


MEMORANDUM

TO: Council and AP Members  
FROM: Chris Oliver   
Executive Director  
DATE: May 30, 2006  
SUBJECT: Charter Halibut Management

ESTIMATED TIME  
8 HOURS

**ACTION REQUIRED**

- (a) Receive Charter Halibut Stakeholder Committee report and determine direction.
- (b) Review and refine moratorium alternative.
- (c) NMFS report on enforcement of GHM preferred alternative for Area 2C (5 fish annual limit).

**BACKGROUND**

Charter Halibut Stakeholder Committee Report

In December 2005, the Council tasked the Stakeholder Committee with developing two permanent solutions for addressing the reallocation of halibut from the commercial to the charter sectors. These included: 1) an allocation with a limited entry option; and 2) a quota share program. In February 2006, the Council also tasked the committee with reviewing interim solutions recommended by the GHM Committee. In April 2006, the Council adopted a draft moratorium alternative, based on Stakeholder Committee recommendations, for additional discussion at this meeting. At its April 2006 meeting, the Committee recommended: 1) revisions to the draft moratorium alternative to streamline and clarify language and 2) two draft alternatives for a permanent solution for the charter halibut sector. Committee motions and minutes from its April, March, and February 2006 meeting are attached under Item C-4(a). The Council will determine the next step for analysis of the permanent solution alternatives.

Moratorium Alternative

In April, the Council initiated an analysis to implement a moratorium on entry into the charter sector using the December 9, 2005 control date that was published in the *Federal Register*. In its discussion of a timetable for implementation, the Council scheduled discussion of a staff report on community issues at this meeting (Item C-4(b)(1)). Three options to address community issues have been proposed to be included in the interim limited entry (moratorium) analysis. Including community options could push back implementation of the proposed interim limited entry program. NOAA staff reports that the program would not be implemented until 2009 and the proposed permanent solution likely would be implemented no earlier than 2011, depending on the specific solution ultimately approved. For the following reasons, the Council may wish to consider moving immediately to the permanent solution and not implement an interim program.

- While the Council may be able to recommend a preferred alternative for an interim limited entry program by the end of 2006, significant NOAA staff resources must be directed towards rulemaking and

implementation, which will likely result in an effective date for the program of no earlier than the 2009 sport fishing season. Much of this effort is redundant if the Council selects a preferred alternative for the permanent program before the interim program is implemented. Some of the delay in approving and implementing the charter QS program was due to the Council's request to NOAA that it implement the GHL prior to implementing the permanent program that was to replace the GHL. A similar two-step approach could result in unintended delays for the permanent solution. The Council may wish to examine the trade-offs of the interim and permanent programs with the likely timelines for implementation.

- If the Council chooses to proceed with the interim limited entry program, the Council should consider not including any community option and, instead, include such options under the permanent solution alternatives. Additional staff resources will be required to address issues surrounding each of the three community Issue 1, Option 2 suboptions, as listed below, which could push implementation past 2009. Staff also recommended clarifying language to several options (Item C-4(b)(2)).

Suboption a. The Council would need to develop criteria to exclude some or all of the 35 GOA Amendment 66 communities, which were originally selected for a commercial fishery program (Item C-4(b)(3)). Excluded communities would be required to hold a separate type of interim limited entry permit (an exemption permit).

Suboption b. Since the interim program is intended to be in effect for a limited duration, it is questionable whether Community Quota Entities could be organized and funded to purchase a maximum of 5-25 interim permits for each of the 35 communities during the interim period (they are not expected to have value after permanent permits or quota shares replace them).

Suboption c. Issuing between 5-25 additional interim permits to some or all of 35 communities appears counter to the goals of limited entry.

- If the Council chooses to include a community purchase suboption in the moratorium analysis, staff suggest this language, "*For Areas 2C and 3A communities previously identified under Amendment 66, allow a community represented by a CQE to purchase a moratorium permit(s) through the CQE*" to streamline the Council's decision to allow communities in Area 2C and 3A which are eligible under the halibut/sablefish commercial quota share purchase program to purchase charter halibut moratorium permits. The limit on the number of permits allowed to be transferred to a community may not be necessary because it is unlikely that any community would be financially able to purchase an upper limit of 5 to 25 permits. Also, staff interprets Council intent that the CQE can only distribute the charter permit to a resident of the community it represents, unless otherwise clarified.

#### GH L Preferred Alternative for Area 2C

During final action on GH L management measures in April 2006, NOAA staff noted that the analysis did not directly address recordkeeping and reporting requirements to implement a 5-fish daily limit in Area 2C. The GH L analysis was submitted for NOAA Fisheries Service review prior to the June Council meeting. NOAA staff will supplement the analysis with an implementation plan for the recordkeeping and reporting requirements. NOAA staff may identify a need for a Federal permit and annual harvest report to address enforcement and legal issues, if the Council's preferred alternative is approved and implemented. NOAA staff is available to summarize possible requirements.

On May 24, 2006, ADF&G prohibited charter boat operators, guides and crew members from retaining any species of fish while paying clients are on board the vessel operated in salt water. This action is necessary for curtailing halibut harvests in Southeast Alaska, excluding the Yakutat area, because the GH L has been exceeded (Item C-4(c)).

**CHARTER HALIBUT STAKEHOLDER COMMITTEE**  
**RECOMMENDATIONS TO REVISE COUNCIL'S MORATORIUM ALTERNATIVE**  
**APRIL 2006**

### Problem Statement

The Pacific halibut resource is fully utilized and harvest by the guided sport sector is demonstrating steady growth. To provide long term stability of the guided sport sector and lessen the need for regulatory adjustments, which destabilize the sector, the Council is embarking on development of a new management framework. In the interim, to address allocation issues between the guided sport and commercial sectors the guided sport sector is operating under a guideline harvest level (GHL). Harvest data indicate that the GHLs in Area 2C have been exceeded and are near levels established for Area 3A. This has resulted in a renewed effort to find a long-term solution. The Council has formed a stakeholder committee of affected user groups to consider management options and formulate recommendations for Council consideration in developing a management plan for the guided sector. Some of the past options under consideration include limiting entry or awarding quota share based on past involvement in the fishery. To address the potential against the rush of new entrants into the guided sport fishery, the Council is considering establishing a moratorium on the guided sport sector.

### Issue 1. Areas

Option 1. 2C and 3A

Option 2. For Areas 2C and 3A communities ~~previously identified under Amendment 66:~~

~~Suboption a. Exclude some or all of these communities~~

~~Suboption b. Provide community eligibility through CQE to purchase moratorium licenses  
- between 5 - 25 permits per community~~

~~Suboption c. Provide the qualifying CQE an option to request, on behalf of community residents, additional charter halibut moratorium permits from NMFS for use by residents in the community.  
- between 5 - 25 permits per community  
- permits requested would have limited duration for any one individual from 5 - 15 years~~

**Issue 2. Permits** would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership. Grandfather currently licensed vessels.

