



C F E C



Commercial Fisheries Entry Commission 2016 Annual Report





**“King of the Sea”
cover art courtesy of the family
of Juneau Wildlife Artist
Ed Mills**

**Inside photo courtesy of
Andy Mills**

**Publication design and layout
Shirley Penrose**



*The Commercial Fisheries Entry Commission Annual Report
is published in accordance with AS 16.43.980*



State of Alaska Commercial Fisheries Entry Commission 2016 Annual Report

The Alaska Commercial Fisheries Entry Commission (CFEC or Commission), in compliance with AS 16.43.980, submits this annual report for our agency's operations in the 2016 calendar year. CFEC is an independent agency that was created by the passage of the Limited Entry Act (AS 16.43.010 – 990). CFEC appreciates your interest in our agency, and hopes you will enjoy reviewing this annual report. We welcome your observations and thoughts about our work, and any questions or suggestions as to how we may better serve Alaskans.

CFEC is an autonomous agency which is fully supported by commercial fishermen. CFEC is funded entirely from limited entry permit and vessel license fees. Revenues generated by CFEC in excess of our annual budget authorization have been appropriated by the Alaska Legislature to pay some of the cost of programs and projects which support Alaska's commercial fishing industry, including an annual deposit to the Alaska Fishermen's Fund which exists to help cover medical claims for injured commercial fishermen. As undesignated general fund dollars have become increasingly scarce in recent years, the Legislature has been able to use funds generated by CFEC to pay for the significantly larger budget of the Alaska Department of Fish & Game (DFG).

Prior to Alaska achieving statehood in 1959, Alaskan fisheries were managed poorly and in a manner beholden to Outside interests, which brought them to a state of crisis from which it was feared they might never return. Asserting Alaskan control over fisheries management was one of the main motivations behind Alaskans' efforts to transform the Last Frontier from a pseudo-colonial territory into a full-fledged state and member of the Union.

After statehood, further unsuccessful efforts to manage fisheries sustainably led the people of Alaska to amend the State Constitution in 1972 to add language to Article VIII, Section 15, to allow an exception to the common-ownership principle enshrined in the provision prohibiting the creation of any Exclusive Right of Fishery. Passed by a three-quarters majority, this language permits, "... the State to limit entry into any fishery for purposes of resource conservation, to prevent economic distress among fishermen and those dependent upon them for a livelihood and to promote the efficient development of aquaculture in the State."

To give effect to Alaskans' stated desire for reasonable limits on commercial fishing activity, in 1973 the Alaska Legislature passed the Limited Entry Act, creating a workable and accountable system to control the numbers of fishermen in Alaska's commercial fisheries. In 1974, the Commercial Fisheries Entry Commission began implementation of this program and this essential work continues to the present day. By the end of 2016, CFEC had limited entry in 68 fisheries and considered nearly 23,000 discrete applications.

In 2016, the Commission continued to perform its unique function as an autonomous, independent, quasi-judicial regulatory agency serving Alaska's commercial fishing industry. While continuing its work to reduce the number of outstanding adjudication decisions, in 2016 the Commission issued 27,485 fishing permits and

vessel licenses, reviewed and processed 815 emergency transfer requests, 898 permanent transfer requests and considered and produced 99 adjudications.

Working in conjunction with the State Legislature, the Walker Administration, and the fishing industry in 2016, the Commission also provided fisheries data, as well as information concerning options, statutory tools, and protections needed to meet the challenges facing Alaska's evolving fisheries. The Commission also served individual fishermen, fishing organizations, local communities, and State and federal agencies including the Alaska Board of Fisheries and the North Pacific Fishery Management Council. CFEC provided information and policy observations on a variety of issues of vital importance to Alaska's commercial fishing industry.

CFEC remains committed to the statutory duty to promote conservation and sustained-yield management of Alaska's unique fishery resources, and to promote economic stability among fishermen and their dependents. We are proud to be part of an internationally-renowned fishery management system that produces food for the world and supports the economic health of a vibrant industry that is a cornerstone of Alaska's economy now and for future generations.

ALASKA COMMERCIAL FISHERIES ENTRY COMMISSION



Benjamin Brown, Commissioner



Bruce Twomley, Chairman

OEO/ADA Compliance Statement

The Commission is administratively attached to the Alaska Department of Fish & Game (DFG).

DFG administers all programs and activities free from discrimination based on race, color, national origin, age, sex, religion, marital status, pregnancy, parenthood, or disability. DFG also administers all programs and activities in compliance with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, and Title IX of the Education Amendments of 1972.

If you believe you have been discriminated against in any program, activity, or facility please write:

- DFG ADA Coordinator, PO Box 115526, Juneau, AK 99811-5526
- U.S. Fish & Wildlife Service, Office for Diversity & Civil Rights Programs
4040 North Fairfax Drive, Room 300, Webb Building, Arlington, VA 22203
- Office of Equal Opportunity, U.S. Department of the Interior, 1849 'C' Street, NW, MS 5230,
Washington, DC 20240

DFG's ADA Coordinator can also be reached by telephone at the following numbers:

- VOICE 907-465-6077
- Statewide Telecommunication Device for the Deaf (TDD) 1-800-478-3648
- Juneau TDD 907-465-3646
- FACSIMILE 907-465-6078

For information on alternative formats and questions on this publication, please contact the Commercial Fisheries Entry Commission at (907) 789-6160, or email dfg.cfec.questions@alaska.gov.

Photo Courtesy of the Alaska
Seafood Marketing Institute (ASMI)





State of Alaska

Bill Walker, Governor

Commissioners

Bruce Twomley, Chairman

Benjamin Brown, Commissioner

Vacant, Commissioner

Management Staff

Shirley Penrose, Acting Executive Director

Frank Glass, Adjudications Leader

Ty McMichael, Information Technology Leader

Yvonne Fink, Licensing Leader

Craig Farrington, Acting Research & Planning Leader

Office Location:

Commercial Fisheries

Entry Commission (CFEC)

Jordan Creek Center

8800 Glacier Hwy, Suite 109

Juneau, AK

(907) 789-6150 Licensing Section

(907) 789-6160 reception

(907) 789-6170 facsimile

Internet: <http://www.cfec.state.ak.us>

Mailing Address:

CFEC

P.O. Box 110302

Juneau, AK 99811-0302

Table of Contents

Introduction/Activities.....	8
State Legislation and Legislative Audit	8
Administrative Order 279.....	9
CFEC Regulations	10
<i>Proposed Regulation to Authorize Alternative Gear Type for Southern Southeast Inside</i>	
<i>Sablefish Longline Limited Entry Permit Holders</i>	10
<i>Proposed Regulation to Remove Sitka Sound from the Northern Southeast Herring</i>	
<i>Roe-on-Kelp Fishery Administrative Area</i>	11
<i>Regulations Adopted to Update Federal Poverty Guidelines and to Facilitate Emergency</i>	
<i>Transfers between Parties to a Proposed Permanent Transfer of an Entry Permit.....</i>	11
Organization by Function	13
Adjudications.....	14
Administrative Proceedings & Decisions.....	14
Closing Out & Limiting Fisheries	15
Information Technology	16
Infrastructure.....	16
Software	16
Application Development.....	16
Security	16
Oracle Database Administration.....	16
Service/Technical Support	17
Legacy Application Services	17
Server Virtualization	17
Enhanced Security	17
New Application Development	17
Enhanced Desktop Utilities.....	17
New network OS cluster for file sharing, printing and Desktop/LDAP authentication.....	18
Web Server High-Availability	18
Current CFEC Web-Based Applications.....	18
Gross Earnings.....	18
CFEC Website.....	18
Continued Security Enhancements	19
Cost Savings and Automation Tools.....	19
Challenges.....	19



Licensing	20
Demerit Points.....	20
Permit Transfer Requests for 2016	21
<i>Permanent Transfer Requests for 2016</i>	21
<i>Emergency Transfer Requests for 2016</i>	22
Permits and Licenses Issued	22
<i>Permits Issued by License Year</i>	23
<i>Fishing Permits and Vessel Licenses Issued by License Year</i>	24
<i>Summary of Permitting Activity for 2016</i>	25
2016 Vessel Statistics.....	26
Research & Planning	27
Reports published in 2016.....	28
Revenue.....	29
Revenue Collected by the Commission by Fiscal Year.....	29
CFEC Revenue Collected vs. Actual Budget Expenditures.....	30
Appendices.....	32
Employees.....	32
Decisions and Activities in Prior Years	33



Photo Courtesy of the Alaska
Department of Fish and Game

State Legislation and Legislative Audit

House Bill 386 was introduced at the end of the 28th Alaska Legislature in April 2014. This legislation was written to eliminate CFEC and transfer all of its functions to the Department of Fish & Game (DFG) and the Office of Administrative Hearings (OAH). HB 386 was not heard during the 28th Legislature. In August 2014, the same legislator requested that the Legislative Budget & Audit Committee (LB&A) order a comprehensive performance audit of CFEC's operations. LB&A granted the request and directed the Division of Legislative Audit to perform the audit and produce a report.

In 2015, at the beginning of the 29th Legislature, a newly elected legislator introduced House Bill 112. HB 112 was almost identical to its predecessor HB 386. At the end of the 2015 session, the sponsor and the leadership of the Resources Committee (where HB 112 was pending) voiced their collective belief that the best course of action was to await the results of the legislative audit.

In January 2015, the CFEC Commissioners held an initial meeting with the Division of Legislative Audit to discuss the scope and timeline of the performance audit, and to offer their assistance in the review of the agency. Over the next six months the auditors met with all current and several former CFEC staff, as well as a wide array of staff from DFG and numerous stakeholders with an interest in the performance, structure, and future of CFEC. All these persons had the opportunity to confidentially submit information, opinions, beliefs, and personal thoughts about CFEC to the auditors. In June 2015, the CFEC Commissioners met again with the auditors to learn the results of the performance audit and to review the preliminary audit report. The auditors recommended some minor administrative changes to CFEC, but recommended against the merger of the agency with DFG, OAH, or any other entity. The final audit report was reviewed and approved for public dissemination by LB&A in October 2015. The audit report recommended (at pages 12 & 13) that, "CFEC should continue to operate as an independent, regulatory, and quasi-judicial agency." The audit further recommended (at pages 18 & 19) that CFEC's Adjudications, Licensing, Research, and Information Technology functions should continue to remain together at CFEC while some administrative tasks could be moved elsewhere. The audit also recommended that the Commissioners be transitioned to part-time status.

