

EXECUTIVE SUMMARY

Yukon Delta Fisheries Development Association's Community Development 2003-2005 Plan Application Multi-Species Community Development Quota Program

This CDP represents an historic shift for Yukon Delta Fisheries Development Association (YDFDA). As you know, YDFDA has always been focused on involving local fishermen into the Bering Sea fisheries. In fact, the focus was so regionally oriented that at one time profits suffered. After experimenting with a fleet of 32-foot vessels, YDFDA put more emphasis on securing profitable, job generating investments. Purchasing 19.6% equity ownership in the M/V Golden Alaska and majority ownership in the F/V American Beauty and F/V Ocean Leader has served to be wise, centerpiece investments. YDFDA has purchased a 41% ownership in the Catcher Processor Baranof. Now the profitability of these investments as well as the F/V Lisa Marie allows YDFDA to cautiously return to increasing our in-region fisheries presence. This time, however, the in-region focus is balanced with staying the course on profitable, diversified investments into select Bering Sea fishing opportunities. **YDFDA is now at the crossroads of opportunity . . . of maximizing and sustaining profits elsewhere while significantly increasing in-region benefits to residents.**

Coincident with YDFDA's healthy financial profile is the opportunity to purchase a major fish buying and barge operation on the lower Yukon. For more than thirty years, Bering Sea Fisheries, Inc. has successfully been buying and marketing Yukon kings and chums. What has made Bering Sea Fisheries, Inc. a viable operation, even during the years of low salmon returns, has been the company's barge operations. Even during the disaster declaration years, Bering Sea Fisheries, Inc. managed to make ends meet. They have remained the one and only profitable operation on the Yukon.

YDFDA is the only entity on the Yukon River that has the financial resources and region wide perspective and ability to provide economic benefits to the region. Initially YDFDA attempted to work through existing local entities. We fully realize that YDFDA needs to become the economic engine for the Yukon Delta region. Initiating discussions with Bering Sea Fisheries, Inc. as a united region is a monumental step in this direction. But given the uncertain status of the chinook and chum salmon stocks on the Yukon, YDFDA will only be pursuing this purchase if a) negotiations result in a competitive price, b) the due diligence analysis proves positive c) the barge operations are included in any final settlement and d) there is reasonable management transition whereby experienced managers will stay and train YDFDA personnel.

When YDFDA becomes the major buyer on the Yukon, other elements, such as the Emmonak value-added plant, will eventually become integrated into this entity. In addition, operations located in non-CDQ villages on the Yukon River could become part of this entity. This would create a region wide salmon operation. YDFDA feels it's important to first obtain

the 'core' buying and processing operation and then extend operations to maximize the benefit to member villages. It is in this context that a fish buying station in Kotlik makes sense in the future. As stand-alone projects, the Emmonak plant and the Kotlik proposal are too risky. As part of an integrated operation with a secure base, these projects can be realistically considered as the runs return.

This is the vision that came out of a region wide CDP planning work session. This integrated vision is another important change reflected in this CDP. **This CDP represents a collective, cooperative vision for YDFDA to continue making wise investments and become the major fish buyer on the Yukon.** We are united in our approach to secure successful ownership of the local fisheries and to cautiously expand salmon operations to include other village projects. We are also united in keeping an equally strong focus on generating profits through investments in Bering Sea pollock, crab, cod, halibut and sablefish.

Other in-region projects include:

- Aluminum Boat and Repair Facility – ongoing
- Halibut Test Fishery – ongoing project with results available in August
- Norton Sound Herring and Crab – ongoing
- Loan Guarantee Program for permits and vessels – ongoing
- Vessel Safety Training - ongoing
- Cultural Tourism – Fish Camp Experience – proposed
- Saffron Cod Test Fishery – proposed
- Lower Yukon Regional Salmon Quality Preservation - ongoing

In addition to these projects, YDFDA retains 6 village representatives to coordinate and assist in YDFDA's comprehensive employment program. Our employment program has a solid track record of placing residents on a variety of vessels. Our scholarship program has been expanded to include CDQ and non-CDQ villages in the Lower Yukon and Iditarod School districts. YDFDA has worked on projects in coordination with other CDQ groups in CDQ and non-CDQ villages. These are a few of the ways YDFDA makes a difference for the residents of the Yukon Delta region.

For example, since 1992, YDFDA has used its multi-species allocations to:

- ✓ Provide training to 282 Yukon Delta residents in vocational and fishing industry related skills. At least half of these residents have been returning for additional contracts.
- ✓ Place 1,166 people from CDQ and non-CDQ communities in fishing industry jobs
- ✓ Facilitate more than \$500,000 to buy back permits for salmon and herring
- ✓ Provide 106 academic scholarships to Yukon Delta residents
- ✓ Assist other local economic development projects and take the lead as needed
- ✓ Develop the Norton Sound king crab fishery in conjunction with NSEDC
- ✓ Establish the AVCP revolving loan fund in conjunction with CVRF
- ✓ Provide ice machines and fish totes to 4 CDQ and non-CDQ villages on the Yukon River

While we are proud of these accomplishments, salmon is the lifeblood of our culture and economy and becoming a primary, stable buyer on the lower Yukon will make the biggest difference yet to our residents. **This one project will create local jobs and generate positive economic ripples throughout the region.** To continue and build upon the accomplishments listed above and take this bold important step for our residents, additional CDQ Pollock allocation is essential.

Now more than ever, YDFDA is positioned to maximize the value of all requested CDQ allocations through these harvesting arrangements:

- The F/V American Beauty and the F/V Ocean Leader which are both 75% owned by YDFDA; targeting pollock for shoreside and mothership deliveries.
- The F/V Lisa Marie, which is 100% owned by YDFDA; targeting crab, IFQ and CDQ halibut and sablefish for shoreside delivery.
- The Catcher Processor Baranof, which is 41%, owned by YDFDA; targeting crab and cod.

