Gulf of Alaska Trawl Bycatch Management Discussion Paper

February 2016[1]

In October 2015 the North Pacific Fishery Management Council (Council) continued the process of scoping alternatives for a new management structure in the Gulf of Alaska (GOA) groundfish trawl fisheries. The Council's current set of alternatives is included as Appendix 1 to this document. A new alternative (Alternative 3) proposes the formation of inshore harvester/processor cooperatives that are allocated a share of prohibited species catch (PSC) quota annually. This stands in contrast to the other core action alternative (Alternative 2), which would allocate both PSC and groundfish quotas to inshore cooperatives. The February 2016 Council meeting will be the first opportunity for stakeholders to provide public comment on Alternative 3.

This document is a modest first step towards the development of a draft Environmental Impact Statement (EIS). Section 1 provides information on the set of trawl-endorsed catcher vessel License Limitation Program (LLP) licenses that would make up the universe of inshore harvesting entities potentially affected by this action, and also classifies those licenses by their recent activity in the GOA trawl fisheries. Sections 2 through 6 describe elements of Alternatives 2 and 3, particularly with regard to how cooperatives would be structured, how they would initially be formed, and how those details align with the Council's stated objectives for the program. This document is intended to support a preliminary discussion about the relative merits of the two proposed cooperative structures, and is not designed to meet the standards of an analysis that supports final decision-making.

1 GOA Groundfish Trawl LLP Licenses

At its October 2015 meeting the Council directed staff to provide additional information on the active and inactive GOA trawl groundfish LLP licenses. This information was requested in part because of the options being considered to allocate PSC limits under Alternative 3. Alternative 2 would only allocate quota and PSC to licenses based on catch history. Alternative 3 considers allocating PSC equally among active vessels that can document a license and that apply for an annual allocation. The number of inactive licenses that could potentially be assigned to a vessel and receive a PSC allocation could impact active

[1] Prepared by Darrell Brannan (NPFMC contractor) and Sam Cunningham (NPFMC staff).

participants by diluting the amount of PSC that their licenses would bring into a cooperative (or to the Limited Access sector).

Groundfish licenses that have been inactive in the non-Rockfish Program GOA trawl fishery would not be eliminated by the proposed action. Depending on the option selected and the way the option is implemented, no existing license that is associated with a vessel would be prohibited from participating in a trawl cooperative or the GOA limited access trawl fishery. Vessels in the limited access fishery would be allowed to compete for any target species available, but under the constraint of reduced PSC limits. Vessels holding latent LLP licenses would be allowed to join a trawl cooperative, but could only access target species and/or PSC quotas that were brought into the cooperative by license holders with qualifying catch history. Access to the PSC limits or target (and secondary) species would be granted under the terms of the cooperatives' privately negotiated contracts.

The Council requested the following information so that it could consider the impacts of the proposed allocation methods on both active participants and holders of latent licenses (those that have not been active in the non-Rockfish program GOA trawl fisheries in recent years). Three different time periods are considered, based on the year combinations proposed in Alternative 2. These periods were selected because they provide a more direct comparison of the latent licenses that could be granted a PSC limit allocation under structures based on catch history (Alternative 2) and those based on capacity or equal shares (Alternative 3).

1.1 2008 through 2012

Restricted Access Management (RAM) license data published for 2015 indicate there are a total of 152 Groundfish LLP licenses with a trawl endorsement for at least one GOA management area. The matrix of license by endorsement types indicates that 28 of the licenses have CP endorsement. The remaining 124 licenses may only be used when the vessel named on the license is operating as a CV. GOA gear endorsements for each license are shown in the columns for the Western GOA and in the rows for the Central GOA. The intersection of the row and column indicates the number of license with a particular attribute. For example, the CV total row of the table shows that 42 of the licenses have a Central GOA trawl endorsement (or trawl and non-trawl) but no Western GOA gear endorsements. The structure of the table allows the reader to compare the number and attributes of any GOA groundfish LLP license with a trawl endorsement for at least one GOA management area.

Table 2 shows the subset of licenses reported in Table 1 that were inactive in the GOA non-Rockfish Program trawl fisheries in the GOA from 2008 through 2012 (considered latent under that set of qualifying years). Some cells in the CP section of the table have a number and a number in parentheses. The number shows the total number of licenses that were not active as a CP. The number in parentheses shows the number of CP licenses that were not active as a CV or a CP. For example, there were five C/P licenses that were not active in the GOA trawl fisheries from 2008 through 2012. One of those licenses was derived from an AFA CP and three others were derived from Amendment 80 vessels. The fifth license is eligible to be issued Rockfish Program quota. An additional four licenses were only active as CVs.

Table 1 GOA groundfish LLP licenses with a trawl endorsement

Central Gulf Gear Endorsements	Western Gulf Gear Endorsements: None	Non-trawl	Non-trawl & Trawl	Trawl	Total
C/P	**7**	**1**	**2**	**18**	**28**
None				7	7
Non-trawl & Trawl	1	1	2		4
Trawl	6			11	17
CV	**42**	**4**	**54**	**24**	**124**
None			4	7	11
Non-trawl			16		16
Non-trawl & Trawl	28	4	34		66
Trawl	14			17	31
Grand Total	**49**	**5**	**56**	**42**	**152**

Source: NMFS RAM LLP data and AKFIN summaries of catch accounting data.

A total of 39 CV licenses were inactive. Seventeen of the licenses did not have a trawl endorsement for the Western GOA, and 16 did not have a trawl endorsement for the Central GOA. Only six of the inactive licenses held a trawl endorsement for both areas. Of the 39 CV licenses, 10 were derived from an AFA vessel, six other licenses held Rockfish Program quota, and one other license had crab sideboard limit restrictions. Fourteen of the remaining 22 licenses had a GOA pot cod endorsement and one had a HAL cod endorsement. Two of the remaining 7 licenses had a trawl endorsement for the BS or AI, and all of the five remaining licenses had a non-trawl endorsement for at least one area in the GOA or BSAI.

Table 3 shows the number of licenses that were active in the GOA non-Rockfish Program trawl fisheries from 2008 through 2012. One of the C/P licenses that was only active as a catcher vessel delivered all its catch to a mothership (or C/P acting as a mothership). This is the only C/P license that would not be eligible to convert to an inshore CV licenses and fish off the inshore CV allocation. That license could potentially convert to a CV licenses under the terms of the LLP, but could only fish off PSC and target species allocated to the offshore sector. The three remaining C/P licenses could be converted to inshore CV licenses and deliver to the inshore processors.

Table 2 Number of GOA groundfish trawl LLP licenses that were inactive in the GOA non-Rockfish Program trawl fisheries in the GOA from 2008 through 2012

Central Gulf Gear Endorsements	Western Gulf Gear Endorsements: None	Non-trawl	Non-trawl & Trawl	Trawl	Total
C/P	**4 (2)**	**1**	**1 (0)**	**3 (2)**	**9 (5)**
None				2	2
Non-trawl & Trawl		1	1 (0)		2 (1)
Trawl	4 (2)			1 (0)	5 (2)
CV	**13**	**4**	**16**	**6**	**39**
None				4	4
Non-trawl			12		12
Non-trawl & Trawl	10	4	4		18
Trawl	3			2	5
Grand Total	**17**	**5**	**17**	**9**	**48**

Source: NMFS RAM LLP data and AKFIN summaries of catch accounting data.

Table 3 Number of GOA groundfish trawl LLP Licenses that were active in the GOA non-Rockfish Program trawl fisheries in the GOA from 2008 through 2012

Central Gulf Gear Endorsements	Western Gulf Gear Endorsements: None	Non-trawl	Non-trawl & Trawl	Trawl	Total
C/P	**3**		**1**	**15**	**19**
None				5	5
Non-trawl & Trawl	1		1		2
Trawl	2			10	12
CV	**29 (31)**		**38 (39)**	**18 (19)**	**85 (89)**
None			4	3	7
Non-trawl			4		4
Non-trawl & Trawl	18 (20)		30 (31)		48 (51)
Trawl	11		0	15 (16)	26 (27)
Grand Total	**32 (34)**		**39 (40)**	**33**	**104 (108)**

Source: NMFS RAM LLP data and AKFIN summaries of catch accounting data.

1.2 2007 through 2012

The different time period does not change the total number of licenses from the numbers reported in Table 1 (thus the total is not reported in this section or the next). The total number of inactive licenses decreased from 48 to 41, as shown in Table 4. One additional C/P license was active as a CV in 2007, and six additional CV licenses were active. The owners of all three of the C/P licenses that were active as a CV could elect to operate as a CV in the inshore sector of the program or remain in the offshore (C/P)

sector. Those electing to convert their LLP license to an inshore CV would be eligible for an allocation of a percentage of the inshore PSC pool under Alternative 3.

Table 4 Number of GOA groundfish trawl LLP Licenses that were inactive in the GOA non-Rockfish Program trawl fisheries in the GOA from 2007 through 2012

Central Gulf Gear Endorsements	Western Gulf Gear Endorsements: None	Non-trawl	Non-trawl & Trawl	Trawl	Total
C/P	**4(2)**	**1**	**1(0)**	**2**	**8(5)**
None				2	2
Non-trawl & Trawl		1	1(0)		2(1)
Trawl	4(2)				4(2)
CV	**13**	**4**	**15**	**4**	**36**
None				3	3
Non-trawl			12		12
Non-trawl & Trawl	10	4	3		17
Trawl	3			1	4
Grand Total	**15**	**5**	**15**	**6**	**41**

Source: NMFS RAM LLP data and AKFIN summaries of catch accounting data.

Table 5 shows the number of active licenses from 2007 through 2012. Assuming that all the LLP licenses that are eligible to apply for an equal share of the inshore PSC limit do so, the number of licenses receiving an allocation would increase from 88 to 91, to as many as 127. It is not known how many of the license would remain unassociated with an active vessel. To the extent that eligible license remain latent, the total number of license that receive a portion of the PSC limit would be reduced.

Table 5 Number of GOA groundfish trawl LLP Licenses that were active in the GOA non-Rockfish Program trawl fisheries in the GOA from 2007 through 2012

Central Gulf Gear Endorsements	Western Gulf Gear Endorsements: None	Non-trawl	Non-trawl & Trawl	Trawl	Total
C/P	**3**		**1**	**16**	**20**
None				5	5
Non-trawl & Trawl	1		1		2
Trawl	2			11	13
CV	**29(31)**		**39(40)**	**20**	**88(91)**
None			4	4	8
Non-trawl			4		4
Non-trawl & Trawl	18		31(32)		49(50)
Trawl	11(13)			16	27(29)
Grand Total	**34**		**41**	**36**	**111**

Source: NMFS RAM LLP data and AKFIN summaries of catch accounting data.

1.3 2003 through 2012

The total number of inactive LLP licenses from 2003 through 2012 decreased to 20 under this broader set of qualifying years. Two C/P LLP licenses were inactive in the GOA non-Rockfish Program trawl fisheries, and 18 CV licenses were inactive. All three of the inactive C/P licenses that made landings as a CV had both inshore deliveries and deliveries to a mothership during the 2003 through 2012 period. The owners of these vessels and the associated LLP license could choose to convert the LLP license to an inshore CV license or retain the C/P endorsement and remain in the offshore sector. Compared to the 2008 through 2012 qualifying period, the number of LLP licenses inactive GOA non-Rockfish Program trawl fisheries decreased from 48 to 20. That decrease means and 28 LLP licenses were only active in the non-Rockfish Program trawl fisheries from 2003 through 2007.

Three of the 18 CV licenses that were not active were AFA derived. Nine of the remaining 15 licenses held a GOA Pacific cod pot gear endorsement. One of the remaining six licenses had a BSAI trawl endorsement. The remaining five licenses had a non-trawl endorsement for the BSAI or GOA, but did not have a Pacific cod endorsement.

Table 6 Number of GOA groundfish trawl LLP Licenses that were inactive in the GOA non-Rockfish Program trawl fisheries in the GOA from 2003 through 2012

Central Gulf Gear Endorsements	Western Gulf Gear Endorsements: None	Non-trawl	Non-trawl & Trawl	Trawl	Total
C/P	**3(1)**	**1**	**1(0)**		**5(2)**
None					
Non-trawl & Trawl		1	1(0)		2(1)
Trawl	3(1)				3(1)
CV	**6**	**2**	**8**	**2**	**18**
None				2	2
Non-trawl			6		6
Non-trawl & Trawl	5	2	2		9
Trawl	1				1
Grand Total	**7**	**3**	**8**	**2**	**20**

Source: NMFS RAM LLP data and AKFIN summaries of catch accounting data.

Table 7 shows that 132 of the 152 GOA groundfish LLP licenses with a trawl endorsement were active in the non-Rockfish Program GOA trawl fisheries from 2003 through 2012. In the CV sector 106 of the 124 licenses were active. The 18 inactive license could receive and allocation under Alternative 3 if the holder of that license applied and met the active participation requirements. Those requirements are currently defined as three annual deliveries by species group used to define the PSC limit allocations (pollock, Pacific cod, and flatfish).

Table 7 Number of GOA groundfish trawl LLP Licenses that were active in the GOA non-Rockfish Program trawl fisheries in the GOA from 2003 through 2012

Central Gulf Gear Endorsements	Western Gulf Gear Endorsements: None	Non-trawl	Non-trawl & Trawl	Trawl	Total
C/P	**4**		**1**	**18**	**23**
N				7	7
Non-trawl; Trawl	1		1		2
Trawl	3			11	14
CV	**36(38)**	**2**	**46(47)**	**22**	**106(109)**
N			4	5	9
Non-trawl			10		10
Non-trawl; Trawl	23	2	32(33)		57(58)
Trawl	13(15)			17	30(32)
Grand Total	**42**	**2**	**48**	**40**	**132**

Source: NMFS RAM LLP data and AKFIN summaries of catch accounting data.

2 Use of Vessel Capacity for PSC Allocation (Alternative 3)

Alternative 3, Part 4.b, Option 2 would base the annual PSC allocation to cooperatives on each member vessel's "capacity." The option does not define how capacity is determined, so it provides to opportunity to consider methods that may be appropriate. During recent years, voluntary Central GOA trawl cooperatives allowed individual members to submit their own vessel's capacity. That capacity was then used to determine the available harvests of that vessel. The cooperative used this method because of difficulties associated with using other vessel capacity measures. If the Council wants to use a method based on measurable characteristics of the vessel or the vessel's previous activity, two methods to consider are fish-hold size and the largest recorded landings associated with a particular license (vessel). Under the "largest landings" structure, the Council would need to consider how to treat annual allocations for vessels that were operating with multiple (stacked) licenses.

The suboption being considered by the Council would base vessel capacity on the greatest catch by a vessel using a license during the years 2008 through 2012, or the five most recent years with a landing. This discussion used the five most recent years of data available when the report was created (2010 through 2014) to estimate this measure of capacity.

Figure 1 shows the maximum pounds of groundfish landed on a trip by GOA trawl vessels. The reported amounts were calculated by selecting each vessel's largest GOA trawl landing in pounds from 2010 through 2014. Each vessel's trips were ranked from smallest to largest. Vessels were then grouped together in groups of three (for confidentiality), starting with the three smallest reported landings. Each group of vessel's landings was then averaged and a figure is reported. The three vessels with the smallest reported landings averaged about 27,000 lbs. on their best trip. The three vessels with the largest reported landings averaged over 510,000 lbs. on their best trip.

The bottom line on the left side of the figure shows the cumulative percentage as groups of three vessels are totaled. The first nine groups of three vessels (27 vessels, or about one-third of the vessels) accounted for fewer than 20% of the cumulative total of "best trips." Adding in the next 27 vessels increases the

cumulative percentage to about 53% (in other words, about 65% of vessels accounted for 53% of the landings on the "best trips"). The 30 vessels with the largest trips accounted for about 47% of the landings on the "best trips."

If the Council were to define capacity as the best trip over the 2010 through 2014 period, and PSC was distributed based on each vessel's percentage of the cumulative total of best trips, the distribution of PSC would be approximately equal to the amounts reported. However, the table does not account for differences in trip sizes by area; if PSC is divided first by area and then a best trip method employed, the results shown would be different. To break this down further, Figure 2 provides data for only the Central GOA trips and Figure 3 provides data for the Western GOA trips.

All target trips and all species landed on a trip were included in the figures. Because the 300,000 lb. trip limit (in regulation at 679.7(b)(2)(i)) and the daily 300,000 lbs. landing limit (at 679.7(b)(2)(ii)) apply *only* to pollock harvests, reported landings that exceed 300,000 lbs. included species other than pollock.

Figure 1 Vessel's reported maximum pounds of groundfish on a GOA trawl trip from 2010 through 2014

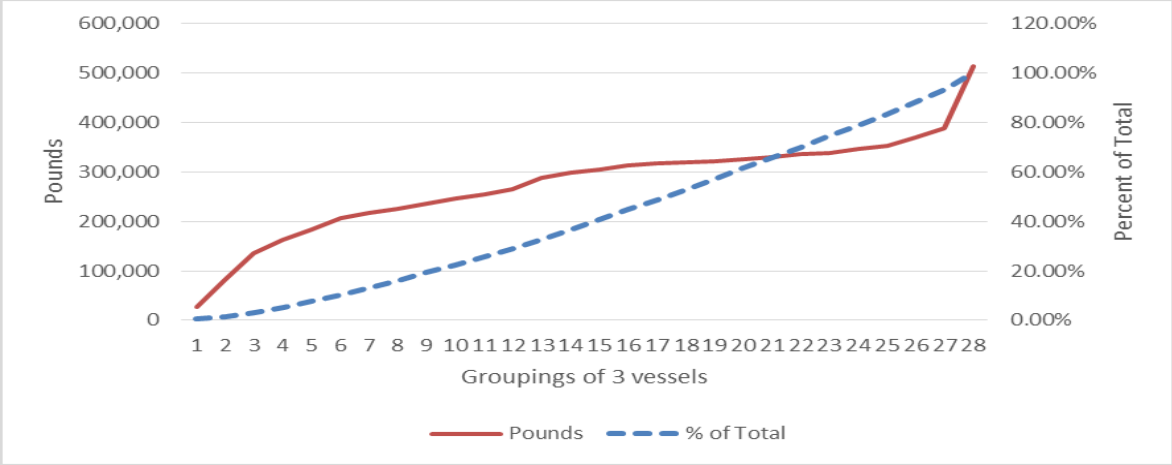


Figure 2Vessel's reported maximum pounds of groundfish on a CGOA trawl trip from 2010 through 2014

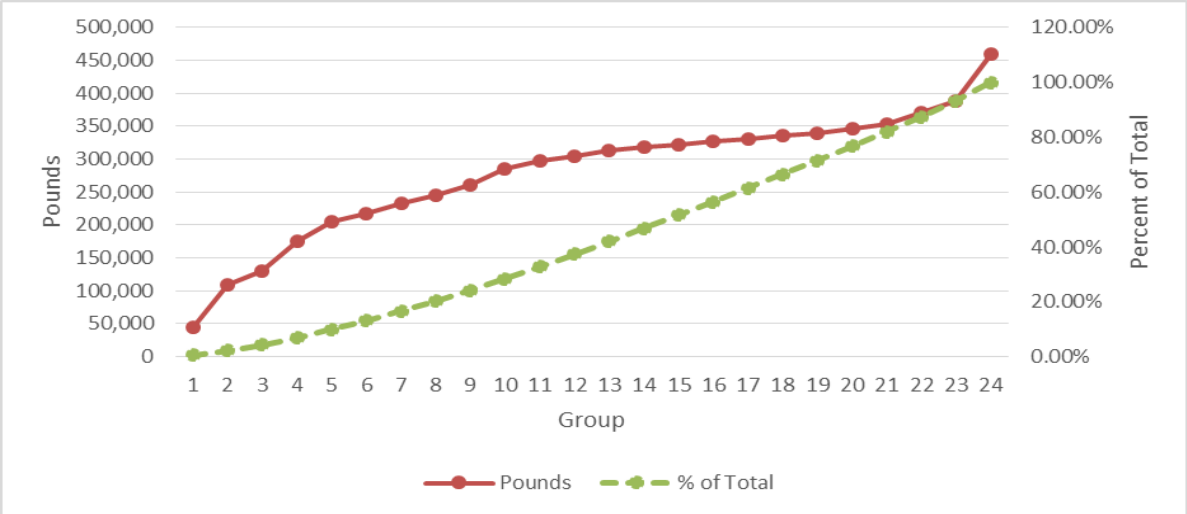
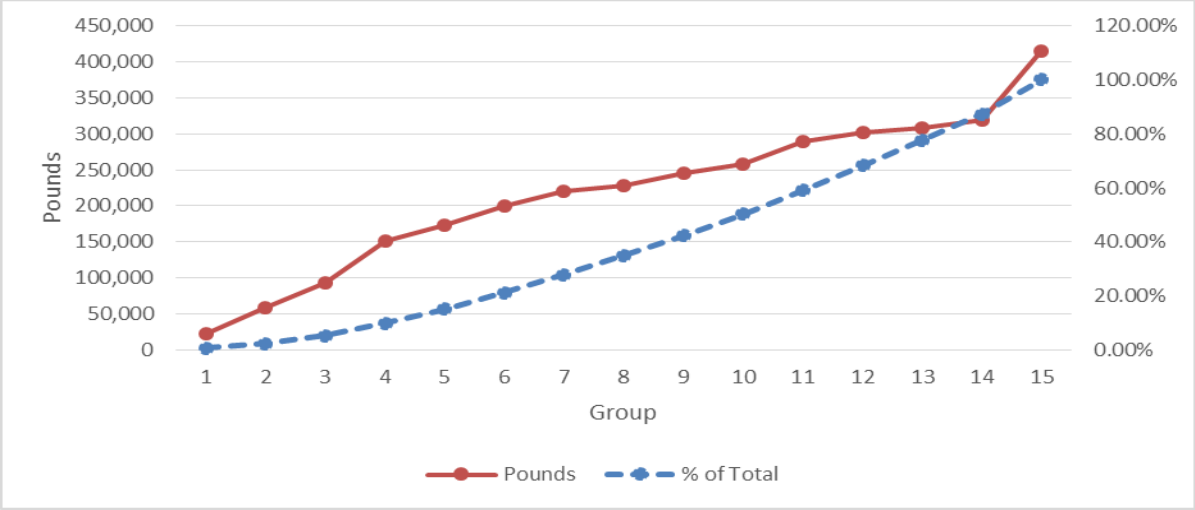


Figure 3 Vessel's reported maximum pounds of groundfish on a WGOA trawl trip from 2010 through 2014



2.1 U.S. Coast Guard Recommendation

A brief discussion of issues associated with using hold-capacity as a means for PSC allocation under Alternative 3 was provided by USCG staff[2]. Their findings are reported below, as well as their recommendation (in italics); the USCG does not support using reported hold space as an accurate measure of fishing capacity. It is also worth noting that the CGOA voluntary cooperative did not use reported hold space as an allocation method due to similar concerns about converting the documented inside dimensions or load limits to the fish holding capacity of a vessel

All U.S. vessels over five net tons are required to hold a Federal Certificate of Documentation. In order to determine whether a vessel meets this minimum standard of five net tons, a Certificate of Tonnage must be presented. This net tonnage is calculated based on vessel dimensions (on length, breadth, and depth). This calculation is an estimation of volume, not weight, and does not describe cargo or fish carrying capacity.