The CFEC Commissioners met with and presented to the Board of Directors of the United Fishermen of Alaska (UFA) in late October 2015 to discuss the final audit report and its recommendations. The Commissioners relayed the fact that the audit report's recommendations were wholly inconsistent with HB 112 and, indeed, were diametrically opposed to any scheme to dismantle the agency or transfer any of its functions other than the least significant ones to DFG or any other agency. The UFA Board adopted a position in support of CFEC's continued autonomous, independent existence, which it has maintained since that time.

At the beginning of the second regular session of the 29th Legislature in 2016, HB 112's sponsor began to consider alternative proposals that would reflect the recommendations of the audit report.

Administrative Order 279

On February 16, 2016, Governor Walker issued Administrative Order 279, which provided as follows:

The administrative and research functions of the Alaska Commercial Fisheries Entry Commission (Commission) are transferred to the Department of Fish and Game (Department) under authority of the Commissioner of Fish and Game. This transfer is necessary for efficient administration and will provide for appropriate and effective performance of these functions.

The Administrative Order then defined “administrative functions” as

- (1) Licensing and permitting services (ministerial services only);
- (2) Information technology services;
- (3) Accounting services;
- (4) Payroll services;
- (5) Procurement services;
- (6) Budget services.

At the request of the United Fishermen of Alaska (UFA), CFEC Commissioners met with the UFA Board of Directors shortly after Administrative Order 279 was issued, and discussed a host of issues related to it. The UFA Board then deliberated and unanimously adopted a position opposed to the administrative order.

At the end of March a fisherman - also a member of the UFA Board - acting on his own behalf filed a lawsuit in Juneau Superior Court against the State challenging the legality of AO 279. Shortly thereafter, the UFA Board voted unanimously to join as a plaintiff in the lawsuit. The Department of Law entered its appearance on behalf of the defendants. CFEC was not a party to or participant in this litigation.

In late April 2016, the State moved that the Superior Court dismiss the lawsuit challenging AO 279. The State argued that AO 279 only purported to transfer duties and functions (and thus staff) from CFEC to DFG that were purely ministerial in nature. The State’s attorneys represented to the Court that no concrete steps had been taken to implement AO 279, and that because nothing had been done to implement it, the matter was not ripe for judicial scrutiny. Basing its decision on the factual assertion that nothing at all had been done to implement AO 279, the Superior Court dismissed the lawsuit at the end of July 2016. The plaintiffs appealed the decision to the Alaska Supreme Court.

On August 25, 2016, the Office of the Governor issued a statement noting the dismissal of the lawsuit, but also acknowledging that Administrative Order 279 may have been issued prematurely.

Rather than implementing Administrative Order 279, Governor Walker said he would place a moratorium on AO 279 to allow for a more robust stakeholder engagement process.

“In our effort to find cost-savings, I unfortunately bypassed an important step in any restructuring of state government-public engagement and feedback,” Walker acknowledged. “The vital stake-

holder input will help determine the best course of action needed to find a path forward for the fishing industry, individual Alaskans, and the affected state agencies.”

The administration stated it would seek input from Alaska’s commercial fishing industry after the conclusion of the fishing season that Fall.

CFEC Regulations

Proposed Regulation to Authorize Alternative Gear Type for Southern Southeast Inside Sablefish Longline Limited Entry Permit Holders

During the 2016 Board of Fisheries Work Session, holders of limited entry permits in the Southern Southeast Inside sablefish longline fishery requested that they be authorized to use pot gear as an alternative gear type to protect their catch from orca predation. In response, on October 25, 2016, Board of Fisheries Chairman John Jensen wrote to request help from the Commercial Fisheries Entry Commission (CFEC) as follows:

There is no question longline fishermen in Southern Southeast are experiencing killer whale predation, just as longline fisheries across Alaska have faced. While the board could not clearly determine the predation is a conservation concern, there is enough uncertainty that action is potentially warranted.

The Board recognizes ... CFEC is authorized to allow pot gear to be used under limited entry longline permits. The Board is encouraged by CFEC’s interest in this matter to date and requests it consider conducting a regulatory review of allowing pots as an acceptable gear type under limited entry longline permits for the Southern Southeast sablefish fishery (C61C).

Should CFEC change its regulations the Board may need to consider any follow up regulatory action under its authority. [For the Board to have sufficient time to undertake its regulatory action,] CFEC would need to have its regulation change accomplished by March 2017 or at the latest, before the Board’s October 2017 Work Session.

In response, CFEC submitted a draft regulatory proposal to Susan Pollard, Chief Assistant Attorney General & Regulations Attorney with Department of Law. CFEC is proposing a comment period that would end on February 17, 2017, when CFEC would also conduct a public hearing on the proposed regulations.

While CFEC’s scoping discussions with Southern Southeast longline and pot fishermen and processors have encouraged CFEC to go forward with the proposal, at the same time it is anticipated there may be opposition to the proposed regulations. If, after the end of public comment, CFEC can conclude from the record that authorizing pots as an alternative type of legal gear under AS 16.43.100(a)(12) would be consistent with the purposes of the Limited Entry Act, CFEC would be inclined to act favorably on the proposal.



Proposed Regulation to Remove Sitka Sound from the Northern Southeast Herring Roe-on-Kelp Fishery Administrative Area

At the request of the Board of Fisheries, CFEC proposed a regulation to exclude Sitka Sound from the Northern Southeast administrative area for the herring roe-on-kelp pound fishery. This change would have allowed the Board of Fisheries to go forward with a proposal to allow permit holders in the Southeast herring roe seine fishery to harvest herring roe with pounds rather than seine nets.

The CFEC received numerous public comments from stakeholders on the proposal and held a well-attended hearing to take public testimony. The public comment - both written and testimonial - was overwhelmingly in opposition to the proposal, and the Commission decided not to go forward with the proposed change. CFEC notified the Board of Fisheries of its decision in a letter in January 2016, stating as follows:

Nothing in our research or the public comment we received on this latest proposal convinces us that a change is needed at this time in the administrative area definition for the fishery that has been in place since 1995. If, however, the Board of Fisheries decides to go forward with Proposal 126 or something like it, we would reconsider the matter and examine whether allowing the Southeast roe herring seine permit holders to participate as pound fisherman would be consistent with the Limited Entry Act. Without prejudging the issue, based on the overwhelmingly negative public comment we received, proponents of such a change will have a significant burden of persuasion.

Regulations Adopted to Update Federal Poverty Guidelines and to Facilitate Emergency Transfers between Parties to a Proposed Permanent Transfer of an Entry Permit

In the fall of 2016 the Commission proposed and adopted the following changes in CFEC's regulations.

20 AAC 05.245(a)(1) was amended to make clear that "estimated value" used by CFEC to set permit fees for a limited fishery is the same as "appraised value" transmitted to the Department of Commerce, Community & Economic Development's (DCCED) Division of Economic Development and the Commercial Fishing & Agriculture Bank (CFAB) for the commercial fishing loan programs they administer (20 AAC 05.1990).

20 AAC 05.245(a)(3) was amended to reflect the fact that the Commission will at times adjust permit renewal fees when a strict application of the 4/10 of 1% calculation provided for in regulation does not accurately reflect the economic returns in a given fishery. This can occur when calculating a fee for either a limited fishery (20 AAC 05.245(1)) or an open-access fishery (20 AAC 05.245(2)). The regulation that allows the adjustment (20 AAC 05.245(3)) previously referenced only open-access fisheries in its first paragraph, but referenced both types of fisheries in the subsection that directly pertains to the economic return problem (20 AAC 05.245(3)(B)). This change made the regulation internally consistent.

As is the practice annually, 20 AAC 245(c)-(e), 250(b), and 1910(h) were amended because the Commission allows a reduction in fees when an applicant can demonstrate that his or her annual income is within the poverty guidelines and food stamp asset limits, both of which are set each January by Federal regulation. CFEC annually amends its regulations to match the most recent Federal law changes in time to be reflected on the renewal forms sent out every year in early November.

20 AAC 05.1725(c) was amended to conform the section to reflect a change made in 2015 that allows for the emergency transfer of a second permit in the same salmon fishery when it is in aid of an otherwise legitimate permanent transfer that can't be done in time to get the permit fishing for the current season (typically because the 60-day notice period required by AS 16.43.170(b) has not expired). The purpose of this change was to avoid the hardship that lost fishing time can cause the transferee when the notice period runs during the fishing season.

The Commission amended 20 AAC 05.1740(b) to put in regulation for the first time a longstanding Commission practice to allow for the grant of a temporary emergency transfer of an entry permit to alleviate the hardship that can occur when an otherwise legitimate permanent transfer cannot be completed (typically because of the 60-day notice problem) and fishing time would be lost. The Commission allows this type of temporary emergency transfer on a case-by-case basis, and these account for approximately 10% of the total emergency transfers allowed each year.



Photo Courtesy of the Alaska
Department of Fish and Game

Organization By Function

Commercial Fisheries Entry Commission

Commissioners
 Bruce Twomley, Chairman
 Benjamin Brown, Commissioner
 Vacant, Commissioner

Shirley Penrose
 Acting Executive Director

Personnel, Payroll, Travel, Accounting,
 Purchasing, Document Archiving,
 Facilities/Property/Supply Management, and
 Budget Development

Adjudications	Licensing	Research	Information Technology
Frank Glass Leader	Yvonne Fink Leader	Craig Farrington Leader	Ty McMichael Leader
<ul style="list-style-type: none"> • Application Processing & Classification • Administrative Hearings • Case Management • Decisions on Claims • Preparation of Official Record in Judicial Appeals • Residency & Fraud Investigations • Archiving & Records Management 	<ul style="list-style-type: none"> • Entry and Interim-use Permit Renewal • Vessel Licensing • Permanent & Emergency Transfers • Permanent File Management • Collecting & Entering Licensing Revenue • Demerit Point Assessment 	<ul style="list-style-type: none"> • New Limitations Research • Priority Hardship ("Point" System) Development and Testing • Optimum Number Research • Fisheries Data Collection & Database Enhancement • Standard & Custom Reports on Fisheries Economics, Participation, and Performance 	<ul style="list-style-type: none"> • Licensing Systems • Fisheries Database • Technology Development for Adjudications & Research • Agency Technical Support • Website Design & Maintenance

Adjudications

The Adjudications Section evaluates, classifies, and adjudicates applications for limited entry permits. Permit applications are classified and ranked against each other under point systems that measure each applicant's past participation and economic dependence on a fishery. Entry permits are issued first to applicants shown by their point levels to be most dependent on a fishery, and then to applicants at successively lower classification levels until the maximum number of permits for the fishery has been issued.

Adjudication functions are performed by paralegals, hearing officers, and the commissioners. Paralegals evaluate entry permit applications and make the initial determination accepting, denying, or classifying each application. An applicant may challenge the denial or classification of an entry permit application by requesting a hearing. Commission hearing officers conduct administrative hearings and issue decisions based on the record.

