

Public Testimony Sign Up Sheet

Agenda Item C-2 GOA RATZ

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3	Ernie Weiss	AEB
4	Chuck McCallum	Lutke & P+U BORO
5	LORI SWANSON	Groundfish Forum
6	KEN HOLLAND	FISHERMAN
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NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.

MEMORANDUM

TO: Council and AP Members

FROM: Chris Oliver *DO* *(FOR)*
Executive Director

DATE: March 28, 2005

SUBJECT: Gulf of Alaska Groundfish Rationalization

ESTIMATED TIME
6 HOURS

ACTION REQUIRED

- (a) Receive report from Gulf Rationalization Community Committee and refine alternatives as appropriate
- (b) Update on status of Gulf Rationalization alternatives, elements, and options

BACKGROUND

- (a) Gulf Rationalization Community Committee report

The Gulf Rationalization Community Committee met March 30 in Anchorage to further refine several of the design and implementation issues related to the Community Fisheries Quota (CFQ) Program and Community Purchase Program, which are components of a proposed rationalization program for Gulf of Alaska groundfish. The current Council motion on the community provisions is provided as Item C-2(a)(1). The committee agenda is Item C-2(a)(2). The committee report will be provided at this meeting.

- (b) Update on status of Gulf Rationalization alternatives, elements, and options

In June 2003, the Council identified a suite of alternatives, elements, and options to rationalize the Gulf of Alaska groundfish fisheries. At subsequent meetings, the Council revised and refined the alternatives based on staff discussion papers and public comment. Because of data availability, Council priorities, and the interest of facilitating public comment, the Council elected not to consider the general program alternatives at its February 2005 meeting. For this meeting, additional staff discussion and analysis of program alternatives, elements, and options are not available. Staff will update the Council on the status of the development of alternatives and analysis that will be provided at the June 2005 meeting. To that end, a summary description of the alternatives is provided as Item C-2(b)(1). In addition, the elements and options developed by the Council are attached as Item C-2(b)(2).

This update is also intended to focus the Council's attention on elements and options for which analyses may be provided at the June meeting and to prepare the Council for possible decision making at that time. Specifically, staff intends to provide analyses and data relevant to the following issues:

Alternative 2

- Definition of eligibility (treatment of holders of interim LLPs and catch without an LLP) (2.2.2.2 and 2.2.2.3)
- Crediting of catch in State waters and parallel fishery (inside 3 nm) (2.2.2.2 and 2.2.2.3)
- Allocation of B shares to processor affiliated participants (2.2.3.2.5)
- Leasing provisions (2.2.3.3.5)
- Caps on use and holdings (2.2.3.3.6)
- Owner on board requirements (2.2.3.3.7)
- Overages and underages (2.2.3.3.8)
- Deliveries to catcher processors (2.2.3.3.11)
- Block program (2.2.7)
- Percentage of shares that are delivery restricted (2.3.1.1.1)
- Linkage provisions (2.3.1.1.2)
- Movement between linked processors (2.3.1.1.3)
- Processor license qualification (2.3.1.2.1)
- Transfers of processor licenses (2.3.1.2.3)
- Processor license limitations (2.3.1.2.6)
- Cooperative agreement duration (2.4.2.3)
- Cooperative use caps (2.4.4.1 and 2.4.4.2)
- Movement among cooperatives (2.4.5)

Alternative 3

- Onboard processing threshold for catcher processor shares (3.2)
- Qualifying years (3.2.1 and 3.3.3.2)
- Crediting of catch in State waters and parallel fishery (inside 3 nm) (3.3.1)
- Provisions concerning catcher processors and on-board processing (3.4.7.1. and 3.4.7.2)
- Cooperative formation (3.3.5, 3.3.7, and 3.3.9)
- Duration of initial cooperative agreements (3.3.7.1)
- Duration of the “initial cooperative formation period” (3.3.12)
- Eligibility to receive shares (3.4.2.1)
- Caps on use and holdings for individuals, cooperatives, and processors (3.4.3, 3.4.4, 3.4.5, and 3.4.6)
- Catcher processors provisions (3.4.7)

Council motion on Gulf of Alaska (GOA) Groundfish Rationalization Community Provisions
(revised as of February 11, 2005)

It is the Council's intent that the Community Fisheries Quota (CFQ) Program and the Community Purchase Program (CPP) be the subject of standalone staff analysis for future inclusion in GOA groundfish rationalization alternatives as appropriate. The intent is not to create these programs as a trailing amendment, but to implement them at the same time GOA rationalization goes into effect.

Bering Sea/Aleutian Islands communities (CDQ or otherwise) and communities adjacent to the Eastern GOA regulatory area Southeast Outside District (except Yakutat) will not be included in any Gulf rationalization community provision programs.

PURPOSE: The Council recognizes the importance of providing economic stability for communities historically dependent upon GOA groundfish fisheries. Consistent with the guidance provided by the Consolidated Appropriations Act of 2001, National Standard 8, and the National Research Council Report, the Council acknowledges that rationalization programs can have significant impacts on fishing-dependent communities. Community provisions are intended to address community impacts resulting from rationalization and seek to provide economic stability or create economic opportunity in fishing-dependent communities, and provide for the sustained participation of such communities.

C 1. Community Fisheries Quota (CFQ) Program

The CFQ program would allocate a percentage of the annual Federal TAC to an administrative entity that would subsequently determine how to use the annual harvest privileges according to criteria established in Federal regulation. Depending upon the structure and restrictions established, the non-profit entity would use the shares to enable eligible communities to fish the shares. CFQ will be fished only by eligible community residents and will not be leased outside of the community to be used for other economic development.

The intent of the CFQ program is to mitigate the economic impacts of Gulf groundfish rationalization on small (less than 1500), isolated GOA communities with a historical dependence on groundfish. Further, it is the intent of the program to sustain current participation and access to the fisheries by those communities.

C 1.1 Administrative Entity

The administrative entity representing one or more eligible communities must be a non-profit entity qualified by NMFS. The administrative entity shall be:

- Option 1. A single Gulf-wide administrative entity
- Option 2. An administrative entity for each GOA groundfish management area
- Option 3. An administrative entity representing a group of communities with common culture and history

C 1.2 Board Representation of the Administrative Entity

The administrative entity shall be comprised of a Board of Directors as follows:

- Option 1. (Applicable with C 1.1 Options 1-3). Equal board membership established by an equal number of appointed representative(s) from each Community Quota Entity's (CQE's) member communities. (Should the CQE represent more than one community, the CQE would appoint representatives to the administrative entity for each member community.)

- Option 2. (Applicable with C 1.1 Option 1). A 13 member Board represented by members of CQEs by region as follows: Aleutians East Borough (3 reps); Lake and Peninsula Borough (3 reps); Kodiak Borough (3 reps); Yakutat (1 rep); Chugach (2 reps); Cook Inlet (1 rep).
- Option 3. Membership on the administrative entity to be based on an evaluation of community population, location of the resource, and/or regionalization (can either stand alone or be in combination).

C 1.3 Eligible Communities

- Option 1. Population (based on 2000 U.S. Census) of less than 1,500 but not less than 25
- Option 2. Geography
 - a. Coastal Communities without road connections to larger community highway network
 - b. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.
- Option 3. Historic Participation in Groundfish Fisheries
 - a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993–2002)
 - b. Communities with residents having any groundfish commercial permit and fishing activity as documented by CFEC in the last ten years (1993–2002)
- Option 4. GOA (WG, CG, WY) communities eligible under GOA Am. 66 are eligible.

C 1.4 Species

- Option 1. All rationalized groundfish species including PSC
- Option 2. Pollock and Pacific cod and associated species necessary to prosecute the allocation of pollock and Pacific cod

C 1.5 Allocation

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC

CFQ awarded to a gulf-wide administrative entity cannot be permanently transferred.

C 1.6 Timing of the CFQ Allocation

- Option 1. 100% of the CFQ at implementation of the program
- Option 2. 66% of the CFQ at implementation
- Option 3. 50% of the CFQ at implementation
- Option 4. 33% of the CFQ at implementation

Under Options 2–4, there is a guarantee that 20% of the remaining allocation to the CFQ Program will be made each year, such that all of the CFQ would be allocated to the program after a 5-year period. The following suboptions are applicable to Options 2–4:

- Suboption 1. Remainder CFQ to be allocated from a 10% reduction of QS at first transfer (sale). If the annual minimum allocation has not been reached through transfer, the remainder will be 'funded' by creating new QS and adding it to the QS pool(s).

i. Attenuation at first transfer of QS does not apply to gift transfers between family members (first degree of kin).

Suboption 2. Remainder CFQ to be allocated from a 5% reduction of QS at first transfer (sale). If the annual minimum allocation has not been reached through transfer, the remainder will be 'funded' by creating new QS and adding it to the QS pool(s).

i. Attenuation at first transfer of QS does not apply to gift transfers between family members (first degree of kin).

C 1.7 Harvesting of Shares

Harvesting of shares is limited to residents of any eligible community.

The administrative entity may lease quota shares to community residents from any eligible community to be fished on vessels owned or leased by community residents. However, residents of eligible communities located in a specific management area (WG, CG, WY) should receive priority over other qualified applicants in the leasing of community quota used in that specific management area.

Option 1. 0% to 100% of the annual harvest rights from the CFQ owned by the administrative entity from each GOA groundfish management area, by species, would be distributed amongst qualified communities located in the management area on an equal basis.

C 1.8 Individual Use Caps and Vessel IFQ Caps

An individual leasing CFQ and use of CFQ on a vessel shall be limited as follows (caps would be species specific):

- Option 1. No individual QS use caps and vessel IFQ caps for fishing CFQ
- Option 2. An amount equal to the individual QS use caps and vessel IFQ caps in the rationalized Gulf groundfish fishery
- Option 3. An amount equal to an approximation of what is needed for viable participation in the fishery (to be specified later)
- Option 4. An amount equal to 150% of the individual QS use caps and vessel IFQ caps in the rationalized Gulf groundfish fishery

Suboption (applies to Options 2-4): Use (25%, 50%, or 75%) of the selected use cap for Pacific cod.

C 1.9 Sector Designation

All IFQ resulting from QS held by communities shall be designated for use on catcher vessels.

C 1.10 Landing Requirements

- Option 1. CFQ shall have regional landing requirements proportional to the regional landing requirements applied for the remainder of QS issued for that species.
- Option 2. 50% to 100% of the CFQ shall have regional landing requirements
 - Suboption a. requirements shall be in perpetuity
 - Suboption b. requirements shall be for a period of 5 years
 - Suboption c. requirements shall be for a period of 10 years

C 1.11 Use of Lease Proceeds by Administrative Entity

Use of lease proceeds is restricted to administrative expenses and:

- Option 1. purchase of additional quota shares
- Option 2. fisheries related investments
- Option 3. investments in the economic development and social well being of member communities
- Option 4. distribution to member community CQEs

Use of CFQ lease proceeds by member community CQEs is restricted to administrative expenses and:

- Suboption 1. purchase of additional quota shares
- Suboption 2. fisheries related investments
- Suboption 3. investments in the economic development and social well being of member communities

C 1.12 Distribution of lease proceeds to member communities

- Option 1. The administrative entity is not required to annually distribute lease proceeds to member community CQEs
- Option 2. The administrative entity is required to annually distribute lease proceeds to member community CQEs in an amount equal to or exceeding:
 - Suboption 1. 10% annual lease income after administrative expenses
 - Suboption 2. 20% annual lease income after administrative expenses
 - Suboption 3. 30% annual lease income after administrative expenses

C 1.13 Allocation Basis for Lease Proceeds

- Option 1. Lease income would be distributed at sole discretion of administrative entity.
- Option 2. 0% to 100% of the annual lease income distributed by the administrative entity to member community CQEs would be distributed amongst qualified communities on an equal basis.
- Option 3. 0% to 100% of the annual lease income distributed by the administrative entity to member community CQEs would be distributed amongst qualified communities on a pro rata basis based on population.

C 1.14 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role.

The required elements of the eligibility statement will be in regulation, but, at a minimum, shall include:

- Option 1. identification of the community CQEs represented by the administrative entity
- Option 2. allocation criteria between regions, communities and fishermen
- Option 3. documentation concerning accountability to the communities represented by the administrative entity

C 1.15 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

C 2. Community Purchase Program

The CPP would allow a defined set of eligible communities to organize an administrative entity to purchase, hold, and use Gulf groundfish quota share within the rationalization program. In contrast to receiving an initial allocation, this provision would designate an administrative entity representing eligible communities as an eligible quota shareholder under the rationalization program, and that entity would be allowed to purchase GOA groundfish shares on the open market.

The purpose of the CPP is to provide the eligible communities with the opportunity to sustain their participation in the rationalized fisheries through the acquisition of Gulf groundfish fishing privileges. Further, it is the intent of the program to maintain and enhance current participation and access to Gulf groundfish fisheries by those communities.

C 2.1 Administrative Entity

The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS, and may include an administrative entity established to manage CFQ.

C 2.2 Eligible communities

- Option 1. Population (based on 2000 U.S. Census):
 - a. Less than 1,500, but not less than 25
 - b. Less than 7,500, but not less than 25

- Option 2. Geography
 - a. Coastal Communities without road connections to larger community highway network
 - b. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

- Option 3. Historic Participation in Fisheries
 - a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993–2002)
 - b. Communities with residents having any groundfish commercial permit and fishing activity as documented by CFEC in the last ten years (1993–2002)

- Option 4. GOA (WG, CG, WY) communities eligible under GOA Am. 66 are eligible.

C 2.3 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.

C 2.4 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

C 2.5 Ownership/Use Caps

Individual community Gulf groundfish QS/GH cap of:

- Option 1. 1%
- Option 2. 2%
- Option 3. 3%
- Option 4. An amount equal to the individual cap in the general program by species
- Option 5. An amount equal to two times the individual cap in the general program by species
- Option 6. An amount equal to three times the individual cap in the general program by species

Aggregate community Gulf groundfish QS/GH cap of:

- Option 1. 10%
- Option 2. 15%
- Option 3. 20%
- Option 4. 30%
- Option 5. An amount equal to the sum of the individual use caps of all eligible communities
- Option 6. An amount equal to 90% of the sum of the individual use caps of all eligible communities
- Option 7. An amount equal to 80% of the sum of the individual use caps of all eligible communities
- Option 8. No aggregate cap

**Gulf Rationalization Community Committee
Meeting Agenda**

**March 30, 2005
Hilton Hotel, Fireweed Room
500 West Third Avenue, Anchorage
8 am – 5 pm**

- I. Review and approval of the agenda**
- II. Approval of the January committee report**
- III. Review of the current Council motion on community provisions (as of February 2005)**
- IV. Review and refine the options for the CFQ Program**
 - If more than one management (administrative) entity is selected under C 1.1, how to determine the overall allocation of CFQ to each management entity? For example, would each management entity be allocated equal shares of CFQ? Would each management entity only be allocated shares in the management area in which they are located (e.g. only WG communities would get WG shares)?
 - What process would the management entity(ies) use to determine which residents lease (fish) CFQ? (Example: open bid, proposal process, etc.) Does this process need to be in regulation?
 - Further discuss the ownership/lease provision implicit in C 1.7. For example, must an eligible resident own the vessel or lease the vessel on which the CFQ is harvested? Or must the eligible resident only need to lease the CFQ, and it can be fished on any vessel? What are the implications of an owner/lease provision?
 - Discuss whether individual eligible communities should be permitted to 'opt-out' of the overall management entity and take a portion of the CFQ to manage themselves. (Note that this is contrary to the current options, under which only the administrative entity or entities specified in C 1.1 are allocated CFQ. These options do not allow for each community to form its own management entity, nor do they allow a community to opt-out on an annual basis.)
 - Clarify whether the individual use caps and vessel use caps under C 1.8 are inclusive of all other Gulf quota (in the overall rationalization program) held by individual residents and/or fished on an individual vessel.
 - Other items as necessary.
- V. Review and refine the options for the Community Purchase Program**
 - What types of non-profit entities should be permitted to purchase Gulf QS under C 2.1?
 - If the overall CFQ management entity is also permitted to purchase QS, would it have to purchase QS on behalf of all member communities equally? Or could it purchase QS with

funds provided by an individual community on behalf of only that individual community (for lease to only residents of that community)? Discuss how this would work.

- What types of administrative oversight elements are necessary under C 2.4?
- Should there be restrictions on the type of Gulf QS that can be purchased by community entities? (i.e., can communities purchase QS of any block designation, CV/CP shares, gear designation, regionalization tag?)
- Do the designations (see above bullet) on Gulf QS apply when held and fished by communities?
- Should there be restrictions on the sale of Gulf QS purchased by a community entity?
- Other items as necessary.

VI. Discuss need for subsequent meetings and schedule for committee report

**From OCTOBER 2004
Gulf of Alaska Rationalization
Introductory Discussion Paper**

At its April 2003 meeting, the Council adopted a motion preliminarily defining alternatives for the rationalization of the Gulf of Alaska groundfish fisheries. Since that meeting, the Council has undertaken the process of refining the alternatives for analysis. This paper summarizes the status of the Council's motion defining alternatives for analysis and reviews the approach to that analysis that is being adopted by staff.

Problem Statement

To guide the identification of a rationalization program for the Gulf of Alaska groundfish fisheries, the Council has developed the following purpose and need statement:

The Council is proposing a new management regime that rationalizes groundfish fisheries in the Gulf of Alaska west of 140 degrees longitude and rockfish bycatch east of 140 degrees longitude. A rationalization program includes policies and management measures that may increase the economic efficiency of GOA groundfish fisheries by providing economic incentives to reduce excessive capital investment. These management measures would apply to those species, or groups of species identified by the Council as benefitting from additional economic incentives that may be provided by rationalization. This rationalization program would not modify the hook-and-line sablefish fishery currently prosecuted under the IFQ Program, except for management of associated groundfish bycatch.

The purpose of the proposed action is to create a management program that improves conservation, reduces bycatch, and provides greater economic stability for harvesters, processors, and communities. A rationalization program could allow harvesters and processors to manage their operations in a more economically efficient manner. Rationalization of GOA fisheries should eliminate the derby-style race for fish by allocating privileges and providing economic incentives to consolidate operations and improve operational efficiencies of remaining operators. Because rationalization programs can have significant impacts on fishing dependent communities, this program should address community impacts and seek to provide economic stability or create economic opportunity in fishery dependent communities.

Rationalizing GOA fisheries may improve stock conservation by creating incentives to eliminate wasteful fishing practices, improve management practices, and provide mechanisms to control and reduce bycatch and gear conflicts. Rationalization programs may also reduce the incentive to fish during unsafe conditions.

Management of GOA groundfish has grown increasingly complicated due to impositions of measures to protect Steller sea lions, increased participation by fishermen displaced from other fisheries such as Alaska salmon fisheries and the requirements to reduce bycatch and address Essential Fish Habitat requirements under the Magnuson-Stevens Act (MSA). These changes in the fisheries are frustrating management of the resource, raising attendant conservation concerns. These events are also having significant, and at times, severe adverse social and economic impacts on harvesters, processors, crew, and communities dependent on GOA fisheries. Some of the attendant problems include:

1. reduced economic viability of the harvesters, processors, and GOA communities
2. high bycatch,
3. decreased safety,
4. reduced product value and utilization,
5. jeopardy to community stability and their historic reliance on groundfish fishing and processing,
6. limited ability of the fishery harvesters and processors to respond to changes in the ecosystem
7. limited ability to adapt to MSA requirements to minimize bycatch and protect habitat,
8. limited ability to adapt to changes to other applicable law (i.e., Endangered Species Act).

