

I. Quarterly Highlights

APICDA's employment goal for 1999 is to provide at least 80 jobs for local residents. By the conclusion of the first quarter, a total of 61 job positions (57 unique individuals) had been filled, generating wages of \$322,214.

During the first quarter, fifteen individuals attended various vocational education or specialized training programs.

A total of twenty individuals used APICDA higher education scholarships during the first quarter of the year. Generally, each scholarship is in the amount of \$3,000 for the school year.

APICDA will host a conference of the leaders from each of its eligible CDQ villages during April, 1999. The purpose of the meeting is to discuss the future of APICDA, its subsidiaries, its impact upon each of the villages, and the goals and desires of the villages. APICDA has reached a point in its community development program where an in depth meeting with village leaders is necessary to discuss future plans, community desires, and potential positive and negative impacts.

The Prowler, L.L.C., of which APICDA Joint Ventures, Inc. owns twenty-five percent, purchased the F/LL *Olympic Monarch*.

APICDA completed its Bering Sea "A" Season CDQ pollock fishery during the first quarter. A total of 7,134 mt of pollock was harvested, out of a "A" Season allocation of 7,142 mt. There were no discards of pollock. Groundfish bycatch was approximately 96 mt, primarily flatfish. PSC catch consisted of 44 halibut, no pounds of herring, no crab, 133 chinook salmon, 160 chum salmon, and 16 unidentified salmon.

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II. Community Development

A. Progress Toward Goals, Objectives, Milestones

The following is a review of the highlights from APICDA's goals, objectives, and milestones. See Tables 1 through 7 for a specific review of all milestones, by community.

1.) Employment: APICDA's employment goal for 1999 is to provide at least 80 jobs for local residents. By the conclusion of the first quarter, a total of 61 job positions (57 unique individuals) had been filled, generating wages of \$322,214.

2.) Training: APICDA's goal for 1998 is to provide vocational education and training assistance for any resident who desires the opportunity or needs help. During the first quarter, fifteen individuals attended various vocational education or specialized training programs.

3.) Education: A total of twenty individuals used APICDA higher education scholarships during the first quarter of the year. Generally, each scholarship is in the amount of \$3,000 for the school year.

4.) APICDA Joint Ventures, Inc. (AJV) Activities: AJV activities during the first quarter consisted of overseeing the various subsidiary corporations, including Atka Pride Seafoods, Kayux Development, L.L.C., APICDA Vessels, Inc., the Nelson Lagoon Storage Company, L.L.C., the Nazan Bay Inn, Prowler, L.L.C., Ocean Prowler, L.L.C., and Golden Dawn, L.L.C. AJV continued to discuss the formation of new joint ventures corporations, and to review other investment opportunities.

5.) APICDA Vessels, Incorporated (AVI): AVI activities during the first quarter consisted of managing its various vessels. This included the three AP boats, the *Stardust*, and the *Bonanza*, and the halibut sport charter vessel *Grand Aleutian*. The *Bonanza* operated out of Homer, fishing for Pacific cod (bad weather and ice contributed to a poor season). The *Stardust* attempted to fish Pacific cod out of Unalaska, but the bad winter eliminated opportunities.

6.) Small Vessel Acquisition Program (SVAP): During the December, 1998, board meeting, the SVAP was suspended for 1998. The suspension will carry into 1999 while the board reviews methods to improve the program.

7.) Kayux Development L.L.C.: Construction of the new outfall on St. George Island was completed in December. Funds for the project were advanced by Kayux Development, L.L.C. Senator Stevens included an appropriation to reimburse

Kayux for the construction costs. The new outfall has positive environmental impacts since it disperses processing waste away from a nearby fur seal rookery and expands the processing capability of the harbor. The federal funds should be available during the second quarter.

8.) Atka Pride Seafoods (APS) Activities: APS is in the process of planning for the upcoming year.

9.) Puffin Seafoods, L.L.C.: The Puffin Seafoods, L.L.C., board met and decided to tender the 1999 St. George halibut catch to St. Paul. The halibut will be processed at the St. Paul Trident Seafoods plant. Weather conditions (poor visibility) and the high cost of air freight combined to render a fresh halibut operation financially impractical. A processing facility is needed to deal with the variability of the weather, but the amount of halibut available to the local fishermen is insufficient to justify construction of such a facility. The only reasonable option for 1999 is to tender halibut to St. Paul. Tending will be done by the F/V *Stardust*, owned by APICDA Vessels, Inc.

