

**FISHERIES DISASTER RELIEF PROGRAM (FDRP)  
ANNUAL REPORT FOR FY 2007**

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FDRP Project Title and Project No.: **Expanding Business Services to Hawaii's Longline Fishing Companies, #655946**

Funding Agency: **NOAA**

NOAA Goal (Check those that apply):

1. **Purpose of the Project** (one paragraph)

Expanding business services to Hawaii's longline tuna fishermen through the establishment of a cooperative. The purpose of the cooperative is to use profits from the resale of bait, supplies and fuel to purchase services and benefits for members.

2. **Progress during FY 2007** (One-two paragraphs, including a comparison of the actual accomplishments to the objectives established for the period, and the reasons for slippage if established objectives were not met):

During FY 2007 the following steps have been made:

- a. **Membership Finalization.** The initial 15 members of VAK Fisheries has been finalized, including all legal documents required, such as Articles of Incorporation, Articles of Organization, and Membership Application, and all government licenses obtained, such as GET license, Federal and State Department of Labor numbers, and Department of Commerce and Consumer Affairs filings.
- b. **Trip to China.** In May Mr. Lu and Mr. Nguyen made a trip to Shanghai to attend the China Fish Trade Show. The trip was very important in establishing an account with a wholesaler of samma for bait and more importantly, management visited fishing supply factories where they were able to stipulate small customization for parts for the Hawaii vessels. Samples of the supplies have subsequently been shipped to Hawaii and approved by VAK and an initial order of \$120,000 has been placed. The first shipment is scheduled to arrive in Honolulu on August 15. Management was also able to research specialized desalination equipment which may be appropriate to make fresh water ice onboard the vessels, necessary for fish care during long trips at sea. The equipment may be purchased in the future if adequate price and output can be achieved.

- c. **Warehouse and Office.** A suitable warehouse with 4,670 square feet of space has been leased. The warehouse is located in Kakaako, near the commercial wharves, with adequate parking and infrastructure. The lease began on May 1, 2007, and the extensive build-out work has been non-stop since. The space required intensive cleaning, demolition of internal walls and removal of debris. An internal finished office has been completed and office equipment, including furniture, a computer, printer, fax, and telephone and cable service, has been set-up.
  
- d. **Vehicle Purchase.** In place of the single new pick-up truck authorized by the grant, the company has purchase four used vehicles and a new moped.
  - i. 1995 Nissan Pick-up Truck (General service)
  - ii. 2000 Hino Container Truck (for bait delivery and transport)
  - iii. 1997 Chevrolet Flat-bed Truck (for large supply deliveries)
  - iv. 2000 Boom or Crane Truck (for loading and off-loading vessels)
  - v. 2007 Moped (for errands in Kakaako)
  
- e. **Freezer Build-out.** As of the end of June, the steel frame for the freezer has been completed, as well as the electrical upgrade needed to handle the compressor. The size of the freezer will be approximately 1,500 square feet. The compressor, back-up generator and shelving for the inside of the freezer have been ordered. The next step is spraying a thick layer of specialized insulating foam throughout the inside of the freezer area, installing the compressor, and affixing the specialty heavy entry doors.
- f. **Financing.** Following intense scrutiny of the business plan, financial projections, and legal documentation, VAK Fisheries obtained a \$200,000 line of credit and a \$100,000 term loan from American Savings Bank.
- g. **Health Insurance.** Documents have been forwarded to Kaiser Permanente to obtain quotes and establish a health insurance policy in the name of VAK Fisheries. Kaiser was chosen because their plans do not penalize individual members when there is above average usage of services.

### 3. Plans for project completion:

The primary work remaining is finishing building the freezer and the warehouse build-out. In addition, the diesel fuel account (requiring a large cash deposit to establish credit), and boat phones and service still need to be set-up.

The first order of \$120,000 in supplies is scheduled to arrive August 15. The next step is to place the first order for bait, which will be coordinated to also arrive by mid to late August.

The official date for start of operations is planned for September 1, 2007.

**4. List of papers published in refereed journals during FY 2007.**

Not Applicable.

**5. Other papers, technical reports, meeting presentations, etc.**

Not Applicable.