

Adak Community Development Corporation

January 8th, 2010

Dear Chairman Olson,

Adak Community Development Corporation is the entity which received the community allocation of 10% of the WAG crab. The stated purpose of that allocation from the Council's October 2002 motion was "aid in the development of seafood harvesting and processing activities within that community."

This goal is reflected in our bylaws which state that all funds of the Corporation shall be "dedicated to the promotion and development of fisheries related resources, infrastructure and assets for the benefit of the community of Adak, Alaska."

At the Dec. 2008 NPFMC meeting ACDC president, Michael Swetzof, submitted a proposal to the Council to "Allow Adak to use its crab royalties to buy Area 4B halibut IFQ and Aleutian Islands area sablefish IFQ for use by local fishermen (add Adak to the CQE program)."

When the IFQ implementation team met in September 2009 to review proposals, they recommended that the Council "take no action since a specific proposal was not received."

"The team felt that a specific proposal for Council action was not received. Bob Alverson asked if this would be for only Area 4 CQE and what caps would apply. Nicole Kimball responded that the proposal was vague and the analysis could apply the current CQE provisions for GOA communities to an Adak CQE. Bob suggested that Adak should not have more liberal privileges to buy any more QS than any current GOA CQE. He pointed out that ACDC can now use their royalties to buy Area 4B halibut IFQ and AI sablefish IFQ for community members and a regulatory regime was not necessary."

"The team unanimously agreed to recommend that the Council take no action since a specific proposal was not received."

In response to the team comments and the Council decision to extend the deadline for proposals, ACDC has prepared a detailed proposal based on the all the elements and options included in the Council's preferred alternative for the Amendment 66 GOA CQE program.

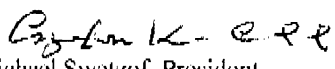
We believe the Implementation Team's minutes stating "that ACDC can now use their royalties to buy Area 4B halibut IFQ and AI sablefish IFQ for community members" reflects a misunderstanding of the status quo and is not consistent with the "owner on board" provisions of the program.

Additionally, ACDC is not seeking "more liberal privileges to buy any more QS than any current GOA CQE." In our attached proposal, we are asking for caps that are roughly equivalent in pounds to the caps for GOA CQE communities.

Allowing Adak to become an Aleutian Island CQE community would work well in conjunction with the state water cod fishery for small boats to address the halibut bycatch in the hook and line cod fishery.

Please accept the attached "Proposal for Halibut and Sablefish Community QS Purchase" for review.

Sincerely,


Michael Swetzof, President *for the president*

ACDC Proposal for Halibut and Sablefish Community QS Purchase Amendment

Community QS Purchase Problem Statement

As a small coastal community in the Aleutian Islands, Adak is struggling to remain economically viable. The halibut and sablefish IFQ program, as with other limited entry programs, increases the cost of entry into or expansion in the commercial halibut and sablefish fisheries. Adak is not a beneficiary of the CDQ program for halibut and sablefish. Allowing this non-CDQ community to purchase a 4B halibut and sablefish quota share for lease for delivery in the region will help minimize adverse economic impacts on this small, remote, coastal community in the Aleutians, and help provide for the sustained participation in the halibut and sablefish IFQ fisheries. The Council seeks to provide for this sustained participation without undermining the goals of the halibut and sablefish IFQ program or precluding entry-level opportunities for fishermen residing in other fishery-dependent communities.

Preferred Alternative Elements:

Eligible communities

Non-CDQ communities with less than 1,500 people, no road access to larger communities, direct access to saltwater, and a documented historic participation in the halibut or sablefish fisheries are eligible to own and use commercial catcher vessel halibut and sablefish quota share. The community of Adak would qualify under these criteria. The Council required that in addition to meeting these criteria at final action, eligible communities must be listed as a defined set of eligible communities in Federal regulation. Communities not meeting the qualifying criteria and not on the list adopted by the Council are not eligible to participate. Other communities could petition the Council for inclusion after the implementation of this program.