**Issue 3. Qualifying years** - State guide business registration for 2004 or 2005 with client activity for bottomfish effort logged in logbook for 2004 or 2005:

Option 1: minimum of ~~(1, 10, 20~~ 1, 5, 10, or 20) active logbook entry(ies) (1 trip) for bottomfish

Option 2: medical emergencies as developed recently for the commercial QS program and must have at least 1 year of ADF&G logbook activity from 1998-2005.

Option 3: military exemption, as developed recently for the commercial QS program and Army boats and must have at least 1 year of ADF&G logbook activity from 1998-2005 or 1 year of holding ADF&G guide license or guide registration from 1998-2005.

Option 4: under construction as of December 9, 2005, as developed recently for the commercial QS Program and must have at least 1 year of ADF&G logbook activity from 1998-2005.

Option 5: constructive losses (loss of vessels due to fire or sinking)

and (under all options) participation in the year prior to implementation unless active military service or medical emergency

### Issue 4. Owner v. Vessel

Option 1. ~~owner/operator or lessee~~ registered guide business owner or registered guide lessee during 2004 or 2005 and year of implementation

~~Option 2. vessel~~

**Issue 5. Mandatory evidence of participation:**

Charter businesses must be able to demonstrate the following requirements for each year of qualification – Use December 9, 2005 control date.

- A. Proof of USCG license for years claimed (recipient or hired skipper). For entire history; if can't prove then don't get history for that skipper, as required
- B. Proof of commercial charter insurance for each of the qualifying years claimed. For 2005
- C. Proof of USCG random drug test program for a business for each of the qualifying years claimed. Started in mid-90s; not redundant to USCG license; need to verify that these records are available; inspected vessels have to verify this; have to have this info at place of business for current and past years
- D. Submitted ADF&G logbooks showing groundfish effort for each of the qualifying years claimed.
- E. ADF&G Guide Business License for each of the qualifying years claimed  
Or CFEC license for years prior to Guide License Requirement
- F. Inspected vessels must show proof Certificate of Inspection was current for years claimed in order to receive more than one block for each 30 days of effort. A vessel that fished without an approved COI would be treated as a 6 pack during the years the COI was not current

~~1.State guide business registration~~

~~2.ADF&G logbook submitted in timely fashion, with bottomfish effort~~

Supplemental evidence of participation:

~~1.Alaska State business license~~

~~2.insurance for passenger hire~~

~~3.enrollment in drug testing program (CFR 46)~~

~~4.Coast Guard license~~

**Issue 6. Annual permit renewal criteria (use it or lose it)**

Option 1. do not require renewal

Option 2. must renew, minimum activity of ~~20 halibut charter days~~ equal to the preferred alternative selected under Issue 3, Suboption 1

Option 3. not renewable, if permit holder lets it expire

Option 4. emergency medical exception

**Issue 7. License Designations**

a. uninspected (6-packs) vessels : 6 clients;

b. inspected vessels: license designation is limited to highest number of clients on any given trip in 2004 or 2005, but not less than 4;

c. ~~12 packs~~ inspected vessels > 100 gross tons : grandfathered in at previous limit

d. new construction : 6 for uninspected and inspected vessels

e. constructive loss : previous limit

**Issue 8. Use caps, with grandfather<sup>1</sup> provision during the moratorium**

inspected vessels (limited to 6 or 12 clients) :

Option 1. 1

Option 2. 5

Option 3. 10

inspected vessels:

Option 1. 1

Option 2. 2

Option 3. 3

<sup>1</sup>Grandfather provisions to mirror the commercial halibut IFQ program (transferred vessels lose their grandfathered status; block retains grandfather status)

**Issue 9. Transfers** would be allowed, permits may be stacked, immediately transferable

**Issue 10. No leasing**

**Issue 11. Duration for review** - in effect until subsequent Council action

**Issue 12. Definition of bottomfish effort** for evidence of participation - any entry with recorded bottomfish statistical area, rods, or boat hours

**CHARTER HALIBUT STAKEHOLDER COMMITTEE  
RECOMMENDATIONS FOR PERMANENT SOLUTION ALTERNATIVES AND OPTIONS  
APRIL 2006**

**ALTERNATIVE 1. NO ACTION**

**ALTERNATIVE 2. ALLOCATION TO THE CHARTER HALIBUT SECTOR**

**Issue 1. Allocation**

Option 1. Fixed Percentage:

	<b>Area 2C</b>	<b>Area 3A</b>	<b>based on</b>
a.	16.37%	15.92%	125% of average harvest of 2000-2004, translated to percentage
b.	13.05%	14.11%	equal to the 1995-99 GHL, translated to percentage
c.	14.7%	12.9%	percentage of combined 2004 commercial/charter catch
d.	12.1%	12.9%	convert current GHL into percentage based on 2004

of: (some crosses are not applicable)

- i. Total Constant Exploitation Yield
- ii. Combined commercial/charter Fishery Constant Exploitation Yield
- iii. Combined commercial/charter catch limit

Option 2. Fixed Pounds

	<b>Area 2C</b>	<b>Area 3A</b>	<b>based on</b>
a.	1.693 Mlb	4.011 Mlb	update GHL to 2000-2004
b.	1.432 Mlb	3.650 Mlb	equal to the 1995-1999 GHL

Suboption 1. Without step up/down

Suboption 2. With stair step up/down provisions indexed to options i, ii, iii if changed by 5, 10, or 15% of the base years of the initial allocation

**Issue 2. Overage/Underage**

Option 1. apply overages/underages to the following year's allocations by sector

Option 2. allow overages/underages to be transferred across sectors

Option 3. 3 or 5 year rolling average of catch to determine if overage/underage occurred in latest year

Option 4.  $\pm$  5 or 10% overage/underage results in no management response and >5 or 10% overage/underage leads to change in measures

**Issue 3. Mechanisms to increase charter sector harvest**

Purpose statement: To provide: mechanism to increase charter sector harvests with compensation to the commercial sector; increased fishing opportunity to recreational anglers as demand grows; opportunity for charter sector growth in areas that are currently underdeveloped; and maintain stability in coastal communities.

Option 1. Allow the state to hold commercial QS/IFQ and transfer the poundage/percentage to the charter sector

Suboption 1. By purchase of commercial quota share

Suboption 2. By lease of commercial IFQs annually

Option 2. Allow use of commercial QS in the charter sector through permanent transfer (converted to fish) by purchase or conversion.

