

CBSFA

Central Bering Sea Fishermen's Association

Community Development Plan (CDP) for
2001-2002 Multi-Species Community Development Quota (CDQ) Program
First Quarter 2001 Report

Prepared for:
State of Alaska

April 30, 2001

TABLE OF CONTENTS

	Page
I. Quarterly Highlights.....	3
II. Community Development.....	4
A. Progress Toward Goals, Objectives, Milestones	
B. Outreach	
C. Employment	
1. Data Form	
2. Summary	
D. Training	
1. Data Form	
2. Summary	
E. Other Issues	
III. Administration.....	19
A. Board Activities	
1. Change in members	
2. Substantial Decisions	
3. Minutes (confidential)	
B. State of Alaska Reporting Compliance	
C. Amendment Status	
D. Other Issues	
IV. Harvesting Report.....	20
A. Pollock and Multi-species CDQ Harvest Activities by Target Fishery	
1. Summary of harvesting activities by Target Fishery	
B. Pollock and Multi-species CDQ Harvest by Quarter and Year-to-Date	
1. Consolidated Summary of CDQ harvesting activities.	
C. Compliance	
Other Fishing Issues / Activities	
V. Confidential Issues.....	23
A. Financial Statements – CDQ Group	
1. Consolidated Income Statement	
2. Consolidated Balance Sheet	
3. Cash Flow Statement	
4. Subsidiary Report	
a. Income Statement (if required)	
b. Balance Sheet (if required)	
5. Consolidated General and Administrative Expenses	
6. Budget Summary	
7. Notes to Financial Statements (including quarterly and YTD CDQ Royalties by species)	
B. Tax Issues	
C. Imminent Major Investments	
D. Other – BOD Meeting Minutes	

Central Bering Sea Fishermen's Association

I. Quarterly Highlights – 1st Quarter

- ❑ Finalized additional investment in American Seafoods.
- ❑ CBSFA attended the annual meeting of the International Pacific Halibut Commission (IPHC). Halibut fishing is a major contributor to the local economy. CBSFA's allocation remains the same as the year 2000.
- ❑ The quarter 1 newsletter was published and distributed to the community.
- ❑ CBSFA completed two surveys. One to get community input on CBSFA's programs and another to get feedback from the fishermen on the halibut fishery, focusing on the 2000 season.
- ❑ Scholarships and loans were awarded to students attending universities and colleges.
- ❑ Grants were awarded for vocational and technical training.
- ❑ CBSFA's partner fishing vessels completely harvested its C. Opilio allocation.
- ❑ CBSFA's fishing partners began harvesting pollock and pacific cod.

II. COMMUNITY DEVELOPMENT

A. PROGRESS TOWARD MULTI-SPECIES GOALS, OBJECTIVES, PROJECTS, AND MILESTONES

Goal 1: Develop the Small Boat Harbor (SBH)

Objective: Actively represent local fishermen's interests in the construction, funding and operation of this regional project.

Milestone 1: *Continue Local Share Set-Aside program*

Status: CBSFA is continuing to save money toward the development of a small boat harbor on St. Paul Island. Ongoing.

Milestone 2: *Continue efforts to seek additional Local Share funding*

Status: CBSFA is actively working with other entities to seek additional local share funding for the Small Boat Harbor. A joint CBSFA-City Harbor projects funding package will be presented in Juneau in May.

Milestone 3: *Facilitate efforts to secure multi-entity uplands access agreement*

Status: Ongoing. Currently two firms, Polar Consult (City of St. Paul) and DHI (TDX Corporation) are working together to draft the uplands access agreement.

Milestone 4: *Seek State and Federal approval to accelerate ramp construction*

Status: CBSFA has determined that ramp construction cannot be pushed forward because the ramp will have to be relocated when the Small Boat Harbor (SBH) is built. However, we are planning on a temporary ramp rehabilitation project in 2001 to support the local fishing fleet. This project will be funded using C. Opilio disaster relief grant funds.

Milestone 5: *Pending approval, construct ramp during summer 2001 season*

Status: See Milestone 4.

