



June 23, 2023

DRAFT Spend Plan for funds appropriated to address the 2018 Upper Cook Inlet (UCI) East Side Setnet (ESSN) and 2020 UCI salmon disaster determination. NOAA Fisheries allocated \$9,404,672 for these salmon fishery disasters on May 6, 2022. The scope of this fishery disaster includes all salmon species, although most of the revenue loss was related to sockeye salmon.

Written comments are requested on all elements of the proposed spend plan and should be as specific as possible. Comments will be posted verbatim online and ADF&G requests that no business proprietary information, copyrighted information, or personally identifiable information be included in written comments. Comments can be submitted by email to: dfg.com.fisheriesdisasters@alaska.gov or by mail to:

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Comments must be sent by July 7, 2023, for consideration in the next iteration of the spend plan. ADF&G will release a second draft for public comment before finalizing the spend plan.

Guiding principles for disaster fund distribution: Disbursement of funds is intended to 1) assist fishery participants harmed by the 2018 and 2020 salmon fishery disasters, 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.

Proposed allocations to project categories: The proposed categories and allocations reflect comments received from initial stakeholder input.

Category	Allocation	Estimated funds ^a
Research	15%	\$1,408,000
Communities	3%	\$281,000
Harvesters	53%	\$4,974,000
Processors	29%	\$2,722,000
Program support	<0.2%	\$18,000
Total		\$9,403,000

Research – 15% (~\$1,408,000): Funds will be allocated to support projects intended to improve available fishery information and help prevent and/or mitigate future fishery disasters.

The following research themes were suggested by ADF&G research and management staff as priorities for funding:

- Research to improve understanding of the relative importance of specific mechanisms that drive productivity of Alaska salmon, which could include:

- how ocean/climate conditions impact future runs;
- freshwater and early marine survival bottlenecks, habitat use, and movement patterns; and
- the role of diet, health, and disease on the survival and spawning success of Alaska salmon.
- Research to inform non-adult abundance estimates that can be used in developing or improving forecasting tools.
- Improved methods for estimating adult salmon harvest and abundance including genetic analysis for stock composition.
- Management Strategy Evaluation (MSE) analyses examining risks and tradeoffs of different management approaches for mixed-stock fisheries to refine stock-specific management and understand impacts of various management actions.

ADF&G is requesting input on these or other suggested research themes. This includes research related to sockeye salmon and weak stock management of Chinook salmon. In addition, recent Alaska disaster spend plans have used competitive and non-competitive bid processes to award research funds. ADF&G is requesting input on the appropriate award process for research funds in this fishery disaster spend plan. If a competitive process is used, research funds will be distributed through an open competitive bid process administered by PSMFC. If a non-competitive process is used, research projects that are responsive to the research themes would be described directly in the spend plan.

Communities – 3% (~\$281,000): Municipalities and boroughs rely on revenue generated from salmon landings and other economic activities related to salmon fisheries. Fishery disaster funds allocated to communities impacted by these UCI fishery disasters can only be used for managing, repairing, or maintaining approved infrastructure, services, or habitat that support salmon fisheries in the affected areas. Only communities that have a demonstrated loss of salmon landings due to the fishery disaster will be eligible for community funds. Fishery disaster funds are Federal funds and cannot be used for projects where matching funds are required and this includes state or local match requirements.

Experience with recent fishery disasters has shown that not all communities eligible for fishery disaster funds are able to participate in the process because the community entity must have capacity to administer the receipt of funds through a federal grant subaward process and the funds may only be used for approved projects directly related to the fisheries in the disaster determination. To accommodate the variety of needs and administrative capacities of communities eligible for disaster funds, ADF&G proposes to include a spend plan provision allowing eligible communities to opt-out of receiving disaster funding for the 2018 ESSN and 2020 UCI salmon disaster. Allocations to communities that opt-out will be added to the final allocations for participating communities. This will help ensure that community-designated funds are fully utilized and made available to communities that decide to participate in the disaster funding process.

Proposed eligibility criteria for communities:

1. Fish ticket port of landing data must show that salmon from the 2018 ESSN fishery and/or salmon from the 2020 UCI salmon fisheries were landed in the community.
2. Estimated loss in gross revenue value for salmon landed in the community from the 2018 ESSN fishery and 2020 UCI fisheries combined must be at least \$300,000. The estimated loss in gross revenue is calculated by subtracting the value of the fishery in the disaster year from the previous five-year average, 2013-2017 and 2015-2019.

Based on the proposed criteria, the following communities may be eligible for community-designated funds: Homer, Kasilof, Kenai, and Ninilchik. Disaster funds for communities are proposed to be **pro rata** to their demonstrated loss.

Harvesters – 53% (~\$4,974,000): This category includes permit holders and crew. ADF&G proposes direct payments to commercial fishery permit holders and crew who meet all eligibility criteria. Commercial Fisheries Entry Commission (CFEC) permit information, fish ticket data from commercial salmon landings, and CFEC gross earnings data will be used to determine eligibility and payment for permit holders. Eligibility for crew will be verified using ADF&G commercial crew license or CFEC permit data and an affidavit from the permit holder or vessel owner.