Eligibility

Suboption 1. Must hold a halibut charter limited entry permit to use commercial halibut QS in the charter fish

Suboption 2. Must hold a halibut charter limited entry permit and be a qualified participant in the commercial halibut fishery (i.e., hold a commercial transfer eligibility certificate) to use commercial halibut QS in the charter fishery

### Permanent Transferability

- Commercial QS is fully transferable across sectors and retains original class designations
- Allow commercial blocks to be split to transfer smaller pieces to the charter sector.
- Split blocks retain original block designations
- Allow transfer of any (A, B, C, or D) vessel class QS for use in charter sector
- Charter business may not hold more than 1 block of Class D QS  $\geq$  sweep-up level

- Option 3. Allow use of commercial IFQ in the charter sector through temporary leasing (converted to fish)
- < 10 percent of a commercial QS holder's IFQ may be annually leased to charter sector between private individuals
  - Allow commercial blocks to be split to transfer smaller pieces to the charter sector.

Suboption 1. Must hold a halibut charter limited entry permit to use commercial halibut IFQ in the charter fish

Suboption 2. Must hold a halibut charter limited entry permit and be a qualified participant in the commercial halibut fishery (i.e., hold a commercial transfer eligibility certificate) to use commercial halibut IFQ in the charter fishery

- Option 4. Allow charter halibut limited entry permit holders to convert their permits into increased allocation at initial issuance

Suboption 1. Each charter halibut permit is equal to percentage of charter sector allocation based on total number of charter permits (equal shares)

Suboption 2. Each charter halibut permit is equal to percentage of charter sector allocation based on class or other designation of limited entry permit

### **Issue 4. Mechanisms to finance compensated reallocation to the current charter sector to allow for growth**

- Option 1. Allow private entities to purchase commercial QS/IFQ and convert to charter allocation; lease back unused allocation at end of year (KACO plan)
- Option 2. Business Improvement District (tax on trips dedicated to certain purpose)
- Option 3. Funds from compensated transfer of unused charter allocation back to commercial sector
- Option 4. Allow State to hold IFQs in trust through State bonds (similar to bonds issued recently for construction of State hatchery)
- Option 5. Federal funding/grants/stamp to fund entities to purchase QS and convert to charter allocation

### **Issue 5. LIMITED ENTRY PROGRAM**

#### **1. Permit recipients**

- Permits would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership. Grandfather currently licensed vessels who do not meet above requirements until any change in ownership.
- Registered guide business owner or registered guide lessee during 2004 or 2005 and year of implementation
- Business may receive multiple permits associated with vessels owned by business

#### **2. Permit endorsement**

- for each area (2C and 3A)
- by vessel type (inspected vessels and uninspected/Super-T vessels)

### 3. Permit class

Option 1. No permit classes

Option 2. Permit class

Class A. Immediately transferable if more than or equal to a) 10; b) 30; or c) 50 days each year

Class B. Non-transferable if less than or equal to preferred alternative above [a) 10; b) 30; or c) 50 days] (except to underdeveloped communities immediately, if no permit class is designated)

Suboption. By port/subarea (placeholder for State of Alaska)

Option 3. Permit class based on 1998 - 2005 logbook records of total groundfish effort days per season (100 % transferable; stacking of permits is allowed up to use caps; immediately transferable)

Suboption A. Average of the 3 best years.

Suboption B. 1. Best year and

2. Must have a minimum of 10 annual trips for 3A, and minimum of 6 annual trips for 2C (eliminates Area 3A Class H and Area 2C Class G logbooks)

<u>Area 3A</u>			<u>Area 2C</u>	
	Trips	Avg. # Businesses	Trips	Avg. # Business
Class H	<10	82		
Class G	10 – 25	91	Class G <6	81
Class F	26 – 35	42	Class F 6 – 10	76
Class E	36 – 45	36	Class E 11 – 25	51
Class D	46 – 55	32	Class D 26 – 35	35
Class C	56 – 65	29	Class C 36 – 45	28
Class B	66 – 75	28	Class B 46 – 55	21
Class A	76 – 85 ceiling	25	Class A 56 – 65 ceiling	14
Unclassified	> 86 trips*	67	Unclassified > 66 trips*	71

Option 4. Angler day permit endorsement

Sub-option 1. equal to the maximum number of angler days fished in any one day on the vessel.

Sub-option 2. equal to best year of 1998-2005 for total number of angler days fished divided by effort days in the chosen season to determine the angler day endorsement.

Option 5. Angler-days (= 1 client fishing bottomfish/halibut in 1 day)

Initial issuance - award number of angler day units from ADF&G logbooks which correspond to:

Suboption 1. Total angler-days during 1998-2005

Suboption 2. Average angler-days during best 3 years from 1998 – 2005

Suboption 3. Total angler-days during best 3 years from 1998 – 2005

#### Transfers

Suboption 1. Angler days fully transferable:

1. Permanent: must go through NMFS (RAM division)

2. In-season transfers: allowed between charter businesses

Suboption 2. Angler days not transferable

### 4. Permit Transfers (through sale)

Anyone who can meet State and USCG licenses to charter or anyone who wants to hire skippers may purchase permit(s)

### 5. Permit Leases (in-season only; reverts to holder at beginning of next season)

Option 1. not allowed, except for medical transfer, military or constructive loss

Suboption 1: medical emergencies, modeled after proposed commercial QS program changes – needs additional clarification

Suboption 2: military exemption, modeled after proposed commercial QS program changes – needs additional clarification.

Suboption 3: constructive loss

Option 2. allowed, limited to use cap

## 6. Angler day endorsement leases

- Option 1. Allow transfers, limited to angler day endorsement caps and within permit class (if such is selected under Issue 3, Option 4)
- Option 2. Allow unlimited transfers  
Suboption. Substitute angler day permits for angler days in above options

## 7. Vessel replacement and upgrade (can switch between permit classes)

- a. inspected vessels
- b. uninspected vessels

- Option 1. Exclude upgrades of uninspected 12-packs over 100 gross t ("Super-T" (passenger for hire))
- Option 2. Grandfather uninspected 12-packs over 100 gross t

## 8. Vessel use caps, individually and collectively, with grandfather<sup>1</sup> provision

	uninspected (limited to 6 clients)	inspected and uninspected 12-packs >100 gross t
Option 1.	1 permit	Option 1. 1 permit
Option 2.	5 permits	Option 2. 2 permits
Option 3.	10 permits	Option 3. 3 permits

<sup>1</sup>Grandfathered status is lost if ownership changes, except for block - retains grandfather status

## 9. Permit use caps, individually and collectively, with grandfather<sup>1</sup> provision

	uninspected vessels (limited to 6 clients)	inspected and uninspected 12-packs >100 gross t
Option 1.	10 permits	Option 1. 3 permits
Option 2.	20 permits	Option 2. 6 permits
Option 3.	30 permits	Option 3. 9 permit

## 10. Permit renewal

- Option 1. do not require renewal
- Option 2. must renew annually  
Suboption. not renewable, if permit holder lets it expire

## 11. Permit stacking

- allowed, limited to use caps

## Issue 6. Communities

For Areas 2C and 3A communities:

Criteria for exclusion from list:

1. within 20, 40, 60, 80 nmi of major charter port<sup>1</sup> or
2. more than 10-50 charter trips (any species) per year during 2004-2005 listing that community as port of landing
3. 1-5 number of charter (any species) businesses active in a community:

Option 1. Allow community eligibility through Community Quota Entity (CQE) to *purchase* between 1-10 limited entry permits per community

Option 2. Allow the qualifying CQE to *request* between 1-10 non-transferable limited entry permits per community for use by residents in the community. Permits would have limited duration of 5 years after issuance of permit for use by any one individual. Permits would be issued: 10, 20, or 30 trips per permit in Area 2C and 20, 40, or 60 trips per permit in Area 3A

<sup>1</sup> Area 2C: Skagway, Juneau, Haines, Angoon, Elfin Cove, Gustavus, Petersburg, Wrangell, [Craig, Klawock], Ketchikan, Hoonah, Thorne Bay, Sitka, Whale Pass, Metlakatla; Area 3A, [Kenai, Soldotna], [Deep Creek, Ninilchik, Anchor Point], [Homer, Halibut Cove, Seldovia], Seward, Whittier, Valdez, Yakutat, Kodiak



Stakeholder Committee list of communities that may result from the above criteria

Area 2C	2000 Population	Area 3A	2000 Population
Coffman Cove	199	Akhiok	80
Edna Bay	49	Chenega Bay	86
Hollis	139	Karluk	27
Hydaburg	382	Larsen Bay	115
Kake	710	Nanwalek	177
Kassan	39	Old Harbor	237
Meyers Chuck	21	Ouzinkie	225
Pelican	163	Port Graham	171
Point Baker	35	Port Lions	256
Port Alexander	81	Tatitlek	107
Port Protection	63	Tyonek	193
Tenakee Springs	104		
12 communities	1,985	11 communities	1,674

**ALTERNATIVE 3. INCLUDE THE CHARTER SECTOR IN THE HALIBUT IFQ PROGRAM**

IFQs are an access privilege, not an ownership right. They may be revoked or limited at any time in accordance with the North Pacific Halibut Act as well as the Magnuson-Stevens Act, and other federal laws. Charter IFQ halibut may not be sold into commerce - i.e., all sport regulations remain in effect.

**Issue 1. Initial QS would be:**

13.05% in Area 2C and 14.11% in Area 3A of a combined charter and commercial quota  
 This is equal to 125% of corrected average 1995-99 charterboat harvest.  
 100% of an individual's QS would float with abundance.

**Issue 2. Initial allocation of QS would be issued to U.S. citizens or to U.S. companies on the following basis: 75% U.S. ownership**

registered guide business owner or registered guide lessee during 2004 or 2005 and year of implementation

**Issue 3. Qualification Criteria**

Participation in the charter halibut fishery by a business during any of the years 1998 – 2005 AND active participant in 2005 (or most recent year, depending on when analysis commences).

- A. Proof of USCG license for years claimed (recipient or hired skipper). For entire history; if can't prove then don't get history for that skipper, as required
- B. Proof of commercial charter insurance for each of the qualifying years claimed. For 2005
- C. Proof of USCG random drug test program for a business for each of the qualifying years claimed. Started in mid-90s; not redundant to USCG license; need to verify that these records are available; inspected vessels have to verify this; have to have this info at place of business for current and past years
- D. Submitted ADF&G logbooks showing groundfish effort for each of the qualifying years claimed.
- E. ADF&G Guide Business License for each of the qualifying years claimed  
 Or CFEC license for years prior to Guide License Requirement
- F. Inspected vessels must show proof Certificate of Inspection was current for years claimed in order to receive more than one block for each 30 days of effort. A vessel that fished without an approved COI would be treated as a 6 pack during the years the COI was not current

#### **Issue 4. Initial Distribution of QS:**

Option 1. Individual allocations shall be divided between two "pools" of recipients. The intent is that once the quota shares are determined for the recipients in "Pool 1" (1998 through 2001 "Pool 1") those shares are proportionately applied to the initial allocation amount for each area. The remainder of the allocation goes into "Pool 2" for recent participants.

Pool 1 ("Seniority"): Businesses qualified with 1998 through 2001 logbook catch history AND must have business participation in 2005 (or most current year) AND meet the legal qualifying criteria. Individual business owners would be issued QS based on their average effort reported in the ADF&G logbook for 1998 through 2001 for pool 1 (exclude years when not active (do not average 0 years))

Pool 2 ("Recency"): Active businesses (submitted at least one logbook that reported groundfish fishing days) between 2002 and 2005 AND whose business participated in 2005 AND met the legal qualifying criteria.

- Suboption 1. A recipient receives 25% of one potential share of this pool for each year of participation during 2002-2005 (four years). For example, a business with participation in all four years would receive a full share (100%). A business with participation in three years would receive 75% of a full share, etc.
- Suboption 2. Use angler day days for days fished to reward client effort (6 angler day days v 1 day for the same fishing trip). (or number of clients logged in, if angler days not filled out) (A year with no effort counts as "0") Skipper fish counts toward denominator, but not for numerator for QS and not against IFQs)

Option 2. Businesses qualified with 1998 through 2005 logbook catch history AND must have business participation in 2005 (or most current year) AND meet the legal qualifying criteria. Individuals will pick their best three years during 1998 and 2005 (include "0" for years less than 3) and average their total number of angler days for those three years. (groundfish where halibut not available)

#### **Issue 5. Transfer of QS:**

##### **Permanent QS transfers**

1. Initially issued QS to the charter sector is fully transferable within the charter sector.
2. QS from the commercial sector purchased by charter operators is fully transferable (two-way) across sectors and retains original designations.
3. QS issued to charter sector is non-transferable to the commercial sector
4. IFQs used in charter sector may/not be leased within the sector
5. IFQs from the commercial sector transferred for use in the charter sector could be leased to either sector

##### **Temporary transfers (IN-SEASON IFQ lease):**

1. [0, 20, 40, 60, 80, 100%] of a charter operators annual IFQ is leasable within the charter sector for no more than 2 out of 5 years of the program.
2. Leasing is defined as the use of IFQ on a charter vessel on which the owner of the QS has less than a 50% ownership interest.
3. a maximum of 30% of a charter operator's annual IFQ may be leased; up to 10% may be leased to commercial sector after August 15; up to 30% maybe leased to charter sector. (allows mop-up by either sector)

**Block restrictions** - allow splitting of commercial blocks to transfer a smaller piece to the charter sector - split blocks retain original designations.

**Vessel class restrictions** - from A, B, C, and/or D commercial vessel category sizes to charter sector, except that no charter business may hold more than 1 "D" category block equal to or above the sweep-up level.

