

## GULF OF ALASKA COASTAL COMMUNITIES COALITION (GOAC3)

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### “THE GULF CHANNEL MARKER<sup>©</sup>”

Issue “August 1, 2004<sup>1</sup>”

**Focus on: “CQE – COMMUNITY QUOTA ENTITY:  
Community Purchase options for halibut and sablefish”**

- I. **Important Dates:** Fisheries calendar
- II. **Important to Know:** 2004 Halibut Total Allowable Catch (TAC)
- III. **MAJOR ISSUE: Community Quota Entity (CQE) & Community Purchase of Halibut and Sablefish Quota Shares in the Gulf of Alaska**
- IV. **Archives**
- V. **Next Gulf Channel Marker Issue:** “Groundfish Rationalization in the North Gulf of Alaska and its implications”
- VI. **Join Us**

#### I IMPORTANT DATES<sup>2</sup>

#### MARK YOUR CALENDAR

- **North Pacific Fishery Management Council:** Check the NPFMC for their meeting schedule and for committee meetings, etc. Next scheduled meeting begins October 6, 2004, in Sitka. <http://www.fakr.noaa.gov/npfmc/> (See also *The Gulf Channel Marker* #2, July 15, 2003, for detailed information on “Getting Involved in the Council Process”)
- **Alaska Board of Fisheries – BOF**  
<http://www.state.ak.us/adfg/boards/fishinfo/bofhome.htm>  
Check the BOF or the GOAC3 web site for the BOF 2004-05 calendar. Also, check out their new newsletter
- **Gulf of Alaska Coastal Communities Coalition (GOAC3):** Next Board of Directors meeting: October 1, 2004, Anchorage.

**CHECK OUR WEB SITE FOR A DETAILED CALENDAR OF GOAC3 AND FISHERIES RELATED EVENTS: [www.goac3.org](http://www.goac3.org)**

<sup>1</sup> Edited by Gale K. Vick, GOAC3 Executive Director

<sup>2</sup> For other current calendar items, check our web site @ [www.goac3.org](http://www.goac3.org)

## II **IMPORTANT TO KNOW: 2004 TAC for Halibut and Sablefish**

### A. **IPHC (INTERNATIONAL PACIFIC HALIBUT COMMISSION) 2004 TAC**

At its January meeting in Juneau this year, the International Pacific Halibut Commission set the TAC (total allowable catch/in pounds) for the upcoming 2004 season. The commission set the total 2004 allocation for Alaska, Canada, Washington, Oregon and California at 76.5 million pounds for, up from 74.9 million pounds in 2003. Catch limits in the Gulf of Alaska Areas 3A, 3B and 2C are as follows: (amounts quoted in millions of pounds.)

<u>AREA</u>	<u>2004 TAC<sup>1</sup></u>	<u>2003 TAC</u>	
3A (Central Gulf)	25,060,000	22,630,000	up in 2004
3B (Western Gulf)	15,600,000	17,130,000	up in 2004
2C (Southeast)	<u>10,500,000</u>	<u>8,500,000</u>	down in 2004
TOTAL GOA	511,600,000	482,600,000	

The season will run from Feb. 29 to Nov. 15, slightly longer than last year's, which ran from March 1 to Nov. 15. Fishermen have been pushing for a longer season, hoping to stay ahead of a growing halibut farming industry by providing fresh, wild halibut year-round but the IPHC responded to staff recommendations that a year-long season would be too difficult to manage and do stock assessments.

### B. **THE TAC FOR SABLEFISH (BLACK COD) (GULF OF ALASKA ONLY)**

<u>AREA :</u>	<u>2004 TAC</u>	<u>2003 TAC</u>	
CG (Central Gulf)	12,874,864	11,358,099	
SE (Southeast)	8,311,342	7,848,376	
WG (Western Gulf)	5,167,582	4,532,658	
WY (Western Yakutat)	<u>4,925,076</u>	<u>4,466,520</u>	
TOTAL GOA	31,278,864	28,205,653	up in 2004

**NOTE:** For the complete 2004 TAC and QUOTA SHARE POOL for both Halibut and Sablefish, please refer to the NMFS/RAM diagram at the end of this document. Or visit the NMFS/RAM web site for further information.

<http://www.fakr.noaa.gov/ram/ifgreports.htm>

### C **CURRENT MARKET PRICES FOR HALIBUT AND SABLEFISH IFQS:**

There are many brokers for halibut and sablefish IFQs. Prices and availability fluctuate all the time, specific to area, class and blocked or unblocked shares. The GOAC3 does NOT endorse ANY IFQ brokerage firm. The following information is offered to illustrate current available prices.

