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8951 SENATE RESOURCES

School of fish

Tundra
Drums
9/23/93
(article)

Salmon Roe University in the works

By Charlie Fox
For the Tundra Drums

Salmon Roe University could become a big school someday. And though its facilities are no larger than the Coastal Fisheries barge, its program could bring more than 400 highly paid jobs to Western Alaska.

Classes have not started and blocking the school's path lie several complicated hurdles, one of which demands improvement of relations with Japanese salmon roe markets and their technicians.

Salmon Roe University, or SRU, is the result of a "very creative idea proposed by the Coastal

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SRU ...

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Village CDO Group," said Donna Parker, a fisheries specialist for the Alaska Department of Commerce and Economic Development.

Under a 1990 immigration law requiring U.S. processors to phase out foreign nationals working in commercial fisheries, the program, using CDO funds, would train and certify U.S. citizens to replace Japanese roe technicians on U.S. processors.

That means jobs for locals. In the early stages last year, SRU had planned to take 30 to 40 students through its two-year curriculum, then contract them out to processors at wages that would perpetuate and expand the school.

But such a product can't be mass produced like cars and trucks. Marketing Kuskokwim River salmon roe could be impossible without Japanese supervision, training and cooperation. Selling salmon roe in the Japanese market is more of an art than a science.

One complication comes from the nature of the roe itself. Ikura, for example, which is single chum salmon eggs eaten as sushi with rice, requires exact handling and processing to be acceptable in the Japanese market.

"Individual eggs must be tender and easily chewed in the mouth. Mild, salty taste, transparent, bright red color and uniform egg size are important," says a Japanese Market Report from the state Commerce Department.

Just how transparent and how salty varies between companies. "The Japanese fish market in Japan can be extremely particular about the type of product they get," said Jay Hastings, consultant to the Japan Fisheries Association.

Even harder to market is sujiko, which is whole skins of salted chum salmon roe. Often, sujiko is marketed on the reputation of the lead roe technician alone.

An equally large obstacle SRU will have to face in order to succeed involves rebuilding relations that were strained in July by the Alaska Attorney General's charges of Japanese salmon price fixing. Parker said until then Japanese industry officials had expressed great interest and cooperation in mapping out the curriculum.

"They were quite distraught over the Attorney General's report because there was really nothing in the report that demonstrated any type of price fixing," Hastings recalled.

One complication comes from the nature of the roe itself. Ikura, for example, which is single chum salmon eggs eaten as sushi with rice, requires exact handling and processing to be acceptable in the Japanese market.

The state also requested that the Japanese provide SRU with funding, a request that was difficult for the Japanese to understand, Hastings said.

"If the state is going to put together a university program for training U.S. technicians, this is really something that is entirely within the hands of the Alaskan side," he said.

Yet another variable could have been that the United States and Japan were in the middle of trade negotiations.

That puts SRU and the Japanese in a stalemate. It stalls progress, according to Stan Simonson, one of the program's creators.

"It appears they don't want to let go of the strings," said Simonson, whose company Golden Age Fisheries has formed a partnership with Coastal Village in the project. "They have access to specific information we need in order to train individuals as well as they need to be trained."

Trying to process roe without that information would be futile in the scheme of the Japanese market. Ikura bought from the Kuskokwim and Yukon rivers makes up only 200 of the 6,000 metric tons consumed annually. The rest comes from Japan's own Hokkaido chum fishery.

"You can see what Alaska contributes to the fishery is just peanuts," Simonson said.

Although the program's actual production has been delayed, Parker said SRU will forge ahead cautiously as a pilot project.

Judith Yarrow, SRU's curriculum specialist, has been rewriting a program to fit that pilot project. The new focus, she said, is to recruit four to 12 members from the local villagers and train them to work within the facilities at Coastal Fisheries. Likely they would earn \$7 to \$16 per hour.

Still, Japanese participation is paramount to the program's success.

"We are hoping that they will participate in this to ensure a high quality product," she said.

BATTLES: Change in Alaska fisheries has only just begun

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of the United States ... deserve better," the letter stated.

The council, a mix of industry, state and federal officials, is trying to come up with a final reform plan by this fall, and put that plan in place by January 1996.

Now that it's clear the council is taking on the issue, everyone is fighting to try to make sure they come out all right in the final plan. And it's not just the industry that's joining in the battle. Conservationists are increasingly alarmed over the more than 500 million pounds of dead or dying fish the fleet wastes each year.

The Alaska Marine Conservation Council is trying to get the council to consider a plan that would base the reform on waste reduction. Under their proposals, vessels that reduced waste and the accidental catch of prohibited species such as salmon and halibut would be rewarded with more fish. That approach recently gained support from the Alaska Fishermen's Journal, which editorialized that, "Maybe it's just a pipe dream — but it's too beautiful to ignore."

At least for the moment, that plan is not under council review. Instead the council, which drafts policy for the federal government, is considering six options that range from doing nothing, to limiting licenses or creating fishing quotas.

The quotas have gotten the most attention. The council is considering carving up the nearly \$1 billion-a-year harvests of bottom fish and crab into shares, then doling them out to vessel owners, who could either fish them or sell them.

The plan is patterned after a halibut and black cod "shares" system the federal government is planning to introduce next year. Those harvests are largely the domain of small-boat operators who skipper their own vessels.

But the bottom-fish and crab harvests are much more complex. The catch is taken by huge catcher-processor vessels operated by large corporations or by smaller boats that deliver fish to onshore processing plants.

In these fleets, skippers are often hired hands who get paid according to the size of their catches. They acknowledge that corporate investors risk capital. But they say they risked their lives in the tumultuous harvests of the past decade and should now share in the rewards. They want from 3 percent to 15 percent of any bottom fish or crab shares

"As far as the risks go, I can't count on both hands the number of close friends I have lost to fishing," wrote Daniel Hanson, master of the Arctic Storm, in a letter to the council. "I look at my time away from home and my contribution to the industry as my investment."

The skippers have gained the support of several council members, who have asked that the proposal be studied. But it is opposed by the American Factory Trawler Association, a trade group that includes many of the skipper's bosses.

The factory trawler association also is at odds with shore-based processors. The share system could bankrupt coastal processing plants, said Vince Curry, president of the Pacific Seafood Processors Association. He said the shares would bestow on the factory trawlers an enormous asset that would allow them to monopolize the catch.

Under a federal policy scheduled to end next year, the onshore plants are guaranteed a fixed percentage of the catch. Under the new system, processors have proposed claiming a share of the catch, or creating a "two-pie" system in which the federal government would award both harvesting and processing rights. But that system — which would force a certain percentage of the fleet to sell to shore plants — was viewed as illegal in an initial review by the National Marine Fisheries Service.

The factory trawlers have long fought any special reservation of some of the catch for onshore plants. They said let the market determine winners and losers. But Joe Rium, head of the trawlers association, said his group is talking with the shore group about a compromise on the share issue.

Other groups lobbying for shares include western Alaska communities, which want some of the fish to be reserved them to help build fishing economies. Those communities right now are getting 73 percent of the Bering Sea pollock. But this experiment is scheduled to end next year. So far, the development groups formed by the villages have managed to parlay this temporary share into more than \$30 million in joint-venture agreements with bottom fish companies.

If the bottom fish companies are willing to pay the villages for their fish, why not the government?

"The public should get something," said Clem Tillman, a state fishery official who has served on the council.

Quota battles just starting

By HAL BERTON
Daily News business reporter

Anch. Daily News
1/9/94

January is harvest time in the North Pacific, and out in the Aleutian Islands boom town of Unalaska, the big ships of the bottom-fish and crab fleets are stocking up on groceries and preparing to head out to sea. But at least during this week, the hottest action will be taking place far from the fishing ground.

In an Anchorage hotel ballroom, the North Pacific Fishery Management Council will again grapple with the question of the decade: How to reform mad-dash harvests that nearly everyone agrees are out of whack? And the council's decisions will have multibillion-dollar consequences over time, determining winners and losers as the industry heads into the next century.

Those who conduct these harvests say there are just too many boats pursuing too few fish. A fleet that once could fish over most of the year now has grown to such a size that it can scoop up almost 3 billion pounds in a few months. The current rules — grab as much as you can as fast as you can — result in "dangerous, inefficient and embarrassingly wasteful harvests," according to a Dec. 22 letter to the council from seven major fishing industry groups.

"The fishermen and women of the North Pacific deserve better, the resources of the North Pacific deserve better and the people

Please see Page E-2, BATTLES

Villages take quota projects to the bank

The Associated Press

At remote Toksook Bay, where more than one in four villagers are unemployed and steady jobs are rare, 26-year-old David Bill Jr. said his job prospects were slim.

That's why he left his hometown for Unalaska, the booming bottom-fish town at the eastern end of the Aleutians. These days he's getting paid while he learns his job as a fish-processing warehouseman on the shores of Dutch Harbor.

"There's hardly anything going on around home," Bill said. "It's good that I got a chance to do this."

Bill is one of hundreds of villagers in western Alaska participating in an experiment known as community development quotas. The program is putting people to work in a region known for stubborn unemployment and a limited cash economy.

With CDQs, 55 mostly Native villages receive a 7.5 percent share of the Bering Sea pollock quota, worth an estimated \$20 million a year. The villages have formed six regional organizations, which applied to the state for a share of the quota.

All revenues must be invested in fish-related development. The state is responsible for overseeing how

the fish are allocated and for reviews and audits of each groups' performance.

After the federal government approved the quotas in 1992, some critics said villages had joined forces with the factory trawlers they'd been fighting for years over salmon intercepts.

Concerns over the politics of fishing remain, but no one denies the quota project has accomplished one goal: Using fish to create jobs.

"I am amazed at how much they have achieved," said Donna Parker, a fisheries specialist with the state Department of Commerce.

"None of them (the quota programs) are in trouble. We have several hundred people working and hundreds of thousands of dollars going to these groups and regions."

Quotas were set up as part of a deal dividing fish between onshore and offshore processors. The program, scheduled for a first-quarter checkup by the state in August, promotes fishery-related development in a region that saw few dividends from the multi-million dollar fishing industry operating just off shore.

A review by the North Pacific Fisheries Management Council in 1996 will decide if the quota sys-

tem continues.

After receiving state approval, the six groups — five nonprofit and one for-profit — began marketing their fish. They forged partnerships with six of the biggest players in the groundfish industry.

One of the first things they bargained for was jobs.

About 25 people from Bill's area worked this year's pollock 'A' season and brought \$100,000 back to their villages, said Norman Cohen, manager of the Coastal Villages Fishing Cooperative.

To the north, 20 members of the Norton Sound Economic Development Corp. earned \$250,000 on ships owned by partner Glacier Fish Company Inc., adviser John Zuk said.

A third group, the Bristol Bay Development Corp., said 30 workers returned in March on ships owned by OceanTrawl Inc., with \$150,000 in their pockets.

All three groups said their partners will employ up to 50 workers each in future seasons.

Processors were concerned that workers might not be prepared for the 16-hour work days in cramped quarters on an often inhospitable Bering Sea. So they began training programs to familiarize would-be processors with shipboard life

Bill started working on a factory trawler and didn't like it, so he took the shore-side job in Dutch Harbor. But the retention rate for the Coastal Co-op and others is comparable with industry-wide rates, Cohen said.

Joe Panlyak, Coastal's employment coordinator, said the larger problem is getting the word out and convincing villagers to apply.

But getting jobs on factory trawlers is only one way to boost work opportunities. Long-term plans call for developing fish-related jobs closer to home.

Coastal used its CDQ fish to purchase an interest in two vessels with Golden Age Fisheries. The for-profit venture is starting two new projects to bring jobs to the Kuskokwim region.

The company bought a barge-based processor that will purchase salmon in Bethel. About 100 villagers will work on the processor, fishermen will have a market for their fish and everyone will split the profits if the operation succeeds, said Golden Age owner Stanley Simonson.

A second project will train people to be salmon roe technicians, Cohen said. Every summer the Japanese send their own employees to work the egg houses in

Alaska's canneries. There's no reason why those jobs can't be performed by Alaskans, he said.

In Norton Sound, fishermen who for years struggled to sell their catches to processors who were committed elsewhere now have a ready market with Glacier Fish.

The two companies have signed a deal that will see Glacier Fish buying pink salmon from the Norton Sound fishermen.

"It's the first time in six years anyone has bought pinks in Norton Sound," Zuk said.

Some of Norton Sound's quota cash is being loaned to local fishermen so they can fix their boats and buy gear, he said.

In Bristol Bay, home of the world's largest sockeye salmon fishery, the CDQ group's board is made up of veterans of Alaska's boom-and-bust fishing business.

The group is working to help retain valuable salmon permits in the region and is training non-permit holders for jobs as welders and diesel mechanics, he said.

The state will provide a formal report card on CDQs in August before it considers applications for the second two-year phase. Parker said her department is proceeding cautiously, but she's excited about the experiment.

CHANGING COURSE

One year after the Community Development Quotas program began, villagers are seeking to tap riches of Bering Sea fishery.



Flock aboard the F/V Pacific Knight.

By HAL BERNTON

The village of Alakanuk, spread out along the banks of a Yukon River slough, bears the scars of the dark side of rural Alaska life. During the past decade, this Yupik Eskimo village of 350 people has been buffeted by alcoholism, domestic violence and a tragic mid-'80s string of eight suicides among its youth.

But during the past year, many villagers are reaching out in a different direction, joining a new program that is offering training and jobs in commercial fishing for salmon, crab, halibut, cod and other bottom fish.

"There's tremendous interest, and very strong support among young people," said Martin Moore, a Inupiaq Yukon River elder who helped organize the program. At an Anchorage meeting last Wednesday, he held up a list of 40 Alakanuk villagers who had signed on for the program. None at this list they're not committing suicide anymore."

Moore's remarks came as his group of four villages made a plea for a new — and larger — federal award of pollock that sustains the program. His Yukon Fisheries Development Association is one of six such regional groups attempting to pull 50 western Alaska villages into the mainstream of the multibillion-dollar North Pacific fisheries.

Although only a year old, the Community Development Quotas program already has launched a wide ranging series of rural projects. They are fueled by regional fishing groups working in new partnerships with Seattle-based fishing companies.

The program "has just gone beyond anything that anyone has ever imagined — even in one year," said Paul Fulk, the state Commissioner of Commerce and Economic Development.

It is also transforming the politics of the North Pacific fishery. Many coastal villages have viewed local fisheries as outsiders with nets that bring up large quantities of fish in coastal harbors. Now, village groups are tied to the trawler companies by business ventures, and are finding common ground.

A year ago, you could have asked what people



Emmons Corp. President Martin Moore speaks on behalf of the Yukon Delta Fisheries Development Association at the state public hearing on the Community Development Program last week.

1993 POLLOCK HARVEST RIGHTS For western Alaska communities



thought about factory trawler operations, and you would be a part of an almost universal negative response," said Barb Lavikis, a salmon and halibut fisherman from False Pass. "Now, people have an entirely different attitude. What does it mean that we now have a 36-inch by 60-inch color photo of a factory trawler hanging in our city office?"

POLLOCK PROGRAM

At the heart of the program is a pollock

embayment that was approved by the federal Commerce Department in March 1992. That allocation — pushed by state representatives on a regional fishery advisory council — was a dramatic policy that simply gave away the bottom fish on a first-come, first-served basis. Under the plan, the western Alaska villages, which are predominantly Native, have exclusive rights in harvest 70 percent of the floating sea pollock during a four-year period

that ends in 1995. The program grandfathered all villages within 50 miles of the Bering Sea. But it left out Kodiak, Southcentral Interior Southeast and North Slope villages, communities that were not considered to be linked to the floating fleet. Under the terms of fish grants, the six groups have to develop new opportunities in the fishing industry. And they could be a model for new programs that could give Alaska villages shares of crab, cod

and other seafood resources in annual allocations that might extend well beyond 1995. In a dramatic round of paper-pushing last fall, state officials were able to work with the federal Commerce Department to get the first two years worth of pollock quotas — 200,000 metric tons worth more than \$20 million — awarded to the regional groups. Each of these groups

"The program is transforming the politics of the North Pacific fishery. It "has just gone beyond anything that anyone has ever imagined — even in one year."

— Paul Fulk, State Commissioner of Commerce and Economic Development

FISHERIES: Villages head toward independence

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formed partnerships with seafood harvesting and processing companies eager for the chance to secure pollock harvest rights through a mix of cash, jobs, business deals and other incentives.

The next two-year allocation runs through 1995. But a sharp drop in the value of pollock is causing major financial problems for the bottom-fish fleets. And that means harvest rights are likely to be worth much less than the 1992-93 rights.

But their worth is still measured in the millions of dollars. And leaders of the six groups were all eager to increase their shares as they testified last week before a state panel. The panel's assessment will go to Gov. Wally Hickel, who this week is scheduled to pass on recommendations to the federal government.

The panel is reviewing confidential financial reports, and has demanded audits to try and ensure that the money is not wasted in boondoggle projects. At times, state officials have pressured some groups to back off of high salaries and they also have objected to questionable expenses.

"We're watching this thing like a hawk," said Clem Tillion, the governor's top fishery adviser. "This thing has to work. We don't want to have any egg on our face."

ON HIGH SEAS

All six groups are making a big push to increase employment, according to summary reports of their past year's activities. Many of those jobs have been found aboard the bottom-fish fleets of the Bering Sea.

In the 12 months ending on June 30, more than 130

villagers attended a two-week fish processor safety and training course at the Seward Alaska Vocational Technical Center. More than 200 villagers signed on for at least one 60-day stint aboard an industry vessel, according to Dewey Halverson, executive director of the Bering Sea Fisheries Development Foundation, a group that helped organize training and placement.

Some groups also are buying their own boats and hiring villagers as crew. The Yukon Delta Fisheries Development Association, a four-village group that represents 1,700 villagers including those of Alakanuk, has purchased two boats and leased two.

They trained 24 villagers for halibut hook and line fishing as well as crab fishing. They used their small boats to help harvest crab and halibut in Norton Sound, then headed south to fish out of Seward.

The jobs and money have made an impact on the meager rural economy of the villages and helping to offset a year of poor salmon runs. Those runs have traditionally provided cash and subsistence food.

"Our people have made over \$500,000 this summer in fishing ventures with factory trawlers and other boats," said Ed Glotfelty, a former Emmonak city manager who now is executive director of the group.

The groups also are trying to develop fishery skills that will propel villagers beyond deck-hand level jobs on factory trawlers. With long, monotonous hours and often harsh working conditions, people in these jobs burn out fast.

The Coastal Villages Fishing Cooperative, has seven interns in a management trainee program. It also is

developing a "salmon roe university" to teach villagers to supervise the processing of this Asian delicacy. Overall wages paid in its 15 village region total \$360,000, according to the group's executive report.

DIFFERENT TACTICS

But enthusiasm for the new program is not universal. Cooperative leaders say they must battle not only alcohol and drug abuse but a "culture of dependency" on welfare payments. "This dependency has progressed to the point where it is easier and preferable to remain on welfare than enter the labor force," the cooperative wrote in an executive summary of its operations.

To combat that culture, Coastal Fisheries is reaching out to high school students to teach them about the program and its job opportunities.

And to sustain those jobs, all six groups are investing in long-term development projects. But they are going about it in quite different ways.

The Central Bering Sea Fishermen's Association of St. Paul is betting its future on harbor development that the group's leaders see as key to transforming this Pribilof Island into central port for the bottom-fish and crab industry.

They have pledged \$1 million of pollock royalty money earned during the past year to help finance a harbor dredging operation. And they report other commitments from the city, state and seafood industry for more than \$16 million in improvements to water, dock, waste disposal and other facilities. The goal is to work with their partner Arctic Seafoods and American Seafoods to develop a

major new processing center.

The Aleutian Pribilof Island Community Development Association, representing more than a half dozen villages, also is investing in dock, harbor and other improvements to support the bottom-fish industry. It is even considering investing in a Nikolski cattle ranch to provide meat for the fishing fleets and processors.

The groups had held off from investing in boats, betting that the financial crisis in the bottom-fish industry will result in bargain basement prices for bankrupt boats, according to the group's executive report.

The group has formed a partnership with Trident Seafoods and the factory trawler Starbound.

Meanwhile, the Norton Sound group, representing about 8,750 people in 15 villages, is working with its joint venture partner, Glacier Fishing Co., to develop small regional fisheries. Local salmon fishermen, for example, haven't had a market for pinks since the late '80s, when a Japanese buyer briefly showed up in Norton Sound.

"We used to throw away many thousands of pink salmon," said Morris Naga-ruk, an Elinu fisherman.

This past year, Glacier Fishing Co. sent a vessel to Norton Sound and purchased \$192,000 worth of salmon, most of which were pinks. Overall, the group reports helping to bring \$1.6 million into the region's economy through new wages, fishing gear and fish purchases from villagers.

While Norton Sound rushes ahead, the Bristol Bay Economic Development Corp. is taking a more conservative approach. They have created an Alaska Seafood Investment Fund to squirrel away much of the

money earned through sales of pollock harvest rights. The fund is modeled after the Alaska Permanent Fund, and Bristol Bay has even retained Dave Rose, the fund's ex-director, to manage the pollock money.

The group plans to operate a scaled-down program that will draw only on fund earnings, with the money used for a mix of scholarships, job training and loans to help villagers buy salmon permits for the rich Bristol Bay harvest.

Most of the groups are set up as nonprofits, although the Internal Revenue Service has not yet made a final ruling on their status, according to Donna Parker, a state Commerce Department fisheries aide. And if they fail to get that status they may have to pay some hefty taxes out of royalties they have collected from their pollock.

But not everyone is happy with the program. Laukittis of False Pass said he's resigned from the group's local board and is worried some money may not be well spent. "We need for this to be locally controlled, and it seems there's a lot of consultants and lawyers telling you what you can and can't do."

And Halverson, of the Bering Sea Foundation, said that some groups haven't reached out enough. As a result, some people haven't had a say in the programs and feel left out.

WHAT NEXT?

The future of the village pollock program is uncertain, and tied both to the health of the fisheries and the Byzantine politics of the seafood industry.

Conservationists fear that pollock stocks won't hold out. They think it's great that villages are finally get-

ting some benefit from the resource, but worry about the villages new ties to the trawl industry.

"We're entering an agreement with a gear type that could bring about a decline in the whole ecosystem," said Laukittis, the False Pass fisherman who also serves on the board of the Alaska Marine Conservation Council. "And I'd hate to see that."

Meanwhile, the federal government is considering radical changes in industry harvests.

For decades, the government has given away fishing rights on a first-come, first-serve basis. Now, the federal government — working through the regional advisory council — is considering granting fishing companies catch rights for crab, pollock and other bottom fish based upon past harvest records.

If such fishing rights are offered to private industry, state officials have said they will push for some shares to be permanently set aside for Alaska villages, according to Paul Fuhs, the state Commissioner of Commerce.

Federal officials hope that fishing rights will slow the frantic pace of the harvests, and result in less waste and accidental catch of fish that are the wrong size and species.

For fishery managers, the village pollock program has served as a test run for the future when all boats would be guaranteed harvest shares and not have to compete for fish. Presumably, such harvests would allow the fleet to fish slower and be more selective.

Fuhs said initial reports indicate that vessels involved in the village harvests did reduce waste and produced a more valuable catch. "It's the cleanest fishery we have going."

Yukon Pollock

CDQs on the big river

ALASKA FISHERMAN'S JOURNAL

OCTOBER, 1993

"I think the only thing that comes close to this program was the native land claims twenty years ago. This will do more for coastal communities than anything presently available."

Ed Gistofsky is executive director of the Yukon Delta Fisheries Development Association, one of six CDQ cooperatives that split 7.5 percent of the Bering Sea pollock quota in 1992 and 1993. To say he's committed to the CDQ concept is an understatement.



Ed Gistofsky and Billy Charles.

