

Regulatory Impact Review for a Regulatory Amendment

to

**Add communities to the list of communities eligible for the
Gulf of Alaska Community Quota Entity Program**

Secretarial Review Draft

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Table of Contents

Executive Summary	v
1.0 Introduction.....	1
2.0 Regulatory Impact Review.....	2
2.1 Purpose and need.....	2
2.2 Proposed alternatives.....	3
2.3 Statutory authority for this action.....	5
2.4 Affected resource and areas.....	6
2.5 Background on IFQ and CQE Program development.....	7
2.6 CQE Program provisions.....	11
2.6.1 Eligible CQE communities.....	11
2.6.2 CQE application and reporting process.....	12
2.6.3 CQE quota share use caps	14
2.6.4 CQE quota share holdings.....	14
2.6.5 Individual community resident QS holdings.....	15
2.6.6 Other Council actions that include a CQE component.....	16
2.7 Background on potentially eligible communities.....	18
2.8 Related documents and actions	18
2.9 Effects of the alternatives	18
2.9.1 Alternative 1	18
2.9.2 Alternative 2 (Council preferred alternative)	22
2.9.3 Net benefit impacts.....	30
2.10 Proposed regulatory changes.....	31
3.0 References.....	34
4.0 List of preparers and contributors.....	35
Appendix 1 Council Motion on Community Quota Share Purchase – Gulf FMP Am 66.....	A-1
Appendix 2 Letters from Game Creek and Naukati Bay, petitioning the Council for inclusion in the CQE Program.....	A-5
Appendix 3 Name and contact information for Community Quota Entities.....	A-7
Appendix 4 IFQ community report for total eligible communities; total southcentral eligible communities; and total southeast eligible communities.....	A-9
Appendix 5 Table 50 to Part 679; excerpted from final rule for GOA Am. 86.....	A-15
Appendix 6 Community profiles for Game Creek, Naukati Bay, Kupreanof, and Cold Bay.....	A-16
Appendix 7 Letters from Alaska Commercial Fisheries Entry Commission to Council staff, regarding commercial halibut/sablefish landings by residents of Game Creek and Naukati Bay.....	A-24

List of Tables

Table 1	Percent of QS held by residents of CQE communities, at initial issuance (1995) and year-end 2009	10
Table 2	Eligible CQE communities	12
Table 3	2011 quota share use caps for CQEs and individuals	14
Table 4	2011 cumulative CQE quota share use caps ¹	14
Table 5	Reduction in Gulf QS holdings by residents of CQE communities, by area, from 1995 to 2009	15
Table 6	Number of CQEs that could purchase QS up to the individual CQE use cap, by species and area, under Alternative 1	19
Table 7	Evaluation of Game Creek, Naukati Bay, Kupreanof, and Cold Bay against CQE Program eligibility criteria	22
Table 8	Number of CQEs that could purchase QS up to the individual CQE use cap, by species and area, under the Council's preferred alternative (modified Alternative 2)	30

List of Figures

Figure 1	Map of eligible CQE communities in IPHC regulatory Areas 3A and 3B, plus Cold Bay	6
Figure 2	Map of eligible CQE communities in IPHC regulatory Area 2C, plus Game Creek, Kupreanof, and Naukati Bay	7

EXECUTIVE SUMMARY

This Regulatory Impact Review (RIR) was prepared to evaluate the economic and socioeconomic effects of a proposed Federal regulatory amendment. The proposed amendment would be a revision to the Gulf of Alaska Community Quota Entity (CQE) Program, which was approved by the North Pacific Fishery Management Council (Council) in 2002 and implemented by NMFS in 2004, under Amendment 66 to the Gulf of Alaska (GOA) Fishery Management Plan. The program was developed in order to allow a distinct set of small, remote coastal communities located in the Gulf of Alaska to purchase catcher vessel quota share (QS) under the existing halibut and sablefish Individual Fishing Quota (IFQ) Program.

Currently, 42 communities located in southcentral and southeast Alaska are listed in Table 21 to 50 CFR Part 679 as eligible to participate in the CQE Program. The Council included this list of communities in its original motion approving the CQE Program. This analysis evaluates adding up to four new communities to the list of communities eligible to participate, based on the same criteria used to determine eligibility in the original program. If determined eligible, these new communities would be subject to the same provisions and restrictions as all other eligible communities. The communities evaluated for eligibility in this analysis are Game Creek, Naukati Bay, Kupreanof, and Cold Bay.

The proposed action indicates that the original action approving the CQE Program did not correctly identify all of the communities eligible for the program. Recognizing that, the Council included rules for new communities to be added to the list of eligible communities in the original motion approving the CQE Program. In effect, the Council required that communities that appear eligible, but are not specifically designated as such in Table 21, must petition the Council for inclusion and meet all of the original eligibility criteria for the program.¹ Note that two communities (Naukati Bay and Game Creek) have formally petitioned the Council for inclusion. Two additional communities are evaluated in order to provide for consideration the maximum number of communities that may have met the original criteria and were not included.

The analysis examines two alternatives, one of which is the no action alternative (Alternative 1). Alternative 2 would revise Table 21 to Part 679 to add up to four new communities to the list of eligible communities in the GOA CQE Program. The communities are evaluated for eligibility using the existing eligibility criteria for the GOA CQE Program:

- (1) A community that is listed in Table 21 to 50 CFR 679.
- (2) Is a municipality or census designated place, as defined in the 2000 United States Census, located on the GOA coast of the North Pacific Ocean;
- (3) Has a population of not less than 20 and not more than 1,500 persons based on the 2000 United States Census;
- (4) Is not accessible by road to a community larger than 1,500 persons based on the 2000 United States Census;
- (5) Has had a resident of that community with at least one commercial landing of halibut or sablefish made during the period from 1980 through 2000, as documented by the State of Alaska Commercial Fisheries Entry Commission.

¹ The requirement to petition the Council for inclusion if a community appears to meet the eligibility criteria but was not specifically designated on the list of communities adopted by the Council is part of the Council's original (April 2002) motion for GOA Amendment 66. It is also included in the preamble to both the proposed and final rulemaking for this action, but is not a formal regulatory requirement.

Council Preferred Alternative

In December 2010, based on the evaluation of eligibility provided in the analysis, the Council selected Alternative 2 as its preferred alternative, approving the addition of three new communities to the CQE Program. The communities of Game Creek (Area 2C), Naukati Bay (Area 2C), and Cold Bay (Area 3B) appear to meet the eligibility criteria for participation in the CQE Program under GOA FMP Amendment 66 and Federal regulations, with the exception of being listed in Table 21 to 50 CFR Part 679, which is the intent of the proposed action.² The community of Kupreanof (Area 2C) does not appear eligible, as Kupreanof does not have identifiable commercial halibut or sablefish landings attributable to its residents in the Commercial Fisheries Entry Commission (CFEC) data. The Council's December 2010 motion on this issue is as follows:

The Council recommends a revision to Table 21 to 50 CFR Part 679 to add Game Creek, Naukati Bay, and Cold Bay as eligible to participate in the CQE Program. In addition, the Council affirms that the communities of Game Creek and Naukati Bay are eligible to participate as CQEs in the halibut charter limited entry permit program and Cold Bay is eligible to participate as a CQE and request fixed gear Pacific cod permits under GOA Amendment 86.

This action would allow the communities of Game Creek and Naukati Bay to form CQEs and submit an application to NMFS for approval. If approved by NMFS, the CQEs would be eligible to purchase halibut catcher vessel (B and C category) quota share in Area 2C and 3A and Gulf of Alaska sablefish catcher vessel quota share. Cold Bay would be eligible to form a CQE through the same process and, if approved, would be eligible to purchase halibut catcher vessel quota share in Area 3B and Area 3A, and Gulf of Alaska sablefish catcher vessel quota share.

After deliberation, the Council also approved revising regulations to allow these three communities to be eligible for permits within the other two Federal actions that contain CQE provisions (i.e., the charter halibut limited entry program³ and GOA fixed gear recency action under GOA FMP Amendment 86⁴). Game Creek and Naukati Bay were evaluated using the criteria approved by the Council in 2007 under the charter halibut limited entry action and applied to other Area 2C and 3A CQE communities to determine whether the Area 2C CQE would be eligible to receive a maximum of four community charter halibut permits. These two communities appear to meet the criteria approved by the Council to define an 'under-developed' charter port, under the charter halibut limited entry program, thus, if this action is approved by the Secretary, and these communities have an approved CQE, they could request up to 4 community charter permits each.

Similarly, Cold Bay was evaluated using the criteria approved by the Council in 2009 and applied to other Area 3B and 3A communities to determine the number of Western GOA Pacific cod endorsed pot gear licenses the CQE would be eligible to receive under GOA FMP Amendment 86. If the action is approved by the Secretary, and Cold Bay has an approved CQE, it appears eligible to receive a maximum of two Western GOA Pacific cod licenses endorsed for pot gear. This is the minimum number of licenses that each CQE in Area 3A and 3B would receive under GOA FMP Amendment 86. As February 2011, the final rule implementing regulations for GOA FMP Amendment 86 was not yet published.

² See 69 FR 23681, April 30, 2004.

³ 75 FR 554, January 5, 2010

⁴ 75 FR 43118, July 23, 2010

Effects on potentially eligible communities

If Game Creek and Naukati Bay (located in Area 2C) are added to the program under the Council's preferred alternative (Alternative 2), they would be permitted to form CQEs and purchase halibut QS in Area 2C and Area 3A, and sablefish QS in the Southeast, West Yakutat, Central Gulf, and Western Gulf management areas. If Cold Bay (located in Area 3B) is added to the program under Alternative 2, it would be permitted to form a CQE and purchase halibut QS in Area 3B and Area 3A, and sablefish QS in the Southeast, West Yakutat, Central Gulf, and Western Gulf management areas. All transfers and use of CQE-held QS would be subject to the same rules as all other eligible communities and CQEs.

In addition to opportunities to purchase commercial halibut and sablefish QS, CQEs representing these communities would potentially have additional access to fisheries under forthcoming programs, as stated above in the section on the Council's preferred alternative. The two communities located in Area 2C would be eligible to form a CQE and receive up to four Area 2C community charter halibut permits each under the charter halibut limited entry action implemented in 2011 (which only affects Area 2C and 3A). Should the Secretary of Commerce approve the proposed GOA fixed gear recency action (GOA Amendment 86), the one community located in Area 3B would be eligible to form a CQE and receive an estimated two Pacific cod endorsed pot gear licenses in the Western GOA.

Regardless of the intent, the practical effect of Alternative 2 depends upon the extent to which these communities desire and have the ability to form a CQE and participate in the program. Given the financially prohibitive factors related to purchasing QS, and the current trends in transfer rates, analysts cannot speculate as to whether the proposed action would result in increased access of these communities to the commercial halibut and sablefish fisheries. However, if the Area 2C communities form CQEs which are approved by NMFS, these communities would be eligible to receive a limited number of community charter halibut permits at no cost. Even though the costs associated with forming and operating a CQE are not insignificant, given the community interest and no-cost nature of the community charter halibut permits, this is the most likely mechanism for participation in the program by these communities at this time.

Effects on IFQ fishery participants

No significant effect on individual participants in the IFQ fisheries is anticipated under Alternative 2 compared to the status quo. The primary effect on existing participants would be the potential for greater competition in the market for purchasing QS. However, three communities are recommended to be added to the CQE Program under the Council's preferred alternative (Alternative 2), but the use caps limiting the amount of halibut and sablefish QS that could be purchased under the program as a whole would remain unchanged. CQEs representing the new eligible communities would be subject to the same rules and restrictions as existing CQEs, including a prohibition on purchasing D category quota share (for use on catcher vessels $\leq 35'$ LOA) in Area 2C and Area 3A⁵ and a requirement that Area 2C CQEs can only purchase blocked quota share, if the block size exceeds 46,520 QS units.

In addition, Naukati Bay and Game Creek could form a CQE and request up to 4 community charter halibut permits each, thus, the maximum potential effect is 8 new permits into the charter halibut limited entry program. An additional 8 permits would increase the maximum number of permits that could be issued to Area 2C CQEs from 72 to 80. An additional 8 permits is not expected to have a significant

⁵ Note that in February 2011, the Council approved an action allowing Area 3A CQEs to purchase a limited amount of D category halibut QS in Area 3A. However, CQEs would still be prohibited from purchasing D category halibut QS in Area 2C. In addition, because none of the three communities being considered for eligibility in this analysis are located in Area 3A, they would not be affected by the proposed action. The prohibition on purchasing D category QS in Area 3A and 2C would apply to the three communities recommended for inclusion in the CQE Program under the Council's preferred alternative.

effect on the overall program, and is within the range of potential community charter halibut permits that were considered by the Council under the charter halibut limited entry program action in 2007.

Cold Bay could form a CQE and request up to 2 Pacific cod endorsed pot gear licenses in the Western GOA under proposed GOA Amendment 86. Under the proposed rule for Amendment 86, four existing CQEs located in the Western Gulf could receive an estimated 27 Western Gulf CV licenses endorsed for Pacific cod and pot gear. Adding two new licenses would result in a total of 29. The potential for two additional WG licenses is not expected to have significant effects on other participants in the fixed gear Pacific cod fishery in the Western Gulf, beyond what was considered in the analysis for GOA Amendment 86.

Effects on existing CQEs and CQE communities

No significant effect on the existing 42 eligible communities and the CQEs which represent them is anticipated under Alternative 2 compared to the status quo. Currently, 22 of the eligible communities have formed and are represented by a CQE for purposes of the program. The primary effect on existing CQEs would be the potential for greater competition among CQEs in the market for purchasing QS, recognizing that under the status quo, the combination of both individual CQE use caps and program (cumulative) use caps creates a situation in which not every CQE could theoretically purchase QS up to the individual CQE use cap. In effect, adding new communities to the program creates additional competition for communities to purchase up to the individual caps, before the program cap is reached. At this stage of the development of the program, this concern is only theoretical, as only half of the eligible communities have formed CQEs and a very limited amount of QS has been purchased. One CQE has purchased Area 3B halibut QS equating to 0.28% of the total Area 3B QS pool. CQEs in total are allowed to purchase up to 21% of the halibut QS and 21% of the sablefish QS in each Gulf area. Thus, the program is not close to reaching its regulatory limits.

In addition, the Council structured the new provisions for CQEs under the charter halibut limited entry program and fixed gear Pacific cod permits under GOA Amendment 86, such that there is no competition among CQEs for the allowable number of permits. Each CQE is designated a number of permits under each program that can be requested at no cost, thus, the addition of new eligible communities does not create a 'race' for requesting those permits. The Council's preferred alternative (Alternative 2) would not affect the existing CQEs or CQE community residents in the opportunity for or use of those permits.

Net Benefit Impacts

When considering only private estimates of net benefits, the proposed action may result in either no change in net benefits or a loss of net benefits, because the intent of the action is to redistribute some QS from individuals to new CQEs representing the newly eligible communities. If CQEs represent a higher cost harvester than individuals, particularly when considering the administrative costs associated with operating a CQE, net benefits could decrease. However, if the action allows CQEs to enter the market and purchase QS, it may introduce a mechanism into the market for capturing some social value of QS, which may be greater than the benefit realized by an individual fisherman. Because larger, non-CQE communities could realize a loss of social benefits (if their residents sell QS to CQEs), it is not possible to determine whether the potential losses could outweigh the potential benefits. Thus, whether an overall increase in net benefits would result from the purchases cannot be determined. The CQE Program in general represents a policy decision by the Council that the interests of small, remote communities and having quota share held by non-profits for use by residents have a high value, to some extent over individual interests and harvesters.

1.0 INTRODUCTION

The groundfish fisheries in the Exclusive Economic Zone (EEZ) off Alaska are managed by the National Marine Fisheries Service (NMFS) under the authority of the Magnuson-Stevens Fishery Conservation and Management Act (MSA). Under the authority of the MSA, the North Pacific Fishery Management Council (Council) developed Fishery Management Plans (FMPs) for the groundfish fisheries of the Gulf of Alaska management area (GOA) and Bering Sea and Aleutian Islands management area (BSAI). The Pacific halibut fishery off Alaska is managed by NMFS under the authority of the Northern Pacific Halibut Act of 1982, and in coordination with annual fishery management measures adopted by the International Pacific Halibut Commission (IPHC) under the Convention between the United States and Canada for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea. The IPHC promulgates regulations governing the Pacific halibut fishery under the Convention, and regulations that are not in conflict with approved IPHC regulations may be recommended by the Council. Council action must be approved and implemented by the Secretary of Commerce.

This Regulatory Impact Review (RIR) was prepared to meet the requirements of Presidential Executive Order 12866 for an evaluation of the benefits and costs, and of the significance, of the proposed Federal regulatory action. This would be a revision to the Community Quota Entity (CQE) Program, which was approved by the Council in 2002 and implemented by NMFS in 2004, under Amendment 66 to the Gulf of Alaska Fishery Management Plan. The program was developed in order to allow a distinct set of small, remote coastal communities located in the Gulf of Alaska to form non-profit organizations for the purpose of purchasing catcher vessel quota share (QS) under the existing halibut and sablefish Individual Fishing Quota (IFQ) Program. Previously under the IFQ Program, only IFQ crewmembers⁶ or initial recipients of catcher vessel QS were allowed to purchase catcher vessel QS.

Currently, 42 communities located in southcentral and southeast Alaska are listed in Table 21 to 50 CFR Part 679 as eligible to participate in the program. This action considers adding up to four new communities to the list of communities eligible for participation in the CQE Program, based on the same criteria used to determine eligibility for the original program. If determined eligible, these new communities would be subject to the same provisions and restrictions as all other eligible communities. The communities evaluated for eligibility in this analysis are Game Creek, Naukati Bay, Cold Bay, and Kupreanof.

The analysis examines two alternatives, one of which is the no action alternative. The action alternative would revise Table 21 to Part 679⁷ to add up to four new communities to the list of eligible communities in the GOA CQE Program, if they meet the eligibility criteria. Presidential Executive Order 12866 mandates that certain issues be examined before a final decision is made. The RIR associated with the proposed action is contained in Chapter 2.0. References and a list of preparers are in Sections 3.0 and 4.0, respectively.

⁶IFQ crewmember means any individual who has at least 150 days experience working as part of the harvesting crew in any U.S. commercial fishery, or any individual who receives an initial allocation of QS. See 50 CFR 679.2.

⁷Table 21 to Part 679 – Eligible GOA Communities, Halibut IFQ Regulatory Use Areas, and Community Governing Body that Recommends the Community Quota Entity.

2.0 REGULATORY IMPACT REVIEW

An RIR is required under Presidential Executive Order (E.O.) 12866 (58 FR 51735; October 4, 1993). The requirements for all regulatory actions specified in E.O. 12866 are summarized in the following statement from the order:

“In deciding whether and how to regulate, agencies should assess all costs and benefits of available regulatory alternatives, including the alternative of not regulating. Costs and benefits shall be understood to include both quantifiable measures (to the fullest extent that these can be usefully estimated) and qualitative measures of costs and benefits that are difficult to quantify, but nonetheless essential to consider. Further, in choosing among alternative regulatory approaches agencies should select those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity), unless a statute requires another regulatory approach.”

E.O. 12866 requires that the Office of Management and Budget review proposed regulatory programs that are considered to be “significant.” A “significant regulatory action” is one that is likely to:

- Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, local or tribal governments or communities;
- Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- Raise novel legal or policy issues arising out of legal mandates, the President’s priorities, or the principles set forth in this Executive Order.

2.1 Purpose and need

The CQE Program was adopted by the Council in 2002, and implemented in 2004, as Amendment 66 to the GOA FMP. The CQE Program authorizes a specified set of 42 remote coastal communities with few economic alternatives *to purchase and hold catcher vessel QS in Areas 2C, 3A, and 3B*, in order to help ensure access to and sustain participation in the commercial halibut and sablefish fisheries. Eligible communities can form non-profit corporations, called CQEs, to purchase catcher vessel QS, and the annual IFQ resulting from the QS is leased to community residents.

Upon final action, the Council approved a list of 42 communities that met the eligibility criteria for the program. (Refer to the Council motion in entirety in **Appendix 1**.) This list was implemented in Federal regulations as Table 21 to Part 679, and has remained unchanged to date. The preamble to the Federal regulations implementing the CQE Program state that if a new community appears to meet the eligibility criteria, but is not specifically designated on the list of communities adopted by the Council, then that community must apply directly to the Council to be included.⁸ The Council would evaluate the community’s eligibility using the same criteria to which all other communities were subject in the original program. In the event a community appears eligible, the Council may recommend the Secretary of Commerce modify the list of eligible communities adopted by the Council through a regulatory amendment.

⁸ See 69 FR 23681, April 30, 2004.

The existing community eligibility criteria for the Gulf CQE Program are:

- (1) A community that is listed in Table 21 to 50 CFR 679.
- (2) Is a municipality or census designated place, as defined in the 2000 United States Census, located on the GOA coast of the North Pacific Ocean;
- (3) Has a population of not less than 20 and not more than 1,500 persons based on the 2000 United States Census;
- (4) Is not accessible by road to a community larger than 1,500 persons based on the 2000 United States Census;
- (5) Has had a resident of that community with at least one commercial landing of halibut or sablefish made during the period from 1980 through 2000, as documented by the State of Alaska Commercial Fisheries Entry Commission.

In March 2010, the Council received separate petitions from residents of Game Creek and Naukati Bay, requesting that the Council evaluate the eligibility status of their communities (refer to **Appendix 2**). In April, staff reported that preliminary research shows that at the time the Council took final action, these two communities did not appear to meet the halibut or sablefish landings criteria, due to the fact that community residents' mail is sent to and distributed from other communities. Thus, because the self-reported mailing address is used to link landings to permit holders, the permit holders' landings were not attributed to their communities in the CFEC data. In April, staff reported that the two communities appear to be eligible after accounting for this discrepancy; however, they are not included on the list of eligible communities published in the final rule in Federal regulations. Also in April, the Council was informed that the communities of Cold Bay and Kupreanof, while not petitioning the Council for inclusion, could also potentially be eligible for the program.

Upon review, the Council initiated a regulatory amendment to assess the eligibility of Game Creek, Naukati Bay, Cold Bay, and Kupreanof in the CQE Program. Thus, the purpose of the action is to allow communities that meet the eligibility criteria to be determined eligible to participate in the program. If determined eligible and added to the list in Federal regulations, each community would have to establish a nonprofit corporation (CQE) and submit an application to NMFS in order to participate in the CQE Program.

The Council did not develop a new problem statement for this action, but discussion during the initiation of this amendment noted that evaluation of community eligibility was intended, under the problem statement articulated for the original action, as an ongoing process, initiated by a community petitioning for inclusion. By evaluating new communities for eligibility under the original criteria, the Council is, thus, following the process outlined in its original motion, as provided for in the GOA FMP⁹ and the preamble to Federal regulations. The Council, thus, initiated a regulatory amendment in April 2010, for review at the December 2010 Council meeting, to evaluate this issue.

2.2 Proposed alternatives

There are two alternatives proposed for consideration by the Council. Alternative 1 is the no action alternative, meaning the list of 42 eligible CQE communities in Table 21 to Part 679 would remain unchanged (i.e., no additional communities would be granted eligibility at this time). Alternative 2 would revise the list of eligible CQE communities in Table 21 to part 679 to add up to four new communities,

⁹Section 3.7.1.8.1 (Eligible Communities) of the GOA FMP states: Eligible communities are those that meet the following qualifying criteria: 1) populations of less than 1,500; 2) no road access to larger communities; 3) direct access to saltwater; and 4) a documented historic participation in the halibut or sablefish fisheries and are listed in Federal regulation. Communities not listed in Federal regulation must apply to the Council to be approved for participation in the program and will be evaluated using the above criteria.

depending on whether they meet the original criteria under GOA Amendment 66: Game Creek, Naukati Bay, Cold Bay, and Kupreanof. While Alternative 2 includes all four communities, upon review of the analysis, the Council determined that one of the communities evaluated (Kupreanof) is not eligible. Thus, the Council modified Alternative 2 (as a preferred alternative) to reflect only the three communities determined eligible, for recommendation to the Secretary of Commerce.

