

POLLOCK and MULTI-SPECIES CDQ PROGRAMS  
CVRF QUARTERLY ACTIVITY REPORT  
JANUARY 1 THROUGH MARCH 31, 1999

STATUS AS OF MARCH 31, 1999, WITH SUBSEQUENT  
ACCOMPLISHMENTS AND ACTIVITIES NOTED AS APPROPRIATE

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## I. Quarterly Highlights

The Quarterly Highlights section for the 1st Quarter contains a description of all of the initiatives that CVRF currently has underway. This description will provide to the reader a general understanding of the progress being undertaken by CVRF to accomplish the goals and programs contained within its 1998-2000 Pollock and Multi-Species CDP.

- Coastal Villages Pollock, LLC, a subsidiary company to CVRF, purchases 20% of American Seafoods, LP, the largest offshore fishing company operating in the Bering Sea, Gulf of Alaska, and North Pacific Ocean.
- Coastal Villages Longline, LLC, a subsidiary company to CVRF, purchases a 20% interest in the F/V Ocean Prowler, a freezer-longline vessel operating in the Bering Sea and Aleutian Islands Pacific cod fishery.
- Morgen Crow, former Finance Director of CVRF, is appointed as Executive Director on January 1, 2000.
- CVRF initiates “Ciunerkam Tangruarutii” an ambitious project to develop its 2001 Community Development Plan through a grassroots village-based planning process. Seventeen of the region’s twenty communities are visited during the 1<sup>st</sup> Quarter, with the remaining to be visited during the 2<sup>nd</sup> Quarter.
- CVRF holds a regional planning meeting with representatives from member coastal communities to provide information on a regional port facility that is being proposed for Nunivak Island or another coastal location.
- CVRF’s tax assistance program, in conjunction with the Alaska Business Development Center, visits seven communities and assists in the completion of over 1,100 tax returns.
- Coastal Villages Seafoods, LLC, a subsidiary company to CVRF, continues the planning process for the 2000 summer halibut and salmon seasons. CVSLLC plans to operate in Quinhagak, Toksook Bay, Tununak, Mekoryuk, Chefornek, and possibly in Kipnuk during 2000.
- Arolik River Sportfishing, LLC, owned in part by Coastal Villages Angler, LLC and the Kanektok River Safari’s, Inc. (a subsidiary of the Qanirtuuq, Inc., the Quinhagak village corporation), continues preparations for its first year of sport fish guiding operations on the Arolik River south of Quinhagak.
- Angyat, Inc’s for-profit subsidiary companies reorganize as limited liability companies.

## II. Community Development

### A. Progress toward goals, objectives, milestones

#### 2000 Shoreside Processing Facilities

- Expand halibut buying operations in one or two additional communities - choices include Kipnuk, Chefornek, Quinhagak, or Scammon Bay/Hooper Bay

The two communities of Kipnuk and Chefornek received grants to construct Halibut buying stations in each village. The Plant in Kipnuk will be a new facility with plans for construction once materials arrive by barge to Kipnuk the spring of 2000. This construction is made possible with an EDA \$200,000 grant with matching funds from Coastal Villages and the Kipnuk Traditional Council. Before EDA can sign off on the grant, it must receive approval from the USF&WS, which is concerned about the possible effects on Steller eiders. This issue has the potential of holding up this grant for the 2000 season. Operational plans are in the works for the summer of 2000 if this problem can be resolved.

The Chefornek Traditional Council received the first of its grant funds to begin the rehabilitation of the freezer unit into a Halibut processing plant. Initial activities include upgrading the electrical wiring of the facility prior to refurbishing the interior walls of the future plant and purchasing an ice machine. We expect operations to begin this summer.

- Purchase at least 200,000 pounds of halibut

The halibut season will begin around June 1<sup>st</sup>.

- Operate using local work force only

All plants are to use an exclusively local work force. To date, local resident plant managers have been hired for four plants. These managers are then responsible for recruiting processing workers within their communities.

- Have each plant operational by July 1

Quinhagak, Toksook Bay, Tununak, and Mekoryuk are to begin buying operations by June 1. CVS is working with the communities of Chefornek and Kipnuk to begin operations during the summer season.

- Operate professionally, including proper accounting, efficient employment and crew replacement, efficient decision-making, successful marketing, and good communications

CVS and CVRF are continuing to improve the operations of the salmon and halibut businesses for the 2000 season. Key staff attended training during the 4<sup>th</sup> Quarter of 1999 and again during the 1<sup>st</sup> Quarter of 2000. Supplies and equipment orders have been ongoing during this reporting period. Human Resources plans for the plants' manpower structure, recruitment, selection, and compensation strategies have been developed. Further evidence of operational implementation in these areas will be available at the end of the 2<sup>nd</sup> Quarter.

#### 2000 Groundfish Vessel Investments

- Investigate a minimum of three vessels or vessel owning companies in the freezer-longlining category

Coastal Villages Longline, LLC conducted an extensive investigation of the freezer-longline industry during the final months of 1999 culminating in the purchase of a 20% interest in the F/V Ocean Prowler in January 2000. CVL concentrated its investigations on two vessels with similar capabilities and determined that the Ocean Prowler was best suited to CVL's investment strategy.

- Complete financial analysis of investment opportunities

CVL completed valuations of the vessels under consideration for investment. The full financial analysis was included in the significant amendment, which was approved by the State and NMFS.

