



PREPARED FOR:
CENTRAL BERING SEA FISHERMEN'S ASSOCIATION

COMMUNITY DEVELOPMENT QUOTA PROGRAM

2022 DECENNIAL REVIEW REPORT:

CENTRAL BERING SEA FISHERMEN'S 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 Although originally enacted as the Fishery Conservation and Management Act of 1976 and amended multiple times through the decades, the original intent of the Magnuson-Stevens Act remains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 Central Bering Sea Fishermen's Association (CBSFA) 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

CBSFA 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 population census 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 its member communities includes increasing population while decreasing poverty and increasing income, wages, and employment.

CBSFA noted that fisheries employment and self-employment income are underrepresented in some of the data. This is a significant data limitation as the community of Saint Paul is a fisheries-based economy.

Evaluation

CBSFA utilized population data from the Alaska Department of Labor and Workforce Development instead of the U.S. Census Bureau American Community Survey, as the ACS data had significant margins of error in the earlier years of the data set. Data showed a population decline on Saint Paul Island of 11.6%, from 467 to 413 people. This decline is consistent with regional decline – the Aleutians West Census Area saw a 3.9% decline in population over the same time period. Factors that may have contributed to a decrease in population include job and earnings expectations associated with changes in regional commercial fisheries. Saint Paul's economy is heavily dependent on the Bering Sea snow crab (opilio) fishery and the commercial halibut fishery, and during this review period, opilio fishery harvest generally trended downward and crab seasons had Total Allowable Catches averaging below that of the preceding decennial review period.

CBSFA's overall poverty goal was to reduce the poverty rate. Between 2011 and 2019, the poverty rate in Saint Paul was relatively stable, ranging between 11.5% and 15.9%. In 2020, the poverty rate was 22.5%, an increase of 57% from 2011. It must be noted however, that the margin of error for 2020 is 22.1%, nearly as high as the poverty rate estimate. Previous years had more typical margins of error, ranging from 3.9% to 6.8%. Data collection challenges due to the COVID-19 pandemic may be at least partially responsible for this outlying data point.

To evaluate economic development, CBSFA considered median household income, per capita income, total wages, and total employment. All of the aforementioned indicators, except employment, increased during the evaluation period. Median household income increased by 65%, or \$26,518. This is a marked improvement over the previous decennial review period that had seen a decrease in median household income. Per capita

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

CBSFA Finding

- ✓ Maintained or Improved

State of Alaska Determination

- ✓ Maintained or Improved



income increased by 25%, or \$5,548 over the considered time period. Total wages increased by \$1,100,401, or 16.9%. The only metric that saw a decline was employment – the number of residents employed in Saint Paul decreased from 230 to 176 between 2010 and 2020. This decline likely resulted from reductions in crab and halibut catch limits and harvests compared to the previous decennial review period.

Determination

Evaluation of criterion one considers population, poverty, and economic development. CBSFA's stated goals for criterion one include increasing population while decreasing poverty and increasing income, wages, and employment. Between 2010 and 2020, Saint Paul saw a decrease in population, a relatively stable poverty rate, increasing income and wage data, and decreasing employment. Considering these trends and likely underlying causes, CBSFA is determined to have maintained or improved its overall performance with respect to criterion one.



CRITERION TWO – FINANCIAL PERFORMANCE

Data Sources and Standards

CBSFA 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 CBSFA'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

One hundred percent of CBSFA investments made during the 2011 to 2020 review period are fisheries related. Over the review period, total investments varied by year ranging from \$56.3 million (2011) to \$103.8 million (2015). Over the review period, fisheries investments grew by \$39.95 million, representing a 141% increase over the ten-year period. To grow and maximize revenue while supporting Saint Paul community development, CBSFA made significant investments in fisheries-related infrastructure including: 1) purchase or construction of several catcher and/or processor vessels; 2) purchase of support equipment for the City of Saint Paul including a fuel tanker truck and cranes; 3) contribution to numerous community projects including school, dock, and civic center projects; and 4) substantial investment in working capital to support the goal of becoming a vertically-integrated seafood company.

Over the review period, CBSFA increased its net assets by \$51.63 million, from \$58.7 million in 2011 to \$110.9 million in 2020. Total assets increased by \$49.1 million during the ten-year period. CBSFA's long-term debt fluctuated between a low of \$19 million in 2013 to a high of \$54 million in 2015. They had an average debt to assets ratio of 0.25 over the review period, which is 28.5% lower than the 0.35 debt ratio reported during the 2006-2010 review period. CBSFA's focus on reducing financial leverage is a direct result of the decrease in debt ratio, which measures the portion of its assets financed by debt.

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 CBSFA 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

- ✓ 30 percent

CBSFA Finding

- ✓ Maintained or Improved

State of Alaska Determination

- ✓ Maintained or Improved



CRITERION THREE – WORKFORCE DEVELOPMENT

Data Sources and Standards

CBSFA 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 CBSFA records and are sufficient to determine 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, CBSFA provided employment, scholarships, and training opportunity for Saint Paul residents. Employment – direct and indirect – fluctuated between a low of 176 jobs in 2014 to a high of 202 jobs in 2012. Wages for these jobs totaled \$86.8 million over the review period. Over 50% of wages from jobs supported by CBSFA were earned by Saint Paul residents, and another third were earned by Alaska residents outside of the CDQ region.

