



UNITED FISHERMEN OF ALASKA

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March 17, 2016

Commissioner Sam Cotten
Alaska Department of Fish and Game
PO Box 115526
Juneau, AK 99811-5526

Dear Commissioner Cotten,

United Fishermen of Alaska is the statewide commercial fishing trade association, representing 34 commercial fishing organizations participating in fisheries throughout the state and its offshore federal waters.

United Fishermen of Alaska (UFA) is concerned about Administrative Order No. 279 moving administrative and research functions of Commercial Fisheries Entry Commission (CFEC) to the Alaska Department of Fish and Game, and we have the following questions and concerns.

One of our main concerns is how the Department of Fish and Game is going to separate the purposes of biological management and the economic functions of CFEC so that they don't influence each other. The legislative audit recommended that CFEC continue to operate as an independent, regulatory, and quasi-judicial agency:

"The basis for creating CFEC as an independent agency continues to have merit because it promotes public trust in the program and limits undue influence. Separating the biological management of fisheries and the economic management of fisheries minimizes the influence one has on the other and promotes confidence in both functions. The agency's current organizational structure restricts the influence of the executive branch administration on CFEC decisions. CFEC commissioners do not report to DFG's commissioner, and commissioners may only be removed for cause;" and

"Maintaining CFEC as an independent, regulatory, and quasi-judicial agency continues to make sense, even though its adjudicative responsibilities have declined. In addition to adjudication, the audit found that independence was also important to the research and licensing functions. Permit transfers, fee setting, and fisheries monitoring are examples of ongoing functions which benefit from being conducted in an independent manner."

UFA asks the following questions on the cost savings and transfer of functions and duties of CFEC into the Department of Fish and Game:

- How will ADF&G handle the transfer of duties and how will transparency be ensured in the performance of those duties?
- The Legislative audit recognized there could be achieved \$1.2 million in savings by reorganizing CFEC even while maintaining its status as an independent agency. Is the \$1.3

million savings mentioned by the administrative order press release from the same basis as the auditor anticipated? Please outline where these savings will occur.

- Please describe precisely which positions will stay under the direction of the CFEC commissioners and which will be transferred.
- How many CFEC employees will lose their jobs in the transition?
- Will the transferred personnel work at a new location?
- Will ADF&G complete the licensing system upgrade that CFEC was undertaking, or does ADF&G plan to integrate CFEC licensing into the ADF&G system?
- What is the intent with regards to the archival of agency records project CFEC has in progress? Will this be completed? If not, how will these important documents and files be handled and stored so that they are available for any court proceedings involving limited entry?
- As the transition occurs, what measures will be taken to ensure that the current internal controls for licensing will continue to be in place and functioning properly?
- Will the permit and vessel holder database and related information maintained online by CFEC continue to be freely available to the public?
- CFEC has managed to maintain a permit list with a less than 2% undeliverable rate, due to their high regard for address quality. This is significant, because of fishermen's reliance on the postal service to deliver the permit necessary for their livelihood. In comparison, the crew member list administered by ADF&G, for which members of the public must pay, is subject to a much higher degree of error (i.e. Anchorage is spelled: Anchoarge, Anchoraege, Anchoraege, Anchorage, Anchorage, Anchorage, & Anehorage in the 2014 crew list). What plans do you have to ensure the quality of addresses for CFEC permits? Will ADF&G modify its current policy and make this, and other license holder lists available online and free of charge, like CFEC has?
- The administrative order states that budget services will be transferred, what does this entail exactly?
- Who will develop the budget for the commissioners of CFEC and remaining staff? Will CFEC have to compete for general fund dollars, or will the licensing revenues first cover CFEC funding with the remainder going to fund ADF&G's other services?
- The administrative order transfers licensing and permitting services (ministerial services only) to ADF&G. In this context, what is the definition of 'ministerial services' and what licensing services are not considered 'ministerial'?
- Which of the following functions will be performed under the auspices of ADF&G and what will be under the purview of the CFEC commissioners: permit renewals, medical transfers, and sale/purchase of permits.