- Evaluate resource issues involving the species targeted, regulatory environment, biological status, allocative situation, and commercial value

In addition to the financial analysis, CVL's decision-making included a complete analysis of the issues listed above. The analysis is included in the Business Plan and Investment Policy analysis accompanying the significant amendment for this investment.

- Monitor investments in offshore harvesting vessels on weekly, monthly, and quarterly basis

CVL requests its partner companies to submit weekly reports describing in summary fashion the activities of the previous week. In addition, CVL monitors CDQ harvests on a daily basis and receives quarterly financial reports. CVL has instituted this program for the Ocean Prowler.

#### 2000 Crab Vessel Investments

- Make an investment in a second crab vessel.

No activity during the 1<sup>st</sup> Quarter. Due to the uncertainty of future crab harvest levels, Coastal Villages Crab, LLC is taking a cautious approach to further investment in this sector.

- Maintain two crew members on vessel during CDQ fishing and at least one crew member during open access fishing.

See above.

- Participate in opilio crab, Bristol Bay king crab, and St. Matthew king crab open access and CDQ fisheries.

See above.

- Achieve minimum rate of return.

See above.

- Prepare financial statements and tax returns for new LLC

See above.

- Monitor investments in offshore harvesting vessels on weekly, monthly, and quarterly basis.

See above.

#### 2000 Pollock Vessel Investments

- Investigate investment in the pollock sector by reviewing proposals in the factory/trawler (vessels or companies) and catcher vessel sectors.

During the 1<sup>st</sup> Quarter, Coastal Villages Pollock, LLC completed its analysis of investing in the pollock factory/trawler fishing sector. CVP conducted an extensive investigation, including hiring of independent investment advisors who completed their independent evaluation of investment in American Seafoods. At the conclusion of the investigations, CVP determined that it would make an investment of \$15,000,000 in this company, equal to 20% of the ownership shares. This investment was approved by the State and NMFS during January and closing occurred on January 28<sup>th</sup>.

- Complete financial analysis of investment opportunities

CVP's financial analysis of this investment included review of the financial models created by one of the investors, review of information provided by American Seafoods, and an independent valuation completed by Zachary Scott & Company. Each of these analyses showed the investment to be sound given reasonable assumptions as to the health of the resource, markets, and the capabilities of the harvesting vessels.

- Evaluate resource issues involving species targeted, regulatory environment, biological status, allocative situation, and commercial value.

In addition to the financial analysis, CVP's decision-making included a complete analysis of the issues listed above. The analysis is included in the Business Plan and Investment Policy analysis accompanying the significant amendment for this investment.

- If feasible, complete investment during 2000

The investment in American Seafoods was completed on January 28, 2000.

- Monitor investments in offshore harvesting vessels on weekly, monthly, and quarterly basis.

CVP receives weekly reports from American Seafoods during the height of fishing activity and bi-weekly reports during the remainder of the year. In addition, financial information is presented on a quarterly basis.

#### 2000 Sports Fishing Services

- Develop business plans for two additional rivers

Expansion of the sport fish guiding service into additional rivers is on hold at the present time.

- Develop investment schedules for two additional rivers

See above.

- Manage Arolik River LLC to agreed standards of success

Members of the joint venture, Alaska West, Coastal Villages Angler, and Kanektok River Safaris, Inc., met in February to finalize operational plans for the summer 2000 season. Alaska West has completed planning of a professional guiding service to guide four fortunate anglers daily over a 12-week season. Two boats with 40 hp engines will each carry two anglers and a guide along the Arolik River. The boats will commute between the elegant Alaska West camp on the Kanektok River and the prestigious Arolik River. Members all support this plan as it is bound to entice anglers to return year after year.

- Complete management review of KRSI

No activity to date.

- Establish human resources development goals identified for CVAI and region

Mary Oslin and Mike Sanders of Alaska West established a training plan for two Coastal Village resident trainees for the summer operation. One trainee will be assigned to the Alaska West camp on the Kanektok River to learn the service trait and qualities of a full-service lodge. The other trainee will be taught guiding skills on the boat while people fish on the river. Both trainees will be in Quinhagak one June 1<sup>st</sup> to participate in the construction of the Alaska West camp.

#### 2000 Shoreside Processing Development

- Continue salmon buying and processing business in Kuskokwim Bay with the following performance measures:

- Purchase at least 1.5 million pounds of salmon

The season will begin during the middle of June.

- Institute a quality control program in conjunction with the ARDOR

CVS has determined that it will continue its quality control program as a part of its internal operations. More information on this program will be available in the 2<sup>nd</sup> Quarter report.

- Invest in operations only up to the initial capitalization

CVRF has made a second capitalization of the salmon operation for the 2000 season. CVS plans to operate within those financial constraints.

- Conduct a successful employment and training program, including filling all available positions with local hire, up to 3 internships, and on-the-job training.

CVS will continue the successful employment and training program begun in 1999. Warren Jones, a resident of Quinhagak, will be the operations manager for the Quinhagak plant during 2000. Warren acted as an assistant during the first part of the 1999 season, before taking over full responsibilities for operations during August. Warren has attended two training sessions (one during the 4<sup>th</sup> Quarter and again during the 1<sup>st</sup> Quarter). Warren is responsible for filling all positions at the Quinhagak plant with local labor. He anticipates the ability to increase production in Quinhagak from 11,000 pounds in 1999 to 300,000 pounds in 2000 all with a local labor force. A Quality Control apprenticeship and Office Administration internship candidates have been identified.

- Obtain fishermen loyalty of 75% of Goodnews Bay fishermen and 60% of other region fishermen

The fishery will begin in June, when more information on meeting this milestone will be known.

