



PREPARED FOR:
BRISTOL BAY ECONOMIC DEVELOPMENT CORPORATION

COMMUNITY DEVELOPMENT QUOTA PROGRAM

2022 DECENNIAL REVIEW REPORT:

BRISTOL BAY ECONOMIC DEVELOPMENT CORPORATION

INTRODUCTION

The Magnuson-Stevens Fishery Conservation and Management Act of 2006 (hereafter Magnuson-Stevens Act) is the primary federal law governing marine fisheries management in the United States. Although originally enacted as the Fishery Conservation and Management Act of 1976 and amended multiple times through the decades, the original intent of the Magnuson-Stevens Act remains intact – to promote and protect the domestic fishing industry’s harvest of coastal fisheries. Woven throughout the Magnuson-Stevens Act are objectives related to fishery conservation, habitat protection, enforcement of international agreements, maintaining coastal community viability, and achieving optimum yield from each fishery. These objectives are achieved through the establishment of regional fishery management councils and the development of fishery management plans.

Of noteworthy importance for Alaska, the North Pacific Fishery Management Council (NPFMC) established the Western Alaska Community Development Quota (CDQ) Program in 1992, which was later incorporated into the Magnuson-Stevens Act in 1996. The CDQ Program was established to ensure that Bering Sea fisheries provide economic opportunity for Bering Sea and Aleutian Island communities. Prior to the passage of the CDQ Program, villages were unable to meaningfully participate in the large-scale commercial seafood industry for a variety of reasons including lack of industry infrastructure, limited workforce skills, and limited financial resources for investing in fishing enterprises. In short, the CDQ Program was established to fulfill the following objectives for 65 Western Alaska villages:

1. Provide opportunity to participate and invest in Bering Sea and Aleutian Island area fisheries;
2. Support economic development;
3. Alleviate poverty and provide economic and social benefits for residents; and
4. Achieve sustainable and diversified local economies.

Fulfilling CDQ Program objectives requires organizational capacity, human capital, and financial investment. The CDQ Program established six regional non-profit entities (hereafter CDQ groups), encompassing 65 villages on the Bering Sea coast, and provided exclusive allocations of harvestable fish stocks to each group, including pollock, crab, and halibut. Unlike many federal government programs which provide direct financial



support or social service assistance, the CDQ Program established regionally driven organizations, provided a high-value harvestable commodity, required local leadership, and directed proceeds to be used for the economic and social benefit of member villages. CDQ groups use fisheries-generated revenue to promote village economic opportunity by creating jobs, building infrastructure, providing social services, and encouraging workforce development through training and scholarships. For over 20 years, the CDQ Program has provided economic opportunity in some of the nation's most isolated and economically depressed villages.

The Magnuson-Stevens Act also requires a periodic review of CDQ groups to ensure they are fulfilling program objectives. Beginning in calendar year 2012 and recurring every ten years thereafter, the State of Alaska is charged with evaluating CDQ group performance. This decennial review includes an evaluation of longitudinal change across four Magnuson-Stevens Act criteria encompassing socioeconomic characteristics, financial performance, workforce development, and implementation of annual harvest plans. This report provides the State of Alaska's overall determination of performance of the Bristol Bay Economic Development Corporation (BBEDC) relative to the required criteria.

DECENNIAL REVIEW

During August 2012, the State of Alaska adopted regulations, consistent with the Magnuson-Stevens Act, implementing the state's role in the decennial review. State regulations outline an evaluation process that places substantial burden on the CDQ group for self-evaluation and limits the criteria by which CDQ groups are evaluated. Specifically, CDQ groups are charged with using observable and specific data to measure performance across four primary criteria required by the Magnuson-Stevens Act. Furthermore, the Magnuson-Stevens Act requires each CDQ group weigh the criteria, for use by the State of Alaska during the evaluation process, in order to reach a final determination of overall organizational performance. To fulfill 2022 decennial review obligations, CDQ groups submitted decennial review reports summarizing performance across the four criteria between 2011 and 2020 and provided necessary reference materials to support findings, including financial statements, community development plans, and other supplemental materials.