The APICDA board has instructed staff to develop plans to make processing available in St. George by or during the year 2000.

10.) Nelson Lagoon Storage Company, L.L.C.: Minor work remains to be completed before the facilities are fully functional. The company is open for business, however, and some vessels and gear are being stored in the facility.

11.) OceanLogic, L.L.C.: OceanLogic, L.L.C., a partnership between APICDA Joint Ventures, Inc., Yukon Delta Fisheries, Inc., and Parity Corporation, completed Version 1.2 of its CatchPoint *Quota Manager* software in early February. Quota Manager facilitates the electronic collection, transfer, dissemination, and management of harvest data with particular emphasis of tracking quotas. The software enables the commercial fishing industry to have immediate (real or near-real time) access to comprehensive harvest data from their vessel(s) and/or their processing operation(s).

12.) False Pass Processing Assessment: AJV purchased the barge Dipper in August, 1998. In late January, 1999, the state authorized AJV to begin maintenance and other renovation work on the vessel. Unfortunately, the good fall weather turned into the worse winter in years, and very little work could be performed. When complete, AJV plans to moor the barge in False Pass to process Pacific cod, salmon and other species. The barge is now behind schedule, but we remain hopeful it can be on scene in False Pass by late August or early September.

13.) Nikolski Near Shore Resource Assessment: APICDA is developing plans to conduct an assessment of the near shore fishery resources in the Nikolski area. The focus will be on rockfish, sea bass, octopus, shrimp and other species. Dependent upon the assessment, APICDA (in conjunction with the Nikolski Fishermen's Association) will develop plans for a small scale commercial fishery based upon the species identified as having the greatest potential.

15.) Charter Vessel Grand Aleutian: The halibut sport fishing vessel *Grand Aleutian*, one of the Aleutian region's premiere sport fishing vessels, commenced operations in June, 1998. During the first quarter, the effort focused on marketing the vessel.

16.) Sea Urchins: APICDA will be submitting applications to ADF&G in late April to conduct sea urchin mariculture operations at various locations in the Aleutian Islands and the Alaska Peninsula. APICDA will also continue its sea urchin resource assessment this summer.

17.) Flatfish Development: APICDA is developing plans to become a participant in the flatfish industry. We have retained individuals familiar with the industry and marketing to assist us.

B. Outreach

APICDA's human resource administrator, Aimee Kniazowski, conducted numerous meetings with the local Community Liaison Officers and our harvesting partners to discuss ways to improve and expand communications with local residents.

C. Employment

1.) Management/Administrative: During the first quarter, there were twenty-one local residents who received compensation for management/administrative duties. These function ranged from staff employment, honorariums, to Community Liaison Officers (CLO) activities. The total expended during the quarter was \$76,677.

2.) Direct Employment from CDQ Pollock Fishing: There were seven residents employed in pollock fishing and/or processing operations at-sea on the Starbound during the quarter. Total compensation was \$106,850.

3.) Other Fishing: Twelve individuals were employed as crew members in the crab and Pacific cod fisheries. Total wages were \$59,751.

4.) Other Employment: Twenty-one individuals were employed in a variety of non-direct fishery activities, including the gear storage warehouse in Nelson Lagoon, construction projects directly related to APICDA CDP projects, and other activities.

5.) Interns: There were no interns during the first quarter.

See Table 8 for a quarterly and year-to-date review of employment activity.

D. Training & Education

1.) Vocational Education: During the first quarter, fifteen individuals attended various vocational education or specialized training programs.

2.) A total of twenty individuals used APICDA higher education scholarships during the first quarter of the year. Generally, each scholarship is in the amount of \$3,000 for the school year.

See Table 9 for a review of training and education activity.

E. Other Issues

There are no other issues not otherwise addressed.

III. Administration

A. Board Activities

1.) Changes in Board Members: There were no changes in board members during the quarter.

2.) Decisions/Actions: There were no other decision or actions of major consequence that are no included here or in the confidential section of this report.

3.) Schedule for Next Quarter: The next board meeting will be in April, immediately following the village conference.

B. CDP Amendment Status

There was one substantial plan amendment during the first quarter: a comprehensive modification of the 1999 budgets, reflecting the board's December actions..

IV. Fishing

A. Harvest Activities for the Quarter

1.) Pollock CDQ Harvest: APICDA completed its Bering Sea "A" Season CDQ pollock fishery during the first quarter. A total of 7,134 mt of pollock was harvested, out of a "A" Season allocation of 7,142 mt. There were no discards of pollock. Groundfish bycatch was approximately 96 mt, primarily flatfish. PSC catch consisted of 44 halibut, no pounds of herring, no crab, 133 chinook salmon, 160 chum salmon, and 16 unidentified salmon.