The new CDQ allocations will also contribute greatly to the processing of pollock by M/V Golden Alaska, which is 19.6% owned by YDFDA, and to the processing of crab and cod by the Catcher Processor Baranof. **Through these investments each CDQ fish dollar provides triple benefits – once through harvesting royalty agreements, second by ownership profit sharing and third through wages to our residents.** Furthermore, any CDQ allocation awarded to YDFDA is maximized and protected through these vertically integrated operations.

It is in recognition of our continued and growing ability to maximize profits and in-region benefits that YDFDA believes a 17% allocation of pollock is fully warranted. While we think this is justification enough for a 3% increase to YDFDA, we ask that you also consider these facts relevant to the allocation criteria:

- ✓ According to 2000 census data, the Yukon region has the lowest per capita income and the highest unemployment rate in the State of Alaska.
- ✓ Last year, YDFDA placed 86 residents in offshore fisheries positions; exceeding the goal to place 75 residents. Our residents are not averse to working on boats and in fact appreciate the opportunity to earn crew shares in addition to base wages. **It is important to note that without the CDQ allocations, it is unlikely that YDFDA would have the leverage to place as many local residents in positions as it does.**
- ✓ All training and scholarship milestones were met last year.
- ✓ The last allocation remained the same despite the addition of two villages and 949 residents to the CDQ program. **This is a 30% increase in population; one that should be accounted for.**
- ✓ YDFDA has successfully integrated Mountain Village and Grayling into our program. We are particularly proud of our relations with our new villages, Mountain Village and Grayling, an Athabascan village. Here's what one revered village elder expressed: ***“When it comes to economic opportunity, the CDQ program is the best thing that's ever happened to Grayling!”*** The father of an intern from Mountain Village expressed his appreciation. His daughter successfully completed an internship and now plans to start a welding shop in her home village.

- ✓ Village leaders (in addition to YDFDA Board members) from each community came together for a two-day work session on CDP projects. **We have a united vision and consensus support for all the projects listed in this CDP.**
- ✓ Efforts to extend economic benefits beyond the CDQ communities have continued as evidenced by the expanded scholarship program and the placement of ice machines in neighboring villages.
- ✓ YDFDA is filling the void left by the de-certification of the local ARDOR. YDFDA is taking the lead on providing ARDOR services to both CDQ and non-CDQ villages.

We are also asking for 7% increase in our halibut allocation. Since the last CDP, the line between halibut districts 4D and 4E has been made permeable. This means we can now fish 4D halibut in 4E waters adjacent to our region. Removal of this regulatory barrier should now allow our local fleet access to halibut. YDFDA intends to confirm this with test fishing this August. We intend to report on the results of this test fishery when we meet in August. We have reasons to believe the test fishery will show the presence of halibut in waters accessible by open skiff. If shoreside halibut stocks are abundant, more emphasis will be placed on transferring CDQ halibut into the local fisheries. **We are asking for YDFDA's halibut allocation to be restored to 27% to allow for the near shore local fishery.**

This year the F/V Lisa Marie pioneered pot fishing for sablefish in the Bering Sea. Taking sablefish with pots reduces bycatch and encounters with killer whales. In 2001, all CDQ groups harvested 25.6% of their Bering Sea CDQ sablefish. Through May 31, 2002, the F/V Lisa Marie has harvested 32 MT or 67% of our 2002 allocation. Because of our success with pot fishing, we intend to harvest up to the IFQ vessel cap. In recognition for pioneering a more environmentally friendly way of harvesting sablefish, YDFDA believes it should be rewarded with 5% more sablefish. Furthermore, all this sablefish will be harvested on a vessel 100% owned by YDFDA employing local residents.

The allocation request for Pacific cod remains the same. As evidenced by harvesting our entire AB quota by March 31, 2002, YDFDA is capable of harvesting all of the cod allocation it currently receives. With the additional investment in the Catcher Processor Baranof, the full 19% allocation is needed.

The last allocation request to address is Atka mackerel. The last allocation cycle reduced our allocation 2% and gave it to another CDQ group even though we used the same harvesting company. In our eyes, this appeared to be a penalty for cooperating with other CDQ groups. As you know, the margins are very slim on Atka mackerel and it only makes economic sense to use the same harvesting company. We would hope that the CDQ program would encourage, not discourage cooperation with other CDQ groups. It is in this context that we seek a 20% Atka mackerel allocation.

A. NAME OF APPLICANT

The **Yukon Delta Fisheries Development Association** (YDFDA) is an Alaskan not-for-profit community development corporation formed in 1992 for the express purpose of stabilizing and developing the economic base of the region known as the Yukon River Delta.

B. TABLE OF TOTAL CDQ & PSQ ALLOCATION REQUEST IN PERCENTAGE

Species or Species Group	Allocation Request %
Pollock	17%
Pacific Cod	19%
Sablefish FG BS	30%
Sablefish FG AI	20%
Sablefish Trawl BS	18%
Sablefish Trawl AI	24%
Atka Mackerel AI Western	20%
Atka Mackerel AI Central	20%
Atka Mackerel AI Eastern/BS	20%
Yellowfin Sole	27%
Rock Sole	20%
Greenland Turbot BS	21%
Greenland Turbot AI	18%
Arrowtooth Flounder	24%
Flathead Sole	20%
Other Flatfish	23%
Alaska Plaice	23%
True Pacific Ocean Perch BS	18%
WAI Pacific Ocean Perch	18%
CAI Pacific Ocean Perch	18%
EAI Pacific Ocean Perch	18%
Other Red Rockfish BS	19%
AI Northern Rockfish	18%
AI Shortraker/Rougheye	18%
BS Other Rockfish	22%
AI Other Rockfish	18%
Other Species	20%
Prohibited Species	
Zone 1 Red King Crab	26%
Zone 1 Bairdi Tanner Crab	26%
Zone 2 Bairdi Tanner Crab	23%
Opilio Tanner Crab	24%
Pacific Halibut	23%
Chinook Salmon	17%
Non-Chinook Salmon	17%
Halibut 4D	27%
Crab	
Bristol Bay Red	18%
Norton Sound King	50%
St Matthew Blue	12%
C. Opilio (BS)	17%
C. Bairdi (BS)	17%