Milestone 6: *Develop SBH Business Plan that includes long-term O & M funding options*

Status: CBSFA is awaiting the completion of the final Corps of Engineers general re-evaluation report of the proposed SBH, which includes updated economic analysis. We expect that to occur this summer. Following this, the SBH Business Plan will be completed. Ongoing.

Goal 2: Support Development of St. Paul Harbor Based Projects

Objective: Identify opportunities and make strategic investments and allocations decisions

Milestone 1: *Negotiate deployment of shore-based processor at City dock*

Status: The ASC/Katie Ann project has been replaced by a new shore-based processor project because of several factors that make the Katie Ann unavailable.

Milestone 2: *Conduct joint Multi Species Development Study (MSD Study) in partnership with American Seafoods*

Status: CBSFA will be contracting with Natural Resource Consultants to conduct this study on behalf of CBSFA, the City of St. Paul and certain private sector entities. Fall 2001 is the estimated completion date.

Milestone 3: *Short list opportunities, conduct due diligence*

Status: Contingent upon MSD Study. Ongoing.

Milestone 4: *Make final determination, develop business plans and make investment or allocation decisions consistent with MSD Study.*

Status: Contingent upon MSD Study. Ongoing.

Goal 3: Direct Investment in Strategic Fisheries & Vertical Industries

Objective: Economic growth and diversification by expanding our active participation in strategic fisheries.

Project 3A: American Seafoods Corporation

Milestone 1: *Monitor and participate in ASC Board activities*

Status: CBAFA has participated in every Board meeting since acquiring an equity stake in the company.

Milestone 2: *Strengthen CBSFA/ASC management relationship*

Status: CBSFA and ASC have worked closely together in the 1st quarter on proposed projects such as halibut processing and shore based processing.

Project 3B: Freezer / Longliner Investment

Milestone 1: *Conduct due diligence on North Cape acquisition in late 2000*

Status: Completed. In Q4 2000 the BOD decided to postpone a direct investment. Investment opportunities continue to be analyzed.

Milestone 2: *Make final determination, develop Business Plan and make investment consistent with due diligence, MSD Study and other strategic guidelines.*

Status: Ongoing.

Project 3C: Misty Islands Seafoods

Milestone 1: *Review opportunities identified in MSD Study*

Status: Contingent upon completion of MSD Study and crab rationalization efforts.

Milestone 2: *Short list MSD Study opportunities, conduct due diligence*

Status: Contingent upon completion of MSD Study.

Milestone 3: *Make final determination, develop business plans and make investments consistent with MSD Study.*

Status: Contingent upon completion of MSD Study.

Project 3D: F/V Zolotoi

Milestone 1: *Continue to seek CDQ Cod exemption*

Status: CBSFA filed a request for the exemption with Dr. Balsinger. No action has been taken to date. This will be an agenda item at the next vessel partner's meeting.

Milestone 2: *Continue involvement in Crab Rationalization policy initiatives*

Status: Steve Minor continues to represent CBSFA and Saint Paul in the Crab Rationalization process. St. Paul has worked to pull together a majority of the Crab Rationalization committee to support a preferred framework, which has now been presented to the NPFMC. St. Paul is also the author of the "Regionalization" concept currently under consideration by the Council as a preferred community protection mechanism.

Milestone 3: *Continue involvement in Vessel Buy-back policy initiatives*

Status: Mateo Paz-Soldan and Steve Minor, working for CBSFA and the City, are also actively engaged in the effort to fully fund the crab buy-back program authorized by Congress.

Project 3E: F/V Ocean Cape

Milestone 1: *Continue to seek CDQ Cod exemption*

Status: CBSFA filed a request for the exemption with Dr. Balsinger. No action has been taken to date. This will be an agenda item at the next vessel partner's meeting.

Milestone 2: *Continue involvement in Crab Rationalization policy initiatives*

Status: Steve Minor continues to represent CBSFA and Saint Paul in the Crab Rationalization process. St. Paul has worked to pull together a majority of the Crab Rationalization committee to support a preferred framework, which has now been presented to the NPFMC. St. Paul is also the author of the "Regionalization" concept currently under consideration by the Council as a preferred community protection mechanism.