The Permit Master: <http://www.permitmaster.com/halibut.htm>

Dock Street Brokers

[http://www.dockstreetbrokers.com/dockstreetbrokers/dockstreetbrokers\\_5.ht](http://www.dockstreetbrokers.com/dockstreetbrokers/dockstreetbrokers_5.ht)

**Gulf of Alaska Coastal Communities Coalition (GOAC3)  
FAQ s for Amendment #66 & Community Quota Entities (CQEs)  
FIRST EDITION  
Community Halibut and Sablefish Purchase Program<sup>2</sup>  
AUGUST 1, 2004<sup>3</sup>**

The following are some Frequently Asked Questions (FAQs) about the newly approved Amendment #66 / Community Quota Entity (CQE) for the community purchase of Halibut and Sablefish for eligible communities within the Gulf of Alaska.

These FAQs were developed by the Gulf of Alaska Coastal Community Coalition (GOAC3) in response to questions from community representatives, utilizing currently available information within the National Marine Fisheries Service, the State of Alaska and other agencies. The Halibut and Sablefish Program and the subsequent amendments, including Amendment #66, are complicated. We anticipate that many more questions might need clarification. We recommend first that all interested parties carefully study the "Final Rule" for this program in the April 30, 2004 *Federal Register*, a copy of which is available through many of the web sites in this document or by calling the GOAC3 offices.

We hope that this document will cover enough basics of the program for eligible communities to consider their options but it is not meant to be inclusive and is subject to change as necessary.

Finally, the intent of Amendment #66 was to give the eligible communities as much flexibility and opportunity as possible in developing their own approaches. Therefore, it is recommended that communities consider both the requirements of the law and many considerations that the law does not cover.

**TABLE OF CONTENTS:**

<b>1</b>	<b>What is Amendment #66?</b>	<b>P 4</b>
	How does Amendment #66 apply to the regular IFQ program?	
	How is Quota Share determined?	
	Who owns the quota shares? / IFQs?	
	How much QS will each community get?	
	What are the restrictions?	
	How is Amendment #66 governed?	
<b>2</b>	<b>What is a CQE?</b>	<b>P 7</b>
	Who are the eligible communities?	
	Who approves the CQE?	
<b>3</b>	<b>What are the basic steps in forming a CQE?</b>	<b>P 9</b>
	General & Specific Considerations	
	What are the CQE program and reporting requirements?	
<b>4</b>	<b>How will Quota Share be purchased?</b>	<b>P 12</b>

## 5. Conclusion

6. **How do I get more information?** P 13  
Final Rule Federal Register April 30, 2004  
Federal, state and other resources
7. **Addendum:** P 14  
Glossary  
References  
Disclaimer
8. **Attachments:**  
Chart of Eligible Communities in the GOA and Approving Entities  
GOAC3 Chart of Steps for Developing a CQE  
NMFS/RAM 2004 H&S TAC & QSP

## 1. WHAT IS AMENDMENT #66 ?

Amendment #66 is an amendment to the current Halibut and Sablefish IFQ (Individual Fishing Quota) program that was passed in 1995 by the North Pacific Fishery Management Council (NPFMC.) The amendment was designed to help correct the out migration of halibut and sablefish quota share from smaller coastal communities within the Gulf of Alaska, inclusive of IPHC (International Pacific Halibut Commission) Areas 3A, 3B and 2C, seen as an unintended consequence of the Halibut and Sablefish program.

The Gulf of Alaska Coastal Community Coalition (GOAC3) began promoting the amendment in 1999 with the introduction of preliminary socio-economic information that illustrated the economic impacts of the out-migration of quota share in combination with other fisheries-related economic factors.

Amendment #66 was proposed solely to provide for the sustained participation of small, fishery-dependent, rural communities in the Gulf of Alaska in the IFQ fisheries. The amendment was intended to provide fishing opportunities for residents of the target communities, as well as minimize the adverse economic impacts of the current IFQ program on such communities. The concept indicated a change was necessary in the distribution of halibut and sablefish quota share.

Amendment #66 was passed unanimously by the Council on April 10, 2002. The National Marine Fisheries Service (NMFS) published proposed regulations for the program on October 16, 2003 in the *Federal Register*. There was a 45 day commentary period. Comments received during this time were then reviewed for application to the proposed Final Rule. The Final Rule was published on April 30, 2004 and became effective June 1, 2004. The Final Rule is available through several web links, including [www.goac3.org](http://www.goac3.org).