All of these factors have made achieving the goals of the National Standards in the MSA difficult and encourage reevaluation of the status quo management of the GOA groundfish fisheries. The management tools in the current GOA groundfish FMP do not provide managers with the ability to improve the economic efficiency of the fishery and effectively solve the excess harvesting capacity and resource allocation problems in the GOA groundfish fisheries. The Council has determined that some form of rationalization program is warranted.

The Alternatives

To meet these purposes and needs, the Council motion has outlined sets of alternatives for three different sectors; catcher processors, trawl catcher vessels, and fixed gear catcher vessels. The alternatives applicable to each of these sectors are specified in separate tables.

Catcher processor alternatives

The three catcher processor alternatives are outlined in Table 1.

Table 1. Modified Gulf of Alaska groundfish rationalization alternatives – catcher processors

Alternative 1	Alternative 2	Alternative 3
No Action	Harvester IFQ-cooperative	Sector Allocations
	Shares allocated to individuals by gear type	Harvest histories allocated to individuals in cooperatives and annual harvest allocations to cooperatives
	All Catcher Processors	Sectors: CP Trawl, CP Longline, CP Pot
	Cooperative	Cooperative
	CP Provisions	CP Provisions
	No Processor Provisions	No Processor Provisions
	those that do not join cooperatives fish IFQs with option for PSC reduction	those that do not join co-ops fish open access with option for PSC reduction

Alternative 1 is the status quo, under which the LLP would be maintained. **Alternative 2** would create a harvest IFQ program under which share holders would be permitted to form cooperatives. Although limits on transfers of shares between gear types could be applied, cooperatives could be formed among holders of shares for different gear. Share holders that choose not to join cooperatives would receive their allocations as individual quota with a possible reduction in their PSC allocations. Under **Alternative 3**, sector allocations would be made to three different catcher processor sectors; the trawl sector, the longline sector, and the pot sector. The program would be history based, with holders of qualified history eligible to join a cooperative within that sector. A cooperative would receive an annual harvest allocations based on the history of its members. Holders of qualified histories that chose not to join a cooperative would be permitted to fish in a limited access fishery that will receive an allocation based on the qualified histories of sector members that chose not to join a cooperative. The PSC allocation to the limited access fishery could be reduced.

Trawl catcher vessel alternatives

Table 2 outlines the Council’s five alternatives for the trawl catcher vessel sector.

Table 2. Modified Gulf of Alaska groundfish rationalization alternatives – trawl catcher vessels

Alternative 1	Alternative 2A	Alternative 2B	Alternative 2C	Alternative 3
No Action	Harvester IFQ cooperative with license limitation for processors	Harvester IFQ cooperative with license limitation for processors and processor linkage	Harvester IFQ cooperative with processor allocation	Sector allocations with processor linkage
	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Harvest histories allocated to individuals in cooperatives and annual harvest allocations to cooperatives
	Trawl CV	Trawl CV	Trawl CV	Trawl CV
	Cooperative	Cooperative	Cooperative	Cooperative
	license limitation for processors with X% delivery obligation	license limitation for processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives*	allocation of 10, 20, or 30% of harvest shares to qualified processors	specific processor linkages
those that do not join co-ops fish IFQs subject to closed class delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs	those that do not join co-ops fish open access with option for PSC reductions	

*Staff has removed an incorrect reference to the element establishing the processor linkage to avoid confusion.

Alternative 1 is the status quo, which would continue the LLP. **Alternative 2A** would create a harvester IFQ program with a processor limited license program that requires a portion of each harvester's allocation to be delivered to a licensed processor. Processor licensing would be based on historic processing. Share holders would be permitted to form cooperatives to manage their members' allocations. Share holders that choose not to join a cooperative would continue to receive their allocations as individual quota with a possible reduction in their PSC allocations. **Alternative 2B** would also create a harvester IFQ program with a processor limited license program. This alternative would also create a system of harvester/processor linkages under which a share holder would be required to deliver a specific percentage of landings to the linked processor. Linkages would be based on the share holder's landings history. A share holder could change the processor to which its shares are linked, but would be subject to a share reduction penalty when making that change. Share holders would be permitted to form cooperatives to manage their allocations. Share holders that chose not to join a cooperative would receive individual allocations (which would be subject to the processor linkage), but may be subject to a reduction in their PSC allocations. **Alternative 2C** would also create a harvester IFQ program, but would allocate a portion of the harvest share pool (between 10 and 30 percent) to processors based on their processing history. Share holders would be permitted to form cooperatives, with non-cooperative members receiving individual allocations. **Alternative 3** would create a history-based cooperative program, under which cooperatives would receive annual harvest share allocations based on the qualified histories of their members. Cooperatives would be required to be associated with a processor, but the details of that relationship would be determined by negotiations among the cooperative members and the processor. Initially, each holder of qualified history would be eligible to join a cooperative associated with the processor to which it delivered the most pounds during a specific time period. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an annual allocation based on the histories of non-members of cooperatives. The allocation of PSC to the limited access fishery could be reduced.

Fixed gear catcher vessel alternatives

Table 3 outlines the Council's alternatives for the fixed gear catcher vessel sector. The Council has specified 6 alternatives that would apply to all or a portion of the fixed gear sector. In general, these

alternatives follow a structure similar to applicable to the trawl catcher vessel sector, with the exception of an alternative that would create an IFQ program for “low producing” fixed gear vessels.

Table 3. Modified Gulf of Alaska groundfish rationalization alternatives – fixed gear catcher vessels

Alternative 1	Alternative 2 Low	Alternative 2A High	Alternative 2B High	Alternative 2C	Alternative 3
No Action	Harvester IFQ	Harvester IFQ cooperative with license limitation for processors	Harvester IFQ cooperative with license limitation for processors and processor linkage	Harvester IFQ cooperative with processor allocation	Sector allocations with processor linkage
	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Harvest histories allocated to individuals in cooperatives and annual harvest allocations to cooperatives
	low producing fixed gear CV	high producing fixed gear CV	high producing fixed gear CV	fixed gear CV	Longline CV, Pot CV
	Cooperative	Cooperative	Cooperative	Cooperative	Cooperative
	no processor delivery obligation	license limitation for processors with X% delivery obligation	license limitation for processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives*	allocation of 10, 20, or 30% of harvest shares to qualified processors	specific processor linkages
	those that do not join co-ops fish IFQs	those that do not join co-ops fish IFQs subject to closed class delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs	those that do not join co-ops fish open access with option for PSC reduction

*Staff has removed an incorrect reference to the element establishing the processor linkage to avoid confusion.

Alternative 1 is the status quo, which would continue the LLP. **Alternative 2 Low** would apply to only the “low producing” fixed gear sector, participants that receive allocations either below the average or below the 75th percentile of fixed gear allocations. This alternative would create an IFQ program, in which participants would be permitted to form cooperatives to coordinate harvest activities. **Alternative 2A High** would a program similar to Alternative 2A for the trawl catcher vessel sector. This alternative would create a harvester IFQ program with a processor limited license program that requires a portion of each harvester’s allocation to be delivered to a licensed processor. Processor licensing would be based on historic processing. Share holders would be permitted to form cooperatives to manage their members’ allocations. Share holders that choose not to join cooperatives would continue to receive their allocations as individual quota with a possible reduction in their PSC allocations. **Alternative 2B High** would create a program similar to Alternative 2B for trawl catch vessels. This alternative would also create a harvester IFQ program with a system of processor limited licenses. Harvester/processor linkages would be established, under which a share holder would be required to deliver a specific percentage of landings to the linked processor. Linkages would be based on the share holder’s landings history. A share holder could change the processor to which its shares are linked, but would be subject to a share reduction penalty when making that change. Share holders would be permitted to form cooperatives to manage their

allocations. Share holders that chose not to join a cooperative would receive individual allocations (which would be subject to the processor linkage), but may be subject to a reduction in their PSC allocations. **Alternative 2C** would create a program similar to Alternative 2C for trawl catcher vessels. This program would also create a harvester IFQ program with a portion of the harvest share pool (between 10 and 30 percent) allocated to eligible processors based on their processing history. Share holders would be permitted to form cooperatives, with non-cooperative members receiving individual allocations. **Alternative 3** would create a program similar to Alternative 3 for trawl catcher vessels. This alternative is a history-based cooperative program, under which cooperatives would receive annual harvest share allocations based on the qualified histories of their members. Cooperatives would be required to be associated with a processor, but the details of that relationship would be determined by negotiations among the cooperative members and the processor.¹ Initially, each holder of qualified history would be eligible to join a cooperative associated with the processor to which it delivered the most pounds during a specific time period. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an annual allocation based on the histories of non-members of cooperatives. The allocation of PSC to the limited access fishery could be reduced.

Elements and options defining the alternatives

The specific elements and options that would define the alternatives are contained in Attachment A to this document. The status quo is not defined in the motion, since that is defined by current regulations. Alternatives 2, 2A, 2B, and 2C for all sectors are all defined by provisions beginning with the number 2 and starting on page 1; Alternative 3 for all sectors is defined by provisions beginning with the number 3 and starting on page 20.

The process of selecting a rationalization program

Staff anticipates that the Council will follow its normal process for selecting a preferred rationalization program for submission to the Secretary of Commerce. Typically that process begins with the Council adopting alternatives for analysis. For most Council actions, these alternatives are specified through elements and options. Staff then drafts regulatory analyses (a Regulatory Impact Review, an Initial Regulatory Flexibility Analysis and either an Environmental Assessment or Environmental Impact Statement) analyzing the impacts of the alternatives (including any elements and options) to inform the Council's decision.

Adequate regulatory analyses must fully analyze all alternatives, comparing and contrasting their impacts. To accomplish that end, the analysis must make clear the implications of each option available to the Council within an alternative, including the interaction of the choice of each option with every other option that the Council might also choose for other provisions. For example, if the Council wishes to consider options for low and high member thresholds for cooperative formation and also options for reducing PSC allocations in some circumstances, the analysis must make clear not only the general impacts of the choices of membership thresholds, but also how the threshold choices under consideration would differently interact with the various choices of PSC reductions under consideration. This example illustrates the analytical issue that arises by retaining options with respect to two decision points in a Council motion. The current Gulf rationalization Council motion, however, contains on the order of one hundred such decision points. The result is that the current motion is analytically intractable. To state the problem simply, the alternatives have too many options for staff to fully explain (or even understand) the implications of the interactions of all of the different options (as required of regulatory analyses).

Given the complexity of the alternatives, staff will be unable to complete the regulatory analyses prior to the Council substantially narrowing the options within each alternative. Although leaving some options

¹ This alternative contains an option that would remove the cooperative/processor association requirement from "low producing" fixed gear vessels.

undecided will complicate the analysis, not all options must be decided for the regulatory analyses to be completed. In assessing the extent of undecided options to leave for after completion of the regulatory analyses, the Council should bear in mind that the analyses are further complicated because of the Council's intention to be permitted to select different alternatives for different sectors. An analysis that is sufficient for the Council to select different alternatives for different sectors must clearly describe the implications of those interacting choices. For example, the analysis might need to examine the implications of one sector being governed by an IFQ program and another sector being governed by a history-based cooperative program. If these different sectors are permitted to trade shares with one another, the analysis must examine the consequences of those trades, as well. In the end, the ability of the analysts to assess these complexities along with the intricacies of options within an alternative is limited by the need to provide the Council with a document that clearly explains the consequences of the interacting choices.

In selecting options to refine the alternatives to advance for analysis, the Council should also assess the range of alternatives that are created. Each alternative should meet the Council's purpose and need statement, should be feasible, and should be distinguishable from each other alternative. The Council should therefore consider using its selection of options to distinguish the alternatives from each other, but only to the extent that maintains the integrity of each alternative under the problem statement. Since the alternatives as defined to date are distinct, the Council may select the same options for each of the alternatives, if needed to meet the objectives of the purpose and need statement.

To assist the Council in refining the alternatives, staff has prepared two discussion papers that are attached to this document. The first discussion paper (Attachment B) concerns community issues, focusing on the development of the policy objectives for the various community provisions under consideration and outlining several of technical decisions necessary to finalize the community provisions. The second paper (Attachment C) provides discussion of several options in the motion for consideration by the Council. Particular attention is given to provisions that could be decided on a policy-basis, as little data are currently available for analysis. In addition, the discussion addresses several provisions that complicate data analyses that could assist the Council in finalizing the alternatives for analysis. For example, two different sets of classifications of processors are suggested under some of the alternatives (i.e., fixed gear/trawl gear and small/large). Because of the variety of eligibility standards and processor protections that are proposed in the alternatives, applying these different classifications greatly complicates any analysis of data. Were the Council to adopt a single approach to processor classification, a more coherent presentation of the effects of different eligibility standards and protections could be presented to the Council. Staff is hopeful that the Council will use this second discussion paper to identify the programs it intends to forward in its alternatives, which will in turn facilitate its refinement of several provisions. Simplification of the alternatives should allow staff to provide more meaningful and informative analyses to the Council in the future.

**North Pacific Fishery Management Council
GULF OF ALASKA GROUND FISH RATIONALIZATION
Updated to December 11, 2004**

The following provisions apply to Alternative 2 only:

2.2 Harvest Sector Provisions

2.2.1 Management Areas:

Areas are Western Gulf, Central Gulf, and West Yakutat—separate areas

For Pollock: 610 (Western Gulf), 620 and 630 (Central Gulf), 640 (West Yakutat (WY))

- Shortraker and rougheye (SR/RE) and thornyhead rockfishes will be divided between Southeast Outside (SEO) and WY
- The allocation of rockfish bycatch to the halibut IFQ fishery will be on a NMFS management area basis
- Non-SR/RE and thornyhead rockfish trawl catch history in SEO during 95-98 will be used in the calculation of WYAK allocation
- SEO is exempt except for SR/RE and thornyhead rockfishes as secondary species. Allocation will be based on target catch in sablefish, halibut, Demersal Shelf Rockfish and P. cod fishery

Gear: Applies to all gear except jig gear—

Option 1. The jig fishery would receive an allocation based on its historic landings in the qualifying years – the jig fishery would be conducted on an open access basis.

Option 2. Catch by jig would be accounted for in a manner similar to sport halibut harvests in halibut IFQ fishery.

Suboption: Cap jig harvest at ___% of current harvest by species and area:

1. 100%
2. 125%
3. 150%
4. 200%

2.2.2 Qualifying periods and landing criteria (same for all gears in all areas)

(The analysis will assess AFA vessels as a group)

- Option 1. 95-01 drop 1, on a species by species basis
- Option 2. 95-02 drop 1, on a species by species basis
- Option 3. 95-02 drop 2, on a species by species basis
- Option 4. 98-02 drop 1, on a species by species basis
- Option 5. 98-03 drop 1, on a species by species basis

Suboption 1: For Pacific cod under all options consider only A season harvests for 2001 and 2002.

Suboption 2: For Pacific cod consider a sector allocation based on specified percentages prior to individual allocations.

2.2.2.1 Qualifying landing criteria

Landings based on retained catch for all species (includes weekly processor report for Catcher/Processor sector)

NOTE: Total pounds landed will be used as the denominator.

Catch history determined based on the poundage of retained catch year (does not include meal)

Suboption: catch history for P. cod fisheries determined based on a percentage of retained catch per year (does not include meal)

2.2.2.2 Eligibility

LLP participation

Option 1. Eligibility to receive catch history is any person that holds a valid, permanent, fully transferable LLP license.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e., moratorium qualification or LLP license) of an LLP qualifying vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. (Only one catch history per LLP license.)

Option 2. Non-LLP (State water parallel fishery) participation

Suboption 1. Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Suboption 2. Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

It is the intent of the Council that catch history, whether harvested in the state water parallel or the federal fishery, will be credited a single time, either in the state or federal program.

i.2.2.2.3 State Waters - Parallel Fisheries and State Groundfish Management

A portion of the TAC will be allocated to fisheries inside of 3 nm and will be subject to State management:

- Option 1. An amount equivalent to the total annual catch (for each groundfish species/group) from state waters (inside of 3 nautical miles [e.g., parallel and 25% Pacific cod fishery]) by all vessels will be managed directly by the State of Alaska Board of Fisheries as a TAC/GHL equivalent to:
 - a. Highest amount taken in state waters by area
 - b. Highest amount taken in state waters by area plus 15%
 - c. Most recent four-year average harvest from state waters
- Option 2. All catch inside of 3 nautical miles by non-federally permitted vessels fishing the parallel fishery plus all catch under the 25% state water cod fishery and the PWS Pollock fishery remains under the authority of the State of Alaska Board of Fisheries.
- Option 3. Only the catch associated with the 25% state water cod fishery and the PWS Pollock fishery remains under the authority of the State of Alaska Board of Fisheries.

2.2.3 Primary Species Rationalization Plan

Primary Species by Gear

2.2.3.1 Initial Allocation of catch history

Allocate catch history on an individual basis

- a. Trawl CV and CP:
 - Pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, Pelagic shelf rockfish
- b. Longline CV and CP:

Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder

- c. Pot CV and CP:
Pacific Cod

2.2.3.2 Harvest share (or QS/IFQ) Designations

2.2.3.2.1 Vessel Designation of low producers and high producers in the fixed gear class.

Low producing vessels are:

- Option 1: less than average primary species harvest shares initially allocated by gear and area.
- Option 2: less than the 75th percentile primary species harvest shares initially allocated by gear and area.

High producing vessels are the remainder.

2.2.3.2.2 Harvest share sector designations:

Designate harvest shares (or QS/IFQ) as CV or CP. Annual CV harvest share allocation (or IFQ) conveys a privilege to harvest a specified amount. Annual CP harvest share allocation (or IFQ) conveys the privilege to harvest and process a specified amount. Designation will be based on:
Actual amount of catch harvested and processed onboard a vessel by species.

2.2.3.2.3 Harvest share gear designations

Designate CV harvest shares as Trawl, longline, and Pot
Designate CP harvest shares as CP trawl, CP longline, CP pot.

Option: Designate harvest shares as high and low producer fixed gear

2.2.3.2.4 Harvest Share Restrictions—Harvest restrictions apply to primary species only.

Harvest restrictions for primary harvest shares (or IFQ) may be used by other gear types except that:

- Option 1: No restrictions
- Option 2: Fixed gear harvest share (or IFQ) may not be harvested using trawl gear
- Option 3: Pot gear harvest shares may not be harvested by longline or trawl gear

2.2.3.2.5 If a processor limited entry alternative is chosen, CV primary species harvest shares will be issued in two classes. Class A shares will be deliverable to a licensed processor. Class B shares will be deliverable to any processor as authorized under this program.

Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

Suboption : Processor affiliated vessels to receive entire allocation as A shares.

2.2.3.3 Transferability and Restrictions on Ownership of Harvest shares (or QS/IFQ)

2.2.3.3.1 Persons eligible to receive harvest shares by transfer must be:

- Entities eligible to document a vessel (apply to CP).
- Initial recipients of CV or C/P harvest share.
- Community administrative entities would be eligible to receive harvest shares by transfer.
- Individuals eligible to document a vessel with at least 150 days of sea time (apply to CV shares)

Definition of sea time:

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

2.2.3.3.2 Restrictions on transferability of CP harvest shares

CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea, if CP harvest shares are processed onshore after transfer, CP harvest shares convert to CV harvest shares.