Milestone 3: *Continue involvement in Vessel Buy-back policy initiatives*
Status: Mateo Paz-Soldan and Steve Minor, working for CBSFA and the City, are also actively engaged in the effort to fully fund the crab buy-back program authorized by Congress.

Goal 4: Development of Local Fisheries

Objective: Create support programs for the development of local fisheries.

Project 4A: Local Fleet Cod Fishery

Milestone 1: *Analyze opportunity within scope of MSD Study*

Status: Contingent upon completion of the MSD Study. Fall 2001 is the estimated completion date for the MSD study. However, it is worth noting two recent advances: (1) Trident is now processing salt cod for the first time on St. Paul Island, which should increase demand and ex-vessel prices for the Local Fleet and (2) CBSFA is actively seeking cod buyers through our CDQ Halibut RFP process.

Milestone 2: *Advocate for super-exclusive local fishing zone in Pribilofs*

Status: A framework for the super-exclusive cod fishery zone has been developed. We are waiting for the Crab Rationalization effort to move forward at the Council level before introducing this new program into the Council process. Ongoing.

Milestone 3: *Create or revise programs and amend CDP as necessary to support development of Local Fleet Cod Fishery consistent with MSD Study.*

Status: Based on Milestone 1 and 2 above, we expect this to be a Q2, 2002 project.

Project 4B: Vessel & Gear Loans, IFQ Loans, Business Loans

Milestone 1: *Annually review loan performance, program policies and budgets*

Status: CBSFC held a workshop on March 30, 2001. The agenda included a “review of CBSFC loan/scholarship policies and procedures.”

Milestone 2: *Analyze Loan Program structure and make strategic recommendations to Board*

Status: Ongoing.

Milestone 3: *Implement Board-approved recommendations, if any*

Status: Ongoing.

Project 4C: Local Fleet Halibut Fishery

Milestone 1: *Review success of 2000 CDQ halibut fishery and review associated programs and policies*

Status: The 2000 program was reviewed and CBSFA issued a 2001 RFP based on last year’s success and experience. A survey was conducted in the first quarter. The 2001 CDQ Halibut RFP closes April 30, 2001.

Milestone 2: *Analyze additional Area 4 halibut opportunities within scope of MSD Study*
Status: Contingent upon MSD study. Ongoing.

Milestone 3: *Create or revise programs and amend CDP as necessary to support continued development of Local Fleet Halibut Fishery and funding of Local Fleet Support Programs consistent with MSD Study and SBH Business Plan.*
Status: Contingent upon MSD study. Ongoing.

Milestone 4: *Annually conduct Halibut CDQ Fishery Management Plan meeting with local fleet*
Status: The 2001 Halibut Fishery Plan meeting will be held in May.

Project 4D: Vessel Support Program

Milestone 1: *Until SBH completion, annually deploy and retrieve floating dock system*
Status: Preparations are currently being made for deployment of the floating docks. Arrangements are being made to rent a crane. Ongoing.

Milestone 2: *Provide Vessel Launch and Retrieval services consistent with Local Fleet needs.*
Status: As part of a new CDQ Halibut processing agreement, CBSFA has negotiated with Trident Seafoods to insure Local Fleet access to their cranes for vessel launch and retrieval. In addition, CBSFA has submitted a Disaster Relief application with the State and the proceeds of that application will be used for (a) ramp rehabilitation, and (b) acquisition of a new trailer for the Local Fleet and (c) acquisition of a new dock access ramp.

Project 4E Acquire Vessel Launch & Retrieval System

Milestone 1: *Take action consistent with CY 2000 due diligence and progress of Small Boat Harbor project*

Status: Acquiring a permanent vessel launch and retrieval system is contingent upon the small boat harbor project, until that time a temporary system is in place.

Project 4F: Vessel Repair & Maintenance Program

Milestone 1: *Annually conduct Local Fleet Needs Assessment*

Status: Completed. Local fishermen were surveyed in quarter 1.