Hearings may also be requested if the Commission's Licensing Section denies requests for emergency transfers or permanent transfers of entry permits. Emergency transfer hearings are typically held and decided by paralegals. Permanent transfer hearings and other miscellaneous hearings are held and decided by hearing officers.

The commissioners review every paralegal and hearing officer decision and may order further review and hearings on their own motion or upon the request of an affected party. Commissioners may also take formal action to modify, reverse, or affirm the decisions.

Hearing officers also preside over hearings that arise from enforcement proceedings, where the Commission may impose fines, revoke permits, or suspend permits of those who attempt to mislead the Commission with false information. These hearings are held in the presence of the commissioners.

Administrative Proceedings & Decisions

During calendar year 2016, the hearing officer and paralegal issued a total of 49 decisions: 3 on permit applications, 34 on permit transfers, and 12 on miscellaneous matters such as the assessment of demerit points. All of the permit application cases that were before the commission hearing officer were completed in 2016.

The commissioners issued 50 decisions during calendar year 2016: 40 on permit transfer cases and 10 on miscellaneous matters. At the end of 2016, 26 permit application cases remained pending before the commissioners.

Commissioners and hearing officers have made substantial progress reducing the Commission's adjudication caseload from the 68 originally limited fisheries. Looking back to 1990, as the result of the *Wassillie* settlement (authorizing hundreds of new applications in the salmon fisheries) and a series of Alaska Supreme Court cases during the 1980s, the Commission's caseload had risen to nearly 900 cases. These decisions on entry permit applications represent only a portion of the Commission's caseload. As of the end of 2016, from the 68 originally limited fisheries, 26 permit application cases remained pending before the commissioners.

Additionally, since 1990, the Commission has been required by statute to limit 26 additional fisheries generating thousands of new applications for entry permits. From 1990 through 2016, the Commission issued nearly 2,400 final decisions, thereby deciding cases at a rate faster than applicants filed new appeals and reducing its overall caseload to the current total of just 26.

Commission decisions implementing the Limited Entry Act and their review by the Alaska Courts have generated a unique body of law characterized by one Alaska Supreme Court Justice as "arcane."



Closing Out & Limiting Fisheries

The Commission's goal is to issue final decisions in all cases from the originally limited 68 fisheries by the end of 2017. This is an aggressive goal given the fact that judicial appeals, remands, and reversals of Commission decisions may prolong the process of closing out fisheries.

In 2013, the Commission decided the two *Kuzmin* cases, denying two applicants who did not appeal to the courts. These complex cases illustrate where the Commission is in the adjudication process and the fact that few easy cases are left before the commissioners at this point. Nearing the end of the process, cases like *Kuzmin* can have much more impact than the denial of two applicants. The Commission had previously completed the cases of 13 other applicants for the same fishery who remained pending at the same 6-point level. Whether they would be issued permits depended on the outcome of other cases like *Kuzmin*. Denial of the *Kuzmin* applications allowed the Commission to issue permits at 6 points, but 13 exceeded the maximum number for the fishery, which normally would have compelled the Commission to conduct a lottery creating winners and losers among the applicant group. Thankfully, the Legislature had the foresight to assign the Commission a statutory duty to issue all 13 permits when doing so would not exceed the maximum number by more than 5% or 10 permits - whichever is greater. All 13 were awarded permits, and CFEC closed out the adjudication of the entire fishery.

Based on the principle that all applicants should be treated alike, the *Byayuk* case required the Commission to apply a Supreme Court reversal retroactively to reopen previously closed applications. Subsequently, the *Cashen* case applied the same principle to require the Commission to accept new applications for the first time long after original deadlines. The *Byayuk* retroactive principle required more adjudication and left the Commission without a margin for error in its decisions. A reversible error by the Commission could undo the limitation of a fishery upon which Alaskan fishermen rely for their livelihood. Great care is required in adjudicating individual cases, and the Commission is unable to embrace quantity at the expense of quality.

The risk of retroactive application has been present since 1984, but the potential for far-reaching adverse outcomes has increased with the approaching completion of cases from the 68 originally limited fisheries.

In addition to the possibility of reversals and remands from the courts, CFEC continues to monitor fisheries that may require limited entry. When the record of a fishery shows that its limitation would serve conservation and prevent economic distress among fishermen, CFEC has an affirmative statutory duty to limit entry. Once limited, cases requiring adjudication all arise at nearly the same time thereby creating an instant new caseload that requires a great deal of time to process and decide.

Information Technology

The Information Technology (IT) Section is responsible for all technology infrastructure at CFEC. IT maintains a small, highly skilled, and responsive staff that must be flexible and proficient in several disciplines. This includes the installation and maintenance of all network hardware such as switches, routers, servers, printers, cabling and storage area networks. The IT Section is also responsible for the installation and maintenance for all desktop hardware including personal computers, printers, embossers and other desktop equipment. IT maintains all technical support for local staff and customers. IT staff is responsible for data integrity, all application development and maintenance of a wide array of software centered on CFEC's core mission, and the reliable and timely distribution of data to other agencies, to clients and to the general public. IT maintains several local resources such as web services, network operating systems, shared storage, network topology, file services, digital security, database services, IP telephony, and all other IT related tasks. IT solutions at the Commission are organic, modern, efficient and are all provided internally by a small and efficient IT staff.

CFEC's IT staff has spent considerable time over the last several years in an effort to modernize and standardize infrastructure and services while continuing to support an environment with some unique IT resources and functions. The Commission's IT deliverables can be categorized as follows:

Infrastructure

CFEC's infrastructure is very modern, secure, up to industry standards, and fault-tolerant. IT maintains all aspects of the agency's network and server room including, but not limited to, hardware and software setup, OS management, switch management, rack management, environmental controls, uninterrupted power sources, physical security, updates, patches, cabling, and troubleshooting.

Software

The CFEC IT staff is responsible for installing and maintaining all software, both commercial and custom. This includes all desktops, laptops, and servers. IT is also charged with OS updates and patches, security as well as all software service level agreements with vendors.

Application Development

CFEC's IT staff is also charged with all application development. CFEC utilizes a very modern Integrated Development Environment (IDE) that includes secure source control and testing environments. Languages and technologies include Java, SAS, SQL, PL/SQL, .Net, JavaScript, Oracle, various frameworks, and COBOL. Software development includes web applications, desktop/client applications, production jobs, reports, tables, and intra-agency development.

Security

CFEC's IT staff work to maintain all State and industry standards for digital and physical security. CFEC is PCI/DSS compliant for payment card processing and passes internal and external security audit scans. IT staff maintains all security related updates and patches for servers and desktop computers. IT staff also remain abreast of industry trends and security related alerts.

Oracle Database Administration

CFEC IT staff is responsible for the licensing, installation, maintenance, tuning, security, and all other database related administrative tasks for the Commission's Oracle servers.



Service / Technical Support

IT provides all desktop computer software & hardware installation and troubleshooting, custom application programming and support, resolution of network and card embosser issues as well as telephone support to customers.

Legacy Application Services

CFEC IT continues to upgrade legacy code, primarily used today for data entry and basic queries. With sufficient talent and institutional knowledge to keep these processes relevant, CFEC is well positioned to update technologies while sufficiently maintaining aging software.

In 2016, CFEC technology continued to provide the most secure, most available, and most comprehensive data in the fishing industry while providing staff, outside departments and clients with world class service. CFEC is the home to the most crucial and unique economic data on Alaska's fisheries available and the IT staff is the medium by which this information is managed, maintained, and made available.

Server Virtualization

CFEC continues to virtualize servers and services. The large majority of CFEC's server farm now exists as virtual machines running collectively within a clustered group of physical hosts. The physical hosts are capable of live migration and resource expansion for the pool of virtual machines, allowing for a high level of availability and fault tolerance. Having multiple machines running in a single computer helps reduce power consumption, rack space, and total cost of ownership while providing important failsafe features.

Virtual hardware can be provisioned quickly and easily. This allows for the isolation of applications and provision of continuing support for custom software developed for this unique program.

Enhanced Security

CFEC IT staff has physical and digital security responsibilities, and spends considerable time each year maintaining security standards that are compliant with both State and industry standards for the protection of PII and payment card information (PCI DSS). Additional compliance restrictions were implemented in 2016, and CFEC performed all necessary measures to conform to the new standards. CFEC currently meets and/or exceeds both State and industry standards, and passes internal and external security audit network penetration tests. Security is a full time job and CFEC works diligently to protect sensitive data and keep abreast of potential industry liabilities and security measures.

New Application Development

IT staff continued to update and/or replace applications and services for ease of use, data sharing capabilities and replacement of older code. CFEC continues to convert aging audio and digital files into new formats capable of easy discovery via new desktop and web applications.

IT also started a new application for online surveys. This project, which incorporates aspects of our original application, will give us unique abilities in quickly mobilizing and conducting online surveys for various fisheries with disparate needs.

Enhanced Desktop Utilities

CFEC IT staff continues to advance desktop utilities providing the agency's staff with custom applications designed to make their respective jobs easier and more efficient.



New network OS cluster for file sharing, printing and Desktop/LDAP authentication

CFEC IT staff completed and deployed a new network OS cluster, which has removed the agency's singular dependency for application hosting, file sharing services, printing, authentication and LDAP services.

Web Server High-Availability

CFEC IT staff continue to upgrade the agency's high-availability web cluster that allows for multiple virtual servers to share the production load and fail-over should technical difficulties arise. Aside from an improved uptime and performance, this also allows IT staff to temporarily disable a node from the cluster for routine maintenance with no down time.

Current CFEC Web-Based Applications

CFEC's web-based permit and vessel license renewal system continues to evolve with additional updates and modifications. The application is very stable, secure, and available to anyone with an Internet connection. IT also continues to play an active role in the development of the Bristol Bay District Management and Registration web application. Regulatory updates and application enhancements provided CFEC an opportunity to continue to partner with DFG to maintain and deploy this application, which is unique to Bristol Bay. Originally developed by CFEC's IT staff, the application provides real-time information processing between fishery managers, processors, agents, and participating permit holders.

CFEC's web-based permit and vessel license database continues to be a very popular application for public, state, and federal use. The application offers a general public interface as well as a secure interface for partnering agencies who have a need to query for confidential information. Permit, vessel, and intent-to-transfer information can be easily accessed based on a wide array of criteria. Results can be viewed on-line, downloaded, or printed as a formatted report. All years of archived data are available to search. Providing reliable and easy access to CFEC data has always been a very important goal and will continue to be so.

