



P.S.V.O.A.



NEWSLETTER

Happy New Year!

JANUARY 2010

MINUTES OF THE 2009 PSVOA ANNUAL MEETING

The 74th annual membership meeting of the Purse Seine Vessel Owners (PSVOA) was held in Lynnwood, Washington on November 21, 2009 at the Embassy Suites Hotel. The meeting was attended by a combined 109 members and proxies. This constituted 25% of the voting membership and a quorum to conduct business. President Bob Plenkovich called the meeting to order at 10:20 a.m. and the agenda was approved.

FINANCIAL REPORT & MEMBERSHIP

A preliminary 2009 financial report projected both net income and expenses at \$479,700, which was nearly identical to the net income and expenses in 2008 of \$473,500. PSVOA continues to derive the majority of its income from the management of its related insurance programs (SVR, BBR, and SEAFAR) and from legal services. PSVOA is actively working to expand the related insurance programs in order to provide a reliable source of income to ensure that PSVOA remains financially strong in the years to come.

A motion to maintain membership dues at \$300 and affiliated dues at \$100 for 2010 was approved without objection. There has not been an increase in membership dues since 1986 with the exception of a \$1,000 surcharge in 1995 to finance a Washington State anti-commercial fishing initiative. An estimated 9% or \$28 of the 2009 dues are allocable to certain lobbying expenses and are not deductible for federal income tax purposes. Total membership stood at 501, including 182 affiliated members.

Staff then presented reports on the following items:

PUGET SOUND SALMON

In 2009 there were no Fraser sockeye directed commercial fisheries in either U.S. or Canadian waters because of the lack of harvestable sockeye. The recent trend of

poor sockeye returns continued in 2009. Only an estimated 1.37 million sockeye returned to the Fraser in 2009 which was far below the preseason forecast of 10.5 million.

In contrast, Fraser pink salmon returns were strong in 2009 which helped soften the blow for Puget Sound seiners caused by the lack of any sockeye directed openings. The Fraser pink return was estimated to be 19.5 million. The non-treaty catch of pinks in the San Juans and Point Roberts areas was approximately 2.4 million. Most of the non-treaty pink catch (94%) was harvested by the seine fleet. The lack of processing capacity in Puget Sound did not hinder the ability of seiners to obtain markets or sell their fish. Some of the major salmon processors tendered Puget Sound pinks to their canning facilities in Southeast Alaska.

Pink salmon returns to the Snohomish and Skagit systems were strong in 2009 as well which provided the first commercial pink openings in Everett Bay and Skagit Bay since 2003. There were questions from the membership regarding WDFW's failure to provide additional openings in Everett and Skagit in light of the in season observation of large pink returns to both systems.

In 2009 WDFW authorized a limited participation pink salmon fishery in Area 10 consisting of 2 purse seine vessels to take advantage of the strong pink returns to the Puyallup and Green Rivers. The participants were required to pay for an on-board observer to monitor Chinook encounters. There were questions from the membership concerning the possibility of increasing the number of participants in the fishery in the future.

2009 Non-Tribal Pink Catch by Area and Gear

Area	Seine	Gillnet	Reefnet	Total
7/7A	2,231,820	1,938	136,946	2,370,704
8	31623	3,949		35,572
8A	290,326	13,602		303,928
10	86,706	38		86,744
TOTAL	2,640,475	19,527	136,946	2,796,948

Puget Sound chum salmon catches in 2009 were the lowest since 2005, but chum returns were in line with pre-season forecasts. There were no non-treaty commercial chum openings in 2009 in Everett or Skagit Bay because of conservation concerns. Chum catches in the San Juans and Point Roberts areas did not even approach the U.S share of 135,000 under the Pacific Salmon Treaty. Ex-vessel prices were slightly lower in 2009 compared to the \$.90 per pound seiners received in 2008. The 2009 pre-season schedule provided alternating first starts for purse seines and gillnets in South Sound and Hood Canal for the first time since 2002.

For the third year in a row gillnet representatives filed a lawsuit against WDFW challenging the pre-season schedule in South Sound alleging the schedule did not afford the gillnet fleet a fair allocation of the non-treaty share of chum. The filing of the lawsuit did not disrupt the previously adopted 2009 fall chum schedule and has not yet been considered by the court. WDFW appealed a prior decision where the lower court ruled in favor of the gillnet challengers in connection with the 2008 fall chum schedule. A decision in the case on appeal is not expected until late 2010 or 2011.

