

MULTI-SPECIES CDQ PROGRAMS
CVRF QUARTERLY ACTIVITY REPORT
JULY - SEPTEMBER 30, 2001

STATUS AS OF SEPTEMBER 30, WITH SUBSEQUENT
ACCOMPLISHMENTS AND ACTIVITIES NOTED AS APPROPRIATE

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I. Quarterly Highlights

The Quarterly Highlights section for the 3rd 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 2001-2002 Multi-Species CDP.

- Eight Community Liaisons hired to assist with new service programs for region communities.
- CVS, LLC purchased over 1.5 million salmon from the fishermen of our communities and employed nearly 350 employees from our region during the course of the summer processing season.
- CVRF fishermen complete harvest of the Area 4E halibut quota for the second consecutive year.
- Major improvements completed to processing plants in Quinhagak and Toksook Bay.
- CVRF publishes an annual report describing the programs available to region residents.
- CDQ pollock season is completed, while sablefish, Pacific cod, and Bering Sea crab remain to be completed prior to the end of the year.

II. Community Development

A. Progress toward goals, objectives, milestones

2001/2002 *Offshore Harvesting, Processing, and Investment Program* 2001/2002 *Groundfish Vessel Investments - Proposed*

- Investigate vessels or vessel owning companies in the freezer-longlining category

As reported in the 2nd Quarter report, CVRF invested in an H&G vessel, the *F/V Cape Horn*, as part of its offshore harvesting, processing, and investment program. The investment in the vessel closed during the 3rd Quarter, effective June 1, 2001.
- Complete financial analysis of investment opportunities

The financial analysis associated with this investment was submitted as part of Amendment 01-06.
- Evaluate resource issues involving the species targeted, regulatory environment, biological status, allocative situation, and commercial value

CVRF completed a full analysis of this investment in accordance with its Investment Policy.
- Monitor investments in offshore harvesting vessels on weekly and quarterly basis

CVRF receives reports from the vessel manager on a monthly basis. CDQ harvesting, if any, is monitored on a daily basis. To date, no flatfish CDQ fishing has been conducted in 2001.

2001/2002 *Crab Vessel Investments - Proposed*

- Make an investment in a second crab vessel.

No activity during the 3rd Quarter.
- Maintain two crewmembers 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 and quarterly basis.

See above

2001/2002 *Inshore Harvesting, Processing, and Investment Program* 2001/2002 *Shoreside Processing Development - Proposed*

- Expand halibut buying operations in one additional communities - Hooper Bay

CVRF, in conjunction with the Native Village of Kipnuk, received a grant from the Economic Development Administration to plan and construct a halibut plant in Kipnuk. A meeting was held in Kipnuk to determine the location of the plant and to discuss other issues associated with constructing and operating the plant. The plant is expected to be operational by mid-summer 2002. Additionally, CVRF is investigating the possibility of constructing an additional plant in Hooper Bay. An informal test fishery was conducted during the summer, which indicated the presence of halibut in sufficient numbers to justify constructing a plant at this location. Further discussions will take place during the 4th Quarter, when a decision will be made whether to proceed or not.

- Purchase at least 200,000 pounds of halibut

See above

- Operate using local work force only

See above

- Have each plant operational by June 1

See above

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

See above

2001/2002 Commercial Fisheries Support Businesses - Proposed

- Purchase one or more tender vessels to support the shoreside processing projects.

CVS conducted an extensive search for a medium sized tender vessel prior to the start of the 2001 salmon season. No purchase was completed and a vessel was chartered to support the Kuskokwim Bay salmon fishery. At the same time, a small tender vessel was purchased and outfitted this summer. The 32' vessel is used to transfer totes from the larger tender when it is unable to reach the Quinhagak dock during low tides and to provide support to the fishing fleet by delivering ice to individual boats during openings.

- Start up one or more businesses that support the Inshore Program - potential businesses include gear suppliers, construction contractors, repair services.

While CVRF did not start up any businesses during 2001, it did self-contract the construction activities associated with the capital improvements at Quinhagak, Toksook Bay, Tununak, Chefornak, and Mekoryuk.

- Provide training for local residents to operate the support businesses.

CVRF provided numerous opportunities for local residents to train for eventual operation of support businesses. On-the-job training occurred in the areas of construction, refrigeration repair and maintenance, and tender boat operations.

2001/2002 Infrastructure Development Program

2001/2002 Infrastructure Development - Proposed

- Provide technical assistance and organizational support during planning stages of the Regional Port Facility.

The port facility was determined to be infeasible and work on it has been discontinued as of the 3rd Quarter.

- Provide matching funds for the project as it develops through the U.S. Army Corps of Engineers process

See above.

- Support infrastructure projects identified through the "Ciunerkam Tangruarutii" process.

Preliminary work has begun on the Hooper Bay halibut processing plant identified through the CT process.

2. Active Projects

2001/2002 4-SITE Program
2001/2002 4-SITE Project and Support Services

- 25- 35 scholarships are awarded for academic or vocational training related to careers in the fishing industry.

Scholarship awards for 2001 fall semester were reported in the 2nd Quarter report.
- 2-4 interns/ 4-6 apprentices are placed in CVRF affiliated CDQ business partners.

