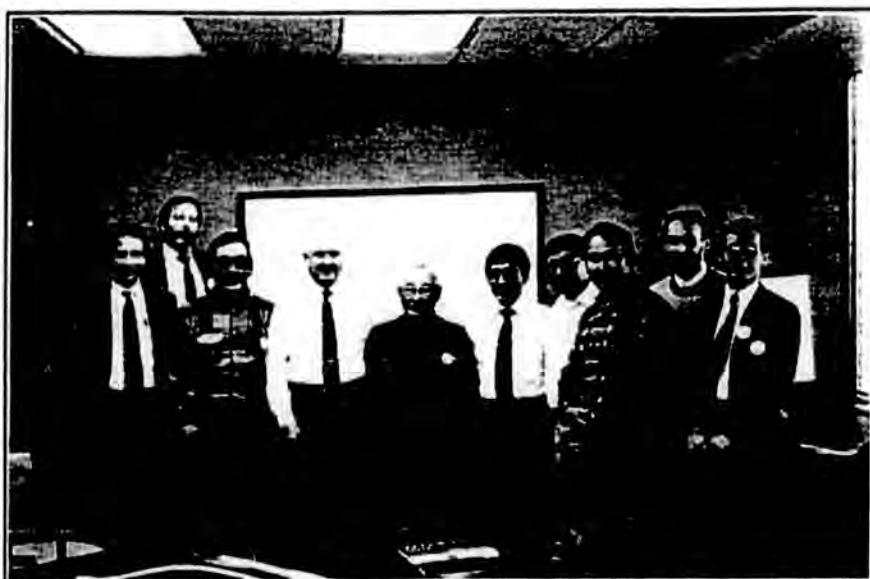
Project Group	Aleutian Pribilof	Bristol Bay	Central Bering Sea	Coastal Villages	Norton Sound	Yukon Delta
Communities Involved	Atka, St. George, Nelson Lagoon, False Pass, Nikolai	Aleknagik, Clark's Point, Dillingham, Egegik, Eluk, Manokotak, Nalnek, Pilot Point, Port Heiden, Savonoski/King Salmon, South Nalnek, Togiak, Twin Hills, Ugashik	St. Paul	Chefomak, Eek, Hooper Bay, Konigsganak, Mekoryuk, Nightmute, Quinhagak, Toksook Bay, Tuntutullak, Chevak, Goodnews Bay, Kipnuk, Kwigillingok, Newtok, Platinum, Scammon Bay, Tununak	Savoonga, Gambell, Elim, Golovin, 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/Starbound	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 Aleutian	Northern Hawk Northern Eagle Norther 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, PT 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 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 \$10.3 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 last 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 Tooksook 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-blooded 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 Dock Peter John
Kipnuk 99614 Newtok 237-2314

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

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

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

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

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

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

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

**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.

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ies. "Fishermen from the delta villages will greatly benefit from local ownership," said Joe Paniyak of Chevok, 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: Cheformak • Eek • Hooper Bay • Konigiganak • Mekoryuk • Nightmute • Quinhagak • Tooksook Bay • Tuntutuliak • Chevak • Goodnews Bay • Kipnuk • Kwigillingok • Newtok • Platinum • Scammon Bay • Tununak

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 underway 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.

PANIYAK 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

**REMARKS FOR JOINT HOUSE RESOURCES - HOUSE FISHERIES
COMMITTEE - PRESENTATION BY CDQ DELEGATION**

**Wednesday, February 17, 1993
8 - 9 am
Room 124**

GOOD MORNING. I'D LIKE TO CALL TO ORDER THIS MEETING OF THE HOUSE RESOURCES COMMITTEE AND HOUSE SPECIAL COMMITTEE ON FISHERIES.

WOULD THE SECRETARY PLEASE CALL THE ROLL?

(Resources Secretary will call roles of both committees. Be sure to acknowledge any member that shows up late.)

REPRESENTATIVE WILLIAMS AND I CALLED THIS JOINT MEETING TODAY TO GIVE BOTH OUR COMMITTEES THE OPPORTUNITY TO HEAR FROM THE INDIVIDUALS DIRECTLY INVOLVED IN A VERY EXCITING PROGRAM IN RURAL ALASKA. THAT IS THE COMMUNITY DEVELOPMENT QUOTA PROGRAM.

I WOULD LIKE TO START OFF BY INTRODUCING COMMUNITY AND REGIONAL AFFAIRS COMMISSIONER EDGAR BLATCHFORD. COMMISSIONER BLATCHFORD WILL INTRODUCE OTHER MEMBERS OF THE ADMINISTRATION INVOLVED IN IMPLEMENTING THE PROGRAM, AND WILL DESCRIBE BRIEFLY WHAT A CDQ IS, AND HOW THIS PROGRAM CAME ABOUT. HE WILL THEN TURN IT OVER TO THE CDQ GROUPS THEMSELVES.

OUR PLAN IS TO MEET HERE UNTIL 9 AM. THE FISHERIES COMMITTEE WILL THEN GO BACK DOWNSTAIRS AND TAKE UP THE REST OF OUR AGENDA. THE RESOURCES COMMITTEE WILL CONTINUE TO MEET IN THIS ROOM.

COMMISSIONER BLATCHFORD:

Note: All the committee members will have the attached information before them. It was also circulated last week. Other copies will be at the door.

At the conclusion of the meeting, remind everyone that staff and legislators are invited to a buffet luncheon in the Butrovich Room, from noon to 1 pm, featuring Alaska pollock and hosted by the CDQ groups.

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

BSFA

Bering Sea Fishermen's Association



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Anchorage, Alaska 99501
(800) 770-6519 (Within Alaska)
(907) 279-6519
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To	Molly McCammon	From	Karl Ohls
Co.	H. Fish Committee	Co.	BSFA
Dept.		Phone #	
Fax #	465-3445	Fax #	

MEMORANDUM

TO: Aleutian Pribilof Island Community Development Association
Bristol Bay Economic Development Corporation
Central Bering Sea Fishermen's Association
Coastal Villages Fishing Cooperative
Norton Sound Economic Development Corporation
Yukon Delta Fisheries Development Association

FROM: Karl Ohls *K. J.*
Bering Sea Fishermen's Association

DATE: February 14, 1993

RE: CDQ delegation, Juneau trip, final schedule

Here is the final schedule of events for the CDQ delegation visit to Juneau on Wednesday, February 17, 1993.

8 a.m. Joint hearing - House Special Committee on Fisheries and House Resources Committee.

Capitol Building, Room 124.

One person from each CDQ group will be invited to testify. The main topics to cover are the current progress of each CDQ corporation's program and each group's perspective on CDQ-related issues that the state and federal governments will need to address in the near future.

The meeting will last until 9 a.m. If time is available and the committees are so inclined, other people in attendance who wish to say something about CDQs may have a chance to do so.

9:15 a.m. Arrive at the Office of Governor, 3rd floor, Capitol Building.

9:30 a.m. Meeting with Gov. Walter Hickel, Commissioner Edgar Blatchford, Commissioner Paul Fuhs, Commissioner Carl Rosier, and Fisheries Advisor Clem Tillion.

Due to the limited time available and the large number of people who will be in attendance, each CDQ group should select one person to act as their spokesperson in expressing comments to the governor.

Meeting scheduled for one-half hour. Will be videotaped for broadcast over RATNET.

11:30 a.m. Arrive at the Butrovich Room, 2nd floor, Capitol Building to get ready for luncheon event.

Noon Pollock buffet luncheon for legislators and staff featuring five main course pollock dishes, two salads, and fruit punch. Prepared by Celebrations Catering of Juneau. Pollock donated by Glacier Fish Company. Event ends at 1 p.m. Expecting 100 people.

1:30 p.m. House Finance Committee, 5th floor, Capitol Building.

John Walsh of DCRA will provide introductory remarks. Two representatives of the CDQ groups will have an opportunity to testify. The committee must move on to other business by 2 p.m.

The rest of the afternoon is open for the groups to schedule their own meetings.

The following is my current list of the people who plan to visit Juneau on behalf of the CDQ corporations.

APICDA: Mark Snigaroff, Atka

BEEDC: Robin Samuelson, Jr., Dillingham
Norman Anderson, Naknek

CBSFA: Perfenia Pletnikoff, Jr., St. Paul
William Arterburn, Pribilof Bering Seafoods, Ltd.
Kjell Rokke, American Seafoods Company

Bernt Bodal, American Seafoods Company

CVFC: Fred Phillip, Kwigillingok

NSEDC: John Jemewouk, Elim

YDFDA: Pius Akaran, Kotlik
Laurentia Mike, Kotlik
Ed Glotfelty
Mark Springer

If there are any changes to this list, please let me know right away.

I will travel to Juneau on Monday. If you need to reach me, messages can be left at Sen. Fred Zharoff's office, 465-3473.

I don't know when everyone plans to arrive, but it would be a good idea to get together Tuesday evening to coordinate ideas for Wednesday's presentations.

In addition, the delegation should select a lead spokesperson to introduce the delegation members to the governor and to the House committees.

The luncheon will cost the CDQ corporations approximately \$174 apiece, due to Juneau's four percent sales tax. BSFA will pay the bill and seek reimbursement.

Attached is a copy of the memo I sent to Don Stolworthy, the governor's scheduling director, on Friday.

I look forward to seeing everyone in Juneau.

cc: John Walsh, DCRA
Molly McCammon, H. Special Fisheries Committee
Bryce Edgmon, S. Rules Committee
Don Stolworthy, Office of the Governor

BSFA**Bering Sea Fishermen's Association**

725 Christensen Drive
Anchorage, Alaska 99501
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(907) 279-5519
FAX (907) 258-6888

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MEMORANDUM

TO: Don Stolworthy
Director of Scheduling
Office of the Governor

FROM: Karl Ohls *K.O.*
Bering Sea Fishermen's Association

DATE: February 12, 1993

RE: CDQ delegation meeting with Gov. Hickel

At your request, I am providing you with a list of the people from the Community Development Quota corporations who wish to meet with Gov. Walter Hickel on Wednesday, Feb. 17, at 9:30 a.m.

The delegation has grown in size from what we originally envisioned, but I don't believe this presents a problem. I will ask each CDQ group to designate one individual to act as the spokesperson for their group during the meeting with the governor. This would ensure that all groups have a chance to briefly express their views in the limited time available.

In addition, the groups could select one person to act as the official spokesperson for the delegation with the responsibility of introducing the members of the delegation to Gov. Hickel. I know Mr. John Jemewouk of the Norton Sound Economic Development Corporation handled this task at a previous meeting.

Listed below are the delegation members and biographical information.

Aleutian Pribilof Island Community Development Association

Mark Snigaroff - APICDA chairman, commercial fisherman, 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

Perfenia Pletnikoff, Jr. - CBSFA president, Advisory Panel member for the North Pacific Fishery 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 Glotfelty - 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.

Also, I plan to attend the meeting. My title is Fisheries Development Specialist for the Bering Sea Fishermen's Association. Previously, I worked as a legislative assistant to State Senator Fred Zharoff.

I will notify you promptly if I learn of any changes in the delegation, such as additions or cancellations. On the Juneau itinerary, I have scheduled the delegation to arrive at the Governor's Office at 9:15 a.m.

