


MEMORANDUM

TO: Council, SSC and AP Members
FROM: Chris Oliver 
Executive Director
DATE: February 1, 2006
SUBJECT: Staff Tasking

ESTIMATED TIME 2 HOURS

ACTION REQUIRED

- (a) Review tasking and committees and provide direction.
- (b) Refine VMS alternatives for analysis.

BACKGROUND

(a) Review tasking and committees and provide direction

The list of Council committees is attached as Item D-6(a)(1). Item D-6(a)(2) is the three meeting outlook, and Item D-6(a)(3) and Item D-6(a)(4) are the summary of current projects, timelines, and tasking. The two new projects added to the tasking list in February included BSAI trawl CV eligibility, and MRA enforcement for the non-AFA trawl sector. The Council may wish to discuss tasking priorities to address previously tasked projects, as well as potential additions discussed at this meeting, given resources necessary to complete existing priority projects.

Under agenda Item D-2, the SSC reviewed the progress on refining alternative overfishing definitions for the BSAI crab stocks, and I wanted to provide you with additional details on the tasking and timeline for this project. A draft analysis will be presented to the Crab Plan Team at their May 16-18 meeting in Seattle. A preliminary review of the analysis by the SSC is scheduled for June, and an initial review by the Council in December.

In 2004, the Council developed a workplan to bring groundfish management in line with its revised management policy (adopted as part of the PGSEIS). This workplan is reviewed by the Council at each meeting as part of the staff tasking agenda item, and is posted on the Council's website. The workplan, updated to reflect the current status of each item, and its relationship to the management objectives, is attached as Item D-6(a)(5). The Council intends to discuss the management objectives and review priority actions in more detail during the June meeting.

(b) Refine VMS Alternatives

In June, the Council requested that NMFS develop an analysis and alternatives to address VMS application in GOA and BSAI fisheries. In December, the Council reviewed and adopted a draft purpose and need statement and alternatives (see below). In February 2006, the Enforcement Committee had recommended additional revisions, which the Council put on its agenda for discussion in April. The Council may wish to finalize the alternatives for analysis at this meeting.

VMS Purpose and Need

The need is:

The broader application of VMS to meet the increasing management, enforcement, monitoring, scientific, and safety issues caused by the development of additional spatial/temporal fishing boundaries, rationalization programs, and other evolving management and enforcement requirements.

The purposes are:

- 1) To ensure/maximize the viability of the management, monitoring, and enforcement of additional spatial/temporal fishing boundaries and rationalization programs in the most cost-effective and efficient manner possible.
- 2) To enhance the scientific understanding of the impact of fishing activity on the marine environment in the most cost-effective and efficient manner possible.
- 3) To permit more cost-effective and productive use of observers.
- 4) To increase the safety of fishing operations.

VMS Alternatives

Alternative 1: No action alternative

Alternative 2: Require a transmitting VMS on any vessel with any federal fishing permit, including an IFQ permit, when it is operating. A transmitting VMS would also be required on any other commercial fishing vessel that operates in the EEZ, when it is operating. A vessel would be operating any time it is not in port. If the vessel is in port, the vessel would be operating during the transfer of fish, fish products, or fishing gear.

Option: Vessels are subject to the requirements of Alternative 2, except that they are not required to have a transmitting VMS when operating in a state managed fishery in state waters, or in international waters, unless a transmitting VMS is required under SSL or crab rationalization programs.

Option: Vessels not required to have a federal fishing permit would not be required to have a transmitting VMS on board if the vessel operator: (a) transits the EEZ with their fishing gear stowed, and (b) notifies the USCG and NOAA OLE of their intent to simply transit the EEZ (a new checkin/checkout requirement).

Option: Vessels whose only Federal fishing permit is an IFQ permit and fish in State waters would be exempt from the VMS requirement.

Alternative 3: This alternative imposes the same requirement as Alternative (2), except that vessels under a certain length would be exempted. Options include (1) under 25 feet LOA, (2) under 30 feet, (3) under 32 feet.

Alternative 4: This alternative imposes the same requirement as Alternative (2), except that it allows for phased implementation. Phased implementation: vessels over 32 feet required to have VMS in 2007, vessels equal to or less than 32 feet LOA in 2008.

In addition, the analysis should include a discussion of options for federal funding of VMS.

NPFMC Committees and Workgroups

(Revised March 28, 2006)

Council/Board of Fisheries Joint Protocol Committee

Updated: 7/28/03	<u>Council</u> Dave Benson Doug Hoedel Eric Olson	<u>Board</u> Mel Morris Art Nelson (Vacant)
Staff: Jane DiCosimo		

Council Chairman and Executive Director Committee

Appointed April 2005	<u>CFMC:</u> C: Eugenio Pinerio ED: Miguel Rolon	<u>NPFMC:</u> C: Stephanie Madsen ED: Chris Oliver
Staff: Chris Oliver	<u>GMFMC</u> C: Robin Riechers ED: Wayne Swingle	<u>PFMC:</u> C: Donald Hansen ED: Don McIsaac
	<u>MAFMC</u> C: Ron Smith ED: Dan Furlong	<u>SAFMC:</u> C: Louis Daniel ED: Robert Mahood
	<u>NEFMC</u> C: Francis Blount ED: Paul Howard	<u>WPFMC:</u> C: Frank McCoy ED: Kitty Simonds

Council Executive Committee

Updated: as needed	Chair: Stephanie Madsen Jim Balsiger/Sue Salveson McKie Campbell Roy Hyder Jeff Koenings
Staff: Chris Oliver	

Crab Interim Action Committee

[Required under BSAI Crab FMP]

Jim Balsiger, NMFS McKie Campbell, ADF&G Jeff Koenings, WDF

Ecosystem Committee

Updated: January 2005	Chair: Stephanie Madsen Jim Ayers Jim Balsiger/Sue Salveson Dave Benton Doug DeMaster Dave Fluharty John Iani
<u>Status:</u> Active	
Staff: Chris Oliver/David Witherell/Diana Evans	

NPFMC Committees and Workgroups

(Revised March 28, 2006)

Enforcement Committee

Updated: July 2003	Chair: Roy Hyder Mike Cerne, USCG James Cockrell, F&W Protection Bill Karp, NMFS Earl Krygier, ADF&G Lisa Lindeman, NOAA - GC Jeff Passer, NMFS-Enforcement Sue Salveson, NMFS-Inseason Mgt
<u>Status:</u> Active	
Staff: Cathy Coon/Chris Oliver	

Finance Committee

Updated: 9/28/05	Chair: Stephanie Madsen Jim Balsiger/Sue Salveson McKie Campbell (ADF&G) Dave Hanson Roy Hyder Jeff Koenings (WDF) Gordon Kruse
<u>Status:</u> Meet as necessary	
Staff: Gail Bendixen/Chris Oliver	

Fur Seal Committee

Updated: 7/25/03	Chair: David Benson Larry Cotter Aquilina Lestenkof Paul MacGregor Anthony Merculief Steve Minor
<u>Status:</u> Active	
Staff: Bill Wilson	

GOA Groundfish Rationalization Community Committee

Appointed: November 2004	Chair: Hazel Nelson Julie Bonney Duncan Fields Chuck McCallum Patrick Norman Joe Sullivan Chuck Totemoff Ernie Weiss
Staff: Nicole Kimball	

NPFMC Committees and Workgroups

(Revised March 28, 2006)

Halibut Charter Stakeholder Committee

Appointed: January 2006 Staff: Jane DiCosimo	Chair: Dave Hanson Seth Bone Robert Candopoulos Ricky Gease John Goodhand Kathy Hansen Kelly Hepler	Dan Hull Joe Kyle Larry McQuarrie Rex Murphy Charles "Chaco" Pearman Greg Sutter
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IFQ Implementation Committee

<u>Status:</u> Reconstituted as shown (July 2003) Staff: Jane DiCosimo	Chair: Jeff Stephan Bob Alverson Arne Fuglvog/Cora Crome Tim Henkel Dennis Hicks	Don Iverson Don Lane Gerry Merrigan Kris Norosz Paul Peyton
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Non-Target Species Committee

Updated: 8/6/04 Appointed: 7/26/03 Staff: Jane DiCosimo, NPFMC/ Sarah Gaichas, NMFS	Chair: Dave Benson Julie Bonney Ken Goldman Karl Haflinger Peggy Murphy	Michelle Ridgway Janet Smoker Paul Spencer Lori Swanson Dave Wood
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Observer Advisory Committee

Reconstituted: 1/31/06 <u>Status:</u> Active Staff: Chris Oliver/ Nicole Kimball	Chair: Joe Kyle Bob Alverson Jerry Bongen Julie Bonney Rocky Caldero Paul MacGregor	Tracey Mayhew Brent Paine Peter Risse Kathy Robinson Susan Robinson Thorn Smith
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Pacific Northwest Crab Industry Advisory Committee

Updated: 6/2/04 Staff: Diana Stram	Chair: Steve Minor Keith Colburn Lance Farr Phil Hanson Kevin Kaldestad Garry Loncon Gary Painter	Rob Rogers Vic Sheibert Clyde Sterling Gary Stewart Tom Suryan Arni Thomson, Secretary (non-voting)
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NPFMC Committees and Workgroups

(Revised March 28, 2006)

Steller Sea Lion Mitigation Committee

Appointed: 2/10/01 Updated: Jan 2006 Staff: Bill Wilson	Chair: Larry Cotter Jerry Bongen Julie Bonney Sam Cotten Ed Dersham Kevin Duffy John Gauvin John Henderschedt	Sue Hills Frank Kelty Terry Leitzell Dave Little Steve MacLean Max Malavansky, Jr Art Nelson
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VMS Committee

Appointed: 06/02 <u>Status:</u> Idle, pending direction Staff: Jane DiCosimo/Cathy Coon	Chair: Earl Krygier Al Burch CDR Mike Cerne Guy Holt Bob Mikol	Ed Page Lori Swanson
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DRAFT NPFMC THREE-MEETING OUTLOOK - updated 3/27/06

April 3, 2006 Anchorage, Alaska	June 5, 2006 Kodiak, Alaska	October 2, 2006 Dutch Harbor, Alaska
<p>ESA Consultation on FMPs: Action as necessary Northern Right Whale: Receive hearing report AI State P. cod Fishery: Review and Action as necessary</p> <p>Halibut Charter GHL Regs: Final Action Halibut Charter Management: Receive committee report</p> <p>Flatfish IRIU Am 80: Final Action (T)</p> <p>MRA adjustments: Progress report and action as necessary</p> <p>BSAI P.cod sector allocations: Final Action (T)</p> <p>BSAI Trawl C/V Eligibility: Review options</p> <p>CDQ cost recovery program: Status Report CDQ community eligibility Reg Am: Initial/Final Action CDQ Am. 71: Status Report CDQ State Allocation Recommendations: Review</p> <p>GOA Rationalization: Discussion Papers/Action as necessary</p> <p>Research Priorities: Review and Approve</p> <p>Scallop SAFE Report: Review and approve</p> <p>GOA Dark rockfish: Initial Review GOA rockfish EFP: Initial/Final Action Crab Overfishing Definitions: SSC Update</p> <p>Ecosystem Approaches: Action as necessary</p> <p>BSAI Salmon Bycatch Package B: Progress report Salmon genetic research: SSC Workshop</p> <p>VMS Requirements: Discuss Alternatives</p>	<p>ESA Consultation on FMPs: Action as necessary Northern Right Whale: Review final rule on CH (T) Seabird Interactions with small vessels: Receive Report (T) SSL Literature Compendium: Receive Report</p> <p>Halibut Charter Management: Action as necessary</p> <p>Cost Recovery: Review Discussion Paper</p> <p>MRA adjustments: Initial review</p> <p>Observer Program: Final Action (T); Review Discussion Paper on Video Monitoring</p> <p>BSAI Trawl C/V Eligibility: Action as necessary</p> <p>CDQ cost recovery program: Initial Review (T)</p> <p>GOA Rationalization: Action as necessary</p> <p>IFQ Omnibus 5 Amendments: Final Action</p> <p>BS Habitat Conservation: Review Discussion Papers</p> <p>Rockfish Management: Action as necessary (T) GOA Dark rockfish: Final Action (T)</p> <p>Crab Overfishing Definitions: Prelim. Review (SSC) Crab Management: Plan Team report</p> <p>PGSEIS Workplan: Review (T)</p> <p>VIP Repeal: Initial Review (T) VMS Requirements: Initial Review (T)</p>	<p>ESA Consultation on FMPs: Review Draft BIOp (T)</p> <p>Halibut Charter Management: Action as necessary</p> <p>MRA adjustments: Final Action</p> <p>Observer Program: Action as necessary</p> <p>BSAI Trawl CV eligibility: Initial review (T)</p> <p>CDQ cost recovery program: Final Action (T)</p> <p>CDQ Am. 71: Initial Review (T)</p> <p>GOA Rationalization: Action as necessary</p> <p>BS Habitat Conservation: Action as necessary</p> <p>Other Species Breakout: Preliminary Review (T)</p> <p>BSAI Crab SAFE Report: Review and Approve</p> <p>Groundfish Specifications: Adopt proposed specs for 07/08 Ecosystem SAFE Report: Review (T)</p> <p>VIP Repeal: Final Action (T) VMS Requirements: Final Action (T)</p>

