



January 04, 2023

Final Spend Plan for funds appropriated to address the 2021 Chignik salmon fishery disaster determination. NOAA Fisheries has allocated \$4,989,902 for this salmon fishery disaster. This spend plan informs the federal grant application submitted by Pacific States Marine Fisheries Commission (PSMFC) to NOAA Fisheries and is subject to change based on approval of the final grant.

Process to develop the spend plan: ADF&G provided an initial draft spend plan for public comment in November 2023 and received two public comments on the initial plan. ADF&G revised the plan based on public comments and provided a second draft spend plan December 2023. One comment was received on the second draft (Appendix 1), and in response, ADF&G made the following revisions:

Allocations

- ADF&G reduced the research allocation from 8% to 7% and processor allocation from 10% to 9%. Public comments state that Chignik harvesters and communities were disproportionately affected by the multi-year fishery disasters and should receive a larger proportion of funds as direct payments to mitigate losses. Research funds from the 2018 disaster have not been fully expended and those from the 2020 disaster have not yet been awarded. Losses to the processing sector may be more limited in comparison to other fishery disasters because no shore-based processing facilities operated in Chignik. In recent years all Chignik salmon have been transported on tender vessels for processing in other areas. Therefore, ADF&G decreased the allocations from the research and processing categories to provide a larger allocation to the harvesters and communities.

ADF&G did not reduce the research and processor sectors to 5% as suggested in public comment because the goal of the disaster funds is also to improve fishery information and develop approaches to assess and forecast fishery performance to mitigate impacts of future fishery disasters. The intention of these funds is also to assist participants harmed by the fishery disaster, in which the Chignik processing sector did have a sizeable loss relative to previous years.

Guiding principles for disaster fund distribution: Disbursement of funds is intended to 1) assist fishery participants harmed by the 2021 Chignik salmon fishery disaster, and 2) improve fishery information used to assess and forecast future fishery performance and to develop management approaches that avoid and/or mitigate the impacts of future fishery disasters that cannot be prevented.

The categories and allocations for this draft spend plan were informed by the 2018 and 2020 Chignik salmon disaster spend plans and public comments received for the 2021 disaster spend plan.

Category	Allocation	Estimated funds ^a
Research	7%	\$345,000
Communities	4%	\$198,000
Harvesters	80%	\$3,960,000
Processors	9%	\$444,000
Program support	0.1%	\$5,000
Total	100%	\$4,952,000

^a Additional funds will be allocated to Pacific States Marine Fisheries Commission (PSMFC) to administer the federal grant

The impact of the fishery disaster created significant loss of income to those involved in the harvesting and processing sectors and to the communities in which the cultural and basic economic structure is the marine economy. Some of these funds will be allocated to research activities that restore the fishery or prevent a similar failure in the future, but they will also be used to help assist the fishing communities that were affected by this fishery resource disaster by recognizing the loss of incomes. These direct payments will compensate participants consistent with fishery investments and/or historical fishery performance. Historically one of the purposes of disaster funding was to get funds to communities and fishermen as fast as possible. Direct payments provide that method.

Research – 7% (~\$345,000): Research funds will be distributed through an open and competitive bid process administered by PSMFC. Entities that are authorized to receive federal grant funds are eligible to submit proposals for research projects based on the themes outlined below.

Funds available through this spend plan are available for scientific research projects, including ongoing work funded through previous Chignik salmon fishery disasters, that provides information to help fishery scientists and managers assess the freshwater and marine conditions that influence the productivity of the Chignik salmon stock. The primary goals are to further our understanding of the cause of the Chignik salmon fishery failure, better understand the abundance and ecology of Chignik salmon, improve the ability of resource managers to identify future poor runs, and to help managers avoid and mitigate the impacts of future Chignik salmon fishery disasters that cannot be prevented.