- Operate professionally, including proper accounting, efficient employment and crew replacement, efficient decision-making, and successful marketing, good communications.

CVS has conducted extensive planning in preparation for the 2000 season. The 1999 Business Plan has been updated for the upcoming season. CVS believes that it has the mechanisms in place to operate successfully this year.

- Continue halibut buying and processing business on Nelson Island with possible expansion into other communities, with the following performance measures:

- Purchase at least 200,000 pounds of halibut

The season is scheduled to open in June.

- Operate using local work force only

Each halibut buying station will be crewed by locally-recruited manager and processors. CVS does not anticipate the need to use outside workers this year.

- Have each plant operating by June 1

CVS will open the Tununak, Toksook Bay, Quinhagak, and Mekoryuk plants by June 1. The Chefornek and Kipnuk plants will be open when upgrades and construction activities are completed.

- Operate professionally, including proper accounting, efficient employment and crew replacement, efficient decision-making, and successful marketing, good communications.

CVS will continue to improve its operations in halibut through the active involvement of the Plants Superintendent, Nick Chanar, of Toksook Bay. Nick has traveled to each of the communities where halibut plants are located to make certain that preparations for the 2000 season have been completed.

#### 2000 Groundfish Vessel Investments

- CVL will employ three people from the region by the end of the season. The new crew member will receive training in longlining needed to achieve full crew member status

The Ocean Harvester began fishing during the 1<sup>st</sup> Quarter with two new crew members from the CVRF region. These crew members have successfully completed their first two trips. Given that they are new crew members, CVL anticipates that there will be two region residents among the crew until one becomes a full crew member. It takes approximately one full season to move from a novice crew member to achieve a full crew share.

- Kokopelli and CVL will provide an analysis prior to the season outlining the maximum capacity of the Ocean Harvester to harvest target species. Goal setting plans to reach these quotas will be made and, if necessary, additional quota investments will be considered to round out the fishing year

For the 2000 season, the AI Sablefish quota was increased by approximately 75%. In addition, CVL and the master of the vessel own quota shares for halibut and sablefish in the Gulf of Alaska, the Aleutian Islands and the Bering Sea. Based upon this significant increase in IFQs and CDQs for 2000, no further purchases of quota shares are anticipated for this season.

- Preseason financial goals will be set including no additional capital infusion and rate of return for fishing season

Over the past two years, Kokopelli Fisheries, the owner of the Ocean Harvester, has improved its financial picture. In 1999, gross stock was increased substantially over 1998. As a result, the vessel showed a cash profit so that no additional capital infusion was required for start up costs for the 2000 season. Kokopelli Fisheries' financial goal for 2000 is to show positive net income, including non-cash items.

- A CVRF region crew member will be identified for long term commitment to work on an iceboat with IFQs and CDQ and a plan laid out for the individual's investment in the Ocean Harvester or similar type vessel.

At the beginning of the 2000 season, the vessel took on two new crew members from the region. As a result, it is too early to determine if either individual will meet the requirements of this milestone. On the other hand,

another region fisherman who is purchasing quota shares with the assistance of CVIF is interested in purchasing additional quota shares and increasing his participation in the fishery.

- Monitor investments in offshore harvesting vessels on weekly, monthly, and quarterly basis.

CVL receives weekly reports from the Ocean Harvester. In addition, CVL is provided quarterly financial reports by the company's accounting firm.

#### 2000 Groundfish Vessel Investments

- CVL will employ four people from the region by the end of the season. The new crew members will receive training in longlining needed to achieve full crew member status

The Prowler group of vessels employed three region crew members during the 1<sup>st</sup> Quarter. Recruitment will continue during the year as fishing opportunities become available on these vessels.

- Ocean Prowler and CVL will provide an analysis prior to the season outlining the maximum capacity of the Ocean Prowler to harvest target species. Goal setting plans to reach these quotas will be made and, if necessary, additional quota investments will be considered to round out the fishing year

CVRF allocated the bulk of its Pacific cod allocation to the Ocean Prowler for the 2000 fishing season. How long it will take to harvest the quota and the vessel's open access opportunities will be determined during the 2<sup>nd</sup> Quarter. Once more information has been gathered, the owners will make a determination if there are other courses of action that should be taken to complete the fishing year.

- Preseason financial goals will be set including no additional capital infusion and rate of return for fishing season

CVL is confident that the vessel will not require additional capital infusions. Given the performance of the vessel during the 1<sup>st</sup> Quarter, CVL believes that its pro forma financial projections are within reach.

- Monitor investments in offshore harvesting vessels on weekly, monthly, and quarterly basis.

CVL requests that certain information be provided on a weekly basis as well as receipt of financial statements on a quarterly basis. Additionally, CVL monitors CDQ harvests on a daily basis.

#### 2000 Groundfish Vessel Investments

- American Seafoods will offer employment to in excess of one hundred people in all aspects of the American Seafoods business

American Seafoods has opened up processing and intern positions to CVRF region residents. CVRF and American Seafoods are committed to increasing the number of residents employed during the remainder of the year.

- CVPI will participate on the American Seafoods board to further the purposes of the company and to further the goals of the CDQ program for the Coastal Villages region

The first American Seafoods board meeting will take place during the 2<sup>nd</sup> Quarter.

- Preseason financial goals will be set including no additional capital infusion and rate of return for fishing season

CVP anticipates that American Seafoods will surpass its forecasted earnings for the year and that there will be no need for further capital infusions.