An accounting clerk intern from Kongiganak was placed with CVRF in its Anchorage office. Two engineering apprentices from Tununak completed their apprenticeships in August.
- 10-12 CVRF residents are trained in technical skills related to careers in the fishing industry.

One CVS employee received training in refrigeration maintenance and repair during the 3rd Quarter.
- Continue implementation of the Employment facilitation program with the following milestones:
- 2-4 new employers join CVRF's employment facilitation network for CVRF residents' training and job placement.

Flyers were posted in communities for the Seafarer's organization.
- Recruitment, selection, management, and training of 2-4 recruiters and 15 administrative/management.

One rural recruiter from Toksook Bay was hired. Currently are recruiting for a replacement for the Bethel-based recruiter position.
- Develop and conduct Business Plan Development and Operations Management training for subsidiary employees and village partner organizations.

No activity during the 3rd Quarter.
- Annual recruitment and placement of following crew: 12 crab, 14 crab processing, 40 bottom trawling, 12 Pacific cod, 6 sablefish/halibut, 115 Pollock, 50 halibut processing, 120 salmon processing, 14 value-added, 50 non-CDQ processing.

During the 3rd Quarter, the following region residents were recruited and placed in fishing industry positions: 2 crab and cod deckhands; 1 crab processor; 1 cod processor; 2 sablefish and halibut crew members; 5 CDQ and 2 non-CDQ pollock processors; 123 halibut processors; 215 salmon processors.
- Participate in 8-12 Local Advisory Council (State Workforce Investment Board) meetings to create active network of job referral and placements.

The local advisory council was inactive during the summer months.
- CVRF sponsors Junior Achievement of Alaska in member villages and facilitates expansion of program throughout YK Delta.

CVRF sponsored a one-day training session in Bethel for eight Community Liaisons on August 30. The Community Liaisons reside in the villages of Scammon Bay, Hooper Bay, Chevak, Toksook Bay, Mekoryuk, Cheforak, Quinhagak and Napaskiak. Jack Alcorn, District Manager for Junior Achievements in Alaska, conducted the training session.

Several classes within the eight villages are complete and the remaining classes are scheduled with the Community Liaison and the respective classroom teachers. The Junior Achievement program was one of two service components targeted by the Community Liaisons to be completed before adding the other service components of Rural Sobriety and Rural Adult Education Programs.

- Initiate and maintain Coastal Villages Youth Leadership Program (CVYLP) in 16-20 villages.

After the hiring of the Community Liaisons in June, they have refocused their service programs to the Junior Achievement and CVYLP. Out of the eight villages that have Community Liaisons, Chevak and Hooper Bay had established youth councils. In these two villages, the Community Liaisons have taken the role of Advisors to the Youth Councils.

The remaining villages are beginning the formation process in their respective villages. The process consists of soliciting interested youth between the ages of 15 to 24 years. During the process, the youth begin a membership drive and create a resolution that is passed by a local tribal or city council state that it would support the youth council. The youth then vote on their articles and bylaws and then elect their officers. Two villages, Cheformak and Toksook Bay, have formed their youth councils and have made strong efforts in providing community services.

Each of the eight villages are in certain stages of this formation process and once complete, the youth councils will address community service, cultural heritage, the environment, and healthy lifestyles.

- Initiate and maintain Rural Sobriety Project (“RSP”) services in 16-20 villages.

Networked with Joe Lind, Ernie Turner Center Alcohol Treatment Counselor, regarding planning for the three training sessions for Community Liaisons for RSP. Two sessions lasted two days long and one lasted a full week; both were held in Bethel.

Set plans for RSP partnership with YKHC Substance Abuse Prevention Program. Meeting to be held during 4th Quarter.

Presented RSP to eight Community Liaisons during their orientation in Bethel.

Met with YKHC Wellness Counselors during the 4th of July Hooper Bay Sobriety March.

Provided Hooper Bay liaison with the 2000 Sobriety Rally planning documents and video tape made at Hooper Bay for his future references.

Made contacts with Bristol Bay Area Health Corporation concerning the idea of RSP partnership with them as BBAHC serves CVRF villages of Goodnews Bay and Platinum.

Made a presentation to Hooper Bay City Council members during their regular meeting about CVRF RSP and other CVRF programs.

Worked on the draft makeup of RSP Partnership letter to YKHC Substance Abuse Director.

Drug tested several at-sea and onshore employment candidates from Hooper Bay and faxed results to Bethel CVRF office and to American Seafoods in Seattle.

- Initiate and maintain Rural Education Adult Development (READ) program for village residents.

A memorandum of agreement was entered into between CVRF and the UAF– Kuskokwim Campus to help with the planning and implementation of adult education within the CVRF member villages. The Community Program Managers met with Kathy Hanson, ABE Regional Director, and Gregory Williams, ABE Village Coordinator to review how the READ program

could be implemented. Currently the 4 CPM's are enrolled in ED 131 class, Implementing Adult Education in Villages, this fall semester.

The primary purpose of the READ program will be to assist village residents who are working towards their GEDs.

- Outgoing new crewmembers are invited to participate in the Coastal Villages' "Orientation for Success."

No activity because the five pollock processors were hired at various times during the 3rd Quarter and, therefore, were not available to participate in the program.

- 16-20 Unity Councils are initiated for the village youth.