2009 Non-Tribal Chum Catch by Area and Gear

Area	Seine	Gillnet	Total
7/7A*	10,063	3,531	16,428
10/11	83331	24,383	107,714
12/12B	112,514	53,756	166,270
TOTAL	205,908	81,670	290,412

*Includes 2,834 Reefnet catch

Membership received an update on the status of the 2007 Fraser Sockeye Disaster Funds. One-third of the \$2.0 million (\$.67 million) previously appropriated by NOAA Fisheries was allocated to Washington non-treaty Puget Sound salmon license owners. Purse seine permit owners were to receive approximately 55% of the non-treaty allocation of the disaster funds. To be eligible to receive disaster relief funds a purse seine permit owner must have: (1) owned an active permit in July 2007, and (2) made sockeye landings sometime during 2003 – 2006. The amount of disaster relief money received by each eligible purse seine permit owner was based upon the amount of sockeye landed on the permit during the 2003 – 2006 period. According to WDFW, eligible permit holders had already been notified by mail and funds were to be distributed by the end of the year.

[Disaster relief funds were distributed to eligible permit holders in late December.]

WASHINGTON LEGISLATURE

The 2010 Washington legislative session is expected to focus on the continuing state budget crisis. With the projected budget deficit near \$2 billion (and growing by the day), all state agencies, including WDFW, can expect further cuts in their budgets. That means full restoration of state funding for chum hatcheries in Hood Canal appears doubtful during this session. PSVOA will seek to implement the legislation it sponsored during the 2009 session which was enacted into law requiring WDFW to enter into public/private partnerships to keep hatcheries operating that would otherwise be slated for closure due to budget constraints, including the McKernan hatchery in Hoodspert. In addition, PSVOA will also seek to introduce legislation designed to end the annual march to the courthouse by the gillnet fleet challenging the Puget Sound fall chum schedule (see above).

2009 ALASKA SALMON CATCHES

This statewide salmon harvest of 161.7 million salmon was 14 million below the preseason forecast and the 11th largest since statehood. The ex-vessel value should reach \$400 million with anticipated post season price adjustments. The season was highlighted by strong sockeye catches in Bristol Bay and above forecast pink catches in Kodiak. Prince William Sound experienced very poor pink salmon returns, especially the Valdez Hatchery. Both Southeast and the Peninsula had pink salmon harvests below the pre-season forecast. The statewide chum salmon harvest of 17.35 million ranks as the seventh best of all time. A catch summary by region and a 2008 comparison follows.

Area	Sockeye		Pink		Chum	
	2008	2009	2008	2009	2008	2009
Southeast	0.42	0.93	15.97	37.69	9.08	9.59
Bristol Bay	27.76	30.90			1.12	1.37
PWS	1.20	1.92	42.35	18.32	3.89	3.22
Kodiak	1.82	1.73	8.71	27.60	0.91	0.96
Peninsula	4.13	4.10	13.53	9.76	1.00	1.79
Chignik	0.69	1.20	2.39	1.41	0.21	0.26
Cook Inlet	2.77	1.73	0.67	1.20	0.22	0.16
Totals	38.79	42.51	83.59	95.98	16.43	17.35
Russia				3.75		
Japan						39.00

[ADF&G has announced a forecast 19 million pink harvest in Southeast. The Bristol Bay sockeye run is forecast at 40 million with a commercial harvest of 31.8 million.]

ALASKA SALMON MARKETS

We again enjoyed stable market demand for Alaska salmon flesh. Bristol Bay sockeye salmon should fair very well given disastrous Chilean farmed salmon production and its inability to meet U.S. demand for salmon fillets. Pink salmon demand was also encouraging given huge pink catches in Russia waters. However, the ex-vessel price for both chum and pink salmon will be far below 2008 levels due to a variety of factors. There was a marked decline in salmon roe prices, particularly pink roe, which is highly dependent on Russian and Ukrainian consumers. These economies faltered after the 2008 season and combined with the record Russian pink production resulted in very weak demand for Alaskan salmon roe.

We must remain mindful that Alaska salmon, especially pink and chum salmon, is still largely an export commodity and highly dependent on foreign exchange rates. This past year the U.S. dollar strongly rebounded against the currencies (excepting Japan) of foreign salmon buyers. Consequently, the appreciating dollar increased the price of Alaska salmon in relation to prices of the foreign countries' other goods.