C. COMMUNITIES REPRESENTED WITHIN THE APPLICATION

The YDFDA represents the remote and isolated Native Alaskan communities of:

- Alakanuk
- Emmonak
- Grayling
- Kotlik
- Mountain Village
- Nunam Iqua

Mountain Village and Grayling became members of YDFDA in 1999. The addition of Grayling and Mountain Village represents a substantial increase both in the overall population and available workforce represented by YDFDA. Grayling and Mountain Village have been successfully integrated into all aspects of YDFDA's programs.

The villages of Hamilton, Bill Moores, Chunloonawick and Chaniliut are also remote villages within the geographic scope of the association. These villages are traditional homes of many Yukon Delta residents and serve as seasonal fishing camps. Both the U.S. Bureau of the Census and the Alaska Native Claims Act recognizes them as communities. Therefore, Yukon Delta represents *ten traditional* villages in the Yukon Delta region.

D. DESCRIPTION OF THE MANAGEMENT ORGANIZATION

The Yukon Delta Fisheries Development Association is wholly responsible for the management of the CDQ allocation and associated community development programs. The management of the organization consists of a Board of Directors, an Executive Director, Project Staff and six Village Representatives. Twenty-four (24) of the 26 YDFDA Board of Directors and staff were born or lived in the Yukon Delta Communities represented by the YDFDA. This familiarity ensures that our projects are in keeping with the needs, desires, and cultural traditions of the Yukon Delta Region.

Board of Directors. YDFDA's 13 member Board of Directors is entrusted with both overall authority and responsibility for the management of the organization's not-for-profit foundation and its for-profit subsidiary corporation, Yukon Delta Fisheries, Inc.

YDFDA BOARD OF DIRECTORS

- Max Agayar - Alakanuk
- John Lamont, Chairman - Alakanuk
- Billy A. Charles, Vice Chairman - Emmonak
- Raymond Waska Sr. - Emmonak
- Aloysius Unok - Kotlik
- Pius Akaran - Kotlik
- Emmanuel Keyes- Kotlik
- Frank Camille - Nunam Iqua
- Joseph Strongheart, Secretary/Treasurer - Nunam Iqua
- Fred Beans - Mountain Village
- Ephrim Thompson - Mountain Village
- Carl Walker - Grayling
- Margie Walker - Grayling

Executive Director: Ragnar Alstrom is the Executive Director. As executive director, he is responsible for the day-to-day management of YDFDA.

Independent Financial Advisory Board: YDFDA's Independent Financial Advisory Board provides assistance with investment and business decisions. The Independent Financial Advisory Board is made up of three individuals with over 40 years of combined training and experience in the areas of finance, fisheries, vessel management and investments. The Board reviews business plans for all capital investments over \$50,000.

Members of YDFDA's Financial Advisory Board are:

- Tim Baer, Vice President, Washington Mutual Bank
- Lou Fleming, President, Golden Alaska Seafoods, Inc.
- Steve Hughes, President, Natural Resources Consultants, Inc.

E. GOALS AND OBJECTIVES/MILESTONES OF THE CDP

Goal: Build a long-term, self-sustaining fishing company

- Continue to receive a 10% rate of return from the Alakanuk Beauty LLC and from the Emmonak Leader LLC.
- Obtain a 10% return on the investment in Romanzof Fisheries LLC
- Provide at a minimum an 8% return on additional investments in the Golden Alaska Group
- Provide ownership in M/V Golden Alaska on risk free basis. Acquire more mothership quota.
- Arrange for harvest and processing of CDQ Pollock at a competitive royalty.

- Maintain an annual profit of \$100,000 from the F/V Lisa Marie.
- Consider investing in a shoreside pollock catcher vessel with good catch history.
- Consider an investment of up to 50% in a longline vessel(s) that harvests primarily cod.
- Consider making an investment of up to 50% equity in an additional crab vessel(s) with excellent catch history.
- Purchase sablefish and halibut IFQ shares to increase fishing time and vessel profits to the F/V Lisa Marie and/or the C/P Baranof.
- Obtain a minimum of 6% return on IFQ investments.

Goal: Manage YDFDA's companies and subsidiaries conservatively to reduce exposure to financial risks.

- Continue to rely on the Independent Financial Advisory Board for guidance on future investments.
- Continue to adhere to our investment policy.
- At a minimum, provide one year's operational expenses covered by the Reserve Fund.
- Act on potential investments in an organized manner, following priorities and investment policy. The priorities for future investment are:
 1. Major buyer on the Yukon
 2. Crab/Cod catcher processor
 3. Additional quota for Golden Alaska
 4. Shoreside pollock catcher vessel
 5. Cod longline vessel
 6. Additional crab vessel(s)

Goal: Provide jobs for residents in the region and within the YDFDA organization.

Where practicable, help the local economy diversify away from a sole dependence on salmon fishing.