No activity during the 3rd Quarter. Unity training meeting to be held during the 4th Quarter.

2001/2002 *Offshore Harvesting, Processing, and Investment Program*
2001/2002 *Groundfish Vessel Investments - Active*

- Kokopelli 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.

Kokopelli has employed two crew members from the region since the start of the season. The two individuals are receiving a 7/8 crew share and will start receiving full crew shares by the end of the fishing season.

- 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.

CVL and Kokopelli determined that the vessel would not need additional quota to be able to continue harvesting throughout the year. During the 3rd Quarter, when it became apparent that the vessel was not going to harvest all of CVRF's sablefish CDQ due to lack of availability of the resource, CVRF entered into an agreement with APICDA to harvest some of their halibut CDQ. Harvesting is to take place during the 4th Quarter.

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

As reported previously, the vessel started the season slowly due to mechanical problems. However, fishing picked up during the season and by the end of the 3rd Quarter, the vessel had earned enough that there should be no problem making it through the remainder of the year without additional cash infusions.

- A CVRF region crewmember 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.

CVRF continues to work with a fishermen interested in expanding his IFQ holdings and investing in a longline vessel.

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

CVRF receives weekly reports from the vessel and quarterly financial information.

- Ocean Prowler will employ four people from the region by the end of the season. The new crewmember will receive training in longlining needed to achieve full crewmember status.

Ocean Prowler employed one region resident during the quarter.

- Ocean Prowler and CVLLC 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.

The *Ocean Prowler* participated in the Gulf of Alaska longline survey during the summer months. As a result, CVRF determined that other vessels would be needed to harvest its cod CDQ. Arrangements were made with the *Alaskan Leader* during the season to harvest the remaining amounts.

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

No capital infusions are expected to be required this year.

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

CVRF receives quarterly reports on the operations of the vessel and financial conditions of the company.

2001/2002 Crab Vessel Investments -Active

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

The *Silver Spray* has continued to meet its employment obligations by having crew members from the region during the open access crab, cod, and CDQ crab seasons.

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

CVRF receives weekly reports on the *Silver Spray* operations and quarterly financial information.

2001/2002 Pollock Vessel Investments – Active

- Analyze and, if determined beneficial, increase ownership interest in American Seafoods above the 20% level.

Morgen

- American Seafoods will offer employment to in excess of 50 people in all aspects of the American Seafoods businesses.

Morgen

- CVP 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.

Morgen

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

Morgen

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

Morgen

2001/2002 Inshore Harvesting, Processing, and Investment Program

2001/2002 Shoreside Processing Facilities - Active

For Kuskokwim salmon

- Make determination about expansion of Kuskokwim salmon program into the mainstream of the river.

Due to the forecast for minimal salmon opportunities during June and July, CVS decided not to expand its operations in the Kuskokwim River this season. However, in August, when there were no other buyers in the lower river, CVS did send a tender vessel to buy fish in that district during the coho season.

- Based upon the expansion decision, purchase salmon in all Kuskokwim fishing districts.

CVS purchased salmon in both Kuskokwim Bay fishing districts as well as small amounts in the main Kuskokwim River district.
- Expand quality control program.

CVS required fishermen to ice their catch during the season. Quality improved substantially over the 2000 season.
- Capital investment in ownership in facilities operating salmon processing business.

CVS expended substantial funds in upgrading the salmon plant at Quinhagak. These improvements included erection of a bunkhouse and mess hall facility, a new egg room, a new blast freezer, and a fillet room.
- Expand value-added production.

CVS expanded its value-added production by producing over 25,000 of salmon fillets and continuing its program with Indian Valley Meats to produce smoked canned and other value added products. A major increase in this program is planned for the 2002 season as this approach is seen as critical to the success of any fishery in western Alaska.
- Conduct successful employment and training program, including filling all available positions with local hire, up to 3 internships, and on-the-job training.

CVS provided 340 jobs (including halibut plants) during the 2001 salmon season. Only a handful of these jobs were not filled with regional labor. As a result, every employee received on-the-job training in his or her job area. Specific training efforts were made in the mess, fillet room, egg room, and repair and maintenance of equipment.
- Obtain loyalty of 75% of Goodnews Bay fisherman and 60% of other region fisherman.

All fish harvested by Goodnews Bay and Quinhagak fishermen was purchased by CVS.
- Operate professionally, including proper accounting, efficient employment and crew replacement, efficient decision-making, successful marketing and good communications.

Improvements were made in the organizational management of the Quinhagak plant. One major improvement was in the area of accounting for fish purchases, inventory control, and other financial accounting practices. There is still a great deal of improvement necessary to run a truly professional operation. This area will receive a great deal of attention prior to the start of the 2002 season.

For Area 4E halibut project:

- Purchase at least 200,000 pounds of halibut.

CVS fishermen harvested 270,000 pounds of halibut during the 2001 season, which was purchased at one of the CVS plants.
- Operate with local workforce only.

Each halibut plant operated using region residents exclusively.
- Have each plant operational by June 1.

Each plant was operational by June 1. Purchases did not begin until about a week later due to the on-going herring fisheries and ice conditions at Mekoryuk.
- Operate professionally, including proper accounting, efficient employment and crew replacement, efficient decision-making, successful marketing and good communications.

