

Alaska Fisheries Development Corporation

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N E W S L E T T E R

May 1979

Dear Members and Friends:

After a long very slow and at moments discouraging winter we are happy to report that the long promised federal funding for the AFDC bottomfish demonstration fishing project is soon to be a reality. This letter will quickly catch you up on the latest events; you can look forward to a full AFDC newsletter in the near future.

FUNDING

Since the last newsletter we have ridden a rollercoaster on the funding issue. Though assured by most all federal staff and congressional personnel involved that funding would be forthcoming the first of December 1978 we were once again sorely disappointed. The Office of Management and Budget (OMB) deferred the 1979 Saltonstall-Kennedy funds (S-K) in late October (just as they had done the previous year with the 1978 S-K funds) pending receipt from National Marine Fisheries Service (NMFS) of a comprehensive national policy for fisheries development. Furthermore, OMB recommended that the (S-K) legislation be totally abolished, thus making the revenues currently dedicated to fisheries development a mere line item in the general budget. This would mean that each year the industry would have to do battle with other competing industries and NMFS/NOAA general budget people in order to secure any funding.

Needless to say, we greeted this news with dismay. A team of three of our board members, Al Burch, Pete Harris, and Connie Taylor, went to Washington D. C. in early January to see if something could be done to change the situation. Work had already begun at the Senate staff level to develop support for a resolution of disapproval; the AFDC team added fuel to that fire. If such a bill passed the Senate, OMB would be forced to release the frozen S-K money. In addition, Senate support for the resolution would indicate support for maintaining the S-K legislation with its dedicated fisheries development funds.

As a result of the coordinated efforts of many -- regional NMFS staff, the North Pacific Fisheries Management Council, Pacific Marine Fisheries Commission, the Resource Development

Council, the State Bottomfish Coordinator, Jim Edenso, the AFDC board along with a sizeable number of Senators and their staffs -- Resolution 50 passed the Senate on March 13, 1979. With funding available we could awake from our winter slumber and begin to make plans again. May 23 and 24 was set as the date for a National Fisheries Conference where the Administration would endorse a national fisheries development policy. At the same time release of funds to some of the projects which comprised the original S-K national proposal was to occur. In fact, on May 23 Anne Wexler, Assistant to the President, presented to industry representatives the first national fisheries development policy ever endorsed by the Executive Branch. With this announcement came the release of the 1979 frozen S-K monies and AFDC was awarded the long-awaited \$1,445 million.

REVISION OF PROGRAM AND IMPLEMENTATION

Pursuant to Senate adoption of Resolution 50, it became necessary for AFDC to revise and update the bottomfish demonstration program which was over a full year old. In order to qualify for funding as of May 23/24 we had to meet a tight deadline. A committee in charge of the revision and monitoring the project was appointed. The committee is composed of John Enge, Chairman; Connie Taylor, Al Burch and Larry Painter. Walt Jones from NMFS Alaska Regional Office and Dick Reynolds from the State Department of Economic Enterprise, sat and will continue to sit with the committee offering support and guidance, thus ensuring programs balanced and coordinated with those of the state and federal governments. By April 12, 1979, a revised proposal had been submitted to NMFS.

Because it is important that the revised proposal not duplicate any state programs either current or proposed, several events took place over this last year that influenced this recent revision. Such events include:

- (1) The depressed status of the Alaska shrimp fishery due to area closures by the State;
- (2) Development by the State of a bottomfish coordinating office which has identified the near-shore inside fishery as one of prime concern to the State and which has and is focusing attention on that arena;
- (3) Two state groundfish projects; one in Ketchikan and one in Cordova which are similar to those originally proposed by AFDC;
- (4) A state ad valorem 1% tax on landed groundfish.

NMFS had accepted in principal the revised proposal by April 18.

In order to ready the revised proposal for implementation, a prerequisite to AFDC's actually receiving the funding, NMFS made available to the Corporation some planning grant monies in early May. This grant made it possible to expand our support staff to include a regular part-time administrative assistant, Ms. Caroline Johnston, and to move the offices to downtown Anchorage - 814 West Second Avenue, Anchorage 99501. The phone number remains the same, (907) 279-8044.

On May 8, a "request for proposal" was sent to selected consultants calling for a descriptive approach to the problem of fleshing out of the revised proposal. That contract will be awarded on June 8, 1979, to be completed in early September.

STATE AUDIT

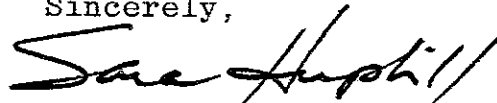
Concerned with the lack of promised federal funding, Representative Terry Gardiner (D-Ketchikan) last fall called for a state audit of AFDC's books. Such audit was completed and approved by the legislative audit committee in mid-February. Though creating somewhat of a flap in the press, the audit inquiry and approval was welcomed by the Board as it served to clear the air and the Corporation's name.