#### **Issue 6. To receive halibut QS and IFQ by transfer:**

For the charter sector, must be an initial charter QS recipient or qualified as defined by State of Alaska requirements for charter businesses and registered guides and fulfill all legal obligations of the charter sector and hold USCG license or have hired a skipper who holds USCG license.

For the commercial sector, must have a commercial transfer eligibility certificate. All commercial rules apply to any provision that may permit the use of commercial QS/IFQ for commercial purposes by any entity in the Charter IFQ sector

#### **Issue 7. Caps**

1. use cap for charter QS holders only of 1 percent of combined charter and commercial QS units in Area 2C and ½ percent of combined QS units in Area 3A (for all entities, individually and collectively) and grandfather initial recipient at their initial allocation.
2. use caps for charter QS holders only of ½ percent of combined charter and commercial QS units for combined Areas 2C and 3A (for all entities, individually and collectively) and grandfather initial recipients at their initial allocation

#### **Issue 8. Miscellaneous provisions**

1. Maximum line limit of 12 in Area 3A (remains at 6 lines for Area 2C), grandfather initial recipients at maximum lines in 2005, however, line limits in excess of the maximum are non-transferable. Grandfather provisions are maintained upon transfer if entire holdings are sold; after splitting the holdings, they may not be recombined beyond maximum line limit
2. 10% underage provision of total IFQs (allow to carry over to next season - similar to commercial program).
3. A one-year delay between initial issuance of QS and fishing IFQs to allow reaction to initial issuance to match clients to QS prior to first season under program)
4. Halibut harvested aboard a charter vessel continues to be the property of the angler who caught the halibut provided the charter owner possesses sufficient IFQ

**Issue 9. IFQs associated with the charter quota shares may be issued in:**  
Numbers of fish (based on 5-year rolling average determined by ADF&G)

#### **Issue 10. Reporting:**

Placeholder for NOAA Fisheries Service

#### **Issue 11. Community set-aside**

- a. Set aside 1% of the combined commercial and charter halibut quota to communities with ¼ percent annual increases if utilized, to a maximum of 2 percent.
- b. Source of the set-aside: Equal pounds from the commercial and charter sectors.  
Option : proportional to split between sectors
- c. Sunset provisions: 10 years (starting in the first year of issuance). Persons currently participating in the set-aside program at the time of sunset would be allowed to operate within the guidelines of the program.

Criteria for exclusion from list:

1. within 20, 40, 60, 80 nmi of major charter port or
2. more than 10-50 charter trips (any species) per year during 2004-2005 listing that community as port of landing
3. 1-5 number of charter (any species) businesses active in a community
4. See Alternative 2, Communities for Stakeholder Committee list of communities that may result from the above criteria

**CHARTER IFQ STAKEHOLDER COMMITTEE**  
**Final Minutes**  
**Anchorage Alaska**  
**April 18 -20, 2006**

Dr. Dave Hanson, Chair  
Seth Bone  
Bob Candopoulos  
Ricky Gease  
John Goodhand  
Kathy Hansen  
Dan Hull

Joe Kyle  
Larry McQuarrie  
Rex Murphy  
Chaco Pearman  
Greg Sutter  
Kelly Hepler (2 days)

**I. and II. Agenda/Minutes** The committee approved the agenda and corrected minutes from its March 2006 meeting.

**III. Staff reports/Data Requests** The committee reviewed the results of a number of data requests to NOAA Fisheries Service and ADF&G from its March meeting. John Lepore, NOAA GC, reported that the federal government can create dedicated funds, similar 1918 legislation that created the federal duck stamp program. Congress would have to authorize NOAA Fisheries Service to charge fees beyond the cost of administering the permits. These funds then could be used to purchase commercial QS for transfer to the charter sector. NOAA is authorized to charge fees for IFQ and CDQ fee programs. Doug Vincent-Lang reviewed numerous data reports provided by ADF&G, at the committee's request. State logbooks required only halibut effort to be recorded, but not halibut harvests; this may not have been widely understood by participants. So, this may be a policy call by the Council as to whether to rely on logbook data for the analysis even though they were legally required to report, although all may not have complied. If the Council decided to use the logbooks, it could restrict their use as an on/off switch for evidence of participation (since it is likely that at some point in the season, the required halibut data (or groundfish proxy) was recorded, but their use may be more problematic for quota shares based on catch history. The majority of effort data was recorded for ADF&G statistical area and angler days fished. Staff suggested that the Council's December 2006 motion related to limits on a second halibut could be analyzed at 50, 100, 150 lb, indicating a trophy fish. Staff did not make recommendations on which day(s) of the week could be eliminated (per the Council's motion), but referenced the data that was provided to the committee in March. Scott Meyer provided maps of charter halibut fishing effort as previously requested.

**IV. Council update** Jane DiCosimo, NPFMC, reported on the Council's preferred alternative to reduce charter halibut harvests in Area 2C by implementing a 5-fish annual, and on a prohibition on the retention of charter fish by skippers and crew that the ADF&G Commissioner has indicated would likely be implemented by State regulation.

**V. Moratorium alternative** The committee reviewed Council action on the charter moratorium alternative and recommended streamlining its community options. **The committee recommended that the Council defer Issue 1, Option 2 (a and c) to the permanent solution (subsequent analysis)** because it is counterproductive to the goals of an interim moratorium on entry into the fishery. Suboptions a and c open a large loophole that could enable non-permitted operators to enter a business in certain communities that already have charter operations, further drawing down availability against an already strained resource. Communities would still have the option to purchase moratorium permits and (b) operators would still have the option to move an existing business to underdeveloped communities. The committee was concerned with the following:

- latent capacity results in reallocation from the commercial to charter sector
- aim to keep the analysis and program simple
- concern about awarding special privileges to certain communities at the exclusion of others
- all charter harvests apply to the GHL, so why exempt certain communities from moratorium
- permit holders can still move to underdeveloped communities

## **Community option under moratorium (from April 2006 Charter Halibut Stakeholder Committee minutes)**

### **Issue 1. Areas**

Option 1. 2C and 3A

Option 2. For Areas 2C and 3A communities previously identified under Amendment 66:

Suboption. Exclude some or all of these communities

Suboption b. Provide community eligibility through CQE to purchase moratorium licenses between 5 – 25 permits per community

Suboption c. Provide the qualifying CQE an option to request, on behalf of community residents, additional charter halibut moratorium permits from NMFS for use by residents in the community.

-between 5 – 25 permits per community

-permits requested would have limited duration for any one individual from 5-15 years

Phil Smith, NOAA RAM, reported on the requirements for implementation of moratorium permits, if adopted by the Council and approved by the Secretary. RAM staff requires a 60-day application period and 30-60 days to verify and issue permits after the moratorium program is published in the Federal Register and has become effective. To meet that timeline, **the committee unanimously recommended that the Council schedule initial review/final action on a moratorium for entry into the charter halibut fishery as quickly as possible regardless of the meeting location or date to ensure that the program could be implemented in 2008.**

The committee recommended a few other changes to the moratorium alternative to streamline and clarify some of the options. While businesses can hire a skipper, there may be practical reasons why owner/operators, who cannot charter due to medical or military circumstances, are unable to hire a skipper. It added a part under Issue 3, Option 3 to accommodate public testimony to the Council at its April 2006 meeting regarding a military exemption.