Please call me at 279-6519 if there are any further details we need to resolve. Thank you for all your help to date.

cc: John Walsh, Rural Development Division, DCRA
Aleutian Pribilof Island Community Development Association
Bristol Bay Economic Development Corporation
Central Bering Sea Fishermen's Association
Coastal Villages Fishing Cooperative
Norton Sound Economic Development Corporation
Yukon Delta Fisheries Development Association

Note: All the committee members will have the attached information before them. It was also circulated last week. Other copies will be at the door.

At the conclusion of the meeting, remind everyone that staff and legislators are invited to a buffet luncheon in the Butrovich Room, from noon to 1 pm, featuring Alaska pollock and hosted by the CDQ groups.

MEMORANDUM

TO: All members of the House and Senate

FROM: Representative Carl Moses
Chair, House Special Committee on Fisheries

Representative Bill Williams
Chair, House Resources Committee

Representative Eileen MacLean
Co-chair, House Finance Committee

DATE: February 11, 1993

RE: CDQ Delegation trip to Juneau

All members of the House and Senate are cordially invited to hear a presentation from representatives of corporations involved in the Community Development Quota (CDQ) program at either of the following scheduled meetings on **Wednesday, February 17:**

Joint House Resources and Fisheries Committees
8 - 9 am, Room 124

House Finance Committee
1:30 - 2 pm, Room 519

Additionally, Senators are invited to join the group for a luncheon featuring Alaska Pollock recipes in the Butrovich Room 205 from 12 to 1 pm.

We have attached for your information brief descriptions of the CDQ program and participating groups.

Celebrations CateringP.O. Box 210614 Auke Bay, Alaska 99821 (907) 789-6965

February 8, 1993

Mr. Carl Olds
Bering Sea Fisherman's Association

via telefax

Dear Mr. Olds:

Celebrations Catering offers the following luncheon proposal for your function scheduled February 17, 1993 from 12:00 p.m. to 1:00 p.m. We will present the following Alaskan Pollock recipes:

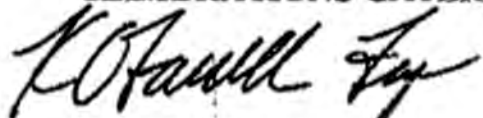
Cajun crisp Pollock
Alaskan Pollock toastadas
Hazelnut breaded Pollock
Alaskan Pollock chowder
Pollock with corn, zucchini and peppers
Cold pea confetti salad
Green beans vinaigrette salad
Fruit punch

My staff and I will be responsible for the preparation of recipes, serving of food, the necessary utensils, set-up and cleaning up of the function room. The cost is \$10.00 per person, based on 100 persons.

We look forward to working with you. Please call me with any questions and if you would like to confirm the function.

Sincerely,

CELEBRATIONS CATERING



Kieran O'Farrell Buqua

BSFA**Bering Sea Fishermen's Association**

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FAX TRANSMITTAL COVER SHEET**TO:**

John Walsh - DCRA / Molly McCannon -
~~Rep.~~ Rep. Moses / Bryce Edgmon - Sen. Jacko

FROM:

Karl Orls

DATE:

2/9/93

NUMBER OF PAGES 4 **(INCLUDING COVER SHEET).**

**IF FAX DOES NOT TRANSMIT PROPERLY PLEASE CALL (907) 279-6519.
BERING SEA FISHERMEN'S ASSOCIATION FAX # 258-6688.**

Aleutian Pribilof Island Community Development Association

The Aleutian Pribilof Island Community Development Association (APICDA) has developed a business relationship with Trident/Starbound to harvest CDQ pollock. Trident/Starbound has agreed to pay the APICDA \$154 per metric ton of CDQ pollock harvested (the base fee may be adjusted upward based upon market prices) and 33% of gross revenues from CDQ pollock roe. APICDA has requested 30% of the total CDQ allotment.

Revenues generated from the venture will be used in a variety of APICDA projects.

APICDA's master plan is to provide "seed money" to communities, within the association, for the creation of infrastructure, capital investments, and education and training. Through the creation of infrastructure and capital investment, APICDA anticipates acquiring equity positions in the following businesses:

- a processing facility in St. George (operational in late 1993 or 1994);
- a processing facility in Atka (operational in 1995 or 1996);
- a fuel tank farm in Atka (operational in 1995 or 1996);
- a vessel lift, storage, and repair facility in False Pass (1994);
- a cattle ranch in Nikolski to provide meat to the fishing industry (1995);
- various Bering Sea commercial fishing vessels (1993 or 1994);
- and a small value-added processing facility in Nelson Lagoon.

Capital investments in IFQs are also planned, in addition to the previously mentioned vessels, from a fund comprised of 20% of the CDQ after tax revenues.

More than 40 jobs are expected to be created directly from the CDQ allocation. Additional jobs, in industries created through the CDQ program, are also likely. A \$300,000 training and education fund has also been allocated by the association. The training and education should provide community members with the technical expertise to fill jobs created by capital investment.

Bristol Bay Economic Development Corporation

The Bristol Bay Economic Development Corporation (BBEDC) represents 14 small fishing communities along the eastern portion of Bristol Bay. They propose to harvest 33% of the CDQ per year under a partnership with Oceantrawl Inc. At least 60 members from the Bristol Bay communities will be employed to assist with the CDQ harvest. Oceantrawl Inc operates 3 factory trawlers in the Bering Sea and produces surimi, roe, fillets, and other products. Oceantrawl has agreed to pay the BBEDC a guaranteed minimum royalty of \$ 180/mt for roe bearing pollock and \$ 132/mt for non-roe bearing pollock harvested under the CDQ. It is projected that at the end of the CDQ period, \$25 million will have been collected by the BBEDC.

The focus of the BBEDC plan is the Community Development Program that provides employment, job training, higher education, and business extension services. Currently, the Bristol Bay region does not have the infrastructure or resources to develop a groundfish fishery without start-up monies. CDQ monies collected by the BBEDC will be invested to develop fisheries in the region and for vocational training and education of community members. Additionally, monies will be available as matching funds for infrastructure projects approved as part of the State and Federal capital projects programs.

Proceeds from the CDQ will be used for long term investment. An investment fund, the Alaska Seafood Investment Fund (ASIF), will be set up to provide an income stream to fund the community development program in perpetuity. Investments will be made in a diversified portfolio of Alaskan seafood businesses. Initially, 30% of the CDQ proceeds will be used as start-up monies for the Community Development Program, and 70% will be invested into the ASIF. Because \$17 million of the CDQ money will have been invested in ASIF (matched by \$4.4 million from Oceantrawl), the BBEDC will receive \$2 million per year in dividends to sustain the Community Development Program at the end of the CDQ period.

Central Bering Sea

The Central Bering Sea Fisherman's Association (CBSFA) with the City of St. Paul, the Aleut Community of St. Paul, and TDX Native Corporation, and their partner American Seafood Corporation (ASC) are requesting 33% of the available CDQs. ASC will harvest and process the pollock on its factory trawlers and pay CBSFA \$265/mt (round weight). Additionally, ASC will employ 20-25 persons from the community to work on board their processors. Seventy percent of the royalty payments will go toward infrastructure enhancement projects on St. Paul which include upgrades of:

- the water supply system,
- processing, domestic, and solid waste disposal facilities,
- electrical power generating facilities,
- groundfish crab processing facilities,
- harbor development including breakwater, and docks, vessel supply and repair facilities,
- housing,
- transportation,
- \$100,000 scholarship fund.

The remaining 30% of the royalty payments will go toward vessel purchases and loan subsidies and guarantees. The vessels would be purchased by community members and would intend to deliver groundfish and crab to onshore processing facilities.

Another partner, Icicle Corporation, with CBSFA and ASC plans to build a new onshore processing facility on the waterfront. After completion the plan would have the capacity to process surimi, pollock and cod fillets and H&G, salted cod, crab, halibut, sablefish and salmon. The development of the processing plant is intended to provide in part for the transition to a post-CDQ era.

Coastal Villages Fishing Cooperative

The Coastal Villages Fishing Cooperative (CVFC) with its principle partner Golden Age Fisheries (GAF) is requesting 33% of the pollock CDQ over four years. CVFC and GAF will form two joint ventures with 50% ownership in the F/V Browns Point, a small catcher processor, and the F/V Barbara Lee, which will be converted into a longliner and give the partnership access to Pacific cod and other longline species. In exchange for 50% equity in the vessels, the CDQ allotted to the CVFC will be harvested and processed by the F/V Browns Point. Note that the equity arrangement in these vessels would be permanent and include all fishing operations, not just CDQ operations.

Benefits from these and potentially other ventures, beside the generation of income and employment in groundfish fisheries, will be used to put locally owned salmon processing and tendering facilities into the lower Kuskokwim area, develop technical training, and to enhance values from salmon and herring fisheries. Specifically, these projects are:

- Purchase or construction of a salmon processor facility in the lower Kuskokwim area,
- Development of Salmon Roe University, a training facility for salmon roe technicians,
- Pay down existing vessel mortgages,
- Purchase of ITQs if/when they come available,
- Salmon permit repatriation.

Norton Sound Fisheries Development Association

Norton Sound Fisheries Development Association, representing fifteen eligible communities, is proposing to work with Glacier Fish to catch and process roughly 34,000 mt or one-third of the available CDQ reserve for each year, 1992-1995, using two factory trawlers, with a backup of three more vessels for 1992. Glacier Fish will pay a royalty fee in excess of \$200/mt, amounting to about \$30 million over four years of CDQ pollock fishing. Glacier will also contribute 51% of net proceeds as well as direct employment to local residents and give contributions to a scholarship program. Glacier Fish also will make a raw fish contribution to the State of Alaska of about \$220,000 per year, and provide up to 40 full time positions in CDQ operations.

Income from the CDQ fishery will support the following projects:

- New salmon and herring markets,
- Salmon rehabilitation and enhancement,
- Revolving loans for permits, vessels upgrades and gear,
- Education and training endowment,
- Fisheries skills training and vocational education,
- Revitalization of local shoreside fish processing,
- Future purchase of offshore fishing boats,
- Savings program to purchase future IFQs.

Norton Sound Economic Development Corporation will be the managing organization for community development projects. Its Board of Directors has fifteen members representing the member villages and composed of 100% commercial and/or subsistence fishermen from the region.

Yukon Delta Fisheries Development Association

Yukon Delta Fisheries Development Association, representing four eligible communities, is proposing to work with Golden Alaska to catch and process 17,755 mt pollock each year, 1992-1995, using four trawlers and one mothership. For late 1992, American Seafoods may be used to provide additional capacity. Golden Alaska will pay a royalty fee of \$250/mt plus expected bonus of 50% of the profits over a specified baseline. Further, Golden Alaska will assist the Association in the purchase two combination gear fishing vessels, provide technical services for fisheries development, and provide a vessel under lease for research, among other things.

The royalty income from the CDQ allocation will support the following program initiatives:

- Comprehensive training of up to 258 residents by 1995,
- Employment of up to 50 residents in CDQ operations by 1995,
- Purchase of two combination gear training vessels including the 160' Sheldon Point,
- Exploratory Eastern Bering Sea Fisheries Research,
- Salmon permit buy-back revolving fund,
- Financing for community 38-40' longline boats,
- Two community-based value-added processing plants (in Emmonak and Kotlik),
- Development of small business fisheries infrastructure,
- Research and technology transfer projects,
- Support Association administration and implementation.

The long term goal is to use the income, training, and commercial stature of a groundfish CDQ allocation as the catalyst to create and sustain about 200 new full time jobs and generate \$6 million in annual income by 1995.

