



P.S.V.O.A.



NEWSLETTER

FEBRUARY 2008

MINUTES OF THE 2007 PSVOA ANNUAL MEETING

The 72nd annual membership meeting was held in Lynnwood, Washington on November 17, 2007 at the Embassy Suites Hotel. The meeting was attended by a combined 97 members and proxies. This constituted 19% of the voting membership and a quorum to conduct business. President **Bob Plenkovich** called the meeting to order at 10:30 a.m. and the agenda was approved.

FINANCIAL REPORT & MEMBERSHIP

A preliminary 2007 financial report projected a balanced budget of \$508,000, which represents a 5% increase from 2006. For the fifth consecutive year, PSVOA required a reduced Seine Vessels' Reserve (SVR) management fee as a growing share of income is generated from other sources, especially management fees from affiliated insurance programs and legal services.

A motion to maintain membership dues at \$300 for 2006 was approved without objection. Annual membership dues have remained constant since 1986 with the exception of a \$1,000 surcharge in 1995 to finance opposition to a Washington State anti-commercial fishing initiative. It was reported that 16% or \$48 of 2007 dues are allocable to certain lobbying expenses and not deductible for federal income tax purposes. A second motion was then made to reduce affiliated membership dues to \$100. This Board supported motion was based on the belief that unanticipated delays in returning SVR surplus to withdrawing or retiring members, who are required to maintain their PSVOA membership, was an unnecessary hardship. The motion was approved without objection. Total membership stood at 520, including 154 affiliated members.

Staff provided commentary and answered ques-

tions on a variety of legislative, regulatory and policy issues affecting membership. A summary of these discussions follows *[with post meeting developments in brackets.]*

PUGET SOUND SALMON

The 2007 Fraser sockeye and pink salmon season was extremely disappointing. The preseason sockeye forecast of 6.2 million came in at only 1.2 million. There was no directed sockeye fishery in either U.S. or Canadian waters. Similarly, the pink salmon forecast of 20 million came in at less than 10 million with a combined U.S. and Canadian catch of less than 1 million. Unfortunately, 2008 looks no better with a preseason sockeye forecast of only 2.9 million.

On a more positive note, Puget Sound chum salmon systems continue to return in high numbers with the 2007 combined run in excess of 2 million. Higher ex-vessel pricing is triggering increased fishing effort, especially within the gillnet fleet. Further fueling this increase was a 2003 decision to grant gillnets additional fishing days in response to low effort and the spurious claim that additional days would increase sales to local markets. PSVOA is urging a return to equal fishing time for both gear groups in all areas with alternating first starts. This year purse seines harvested 80.3% of the catch.

AREA	Seine	Gillnet	TOTAL
San Juan	44,522	12,730	57,252
Skagit	12,233	7,745	19,978
Everett	21,760	29,540	51,300
South Sound	259,051	77,425	336,476
Hood Canal	305,130	28,234	333,364
TOTAL	642,696	155,674	798,370

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[Seeking to maintain additional fishing time, gillnetters under the auspices of the Puget Sound Salmon Commission, are publicly claiming that seine caught fish are funneled through industrial style processing plants for export while gillnet fish are consumed locally offering a better economic return to the State. To bolster this effort, they also sponsored legislation (SB 6337) asking that WDF&W manage Puget Sound salmon fisheries to encourage self-marketing and local sales. The Legislature correctly viewed the bill as an allocation measure and it quickly died. To further counter this disinformation, PSVOA commissioned a study to analyze where gillnet harvested chum are sold. The study concludes that 97% of the 2006 gillnet catch went to the same markets as seine fish. We believe an analysis of 2007 data will show an even a smaller share portion of gillnet catch going to local markets.]

SOUTHEAST SALMON FLEET CONSOLIDATION

This long over due program to buyback permits in the purse seine fleet continues to move forward notwithstanding bureaucratic indifference, negative publicity, and regrettably even opposition within our own ranks. The last remaining hurdle requires Congress to appropriate one percent (1.0%) of the loan amount. The Senate has earmarked \$250,000 in the FY 2008 Commerce budget for this purpose and we are awaiting concurrence by the House. This appropriation would provide for a loan of up to \$25 million. However, National Marine Fisheries Service (NMFS) had earlier determined that a three percent (3.0%) assessment on the ex-vessel price of all salmon taken in the fishery would only provide for an \$18 million loan.

This program has always been predicated on funding from two separate sources—the final loan amount plus an additional \$3.88 million in grants previously designated by Congress to the Southeast Revitalization Association (SRA) as administered by ADF&G. Last month ADF&G, without any advance notice to the SRA, reassigned \$1 million of these grant funds to Southeast processors for canned pink salmon marketing. The SRA had always intended to use the loan and grant dollars under a single comprehensive program. However, faced with this astonishing decision by ADF&G, the SRA is now taking every possible action to secure and immediately spend the remaining \$2.88 million.

