



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

August 11, 1997

The Honorable William M. Daley
Secretary of Commerce
U.S. Department of Commerce
14th Street and Constitution Avenue, NW
Washington, DC 20230

Dear Mr. Secretary:

Fishers and communities in the Bristol Bay and Kuskokwim River regions are experiencing severe economic hardship because of this year's record low runs and catches of sockeye and chum salmon. This problem is exacerbated by current low market prices for salmon. It is my belief these factors have created an economic disaster of a magnitude that warrants federal assistance. Accordingly, I have declared an economic disaster (declaration enclosed) for these regions and have committed the resources of the state in a comprehensive response. To further the assistance we are able to provide, I am formally requesting you declare a fishery resource disaster pursuant to Section 312 of the Magnuson-Stevens Fishery Conservation and Management Act (as amended through October 11, 1996), and provide such assistance as is within your power to assist the affected fishers, communities, small business owners, and employees of those businesses.

Support for my request for a disaster declaration is provided below in a summary format; additional detail will be provided as it may be needed to further substantiate current and anticipated effects. Because Section 312 of the Act is a new provision, this request is a first opportunity to implement the fishery resource disaster assistance provided for under the section. The legislative history behind Section 312 would appear to indicate that our situation is precisely the sort of fisheries disaster that was anticipated. Thus my request seems highly germane to the purpose for which the amendment was designed.

The Fisheries Situation

The 1997 sockeye salmon runs to Bristol Bay and chum salmon runs to the Kuskokwim River were dramatically lower than expected. In Bristol Bay, the commercial harvest of approximately 12 million sockeye salmon was about half of the anticipated harvest and the lowest harvest since the 1978 season. In fact, the combined price and catch in Bristol Bay this year is just 25 percent of the five-year average from 1992 to 1996. In the Kuskokwim River, where chum salmon is the primary commercial fishery, the chum salmon run was among the lowest ever recorded in the region and commercial fishing for chum salmon was closed after only one opening. The harvest of less than 14,000 chum salmon produced a total of only about \$19,000 of cash income for Kuskokwim River residents. This amounts to an

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average of less than \$55 per fishing family. The combination of low prices and weak runs has had a devastating impact on the residents of the Bristol Bay and Kuskokwim River regions. The poor salmon season follows a very poor herring season for residents of these areas.

The Socio-Economic Situation

The harvest value of the Bristol Bay fishery this year is calculated at 25 percent of the past five-year average--*an expected loss of \$135 million in the gross earnings of permit holders*. This represents a current year loss of income to fishermen of approximately 75 percent.

1,731 Alaska permit holders fishing in Bristol Bay are anticipated to lose \$80.3 million in income; 900 of these are resident Bristol Bay fishermen, who will lose \$32.8 million.

Bristol Bay cities and boroughs are anticipated to lose \$4.6 million in locally-generated tax revenues and an additional \$3.9 million in State Shared Fish Business taxes.

40 percent of the direct employment in the Bristol Bay region is in fisheries, not including indirect and support industries such as transportation, fabrication and repair, retail, services, and the public sector. The loss of income occurring in the region will severely affect the majority of households.

Assistance for Individuals, Families, and Communities

The state is already engaged in a comprehensive effort to provide assistance and services to affected residents of the region. State efforts to date have included the following activities:

- Governor Knowles declared an economic disaster for Bristol Bay on July 18 and set up the Coordinated Response Partnership (CRP) with Commissioner Mike Irwin of the Alaska Department of Community and Regional Affairs (DCRA) as the cabinet lead.
- Commissioner Irwin appointed DCRA staffer Jim Sanders to coordinate the CRP activities, directed Bethel and Dillingham staff (two positions) to act as local CRP liaisons, and mobilized Juneau staff for additional assistance.
- Commissioner Irwin conducted public meetings in Dillingham, Naknek, and Bethel to gather information on the impacts of the fishing disaster on local residents, communities, and fishers.
- As a result of the public meetings, the CRP agencies, which can respond to the immediate needs of the regions, have been identified. On July 23 the CRP team was identified and the first meeting was held (two additional meetings have been since held). The CRP consists of representatives from:

Alaska Department of Health and Social Services,
Division of Public Assistance
Alaska Department of Commerce and Economic Development,
Division of Investments
Internal Revenue Service (IRS)
Alaska Department of Labor
DCRA, Division Of Energy
DCRA, Municipal and Regional Assistance Division
DCRA, Job Training Partnership Act, Rapid Response Team

- The Alaska Department of Labor's, Rapid Response Team attended the Dillingham/ Bristol Bay Economic Development Council's Job Fair held on July 30.
- The CRP developed an Information Sheet (July 29) for Bristol Bay fishermen and communities. The information sheet includes a description of the programs that can assist with essential issues (food, fuel, power costs, jobs, and fishing related debts), agency travel schedules are provided, and contact phone numbers for assistance are listed.
- In coordination with state agency efforts, the IRS will be traveling to all Bristol Bay communities to assist with payment problems.
- The Division of Investments will be traveling to eight of the largest Bristol Bay communities, Petersburg, and Homer to work with fishermen on loan repayments.
- The Division of Public Assistance will be traveling to most of the Bristol Bay communities to provide assistance with food stamps, Energy Assistance Grants, and Low Income Housing Energy Assistance Program block grants.
- The Job Training Partnership Act (JTPA) Rapid Response identified resources to place temporary staff in Dillingham and Naknek. There will be two planning positions to help communities identify the affects of the disaster on local economies and to develop local mitigation plans. A JTPA in-take worker will be in place in Dillingham to assist residents with training and relocation needs.
- The Department of Health and Social Services allowed two parent welfare recipient families to receive the full amount of assistance for summer months (normally reduced to half in summer).
- The CRP coordinator and regional liaisons identified and set up local CRP participants. The Bristol Bay CRP and the Kuskokwim CRP will be charged with developing a strategic plan for assisting with the short- and long-term impacts of the fishing disaster. These plans will become guides for the mobilization and coordination of state and federal resources responding to the disaster.

Our response thus far, as well as our request for assistance to you, is based on firsthand knowledge of the situation from several fact-finding trips to the region and extensive interaction with local residents. The crisis for individuals, families, and communities results directly from loss of income and the subsequent difficulties in satisfying basic obligations

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such as fishing vessel loans; mortgage payments; winter purchases for fuel and food supplies; utilities; and recovery of costs for boat fuel, nets, and insurance. Many families and individuals relied on anticipated fisheries earnings this year to satisfy prior debt for basics such as food and fuel, and now face the fall and winter season in a precarious financial condition. While it is an estimate only, and will no doubt increase along with our increasing knowledge of the situation, the assistance we seek will equal at least \$10 million. This is only a fraction of the \$80 million we anticipate in lost income to Alaska fishers, and would, together with state assistance, provide an effective immediate and near-term response. We are working closely with the Alaska delegation in this regard, but recognize at the same time that assistance from new and/or existing funds within the U.S. Department of Commerce will be crucial in developing a comprehensive and well-organized response.

A variety of federal programs will be needed in order to respond effectively to the impacts resulting from the dramatic economic losses suffered by fishers and others. Some of these programs fall directly under your authority in agencies such as the Small Business Administration and the Economic Development Administration. Other programs fall outside of your direct purview, but appear to be highly relevant and could constitute part of the core of the federal assistance effort. These include programs typically offered under a Stafford Act designation such as Disaster Unemployment Insurance; the Individual and Family Grant Program; the Community Disaster Loan Program; and Economic Injury Disaster Loans. Where these programs, and others like them, fall outside your jurisdiction, there may be a valuable role your office can play in coordinating the involvement of other federal agencies and bringing their programs and resources into play. A model for accomplishing this, based on our experience with the state's CRP and the establishment of a federal Community Economic Revitalization Team (CERT) for Southeast Alaska towns hit hard by mill closures, is more fully explained below.