**Issue 3. Qualifying years** - State guide business registration for 2004 or 2005 with client activity for bottomfish effort logged in logbook for 2004 or 2005:

Option 1: minimum of (1, 10, 20, 1, 5, 10, or 20) active logbook entry(ies) (1 trip) for bottomfish

Option 2: medical emergencies as developed recently for the commercial QS program and must have at least 1 year of ADF&G logbook activity from 1998-2005.

Option 3: military exemption, as developed recently for the commercial QS program and Army boats and must have at least 1 year of ADF&G logbook activity from 1998-2005 or 1 year of holding ADF&G guide license or guide registration from 1998-2005.

Option 4: under construction as of December 9, 2005, as developed recently for the commercial QS Program and must have at least 1 year of ADF&G logbook activity from 1998-2005.

Option 5: constructive losses (loss of vessels due to fire or sinking)

**and** (under all options) participation in the year prior to implementation unless active military service or medical emergency

The committee recommended streamlining Issue 4 by dropping an option to assign the moratorium permit to the vessel, and clarified that "owner" meant the (current) registered guide business owner or registered guide lessee during 2004 or 2005 and year of implementation.

### **Issue 4. Owner v. Vessel**

Option 1. owner/operator or lesseeregistered guide business owner or registered guide lessee during 2004 or 2005 and year of implementation

Option 2. vessel

The committee streamlined the evidence of participation, and dropped supplemental evidence since it was not enforceable.

Based on staff comments, the committee recommended that NMFS RAM require an affidavit attesting that all Federal and State requirements for participating as a charter halibut business and/or operator have been met, otherwise numerous, mandatory proofs of compliance could lead to an evidentiary nightmare. These include the following listed under Issue 5.

**Issue 5. Mandatory evidence of participation:** Require signed affidavit that attests to:

Charter businesses must be able to demonstrate the following requirements for each year of qualification  
– Use December 9, 2005 control date.

- A. Proof of USCG license for years claimed (recipient or hired skipper). For entire history; if can't prove then don't get history for that skipper, as required
- B. Proof of commercial charter insurance for each of the qualifying years claimed.
- C. Proof of USCG random drug test program for a business for each of the qualifying years claimed. Started in mid-90s; not redundant to USCG license; need to verify that these records are available; inspected vessels have to verify this; have to have this info at place of business for current and past years
- D. Submitted ADF&G logbooks showing groundfish effort for each of the qualifying years claimed.
- E. ADF&G Guide Business License for each of the qualifying years claimed  
Or CFEC license for years prior to Guide License Requirement
- F. Inspected vessels must show proof Certificate of Inspection was current for years claimed in order to receive more than one block for each 30 days of effort. A vessel that fished without an approved COI would be treated as a 6 pack during the years the COI was not current

- 1.State guide business registration
- 2.ADF&G logbook submitted in timely fashion, with bottomfish effort

Supplemental evidence of participation:

- 1.Alaska State business license
- 2.insurance for passenger hire
- 3.enrollment in drug testing program (CFR 46)
- 4.Coast Guard license

The committee clarified language under Issues 6 and 7. Remaining issues were not modified.

**Issue 6. Annual permit renewal criteria** (use it or lose it)

Option 1. do not require renewal

Option 2. must renew, minimum activity of 20 halibut charter days equal to the preferred alternative selected under Issue 3, Suboption 1

Option 3. not renewable, if permit holder lets it expire

Option 4. emergency medical exception

**Issue 7. License Designations**

- a. uninspected (6-packs) vessels : 6 clients;
- b. inspected vessels: license designation is limited to highest number of clients on any given trip in 2004 or 2005, but not less than 4;
- c. 12-packsinspected vessels > 100 gross tons : grandfathered in at previous limit
- d. new construction : 6 for uninspected and inspected vessels
- e. constructive loss : previous limit

## **VI. Allocation alternative**

The committee reviewed numerous methods to create a permanent allocation to the charter halibut sector. It recommended that: 1) in-season management not be implemented because it would disrupt charter operations and potentially strand charter anglers; 2) mechanisms be implemented to prevent overages; and 3) post-season management be implemented to keep the sector within its allocation. It acknowledged that the amount or block size of commercial quota share that could be acquired to increase the charter allocation are optimal for new entrants in both the commercial and charter halibut fisheries and recommended appropriate limits on consolidation and transfers.

The committee decided against discussing initial allocation in order to focus on the mechanisms for a long term solution and due to the imbalance of sector representation on the committee. It recommended an allocation alternative that, with suboptions, includes 16 formulas for analysis. They include: 1) a percentage allocation that floats with abundance; 2) an allocation in pounds that stair-steps up and down with abundance; and 3) under either a percentage or poundage allocation, continue to manage in numbers of fish. There are four options for setting the allocation in percent: 1) translate the current GHL into percentages; 2) update the current GHL to 2000-2004 and translate into percentage; 3) determine the percentage of charter halibut catch of the combined commercial/charter catch in 2004; and 4) convert current GHL into percentage based on 2004 harvests. The committee added three methods for calculating the percentages, based on: a) Total Constant Exploitation Yield; b) Combined commercial/charter Fishery Constant Exploitation Yield; and c) Combined commercial/charter catch limit. The committee also included two options for setting the allocation in fixed pounds: 1) equal to the current GHL; and 2) updating the GHL to 2000-2004. The committee added two methods: a) without stair-step up and down; b) with stair step up/down provisions indexed to IPHC methods (a-c), if changed by 5, 10, or 15% of the base years of the initial allocation.

The committee noted that none of the options include IPHC research halibut (consistent with how the GHL was determined). Also, the allocation formulas reference actual catch, and not catch limits. The committee noted that without a stair step feature for fixed allocations, only the commercial sector would have a reduced allocation when stocks declined. Halibut abundance may change over the long term and more or different measures may need to be implemented in response. Declines may be mitigated by transferring (buying) commercial allocation to the charter sector. The committee noted that the commercial sector can better absorb increases than charter sector and may be less able to absorb declines, while the charter side can better plan under a fixed allocation. The committee noted more predictability for the charter sector occurred under the indexed stair-step, compared with a straight percentage. The majority of the committee opposed subarea allocations, while others abstained.