The alternatives considered are as follows:

Alternative 1. No action. Table 21 to 50 CFR Part 679 would remain unchanged.

Alternative 2. The communities of Game Creek, Naukati Bay, Cold Bay, and Kupreanof would be added to Table 21 to 50 CFR Part 679 and be eligible to participate in the CQE Program under existing Federal regulations.

For reference, Table 21 to 50 CFR Part 679 is provided below:

Eligible GOA Community	Community Governing Body that recommends the CQE
May use halibut QS only in halibut IFQ regulatory areas 2C, 3A	
Angoon	City of Angoon
Coffman Cove	City of Coffman Cove
Craig	City of Craig
Edna Bay	Edna Bay Community Association
Elfin Cove	Community of Elfin Cove
Gustavus	Gustavus Community Association
Hollis	Hollis Community Council
Hoonah	City of Hoonah
Hydaburg	City of Hydaburg
Kake	City of Kake
Kasaan	City of Kasaan
Klawock	City of Klawock
Metlakatla	Metlakatla Indian Village
Meyers Chuck	N/A
Pelican	City of Pelican
Point Baker	Point Baker Community
Port Alexander	City of Port Alexander
Port Protection	Port Protection Community Association
Tenakee Springs	City of Tenakee Springs
Thorne Bay	City of Thorne Bay
Whale Pass	Whale Pass Community Association

Eligible GOA Community	Community Governing Body that recommends the CQE
May use halibut QS only in halibut IFQ regulatory areas 3A, 3B	
Akhiok	City of Akhiok
Chenega Bay	Chenega IRA Village
Chignik	City of Chignik
Chignik Lagoon	Chignik Lagoon Village Council
Chignik Lake	Chignik Lake Traditional Council
Halibut Cove	N/A
Ivanof Bay	Ivanof Bay Village Council
Karluk	Native Village of Karluk
King Cove	City of King Cove
Larsen Bay	City of Larsen Bay
Nanwalek	Nanwalek IRA Council
Old Harbor	City of Old Harbor
Ouzinkie	City of Ouzinkie
Perryville	Native Village of Perryville
Port Graham	Port Graham Village Council
Port Lyons	City of Port Lions
Sand Point	City of Sand Point
Seldovia	City of Seldovia
Tatitlek	Native Village of Tatitlek
Tyonek	Native Village of Tyonek
Yakutat	City of Yakutat

2.3 Statutory authority for this action

Under the authority of the MSA, the Council develops and amends the Fishery Management Plans for the GOA groundfish fisheries, as well as regulations designed to implement the FMPs. The proposed action would not revise the GOA FMP, but it would revise Federal regulations implementing the CQE Program. Regulations may be recommended by the Council, and Council action must be approved and implemented by the Secretary of Commerce. Regulations listing the communities eligible under the CQE Program appear in Table 21 to 50 CFR Part 679.

The International Pacific Halibut Commission and NMFS manage fishing for Pacific halibut through regulations established under the authority of the Halibut Act. The IPHC promulgates regulations governing the Pacific halibut fishery under the Convention between the United States and Canada for the Preservation of the Halibut Fishery of the North Pacific Ocean and Bering Sea, signed in Ottawa, Ontario, on March 2, 1953, as amended by a Protocol Amending the Convention, signed at Washington, D.C., on

March 29, 1979. Regulations that are not in conflict with approved IPHC regulations may be recommended by the Council, and Council action must be approved and implemented by the Secretary of Commerce. Regulations implementing the Halibut Act in waters in and off Alaska appear at 50 CFR Part 300.60 - 300.66.

2.4 Affected resource and areas

The action considered in the analysis pertains to evaluating CQE Program eligibility for three communities in IPHC Area 2C (Game Creek, Naukati Bay, and Kupreanof) and one community in IPHC Area 3B (Cold Bay). Figure 1 provides a map of the 21 currently eligible communities in Area 3A and 3B, plus the one potentially eligible community of Cold Bay (Area 3B). If determined eligible under Alternative 2, the community of Cold Bay would be permitted to form a CQE and purchase halibut QS in Area 3B and Area 3A; it would also be allowed to purchase sablefish QS in the Southeast, West Yakutat, Central Gulf, and Western Gulf management areas.

Figure 2 provides a map of the 21 currently eligible communities in Area 2C, plus the three potentially eligible communities of Game Creek, Kupreanof, and Naukati Bay. If determined eligible, the three communities in Area 2C would be permitted to form a CQE and purchase halibut QS in Area 2C and Area 3A; they would also be allowed to purchase sablefish QS in the Southeast, West Yakutat, Central Gulf, and Western Gulf management areas. All transfers and use of CQE-held QS would be subject to the same rules as all other eligible communities and CQEs.

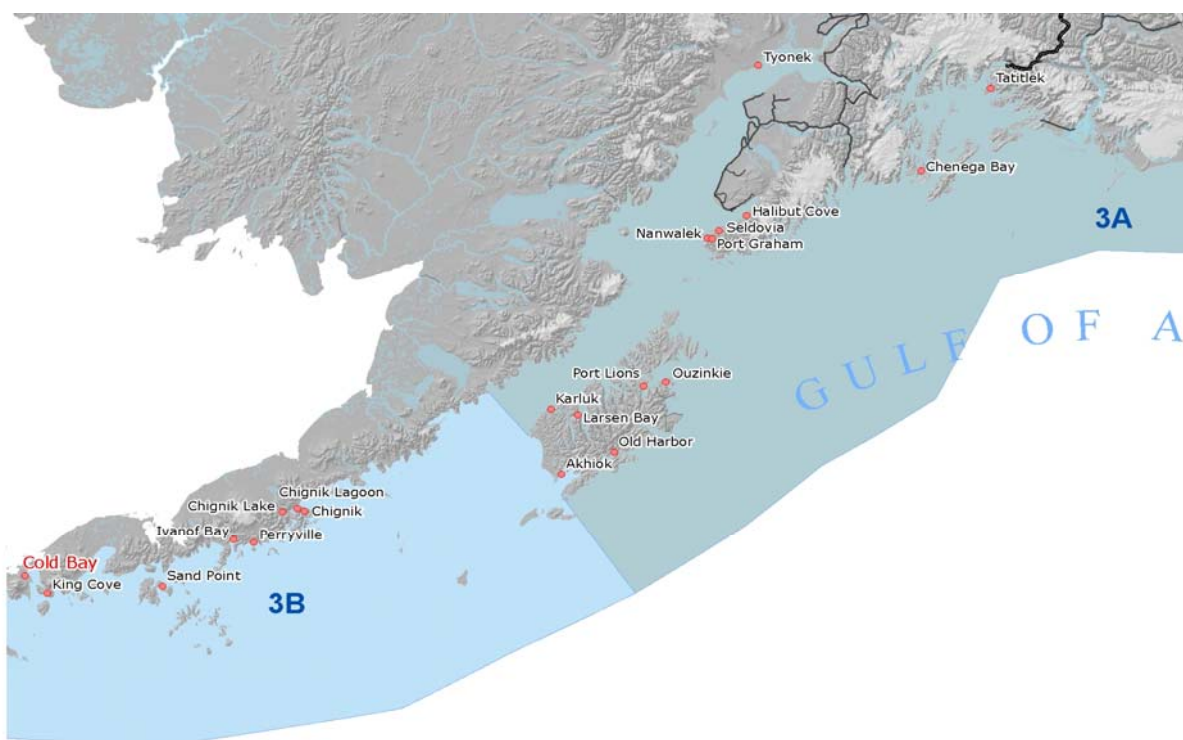


Figure 1 Map of eligible CQE communities in IPHC regulatory Areas 3A and 3B, plus Cold Bay

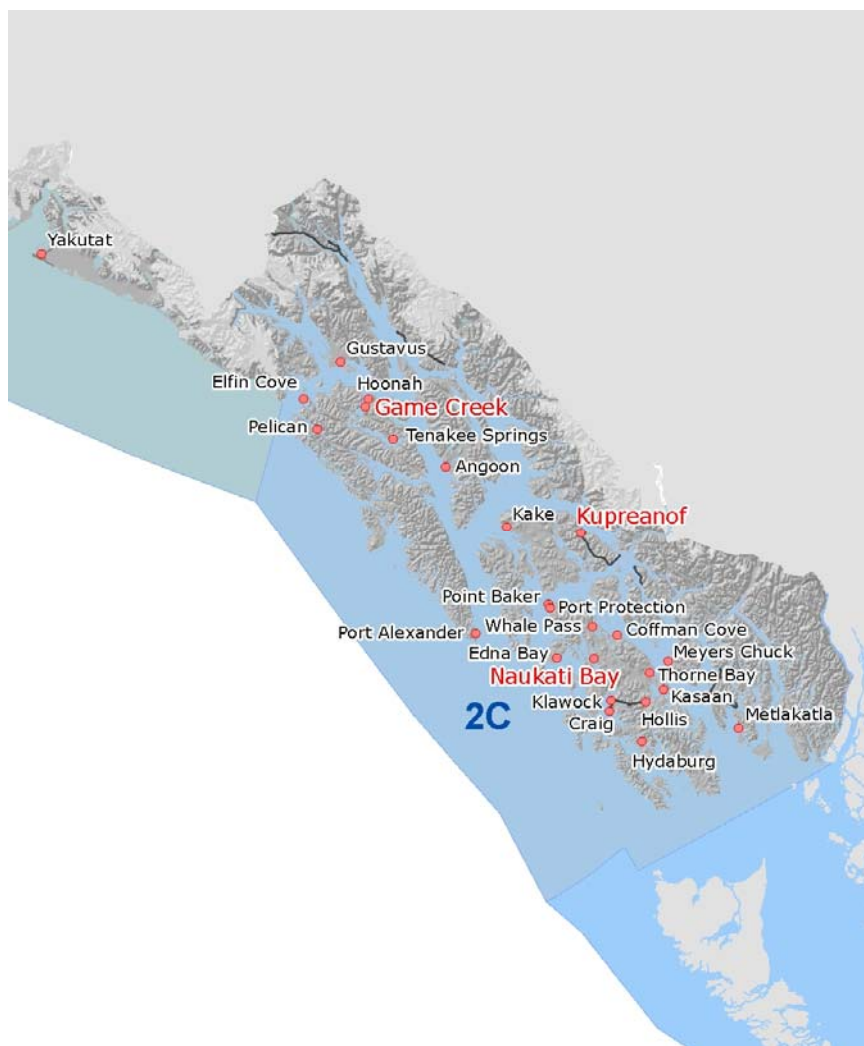


Figure 2 Map of eligible CQE communities in IPHC regulatory Area 2C, plus Game Creek, Kupreanof, and Naukatli Bay

2.5 Background on IFQ and CQE Program development

The Council recommended a limited access system for the fixed gear halibut and sablefish fisheries off Alaska in 1992. NMFS approved the halibut and sablefish IFQ Program in January 1993 and implemented the program on November 9, 1993 (58 FR 59375). Fishing under the IFQ Program began on March 15, 1995. The Council and NMFS developed the IFQ Program to resolve the conservation and management problems commonly associated with open access fisheries. The preamble to the proposed rule, published on December 3, 1992 (57 FR 57130), describes the issues leading to the Council's recommendation for the IFQ Program to the Secretary.

Federal regulations at 50 CFR part 679, established under the authority of the Magnuson-Stevens Fishery Conservation and Management Act of 1976, implement the IFQ Program for the halibut and sablefish fisheries. Additional federal regulations at 50 CFR part 300, subpart E, and 50 CFR part 679, established under the authority of the Northern Pacific Halibut Act of 1982, also govern the halibut fishery.

The IFQ Program limits access to the halibut and sablefish fisheries to those persons holding quota share in specific management areas. The Council and NMFS designed the IFQ Program to provide economic stability to the commercial halibut and sablefish fixed gear fisheries. Quota shares equate to individual harvesting privileges, given effect on an annual basis through the issuance of IFQ permits. An annual IFQ permit authorizes the permit holder to harvest a specified amount of an IFQ species in a regulatory area. The specific amount (in pounds) is determined by the number of QS units held for that species, the total number of QS units issued for that species in a specific regulatory area, and the total amount of the species allocated for IFQ fisheries in a particular year. If the abundance of halibut or sablefish decreases over time, the total allowable catch (TAC) for that species will decrease and, subsequently, the number of pounds on a person's annual IFQ permit also will decrease. By ensuring access to a certain amount of the TAC at the beginning of the season and by extending the season over a longer period, QS holders may determine where and when to fish, how much gear to deploy, and how much overall investment to make in harvesting.

The Council and NMFS also intended the IFQ Program to improve the long-term productivity of the halibut and sablefish fisheries by further promoting the conservation and management objectives of the Magnuson-Stevens Act and the Halibut Act, while retaining the character and distribution of the fishing fleets as much as possible. During the development of the IFQ Program, the Council built in several provisions to address concerns regarding transferability and the goal of preserving an owner-operated fleet. Among other things, the Council was concerned about consolidation of ownership and divestiture of coastal Alaskans from the fisheries.

Ultimately, the Council provided a design which was intended to control transferability through: 1) limits on the amount of QS which could be owned or controlled by individuals and companies (1% of the total QS pool for sablefish and 0.5% of the combined Area 2C, 3A, and 3B QS pool for halibut); 2) establishment of vessel size categories; 3) restrictions on who could purchase catcher vessel QS; and 4) limitations on leasing certain categories of QS (Pautzke and Oliver 1997). A report on the development of the program from Pautzke and Oliver states, "The primary intent of the Council in adopting these provisions was to maintain a diverse, owner-operated fleet and prevent a 'corporate,' absentee ownership of the fisheries" (p. 14).

This program changed the management structure of the fixed gear halibut and sablefish program by issuing quota share QS to qualified applicants who owned or leased a vessel that made fixed gear landings of halibut during 1988 through 1990.¹⁰ Halibut quota share is specific to one of eight halibut management areas throughout the BSAI and GOA, and four vessel categories: freezer (catcher processor) category (A share); greater than 60' LOA (B share); 36' to 60' (C share); and 35' or less (D share). Sablefish quota share is specific to one of six sablefish management areas throughout the BSAI and GOA, and three vessel categories: freezer (catcher processor) category (A share); greater than 60' LOA (B share); and 60' or less (C share). The quota share issued is permanently transferable, with several restrictions on leasing. As stated above, the Council developed leasing and other restrictions in order to achieve some benefits associated with IFQ management, but also retain the owner-operator nature of the fisheries and limit consolidation of quota share. To that end, the Council only allowed persons who were originally issued catcher vessel quota share (B, C, and D category) or who qualify as IFQ crew members¹¹ to hold or purchase catcher vessel quota share. Thus, only individuals and initial recipients could hold catcher vessel quota share, and with few exceptions, they are required to be on the vessel and fish the QS.

¹⁰Regular QS units were equal to a person's qualifying pounds for an area. Qualifying halibut pounds for an area were the sum of pounds landed from the person's best 5 years of landings over a 7-year period (1984 – 1990). Qualifying sablefish pounds for an area were the sum of pounds landed from the person's best 5 years of landings over a 6-year period (1985 – 1990).

¹¹IFQ crew member means any individual who has at least 150 days experience working as part of the harvesting crew in any U.S. commercial fishery, or any individual who receives an initial allocation of QS (50 CFR 679.2).

During the development of the IFQ Program, the Council noted that maintaining diversity in the halibut and sablefish fleets and minimizing adverse coastal community impacts were particularly important considerations, since these fisheries had typically been characterized by small vessel participation by thousands of fishermen, many residing in small coastal communities in Alaska and the Pacific Northwest (Pautzke and Oliver 1997). In addition, the 1996 amendments to the Magnuson-Stevens Act require that management programs take into account the social context of the fisheries, especially the role of communities (Sec. 301[a][8], 303 [a][9]). Although halibut is managed under the authority of the Halibut Act (sablefish is managed under the MSA), the Council considers the impacts of all its management measures on fishery-dependent communities.

Although the IFQ Program has resulted in significant benefits for many fishermen, there has been a recognized concern with the lack of access to these fisheries by residents of the smallest, coastal communities. Many quota holders in Alaska's smaller coastal communities have chosen to transfer their quota to others, for various reasons, or have moved out of these communities. Local conditions, location, and market forces were likely factors in the sale of QS originally held by residents of small communities. These conditions include: the cost of access to markets is greater to fishermen landing fish in remote communities; fishermen based in remote communities tend to fish smaller amounts of quota using smaller, less efficient vessels, which result in lower profit margins than larger operations; and fishing infrastructure in remote communities tends to be less complete.¹²

In addition, NMFS RAM Program data show that a small amount of QS (relative to the number of initial recipients) was initially issued to residents of most of the CQE communities, which in part may explain the transfer of QS from residents of those communities. Evidence suggests that many residents that were initially issued relatively small allocations, such as a few thousand pounds or less, often sold their quota share in the first few years of the program. Many reasons for this are available anecdotally. Many residents of these communities fish multiple fisheries opportunistically, so most residents may not have qualified for a relatively large share of halibut or sablefish QS under a short (three year) qualifying period. Very small amounts of QS were not economically viable to fish, and individuals could not afford to purchase additional QS to support a viable business plan. In contrast, fishermen who received larger initial allocations were more able to finance additional QS purchases with the capital provided from their new asset base. In this context, the pattern of increased divestment is specific to small quota recipients and does not depend on whether the fishermen live in a rural or urban community. However, RAM Program and CFEC data¹³ confirm that: 1) the rate of decline of the amount of QS held by residents of the smaller Gulf communities is higher than that of the larger communities, 2) the bulk of the QS consolidation has taken place in the smaller holdings, and 3) very few initial large quota share recipients reside in the smaller, CQE communities. Various data sources have illustrated the early out-migration of halibut and sablefish fishing effort from the smaller communities of the Gulf of Alaska, and the subsequent impact on the diversified fishing portfolios of community residents.^{14,15} Refer to recent research for a more detailed evaluation of halibut quota transfer patterns out of small, rural communities.¹⁶

¹² *Community Quota Entity Financial Analysis*, prepared for Southeast Alaska Inter-tribal Fish and Wildlife Commission, by McDowell Group. October 28, 2005.

¹³ "Holdings of Limited Entry Permits, Sablefish Quota Shares, and Halibut Quota Shares Through 1998 and Data on Fisheries Gross Earnings," CFEC. 1999.

¹⁴ "Smaller Gulf of Alaska Communities: Alaska Peninsula Subgroup: Holdings of Limited Entry Permits, Sablefish Quota Shares, and Halibut Quota Shares Through 1997 and Data On Fishery Gross Earnings, CFEC Report 98-SPAKPEN-N Alaska Commercial Fisheries Entry Commission Juneau, Alaska 99801.

¹⁵ "Access Restrictions in Alaska's Commercial Fisheries: Trends and Considerations." Prepared by DORY Associates for Alaska Marine Conservation Council and Gulf of Alaska Coastal Communities Coalition, January 2009, Kodiak, AK.

¹⁶ Carothers, C., D. Lew, and J. Sepez. Fishing rights and small communities: Alaska halibut quota transfer patterns. *Ocean and Coastal Management*. Volume 53 (Sept 2010) pp. 518-523.

Table 1 Percent of QS held by residents of CQE communities, at initial issuance (1995) and year-end 2009

Halibut	2C, 3A & 3B total	2C	3A	3B	
initial issuance	9.1%	19.4%	4.9%	12.1%	
year-end 2009	5.6%	10.7%	3.1%	8.7%	
Sablefish	SE, CG, WG, WY total	SE	CG	WG	WY
initial issuance	5.3%	12.6%	2.9%	4.4%	1.9%
year-end 2009	2.4%	6.4%	1.6%	0.7%	0.3%

Source: NOAA Fisheries, AKR, RAM. Data as of 2/26/10.

Note: The year-end 2009 data include Area 3B halibut QS held by one CQE. Excluding the CQE-held QS would reduce the halibut Area 3B holdings in 2009 to 8.4% of the total.

As a result of quota transfers, the total amount of quota held by residents of small, coastal communities and the number of IFQ holders, declined since the inception of the IFQ Program (see Table 1). The lack of sustained participation in the smallest, rural Gulf communities was identified by the Council as a concern, and under GOA Amendment 66, the Council revised the IFQ program to allow a distinct set of 42 remote coastal communities with few economic alternatives to purchase and hold catcher vessel QS in Areas 2C, 3A, and 3B, in order to help ensure access to and sustain participation in the commercial halibut and sablefish fisheries. Eligible communities can form non-profit corporations (CQEs) to purchase catcher vessel QS, and the annual IFQ resulting from the QS can only be leased to community residents.

In effect, the CQE remains the holder of the QS, creating a permanent asset for the community to use to benefit the community and its residents. The QS can only be sold in order to improve the community's position in the program, or to meet legal requirements, thus, the QS must remain with the community entity.¹⁷ The CQE Program was also intended as a way to promote ownership by individual residents, as individuals can lease annual IFQ from the CQE and gradually be in a position to purchase their own quota share. During the development of the program, it was noted that both community and individually-held quota were important in terms of fishing access and economic health.

The CQE Program includes several elements which make CQEs subject to either more, the same, or fewer constraints than individual quota share holders. In some cases, the CQE is subject to the same latitude and limitations as individual users, as if the CQE is simply another category of eligible person. For example, an individual CQE is held to the same quota share cap as an individual holder. In other cases, the CQE is subject to less restrictive measures than individual holders. For example, the vessel size categories do not apply to QS when held by CQEs.

In yet other cases, the CQE is subject to more restrictive measures than individuals, in part to protect existing holders and preserve entry-level opportunities for fishermen residing in other (non-eligible) fishery-dependent communities. For example, CQEs are prohibited from purchasing D category halibut quota share in Area 2C and 3A, and they are prohibited from purchasing small blocks of quota share.¹⁸

¹⁷If the CQE sells its QS for any other reason, NMFS will withhold annual IFQ permits on any remaining QS held, and will disqualify the CQE from holding QS on behalf of that community for 3 years. It also requires that the CQE divest itself of any remaining QS on behalf of that community.

¹⁸The existing CQE Program prohibits CQEs from purchasing blocked halibut QS in Area 2C and 3A, which at the time of the implementation of the sweep-up provisions (1996), was ≤5,000 IFQ lbs. The same restriction applies to blocks of sablefish QS in SE, WY, CG, and WG. See 50 CFR 679.41(e)(5). Note that in February 2011, the Council took action to allow Area 3A CQE communities to purchase a limited amount of D category QS in Area 3A, of any block size. This action has not yet been forwarded to the Secretary for review. However, as none of the communities evaluated for eligibility under this analysis are located in Area 3A, this new action does not affect any of the potentially eligible communities.

Please refer to the April 2002 Council motion for the comprehensive suite of elements that comprise the CQE program (Appendix 1). One may also refer to the final rule authorizing the program (69 FR 23681; April 30, 2004).

Six years after implementation, participation in the CQE Program has been relatively limited with respect to the purpose of allowing communities to purchase halibut and sablefish quota share in the Gulf and retaining that QS for use by resident fishermen. Only one CQE has purchased quota share to-date, and the program has not come close to reaching its regulatory limits on the amount of QS that may be purchased. While only one CQE has purchased QS, 22 of the 42 eligible communities have completed the process to form a CQE and have it approved by NMFS (see **Appendix 3**). Thus, half of the eligible communities have invested substantial time and resources in preparing to participate in the program, and several additional communities have made efforts to evaluate whether forming a CQE is of interest and benefit to the community at this time. Regardless of the interest conveyed and effort put forth to participate in the program, very little quota share has been purchased. Several entities have evaluated the reasons for the lack of participation in the CQE program to-date, and they can primarily be categorized as financial barriers to purchasing QS, and program-related restrictions. Refer to the March 2010 CQE Program Review for more details.¹⁹

2.6 CQE Program provisions

This section outlines the primary provisions of the CQE Program related to the proposed action. It provides a list of eligible communities; describes the quota share use caps applicable to each CQE and to all CQEs combined; and describes the process a community must undergo to form a CQE. The last three parts of this section provide the CQE quota share holdings to-date (Section 2.6.4), the quota share holdings to-date by individual residents of eligible CQE communities (Section 2.6.5), and a summary of new programs that include opportunities for CQEs in fisheries other than commercial halibut and sablefish (Section 2.6.6).

