

**CITY AN BOROUGH OF YAKUTAT, ALASKA  
RESOLUTION 17-270**

**A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF YAKUTAT CLARIFYING PROPERTY TAX WILL BE SPATIALLY APPORTIONED BETWEEN THE LAND LEASED TO YAKUTAT REGIONAL AQUACULTURE ASSOCIATION AND LAND THAT REMAINS UNDEVELOPED UNDER 43 U.S. Code § 1620 AND IF THE LEASE IS TERMINATED AND INFRASTRUCTURES ARE REMOVED IT WILL BE DEEMED TO BE RETURNED BACK TO ITS NATURAL UNDEVELOPED STATE UNDER 43 U.S. Code § 1620.**

**WHEREAS:** The Yakutat Regional Aquaculture Association, Inc. (YRAA) is an IRS recognized non-profit organization seeking to create aquaculture projects in Yakutat for economic development; and

**WHEREAS:** The Yak-Tat-Kwaan owns land within the City and Borough of Yakutat currently not subject to property tax under 43 U.S. Code § 1620 that is viable for use in aquaculture projects; and

**WHEREAS:** The Yakutat Regional Aquaculture Association and the Yak-Tat-Kwaan will be discussing a potential land lease and wish to clarify the City and Borough of Yakutat Assembly position on property tax issues before coming to an agreement; and

**WHEREAS:** Yak-Tat-Kwaan land not ~~contained~~ **itemized or listed in** with the lease between YKI and YRAA and is undeveloped under 43 U.S. Code § 1620 will not be taxed by spatially apportioning the land that is leased [for taxing purposes].


**WHEREAS:** If the land ~~lease~~ **agreement** is terminated between the Yak-Tat-Kwaan and Yakutat Regional Aquaculture Association and the infrastructure is **subsequently**, removed the status of the land **written this lease agreement** will go back to being classified as undeveloped under 43 U.S. Code § 1620 (AS 29.45.030(n)); and

**WHEREAS:** A resolution of the City and Borough of Yakutat Assembly has been passed supporting the Yakutat Regional Aquaculture Association Inc.'s effort to improve and enhance the Yakutat Region's salmon **Harvest** and provide economic benefits to the community of Yakutat.

**NOW THEREFORE BE IT RESOLVED THAT** the City and Borough of Yakutat will spatially apportion Yak-Tat-Kwaan land to exempt the undeveloped portions Yak-Tat-Kwaan property not on the land lease between the Yakutat Regional Aquaculture Association and Yak-Tat-Kwaan.

**BE IT FURTHER RESOLVED THAT** the City and Borough of Yakutat will return the tax free status of that land once the lease has terminated, infrastructure is removed and returned to an undeveloped state, until such a point that its status changes again.

PASS AND APPROVED THIS 5 DAY OF Jan, 2017

  
\_\_\_\_\_  
RALPH WOLFE, MAYOR

ATTEST:

  
\_\_\_\_\_  
Cathy Bremner CMC, Borough Clerk



RECEIVED

DEC 29 2016

CITY OF YAKUTAT

## **Yakutat Regional Aquaculture Association, Inc.**

P.O. Box 153. Yakutat, AK 99689 \* (907) 784-3000

December 29, 2016

City and Borough of Yakutat Assembly Members,

The Yakutat Regional Aquaculture Association is getting ready to present a package to the Yak-Tat-Kwaan to try and develop an agreeable lease for an area to develop a hatchery incubation facility. This is the area in the Yakutat region that appears to meet the water quality and quantity standards necessary for a successful project.

We believe that once a lease is agreed upon we finally have the necessary data to move forward to submitting a hatchery permit application. The area that YRAA will be requesting to lease from YKI is not fully defined until a lease is agreed upon. Attached are a series of maps that show the general area that we will be seeking to lease. It is the best we can provide until discussions with YKI occur. The map from Alaska Hydroscience show the kettle ponds and springs that will be the source of water used for the hatchery facility, the proposed YRAA lease area map shows the possible locations for the water collection pipes and possible location for the hatchery building pad and the final map is from the CBY Comprehensive Plan 2010 showing land ownership.