Funds may also be available for socioeconomic research to evaluate the lasting effects of the Chignik salmon disaster on subsistence users in the region. Most of the residents of Chignik Bay, Chignik Lagoon, Chignik Lake, Perryville, and Ivanof Bay depend on earnings from the commercial salmon fisheries for their economic needs. Research is needed to help scientists and managers better understand relationships between subsistence and commercial fishing and the factors that affect harvest effort and harvest success.

Based on previous comments received from stakeholders, resource managers, and the public, ADF&G recommends funding research projects that are focused on the following themes:

- 1) Better understand the harvest composition and stock specific migratory timing of sockeye salmon throughout the Chignik Management Area.

- 2) Better understanding of the environmental factors and freshwater and marine processes that drive downstream movement of early and late run salmon.
- 3) Investigate smolt and juvenile salmon movement, growth, and habitat use in freshwater and estuarine environments.
- 4) Improvements to salmon escapement enumeration with a focus on late-season assessment.
- 5) Management Strategy Evaluation (MSE) analysis to examine the risks and tradeoffs of management approaches and determine impacts of management actions.

ADF&G and other entities are currently utilizing previous Chignik salmon fishery disaster funding for ongoing projects on research themes two and three. Further funding would allow for continuous, robust data sets from those projects, which would inform other recommended research themes and objectives. In addition, public comment supported research funds for research themes four and five.

Communities – 4% (~\$198,000): A portion of the disaster funds will be allocated to municipalities and boroughs in the Chignik region that rely on revenue generated from salmon landings and other economic activities related to the salmon fishery. These local government entities were negatively impacted by the fishery disaster because fishery revenues comprise a significant portion of local operating budgets and are used to support education, public works, ports and harbors, and other services. The state’s Fishery Business tax rate is 3% for shore-based landings and is shared 50/50 with the state and municipalities/boroughs where the landings occur. If landings occur in the bounds of a municipality and borough, landing tax revenues are shared 50/50 between each entity.

Direct payment will be made to affected municipalities and boroughs with a demonstrated loss of salmon landings due to the fishery disaster. ADF&G identifies the City of Chignik and the Lake and Peninsula Borough as eligible entities to receive community disaster funds. Community funds will be divided evenly between the City of Chignik and Lake and Peninsula Borough.

Harvesters – 80% (~\$3,960,000): The harvester allocation is divided into two pools, one for vessel permit holders (80%) and one for vessel crew members (20%). While most salmon seine operations employ an average of three crew members, each earning a ~10% share, the 80/20 split between permit holders and crew members considers the higher initial costs, higher level of investment, and risk that are generally borne by the vessel operator.

Permit holders (80% of harvester pool ~\$3.17 million)

Eligibility criteria for Chignik permit holders:

1. The S01L permit holder must have made a Chignik salmon landing in 2021.
2. Permit holder must demonstrate a loss in 2021 gross revenue as compared to the permit holder’s average gross revenue for 2016, 2017 and 2019.

Funds will be paid to the person listed as the 2021 ‘Permit holder’ and temporary emergency transfer permit holders (transferees) in the Commercial Fisheries Entry Commission (CFEC) database. Permit holders who certified they were unable to participate in 2021 to qualify for an emergency transfer or permit holders who permanently transferred a permit away in 2021 will not receive payments.

Each permit holder meeting the eligibility criteria will receive a base payment of \$30,000. If more than one eligible permit holder made landings on the same vessel in 2021, the total payment will be calculated at the vessel level and divided between eligible permit holders pro rata to the value of their 2021 salmon landings. Thirty permit holders are estimated to be eligible for base payments under these criteria.

In addition to a base payment, each eligible permit holder will receive a tier payment based on the permit holder’s 2021 salmon revenue loss compared to earlier years. The tiers presented below represent different levels of revenue loss across permit holders and are based on estimates of average gross revenue for all salmon species in 2016, 2017, and 2019 compared to 2021 gross revenue for all salmon species as estimated by CFEC. After accounting for base payments, twenty-five percent of the remaining funds will be allocated to each tier. Each eligible permit holder, or vessel if more than one permit holder landed salmon on the same vessel, in the same tier will receive an equal payment.