TAC - Total Allowable Catch
BSAI - Bering Sea and Aleutian Islands
IFQ - Individual Fishing Quota
GHL - Guideline Harvest Level
HAPC - Habitat Areas of Particular Concern
LLP - License Limitation Program
VIP - Vessel Incentive Program

AI - Aleutian Islands
GOA - Gulf of Alaska
SSL - Steller Sea Lion
BOF - Board of Fisheries
FEP - Fishery Ecosystem Plan
CDQ - Community Development Quota
ESA - Endangered Species Act

SAFE - Stock assessment and fishery evaluation
VMS - Vessel Monitoring System
EAM - Ecosystem Approach to Management
SSC - Scientific & Statistical Committee
FMP - Fishery Management Plan
DPSEIS - Draft Programmatic Groundfish SEIS
AFA - American Fisheries Act

Council Project Summary Updated March 27, 2006

**Projected Council/
Weeks NMFS %**

Council Priorities			Comments
GOA Rationalization	?	70/30	Review Options in April (Mark,DianaE,DianaS,Nicole,Elaine,contractors,NMFS)
IR/IU flatfish adjustments (Am 79)	0	20/80	Amendment 79 awaiting Secretarial approval
IR/IU flatfish trailing amendments (Am 80)	4	80/20	Final Action in April (T) (Jon /Mark/ contract help)
Halibut Charter IFQ	?	90/10	Rescinded in December 05; stakeholder committee formed (Jane/NMFS)
Halibut Charter GHL Measures	6	50/50	Final Action in April (Jane/contractor/NMFS)
Break out other species category into TAC groups	6	60/40	Preliminary Review in October (T) (Jane/NMFS)
Non-target (other rockfish, other flatfish, other species) development	?	60/40	Discuss in June (Jane/NMFS).
Rockfish management	?	60/40	Discuss in June (Jane/NMFS).
Observer Program (fee and deployment mechanism)	6	80/20	Initial review in June 2006 (Nicole/Chris)
Aleutian Islands Special Management Area	10	90/10	Ecosystem Committee to Review (Diana E.)
BSAI Crab Arbitration Timing	3	50/50	Being prepared for Secretarial Review (Mark/NMFS)
BSAI Pacific cod Allocations (Am 85)	6	90/10	Final Action in April (Nicole/Jim/Diana E)

Other Projects Previously Tasked

VMS Requirements	16	10/90	Discuss alternatives in April (NMFS/Cathy)
BSAI Salmon Bycatch (Package A)	0	80/20	Being prepared for Secretarial Review (DianaS/NMFS)
BSAI Salmon Bycatch (Package B)	10	70/30	Discuss in April (Diana S./other)
GOA other species calculation		20/80	approved (DianaS/NMFS)
GOA Dark Rockfish	4	90/10	Initial Review in April (Diana S./NMFS)
Bering Sea <i>C. bairdi</i> split	0	90/10	Being prepared for Secretarial Review (Mark/NMFS)
IFQ Omnibus 5 Package	4	90/10	Final Action in June (Jane/Jim/NMFS)
SR/RE retention	4	80/20	Not started.
Repeal of VIP	2	0/100	Initial Review in June (T) (NMFS)
Opilio VIP	2	50/50	Not started - Pending action on existing VIP
GOA Salmon and Crab Bycatch Controls	12	80/20	Review data at future meeting (Diana S./Cathy/Elaine/ADF&G)
Catch/bycatch disclosure (vessel level)	2	70/30	Discussion paper - Postponed

Other Projects Previously Tasked (Continued)

GOA Rockfish Demonstration Program	1	Oct-90	Being prepared for Secretarial Review (Mark/NMFS)
Groundfish overfishing definitions	?	10/90	On hold pending EIS for NS 1 (NMFS HQ)
Halibut subsistence III amendment	1	90/10	Being prepared for Secretarial Review (Jane/Jim/NMFS)
Industry proposal for pollock bycatch	?	90/10	Pending proposal and Council Direction
Crab Overfishing definition revision	?	10/90	Initial review in Dec 06 (T) (NMFS/ADF&G/Diana S)
CDQ eligible communities	0	20/80	Legislation so all 65 communities eligible. Final action in April (Nicole)
CDQ Cost-Recovery	?	10/90	Status report in April 06 (T) (NMFS/Nicole)
CDQ Amendment 71	?	50/50	Status report in April (Nicole/NMFS)
CDQ: Management of CDQ Reserves	1	10/90	Being prepared for Secretarial Review (NMFS/Nicole)
Bering Sea habitat conservation	8	50/50	Discussion paper in Junel (NMFS/Cathy)
Bering Sea A-season start date	?	90/10	Wrapped into FMP-level consultation (Bill)
Ecosystem-based Management	?	90/10	Ecosystem Forum for AI (Diana E)
MRA enforcement for non-AFA trawl section	?	10/90	Discussion paper in June (NMFS)
BSAI Trawl CV Eligibility	?	90/10	Discussion paper in June (Jim/NMFS)

Protected Species Issues

ESA-listed Salmon Consultation on FMPs	2	20/80	Contract for CWT summary (NMFS/Bill/DianaS)
Right Whale CH	?	90/10	Hearing in March/ Final rule in June (NMFS/Bill)
ESA Consultation on FMPs	12	90/10	SSL Committee starts after Feb. Council meeting (NMFS/Bill)
ESA Consultation Initiation Package	3	50/50	Bio Assessment in preparation (Bill/Cathy/NMFS)
SSL Research Summary	2	90/10	SSL compendium final draft in late April (Contractors/Bill)
Marine Mammal permits EIS	2	10/90	Comments by late Feb/ workshop in April (NMFS/Bill)
SSL Recovery Plan	2	10/90	Recovery Team in March/ Draft recovery plan in June (NMFS/Bill)

Project timeline and major tasking for council staff. Updated 3/27/06

Analytical Staff	April	May	June	July	August	September	October
Mark Fina, Sr. Economist GOA Rationalization Crab Rationalization issues Miscellaneous Oversight							
Jon McCracken, Economist Am. 80 IRIU (lead) Misc. economic assistance		Final Action (T)					
Jim Richardson, Economist GOA Rationalization (assist) BSAI P.cod analysis (assist) IFQ omnibus 5 BSAI Trawl CV eligibility		Final Action (T)		Final Action Initial Review (T)			Final Action (T)
Elaine Dinneford, Fishery Analyst Data Support (all projects) EcoSAFE, GOA bycatch AKFIN Liaison							
Jane DiCosimo, Sr. Plan Coord IFQ Omnibus 5 Package Rockfish Management Other species/non-target Halibut Charter Issues		Report		Final Action		BSAI PT 9/19-21	
Diana Stram, Plan Coordinator GOA Salmon/Crab Bycatch (Lead) BSAI Salmon bycatch (Lead) Scallop Issues Crab Management GOA dark rockfish		SSC Workshop SAFE report SSC report Initial Review			crab PT 5/16-18		Crab PT 9/13-15 GOA PT 9/19-21
Bill Wilson, Protect Species Marine Mammal Issues Seabird Bycatch FMP Consultation				Report			
Diana Evans, NEPA Specialist GOA Rationalization NEPA Lead EAM and AI FEP BSAI P.cod analysis (assist) NEPA assistance		EAM meeting Final Action (T)					Workplan review
Cathy Coon, Fishery Analyst GOA Salmon/Crab Bycatch (assist) BSAI Salmon bycatch (assist) Being Sea EFH (lead)		Report		Report			
Nicole Kimball, Fishery Analyst CDQ Projects (lead) Observer Program (lead) GOA Rationalization (community) BSAI P.cod Allocation (lead)		Am71;CDQ eligibility		Final Action (T)			Initial Review 71 (T)

North Pacific fishery Management Council
604 West 4th Avenue Suite #306
Anchorage, Alaska 99501

176 Plenary Session - April 5-11, 2006
Anchorage Hilton; Anchorage, Alaska

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MAR 28 2006

N.P.F.M.C.

Public Comment re D-6 Staff Tasking

By: Mr. Shawn C. Dochtermann – F/V Isanotski
P.O. Box 3886 Kodiak, Alaska 99615 Tel: (907)486-8777

Mr. Secretary, Madame Chair, Council members, and Honorable United States Citizens,

My name is Shawn Dochtermann of Kodiak, an Alaskan commercial fisherman for 29 years. I represent hundreds of disenfranchised crab fisherman of the Crewman's Association as well as myself. Many of the Bering Sea crab fisherman have been adversely affected by privatization. The crew provision of the Bering Sea/Aleutian Islands crab rationalization does not adhere National Standards #4. Therefore, we deem that crab rationalization flawed as quotas were allocated and they were not fair and equitable to all such fishermen and they were carried out in such a manner that excessive shares of such privilege were allocated to individuals, corporations, or other entities. We are asking for reconsideration of the BS/AI crab plan as to fairly reallocate to the crewman. We also want processor quotas reversed, as these anti-competitive measures have created price-fixing and the depreciation of the Opilio and King Crab prices. There is no place on the agenda at the council to speak on crab rationalization. We request that a position(time) be placed on the agenda for the June 2006 (177th Plenary Session) council meeting to be held in Kodiak, and that this issue be kept on the agenda until the 5th year review is completed.

Noteworthy: The 8th National Standard was also not taken into consideration as sustained participation of fishing communities were not provided for to minimize adverse economic impacts. Between 800-1000 jobs were forever terminated of the approximate 1450 jobs that were available pre-privatization. All GOA coastal communities were adversely affected and will have no relief in sight. The council had destroyed a sustainable fishery that through pure economics would have taken care of itself, as it is not the job of the council to protect corporation or fishing businesses. The communities and the fisherman are to be protected from being unfairly treated in fisheries policy change and they have not been.

Here is a quote that should be read to the public:

"I'm worried about the IFQ's from the point of view of having another piece of paper that must be purchased by the entrant to the fishery, to the point where only the corporations or other very wealthy can become real participants in the fishery" Senator Ted Stevens

Shawn C. Dochtermann

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March 28, 2006

Ms. Stephanie Madsen, Chair
North Pacific Fishery Management Council
P. O. Box 103136
Anchorage, Alaska 99510

Sent by Fax: 271-2817

RE: Crab Rationalization Discussion of Fleet Consolidation

Ms. Madsen:

In recent days, the issues of the number of vessels harvesting crab, crew employment and lease fees for the 2005 Bristol Bay red king crab fishery have been actively discussed. Much of this discussion is the result of a very preliminary report presented by Gunnar Knapp at a recent ComFish seminar in Kodiak. It was emphasized that this report is not complete, nor have many of the assumptions been verified.

I am addressing comments to the North Pacific Council, because several individuals and groups have indicated their intent to ask the Council to address this on an emergency basis. It is my hope that the submission of comments from those involved in the crab fisheries of the BSAI will help to present issues that should be considered when addressing concerns regarding the consolidation of the fleet.

It is important to remember first and foremost, that prior to rationalization the crab fleet was extremely overcapitalized and a major goal of the program was to remove excess capital. The Council plan developed cooperatives as a method of assisting marginal quota share holders to gain some benefit by cooperating with other crab vessel owners. Another reason was that in years of low TAC, the quota share holders would be able to maximize their return. The Council fully recognized the corporate nature of the crab fleet. It was never the intent of the Council to force those with small amounts of quota to only have the options of fishing it or selling it.

When looking at this issue, I have identified some of the facts, which I hope will be considered. I am also attaching a Final Crab EIS summary showing where the issues of crew employment and fleet consolidation were addressed by the Council.

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MAR 29 2006
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NPFMC Crab Fleet Consolidation Issues
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POINTS TO CONSIDER

- Effects of the crab buyback program and rationalization occurred in the same year for Bristol Bay red king crab.
- The initial allocation of quota share benefited Seattle and Newport, while Kodiak and King Cove/Sand Point received a decrease of 10.34% and 23.39% respectively of the recent historical share.
- The Community Development Quota was increased to 10%.
- New fleet costs, including buyback, binding arbitration, and crab management fees, contributed to higher operating costs.
- Extremely high fuel costs and continued high insurance costs were a factor.
- The price for red king crab was substantially lower than in 2004.
- The total allowable catch continues to remain at low levels.
- Many quota share holders received IFQ in amounts too small to harvest. Quota share consolidation did not occur in the first year due to a compressed time frame for implementation. The only option for many quota share holders was to lease the resulting IFQ in the first year.
- Most vessel owners have boat payments and possibly other fishery related obligations that must still be paid, regardless if they fish or not. Some vessel owners were operating at a loss for several years and may have been near bankruptcy.