Additionally, fishing vessels of 79 feet in length or greater must have a Stability Book which complies with American Bureau of Shipping (ABS) guidelines. The Stability Book is focused on overall stability of a fishing vessel. Loading of cargo/fish is an important part of determining overall stability. In order to estimate the effect of loading fish on the overall stability of the vessel, ABS recommends that Masters read draft marks at different loading conditions in calm seas to best estimate the weight of fish in the hold.

Certificates of Tonnage and Stability Books both document in some manner the overall inside dimensions or estimate loading limits of a fishing vessel, but do not provide sufficient cargo and fish hold capacity in a way that would be useful for decisions related to harvest allocation.

[2] Personal communication with LCDR Courtney Sergent, January 2016.
Internal references: USCG National Maritime Center (http://www.uscg.mil/nmc); American Bureau of Shipping & Affiliated Companies (ABS). 1990. Guidance for Preparing Fishing Vessels' Stability Booklet; 46 USC B.4503; 46 CFR 28.65(b)(5); 46 CFR 28.500; and COMDT G-MVI-5 Letter dated 26 Oct 1990 (see Appendix 4).

3 Council Goals and Objectives

As stated by the Council, the purpose of the proposed action is to create a new management structure that allocates PSC limits and/or allowable harvest to individuals, cooperatives, or other entities, and that will mitigate the impacts of a derby style race for fish. The Council has crafted a set of goals and objectives to help determine whether the purpose of the action is met. This section provides a very high-level overview of the Council's 14 stated goals and objectives for the proposed program. The EIS will contain a much more detailed discussion of these issues when completed.

1. Balance the requirements of the National Standards in the Magnuson Stevens Act

The National Standards (NS) of the MSA are statutory principles that must be followed when developing and implementing policy. The agency has provided NS Guidelines to aid the decision making process. Since developing regulations often requires policy makers to weigh both the positive and negative impacts of management options against the competing National Standards and program objectives, the total amendment package must be artfully crafted based on the best available science. Without careful consideration a program may not be properly balanced. This section compares some elements of the proposed program against the NS. It is not intended to be an exhaustive review, given the early stage of development of the overall impact analysis.

NS 1 states that conservation and management measures shall prevent overfishing while achieving, on a continuing basis, the optimum yield (OY) from each fishery for the U.S. fishing industry. The determination of OY is described as a decisional mechanism for resolving the MSA's conservation and management objectives, achieving stated objectives, and balancing the various interests that comprise the greatest overall benefits to the Nation. Alternative 2 and Alternative 3 would both prevent overfishing, in conjunction with other current management measures that limit harvest. However, the development of cooperatives has shown that in other programs – AFA, Amendment 80, Crab Rationalization, and the GOA Rockfish Program – cooperatives can be structured to allow individuals or groups of individuals to have greater control of their fishing decisions while remaining economically viable. The NS Guidelines also state that policymakers may reduce MSY to obtain OY, but must consider economic, social, and ecological factors. These include, but are not limited to, the benefits of food production, maintaining an economically viable fishery and contributions to national, regional, and local economies. Policy makers must also consider benefits to recreational opportunities and non-consumptive fishery uses, as well as the benefits of protections afforded to marine ecosystems. Social factors could include avoidance of gear conflicts between trawl and fixed gear vessels, preservation of a way of life for fishermen and their families, and dependence of local communities on a fishery. Alternative 2 (including Alterative 4) and Alternative 3 both try to balance these issues in different ways. Alternative 2 could provide harvesters with greater flexibility to determine the timing of harvest in higher valued fisheries that occur earlier in the year. Alternative 3 could provide some improvements in those fisheries, but the greatest improvements would occur in fisheries that are limited by PSC. The increased flexibility to determine when to fish for a given species could allow for the most improvements in harvester benefits, and would likely benefit processor efficiency as well. However, stakeholders have raised concerns that allocations could have negative impacts on crew, communities, and other stakeholders. Due to the interdependence of the options within each alternative, selecting a particular option changes the balance of the impacts of the alternatives on each set of stakeholders and, therefore, on the National Standards.

Both Alternative 2 and Alternative 3 comply with National Standard 4, which states that management measures shall not discriminate between the residents of different states, and that fishing privilege allocations shall be (1) fair and equitable to all such fishermen, (2) reasonably calculated to promote conservation, and (3) carried out in such manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges. Allocation of fishing privileges will likely be contentious.

While neither alternative discriminates against persons from different states, and both prevent the acquisition of excessive shares, the mechanisms vary and have distributional impacts. Alternative 2 allocates primary, secondary, and PSC species based on historical catch of primary and secondary species. Alternative 3 only allocates PSC species, and the allocation is based on equal shares or vessel capacity rather than a percentage of historical catch over a given period of time.

National Standard 5 relates to efficiency and states that conservation and management measures shall, where practicable, consider efficiency in the utilization of fishery resources, except that no such measure shall have economic allocation as its sole purpose. Construction of a management system that is focused on creating an efficient fishery for harvesters and processors would allow OY to be achieved with the minimum use of economic inputs such as labor, capital, interest, and fuel. It is clearly not the Council's intent to have economic efficiency as the sole objective of this action. The Council is concerned for various stakeholders including crew, support industries, and dependent fishing communities. Based on that concern, the Council has developed options under both alternatives that limit consolidation of the harvest vessels to maintain jobs in the harvest sector, maintain delivery patterns to communities or regions, and reduce the likelihood that the entire fishery would be closed as a result of high levels of PSC by one person or a cooperative.

The Council has expressed strong interest in the impact that this action could have on fishing communities. National Standard 8 states that conservation and management measures shall take into account the importance of fishery resources to fishing communities in order to (1) provide for the sustained participation of such communities, and (2) minimize adverse economic impacts on such communities to the extent practicable. The alternatives being considered include measures to limit fleet consolidation. It is recognized that catch share program for overcapitalized fisheries tend to result in harvest shares being consolidated on fewer vessels. This often results in fewer available jobs (not converted to FTEs), and fewer expenditures in fishing communities. The Council is also considering transfer limitations and active participation requirements. These provisions could reduce efficiency to achieve social objectives. Similarly, allocation of fishery resources among competing cooperatives may benefit some communities at the expense of others. The analysis of this action will consider the expenditures that communities have made to support the fishing industry. For example, the analysis will consider the peak capacity of water and electric services in Kodiak necessary to meet demand from processors, and the extent to which that relates to the trawl fisheries. To the extent possible, the analysis of community impacts will describe recent expenditures on other port and harbor project that support vessels active in the GOA trawl fishery.

National Standard 9 states that conservation and management measures shall, to the extent practicable (1) minimize bycatch; and (2) to the extent bycatch cannot be avoided, minimize the mortality of such bycatch. Both Alternative 2 and Alternative 3 include PSC limit reduction options and changes in fishing seasons that could reduce bycatch. PSC reductions, if they are too restrictive, could have negative impacts on OY, economic efficiency, and various stakeholders in the trawl fisheries. On the other hand, if PSC limits are not binding they may not be viewed as a potential constraint to groundfish harvests. As a result, higher levels of PSC/bycatch could occur for economic efficiency reasons. That additional bycatch would impact directed users of those PSC/bycatch species. Fishing seasons that result in regulatory discards are proposed to be modified so that MRAs do not trigger discards of Pacific cod during summer months when the season is currently closed.

National Standard 10 addresses safety of life at sea and states that conservation and management measures shall, to the extent practicable, promote safety. All of the management measures being considered by the Council promote safety of life at sea. This issue is discussed in more detail under Objective 9.

2. Increase the ability of the groundfish trawl sector to avoid PSC species and utilize available amounts of PSC more efficiently by allowing groundfish trawl vessels to fish more slowly, strategically, and cooperatively, both amongst the vessels themselves and with shore-based processors

Accepting the notion that cooperatives allow harvesters and processor to increase efficiency and to create added value for both harvesters and processors, this goal suggests that the preferred alternative should be structured in such a way as to incentivize participants to join a cooperative as opposed to fishing in the Limited Access sector.

Aside from the relative disadvantages of Limited Access in terms of cooperation, coordination, and efficiency, it is possible that NMFS inseason managers would not even be able to open the sector its aggregate available harvest quotas (TAC) or PSC are very low. The size of the Limited Access fishery would be determined annually based on which license holders did not voluntarily join a cooperative. In the past, NMFS has worked closely with one or two vessels who wished to fish in the limited access sector of the Rockfish Pilot Program. The task of managing a highly constrained trawl fleet becomes even more challenging if the constraint is PSC. Even with 100% observer coverage, trawl vessels can encounter high PSC rates and exceed a low limit in a single event. Moreover, inseason managers would be balancing small account of both halibut and Chinook salmon PCS simultaneously, meaning that they are less able to reopen the fishery only for certain types of gear (pelagic/non-pelagic) depending on which PSC species poses the most imminent constraint.

The ability of vessels to fish more slowly is described under the vessel safety objective. However, it is widely recognized that fishing more slowly and making smaller tows can reduce PSC usage. For example, if PSC rates are higher at night in some fisheries, allocations that provide incentives to curtail night fishing could help harvesters avoid PSC. The remainder of this section will focus on the ability of the cooperative members to fish more strategically and cooperatively.

One of the primary objectives of this action is to create an environment that allows cooperative members to freely share information for the benefit of all members. The communication between cooperative members (including the processor associated with the cooperative) and cooperative managers would allow information to be disseminated quickly and widely. When high bycatch rates are encountered, this information can be passed on to other harvesters so that they can avoid the high bycatch areas and times. Information is more freely shared when it benefits all members. On the other hand, if the program inadvertently includes incentives that reward an individual or cooperative for withholding information, the program could result in bycatch levels and rates for the overall fleet that are higher than necessary, but that privately benefit the person that did not share the information.

Individuals are more likely to share information if they believe that the act of sharing will not negatively impact their fishing operation. In the context of cooperatives, a person may be willing to share more information with other harvesters if it will not reduce their own harvest or profitability. A person may be more likely to share locations with high catch rates and low bycatch if they know they possess the guaranteed opportunity to harvest a given amount of fish. Alternative 2 provides more security to access species like pollock and Pacific cod than does Alternative 3. However, cooperative members may still be willing to share information under Alternative 3 in order to preserve PSC for other fisheries later in the year. The difference in willingness to share information under these circumstances will be addressed in greater detail when a full analysis is completed.

Information sharing is based on trust established between harvesters and processors. This trust is usually developed over time and is financially beneficial to both parties. Harvesters and processor that work cooperatively may benefit from the fleet being able to harvest more groundfish, and deriving more

marginal value from each production unit. Because PSC limits are a primary limiting factor in harvesting more groundfish, cooperative members would collectively benefit from the sharing of information with their processor, who can then decimate the information to other harvesters in the cooperatives.

Development of a cooperative structure typically involves hiring a cooperative manager and data manager. In these cases, other individuals are tasked with monitoring catch of the cooperative and quickly providing information to avoid PSC. Some firms that manage data for cooperatives or other fleets have automated this process so that alerts can be disseminated using computer programs and immediately sent to all members. Such systems are currently being used by the AFA and other fleets, and could be incorporated by members of the GOA trawl program.

3. Reduce bycatch and regulatory discards by groundfish trawl vessels

As stated above, previous experience, analysis, and the Council's public record are in accord that cooperative behavior promotes efficient utilization of groundfish and PSC resources. Both Alternative 2 and Alternative 3 include provisions designed to reduce bycatch and regulatory discards. Proposed changes to the season dates for the pollock and Pacific cod fisheries are expected to reduce regulatory discards. Under the status quo, the GOA pollock fishery is closed to directed fishing from June 1 to August 25, and the Pacific cod fishery is closed from June 10 to September 1. During these times, any pollock or Pacific cod that is caught in excess of the directed fishery MRA must be discarded by regulation. Increasing the season length for the pollock and Pacific cod fishery to cover the summer could reduce the amount of regulatory discards during that time period without affecting the overall catch limits that are established to protect the resource.

The Council could consider requiring elements in an inshore cooperative contract that not only require a cooperative to describe the operational plan for minimizing PSC usage, but also for minimizing discards of other species harvested by the cooperative. This would allow the stakeholders to understand the measures being implemented by the cooperatives. The use of data collected through the Catch Accounting System could be used to monitor the effectiveness of the contract provisions.

4. Authorize fair and equitable access privileges that take into consideration the value of assets and investments in the fishery and dependency on the fishery for harvesters, processors, and communities

When it comes to determining whether allocations are fair and equitable, stakeholder groups often have varying perspectives. The Council has developed options under Alternative 2 and Alternative 3 to allocate quota to harvesters based on the assets they hold and, to some extent, dependence on the fishery. Under each of these alternatives a person is required to hold a valid LLP groundfish license to fish in a GOA trawl cooperative. That license would have been acquired based on either historic participation in the fishery (dependence at some level) or by purchasing the license. In either case the LLP license is an asset that has value. Many participants also own their own vessel(s); under Alternative 2 the catch history associated with the LLP license attached to a vessel determines the amount of a person's access privilege. Under Alternative 3 the amount of the access privilege is determine by holding a license or owning a vessel or based on the capacity (to be defined) of the vessel. In either case, the access to the fishery is based on assets needed to participate in the fishery.

The alternatives include options that should help protect investments of processors in the fishery. Alternative 2 helps protect processor investment in the fishery through cooperative participation by processors, PSC limit allocations to processors, and port/regional delivery requirements. Delivery requirements also protect communities that have invested in port facilities and community infrastructure to support harvesters and processors. Alternative 3 include fewer options for explicit community protections because target and secondary species are not allocated. Because harvesters must still compete

to harvest those species and cannot sell transfer those fishing privileges, harvesters have less opportunity to transfer some of the benefits of those harvest privilege out of a community. Under both Alternative 2 and Alternative 3, harvesters are anticipated to continue delivering to the communities with which they have historical relationships. Associations could be based on where harvesters live, where they have delivered in the past, or other business relations they have developed.

5. Balance interests of all sectors and provide equitable distribution of benefits and similar opportunities for increased value

This goal is discussed only in reference to the catcher/processor and catcher vessel sectors. Issues associated with division of benefits between other sectors are addressed under other goals and objectives.

Both proposed alternatives would allocate PSC between the CV and CP sectors. The sector-level PSC allocations defined in the alternatives are based on historical use of PSC in groundfish fisheries. Members of each sector would then develop business models to benefit from the program either, individually or within cooperatives. Under Alternative 2, CPs would be allocated a share of the total PSC limit and some target and secondary species. Members of that sector could then form cooperatives and, within the cooperatives, determine how to harvest those allocations assigned to the members' LLP license. Alternative 3 would allocate a portion of the halibut PSC limits to the CP sector. CPs would then be allowed to use those limits, as well as their current Chinook salmon PSC limits, to harvest any directed fisheries (and secondary species) available to them. They could potentially form a voluntary cooperative of all eligible CPs, or multiple cooperatives with an inter-cooperative agreement to divide catch; further allocation of PSC to CP vessels or licenses is not an option under this alternative. Given that all but one of the participants in the CP sector are members of the Amendment 80 cooperatives, they have a pre-existing structure around which to build. To the extent that the halibut PSC allocation allows participants in the sector to form a voluntary cooperative, or cooperative(s), with an inter-cooperative agreement, the CP sector would have similar opportunities to generate increased value from the fishery as the CV sector.

Both alternatives define a cooperative structure for the CV sector. Defining the species that are allocated and how they are divided will determine whether the division is equitable under Alternative 2. Western GOA CVs that have limited history in groundfish fisheries other than pollock and Pacific cod would have limited opportunities to expand beyond those fisheries, unless those species are not allocated or the entire TAC is not allocated. However, vessels that rely on the Western GOA exclusively for groundfish often participate in other state fisheries during parts of the year. Under Alternative 3, CV participation in any groundfish fishery would only be limited by the amount of PSC available to their cooperative (or limited access) and the TAC available for target and secondary species. CV halibut PSC limits would be assigned based on equal shares for each participant, or based on vessel capacity. However the amount of PSC assigned to the Western and Central GOA would be determined based on actual usage during the qualifying years. Three sets of years are being considered, but the most recent year of data included in the options is 2012.

6. Promote community stability and minimize adverse economic impacts by limiting consolidation, providing employment and entry opportunities, and increasing the economic viability of the groundfish harvesters, processors, and support industries

The two primary objectives identified here are promoting community stability and increasing the economic viability of the groundfish sector. The first objective limits economic efficiency related to gains that can be made by harvesters, in particular the CV sector, relative to removing excess capacity from the fishery. This objective is achieved by limiting transfers of quota and implementing use caps under Alternative 2 and Alternative 3. Alternative 3 further limits consolidation through competing for target and secondary species. Because those species are not allocated, removing a vessel from a cooperative could result in the cooperative members losing target catch to another cooperative. The forgone revenue

to the vessel owner and the processor may not be offset by the cost savings, so it is more profitable to maintain current harvesting capacity.

Limiting consolidation also assumes that the current fleet size is close to the appropriate size and should not be allowed to decline beyond certain limits. The GOA trawl fishery is different from the BSAI Crab fishery in terms of excess capacity before it was rationalized. The crab fishery has been referenced in past stakeholder discussions as an example of consolidation that could occur in the GOA fishery. That fishery was substantially overcapitalized as a result of declines in the high valued crab stocks in the BSAI leading up to that rationalization program. Groundfish ABCs and TACs have not declined in a manner similar to those crab GHLs. Therefore, the natural level of consolidation is expected to be less in the GOA trawl fishery, but some consolidation may occur and may still be greater than the amount deemed appropriate by policymakers.

The issue of economic viability relates to many different factors associated with changes in costs and revenue. For harvesters economic viability can be increased by generating more value from the harvested fish, while keeping production costs close to current levels. This basically increases the total amount of revenue available to harvesters or, as it is often stated, it increases the size of the pie. Economic viability can also be increased if revenues are stable, but costs decrease. The use of cooperative structures and cooperative allocations might increase the size of the pie. Gains in economic viability can also be achieved by harvesters and processor by keeping the value of the fishery the same by reducing costs of production. Reducing production costs sometimes results in lower revenues for support industries. For example, fuel suppliers make less revenue if vessels are able to operate more efficiently and purchase less fuel; insurance companies lose revenue if fewer vessels are used in the fishery and need insurance to cover those operations. These types of tradeoffs often complicate discussions of economic viability when looking at how various industries and communities are impacted by an action.

The Council's current range of alternatives includes additional elements aside from the inshore cooperative structure that would address consolidation and entry opportunities – both of which affect employment. As discussed, in a vacuum, limiting consolidation and maximizing opportunities for new entry can work against economic efficiency, as economic rents may be dissipated; on the other hand maintain historical participation and allowing for business development meet other Council objectives. In general, the Council's proposed cooperative framework seeks to provide maximum internal management flexibility to the cooperatives, while imposing external limitations that seek to strike a balance. Overall, experience indicates that cooperatives with internal business relationships strengthened over time may increase the overall value of the fishery. In other words, one would expect individuals in a cooperative to experience better outcomes under constraining conditions (such as bycatch) relative to individuals operating in Limited Access. Certain entities, including those with low participation during the qualifying years, might not experience all of the benefits of the program (especially under Alternative 2), and might find it difficult to increase their participation under programs structures that confer a high value on catch history. For these cases, the Council is considering separate program elements (e.g. community signatories to cooperative contracts, and quota set-asides to promote certain interests). The Council is also considering equal PSC allocations or allocations based on vessel capacity under Alternative 3. The Council expects cooperatives to manage for internal efficiency, and believes that other socioeconomic goals can be achieved through a combination of additional limits (use caps and transfer restrictions) as well as mandatory annual reporting on action that the cooperative has taken to promote community welfare and opportunities for participation.

7. Improve the ability of the groundfish trawl sector to achieve Optimum Yield, including increased product retention, utilization, landings, and value by allowing vessels to choose the time and location of fishing to optimize returns and generate higher yields

As stated above, cooperatives provide opportunities for harvesters and processors to coordinate the timing of landings, the security to take stand downs or alter harvest strategies to prolong the season under constraining PSC limits, and a prolonged business relationship that could allow for new product development or even profit sharing. By contrast, the Limited Access sector would continue to deliver as much fish as possible before the sector's allowable harvest is taken, and would be further time-constrained by reduced PSC limits that would, for halibut, maintain their seasonal designations.

Aspects of this issue are also addressed under the Objective 1, addressing the National Standards. Those discussions are not repeated here.

8. Increase stability relative to the volume and timing of groundfish trawl landings, allowing processors to better plan operational needs as well as identify and exploit new products and markets

Under both Alternative 2 and Alternative 3 harvesters and processors will continue to work together to ensure that the timing of landings allows for quality products to be produced and that the operational needs of both harvesters and processors are met. When harvesters are granted harvest privileges for all species that constrain their harvests, they have greater opportunities to plan volume and timing of deliveries.

