



2022 KITOI BAY HATCHERY PINK SALMON COST RECOVERY FISHERY LICENSING OPPORTUNITY

The Kodiak Regional Aquaculture Association (KRAA) is requesting proposals from qualified individuals or companies to take up to **3.0 million pounds** of Kitoi Bay Hatchery (KBH) produced pink salmon (approximately 800,000 salmon). These salmon will be available for harvest from approximately August 1-18, 2022, in a Cost Recovery Fishery (CRF) within the Kitoi Bay Special Harvest Area. Bidders must supply harvest vessel(s), tender(s) and processing for all CRF salmon. Bids may be for all or part of the CRF goal of 3.0 million pounds.

Timeline for Proposal Process

DISTRIBUTION OF REQUEST FOR BID PACKET	DEADLINE FOR RECEIPT OF BID SUBMITTALS	BID REVIEW BY KRAA CRF COMMITTEE	DISCUSSION OF BID DETAILS; KRAA & BIDDERS	NOTIFICATION TO SELECTED CRF BIDDER(S)
03/08/22	12:00 PM	1:00 PM	through 4:00 PM	by 5:00 PM
	04/07/22	04/07/22	04/08/22	04/08/22

The Notification Time and Date given above (5:00 PM Friday, April 08, 2022) should be considered the latest that a bidder would be notified of the decisions of the KRAA CRF Committee.

In this packet is information specific to the proposal process and a Kitoi Bay Hatchery Proposal Form. This packet also includes information on the projected 2022 salmon returns to the Kitoi Bay Hatchery (KBH), specification on the amount and location of potential CRF harvests and the timing of the runs, by species, based on historical harvest data. Also included are maps of the location of the hatchery and the Special Harvest Area.

PLEASE SEE Additional notes related to Special Harvest Area Management for 2022 as indicated on pages 8 and 9.

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At a later date, KRAA will provide a separate bid proposal form and bid review process for roe and post-eggtake frames/raceway sales. Frame and Roe licensing will be handled separately from the traditional CRF fishery

THE INFORMATION IN THIS PACKET IS INTENDED AS A GENERAL GUIDE FOR THOSE SUBMITTING PROPOSALS AND IS NOT A SPECIFIC GUARANTEE OF THE MAGNITUDE OR TIMING OF KITOI BAY HATCHERY SALMON RUNS OR COST RECOVERY FISHERY SUCCESS.

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PROJECTED 2022 KITOI BAY HATCHERY SALMON HARVEST

Common Property harvest (total return minus broodstock, cost recovery and escapement needs) by species returning to Kitoi Bay Hatchery for 2022 is expected to be approximately 94,000 early chum, 8,200 sockeye, 3,668,000 pink, and 148,000 coho salmon. Of the harvestable KBH salmon return, the majority will be taken in normal Common Property commercial fisheries in those fishing areas immediately adjacent to the Kitoi Bay Hatchery. In addition, the Kodiak Regional Aquaculture Association (KRAA) Board of Directors has opted to directly license up to 3.0 million pounds of KBH pink salmon, or approximately 800,000 salmon (3.75 lb. average), to recover expenses. The Cost Recovery Fishery (CRF) projected harvest level reflects estimated sales needed to meet KRAA operational expenditure estimates.

The expected harvest disposition of 2022 KBH salmon runs (minus broodstock needs) is shown below.

Projected Harvest Disposition of the KBH 2022 Salmon Run*

Targeted Species	Total Harvest – All Fisheries			Common Property Fishery Harvest		Cost Recovery Fishery Harvest		% Harvest By Fishery	
	Number	Pounds	Avg Wt	Number	Pounds	Number	Pounds	CPF	CRF
CHUM	94,000	658,000	7.0	93,500	654,500	≥ 500	≥ 3,500	99%+	≥ 1%
SOCKEYE	8,200	41,000	5.0	7,700	38,500	≥ 500	≥ 2,500	99%+	≥ 1%
PINK	4.47 M	16.76 M	3.75	3.67 m	13.76 M	800,000	3,000,000	82.1%	17.9%
COHO	148,000	1.184 M	8.0	147,500	1.180 M	≥ 500	≥ 4,000	99%+	≥ 1%
<i>TOTAL</i>	<i>4,794,000</i>	<i>18.643 M</i>		<i>3,918,700</i>	<i>15,633,000</i>	<i>801,500</i>	<i>3,010,000</i>	<i>81.2%</i>	<i>18.8%</i>

* Figures do not include broodstock. KBH pink salmon will be targeted in the Cost Recovery Fishery. However, small numbers of chum, sockeye, and coho salmon will also be harvested due to the KBH production of multiple species with overlapping run timing.