SOME POSITIVE CONSIDERATIONS

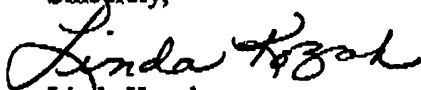
- Many quota share holders, while leasing their IFQ, have continued to provide crew compensation for longtime skippers and crew that were unable to participate in the fishery. Some quota share holders are also developing health insurance plans for crew and skippers.
- Less pots were deployed – down from 49,506 to 15,713. This results in conservation benefits.
- As the fleet evaluates the experiences of the first year under rationalization, the level of compensation for leased IFQ will be reduced.
- As crab stocks increase and the total allowable catch levels are raised, more vessels will be deployed in the fishery.

NPFMC Crab Fleet Consolidation Issues
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It is my recommendation that this issue be addressed as part of the formal program review. However, if the Council chooses to consider this as a separate, stand-alone issue, the information from the economic data reports should be utilized in the analysis. The actual level of cost and benefit will be available and the verifiable facts can be addressed, instead of assumptions.

Thank you for reviewing my comments.

Sincerely,



Linda Kozak
Kodiak, Alaska

Attachment: Crab Harvester Fleet Consolidation Issues

**CRAB HARVESTER FLEET CONSOLIDATION ISSUES
IDENTIFIED BY THE FINAL CRAB EIS – AUGUST 2004**

Prepared by Linda Kozak, March 2006

The following is taken from the Final Environmental Impact Statement for the Bering Sea/Aleutian Islands King and Tanner Crab Fisheries, dated August 2004. These statements relate to the consolidation of the crab fleet, as well as impacts to crew jobs.

<u>PAGE</u>	<u>STATEMENT</u>
ES-2	The Council's Problem Statement for the crab program outlined several issues that were considered problems to justify the development of crab rationalization. These problems referenced that capacity far exceeds available resources, the crab stocks have experienced significant declines, and a significant portion of the harvesting and processing capacity is operating in an economically inefficient manner.
ES-3	The preferred alternative would allow harvesters to form cooperatives to realize efficiencies through fleet consolidation.
ES-5	Changes to fleet composition was addressed and it was assumed that the BSAI crab fleet would experience reductions in fleet size. Allocation of harvest shares under the rationalization alternatives would allow for the use of allocations by the most efficient operators and would encourage the removal of marginal vessels from the fleet.
ES-10	The preferred alternative would result in extended seasons with fewer vessels and provide employment to fewer crew. Competition for jobs could reduce compensation or result in a change to the wage system for some crew.
ES-12	The rationalization alternatives allow the removal of vessels from the fisheries, reducing the number of captains and crew employed.
1-20	Crab abundance is cyclical and fishing effort in the crab fisheries increased during times of abundance. This level of fishing capacity was retained during periods of low abundance. The very short seasons in recent years suggested that the fleet had substantial excess capacity.
2-40	Share allocations to harvesters and processors, together with incentives for cooperation, are intended to increase efficiencies, provide economic stability, and facilitate compensated reduction of excess capacities in both harvesting and processing sectors.
2-42	IFQ would both be transferable under the program and subject to limits including caps on the amount of shares a person may hold or use. The possible limit on leasing by persons not in cooperatives was intended to create an incentive for cooperative membership.

- 2-43 This page outlines the caps on QS and the limit that can be used onboard a vessel. For red king crab, the use (ownership) cap is 1% and the limit for use on a specific vessel outside of a cooperative is 2%. The narrative states that the cap levels were intended to prevent "excessive" consolidation.
- 2-53 This page references that the preferred alternative will "tackle the issues of excess harvesting and processing capacity causing poor economic returns, while solving problems regarding the lack of economic stability for harvesters, processors, and coastal communities."
- 4-21-45 This entire section deals with the projected fleet composition and fishing practices, and it references the following:
- a) Stock size and harvest levels determine size of the fleet.
 - b) While awaiting an IFQ program, marginal vessels continued to operate. I infer from that statement that those marginal vessels likely received small IFQ shares. It is referenced that some were operating in order to gain history.
 - c) The reference is made that crab fishing in recent years has not created crew jobs that could sustain a person year-around, and that under an IFQ fishery, the number of jobs would go down.
 - d) The statement is made that harvest share allocations are based on historic participation in the fisheries to preserve existing distribution of interests in the fisheries and the value of capital investments.
 - e) The discussion of caps states that this is intended to prevent excessive consolidation of shares. The term excessive is used to indicate that there is an understanding that consolidation will occur. The discussion references why CDQ groups received a higher cap than did individual or corporate QS holders.
 - f) The leasing rules under cooperatives are addressed, while referencing that vessel caps are in place for those not in a cooperative.
 - g) There is a two-page discussion (beginning on 4-33) regarding the fleet composition in an IFQ fishery with cooperatives. The discussion specifically references the corporate nature of this fleet.
 - h) The relaxation of pot limits is also likely to contribute to capacity reductions.
 - i) Page 4-42 states that the most dramatic effects of rationalization on captains and crew will occur because of the reduction in the number of vessels and the slowing of the pace of fishing. Any fleet consolidation will reduce the number of crew jobs. Different crew skills and type of compensation will likely occur as a result of rationalization and the slowed pace of the fishery.

- 4-143 Entry to the fishery is discussed and it is suggested that individuals could acquire small amounts of IFQ and either fish it on someone's vessel, or lease it to a vessel owner.
- 4-176 This section addresses the effects on captains and crew. Impacts, which are addressed include:
- a) An expected decrease in the number of vessels in the fleet will decrease the number of captains and crew.
 - b) This change, along with the general slowing of the fishery could affect the bargaining power of captains and crew relative to vessel owners.
 - c) Remaining participants are likely to be active for substantially longer periods of time.
 - d) Competition for jobs could lead to decreased compensation, at least at the outset.
 - e) The professionalism of crew jobs could rise.
 - f) Turnover should be limited.
- 4-179 Excessive share caps were developed in consideration of historical participation levels. The Bristol Bay red king crab, opilio, and *C. bairdi* fisheries are set at a limit that is approximately equal to the largest initial allocations.
- 4-180 The exemption on vessel caps within a cooperative could result in consolidation of shares on vessels in excess of the caps, particularly in years of low total harvest.
- The relatively high limits on share holdings of CDQ groups could allow for substantial consolidation of shares by these groups.
- 4-193 Tables 4.6-15 shows the summary of harvest allocations by community and fishery. Under the preferred alternative, Kodiak and King Cove/Sand Point received less than the historical percent of the Bristol Bay red king crab harvest from 1991-2000. The share for Seattle and Newport was increased.
- 4-195 The decrease for Bristol Bay red king crab to Kodiak was 10.34%. The decrease to Sand Point/King Cove was 23.39%. The increase to Seattle was 4.8%. The increase to Newport was 4.46%.
- 4-196 A discussion in the EIS states that the fleet consolidation will have a number of community or social impacts. These impacts will be in direct relation to the importance of crab to the specific communities.

4-197

The levels of consolidation are discussed. The degree of consolidation might be least under the three-pie alternative. However, the initial rate might be the fastest of the alternatives due to the cooperative elements. This section discusses the potential impacts of a slower-paced fishery on support services.

March 28, 2006

DELIVERED VIA FACSIMILE:

(907) 271-2817

Three (3) pages total

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

Dear Ms. Madsen and Council members,

I am writing to express the concern of the vessel owners I represent who participate in the Bering Sea / Aleutian Islands (BSAI) crab rationalization program (CR).

For clarity, we operated a vessel for the Bristol Bay red king, Bering Sea *c. opilio* and Bering Sea *c. bairdi* fisheries for the 2005 – 2006 fisheries. We harvested individual fishing quota (IFQ) originating from our initial allocation as well as the IFQ of members of our Cooperative. As such, we have formulated a number of opinions related to the efficiencies (or lack thereof) and need for adjustments to the program. We recognize there is a time and a place for those concerns to be raised and we look forward to addressing them, at that time. However even with the extreme degree of difficulty we encountered on a number of fronts, nothing has persuaded us that the CR Program is unworkable or that it should be abandoned.

Recently there has been an escalation of extremely vocal opposition to the program. This in and of itself is not a surprise, as it's been the pattern of behavior following the implementation of earlier rationalization programs in the North Pacific. Nor, in all cases, are the concerns unwarranted or inappropriate.

Our concerns and comments hereafter center on the disparaging attention and comments related to the Consolidation of the fleet and associated effects.

The circumstances of the situation should not be a surprise to anyone who participated, even in the most limited way, in the many years of the Crab Rationalization (CR) process. The extent of the overcapitalization and the associated problems were defined, detailed, documented, qualified, quantified, tabled, charted, graphed, discussed and debated in such great detail over so long a period that it does not seem reasonable to reiterate them. Suffice to say that the Official Record can clearly demonstrate that consolidation in terms of a significantly reduced fleet, with its attendant reduction of jobs and services, was a necessary, anticipated and desired result.

With that in mind, our comments follow:

The Consolidation has occurred quickly.

- I believe this is reflective of the degree of economic inefficiency and operational distress that was actually occurring in the fleet. The bulk of the fleet had been harvesting crab at or near an operation loss for several years. They remained active participants due, in large part, to a fear of being eliminated by the rationalization process, before it was complete.
- The effects of the BSAI crab vessel and fishing rights BuyBack program are not being taken into consideration as an individual event; but subsumed into the consolidation of the number of vessels currently participating.

- The level of Total Allowable Catch is the single most material element in determining the number of vessels necessary to adequately harvest the annual allocation of IFQ. A minimal TAC leads to a minimal number of vessels and a greater TAC to a greater number.
- The availability, adequacy and coordination of offload capacity are also material. There were times during the current c.opilio fishery when vessels had to wait two week to offload. There were also times when processing plants sat idle.

Financial obligations.

- There appears to be an implicit assumption that the vessel owners that i) consolidated their own IFQ onto a single vessel or ii) leased their annual IFQ allocation have somehow miraculously been relieved of certain financial obligations.
- The debt service associated with tied-up vessels did not go away. Maintenance and moorage did not cease. They are being paid through the efficiency gains of the owners aggregated harvest or the revenue generated by the IFQ lease fees.

The cost of harvesting opportunity.

There has been some legitimate concern related to the cost (rent extraction) associated with IFQ during the 2005-2006 season. Having been actively engaged in the process, we can offer some perspectives.

- The original fee's were set prior to the opening of the fishery and largely driven by a fleet eager to remain fishing and willing to compete for the product. As counterintuitive as it may seem, it is in keeping with the "crabber mentality" that most guys wanted to harvest IFQ as opposed to leasing theirs out.
- There was an assumption that the leased IFQ was "marginal" crab. i.e. The majority of the expense is incurred in getting to the grounds. The crab harvested in excess of your own, would be a boost to the bottom line. This allowed you room for a bigger portion of the revenue to be paid to the owner of the IFQ.
- It became clear as the season progressed that this thinking was flawed. Our experience was that rates dropped in recognition of their unsustainable level.

There needs to be a very clear and distinct recognition that a cost to IFQ exists. Acquiring IFQ will require a payment to someone.

- It may be a leaseholder, who I believe can legitimately be viewed as recognizing a benefit from 30 years of risk and very hard work.
 - It may be the bank, in the way of a Loan payment
 - It may be the Government, in the form of a fee
- The point being - it is never going to be free.

The Leisure class

The assumption that disturbs me most of all, is that a vessel owner that is not on-board - is not working. My experience may be an anomaly, but the owners I am associated with are working all the time.

- The shore-side support for their vessels and the associated businesses is conducted almost entirely by them.
- They remain fairly independent in their efforts and do not have substantive staff or large offices to manage these affairs. They are the ones to order parts, delivery engines, review insurance, contest bills, and on and on and on.
- The nature of our fishing industry makes it virtually impossible to operate a vessel and simultaneously manage it as a business. The convoluted and involved regulatory process and the highly charged political environment make it mandatory to remain involved in those processes. Something you cannot reasonably do while operating a vessel.

Loss of jobs and associated services

- It is an area deserving of, at minimum, a thorough level of review and debate as to its genuine source and possible solutions. It is important to assess the situation from a number of perspectives. One legitimate issue being that of job quality and stability. Jobs sustained by operating at a loss or of minimum benefit, cannot be correctly characterized as desirable, sustainable or economically viable.
- A voluntary level of professional, and appropriate, conduct by certain leaseholders has been entirely overlooked. There are IFQ leaseholders that paid their long-term crewmembers a share of the IFQ lease fees they received.
- It is important to recognize that we, the affected industry, are in the best position to determine, implement and monitor compliance of any possible solution. The Cooperative structure has developed a level of cooperation and informational exchange that the crabbing community has never achieved in the past. I suggest we be encouraged and allowed to use it.

We appreciate the opportunity to offer our thoughts on the perceived problem.

Sincerely,



Lynn Langford Walton
Aleutian Ballad, Inc.
Ocean Ballad, Inc.