"State and federal grants do a little bit for each one of the villages that can successfully compete for them, but this pollock CDQ and future CDQs for halibut and sablefish, and maybe some other species, will do more to enrich these communities and make them self-sufficient than anything that's come along since."

Gistofsky has been involved in the villages and fisheries of northwest Alaska since 1967 when he went to Nome to take on the job of city manager. Since that time, he has split his career between managing northern villages and fishing for king crab and halibut on his own vessel.

YFDA represents four villages on the Yukon River Delta—Emmonak, Aleknagik, Katiik and Sheldon Point. Under the CDQ allotments for 1992 and 1993, the association was granted 8,837 metric tons of pollock annually. They, in turn, bartered their pollock allotment to Golden Alaska Seafoods of Seattle, who caught the product and processed it aboard their 377-foot mother ship.

In exchange for the exclusive pollock quota, Golden Alaska funded and participated in various YFDA projects including the training of 60 villagers both in catching and processing groundfish. More than 60 residents have worked aboard the Golden Alaska Others have served longline and trawling apprenticeships aboard four smaller vessels owned or leased by YFDA. Two more

have served internships at the company offices in Seattle.

One feature that sets YFDA apart from other CDQ operations is that it owns two fishing vessels itself, the *Blue Dolphin* a 47-foot Sunnord combination vessel, and the *Nakat*, a 63-foot seiner/longline combination vessel.

The association has drawn fire for purchasing small vessels rather than providing additional opportunities aboard large groundfish boats. But Gistofsky sees a future in groundfish for individual village fishermen who can learn the ropes, locate the financing, and purchase smaller vessels of their own.

"I feel that the whole intent [of CDQs] is to get people out and to teach them to harvest, process and market the product from the Bering Sea. The initial phase is to catch the product, and you can't catch fish without something to catch it with," Gistofsky says.

"Initially we want to train people in the operation of the boats and gear—show them that there is product available out there, train them to catch the fish, and then help them purchase fishing boats and be successful boat owners."

"Ownership of the fishery needs to go to the individual," Gistofsky says, "so pride is instilled. If a guy owns a boat, he's going to take a lot better care of it than if the association owns the boat."

"The state has criticized myself and our group asking, 'Well, why don't they go to banks, CFAB and other established institutions to get the money?' Well, they've tried that and been unsuccessful. We think this is an opportunity."

"In the past, banks and state funding sources haven't been lending money to fishermen on the Yukon because they haven't had any experience with offshore fishing and haven't had any down payments to put up to secure boats big enough to handle the outside," Gistofsky explains.

"We're trying to do the initial financing for those fishermen on a number of boats and then get the fishermen in a position to meet the requirements for CFAB or state or bank funding to refinance after several years in the fishery."

"We're looking to make this a revolving fund to reinvest in younger fishermen," Gistofsky says. "It's a one shot deal, but hopefully a

program that will continue and be able to sustain itself even after the CDQ has ended. We're making involvement in our program a prerequisite for getting a loan. We don't want to give them a boat, but we want to sell them the boat."

Gistofsky envisions a five-year payoff, where the individual pays at least 20 percent of the loan off each year from proceeds of his fishing operation. As loans are repaid, the money would become available to other individuals who had proven their skills in the training program.

Besides owning their own vessels, CDQ groups need to process their own catch, Gistofsky says, "because that's where a good percentage of the profits are made."

This year YFDA contracted the processor *Karla Faw* to buy king crab from the small boat fleet working out of Nome. "We got paid what I feel was a relatively low price of \$1.25 a pound," Gistofsky said. "It was pretty lucrative for Deep Sea [Fisheries]."

While Norton Sound king crab are generally smaller than the crab taken from Bristol Bay, the quality of the product was good. "I understand that the whole pack is

Yukon fishermen's co-op \$250,000 for upgrading and expansion of their processing and freezing capacity. The CDQ loan will be used in conjunction with a \$480,000 federal economic development grant to add new processing capacity for groundfish (initially cod) and value adding for chum salmon. Combined with another \$500,000 HUD grant to the local tribal council, the money would permit a \$1.43 million expansion of locally owned processing capacity in the village.

Why aren't the villagers more directly involved in the pollock fishery itself? Bartering pollock CDQs for the expansion of local opportunity is more important, Gistofsky says.

"The [YFDA] board's feeling is that just involving people in the offshore pollock fishery is not going to make a lot of difference in the way business is done in northwest Alaska. It's going to take the involvement of people fishing in their local areas, being able to make a living from the fisherman adjacent to their homes—not going away for three months and coming back with a paycheck."

"They need to be able to



CDQ trains pull-up king crab near Nome. (Photo by John van Ameringen.)

supplement their salmon fishery with other fishing activity. These guys are excellent fishermen," Gistofsky says, "and they should be given the time and the opportunity to do that. I think that's the whole intent of the CDQ program. We shouldn't just be putting money in a trust fund for the future. We should be providing them the skills they need to go out and make a living at it."

—John van Ameringen

Processing plans for YFDA include more than king crab, however. In Emmonak, YFDA has made a commitment to loan the

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 Matson
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% of, 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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Alaska coastal villages get 7.5% of the Bering Sea pollock quota

By Brad Malsen
Pacific Editor

A new column appeared on the chart of allocations for the \$2 billion Bering Sea and Aleutian groundfish fleets at the North Pacific Fishery Management Council's December 1992 meeting in Anchorage. Right there, next to the familiar ABC (Allowable Biological Catch) and TAC (Total Allowable Catch) were the letters CDQ for Community Development Quota. Arranged beneath them were numbers representing \$30 million worth of pollock, exclusively controlled (at least until 1995) by the predominantly Eskimo and Aleut villages of the western Alaska coast.

Last spring, after two years of debate and vote trading, the council amended the groundfish 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.

The program quickly gained the support

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 groundfish, council member 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.

Soon after the onshore/offshore amendment began working its way through the council process in 1990, Mitchell gained the alliance of Clem Tillion, as well as Alaska's governor, Walter Hickel. The governor declared an onshore allocation — and later, CDQs as well — a priority of his administration. Also wound into the political knot was the ongoing debate on the extension of individual fishing quota (IFQ) management into the groundfish fleets. Onshore/offshore and CDQs are viewed by many to be preludes to eventual privatiza-

tion of the resource through IFQs.

In March 1992, the council approved the onshore/offshore plan amendment and the CDQ program, the details of which were to be worked out by Hickel's office. The villages themselves would not have to go out and catch and process the pollock, but could enter into ventures with existing companies that would buy the quota from the village corporations that ended up owning it. The factory trawler fleet and shore-based processors were hungry for more fishing in a year when bycatch caps and split seasons made for tough going, so a bit of a pollock rush began. In effect, the new development corporations would broker their fish for a price to their harvest partners, who would also offer priority to villagers in their ships and plants.

Hour of the Middleman

"Like the old saying goes," quipped one fisherman at the council meeting, "in every large financial transaction there's a stretch

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 trawlers.

The CDQ program was officially launched in June 1992, with the solicitation of proposals from village groups and the first fishery slated for December. The 7.5%

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
Arctic Frontiers 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 & fisheries 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 Pt., purchase F/T Barbara Lee; training & employment programs; scholarship program.
Newton Sound Fisheries Development Association	15 villages, 8,752 people	Glacier Fish Co. (F/T)	20% 20,289 mt	Increase salmon & herring processing; loan program; financing vessel purchase; processor vessel remodel; training.
North Delta Fisheries Development Association	4 villages, 1,750 people	Golden Alaska Seafoods (F/T)	5% 5,072.25 mt	Purchase 75% ownership in 160' vessel & another similar vessel; employment programs; fish surveys; permit buyback; vessel boat finance; finance small local processors & marine supply businesses.

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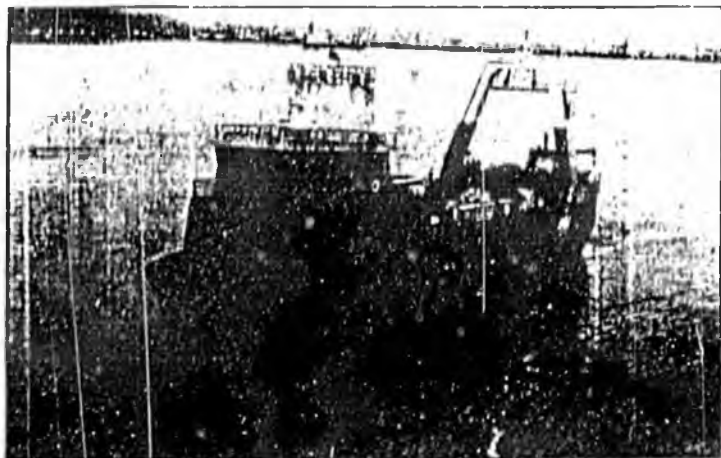
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DEERE POWER SYSTEMS



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 of 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, wholesalers and retailers. 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.

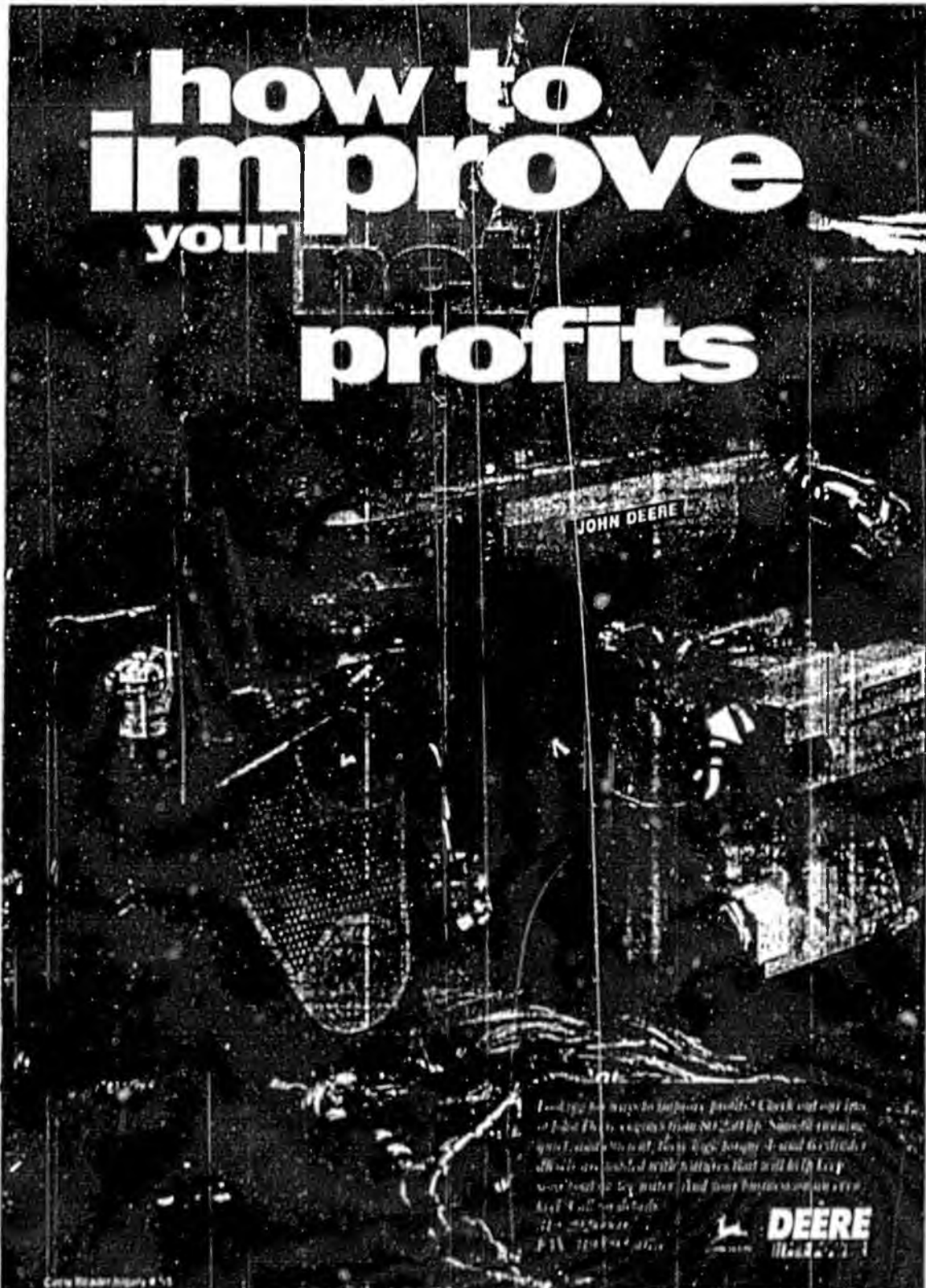
Others are asking questions, quietly considering the stakes, including: "Do Native villages have a legal claim to those fish? Why were CDQs never broken out of the plan for analysis. Are the national standards met by CDQs? And what about distinctions based on race and geography?"

"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 offshore/offset 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 shucks sold to harvest contractors. They'll have to be caught and marketed by locals," he says.

"We'll see about that," says Arno Hannon, chairman of the Alaska Crab Coalition, who represents that fleet.

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ALASKA FEDERATION OF NATIVES

1994 ANNUAL CONVENTION

RESOLUTION 94-81

TITLE: INCLUSION OF THE CDQ PROGRAM INTO THE MAGNUSON
FISHERY CONSERVATION AND MANAGEMENT ACT

WHEREAS: the CDQ program has been of tremendous benefit to
rural Alaskan economies; and

WHEREAS: the CDQ program for pollock expires at the end of
1995, and is subject to re-authorization by the
North Pacific Fisheries Management Council; and

WHEREAS: inclusion of the CDQ program into the Magnuson
Fishery Conservation and Management Act would
permanently establish this program, and

WHEREAS: the CDQ program should remain separate from the IFQ
program,

NOW, THEREFORE, BE IT RESOLVED by the delegates of the 1994
Annual Convention of the Alaska Federation of
Natives, Inc. that AFN endorses amendments to the
Magnuson Fishery Conservation and Management Act to
establish the CDQ program into that Act, and

BE IT FURTHER RESOLVED that with the inclusion of the CDQ
program into the Magnuson Act, it remain distinctly
separate from the IFQ program, and

BE IT FINALLY RESOLVED that AFN endorses and will work to
increase the CDQ to 15 percent as recommended in the
Final Report of the Alaska Natives Commission.

SUBMITTED BY: Kawerak, Inc.

COMMITTEE RECOMMENDATIONS: DO PASS

CONVENTION ACTION: PASSED



Southwest Alaska Municipal Conference

Putting Resources to Work For People

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Resolution 94-17

A RESOLUTION URGING SPECIFIC PROVISIONS IN THE REAUTHORIZATION OF THE FEDERAL MAGNUSON FISHERIES CONSERVATION AND MANAGEMENT ACT

Whereas, communities in Southwest Alaska lie adjacent to, and depend upon, groundfish resources of the federally-managed exclusive economic zone (EEZ) of the Bering Sea/Aleutian Islands and the Gulf of Alaska; and

Whereas, the U.S. Congress is currently involved with reauthorizing the Magnuson Fisheries Conservation and Management Act which proscribes management of those groundfish resources through the regional council process and the National Marine Fisheries Service (NMFS); and

Whereas, there are several general issues of national and regional concern being considered for amendment within the Magnuson Act reauthorization;

Be It Resolved that SWAMC does not support alteration of the statutory composition of the North Pacific Fishery Management Council; and

Be It Further Resolved that SWAMC supports general statutory controls to restrict and minimize the bycatch of unwanted species or sizes or sexes of fishery resources, such controls then to be more specifically designed in fishery management plans by the appropriate regional management council, with an ultimate goal of full utilization; and

Be It Further Resolved that SWAMC supports statutory requirements that appropriate regional councils establish and implement protections against overfishing for each and every species under their respective jurisdictions; and

Be It Further Resolved that SWAMC supports federal funding increments necessary to allow NMFS to provide the councils with sufficient biological information to implement reasonable controls against overfishing and provide adequate research for understanding and management of the resource; and

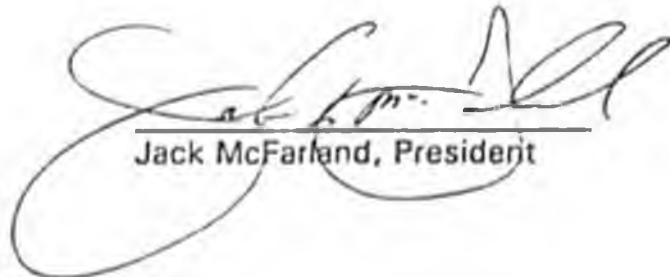
Be It Further Resolved that SWAMC supports statutory provisions to allow regional councils to establish and implement community development quota (CDQ) or community protection set-aside programs to aid fishery development and recognize economic dependence in coastal communities; and

Be It Further Resolved that SWAMC believes that any fee, tax, or royalty structure which might be levied against the harvesting or processing of fishery resources must recognize and credit other federal, state, or local fees, taxes or royalties otherwise levied on the same resources, and that all revenues should subsequently be utilized for management, research, and administration of fishery programs in proportion to the level of contribution from the areas in which the revenues were derived; and

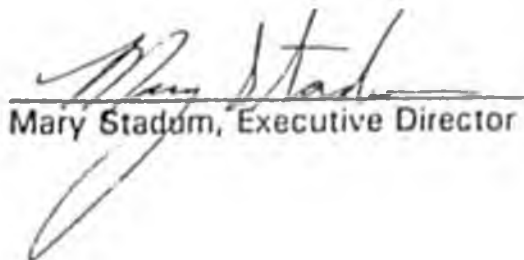
Be It Further Resolved that SWAMC supports the three year or longer moratorium on establishment of Individual Fishery Quota systems on federal fishery resources; and

Be It Further Resolved that SWAMC supports reasonable statutory controls against direct, personal and financial conflicts of interest inherent in the voting of any member of the regional councils but recognizing that some lesser conflicts are inevitable and acceptable given membership of councils by necessity must be comprised of participants in the fishing and processing industry.

PASSED AND APPROVED BY THE SOUTHWEST ALASKA MUNICIPAL CONFERENCE
THIS 18th DAY OF SEPTEMBER, 1994.



Jack McFarland, President



Mary Stadm, Executive Director

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION NO. 94-94

A RESOLUTION OF THE UNALASKA CITY COUNCIL SUPPORTING THE RE-AUTHORIZATION OF THE INSHORE/OFFSHORE ALLOCATION AND CDQ PROGRAM AMENDMENTS 18/23 OF THE FEDERAL MANAGEMENT PLAN.

WHEREAS, the North Pacific Fisheries Management Council continues to work on Comprehensive Rationalization Planning and it could be years before a plan is in place; and

WHEREAS, the inshore/offshore allocation and CDQ programs are scheduled to expire in December of 1995; and

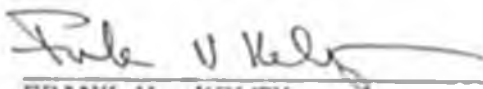
WHEREAS, the inshore/offshore allocation was a means to prevent pre-emption of the fishery resource by one fishing sector over another; and

WHEREAS, while the Comprehensive Rationalization Planning continues, the re-authorization of the inshore/offshore allocation and CDQ programs will be important to the continued stability of local economies in coastal communities of Alaska; and

WHEREAS, the CDQ program has been a success, lending to participation of Bering Sea coastal communities in the fishing industry, creating employment opportunities, education scholarships, increased and stabilized revenues that will result in increased community stability and long-term viability.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council supports re-authorization of the inshore/offshore allocation and the CDQ program amendments 18/23 to the Federal Management Plan for the following reasons: 1) increased state and local revenues, 2) increased employment opportunities, 3) economic stability for Alaska's coastal communities, 4) allocation of the resource will prevent the pre-emption of one industry sector over the other, creating stability to the on-shore sector of the industry which has invested hundreds of millions of dollars in Alaska's coastal communities and pay millions of dollars in taxes to State and local government.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL, THIS 27 DAY OF September, 1994.



FRANK V. KELTY
MAYOR

ATTEST:


CITY CLERK

ALASKA FEDERATION OF NATIVES, INC.

1993 ANNUAL CONVENTION

RESOLUTION 93 - 83

TITLE: PROPOSED CDQ RESOLUTION FOR AFN

WHEREAS: the U.S. Department of Commerce has allocated 7.5 percent of the total allowable catch of Bering Sea pollock in the form of Community Development Quotas to the 56 ANCSA-recognized communities situated along the Bering Sea coast; and

WHEREAS: these communities are located in proximity to one of the world's richest fisheries resources yet have not been able to harvest this resource due to the high level of financial investment required for vessels, gear, and operational expenses; and

WHEREAS: the CDQ Program now provides the people of western Alaska, from the Aleutian Islands to the Seward Peninsula, with an opportunity to participate directly in industrial-scale Bering Sea fishing operations; and

WHEREAS: the residents of western Alaska derive benefits from the CDQ Program in the form of direct employment, new markets for salmon and herring, job training, scholarships, economic development opportunities, and funding for fisheries-related infrastructure; and

WHEREAS: the CDQ Program encourages initiative and self-determination, and has created a sense of hope for the future among the people of western Alaska; and

WHEREAS: the CDQ allocation for Bering Sea pollock is scheduled to expire on December 31, 1995; and

WHEREAS: the participants in the CDQ Program strongly support conservation and the elimination of salmon by-catch in the Bering Sea commercial fisheries, and will work with the federal fisheries management process to achieve these goals; and

RESOLUTION 93-83

WHEREAS: the North Pacific Fishery Management Council is engaged in a Comprehensive Rationalization process in order to develop a system for the allocation of federal fisheries resources after 1995; and

WHEREAS: CDQ's will need to be included in the final comprehensive plan if they are to continue after 1995; and

WHEREAS: the CDQ Program requires access to all Bering Sea commercial fishing species in order to establish diversified fisheries and survive expected downturns in the economic and biological cycle; and

WHEREAS: the Magnuson Fisheries Conservation and Management Act is before Congress for reauthorization, and, during public hearings, members of Congress were requested to consider an amendment to the Act recognizing CDQ's;

NOW THEREFORE BE IT RESOLVED by the delegates to the 1993 Annual Convention of the Alaska Federation of Natives, Inc., strongly supports the continuation of the CDQ Program, the expansion of CDQ's into all Bering Sea species and fisheries, and the adoption of a CDQ amendment to the Magnuson Act, that would make CDQ's a permanent part of all Bering Sea fisheries allocation systems; and

BE IT FURTHER RESOLVED that AFN supports the expansion of the CDQ Program to include all of the Native villages which have traditionally fished and are in close proximity to the Bering Sea.

SUBMITTED BY: Bristol Bay Economic Development Corporation

COMMITTEE RECOMMENDATIONS: Do Pass

CONVENTION ACTION: Do Pass



WALTER J. HICKEL
GOVERNOR



P O Box 110001
Juneau, Alaska 99811-0001
(907) 463-3500

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

August 15, 1994

*The Honorable Ron Brown
Secretary of Commerce
14 Street and Constitution Avenue NW
Washington, DC 20230*

Dear Mr. Secretary:

Please find enclosed the State of Alaska's 1993 annual report on the Community Development Quota (CDQ) program.

This report represents the full calendar year of the CDQ activity. During the year, over 500 Alaskan residents found employment through the CDQ program, earning well over \$3 million in wages. In addition, numerous construction projects developing fisheries or marine infrastructure are either being completed or underway. Local residents are directly benefiting from the CDQ program.

As part of the monitoring program required under federal regulations, the state has required annual financial and management audits for each group. These financial reports are included in our annual report along with quarterly and annual reports the state requires as part of our monitoring efforts. The state will continue to closely monitor the program to ensure compliance.