2.6.1 Eligible CQE communities

There are 42 eligible communities in the CQE Program, the same number since its inception: 21 are located in Southeast Alaska (Area 2C) and 21 are located in Southcentral Alaska (14 in Area 3A and 7 in Area 3B). The list of communities is part of the Council's final motion and shown below in Table 2. To be determined eligible, each community must have met the following criteria: fewer than 1,500 people;²⁰ documented historical participation (at least one commercial landing) of halibut or sablefish;²¹ direct access to saltwater on the GOA coast; no road access to a larger community; and listed in Table 21 in Federal regulations (50 CFR 679). Communities that were not identified at final action as meeting these criteria must apply to the Council to be approved for participation in the program. A regulatory amendment is necessary in order to add (or remove) a community to the list in Federal regulations, and communities applying for eligibility would be evaluated using the original criteria above.

¹⁹ http://www.fakr.noaa.gov/npfmc/current_issues/halibut_issues/CQEREport210.pdf

²⁰ As documented by the 2000 U.S. Census (i.e., a community must be recognized by the U.S. Census as an incorporated city or census designated place in order to be included in the census.)

²¹ As documented by the Alaska Commercial Fisheries Entry Commission.

Table 2 Eligible CQE communities

Area 2C communities		Area 3A communities		Area 3B communities	
Angoon*	572	Akhiok*	80	Chignik	79
Coffman Cove*	199	Chenega Bay*	86	Chignik	103
Craig*	1,397	Halibut Cove	35	Chignik Lake	145
Edna Bay	49	Karluk	27	Ivanof Bay	22
Elfin Cove*	32	Larsen Bay*	115	King Cove*	792
Gustavus	429	Nanwalek*	177	Perryville*	107
Hollis	139	Old Harbor*	237	Sand Point*	952
Hoonah*	860	Ouzinkie*	225		
Hydaburg*	382	Port Graham*	171	7 communities	2,200
Kake	710	Port Lions	256		
Kasaan*	39	Seldovia*	286		
Klawock*	854	Tatitlek	107		
Metlakatla	1,375	Tyonek	193		
Meyers Chuck	21	Yakutat*	680		
Pelican*	163				
Point Baker*	35	14 communities	2,711		
Port Alexander	81				
Port Protection*	63				
Tenakee Springs	104				
Thorne Bay*	557				
Whale Pass	58				
21 communities	8,119				

Source: Table 21 to 50 CFR 679.

Note: Population is based on 2000 U.S. census data, as required by the eligible criteria.

*Eligible communities that have formed Community Quota Entities, as of June 2011.

2.6.2 CQE application and reporting process

Under the program, an eligible community must form a nonprofit corporation to act on its behalf (i.e., the CQE). The CQE permitted to purchase and hold the quota share for eligible communities must be: 1) a new non-profit entity incorporated under the State of Alaska; or 2) a new non-profit entity formed by an aggregation of several eligible communities. The non-profit must have been incorporated after April 10, 2002. The non-profit corporation must apply to NMFS for recognition as a CQE, must have the written approval of the community, and upon approval by NMFS, may buy, sell, and hold halibut and sablefish QS for the community.

Thus far, 23 CQEs have been formed, representing 24 communities (the list of current CQEs is provided as **Appendix 3**). Twelve of those CQEs are in southeast Alaska, and eleven are in southcentral Alaska. Each of these CQEs completed the process of forming a non-profit corporation under laws of the State of Alaska, which requires time and resources of the community. In addition to the incorporation process, in order to be approved by NMFS as a CQE representing an eligible community, the CQE must also submit an application to NMFS.²² A complete application to become a CQE consists of: (i) the articles of incorporation; (ii) a statement indicating the eligible community, or communities, represented by the CQE for purposes of holding QS; (iii) management organization information, including: (A) the bylaws; (B) a list of key personnel of the managing organization including, but not limited to, the board of directors, officers, representatives, and any managers; (C) a description of how the CQE is qualified to manage QS on behalf of the eligible community, or communities, it is designated to represent, and a demonstration that the CQE has the management, technical expertise, and ability to manage QS and IFQ; and (D) the name of the non-profit organization, taxpayer ID number, permanent business mailing addresses, name of

²²This application is also submitted to the State of Alaska (DCCED) for a 30-day review and comment period.

contact persons and contact information of the managing personnel, resumes of management personnel, name of community represented by the CQE, and the point of contact for the governing body of each community represented.

The application also requires a statement describing the procedures that will be used to determine the distribution of IFQ to residents of the community, including: (A) procedures used to solicit requests from residents to lease IFQ; and (B) criteria used to determine the distribution of IFQ leases among qualified community residents and the relative weighting of those criteria. Finally, the application must include a statement of support from the governing body of the eligible community. The statement of support is: (A) a resolution from the City Council or other official governing body for those eligible communities incorporated as first or second class cities; (B) a resolution from the tribal government authority recognized by the Bureau of Indian Affairs for those eligible communities that are not incorporated as first or second class cities; but are represented by a tribal government authority; or (C) a resolution from a non-profit community association, homeowner association, community council, or other non-profit entity for those eligible communities that are not incorporated as first or second class cities or represented by a tribal government.

Thus, while the application process is relatively straightforward, it requires submittal of several documents, including a letter of approval from the community and a description of the criteria the CQE will use to determine which residents may lease IFQ derived from CQE-held QS on an annual basis. Note that the Council included three performance standards in its final motion developing the program, and although these are not regulatory requirements, they outline the intent regarding the distribution and use of community-held QS. The performance standards are:

- equitable distribution of IFQ leases within a community
- the use of IFQ by local crew members
- the percentage of IFQ resulting from community-held QS that is fished on an annual basis

Many communities have developed specific and comprehensive criteria to distribute IFQ among community residents, based on the goals and objectives set out by the community. The city of Craig was the first CQE formed, in late 2004, and it was very proactive in developing the first set of organizational governance and distribution criteria for quota share. NMFS only requires that criteria are developed, not that each community follow specified criteria. For example, some communities may emphasize providing IFQ to new entrants versus long-term participants (or vice-versa), while others may focus on ensuring that the resident IFQ holder's crew is comprised of resident crewmembers. Some communities have employed a 'point system', while others have developed other types of rating criteria. For example, one CQE reports that it leases quota share to community residents on an equitable basis, and that preference is given to residents that have experience, equipment, investment, and commit to the employment of community residents. The point system developed by the CQE reflects these preferences.

Each CQE must report to NMFS annually on IFQ activities, including nonprofit governance, QS holdings, IFQ recipient selection, landings, and other relevant information. If a CQE fails to submit a timely and complete annual report, NMFS would initiate an administrative action to suspend the ability of that CQE to transfer QS and IFQ, and to receive additional QS by transfer. The annual report is also required to be provided to the governing body of each community represented by the CQE. This is intended to assist the governing body and residents of that community in reviewing the activities of the CQE relative to that community.

2.6.3 CQE quota share use caps

Once a CQE is formed and approved by NMFS, it is eligible to purchase QS on the open market, subject to limitation. There are caps on the amount of QS that can be held by each individual community, and caps on the amount of QS that can be held cumulatively by all communities in a specified area (e.g., Area 2C, 3A, 3B for halibut; SE, WY, CG, or WG for sablefish). The program limits each CQE to the same use caps as individual holders: 1% of Area 2C halibut QS and 0.5% of the combined Area 2C, 3A, and 3B halibut QS; and 1% of southeast sablefish QS and 1% of all combined sablefish QS (Table 3).

Table 3 2011 quota share use caps for CQEs and individuals

Use Cap	2011 QS use cap	Equivalent 2011 IFQ lbs
Halibut		
1% of 2C quota	599,799 QS units	23,467 IFQ lbs
0.5% of 2C, 3A, 3B	1,502,823 QS units	58,799 lbs if all 2C quota ¹ ; 116,708 lbs if all 3A quota; 208,219 lbs if all 3B quota
Sablefish		
1% of SE quota	688,485 QS units	67,489 IFQ lbs
1% of all quota	3,229,721 QS units	241,747 lbs if all CG; 316,596 lbs if all SE ² ; 256,118 lbs if all WG; 233,124 lbs if all WY quota

Source: RAM Program, NMFS, 2011.

¹Note that the Area 2C halibut use cap (23,467 lbs) is also in place, so 58,799 lbs is only a theoretical example.

²Note that the SE sablefish use cap (67,489 lbs) is also in place, so 316,596 lbs is only a theoretical example.

The program also limited all CQEs to holding 3% of the QS in each area in each of the first seven years of the program (2004 through 2009), culminating in a limit of 21% in each area in 2010, and each year after that (Table 4).²³ These limits are exclusive of any QS owned by individual residents. Refer to Appendix 1 for the rules governing CQE transfers, limits, and reporting requirements.

Table 4 2011 cumulative CQE quota share use caps¹

Use Cap	QS Use Cap and equivalent annual IFQ lbs			
Halibut	Area 2C	Area 3A	Area 3B	
	2011	12,505,928 QS units	38,831,376 QS units	11,382,667 QS units
	21% of each area	489,300 lbs	3,015,608 lbs	1,577,093 lbs
Sablefish	Southeast	Central Gulf	Western Gulf	West Yakutat
	2011	13,885,330 QS units	23,454,193 QS units	7,566,212 QS units
	21% of each area	1,361,120 lbs	1,755,566 lbs	600,003 lbs
				807,411 lbs

Source: RAM Program, NMFS, 2011.

¹The cumulative use caps apply to the amount of QS that can be held and used by all CQEs combined.

2.6.4 CQE quota share holdings

To date, only one CQE, representing Old Harbor, has purchased halibut quota share, and no CQEs have purchased sablefish quota share. Old Harbor has been participating in the program using halibut quota share since 2006, with quota share originally obtained through a private financing arrangement. As of year-end 2010, the CQE representing Old Harbor held 151,234 halibut QS units in Area 3B, which equates to 20,954 lbs in 2011. The QS is in 4 blocks: 3 blocks of C category QS and 1 block of B category; the majority of the QS is C category. This represents about 0.05% of the combined Area 2C, 3A and 3B QS pool, and 0.28% of the total Area 3B QS pool. Recall that the program allows all CQEs combined to purchase up to 3% of the QS in each area in each of the first seven years of the program,

²³See 50 CFR 679.42(e)(6).

culminating in a limit of 21% in each area in 2010. Thus, the program has not come close to reaching its regulatory limits.

The majority of CQEs have not submitted annual reports, as they have not purchased quota share to-date. Several CQEs have submitted reports, even if no quota share had been purchased, in order to report changes in the Board of Directors, etc.

2.6.5 Individual community resident QS holdings

The NMFS RAM Program produces reports on the changes in holdings of quota share by residents of Gulf of Alaska fishing communities, since the implementation of the halibut and sablefish IFQ program in 1995. NMFS recently updated this report through 2008 (NMFS, July 2009).²⁴ Note that the QS holdings in this report are by *individual residents* of the CQE eligible communities, not CQEs, with the exception of the QS holdings by the CQE representing Old Harbor.

One impetus for establishing the CQE Program was the transfer of initially-issued quota share out of the smallest, remote coastal Alaska communities and the change in the geographic distribution of QS holdings. The CQE Program was intended as a mechanism for quota share to be held at a community level and, thus, a long-term asset available for use by community residents. Overall, residents of the 42 eligible communities held about 9.1% of the total Gulf halibut QS (Areas 2C, 3A, and 3B combined), and about 5.3% of the total Gulf sablefish QS (Southeast, West Yakutat, Central Gulf, and Western Gulf combined), at initial issuance (refer to Table 1). By year-end 2009, residents of these communities held 5.6% of the total Gulf halibut QS, and about 2.4% of the total Gulf sablefish QS.

In effect, at year-end 2009, NMFS RAM Program data indicate that residents of the 42 CQE communities held 38% fewer halibut QS holdings in Area 2C, 3A, and 3B, compared to initial issuance. Sablefish QS holdings declined by 55%, from initial issuance to year-end 2009. In Area 2C, for example, residents of all 42 CQE communities held 19.4% of the total halibut QS in Area 2C at initial issuance, and 10.7% at year-end 2009, which represents a reduction of 45%. Refer to Table 5 below.

Table 5 Reduction in Gulf QS holdings by residents of CQE communities, by area, from 1995 to 2009

Halibut	2C, 3A & 3B total	2C	3A	3B	
	-38%	-45%	-37%	-28%	
Sablefish	SE, CG, WG, WY total	SE	CG	WG	WY
	-55%	-49%	-45%	-84%	-84%

Source: NMFS RAM Program. Data as of 2/26/10.

Note: The year-end 2009 data include Area 3B halibut QS held by one CQE. Excluding the CQE-held QS would change the reduction in halibut Area 3B holdings since initial issuance to 31%.

The July 2009 NMFS report provides information on QS holdings and number of QS holders for each of the 42 eligible communities, by year, from 1995 through year-end 2008. The total halibut and sablefish IFQ holdings for residents of the 21 eligible communities located in southeast Alaska decreased by 49%

²⁴*Report on Holdings of IFQ by Residents of Selected Gulf of Alaska Fishing Communities, 1995 – 2008*. NOAA (NMFS), Alaska Region, RAM Program, Juneau, AK. July 2009. <http://www.fakr.noaa.gov/ram/reports/ifqholdings0709.pdf>

and 45% from 1995 through year-end 2008, respectively,²⁵ and the number of holders of halibut and sablefish IFQ decreased by 55% and 58%, respectively. For residents of the 21 southcentral communities, the total halibut and sablefish IFQ decreased by 26% and 53% from 1995 through year-end 2008, respectively, and the number of holders of halibut and sablefish IFQ decreased by 50% and 61%, respectively. Tables summarizing QS holdings and the number of eligible holders by CQE community, at initial issuance and year-end 2008, are provided in **Appendix 4**.

2.6.6 Other Council actions that include a CQE component

Two subsequent actions approved by the Council, that are not related to the commercial halibut and sablefish IFQ Program, have included explicit provisions for CQEs that represent new fishing opportunities. Both programs have been approved by the Secretary of Commerce and were first implemented in 2011.

The first action is the proposed charter halibut limited entry program that the Secretary of Commerce approved in January 2010. This action establishes a limited entry program for charter halibut businesses in Areas 2C and 3A, and will issue permits to qualified charter business owners. Under this action, NMFS will issue permits to an estimated 231 charter businesses in Area 2C and 296 charter businesses in Area 3A. In Area 2C and 3A, 173 and 154 of the guided businesses that show some evidence of bottomfish fishing in 2008 will not qualify to receive an Area 2C or Area 3A guided charter permit under the limited entry program, respectively. Businesses that do not qualify to receive a charter halibut permit do not meet activity thresholds (5 landings) during the qualifying period (2004 or 2005) and/or do not meet the 2008 thresholds (5 landings) in the recency provisions of the Council's motion.

Also as part of this action, the Council approved issuing a limited number of permits to each CQE representing a community in Area 2C and Area 3A, upon request and at no cost, if the community meets specific criteria denoting underdeveloped charter halibut ports. The Council intent was to balance the identified need to limit participation in the charter halibut fishery by only issuing permits to businesses that meet stated criteria, in the context of exceeded GHs in recent years, with a second stated need, that of maintaining access to the charter halibut fishery in specified rural communities, by creating additional permits.

The criteria targets eligible CQE communities in which 10 or fewer "active" (i.e., qualifying) charter businesses were operating in the community during both of the initial qualifying years for the overall program.²⁶ Each CQE located in Area 2C and Area 3A that meets the criteria can request up to 4 and 7 permits, respectively. The analysis for the charter halibut limited entry program estimates that 18 of the 21 eligible CQE communities in Area 2C²⁷ qualify to receive charter permits, and all 14 eligible CQE communities in Area 3A qualify. Recall, however, that not all of the eligible CQE communities have formed a CQE, which is necessary to participate. There are several provisions established to guide the use of CQE-requested charter halibut permits, including that the permit must be used in the community represented by the CQE (i.e., all charter trips must originate or terminate in the CQE community). The Council also recommended an overall limit on the number of charter halibut permits that each CQE can hold and use (inclusive of both purchased permits and community charter halibut permits requested and issued at no cost). The use cap for each CQE in Area 2C is 8 permits; the use cap for each CQE in Area 3A is 14 permits. The use cap applies to all CQEs formed in Area 2C and Area 3A, regardless of whether the community meets the qualification criteria to receive community charter halibut permits at no cost.

²⁵The report uses "2008 Equivalent Pounds" for comparison purposes. These are IFQ pounds derived from all QS held by residents of the subject community, in all IFQ management areas.

²⁶"Active" is defined as at least 5 bottomfish trips in a year, and the qualifying years specified are 2004 and 2005.

²⁷The three Area 2C CQE communities that do not qualify for CQE charter halibut permits are Craig, Elfin Cove, and Gustavus. These communities are estimated to have had more than 10 active charter businesses in 2004 and 2005.

The charter halibut limited entry program was approved by the Secretary on January 5, 2010,²⁸ and the initial application period and issuance of individual business permits was completed in 2010. NMFS announced an application for CQEs to request community charter halibut permits in December 2010, and as of February 7, 2011, 44 CQE permits had been issued. Sixteen Area 2C community charter halibut permits were issued to CQEs representing four communities: Coffman Cove, Thorne Bay, Pelican, and Point Baker. Twenty-eight Area 3A community charter halibut permits were issued to CQEs representing four communities: Nanwalek, Chenega, Port Graham, and Larsen Bay. The application for these permits will remain open; there is no deadline for CQEs to request their specified number of permits. The first year a permit is required on a charter halibut vessel in Areas 2C and 3A is 2011.

The second action is the proposed GOA fixed gear recency action that the Council approved in April 2009 (GOA FMP Am. 86). This action adds non-severable, gear-specific Pacific cod endorsements to fixed gear licenses that qualify under the landings thresholds, effectively limiting entry into the directed Pacific cod fisheries in Federal waters in the Western and Central GOA. The landing requirements to retain a license in the Western and Central GOA, and receive an endorsement for Pacific cod, vary from one landing to 50 mt, in the directed Pacific cod fishery from January 1, 2002 through December 8, 2008, depending upon the gear group and operational type (CP or CV). NMFS will also issue Pacific cod endorsements to a limited number of LLP licenses that meet specific conditions even if those LLP licenses did not meet the minimum landing requirements. In sum, NMFS estimates that the universe of total fixed gear groundfish endorsements in the Western and Central GOA is 1,227, assigned to an estimated 956 entities. As a result of this action, NMFS estimates that 376 fishery endorsements for directed Pacific cod fishing will be issued.²⁹ Refer to the final rule for more details.³⁰

Similar to the charter halibut limited entry program, the Council balanced the intent of preventing future entry of latent fixed gear groundfish licenses into the Pacific cod fisheries, with retaining opportunities for CQE communities dependent on access to a range of fishery resources. The purpose was to promote community protections at a level that imposes minimal impact on historic catch shares of recent participants. The CQE component of the action allows each of the 21 communities eligible under the CQE Program in the Western and Central GOA to request a number of fixed gear and Pacific cod-endorsed licenses equal to the number currently held by residents of the community estimated to be removed under the fixed gear recency action under a 10 mt landing threshold, or two licenses, whichever is greater.³¹ These licenses are non-transferable and have a specified MLOA of <60'. CQEs would only be issued licenses for the area of the community they represent (Western GOA or Central GOA). In addition, licenses issued to CQEs located in the Western GOA are endorsed only for pot gear. CQEs representing communities in the Central GOA have the option of selecting what proportion of their LLP licenses would have a pot endorsement or a hook-and-line endorsement, provided the CQE notifies NMFS of their choice within six months of the effective date of a final rule. Selection of gear type would be a one-time permanent choice.³² Only residents of the CQE community can use the license.

The final rule for this action was published March 22, 2011 (76 FR 15826), and the rule was effective on April 21, 2011. The number of LLPs available by request to *each specific CQE* was published in the final

²⁸[75 FR 554, January 5, 2010.](#)

²⁹The final rule notes that it is not possible to determine the precise number of the 956 entities that will continue to hold fishery endorsements for directed fishing for Pacific cod (p. 15835).

³⁰<http://www.fakr.noaa.gov/frules/76fr15826.pdf>.

³¹Note that while the CQE provisions were included in the overall motion on fixed gear recency approved in April 2009, the Council amended the motion with respect to CQE licenses in December 2009. This action was taken in order to remedy an inconsistency with the Council's original stated intent of providing the same number of licenses to CQEs that residents of those communities were estimated to lose under the recency action.

³²If a CQE did not notify NMFS within this timeframe, NMFS would issue any LLP licenses that are requested by a CQE so that half the LLP licenses issued to the CQE would be endorsed for pot gear and half would be endorsed for hook-and-line gear.

rule as Table 50 to Part 679, and is provided in **Appendix 5**. Under the above criteria, a total of 27 LLPs endorsed for the Western GOA could be requested by four CQEs located in the Western GOA, and a total of 58 LLPs endorsed for the Central GOA could be requested by seventeen CQEs located in the Central GOA.³³ This action allows eligible CQE communities access to a limited number of permits for the fixed gear Pacific cod fisheries in the Western and Central Gulf at no cost, for lease to community residents. The first annual reports required to describe the use of these licenses (in 2011) are not due until January 31, 2012.

2.7 Background on potentially eligible communities

The four communities evaluated for eligibility in the CQE program are Game Creek (Area 2C), Naukati Bay (Area 2C), Kupreanof (Area 2C), and Cold Bay (Area 3B). The locations of each of these communities are provided in Figure 1 and Figure 2. Summary community profiles were developed for each of the potentially eligible communities for the purpose of this amendment; these are provided as **Appendix 6**.

2.8 Related documents and actions

The documents listed below include detailed information on the halibut fishery, groundfish fisheries with halibut PSC, and on the natural resources, economic, and social activities, and communities affected by those fisheries:

- Groundfish Programmatic Supplemental Environmental Impact Statement (PSEIS) (NMFS 2004)
- Essential Fish Habitat Environmental Impact Statement (EIS) (NMFS 2005b)
- The Harvest Specifications Environmental Impact Statement (EIS)(NMFS 2007)
- Guideline Harvest Level Environmental Assessment (EA, Council 2003)
- Draft EA for measures to reduce charter harvest in Area 2C to the GHL (Council 2007b)
- EA regulatory amendment to define subsistence halibut fishing in Convention Waters (Council 2003b)
- EA/RIR/IRFA to allow eligible Gulf of Alaska communities to hold commercial halibut and sablefish quota share for lease to community residents (GOA FMP Am. 66) (NPFMC 2002)
- EA/RIR/IRFA for a Regulatory Amendment to Limit Entry in the Halibut Charter Fisheries in IPHC Regulatory Areas 2C and 3A (NPFMC 2009)
- EA/RIR/IRFA to add Pacific cod endorsements to Western and Central GOA fixed gear LLP licenses (GOA FMP Am. 86) (NPFMC 2009)
- Review of the Community Quota Entity Program under the Halibut/Sablefish IFQ Program (NPFMC 2010)

2.9 Effects of the alternatives

2.9.1 Alternative 1

Alternative 1 is the no action alternative, and thus would not change the CQE Program within the halibut and sablefish IFQ Program. Alternative 1 would retain the current list of 42 eligible GOA communities in Table 21 to Part 679. It is expected that the status quo would not change with respect to the general trends of the CQE program and QS transfers to eligible communities under Alternative 1. The status quo is summarized in the remainder of this section.

