

November 16, 2009

Vince Webster, Chair
 & Members of the Board of Fish
 Alaska Boards Section: Board of Fish
 PO Box 115526
 Juneau, AK 99811-5526
 Fax#: (907) 465-6094

RECEIVED

NOV 17 2009

BOARDS

The #1 problem facing the Bristol Bay fishery is Quality.

We are still in this race for fish and this is at odds with putting up the best quality product. We produce more #3 sockeye than any fishery in the world.

I support Proposal 15-Elimination of the 32 ft vessel restriction:

We are not getting the most economic value from this amazing resource

Last year processors paid \$1.00/lb or more for high quality fish. The grounds price was around .75/lb. for non-refrigerated boats. Quality bonuses start with refrigeration- w/o refrigeration you are not eligible for bonuses based on bleeding or small brailers.

We are nearing the year 2010 and still approximately 75% of the Bristol Bay fleet is non refrigerated. According to a publication put out by the State of Alaska Department of Commerce, Community and Economic Development. In 2001, Bristol Bay had only 16% of its fishing operations that were chilling their fish. This is a sharp contrast when compared to the Prince William Sound fisheries where 97 % of the fishing operations were chilling their fish. I know change can be scary and unsettling. However, there are other gillnet fisheries around the state that have already been very successful in putting up high quality products and demanding high prices for their efforts. Copper River is a good example. **From 2003 to 2008 we have lost revenue due to foregone harvest to the tune of 131 million dollars or an average of about 22 million dollars-** it has attracted a lot of attention (and rightly so). However, we also have foregone revenues due to the lack of quality in the Bristol Bay. If we take the harvest of about 30 million last year and take 75% of that was not chilled at the point of harvest that would be 22.5 million fish at a 6 LB average = 135 million lbs. Multiply that by .25/lb for lost revenue due to poor quality and we come up with **33.75 million dollars of lost revenue due to putting up poor quality fish in 2009 alone!**

Since 2002 I have fished for an all refrigerated fleet, a 1st of its kind in Bristol Bay. As a fleet we did not see this as the final step on improving our quality onboard or boats, on the contrary this was just the start. Since then we were the 1st fleet to have wide spread rubber mats on the deck, mandatory floating policy, first fleet to require smaller brailers, the 1st fleet to implement a wide spread bleeding program, 1st fleet to have Quality Control personel on the water checking fish as they are offloaded onto the tender. All of these steps have incrementally improved our quality and reputation in the market place. Has this impacted my production? Absolutely. However, what I lose in production, I believe in the long run we will make up with quality improvements that will justify a price that out weighs any production losses I have incurred.

My crew and I have bought into these programs 100% along the way- it has come to the point where if a fish slips into a bin unbled, my crew feels like they have failed. This is the culture that has been instilled on my boat. I am worried about bleeding every fish, while 75 % of the bay hasn't even got to the point where they are chilling at the point of harvest. In this light, I support the removal of the 32 ft limit. I have

Public Comment #

97

1/6

done everything possible on board my 32 ft boat that I can reasonably do to put up the highest possible quality and now I am running up against space limitations on deck and in the fish holds.

There are a lot of people that will argue the fishery is already "over capitalized" and this would just add to the problem. "Over capitalized" described the fishery of ten years ago but not today. There has been very little investment over the past 12 years. No one can remember the last time a new boat was built. Our current fleet is wearing out year by year. The investment that has been occurring has been a steady investment in refrigeration systems. For BB to improve its quality new investment is unavoidable. Jamming small RSW systems into small boats is NOT the best way to proceed. Since new investment is required to produce higher quality products isn't it logical to allow that investment to be in longer boats that can actually produce more of the high quality fish the market demands?

It is true, from the early 80's to the mid 90's, the money put into the fishery was to build boats so an individual could catch a bigger % of the pie. The capital that we would use today would be to make the pie bigger by increasing the quality and thus increasing the value of our catch. Bigger does not mean catching more fish, it means taking better care of the ones we catch.

Longer boats have more deck space allowing the fishermen to handle their fish more gently, preventing them from dropping on deck and allowing for bleeding. Longer boats would allow for shallower fish holds - less weight of "fish stacked on fish". Currently, we pile the fish in brailers. The fish at the bottom get smashed. Longer/larger boats would allow for flooded fish holds and the fish would no longer get smashed because they would be floating. Floating the fish in RSW is a great way to maintain the quality of the catch. The extra deck space also allows for the extra personnel to bleed the catch, even on heavy fishing days and possibly do some value added processing. Small 32' boats cannot effectively install RSW systems. Many existing BB boats could install refrigeration and or float their fish if only they were allowed to be lengthened.

Fuel Efficiency--Longer boats, because of hull displacement, are more fuel efficient. In these days of high diesel prices we need to reduce our costs.

Safety--Longer/larger boats are safer. This is important in the salmon fishery but it becomes even more important when the boats are used for longlining, where weather conditions are often more severe and the boats fish farther from shelter. Even in the last decade, we have lost vessels and lives during the Bristol Bay fishing season.

Diversification--A longer vessel makes for greater utilization of the investment. Bristol Bay boats could have a longer season of utility by diversifying their activities to other fisheries or industries like tourism before or after the main BB salmon fishery. Currently over 95% of the boats in Bristol Bay are used exclusively for the 5-6wk Bristol Bay season only. Rest of the year they remain unused on the beach.

Employment--Longer boats would allow for value adding aboard the vessel, and activities like bleeding, require extra crew. In the future we could even see a "super premium" frozen at sea product coming off a "freezer-gillnetter" Value adding benefits magnify themselves through the shore side community creating more employment and services.

Economic value to the Fishery--Higher quality fish produced aboard the vessels allows for more diverse and higher end products from the processors as well. The major culprit holding back the value of the fishery is the limited deck space and holding/refrigeration capacity of the 32' boat.

Higher quality will increase the overall revenues in the fishery and local communities. This increase in revenue will have a direct and positive impact on the local communities through increased tax revenues.

In 1950, when the 32 ft limit was instituted by the federal government, officials were concerned that newly developed power boats would lead to over-fishing of the Bristol Bay resource. Under current ADF&G management, gear and time is restricted for all fishermen to allow for continued sustainability of the salmon resource. No other salmon gillnet fishery in the State of Alaska has a length limit besides Bristol Bay. The other fisheries seem to be doing just fine. The bigger boats in these fisheries are taking advantage of the extra deck space to do put up a high quality product. I would like to have the same opportunity to take advantage of higher prices that a high quality product demands.

Thank you fro your consideration.

Best Regards,

Nick Lee
F/V Elusive

3/6

Public Comment #

97

November 16, 2009

Vince Webster, Chair
& Members of the Board of Fish
Alaska Boards Section: Board of Fish
PO Box 115526
Juneau, AK 99811-5526
Fax#: (907) 465-6094

I support Proposal 20-Allow one person to own and operate two permits:

Background and Basic situation: At the December 2003 BOF meeting the Board authorized that a vessel with two permits on board could have the privilege of fishing an additional 50 fathoms of gear. At that time it was legal for an individual to have one active permit in a salmon fishery - not two. To fish the extra 50 fathoms of gear a vessel needed two permit holders. In the spring of 2006 the Alaska Legislature passed HB251 which gave the board the power to allow an individual to have two active permits in their name. The question before the Board is whether an individual owning two permits in the Bristol Bay fishery should have this privilege or should two people (each with an active permit) be required.

There is no concrete information available about how many of the two permit boats have two "independent" permit holders vs. those in which the second permit is put into a friends or family members name but is controlled by the vessel owner. A guess would be that 65% of the "D" boats have one person controlling two permits. In a sense, single individuals already are doing what the proposals hope to accomplish - fishing two active permits albeit through friends and family- it's just not transparent the way it is done currently. Some people do not have trusted friends or family members to put a permit into their names and therefore have not bought the second permit.

Since the Board authorized "permit stacking" in 2003 permits have risen in value from \$30,000 to \$85,000. In 2003 many permit holders owed more than the value of the permit. This rise in permit values has allowed many of the latent permits in 2003 to sell out at a price that would pay off the loan on the permit.

If this proposal is adopted, it is logical to assume that: More vessels will have two permits on board since it will be easier for a fisher to comply. Permit values should rise as more of the 250 currently "latent permits" (those sitting inactive) enter the fishery on one boat instead of two.

Reasons For Change:

We need more incentives for individuals to retire "latent permits". Having two permits in one name would be such an incentive.

Fishers are still in trouble, we need to increase the catch per vessel. This year the average revenue per vessel was around \$65- 70,000- which is marginally profitable as indicated in the CFEC's Optimum Number Study (ONS). When future catches fall below 20 million fish, fishers will be losing money again. With less boats in the fishery, the average income per operation increases. This will create the stable environment needed to invest in equipment such as refrigeration to increase the quality.

The CFEC study concluded that the Bristol Bay Drift Gillnet Fishery should have 900 – 1,400 permits in the fishery. We had about 1,600 permits participate in the fishery in 2009. Right now there are 1,857 total permits in the fishery.

If we do not allow an individual to own and operate two permits, the approximately 250 latent permits could return in the form of additional vessels in the fishery, creating a fishery that is not economically viable for most participants. If new investment is to be made in the fishery we should be focusing on quality improvements on fishing vessels – not more vessels.

Right now there are 1857 permits in the BB fishery. Only 1184 fished in 2002. 2002 was a year where the low price, coupled with a weak run created a disastrous season, even with the reduced effort. This alone tells us that this fishery is not profitable @ 1857 boats. In 2002 we lost money with 1184. **In 1998 with a price of \$1.21 the average economic profit according to the CFEC's ONS(Optimum Numbers Study) was a negative \$4,790.** We need to get down to a number of participants where fishers can remain solvent for the majority of the price and run size scenarios.