The halibut plants ran extremely well during the 2001 season. The plant managers and superintendent operated with little oversight from CVS management.

For Bering Sea herring

- Offer technical assistance to the regional herring associations.

CVRF has begun efforts to be more involved in the herring fisheries through the region's associations. Current efforts are directed at finding the best markets for herring for the 2002 season through some type of joint venture with a herring processing company.

- Support efforts of the regional herring associations and fishermen in ways agreed to by CVRF and the fishermen.

CVRF will bring its findings to the fishing associations in time for plans to be completed prior to the start of the 2002 season.

- Develop at least one additional village-based community development projects.

A village based community development project has been identified and is currently in the planning stages.

- Monitor investments in inshore fisheries on a weekly and quarterly basis.

CVS management is involved directly in all aspects of the inshore fisheries projects on a daily basis.

2001/2002 Sportfish Guiding Service

- Manage Arolik River LLC to agreed standards of success

The Arolik River project had its second successful season in 2001. As in 2000, the business showed a profit and will be able to distribute proceeds to the owners. Anecdotal reports from clients showed a high degree of satisfaction with the service provided. The business sponsored a cookout for Quinhagak residents in an effort to improve community relations.

- Establish human resources development goals identified for CVA and region

Completed during the 1st Quarter.

- Explore possible expansion of guiding service to other rivers within region.

CVA and Alaska West have entered preliminary discussions about possible investment by CVS in the Kanektok River lodge and guiding service. Many factors will be considered prior to a final decision on this investment opportunity.

2001/2002 *Loan Programs*
2001/2002 *Fisheries Retention Project*

Through CVIF:

- Establish CVIF/CVRF loan program serving needs of fisheries-related businesses in region.

The CVRF loan program is established and the second round of loan applications has been announced.

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

One verbal request to purchase Quota Shares has been received and we are awaiting a written application.

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

No loan request for an aluminum welding business has been received this quarter.

- Provide loan criteria, policies, and procedures

CVRF continues to provide this important information to all residents for their consideration.

- Conduct a major outreach initiative to promote the loan program through local newspapers and CVRF Quarterly newsletters

Completed during 1st Quarter.

- Loan committee to meet quarterly to discuss loan program, review applications, and address areas needing modification.

The loan committee has new members, who will meet next during the 4th Quarter. At this meeting, the committee will review current loans and make awards from the second round of application.

2001/2002 ***Tax and Permit Assistance Program***
 2001/2002 *Fisheries Retention Project*

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

Program completed during the late winter/spring period.

- Assist taxpayers who are in danger of losing their permits.

See above.

- Obtain permits for fishermen from the CVRF region.

CVRF assists individual fishermen obtain halibut permits prior to the start of the fishing season. Again this year, over 600 permit cards were made available to region fishermen. No permits for limited fisheries were obtained this quarter.

2001/2002 ***CVRF Development Project***
 2001/2002 *CVRF Development Project*

- Conduct on-going analysis of capabilities of staff, board, resources in the region, and performance.

CVRF management made plans for a organizational-wide team building retreat. Sessions were scheduled for October 2-6, 2001.

- Maintain “Standards of Leadership” for Board of Directors.

All Board members are held accountable to the Standards of Leadership. Any behavior by a Board member acting in conflict with those standards is addressed through the Board’s formal disciplinary process.

- Develop system of 360-degree performance feedback for senior management.

A 360 degree performance evaluation is being used for CVRF’s executive director. A complete analysis of his evaluation should be completed by late October.

- Develop and maintain Continuous Improvement (CI) Model for Board, Management and 4-SITE Program activities.

No activity during the 3rd Quarter.

- Conduct an annual Board retreat.

No retreat activity during 3rd quarter.

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

A CVRF newsletter was published in late September to all member community residents.

2001-2002 *Outreach Plan*
 2001-2002 *Outreach Project*

- Host monthly 30 minute “Alaska Rural Development 2000” program on ARCS

A show on higher education was being produced in September.

- Quarterly newsletter publication continues.

The 3rd Quarter newsletter was published in late September.

- Sponsor Native News and Weather on KYUK.

The sponsorship of these programs was renewed for 6 months in June.

- 6-8 village potlatches are sponsored.

Fish and other support were donated for a potluck in Mekoryuk.

- Website of all CVRF affiliated organizations is designed and made accessible via the internet

A website is currently under construction and should be ready for the public by the end of the 4th Quarter.

- Initiate Emerging Leaders Program, conduct pilot project for 10-20 participants from villages

No activity during the 3rd Quarter.

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

No activity during the 3rd Quarter.

- CVRF sponsors Junior Achievement of Alaska in member villages and facilitates expansion of program throughout YK Delta

The Community Liaisons are working in eight communities to bring Junior Achievement to their village schools.

- CVRF participates in development of inter-organizational committee for regional training initiatives.

CVRF continues to be active in Yuut Elitnaurviat (Peoples Learning Center).

- CVRF interns design and complete village-based improvement project that supports or compliments a goal identified in CVRF’s CDP.

The accounting clerk intern submitted a project on charge account approval sheets, policy on charges, and subsidiary hire packet improvements in September.

- CVRF works with industry HR Coalition to establish FishNet, an interactive, computer-based school-to-work curriculum

The HR Coalition has been disbanded.