2.2.3.3.3 When CP shares are redesignated as CV shares;

CP harvest shares retain their gear designation upon transfer.

Purchaser must further identify which processing provision and regionalization provision apply to the shares, consistent with the gear type.

2.2.3.3.4 Vertical integration

Harvest shares initial recipients with more than 10% limited threshold ownership by licensed processors are capped at:

115-150% of initial allocation of harvest CV shares.

2.2.3.3.5 Leasing of QS outside of a co-op

Leasing of QS is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as "hired skipper" requirement in halibut/sablefish program.

For catcher vessels

Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).

Suboption: Allowing leasing by initial recipients of QS (grandfather clause)

Option 2. Allow leasing of CV QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.

Option 3. For individuals and entities with CV QS, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the QS holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species shares held by the QS holder in at least 2 of the most recent 4 years were harvested.

Suboption: Leasing restrictions apply within cooperatives

For catcher processors

Allow leasing of CP QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.

2.2.3.3.6 Separate and distinct harvest share use caps

Caps will be expressed as QS units indexed to the first year of implementation.

Option 1. Caps apply to all harvesting categories by species with the following provisions:

1. Apply individually and collectively to all harvest share holders in each sector and fishery.
2. Percentage-caps by species and management area are as follows (a different percentage cap may be chosen for each fishery):
 - i. Trawl CV and CP (can be different caps):

Use cap based at the following percentile of catch history for the following species:
(i.e., 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

Suboption 1. 75 %
Suboption 2. 85 %
Suboption 3. 95 %

- ii. Longline and Pot CV and/or CP (can be different caps)
based on the following percentiles of catch history for the following species:
Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish
 - Suboption 1. 75 %
 - Suboption 2. 85 %
 - Suboption 3. 95 %

Option 2. Caps equal to a percentage that would allow contraction of QS holders in the fishery by 20%, 30% or 50% of the number of initially qualified QS recipients by species and sector.

Conversion of CP shares:

- i. CP shares converted to CV shares will count toward CV caps
Caps will be applied to prohibit acquisition of shares in excess of the cap.

Vessel use caps on harvest shares harvested on any given vessel shall be set at

- i. 100%
- ii. 150%
- iii. 200%

the individual use cap for each species. Initial issues that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.

2.2.3.3.7 Owner On Board Provisions

Provisions may vary depending on the sector or fishery under consideration (this provision may be applied differently pending data analysis)

- i. All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares. This exemption applies only to those initially issued harvest share units.

A range of 0-80% for fixed gear CVs and 0-70% for trawl gear CVs, of the quota shares initially issued to fishers/harvesters would be designated as "owner on board."

In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of 3 years out of any 10 year period.

Suboption: Owner on board provision would not apply within a cooperative.

2.2.3.3.8 Overage Provisions

A 7 day grace period after an overage occurs for the owner to lease sufficient IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overages and fines.

- i. Trawl CV and CP:
 - Suboption 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year's annual allocation or IFQ. Underages up to 10% of harvest shares (or IFQ).
 - Suboption 2. Overage provisions would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be charged if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

- ii. Longline and pot CV and CP:
Overages up to 10% of the last trip will be allowed with rollover provisions for underages up to 10% of harvest shares (or IFQ).

Suboption. Overages would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

2.2.3.3.9 Retention requirements for rockfish, sablefish and Atka mackerel:

- Option 1. no retention requirements.
- Option 2. require retention (all species) until the annual allocation (or IFQ) for that species is taken with discards allowed for overages
- Option 3. require 100% retention (all species) until the annual allocation (or IFQ) for that species is taken and then stop fishing.

2.2.3.3.10 Limited processing for CVs

Limited processing of groundfish species by owners of CV harvest shares of groundfish species not subject to processor landing requirements are allowed up to 1 mt of round weight equivalent of groundfish per day on a vessel less than or equal to 60ft LOA. (consistent with LLPs - 679.4(k)(3)(ii)(D)).

2.2.3.3.11 Processing Restrictions

- Option 1. CPs may buy CV share fish not subject to processor landing requirements.
Suboption. 3 year sunset
- Option 2. CPs would be prohibited from buying CV fish.
- Option 3. CPs may buy incentive fish and incidental catches of CV fish not subject to processor landing requirements.
- Option 4. CPs may buy delivery restricted CV fish, if they hold a processing license.

A CP is a vessel that harvests CP shares under the program in a year.

2.2.4 Allocation of Secondary Species

Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish
Includes SEO shortraker, rougheye, and thornyhead rockfish.

i. Allocation of shares

- Option 1. Allocate shares to all fishermen (including sablefish & halibut QS fishermen) based on fleet bycatch rates by gear:
 - Suboption 1. based on average catch history by area and target fishery
 - Suboption 2. based on 75th percentile by area by target fishery
- Option 2. Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.
 - Suboption 1. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.
- Option 3. Secondary species allocations will be awarded to the owners of sablefish and halibut QS.

- ii. Include these species for one gear type only (e.g., trawl). Deduct the secondary species catch from gear types from TAC. If deduction is not adequate to cover secondary species catch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

- iii. Retain these species on bycatch status for all gear types with current MRAs.

- iv. Allow trawl sablefish catch history to be issued as a new category of sablefish harvest shares ("T" shares) by area. "T" shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.
Suboption. These shares may be used with either fixed gear or trawl gear.
- v. Permit transfer of secondary species QS
 - Option 1. Primary species shares and secondary species shares are non-separable and must be transferred as a unit.
 - Option 2. Primary species shares and secondary species shares are separable and may be transferred separately

2.2.5 Halibut PSC

2.2.5.1 Accounting of Halibut Bycatch

Pot vessels continue their exemption from halibut PSC caps.

Hook and line

- Option 1: Modeled after sablefish IFQ program (no direct inseason accounting of halibut PSC. Holders of halibut IFQ are required to land legal halibut. Estimates of sub-legal and legal size incidental mortality are accounted for when setting annual CEY.
- Option 2: Halibut PSC will be managed through harvest share allocations.
- Option 3: Continue to fish under halibut PSC caps.
Suboption (to all options): Holders of halibut IFQ are required to land legal halibut. Halibut bycatch occurring without sufficient IFQs would count against halibut PSC allocations.

Trawl Entities:

- Option 1: Halibut PSC will be managed through harvest share allocations.
- Option 2: Continue to fish under halibut PSC caps.

2.2.5.2 Halibut PSC Allocation

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the primary species shares. Secondary species would receive no halibut allocation. Initial allocation based on average halibut bycatch by directed primary species during the qualifying years. Allocations will be adjusted pro rata to equal the existing halibut PSC cap.

By sector average bycatch rates by area by gear:

- Option 1. Both sectors
- Option 2. Catcher Processor/Catcher Vessel

2.2.5.3 Annual transfer/Leasing of Trawl or Fixed Gear Halibut PSC mortality

Option A: Halibut PSC annual allocations are separable from primary groundfish annual allocations and may be transferred independently within gear types. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

- Suboption 1. 0%
- Suboption 2. 5%
- Suboption 3. 7%
- Suboption 4. 10%
- Suboption 5: Exclude any halibut PSC transferred for participation in the incentive fisheries (includes transfers outside the cooperative).
- Suboption 6: Exclude any halibut PSC transferred within a cooperative.

Option B: No leasing/annual transfer of halibut PSC outside of cooperatives.

All halibut PSC reductions under this section will remain unfished (in the water).

2.2.5.3.1 Halibut PSC Reduction for Non-Members of Cooperatives

Non-members of cooperatives would have halibut PSC reduced by:

- i 5%
- ii 15%
- iii 30%

Halibut PSC reduction will not apply to low-producing fixed gear participants.

All halibut PSC reductions under this section will remain unfished (in the water).

2.2.5.4 Permanent transfer of Halibut PSC harvest share mortality

- Option 1. Groundfish primary species harvest shares (QS) and Halibut PSC harvest shares (QS) are non-separable and must be transferred as a unit
Suboption. exempt Pacific cod
- Option 2. Groundfish primary species harvest shares (QS) and Halibut PSC harvest shares (QS) are separable and may be transferred separately

2.2.5.5 Retention of halibut incidentally caught by fixed gear vessels

Halibut incidentally caught may be retained outside the halibut season from Jan. 1 to start of commercial fishery. Any person retaining halibut must have adequate halibut IFQ to cover the landing. Retention is limited to (range 10-20%) of primary species.

- Option 1: In all GOA areas.
- Option 2: Limited to Areas 3A, 3B, and 4A.

The Council requests that staff notify the IPHC concerning these provisions.

2.2.6 Incentive species

Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.

Owners of shares must utilize all their shares for an incentive species before participating in incentive fishery for that species.

Option. The portion of historic unharvested West Yakutat Pacific cod TAC will be made available as an incentive fishery, subject to provision of incentive fisheries.

2.2.6.1 Eligibility to fish in the incentive fisheries

- A. The unallocated QS for the incentive fisheries are available for harvest, providing the vessel has adequate halibut PSC and secondary species.
Suboption: vessels must be a member of a GOA fishing cooperative to fish in the incentive fishery.
- B. Any holder of halibut or sablefish IFQ that has adequate IFQ or halibut PSC and secondary species.

2.2.6.2 Catch accounting for the incentive fisheries – Allocated QS and Incentive fishery quota

- Option 1. The individual co-op member's apportionment of the allocated incentive species QS must be used prior to the individual gaining access to the incentive fishery unallocated portion. The co-op will notify NMFS when a vessel enters the incentive fishery quota pool.
- Option 2. The co-op's allocation of incentive species QS must be fished before gaining access to the unallocated portion of the incentive species quotas. The co-op members through a contractual coop agreement will address catch accounting amongst the co-op members.
- Option 3. For shareholders not participating in co-op, the unallocated incentive species are available for harvest once the individual IFQ holder's allocation of the incentive species has been used.

2.2.6.3 Allocation of incentive species

Allocates incentive species groundfish primary species harvest shares (QS) to the historical participants. Available incentive fishery quota is available TAC for that fishing year minus the incentive species groundfish primary species harvest share allocated to the historical participants.

Threshold approach-Allocate harvest share as a fixed allocation in metric tons. If available TAC is less than the total fixed allocation in metric tons, then reduce participants' allocation pro-rata amongst shareholders.

- Option 1. Total retained catch of the participants divided by the number of years in the qualifying period.
- Option 2. Total retained catch of the participants plus 25% divided by the number of years in the qualifying period.
- Option 3. Total catch of the participants divided by the number of years in the qualifying period.

2.2.7 Preserving entry level opportunities for P. cod

2.2.7.1 Each initial allocation of P.cod harvest shares based on the final year of the qualifying period to fixed gear catcher vessels below the block threshold size would be a block of quota and could only be permanently sold or transferred as a block.

- Option 1 10,000 pounds constitutes one block
- Option 2 20,000 pounds constitutes one block
- Option 3 No Block Program

Suboption. Lowest producer harvest shares earned as a bycatch in the halibut sablefish ITQ program would be exempt from the block program

2.2.7.2 Eligible participants would be allowed to hold a maximum of:

- Option 1, 1 block
- Option 2. 2 blocks
- Option 3. 4 blocks

2.2.7.3 Any person may hold:

- Option 1. One block and any amount of unblocked shares
- Option 2. Two blocks and any amount of unblocked shares
- Option 3. Four blocks and any amount of unblocked shares

2.2.8 Skipper/Crew

A skipper is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

- Option 1. No skipper and/or crew provisions
- Option 2. Allocate to skippers and/or crew
 - Suboption 1. Initial allocation of 5% shall be reserved for captains and/or crew
 - Suboption 2. Initial allocation of 10% shall be reserved for captains and/or crew
 - Suboption 3. Initial allocation of 15% shall be reserved for captains and/or crew
- Option 3. Establish license program for certified skippers. For initial allocation Certified Skippers are either:
 - i. Vessel owners receiving initial QS or harvest privileges; or
 - ii. Hired skippers who have demonstrated fishing experience in Federal or State groundfish fisheries in the BSAI or GOA for 3 out of the past 5 years as documented by a CFEC permit and signed fish tickets and/or appropriate NMFS documentation (starting date for five years is 2003).
 - Suboption 1. include crew in the license program.
 - Suboption 2. require that new Certified Skippers licenses accrue to individuals with demonstrated fishing experience (Groundfish – BSAI/GOA, state or federal waters) similar to halibut/sablefish program.

Under any alternative that establishes QS and annual harvest privileges, access to those annual harvest privileges is allowed only when fishing with a Certified Skipper onboard. Certified Skipper Licenses are non-transferable. They accrue to an individual and may not be sold, leased, bartered, traded, or otherwise used by any other individual.

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

2.2.9.1 Regionalization

If adopted, all processing licenses (for shore-based and floating processors) will be categorized by region. Processing licenses that are regionally designated cannot be reassigned to another region.

Catcher vessel harvest shares are regionalized based on where the catch was processed, not where it was caught. Harvest shares would be regionalized based on the landings history during the regionalization qualifying period. Catcher processor shares and incentive fisheries are not subject to regionalization.

In the event harvest shares are regionalized and the processor linkage option is chosen, a harvester's shares in a region will be linked to the processor entity in the region to which the harvester delivered the most pounds during the qualifying years used for determining linkages under 2.3.1.1.2.

The following describes the regions established and fisheries that would be subject to regionalization:

Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 58 51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140° W long.).

The following fisheries will be regionalized for shorebased (including floating) catch and subject to the North-South distribution: CGOA Pollock (area 620 and 630) CGOA aggregate flatfish, CGOA aggregate rockfish and CGOA Pacific cod. CGOA trawl sablefish will be regionalized based on all landing of primary species in the CGOA associated with the license during regionalization qualifying period.

2.2.9.1.1 Secondary species shares

Secondary species shares would not be subject to regionalization

2.2.9.1.2 Qualifying years to determine the distribution of shares between regions will be:

- Option 1. consistent with the preferred option under "Section 2.2.2 Qualifying Periods"
- Option 2. 1999 – 2002

Other community provisions (CFQ and CPP) moved to separate portion of the motion.

PSC for Crab and Salmon move to separate portion of the motion.

2.2.10 Review and Evaluation

2.2.10.1 Data collection.

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of this program will be developed in the analysis of the alternatives.

2.2.10.2 Review

Preliminary program review at the first Council Meeting in the 3rd year and formal review in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities, by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

2.2.12 Sideboards

On completion of a rationalization program in the Bering Sea, any sideboards from GOA Rationalization under this section will be superseded for the fleet subject to rationalization.

GOA Groundfish sideboards under the crab rationalization plan, under the AFA, and the CGOA rockfish pilot project would be superceded by the GOA rationalization program allocations upon implementation.

Vessels (Steel) and LLPs used to generate harvest shares used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments.

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

The Council should consider adding sideboards for the GOA jig fishery, which will not be included in the rationalization program.

Staff analysis of sideboard issues should examine the potential consequences of the creation of a double set of sideboards relating to BSAI fisheries for vessels already subject to AFA sideboards in BSAI fisheries.

2.3 Processing Sector Provisions

For alternative 2A apply provisions generally at the company level.
For 2B, apply provisions generally at the facility (plant) level.

2.3.1 Provisions for Processor License Limitation

2.3.1.1 Harvester Delivery requirements

2.3.1.1.1 Harvester delivery requirements

- Option 1. 50-100% of CV harvest share allocation will be reserved for delivery to:
 - i. the linked licensed closed trawl or fixed class processor (Applies to 2B).
 - ii. Any licensed trawl or fixed (Applies to 2A)

Option 2. Low producing vessels are exempt from delivery requirements (Applies to Fixed Gear 2 Low only)

2.3.1.1.2 Linkage (Linkages apply by area) (Applies to 2B):

A harvester's processor linked shares are associated with the licensed fixed or trawl processor to which the harvester delivered the most pounds of groundfish during the last ___ years of prior to 2004.

- i. 1
- ii. 2
- iii. 3

Processors with history at multiple facilities in a community may aggregate those histories for determining associations.

Option 1: If the processing facility with whom the harvester is associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community
- iii. the licensed processor to whom the harvester delivered the second most pounds

Option 2: If the processing facility with whom the harvester is associated is no longer operating in the community, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community
- iii. the licensed processor to whom the harvester delivered the second most pounds

The Council requests that staff provide a discussion paper addressing the effect of a use cap on the number of processors in a region.

2.3.1.1.3 Movement between linked processors (Applies to 2B)

Any vessel that is linked to a processor, may with the consent of that processor, deliver A shares to another plant.

Share reductions of 10% - 20% when a harvester moves from a linked processor for:

- i. 1 year
- ii. 2 years
- iii. 4 years

Suboptions:

- i. Penalty applies to A shares only.
 - ii. Penalty applies to both A and B shares.
- A. Full penalty applies to each move
 - B. Full penalty applies to the first move, subsequent moves are penalized at half of that rate.
 - C. Full penalty applies only to the first transfer

The share reduction shall be redistributed to:

The shareholders in association with that processor that the shareholder left (if it continues to exist).

2.3.1.2 Processor License Qualifications (Applies to 2A and 2B)

2.3.1.2.1 To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by region as described below in at least 4 of the following years:

- Option 1. 1995-99.
- Option 2. 1995-01
- Option 3. 1995-02

If a processor meets the threshold for total purchased and processed groundfish for all their facilities combined, but does not meet the threshold for any one facility then the processor would be issued a license for the facility in which it processed most fish. (Applies to 2B only since 2A is entity based).

- Option 1. a. Trawl eligible Processors
Suboption 1. 2000 mt
Suboption 2. 1000 mt
Suboption 3. 500 mt
- b. Fixed gear eligible Processors
Suboption 1. 500 mt
Suboption 2. 200 mt
Suboption 3. 50 mt
- c. Trawl and Fixed gear eligible processors
Meet criteria for both the trawl processor license and fixed gear processor license as described above

2.3.1.2.2 Processor history would be credited to (and licenses would be issued to):
Operator – must hold a federal or state processor permit.

Custom processing history would be credited to:
the processor that purchased the fish as indicated on the fish ticket and paid for processing

2.3.1.2.3 Transferability of eligible processor licenses
Processor licenses can be sold, leased, or transferred.
Within the same region

If the license is transferred outside the community of origin, then vessel linkages are broken and vessels are allowed to deliver to any licensed processor.

2.3.1.2.3.1 License Transfers Among Processors (applies to processor limited entry)

- Option 1. any share association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction on severing the linkage, as would have been made in the absence of the transfer.
- Option 2. any share associated with the license will be free to associate with any licensed processor. Harvest share/history holders will be free to move among processors without share/history reduction.

2.3.1.2.4 Processing Use caps by processor license type (trawl, fixed or trawl and fixed, by CGOA and WGOA regulatory areas:

- Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest licensed processor
- Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies in the fishery by 20%, 30%, or 50% of the number initially qualified processing companies

(Note: There is no limit on the amount of fish either a trawl or fixed gear licensed processor can buy from the open B share classed fish)

2.3.1.2.5 Processing Caps may apply at the entity level

2.3.1.2.6 License ownership restrictions on processors

- Option 1. No restrictions
- Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses.