Ownership Entity

The Council recommends that a non-profit organization formed for the purpose of holding the Adak Community Allocation of WAG crab also be eligible for purchasing and holding QS on behalf of the community.

Individual Community Use Caps

Eligible communities in the Aleutian Islands are limited to purchasing and using 10% of the Area 4B, and 10% of Aleutian Island sablefish QS. Eligible communities in Area 4B cannot buy halibut QS in any other Area.

Cumulative Community Use Caps

Communities are limited to owning and using 10% of the Area 4B halibut QS and 10% of the AI sablefish QS, unless modified by the Council.

Purchase, Use and Sale Provisions

Original block and vessel size designations apply if the community transfers the QS to any person other than another eligible community. These restrictions would help ensure that the goal of providing access to local residents is maintained and limit the potential for QS to be leased to larger vessels, presumably owned by non-residents fishing further from shore. These restrictions would also address an array of concerns about the distribution of QS among prospective new community entities and existing or future individual participants.

Block Restrictions

- Communities may buy blocked and unblocked quota share.
- Individual eligible communities are limited to holding 10 blocks of halibut QS and 5 blocks of sablefish QS in the management area. Individuals receiving IFQ leased from an eligible community entity would still be subject to the existing individual use caps in regulation..

Vessel Size Restrictions

- Quota share held by communities under this program would be exempt from vessel size (share class) restrictions, while the QS is owned and leased by the community.
- Transferability of halibut QS in Area 4B from commercial to qualified community entities is restricted to B and C category quota share.

Sale Restrictions

- Eligible communities owning catcher boat (B, C, D category) quota shares may sell those quota shares to any other eligible community or any person meeting the provisions outlined in the existing IFQ Program.
 - Eligible communities may only sell their quota share for one of the following purposes:
 - (a) generating revenues to sustain, improve, or expand the program
 - (b) liquidating the entity's quota share assets for reasons outside the program
- Should an eligible community sell their quota share for purposes consistent with (b) above, an administrative entity would not be qualified to purchase and own quota share on behalf of that community for a period of three years

Use Restrictions

- Eligible communities owning quota shares may lease the IFQs arising from those quota shares for delivery in the region
- An eligible community owning catcher boat quota shares may lease up to 50,000 pounds of halibut IFQs and 50,000 pounds of sablefish IFQs per lessee annually. The 50,000 pound limit is inclusive of any quota owned by the individual (lessee).
- No more than 50,000 pounds of any IFQs leased by an eligible community may be taken on any one vessel, inclusive of any IFQ owned by the individual leasing the IFQs.

Performance Standards

Communities participating in the program may only lease the IFQs arising from their quota share for delivery in the region of the ownership community. In addition, the following are goals of the program with voluntary compliance monitored through the annual reporting mechanism and evaluated upon review of the program. Community entities applying for qualification in the program must describe how their use of QS will comply with the following program guidelines:

- (a) Maximize benefit from use of community IFQ for crew members that are community residents.
- (b) Insure that benefits are equitably distributed throughout the community.
- (c) Insure that QS/IFQ allocated to an eligible community entity would not be held and unfished.

Administrative Oversight

The Council recommends a provision to require submission of a detailed statement of eligibility to NMFS prior to being considered for eligibility as a community QS recipient. The statement would include:

- (a) Certificate of incorporation
- (b) Verification of qualified entity as approved under "Ownership Entity"
- (c) Documentation demonstrating accountability to the community
- (d) Explanation of how the community entity intends to implement the performance standards

The Council also recommends a provision to require submission of an annual report detailing accomplishments. The annual report would include:

- (a) A summary of business, employment, and fishing activities under the program
- (b) A discussion of any corporate changes that alter the representational structure of the entity
- (c) Specific steps taken to meet the performance standards
- (d) Discussion of known impacts to resources in the area.

Program Review

The Council recommends to review the program after five years of implementation (five years from the effective date of the final rule). The Council also recommends forming a Community QS Implementation Committee.

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1/9/2010 [signature]