We are requesting the assembly to consider this resolution to resolve questions concerning property tax for clarification and understanding while the lease is being negotiated. It is in the form of a resolution at this time to allow the details to be worked out, when a signed lease is negotiated if necessary we would then provide the area for prorating property tax and to allow an ordinance to drafted to implement the resolution. YKI has not agreed to anything more than to consider the project and request for lease when presented to their board.

YRAA is considering a chum project initially at 10 million chum eggs and hopefully expanding in time to up to a 40 million release. This is a step wise approach that ADF&G generally requests to build up the release over time to make sure no impacts are occurring on wild stocks before increasing the release size.

A 10 million release should provide approx. 217,000 returning salmon after broodstock needs are met. At an average weight of 8 lbs this has a potential economic value of \$954,800 -\$1,128,400 at a price range of \$0.55 to \$.065 a lb.

At the May 28<sup>th</sup> YRAA Board of Directors meeting, the Board of Directors tasked Kathy Hansen, their consultant to do whatever was necessary to move forward with a land lease and submitting a hatchery permit. Having the CBY Assembly pass this resolution helps clarify important property tax issues in developing a lease with YKI.

We have also attached a brief summary of background information about hatcheries and YRAA.

Sincerely,



Kathy Hansen, YRAA Consultant

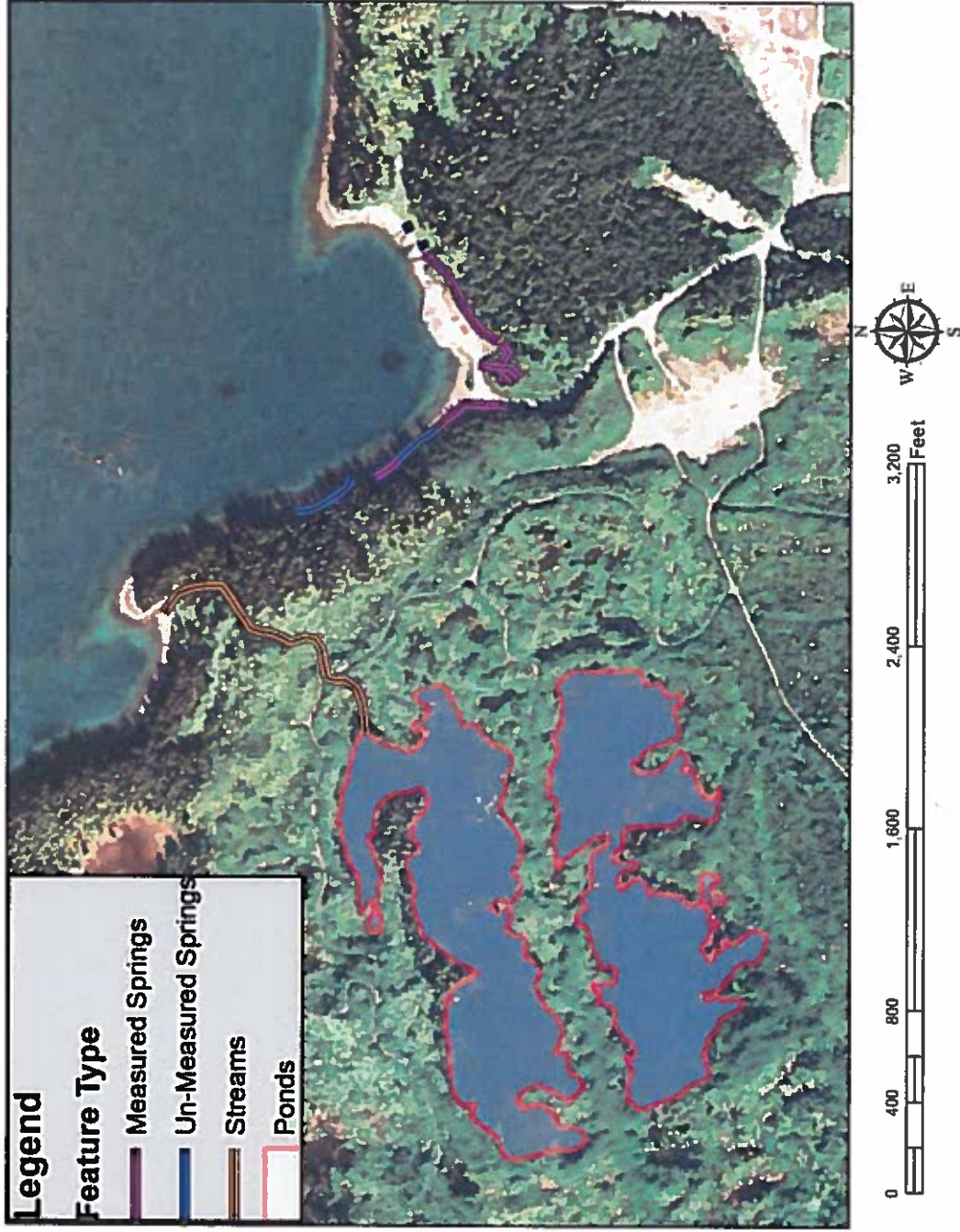


Figure 1. Map of the study area showing Sawmill Cove springs, kettle ponds, and outlet stream to the west.

# Proposed YRAA Lease Area

Hatchery Building Pad 100ft x 100ft

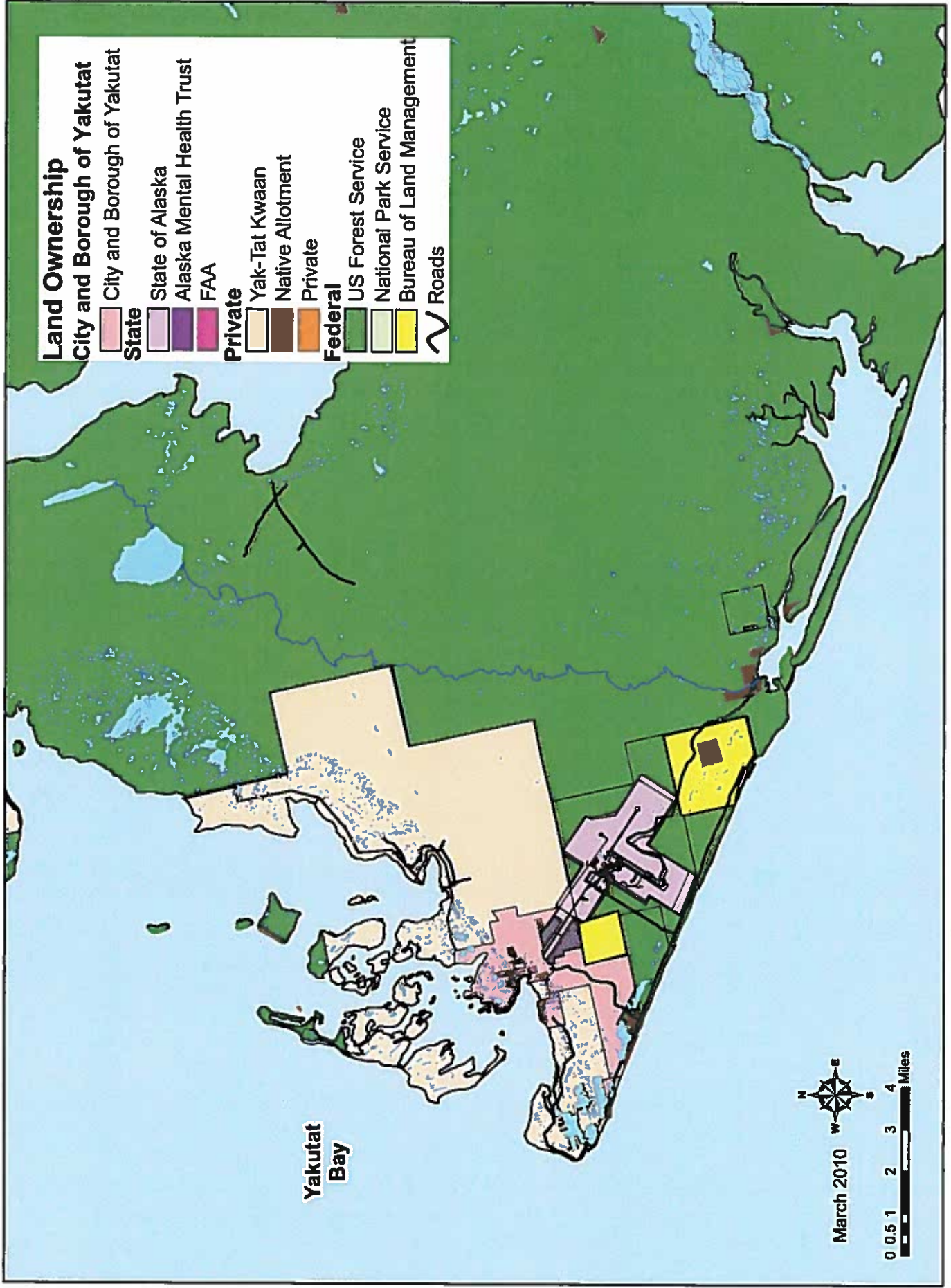
Access Road and Pond Water Pipe (Buried)