•What will be the criteria for deciding when licensing issues must be reviewed by the CFEC commissioners? When such a review is necessary, what will be the procedure for coordination between CFEC commissioners and ADF&G licensing personnel? How will ADF&G enforce and regulate the provisions of the Limited Entry Act when transferring permits? Will it be CFEC (commissioners and staff) or ADF&G personnel that will be assessing demerit points or, when appropriate, suspending the fishing privileges of limited entry permit holders for convictions of violations of commercial fishing laws?

•Will the CFEC commissioners determine the fee schedule for permit renewals, or will it be a function that is transferred to ADF&G? If the task is transferred, will ADF&G use the same method to determine permit renewal fees? Will a hearing and comment period be held if permit renewal prices are changed drastically from year to year? What level of price change would warrant a comment period? Will low income permits continue to be offered, as well as a reduced pricing for halibut quota share-holders that have only a minimal amount of poundage?

•At the UFA meeting in February, interest was expressed by ADF&G in having the capability of issuing licenses from any ADF&G office. Will this be possible? If so, how will ADF&G regional offices verify that the permit is valid to be issued?

•Will the process currently used by CFEC to determine final values of fisheries, average prices, and quartile tables change? Will this data continue to be publically available and online?

•How will ADF&G maintain an adequate level of ‘separation and transparency’ between permitting, comprehensive research, and developing the economic data that CFEC performed, and the biological management functions of ADF&G?

•How do you reassure the public that the economic data utilized for such things as optimum number studies, which could call for either reducing or expanding permit numbers in a fishery, is done on criteria under limited entry and not biased by the perspectives of individual fishery managers?

•CFEC’s functions include monitoring those fisheries that are not yet limited, evaluating the effects of entry limitation, setting optimum numbers for limited fisheries, and providing reports on trends in commercial fisheries. What policies and procedures will ADF&G put in place to make sure this monitoring and reporting is undertaken from an economic standpoint and not based upon, or unduly influenced by, a biological or management point of view?

•CFEC was responsible for maintaining a database of liens placed on permits for the Division of Investments, CFAB, and for the purposes of child support enforcement. Will ADF&G maintain those databases? Will fishermen still be able to find out if a permit they are considering for purchase is free and clear of liens and demerit points?

The administrative order gives the Commissioner of the Alaska Department of Fish and Game flexibility with regards to transferring personnel and functions from CFEC to ADF&G. Hopefully you will consider the concerns of the seafood industry regarding the

need to maintain a high level of service for limited entry permit holders who pay for this program, as well as online access to data that is heavily used by the industry and public. Importantly, maintaining an appropriate level of independence for CFEC could be key to protecting the Alaska Limited Entry Program from any future litigation threats. We ask that you use great care and carefully analyze any transfer of personnel and CFEC functions to ADF&G.

Sincerely,



Jerry McCune
President



Mark Vinsel
Executive Administrator

CC: Governor Walker
Jim Whitaker, Chief of Staff
Lt Governor Bryon Mallott
Ben Brown, Commercial Fishery Entry Commission
Bruce Twomley, Commercial Fishery Entry Commission

MEMBER ORGANIZATIONS

Alaska Bering Sea Crabbers • Alaska Independent Fishermen's Marketing Association
Alaska Independent Tendermen's Association • Alaska Longline Fishermen's Association • Alaska Scallop Association • Alaska Trollers Association
Alaska Whitefish Trawlers Association • Armstrong Keta • At-sea Processors Association • Bristol Bay Reserve • Cape Barnabas Inc.
Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Freezer Longline Coalition • Golden King Crab Coalition • Groundfish Forum • Kenai Peninsula Fishermen's Association
Kodiak Regional Aquaculture Association • North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owner Association
Seafood Producers Cooperative • Southeast Alaska Herring Conservation Alliance • Southeast Alaska Fisherman's Alliance
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • United Southeast Alaska Gillnetters • Valdez Fisheries Development Association