³³In December 2010, the Council approved one new Area 3B community into the CQE Program, and explicitly allowed it to receive pot-endorsed Pacific cod licenses in the Western GOA if it meets the same criteria as other CQE communities. This recommendation has not yet been forwarded to the Secretary. If approved, it could add a maximum of 2 new cod pot gear licenses to this estimate for the Western GOA.

Effects on individual participants in the IFQ Program

No significant effect on individual participants is anticipated under Alternative 1. The CQE Program would remain unchanged, thus, the non-CQE participants in the halibut and sablefish IFQ fisheries would also remain unaffected. No additional communities would enter the market for halibut and sablefish QS under Alternative 1.

Effects on existing CQEs and CQE community residents

No significant effect on the existing 42 eligible communities and the CQEs which represent them is anticipated under Alternative 1. Currently, 24 of the eligible communities have formed and are represented by a CQE for purposes of the program. The list of eligible communities would remain unchanged under the status quo, thus, the current CQE participants in the halibut and sablefish IFQ fisheries would also remain unaffected.

CQEs would continue to be subject to the cumulative use caps outlined in Table 4, which means that all 42 communities combined would be limited to purchasing up to 21% of the halibut QS and 21% of the sablefish QS in each Gulf area. Under the status quo, the combination of both individual CQE use caps and program (cumulative) use caps creates a situation in which not every CQE could theoretically purchase QS up to the individual CQE use cap. In effect, the cumulative program use cap would be reached before each CQE could purchase up to the individual use cap, provided that all eligible communities formed a CQE and all CQEs wanted to purchase QS up to the cap. The number of CQEs that could purchase up to the individual use caps, and not exceed the cumulative program cap, is provided in Table 6. The results in this table represent the status quo, and would continue under Alternative 1.

Table 6 Number of CQEs that could purchase QS up to the individual CQE use cap, by species and area, under Alternative 1

Species/area	Individual CQE use cap (in QS units)	Cumulative (program) use cap (in QS units)	Number of CQEs eligible to purchase this type of QS ¹	Number of CQEs that could purchase up to the individual CQE use cap (and not exceed the cumulative cap)
Area 2C halibut	599,799	12,505,928	21	20
Gulf-wide halibut (Area 2C, 3A, 3B)	1,502,823	38,831,376 (Area 3A) 11,382,667 (Area 3B)	42 21	25 (if all Area 3A QS) ² 7 (if all Area 3B QS) ²
SE sablefish	688,485	13,885,330	42	20
All areas sablefish	3,229,721	23,454,193 (Central Gulf) 7,566,212 (Western Gulf) 11,185,950 (West Yakutat)	42 42 42	7 (if all CG QS) ² 2 (if all WG QS) ² 3 (if all WY QS) ²

¹Only CQEs representing communities in Area 2C may purchase Area 2C halibut QS; only CQEs representing communities in Areas 3A and 3B may purchase Area 3B halibut QS. All other quota share types may be purchased by all CQEs.

²The numbers reported here are examples based on the specific quota share pool for that area. It shows how many CQEs could purchase QS if all QS are from the same area. In practice, CQEs could purchase a mix of QS from several areas.

Note that under Alternative 1, all but one of the Area 2C CQEs could purchase Area 2C halibut quota up to the individual CQE use cap, if desired, without exceeding the cumulative cap. Twenty-five of the 42 eligible communities could potentially purchase Area 3A halibut quota up to the Gulf-wide CQE use cap of 1.5 million QS units. Seven of the 21 CQEs eligible to purchase Area 3B halibut QS could purchase Area 3B halibut QS up to the individual CQE cap without exceeding the cumulative cap. For sablefish, 20 of the 42 eligible CQEs could purchase SE sablefish QS up to the individual cap; fewer CQEs could purchase CG, WG, and WY QS up to the individual limits without exceeding the cumulative cap.

There are also limits on the type of QS that CQEs are allowed to purchase. CQEs are limited to purchasing up to 10 blocks of halibut QS in each area. With respect to QS availability under Alternative 1, CQEs would continue to be limited to purchasing B and C category halibut QS in Area 3A, either unblocked QS or blocks >46,520 QS units.³⁴ CQEs in Area 2C would be limited to purchasing B and C category halibut QS in Area 2C, either unblocked QS or blocks >33,320 QS units. CQEs eligible to purchase Area 3B halibut QS (communities located in Area 3B and 3A) can purchase any category of halibut QS, including D shares, and there are no restrictions on the block size that may be purchased.

With regard to sablefish QS under Alternative 1, CQEs may purchase either category of catcher vessel QS (B or C shares), but they are also limited in the type of blocks they may purchase. CQEs can purchase up to 5 blocks of sablefish QS in each Gulf area, but they must be blocks of greater than: 33,270 QS units in SE; 43,390 QS units in WY; 46,055 QS units in CG; and 48,410 QS units in WG. Under Alternative 1, these limits would remain.

The limits discussed above are theoretical in nature at this point in the program, as only one CQE has purchased halibut QS to-date, and no CQEs have purchased sablefish quota share. As of year-end 2010, the CQE representing Old Harbor held 151,234 halibut QS units in Area 3B, which represents about 0.05% of the combined Area 2C, 3A and 3B QS pool, and 0.28% of the total Area 3B QS pool. The current program limit is 21% in each area in 2011 and each year after; thus, as of yet, neither the individual nor the cumulative use caps are limiting to CQEs.

In addition, CQEs representing communities in Area 3A and 2C will have opportunities in fisheries other than commercial halibut and sablefish, through subsequent program development (refer to 2.6.6). The limited entry program for charter halibut was recently approved by the Secretary for implementation in 2011. This program establishes a new requirement that charter businesses meet criteria and hold a charter permit for charter halibut fishing in Areas 2C and 3A. It also allows for CQEs to request a limited number of permits at no cost, depending on the area. CQEs representing communities in Area 3A could request up to 7 charter permits, and CQEs in Area 2C could request up to 4 charter permits. Thus, new charter businesses in these communities, or existing businesses that did not meet the qualification requirements for a charter permit, could potentially lease a community charter halibut permit from the CQE and lower the cost of entry into or expansion in the charter halibut fishery.

The Council also approved new licenses for CQEs within the fixed gear Pacific cod fishery under GOA FMP Amendment 86. The Council's overall action would remove existing latent licenses from the fixed gear Pacific cod fisheries in the Gulf, including those from residents of eligible CQE communities. The Council then recommended that NMFS issue a number of permits to each CQE, equivalent to the number estimated to be removed from residents of the represented community, or two permits, whichever is greater, such that access to Pacific cod remain as a long-term community asset. The exact number of permits each CQE could receive was published in the final rule (see Appendix 5). The expansion of the base of community holdings (acquired at no cost) beyond that of halibut and sablefish QS may help further the CQE Program, and revenues from the lease of the permits to community residents could provide seed money for a CQE to eventually purchase commercial QS.

Effects on potentially eligible communities

Should no action be taken, the eligibility of the four communities of Game Creek, Naukati Bay, Kupreanof and Cold Bay would not be reevaluated for the CQE Program and none would be allowed to

³⁴Recall that in February 2011, the Council approved an action to allow eligible CQEs in Area 3A to purchase a limited amount of Area 3A D category halibut QS, unblocked or of any block size. This recommendation has not yet been forwarded to the Secretary for review.

form CQEs. In effect, these communities would not be eligible to purchase halibut or sablefish catcher vessel QS. The three communities located in Area 2C also would not be eligible to receive community charter halibut permits under the forthcoming charter halibut limited entry action (which only affects Area 2C and 3A). The one community located in Area 3B (Cold Bay) would not be eligible to receive fixed gear Pacific cod licenses in the Western GOA, for use by the CQE. Refer to the community profiles in Appendix 6 for a summary of the status quo with respect to these communities. A brief summary of the status quo with regard to the economy of these communities is provided below.

Game Creek (population 35), located on Chichagof Island and less than three miles southwest of Hoonah, is dependent on Hoonah for employment. The two dominant industries which employ Game Creek residents include timber harvesting/processing and commercial fishing, followed by retail, service, and professional sectors. Given the remote location and lack of fishery infrastructure, Game Creek residents have also relied on subsistence fishing to supplement their incomes. Locally, there are multiple charter business operating out of Hoonah specializing in salmon, halibut, and trout fishing.

Naukati Bay (population 135) is located on the west coast of Prince of Wales Island, approximately 70 miles northwest of Ketchikan and 35 miles north of Craig and Klawock. Once dependent on the timber industry as an economic contributor, has been more reliant on lodging, recreation, small scale timber processing, aquaculture (shellfish nursery), government, education, construction, and general retail and services to provide income to the community in recent years. Naukati Bay currently does not have any shoreside commercial processing facilities, but in 2008, a small community harbor was completed to serve as a dock for local vessels. The nearest commercial fishing and processing facilities are located in Klawock and Craig, accessible by road. In addition to commercial fishing, community residents also participate in subsistence and sportfishing activities.

Kupreanof (population 23), formally known as West Petersburg, lies directly across from Petersburg on the northeast shore of Kupreanof Island. The majority of residents are self-employed, but many maintain jobs in Petersburg. While Kupreanof maintains a small float dock, it does not possess any commercial fishery infrastructure. However, extensive commercial processing, supply, and service facilities are located in nearby Petersburg. Anecdotal evidence suggests Kupreanof residents have been involved in commercial halibut and sablefish fisheries in the past. In addition, subsistence and recreational harvesting of halibut, shrimp, crab, salmon, and deer helps supplement income to local residents.

Cold Bay (population 88) is located on the western end of the Alaska Peninsula in the Izembek National Wildlife Refuge. During World War II, Fort Randall was built in Cold Bay to serve as the largest air base in the region. Following the war, the air strip eventually was handed to the State of Alaska, and Cold Bay is considered a transportation hub for peninsula communities. Since military operations ceased, Cold Bay has served as a fueling station for commercial fishing fleets, a flight service station, and a destination for recreational hunting, fishing, and birding. While Cold Bay maintains a dock, it does not possess commercial fishing services beyond fueling and maintenance. However, the community is interested in expanding its infrastructure to include a breakwater, harbor, and boat launch.³⁵ King Cove, a nearby CQE community accessible by plane, provides extensive commercial fishing infrastructure, including one of the largest processing facilities in Alaska (Peter Pan Seafoods), as well as two protected harbors and a deepwater pier. Limited commercial fishing activity is recorded for Cold Bay residents. There are several local recreational and sportfishing businesses in operation, primarily limited to salmon and Arctic Char. Cold Bay also serves as transportation hub for surrounding lodges in more remote locations. Subsistence and recreational fishing help supplement limited incomes and resources.

³⁵ Community desires for further port development referenced from the Alaska Community Database, compiled by the Alaska Department of Commerce, Community, and Economic Development.
http://www.commerce.state.ak.us/dca/commdb/CF_COMDB.htm

2.9.2 Alternative 2 (Council preferred alternative)

2.9.2.1 Community eligibility for CQE Program

Alternative 2 would revise Table 21 to 50 CFR Part 679 to add the communities of Game Creek, Naukati Bay, Cold Bay, and Kupreanof, should they be determined eligible to participate in the CQE Program under existing Federal regulations.

The existing community eligibility criteria for the Gulf CQE Program are:

- (1) A community that is listed in Table 21 to 50 CFR 679.
- (2) Is a municipality or census designated place, as defined in the 2000 United States Census, located on the GOA coast of the North Pacific Ocean;
- (3) Has a population of not less than 20 and not more than 1,500 persons based on the 2000 United States Census;
- (4) Is not accessible by road to a community larger than 1,500 persons based on the 2000 United States Census;
- (5) Has had a resident of that community with at least one commercial landing of halibut or sablefish made during the period from 1980 through 2000, as documented by the State of Alaska Commercial Fisheries Entry Commission.

Table 7 Evaluation of Game Creek, Naukati Bay, Kupreanof, and Cold Bay against CQE Program eligibility criteria

Criteria	Does the community meet each of the following CQE Program criteria?			
	Game Creek	Naukati Bay	Kupreanof	Cold Bay
(1) Listed in Table 21 to 50 CFR 679	No.	No.	No.	No.
(2) Recognized by 2000 U.S. Census, located on GOA coast	Yes. Census Designated Place (CDP) located in Area 2C.	Yes. CDP located in Area 2C.	Yes. City located in Area 2C.	Yes. City located in Area 3B.
(3) Population ≥ 20 and $\leq 1,500$ (2000 U.S. Census)	Yes. 2000 population = 35.	Yes. 2000 population = 135.	Yes. 2000 population = 23.	Yes. 2000 population = 88.
(4) No road access to community >1,500 pop.	Yes.	Yes.	Yes.	Yes.
(5) At least one commercial landing by resident of halibut or sablefish, 1980-2000 documented by CFEC	Yes.	Yes.	No (CFEC documentation is not available).	Yes.

The communities of Game Creek, Naukati Bay, and Cold Bay appear to meet the eligibility criteria outlined under GOA Am. 66 and Federal regulations, with the exception of being listed in Table 21 to 50 CFR Part 679, which is the intent of the proposed action.³⁶ The community of Kupreanof does not appear

³⁶ See 69 FR 23681, April 30, 2004.

eligible; eligibility cannot be determined using available data at this time. Table 7 evaluates each community against the criteria, and the following sections detail the evaluation for each community.

Game Creek

Game Creek petitioned the Council for inclusion in the CQE Program through a letter dated March 4, 2010, from a resident of Game Creek.³⁷ The community meets the location, population, and lack of road access criteria (see Table 7). Evaluation of these criteria were determined by reviewing the 2000 U.S. Census information, the Alaska Community Database Community Information Summaries (Alaska DCCED), and a GIS project to determine exact community location and whether the community is connected by road to a community with a population of >1,500. (These same data sources were used to evaluate each of the four communities.) The criterion in question is whether a resident of Game Creek had at least one commercial landing of halibut or sablefish, as documented by CFEC, at any time during 1980 through 2000.

Upon review, it appears that several residents of Game Creek have recorded landings of halibut during the specified time period. These landings are attributed to the City of Hoonah in the CFEC data, thus, they were attributed to Hoonah during the development of GOA Amendment 66. However, the petition to the Council for inclusion notes that all mail for residents of Game Creek is sent to a specific post office box in Hoonah (PO Box 95). Staff has verified this practice with the Hoonah post office, and CFEC has provided evidence that several halibut permit holders have reported addresses of P.O. Box 95 in Hoonah.

CFEC searched their permit files from 1980 through 2000 for all halibut permits with the specified address, and 17 unique halibut permits resulted over that timeframe, with associated landings. Permit activity spanned 1980 through 2000, with several permits active for at least five years. (Specific permit and harvest information is not included here, due to confidentiality.) The letter from CFEC verifying the results of this search is provided in **Appendix 7**. Thus, it appears that Game Creek meets the eligibility criteria for inclusion in the CQE Program.

Note that Game Creek residents also have recorded commercial landings of halibut and sablefish in recent years. An evaluation of only the 17 permits mentioned above shows that at least three have halibut activity in 2010.

Naukati Bay

The Council received a petition from a resident of Naukati Bay, on behalf of Naukati Bay, Inc., for inclusion in the CQE Program through a letter dated March 15, 2010.³⁸ The community meets the location, population, and lack of road access criteria (see Table 7). The criterion in question is whether a resident of Naukati Bay had at least one commercial landing of halibut or sablefish, as documented by CFEC, at any time during 1980 through 2000. Similar to Game Creek, it appears that several residents of Naukati Bay have recorded landings of halibut during the specified time period. However, these landings are attributed to the City of Ketchikan or Port Alice in the CFEC data, thus, they were not attributed to Naukati Bay during the development of GOA Amendment 66. The petition to the Council notes that all mail for residents of Naukati Bay is sent to a specific zip code and post office box in Ketchikan (Box NKI, 99950). Staff has verified this practice with the Ketchikan post office, and CFEC has recently provided evidence that several halibut permit holders have reported addresses of Box NKI in Ketchikan.

³⁷See Appendix 2.

³⁸See Appendix 2.

CFEC searched their permit files from 1980 through 2000 for all halibut permits with the specified address, and at least 6 unique halibut permits resulted over that timeframe, with associated landings. Permit activity spanned 1992 through 2000. (Specific permit and harvest information is not included here, due to confidentiality.) The letter from CFEC verifying the results of this search is provided as Appendix 7. Thus, it appears that Naukati Bay meets the eligibility criteria for inclusion in the CQE Program.

Note that Naukati Bay residents also have recorded commercial landings of halibut and sablefish after the 1980 through 2000 time period. An evaluation of only the 6 permits mentioned above shows that one has halibut activity as recent as 2002.

Kupreanof

Kupreanof has not petitioned the Council for inclusion in the CQE Program. Upon receiving the petitions from Game Creek and Naukati Bay, Council staff conducted another review of *all communities* that are: located on the Gulf of Alaska coast of Areas 2C, 3A, or 3B, recognized by the 2000 U.S. Census, and meet the criteria related to population ($\leq 1,500$ persons) and lack of road access. The only two communities, in addition to Game Creek and Naukati Bay, meeting all of these criteria were Kupreanof and Cold Bay. These communities then warranted a further evaluation of whether they had documented commercial landings of halibut or sablefish in the required time period. Staff conducted that review with CFEC staff.

The community of Kupreanof meets the location, population, and lack of road access criteria (see Table 7). The criterion in question is whether a resident of Kupreanof had at least one commercial landing of halibut or sablefish, as documented by CFEC, at any time during 1980 through 2000. CFEC searched their gross earnings data and permit files and currently, Kupreanof does not have identifiable landings attributable to its residents in the CFEC data.³⁹ Staff has verified that residents of Kupreanof receive their mail in Petersburg, but according to the Petersburg post office, there is no special designation to delineate Kupreanof residents' mail. In effect, there is no direct way in the CFEC data to determine whether any of the permit holders listed with an address of Petersburg are actually residents of Kupreanof. In sum, staff cannot confirm commercial halibut or sablefish landings from residents of Kupreanof in the CFEC data. As Federal regulations dictate that this documentation must come from CFEC, Kupreanof does not appear eligible for the CQE Program.

Cold Bay

Cold Bay has not petitioned the Council for inclusion in the CQE Program. Upon receiving the petitions from Game Creek and Naukati Bay, Council staff conducted another review of *all communities* that are: located on the coast of Areas 2C, 3A, or 3B, recognized by the 2000 U.S. Census, and meet the criteria related to population ($\leq 1,500$ persons) and lack of road access. The only two communities, in addition to Game Creek and Naukati Bay, meeting all of these criteria were Kupreanof and Cold Bay. These communities then warranted a further evaluation of whether they had documented commercial landings of halibut or sablefish in the required time period. Staff conducted that review with CFEC staff.

The city of Cold Bay meets the location, population, and lack of road access criteria (see Table 7). The criterion in question is whether a resident of Cold Bay had at least one commercial landing of halibut or sablefish, as documented by CFEC, at any time during 1980 through 2000. According to CFEC, residents of Cold Bay have recorded landings of halibut/sablefish during the specified time period. CFEC searched the gross earnings files for 1980 through 2000 and found halibut and/or sablefish activity (landings) during 1982, 1983, 1984, 1988, 1989, and 1991. Thus, it appears that Cold Bay meets the eligibility

³⁹Personal communication, K. Schelle, CFEC. March 16, 2010.

criteria for inclusion in the CQE Program. While the CFEC community and census reports are updated periodically with new gross earnings data runs, staff cannot verify why Cold Bay did not appear eligible during the development of GOA Amendment 66 in 2002.

Note that Cold Bay residents also have recorded commercial halibut landings in more recent years. An evaluation of CFEC data shows at least one active halibut permit during each year 2005 through 2009.

2.9.2.2 Community eligibility for CQE provisions in other programs

A decision point for the Council was also whether to allow communities determined eligible for the CQE Program under the proposed action to also be allowed to participate in other permit programs for which the existing CQEs are eligible (i.e., the halibut charter limited entry program,⁴⁰ and GOA fixed gear recency action under GOA FMP Amendment 86⁴¹). Game Creek, Naukati Bay, and Kupreanof were evaluated using the criteria approved by the Council in April 2007, under the charter halibut limited entry action and applied to other Area 2C and 3A CQE communities to determine whether they would be eligible to receive a maximum of four community charter halibut permits under the program. All three Area 2C communities appear to meet the criteria approved by the Council to define an ‘under-developed’ charter port in that action. In order to be determined eligible, the community represented by the CQE must have had 10 or fewer active charter businesses operating in the community in both 2004 and 2005, which were the initial qualifying years for the charter halibut limited entry program. An active charter business was defined as having 5 or more bottomfish trips, as documented by ADF&G logbooks (the same as the individual criteria to earn a charter halibut permit).

The public review draft analysis for the charter halibut limited entry permit program⁴² indicates that Game Creek, Naukati Bay, and Kupreanof all qualify under the criteria for an underdeveloped charter port, as none of these communities had more than 10 charter businesses operating in 2004 and 2005. Game Creek and Kupreanof were not reported as communities in which projected charter halibut permit holders terminated trips in 2004 or 2005, and the data indicate only three businesses qualified in Naukati Bay (see Appendix 2 of the public review draft analysis for the charter halibut limited entry permit program).

Similarly, Cold Bay was evaluated using the criteria approved by the Council in 2009 and applied to other Area 3B and 3A communities to determine the number of Western GOA Pacific cod pot gear licenses the CQE would be eligible to receive under GOA FMP Amendment 86. The public review draft analysis for this action showed that there were two Western Gulf CV licenses held by residents of Cold Bay with at least one landing during the time period at issue (2000 through 2008).⁴³ Thus, if determined eligible, a CQE representing Cold Bay would be eligible to receive a maximum of two WG licenses, endorsed for Pacific cod and pot gear. This is the minimum number of licenses that each CQE in Area 3A and 3B would receive under GOA FMP Amendment 86.

2.9.2.3 Provisions of Council preferred alternative

Based on the above evaluation, the Council selected a preferred alternative (modified Alternative 2) at its December 2010 meeting as follows:

⁴⁰ [75 FR 554, January 5, 2010](#)

⁴¹ [75 FR 43118, July 23, 2010](#)

⁴² Environmental Assessment/Regulatory Impact Review/ Final Regulatory Flexibility Analysis for a Regulatory Amendment to Limit Entry in the Halibut Charter Fisheries in IPHC Regulatory Areas 2C and 3A, public review draft, March 9, 2007. NPFMC and NMFS.

⁴³ Public Review Draft EA/RIR/IRFA for a Proposed Amendment to the Fishery Management Plan for Groundfish of the GOA Management Area to add Pacific cod endorsements to Western and Central GOA fixed gear LLP licenses, NPFMC. March 3, 2009. Table 3-55, p. 111.

The Council recommends a revision to Table 21 to 50 CFR Part 679 to add Game Creek, Naukati Bay, and Cold Bay as eligible to participate in the CQE Program. In addition, the Council affirms that the communities of Game Creek and Naukati Bay are eligible to participate as CQEs in the halibut charter limited entry permit program and Cold Bay is eligible to participate as a CQE and request fixed gear Pacific cod permits under GOA Amendment 86. (*Council motion, 12/11/10*)

Effects on potentially eligible communities

Under the preferred alternative, the communities of Game Creek, Naukati Bay (both located in Area 2C), and Cold Bay (located in Area 3B) are determined eligible. Kupreanof was included in the evaluation of communities under Alternative 2, but was not included as part of the Council's preferred alternative, as review of the pertinent data indicates that Kupreanof is not eligible under the CQE Program criteria. Thus, Kupreanof is not included in the following discussion.

Under the preferred alternative, the communities of Game Creek and Naukati Bay would be permitted to form CQEs and purchase B and C category halibut QS in Area 2C and Area 3A; they would also be allowed to purchase catcher vessel sablefish QS in the Southeast, West Yakutat, Central Gulf, and Western Gulf management areas. The community of Cold Bay would be permitted to form a CQE and purchase catcher vessel (B,C, and D category) halibut QS in Area 3B, and B and C category halibut QS in Area 3A. It would also be allowed to purchase sablefish QS in the Southeast, West Yakutat, Central Gulf, and Western Gulf management areas. All transfers and use of CQE-held QS would be subject to the same rules as all other eligible communities and CQEs (see Appendix 1), including the individual CQE use caps and cumulative use caps outlined in Table 6.