ADF&G proposes to allocate harvester funds proportional to the estimated loss in gross revenue for the 2018 ESSN, 2020 UCI setnet, and 2020 UCI driftnet fisheries. The estimated loss in gross revenue is calculated by subtracting the value of the fishery in the disaster year from the previous five-year average, 2013-2017 and 2015-2019. The total estimated loss in gross revenue for the ESSN and UCI fishery disaster is \$20.27 million dollars. Funds allocated to the harvesting sector are intended to mitigate this loss by providing funds to bring the harvesting sector up to 25% of the sector’s recent historical value.

Fishery	Preceding 5-year average gross revenue value	Disaster year gross revenue value	Gross revenue loss ^a	Percent loss ^b	Estimated funds ^c
2018 East Side Setnet	\$10,202,227	\$3,116,154	-\$7,086,073	35%	\$1,738,748
2020 UCI Setnet	\$9,692,260	\$3,843,125	-\$5,849,135	29%	\$1,435,234
2020 UCI Driftnet	\$10,227,163	\$2,891,387	-\$7,335,776	36%	\$1,800,019
Total	\$29,345,538	\$9,099,064	-\$20,270,984	100%	\$4,974,000

^a Gross revenue loss is the value in the disaster year subtracted from the five-year average

^b Percent loss is the gross revenue loss for each fishery and year divided by the total gross revenue loss of \$20,270,984

^c Estimated funds are based on the percent loss multiplied by the \$4,974,000 of disaster funds proposed to be allocated to harvesters.

2018 East Side Setnet ~\$1,738,748

The allocation is proposed to be divided into two pools, one for ESSN permit holders (85%) and one for crew members (15%). The proposed split between permit holders and crew members is based on an average of one to two crew members who each earn a 10% share.

2018 ESSN Permit Holders – 85% of ESSN funds.

Proposed eligibility criteria for ESSN permit holders:

1. S04H permit holder must have made a salmon landing in 2018 in statistical areas 024421, 024422, 024425, 024430, 024431, 024432, 024440, 024441, and/or 024442.
2. Based on individual CFEC identification number, must have a demonstrated loss in exvessel value for ESSN salmon in 2018 as compared to the previous five-year average, 2013 to 2017. This criterion does not apply to permit holders whose first year of participation was in 2018.

Funds are proposed to be paid to the person listed as the 2018 ‘Permit holder’ and temporary emergency transfer permit holders (transferees) in the CFEC database. Permit holders who did not make any landings in 2018 and certified they were unable to participate to qualify for an emergency transfer and permit holders who did not make any landings in 2018 and permanently transferred a permit away in 2018 will not receive payments.

Based on initial public input, ADF&G is proposing that each permit holder who meets all eligibility criteria receive an equal payment. If multiple eligible permit holders made landings in 2018 on the same limited entry permit, the payment will be split pro rata to the value of each eligible permit holders’ salmon landings in 2018. A total of 295 permit holders made landings in the ESSN area in 2018 and 19 of those permit holders did not have a loss in gross revenue value in 2018 as compared to their previous five-year average. Based on the proposed criteria, a total of 276 permit holders may be eligible for an equal payment.

2018 ESSN crew – 15% of ESSN funds. East Side Setnet crew must meet the following proposed criteria to be eligible for an **equal payment** of the 2018 ESSN crew funds. 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.

Proposed ESSN crew eligibility criteria:

1. Crew member must have held a 2018 commercial crew license or a 2018 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 participated as fishing crew in the 2018 ESSN salmon fishery for a qualified S04H permit holder, based on an affidavit from the permit holder.
3. Anyone qualified for disaster funds as a 2018 ESSN permit holder or transferee cannot qualify as crew in the same fishery.

2020 UCI Setnet ~\$1,435,234

The allocation is proposed to be divided into two pools, one for UCI setnet permit holders (85%) and one for crew members (15%). The proposed split between permit holders and crew members is based on an average of one to two crew members who each earn a 10% share.

2020 UCI Setnet Permit Holders – 85% of UCI setnet funds.

Proposed eligibility criteria for UCI setnet permit holders:

1. S04H permit holder must have made a salmon landing in 2020 in Upper Cook Inlet.
2. Based on individual CFEC identification number, must have a demonstrated loss in exvessel value for UCI salmon in 2020 as compared to the previous five-year average, 2015 to 2019. This criterion does not apply to permit holders whose first year of participation was in 2020.

Funds are proposed to be paid to the person listed as the 2020 ‘Permit holder’ and temporary emergency transfer permit holders (transferees) in the CFEC database. Permit holders who did not make any landings in 2020 and certified they were unable to participate to qualify for an emergency transfer and permit holders who did not make any landings in 2020 and permanently transferred a permit away in 2020 will not receive payments.