Milestone 2: *Issue RFP and conduct program if local needs warrant*

Status: CBSFA is facilitating a boat engine repair/maintenance with Coastal Marine Engine, Inc. A certified mechanic will be performing the work on St. Paul.

Project 4G: Acquire Vessel Repair & Maintenance Facility

Milestone 1: *Finalize building plan including construction finance, land acquisition and operations by Q1 2001.*

Status: Polar Consultants, engineering firm, sent CBSFA two conceptual layouts for the vessel repair facility in February 2001. The final building plans, construction finance, and land acquisition are ongoing.

Milestone 2: *Contingent upon securing land, permits and financing, begin construction by Spring 2002.*

Status: Ongoing.

Goal 5: Education and Outreach Project

Objective: Create programs that lead to the training, education and employment of our residents.

Project 5A: Student Loans, Scholarships & Training Grants

Milestone 1: *CBSFA will fund a scholarship and student loan program*

Status: CBSFA is continuing its scholarship and student loan program. Students were awarded funds for the Spring 2001 semester.

Milestone 2: *Annually review loan performance*

Status: The CBSFC Board of Directors held a workshop on March 30, 2001 and reviewed all the loan programs including student loans. Student loan payment policies were reviewed and discussed.

Milestone 3: *Annually review loan and scholarship policies and budgets*

Status: The CBSFC Board of Directors held a workshop on March 30, 2001 and reviewed and discussed student loan and scholarship budgets and policies.

Project 5B: Outreach Program

Milestone 1: *Continue quarterly newsletter*

Status: Ongoing. The first quarter newsletter was completed. (enclosed)

Milestone 2: *Continue annual Community Survey*

Status: Completed in quarter 1.

Goal 6: Investment Fund Policies & Procedures

Objective: Invest excess or held funds in a prudent manner to generate additional income to support programs and projects.

Project: Investment Fund Management

Milestone 1: *Annually review policies and procedures for general accounts*

Status: Due to the general decline of the stock market this past year, CBSFA has held many discussions with its investment fund financial consultant regarding its accounts.
Ongoing.

Goal 7: Administrative Policies & Procedures

Objective: Continue to develop board and management expertise, and make efficient use of r resources.

Milestone 1: *Continue to implement approved Management Review recommendations*

Status: At a CBSFC Board of Directors workshop held on March 30, 2001, the board reviewed and evaluated the CBSFC corporate structure and its goals and mission. CBSFA has engaged the financial services of a new accounting firm, which will include the training (accounting) of CBSFA's Office Manager.

Milestone 2: *Annually secure independent financial & performance audits*

Status: Completed by KPMG.

Milestone 3: *Provide updated Board training and education each year*

Status: Ongoing.

Milestone 4: *Annually review management performance, organization and projects*

Status: Ongoing.

Milestone 5: *Annually review partner(s) performance.*

Status: Ongoing.

Milestone 6: *Annually establish Staff Training plan and budget.*

Status: The CBSFA Office Manager is receiving training in accounting at a newly engaged accounting firm. Ongoing.

Milestone 7: *Periodically review Strategic Plan and Five-Year Financial Forecast*

Status: Ongoing.

Milestone 8: *Participate in NPFMC, IPHC, ABF, BOF and other appropriate policy making forums.*

Status: CBSFA attended the 2001 Annual Meeting of the IPHC. February and April 2001 NPFMC meetings were also attended.

Milestone 9: *Annually establish Community Program plan and budget.*

Status: A survey was completed in quarter 1. Ongoing.

B. OUTREACH

During the month of March CBSFA published a 1st quarter newsletter (enclosed).

Jobs with CBSFA's partners, American Seafoods Company, Icicle Seafoods, and North Cape were advertised through the local radio station on St. Paul (KUHB), flyers posted at the US Post Office, AC Store, City of St. Paul Office, Tribal Government of St. Paul Office, and CBSFA Office.

There was a positive response to CBSFA's job outreach program.

