

SUBMITTED BY KEGGIE TUBBS

**Restoring Salmon Permits
to
Bristol Bay Residents**

Final Presentation
and
Working Documents

Prepared for:
Bristol Bay Economic Development Corporation
December 6, 2007

Prepared by:
BBEDC Permit Loan Committee
RedPoint Associates
Alaska Growth Capital

Public Comment # 119

Bristol Bay Permit Program

Returning Salmon Permits to
Residents

“Bringing it all Back Home”

BBEDC
Permit Committee
Dec. 6, 2007

Outline of Presentation

- | | |
|--|-----------|
| 1. Need for the Project – Purposes | March-May |
| 2. Research phase | |
| 3. Option phases | May |
| • Long list of raw ideas | |
| • Program size – Establish Goals & Targets | June-July |
| • Refine Program options to meet goals | August |
| 4. Committee Recommendations | October |
| 5. Conclusions | December |

Need for Project

- Locally held permits & salmon fishing revenue are vital to the economic health of the region
- Locally held permits are declining sharply
- Residents lack access to capital and financing that allow entry to the fishery
- Existing programs are not meeting local needs to compete for permits

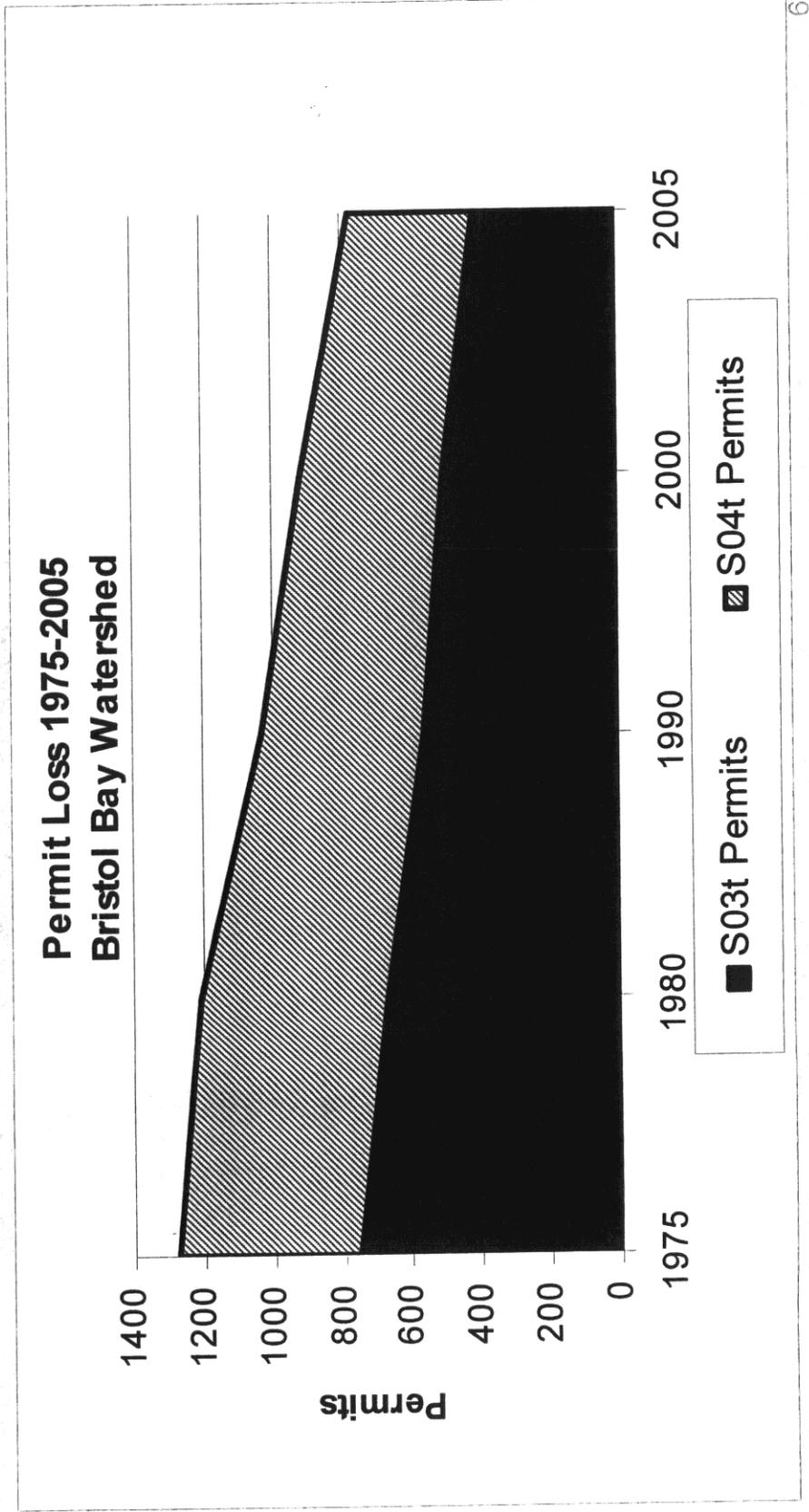
Locally Held permits are important to the Region

- Bristol Bay region depends more on fishing than most major fishing areas.
- As permits leave the region, so does the revenue they generate.
- The decline of local permits represents a loss of \$225 million to the region.
- Negative feedback loop perpetuates further declines of permits & crew.