Yukon Delta Fisheries Development Association will be the managing organization. Its Board of Directors represent each community, and is staffed by an executive director who works closely with NMFS, the State of Alaska, and Golden Age Seafoods.

Evaluation Criteria

Concerning the evaluation criteria, the applications have varying degrees of completeness. For example, complete business plans and financial spreadsheets are included in some proposals, but not in others. Few have very substantive break-even analyses. All communities are on the eligibility list, except for Akutan which is petitioning. Management organizations are specified but there is no way to really evaluate them until they have developed a track record. The development plan and milestones and schedule are described in most proposals, and there appears to be an adequate budget for implementation. There are descriptions of numbers of people employed, poverty levels, and proportions of low income persons, number of communities, and relative benefits of the program. Resolutions or letters of support are included for most proposals.

Community Development Quota Proposals

Project Title	Aleutian Pribilof	Bristol Bay	Central BS	Coastal Villages	Norton Sound	Yukon Delta
Communities Involved	Atka, St George, Nelson Lagoon, False Pass, Nikolski	Aleknagik, Clarks Point, Dillingham, Egegik, Ekuk, Manokotak, Naknek, Pilot Point, Port Heiden, Savonoski/King Salmon, South Naknek, Togiak, Twin Hills, Ugashik	St. Paul	Chefnak, Eek, Hooper Bay, Konigiganak, Mekoryuk, Nightmute, Quinhagak, Toksook Bay, Tuntutuliak, Chevak, Goodnews Bay, Kipnuk, Kwigillingok, Newtok, Platinum, Scammon Bay, Tununak	Savoonga, Gambell, Elim, Golovin, Inalik/Diomedea, Koyuk, Shaktoolik, Nome, St. Michael, Stebbins, Teller, Unalakleet, Wales, Brevig Mission, White Mountain	Alakanuk, Emmonak, Kotlik, Sheldon's Pt.
Eligibility	All listed communities are eligible except Akutan, which has petitioned for eligibility with the Aleutian Pribilof Community Development Plan.					
Partners	Trident/Starbound	Ocean Trawl	American Seafood and Icicle	Golden Age	Glacier Fish	Golden Alaska
Vessels	Aldebaran Columbia Pacific Viking Viking Explorer Arcturus Starfish Nordic Star (Above catcher vessels deliver to Trident/Akutan) Starbound (F/T)	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 Pacific Glacier (F/Ts)	Golden Alaska (M/S) American Beauty Ocean Leader Aleutian Challenger Sheldon Point (CVs)
Management Organizations	Aleutian Pribilof Is. Comm. Develop. Assn.	BB Economic Develop. Corp.	Pribilof Bering Seafoods for Central BS Fishermen's Assn	Coastal Villages Fishing Cooperative	Norton Sound Economic Develop. Corporation	Yukon Delta Fisheries Develop. Assn.
Board of Directors	Each proposal appears to meet the criteria for 75% resident fishermen on their Board of Directors.					

Project Title	Aleutian Pribilof	Bristol Bay	Central BS	Coastal Villages	Norton Sound	Yukon Delta
Community Development Information						
Goals/Objectives	All plans have goals and objectives listed with varying degrees of specificity.					
Amount Requested	Approx. 30%	33%	33%	33%	33% to 33-1/3%	17.5%
Duration	4 years	4 years	4 years	4 years	4 years	4 years
Milestones	Detailed schedules and milestones were provided for all proposals except for Pribilof and Central Bering Sea, which were more general.					
Employment	At least 40 individuals in CDQ program; add'l employment from capital projects	(Minimums) 60 full time in CDQ operations; 20 internships Add'l 125 post-CDQ operations	20-25 directly involved with CDQ harvest, plus 1993: 102 1994: 229 1995: 254 221 thereafter	25-35 year-round hires for 1992; 51-70 by 1995; Plus 15 graduate workers in '94; 35 grad. workers in '95	Up to 40 FTEs in CDQ operations; At least 538 permanent, FTE, PT, 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 prgms;	50 students in basic vocational training per year; 8-10 in advanced voc 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 mgmt internships annually at GAF; scholarship fund of 5% of net CDQ profits; other training and career counselling.	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.

Project Title	Alutian Pribilof	Bristol Bay	Central BS	Coastal Villages	Norton Sound	Yukon Delta
Infrastructure Enhancement	Build/improve two docks; dredge one harbor; build one small process plant; expand width of runway; build gear warehouse; expand gear storage pad; build one slaughter house and one cattle ranch; aquaculture/mariculture enhancement.	Create a business extension service for fishermen; provide matching fund for state capital projects; provide funds for fisheries development.	Build new g/fish/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/FFQ purchase fund of 20% after-tax revenue. \$154/ton plus 33% of gross revenues from ton.	70% of CDQ proceeds to Seafood Investment Fund; 30% to community development programs. Minimum royalties are about \$180/ton rose fish and \$132/ton for non-rose fish, or 60% of CDQ profits, yielding up to \$25 million over 4 years.	70% of CDQ royalties to infrastructure; 30% of royalties to vessel acquisitions and loan guarantees. \$265/ton of CDQ fishery, totaling \$38.4 million total.	50% equity in FV Browns Point; 50% equity in FV Barbara Lee. Add'l revenues to develop infrastructure. Benefits of \$40 million over 4 years, plus 10.5 million from salmon plant.	Royalties in excess of \$200 per ton, totaling up to \$30 million over 4 yrs.	Royalty fee of \$250 per ton, yielding \$17.8 million over 4 years.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

November 25, 1992

DEC 9 1992

The Honorable Barbara Franklin
U.S. Secretary of Commerce
Washington, DC 20230

Dear Madam Secretary:

I am pleased to present to you my recommendations for the Community Development Quota (CDQ) program allocations for the 1992 and 1993 pollock fishery in the Bering Sea and Aleutian Island (BSAI) management area.

The State of Alaska received six Community Development Project (CDP) applications pursuant to 50 CFR 675.27 and State of Alaska regulations 6 AAC 93. All six applications were submitted in conformance with both sets of regulations and have been fully reviewed by the State. The attached findings support my recommendations for CDQ allocations for the 1992 and 1993 BSAI fishery. My recommendations are:

Aleutian Pribilof Island Community Development Association (APICDA) to receive 18% of the CDQ reserve.

Bristol Bay Economic Development Corporation (BBEDC) to receive 20% of the CDQ reserve.

Central Bering Sea Fishermen's Association (CBSFA) to receive 10% of the CDQ reserve.

Coastal Villages Fishing Cooperative (CVFC) to receive 27% of the CDQ reserve.

Norton Sound Economic Development Corporation (NSEDCC) to receive 20% of the CDQ reserve.

Yukon Delta Fisheries Development Association (YDFDA) to receive 5% of the CDQ reserve.

These recommended CDQ levels are lower than those requested by the applicants for each group. The cumulative amounts of pollock requested by the CDQ applicants for 1992 and 1993 amounted to roughly 180% of the available CDQ amount for each year. Therefore, after notification of the Governor's recommendation, the CDPs have been modified by the applicants to represent

diminished harvesting and processing levels and the resulting decreases in expected cash flow, employment, income generation, and other related activities.

When making these recommendations we have weighed the many different criteria set out in implementing Federal and State regulations, along with information from the public hearing, consultation with the North Pacific Fishery Management Council, investigations into the accuracy of the applications, verification of references and qualifications and careful examination of the CDP proposals themselves.

I am extremely pleased to make these recommendations to you. I believe that this program holds a bright promise for some of the most economically disadvantaged communities in the nation. The applications I am recommending to you represent a truly unique partnership between these communities and industry. Over the next several years, these programs will result in new enterprises throughout western and northern Alaska, enterprises which will serve the industry, the communities and the nation well.

I want to thank you for this opportunity to provide these recommendations for you, and urge your speedy approval.

Sincerely,



Walter J. Hickel
Governor

WJH:PFuhs:yl

0114
C DQs

LCC: Richard Lomer
Edgar Betsworth



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
1335 East-West Highway
Silver Spring, MD 20910
THE DIRECTOR

DEC 03 1992

DEC 3 1992

Honorable Walter J. Hickel
Governor, State of Alaska
Office of the Governor
120 4th Street
Juneau, Alaska 99801

Dear Governor Hickel:

On November 27, 1992, the Secretary of Commerce (Secretary) received your recommendations for approval of Community Development Plans (CDPs) according to regulations at 50 CFR 675.27 implementing the Community Development Quota (CDQ) Program. The Secretary has reviewed the record and determined that the Governor's recommendations are consistent with the community eligibility criteria and the evaluation criteria set forth in 50 CFR 675.27(d) and other applicable law. Therefore, your recommendations are approved.

The following are the percentages of CDQ reserve for each CDP recipient for 1992 and 1993 that the Secretary has approved, and the corresponding metric tonnages (rounded to the nearest ton) of CDQ pollock allocated to each recipient for 1992:

Aleutian Pribilof Island Community Development Association -
18 percent and 18,260 mt;
Bristol Bay Economic Development Corporation -
20 percent and 20,289 mt;
Central Bering Sea Fishermen's Association -
10 percent and 10,144 mt;
Coastal Villages Fishing Cooperative -
27 percent and 27,390 mt;
Norton Sound Fisheries Development Association -
20 percent and 20,289 mt; and
Yukon Delta Fisheries Development Association -
5 percent and 5,073 mt.

Notice of this decision will be published in the Federal Register. A copy of the Secretary's findings is enclosed.

Sincerely,

William W. Fox, Jr.
William W. Fox, Jr.

Enclosures

THE ASSISTANT ADMINISTRATOR
FOR FISHERIES



Summary of CDQ Proposals

Aleutian Pribilof Island Community Development Association

18%

The Aleutian Pribilof Island Community Development Association (APICDA) has developed a business relationship with Trident/Starbound to harvest CDQ pollock. Trident/Starbound has agreed to pay the APICDA \$154 per metric ton of CDQ pollock harvested (the base fee may be adjusted upward based upon market prices) and 33% of gross revenues from CDQ pollock roe. APICDA has requested 30% of the total CDQ allotment.

Revenues generated from the venture will be used in a variety of APICDA projects.

APICDA's master plan is to provide "seed money" to communities, within the association, for the creation of infrastructure, capital investments, and education and training. Through the creation of infrastructure and capital investment, APICDA anticipates acquiring equity positions in the following businesses:

- a processing facility in St. George (operational in late 1993 or 1994);
- a processing facility in Atka (operational in 1995 or 1996);
- a fuel tank farm in Atka (operational in 1995 or 1996);
- a vessel lift, storage, and repair facility in False Pass (1994);
- a cattle ranch in Nikolski to provide meat to the fishing industry (1995);
- various Bering Sea commercial fishing vessels (1993 or 1994);
- and a small value-added processing facility in Nelson Lagoon.

Capital investments in IFQs are also planned, in addition to the previously mentioned vessels, from a fund comprised of 20% of the CDQ after tax revenues.

More than 40 jobs are expected to be created directly from the CDQ allocation. Additional jobs, in industries created through the CDQ program, are also likely. A \$300,000 training and education fund has also been allocated by the association. The training and education should provide community members with the technical expertise to fill jobs created by capital investment.