An excellent source of information about the amendment is “Amending the IFQ Program: A New Opportunity for Gulf of Alaska Coastal Communities” developed by Phil Smith, Restricted Access Management, National Marine Fisheries Service, May 2004. This power point presentation may be downloaded from the following web site:  
<http://www.fakr.noaa.gov/ram/cqp.htm>

**1a HOW DOES THE REGULAR HALIBUT AND SABLEFISH IFQ PROGRAM APPLY TO AMENDMENT #66?**

Amendment #66 does not change the Halibut and Sablefish IFQ program. It amends the program to allow eligible communities within the Gulf of Alaska to be legitimate purchasers of quota share under a non-profit structure and to lease those to *qualified local residents*. All the normal rules of the Halibut and Sablefish program apply except as amended specifically for the CQEs under the April 30, 2004 “Final Rule.”

**1b HOW IS ANNUAL QUOTA SHARE DETERMINED?<sup>4</sup>**

Quota share is determined on a formula developed at the onset of the Halibut and Sablefish IFQ program in 1995. Every year, the International Pacific Halibut Commission and the North Pacific Fishery Management Council decide the Total Allowable Catch (TAC) for each administrative area for both halibut and sablefish.

Once the fisheries managers at IPHC and NMFS determine the annual TAC, NMFS / RAM division calculates the annual IFQs.

For each area in which a person holds QS, the amount of QS held is divided by the amount of all the QS that has been issued for that area. This is the Quota Share Pool, or QSP. The resulting fraction is then multiplied by the TAC for that area. The equation yields the number of pounds of IFQ that may be harvested for the season, derived from the QS held. The formula is:

$$QS + QSP \times TAC = IFQ$$

In many cases, the resulting IFQ number is adjusted slightly (up or down) depending on fishing activities in the previous season. If the IFQ holder recorded overages (caught more fish than the permit allowed), the current annual permit account could reflect a debit of those pounds. However, if the IFQ did not catch as many pounds as allowed by the IFQ permit, up to 10 percent of the previous season amount might be added as an adjustment to the current season.

The adjustment follows the QS. This means that if the QS transferred from one person to another, the remaining balances of QS holders were adjusted by adding or subtracting pro-rata shares of remaining balances of persons who fished the IFQ. Then all the current year adjustments are calculated. In other words, in the current year, IFQ amounts are adjusted by overages and underages due to the previous years under and over fishing by persons who fished the IFQ, regardless of whom that might have been.

The annual TACs for both halibut and sablefish are set by the IPHC and the NPFMC some time before the opening of the season. The QSPs are calculated using January 31<sup>st</sup> figures.

**1c WHO “OWNS” THE QUOTA SHARE / IFQS?**

Quota Shares (QS) are issued – for an undefined period of time - to eligible participants or buyers, in accordance with the program, but they are still “owned” by the federal government. IFQs are the annual allocations of poundage (relevant to the amount of quota share held) allowed to be fished per quota share during a given year. Under Amendment #66, eligible CQEs may be qualified holders of quota share for lease to eligible local residents.<sup>5</sup> Quota Share are leased on an annual basis to qualified local residents who must be eligible to receive an IFQ permit.

**1d HOW MUCH QS WILL EACH COMMUNITY GET? WHAT ARE THE RESTRICTIONS?**

The Halibut and Sablefish IFQ program is a complicated program. An elaborate “use cap” system was designed to prevent consolidation of quota share into the hands of only a few people. The CQEs are subject to the general rules of the Halibut and Sablefish IFQ program along with a few additional rules:

- a. There are two types of use caps under Amendment #66:
  - caps on each community’s holdings, and
  - cumulative caps on all community holdings..

Community use caps (held by CQEs on behalf of the communities.

- 1% of 2C halibut QS ( 600k units)
- 0.5% of all GOA halibut QS (1500k units)
- 1% of SE sablefish QS (688k units)
- 1% of all sablefish QS (3230k units)

Cumulative use caps on all CQE / community QS holdings as follows:

First year	3%
Second year	6%
Third year	9%
Fourth year	12%
Fifth year	15%
Sixth year	18%
Seventh year	21%