With best regards,

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel
Governor

Enclosure

BERING SEA AND ALEUTIAN ISLANDS POLLOCK 1993 COMMUNITY DEVELOPMENT PLAN ANNUAL REPORT

Background

The Secretary of Commerce (Secretary) partially approved Amendment 18 to the Bering Sea and Aleutian Islands Fishery Management Plan on March 4, 1992 and the final rule was published on June 3, 1992. Regulations to implement Community Development Quotas (CDQs) for 1992 and 1993 were published in the federal register in draft form on October 7, 1992. They became effective on November 18 and were published in final form on November 23, 1992. The State of Alaska published final regulations concerning CDQs on November 18, 1992. On November 27 the Governor of Alaska notified the Secretary of his recommendations concerning 1992 and 1993 CDQ allocations. On December 3, 1992 the regional director of National Marine Fisheries Service formally notified the six CDQ groups of their allocations and CDQ fishing began.

Six fishermen's organizations applied for CDQ allocations. These six collectively represented all eligible communities under federal regulations at 50 CFR 675.27. The arrangement of communities by applicant group was self-determined. The final groupings are regionally based: four Aleutian Islands communities and St. George, (APICDA); St. Paul, (CBSFA); 14 Bristol Bay communities, (BBEDC); 17 communities from north of Bristol Bay to the mouth of the Yukon River, (CVFC); four communities near the mouth of the Yukon River, (YDFDA); and, 15 communities from Norton Sound to the Bering Straits, (NSEDC). All six of these groups received CDQ allocations for 1993.

Review of 1993 Community Development Programs

The CDQ monitoring program required under 50 CFR 675.27(e)(1) and set forth in Alaska Statutes at 6 AAC 93.050 requires interim progress reports, a financial report each quarter, and an annual report on or before June 30 of the following year. The annual report must include information describing the progress of the Community Development Plan in relation to milestones, goals, and objectives as stated in the CDP application. Each group submitted an audit for 1993 performed by an independent, regionally or nationally recognized accounting firm. The 1993 annual reports and 1993 quarterly reports are attached as Appendices A and B respectively. Confidential information is identified in the quarterly and annual reports, and under Title 9 of the Alaska Statutes, these data are not releasable to the public. Financial audits are attached as Appendix C.

As part of the application review process in 1992, the Governor required that each applicant agree to have their independent accounting firm conduct a management audit. All of the groups produced separate such audits for 1993. Management audits are attached as Appendix D. The State sent a follow-up letter to each of the CDQ groups on July 6, 1994 requesting a plan which would address any deficiencies presented in their audit. All six groups responded by August 11 and their responses are included in Appendix E. As with quarterly reports, the management audits are considered confidential under Title 9 of the Alaska Statutes.

Amendments to CDPs are allowed based on Federal regulations at 50 CFR 675.27(e)(3) and State statutes at 6 AAC 93.055. The minor amendments to CDPs requested during 1993 were to add or delete vessels to the eligibility list. Two substantial amendments were submitted and approved by the Secretary to dredge the harbor for St. Paul (CBSFA) and to change the

fishing partner contract (CVFC). Summaries of the 1993 amendments, by CDQ group, are presented in Appendix F.

In addenda to each group's 92-93 CDP, the State included additional requirements to increase monitoring for major vessel purchases and tax set-asides for the five non-profit groups. By declaring themselves non-profit corporations, each group had to seek a ruling from the Internal Revenue Service as to whether or not these activities and corporate structures would qualify. The wait for the IRS ruling resulted in a major side benefit; each group was required by the State to keep 40% of their revenues in a dedicated tax liability fund. Consequently, during the first year of the CDQ program, the groups were subject to enforced savings. This allowed them to grow and refine their development plans without overspending on initial projects. Once the IRS approves the non-profit status of a group, the group must submit a plan to the State on how they will manage the released funds.

Because the 1992 and 1993 allocations were approved simultaneously by the Secretary, there are no changes to the 1993 allocations from 1992. The Secretary's 1993 allocations for CDQ pollock are presented below:

Applicant	1993 Allocation
Aleutian Pribilof Island Community Development Association (APICDA)	18,260 MT (18%)
Bristol Bay Economic Development Corporation (BBEDC)	20,289 MT (20%)
Central Bering Sea Fishermen's Association (CBSFA)	10,144 MT (10%)
Coastal Villages Fishing Cooperative (CVFC)	27,390 MT (27%)
Norton Sound Economic Development Corporation (NSEDCC)	20,289 MT (20%)
Yukon Delta Fisheries Development Association (YDFDA)	5,072 MT (5%)

All of the information and reports presented above were reviewed during the preparation of this report. In addition, other information sources were utilized including reviews by Alaska Department of Commerce and Economic Development loan officers, fishing industry contacts, and direct conversations. Some review occurred during periodic meetings throughout the year with each CDQ group.

A summary of 1993 CDP performance is presented by CDQ group below. Many milestones were achieved in the first complete year of CDQ's. The details of each group's accomplishments are well documented in the attached individual 1993 annual reports.

Aleutian Pribilof Island Community Development Association

- Harvested 17,951 mt of 18,260 mt allocation.
- Partner is Trident/Starbound.
- Accomplishments:
 - Generated employment for 79 local residents which produced \$518,000 in earnings.
 - Developed infrastructure projects in three communities, including harbor dredging, docks and a warehouse. APICDA received a *quid pro quo* for property or leases for their investments.
 - Provided higher education and vocational education scholarships and assistance to 28 local residents.

Bristol Bay Economic Development Corporation

- Harvested 19,625 mt of 20,289 mt allocation.
- Partner is Oceantrawl.
- Accomplishment:
 - 52 local residents hired since 1992 earning \$215,182.
 - 49 students trained in basic and advanced programs.
 - Alaska Seafood Investment Fund set up for fisheries investments.
 - Fishing permit retention program begun for region.
 - Completed phase I and II of Regional Fisheries Planning Program.

Central Bering Sea Fisherman's Association

- Harvested 10,066 mt of 10,144 mt allocation.
- Partner is American Seafoods/Isicle.
- Accomplishment:
 - Helped local infrastructure develop with harbor dredge and mooring two floating processors.
 - Established vessel loan program with 12 loans to fishermen.
 - Gave scholarships to 7 local students for university study.
 - Trained 24 local individuals.
 - Conducted test fishery for local underutilized species.

Coastal Villages Fisheries Cooperative

- Harvested 27,518 mt of 27,390 mt allocation
- Partner is Golden Age Fisheries.
- Accomplishments:
 - Created a "career track" program to help residents plan careers.
 - Began Coastal Village Fisheries(CVF), a salmon processing operation on the lower Kuskokwim.
 - Upgraded *Brown's Point*, a trawler 50% owned by CVFC.
 - Hired 42 on GAF vessels and 110 for CVF salmon processor. Seven interns worked for GAF.
 - Began developing roe technician training program.
 - Began production of new boneless/skinless salmon products.

Norton Sound Economic Development Corporation

- Harvested 20,243. mt of 20,289 mt allocation.
- Partner is Glacier Fish Company.
- Accomplishments:
 - Initiated salmon and herring buying operations.
 - Began area salmon planning process with ADF&G.
 - Established revolving loan program for local fishermen. Made 118 loans for gear and 21 loans for vessel upgrades.
 - Hired 13 region members to work as fish processors and 2 company reps.
 - Awarded 48 scholarships for a total of \$48,000 in 1993.
 - Forty Norton Sound residents worked on GFC vessels earning \$534,554.
 - Made shoreside infrastructure improvements at four sites totaling \$235,000.
 - Trained 80 residents at AVTEC and BSCFDF.

Yukon Delta Fisheries Development Association

- Harvested 5,073 mt of 5,073 mt allocation.
- Partner is Golden Alaska Seafoods.
- Accomplishments:
 - Trained 54 individuals in 65 training positions, of which 35 were trained on YDFDA fishing vessels.
 - Purchased two fishing vessels and leased two more to fish and train local fishermen. Sold \$268,000 worth of fish in 1993.
 - Placed 39 residents in partner's harvesting operations earning \$210,843.
 - Authorized \$250,000 loan to local processor.

The 1993 CDQ fishery began after the olympic "A" season finished on approximately February 20. The olympic "B" season lasted from August 15 to about September 20. CDQ fishing began after "B" season through December 31, although most of the groups finished before that date. Each group used approved vessels to harvest their share. A list of the harvesting and processing vessels which participated in the fishery, their registration numbers and the groups for which they harvested is presented in Appendix G.

A NMFS report for the period estimates that 100,050 mt of CDQ pollock were harvested in 1993 (Appendix H). Most of the harvesting activity occurred in the Bering Sea while 3054 mt. were harvested in the Aleutian Islands area. This total catch is 1395 mt. below that apportioned to CDQ groups. Official CDQ bycatch information is also found in Appendix H. x

CDQ groups voluntarily agreed to provide two observers on their fishing partner's vessels during the "B" season in 1993. The groups worked with their harvesting partners to develop acceptable means of directly measuring catch, such as calibrated bins and/or on-board scales. Both these efforts were in anticipation of pollock CDQ fishery-directed regulations to be enacted in 1994.

National Marine Fisheries Service Enforcement Section reports that Coastal Villages Fishing Cooperative exceeded their quota by 125 metric tons in 1993. A letter of explanation by Golden Age Fisheries (CVFC's fishing partner) is included in Appendix I. US Coast Guard has submitted a letter listing pollock CDQ related fishery citations. NMFS has submitted a list of violations associated with pollock CDQ fishing. Copies of correspondence discussing this issue are contained in Appendix I.

1994-95 CDP Applications

The application cycle opened from July 26 to August 16, 1993. As a group, the six fishermen's organizations requested 163% of the available CDQ amount. The state held a public hearing and teleconference on September 8 to accept testimony on the two year extension of the pollock CDQ program. Immediately after the public hearing, state officials interviewed each of the applicant groups. The review team made their recommendations to the Governor on September 15. The recommended allocations were presented before the North Pacific Fisheries Management Council (NPFMC) the week of September 20. On November 15, Secretary of Commerce Brown approved the 94-95 CDP's.

Summary

The first full year of the CDQ program has brought significant gains in employment, training and investment.



Figure 1 Overall spending for all six CDQ groups for the thirteen month period, December 1, 1992 to January 1, 1994.

The CDQ program produced the following for the period covering 1992 and 1993:

- Harvests of 196,811 metric tons of pollock resulting in earnings of \$39 million in royalty income.
- A total of 556 western Alaskans earned about \$3.6 million in wages.
- New jobs and income are significant to the region: 8% of overall regional employment and 18% of regional private sector employment.
- Training for 375 western Alaskans for 864 weeks was funded by the CDQ groups.
- Major infrastructure projects included leveraging of funds for harbor dredging, building a warehouse, docks, water systems, and increased ice, cold storage and seafood processing capacity.
- One CDQ group purchased a half interest in a factory trawler and two other groups purchased eleven small fishing boats.
- Two joint venture processing operations were begun allowing local fishermen to receive higher prices for herring and salmon fisheries.
- The groups ended 1993 with \$23.8 million in assets and \$1.7 million in liabilities.

Conclusion

The State of Alaska is pleased to report the successful conclusion of the 1992-93 pollock CDQ program. The State is continuing its monitoring program for ongoing 1994 and 1995 CDQ activities as required by 6 AAC 93.050 and 50 CFR 675.27.



Fishing for the Future:

Employment and Education through the CDQ Program

According to the Alaska Department of Labor, unemployment in rural Alaska is more than twice the rate of the rest of the state. This is because many communities lack the resources to create jobs and provide residents with vocational and technical training.

In 1992, the Western Alaska Community Development Quota (CDQ) program was approved to help Bering Sea coastal communities benefit from the region's rich pollock fishery. The CDQ program sets aside a portion of the total allowable catch of pollock, halibut and sablefish for harvest by eligible western Alaskan communities. Fifty-six communities have organized to form the six regional CDQ groups that currently participate in the program.

These CDQ groups—the 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 and Yukon Delta Fisheries Development Association—work in partnership with established seafood companies to harvest, process and market pollock.

Under the CDQ program, the profits from CDQ fisheries must be spent to develop sustainable jobs within the region.

Employment and training opportunities vary with each CDQ group and are generally available to all residents living in member communities and neighboring areas.

If you are interested in finding out more about how the CDQ program can help you plan for your future, contact your regional CDQ group for information on employment opportunities, vocational training and other available programs.

The CDQ program is fishing for the future of western Alaska.



*A publication of the Bering Sea Fishermen's Association
pursuant to National Oceanographic and Atmospheric
Administration Award # SA 161 MO250*

Aleutian Pribilof Island Community Development Association

Employment Opportunities

mines, Akutan and Unalaska may apply. On-the-job training is available for individuals who have completed vocational programs. Positions are with Trident Sealoods and Startbound Partnership to help vocational graduates find permanent job places. For more information, contact the following:

Scholarships

High school graduates and college students from member communities are eligible for college scholarships. Scholarship amounts vary and are determined annually by the APCA board of directors.

Individuals must be full-time students and maintain a 2.0 grade point average. Students may apply for a scholarship each year. Applications are due June 30 for the fall semester and November 30 for the spring.

APIC DA also publishes a booklet outlining other academic scholarships available to students.

For information and applications, contact the Human APCA office at 586-3107.

Internships

Latin Associates sponsors an internship in the Human APCA office in business development and management.

Trident Sealoods Corporation and the Startbound Partnership are developing an internship for outstanding applicants interested in careers in the seafood industry. Interns collaborate on special interest areas such as product marketing, plant operations, food safety, technology, and other skills. For more information, contact the Human APCA office at 586-3107.

Trident Sealoods and Startbound Partnership have a resident preference policy to hire qualified individuals from APCA DA member communities, including Akutan and Unalaska. Job opportunities vary from clerical and processing jobs to maintenance and equipment operators. Contact the Community Liaison Office (CLO) in your community for information.

Akutan	Jennie Robinson	695-2266
Aika	Michael Snygaroff	839-2219
False Pass	Gilda Shelikoff	548-2207
Nelson Lagoon	Nanette Johnson	689-2235
Nikolski	Lynne Erniehoff	576-2225
St. George	Calvin Kachevart	839-2216
Unalaska	John Bereskin	781-1231

Vocational Training

APIC DA offers scholarships up to \$2000 for vocational training in occupations and support commercial fisheries or community development programs including fisheries, food processing, computer and other skills. For more information, contact the Human APCA office at 586-3107.



*Member
Communities*

Aika
False Pass
Nelson Lagoon
Nikolski
St. George



Bristol Bay Economic Development Corporation

Employment Opportunities

Employment on Oceantrawl vessels is open to all individuals within the Bristol Bay region. However priority is given to residents of BBEDC member communities.

New hires start out as processing technicians and may work into positions of greater responsibility.

Contact Rick Shilanski at the BBEDC office in Dillingham at 1-800-478-4370 or 842-4469 for information and applications.

Vocational Training

BBEDC and the Bristol Bay Native Association offer vocational training. BBEDC provides funds to supplement other vocational grants. Training has included office occupations, food service, electronics repair and diesel mechanics. Residents of member communities may apply.

Contact Marlee Latuesi, BBNA Training Program, at 1-800-478-5257 or 842-5257.

BBEDC has an agreement with the University of Alaska in Dillingham to provide vocational and Grade Equivalent Diploma (GED) classes in member communities.

Contact Johanna Bouker, University of Alaska, at 1-800-478-5109 or 842-5109 for class schedules and information.

Scholarships

BBEDC offers scholarships of up to \$10,000 per academic year to graduate students and college students with a junior or senior standing. The program is open to residents of BBEDC member communities.

Scholarship applications are due July 15.

Contact Pearl Strub, BBNA, at 1-800-478-5257 or 842-5257 for information.

Internships

High school students are eligible for a clerical internship in the BBEDC office during the school year. Contact BBEDC at 842-4370 for more information.

Four three-month administrative internships are open to high school graduates and college students from member communities. Interns work at the Oceantrawl corporate headquarters in Seattle and may specialize in areas such as accounting, legal services, marketing, and management.

Contact the BBEDC office at 1-800-478-4370 or 842-4370 for information.

Permit Brokerage

The Bristol Bay Permit Brokerage assists Bristol Bay residents in buying, selling, and transferring commercial fishing permits and arranging boat leases. Financial counseling is also available for residents needing advice on meeting IRS tax obligations, child support and boat and permit loans.

Contact Bernice Heyano, Permit Broker, at 1-800-478-5257 or 842-5257.

Economic Development

The Alaska Seafood Investment Management Company (ASIMCo) is a limited partnership between BBEDC and Oceantrawl. ASIMCo seeks to create new fisheries business opportunities to support community development programs.

Contact BBEDC for more information.



Member Communities

Aleknagik
Clark's Point
Dillingham
Egegik
Ekuak
King Salmon/
Savonoski
Manokotak
Naknek
Pilot Point
Port Heiden
South Naknek
Togiak
Twin Hills
Ugashik



Bristol Bay Times

Central Bering Sea Fishermen's Association

Scholarships

CBFA finds a scholarship program through the HDX Corporation Foundation. Full-time college students maintaining a 2.0 grade point average may receive a \$2000 scholarship each semester. Deadlines for applications are July 30 for the fall semester and December 15 for the spring semester.

Contact Kena Kudron, Chairman, HDX Scholarship Foundation at 546-2312.

Internships

CBFA sponsors an internship in conjunction with the American Seafords Company. The intern works in the American Seafords corporate headquarters in Seattle and gains experience in corporate management and operations.

Contact Agaton Krukoff, President, CBFA in Anchorage at 279-6599 or in St. Paul at 546-2312.

Loan Program

CBFA provides loans to qualifying applicants for the purchase of commercial fishing vessels and gear.

Contact Agaton Krukoff in Anchorage at 279-6599 or in St. Paul at 546-2312.

Economic Development

CBFA is working to develop a business plan for the local economy and provide processing facilities in St. Paul to help them wish to attend.

For more information contact Kathy Cline, CBFA Training Coordinator at the Anchorage office at 279-6599.

Employment Opportunities

St. Paul Aleut community members, HDX Corporation shareholders and CBFA members are eligible to apply for employment with the American Seafords Company and Tribolot Bering Seaford Ltd. New hires generally start out as process-ing technicians but may work into positions of greater responsibility.

Contact Bill Arterburn at the CBFA office in Anchorage at 279-6599 or Jan Jacobs, American Seafords Company at (206) 418-0700 for information on current job openings and applications.

Vocational Training

CBFA will provide tuition for vocational training programs related to the fishing industry and for occupations that improve and support community development.

Training programs have included areas such as computer skills, small business administration, heavy equipment operation, welding and automotive repair.

St. Paul Aleut Community members, HDX Corporation shareholders and CBFA members are eligible to apply. Applications are accepted throughout the year.

Applicants are available at the HDX offices in St. Paul and Anchorage and the St. Paul High School. Applicants must identify the institution and training program they wish to attend.

St. Paul

Member
Community



Coastal Villages Fishing Cooperative

Employment Opportunities

Residents of CVFC member communities and non-member communities throughout the Yukon-Kuskokwim region are eligible to apply for employment with Golden Age Fisheries.

New hires generally start out in entry-level processing jobs with opportunities to work into positions of greater responsibility.

Applicants must have a physical examination and a drug screening test to qualify.

For information and applications, contact Joe Panivak, CVFC Employment Coordinator in Chevak, at 858-7250.

Vocational Training

CVFC sponsors technical training programs for specialized areas such as fish processing and machine maintenance.

CVFC is also developing a program to train individuals as salmon toe processing technicians.

Residents of CVFC member communities and non-member villages in the Yukon-Kuskokwim region are eligible to apply for vocational programs.

For information and applications, contact Joe Panivak, CVFC Employment Coordinator, at 858-7250.

Scholarships

The Louis Bunyan Memorial Scholarship program offers academic and vocational scholarships for eligible students.

High school graduates and college students

from CVFC member communities and non-member villages throughout the Yukon-Kuskokwim region may apply.

Scholarships are for students enrolled in vocational training programs related to commercial fisheries or majoring in fields supporting fisheries-related activities. Scholarship amounts vary.

Recipients of Louis Bunyan scholarships are required to work for a CVFC-affiliated fish company during the summer, after graduation, or at some time during their training program.

Scholarships are awarded for fall, spring and summer semesters. Eligible students may apply each semester.

For scholarship information and applications, contact Harold Sparck at 543-3788 or write: Louis Bunyan Memorial Scholarship, P.O. Box 2028, Bethel, Alaska 99559.

Internships

Internships are available to high school graduates and college students pursuing careers related to the commercial fishing industry.

Interns work for Golden Age Fisheries in Dutch Harbor and Bethel and in the Golden Age corporate headquarters in Seattle.

Interns gain professional and technical experience in plant operations, production, corporate management and marketing.

Residents of CVFC member communities and non-member villages in the Yukon-Kuskokwim region are eligible to apply for internships.

For more information, contact Joe Panivak, CVFC Employment Coordinator, 858-7250.



Member Communities

**Cherfornak
Chevak
Eek
Goodnews Bay
Hooper Bay
Kipnuk
Kongiganak
Kwigillingok
Mekoryuk
Newtok
Nightmute
Platinum
Quinhagak
Scammon Bay
Toksook Bay
Tuntutuliak
Tununak**





Member Communities

**Brevig Mission
Diomedes/Ignaluk
Elim
Gambell
Golovin
Koyuk
Nome
Savoonga
Shaktoolik
St. Michael
Stebbins
Teller
Unalakleet
Wales
White Mountain**



Norton Sound Economic Development Corporation

Employment Opportunities

NSEDC offers employment opportunities for residents of member communities including clerical and professional positions in its local offices. The Unalakleet and Shaktoolik processing plants operate during the summer and hire processing workers, plant foremen, maintenance crews and equipment operators.

People interested in jobs on Glacier Fish Company fishing vessels are required to complete a basic seafood training program through the Alaska Vocational Technical Center (AVTEC). Applicants must also have a physical examination and pass a drug screening test.

Contact Jerry Ivanoff, Training and Education Coordinator in Unalakleet at 1-800-385-3363 or 624-3190.

Vocational Training

NSEDC sponsors a ten-day training program for basic seafood processing through AVTEC in Seward. Students who complete the program receive certificates making them eligible for employment with the Glacier Fish Company.

For more information, contact Jerry Ivanoff, Training and Education Coordinator, at 1-800-385-3363 or 624-3190.

Scholarships

NSEDC awards annual scholarships of \$1000 to high school graduates and college students from member communities. Students wishing to attend an accredited college or vocational school may apply.

Scholarships are based on need and are available only to full-time students. Students may apply for a \$1000 scholarship each year.

Application deadlines are June 30 for the fall semester and November 30 for spring semester. Scholarship applications for vocational training programs are accepted throughout the year.

For applications, contact Jerry Ivanoff at 1-800-385-3363 or 624-3190.

Internships

NSEDC offers an internship in conjunction with Kawerak, Incorporated. Interns work in the Unalakleet and Elim NSEDC offices and assist staff with office operations.

An internship is available for an outstanding applicant with the Glacier Fish Company. The intern works in the Glacier Fish Company office in Seattle and gains experience in management, plant operations, seafood production and marketing.

Residents of NSEDC member communities are eligible to apply for internships.

Contact John Lemewouk, Executive Director, NSEDC, in Elm at 890-2248.

Loan Program

The NSEDC Revolving Loan Program makes loans up to \$7500 to purchase Norton Sound permits and fishing gear and finance vessel improvements.

Loans up to \$15,000 are available for vessel improvements and purchasing gear to participate in the summer crab fishery.

For information, contact Charles Sovie, Revolving Loan Program Manager, in Unalakleet at 1-800-385-3363 or 624-3363.

Yukon Delta Fisheries Development Association

Employment Opportunities

YDFDA has two primary objectives. First, to build a regional fishing company supported by a locally owned commercial fishing fleet. Second, to create onshore infrastructure to maintain boats and gear in local communities.

To meet these goals, YDFDA is developing a coordinated program of training and employment opportunities for residents to gain experience in fishing, and support services.