CBSFA's Scholarship and Training Program provides financial assistance to individuals pursuing post-secondary education and vocational training. About 19 people per year received CBSFA scholarships between 2011 and 2020, totaling \$732,129 in value. The number of people who received training from CBSFA fluctuated between a low of zero in 2012 and a high of 44 in 2011. Over the decennial review period, a total of \$841,669 was issued in the form of scholarships and training grants.

Determination

Evaluation of criterion three requires consideration of employment, scholarships, and training. Given stated performance standards, CBSFA appears to have maintained or improved overall employment, scholarships, and training opportunities for Saint Paul and its residents.

Criterion Three

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

Weight

- ✓ 30 percent

CBSFA Finding

- ✓ Maintained or Improved

State of Alaska Determination

- ✓ Maintained or Improved



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. CBSFA provided data sources used for this assessment and the standards by which it determined whether it achieved CDP goals. Provided sources of groundfish and crab harvest data include the National Marine Fisheries Service (NMFS) and Alaska Department of Fish and Game, respectively, and halibut harvest data from NMFS' Restricted Access Management Program. Additionally, CBSFA provided their 2011-2020 CDPs. These data sources are appropriate for evaluating performance.

Criterion Four

✓ Achieving the goals of the entity's community development plan.

Weight

✓ 30 percent

CBSFA Finding

✓ Maintained or Improved

State of Alaska Determination

✓ Maintained or Improved

Evaluation

CBSFA maintained an average harvest rate of 99.3% for Bering Sea Pollock and harvested 94% or more of its overall Pacific cod allocation in seven of the ten years in the review period. In terms of flatfish harvest (sole and flounder), utilization rates were variable from year to year based on allocations, markets, harvester fish plans, and environmental conditions. CBSFA chose not to harvest its flatfish in 2014 and 2015 to reduce halibut bycatch mortality. With halibut management changes from the North Pacific Fishery Management Council in 2016, CBSFA resumed harvesting of its flatfish allocations and utilization percentages did increase in the second half of the review period. CBSFA performed well in the Atka mackerel and Pacific ocean perch fisheries, utilizing more than 90% of its allocation in each regulatory area in most years.

CBSFA's three crab vessels harvested its Bering Sea snow crab, Bristol Bay red king crab, and Eastern Aleutians Golden King crab quota in all years of the review period, with consistent annual utilization rates of 100%. The entirety of CBSFA's snow and red king crab allocations were delivered and processed in Saint Paul, boosting economic impacts to the community. Tanner crab allocations were leased to outside vessels in years when they were open. Utilization rates ranged between 99.5 to 100% during these open years. CBSFA shows clearly that it maintained or improved its ability to prosecute its combined crab allocations over the review period.

CBSFA makes available its CDQ halibut allocation to the local fleet for harvest in the summer months. The CDQ fishery generates essential revenue for independently owned small boats throughout the community. Saint Paul's fleet employs up to 25% of the local population during the summer halibut fishery. CBSFA harvested 99.2% of its total CDQ halibut allocations during the review period, never landing less than 96% in any year.

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). CBSFA works closely with its vessels and harvesting partners to actively avoid bycatch species and reduce mortality of incidental catch. CBSFA manages



this through conservative allocations of bycatch species to its vessels and harvesting partners, and harvest agreements that authorize the issuance of a “stop fishing order” that to cease fishing operations in the event of excessive incidental catch. CBSFA evaluated its bycatch performance based on whether it stayed within its prohibited species quota (PSQ) allocations during the review period and utilized NMFS electronic landing reports to monitor bycatch limits on a daily basis. On average, CBSFA’s bycatch utilization ranged from 17 percent to 44 percent of its individual crab PSQ allocations; 41 percent of its halibut PSQ allocation; 61 percent of its Bering Sea Chinook salmon PSQ allocation; and 92 percent of its non-Chinook salmon allocation. CBSFA did exceed its annual PSQ allocations of non-Chinook salmon during several years of the review period but noted that high bycatch of chum salmon during this ten-year period occurred industry-wide and was not unique to CBSFA.

Determination

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

FINAL DETERMINATION

CBSFA submitted data, stated performance standards for each criterion, and provided analysis and discussion regarding whether performance standards were met. CBSFA’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 CBSFA’s finding that overall performance has maintained or improved for the 2011 to 2020 review period.

Determination Summary

Criteria	Description	Weight	CBSFA Determination	State of Alaska Determination
1	Socioeconomic Conditions	10 percent	Maintained or Improved	Maintained or Improved
2	Financial Performance	30 percent	Maintained or Improved	Maintained or Improved
3	Workforce Development	30 percent	Maintained or Improved	Maintained or Improved
4	Community Development Plan	30 percent	Maintained or Improved	Maintained or Improved
Overall		100 percent	Maintained or Improved	Maintained or Improved