Quality – fewer vessels means quality problems associated with a line fishery are reduced and fishers have more “vested interest” in quality issues. From my personal experience, with the reduced fleet and longer net, I tend to stay on a sets longer or stay in an area longer thus not running for fish. With a longer net and less boats, a set that would have not been adequate under the old system turns into a productive and profitable set. It allows me to not worry about the loss of speed due to tanking down my holds to chill fish and I save money on reduced fuel costs.

Some people argue that: “This will benefit big outside boats more than locals and therefore it is unfair” On the contrary, having “latent permits” reenter the fishery on new boats will really hurt the locals and everyone else. Each “new” boat added to the fishery, fishes 150 fathoms of additional gear unlike the 50 fathoms that the Dual permit boats fish.

We are still above the CFEC's ONS guidelines for permits in this fishery. This is a way to bring us closer to their economic model without waiting for a buyback solution that may never come. This proposal is a way to have a fisherman based buy back- we can help ourselves w/o the use of State or Federal funding. With the financial crisis, the federal and state government are having a hard time balancing their budgets. Funds for a buy back are very unlikely and unnecessary if we can, as fisherman, take the initiative and fund the “buy back” ourselves through permit stacking.

Some will also argue “This will cause more permits to leave the local communities” However, there is no evidence that a disproportionate number of permits have left the BB watershed since the Board first enacted permit stacking in 2003. Permit stacking actually allows existing bb watershed permit holders to repatriate existing permits into BB by stacking permit on local boats. Locals do have the resources via BBEDC, State, and local loan programs to double up on permits. They have more tools than fisher that reside outside of the drainage. I think it should be a goal to put 2 permits on all local boats.

I am for proposals that that make the Bristol Bay fishery sustainable for the fisherman. I am for proposals that improve quality, add value, consolidate the fleet, and conserve our watersheds for generations to come.

I am for proposal 15 that remove the 32 foot limit so we can use boats in our fishery that have more deck an hold space to handle our fish better and chill them faster.

I am also in favor of removing the 48 hour transfer during the early part of the season. Maybe wave the 48 hour transfer time until June 27th. I believe this would help address the issue of foregone harvest by getting fisherman fishing early. After the 27th then it is back to normal where you need to register to a particular district.

Thanks for your consideration!

Best regards,

Nick Lee

F/V Elusive

Alaska Board of Fisheries, Bristol Bay Finfish
Proposal 13-5AAC 75.xxx Establish a Fish Refuge in Bristol Bay
Comments Written **IN SUPPORT** of the Proposal
Name: Verner S. Wilson III. PO Box 905, Dillingham, AK 99576. Phone: 907 360-8591

RECEIVED
NOV 17 2009
BOARDS

I am thankful that I am given the opportunity to provide comments to the Alaska Board of Fisheries for Bristol Bay Finfish Proposal 13. I was born and raised in Bristol Bay, and partake in its commercial, subsistence and sports fisheries every year. I recently graduated from Brown University with a Bachelor's Degree in Environmental Studies, in part because of the proposed mineral developments in my home region and how they may impact Bristol Bay.

As you all know, Bristol Bay is home to one of the largest wild salmon fisheries left on the planet, in part because a lot of time and effort was given to properly manage Alaska's fisheries by this board, the North Pacific Fisheries Management Council and the Alaska Department of Fish and Game. This is especially important because while many salmon strongholds around the world are struggling or extinct due to past overfishing or environmental challenges, ours is still going strong. The Fish Refuge is a tool to ensure this well into the future.

The indigenous people of Bristol Bay have been utilizing its subsistence resources for thousands of years. Each year we still continue to do that, and we share the resource with fishermen and processors from around the world who sell it to people around the world. It has given many of us a healthy source of food, a reason to spend time with family in the summer, and important economic opportunities. This creature is also important to many of the other animals in the region for survival, giving them a source of food, and thus locals more subsistence resources. In the age of cultural loss and expensive food out in rural Alaska, it gives us a great way to be with family, and an important source of protein and omega-3 fatty acids to ensure our health well into the winter. Many of us want to ensure that our rich fisheries and livelihoods are protected, and the Fish Refuge is a good start because it gives another level of protection in a large mining proposal like the Pebble Mine.

The Pebble Mine is a finite resource proposal. After all the minerals are mined after about 50 years, what will the State of Alaska and people of Bristol Bay have? The proposal brings a lot of risks to Bristol Bay's fisheries. The Pebble Partnership has indicated that it may build a large open pit, potentially leaving mining contamination in this area for a long period of time. Geological data shows a nearby seismic fault line is near, putting a high risk for dam or structure failure. We also have a wet environment in Bristol Bay, where a lot of precipitation year round refills the pristine freshwater lakes and rivers that are home to salmon spawning. This mine could also drain out a lot of freshwater in this area to be used for mining waste or other operation requirements. And small levels of some contaminants and metals are known to affect a salmon's ability to smell, and impact its other biological patterns.

Many mining companies and projects have historically violated their terms, promises and/or water quality standards. Even in the past few years here in Alaska, the Red Dog Mine proposed to dump most of its waste into the ocean via pipeline to ensure water quality standards are met. Kivalina residents were given additional water filtration systems, and some complained about subsistence game behavioral changes. Compliance with water quality allowances for mining activities has also been notably poor in the past. Pebble developers could say one thing in its promises, but that does not guarantee the people of Bristol Bay and Alaska anything. The only way you could guarantee anything is if the mine is not built.

1/2

Public Comment #

98

Whether or not the mine is built or not, it is important that the Board of Fish takes action to protect Bristol Bay's rich salmon fisheries from potentially impacting proposals. If the Board does pass a Fish Refuge resolution, it's a step to another good layer of protection and continues the Board's proactive stance to manage these fisheries wisely. The Alaska Legislature will then take this recommendation by the Board, and hopefully enact important legislation that ensures the protection of Bristol Bay's fisheries for fishing families and future generations. Thank you for your time.

42

Public Comment # 98

Vote No on Proposal 32

RECEIVED

NOV 17 2009

Nov 17th 2009

BOARDS

Vince Webster, Chairman & Members of the Board of Fish,

I am opposed to proposal 32. Adding additional gear to the setnet gear group in the NRSHA.

Without fixed allocation as the 1997 plan specifies (84% Driftnet-16% Setnet), to increase the gear length of one gear group is allocative and unfair. One of the main purposes of the 1997 Bristol Bay wide comprehensive plan was to allow changes like that requested in proposal 32 to take place without having to consider the allocative implications. Considering the huge increase in percentage of harvest that the setnet gear group has experienced since adoption of the comprehensive allocation plan of 1997 (+69%) and the decrease in percentage for the Driftnet gear group (-9.1%) it would be unfair implement a new regulation allocating more sockeye harvest to the setnet gear group.

The agreement to adopt allocation was the result of a hard fought compromise in which the driftnetters gave up several percentage points of harvest to reach an agreement that would not be changed and certainly not be continually eroded in favor of the setnetters. In the 20 base years used to design the comprehensive allocation plan (1977-1996), the percentage of fish harvested by the Setnet gear group was 11.66% of all sockeye harvested in the N/K District. From 1998 to 2009 the set net gear group has harvested 19.7% of all sockeye harvested in the N/K District. All of the setnet gear group increase came out of the losses in the historical driftnet harvest. At the Fish board of 2006 the NRSHA Setnetters asked for and received a change in the allocation plan in order to allow setnetters more fishing time in the NRSHA. Now they want longer nets.

Please vote no on proposal 32

Sincerely,


Kurt Johnson – Bristol Bay Driftnet Fisherman
F/V Karly

Public Comment # 99

1/2

Vote No on Proposal 38

November 17, 2009

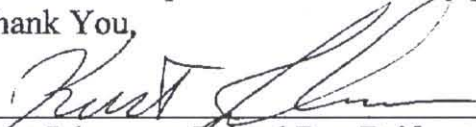
Dear Chairman and Members of the Board of Fish:

I am opposed to Proposal 38. The allocation plan is working in the Egegik District and should not be suspended. Many of the drift gillnet boats in Egegik have "D" permits and catch more fish per boat so how do you adjust for that? To pick an arbitrary number of boats as a trigger to suspend allocation would not work, would be impossible to manage and be unfair.

The biologist currently has the tools he needs to achieve Egegik's escapement goals and manage allocation. He should not be given an additional burden to keep track of how many boats are registered, when they transferring in or out, the 48 hour transfer time for transferring boats, and whether to count allocation at some times but not others. Also, when the drift fleet is on limit usually the setnetters are on limit too. Not all the processors go on limit so which processors would count and which ones would not? Limits can be the result of fish being caught in other districts and have nothing to do with the fishing time or the balance of allocation in the Egegik District.

Please do not pass this unnecessary proposal.

Thank You,


Kurt Johnson - Bristol Bay Driftnet Fisherman
F/V Karly

Public Comment # 99

2/2

Eric and Karyn Slotten
19448 Novelty Hill Road Redmond, WA 98053
206.375.3934 cell / 206.726.4108 fax
ekviking@hotmail.com

To: ADF&G, Board of Fisheries
From: Eric and Karyn Slotten
Egegik SetNet Permits #SO4T 60197A, #SO4T 59960P
Date: November 17, 2009
Re: New Proposals

RECEIVED
NOV 17 2009
BOARDS

PROPOSAL 14 - OPPOSITION

We oppose the proposal because it is unrealistic for most set-netters to remove their fixed gear during drift only because it is not enough time, and it is dangerous. Our operation requires approximately one week to set up the fixed gear.

PROPOSAL 16 - SUPPORT

We strongly support this proposal. To make our operation economically viable we must fish 3 permits. Currently we can only legally own 2 permits so we must arrange a transfer each year. This is difficult and often not done on time.