2001/2002 *Administration*
 2001/2002 *Administration*

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

CVRF is preparing the 2002 budget that will be submitted by the December 15 deadline.

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

CVRF submits monthly budget to actual reports to the board. CVRF submitted a budget amendment during the 3rd Quarter.

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

CVRF currently has some vacancies, which are in the recruitment process.

- Maintain office equipment and supplies in top condition.

All equipment and supplies appear to be in top condition. We have several maintenance contracts.

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

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

- Complete evaluations of staff in a timely manner.

CVRF maintains records of evaluation due dates at corporate headquarters.

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

The 3rd Quarter board meeting was held in August in Bethel. Executive Committee meetings were held in July and September.

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

The 2nd Quarter financial report was submitted in July.

- Prepare and submit application for the 2003 CDQ allocation process in a timely manner.

Planning for the 2003 application will begin early next year.

2001/2002 CVIF

- Ensure that CVIF receives its credit as receivable under the Alaska Landing Tax Credit program from its partners.

CVIF no longer receives the landing tax credit. These credits are received now by CVRF. No credits received during this period.

- Begin enforcing policies and procedures as designed in the recently established CVIF Grant Program.

Requests for small grants were funded in Chefornek and Hooper Bay.

- Perform a region-wide advertisement regarding the newly established grant guidelines and application procedures.

Advertisements for the program are included in the CVRF newsletter.

- Conduct quarterly meetings to review grants submitted by eligible grantees for approval and discuss areas needing program administrative adjustment.

Funding requests were approved during the 3rd Quarter for Chefornek and Hooper Bay.

- Perform assurance tests on grantees to identify fiscal and administrative capabilities of applicants.

Performance assurance tests are anticipated for the grant program that would give up to \$10,000 per community. This program has not been implemented due to the restriction on non-fishery related projects.

- Monitor performance of grants and assure compliance of grant reporting requirements.

See above.

- Approve no less than (4) feasible proposals that meet the funds criteria established under the Alaska Landing Tax Credit program statute and regulations.

No activity during the 3rd Quarter.

- Provide technical assistance to denied applicants by making referrals to outside agencies capable of meeting their programmatic needs.

No activity during the 3rd Quarter.

2001/2002 Passive Investments

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

No changes in CVRF investments during the 3rd Quarter. CVRF is in compliance with its 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%.

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

Investments in equities have not achieved a positive rate of return this year. Consequently, CVRF is not invested in equities at this time.

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

Cash flow need is analyzed on an on-going basis. CVRF encountered no problems in this regard during the 3rd Quarter.

- Cash in balanced portfolio consistent with investment policy.

CVRF is in compliance with its investment policy.

2001/2002 CDQ Contract Management

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

CVRF has enforceable royalty contracts with each of its harvesting partners.

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

No amendments of existing royalty contracts has been necessary this year.

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

CVRF monitors CDQ harvesting on a daily basis. After each catch report is received, a harvest report is prepared and sent to the harvesting company. When American Seafoods exceeded its pollock quota, CVRF immediately informed American Seafoods, NMFS Enforcement, and the NMFS CDQ program of this infraction. A letter was prepared by American Seafoods and sent to NMFS explaining the circumstances of the overage.

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

Royalty payments have been received in a timely manner.

- Negotiate contracts for the 2003 – allocation period.

No activity during 2001.

2001/2002 CDQ Quota Management

- Monitor pollock and multi-species allocations

CDQ harvests are monitored daily utilizing the Sea State reports.

- Prepare CDQ harvest activity and status reports

These reports are prepared by Sea State under contract to CVRF.

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

Each of CVRF's harvesting partners is under a contractual obligation to be in compliance with regulatory and legal requirements. As stated above, CVRF is in constant contact with the vessel managers to ensure that they have the latest information concerning CDQ harvests, regulatory requirements, and compliance issues.

B. Employment

1. Data Form

PLOYMENT FORM

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Year-to-date		
	Positions	Wages	Positions	Wages	Positions	Wages	Positions	Wages	Positions	People	Wages
PROGRAM, GENERAL & ADMINISTRATIVE (CVRF)	27	\$ 240,319	26	\$ 274,332	32	\$ 302,667			32	37	\$ 817,318
CDQ POLLOCK RELATED											
American	21	21,641	2	205,749	4	3,882			26	25	\$ 231,272
Westward (non CDQ)					2	5,726			2	2	\$ 5,726
Highland Light											
Icicle											
HALIBUT/SABLEFISH RELATED											
OFFSHORE (OH)	2		2	14,316	2	49,430			2	2	\$ 63,746
ONSHORE (fishermen-Salmon/Halibut)			341	189,710	319	448,934			341	341	\$ 638,644
OTHER FISHING											
SALMON AND HALIBUT (CVS Mgmt.)	8	55,085	9	22,799	9	231,340			8	9	\$ 309,224
PROCESSING (CVS)	5	9,730	100	91,416	302	420,914			302	331	\$ 522,060
HAKE (American)			1		1				1	1	
CRAB, COD & SEA URCHIN (Icicle)	3	14,185	5	16,635	3	6,856			7	7	\$ 37,676
CRAB, COD & SEA URCHIN (Silver Spray)	5	9,778	2	10,400	2				9	7	\$ 20,178
CRAB, COD & SEA URCHIN(Highland Light)											

