



PREPARED FOR:
ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION

COMMUNITY DEVELOPMENT QUOTA PROGRAM

2022 DECENNIAL REVIEW REPORT:

ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION

INTRODUCTION

The Magnuson-Stevens Fishery Conservation and Management Act of 2006 (hereafter Magnuson-Stevens Act) is the primary federal law governing marine fisheries management in the United States. Although originally enacted as the Fishery Conservation and Management Act of 1976 and amended multiple times through the decades, the original intent of the Magnuson-Stevens Act remains intact – to promote and protect the domestic fishing industry’s harvest of coastal fisheries. Woven throughout the Magnuson-Stevens Act are objectives related to fishery conservation, habitat protection, enforcement of international agreements, maintaining coastal community viability, and achieving optimum yield from each fishery. These objectives are achieved through the establishment of regional fishery management councils and the development of fishery management plans.

Of noteworthy importance for Alaska, the North Pacific Fishery Management Council (NPFMC) established the Western Alaska Community Development Quota (CDQ) Program in 1992, which was later incorporated into the Magnuson-Stevens Act in 1996. The CDQ Program was established to ensure that Bering Sea fisheries provide economic opportunity for Bering Sea and Aleutian Island communities. Prior to the passage of the CDQ Program, villages were unable to meaningfully participate in the large-scale commercial seafood industry for a variety of reasons including lack of industry infrastructure, limited workforce skills, and limited financial resources for investing in fishing enterprises. In short, the CDQ Program was established to fulfill the following objectives for 65 Western Alaska villages:

1. Provide opportunity to participate and invest in Bering Sea and Aleutian Island area fisheries;
2. Support economic development;
3. Alleviate poverty and provide economic and social benefits for residents; and
4. Achieve sustainable and diversified local economies.

Fulfilling CDQ Program objectives requires organizational capacity, human capital, and financial investment. The CDQ Program established six regional non-profit entities (hereafter CDQ groups), encompassing 65 villages on the Bering Sea coast, and provided exclusive allocations of harvestable fish stocks to each group,



including pollock, crab, and halibut. Unlike many federal government programs which provide direct financial support or social service assistance, the CDQ Program established regionally driven organizations, provided a high-value harvestable commodity, required local leadership, and directed proceeds to be used for the economic and social benefit of member villages. CDQ groups use fisheries-generated revenue to promote village economic opportunity by creating jobs, building infrastructure, providing social services, and encouraging workforce development through training and scholarships. For over 20 years, the CDQ Program has provided economic opportunity in some of the nation’s most isolated and economically depressed villages.

The Magnuson-Stevens Act also requires a periodic review of CDQ groups to ensure they are fulfilling program objectives. Beginning in calendar year 2012 and recurring every ten years thereafter, the State of Alaska is charged with evaluating CDQ group performance. This decennial review includes an evaluation of longitudinal change across four Magnuson-Stevens Act criteria encompassing socioeconomic characteristics, financial performance, workforce development, and implementation of annual harvest plans. This report provides the State of Alaska’s overall determination of performance of the Aleutian Pribilof Island Community Development Association (APICDA) relative to the required criteria.

DECENNIAL REVIEW

During August 2012, the State of Alaska adopted regulations, consistent with the Magnuson-Stevens Act, implementing the state’s role in the decennial review. State regulations outline an evaluation process that places substantial burden on the CDQ group for self-evaluation and limits the criteria by which CDQ groups are evaluated. Specifically, CDQ groups are charged with using observable and specific data to measure performance across four primary criteria required by the Magnuson-Stevens Act. Furthermore, the Magnuson-Stevens Act requires each CDQ group weigh the criteria, for use by the State of Alaska during the evaluation process, in order to reach a final determination of overall organizational performance. To fulfill 2022 decennial review obligations, CDQ groups submitted decennial review reports summarizing performance across the four criteria between 2011 and 2020 and provided necessary reference materials to support findings, including financial statements, community development plans, and other supplemental materials.