Residents of YDFDA member communities and Yukon Delta villages are eligible for employment with Golden Alaska Seafoods and other fishing companies as processing workers and deck hands.

Applicants must have a physical examination and pass a drug screening test to qualify.

Contact Ed Glottelty, Director, in Seward at 224-5158 or a YDFDA representative:

Alakanuk	Ragnar Alstrom 238-3117 or 238-3819
Emmonak	Billy Charles 919-1028
Kotlik	Lori Mike 899-4220
Sheldon Pt.	Edward Adams, Sr. 498-4112 or 498-4313

Vocational Training

YDFDA sponsors a five-week longlining program at the Alaska Vocational Technical Center (AVTEC) in Seward. The course covers fishing gear and maintenance, fishing techniques, marine safety and seamanship.

Graduates receive a certificate of completion and are eligible to lease a 32-foot combination fishing vessel from YDFDA. Graduates may also participate in a one-week fishery aboard a YDFDA boat.

AVTEC and YDFDA also offer training in boat fabrication. The 20-week course covers welding and construction of aluminum combination fishing boats.

For information, contact a YDFDA representative or AVTEC at 1-800-478-5389.

Internships

YDFDA sponsors an internship in its Seattle office. Interns are mentored by YDFDA staff and gain experience in finance, management and human resources.

Golden Alaska Seafoods offers a clerical internship in its Seattle headquarters for individuals interested in office occupations and operations.

Contact Eugene Raphael, YDFDA Training Coordinator, at 206-443-1565.

Boat Loans and Leases

YDFDA has a revolving loan fund to finance Yukon River salmon and Norton Sound herring limited entry permits. Applicants must apply through the Alaska Commercial Fishing and Agriculture Bank (CFAB) to qualify.

Graduates of the AVTEC longlining program may lease a 32-foot combination fishing vessel. Boats are equipped for longlining, pot fishing, jigging and herring gillnetting. Skippers awarded a lease may also purchase the boat from YDFDA.

Contact a YDFDA representative or Ed Glottelty at 224-5158 for information.



Member Communities

**Alakanuk
Emmonak
Kotlik
Sheldon Point**



Bulk Rate
U.S. Postage
PAID
Permit No. 179
Anchorage, AK

**BERING SEA
FISHERMEN'S
ASSOCIATION**
725 Christensen Drive
Anchorage, AK 99501



The following regional organizations represent communities participating in the Community Development Quota (CDQ) program. Contact them for more information.

**Alutian Pribilof Island
Community Development Assn.**

P.O. Box 47307
Atka, Alaska 99547
Mark Sugaroff, Chairman
TEL (907) 839-2249 FAX (907) 839-2234

**Bristol Bay
Economic Development Corp.**

P.O. Box 1464
Dillingham, Alaska 99576
Nels Anderson, Jr., Executive Director
TEL (907) 842-4370 FAX (907) 842-4336

**Central Bering Sea
Fishermen's Association**

1500 West 33rd Avenue, Suite 110
Anchorage, Alaska 99503
Agaton Krukoff, Jr., President
TEL (907) 279-6566 FAX (907) 279-6228

**Coastal Villages
Fishing Cooperative**

P.O. Box 109
Chevak, Alaska 99563
Joseph V. Paniyak, President
TEL (907) 858-7250 FAX (907) 858-7812

**Norton Sound
Economic Development Corp.**

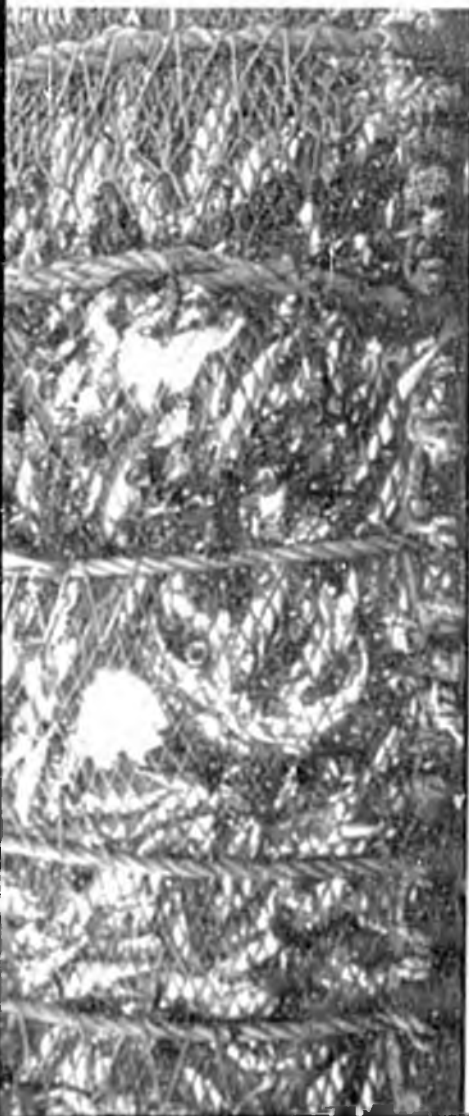
P.O. Box 39089
Elim, Alaska 99739
John Jemewouk, Executive Director
TEL (907) 890-2248 FAX (907) 890-2249

**Yukon Delta
Fisheries Development Assn.**

P.O. Box 2626
Seward, Alaska 99664
Edwin Glottelty, Executive Director
TEL (907) 224-5158 FAX (907) 224-5154

**Western Alaska
Fisheries Development Assn.**

725 Christensen Drive
Anchorage, Alaska 99501
Karl Ohls, Executive Director
TEL (907) 279-6519 FAX (907) 258-6688



The CDQ Program

New Economic Potential for Western Alaska

BERING SEA

PACIFIC OCEAN



INTRODUCTION

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

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

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

Why CDQs?

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

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

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



Photo: A boat filled with 150 tons of CDQ pollock is handled aboard the T/Paika Glacier, owned by Glacier Seafoods Ltd., and working in partnership with the Norton Sound Economic Development Corporation. The boat, owned by fishermen, delivers 300 loads of chum salmon to a buying station along the Yukon River. Skis and gillnets are the traditional tools for western Alaska commercial fisheries.

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

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

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

How CDQs Work

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

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

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

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

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

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

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

CDQ PROGRAM GOALS

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

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

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



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

ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION

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

APICDA plans to

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



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

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

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

Bristol Bay Regional Development Corporation (BBIDC)

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

BBIDC plans to:

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



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

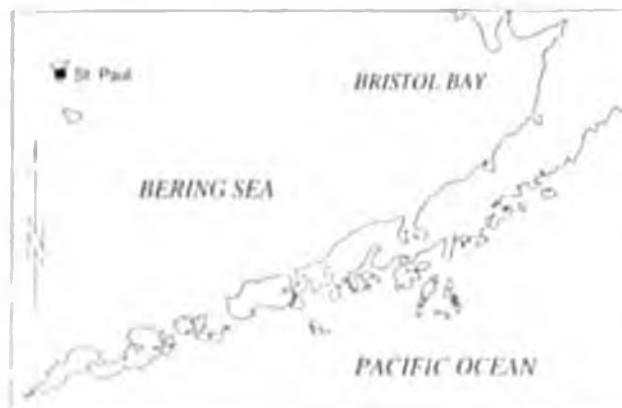
CENTRAL BERING SEA FISHERMEN'S ASSOCIATION

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

CBSFA plans to:

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

Contact: Pertema Pletnikov, Jr., President
CBSFA
P.O. Box 88
St. Paul, Alaska 99601
(907) 546-2312



CBSFA
1700 W. 33rd Ave.
Anchorage, Alaska 99503
(907) 278-2312 FAX 278-2316

Central Yukon-Kuskokwim Delta Community

CYK consists of the Yukon-Kuskokwim Delta communities of Chebomak, Cheyak, Tek, Gassner's Bay, Hooper Bay, Kipnuk, Kongiganak, Kwigillingok, Mckorvuk, Newtok, Nightmute, Platinum, C...agak, Sammon Bay, Toksook Bay, Tuntutuhak, and Tununak. CYK received 27 percent of the available pollock CDQ. CYK's corporate partner is Golden Age Fisheries, owner of five factory trawlers involved in Bering Sea and Gulf of Alaska fisheries.

CYK plans to:

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



- ◆ Establish a Coastal Villages Scholarship Fund for careers in the fisheries and fisheries management.
- ◆ Create a financing mechanism for purchasing and repatriating salmon and herring entry permits to the region.
- ◆ Create a financing mechanism for the purchase of vessels for local and nearshore fisheries.
- ◆ Employment goal — 5170 people by 1993.

Contact — Norman Cohen
 CVIC
 201 North Franklin Street, #1
 Juneau, Alaska 99801
 (907) 586-2500 — FAX 586-2331



Millions of pounds of fish are landed at Tok and Bayport by a commercial fishing fleet. Tok and Bayport are members of the Coastal Village Fishing Cooperative.

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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

NSEDC plans to

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



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

Contact: John Lemewouk, Executive Director
NSFD
P.O. Box 39889
Elim, Alaska 99739
(907) 890-2248 FAX: 890-2249

YUKON DELTA FISHERIES DEVELOPMENT ASSOCIATION

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

YDFDA plans to:

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

Contact: Edwin H. Cloutelly, Executive Director
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Emmonak, Alaska 99581
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FUTURE ISSUES

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

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

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



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

CONCLUSION

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

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

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WESTERN ALASKA COMMUNITY DEVELOPMENT QUOTA PROGRAM

CDQ Allocations

1 NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Regional Population 7745
15 Communities

Partner: Glacier Fish Company, Inc.

2 YUKON DELTA FISHERIES DEVELOPMENT ASSOC.

Regional Population 1724
4 Communities

Partner: Golden Alaska Seafoods

3 COASTAL VILLAGES FISHING COOPERATIVE

Regional Population 5769
17 Communities

Partner: Golden Age Fisheries

4 CENTRAL BERING SEA FISHERMEN'S ASSOCIATION

Regional Population 752 • 1 Community

Partner: American Seafoods Company, Inc.

PRIBILOF ISLAND
FISHERMEN
2 Communities

5 ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION

Regional Population 404 • 5 Communities

Partner: Trident Seafoods Corporation &
Starbound Partnership

1 Pollock 20%
Halibut 20% (IPHC area 4D)
Sablefish 30% (Aleutian Island subarea)
25% (Bering Sea subarea)

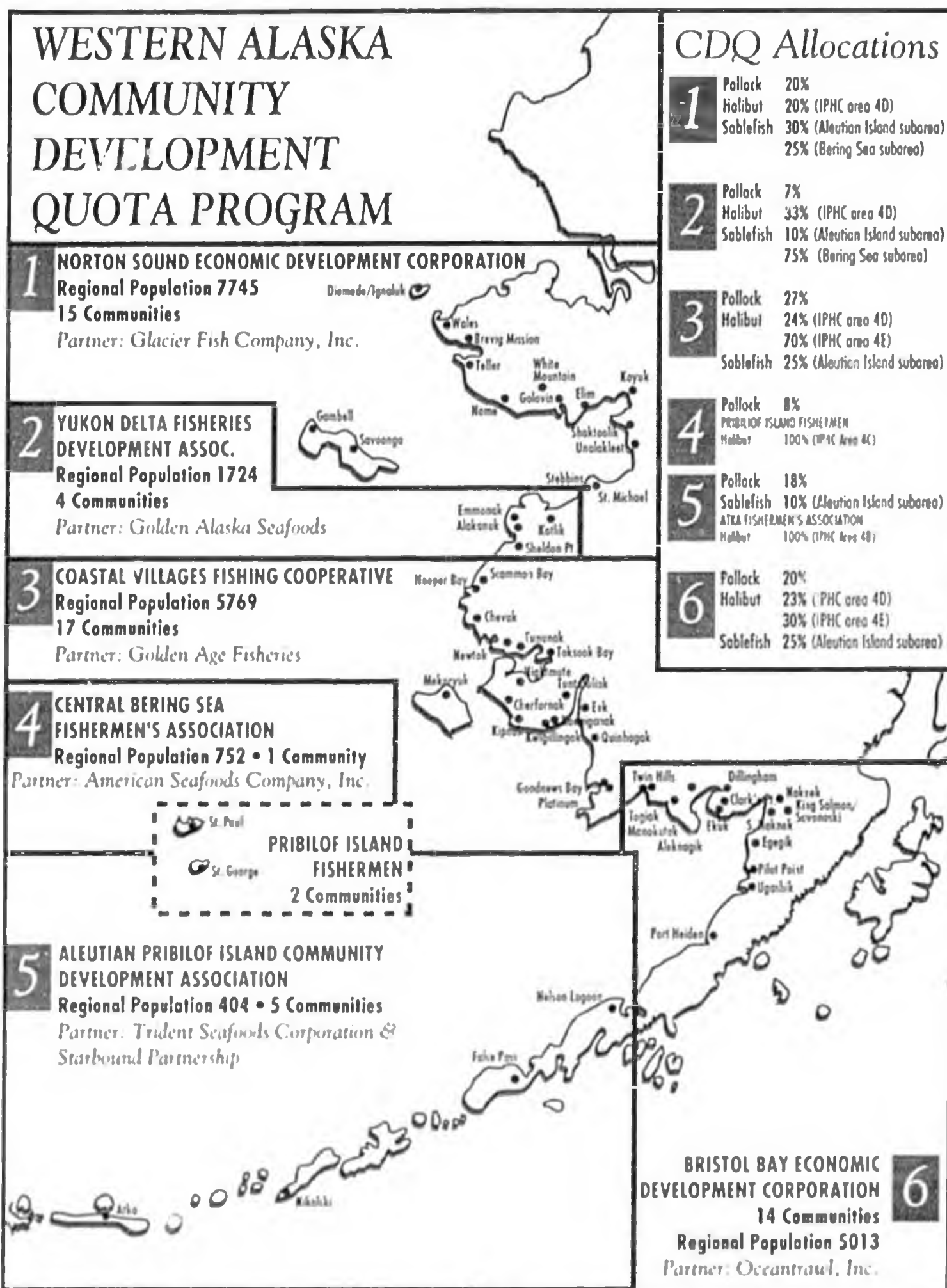
2 Pollock 7%
Halibut 33% (IPHC area 4D)
Sablefish 10% (Aleutian Island subarea)
75% (Bering Sea subarea)

3 Pollock 27%
Halibut 24% (IPHC area 4D)
70% (IPHC area 4E)
Sablefish 25% (Aleutian Island subarea)

4 Pollock 8%
PRIBILOF ISLAND FISHERMEN
Halibut 100% (IPHC Area 4C)

5 Pollock 18%
Sablefish 10% (Aleutian Island subarea)
ATKA FISHERMEN'S ASSOCIATION
Halibut 100% (IPHC Area 4B)

6 Pollock 20%
Halibut 23% (PHC area 4D)
30% (IPHC area 4E)
Sablefish 25% (Aleutian Island subarea)



6 BRISTOL BAY ECONOMIC
DEVELOPMENT CORPORATION
14 Communities
Regional Population 5013
Partner: Oceantrawl, Inc.

CDQ - Related Employment for 1994 by Category _____

The following figures represent program totals for the six Western Alaskan CDQ groups:

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

<u>Employment Type</u>	<u>Number Employed</u>	<u>Wages Generated</u>
Management/Administrative	45	\$ 857,993
CDQ Pollock Fishing	268	\$1,358,292
Other Fisheries	347	\$ 454,307
Other Employment	460	\$2,337,275
Total Employment	1120	\$5,007,867

CDQ - Related Employment for 1994 by Region

Aleutian Pribilof Island Community Development Association

<i>Employment type</i>	<i>Number employed</i>	<i>Wages generated</i>
Management/Administrative	8	\$ 71,000
CDQ Pollock Fishing	5	\$ 29,389
Other Employment	73	\$273,592

Bristol Bay Economic Development Corporation

<i>Employment type</i>	<i>Number employed</i>	<i>Wages generated</i>
Management/Administrative	4	\$ 12,400
CDQ Pollock Fishing	86	\$217,192
Other Employment	2	\$ 8,045

Central Bering Sea Fishermen's Association

<i>Employment type</i>	<i>Number employed</i>	<i>Wages generated</i>
Management/Administrative	11	\$173,396
CDQ Pollock Fishing	26	\$101,673
Other Employment	52	\$631,475

Coastal Villages Fishing Cooperative

<i>Employment type</i>	<i>Number employed</i>	<i>Wages generated</i>
Management/Administrative	5	\$ 94,789
CDQ Pollock Fishing	40	\$177,762
Other Employment	8	\$ 31,951

Norton Sound Economic Development Corporation

<i>Employment type</i>	<i>Number employed</i>	<i>Wages generated</i>
Management/Administrative	13	\$ 453,039
CDQ Pollock Fishing	85	\$ 603,643
Other Fisheries	347	\$ 454,307
Other Employment	276	\$1,000,103

Yukon Delta Fisheries Development Association

<i>Employment type</i>	<i>Number employed</i>	<i>Wages generated</i>
Management/Administrative	4	\$ 53,369
CDQ Pollock Fishing	26	\$228,633
Other Employment	49	\$392,109

1993 CDQ Employment

CDQ Group	Administration Wages	Administration Employees	Pollock Harvesting Wages	Pollock Harvesting Employees	"Other" Employment Wages	"Other" Employees	Total Wages	Total Employees
Norton Sound Economic Development Corporation	\$359,554	10	\$546,554	42	\$26,447	33	\$932,555	85
Yukon Delta Fisheries Development Association	\$43,905	4	\$210,843	39	\$274,115	14	\$528,863	57
Bristol Bay Economic Development Corporation	\$77,462	3	\$215,182	52	\$10,472	1	\$303,116	56
Coastal Village Fishing Cooperative	\$129,114	4	\$159,796	42	\$197,669	114	\$486,579	160
Aleutian Pribilof Island Community Development Association	\$110,000	10	\$85,000	16	\$322,750	53	\$517,750	79
Central Bering Sea Fishermen's Association	\$190,843	5	\$23,140	9	\$60,000	18	\$273,983	32
Total for All CDQ Groups	\$910,878	36	\$1,240,515	200	\$891,453	233	\$3,042,846	469

"Economic Impacts of the 1992/93 Pollock Community Development Quotas"

June, 1994

Prepared by E3 Consulting, Anchorage, Alaska
Prepared for the Alaska Department of Fish and Game, Juneau, Alaska

Key findings of the 24-page report:

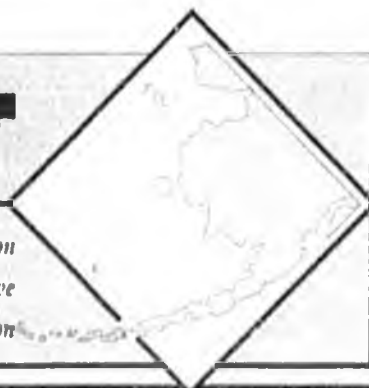
1. 556 people were directly employed as a result of the CDQ program in 1992 and 1993. This accounts for eight percent of all employment in the region and 18 percent of all private sector employment.
2. CDQ region residents participated in 375 different training exercises totaling 864 weeks. The training programs were arranged by the CDQ groups and were funded through CDQ proceeds.
3. Four of the six CDQ groups established educational endowment funds. In the first two years, \$100,000 in scholarships was awarded to 64 students.
4. CDQ-related employment generated direct wages of \$4.9 million and had a total wage effect of \$8 million.
5. Jobs for western Alaskans resulted in a net gain for the nation by providing job opportunities in a region with chronically high unemployment rates.
6. The CDQ fishery allows the harvesting of the Bering Sea pollock resource to be conducted in a much more efficient manner with less waste and discards.
7. The CDQ proceeds have been carefully used. The savings will provide the CDQ groups with the foundation for a self-sustainable economic future. Through the end of 1993, the CDQ groups received \$39 million in revenues. Also at the end of 1993, the CDQ groups had assets of \$25.5 million and liabilities of \$1.7 million.

CDQ Region Data

Economic and Social Characteristics of Western Alaska's CDQ-Eligible Region							
Sources: 1990 Federal Census, U.S. Dept. of Labor/Alaska Dept. of Community & Regional Affairs							
	BBEDC*	CVFC*	NSEDC*	YDFDA*	APICDA	CBSFA	Total/
	Bristol By.	Y-K Delta	Norton Sd.	Yukon Dlt.	Aleutians	St. Paul	Average
PRE-CDQ PERIOD							
Demographics							
Number of communities	14	17	15	4	5	1	56
Total population	5,013	5,769	7,745	1,724	404	752	21,407
% Alaska Natives	49.90	94.50	90.60	94.50	83.70	66.10	79.88
Median age	29.2	22.8	23.6	21.3	30.6	28	25.92
% of children	32.3	42	40.8	44	35.3	25.7	36.68
% with H.S. diploma	79.9	53.9	56	54.6	58.4	61.7	60.75
Employment/Income							
Jobs per household	2.8	1.43	1.4	1.37	3.01	3.82	2.31
% unemployed	42.2	61.5	48.4	61.3	59.5	32.6	50.92
% of public jobs	20.2	47.9	41.9	48.9	15.5	56.2	38.43
Per capita income	\$12,782	\$8,916	\$10,701	\$6,519	\$15,035	\$15,115	\$11,511
Median household incm.	\$43,465	\$17,196	\$20,432	\$21,388	\$30,891	\$39,922	\$28,882
Poverty Status							
% below poverty level	10.1	40.9	33.6	25.1	21.6	7.1	23.07
Income Maintenance	\$384	\$791	\$664	\$808	\$57	\$58	\$460
Trnsfr. Pymt. percapita							
Household Info.							
Median household size	2.9	4.2	4.04	4.28	2.87	3.68	3.66
% overcrowded	13.4	48.6	44.3	54.1	7.8	14.3	30.42
% without plumbing	21.4	80.8	71.4	74.3	9.6	0	42.92
% without kitchens	17.3	77.4	65.3	75	7.2	0	40.37
1993 CDQ PERIOD							
Revenues to 6/30/93	\$4.18M	\$8.34M	\$6.85M	\$1.83M	\$5.78M	\$3.19M	\$30.15M
Employment							
1993 pollock wages	\$215,182	\$159,796	\$546,554	\$210,843	\$85,000	\$23,140	\$1,240,515
Employees	52	42	42	39	16	9	200
1993 non-pollock. income	\$10,472	\$197,669	\$26,447	\$274,750	\$322,750	\$60,000	\$892,088
Employees	1	114	33	14	53	18	233
Training							
Trained pollock	38	53	26	33	30	1	181
Trained non-pollock	—	140	—	54	20	—	214
*Members of the Western Alaska Fisheries Development Association							
H.Sparck/K.Ohls - 2/12/95							

THE CDQ REPORT

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



— News and information about the Western Alaska Community Development Quota Program —



From left to right, Dick Lincoln of Tununak, Joe Paniyak of Chevak, and David Bill of Toksook Bay testify at a Sept. 7 hearing in Anchorage in support of the Coastal Villages Fishing Cooperative's application for halibut and sablefish CDQs.

STATE MAKES CDQ HALIBUT AND SABLEFISH RECOMMENDATIONS

After a public hearing and private meetings on Sept. 7-8, the State of Alaska made its recommendations for allocating Bering Sea halibut and sablefish CDQs between the seven groups that submitted applications.

In an opening statement at the hearing, Clem Tillion, Special Assistant to the Governor for Fisheries, said, "As I consider each halibut and sablefish application, I'll be looking for fail-safe programs that are resistant to failure. There are many enemies of CDQs ready to pounce on the program if there are any failures or bankruptcies among the CDQ groups."

The Aleutian Pribilof Island Community Development Association (APICDA), on behalf of the Atka Fishermen's Association (AFA), submitted the only application for area 4B and received 100 percent of the halibut CDQ allocation.