COST RECOVERY FISHERY PROCEDURES

The desired time period for the Kitoi Bay Hatchery Cost Recovery Fishery is approximately August 1 through August 18. In previous years, the Kitoi Bay Pink Salmon CRF has begun as early as July 25 and ended as late as September 6. KRAA conducted no cost recovery during the last two even-year returns. The return in 2020, though somewhat typical in terms of the date harvests began to increase, was protracted and peaked later than historic even-year returns. Additionally, in 2020 and 2019, fish also tended to move to the East Side of Izhut Bay rather than directly into Outer and Inner Kitoi Bay.

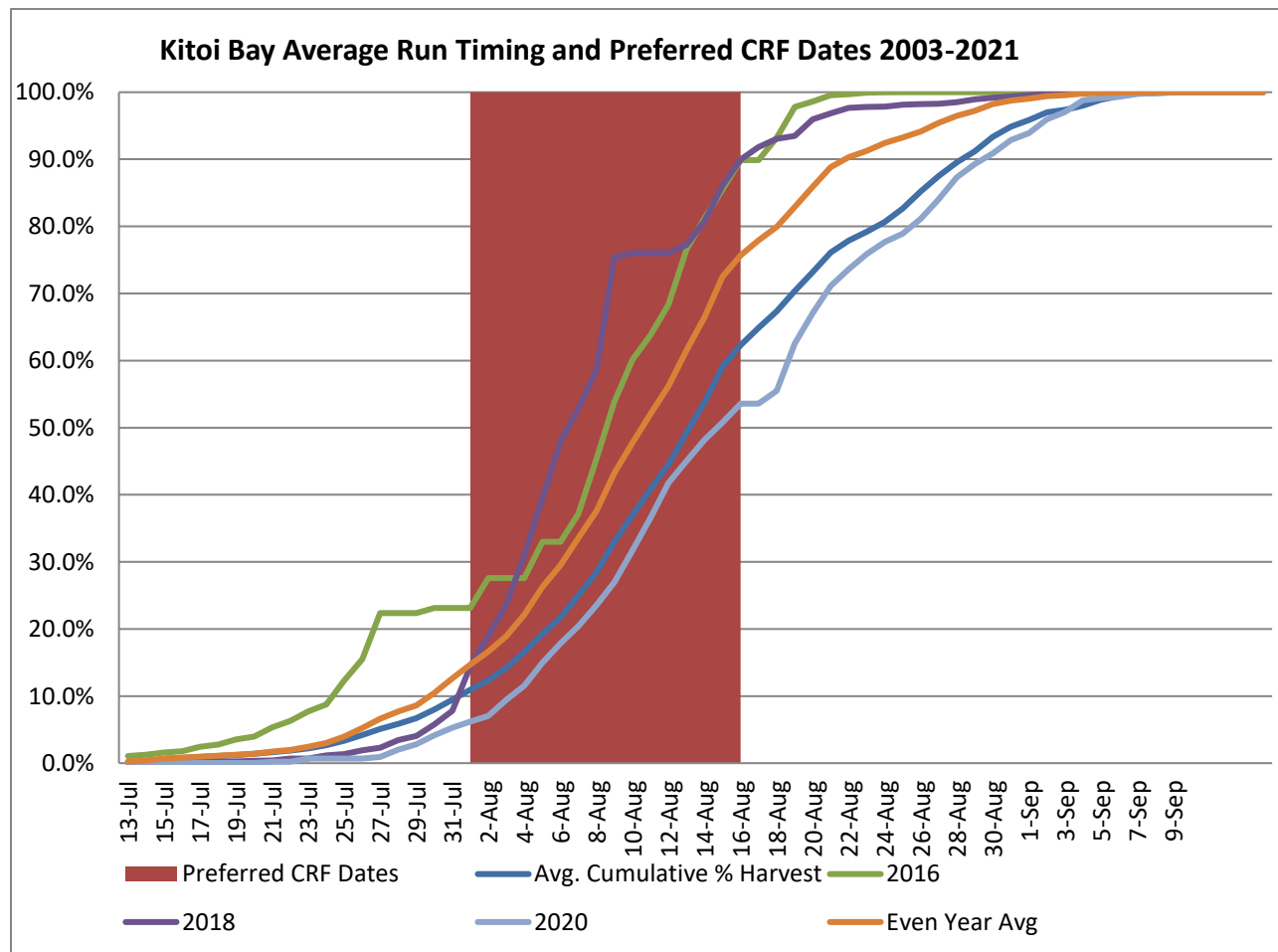
In response to the possible delays in run timing and/or altered entry patterns in 2022, KRAA has authorized additional, regular aerial surveys to identify whether fish are building up in other areas of the Inner Kitoi, Outer Kitoi, and Izhut Bay waters. If build-ups are slow to accumulate in Inner Kitoi or the entry pattern for returning pink salmon is identified to be similar to that observed in recent years, KRAA will work with ADF&G to expand the Special Harvest Area by Emergency Order. This strategy, if employed, should both preserve quality of Cost Recovery pink salmon and allow for more rapid completion of the Cost Recovery Fishery. KRAA expects that if conditions, entry patterns, and build-ups indicate, and if