- Monitor investments in offshore harvesting vessels on weekly, monthly, and quarterly basis

CVP receives weekly reports during the height of the harvesting season and bi-weekly reports during the remainder of the year.

2000 Crab Vessel Investments

- Make final payment on the Silver Spray by April 1 using proceeds from Silver Spray operations and Icicle crab revenues

Final payment was made in December 1999.

- Maintain two crew members on vessel during CDQ fishing and at least one crew member during open access fishing

Two processing positions were filled with CVRF region residents during the winter Pacific cod fishery. Region residents were also scheduled to fill crew positions during the opilio crab fishery beginning on April 1.

X Monitor investments in offshore harvesting vessels on weekly, monthly, and quarterly basis.

CVC receives reports from Silver Spray Seafoods on a weekly basis. It also receives financial reports on a monthly basis.

2000 Outreach

- CVRF will continue implementing its grass roots outreach plan. Performance measures include:

By way of introduction, during the 1<sup>st</sup> Quarter, CVRF initiated a comprehensive grassroots effort to provide the latest information on the CDQ program, CVRF and its programs, and a process to determine what the member communities’ vision for the future development of the program. The process is called “Ciunerkam Tangruarutii.” – translated as “Looking into the Future” It has been conducted by a team of three CVRF staff members and a board member contacting the community to set up a community meeting. At the meeting, the presenters describe 1) CVRF and its mission; 2) the CDQ program; and 3) the Community Development Plan. Then, the meeting participants are broken up into subgroups to cover the following topics: 1) Health & Safety; 2) Youth & Elders; 3) Fisheries Related Development; 4) Employment Training & Education; and 5) Information Technology. Subgroups are asked to 1) identify resources; 2) identify existing programs and services; 3) identify what is needed in the community; and 4) identify how to meet those needs. After the meeting, CVRF goes back and summarizes the results and will work with the village steering committees to strategize where to go from this point. All of the results are to lead to the projects that are to form the in-region component of the 2001 CDP.

By the end of the 1<sup>st</sup> Quarter, CDP meetings had been completed in all but three communities – Kongiganak, Napaskiak, and Oscarville. Meeting dates have been set for these communities. Overall the team members did very well in all the CDP meetings. Most of the steering committee members helped to set up and participated actively. Hooper Bay had the highest turnout of over 200 people who filled the local community hall. Team members are compiling summary reports for each of the meetings.

Below is a summary of the dates when communities were (or will be) visited:

Village	Conference Date	Meeting Date
HPB School	Feb 18	Feb 29
HPB Village		Mar 1
Chefornak	Feb 24	Mar 3
Toksook Bay	Feb 15	Mar 6
Tununak	Feb 15	Mar 6
Tuntutuliak	Feb 23	Mar 13
Eek	Feb 22	Mar 14
Napaskiak		

Oscarville	Mar 27	April 17
Napakiak	Feb 25	Mar 2
Chevak	Feb 28	Mar 20
Scammon Bay	Mar 3	Mar 21
Newtok	Mar 8	Mar 27
Nightmute		Mar 17
Kwigillingok	Feb 28	Mar 30 & 31
Kongiganak	Mar 15	April 27
Kipnuk	Feb 25	Mar 13
Platinum	Mar 9	Mar 22
Goodnews Bay	Mar 7	Mar 16
Quinhagak	Mar 10	Mar 29
Mekoryuk		Mar 21

- Continue on-going media information programs (KYUK, Tundra Drums, KCUK, village cable

CVRF receives recognition for contributing to the KCUK radio station in Chevak and sponsors the 5:30 pm news. CVRF is also given credit for the Native America Calling with KYUK radio station.

- Quarterly newsletter continues publication

The 1<sup>st</sup> Quarter newsletter was distributed in February. Highlights of the issue included information on CVRF's two major investments in American Seafoods and the Ocean Prowler.

- Display is designed and constructed for public forums (AFN, career fairs, FishExpo)

A display was constructed in October of 1999 and has since been expanded and improved. The display was used in the CVRF exhibition during AFN, Fish Expo and visits to UAF, UAA, APU, and regional school district (LYSD, LKSD, Kashunamuit) career fairs.

- 3-4 Village Potlatches will be hosted

During the first quarter a CVRF potlatch was sponsored in conjunction with the Louis Bunyan Memorial Festival in Hooper Bay.

- Website of all CVRF affiliated organizations /CVSI/CVLI/CVCI will be designed and made accessible via the internet

This project is ongoing.

- Leadership Team meetings are held every 6-8 weeks

A CVRF Leadership Team Meeting was held on January 21<sup>st</sup>. The focus of the meeting was to critique the staff rehearsal of the CDP Outreach Community and School meeting presentations. Each pair of staff traveling to the villages to conduct the outreach meetings did practice presentations in front of the Team members and then received feedback on the organization and presentation of the material and activities. This was a very valuable "dry run" exercise and assisted the staff going to the villages in perfecting their presentation and group facilitation skills.

- 5-6 bi-monthly informational articles are submitted to the Tundra Drums for publication

A press release announcing the change in CVRF executive management from Norman Cohen to Morgen Crow was sent to the Anchorage Daily News, The Tundra Drums, and the Delta Discovery.

- CVRF facilitated YK Delta Employers Council meets 4-5 times throughout the year

The YK Delta Employers Council was dissolved in late 1999 due to lack of interest from employers in the private sector. CVRF is a charter member of the Local Advisory Council (LAC) to the Statewide Workforce Investment Board (WIB). The LAC has been working to develop roles and responsibilities of its members.