2.3.2 Provisions affecting Allocation of Harvest Shares to Processors (Alternative 2C)

1. Processors are eligible to receive an allocation of QS if they meet eligibility criteria identified in 2.3.1.2.1. Any shareholder under this program is intended to comply with all existing laws concerning the documentation of vessels and entry of vessels to U.S. fisheries in fishing those shares. Shareholders unable to enter a vessel into U.S. fisheries may lease share holdings or use holdings through cooperative membership to the extent permitted by the program, but not in contravention of current law pertaining to entry of vessels in U.S. fisheries.
2. Up to 30% of CV shares shall be designated as "CVP" shares and eligible to be held by processors and CV recipients. A portion of the CVP share allocation will be divided among eligible processors proportional to their history in the qualifying years as outlined in 2.3.1.2.1. Any balance of CVP not distributed initially to processors shall be distributed proportionally to CV recipients.
3. CVP is transferable between eligible CV holders and /or processors
4. CVP shares may be fished on any catcher vessel and subject to existing share designations and existing vessel use caps
5. CVP shares may be transferred or leased to any entity eligible to receive CV QS by transfer in 2.2.3.3
6. Caps of CVP will apply at the company level by management area and will be a 10-30% of the total pool of CVP shares available in the management area. Recipients of CVP that exceed the cap will be grandfathered.
7. No processors (and processor affiliates using the 10% rule) may own or control CV quota shares. CVP initially issued to processor affiliates will be grandfathered.
8. CVP shares will be regionalized.

2.4 Cooperative Provisions

2.4.1 Cooperative requirements

Cooperative membership is not required to receive an annual harvest share allocation. (i.e., IFQ will be allocated to non-members)

2.4.2 Cooperative formation

2.4.2.1 Co-ops can be formed

- a. between holders of harvest shares or history in an area:
 - Trawl catcher vessels
 - "High producing" fixed gear catcher vessels
 - "Low producing" fixed gear catcher vessels
- b. between holders of harvest shares or history of a catcher/processor

Each group of share/history holders of a defined class that may form cooperatives is defined as a "sector."

2.4.2.1.1 Co-op/processor affiliations

Option 1. No association required between processors and co-ops

Option 2. CV cooperatives must be associated with

- a) a processing facility
- b) a processing company

The associated processor must be:

- a) any processor
- b) a limited entry processing license holder (if processor limited entry is selected)
- c) a limited entry processing license holder to which the share holder's shares are linked

Processors can associate with more than one co-op

Note: A processor association will not be required for a C/P cooperative.

2.4.2.2 Cooperatives are required to have at least:

4 distinct and separate harvesters (using the 10% threshold rule)

2.4.2.3 Duration of cooperative agreements:

- Option 1. 1 year
- Option 2. 3 years
- Option 3. 5 years

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

2.4.3 Rules Governing Cooperatives

2.4.3.1 Annual Allocations

Annual allocations of cooperative members would be issued to the cooperative.

- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut mortality, as may be adjusted by inter-co-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement. Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

2.4.4 Ownership and Use Caps and Underages

2.4.4.1 Set co-op use caps at 25 to 100% of total TAC by species

2.4.4.2 Co-op use caps for harvest shares on any given vessel shall be:

- Option 1. Set at the same level as the individual vessel level.
- Option 2. 3 times individual vessel use cap.
- Option 3. No use caps

- To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.
- Underage limits would be applied in the aggregate at the co-op level

2.4.5 Movement between cooperatives

2.4.5.1 Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. no movement in the first two years

Entry Level and Second Generation Provisions

The Council would like a review of existing program elements intended for entry level and second generation access in the GOA groundfish fisheries and a qualitative discussion of the MSA expectations for entry level opportunities, i.e., new, open access fisheries v. affordable license opportunities.

TRAILING AMENDMENTS

The Council intent is for these trailing amendments to be implemented simultaneously with the main rationalization program.

1. Fee and Loan Program
2. Skipper/Crew Share Program issues

Alternative 3 Sector Allocations and Voluntary Co-op Structure Updated to December 11, 2004

Alternative 3 is a sector allocation and co-op proposal. This proposal allows new processor entrants and provides a mechanism for harvesters to either enter co-ops voluntarily or continue to fish in LLP/open access fisheries. The alternative provides a flexible structure intended to reflect the diversity of the fisheries in the GOA. It recognizes that harvesters, processors, and communities all have a stake in the fisheries. The nature of the fisheries in the Gulf, however, requires a flexible rationalization program that can accommodate all of the different fisheries. This alternative would:

- Allocate primary and secondary species, and halibut PSC by sector.
- Establish a mechanism which would facilitate co-op formation within each sector.
- Specify the operational rules for co-ops.
- Provide fishing opportunities for harvesters that choose not to participate in co-ops
- Include community protection measures appropriate to a cooperative-based program.

The proposal sets up a step-wise process for the establishment of co-ops. The first step includes a sectoral allocation. This is followed by an initial co-op formation period to provide co-ops time to refine their operations. The third step is ongoing, and establishes rules to govern co-op formation, dissolution, and operation after the initial period of co-op formation.

This proposal would not require the assignment of different classes of history or shares (i.e., class A/B class designations). Gulf History (GH) is generic and would originate from an eligible participant's history. GH is only developed through cooperatives. Co-op participation, however, is strictly voluntary so a harvester may choose to continue to fish in a limited entry (LLP) open access fishery.

The proposal does not limit processor entry. A harvester is initially eligible to join a cooperative associated with the processor that it made the most primary species landings to during the qualification period. The program establishes requirements for contracts between a cooperative and its associated processor. The initial contract between a co-op and its associated processor is required to contain the terms for dissolution of the co-op or the movement of a harvester from one co-op to another. During the initial co-op formation period, inter-co-op agreements are allowed within sectors to address operational issues and ensure further rationalization of the fishery between co-ops. Harvesters may not move between cooperatives during the initial co-op formation period.

Following the initial co-op formation period, new co-ops can form and harvesters can move from co-op to co-op or exit a co-op and move back into open access. The rules for such movement, including compensation to other members of the co-op and the associated processor are part of the contract agreement. New processors can enter the fishery at any time, and following the initial co-op formation period, harvesters can form co-ops with those processors.

Monitoring of harvests and PSC for the co-op fishery will be at the co-op level. Assignments of GH, including transfers, will be monitored by RAM to ensure proper catch allocations and accounting. GH will result in annual allocations of Gulf Quota (GQ). Current monitoring programs for the open access fishery will continue.

The following provisions apply to Alternative 3 only:

I. SECTOR ALLOCATION PROVISIONS

3.1 Management Areas:

Areas are Western Gulf, Central Gulf, and West Yakutat—separate areas

For Pollock: 610 (Western Gulf), 620 and 630 (Central Gulf), 640 (West Yakutat (WYAK))

- Shortraker and rougheye (SR/RE) and thornyhead rockfishes will be divided between Southeast Outside (SEO) and WY
- The allocation of rockfish bycatch to the halibut IFQ fishery will be on a NMFS management area basis
- Non-SR/RE and thornyhead rockfish trawl catch history in SEO during 95-98 will be used in the calculation of WYAK allocation
- SEO is exempt from this program. SEO groundfish will be managed in accordance with 3.11 below.

Gear: All gear types are considered.

Option 1. The jig fishery would receive an allocation based on its historic landings in the qualifying years –

1. 100%
2. 125%
3. 150%
4. 200%

3.2 Sector definitions and allocations:

- CV trawl
- CV longline
- CV pot
- C/P trawl
- C/P longline
- C/P pot
- jig
- low producing fixed gear

Low producing catcher vessel sector is

- Option 1. fixed gear catcher vessels under 60 feet that are below the 75th percentile of primary species qualified harvest history by gear and area.
- Option 2. fixed gear catcher vessels less than average qualified harvest history by gear and area
- Option 3. fixed gear catcher vessels that are below the 75th percentile in qualified harvest history by gear and area

High producing catcher vessels are the remainder and are divided into a catcher vessel longline and catcher vessel pot sector. Sector definitions apply throughout Alternative 3.

To be determined as a CP a vessel must have a CP LLP license and process no less than

- a) 90%
- b) 50%
- c) 25%

of its qualifying catch on-board on average over the qualifying period.

- Option 1: determined by the aggregate of all species
- Option 2: determined by primary species groupings in Section 3.3.5

Option for jig sector: jig sectors would be exempt from co-op provisions.

Option for Fixed Gear Catcher Vessel Low Producers:

- Option 1. Apply same rules for initial co-op formation and general co-op operation as apply to other sectors.
- Option 2. Exclude from co-op program, provide sector allocation and continue as an LLP/Open Access fishery.

Option 3. Apply all co-op rules except processor affiliation requirement for initial co-op formation (i.e. harvester co-op without processor association).

3.2.1 Sector allocations will be based on the aggregate history of vessels in each sector during the qualifying period. Sector allocation qualifying periods and landing criteria (same for all gears in all areas). The analysis will assess AFA vessels as a group.

- Option 1. 95-01
- Option 2. 95-02
- Option 3. 98-02

Suboption: for each sector drop the year of lowest tonnage.

3.2.2 Sector Qualifying landing criteria (same for all gears in all areas)
Landings based on retained catch for each species (includes weekly production report for Catcher/ Processor sector). Total pounds landed will be used as the denominator. Exclude retained catch that is used for meal production.

3.2.3 Sector Allocation: Primary Species:
Allocate catch history by sector and gear type as follows:

Trawl CV and CP:

Pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, Pelagic shelf rockfish

Longline CV and CP:

Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder

Pot CV and CP:

Pacific cod

Fixed gear low producers:

Pacific cod

Jig gear

Pacific cod

3.2.4 Sector Allocation: Secondary species and halibut PSC:
Secondary species: Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish. Includes SEO shortraker, rougheye, and thornyhead rockfish.

Option 1: Sector allocation for both secondary species and halibut PSC is based on each sector's average catch during the sector allocation qualifying period by area and primary species target fishery.

Option 2: Maintain current halibut PSC allocations, and MRA management for secondary species.

II. VOLUNTARY CO-OP STRUCTURE

3.3 Initial Co-Op Formation Provisions

Voluntary co-ops may form between eligible harvesters in association with processors. Harvesters may elect not to join a co-op, and continue to fish in the LLP/Open Access fishery.

3.3.1 Eligibility. LLP participation

Option 1. Any person that holds a valid, permanent, fully transferable LLP license is eligible to receive an initial allocation of Gulf catch history (as generic GH) through co-op membership.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e., moratorium qualification or LLP license) of an LLP qualifying vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. (Only one catch history per LLP license.)

Option 2. Non-LLP (State water parallel fishery) participation

Suboption 1. Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Suboption 2. Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries

It is the intent of the Council that catch history, whether harvested in the state water parallel fishery or the federal fishery, will be credited a single time, either in the state or federal program.

3.3.1.1 State Waters - Parallel Fisheries and State Groundfish Management

A portion of the TAC will be allocated to fisheries inside of 3 nm and will be subject to State management:

Option 1. An amount equivalent to the total annual catch (for each groundfish species/group) from state waters (inside of 3 nautical miles [e.g., parallel and 25% Pacific cod fishery]) by all vessels will be managed directly by the State of Alaska Board of Fisheries as a TAC/GHL equivalent to:

- a. Highest amount taken in state waters by area
- b. Highest amount taken in state waters by area plus 15%
- c. Most recent four-year average harvest from state waters

Option 2. All catch inside of 3 nautical miles by non-federally permitted vessels fishing the parallel fishery plus all catch under the 25% state water cod fishery and the PWS Pollock fishery remains under the authority of the State of Alaska Board of Fisheries.

Option 3. Only the catch associated with the 25% state water cod fishery and the PWS Pollock fishery remains under the authority of the State of Alaska Board of Fisheries.

3.3.2 Initial Allocation of primary species catch history

Allocate catch history as generic Gulf history (GH) on an individual harvester basis for the following primary species:

Trawl CV and CP:

Pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, Pelagic shelf rockfish

Longline CV and CP:

Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder

Pot CV and CP:

Pacific Cod

GH is designated by sector:

Option 1. Trawl GQ may be fished using fixed gear, if yes – appropriate mechanism to transfer GH/GQ across sectors needed.

Gulf Quota (GQ) is the annual allocation to a cooperative based on the GH of its members.

3.3.2.2 Qualifying periods and landing criteria (same for all gears in all areas) for determining GH (The analysis will assess AFA vessels as a group).

- Option 1. 95-01 drop 1, on a species by species basis
- Option 2. 95-02 drop 1, on a species by species basis
- Option 3. 95-02 drop 2, on a species by species basis
- Option 4. 98-02 drop 1, on a species by species basis
- Option 5. 98-03 drop 1, on a species by species basis

Options to drop years would be to accommodate SSL restrictions or the inclusion of the state portion of the parallel fishery.

Individual GH will be based on retained catch for each species (includes weekly production report for Catcher/Processor sector). The denominator shall be total landed catch by species.

Exclude retained catch that is used for meal production

3.3.3 Allocation of secondary species and halibut PSC within the cooperative will be based on the primary species GH of the individual members of the cooperative using the same criteria used to allocate secondary species and halibut PSC to the sectors (i.e., the option selected in Section 3.2.4). If Option 2 in 3.2.4 is chosen, the current halibut PSC and secondary species management is used.

Secondary species are: thornyhead, roughey, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish. Includes SEO shortraker, roughey, and thornyhead rockfish. Secondary species would receive no halibut allocation.

3.3.3.3 Transfer of secondary species and halibut PSC GH:

As permitted by and subject to any other transfer rules:

- Option 1. Primary species and the associated secondary species and/or halibut PSC GH are non-separable and must be transferred as a unit.
- Option 2. Primary species and the associated secondary species and/or halibut PSC GH are separable and may be transferred separately.

III. CO-OP RULES FOR ALL CPS, TRAWL, LONGLINE, POT AND CATCHER VESSELS

Option: Jig and low producer fixed gear exempted.

Initial Co-op Formation Rules:

3.3.5 Catcher Vessel Co-ops.

Catcher vessel co-ops may be established within sectors between eligible harvesters in association with an eligible processor. A harvester is initially eligible to join a cooperative in association with the processor to which the harvester delivered the most pounds of primary species by area (Western Gulf, Central Gulf, West Yakutat) and region (North/South)

- during the
 - a) qualifying years.

b) most recent 1, 2, or 3 years from the qualifying years.

Provisions applied to a & b:

For the following species groups:

- Pollock
- Pacific cod
- Aggregate rockfish
- Aggregate flatfish

3.3.6 Catcher processor co-ops may be formed by eligible CPs within each CP sector. No processor affiliation is required for CP co-op formation.

3.3.7 Cooperatives are required to have at least:

- Option 1. 4 distinct and separate harvesters (using the 10% threshold rule)
Applies to low producer fixed gear, high producer fixed gear, CV trawl, and CPs
- Option 2. 50-100 percent of the GH of its sector. Council may choose different percentages for different sectors.
Applies to catcher processors only
- Option 3. 50-75 percent of the eligible GH for each co-op associated with its processor
Applies to low producer fixed gear, high producer fixed gear, and CV trawl for processor associated cooperatives, if less than 4 distinct and separate harvesters are available to associate with the processor.
- Option 4. Any number of eligible harvesters within the sector (allows single person co-op)

Note: Requirements may differ across sectors (or for CV and CP Cooperatives)

3.3.8 Duration of initial cooperative agreements:

- Option 1. 1 year
- Option 2. 2 years
- Option 3. 3 years
- Option 4. Any length agreed between the co-op participants.

3.3.9 Catcher Vessel co-op/processor affiliations

Option 1: If the processing facility with whom the harvester is associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds

Option 2: If the processing facility with whom the harvester is associated is no longer operating in the community, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a

- co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds

CV cooperatives must be associated with an eligible processing facility
Processors can associate with more than one co-op.

Processors with history at multiple facilities in a community may aggregate those histories for determining associations.

The eligible processor is:

- 1) initially, a processor that the harvester is eligible to associate with in a cooperative under section 3.3.5 above
- 2) any processor, after satisfaction of an exit requirement

3.3.10 Catcher Processor Co-op provisions

Allocation to CP co-ops will be based on the above, with the following exceptions:

- CP co-ops do not need a processor association.
- CP co-ops will be within CP gear sectors. Transfers of GH or leases of GQ across CP gear types is
 - a) not permitted
 - b) permitted.
- CP co-ops are subject to the other terms and conditions specified for CPs under this program

3.3.11 Initial Cooperative Requirements

The following provision is required for the initial co-op:

Catcher vessel co-ops may be formed by eligible harvesters (the co-op) subject to the terms and conditions of a co-op membership agreement. In order to receive an allocation of GH under this program, co-ops must enter into a duly executed contractual agreement (Contract) with the processor identified in Section 3.3.5.

Contracts established under this section shall specify the terms and conditions for transferring GQ or GH from the cooperative, including mechanisms whereby a member exiting the co-op (or transferring GH from the co-op) compensates the remaining co-op members and/or the associated processor for exiting the co-op (or transferring GH from the co-op). Compensation can take on any form agreed to by the members and the associated processor, including permanent transfer of some or all GH generated by the existing participant to the remaining co-op members and/or the associated processor.

Following the initial co-op period, new GH can be generated by eligible harvesters that have never been co-op members only by joining a co-op in association with the eligible processor pursuant to the terms of an agreement that meets the requirements for an initial co-op.

Any shareholder under this program is intended to comply with all existing laws concerning the documentation of vessels and entry of vessels to U.S. fisheries in fishing those shares. Shareholders unable to enter a vessel into U.S. fisheries may lease share holdings or use holdings through cooperative membership to the extent permitted by the program, but not in contravention of current law pertaining to entry of vessels in U.S. fisheries.

3.3.12 Initial Co-op Formation Period.

An Initial Co-op Formation period shall be established beginning with year one of program implementation and extended for the period identified below.

- Option 1. period is 1 year
- Option 2. period is 2 years

Option 3. period is 3 years

3.4 General Operational Co-op Rules.

3.4.1 General Cooperative Requirements

The following provisions apply to all cooperatives:

1. The harvesters that enter into a co-op membership agreement shall be the members of the co-op. The processor will be an associate of the cooperative but will not be a cooperative member.
2. Except for CP cooperative, a pre-season Contract between eligible, willing harvesters in association with a processor is a pre-requisite to a cooperative receiving an allocation of GQ. For an initial co-op, the Contract must meet the provisions in 3.3.11. After meeting the requirements of Section 3.3.11 and following any periods established pursuant to 3.3.12, a holder of GH may join a cooperative in association with any processor pursuant to a Contract that meets the provisions of this section.
3. The co-op membership agreement and the Contract will be filed with the RAM Division. The Contract must contain a fishing plan for the harvest of all co-op fish.
4. Co-op members shall internally allocate and manage the co-op's allocation per the Contract.
5. Subject to any harvesting caps that may be adopted, GH or GQ may be transferred and consolidated within the co-op to the extent permitted under the Contract.
6. The Contract must have a monitoring program. Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut PSC mortality, as may be adjusted by inter-cooperative transfers.
7. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
8. Co-op membership agreements will specify that processor affiliated vessels cannot participate in negotiations concerning price setting, code of conduct, mechanisms for expelling members, or exit agreements.
9. Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original agreement. Harvesters that have never been a member of a cooperative must enter an agreement that meets all requirements for an initial co-op, as specified under Section 3.3.11.

