



# P.S.V.O.A.



## NEWSLETTER

FEBRUARY 2004

### MINUTES OF PSVOA 2003 ANNUAL MEETING

The 68<sup>th</sup> annual meeting of the Purse Seine Vessel Owners Association (PSVOA) was held on November 22, 2003 at the Embassy Suites Hotel in Lynnwood, Washington. The meeting was attended by a combined 127 members and proxies. This constituted 34% of the voting membership and a quorum to conduct business. President Bob Plenkovich called the meeting to order at 10:30 a.m. Executive director Rob Zuanich provided commentary and answered questions on the following agenda items:

#### I. FINANCIAL REPORT AND MEMBERSHIP

A preliminary financial report projected both PSVOA income and expenses at \$441,000, which is 17% less than 2002. Expenses declined by elimination of the annual dinner/dance and reduced contributions and lobbying activities. Relocation of the Alaska office from Anchorage to Juneau is cost neutral.

For the second consecutive year, PSVOA needed less management income from Seine Vessels' Reserve (SVR) to achieve a balanced budget. PSVOA continues to receive a growing share of operating income from insurance brokerage and legal fees generated outside the management of SVR.

Total PSVOA membership stood at 374 with 250 vessel owners, 53 alternate skippers and the 71 affiliated members who continue to receive SVR surplus distributions. This is a 20% drop in membership from last year. We anticipate further declines in 2004 as the Alaska and West Coast fishing fleets continue to consolidate.

Membership voted to maintain dues at \$300 for 2004 with a designation of \$100 for lobbying expenditures and political contributions.

#### II. RESTRUCTURING ALASKA'S SALMON INDUSTRY

In recent years PSVOA has greatly expanded its mission statement to accommodate membership transitioning into multiple fisheries. However, Alaska salmon remains the dominant fishery and restoring economic viability is a primary PSVOA objective.

1. This year PSVOA has placed major emphasis on the need to develop and fund a consolidation/stabilization program for the Southeast seine fleet. As presently proposed, the roughly \$40 million program would be funded by a \$30 million federal grant and a \$10 million loan repaid by those remaining in the fishery. The program would reduce the number of permits in the fishery from 416 to at least 225. The program would be administered by the Southeast Revitalization Association, which will develop the consolidation plan ultimately voted on by the permit holders.

Full funding for the program may take multiple years – although this would not prevent implementation of the program prior to the 2004 season. Final word on funding awaits Congress' passage of its 2004 spending bills.

*[Soon after the membership meeting Congress passed the 2004 Omnibus Appropriations bill that made no provision for the Southeast consolidation program other than a nominal appropriation of \$150,000. There is no single explanation why*

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*the program was not funded. No doubt the large controversy over the Bering Sea crab rationalization program distracted from other fishery issues. Ballooning federal deficits certainly worked against new spending programs and recent interest in fleet consolidation by other regions of Alaska may have also become a consideration.*

*Despite this setback, we remain committed to the program. There is general consensus, particularly in the seine fleet, for consolidation. This view is shared by Governor Murkowski and Alaska's major salmon processors. This coming year we will forge a greater coalition of support for consolidation while again reevaluating the Southeast program needs and costs given the continuing decline of the fleet.]*

2. The Legislative Salmon Industry Task Force is concluding a year long study that may recommend some substantive changes to the salmon fisheries. Discussion focused on excess fishing capacity, multiple area legislation, cooperatives, hatcheries and marketing. [A current update on these matters is found in the Alaska Legislature article.]

3. The lack of salmon markets will renew calls for foreign processing. Last year PSVOA aggressively pursued foreign processing in the face of strong opposition from processors and most state officials. Despite compelling circumstances, which will only worsen, there is no real support within Alaska. Moreover, there is an inconsistency in seeking federal assistance for economic loss caused by imported farm salmon and then arguing for "imported" salmon processing.