[Last month the President signed into law the FY 2008 Commerce budget containing \$235,000 for the

loan. This means the loan cannot exceed \$23.5 million. NMFS has agreed to reassess its earlier \$18 million determination based on increases in 2007 ex-vessel salmon prices, especially pink salmon. Though encouraged by this development, we have no indication that NMFS will approve a higher loan amount. The SRA is work with NMFS on this issue plus overall development of a consolidation plan and implementation schedule. We anticipate the referendum or vote by permit holders to approve or reject the plan and 3.0% assessment will occur in December, 2008. If permit holders approve the plan, the SRA expects to purchase and permanently retire permits before the 2009 season.

Building on our success at the federal level, ADF&G has approved an SRA plan to immediately spend the remaining \$2.88 million. The plan provides for a voluntary reverse auction wherein permit holders will submit a bid amount for which they are willing to sell a permit. On March 3rd the SRA will mail a notice to all permit holders describing the plan, including eligibility requirements and timelines. Invitations to bid or sell permits will be mailed on March 31st with an April 21st deadline for submittal of bids. The SRA will accept or reject bids by April 28th and will tender bid amounts to accepted bidders on May 11th. Without permit holders later approving a 3.0% assessment to fund a loan, this \$2.88 million will be the only funds available to purchase permits.

ALASKA SALMON

This statewide salmon harvest of 212 million salmon was the 4th largest since statehood. The preliminary ex-vessel value is estimated at \$374 million and should exceed \$400 million with post season price adjustments. The statewide pink harvest of 143 million was highlighted by a record 54 million in Prince William Sound (PWS). Despite strong catches in Alaska (and Russia); the pink salmon market appears relatively strong with no downward pressure on pricing. The statewide chum harvest of 17.3 million was relatively strong although returns to Southeast hatcheries were well below forecast. Bristol Bay enjoyed another strong year with a 30 million sockeye catch.

Complimenting stable salmon production is stable market demand for Alaska salmon. Today Alaska salmon comprises only 15% of world consumption and this percentage will continue to decline. Alaska salmon has become a niche market and the industry must further improve quality and product forms

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to maintain this unique market advantage. We expect Alaska salmon to be recertified as a sustainably-managed fishery by the Marine Stewardship Council (MSC). Although significant, the "Wild Alaska Seafood" label promoted by the Alaska Seafood Marketing Institute (ASMI) may offer a better long-term marketing approach.

[The 2008 Alaska pink salmon harvest predictions are below average, highlighted by a 19 million projection in Southeast-- only 40% of the 10-year average. PWS and Kodiak expect similar declines based on extremely cold temperatures in the Gulf of Alaska. Sockeye forecasts again look promising with Bristol Bay expecting a harvest of 31.4 million.]

The often tumultuous U.S.-Canada Salmon Treaty is navigating toward calmer waters with a tentative agreement on a 10 year rollover of the Boundary Annex, including management of the highly important District 104 seine fishery.]

UNITED FISHERMEN OF ALASKA

Over the past five years PSVOA has dedicated substantial time and resources to establish a greater presence in Alaska. Besides opening an office in-state, PSVOA has played a consistent role in stabilizing the United Fishermen of Alaska (UFA) membership base and mission statement. UFA is often the leading voice on state-water fishing issues. A strong UFA provides PSVOA with a cost-effective means to develop and comment upon the many issues affecting Alaska's fishing industry. This year we have focused on UFA efforts dealing with the National Aquaculture Act, Magnuson-Stevens Reauthorization and specifically opposition to processor quota shares, sport/charter halibut allocations and subsistence.

COASTAL FISHERIES

This session the Washington Legislature passed SB 5447 requiring WDF&W to develop a report on the coastal Dungeness crab fishery, including a proposal for a buyback program. The report was to be submitted by December 1, 2007. To date PSVOA has only monitored the issue, but should be prepared to take an active role given the growing number of members participating in the fishery.

The most recent NMFS assessment shows a significant decline in Pacific sardine stocks. Industry strongly objected arguing that the current methodology grossly understates sardine populations off the

West Coast and does not take aerial surveys into account. The Pacific Fisheries Management Council (PFMC) recommended a harvest guideline of 89,903 metric tons—the lowest harvest level since the onset of federal management in 2000. This disappointing news comes on the heels of increased market demand for sardines. Everyone predicts that the reduced harvest and increasing market demand will for the first time result in the harvest guideline being taken before the end of the season. For this reason, ten percent (10%) of the allocation will be set-aside to allow for incidental landings in the squid fishery. Turning to squid, the 2007 catch should come in at 35,000 metric tons. The catch is below recent year averages but has been offset by relatively high and stable ex-vessel pricing.