Bristol Bay Economic Development Corporation

20%

The Bristol Bay Economic Development Corporation (BBEDC) represents 14 small fishing communities along the eastern portion of Bristol Bay. They propose to harvest 33% of the CDQ per year under a partnership with Oceantrawl Inc. At least 60 members from the Bristol Bay communities will be employed to assist with the CDQ harvest. Oceantrawl Inc operates 3 factory trawlers in the Bering Sea and produces surimi, roe, fillets, and other products. Oceantrawl has agreed to pay the BBEDC a guaranteed minimum royalty of \$ 180/mt for roe bearing pollock and \$ 132/mt for non-roe bearing pollock harvested under the CDQ. It is projected that at the end of the CDQ period, \$25 million will have been collected by the BBEDC.

The focus of the BBEDC plan is the Community Development Program that provides employment, job training, higher education, and business extension services. Currently, the Bristol Bay region does not have the infrastructure or resources to develop a groundfish fishery without start-up monies. CDQ monies collected by the BBEDC will be invested to develop fisheries in the region and for vocational training and education of community members. Additionally, monies will be available as matching funds for infrastructure projects approved as part of the State and Federal capital projects programs.

Proceeds from the CDQ will be used for long term investment. An investment fund, the Alaska Seafood Investment Fund (ASIF), will be set up to provide an income stream to fund the community development program in perpetuity. Investments will be made in a diversified portfolio of Alaskan seafood businesses. Initially, 30% of the CDQ proceeds will be used as start-up monies for the Community Development Program, and 70% will be invested into the ASIF. Because \$17 million of the CDQ money will have been invested in ASIF (matched by \$4.4 million from Oceantrawl), the BBEDC will receive \$2 million per year in dividends to sustain the Community Development Program at the end of the CDQ period.

Central Bering Sea 10%

The Central Bering Sea Fisherman's Association (CBSFA) with the City of St. Paul, the Aleut Community of St. Paul, and TDX Native Corporation, and their partner American Seafood Corporation (ASC) are requesting 33% of the available CDQs. ASC will harvest and process the pollock on its factory trawlers and pay CBSFA \$265/mt (round weight). Additionally, ASC will employ 20-25 persons from the community to work on board their processors. Seventy percent of the royalty payments will go toward infrastructure enhancement projects on St. Paul which include upgrades of:

- the water supply system,
- processing, domestic, and solid waste disposal facilities,
- electrical power generating facilities,
- groundfish crab processing facilities,
- harbor development including breakwater, and docks, vessel supply and repair facilities,
- housing,
- transportation,
- \$100,000 scholarship fund.

The remaining 30% of the royalty payments will go toward vessel purchases and loan subsidies and guarantees. The vessels would be purchased by community members and would intend to deliver groundfish and crab to onshore processing facilities.

Another partner, Icicle Corporation, with CBSFA and ASC plans to build a new onshore processing facility on the waterfront. After completion the plan would have the capacity to process surimi, pollock and cod fillets and H&G, salted cod, crab, halibut, sablefish and salmon. The development of the processing plant is intended to provide in part for the transition to a post-CDQ era.

Coastal Villages Fishing Cooperative 27%

The Coastal Villages Fishing Cooperative (CVFC) with its principle partner Golden Age Fisheries (GAF) is requesting 33% of the pollock CDQ over four years. CVFC and GAF will form two joint ventures with 50% ownership in the F/V Browns Point, a small catcher processor, and the F/V Barbara Lee, which will be converted into a longliner and give the partnership access to Pacific cod and other longline species. In exchange for 50% equity in the vessels, the CDQ allotted to the CVFC will be harvested and processed by the F/V Browns Point. Note that the equity arrangement in these vessels would be permanent and include all fishing operations, not just CDQ operations.

Benefits from these and potentially other ventures, beside the generation of income and employment in groundfish fisheries, will be used to put locally owned salmon processing and tendering facilities into the lower Kuskokwim area, develop technical training, and to enhance values from salmon and herring fisheries. Specifically, these projects are:

- Purchase or construction of a salmon processor facility in the lower Kuskokwim area,
- Development of Salmon Roe University, a training facility for salmon roe technicians,
- Pay down existing vessel mortgages,
- Purchase of ITQs if/when they come available,
- Salmon permit repatriation.

Norton Sound Fisheries Development Association

20%

Norton Sound Fisheries Development Association, representing fifteen eligible communities, is proposing to work with Glacier Fish to catch and process roughly 34,000 mt or one-third of the available CDQ reserve for each year, 1992-1995, using two factory trawlers, with a backup of three more vessels for 1992. Glacier Fish will pay a royalty fee in excess of \$200/mt, amounting to about \$30 million over four years of CDQ pollock fishing. Glacier will also contribute 51% of net proceeds as well as direct employment to local residents and give contributions to a scholarship program. Glacier Fish also will make a raw fish contribution to the State of Alaska of about \$220,000 per year, and provide up to 40 full time positions in CDQ operations.

Income from the CDQ fishery will support the following projects:

- New salmon and herring markets,
- Salmon rehabilitation and enhancement,
- Revolving loans for permits, vessels upgrades and gear,
- Education and training endowment,
- Fisheries skills training and vocational education,
- Revitalization of local shoreside fish processing,
- Future purchase of offshore fishing boats,
- Savings program to purchase future IFQs.

Norton Sound Economic Development Corporation will be the managing organization for community development projects. Its Board of Directors has fifteen members representing the member villages and composed of 100% commercial and/or subsistence fishermen from the region.

Yukon Delta Fisheries Development Association

5%

Yukon Delta Fisheries Development Association, representing four eligible communities, is proposing to work with Golden Alaska to catch and process 17,755 mt pollock each year, 1992-1995, using four trawlers and one mothership. For late 1992, American Seafoods may be used to provide additional capacity. Golden Alaska will pay a royalty fee of \$250/mt plus expected bonus of 50% of the profits over a specified baseline. Further, Golden Alaska will assist the Association in the purchase two combination gear fishing vessels, provide technical services for fisheries development, and provide a vessel under lease for research, among other things.

The royalty income from the CDQ allocation will support the following program initiatives:

- Comprehensive training of up to 258 residents by 1995,
- Employment of up to 50 residents in CDQ operations by 1995,
- Purchase of two combination gear training vessels including the 160' Sheldon Point,
- Exploratory Eastern Bering Sea Fisheries Research,
- Salmon permit buy-back revolving fund,
- Financing for community 38-40' longline boats,
- Two community-based value-added processing plants (in Emmonak and Kotlik),
- Development of small business fisheries infrastructure,
- Research and technology transfer projects,
- Support Association administration and implementation.

The long term goal is to use the income, training, and commercial stature of a groundfish CDQ allocation as the catalyst to create and sustain about 200 new full time jobs and generate \$6 million in annual income by 1995.

Yukon Delta Fisheries Development Association will be the managing organization. Its Board of Directors represent each community, and is staffed by an executive director who works closely with NMFS, the State of Alaska, and Golden Age Seafoods.

Evaluation Criteria

Concerning the evaluation criteria, the applications have varying degrees of completeness. For example, complete business plans and financial spreadsheets are included in some proposals, but not in others. Few have very substantive break-even analyses. All communities are on the eligibility list, except for Akutan which is petitioning. Management organizations are specified but there is no way to really evaluate them until they have developed a track record. The development plan and milestones and schedule are described in most proposals, and there appears to be an adequate budget for implementation. There are descriptions of numbers of people employed, poverty levels, and proportions of low income persons, number of communities, and relative benefits of the program. Resolutions or letters of support are included for most proposals.

COASTAL VILLAGES FISHING COOPERATIVE

CDQ APPLICATION

#15A

EXECUTIVE SUMMARY

The Coastal Villages Fishing Cooperative (CVFC) is a for-profit Alaska corporation formed by seventeen Western Alaska villages for the purpose of participating in the Western Alaskan Community Development Quota (CDQ) program established by the State of Alaska and the U.S. Department of Commerce (through the North Pacific Fishery Management Council -- NPFMC).

As established, the CDQ program includes 55 villages with a total population (1990 census) of approximately 21 thousand persons. The seventeen CVFC member villages have a total population of 5,781 which represents over 27% of the total eligible population.

CVFC members were instrumental in developing the CDQ program.

Residents of CVFC member communities have been the most active Western Alaskan participants in the affairs of NPFMC in order to protect their subsistence fisheries, create nearshore commercial fisheries, and to urge the adoption of the CDQ program. Although we in no way wish to denigrate the assistance and effort of many individuals and organizations, CVFC feels confident in stating that without the efforts and initiatives of its members, there would be no CDQ program today. As the CDQ group with the greatest number of villages joining to apply and as one of major initiators of the program, we believe that CVFC should be one of the major beneficiaries.

Economic conditions in the CVFC (Coastal Villages) Region are the worst in Alaska.

The Coastal Villages Region has failed to develop economically in small part because of its isolation but in major part because of a number of formidable climatic and geologic features. These include shallow nearshore waters, shortage of deep water harbors, lack of any ice free port for 9 months of each year, absence of mineral resources in commercial quantities, and soils which frustrate any large scale construction because they are primarily permafrost laden with water.

By practically any measure (per capita income, household income, individuals not in the labor force, individuals below the poverty line, existing local economic base) CVFC member villages are the most economically disadvantaged in all Alaska including all other CDQ eligible applicants. Commercial fisheries in the region are low volume and low value. The region has serious social problems which are, in large part, an outcome of the extreme adversity of its economic condition.

CVFC has four specific ventures for which business plans have been prepared. These ventures will provide employment, funds for investment, develop the region, and lead towards economic self-sufficiency. Other ventures will be developed in the near future.

Imarpiqamuit Partnership: CVFC will be a 50% owner of this partnership which will own and operate the factory trawler BROWNS POINT and will use pollock CDQ awarded to CVFC. CVFC and its partner, Golden Age Fisheries (GAF) project that the vessel will have a cumulative net income of close to \$40 million through 1995 if sufficient CDQ is awarded to CVFC. Projections indicate that cumulative total benefits from the venture to the Coastal Villages Region through 1995 will exceed \$37 million including wages and salaries, equity growth, and other benefits.

Barbara Lee Partnership: CVFC will be 50% owner of this partnership which will own and operate the fishing vessel BARBARA LEE. The vessel will be converted to operate as a longliner and will fish in the open pacific cod fisheries and use halibut, sablefish and pacific cod CDQ awarded to CVFC. GAF projects that the vessel will have a cumulative net income of over \$1 million.

Salmon Roe University: CVFC will be 50% owner of this venture with GAF. The facility will be located in one or more Western Alaskan villages and will train residents for high paying jobs as salmon roe technicians in the Alaska salmon fisheries. Graduates of SRU will replace Japanese technicians who have been granted visas based on the assertion that no US nationals are qualified for this work. The facility will train 20 to 40 new technicians per year and is projected to have a cumulative net income of over \$500 thousand by the conclusion of the ten year planning period.

Kuskokwim Salmon Processor: CVFC will be 50% owner of this venture with GAF. The facility will be located on the lower Kuskokwim and will provide fishermen from CVFC member villages and others from the Region with benefits in the form of higher grounds prices, more regular markets, and the chance to share in the income from processing. The facility is projected to employ over 100 workers and to have a cumulative net income of over \$2 million through 1995. Total benefits to the Coastal Villages Region are projected to exceed \$10 million including over \$7 million in increased grounds prices

CVFC has made a conscious decision to take an equity position in the Bering Sea/Aleutian Islands groundfish fisheries and believes that the BROWNS POINT will serve its interests well.

