

MEMORANDUM

TO: Council, SSC and AP Members
FROM: Chris Oliver *CO*
Executive Director
DATE: September 29, 2004
SUBJECT: Scallop Management

ESTIMATED TIME
2 HOURS

ACTION REQUIRED

Final action to modify the License Limitation Program and update the FMP

BACKGROUND

At the June 2004 meeting, the Council reviewed an initial draft of an EA/RIR/IRFA evaluating modifying the gear restriction endorsement on the federal scallop license limitation program (LLP). The Council initiated this analysis in response to public comment received from a fishery participant at the February 2004 Council meeting, indicating that the 6 ft dredge gear endorsement may have disproportionate economic impacts. There are 9 vessel owners with federal LLP licenses, two of which contain a specific gear endorsement limiting them to fish with a single 6 ft dredge in federal waters.

Four alternatives are considered in this analysis:

Alternative 1: Status Quo. Maintain the current 6 ft dredge restriction endorsement.

Alternative 2: Modify the current 6 ft dredge restriction to allow vessels with the current endorsement to fish in federal waters outside of Cook Inlet with a maximum of two eight-foot dredges.

*This alternative was added by the Council at the June 2004 meeting.

Alternative 3: Modify the current 6 ft dredge restriction to allow vessels with the current endorsement to fish in federal waters outside of Cook Inlet with a maximum of two ten-foot dredges (or two dredges with a combined width of no more than 20 feet).

Alternative 4: Eliminate the current 6 ft dredge restriction such that gear restrictions are consistent (maximum of 2-15ft dredges) on all Scallop LLP permits for fishing in federal waters outside of Cook Inlet.

Additional information as requested by the Council in June 2004 was included in the analysis prior to public release of the document. The public review draft of this EA/RIR/IRFA was mailed to you on September 16th. The executive summary of this analysis is attached as Item D-1(a). Final action is scheduled for this meeting.

In conjunction with this EA/RIR/IRFA, staff reorganized and updated the FMP to better reflect the biology and current management of scallops. The revised FMP is included as Appendix C to the analysis. The table of contents and executive summary of the revised FMP is attached as Item D-1(b).

*Krygier
moved to adopt.*

Executive Summary

Beginning in 2001, a Federal Scallop License Limitation Program (LLP) license was required on board any vessel deployed in scallop fisheries in Federal waters off Alaska. Under the LLP, 7 vessel owners are licensed to fish in federal waters outside of Cook Inlet utilizing two 15 foot dredges, and two vessels owners are licensed to fish federal waters outside of Cook Inlet with a single 6-foot dredge. All 9 licenses permit vessel owners to fish inside Cook Inlet with a single 6-foot dredge.

Since the federal LLP was implemented, it has come to the attention of the Council that given observer requirements and their associated costs, this gear restriction may create a disproportionate economic hardship when fishing outside of state waters. In February 2004, the Council developed a problem statement and alternatives for analysis of modifying or eliminating the gear restriction on 2 of the 9 LLP licenses. Additionally the Council noted in its problem statement that the current Scallop FMP does not reflect current management and biology and needs to be updated in this regard.

Four alternatives are considered in this analysis.

Alternative 1: Status Quo. Maintain the current 6 ft dredge restriction endorsement.

Alternative 1, status quo, represents the current LLP as approved by NMFS. There are currently 9 LLP licenses, of which seven are restricted only by the state regulation of a maximum of 2- 15ft dredges, while 2 have a gear restriction endorsement which limits them to the use of a single 6 ft dredge.

Alternative 2: Modify the current 6 ft dredge restriction to allow vessels with the current endorsement to fish in federal waters outside of Cook Inlet with a maximum of two eight-foot dredges (or two dredges with a combined width of no more than 16 feet).

This alternative would allow the two restricted permits to use wider dredges.

Alternative 3: Modify the current 6 ft dredge restriction to allow vessels with the current endorsement to fish in federal waters outside of Cook Inlet with a maximum of two ten-foot dredges (or two dredges with a combined width of no more than 20 feet).

This alternative would allow the two restricted permits to use wider dredges.

Alternative 4: Eliminate the current 6 ft dredge restriction such that gear restrictions are consistent (maximum of 2-15ft dredges) on all Scallop LLP permits for fishing in federal waters outside of Cook Inlet.