- CVRF sponsors Junior Achievement (JA) of Alaska in member villages, and facilitates expansion of JA program throughout YK Delta.

1<sup>st</sup> Quarter Alaska Junior Achievement Report

Chevak	8 <sup>th</sup> Grade	Looking for a contractor from the village to teach the class.
Mekoryuk	3 <sup>rd</sup> -6 <sup>th</sup>	Grades 3, 5, & 6 are waiting to be taught
Kwigillingok	K-8 <sup>th</sup>	Will be complete at the end of the school year.
Newtok	K-8 <sup>th</sup>	Will be complete at the end of the school year.
Napakiak	7 <sup>th</sup> -8 <sup>th</sup>	Looking for a contractor from the village to teach the classes
Goodnews	3 <sup>rd</sup> -6 <sup>th</sup>	Looking for a contractor from the village to teach the classes
Hooper Bay	K-8 <sup>th</sup>	Grades 7 & 8 <sup>th</sup> are complete. Coach facilitator teaching grades K-3
		Looking for a contractor for the rest of the grades.
Toksook Bay	K-8 <sup>th</sup>	Will be complete at the end of the year.
Tuntutuliak	5 <sup>th</sup> -8 <sup>th</sup>	Will be complete at the end of the year.
Scammon Bay	K-8 <sup>th</sup>	Will be complete at the end of the year.

- CVRF participates in the development of a regional training center with YKHC and AVCP

CVRF has continued discussions with YKHC and AVCP through the LAC as well as working with the Economic Development Association (EDA) and the Alaska Human Resources Investment Council (AHRIC).

- Each CVRF intern designs and completes a village-based improvement project which supports or compliments a goal identified in CVRF's CDP

Two CVRF interns have been working with a 2<sup>nd</sup> year CVRF intern to propose a CDP project to CVRF.

- CVRF works with industry HR Coalition to create interactive, computer based school to work curriculum

The Seafood Industry HR Coalition, with CVRF as co-chair, has drafted a concept paper on "FishNet." The vision for FishNet is as an interactive web site targeting Alaska youth. The main issues that FishNet strives to address are a) accessibility to accurate and current information about the seafood industry, and b) preparation for ongoing education and work experience necessary for a successful career in the seafood industry. Our goal is to provide students with interactive access to resources and experience geared toward helping them incorporate skills necessary for the world of work. Utilizing the School-to-Work model of School-Based Learning (SBL), Work-Based Learning (WBL), and Connecting Activities (CA), our objectives are a) to develop basic work skills, and b) to promote a strong work ethic through the provisions of virtual and actual experiential learning in a seafood-related environment.

- CVRF forms partnership with YKHC to expand number of village-based para-counselors to address chemical misuse and promote sobriety through education and awareness activities.

CVRF has attempted to partner with YKHC on this project, however, YKHC has had significant turnover in its treatment services department and has been unable to focus on this project. CVRF staff has researched other organizations to partner with to provide expanded services in the villages. Currently, we are discussing program design options with RADACT and the Ernie Turner Center – both highly respected training and treatment services organization.

## 2000 4-SITE Program

- Continue administration of the 4-SITE Program scholarship, internship, apprenticeship, and training programs. Performance measures are as follows:

- CVRF Leadership Team completes fishing industry training need assessment process, designs new training plan using results

This project was dropped based on feedback from the fishing industry that a training program external to the individual companies' internal on-the-job training would not be viewed as useful nor would the trainees receive any additional consideration than any other applicant.

- 12-14 scholarships are awarded for academic or vocational training related to careers in the fishing industry

Currently there are 16 active scholarship recipients for the Spring 2000 semester. Two scholarship applications were submitted for the Summer 2000 semester.

- 8-10 interns/ 7-8 apprentices are placed in CVRF affiliated CDQ business partners

During the 1<sup>st</sup> quarter, CVRF has placed a Human Resources Intern with American Seafoods, an Administrative Assistant intern with Icicle Seafoods, a Human Resources intern with Icicle Seafoods, an engineering apprentice with Icicle Seafoods, an engineering apprentice with Westward Seafoods catcher vessel, and also a deck hand apprentice with Westward Seafoods catcher vessel.

- CVRF Leadership Team implements revised training plan based on needs assessment results

See above as to why this project was dropped.

- 10-12 CVRF residents are trained in technical skills related to careers in the fishing industry

A resident from Quinhagak attended a 2-day training on fish plant management.

- Leadership Team collaborates with AVCP TERO office in administering a regional talent/skill database

This project was dropped in favor of collaborating on an apprenticeship certification program. The first draft of the proposed program is due out for review in April.

- Leadership Team collaborates with YKHC to design culturally relevant "alanon" program for family members of alcoholics and drug abusers.

See comments above regarding re-direction of partnering with RADACT and Ernie Turner Center for the design of this program.

- Continue administration of the Employment Facilitation Program. Performance measures include the following:

- 3-5 new employers join CVRF's employment facilitation network for CVRF residents' training and job placement

CVRF is currently recruiting for 3 employment facilitation coaches.

- Recruitment, selection, management, and training of following staff: 7 Management / Administrative; 10-14 4-SITE; 1 Tax and Permit; 2 offshore.

A Director of Finance joined the CVRF staff at the Anchorage office and an Administrative Assistant has also joined the CVRF staff at the Bethel office.

- Recruitment and placement of following crew: 12 crab, 14 crab processing, 40 rock sole, 12 pacific cod, 6 sablefish/halibut, 115 Pollock, 50 halibut processing, 120 salmon processing, 14 value-added, 50 non-CDQ processing.