In addition to opportunities to purchase commercial halibut and sablefish QS, the Council's preferred alternative explicitly allows CQEs representing these new communities to have additional access to fisheries under forthcoming programs. The first is the charter halibut fishery. The two communities located in Area 2C (Game Creek and Naukati Bay) would be eligible to form a CQE and receive up to four community charter halibut permits each under the forthcoming charter halibut limited entry action (which only affects Area 2C and 3A). This is based on the premise that each of these communities had ten or fewer active charter businesses in the community in 2004 and 2005, which was the criterion for inclusion. Upon review of the charter halibut limited entry program analysis, both communities appear eligible (i.e., did not have more than 10 active charter businesses in 2004 or 2005). It is anticipated that NMFS would verify the relevant data upon submittal of this document.

The charter halibut limited entry program analysis evaluated the impacts of creating a range of 39 to 133 community charter halibut permits in Area 2C and 40 to 210 permits in Area 3A. The Council's preferred alternative and implementing regulations allow for a maximum of 72 permits in Area 2C and 98 in Area 3A, if all eligible CQE communities in both areas form a CQE and request the maximum number of permits allowed (four for each Area 2C community and seven for each Area 3A community). If both Game Creek and Naukati Bay formed a CQE and requested the maximum number of charter permits, a maximum of 8 new community charter permits could be issued (2 communities x 4 permits), thus, the maximum total number of permits that could be issued to Area 2C CQEs would be 80. An additional 8 permits is not expected to have a significant effect on the overall program, beyond what was considered in the original analysis. The additional permits are within the range of what was considered by the Council under the charter halibut limited entry program action. The charter halibut limited entry program is being implemented in 2011.

Note that if these communities formed a CQE and requested community charter halibut permits, they would be subject to the same rules established for all other CQEs. Each CQE in Area 2C would be limited to holding a total of 8 permits in Area 2C, which includes the number of permits a CQE can both

purchase and the four they may receive at no cost. Each community charter halibut permit would be endorsed for six clients and non-transferable, and the CQE would need to identify the recipient of the permit prior to issuance. The permit must be used in the community represented by the CQE, meaning the charter trip must either originate or end in the CQE community.

The second fishery is the fixed gear Pacific cod fishery. The one community located in Area 3B (Cold Bay) would be eligible to form a CQE and receive a maximum of two Pacific cod endorsed pot gear licenses in the Western GOA under proposed GOA Amendment 86. The exact number of licenses each CQE is eligible to receive is either the number that community residents are estimated to lose under the fixed gear recency action, or two permits, whichever is greater. These estimates by eligible CQE community are provided in the final rule for this program (76 FR 15826, March 22, 2011; see Appendix 5). Note that the public review draft analysis for this action showed that there were two Western Gulf CV licenses held by residents of Cold Bay with at least one landing during the time period at issue (2000 through 2008).⁴⁴ Thus, Cold Bay would be eligible to receive a maximum of two WG licenses, endorsed for Pacific cod and pot gear. Under the final rule for Amendment 86, four CQEs located in the Western Gulf could receive an estimated 27 Western Gulf CV licenses endorsed for Pacific cod and pot gear.⁴⁵ Adding two new licenses would result in a total of 29. The impacts of the overall action (granting fixed gear Pacific cod licenses to CQEs) are provided in the public review draft analysis for GOA Amendment 86 and summarized in the proposed and final rules. The potential for two additional WG licenses is not expected to have significant effects beyond what was considered in the analysis for GOA Amendment 86.

The proposed action indicates that the original action approving the CQE Program did not identify all of the communities eligible for the program. Recognizing that possibility, the Council included rules for new communities to be added to the list of eligible communities. In effect, the Council required that potentially eligible communities petition the Council for inclusion and meet all of the original eligibility criteria for the program. Under the Council's preferred alternative, the maximum effect could be the addition of three new communities to the CQE Program: 2 in Area 2C and 1 in Area 3B. Note that only two communities (Naukati Bay and Game Creek) have formally petitioned the Council for inclusion.

Regardless of the intent, the practical effect of Alternative 2 depends upon the extent to which these communities desire and have the ability to form a CQE and participate in the program. Given the financially prohibitive factors to purchasing QS, discussed previously, and the current trends in transfer rates, analysts cannot speculate as to whether the proposed action would result in increased access of these communities to the commercial halibut and sablefish fisheries. However, if the Area 2C communities form CQEs that are approved by NMFS, these communities would be eligible to receive a limited number of community charter halibut permits at no cost. Even though there are costs associated with forming and operating a CQE, given the community interest and no-cost nature of the permits, this is the most likely mechanism for participation in the program at this time.

Residents of Game Creek and Naukati Bay proactively petitioned the Council after conducting their own preliminary research as to whether the communities met the eligibility criteria. While not stated in the petition to the Council, the residents submitting these petitions contacted Council and CFEC staff, noting that the communities' interest was spurred based on the potential to receive community charter halibut permits for use in the community. Thus, at the very least, it appears that these two communities have the

⁴⁴ Public Review Draft EA/RIR/IRFA for a Proposed Amendment to the Fishery Management Plan for Groundfish of the GOA Management Area to add Pacific cod endorsements to Western and Central GOA fixed gear LLP licenses, NPFMC. March 3, 2009. Table 3-55, p. 111.

⁴⁵ See 75 FR 43136; July 23, 2010. The proposed rule states that the CQEs representing the following communities could receive WG licenses endorsed for Pacific cod and pot gear: Ivanof Bay (2 licenses); King Cove (9 licenses); Perryville (2 licenses); Sand Point (14 licenses). The community must form a CQE to request licenses; Ivanof Bay is the only one of the four communities that does not have an approved CQE.

desire and potential capability to use community charter halibut permits and would attempt to form a CQE to facilitate this opportunity.

In sum, while Alternative 2 may not have a significant effect on the overall economy of the communities, this action would provide a better opportunity to participate in the commercial halibut and sablefish fisheries, compared to the status quo, with negligible effects on other users. It would also facilitate access to the charter halibut fishery for Game Creek and Naukati Bay in Area 2C, and to the Pacific cod pot gear fishery in the Western Gulf for Cold Bay.

Effects on individual participants in the IFQ Program

No significant effect on individual participants in the IFQ fisheries is anticipated under the Council's preferred alternative. The Council's preferred alternative recommends three communities to be added to the CQE Program under Alternative 2, but the use caps limiting the amount of halibut and sablefish QS that could be purchased under the program as a whole would remain unchanged. Even though a maximum of three additional CQEs could enter the market for halibut and sablefish QS under the preferred alternative, the total amount of QS that could be purchased under the program would not change compared to the status quo. No significant effects are expected on non-CQE participants in the halibut and sablefish IFQ fisheries compared to the status quo.

In addition, the Council included provisions for CQEs under the charter halibut limited entry program and fixed gear Pacific cod permits under GOA Amendment 86, such that each CQE that meets the criteria established for those two programs receives a specified number of permits upon request. The two Area 2C communities (Naukati Bay and Game Creek) could form a CQE and request up to 4 community charter halibut permits each, thus, the maximum potential effect is 8 new permits into the limited entry program. An additional 8 permits would increase the maximum number of permits that could potentially be issued to Area 2C CQEs from 72 to 80. An additional 8 permits is not expected to have a significant effect on the overall program, and is within the range of potential community charter halibut permits that were considered by the Council under the charter halibut limited entry program action in 2007. Note that under the limited entry program, NMFS will issue permits to an estimated 231 charter businesses in Area 2C, and 173 guided businesses that show some evidence of bottomfish fishing in 2008 will not qualify to receive an Area 2C guided charter permit under the limited entry program.

The one community located in Area 3B (Cold Bay) could form a CQE and request up to 2 Pacific cod endorsed pot gear licenses in the Western GOA under proposed GOA Amendment 86. Under the proposed rule for Amendment 86, four existing CQEs located in the Western Gulf could receive an estimated 27 Western Gulf CV licenses endorsed for Pacific cod and pot gear.⁴⁶ Adding two new licenses would result in a total of 29. The impacts of the overall action (granting fixed gear Pacific cod licenses to CQEs) are provided in the public review draft analysis for GOA Amendment 86 and summarized in the proposed and final rules. The potential for two additional WG licenses is not expected to have significant effects on other participants in the fixed gear Pacific cod fishery in the Western Gulf, beyond what was considered in the analysis for GOA Amendment 86. Note that the proposed rule for Amendment 86 estimates there are 264 Western Gulf fixed gear CV groundfish endorsements in the WG; as a result of this action, 101 of those fixed gear CV licenses would be endorsed for Pacific cod in the WG. The remainder would not be eligible to directed fish for Pacific cod in the WG with a fixed gear catcher vessel.⁴⁷

⁴⁶See 75 FR 43136; July 23, 2010. The proposed rule states that the CQEs representing the following communities could receive WG licenses endorsed for Pacific cod and pot gear: Ivanof Bay (2 licenses); King Cove (9 licenses); Perryville (2 licenses); Sand Point (14 licenses). The community must form a CQE to request licenses; Ivanof Bay is the only one of the four communities that does not have an approved CQE.

⁴⁷See 75 FR 43118, July 23, 2010; Table 3, p. 43124.

Effects on existing CQEs and CQE community residents

No significant effect on the existing 42 eligible communities and the CQEs which represent them is anticipated under Alternative 2. As stated in Section 2.9.1, currently 24 of the eligible communities have formed and are represented by a CQE for purposes of the program. The primary effect would be the potential for greater competition among CQEs in the market for purchasing QS, recognizing that under the status quo, the combination of both individual CQE use caps and program (cumulative) use caps creates a situation in which not every CQE could theoretically purchase QS up to the individual CQE use cap. In effect, adding new communities to the program creates additional competition for communities to purchase up to the individual caps, before the program cap is reached.

This is a theoretical, not practical, concern at this stage of the development of the program, as only half of the eligible communities have formed CQEs and a very limited amount of QS has been purchased, and that by only one CQE. Quota share availability is noted as a barrier to full implementation of the CQE Program in a 2008 paper, as the number and rate of halibut and sablefish QS transfers have declined since the inception of the IFQ Program, and sales have become a smaller portion of all transfers (as opposed to gifting).⁴⁸

However, while the addition of new communities potentially increases the competition for a limited amount of QS, concerns expressed by CQEs and documented in the March 2010 review of the CQE Program emphasized the difficulty CQEs experience in financing a QS purchase at relatively high prices as the primary barrier. Generally, quota share prices have continued to increase over time, and NMFS reports that 2009 prices per IFQ pound averaged \$20.14/lb in Area 2C, \$25.52/lb in Area 3A, and \$18.07/lb in Area 3B.⁴⁹ One of the most significant challenges facing CQEs, or any new entrant, is the lack of low interest, long-term loans, as well as seed money to fund a down payment. For CQEs, the lack of credit history and the fact that they are non-profit organizations also likely increases the perceived risk to lenders. A loan guarantee program has been discussed, as well as more unconventional loan programs, and the need to revise the terms of the existing State loan program for CQEs.⁵⁰

Thus, at this point, the current CQE participants would remain largely unaffected. The number of CQEs under Alternative 2 that could purchase QS up to the individual CQE use cap, by species and area, is provided below in Table 8.

⁴⁸Langdon, Steve J. 2008. The Community Quota Program in the Gulf of Alaska: A Vehicle for Alaska Native Village Sustainability? American Fisheries Society Symposium 68:155 – 194.

⁴⁹Source: Transfer Report Summary: Changes under Alaska's Halibut IFQ Program, 1995 - 2006, Table 3-3. Updated by RAM Program through year-end 2009, August 2010.

⁵⁰Alaska DCCED, Division of Investments provides a loan program for CQEs to purchase QS under the Commercial Fishing Revolving Loan Fund. The interest rate is 2% above the prime rate (note to exceed 10.5%), the maximum loan term is 15 years, and the maximum loan is \$2 million per community. The maximum loan amount is 65% of the purchase price, meaning a CQE must make a 20% down payment. The down payment was changed from 35% to 20% in 2011.

Table 8 Number of CQEs that could purchase QS up to the individual CQE use cap, by species and area, under the Council’s preferred alternative (modified Alternative 2)

Species/area	Individual CQE use cap (in QS units)	Cumulative (program) use cap (in QS units)	Number of CQEs eligible to purchase this type of QS ¹	Number of CQEs that could purchase up to the individual CQE use cap (and not exceed the cumulative cap)
Area 2C halibut	599,799	12,505,928	23	20
Gulf-wide halibut (Area 2C, 3A, 3B)	1,502,823	38,831,376 (Area 3A) 11,382,667 (Area 3B)	45 22	25 (if all Area 3A QS) ² 7 (if all Area 3B QS) ²
SE sablefish	688,485	13,885,330	45	20
All areas sablefish	3,229,721	23,454,193 (Central Gulf) 7,566,212 (Western Gulf) 11,185,950 (West Yakutat)	45 45 45	7 (if all CG QS) ² 2 (if all WG QS) ² 3 (if all WY QS) ²

Note: This table reflects Alternative 2 such that 2 new communities are added in Area 2C and one new community is added in Area 3B (the Council’s preferred alternative).

¹Only CQEs representing communities in Area 2C may purchase Area 2C halibut QS; only CQEs representing communities in Areas 3A and 3B may purchase Area 3B halibut QS. All other quota share types may be purchased by all CQEs.

²The numbers reported here are examples based on the specific quota share pool for that area. It shows how many CQEs could purchase QS if all QS are from the same area. In practice, CQEs could purchase a mix of QS from several areas.

Regardless of the intent, the effect of Alternative 2 on existing CQEs and CQE community residents depends upon the extent to which CQEs desire to and are capable of purchasing halibut and sablefish QS. Given the financially prohibitive factors discussed previously, and the current trends in transfer rates, the proposed action would not likely have any short-term effects, although analysts cannot speculate as to whether the proposed action would have any long-term effects. Regardless of the addition of new eligible communities, CQEs would likely continue to have difficulty in funding the purchase of QS and participating in the CQE Program.

In addition, the Council structured the new provisions for CQEs under the charter halibut limited entry program and fixed gear Pacific cod permits under GOA Amendment 86, such that there is no competition among CQEs for the allowable number of permits. Each CQE is designated a number of permits under each program that can be requested at no cost, thus, the addition of new eligible communities does not create a ‘race’ for requesting those permits (see Section 2.6.6). Therefore, the Council’s preferred alternative (Alternative 2) would not affect the existing CQEs or CQE community residents in the opportunity to acquire or use those permits.

2.9.3 Net benefit impacts

Two general outcomes of the proposed action are possible, but neither is anticipated to affect net benefits. The first possible outcome is that none of the newly eligible communities would form a CQE, purchase halibut and sablefish QS, and participate in the CQE Program. Net benefits would not change under this outcome, as the program and market for QS would remain unchanged. The second scenario is that all three communities are approved for inclusion under the Council’s preferred alternative, form CQEs, and purchase halibut and/or sablefish QS, under the existing limitations of the CQE Program. This represents a distributional effect, and would not be expected to significantly affect net benefits.

One consideration of the original program is that private interests could be outcompeted in a market that includes communities. Adding four new communities would serve to increase this possibility. A potential cost of the program is that individual fishermen wishing to purchase QS may face higher market prices, because of community QS purchases, because a CQE may be more willing to bear higher costs for their purchase of QS if the purchase is believed to benefit the community (i.e., the community’s assessment of total value of the QS may include the value of the QS to the individual resident that leases the QS from

the CQE, as well as the social value of the added economic activity to the community). If those individuals eliminated from the market include low cost harvesters that could afford QS in a market that does not include CQEs, economic efficiency may be reduced. The practical effect of the proposed action depends on the willingness and ability of the eligible communities to form CQEs and purchase QS, and the availability of the correct type of QS on the market. This potentiality was recognized in the Council discussion of this action. The fact that the Council determined to proceed with its preferred alternative, even in light of this possible market effect, suggests that they perceive welfare gains to CQE communities as more than offsetting potential losses to individual fishermen, resulting from competition in the marketplace for QS.

In addition, one should consider the possibility for increased competition among CQEs for QS purchases. Because there has been very limited participation by the existing eligible communities, this does not appear a significant consideration. Even so, this would represent a distributional effect, and would not affect net benefits.

In sum, when considering only private estimates of net benefits, the proposed action may result in either no change in net benefits or a loss of net benefits, because the intent of the action is to redistribute some QS from individuals to new CQEs representing the newly eligible communities. If CQEs represent a higher cost harvester than individuals, particularly when considering the administrative costs associated with operating a CQE, net benefits could decrease. However, if the action allows CQEs to enter the market and afford to purchase QS, it may introduce a mechanism into the market for capturing some social value of QS, which may be greater than the benefit realized by an individual fisherman. Because larger, non-CQE communities could realize a loss of social benefits (if their residents sell QS to CQEs), it is not possible to determine whether the potential losses could outweigh the potential benefits. Thus, whether an overall increase in net benefits would result from the purchases cannot be determined. The CQE Program in general represents a policy decision by the Council that the interests of small, remote communities and having quota share held by non-profits for use by residents have a high value, to some extent over individual interests and harvesters.

Based on the analysis and criteria under E.O. 12866, none of the alternatives are expected to constitute a significant action, recognizing that there may be distributional impacts among the various participants affected.

2.10 Proposed regulatory changes

The proposed action would change Table 21 to 50 CFR Part 679, which lists the communities eligible under the CQE Program. The following lines (underlined and in bold) would need to be added to Table 21, based on the communities determined eligible under the Council's preferred alternative:

Eligible GOA Community	Community Governing Body that recommends the CQE
May use halibut QS only in halibut IFQ regulatory areas 2C, 3A	
Angoon	City of Angoon
Coffman Cove	City of Coffman Cove
Craig	City of Craig
Edna Bay	Edna Bay Community Association
Elfin Cove	Community of Elfin Cove
<u>Game Creek</u>	<u>N/A</u>
Gustavus	Gustavus Community Association
Hollis	Hollis Community Council
Hoonah	City of Hoonah
Hydaburg	City of Hydaburg
Kake	City of Kake
Kasaan	City of Kasaan
Klawock	City of Klawock
Metlakatla	Metlakatla Indian Village
Meyers Chuck	N/A
<u>Naukati Bay</u>	<u>Naukati Bay, Inc.</u>
Pelican	City of Pelican
Point Baker	Point Baker Community
Port Alexander	City of Port Alexander
Port Protection	Port Protection Community Association
Tenakee Springs	City of Tenakee Springs
Thorne Bay	City of Thorne Bay
Whale Pass	Whale Pass Community Association

Eligible GOA Community	Community Governing Body that recommends the CQE
May use halibut QS only in halibut IFQ regulatory areas 3A, 3B	
Akhiok	City of Akhiok
Chenega Bay	Chenega IRA Village
Chignik	City of Chignik
Chignik Lagoon	Chignik Lagoon Village Council
Chignik Lake	Chignik Lake Traditional Council
<u>Cold Bay</u>	<u>City of Cold Bay</u>
Halibut Cove	N/A

Ivanof Bay	Ivanof Bay Village Council
Karluk	Native Village of Karluk
King Cove	City of King Cove
Larsen Bay	City of Larsen Bay
Nanwalek	Nanwalek IRA Council
Old Harbor	City of Old Harbor
Ouzinkie	City of Ouzinkie
Perryville	Native Village of Perryville
Port Graham	Port Graham Village Council
Port Lions	City of Port Lions
Sand Point	City of Sand Point
Seldovia	City of Seldovia
Tatitlek	Native Village of Tatitlek
Tyonek	Native Village of Tyonek
Yakutat	City of Yakutat

N/A = There is not a governing body recognized in the community at this time.

In addition, regulations implementing GOA Amendment 86 would need to be amended to add Cold Bay to Table 50 to part 679. This table is included in the final rule for Amendment 86, and lists the maximum number of groundfish licenses and the regulatory area specification of groundfish licenses that may be granted to CQEs representing specific GOA communities (76 FR 15826, March 22, 2011). Based on available data at this time, this table would need to be amended to add Cold Bay under the list of CQE communities that could request two Western GOA groundfish licenses endorsed for Pacific cod and pot gear.

In addition, regulations at 300.67(k)(2)(i) implementing the charter halibut limited entry program in Area 2C and Area 3A would need to be amended to add the communities of Naukati Bay and Game Creek to the list of communities eligible form a CQE and request a maximum of four community charter halibut permits each in Area 2C.

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List of Appendices

- | | |
|------------|--|
| Appendix 1 | Council Motion on Community Quota Share Purchase – Gulf FMP Amendment 66 (p. A-1) |
| Appendix 2 | Letters from Game Creek and Naukati Bay, petitioning the Council for inclusion in the CQE Program (p. A-5) |
| Appendix 3 | Name and contact information for Community Quota Entities (p. A-7) |
| Appendix 4 | IFQ community report for total eligible communities; total southcentral eligible communities; and total southeast eligible communities (p. A-9) |
| Appendix 5 | Table 50 to Part 679; excerpted from final rule for GOA Am. 86 (p. A-15) |
| Appendix 6 | Community profiles for Game Creek, Naukati Bay, Kupreanof, and Cold Bay (p. A-16) |
| Appendix 7 | Letters from Alaska Commercial Fisheries Entry Commission to Council staff, regarding commercial halibut/sablefish landings by residents of Game Creek (dated Feb 23, 2010) and Naukati Bay (dated Feb 12, 2010) (p. A-24) |

Appendix 1

Council Motion on Community Quota Share Purchase – Gulf FMP Amendment 66

April 10, 2002

The Council recommends to allow eligible Gulf of Alaska coastal communities to hold commercial halibut and sablefish QS for lease to and use by community residents, as defined by the following elements and options.

Element 1. Eligible Communities (Gulf of Alaska Communities only)

Rural 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 and/or sablefish fisheries.

Communities meeting the above criteria at final action will be listed as a defined set of qualifying communities in regulation (*see attached list*). Communities not listed must apply to the North Pacific Fishery Management Council to be approved for participation in the program and will be evaluated using the above criteria.

Element 2. Ownership Entity

- New non-profit community entity
- New non-profit entity formed by an aggregation of several qualifying communities
- New regional or Gulf-wide umbrella entity acting as trustee for individual communities

Element 3. Use Caps for Individual Communities

1% of Area 2C and 0.5% of the combined Area 2C, 3A and 3B halibut QS, and 1% of Southeast and 1% of all combined sablefish QS.

Communities in Areas 3A and 3B cannot buy halibut quota share in Area 2C and communities in Area 2C cannot buy halibut quota shares in Area 3B.

Element 4. Cumulative Use Caps for All Communities

Communities are limited to 3% of the Area 2C, 3A, or 3B halibut QS and 3% of the SE, WY, CG, or WG sablefish QS in each of the first seven years of the program, with a 21% total by area, unless modified by the Council through the five-year review.

Element 5. Purchase, use and sale restrictions

Block Restrictions (Block restrictions are retained if the community transfers QS.)

- Allow communities to buy blocked and unblocked shares.
- Individual communities will be limited to 10 blocks of halibut QS and 5 blocks of sablefish QS in each management area.
- Restrict community purchase of blocked halibut quota share to blocks of shares which, at the time of the implementation of sweep provisions (1996), exceeded the following minimum poundage of IFQ:
 - (a) For Areas 2C and 3A, minimum halibut IFQ poundage of 3,000 lbs.

Appendix 1

- (b) For areas SE, WY, CG, and WG, minimum sablefish IFQ poundage of 5,000 lbs.

Vessel Size Restrictions (Vessel size restrictions are retained if the community transfers the QS)

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 Areas 2C and 3A from commercial to community entities is restricted to B and C category quota share.

Sale Restrictions

Communities may only sell their QS for one of the following purposes:

- (a) generating revenues to sustain, improve, or expand the program
- (b) liquidating the entity's QS assets for reasons outside the program. In that event, NMFS would not qualify that entity or another entity to hold QS for that community for a period of 3 years.