The GOA trawl fishery is different than the IFQ fisheries and crab fisheries. While the opportunity for new markets is possible, it is different from developing fresh fish or live markets that were envisioned for halibut and crab. Flatfish are lower value species that are sold as frozen blocks by at-sea processors.

Alaskan pollock is typically processed into five primary product types: surimi, fillets, head and gut, roe, and fish meal/oil (AFSC, 2015). Fillets tend to generate the most value, followed by surimi. These product forms accounted for about 70 percent of Alaskan pollock's first wholesale value in 2014.

Pacific cod is primarily processed into a head-and-gut product by CPs, while shore-based processors produce more fillets. Pacific cod is also processed into various other product forms, but at much lower volumes (e.g. salt cod).

Flatfish are processed as head-and-gut product and the majority is shipped to China for reprocessing into fillets. Various other product forms are produced by shore-based processors including whole fish, head-and-gut, kirimi and fillets.

The production of new and more valuable products could occur, but would require product development and markets. Those have not been developed and may be more difficult to foster given the lower value and higher quantity of the fish harvested in this program, and the availability of substitutes for white fish around the world.

9. Increase safety by allowing trawl vessels to prosecute groundfish fisheries at slower speeds and in better conditions

Safety of the fleet is always a concern. Development of a system of target species quotas and bycatch quotas (secondary species and PSC) or just PSC quotas will require that the Council follow the Magnuson Stevens Act process for the development of limited access privileges, so any such program would need to

promote safety. Neither Alternative 2 nor Alternative 3 would eliminate current measures that are in place to promote safety.

The ability of a vessel or cooperative to prosecute groundfish fisheries at slower speeds and in better conditions is determined by whether slowing or delaying their harvest will impact the overall catch and value they derive from the fishery. As discussed in past papers[3] on this issue, allocations of target and secondary species that are constrained by TAC and not PSC limits will provide greater flexibility on when to fish than PSC only allocations. In these cases the vessel owners/operators may delay catching species like pollock and Pacific cod early in the year because their cooperative allocation guarantees the cooperative members a given level of harvest. For fisheries like flatfish and perhaps if Pacific cod and pollock are limited by PSC later in the year or the TAC is not harvested[4], a PSC only allocation may allow the fleet .

For fisheries where PSC and not TAC[5] typically limits harvest, a PSC only allocation, under Alternative 3, will provide the opportunity to fish at slower speeds and in better conditions. It is the higher valued winter and spring pollock and Pacific cod fisheries that are most likely to continue to have vessel operators race to catch a greater portion of the TAC while it is available. It is also possible that harvesters would continue to race to participate in lower value target fisheries that are not constrained by TAC that utilize high valued secondary species to increase the value of trips. Races for harvest in these fisheries could continue as long as higher value secondary species may be retained (not on PSC status).

10. Include measures for improved monitoring and reporting

Both Alternative 2 and Alternative 3 contain similar provisions to improve monitoring and reporting. Both alternatives would require all GOA trawl vessels to be in the full observer coverage category. Observer coverage in the CV sector would be increased from the projected 29 percent coverage rate in 2016 to a 100 percent coverage rate. NMFS is also recommending that two observers be placed on all trawl CPs operating in the GOA, as required in the Rockfish Program. Under the Rockfish Program, CPs must carry two observers, and at least one of these observers must be lead level 2 certified. Observer coverage is greater for CPs than on catcher vessels due to the logistics of one observer adequately monitoring operations given the way that CPs operate.

Observers would not be required on CVs that deliver unsorted codends to motherships because they would not have any catch to sample. Alternative 3 adds a provision that specifically states electronic monitoring (EM) could be used if regulations provide that option. There is no provision in Alternative 2 prohibiting the Council from considering EM if warranted.

Observer sampling protocols and catch estimation procedures would not be altered under this action. While these issues and concerns have been raised by industry for GOA full coverage fisheries, they fall outside the scope of this amendment package. NMFS is responsible for determining statistically valid sampling protocols. Based on concerns raised by members of the fishing industry, it is anticipated that a dialog on methods to improve estimates of PSC will be ongoing.

[3] Including the February 2013 discussion paper on this issue. Available at: http://www.npfmc.org/wp-content/PDFdocuments/catch_shares/CGOATrawlCatchShare213.pdf.

[4] For example the pollock fishery TAC in the WGOA has not been fully harvested in some recent years for a variety of reasons. In those years cooperative members with only a PSC allocation would be able to avoid poor weather because the TAC would not be taken.

Under both alternatives the inshore cooperative contract requires an operational plan for monitoring and minimizing PSC that includes vessel level accountability. While the details of the cooperative work plans cannot be determined at this time, it is assumed they will provide an improved reporting tool.

Both Alternative 2 and Alternative 3 contain requirements for a written annual cooperative report. The elements of this report have not been defined. However, the Council received a report[6] on mandatory and voluntary elements of written cooperatives reports for other catch share programs at its October 2015 meeting. The information presented in that paper is expected to provide a starting point as the Council identifies the elements of the annual written reports.

Finally, an EDR for the GOA trawl fisheries has also been implemented to improve the reporting of information on the fleet. A more detailed discussion of the project is provided under Objective 12 and in Appendix 2..

11. Increase the trawl sector's ability to adapt to applicable Federal law (i.e., Endangered Species Act)

The proposed cooperative structures allow defined subgroups of the trawl sector to adapt their behavior to better operate within Federal law. Managing PSC limits at the cooperative level allows members to determine their fishing behavior. To the extent that they can limit the external impacts that persons outside their cooperative have on their fishing model and behavior, cooperatives are better able to adapt to Federal laws. When they cannot control the behavior of others, and are affected by those actions, a cooperative and its members are not only limited by the fishing decisions and business practices they employ, but also the practices of others outside of their control.

12. Include methods to measure the success and impacts of all program elements

The Council and NMFS have implemented an annual Economic Data Report (EDR) for the GOA trawl fishery that began collecting data with the 2015 fishing year. While this data will not be available until after June 2016, it will provide information needed to complete the five year program review that will consider the impact of the program. That data collection project was implemented to help ensure that interested stakeholders will understand the impacts of the proposed program relative to the status quo. A summary of that GOA trawl EDR program is provided in Appendix 2[7]; that summary describes the types of information being collected from GOA trawl catcher vessels, GOA catcher/processors, and shore-based processors taking deliveries of trawl caught GOA groundfish. It is worth noting that the EDR is expected to fill in gaps associated with crew data, which is an area of concern for which limited data have been available.

The Magnuson-Stevens Act requires a program review five years after the program is implemented and minimum of every seven years thereafter. Information collected under the EDR and the periodic reviews of the program are anticipated to provide information to measure the success and impacts of all program elements.

13. Minimize adverse impacts on sectors and areas not included in the program

The Council has considered measures in all recent catch share programs to prevent recipients of exclusive harvest privileges from expanding effort in other limited entry fisheries. In considering this action, the Council has received discussion papers on potential adverse impacts to participants in other GOA and

[6] See Appendix 5.3 at http://npfmc.legistar.com/gateway.aspx?M=F&ID=210f1587-0e38-47fa-af4d-3dcd04edf3ac.pdf.
[7] Summary prepared by Brian Garber-Yonts, Alaska Fisheries Science Center.

BSAI fisheries. If the Council selects Alternative 2, it will need to determine whether sideboards are needed to protect other fisheries. The fisheries most often discussed are the GOA Pacific cod pot fisheries and the BSAI Pacific cod and yellowfin sole fisheries. Detailed information has been presented on each of these fisheries in terms of GOA trawl license holders, the other endorsements on GOA trawl licenses, and historic activity of the vessels associated with those licenses. The Council should also consider revising the sideboard language under Alternative 2, Part 12. The second paragraph in that section is carried over from a request made for the October 2015 meeting, and the information requested was presented in that paper.

Under Alternative 3 sideboard limits could be defined based on historic participation or other criteria developed by the Council, and define a maximum amount of target, secondary, and PSC species that may be harvested in fisheries outside the catch share program. The Council could also consider exempting vessels that receive small allocations and have substantial historical catches in sideboarded fisheries from any sideboards. Prohibitions are relatively straightforward to monitor.

Alternative 3 is silent on sideboard limits for GOA trawl vessels that join cooperatives. Alternative 3 only allocates PSC species to cooperative members. As a result of not allocating target and secondary species, cooperative members will have less opportunity to reduce effort in the GOA pollock and Pacific cod fisheries in order to increase effort in other fisheries and areas.

14. Promote active participation by owners of harvest vessels and fishing privileges

This paper provides an expanded discussion of the active participation requirements that are contemplated under the Council's current range of alternatives. That discussion is provided in the following section (Section 4).

4 Active Participation Requirements

The final listed objective of the program (#14) is to promote active participation in the GOA trawl fishery under the proposed programs. As noted by the maker of the motion introducing Alternative 3, this this is an important issue for the Council to address, and in the past it has been a difficult concept to achieve through regulation.

Alternative 2 and Alternative 3 each include their own options to promote active participation in the inshore cooperatives. Alternative 2 states that:

> *To be eligible to purchase a GOA trawl CV license or catch history severed from a license, a person must be eligible to document a fishing vessel in the U.S. (status quo) and must hold at least (options: 20% to 30%) ownership of a trawl vessel; or provide documentation of participation as a captain or crew in the GOA trawl groundfish fishery for 150 days (verified by a signature on a fish ticket or crew members' affidavit) for at least (options: 1, 2, or 4) fishing trips in the GOA groundfish trawl fishery in the most recent two years previous to purchase. Also, to retain catch history, a person must be eligible to purchase catch history.*

When Alternative 3 was introduced it was noted that the alternative would require that someone could not receive a benefit from the cooperative, by leasing their PSC, without being an active participant in the fishery. To address this issue the Alternative 3 states that one element the annual cooperative contract must include:

> *provisions that prohibit, on a species or species group basis (pollock, cod, flatfish), an LLP holder/vessel that has had PSC allocated to the cooperative for that species or species group*

> *from receiving economic benefits from the cooperative for PSC quota use unless the vessel actively participates in the fishery for which the cooperative was awarded PSC. Active participation shall be determined by the cooperative agreement but shall not be less than 3 annual deliveries per species or species group (pollock, cod, flatfish).*

Alternative 3 also includes a provision limiting the amount of PSC a member can lease to help meet this objective. On an annual basis the amount of each PSC species a person can use in the cooperative is limited to 110% to 150% of what they brought into the cooperative. The Council must determine the percentage at final action. Inter-cooperative transfers of PSC will be allowed on an annual basis but the amount the amount of annual PSC cooperative quota a cooperative can transfer to another cooperative is limited to no more than 10% to 50% of the initial cooperative allocation. LLP licenses are transferable, but PSC cannot be permanently transferred separately from a license or vessel.

Also note that under Element 5 of Alternative 4, the Community Fisheries Association (CFA) must create a community sustainability plan that describes how the CFA will encourage active participation. That plan could include language requiring persons who receive a CFA allocation to fish that quota themselves. Because that plan has not yet been provided to the Council, further discussion of the CFAs impact on active participation is not presented in this paper.

Alternative 2 and Alternative 3 take different approaches to the issue of active participation. Alternative 2 focuses on the persons that may hold and/or purchase LLP licenses or the associated catch history. The first group that may hold or purchase LLP licenses or the associated catch history are vessel owners. To hold or purchase a license/severed catch history a person must be able to document a fishing vessel. The ability to document a fishing vessel with a fishery endorsement is primarily linked to foreign investment. The American Fisheries Act (AFA) increased the amount of U.S. citizen ownership and control necessary for a vessel to be eligible for documentation with a fishery endorsement to 75 percent. The AFA requires that 75 percent of the ownership and control of the vessel be vested in United States citizens at each tier and in the aggregate. The Maritime Administration is charged with determining whether vessels of 100 feet or greater in length are owned and controlled by U.S. citizens and eligible for documentation with a fishery endorsement. In addition, the Maritime Administration must determine whether lenders are qualified to hold a preferred mortgage on such vessels. The Maritime Administration's AFA implementing regulations can be found at 46 CFR Part 356.

Determining persons that may purchase an LLP license

When applying for a Federal Fisheries Permit the person completing the form must attach documentation of vessel ownership, if ownership has changed since the previous application. The documentation of ownership for U.S. Coast Guard (USCG) Documented Vessels is a copy of the USCG Abstract of Title or Certificate of Documentation. For undocumented vessels, a copy of the State of Alaska vessel license or registration is required.

Based on the information provided a person purchasing an LLP license and the associated fishing privileges would need to be a U.S. citizen or a person[8] that is 75 percent U.S. citizen owned and controlled. This conforms with the current groundfish LLP license transfer requirements at § 679.4(k)(7)(ii) that include the following requirements:

(A) The designated transferee is eligible to document a fishing vessel under Chapter 121, Title 46, USC;

[8] As defined at § 679.2 a person means any individual (whether or not a citizen or national of the United States), any corporation, partnership, association, or other non-individual entity (whether or not organized, or existing under the laws of any state), and any Federal, state, local, or foreign government or any entity of any such aforementioned governments.

(B) The parties to the transfer do not have any fines, civil penalties, other payments due and outstanding, or outstanding permit sanctions resulting from Federal fishing violations;
(C) The transfer will not cause the designated transferee to exceed the license caps in § 679.7(i); and
(D) The transfer does not violate any other provision specified in this part.

Ownership requirements for entities eligible to document a fishing vessel that were referenced under Chapter 121, Title 46 (c), USC state that a vessel owned by an entity is eligible for a fishery endorsement only if at least 75 percent of the interest in the entity, at each tier of ownership and in the aggregate, is owned and controlled by citizens of the United States. When determining whether at least 75 percent of the interest in the entity is owned and controlled by citizens of the United States the Secretary of Transportation applies section 50501(d) of this title. The terms "control" or "controlled" in this case means the right to (i) direct the business of the entity, (ii) limit the actions of or replace the chief executive officer, a majority of the board of directors, any general partner, or any person serving in a management capacity of the entity; or (iii) direct the transfer, operation, or manning of a vessel with a fishery endorsement.

While the documentation requirements for a U.S. fishing vessel are clearly defined, the definition of a trawl vessel is less clear. NOAA Fisheries does not define a trawl vessel. NOAA Fisheries does define trawl gear as a cone or funnel-shaped net that is towed through the water by one or more vessels. The definition includes, but is not limited to, beam trawls (trawl with a fixed net opening utilizing a wood or metal beam), otter trawls (trawl with a net opening controlled by devices commonly called otter doors), and pair trawls (trawl dragged between two vessels) and is further described as pelagic or non-pelagic trawl. The Council could define a trawl vessel as a vessel that has used trawl gear in the past as documented by landings reports. It could also expand that definition to include vessels that have been determined by NOAA Fisheries to be capable of fishing with trawl gear, or just otter trawl gear. The specifications for determining whether a vessel is a "trawl" vessel would need to be defined if it is based on potential future use and not past activity.

Verifying the activity of fishing crew members could be accomplished as described by a signature on a fish ticket or crew member affidavit. The levels of participation being considered are consistent with the levels considered for other catch share programs implemented in the North Pacific which are described in the next section. While consistency is not necessary, the levels of activity seem reasonable for the GOA trawl fisheries. These individuals would need to be U.S. citizens in addition to being active crew members to purchase the LLP license.

When considering the crew requirements to purchase an LLP license or catch history it is assumed that crew means harvesting crew on GOA trawl vessel. This clarification would prohibit persons that only worked as processing crew on an at-sea processing vessel from being eligible to purchase quota. It is also assumed that catch history in the Rockfish Program would count towards the eligibility requirement. While Rockfish Program catch history is excluded for other aspects of this program, including it may increase the number of crew that are eligible to purchase quota and gain entry into the fishery.

Purpose of promoting active participation

Maintaining a given level of active participation in the GOA trawl fisheries is considered to be an important goal because it could prevent persons who receive an annual allocation from leasing all, or a majority, of their quota while keeping the vessel idle (or shifting their harvest capacity to other fisheries). Active participation could also limit consolidation of the GOA trawl fleet in conjunction with vessel use caps.

The MSA requires that persons who "substantially participate in the fishery" be authorized to hold and use shares, the criteria for substantial participation are not defined. In most of the Council's programs, minimum historical participation in fisheries is required to acquire catch shares. In the halibut and sablefish IFQ program, only persons receiving an initial allocation and individuals that meet a 150 day U.S. commercial fishery sea time requirement may acquire shares. Similarly, in the crab program, persons must meet a 150 day sea time requirement. Corporations also may acquire shares, provided those corporations have a 20 percent owner that meets the sea time requirement. In the Bering Sea pollock fishery, Amendment 80 cooperative program, and the rockfish cooperative program, shares are acquired by acquiring the license or vessel that carries the program harvest privilege. Generally, this qualifies any person who is eligible to document a fishing vessel to acquire the shares, as that is a requirement for vessel ownership or holding a license. Vessel and license ownership requirements can help to avoid some of the issues that arise from inactive share holders. However, even with these provisions for holding shares, some license holders or vessel owners may choose not to fish their allocations, instead entering other fisheries or allowing their vessels to remain idle. Because of this concern the Council is considering methods to promote active participation by persons granted harvest privileges that may be assigned to cooperatives.

One problem with linking the requirement to hold harvest privileges with historic participation in the fishery or vessel ownership is that persons who are initially issued catch history are expected to become less personally active in the fishery over time. Alternative 2 addresses this issue by stating that eligibility to purchase an LLP license requires a person to meet one of two criteria: the person must either own 20% of a trawl vessel, or must be active as a captain or crew member in the GOA trawl fishery during the two most recent years. An LLP holder must also continue to meet one of those criteria in order to continue receiving an annual allocation.

The Council noted that the active participation requirements do not apply to LLP license held by communities. It is up to each community to determine the best use of those licenses, and who is allowed to use them on an annual basis.

The 20% vessel ownership requirement is included because of the corporate nature of GOA trawl fishery. Requiring vessel owners to be active participants onboard the vessel would change the nature of the industry. However, the 20% ownership requirement could be applied in cases where active crew members to buy into the fishery and have an opportunity to maintain that stake while they naturally age out of onboard vessel operation. This is not necessarily a bad outcome as a goal of the program is to allow crew members to transition from working on the deck to vessel ownership.

The provision for vessel ownership could be tightened, if it is considered necessary, by requiring that the trawl vessel that is owned be active in fisheries in Alaska and that it has to have appropriate attributes in order to be able to attach the purchased LLP license. For example, a person that only owns a 126 foot MLOA trawl vessel would not be allowed to purchase an LLP license that has a MLOA of 125 feet. The purchase would not be allowed under the active participation requirement because the license purchased could not be used on the trawl vessel owned. If an LLP license or the catch history of an LLP license is purchased by a person that does not own a vessel (i.e., a captain or crew member meeting the active participation requirement), the owner of the LLP license would need to be an active crew member on a vessel in the cooperative the LLP license is assigned.

Any of the requirements for active participation will also need to consider hardship provisions. The requirement that a person be active within the last two years may be adequate for the hardship provision. However, before implementing a provision that does not continue to allocate harvest privileges to a person as a result of not meeting the active participation requirements, this issue will need additional consideration. In addition, the program will need to clearly define what happens to the quota that is no

longer allocated to a person. That quota (PSC or groundfish species) could be redistributed among the other share holders, reallocated to another person that may or may not already hold shares, or be held by NOAA Fisheries and not fished.

Alternative 3 focuses on provisions that prohibit an LLP holder/vessel that has had PSC allocated to the cooperative from receiving economic benefits from the cooperative unless the vessel actively participates in the fishery. Active participation is determined through the cooperative agreement but cannot be less than 3 annual deliveries per species or species group (pollock, Pacific cod, and flatfish).

First it is assumed that if the Council/NMFS defines a minimum active participation requirement that must be implemented through a cooperative agreement[9], that minimum standard will become the *de facto* standard that the cooperatives will choose to implement. This assumption is based on the understanding that cooperatives want to have the maximum amount of flexibility available to harvest the available fish. Limiting the number of vessels available to the cooperative or making vessels continue to fish that are less efficient would reduce flexibility of the cooperative and its members.

Second the requirement for three annual deliveries per species or species group is assumed to mean three deliveries from each directed fishery[10], as directed fishing is defined by NMFS, by area. The Council is considering dividing PSC between the WGOA and CGOA before allocating it to licenses/vessels. Therefore, it is appropriate to make the participation requirements area specific. It is also assumed that the landing requirement by species only applies if the PSC is first divided by these species groups before being allocated to licenses/vessels. Selecting the option that does not allocate PSC by species group would make the meeting this requirement cumbersome for vessels that traditionally do not participate in all three fisheries.

The EIS analysis of this issue will also consider the trade-offs in requiring vessel owners to make three trips in each fishery in order to be eligible for an equal shares PSC allocation. That requirement could entice additional effort in flatfish fisheries. Those vessel operators may have less experience avoiding PSC in those fisheries. As a result the incentive to increase PSC allocations to a cooperative may have the unintended result of creating higher PSC usage rates. The analysts would also consider whether requiring a minimum number of trips in a particular target fishery significantly reduces opportunities to move into fisheries outside of the program while still bringing PSC to the cooperative. For example, a vessel that historically targeted Pacific cod in both the A and B seasons could make three or more trips in the A season, satisfying the requirement, then move into non-GOA trawl fisheries in the fall – while potentially receiving compensation for the PSC that their license brought to the cooperative. A vessel holding only a "latent" LLP could do the same. It is worth noting, however, that spillover effects on other fisheries are limited in the aggregate by systems of sideboards (both old and, potentially, new).

Allocating PSC by species group is expected to have the greatest impact in the CGOA. In that area more halibut PSC is allocated to the flatfish fishery than in the WGOA, where vessels have had limited historical flatfish participation. Because of the limited participation small amounts of halibut PSC would be assigned to that fishery. Also the limited number of cooperatives in the WGOA would likely mean that PSC could be divided among the cooperatives using just pollock and Pacific cod. In the CGOA

[9] It also raises the question of whether any Federal agency will need to monitor this requirement to ensure compliance with the cooperative contracts.