Water Collection Pipe (Buried)

952 ft

© 2016 Google  
Image © 2016 DigitalGlobe  
© SPOT IMAGE

Figure 6. Map of Yakutat and Vicinity Land Ownership



# **Yakutat Regional Aquaculture Association, Inc.**

P.O. Box 153. Yakutat, AK 99689 \* (907) 784-3000

## **Alaska Hatcheries:**

- The Alaska hatchery program was designed to increase salmon abundance and enhance fisheries, while protecting wild stocks. The state PNP hatchery program was developed in response to depressed commercial fisheries, to meet the needs of the people of the state.
- Fisheries enhancement projects are **not** permitted if they are anticipated to have a significant negative effect on natural production. All fisheries enhancement programs are designed to **supplement** natural production not replace or displace them.
- Alaska commercial salmon harvests have improved greatly since the inception of Alaska's hatchery program and natural stocks remain healthy.. These programs only protect the fish during the early juvenile life stage; if fish are not fit they will not return from the wild as adults.
- As Alaska's salmon return to their place of origin, they are available for harvest as common property in personal use, sport, subsistence, and commercial fisheries.
- Hatcheries effectively contribute salmon to the commercial harvest and in turn can decrease fishing pressure on naturally spawning salmon populations.
- Hatchery contributions of adult salmon to commercial fisheries have been as much as 77 million fish, accounting for 48% of the total salmon harvested in common property commercial fisheries in 2010.
- Most hatchery production is pink salmon, with the majority harvested in Prince William Sound; and chum salmon that are harvested mainly in Southeast Alaska.
- In 2012, hatchery production accounted for 80% of the commercial fisheries harvest in Prince William Sound and 27% in Southeast Alaska.

\*Vercessi, L. (2013). Alaska Salmon Hatcheries; Contributing to Fisheries and Sustainability. ADF&G.