Today, Alaska's salmon comprises only 15% of world consumption and this number will continue to decline evidenced by strong Russia salmon runs and ever increasing aquaculture production. To some extent we are transitioning to a niche market for consumers who want natural "wild" seafood harvested in sustainable fisheries. These are long-term trends that will require the industry to improve quality and product forms. Currently Alaska is the only major salmon producer now certified as a sustainably-managed fishery by the Marine Stewardship Council (MSC), which is a major consideration for European consumers. This year, however, a small portion of Russian salmon gained MSC certification and this trend will likely continue.

[PSVOA strongly supports continued MSC certification for Alaska salmon. A few of the major seafood companies do not share this opinion for reasons that have not been clearly articulated. Last year ADF&G elected to no longer remain as the client for the MSC certification reasoning that it could not sufficiently advocate the benefits of its salmon management policy and still meet the MSC client responsibilities. For this reason, it was proposed that the Alaska Seafood Marketing Institute ("ASMI") would become the client. Regrettably, certain ASMI Board members affiliated with these companies have effectively blocked the transition from ADF&G to ASMI. Equally surprising, these companies effectively convinced the fishermen on the ASMI Board to essentially delay the transition. Consequently, to prevent a lapse in the MSC certification the Alaska salmon industry has formed a coalition to find a substitute client and a cost sharing mechanism to pay the associated costs.]

SOUTHEAST SALMON FLEET CONSOLIDATION

This long over due program to **consolidate or buyback permits** in the Southeast Alaska salmon purse seine fleet made little progress in 2009. It was anticipated that after implementation of phase one of the program in April 2009, which purchased 35 permits at a cost of \$2.87 million, the Southeast Revitalization Association ("SRA") in cooperation with the National Marine Fisheries Service (NMFS) would quickly move forward with phase two of the program. Regrettably, NMFS has demonstrated indifference if not an outright unwillingness to advance the program, notwithstanding a clear Congressional directive.

The extent of NMFS indifference was magnified this month when it advised the SRA that the program could not move forward without enactment of Alaska State legislation to further ensure that the buyers of salmon (processors) would withhold and transmit the 3.0% assessment under the fee system to repay the loan. (See Alaska Legislature). Moreover, NMFS insisted without explanation that it would take no action to develop the necessary federal rules without final passage of this legislation. This new and totally unexpected requirement will effectively delay program implementation to 2011.

We can appreciate the desire of NMFS to gain additional assurances that the assessment will be collected and paid over to the U.S. Treasury. After all, phase two of the program will be financed by a federally guaranteed loan and repaid by the assessment. However, over two years have elapsed since the passage of final legislation and the necessary appropriations to implement the program. For NMFS to now require new Alaska legislation as a condition of moving forward illustrates a measure of arrogance and indifference that all should find unacceptable.

After being notified of this new requirement, the SRA sent a rather long and critical letter to Dr. James Balsiger, the assistant administrator of NMFS. The letter itemized in sequential order the multiple steps Congress and the SRA have taken to establish and implement the program and contrasted those with the delays and inactions exhibited by NMFS.

[During Fish Expo SRA representatives and all three members of the Alaska Commercial Fisheries Entry Commission ("CFEC") met with Dr. Balsiger to discuss the long and tortured history of this program. On December 2nd the SRA was notified that NMFS would now publish the proposed rule without first requiring passage of the Alaska legislation. This was a complete 180 degree change. Meetings are now scheduled this month in both Washington D.C. and Juneau to finalize program requirements. We are again hoping the program can begin before the 2010 season. Next month the SRA expects to provide all permit holders with an update and timeline for actual program implementation.]

ALASKA LEGISLATURE AND BOARD OF FISH

The 2010 Alaska Legislative session begins on January 19th with PSVOA targeting for passage of two separate measures:

Southeast Fleet Consolidation:

Require CFEC to provide NMFS with fish ticket information and other reports showing the total value of Southeast seine caught salmon purchased by each buyer for the purpose of enforcing the fee system under a fleet consolidation program. This information is currently confidential. The measure would also require a fish buyer, as a condition of obtaining a fisheries business license, to collect and pay any fee levied under a consolidation program. This requirement is little more than what is now required of buyers (processors) relating to the collection and payment of salmon enhancement and marketing taxes.

Alaska Fishermen's Fund:

The "Fund" provides for the medical treatment and care of licensed commercial fishermen who have been injured while fishing on Alaskan waters. The Fund is financed by revenue received from each fisherman's license and permit fee. Benefits are generally limited to \$2,500 and only paid after consideration of other insurance coverage such as the vessel owner's P&I coverage. The Fund places no express limitation on injured fishermen working on vessels without P&I coverage.