### Issue 1. Allocation

#### Option 1. Fixed Percentage:

Area 2C	Area 3A	based on
a. 16.37%	15.92%	125% of average harvest of 2000-2004, translated to percentage
b. 13.05%	14.11%	equal to the 1995-99 GHL, translated to percentage
c. 14.7%	12.9%	percentage of combined 2004 commercial/charter catch
d. 12.1%	12.9%	convert current GHL into percentage based on 2004

of: (some crosses are not applicable)

- i. Total Constant Exploitation Yield
- ii. Combined commercial/charter Fishery Constant Exploitation Yield
- iii. Combined commercial/charter catch limit

#### Option 2. Fixed Pounds

Area 2C	Area 3A	based on
a. 1.693 Mlb	4.011 Mlb	update GHL to 2000-2004
b. 1.432 Mlb	3.650 Mlb	equal to the 1995-1999 GHL
Suboption 1.	Without step up/down	
Suboption 2.	With stair step up/down provisions indexed to options i, ii, iii if changed by 5, 10, or 15% of the base years of the initial allocation	

The committee discussed overage/underage policy. IPHC staff recommended that catch limits should be adhered to as a policy. Council staff reviewed the commercial program: 1) overage >10% is a permit violation; 2) 0-10% is deducted from next year's allocation; and 3) underages up to 10% may be allocated next year. If overages were deducted off the next quotas, the committee questioned the confidence interval of data used in this accounting. If year 1 has an overage, but the projection for year 2 increases more than the year 1 overage, then do additional restrictive measures get triggered? The committee noted that better accommodations for transferring allocations to cover overages/underages are dependent on quality of catch accounting. The committee noted that the harvesting capacity differences between sectors does not allow the charter sector to benefit (e.g., from banking) from underages, compared with proposed quick management response to overages. The committee recommended that in-season management should not be implemented to minimize overages and underages. It recommended that

overages/underages within 5% of the allocations should not result in a management change, but that >5% overage should lead to restrictive measures. The committee noted a Canadian program that allowed underages to be contracted to the commercial sector. Those funds could be used to compensate reallocations and/or lease commercial QS to fund charter overages.

### **Issue 2. Overage/Underage**

- Option 1. apply overages/underages to the following year's allocations by sector
- Option 2. allow overages/underages to be transferred across sectors
- Option 3. 3 or 5 year rolling average of catch to determine if overage/underage occurred in latest year
- Option 4.  $\pm$  5 or 10% overage/underage results in no management response and >5 or 10% overage/underage leads to change in measures

The committee explored mechanisms to increase the charter sector harvest and to fund that reallocation from the commercial to charter sectors. While some are not regulatory amendments, the committee recommended that the analysis address all options.

### **Issue 3. Mechanisms to increase charter sector harvest**

Purpose statement: To provide: mechanism to increase charter sector harvests with compensation to the commercial sector; increased fishing opportunity to recreational anglers as demand grows; opportunity for charter sector growth in areas that are currently underdeveloped; and maintain stability in coastal communities.

- Option 1. Allow the state to hold commercial QS/IFQ and transfer the poundage/percentage to the charter sector
  - Suboption 1. By purchase of commercial quota share
  - Suboption 2. By lease of commercial IFQs annually
- Option 2. Allow use of commercial QS in the charter sector through permanent transfer (converted to fish) by purchase or conversion.

#### Eligibility

- Suboption 1. Must hold a halibut charter limited entry permit to use commercial halibut QS in the charter fish
- Suboption 2. Must hold a halibut charter limited entry permit and be a qualified participant in the commercial halibut fishery (i.e., hold a commercial transfer eligibility certificate) to use commercial halibut QS in the charter fishery

#### Permanent Transferability

- Commercial QS is fully transferable across sectors and retains original class designations
  - Allow commercial blocks to be split to transfer smaller pieces to the charter sector.
  - Split blocks retain original block designations
  - Allow transfer of any (A, B, C, or D) vessel class QS for use in charter sector
  - Charter business may not hold more than 1 block of Class D QS  $\geq$  sweep-up level
- Option 3. Allow use of commercial IFQ in the charter sector through temporary leasing (converted to fish)
    - < 10 percent of a commercial QS holder's IFQ may be annually leased to charter sector between private individuals
    - Allow commercial blocks to be split to transfer smaller pieces to the charter sector.
  - Suboption 1. Must hold a halibut charter limited entry permit to use commercial halibut IFQ in the charter fish
  - Suboption 2. Must hold a halibut charter limited entry permit and be a qualified participant in the commercial halibut fishery (i.e., hold a commercial transfer eligibility certificate) to use commercial halibut IFQ in the charter fishery
  - Option 4. Allow charter halibut limited entry permit holders to convert their permits into increased allocation at initial issuance
    - Suboption 1. Each charter halibut permit is equal to percentage of charter sector allocation based on total number of charter permits (equal shares)
    - Suboption 2. Each charter halibut permit is equal to percentage of charter sector allocation based on class or other designation of limited entry permit



**Issue 4. Mechanisms to finance compensated reallocation to the current charter sector to allow for growth**

- Option 1. Allow private entities to purchase commercial QS/IFQ and convert to charter allocation; lease back unused allocation at end of year
- Option 2. Business Improvement District (tax on trips dedicated to certain purpose)
- Option 3. Funds from compensated transfer of unused charter allocation back to commercial sector
- Option 4. Allow State to hold IFQs in trust through State bonds (similar to bonds issued recently for construction of State hatchery)
- Option 5. Federal funding/grants/stamp to fund entities to purchase QS and convert to charter allocation

The committee recommended a permanent limited entry program be implemented to replace the proposed interim moratorium on new entrants. It recommended an analysis of vessel classes under the limited entry program, so harvest restrictions would be implemented first on the most recent entrants rather than long-term, full-time operators as an option, or the allocation could extend all season lengths by X number of days if the classes had season lengths attached to it and additional allocation was purchased from the commercial sector. Vessel classes can be developed for each area/subarea (if and when they are defined). The committee recommended the same criteria as in the proposed moratorium alternative.

**Issue 5. LIMITED ENTRY PROGRAM**

**1. Permit recipients**

- Permits would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership. Grandfather currently licensed vessels who do not meet above requirements, until a change in ownership.
- Registered guide business owner or registered guide lessee during 2004 or 2005 and year of implementation
- Business may receive multiple permits associated with vessels owned by business

The committee recommended that all permits recognize vessel capacity to address latent capacity.

**2. Permit endorsement**

- for each area (2C and 3A)
- by vessel type (inspected vessels and uninspected/Super-T vessels)

Permit classes recognize longevity and full-time activity of a professional fleet and are intended to address latent capacity. Elements of the Seward tier plan and KACO plan were incorporated here.

**3. Permit class**

Option 1. No permit classes

Option 2. Permit class

Class A. Immediately transferable if more than or equal to a) 10; b) 30; or c) 50 days each year

Class B. Non-transferable if less than or equal to preferred alternative above [a) 10; b) 30; or c) 50 days]

(except to underdeveloped communities immediately, if no permit class is designated)

Suboption. By port/subarea (placeholder for State of Alaska)

Option 3. Permit class based on 1998 - 2005 logbook records of total groundfish effort days per season (100 % transferable; stacking of permits is allowed up to use caps; immediately transferable)

Suboption A. Average of the 3 best years.