[WDF&W did not file a crab report by December 1st. This was disappointing as the Legislature appeared ready to make an initial appropriation toward an overall funding package. Many explanations exist for the failure of WDF&W to file the report. However, there has been no showing to date that the earnings of crab fishermen have declined since the granting of tribal crabbing rights under federal court decision, which has apparently weakened the claim for federal dollars.]

[WDF&W will sponsor legislation to transition the current sardine experimental fishery to a limited entry commercial licensed fishery for 2009. The license will be full transferable with no minimum landing requirement. This would complete a comprehensive federal/state limited entry system for the Pacific sardine fishery.]

ELECTIONS AND ADJOURNMENT

Current at-large Board members, **Skip Anderson**, **Nick Babich** and **Dale Marble** were re-elected for another two year term. Current port members also re-elected were: **John Curry** (Blaine), **Bill Burton** (Everett), **Nick Jerkovich** (Gig Harbor) and **Bob Plenkovich** (Seattle).

The meeting adjourned at 12:15 p.m. for a hosted lunch. Guest speaker, **Richard Riggs**, CEO of Silver Bay Seafoods, made a presentation on the first year operations of this fishermen-owned company based in Sitka, Alaska. Over 80% of Silvery Bay ownership is held by 34 Southeast salmon seine permit holders of which 20 are PSVOA members.

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MINUTES OF THE 2007 SVR ANNUAL MEETING

The 22nd annual meeting of the SVR was called to order at 1:40 p.m. by President **Richard Tarabochia**. A preliminary financial report placed 2007 surplus at \$1.2 million or a 41% return of premium. Total member surplus is estimated at \$4.925 million. Membership voted to approve a 2008 distribution of \$.925 million. This distribution will consist of the remaining 1999 surplus and 20% of the 2000 surplus. Membership also voted to maintain existing contribution rates for 2008 and then approved the following amendments to the Articles of Association:

Article X(2) to provide for binding arbitration involving a Hull claim between two or more members.

Article XI(5) to provide for immediate distribution of a member's aggregate if less than \$1,000 and membership has been cancelled or withdrawn for a period of five (5) years.

Current Board members **Andy Babich**, **Tom Manos** and **Bud Marrese** were re-elected. **Robert McDonnell** was elected to replace long-time member **Gene Vitalich** who passed away this month after a long illness. The meeting adjourned at 3:30 p.m.

NEWS BRIEFS

Consolidation in the Alaska processing sector continues with the announcement that Trident Seafoods has acquired Bear & Wolf Salmon Company operations in Cordova, Alaska. Bear & Wolf had pioneered the development of block frozen skinless-boneless pink salmon fillets.

The preliminary guideline harvest for the 2008 Sitka

sac roe herring fishery is a robust 13,796 tons. On a related topic, the Alaska Legislature is considering a resolution affirming that existing state law allows the Board of Fish to allocate the resource (e.g. equal sharing) within a fishery.

The U.S. Senate has approved a provision to the Farm Bill reauthorization giving individual plaintiffs in the Exxon Valdez oil spill litigation the option to increase retirement contributions from any damage award and allows for income averaging. The legislation is scheduled for a Senate-House conference committee. If enacted and the \$2.5 billion damage award is upheld, the federal income tax savings are estimated at over \$200 million.



*Have a safe
and prosperous season.
- Rob, Bob, Rachel & Anna*



ASSOCIATE MEMBERS

**Also members of the Pacific Salmon Treaty*

Alaska General Seafoods*	LFS, Inc.
Alaska Glacier Seafoods	Northwest Farm Credit Svcs..
Alaska Marine Lines	Peter Pan Seafoods, Inc.*
American Canadian Fisheries	Petersburg Shipwright, Inc.
Ballard Hardware & Supply, Inc	Phillip Hingston, Inc. CPA
Ballard Oil Co.	Piston & Rudder Service, Inc.
Bellingham Cold Storage	Redden Marine Supply, Inc.
Blomquist Marine Surveys	Seaview Boatyard East, Inc.
Coastal Marine Surveying	Shoreline Bank
Covich-Williams Co., Inc.	Silver Bay Seafoods, LLC
Delta Western, Inc.	Snopac Products, Inc.
E.C. Phillips & Son, Inc.	Taku Oil Sales
Great Western Pump Co. Inc.	The Boat Company
Hammer & Wikan, Inc.	Tom-Mac Shipyards, Ltd.
Harbor Bar and Liquor	Trident Seafoods Corp.*
Hoonah Cold Storage	

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