PROPOSAL 17 - SUPPORT

Same as PROPOSAL 16

PROPOSAL 18 - SUPPORT

Same as PROPOSAL 16

PROPOSAL 19 - SUPPORT

Same as PROPOSAL 16

PROPOSAL 20 - SUPPORT

We support this proposal for the reasons stated in the proposal.

PROPOSAL 21 - OPPOSITION

We believe that increasing stacked permit gear to 300 fathoms would not reduce the amount of gear currently being fished in Bristol Bay.

PROPOSAL 24 - OPPOSITION

We oppose this proposal because it eliminates stacked permits and at the same time the reduction in gear that stacked permits causes.

PROPOSAL 37 - SUPPORT

We support this proposal for the reasons stated in the proposal.

PROPOSAL 38 - SUPPORT

We **STRONGLY** support this proposal. The allocation has severely hurt us economically since it was brought into effect, especially when the boat numbers drop because of a smaller run. The allocation also causes the drift fleet to fish consecutive tides causing a reallocation of fish to the setnetters on the outside beach. With the drift fleet fishing consecutive tides most of the fish are caught before they get a chance to get in the river giving the setnetters on the outside beach a disproportionate percentage of the allocation.

PROPOSAL 39 - OPPOSITION

Same as PROPSAL 14



November 17, 2009

Boards Support Section
Alaska Department of Fish and Game
P.O. Box 115526
Juneau, AK 99811-5529

RECEIVED
NOV 17 2009
BOARDS

RE: Comments for Proposal 13

To the members of the Alaska Board of Fisheries:

I write today to convey the Pebble Partnership's opposition to Proposal 13 as it would potentially have significant impacts on our project and would affect land management decisions throughout the Bristol Bay region. Our opposition is based upon the lack of clarity or specificity within the proposal, the uncertainty it would introduce into Alaska's well established regulatory framework, the potential takings issue this could present, and that this adverse action could preclude the region or the State of Alaska from knowing the full economic opportunity the Pebble project could represent.

The Pebble Partnership understands and recognizes the importance of salmon fishery to the user groups in Bristol Bay. It is why our leaders have stated, unequivocally, that if we cannot design a mine development plan that protects the fishery, then we should not advance our project. It is why we engrained this as one of our core principles: to co-exist with the fishery. It is also why we have invested over \$100 million in environmental studies including extensive research regarding surface water, groundwater and fish. The information from these studies is vital to how we will manage environmental impacts from the mine. The data is also critical for our mine planners when making decisions about where to site facilities and how to manage water at the mine. There has been a concerted effort to present the Pebble proposal as a fishing versus mining issue and this is simply not the case. This is about the potential for a positive and significant economic project for an economically depressed region of our state. We are seeking to develop an environmentally responsible project that will co-exist with the fishery and meet Alaska's high regulatory standards.

We appreciate the opportunity to continue to share information about our project. A few facts about the project's status are important in setting context about the proposal before the Board of Fish (BOF). The Pebble Partnership was established in 2007 as a 50:50 partnership between Northern Dynasty and Anglo American to explore the potential to develop a globally significant copper deposit in the Bristol Bay region of Southwest Alaska. The Partnership is guided by the following core principles:



- Pebble will benefit Alaskans.
- Pebble will co-exist with healthy fish, wildlife and other natural resources.
- Pebble will apply the world's best, most advanced science.
- Pebble will help build sustainable communities.
- At Pebble, we will listen before we act.

We have yet to submit a mine development plan to the regulatory agencies or to commence permitting for the project. We are working to determine the style of mining to pursue, the duration of the mine, the daily rate of production, the number of jobs that will be generated, the potential local and state taxation, the source of power for mine operations, the supply chain opportunity that exists for Alaska businesses, and much more. When this is available, the residents of Southwest Alaska will be able engage in a factual discussion about the full opportunity presented at Pebble balanced with potential environmental impacts and how these issues will be addressed. Any entity stating with certainty what will or will not happen at Pebble is engaging in a speculative discussion. We are aware that there are many concerns and issues that have been generated by the public about Pebble. We welcome these comments and have shared them with our planning team. It is unfortunate, however, that some of this conversation uses emotional scare tactics to advance a particular point of view.

The Pebble deposit is located on State of Alaska land open to mineral exploration and development. The deposit is primarily a copper deposit with commercial quantities of gold, molybdenum and other trace minerals. We have distributed information packets providing more detail about Pebble to the members of the Board of Fish and additional information is available on line at www.pebblepartnership.com .

As stated above, we share many of the underlying concerns raised by Proposal 13 about the importance of salmon to the region and to Alaskans. We are, however, opposed to Proposal 13 for a variety of reasons.

In our many conversations with project stakeholders and evident in the sponsor statement for the proposal, we believe that many do not fully understand or are not fully aware of the current habitat protections that already exist for fish, wildlife, and water resources within Southwest Alaska and throughout the State of Alaska. All anadromous fish habitat in the state is protected by statute, policy and a suite of regulations. Likewise, conservation of salmon and other fish is provided for by statute, policy, and regulation. Alaska arguably has one of the most comprehensive regulatory frameworks for managing and conserving fish resources in the United States.

We would strongly urge the BOF to invite a full briefing from the relevant state and federal agencies responsible for managing Alaska's fish and water resources regarding the protections that already exist and the regulatory framework presented by these protections. This is important context to consider before adding more regulations and changing land use classification in order to preclude mineral development at Pebble. We strongly believe that it is in the best interest of all parties for the BOF to spend a day, or



more, reviewing existing regulation in order to enhance and better understand Alaska's existing requirements.

Some are trying to create a perception that Alaska's laws, statutes, regulations and permitting structure are not adequate for stewardship of our resources and overseeing the development of a project such as Pebble. We believe this is erroneous and is caused by entities seeking to stop the Pebble project by distorting the process that any mine must go through before construction and operation could begin. If this were indeed the case, then all resource development activities in the State of Alaska would have to be stopped. Further, many other industries point to the strength of Alaska's permitting system as proof of our collective value for responsible stewardship of our resources. We have attached a document prepared by the State of Alaska Department of Natural Resources to help explain the many rules, statutes, regulations and permits that a development must consider in planning for hard rock mining in Alaska.

We have determined that our development plan will require 67 major Federal, State and local permits. These include major permits from the United States Army Corps of Engineers, Alaska Department of Environmental Conservation, the Environmental Protection Agency, Alaska Department of Fish and Game, U.S. Fish and Wildlife Service, National Marine Fisheries Service, Alaska Department of Natural Resources, the Lake and Peninsula Borough and many others. A range of major environmental laws such as the National Environmental Policy Act, the Clean Water Act, the Clean Air Act, the Coastal Zone Management Act, the Marine Mammal Protection Act, and the Endangered Species Act provide strict environmental standards that the agencies listed above ensure are met in project construction and operations. Filing for permits will begin the Environmental Impact Statement (EIS) process under the National Environmental Policy Act (NEPA). This process could take up to three years to complete.

Like Proposal 121 that was introduced to the Board of Fish three years ago, Proposal 13 this year seeks to provide special or extraordinary protections beyond the conservation strategies already provided for in statute, policy and regulation. A more robust discussion and analysis is needed regarding what specifically is being pursued, why it is being sought, and why existing protections and conservation measures are inadequate. This proposal is vague and does not accomplish this. Further, belief that Alaska's fish protection statutes are inadequate is vastly different than proof or facts as to why something should be changed. There is also a lack of specificity in the proposal as to what changes the Alaska Legislature should consider as part of a fish refuge.

An additional issue requiring more discussion and analysis is around the potential a major land use change could have from the perspective of a government taking. The takings issue was included as part of the deliberations about Proposal 121 three years ago and is still relevant as you discuss Proposal 13.

It is worth noting that the land use designations and classifications in Southwest Alaska already prohibit or restrict resource development on about 70 percent of the land base – approximately 53 million acres of a total 76 million acres. Depending upon how the



boundaries of the proposed fish refuge are drawn, it could encompass and additional seven million acres of land and push land restrictions in the region to nearly 80 percent of the land mass. We have stated in many public forums that the Pebble Deposit is located on State of Alaska land. This land was specifically selected for its resource potential and helps fulfill the promises of Statehood to establish an economy in Alaska through responsible resource development. It is also worth noting that Bristol Bay Area Land Use Plan was updated in 2005 after an extensive public process. It reinforced the position that the mineral potential within the region should be included in this plan.

Prior to the passage of the Alaska National Interest Lands Act in 1980, the Department of the Interior, the Cook Inlet Regional Corporation (CIRI) and the State of Alaska engaged in very intense negotiations to accomplish several objectives. CIRI had selection rights throughout what was to become Lake Clark National Park. In order to remove the checkerboard ownership in the Lake Clark Area and the area to the west, the State agreed to allow CIRI to select valuable State lands in the Susitna Valley, and the Department of the Interior allowed the State to select lands in the Mulchatna/Iliamna area. This resulted in far less inholdings in Lake Clark National Park and a more consolidated block of State land to the west of the park selected for its mineral potential.

Proposal 13 represents a major change to the existing land use classifications for the region and to the regulatory environment under which land in the region is managed. As such, we strongly urge you to reject this proposal.

Pebble is a world class mineral discovery and deposit. From the copper required for green-power technologies, such as wind turbines and solar panels, to the pipelines and aircraft that benefit from the steel strengthening properties of molybdenum, the mineral resource at Pebble could play a vital role in our current lives. The demand for the minerals at Pebble continues to grow throughout the world and deposits like Pebble are not discovered every day. We believe that the public should know the full opportunity presented by potential development of the Pebble Project before closing the door on this and other future developments that could have great importance to future generations of Bristol Bay residents and their communities.

