

**C8 Observer Coverage on Small CPs**

The AP recommends the Council release the draft RIR/IRFA for public review after incorporating suggestions by the SSC.

Revise Alternative 2 to modify Element 5 (described below).

Select Alternative 2 as the Preliminary Preferred Alternative (PPA). Preferred elements in **bold**.

Purpose and Need Statement

*Under the Restructured Observer Program, all catcher/processors are in the full coverage category unless they meet the requirements for an allowance to be placed in partial coverage. The placement of catcher/processors in full coverage enables NMFS obtain independent estimates of catch, at sea discards, and prohibited species catch (PSC) for catcher/processor vessels. In recognition of the relatively high cost of full coverage for smaller catcher/processors and the limited amount of catch and bycatch by these vessels, the Council recommended two limited allowances for placing a catcher/processor in partial coverage. Both of these allowances were based on vessel activity between 2003 and 2009.*

*Since implementation of the Restructured Observer Program, owners and operators of some catcher/processors have requested that the Council and NMFS revise these allowances to include vessels that began processing after 2009. First, the allowance for placing a catcher/processor in partial coverage should, as a minimum, be based on a measurement of ongoing production that shows that the catcher/processor processes a small amount of groundfish relative to the rest of the catcher/processor fleet. Second, the current regulations do not provide a way to move a catcher/processor placed in partial coverage into full coverage if production increases to a level deemed appropriate for full coverage.*

*This action would maintain a relatively limited exception to the general requirement that all catcher/processors are in the full coverage category; provide an appropriate balance between data quality and the cost of observer coverage; and establish a basis for placing catcher/processors into partial coverage that is not unduly difficult to apply and enforce.*

Alternative 1. No Action; maintain existing exemptions.

**Alternative 2. Revise the allowances for NMFS to place small catcher/processors into partial coverage. The criterion for placing a catcher/processor in partial coverage is the vessel’s production in the basis year as determined under Element 2.**

**Under this alternative, when a catcher/processor is required to have  $\geq 100\%$  observer coverage because of the vessel’s participation in a catch share program, the vessel would be ineligible for partial observer coverage under this action.**

**Element 1: Production threshold for placing a catcher/processor in partial coverage.**

Option	Measure	Threshold based on 10 <sup>th</sup> percentile approach	Threshold based on kernel density distribution approach
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		Pounds (metric tons)	
1.	Average daily production	1A. 11,000 (5.0)	1B. 15,500 (7.0)
<b>2.</b>	<b>Average weekly production</b>	2A. 42,000 (19.1)	<b>2B. 79,000 (35.8)</b>
3.	Maximum daily production	3A. 26,000 (11.8)	3B. 44,000 (20.0)
4.	Maximum weekly production	4A. 94,000 (42.6)	4B. 197,000 (89.4)
5.	Annual production	5A. 677,000 (307.1)	5B. 2,665,000 (1,208.8)

**Element 2: The basis year for placing a catcher/processor in partial coverage is the vessel's production in a standard basis year or alternate basis year. The standard basis year is the fishing year minus two years. If the vessel has no production in the standard basis year, the alternate basis year will be the most recent year that the vessel has any production before the standard basis year going back to 2009.**

**Element 3: If a catcher/processor has no production in the basis year as determined under Element 2,**

Option 1: Place catcher/processor in full coverage.

**Option 2: Place catcher/processor in partial coverage.**

Option 3: Place trawl catcher/processor in full coverage until vessel has production history; place other catcher/processors in partial coverage until vessel has production history. [Note: Under Element 5, the Council's PPA places all trawl catcher/processors in full coverage.]

**Element 4: For a catcher/processor to be in partial coverage,**

**Option 1. Vessel owner must choose partial coverage for the upcoming fishing year by an annual deadline (otherwise in full coverage).**

Option 2. NMFS places vessel in partial coverage for the upcoming year without any action by owner.

**Element 5: Trawl catcher/processors are ineligible for partial observer coverage (i.e., always in full observer coverage).**

Motion carried 19-0.

Rationale:

- Alternative 2 with the preferred elements is consistent with the needs highlighted by the affected vessels.
- Element 1, Option 2B threshold production amount will allow only small CP operations to be in the partial coverage category and is consistent overall with how NMFS tracks other CP operations.
- Element 2 adequately addresses the mechanics of the restructured observer program and the timing for review and approval of the ADP.
- Element 3 speaks to cost prohibitive problem of full observer coverage and is critical component of this action because it supports entrepreneurial marketing instead of discouraging such actions being taken by vessels.
- Element 4 is supported by affected vessels and lessens the NMFS management burden annually.
- Modified Element 5 simply speaks to the production volume of trawl CPs.