- Continue employing 5 residents as staff. Retain 6 village representatives to assist in job recruitment and placement.
- Continue to operate the welding shop in Alakanuk for small vessel construction and repairs. Expand production to include aluminum ATV trailers and sleds. Provide employment for 1 – 4 welders annually depending upon demand.
- Consider ownership in local fish buying operation. This acquisition would result in YDFDA being the major buyer on the Yukon River. Add 20-30 in-region jobs should this potential ownership come to fruition.
- Subsidize herring operations for 31 permit holders and crab operations for 16 permit holders. Assist resident herring fishermen in purchasing reels and shakers and crab fishermen in purchasing davits, blocks and pots annually.
- Stay on target for halibut test fishery in August. Use results to develop a local halibut fishery.
- Proceed with obtaining permits for a test fishery on Saffron cod.
- Seek qualified residents for any newly created positions.
- Contract with host families for cultural tourism/fish camp project.

Goal: Provide jobs for residents within the Bering Sea fishing industry. Keep successful employees returning.

- Place 85 residents in offshore fishing positions. (NOTE: Last year's milestone was set at 75 jobs.) Increase fishing jobs through additional investments.
- Place 3-5 residents as interns in private companies.
- Continue in-region vessel safety and navigation training on an annual basis for 30 residents. On a bi-annual basis provide vessel safety re-certification for residents.

Goal: Provide program appropriate economic and educational support for regional residents.

- Provide loan guarantees to qualified applicants for the purchase of Yukon River salmon, Cape Romanzof herring, and Norton Sound herring limited entry permits.
- Provide loan guarantees to qualified applicants to purchase fishing gear and vessels.
- Provide ice machines and insulated fish totes to 4 villages and continue instruction on improving salmon quality to fishermen on the Yukon River.
- Operate a limited fish buying operation (whole fish – flown out to Anchorage) in Emmonak for the 2002 season, provided there is a commercial season.
- Provide 20 in-region residents with scholarships; provide 10 residents from nearby villages with scholarships.
- Receive Fishery Tax Credit Contributions in excess of \$150,000 and contribute \$200,000 annually to Yukon Delta Education Fund.
- Place 20 residents in vocational training programs.

Goal: Give priority to vessels fully or partially owned by YDFDA to harvest CDQ allocations. Utilize other vessels to ensure full utilization of allocations.

- Continue harvesting CDQ pollock with F/V American Beauty and F/V Ocean Leader.
- Use the C/P Baranof and the F/V Lisa Marie to harvest CDQ Pacific cod, crab and sablefish.
- Consider investing in a longline cod vessel.
- Retain competent quota manager and good relations with other harvesting partners.

Goal: Maintain a competent and efficient administration that relies to the greatest extent practicable on regional residents.

- Ensure that the Board of Directors reviews administrative expenses on a quarterly basis and makes adjustments as necessary to keep expenses below the 20% threshold.
- Annually provide 1 training class for the Board of Directors.
- Annually provide 1 training class for Village Representatives.

F. DESCRIPTION OF THE CDP PROJECTS IN THE PROPOSED CDP

Proposed For-Profit CDQ Projects

YDFDA believes that the best way to invest in the seafood industry is to make equity investments in well-managed seafood companies. Our experience is that an experienced pool of people does not currently exist in the Yukon Delta communities to handle management of Bering Sea companies and vessels. Therefore, YDFDA's goal is to invest in financially successful seafood companies that can benefit from fishing our CDQ quota. The guidelines we consider in making equity investments are:

1. The investment must be in existing, successful seafood companies that have sound management and are financially strong. Existing management must remain as owners and continue to manage the company.
2. The investment must provide YDFDA an acceptable return on its investment and a competitive CDQ royalty.
3. The investment must allow YDFDA to increase its initial investment over time and provide the opportunity for additional investments in the company or its affiliates.
4. The investment must provide employment and training opportunities for YDFDA residents. The company management will be committed to hiring and training qualified YDFDA residents consistent with maintaining a profitable operation.

Based on these guidelines, we have identified the following potential investments that could occur during the allocation period. They are presented in priority order.

1. Major Fish Buyer on the Yukon

To simultaneously take advantage of a ripe opportunity and make a significant difference to all the residents of the lower Yukon, YDFDA will be seeking a competitive price for acquisition of a major fish buying operation on the Lower Yukon. Retention of management and markets will also be a major part of the investment negotiations.

2. Crab/Cod Catcher Processor (CP Courageous) - Note this project may become active prior to receipt of 2003-2005 allocation.

YDFDA is having discussions with the owners of the C/P Courageous regarding an equity investment. This vessel is owned by many of the same individuals that own the C/P Baranof. The Courageous fishes and processes king, opilio and bairdi crab and Pacific cod. There would be operating efficiencies to be realized by having ownership in both the Baranof and Courageous. Additionally, the vessel has excellent crab and cod history. The vessel would fish and process a portion of YDFDA's cod and crab CDQ.

3. Additional Investment in Golden Alaska Group

As part of the long-term strategy to secure, non-CDQ access to productive Bering Sea fisheries, YDFDA will consider investing in other catcher vessels that currently deliver fish to the M/V Golden Alaska or catcher vessels that could deliver additional fish to the M/V Golden Alaska.

4. Shoreside Pollock Investment

YDFDA is considering investing in a shoreside pollock vessel with good catch history. This investment could take many forms, such as:

- * Purchasing a minority interest in a vessel.
- * Purchase a vessel in partnership with Peter Pan Seafoods (partner in Golden Alaska) to increase the quota coming into the King Cove plant.
- * Purchasing a vessel or portion of a vessel together with another CDQ group.

The current asking prices are very high and we will continue to explore investment opportunities as they become available.