3.4.2 General Provisions Concerning Transfers of GH and GQ.

Co-ops may engage in inter-cooperative transfers (leases) of GQ during and after the initial co-op formation period.

During the initial cooperative formation period, GH transfers will be permitted between members of the same cooperative, but not between members of different cooperatives.

Following the initial co-op formation period, members of a co-op may transfer GH to members of other co-ops.

All transfers will be subject to such terms and conditions as may be specified in the applicable Contract and any ownership or use caps or other conditions as may be established pursuant to this program.

For persons that join cooperatives for the first time after any period established pursuant to 3.3.12, the limits on transfers shall apply for the same period of time as those in 3.3.12.

3.4.2.1 Qualified Persons.

Persons qualified to receive GH by transfer include processors that associate with initial cooperatives pursuant to 3.3.11 and (not mutually exclusive):

- Option 1. US citizens who have had at least 150 days of sea time.
- Option 2. Entities that meet U.S. requirements to document a vessel.
- Option 3. Initial recipients of CV or C/P GH.
- Option 4. individuals who are U.S. citizens.

3.4.2.2 Definition of sea time

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

3.4.3 Ownership caps.

Ownership of GH by a co-op member shall be capped at:

- Option 1. 1% of the GH by area, sector and species groups in Section 3.3.5 (pollock, Pacific cod aggregate rockfish, aggregate flatfish).
- Option 2. 5% of the GH by area, sector and species groups in Section 3.3.5.
- Option 3. 20% of the GH by area, sector and species groups in Section 3.3.5.
- Option 3. 30% of the GH by area, sector and species groups in Section 3.3.5.
- Option 4. no cap.

Allocations to original issues would be grandfathered at the original level of GH.

3.4.4 Co-op use caps.

Control of GH or use of GQ by a co-op shall be capped at:

- Option 1. 15% by area, sector and species groups in Section 3.3.5 (pollock, Pacific cod aggregate rockfish, aggregate flatfish).
- Option 2. 25% by area, sector and species groups in Section 3.3.5
- Option 3. 45% by area, sector and species groups in Section 3.3.5
- Option 4. no cap

3.4.5 Vertical integration

Any processor holdings of GH, using the 10% limited threshold rule, are capped at:

- Option 1. initial allocation of harvest CV and CP shares.
- Option 2. 115%–150% of initial allocation of CV GH.
- Option 3. 115%–150% of initial allocation of CP GH.
- Option 4. no cap

3.4.6 Processor caps

Processors shall be capped at the entity level.

No processor shall process more than:

- Option 1. 25% of total harvest by area and primary species groups in Section 3.3.5.
- Option 2. 50% of total harvest by area and primary species groups in Section 3.3.5
- Option 3. 75% of total harvest by area and primary species groups in Section 3.3.5
- Option 4. no cap

Processors eligible under 3.3.11 will be grandfathered.

3.4.7 Catcher/Processor Provisions

In addition to the rules specified above, the following provisions apply to Catcher/Processors:

3.4.7.1 Restrictions on transferability of CP harvest shares:

CP GH may be converted to CV GH. Once it is converted, it cannot be changed back to CP GH. CP GH maintains its designation when transferred to a person that continues to catch and process the resulting GQ at sea (within a cooperative or in open access.)

3.4.7.2 Re-designate CP GH as CV GH upon transfer to a person who is not an initial issuee of CP shares:

- Option 1. all CP shares
- Option 2. trawl CP shares
- Option 3. longline CP shares

3.4.7.3 Leases of CP annual harvest allocations (GQ):

Allow leasing within cooperative or pursuant to an inter-co-op agreement within CP sectors (no CP leases allowed across gear types.)

3.4.7.4 Conversion of CP GH and GQ:

CP GH and GQ converted to CV GH and GQ will count toward CV caps

Caps will be applied to prohibit acquisition of shares in excess of the cap. Conversion of CP GH or GQ to CV GH or GQ alone will not require a CP GH holder or cooperative to divest CP GH and GQ for exceeding CP caps.

3.5 Skipper/Crew Provisions

A skipper is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

- Option 1. No skipper and/or crew provisions
- Option 2. Establish license program for certified skippers. For initial allocation Certified Skippers are either:
 - i. Vessel owners receiving initial GH or harvest privileges; or
 - ii. Hired skippers who have demonstrated fishing experience in Federal or State groundfish fisheries in the BSAI or GOA for 3 out of the past 5 years as documented by a CFEC permit and signed fish tickets and/or appropriate NMFS documentation (starting date for five years is 2003).
- Suboption 1. include crew in the license program.
- Suboption 2. require that new Certified Skippers licenses accrue to individuals with demonstrated fishing experience (Groundfish – BSAI/GOA, state or federal waters) similar to halibut/sablefish program.

Under any alternative that establishes GH and annual harvest privileges, access to those annual harvest privileges is allowed only when fishing with a Certified Skipper onboard. Certified Skipper Licenses are non-transferable. They accrue to an individual and may not be sold, leased, bartered, traded, or otherwise used by any other individual. Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

3.6 LLP/Open Access fishery provisions:

The allocation for each sector of primary species, secondary species, and halibut PSC to the LLP/Open Access fishery will be those amounts remaining after allocation of the co-ops. Harvesters that choose not to participate in a co-op may continue to fish in the LLP/Open Access fishery.

Allow directed fishing for primary species only. Continue current MRA for secondary species and unallocated species.

Issue 1. Halibut PSC will be reduced by:

Option 1:

- a. 0 percent
- b. 10 percent
- c. 20 percent
- d. 30 percent

Note: this reduction may differ by sector

Option 2:

- 0 percent
- 5 percent beginning on the date of program implementation;
- an additional 5 percent beginning on the second year of program implementation;
- an additional 10 percent beginning on year 5 of program implementation; and

Issue 2: The LLP of any vessel that has entered a co-op and generated GH pursuant to this program may not be subsequently used, or transferred to another vessel, to fish in the LLP/Open Access fishery for any primary or secondary species identified under this program unless all GH initially associated with the LLP is held by the LLP holder and is allocated to the LLP/Open Access fishery.

Note: The intent of this provision is to prevent a vessel from entering a co-op, transferring its GH to the co-op and then subsequently taking its LLP and re-entering the open access fishery or transferring its LLP to another vessel to fish in the Open Access fishery.

3.7 Communities and Regionalization

Community provisions are moved to a separate portion of the motion.

3.7.1 Regionalization

If adopted, GH will be categorized by region (for the fisheries identified below).

GH that is regionally designated cannot be reassigned to another region.

Catcher vessel GH is regionalized based on where the catch was processed, not where it was caught.

Catcher processor GH is not subject to regionalization.

The GH associated with a license would be regionalized based on the landings history associated with that license during the regionalization qualifying period.

The following describes the regions established and fisheries that would be subject to regionalization:

Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 5851.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140° W long.).

The following fisheries will be regionalized for shorebased (including floating) catch and subject to the North-South distribution: CGOA Pollock (area 620 and 630) CGOA aggregate flatfish, CGOA aggregate rockfish and CGOA Pacific cod. CGOA trawl sablefish will be regionalized based on all landing of primary species in the CGOA associated with the license during regionalization qualifying period.

In the event GH is regionalized, a harvester will be eligible to bring its history in a region to a cooperative associated with the processor in the region to which the harvester delivered the most pounds during the cooperative formation qualifying period using species aggregations identified in 3.3.5 and:

- Option 1. the period identified in 3.3.5 or
- Option 2. the qualifying period under 3.3.2.2.

3.7.1.1 Qualifying years to determine the distribution of GH between regions will be:

- Option 1. the years 1999-2002.
- Option 2. consistent with the qualifying period under cooperative formation in Section 3.3.5

3.8 Program Review and Data Collection

3.8.1 Data collection.

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program for this and other Management Councils. Details of this program will be developed in the analysis of the alternatives.

3.8.2 Program Review

Preliminary program review at the first Council Meeting in the 3rd year and formal review at the Council meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities, by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

3.9 Sideboards

GOA Groundfish sideboards under the crab rationalization plan, under the AFA, and the CGOA rockfish project would be superseded by the GOA rationalization program allocations upon implementation.

Vessels (actual boats) and LLPs used to generate harvest shares used in a Co-op unless specifically authorized may not participate in other state and federally managed open access fisheries in excess of sideboard allotments.

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

On completion of a rationalization program in the BS, any sideboards from the GOA rationalization under this section will be superseded for the fleet subject to rationalization.

Provisions related to IFQ and SEO fisheries are moved to a separate portion of the motion.

Provisions related to salmon and crab bycatch are moved to a separate portion of the motion.

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Gulf Rationalization Community Committee Report

March 30, 2005
Hilton Hotel, Fireweed Room
Anchorage, Alaska
8 am – 5 pm

Committee: Hazel Nelson (Chair), Nicole Kimball (staff), Julie Bonney, Duncan Fields, Chuck McCallum, Pat Norman (by phone), Joe Sullivan, Chuck Totemoff, Ernie Weiss

Other participants: Rachel Baker, Phil Smith, Dan Malarkey, Sam Cotten

Summary of Formal Committee Recommendations

The committee made recommendations to modify and add to the elements and options for the Community Fisheries Quota (CFQ) Program and the Community Purchase Program (CPP). The discussion related to those recommendations is provided in the text of this report. The explicit changes recommended for the Council's February motion on Gulf Rationalization Community Provisions are provided as **Attachment 1** to this report.

I. Review and approve agenda

This is the third meeting of the Gulf Rationalization Community Committee (committee), and all committee members were in attendance (one by phone). The committee approved the agenda with four additions. Under agenda item IV on the CFQ Program, the committee added a discussion of the Board of Directors structure under C 1.2, Option 3 and regionalization of landings under C 1.10. Under agenda item V on the Community Purchase Program, the committee added a review of Resolution 05-12 from the Aleutians East Borough. The committee also added a discussion at the end of the agenda concerning the concept of a transfer tax relative to leasing provisions in the overall Gulf rationalization program.

Staff reviewed the materials provided prior to and at the meeting. New materials included the agenda (**Attachment 2**); the Council's February 2005 motion; the committee's final report from January 28, 2005; revised draft eligibility tables; a table comparing the eligible communities under GOA Am. 66 to those proposed under Gulf rationalization; revised maps; final 2005 – 2006 Gulf of Alaska TAC specifications; revised regionalization map; and an excerpt from the IFQ Program Report to the Fleet on halibut and sablefish IFQ transfers (October 2003).

II. Approval of the December Committee report

The committee approved the January 28, 2005 committee report.

III. Review of the current Council motion on community provisions (as of February 2005)

Staff provided an overview of the revisions made to the CFQ Program and the CPP at the February Council meeting. The Council approved all of the committee's recommendations from its last meeting and incorporated those changes into the current motion. In addition, the Council added a new option for Board representation of the management entity that receives the CFQ allocation (C 1.2, Option 3), and made changes to the purpose statement language for the CPP. The committee recognized that the Council's changes to the CPP purpose statement reconciled potential inconsistencies with the proposed eligibility criteria.

DRAFT

IV. Review and refine the options for the CFQ Program

The committee followed the bulleted questions from the agenda to guide its discussions under item IV.

- *If more than one management (administrative) entity is selected under C 1.1, how to determine the overall allocation of CFQ to each management entity? For example, would each management entity be allocated equal shares of all CFQ? Alternatively, would each management entity only be allocated shares for the management area in which the communities they represent are located?*

The committee first recommended clarifying that C 1.1, Option 2 means there would be two overall CFQ management entities that receive the CFQ allocation: one entity representing Western Gulf communities and one entity representing Central Gulf and West Yakutat communities.¹ Upon discussion, however, the committee also agreed to recommend a suboption to Option 2 that would allow adjustments to the communities that fall under the WG entity and the CG entity, in order to reflect ties between communities that have common culture and history but are not located in the same management area. The suboption would continue to allow only two management entities under Option 2, but would allow for adjustments to the communities represented by those two entities based on factors other than location in a fisheries management area.

The committee also discussed whether Option 3 was necessary to retain, as it remains somewhat abstract as to how the management entities would be formulated and the number of entities that could result. It also introduces a more complex allocation situation. Most committee members agreed that any number of management entities could result from Option 3, which was at least partially included to accommodate communities like Chignik, Chignik Lake, and Chignik Lagoon (located in the Central Gulf area), which may want to work with communities of similar culture and history like Perryville and Ivanof Bay (located in the Western Gulf area). It is assumed that the communities themselves would determine the groupings under Option 3, and would apply to NMFS for qualification of a management entity representing those communities. One member noted that all communities would likely be better served by one Gulf-wide entity, as political dangers may multiply as the group is fractured into several entities. However, the committee did not recommend eliminating Option 3 and noted that the analysis would serve to highlight any disadvantages or concerns associated with this option.

The committee also recognized that if there is more than one Gulf-wide management entity, there needs to be some method by which the total CFQ will be allocated to the multiple management entities at the beginning of the program. The committee recommended consistency in using the geographic priority approach discussed in prior meetings: that WG CFQ be allocated to an entity(ies) representing WG communities, and CG and WY CFQ be allocated to an entity(ies) representing CG and WY communities. Implementation of this method is clear under Option 2, but needs further explanation under the suboption and Option 3, as those options would allow communities of different management areas to be represented by the same entity. Thus, the committee recommended using the same options for criteria to make the initial allocation as determined under C 1.13 *Allocation Basis for Lease Proceeds*: 0% - 100% allocated on a per capita basis and/or 0% - 100% allocated on a population basis. In effect, if under the suboption to Option 2, a community located in the WG decided to be represented by the CG management entity, then a portion of the WG CFQ (based on the criteria chosen above) would be allocated to the CG management entity. Under Option 3, the initial allocation of CFQ would depend on how the communities were grouped under a particular management entity and the specific criteria chosen above. The intent is to reflect the concept that shares for a specific management area are held by a management entity representing communities located in that area.

¹ Tatitlek and Yakutat are the only WY communities proposed to be included under the CFQ Program eligibility criteria.

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- *What process would the management entity(ies) use to determine which residents lease (fish) CFQ? (Example: open bid, proposal process, etc.) Does this process need to be in regulation?*

The committee agreed that the management entity needs to demonstrate to NMFS that it gave this process careful consideration prior to receiving the CFQ allocation, but the committee did not want to prescribe how this process should be done. The current motion requires the management entity(ies) representing communities under this program to submit a statement of eligibility to NMFS and the State prior to being qualified and receiving CFQ (C 1.14). Thus, the committee agreed that the requirements for this program should be similar to Amendment 66 in this regard, such that the management entity must indicate its resident application process in its statement of eligibility to NMFS. The committee recommended including the following options under C 1.14, which would comprise elements of an entity's statement of qualification submitted to NMFS:

- procedures used to solicit requests from residents to lease IFQ; and
- criteria used to determine the distribution of IFQ leases among qualified community residents and the relative weighting of those criteria.

The committee noted that ongoing consultation with NOAA GC is necessary to ensure that the program structure is within the bounds established under law with regard to the delegation of Secretarial authority. The program is currently structured such that NMFS would make an initial allocation of CFQ to the management entity or entities representing eligible communities, and clear criteria would be established for individuals eligible to lease the CFQ. The RAM Division would administer and approve any transfer of an annual IFQ permit to a community resident, and administrative due process would be provided should an individual dispute the determination by RAM. Staff will consult with NOAA GC to confirm this process subsequent to the April Council meeting.

- *Further discuss the ownership/lease provision implicit in C 1.7*

The committee discussed the requirement implicit in C 1.7 that would require an eligible community resident to either own a vessel or lease a vessel (bareboat charter), in order to fish CFQ. The concern is that an eligible resident would not be allowed to lease CFQ and use it on a vessel on which they were employed as skipper or crew. The committee was concerned with this potential limitation, as the program is intended to both allow community members with vessels to fish, but also to allow other community fishermen to be employed in fishing, access the resource, and work on a vessel that is fishing CFQ. While most communities will likely have residents that own vessels capable of fishing Pacific cod, for instance, most communities will not have the larger vessel and gear infrastructure to fish species like flatfish. The committee agreed that the expectation is not that a community resident must lease such a vessel to use CFQ, as the cost and risk would likely be prohibitive. However, the committee agreed that the program needs to be structured such that community residents that own vessels that are capable of fishing particular species (e.g., cod) will be given significant consideration in the distribution of the annual leasing privilege, as the use of those vessels bring both direct and indirect benefits to the community.

The committee thus agreed on modifying the language under C 1.7 to reflect that the CFQ management entity must consider certain factors when considering the pool of residents eligible to lease CFQ, but that a resident is not required to own their own vessel. The recommended language, which does not prescribe a hierarchy of criteria, is as follows:

The administrative entity may lease quota share to community residents with vessels owned by, retained under a contractual arrangement with, or on which a community resident has an employment contract.

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The committee also thought it necessary to require information in the management entity's report to NMFS that would demonstrate that the management entity considered these factors. Thus, the committee recommended that language be added to C 1.15 to require an annual report, and that such report must provide a record of findings to ensure that the management entity evaluated whether there were vessels owned by community residents capable of prosecuting the specific fishery for which the CFQ was being leased, whether there were vessels under contract, or whether there were community residents that would be employed on vessels. Requiring this information is intended to ensure that there is adequate information available at such time that the program is reviewed, and is also intended to balance the need to provide the most benefit to communities with the recognition that not all communities will have vessels capable of fishing all fisheries for which CFQ might be designated. The recommended language is shown in section C 1.15 of Attachment 1.

Subsequent to this discussion, the committee agreed that establishing a prescribed formula by which the administrative entity must lease CFQ is no longer necessary, due to the allocation clarifications made under C 1.1 and the benefits of allowing the Board of the administrative entity to function with some flexibility. This was the approach taken in GOA Am. 66, and the committee thought it appropriate in this instance for similar reasons. Thus, the committee recommended deleting C 1.7, Option 1.

- *Discuss whether individual eligible communities should be permitted to 'opt-out' of the overall management entity and take a portion of the CFQ to manage themselves.*

The committee discussed this issue, noting that the ability to opt out of the program is not addressed by the current options. C 1.1 specifies that only the administrative entity or entities receive the CFQ allocation, and these options do not allow for each individual community to form its own management entity on an annual basis. The committee recognized that community residents would apply to lease CFQ on a voluntary basis, thus, by not participating in that process or not sending a representative to the Board, communities could choose not to participate in the program. However, there is no option that would allow a community to decide to leave its management entity and, as a result, receive CFQ by direct allocation to the individual community.

The committee discussed this issue at length, including the concern with providing sufficient stability to the management entities, the CFQ allocation, and the communities they represent. The Chair offered numerous examples from the CDQ Program. The committee decided not to recommend changes to the current options, noting that the Council process and the program review process will provide sufficient opportunity for communities to highlight any inequities or requests for changes to the program.