Gross Earnings

Gross Earnings refers to a database and reporting system created, maintained, and operated by staff at CFEC. The Gross Earnings Database is built by combining DFG and International Pacific Halibut Commission (IPHC) fishery harvest data with data from the CFEC Licensing System. The data are also enhanced with CFEC estimates of ex-vessel fish and shellfish prices. The result is a database that can be queried using a wide range of qualifiers. The database is maintained for all fishing years from 1975 to the year immediately preceding the current calendar year. The Gross Earnings Database is an important file used by CFEC for both internal and external needs. It is also shared and used by other State and federal entities for a wide range of fishery-related topics. One important feature of the database is the Gross Earnings Reporting System, which generates a large number of web pages, PDF reports, and downloadable data on the CFEC Public Web Site (see "Fishery Participation and Earnings"). Major updates and changes were made to this process in 2016 including several new columns and changes to hard reports available through our website.

CFEC Website

IT also maintains CFEC's website. The site, located at <http://www.cfec.state.ak.us>, provides many useful links for both fishermen and the general public to commercial fisheries information. The data CFEC collects are available in various non-confidential formats and combinations, located under easy-to-understand headers. Along with the data, CFEC also makes available all of its forms in easy-to-download formats, including links to



current pertinent public informational statements, proposed regulations, judicial appeals of Commission decisions and CFEC annual reports. CFEC’s website is regularly updated and reviewed for accuracy, and reflects the Commission’s dedication and commitment to being available and responsive to the public.

Continued Security Enhancements

CFEC IT staff will continue to comply with State and industry standards for digital and payment card requirements.

Cost Savings and Automation Tools

CFEC is diligently looking for mechanisms to cut cost while becoming more efficient. Examples the IT staff are currently studying include permit/vessel renewal automation, changing the format, medium and valid dates of our permit cards and vessel plates, greatly modifying the annual end-of-year mail-out, increasing the user base for on-line renewals, digitizing and removing hard files and looking to multipurpose staff in order to decrease any periods of downtime. Several of our endeavors will require cooperation with other agencies and/or departments, which in turn, will allow them to benefit from these enhancements. CFEC is also working with other agencies and departments on potential inter-agency services to further our search for efficiencies and scaled economies.

Challenges

IT has lost staff positions in recent years. Responsibilities for lost positions have been spread across other staff, which has required some training and time. Automation and increased efficiencies continue to be a driving goal in an attempt to replace several manual processes.

Licensing

The Licensing Section is responsible for collecting fees and issuing limited entry, interim-entry and interim-use permits, as well as issuing vessel licenses required for participation in Alaska's commercial fisheries. Licensing staff expedite the issuance of licenses to ensure that fishermen do not lose fishing time during the season, a paramount goal of the Licensing section and the Commission. Licensing employs procedures that specifically address the circumstances relating to immediate fishing, including specific forms for the issuance of duplicate licenses, changes to vessel information, and processing both permanent and emergency transfers. Licensing is also responsible for tracking salmon net area vessel registrations and assessing demerit points which may result in suspensions.

Licensing staff are committed to assisting Alaska's commercial fishing industry. Licensing staff interact on a daily basis via telephone, facsimile, e-mail and through written correspondence as a direct source of information for commercial fishermen, fielding questions about permitting and regulations affecting the fishing industry. Besides keeping current with licensing requirements and the actions of the Commission, Licensing staff maintains a close working relationship with DFG, DCCED, United States Coast Guard (USCG), the National Marine Fisheries Service (NMFS), and other agencies to track changes in the fishing industry and relevant laws and regulations. Some of these changes include actions by the Commission and the Legislature to bring fisheries under entry limitation or moratoria, to implement new types of licensing mechanisms, to accommodate regulatory changes by the Board of Fisheries, and federal agency actions relating to restricted access programs, such as License Limitation Program (LLP), Individual Fishing Quota (IFQ), and Community Development Quota (CDQ).

Licensing is continually streamlining procedures, automating processing wherever possible, and looking for innovative ways to efficiently meet ever-increasing informational demands.

Demerit Points for 2016

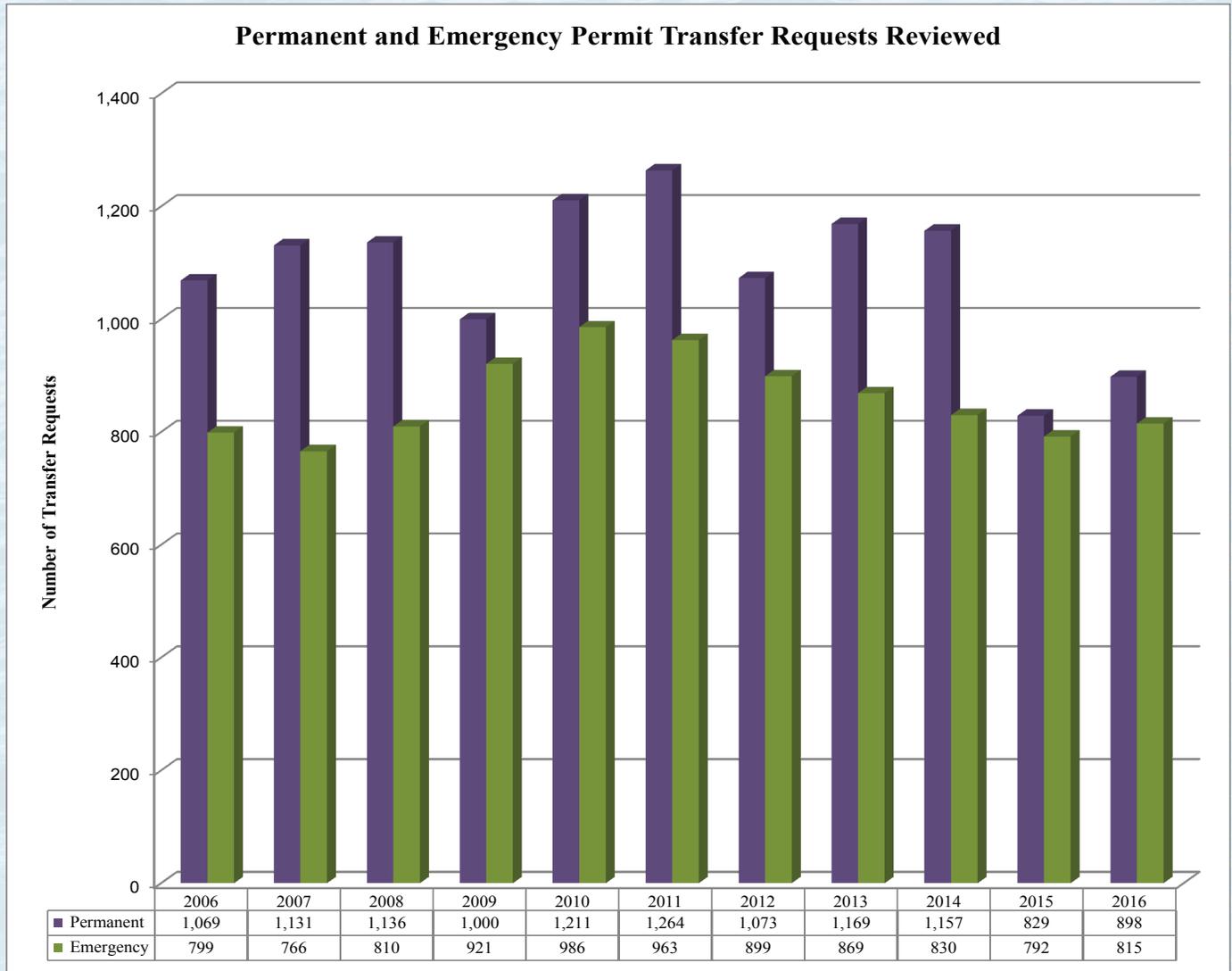
In 1998, the Alaska Legislature enacted legislation which established a demerit point system for suspending commercial fishing privileges based on convictions for fishing violations in the salmon fisheries. Under this law, the Commission must suspend a salmon permit holder's commercial fishing privileges for a period of one to three years if certain threshold levels of demerit points are accumulated in a three-year period.

From 1998 through 2016, the Commission issued demerit points to 2,967 fishermen. The total number of suspended fishermen from 1998 through 2016 is 20. A total of 178 permit holders were assessed demerit points in 2016, as illustrated below:

Fishery Area	Number of Permit Holders assessed points in 2016	Suspensions 1998 through 2016
Alaska Peninsula, Aleutian Island	2	0
Bristol Bay	104	8
Chignik	0	0
Cook Inlet	16	0
Prince William Sound	17	5
Kodiak	0	0
Kotzebue	0	0
Kuskokwim	7	2
Norton Sound	0	0
Southeast	10	5
Statewide	20	0
Yakutat	1	0
Lower Yukon	1	0
TOTALS	178	20

Permit Transfer Requests for 2016

During 2016 Licensing staff reviewed 1,713 requests for permanent and emergency transfers of permits. These included 815 emergency transfer requests and 898 permanent transfer requests. A breakdown of transfer requests over the last ten years by type of transfer is shown in the following graph.



(From CFEC reports B1420P-A and B1425P-C, E, J)

Permanent Transfer Requests for 2016

<i>Standard transfers approved.....</i>	<i>856</i>
<i>Survivorship transfers to spouse approved</i>	<i>22</i>
<i>Foreclosure transfers by loan agencies approved</i>	<i>0</i>
<i>Administrative transfers approved.....</i>	<i>0</i>
<i>Total permanent transfers approved.....</i>	<i>878</i>
<i>Transfers denied.....</i>	<i>24</i>
<i>Withdrawn transfer requests.....</i>	<i>18</i>
<i>Total permanent transfer requests reviewed</i>	<i>898</i>



