



July 9, 2024

**Initial DRAFT Spend Plan for funds appropriated to address the 2021 and 2022 Upper Cook Inlet (UCI) East Side Set Gillnet (ESSN) salmon fishery disaster determination.** NOAA Fisheries has allocated \$11,484,675 for these fishery disasters. The spend plan informs the federal grant application submitted by Pacific States Marine Fisheries Commission (PSMFC) to NOAA Fisheries and is subject to change based on approval of the final grant.

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

[dfg.com.fisheriesdisasters@alaska.gov](mailto:dfg.com.fisheriesdisasters@alaska.gov) or by mail to: ADF&G, Attn: Darion Jones  
PO Box 115526  
Juneau, AK 99811-5526

**Comments must be sent by July 24, 2024,** for consideration in the next iteration of the spend plan. A second draft of the spend plan will be available for public comment before the spend plan is finalized.

**Guiding principles for disaster fund distribution:** Disbursement of funds is intended to 1) assist fishery participants harmed by the 2021 and 2022 ESSN salmon fishery disasters and 2) improve fishery information used to assess and forecast future fishery performance and to develop management approaches that avoid and/or mitigate the impacts of future fishery disasters that cannot be prevented.

The proposed categories and allocations reflect comments received on the 2018 and 2020 Upper Cook Inlet salmon fishery disaster spend plan. ADF&G is seeking public comment regarding the inclusion of sport fishing businesses as a separate category for funding in this spend plan. If sport fishing is included in the spend plan, ADF&G is also seeking suggestions for how to calculate loss, allocation percentage, and eligibility criteria.

Category	Allocation	Estimated funds <sup>a</sup>
Research	10%	\$1,125,000
Communities	3%	\$343,000
Harvesters	62%	\$7,036,764
Processors	25%	\$2,840,000
Program support	<0.1%	\$11,000
Total		\$11,355,764

<sup>a</sup> Additional funds will be allocated to Pacific States Marine Fisheries Commission to administer the federal grant

The impact of the fishery disaster created significant loss of income to those involved in the harvesting and processing sectors and to the communities in which the cultural and basic economic structure is the

marine economy. A portion of these funds will be allocated to research activities that promote restoration of the fishery or prevent a similar failure in the future, but they will also be used to help assist the fishing communities that were affected by this fishery resource disaster by recognizing the loss of incomes. These direct payments will compensate participants consistent with fishery investments and/or historical fishery performance. Historically one of the purposes of disaster funding was to get funds to communities and fishermen as fast as possible. Direct payments provide that method.

**Research – 10% (\$1,125,000):** Research funds are intended to support projects that improve available fishery information and help prevent and/or mitigate future fishery disasters.

The following research themes were suggested by ADF&G staff and informed by the previous spend plan as priorities for funding:

- Research that improves understanding of the relative importance of specific mechanisms that drive productivity of Kenai late-run Chinook salmon, which could include:
  - how ocean/climate conditions impact future runs;
  - freshwater and early marine survival bottlenecks, habitat use, and movement patterns; and
  - the role of diet, health, and disease on the survival and spawning success of Kenai late-run Chinook salmon.
- Research to inform non-adult abundance estimates of Kenai Chinook salmon that can be used in developing or improving forecasting tools.
- Improved methods for estimating adult salmon harvest and abundance including genetic analysis for stock composition and further assessment and review of the Kenai late-run Chinook salmon estimates for all age classes.
- Management Strategy Evaluation (MSE) analyses examining risks and tradeoffs of different management approaches for Upper Cook Inlet District mixed-stock fisheries to refine stock-specific management and understand impacts of various management actions.
- Evaluation of alternative gear types aimed at reducing harvest of weak stocks in marine fisheries.

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

**Communities – 3% (\$343,000):** ADF&G is proposing direct payments to municipalities and boroughs that rely on revenue generated from ESSN salmon landings and other economic activities related to the salmon fisheries. These local government entities were negatively impacted by the fishery disaster because fishery revenues comprise a significant portion of local operating budgets and are used to support education, public works, ports and harbors, and other services. The state's Fishery Business tax rate is 3% for shore-based landings and is shared 50/50 with the state and municipalities/ boroughs where the landings occur. If landings occur in the bounds of a municipality and borough, landing tax revenues are shared 50/50 between each entity.

Proposed eligibility criteria for communities:

1. Fish ticket port of landing data must show that salmon from the 2021 or 2022 ESSN salmon fishery were landed in the community.
2. Estimated loss in gross revenue value for salmon landed in the community from 2021 and 2022 ESSN fisheries combined must be at least \$10,000. The estimated loss in gross revenue is calculated by subtracting the value of the fishery in the disaster year from the previous five-year average, excluding the disaster years of 2018 and 2020.