## **Yakutat History**

In 1984, the Yakutat Comprehensive Salmon Plan, at times referred to as Phase I, was adopted by the commissioner of Alaska Department of Fish and Game. Since 1984, many changes have occurred in the Yakutat Region including economic, environmental, geological and social changes, but changes were not made to the plan. The Phase I plan encouraged rehabilitation and stream enhancement projects. As the rivers in the Yakutat Region have changed through glacial rebound, the wild salmon stocks have diminished greatly in some systems. Some systems of wild stocks continue to fail even with rehabilitation and stream enhancement projects. Water volumes in Ophir Creek have significantly declined in recent years, causing a reduction in fish production (ADNR 1995). The West Fork of the Situk River has been drying up over the last 20 years affecting sockeye and coho salmon. A habitat improvement project in Humpy Creek inadvertently caused degradation to spawning habitat, which has led to a decline in pink salmon

production. The Phase I plan discouraged supplementation such as hatcheries and remote release strategies. While this reflected the view of the community at the time, opinions toward hatcheries and salmon fisheries enhancement in the Yakutat Region have changed, largely due to local commercial fishermen buying permits in other regions of the state with fully developed fishery enhancement programs that provide opportunity for better financial benefits. Without a Regional Aquaculture Association or a Regional Planning Team there had been little investigation into fisheries enhancement, particularly supplementation opportunities over the last 28 years in the Yakutat region.

In response to the great success of fisheries enhancement North and South of Yakutat and the economic downturn of the Yakutat salmon fisheries, local fisherman created the Yakutat Regional Aquaculture Association (YRAA). With the YRAA formed and approved by the State the next major step was to update the [Yakutat Comprehensive Salmon Plan](#). The revision of this plan was a major undertaking that involved the cooperation of many State, Federal, and local organizations and individuals. The plan has been updated and approved by ADF&G, now allowing for new projects and goals in the Yakutat region.

The revised and updated [Yakutat Regional Comprehensive Salmon Plan, Phase II](#) is a combination of setting long-term goals objectives and strategies for the region and identifying potential projects and establishing criteria for evaluating the enhancement and rehabilitation potentials for the salmon resources in the region.

With this comprehensive salmon plan YRAA will be able to move forward with salmon fishery enhancement and supplementation. YRAA has already started project planning and received a [management feasibility analysis \(MFA\)](#) from the department for some potential remote release sites for either pink or chum salmon at Humpback Creek, Redfield Cove, Broken Oar Cove, Puget Cove, Monti Bay and Eleanor Cove.

A copy of the MFA can be accessed from the Yakutat Regional Aquaculture Association website, <http://www.yraa.org>.

### **Project Development**

YRAA has been working with engineers and hydrologists over the past three years to find a suitable site for an enhancement project. There are very specific water characteristics (quality and quantity) needed to operate a successful project and at this time our resources are going towards finding a suitable site. Once a site has been selected the permitting process will begin and a project will move forward.

### **Enhancement Tax**

The State of Alaska allows regional aquaculture associations to collect a tax between 1% and 3% on all salmon caught within their region. Previous to the development of YRAA the City and Borough had been collecting a 1% tax on all salmon delivered in Yakutat. Since tax could only be collected on fish delivered in Yakutat, non-local fisherman could catch Yakutat fish and deliver them outside our region and not pay any tax. Also, since the other aquaculture

associations had their own taxes in place fishermen could claim the fish were caught within the Yakutat region and again not pay any tax.

YRAA has worked with the City and Borough to phase out their 1% salmon tax and has adopted a State collected 2% region-wide tax. This is lower than the 3% tax other aquaculture associations charge in hopes that now non-local fishermen catching Yakutat fish will claim them as well as allowing the YRAA sufficient funding for project development.