Based on initial public input, ADF&G is proposing that each permit holder who meets all eligibility criteria receive an equal payment. If multiple eligible permit holders made landings in 2020 on the same limited entry permit, the payment will be split pro rata to the value of each eligible permit holders' salmon landings in 2020. A total of 372 permit holders made landings in UCI in 2020 and 57 of those permit holders did not have a loss in gross revenue value in 2020 as compared to their previous five-year average. Based on the proposed criteria, a total of 315 permit holders may be eligible for an equal payment.

2020 UCI setnet crew – 15% of UCI setnet funds. Upper Cook Inlet setnet crew must meet the following proposed criteria to be eligible for an **equal payment** of the 2020 UCI setnet crew funds. 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.

Proposed UCI setnet crew eligibility criteria:

1. Crew member must have held a 2020 commercial crew license or a 2020 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 participated as fishing crew in the 2020 UCI setnet salmon fishery for a qualified S04H permit holder, based on an affidavit from the permit holder.
3. Anyone qualified for disaster funds as a 2020 UCI setnet permit holder or transferee cannot qualify as crew in the same fishery.

2020 UCI Driftnet ~\$1,800,019

The allocation is proposed to be divided into two pools, one for UCI driftnet permit holders (90%) and one for crew members (10%). The proposed split between permit holders and crew members is based on an average of one crew member who earns a 10% share.

2020 UCI Driftnet Permit Holders – 90% of UCI driftnet funds.

Proposed eligibility criteria for UCI driftnet permit holders:

1. S03H permit holder must have made a salmon landing in 2020 in Upper Cook Inlet.
2. Based on individual CFEC identification number, must have a demonstrated loss in exvessel value for UCI salmon in 2020 as compared to the previous five-year average, 2015 to 2019. This criterion does not apply to permit holders whose first year of participation was in 2020.

Funds are proposed to be paid to the person listed as the 2020 'Permit holder' and temporary emergency transfer permit holders (transferees) in the CFEC database. Permit holders who did not make any landings in 2020 and certified they were unable to participate to qualify for an emergency transfer and permit holders who did not make any landings in 2020 and permanently transferred a permit away in 2020 will not receive payments.

Based on initial public input, ADF&G is proposing that each permit holder who meets all eligibility criteria receive an equal payment. If multiple eligible permit holders made landings in 2020 on the same limited entry permit, the payment will be split pro rata to the value of each eligible permit holders' salmon landings in 2020. A total of 319 permit holders made landings in UCI in 2020 and two of those permit holders did not have a loss in gross revenue value in 2020 as compared to their previous

five-year average. Based on the proposed criteria, a total of 317 permit holders may be eligible for an equal payment.

2020 UCI driftnet crew. Upper Cook Inlet driftnet crew must meet the following proposed criteria to be eligible for an **equal payment** of the 2020 UCI driftnet crew funds. 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.

Proposed UCI driftnet crew eligibility criteria:

1. Crew member must have held a 2020 commercial crew license or a 2020 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 participated as vessel crew in the 2020 UCI driftnet salmon fishery for a qualified S03H permit holder, based on an affidavit from the permit holder.
3. Anyone qualified for disaster funds as a 2020 UCI driftnet permit holder or transferee cannot qualify as crew in the same fishery.

Processors – 29% (~\$2,722,000): Direct payments to processing companies. Processing companies are proposed to be identified based on their nine-digit federal tax identification number. Disaster payments to processing companies are proposed to be proportional to each company's demonstrated loss relative to the total loss of all eligible processing companies.

COAR buying data are proposed to be used to determine eligibility and payment for processors because those data are linked to where the salmon were harvested, and the scope of this fishery disaster includes the 2018 ESSN salmon fishery and the 2020 UCI salmon fisheries. COAR production data are linked to the location where the salmon processing occurred. Final exvessel price from the COAR buying data are proposed to be used to determine processor losses. The total estimated loss in final exvessel value for the ESSN and UCI fishery disaster is \$27.23 million dollars. Funds allocated to the harvesting sector are intended to mitigate this loss by providing funds to bring the harvesting sector up to 10% of the sector's recent historical value.

Proposed eligibility for processors:

1. Processing company must own a facility that purchased ESSN salmon in 2018 and/or UCI salmon in 2020.
2. Estimated loss in exvessel value for salmon purchased by the company from the 2018 ESSN fishery and 2020 UCI fisheries combined must be at least \$1,000. The estimated loss in exvessel value is calculated by subtracting the value of the fishery in the disaster year from the previous five-year average, 2013-2017 and 2015-2019.

Disaster payments to processing companies are proposed to be **pro rata** to each company's demonstrated loss relative to the total loss of all eligible processing companies.

Program Support – <0.02% (\$18,000): ADF&G is proposing to allocate funds for staff working on fishery disaster plan development and implementation in coordination with Pacific States Marine Fisheries Commission.