- b. Communities located in halibut management areas 3A and 3B are prohibited from buying area 2C halibut quota.
- c. Communities represented by CQEs cannot purchase more than 3% halibut or sablefish in any management area in the first year. This goes up 3% a year for 7 years for a program cap of 21% in each management area.
- d. Each community represented by a CQE would be limited to 10 blocks of halibut and 5 blocks of sablefish for each management area. Smaller “sweep up” blocks cannot be purchased.
- e. “D” class halibut quota shares (vessels less than 35 feet) cannot be purchased in halibut management areas 2C and 3 A. Purchase of “D” class is permitted in area 3B. (Sablefish quota shares are not similarly restricted.)
- f. Community quota shares can be fished on any size vessel regardless of their “class” designation.
- g. Potential lessees can hold no more than 50,000 pounds of halibut IFQ — including halibut IFQ owned by lessee. Potential lessees can hold no more than 50,000 pounds of sablefish IFQ — including sablefish IFQ owned by lessee.
- h. No vessel participating in the community QS program could be used to harvest an amount of IFQ greater than 50,000 lb of halibut and 50,000 of sablefish, inclusive of all IFQ fished aboard the vessel.

- i. Potential lessees must have at least 12 months residency in the qualifying community, possess a Transfer Eligibility Certificate and be aboard the vessel when leased IFQ is fished.
- j. The CQE is restricted in the sale of its quota shares to using revenues to improve, sustain or expand the opportunities for community residents to participate in the IFQ halibut and sablefish fisheries.

**In a future revision of this FAQ, there will be tables illustrating the ranges of quota share available to CQEs.**

**1e HOW IS AMENDMENT #66 GOVERNED?**

The North Pacific Fishery Management Council, acting under the authority of the International Pacific Halibut Commission (IPHC) and the Magnuson-Stevens Fishery Conservation Management Act (Mag Act) is the author of Amendment #66. The approvals for the amendment went through a thorough review by the National Marine Fisheries Service, NOAA (National Oceanic and Aeronautical Administration) general counsel and was ultimately subject to approval of the U.S. Secretary of Commerce.

The IPHC governs halibut through an international treaty with Canada and gives authority to the North Pacific Council and NMFS. Sablefish are governed solely by the National Marine Fisheries Service and the North Pacific Council.

National Standard 8 of the Magnuson-Stevens Fishery Conservation Management Act mandates that “conservation and management measures shall, consistent with the conservation requirements of this Act (including the prevention of overfishing and rebuilding of overfished stocks), take into account the importance of fishery resources to fishing communities in order to (A) provide for the sustained participation of such communities, and (B) to the extent practicable, minimize adverse economic impacts on such communities. “

**2. WHAT IS A CQE?**

A CQE (Community Quota Entity) is a non-profit organization that will be the purchaser of quota share to lease to community residents. CQEs:

- a. must have been formed *after* April 10, 2002
- b. must follow the Alaska state laws for incorporation
- c. must submit a letter of support from the community governing body.( The regulations identify the community governing body. In the case of most communities this is the City Council, tribal council or community association.)
- d. must represent all members of the community
- e. are subject to the approvals of the Halibut and Sablefish Program regulatory agency – National Marine Fisheries Service / Restrict Access Management

**2b WHO ARE THE ELIGIBLE COMMUNITIES & WHO APPROVES A LOCAL CQE?**

In considering the requirements for determining criteria for which Gulf of Alaska communities should be included as eligible, the North Pacific Fishery Management Council adopted the following general rules:

- The community must be in the Gulf of Alaska

- The community must have a population of fewer than 1500 people according the 2000 census
- The community must have direct access to saltwater
- The community must lack direct access (road system) to a larger community
- The community must have some historic participation in the commercial halibut and sablefish fisheries and,
- The community must have been specifically designated as eligible by the North Pacific Council

**GOA ELIGIBLE COMMUNITIES (populations from 2000 Census)**

<u>AREA</u>	<u>COMMUNITY</u>	<u>POP.</u>	<u>APPROVING ENTITY</u>
3A	Akhiok	80	City of Akhiok
14 comm.	Chenega Bay	86	Chenega IRA
2711 Pop.	Halibut Cove	35	N/A
	Karluk	27	Native Village of Karluk
	Larsen Bay	115	City of Larsen Bay
	Nanwalek	177	IRA Council
	Old Harbor	237	City of Old Harbor
	Ouzinkie	225	City of Ouzinkie
	Port Graham	171	Village Council
	Port Lions	256	City of Port Lions
	Seldovia	286	City of Seldovia
	Tatitlek	107	Native Village of Tatitlek
	Tyonek	193	Native Village of Tyonek
AREA 3B	Chignik	79	City of Chignik
7 Comm.	Chignik Lagoon	103	Chignik Lagoon V.C.
2200 Pop.	Chignik Lake	145	Traditional Council
	Ivanoff Bay	22	Village Council
	King Cove	792	City of King Cove
	Perryville	107	Native Village
	Sand Point	952	City of Sand Point
AREA 2C	Angoon	572	City of Angoon
21 comm.	Coffman Cove	199	City of Coffman Cove
8119 pop.	Craig	1397	City of Craig
	Edna Bay	49	Edna Bay Comm. Assn.
	Elfin Cove	32	Elfin Cove Comm. Assn.
	Gustavus	429	Gustavus Comm. Assn.
	Hollis	139	Hollis Comm. Assn.
	Hoonah	860	City of Hoonah
	Hydaburg	383	City of Hydaburg
	Kake	710	City of Kake
	Kasaan	39	City of Kasaan
	Klawock	854	City of Klawock