Use Restrictions

Leasing of community quota share shall be limited to an amount equal to 50,000 pounds of halibut and 50,000 pounds of sablefish IFQs, inclusive of any IFQ owned, per transferee.

Leasing of community quota share shall be limited to an amount equal to 50,000 pounds of halibut and 50,000 pounds of sablefish IFQs, inclusive of any IFQ owned, per vessel.

Element 6. Performance Standards

Communities participating in the program must adhere to the following performance standards established by NMFS in regulation:

- (a) Leasing of annual IFQs resulting from community owned QS shall be limited to residents of the ownership community. (Residency criteria similar to that established for the subsistence halibut provisions shall be used and verified by affidavit.)

The following should be seen as goals of the program with voluntary compliance monitored through the annual reporting mechanism and evaluated when the program is reviewed. When communities apply for eligibility in the program they must describe how their use of QS will comply with program guidelines. This information will be used as a benchmark for evaluating the program.

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

Appendix 1

Element 7. Administrative Oversight

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 in Element 2
- (c) Documentation demonstrating accountability to the community
- (d) Explanation of how the community entity intends to implement the performance standards

Require submission of an annual report detailing accomplishments. The annual report would include:

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

Element 8. Program Review

Council review of the program after 5 years of implementation.

The Council also recommends forming a community QS implementation committee, in order to ensure that the program is implemented as intended.

Appendix 1

(42) Eligible Communities for Purchase of Halibut and Sablefish Quota Share (Element 1)

General Qualifying Criteria: Rural communities in the Gulf of Alaska with less than 1,500 people, no road access to larger communities, direct access to saltwater, and a documented historic participation¹ in the halibut or sablefish fisheries.

Area 2C		Area 3A	
<u>Community</u>	<u>Population²</u>	<u>Community</u>	<u>Population</u>
Angoon	572	Akhiok	80
Coffman Cove	199	Chenega Bay	86
Craig	1,397	Halibut Cove	35
Edna Bay	49	Karluk	27
Elfin Cove	32	Larsen Bay	115
Gustavus	429	Nanwalek	177
Hollis	139	Old Harbor	237
Hoonah	860	Ouzinkie	225
Hydaburg	382	Port Graham	171
Kake	710	Port Lions	256
Kassan	39	Seldovia	286
Klawock	854	Tatitlek	107
Metlakatla	1,375	Tyonek	193
Meyers Chuck	21	Yakutat	<u>680</u>
Pelican	163		
Point Baker	35	14 communities	2,711
Port Alexander	81		
Port Protection	63		
Tenakee Springs	104		
Thorne Bay	557		
Whale Pass	58		
21 communities	8,119		
		Area 3B	
		<u>Community</u>	<u>Population</u>
		Chignik	79
		Chignik Lagoon	103
		Chignik Lake	145
		Ivanof Bay	22
		King Cove	792
		Perryville	107
		Sand Point	<u>952</u>
		7 communities	2,200

¹As documented by CFEC, DCED, or reported by ADF&G in *Alaska Rural Places in Areas with Subsistence Halibut Uses*.

²2000 census data, Alaska Department of Community and Economic Development.

Note: The above 42 communities appear to meet the qualifying criteria at Council final action on April 10, 2002, and will be listed as a defined set of qualifying communities in Federal regulation. Communities not listed must apply to the North Pacific Fishery Management Council to be approved for participation in the program and will be evaluated using the above criteria.

NK

Naukati Bay, Inc.
PO Box 129
Craig, Alaska 99921

March 5, 2010

North Pacific Fishery Management Council
605 West 4th, Suite 306
Anchorage, Alaska 99501-2252

RECEIVED
MAR 15 2010

Attn: Eric Olson

Re: Request for GOA eligibility

Dear Mr. Olson,

The community of Naukati Bay, Alaska (Naukati Bay, Inc) is requesting the North Pacific Fishery Management Council take action to add it to eligible communities for GOA and CQE.

Naukati Bay, Alaska meets all of the requirements as follows:

- 1) It is recognized by the U.S. Censes
- 2) Population of greater than 20 but less than 1500 according to the 2000 U.S. Census
- 3) Is not connected to a larger community on the road system
- 4) Have a commercial landing of either Halibut or Sablefish by a resident between 1980-2000 according to Commercial Fisheries Entry Commission data for permit and fishing activity.
- 5) Designated on Table 21 to Part 679 of Federal Regulations

Naukati Bay appears to be the only coastal community in Southeast Alaska that was left off of the list of eligible communities. I suspect that it was simply an oversight by community members at the time of application.

Application has been made to the National Marine Fisheries Service, Restricted Access Management and all requirements for that application have been met.

The State of Alaska Commercial Fisheries Commission (Kurt Schelle) has provided catch data information in support of this eligibility request to your office.

If you require additional Information please contact me at (907) 965-5964 or email at gwparsley@yahoo.com

Regards


Gregg Parsley

RECEIVED

MAR 15 2010

Lucas Clark
P.O. Box 95
Hoonah, AK 99829
(907) 957-0045

March 4, 2010

Attn: Chairman of the North Pacific Fishery Management Council
606 W. 4th Avenue, Suite 306
Anchorage AK 99501

Dear Mr. Olson,

As you may already be aware, we would like to petition the North Pacific Fishery Management Council to take action to add the community of Game Creek to the list of communities eligible for the Gulf Community Quota Entity (CQE) Program in Federal regulations.

I was told the following criteria must be met by the community:

1. Identification by the 2000 US Census.
2. Population of 20 to 1500.
3. Not connected by road to a larger community.
4. Located on the Pacific Gulf Coast.
5. History of CFEC recorded halibut and/or sablefish landings between 1980 and 2000.

This is what I found in regard to these criteria:

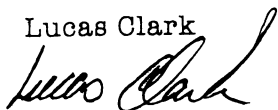
- 1,2. Game Creek is recognized as a Census Designated Place (CDP) with a 2000 US Census population of 35.
3. Game Creek is remote with no road connection to a larger community. It is accessible only by water.
4. Game Creek is located on Alaska's Gulf Coast/ Southeast Alaska, Chichagof Island, Port Frederick.
5. Game Creek has a history of CFEC recorded halibut and/or sablefish landings from the mid-1970's to present. The permit holder names can be identified as being addressed to P.O. Box 95 in Hoonah. P.O. Box 95 is a general community mailbox with redistribution at Game Creek. These names are as follows: Mike Lopez, Robert Clark, David Austin, William Casey, William Burnett, and others. This list was validated by Kurt Shelley of the Entry Commission who forwarded his information to Nicole Kimball of your office for further review.

These landings had previously been credited by CFEC to the City of Hoonah but for purposes of this application, we would like to make the distinction that all P.O. Box 95 addressees are residents of the community of Game Creek.

Thank you for your consideration.

Sincerely,

Lucas Clark



Appendix 3

Name and Contact Information of Community Quota Entities (As of May 3, 2011)

CQE Non-Profit	Community Name	Address Line 1	Address Line 2	City	State	Zip	E-Mail	Phone
AKHIOK HALIBUT & SABLE FISH COMMISSION	AKHIOK	PO BOX 5050		AKHIOK	AK	99615		
ADMIRALTY ISLAND COMMUNITY QUOTA ENTITY	ANGOON	PO BOX 189		ANGOON	AK	99820		(907) 788-2653
CHENEGA HERITAGE INCORPORATED	CHENEGA BAY	3000 C STREET	SUITE 301	ANCHORAGE	AK	99503	MCLOUSE@CHENEGACORP.COM	(907) 677-7928
COFFMAN COVE COMMUNITY QUOTA ENTITY	COFFMAN COVE	PO BOX 18066		COFFMAN COVE	AK	99918	MEGANINER@YAHOO.COM	(907) 329-2277
PRINCE OF WALES ISLAND COMMUNITY HOLDING CORP	CRAIG	PO BOX 725		CRAIG	AK	99921	PLANNER@CRAIGAK.COM	(907) 826-3275
ELFIN COVE COMMUNITY QUOTA ENTITY	ELFIN COVE	PO BOX 17		ELFIN COVE	AK	99825	GORDYWROBEL@COVELODGE.COM	(907) 239-2226
HOONAH COMMUNITY FISHERIES CORPORATION	HOONAH	PO BOX 360		HOONAH	AK	99829		(907) 945-3663
HYDABURG COMMUNITY HOLDING CORPORATION	HYDABURG	PO BOX 349		HYDABURG	AK	99922	D_WITWER@HOTMAIL.COM	(907) 285-3660
ORGANIZED VILLAGE OF KASAAN CQE	KASAAN	PO BOX 26		KASAAN	AK	99924	LISA@KASAN.ORG	(907) 542-2230
ALEUTIA, INC	KING COVE	408 MAIN STREET		SAND POINT	AK	99661	ALEUTIA@ARCTIC.NET	(907) 383-5909
KLAWOCK COMMUNITY QUOTA ENTITY	KLAWOCK	PO BOX 469		KLAWOCK	AK	99925	DMARVIN@CITYOFKLAWOCK.COM	(907) 755-2261
LARSEN BAY DEVELOPMENT CO	LARSEN BAY	PO BOX 68		LARSEN BAY	AK	99624	JWICK@STARBAND.NET	(907) 847-2207
NANWALEK N R/FISHERIES BOARD, INC	NANWALEK	PO BOX 8078		NANWALEK	AK	99603	JAMESSKVAS@YAHOO.COM	(907) 281-2208
CAPE BARNABAS, INC	OLD HARBOR	4022 CLIFFSIDE DRIVE		KODIAK	AK	99615	DFIELDS@PITALASKA.NET	(907) 486-8835
OUZUNKIE COMMUNITY HOLDING CORPORATION	OUZINKIE	PO BOX 103		OUZINKIE	AK	99644		(907) 680-2300
PELICAN FISHING CORPORATION	PELICAN	PO BOX 737		PELICAN	AK	99832	CITYHALL@PELICANCITY.NET	(907) 735-2202
PERRYVILLE CQE, INC	PERRYVILLE	PO BOX 101		PERRYVILLE	AK	99648		(907) 853-2203
POINT BAKER COMMUNITY FISHERIES, CORP	POINT BAKER	PO BOX 0130		POINT BAKER	AK	99927	POINTBAKER@YAHOO.COM	(907) 559-2204

Appendix 3

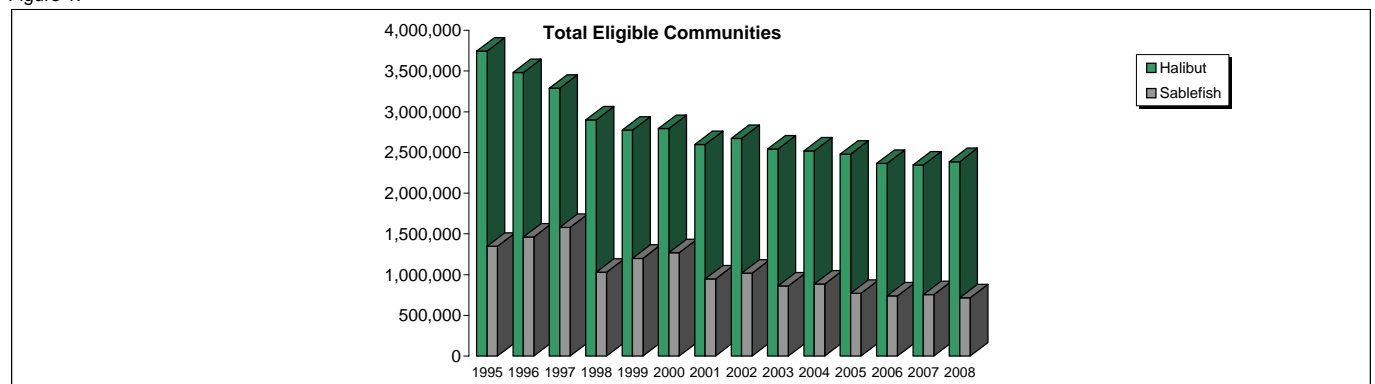
Name and Contact Information of Community Quota Entities (As of May 3, 2011)

CQE Non-Profit	Community Name	Address Line 1	Address Line 2	City	State	Zip	E-Mail	Phone
PORT GRAHAM CQE, INC	PORT GRAHAM	PO BOX 5510		PORT GRAHAM	AK	99603	PNORMANVC@HOTMAIL.COM	(907) 284-2227
PORT PROTECTION COMMUNITY FISHERIES CORP	PORT PROTECTION	PO BOX 68		POINT BAKER	AK	99927	LILPELICAN2003@YAHOO.COM	(907) 489-2241
ALEUTIA, INC	SAND POINT	408 MAIN STREET		SAND POINT	AK	99661	ALEUTIA@ARCTIC.NET	(907) 383-5909
CITY OF SELDOVIA COMMUNITY HOLDING CORP	SELDOVIA	PO BOX 51		SELDOVIA	AK	99663	CITYMANAGER@CITYOFSELDOVIA.AK.GOV	(907) 234-7643
THORNE BAY FISHERIES ASSOCIATION	THORNE BAY	PO BOX 19110		THORNE BAY	AK	99919	CITYCLERK@THORNEBAY.AK.GOV	(907) 282-3380
YAKUTAT COMMUNITY HOLDING CORPORATION	YAKUTAT	PO BOX 160		YAKUTAT	AK	99689	YAKUTAT.SALMON_BOARD@YAHOO.COM	(907) 784-3329

IFQ Community Report for Total Eligible Communities

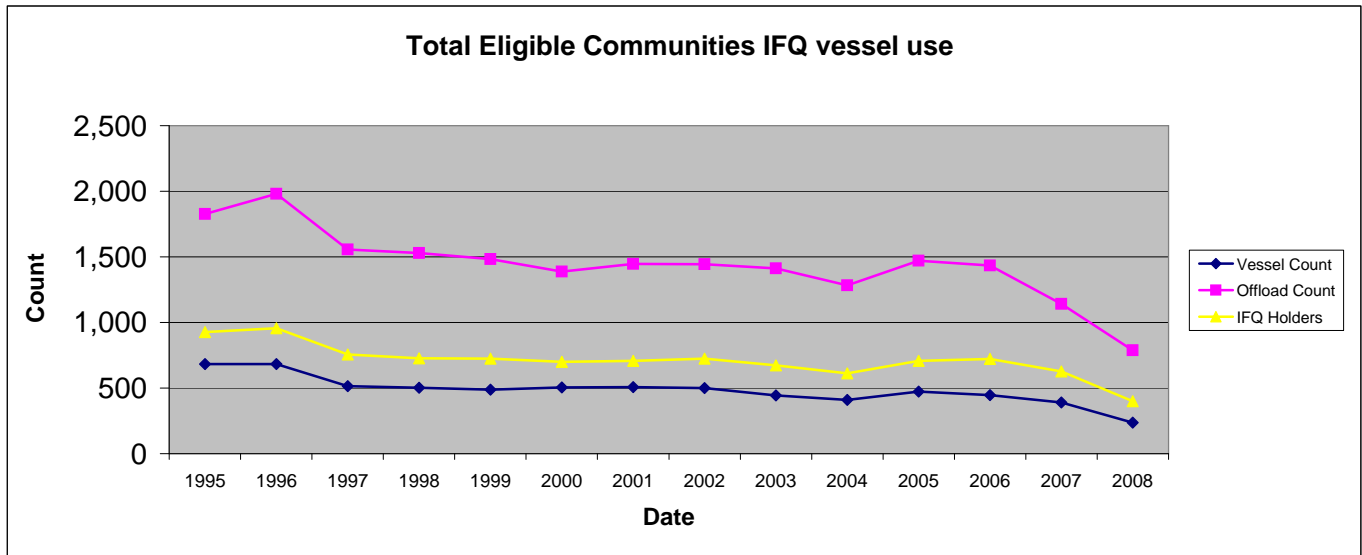
Halibut									
Year	2008 Equivalent Pounds	Persons		Year	Pounds Issued	Pounds Landed	Percent Fished	Estimated Earnings	Individuals
1995	3,743,256	741		1995	2,884,701	2,640,498	92%	\$5,136,243	470
1996	3,480,474	660		1996	3,032,175	2,781,479	92%	6,137,540	461
1997	3,290,674	571		1997	4,018,701	3,655,488	91%	7,816,790	442
1998	2,901,469	536		1998	3,725,020	3,334,142	90%	4,410,169	346
1999	2,773,631	494		1999	3,852,689	3,507,466	91%	7,050,377	344
2000	2,793,596	469		2000	3,148,729	2,919,119	93%	7,391,319	313
2001	2,598,351	450		2001	3,358,301	3,020,864	90%	6,124,328	289
2002	2,672,180	437		2002	3,477,788	3,273,821	94%	7,250,086	309
2003	2,543,800	422		2003	3,314,604	3,114,318	94%	9,020,919	296
2004	2,518,318	402		2004	3,409,057	3,174,048	93%	9,563,546	296
2005	2,478,385	399		2005	3,232,474	2,984,174	92%	8,806,132	272
2006	2,366,306	377		2006	2,977,349	2,805,699	94%	10,577,327	278
2007	2,344,399	332		2007	2,591,069	2,402,373	93%	10,546,089	254
2008	2,387,055	348		2008	2,412,473	2,263,709	94%	NA	NA
Sablefish									
Year	Pounds	Persons		Year	Pounds Issued	Pounds Landed	Percent Fished	Estimated Earnings	Individuals
1995	1,346,587	121		1995	2,146,680	1,950,560	91%	\$6,232,197	81
1996	1,463,519	108		1996	1,854,086	1,719,054	93%	5,727,534	77
1997	1,580,380	88		1997	1,698,558	1,679,868	99%	6,283,836	69
1998	1,028,392	80		1998	1,104,332	1,029,544	93%	2,600,349	53
1999	1,200,351	77		1999	1,104,931	990,114	90%	2,962,888	48
2000	1,268,290	73		2000	1,145,727	1,024,632	89%	3,790,433	43
2001	945,717	66		2001	838,153	713,053	85%	2,267,082	43
2002	1,018,020	65		2002	823,419	714,195	87%	2,314,269	41
2003	858,944	61		2003	831,666	696,229	84%	2,545,230	36
2004	885,792	61		2004	949,652	783,852	83%	2,506,088	36
2005	768,910	58		2005	932,038	770,316	83%	2,620,281	36
2006	739,753	54		2006	852,929	714,616	84%	2,363,165	33
2007	755,904	51		2007	783,929	576,205	74%	1,654,550	26
2008	716,147	50		2008	728,901	577,841	79%	NA	NA
Total IFQ Holding by Year				Total IFQ Holdings by Year					
Comparison	1995	2008	% change	Comparison	1995	2007	% change		
Halibut lbs.	3,743,256	2,387,055	-36%	Halibut \$	5,136,243	\$10,546,089	105%		
No. Persons	741	348	-53%	No. Persons	470	254	-46%		
Sablefish lbs.	1,346,587	716,147	-47%	Sablefish \$	6,232,197	1,654,550	-73%		
No. Persons	121	50	-59%	No. Persons	81	26	-68%		
Table 3. Estimated Earnings Both Species									
	Year			Fishable Lbs	Pounds landed		Earnings	Individuals	
	1995			5,031,381	4,591,058	91%	\$11,368,440	487	
	1996			4,886,261	4,500,533	92%	11,865,074	478	
	1997			5,717,259	5,335,356	93%	14,100,626	462	
	1998			4,829,352	4,363,686	90%	7,010,518	360	
	1999			4,957,620	4,497,580	91%	10,013,265	358	
	2000			4,294,456	3,943,751	92%	11,181,752	325	
	2001			4,196,454	3,733,917	89%	8,391,410	299	
	2002			4,301,207	3,988,016	93%	9,564,355	313	
	2003			4,146,270	3,810,547	92%	11,566,149	303	
	2004			4,358,709	3,957,900	91%	12,069,634	298	
	2005			4,164,512	3,754,490	90%	11,426,413	284	
	2006			3,830,278	3,520,315	92%	12,940,492	278	
	2007			3,374,998	2,978,578	88%	12,200,638	280	
	2008			3,141,374	2,841,550	90%	NA	NA	
Comparison									
Earnings \$					1995	2007	% change		
No. Persons					\$11,865,074	\$11,426,413	-4%		
					478	284	-41%		

Figure 1.



IFQ Community Report for Total Eligible Communities

Table 4. Use of the port combined Halibut and Sablefish				
	Vessel	Count	IFQ Holders	Weight
1995	684	1,828	928	10,313,985
1996	684	1,980	955	9,529,005
1997	514	1,557	757	8,136,050
1998	502	1,530	728	8,185,351
1999	489	1,483	724	8,801,255
2000	505	1,387	699	9,033,505
2001	508	1,446	708	8,867,045
2002	501	1,444	725	11,435,450
2003	444	1,413	674	12,624,454
2004	409	1,282	612	11,133,082
2005	472	1,470	708	11,130,804
2006	447	1,435	722	11,641,979
2007	390	1,142	627	9,834,399
2008	236	787	401	9,663,141



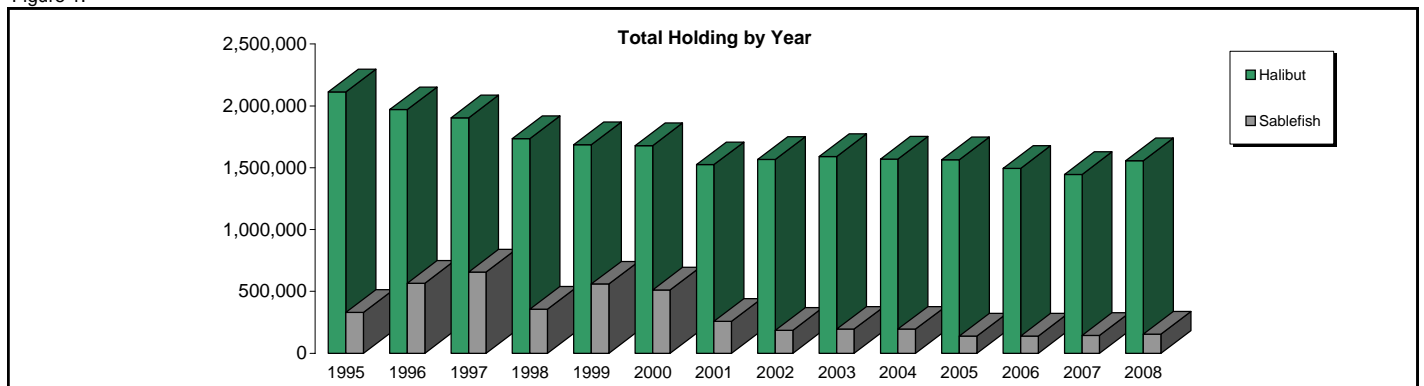
Notes:

- * Indicates that the data may not be displayed because simple subtraction would allow confidential data to be computed.
- ** Indicates that the data are confidential because they are derived from the landings of fewer than three IFQ permit holders.
- *** Indicates that the offloading vessels delivered to fewer than three Register Buyers (RB) permit holders.
- NA "2008 data" not available at this time.
- 1. Halibut weights are reported in net (headed and gutted) pounds; sablefish weights are reported in round pounds.
- 2. Residence determinations are based on unverified self-reported addresses provided by QS holders.
- 3. Estimated earnings (dollar amounts) are nominal; they are not adjusted for inflation nor by year.
- 4. Table 1:
 - a. "2008 Equivalent Pounds" are IFQ pounds derived from all QS held by residents of the subject community. They are computed using 2008 Quota Share Pool and TACs; therefore, they are comparable across all reported years. These reported pounds include pounds derived from QS held in all IFQ management areas.
 - b. "QS holders" includes all entities (including individuals, corporations, etc.) holding and reported the subject community, as a permanent business mailing address, as of the end of the indicated year.
- 5. Tables 2 and 3:
 - a. "Fishable Pounds" are calculated from amounts of QS held by all residents of the subject community as of the end of the indicated year. These amounts are adjusted for "overages and underages" resulting from prior years fishing activities.
 - b. "Pounds Landed" display the actual pounds landed during the indicated year.
 - c. "Estimated Earnings" are calculated by multiplying the actual pounds landed by the estimated ex-vessel values as reported by the CFEC, State of Alaska for each area. (<http://www.fakr.noaa.gov/ram/ifqreports.htm#special>) Annual Ex-Vessel Prices)
 - d. "Individuals making landings" includes all individuals with recorded landings of IFQ derived from QS held by persons reporting business address in subject community (as displayed on Table 1). The total includes hired skippers; accordingly, in some instances, the total number of individuals with landings may exceed the total number of "persons" who hold QS.
- 6. Table 4:
 - a. "Use of port" shows the number of distinct vessels that landed IFQ in this location, regardless of the vessels homeport and regardless of the IFQ permit holder.
 - b. Only years landings are shown.