THE CRAB GROUP OF INDEPENDENT HARVESTERS

COMMUNICATIONS DIVISION - P. O. Box 2684, Kodiak, Alaska 99616

DATE: March 29, 2006

TO: Stephanie Madsen, Chair
North Pacific Council

FROM: Kale Garcia, President

SUBJ: Vessel Consolidation Issues

The members of the Crab Group of Independent Harvesters are primarily vessel owners, who are now quota share holders in the crab fisheries of the Bering Sea and Aleutian Islands. These individuals, many of whom own multiple vessels, are committed to making the crab program a workable and viable method of managing the crab fisheries.

We have supported the action taken by the Council to conduct a preliminary review of the binding arbitration requirement and 90/10 split for A/B shares. The Crab Group intends to fully participate in that process.

Just as in the halibut and sablefish program, there will be a need for the Council to address other aspects of the crab program. In recognizing this, the Council set a review process in motion that would ensure a full program review at the end of three years. We support this as well.

One issue that has emerged is that of the rapid consolidation of the fleet. The members of the Crab Group have been discussing this, along with other issues that may be addressed by the Council at a future time. The issue of fleet consolidation is very complicated and was actually addressed in the Council's analytical documents in detail. The biggest reason, of course, is that the crab stocks remain at low levels currently and the fleet was seriously overcapitalized prior to rationalization. This is why the crab buyback program was heavily endorsed by the Crab Group.

Many members of the Crab Group are also members of independent harvester cooperatives. Several of the cooperatives have worked on a joint statement to the North Pacific Council regarding this issue. We would urge you to review those points and other letters from the industry that you may have received.

Thank you for considering my comments.

Sea Boat Cooperative
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Seattle, WA 98107
(206) 783-6708
Fax (206) 784-2502
edpoulsen@comcast.net

RECEIVED
MAR 29 2006
N.P.F.M.C.

March 29, 2006

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

RE: Agenda Item B-5, ADF&G Reports

Dear Madame Chair:

Following is a letter signed by crab industry groups supporting the Crab Rationalization Program and asking the Council to take no action regarding caps or consolidation of quota share for crab cooperatives.

Sincerely,



Edward Poulsen, President
Sea Boat Cooperative

BENEFITS AND REALITIES OF THE BSAI CRAB RATIONALIZATION PROGRAM

March 24, 2006

The Bering Sea/Aleutian Islands (BSAI) crab rationalization plan went into effect on August 15th for the Aleutian Islands Golden King Crab fishery and on October 15, 2005 for the Bering Sea King, Bairdi, and Snow Crab Fisheries. To stop the race for fish, and thereby gain critically needed conservation, safety and economic improvements, there had to be fewer boats in the fishery. Everyone knew that there was going to be consolidation, that vessel owners were going to stack licenses and quotas, and that captain and crew jobs would be lost. These eventualities, which occur in consolidation of modern day industries struggling to remain competitive in world markets, were all given extensive consideration, especially with the low crab quotas extant for the last five years.

In light of the criticism, some of the background issues need to be revisited.

- The Bristol Bay Red King Crab Fishery from 1996 though 2004 lasted an average of four days with 250 vessels fishing each year. This has been bad for the resource, bad for safety, tough on vessel owners, and hardly much of a job for many of the skippers and crew members.
- The Bering Sea Snow Crab fishery, the state's largest crab fishery from 2001 to 2005, lasted an average of ten days with an average of 190 vessels fishing and it has been experiencing some of the same problems as the Bristol Bay Red King Crab Fishery.
- In the last few years the average ex vessel revenue for the two major Bering Sea crab fisheries has been about \$100 million dollars, shared by 250 boats, for an average gross revenue per vessel of \$400,000. This represents a poor return on investment for the majority of the vessel owners and not enough to live on for the average crab crewmember.
- The fact is, and the plan responded to it, that captains, crewmembers, and vessel owners cannot earn a decent living on a sustainable basis, if they are fishing crab only 14 days a year. These were simply part-time jobs. The crab fishing jobs are now full time and the pay is much higher as well as more stable.
- Soon after the formation of the FCMA cooperatives, the royalties bid for Bristol Bay king crab went much higher than anticipated, up to 70 percent of the exvessel value of Bristol Bay king crab. The rationalization program fees and buyback fees considerably reduced the revenue going to the boat, the price of fuel doubled from a year ago to December of 2005; and insurance rates and the anticipation of status quo on the king crab quota and the possibility of no snow crab season all played into only 89 vessels registering to fish the Bristol Bay and Aleutian Islands king crab fisheries. In addition, people need to understand that vessel owners

have incurred tremendous risks and liabilities, for marginal returns on their investments the last three years, when they have taken the responsibility to operate their fishing vessels in the Bering Sea and Aleutian Islands crab fisheries. Most of us know that the harvesting sector has been grossly overcapitalized in the past and under increasing economic stress since the opilio stock collapse in 1999. Consolidation was going to happen through a program like this, or through widespread bankruptcy.

- ACC Preliminary job loss analysis: possibly as high as 500 jobs lost at the outset, not 900 as claimed by the Deep Sea Fishermens Union. The Deep Sea Fishermens Union includes the jobs lost from the 25 buyback crab boats in their analysis as well as AFA Pollock vessels which are not lost jobs, as those vessels are still busy doing Pollock. (See attachment)
- In Washington State, harvester organizations have been actively supporting legislative efforts in Washington D.C. with the Deep Sea Fishermens Union to obtain additional federal funding for adjustment training, plus a \$250,000 subsidy that would open up a \$25 million federally guaranteed loan fund for skippers and crew members to purchase crab IFQs. We are continuing this effort with DSFU throughout the Magnuson-Stevens Act reauthorization process.
- In Alaska, harvester organizations are supporting the efforts of the Alaska Department of Labor, and the Seafarers International Union (SIU) to place dislocated crab fishermen in deep sea maritime related training and good-paying jobs.
- The number of vessels participating in these fisheries may increase in the future, with the increases in the total allowable catch amounts. Even with a reduced fleet, the vessels left in the fishery will be making more trips, and the seasons are lasting longer, which will off-set impacts. Jobs on crab vessels will stretch out for several months in the year, the resource will benefit, and men will be working in a much safer environment. Vessel owners will achieve greater financial stability, as will the crab-dependent communities.
- Many owners of vessels that were active during this years Bering Sea crab fisheries are reporting that it was difficult to find qualified crew members leaving the owners scratching their heads as to why there is such an outcry regarding consolidation at this time. In many cases crewmen would make a trip and quit as they were not accustomed to the extended seasons that rationalization provides. Many of the loudest voices crying out against the consolidation of the crab fleet are the crew that benefited from short lucrative seasons as they could then jump into other fisheries and other boats. This may have worked well for some crew members, but it did not work well for the owners. It is time to build up a full-time dedicated group of crab crewmen who are not in it for a 3 day Red King Crab fishery or 10 day Opilio fishery. Lets hope we never go back to those days. Finally, it is more than a little frustrating for vessel owners to hear from

individuals who sold their vessels prior to rationalization either privately or into the buyback that they do not support the program and no longer have a job. They simply should not have sold out.

- Under the new IFQ program, vessels were able to leave the grounds and tie up, or pursue other fishing activities. This was extremely important this year with one of the worst ice events during an opilio fishery ever. Many of the vessels that tied up due to the ice are just returning to the fishing grounds this week. Because we now have IFQ's, everyone will still be able to harvest their share of the crab fishery at their pace. This is a huge improvement in fishing behavior.
- But the most important benefit we've seen so far is in safety. At the start of the October 15th Bristol Bay King Crab fishery, there was storm after storm in the Bering Sea and the Aleutian Islands, with gusts of over 100 miles per hour on the fishing grounds. A conversation with a State of Alaska Department of Public Safety officer who was on the State of Alaska enforcement Vessel *Stimson* for the start of the season was startling. The officer reported it was a week from hell on the grounds, with gusts of wind up to 100 mph and 40-foot seas. He said that if this fishery were still Olympic style, vessels would have gone down with lives lost and countless injuries. He prayed that neither the troopers' vessel, nor the Coast Guard, would have to respond to an emergency in that weather. As it turned out, many vessels stayed in port at the start of the fishery, and the ones on the grounds just rode out the storm by jogging, without sending their crews out on deck. There were no deaths and only one minor injury, on the 89 vessels fishing and no capsized vessels, even though in some of the worst weather in many years. It is difficult to put a price or value on a life saved.

Another noteworthy situation developed in early February in the opilio crab fishery, one of the worst months for ice buildup occurred that we have seen in the winter fishery since the late 1990s. Under the old open access rules, vessels would have stayed on the grounds, increasing both the risk to deckmen and vessels, and crab handling mortality while deck sorting during bitter cold weather.

- Without rationalization there would have been substantial loss of pots as a result of fast-moving ice floes. Instead, under the new IFQ program, vessels were able to leave the grounds and tie up, or pursue other fishing activities until the ice receded. Very few pots were lost. In addition, when the ice moves down over the fishing grounds and the weather turns bitterly cold, vessels can now pull off the grounds, without fear of losing their share of the catch, which results in reducing handling mortality on deck.
- Combined usage of pots in the 2005 fall BSAI crab fisheries, as a result of rationalization has been reduced from 69,000 pots in 2004 to an estimated 24,000 pots, total. A reduction in the number of pots used means a reduction in lost pots too. There are 89 boats registered for the Bristol Bay king crab fishery, with 15,700 pots and 8 boats registered for the Aleutian Islands golden king crab

fishery with an estimated 9,000 pots. Bering Sea pot usage from fall 2004 to fall 2005 has been reduced over 65%; and Aleutian Islands pot usage has been reduced more than 50%. In addition to less gear being used, vessels are using longer soak times, which results in sorting of undersize crabs on the bottom of the ocean, instead of sorting and handling millions of crabs on deck.

- A fishery for bairdi Tanner crab of 1.6 million pounds was reopened this year in the Western subdistrict of the Bering Sea for the first time since 1996, due in large part to rationalization and the reduced fleet enabling ADFG to open the fishery without fear of a large open access fleet exceeding the TAC before the fishery could be closed. In addition, the Board of Fisheries has just approved eliminating the four million pound minimum TAC for reopening the Eastern subdistrict (Bristol Bay). Given that there was a potential harvest of one million pounds last fall, if the rebuilding trend continues this year, it is likely the Eastern subdistrict will reopen in the fall of 2006. The opening price this year is \$1.50 per pound.
- Crab stocks are highly volatile with large variation in TACs. If opilio continues to increase, more vessels will operate out of necessity to catch the quota. However, when TACs are small consolidation must occur or the amount of pounds of IFQ each entity receives will be too small to fish unless pooled with others. Bairdi is a perfect example of this. A big reason why any of the Bairdi quota is being caught is because harvesters can stack the quota. It simply would not make sense for the average vessel to go out and catch their 5,000 lbs of Bairdi unless they can stack more quota onboard and make a trip of it. The bottom line is that it is appropriate for the market to determine what the appropriate level of effort is as is currently happening. Enforcing restrictions on consolidation will remove many of the benefits of rationalization that we have discussed and potentially could force owners to look for crew from other sources that will work for a daily rate.
- Of special interest to Kodiak: ADF&G/Dutch Harbor reported landings of 774,000 pounds of king crab by ten vessels to town, roughly four percent of the 16.3 million pound catch limit. ADF&G said they were "surprised" to see landings that are very similar to Kodiak's averages for the past ten years. In addition, Kodiak was offered about 700,000 lbs of "B" share Red King crab but they declined the offer and instead this crab was processed in Dutch Harbor.
- We conclude that the new program has, right from the outset, proved its worth. For the critics we ask, would you have preferred no rationalization program, and that we live and die in the race for fish? We ask the Council to make no changes to the Crab Rationalization program regarding caps on consolidation or leasing.

A PRELIMINARY ANALYSIS OF JOB LOSS IN THE BERING SEA CRAB FLEET:
 (Assumption: 5 men per boat)

Total boats in the Bering Sea Bristol Bay king crab fishery 2004: 248
 (Thirty-three of these are AFA Pollock catcher vessels)
Total jobs in 2004 BBRKC fishery (1,240)

Anticipated boats sold into crab buyback program December 2004: 25
 Anticipated jobs lost by opening of January 15, 2005 opilio crab fishery (125)

Boats available for fall 2005 rationalized king crab fishery: 223

Less Pollock boats that elected to continue fishing Pollock-no jobs lost 30

Net number of crab boats available for fall 2005 king crab fishery 193

Actual number of boats that fished BBRKC 89

Actual number of jobs in fall 2005 (445)

Total 2005 first-year jobs lost from crab rationalization—excluding jobs lost from 2004 Crab Buyback Program and excluding Pollock boats that continued fishing pollock with no jobs lost.

Subtract 89 boats from 193 available boats = 104 boats with jobs lost (520)

Excluding the jobs lost from the buyback program, there appears to be a 42 percent net reduction in part-time jobs from the implementation of the rationalization program, but those remaining jobs are stable, much safer and overall, better paying jobs.