1. CVFC wants long term involvement in these fisheries with advancement by our people from processor jobs to the deck, wheel house, engine room, and onshore management positions. This cannot be achieved via an arrangement where we would exchange our

CDQ for cash for four years and then the program ends. It can only be achieved through long term ownership.

2. CVFC's analysis of the offshore fisheries is that their problems have arisen not merely because they are overcapitalized but also because they are overleveraged (i.e., excessive debt). CVFC determined that it could avoid the pitfalls of overleverage by entering the fisheries with a smaller, less expensive vessel and by using CDQ proceeds so that at the conclusion of the CDQ program most or all of the debt on the vessel would be paid off. At that point, virtually all income in excess of fixed costs would be profit. Operations which have little debt will have a significant competitive advantage and will be profitable relative to those that are burdened with debt.
3. CVFC's understanding of the history of Alaskan fisheries is that the vessels capable of operating in several fisheries have survived financially while overspecialized vessels have gone bankrupt. Accordingly, CVFC sought to acquire equity in a vessel with the capability to operate in more than one fishery.
4. CVFC is keenly aware of the prospect that the Bering Sea groundfish fisheries are likely to become limited entry fisheries. Accordingly, CVFC sought a vessel with a catch history that would help to provide it with a secure place in any limited entry system that the North Pacific Fishery Management Council may impose.
5. Since CVFC is not currently skilled in vessel conversion, construction, or management, any vessel that CVFC would acquire equity in must be in good shape and have a demonstrated ability to perform in more than one fishery.

The F/T BROWNS POINT satisfies the CVFC criteria for equity ownership of a Bering Sea groundfish fisheries platform.

1. The vessel was reconstructed in 1987 following which it received Det Norske Veritas (DNV) certification +1A1. The DNV reclassification has been renewed annually with the most recent survey completed in November 1992.
2. Some enhancements to certain equipment and to the factory, particularly the addition of the filleting equipment, have occurred since the original conversion.
3. The vessel is highly versatile. It has the capability to process fish in the Headed and Gutted (H&G) form as well as to process fillets and extract roe. The factory includes conveyors, sorting tables, backing tables, and all necessary infrastructure plus the following processing machinery:

H&G	2 Tokai headers
Fillets:	2 Badder 182 filleting machines

	2 Badder 51 skinning machines
Roe:	Toyo 616 header/roe extractor
Freezing:	5 plate freezers, 50-60 MT per day capacity
Storage:	Refrigerated fish hold, 400 MT capacity

The vessel's filleting equipment allows it to participate in the pollock fishery. The H&G equipment allows it to participate in virtually every other fishery in the Bering Sea and Gulf of Alaska including Pacific cod, rockfish, yellowfin sole, rock sole, atka mackerel, Pacific Ocean perch, rex sole, Greenland turbot, Sablefish, herring (processing only), salmon (processing only), and other flatfish.

4. The vessel has a proven production capability sufficient to take the full pollock CDQ for which CVFC is applying (except for the 1992 CDQ which will be fished in part by leased vessels.) The vessel has shown that it is capable of sustained production of pollock fillets and roe in excess of 30 MT per day and of H&G pollock in excess of 40 MT per day.
5. The vessel has fished in the Bering Sea and the Gulf of Alaska since 1987 and has accumulated a significant catch history which should qualify it for a share in any IFQ program which the NPFMC proposes. This IFQ will become a permanent asset of the partnership of which CVFC will own 50 percent.
6. Some of the companies in the industry which operate larger vessels, particularly surimi vessels, are capable of taking the 33% share of the CDQ that CVFC is requesting in a matter of two weeks. CVFC could never acquire a significant equity share in such an operation nor would it be a highly valued element in the company business plan. With the BROWNS POINT (after 1992), most of the year will be dedicated to harvesting the CVFC pollock CDQ. We feel that this will provide us with the leverage to be an important part of the company and to assure that we will obtain the jobs and advancement which we seek.
7. Because of its smaller size, the BROWNS POINT is less expensive (value approximately \$15 million) than other vessels (valued at up to \$70 million). Debt (all long term) upon the formation of the partnership will be only \$11 million. This can be supported by the vessel and substantially paid off in full by the current conclusion of the CDQ program in 1995. This will leave CVFC in the position of being an established owner in the offshore fisheries and in a virtually debt free position.
8. The vessel is in good condition and, particularly after the planned 1994 modernization, will provide CVFC with access to the Bering Sea groundfish fisheries for many years.

Other ventures which CVFC is planning to undertake but for which no business plans or formal projections have been prepared include the following:

(1) the purchase of ITQ for all species for which it is available; (2) additional investments in onshore processing and cold storage in the Coastal Villages Region; (3) additional fishing vessel joint ventures involving small trawlers and/or long liners; (4) additional vessel joint ventures in crab catchers and processors; (5) onshore value added pollock processing facility; (6) cold storage facilities.

Benefits to the Region from granting CDQ to CVFC and the implementation of the CVFC ten year plan are extensive:

From 1992 through 1995, CVFC's plan targets jobs, training, internships, vessel acquisition, and equity growth. Detailed projections appear in the body of the application itself. Summary projections are as follows:

- over 600 crew months employment on vessels, 1992 through 1995
- over 20 FTE employment in commercial fisheries management, 1992 through 1995.
- total expected wage and salary benefit of over \$9 million earned by individuals from CVFC member villages, 1992 through 1995.
- immediate equity ownership valued at \$5 million effective upon CDQ award.
- equity ownership in four to eight atsea and onshore ventures by 1995.
- cumulative equity ownership valued at \$18 million by 1995.
- 36 to 54 management internships completed by 1995.
- over 100 jobs created in the Region by 1995.

In order to raise sufficient investment capital to support its business plans, develop the region, and make significant progress towards self-sufficiency, CVFC is applying for the maximum CDQ allocation:

Because of the poor economy, the great need of the Region, and its large population, CVFC is applying for the maximum amount of CDQ for which it is eligible. This is 33% of the pollock allocated for CDQ (approximately 34,500 MT in 1992). CVFC is

applying for this percentage for 1992 and 1993 because that is the maximum application period at this time. However, we wish to put the State on notice that genuine progress toward self-sufficiency cannot be made without longer access to this resource.

CVFC's ten year plan projects that it will expand into other fisheries by applying for and receiving CDQ for species other than pollock as the CDQ program expands. CVFC will invest in projects that will utilize CDQ's for Pacific cod, halibut, Sablefish, rockfish, flatfish, other groundfish, and crab.

CVFC's plan provides for a number of actions specifically geared to achieve long term self-sufficiency for the Coastal Villages Region:

- Purchase or establish a salmon fish processing plant in the lower Kuskokwim River fishery.
- Purchase as much ITQ for as many species as possible with profits from CVFC ventures.
- Develop onshore processing facilities in the Coastal Villages Region.
- Conduct an annual survey of nearshore fisheries stocks in regions normally beyond the limits of the NMFS trawl surveys, identify unknown or underutilized fisheries, and begin to develop them.
- Contribute up to 5% of profits from CVFC ventures to The Coastal Villages Scholarship Fund for grants and loans to train individuals from CVFC member villages for careers in fisheries management.
- Cancel the indebtedness of Coastal Villages Scholarship Fund loans made for fisheries management education if recipients return to use their skills in jobs in the Coastal Villages Region.
- Assess the equivalent of the State of Alaska raw fish tax on CDQ fish for a fund to make grants for fisheries infrastructure development in Western Alaska.
- Establish a financing mechanism for acquisition of limited entry permits for individuals from CVFC member villages.
- Establish a financing mechanism for acquisition of fishing vessels by residents of CVFC member villages.

CVFC selected its CDQ partner based on company expertise, size, demonstrated commitment to the Coastal Villages Region, common goals, and a common vision for the future of the Coastal Villages Region:

CVFC wanted a CDQ partner with experience and expertise in the operation of large, offshore commercial fishing vessels. In addition, CVFC wanted a true partner which would assist CVFC to become fully qualified and fully functional to manage commercial fishing ventures. CVFC did not want a partner which would merely make cash payments in exchange for the right to fish CVFC's CDQ allocation. As part of this concept, CVFC sought a company that was of a size that it would genuinely value the relationship. CVFC did not want its interests to get lost in corporate bureaucracy.

Golden Age Fisheries (GAF) meets the CVFC criteria. In addition, GAF demonstrated its commitment to the Region, prior to the initiation of the CDQ program, by sending its vessels to conduct salmon and herring buying. GAF is among the companies in the industry which took the initiative in establishing training for Western Alaskans for at-sea processing jobs and in hiring more Western Alaskans on the vessels which it manages than any other factory trawler company in the industry. Also, GAF has demonstrated its commitment to the State of Alaska by agreeing to home port the BROWNS POINT in Alaska and to establish an office in Bethel.

Moreover, CVFC was impressed that CVFC and GAF share common goals and a mutual vision for a better future for Western Alaskans. GAF has expressed its commitment to work with CVFC to develop the Coastal Villages Region for the benefit of its people. As part of its commitment to work with CVFC, GAF has agreed to create establish a Cultural Awareness Program for all its employees and establish the position of Cultural Awareness Coordinator.

The GAF commitment includes equity and profit sharing, training in technical and managerial skills for members of CVFC communities, employment and advancement at sea and in its onshore operations, Coastal Villages Scholarship Fund contributions and, agreeing to a self-assessment of the equivalent of the Alaska raw fish tax to a fund for fisheries infrastructure projects in the CVFC Region.

GAF has agreed to match CVFC investments in commercial fisheries ventures for projects which are expected to be profitable. Through this mechanism, CVFC can double the investment dollars that it can marshal to initiate and support new ventures.

CVFC will be its own managing organization with the assistance of its partner Golden Age Fisheries:

CVFC has already hired an Executive Director (pro tem) and an Employment and Training Coordinator and is preparing to hire additional staff who will manage CVFC

ventures with the active involvement of the CVFC Board of Directors. Over time and with the training and employment opportunities that GAF has committed to provide, CVFC's managerial expertise will grow to the point where it will have sufficient expertise to manage on its own any of the ventures which it will undertake with GAF.

In the initial stages of the partnership, however, CVFC will depend on GAF for the depth of experience and managerial expertise that is required to succeed in the commercial fishing industry. CVFC selected GAF because it offers this expertise plus the willingness and capability to convey it to CVFC through training, employment, and internship programs.

GAF has managed factory trawlers since 1986. The company employs over 25 management and support professionals in its Seattle corporate headquarters. In recent years it has had sales in the \$40 to \$60 M range. GAF manages four factory trawlers and a salmon and groundfish processor which together are valued at over \$45 M. GAF participates in ten or more of the groundfish fisheries of the Bering Sea as well as participating in the salmon and herring fisheries.

GAF has extensive experience in selecting and training people. It receives an average of approximately 4,500 applications per year for the 220 to 280 atsea positions available on the company's five vessels, conducts over 1000 interviews, and hires over 200 crew members per year.

Implementation of CVFC's plan and the long term, comprehensive awarding of CDQ will transform the Coastal Villages Region from one characterized by poverty, unemployment, and serious social problems to an area with jobs, skills, economic self-sufficiency, renewed pride, and hope for the future:

The Coastal Villages Region today has many problems, but there are no fundamental problems that genuine opportunity and the perception of a brighter future cannot solve. The CDQ program offers many benefits that can be expressed in dollar terms. These are summarized above and set forth in detail throughout our application. However, the ultimate value of the CDQ program is not the dollars themselves. CDQ and the financial returns that it will bring are merely a means for our people to assume some measure of control over their destinies, their lands, their resources, and their lives. This is what the CDQ program means to the people of the Coastal Villages -- pride of heritage, pride in our Region, a sense of economic self-direction, satisfaction of self-sufficiency, pride of ownership, and the ability to compete with other for profit businesses on an equal footing.