IFQ Community Report for Total Southcentral

Table 1. Total IFQ Holdings by Year				Table 2. Gross IFQ Earnings					
Halibut	2008 Equivalent			Halibut	Pounds	Pounds	Percent	Estimated	
Year	Pounds	Persons		Year	Issued	Landed	Fished	Earnings	Individuals
1995	2,112,971	286		1995	1,062,514	819,660	79%	\$1,600,356	149
1996	1,969,257	248		1996	1,091,215	999,061	94%	2,186,307	166
1997	1,904,433	215		1997	2,012,331	1,713,298	84%	3,609,072	167
1998	1,734,318	206		1998	1,885,202	1,677,900	89%	2,178,361	134
1999	1,686,660	195		1999	2,145,268	1,965,697	91%	4,049,834	144
2000	1,677,809	184		2000	1,931,221	1,813,884	96%	4,564,870	129
2001	1,524,302	176		2001	2,091,704	1,937,485	93%	3,888,574	120
2002	1,567,845	169		2002	2,233,497	2,150,355	96%	4,746,191	132
2003	1,590,703	167		2003	2,137,965	2,027,090	96%	5,824,495	124
2004	1,568,985	160		2004	2,031,401	1,933,540	96%	5,767,067	125
2005	1,565,024	160		2005	1,846,851	1,743,361	95%	5,002,830	120
2006	1,494,998	156		2006	1,636,845	1,547,982	95%	5,832,615	124
2007	1,445,344	143		2007	1,470,115	1,410,754	96%	6,126,653	124
2008	1,557,023	144		2008	1,583,200	1,502,578	NA	NA	NA
1995	329,202	36		1995	384,464	308,729	80%	\$1,018,179	13
1996	565,038	33		1996	611,068	536,428	83%	1,723,074	18
1997	655,139	26		1997	667,450	651,618	95%	2,426,960	14
1998	356,441	25		1998	393,292	343,023	90%	900,729	12
1999	559,169	26		1999	488,354	431,604	82%	1,282,606	9
2000	510,443	22		2000	548,100	487,057	88%	1,770,965	11
2001	256,547	20		2001	285,785	224,975	94%	710,580	7
2002	185,515	18		2002	247,792	193,819	95%	616,837	8
2003	194,175	19		2003	220,215	156,881	79%	569,793	6
2004	194,175	19		2004	313,010	247,936	87%	757,534	7
2005	138,798	18		2005	272,745	192,192	77%	617,718	6
2006	138,600	17		2006	263,554	195,748	84%	717,522	6
2007	144,128	14		2007	215,900	122,810	68%	414,615	5
2008	153,241	14		2008	196,060	123,744	NA	NA	NA
Total IFQ Holdings by Year				Total IFQ Landing by Year					
Comparison	1995	2008	% change	Comparison	1995	2007	% change		
Halibut lbs.	2,112,971	1,557,023	-26%	Halibut \$	\$1,600,356	\$6,126,653	283%		
No. Persons	286	144	-50%	No. Persons	149	124	-17%		
Sablefish lbs.	329,202	153,241	-53%	Sablefish \$	\$1,018,179	\$414,615	-59%		
No. Persons	36	14	-61%	No. Persons	13	5	-62%		
Table 3. Estimated Earnings Both Species									
	Year	Fishable Lbs	Pounds landed		Earnings	Individuals			
	1995	1,446,978	1,128,389	78%	\$2,618,535	152			
	1996	1,702,283	1,535,489	90%	3,909,381	170			
	1997	2,679,781	2,364,916	88%	6,036,031	174			
	1998	2,278,494	2,020,923	89%	3,079,089	137			
	1999	2,633,622	2,397,301	91%	5,332,440	146			
	2000	2,479,321	2,300,941	93%	6,335,835	131			
	2001	2,377,489	2,162,460	91%	4,599,154	119			
	2002	2,481,289	2,344,174	94%	5,363,028	127			
	2003	2,358,180	2,183,971	93%	6,394,288	123			
	2004	2,344,411	2,181,476	93%	6,524,600	120			
	2005	2,119,596	1,935,553	91%	5,620,549	120			
	2006	1,900,399	1,743,730	92%	6,550,137	113			
	2007	1,686,015	1,533,564	91%	6,541,268	120			
	2008	1,779,260	1,626,322	91%	NA	NA			
Comparison				1995					
				2007					
				% change					
Earnings \$				\$2,618,535					
No. Persons				152					
				\$6,541,268					
				120					
				150%					
				-21%					

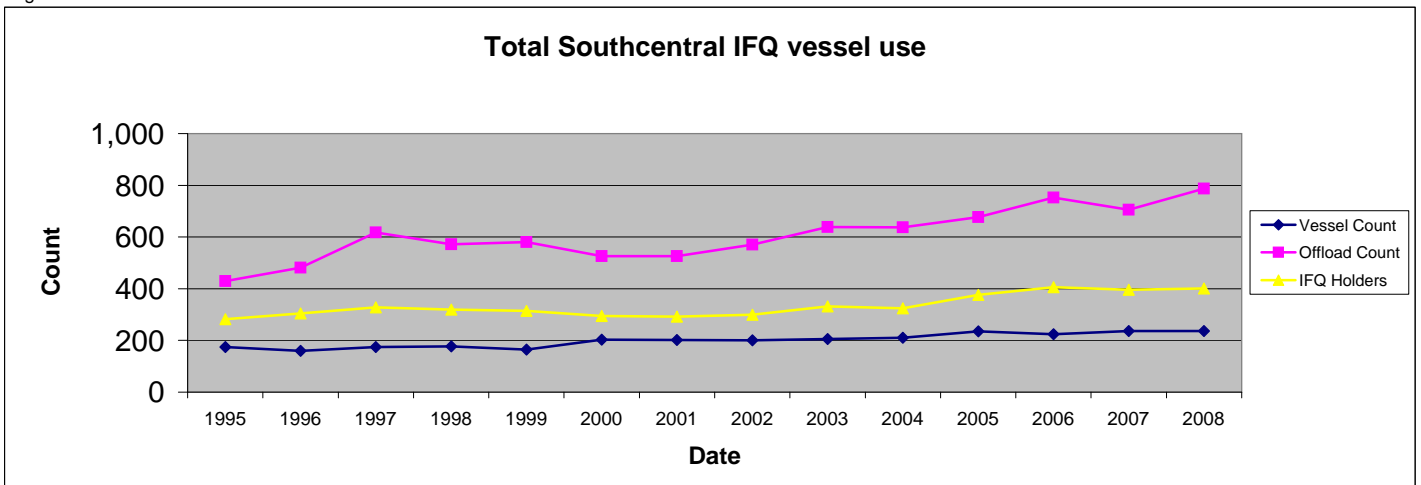
Figure 1.



IFQ Community Report for Total Southcentral

	Vessel	Count	IFQ Holders	Weight
1995	175	430	282	5,375,414
1996	160	482	305	4,537,510
1997	175	617	328	5,316,081
1998	177	572	319	5,518,764
1999	165	580	314	5,919,813
2000	203	526	295	5,813,882
2001	202	526	292	5,792,056
2002	200	570	300	7,764,266
2003	206	639	332	9,401,118
2004	210	637	324	8,978,681
2005	235	677	376	9,187,864
2006	224	752	406	9,528,229
2007	236	705	396	8,550,310
2008	236	787	401	9,663,141

Figure 2.



Notes:

* Indicates that the data may not be displayed because simple subtraction would allow confidential data to be computed.

** Indicates that the data are confidential because they are derived from the landings of fewer than three IFQ permit holders.

*** Indicates that the offloading vessels delivered to fewer than three Register Buyers (RB) permit holders.

NA "2008 data" not available at this time.

1. Halibut weights are reported in net (headed and gutted) pounds; sablefish weights are reported in round pounds.

2. Residence determinations are based on unverified self-reported addresses provided by QS holders.

3. Estimated earnings (dollar amounts) are nominal; they are not adjusted for inflation nor by year.

4. Table 1:

a. "2008 Equivalent Pounds" are IFQ pounds derived from all QS held by residents of the subject community. They are computed using 2008 Quota Share Pool and TACs; therefore, they are comparable across all reported years. These reported pounds include pounds derived from QS held in all IFQ management areas.

b. "QS holders" includes all entities (including individuals, corporations, etc.) holding and reported the subject community, as a permanent business mailing address, as of the end of the indicated year.

5. Tables 2 and 3:

a. "Fishable Pounds" are calculated from amounts of QS held by all residents of the subject community as of the end of the indicated year. These amounts are adjusted for "overages and underages" resulting from prior years fishing activities.

b. "Pounds Landed" display the actual pounds landed during the indicated year.

c. "Estimated Earnings" are calculated by multiplying the actual pounds landed by the estimated ex-vessel values as reported by the CFEC, State of Alaska for each area. (<http://www.fakr.noaa.gov/ram/ifqreports.htm#special>) Annual Ex-Vessel Prices)

d. "Individuals making landings" includes all individuals with recorded landings of IFQ derived from QS held by persons reporting business address in subject community (as displayed on Table 1). The total includes hired skippers; accordingly, in some instances, the total number of individuals with landings may exceed the total number of "persons" who hold QS.

6. Table 4:

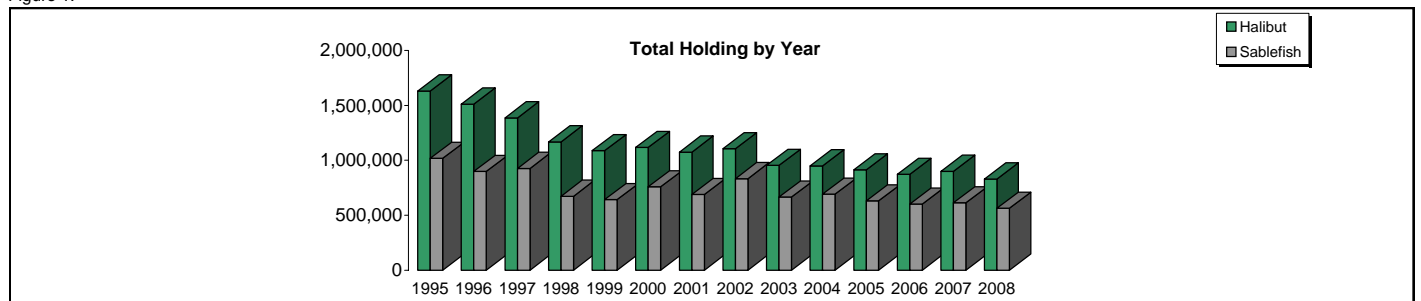
a. "Use of port" shows the number of distinct vessels that landed IFQ in this location, regardless of the vessels homeport and of the IFQ permit holder.

b. Only years landings are shown.

IFQ Community Report for Total Southeast

Table 1. Total IFQ Holdings by Year				Table 2. Gross IFQ Earnings						
Halibut	Year	2008 Equivalent Pounds	QS holder	Halibut	Fishable Pounds	Pounds Landed	Percent Fished	Estimated Earnings	Individuals	
	1995	1,630,285	455	1995	1,822,187	1,820,838	100%	\$3,535,887	321	
	1996	1,511,217	412	1996	1,940,960	1,782,418	92%	3,951,232	295	
	1997	1,386,241	356	1997	2,006,370	1,942,190	97%	4,207,719	275	
	1998	1,167,151	330	1998	1,839,818	1,656,242	90%	2,231,808	212	
	1999	1,086,971	299	1999	1,707,421	1,541,769	90%	3,000,543	200	
	2000	1,115,787	285	2000	1,217,508	1,105,235	91%	2,826,449	184	
	2001	1,074,049	274	2001	1,266,597	1,083,379	86%	2,235,754	169	
	2002	1,104,335	268	2002	1,244,291	1,123,466	90%	2,503,895	177	
	2003	953,097	255	2003	1,176,639	1,087,228	92%	3,196,424	172	
	2004	949,333	242	2004	1,377,656	1,240,508	90%	3,796,479	171	
	2005	913,361	239	2005	1,385,624	1,240,813	90%	3,803,302	152	
	2006	871,308	221	2006	1,340,504	1,257,717	94%	4,744,713	154	
	2007	899,055	189	2007	1,120,954	991,619	88%	4,419,436	130	
	2008	830,032	204	2008	829,273	761,131	92%	NA	NA	
	1995	1,017,385	85	1995	1,762,216	1,641,831	93%	\$5,214,018	68	
	1996	898,481	75	1996	1,243,018	1,182,626	95%	4,004,461	59	
	1997	925,241	62	1997	1,031,108	1,028,250	100%	3,856,876	55	
	1998	671,951	55	1998	711,040	686,521	97%	1,699,620	41	
	1999	641,182	51	1999	616,577	558,510	91%	1,680,282	39	
	2000	757,847	51	2000	597,627	537,575	90%	2,019,469	32	
	2001	689,170	46	2001	552,368	488,078	88%	1,556,502	36	
	2002	832,505	47	2002	575,627	520,376	90%	1,697,432	33	
	2003	664,769	42	2003	611,451	539,348	88%	1,975,437	30	
	2004	691,617	42	2004	636,642	535,916	84%	1,748,555	29	
	2005	630,112	40	2005	659,293	578,124	88%	2,002,562	30	
	2006	601,153	37	2006	589,375	518,868	88%	1,645,642	27	
	2007	611,776	37	2007	568,029	453,395	80%	1,239,935	21	
	2008	562,906	36	2008	532,841	454,097	85%	NA	NA	
Total IFQ Holding by Year				Total IFQ Holdings by Year						
Comparison	1995	2008	% change	Comparison	1995	2007	% change			
Halibut lbs.	1,630,285	830,032	-49%	Halibut \$	\$3,535,887	\$4,419,436	25%			
No. Persons	455	204	-55%	No. Persons	321	130	-60%			
Sablefish lbs.	1,017,385	562,906	-45%	Sablefish \$	5,214,018	1,239,935	-76%			
No. Persons	85	36	-58%	No. Persons	68	21	-69%			
Table 3. Estimated Landings and Earnings of both Species				Fishable Pounds	Pounds Landed	Percent Fished	Earnings	Individuals		
Year										
	1995			3,584,403	3,462,669	97%	\$8,749,905	335		
	1996			3,183,978	2,965,044	93%	7,955,693	308		
	1997			3,037,478	2,970,440	98%	8,064,595	288		
	1998			2,550,858	2,342,763	92%	3,931,429	223		
	1999			2,323,998	2,100,279	90%	4,680,825	212		
	2000			1,815,135	1,642,810	91%	4,845,917	194		
	2001			1,818,965	1,571,457	86%	3,792,256	180		
	2002			1,819,918	1,643,842	90%	4,201,327	186		
	2003			1,788,090	1,626,576	91%	5,171,861	180		
	2004			2,014,298	1,776,424	88%	5,545,034	178		
	2005			2,044,917	1,818,937	89%	5,805,864	164		
	2006			1,929,879	1,776,585	92%	6,390,355	165		
	2007			1,688,983	1,445,014	86%	5,659,370	160		
	2008			1,362,114	1,215,228	89%	NA	NA		
Comparison								1995	2007	% change
Earnings \$								\$8,749,905	\$5,659,370	-35%
No. Persons								335	160	-52%

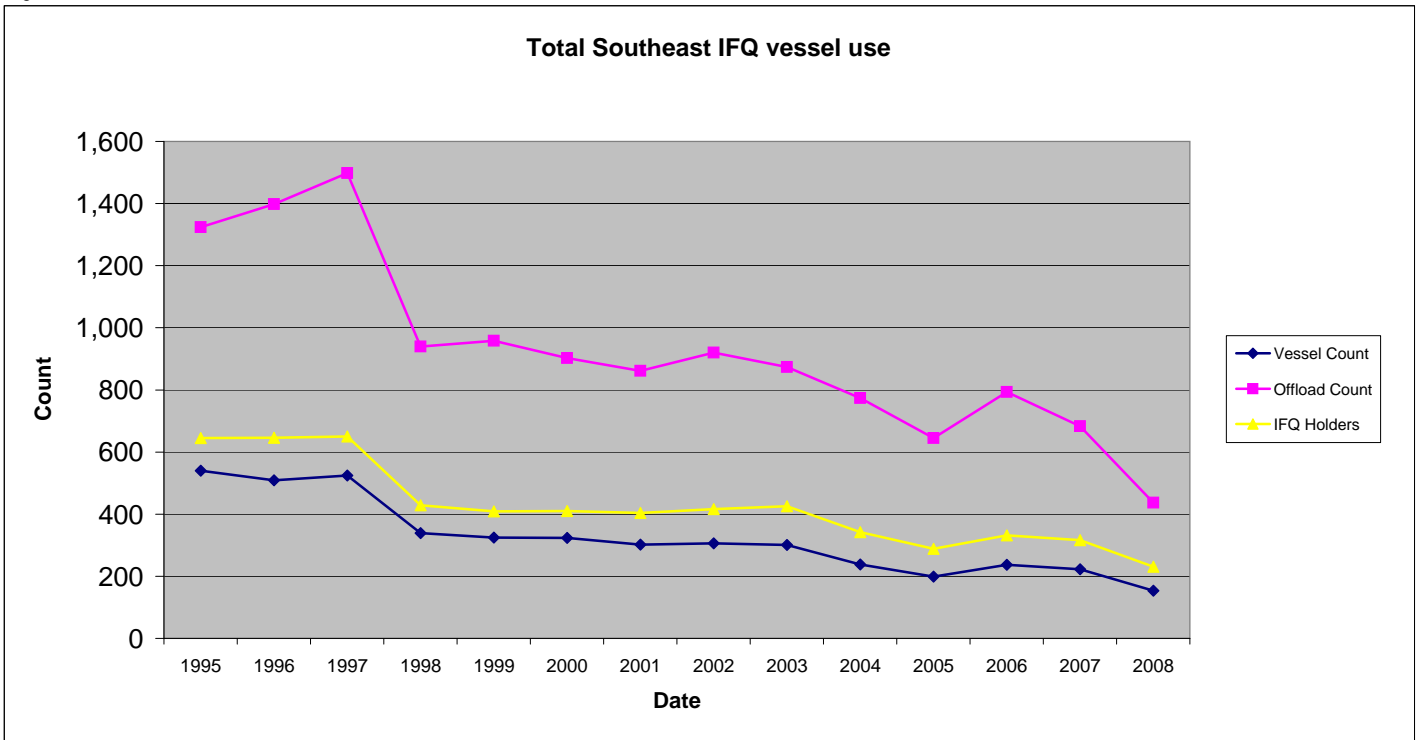
Figure 1.



IFQ Community Report for Total Southeast

	Vessel Count	Offload Count	IFQ Holders	Sum quota Weight
1995	540	1,324	645	5,635,342
1996	509	1,398	646	4,938,571
1997	524	1,498	650	4,991,495
1998	339	940	429	2,819,969
1999	325	958	409	2,666,587
2000	324	903	410	2,881,442
2001	302	861	404	3,219,623
2002	306	920	416	3,074,989
2003	301	874	425	3,671,184
2004	238	774	342	3,223,336
2005	199	645	288	2,154,401
2006	237	793	332	1,942,940
2007	223	683	316	2,113,750
2008	154	437	231	1,284,089

Figure 2.



Notes:

- * Indicates that the data may not be displayed because simple subtraction would allow confidential data to be computed.
- ** Indicates that the data are confidential because they are derived from the landings of fewer than three IFQ permit holders.
- *** Indicates that the offloading vessels delivered to fewer than three Register Buyers (RB) permit holders.
- NA "2008 data" not available at this time.
- 1. Halibut weights are reported in net (headed and gutted) pounds; sablefish weights are reported in round pounds.
- 2. Residence determinations are based on unverified self-reported addresses provided by QS holders.
- 3. Estimated earnings (dollar amounts) are nominal; they are not adjusted for inflation nor by year.
- 4. Table 1:
 - a. "2008 Equivalent Pounds" are IFQ pounds derived from all QS held by residents of the subject community. They are computed using 2008 Quota Share Pool and TACs; therefore, they are comparable across all reported years. These reported pounds include pounds derived from QS held in all IFQ management areas.
 - b. "QS holders" includes all entities (including individuals, corporations, etc.) holding and reported the subject community, as a permanent business mailing address, as of the end of the indicated year.
- 5. Tables 2 and 3:
 - a. "Fishable Pounds" are calculated from amounts of QS held by all residents of the subject community as of the end of the indicated year. These amounts are adjusted for "overages and underages" resulting from prior years fishing activities.
 - b. "Pounds Landed" display the actual pounds landed during the indicated year.
 - c. "Estimated Earnings" are calculated by multiplying the actual pounds landed by the estimated ex-vessel values as reported by the CFEC, State of Alaska for each area. (<http://www.fakr.noaa.gov/ram/ifqreports.htm#special>) Annual Ex-Vessel Prices)
 - d. "Individuals making landings" includes all individuals with recorded landings of IFQ derived from QS held by persons reporting business address in subject community (as displayed on Table 1). The total includes hired skippers; accordingly, in some instances, the total number of individuals with landings may exceed the total number of "persons" who hold QS.
- 6. Table 4:
 - a. "Use of port" shows the number of distinct vessels that landed IFQ in this location, regardless of the vessels homeport and regardless of the IFQ permit holder.
 - b. Only years landings are shown.

Appendix 5 Table 50 to Part 679: excerpted from final rule for GOA Am. 86 (76 FR 15826; March 22, 2011)

TABLE 50 TO PART 679—MAXIMUM NUMBER OF GROUNDFISH LICENSES AND THE REGULATORY AREA SPECIFICATION OF GROUNDFISH LICENSES THAT MAY BE GRANTED TO CQES REPRESENTING SPECIFIC GOA COMMUNITIES

Central GOA Pacific cod endorsed non-trawl groundfish license		Western GOA Pacific cod endorsed non-trawl groundfish license	
Community	Maximum number of groundfish licenses that may be granted	Community	Maximum number of groundfish licenses that may be granted
Akhiok	2	Ivanof Bay	2
Chenega Bay	2	King Cove	9
Chignik	3	Perryville	2
Chignik Lagoon	4	Sand Point	14
Chignik Lake	2		
Halibut Cove	2		
Karluk	2		
Larsen Bay	2		
Nanwalek	2		
Old Harbor	5		
Ouzinkie	9		
Port Graham	2		
Port Lions	6		
Seldovia	8		
Tyonek	2		
Tatitlek	2		
Yakutat	3		

[FR Doc. 2010-18143 Filed 7-22-10; 8:45 am]

Game Creek – Community profile

Overview

As of the 2000 U.S. Census, Game Creek was recognized as a Census Designated Place with a population of 35. Game Creek is located on Chichagof Island, along the shores of Port Fredrick, 2.6 miles southwest of Hoonah and approximately 43 miles southwest of Juneau. Ethnographic data establishes Huna Tlingit occupation of the Glacier Bay region several hundred years ago according to local oral narratives. The community of Game Creek was established in the 1970s by members of the ‘The Living Word Fellowship.’ Whitestone Farms (Church of the Living Word, Inc.) proliferated throughout Alaska and has established member communities in Haines, Delta Junction, and Whitestone. These communities relied on resource pooling, and were dependent on timber and small scale agriculture for income.