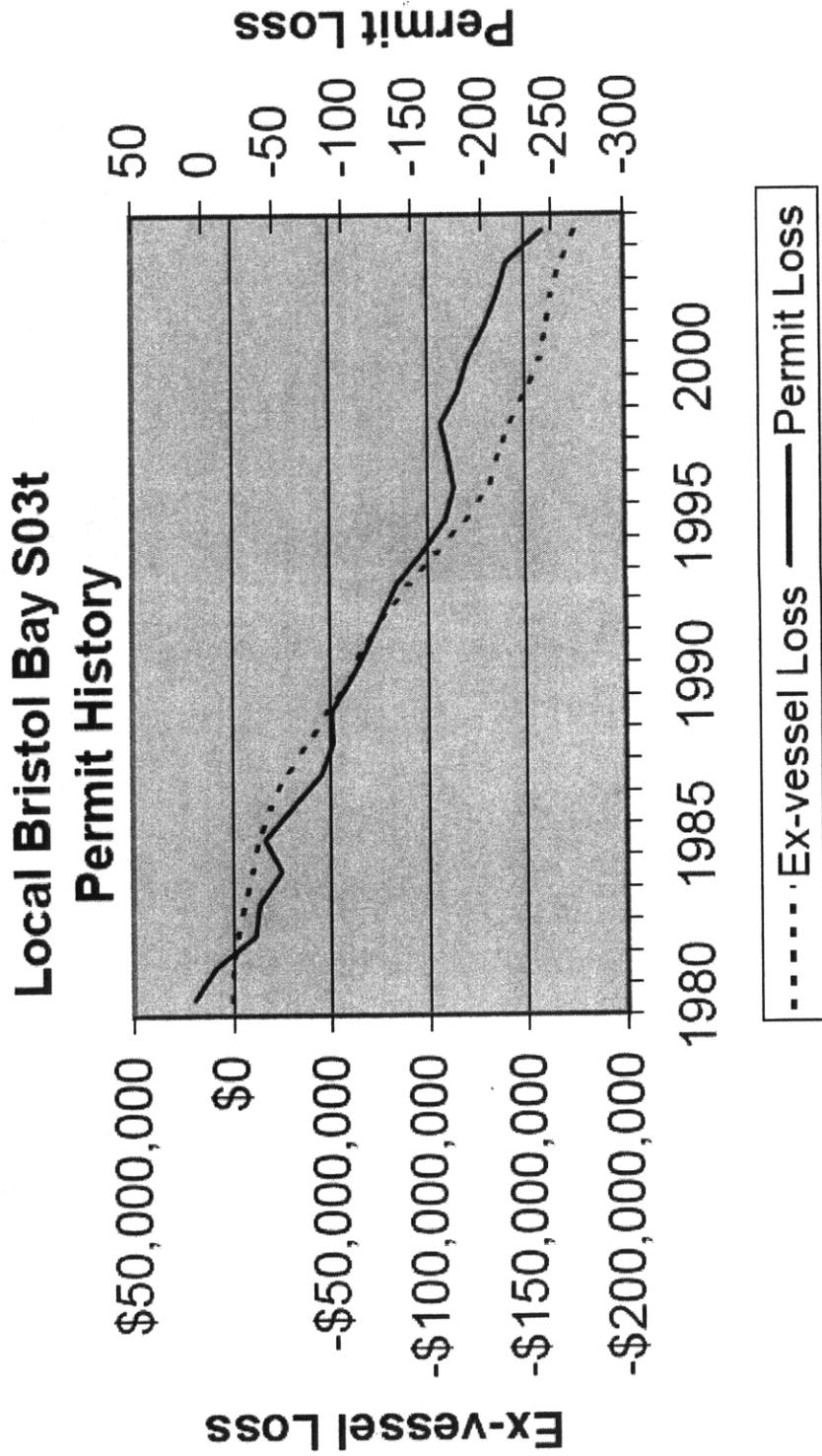
Permits are Leaving the Region

- Bristol Bay lost 42% of permits originally issued to locals.
- Bristol Bay residents now hold just 26% of all BB salmon permits .
- Originally 28 % of residents held permits. It is currently 11%.
- Bristol Bay residents are losing permits faster than residents of other Alaska regions.

Locally Held Permits Steadily Falling

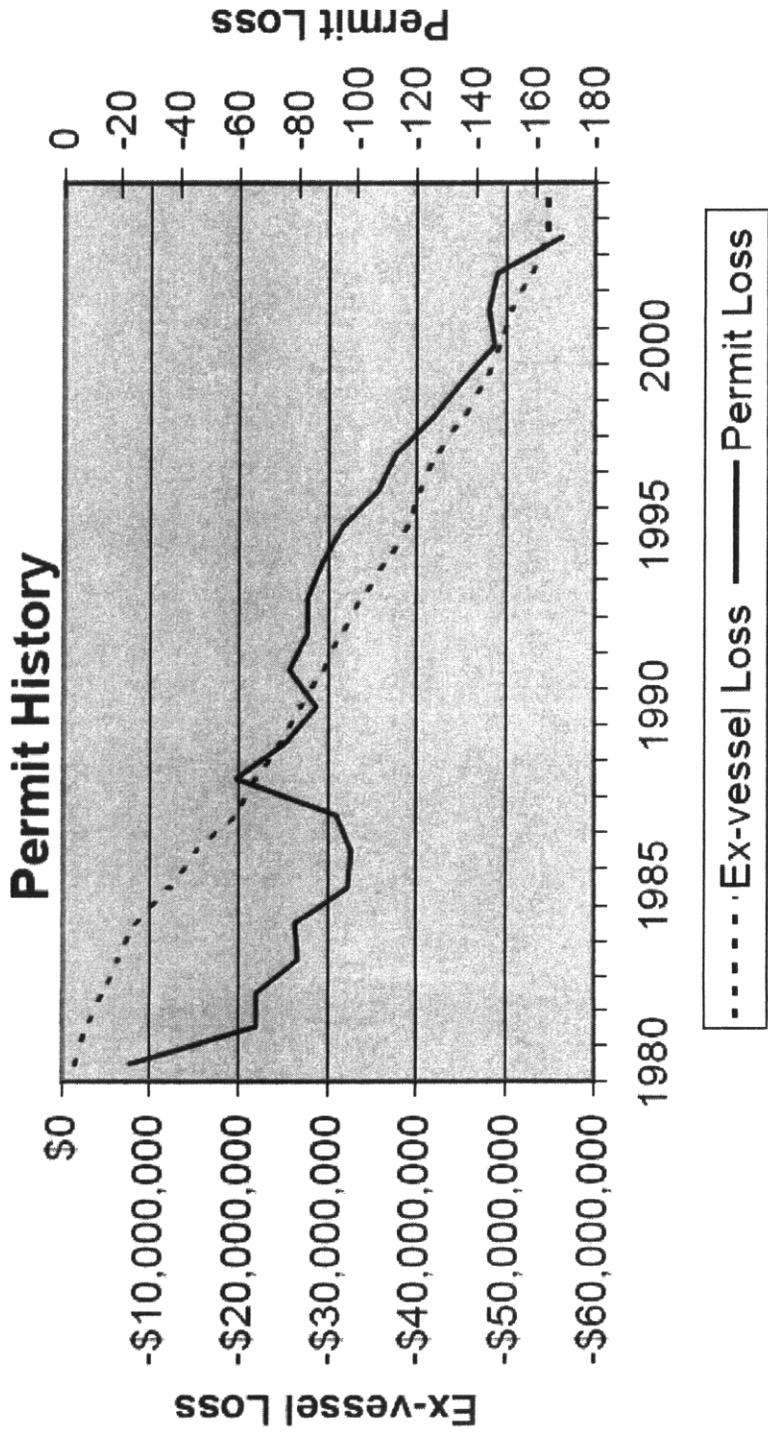


1980 – 2005 loss of driftnet revenues to locals – and local economy - exceeds \$175 million