Tier level	CFEC gross revenue loss^a	Tier allocation	Est. number of eligible permit holders
1	≥ \$180,000	25%	4
2	\$179,999 – \$145,000	25%	5
3	\$144,999 – \$100,000	25%	8
4	≤ \$99,999	25%	13

^a Loss is calculated by comparing 2021 CFEC gross revenue vs. the average CFEC gross revenue in 2016, 2017, and 2019.

Vessel Crew (20% of harvester pool ~\$792,000) Vessel crew meeting all criteria will receive an **equal payment** from the crew member pool. Direct payments to minors are not authorized by the terms of the Federal grant but may be authorized to guardians in the same household on behalf of an eligible minor.

Eligibility criteria for vessel crew:

1. Crew member must have held a 2021 commercial crew license or a 2021 CFEC permit for any fishery. This information will be verified using the ADF&G Licensing database and the CFEC permit database.
2. Crew member must provide information to show they worked as crew for a qualified permit holder, based on a 2021 crew contract or an affidavit from the permit holder or vessel owner.
3. Crew member must not be eligible for fishery disaster funds as a Chignik permit holder.

Processors – 9% (\$444,000) Chignik salmon processing companies meeting the criteria are eligible for payment based on the estimated exvessel value loss using Commercial Operator’s Annual Reports (COAR) buying data. COAR buying data are used to determine eligibility and payment for processors because those data are linked to the salmon harvesting location.

Processor eligibility criteria:

1. Processing company must have processed Chignik salmon in 2021.

2. Processing company must have a demonstrated loss in exvessel value for Chignik salmon in 2021 as compared to the 2016, 2017, and 2019 average.

Disaster payments to processing companies are **pro rata** to the company's demonstrated loss.

Program Support – 0.1% - (\$5,000): ADF&G allocates funding for staff working on fishery disaster spend plan development and implementation in coordination with PSMFC.



**CHIGNIK INTERTRIBAL COALITION
427 AIRPORT ROAD
CHIGNIK LAGOON, ALASKA 99565**

December 22, 2023

ADF&G, Attn: Darion Jones
PO Box 115526
Juneau, AK 99811-5526

RE: Comments on the Draft 2021 Chignik Salmon Fishery Disaster Spend Plan

Dear Darion Jones

This letter is written on behalf of the five Federally recognized Tribes represented by the Chignik Intertribal Coalition (CIC). Our tribes are members of the communities of Chignik Bay, Chignik Lagoon, Chignik Lake, Ivanof Bay and Perryville. The Coalition has represented these tribes since 2018. Please find below the following suggestions on how the funds appropriated by Congress to address the 2021 Chignik Area salmon fishery disaster should be allocated.

2021 Chignik commercial:

Chignik Harvesters – 85% The harvester allocation will be divided into two pools, one for vessel permit holders (80%) and one for vessel crew members (20%). The split between permit holders and crew members is based on average crew size and crew shares and considers the higher initial costs borne by the vessel operators that are typically reimbursed through standard deductions to crew pay when the fishery is open.

Chignik Permit holders (80% of harvester pool) Proposed eligibility criteria for Chignik permit holders:

1. Permit holder must have had a valid S01L permit card in 2021.
2. The S01L permit holder must have made a Chignik salmon landing in 2021.

3. Permit holder did not make landings in another 2021 salmon seine fishery.

Funds should be paid to the person listed as the 2021 'Permit holder' and temporary emergency transfer permit holders (transferees) in the CFEC database. Permit holders who certified they were unable to participate in 2021 in order to qualify for an emergency transfer or permit holders who permanently transferred a permit away in 2021 should not receive payments.