Sincerely,

A handwritten signature in blue ink, appearing to read 'John Shively', is written over a horizontal line. The signature is stylized and cursive.

John Shively, CEO



ALASKA DEPARTMENT OF NATURAL RESOURCES

OFFICE OF PROJECT MANAGEMENT AND PERMITTING

PERMITTING LARGE MINE PROJECTS IN ALASKA

Numerous state, federal, and local government permits and approvals are required before construction and operation of a large hardrock mine in Alaska can begin. Each project presents unique challenges, therefore the specific permits and approvals required can vary from project to project. The State of Alaska has developed a process to coordinate all State agency permitting for such projects. This process, which also integrates with federal and local government permitting, has significantly streamlined mine permitting for the benefit of both the industry and the public.

The Department of Natural Resources (DNR), Office of Project Management and Permitting (OPMP) coordinates the permitting of large mine projects in the state. OPMP assigns a project manager to serve as the primary contact for a large mine project. The project manager coordinates the permitting activities of the state team assigned to work on the project. The large mine project team (LMPT) is an interagency group, coordinated by DNR, that works cooperatively with large mine applicants and operators, federal resource agencies, and the Alaskan public to ensure that projects are designed, operated and reclaimed in a manner consistent with the public interest. The project manager's primary responsibility is to ensure a coordinated process with minimum duplication. This often involves tailoring the process to fit specific project needs.

For coal mine projects in Alaska, the coordinating role is held by the Coal Regulatory Program, within DNR's Division of Mining, Land and Water/Mining Section.

Some of the permits/approvals that may be required include, but are not limited to, the following:

DEPARTMENT OF NATURAL RESOURCES (DNR)

Plans of Operation Approval. This approval authorizes the plan of operations for non-coal mines, and is required for all mining projects on state land. DNR's Division of Mining, Land and Water/Mining Section issues this approval.

Reclamation Plan and Bond Approval. This approval authorizes the reclamation plan and bond cost estimate for non-coal mines on all lands in Alaska. DNR's Division of Mining, Land and Water/Mining Section issues this approval.

Surface Coal Mine Permit. For coal mines, Alaska's Coal Regulatory Program issues surface coal mining permits in accordance with the Alaska Surface Coal Mining and Reclamation Act. This permit approves the mine's plan of operations, reclamation plan, and financial assurance. DNR's Division of Mining, Land and Water/Mining Section issues this permit.

Right-of-Way for Access and Utilities. For projects on state land, a right-of-way is required for infrastructure such as roads, pipelines, and powerlines. Other access authorizations may be

required for non-State lands as well. DNR's Division of Mining, Land and Water/Lands Section issues this approval.

Millsite Lease. A Millsite Lease is required for mine project facilities on State land. This lease gives the proponent a surface property right for the facilities. DNR's Division of Mining, Land and Water/Mining Section issues this lease.

Permit to Appropriate Water. Appropriation of a significant amount of water on other than a temporary basis requires authorization by a Water Rights Permit. A Water Right is a property right for the use of public surface and subsurface waters. Temporary uses of a significant volume of water, for up to 5 years, require a Temporary Water Use Permit. DNR's Division of Mining, Land and Water issues this permit.

Dam Safety Certification. A Certificate of Approval to Construct and a Certificate of Approval to Operate must be obtained for any significant dam in the State. These certificates involve a detailed engineering review of the dam's design and operation. The certificates are issued by DNR's Division of Mining, Land and Water/Dam Safety Unit.

Upland or Tideland Leases. A project may require a property interest in lands not adjacent to the minesite itself. For use of state-owned tidelands, a tideland lease is issued for marine facilities such as docks. Likewise, for use of state-owned uplands, a lease is required for facilities such as transportation and staging facilities. DNR's Division of Mining, Land and Water/Lands Section issues these leases.

Material Sale. If materials such as sand, gravel, or rock, are needed from state lands off the millsite lease, then a separate material sale must be issued. DNR's Division of Mining, Land and Water/Lands Section issues this sale.

Winter Travel Permits. Cross-country travel on snow or ice roads is commonly used to stage equipment and supplies for a project. A permit from Division of Mining, Land and Water/Lands Section must be obtained before constructing such roads on state land, or conducting overland travel. Crossings of fish-bearing water bodies by snow or ice roads will require authorization by ADF&G Habitat prior to construction.

Cultural Resource Protection. Clearance must be obtained from the State to ensure that a project will not significantly impact cultural and archaeological resources. If significant disturbance cannot be avoided, then a compensation strategy is developed. Cultural resource clearances are obtained from DNR's State Historic Preservation Office.

ACMP Consistency Review. If a project is within Alaska's Coastal Zone, it is reviewed for consistency with the Alaska Coastal Management Program's enforceable policies, including coastal district policies. The review is a coordinated review of federal and state authorizations, all of which require a positive consistency determination before issuance. Coastal Consistency Review's are conducted by DNR's Division of Coastal and Ocean Management (DCOM).

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION (DEC)

Waste Management Permit. If tailings or waste rock from a mine project has the potential for impacting state waters, then a Waste Management Permit must be obtained. This permit usually requires pre-operational, operational and post closure monitoring. The permit also requires financial assurance both during and after operations, and to cover short and long-term treatment if necessary, closure costs, monitoring, and maintenance needs.

Domestic and Non-Domestic Wastewater Disposal Permits. DEC must authorize the discharge of wastewater into or upon all waters and land surfaces of the state. A separate state

permit is not required if the department certifies an NPDES permit. If injection wells are part of the wastewater disposal plan, then the requirements for EPA's Underground Injection Control (UIC) Class V wells must be met in addition to any requirements in a state wastewater permit.

Certificate of Reasonable Assurance for 402 and 404 Permits. Activities involving discharge of wastewater or fill material into waters of the United States are governed by the terms and conditions of a Clean Water Act (CWA) Section 402 NPDES Permit from the Environmental Protection Agency (EPA) and a CWA Section 404 Permit from the COE. CWA Section 401 also requires the applicant to obtain state certification that any discharge under CWA Sections 402 or 404 will comply with applicable state water quality standards.

Storm Water Discharge Pollution Prevention Plan. DEC certifies the NPDES Storm Water General Permits for both construction activities and during operational phases of the facilities. DEC approves Storm Water Pollution Prevention Plans under its CWA Section 401 certification authority. The facility may have separate NPDES permits to cover waste water and storm water discharges, or the requirements may be combined into one permit.

Air Quality Permits. The construction, modification, and operation of mining facilities that produce air contaminant emissions require a state Air Quality Control Permit to Construct, and a separate Air Quality Control Permit to Operate. The determination to require a permit is based on the source location, total emissions, and changes in emissions for sources specified in 18 AAC 50.300(a). Generally, air quality must be maintained at the lowest practical concentrations of contaminants specified in the Ambient Air Quality Standards of 18 AAC 50.020(a).

Approval to Construct and Operate a Public Water Supply System. Prior to start of construction, DEC must approve, in writing, detailed engineering reports, plans, and specifications for the construction, alteration, or modification of a public water system. Once construction has been completed, DEC must approve operation of a public water system.

Plan Review for Non-Domestic Wastewater Treatment System. Plans for disposal of wastewater from milling operations and other non-domestic wastewater sources are to be submitted to the state for approval for either a state Wastewater Disposal Permit or an NPDES Permit. DEC reviews plans for the NPDES application under CWA Section 401.

Plan Review and Construction Approval for Domestic Sewage System. The construction and operation of facilities that collect, treat, and dispose of wastewater is governed by a plan review to ensure that minimum standards are applied. Detailed engineering reports, plans, and specifications must be certified by a registered Professional Engineer.

Oil Discharge Prevention and Contingency Plan. Approval of an oil discharge contingency plan is required prior to commencement of operation of vessels and oil barges on state waters, or for oil terminal facilities capable of storing more than 1,320 gallons above ground or more than 42,000 gallons underground. These contingency plans are reviewed every 3 years.

ALASKA DEPARTMENT OF FISH AND GAME (ADF&G)

Title 16 Permits. Regardless of land ownership, a Fish Habitat Permit is required for any activity conducted within fish-bearing waters, such as bridges, culverts, fords (winter or summer), material sites, tailings facilities, and water-withdrawal structures. Fishway Permits are required for activities that affect fish passage. ADF&G's Division of Habitat issues these permits.

If a project is within a state refuge, sanctuary, or critical habitat, any activity within the special area will require a Special Areas Permit from ADF&G's Division of Habitat.

A Scientific Collection Permit from ADF&G's Division of Sport Fish is required for any capture, collection or holding of freshwater fish and aquatic plants. In saltwater, a Fish Resource Permit from ADF&G's Division of Commercial Fisheries is required for any capture, collection or holding of fish, shellfish, and aquatic plants.

FEDERAL AGENCIES

The involvement of federal agencies may vary for each project, but most projects at least require authorizations from the US Environmental Protection Agency and the US Army Corps of Engineers. DNR's Office of Project Management and Permitting also coordinates with the pertinent federal agencies, as required:

U.S. Environmental Protection Agency Section 402 NPDES Permit. Sections 301 and 306 of the CWA require that EPA develop wastewater effluent standards for specific industries, including mines. These standards are established both for existing sources and new sources. For new mines with new waste discharges, New Source Performance Standards (NSPS) are applicable (40 CFR 440.104). Section 402 of the CWA requires the mine to obtain an NPDES permit for its proposed discharge. The NPDES permit would be required to meet the NSPS or the water quality standards, whichever provides the more stringent limitation.

In accordance with Section 511(c)(1) of the CWA, NPDES permit actions for new sources are subject to NEPA (40 CFR Part 6, Subpart F). Therefore, EPA would issue a Record of Decision in conjunction with the final permit action.