GENERAL OPERATIONS -- Low Profile

There was a method to the seeming madness of the low profile the Board assumed this winter. In order to conserve funds to be able to weather out the long arduous wait for federal funding the Board voted to suspend its monthly scheduled meetings in February and March. In addition, Board members traveled on their own funds, and from the latter part of January through March, the day-to-day operations were also cut back to tasks which would only consume a few hours a day.

On behalf of the Board of Directors I would like to thank each and every one of you who waited out the long winter with us. With the spring has come an infusion of funding which will allow us to get on with the business of developing. Though we have managed the first hurdle we are far from being finished and will be calling on you for support and direction for future operations. We look forward to an exciting and productive year ahead.

Sincerely,



Sara Hemphill
Executive Director

Alaska Fisheries Development Corporation

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EXECUTIVE DIRECTOR'S REPORT

July 16, 1979

Dear Members and Friends:

Pending the end of the fishing season when Connie Taylor can get a full-blown Newsletter to you, I am sending you this Executive Director's Report to keep you informed, if not entertained.

June 8, 1979 Board Meeting

June for AFDC began with the selection of a consultant to take charge of the task of fleshing out the revised fishing demonstration proposal in order to ready it for implementation. In addition to Wesly Johnsen, the Canadian technical expert, four firms made timely formal responses to the May 8 request for proposal (RFP). They were: Earl R. Combs, Inc. of Seattle; Dames and Moore, Anchorage; Leonard Lane, Associates, Anchorage and Juneau; and Richard G. Wilson and Associates, Anchorage.

Members of the Executive Committee and available Board members devoted the afternoon and evening of June 7 to meeting with the individual consultants to discuss in depth their proposals. Those Board members present were Al Burch, Connie Taylor, Ralph Eluska (sitting in for Pat Pletnikoff), John Enge, and Pete Harris. After brief presentations by the consultants to the full Board on Friday morning, the Board went into executive session where the review committee reported to the other Board members its findings of the previous afternoon. The Board then selected the Dames and Moore proposal with modifications. Dames and Moore will be working with Wes Johnsen as their technical gear expert.

The Board was very impressed with, and appreciative of, the time and effort expended by the consultants in preparation of their answers to the RFP. The decision was especially difficult to make as each proposal offered unique talents and resources for addressing the task at hand. Some of the factors which most influenced the Board's decision included:

- 1) advantage of hiring an Anchorage-based consultant to facilitate contact with the Executive Director and insure sensitivity to Alaska's needs;
- 2) use of "local" technical expertise -- again for reasons of facilitating communication and affording flexibility in scheduling -- recognizing that domestic expertise is extremely limited in scope;

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- 3) familiarity and recent involvement with the Alaskan fisheries community thus minimizing background research;
- 4) stature, breadth, and size of firm to minimize need for multiple independent contractors;
- 5) cost;
- 6) balance between consultant's ability to take the responsibility for developing the proposal and maintenance of direct Board involvement and participation;
- 7) consultant's grasp of the extent of the problem at hand as reflected in his proposal;
- 8) credibility with the industry;
- 9) extent to which the consultant would/could commit to working immediately on the project.

After selecting the Dames and Moore proposal, the Board directed the Executive Director to work with Leonard Lane, Associates, and solicit from them another proposal which would specifically address the organizational aspects of the Corporation and the Board.

Both President Ron Jensen and Executive Director Sara Hemphill reported to the Board on the May 23/24 Fisheries Development Conference which took place in Washington, D.C.

The big news was the release of 1979 S/K funding for fisheries development projects with \$1.445 million going to AFDC for the revised fishing demonstration project. Other key issues addressed at the conference included:

- 1) Presidential endorsement of a national fisheries development policy. It was noted that industry was relatively vocal in its resistance to being asked to endorse last-minute changes in the national policy, specifically, automatic termination of S/K legislation in 1984.
- 2) New regional policy coordinating committees. Though Terry Leitzell verbally assures industry that any new regional coordinating/policy oriented task group will require active industry participation, other people and written documents seem to contradict this position.
- 3) Capitol construction. The extension of capital construction legislation to processing plants will be studied prior to any endorsement by the Executive Branch. It was hoped that the President would endorse such legislation.

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A demonstration project, proposed by Daniel E. Webster & Co., seeking S/K and/or NMFS funding for a southeast Alaska off-shore trawl operation was brought to the Board's attention. The Board expressed concern with the proposal because of the expected 20% black cod catch during the term of the trawl project. The Board also felt that such a proposal should have first been run through a review process, either AFDC's or the State's. To follow up on this matter, Sara Hemphill attended a meeting in Seattle at the Northwest and Alaska Fisheries Center with staff members, NMFS regional fisheries development people, and the project sponsors Frank Steuart, Dan Webster, and Henry Haugen. It was strongly recommended that the sponsors work with state people, local fishermen, and the Corporation in coordinating and implementing such a significant project. The sponsors were asking for \$500,000 to carry out their proposal.