Under the APICDA/AFA proposal, halibut will be harvested by local residents using three 32' longline vessels owned by APICDA and nine skiffs owned by Atka fishermen. CDQ halibut will be processed in Atka at Atka Pride Seafoods, a fish processing plant and cold storage facility co-owned by AFA and APICDA.

APICDA also received 10 percent of the sablefish allocation in the Aleutian Islands management subarea, pared down from its 33 percent request. APICDA proposed to harvest the allocation in partnership with Alaska Sablefish using the factory longliner, *Judi B.* CDQ sablefish will be processed at the Atka Pride Seafoods facility to produce a smoked product for domestic markets.

Continued on page 5: Allocations

APPLICANT REACTIONS

Alaska's CDQ groups had varied reactions to the state's recommendations on halibut and sablefish quota awards.

Ed Giolfelty, executive director for YDFDA, commented, "YDFDA is happy with the amount of fish we received. The halibut and sablefish fisheries will help YDFDA to take one more step toward self-sufficiency."

John Jemewook, NSEDC president, expressed mixed feelings about the state's recommendations for the Norton Sound region.

"I feel NSEDC was treated fairly with the sablefish allocations and I'm pretty happy with the quota we got," he said. However, the state's allocation of halibut in area 4D raised questions regarding the St. Lawrence Island halibut fishery.

"The coastal communities of area 4D [Gambell and Savoonga] should have benefited a lot more from the halibut allocations," said Jemewook. "I thought that the CDQ program was designed to help develop new fisheries. Gambell and Savoonga have been working for the past three years to develop a halibut fishery around the island. The allocation they got doesn't allow them any room to grow. It ties their hands behind their back."

Mark Snigaroff, APICDA chairman, said, "APICDA is happy with the halibut quota we got. We estimate it to represent somewhere around 430,000 pounds of fish."

APICDA was less pleased with its share of the sablefish quota. "We had hoped to receive more of the sablefish allocation," Snigaroff said, "but ten percent of the Aleutian Islands fish is better than nothing. We figure that our quota may be enough to continue progress with our fisheries development projects."

Nels Anderson, BBEDC executive director, expressed frustration with the timing of the application period. "The halibut/sablefish rules and regulations were drafted and issued late so CDQ groups had little time to prepare good, well thought out proposals," said Anderson. "The application process occurred during Bristol Bay's busiest time of year — the sockeye salmon season."

Continued on page 6: Applicant reactions

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- 3 STATE HIRES CDQ SPECIALIST



The CDQ Report is published by the Bering Sea Fishermen's Association pursuant to National Oceanic and Atmospheric Administration Award No. NA36FM0280. The views expressed do not necessarily reflect the views of NOAA or any of its subagencies.

The next Alaska governor...

The two leading contenders in Alaska's 1994 gubernatorial campaign - Jim Campbell, a Republican, and Tony Knowles, a Democrat - met with the members of the Western Alaska Fisheries Development Association (WAFDA) on Sept. 7 in Anchorage in separate sessions.

The meetings allowed CDQ group participants to informally discuss the CDQ program and other western Alaska fisheries issues with the candidates.

Current polls indicate that one of these two men will be Alaska's new governor after the Nov. 8 election.

From their past service as members of the North Pacific

Fishery Management Council, Campbell and Knowles are knowledgeable about fisheries issues. The NPFMC manages the fishery resources in the federal waters that surround Alaska. Both men have actively campaigned for fishing industry and western Alaska support.

The following is a series of excerpts from the discussions. The excerpts were arranged in an interview format with the answers edited for length and clarity.

Also running for governor are Alaska Independence Party candidate Jack Coghill, Green Party candidate Jim Sykes, and Patriot Party candidate Ralph Winterrowd. K.O.

TONY KNOWLES ON CDQS

WHAT IS YOUR POSITION ON THE WESTERN ALASKA CDQ PROGRAM?

As a candidate for governor, I come here in complete support of the program. I think that it is an essential part of the development of the federal waters off Alaska's coastal shores.

The fact that it has grown into reality and represents some \$39 million and 550-some-odd jobs for Alaskans is not only a great success story, but is a real symbol of what Alaska can do and, indeed, must do, as we look ahead to how we are going to have the kind of place that we want to have to live in.

I will look to (the CDQ groups) for recommendations in terms of extending the CDQs to other species.

There is a litmus test for appointments in a Knowles/Ulmer administration for the NPFMC and support of the CDQ program is part of it. Other parts of that litmus test will be an Alaska agenda and that I would expect our council members to be active participants in making sure that Alaskans benefit.

The CDQ program needs to have the partnership and leadership of the state to deal with the federal government.

DO YOU SUPPORT CONTINUATION OF THE CURRENT POLLOCK PROGRAM AFTER 1995? AND, IF SO, AT WHAT PERCENTAGE OF THE FISHERY RESOURCE?

Yes. I know it's in your interest to see that the corporations that are involved with you are suc-



cessful. They have to feel that there is profitability there. There has to be a fair take from an Alaskan of point of view.

I will work with you to make sure that we maximize Alaska's benefits in terms of employment and future investment into the CDQ areas.

I don't have a specific number, maybe at 7.5 percent, maybe higher. I don't know whether it would be lower or not. However, there won't be any consideration of any other number without this group's participation and agreement.

WHAT CAN BE DONE ABOUT BERING SEA BYCATCH PROBLEMS?

The figures show there have been some 43,000 kings intercepted and the number of chum that have been intercepted almost exceeds the catch. I

continued on page 3: Tony Knowles

TONY KNOWLES BIOGRAPHY

Tony Knowles makes his living as the owner of the Downtown Deli restaurant in Anchorage. He served two terms as Mayor of Anchorage from 1981 through 1987 after four years as a member of the Anchorage Assembly.

He served as a member of the North Pacific Fishery Management Council (NPFMC) in 1988-89.

Born in Tulsa, Oklahoma, he came to Alaska as an oil field worker in 1968 following U.S. Army service in Vietnam and an economics major at Yale University. He went on to own and operate a number of food service businesses in Anchorage.

Knowles first ran for governor in 1990, coming in second in a three-way race behind Gov. Walter Hickel and ahead of Republican Arlis Sturgulewski.

JIM CAMPBELL BIOGRAPHY

Jim Campbell came to Alaska in 1959 from Washington State to take a job as assistant manager of Spenard Builders Supply in Anchorage. In the next 26 years he became the president and chief executive officer and led the company's state-wide expansion.

He served on the North Pacific Fishery Management Council from 1978 through 1988, becoming chairman in 1983.

From 1991 through 1994, he was the president of the Alaska Commercial Company.

Over the years, Campbell has been active in many Anchorage civic and Alaska business-related activities.

He first ran for governor in 1990, losing in the Republican primary to State Senator Arliss Sturgulewski. He later joined Sturgulewski as her running mate after State Senator Jack Coghill left the ticket to team up with Gov. Walter Hickel in his successful bid for office.

JIM CAMPBELL ON CDQs

WHAT IS YOUR POSITION ON THE WESTERN ALASKA CDQ PROGRAM?

I've experienced (the CDQ program) because I ran the Alaska Commercial Company. We could see direct results of the income it provided the communities in which CDQ programs were working. It has been a success story and will continue.

I understand you've got some issues now that are coming up, extension of the program on pollock in the Bering Sea. I think it would be a criminal injustice to not extend it and I think it will be extended. I don't think there's much of a problem there.

During my time in office, the 1995 implementation on sablefish and halibut (Individual Fishing Quotas) will come up. We will also review all the options on crab and all groundfish set asides to implement those (allocation) programs. You will have my support on those. I can guarantee you that. I see the need for the program.

WHAT IS YOUR POSITION ON THE EXPANSION OF CDQs INTO OTHER FISHERIES IN THE BERING SEA?

I fully support the expansion of any other CDQ programs within the Bering Sea. That's a given. That's going to happen. You're talking about all other groundfish and crab. The council is going to address that and it's going to be important that I have people on that council that support my position.



WHAT NPFMC ISSUES SHOULD THE CDQ GROUPS WATCH?

I would encourage you to pay close attention to Alaska continuing to have the voting majority on that council. It is going to be an issue and it is important to each of you in this room.

Alaska doesn't have to apologize for the way we've managed fish and game in a lot of cases. We still maintain that (harvest) cap in the Bering Sea Aleutian Islands with all the pressure from the factory trawlers.

The issues that I talk about are important to you because they're resource issues and you are going to share in those allocations. I think anyone who says that you're not just doesn't

continued on page 5: Jim Campbell

STATE HIRES NEW CDQ SPECIALIST



Julie Anderson,
State CDQ
Specialist

Julie Anderson, a lifelong Alaskan, has been hired by the Alaska Department of Community and Regional Affairs as a CDQ specialist based in Anchorage.

Anderson will serve as a liaison between CDQ groups and state agencies. Her responsibilities include monitoring the CDQ program within the state and assisting CDQ groups with questions and concerns. The position was previously held by Ivan Ivan of Bethel.

One of Anderson's top priorities is to maintain open lines of communication to keep information about the CDQ program flowing to CDQ communities. She places great importance on community outreach and educating the public on the value of CDQs to western Alaska and to the state as a whole.

Anderson originally from interior Alaska, grew up in a family which relied on commercial and subsistence fisheries on the Yukon River. She is

familiar with many of the issues regarding fisheries resources in rural Alaska and looks forward to visiting the communities participating in the CDQ program.

A graduate of the University of Alaska, Fairbanks, she recently received a masters degree in international management from the American Graduate School of International Management in Glendale, Arizona. In addition to her background in international business, she also speaks Japanese.

Julie Anderson can be reached at the Alaska Department of Community and Regional Affairs office in Anchorage — 333 West 4th Avenue, Suite 220 — or by phone at 269-4598.

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applaud the CDQ groups and their partnership with the trawlers in attempting to work a way out of that.

I think there has been some significant progress and, as governor, I will totally support bycatch reduction, both in terms of research and data. I'll also support whatever other rules the state can bring on the feds to make sure there is a joint insistence that bycatch be significantly reduced.

"...I will look to this group for some advice and counsel as to (how) an IFQ program for Bering Sea groundfish would relate to the benefit of Alaska coastal communities."

WHAT WOULD BE THE KNOWLES ADMINISTRATION'S ATTITUDE TOWARD FACTORY TRAWLERS?

The two problems I have seen with the factory trawlers have been bycatch and impacts on habitat. Ocean-bottom habitats are a real concern, particularly the impacts of hard on-bottom trawling on the crab and halibut fisheries.

There again, do you stereotype all factory trawlers or do you reward individual clean fishing efforts? I think the most productive approach is to take a look at individual efforts using an incentive system and rewards

WHAT IS YOUR POSITION ON INDIVIDUAL FISHING QUOTAS?

I would consider looking at the IFQ program for groundfish in the Bering Sea only on the basis that it would provide protection and be a net gain for Alaskan interests. I would want to see and talk about it in terms of bycatch, ownership, and continuing the CDQ program. Those are the kinds of criteria that I would hold up against having any kind of IFQ program.

It's a concern of mine that public property, once we privatize it with IFQs, will flow south. It would be a permanent loss to Alaska that would never be recovered. We shouldn't be privatizing a public resource without assurances and guarantees that it will help Alaskans' interests. At this point, I don't see any guarantees.

Before I would ever discuss any IFQs, I will look to this group for some advice and counsel as to (how) an IFQ program for Bering Sea groundfish would relate to the benefit of Alaska coastal communities.

I have not drawn a line in the sand on IFQs. I have opposed it in terms of a blanket approach. If it doesn't benefit Alaskans, I don't want to have any part of it.

I have always felt that there was no connection between IFQs and CDQs. You can have CDQs without IFQs. I've never seen the interrelationship between those two.

WOULD YOUR ADMINISTRATION PROVIDE MATCHING DOLLARS FOR CDQ-FUNDED PROJECT DEVELOPMENT?

Absolutely. I think partnership is the key term towards business development in this decade.

I would use any which way we can to leverage or (establish a) partnership to encourage community-based development. I think the state must accept its fundamental role—and it's a very traditional one—of transportation, utilities and assistance in those basic business areas.

WHO ARE YOU CONSIDERING FOR APPOINTMENT AS COMMISSIONER OF THE DEPARTMENT OF FISH AND GAME?

I will look to a person who is a professional, who is accepted by the industry and who will be a fierce advocate of the resource and the industries. I will look to that also in terms of other appointments in the Department of Fish and Game.

I consider it unethical of me as a candidate to ask or talk to anyone about any job in an administration before an election. I can assure you that has not happened nor will it happen.

Once the election takes place, I will have a transition team. I would look to the transition team to make recommendations for the appointments within fisheries. I would like to request that there be a representative of (the CDQ groups) on the transition team.

WHAT IS THE "ALASKA FISHERIES PLAN" THAT YOU WOULD IMPLEMENT IN YOUR ADMINISTRATION?

First, an Alaska fisheries plan would deal with conservation—both in terms of stopping waste and the protection of upland and marine habitat.

Second, we need to make

better use of science and technology. We've just barely scratched the surface on what science and technology can do to not only develop our biology and our understanding of the resource, but how to put it on peoples' dinner plates.

The third area is the sense of Alaska fairness and that the fisheries economically benefit Alaskans in terms of jobs and business opportunities.

Finally, marketing. We don't have to market some of our species quite as aggressively as others. But in terms of our wild salmon, we have to market them at a scale that we're not even beginning to touch. With the right science and technology, I think that we could recover what we've lost of our (market) share. In fact, I think we could make big gains. We can whip foreign salmon.

WHAT IS YOUR POSITION ON SUBSISTENCE?

I will see that there is a vote by the people of Alaska for a constitutional amendment for rural preference. I do not support the state lawsuits against ANILCA. I will drop those on the first day in office. Those lawyers can pack their bags. I think that is absolutely the wrong message to send and I will campaign for the constitutional preference. I'm confident that the people of Alaska will support it.

I think there is a lot of support for subsistence in the urban areas because urban residents recognize what an important part of the culture and economy subsistence is in rural areas. An urban area cannot succeed if the rural area is failing.

know what they're talking about.

You're on your way, but it's going to be a continual battle, and you can't relax and you need to continue to be involved in the process, certainly fish politics in the State of Alaska.

IS CDQ EXPANSION THE ONLY SOLUTION TO CHRONIC UNEMPLOYMENT AND UNDEREMPLOYMENT IN WESTERN ALASKA?

Hopefully, there are some other programs that we can initiate, other than this one too, that are going to create some economic activities for coastal communities. Not only coastal communities, but all of rural Alaska. This is one step, but I think it's only one of many that we'll have to start working on.

The governor has continued, and I applaud that, to set aside that match of \$25 million for sewer and water for those programs. It is going to be harder and harder because I am going down there to do something about the cost of government.

WHAT ARE YOUR THOUGHTS ON JOB TRAINING FOR WESTERN ALASKANS?

Job training, vocational education is my cup of tea. I talk about it all over the state. And right now we have six programs in state government handling jobs. And that's wrong. We're going to consolidate those jobs programs into one so when you go to them for help you know where to go.

Sixty-five percent of our children don't go on to higher education, do not go on beyond twelfth grade. We need to do something to create jobs there. Voced is a very high priority.

HOW CAN BYCATCH LEVELS BE REDUCED IN BERING SEA FISHERIES?

If I am disappointed in anything the council has done since I left it's the issue of the bycatch, not addressing that issue. I think it's criminal that we allow that to go on.

Just yesterday they closed the (Bristol Bay) crab fisheries. That comes as a big surprise to a lot of people involved in that fishery. It becomes your fishery because you're going to become very much a part of a share in that resource.

You need to be involved, as I know most of you are, and certainly continue to be involved in the council process and to scream and holler and see that something's done on that issue of bycatch because we can't continue to be throwing those animals back in the sea. It just has to come to a stop.

IS THE ESTABLISHMENT OF A PERMANENT CDQ PROGRAM LINKED WITH THE CREATION OF AN INDIVIDUAL FISHING QUOTA SYSTEM?

They automatically link. I think that's a given.

I'd like to tell a story. Years ago I homesteaded a place down off of Seldovia. It was on a little spit that goes out into the ocean. It had big spruce trees from one side to the other, beautiful beaches and all that. The (1964) earthquake came along, sank the spit, and pretty soon the ocean started eroding my land, started taking the beach away. So, the neighbor on one side of me put in a bulkhead and the neighbor on the other side put in a bulkhead and I didn't.

So what happened is the waves rushed down the beach on their bulkheads and pretty

soon started to come in and eroded my land more. The same thing has happened to Alaska.

On one side of us we have the Norwegians and all those people rearing salmon, taking away our market. On the other side of us we've got Canadians now with a system that allows them to compete and have fresh halibut on the market. And when you buy halibut in Alaska fresh you buy Canadian halibut.

The IFQs are the answer. That's a change for Jim Campbell. But as I've seen this erosion of our share, we have to do something about it.

HOW WILL YOUR ADMINISTRATION ADDRESS THE LACK OF RESIDENT HIRE IN THE FISHING INDUSTRY?

You can't legislate local hire, it doesn't work. Some judge throws it out. It takes a governor with enough guts, who can sit down with the processors and sit down with the people doing business in Alaska, those headquartered here and those headquartered in Seattle, and say, "Look, I'm going to work with you and this is what we'll do, but on the other hand, I want you hiring Alaskans."

WHO IS JIM CAMPBELL LOOKING FOR IS A COMMISSIONER OF FISH AND GAME?

We need a fresh face. We need someone that comes to the job that doesn't have all these historical. "I don't like him because of..."

I've asked groups like yours, "Now, you tell me who you want to be the commissioner. You let me know. Let's start talking about it." I haven't got one suggestion yet.

I have asked something that will surprise you. I have said, "What would you think if we brought a commissioner in from outside the State of Alaska? Someone knowledgeable, of course, about the issues." I've had people say, "Jim, I'm not opposed to that." And I'm not saying I'm going to bring someone in, but I don't see much objection from it. We are all looking for that person, in my opinion, who is not so much a fish biologist but is a people person.

"...it's going to be a continual battle, and you can't relax and you need to continue to be involved in the process, certainly fish politics in the State of Alaska."

WHAT'S YOUR POSITION ON SUBSISTENCE?

I'm the only Republican in the whole state, I believe, that believes in rural preference. I think that's wonderful because I can do something about it.

As governor I am going to coerce, I am going to threaten vetoes, I'll do everything I can to get the legislature to support my first year in office, a vote by the people. "Will you support and do you support rural preference?" And I'm sure they will.

Democrats have supported that historically. It's my job to bring the Republicans. But as a Republican governor, I have a little more clout.

Continued from page 1: *Allocations*

The **Bristol Bay Economic Development Corporation** (BBEDC) received 23 percent of the 4D halibut, 30 percent of the 4E halibut and 25 percent of the Aleutian Islands sablefish.

The 4E harvest will be set aside for qualified Bristol Bay residents who wish to fish halibut. Halibut in area 4D and sablefish in the Aleutian Islands management subarea will be harvested under contract with *F/V Ocean Harvester*, a 72' longliner with a successful Bering Sea fishing history.

Two *Ocean Harvester* crew positions will be made available to qualified Bristol Bay residents. These individuals will receive on-the-job training through a Deep Sea Fishermen's Union apprenticeship program which has trained commercial fishermen since 1912.

Profits from the 4D halibut and Aleutian sablefish will be used to develop longline fisheries in the region and provide BBEDC residents with training and opportunities to participate in longline fisheries in the Bering Sea.

The **Coastal Villages Fishing Cooperative** (CVFC) received 24 percent of the 4D halibut, 70 percent of the 4E halibut and 25 percent of the Aleutian subarea sablefish.

Under the CVFC proposal, 4D and 4E halibut will be harvested by local fishermen and delivered to local processing

facilities. The sablefish allocation will be fished under contract by the *F/V Ocean Harvester*, the same as BBEDC.

The *Ocean Harvester* will employ two residents from the CVFC region as crew members, trained through the Deep Sea Fishermen's Union apprenticeship program.

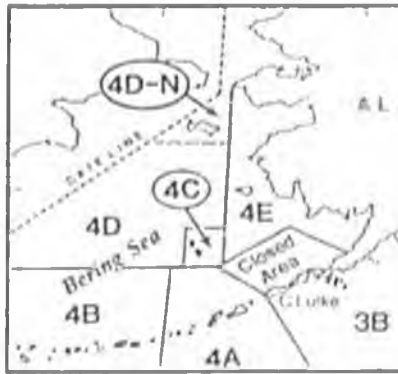
Profits from the CVFC sablefish will be used to administer the halibut and sablefish programs, develop longline fleet ownership and purchase IFQs.

The **Norton Sound Economic Development Corporation** (NSEDC) received 20 percent of the 4D halibut, 30 percent of the Bering Sea sablefish, and 25 percent of the Aleutian Islands sablefish.

The halibut CDQ would be harvested by local fishing vessels. The sablefish allocation will be fished using an NSEDC-owned longline vessel.

Profits from the fisheries would be used to support fisheries development activities on St. Lawrence Island, halibut processing and marketing halibut through the Norton Sound Crab Company, and the purchase of a fishing vessel for local fisheries.

The **Pribilof Island Fishermen** (PIF), representing fishermen from St. George and St.



Paul, submitted the only halibut application for area 4C and received 100 percent of the CDQ.

Fishermen from St. George and St. Paul will harvest 4C halibut using locally-owned fishing boats. Proceeds from the fishery will be used to cover administrative and monitoring costs.

The **Yukon Delta Fisheries Development Association** (YDFDA) received 33 percent of the 4D halibut, 10 percent of the Aleutian Islands sablefish, and 75 percent of the Bering Sea sablefish.

Under the YDFDA proposal, halibut and sablefish will be harvested by YDFDA's combination fishing boat fleet, employing up to 30 local residents as skippers and crew members. CDQ halibut will be delivered to the Yukon Delta Fish Marketing Cooperative processing plant in Emmonak. Sablefish will be sold to a processor in Dutch Harbor.

YDFDA will use its halibut and sablefish proceeds to support projects started under the pollock CDQ program, such as vocational training and developing a locally-owned fleet of small-scale commercial fishing vessels.

Following its review, the U.S. Department of Commerce is expected to approve the state's recommendations.

M.M.C.B.

Continued from page 1: *Applicant reactions*

Anderson added that BBEDC's halibut and sablefish allocations were less than they had requested but still within the range of being economically viable. "We are pleased with 4E halibut which allows us to continue the historic halibut fishery be-

gun by our people in 1990," he said.

Joe Panyak, CVFC president, said, "Even though we didn't get what we wanted, the allocations seem like a fair amount. Anything we get will help with our CDQ program."

"We're very happy with the alloca-

tion. We got 100 percent of what we went for," said St. George PIF spokesman, Lawrence Lestenko. According to Lestenko, the 4C allocation will provide the communities of St. Paul and St. George with a greater proportion of income from halibut and more control of the resource.

Philip Lestenko, St. Paul PIF spokesman, said that PIF's allocation is another step in a long tradition of halibut fishing. "Aleuts have been halibut fishing for 200 years around the islands," he explained.

M.M.C.B.