EPA is the NPDES permitting authority in Alaska. DEC, pursuant to Section 401 of the CWA, must provide certification to EPA that the discharge would comply with any applicable state water quality standards. Mixing zones for the dilution of effluent pollutants may be allowed under DEC certification, and the mixing zone requirements would be incorporated into the EPA NPDES permit.

EPA could use its CWA authority to review the Spill Prevention, Control, and Countermeasure Plan required for storage of large quantities of oil.

Other EPA permits include:

- Review of COE CWA Section 404 Permit
- Stormwater Construction and Operation Permit
- Class V Underground Injection Control (UIC) Permit

U.S. Army Corps Of Engineers Section 404 and Section 10 permits. A discharge of dredged or fill material, including mine tailings, into waters or wetlands of the United States is prohibited unless authorized by the Corps of Engineers (COE) under Section 404 of the CWA. To the degree that activities have an effect on "waters of the United States," these activities undertaken in connection with mining operations might require a Section 404 Permit (including road or bridge construction, construction of dams for tailings storage, water storage dams, and stream diversion structures).

The COE is responsible for determining consistency of the proposed action with the Section 404 (b)(1) guidelines. Under Section 404 (c), EPA has review authority over the COE 404 Permit decisions.

Under Section 10 of the Rivers and Harbors Act of 1899, the COE also must issue a permit for any structure or work that could obstruct traditionally navigable waters.

Appropriate Federal "Landowner." " If a project is on Federal lands, then authorizations must be obtained from the appropriate managing agency, such as the U.S. Forest Service or Bureau of Land Management.

US Fish and Wildlife Service. Federal agencies must conduct a Section 7 consultation with the U.S. Fish and Wildlife Service (USFWS) regarding any threatened or endangered species that may be affected by the proposed project. The level of required informal or formal consultation depends on whether listed species occur in the project area, and, if so, whether they are likely to be affected by the proposed project. If listed species occur in the area and they may be affected, then agencies and the USFWS would undergo the formal consultation process. This is typically an involved process that results in measures designed to minimize the impact of the project on listed species.

The USFWS implements provisions of the Bald Eagle Protection Act and the Migratory Bird Act. The USFWS also provides technical expertise and provides comments and recommendations to federal agencies via the Fish and Wildlife Coordination Act (16 USC 661 et. Seq.).

National Marine Fisheries Service. Federal agencies must conduct a Section 7 consultation with the National Marine Fisheries Service (NMFS) in accordance with the Endangered Species Act (ESA). If any impacts are predicted for any threatened or endangered marine species, specific design measures to protect the affected species must be developed.

In a similar manner, Federal agencies must consult with NMFS concerning any action that might adversely affect essential fish habitat (EFH). EFH includes habitats necessary to a species for spawning, breeding, feeding, or growth to maturity. EPA will provide NMFS with an EFH assessment.

THE PROCESS

The goal of the state's Large Mine Project Team is to coordinate the timing and completion of the numerous permits. The team reviews all the complex technical documents generated during the process and provides coordinated comments. The team also coordinates stakeholder involvement and provides a single point of contact for the public. The team provides the public, agencies and the applicant the opportunity to view the project as a whole.

The requirement for the federal authorizations usually triggers the requirement for an Environmental Impact Statement (EIS) pursuant to the National Environmental Policy Act (NEPA). The State usually participates as a cooperating agency in the EIS process, and the team endeavors to dovetail the state's permitting process with the EIS process. For example, during the Pogo Mine process, the public Draft EIS included drafts of all the major state permits. This gave the public the opportunity to see how the state's management decisions could be implemented on the ground, and enabled them to comment on the project as a whole.

The Large Mine Project Team also coordinates, to the extent possible, with local governments. For example, the team has been working closely with the City and Borough of Juneau throughout the permitting and EIS process for the Kensington Mine. The City's Conditional Use Permits are critical authorizations for the mine, and may place additional stipulations on the project.

The following is a summary of the general process used by the team:

Pre-Scoping/Schedule. The first task for the Large Mine Project Team is to work with the potential applicant to ensure that they understand the process and regulatory requirements and sideboards, that they are collecting the appropriate baseline data, that they understand what information the State needs in an application, and that a realistic schedule is developed.

Permit Application. The applicant submits an application package, and the team reviews this to make sure all the necessary information is included.

Scoping/Issues Identification. The team works with the applicant, public, agencies, and other stakeholders to identify the issues that will need to be addressed during the process.

Review and Analysis. The team reviews the baseline data and the application package, and identifies the potential impacts from the project.

Issues Resolution. The team works with the applicant to resolve the issues, usually resulting in modifications to the permit application package.

Project Authorization. The team drafts the authorizations, gathers public input, and finalizes the authorizations.

Post Permit issuance. Once the permits are issued and construction and operation begins, the team is active in permit maintenance, inspection, and compliance monitoring.

Reclamation and Final Closure. The team is responsible for ensuring that reclamation and closure objectives are met, and that financial assurances are released.

A Memorandum of Understanding (MOU) is typically required by the state to reimburse the cost of permitting for large mine projects. An MOU provides the means for the state to dedicate experienced staff to the permitting efforts. This assures that key personnel from the various agencies are devoted to specific projects. These agreements are renewed annually. "Not-to-exceed" limitations can be applied to help control costs. In its coordinating role, DNR acts as the centralized accounting function for the MOU. The issuance of permits is not guaranteed by an MOU.

STAFF

Tom Crafford, Mining Coordinator
Alaska Department of Natural Resources
Office of Project Management and Permitting
550 West Seventh Ave., Ste. 900D
Anchorage, AK 99501
Tel. 907 269 8629
Fax. 907-269-8930
E-mail: tom.crafford@alaska.gov

Rick Fredericksen, Mining Section Chief
Alaska Department of Natural Resources
Division of Mining, Land and Water
550 West Seventh Ave., Ste. 900D
Anchorage, AK 99501
Tel. 907 269 8621
Fax. 907-269-8930
E-mail: rick.fredericksen@alaska.gov

Jack DiMarchi, Large Mine Project Manager
Alaska Department of Natural Resources
Office of Project Management and Permitting
3700 Airport Way
Fairbanks, AK 99709
Tel. 907 374-3708
Fax. 907-451-2703
E-mail: jack.dimarchi@alaska.gov

<http://www.dnr.state.ak.us/opmp/>
<http://www.dnr.state.ak.us/mlw/mining/largemine/>

**Misty Fjord Seafood
SEAFOOD PRODUCERS**

P O Box 64
Winthrop, WA 98862

206 409-1885

509 996-2382

mistyfjord@methownet.com

RECEIVED

NOV 17 2009

BOARDS

November 17, 2009

Vince Webster, Chair
& Members of the Board of Fish
P O Box 115526
Juneau, AK 99811-5526

RE: Proposal 20 - Allowing one person to own two permits

I'm writing to ask for your support of Proposal 20 which allows one person to hold two permits Bristol Bay. I have been a fisherman in Bristol Bay since 1987. In that time I've seen a lot of positive changes in Bristol Bay. The quality of the salmon is improving drastically and as a result the permits and salmon are slowly increasing in value. There is so much more we can do. Adoption of Proposal 20 would be a major step in continuing this momentum.

Permit stacking would help decrease the number of vessels fishing in Bristol Bay. Fewer boats means less competition and higher profits for everyone. The AK Dept. of Fish and Game recommended 800-1200 vessels being the optimum number to have in the fishery. We are currently way over that number. The addition of a 50 fathom shackle not only allows you to catch more salmon, it allows you to fish your net more efficiently. Fish brought on board in this manner are of the highest quality.

Many fishermen in Bristol Bay realize the benefit from having two permits on board and have made arrangements for a second permit holder to be present. This is an unnecessary, complicated and often times far from ideal arrangement for the boat two permit holders. What is preventing us from taking the extra step and doing what seems very logical? Why not take the extra step and make legal the scenario that truly helps the fisherman?

The better we do as fishermen, the more valuable our operation is. I entered this fishery in 1987, when permits sold for \$250,000 and we hauled \$2.50 a pound for our fish. It's been a long slow road coming back to the point where we can make a living. Supporting Proposal 20 will help make Bristol Bay a viable profession for all of us.

I sincerely hope you view Proposal 20 favorably.

Thank you,

Fran Kaul
f/v/Chaloupe

Public Comment #

102

RECEIVED

NOV 17 2009

BOARDS

**Implications of Restructuring Proposals for
Local Permit Ownership in the Bristol Bay Drift Gillnet Fishery**

Comments submitted to the Board of Fisheries

by

Gunnar Knapp
Professor of Economics
Institute of Social and Economic Research
University of Alaska Anchorage
3211 Providence Drive
Anchorage, Alaska 99508
907-786-7717
Gunnar.Knapp@uaa.alaska.edu

November 2009

Public Comment # 103

4/11

Summary

There has been a dramatic and disturbing long-term decline in permit holdings by local Bristol Bay residents.

One of the most important factors contributing to this decline has been differences in access to capital financing between local residents and non-local residents. These differences affect the types of boats and gear people can afford and the permit prices they can afford.

The restructuring proposals would tend to disproportionately benefit non-local residents who are more able to afford investments in boats and permits. They would exacerbate the long-term decline in permit holdings by local Bristol Bay residents.

This will happen unless there are significant and effective efforts to assist local residents in acquiring permits—or other policies to promote and assure local participation in the fishery

Introduction

For the past several years, I've been studying trends in local permit ownership in the Bristol Bay drift gillnet salmon fishery and other salmon fisheries, as part of an NSF-funded research project. The goals of my research have been to:

- Describe past changes in local permit ownership
- Understand the causes of changes in local permit ownership
- Project future changes in permit ownership
- Project how different policies might affect local permit ownership

My objective in these comments is to discuss how the proposed changes to the 32' limit and permit stacking regulations might affect local permit ownership in the Bristol Bay fishery. I believe that the implications of the restructuring proposals for local permit ownership are important and relevant to the consideration of these proposals.