The State of Alaska fulfilled its decennial review obligation via an interdisciplinary CDQ evaluation team comprised of four officials from the Departments of Fish and Game, Labor and Workforce and Development, and Commerce, Community, and Economic Development. Using CDQ group data, performance standards, relative weighting of criteria, and analysis, the state’s role in evaluating CDQ group performance is limited to determining whether the entity:

1. Maintained or improved its overall performance with respect to the criteria; or
2. Has not maintained or improved its overall performance with respect to the criteria.



CRITERION ONE – SOCIOECONOMIC CONDITIONS

Data Sources and Standards

APICDA provided data sources and standards to evaluate performance regarding population, poverty, and economic development in its member villages. Data sources included U.S. Census Bureau’s decennial census population data, U.S. Census Bureau’s American Community Survey poverty, income, employment, and housing data, and Alaska Department of Labor and Workforce Development’s employment, wage, and population data. The standard used to measure performance related to socioeconomic conditions across member communities includes increasing population while decreasing poverty and increasing income, wages, and employment.

Criterion One

✓ Changes during the preceding ten-year period in population, poverty level, and economic development in the entity’s member villages.

Weight

✓ 10 Percent

APICDA Finding

✓ Improved

State of Alaska Determination

✓ Maintained or Improved

APICDA noted that the primary socioeconomic data for its region has a high margin of error due to the remote nature of its member communities and challenges with data collection, which can create discrepancies between data sources for the required metrics of population, poverty, and economic development. Additionally, some data sources, such as wage and employment data, exclude transient workers (who make up a significant percentage of seafood processing employees), federal workers, and self-employed people including most commercial fishermen.

Evaluation

APICDA’s overall population goal was to maintain or increase total population. Total population for the Aleutian and Pribilof Islands region grew by 69%, or 891 people, between 2010 and 2020. This population increase was driven by population increases in Akutan and False Pass, which was attributed to sustained or expanded seafood processing activities in these communities. Population declines in other communities in the region were attributed to ongoing challenges associated with continuing high costs of living and operating businesses in remote communities such as Atka and St. George.

APICDA’s overall poverty goal was to reduce the poverty level in the region. Overall, the number of individuals in the APICDA region living in households with income below the federal poverty level decreased by 26%, from 205 in 2010 to 152 in 2020.

To evaluate economic development, APICDA considered per-capita income, median household income, total wages, and employment data for the region. Both income indicators increased from 2010 through 2020. Per-capita income in APICDA communities increased 47% (compared to a 21% increase statewide), and median household income increased 9% across the region. Wages in the region appear to have been impacted substantially by the COVID-19 pandemic: total wages increased by 53% between 2010 and 2019 but experienced a decline of 21% between 2019 and 2020. The total number of workers, which varies



substantially between communities, rose by 3% across the region between 2010 and 2019 but dropped by 16% between 2019 and 2020, presumably due at least in some part to the economic and social impacts of the COVID-19 pandemic.

Determination

Despite negative impacts from the COVID-19 pandemic, assessment of community socioeconomic conditions indicates that APICDA has maintained or improved its performance relative to criterion one standards including population growth, decrease in poverty, and increasing wage and employment rates.



CRITERION TWO – FINANCIAL PERFORMANCE

Data Sources and Standards

APICDA provided data sources used to evaluate performance, articulated standards by which to measure performance, and described methods to reach a final determination. Data sources originate directly from APICDA’s audited financial statements and are sufficient to determine overall financial performance, including fishery and non-fishery investments. Standards used to measure overall financial performance include longitudinal change in investments (i.e., fishery and non-fishery) and net assets including total net assets, change in net assets, return on net assets, and long-term debt to net assets ratio.

Evaluation

APICDA’s financial strategy balances the need to establish fisheries-related operations that provide employment opportunities with the need address other community priorities, such as infrastructure and providing scholarships. This strategy to provide community and economic development for member communities can be broken into two areas of focus: 1. Community programs which provide direct benefits to communities and their residents; and 2. For-profit businesses operated to provide employment or other critical benefits to its communities.