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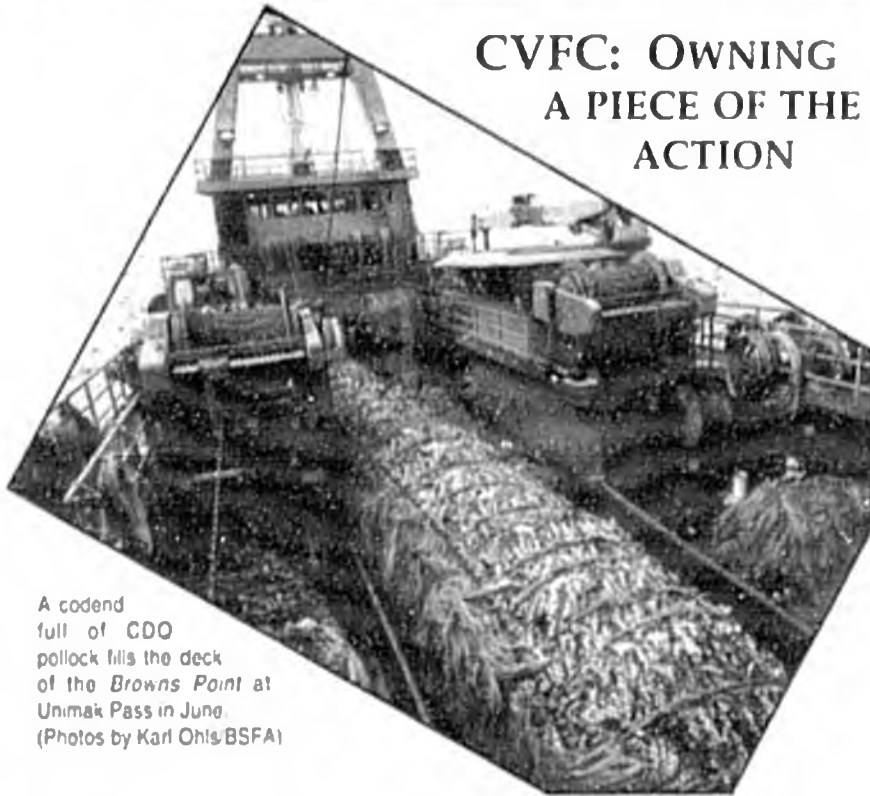
THE CDQ REPORT

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



News and Information about the Western Alaska Community Development Program —

CVFC: OWNING A PIECE OF THE ACTION



A codend full of CDO pollock fills the deck of the Browns Point at Unimak Pass in June. (Photos by Karl Ohls/BSFA)

The Coastal Villages Fishing Cooperative's ownership of the factory trawler Browns Point is one of the cornerstones of its CDQ operation. "The intent of our program is for CVFC to become an active participant in Bering Sea groundfisheries," said executive director Norman Cohen.

Through the Browns Point, "we can create an equity interest in the harvesting effort. We can participate in the fishery the entire year, not just during the CDQ fishery. We have control over access to employment."

The 197-ft. F/T Browns Point is officially owned by the Imapiqamiut

Continued on page two CVFC: Owning a piece of the action

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ON BOARD THE BROWNS POINT

UNALASKA - During the CDQ season - same as the regular season - all the energy of the crew of the F/T Browns Point is directed toward fishing, filling it with

The vessel operates 24 hours a day, continuously fishing and processing. The processing crews work six hours on, six hours off. With the factory in full operation, the processors

product, unloading it, and getting it back on the fishing grounds.

The main amenities for the up to 80 men



Chefnamak sisters Dora (top) and Mary Mathew relax on the deck of the Browns Point following a profitable fishing trip.

and women who comprise the crew on the no-frills factory trawler are plentiful food (the cost is split between the crew and the owner), sleeping bunks, and a shared VCR in the galley. Given the work schedule, nothing more is necessary.

also have kick shifts where they work their regular shift, the next shift, and another regular shift before they get a six hour break.

In June, the Browns Point — on its first

*Continued on page four
On board the Browns Point*

Partnership. Inarpiqamiut, a Yup'ik word, means "people who are living out at sea."

The partnership was established in December, 1992 by the Browns Point Joint Venture and CVFC. The partnership also owns CVFC's CDQ pollock rights and the Browns Point catch history. Golden Age Fisheries, Inc. — CVFC's CDQ partner — is the management company.

In recognition of its ambitious community development plans — direct investment and active participation in diversified seafood production operations -- CVFC received the highest pollock allocation of all six CDQ corporations, 27 percent (approximately 27,000 metric tons annually).

Cohen said the vessel ownership has worked out well for the corporation, given seafood industry volatility.

"A major avenue of developing a profit is the (January) roe fishery," he said. "This year's low roe recovery and generally low prices have affected the profitability of the venture," though it's still profitable.

Golden Age Fisheries owner Stan Simonson said that with Russian fish production there's no shortage of pollock on the market. "Pollock block is selling as cheap as it has ever been sold." At the same time, domestic pollock buyers have raised their standards for acceptable quality.

"Amongst the fleet we were known as the 'big ugly' ... They don't say that anymore."

—Don Johnson

In 1993 and 1994, the Browns Point underwent major improvements — paid for out of vessel revenues — including the installation of two Baader 212 filleting machines (the new state of the art model), three larger plate freezers, new



Browns Point vessel skipper Don Johnson (above)

The F/T Browns Point moored between trips in Unalaska (right)



and a new heating and ventilation system, along with a redesigned factory and a remodeled galley.

"This is not the same vessel it was two years ago," said skipper Don Johnson, the ship's master in June. "This is the new Browns Point."

Simonson said the improvements "turned out fantastic." The old Baader 182 machines were good for 14 hours of production a day. The 212s can operate 22-23 hours a day and are much faster, 140 fish per minute.

"The production with this boat is way beyond what the office thought," Johnson said. "We had a really successful 'A' season. For our size, we were the top producer."

With the longer CDQ fishery, Johnson and Simonson both looked forward to more consistency and stability in crew experience and employment.

CVFC expects to achieve its goal of 40-60 Yukon-Kuskokwim Delta resi-

dents employed on the Browns Point by the latter part of 1994. Through the end of June, 26 CVFC constituents had worked on the vessel.

CVFC stepped up its job recruitment efforts this year by meeting with high school juniors and seniors in each CVFC community and other Kuskokwim River communities to explain CDQ opportunities, working with five area school districts to begin a school-to-work program, organizing the Yukon-Kuskokwim Delta Employers Council with major regional employers for joint recruiting and retention of the local work force, and hiring a part-time person to assist the employment coordinator.

In its 1994-95 CDQ application, CVFC described a

major impediment to economic self-sufficiency: The growing dependency of delta residents on welfare payments as a supplement to the subsistence way of life. "This dependency has progressed to the point where it is easier and preferable to remain on welfare than enter the labor force," the application said.

CVFC planned to refocus its efforts "away from young adults to high school students, who have not yet made their life decisions. Often, waiting for individuals to reach employment age is simply too late."

Joe Paniyak, CVFC president and employment coordinator, said the biggest problems he encounters during worker recruitment are people who can't pass the drug and alcohol zero tolerance tests and people who lack

Continued on page four
CVFC: *Owning a piece of the action*

NEW BROKERAGE KEEPS PERMITS IN BRISTOL BAY

According to an interpretation of the best available information, the local ownership of Bristol Bay salmon entry permits has decreased by approximately 25 percent since the inception of limited entry.

In an attempt to keep ownership of Bristol Bay limited entry permits in the region and ensure local access to commercial fisheries, the Bristol Bay Economic Development Corporation (BBEDC) recently contracted with the Bristol Bay Native Association (BBNNA) to establish the Bristol Bay Permit Brokerage.

The permit brokerage was started in March. Bernice Heyano, a former bank loan officer, was hired to organize and administer the program. "We've been experiencing a major permit drain from the Bristol Bay region," Heyano said. "As prices for limited entry permits go up, it gets more and more difficult for local residents to raise the capital necessary to buy into Bristol Bay fisheries."

Heyano added, "It's generally easier for folks outside the Bristol Bay region to arrange financing, so they're the ones buying the permits. Unfortunately, when ownership of permits leaves the region, access to our commercial fisheries goes with it."

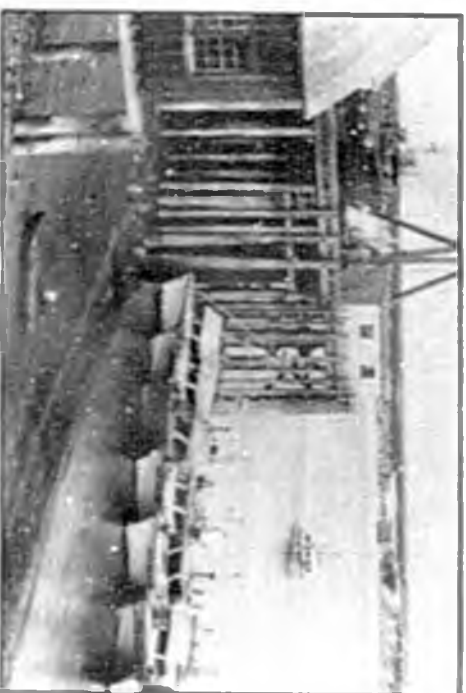
Heyano provides full brokerage services for limited entry permits and commercial fishing vessels. She also arranges boat leases.

Since March, Heyano has sold one permit and estimates that she has negotiated about 20 leases. She has also handled numerous medical and emer-

gency transfers. Her current listings include 11 Bristol Bay drift permits. If set net permitted outside Bristol Bay than three permits for other fishing districts and two boats.

Bruce Twombly, chairman of the Commercial Fisheries Entry Commission (CFEC) is enthusiastic about the brokerage. "It's one of the best developments we've seen to keep permits in the region and we're very supportive of their efforts," he said.

"From the inception of limited entry in 1975 to 1992, the CFEC issued 1,325 salmon entry permits to Bristol Bay residents," Twombly said. "Dur-



Bristol Bay drift net boats tied up in the Native Port. (Photo by SWACI)

"Commercial fishing is Bristol Bay's lifeblood and we need to keep our local fisheries locally owned..."

—Bernice Heyano

*Continued on page four
See Brokers*

"It's one of the best developments we've seen to keep permits in the region and we're very supportive of their efforts."

—Bruce Twombly
CFEC Chairman

FISHING MEANS BUSINESS

The Marine Advisory Program has developed a fishing business "workshop" course as an outreach program for communities in western Alaska. According to Terry Johnson, Bristol Bay Marine Advisory Agent, the course is designed to help fishermen with little or no business background.

"Many fishermen don't have the basic business skills to run their commercial fishing businesses," Johnson said. "They either let their fish companies do the paperwork or have their spouses handle the financial details. This class will provide fishermen with the business skills they need to make their operations more profitable and financially sound."

The course covers topics such as permit financing and loan programs, capital construction funds, state and federal requirements, analyzing and improving profitability, record keeping and taxes. "A permit is a

valuable business asset which can be earned through hard work and planning," said Johnson. "This outreach program is intended to provide people with the basic tools to be successful and to help them secure a future in the fishing industry."

"Since training opportunities are usually few and far between in rural communities, I want to offer the course wherever there is an interest," Johnson added. "I encourage any local group or individual who would like to help sponsor a fishing business management course in their village to give me a call."

For more information, or to schedule a course in your community, contact Terry Johnson, Bristol Bay Marine Advisory Agent, at (907) 842-1265.

M. M. B.

CDQ trip following the pollock 'A' season — fished the Unimak Pass area, making four to five tows a day while catching 45 to 50 tons of pollock with each backhaul.

The *Browns Point's* plan was to fish its CDQ allocation from June until August, participate in the 'B' season (opened Aug. 15), and resume CDQ fishing until the quota was exhausted, probably in October.

Don Johnson of Kodiak, vessel master for the past year and a seaman with 20 years of North Pacific fisheries experience, prefers the pace of the CDQ fishery.

"I can be more selective in the fish I take. If they're not the optimal size, I can take 12 hours to look for fish."

"This is some of the best product we've ever had on board," Johnson added.

"The chief advantage is that it's fresh..."

Stan Simonson, Golden Age Fisheries owner

This contrasts with the regular season, where the vessel is under "pressure to not even miss five minutes of fishing time," Johnson said. Also, "During the regular season there's no incentive to maximize yield."

Johnson said other CDQ advantages include the ability to go after smaller bodies of fish, and to not have competing trawlers break up and scatter the pollock schools.

Johnson also keeps an eye on the prohibited species bycatch, ready to move if salmon start showing up regularly in the mid-water trawls.

"A lot of good things have come out of CDQs," Johnson said.

Johnson felt the CDQ allocation — half of the 15 percent of the pollock total allowable catch held in reserve by fisheries managers — had little practical value for the industry. "Normally, it wasn't released until December so you'd have to come up at Christmas to fish it," he said.

"The chief advantage is that it's fresh," said Golden Age Fisheries owner Stan Simonson about CDQ pollock. "A number of customers want the product date coded." Also,

*Continued on next page
On Board the Browns Point*

CVFC: Closing a piece of the fishery
continued from page two

proper identification documents.

Both Panivak and Cohen noted a recent increase in people interested in employment.

CVFC sent two people to Germany in mid-August for training as Baader technicians, which would qualify them to operate and maintain the highly-sophisticated filleting machines.

The *Browns Point* was originally an oil field supply vessel. In 1986, it was purchased and outfitted to produce salt cod. In 1987, Golden Age turned it into a factory trawler for heading and gutting Gulf of Alaska rockfish and sablefish. After a couple years, fillet machines were installed. The *Browns Point* participated in decreasing pollock seasons until the purchase was negotiated with CVFC, allowing access to more product and justifying major capital improvements.

"Amongst the fleet we were known as the big guys," Johnson said. "They don't say that anymore."

New Brokerage

continued from page three

Twomley hopes the Bristol Bay brokerage will serve as a model for other rural areas.

"Creating a regional brokerage is a very effective tool for keeping permits in the hands of area residents for several reasons," he said.

"First, local brokerages represent a legitimate business opportunity for regional groups. Second, they can direct the flow of permits to regional residents, something the state can't do. Third, brokerages can steer good deals on permits and boats to neighbors and family members."

"Commercial fishing is Bristol Bay's lifeblood and we need to keep our local fisheries locally owned," Heyano said. "I'm here to make that possible and to work with people in any way I can."

According to Nels Anderson, Jr., BBEDC executive director, the brokerage is working well but is only one aspect of how to keep permits in the region.

"We are currently working with BBNA to put together a revolving loan program to help young Bristol Bay residents get into the fisheries," Anderson said. "The loan program will require people to meet specific credit guidelines. It will also assist them with basic financial planning for a commercial fishing operation. We want to help set these young people up for success."

In addition to providing brokerage services, Heyano also counsels fishermen on income tax and child support problems and assists people in dealing with the IRS and the state's Child Support Enforcement Division.

Heyano encourages fishermen with questions about boat and permit brokerage services and those needing tax assistance to contact her at 1-800-478-5257 or 842-5257, or P.O. Box 310, Dillingham, AK 99576.

M. M. B.

On board the Browns Point: Continued from page four

knowing how much fish the *Browns Point* will catch allows the company to negotiate long term contracts. "All the CDQ programs that produce pollock have long term contractual commitments," he said.

CDQ pollock generally is sold to buyers that produce the fish fillets used in fast food restaurants and other value-added products.

After the backhaul, the pollock are held in chilled tanks for seven hours to complete rigor mortis and make them easier to process.

With 3,000 feet of floor space, the *Browns Point* factory processes a lot of product in tight quarters.

Processing workers — called drivers — load the pollock into two Baader 212s.

Equipped with computer chips, the machines automatically adjust their cuts to match the size of each fish. They can be run as fast as 150 fish per minute, though, in June, 130 per minute worked best for quality and product flow.

Skinned pollock fillets spill onto moving candling tables, where processors arrange and check them for defects such as blood spots, bones, skin, and parasites. Defective fillets are either discarded or fixed on the spot. At the end of the candling table, the fillets are scooped up, weighed, and packed in boxes.

Meanwhile, the mince machine is in continuous operation, fed by belly flaps from the Baaders and discarded fillets from the candling tables. Processors control the flow out of the machine, packing the gooey fish paste into boxes.

The fillet and mince boxes go into plate freezers for two hours and come out as frozen solid 16.5 lb. blocks. The boxes are packed three to a case and stored in the hold at 20' below.

"The work is very hard. ... But you just tell yourself you can do it. When the job is done, you'll be proud of yourself..."

Mary Matthew, Cheformak

All the jobs in the factory are physically demanding. Candling, for example, looks simple. But, for the novice processor, the long hours of standing and leaning over the candling table, while constantly moving one's arms and hands to sort the rapidly moving fillets, soon cause severe back pains that no amount of stretching seems to relieve.



Processors sort skinned CDQ pollock fillets on the *Browns Point* candling tables. Discarded fillets are made into mince. When the vessel is fishing, processors work continuous six-hour shifts until the storage hold is filled with product, usually after ten days.

Processors are continually reminded about the importance of producing high quality products.

During the first June trip, Golden Age technical services director Greg Small worked with the processors and supervisors on quality control by reviewing, discussing, rechecking, and experimenting with factory procedures.

Due to an abundance of pollock on the market, Simonson said buyers have "tightened up their parameters" for quality. They want frozen blocks with no air pockets, ice pockets, parasites, defective fillets, or microscopic metal flakes that chip off the freezer frames.

Browns Point crew members sign 60-day contracts and work for a percentage of the vessel's gross. According to the crew, processors can earn \$1,200 to \$1,800 per trip, depending on experience, skill level, and product value. This can add up to \$9,000 or more at the end of a contract.

The *Browns Point* processing crew is a multi-cultural mix of Hispanics, Asians, African-Americans, Poles, American Caucasians, and Alaska Natives. The western Alaskans onboard in June were three sisters from Cheformak — Mary, Dora, and Magdeline Matthew.

Dora, on her first trip, said her biggest difficulty was getting used to the vessel's confined spaces.

Mary, the oldest, was recruited when she worked last year for the Coastal Village Fisheries salmon processing operation in Bethel. In June, she was working on her second *Browns Point* contract.

"The work is very hard," Mary said. "But you just tell yourself you can do it. When the job is done, you'll be proud of yourself. When the contract is over, you'll say, 'Now, that wasn't so bad, was it?'"

K.O.

NEW CDQs FOR HALIBUT AND SABLEFISH

Six groups submitted applications to participate in the new halibut and sablefish CDQ programs.

According to John McNair, CDQ biologist for the Alaska Department of Fish and Game, the state received six proposals for the halibut CDQ fishery and five for sablefish. The duration of the quota awards will be for three years, 1995 through 1997.

BBEDC, CVFC, NSEDC and YDFDA have each requested shares of the 4D and 4E halibut fisheries in addition to allocations of sablefish in the Aleutian Islands and Bering Sea management subareas. The Pribilof Island communities of St. Paul

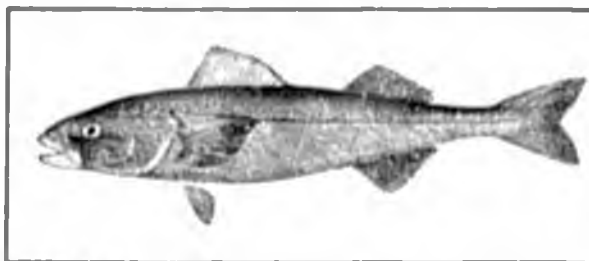
and St. George joined forces to submit a halibut application for area 4C. The Atka community requested halibut in area 4B. APICA requested sablefish in the Aleutian Island management subarea.

Applications were due on August 18 and are now under review by the State of Alaska. A public hearing on the CDQ proposals will be held in Anchorage on Wednesday, Sept. 7. Following the hearing, the state will present its allocation recommendations to the North Pacific Fishery Management Council (NPFMC) at the Sept. 28-Oct. 5 meeting in Seattle.

The state's recommendations will be transmitted to the Secretary of Commerce by Oct. 7 to be reviewed for eligibility and program requirements. Final approval by the U.S. Department of Commerce is anticipated by Nov. 21, 1994.

The permanent halibut and sablefish CDQ programs are similar to the pollock program but have smaller quota allocations. They will be administered separately from the pollock CDQ program.

Communities which currently qualify for the pollock CDQ program are eligible



SABLEFISH

to apply for halibut and sablefish CDQ's. The new CDQ's are designed area or within ten nautical miles from a point where an area boundary intersects land.

The sablefish CDQ program, in contrast, is set at 20 percent of the annual fixed gear allocation of sablefish in each Bering Sea and Aleutian Islands subarea.

A regulatory change will make the sablefish program consistent with the pollock program by allowing each CDQ applicant to receive up to a maximum of 33 percent of the total Bering Sea and Aleutian Islands CDQ allocation for sablefish, rather than 12 percent. Groups applying for sablefish CDQ's were allowed to submit applications based on the 33 percent maximum sablefish allocation.

According to John Walsh, special assistant to the commissioner, Department of Community and Regional Affairs, "The State of Alaska is committed to making the halibut and sablefish CDQ program a success."

"We've worked hard with the local communities to make this program a reality and we look forward to broad participation from CDQ communities," Walsh added.

M. McB.

Halibut allocations based on the 1994 commercial halibut quota

IPHC Regulatory Area	Halibut CDQ Allocation	Possible CDQ Harvest
4B Western Aleutians (including Atka)	20%	420,000 lbs
4C Pribilof Islands	50%	350,000 lbs
4D NW Bering Sea (Including St. Lawrence Is.)	30%	210,000 lbs
4E Eastern Bering Sea (Bristol Bay to Norton Sound)	100%	100,000 lbs

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for grassroots community development programs to be fished by local fishermen and generate a modest cash flow.

The halibut program quotas are a specific percentage of the annual commercial allocation for each International Pacific Halibut Commission (IPHC) regulatory area. The above table shows what these allocations would look like if based on the 1994 commercial halibut quota.

To qualify for the halibut fishery, a CDQ community must either be physically located within an IPHC regulatory



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THE CDQ REPORT

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

IN THIS ISSUE:

- 1 REDUCING BYCATCH
- 2 HISTORY OF CDQS
- 3 EDITORIAL
- 4 CDQS FACE LEGAL CHALLENGE



The CDQ Report is published by the Bering Sea Fishermen's Association in partnership with National Oceanic and Atmospheric Administration. Address: PO Box 100280, Anchorage, Alaska 99510. The views expressed do not necessarily reflect the views of NOAA or any of its sub-agencies.

REDUCING BYCATCH: CDQ FISHERY CUTS WASTE

The 1993 bycatch record for the CDQ fishery points to a general success in addressing a major concern in western Alaska: Reduction of bycatch and associated wastage in the pollock trawl fishery.

John McNair, CDQ biologist for the Alaska Department of Fish and Game, compiled 1993 bycatch information for the offshore open access fishery from the National Marine Fisheries Service (NMFS) and the six CDQ groups. While this summary does not include data from the Catcher Vessel Operating Area (CVOA), it does provide a snapshot of how the two fisheries compare in prohibited species bycatch (PSC) and bycatch of other groundfish species.

Unfortunately, accurate bycatch information is difficult to obtain, McNair said. "Not all vessels carry observers, and those that do

don't look at every haul. In addition, NMFS considers its data on individual vessels to be confidential. So, most of the bycatch information you see is a best-guess estimate."

McNair's analysis shows that in 1993, the CDQ fishery had lower bycatch rates than the non-CDQ open fishery for 13 of 20 species. The CDQ fishery had a higher bycatch rate for seven species including chinook salmon, other salmon (mainly chums), and herring.

"The industry doesn't have a good understanding of how to avoid areas with free-swimming salmon, so the salmon bycatch problem is an on-going concern," said Jon Zuck, Technical Advisor to the Norton Sound Economic Development Corporation. "Right now, the best thing that we can do to deal with the salmon bycatch issue is to reduce bycatch overall."

Continued on page 3

NEW RULES TO CLOSE SALMON BYCATCH AREA

The North Pacific Fishery Management Council (NPFMC) during its April meeting passed an emergency ruling to establish a 42% cap for bycatch of other salmon within five specific blocks of the Catcher Vessel Operating Area (CVOA), an area north of Unalaska and Unimak Islands.

The cap is based on data from the Bering Sea pollock fishery which showed that the majority of bycatch for "other salmon"—or chums—occurred in five specific blocks within the CVOA. The cap is scheduled to go into effect in August in time for the B season.

In order to monitor salmon bycatch, the council implemented a mandatory requirement for vessels to retain all salmon caught until they can be counted by an observer.