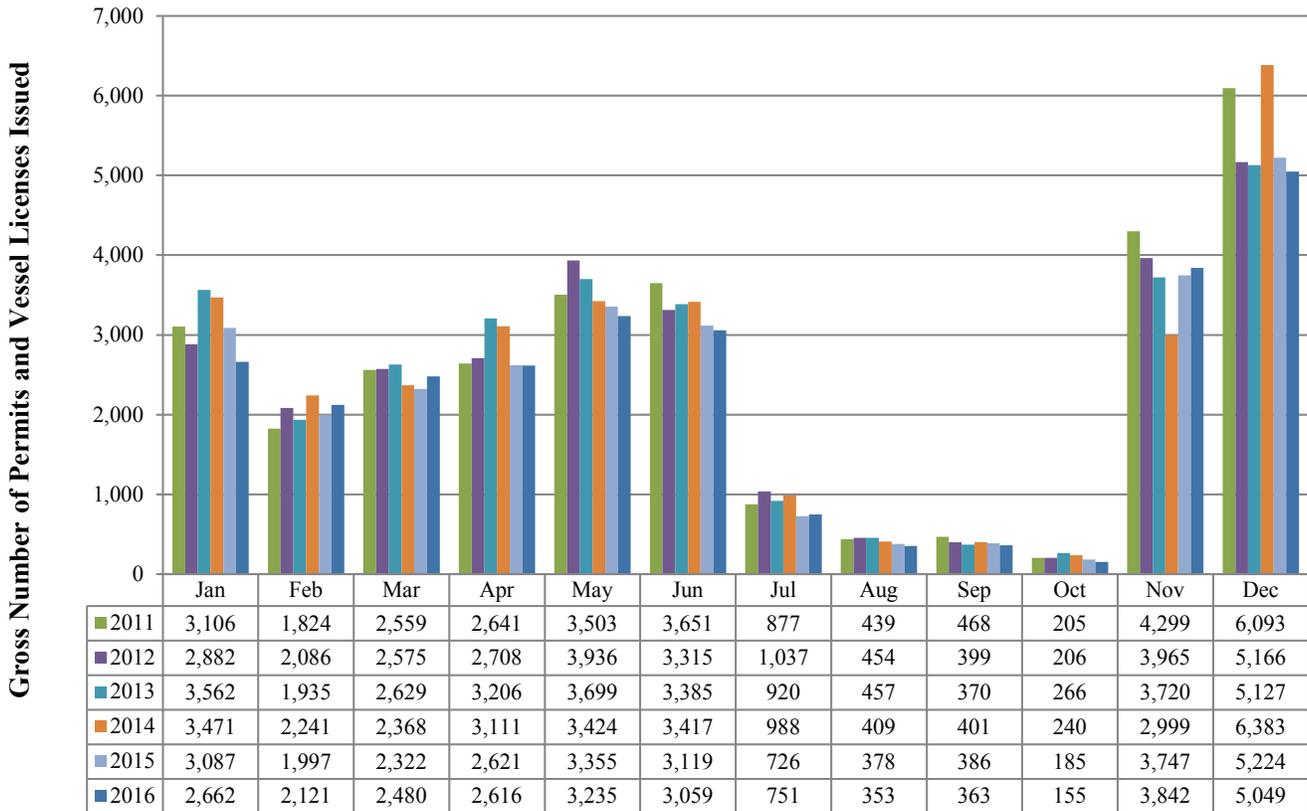
Emergency Transfer Requests for 2016

<i>Transfer requests approved</i>	772
<i>Transfer requests denied</i>	43
<i>Transfer requests withdrawn</i>	0
<i>Total emergency transfer requests reviewed</i>	815

Permits and Licenses Issued

The following graphs provide data on the number of fishermen issued permits in a year, and permits and vessel licenses by year and by month.

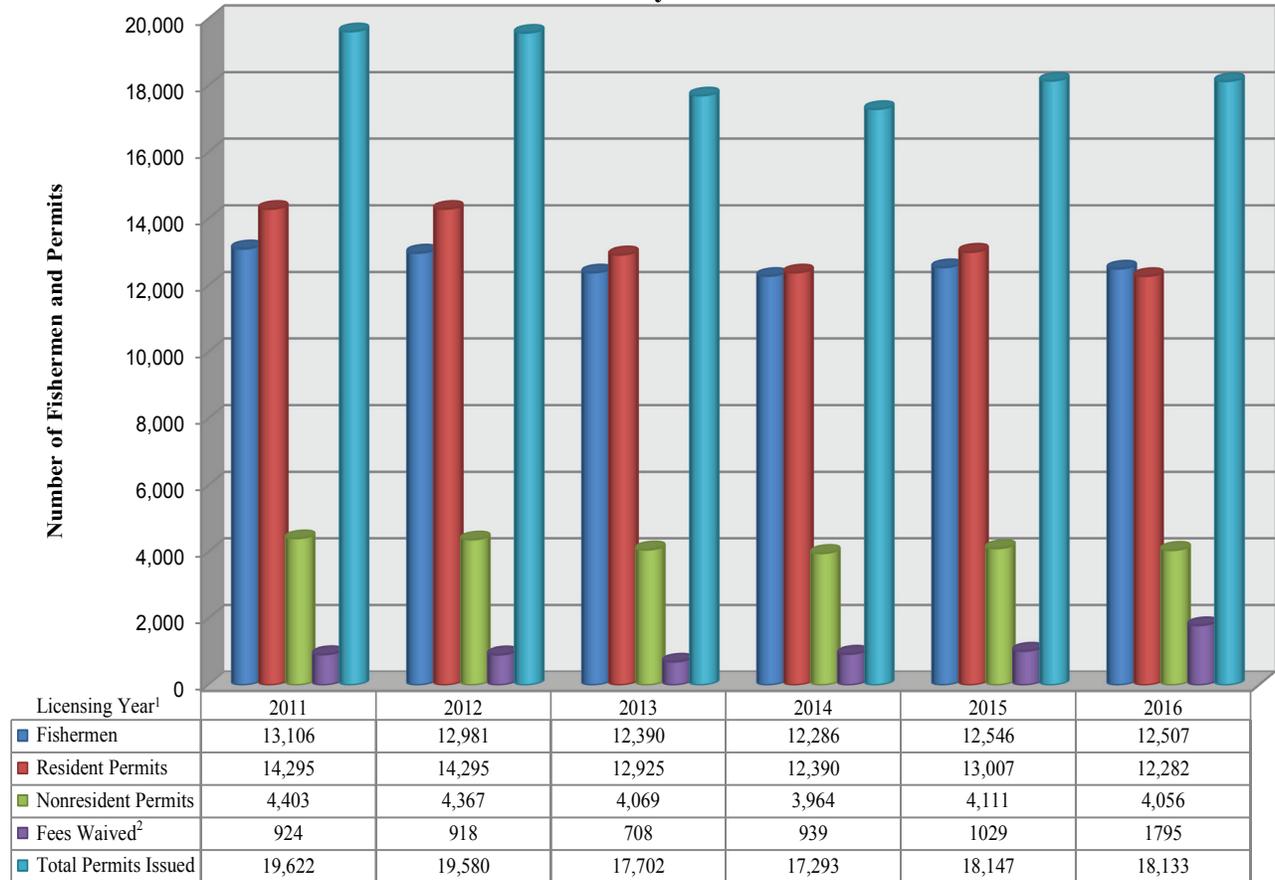
Permit and Vessel Licenses Issued by Month



■ 2011 ■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016

(From CFEC reports B1430P-A and B2430P-A)

Permits Issued by License Year



(From CFEC report B1440P-C. Includes Interim-Use, Interim-Entry³, Entry and Vessel Entry Permits)

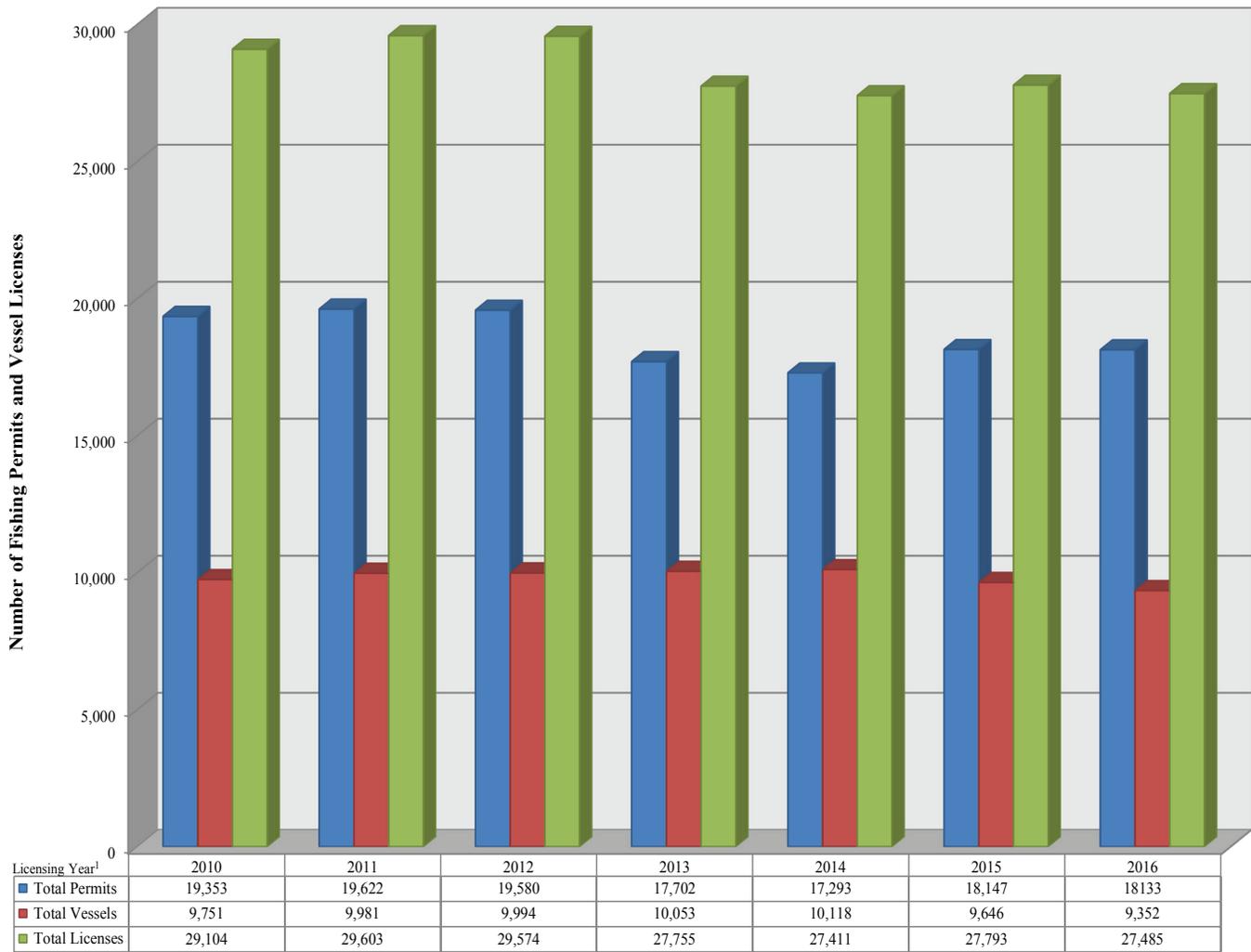
The figures in the table on the preceding page are current as of December 31, 2016, and may increase slightly due to late renewals of entry permits. The number of permits is higher than the number of fishermen, as some individuals hold permits in more than one fishery. Annual renewal fees for entry permits must be paid unless waived by the Commission. Failure to renew an entry permit for a period of two consecutive years can result in forfeiture of the entry permit.