### III. USDA Trade Adjustment Assistance

At 11:45 Pete Granger with U.W. Sea Grant reviewed the program, which now provides cash benefits and retraining to salmon fishermen when foreign imports cause a decline in fish prices. The application deadline is January 20, 2004. USDA will calculate the \$10,000 maximum benefit utilizing a schedule highly favorable to the high volume of seine fleet. After the presentation Mr. Granger was available to sign forms certifying that members in attendance had received the required technical assistance to submit an application for benefits.

### IV. BOARD OF DIRECTORS ELECTIONS

Skip Anderson, Nick Babich and Dale Marble were reelected to fill the three at-large positions. The respective port memberships then elected the balance of the expiring Board terms:

Bill Burton (replacing Butch Barcott)	Everett
John Curry (replacing Denny Dohner)	Blaine
Nick Jerkovich	Gig Harbor
Bob Plenkovich	Seattle

The Board later re-elected Bob Plenkovich and Skip Anderson as President and Vice-President.

*[The meeting adjourned for lunch at 12:15 p.m. and reconvened at 12:45 p.m.]*

After lunch Phil Anderson, WDF&W policy director, made a power point presentation on the Coastal Dungeness crab, sardine and Puget Sound salmon fisheries. Anderson fielded a number of questions on management of the Fraser sockeye fishery and the requirement that seines trail all catch on deck to reduce chinook mortality.

*[The meeting adjourned at 1:30 p.m.]*

### MINUTES OF THE SVR 2003 ANNUAL MEETING

The 18<sup>th</sup> annual meeting of Seine Vessels' Reserve was called to order by President Richard Tarabochia at 1:45 p.m. A preliminary year end financial report placed total member surplus at \$4.15 million.

Claims in 2003 are now estimated at \$.55 million. This was a major turn around from the previous five year period when claims averaged \$2.6 million per year. Despite reduced claims, SVR endured record high reinsurance costs caused by these prior claims thereby limiting surplus growth to \$.10 million. Fortunately, we have secured 2004 reinsurance for substantially less. Moreover, SVR has resumed complete authority regarding the insurability of a vessel and operator.

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This will prevent last year's disaster of unintended cancellations and \$2,500 surcharges.

Membership approved the following amendments to the Articles of Association effective January 1, 2004:

1. Distribute only 25% of the 2000 surplus previously scheduled for payment in 2004.
2. Amend Article VIII (1) and 1(b) reducing the Hull and lay-up rates to 2.5% and 1.25%, respectively.

Membership also approved the following actions:

1. Extend Hull coverage without charge to current SVR members for the period October 1, 2003 to January 1, 2004.
2. Maintain 2004 contribution rates for P&I, Pollution and all other coverages at 2003 levels.
3. Instructed Board of Trustees to develop a policy regarding undistributed surplus.

The following members were elected to the Board of Trustees for the 2004-2005 term:

Andy Babich	F/V OCEAN DREAM
Tom Manos	M/V SIKUMI
Bud Marrese	F/V LAKE BAY
Gene Vitalich	F/V FLAMINGO

*[The meeting adjourned at 3:45 p.m.]*

### ALASKA LEGISLATURE

With an office now in Juneau, PSVOA will take a more active role in legislation affecting membership. The following bills will be of particular interest this session:

HB 409: Grants the Board of Fisheries authority to adopt by regulation the use of vessels greater than 58 feet in a salmon seine fishery. Such a regulation cannot be adopted by the Board unless two-thirds of the permit holders in that fishery favor changing the current length limit.

HB 415: Allows a commercial salmon fisherman to fish each fishery for which he holds an entry permit. The Entry Commission and Board of Fisheries cannot limit the number fisheries in which the fishermen may hold an entry permit and operate during the year. A vessel can still only

operate in one salmon fishery.

SB 273: Reduces the size of the Alaska Seafood Marketing Institute (ASMI) board from 25 to 9 members. Extends the 1% salmon tax to hatcheries and adds a .3% tax to other seafood. *[This bill is likely subject to further amendment.]*

Potential bill to create private fishing rights in the state water cod fisheries. This legislation would be needed by the North Pacific Council to facilitate development of a rationalization plan for the federal water cod fisheries.