[10] Recall that once PSC is in a cooperative it may be used in any fishery in that GOA area, and it is up to the cooperative members to determine how access to PSC is determined within the cooperative. A cooperative could make PSC that was associated with the flatfish target fishery available to a member who did not participate in that fishery.

vessel operators are more likely to ensure they make the three required landings in the flatfish fishery to ensure their cooperative has access the PSC assigned to the flatfish fishery.

Finally, the purpose of the active participation requirement is to ensue persons do not receive economic benefit from an allocation they only lease. The language in the motion is specific to economic benefits from the cooperative, and it may be appropriate to broaden that language beyond the cooperative entity. While the cooperative structure provides an entity that allows a group of harvesters and a processor to work together, it may not be the cooperative entity that provides economic benefits from leases. Individuals within the cooperative may purchase or in other ways compensate other members for use of the PSC beyond what they bring into the cooperative. Because the compensation does not come from the cooperative it may technically not be covered by the current motion, but that does not appear to be the intent of the motion. Therefore, it may be appropriate to indicate that the intent is to prohibit persons from receiving economic benefits from the cooperative, cooperative members, or persons acting on behalf of the cooperative members unless they meet the active participation requirements defined under Alternative 3.

5 Inshore Cooperative Structure

This section considers several aspects related to the Council's current range of alternatives for inshore GOA trawl cooperatives. Cooperative structure and initial formation, as described under Alternative 2, has been covered in several previous discussion papers[11]. The purpose of this paper is to pull back for a broader look at why the Council is focusing on cooperatives as a key tool for the Bycatch Management Program, to identify the priorities that the Council has outlined through its purpose and need statement, to compare the elements that define inshore cooperatives under Alternative 2 and Alternative 3, and to identify unintended adverse impacts that certain requirements might cause (to the extent that they are foreseeable). The analysts discuss several specific elements of the cooperative alternatives that were raised during the analysts' preliminary review of the alternatives and in discussions with fishery stakeholders.

This document does not purport to be a full analysis on which to base final policy recommendations. The document does not refer to fishery data to determine how many entities might be impacted by a particular decision-point, or to what extent; rather, the analysts compare different cooperative "models" in order to identify issues that will be the subject of quantitative analysis in the EIS. The analysts note here, as in previous discussion documents, that even central program elements – such as cooperative structure and formation – should not be viewed in isolation. The most appropriate cooperative structure will emerge as the Council pulls together recommendations on all of the interrelated elements. For example, the details of how cooperatives should look, how affiliations are structured, and what cooperative managers' responsibilities include could differ depending on which species are allocated, what consolidation or active participation limits are set in regulations, et cetera. Perhaps the most central purpose of including this section in the document is simply to pull together descriptions of cooperatives under Alternatives 2 and 3, as well as discussion material that was provided in earlier papers, and to allow stakeholders to comment on how they view the Council's overall direction. For reference, the analysts have updated the

[11] April 2014 (http://npfmc.legistar.com/gateway.aspx?M=F&ID=4efd4c98-384a-406f-a1aa-aeb2a7ed2e68.pdf); October 2014 (http://npfmc.legistar.com/gateway.aspx?M=F&ID=40ad31b4-d26e-495f-bbbc-e5750f9347ae.pdf); and October 2015 (http://npfmc.legistar.com/gateway.aspx?M=F&ID=210f1587-0e38-47fa-af4d-3dcd04edf3ac.pdf). Cooperative formation was addressed in April 2014 (Section 2.1.4.3) and October 2014 (Section 2.2.2). Allocation of cooperative PSC quota was addressed in October 2015 (Section 2.2). NOAA GC's legal opinion on cooperative formation provisions that create "fixed linkages" between harvesters and processors was summarized in October 2015 (Section 2.2.1).

table of "program elements" that was initially drafted in December 2015, aligned by Alternative (1 through 4), and included it as an appendix to this document.

5.1 Council Purpose and Need Statement

This subsection highlights aspects of the Council's purpose and need statement that are satisfied by the cooperative structures defined in the current alternatives. Section 3 of this paper provided a similar assessment of the Council's goals and objectives, and how they are satisfied by the use of cooperatives. The analysts focus on where the Council specifically invokes the use of inshore cooperatives as the preferred tool.

The Council identifies the purpose of the action as creating a new management structure that allocates PSC limits and/or allowable groundfish harvests to "*individuals, cooperatives, or other entities, [in order to] mitigate the impacts of a derby-style race for fish.*" One should note that Alternative 2 does not presently contemplate the allocation of annual PSC or groundfish harvest privileges to individuals. Alternative 3 does provide an option for allocations to individuals if they elect to join the limited access fishery; however, joining the limited access fishery may result in reduction in the allocation they would have received had they elected to join a cooperative.

The statement goes on to assert that other goals, such a stock conservation, are best achieved through the creation of "*vessel-level and/or cooperative-level incentives to eliminate wasteful fishing practices, provide mechanisms to control and reduce bycatch, and create accountability measures when utilizing PSC and/or target and secondary species*." Again, drawing on the public record of the Council's ongoing scoping process, the analysts' understanding of the Council's intent is that harvest cooperatives are superior to "vessel-level" or individual harvest allocations (e.g. individual fishing quotas, or IFQs) in terms of creating a structure that provides incentives for all members to share information in order to harvest the available catch limits efficiently and to create additional value from the resource while avoiding PSC to the extent practicable. While it is certainly true that individual allocations may increase accountability and eliminate some wasteful fishing practices, such as overcapitalization of harvest vessels, experience in the Alaska region has demonstrated that cooperative planning and coordinated harvest strategies can be successful tools for the particular objective of reducing bycatch and PSC while maintaining historical target harvest levels. By mitigating the race for fish and by introducing coordinated harvest plans, cooperatives – in a vacuum – are also likely to "*promote increased utilization of both target and secondary species [and to] increase the flexibility and economic efficiency of the GOA groundfish trawl fisheries*."

The primary assertion made in the Council's purpose and need statement is that cooperatives, in any number of forms, are generally superior to the limited access mode of fishing that situates individual participants in a competitive position and limits opportunities for harvesters and processors to find added value in the available resource. The latter subsections in this document attempt to identify specific elements of the proposed cooperative structure that cut against efficiency, wasteful practices, and increased utilization in target and secondary species.

5.2 Comparison of Cooperative Structure Under Alternatives 2 and 3

The following table provides a more generalized comparison of cooperative structure elements than what is detailed in the attached Program Elements Table (Appendix 3). This table is a reference for the discussion that follows. The letter next to each element in the table is only for reference in this section, and does not correspond to the Council's current motion.

Table 8 Summary of cooperative structure elements in Alternative 2 and Alternative 3

Element	Alternative 2 (Parts 6, 8 & 9)	Alternative 3 (Parts 4 & 5)
A. Species Allocated	Halibut and Chinook salmon PSC; pollock, Pacific cod, options to allocate other target/secondary species (potentially including WG rockfish)	Halibut and Chinook salmon PSC
B. Annual allocation to cooperative based on…	Member LLPs' retained catch history during qualifying years	Options: • Equal share to each *vessel* (suboption to first consider whether a non-pollock vessel had historical participation in cod, flatfish, or both[12]) ○ Staff interprets that the amount of PSC allocated for each species group (pollock/cod/flatfish) is based on historical PSC use, not groundfish landings • Vessel capacity at the time a vessel enters a cooperative (see Section 2 on "vessel capacity")
C. Cooperative must be formed, with signed contract, by… **And signed by…**	• November 1 • (Options) 33%, 51%, 80% of the license holders eligible to join that co-op. Licenses with no qualifying catch history do not count toward the approval threshold. Option to require a representative of the community in which the processor is located sign onto the contract	• November 1 • No established threshold for contract approval; no option to require a community signatory
D. Cooperative contract elements	Bylaws, annual fishing plan, plan to monitor/minimize PSC with vessel-level accountability, provisions defining terms of a harvester leaving the co-op, commitment to abide by antitrust laws	Same, but *without* language defining terms for a harvester leaving the co-op, and *with* requirement for provisions that prevent a vessel member from economically benefitting from the co-op's activity (on a species group basis) unless that vessel actively participates in the fishery for which the vessel brought PSC quota into the co-op. (Active participation requirement shall not be less than minimum 3 *annual* deliveries per species group – pollock/cod/flatfish,
E. Area-designation of PSC quota	PSC can be used to support any target fishery; however, LLPs with catch history in both areas (WG and CG/WY) would be in different cooperatives for each area.	PSC is divided by area (according to historic use) *before* being allocated to cooperatives, and then may only be used to support target fisheries within that area
F. Seasonal apportionment of halibut PSC	None for cooperatives	None for cooperatives

[12] Staff assumes that a "vessel's" historical participation in a particular target fishery would be determined based on the license(s) associated with that vessel in the year for which allocations are being made. This would be consistent with other elements where allocations are tied to licenses and not physical vessels.

G. Processor control of cooperative PSC	10% - 40%. Distribution to members is defined in the co-op contract. Various options to restrict use on processor-owned vessels, but none would allow those vessels to use more PSC than what they brought into the co-op.	5% - 20%. Same provisions as Alt. 2 regarding use on processor-owned vessels
H. Minimum cooperative formation threshold	No minimum number of harvesters in a single-processor cooperative	Option to require a minimum (2 to 5) vessels to form an inshore cooperative
I. Harvesters in multiple cooperatives	A trawl license holder with qualifying history in both areas (WG and CG/WY) "would" initially join a co-op in each area. After the initial 2-year period, a license holder "can choose to be in one co-op per region on an annual basis," implying they could alternatively choose to be in only one co-op after the first two years.	A trawl license holder can be in one cooperative per region on an annual basis (WG and CG/WY). "Can" implies a choice on the part of the license holder to be in only one coop, even if they participate in both areas, just PSC could only be used in the area to which it is assigned (see "C").
J. Multiple processors in a cooperative	N/A	Option to have a single cooperative for each region (WG or CG/WY)
L. Cooperative affiliation between harvesters and processors	Affiliation for first two years of the program (option: in the co-op sector) determined by historical landings. Cooperative contract must include "clear provisions for how a harvester and processor may dissolve their contract after the cooling off period of two years."	"Participants can choose to join a cooperative […] on an annual basis."
L. Consolidation limits	• Quota ownership caps in each region (with grandfather clause); Options: 3%, 5%, 7%. • Vessel harvest caps apply within cooperative at the individual species level; Options: 3%, 10%, 15%. • Processing caps in each region (with grandfather clause); region based on where fish were harvested; Options 10%, 20%, 30%.	See annual transferability of quota (**J**)
M. Annual transferability of quota	Transfer of annual groundfish and PSC quota between inshore cooperatives is not limited. However, PSC cannot be transferred separately from groundfish catch history; since groundfish quota is area-specific, PSC quota cannot, in effect, be transferred between areas.	• No "person" can use more than (options: 110% - 150%) of the PSC quota that they brought into the cooperative • A cooperatives cannot transfer (lease) more than (options: 10% - 50%) of its initial annual allocation to other co-ops.
N. Transfer "cooling off" period	Option to prohibit sale of licenses or severable groundfish catch history for the first two years of the program	No "cooling off" period
O. Eligibility to hold a license/quota; Can communities act as license-holding individuals (in the absence of Alternative 4)?	Local governments are included in the definition of a "person." Consolidation limits are described in terms of what a "person" may hold. The definition of person includes… Similarly, active participation requirements state that a "person" must be eligible to document a fishing vessel in the U.S.	Local governments are included in the definition of a "person." Transferability provisions specify that a "person" can use cooperative PSC quota

The following subheadings expand upon some of the cooperative structure elements described in Table 8 and, where appropriate, identify differences between the alternatives, and discuss potential outcomes in which program objectives might be in tension with one another.

Eligibility to hold a license/quota

Any person that holds an LLP license meets the criteria receive quota under Alternatives 2 and 3. The regulations that define eligibility to receive a groundfish LLP license by transfer are described at §679.4 (k)(7). The requirements essentially state that the buyer must be a "person" eligible to document a fishing vessel in the U.S. and not exceed the license holding limit. The term "person" in the Magnuson Stevens Act[13] includes any Federal, State, or local government or any entity of any such government. This means that the local governments, or entities that represent local governments (communities), could act as license-holding entities in the absence of Alternative 4, given that neither alternative prohibits a local government (or representative entity) from holding quota. Alternatives 2 and 3 do not have options to generate new licenses or quotas. Any harvest privilege must be acquired by transfer, which would likely entail compensation of the current license/quota holder.

The Council's objectives do not fit with measures that could deny an eligible license holder access to a cooperative, even if the LLP license that the person holds has no catch history associated with it (i.e. a latent license). However, the current structure of the cooperative alternatives would not obligate the cooperative to provide the holders of latent licenses with a harvest opportunity or, under Alternative 3, PSC quota. Whether license holders who join a cooperative but are not internally allocated quota would receive any economic benefit would be determined by the cooperative. Denying these no-history licenses membership in a cooperative would virtually guarantee that they would enter the Limited Access sector, in hopes of having a chance to fish competitively for whatever groundfish are available.

Allocations

Perhaps the most obvious difference between Alternatives 2 and 3 is the fact that groundfish (target and secondary species) are not allocated under Alternative 3 (Table 8, **A**). Here, the analysts note that future analysis should consider whether fully allocating groundfish harvest significantly disadvantages new entrants or smaller operators who seek to increase their production through investment and efficiency. The Council's goals and objectives list both the recognition of past investment/dependency *and* the provision of entry opportunities in the GOA trawl fisheries; these goals are inevitably in tension with one another, and must be balanced within the overall program structure.

A similar contrast between recognition of past participation and a "leveling of the playing field" exists in the different options for the basis of allocations under Alternative 3 – equal shares or vessel capacity (Table 8, **B**). Overall, one must consider whether net efficiency is lost when PSC allocations (and implicit harvest opportunities during constrained years) are made on some basis other than catch history; one must also consider whether maximizing expected efficiency in that manner is a recognition of past investment and experience, or is raising a barrier to new entry.

> Using a vessel's hold capacity as the sole basis for annual PSC allocations, as under Alternative 3, may be problematic[14]. Vessels are built in different sizes and configurations for a number of reasons, not the least of which – in the Western GOA – is to be able to participate in the directed salmon fishery. Those decisions do not necessarily relate to a vessel's level of engagement or reliance upon

[13] 16 USC 1802§3(36) "Definitions" – includes individuals, corporations, partnerships, associations, Federal, State or foreign governments or any entity of such government.

[14] The USCG's recommendation regarding the use of vessel hold capacity as a means for allocation is included in Section 2.1 of this document.

the GOA trawl fisheries. In some cases, again particularly in the Western GOA, vessels that depend upon the GOA year-round might receive a smaller PSC allocation than larger vessels operating in the same region (and potential in the same cooperative) that were built for a business plan to trawl in the BSAI for part of the year. The analysts will have to further examine Fish Ticket data to better understand the outcome of basing PSC allocation on capacity as determined by a vessel's largest historical landings, since not all of the options defined by the Council are considered in that section of this document (Section 2). Allocations based on vessel capacity, as determined by a vessel's largest historical landing events, are likely to be influenced by past operational business decisions that were not made with a full understanding of how they might affect future harvest opportunities in terms of PSC allocations, though the same can be said for any alternative that bases future participation on past performance that occurred prior to development of the program.

The Council is also considering the allocation of PSC to cooperatives based on equal vessel shares. Some might perceive inequity in allocating identical PSC quotas to vessels that were more highly engaged or more technically efficient, and to those that were not. If the Council does pursue equal shares, it would be relying upon the cooperatives to balance interests and reflect historical engagement (and physical capacity) through internal measures that the Council could monitor but could not direct[15]. The suboption to the Council's "equal shares" alternative (Alt. 3, Part 4.b) might adequately recognize dependency by making the allocation of a share contingent upon past participation, though no minimum threshold is established. Vessels with higher historical landings would be most likely to object to "equal shares," but one must also recognize that those vessels did not necessarily achieve their relatively high historical production by doing the most to minimize PSC.

Area-designation of PSC quota

While worded differently, the analysts interpret Alternatives 2 and 3 as arriving at the same place in terms of the area-designation of PSC quota (Table 8, **E**). In short, cooperatives could not use PSC quota that is derived from past participation in one region (WG or CG/WY) to support fisheries in the other region. Under Alternative 2, an LLP with catch history in both regions would be enrolled in two separate cooperatives, with the *pro rata* PSC being assigned separately to each cooperative. The PSC associated with each LLP is linked to the groundfish history on the license, which is area-specific. PSC could be transferred in combination (and in proportion) to the groundfish history, but could not be used to support fishing in a different GOA area from the one to which it was originally assigned. Under Alternative 3, the pool of PSC quota that is available to cooperatives in each region is determined first based on historical use in that region[16], and is only then allocated based on equal shares or vessel capacity. For example, one vessel with LLPs endorsed for both areas would be in two different cooperatives under Alternative 2; under Alternative 3 that vessel might only be in one cooperative, but that cooperative would be managing separate PSC accounts for each region, as determined by sector-area PSC apportionments based on historical use.

[15] As discussed earlier, the active participation requirements could mandate that in order to receive an allocation under this structure a vessel must have a valid LLP license and be "active" in the fishery. Certain levels of participation are required to meet those standards. However, the cooperative could create additional incentives for cooperative participants that have greater investment in the economic success of the cooperative.

[16] Notwithstanding the Chinook salmon PSC allocated for use in the directed pollock fishery, which is already divided for use in the WG and CG under GOA FMP Amendment 93.

Cooperative affiliation between harvesters and processors

Under Alternative 2, the Council's current range of alternatives specifies that initial inshore cooperative formation would be based on each CV LLP's shoreside delivery history during a certain set of years.[17, 18] The resulting affiliation between the harvesters and the processor in a cooperative would persist for a minimum of two years, after which point a license holder could exit the cooperative under terms that are defined in a private cooperative contract. The analysts are operating under the presumption that these terms would likely include some form of compensation that would be "left behind" in the event that a license holder moves to another cooperative or to the Limited Access sector.

The alternative further states that a license with qualifying landings in both regions (WG and CG/WY) would initially join a cooperative with a processor in each region, as determined by landings in that region (Table 8, **I**). The alternatives states, "*After the initial cooperative formation period, a license holder can choose to be in one cooperative per region on an annual basis*." This language implies that a LLP license holder may change their cooperative affiliations after the two year initial formation period, but must continue to participate in a cooperative in each region where the license has catch history. In other words, a license holder could not simply drop their cooperative membership in one region and continue to fish in that region using their allocation as IFQ. This seems to fit with the Council's objectives, as participation in a local cooperative with a coordinated harvest plan is key to the program's bycatch management and efficiency goals. Alternatively, he or she could leave the cooperative and enter the Limited Access sector for that region. The catch history and PSC (after any required reductions) associated with their LLP license would be added to the total amount available; that quota would then be fished in competition with other Limited Access participants, including vessel owners that have activated latent licenses.

Allowing a vessel to be in two cooperatives (one in each area) if it has a dual-area endorsement would prevent a vessel from having to fish in an area where it does not participated in a "local" cooperative. Keeping participants engaged in a cooperative that manages bycatch and PSC for that area is likely to improve overall performance. However, the Council might consider whether a license with *de minimis*[19] catch history in one area should be required to choose between joining a second cooperative (with associated costs/paperwork), or severing that catch history from the license after potentially spending the two-year "cooling off period" in a state of limbo. It is not likely that the Council intends to indirectly incentivize a license holder to sever and transfer catch history[20]. The Council might consider whether to allow a license holder who joins only one cooperative (because he or she has only a small amount of

[17] The October 2015 discussion paper (Section 2.2.1) summarizes the legal opinion that NOAA General Counsel delivered to the Council regarding whether or not such an initial cooperative formation structure would be permitted under current rules. In short, NOAA GC finds that an initial linkage, even if temporary, constitutes an obligation for the harvester to deliver certain amounts of catch to the associated processor, and thus confers an onshore processing privilege. Such privileges are not currently permitted. However, NOAA GC advised that the Council could continue to analyze this cooperative structure for the time being, and might even find that initial linkages are the best way to meet the goals and objectives of the program. Even so, the Secretary of Commerce would not likely be able to approve this part of the program in the absence of any further legislative action.

[18] The Council has previously clarified that a single processor could not be in (or form) multiple cooperatives within the same region. In other words, a processor that is initially linked by delivery history to 10 different licenses could not form different cooperatives with subsets of licenses. Allowing that structure would work against the benefits of scale that develop within a larger cooperative, and would create additional opportunities for biasing behavior.

[19] The Council would need to define the level of catch history that falls under this criterion.

[20] Among other reasons, actions that compel a license holder to sever and sell catch history at the outset of the program might disadvantage that individual by virtue of the fact that the GOA groundfish trawl quota transfer market would not be well developed at that point.

quota in the other area) to actively harvest that small amount without joining a local cooperative[21]. That individual would have to cover any PSC he encounters from the non-local cooperative. Because this is not currently allowed, the current set of options for such a license holder would be to (1) join a second cooperative in order to fish a small amount of quota; (2) join a second cooperative and likely participate only by leasing out the quota to other cooperative members; or (3) do not join a second cooperative, and participate in the Limited Access sector in one region.

No matter how the program's initial limits on cooperative membership are defined, it is assumed that entities will eventually end up in the cooperative of their choice. However, the path to that cooperative may be affected by program elements included in the preferred alternative. Those elements might include requirements to leave a portion of the licenses catch history behind when the license holder moves to another cooperative. Such provisions make movement between cooperatives more difficult, and that is intentional. So-called "leave-behinds" protect processors that might otherwise lose a significant amount of the historical deliveries around which they have planned their business and investments. Even if harvest members do not actually leave the cooperative, the ease and impunity with which they could might affect the price negotiating dynamic between the two sectors. The Council's alternatives do not specifically reference leave-behinds, but the analysts anticipate that they would be considered during the private cooperative contracting process. Arriving at the correct level of protection is an important task, and one that might fall at least partly outside of the Council's direct control[22]. Setting protective measures too low might not sufficiently value or protect processors historical participation and investment; setting them too high could effectively force harvesters to remain in a cooperative with a processor that does not maximize the viability of their operation. Future analyses will explore this issue further, and attempt to define a range of levels that balance interests under various scenarios – noting that the analysts do not have full access to business information – and that fit with the Council's guiding goals and objectives. The analysts will also consider whether different levels of protection are warranted in different GOA areas, perhaps due to the availability of alternative purchasing markets (processing plants) or room for particular processors to accept more deliveries under any consolidation limits (processor use caps) that would apply to the initially formed cooperatives during the first two years of the program.