Edward Poulsen,
 President, Sea Boat Cooperative



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John Jorgensen,
President, Alaska Crab Producers

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Edward Poulsen,
President, Sea Boat Cooperative



ADVANCED HARVESTERS CO-OP

3/28/06

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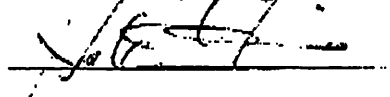
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Edward Poulsen,
President, Sea Boat Cooperative

Kalc Garcia
Vice President, Bering Sea Crab Cooperative



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Edward Poulsen,
President, Sea Boat Cooperative

Michael W. Goad PRES.

PROFESSIONAL CRAB HARVESTERS COOP.

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*Alaska King Crab Harvesting Cooperative by
Liam Henry its representative*

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Boats available for fall 2005 rationalized king crab fishery: 223

Less Pollock boats that elected to continue fishing Pollock-no jobs lost 30

Net number of crab boats available for fall 2005 king crab fishery 193

Actual number of boats that fished BBRKC 89

Actual number of jobs in fall 2005 (445)

Total 2005 first-year jobs lost from crab rationalization—excluding jobs lost from 2004 Crab Buyback Program and excluding Pollock boats that continued fishing pollock with no jobs lost.

Subtract 89 boats from 193 available boats = 104 boats with jobs lost (520)

Excluding the jobs lost from the buyback program, there appears to be a 42 percent net reduction in part-time jobs from the implementation of the rationalization program, but those remaining jobs are stable, much safer and overall, better paying jobs.

Kevin Kaldestad,
Manager, Mariner Crab Harvesting Cooperative

Kevin Kaldestad

A PRELIMINARY ANALYSIS OF JOB LOSS IN THE BERING SEA CRAB FLEET:
(Assumption: 5 men per boat)

Total boats in the Bering Sea Bristol Bay king crab fishery 2004: 248
(Thirty-three of these are AFA Pollock catcher vessels)
Total jobs in 2004 BBRKC fishery (1,240)

Anticipated boats sold into crab buyback program December 2004: 25
Anticipated jobs lost by opening of January 15, 2005 opilio crab fishery (125)

Boats available for fall 2005 rationalized king crab fishery: 223

Less Pollock boats that elected to continue fishing Pollock-no jobs lost 30

Net number of crab boats available for fall 2005 king crab fishery 193

Actual number of boats that fished BBRKC 89

Actual number of jobs in fall 2005 (445)

Total 2005 first-year jobs lost from crab rationalization—excluding jobs lost from 2004 Crab Buyback Program and excluding Pollock boats that continued fishing pollock with no jobs lost.

Subtract 89 boats from 193 available boats = 104 boats with jobs lost (\$20)

Excluding the jobs lost from the buyback program, there appears to be a 42 percent net reduction in part-time jobs from the implementation of the rationalization program, but those remaining jobs are stable, much safer and overall, better paying jobs.

Richard L. Shelford
President, Alaska Fishermen's Crab Cooperative





SEAFOOD PRODUCERS COOPERATIVE

PRODUCERS, PROCESSORS & MARKETERS OF PREMIUM QUALITY SEAFOODS

March 27, 2006

Ms Stephanie Madsen
Chair
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, AK 99501

RECEIVED

MAR 29 2006

N.P.F.M.C.

Dear Ms Madsen and North Pacific Fisheries Management Council Members:


On behalf of the over 425 Alaskan fishermen owner/members of our 60+ year old co-operative, we urge you to resist NMFS and the U.S. Coast Guard in their effort to attach vessel monitoring systems on our fleet of longliners and trollers who transit through, and operate in, Alaska federal EEZ waters.

The dynamics of federal fisheries in the Gulf of Alaska east of 144° W longitude differ greatly from western Alaska fisheries.

No rookery closures or transit restrictions, no trawl fisheries, and no offshore EEZ crab fisheries make for simple FED fisheries management when compared to other regions. What increase in fisheries management efficiency does NMFS expect to gain out of the halibut and blackcod hook and line fisheries from the expense of VMS acquisition, installation and transmission to logbook keeping, safety equipped, management fee assessed, patriotic and hard working EEZ longliners? What increase in safety of life at sea does the Coast Guard expect to achieve at our owner/member expense? Isn't the emergency position-marking radio beacon that EEZ fishermen are required to maintain sufficient? It is alarming that a thousand or more eastern gulf longliners and southeast trollers can be forced into a complicated, costly, and questionably useful comprehensive VMS plan.

Your consideration for our concerns regarding industry and state fisheries managers be included in any further discussion of this unnecessary and far-reaching regulation will be greatly appreciated.

Sincerely,


Thomas M. McLaughlin
President/CEO

cc Charlie Wilber
Richie Davis

Donna Parker
C-4
D-6

Amendment 85. Part II. BSAI P.Cod Split

- 1) Table Part II of Amendment 85 which proposes to adopt a methodology for splitting sector allocations to accommodate a potential split of the Pacific cod BSAI TAC into two separate sub-areas until such time that the Council deems appropriate based on information or tools available to make the separate allocations in a fair and equitable manner.

- 2) Initiate an analysis that would develop a proposed halibut PSC split for the Bering Sea and Aleutian Islands based on the different bycatch rates in the two sub-areas should the P.cod TAC be split into two regions. The intent is that this action would only occur if the BS and AI P.cod TACs are separated into two sub-areas.

- 3) Under agenda item C-4; Bering Sea and Aleutian Islands P.cod LLP endorsements: Include in this amendment package an analysis that would assess the impact of combining separate BS and AI LLP endorsements into a single BSAI endorsement for the P.cod fishery. The intent is that this action would only occur if the BS and AI P. cod TACs are separated into two sub-areas.

MEMORANDUM

TO: Council

FROM: Chris Oliver
Executive Director

DATE: April 10, 2006

SUBJECT: Staff tasking

ACTION REQUIRED

- (a) Review letter from Southeast Alaska Inter-Tribal Fish and Wildlife Commission

BACKGROUND

The Council received the attached letter in December 2005 from the Southeast Alaska Inter-Tribal Fish and Wildlife Commission (Commission). I regret that this letter fell through the cracks and was not included under the Council's staff tasking agenda item in February. The letter outlines a request from the Commission for a direct allocation of halibut and sablefish quota share for each community eligible under the existing halibut and sablefish quota share purchase program (GOA Am. 66). The Commission requests quota share equivalent to 200,000 pounds of halibut and 100,000 pounds of sablefish for each eligible community.

Recall that there are 42 communities currently eligible under the purchase program: 21 communities located in southeast Alaska and 21 communities located in the central and western Gulf of Alaska. The program was implemented in June 2004. As of March 2006, 8 non-profit entities representing 9 eligible communities¹ have been approved by NMFS to purchase halibut and sablefish quota share on the open market. None of the approved entities have yet purchased quota share.

Direction from the Council is necessary to respond to this letter. Due to the delay, I plan to respond to the Commission as soon as possible after this April Council meeting.

¹The following nine eligible communities have formed eight non-profit entities under the Am. 66 halibut and sablefish quota share program and are approved to purchase quota share: Craig, Hydaburg, Pelican, Ouzinkie, Larsen Bay, Perryville, Sand Point, King Cove, and Hoonah.

**Southeast Alaska Inter-Tribal Fish and Wildlife Commission
P.O. Box 20161
Juneau, Alaska 99802**

Ms. Stephanie Madsen, Chair
North Pacific Fisheries Management Council
605 W. 4th Ave., Suite 306
Anchorage, Alaska 99501

RE: Request for Halibut and Sablefish Community Quota for the Gulf Coast
Communities in Alaska

Dec 19, 2005

Dear Ms. Madsen;

The Southeast Alaska Inter-Tribal Fish and Wildlife Commission is requesting a direct allocation of Halibut and Sablefish Community Quota for the Gulf Coast Communities in Alaska. We request a direct allocation per community eligible under the existing CQE Program of (200,000) pounds of halibut and (100,000) pounds of sablefish.

Justification:

1. Recognizing that the existing IFQ Program is a full scribed fishery that did not take into consideration the direct allocation of halibut and sablefish resources to the Gulf Coast Communities of Alaska. This is in direct conflict with the Magnuson-Stevens Act which says we have a right to share in the resources.
2. The existing CQE Program is a "Pilot" program which does not work financially or socially to meet the needs of the eligible communities.
3. It does not say in the Magnuson-Stevens Act that communities will have a right to participate in pilot programs, but will have a right to share in the ocean resources economically, financially, and socially.
4. The current CQE program was designed to fail from the beginning and the NPFMC knew this or should have known the program wasn't going to work.
5. To date no CQE which has been legally approved by the RAM Division has bought halibut or sablefish quota under the program.
6. The Council should have known that the program would not pencil out economically or financially.
7. The cost of entering both the halibut and sablefish fisheries is too high.

8. The cost of buying halibut and sablefish quota in the open market is beyond the financial capability of eligible communities and fishermen.
9. The cost and risk of entering the two fisheries is a risk and viability that financial institutions cannot finance.

Background: Community Quota Opportunity

- The legal premise upon which the GOACC and the North Pacific Fisheries Management Council based their proposal and Amendment 66 are the 1996 amendments to the Magnuson-Stevens Act require that management programs take into account the social context of the fisheries, especially the role of communities. (sec.301 (a)(8), 303 (a)(9). In addition, the National Research Council (NRC 1999a) recommends that NMFS and the Council consider including fishing communities as stakeholders in the fishery management programs. The NRC recommends that Councils should be permitted to authorize the purchase, holding, management, and sale of QS/IFQ's by communities. (Review Draft of an Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis- Jan 2002)
- In the January 2002 review draft the Council adopted the following problem statement for Amendment 66;

Community QS Purchase Problem Statement

A number of small coastal communities in Southeast and Southcentral Alaska are struggling to remain economically viable. The halibut and sablefish IFQ program, as with other limited entry programs, increases the cost of entry into or expansion in the commercial halibut and sablefish fisheries.

Allowing qualifying communities to purchase halibut and sablefish quota share for lease to and use by community residents will help minimize adverse economic impacts on these small, remote, coastal communities in Southeast and Southcentral Alaska, and help provide for the sustained participation of these communities in the halibut and sablefish IFQ fisheries. The Council seeks to provide for this sustained participation without undermining the goals of the halibut and sablefish IFQ program or precluding entry-level opportunities for fishermen residing in other fishery dependent communities.

- In April 2002 the North Pacific Fisheries Management Council passed a final motion recommending revisions to the existing IFQ program regulations and policy to explicitly allow a new group of non-profit entities to hold halibut and sablefish Quota Share on behalf of residents of specific rural communities located adjacent to the Gulf of Alaska.
- The intent of the new program is to reverse the out-migration of IFQ quota share from rural, GOA coastal communities.
- The proposed rule Amendment 66 was formally advertised in the Federal Register/ Vol. 68, No. 200/ Thursday, October 16, 2003 with comments to be received on or before December 1, 2003.
- On December 23, 2003 Phil Smith, RAM, presented to the Restricted Access Management staff an in-depth Power Point outlining the IFQ program, titled,

“Amending the IFQ Program: a New opportunity for Gulf of Alaska Coastal Communities.”

- The final rule of Amendment 66 as advertised in the October 16, 2003 Federal Register became effective June 1, 2004. (Gulf of Alaska CQE Program, State of Alaska, Dept. of Commerce, Community, and Economic Development)

Conclusion:

We believe that with the precedent set by the NPFMC giving 30,000 metric tons Direct Quota of Pollock to the Aleut Corporation as exclusive processing quota applies directly to our request and is justification for looking at our request along the same lines.

The existing halibut and sablefish program received their quota without having to pay for it based upon arbitrary guidelines, as well as the Aleut Corporation for their Pollock quota.

We believe that the NPFMC has an obligation to consider this request within a reasonable time before any new changes are made to existing halibut and sable fish programs, or potential charter fish allocations.

The Magnuson-Stevens Act directs that the seafood resources being addressed will be economic and financial resources the communities can develop and share in developing, not as just an opportunity.

I am available for meetings and can be reached at (907) 463-7121 in Juneau.

Sincerely,

Gordon Jackson, Commissioner
Southeast Alaska Inter-Tribal Fish and Wildlife Commission

CC/ Law Offices of Tony Strong

**UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE**

Alaska Fisheries Science Center
7600 Sand Point Way N.E.
Bldg. 4, F/AKC
Seattle, Washington 98115-0070

March 30, 2006

Mr. Chris Oliver
Executive Director
North Pacific Fishery Management Council
605 West Fourth Ave., Suite 306
Anchorage, Alaska 99501-2252

Dear Chris:

In December 2005, the North Pacific Fishery Management Council requested that AFSC Auke Bay Laboratory scientists investigate a number of issues related to sablefish management in the Bering Sea and Aleutian Islands. Quoting from your letter of December 28 "the Council requested that ABL staff conduct experimental research in 2006 to determine the effectiveness of different size escape rings, soak times, and biodegradable panels, in conjunction with ongoing efforts to develop catch-per-unit-effort indices, for sablefish pot gear. The requested research could be summarized in a discussion paper or as an appendix to the sablefish chapter in the 2006 BSAI SAFE report, which could be reviewed by the BSAI Plan Team at its September 2006 meeting. The paper would address three potential changes to sablefish pot gear regulations based on research results. Potential changes include: 1) escape rings; 2) changes to required biodegradable panels; and 3) banning at-sea storage of pots."

