



CITY OF SAINT PAUL

ALASKA

December 7, 2023

The Honorable Gina M. Raimondo
Secretary of Commerce
U.S. Department of Commerce
14th Street and Constitution Avenue, NW
Washington, D.C. 20230

Re: 2023-2024 Bering Sea Snow Crab Fishery Disaster Request

Dear Secretary:

As the Mayor and elected representative of the City of Saint Paul, Alaska, I hereby request that a determination be made regarding a fishery resource disaster in the 2023-2024 Bering Sea opilio snow (BSS) crab fishery. This ongoing disaster has most likely resulted from natural causes. This request is made under the authority of Section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act (the Act), as amended in late 2022 by the Fishery Resource Disasters Improvement Act.

On October 6, 2023, the Alaska Department of Fish and Game (ADF&G) announced that having completed analysis of 2023 NMFS trawl survey results for BSS, it estimated the stock to be below the ADF&G regulatory threshold for opening a fishery and that therefore the fishery will remain closed for the 2023/24 season.¹

The closure of the BSS fishery for the 2023-24 season, follows last year's closure of the 2022-23 season, as well as the dramatic 88% reduction in the fishery's total allowable catch (TAC) from 45 million pounds in 2020-21 to 5.6 million pounds in 2021-22. The main Saint Paul Island entities, including the City, requested disaster determinations for both of these years on November 10, 2021, and October 26, 2022, respectively. The City incorporates those comments in this request.

As a result of these closures, revenues derived by our community from the BSS fishery in 2024 will be \$0.² Added together, the economic crisis generated by these multiyear closures and the poor condition of the BSS stock threaten our unique Unangan community's ability to survive.

¹ <https://www.adfg.alaska.gov/static/applications/dcfnewsrelease/1544259820.pdf>

² On October 6, 2023, the Alaska Department of Fish & Game announced the reopening of the Bristol Bay red king crab fishery (BBR) with a small TAC of 2,150,000 lbs after a two year closure. While this is welcome news, Saint Paul's participation in this fishery is minor and its benefits to the community will be minimal, see: <https://www.adfg.alaska.gov/static/applications/dcfnewsrelease/1544040118.pdf>

The City derives fishery landing taxes and other fees associated with the activities of the Bering Sea’s crab fisheries. In normal years, revenues from these taxes and fees in turn constitute approximately 60% of the City’s general fund revenues, which support essential municipal operations and services. Unlike other crab dependent communities which have more diversified economies and mixed fisheries portfolios, Saint Paul Island is almost entirely dependent on the BSS crab fishery. On average (years 2018 to 2021) direct city tax revenues derived from the BSS fishery amounted to \$2.7 million, as opposed to the \$0 BSS tax revenues projected for 2024.

The State of Alaska shares with communities fishery taxes that are generated by these activities (3% is assessed by the State for these activities on Saint Paul Island of which half is shared with the City). This year the City received about \$283,000 in 2022 shared fish taxes from the State.

City of Saint Paul Projected Revenue Reductions in 2024

Fish Tax City (based on 2018-21 average)	-\$1,987,974
State Shared Fish Tax (based on 2018-21 average)	-\$724,984
Support Services (based on 2018-21 average)	-\$233,393
*Total Estimated Impact to City	-\$2,946,351

Thanks to the reopening of the Bristol Bay Red King Crab (BBR) fishery this year after two years worth of closures, there will be limited processing activity in the northern crab region that includes Saint Paul, and as a result estimated direct taxes in 2023 will reach the minimal amount of \$26,000 and shared taxes in 2024 are expected to amount to \$8,000.

The table below provides an overview of City taxes and revenues from 2018 onwards. The impacts from the loss local and state fish taxes are clear.

Year	2018 <i>(actual)</i>	2019 <i>(actual)</i>	2020 <i>(actual)</i>	2021 <i>(actual)</i>	2022 <i>(actual)</i>	2023 <i>(actual 11/30)</i>	2024 <i>(proposed)</i>	Avg 2018-21
Local Fish Tax	\$1,120,918	\$1,655,960	\$1,827,588	\$3,347,430	\$503,856	\$0	\$49,000	-\$1,987,974
Shared State Fish Tax	\$623,979	\$593,330	\$841,798	\$840,827	\$1,545,892	\$232,880	\$8,000	\$724,984
Total	\$1,744,897	\$2,249,290	\$2,669,386	\$4,188,257	\$2,049,748	\$232,880	\$57,000	\$2,712,958
Change		\$504,393	\$420,096	\$1,518,871	\$(2,138,509)	\$(1,816,868)	\$(175,880)	\$2,512,958
%Change		29%	19%	57%	-51%	-89%	-76%	
Total General Fund Revenue	\$2,937,238	\$3,869,686	\$4,456,780	\$5,750,825	\$3,410,439	\$1,042,991	\$1,384,499	\$4,253,632
Other GF Revenue	\$1,192,341	\$1,620,396	\$1,787,394	\$1,562,568	\$1,360,691	\$810,111	\$1,327,499	\$1,540,675
% of GF Revenue from Fish Tax	59%	58%	60%	73%	60%	22%	4%	
% of GF Revenue from Other Sources	41%	42%	40%	27%	40%	78%	96%	