While the Council would not directly regulate the level of leave-behinds that is specified in the cooperative contract, it should consider what to do in the eventuality that a processor loses all of the members (vessels/LLP licenses) in its cooperative but still holds catch history from those leave-behinds. The analysts presume that a processor with no associated harvest members (holders of FFPs and CV trawl LLP licenses) does not constitute a cooperative. Thus, the processor would be in possession of catch history but not annual quota, since quota can only be issued to a cooperative[23]. One could imagine that the leave-behind catch history either reverts to NMFS (with future distribution procedures to be determined), goes into the Limited Access sector (for some duration), or the processor could hold the catch history until it could form a new cooperative with other harvesters (perhaps the holders of latent LLPs). The Council should also consider whether that processor would be able to lease out that quota to harvesters with whom the processor does not have a cooperative contract; this case would seem undesirable, both because those partners would not have a well-formed bycatch management strategy, and because the Council's program goals do not promote quota leasing.

[21] The license holder would be bound by any regional delivery requirements that are established under Alternative 2.

[22] Whether the Council could cap leave-behinds or other compensatory contract elements might be a legal question for further investigation by NOAA GC.

[23] The analysts assume that a processor with no associated harvest members that have FFPs and CV LLPs does not constitute a cooperative.

In the past, Councils have included a cooling-off period after the implementation of new limited access privilege programs in order to allow the transfer market to stabilize. Participants would gain experience with the complexities of the new program during this period, and would have a better understanding of the values and opportunities associated with their licenses. Those values will be impacted by changes in efficiency, productivity, profitability, PSC management, and the ability to respond to operational and management challenges that arise. The Council's alternatives include an option for a cooling-off period under Alternative 2, but not under Alternative 3. The Council might consider whether the implicit value of a license truly changes less under Alternative 3 than under Alternative 2. The analysts note that Alternative 3, by allocating PSC according to equal shares or vessel capacity, could significantly change the value of a license or vessel that has little or no catch history, or that has a very high level of historical participation.

None of the current alternatives require a processor that is a member of a cooperative to take deliveries from vessels operating in the Limited Access sector. Likewise there is no prohibition preventing an unaffiliated processor from taking deliveries of cooperative quota. It is anticipated that the cooperative contracts would define delivery requirements within the bounds of other program elements. Those requirements could be very general or more specific. General requirements could include language stating that member vessels are required to deliver a given amount of their cooperative quota to their processor, and define conditions when deliveries to another processor are allowed. So, other than an option for regional landing requirements under Alternative 2, the cooperative contracts could be more restrictive than what is in the Council's preferred alternative. To the extent that contracts are restrictive and small amounts of TAC are allocated to the Limited Access sector, processors that have limited qualifying history in the GOA trawl fishery (e.g. plants in Seward) and new entrants may have relatively limited opportunities to take part in the fisheries in the future.

By contrast, Alternative 3 includes no initial cooperative formation requirements. Participants are free to join a cooperative on an annual basis by submitting an affidavit stating their intent to participate in a particular target fishery in an area for which their CV LLP is endorsed. A CV LLP holder may be in one cooperative per region (WG and CG/WY) on an annual basis. The Council also includes an option that would define a minimum number of vessels necessary to form a cooperative with a shoreside processor (options: 2 to 5 vessels), and an option that would allow cooperatives to be formed at the region level (i.e., one cooperative for all WG processors and vessels and another for all CG/WY processors and vessels).

With no mandatory initial linkage between harvesters and processors defined in Alternative 3, harvesters would be able to move more freely between cooperatives and processors on an annual basis, relative to under Alternative 2. Under the status quo, plants attract deliveries though individual business relationships, price competition, and – to some extent in the Western GOA – geography. It should be noted that existing business relationships are not trivial factors in determining where to deliver during the upcoming year. Alternative 3 provides processors with some additional leverage to maintain or attract deliveries relative to the status quo. Under Alternative 3, processors could control 5% to 20% of a cooperative's PSC allocation. The percentage would be fixed in regulation, but the actual amount would be determined on an annual basis according to the vessels that choose to join the cooperative in a particular year. While that PSC might be useful in developing positive relationships with certain harvesters, it would not act as a stable privilege that the processor can hold and promise for future years. Moreover, any preferential treatment of one harvester over another with regard to use of the processor-held PSC could potentially drive other harvesters to reevaluate their relationship with that processor; any vessel that left the cooperative would reduce the amount of deliveries coming to the processor in future years. The processor held quota could not only be use to attract new harvesters, but could be used as a reward for low PSC rates, a bonus for delivering high quality fish that have higher value, or providing other services that benefit the entire cooperative. For example, a PSC pool could be available for vessels

that are willing to conduct test fishing to determine if PSC rates are low in an area before other members of the fleet could fish there.

As stated above, the Council could not obligate a harvester to deliver to any specific plant, but some form of delivery requirement or preference is expected to emerge in the private contracting process for single-processor cooperatives. The risk of having harvesters leave a cooperative, which might be easier to do under Alternative 3, creates uncertainty for processors in the amount of fish they will receive from one year to the next. Alternative 3 includes an option to create a single cooperative for all harvesters and processors in a region (WG or CG/WY). This might mitigate that uncertainty by bringing all parties under a single agreement that would, in theory, balance internal business interests. However, region-wide multi-processor cooperatives present their own set of challenges. The Council received testimony stating that the notion of multiple processors negotiating, planning, and overseeing production strategies in real-time runs a high risk of testing, if not violating, antitrust regulations. One of the central benefits to the cooperative strategy, in the broadest sense, is that it allows processors and harvesters that are members of a cooperative to coordinate on business strategies that go beyond production and include market strategies. Even if harvesting and processing stakeholders wished to assume this risk, enforcement agencies' burden to monitor antitrust compliance would be high. Assuming that all parties agreed to enter into a region-wide cooperative, the complexity of negotiating such a contract on an annual basis would be significant and time consuming; each processor would take on significant risk with regard to antitrust regulations that carry substantial penalties. This antitrust risk likely makes the concept of a single area cooperative a non-starter. However, if they were developed, each processor would have a negotiating interest to keep their lines full in the upcoming year. The "super" cooperative might fall back on some objective delivery history to determine intra-cooperative privileges, but that would, in a sense, defeat some of the purpose of innovating away from the business plans of the pre-cooperative era. The process would need to begin well before the November 1 deadline to form a cooperative, and could be beset by harvesters who could threaten – all the way up until the deadline – to opt into the Limited Access sector for the upcoming year.

The Alternative 3 option that establishes a minimum number of vessels (2 to 5) necessary to form a cooperative is likely intended to ensure that cooperatives are of a sufficient size to achieve certain economies of scale in production, value added products, bycatch management, and to reduce the likelihood of a cooperative allocation being used like IFQ. Even at the high end of this range, a cooperative could be constructed where the vessels/LLP licenses are owned by the same entity. Current LLP regulations allow a "person" to hold up to 10 LLP licenses[24]. Ten licenses, or even vessels, would meet the number required to form a cooperative. Additional research on the owners of the 152 groundfish LLP licenses with a trawl endorsement will be conducted in the EIS to determine the number of entities that could exceed the proposed cooperative size requirements.

One might also consider that several of the currently active GOA shore-plants receive trawl-caught groundfish from a fleet that is within this minimum size range of 2 to 5 vessels. Other plants that received trawl groundfish in the past, including some in Central GOA communities other than Kodiak, have not maintained a trawl market (reportedly due, in part, to Steller sea lion mitigation measures). Setting a minimum vessel threshold could make it extremely difficult for a plant to form or maintain a cooperative. Assuming that processing plants that are not part of a cooperative would receive few, if any, trawl deliveries from vessels outside of the Limited Access sector (which could be all the active vessels), a threshold might actually contribute to processor consolidation. (Note also that Alternative 3 does not include processor use caps to limit onshore consolidation.) The Council should consider this possibility in light of its statements that it does not intend to create a "closed class" of processors through this action and does not want to create a program that "encourages" consolidation in the processing sector. In

[24] The legal definition of a person includes corporations and other combined entities.

practice, it would seem very difficult for a plant with only two or three dedicated trawl vessels to attract additional vessels to its cooperative and maintain them on an annual basis; this is especially concerning in light of recent trends of processor consolidation in Kodiak and the general nature of the groundfish processing sector which relies on high investment, high volume, and low marginal revenue. Moreover, setting a specific minimum vessel threshold could create unintended "boundary effects" where a vessel might arbitrarily find itself in an enhanced negotiating position because a processor needs one more vessel to form a cooperative (or cannot afford to lose a vessel and still maintain its cooperative in the upcoming year).

Stacked licenses

The current structure of Alternative 2 opens the possibility that a vessel named on multiple LLPs could be initially placed in two different cooperatives within the same region, by virtue of the catch history associated with each of the licenses.[25] The Council has considered whether a vessel could be in two cooperatives in different regions (Table 8, **I**), but has not spoken to the issue of a vessel being in two cooperatives in the same region. It is unlikely that a harvester would wish to be in, say, two Central GOA cooperatives, especially if they are only linked to one of the two processors by virtue of an LLP's historical catch history, which might have occurred under a different owner. Moreover, participating in multiple cooperatives would likely involve additional membership costs and administrative work. In the interest of linking vessels to the processor with which they have the best, most current business relationship, it makes sense to let the owner of stacked licenses choose which cooperative to join at the time of implementation. If initial cooperative affiliations are determined according to catch history and this situation does occur, then the Council might need to specify that the second license can be moved to the owner's preferred cooperative without having to go through the provisions for "leaving" the other cooperative (as listed in Table 8, **D**), which might include a quota leave-behind or some other form of compensation to a cooperative with which the license holder never had an active business interest.

A vessel owner might purchase a second license that had been initially assigned to a different cooperative on the open transfer market. Licenses might be purchased for their catch history, associated PSC, or to gain an area endorsement for their vessel. Under Alternative 3 (where equal shares are determined by historical participation in a particular target fishery – e.g. cod or flatfish), an individual might purchase a license to access additional PSC quota. Here, again, the purchaser would probably not want to be in two separate cooperatives in the same region, and would need to understand whether the removal of that license from the other cooperative is subject to "exit provisions" defined in the cooperative's contract. This is a different case from the one in which a vessel owner who had two licenses at the time of implementation needs to move them into the same cooperative. One would expect the purchaser of a license on the transfer market to consider pre-defined cooperative exit provisions and to reflect any required compensation in the value of their purchase offer.

Transferability and consolidation limits

Table 8 (**L and M**) describe the elements under Alternatives 2 and 3 that are intended to limit consolidation. Measures that limit consolidation through annual transfer (leasing) include vessel use caps and processors use caps under Alternative 2, and cooperative-level PSC transfer caps under Alternative 3.

Long-term transferability (sale) of LLPs is permitted under either alternative. Consolidation through sale is limited by quota ownership caps and processor use caps under Alternative 2, but does not appear limited under Alternative 3. The Council may wish to consider what happens in the event that, over time, all of the licenses associated with one cooperative are transferred away by their owners, or if all the

[25] The April 2014 discussion paper (p.13) states that three individuals held stacked licenses that would fall under different processors in the initial cooperative formation process described for Alternative 2.

vessels in a cooperative move to other cooperatives. Put another way, what happens if a processor loses its fleet? In the April 2014 GOA Trawl discussion paper (Section 2.1.4.3.1), the analysts made a rough sketch of how many vessels would be initially affiliated with each processor under the currently proposed structure of Alternative 2. Several GOA processors would be initially affiliated with only three or four CV LLPs – a number small enough that those licenses could be absorbed by other cooperatives without reaching the processor use cap, which could be as high as 30% of an individual target species quota. Under that scenario a processor might be inactive in processing GOA trawl groundfish, but might still possess quotas that it controlled through exit provisions in the cooperative contract. (This would not apply to the PSC quota associated 10% to 40% "processor control" option, which pertains only to annual PSC allocations based on the catch histories of the cooperative's current members.) Allowing for this scenario might fit with the Council's interpretations of the National Standards that call for recognition of past participation and investment in the fishery. In any event, the Council should acknowledge this eventuality, and note that it becomes somewhat less likely under the selection of lower processor use caps.

This scenario would probably not occur under Alternative 3. While there are no initial harvester-processor affiliations under Alternative 3, and it is quite possible that an initially formed cooperative could consist of only a few vessels, cooperatives are determined annually and the required elements of the cooperative contract do not include provisions for exiting the cooperative (i.e., leave-behinds or other forms of compensation to the processor). A processor that does not form a cooperative for a given year would not be holding any PSC quota, and thus would not be in a position to benefit from leasing out that quota while not being active in the GOA trawl fishery.

For purposes of clarification, the analysts note that the annual transfer and consolidation provision under Alternative 3 (Part 5), found here in Table 8 (**M**), states that a "person" may not use more than (options) 110% to 150% of the annual PSC quota that came into the cooperative by virtue of their license. Staff presumes that a "person" should be interpreted in whatever manner is preferred by the NMFS staff that would be responsible for monitoring compliance with this limit. The analysts are under the impression that PSC use is most easily tracked through Catch Accounting at the vessel level; if that is the case, a "person" should be defined as a vessel, and the sum of the quotas associated with the licenses on which that vessel is named. Each "person" should be redefined at the start of the year in order to reflect any license or catch history transfers that have occurred.

Community involvement in directing cooperative operations

The Council included an option to require a community signatory to the cooperative contract under Alternative 2, but not under Alternative 3. The analysts presume that the purpose of community participation in the annual cooperative structuring process is to ensure that social benefits are sufficiently considered, particularly in terms of maintaining equal access, active participation, and employment opportunities at sea and onshore. As the Council moves through its scoping and analysis process, it should consider whether the possibility of consolidation or high barriers to entry are substantially greater under Alternative 2 than Alternative 3 (thus warranting community participation in business contracting). The analysts note that some consolidation is occurring under the status quo limited entry system, which would be somewhat resembled in terms of fishery prosecution under Alternative 3. Bringing a community representative into the cooperative contracting process is a significant step, and could be costly in terms of the time and complexity it adds to the process of developing and approving an operational plan by the November 1 deadline. One major difference between the alternatives is the implicit duration of private cooperative structure decisions under Alternative 2, where the act of leaving the cooperative is likely much more difficult. In that case, as opposed to Alternative 3 where cooperative associations are potentially more fluid from year to year, the value of including a community representative in the process could be worth some additional transaction costs.

Harvest Cooperatives vs. FCMA cooperatives

The proposed cooperatives are intended only to conduct and coordinate harvest activities, much like the Central GOA Rockfish Program. Both Alternatives 2 and 3 state that these are not Fishermen's Collective Marketing Act (FCMA) cooperatives[26]. The NEPA analysis for the Rockfish Program suggests that harvesters could still form an independent FCMA cooperative that would be exempt from the antitrust regulations that limit the collective setting of minimum acceptable prices[27]. However, forming an additional cooperative layer for the purpose of negotiating prices might not be highly beneficial given the presumed requirement to be in a harvest cooperative with a processor by November 1, especially given that prices are typically negotiated closer to the January start of the fishing year.

[26] Kitts and Edwards (*Marine Policy*, 2003) provides a good overview of FCMA cooperatives and their history (http://www.uwcc.wisc.edu/info/fishery/kitts.pdf).

[27] FCMA would require that a cooperative consist of fishermen that have a vested ownership interest, are engaged in the production and catching of fish (not processing), that the cooperative be operated for the members' mutual benefit, that each member has an equal vote, and that the cooperative does not deal in products that are not produced by its members. The antitrust exemption is contingent upon having no original FCMA cooperative members that are processors, but once the cooperative is formed it would be free to bring in processor members. Cooperative members can agree upon terms of sale and minimum acceptable prices. The FCMA cooperative may legally obtain monopoly power through natural growth or voluntary alliances, mergers, and acquisitions. Cooperatives may agree to sell product to a single buyer, or to become a sole supplier, but they may not engage in activities that affect the amount of product on the market. FCMA cooperatives may not engage in predatory practices towards non-members.

6 Appendix 1 – GOA Trawl Bycatch Management Purpose & Need Statement, Goals & Objectives, and Alternatives

Purpose and Need Statement:

Management of Gulf of Alaska (GOA) groundfish trawl fisheries has grown increasingly complicated in recent years due to the implementation of measures to protect Steller sea lions and reduced Pacific halibut and Chinook salmon Prohibited Species Catch (PSC) limits under variable annual total allowable catch (TACs) limits for target groundfish species. These changes complicate effective management of target and non-target resources, and can have significant adverse social and economic impacts on harvesters, processors, and fishery-dependent GOA coastal communities.

The current management tools in the GOA Groundfish Fishery Management Plan (FMP) do not provide the GOA trawl fleet with the ability to effectively address these challenges, especially with regard to the fleet's ability to best reduce and utilize PSC. As such, the Council has determined that consideration of a new management regime for the GOA trawl fisheries is warranted.

The purpose of the proposed action is to create a new management structure which allocates prohibited species catch limits and/or allowable harvest to individuals, cooperatives, or other entities, which will mitigate the impacts of a derby-style race for fish. It is expected to improve stock conservation by creating vessel-level and/or cooperative-level incentives to eliminate wasteful fishing practices, provide mechanisms to control and reduce bycatch, and create accountability measures when utilizing PSC and/or target and secondary species. It will also increase at-sea monitoring in the GOA trawl fisheries, have the added benefit of reducing the incentive to fish during unsafe conditions, and improve operational efficiencies.

The Council recognizes that GOA harvesters, processors, and communities all have a stake in the groundfish trawl fisheries. The new program shall be designed to provide tools for the effective management and reduction of PSC and bycatch, and promote increased utilization of both target and secondary species harvested in the GOA. The program is also expected to increase the flexibility and economic efficiency of the GOA groundfish trawl fisheries and support the continued direct and indirect participation of the coastal communities that are dependent upon those fisheries. These management measures could apply to those species, or groups of species, harvested by trawl gear in the GOA, and/or to PSC. This program will not modify the overall management of other sectors in the GOA, or the Central GOA rockfish program, which already operates under a catch share system.

Goals and Objectives:

1. Balance the requirements of the National Standards in the Magnuson Stevens Act
2. Increase the ability of the groundfish trawl sector to avoid PSC species and utilize available amounts of PSC more efficiently by allowing groundfish trawl vessels to fish more slowly, strategically, and cooperatively, both amongst the vessels themselves and with shore-based processors
3. Reduce bycatch and regulatory discards by groundfish trawl vessels
4. Authorize fair and equitable access privileges that take into consideration the value of assets and investments in the fishery and dependency on the fishery for harvesters, processors, and communities

5. Balance interests of all sectors and provide equitable distribution of benefits and similar opportunities for increased value
6. Promote community stability and minimize adverse economic impacts by limiting consolidation, providing employment and entry opportunities, and increasing the economic viability of the groundfish harvesters, processors, and support industries
7. Improve the ability of the groundfish trawl sector to achieve Optimum Yield, including increased product retention, utilization, landings, and value by allowing vessels to choose the time and location of fishing to optimize returns and generate higher yields
8. Increase stability relative to the volume and timing of groundfish trawl landings, allowing processors to better plan operational needs as well as identify and exploit new products and markets
9. Increase safety by allowing trawl vessels to prosecute groundfish fisheries at slower speeds and in better conditions
10. Include measures for improved monitoring and reporting
11. Increase the trawl sector's ability to adapt to applicable Federal law (i.e., Endangered Species Act)
12. Include methods to measure the success and impacts of all program elements
13. Minimize adverse impacts on sectors and areas not included in the program
14. Promote active participation by owners of harvest vessels and fishing privileges

ALTERNATIVE 1. No action. Existing management of the Central and Western Gulf of Alaska trawl fisheries under the License Limitation Program.

ALTERNATIVE 2. Gulf of Alaska Trawl Bycatch Management Program for the Western Gulf, Central Gulf and West Yakutat areas. The following elements apply to the program:

1. Observer Coverage and Monitoring

All trawl vessels in the GOA will be in the 100% observer coverage category, whether they participate in the voluntary cooperative structure or the limited access fishery with trawl gear. NMFS will develop monitoring and enforcement provisions necessary to track quota, harvests, and use caps for catcher vessels and catcher processors, including those necessary for gear conversion. The Council authorizes NMFS to report weekly vessel-level bycatch information as authorized under MSA Sec 402(b)(2)(A). Full retention of allocated target species is required.

The Council request staff to evaluate the ability/challenges for the fleet to meet the full retention requirement for allocated species if the prohibition for directed fishing for Pollock and cod remains in effect for the time period of Nov 1 to Dec 31.

2. Sector eligibility

Inshore sector: Shoreside processors with an eligible FPP and harvesters with an eligible FFP and LLP endorsed for GOA trawl. Allocations are based on trawl landings during the qualifying years with a CV trawl LLP or a CP trawl LLP that did not process catch onboard. Any CP LLP not used to process catch offshore during the qualifying years will be converted to a CV LLP at the time of implementation.

Offshore sector: Am 80 vessels defined in Table 31 CFR Part 679 and their replacement vessels, and their current GOA trawl LLP. Allocations are based on trawl landings during the qualifying years with a CP trawl LLP that processed catch onboard.

3. Allocated species (more than one option can be selected)

a. Target species:

Option 1. Pollock (610/620/630/640) and Pacific cod (WG/CG)

Option 2. WGOA rockfish (northern, dusky, and Pacific ocean perch) and WY rockfish (dusky and Pacific ocean perch)

b. Secondary species:

Option 1. Sablefish (WG, CG, WY). Allocations of CG sablefish under the CG Rockfish Program are maintained.

Option 2. Thornyhead rockfish, shortraker rockfish, rougheye/blackspotted rockfish, other rockfish (WG, CG). Allocations of CG rockfish under the CG Rockfish Program are maintained.