Organization of the Response

The idea of the CRP was developed in response to pulp and sawmill closures in Southeast Alaska. The CRP provides a format for responding to economic distress that is both organized, accessible to residents, and responsive to local conditions. In Southeast Alaska, for example, the CRP was used in responding to mill closures and significant employment loss in Wrangell, Sitka, Ketchikan, and Prince of Wales Island. In fact, the Southeast Alaska effort has expanded in scope to include the recent authorization by the U.S. Department of Agriculture to establish a federal CERT, like those established in the Pacific Northwest, to oversee and coordinate all public agency assistance to stricken communities in the Southeast Alaska region.

I have charged Commissioner Irwin with designing and administering a response that brings state and federal agencies, and local partners, together to promote efficiency and expediency in the delivery of both immediate and longer-term assistance. While I am not at this juncture

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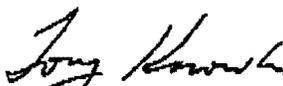
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proposing the formal designation of a CERT for these regions, I believe the CERT, like the CRP, provides an excellent model for designing an organized, efficient response. In essence, you and Commissioner Irwin would act as cochairs for the agencies in your respective branches of government, and work together to ensure the smooth delivery of services into the region. Organizing a response along these lines will provide a forum for regular meetings, for sharing information, resources and ideas, for involving local residents and organizations, and it will involve a discrete group of individuals with a common identity based on Bristol Bay and Kuskokwim River recovery efforts.

Thank you for your careful consideration of our request. I will forward any additional information you may require.

Sincerely,



Tony Knowles
Governor

Enclosure

cc: The Honorable Ted Stevens
The Honorable Frank Murkowski
The Honorable Don Young

**DECLARATION OF ECONOMIC DISASTER
IN BRISTOL BAY AND IN THE
KUSKOKWIM RIVER DRAINAGES**

WHEREAS, certain communities in Bristol Bay and in the Kuskokwim river drainages are facing a period of extreme economic hardship due to distressed salmon runs, limited commercial fishing opportunities, and low market prices; and,

WHEREAS, while the salmon industry has been depressed statewide, and individuals throughout the state have suffered the effects, the economic impact in Bristol Bay and in the Kuskokwim river drainages has been on entire communities. The economic base of these communities in Bristol Bay and in the Kuskokwim river drainages is totally dependent on the proceeds of the salmon harvest. These communities do not have the economic diversity found in communities elsewhere to withstand the disastrous economic impact of extremely low salmon runs coupled with low prices for the salmon that are harvested. The summer chum run in the Kuskokwim river drainages is one of the lowest recorded commercial runs; and,

WHEREAS, there are existing state and federal assistance and planning programs potentially available to assist communities in Bristol Bay and in the Kuskokwim river drainages to cope with the economic disaster they are facing, researching and evaluating available programs can be difficult and time consuming for members of the public; and,

WHEREAS, there is a Coordinated Response Partnership that includes local, state, and federal member agencies working cooperatively to respond to local needs and to provide information on existing programs.

NOW THEREFORE, on this 18th day of July, 1997, based on information I have received from the Department of Community and Regional Affairs and other state agencies, I declare the following:

1. As a result of the low salmon harvest and depressed prices, municipalities in Bristol Bay and Kuskokwim river drainages have suffered a severe reduction in anticipated fish tax revenue. I intend to seek a supplemental legislative appropriation to assist those municipalities.
2. It is appropriate for the Coordinated Response Partnership (CRP) to assist communities in Bristol Bay and in the Kuskokwim river drainages which are impacted by this economic crisis. The

**Declaration of Economic Disaster in Bristol Bay
and in the Kuskokwim River Drainages, cont.**

Department of Community and Regional Affairs shall take the lead, through the CRP, to organize state agency response to the economic disaster in Bristol Bay and in the Kuskokwim river drainages.

3. The CRP will provide accurate and comprehensive information to communities on programs and technical expertise currently available from state and federal agencies. The CRP will assist individuals in accessing existing programs.
4. State agencies will act, through the CRP, and consistent with their existing statutory authority, to assist in restoring the economic health and stability in Bristol Bay and in the Kuskokwim river drainages and to assist communities in these areas to develop goals and strategies for future economic development.



Tony Knowles
Governor