5. Joint Venture Longline C/P Vessel

YDFDA is considering an investment of up to 50% in a longline vessel(s) that harvests primarily cod. In addition to the open access fisheries, the vessel(s) would harvest the portion of YDFDA's CDQ Pacific cod, not harvested by the crab/cod CP vessel. Through this investment, YDFDA would generate both CDQ royalty and profits from the operation of the vessel as well as secure additional employment opportunities for local residents.

6. Joint Venture Crab Vessel

With the proposed rationalization of the BSAI crab fisheries, the opportunity appears ripe to invest in a crab vessel(s) with good catch history. YDFDA is considering making an investment of up to 50% equity in a crab vessel(s) with excellent catch history and an efficient, profitable operation. The vessel(s) could harvest some of the CDQ crab. With rationalization, we would also consider leasing or purchasing additional quota for these vessels. The timing of this investment depends on the status and decisions made regarding of the BSAI crab rationalization.

Active For-Profit CDQ Projects

1. Investment in the Golden Alaska Group

YDFDA has equity investment in the M/V Golden Alaska (19.6%) and in the two catcher vessels (75%) that deliver to the mothership. These investments are providing significant income and jobs to YDFDA.

2. F/V Lisa Marie

YDFDA owns the 78' combination vessel F/V Lisa Marie, which participates in both the CDQ and open access, CDQ and IFQ crab, sablefish and halibut fisheries. The vessel has successfully pioneered pot fishing for sablefish. Most important, the F/V Lisa Marie is now generating income as well as essential year-round crew jobs for residents.

3. Investment in Alakanuk Beauty, LLC & Emmonak Leader, LLC

YDFDA and subsidiaries own 75% of Alakanuk Beauty, LLC and Emmonak Leader, LLC, which own the F/V American Beauty and F/V Ocean Leader. The vessels fish their mothership and CDQ Pollock quota for the M/V Golden Alaska and shore based quotas for Peter Pan Seafoods.

4. Romanzof Fisheries, LLC

The 41% equity investment in Romanzof Fisheries, LLC is an integral part of YDFDA's goal of building a self-sustaining fishing company, not dependent on CDQ allocations. The C/P Baranof harvests and processes king, bairdi and opilio crab, Pacific cod and IFQ sablefish. The vessel has excellent crab and cod catch history and through a related company, Baranof Fisheries, LLP, retains one of the largest sablefish quotas in Alaska.

5. IFQ Share Purchase

Currently YDFDA has 75,055 units of halibut 4A unblocked IFQ quota shares. We are in the process of buying over 100,000 pounds of sablefish IFQ. We are interested in purchasing additional halibut "A" shares as they become available and provide an acceptable return. The IFQ shares would then be leased to provide additional royalty income to YDFDA. Vessels in which YDFDA has ownership, such as the F/V Lisa Marie and C/P Baranof, will be given first opportunity to lease the IFQ. This will allow these vessels to increase the number of days they operate and thereby their profitability. The additional fishing days should provide additional employment for Yukon Delta residents.

Proposed Non-Profit Projects

1. Cultural Tourism – Fish Camp Experience

The goal of this project is to diversify the economic base of the villages in a manner that respects the desires of the residents and stays within the scope of being fisheries related. YDFDA intends to offer a cultural immersion experience centered on life in a traditional summer fish camp. YDFDA aims to have a fish camp program true to traditional Native culture and experiences, but modified to provide basic amenities that adventure travelers are accustomed to receiving. We recognize that Bush Alaska is not for most travelers, but aim to make traditional fish camp life comfortable and appealing to those travelers seeking a unique cultural immersion experience. To achieve this objective, the initial operation will start small, i.e. one or two fish camps and two villages visited by the clients, and then expand in 2005 if warranted.

2. Saffron Cod Test Fishery

YDFDA will begin saffron cod exploratory test fisheries. Residents from the Yukon Delta villages have often jigged for this cod in the early spring for a diet change from the long winter of feasting on shee, burbot, pike, black and other fish species. This species of cod seems to be in abundance just off the delta in the early spring prior to the herring run. YDFDA will seek an experimental permit to explore and gather data on the useful abundance of this species. Coincident with the test fishery would be market development.

3. Vessel Safety and Navigation Project

YDFDA provides survival, CPR, and navigation training to area residents. Whether traveling by vessel on the Yukon River or crossing the Bering Sea, safety training is essential. It is also essential to keep current with safety and navigational techniques. Through our in-region, marine fisheries program, YDFDA is the organization best able to provide this training for village residents.

Active Non-Profit CDQ Projects

1. Comprehensive Job Program

The objective of this program is to provide employment opportunities for local residents that would not otherwise be available. The additional income from these opportunities enables residents to raise their standard of living. This program complements the Training and Internship programs by providing opportunities for employment.

2. Aluminum Boat Fabrication & Repair

YDFDA will continue building skiffs on a custom basis and making repairs at the Alakanuk facility. We plan to expand its production to include aluminum ATV trailers and sleds. When the commercial fishery returns, we foresee the operations of the welding facility expanding, possibly requiring the building or leasing of a larger facility. To facilitate sale of the skiffs, YDFDA and the Alaska Division of Investments have developed a special loan program to assist qualified residents to purchase these skiffs.

3. Norton Sound Herring and Crab Fisheries

In 2002 YDFDA entered into a herring processing agreement with Norquest Seafoods to provide a market for Yukon Delta's 31 herring permit holders. Working with Norquest, our long-term goal, is to make the herring fishery a profitable operation for Yukon Delta fishermen (for 2002 this project should be viewed as a non-profit project generating employment for residents). We plan to accomplish this by training and providing better fishing equipment including boats, reels and shakers and motors. Projections for the next ten years in the Norton Sound herring fishery are for better than average return of younger age class herring. The expected commercial guideline harvest range is from 5,400 to 6,800 metric tons.