The PSVOA Board will next meet on February 24<sup>th</sup> to consider these bills. Please contact a Board member or the office if you have a position on these bills or any other issue.

### HALIBUT SEASONS & CATCH LIMITS

The IPHC meeting last month in Juneau is recommending a 2004 catch limit of 76.5 million pounds, which is a slight increase from 2003. In general, the halibut stocks are healthy with some decline in Areas 3B through Area 4. Area catch limits are:

<u>AREA</u>	<u>CATCH</u> (millions of pounds)
2A	1.5
2C	10.5
3A	25.1
3B	15.6
4	10.1

### SALMON MARKETING GRANTS

The State of Alaska and the newly formed Alaska Seafood Marketing Board recently announced over \$16 million in cash grants to Alaska's salmon processors. Major recipients in millions of dollars:

Ocean Beauty	\$3.7
Norquest	\$2.3
Trident	\$1.8
Icicle	\$1.7
Peter Pan	\$1.1

On a related note, Congress has passed a new mandatory country-of-origin labeling law. Oppo-

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nents of the law obtained a two year delay for perishable items such as beef, poultry, and fruits and vegetables in the hope of replacing the law with a voluntary labeling program. However, Senator Stevens, at the urging of UFA, gained an exemption for wild salmon. By September of this year, Alaska salmon and other wild fish will bear government-sanctioned labels differentiating the product from farm or foreign raised fish.

### NEWS BRIEFS

⇒ The Board of Fish has adopted a regulation allowing Bristol Bay drift netters to use an additional 50 fathoms of gear when a second permit is on board. A single person owning two permits would not have the same advantage. Although a very small step, it again demonstrates this Board's willingness to consider options to restructure the salmon fisheries.

⇒ The Board also extended and strengthened the Chignik salmon seine coop for 2004 by making it possible for coop participants to receive almost the same allocation of catch as an independent permit holder. This will make it increasingly difficult for the non-coop permit holder to survive in the fishery. Trident rumored that it will no longer operate in Chignik.

⇒ The California Fish Commission has again delayed adoption of a squid management plan, including criteria for limited entry and transferability of permits. No final action could now occur before April 1, 2005. PSVOA continues to support limited entry criteria that qualify all affected members. A transcript of PSVOA testimony to the Commission is available on our website.

⇒ For 2003, the coastwide sardine harvest guideline was 111,000 tons. Washington and Oregon harvested almost their full allocation of 37,000 tons while California catches continue to fall.

⇒ The PSVOA Alaska office has relocated to 410 Calhoun Avenue, Suite 206, Juneau 99801. Phone (907) 523-3004. SEAS has an office in the same building.

⇒ PSVOA will greatly miss the loss of Nick Jerkovich Sr., longtime member and SVR Board member who passed away last November. Remembrances in Nick's name may be made to The Gig Harbor Fisherman's Memorial Fund at any Key Bank branch or The Gig Harbor Historical Society PO Box 744 Gig Harbor, WA 98335.



### ASSOCIATE MEMBERS

*\*Also members of the Pacific Salmon Treaty*

Alaska General Seafoods\*  
Ballard Oil Co.  
Bank of America  
Cloud Trading  
Cochrane & Hellman, P.C.  
Covich-Williams Co., Inc.  
Delta Marine  
Fishing Vessel Owners  
Hammer & Wilkan  
Icicle Seafoods\*  
Integrated Marine  
LFS, Inc.  
Monterey Fish Company  
Montgomery Maritime  
Norcoast Marine Services

Norquest Seafoods\*  
Northwest Farm Credit  
Ocean Beauty Seafoods\*  
Paul Anderson, Attorney  
Peter Pan Seafoods, Inc.\*  
Phil Hingston, CPA  
Redden Marine Supply, Inc.  
Seattle Marine Supply  
Stew Ellison, Merrill Lynch  
Trident Seafoods\*

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***Have a safe & successful season!***

**ADDRESS CORRECTION REQUESTED**