Disaster funds for communities are proposed to be distributed **pro rata** to each community's demonstrated loss relative to the total loss of all eligible communities. Based on the criteria, three municipalities and one borough may be eligible for community-designated funds: City of Homer, City of Kenai, City of Soldotna, and the Kenai Peninsula Borough based on landings in Kasilof and Ninilchik.

**Harvesters – 62% (\$7,036,764):** This category includes permit holders and crew. The total estimated loss in gross revenue for the 2021 and 2022 ESSN fishery disasters is ~\$14 million dollars. Funds allocated to the harvesting sector are intended to mitigate this loss by providing funds to bring the harvesting sector up to 49.4% of the sector's recent historical value.

ADF&G proposes direct payments to commercial fishery permit holders and crew who meet all eligibility criteria. Commercial Fisheries Entry Commission (CFEC) permit information, fish ticket data from commercial salmon landings, buoy sticker registration, and CFEC gross earnings data are proposed to be used to determine eligibility for permit holders. Permit holders can apply for each year in which they meet eligibility criteria but cannot apply as both a permit holder and crew member in the same year. Eligibility for crew will be verified using ADF&G commercial crew license or CFEC permit data and an affidavit from the permit holder or vessel owner. An affidavit form will be provided by PSMFC in the application materials.

ADF&G proposes to divide the harvester allocation into two pools, one for S04H permit holders (90%) and one for crew members (10%). Direct payments to minors are not authorized by the terms of the Federal grant but may be authorized to guardians in the same household on behalf of an eligible minor.

#### **ESSN Permit Holders – 90%**

Proposed eligibility criterion for permit holders:

- Individual must have registered a valid S04H CFEC permit and purchased a buoy sticker for the Upper Subdistrict in 2021 and/or 2022 as demonstrated by ADF&G Division of Commercial Fisheries records. A permit is considered valid if fees were paid to renew the permit.

Funds are proposed to be paid to the person listed as the 2021 and/or 2022 'Permit holder' and temporary emergency transfer permit holders (transferees) in the CFEC database. Permit holders who certified they were unable to participate to qualify for an emergency transfer and permit holders who permanently transferred a permit away before registering and purchasing a buoy sticker in 2021 and/or 2022 will not receive payments.

**Each permit holder who meets the eligibility criterion is proposed to receive an equal payment for each eligible permit in each year for which they purchased an Upper Subdistrict buoy sticker.** A total of 422 permits in 2021 and 402 permits in 2022 were registered to fish with an Upper Subdistrict buoy sticker. ADF&G is requesting public comment on the proposed criterion and whether fishery participation during the disaster year should be required for CFEC permit holders in addition to the purchase of a buoy sticker.

ESSN crew – 10% East Side set gillnet crew must meet the following criteria to be eligible for a proposed **equal payment** of the ESSN crew funds for each year in which they participated as fishing crew.

Proposed ESSN crew eligibility criteria:

1. Crew member must have held a 2021 and/or 2022 commercial crew license or a 2021 and/or 2022 CFEC permit for any fishery. This information will be verified using the ADF&G Licensing database and the CFEC permit database.
2. Crew member must provide information to show they participated as fishing crew in the 2021 and/or 2022 ESSN salmon fishery for a qualified S04H permit holder, based on an affidavit from the permit holder.

Anyone qualified for disaster funds as an ESSN permit holder or transferee cannot qualify as crew in the same year.

**Processors – 25% (\$2,840,000)**: ADF&G proposes direct payments to processing companies. The total estimated loss in final exvessel value for the ESSN fishery disasters is ~\$8.65 million dollars. Funds allocated to the processing sector are intended to mitigate this loss by providing funds to bring the processing sector up to 32.8% of the sector's recent historical value.

COAR buying data are proposed to be used to determine eligibility and payment for processors because those data are linked to where the salmon were harvested, and the scope of this fishery disaster includes the 2021 and 2022 ESSN salmon fisheries. ADF&G proposes disaster payments to processing companies be proportional to each company's demonstrated loss relative to the total loss of all eligible processing companies.

Proposed eligibility for processors:

1. Processing company must have purchased ESSN salmon in 2021 and/or 2022.
2. Processing company must have a demonstrated loss in final exvessel value for salmon purchased by the company from the 2021 and 2022 ESSN fisheries. The estimated loss in value is calculated by subtracting the final exvessel value of the fishery in 2021 and 2022 from the previous five-year average, 2014 through 2017 and 2019.

Disaster payments are proposed to be **pro rata** to each company's demonstrated loss relative to the total loss of all eligible processing companies. Based on the criteria, a total of seven processing companies may be eligible for processor funds.

**Program Support – <0.1% (\$11,000)**: ADF&G proposes allocating funds for staff working on fishery disaster plan development and implementation in coordination with Pacific States Marine Fisheries Commission.