Loss to the region from reduced local setnet participation is \$56 million

Local Bristol Bay S04t Permit History



Research Phase

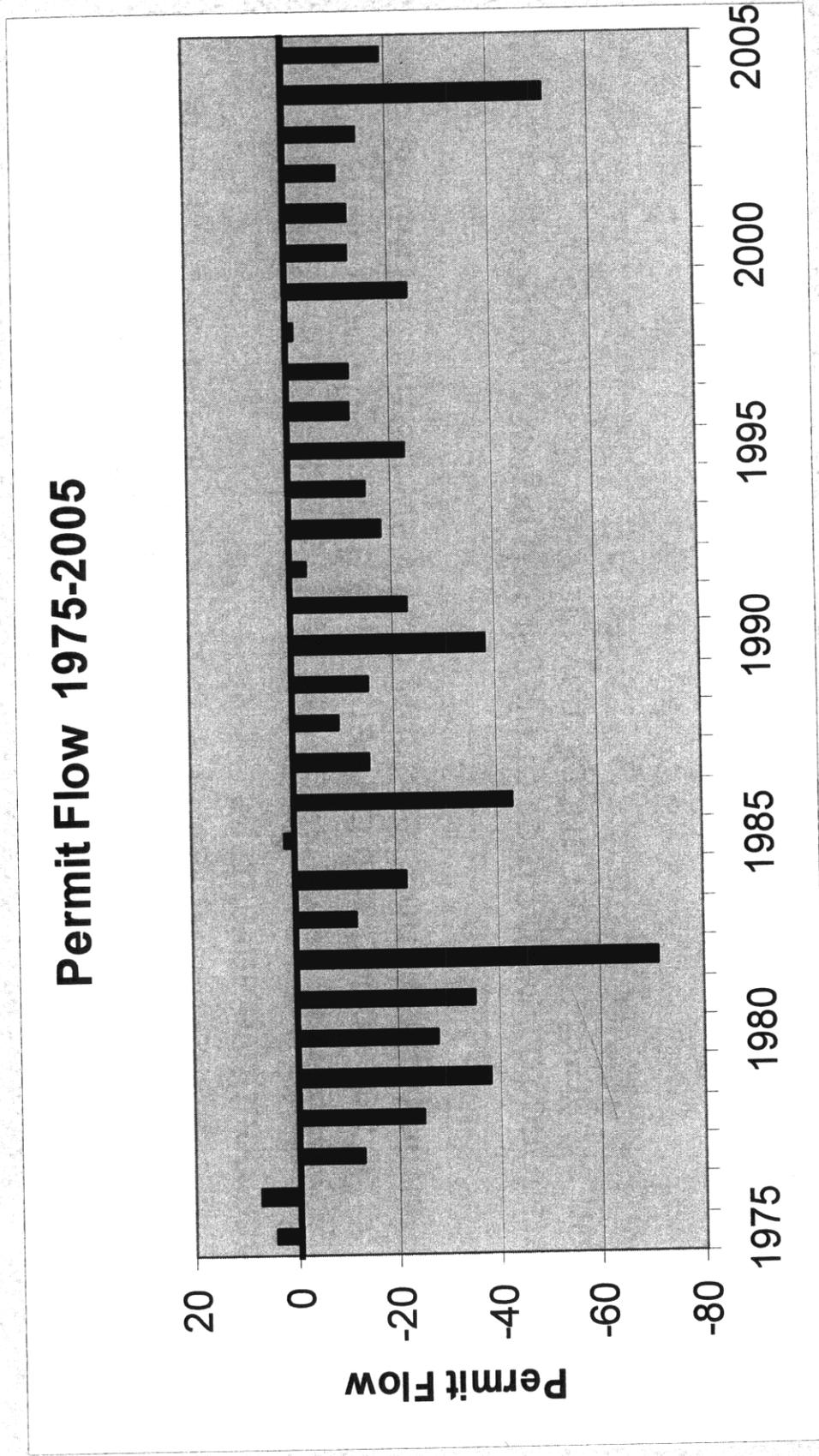
- How do permits leave the region?
- Why do permits leave?
- What can be done to reverse the flow of permits?

Research - How Permits Leave

- Three basic ways permits leave the region:
 1. Transfers – 62% of all permits lost are due to transfers (sales, gifts etc).
 2. Migration - 28% of permits lost are due to holders moving away
 3. Other - 11% due to foreclosures, revocations, forfeits
- Recent trends in permit loss show reduction due to transfers and an increase in losses from migration.

Total Permit Flow - in/out

Transfers, migration and other



Research - Why Permits Leave

- Permits are randomly distributed, according to economic principles, among potential owners. Most potential owners live outside the region.
- Non-residents also have greater access to capital and credit, giving them a competitive advantage.
- Average local permit owners harvest 25% less than non-residents. This gap has developed as a consequence of limited entry since 1975. Higher earnings mean non-residents may view permits as having a higher economic value.
- Transfers tend to rise in times of higher fish prices. Without a retention program, higher prices may increase permit loss.

Nine Key Findings From the Research Phase

- 1. Brokers are used in a majority of local permit sales.**
- 2. Limited ability to identify, track and service potential local sellers**
- 3. Outside buyers tend to bid permits away from locals**
- 4. Fewer local residents are pursuing a fishing career.**
- 5. Gifting is a significant transfer method among locals, particularly for setnetters.**

Nine Key Findings From the Research Phase

6. The majority of transfers are self-financed.
7. The ability to own more than one permit is stimulating demand.
8. No centralized source of information or integrated programs exist to help locals qualify for and acquire permits.
9. Adjustments to state law and regulations may help restore permits to local control.

Options Phase

- Long List: A comprehensive list of possible options was drafted in response to 9 key findings from the Research Phase.
- Program Size: The Committee selected target number of permits and rate of permit return to local ownership.
- Short List: After review, the Committee developed a short list of the most promising options. Options were selected based on feasibility, effectiveness and practicality.
- Committee Recommendations: Short List options were refined and expanded. The Committee then reviewed, debated and tweaked them into recommended programs and budgets.

Options – Long List

1. Brokers play a large role in transfers

- Expand the existing brokerage program:
 - Reward sellers to list permits for sale with BBEDC first
 - Reward brokers with a higher or flat fee when a deal results in a locally held permit.
 - Heavily advertise local brokerage service, particularly in the spring when many permits are put up for sale.
 - Make the local broker “Free” to the buyer/seller.
- Proactive: Look for sellers, catalog qualified buyers, keep files on locally held permits, network w/non-local brokers.
- Citizen Awareness: Create broad awareness of permit brokerage programs, financial assistance and education options.
- Build Local Demand: Create a list of BB residents qualified to buy permits. Share the list w/all brokers. Make it easy for brokers to deal with rural buyers.

Options – Long List

1. Brokers play a large role in transfers cont..
 - Permit holders moving out of the area: Identify and target permit owners that may soon or have recently have moved - especially those that are not fishing.
 - Idle permits: Identify and target idle permits as a source of permits to repatriate to locals. Develop a system to identify, track and communicate with these idle permit holders and solicit permits to sell to local residents.
 - Teetering permits: Create “early warning systems” to assist locals facing health or financial problems. Offer a range of services to help sellers reach goals and to keep the permit in the area.
 - Find a solution so the permit holder keeps his permit with some temporary assistance
 - Find a new permit holder in the region to take over the permit and debt
 - Help obtain temporary emergency and financial hardship transfers

Options – Long List

2. Limited ability to identify, track and service potential local sellers
 - Assistance programs: Give special attention to successful communities and families able to succeed in today's fishery.
 - Setnetters: Develop programs tailored to the needs of setnetters – who's needs are often unique to specific beaches.
 - Define success: Develop and publicize a 'Success Profile' of contemporary role-model fishermen
 - Outreach: Train community liaisons to identify locals likely to be selling a permit or that are poised to move. Liaisons can help residents become aware of the full extent of the Clearinghouse Program.

Options – Long List

2. Limited ability to identify, track and service potential local sellers
 - Technical assistance: Managers of specific program elements can routinely travel through BB communities to spread awareness and address specific needs.

Options – Long List

3. Outside Buyers Tend to Bid Permits Away from Locals

- Options addressing this finding are incorporated in other options

Options – Long List

4. Fewer Locals are Pursuing Fishing Careers

- Education: develop entrepreneurial talent and knowledge to run a fishing operation as a successful small business
 - Develop business and financial skills needed for success in today's fishing industry.
 - Start early in the school system to build respect and appreciation for the profession of fishing.
 - Adopt K-12 lesson plans that develop and refine abilities needed by contemporary fishermen.
 - Work with the UA to develop college classroom curriculum for new and existing fishermen on business management

Options – Long List

4. Fewer Locals are Pursuing a Fishing Career, cont..

- Training: Build skills and experiences needed to become successful contemporary fishermen:
 - Help find deckhand jobs for promising young adults through subsidized intern fishing or maintenance positions.
 - Identify and pay local “heroes” as mentors in schools and as trainers on boats. Develop related materials and programs.
 - Build gear handling strategies, quality handling practices and boat maintenance skills.
 - Utilize SeaGrant’s vast experience to help develop and implement programs.
 - Provide a crew-share match to skipper hiring inexperienced local trainee crew
 - Explore using Dept of Labor Training funds

Options – Long List

4. Fewer Locals are Pursuing a Fishing Career, cont..
 - Reward participants completing training &/or education programs with credits toward buying permit and boat.
 - Publicize successful local program participants.
 - Combine BBEDC high seas careers with salmon fishing to create a fishing lifestyle package.
 - Scholarships: Develop scholarship programs for qualifying students and trainees
 - Educational Entry Permits: Explore existing authority to use educational permits in the BB salmon fishery for education and training programs.