Placed 44 individuals for Pollock with 4 rehires for Trident Seafoods. Also placed 9 individuals for cod.

- Conduct 4-6 Y-K Delta Employers' Council meetings to create active network of job referral and placements.

See above reference to the Local Advisory Council (LAC).

- CVRF conducts substance abuse prevention training for all 4-SITE staff.

A certified member from the Ernie Turner Treatment Center will conduct the first full staff training in substance abuse prevention in Bethel on May 9th.

#### 2000 Fisheries Retention

Through CVIF:

- X Determine the effectiveness of the AVCP Revolving Loan Program and make a decision on additional funding for commercial fishermen's loans.

This program has generated a great deal of discussion at the board level. The administration of the program at AVCP has gone through numerous changes leaving CVIF with little information about loan status, applications, etc. It is unlikely that there will be future contributions to this program and CVIF will be looking at other ways of providing capital to region fishermen.

- X Assist fishermen in the purchase of additional halibut and sablefish Quota Shares.

CVIF has received a request from a fisherman to assist in the purchase of additional Quota Shares. Investigation into this possibility will begin during the 2<sup>nd</sup> Quarter.

- X Provide a loan to one additional aluminum welding business and other fisheries-related businesses.

The board has discussed the status of the current aluminum welding loans and has taken action to bring the loans current. One option being pursued is to identify other individuals and/or organizations interested in starting an aluminum welding business. The need for such a service has been identified in several communities.

- X Support VITA program in at least six villages during the tax filing season

Alaska Business Development Center Volunteer Tax and Loan Program went out to the seven CVRF member villages this year with very good results. All the seven villages support this program by donations in cash or in-kind contributions. The ABDC Volunteer Tax and Loan Assistance Program as shown by the numbers below is bringing welcome revenue to the villages. Many individuals who thought they owed taxes ended up as very happy people to be getting refunds through the Earned Income Credit. A more thorough report will be provided to CVRF later this summer.

The results for each village as reported by Maria Bukhonia:

Village	Returns Prepared	Total Refunds	Total Tax Due	Fishermen
Hooper Bay	440			16

Chevak	107			
Toksook Bay	223	\$ 82,000	\$ 30,000	31
Quinhagak	128	\$ 47,000	\$ 7,000	14
Kwigillingok	58	\$ 20,000	\$ 8,000	6
Mekoryuk	63	\$ 21,000	\$ 7,000	12
Napaskiak	108	\$ 58,000	\$ 5,000	12

We expect the numbers to drastically change after the results are received for both Hooper Bay and Chevak. Though the schedules for Hooper Bay and Chevak were reversed due to weather, Hooper Bay numbers showed a substantial increase or need for the Tax Program.

X Assist taxpayers who are in danger of losing their permits

Assistance is provided through the VITA program.

X Obtain permits for fishermen from the CVRF region.

No activity during the 1<sup>st</sup> Quarter.

2000 Coastal Villages Investment Fund and Coastal Villages Scholarship Fund

CVIF

- Obtain all landing tax credit funds available from the offshore harvesting companies

This quarter, CVIF received a number of tax credits from various harvesting companies for 1999 fishing activity.

- Maintain current status on outstanding loans, assess accrued interest, and project interest to be earned

The CVIF board votes to repossess aluminum welding equipment from two individuals. A third loan remains current.

- Make community development loans and grants that support local fisheries business/ infrastructure projects within scope of the CVIF budget.

During the first quarter, CVIF provided two grants to member villages, both directly related to local fisheries business and infrastructure projects. CVIF approved a \$40,000 grant for the Native Village of Kwinhagak to upgrade the existing Seafood Processing Plant in Quinhagak. Coastal Villages Seafoods operations will benefit from the improvements made to the site with the installation of a gravel pad, sheltering the ice machine, and constructing a salmon buying station.

The Chefnak Traditional Council received a \$30,000 grant to provide labor and costs for the relocation of the proposed processing plant. The village reported the need to relocate the facility closer to the river for ease of transporting incoming halibut. This grant is currently on hold until the contracted company provides additional equipment to make the relocation possible. This approved project will receive an additional hearing in the future prior to reactivation.

CVSF

- Provide grants of up to \$85,000 to 501c3 eligible organizations for culturally relevant educational and/or technical skill building programs.

Currently, there are 4 active grants related to educational and/or technical skill building programs.

#### 2000 Passive Investments

- All investments are to be made in compliance with CVRF investment policy.

Most surplus cash tendered during the 1<sup>st</sup> Quarter were used to pay down debt. The amounts not utilized in this manner were added to the existing portfolio. All investments were made in compliance with the Investment Policy.

- All cash and cash equivalents earn a 4% rate of return for short-term holdings.

Liquid cash not needed for operations was held in money funds that earned more than 5%. Longer term instruments earned more than the money funds. Although there was a drastic downturn in the stock market, CVRF held through this period leaving the portfolio a chance to maintain a return of more than 8%.

- All cash and cash equivalents earn an 8% rate of return for investments of more than one year.

See above.

- Budgeted revenues and budgeted expenses analyzed to manage cash-flow and cash needs

Cash flow has become increasingly important in the financial management at CVRF because of the debt associated with the American Seafoods investment. One week before each debt payment, cash forecasts are updated to bring the forecast up to date to address any adjustments that may be necessary. The timing of inflows and outflows are seldom exactly as forecasted.

- Cash in balanced portfolio consistent with investment policy.