In 2002 YDFDA operated the F/V Kuzilvak with residents to harvest Norton Sound CDQ and open access king crab. We also assisted the 16 crab permit holders with gear to harvest crab for delivery to Norton Sound Seafoods, a subsidiary of NSEDC. Our long term goal is to increase the quantity of crab caught by residents by providing training and gear to make their fishing profitable.

4. Vocational Training Program – Includes Board and Village Representatives

Since 1992 YDFDA has provided a wide range of technical vocational training through AVTEC and other vocational institutions. To date, residents have received training in business and office technology, welding, vessel construction, vessel operation, navigation, diesel technology, heavy equipment operation, plumbing, electronics, medical technology, first aid, marine safety and survival and culinary arts. In addition, we are expanding the training through AVTEC and other vocational institutions to include aircraft and engine mechanics, computer information systems, professional aircraft operation, surveying and appraising.

The employment-training program provides YDFDA residents who have successfully completed training with funds to purchase materials such as clothing, equipment and tools they may require for employment.

Annually the Board of Directors chooses a topic for a training session. This training session occurs in conjunction with a board meeting. Village representatives meet with the Training and Employment Coordinator to learn about the various programs available to residents through YDFDA. They also learn how to promote the employment programs in their respective village.

5. Scholarship Projects

YDFDA has two sources of college scholarships available to qualified Yukon Delta residents. The first is the CDQ Higher Education Scholarship Fund created through utilization of the Fishery Tax Credit Program that provides scholarships to full time college students attending accredited colleges or universities approved by the State of Alaska Department of Education. We currently have scholarship funds with the University of Alaska, Alaska Pacific University and Sheldon Jackson College.

We have expanded our scholarship projects to include “B Scholarships” which target the non-CDQ villages between Grayling and Mt. Village. These villages reside within the Lower Yukon and Iditarod School Districts and are culturally and geographically considered “in region”.

In addition, we have created the Yukon Delta Education Fund to provide scholarships to colleges located either inside or outside the State of Alaska. This scholarship program also includes junior colleges and vocational institutions. These scholarships may be used for undergraduate or graduate studies. We are in the process of creating an endowment of a minimum of \$1 million to provide scholarships after the CDQ program ceases to exist.

6. Internship and Apprenticeship Program

The objective of this program is to provide on the job training to qualified residents. The program will allow residents to work into higher paying jobs on vessels and in administrative positions. The program also allows residents to utilize their training and work skills in full time employment positions.

7. Loan Guarantee Program

YDFDA believes that the sales price of limited entry permits in the region is close to bottoming out. YDFDA residents continue to express interest in acquiring limited entry permits. YDFDA is increasing the guarantee to up to 50% on loans made by the Division of Investments to residents. YDFDA believes this will increase the number of residents able to access loans made through the Division of Investments. The objective of this initiative is to enable residents to purchase major equipment and/or permits needed to compete in the local fisheries.

8. Halibut Test Fishery and Development

During the summer of 2002 the F/V Lisa Marie will conduct an exploratory halibut fishery off the Yukon Delta utilizing 2-3 experienced resident crew members. The exploratory fishing will determine if commercially viable quantities of halibut are close enough to shore to allow for safe operation of local vessels. If a fishery appears viable, YDFDA will provide training and equipment for 2 local vessels to harvest 30,000 pounds of halibut in 2003. We will also provide the facilities and market to sell the product fresh.

Thereafter, we will increase the number of vessels with the goal of harvesting the entire CDQ halibut allocation by 2005. We will facilitate this by providing quota, training, gear, tenders, processing and markets.

9. Regional Economic Development Coordinator

In 2002 YDFDA hired a Regional Economic Development Coordinator to work with the YDFDA Board of Directors, regional communities (tribal, city and village corporations) on issues ranging from local and regional planning, community and economic development projects and job training for private and public construction.

10. Regional Fisheries Economic Development

This project is to provide funds to individuals, communities and organizations that promote economic development opportunities in the Lower Yukon.

Active Infrastructure Projects

1. Lower Yukon Regional Salmon Quality Preservation Project

This program provided ice machines and other salmon preservation equipment to local CDQ and non-CDQ communities through matching funds provided by EDA. The program will continue to provide local fishermen instruction in salmon quality control techniques.

Active Fund/Cash Management Project

1. Reserve Fund

To maintain a Reserve Fund equal to one year's operation of approximately \$1.5 million to provide for any unforeseen downturn in the fishing industry and to invest the monies in the Fund in investments that offer an optimum balance of returns and risks.

Administrative Efforts

1. Administration Budget Discipline

In the years 2003 - 2005, YDFDA's budget will appropriate not more than 20% of its defined income to administer all CDQ projects, including the required audit, accounting, vessel management, quota management, job and training recruitment, governmental agency interaction, and all other YDFDA management and administrative activities.

G. MANAGEMENT STRATEGY TO ACCOMPLISH CDP PROJECTS

The key to YDFDA's management strategy is obtaining partners that have a strong performance record in Bering Sea fisheries operations and an equally strong record in providing training and internship opportunities. Good, competent, caring partners combined with hands-on staff from the region has ensured success on two important fronts – one, in harvesting and processing of the CDQ allocation and two, in managing the array of programs and projects for the benefit of our residents.

Another important facet of YDFDA's management is adhering to the investment guidelines. When a for-profit project is presented to YDFDA, we immediately review it against the predetermined guidelines for such projects. The project is then evaluated internally and if needed by outside consultants. Those projects which management feel meet the criteria are presented to the Independent Financial Advisory Board for approval. If approved, then the proposal is submitted to the Board of Directors for concept approval. Approved projects are then subjected to a due diligence analysis. If financially feasible at this time, the Board then authorizes the expenditures of funds. Once authorized, the purchase transaction is monitored to make sure it continues to meet the original objectives. For projects not meeting expectations, necessary changes are made to ensure success, or the project is terminated.