**Community Development Quota
Legislative Luncheon
February 17, 1993**

Noon to 1 p.m.
Butrovich Room, Capitol Building

Pollock donated by
Glacier Fish Company, Ltd.



Luncheon sponsored by

Aleutian Pribilof Island Community Development
Association

Bristol Bay Economic Development Corporation

Central Bering Sea Fishermen's Association

Coastal Villages Fishing Cooperative

Norton Sound Economic Development

Corporation

Yukon Delta Fisheries Development Association

Recipes provided by
Alaska Seafood Marketing Institute

Food preparation by
Celebrations Catering

St. Fish / Resources CDO mtg 2/17/93

Blatchford -

Clem Tillman - here -
potential opposition to program -
editorials in Seattle newspapers - take jobs away from
Alaskans.

burden on by groups - if applicant groups fail - this
opportunity closes forever.

⇒ expand program

\$ 300.0 ^{state} investment

John Temmink - Norton Sound

Mark Svingen - Aleutian Loop Islands.

Robin Samuelson -

Regina Pletnikov - working on harbor -
sketches - working for allocation for themselves.
under the Seal Treaty.

But now - All fish policies for Bering Sea only.

Fred Phillips - CVFC.

Laurentie Mike - 18 men trained ~~in~~ ^{from Yukon Delta} ~~Golden~~ ^{Seaford?} ~~Page~~
3 longline vessels - gear
20 jobs a more.

John Demuth - Norton Sound
also in training. Glacier Fish Co.

Curry - RS attachment of permits -
IFQ permits then CD? permits.
John Norton Sound has own loan program to, then
permits in area
educ/outreach -
Robin - has RS out to D'ham twice -
not enough money to pay off taxes.

Gail Phillips - who owns Glacier Fish - ?
grew up in Nome
subsist fishing

John - surveys last summer & this spring,
study of M to enhance fisheries.

Past interest in hatchery in Elin. Now studying

Gail - village in my district want to get involved.

training at AVTEC -
30-40 people there -

140-140 trained in '92

target - 300 '93

Step, STPA program.

Nuricin - crop expansion - Kaitag
fish develop + environment -

Bunde - average training + education -

Nuricin - salmon roe university -
new ad office in Fishs -

Hudson - passed on boats, offloaded at Dutch, taken to Sam, + Japan..

John - nasunni this year - low price.
fillets + roe -

Mark Sprunger - surinai - for export to Japan,
contributing to foreign efforts.

(Hudson - raw fish tax - should there be raw fish tax?)

Clem Tillman - looking at leading taxes -
real loopholes.
King Coe already doing.

1.. CDQ just 1st step.

did establish how much fish was worth -
price 5x larger than thought.

Gov - entirely different system.
fully utilizing fishing.

Aleutian Pribilof Island Community Development Association

APICDA

119 Seward St., Suite 8

Juneau, Alaska 99801

907 586-3107

FAX 907 586-1001

Mark Snigaroff, Chair

Alvin Mercurief, Vice-Chair

Justine Gundersen, Secretary-Treasurer

APICDA OVERVIEW

APICDA consists of the communities of Atka, St. George, Nelson Lagoon, False Pass, and Nikolski. Akutan and Unalaska also participate in APICDA for training and education programs. For CDQ fishing years 1992 and 1993, APICDA received 18% of the pollock reserve set aside for CDQs. During the 1992 fishery, APICDA harvested 99.78% of its allocation.

APICDA's corporate partners are the Trident Seafoods Corporation, one of the largest shorebased seafood companies in Alaska, and the Starbound partnership, which operates a factory trawler. Both companies are 100% American owned. The F/T *Starbound* was constructed completely in the United States.

CDQ Revenue Plans:

- Establish a comprehensive vocational education, job training, and employment program that guarantees every resident of each community the opportunity to receive training and employment.
- Establish a higher education endowment fund that provides financial assistance to community residents who desire to pursue a university degree.
- Participate in the funding to complete the Zapadni Bay Harbor on St. George Island to create a new commercial service center for the Bering Sea fisheries. APICDA has allocated \$1.2 million during 1993 to assist in harbor dredging. Completion of the harbor will be coupled with construction of a shoreside processing facility and ancillary economic development. Construction of the shoreside processing facility could commence this spring.
- In cooperation with the Aleutians East Borough, complete engineering designs for a dock in Nelson Lagoon and conduct an economic feasibility study on associated ancillary economic development. Dependent upon the conclusion of the economic analysis (due later this spring), construction on the dock facility could commence in the spring of 1994.

APICDA OVERVIEW

February 17, 1993

Page 2

- Provide funds for the construction of a gear storage warehouse in False Pass. This project will be conducted in coordination with the False Pass Tribal Council. Construction will occur this spring with the facility available immediately thereafter.
- In conjunction with the City of False Pass, extend water and sewer service to the new False Pass Dock, thereby allowing the dock to become fully operational for commercial activity. In addition, develop a vessel storage and/or repair facility to be located adjacent to the dock.
- In cooperation with the City of Atka, complete engineering designs for a dock in the community and conduct an economic feasibility study on associated ancillary economic development, including construction of a shoreside processing facility and a fuel tank farm. Dependent upon the conclusion of the economic analysis (due later this summer), construction on the dock facility could commence in the spring of 1994.
- Make funds available for the purchase of fishing vessel, Individuals Fishing Quotas (IFQs), and other business opportunities.

Employment Goal: 60 plus during 1993.

Aleutian Pribilof Island Community Development Association

APICDA

119 Seward St., Suite 8 Juneau, Alaska 99801 907 586-3107 FAX 907 586-1001

Mark Snigaroff, Chair
Alvin Merculief, Vice-Chair
Justine Gundersen, Secretary-Treasurer

1992 APICDA CDQ Harvest & Payment Overview

	<u>Company Report (mt)</u>	<u>NMFS Best Blend Report (mt)</u>	<u>Harvest Report Used by APICDA (mt)</u>	<u>Harvest Report Used by APICDA (in pounds)</u>
Trident	10,148	10,148	10,148	22,371,355
Starbound	6,266	6,075	6,266	13,813,583
American	1,605	1,808	1,808	3,985,762
Total	18,018	18,030	18,221	40,170,700

	<u>Base Fee Due APICDA</u>	<u>Base Fee Paid APICDA</u>
Trident	\$ 1,565,995	\$ 1,565,995
Starbound	\$ 966,951	\$ 966,951
American	\$ 279,003	\$ 280,000
Total	\$ 2,811,949	\$ 2,812,946

Note: The payment amounts above do not reflect revenue APICDA may receive from the sale of CDQ products produced from the harvest. This revenue will be received during 1993 as the products are sold.

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.

new column appeared on the list of allocations for the \$2 billion Bering Sea and Aleutian Groundfish Fleets at the North Pacific Management Council's 1992 meeting in Anchorage, Alaska, next to the familiar ABC (Biological Catch) and TAC (Total Allowable Catch) were the letters CQ (Community Development Quota). Beneath them were numbers worth \$30 million worth of pollock, controlled (at least until 1995) by the Eskimo and Aleut villages along the western Alaska coast.

Last spring, after two years of debate and vote trading, the council amended the longstanding plan to split the pollock quota for the next three years 65%/35%, respectively, between the offshore and onshore fleets. Part of that amendment, and a critical political compromise among the factions, was a program to funnel money into the villages to develop the ability of the people to participate, in some way, in the groundfisheries in the Bering Sea.

of the Alaska congressional delegation and most of the Alaska voting majority on the council. At the time CDQs first worked their way into the political agenda for dividing up the grumbliness, council members Henry Mitchell was their champion. Mitchell, an attorney and three-term council member, represents the Bering Sea Fishermen's Association, the members of which are from western Alaska villages.

Malsen
Editor

Hour of the Middleman

of time when the money is in the hands of neither the giver nor the receiver. That's the hour of the middleman." The villages would receive money in return for their share of the fish, and according to the plans approved by the governor, use it for fisheries training, education, local development, and even investment or ownership in factory ventures.

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Community Development Quota (CDQ) Details

Name of CDQ association or corporation	Number of communities/population	Name of harvesting/processing partner(s) tonnage	Percent of the quota (1992)	Projects to be funded by CDQs
Alaskan Pribilof Island Community Development Association	5 villages, 449 people	Starbound Partners (F/T) Trident Seafoods (shoreside)	18% 18,260.1 mt	Employment training; educational endowment; infrastructure: docks, water, dredging, slaughterhouse.
Bristol Bay Economic Development Corporation	14 villages, 3,406 people (over 16 yrs. old)	Oceantrawl (F/T)	20% 20,289 mt	Seafood investment fund (70%); employment training; infrastructure; community development.
Central Bering Sea Fishermen's Association	1 village (St. Paul), 763 people	American Seafoods (F/T) Icicle Seafoods (shoreside)	10% 10,144.5 mt	Community infrastructure (70%), including utility corridor, water supply, sewage disposal, electrical upgrade; new processing capacity; vessel acquisition & upgrade; training (30%).
Coastal Villages Fishing Cooperative	17 villages, 5,786 people	Golden Age Fisheries (F/T)	27% 27,390.15 mt	Purchase F/T Browns PL; purchase F/V Barbara Lee; training & employment program; school.
Clinton Sound Fisheries Development Association	15 villages, 8,752 people	Glacier Fish Co. (F/T)	20% 20,289 mt	Intensive salmon & herring processing; loan program; vessel purchase; processor vessel remodel; training.
Yukon Delta Fisheries Development Association	4 villages, 1,756 people	Golden Alaska Seafoods (F/T)	5% 5,072.25 mt	Purchase 70% ownership in 180' vessel & motor launch; vessel; employment program; fish surveys; permit; equipment; boat loan; finance; market; boat loan; processor & marine supply businesses.

CDQ of the 1992 TAC totalled 101,445 mt., available from the 15% reserves held until the last quarter of each year as a cushion against management errors in the general fishery. By August, the governor's office had proposals from more than a dozen newly organized corporations formed by groups of villages, their consultants and their harvesting and processing partners.

Eventually, six corporations and their harvest partners were chosen, each incorporating from 1 to 17 villages (see box, page 20).

"By the end of December [1992], \$30 million will be on deposit in banks in the names of the [CDQ] development corporations," said council member Clem Tillion at the meeting. "CDQs are everything we hope we'll get out of IFQs in the way of steady seasons and lower bycatch rates."



COURTESY OF GOLDEN AGE FISHERIES

A cooperative association of 17 Native Alaska villages that was allocated more than 27,000 mt. of pollock will use some of the proceeds from its Community Development Quota to purchase the factory trawler Browns Point from Golden Age Fisheries, its harvesting and processing partner in the venture.

"This is great news as it means that the citizens of the smaller towns in western Alaska are now assured of benefiting from the ocean resources off their coast," said Alaska Sen. Frank Murkowski, another champion of CDQs. Not everybody, particularly processors and the offshore trawl and longline fishing companies, think CDQs are the best way to develop the fishing potential in the villages. "I'm for helping out the people on the coast, but in the past, you took revenue into the general fund by taxing the fleets and then redistributed it into the villages or to the affected people by the Legislature," says freezer longliner owner Jim Beaton, a 20-year veteran of fisheries politics in Alaska. "CDQs are a shortcut for spreading the money around."