CVRF is in compliance with its Investment Policy.

#### 2000 Administration

- Adopt an annual budget and submit to the State by December 15, 1999

The 2000 budget was submitted to State by the December 15 deadline.

- Maintain spending at levels authorized by budget and submit amendments to cover unexpected expenses

A complete income and expenditure budget to actual occurs at the staff level, which is then presented to the board. As in the past several years, CVRF will closely watch its spending patterns and submit an amendment after the August board meeting.

- Maintain existing levels of office staffing and only expand staff where a recognized need has been identified

Currently, there are 14 full time staff and 10 part-time positions with 3 active vacancies. No new positions were requested during the 1<sup>st</sup> Quarter.

- Maintain office equipment and supplies in top condition

Supply inventory systems and equipment maintenance contracts have been implemented in both the Anchorage and Seattle CVRF offices.

- Provide services to the projects sponsored by CVRF and its subsidiary companies

CVRF provides all human resources and accounting services to its subsidiary companies. In addition, it provides financial reporting support to Silver Spray Seafoods, LLC and the Arolik River Guiding Service, LLC. Other support services include marketing and logistical support for the salmon and halibut programs run through CVS and monitoring activities with its other partner companies.

- Complete evaluations of staff in a timely manner

A master calendar of all employee performance reviews has been developed and is monitored on a monthly basis.

- Conduct quarterly meetings of the board of directors and monthly meetings of the Executive Committee

The 1<sup>st</sup> Quarter meeting of the board was held in February. Executive Committee meetings were held in January and March.

- Submit quarterly and annual reports, financial audits, and meet other regulatory deadlines

The 1999 4<sup>th</sup> Quarter report was submitted in a timely manner.

- Prepare and submit application for the 2001 CDQ allocation process in a timely manner.

The process will be in process through the 3<sup>rd</sup> Quarter. As described above, CVRF has undertaken a major grassroots program to provide programmatic information and solicit advice from its member communities.

#### 2000 CDQ Contract Management

- Ensure that each royalty contract with harvesting partners is in full force and effect

CVRF has royalty contracts in full force and effect with each of its harvesting partners.

- Obtain approvals for amendments to the royalty contracts as necessary and appropriate.

An amendment was submitted and approved that authorized the harvest of Pacific cod by the F/V Ocean Prowler.

- Monitor performance of harvesting partners and inform them of compliance issues.

CVRF monitors the performance of its harvesting partners on a daily basis. During the 1<sup>st</sup> Quarter there were no major issues concerning harvest of target species or bycatch. There was one pollock haul that resulted in a large catch of turbot. The vessel personnel believe that this was an observer protocol error and have been attempting to address the problem with NMFS. CVRF's pollock harvesting partners completed their harvesting early in the 2<sup>nd</sup> Quarter. Due to overharvest by other CDQ groups of their inside critical habitat area allocations, CVRF's partners refrained from harvesting their full inside allocation. The result was that the CDQ sector stayed within their aggregate limit.

- Ensure that royalty payments are being made according to contract terms.

CVRF monitors royalty payments to make certain they remain on schedule. When one payment was received late, CVRF brought this to the attention of its harvesting partner who is making adjustments to ensure that this mistake is not repeated.

- Negotiate contracts for the 2001 – allocation period.

Negotiations should begin during the 2<sup>nd</sup> Quarter.

#### 2000 CVRF Development Project

- Complete analysis of capabilities of staff, board, resources in the region, and performance.

During the 1<sup>st</sup> Quarter, a continuous process improvement (CPI) model was identified and is being implemented as part of an appreciative inquiry approach to the organization's capability analysis.

- X Complete a minimum of two board training sessions.

CVRF management has developed a continuous improvement proposal for the CVRF Board of Directors that covers general areas, standards of leadership, elections, board meetings, board committees and subsidiary boards, and board development and education. As part of this proposal, each board meeting will have an identified development goal and twice per year there will be a formal training program covering one of the following topics: business strategy; operations management; investment analysis; economic development; and board ethics. During the 1<sup>st</sup> Quarter board meeting, the development goal was identified as an Investment Fund analysis. The next board meeting is scheduled for early June. The development goals have not yet been determined. A retreat is also scheduled for October where the topics of focus will include board ethics and resiliency.

- X Meet outreach goals, including notices to communities, newsletters, and newspaper articles.

All outreach goals for the 1<sup>st</sup> Quarter were surpassed with the major outreach initiative conducted by the staff that visited 17 of the 20 member communities and conducted both school and village community meetings.

- X Complete analysis of progress made towards implementation of management review.

A draft analysis report is being prepared.

#### CDQ Quota Management

- Monitor pollock and multi-species allocations

Harvests are monitored on a daily basis. No problems arose during the 1<sup>st</sup> Quarter.

- Prepare CDQ harvest activity and status reports

Harvest reports are prepared by SeaState and submitted to NMFS in a timely manner. Harvest status as of the 1<sup>st</sup> Quarter is included in this report.

- Ensure that CVRF is in compliance with Federal, State, local regulatory and legal requirements.

No problems have been brought to CVRF's attention during the 1<sup>st</sup> Quarter.