To maximize resident job placement we have a Job Placement and Training Coordinator who works with the fishing industry and State Employment Agency representatives to recruit and place Yukon Delta residents in fishing and related positions. Our coordinator works with each village representative to ensure that all residents are aware of and have access to all YDFDA training, internship, job and scholarship programs. It is our intent to provide counseling for residents to help select the program best fitting their needs, training and skills and prospects for future employment. Our strategy is to choose harvesting partners that have a strong track record in providing training and internship opportunities, and then have them commit to providing these opportunities in the partnership agreement.

Twenty-four (24) of 26 YDFDA members of the Board of Directors and staff are from, or lived in the Yukon Delta communities represented by YDFDA. For projects that affect local communities, we rely on the staff and board to determine those projects that will provide the greatest benefit to the residents and communities for the money involved.

H. DESCRIPTION OF THE TARGET FISHERIES

The decision of who should harvest and process the fish, how it should be harvested and processed, and where harvesting should occur are strategically determined so that YDFDA derives maximum benefit out of its CDQ allocations. In order to gain the most from the opportunity afforded by the multi-species CDQ, we will participate in each of the target fisheries.

Pollock - GASLLC, LLC, the harvesting partner of YDFDA since the inception of the CDQ program, will harvest the pollock fishery. GASLLC has an excellent performance record and has minimized bycatch while at the same time is able to fully utilize all catch due to the fish meal plant on board the M/V Golden Alaska. The Golden Alaska is a mothership operation that utilizes several catcher vessels. YDFDA has purchased an equity position in GASLLC and two catcher vessels.

Halibut - The F/V Lisa Marie throughout IPHC regulatory area 4D will conduct the longline fishery for CDQ halibut. Fishing will occur during open fishing periods when market and fishing conditions are most favorable for maximizing profits. Beginning in 2002 NMFS regulations approve area 4D halibut to be harvested in area 4E. YDFDA normally harvests its halibut CDQ in August. Exploratory fishing may show commercial concentrations of halibut off the mouth of the Yukon River that would be harvested by local residents beginning in 2003.

Crab - Small local vessels will fish the Norton Sound CDQ red king crab. The F/V Lisa Marie and C/P Baranof will harvest Opilio and Bristol Bay red king crab.

The CDQ opilio fishery will take place in the months of March to May as soon as the open access fishery has concluded. Bristol Bay red king crab will be caught in early November immediately after the open access fishery which takes place the middle of October.

Groundfish - The target groundfish species groups are Atka mackerel, yellowfin sole and other flatfish and Pacific cod.

Atka Mackerel – Atka mackerel will be targeted by Cascade Fishing, Inc. and may be harvested in conjunction with other CDQ group quotas. Fishing for Atka mackerel is concentrated in very discrete areas, such as Seguam Bank, Tanaga Pass, Oglala Pass, and Tahoma Reef. The CDQ fishery will occur in April, May, August, September and early October.

Yellowfin Sole and Other Flatfish – These species will be targeted by Kodiak Fish Company and O’Hara Seafoods. CDQ fishing will occur whenever possible from January through the end of October if economically feasible.

Pacific Cod - this fishery will be harvested by longliners including the C/P Baranof, Alaska Mist and one of Aleutian Spray Fisheries’ vessels.

Turbot/Sablefish - Sablefish is an IFQ fishery that may be harvested anytime between March and November. The Bering Sea sablefish CDQ quota will be longline pot fished by the F/V Lisa Marie. Aleutian Island sablefish and turbot will be targeted by longline catcher and longline pot vessels

I. HARVESTING & PROCESSING PARTNER INFORMATION

YDFDA is using its CDQ allocation so that one day it will not require harvesting partners in order to participate profitably in North Pacific fisheries. Until then, YDFDA has carefully chosen fishing and processing partners, whether for royalty arrangements or joint ventures, to ensure that:

- ✓ They have an exemplary record of bycatch reduction, retention and utilization with well-developed plans for future improvements in these areas.
- ✓ They provide the best training, employment and career advancement opportunities for Yukon Delta and other CDQ region residents.
- ✓ They are viable and efficient fishing operations with ample fishing history to ensure maximum profitability and returns from CDQ and open access fisheries.

Based on these considerations we have chosen high-quality harvesting partners in the multi-species CDQ fisheries.

Harvesting Partners

YDFDA partnerships involve YDFDA purchasing equity positions in the fishing vessels that will harvest our CDQ. These equity arrangements extend the benefits beyond the CDQ to the open access and other fisheries that these partner boats are engaged in. Not only does YDFDA obtain a royalty for the CDQ, we will also gain a share of the profits in the non-CDQ fishery based on our equity share.

GASLLC, LLC. is our harvesting partner in the pollock CDQ fishery and has an outstanding record in all the areas that make up YDFDA’s criteria for choosing partners. The

M/V Golden Alaska is an excellent employment platform with low turnover and an excellent performance record. The F/V American Beauty and F/V Ocean Leader harvest a portion of our CDQ for the M/V Golden Alaska.

Lisa Marie LLC The F/V Lisa Marie fishes for CDQ king and opilio crab, halibut and Bering Sea sablefish. Icicle Seafoods, Inc. and Westward Seafoods will be the primary processors of CDQ product harvested by the F/V Lisa Marie.

Romanzof Fishing Company LLC. The C/P Baranof harvests and processes a portion of CDQ opilio, king crab and Pacific cod.

Aleutian Spray Fisheries, Courageous Seafoods and Gulf Mist operate longline catcher processors that harvest and process a portion of our CDQ Pacific cod.