Alternative 4 would allow all 9 LLP holders to utilize the full complement of gear, two 15 ft dredges, in federal waters outside of Cook Inlet. This alternative is consistent with the State of Alaska regulations which limit scallop vessels to a maximum of 2- 15 ft dredges.

Analysis indicates that alternatives to the status quo may impact other fishery participants and particularly the voluntary cooperative structure under which the fishery is currently prosecuted. The relative economic impacts on the other participants in the fishery would be two-fold in the decrease in relative harvest percentage (that which is currently unavailable to the gear restricted permit holders) as well as a presumed

decrease in the value of the LLP licenses currently held given their limited number. For alternatives 2, 3 and 4, the gear restrictions would be modified (alternative 2 and 3) or eliminated (alternative 4). Expansion of operations of the two license holders subject to a relaxation of the gear limitation in federal waters outside of Cook Inlet is not known, but if expansion occurs, it is most likely to occur in Area E (PWS) and Area K (Kodiak) given the smaller size of these vessels. As these areas are currently fully utilized, any expansion of harvests by the two vessels would be at the expense of the other license holders in the fishery. All vessels in the fishery are limited to a maximum vessel length on their permit, and the two license holders with the restricted gear limitation are also small vessels (<75' MLOA). Thus any expansion of operations by these vessels will be limited by the relative size and capacity of their vessels.

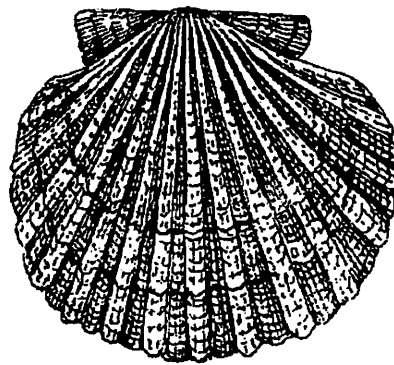
Another factor under consideration is the relative value of the licenses. The value of the two licenses subject to less stringent gear restrictions would increase as those licenses could be usable for potentially larger operations. The relative value of the remaining 7 licenses under the federal LLP are likely to decline with the increase in the number of non-gear restricted licenses. The impacts on the LLP license holders that are in the voluntary cooperative depend upon the operations and harvests of others in the fishery as the cooperative does not receive an exclusive allocation in the fishery. If the other participants increase harvests, the cooperative may need to respond by either reducing its own harvests or expanding the cooperative to include these other participants. In either case, the return to cooperative members could be expected to decline as a portion of the fishery currently harvested by the cooperative would be harvested by or allocated to these other LLP holders.

None of the alternatives are expected to have a significant impact on endangered, threatened, or candidate species and none of the alternatives would affect takes of marine mammals. An action to modify the gear restriction on two LLP licenses would not alter the harvest of scallops or otherwise impact scallop stocks.

AGENDA D-1(a)
OCTOBER 2004

DRAFT

Fishery Management Plan for the Scallop Fishery Off Alaska



North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, Alaska 99501

PHONE: (907) 271-2809
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September 13, 2004

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Executive Summary

This Fishery Management Plan (FMP) governs scallop fisheries in federal waters off the State of Alaska. The FMP management unit is the U.S. exclusive economic zone (EEZ) of the Bering Sea, Aleutian Islands, and the Gulf of Alaska, and includes weathervane scallops and other scallop species not currently exploited. The GOA is defined as the U.S. EEZ of the North Pacific Ocean, exclusive of the Bering Sea, between the eastern Aleutian Islands at 170°W longitude and Dixon Entrance at 132°40'W longitude. The BSAI is defined as the U.S. EEZ south of the Bering Strait to the Alaska Peninsula and Aleutian Islands and extending south of the Aleutian Islands west of 170° W long.

This FMP was approved on July 26, 1995, which established a 1 year interim closure of federal waters to scallop fishing to prevent uncontrolled fishing. This FMP has since been amended nine times. The scallop fishery is jointly managed by the National Marine Fisheries Service (NMFS) and the Alaska Department of Fish and Game (ADF&G) under this FMP.