Options – Long List

5. Gifting is a significant transfer method among locals, particularly for setnetters.
 - Reward gifting: Encourage gifting to BB-ARLs – provide a bonus for successful gift transfers.
 - Contracts: Create gifting contracts with obligation for a local buyer to share fishing income with the gift giver.
 - Annuity: Provide a long term annuity to the permit giver, possibly enhanced by a matching program from the Clearinghouse Program.
 - Assistance: provide legal assistance to help create arrangements between the giver and the recipient.

Options – Long List

6. The majority of transfers are self-financed

- Right of First Refusal – Create a right of first refusal in a buy/sell contract that requires the loan recipient to first offer the permit to local residents.
- Loan Guarantees: Set up a BBEDC loan guarantee program (e.g. Lower Yukon program by Yukon Delta) that guarantees loans to locals by DOI, CFAB, banks or other lenders.
- Bridge Financing – establish a source of funding to cover the gap before a borrower qualifies for DOI or CFAB financing.
- Earned Financial Credits – Provide loan reduction or forgiveness programs based on performance requirements matching Permit Clearinghouse goals.

Options – Long List

7. The ability to own more than one permit is stimulating demand
 - Count Dual Permit Use: Create system to track various forms of dual ownership
 - Dual stacking permits (two permits controlled by a single person)
 - Independent permit stacking (two permit holders sharing the cost of a single vessel).
 - Two permits in a single name
 - Measure Impacts: Develop a means for measuring the impacts of all permit stacking strategies on permit pricing and fishing incomes.

Options - Long List

8. No centralized source of information or integrated programs exist to help locals qualify for and acquire permits.

- Centralized Office: Create a centralized office to coordinate all local BB Permit programs.
 - Use trained area residents with credibility and understanding of local culture and people
 - Spread the word about the range of programs available to residents to buy and retain permits; education, training, financial etc.
 - Educate locals on importance of transferring permits to other residents, create ethic of holding onto permits in region.
 - Send annual education card and develop public service announcements

Options - Long List

8. No centralized source of information or integrated programs exist to help locals qualify for and acquire permits.

- Peer Groups: Create and maintain local “peer groups” in each community to promote enhanced permit holdings.
 - Identify future fishermen and those in financial stress or with health issues
 - Educate residents about the value of keeping permits in local economy.
 - Work with financial programs to help evaluate candidates for financing and other assistance programs
 - Developing target goals for returning permits
 - Be actively involved in education and training programs

Options - Long List

8. No centralized source of information or integrated programs exist to help locals qualify for and acquire permits.

- Permit Purchase Fund: A fund created by private or non-governmental organization (NGO) to buy/sell permits.
- Monitor Progress: Evaluate and adjust programs to maintain effectiveness as economic, financial and competitive forces change.

Options – Long List

9. Change State law, regulations or programs

- Permit Leasing. It is unclear if this would benefit locals. In addition, recent case law also emphasizes the need for the permit holder to be an active participant in the fishery.
- Tax Salmon Fishery: Impose a statewide tax to generate funds for a package of programs supporting local permit ownership.
- Permit Easement: Amend limited entry law to allow permit holders to “sell” a first preference for future transfer of the permit to BB-ARL.
- Collateralize Permits – Amend limited entry law to allow CDQ, qualified non-profit entities and/or communities to encumber permits to expand financing programs.

Options – Long List

9. Change State law, regulations or programs – cont...
 - CFEC Transfer Notification: Amend notice of intent to transfer procedures to require that contracts be submitted at the beginning of the 60-day transfer period.
 - Modify the CDQ program to include the salmon fishery.
 - Sale of Foreclosed Permits: Explore a local preference in the sale of permits foreclosed on by the state or CFAB.
 - Non-Transferable Permits: Issue new non-transferable permits to locals.
 - Privately Funded Loan Program: Avoid legislative limits on loan conditions by creating a private loan program; possibly partnering with CFAB or DOI.

Options – Program Size

Before developing specific program elements, the Committee evaluated three types overall goals:

1. Target number of permits restored
2. Rate of restoration per year
3. Start-up of the program

Options – Program Size

Evaluation Factors

The Committee considered several factors in selecting a total number of permits to return and how many permits to return per year:

- Status quo means loss of 17 permits per year. 85 permits lost to the region every 5 years
- 180 non-local permits are transferred annually; just 1/3 (60) of these sales need to result in a permit returning to the region to meet the Committee goal.
- Financing permits is only part of the battle. The average local fisherman needs to be better prepared to succeed in today's commercial fishing industry.

Options – Program Size

1. Target Number of Permits Restored

Committee Recommendation (Italics)

Options for target number of restored permits

- 1975 levels of locally held permits (196 Permits)
- Return to original issuance of all locally held permits (600 Permits)
- *Return 535 permits to restore original issuance of 1270 locally held transferable permits.*
 - *735 permits currently held by residents*

Target Number of Permits Restored

	Setnet Permits		Driftnet Permits		Total Permits	
	<u>BB-ARL</u>	<u>Total</u>	<u>BB-ARL</u>	<u>Total</u>	<u>BB-ARL</u>	<u>Total</u>
Original Issuance						
Transferable Permits	557	883	713	1875	1270	2758
2005						
Transferable Permits	327	920	408	1859	735	2779
Need to Restore	230		305		535	

Options – Program Size

2. Rate of Restoration

Committee Recommendation (italics)

Options for Rate of Restoration to Local Ownership

- Status Quo – Loss of 17 permits per year
- 10 permits per year - Loss of 7 permits per year
- 30 permits per year - 40 years to meet Goal
- *60 permits per year - 13 years to meet Goal*

Options – Program Size

3. Start-up Speed

The committee opted to ramp up the program over five years. That allows a smooth program buildup, time to measure performance and to adjust programs accordingly.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Permit Transactions	15	25	35	45	60
ARL Net Change +/-	-2	8	18	28	43

Start-up Schedule

60/535 Permit Scenario

All program functions (some already performed by BBEDC)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Annual No. Permit Transactions	15	25	35	45	60
ARL Net Change Permit +/-	-2	8	18	28	43
1 Program Coordination					
Permit Program Management and Coordination	x	xx	xxx	xxx	xxx
Clearinghouse LLC Creation	x	xxx	xxx	xxx	xxx
Program Promotion with Agencies/Foundations		xx	xx	xxx	xxx
2 Outreach and Communications					
Outreach Director		xx	xxx	xxx	xxx
Information Services	x	xx	xxx	xxx	xxx
Mailings		xx	xxx	xxx	xxx
Candidate Pool creation		xx	xxx	xxx	xxx
Community Liason Expansion		x	xx	xxx	xxx
Community Peer Groups			x	xx	xxx
3 Research and Data Services					
Permit database and tracking, reporting		xx	xxx	xxx	xxx
Permit Website Creation & Maint		xx	xxx	xxx	xxx
Registry		xxx	xxx	xxx	xxx
Stacking Study		x	xxx	xxx	xxx
4 Brokerage					
Brokerage Director - Expand program	xxx	xxx	xxx	xxx	xxx
Broker Bonus	xx	xx	xxx	xxx	xxx
Permit Listing Fee	xx	xxx	xxx	xxx	xxx
Partnership & Matchmaker programs	xx	xx	xxx	xxx	xxx
Giftng Bonus/Annuity for Elders		xx	xxx	xxx	xxx
5 Financial Services					
CFAB/USDA Loan Gaurantee Establishment	xx	xx	xxx	xxx	xxx
Finance Systems Developed & Implemented	xxx	x	x	x	x
Permit Low Interest Loan Program	x	xx	xxx	xxx	xxx
Permit Equity Forgiveness (sweat equity)	x	xx	xxx	xxx	xxx
ARL Right of 1st Refusal contract		xx	xxx	xxx	xxx
6 Education and Training					
Education and Training Administration		x	xx	xxx	xxx
Curriculum Work Group		x	xx	xxx	xxx
K-8 curriculum			x	xx	xxx
High School curriculum		x	xxx	xxx	xxx
Community College curriculum		x	xx	xxx	xxx
Business 101		xx	xxx	xxx	xxx
fishing skills summer Internships		xx	xxx	xxx	xxx
Crewman jobs matching funds		xx	xxx	xxx	xxx
Education Fishing Permit and Vessel		xx	xxx	xxx	xxx
Fishing Live Style - CDQ & Other Fisheries		x	xx	xxx	xxx