The State of Alaska fulfilled its decennial review obligation via an interdisciplinary CDQ evaluation team comprised of four officials from the Departments of Fish and Game, Labor and Workforce and Development, and Commerce, Community, and Economic Development. Using CDQ group data, performance standards, relative weighting of criteria, and analysis, the state's role in evaluating CDQ group performance is limited to determining whether the entity:

1. Maintained or improved its overall performance with respect to the criteria; or
2. Has not maintained or improved its overall performance with respect to the criteria.



CRITERION ONE – SOCIOECONOMIC CONDITIONS

Data Sources and Standards

BBEDC provided data sources and standards to evaluate performance regarding population, poverty, and economic development in its member villages. Data sources included U.S. Census Bureau’s decennial population census data, U.S. Census Bureau’s American Community Survey poverty, income, employment, and housing data, and Alaska Department of Labor and Workforce Development’s employment, wage, and population data. The standard used to measure performance related to socioeconomic conditions across its member communities includes increasing population while decreasing poverty and increasing income, wages, and employment.

Criterion One

✓ Changes during the preceding ten-year period in population, poverty level, and economic development in the entity’s member villages.

Weight

✓ 10 points

BBEDC Finding

✓ Maintained

State of Alaska Determination

✓ Maintained or Improved

BBEDC noted that there are inherent limitations in analyzing socioeconomic data for its region due to community characteristics such as geographic remoteness and small population size that can result in high margins of error in population, poverty, and economic development data.

Evaluation

BBEDC’s assessment of population data demonstrated that total population in the region declined by 4.4%, or 241 people, between 2010 and 2020. The most significant population decline was seen in Egegik and the Bristol Bay Borough. Population increases were seen in Twin Hills and Manokotak.

BBEDC’s assessment of poverty data shows improvement – in absolute numbers, there are 57 fewer individuals living in households with income below the federal poverty level in the 2016-2020 survey period as there were in the 2011-2015 survey period.

To evaluate economic development, BBEDC considered per-capita income, median household income, total wages, and employment data for the region. Due to significant data limitations, BBEDC relied on comparing the change between the 2011-2015 period and the 2016-2020 period. BBEDC was able to calculate a change in per capita income for only 9 of its 17 member communities. Of these, 6 communities experienced an increase in per capita income and 3 experienced a decrease. In terms of median household income, there was significant variation across the region: Twins Hills saw a 53.1% reduction between the two periods whereas Egegik saw a 123.3% increase. The average median household income decreased across BBEDC communities by 6.5% over the time period. In terms of employment, twelve of BBEDC’s 17 member communities saw a reduction in employment between 2010 and 2020. Employment declined overall by 10.3%. Wages overall increased by 8.4% by traditional calculation; in calculating average wages per individual employed (an attempt to address the decline in employment rate), the increase in wages between 2010 and 2020 is even higher, at nearly 21%.



Determination

While several of the socioeconomic metrics analyzed appear to show declines in economic conditions over the review period (decreasing population, income, and employment), some data (wages) appears to have increased. It is clear from the report, however, that the quality of data available significantly hampers the ability to make meaningful conclusions as to regional socioeconomic trends. BBEDC saw very high margins of error across community level data, and some data sources such as employment data excluded federal workers, the self-employed, and most commercial fishermen. Given this, BBEDC is determined to have maintained or improved performance with respect to criteria one.



CRITERION TWO – FINANCIAL PERFORMANCE

Data Sources and Standards

BBEDC provided data sources used to evaluate performance, articulated standards by which to measure performance, and described methods to reach a final determination. Data sources originate directly from BBEDC’s audited financial statements and are sufficient to determine overall financial performance, including fishery and non-fishery investments. Standards used to measure overall financial performance include longitudinal change in investments (i.e., fishery and non-fishery) and net assets including total net assets, change in net assets, return on net assets, and long-term debt to net assets ratio.