## **B. Employment**

### 1. Data Form

EMPLOYMENT FORM (including Halibut/Sablefish Program)

DATE	YEAR TO DATE		QUARTER		YEAR-TO-	
	Positions	Wages	People	Positions	Wages	
	MANAGEMENT/ADMINISTRATIVE			23 (CVRF)	\$197,090	23
	\$197,090	23				
	CDQ POLLOCK RELATED					
	A/B Season			10 (American)	\$56,142	37
	\$98,122	37		27 (Westward)	\$41,980	
	HALIBUT/SABLEFISH RELATED					
	OFFSHORE			2 (OH)	\$0	2
	\$0	2				
	ONSHORE (fishermen)					
	OTHER FISHING					
	SALMON AND HALIBUT			2 (CVSI MGT)	\$21,000	11
	\$50,063	11		CVSI	\$	
	PROCESSING					
	CRAB AND COD			4 (Icicle)	\$8,419	
				2 (Silver Spray)	\$8,000	
				3 (Prowler Fisheries)	\$12,644	
	FLATHEAD SOLE					
	OTHER EMPLOYMENT/					
	CVRF			4 (contract)	\$50,658	4
	\$50,658	4				
	INTERNSHIPS			3 (Westward)	\$42,070	7
	\$48,786	7		3 (Icicle)	\$3,216	
				1 (American)	\$3,500	
	TOTAL				\$444,719	84
	\$444,719	84				

2. Summary

**C. Training**

1. Data Form

TO-DATE	QUARTER		YEAR-
	People	Expenditures	People
Expenditures			

SCHOLARSHIPS

Postsecondary	\$
Vocational	\$

VOC-TECH CLASSES

Basic
Advanced

OTHER TRAINING

Fisheries related	1	\$2,000	1
Student Loans			
CDQ Staff/Board/Interns	3	\$2,922	3
Other – Leadership Team	19	\$3,495	19

OTHER EXPENDITURES

To Educational Institutions	\$
Educational Endowment Funds	\$

TOTAL	23	\$8,417	23
		\$8,417	

## 2. Summary

### **D. Other Issues**

## **III. Administration**

### 1. Board Activities

The board met in February in Bethel. The Executive Committee meets on a monthly basis in addition to the quarterly board meetings.

### 2. Decisions

Officers were elected for the remainder of 2000:

President – Fred Phillip

Vice President – Edgar Hoelscher

Secretary – Simeon John

Treasurer – Oscar Wassillie

At-Large Executive Committee:

Steven White

Clifford Kaganak

Carl Dock

Sergeant at Arms – Wassilie Bavilla

Entered into an employment contract with Executive Director Morgen Crow.

Provided matching funds for regional economic study associated with regional port project.

Named subsidiary company board members

Reorganized subsidiary companies as limited liability companies.

### 3. Other Issues

## **IV. Harvesting Report**

### **A. Species**

#### 1. Summary of harvesting activities by target fishery –

SPECIES: SABLEFISH (Fixed Gear)

	Metric tons allocated	Metric tons Harvested	% of allocation
AI Sablefish Harvest	109.2	0	
Turbot - AI			
BYCATCH			
Arrowtooth flounder			
Shortraker/rougheye			
Other rockfish			
Pacific cod			
Turbot			
Other species			
Rock sole			
TOTAL HARVEST			

Summary of Bycatch

B. Processing Report

SPECIES: PACIFIC COD

	Metric Tons Allocated	Metric Tons Harvested	Percent of allocated
Total Harvest Pacific Cod	2460.75	573.218	
BYCATCH			
Other rockfish - BS		.072	
EAI Atka Mackerel		.009	
Other red rockfish		.065	
Flathead sole		1.247	
Arrowtooth		.118	
Other species		77.342	
Other flats		.042	
Rock sole		.051	
PSQ total Bairdi			
PSQ Red King Crab			
PSQ Red King Crab – Zone 1			
PSQ Red King Crab – 10 min			
PSQ Other Tanner Crab			
Halibut mortality		.236	
Total Harvest			
Percent of total Pacific Cod Fishery retained		88%	

Summary of Bycatch.

No unusual bycatch to report.

SPECIES: Pollock

	Metric Tons Allocated	Metric Tons Harvested	Percent of allocated
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Total Harvest Pollock	10,023.2	9607.059	
BYCATCH			
EAI Atka Mackerel		.003	
Other rockfish - BS		.553	
Other red rockfish - BS		.039	
True POP – B S		.046	
Sablefish - BS		.018	
Turbot – BS		4.477	
Pacific cod		22.559	
Yellowfin sole		1.277	
Flathead sole		34.439	
Arrowtooth		.015	
Other species		7.352	
Other flats		.539	
Rock sole		60.503	
PSQ total Bairdi		2	
PSQ Chinook		85	
PSQ Other salmon		21	
PSQ Red King Crab – 10 min			
PSQ Other Tanner Crab		5	
Halibut mortality		.823	
Total Harvest			
Percent of total Pacific Cod Fishery retained		98.6%	

## 2. Summary of Bycatch.

The only significant bycatch was the BS Greenland turbot taken on February 19<sup>th</sup>. We are certain that the 4 mt of turbot taken is incorrect and is a result of sampling techniques used by the observer program. American Seafoods is continuing to look into this issue. Further updates will be provided as received. In order to ensure that CVRF does not exceed its turbot allocation, we received 10 mt from APICDA immediately after the report of the 19<sup>th</sup>.

## ***B. Processing Report***

## ***C. Compliance***

No issues during 1st Quarter.

## ***D. Other Fishing Issues/Activities***

CVRF received a report that the CDQ sector was in danger of exceeding its inside Stellar sea lion critical habitat allocation for the pollock A/B season. To address this situation, CVRF requested that its harvesting partners leave the remainder of the inside CDQ in the water. The partners complied with this request and 102 mt were left inside.