



Sitka + Craig + Valdez

208 Lake St. Suite 2E Sitka, Alaska 99835
Phone: 907.966.3110 Fax: 907.966.3115

RE: Letter to the Editor

Silver Bay

Silver Bay Seafoods did not anticipate the adverse reaction that has been presented by some of our fellow Sitkans related to processing a legally harvested resource, specifically the targeted resource of Pacific Ocean Perch (POP). I personally take responsibility for not recognizing this; in retrospect I should have further explored the possible negative sentiments within the Sitka community related to the processing activity. This is the primary point I want to convey – in short, I made a mistake by not giving the consideration deserved; and I apologize to those within the community of Sitka that share the negative sentiment that was conveyed in the recent Letter to the Editor.

With that being said, I also want our fellow Sitkans to understand the considerations that were made by the Silver Bay management team, because they all had the best interest of both Silver Bay and Sitka in mind.

Based on ADF&G's pre-season forecasts, our Sitka facility was facing a projected 33% reduction from our lowest salmon production year on record, and a 72% reduction compared to our Sitka facility salmon production in 2011. These are dramatic reductions, especially for a company that has recognized the growth we have experienced over the preceding 5 year period. Realize that in Sitka alone, we have invested over 20 million dollars in our infrastructure – becoming the No. 1 property tax payer in Sitka, and in 2011 Silver Bay's gross payroll exceeded 10 million dollars.

When Silver Bay was approached by a fisherman owner of Silver Bay about processing POP harvest from the Eastern Gulf / West Yakutat area, in waters open to mid-water trawl as regulated by National Marine Fisheries and the North Pacific Council, the management team saw this as an opportunity to modestly supplement the huge void we were projecting in 2012 and expand our processing activities. The fish were destined for harvest irrespective of whether they were processed in Sitka (in the past the deliveries would have gone to Kodiak or Seward). We thought by expanding our processing activities we could provide a much needed production supplement to the Sitka facility, with the related employment, ancillary multiplier dollars, and fish tax being good for Sitka.

Silver Bay Seafoods is a seafood processing company – that is our business, seafood processing. As such, we strictly viewed this as expanding our manufacturing and business niche. No different than a freight company moves seafood products within container vans independent of the type of product, method of harvest utilized, or name of the company they are moving the seafood for – because that is their business.

I simply did not anticipate and give further consideration to the community values shared by many in Sitka relative to the trawl fishery expanding further to processing. No different than as a community we don't demand that our local grocery stores or fast food restaurants rid their freezer cases of products made with Alaska's Pollock and/or Cod harvested by trawl gear or demand our local banks, fuel suppliers, and retailers pledge not to do business with anyone generating a dollar of income from the trawl industry. The simple objective was to expand our processing to supplement our production, and see increases in employment, ancillary multiplier dollars, and fish tax dollars for Sitka – all of which were achieved, including nearly \$20,000 of gross receipts (fuel, groceries, etc.) in Sitka outside of Silver Bay.

Make no mistake; Silver Bay is no proponent of trawling in the waters of Southeast Alaska that were closed in 1998. By purchasing and processing POP harvested in waters open to mid-water trawl, SBS did not change the makeup or integrity of the harvest methods or specie removals from the no-trawl zone in Southeast Alaska. Silver Bay simply re-directed the delivery of a legally harvested natural resource from Seward or Kodiak, to Sitka. The delivery was predominantly POP, with no sable fish, salmon, or halibut bycatch whatsoever.

In closing, Silver Bay Seafoods is both proud and humbled to be an integral contributor to the economy of Sitka and the community of Sitka. There is a reason Sitka is the location of our corporate offices, rather than Seattle as is customarily the case in the Alaska seafood business; it is because we cherish calling Sitka "home". I do respectfully ask that you accept the apology that I extended in the opening paragraph and would invite anyone to approach me or others within the Silver Bay management team to discuss this subject further in a constructive manner – perhaps over coffee some day at one of our local establishments.

Best Regards,

Richard A. Riggs, Silver Bay Seafoods