Suboption: Big skates and longnose skates

Option 3. (*Mutually exclusive with Options 1 and 2*) Cooperative measures are required to manage secondary species under maximum retainable amounts (MRAs), as opposed to cooperative allocations.

c. PSC species: Halibut and Chinook salmon

4. Sector allocations of target and secondary species

Allocations to the trawl CV sector for WG and CG Pacific cod (Am 83), CGOA rockfish program (Am 88), and GOA pollock (Am 23) are maintained. Allocations to the trawl CP sector for the CGOA rockfish program are maintained. GOA flatfish eligibility for the trawl CP sector under Am 80 is maintained.

a. Pollock and Pacific cod:

Pollock and Pacific cod TACs would be allocated to the inshore sector; the offshore sector would receive an incidental catch allowance (ICA) for Pacific cod and pollock and be managed under maximum retainable amounts.

Option 1. Revise the GOA-wide pollock apportionments to 30% (A); 30% (B); 20% (C); 20% (D)

Option 2. Modify the pollock fishery to two seasons: Jan 20 to June 10 and June 10 to Nov 1. (If selected with Option 1, the seasonal split would be 60%/40%).

Option 3. Modify the Pollock trip limit from 136 mt (300,000 lbs.) to 159 mt (350,000 lbs.).

None of the options change the distribution of GOA pollock among Areas 610, 620, or 630 as established through the specifications process.

Option 4: Modify the trawl Pacific cod fishery to two seasons: Jan 20 to June 10 and June 10 to Nov 1. (The seasonal split for trawl gear would be maintained per Am 83).

b. Other target species and secondary species: Sector allocations would be based on each sector's retained catch (Option: total catch for secondary species) from:

Option 1. 2008 – 2012

Option 2. 2007 – 2012

Option 3. 2003 – 2012

c. In addition to the options based on catch history above, options for establishing WG and WY rockfish sector allocations include:

Option 1. Allocate based on Am 80 sideboards

Option 2. Allocate to the CP sector only. The CV sector is prohibited from directed fishing and managed under MRAs.

Option 3. Establish a CV sector allocation of WG rockfish of 2% - 5%. Any unharvested rockfish (by a specified date) is reallocated to the CP cooperatives.

5. Sector allocations of PSC

a. Chinook salmon:

The Chinook salmon PSC limit allocated pro rata based on pollock trawl landings is a CV allocation only of:

Option 1. 25,000 (status quo based on Am 93)
Option 2. 18,750 (25% reduction)

Chinook salmon PSC allocated pro rata based on trawl CV and CP non-pollock landings (excluding CG rockfish program for the CV sector) are based on GOA Amendment 97. Any Chinook salmon PSC caught in WY comes off the cooperative's Chinook salmon PSC limit.

b. Halibut:

i. The halibut PSC limit allocated pro rata based on CV and CP trawl landings (excluding the CG rockfish program) is:

Option 1. 1,515 mt (status quo under Am 95 by 2016, with full 15% reduction in place)
Option 2. 1,364 mt (additional 10% reduction relative to 2016, phased in over a two-year period)
Option 3. 1,288 mt (additional 15% reduction relative to 2016, phased in over a three-year period)
Option 4. 1,212 mt (additional 20% reduction relative to 2016, phased in over a three-year period)
Option 5. 1,136 mt (additional 25% reduction relative to 2016, phased in over a three-year period)

ii. Halibut PSC apportionment between the CP and CV sectors will be based on halibut PSC use during:

Option 1. 2008 - 2012
Option 2. 2007 - 2012
Option 3. 2003 - 2012

c. Rockfish Program PSC:

Any Rockfish Program PSC that would roll over for use in other fisheries under the current rules (after the set aside for halibut savings) can be transferred to the Gulf program cooperatives through inter-cooperative transfer.

d. Gear modification. Option: gear modifications for crab protection.

6. Voluntary inshore cooperative structure

a. Annually allocate species to the cooperative, based on aggregate retained catch histories associated with member vessels' LLPs during the qualifying years:

Option 1. 2008 – 2012
Option 2. 2007 – 2012
Option 3. 2003 - 2012

b. Apportion halibut PSC and Chinook salmon PSC limits to each cooperative on a pro rata basis relative to target fisheries of vessels in the cooperative [such as, pollock Chinook salmon PSC cap divided by area and then based on pollock landings; non-pollock Chinook salmon cap divided by area and then based on non-pollock landings (excluding CG rockfish); halibut PSC apportioned by area and then in proportion to target landings associated with cooperative members' LLPs.] Once in the cooperative, PSC can be used to support any target fisheries within the cooperative at any time (no seasonal PSC apportionments).

Option: Each processor controls a portion of the annual PSC within a cooperative [options: 10% - 40%]. Each processor would assign the incremental PSC to vessels in the cooperative under the terms of the cooperative agreement. PSC made available by these agreements cannot be used by vessels owned by the processor (a vessel with more than 10% ownership by a processor using individual and collective rules for determining ownership).

Suboption: No prohibition on processor-owned vessels using processor-controlled PSC. Processor-owned vessels cannot access an amount of the cooperative's PSC greater than the amount they brought into the cooperative.

Suboption: Alternatives for distribution of PSC quota to processors:
1) NMFS holds the PSC and distributes the PSC quota upon the processor's request.
2) Distribute to processors using the same method as harvester's portion of the PSC quota is distributed.

c. Participants can choose to either join a cooperative or operate in a limited access fishery [sector-level, non-transferable target allocations and PSC]. Harvesters would need to be in a cooperative with a processor by November 1 of the previous season to access a transferable allocation.

d. Initial (2 years) cooperative formation (suboption: in the first two years of each harvester's participation in a cooperative) would be based on the majority of each license's historical landings (aggregate trawl groundfish deliveries, excluding Central GOA rockfish harvested under a rockfish cooperative quota allocation) to a processor during:

Option 1. The qualifying years for determining target species allocations.
Option 2. 2011 – 2012, or the two most recent qualifying years they fished.

If a license has qualifying landings in both regions (WG and CG/WY), initial cooperative formation would be based on the majority of the license's historical landings to a processor in each region (the license holder would join a cooperative in each region). After the initial cooperative formation period, a license holder can choose to be in one cooperative per region on an annual basis.

e. Each cooperative would be required to have an annual cooperative contract filed with NMFS. Formation of the cooperative would require a cooperative contract signed by (options: 33%, 51%, or 80%) of the license holders eligible for the cooperative and the processor (option: and community in which the processor is located). If a license does not have any qualifying landings, it could still join a cooperative but the license holder does not count toward the cooperative formation threshold. Cooperative members shall internally allocate and manage the cooperative's allocation per the cooperative contract. Cooperatives are intended only to conduct and coordinate harvest activities of the members and are not FCMA cooperatives.

f. The annual cooperative contract must include:
- Bylaws and rules for the operation of the cooperative
- Annual fishing plan
- Operational plan for monitoring and minimizing PSC, with vessel-level accountability, as part of the annual fishing plan
- Clear provisions for how a harvester and processor may dissolve their contract after the cooling off period of two years. If a harvester wants to leave that cooperative and join another cooperative or the limited access sector, they could do so if they meet the requirements of the contract
- Specification that processor affiliated harvesters cannot participate in price-setting negotiations except as permitted by general anti-trust law

g. Cooperative members are jointly and severally responsible for cooperative vessels harvesting in the aggregate no more than their cooperative's allocation of target species and PSC allowances, as may be adjusted by annual inter-cooperative transfers.

h. Cooperatives will submit a written report annually to the Council and NMFS. Specific criteria for reporting shall be developed by the Council and specified by NMFS as part of the program implementing regulations.

i. Permit post-delivery transfers of annual allocations among cooperatives. All post-delivery transfers must be completed by December 31.

7. Voluntary catcher processor cooperative structure

a. Annually allocate species to the cooperative. For an eligible CP, the CP history of the vessel in the qualifying years will be assigned to the LLP on the vessel at the time of implementation of the program. Qualifying years:

Option 1. 2008 – 2012
Option 2. 2007 – 2012
Option 3. 2003 – 2012

b. Apportion halibut PSC and Chinook salmon PSC limits to each cooperative on a pro rata basis relative to target fisheries of vessels in the cooperative [such as, non-pollock Chinook salmon cap divided by area and then based on non-pollock landings (excluding CG rockfish); halibut PSC apportioned by area and then in proportion to target groundfish landings associated with cooperative members' LLPs.] Once in the cooperative, PSC can be used to support any target fisheries within the cooperative at any time (no seasonal PSC apportionments).

c. Participants can choose to either join a cooperative or operate in a limited access fishery [sector-level, non-transferable target allocations and PSC]. No later than November 1 of each year, an application must be filed with NMFS by the cooperative with a membership list for the year. In order to operate as a cooperative, membership must be comprised of:

Option 1: at least 2 separate entities (using the 10% individual and collective rule) and/or

Option 2: at least [2 – 4] eligible LLP licenses. An LLP must have associated catch history to count toward the threshold.

d. Cooperative members shall internally allocate and manage the cooperative's allocation per the cooperative contract. Cooperatives are intended only to conduct and coordinate harvest activities of the members and are not FCMA cooperatives.

e. The contract would require signatures of all LLP holders in the cooperative. The annual cooperative contract must include:

- Bylaws and rules for the operation of the cooperative
- Annual fishing plan
- Operational plan for monitoring and minimizing PSC, with vessel level accountability, as part of the annual fishing plan

f. Cooperative members are jointly and severally responsible for cooperative vessels harvesting in the aggregate no more than their cooperative's allocation of target species, secondary species, and PSC, as may be adjusted by annual inter-cooperative transfers.

g. Cooperatives will submit a written report annually to the Council and NMFS. Specific criteria for reporting shall be developed by the Council and specified by NMFS as part of the program implementing regulations.

h. Permit post-delivery transfers of annual allocations among cooperatives. All post-delivery transfers must be completed by December 31.

i. No person may hold or use more than the following percentage of allocated target species CP cooperative quota in each region, using the individual and collective rule:
Option 1. 30%
Option 2. 40%

8. Fishery dependent community stability (applies to inshore cooperatives)

a. Consolidation limits

Option 1. Harvest use (ownership) caps in each region (WG and CG/WY). Harvesters that exceed these percentages are grandfathered into the program. No person may hold or use more than the following percentage of individual target species CV cooperative quota, using the individual and collective rule:

Suboption 1. 3%
Suboption 2. 5%
Suboption 3. 7%

Option 2. Vessel use caps are also applicable within the cooperatives. A vessel may not be used to harvest more than the following percentages of individual target species cooperative quota issued to the CV sector:

Suboption 1. 3%
Suboption 2. 10%
Suboption 3. 15%

Option 3. Processor use caps (facility-based) in each region (WG and CG/WY). Processors that exceed these percentages during the qualifying years are grandfathered into the program. No processor shall receive or process more than the following percentage of individual target species issued to the CV sector:

Suboption 1. 10%
Suboption 2. 20%
Suboption 3. 30%

b. Regionalization of target species quota

Target species cooperative quota would be required to be landed in the region in which it is designated (WG or CG/WY designation) based on historical delivery patterns during the following years:

Option 1. The qualifying years for determining target species allocations.
Option 2. 2011 - 2012.
Option 3. Target species CG quota that has historically been landed in Kodiak would have a port of landing requirement to be delivered to Kodiak; CG quota not historically landed in Kodiak would be regionalized (WG or WY/CG).

c. Active participation criteria

To be eligible to purchase a GOA trawl CV license or catch history severed from a license, a person must be eligible to document a fishing vessel in the U.S. (status quo) and must:

Option 1. Hold at least (options: 20% - 30%) ownership of a trawl vessel; or provide documentation of participation as a captain or crew in the GOA trawl groundfish fishery for 150 days (verified by a signature on a fish ticket or crew members' affidavit) for at least (options: 1, 2, or 4) fishing trips in the GOA groundfish trawl fishery in the most recent two years previous to purchase.
Option 2. Communities do not need to meet the criteria under Option 1.
Suboption (applies to Option 1 or 2):
To retain catch history, a person must be eligible to purchase catch history.

9. Transferability

a. (Annually) Full transferability of cooperative quota, including PSC separately, for annual use within the cooperative. Cooperatives can engage in inter-cooperative transfers of annual allocations to other cooperatives on an annual basis. CP annual cooperative allocations may be transferred to inshore cooperatives; inshore annual cooperative allocations cannot be transferred to CP cooperatives. Inter-cooperative transfers must be processed and approved by NMFS.

b. (Long-term) The LLP is transferable, with the associated history of the target species (which, when entered into a cooperative, brings with it a pro rata share of PSC).

Allocated species history is severable from a CV trawl license and transferable to another eligible CV trawl license (which, when entered into a cooperative, target species history brings with it a pro rata share of PSC). Transferred history retains the regional delivery designation. PSC cannot be permanently transferred separately from the license.

Option: (Cooling off provision) License transfers (sale) and the severability provisions are prohibited for CV licenses in the first two years of the program.

10. Gear conversion

Pacific cod allocations associated with a trawl CV license may be fished with pot gear; a pot endorsement is not necessary but the license must have the appropriate area endorsement. Harvest would continue to be deducted from the vessel's annual trawl quota account and would not affect the pot gear Pacific cod sector allocations. Similar to status quo, PSC taken with pot gear does not accrue to a PSC limit or cooperative PSC allocation.

11. Limited access trawl fisheries (CV and CP)

If a license holder chooses not to join a cooperative, it may fish in the limited access fishery with an eligible FFP and LLP endorsed for GOA trawl. Under the limited access fishery, the LLP's historic share of (non-transferable) target species will be fished in a competitive fishery open to all trawl vessels in the sector who are not members of a cooperative. The catcher vessel limited access fishery will be subject to all current regulations and restrictions of the LLP and MRAs.

PSC limits in the limited access fishery will retain status quo apportionments by area, season, and/or fishery. Halibut and Chinook salmon PSC limits are annually apportioned to the limited access fishery on a pro rata basis relative to groundfish catch histories associated with LLPs that are not assigned to a cooperative, as reduced by:

Option 1. 10%
Option 2. 20%
Option 3. 30%

12. Sideboards

Sideboards that apply under the Rockfish Program for the CV and CP sectors, GOA non- exempt AFA CV sideboard limits, non- AFA crab vessel groundfish sideboards that apply to GOA trawl, and Amendment 80 groundfish and halibut PSC sideboard limits in the GOA, are removed for species allocated under the GOA trawl bycatch management program.

The Council requests further discussion of sideboards on directed fishing for Pacific cod with pot gear in the WG and CG (harvest that accrues to the Pacific cod pot sector allocations), as well as further information to consider whether CV sideboards are necessary for the BSAI Pacific cod and yellowfin sole fisheries.

13. Program review

Per the Magnuson Stevens Act, a program review would be conducted five years after implementation and every seven years thereafter.

14. Cost recovery and loan program

Per the Magnuson Stevens Act, a cost recovery program would be implemented to recover the incremental agency costs of the program related to data collection, analysis, and enforcement, up to a maximum of 3% of the ex-vessel value from landings of species allocated under the program. Up to 25% of cost recovery fees may be set aside to support a loan program for purchase of shares by fishermen who fish from small vessels and first-time purchases of shares under the program. Loan qualification criteria would need to be defined.

ALTERNATIVE 3. PSC Only Apportionments to Cooperatives

This alternative would apportion Chinook salmon and halibut prohibited species catch (PSC) limits to voluntary inshore trawl cooperatives, based on their member vessels. The following elements comprise **Alternative 3** for a Gulf of Alaska Trawl Bycatch Management Program for trawl catcher vessels in the Western Gulf, Central Gulf and West Yakutat areas:

1. Observer Coverage and Monitoring

All trawl vessels in the GOA will be in the 100% observer coverage category (or carry electronic monitoring at such time it is a regulated option for trawl vessels), whether they participate in the voluntary cooperative structure or the limited access fishery with trawl gear. The Council authorizes NMFS to report weekly vessel-level bycatch information as authorized under MSA Sec 402(b)(2)(A). NMFS will develop monitoring and enforcement provisions necessary to track cooperative allocations of PSC.

2. Sector allocations of target species

Allocations to the trawl sectors for WG and CG Pacific cod (Am 83), CGOA rockfish program (Am 88), and GOA pollock (Am 23) are maintained. GOA flatfish eligibility for the trawl CP sector under Am 80 is maintained.

Pollock and cod apportionments:

Option 1. Revise the GOA-wide pollock apportionments to 30% (A); 30% (B); 20% (C); 20% (D).

Option 2. Modify the pollock fishery to two seasons: Jan 20 to June 10 and June 10 to Nov 1. (If selected with Option 1, the seasonal split would be 60%/40%.)

None of the options change the distribution of GOA pollock among Areas 610, 620, or 630 as established through the specifications process.

Option 3. Modify the trawl cod fishery seasons: Jan 20 – June 10 and June 10 – Nov 1. No change to the A and B seasonal allocations.

3. Sector allocations of PSC

a. Chinook salmon:

The pollock trawl CV Chinook salmon PSC limit is:

Option 1. 25,000 (status quo based on Am 93)

Option 2. 18,750 (25% reduction)

The non-pollock/non-rockfish trawl CV Chinook salmon PSC limit is 2,700 (status quo based on GOA Am 97). Any Chinook salmon PSC caught in WY comes off of the (cooperative or limited access fishery) Chinook salmon PSC limit. The CG rockfish program Chinook PSC limit for the trawl CV sector is 1,200 (status quo based on Am 97). The Chinook salmon PSC limit for the trawl CP fishery is 3,600 (status quo based on Am 97); any Chinook salmon PSC caught by CPs in the GOA accrues to this limit.

b. Halibut:

i. The apportionment of the halibut PSC limit between the CP and CV sectors will be based on halibut PSC use by each sector during:

Option 1. 2008 – 2012
Option 2. 2007 – 2012
Option 3. 2003 – 2012

ii. The halibut PSC limit (excluding the CG rockfish program) for each (CP and CV) sector is reduced by:

Option 1. 10% (phased in over a two-year period)
Option 2. 15% (phased in over a three-year period)
Option 3. 20% (phased in over a three-year period)
Option 4. 25% (phased in over a three-year period)

Different percentage reductions can be applied to the CP and CV sectors.

iii. All CPs operating in the GOA are subject to the CP halibut PSC limit. The CP halibut PSC limit is not further divided by area (CG/WG). Vessels can only be in one sector (i.e., vessels with CP licenses that have delivered shoreside during the selected years can elect to be in the CV sector and deliver their catch shoreside).

c. Rockfish Program PSC:

Option: Any Rockfish Program halibut or Chinook salmon PSC that would roll over for use in other trawl CV fisheries under the current rules (after the set aside for halibut savings) can be transferred to the trawl CV cooperatives through inter-cooperative transfer.

4. Voluntary inshore cooperative structure

a. Cooperative eligibility**:** Shoreside processors with an eligible FPP and harvesters with an eligible FFP and a CV trawl LLP or a CP trawl LLP that did not process catch onboard during the years selected above. Eligible harvesters must have the applicable area endorsement to use PSC apportioned to the cooperative in that area.

b. PSC species allocated to the cooperative are halibut and Chinook salmon, divided first by area (WG and CG/WY) based on historical PSC use (*options: 2003 – 2012; 2007 – 2012; 2008 - 2012*). Once in the cooperative, PSC can be used to support any target fisheries within the cooperative in that area at any time (no seasonal PSC apportionments). PSC would be apportioned to the cooperatives as follows (a different option may be selected for each area, WG and CG/WY):

Option 1. Equal shares. Annually apportion PSC limits to each cooperative on an equal share basis relative to the number of member vessels in the cooperative.

Suboption: The non-pollock Chinook salmon PSC limit and halibut PSC limit would first be divided between cod and flatfish landings, before allocating equal shares per vessel to each cooperative. A vessel must have historical target cod and/or flatfish landings in order to receive a PSC apportionment associated with the flatfish and/or cod fishery.

Option 2. Vessel capacity. Apportion halibut PSC and Chinook salmon PSC limits to each cooperative on a pro rata basis relative to the capacity of the vessel assigned to the cooperative member's LLP the first year it enters a cooperative. The vessel capacity to determine the PSC apportionment associated with that LLP does not change in subsequent years.

Suboption: Vessel capacity is based on highest GOA groundfish landing associated with the license on which the vessel is designated during 2008 – 2012 (or most recent 5 years of landings).

Option 3 (can be selected with Option 1 or 2 above). Each processor controls a portion of the annual PSC [options: 5% - 20%] within a cooperative associated with its member vessels. Each processor would assign the incremental PSC to vessels in the cooperative under the terms of the cooperative agreement. PSC made available by these agreements cannot be used by vessels owned by the processor (a vessel with more than 10% ownership by a processor using individual and collective rules for determining ownership).

Suboption 1: Cooperatives that consist exclusively of processor-owned vessels are exempt from this prohibition.

Suboption 2: No prohibition on processor-owned vessels using processor-controlled PSC. Processor-owned vessels cannot access an amount of the cooperative's processor-controlled PSC greater than the amount they brought into the cooperative.

c. Participants can choose to either join a cooperative or operate in a limited access fishery on an annual basis. Harvesters would need to indicate by affidavit their intent to participate in the GOA trawl pollock, Pacific cod, or flatfish fisheries in the upcoming year and be in a cooperative with a processor by November 1 of the previous season to access a transferable PSC allocation. A trawl CV license holder can be in one cooperative per region (WG and CG/WY) on an annual basis.

Option 1: Cooperative formation requires at least [options: 2 – 5] vessels with a CV trawl LLP.