Although Yakutat fishermen have been paying a salmon tax for many years it now shows up on fish tickets because it is a State collected tax, and this has some fishermen concerned. This tax is used for YRAA project development and has been proven by the aquaculture associations North and South of Yakutat to be very good investments. For example, fishermen have received \$23 worth of Prince William Sound Aquaculture salmon for every \$1.00 of enhancement taxes they have paid since 1990. (McDowell, 2012)

If you have any questions, concerns or ideas please don't hesitate to contact us:

YRAA Office Hours: Wednesday-Friday 10am-2pm or call: (907) 784-3000

Email: [YakutatRAA@gmail.com](mailto:YakutatRAA@gmail.com)

Website: <http://www.vraa.org>

**YRAA BOARD OF DIRECTORS:**

**SETNET:** Jonathan Pavlik, Nate Endicott, Wayne Ivers and Sheri Nelson

**HANDTROLL:** Larry Bemis and Casey Mapes

**POWER TROLL:** Herb Holcomb and Sam L. Demmert

**SPORT FISH REP:** Pat Robbins

**SUBSISTENCE USER:**

**REG/VILLAGE/SHARE HOLDER REP:** Beverly Bremner

**PUBLIC AT LARGE:** Jesse Pavlik and Lowell Petersen

**CITY/CHAMBER:** Nick Holcomb

**PROCESSOR:** Harold Robbins

### **What is a hatchery?**

Hatcheries in Alaska consist of taking fertilized eggs of salmon and incubating them in boxes with water flowing over the eggs until they hatch. At this point, depending on the species, the newly hatched salmon are transported to a net-pen in the ocean in close proximity to a fresh water source allowing them to imprint that specific location for return. In the case of chums the salmon are contained and protected in the net-pen and fed for approximately three months. Once the salmon have reached a pre-determined weight, usually just several grams, the nets are opened and the salmon fry released into the ocean. From this point the salmon continue their life cycle in the ocean for 3-5 years and then return to the spot at which they were released. Essentially a hatchery provides additional protection for wild salmon spawn allowing for a greater percentage to survive and return.

Hatchery Permits are required for the construction and/or operation of a private non-profit salmon hatchery in Alaska. Hatchery permits specify the species and number of salmon that can be incubated at the hatchery, as well as release sites, broodstock sources, and other conditions of operation. Once they are issued, hatchery permits do not expire, but they may be revoked. Hatchery permits are non-transferable, so if a hatchery is sold or leased, the new operator must apply for a new permit.

### **What can a hatchery offer Yakutat and its residents?**

See attachments for financial benefits, including jobs and ex-vessel contributions.

### **Who would make the important choices regarding the running and maintaining of the hatchery?**

All proposed hatchery projects must first be reviewed and approved by the YRAA board of directors. From this point the Regional Planning Team (RPT), which consists of representatives from different divisions within the Alaska department of Fish and Game and YRAA members, review the project. A rigorous permitting/application process with the State then proceeds and a project will only be approved by the Commissioner of Fish and Game once it meets all the necessary criteria for a hatchery. This process can sometimes take several years.

The application process includes:

- an analysis of the possible effects the hatchery would have on fisheries management
- submission of an application providing detailed information on the proposed hatchery
- review of the application by department technical staff
- regional planning team review of the hatchery's compatibility with the regional salmon plan
- a public hearing presenting the plans for the proposed hatchery
- commissioner approval or denial of the hatchery permit

A hatchery permit will not be approved if it is deemed to have significant negative effects on natural production. These effects are determined by State biologists, geneticists, and other professionals within the state hatchery division.

*Hatchery permits always carry conditions to protect fish health and wild salmon stocks, such as requiring department approval of broodstock sources and release sites, and inspection of salmon before release.*

**What kind of salmon would be coming from our hatchery?**

Alaska hatcheries are capable of enhancing all species of salmon, but the current focus of the YRAA has been on chum and pink salmon. These two are the hardiest and cheapest species to incubate allowing a greater profit margin for fishermen.

**How long does a hatchery last? What kind of future investments are required to keep it viable?**

Once a hatchery program reaches full operation it is designed to be self-funding. Tax is collected on the fish sold in the region and the hatchery performs cost-recovery harvesting to continue funding the operation of the project.