As you know, Chris, this year's budget situation has been exceptionally difficult and is requiring us to reduce or eliminate a number of planned studies, including the Bering Sea slope survey, in order to maintain some of our very basic data collection projects, such as the Bering Sea trawl survey. Given our most recent allocations, we will not be able to add a substantial new project, the sablefish pot study, in fiscal year 2006. However, this does not mean the AFSC won't be able to make progress on this issue.

The AFSC will take the following actions to address the sablefish pot fishery issues:

1. We will compare the CPUE and size information available from pot and longline fisheries.
2. We will examine in detail the results of the Canadian study and begin a simulation of escape ring sizes to look at potential impacts on the sablefish resource. The results will provide a necessary basis for future studies.
3. We will look at the feasibility of having observers sample the stomachs of large sablefish on at least a few sablefish pot vessel trips to examine the possibility of cannibalism of small sablefish.
4. AFSC gear experts can assist in addressing the need for biodegradable panels based on existing literature and practice.



5. If the Council requests, the AFSC can re-examine the alternatives for harvest allocations by area as a means of addressing the large but widely distributed sablefish biomass in the Bering Sea and Aleutians Area. For example, sablefish TACs could be apportioned based on the proportion of fish within each management area above a certain size.
6. The results of the above work will be provided for examination to the Council's groundfish plan teams at their September 2006 meeting.
7. Should the Council and AFSC determine that a pot study is still necessary after review of the above report; the AFSC will apply for Industry Cooperative Research funds to support an at-sea study in 2007.

Supporting Materials

The observer data analyzed so far has not shown a substantial amount of smaller fish being caught by pots when compared to hook and line.

A concern expressed by a number of fishermen and directly associated with the Council's concerns is the perception that pots in the Bering Sea are harvesting significantly smaller sablefish than longlines. Although sample sizes for observed pots have been relatively low thus far, when we compared length distributions from the pot fishery to that of the hook and line fishery, we detected a difference of only several centimeters in mean fish length. The minimums for each gear type were nearly identical (~40 cm) (Hanselman et al. 2005). At least three possible explanations for this exist: 1) Cannibalism in pots may be a factor due to long soak times; that is small fish may be consumed by larger fish while in the trap. This possibility could be identified by examining stomachs of large pot-caught sablefish during the fishery. 2) Both of the gear types target larger sablefish in deep water where few small sablefish reside. 3) There may not have been incoming year classes strong enough to exhibit a large presence in the pot catch.

Escape ring effects on gear selectivity.

Requiring escape rings on pots is usually done with the intention of reducing the catch of small fish. However, escape rings may induce unforeseen effects on gear selectivity. For example, Canadian Department of Fisheries and Ocean (DFO) scientists undertook an escape ring study for sablefish in 1997. They tested four escape ring sizes ranging from 3.5" to 4.5", offshore and inshore, with 24 and 48-hour soak times. The total number of pots fished was 390. Different selectivity curves were found between treatment groups, but they were not significantly different at this sample size. Unexpectedly, it was found that the pots with the two smaller escape ring sizes actually caught *more* total fish than the control traps (Haist et al. 2000). Implications of escape rings include the loss of data on pre-recruit sablefish and the possibility that the traps could be selective for females, which tend to have a larger girth than males. Another possible effect is that a higher proportion of the fish taken would be large, highly fecund spawners, while the catch of the plentiful, less fecund medium-sized fish would be reduced. In an early sablefish study on the effect of using minimum size limits within the longline fishery, the authors showed that there was little benefit to a minimum size limit in a fishery with a relatively low exploitation rate (Lowe et al. 1991). But this study did include a discard mortality rate potentially not applicable to escape rings. A population simulation study will be necessary to better understand potential repercussions of escape rings on yield and spawning biomass.

Evaluating the effectiveness of escape rings would be no small task.

The results of the Canadian study described above suggest that testing multiple escape ring sizes and soak times would require substantially more time and samples to achieve unequivocal results. DFO eventually went on to require 3.5" escape rings with a 4-day maximum soak time. Presumably, a research cruise to test escape rings would occur in the Bering Sea where pots are

currently fished. However, densities of sablefish are lower in the Bering Sea than the Gulf of Alaska. Lower catch rates will likely require more replications. Sufficient replications needed to achieve significant results for multiple soak times and escape ring sizes would likely require 10 or more days at sea.

Biodegradable panels are necessary.

A short duration pot study would be unable to test biodegradable panels, since decay of the organic fibers is expected to take months to years. In many other trap fisheries, biodegradable panels have long been required to avoid "ghost-fishing." Based on requirements for other pot fisheries under Council purview, a biodegradable requirement for sablefish pots would be reasonable and consistent.

At sea storage of pots.

The evaluation of the effects of pots stored at sea is also not an issue that could be addressed by a pot study, although having fishery observations of pots retrieved from storage might be beneficial. As with Bering Sea crab fisheries, enforcement, bycatch, gear conflicts, and habitat impacts may be the primary issues associated with at-sea pot storage.

Develop CPUE indices for pot gear.

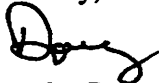
For the 2006 assessment we will develop pot fishery CPUEs from observer and from logbook data. These pot fishery CPUEs can be scaled to the longline fishery CPUEs by using a different catchability coefficient. The different gear types could then be aggregated into the overall fishery CPUE index used in the stock assessment model.

Haist, V. and Hilborn, R. 2000. Sablefish stock assessment for 2000 and recommended yield options for 2001. Canadian Stock Assessment Secretariat. 74 pp.

Hanselman, D.H., Lunsford, C.R., Fujioka, J.T., and Sigler, M.F. 2005. Alaska sablefish assessment for 2006. In Stock assessment and fishery evaluation report for the groundfish resources of the Gulf of Alaska as projected for 2006. North Pacific Fishery Management Council, Anchorage, Alaska.

Lowe, S. A., Fujioka, J.T. and Terry, J.M. 1991. Bioeconomic analysis of a minimum size limit for Gulf of Alaska sablefish using a yield per recruit model. Fish. Res., 11: 307-320

Sincerely,



Douglas DeMaster, Ph.D.
Science & Research Director,
Alaska Fisheries

cc: Jim Coe
Bill Karp
Phil Mundy
Russ Nelson
Pat Livingston

D-6

Enforcement Committee Report

April 4th, 2006 9-12pm

Hilton Hotel

Iliamna Room

Anchorage, Alaska

Committee Present: Commander Mike Cerne, Cathy Coon (staff), Ken Hansen, Roy Hyder (Chair), Lt. Alan McCabe, Jeff Passer, Sue Salveson, and Herman Savikko.

Public Present: Jason Anderson, Lt. Jim Cockrell, Will Ellis, Jay Ginter, Joe McCabe, Ben Muse, LEDR Lisa Ragone, and Lt. Dan Schaeffer.

Report on visit to Sea State:

The Committee received a report from Herman Savikko on the visit to Sea State in February, 2006. Karl Haflinger demonstrated the in season management protocols and software to Herman Savikko and Mike Cerne. Aspects of the onsite visit included a demonstration of the Voluntary Rolling Hot Spots (VRHS) system as well as vessel identification protocols.

The Committee discussed that a revisit may be beneficial if there are specific questions the Committee would like to have addressed.

Report on Interagency Fishery Enforcement Meeting:

The Committee received a report from Lt. Alan McCabe on the interagency fishery enforcement meeting held on March 6, 2006. Annual meetings are held by the USCG to discuss enforcement concerns both regionally and interagency. The two main topics discussed during this meeting were: (1) Data and Information Technology-including database sharing needs for integration and interaction between multi agencies, and (2) formalizing a process of integrated planning between the three main enforcement agencies in Alaska (USCG, State of Alaska Troopers, and NOAA fisheries enforcement).

Vessel Monitoring Systems (VMS)

The Committee received a report from Dr. Ben Muse on the Vessel Monitoring System (VMS) analysis. Dr. Muse briefly discussed the structure of the analysis including costs, benefits, and reviewed preliminary numbers of vessels that would require VMS installation for each alternative within the analysis. Dr. Muse noted the analysis has been postponed until October 2006 for initial review.

Suggested changes in language to the current alternatives were also discussed (see attached Item A), and will be deliberated by the Council during this meeting. The suggested revisions of alternatives address a fully comprehensive VMS system as well as specific exemptions based on vessel size or non-federally permitted vessels.

The Committee discussed actions under proposed modified Alternative 2 (see attached Item A). This alternative is written to cover two categories of fishing operations. The first sentence is meant to require VMS on federally permitted vessels regardless of where they are operating. The second sentence is meant for vessels which do not have any federal fishing permits. The

requirement would be for those vessels to operate VMS while they are in the EEZ if they are carrying gear which is capable of catching federally managed fish.

The first sentence states, "... including vessels with IFQ and/or CDQ halibut and/or sablefish on board." The original language in this Alternative used "IFQ permit" as the trigger for the VMS requirement on vessels which do not have federal fishing permits; basically, those hook and line vessels only fishing in state waters. There were two main issues concerning the IFQ permit trigger. First, does IFQ permit mean Quota Share permit, and/or IFQ permit, and/or card holders? Then, does it matter whether there is remaining quota in the account during any particular trip. Knowing that a person may buy or lease additional quota during the year complicates things even more. The second issue concerns a state only hook and line vessel carrying a crewmember with IFQ. Requiring VMS on a vessel participating in a state managed fishery in state waters just because a crewman has an IFQ permit, regardless of whether there is remaining quota or not, would serve little purpose for federal enforcement. However, when and if a vessel begins retaining IFQ or CDQ species, even in state waters, then enforcement has an interest and a responsibility in overseeing that federal managed harvest

The second sentence is to address enforcement concerns about state commercial fishing vessels which may be transiting the EEZ and are carrying authorized fishing gear as defined in federal regulations. The justification for this is to ensure that commercial fishing vessels which are in the EEZ do not stop and catch federally managed fish on the way (One option for this part of the Alternative is to require those vessels to stow their gear while transiting). Also this part of the Alternative does not exempt dingle bar gear. That is because those vessels participating in the state managed ling cod fishery are actually fishing in the EEZ and are fishing in and around a HAPC.

The Committee supports the language of modified Alternative 2 and request that the Council adopt it. Additional discussion occurred on the legal definitions of stowing gear.

Overview of Monitoring Programs

Jason Anderson gave an overview of current changes being considered for monitoring approaches that would apply to Amendment 80 and the GOA Rockfish Pilot Program. NOAA fisheries have addressed this topic in a letter to the Council (see attached Item B).

Specific changes in the monitoring program for Amendment 80 include changes from requiring catcher processor vessels to file a Vessel Monitoring Plan (VMP) to requiring vessels to choose one of three options to meet monitoring goals. The intent of the options is to allow observers to monitor activities and prohibit crew members in fish bins where unobserved presorting of catch can occur.

The Committee requests the Council commend NOAA Fisheries on its continued efforts to foster discussions between the fishing industry, management, and law enforcement on monitoring programs.

Agenda Items for the next meeting

Agenda items for the next meeting will be addressed prior to the June meeting.

VMS alternatives

Based on Council action in December 2005 with revisions suggested by staff.

- 1 No action alternative.
- 2 Require a transmitting VMS on any vessel with any Federal fishing permit, including ~~vessels with IFQ and/or CDO halibut and/or sablefish on board, when it is operating.~~ A transmitting VMS would also be required on any other commercial fishing vessel that operates in the EEZ, ~~with authorized fishing gear (other than hand troll gear, power troll gear, and troll gear, but including dingle bar gear) as defined in 50 CFR 679.2.~~
- 3 Vessels are subject to the requirements of Alternative 2, except that they are not required to have a transmitting VMS when operating in a State-managed fishery in State waters, unless a transmitting VMS is required under another federal program. For the purpose of this alternative, a State-managed fishery means a fishery in which the landings are not counted against a Federal total allowable catch (TAC).
- 4 Vessels are subject to the requirements of Alternative 3, except for vessels which are subject to the VMS requirement because they have IFQ and/or CDQ halibut and/or sablefish on board, and that fish only in State waters.

Deleted: an IFQ permit

Deleted: t

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Comment [UD1]: The definition of operating is removed. A definition of operating is being added to 679.2 by the new EFH/HAPC rule. This new definition should be in place by the time this rule is adopted. This definition is "Operate a vessel means for purposes of VMS that the fishing vessel is: (1) Offloading or processing fish; (2) In transit to, from, or between the fishing areas; or (3) Fishing or conducting operations in support of fishing. See the proposed rule in 71 FR 14470, March 22, 2006.

Deleted: when it is operating

Deleted: A vessel would be operating any time it is not in port. If the vessel is in port, the vessel would be operating during the transfer of fish or fish products.