Metlakatla	1375	Indian Village of Metlakatla
Meyers Chuck	21	N/A
Pelican	163	City of Pelican
Point Baker	35	Community Assn.
Port Alexander	81	City of Port Alexander
Port Protection	63	Community Association
Tenakee Springs	104	City of Tenakee Springs
Thorne Bay	557	City of Thorne Bay
Whale Pass	58	Whale Pass Community Assn.

### **3 WHAT ARE THE BASIC STEPS IN THE FORMATION AND FUNCTIONING OF A CQE?**

#### **3a GENERAL CONSIDERATIONS**

*Each Community must consider whether or not it wants to form a new non-profit corporation- or be part of a group of communities in a single non-profit - and have that corporation apply to National Marine Fisheries Service to qualify as the Community Qualified Entity. The qualified entity would then be eligible to purchase and hold halibut and sablefish quota shares for lease to eligible local residents. A CQE can be a group of communities but a single community cannot have more than one CQE.*

To set up a CQE, each interested community should initiate discussion regarding criteria for who within the community would qualify for fishing community IFQ. The #50,000 individual and vessel limitations must be considered. Leasing criteria could include proposed number of residents to be employed, lease percentage returned to the CQE, economic need of applicant, quality of equipment, alternative economic opportunities for applicant, etc.

The community should further consider whether or not it would make sense, for administrative purposes, to work with one or more CQE's from the same geographical area. A single regional administrative office/person may prove much more efficient than individual CQE management. This is particularly true for the annual reporting and issuance of IFQ.

There will be annual reviews of this program and a substantial review within five years and the administration of the CQEs will be scrutinized carefully in determining the success of the program. However, the CQEs will have a lot of latitude to be creative and innovative.

There are a number of additional provisions and considerations regarding qualifying the CQE and annual reporting. Please refer to the April 20, 2004 "Final Rule."

#### **3b SPECIFIC CONSIDERATIONS**

There are many steps and levels in considering the formation and functioning of a CQE. The following include some of the basic steps but this is not an inclusive list. As CQEs are developed, many new questions are likely to arise.

**LOCAL:** An eligible community should first start by:

- assessing its interest in the program

- examining the details of the Final Rule (*Federal Register April 30, 2004*)
- assessing the sustainability of participation
- getting local support *and approvals* for developing a CQE
- funding the initial development of the CQE
  - seeking general counsel
  - developing by laws and articles of incorporation <sup>6</sup>
  - developing a business plan
  - submitting applications to the state and federal agencies as a 501(c)3 non-profit
- Seeking ways to finance the purchase of quota share
- Deciding how to manage the program and meet reporting requirements

**FEDERAL:** The National Marine Fisheries Service – Restricted Access Management Division (NMFS –RAM) is the agency responsible for approval and oversight of any IFQ application. CQEs and leasees of quota share must go through the regular IFQ program process for their applications.

When a non-profit has obtained support from one or more eligible community(ies), it applies to NMFS for CQE status; applications must (minimally) include

- Articles of Incorporation and By-laws
- Organizational Chart and explanation of management structure
- Statement describing procedures that will be used to distribute annual IFQ to residents of communities represented by the corporation
- Formal statements of support (resolutions) from governing body(ies) of eligible community(ies)

When a non-profit seeking CQE status applies, RAM will

- Review the application for completeness and accuracy
- Ask for clarification or additional documentation

When application is complete and accurate

- RAM will provide it to the State of Alaska for a 30-day review period
- The State may ask for additional information and may comment on the application to NMFS. However, the State does not have “veto” power over an application

Following consideration of comments by the State (if any), RAM may

- Approve the application
- Partially approve the application (e.g., approve for only some eligible communities), or
- Deny the application<sup>7</sup>

Upon approval of an application, RAM will certify that

- The non-profit entity is a designated CQE, and may act on behalf of the named community(ies), and that
- The CQE may hold and use QS on behalf of those community(ies)
- The CQE will be issued a “Transfer Eligibility Certificate” (TEC) and will be eligible to enter QS market on behalf of its eligible community(ies).

