



10/10/2018

Dear Chair Anderson, SaMTAAC committee members, Council and NMFS staff, and interested parties:

Re: "Gear Switching" as a regulatory mechanism for the Fixed Gear fleet entry to harvest ITQ sablefish and the resulting interaction with the development of the ITQ Trawl fishery in relation to underutilized species.

Recently at a meeting with WDFW and trawl industry members in Montesano, Ocean Gold's COO Greg Shaughnessy, and their president Mark Rydman, declared their plans to develop their plant infrastructure to annually process and market frozen fillets from up to 20 million pounds of dover sole. Ocean Gold is the largest processing facility on the west coast with the capacity to handle in excess of 1.5 million pounds of whiting daily. When the NW had sardines Ocean Gold processed over 150 million pounds of sardines and whiting in a single year. I have secured permission to make several points about this endeavor from Greg.

1. Ocean Gold has plans to start a smaller scale "hand-fillet" version of this expansion program as early as this year.
2. They will not invest what will need to be over a million dollars in equipment, engineering design work and plant modifications without confidence there will be enough sablefish to support an effort of this magnitude.
3. Ocean Gold believes that providing this additional work for their processing workers will provide year around employment and secure these individuals in the local community. Presently they have little work to offer between the crab and whiting seasons.
4. That Ocean Gold will prove to be a better rounded market for their present fleet and be able to provide opportunity for additional vessels.
5. Ocean Gold has proven before they can process on a macro scale. They recently expanded their rockfish processing significantly with the purchase of a rockfish fillet machine.

Over the last 3 decades many of the groundfish processors have closed their doors. There used to be 6 fillet plants on the Columbia River alone. Now we have less than that on the entire west coast. The ITQ program was supposed to restore stocks and provide the opportunity for full utilization of the Trawl allocation. According to the EDC report it takes 1 pound of sablefish to harvest 5 pounds of dover along with Thorny heads and other DTS species. Many say this ratio can go up higher in the right circumstances but even at a 10:1 ratio what Ocean Gold wants to process will require 2 million pounds of sablefish per year, every year.

We think this type of entrepreneurship is exactly what the ITQ program needs to realize its stated economic goals and objectives. Marketing and processing trawl fish is much different from fixed gear sablefish. It requires a permanence of infrastructure and employment that is costly and necessitates long term financing. These are high risk investments. Markets want a



reliable supply year-around that can be delivered on time; but we have proven with rockfish these markets can be rekindled through collaboration and hard work.

Lastly we would like to invite the SaMTAAC members, the state fish and wildlife agencies, Council members and their staff, along with NMFS managers and staff to visit our plants. Come meet some of the hundreds of people who make it all work and see what we have invested. Pacific Seafood and Ocean Gold welcome you to visit our new Pacific Coast operation in Warrenton and the Ocean Gold plants in Westport. We are sure that other processing companies would be proud to host you as well.

Thank you.
Sincerely,

Handwritten signature of Mike Okoniewski in black ink.

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C.c.
Greg Shaughnessy: COO, Ocean Cold (Gold)

Mark Rydman: President, The Ocean Companies

Tony Dal Ponte: General Counsel / Director of Legal & Government Affairs, Pacific Seafood