See Table 10 for a review of the fishery.

There were no other CDQ fisheries during the first quarter. During the second quarter, the following fisheries should commence: opilio Tanner crab, Pacific cod, halibut, sablefish, and Atka mackerel and Pacific Ocean Perch.

B. Compliance

APICDA and its partners are and were in full compliance with all NMFS and State of Alaska reporting requirements.

C. Other Fishing Issues/Activities

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There were no other fishing issues or activities.

Table 1
Akutan Milestones

Project	Completion Date	Status
Initiate stevedore operations	Winter, 1998	On hold.
Initiate shoreside flatfish fillet and processing operation	Winter, 1999	Under review. Analysis underway. Market conditions are poor.
Initiate crab joint venture with Trident	Winter, 1998	Complete.
Construction of Akutan small boat moorage facility/boat harbor.	2000	\$1 million commitment by APICDA. Permitting underway.
Construct cod processing plant	2000	Pending.

Table 2
Atka Milestones

Complete construction of Atka dock.	Summer, 1997	Complete.
Purchase transient camp and other equipment.	August, 1997	Complete.
Open hotel.	Fall, 1997	Complete.
Complete expansion of water to dock.	Continuing.	Complete.
Continue water tax and pilot boat business.	Summer, 1997	Continuing.
Process sablefish CDQ	Winter, 1998	Spring/summer/fall.
Offer stevedore services.	Spring, 1998	On hold.
Expand processing at APS, both by species and time of year.	Summer/fall, 1998	Underway.
Double cold storage capacity at APS.	Summer, 1998	Complete.
Offer water supply service for vessels at dock.	Spring, 1999	Complete.
Commence value-added production for sablefish, halibut and cod at APS.	Summer, 1999.	Continuing.
Provide warehouse storage opportunity.	Spring, 1999	Continuing.
Add other groundfish species to APS operation	Summer, 2000	Continuing.
Provide limited vessel repair opportunity.	Summer, 2000	Continuing.
Provide fuel depot services.	Summer, 2001	Discussions underway.

Table 3
False Pass Milestones

Complete construction and locate Dipper in community for processing.	July, 1999	In progress.
Begin processing Pacific cod and salmon.	July, 1999	August/Sept., 1999.
Employ ten local residents in connection with Dipper operations.	July, 1999	In process.
Purchase and process 860,000 pounds of Pacific cod.	By December 31, 1999	In process.
Operate profitably in 1999.	December 31, 1999	In process.
Process Pacific cod and salmon in 2000.	Year 2000	Year 2000
Employ fifteen local residents in connection with Dipper operations.	Year 2000	Year 2000
Purchase and process 2.9 million pounds of Pacific cod.	Year 2000	Year 2000
Operate profitably in 2000.	Year 2000	Year 2000
Process Pacific cod and salmon in 2001.	Year 2001	Year 2001
Employ fifteen local residents in connection with Dipper operations.	Year 2001	Year 2001
Purchase and process 2.9 million pounds of Pacific cod.	Year 2001	Year 2001
Operate profitably in 2001.	Year 2001	Year 2001

Table 4
Nelson Lagoon Milestones

Develop storage business	Spring, 1997	Complete.
Open storage business	August, 1997	Complete.
Consider construction of processing plant	Escalating	Continuing.
Complete processing plant decision-making process	Fall, 1998	Fall, 1999.
Construct processing plant (if approved)	Spring, 1999	Spring, 2000.
Open processing plant.	Summer, 1999	Summer, 2000.

Table 5
Nikolski Milestones

Complete construction of concrete boat ramp in Nikolski	Spring, 1997	Completed.
Construct barge for fishermen's association	Spring, 1997	Completed.
Submit mariculture proposal.	Winter, 1999	In progress.
Commence near shore resource assessment.	Spring, 1999	In progress.
Evaluate near shore fishing opportunities	Fall, 1999	Fall, 1999
Commence mariculture operations	Spring, 2000	Spring, 2000

Table 6
St. George Milestones

Complete processing plant decision-making process	Fall, 1997	Complete.
Use Small Vessel Acquisition Program to identify boats (if processing plant decision approved)	Fall, '97 - Spring, '98	SVAP suspended for 1998/99.
Initiate gear and vessel upgrade program	Fall, '97 - Spring, '98	Complete.
Construct fish handling plant	Spring, 1998	Construction continuing.
Open fish handling plant	Summer, 1998	Complete.
Identify Tract I tenants or generate revenue from facilities	Fall, '97 - Winter, '98	Tenant discussions continuing.
Evaluate/decide on construction of northeast side boat ramp	Summer, 1997	Decision not to proceed, Dec. 1998 board meeting.
Construct new outfall and other harbor improvements, through Kayux Development, L.L.C.	Fall, 1998	Complete.

