



October 2, 2020

Second DRAFT Distribution Plan for funds appropriated to address the 2018 Chignik sockeye salmon disaster declaration. NOAA Fisheries has allocated \$10,327,039 for fishery disaster assistance for the Chignik Management Area sockeye salmon fishery. The distribution plan informs the federal grant application submitted by Pacific States Marine Fisheries Commission (PSMFC) to NOAA Fisheries and is subject to change based on approval of the final grant.

Written comments are requested on all elements of the draft distribution plan and should be as specific as possible to be the most helpful. Comments may be posted online and therefore the Alaska Department of Fish and Game (ADF&G) requests that no business proprietary information, copyrighted information, or personally identifiable information be submitted in your written comments. Comments can be submitted by email to: DFG.2018ChignikSockeye@alaska.gov or by mail to:

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Comments must be sent by Monday, October 19, 2020, for consideration in the final draft distribution plan.

Process to develop the distribution plan: ADF&G posted an initial draft distribution plan for public comment in August 2020 and received 62 written comments on the draft plan. ADF&G revised the plan based on public comments and is requesting public comment on this second draft distribution plan before the plan is finalized and submitted to the PSMFC.

In response to these comments, ADF&G is recommending the following major revisions:

- The allocation to harvesters was increased from 55% to 61% by reducing the allocation to research by 5% and moving the subsistence allocation (1%) to the harvester allocation as suggested by several stakeholders.
- The split between the permit holders and vessel crew was adjusted from 65/35 to 75/25 in recognition that permit holders incur higher initial costs that were not reimbursed through standard deductions to crew pay when the fishery is open (i.e. gear, food, travel).
- Eligible permit holders are proposed to receive a minimum payment of \$40,000 to help offset startup expenses. The remaining permit holder funds will be distributed based on a tiered approach to eligible permit holders who did not make landings in a different salmon seine fishery in 2018.
- Crew members do not need to demonstrate prior participation in the fishery as vessel crew to be eligible.
- Tender vessels are not included based on information received during the first draft plan comment period indicating that all tender vessels scheduled to operate in Chignik during the 2018 season, and who met their contractual start date, were compensated consistent with the terms of the tender contract.
- ADF&G acknowledges the comments opposed to allocating disaster funds for research. Research funds provide a balance between meeting the immediate needs of fishery participants and the long-term fishery benefits to prevent or mitigate the impacts of future disruptions to the fisheries consistent with

the intent of the Magnuson-Stevens Fishery Conservation and Management Act. These funds will be available through an open competitive bid process and all entities who are eligible to receive federal grant funds may submit proposals.

- ADF&G recognizes that the Chignik Regional Aquaculture Association (CRAA) receives a fishery tax distribution of 2% from the state of Alaska. These funds are used to support Chignik area research and CRAA operating costs. Funds for research are included as a separate category in this distribution plan and projects supported by CRAA are eligible to submit proposals for those funds. Direct payments to mitigate for lost fishery taxes have not been approved by the White House Office of Management and Budget and are not proposed under this plan.

Proposed guiding principles for disaster funds distribution: Disbursement of funds are intended to:

1) assist Chignik Management Area fishery participants harmed by the 2018 sockeye salmon fishery disaster and; 2) improve fishery information used to assess and forecast future fishery performance and to develop management approaches that mitigate the impacts of future fishery disasters that cannot be prevented.

Proposed categories for disaster relief funds:

- **Harvesters:** Direct payments to 2018 CFEC Chignik salmon seine permit card holders and seine vessel crew who meet all eligibility criteria. The Commercial Fisheries Entry Commission (CFEC) commercial salmon permit, CFEC commercial vessel license data, and ADF&G fish ticket data from commercial Chignik sockeye salmon landings will be used to determine eligibility and payment for permit holders. ADF&G commercial crew license or CFEC permit information and crew contracts or skipper affidavit will be used to determine eligibility for vessel crew.
- **Processors:** Direct payments to processing companies. Fisheries production and value data from the Commercial Operators Annual Report (COAR) will be used to determine eligibility and payment for processors.
- **Communities:** Municipalities and boroughs rely on revenue generated from salmon landings and other economic activities related to the Chignik salmon fishery. Funds designated for communities can be used for managing, repairing, or maintaining infrastructure, services, or habitat that support sockeye salmon fisheries in the region.
- **Research:** The 2018 Chignik sockeye salmon fishery disaster resulted from a failure in both the early and late run components of the stock. Key data gaps exist as to the potential cause of the collapse and the extent to which freshwater or marine processes contributed to the failure of both runs is unknown. Disaster funds will be used for scientific and socioeconomic research activities to better understand sockeye salmon ecology and abundance, improve sockeye salmon forecasts in the future, and improve understanding of the effects of the Chignik sockeye salmon disaster on subsistence users in the region. Research funds will be distributed through an open competitive bid process administered by PSMFC. Entities authorized to receive federal grant funds may submit proposals for the research funds.
- **Program Support:** The Alaska Department of Fish and Game (ADF&G) is proposing to designate funds for staff time dedicated to fishery disaster plan development and implementation in coordination with PSMFC.

Proposed allocations to project categories:

Harvesters – 61%: ADF&G is proposing to subdivide the harvester allocation into two pools, one for vessel permit holders (75%) and one for vessel crew members (25%). The proposed split between permit holders and crew members considers the higher initial costs borne by the vessel operators that are typically reimbursed through standard deductions to crew pay when the fishery is open.

Permit holders (75% of harvester pool):

Proposed eligibility criteria for permit holders:

1. 2018 CFEC S01L permit card holders. Those individuals who received a 2018 S01L permit card embossed by the CFEC.
2. Permit holder must have made Chignik sockeye salmon landings in at least two out of three years from 2015 to 2017. Option: add hardship provision for permit holders whose vessel was disabled and transferred catch to another vessel during a qualifying year (2015-2017).