- *Clarify whether the individual use caps and vessel use caps under C 1.8 are inclusive of all other Gulf quota (in the overall rationalization program) held by individual residents and/or fished on an individual vessel*

The committee agreed that this issue highlights the difference between this program and prior community programs, as there is a balance intended in the CFQ Program to create employment opportunities and fishing access as well as create a means of generating revenue. It is explicit in the motion that the purpose is to both mitigate economic harm to fishing communities (NS 8) and provide continued access to the fisheries for these communities. The committee noted that there are groundfish fisheries that most individual communities' residents can and will access through CFQ (e.g., Pacific cod) and, in contrast, some fisheries that will require a level of capital investment and infrastructure that not many community residents can currently meet (e.g., trawl flatfish), which may necessitate using CFQ on very few vessels for these species. Thus, the committee agreed that in order to maximize the entity's revenue benefits, the use caps that apply to groundfish species other than cod should be independent of any individually owned quota. But that the individual use caps that apply to cod should be inclusive of any individually owned quota. The committee recommended adding language to reflect this concept in the motion under C 1.8.

DRAFT

One member noted that the committee should consider the use caps for each species carefully under this program at a later date, since they will likely be designated by both species and gear type in the regular rationalization program. Once data is available and upon further refinement of the regular program, it will be easier to determine the necessary individual and vessel use caps under the CFQ Program.

- *Discuss Option C 1.2, Option 3*

This topic represented an addition to the agenda. The committee briefly discussed C 1.2, Option 3, to allow membership on the Board of the management entity “to be based on an evaluation of community population, location of the resource, and/or regionalization (can either stand alone or be in combination).” This option was approved by the Council in February, to satisfy concerns of some AEB communities and provide a more flexible method for structuring the Board. The committee recommended clarifying the motion such that this option only applies if there is one Gulf-wide management entity. The committee also agreed that the option requires more specificity, and that AEB and a committee member (Weiss) can work outside of the meeting to provide some suggestions to clarify this option in the future.

- *Timing of the CFQ Allocation (transfer tax under C 1.6)*

This topic represented an addition to the agenda. The committee expressed that the data provided on the halibut/sablefish IFQ Program does not help determine the timing of the CFQ allocation and the concept of potentially funding a portion of the program through an attenuation of QS upon first transfer. The committee thus requested that the analysis contain data on the total amount of QS units transferred (first transfer only) in the beginning years of the halibut/sablefish IFQ Program, understanding the differences between this and the Gulf groundfish program, and that establishing a provision for an attenuation of QS upon first transfer will create an incentive not to transfer QS and affect individual behavior. The committee believes the data are necessary to allow the Council to determine a reasonable starting point for the total CFQ allocation (5% - 15%) to the program and the portion that should be initially allocated.

- *Regionalization Landing Requirements (C 1.10)*

The committee reviewed the regionalization concept in the overall rationalization program and discussed the intent to preserve historical processing distribution between the two (North/South) regions and mitigate significant impacts to the communities and processors in the regions as a result of rationalization. If applied to the CFQ Program, the regionalization designation would apply to the Central Gulf CFQ allocated to the administrative entity in aggregate, which would allow the administrative entity flexibility to lease the CFQ in such a way that it is practical for a community resident’s delivery patterns. The committee recommended, however, that the regional landing requirements under C 1.10 should be applied on a species specific basis. This would allow flexibility to leave a larger portion of the CFQ for particular species (e.g., rockfish and cod) without a regional designation, such that CFQ would be available to support new processing opportunities in small communities. Yet it would also allow for the regional distribution determined for the overall program to be maintained for CFQ for most species.

V. Review and refine the options for the Community Purchase Program

- *What types of non-profit entities should be permitted to purchase Gulf QS under C 2.1?*

The committee discussed concerns stemming from the limitation on the type of entity that can purchase Gulf groundfish quota on behalf of eligible communities. The committee agreed that the program should take advantage of non-profit entities established on behalf of communities for other programs as appropriate, including the crab rationalization eligible crab communities (ECCs) established to exercise the right of first refusal on purchasing processor quota share under the crab rationalization program, and the community quota entities (CQEs) established to purchase halibut and sablefish quota under GOA Am.

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66. In addition, the committee noted that not all communities that may be eligible under the Gulf groundfish CPP are eligible for these other programs, thus, the options under C 2.1 should accommodate a representative entity for these communities as well (Cordova and Cold Bay). The committee thus recommended language to amend C 2.1 to allow for a number of types of entities to represent eligible communities in the purchase program (see [Attachment 1](#)).

- *If the overall CFQ management entity is also permitted to purchase QS, would it have to purchase QS on behalf of all member communities equally? Discuss how this would work.*

The committee discussed the concept of allowing the overall CFQ management entity (or entities) to also be eligible to purchase Gulf groundfish shares, as stated in C 2.1. The intent is to allow some communities, particularly smaller communities which may not have the funds to ever purchase quota, to be represented in the purchase program. This concept evolved into a discussion of whether the CFQ management entity purchasing Gulf quota should have a separate and different individual cap on how much quota it can purchase, and whether its purchases would be applied toward the aggregate cap on the program.

Some members expressed significant concern with having purchases by the CFQ management entity attributed to the aggregate cap on all eligible communities, particularly given that not all communities eligible for the purchase program are eligible for, and represented by, the CFQ management entity (e.g. Cordova and Kodiak). Some members were extremely concerned with the notion of individual communities competing with the CFQ management entity, expecting that the program would reach the aggregate cap long before most individual communities could have purchased quota. At the same time, other members were concerned with the ability of smaller communities to compete with larger communities in purchasing quota share before the aggregate cap is reached. Both concerns are relevant if the aggregate cap is established at less than the sum of the individual caps of each individual community. Members noted that this situation also creates tension between the CFQ management entity and the communities which may be purchasing quota on their own.

In order to remedy these concerns, the committee recommended including a suboption under the aggregate cap options in C 2.5, to allow the option to split the aggregate cap on purchased quota between communities eligible for the CFQ Program and communities not eligible for the CFQ Program. Any purchases by the CFQ management entity would be applied toward the CFQ community aggregate cap. While the committee did not recommend specific numbers for a split of the aggregate cap, it suggested using benchmarks in the analysis of 4%, 8%, and 12% as a cap on the non-CFQ communities and 20%, 25%, and 30% as a cap on the CFQ communities.

The committee also recommended adding an option for a total aggregate cap of 45%, to provide an option that would potentially allow the non-CFQ communities eligible under the purchase program to purchase up to 12% in aggregate, and the eligible CFQ communities to purchase up to 30% (total of 42%). The committee also recommended deleting Options 5, 6, and 7, as the range provided under Options 1- 5 appears sufficient to cover those amounts. The committee also recommended deleting Options 1 (1%) and 2 (2%) under the individual community caps, as those will likely be lower than the individual caps established in the regular program.

- *What types of administrative oversight elements are necessary under C 2.4?*

The committee recommended adding three specific elements of administrative oversight to C 2.4 that are similar to the requirements of the halibut/sablefish community purchase program (see [Attachment 1](#)).

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- *Should there be restrictions on the type of Gulf QS that can be purchased by community entities? (i.e., can communities purchase QS of any block, CV/CP, gear type, or regionalization designation?)*

The committee agreed that community entities should be allowed to buy shares with any operating (CV/CP) or regionalization (North/South) designation. The committee was more concerned with whether community entities should be allowed to buy blocked shares or shares of any gear designation. While the committee recognized that only (low-producer) fixed gear CV shares could potentially be blocked under the regular program,² it expressed a desire to be careful about allowing community entities to buy blocks that are intended as a stair step for entry-level participants to purchase after initial allocation. Some members on the committee noted that communities are a similar type of participant and should be allowed to purchase blocked quota, even if at a limited amount. However, due to the uncertainty surrounding the number of blocks that will be formed under the regular program, and the sensitivity to creating a program that would allow entry-level participation by both communities and individuals, the committee did not make any substantive recommendations on this issue at this time. The committee noted similar concerns regarding shares with a particular gear designation. Thus, the committee recommended only that the motion reflect that it may be necessary to limit community acquisition of quota with a particular block and/or gear designation.

- *Do the share designations (see above bullet) on Gulf QS apply when held and fished by communities?*

The committee reiterated its concern with maintaining quota of a particular designation that is likely to act as entry-level quota for new entrants buying into the program. If the harvest designations did not apply when held by community entities, the concern is that community entities would have an incentive to purchase a significant amount of that quota (which is likely to be less costly), and reduce availability for other 'second-generation' participants.

In sum, the committee did not reach consensus on whether the CV/CP designation must apply when the quota is held by community entities. One member (Fields) noted that the Gulf of Alaska Coastal Communities Coalition's position has been to bring community shares onshore, such that any quota purchased by community entities would be used as CV shares. Other members expressed the desire for increased flexibility if a community could use both CP and CV shares.

The committee agreed that the regionalization designation should apply to shares purchased and held by community entities, in order to maintain the regional distribution that is determined under the regular program. The committee also noted that if a community entity purchases blocked shares, those blocks remain intact if the entity sells the quota. Finally, the committee agreed that the gear designation on quota share should not apply when held by communities, in order to be able to use the limited number of vessels that may be available in several smaller communities. However, the committee noted that there was also agreement (above) that the amount of quota that communities can purchase with a specific gear designation may need to be limited.

- *Should there be restrictions on the sale of Gulf QS purchased by a community entity?*

The committee discussed this issue briefly, noting that a provision exists under GOA Am. 66 to restrict a community entity from selling its purchased halibut/sablefish quota shares unless it is to improve or expand its position in the program or dissolve the community entity altogether. If a portion of quota is

²Under Alternative 2, Option 2.2.7, there are two options for a block program on fixed gear CV shares: 1) 10,000 lbs equals one block, or 2) 20,000 lbs equals one block. Under 2.2.7.2, eligible participants would be allowed to hold a maximum of 1) one block; 2) two blocks; 3) 4 blocks.

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sold for any other reason, the entity must sell any remaining QS and is restricted from purchasing quota for three years. Some members thought these 'penalties' were too stringent, noting that communities should be allowed to make business decisions based on the success of their investments, just as individuals. Others supported disincentives to sell quota share in order to promote long-term holdings as part of a community trust. The committee agreed that this issue warrants more discussion than the committee had time for at this meeting.

- *AEB Resolution*

This topic represented an addition to the agenda. At its January meeting, one member (Weiss) noted that residents of the communities of Akutan and False Pass in the Aleutians East Borough (AEB) fish in both the BSAI and the GOA, and are similar in size and character to other communities eligible under the CPP. However, because the Council approved an overall statement of intent not to include BSAI communities (CDQ or otherwise) in any Gulf rationalization community programs in the Council motion, the committee thought that the AEB would need to make a specific request to the Council to change its overall intent. At this meeting, the committee reviewed a resolution from AEB (March 21, 2005) that the Council consider including Akutan and False Pass in the CPP (Attachment 3). The committee did not make recommendations on this issue.

- *Eligible communities*

Upon discussion of the other elements of the program, the committee agreed that it may be easier to proceed with the analysis if the maximum list of eligible communities was certain. To that end, the committee made a recommendation as to the list of eligible communities for each program, using the Council's criteria to date.

The committee recommended making the criteria that communities must have residents with commercial permit and fishing activity as documented by CFEC in 1993 – 2002 a provision for eligibility under both programs (Option 3a).³ A more restrictive option (currently Option 3b), to require that the fishing activity be particular to groundfish fishing, would remain available. Staff confirmed that preliminary review of the data indicates that applying Option 3a to the CFQ Program would reduce the number of eligible communities by four (Aleneva, Beluga, Seldovia Village, and Susitna).

The committee also addressed whether some communities on the preliminary list for the CPP are more reasonably considered places adjunct to other communities, thereby not warranting a separate privilege to purchase quota share. The committee agreed that the Kodiak Island communities of Chiniak, Womens Bay, and Kodiak Station are adjunct to the City of Kodiak, and are comprised primarily of remote homesteads and/or polling stations and lack substantial government or community structure. The committee recommended that residents of those communities should be eligible to lease quota purchased by a management entity on behalf of the City of Kodiak, but that those places should not be included as individual communities authorized to form separate entities to purchase quota. The committee agreed that the same situation applies to Seldovia Village, as determined under GOA Am. 66. The committee recommended that Seldovia Village residents should be permitted to lease Gulf groundfish quota from the entity representing the City of Seldovia.⁴

³Under the CFQ Program, this criteria is in C 1.2, Option 3a. Under the CPP, it is C 2.2., Option 3a.

⁴ Preliminary data indicate Aleneva, Beluga, Kodiak Station, Seldovia Village, Susitna, and Womens Bay, also do not meet the criteria under C 2.2, Option 3a to be an eligible community under the Community Purchase Program.

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In sum, the committee's recommended maximum list of eligible GOA communities for the CFQ Program applies criteria of: <1,500 persons; no road connections to larger communities; within 5 nm of the Gulf coast; and residents with commercial permit and fishing activity as documented by CFEC in 1993 – 2002. **This recommendation results in a *potential maximum* of 22 communities eligible under the CFQ Program.**

The committee's recommended maximum list of eligible GOA communities for the Community Purchase Program applies criteria of: <7,500 persons; no road connections to larger communities; within 5 nm of the Gulf coast; and residents with commercial permit and fishing activity as documented by CFEC in 1993 – 2002. The committee's recommendations on CPP eligibility also include the recommendations on adjunct places as discussed above. **This recommendation results in a *potential maximum* of 24 communities eligible under the Community Purchase Program.**

The committee's recommendations to the preliminary lists of eligible communities are shown in Tables 1 and 2 in **Attachment 4**. The committee noted that with these suggested changes, the opportunity would remain to choose more restrictive criteria that would further reduce the number of eligible communities.

VI. Discuss need for subsequent meetings and schedule for committee report

The committee reiterated its belief that the committee process is valuable and productive, and it would like to continue its efforts after the general program is further refined and data is available. In addition, one committee member (Fields) noted he would like to introduce a concept of an annual assessment (allocated to communities in the region), on quota transferred (including leases) to or within a cooperative entity.

Gulf of Alaska (GOA) Rationalization Community Committee Recommendations on the February 2005 Council motion on Gulf Rationalization Community Provisions
(additions are in bold underline and deletions are stricken)

It is the Council's intent that the Community Fisheries Quota (CFQ) Program and the Community Purchase Program (CPP) be the subject of standalone staff analysis for future inclusion in GOA groundfish rationalization alternatives as appropriate. The intent is not to create these programs as a trailing amendment, but to implement them at the same time GOA rationalization goes into effect.

Bering Sea/Aleutian Islands communities (CDQ or otherwise) and communities adjacent to the Eastern GOA regulatory area Southeast Outside District (except Yakutat) will not be included in any Gulf rationalization community provision programs.

PURPOSE: The Council recognizes the importance of providing economic stability for communities historically dependent upon GOA groundfish fisheries. Consistent with the guidance provided by the Consolidated Appropriations Act of 2001, National Standard 8, and the National Research Council Report, the Council acknowledges that rationalization programs can have significant impacts on fishing-dependent communities. Community provisions are intended to address community impacts resulting from rationalization and seek to provide economic stability or create economic opportunity in fishing-dependent communities, and provide for the sustained participation of such communities.

C 1. Community Fisheries Quota (CFQ) Program

The CFQ program would allocate a percentage of the annual Federal TAC to an administrative entity that would subsequently determine how to use the annual harvest privileges according to criteria established in Federal regulation. Depending upon the structure and restrictions established, the non-profit entity would use the shares to enable eligible communities to fish the shares. CFQ will be fished only by eligible community residents and will not be leased outside of the community to be used for other economic development.

The intent of the CFQ program is to mitigate the economic impacts of Gulf groundfish rationalization on small (less than 1500), isolated GOA communities with a historical dependence on groundfish. Further, it is the intent of the program to sustain current participation and access to the fisheries by those communities.

C 1.1 Administrative Entity

The administrative entity representing one or more eligible communities must be a non-profit entity qualified by NMFS. The administrative entity shall be:

- Option 1. A single Gulf-wide administrative entity
- Option 2. An administrative entity for each GOA groundfish management area (**One Western Gulf entity and one Central Gulf entity. The CG entity includes CG and WY communities.**)
 - Suboption 1. Community membership in each entity may be adjusted based on common culture and history considerations.**
- Option 3. An administrative entity representing a group of communities with common culture and history

If Option 2 is selected, the initial allocation of CFQ would be such that WG CFQ is allocated to the management entity representing WG communities, and CG and WY CFQ is allocated to the management entity representing CG and WY communities.

If Option 2, Suboption 1 or Option 3 is selected, the initial allocation of CFQ would be based on:

- Suboption 1.** 0% - 100% of the CFQ for a specific management area (WG, CG, WY) would be allocated to the management entity representing communities located in that area on an equal basis.
- Suboption 2.** 0% - 100% of the CFQ for a specific management area (WG, CG, WY) would be allocated to the management entity representing communities located in that area on a pro rata basis based on population.

C 1.2 Board Representation of the Administrative Entity

The administrative entity shall be comprised of a Board of Directors as follows:

- Option 1. (Applicable with C 1.1 Options 1 -3). Equal board membership established by an equal number of appointed representative(s) from each Community Quota Entity's (CQE's) member communities. (Should the CQE represent more than one community, the CQE would appoint representatives to the administrative entity for each member community.)
- Option 2. (Applicable with C 1.1 Option 1). A 13 member Board represented by members of CQEs by region as follows: Aleutians East Borough (3 reps); Lake and Peninsula Borough (3 reps); Kodiak Borough (3 reps); Yakutat (1 rep); Chugach (2 reps); Cook Inlet (1 rep).
- Option 3. (**Applicable with C 1.1 Option 1**). Membership on the administrative entity to be based on an evaluation of community population, location of the resource, and/or regionalization (can either stand alone or be in combination).

C 1.3 Eligible Communities

- Option 1. Population (based on 2000 U.S. Census) of less than 1,500 but not less than 25
- Option 2. Geography
- a. Coastal Communities without road connections to larger community highway network
 - b. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.
- Option 3. Historic Participation in Groundfish Fisheries
- a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 - 2002)
 - a.-b. Communities with residents having any groundfish commercial permit and fishing activity as documented by CFEC in the last ten years (1993 - 2002)
- Option 4. GOA (WG, CG, WY) communities eligible under GOA Am. 66 are eligible.

C 1.4 Species

- Option 1. All rationalized groundfish species including PSC
- Option 2. Pollock and Pacific cod and associated species necessary to prosecute the allocation of pollock and Pacific cod

C 1.5 Allocation

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC

CFQ awarded to a gulf-wide administrative entity cannot be permanently transferred.

C 1.6 Timing of the CFQ Allocation

- Option 1. 100% of the CFQ at implementation of the program
- Option 2. 66% of the CFQ at implementation
- Option 3. 50% of the CFQ at implementation
- Option 4. 33% of the CFQ at implementation

Under Options 2 – 4, there is a guarantee that 20% of the remaining allocation to the CFQ Program will be made each year, such that all of the CFQ would be allocated to the program after a 5 year period. The following suboptions are applicable to Options 2 – 4:

- Suboption 1. Remainder CFQ to be allocated from a 10% reduction of QS at first transfer (sale). If the annual minimum allocation has not been reached through transfer, the remainder will be 'funded' by creating new QS and adding it to the QS pool(s).
 - i. Attenuation at first transfer of QS does not apply to gift transfers between family members (first degree of kin).
- Suboption 2. Remainder CFQ to be allocated from a 5% reduction of QS at first transfer (sale). If the annual minimum allocation has not been reached through transfer, the remainder will be 'funded' by creating new QS and adding it to the QS pool(s).
 - i. Attenuation at first transfer of QS does not apply to gift transfers between family members (first degree of kin).