The following options may apply to alternatives two to four:

- Option: Fishing vessels not required to have a federal fishing permit would not be required to have a transmitting VMS on board if the vessel operator (a) transits the EEZ with their fishing gear stowed; and, (b) notifies the USCG and NOAA OLE of their intent to simply transit the EEZ (a new check-in/checkout requirement).
- Option: Vessels less than a certain length (LOA) would be exempted. Options include (1) less than 25 feet (2) less than 30 feet, and (3) less than 32 feet LOA.
- Option: Allows for phased implementation where vessels over 32 feet LOA would be required to have VMS in 2007 and vessels equal to or less than 32 feet LOA by 2008.



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration

National Marine Fisheries Service
 P.O. Box 21668
 Juneau, Alaska 99802-1668

March 27, 2006

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

RECEIVED

MAR 27 2006

N.P.F.M.C.

Dear Stephanie,

The Council is tentatively scheduled to take final action on Amendment 80 to the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Islands (Amendment 80). Amendment 80 would allocate certain groundfish species to the non-American Fisheries Act (non-AFA) trawl catcher/processor fleet and allow the formation of cooperatives. As we have informed the Council, dedicated access privilege programs that allocate fish to cooperatives or individuals require enhanced monitoring of catch to ensure accurate accounting of harvest relative to these individual quotas. For purposes of the Amendment 80 allocations, this would require catch monitoring on a haul by haul basis under specific catch monitoring standards that could be costly to implement for some vessel owners.

NMFS has explored ways to reduce these costs using a flexible monitoring approach that would allow vessel owners or operators to propose a vessel specific Vessel Monitoring Plan (VMP) that would be approved by NMFS if the VMP met certain monitoring performance standards. Vessels operating under a NMFS approved VMP would be exempted from regulations prohibiting crew members in fish bins where unobserved presorting of catch can occur. As envisioned, an approved VMP would have improved NMFS' confidence that an observer could detect illegal presorting activities within a fish bin.

Council staff last described the VMP concept to the Council at the February 2006 meeting, highlighting that the agency was continuing to develop the concept. Since that time, NOAA General Counsel identified its concern with the legality and enforceability of regulations that allow individual waivers from general provisions of regulatory programs, e.g., contractual-like individual exceptions to the general regulatory prohibition on crew in bins. Difficulties also were identified that thwarted the development of regulatory criteria for VMPs for all the non-AFA trawl catcher/processors which would: (1) be enforceable, (2) consistently and effectively meet the objectives of an adequate catch monitoring program, and (3) be efficient and cost effective for the agency to implement. Further, we learned from conversations with industry that the type of VMPs being contemplated could easily be accommodated by a fairly simple set of regulatory provisions that addressed agency concerns. Specifically, vessels could use video technology, or factory modifications to ensure that an observer has an unobstructed line-of-sight from the observer sample station into the fish bin so that any sorting activity could be monitored.

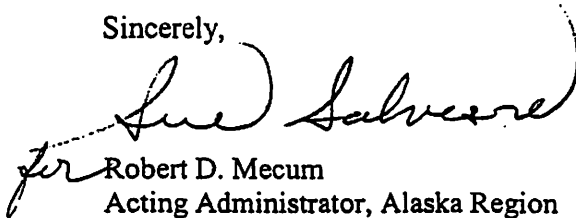


For these reasons, NMFS has decided not to propose VMPs as a monitoring option for Amendment 80. Rather, vessel owners or operators would be required to choose one of the following options designed to allow an observer to monitor activity within fish bins:

1. Vessel crew would be prohibited from entering a fish bin unless the flow of fish has been stopped and an observer is given the opportunity to monitor activity with the fish bin; or
2. From the observer sample station and the location where the observer collects unsorted catch, an observer must be able to monitor all areas of the bin where crew could be located. This option could be accomplished by installing one or more viewing ports in the fish bin; or
3. A vessel owner or operator could choose to install and maintain video cameras, a monitor for the observer to monitor activities within fish bins, and a digital video recording system for all areas of the bin where crew could be located. If the video camera, monitoring or recording equipment becomes inoperable or does not effectively allow the observer to monitor activities within the fish bins, then the vessel owner/operator must comply with Option 1.

NMFS currently is working to describe the technical specifications for each of these options. Future versions of the analysis prepared for Amendment 80 will reflect these changes and associated costs. If the Council chooses to take final action in April, they should be aware that the costs of the monitoring program have changed and the current analysis does not include these revised costs. NMFS staff will be available at the April meeting to answer specific questions if they arise.

Sincerely,



for Robert D. Mecum
Acting Administrator, Alaska Region

Independent Economic Overview Bering Sea Crab Vessel Structure

Presented to:
North Pacific Fisheries Management Council
April 11, 2006
Anchorage, AK

Tony Lara
P.O. Box 8082
Kodiak, AK 99615
(907) 486-4303
(907) 486-2649 Fax
(907) 539-2301 Cell

Pre Privatization Crab Economics

(2 month Season - IFQ Qualifying years)

Gross Stock \$ **1,000,000**

Fuel Costs	
Fuel Price 1.25 / gal	
Fuel Consumed 40,000 gallons	
Total Fuel Costs = Price x Gallons =	\$ 50,000
Bait Expense	\$ 25,000

Net Proceeds \$ **925,000**

<i>Historical Crew Shares are 40% of the gross stock minus fuel and bait expense</i>	
Crew Compensation	\$ 370,000
Captain (14%) \$	129,500.00
Full Share Deckhand (6%) \$	55,500.00

Vessel Net \$ **555,000**

Insurance Costs	
P&I (\$5,000 per man / Month)	\$50,000
Hull and Machinery	\$30,000
Pollution	\$2,000
Total Insurance	\$82,000

Misc. Expenses	\$ 30,000
Includes moorage, pot storage, etc.	

Maintenance	\$ 250,000
Includes shipyard, upgrades, gear, etc.	

Net Profit \$ **193,000**

Post Privatization Crab Economics

(2 month Season)

Gross Stock \$ **1,000,000**

NOTE: a \$1 mil gross stock would require a vessel catch 3% of the 2005-6 Opilio TAC

50% Opilio Lease Fee (70% for Red Crab) \$ **500,000**

Fuel Costs

Fuel Price 2.60 / gal

Fuel Consumed 40,000 gallons

Total Fuel Costs = Price x Gallons = \$ **104,000**

Bait Expense \$ **25,000**

Net Proceeds \$ **371,000**

*Historical Crew Shares are 40% of the gross stock
minus fuel and bait expense*

Crew Compensation \$ **148,400**

Captain (14%) \$ 51,940.00

Full Share Deckhand (6%) \$ 22,260.00

Vessel Net \$ **222,600**

Insurance Costs

P&I (\$6,600 per man / Month) \$66,000

Hull and Machinery \$24,000

Pollution \$2,000

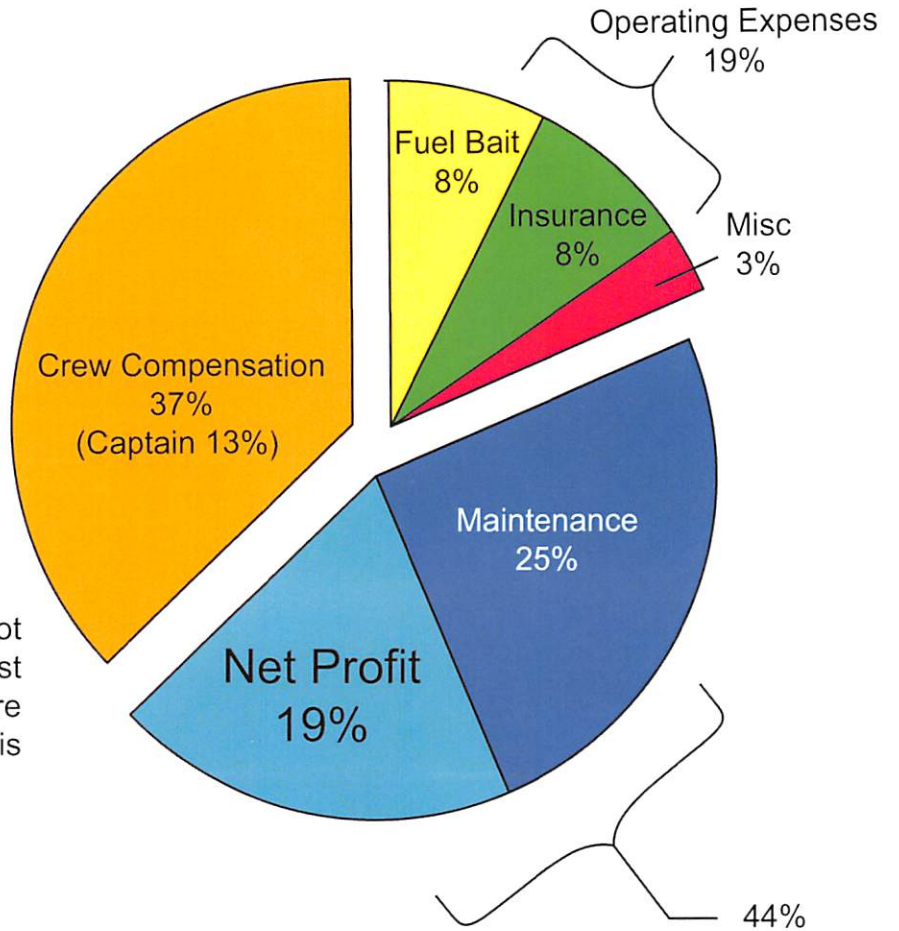
Total Insurance \$ **\$92,000**

Misc. Expenses \$ **40,000**

Includes moorage, pot storage, etc.

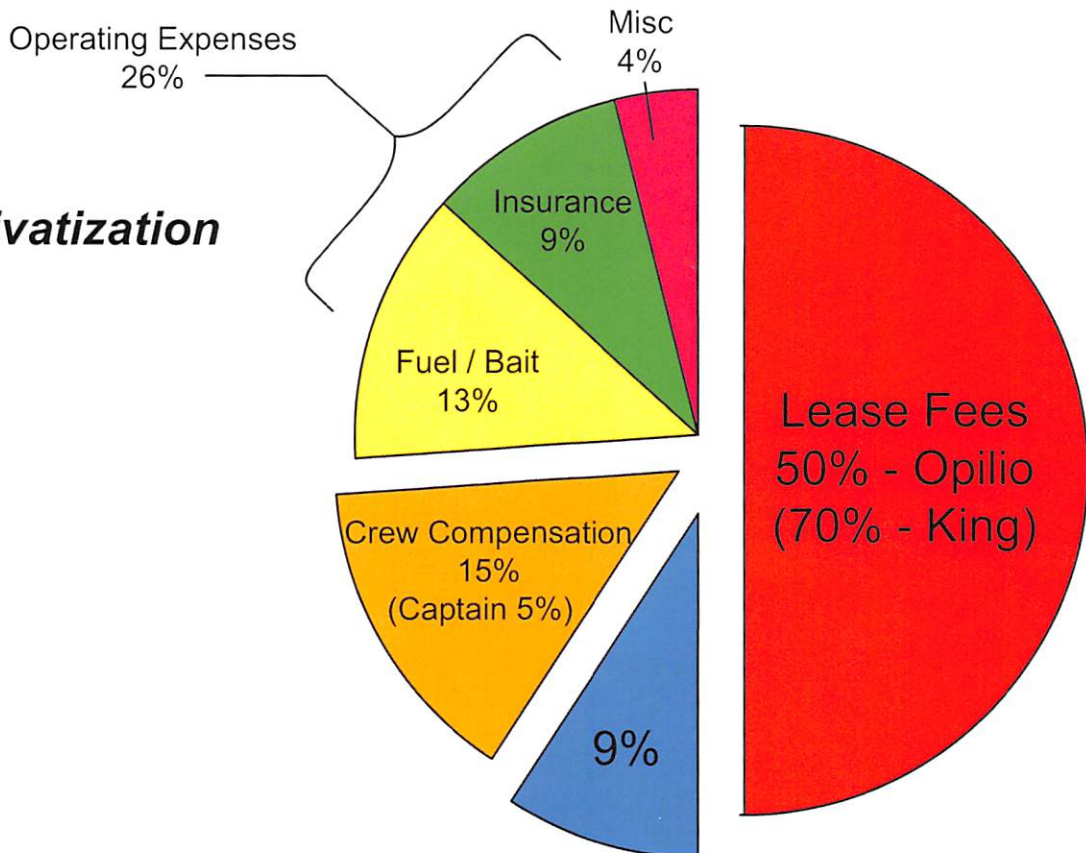
Balance Remaining for Maintenance & Profit Margin \$ **90,600**

Pre Privatization



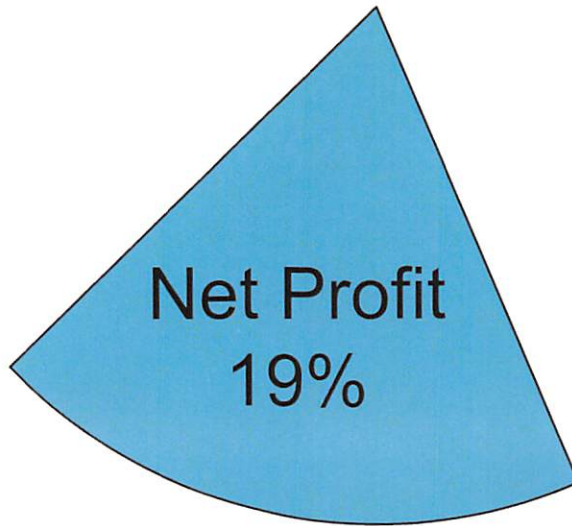
NOTE: Mortgage payments are not included in this breakdown as most new entrants to the fishery are owner-operators. Captain's share is included in Crew Compensation.