My objective in these comments is not to argue for or against the restructuring proposals. I recognize that a variety of other arguments for and against the proposals are also important and relevant.¹ However, I think that potential effects on local permit ownership are relevant and part of what you should consider.

More generally, I hope that the State of Alaska will start to think more seriously about the problem of declining local permit ownership and what can be done about it. The responsibility for and ability to address this issue goes beyond the Board of Fisheries.

¹ I have not had the time to study these arguments. A critical issue which I hope the Board will consider carefully is the extent to which larger boats would be able to increase their share of the catch—which could lead to more investment and higher costs not to increase quality and raise the value of the fishery, but to increase or maintain catch shares. Part of the issue is the extent to which catch share is affected primarily by net length or by other factors as well which might be related to boat length.

7/11

Public Comment #

103

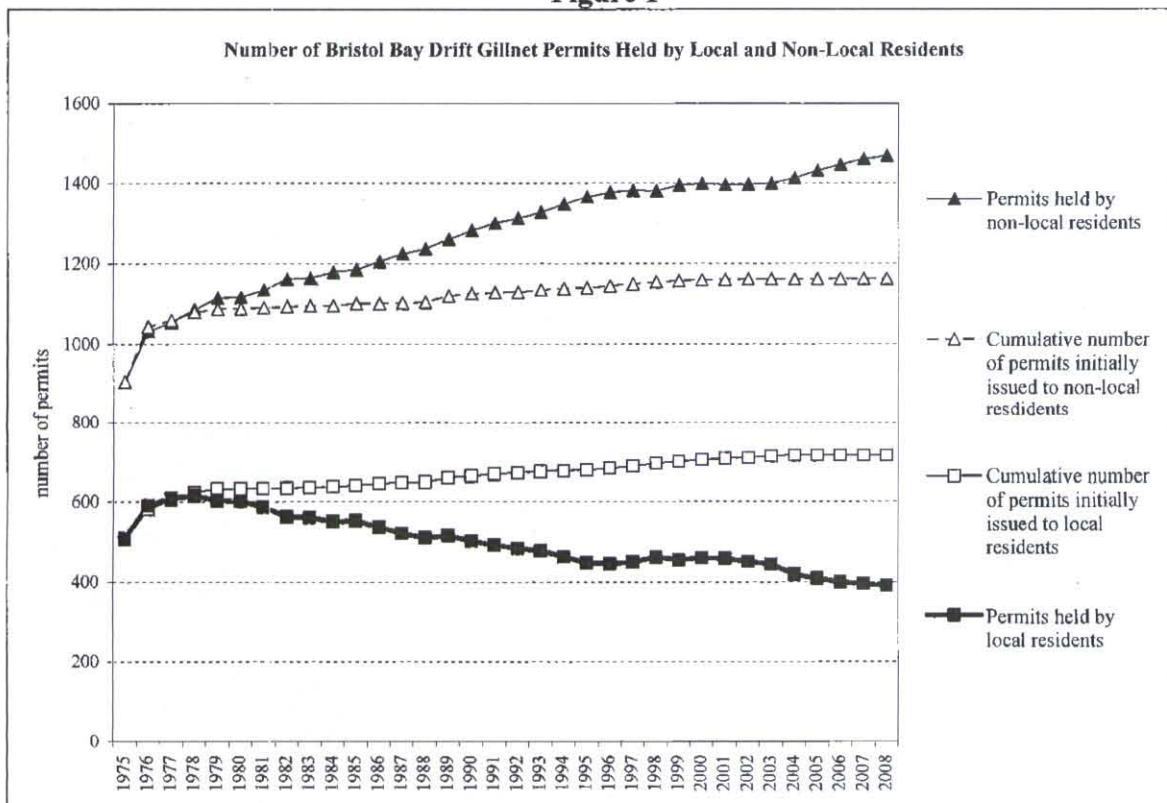
“Local” Permit Ownership: Data and Definitions

For many years, the Commercial Fisheries Entry Commission (CFEC) has prepared a detailed report each year on the geographical distribution of limited entry permit holders and the reasons for changes in the distribution. Except where otherwise noted, all of the data is based on the most recent of these CFEC Reports.² For my analysis of permit holdings in the Bristol Bay drift net fishery, I refer to permit holders who are residents of local Bristol Bay communities (as defined by CFEC) as “local residents” and to other permit holders as “non-local residents.” Similarly, I refer to permits held by local residents as “local” permits and other permits as “non-local” permits.

Trends in Local Permit Holdings in the Bristol Bay Drift Gillnet Fishery

From the beginning of the limited entry program through the end of 2008, a total of 1875 permits were initially issued in the Bristol Bay drift gillnet fishery. Of these, 713 permits (38%) were initially issued to local residents. By the end of 2008, the number of permit held by local residents had fallen to 391 (21%). Thus there has been a net loss of 322 in the number of local permits from the number of permits initially issued to local residents—a 45% decline.

Figure 1



² Sears, J., N. Free-Sloan, C. Tide, and K. Iverson. Changes in the Distribution of Alaska’s Commercial Fisheries Entry Permits, 1975-2008. CFEC Report Number 09-04N. Available at http://www.cfec.state.ak.us/RESEARCH/09_4N/09_4.

3/11

Three factors have played a role in the decline in permits held by local Bristol Bay residents:

- Net transfers from local residents to non-local residents:
- Net migration of permit holders out of the region:
- Other causes: (foreclosures, forfeits, administrative and criminal revocations of permits held by local residents, net of reinstatements)

Of the net loss of 322 local permits from those which were initially issued between 1975 and 2008, 215 (67%) were due to net transfers, 65 (20%) were due to net migration, and 42 (13%) were due to other causes (Table 1). Thus net transfers were clearly the most important factor, although other factors were also important.

Table 1
Causes of Change in Local Holdings of Bristol Bay Drift Gillnet Permits, 1975-2008

Number of local permits	Total initial issues, 1975-2008	713
	Net change due to transfers, migration, and other causes	-322
	Local permit holdings at end of 2008	391
Causes of change in local permits	All causes	-322
	Net transfers	-215
	Net migration	-65
	Other causes	-42
Causes of change as % of all causes	All causes	100%
	Net transfers	67%
	Net migration	20%
	Other causes	13%
Causes of change as % of total initial issues*	All causes	-45%
	Net transfers	-30%
	Net migration	-9%
	Other causes	-6%

*Causes of change expressed as a percentage of the total of 713 permits initially issued to local residents over the period 1975-2008.

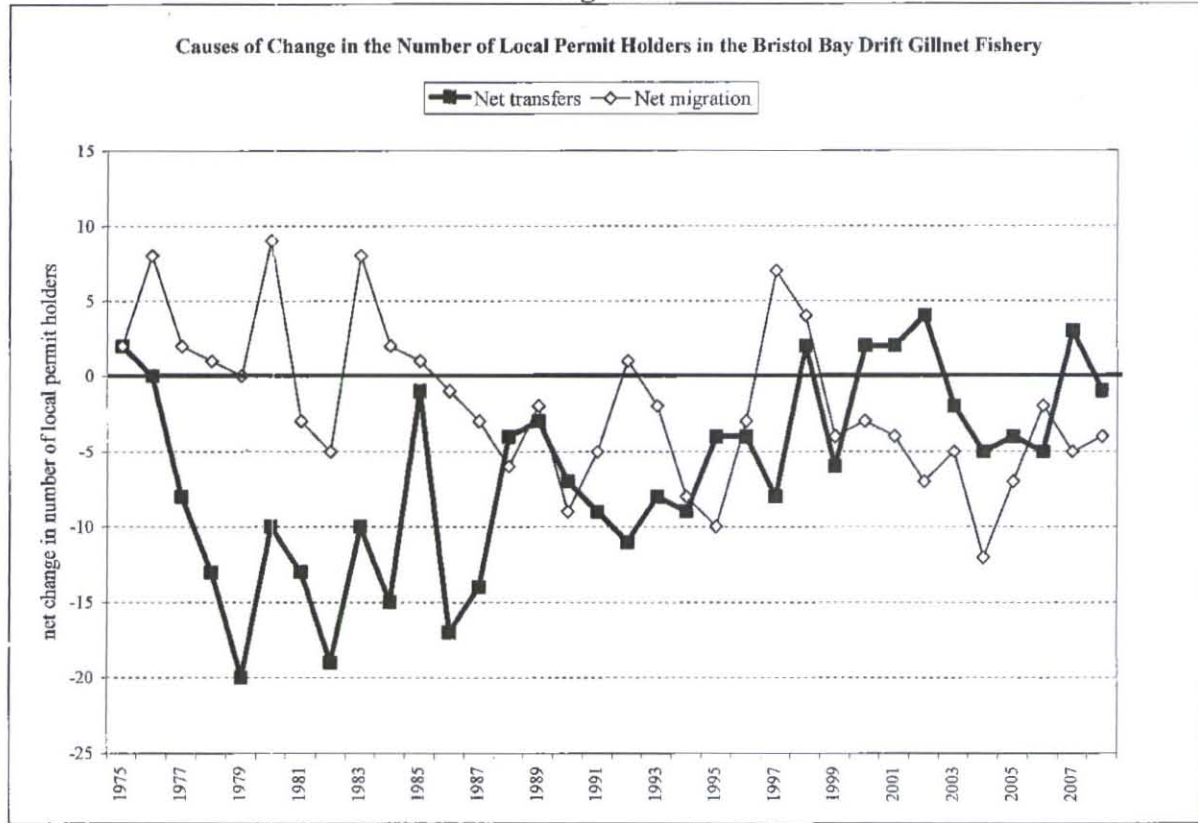
4/11

Public Comment #

103

The relative significance of net transfers and net migration has changed over time. In general, net annual local permit loss due to transfers declined gradually for most of the 1980s and 1990s. Net transfers were positive from 2000-2003, but turned negative again beginning in 2003.