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ADF&G recommends expansion of the SHA to allow for harvest of cost recovery salmon outside of Inner Kitoi Bay, the selected processor and contracted catcher vessel will make every effort to utilize the expanded SHA for cost recovery harvest.

CRF harvests at KBH must be made using a purse seine vessel supplied by the selected bidder/contractor. Captured, live salmon will be immediately pumped directly from the seine into a waiting tender. The purse seine catcher-vessel must be supplied by the selected bidder/contractor. KRAA will consider proposals that include the catcher vessel also providing tendering services provided this activity still allows for sampling and weight recording by KRAA staff and that it does not hamper the overall efficiency (daily catch and days to completion) of the Cost Recovery Fishery.

The selected bidder/contractor must also provide one or more tendering vessels with a total estimated daily tendering capacity sufficient to take delivery of expected daily harvest levels of CRF salmon harvests. All tendering vessels should be equipped with one or more fish pumps, de-watering devices and certified scales for weighing fish. Captured salmon are to be sorted and weighed as they come aboard the tender. Harvest poundage will be determined by the selected



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bidder's certified scale-weights and recorded on ADF&G fish tickets at the point of fish transfer from the catcher-vessel to the tender. Tender operators are expected to work closely with KRAA staff to determine accurate total poundage harvested, average fish weights and number of fish harvested by species. The poundage determined aboard the tender at the time of delivery from the catcher vessel will be used to determine the daily and total cost recovery salmon harvest and sale. No adjustments to cost recovery salmon poundage will be made based on weights taken at other points of delivery or subsequent product recovery, unless agreed to in writing by the KRAA Board of Directors.

PROPOSAL FORM: GUIDELINES

Interested salmon buyers are encouraged to submit a bid for the right to purchase of all or part of the total 3.0 million pounds of KBH pink salmon offered for sale. The form for prospective buyers to bid on the 2022 KBH cost recovery sale is provided as a separate document along with the information included in this packet. While it is not required that bidders use this form, the information requested on the bid form should be included in any proposal.

Interested buyers may submit proposals describing more than one bid scenario, such as the purchase of various amounts of Cost Recovery pink salmon, or harvests to occur within specific periods of the desired CRF harvest period. On the Proposal Form, Scenario A, for example, may be used for the purchase of the entire 3.0 million pounds of live salmon offered or for a portion of the total poundage. Additionally, bidders interested only in purchasing the entire 2022 CRF poundage, 3.0 million pounds of live Kitoi Bay Hatchery pink salmon, "all or nothing" should note that on the Bid Submittal Form. There is space available for different bid scenarios within the bid packet. Include additional scenarios as desired.

Interested bidders are encouraged to discuss this option with the KRAA CRF Committee or KRAA staff prior to bid submission.