¹ License year refers to the fishing year for which the license or permit is issued, regardless of when the fees were paid. Resident/nonresident status is determined by the type of permit fees that were paid by the permit holder.

² Data include permits issued in both open-access fisheries and limited fisheries where fees were paid or waived as of the publication date.

³ “Interim-Entry” permit refers to an interim-use permit issued to an applicant for a permanent limited entry permit in a limited fishery.

Fishing Permits and Vessel Licenses Issued by License Year



(From CFEC report B1440P-C. Includes Interim-Use, Interim-Entry², Entry and Vessel Entry Permits)

The figures in this table are current as of December 31, 2016, and may increase slightly due to late renewals of entry permits. The number of permits is higher than the number of fishermen, as some individuals hold permits in more than one fishery. Annual renewal fees for entry permits must be paid unless waived by the Commission. Failure to renew an entry permit for a period of two consecutive years can result in forfeiture of the entry permit.

¹ License year refers to the fishing year for which the license or permit is issued, regardless of when the fees were paid. Resident/nonresident status is determined by the type of permit fees that were paid by the permit holder.

Data include permits issued in both open-access fisheries and limited fisheries where fees were paid or waived as of the publication date.

² “Interim-Entry” permit refers to an interim-use permit issued to an applicant for a permanent limited entry permit in a limited fishery.



Summary of Permitting Activity for 2016

Limited Entry Permits Renewed.....	11,460
Limited Entry Permits Not Renewed.....	778
Limited Entry Permits with Fees Waived ¹	1,795
Limited Entry Permits Forfeited or Lapsed.....	62
Interim-Use Permits Issued in Limited Fisheries ²	33
Interim-Use Permits Issued in Open-access Fisheries.....	4,845
Special Harvest Area (Hatchery) Permits Issued.....	23
Educational Entry Permits Issued.....	0
Mariculture Permits Issued.....	0
Vessel Entry Permits Renewed.....	0
Vessel Entry Permits Not Renewed.....	0
Vessel Entry Permits with Fees Waived ³	13

(From CFEC reports B1440P-A and B)

¹ Fees for limited entry permits may be waived in the event of season-long closures.

² Sometimes referred to as Interim-Entry Permits; these permits are available to applicants awaiting final point classification and to applicants who have been finally classified but who may or may not receive a permanent permit when the Commission ultimately determines a final issuance level for their fisheries.

³ Fees for vessel entry permits may be waived in the event of season-long closures.



The brochures shown above are on our website in PDF format. To view or download, go to <http://www.cfec.state.ak.us/Publications/brochures.htm>

2016 Vessel Statistics

Fee Category based on overall length of vessel	Licensing Fee	Number of Vessels Licensed
Vessels to 25'	\$24.00	2,741
Over 25' to 50'	\$60.00	5,225
Over 50' to 75'	\$120.00	823
Over 75' to 100'	\$225.00	195
Over 100' to 125'	\$300.00	157
Over 125' to 150'	\$375.00	55
Over 150' to 175'	\$450.00	35
Over 175' to 200'	\$525.00	23
Over 200' to 225'	\$600.00	5
Over 225' to 250'	\$675.00	4
Over 250' to 275'	\$750.00	11
Over 275' to 300'	\$825.00	6
Over 300'	\$900.00	13
Totals		9,293

Data as of 12/31/2016



Photos Courtesy of the Alaska Seafood Marketing Institute (ASMI)

Research

The Research & Planning Section provides the Commission with fishery limitation studies and optimum number studies, fishery economic analyses, permit reports, and any necessary support specific to cases before the Commission. In addition, the Research Section issues many standard and specialized reports that then get used by a wide variety of people and entities to address a wide range of issues related to commercial fishing.

The foundation for much of the work produced by the Research Section resides in several large electronic databases built and maintained cooperatively by the CFEC Research and IT sections. Research Section and IT collaborate in monitoring and maintaining the integrity of data in those databases. Much of the data is in turn shared with DFG, NMFS and the North Pacific Fishery Management Council through the Alaska Fisheries Information Network. These data allow CFEC staff and others to provide services to local, State and federal government agencies, the Alaska Legislature, researchers, consultants, and other non-governmental organizations.

Among the tasks routinely accomplished by Research staff to support the day-to-day functions of CFEC in 2016 were monthly reports of estimated permit values, estimation of ex-vessel prices and gross earnings of statewide fish and shellfish harvests, permit transfer reports, and analyses used to determine fees collected for the annual renewal of limited entry permits.

In 2016, the Alaska Board of Fisheries (Board) took up several statutory and regulatory issues that had implications for Alaska's limited entry program. Analysts from the Research Section prepared reports and memos for the Board at the January 2016 meeting in Fairbanks, the February 2016 meeting in Anchorage, and the December 2016 meeting in Homer. Board proposals involved considerations for restructuring a salmon fishery (the Alaska Peninsula salmon purse seine fishery) and considerations for allowing permit holders in the Yukon River salmon gillnet fishery to fish with alternative seine gear. The Research reports were intended not only as informational resources for Board members, but also for regulators, DFG fishery managers, and the fishing community at large.

Also in 2016, the Alaska Legislature made special requests for information which Research Section provided, including an analysis of the potential for increasing revenues to the State through considering changes to the statutory CFEC permit fee ceiling. The current statute limits the amount CFEC can collect in fees for certain permits; changing the statute could allow CFEC to collect the full fee amount with a concomitant increase to state revenues.

Research analysts generated other specialized ad hoc reports requested by other agencies, private research firms, and academics. One such analysis was done for the McDowell Group and they used it to develop the report *Sockeye Market Analysis: Fall 2016* published by the Bristol Bay Regional Seafood Development Association. Another was an analysis done for the DCCED Local Boundary Commission, summarizing CFEC permits held by residents of Dillingham and Manokotak.

Research performed a current review of the Southeast dive fisheries – the Southeast geoduck clam dive fishery, the Southeast sea cucumber dive fishery, and the Southeast sea urchin dive fishery. The review is information essential to CFEC Commissioners to be able to assist and advise the Southeast Alaska Dive Fishery Association (SARDFA) on the potential to develop a permit buyback program.

Research assisted the Commission with its administrative functions on the Southeast Revitalization Association's (SRA) Capacity Reduction Program, an NOAA/NMFS approved buyback program for the Southeast salmon purse seine fishery.

The Research Section finished a baseline data survey of permit holders in the Cook Inlet salmon set gillnet fishery. The resulting report determined participation by individual fishermen and the extent of family fishing practices in the fishery in the years from 2011 - 2015. The survey results are part of a larger Research effort to assess and understand basic economics underlying the fishery.

The Research Section produced ex-vessel price estimates for all species of fish harvested in Alaska fisheries. The CFEC ex-vessel price estimates for groundfish species were used by NMFS for the 2016 NMFS Groundfish Observer Fee Program.

Along with the normal tasks of supporting the statutory and daily activities of the Commission, Research staff issued 8 published reports in 2016; all non-confidential reports are available on the CFEC web site. The information typically includes basic economic data on Alaska's fisheries, patterns of permit holdings, permit transfer statistics, and basic characteristics of Alaska's fishing fleets and permit holders, including data on residency of the permit holders. Some of the reports issued contain confidential earnings and fishing participation data, and are therefore not available to the public. As mentioned above, CFEC analysts also generated some 31 other, specialized ad hoc reports requested by fishermen's groups, legislators, municipalities, non-governmental agencies, private research firms, or academics in 2016. The reports listed below are available on CFEC's web site (<http://www.cfec.state.ak.us>) or upon request from the Commercial Fisheries Entry Commission, Research Section, PO Box 110302, Juneau, AK 99811-0302.

CFEC Permit Holdings and Estimates of Gross Earnings in the Kodiak Commercial Salmon Fisheries, 1975-2015. CFEC Report No. 16-7N

Emergency Transfers of Alaska's Commercial Fisheries Limited Entry Permits, 1975-2015. CFEC Report No. 16-6N

CFEC Permit Holdings and Estimates of Gross Earnings in the Cook Inlet Commercial Salmon Fisheries, 1975-2015. CFEC Report No. 16-5N

Changes in the Distribution of Alaska's Commercial Fisheries Entry Permit, 1975-2015. CFEC Report No. 16-3N

CFEC Salmon Set Gillnet Permits and DNR Shore Fishery Leases in Prince William Sound, Cook Inlet, Kodiak, Alaska Peninsula, and Bristol Bay 1975-2015. CFEC Report No. 16-2N

CFEC Permit Holdings and Estimates of Gross Earnings in the Chignik and Alaska Peninsula Commercial Salmon Fisheries, 1975-2014. CFEC Report No. 16-1N



Photos Courtesy of the Alaska Department of Fish and Game

Revenue

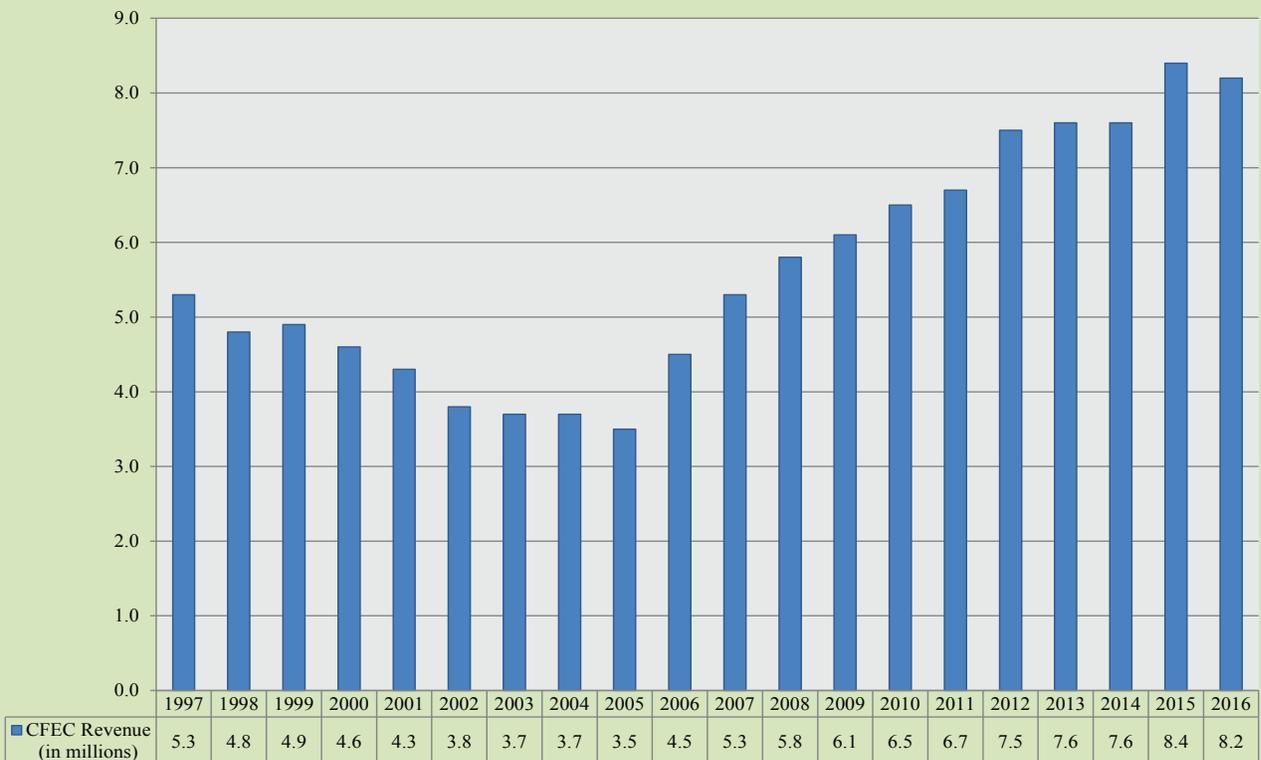
Revenue collected by the Commercial Fisheries Entry Commission comes largely from fees paid for commercial fishing permits and vessel licenses. Additional revenues come from various research and information technology services and reports requested by the public, fishing organizations, fisheries research groups, and other agencies.