Table 7
Other APICDA Milestones

Purchase large commercial fishing vessels	Ongoing	Continuing.
Continue Quota Share Loan Guarantee Program	Ongoing	Continuing.
Purchase Quota Shares	Ongoing	Continuing.
Complete evaluation of stevedore business joint venture	1998	On hold.
Provide annual donation to local fishermen's associations	Spring (each year)	Continuing.
Annual conference of Community Liaison Officers	Winter (each year)	Continuing.
Assessment of Product Diversification Program expansion opportunities	Ongoing	Ongoing
Develop flatfish operation.	Ongoing	In process.
Distribute annual school grants	Winter (each year)	Continuing.
Establish higher education scholarship funding levels and identify recipients	Spring (each year) Fall (each year)	Ongoing.
Continue implementation of Small Vessel Acquisition Program	Ongoing	SVAP suspended for 1998/99.
Assess sea urchin resource	Summer, 1997	Additional assessment in '99.
Develop mariculture proposal for Atka, Akutan, Nikolski, & False Pass	Winter, 1999	In progress.
Implement mariculture program	Spring, 2000	Spring, 2000.
Develop small boat fleet joint venture with Yukon Delta Longline, Inc.	Fall, 1998	Unsuccessful.
Evaluate all joint venture and subsidiary investments from a goal, objective, and profit making perspective	Quarterly	Continuing.

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Table 8

CDQ Local Resident Employment for First Quarter, 1999 and Year-to-Date

	Quarter		Year-to-Date		Year-
	<u>Positions/ Trips</u>	<u>Wages</u>	<u>Positions/ Trips</u>	<u>Wages</u>	<u>to- Date People</u>
Management/Admin.	21	\$ 76,677	21	\$ 76,677	21
CDQ Pollock Related					
“A” Season	7	106,850	7	106,850	7
“B” Season	0	0	0	0	0
Other Fishing	12	59751	12	59751	12
Other Employment	21	78,937	21	78,937	21
Internships	0	0	0	0	0
Total	61	\$322,214	61	\$322,214	61
Total Unique Individuals	57				57

Table 9
Training and Education

Category	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-secondary	20	\$ 31,500	20	\$ 31,500
Vocational	15	4,527	15	4,527
Voc-Tech Classes				
Basic	0	0	0	0
Advanced	0	0	0	0
Other Training				
Fisheries Related	0	0	0	0
Student Loans	0	0	0	0
CDQ Staff/Board	0	0	0	0
Other (CLO Conference)	0	0	0	0
Other Expenditures				
To Educational Institutes	0	0	0	0
Other	0	0	0	0
Total	35	\$ 36,027	35	\$ 36,027

Table 10
APICDA 1999 CDQ Harvest

Species	Metric Tons Allocated	Metric Tons Harvested	Percentage of Allocation	% of Target Fishery
Pollock CDQ Harvest				
Bering Sea "A" Season	7,142.40	7,132.74	99.87%	99.87%
Aleutians	n/a	n/a	n/a	n/a
Bering Sea "B" Season	8,729.60	0.00	0.00%	0.00%
Total	15,872.00	7,132.74	44.94%	44.94%
Bycatch				
Pacific Cod (mt)		17.10		
Other Flatfish (mt)		0.00		
Arrowtooth Flounder (mt)		0.26		
Flathead Sole (mt)		43.21		
Rock Sole (mt)		30.88		
Rex Sole (mt)		0.05		
Yellowfin Sole (mt)		0.14		
Alaska Plaice (mt)		0.11		
Greenland Turbot (mt)		0.04		
Pacific Ocean Perch (mt)		0.00		
Sculpins (mt)		0.37		
Smelt (mt)		0.03		
Sharks (mt)		0.00		
Skates (mt)		4.87		
Squid (mt)		0.00		
Halibut (numbers)		44		
Herring (mt)		0.00		
King Crab (numbers)		0		
Unspecified T. Crab (numbers)		0		
Bairdi Tanner Crab (numbers)		0		
Opilio Tanner Crab (numbers)		0		
Jelly Fish (mt)		91.98		
Chinook Salmon (numbers)		133		
Chum Salmon (numbers)		160		
Unspecified Salmon (numbers)		16		
Total Grd' fish Harvest (mt)		7,365.79		