There is a general misconception that the Fund will pay benefits equal to your P&I deductible. This is not the case. If expenses for the injured crewman exceed your P&I deductible, the Fund has generally not covered any of the expense reasoning that your deductible payment is a contribution to your P&I insurance. Simply put, they will often only pay those claims that fall short of the P&I deductible, and will often withhold any payment when it believes the claim will eventually exceed the P&I deductible. Ironically, there are no such limitations for fishermen without P&I coverage. PSVOA is advocating legislation that accomplishes the following:

- Establish a benefit amount that is available to all injured fishermen irrespective of insurance coverage. There is no rational basis to distinguish between injured fishermen based on insurance.
- Allow insurers who cover the injured fishermen to file a claim with the Fund.

The Alaska Board of Fish ("BOF") is scheduled to meet in Anchorage next month to consider various Bristol Bay salmon proposals, including elimination of the 32 foot limit on vessels in the drift net fishery. This was of particular importance given upcoming BOF proposals to eliminate the 58 foot vessel limit on seine vessels in Alaska salmon fisheries.

[The BOF failed to pass proposals to eliminate the 32 vessel length or to allow one individual to own two permits for purposes of using 200 fathom nets.]

WEST COAST SARDINE AND SQUID FISHERIES

For the second consecutive year the Pacific sardine fishery harvest guideline was taken before the end of the season. Compounding the problem for Northwest fishermen, the availability of sardines in California area and increased market demand allowed California fishermen to take 62% of the harvest guideline. The 2009 harvest guideline of 61,500 was the lowest since the onset of federal management.

The 2010 harvest guideline is 72,000 metric tons. This should allow for about a three week fishery in July and a ten day fishery in mid-September when sardines are available to the Northwest purse seine fleet. Five thousand tons of the guideline will be set aside to fund expanded 2010 aerial surveys, including satellite imagery. Aerial surveys were initially conducted in 2008 and funded exclusively by industry contributions. The results proved so encouraging that the Pacific Fishing Management Council ("PFMC") agreed to set aside a portion of the 2009 harvest guideline to supplement industry contributions. The PFMC later utilized the 2009 survey results in the scientific models to measure the sardine biomass. Without these survey results, the 2010 harvest guideline would have been a mere 9,000 metric tons—a number that would have effectively closed the fishery. Industry must maintain the survey work and advocate for the expansion of the scientific models to ensure accurate measurement of Northwest sardine populations.

This spring the Washington Legislature established a permanent licensing system for sardines landed in Washington, thereby completing a comprehensive federal/state limited entry system for the Pacific sardine fishery. The licenses are fully transferrable with no minimum landing requirement. This legislation created 17 licenses and granted the WDFW director the discretion to create additional interim permits.

[WDFW has now determined that it will not issue any interim permits for the 2010 fishery reasoning that the harvest guideline does not warrant increased harvesting capacity. PSVOA strongly supported the establishment of the limited entry system, but took no position on the issuance of 8 interim permits]

[NMFS will sponsor a seminar in San Francisco on February 2-4 to examine the establishment of a rights based (IFQ) management system for Pacific sardines. This should come as no surprise given a recently announced NMFS policy to rationalize all federal water fisheries.]

The April 2008-March 2009 California squid harvest fell to 29,000 metric tons and marked the fifth consecutive year of declining catches. Fortunately catches have improved substantially in the latter part of 2009 and it is likely this year's catch may reach 60,000 – 70,000 tons. Equally encouraging, ex-vessel prices of \$500-\$700 per

(Continued on page 5)

metric ton have helped offset the recent decline in catches. Possessing a durable limited entry system combined with a legislatively created harvest guideline and stable world market demand, California squid has become a premiere fishery for the purse seine fleet.

PSVOA BOARD ELECTIONS

A motion was made and passed by the membership directing the President to appoint a 3 person committee to examine the composition of the Board in light of changes in PSVOA membership in terms of residency and fisheries, and to make recommendations to the Board about possible changes to the Board port positions and the Board election process. Presently the Board is comprised of 2 representatives from the Ports of Seattle, Everett, and Blaine, 1 representative from the Ports of Gig Harbor and Bellingham, plus 5 at-large representatives. The entire membership is eligible to vote for the at-large positions. Eligibility for the port elections is limited to members within each port.