Legislation passed in 2005 made two significant changes that increased CFEC revenues collected for the State, beginning with the 2006 licensing year (calendar year). The first was to raise the maximum amount on annual fishing permit fees from \$300 to \$3,000, thereby partially conforming permit rates to the statute that requires fees to reflect the economic returns in a fishery. Raising the permit fee cap mainly affected higher-value fisheries that had benefited in the past from the lower cap. The second legislative change was a modification to annual commercial fishing vessel license fees. The fee structure was expanded from five to thirteen fee classes, based upon 25-foot vessel length increments.

Under 20 AAC 05.245, permit renewal fees are based on a formula of 0.4% of the estimated market value of the permit for limited fisheries and 0.4% of the estimated average gross earnings for open-access fisheries. Permit renewal fee categories for 2016 ranged from \$75 to \$3,215 with the majority being \$375 or less.

Total revenue for fiscal year 2016 (July 1, 2015 - June 30, 2016) was nearly \$8.2 million, which more than funded the Commission's \$4,195.8 authorized budget, as well as CFEC's contribution to the Fishermen's Fund. The Legislature applied the remaining CFEC revenues to DFG and DCCED programs that support Alaska's commercial fisheries.

Revenue Collected by the Commission by Fiscal Year *



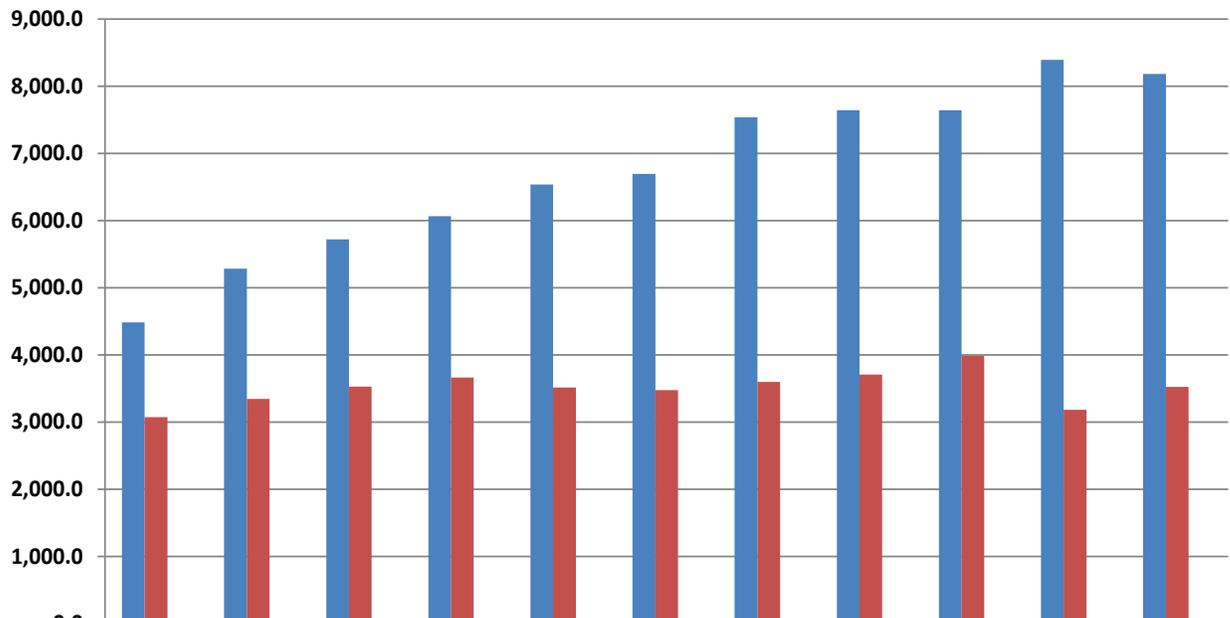
Note: These data reflect permit fees, vessel license fees, limited entry application fees, refunds, and miscellaneous revenue.

*Revised from earlier annual reports



The Commission is one of the few agencies in State government that generates more than 100% of the revenue that makes up its budget expenditures each year.

CFEC Revenue Collected vs. Actual Budget Expenditures



FY Revenue Collected	4,483.5	5,283.0	5,720.6	6,064.1	6,535.4	6,695.0	7,534.4	7,640.7	7,640.7	8,393.0	8,184.1
FY Actual Expenditures	3,072.7	3,342.7	3,527.1	3,662.1	3,513.6	3,473.3	3,597.4	3,708.1	3,984.2	3,181.3	3,522.0
Cost Recovery	145.91%	158.05%	162.19%	165.59%	186.00%	192.76%	209.44%	206.05%	191.78%	263.82%	232.37%

Going into fiscal year 2017, an additional 4 full-time positions and 2 part-time positions were eliminated which reduced CFEC positions to 22 - a 46% reduction of full-time positions since 1990. While CFEC's budget has increased some over the years, these increases have been the result of legislated exempt salary increases and personal services employer rate increases (PERS, Health Insurance, and so on). Commission managers have listened to the growing economic concerns over the last several years with regard to State spending and have looked for ways to reduce expenses.



Photo Courtesy of the Alaska Department of Fish and Game

The following graph compiled by the Legislative Finance Division depicts how CFEC's budget (Management Plan scenario) has remained relatively constant over the years in relation to DFG management programs.

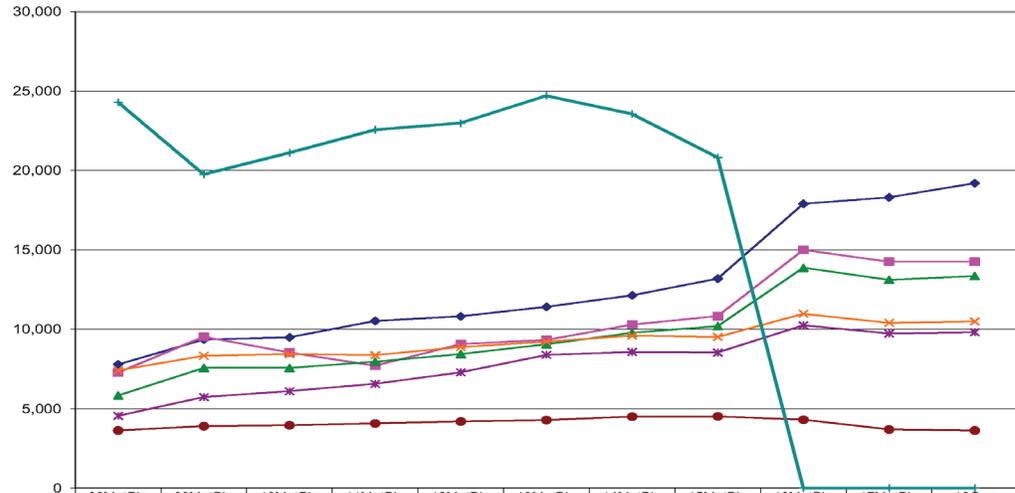
**Department of Fish & Game
Allocations within the Commercial Fisheries Appropriation
(All Funds)
(\$ Thousands)**

The Commercial Fisheries budget grew by \$9.9 million between FY08 and FY18 Governor's Request -- an increase of 16%.

CF Special Projects
FY08 -- Reduced \$1,306.9 in excess Federal, Inter-agency and CIP Receipts authorization

FY09 -- Reduced \$5.2 million Federal Receipt authority due to loss of grant funding. General fund projects totaling \$5.2 million were replaced within the regional allocations.

FY16 -- Projects (and funding) were transferred to other Comm Fisheries allocations.



	08MgtPln	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17MgtPln	18Gov
Statewide Fisheries Mgmt.	7,789.0	9,350.9	9,496.4	10,531.1	10,819.6	11,415.6	12,141.8	13,194.6	17,908.2	18,315.6	19,204.2
Westward Region Fisheries Mgmt	7,281.3	9,527.2	8,547.5	7,705.3	9,073.6	9,332.0	10,300.1	10,831.3	15,004.4	14,258.6	14,262.8
SE Region Fisheries Mgmt.	5,830.6	7,564.9	7,561.8	7,961.5	8,442.2	9,054.7	9,777.8	10,200.1	13,879.1	13,115.8	13,357.7
Central Region Fisheries Mgmt.	7,412.0	8,330.0	8,441.6	8,374.6	8,878.9	9,223.9	9,604.6	9,524.1	10,981.2	10,410.8	10,496.2
AYK Region Fisheries Mgmt.	4,550.2	5,735.6	6,104.2	6,563.7	7,295.4	8,391.1	8,580.0	8,540.1	10,256.2	9,735.0	9,818.3
Commercial Fish Entry Commiss	3,630.7	3,902.6	3,954.7	4,077.3	4,198.5	4,291.3	4,503.6	4,520.2	4,310.2	3,694.0	3,632.6
Comm Fish Special Projects	24,300.2	19,761.3	21,119.7	22,573.5	22,992.1	24,712.4	23,565.6	20,825.6	-	-	-