But certain limits and special rules for CQEs will apply

**STATE:** The Alaska Department of Commerce and Economic Development (DCED) is the agency responsible for issuing business permits and ensuring that the program requirements are met.

**3c SUMMARY:<sup>8</sup> CQE PROGRAM DEVELOPMENT**

Eligible Communities may establish new non-profit corporations to act on their behalf; if they do, then

- The non-profits apply to NMFS for authority to receive and hold QS
- When the application is approved, the non-profit is certified as a Community Quota Entity (CQE) and enters the QS market
- CQEs who hold QS then “lease” annual IFQ permit amounts to community residents
- CQEs remain in the market, and buy/sell QS as their finances and interests allow
- The NPFMC reviews the program in five years

**3d SUMMARY: CQE PROGRAM REQUIREMENTS<sup>9</sup>**

- Eligibility for leasing of IFQ resulting from community owned QS shall be limited to residents of the eligible community
- Communities must submit an application to NMFS and describe how their use of quota share will comply with program guidelines. The applications must maximize benefit from use of community IFQ for crew members that are community residents, insure that benefits are equitably distributed throughout the community, and insure that quota share allocated to an eligible community entity will not be held and unfished.
- A detailed statement of eligibility must be submitted to NMFS including a certificate of incorporation, verification as a qualified entity, documentation demonstrating accountability to the community, and an explanation of how community entity intends to implement performance criteria.
- A detailed Annual Report must be submitted to NMFS including a summary of business, employment, and fishing activities under the program, a discussion of corporate structure of entity, specific step taken to meet the performance standards, and a discussion of known impact to resources in the area.
- Communities represented by CQE’s cumulatively would be limited to holding a maximum of 3% of the total halibut and sablefish QS in each area in area for the first seven years of program, with a 21% total by area.
- Restrictions would apply to QS transfer by CQE outside the program to ensure the goals of program are met.
- Communities participating in this program must adhere to performance standards

established by NMFS in regulation.

### **HOW WILL COMMUNITY QUOTA SHARE BE PURCHASED?**

There is no fiscal note attached to this amendment. It will be incumbent on each CQE to obtain their own funding for the purchase of halibut and sablefish quota share.

With the halibut quota market at an all time high, does it make economic sense to purchase halibut quota shares?

#### **A possible scenario<sup>10</sup>:**

Larger blocks of halibut quota share in area 3A are selling in the \$12.00 to \$14.00 range. Assuming a purchase price of \$13,00., 100,000# of IFQ would cost approximately \$1,300,000. This quota, delivered to Kodiak, would currently average about \$3.00 per pound. Gross revenues would thus be \$300,000 (Less 3% tax paid to NMFS for enforcement and loan program.). Assuming a lease rate of 40%, the net return to the ownership entity would be \$120,000. If the quota were purchased with 50% of the money borrowed and 50% down (common requirement from traditional banking sources) at a rate of 7% (current commercial rate) the annual debt service would be \$45,500. If 100% of the purchase price were Financed, the annual debt service at 7% would be \$91,000 -- at 8% it would be \$104,000. Even with the higher IFQ purchase prices, there would be an economic return on the investment.

### **WHAT ARE SOME POSSIBLE FUNDING SOURCES?**

- a. In June of 2004, Governor Frank Murkowski signed a bill into law to allow CQEs to apply for loans currently available only to individuals through the Alaska Division of Investments. This bill, promoted by the Governor, has significant potential for loan-interest loans, if all criteria are satisfied, including a 35% match or collateral.
- b. Some people feel that the NMFS IFQ loan program ( the 3% tax loan program) should be redefined to include CQEs as eligible participants. This is not currently an option.
- c. Alaska's commercial banks may consider preferred and/or guaranteed loan options. The magnitude of the Community IFQ program, community economic goals and the stability of IFQ as collateral should persuade banks to consider unique loan opportunities. i.e. longer payment terms, lower interest payments, less money down etc. Commercial banks may require ANCSA corporations to provide loan guarantees.
- d. BIA loan guarantees may be possible and should be explored. Also there may be some grant funding available through BIA.
- e. Private foundations often support economic development and stability in rural communities. Grant possibilities need to be investigated. Many grants require matching amounts by the grantee.
- f. Government funding may be possible. Some municipalities and boroughs may decide to provide funding. State and Federal funding, either direct appropriations or loans

may be possible. However, government funding for larger amounts of IFQ in the current financial environment seems improbable.