Economically, Game Creek is dependent on nearby Hoonah for employment. The two dominant industries which employ Game Creek residents include timber harvesting/processing and commercial fishing, followed by retail, service, and professional sectors. Since the community is unincorporated, there are no taxes levied or formal services provided to residents. Individuals are responsible for water collection, sewage and refuse disposal, and electricity.

Demographic Profile

Game Creek is predominately white (89%), with 9% of the population reporting as Alaska Native/American Indian. There is no Federally recognized tribal entity in the community. The population has declining since the first Federal census was taken in 1990, with many residents reportedly moving to Hoonah. As of 2000, there were 10 housing units, all of which are owner-occupied. All of these households were reported being built between 1970 and 1989. Nearly half of all eligible individuals are employed, while the other half are non-seeking or retired. Only one person reported being unemployed. Median household income in 1999 was \$30,833, and per capita income was \$11,221. No residents were reported living below the poverty line.

Infrastructure and Accessibility

Game Creek is mostly accessible by small boat; however there is a network of logging roads that connect to the old Whitestone Logging Camp and Hoonah. Close proximity with Hoonah allows residents to commute relatively easily. As Game Creek is a homestead community, there is an absence of basic infrastructure. The community pools its resources; however, residents are expected to supply their own basic needs.

There are no shoreside commercial fishing processors or harbors available in Game Creek. The only local shoreside commercial processor is in Hoonah (Hoonah Cold Storage) which provides a market, icing, and storage services. The Hoonah Trading Co. Wharf provides fueling and mooring services, as well as supplies, and a city operated float harbor provides mooring and haulout facilities for commercial vessels. Hoonah has regular ferry and air service to Juneau via the Alaska Marine Highway system and Wings of Alaska. Freight service is provided by barge or plane. Nearby fishery management agencies include ADF&G and NMFS offices located in Juneau.

Fisheries Participation

Because of Game Creek's remote location and lack of basic infrastructure, residents appear to have relied extensively on subsistence harvesting to supplement their incomes. In a 1996 survey by ADF&G,¹ residents reported harvesting 1,785 lbs of halibut for subsistence purposes, and it is assumed that subsistence has been in practice since the community's creation. Locally, there are multiple charter business operating out of nearby Hoonah specializing in salmon, halibut, and trout fishing.

There are several residents who have had commercial halibut landings prior to 2001; however, these landings have been attributed to Hoonah in CFEC data. It has been verified by the Hoonah post office that mail for Game Creek residents is sent to a community P.O. Box in Hoonah. The CFEC data show that several halibut permit holders with the Game Creek P.O. Box have commercial halibut landings.

Eligibility for CQE Program

Game Creek appears to meet all of the CQE Program criteria with the exception of being listed on Table 21 in Federal regulations. The community is located in Area 2C and meets the population criteria (pop. Of 35), is not connected by road to a community larger than 1,500 persons, and has the requisite commercial halibut/sablefish landings. Game Creek has petitioned the Council for inclusion in the CQE Program.

While there are no commercial processing facilities located Game Creek, its close proximity to Hoonah would likely provide supplies, services, and mooring. There are no formal organizations based in Game Creek, therefore, a community non-profit or homeowners' association would need to be formed as a governing body if the community was approved by eligibility and wanted to form a CQE. There are several communities with approved CQEs in the area, including Hoonah and Angoon.

¹Referenced from ADF&G, subsistence division community harvest records: <http://www.subsistence.adfg.state.ak.us/CSIS/>

Naukati Bay – Community profile

Overview

As of the 2000 U.S. Census, Naukati Bay was recognized as a Census Designated Place with a population of 135. Naukati Bay is located on the west coast of Prince of Wales Island, approximately 70 miles northwest of Ketchikan and 35 miles north of Craig and Klawock. Traditionally, Naukati Bay was used as a seasonal resource site by the Tlingit Indians. Adjacent areas of cultural significance include a village site on the Tuxekan Narrows, north of Little Naukati Bay, which was abandoned around 1900 as well as evidence of seasonal occupation throughout the area. Logging has historically been a prominent industry in the past. In the 1970s, Louisiana-Pacific established a logging camp in the area; in 1988, the State of Alaska began setting aside land for community development. In 1990, the State began selling lots to homesteaders and logging families and the community of Naukati Bay was created. With the decline of timber harvesting as a major economic contributor, Naukati Bay has since relied on lodging, recreation, small scale timber processing, aquaculture, government, education, construction, and general retail and services to provide income to the community. A prominent economic contributor is the Naukati Bay Shellfish Nursery, which produces around four million oyster spat annually to be sold to oyster farmers. This facility provides the community with revenue in support of local infrastructure and services.

Naukati Bay is currently unincorporated, and as such, there are no formal municipal or borough services provided. The community has organized a homeowner's association, which acts as a local governing authority. Water is either gathered through individual catchment or provided by community maintained piping systems. Sewage collection is provided by piped and septic systems, as well as outhouses. Refuse is burned and ash is shipped to a landfill in nearby Thorne Bay. Electricity is provided by diesel generator.

Demographic Profile

According to 2000 U.S. Census data, Naukati Bay residents are predominately white (87%), with a smaller Alaska Native population (10%). There is not a Federally recognized tribal entity in the community. Naukati Bay is a relatively young community. Of the 76 total housing units surveyed, 61 were occupied with the majority of households reporting moving in between 1990 and 2000. Median household income was \$27,500 and unemployment among those seeking work was 29.1%. Sixty percent of the population were aged 16 years and over and not in the workforce (unemployed plus those not seeking employment).

Infrastructure and Accessibility

Naukati Bay is connected by road to several small communities on Prince of Wales Island. These include Klawock and Craig 35 miles to the south, and Hollis 35 miles to the southeast. Taquan Air provides scheduled floatplane service from Ketchikan. Inter-island ferries provide regular service between Ketchikan and Hollis; however, currently there is no direct ferry service to Naukati Bay. The only paved airstrip is located in Klawock, which serves the region as an airline hub. In 2008, a small community harbor was completed to serve as a dock for local vessels. Naukati Connection & Mercantile provides groceries, fuel, parts and supplies, barge service, and licensing. Additional infrastructure in the community includes: a K-12 school, limited plumbing and sewage, volunteer road maintenance, volunteer fire, and refuse incineration.

Naukati Bay currently does not have any shoreside commercial processing facilities. The nearest commercial fishing and processing facilities are located in Klawock, and Craig. Klawock possesses several harbor floats capable of mooring commercial vessels and recreational craft. Onshore facilities

include a small salmon processor owned by Klawock Oceanside, Inc. Craig possesses additional facilities. These include multiple float harbors for mooring, a fuel dock, a mechanical handling facility, and several docks for receiving seafood, icing, and handling supplies. Markets and processors include Absolute Fresh Seafoods, Noyes Island Smokehouse, and Silver Bay Seafoods. Northland Services provides barge services to and from Seattle. Alaska Marine Lines also provides local and long distance barge service. Nearby fishery management agencies include ADF&G and NMFS offices located in Ketchikan.

Fisheries Participation

CFEC has records of commercial permit activity from residents of Naukati Bay dating from 2001 to 2009. During that time, there was one reported commercial halibut landing in 2001 and no reported sablefish permit activity. There are several residents who have had landings prior to 2001; however, these landings have been attributed to Ketchikan or Port Alice in CFEC data. It has been verified by the Ketchikan post office that mail for Naukati Bay residents is sent to a P.O. Box in Ketchikan. The CFEC data show that several halibut permit holders with the Naukati Bay P.O. Box have halibut landings.

In addition to commercial fishing, the community also participates in subsistence and sportfishing activities. In 1998, ADF&G reported that 3,544 lbs of halibut was taken by Naukati Bay residents for subsistence purposes.¹ It can be assumed that subsistence and recreational fishing is a customary income subsidy for locals. Charter businesses specializing in halibut and salmon are also in operation within the community. Businesses include Gregg's Hunting & Fishing, Inc. and Fisherman's Cove Fish Camp.

Eligibility For CQE Program

Naukati Bay homeowner's association (Naukati Bay, Inc.) has petitioned the Council for inclusion in the CQE Program. Naukati Bay appears to meet all of the criteria for the CQE Program with the exception of being listed on Table 21 in Federal regulations. Located in Area 2C, it meets the population criteria (pop. 135), is not connected by road to any community with a population larger than 1,500, and has had commercial halibut landings within the specified timeframe.

While the community does not have any shoreside processing facilities, it would have access to markets and processors in neighboring communities. If determined eligible, the homeowners association would be the governing body representing the community for approval of a CQE. CQEs have been formed and approved in the nearby communities of Klawock and Craig.

¹Referenced from ADF&G subsistence division, community harvest records: <http://www.subsistence.adfg.state.ak.us/CSIS/>

Kupreanof – Community profile

Overview

As of the 2000 U.S. Census, Kupreanof is a second-class city with a population of 23. Formally known as West Petersburg, the city of Kupreanof lies directly across from Petersburg on the northeast shore of Kupreanof Island. It is located approximately 120 miles south of Juneau, and 120 miles north of Ketchikan. Homesteaders began arriving in the area around the turn of the century, and by 1911 a small sawmill was established, specializing in barrels made for transporting salted fish. By the 1920s, mink farms arrived in the area and the community grew to approximately 100 people. Lumber operations and mink farming both ended in the 1960s, and in 1975, West Petersburg became incorporated as a second class city. The name was changed to Kupreanof, after the island on which it is located. Today, the city of Kupreanof is a small, close-knit shoreline bedroom community. The majority of residents are self-employed; however, some maintain jobs in Petersburg.

There are no utilities and few services available. No taxes are levied and the city operates on small state and local budget. Individuals are responsible for water collection, sewage, electricity, and refuse disposal. Water is piped from nearby creeks, sewage disposal is provided by septic systems or pit privies, electricity is provided by individual generators, and refuse is composted, burned, or buried.

Demographic Profile

As of 2000, the community's racial composition was predominantly white. The community does not have a Federally recognized tribal entity. The median population age is 46.3 years, which is above the state average. Household sizes are relatively small, with 50% reporting single occupancy. Residents are well educated (over half reported as holding a Bachelor's degree or higher) and income per capita was \$26,650. Unemployment was reported at 0% with 21 employed and 7 not seeking. Housing units were numbered at 26, 14 of which were vacant. Of those 14, 10 were reported being occupied seasonally. All residents reported moving into their units before 1990, pointing towards a stable population.

Infrastructure and Accessibility

While Kupreanof does maintain a small float dock, it does not possess any commercial fishery infrastructure. However, extensive commercial processing, supply, and service facilities can be found in neighboring Petersburg. The city and state operate multiple harbors and wharfs which provide mooring, haulout/maintenance services, and fueling. Local processors, mooring, repair, and icing services are provided by Ocean Beauty Seafoods, Norquest Seafoods, Tonka Seafoods, Coastal Cold Storage, and Icicle Seafoods. Markets and seafood suppliers include Northern Lights Smokeries and Wild Alaskan Seafood Products. Maintenance and supply services are provided by Petersburg Shipwrights and Reid Co.

Transportation to and from Petersburg is available via the Alaska Marine Highway (ferry) and Alaska Airlines. Regular flight service provides connections to larger cities including Anchorage, Juneau, Ketchikan, and Seattle. Ferry service connects Petersburg with Juneau, Ketchikan, Bellingham, and other southeast communities. Freight services to and from Seattle and Anchorage are provided by Northland Services Inc. and Lynden Transport. Fishery management agencies include ADF&G and NMFS offices in Petersburg.

Fisheries Participation

Kupreanof lacks specific CFEC permit data and, unlike Game Creek and Naukati Bay, also lacks a community P.O. Box. Instead, residents most likely maintain individual P.O. boxes within the city of

Petersburg. While Kupreanof residents could very well have been involved in commercial halibut or sablefish fisheries in the past, CFEC data do not exist to directly tie residents to commercial halibut and sablefish landings. Note that sportfishing businesses located in Petersburg present another potential avenue for fisheries participation. Petersburg is a well-known fishing destination that attracts many anglers to the region for salmon and halibut. Finally, subsistence and recreational harvesting of halibut, shrimp, crab, salmon, and deer helps supplement income and allows individual access to local resources. Subsistence is assumed to have been an important and historical part of local custom.

Eligibility for CQE Program

Currently, it can be confirmed that Kupreanof meets some CQE Program criteria. It is recognized by the U.S. Census as a second-class city, meets the population requirements, and is not connected by road to communities with populations in excess of 1,500. However, in addition to not being listed on Table 21 in Federal regulations, CFEC data cannot confirm that there have been historical halibut or sablefish landings attributed to community residents. Kupreanof has not petitioned the Council for inclusion in the CQE Program consideration. Thus, while there is potential that residents have participated in these fisheries in the past, residents have not petitioned the Council and asked for landings recorded in Petersburg to be attributed to Kupreanof. Thus, if the Council wants to pursue eligibility for this community, more information would be needed to determine community eligibility.

Note that there are several other eligible communities in the area, including Kake (approximately 38 miles northwest) and Point Baker (approximately 40 miles southwest). The closest community that has formed a CQE is Coffman Cove (approximately 55 miles south). If determined eligible, the city of Kupreanof would be the governing body to approve a CQE, should one form. The city of Petersburg, due to its close proximity, would likely be the center of commercial operations, as Kupreanof currently lacks the needed infrastructure.

Cold Bay – Community profile

Overview

Cold Bay is incorporated as a second-class city and as of the 2000 U.S. Census, has a population of 88. Cold Bay is located on the western end of the Alaska Peninsula in the Izembek National Wildlife Refuge. It is 634 miles southwest of Anchorage and 180 miles northeast of Unalaska. The region likely served an important role in the migration of Asiatic peoples in the late Pleistocene. Archaeology of the area shows that it was once occupied by a large Native population. By the time the first Russians began colonizing the area in 1761, there was estimated to be about 16,000 - 17,000 Aleut people in 169 settlements throughout southwestern Alaska. However, this number was drastically reduced within the first few decades of occupation due to starvation, disease, and conflict. Today, Native descendants mostly occupy the nearby communities of Nelson Lagoon, King Cove, and False Pass.

During World War II, Japanese occupation of Attu and Kiska prompted the construction of military bases along the Aleutian chain. Fort Randall was built in 1942 to serve as the largest air base in the region, and Cold Bay still maintains the fifth largest airstrip in the state today. Following the war, the airstrip eventually was given to the State of Alaska, which continues to maintain the facility. Since military operations ceased, Cold Bay has served as a fueling station for commercial fishing fleets, a flight service station, and a destination for recreational hunting, fishing, and birding. The Izembek National Wildlife Refuge provides essential habitat for tens of thousands of migratory birds, as well as a home to many other species of birds and mammals. In 1986, the refuge was designated a “Wetland of International Importance” and in 2001, the American Bird Conservancy recognized it as a Globally Important Bird Area.

Demographic Profile

As of 2000, Cold Bay’s racial composition is mostly white, with 17% of the population reporting Alaska Native/American Indian ancestry. There is no Federally recognized tribal entity within the community. The population is largely seasonal, with the majority of the 98 housing units left vacant. Of the 36 occupied, 33 of them were rented and 3 owned by their tenants. In addition, 17 of the 62 vacant houses were used seasonally. The median age was 34, median household income was reported as \$55,750, and per capita income was \$20,037. Both the unemployment and poverty level was at 27.3%.

Infrastructure and Accessibility

Most Cold Bay residents have piped water and sewage systems. The city has a 213,000 gallon water tank, sewage treatment plant, and landfill. Diesel electricity is provided by a private operator. City revenue is created through a \$.04/gallon fuel tax, 10% bed tax, 2% raw fish tax, as well as other state and local revenues.

Cold Bay is accessible regionally by air and is considered a transportation hub for Alaska Peninsula communities. In addition, there is hovercraft service to the commercial fishing hub of King Cove (approximately 19 miles southeast). While Cold Bay maintains a dock, it does not possess any commercial fishing services beyond fueling and maintenance. However, the community is interested in expanding its infrastructure to include a breakwater, harbor, and boat launch.¹ To the south, King Cove provides extensive commercial fishing infrastructure, including one of the largest processing facilities in

¹ Community desires for further port development referenced from the Alaska Community Database, compiled by the Alaska Department of Commerce, Community, and Economic Development.
http://www.commerce.state.ak.us/dca/commdb/CF_COMDB.htm

Alaska (Peter Pan Seafoods), as well as two protected harbors capable of mooring vessels up to 150 feet in length and a deepwater pier. While King Cove has limited air service, it does have bi-monthly Alaska Marine Highway ferry service with connections to communities along the Aleutians, Kodiak, and the Kenai Peninsula. Freight Service between Cold Bay, King Cove, and Seattle is provided by Coastal Transportation. Recently, residents of both Cold Bay and King Cove have lobbied for construction of a road linking the two communities. This proposal has been meeting some statewide resistance, but has gained support within the borough.² Fishery management agencies include a local ADF&G office, which is operated seasonally.

Fisheries Participation

In 2009, one commercial halibut license was fished in Cold Bay according to CFEC data. In addition to recent activity, there were recorded commercial halibut landings in 1988, 1989, and 1991 according to CFEC data. There are several local recreational and sportfishing businesses in operation, however, they are currently primarily limited to salmon and Arctic Char. These businesses include the Cold Bay Lodge and Izembek Lodge. Cold Bay also serves as transportation hub for surrounding lodges in more remote locations. Subsistence and recreational fishing are considered part of local custom, helping supplement limited incomes and resources.

Eligibility for CQE Program

With the exception of not being listed on Table 21 in Federal regulations, Cold Bay appears to meet the original criteria for eligibility. As of 2000, Cold Bay was a second-class class city with a population of 88, was not connected by road to a community with more than 1,500 residents, and has commercial halibut landings recorded within the required timeframe. To date, Cold Bay has not petitioned the Council for inclusion in the CQE Program. However, if determined eligible in the future, the city would represent the community in the approval of a CQE. The community could form its own CQE, or potentially appeal to an existing CQE to fill this role. The communities of King Cove and Sand Point have formed a CQE that represents both communities (Aleutia, Inc.).

²Support for an access road expressed on the Aleutians East Borough website: www.aleutianseast.org

This support is given largely because current hovercraft service operated by the Borough is running an annual deficit as well as the inherent danger of air travel in the King Cove area.

February 23, 2010

Nicole Kimball, Fisheries Analyst
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Dear Nicole:

Last week, we exchanged emails about an inquiry from Lucas Clark (907 957-0045). Mr. Clark is a resident of Game Creek which is a small community just southwest of Hoonah, Alaska. Game Creek is listed as a census-designated place.

Mr. Clark wants Game Creek to be classified as a community eligible to form a "Community Quota Entity (CQE)" under federal regulations since some residents of the community commercially harvested halibut over the 1980 through 2000 historic participation period (as well as currently). Mr. Clark indicated that the community would like to be able to obtain "community charter halibut permits" when they become available under the new federal charter halibut limited access program.

Mr. Clark said that the community rents "Box 95" in Hoonah, Alaska from the United States Postal Service and most members of the community receive their mail at that post office box number (he said that some individuals in the community may also rent their own mailbox). He said that any commercial fish harvests by persons from Box 95 in Hoonah represent harvests by persons from the Game Creek community.

We searched our permit files from 1980 through 2000 for all permits with that address. I've attached a list of the Commercial Fisheries Entry Commission (CFEC) halibut permits held by persons with that address over the time interval. The list is sorted by file number, year, and permit fishery. As you will see, there are a considerable number. Note that the list does not include other CFEC permits held by persons with an address of Box 95 Hoonah, AK.

I suspect that NPFMC or NMFS will want to independently verify commercial landings of halibut or sablefish by persons from Game Creek, AK over the 1980 through 2008 time period. You can use the file numbers (CFEC_FILE_NUMBER on the CFEC gross earnings data) on this list to see which persons, if any, had recorded commercial landings of halibut or sablefish over the 1980 through 2008 time period while having a valid CFEC permit with an address of Box 95 Hoonah, AK. I believe that you will find that Game Creek meets the historic participation

prerequisite for being classified as a community eligible for a CQE. Let me know if we need to compare notes on this.

I talked briefly with John Lepore (907 586-7414) about Game Creek yesterday. As you know, John is an attorney with NOAA's Office of General Counsel in Juneau. John and his parents lived in Game Creek and were part of the community for a portion of John's youth. Among other things, John confirmed that Game Creek's community mailbox is Box 95 in Hoonah, Alaska. John might be another good source of information if additional questions need to be answered.

I hope that this information helps. If you have questions or need further assistance, please let me know.

Best regards,

A handwritten signature in black ink, appearing to read "Kurt Schelle", with a stylized flourish at the end.

Kurt Schelle
Research Project Leader

attachment

cc:

Commission

Jessica Gharrett, NMFS

Tracy Buck, NMFS

STATE OF ALASKA

Commercial Fisheries Entry Commission

SEAN PARNELL, GOVERNOR

8800 Glacier Hwy., #109
P.O. Box 110302
Juneau, AK 99811-0302

(907) 789-6150 Licensing Calls
(907) 789-6160 Other Business
(907) 789-6170 Fax

INTERNET: www.cfec.state.ak.us

February 12, 2010

Nicole Kimball, Fisheries Analyst
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Dear Nicole:

Last week, we spoke briefly about Gregg Parsley's inquiry. Mr. Parsley believes that Naukati Bay is a community that should be eligible to form a Community Quota Entity (CQE) under federal regulations. He believes that some persons (CFEC permit holders) in the community had commercial landings of halibut at some time over the 1980 through 2000 time period. Because of these landings, he thinks that Naukati Bay should be an eligible community.

Mr. Parsley hopes that Naukati Bay can form a CQE and obtain community charter halibut permits under the new federal program limiting access for guided halibut sport charter vessels in Alaska. Indeed, community charter halibut permits may prove to be more attractive to CQEs than have commercial halibut quota shares since the CQE's will not have to purchase the community halibut charter permits.

When we spoke, you indicated that NPFMC staff had prepared the current list of eligible communities by analyzing 1980 through 2000 commercial harvest data from Commercial Fisheries Entry Commission's (CFEC) gross earnings data.¹ You indicated that no CFEC permit holders with a city address of Naukati Bay recorded landings of halibut or sablefish over the time period. You asked if we could examine our data and let you know what we find.

Mr. Parsley indicated that Naukati Bay's mail goes to zip-code 99950 which appears to be a Ketchikan zip-code for outlying communities. Mr. Parsley indicated that mail going to Naukati Bay during the time period would typically have a "BOX NKI" type address, with Ketchikan listed as the city and a zip-code of 99950. You might want to confirm this with the United States Postal Service in Ketchikan.

We examined our permit data and indeed found instances of addresses like this by searching the street address field. I've attached a listing of such permits by year and permit fishery. This

¹ CFEC gross earnings data are Alaska Department of Fish and Game (ADF&G) fish ticket data with additional fields added.

listing may not be inclusive (and a few on the list may be over-inclusive), since there appear to be variations in how mail is addressed to outlying communities that do not have a post office.

However, if you take the “File Number” field on the attached listing for persons with a “BOX NKI ” street address and select observations for those persons from CFEC gross earnings data (using the equivalent “CFEC_FILE_NUMBER” field), you will find that one or more persons on the list recorded commercial landings of halibut or sablefish at some time over the 1980 through 2000 time period while having such an address. As you are aware, we do not add the street address to the gross earnings data but you will be able to see the name, city, state, and zip-code associated with the file number of the permit holder making the delivery.

Thus, there appears to be some evidence that at least one person from Naukati Bay recorded a commercial landing of halibut or sablefish over the time period. If you have questions or need further assistance, please let us know.

Best regards,

A handwritten signature in black ink that reads "Kurt Schelle". The signature is written in a cursive, flowing style.

Kurt Schelle
Research Project Leader

Attachment:

cc:

Commission
Cathy Tide
Frank Glass
Jessica Gharrett, NMFS
Tracy Buck, NMFS