1/16/2017

Legislative Finance Division



Photo Courtesy of the Alaska Department of Fish and Game

Appendices

2016 Commission Employees

COMMISSION

Bruce Twomley	Chairman
Benjamin Brown	Commissioner
Vacant	Commissioner
Shirley Penrose	Acting Executive Director
Kristen Bomengen	Commission Decision Drafter
Mele Maake	Executive Secretary
Doug Rickey	Law Specialist
Fred Harmon	Data Systems Technician
Sheri Paddock	Administrative Clerk (separated 7/1/16)
Bob Reiersen	Clerk (separated 3/1/16)

ADJUDICATIONS

Frank Glass	Adjudications Leader
Jill Wood	Managing Paralegal (separated 7/1/16)
Randy Lippert	Paralegal

INFORMATION TECHNOLOGY SERVICES

Ty McMichael	Info. Technology Services Leader
Mykel George	Analyst Programmer
Don Huntsman	Analyst Programmer
Joe Kollar	Analyst Programmer
Brant Oliphant	Analyst Programmer (separated 7/1/16)
David Pearce	Network Specialist

LICENSING

Yvonne Fink	Licensing Leader
Rissa Teske	Assistant Licensing Leader
Kim Andrews	Transfer Officer
Patricia Boone	Commercial Fish Permit Clerk (separated 12/7/16)
Kayla Loob	Commercial Fish Permit Clerk
Ronda Stevenson	Commercial Fish Permit Clerk

RESEARCH

Craig Farrington	Acting Research & Planning Leader
Marcus Gho	Economist



Decisions and Activities in Prior Years

Calendar Year 2015

- CFEC received the final audit from Legislative Budget & Audit on October 21, 2015 with the conclusion that CFEC should continue to operate as an independent, regulatory, and quasi-judicial agency.
- The Commissioners appointed an acting Executive Director to manage the daily operations during the transition to a new Commission structure.
- The Commissioners were invited to meet with the Board of Directors of the United Fishermen of Alaska (UFA) at their October 2015 annual fall meeting in Petersburg.
- The Commissioners and other key CFEC staff went to the annual Pacific Marine Expo (“Fish Expo”) in Seattle, Washington where they participated in a panel discussion to share their thoughts and perspectives on the past, present, and future of CFEC and the best ways to implement the recommendations of the legislative audit.
- Regulation changes were made in July 2015 dealing with federal poverty levels used to determine eligibility for reduced permit fees, fees paid for wrong interim-use permits and emergency transfers of a second salmon permit.
- Held a public hearing on a proposal by the BOF to exclude Sitka Sound from the Northern Southeast herring spawn-on-kelp pound administrative area.



CFEC Reception Area
Staff Photo



Calendar Year 2013-2014

- Assisted the claims administrator and heard appeals from a number of claimants after a Judgement was issued in the lengthy Carlson v. State class action lawsuit.
- Won a suit brought against CFEC in January 2013, by an applicant who unsuccessfully applied for permits in both the Northern and Southern Southeast Inside sablefish fisheries and lost his appeal in the Alaska Supreme Court.
- Continued to support permit holders having issues with disability benefits through the Social Security Administration.
- Advocated for the introduction of federal legislation to ensure that maritime liens would not be imposed upon Alaska limited entry permits and federal individual fishing quota to deprive fishermen of their means of earning a living, nor to deprive the two State-authorized loan programs of security for their loans.
- Formally determined and instructed the Research Section to look at three optimum numbers that need to be established (Southeast herring purse seine, Northern Southeast Inside sablefish longline, and Bristol Bay salmon drift gillnet).
- Chairman Twomley, Commissioner Brown, and Research Project Leader Iverson, appeared before a convening of fishermen sponsored by the Aleutians East Borough at the Pacific Marine Exposition (“Fish Expo”) in Seattle, Washington, in November 2014.
- In November 2014, at the Pacific Marine Expo, Chairman Twomley participated in a panel discussion addressing the topic Permit Buy Back: Right Choice for Bristol Bay Drift Fleet?
- Adopted regulations implementing the creation of a separate gear code (“80”); gillnet permits for Area T (Bristol Bay); and the use of electronic imaging (e.g., e-mail attachments).
- Adopted a new regulation relating to the circumstances under which a permit may be reinstated which became effective June 1, 2013.
- Adopted changes to regulations concerning scallop administrative areas, the maximum number of Norton Sound gillnet herring permits, reduced permit fees, and the emergency transfers of non-transferable dive fishery permits in December 2013.
- Updated regulations in November 2014, which reference federal guidelines used to determine eligibility for reduced permit fees, re-designation of Salmon Net Permit Areas, Western Alaska CDQ Halibut Fishermen and Statewide Weathervane Scallop Vessel Permits.



Calendar Year 2012

- Supported and assisted the fleet reduction program for the Southeast purse seine fishery.
- Met with Southeast longliners and reported on the status of the limitation program for the Southeast sablefish fisheries.
- Supported and testified in favor of House Bill 261 to raise the limit on “Section B” loans from the Commercial Fishing and Agriculture bank to \$200,000.
- Offered public comment critical of the proposal by the National Marine Fisheries Service to strip the regional offices (including Alaska) of their administrative appeal functions and to centralize them in Silver Springs, Maryland.
- Adopted regulations.



Calendar Year 2011

- Continued to assist the fleet consolidation program for the Southeast Alaska purse seine fleet.
- Participated in meetings of the Alaska Board of Fisheries dealing with statewide finfish issues.
- Assisted the Department of Law in its briefing of issues in the Carlson class action lawsuit before the Alaska Supreme Court.
- Assisted Department of Law in the successful conclusion of three permit application appeals in the Juneau and Ketchikan Superior Court.
- Attended and participated in meeting of the North Pacific Fishery Management Council and the University of Alaska’s Sea Grant Symposium.
- Assisted Alaska’s congressional delegation in drafting legislation that would make clear federal maritime liens may not be enforced against fishing permits, including entry permits and individual fishing quotas (IFQs).



Calendar Year 2010

- Supported legislation to allow sharing of CFEC information with National Marine Fisheries Service in order to facilitate fleet consolidation in Southeast salmon purse seine fishery.
- Participated in meetings of the Board of Fisheries dealing with statewide finfish issues.
- Assisted Department of Law in successful conclusion of two permit application appeals in the Alaska Supreme Court and six appeals in various superior courts.
- Participated in meetings with Bristol Bay Development Corporation to work on strategies for keeping more Bristol Bay entry permits in local hands.
- Assisted Department of Law in furthering interests of the State in the *Carlson* class action decision



Calendar Year 2009

- Legislation allowing CFEC to freely share non-confidential information with Alaska Regional Development Organizations (ARDORS).
- Renewed 3,485 permits and 1,696 vessel licenses through the Commission's new online licensing system.
- Online licensing renewal kiosk service expanded to DFG offices at Cordova, Craig, Ketchikan, and Homer.
- Participated in the Board of Fisheries meeting at Sitka, concentrating on restructuring proposals for Southeast Alaska finfish management.
- Participated in the ComFish Expo in Kodiak and the "Fish Expo" in Seattle, meeting and conferring with permit holders at space shared with DCC&ED.
- Participated in the Board of Fisheries meeting at Anchorage, concentrating on several restructuring proposals for finfish management in Bristol Bay.



Calendar Year 2008

- Advocated for extension of the sunset date for limitation of the statewide weathervane scallop and Bering Sea hair crab fisheries to 2013.
- Participated as a member of the DFG, Sport Fish Division's Sport Fish Guide Task Force.
- Launched the new online permit and vessel license renewal service, and established online renewal kiosks in Anchorage, Sitka, and Kodiak.
- Presented a report on the status of permit applications at the DFG's Northern Southeast Inside sablefish longline fishery industry meeting.
- Met with representatives of Alaska congressional delegation and the State of Alaska office in Washington, D.C., to discuss federal legislation affecting Alaska's commercial fisheries.
- Attended a Board of Fisheries meeting in Anchorage addressing ecotourism issues.
- Participated in the Board of Fisheries Restructuring Committee meeting in Anchorage to address restructuring proposals affecting commercial salmon fisheries.
- Appeared before the Joint Cook Inlet Salmon Task force to report on buy-back of limited entry permits under the Limited Entry Act.
- Presented "Commercial Fishing: Overview of the Industry" at the 2008 Southeast Alaska Native Summit in Juneau.



Photo Courtesy of the Alaska
Seafood Marketing Institute (ASMI)



Calendar Year 2007

- Participated in meetings with DFG, Sport Fish Division's Sport Fish Guide Task Force to discuss issues regarding limited entry and the sport fish guide industry.
- Continued to work with the SRA to structure a fleet consolidation plan for the Southeast Alaska purse seine salmon fishery.
- Presented "State of Alaska Limited Entry System" at the *Alaska's Young Fishermen's Summit: Weaving a Network of Future Fishing Leaders*.
- Adopted regulations implementing the Application for Immediate Fishing.
- Met with representatives of the U.S. Congressional delegation to discuss federal legislation affecting Alaska's commercial fisheries.
- Reported to the Southeast Alaska King and Tanner Crab Task Force on the status of commission adjudications for those fisheries.
- Participated on an advisory panel for a study commissioned by the BBEDC to explore ways to increase the number of limited entry permits held by local Bristol Bay residents.
- Continued to maintain a professional relationship with the Internal Revenue Service (IRS) to help Alaska fishermen protect their fishing privileges.
- With the Alaska Attorney General, CFEC continued to defend the State against elimination of nonresident fee differential in the *Carlson* case.



2006 and prior years

Information on 2006 and prior years can be found in previous annual reports or on the internet at the Commission website: <http://www.cfec.state.ak.us>.





CFEC Commissioners - 1973 to Present

<u>Commissioner</u>	<u>Service</u>
Rickey, Roy.....	1973 - 1977
Stovall, Charles.....	1973 - 1977
Jackman, David.....	1973 - 1974
Carter, Harry.....	1974 - 1974
Hansen, Harold.....	???? - 1975
Garner, John.....	1975 - 1976
Adaisiak, Allan.....	1977 - 1979
Simon, Robert.....	1977 - 1982
Garner, John.....	1977 - 1979
Riley, Burke.....	1979 - 1982
Williams, John.....	1979 - 1983
Whitehead, Michael.....	1982 - 1983
Smith, Philip.....	1983 - 1991
Listowski, Richard.....	1983 - 1993
Twomley, Bruce.....	1982 - Present
Homan, Frank.....	1991 - 1996
Anderson, Dale.....	1993 - 1997
Johnson, Marlene.....	1996 - 2003
McDowell, Mary.....	1997 - 2005
Homan, Frank.....	2003 - 2010
Froehlich, Peter.....	2005 - 2012
Brown, Benjamin.....	2011 - Present
Homan, Frank.....	2014 - 2015
Rupright, Verne.....	2015