During the review period, 100% of APICDA’s investments were fisheries related. Total net investments increased over the review period, beginning at \$54 million in 2011 and ending at \$118 million in 2020. APICDA’s net equity increased significantly during the review period from \$57 million to \$117 million, a gain of \$59 million. The largest increases in net equity occurred during the later years of the review period, when APICDA’s board implemented several strategic changes to its business model, including a directive to management to increase profitability, and invest those profits in community programs.

APICDA’s total net assets more than doubled over the review period, equating to an average annualized rate of increase of 7.33%. From 2010 to 2020, APICDA’s long-term debt to net assets ratio ranged from below 0.1 (in 2010/2011 and 2018/2020) to over 0.5 (in 2014). Between 2013 and 2016, the company incurred significant additional debt for new investments in capital-intensive shoreside seafood processing businesses. The average of the year end ratios was 0.23.

Determination

Evaluation of criterion two, determining overall financial performance, requires consideration of fishery and non-fishery investments. Given the performance standards employed, including total investments, total net assets, change in net assets, return on net assets, and debt to net assets ratio, it is well-supported APICDA has maintained or improved its performance relative to criterion two.

Criterion Two

- ✓ Overall financial performance of the entity, including fishery and non-fishery investments by the entity.

Weight

- ✓ 50 Percent

APICDA Finding

- ✓ Improved

State of Alaska Determination

- ✓ Maintained or Improved



CRITERION THREE – WORKFORCE DEVELOPMENT

Data Sources and Standards

APICDA provided data sources used to evaluate its performance and standards by which it determined it achieved the goals of the workforce development criterion. Data sources originate directly from APICDA records and are sufficient to determine whether it has achieved the goal of criterion three – to provide employment, scholarships, and training for the 2011 to 2020 review period.

Evaluation

Over the review period, APICDA provided employment, scholarships, and training to individuals in member communities. Total employment (including direct and indirect) ranged from as high of 576 jobs in 2016 to a low of 93 jobs in 2020. The low employment numbers in 2020 are a clear outlier and were influenced significantly by the COVID-19 pandemic and a pausing of in-region activities to keep communities safe. Excluding 2020, the next lowest annual employment figure is 236 jobs in 2019. APICDA provided \$106.4 million in wages and compensation to fishermen between 2011 and 2020 to 1,499 unique individuals. Nearly 60% of these individuals employed were Alaska residents.

Criterion Three

- ✓ Employment, scholarships, and training supported by the entity.

Weight

- ✓ 20 Percent

APICDA Finding

- ✓ Maintained or Improved

State of Alaska Determination

- ✓ Maintained or Improved

APICDA awarded 571 scholarships over the review period with a total value of over \$1.6 million. Notably, the number of scholarships increased during the beginning of the review period from 51 recipients in 2011 to a peak of 71 recipients in 2015. The number of applications that APICDA received for college scholarship awards decreased by 14% during the second half of the review period, a trend that appears consistent with a nationwide decrease in student enrollment in undergraduate college degree programs. APICDA noted a trend in lower financial need for some students due to more in-state or online school enrollment and an increase in educational resources from other regional entities.

In terms of vocational training, between the first and second half of the review period, vocational award funding increased by 115% and training awards increased by 130%. APICDA provided 165 supplemental education and vocational scholarships to 124 unique individuals during the reporting period for a total investment of \$327,074.

Determination

Evaluation of criterion three requires consideration of employment, scholarships, and training. As performance for each of the three indicators maintained or improved over the review period, it is evident that APICDA has maintained or improved employment, scholarships, and training opportunities for the region's member communities and residents.



CRITERION FOUR – COMMUNITY DEVELOPMENT PLAN

Data Sources and Standards

Objectives of the community development plan (CDP) are to maximize the harvest of groundfish, halibut, and crab target species while minimizing the harvest of prohibited species (bycatch) to the extent practicable. APICDA provided data sources used for this assessment and the standards by which it determined whether it achieved CDP goals. Provided data sources include APICDA’s 2011-2020 CDPs and harvest and allocation information from APICDA’s internal catch records. Additionally, APICDA cross referenced internal records with National Marine Fisheries Service (NMFS) and Alaska Department of Fish and Game data for the relevant review period. These data sources are appropriate for evaluating performance.