KRAA believes the pink salmon to be sold in the CRF are a premium product that should command a premium price. KRAA also recognizes that market demands may cause the price of pink salmon to fluctuate before, during, and after the commercial fishing season. Bidders should submit proposals with an initial bid base price and indicate if there will be post-season price adjustments.

All bids should be expressed in price per pound of live salmon harvested. Since some chum, sockeye and coho salmon are likely to be taken incidentally during the Cost Recovery Fishery, please include bid prices for these species in addition to the bid price for Kitoi Bay Hatchery pink salmon. If you intend to offer a post-season settlement price adjustment please note this in the comments section of the bid scenario with your bid price per pound.

The successful bidder will provide the catcher vessel(s), tender(s) and process the purchased salmon. Interested buyers should identify the vessel or vessels that will harvest and tender the CRF pink salmon for the bidder, as well as the expected location of processing. Should an interested buyer wish to bring a processing vessel(s) to Kitoi Bay, please indicate this with other bid information.

Bids should be detailed enough to allow for clear evaluation by KRAA. However, KRAA may contact bidders should clarification be required.

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PROPOSAL FORM: CRF PERFORMANCE DATA AND COMMENTS

Identify estimated daily harvesting, tendering and processing capacity, method of fish transfer, fish loading or transfer rate (minimum and maximum), preferred harvesting/tendering scenarios, expected daily harvesting trends, names of catcher boat(s) and tender(s) and their operators (if possible), rotation schedules, etc.

Identify additional logistical concerns related to CRF activities. Such factors will be considered by KRAA during evaluation for compatibility with CRF goals. For example, a bidder using large tenders with efficient fish transfer pumps (greater than 75,000 pounds per hour with capacity to take 500,000 pounds per day) may be favored over slower, less efficient operations. Similarly, a tender that uses larger fish transfer and weighing boxes may be favored over those using small brailer bags. Also, should bids from more than one buyer be accepted (each for a portion of the total CRF poundage), the priority of deliveries to tenders could be contingent on the size of the tenders and/or the speed of the fish transferring operation.

Space is provided for interested buyers to provide additional comments, and to identify anticipated harvest concerns or conditions. Again, KRAA will evaluate any special requests for compatibility with CRF goals.

PROPOSAL RESPONSES/BID SUBMISSION

Bid Submittal Forms may be mailed, emailed, faxed, or hand delivered to the KRAA office at the contact information provided below. Verbal bids will not be accepted. All questions should be directed to the CRF committee or Tina Fairbanks, KRAA Executive Director. **The deadline for submitting proposals to KRAA is 12:00 PM Thursday April 7, 2022.** Follow-up emails or telephone calls are recommended to insure KRAA receipt of proposals. It is anticipated that proposals will be evaluated by the CRF committee beginning Thursday, April 7, 2022 at 1:00pm and continuing to no later than 5:00 PM the following afternoon (Friday, April 8). Those submitting proposals are asked to be available for discussion of their bids or notification of any delays in bid selection.

PROPOSAL EVALUATION

Proposals will be evaluated by a committee of the KRAA Board of Directors, beginning at 1:00 PM Thursday April 7, 2022. KRAA reserves the right to reject any or all proposals received. KRAA reserves the right to accept any proposal, for all or part of the offered poundage of live salmon, as will best meet KRAA cost recovery revenue goals, as determined solely by KRAA. KRAA reserves the right to request additional information, should it be needed to clarify the terms and conditions of a submitted proposal or verify the commitment of a proposer. KRAA reserves the right to subsequently award any contract in a manner deemed most advantageous to KRAA. The selected bidder will be invited by KRAA to enter into negotiations concerning the terms and conditions of a final and binding CRF harvest access licensing agreement. If contract negotiations fail to result in the execution of a CRF agreement within three weeks of notification to a selected bidder of acceptance of its bid, or if, at any time, KRAA should conclude that contract negotiations are at an impasse, then KRAA may cancel its acceptance of the bid and terminate negotiations

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without giving rise to a cause of action, for damages or other relief, on the part of either KRAA or the bidder whose bid initially was accepted.