Evaluation

One hundred percent of BBEDC’s investments made during the 2011 to 2020 review period are fisheries related. BBEDC made a total of \$137 million in fishery investments during the ten-year period, for an average of \$13.7 million per year. Over the review period, BBEDC has made significant investments in fisheries-related infrastructure including: 1) Significant investments in pollock, crab, and cod fishing rights in 2013; 2) Investment in BBEDC affiliate vessel acquisition and conversion into a state-of-the-art pollock catcher vessel in 2014; and 3) In 2020, BBEDC bought out its partners in an LLC which holds an investment in a fishmeal company, completed a merger of two seafood processing companies, and bought out its partners to become 100% owner of four crab vessels.

Over the review period, BBEDC increased net assets by nearly \$146 million, a 74% increase. BBEDC maintained an average annual return on net assets of 6.6%. Over the 10-year period from 2011-2020, BBEDC had an average debt to net asset ratio of 3.2% and carried no debt in four of the years.

Determination

Evaluation of criterion two, determining overall financial performance, requires consideration of fishery and non-fishery investments. Across nearly all financial metrics – investments, net assets, and debt – BBEDC improved performance in the review period compared to the previous review period. Given this, it is well-supported BBEDC has maintained or improved its performance relative to criterion two.

Criterion Two

- ✓ Overall financial performance of the entity, including fishery and non-fishery investments by the entity.

Weight

- ✓ 30 points

BBEDC Finding

- ✓ Improved

State of Alaska Determination

- ✓ Maintained or Improved



CRITERION THREE – WORKFORCE DEVELOPMENT

Data Sources and Standards

BBEDC provided data sources used to evaluate its performance and standards by which it determined it achieved the goals of the workforce development criterion. Data sources originate directly from BBEDC records and are sufficient to determine it has achieved the goal of criterion three – to provide employment, scholarships, and training for the 2011 to 2020 review period.

Evaluation

Over the review period, BBEDC provided employment, scholarships, and training to individuals in the member communities. In terms of direct employment, an average of 114 individuals were directly employed by BBEDC from 2011-2020 with annual wages averaging \$2,431,170. An average of 89% of the individuals employed were BBEDC residents. The total number of individuals indirectly employed through BBEDC ranged from 105 in 2020 to 246 in 2018, with an average of 171 indirectly employed per year from 2011-2020. Community Grants and a seafood processing company accounted for over half of the indirect employment in the years evaluated.

The number of unique individuals receiving BBEDC scholarships each year during the review period averaged 185, with an average annual distribution of \$562,158, or \$3,039 per person. In total, BBEDC awarded more than \$5.6 million in scholarships between 2011 and 2020.

Education and training expenditures from 2011 to 2020 totaled \$6.6 million. On average, 751 individuals per year received education and training assistance, at a value of roughly \$878 per person.

Determination

Evaluation of criterion three requires consideration of employment, scholarships, and training. As performance for each of the three indicators improved over the review period, it is evident given the performance standards set out, BBEDC has maintained or improved employment, scholarships, and training opportunities for the region’s member communities and residents.

Criterion Three ✓ Employment, scholarships, and training supported by the entity.
Weight ✓ 30 points
BBEDC Finding ✓ Improved
State of Alaska Determination ✓ Maintained or Improved



CRITERION FOUR – COMMUNITY DEVELOPMENT PLAN

Data Sources and Standards

Objectives of the community development plan (CDP) are to maximize the harvest of groundfish, halibut, and crab target species while minimizing the harvest of prohibited species (bycatch) to the extent practicable. BBEDC provided data sources used for this assessment and the standards by which it determined whether it achieved CDP goals. Provided data sources include groundfish harvest data from the National Marine Fisheries Service (NMFS), crab harvest data from the Alaska Department of Fish and Game (ADFG), and halibut harvest data from the NMFS Restricted Access Management program. Additionally, BBEDC provided their 2011-2020 CDPs. These data sources are appropriate for evaluating performance.