CRAB, COD & SEA URCHIN (Prowler Fisheries)	1	15,017	1	11,028	1	320	1	1	\$ 26,365	
FLATHEAD SOLE										
OTHER EMPLOYMENT/										
CVRF (contract)										
Plant Operations (Westward)	2	1,440			-				\$ 1,440	
INTERNSHIPS										
CVRF	<u>2</u>	<u>2,949</u>	1	4,326	1	4,331	3	2	\$ 11,606	
Westward										
Icicle			2	4,016	<u>2</u>	<u>15,483</u>	2	2	\$ 19,499	
American			<u>1</u>	<u>1,408</u>			1	1	\$ 1,408	
TOTAL	<u>76</u>	<u>\$ 370,144</u>	<u>493</u>	<u>\$ 846,135</u>	<u>680</u>	<u>\$ 1,489,883</u>	<u>-</u>	<u>-</u>	<u>737</u>	<u>\$ 2,706,162</u>

2. Summary

CDQ Pollock – American Seafoods – Earnings are reported as paid. Five CVRF referrals hired, with one returning processor from Bethel and four new hires from Bethel, Chevak, Hooper Bay, and Kongiganak. (One individual worked at American Seafoods in the Hake fishery during the 3rd Quarter, but was not to receive any compensation until the 4th Quarter. This individual had worked both pollock and hake during the 2nd Quarter, with all of his wages during that quarter being attributable to pollock.)

Halibut/Sablefish – The same two crew members, hired out of Hooper Bay, are aboard the Ocean Harvester.

Other Fishing: Processing (CVS) - The 2nd Quarter number was corrected to show that 338 employees worked for CVS this summer – 318 processors and the remaining laborers/construction/maintenance/office employees. The following list, by plant, where processors/employee are from:

CVS Quinhagak – over 200 employees – Quinhagak, Hooper Bay, Eek, Bethel, Goodnews Bay, Kwethluk, Newtok, Toksook Bay, Tuntutuliak, Kalskag, Mountain Village, Chevak, Napaskiak, Napakiak, Oscarville, Nunam Iqua, Kasigluk, Kongiganak, Cheforak, Tuluksak, Nunapitchuk, Scammon Bay, Russian Mission, Anchorage, Washington State, Akiachak, Aniak, Atmautluak, White Mountain.

CVS Mekoryuk – 28 local hires and 4 CDQ resident hires from Mekoryuk, Newtok, Toksook Bay.

CVS Toksook Bay – 42 local hires and 1 CDQ resident hire from Toksook Bay, Nightmute.

CVS Cheforak – 35 local hires from Cheforak.

CVS General – 5 employees worked for all plants from Bethel and Anchorage.

Crab, Cod & Sea Urchin – Icicle – 1 returning processor from Oscarville.

Crab, Cod & Sea Urchin – Silver Spray – No earnings reported in 3rd Quarter, though two crewmembers from Bethel and Scammon Bay.

Crab, Cod & Sea Urchin – Prowler – One returning processor from Scammon Bay.

Internships: Icicle – Two residents from Tununak completed apprenticeship positions at Petersburg Fisheries.

C. Training

1. Data Form

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Year-to-date	
	People	Expenditures	People	Expenditures	People	Expenditures	People	Expenditures	People	Expenditures
SCHOLARSHIPS										
Postsecondary	13	\$ 29,195	20	\$ 43,268					33	\$ 72,463
Vocational	3	9,676	12	48,094					15	57,770
VOC-TECH CLASSES										
Basic	-	-	-	-					-	-
Advanced	-	-	-	-					-	-
OTHER TRAINING										
Fisheries related	28	74,882	-	-					28	74,882
Student Loans	-	-	-	-					-	-
CDQ Staff/Board/Interns	7	18,835	12	12,300					19	31,135
Other – Leadership Team									-	-
OTHER EXPENDITURES										
To Educational	-	-	-	-					-	-

Institutions						
Educational Endowment Funds	-	-	-	-	-	-
TOTAL	51	\$ 132,588	44	\$ 103,662	95	236,250

2. Summary

Eight community liaisons attended four substance abuse training sessions and one Junior Achievement training session in Bethel. Four Community Program Managers attended an education 131 course through UAF-Kuskokwim Campus for Adult Basic Education. The Senior Accountant and Human Resources Management Specialist attended a 2-hour session on pension tax laws.

3. Other Issues

III. Administration

a. Board Activities

1. Board Member Changes

Board member elections will take place during the 4th Quarter in anticipation of the November annual meeting.

2. Decisions

No major decisions were made during the 3rd Quarter board meeting.