All questions and concerns related to the CRF should be identified, addressed and resolved prior to finalizing a CRF contract. It is anticipated that contracts for Cost Recovery Fishery sales will be negotiated and fully executed within three weeks of notification to selected bidders. No contractual rights shall arise until and unless a written contract has been fully executed.

PAYMENT GUIDELINES

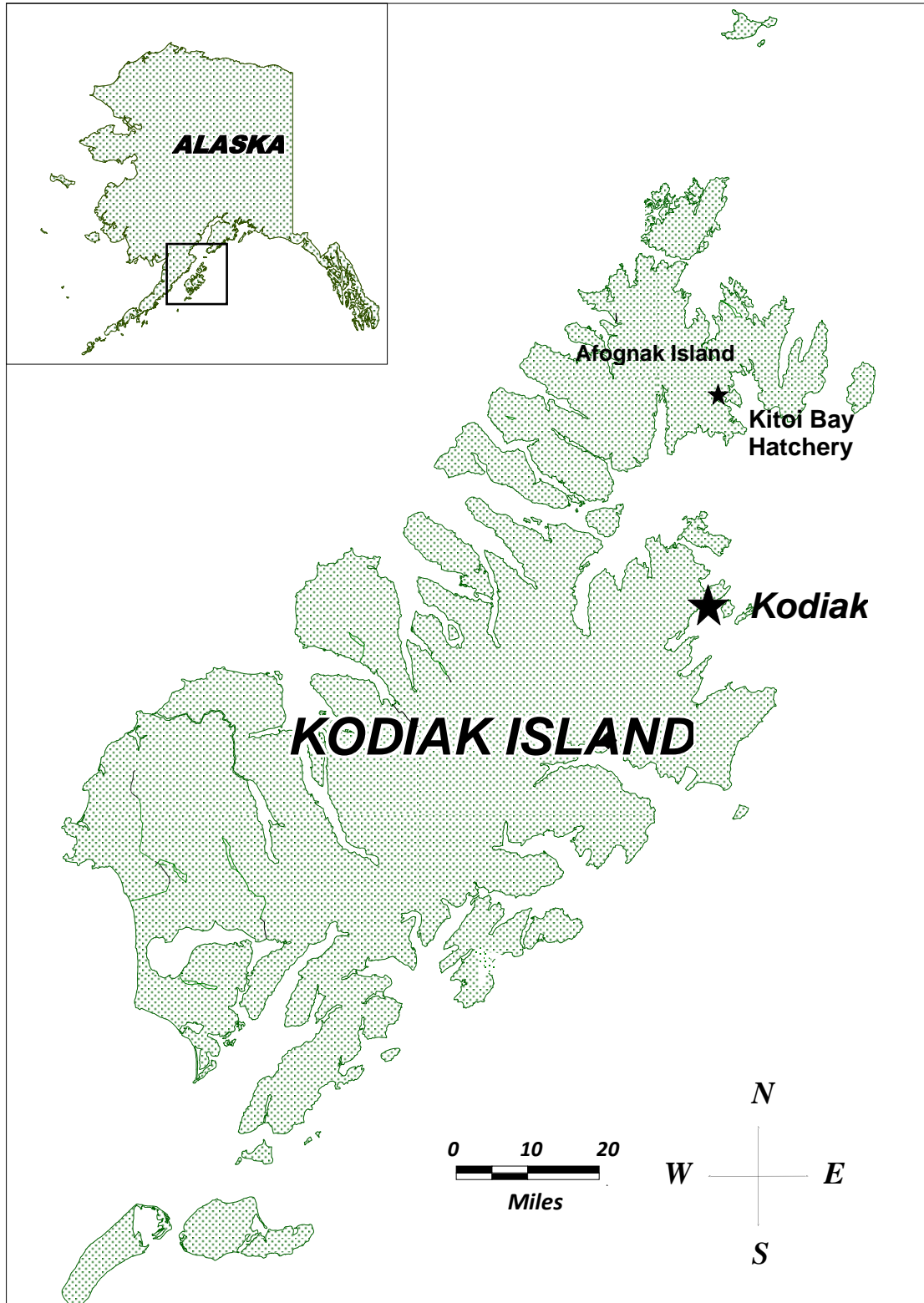
KRAA wishes to receive payments at least weekly for CRF harvests to date. Bidders should be prepared to establish escrow accounts with a line of credit, if required by KRAA. Should alternate payment schedules be desired, please provide sufficient details for clear evaluation by KRAA.