Option 2: One cooperative for CG/WY and one cooperative for WG (more than one processor is allowed in each cooperative).

d. Each cooperative would be required to have an annual cooperative contract filed with NMFS by November 1 of the previous year. Cooperative members shall internally allocate and manage the cooperative's PSC allocation per the cooperative contract. Cooperatives are intended only to conduct and coordinate harvest activities of the members and are not FCMA cooperatives.

e. The annual cooperative contract must include:
- Bylaws and rules for the operation of the cooperative
- Annual fishing plan
- Operational plan for monitoring and minimizing PSC, with vessel-level accountability
- Provisions that prohibit, on a species or species group basis (pollock, cod, flatfish), an LLP holder/vessel that has had PSC allocated to the cooperative for that species or species group from receiving economic benefits from the cooperative for PSC quota use unless the vessel actively participates in the fishery for which the cooperative was awarded PSC. Active participation shall be determined by the cooperative agreement but shall not be less than 3 annual deliveries per species or species group (pollock, cod, flatfish).
- Specification that processor affiliated harvesters cannot participate in price-setting negotiations except as permitted by general anti-trust law

f. Cooperative members are jointly and severally responsible for cooperative vessels harvesting in the aggregate no more than their cooperative's PSC allowances, as may be adjusted by annual inter-cooperative transfers.

g. Cooperatives will submit a written report annually to the Council and NMFS. Specific criteria for reporting shall be developed by the Council and specified by NMFS as part of the program implementing regulations.

h. Permit post-delivery transfers of annual PSC among cooperatives. All post-delivery transfers must be completed by December 31.

5. Transferability and consolidation limits

(Annually) Allow transferability of PSC cooperative quota for annual use within the cooperative. Limit the amount of each species of annual PSC cooperative quota a person can use in the cooperative to (options: 110% - 150%) of what they brought into the cooperative.

Cooperatives can engage in inter-cooperative transfers of PSC to other cooperatives on an annual basis. Inter-cooperative transfers must be processed and approved by NMFS. Limit the amount of annual PSC cooperative quota a cooperative can transfer to another cooperative to no more than (option: 10% - 50%) of the initial cooperative allocation.

(Long-term) LLPs are transferable. PSC cannot be permanently transferred separately from a license or vessel.

6. Limited access trawl CV fishery

If a license holder chooses not to join a cooperative, it may fish in the limited access fishery with an eligible FFP and LLP endorsed for GOA trawl. Vessels must pre-register to operate in the limited access fishery by November 1 of the previous year.

Option 1. Sector-level PSC limits. PSC limits in the limited access fishery will retain status quo apportionments by area, season, and/or fishery. Halibut and Chinook salmon PSC limits are annually apportioned to the limited access fishery (sector-level) based on the number of vessels that are not assigned to a cooperative, using the same method selected for the cooperatives, as reduced by:

Suboption 1. 10%
Suboption 2. 20%
Suboption 3. 25%

Option 2. Individual PSC limits. Non-transferable halibut and Chinook salmon PSC limits are annually apportioned to the limited access fishery participants using the same method selected for the cooperatives, as reduced by:

Suboption 1. 10%
Suboption 2. 20%
Suboption 3. 25%

7. Program review

A program review would be conducted five years after implementation and every seven years thereafter.

ALTERNATIVE 4. Gulf of Alaska Trawl Bycatch Management Program (Alternative 2) with a Community Fisheries Association allocation or Adaptive Management Program. *(Options 1 and 2 are mutually exclusive.)*

Option 1. Community Fisheries Association (CFA)

Element 1. Allocate 5% - 15% of the fishing quota for all species allocated to CVs under the program to a Community Fishing Association established under §303A(c)(3) of the MSA.

Element 2. Number of CFAs
Option 1. One GOA CFA
Option 2. One CFA for the WG and one for the CG

Element 3. Goals and objectives for a Community Fishing Association:
- Provide for the sustained participation of fishing communities and to the extent practicable minimize adverse economic impacts on such communities
- Assist entry-level and small vessel owner-operators, captains, crew and fishing communities

Element 4. Communities eligible for participation via the CFA
- Located in the WG, CG, WY
- Consist of residents who conduct commercial fishing, processing, or fishery-dependent support businesses within the GOA
- A high potential for economic and social impacts associated with a LAPP program on harvesters, captains, crew, processors, and other businesses substantially dependent upon the fishery
- Have submitted a community sustainability plan through the CFA

Element 5. The CFA must provide a community sustainability plan which includes:
a. Description of board, governance structure;
b. Description of quota allocation process;
c. Goals and objectives for the CFA, and explanation of how the CFA intends to meet those goals and objectives;
d. Description of how the CFA will meet the goals of sustaining community participation in the fishery, providing for new entry/inter-generational transfer, and encouraging active participation; and
e. Description of how the plan will address the social and economic development needs of coastal communities

Element 6. Require an annual report to the Council and communities

Element 7. CFA Cooperative Program Integration
- Annual quota allocated to the CFA may not be sold
- The CFA will operate within the cooperative structure of the main program. Quota leased from the CFA must be utilized on a license and accessed through a cooperative
- CFA quota will be subject to the same set of rules as other quota in the program such as bycatch management, observer coverage and monitoring, sector allocations, cooperative structure, and gear conversion
- If selected by the Council, regionalization and port of landing requirements will apply to CFA quota (option: do not apply port of landing requirements)
- Quota leased from a CFA counts toward any vessel and ownership use caps

Option 2. **Adaptive Management Program**. Set-aside 5% - 15% of fishing quota for all species allocated to CVs under the program for adaptive management.

Element 1. Goals and objectives for adaptive management quota
Option 1. Same as those identified in the CFA option; and/or
Option 2.
a. Community stability
b. Processor stability
c. Captain and crew entry and advancement
d. Conservation measures
e. To address other unintended outcomes

Element 2. Process for allocating adaptive management quota
- The Council shall develop criteria for eligibility, a process for adaptive management proposals to meet the goals and objectives, and a regulatory mechanism for allocating quota to program participants.
- The Council could allocate any amount up the total adaptive management set-aside to one or more proposals. Unallocated quota will pass through to the annual allocations to cooperatives.

Element 3. Program review and evaluation
- Entities receiving adaptive management quota shall provide annual reports to the Council and NMFS describing outcomes associated with the use of the quota and progress toward objectives described in their proposal.
- The Council shall periodically review its adaptive management goals and objectives.
- The five-year overall program review should evaluate the Council's effectiveness in achieving its goals and objectives through the use of the adaptive management program and identify potential improvements to the program design.

The Council directs staff to include a discussion of the effects of the GOA trawl bycatch management program alternatives on the management and implementation of the Central GOA Rockfish Program. At a minimum, this analysis should review the implications on quota allocations, sideboard management, and catch accounting under the Central GOA Rockfish Program.

7 Appendix 2 – GOA Trawl Economic Data Report (EDR) Summary

In October 2013, the North Pacific Fishery Management Council took final action on initiating a program to collect baseline economic and employment data from vessels and processors in the Gulf of Alaska (GOA) groundfish trawl fishery. The program was developed in response to the Council's associated problem statement[28]:

> *The Council is interested in developing a data collection program that can be established prior to the implementation of a trawl catch share program in the GOA. This fast-tracked data collection would provide the Council and analysts with relevant baseline information that can be used to assess the impacts of a catch share program on affected harvesters, processors, and communities in the GOA.*
>
> *In developing a data collection program that can be implemented quickly, efficiently, and with minimal burden on participating stakeholders, the Council intends to prioritize the collection of information that is relevant, reliable, and for which existing data sources do not exist. Given the potential for implementation of catch shares in both the Central and Western GOA, the scope of the analysis should include participants in both management areas.*

Prior Economic Data Report (EDR) data collections previously developed by the Council for the BSAI Crab Rationalization Program, Amendment 80, and American Fisheries Act catch shares programs have been implemented concurrent with the management program, and have provided limited, if any, information on pre-program baseline economic conditions. Initiation of data collection in advance of the expected management change will improve the Council and NMFS' ability to assess the economic and community effects of measures implemented as part of, or subsequent to, the Council's bycatch management program for the GOA trawl fishery when it ultimately becomes finalized and implemented.

Consistent with the Council's preferred alternative for the data collection program, NMFS published the final rule in December 2014, specifying mandatory annual reporting requirements for owners and operators of trawl vessels and processors that harvest or process groundfish from federal fisheries in the Central and Western GOA (50 CFR 679.110 published at 79 FR 71313, effective January 1, 2015). In addition to establishing new EDR requirements for vessel and processing entities active in GOA groundfish fisheries, the final rule included amendments to existing EDR requirements for vessel owners and Quota Share (QS) permit holders in the Amendment 80 cooperative program under 50 CFR 679.94 (in place since 2008). The amended Amendment 80 EDR rule streamlines the existing regulatory text by removing specific descriptions of data elements to be reported, which are provided in the EDR form itself, and a similarly streamlined approach was applied in developing the rule for the GOA Trawl EDR. Consistent with the Council's preferred alternative, additional data elements to be collected from Amendment 80 vessels using the new/revised Trawl C/P EDR form[29], as described below.

The revised EDR form for Amendment 80 entities and GOA Trawl C/Ps, and the two new EDR forms for GOA groundfish trawl catcher vessels and shoreside processors, respectively, underwent review by the Office of Management and Budget as required for federal data collections under the Paperwork Reduction

[28] See the final RIR/IRFA, published 2/25/14 and revised 10/1/14.

[29] Prior to 2015, the EDR form was titled "Amendment 80 Economic Data Report'', and will hereafter be referenced as the ''Annual Trawl Catcher/Processor Economic Data Report''. Trawl catcher/processors active in the GOA groundfish fisheries and subject to the EDR requirement under 50 CFR 679.110 will submit the same EDR form as Amendment 80 C/P's. As of 2015, there is only one C/P operating in the GOA that is not also active in the Amendment 80 fleet.

Act (PRA), and were approved as of January, 2015 (PRA documents are available from OMB under ICR Reference Number 201411-0648-002). Completed EDR forms for the 2015 calendar year are due from affected fishery participants on June 1, 2016, with annual EDR submission required annually thereafter.

Data elements and other details specific to the three data collection forms developed for the GOA Trawl EDR are summarized below, and the individual forms are available online from Pacific States Marine Fisheries Commission (PSMFC)[30].

1. Trawl Catcher Vessel EDR

   The owners/leaseholders of any catcher vessel named on a Limited License Program (LLP) groundfish license with catcher vessel and trawl gear designations and endorsed for the GOA during a calendar year are required to submit a Trawl Catcher Vessel (CV) EDR for that vessel (there are approximately 70 vessels in this fleet). The CV EDR will collect labor employment and cost data, and other variable cost data limited to fuel usage and gear purchases). Harvesting crew data includes number of fishing crew members paid for work in GOA groundfish fisheries, excluding the captain (note that total crew size is reported in eLandings), total annual labor payment to crew, and total annual labor payment to captains. Individual crew identifiers (CFEC gear operator permit number or ADF&G Commercial Crew license) are also collected for all crew employed during the year, providing data linkages to ADF&G's commercial crew license and CFEC permit registries to obtain more detailed demographic information on crew members and captains. Total annual fuel and fluids costs (total fuel gallons purchased, and expenditures for fuel and other fluids purchased in conjunction with fueling) are collected (i.e., not limited to costs attributable to GOA groundfish operations. Gear expenditures are collected for all trawl gear purchases and leases (e.g., nets, doors, rollers, cables), and (separately) for PSC excluder devices that are obtained with the intent that they will be used with trawl gear in the GOA; gear expenditures to be reported are limited to cost that are fully expensed during the year, excluding capitalized, depreciable investment in vessel and equipment.

2. Shoreside Processor EDR

   The owners/leaseholders of any shoreside processor or stationary floating processor with a Federal Processor Permit (FPP) that processes groundfish caught by vessels fishing with trawl gear in the Western and Central GOA reporting is required submit a Shoreside Processor EDR for that calendar year. There are currently 18 such facilities, most of which are located on Kodiak Island. Other affected processors are located in Akutan, Dutch Harbor/Unalaska, King Cove, Kodiak, Sand Point, Seward, and Sitka. The EDR will collect employment and labor cost information, including total annual number and total wages and salaries of non-processing (administrative and supervisory) employees, number of processing line employees by month, and total processing labor man-hours and wages by month, reported separately for housed and non-housed processing workers. Monthly electric and water usage and costs are collected for processors in Kodiak. This data is intended to provide information to needed by utility suppliers to better adjust production to meet the variable demand from processor users, which is not available from other sources.

3. Trawl Catcher/Processor EDR

   Entities that operate a C/P vessel that harvests and processes LLP groundfish in the GOA, named on a Limited License Program (LLP) authorized for trawl gear endorsed for the Central or

[30] http://www.psmfc.org/goatrawl/index.html

Western GOA during a calendar year must submit the Trawl C/P EDR. This EDR is also required for all entities holding an Amendment 80 QS permit during a given year. There are currently 24 Amendment 80 QS permit entities that are subject to this EDR requirement, which modifies the previous Amendment 80 EDR requirement, and one trawl C/P owner that operates exclusively in the GOA will be subject to the requirement as part of the GOA Trawl EDR program. The Trawl C/P EDR collects substantially more comprehensive data on vessel and plant characteristics and operating capacity, annual costs and earnings, and labor employment and compensation than the Trawl CV or Shoreside Processor EDRs.

Data elements for vessels include survey value and associated information; total annual fuel usage and average hourly usage rate, reported by operating mode; hourly freezer throughput capacity and frozen storage capacity, number of processing lines and hourly processing throughput capacity, by species and product processed, and annual vessel activity days by activity (fishing, processing, travelling/offloading, and in port) and by fishery. Annual revenues are reported for total fishery product sales, other vessel operations, and sales and leases of QS permits and LLP licenses. Annual cost data is collected separately for capitalized expenditures (fishing gear and equipment, processing plant and equipment, other vessel-related investment, and license purchases) and uncapitalized annual expenses. Nineteen distinct categories of annual expenses are collected, including fishing crew, processing labor, and other wage and salary costs; recruitment, travel and benefits costs; provisions; lease costs for vessel and equipment; vessel and equipment repair and maintenance expenses; gear lease, purchase and repair costs, freight and storage costs; fuel use and costs; observer and other monitoring and reporting costs; cooperative, legal, and other administrative fees; general administrative costs related to vessel operations; insurance costs; fisheries taxes; raw fish purchases; and QS permit royalty payments. Employment variables include average and total annual number of on-board fishing, processing, and other employees, average daily hours for processing crew, and which types of employees were paid using revenue shares.

The above listing of data elements includes all variables that have been collected from Amendment 80 entities since 2008. The GOA Trawl EDR program introduces the additional requirement of reporting crew license/permit numbers (either an ADF&G Commercial Crew License or CFEC Gear Operator Permit) for each distinct fishing crew member employed on the vessel during the year.

As with EDR data collections previously developed by the Council for the BSAI Crab Rationalization Program, Amendment 80, and American Fisheries Act catch shares programs, the GOA Trawl EDR data collection is managed by NMFS' Alaska Fisheries Science Center, Economics and Social Science Research program staff, in cooperation with the Pacific States Marine Fisheries Commission (PSMFC). Per the Council's preferred alternative, the final rule specifies PSMFC as the designated Data Collection Agent for the GOA Trawl EDR, acting as the custodian of the primary dataset. All compiled data collected in these forms must be modified to remove identifying information (e.g., personal, company, or vessel names, addresses, license and permit numbers) and provided to NMFS and Council staff analysts or other authorized agency staff in "blind" format (this does not apply to data collected in the Trawl C/P EDR form)[31].

[31] "Blind data" is defined under 50 CFR 679.2, and the requirement applies to data collected in the BSAI Crab EDR and GOA Trawl EDR, but does not apply to Amendment 80 or AFA Chinook Bycatch EDR data.

8 Appendix 3 – Updated Program Elements Table

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Observer Coverage	CPs: full coverage**, with 2 observers required when in Rockfish Program (RP)** CVs: full coverage when in RP. All other trawl CVs: partial coverage, trawl trip-selection **pool with a 28% selection** rate in 2016 **Observers are not required on CVs delivering unsorted codends to motherships**.	All trawl vessels will be in full coverage category **NMFS recommends 2 observers on all trawl CPs, as required in RP.** **Observers would not be required on CVs delivering unsorted codends to motherships.**	Same as Alt. 2, but also notes that electronic monitoring could be used if regulations provide that option	Same as under Alt 2	**See other proposed management, monitoring, and enforcement provisions described below under "Additional Elements."**
Eligibility	CPs: Must hold valid FFP and LLP license with a catcher/processor endorsement and other applicable endorsements for the fisheries in which they participate. CVs: Must hold valid FFP and LLP license with a catcher vessel endorsement and other applicable endorsements for the fisheries in which they participate.	**Inshore:** CVs with an FFP and an LLP endorsed for GOA trawl, CPs with an FFP and an LLP endorsed for GOA trawl that did not process catch onboard during qualifying years, and shoreside processors with an FPP **Offshore:** Am. 80 vessels (and their replacements) and their LLPs at the time of implementation	Same as Alt 2 (Inshore only)	Communities eligible to participate in CFA • Located in WG, CG, WY • Residents with fishing related businesses • High potential for economic and social impacts from LAPP program • Submitted a community sustainability plan Council shall develop criteria for eligibility for AM Program	Note: for reference the current inshore/offshore definitions, so would these be unnecessary or conflict under the Alt 2 definition if pollock and cod are allocated to cooperatives because it would eliminate the option for inshore CPs. Inshore: All catcher vessels with a valid FFP and GOA Groundfish License with a trawl endorsement making deliveries to the

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Eligibility (ctd.)					processors listed under 1 or 3 and Catcher/Processors defined under 2: (1) Shoreside processing operations; (2) Vessels with an inshore endorsement on their FFP that are less than 125 ft LOA that process no more than 126 mt per week in round-weight equivalents of an aggregate amount of pollock and Pacific cod; and (3) Vessels that process pollock or Pacific cod, harvested in a directed fishery for those species, at a single geographic location in Alaska State waters during a fishing year. Offshore: Catcher vessels that do not deliver to a processor defined in 1, 2, or 3 above and catcher/processors that do not meet the criteria under 2, their replacements, and their

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
					LLPs at the time of implementation
Allocated Species	No allocations except under the Rockfish Program	**Primary Species:** Option 1 *Pollock* (610, 620, 630, and 640) *Pacific Cod* (WG and CG) Option 2 *WGOA rockfish* (northern, dusky, and Pacific ocean perch) *WY rockfish* (dusky and Pacific ocean perch) **Secondary Species:** maintain CG Rockfish Program allocations Option 1 *Sablefish* (WG, CG, and WY) Option 2 *Thornyhead rockfish, shortraker rockfish, rougheye/blackspotted rockfish, other rockfish (CG and WG)* Suboption to Option 2 *Big skates, longnose skates***PSC species:** *Chinook salmon* *Halibut*	**PSC species:** *Chinook salmon* *halibut*	Same as selected under Alt 2	
Primary and Secondary Species Management Elements					
Season Dates	**Pollock:** (4 seasons) Jan. 20 to Mar. 10 Mar. 10 to May 31 Aug. 25 to Oct. 1 Oct. 1 to Nov. 1	**Pollock:** Option 1: same as Alt 1. Option 2: (2 seasons) Jan. 20 to June 10 June 10 to Nov 1	Same as Alt 2	Same as Alt 2 and Alt 3	

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
	Pacific cod: (2 seasons) Jan. 20 to June 10 Sept. 1 to Nov. 1	**Pacific cod:** (2 seasons) Jan. 20 to June 10 June 10 to Nov 1			
Seasonal Apportionments	**Pollock:** (4 seasons) 25%/25%/25%/25% **Pacific cod:** Gear, sector, and area apportionments listed in final GOA harvest specifications **and regulations at 679.20(a)(12)**	**Pollock:** Option 1: (4 seasons): 30%/30%/20%/20%, Option 2: (2 seasons): 60%/40% **Pacific cod:** Same as Alt. 1 (status quo A/B season allocations defined under Am 83)	Same as Alt 2	Same as Alt 2 and Alt 3	
Sector Allocations of Primary and Secondary Species	Allocations listed in final GOA harvest specifications and closures **and regulations at 679.81-83**	Pollock - Am. 23 Pacific Cod - Am. 83 CG Rockfish Program - Am. 88 CP flatfish eligibility - Am. 80 All other allocated groundfish species (except possibly WG and WY rockfish) would be based on sector's retained catch: Option 1: 2008 through 2012 Option 2: 2007 through 2012 Option 3: 2003 through 2012	Same as Alt 1	Allocate 5% - 15% of the CV sector primary and secondary species as CFA quota	Is the allocation of 5-15% to CFA from the sector allocation or the CQ?
Additional Sector Allocations Considered only for WG and WY rockfish	N/A	Option 1 Allocate based on Am 80 sideboards Option 2: Allocate only to the CP sector Option 3: Establish a CV sector allocation of WG rockfish of 2% - 5%. Any unharvested rockfish would be reallocated to CP cooperatives by (define date).	N/A	N/A	

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Pollock Trip Limits	136 mt (300,000 lbs.)	Alt 1. or 159 mt (350,000 lbs)	Alt 1	Same as Alt 2	
Cooperative Quota for Primary and Secondary Species	N/A	Annual allocations based on the aggregate retained catch histories associated with cooperative member vessel's GOA trawl groundfish LLP licenses during the qualifying years: Option 1: 2008 through 2012 Option 2: 2007 through 2012 Option 3: 2003 through 2012 Part 3.b, Option 3: Cooperatives manage secondary species under MRAs	N/A	Same as Alt 2, allocate 5% - 15% to CFA quota for primary and secondary species to eligible communities (Reduces amount allocated to cooperatives by 5% - 15%)	Is the allocation of 5-15% to CFA from the inshore PSC limit or the PSC CQ?
PSC Management Elements					
Establishing Sector PSC Limits	**Chinook salmon:** *Pollock fishery* based on Am 93 25,000 total (18,316 WG, 6,684 CG) *Non-pollock/non-Rockfish Program*: Catcher Vessels: 2,700, Catcher/Processors: 3,600 (no more than 66% taken before June 1), CG Rockfish Program Catcher Vessels: 1,200	**Chinook Salmon:** Same as Alt 1 **Halibut:** allocated between CV and CP sectors based on sector's halibut PSC usage: Option 1: 2008 through 2012 Option 2: 2007 through 2012 Option 3: 2003 through 2012	Same as Alt 2	Allocate 5% - 15% of the CV sector PSC to CFA. Allocations to AM program are to be determined.	