Criterion Four

✓ Achieving the goals of the entity's community development plan.

Weight

✓ 30 points

BBEDC Finding

✓ Maintained or Improved

State of Alaska Determination

✓ Maintained or Improved

Evaluation

Overall, BBEDC maintained a high harvest rate (97-100%) for its primary groundfish species (i.e., pollock and Pacific cod), while improving performance in target halibut and target flatfish species. Harvest rates of target sablefish were generally maintained during the first half of the review period but declined in the second half, due to changes in market conditions, opportunity in other fisheries, and logistical challenges of traveling to the Aleutian Island fishing grounds.

Performance in crab harvests was strong throughout the review period, averaging 100 percent harvest rates in Bristol Bay red king crab, Bering Sea *C. opilio* crab, and Saint Matthew blue king crab. BBEDC clearly maintained its ability to fully harvest these allocations over the review period. Lower rates were realized in Bering Sea *C. bairdi* crab and Eastern Aleutian Islands golden king crab fisheries due to scattered fishery closures throughout the review period. However, BBEDC managed to increase CDQ utilization of both species on average by 19% and 23%, respectively, a clear improvement from the previous review period.

BBEDC receives a halibut CDQ allocation in International Pacific Halibut Commission (IPHC) Regulatory Areas 4D and 4E. BBEDC's practice for allocating its CDQ halibut is to prioritize resident fishers. Residents can register with BBEDC to harvest the group's halibut CDQ. Since most residents fish out of small skiffs, travelling offshore to Area 4D is impractical, so all the harvest occurs in Area 4E. During the review period, the percent utilization for the combined Area 4D/4E harvest increased by an average of 2.9 points per year. BBEDC also saw improved performance for both harvest and utilization in Area 4E; average annual harvest of 4E CDQ increased by nearly 400 pounds (5.5%) per year from 2011-2020.

WACDA has included a requirement that CDPs include a bycatch avoidance plans with respect to the harvest of its share of fishery resources (CDQ Panel Resolution 2010 – 07). In its CDP, BBEDC provides the basis for



its bycatch avoidance plan: daily catch monitoring and avoidance of periods and areas with known high bycatch rates. If established trigger bycatch rates are reached, harvesters are required to make adjustments (e.g., vessels must move to a different area, adjust gear, or stop fishing).

BBEDC evaluated its bycatch performance based on whether it stayed within its prohibited species quota (PSQ) allocations during the review period. Overall, BBEDC’s bycatch equated to a range of 3 percent to 19 percent of its individual crab PSQ allocations; 57 percent of its halibut PSQ allocation; and zero percent to 27 percent of its Aleutian Island and Bering Sea Chinook salmon PSQ allocations, respectively. These PSQ utilization rates represent a marked improvement from 2006-2010 rates: a 35% reduction in chinook salmon PSC, a 3% reduction in crab PSC, and a modest 9% increase in halibut PSC.

Determination

Given the performance standards, BBEDC maintained or improved its performance relative to criterion four.

FINAL DETERMINATION

BBEDC submitted data, stated performance standards for each criteria, and provided analysis and discussion regarding whether performance standards were met. BBEDC’s self-evaluation determined that they have maintained or improved performance across all four criteria including socioeconomic conditions, financial performance, workforce development, and implementation of community development plans. This determination is documented, discussed, and supported by specific and observable data. Consequently, the State of Alaska evaluation team concurs with BBEDC’s finding that overall performance has maintained or improved for the 2011 to 2020 review period.

Determination Summary

Criteria	Description	Weight	BBEDC Determination	State of Alaska Determination
1	Socioeconomic Conditions	10 points	Maintained	Maintained or Improved
2	Financial Performance	30 points	Improved	Maintained or Improved
3	Workforce Development	30 points	Improved	Maintained or Improved
4	Community Development Plan	30 points	Maintained or Improved	Maintained or Improved
Overall		100 points	Maintained or Improved	Maintained or Improved