KRAA CONTACT INFORMATION

Office and Mailing Address
KRAA
104 Center Avenue
Suite 205
Kodiak, AK 99615

Email Telephone, Fax
Email: Tina Fairbanks; kraa@kraa.org
Phone: 1-907-486-6555
1-888-486-6555
Fax: 1-907-486-4105

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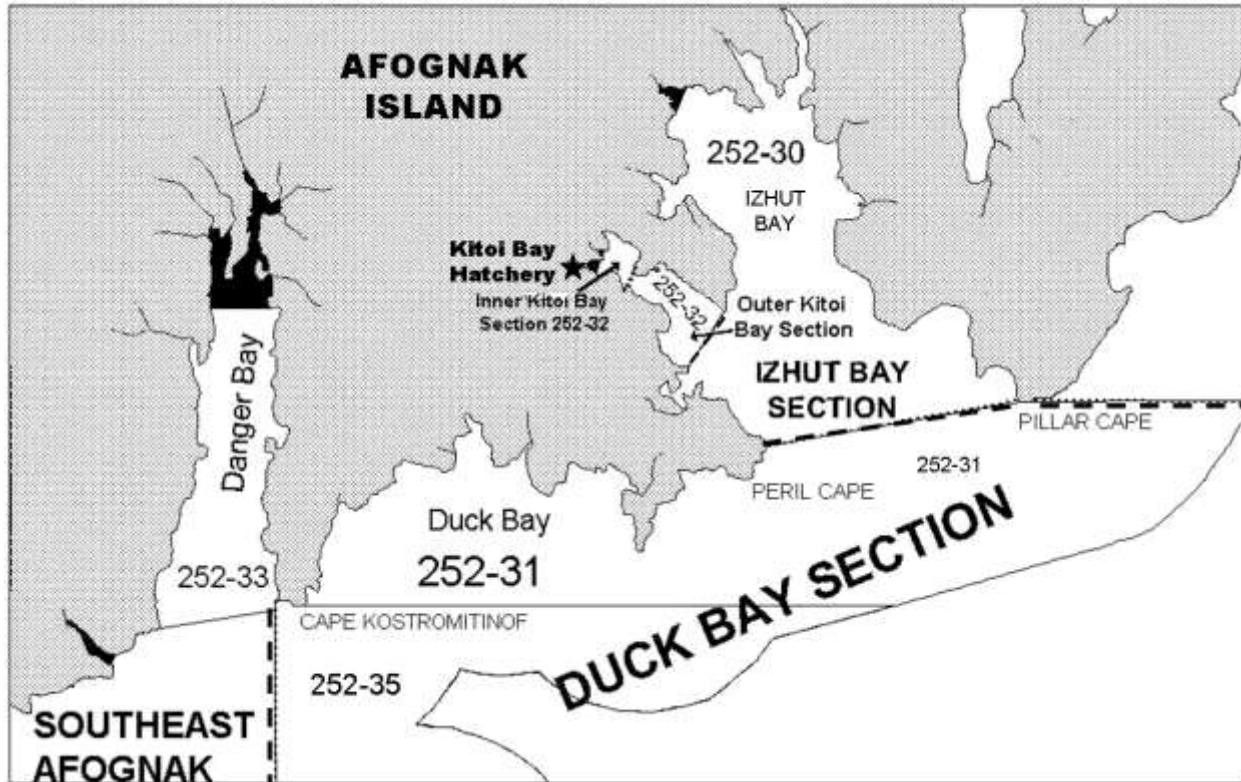


Map of Kodiak Island, showing the location of the Kitoi Bay Hatchery and the City and Port of Kodiak

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CRF LOCATION AND PROJECTED HARVEST LEVEL

ADF&G has divided the Kodiak Management Area into fishing Districts and Sections (5 AAC 18.200). Management units associated with KBH are the terminal and near-terminal Inner Kitoi Bay and Outer Kitoi Bay Sections and the adjacent Izhut Bay and Duck Bay Sections.