This is a very comprehensive effort to get accurate data on how many salmon are being caught and to reduce salmon bycatch in the Bering Sea trawl fishery. said Sue Silbeson, a fisheries biologist for National Marine Fisheries Service. After May 20, all vessels in the Bering Sea trawl fishery will be required to sort the fish in every haul and set aside all of the salmon until they can be counted by an observer. After the salmon are counted they will be discarded at sea. For vessels that

do not sort their hauls on-board, the fish will be sorted on the mothership or at the shore-based processor and the salmon set aside for an observer.

We realize that counting the salmon in every haul will require more observer coverage, Silbeson said, so the regional NMFS offices drafting an emergency ruling to require all motherships operating in the CVOA to have two observers on board and to have the ability to electronically transmit salmon bycatch data on a daily basis.

THE CDQ PROGRAM: A SUCCESS STORY

So much has been accomplished in the CDQ program in such a short period of time. In order to help everyone keep track, we present the following chronology of key events.

APRIL 1991:

The NPFMC adopted a CDQ alternative for consideration as part of the inshore/offshore management plan proposal.

JUNE 1991:

The NPFMC approved the final inshore/offshore management plan which included a provision to allocate 7.5 percent of the Bering Sea/Aleutian Island pollock quota for a four-year CDQ pilot program.

MARCH 1992:

The Secretary of Commerce approved the Alaska CDQ program.

APRIL 1992:

The State of Alaska presented a draft of criteria, procedures and regulations to implement a CDQ program for review and approval by the NPFMC. The Alaska State Legislature funded organizational grants to implement the CDQ program.

JUNE 1992:

Fifty-six eligible communities completed the process of organizing into six regional corporations to apply for pollock quota shares.

NOV. 1992:

The application period for participation in the CDQ program opened November 13 and closed November 17. Also this month, Gov. Hickel of Alaska held public hearings and recommended 1992-93 allocation levels.

DEC. 1992:

The Secretary of Commerce approved 1992-93 CDQ quota awards to the six CDQ corporations. 101,445 metric tons of pollock were allocated for 1992.

- Aleutian Pribilof Island Community Development Assn., 18,200 mt (18 percent)
- Bristol Bay Economic Development Corpora-

tion, 20,289 mt (20 percent)

- Central Bering Sea Fishermen's Association, 10,144 mt (10 percent)
- Coastal Villages Fisheries Cooperative, 27,390 mt (27 percent)
- Norton Sound Economic Development Corporation, 20,289 mt (20 percent)
- Yukon Delta Fisheries Development Association, 5,073 mt (5 percent)

In the four weeks of fishing in December, nearly 90 percent of the 1992 pollock quota was caught.

DEC. 1992—MARCH 1994:

The CDQ group has created close to 242,000 metric tons of pollock worth over \$40 million and created new employment and vocational training opportunities for residents of local communities. Since the program began, the CDQ groups have created more than 200 seasonal and non-seasonal jobs.

MAY 1993:

The Bristol Bay Economic Development Corporation, the Coastal Villages Fisheries Cooperative, the Norton Sound Economic Development Corporation, and the Yukon Delta Fisheries Development Association formed the Western Alaska Fisheries Development Association (WAFDA) in order to coordi-

minate efforts to promote economic development in western Alaska through the CDQ program.

JUNE 1993:

WAFDA testified before the NPFMC for the first time asking that CDQs be included in the council's Comprehensive Rationalization Plan (CRP). Through the CRP process, the NPFMC is developing an allocation system for all species under its management to take effect after CDQs and inshore/offshore sunset on Dec. 31, 1995.

AUG. 1993:

Applications for CDQ pollock quotas for the 1994 and 1995 program years were received and reviewed by the State of Alaska.

WAFDA Chairman John Lemwouk (president of NSIFC) testified before the U.S. House Merchant Marine and Fisheries Committee in Anchorage and the U.S. Senate Commerce, Science, and Transportation Committee in Dillingham on the merits of providing CDQs with statutory recognition during the reauthorization of the Magnuson Act.

SEPT. 1993:

Following a public hearing on Sept. 8, Gov. Hickel announced his recommendations for the 1994-95 quotas. The only changes from the '92-93 quota awards were to recom-

mend that YDIDA be increased from five to seven percent and CBSFA be decreased from ten to eight percent.

The NPFMC reviewed the governor's recommendations for 1994-95 quota awards. The CDQ corporations testified on their accomplishments and the positive impact of the program on western Alaska. The council included CDQs for staff analysis, for amounts ranging from zero to 15 percent for all species, in the current CRP proposal.

NOV. 1993:

Gov. Hickel's recommendations for 1994-95 quotas were approved by the Secretary of Commerce.

APRIL 1994:

The IRS recognized the non-profit status of four CDQ groups (Aleutian Pribilof Island Community Development Association, Bristol Bay Economic Development Corporation, Central Bering Sea Fishermen's Association, and Norton Sound Economic Development Corporation) and determined that they are not liable for unrelated business income taxes.

MAY 1994:

CDQ groups submit annual reports to the state reviewing their 1993 program accomplishments.

CDQ PROGRAM CHALLENGED IN FEDERAL COURT

The legality of the Community Development Quota (CDQ) system will be tested in federal district court this year due to a lawsuit challenging the halibut and sablefish Individual Fishing Quota (IFQ) system.

The Alliance Against IFQs and ten individual plaintiffs filed a complaint against Ron Brown, secretary of the U.S. Department of Commerce, and Clarence Pautzke, executive director of the North Pacific Fishery Management Council, in December, 1993 that attacked the recently adopted IFQ system as illegal under the Magnuson Fishery Conservation and Management Act.

A portion of the complaint takes direct aim at the CDQ set-asides for Bering Sea communities under the halibut and sablefish IFQ plan.

Two of the plaintiffs — Alaska Native fishermen Adrian LeCorm of Hydaburg and Howard Carlough of Everett Wash — claim direct adverse impact because their communities do not participate in CDQs.

Specifically, the complaint charges that the CDQ provision "discriminates between residents of different states,

is not fair and equitable to all fishermen, is not reasonably calculated to promote conservation and is not carried out in such a manner that no particular individual, corporation, or other entity acquires an excessive share of the allocated fishing privileges."

Additionally, the plaintiffs allege CDQs have "economic allocation" as their sole purpose, in violation of the Magnuson Act's National Standard 3.

In response to the lawsuit, the Western Alaska Fisheries Development Association retained Anchorage attorney Don Mitchell to represent CDQ organization interests. Over the plaintiffs' objections, Judge James Singleton on Jan. 1, 1994 granted WAFDA's request to intervene in the case.

Mitchell filed a motion on Feb. 22 that challenged the standing of CDQ-related plaintiffs and that asked the court to set aside the CDQ counts until the IFQ issues were decided. Judge Singleton denied the motion on April 19.

Motions, oppositions, and cross-motions on the main issues in the case are scheduled to be filed in June, July, and August. Oral arguments are ex-

pected to occur in the fall.

In a telephone interview, Homer commercial fisherman and plaintiff Paul Seaton said the main target of the complaint is the IFQ system, not CDQs. The strategy, however, is to challenge all portions of the management plan that appear legally vulnerable.

"If anything is inconsistent with the law, the entire plan is rejected," Seaton said.

Mitchell said the problem for the CDQ groups is that an unfavorable ruling — besides preventing halibut and sablefish participation — could affect the pollock CDQ program and all future CDQs. "It could call into question the legal authorization for pollock CDQs," he said.

In a separate legal issue, Judge Singleton dismissed on March 19, without prejudice, a complaint filed by the Klavock Cooperative Association requesting that this Southeastern Alaska village also be granted halibut and sablefish CDQs. The Klavock complaint was consolidated with the *Alliance* case in February.

The association now has the option of making its request for CDQs directly to the North Pacific council.

HALIBUT/SABLEFISH CDQs: ON LINE SOON

Following the U.S. Department of Commerce's approval of regulations to include halibut and sablefish in the Western Alaska Community Development Quota Program in November 1993, the State of Alaska drafted guidelines for these new CDQ fisheries and held a public hearing in May to review and

adopt the proposed regulations.

The regulations will clear the way for communities wishing to apply for halibut and sablefish CDQs. The initial application period is anticipated to begin around July 1 with applications due sometime in mid-August.



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MEMORANDUM

TO: Kathy Schutte – Office of the Governor
Michelle Toohey – House Finance Committee
John Walsh – House Finance Committee
Annette Kreitzer – Senate Resources Committee
Amy Daugherty – House Special Fisheries Committee

FROM: Karl Ohls
Executive Director

DATE: February 17, 1995

RE: CDQ events in Juneau

As you requested, I'm providing you with a list of the people who will be in Juneau on March 1 to meet with the governor and specific legislative committees in order to report to them on the current progress and activities of the Western Alaska Community Development Quota program.

**Nels Anderson Jr. – Executive Director
Bristol Bay Economic Development Corporation**

**Eugene Asicksik – Acting Executive Director
Norton Sound Economic Development Corporation**

**Ragnar Alstrom – Board Member
Yukon Delta Fisheries Development Association**

**Fred Phillip – Board Member
Coastal Villages Fishing Cooperative**

**Agafon Krukoff Jr. – President
Central Bering Sea Fishermen's Association**

'Working in support of Alaska's Community Development Quota program'

**Karl Ohls – Executive Director
Western Alaska Fisheries Development Association**

The Aleutian Pribilof Island Community Development Association will also be represented at the meetings. I will notify you about who the representative will be as soon as that is determined.

If you need further information, please do not hesitate to contact me at 279-6519. Attached, for your information, is a copy of the March 1 schedule for CDQ group activities.

**GAS
PIPELINE
PROJECT
HEARING**

1-29-96

Why North Slope Natural Gas Revenues are Not Included in the State's Revenue Forecast

**If estimated project costs increase with
inflation**

and

**if world energy prices increase in accord
with the Department of Revenue's Fall
1995 Forecast**

then

**North Slope gas would have a negative
wellhead value until 2116.**

Why North Slope Natural Gas Revenues are Not Included in the State's Revenue Forecast

**If estimated project costs do not inflate at
all (stay at \$15 billion)**

and

**if world energy prices increase in accord
with the Department of Revenue's Fall
1995 Forecast**

then

**North Slope gas would have a fifty cent
wellhead value in the year 2009.**

State Revenue
North Slope Natural Gas
Fifty Cent per MCF Wellhead Value

What kind of world energy prices are required for ANS natural gas to be worth fifty cents per MCF at the wellhead?

- **Far East gas prices of \$5.50/mmbtu**
- **This is the same as ANS oil prices of \$27.50/barrel**
- **Currently gas prices are \$3.50/mmbtu and ANS is at \$16.50/barrel**
- **An increase from \$3.50/mmbtu to \$5.50/mmbtu would require a 60% increase in world energy prices**

State Revenue
North Slope Natural Gas
Fifty Cent per MCF Wellhead Value

Revenue

- **Property tax of \$220 million initially**
 - **Decreases \$9 million annually as facilities depreciate**
 - **Half goes to local jurisdictions**
- **Royalties of \$30 million**
- **Severance tax of \$30 million**
- **State Corporate Income Tax of \$30 million**
- **Total to the State initially \$200 million**
 - **declines each year**

ANS Gas Commercialization

Alaska North Slope Gas

Presentation to the Alaska Legislature

- Past Activities
- Recent Accomplishments
- Next Steps

ANS (Prudhoe) Gas - Who owns it?

- Which Company (Net Interest)?

	<u>Oil Rim</u>	<u>Gas Cap</u>
– ARCO	19%	37%
– Exxon	19%	37%
– BPXA	44%	12%
– State of Alaska (royalty share)	13%	13%
– Eight other owners	5%	1%

- Which Participating Area?

– Gas Cap	70%
– Oil Rim	30%

ANS (Prudhoe) Gas - Who owns it?

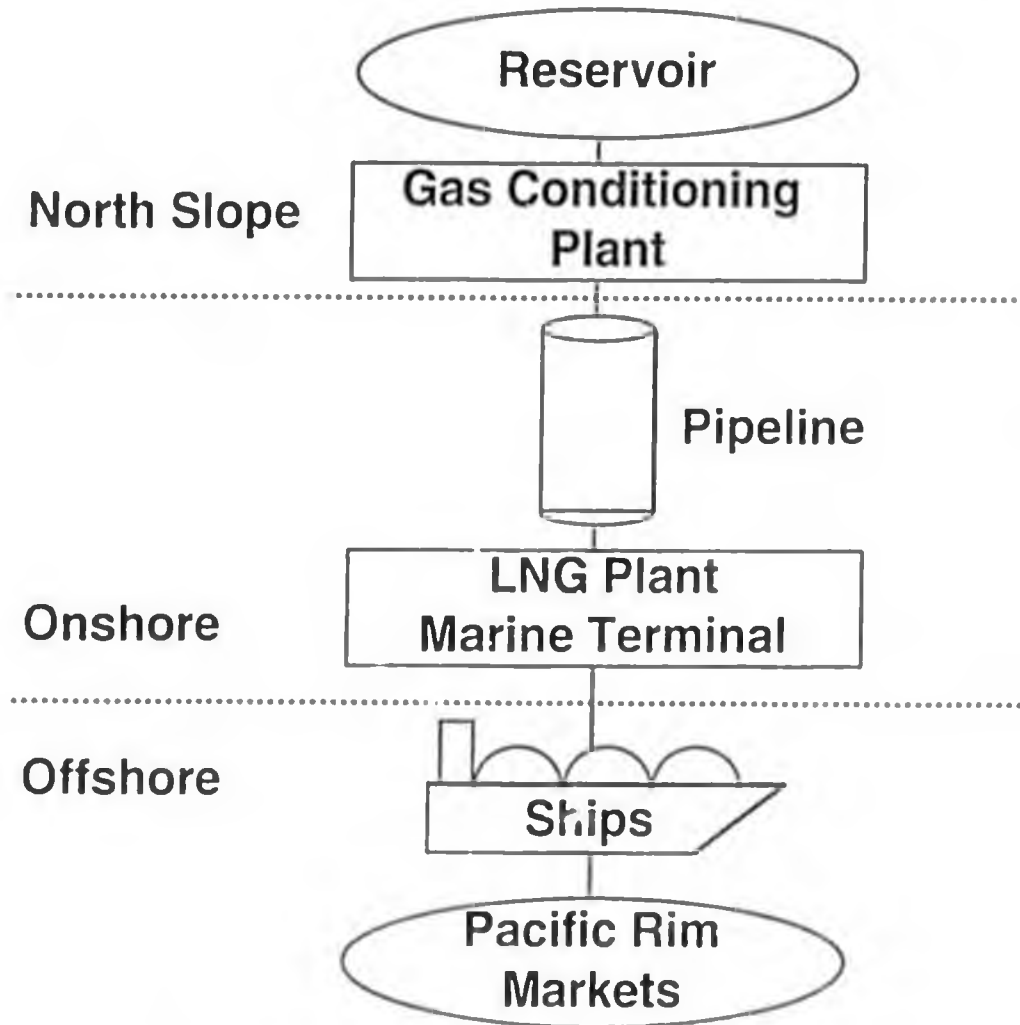
• Which Company (Net Interest)?

	<u>Total Field Gas</u>
– ARCO	32%
– Exxon	32%
– BPXA	21%
– State of Alaska (royalty share)	13%
– Eight other owners	2%

Previous Producer Involvement in Gas Project Efforts

- **ANGTS - Alaska Natural Gas Transportation System**
 - Overland gas pipeline along the haul road and Alaska Highway to Lower 48
 - Producer involvement with design began June 1980
 - Work halted in April 1982 due to economic outlook
 - Total industry expenditures exceeded \$800 MM
- **ACETS - Alaska-Canadian Energy Transportation System**
 - ARCO, Exxon, Sohio worked on alternate pipeline routes to Lower 48
 - Work began mid-1984, completed in April 1987
 - Expenditures \$3 MM
- **AAGS - Alaska Asia Gas System**
 - Pipeline to south Alaska liquefaction plant with LNG export to Far East
 - ARCO, YPC, Japanese Institute of Energy Economics and State of Alaska
 - Work began June 1984, completed May 1987
 - Expenditures \$4 MM
- **ANS Gas Commercialization**
 - ARCO, BP, Exxon working on ANS gas export to Far East
 - Work began in 1992 and continues today
 - Expenditures to date \$10 MM
- **Other options have been considered and some have not been closed off from future consideration**

Major Components of Alaskan LNG Export System



Challenge:
Create sufficient value to support *the complete* "LNG chain".

Differences Exist Between LNG and Crude Oil Projects

Crude Oil Production

LNG Export

Market characteristics:

- Large commodity market
- Domestic & international
- Absorbs new supply quickly

- Few dedicated buyers
- International
- Absorbs new supply slowly

Product pricing:

- Short term contracts, spot trading

- Long term contracts

Supplier/Buyer relationship:

- Lower commitment , less restrained

- Strong long term commitment required to reduce risk and justify major investment

Project cost characteristics:

- Investment varies greatly, but is small relative to overall market

- Investment always large

- Investment recovered over shorter time periods

- Longer time required to recover large up-front investment

- Higher unit processing and transport cost

Fiscal Terms:

- Broad, consistently applied terms

- Individually negotiated project terms

ANS Gas Issues Versus Competition

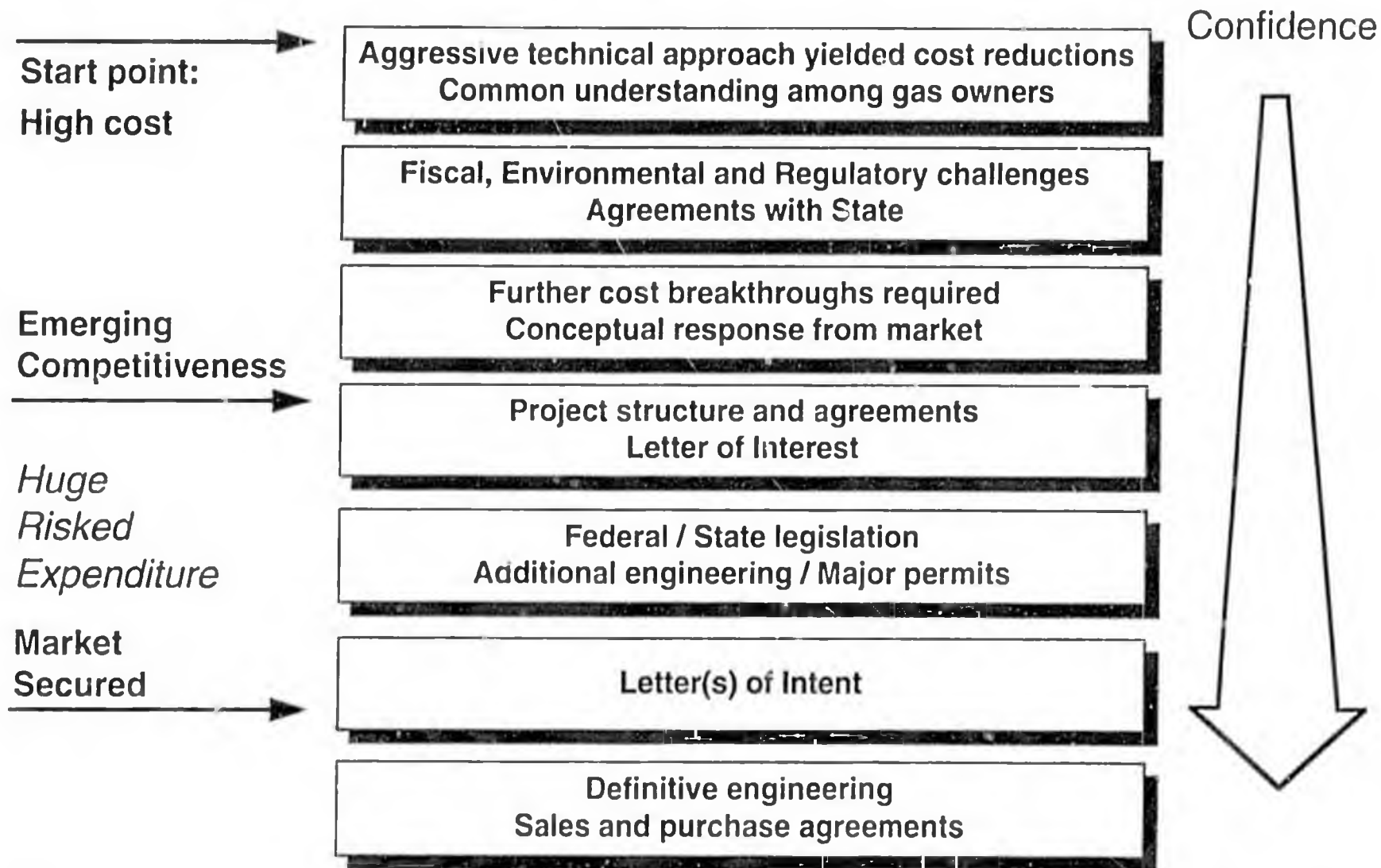
- **Positives**

- Field development in place
- Potential for integration benefits
- Current U.S. / Japan trade imbalance
- Closer to the major Japanese markets than Middle East

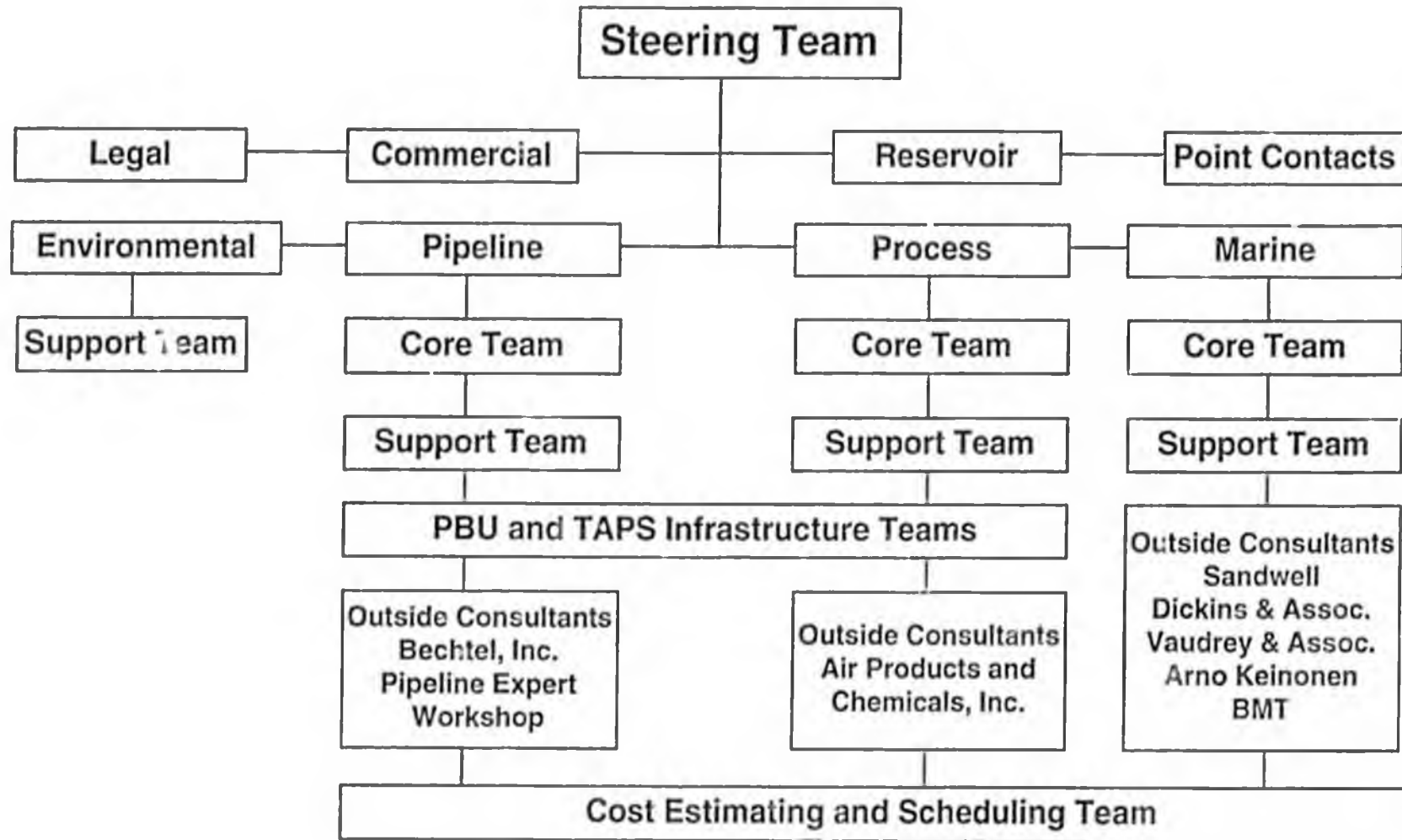
- **Negatives**

- Fiscal uncertainty
- Expensive pipeline required
- Large scale
- Required market ramp-up
- CO₂ removal
- No incremental liquids