Kodiak Fish Company. Kodiak Fish Company, an Alaska-based fishing company that is partnering with O'Hara Corporation, will harvest Groundfish target fisheries.

Cascade Fishing, Inc. will harvest and process Atka Mackerel for YDFDA and possibly in conjunction with other CDQ groups.

Yukon Delta fishermen will harvest Norton Sound CDQ crab and possibly CDQ halibut if commercial quantities are determined to be available. CDQ crab will be processed by Norton Sound Seafood Products, owned by NSEDC.

Harvesting Companies											
Target Species Group	Golden Alaska Seafoods LLC	Romanzof Fishing LLC C/V Baranof	Yukon Delta Resident Fishers	Lisa Marie LLC.	Gulf Mist Inc. C/P Alaska Mist	Aleutian Spray Fish Co	Kodiak Fish / O'Hara Seafoods	Cascade Fishing	Joint Venture Shoreside Pollock C/V	Joint Venture Longline C/P	Joint Venture Crab Vessel
Pollock	U								U		
Halibut			U	U							
Sablefish/Turbot				U							
Crab											
Norton Sound			U								
Bering Sea		U		U							U
Pacific Cod		U			U	U				U	U
Atka Mackerel								U			
Flatfish/Yellowfin							U				

Processing Companies					
Target Species Group	Peter Pan Seafoods Inc.	Uni-Sea Seafoods Inc	Icicle Seafood Inc.	Westward Seafoods Inc	Norton Sound Seafood Products
Pollock					
Halibut	U	U		U	
Sablefish/Turbot	U			U	
Crab Norton Sound					U
Bering Sea			U		
Pacific Cod	U			U	
Atka Mackerel					
Yellowfin Sole					

J. BENEFITS TO THE REGION

The multi-species CDQ allocation will enable YDFDA to benefit the residents of the Yukon Delta region as well as other nearby residents in these important ways:

- ✓ Increase the number of jobs and fishing opportunities available to Yukon Delta residents. Since 1992 YDFDA has made 1,166 jobs available to residents.
- ✓ Create in-region economic opportunities where little exists. Become the major fish buyer on the Yukon and diversify with cultural tourism (fish camp experience).
- ✓ Increase the number of individuals receiving vocational training for work in fishing or other jobs in the industry. Since 1992, YDFDA has made 282 vocational training scholarships available to residents.
- ✓ Maintain the number of internships and apprenticeships available to allow residents to apply their training and skills.
- ✓ Increase the income and standard-of-living of Yukon Delta households.
- ✓ Improve the availability of higher education through scholarships to Yukon Delta residents and expand the program to nearby villages. Since 1992, YDFDA has made 106 academic scholarships available to residents.
- ✓ Provide guarantees for loans so that Yukon Delta residents can buy equipment/permits to compete in local fisheries.
- ✓ Provide a short-term subsidy for herring and crab fishing so that 31 local herring permit holders and 16 local crab permit holders will have a market.
- ✓ Develop local halibut and saffron cod fisheries.
- ✓ Provide a career path to higher paying jobs in North Pacific fisheries.
- ✓ Reduce the need for public assistance in the region.

Overall the CDQ allocation allows for YDFDA to be the economic engine for the Delta region; aiming for self-sustaining, economic development compatible with the region's culture and lifestyle.

K. LEVEL OF LOCAL PARTICIPATION

Development of this CDP begins and ends with constant communication with village residents. Communication is fostered in four important ways:

- ✓ Twenty-four (24) of 26 YDFDA Board and staff are from, or have lived in, the Yukon Delta communities represented by YDFDA.
- ✓ Every household in the region receives YDFDA's newsletter that reports on current and future activities of the organization.
- ✓ Quarterly Board meetings occur in region and rotate among the six villages. The meetings are announced ahead of time and residents are encouraged to attend.
- ✓ YDFDA village representatives reside in the communities and attend City Council, Tribal Council and Native Village Corporation meetings within the Yukon Delta region to promote and report on our activities.

In addition to this stream of feedback and guidance from village residents, YDFDA held a special two-day planning work session in Anchorage in March 2002. Village leaders in addition to Board members attended. Every village had strong representation present. A consultant familiar with the CDQ program moderated this planning session. The first day of the work session focused on program updates and project suggestions from staff. The second day was dedicated to project suggestions from village residents. At the close of the second day, every participant prioritized the projects. The rankings were tallied and the top priority projects are included in this CDP.

Because there was consensus to accept the collective ranking of projects, **this CDP represents a collective, cooperative vision for YDFDA to view the region rather than individual communities. To continue making wise investments and become the major fish buyer on the Yukon.** The Yukon Delta region is united in our approach to secure ownership of Bering Sea Fisheries, Inc. and to cautiously expand salmon operations to include village projects. YDFDA is also united in keeping an equally strong focus on generating profits through investments in Bering Sea pollock, crab, cod, halibut and sablefish.

L. OTHER

YDFDA is the only group stepping in to serve the role of an ARDOR. This is occurring because the Lower Yukon Economic Development Council was recently decertified by the State of Alaska. Rather than try to re-create a new ARDOR from scratch and possibly face the same organizational hurdles, the Department of Community and Economic Development asked YDFDA to serve as an umbrella organization to jump start and coordinate regional economic development and planning. YDFDA has always supported the ARDOR recognizing the concept of regional economic development. In May of 2002, the Board of Directors voted to accept this challenge providing it did not deter YDFDA from its core mission of creating fisheries related economic opportunities. The Board of Directors also approved the hiring of a Regional Economic Development Coordinator.

YDFDA is committed to working with other CDQ groups, villages and regional entities to maximize the resources that are available. YDFDA's Board of Directors and management continue to explore new projects to achieve this goal.