A Century in the Making

CDQs seem to many people to have suddenly materialized in the jargon and politics of the industrial fisheries off Alaska, but the program is one of several that have been developed over the past century.

Later, in the early 1970s when the state and federal governments and the international oil industry wanted to clear the way to drill and transport the petroleum beneath Alaska's tundra and seafloor. As part of the political jockeying, the Alaska Native Claims Settlement Act (ANCSA) was passed to provide Natives with land, cash and a network of village and major regional corporations to manage it. Like most other treaties and deals a quarter century after they were made, ANCSA gets mixed reviews, largely because the economic fortunes of the village people — in particular those in western Alaska — have not held up as well as most hoped. CDQs are another well-intentioned, but clearly pragmatic attempt to merge wildly divergent cultures by giving everyone a piece of the pie.

"Easy issues become not so simple and some unusual alliances are formed," observes Richard Gutting of the National Fisheries Institute (NFI), a national trade association for seafood processors, brokers and wholesalers. NFI also passed a resolution to "express concern about the Community Development Quota system in the Alaska groundfishery and [to note] that NFI opposes any possible expansion of the program into other fisheries, areas or time periods."

"The precedent has us concerned," Gutting says.

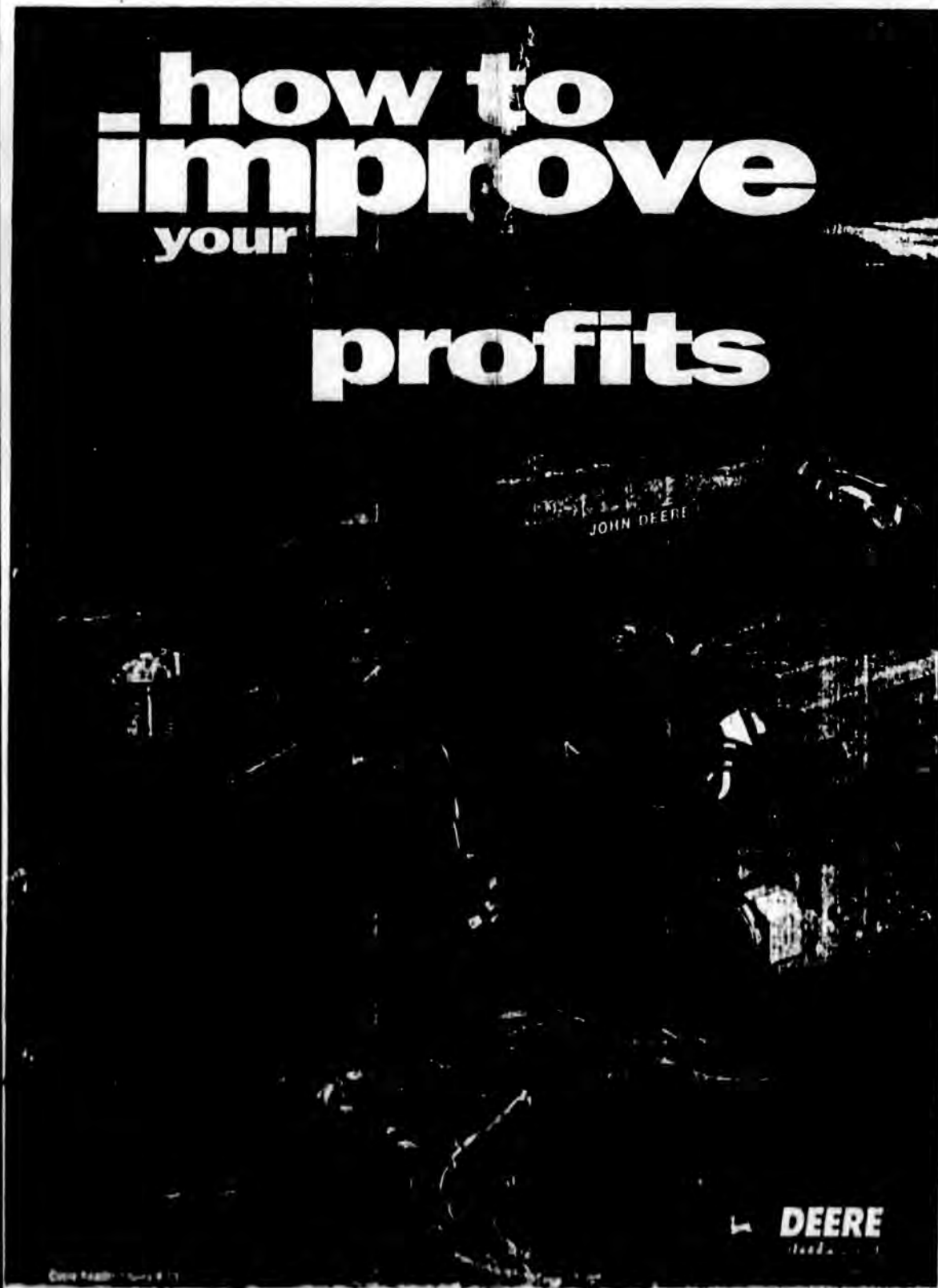
Others are asking questions, quietly considering the stakes, including: "Do Native villages have a legal claim to those fish? Why were CDQs never broken out of the plan for analysis. Are the national standards met by CDQs? And what about distinctions based on race and geography?"

"The reason you don't hear a lot of people complaining out loud about this," says one former council member, "is because sometimes you just have to make a compromise to get what you want. The owners of the offshore fleets want onshore/offshore and ITQs to protect their interests. This is part of the deal."

The extension of CDQs into other fisheries, particularly king crab, is definitely on the agenda, according to Tillion. "I want CDQs for king crab, but under a different kind of system. I don't want the shares sold to harvest contractors. They'll have to be caught and marketed by locals," he says.

"We'll see about that," says Ami Thomson of the Alaska Crab Coalition, who represents that fleet.

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There were other unexpected effects, as well. "It changes the way people do business," reports Ed MacLeod, who assessed the plan for his former employer, the National Marine Fisheries Service. "I don't think the people who design the plans foresee the domino effect they're going to have." He recommends that planners give more thought to how quota plans will affect social and economic structures.

One of Canada's fisheries that is under quota-share management is British Columbia halibut. While fishermen and fishery managers appear to be generally pleased with the program, the B.C. experience raises warning flags also.

Bruce Turris, who helped develop the plan for Canada's Department of Fisheries and Oceans, told a seminar audience at Pacific Marine Expo last November that it's a mistake to assume individual quotas will work in every fishery. Ironically, he advised fishermen not to assume the government will do a good job. He said it's essential that fishermen participate in all phases of plan development and execution and demand accountability.

What Turris and MacLeod suggest is very good advice. If your fishery is heading in the direction of a quota share system, become a student of other programs to learn what's working and what's not. The goal should be to engineer a management plan that can benefit both fish and fishermen.

PACIFIC COAST WATCH

CDQs are about more than money

National Fisherman

By **Brad Matsen**
Pacific Editor

March, 1993

Congratulations are in order for the members of the North Pacific Fishery Management Council and others who supported the creation of the Community Development Quotas (CDQ) in the Bering Sea pollock fishery (see p. 20). Most of the villagers who will benefit from the CDQ programs will never catch a pollock, but the council acknowledged that the lives of fish and the people of the coast are entwined beyond balance sheets.

The motivations and means for placing a portion of the pollock under the control of the people of western Alaska were purely political, a matter of vote-bargaining in the broader debate on permanent allocation of the billion-dollar fishery. For better or worse, the council, congressional delegations, state officials and interested parties are slowly carving out a complicated deal to transfer ownership of the resource to the private sector. Without CDQs, the eventual privatization of the groundfisheries, in all likelihood, would have been slowed or sunk by congressional pressure or lengthy judicial challenges.

Under the program fashioned by the Office of the Governor of Alaska, as directed by the council, six newly formed organizations representing 58 villages received exclusive access rights to 7.5% or, this year, about 100,000 metric tons of the overall 13-million-m.t. fishery.

Some of the villages plan to actually invest in fishing boats to eventually catch their shares. Others plan only to broker their shares to factory trawler or shore plant partners and spread the money around in training programs and other fisheries infrastructure for various species.

The CDQ program, especially the brokering role chosen by some development groups, has already come under fire, but the critics are missing the point. The lives of the Bering Sea people are tightly bound to the health of the pollock whether they catch and eat them or not. Every Eskimo, Aleut, or Athabascan shares a tier of the oceanic food web with the pollock, and the seals, walrus, sea lions, salmon, halibut and crab that depend on the pollock are also vital to subsistence in the villages.

Participation and control by local people, aboriginal or not, is precisely what fishermen fear is vanishing from the modern fisheries. If a highly industrialized fishing fleet will eventually own exclusive access rights to pollock, the villagers' relationship to those fish cannot rightfully be ignored in vesting those rights. The council made an enlightened decision, regardless of intent.

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talk about sea lions and harbor seals eating pollock; but despite asking repeatedly for specific stomach analyses and other food data that are playing such a big role in the pollock fishery, I'm always told the information isn't ready," she said.

Regarding the annual gulf TAC, Blackburn and others questioned whether the exploitation rate on which it is currently based—about 10%—is too low. "Gulf pollock has fluctuated so much, scientists have been unsure what to do about it. Looking back at all the data to the 1960s, the normal state of gulf pollock is probably around one million metric tons," she said. In testimony before the council, Blackburn said the 10% exploitation rate is similar to that used when foreign trawlers targeted the fish in the 1960s. During the joint venture fisheries in the 1970s, the rate rose as high as 30% after which the stocks collapsed. Blackburn told the council she felt a rate of around 11% "is about right."

■ Who Comes First

Any additional raise in the gulf pollock TAC would surely further raise the ire of environmentalists, who claim that the link between all species in the North Pacific continues to be ignored by fishery managers. That was the clear message expressed by Greenpeace spokesperson and council advisory panel member Penny Pagels. "Fish stocks are used [only to attain] optimum yield and [this practice has] continued irrespective of the effects on other marine species," she said. Pagels added that "allocations of fish quotas must reflect the needs of all species in the system first and the economic needs of the fishing industry second."

Claiming that pollock comprises 58% of the diet of Gulf of Alaska sea lions and 21% of the diet of harbor seals, Pagels stressed that increasing the pollock harvest may have an adverse effect on both species. "Unless it is determined that the [marine mammal] population declines are due to natural factors, effort should focus on eliminating or minimizing human-caused mortality," Pagels said.

Lacking hard data to either prove or refute the claims as to what extent these marine mammals depend upon pollock for food, NMFS has increased no-fishing zones near rookeries, delayed some fishing seasons and implemented other restrictions on fishing. Nevertheless, Pagels criticized the agency for taking "no action" to prevent further sea lion and harbor seal declines. "This type of reactionary management can no longer be tolerated," she said. Pagels urged the council to recognize and address ecosystem changes in a responsible manner and promote a multi-species approach when considering all of its management decisions.

While talk aimed at keeping fishermen from the pollock quota did not rank highly on most fishermen's agendas, keeping gulf pollock fishermen separated from those in the Bering Sea did. In an effort to curtail what both factory trawlers and catcher vessels from these areas see as encroachment on each other's turf, the council is looking at implementing an "exclusive registration" plan. If it passes muster in the council, as many expect it will, every vessel in the fishery would have to register to catch pollock in either of the two areas. Council staffer Marcus Hartley said that all segments of the trawl industry seem favorably disposed toward the idea, though it is unlikely it could make it through the bureaucratic process before the 1994 season.