Post Privatization



A Tough Choice for Quota Owners.....

Go Fishing =



Play Golf =



Crab Capitalization

	Pre Ratz	Post Ratz
Vessels Actively Fishing	200	120
Average Vessel Cost	\$1,800,000	\$1,200,000
Total Steel	\$360,000,000	\$144,000,000

Quota Share Value (Spring 2006)		
Opilio Quota		33,465,000 lbs
A Share Value		\$10 / pound
B Share Value		\$7 / pound
Total		\$331,638,150
 Bairdi Quota		 1,458,000 lbs
A Share Value		\$12 / pound
B Share Value		\$10 / pound
Total		\$17,408,520
 Red Crab Quota		 16,496,000 lbs
A Share Value		\$25 / pound
B Share Value		\$22 / pound
Total		\$410,915,360

Industry Capitalization	Pre Ratz	Post Ratz
Total Steel	\$360,000,000	\$144,000,000
Total Paper	-NA-	\$759,962,030
Total Capitalization	\$360,000,000	\$903,962,030

A note of interest: At current prices, when the opilio TAC returns to a total of 160 million pounds, the market cap for the industry will reach \$2 billion. In comparison, Ford Motor Company has a current market cap of \$14 billion. The 20 year average Opilio TAC from 1980 to 1999 is 124 million pounds.

Enforcement Committee Report

April 4th, 2006 9-12pm

Hilton Hotel

Iliamna Room

Anchorage, Alaska

Committee Present: Commander Mike Cerne, Cathy Coon (staff), Ken Hansen, Roy Hyder (Chair), Lt. Alan McCabe, Jeff Passer, Sue Salveson, and Herman Savikko.

Public Present: Jason Anderson, Lt. Jim Cockrell, Will Ellis, Jay Ginter, Joe McCabe, Ben Muse, LEDR Lisa Ragone, and Lt. Dan Schaeffer.

Report on visit to Sea State:

The Committee received a report from Herman Savikko on the visit to Sea State in February, 2006. Karl Haflinger demonstrated the in season management protocols and software to Herman Savikko and Mike Cerne. Aspects of the onsite visit included a demonstration of the Voluntary Rolling Hot Spots (VRHS) system as well as vessel identification protocols.

The Committee discussed that a revisit may be beneficial if there are specific questions the Committee would like to have addressed.

Report on Interagency Fishery Enforcement Meeting:

The Committee received a report from Lt. Alan McCabe on the interagency fishery enforcement meeting held on March 6, 2006. Annual meetings are held by the USCG to discuss enforcement concerns both regionally and interagency. The two main topics discussed during this meeting were: (1) Data and Information Technology-including database sharing needs for integration and interaction between multi agencies, and (2) formalizing a process of integrated planning between the three main enforcement agencies in Alaska (USCG, State of Alaska Troopers, and NOAA fisheries enforcement).

Vessel Monitoring Systems (VMS)

The Committee received a report from Dr. Ben Muse on the Vessel Monitoring System (VMS) analysis. Dr. Muse briefly discussed the structure of the analysis including costs, benefits, and reviewed preliminary numbers of vessels that would require VMS installation for each alternative within the analysis. Dr. Muse noted the analysis has been postponed until October 2006 for initial review.

Suggested changes in language to the current alternatives were also discussed (see attached Item A), and will be deliberated by the Council during this meeting. The suggested revisions of alternatives address a fully comprehensive VMS system as well as specific exemptions based on vessel size or non-federally permitted vessels.

The Committee discussed actions under proposed modified Alternative 2 (see attached Item A). This alternative is written to cover two categories of fishing operations. The first sentence is meant to require VMS on federally permitted vessels regardless of where they are operating. The second sentence is meant for vessels which do not have any federal fishing permits. The

requirement would be for those vessels to operate VMS while they are in the EEZ if they are carrying gear which is capable of catching federally managed fish.

The first sentence states, "... including vessels with IFQ and/or CDQ halibut and/or sablefish on board." The original language in this Alternative used "IFQ permit" as the trigger for the VMS requirement on vessels which do not have federal fishing permits; basically, those hook and line vessels only fishing in state waters. There were two main issues concerning the IFQ permit trigger. First, does IFQ permit mean Quota Share permit, and/or IFQ permit, and/or card holders? Then, does it matter whether there is remaining quota in the account during any particular trip. Knowing that a person may buy or lease additional quota during the year complicates things even more. The second issue concerns a state only hook and line vessel carrying a crewmember with IFQ. Requiring VMS on a vessel participating in a state managed fishery in state waters just because a crewman has an IFQ permit, regardless of whether there is remaining quota or not, would serve little purpose for federal enforcement. However, when and if a vessel begins retaining IFQ or CDQ species, even in state waters, then enforcement has an interest and a responsibility in overseeing that federal managed harvest

The second sentence is to address enforcement concerns about state commercial fishing vessels which may be transiting the EEZ and are carrying authorized fishing gear as defined in federal regulations. The justification for this is to ensure that commercial fishing vessels which are in the EEZ do not stop and catch federally managed fish on the way (One option for this part of the Alternative is to require those vessels to stow their gear while transiting). Also this part of the Alternative does not exempt dingle bar gear. That is because those vessels participating in the state managed ling cod fishery are actually fishing in the EEZ and are fishing in and around a HAPC.

The Committee supports the language of modified Alternative 2 and request that the Council adopt it. Additional discussion occurred on the legal definitions of stowing gear.

Overview of Monitoring Programs

Jason Anderson gave an overview of current changes being considered for monitoring approaches that would apply to Amendment 80 and the GOA Rockfish Pilot Program. NOAA fisheries have addressed this topic in a letter to the Council (see attached Item B).

Specific changes in the monitoring program for Amendment 80 include changes from requiring catcher processor vessels to file a Vessel Monitoring Plan (VMP) to requiring vessels to choose one of three options to meet monitoring goals. The intent of the options is to allow observers to monitor activities and prohibit crew members in fish bins where unobserved presorting of catch can occur.

The Committee requests the Council commend NOAA Fisheries on its continued efforts to foster discussions between the fishing industry, management, and law enforcement on monitoring programs.

Agenda Items for the next meeting

Agenda items for the next meeting will be addressed prior to the June meeting.

VMS alternatives

Based on Council action in December 2005 with revisions suggested by staff.

- 1 No action alternative.
- 2 Require a transmitting VMS on any vessel with any Federal fishing permit, including ~~vessels with IFQ and/or CDQ halibut and/or sablefish on board, when it is operating.~~ A transmitting VMS would also be required on any other commercial fishing vessel that operates in the EEZ ~~with authorized fishing gear (other than hand troll gear, power troll gear, and troll gear, but including dingle bar gear) as defined in 50 CFR 679.2.~~
- 3 Vessels are subject to the requirements of Alternative 2, except that they are not required to have a transmitting VMS when operating in a State-managed fishery in State waters, unless a transmitting VMS is required under another federal program. For the purpose of this alternative, a State-managed fishery means a fishery in which the landings are not counted against a Federal total allowable catch (TAC).
- 4 Vessels are subject to the requirements of Alternative 3, except for vessels which are subject to the VMS requirement because they have IFQ and/or CDQ halibut and/or sablefish on board, and that fish only in State waters.

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Comment (UD1): The definition of operating is removed. A definition of operating is being added to 679.2 by the new EFH/HAPC rule. This new definition should be in place by the time this rule is adopted. This definition is "Operate a vessel means for purposes of VMS that the fishing vessel is: (1) Offloading or processing fish; (2) In transit to, from, or between the fishing areas; or (3) Fishing or conducting operations in support of fishing. See the proposed rule in 71 FR 14470, March 22, 2006.

Deleted: when it is operating

Deleted: A vessel would be operating any time it is not in port. If the vessel is in port, the vessel would be operating during the transfer of fish or fish products.

The following options may apply to alternatives two to four:

- Option: Fishing vessels not required to have a federal fishing permit would not be required to have a transmitting VMS on board if the vessel operator (a) transits the EEZ with their fishing gear stowed; and, (b) notifies the USCG and NOAA OLE of their intent to simply transit the EEZ (a new check-in/checkout requirement).
- Option: Vessels less than a certain length (LOA) would be exempted. Options include (1) less than 25 feet (2) less than 30 feet, and (3) less than 32 feet LOA.
- Option: Allows for phased implementation where vessels over 32 feet LOA would be required to have VMS in 2007 and vessels equal to or less than 32 feet LOA by 2008.

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FEB 10 1964
U.S. DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C.



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration

National Marine Fisheries Service
 P.O. Box 21668
 Juneau, Alaska 99802-1668

March 27, 2006

RECEIVED
 MAR 27 2006
 N.P.F.M.C.

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

Dear Stephanie,

The Council is tentatively scheduled to take final action on Amendment 80 to the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Islands (Amendment 80). Amendment 80 would allocate certain groundfish species to the non-American Fisheries Act (non-AFA) trawl catcher/processor fleet and allow the formation of cooperatives. As we have informed the Council, dedicated access privilege programs that allocate fish to cooperatives or individuals require enhanced monitoring of catch to ensure accurate accounting of harvest relative to these individual quotas. For purposes of the Amendment 80 allocations, this would require catch monitoring on a haul by haul basis under specific catch monitoring standards that could be costly to implement for some vessel owners.

NMFS has explored ways to reduce these costs using a flexible monitoring approach that would allow vessel owners or operators to propose a vessel specific Vessel Monitoring Plan (VMP) that would be approved by NMFS if the VMP met certain monitoring performance standards. Vessels operating under a NMFS approved VMP would be exempted from regulations prohibiting crew members in fish bins where unobserved presorting of catch can occur. As envisioned, an approved VMP would have improved NMFS' confidence that an observer could detect illegal presorting activities within a fish bin.

Council staff last described the VMP concept to the Council at the February 2006 meeting, highlighting that the agency was continuing to develop the concept. Since that time, NOAA General Counsel identified its concern with the legality and enforceability of regulations that allow individual waivers from general provisions of regulatory programs, e.g., contractual-like individual exceptions to the general regulatory prohibition on crew in bins. Difficulties also were identified that thwarted the development of regulatory criteria for VMPs for all the non-AFA trawl catcher/processors which would: (1) be enforceable, (2) consistently and effectively meet the objectives of an adequate catch monitoring program, and (3) be efficient and cost effective for the agency to implement. Further, we learned from conversations with industry that the type of VMPs being contemplated could easily be accommodated by a fairly simple set of regulatory provisions that addressed agency concerns. Specifically, vessels could use video technology, or factory modifications to ensure that an observer has an unobstructed line-of-sight from the observer sample station into the fish bin so that any sorting activity could be monitored.

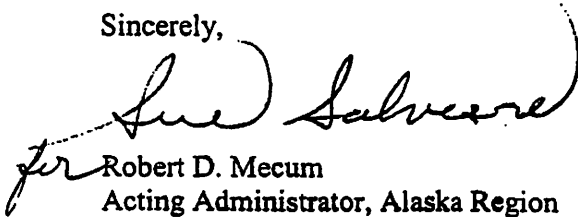


For these reasons, NMFS has decided not to propose VMPs as a monitoring option for Amendment 80. Rather, vessel owners or operators would be required to choose one of the following options designed to allow an observer to monitor activity within fish bins:

1. Vessel crew would be prohibited from entering a fish bin unless the flow of fish has been stopped and an observer is given the opportunity to monitor activity with the fish bin; or
2. From the observer sample station and the location where the observer collects unsorted catch, an observer must be able to monitor all areas of the bin where crew could be located. This option could be accomplished by installing one or more viewing ports in the fish bin; or
3. A vessel owner or operator could choose to install and maintain video cameras, a monitor for the observer to monitor activities within fish bins, and a digital video recording system for all areas of the bin where crew could be located. If the video camera, monitoring or recording equipment becomes inoperable or does not effectively allow the observer to monitor activities within the fish bins, then the vessel owner/operator must comply with Option 1.

NMFS currently is working to describe the technical specifications for each of these options. Future versions of the analysis prepared for Amendment 80 will reflect these changes and associated costs. If the Council chooses to take final action in April, they should be aware that the costs of the monitoring program have changed and the current analysis does not include these revised costs. NMFS staff will be available at the April meeting to answer specific questions if they arise.

Sincerely,


for Robert D. Mecum
Acting Administrator, Alaska Region