3. Minutes from any meeting

See attached

b. State of Alaska Reporting Compliance

CVRF submitted its 2nd Quarter report in a timely manner. Additionally, CVRF submitted amendments as required under state and federal regulations.

c. Amendment Status

No amendments were pending at the end of the 2nd Quarter.

d. Other Issues

IV. Harvesting Report

A. Pollock & Multi-species Harvest Activities by Target Fishery

1. Table of Data –

1. SPECIES: POLLOCK

	CDQ Allocation	Metric Tons Harvested					Target Fishery Information
Season		1 st Qtr.	2 nd Qtr	3 rd Qtr	4 th Qtr.	YTD Harvest	% of Target Harvest
"A/B"	13,440	11,487.901	1941.29				99.9%
"C/D"	20,160			20,201.929		20,201.929	100.21%
BYCATCH							
EAI Atka Mackerel	.019			1.030		1.030	
Other rockfish - BS	1.050	.204	.01	.036		.250	
Other red rockfish - BS	.074	.412		.078		.490	
True POP – B S	.190	.041		.969		1.010	
Sablefish - BS	1	.278		.712		.990	
Turbot – BS	9.090	1.120	.08	1.69		2.89	
Pacific cod	65.470	34.675	25.71	21.485		81.870	
Yellowfin sole	2.44	.567		.013		.580	
Flathead sole	71.020	35.314	9.72	6.606		51.640	
Arrowtooth	4.190	4.793	.07	5.187		10.050	
Other species	22.060	19.714	15.07	5.256		40.040	
Other flats	1.110	.779	.63	.941		2.35	
Rock sole	116.230	32.470	12.41	.41		45.290	
PROHIBITED SPECIES							
PSQ total Bairdi		2	4	1		7	
PSQ Chinook	250	297	4	20		321	
PSQ Other salmon	75	104		259		363	
PSQ Red King Crab – 10 min							
PSQ Other Tanner Crab			4	0		4	
Halibut mortality	3.070	1.196	.41	1.454		3.060	
Total Harvest							

2. SPECIES: PACIFIC COD

	CDQ Allocation	Metric Tons Harvested					Target Fishery Information
		1 st Qtr.	2 nd Qtr	3 rd Qtr	4 th Qtr.	YTD Harvest	% of Target Harvest
Pacific cod	2397.000	31.819	1247.71	0		1279.71	53.3%
BYCATCH							
EAI Atka Mackerel	.259						
WAI Atka Mackerel	.005		.11			.11	
Other rockfish - BS	.613		.09			.09	
Other rockfish - AI	.750		.06			.06	
Other red rockfish - BS	.500		.13			.13	
True POP – B S	.750						
True POP - EAI	.500						
Sablefish - BS	.030						
Turbot – BS	8.143		.49			.49	
Sharpchin/Northern	.300		.01			.01	
Turbot- AI			.02			.02	
Yellowfin sole	.666	.095	.115			.21	
Flathead sole	12	.007	1.277			1.27	
Arrowtooth	21.840		1.85			1.85	
Other species	310	2.022	198.863			200.77	
Other flats	.530		.13			.13	
Rock sole	.860	.002	.108			.11	
Shorthead/rougheye	1						
PROHIBITED SPECIES							
PSQ total Bairdi							
PSQ Chinook							
PSQ Other salmon							
PSQ Red King Crab – 10 min							
PSQ Other Tanner Crab							
Halibut mortality	14.300	.027	2.253			2.28	
Total Harvest							

Summary of Bycatch.

2. Summary of Bycatch.

3. SPECIES: SABLEFISH/AREA 4D HALIBUT

	CDQ Allocation	Metric Tons Harvested					Target Fishery Information
		1 st Qtr.	2 nd Qtr	3 rd Qtr	4 th Qtr.	YTD Harvest	% of Target Harvest
Sablefish H&L – AI	112,500	0	4.88	8.67		13.55	12%
Area 4D Halibut	146,190#			143,662		143,662	98.27%
BYCATCH							
Other rockfish - AI			.39	1.47		1.86	
Other red rockfish - BS							
Pacific cod			.29	5.45		5.74	
Turbot- AI			1.54	3.74		5.28	
Arrowtooth			.76	.86		1.62	
Other species			.24	1.35		1.59	
Shortraker/rougheye			.27	.49		.76	
PROHIBITED SPECIES							
PSQ total Bairdi							
PSQ Chinook							
PSQ Other salmon							
PSQ Red King Crab – 10 min							
PSQ Other Tanner Crab							
Halibut mortality							
Total Harvest							

4. SPECIES: ATKA MACKEREL

	CDQ Allocation	Metric Tons Harvested					Target Fishery Information
		1 st Qtr.	2 nd Qtr	3 rd Qtr	4 th Qtr.	YTD Harvest	% of Target Harvest
Harvested cooperatively under the auspices of APICDA							
Atka Mackerel		0	654.547	55.319		709.866	
BYCATCH							
Other flats			.176	.026		.202	
Flathead sole			.037	0		.037	
Pacific cod			49.482	.741		50.223	
Turbot- AI			1.564	0		1.564	
Arrowtooth			1.087	.696		1.783	
POP			92.497	15.7		108.197	
Shortraker/rougheye			.331	1.532		1.863	
Sharpchin/Northern			34.082	15.999		50.081	
Rock Sole			.419	.007		.426	

Total Harvest							
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2. Summary of Bycatch.