C 1.7 Harvesting of Shares

Harvesting of shares is limited to residents of any eligible community.

The administrative entity may lease quota share to eligible community residents with vessels owned by, retained under a contractual arrangement with, or on which a community resident has an employment contract. ~~The administrative entity may lease quota shares to community residents from any eligible community to be fished on vessels owned or leased by community residents.~~ However, residents of eligible communities located in a specific management area (WG, CG, WY) should receive priority over other qualified applicants in the leasing of community quota used in that specific management area.

- ~~Option 1. 0%–100% of the annual harvest rights from the CFQ owned by the administrative entity from each GOA groundfish management area, by species, would be distributed amongst qualified communities located in the management area on an equal basis.~~

C 1.8 Individual Use Caps and Vessel IFQ Caps

An individual leasing CFQ and use of CFQ on a vessel shall be limited as follows (caps would be species specific **and exclusive of any quota individually owned**):

- Option 1. No individual QS use caps and vessel IFQ caps for fishing CFQ
- Option 2. An amount equal to the individual QS use caps and vessel IFQ caps in the rationalized Gulf groundfish fishery
- Option 3. An amount equal to an approximation of what is needed for viable participation in the fishery (to be specified later)
- Option 4. An amount equal to 150% of the individual QS use caps and vessel IFQ caps in the rationalized Gulf groundfish fishery

Suboption (applies to Options 2 – 4):

Use (25%, 50%, or 75%) of the selected use cap for Pacific cod. **This cap is inclusive of any quota individually owned.**

C 1.9 Sector Designation

All IFQ resulting from QS held by communities shall be designated for use on catcher vessels.

C 1.10 Landing Requirements

Landing requirements will be applied on a species specific basis.

- Option 1. CFQ shall have regional landing requirements proportional to the regional landing requirements applied for the remainder of QS issued for that species.
- Option 2. 50% - 100% of the CFQ shall have regional landing requirements
 - Suboption a. requirements shall be in perpetuity
 - Suboption b. requirements shall be for a period of 5 years
 - Suboption c. requirements shall be for a period of 10 years

C 1.11 Use of Lease Proceeds by Administrative Entity

Use of lease proceeds is restricted to administrative expenses and:

- Option 1. purchase of additional quota shares
- Option 2. fisheries related investments
- Option 3. investments in the economic development and social well being of member communities
- Option 4. distribution to member community CQEs

Use of CFQ lease proceeds by member community CQEs is restricted to administrative expenses and:

- Suboption 1. purchase of additional quota shares
- Suboption 2. fisheries related investments
- Suboption 3. investments in the economic development and social well being of member communities

C 1.12 Distribution of lease proceeds to member communities

- Option 1. The administrative entity is not required to annually distribute lease proceeds to member community CQEs
- Option 2. The administrative entity is required to annually distribute lease proceeds to member community CQEs in an amount equal to or exceeding:
 - Suboption 1. 10% annual lease income after administrative expenses
 - Suboption 2. 20% annual lease income after administrative expenses
 - Suboption 3. 30% annual lease income after administrative expenses

C 1.13 Allocation Basis for Lease Proceeds

- Option 1. Lease income would be distributed at sole discretion of administrative entity.
- Option 2. 0% - 100% of the annual lease income distributed by the administrative entity to member community CQEs would be distributed amongst qualified communities on an equal basis.
- Option 3. 0% - 100% of the annual lease income distributed by the administrative entity to member community CQEs would be distributed amongst qualified communities on a pro rata basis based on population.

C 1.14 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role.

The required elements of the eligibility statement will be in regulation but, at a minimum, shall include:

- Option 1. identification of the community CQEs represented by the administrative entity
- Option 2. allocation criteria between regions, communities and fishermen
- Option 3. documentation concerning accountability to the communities represented by the administrative entity
- Option 4. **procedures used to solicit requests from residents to lease CFQ**
- Option 5. **criteria used to determine the distribution of CFQ leases among qualified community residents and the relative weighting of those criteria.**

C 1.15 Administrative Oversight

An **annual** report submitted to NMFS detailing the use of QS by the administrative entity. **The report should include findings of the administrative entity related to community resident vessel ownership, community resident contractual relationships with a vessel owner, and community resident employment on a vessel, in its leasing of CFQ to community residents.** The required elements and timing of the report will be outlined in regulation.

C 2. Community Purchase Program

The CPP would allow a defined set of eligible communities to organize an administrative entity to purchase, hold, and use Gulf groundfish quota share within the rationalization program. In contrast to receiving an initial allocation, this provision would designate an administrative entity representing eligible communities as an eligible quota shareholder under the rationalization program, and that entity would be allowed to purchase GOA groundfish shares on the open market.

The purpose of the CPP is to provide the eligible communities with the opportunity to sustain their participation in the rationalized fisheries through the acquisition of Gulf groundfish fishing privileges. Further, it is the intent of the program to maintain and enhance current participation and access to Gulf groundfish fisheries by those communities.

C 2.1 Administrative Entity

The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS, and may include ~~an administrative entity established to manage CFQ entities established under the BSAI Crab Rationalization Program for the community of Kodiak, Community Fisheries Quota (CFQ) administrative entities, a community quota entity under GOA Amendment 66, or a non-profit established by the community of Cordova or Cold Bay, using criteria similar to the Amendment 66 qualification of CQEs.~~

C 2.2 Eligible communities

- Option 1. Population (based on 2000 U.S. Census):
 - a. Less than 1,500, but not less than 25
 - b. Less than 7,500, but not less than 25

- Option 2. Geography
 - a. Coastal Communities without road connections to larger community highway network
 - b. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

- Option 3. Historic Participation in Fisheries
 - ~~a.~~ Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)
 - a. ~~b.~~ Communities with residents having any groundfish commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)

- Option 4. GOA (WG, CG, WY) communities eligible under GOA Am. 66 are eligible.

C 2.3 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.

C 2.4 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation **and may include:**

- (a) **A summary of business, employment and fishing activities under the program**
- (b) **A discussion of any corporate changes that alter the representational structure of the entity**
- (c) **Discussion of known impacts to resources in the area**

C 2.5 Ownership/Use Caps

Individual community Gulf groundfish QS/GH cap on purchased quota:

- Option 1. ~~1%~~
- Option 2. ~~2%~~
- Option 3. 3%
- Option 4. An amount equal to the individual cap in the general program by species
- Option 5. An amount equal to two times the individual cap in the general program by species
- Option 6. An amount equal to three times the individual cap in the general program by species

Aggregate community Gulf groundfish QS/GH cap on purchased quota of:

- Option 1. 10%
- Option 2. 15%
- Option 3. 20%
- Option 4. 30%
- Option 5. 45%**
- ~~Option 5. An amount equal to the sum of the individual use caps of all eligible communities~~
- ~~Option 6. An amount equal to 90% of the sum of the individual use caps of all eligible communities~~
- ~~Option 7. An amount equal to 80% of the sum of the individual use caps of all eligible communities~~
- Option 68. No aggregate cap

Suboption 1 (applies to Options 1 – 5): Split the aggregate cap between communities eligible for the CFQ Program and communities not eligible for the CFQ Program. Any purchases by the CFQ management entity(ies) would be applied toward the CFQ community aggregate cap.

It may be necessary to limit community acquisition of quota with a particular block and/or gear designation.

**Gulf Rationalization Community Committee
Meeting Agenda**

**March 30, 2005
Hilton Hotel, Fireweed Room
500 West Third Avenue, Anchorage
8 am – 5 pm**

I. Review and approval of the agenda

II. Approval of the January committee report

III. Review of the current Council motion on community provisions (as of February 2005)

IV. Review and refine the options for the CFQ Program

- If more than one management (administrative) entity is selected under C 1.1, how to determine the overall allocation of CFQ to each management entity? For example, would each management entity be allocated equal shares of CFQ? Would each management entity only be allocated shares in the management area in which they are located (e.g. only WG communities would get WG shares)?
- What process would the management entity(ies) use to determine which residents lease (fish) CFQ? (Example: open bid, proposal process, etc.) Does this process need to be in regulation?
- Further discuss the ownership/lease provision implicit in C 1.7. For example, must an eligible resident own the vessel or lease the vessel on which the CFQ is harvested? Or must the eligible resident only need to lease the CFQ, and it can be fished on any vessel? What are the implications of an owner/lease provision?
- Discuss whether individual eligible communities should be permitted to 'opt-out' of the overall management entity and take a portion of the CFQ to manage themselves. (Note that this is contrary to the current options, under which only the administrative entity or entities specified in C 1.1 are allocated CFQ. These options do not allow for each community to form its own management entity, nor do they allow a community to opt-out on an annual basis.)
- Clarify whether the individual use caps and vessel use caps under C 1.8 are inclusive of all other Gulf quota (in the overall rationalization program) held by individual residents and/or fished on an individual vessel.
- Other items as necessary.

V. Review and refine the options for the Community Purchase Program

- What types of non-profit entities should be permitted to purchase Gulf QS under C 2.1?
- If the overall CFQ management entity is also permitted to purchase QS, would it have to purchase QS on behalf of all member communities equally? Or could it purchase QS with funds provided by an individual community on behalf of only that individual community (for lease to only residents of that community)? Discuss how this would work.

- What types of administrative oversight elements are necessary under C 2.4?
- Should there be restrictions on the type of Gulf QS that can be purchased by community entities? (i.e., can communities purchase QS of any block designation, CV/CP shares, gear designation, regionalization tag?)
- Do the designations (see above bullet) on Gulf QS apply when held and fished by communities?
- Should there be restrictions on the sale of Gulf QS purchased by a community entity?
- Other items as necessary.

VI. Discuss need for subsequent meetings and schedule for committee report

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF
■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON

RESOLUTION 05-12

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH THAT THE COMMUNITIES OF AKUTAN AND FALSE PASS BE CONSIDERED FOR THE COMMUNITY PURCHASE PROGRAM.

WHEREAS, the North Pacific Fisheries Management Council is considering a rationalization plan for Gulf of Alaska groundfish that will impact local communities in the Aleutians East; and

WHEREAS, two programs are being structured to address community impacts within the Gulf of Alaska Rationalization plan, the Community Fisheries Quota (CFQ) and the Community Purchase Program (CPP); and

WHEREAS, these programs as currently proposed would include only some of the communities of the AEB, Sand Point, Cold Bay and King Cove; and

WHEREAS, the NPFMC has stated that Bering Sea/Aleutian Islands communities, including Akutan, False Pass and Nelson Lagoon, will not be included in any Gulf rationalization community provision programs; and

WHEREAS, the communities of both Akutan and False Pass have a long history of participation by local fishermen and vessels in groundfish fisheries; and

WHEREAS, the Gulf Rationalization Community Committee has stated the AEB needs to make a specific request for the NPFMC to change the intent to exclude all BS/AI communities from inclusion in any Gulf rationalization community programs; and

NOW THEREFORE BE IT RESOLVED by the Aleutians East Borough that the North Pacific Fisheries Management Council consider including Akutan and False Pass in the communities eligible to participate in the Community Purchase Program.

PASSED AND APPROVED BY THE ASSEMBLY OF THE ALEUTIANS EAST BOROUGH on this 21st day of March, 2005.

IN WITNESS THERETO:

By: Stanley Mack
Stanley Mack, Mayor

ATTEST:

Tina Anderson
Tina Anderson, Clerk

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Gulf Committee recommendations on (22 maximum) communities eligible for the CFQ Program

Table 1: Gulf committee recommendations on the maximum list of WY, CG, and WG communities (recognized as places by the U.S. Census) eligible under the Gulf Rationalization CFQ Program. Criteria applied include: 1) population of fewer than 1,500; 2) no road connections to larger community highway network; 3) within 5 nm of the Gulf coast; and 4) residents having any commercial permit and fishing activity as documented by CFEC in 1993 - 2002.

	NAME	POP	CENSUS PLACE DESIGNATION	GOVT STRUCTURE	BOROUGH	AREA
1	Akhiok	80	city	Second Class City	Kodiak Island	CG
2	Aleneva	68	CDP	Unincorporated	Kodiak Island	CG
3	Beluga	32	CDP	Unincorporated	Kenai Peninsula	CG
4	Chenega Bay	86	CDP	Unincorporated	Unorganized	CG
5	Chignik	79	city	Second Class City	Lake & Peninsula	CG
6	Chignik Lagoon	103	CDP	Unincorporated	Lake & Peninsula	CG
7	Chignik Lake	145	CDP	Unincorporated	Lake & Peninsula	CG
8	Cold Bay	88	city	Second Class City	Aleutians East	WG
9	Halibut Cove	35	CDP	Unincorporated	Kenai Peninsula	CG
10	Ivanof Bay	22	CDP	Unincorporated	Lake & Peninsula	WG
11	Karluk	27	CDP	Unincorporated	Kodiak Island	CG
12	King Cove	792	city	First Class City	Aleutians East	WG
13	Larsen Bay	115	city	Second Class City	Kodiak Island	CG
14	Nanwalek	177	CDP	Unincorporated	Kenai Peninsula	CG
15	Old Harbor	237	city	Second Class City	Kodiak Island	CG
16	Ouzinkie	225	city	Second Class City	Kodiak Island	CG
17	Perryville	107	CDP	Unincorporated	Lake & Peninsula	WG
18	Port Graham	171	CDP	Unincorporated	Kenai Peninsula	CG
19	Port Lions	256	city	Second Class City	Kodiak Island	CG
20	Sand Point	952	city	First Class City	Aleutians East	WG
21	Seldovia	286	city	First Class City	Kenai Peninsula	CG
22	Seldovia Village	144	CDP	Unincorporated	Kenai Peninsula	CG
23	Susitna	37	CDP	Unincorporated	Matanuska-Susitna	CG
24	Tatitlek ²	107	CDP	Unincorporated	Unorganized	WY
25	Tyonek	193	CDP	Unincorporated	Kenai Peninsula	CG
26	Yakutat ³	680	city	Home Rule	City & Borough of Yakutat	WY/SEO
	TOTAL	5,244				

Note: The committee recommendations to eliminate Aleneva, Beluga, Seldovia Village, and Susitna are a result of applying the fisheries participation criteria.

¹Population is based on the 2000 U.S. Census.

²Tatitlek is considered located in the West Yakutat area. Though located within PWS (Area 649), this community is inside the longitudinal line used to designate the WY (Area 640) and CG (Area 630) boundary.

³Yakutat is located on the boundary of WY and SEO, but is technically located within SEO (Gulf Area 650). Staff has included Yakutat in this list based on the Council's expressed preference to include Yakutat in community options for the Gulf rationalization program.

DRAFT

**Gulf Committee recommendations on (24 maximum) communities eligible
for the Community Purchase Program**

Table 2: Gulf committee recommendations on the maximum list of WY, CG, and WG communities (recognized as places by the U.S. Census) eligible to purchase Gulf groundfish quota under the Gulf Rationalization Community Purchase Program. Criteria applied include: 1) population¹ of fewer than 7,500; 2) no road connections to larger community highway network; 3) within 5 nm of the Gulf coast; and 4) residents having any commercial permit and fishing activity as documented by CFEC in 1993 - 2002.

NAME	POP	CENSUS PLACE DESIGNATION	GOVT STRUCTURE	BOROUGH	AREA
1 Akhiok	80	city	Second Class City	Kodiak Island	CG
2 Aleneva	68	CDP	Unincorporated	Kodiak Island	CG
3 Beluga	32	CDP	Unincorporated	Kenai Peninsula	CG
4 Chenega Bay	86	CDP	Unincorporated	Unorganized	CG
5 Chignik	79	city	Second Class City	Lake & Peninsula	CG
6 Chignik Lagoon	103	CDP	Unincorporated	Lake & Peninsula	CG
7 Chignik Lake	145	CDP	Unincorporated	Lake & Peninsula	CG
8 Chiniak*	50	CDP	Unincorporated	Kodiak Island	CG
9 Cold Bay	88	city	Second Class City	Aleutians East	WG
10 Cordova	2,454	city	Home Rule	Unorganized	WY
11 Halibut Cove	35	CDP	Unincorporated	Kenai Peninsula	CG
12 Ivanof Bay	22	CDP	Unincorporated	Lake & Peninsula	WG
13 Karluk	27	CDP	Unincorporated	Kodiak Island	CG
14 King Cove	792	city	First Class City	Aleutians East	WG
15 Kodiak	6,334	city	Home Rule	Kodiak Island	CG
16 Kodiak Station*	1,840	CDP	Unincorporated	Kodiak Island	CG
17 Larsen Bay	115	city	Second Class City	Kodiak Island	CG
18 Nanwalek	177	CDP	Unincorporated	Kenai Peninsula	CG
19 Old Harbor	237	city	Second Class City	Kodiak Island	CG
20 Ouzinkie	225	city	Second Class City	Kodiak Island	CG
21 Perryville	107	CDP	Unincorporated	Lake & Peninsula	WG
22 Port Graham	171	CDP	Unincorporated	Kenai Peninsula	CG
23 Port Lions	256	city	Second Class City	Kodiak Island	CG
24 Sand Point	952	city	First Class City	Aleutians East	WG
25 Seldovia	286	city	First Class City	Kenai Peninsula	CG
26 Seldovia Village*	144	CDP	Unincorporated	Kenai Peninsula	CG
27 Susitna	37	CDP	Unincorporated	Matanuska-Susitna	CG
28 Tatitlek ²	107	CDP	Unincorporated	Unorganized	WY
29 Tyonek	193	CDP	Unincorporated	Kenai Peninsula	CG
30 Womens Bay*	690	CDP	Unincorporated	Kodiak Island	CG
31 Yakutat ³	680	city	Home Rule	City & Borough of Yakutat	WY/SEO
TOTAL	16,612				

*Note: The committee's recommendations include allowing residents of Seldovia Village to lease quota from the administrative entity representing the City of Seldovia, and allowing residents of Chiniak, Kodiak Station, and Womens Bay to lease quota from the administrative entity representing the City of Kodiak.

Note: The committee recommendations to eliminate Aleneva, Beluga, Seldovia Village, and Susitna are a result of applying the fisheries participation criteria.

¹Population is based on the 2000 U.S. Census.

²Tatitlek is considered located in the West Yakutat area. Though located within PWS (Area 649), this community is inside the longitudinal line used to designate the WY (Area 640) and CG (Area 630) boundary.

³Yakutat is located on the boundary of WY and SEO, but is technically located within SEO (Gulf Area 650). Staff has included Yakutat in this list based on the Council's expressed preference to include Yakutat in community options for the Gulf rationalization program.



Cordova District Fishermen United

P.O. Box 939
Cordova, Alaska 99574
(907) 424-3447 FAX (907) 424-3430

March 28, 2005

Stephanie Madsen, Chair
North Pacific Fishery Management Council

MAR 27 2005
N.P.F.M.C.

Madame Chair and members of the Council,

On behalf of CDFU, we are providing comments on agenda item C-2 GOA Groundfish Rationalization.

It is our understanding that at the April meeting the Council intends to finalize the alternatives, elements and options so that analysis of GOA Groundfish Rationalization can begin. It has been our experience that while some revisions to elements and options can occur during the review process of the analyses, they are usually minor in nature; wholesale revisions are not the norm. With this in mind, CDFU had hoped to submit specific comments about Groundfish Rationalization plans before the analyses begin.