Map showing the eastern portion of the Afognak District of the Kodiak Management Area, the commercial salmon fishing Sections and ADF&G statistical area numbers.

Cost Recovery Fisheries will occur in the Kitoi Bay Special Harvest Area (SHA). The Kitoi Bay SHA is made up of the Inner and Outer Kitoi Bay Sections, and is defined in Alaska regulations for Private Nonprofit Salmon Hatcheries as all waters of Kitoi Bay west of a line from 58° 10.58' N. lat, 152° 17.36' W. long., to 58° 09.50' N. lat, 152° 18.70' W. long. (5 AAC 40.085).

PLEASE NOTE: In 2022, ADF&G, in conjunction with KRAA, may opt to expand the Kitoi Bay Special Harvest Area by Emergency Order to include portions of Izhut Bay. Climate conditions and pink salmon entry patterns in 2017-2019 resulted in significant build-ups of pink salmon on the Eastern edge of Izhut Bay and late entry to Inner and Outer Kitoi Bay. Capture of such build-ups during the CRF would have resulted in higher quality and earlier completion of the Cost Recover Fishery in those years. Should such action be taken in 2022, contracted processors and catcher vessels will be expected to take advantage of the expanded special harvest area for harvest of Kitoi Bay pink salmon

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2022 will be the eighteenth year for Cost Recovery Fisheries at Kitoi Bay Hatchery since it was re-initiated in 2003. KRAA conducted no CRF in 2018 or 2020. Harvests have ranged from 2.7 million pounds (2014) to 9.1 million pounds (2006, 2015). The actual percent of total KBH pink salmon run each CRF catch represents ranges from 13.1% (2005) to 68% (2008, 2017).

A Cost Recovery Fishery harvest of up to 3.0 million pounds of pink salmon (approximately 800,000 fish) returning to the Kitoi Bay Hatchery is approximately 17.9% of the expected total harvest of KBH-bound pink salmon; the remaining 82.1% would be harvested in Common Property Fisheries by the commercial seine fleet in areas adjacent to the hatchery.

COST RECOVERY FISHERY MANAGEMENT

All harvests of KBH-bound salmon are managed as regulated by the Alaska Department of Fish and Game (ADF&G) management biologists in Kodiak. The Area Management Biologist is responsible for adjusting fishing opportunities in sections associated with the Kitoi Bay Hatchery (the Duck Bay, Izhut Bay, Outer Kitoi Bay and Inner Kitoi Bay Sections).

The management of sections adjacent to the Kitoi Bay Hatchery is outlined in the State of Alaska regulations governing commercial salmon fisheries (5 AAC 18.365; Eastside Afognak Salmon Management Plan). Also, ADF&G publishes an annual harvest strategy for the Kodiak Area salmon fishery, which should be available by mid-May, 2022. This harvest strategy addresses the expected inseason management actions associated with the projected KBH salmon runs.

KRAA staff will work with ADF&G commercial fishery managers to regulate Common Property Fisheries in sections adjacent to the SHA to avoid CRF contractual harvest shortfalls or excessive fish buildups at the hatchery. Closure of the Izhut Bay and/or Duck Bay Sections for some limited time period is expected prior to and during Cost Recovery Fisheries. Cooperative management with ADF&G is identified in the Kodiak Area Commercial Salmon Fishery Harvest Strategy. It provides the regulatory flexibility required to meet CRF contractual obligations. **In 2022, this flexibility may be employed to expand the Special Harvest Area to include all or part of Izhut Bay by utilization of EO authority.**

As needed, all or portions of the SHA may also be closed to fishing to facilitate sockeye salmon escapement into Little Kitoi Lake or the collection of hatchery broodstock. Contracted CRF goals should not be impacted if such closures are necessary.

Should it appear that an authorized Cost Recovery Fishery harvest may fall short of the contracted level, from conditions such as lower-than-expected hatchery returns, in-season fishery management problems, and/or mechanical breakdowns of catcher vessels or tenders, etc., additional Cost Recovery fishing opportunities may be allowed, in order to meet or reasonably approach the CRF contractual obligation. Additional fishing opportunities, in the form of additional fishing time or area, may be negotiated inseason between CRF contractors, KRAA administrative staff, and ADF&G management biologists.