Figure 2



What Causes Net Transfers?

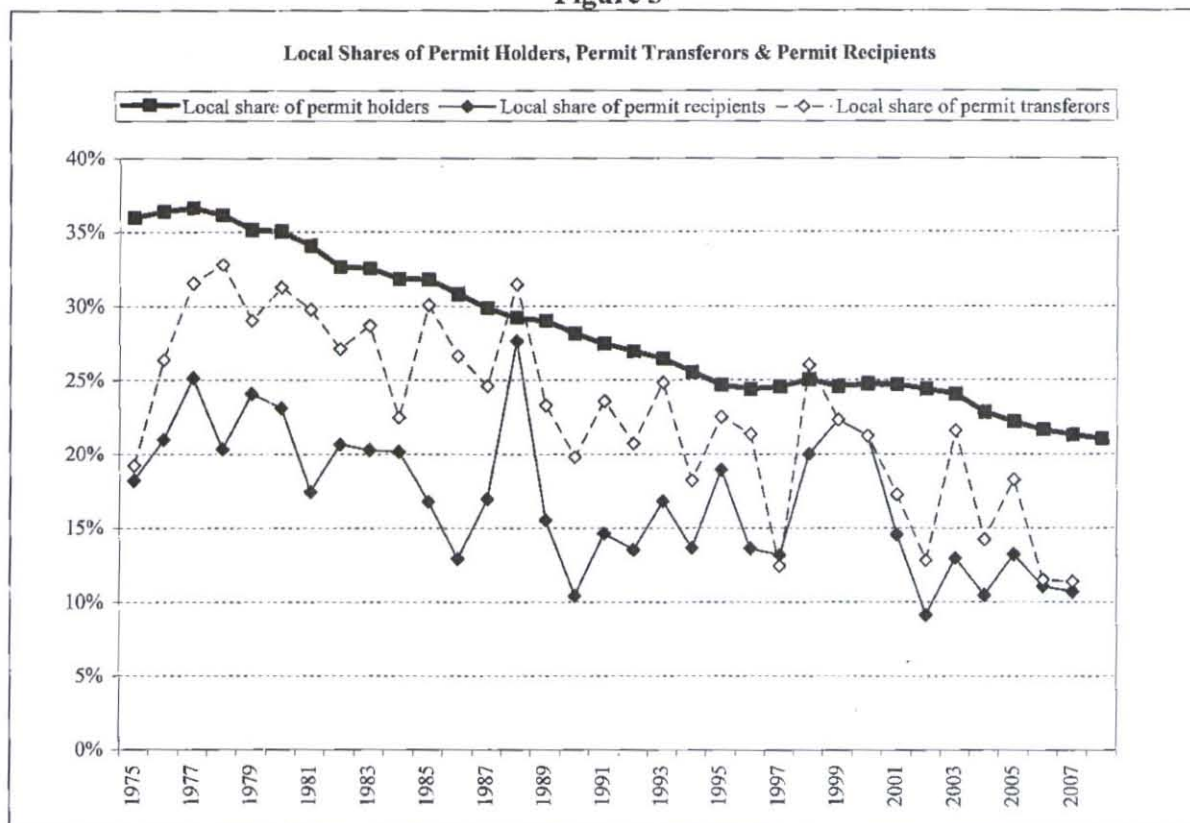
In any given year, the price of permits is the market-clearing price at which the number of permit-holders willing to sell their permits is equal to the number of permit buyers. Net transfers from locals to non-locals occur if, at that price, the local share of permit sellers is greater than the local share of permit buyers.³

The local share of permit sellers is determined partly by the share of permits which are locally owned. The smaller the share of permits that are owned by locals, the smaller the share available to be sold by locals. This occurred in the Bristol Bay drift gillnet fishery: as the local share of permits has declined, so has the local share of permit transferors (Figure 3).

³ Not all permit transfers are sales. Some are gifts. This discussion applies only to permit transfers which occur by sale. According to annual CFEC permit transfer surveys, sales account for a majority of transfers.

5/11

Figure 3



Note: Local share of permit transfer recipients and permit transferors calculated from CFEC permit database files.

Over time, as the number of local permits declines and the local share of permit sellers declines, if the local share of permit buyers stays the same, then we would expect the local share of permits to gradually stabilize when the local share of permit sellers equals the local share of permit buyers.

In recent years, local residents have accounted for only 10% - 15% of the Bristol Bay permit transfer recipients. Unless this changes, or unless net transfers are offset by migration of permit holders into the Bristol Bay region, the local share of Bristol Bay permit ownership could eventually fall to as low as 10%-15%.

Anything that increases the local share of permit sellers or reduces the local share of permit buyers at prevailing permit prices will tend to increase local permit loss due to transfers and reduce the level at which the local permit share will eventually stabilize.

Why is the Share of Local Permit Buyers so Low?

Why do local residents account for such a small share of the permit transfer recipients in Bristol Bay—and why has the local share of permit transfer recipients declined over time? There are a wide variety of contributing factors. First, and most obviously, the population of potential

6/11

permit buyers living outside the Bristol Bay region (in other parts of Alaska and in other states) is much larger than the population of potential permit buyers living in the Bristol Bay region. There are far more fishermen—and in particular drift gillnet salmon fishermen—living outside the Bristol Bay region than there are inside the Bristol Bay region. As the number of non-local permit holders has grown over time, so has the number of non-local crew with experience fishing in Bristol Bay—an important part of the pool of potential non-local permit buyers.

Secondly, non-local permit buyers have relatively greater access to the capital needed to purchase permits and boats, for a variety of reasons. As documented in a recent study by Northern Economics, they earn more income from other fisheries and they earn more income from non-fishing employment.⁴ They are more likely to have family members from whom they can borrow money. It is easier for them to learn about how to obtain loans from both private and public lending institutions, and to get these loans.

Probably because of their greater access to capital, non-local Bristol Bay permit holders tend to have newer boats with greater horsepower.⁵ Thus it is not surprising that they also have higher average earnings.⁶ In turn, non-local potential permit buyers who can afford newer boats with greater horsepower can expect to have higher average earnings and be willing and able to pay relatively higher prices for permits.

The Paradox of Profitability

Of course, local residents have offsetting advantages that help them in competing with non-local potential permit buyers. In particular, they face lower transportation costs in getting to the fishery, they have relatively fewer alternative opportunities for employment (in fishing or other activities) or investment (what economists call “opportunity costs”), and they may derive relatively greater “non-market” benefits from participating in the fishery due to the its importance for family and cultural traditions.

A paradox for the Bristol Bay region—and other rural Alaska regions—is that the more profitable their fisheries are, the relatively more economically attractive they are to non-local residents, the greater the relative share of non-local permit buyers is likely to be, and the lower the resulting long-run local share of permit owners is likely to be.

In general, the more profitable the more profitable a rural Alaska fishery is, the fewer the relative economic advantages that local residents have in buying permits, and the greater the relative economic disadvantages they face. As the fishery becomes more profitable:

- Transportation costs represent a lower share of potential earnings and less of a relative advantage for local residents

⁴ Northern Economics, *The Importance of the Bristol Bay Salmon Fisheries to the Region and its Residents: Executive Summary* (October, 2009).

⁵ Northern Economics, *The Importance of the Bristol Bay Salmon Fisheries to the Region and its Residents: Executive Summary* (October, 2009).

⁶ Kurt Iverson, *CFEC Permit Holdings, Harvest and Estimated Gross Earnings by Resident Type in the Bristol Bay Salmon Gillnet Fisheries* (CFEC Report 09-1N, February 2009).