Management measures in this FMP fall into two categories: Category 1 measures are those delegated to the State for implementation, while Category 2 measures are limited access management measures which are fixed in the FMP, implemented by Federal regulation, and require an FMP amendment to change. Category 1 and 2 measures are listed below.

This new version of the FMP has been revised to remove or update obsolete references to management measures, outdated catch information and other scientific information. The FMP has also been reorganized to provide readers with a clear understanding of the Scallop fishery and conservation and management measures promulgated by this FMP.

CATEGORY 1 (Delegated to the State)	CATEGORY 2 (Fixed in FMP, Implemented by Federal Regulation)
Guideline Harvest Levels	Vessel moratorium
Registration Areas, Districts, Subdistricts and Sections	License limitation program
Gear Limitations	
Crew and Efficiency Limits	
Fishing Seasons	
Observer Requirements	
Prohibited Species and Bycatch Limits	
Recordkeeping and Reporting Requirements	
In-season Adjustments	
Closed Areas	
Other	

Management measures used to manage the scallop fishery off Alaska by category.

P O Box 770881
Eagle River, Alaska 99577
September 23, 2004

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

RECEIVED
SEP 27 2004
N.P.F.M.C.

Re: Scallop FMP

Dear Ms. Madsen and Council Members,

Scott and I thank you and the council for being open and positive in considering our request for relief from the six foot dredge restriction. Accordingly, we are hopeful that in your final analysis you will choose Alternative 3, which will allow us to use two 10ft dredges.

Even though our state vessel limited entry permit allows us to use up to two 15 ft dredges in state waters, the council's final action on dredge size allowed in Federal waters will dictate the size dredges we will also use in State waters, i.e., it wouldn't be feasible or even possible for us to carry two different dredge sets on board for use in Federal and State waters respectively.

Our reasoning for needing two 10's over two 8 foot dredges is due to our vessel's shallower draft and LOA of 79'. We are pretty much restricted by weather to fish in only two areas in statewide waters not including Cook Inlet. Yakutat is too open to weather with no place to hide, as are the waters out west. That leaves us only Federal waters around Cordova/Kayak Island and Shelikof waters, adjacent to State waters, where we can find shelter and fish during poor weather.

To make at least a marginal profit, we need to fish a good portion of our time in the Shelikof area, both in Federal and State waters, as scallops harvested from there are larger, more marketable, and bring a better price. But in this area, the scallops are far less dense than in the Kayak area and thus require larger dredge size to cover more area for a profitable harvest.

Thanks for your time and consideration.

Sincerely,



Max and Scott Hulse

**PUBLIC TESTIMONY SIGN-UP SHEET FOR
AGENDA ITEM D-1 Scallop**

	NAME (PLEASE PRINT)	AFFILIATION
1	Max Hulse	
2	Scott Hulse	
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NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.

Max & Scott Hulse
D-1 #10

Analysis of Our Impact on the Statewide Scallop Fishery
(USING TWO 10' DREDGES)

Shucked scallop meat per day	800 lbs.
Actual days fishing per year	<u>40 days</u>
Total lbs per year	32,000 lbs.
<hr/>	
Two vessels x 32,000 lbs per year	64,000 lbs.

Estimated yearly Quota	700,000 lbs.
Less	<u>64,000 lbs.</u>
	636,000 lbs. (quota left for larger vessels)

Note:

Shelikof Waters – 1999 Log Book (we used one 6' and one 8' dredge just long enough to get some data). The 6' dredge yielded an average of two bushels per tow, the eight foot dredge three bushels per tow. We averaged 20 tows in 24 hours.

Two 8' dredges - 6 bushels per tow equal approximately 30 lbs shucked meat.

20 Tows X 30 lbs meat = 600 lbs meat per day

600 lbs X \$7.00/lb = \$4200.00 per day
Less \$3800.00 break-even amount
\$ 400.00 net per day

\$400.00 X 40 days = \$16,000.00 net vessel income

Two 10' dredges - 8 bushels per tow equal approximately 40 lbs shucked meat.

20 Tows X 40 lbs meat = 800 lbs meat per day

800 lbs X \$7.00/lb = \$5600.00 per day
Less \$3800.00 break-even amount
\$1800.00 net per day

\$1800.00 X 40 days = \$72,000.00 net vessel income