Proposed distribution for permit holders:

ADF&G proposes a permit holder-based distribution where funds would be paid to the individual named on the CFEC commercial fishing permit in 2018.

Each permit holder who meets the eligibility criteria will receive a minimum payment of \$40,000, except those eligible permit holders who qualified based on landings on the same vessel. The total payment for eligible permit holders fishing off the same vessel will be divided based on the proportion of each permit holder's sockeye salmon landings from 2015-2017 on that vessel. Fifty-nine permit holders are estimated to be eligible based on the proposed criteria.

The remaining permit holder funds, will be distributed to permit holders **who did not make landings in another 2018 salmon seine fishery**, based on the following four tiers. Eight eligible permit holders made landings in another salmon seine fishery in 2018 and would not be eligible for a portion of the remaining permit holder funds.

Four tiers are established based on the average annual pounds of commercial sockeye salmon landed by each permit holder in their best two of three years (2015 to 2017). Twenty-five percent of the remaining permit holder pool will be allocated to each tier and each eligible permit holder in the same tier would receive an equal payment.

Tier level	Average landings (best 2 of 3 years)	Allocation (from the permit holder pool)	Est. number of eligible permit holders
1	≥ 184,500 pounds	25%	8
2	148,000 – 184,499 pounds	25%	10
3	103,000 – 147,999 pounds	25%	12
4	≤ 102,999 pounds	25%	21

Vessel Crew (25% of harvester pool): Vessel crew that meet the eligibility criteria are proposed to receive an **equal payment** from the crew member pool. The intent is to identify those crew who demonstrated intent to participate during the 2018 season.

Proposed eligibility criteria for vessel crew:

1. Crew member must have held a 2018 commercial crew license or 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 intent to participate as vessel crew in the 2018 commercial Chignik salmon fishery, based on 2018 crew contract or skipper affidavit.
3. Crew member must not be eligible for fishery disaster funds under another category of this distribution plan.

Processors – 11%: Based on initial comments from stakeholders, ADF&G proposes to calculate the allocation to eligible commercial Chignik salmon processing companies based on the average wholesale

value of Chignik sockeye salmon processed by the company from 2015 to 2017 using Commercial Operator's Annual Report (COAR) data.

Proposed processor eligibility criteria:

1. Processing company must have processed Chignik sockeye salmon in at least two of three years, 2015 to 2017.
2. Processing company must have an average 2015 to 2017 wholesale value of \$10,000 or greater for Chignik sockeye salmon.

Disaster payments to processing companies are proposed to be **pro rata** to their demonstrated loss.

Tender vessels: ADF&G is not proposing to include tender vessels in this distribution plan. Although the first draft distribution plan proposed to include tender vessels, information received during the first draft plan comment period indicates that all tender vessels scheduled to operate in Chignik during the 2018 season, and were in Alaska on their scheduled start date, were compensated consistent with the terms of the tender contract.

Communities – 3%: Based on initial comments from stakeholders, ADF&G proposes to allocate a portion of the funds to fishing communities in the Chignik region that depend on revenue generated from fish landings and other economic activity related to the fishery. These revenues comprise a significant portion of local operating budgets and are used to support education, public works, ports and harbors, and other services.

ADF&G proposes that community entities eligible to receive funds would identify specific expenditures for managing, repairing, or maintaining infrastructure, services, or habitat that support sockeye salmon fisheries in the region prior to receiving funds from PSMFC.

Research - 25%: Research funds will be available through an open and competitive bid process administered by PSMFC. Entities that are authorized to receive federal grant funds are eligible to submit proposals for research projects based on the themes outlined below. Allowable expenses for selected research projects are qualified for reimbursement by PSMFC up to the amount awarded through the competitive bid process.

There are two genetically distinct sockeye salmon runs that contribute to the Chignik sockeye salmon fishery. The early-run, predominantly Black Lake watershed, sockeye salmon and the late-run, primarily Chignik Lake watershed sockeye salmon. Information from ADF&G shows that the total Chignik sockeye salmon run has both a long-term (1998 to 2017) and short-term (2013 to 2017) average size of approximately 2.4 million fish. In 2018, both the early and late runs failed, and total run size was approximately 540,000 sockeye salmon. Key data gaps exist as to the potential cause of the collapse and the extent to which freshwater or marine processes contributed to the failure of both runs is unknown.

Funds will be available for scientific research projects that provide information to help fishery scientists and managers assess the freshwater and marine conditions that influence the productivity of the Chignik sockeye salmon stock. The primary goals of research funds are to further our understanding of the cause of the 2018 Chignik sockeye salmon fishery failure, better understand the abundance and ecology of Chignik sockeye salmon, improve the ability of resource managers to identify future poor runs, and to help managers avoid and mitigate the impacts of future Chignik sockeye salmon fishery disasters that cannot be prevented.

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

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

- 1) Better understanding of the environmental factors and freshwater and marine processes that drive downstream movement of early and late run sockeye salmon.
 - 2) Investigate juvenile sockeye salmon movement, growth, and habitat use in freshwater and estuarine environments.
 - 3) Improvements to sockeye salmon escapement enumeration with a focus on late-season assessment.
 - 4) Better understanding of the socioeconomic effects of fishery disasters on subsistence users in the region related to food security concerns and the relationships between commercial and subsistence fishing.
- 5) **Administrative – <1%**: ADF&G is proposing to allocate funds to cover salary and benefits for a Program Coordinator position to oversee the fishery disaster program on behalf of the State of Alaska. Fishery disaster coordination is not expected to require full-time year-round work. Funding for this position is expected to cover an average workload of 37.5 hours per month plus indirect costs.