Table 10 (continued)
APICDA 1999 CDQ Harvest

Species	Metric Tons Allocated	Metric Tons Harvested	Percentage of Allocation	Percent of Target Fishery
Atka Mackerel CDQ	996.00	0.000	0.00%	0.00%
Pacific Ocean Perch CDQ (AI)	202.20	0.000	0.00%	0.00%
Total	1,198.20			
Bycatch		0.000		
BS Sablefish		0.000		
AI Sablefish		0.000		
Pacific Cod		0.000		
Yellowfin Sole		0.000		
Rock Sole		0.000		
BS Greenland Turbot		0.000		
AI Greenland Turbot		0.000		
Arrowtooth Flounder		0.000		
Flathead Sole		0.000		
Other Flatfish		0.000		
BS Pacific Ocean Perch		0.000		
BS Other Red Rockfish		0.000		
AI Sharpchin/Northern Rockfish		0.000		
AI Shortraker/Rougheye Rockfish		0.000		
BS Other Rockfish		0.000		
AI Other Rockfish		0.000		
Squid		0.000		
Other Species		0.000		
Pollock		0.000		
Zone 1 Red King Crab		0.000		
Zone 1 Bairdi Tanner Crab		0.000		
Zone 2 Bairdi Tanner Crab		0.000		
Opilio Tanner Crab		0.000		
Pacific Halibut (mortality/mt)		0.000		
Chinook Salmon		0.000		
Non-Chinook Salmon		0.000		
Total Grd'fish Harvested		0.000		

Table 10 (continued)
APICDA 1999 CDQ Harvest

Species	Metric Tons Allocated	Metric Tons Harvested	Percentage of Allocation	Percent of Target Fishery
Pacific Cod CDQ	2,124.00	0.000	0.00%	0.00%
Bycatch				
BS Sablefish		0.000		
AI Sablefish		0.000		
WAI Atka Mackerel		0.000		
CAI Atka Mackerel		0.000		
EAI/BS Atka Mackerel		0.000		
Yellowfin Sole		0.000		
Rock Sole		0.000		
BS Greenland Turbot		0.000		
AI Greenland Turbot		0.000		
Arrowtooth Flounder		0.000		
Flathead Sole		0.000		
Other Flatfish		0.000		
BS Pacific Ocean Perch		0.000		
WAI Pacific Ocean Perch		0.000		
CAI Pacific Ocean Perch		0.000		
EAI Pacific Ocean Perch		0.000		
BS Other Red Rockfish		0.000		
AI Sharpchin/Northern Rockfish		0.000		
AI Shortraker/Rougheye Rockfish		0.000		
BS Other Rockfish		0.000		
AI Other Rockfish		0.000		
Squid		0.000		
Other Species		0.000		
Pollock		0.000		
Zone 1 Red King Crab		0.000		
Zone 1 Bairdi Tanner Crab		0.000		
Zone 2 Bairdi Tanner Crab		0.000		
Opilio Tanner Crab		0.000		
Pacific Halibut (mortality/mt)		0.000		
Chinook Salmon		0.000		
Non-Chinook Salmon		0.000		
Total Grd'fish Harvested		0.000		

Table 10 (continued)
APICDA 1999 CDQ Harvest

Halibut Harvest	CDQ				Remaining
		Allocation (lbs)	Harvest (lbs)	% of Allocation	Allocation (lbs)
	Area 4B	796,000	0	0.00%	796,000
	Area 4C	101,500	0	0.00%	101,500
	Total	897,500	0	0.00%	897,500

Sablefish Harvest	CDQ				Remaining
		Allocation (lbs)	Harvest (lbs)	% of Allocation	Allocation (lbs)
	Bering Sea	68,453	0	0.00%	68,453
	Aleutian Islands	44,312	0	0.00%	44,312
	Total	112,765	0	0.00%	112,765

Crab CDQ Harvest				Remaining	
	Allocation (lbs)	Harvest (lbs)	% of Allocation	Allocation (lbs)	
	St. Matthew's King Crab	unknown	unknown	0.00%	unknown
	Bristol Bay Red King Crab	unknown	unknown	0.00%	unknown
	Opilio Tanner Crab	967,433	0	0.00%	967,433
	Total	967,433	0	0.00%	967,433