Criterion Four
✓ Achieving the goals of the entity’s community development plan.

Weight
✓ 20 Percent

APICDA Finding
✓ Improved

State of Alaska Determination
✓ Maintained or Improved

Evaluation

Harvest data from 2011 to 2020 were provided to support APICDA’s determination that it maintained or improved performance with respect to the CDP during the review period. Over the ten-year period, APICDA harvested an average of 91% of its total groundfish quota, while notably improving harvest performance during the second half of the reporting period, from 87% to 95%. APICDA harvested almost 100 percent of its pollock allocation and improved its harvest of Pacific cod up to 99% of its allocation following lower cod harvest in the earlier half of the review period due to a combination of factors including relatively high Total Allowable Catch (TAC) and soft market conditions. APICDA successfully harvested between 90% and 99% of its Atka mackerel and Pacific ocean perch allocations over the 10-year review period, while utilization of flatfish species including sole and flounder significantly increased during the second half of the reporting period, after some lower harvest levels in the early years.

Crab harvest performance was generally strong throughout the review period, averaging 99% to 100% harvest rates in Bristol Bay red king crab, Aleutian Islands golden king crab, Eastern Bering Sea *C. bairdi* crab, and Bering Sea *C. opilio* crab. APICDA clearly maintained or improved its performance with regard to the ability to fully harvest these allocations over the review period. Similar to other groups, lower rates were realized in Western Bering Sea *C. bairdi* and Saint Matthew blue king crab fisheries, due to fishery closures for four and six years, respectively, of the ten-year period. These closures, combined with low catch per unit effort in other years, impacted efficiencies and effort of the fleet.

Residents of APICDA member communities have a strong historical dependency on the halibut fishery and harvest halibut allocations in both Area 4B and Area 4C. APICDA has clearly maintained or improved its performance relative to halibut during the review period by maintaining an average harvest rate of 96 percent.



WACDA has included a requirement that CDPs include bycatch avoidance plans with respect to the harvest of its share of fishery resources (CDQ Panel Resolution 2010 – 07). In its CDP, APICDA provides the basis for its bycatch avoidance plan during the review period. CDQ agreements allocate prohibited species for each of the target fisheries, with the allocation set low to encourage the operator to minimize bycatch. If a prohibited species quota (PSQ) allocation is exceeded, the contract allows APICDA to charge for additional prohibited species bycatch to further encourage clean fishing. The CDP also identifies a practice of strongly discouraging the discard of non-target and non-prohibited species (i.e., edible fish) by its partners. APICDA evaluated its bycatch performance based on whether it stayed within its PSQ allocations during the review period. Overall, APICDA’s bycatch equated to a range of 4 percent to 17 percent of its individual crab PSQ allocations; 40 percent of its halibut PSQ allocation; and 23 percent of its Chinook salmon PSQ allocation (a significant improvement from its average of 78% during the prior review period).

Determination

Given the performance standards, APICDA maintained or improved its performance relative to criterion four.

FINAL DETERMINATION

APICDA submitted data, employed performance standards for each criterion, and provided analysis and discussion regarding whether performance standards were met. APICDA’s self-evaluation determined that they have maintained or improved performance across all four criteria. This determination is documented, discussed, and supported by specific and observable data. Consequently, the State of Alaska evaluation team concurs with APICDA’s finding that overall performance has maintained or improved for the 2011 to 2020 review period.

Determination Summary

Criteria	Description	Weight	APICDA Determination	State of Alaska Determination
1	Socioeconomic Conditions	10%	Improved	Maintained or Improved
2	Financial Performance	50%	Improved	Maintained or Improved
3	Workforce Development	20%	Maintained or Improved	Maintained or Improved
4	Community Development Plan	20%	Improved	Maintained or Improved
Overall		100%	Maintained or Improved	Maintained or Improved