Selected Option Categories

Committee Recommendation (italics)

- Programs & Elements
 - Legislative and Regulatory Changes
 - *Education and Training*
 - *Community Outreach*
 - *Brokerage*
 - *Financial Services*
 - *Research and Data*
 - *Program Integration & Administration*

The Committee concluded that the goal of 535 permits could only be met with an integrated set of diverse programs. A stand alone program without the support of other programs would be unable to achieve the goal.

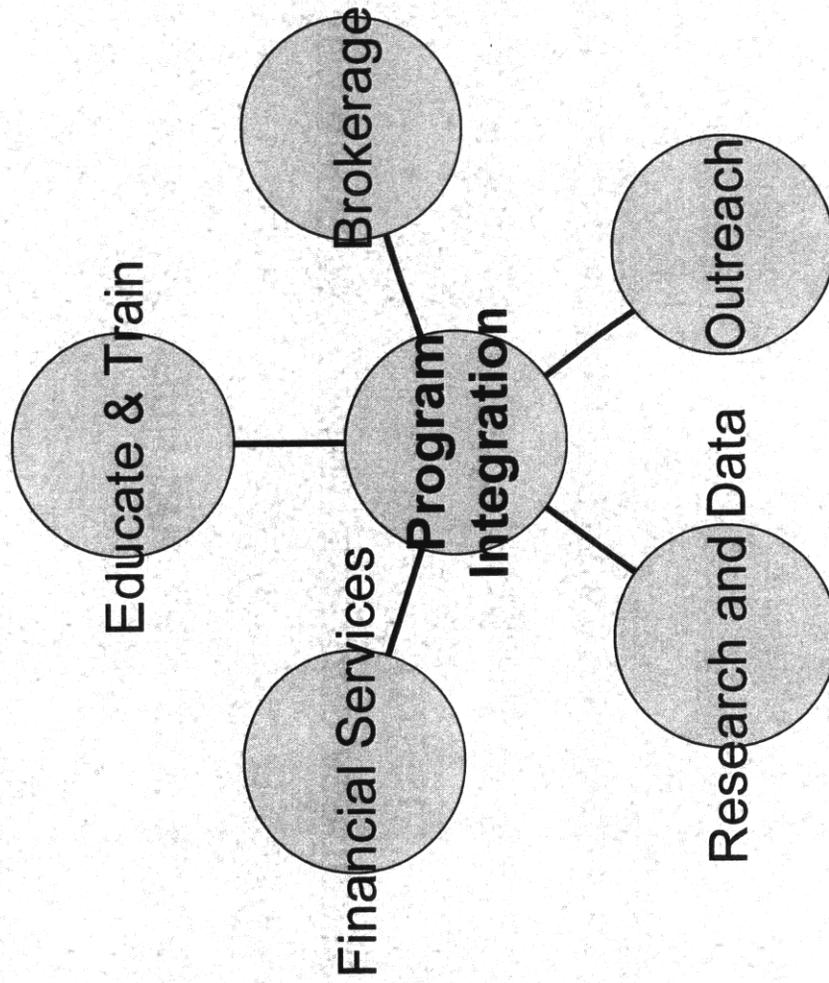
Rejected Option

Legislative and Regulatory Changes

The Committee chose not to pursue legislative and regulatory changes to the limited entry act.

- Some alternatives raise constitutional questions or are likely to generate considerable resistance.
- Legislation is difficult to control; outcomes may not match expectations.
- Legal changes would impact all areas of the state; many groups will join the debate.
- Legal remedies take considerable time and effort.
- BBEDC would have the least control and ability to implement these alternatives.

Recommended Program Organization



1. Education and Training

- Goal : Develop business and financial skills needed for success in today's fishing industry.
- Develop business courses tailored to needs of professional fishermen – “Biz 101”
- Create mentoring programs for next generation fishermen
- Internships – repair/maintenance and crew incentives.

1. Education and Training – cont....

- Create K-12 lesson plans that develop and refine abilities needed by contemporary fishermen.
- Educational permits for salmon training vessel or setnet site for hands-on training
- Develop programs for new and existing fishermen in business management, gear handling strategies, quality handling practices and boat maintenance skills.

2. Regional Outreach

- Goal: create awareness among residents and policy makers of all elements and goals of the program.
- Build support among policy makers for the social and economic benefits of maintaining strong local participation in the fishery.
- Spread information about the program via website, mailings, printed materials, earned media, advertisements, peer groups, role models and town meetings.

2. Regional Outreach cont....

- Identify potential sellers – permit holders moving out of the Bay, aging permit holders and permit holders in financial stress – and connect them with registry of local buyers.
- Reach out to potential permit buyers and help them qualify for permit ownership.
 - resident crew members,
 - members of fishing families,
 - former fishermen wanting to re-enter fishery,
 - fishermen wishing to shift gear types

3. Brokerage

- Goal: Place Bristol Bay residents on equal or superior footing with outside buyers.
- Reward outside brokers for selling permits to residents
- Make it “easy” for existing brokers to locate, market and sell permits to Bay residents.
- Elevate the scope and effectiveness of the existing BB Brokerage to be the local’s first choice when selling their permit

3. Brokerage - cont...

- Broker bonus: pay outside brokers for selling non-local permit to a resident.
- Expanded brokerage pro-actively works for locally held permits;
 - Help create partnerships with existing boat owners.
 - Maintain a pipeline of potential permit holders
 - Proactively “match make” buyers and sellers

4. Financial Services

- Goal: Provide locals with equal access to capital and credit as outside buyers.
- Potential sweat equity (loan reduction) based on recipient meeting performance goals
- BBEDC/CFAB and USDA partnership to provide loan funds and service.
- Loan recipients are “graduates” of other program elements such as “Fish Biz 101”

The Challenge

Estimate of Financial Returns to Average BB-resident Driftnet Fisherman

Based on CFEC "Optimum Return" Study

Average Catch for BB-resident assumed at 74% of Average

Year	Actual				Estimated			
	1999	2000	2001	2002	2003	2004	2005	2006
Number of Permits Fished (drift gillnet only)	446	431	396	310	358	345	338	343
Average lbs. per Permit	53,718	51,250	41,335	25,786	46,125	65,020	67,513	73,770
Sockeye ex-vessel price / lb.	0.84	0.67	0.42	0.49	0.50	0.50	0.59	0.63
Average permit value	89,700	80,500	34,700	19,700	29,300	37,000	51,200	75,000
Avg. gross earnings per permit	43,141	32,413	15,769	11,327	21,794	31,110	38,452	44,225
Minus Average Expenses	25,378	23,043	16,762	14,714	18,907	22,015	24,492	26,668
Net Profit	17,763	9,370	(993)	(3,387)	2,887	9,095	13,960	17,557