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
	Halibut: 1,705 mt **includes non-trawl** (year 2016 and beyond), includes 191 mt allocation for Rockfish Program (1,515 mt excluding Rockfish Program). Seasonal limits. Sideboard limits for Amendment 80 CPs and Non-Exempt AFA CVs				
Chinook Salmon PSC limit reductions	No Reductions	**Pollock fishery** based on Am 93, but any Chinook salmon PSC in the WY district would be deducted from the cooperative's allocation. *Option 1*: No change – 25,000 total (18,316 WG, 6,684 CG) *Option 2:* 25% reduction 18,750 total (13,737 WG, 5,013 CG) *Non-pollock/non-Rockfish Program:* same as Alt 1	Same as Alt 2	Same as Alt 2 Allocate 5% - 15% of the CV sector PSC limit as CFA quota. Allocations to AM program are to be determined.	Is full retention of salmon also required in WY district? Is the allocation of 5-15% to CFA from the inshore PSC limit or the PSC CQ?
Halibut PSC limits reductions (excludes CG Rockfish Program)	No Reductions: 1,705 mt (year 2016 and beyond), includes 191 mt allocation for Rockfish Program. Seasonal limits. Sideboard limits for Amendment 80 CPs and Non-Exempt AFA CVs	Option 1: Status Quo (1,515 mt) Option 2: 10% reduction (1,364 mt) Option 3: 15% reduction (1,288 mt) Option 4: 20% reduction (1,212 mt) Option 5: 25% reduction (1,136 mt) Option 2 phased in over two years; Options 3, 4, and 5 phased in over three years	Option 1: 10% reduction (1,364 mt) Option 2: 15% reduction (1,288 mt) Option 3: 20% reduction (1,212 mt) Option 4: 25% reduction (1,136 mt) Option 1 phased in over two years; Options 2, 3, and 4 phased in over three years	Same as Alt 2 Allocate 5% - 15% of the CV sector PSC limit to CFA. Allocations to AM program are to be determined.	

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Cooperative Quota for PSC species available to each sector	N/A	**PSC:** Allocate cooperative quota for PSC species to each cooperative on a pro rata basis relative to the percentage of primary species landings during the qualifying period. **Option**: Each processor that is a member of a cooperative controls 10% - 40% of the PSC allocated to their cooperative. Processor controlled PSC cannot be used by vessels in the cooperative that have more than 10% processor ownership based on the individual and collective rule. **Suboption**: no prohibition on use of processor controlled PSC by processor owned vessels, but processor owned vessels cannot use more PSC than the amount they brought into the cooperative. Suboptions for distributing processor controlled PSC: **Suboption 1:** NMFS holds the PSC and distributes on the processor's request. **Suboption 2:** Distribute to the processor using the same method as the harvester's portion of the PSC limit.	First divide PSC by area (WG and CG/WY) based on historical PSC usage: Option 1: 2003-2012 Option 2: 2007-2012 Option 3: 2008-2012. Then allocate cooperative quota for PSC to cooperatives **Option 1:** Equal shares based on the number of eligible vessels in the cooperative (**Suboption:** First divide the non-pollock sector PSC limits between Pacific cod and flatfish before making equal allocations to each vessel with historical Pacific cod and/or flatfish landings. Note: Harvesters must indicate by affidavit their intent to participate in pollock, Pacific cod, or flatfish fisheries in the upcoming year and be in a cooperative by Nov. 1 of the previous year.) **Option 2:** Allocate PSC based on the capacity of the vessels assigned to the cooperative members' groundfish LLP licenses the first year it is a member of any cooperative; capacity does not change in subsequent years (**Suboption**: Vessel capacity is based on highest GOA groundfish landing by the vessel assigned to the cooperative	Same as Alt 2 (Reduces amount allocated to cooperatives by 5% - 15%)	

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Cooperative Quota for PSC species available to each sector (ctd.)			1) from 2008 through 2012 2) 5 most recent years.) **Option 3**: Each processor controls 5% to 20% of the cooperative's PSC. Processor controlled PSC cannot be used on vessels in the cooperative that have more than 10% processor ownership based on the individual and collective rule.		
Cooperative quota for PSC Usage Limitations	N/A	Cooperative quota for PSC may be used in any primary fishery or fishing season.	Same as Alt 2	Same as Alt 2, also applies to CFA quota.	
Cooperative and Limited Access Fisheries Elements					
Limited Access Fisheries	N/A	GOA trawl groundfish LLP license holders may choose to join a cooperative or continue to operate in the limited access fishery. If a participant is not in a cooperative with a processor by Nov. 1, they are assigned to the limited access fishery. TAC and PSC limits in the limited access fishery would be based on the catch history of the members of that sector, determined using the same method as defined for the cooperative, with options for reducing PSC apportionments by: Option 1: 10% Option 2: 20% Option 3: 30%	Eligible participants will fish from a sector or individual allocation based on whether option 1 or Option 2 is selected for the limited access fishery. Participants must pre-register for the limited access fishery by Nov. 1. PSC limits in the limited access fishery would be determined using the same method as defined for the cooperative(s), with options for reducing limited access PSC apportionments to either **Option 1** existing sectors/areas or **Option 2** individuals (non-transferable IBQ) by: Option 1: 10% Option 2: 20% Option 3: 25%	Same as Alt 2	Could members of a CFA form their own cooperative?

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Voluntary Inshore Cooperative Structure	N/A	Holders of valid GOA groundfish LLP licenses with a trawl endorsement for the appropriate area must join a cooperative by Nov. 1 for their catch history to count towards cooperative allocations for the upcoming year; Cooperative contracts must be signed by processor and 33%, 51%, or 80% of LLP license holders (option to require signature of a community rep.); *Option* to place harvesters and processors in cooperatives based on historical delivery pattern for the first 2 years after implementation (an LLP license holder would be in different cooperatives in WG/CG if they have history in both); **Option 1:** Using qualifying years for primary species allocations. **Option 2:** 2011-2012 or the 2 most recent years they fished.	Holders of a valid GOA groundfish LLP licenses with a trawl endorsement would need to indicate by affidavit their intent to participate in the GOA trawl pollock, Pacific cod, or flatfish fisheries in the upcoming year and be in a cooperative with a processor by Nov. 1 of the previous season to access a transferable PSC allocation. A trawl CV LLP license holder can be in one cooperative per region (WG and CG/WY) on an annual basis. **Option 1:** Cooperative formation requires at least [options: 2 – 5] vessels with a CV trawl LLP license. **Option 2:** One cooperative for CG/WY and one cooperative for WG (more than one processor is allowed in each cooperative)	Same as Alt 2	Clarify if "2 most recent years they fished" under Alt 2 Option 2 means 2 most recent years prior to Council final action. Or prior to implementation of program?
Required Elements of Inshore Cooperative Contract	N/A	Each cooperative would be required to have an annual cooperative contract filed with NMFS and must include: • Bylaws and rules for the operation of the cooperative • Annual fishing plan • Operational plan for monitoring and minimizing PSC, with vessel-level	Each cooperative would be required to have an annual cooperative contract filed with NMFS and must include: • Bylaws and rules for the operation of the cooperative • Annual fishing plan • Operational plan for monitoring and minimizing PSC, with vessel-level	N/A	Does the Council want NMFS to enforce this active participation requirement under 4th bullet of Alt 3. If so, upon receiving a cooperative allocation, NMFS would need to verify that all of the member vessels met the

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Required Elements of Inshore Cooperative Contract (ctd.)		accountability, as part of the annual fishing plan • Clear provisions for how a harvester and processor may dissolve their contract after the cooling off period of two years. If a harvester wants to leave that cooperative and join another cooperative or the limited access sector, they could do so if they meet the requirements of the contract. • Specification that processor affiliated harvesters cannot participate in price-setting negotiations except as permitted by general anti-trust law.	accountability • Provisions that prohibit, on a species or species group basis (pollock, Pacific cod, flatfish), an LLP license holder/vessel that has had PSC allocated to the cooperative for that species or species group from receiving economic benefits from the cooperative for cooperative quota for PSC use unless the vessel actively participates in the fishery for which the cooperative was awarded PSC. Active participation shall be determined by the cooperative agreement but shall not be less than 3 annual deliveries per species or species group (pollock, Pacific cod, flatfish). • Specification that processor affiliated harvesters cannot participate in price-setting negotiations except as permitted by general anti-trust law.		requirement for the previous year before issuing cooperative quota for halibut and Chinook salmon PSC.

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Voluntary Offshore Cooperative Structure	N/A	**CP**: Must join a cooperative by Nov. 1; Minimum of either 2 entities or (Options) 2 to 4 LLPs with catch history required to form a cooperative.	N/A	N/A because CFA only applies to inshore cooperatives	
Required Elements of Offshore Cooperative Contract	N/A	All LLP holders in the cooperative must sign the contract. The contract must include: • Bylaws and rules for the cooperative operation • Annual fishing plan • Operational plan for monitoring and minimizing PSC, with vessel level accountability			Does the offshore cooperative need to file the contract with NMFS?
Cooperative Liability	N/A	Cooperative members are jointly and severally responsible for ensuring the members harvest no more than their cooperative quota	Same as Alt 2	Same as Alt 2	Issues related to vessel-level accountability when delivering to tender vessels
Cooperative Reports	N/A	Cooperatives must submit a written report annually to the Council and NMFS. At a minimum the report must contain the required elements (to be defined) and be submitted in a timely manner.	Same as Alt 2	Each CFA must submit an annual report to the Council and communities. Elements of the report are to be defined. The CFA must provide a community sustainability plan which includes: • Description of board, governance structure; • Description of quota allocation process; • Goals and objectives for the CFA, and explanation of how the CFA intends to meet those goals and objectives;	

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Cooperative Reports (ctd.)				• Description of how the CFA will meet the goals of sustaining community participation in the fishery, providing for new entry/inter-generational transfer, and encouraging active participation; and • Description of how the plan will address the social and economic development needs of coastal communities	
Cooperative Quota Limit Elements					
Cooperative Quota Ownership/Use Limits for persons	N/A	**CVs** No person may hold or use more than: Option 1: 3% Option 2: 5% Option 3: 7% of individual inshore cooperative primary species cooperative quota based on the individual and collective rule. Persons whose initial allocation is above the limit are grandfathered. **CPs** No person may hold or use more than: Option 1: 3% Option 2: 5% of allocated primary species CP cooperative quota based on the individual and collective rule.	N/A	Same as Alt 2	

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Cooperative Quota Use Limits for Vessels	N/A	No vessel may be used to harvest more than: Option 1: 3% Option 2: 10% Option 3: 15% of individual primary species allocated to the inshore cooperative sector.	N/A	Same as Alt 2	
Cooperative Quota Use Limits for Processors	N/A	No processor (facility) may be used to process more than: Option 1: 10% Option 2: 20% Option 3: 30% of individual primary species allocated to the inshore cooperative sector.	N/A	Same as Alt 2	
Limits on Cooperative quota for PSC Use	N/A	N/A	Limit the amount of each species of annual PSC cooperative quota a person can use in the cooperative to (options: 110% - 150%) of what they brought into the cooperative.	Same as Alt 2	
Processor Elements					
Processor Protections	N/A	See Cooperative PSC Allocations. Also harvester/processor linkages, but would need additional authority to implement.	See Cooperative PSC quota Allocations	Same as Alt 2	
Regionalization of Cooperative Quota	N/A	Primary species cooperative quota must be landed in the region it is designated based on historical delivery patterns: **Option 1:** qualifying years for determining primary species	N/A	Same as Alt 2, but may have the option of not including the port of landing requirement for Kodiak for CFA	

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Regionalization of Cooperative Quota (ctd.)		allocations **Option 2:** 2011 through 2012 **Option 3:** CG quota historically landed in Kodiak must be delivered to Kodiak, all other cooperative quota would be regionalized as WG or CG/WY.			
Additional Elements					
Active Participation Requirements to Purchase Catch History or CV LLP license	N/A	To purchase a CV LLP license or catch history severed from a CV LLP license a person must be eligible to document a fishing vessel in the U.S. and **Option 1a:** hold a minimum level of ownership in a trawl vessel, **Suboptions**: 20% through 30%. **Option 1b:** have participated as a captain or crew in the GOA groundfish trawl fishery for 150 days or **suboptions** 1, 2, or 4 fishing trips in the GOA trawl groundfish fishery in the two most recent years prior to purchase of the LLP license or catch history. **Option 2:** Communities do not need to meet the criteria under Option 1.	LLPs are transferable. PSC cannot be permanently transferred separately from an LLP license or vessel.	Same as Alt 2	
Active Participation Requirements for Cooperative/Individual to Receive Quota	N/A	Applies to Option 1 and 2 above, to retain catch history used to determine annual allocations a person must be eligible to purchase catch history.	See bullet #4 under Req'd Elem's of Inshore Co-op Contract. Harvesters would need to indicate intent by affidavit to participate in the GOA trawl pollock, P. cod, or flatfish fisheries in the next year and be in a co-op with a processor by Nov. 1 to	Same as Alt 2	

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
			access a transferable PSC allocation.		
General Transferability Provisions	Licenses are transferable as allowed under 50 CFR 679.4(k)(7)	**Option 1:** Licenses are transferable as under Alt 1., Catch history that results in an annual cooperative allocation of primary species or secondary species may be separated from the groundfish license it is initially attached. Cooperative quota is fully transferable within the cooperative. Inter cooperative transfers of cooperative quota must be processed and approved by NMFS. Inshore quota may not be transferred to a CP cooperative; Post-delivery transfers are permitted but must be completed by Dec. 31 **Suboption:** Prohibit sale of inshore cooperative LLP licenses and catch history for the first 2-years of the program. Does not apply to annual transfers of cooperative quota within a cooperative	(Annually) Allow transferability of PSC cooperative quota for annual use within the cooperative. Cooperatives can engage in inter-cooperative transfers of PSC to other cooperatives on an annual basis. Inter-cooperative transfers must be processed and approved by NMFS. The amount of annual PSC cooperative quota a cooperative can transfer to another cooperative cannot be greater than (option: 10% - 50%) of the initial cooperative allocation (Long-term) LLPs are transferable. PSC cannot be permanently transferred separately from a license or vessel. Rockfish Program cooperatives may transfer any PSC that would be available to rollover under the terms of the Rockfish Program to an inshore trawl cooperative through an inter-cooperative transfer approved by NMFS.	Annual quota allocated to the CFA cannot be sold. Leased quota may only be used on a qualified license through a cooperative.	

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
Gear Conversion	N/A	No requirement to use a specific gear; Vessels would be allowed to use pot gear to harvest trawl allocations of Pacific cod and those harvests would be deducted from the cooperative's quota limit. Any PSC taken with pot gear does not count against the PSC limit	N/A. Any PSC taken with pot gear does not count against the PSC limit	Same as Alt 2	Need to ensure that the catch accounting issues are resolved
Program Review	N/A	5 years after implementation and every 7 years after initial review	Same as Alt 2	Same as Alt 2	
Sideboard Limits	Maintained for AFA, Crab Rationalization, Amendment 80, and Rockfish Program	Remove status quo sideboard limits for species that are allocated	Same as Alt 1	Same as Alt 2	
Cost Recovery	N/A	A cost recovery program would be implemented based on Magnuson Stevens Act requirements. A fee of up to 3% of the ex-vessel value of the primary and secondary species allocated to a cooperative would be collected. Up to 25% of cost recovery fees may be set aside to support a loan program for purchase of shares by fishermen who fish from small vessels and first-time purchases of LLP licenses or catch history under the program. Loan qualification criteria would need to be defined.	N/A. Cost recovery fees are assessed against the ex-vessel value of allocated species. PSC species are the only species allocated and halibut PSC and Chinook salmon PSC do not generate an ex-vessel value.	Same as Alt 2	Do cost recovery fees apply to offshore, would only be secondary species and non-rockfish program rockfish if they do…
Management, monitoring, and enforcement	**Section 2.6 and Table 12 in the October 2014 discussion paper**	**Section 2.6 and Table 13 in the October 2014 discussion paper describe NMFS's initial proposed**	**Same as Alternative 2**	**Same as Alternative 2**	**NMFS will refine proposed management, monitoring, and**

Program Element	**Alt. 1:** (No Action)	**Alt. 2:** Cooperatives with PSC, primary, and secondary species allocations	**Alt. 3:** Cooperatives with only PSC allocations	**Alt. 4:** Alt. 2 cooperatives with CFA or AM	**Notes and issues to be resolved**
provisions	**describe current requirements for observer coverage; equipment and operations; catch monitoring and control plans (CMCPs); catch accounting; recordkeeping and reporting; observer data entry and transmission; and VMS for CPs, CVs, shoreside processors, and tenders in the GOA RP and non-RP trawl fisheries.**	**requirements for equipment and operations; catch monitoring and control plans (CMCPs); catch accounting; recordkeeping and reporting; and observer data entry and transmission for CPs, CVs, shoreside processors, and tenders under the proposed alternatives. The primary driver for these proposed measures is the inclusion of transferable PSC limits in the alternatives. These proposed measures are similar to measures in effect in the RP.**			**enforcement provisions for the alternatives in the June 2016 discussion paper.**

9 Appendix 4 – USCG Letter RE: Tonnage Measurement Guidelines for Small Fishing Vessels (1990)

U.S. Department of Transportation
United States Coast Guard

Commandant
United States Coast Guard

Washington, D.C. 20593-0001
Staff Symbol G-MVI-5
Phone (202) 267-2992

16717

26 OCT 1990

MIAMI, FLORIDA

From: Commandant
To : Distribution

Subj: Tonnage Measurement Guidelines
for Small Fishing Vessels

1. Commandant (G-MVI) has received a number of requests for guidance concerning possible documentation requirement violations on small "State Numbered" fishing vessels. While Volume IV, Chapter 7, Marine Safety Manual (Tonnage Measurement Program) is being updated, enclosure (1) is provided as a general response to frequently asked questions, and as a guide to enforcement criteria concerning tonnage requirements for these vessels.

2. Please disseminate this information to all MSOs, OCMIs, and COTPs in your district.

JAMES M. MAC DONALD
By direction

Encl: (1) Tonnage Measurement Guidelines
for Small Fishing Vessels

Dist: All CG District offices (m)

Enclosure(1)

G-MVI-5
(202)267-2992

TONNAGE MEASUREMENT GUIDELINES FOR SMALL FISHING VESSELS

1. REQUIREMENTS

All vessels of 5 or more registered net tons that engage in the fisheries or the coastwise trade must be documented as vessels of the United States.

2. TONNAGE ASSIGNMENTS

Owners of vessels that are under 79 feet in overall length may elect to have their vessels assigned tonnages under either the Simplified Measurement System or under the Standard Measurement System.

Tonnages assigned under the Simplified Measurement System are based only on the vessel's overall measurements (length, breadth and depth). These tonnages are assigned, at no cost to the vessel owner, by the Coast Guard documentation office where the vessel is to be documented. These tonnages are usually much higher than those assigned under the Standard Measurement System, which allows the owner to deduct certain spaces allocated strictly for the crew and for working the vessel.

Vessels as small as 24 feet in overall length may measure over 5 net tons under either the Simplified or the Standard Measurement System. However, under the Standard System many vessels in the 40 - 50 foot length range may measure less than 5 net tons. If extensive tonnage reduction techniques are used, even much larger vessels may measure less than 5 net tons.

3. BACKGROUND

Many Coast Guard field offices have directed owners of "State Numbered" fishing vessels that are in the 32' - 40' length range to provide proof that the vessels are under 5 net tons and thereby not required to be documented as vessels of the United States. To provide this proof vessel owners must have their vessels formally measured by the American Bureau of Shipping under the Standard Measurement System. Formal measurement can be expensive, and in many cases indicates only that the vessel was already under 5 net tons.

A study of vessels that are less than 5 net tons under the Standard Measurement System indicated a considerable difference between the principal dimensions of those that are propelled by motor and those that are sailing vessels. The study also pointed out that when the principal dimensions of the largest vessels in

each of the classes were multiplied together their product was generally constant. The vessels used in the study were typical commercial fishing vessels of normal single hull construction having a fish hold within the hull and all spaces above the weather deck used for crew's accommodations or for operating the vessel.

4. GUIDELINES

Small commercial fishing vessels may be regarded as being less than 5 net tons if the vessel does not have a significant amount of closed-in cargo space above its weather deck, does not have closed-in passenger space (space for persons other than the crew), and the product of its principal dimensions (overall length times overall breadth times overall depth), as defined in 46 CFR 69.203 (in feet and fractions of a foot) is less than:

4000 for vessels propelled by motor, or less than
3000 for vessels propelled by sail.

Law enforcement action on fishing vessel documentation violations should be initiated only when undocumented fishing vessels clearly exceed the above guidelines.

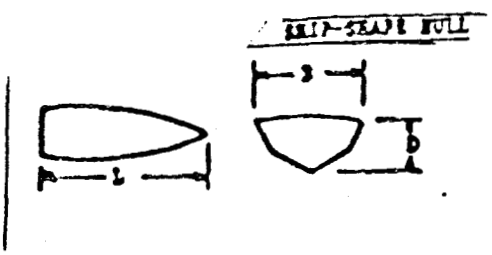
§ 69.203 Definitions.

As used in this subpart and in Coast Guard Form CG-5397 under § 69.205—

Overall breadth means the horizontal distance taken at the widest part of the hull, excluding rub rails, from the outboard side of the skin (outside planking or plating) on one side of the hull to the outboard side of the skin on the other side of the hull.

Overall depth means the vertical distance taken at or near midships from a line drawn horizontally through the uppermost edges of the skin (outside planking or plating) at the sides of the hull (excluding the cap rail, trunks, cabins, and deckhouses) to the outboard face of the bottom skin of the hull, excluding the keel. For a vessel that is designed for sailing and has a keel faired to the hull, the keel is included in "overall depth" if the distance to the bottom skin of the hull cannot be determined reasonably.

Overall length means the horizontal distance between the outboard side of the foremost part of the stem and the outboard side of the aftermost part of the stern, excluding rudders, outboard motor brackets, and other similar fittings and attachments.



L = _____

B = _____

D = _____