In response to the loss of a significant portion of its revenues, the City has been forced to make severe cuts to its calendar year 2024 budget. The measures adopted include:

- A hiring freeze of key positions (i.e. Director of Public Works, Director of Public Safety, Harbormaster);
- Layoff of three permant City employees, out of a total workforce of 23 employees;
- Elimination of emergency dispatch services;
- Increasing to a higher deductible for insurance on critical public infrastrure and utilities, thereby lowering insurance premiums;
- Loss of police officer positions, with transition to Village Public Safety Officers;
- No funding for community donations and City sponsored community events;
- Limiting of purchases to essentials only;
- No funds to provide matches for federal or state grants to improve critical public infrastructure and utilities;
- Reduction in funding for professional support ;
- Reductions in IT infrastructure; and,
- No travel budget to participate in essential municipal meetings.

Additionally, the City is seeking to raise additional revenues and is proposing the following:

- Vehicle rental tax;
- Room tax;
- 5% additional tax on alcohol, tobacco and marijuana products;
- Lifting of sales tax exemption on vessels under 42 feet;
- Increase in housing rental rates by 30%;
- Increase in water rates by 50%; and,
- Increase in refuse rates by 25%.

Any new taxes will need to be approved a vote of the public. The potential new revenue and rate increases are projected to bring in up to \$200,000 in new revenues to the City, but will not replace the large loss of fish tax revenues resulting from the closed crab fisheries.

For the 2024 calendar year the City will need to take funds from its limited savings account to maintain ongoing municipal operations and minimize the devastating impacts that the crab fishery closures have had upon City finances and our community.

The BSS closure also impacts other local entities and businesses since the crab fishery activities underpin most other economic activities on the island, including the local summer halibut fishery which is critical to local fishermen, their crews, and families, as well as to Saint Paul Island's sense of itself, its culture, and its subsistence traditions. The loss of the considerable movement of goods, people, and services associated with the crab fisheries, also affect local travel and transportation costs, as well as the already high cost of groceries, other goods, and fuel. The ongoing impacts of the crab fishery closures, therefore, threaten the economic viability and survival of our unique Unangan (Aleut) community.

We appreciate the Secretary's expedited responses to previous disaster requests, most notably the determinations announced on December 16, 2022, applicable to various pending fishery disaster requests nationwide including the 2021-22 and 2022-23 BSS and BBR fisheries.

We also appreciate congressional action through the Consolidated Appropriations Act (CAA) of 2023 to appropriate \$300 million for fisheries disasters nationwide as well as the improvements made to the Section 312 fisheries disaster provisions through the CAA, subsequently signed into law by the President on December 29, 2022.³ Among other things, these new provisions provide greater flexibility to communities on the eligible uses of funds including assistance for lost fisheries resource levies. This change will allow Saint Paul Island (and other similarly situated communities) to “keep the lights on” and provide essential municipal services to residents, which will hopefully mitigate outward migration and help retain essential personnel, while simultaneously undertaking longer-term efforts to maintain existing infrastructure and diversify the local economy.

We are currently working with the State of Alaska and other stakeholders to develop a Spend Plan to address the 2021/22 and 2022/23 BBR and BSS disaster determinations. Despite these best efforts, it is unlikely that affected stakeholders will receive disaster funds until late 2024 or more likely in 2025, at the earliest. In the interim, the City of Saint Paul is working with federal agencies and fishing industry partners to apply for grants and other sources of funding to explore the feasibility of pursuing various fisheries-related research and business activities, as well as to upgrade existing harbor infrastructure to accommodate other potential economic activities, including increased levels of tourist cruise ship visits in the summer months.

To conclude, we request a prompt determination of a disaster for the 2023-24 BSS fishery. The impacts are clear as the fishery is closed and all activities and revenues associated with this fishery for the 2024 calendar year will be zero.

Thank you for your attention to this matter.

Sincerely,



Jacob Merculief
Mayor



Phillip Zavadil
City Manager

cc: Senator Lisa Murkowski
Senator Dan Sullivan
Representative Mary Peltola
Governor Michael Dunleavy
Senator Lymann Hoffman
Representative Bryce Edgmon

³ <https://www.congress.gov/117/bills/hr2617/BILLS-117hr2617enr.pdf>