Estimate of Financial Returns to Average BB-resident Setnet Fisherman

Based on CFEC "Optimum Return" Study and Fishermen Interviews

Year	Actual				Estimated			
	1999	2000	2001	2002	2003	2004	2005	2006
Number of Permits Fished (setnet only)	384	369	332	285	297	296	305	315
Average lbs. per Permit	24,588	25,871	26,761	16,633	29,569	23,091	33,144	32,040
Sockeye ex-vessel price / lb.	0.84	0.67	0.42	0.49	0.50	0.50	0.59	0.63
Average permit value	31,300	32,400	25,300	11,900	12,600	14,700	15,100	22,400
Avg. gross earnings per permit	19,738	16,520	10,796	7,701	14,479	10,918	18,696	17,975
Minus Average Expenses	8,742	8,646	8,474	8,381	8,584	7,961	10,150	10,427
Net Profit	10,996	7,874	2,322	(680)	5,895	2,957	8,546	7,548

Overview of Loan Program

- Partnership with CFAB
 - Loan participations at 75% of each loan
 - Gain access to permits as loan collateral
 - Operating costs lower than in-house program
- Loan collateral = drift and set-net permits
- Partnership with USDA
 - Borrow Intermediary Relender Program funds at 1% interest rate; initial draw of \$750,000
- Borrowers eligible to earn "sweat equity"
 - Deposit of 30% of original balance made to "Equity Builder" account at beginning of loan term
- Funded directly by BBEDC
- Funds from Equity Builder account released to borrower over first 7 years
 - Can be used to make regularly-scheduled payments and/or extra principal payments
- Requires participation in business counseling and education programs

Goals - finance 15 permits in Year One, 25 in Year Two, 40 per year thereafter⁵⁰

Criteria for Eligible Applicants

- The applicant must show proof of being an Alaskan Bristol Bay watershed resident for at least one year.
- 18 years of age or older.
- The applicant must have no overdue child support payments, nor delinquent with IRS tax assessments, without an exhibited workout plan with the IRS.
- Must submit a loan application and fee of \$100. After approval of loan, Applicant must purchase a single share of CFAB stock, up to \$2,500 or 2% of the loan, whichever is less.
- Must provide copies of federal tax returns for the past 3 years, including Schedule C's, W2's, and 1099's (and any other returns needed to document your eligibility).
- Must have three consecutive years of commercial fishing experience; or a demonstrable history in the fishery evidenced through references.

Criteria for Applicants cont...

- Must demonstrate proof of a market.
- Borrower must agree to providing a first right of refusal if the permit were to be sold by the borrower.
- Provide copy of purchase agreement and down payment receipt (must be signed by seller and purchaser). 5% is the minimum down payment required for the Loan Program.
- Applicant must receive a certificate of attendance and satisfactory completion of a Commercial Fishing Business Planning Workshop prior to closing the loan.

Applicant must sign a document that he or she agrees to give as much notice as possible to CFAB's loan officer of their inability to make scheduled annual or monthly loan payments.

- Refinancing of existing permit financing will be a second priority for the Loan Program. (criteria to be defined by PLC)

Sweat Equity Earn-Out Criteria

- The borrower's of this program have the ability to earn-out up to 30% of the principal balance of the loan amount. The ability to have an earn-out event is contingent of the following criteria:
- Demonstrate annually active participation in the Bristol Bay fishery with an annual report verified by the BBEDC business coach. Exception will be made for applicable medical conditions and run failures.
- Attendance in all one-on-one business coaching sessions. The sessions will focus on budgeting, taxes, balance sheet and profit/loss statement assessments, and future capital expenditure forecasts.
- Timely payments according to the loan agreement; or explanation of any lapses with communication with CFAB in a timely manner.

Sweat Equity Earn-Out Criteria Cont....

- Applicant agrees to make every effort not to ^{than} accumulate commercial fishing violations (no more than 6 points in accumulation).
- Proof of residency within the Bristol Bay watershed for the period up to the earn-out, based on the BBEDC Board-approved residency requirement.
- Proof that all tax returns have been filed and your IRS account is in good standing.

Impact on Average Drift-Net Fishermen

Assumptions:

BBEDC Participation %	75%
IRP Interest Rate (paid by BBEDC)	1%
BBEDC Interest Rate (paid by fishermen)	3%
CFAB Interest Rate (paid by fishermen)	7.50%
Loan Servicing Fee (to CFAB)	0.50%
Loan Origination Fee (to CFAB)	1.00%
Loan Closing Costs (to CFAB)	400
Average Loan Size - Drift	80,000
Loan Term	15

	1	2	3	4	5	6	7	8
Equity Builder used to make "regular" payments								
Scheduled Annual Payments	\$8,012	\$6,884	\$6,956	\$7,028	\$7,076	\$7,124	\$7,172	\$7,289
Disbursement from Equity Builder account	(\$4,080)	(\$4,008)	(\$3,936)	(\$2,664)	(\$2,616)	(\$2,568)	(\$6,000)	\$0
Disbursement used to make additional payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Cash Flow	\$3,932	\$2,876	\$3,020	\$4,364	\$4,460	\$4,556	\$1,172	\$7,289
Equity Builder Account Balance	\$24,000	\$20,400	\$16,800	\$13,200	\$10,800	\$8,400	\$6,000	\$120
Loan Principal Balance - BBEDC	\$56,774	\$53,451	\$50,029	\$46,504	\$42,873	\$39,133	\$35,281	\$31,313
Loan Principal Balance - CFAB	\$19,234	\$18,411	\$17,526	\$16,575	\$15,552	\$14,453	\$13,271	\$12,001
Total Principal Balance	\$76,008	\$71,862	\$67,555	\$63,079	\$58,425	\$53,586	\$48,552	\$43,314

	1	2	3	4	5	6	7	8
Equity Builder used to make extra principal payments								
Scheduled Annual Payments	\$8,012	\$6,493	\$6,354	\$6,207	\$5,937	\$5,523	\$4,936	\$4,000
Disbursement from Equity Builder account	(\$4,080)	(\$1,608)	(\$1,584)	(\$2,760)	(\$3,912)	(\$5,040)	(\$7,200)	\$0
Disbursement used to make additional payments	\$4,080	\$1,608	\$1,584	\$2,760	\$3,912	\$5,040	\$7,200	\$0
Net Annual Cash Flow	\$8,012	\$6,493	\$6,354	\$6,207	\$5,937	\$5,523	\$4,936	\$4,000
Equity Builder Account Balance	\$24,000	\$20,400	\$16,800	\$13,200	\$10,800	\$8,400	\$6,000	\$120
Loan Principal Balance - BBEDC	\$53,714	\$49,364	\$45,016	\$39,774	\$33,734	\$27,012	\$18,953	\$16,821
Loan Principal Balance - CFAB	\$18,214	\$17,033	\$15,818	\$14,269	\$12,411	\$10,274	\$7,634	\$6,903
Total Principal Balance	\$71,928	\$66,397	\$60,834	\$54,043	\$46,145	\$37,285	\$26,586	\$23,724

Impact on Average Set-Net Fishermen

Assumptions:

BBEDC Participation %	75%
IRP Interest Rate (paid by BBEDC)	1%
BBEDC Interest Rate (paid by fishermen)	3%
CFAB Interest Rate (paid by fishermen)	7.50%
Loan Servicing Fee (to CFAB)	0.50%
Loan Origination Fee (to CFAB)	1.00%
Loan Closing Costs (to CFAB)	400
Average Loan Size - Set	20,000
Loan Term	15