5. SPECIES: OPILIO TANNER CRAB

	Pounds Allocated	Pounds Harvested	Percent of allocated	% of Target Fishery
Total Harvest Opilio – 1 st Quarter	319,272	314,843	98.6%	98.6%

2. Summary of Bycatch.

6. SPECIES: AREA 4E HALIBUT

	Pounds Allocated	Pounds Harvested					% of Target Fishery
		1 st Qtr.	2 nd Qtr	3 rd Qtr	4 th Qtr	YTD Harvest	
Total Harvest 4E Halibut	273,000		64,000	206,418		270,418	99%

2. Summary of Bycatch.

7. CDQ TRANSFERS

Species	Metric Tons Allocated	Metric Tons Harvested YTD	% of Allocation	Transfer In	Metric Tons Harvested YTD	% of Transfer Harvested
Other Species	270.368	21.736	6.8	74.945	0	0
Other Species	345.313	242.399	70.2%	63.563	0	0
Species	Metric Tons Allocated	Metric Tons Harvested YTD	% of Allocation	(Transfer Out)	Metric Tons Harvested YTD	% of Transfer Harvested
Non-Specific Reserve	74.954	0	0	(74.954)	0	0
Greenland turbot - BS	63.3	1.12	1.7	(50.5)	0	0
Other rockfish - BS	9.18	.204	2	(0.5)	0	0
Other red rockfish	1.6	.412	.25	(.2)	0	0
Other red rockfish	1.6	.567	35.46	.2		
Arrowtooth	154.369	4.793	3.1	(2)	0	0
Other Species	270.368	21.736	6.8	(2)	0	0
Atka Mackerel EAI	87.75	.019	.02	(82)	654.547	85.3
Atka Mackerel CAI	378	0	0	(375)		

Atka Mackerel WAI	313.95	.112	.04	(310)		
POP EAI	53.4	0	0	(31)	92.498	84
POP CAI	28.8	0	0	(27)		
POP WAI	53.4	0	0	(52)		
Greenland Turbot AI	43.68	1.56	4.34	(2)	.419	20
Pacific Cod	2397	1353.804	56.48	(60)	49.481	82.4
Arrowtooth	181.61	9.806	5.4	(5)	1.087	21.70
Other flats	210	1.84	.88	(2)	.176	8.8
Rock Sole	618.75	45.304	7.32	(2)	.419	20.9
Sharpchin/Northern	75.9	.009	.01	(60)	34.08	56.8
Shortraker/Rougheye	12.24	.296	2.42	(2)	.332	16.6
POP WAI	1.4	0	0	(1.2)	0	0

8. TOTAL CDQ HARVEST

CVRF 2001 CDQ Harvests by Quarter and Yearly Total									
Species	2001 CDQ Allocation	Trans In	Trans Out	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	YTD Harvest	Percent of Allocation
Atka Mackerel									
Eastern 541	87.75		(80)	.278	654.547	36.726		710.144	91
Central 542	378.00		(372)			18.593			
Western 543	313.95		(310)	.005		0			
Arrowtooth	154.369		(7)	4.793	3.767	8.656		17.216	9.8
Other flatfish	210.00		(2)	.779	.936	.946		2.679	1.2
Flathead sole	450.00		(2)	35.321	11.034	6.596		52.951	11.8
Turbot (BS)	63.30		(50.5)	1.12	.57	1.689		3.379	25.4
Turbot (AI)	43.68		(2)		1.54	4.736		6.276	14.3
Pacific cod	2,397.00		(60)	66.494	1323.192	28.162		1417.848	59.1
Pollock	33,600.00			11,487.901	1941.29	20201.929		33624.502	100.07
A/B	13,440.00			11,487.901	1941.29	0		13429.191	99.9
C/D	20,160.00			20160	0	20201.929		20201.929	100.21
POP – BS	23.40			.041	0	.967		1.008	4.3
POP									
Eastern 541	32.70		(31)		92.497	0		108.197	94.1
Central 542	28.80		(27)			5.84			
Western 543	53.40		(52)			9.86			
Other Red Rock	1.60	0.2	(0.2)	.204	.13	.281		.615	38.42
Sharp/Northern	75.90		(60)		34.092	15.999		50.091	65.9
Short/Rougheye	12.24		(2)		.601	2.043		2.644	21.6
Other rock – BS	3.24		(0.5)	.204	.1	.03		.334	12.2
Other rock – AI	9.18				.45	1.474		1.924	21
Rock Sole	618.75		(2)	33.33		12.505		45.835	7.4
Sable Trawl BS	10.03			.278	0	.717		.995	9.03
Sable Trawl AI	4.70			0	0	0		0	0

Sable Fix – BS	0.00								
Sable Fix – AI	112.50				4.88	8.665		13.545	12.04
Yellowfin sole	508.50			.662	.115	.018		.795	.16
Other Species	270,368	138,508	(2)	21.736	214.173	5.927		242,399	59.57
Non-specific reserve	138,508		(138,508)						
4D Halibut	146,190					143,662		143,662	98.2
4E Halibut	273,000				64,000	206,418		270,418	99
BS Opilio	319,272			314,843					
BB Red King Crab									
Prohibited Species									
Halibut	41,160			1,223	2,663	1,467		5,353	13
Bairdi Zone 1	4,380			2				2	.1
Bairdi Zone 2	18,360				4	1		5	.1
Opilio	35,888					4		4	.1
Red King Crab	509								
Chinook Salmon	707			297	4	21		322	45.5
Other Salmon	725			104	0	261		365	50.3

B. Compliance

As discussed, CVRF exceeded its pollock C/D season CDQ allocation by 40 mt. This overage was documented in a letter from American Seafoods to the NMFS CDQ program office. No other compliance issues arose during the 3rd Quarter.

C. Other Fishing Issues/Activities