During the first quarter local residents worked for American Seafoods, North Cape Fisheries, and Trident. CBSFA's partner vessels, the F/V Zolotoi and the F/V Ocean Cape, each had one CBSFA member working aboard. Many residents also worked for other crab fishing vessels not associated with CBSFA.

CBSFA conducted two surveys. One survey was designed to received feedback on CBSFA programs and another survey designed to review the halibut fishery, specifically the year 2000.

Newsletter pg. 1

Newsletter pg 2

newsletter pg 3

newsletter pg 4

newsletter pg 5

newsletter pg 6

C. EMPLOYMENT

1. Data Form

	1st Quarter		Year-to-Date		Year-to-Date
	Position/People	Wages	Position/People	Wages	People
Management/Administrative	3	\$35,528.56	3	\$35,528.56	3
CDQ Pollock Related					
A/B Season	1	unknown	1	unknown	1
C/D Season					
Other Fishing	4	unknown	4	unknown	4
Other Employment					
Internships	0	none	0	none	0
Total	8	\$35,528.56	8	\$35,528.56	8

2. Summary

Pollock fishing – One local resident worked for American Seafoods catcher/processor during the A/B pollock season.

Other fishing – Two local residents were hired to work on the F/V North Cape during the P. Cod season. One resident worked aboard the F/V Zolotoi and one resident worked aboard the F/V Ocean Cape during the open access and CDQ C. Opilio seasons.

C. Training

1. Data Form

	1st Quarter		Year-to-Date	
	People	Expenditure	People	Expenditure
Scholarships				
Postsecondary	14	\$36,000.00	14	\$ 36,000.00
Vocational	0		0	
Voch-tech Classes				
Basic	3	\$ 8,100.00	3	\$ 8,100.00
Advanced	0		0	
Other Training				
Fisheries related				
Student Loans	1	\$ 1,500.00	1	\$ 1,500.00
CDQ Staff/Baord	0		0	
Other	0		0	
Other Expenditures				
To Educational Institutes	0		0	
Educational Endowment Funds	0		0	
Other				
Total	18	\$45,600.00	18	\$ 45,600.00

1. Summary

The CBSFC loan committee met on January 4th to review the scholarship and loan applications. Fourteen higher education scholarships were awarded and one loan was awarded. In addition to those listed in the Q1 newsletter Alexandra Philemonoff received a scholarship. Three training grants were awarded (see Q1 newsletter for details.)

III. ADMINISTRATION

A. Board Activities

1. Changes in members

No changes during quarter 1. There is a change to the 2001-2002 CDP, organizational information, page 4. After the CDP was finalized the CBSFA annual elections took place in which Jeffery Kauffman replaced Roman Fratis. This page is included at the end of this quarterly report.

2. Substantial Decisions

The Board decided to exercise CBSFA's warrant in American Seafoods and purchase additional shares. The Board also decided to postpone a direct investment at during quarter one. Investment opportunities continue to be analyzed.

3. Minutes from meetings

Please find minutes under at section V, letter D

B. State of Alaska Reporting Compliance

CBSFA is in compliance with the State of Alaska reporting regulations.

C. Amendment Status

The following amendments were submitted during Quarter 1:

TA 01-01 Addition of F/V Katie Ann to CDP

SA 01-02 Transfer of Atka Mackerel to APICDA for prosecution

D. Other Issues

There are no other issues at this time.

IV. HARVESTING REPORT for Quarter 1 Year 2001

A. Target Fishery Harvest Activities

1. Pollock Harvesting Activities

SPECIES	POLLOCK						Target Fishery Information
	CDQ Allocation	Metric Tons Harvested					
SEASON	Metric Tons Allocated	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	YTD Harvest	% of Target Harvest
"A/B"	2240	1649.63				1649.63	73.64%
"C/D"	3360					0	
BYCATCH						0	
Pacific Cod	15	6.4				6.4	
Greenland Turbot	1	0.01				0.01	
Atka Mackerel	1	0				0	
Rock Sole	20	1.87				1.87	
Flathead Sole	20	1.64				1.64	
Arrowtooth	5	0.11				0.11	
Other Species	5	1.24				1.24	
PROHIBITED SPECIES						0	
Halibut		0.08				0.08	
Opilio Tanner		0				0	
Bairdi Tanner		0				0	
Red King Crab		0				0	
Chinook Salmon	123	55				55	
Other Salmon	157	2				2	
TOTAL HARVEST	5947	1717.98				1717.98	

a. Summary of harvesting activities by target fishery (Pollock)