	1	2	3	4	5	6	7	8
Equity Builder used to make "regular" payments								
Scheduled Annual Payments	\$2,541	\$1,936	\$1,956	\$1,977	\$1,990	\$2,004	\$2,017	\$2,050
Disbursement from Equity Builder account	(\$1,148)	(\$1,127)	(\$1,107)	(\$749)	(\$736)	(\$722)	(\$1,688)	\$0
Disbursement used to make additional payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Cash Flow	\$1,393	\$809	\$849	\$1,227	\$1,254	\$1,281	\$330	\$2,050
Equity Builder Account Balance	\$6,750	\$5,738	\$4,725	\$3,713	\$3,038	\$2,363	\$1,688	\$34
Loan Principal Balance - BBEDC	\$15,968	\$15,033	\$14,071	\$13,079	\$12,058	\$11,006	\$9,923	\$8,807
Loan Principal Balance - CFAB	\$5,410	\$5,178	\$4,929	\$4,662	\$4,374	\$4,065	\$3,733	\$3,375
Total Principal Balance	\$21,377	\$20,211	\$19,000	\$17,741	\$16,432	\$15,071	\$13,655	\$12,182

	1	2	3	4	5	6	7	8
Equity Builder used to make extra principal payments								
Scheduled Annual Payments	\$2,541	\$1,826	\$1,787	\$1,746	\$1,670	\$1,553	\$1,388	\$1,125
Disbursement from Equity Builder account	(\$1,148)	(\$452)	(\$446)	(\$776)	(\$1,100)	(\$1,418)	(\$2,025)	\$0
Disbursement used to make additional payments	\$1,148	\$452	\$446	\$776	\$1,100	\$1,418	\$2,025	\$0
Net Annual Cash Flow	\$2,541	\$1,826	\$1,787	\$1,746	\$1,670	\$1,553	\$1,388	\$1,125
Equity Builder Account Balance	\$6,750	\$5,738	\$4,725	\$3,713	\$3,038	\$2,363	\$1,688	\$34
Loan Principal Balance - BBEDC	\$15,107	\$13,884	\$12,661	\$11,186	\$9,488	\$7,597	\$5,330	\$4,731
Loan Principal Balance - CFAB	\$5,123	\$4,790	\$4,449	\$4,013	\$3,491	\$2,890	\$2,147	\$1,941
Total Principal Balance	\$20,230	\$18,674	\$17,109	\$15,200	\$12,978	\$10,487	\$7,477	\$6,672

5. Research and Data

- Develops and maintains data used by other program elements
- Measures performance of progress toward specific goals (60 permits/yr, 535 total permits, etc)
- Integrates with CFEC to track permit transactions, trends etc.
- Manages research projects; stacking study, impact of regulatory changes on locals.

6. Program Coordination

- Provides single point of accountability for all aspects of the overall program.
- Maximizes results by integrating all program elements
- Contact for grants and other funding opportunities.

Budget Year 1 - 5

Summary – Full Program Expenses & Revenues

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Education & Training	0	207,500	254,300	281,154	283,064
Community Outreach	0	78,000	125,800	132,914	143,121
Brokerage	93,500	155,840	162,250	164,733	167,290
Financial Services	382,313	503,107	567,819	704,067	691,527
Research & Data	0	130,000	52,500	19,500	19,500
Program Integration	0	85,500	87,840	90,250	92,733
Total Expenses	475,813	1,159,947	1,250,509	1,392,618	1,397,235
Revenue (grants etc)	75,000	315,000	350,000	300,000	300,000
Net Program Costs	400,813	844,947	900,509	1,092,618	1,097,235
Existing BBEDC Programs	??	??	??	??	??
New Money Needed	??	??	??	??	??

Budget Year 1 - 5

Expenses – Education & Training

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Education and Training					
<u>Total Personnel:</u>		60,000	61,800	63,654	65,564
Personnel 1	0	50,000	51,500	53,045	54,636
Benefits	0	10,000	10,300	10,609	10,927
<u>Travel:</u>	0	2,500	2,500	2,500	2,500
<u>Total Activities:</u>	0	145,000	190,000	215,000	215,000
Curriculum Develop	0	75,000	50,000	25,000	25,000
Community College Student Fees	0	20,000	30,000	40,000	40,000
Business 101 Program/Counseling	0	30,000	45,000	60,000	60,000
fishing skills summer Internships	0	20,000	40,000	40,000	40,000
Crewman jobs matching funds	0		25,000	50,000	50,000
Total Cost of this Element	0	207,500	254,300	281,154	283,064

Budget Year 1 - 5

Expenses – Financial Services

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Financial Services					
<u>Total Personnel:</u>		120,000	123,600	127,308	131,127
Personnel 1		100,000	103,000	106,090	109,273
Benefits	0	20,000	20,600	21,218	21,855
<u>Travel:</u>	25,000	15,000	15,000	15,000	15,000
<u>Total Activities:</u>	357,313	368,107	429,219	561,759	545,400
CFAB	20,000	13,000	13,000	13,000	13,000
Loan system setup	120,000				
Loan Operating Fund	-7,687	-19,893	-33,781	-51,241	-67,600
Sweat Equity	225,000	375,000	450,000	600,000	600,000
Total Cost of this Element	382,313	503,107	567,819	704,067	691,527

Budget Year 1 - 5

Expenses – Brokerage

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Brokerage					
<u>Total Personnel:</u>	78,000	80,340	82,750	85,233	87,790
Personnel 1	65,000	66,950	68,959	71,027	73,158
Benefits	13,000	13,390	13,792	14,205	14,632
<u>Travel:</u>	2,500	3,500	3,500	3,500	3,500
<u>Total Activities:</u>	13,000	72,000	76,000	76,000	76,000
Broker Bonus	8,000	12,000	16,000	16,000	16,000
Permit Listing Fee	5,000	10,000	10,000	10,000	10,000
Giftng Bonus Elders	—	50,000	50,000	50,000	50,000
Total Cost of this Element	93,500	155,840	162,250	164,733	167,290

Budget Year 1 - 5

Expenses – Research & Data

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Research and Data					
<u>Total Personnel</u>	0	0	0	0	0
<u>Travel</u>	0	0	0	0	0
<u>Total Activities (and equipment):</u>	0	130,000	52,500	19,500	19,500
Equipment & supplies	0	15,000	15,000	7,000	7,000
Database dev & maintenance	0	30,000	10,000	10,000	10,000
Permit Stacking Study	0	75,000	25,000		
Website development and maintenance	0	10,000	2,500	2,500	2,500
Total Cost of this Element	0	130,000	52,500	19,500	19,500

Budget Year 1 - 5

Expenses – Outreach & Communications

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Outreach and Communications					
<u>Total Personnel:</u>					
Personnel 1	0	60,000	103,800	106,914	110,121
Personnel 2	0	50,000	51,500	53,045	54,636
Personnel 2	0	0	35,000	36,050	37,132
Benefits	0	10,000	17,300	17,819	18,354
<u>Travel:</u>	0	7,500	7,500	7,500	7,500
<u>Total Activities:</u>	0	10,500	14,500	18,500	25,500
Community Peer Groups			4,000	8,000	15,000
Mailings		8,000	8,000	8,000	8,000
Advertising	0	2,500	2,500	2,500	2,500
Total Cost of this Element	0	78,000	125,800	132,914	143,121