- g. ANCSA corporations wishing to provide village shareholders with jobs and revenue sources may be willing to make annual contributions to the CQE for their community.

## CONCLUSION

“The North Pacific Fishery Management Council and the National Marine view this IFQ program amendment as a way to help small GOA communities to enhance their fishing economies but it provides no allocation nor guarantees of success. Instead, it provides an *opportunity*. The success of the program will depend on the imagination and hard work of the communities and the organizations they form to represent them.

“ Amendment #66 Power Point presentation developed by Phil Smith, NMFS/RAM, “Amending the IFQ Program” December 4, 2003.

## HOW DO I GET MORE INFORMATION?

Both the National Marine Fisheries Service (federal) and the State of Alaska have essential roles in approvals and monitoring of CQEs. NMFS RAM Division must approve both the CQEs and the purchase, leasing, transfer, etc., of any quota share/ IFQs. The State of Alaska must approve business licenses and program reporting. The North Pacific Fishery Management Council must eventually review the program.

To obtain a copy of the “Final Rule: Amendment #66 Halibut and Sablefish Program in the North Pacific” (The *Federal Register*, April 30, 2004 pages 23681-2369) go to the following state, federal or GOAC3 web sites.

Questions and comments on policy issues should be addressed to the North Pacific Fishery Management Council in Anchorage. <http://www.fakr.noaa.gov/npfmc/>

Questions and comments on implementation process should be directed to the National Marine Fisheries Service / Restricted Access Management Division in Juneau.

<http://www.fakr.noaa.gov/ram/cqp.htm>

[www.fakr.noaa.gov/ram/cqp/COEStatus.pdf](http://www.fakr.noaa.gov/ram/cqp/COEStatus.pdf)

Also, check out the annual “Report to the Fleet”

Questions and comments on assistance from the State of Alaska should be directed to the Alaska Department of Community and Economic Development in Juneau.

[http://www.dced.state.ak.us/bsc/CDQ/cqe/apply\\_cqe.htm](http://www.dced.state.ak.us/bsc/CDQ/cqe/apply_cqe.htm)

[http://www.dced.state.ak.us/bsc/CDQ/cqe/requirement\\_cqe.htm](http://www.dced.state.ak.us/bsc/CDQ/cqe/requirement_cqe.htm)

[www.commerce.state.ak.us/investments/pdf/cqe.pdf](http://www.commerce.state.ak.us/investments/pdf/cqe.pdf)

Questions and comments on community participation through the GOAC3 should be directed to the GOAC3. [www.goac3.org](http://www.goac3.org)

Other pertinent web sites: The International Pacific Halibut Commission:

<http://www.iphc.washington.edu/halcom/default.htm>

## ADDENDUM

### 7a GLOSSARY

CQE	Community Quota Entity
EA/RIR	Environmental Assessment / Regulatory Impact Review
IFQ	Individual Fishing Quota
IPHC	International Pacific Halibut Commission
NOAA	National Oceanic and Atmospheric Admin
NMFS	National Marine Fisheries Service
NPFMC	North Pacific Fishery Management Council
RAM	Restricted Access Management (NMFS)
QS	Quota Share
QSP	Quota Share Pool
TAC	Total Allowable Catch

### 7b REFERENCES

- NPFMC EA/RIR<sup>11</sup>, January 2002
- NPFMC motion, April 10, 2002
- *Federal Register*, October 16, 2003, Proposed Rule
- Amendment #66 Power Point presentation developed by Phil Smith, NMFS/RAM, “Amending the IFQ Program” December 4, 2003
- *Federal Register*, April 30, 2004 Final Rule
- NFMS-RAM, Alaska DCED-CQE, IPHC and other web sites
- National Standard #8, Sustainable Fisheries Act / Magnuson Stevens Fishery and Conservation Management Act reauthorization of 1996
- Nat'l Academies Press: “Sharing the Fish: Toward a National Policy on Individual Fishing Quotas” National Research Council, 1999
- GAO # GAO-04-277 report to Congressional Requestors, February 2004, “Individual Fishing Quotas: Methods for Community Protection and New Entry Require Periodic Evaluation”

## VI JOIN US: SOMETHING YOU CAN DO NOW

**As you can see, the marine-related issues facing our coastal communities are multiple and complex. The Gulf of Alaska Coastal Communities Coalition (GOAC3) is a 501(c)6 non-profit, working hard to protect Gulf of Alaska communities' *sustainable* access to adjacent marine resources in perpetuity. We can't do this without the help of our members and many other organizations. We are one piece of the puzzle, but an important piece.**