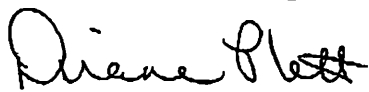
Unfortunately, several factors make it virtually impossible for us to make even the most basic assessment of the effects of Groundfish Rationalization on Cordova and the Prince William Sound area. First, the specific data (e.g. catch and landings data by gear type and fishery) that is needed is confidential, incomplete or unavailable. Second, there are numerous possible combinations of elements and options in each alternative that make even the most basic characteristics of some provisions difficult to assess. Processor license qualifications under Section 2.3.1.2 are a good example. Finally, the fact that Cordova is a small player in this process, with fewer participating processors and fishermen, and less consistent catch and landings histories than other communities, increases the likelihood that even minor options, alone or in combination with others, can affect the outcome for Cordova. The selection of qualifying years for the processor sector and harvester sector is the best example of this.

Although Cordova is a small player in this process, groundfish resources, particularly Pacific cod and pollock, have played an important role in diversifying the commercial fisheries dependent economy of the community. This is especially true during the winter and spring when there are no other fisheries. Groundfish landings, values, and catches in the Prince William Sound area from ADF&G's COAR and catch data, are attached in several spread sheets. Data for the two most important species included in rationalization, Pacific cod and pollock, indicate their importance to the community.

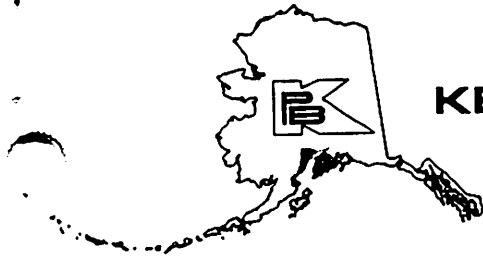
Although we are unable to provide the kinds of specific comments that the Council seeks at this stage of the rationalization process, we are submitting comments that are more general in nature, but that we believe are very relevant to the Council in finalizing the alternatives, elements and options at this meeting. We expect to preserve our historical opportunity and access to the Federal as well as State groundfish fisheries when the process of rationalization is complete.

1. We ask that the most liberal qualifying years and other criteria for the processing sector and the harvester sector remain in the alternatives as currently written. The history of catches and landings of pollock and Pacific cod in the Prince William Sound area are not as consistent as in other areas, and cod catches have fallen off since 2000. It appears that roughly 25% of pollock landings may have come from federal waters. Cod landings have probably come from both federal and parallel fisheries in the earlier years, and cod catches in the parallel fisheries have come from both LLP and non-LLP license holders. Fishermen and processors believe that the decline in recent cod catches and the low cod catch overall is due primarily to changes in the seasonal movement of fish, or seasonal closures that occur before the fish move in to the PWS area. The PWS area is not enclosed within the CGOA; the eastern boundary of the CGOA runs through the middle of PWS. By time cod move into the eastern end of the CGOA the season may close because either the directed catch limit or the prohibited species catch limits have been reached.
2. Under provisions for regionalization of landings requirements, we ask that the most liberal qualifying years used to determine the distribution of shares between regions remain in the alternatives as written. We also believe that provisions for phasing out regionalization should be included in the analyses. It is not at all clear how regionalization of landings requirements will provide protections for Cordova or help the Prince William Sound area in general. In fact, it appears that regionalization may be beneficial only if certain combinations of elements and options are chosen. However, those benefits are limited, especially if in the long run fishermen are not allowed to choose where they wish to deliver their catch. For example, if the abundance of cod in the eastern end of the CGOA increases, regionalization could prohibit fishermen from delivering fish to ports closer to the fishing grounds, such as Cordova. We believe that regionalization of landings in perpetuity reduces competition, and prevents adaptation to biological and economic changes that are bound to occur in the fisheries.
3. In light of the great uncertainty we have about the effects of Groundfish Rationalization on Cordova and the PWS area, we ask that the population threshold for communities in the Community Purchase Program remain at less than 7,500 under Section C.2.2, Option 1.b. It is critical that Cordova remain eligible for protection in these programs in the analyses.
4. Finally, we ask that the analyses specifically include an assessment of the effects of Groundfish Rationalization on Cordova, as well as other communities. This should include information about quota share allocations, sector allocations, landings requirements and other provisions specific to Cordova. Without this information, we will be unable to make reasonable determinations about what final form groundfish rationalization should take.

Thank you for considering our comments.


Diane Platt, Executive Director


Dan Hall, Co-Chairman, Groundfish Division



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA • 99669-7599
BUSINESS (907) 262-4441 FAX (907)262-1892

BOROUGH ASSEMBLY

March 28, 2005

Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th Ave., Suite 306
Anchorage AK 99501-2252

RECEIVED
MAR 30 2005
N.P.F.M.C.

Dear Ms. Madsen:

Please accept the following as comments for agenda Item C-2, Gulf of Alaska Groundfish Rationalization, before the North Pacific Fishery Management Council.

The Kenai Peninsula Borough continues to oppose the regionalization concept for groundfish in the Gulf of Alaska. The fixed gear method of harvesting groundfish is utilized by the majority of the small boat fleet within the Kenai Peninsula Borough. Once the race for fish is no longer necessary, our residents should be allowed to deliver to their home ports if they so desire.

Regionalization may protect southern Gulf of Alaska processors and communities, but it will have negative impacts on fishermen and processors in the northern Gulf of Alaska. It will not allow markets to adjust in the most equitable and economic fashion to the benefit of American consumers and producers. Global markets are demanding Alaska's fish resources be provided in ever changing forms. Regionalization will severely curtail the ability of our fishermen and processors to meet those demands.

The Kenai Peninsula Borough requests that the NPFMC consider and analyze the exemption of fixed gear or a phase out of fixed gear from regionalization requirements.

Thank you for considering this request and the opportunity to comment.

Sincerely,

Gary Superman
Assembly President

CITY OF CORDOVA



March 29, 2005

Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West Fourth Avenue, Suite 306
Anchorage, AK 99501-2252

Madame Chair and members of the Council,

On behalf of the City of Cordova, the City Council would like to submit the following comments regarding the Groundfish Rationalization process and alternatives currently being considered for finalization by the Council. We unfortunately are at a distinct disadvantage in being able to adequately address the scope of this important topic and its local ramification for several historical reasons.

As you are aware, while Cordova is currently a relatively small participant in groundfish harvesting and processing, nonetheless Pacific cod and pollock have periodically played an important role in diversifying the local economy during the non-salmon season. But if one were to review Cordova landings and harvest participation data, the statistics are misleading.

Specifically, being located at the far eastern edge of the current groundfish areas, we repeatedly have seen the cod and pollock quota and by-catch quotas taken in the western fisheries earlier in the season. Therefore by virtue of our location we are routinely limited in fishing access and hence processing just at the time the fish are reaching our grounds. This dynamic has prohibited our processors from making a consistent commitment to re-open plants and hire processing crews. Boats do not then come to Cordova to off-load, and local harvesters have forgone participation because of inconsistent local opportunity.

With these conditions in mind, we urge the Council to take measures to preserve and expand our historical fishing and processing opportunity. We encourage the Council to include alternatives for analysis which reflect the broadest possible combinations of harvester and processor participation and not simply reshuffling current limitations.

March 25, 2005
Stephanie Madsen, Chair
Page 2

We have specific comments on the following topics being considered for analysis.

1. Under provisions for regionalization of landings requirements, we ask that the most liberal qualifying years used to determine the distribution of shares between regions remain in the alternatives as written.
2. We request provisions for phasing out regionalization be included in analyses options. We feel this is an important dynamic to evaluate. Regionalization of landings in perpetuity could reduce competition and prevent adaptation to biological and economic changes that are bound to occur in the fisheries and the marketplace.
3. In light of the great uncertainty we have about the effects of Groundfish Rationalization on Cordova and the PWS area, we ask that the population threshold for communities in the Community Purchase Program remain at less than 7,500 under Section C.2.2, Option 1.b. It is critical that Cordova remain eligible for protection as well as opportunity in these programs.
4. Finally, we ask that the analyses specifically include an assessment of the effects of Groundfish Rationalization on Cordova, as well as other communities. We have found little clarity in the existing state and federal data that specifically reflects our community's role and potential. Without this information, the City will not be able to fully participate in future analysis discussion.

The Cordova City Council would be willing to provide further information on this matter in order to specifically defend Cordova's position. Thank you for the opportunity to comment on the process to date, and we look forward to continued discussions.

Sincerely,



Timothy L. Joyce
Mayor

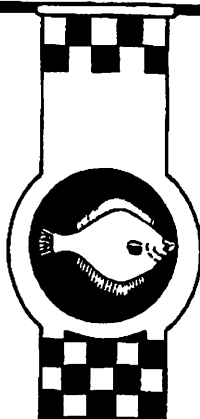
TLJ:lk

F/V HAZEL LORRAINE

202 Center Street
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Kodiak, AK 99615

Tel: 907-486-7599

Stephanie Madsen, Chair
NPFMC
6605 W. 4th, Suite 306
Anchorage, AK 99501-2252
Fax 907.271.2817



MAR 30 2005

NPFMC

March 28, 2005

Re: Overcapitalization of the Pacific Cod fishery in the GOA

Dear Stephanie,

This January was the shortest cod season on record for the trawl fleet. We suffer under many constraints trying to stay afloat economically in our traditional fisheries, cod, sole, and pollock. A decade ago we fished cod up to 10 months a year that also greatly facilitated the sole fishery; **there was no cod discard**. As the number of boats entering the pot cod and longline fisheries steadily shifted effort from other weakened fisheries to cod, the trawl fleet took the brunt of the economic impact. With an unfair start date for trawlers (even the factory longliners start before the shorebased trawlers) and the State of Alaska wresting 25% of the cod quota for a disingenuous small boat fishery (60'-100'+ boats) inside the three-mile limit the quota is chewed up from every direction including the jig fishery, giving the cod no quarter.

The result of overcapitalization by multiple gear groups has increased the bycatch in several fisheries; pot cod traps are impacting the tanner crab stocks with multiple lifts and the increased handling was apparent in the directed tanner fishery this year. The State of Alaska no longer allows cod longlining inside 3 miles after the parallel cod fishery closure due to bycatch, and the jig fishery has its own bycatch problems that are unobserved. The trawlers who are looking at the largest biomasses of harvestable fish in the GOA in the traditional sole and start up arrowtooth fisheries are required to navigate the razors edge between IRTU and bycatch retention/discard and compete with the factory trawlers in a race.

At what point does the NPFMC analyze this problem and take action? The PFMC was faced with a similar situation in 1982 when the west coast shrimp fleet was in trouble from overcapitalization and falling shrimp prices; many shrimp boats were going bankrupt and they were looking for a fishery that would pull them out of the fire.

Page 2

Stephanie Madsen, Chair, N P F M C

Re: Overcapitalization of the Pacific Cod fishery in the GOA

The west coast trawlers asked for a moratorium from the PFMC to prevent the waterfall of cheap vessels from the shrimp fishery (those going through bankruptcy) from impacting a stable and healthy fishery. The number of shrimp boats entering the trawl fishery was increasing rapidly at that point. The PFMC rather than creating a moratorium window that took the history created two years prior to 1982, under political pressure opened the moratorium window for two years into the future with very small landing/investment requirements. **This action doubled the trawl fleet and began the spiral down of the west coast groundfish fishery to its collapse in 2002 and buy back in 2004.**

If the goal of the NPFMC is to manage the fisheries for the maximum benefit to the nation and lower bycatch in all fisheries the question of the impact of shifting effort has to be included in the equation. The ongoing race for fish and bycatch that are created by quarterly releases of fish/bycatch that is not allocated to traditional user groups continues to drive the race between inshore and offshore too. The Council has been struggling with how to rationalize the GOA groundfish fishery for over four years. As you continue to struggle with this complex problem, the problems that initiated the GOA rationalization effort only compound over time. Only when the GOA is rationalized using the base qualifying years will the economic future of the GOA be secured and growth in the underutilized and traditional fisheries turn from discard to success.

We need a solution now and are all depending on you to make it happen soon.

Respectfully,



Albert Geiser
42277 Garrison Lake Road
Port Orford, Oregon
97465

cc: Al Burch, Alaska Draggers
Brent Paine, UCB

3/31/2005

A.P. and Council Members:

My name is Denis Cox Sr. I am the owner and operator of the F/V Hickory Wind.

I came to Kodiak, with my family, in 1978 to trawl fish cod for New England Fish Co.

At that time there were only the Burch brothers, the F/V Northern Queen, one long liner, and myself fishing for cod. Two years later when New England Fish Co. went out of business were left without markets and had to create our own. In the early 80's none of the canneries in Kodiak were interested in buying cod. We shipped fresh iced trawl cod on Sea Land to Lazio Fish Co., in Eureka, Ca. We also sold cod to the crab fisherman for bait. Things were looking pretty bad. Then the Portuguese showed up with their mothership. We started fishing for them for salt cod.

In the mid 80's a few of the canneries in Kodiak started buying cod. As things progressed in the late 80's markets and prices were good. With the good prices that were created, the missed placed crabbers and salmon fisherman joined in the fishery. Now we have trawlers, pot boats, long liners and jig boats involved in our present fishery.

It has recently been brought to my attention that the local fixed gear fisherman, plan on testifying that all cod should be caught with pots and long line gear, for bycatch reasons. We all know that the long liners have a higher percentage of halibut bycatch than trawlers. It is also known that the long liners have sized their boats so that they do not have to have observers aboard.

The real agenda is to put all the money in their pocket.

Thank you for your time and consideration on this matter.


Denis P. Cox Sr.

**North Pacific Fishery Management Council
Advisory Panel Minutes
April 4-8, 2005, Anchorage Hilton Hotel**

The following members were present for all or part of the meeting:

John Bruce	Bob Jacobson
Al Burch	Kent Leslie
Joe Childers	Matt Moir
Cora Crome	John Moller
Craig Cross	Jeb Morrow
Tom Enlow	Eric Olson
Duncan Fields	Ed Poulsen
Dave Fraser	Jim Preston
John Henderschedt	Michelle Ridgway
Jan Jacobs	Jeff Stephan

C-1 CDQ

The AP recommends the Council request the State of Alaska submit final CDQ allocation recommendations so that the AP can fulfill its duties to advise the Council and NMFS on the Governor's recommendations. *Motion passed 14/5.*

C-2 Gulf of Alaska Groundfish Rationalization

Community Issues

The AP recommends the Council adopt the Gulf Rationalization Community Committee recommendations as outlined in the staff report from the March 30 2005 committee meeting. The recommended additions are indicated by the bold language and the recommended deletions are indicated by the strikeouts in Attachment 1 of the report.

In addition, the AP recommends the following substitution (*page 2 of GOA Community Committee Recommendations*):

C1.2 Option 3: The makeup of the administrative entity board of directors shall reflect population, local participants' harvest history and geography.

Additionally, the AP recommends the continued work of the Gulf Rationalization Community Committee. *Motion passed 19/0*

Other Issues

The AP recommends the Council remove 3.4.7.2 Transfer Provisions. *Motion passed 19/0*

Kenneth N. Holland, Jr.

F/V Point Omega

PO Box 608

Kodiak, Alaska 99615

Tel/fax (907)486-3764

Oral Testimony to North Pacific Management Council

April, 2005

C-2 GOA Groundfish Rationalization

Inside three mile history

Good afternoon Chair Madsen and Council Members,

For the record, my name is Ken Holland. My wife Chris and I own and operate the 72ft Point Omega out of Kodiak. I have been fishing since 1963, my father was a fisherman and my son continues to fish with me today. I have pot fished for Pacific Cod since 1987 and I continue to operate my own vessel. As a pioneer, we began fishing pot cod 3 years prior to anyone else.

I operated exclusively in a **Federal** fishery for 10 years, as there was no "State Waters" fishery. I was required to carry a **Federal** fisheries permit and fill out a **Federally** required log book. This qualified me under a **Federal** moratorium to fish P-cod in the Gulf of Alaska. Eventually the moratorium was replaced with a **Federal** LLP.

In '97 the State implemented their State Waters fishery. To my knowledge this was the first time I had ever participated in a "State" groundfishery. I participated in every subsequent State Waters Fishery. I feel I have already contributed to any state plan that may be implemented, as during the Fall clean up, myself and a small fleet averaging less than six, caught the remaining quota. This allowed the State to obtain their incremental increases from the original 15% to the cap of 25%.

I continue to participate in the Federal and State groundfishery seasons. I

anticipate that I will qualify for a significant amount of fish under Gulf Rationalization. Approximately 95% of my Federal catch was executed inside three miles, and I am extremely concerned about this portion of my catch. I feel we are in a precarious position in that when the state took over and made the "State Water" fishery we were excluded by our length from participating in most other areas by the under 60ft rule. Even in Kodiak there was an attempt to exclude boats over 60ft from certain areas that resulted in the harvest cap for boats in our size class.

The State and Federal fisheries that occur inside three miles are two very different fisheries and should not be acted upon the same.

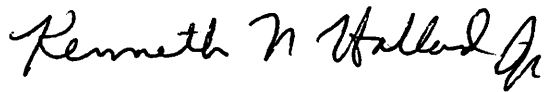
As a Federal groundfishery participant, I expect and desire to receive quota shares for my entire Federal history. I prefer that the Council work with the State on an exchange of their requested percentage of catch history, but instead of penalizing those inside of three miles, take it off the top of the whole pool. So that I will have rights equal to other Federal Fishers. The Alaska Board of Fisheries DAP program will overwhelmingly disenfranchise my operations. I do not see how I could remain competitive with Federal IFQ holders.

If necessary, we will agree to fish our federal harvesting privileges outside of three miles.

I have worked long and hard to develop a federal and state pot cod fishery which reduces bycatch and produces a higher quality product. **Isn't that part of the Council's ultimate objective?**

I am requesting that the Council take a look at their federal fishers inside three miles, we deserve to be treated equally and wish to be recognized accordingly.

Thank You



Kenneth N Holland, Jr.

Submitted by
Ken Holland
C-2

m levenson

From: "m levenson" <jleven@ptialaska.net>
To: "m levenson" <jleven@ptialaska.net>
Sent: Saturday, April 02, 2005 9:25 PM
Subject: Re: parrell fisheries

----- Original Message -----

From: [m levenson](#)

Sent: Saturday, April 02, 2005 9:07 PM

Subject: parrell fisheries

4/1/05

MARK LEVENSON

F/V SEA DREAM

BOX 1284 KODIAK AK 99615

907 487 4488

NPFMC ANCHORAGE MEETING C-2 GULF OF ALASKA GROUND FISH RASH.

my name is mark levenson and I have the fishing vessel Sea Dream. I have fished pot cod since 1994 to 2005. I fish halibut, pot cod, and tender salmon. I need all 3 incomes from those fisheries to support my family and my crews families. IF I have to cut my income I will be forced to sell what I have left. I need to keep fishing cod but we have a little problem you see, we fished most of our cod in state waters and you don't want to give any quota shares for those fish. I urge the council to credit any fish caught during the federal cod season to credit those fish caught even if they were caught in state waters. there are allot of boats in the same situation as me. what will happen is the little guy like me who is making a good living off cod halibut and tendering will be gone, thanks to you members of the council.

mark levenson

mark levenson