Name Change

Because of the plethora of emerging profit-making fisheries development corporations resulting in considerable confusion with our organization and its goals and purposes, Ron Jensen proposed a name change for the Corporation to Alaska Fisheries Development Foundation, Inc.

This change allows us to maintain our IRS 501(c)(3) application status and, more importantly, fit the philanthropic rather than profit-making image in the public mind. The proposal was unanimously adopted by the Board.

Enclosed, members will find a ballot and a self-addressed, stamped envelope. Please vote and return same to the office as quickly as possible. The name change cannot be accomplished officially until you have accepted it. Because of the impending contract work, it will make life much more simple if we can accomplish all contracting in the new name.

Additional Proposals

The Executive Director was directed to continue submitting proposals on behalf of the Board to the Department of Commerce for funding of another project. Two proposals seem to fit within the parameters of DOC's requirements. One involves the Seward area; and the other, Dutch Harbor. After a trip to Seward for a conference with City Manager Johnny Johnson, the Seward proposal is under way. More work needs to be done on the proposal for Dutch Harbor and its infrastructure needs.

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Membership Drive

The Board endorsed reactivating the membership drive and publishing another newsletter. Other projects in the works are financing workshops and consideration of reorganization of the Corporation in order to make it more self-sufficient. It was noted that while there is potentially a substantial amount of S/K funding available to aid development of Alaska groundfish, the funding must be matched with industry monies in order to be realized.

Funding

Funding is moving along -- final signover of the \$1.445 million less the \$95,000 planning grant money will not occur until the fleshed-out proposal is approved by NMFS. It is anticipated that such a document will be ready in mid-September or early October. Meanwhile, we are operating on the \$95,000 interim funding.

Quality Control

Rich Lee, from the Legislative Council, addressed the Board regarding the joint committee's plans for a quality control project. Tony Macklenburg from the Department of Commerce and Economic Development was also present. Even after questioning, the Board was not clear on the question of whether or not the two entities were competing or coordinating their efforts. Not wanting to contribute inadvertently to competition, the Board elected not to financially support the State quality control project at this time; though they would be eager to coordinate and contribute in the future when issues are sorted out. No date for the next Board meeting was set.

Resource Development Council Meeting

Sara Hemphill addressed the Resource Development Council breakfast meeting on June 14 with respect to funding and status of our project. Interest in our activities was expressed by several present, including Senator Bill Sumner and Representatives C. V. Chatterton and Pat Carney. Specific concerns noted by some present included the potential for cooperative interaction between the oil and the fish industries, especially our position and involvement in coastal zone management plan development. Sara Hemphill agreed that the issue is very important to the development of the industry and that the fishing industry has much to learn from the oil people, especially with respect to State taxation and State and federal regulation. It was also pointed out that the selection of federal marine sanctuaries is imminent and that we should be monitoring and commenting on this selection.

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Economic Development Administration

The Executive Director also met with some of the regional EDA staff and the director, Phyllis Lamphere, in Seattle to discuss industry's role in the regional policy task group. Formation is only in the embryonic stages, and all involved are very sensitive to industry's desire to be active at this level.

1980 Funding - Solicitation of New Projects

For all the delay which plagued us this winter, it seems we are moving right along with plenty to keep us busy. A draft proposal for 1980 project funding will need to be drawn within the next four months. All proposals and suggestions should be directed to AFDC 814 West 2nd Avenue, Anchorage, Alaska 99501, by September 15, 1979.

Small Pollock Study

A meeting in Seattle with NW & Alaska Fisheries Center utilization people, Maynard Steinberg and John Dassow; Alaska region fisheries development chief, Walt Jones; N.W. fisheries development assistant chief, Linda Chavez-Michael; and Board member, Pete Harris, took place to discuss the coordination of pollock development projects between the NW & AFC and AFDC. The Center is undertaking a study for utilization of small pollock, and it appears there will be many points of contact as we move ahead with development, both directly through our program and with individual member companies.

Washington, D. C., June 21-22 Meeting

On June 19, Sara Hemphill went on to Washington, D. C. for a meeting with other foundation directors, and NMFS regional and center fisheries development staff to discuss the structure of the regional task policy-making entity and future S/K funding and funding criteria. This was a more significant meeting than its short notice would have indicated. It provided an opportunity for the foundation representatives to meet and work with each other and central office personnel at the drafting stage. Once again, there was an aura that though we were there, our input on most matters may not really be heeded -- that decisions were going to be made despite our suggestions and advice. Still, I feel we have made progress.

We have been contacted by Bill Hawkins of Dynamic Realty Company who has commercial waterfront property available for sale or lease in Cordova. Anyone interested should contact him at (907) 279-7611.

Sara S. Hemphill
Executive Director

P. S.: Please don't forget -- mail your ballot today!