**If you are a resident of a coastal community in the Gulf of Alaska and you are not currently a member, please join us in this effort. Contact us directly or through our web site at [www.goac3.org](http://www.goac3.org). Eligible VOTING members of the GOAC3 include Gulf of Alaska boroughs, cities, ANCSA regional and village corporations and tribal councils. NON-VOTING membership is open to everyone for an annual fee of \$100.00.**

## VIII ARCHIVES

Key items in past issues of *The Gulf Channel Marker* include:

Issue 1	July 1, 2003	Introductory and General Information
Issue 2	July 15, 2003	Getting Involved in the Council Process Fisheries Law and Oceans Commission updates
Issue 3	August 1, 2003	Fisheries Market Information Community Spotlight: The Chigniks
Issue 4	August 20, 2003	TAA – Trade Adjustment Assistance
Issue 5	September 5, 2003	Amendment #66, Community Purchase of Halibut and Sablefish – Pending Final Rule

**ALL PAST AND CURRENT ISSUES OF *THE GULF CHANNEL MARKER* ARE AVAILABLE TO GOAC3 MEMBERS ONLY. IF YOU ARE NOT CURRENTLY A MEMBER, PLEASE CALL THE GOAC3 OFFICES AT 907-561-7633 OR E-MAIL US @ [goacc@alaska.net](mailto:goacc@alaska.net)**

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<sup>1</sup> In pounds

<sup>2</sup> Written by Gale K. Vick, GOAC3, with information from the National Marine Fisheries Service, the North Pacific Fishery Management Council, the State of Alaska and the U.S. Department of Commerce. Special thanks to Phil Smith, NMFS, for his power point presentations and “Report on Holdings of Individual Fishing Quota (IFQ) by Residents of Selected Gulf of Alaska fishing Communities 1995-2003”

<sup>3</sup> Please note this FAQ is subject to change

<sup>4</sup> NMFS/RAM 2003 “Report to the Fleet”

<sup>5</sup> From the 1996 NMFS “Economic Status of U.S. Fisheries: A Primer” Chapter 1”

“In fisheries, the system of controlled access or quasi-property rights most commonly referred to is the Individual Transferable Quota (ITQ). ITQ’s are essentially paper rights to a share of a particular fishery resource. Fishermen can sell their rights, use them by harvesting fish, or choose to hold them without harvesting. The value attributed to the use right, such as that gained by ownership of an ITQ share, represents the resource rent and reflects what fishermen are willing to pay to harvest that amount of the fish stock. Resource rent is the net revenue in excess of normal profits generated by the harvesting of fish that is due to the fish stock itself. In open-access fisheries, rent dissipation is said to occur because the value of the fish stock is not captured.” [www.st.nmfs.gov/st1/econ/oleo/chap1.pdf](http://www.st.nmfs.gov/st1/econ/oleo/chap1.pdf) -

<sup>6</sup> The GOAC3 has developed a DRAFT template for by-laws and articles of incorporation that are available upon request. The State of Alaska also has a Handbook which details developing legal documents for non-profits operating in Alaska. The GOAC3 encourages each CQE to seek additional general counsel for their specific needs and circumstances.

<sup>7</sup> All denials will be recorded by a formal “Initial Administrative Determination” (IAD). Each IAD will identify the issue(s), provide the background, discuss the record, and provide a detailed explanation of the determination. The IAD will also provide instructions for appealing the determination to the (NMFS) Office of Administrative Appeals

<sup>8</sup> “Amending the IFQ program” by Phil Smith, NMFS/RAM, 2004 , and State of Alaska CQE web site - [http://www.dced.state.ak.us/bsc/CDQ/cqe/requirement\\_cqe.htm](http://www.dced.state.ak.us/bsc/CDQ/cqe/requirement_cqe.htm)

<sup>9</sup> From State of Alaska CQE web site -

[http://www.dced.state.ak.us/bsc/CDQ/cqe/requirement\\_cqe.htm](http://www.dced.state.ak.us/bsc/CDQ/cqe/requirement_cqe.htm)

<sup>10</sup> Developed by Duncan Fields, 2003

<sup>11</sup> Environmental Assessment / Regulatory Impact Review

### DISCLAIMER

**The GOAC3, its Board of Directors, affiliates and contractors make no claim that the above is a definitive list of items for the development of CQEs. Please refer to the “Final Rule” of April 30, 2004 and appropriate state and federal web sites for further detail. If there are any discrepancies, the “Final Rule” is the correct source of information.**