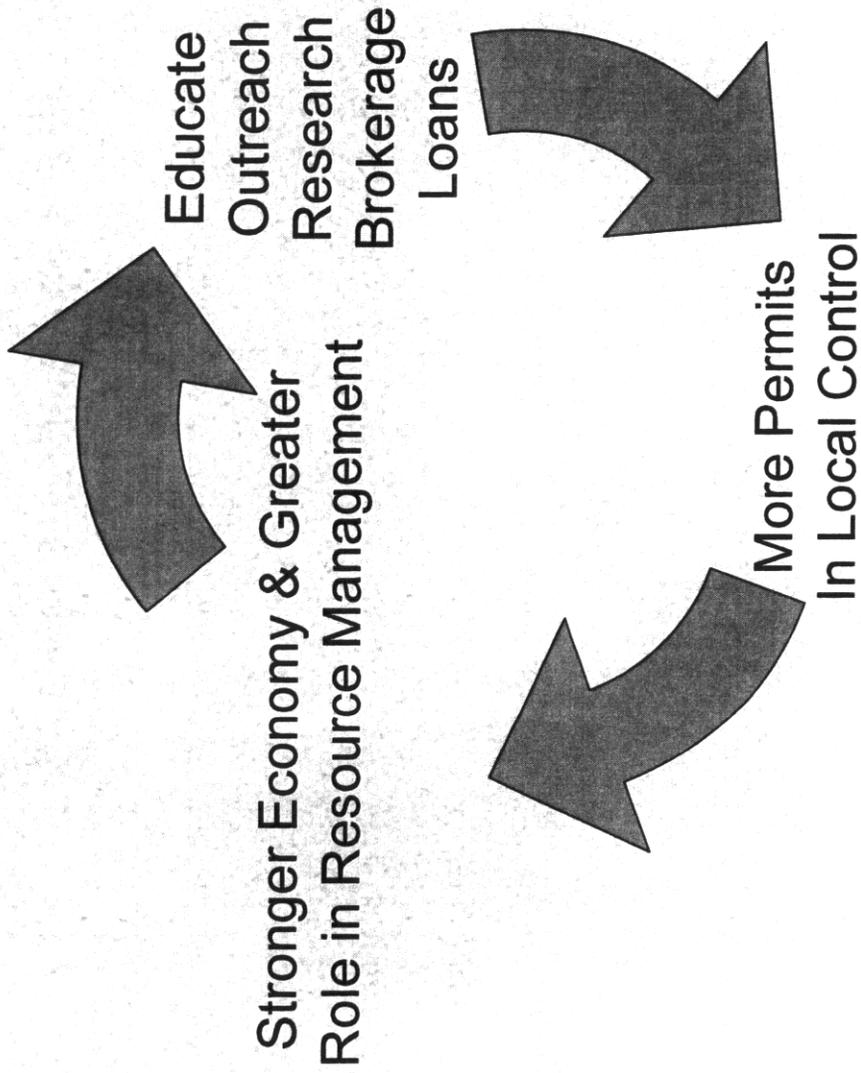
Budget Year 1 - 5

Expenses – Program Integration

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Program Integration					
<u>Total Personnel:</u>	0	78,000	80,340	82,750	85,233
Personnel (Director)	0	65,000	66,950	68,959	71,027
Benefits	0	13,000	13,390	13,792	14,205
<u>Travel:</u>	0	7,500	7,500	7,500	7,500
<u>Total Activities:</u>	0	0	0	0	0
Total Cost of this Element	0	85,500	87,840	90,250	92,733

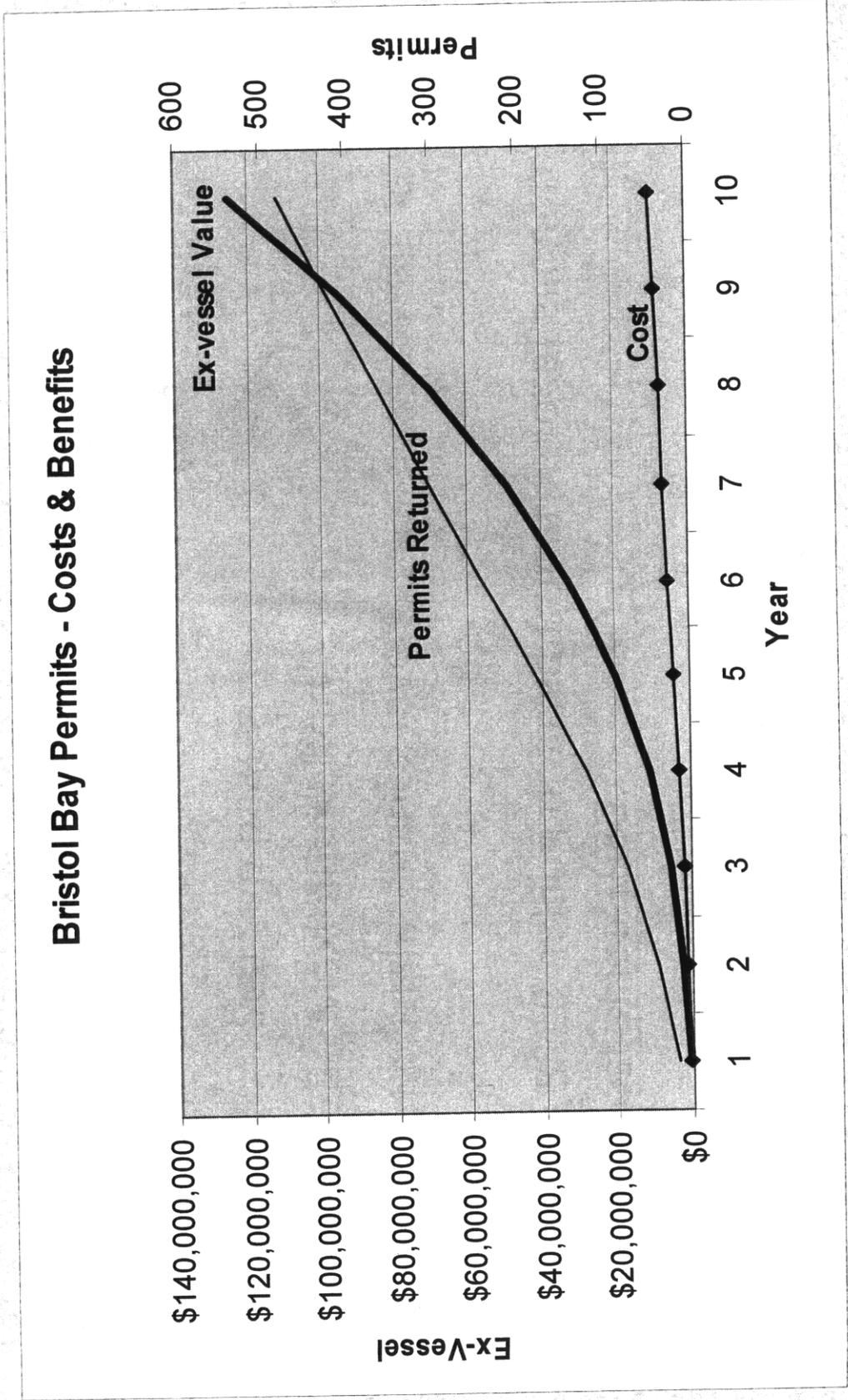
Conclusions

Cycle of Benefits



Conclusions

Benefit/Cost



Conclusions

- Goal – return 535 permits to local residents increasing the locally held permits from 735 to 1270 permits.
 - Years 1-5: Start up phase
 - Years 6-15: Maximum effort
 - Years 15+ : Maintenance levels
- Restore the \$225 million drained from the local economy due to permits lost since 1980.

Conclusions

- Restoring permits to local control is the region's most potent economic opportunity.
- A comprehensive program creates a positive cycle...well trained and adequately financed fishermen will succeed.
- Program success creates more interest in fishing and a more sustainable regional economy.
- The causes of permit loss are complex. So are the solutions. Restoration requires a mix of integrated long term programs.
- BBEDC currently doing various parts of the program; this builds on and consolidates those efforts.

Conclusion

- The work of the Committee built a compelling story about the need to restore permits – capable of attracting support from stakeholders and government officials.

Returning Salmon Permits to Residents

“Bringing it all Back Home”