Each permit holder who meets the eligibility criteria above will receive a minimum payment of \$30,000, except those eligible permit holders who made landings on the same vessel in 2021. If more than one eligible permit holder made landings on the same vessel in 2021, the total payment will be calculated at the vessel level and divided between eligible permit holders pro rata to the value of their 2021 salmon landings.

Additional tier payments for permit holders who made Chignik salmon landings in 2021 will be distributed using estimated gross revenue value for all salmon species to establish tiers because all salmon species were included in the fishery disaster for the Chignik area. Just like in the 2018 Disaster Distribution Plan, four tiers can be used and based on the estimated gross revenue for salmon landed in 2021 on each permit, or vessel if more than one permit holder landed salmon on the same vessel. Again, just like in the 2018 Plan, 25% of the remaining funds after accounting for the minimum payments of \$30,000 per eligible permit holder should be allocated to each tier and each eligible permit holder in the same tier would receive an equal payment.

Chignik Vessel Crew (20% of harvester pool) Vessel crew meeting all criteria are proposed to receive an **equal payment** from the crew member pool. Direct payments to minors are not authorized by the terms of the Federal grant but may be authorized to guardians in the same household on behalf of an eligible minor.:

1. Crew members must have held a 2021 commercial crew license or 2021 CFEC permit for any fishery. This information will be verified using the ADF&G Licensing database and the CFEC permit database.
2. Crew members must provide information to show they served as fishing crew in 2021 for a qualified permit holder, based on an affidavit from the permit or vessel holder.
3. Crew members must not be eligible for fishery disaster funds under the Chignik permit holder category of this distribution plan.

Communities – 5% CIC proposes to allocate a portion of the disaster funds to municipalities and boroughs in the Chignik region that rely on revenue generated from salmon landings and other economic activities related to the salmon fishery. These local government entities were negatively impacted by the fishery disaster because fishery revenues comprise a significant portion of local operating budgets and are used to support education, public works, ports and harbors, and other services. An even split of community funds between the City of Chignik and Lake and Peninsula Borough is recommended.

Chignik Processors – 5% There has not been a shore-based processing plant in Chignik since 2008. Trident and Ocean Beauty simply tender the salmon they purchase in Chignik to Sand Point, False Pass or Kodiak Island. The bottom line is that neither processor has the large fixed

costs normally associated with operating a shore-based plant in Chignik. When Chignik has a poor, or non-existent season, both buyers just simply send their tenders elsewhere.

Research – 5%

The Chignik Intertribal Coalition would like to express our support for Management Strategy Evaluation (MSE) of fisheries at Chignik. To date, Research has focused on sockeye, habitat and the socio-economic impacts resulting from the chronic disaster declarations in Chignik. We would like to expand research to include the human or management interactions within the Chignik fishery. MSE can be used to identify and objectively quantify the trade-offs associated with a set of alternative candidate strategies. To date, no objective management strategy evaluation has been performed on Chignik fisheries so the trade-offs among different strategies remain largely speculative. An MSE would do the following:

1. Provide a formal mechanism to bring groups together to identify alternative ways to manage these fisheries and decide which metrics will be used to define success and failure of different strategies. An MSE can be used as a broad tool to bring parties together to agree on the process and co-develop the analysis of the findings.
2. Effectiveness for achieving management objectives of different combinations of research, methods of analysis and subsequent processes leading to management actions.
3. Specific management and understanding impacts of various management actions would be more thoroughly understood through this process. Trade-offs that could be considered might involve exploring ways to maximize commercial values, protecting at-risk stocks (such as Chinook), providing adequate subsistence opportunities, etc.

The Coalition supports this theme as a priority for research funding because we recognize that the cause of these fish disasters spans more than one fishery area and/or salmon species.

In closing, we offer these recommendations on the proposed draft spend plan for the 2021 Chignik salmon disaster funds. We appreciate the opportunity to comment in this process and our Coalition membership appreciates your work.

Sincerely,

George Anderson
President, Chignik Intertribal Coalition