Alaskan Gas: Steps to Success

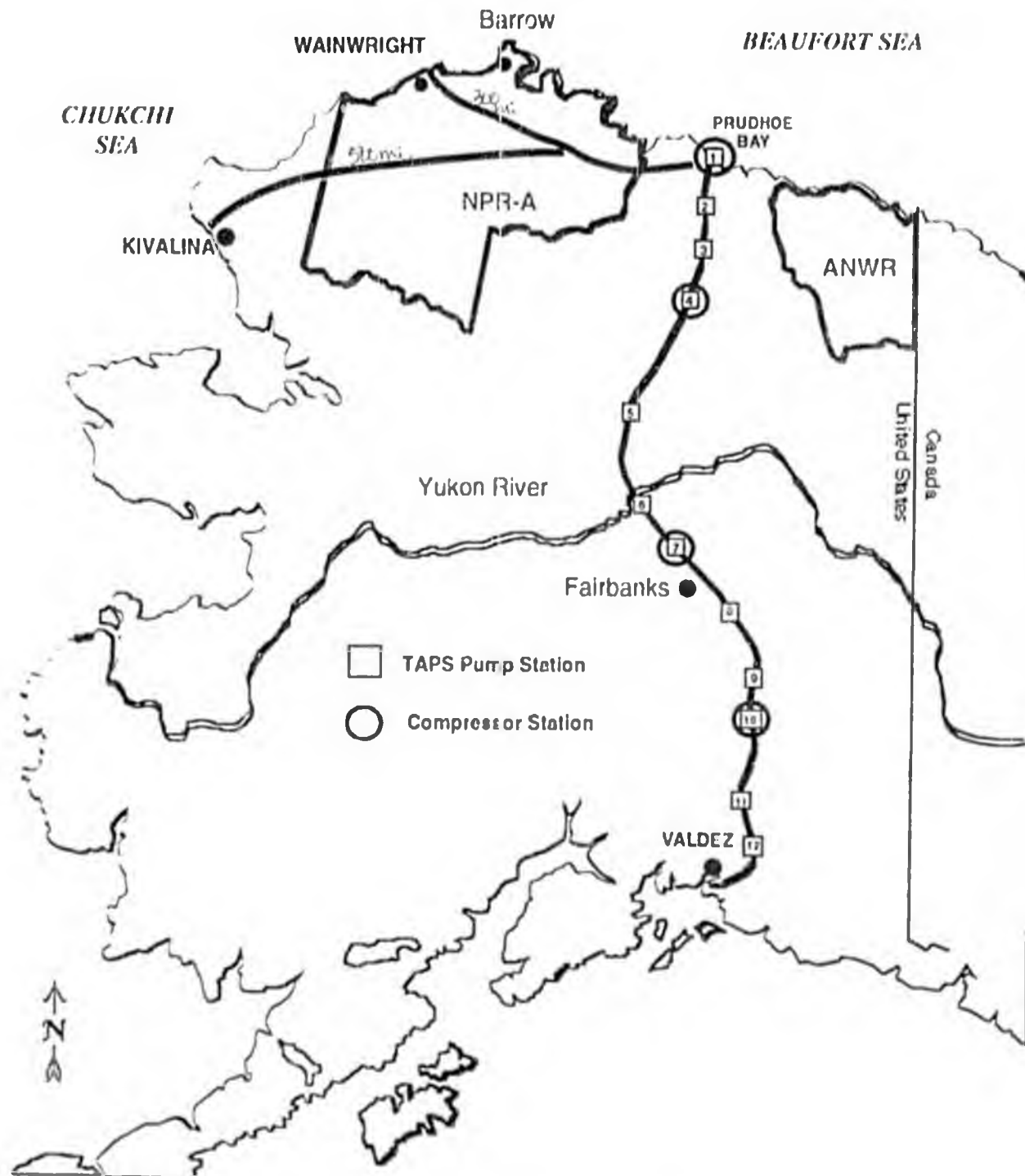


Recent Work Effort



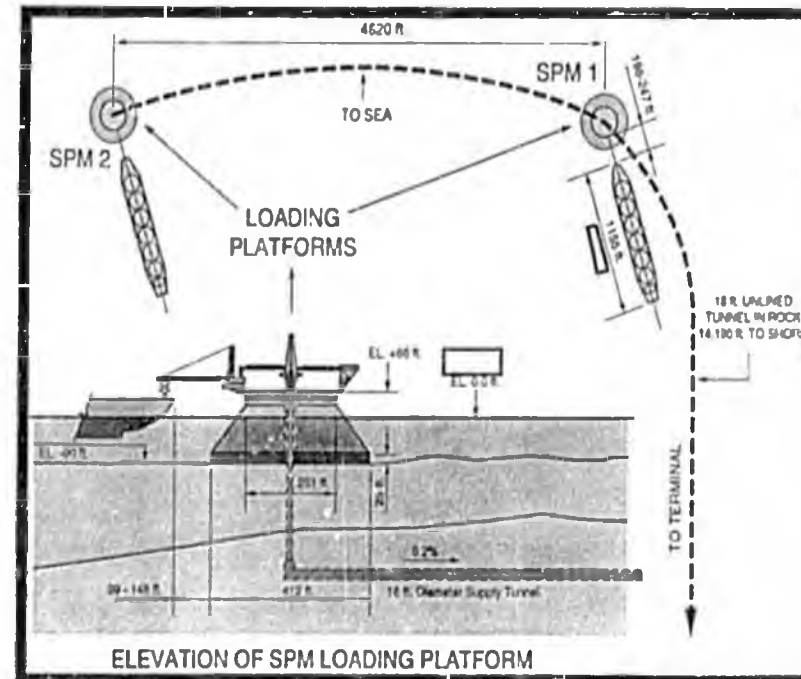
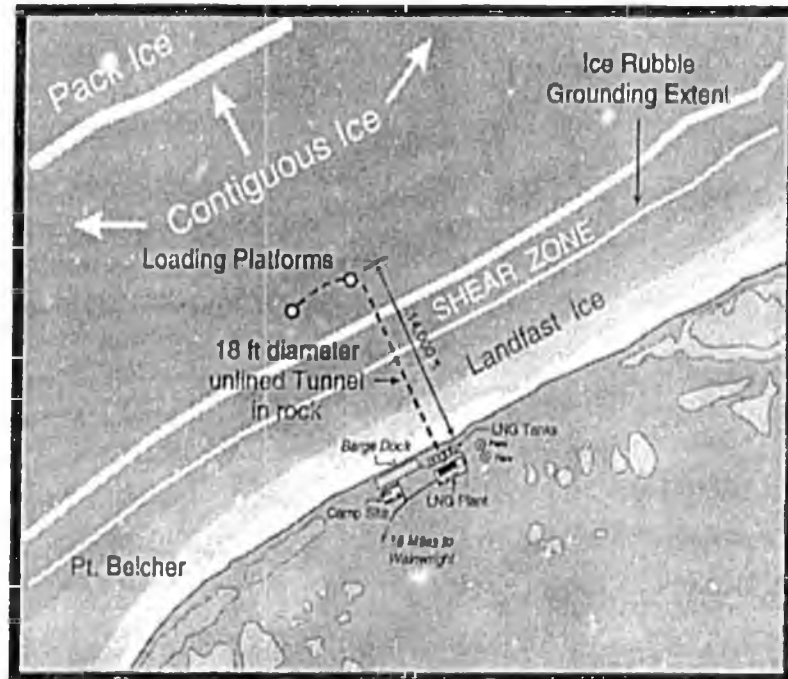
ANS Gas Commercialization

Southern and Western Route Alternatives



ANS Gas Commercialization

Western Route

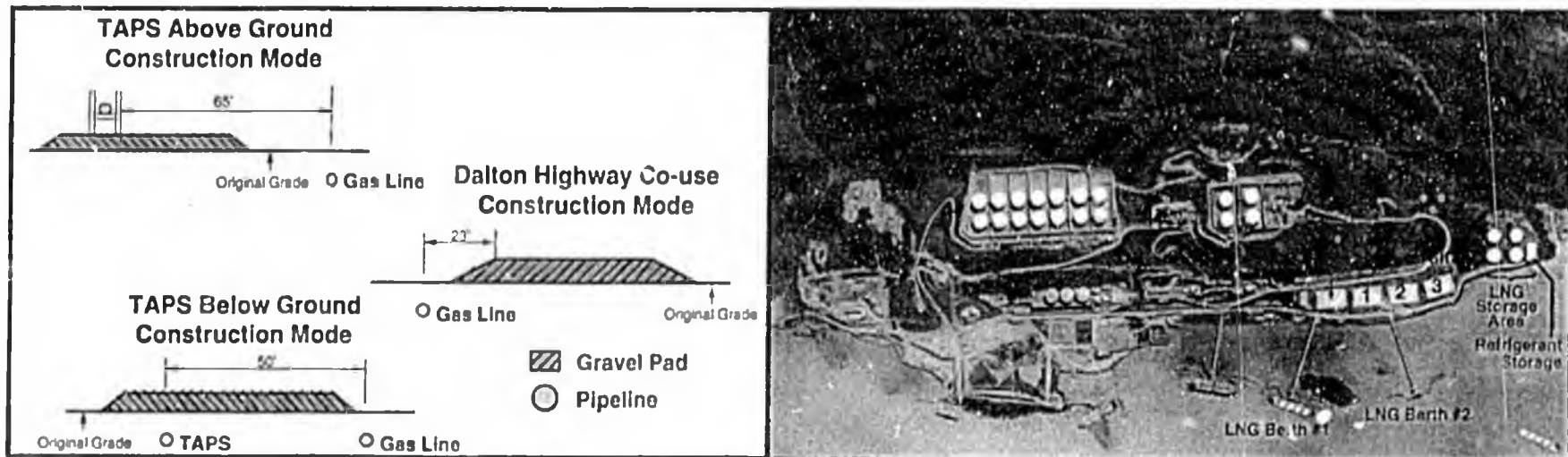


- Major benefit is shorter pipeline route and potentially lower overall project cost.
- Year-round port and shipping operation judged technically feasible.

Infrastructure Sharing

Typical Pipeline Alignments

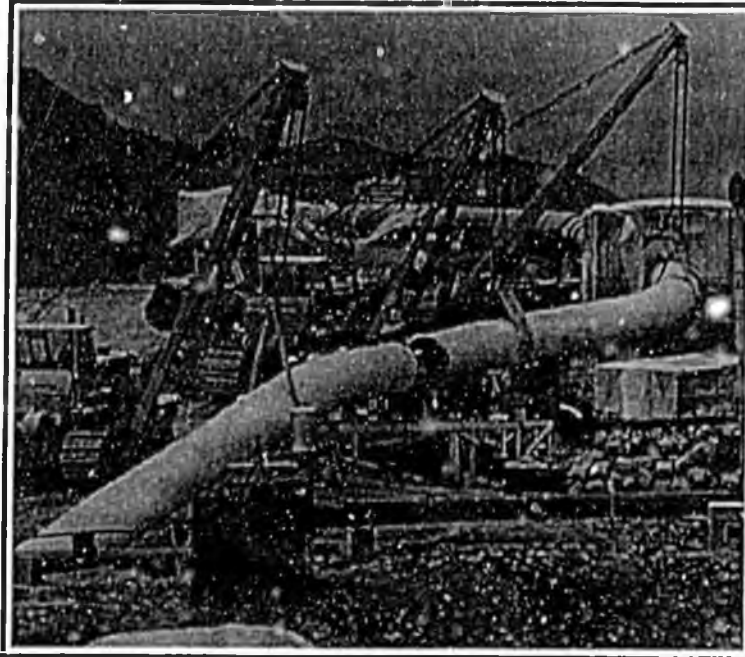
Plot Plan of Valdez LNG Plant / Marine Terminal



- Gas Treating Plant: Prudhoe Bay compression, camps and power generation
- Pipeline: TAPS compressor stations, workpads and State highways
- LNG Plant: Valdez Marine Terminal utilities, civil work and loading berth

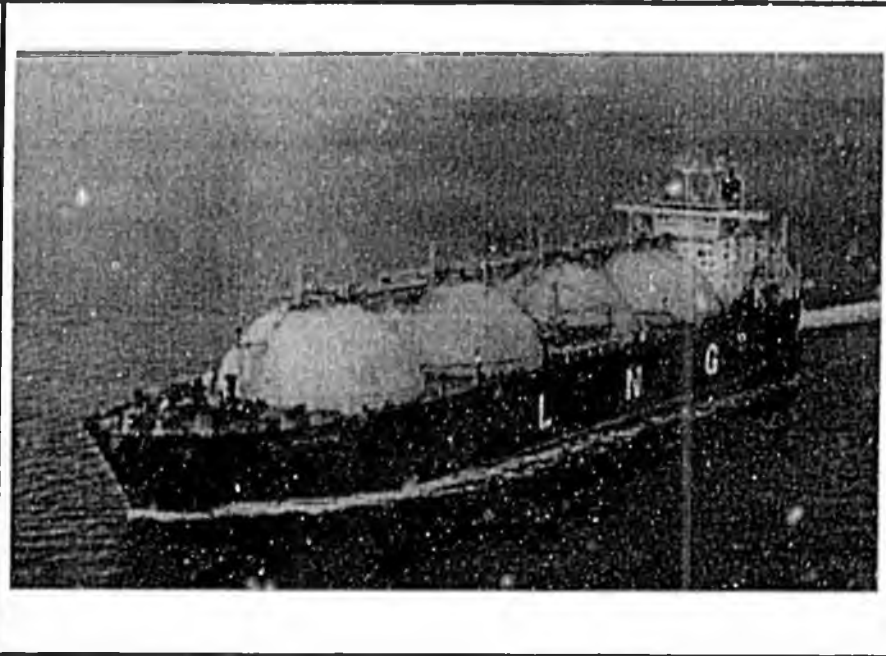
ANS Gas Commercialization

Pipeline Construction



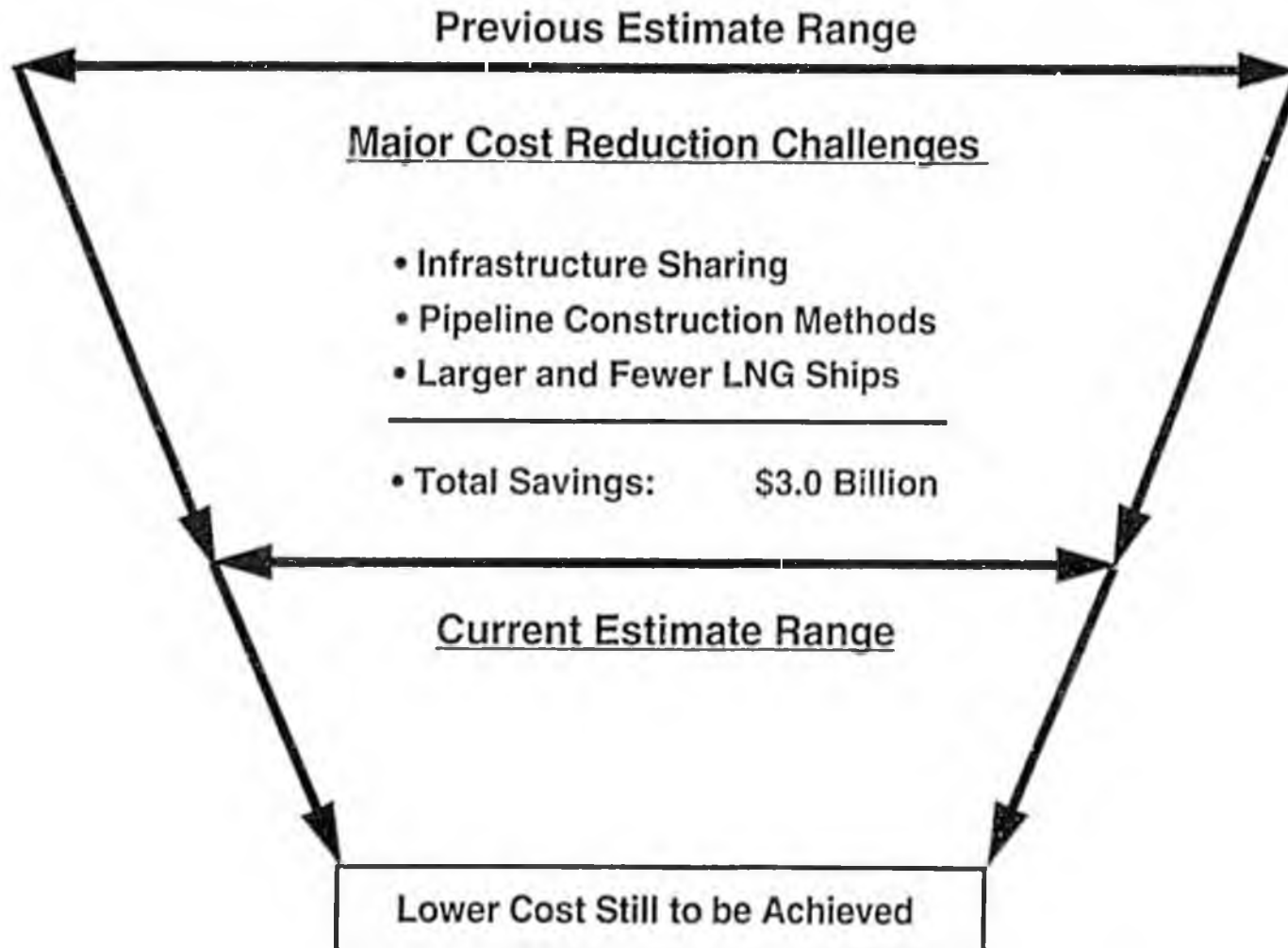
- Arctic application of state-of-the-art ditching machine
- Use of high strength X-90 pipe
- Increased lay rate

Shipping

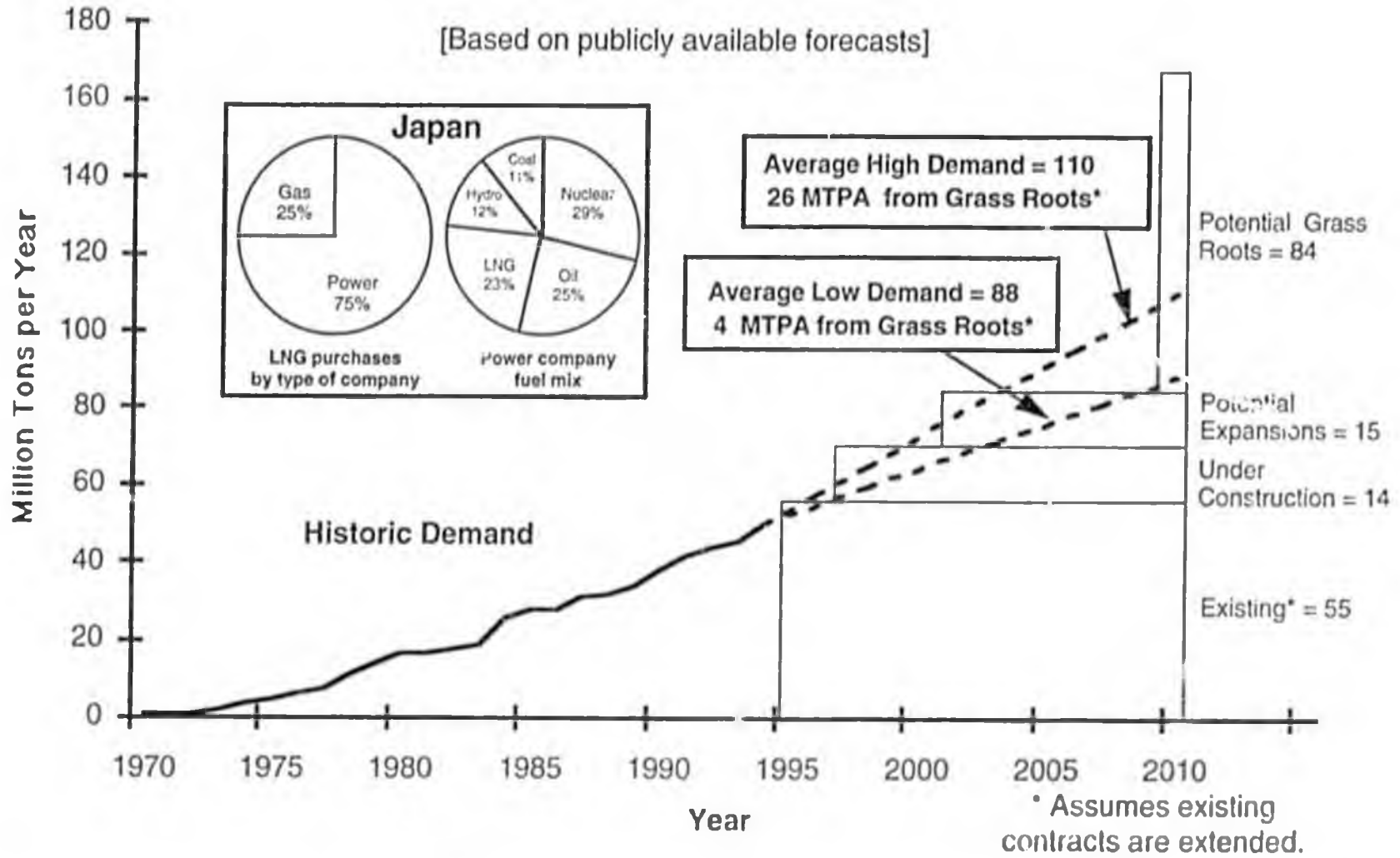


- Marine shipping simulation model
- Data on North Pacific wind and wave conditions
- Data on Bering Sea ice conditions
- Increased vessel size

Cost Estimates



Far East LNG Demand & Possible Need for Grass Roots Projects



ANS Gas Commercialization

Far East LNG Supply

Existing		Under Construction		Potential	
<u>1960's</u>		Malaysia - MLNG II	8	Expansions:	
Alaska - Cook Inlet	1	Qatar - QatarGas	6	Australia - NWS 4/5	5
<u>1970's</u>				Indonesia - Badak G/H	5
Abu Dhabi	5			Malaysia - MNLG III	5
Brunei	7				15
Indonesia - Arun	12			Grass Roots:	
Indonesia - Badak	15			Alaska - ANS	14
<u>1980's</u>				Australia - Gorgon	6
Australia - NWS	7			Australia - Petrel	2
Malaysia	8			Australia - Scarborough	5
				Indonesia - Natuna	15
				Oman	6
				Papua New Guinea	6
				Qatar - Ras Laffan	10
				Qatar - Enron	5
				Sakhalin	10
				Yemen	5
					84
Total	55	Total	14	Total	99

- Large number of potential projects competing for market.
- Potential Alaskan project one of the largest.