American Seafoods harvested CBSFA's A/B season pollock during quarter 1.

b. Summary of By-catch in Pollock fishery

There were no significant by-catch problems in the 1st quarter. CBSFA's partner, American Seafoods, consistently operates to minimize by-catch.

2. Pacific Cod Harvesting Activities

SPECIES	Pacific Cod							
	CDQ Allocation	Metric Tons Harvested						Target Fishery Information
SEASON	Metric Tons Allocated	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	YTD Harvest	% of Target Harvest	
Pacific Cod	1355	27.61				27.61	2.04%	
BYCATCH								
Pollock -Non quota - BS	0	3.42				3.42		
Greenland Turbot	1.5	0				0		
Atka Mackerel	13	0				0		
Rock Sole	1	0.01				0.01		
Flathead Sole	5	0.11				0.11		
Arrowtooth	5	0.21				0.21		
Other Species	90	1.62				1.62		
PROHIBITED SPECIES								
Halibut		0.15				0.15		
Opilio Tanner		30				30		
Bairdi Tanner		3				3		
Red King Crab		0				0		
Chinook Salmon		0				0		
Other Salmon		0				0		
TOTAL HARVEST	1470.5	66.13				66.13		

a. Summary of harvesting activities by target fishery (Pacific Cod)

North Cape Fisheries, Inc (F/V North Cape) began harvesting CBSFA's pollock during the 1st quarter.

b. Summary of by-catch in Pacific Cod fishery

CBSFA's small allocation of by-catch, especially, other rockfish and other red rockfish, have forced the F/V North Cape to move to different fishing grounds on a number of occasions to avoid these fish.

3. C. Opilio Harvesting Activities

SPECIES	C. Opilio						
	CDQ Allocation	Pounds Harvested					Target Fishery Information
SEASON	Pounds Allocated	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	YTD Harvest	% of Target Harvest
C. Opilio	356,833	355,651				355,651	99.67%

a. Summary of harvesting activities by target fishery (C. Opilio)

The F/V Zolotoi and the F/V North Cape harvested CBSFA's CDQ C. Opilio.

B. CDQ Harvest by Quarter and Year-to-Date

Species	2001 Allocation	Transfers in (out)	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	YTD Harvest	% of Allocation
Pollock	5,600.00		1,649.63				1,649.63	29%
Pacific Cod	1,410.00		34.01				34.01	2%
Halibut	913,500.00		-				-	0%
Sablefish	38.21		-				-	0%
Atka Mackerel	415.84	(395.00)	395.00				395.00	95%
POP	72.32	(45.00)	45.00				45.00	62%
BB Red King Crab	unkn		-				-	
Opilio Crab	356,833.00		355,651.00					100%
Prohibited Species								
Halibut			0.23				0.23	
Bairdi Crab	18,352.50		3.00				3.00	0%
Opilio Crab	29,362.50		30.00				30.00	0%
Red King Crab	582.00		-				-	0%
Chinook Salmon	123.00		55.00				55.00	45%
Other Salmon	157.50		2.00				2.00	1%

E. Compliance / Enforcement Issues

CBSFA encountered no compliance/enforcement issues while fishing during the first quarter.

F. Other Fishing Issues/Activities

Pollock

There are no other fishing issues / activities to report.

Pacific Cod

There are no other fishing issues / activities to report.

Crab CDQ fishing

CBSFA CDQ C. Opilio fishing activities were completed during the first quarter.

Multi-species groundfish fishing

CBSFA transferred Atka mackerel and a small amount of associated by-catch to APICDA for prosecution.

Halibut CDQ Fishing

There are no other fishing issues / activities to report.

V. CONFIDENTIAL ISSUES