While fishermen targeting gulf pollock stocks saw their quota rise, trawlers who target fragile stocks of rockfish in

What's This New CDQ?

This bold new allocation scheme is like nothing ever seen in American fishing. The community development quotas (CDQs) give the chronically poor villages and towns on the Bering Sea coast a small slice of the billion-dollar bottomfish pie, allow them to sell their quota to processors, and require them to use the money for long-term economic development. The idea seems simple but it puts a whole new face on the freewheeling Alaska groundfish industry that has typically favored large, well-heeled entrepreneurs.

Residents of the Bering Sea have argued for years that they should share the wealth of the region, much like the communities living in the shadow of outer continental shelf oil development get a share of oil revenues. Halibut was the first species proposed for separate allocation of this sort; but as trawl fisheries exploded in the 1980s, bottomfish became the focus instead.

When Congress refused to create a CDQ program, the North Pacific Fishery Management Council tacked it onto the controversial inshore/offshore amendment passed last year. This effectively created a three-way split in the quota: trawlers and shore plants got most of the pollock but Bering Sea residents would receive 7.5% each year through 1995. The plan won federal approval last spring.

According to the rules, only small towns and villages could apply for CDQs. Eligible communities along Alaska's Bering Sea coast coalesced into six regions sanctioned by the state of Alaska and then vied for this year's quota of 101,000 mt. The groups were wooed heavily by established players in the industry who have seen their year-round pollock season dwindle to three months.

After a region selected a corporate fishing partner, they jointly submitted a proposal for a specific amount of pollock and a regional development plan detailing what they would do with their earnings. Both Alaska Governor Walter Hickel and Secretary of Commerce Barbara Franklin reviewed the catch requests and evaluated the merits of the plans and then split up the quota in early December. Fishing began immediately thereafter.

Each of the regions that applied received some quota, ranging from 8,000 to 34,000 mt, for which they received \$200 to \$250 a ton from their processor partners. Among the winning bids for quota this year were the major shore-side processors Trident Seafoods and Icicle Seafoods, surimi magnate Oceantrawl, and smaller factory trawler companies including Golden Age Seafoods, Pacific Orion and Glacier Fish Co. Acquiring the CDQs could extend their pollock season by several months.

This ability to extend the fishing season for those companies lends substantial weight to the villages which were once ignored by the fishing industry. If, for example, a group with 30,000 metric tons of pollock requests its corporate partner to reduce its by-catch levels, that partner is likely to listen.

The villages are planning to invest in a wide range of projects with the proceeds from their quota. Among the proposed projects are vessel purchases, building processing plants, job training programs, and even a cattle ranching operation and slaughterhouse to supply fresh beef to hungry fishermen.

By Joel Gay



NEWSBEAT

CDQs Green and Go

Leaping bureaucratic hurdles at a single bound, state and federal officials pulled off the impossible by getting the CDQ pollock plan in place before the end of 1992. Pollock boats, anxiously awaiting word of passage on the grounds, were able to go for the quota starting December 3.

"It was bureaucracy at its best," said fisheries lobbyist Deming Cowles, who watch-dogged the CDQ plan to make sure it didn't linger long on desks in Washington, D.C.

"This whole thing has worked at warp speed," said Donna Parker, fisheries specialist with the state commerce department. "No one expected us to get them [approved] for this year."

The Community Development Quota plan is the first of its kind in the nation, allocating a percentage of a resource to jumpstart economic development in disadvantaged areas. Over a four-year period CDQs will pump nearly \$100 million into 56 communities bordering the Bering Sea, via six regional fisheries development groups.

This year, the pollock quota equates to nearly 100,000 metric tons (over 21 million pounds), valued at \$250 a ton. By implementing the CDQ plan before the year ran out, all of the villages will share in nearly \$30 million, money that would otherwise have been lost forever. Each of the groups that applied got at least some portion of the pollock pie. The groups work in conjunction with fishing partners, who have negotiated harvest rights to each

community's portion of the CDQs.

The 16 villages in the Norton Sound group were awarded 20 percent of the CDQs, or 34,000 metric tons of this year's pollock catch. The group in turn sold those harvest rights to Glacier Fish Company for \$4.5 million. The Kuskokwim group, which calls itself the Coastal Villages Fishing Cooperative, represents 17 communities and received 27 percent of the pollock quota. Its partner, Golden Age Seafoods, has rights to harvest 27,390 metric tons of pollock worth nearly \$7 million.

The four villages of the Yukon Delta group and its partner Golden Alaska received five percent of the pollock quota. The Bristol Bay group, which represents 16 communities, got 20 percent. Its fishing partner is Oceanrawl. The Aleutian group of five villages, which includes the island of St. George, was apportioned 18 percent of the quota. Those harvesting rights will go to Trident Seafoods. The island of St. Paul and its partners American and Icicle Seafoods received 10 percent of the CDQ.

Dave Benton, director of Fish and Game's external and international affairs, said that the decision-making process by which state officials doled out the pollock portions was the "fairest and most

above board" he's ever witnessed.

"Those proposals that were very detailed and carefully thought out and really aimed at getting communities involved in the whole business received a higher allocation," Benton said. "Those that didn't got less."

Five to 10 million dollars in pollock royalties will come into the westward regions during the next four years. The money is intended to fund a variety of projects. A lot of job



training has already begun for over 100 people in diverse positions on factory trawlers and in shorebased operations. Other plans for the money include development of scholarships and endowments, purchase of fishing vessels, revolving loan programs, salmon rehabilitation and enhancement projects, vessel repair operations and constructing new processing plants.

The Kuskokwim group intends to create a "salmon roe university" to train specialized roe technicians; another group has proposed developing a cattle ranch to provide

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CDQs

supplies of beef to fishermen.

Henry Mitchell, director of the Bering Sea Fishermen's Association and member of the North Pacific Fishery Management Council, was one of the first to propose a quota system for disadvantaged communities four years ago.

"In a lot of ways it's an economic experiment, but it's something that will bring substantial benefits to those small coastal communities and to our whole nation," Mitchell said. He added that as early as the 1980s, Western Alaskans claimed they were being left out of the economic development plans for the Bering Sea, but no one paid any attention.

"Those are the areas with the fisheries on their doorstep, yet they have the highest rates of unemployment," Mitchell explained.

Although the CDQ plan sounds like a winner, it still must prove itself as a long-term solution to westward economic woes.

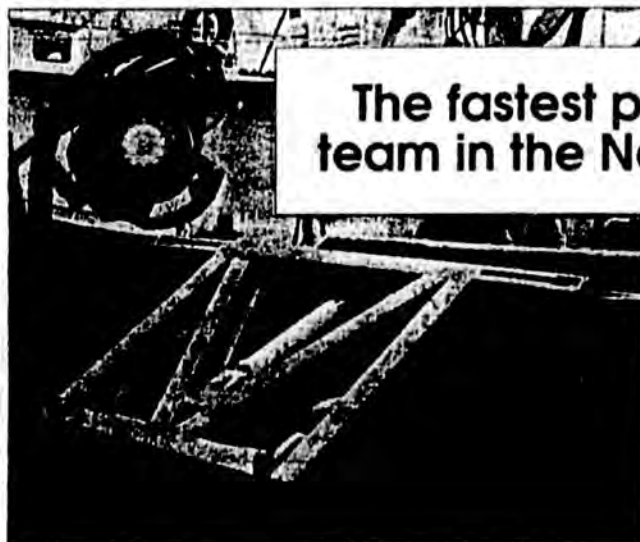
To the vocal dismay of many, it's possible that crab and other groundfish could eventually be shared in a similar way.

"I get a little torqued at people who have problems with CDQs and who say the program is some kind of give-away to rural Alaskans," said Dave Benton. "When those guys start paying for the fish they're catching, then they can start telling the people in Western Alaska that they're not entitled to a portion of the fish."

"The whole point is to give the CDQ program a chance, to give the people an opportunity to build an economy in rural Alaska," Benton stressed. "We can't guarantee they're all going to succeed, but it's now up to them."

—Laine Welch

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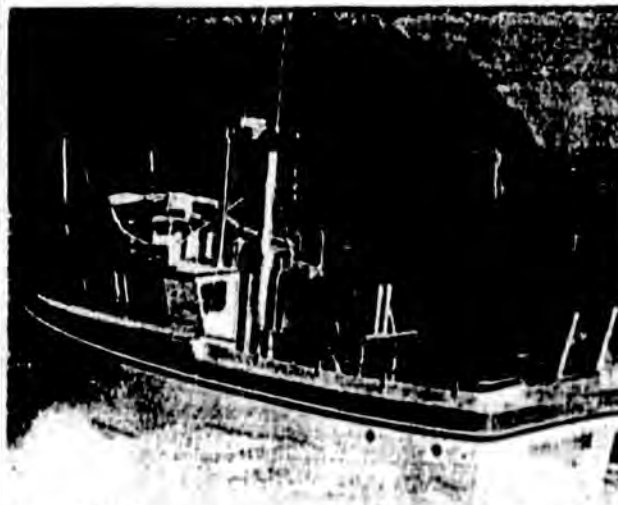
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**Norton Sound Economic Development Corporation
Bering Strait Region Community Development Plan
State of Alaska
Briefing Materials**

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 revitalize 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;

- Launch a major *salmon rehabilitation and enhancement program* to rebuild salmon runs on rivers throughout the region;
- Create new fishing opportunities through regulatory change and technical assistance targeting halibut in the nearshore waters around St. Lawrence Island, crab in Norton Sound and elsewhere, and other bottomfish such as tomcod;
- Fund a permanent *Education Endowment* which will provide monies after 1993 to build a regional workforce through fisheries skills training, scholarships, and employment programs;

NSEDC Accomplishments to Date

- successfully managed CTO pollock fishing operations in December which harvested 20,183.61 MT and generated almost \$4.5 million in royalty payments;
- established a central office in Elm and branch offices in Shaktoolik, Unalakleet and Anchorage, and employed 7 full-time staff (all living in NSEDC villages) bringing roughly \$350,000 in income and benefits per year into the region;
- trained about 45 Bering Straits residents in entry level fisheries skills training classes in 1992 and so far in 1993 sponsored by NSEDC and the Bering Sea Commercial Fisheries Development Foundation in December;
- hired 13 Bering Strait region residents in December 1992 to work as fish processing workers onboard Glacier Fish Company and Pacific Orion factory trawlers fishing for CTO pollock generating income of about \$58,000; and employing 2 NSEDC company representatives to work on the Pacific Orion and Pacific Glacier during CTO fishing generating income of about \$8,000; 14 more residents are now working on factory trawlers starting in January;
- obtained approval from Halibut Commission to establish a new area in Area 4D with 20,000 lbs. of halibut for residents of St. Lawrence Island;
- obtained approval from Board of Fisheries to establish superexclusive registration area in Norton Sound for red king crab;
- drafted an agreement with ADFG to conduct salmon rehabilitation and enhancement program and requested matching funds from the state within the Western Alaska Salmon Restoration Initiative;
- conducted a board meeting in January at which the organization was further structured and committee assignments made (Finance Advisory, Bycatch Control, Fisheries Development, Scholarship, and Rules);
- loan program initiated, and salmon and herring buying operations for 1993 well underway