Current at-large Board members **Skip Anderson** and **Nick Babich** were re-elected for another two year term. **Paul Troka** was elected to the remaining at-large position. Current port members who were re-elected were **John Curry** (Blaine), **Bill Burton** (Everett) and **Bob Plenkovich** (Seattle).

The meeting adjourned at 12:30 p.m. for a hosted lunch.

MINUTES OF THE 2009 SVR ANNUAL MEETING

The 24th annual meeting of the Seine Vessels' Reserve ("SVR") was called to order at 1:15 p.m. The meeting was attended by a combined 95 members and proxies. This constituted 22% of the voting membership and a quorum to conduct business.

A preliminary financial report as of November 21, 2009 placed projected surplus at approximately \$1.0 million or a 35% return of total contributions. This projected return is based on a total amount of claims estimated to be \$774,500.

Membership voted to maintain existing contribution rates for 2010. In addition, membership approved the implementation of a member incentive program beginning in 2010 designed to reward members without claims, and to provide additional incentive to members to avoid claims. Under the program members will receive a credit against their annual contribution based on the number of years they have been SVR members without submitting a claim. The credit would be equal to a percentage of the member's annual contribution based on the number of years the member has been claim free. The percentage rate for each claim free years category would be adjusted annually to achieve a total credit equal to approximately seven

percent (7%) of SVR annual contributions.

The following table shows the distribution of members within the 5 categories of claim free years and the corresponding credit to be received by members within each category.

# Claim Free Years	# Members	% Members	TTL Contribution	% Contribution	% Contribution return	Total Credit
<5	110	40.6%	\$1,236,913	38%	0%	-0-
5-9	78	28.8%	\$919,425	28%	6%	\$55,166
10-14	43	15.9%	\$588,185	18%	12%	\$70,582
15-19	30	11%	\$346,966	11%	18%	\$62,454
20+	10	3.7%	\$157,873	5%	25%	\$39,468
TTL	271		\$3,249,362			\$227,670

Total membership surplus was projected at \$5.38 million. Consistent with SVR Articles XI (1), membership voted to approve a 2010 distribution of \$860,000.

[The actual 2010 surplus distribution was \$709,000 and the actual total amount of the Claims Incentive program was \$197,000.]

Current Board members **Tom Manos**, **Roddy McDonnell**, **Bud Marrese**, and **Andy Babich** were re-elected to the SVR Board. The meeting adjourned at 3:00 p.m.

NEWS BRIEFS

Sac roe herring fishermen are looking forward to a robust 2010 season. ADF&G announced a 25,900 ton harvest for Togiak and an 18,900 thousand ton harvest for Sitka.

An acknowledgement and thank you to those PSVOA members in Southeast who donated over 40,000 pounds of pink and coho salmon to SeaShare for its hunger relief efforts. The fish were delivered to Silver Bay Seafoods for processing, packaging and freezing. Alaska Marine Lines and Tote shipped the finished product to food banks in Anchorage. PSVOA hopes to expand the program throughout all member fisheries.



ASSOCIATE MEMBERS

**Also members of the Pacific Salmon Treaty Coalition*

Alaska General Seafoods
Alaska Glacier Seafoods, Inc
Alaska Marine Lines
Ballard Oil Co.
Covich-Williams Co., Inc.
E.C. Phillips & Son, Inc.
First Bank
Great Western Pump Company, Inc.
Hammer & Wikan, Inc.
Hoonah Cold Storage
LFS, Inc.
Northwest Farm Credit Services
Ocean Beauty Seafoods LLC
Oppenheimer
Peter Pan Seafoods, Inc.
Petersburg Shipwrights, Inc
Phillip D. Hingston, Inc. PC
Puget Sound Hydraulics, Inc.

Radtke Marine Inc.
Redden Marine Supply, Inc.
Seaview Boatyard East
Seaview Boatyard North
Shoreline Bank
Silver Bay Seafoods
Snopac Products Inc.
Sourdough Bar & Liquor Store
Taku Oil Sales, Inc
The Boat Company
Tom-Mac Shipyards Ltd
Trident Seafoods Corp

2010

*Wishing you a safe and prosperous
year.*

- Bob, Rob, Rachel & Anna

*Purse Seine Vessel Owners' Association
Fishermen's Center Building
1900 W Nickerson Street Suite 320
Seattle, Washington 98119
206-283-7733 / 888-284-7733
206-283-7795 F
www.psvoa.com*