67/11

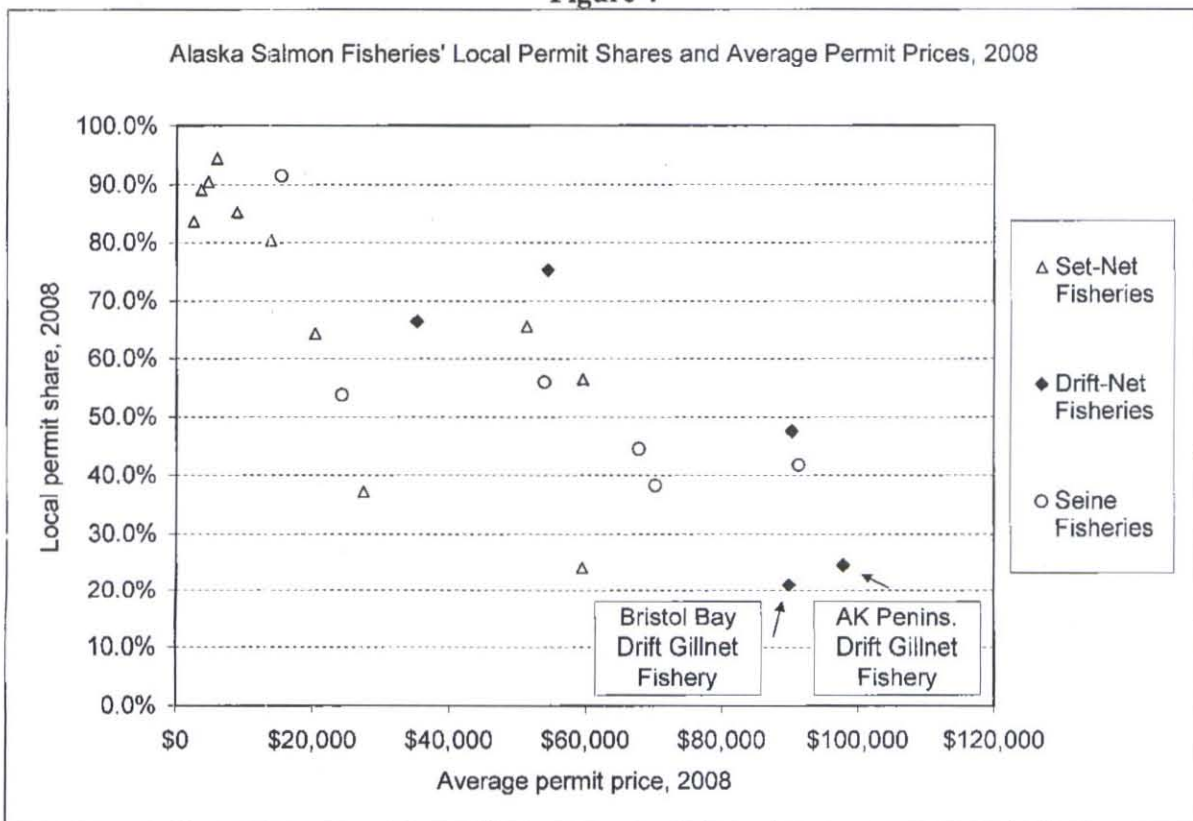
Public Comment #

103

- Alternative economic opportunities available to non-local residents (including both participation in other fisheries as well as non-fishing opportunities) represent a relatively less attractive alternative for non-local residents
- Permit prices rise, and greater access to capital becomes a relatively more important advantage to non-local permit buyers
- The relative economic advantage of larger boats increases, further increasing the advantage provided by non-local permit buyers' relatively greater access to capital.

Thus, it is not surprising that the higher the profitability of Alaska salmon fisheries (as indicated by average permit prices), the lower the local share of permit ownership (Figure 4).

Figure 4



Implications of the Restructuring Proposals for Local Permit Ownership

The restructuring proposals—particularly ending the 32 foot limit--would tend to disproportionately benefit non-local residents who are more able to afford investments in boats and permits.

8/11

Public Comment # 103

Given that non-local permit holders' vessels currently have significantly higher average horsepower, and a significantly higher proportion of non-local permit holders' have refrigeration, it seems clear that non-local permit holders would also be more likely to take advantage of the opportunities provided by relaxing the 32 foot limit.

Similarly, it is likely that relaxing the 32 foot limit would further increase the share of non-local residents among those permit buyers able to pay the higher permit and boat prices that would result if larger boats could earn more profits.

This would exacerbate the long-term decline in permit holdings by local Bristol Bay residents. Local permit ownership would eventually stabilize at a lower rate than it would without the change in regulations.

Should We Care?

Why does it matter if local permit ownership is declining in the Bristol Bay drift gillnet fishery? Should effects on local permit ownership be a factor in considering regulatory changes?

It's easy to see why local permit ownership matters to local residents of the Bristol Bay watershed. When permits leave the region, so does income and so do job opportunities. Even if the person selling the permit benefits, in all likelihood the loss of the permit represents the loss of opportunities for others in the region to work as crew—and to gain experience towards eventually becoming a permit holder.

It seems perfectly reasonable to me that people in the Bristol Bay region would feel the same way about non-local residents holding an ever-greater share of Bristol Bay permits and jobs as Alaskans feel about non-Alaskans holding an ever-greater share of Alaska fishing permits and jobs.

While it's reasonable for local residents to be concerned about local permit ownership and fishery participation, should the Board of Fisheries be concerned? Should the State of Alaska be concerned? Why should it matter to the Board of Fisheries or the State if a resident of Anchorage or Petersburg holds a Bristol Bay permit instead of a Bristol Bay resident—especially if that Anchorage or Petersburg resident is a skilled fisherman able to utilize a Bristol Bay permit more efficiently or profitably than a Bristol Bay resident?

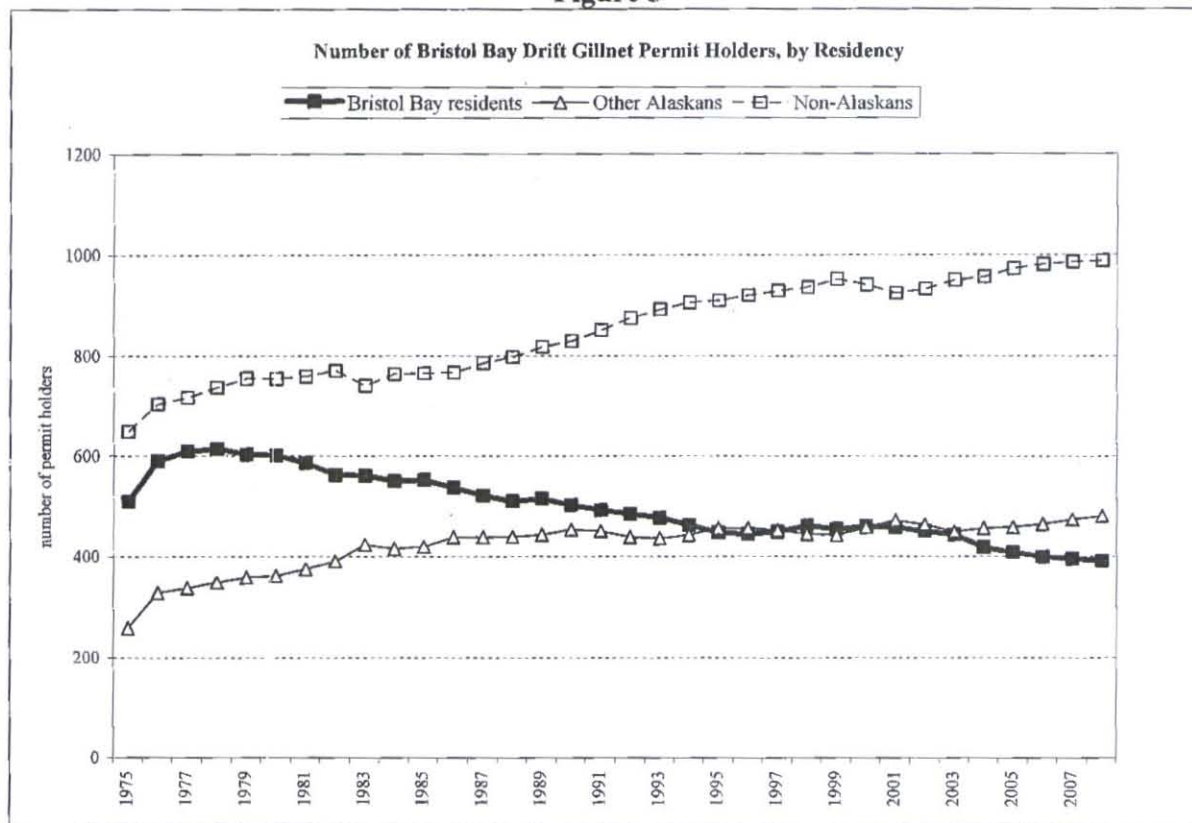
One reason is that relatively more of the permits that were formerly held by local Bristol Bay residents have gone to non-Alaskans than to other Alaskans (Figure 5). Beyond this, however, I think answering the question requires a value judgment about which reasonable people may disagree.

8/11

Public Comment #

103

Figure 5



My own value judgment is that we ought to care whether residents of rural Alaska are active participants in the fisheries in their regions. We should particularly care when these regions are suffering economic distress and when we are trying to promote economic development in rural Alaska. We should be actively seeking ways to maintain and increase rural participation in rural fisheries—even if it costs us something—and particularly if we oppose other kinds of resource development which might bring rural residents other economic opportunities.

To me, the loss of local permits in the Bristol Bay fishery seems like a tragedy which has been playing out slowly and steadily, but about which nothing has been done. It is a tragedy which was predicted. Twenty-nine years ago, expressing early concerns about the transfer of salmon limited entry permits from rural Alaska following the implementation of limited entry, UAA anthropologist Steve Langdon wrote:

“... Does [the] loss of permits by rural Alaskans . . . represent a serious problem? If it were the case that the rural population had declined in the recent past, if it were the case that an expanding rural population was migrating to urban centers . . . at a higher rate than the rate of natural increase, if it were the case that employment opportunities in the local regions and on a statewide basis were expanding more rapidly for rural residents than their loss of permits, then one might be able to argue that the decline merely represents natural attrition due to a greater integration of the rural population into the Alaska economy. Since most

9
10/11

Public Comment #

103

of these ameliorating conditions do not appear to be taking place, the outflow of permits that has occurred and that potentially can occur must be regarded as a significant threat to the rural Alaskan economic base and the well-being of rural Alaskans.”⁷

It is also a tragedy which has been fully documented over time by the Commercial Fisheries Entry Commission. As the introduction to the most recent CFEC permit distribution report states:

“ . . . Many people remain concerned that permit transfers might result in undesirable consequences with regard to the distribution of permits. There is a concern that permits will leave the state, or that permits will disappear from isolated fishing communities which are local to a limited fishery, thereby eroding the economic base. Because of these concerns about free transferability, CFEC has produced this updated report so that the legislature, the administration, and other interested parties will be kept accurately apprised of the facts. . . “

Conclusions

I hope the Board of Fisheries will *consider* the implications of the restructuring proposals for local permit ownership. I am not arguing that the implications for local permit ownership should necessarily outweigh other arguments--but you should not ignore them.

I hope that you will also advocate for the State of Alaska to begin to take significant and effective steps to assist local residents in acquiring permits and towards other policies to promote and assure local participation in the Bristol Bay fishery and other rural Alaska salmon fisheries.

⁷ Steve Langdon, *Transfer Patterns in Alaskan Limited Entry Fisheries* (Final Report for the Limited Entry Study Group of the Alaska State Legislature, January 17, 1980).