Suboption B. 1. Best year and

2. Must have a minimum of 10 annual trips for 3A, and minimum of 6 annual trips for 2C (eliminates Area 3A Class H and Area 2C Class G logbooks)

<u>Area 3A</u>		Unclassified >86 trips 67	
	Trips	Avg. # Businesses	
Class H	<10	82	
Class G	10 – 25	91	<u>Area 2C</u>
Class F	26 – 35	42	Trips
Class E	36 – 45	36	Avg. # Business
Class D	46 – 55	32	Class G <6 81
Class C	56 – 65	29	Class F 6 – 10 76
Class B	66 – 75	28	Class E 11 – 25 51
Class A	76 – 85 ceiling	25	Class D 26 – 35 35
			Class C 36 – 45 28

Class B 46 – 55 21  
Class A 56 – 65 ceiling 14

Unclassified >66 trips 71

The committee discussed whether to recommend that Class G and H permits would expire after 5 years. The committee noted that businesses with >86 trips in 3A and >66 trips in Area 2C could be multi-boat businesses and each vessel will fall into one of the above classes or could be included in Class A. The committee noted that an analysis of vessels (instead of businesses) would move many Class A or B vessels to Class D or E vessels, for example. All classes are immediately and fully transferable. For a business/vessel to move between Areas 2C and 3A (or subareas, if adopted), it would have to sell in one area and buy in another. Stacking of permits is allowed up to use caps.

The angler day (rod) permit replaces the transferable seat concept. It could be used with multiple options or by itself. Angler days fished could be applied to either days or trips, depending on half/full day trip operations. It is tied to the years of logbook effort under Option 4. It aims to address latent capacity. Vessel classes could have an angler day designation as Class "A – 4," which translates to 85 days maximum with 4 angler days maximum in Area 3A, for example. To determine individual angler day limits, an applicant would use this formula: total angler days fished (or number of clients logged in, if angler days not filled out) divided by effort days in the chosen season, then round up. Example #1: 265 angler days fished divided by applicant's season of 72 effort days, equals a 3.68 average, rounded up to 4 angler days. In Area 3A, the business would have a Class B – 4 LLP; in Area 2C, it would have a Class A – 4 LLP. Certified vessels and 12 packs would use the same formula.

The committee discussed what would happen to operators whose main business plan is for 2 or 4 clients, but occasionally takes 6 clients. It recommended that the business could buy additional angler day permits to accommodate those extra clients. This program would not increase effort and could enhance enforcement. It could be developed as two separate permits or as an angler day endorsement on the limited entry permit. Options were included for optimal issuance of angler day permits (i.e., wide range of years or best year). A cap on angler day endorsements may not be necessary because permits and endorsements could be stacked. The committee wants to maintain entry level opportunity and has concerns regarding consolidation.

**Option 4. Angler day permit endorsement**

- Sub-option 1. equal to the maximum number of angler days fished in any one day on the vessel.
- Sub-option 2. equal to best year of 1998-2005 for total number of angler days fished divided by effort days in the chosen season to determine the angler day endorsement.

The committee recommended that an option that based a permit on angler days would address latent capacity. It noted that this may be a hybrid share-based system. Qualified recipients would be issued angler-day units = 1 client fishing bottomfish/halibut in 1 day, using logbook data. Three options for initial issuance and three options for transferability were recommended for analysis. The committee noted that this is very close to a Quota Share plan, but included it because it is tied to a combined allocation, which incorporates provisions that aren't included in the QS alternative.

**Option 5. Angler-days (= 1 client fishing bottomfish/halibut in 1 day)**

Initial issuance - award number of angler day units from ADF&G logbooks which correspond to:

- Suboption 1. Total angler-days during 1998-2005
- Suboption 2. Average angler-days during best 3 years from 1998 – 2005
- Suboption 3. Total angler-days during best 3 years from 1998 – 2005

Transfers

- Suboption 1. Angler days fully transferable:
  - 1. Permanent: must go through NMFS (RAM division)
  - 2. In-season transfers: allowed between charter businesses
- Suboption 2. Angler days not transferable

**4. Permit Transfers (through sale)**

Anyone who can meet State and USCG licenses to charter or anyone who wants to hire skippers may purchase permit(s)

The committee noted that leases need to be quickly issued, simple, and enforceable. Timely reporting would be required for these in-season transfers (leases expire at end of a season).

**5. Permit Leases**

- Option 1. not allowed, except for medical transfer, military or constructive loss
  - Suboption 1: medical emergencies, modeled after proposed commercial QS program changes – needs additional clarification
  - Suboption 2: military exemption, modeled after proposed commercial QS program changes – needs additional clarification.
  - Suboption 3: constructive loss
- Option 2. allowed, limited to use cap

**6. Angler day endorsement leases**

- Option 1. Allow transfers, limited to angler day endorsement caps and within permit class (if such is selected under Issue 3, Option 4)
- Option 2. Allow unlimited transfers
  - Suboption. Substitute angler day permits for angler days in above options

**7. Vessel replacement and upgrade (can switch between permit classes)**

- a. inspected vessels
- b. uninspected vessels
- Option 1. Exclude upgrades of uninspected 12-packs over 100 gross t (“Super-T” (passenger for hire))
- Option 2. Grandfather uninspected 12-packs over 100 gross t

The committee discussed whether to not have use caps, but recognized concerns of excessive consolidation. Vessel and use caps may be redundant only under some options. For example, if vessel class permits and angler day endorsements are selected, the vessel cap would limit the number of vessels that the business could operate but the permit cap would limit the number of angler day permits that could be stacked together. This is also why the two caps have such different ranges. However, the options under the vessel use cap and permit use caps may need to be switched.

**8. Vessel use caps, individually and collectively, with grandfather<sup>1</sup> provision**

- |                                    |   |
|------------------------------------|---|
| uninspected (limited to 6 clients) | inspected and uninspected 12-packs >100 gross t |
| Option 1. 1 permit                 | Option 1. 1 permit                              |
| Option 2. 5 permits                | Option 2. 2 permits                             |
| Option 3. 10 permits               | Option 3. 3 permits                             |

<sup>1</sup>Grandfathered status is lost if ownership changes, except for block - retains grandfather status

**9. Permit use caps, individually and collectively, with grandfather<sup>1</sup> provision**

- |  |  |
|--|--|
| uninspected vessels (limited to 6 clients) | F or inspected and uninspected 12-packs >100 gross t |
| Option 1. 10 permits                       | Option 1. 3 permits                                  |
| Option 2. 20 permits                       | Option 2. 6 permits                                  |
| Option 3. 30 permits                       | Option 3. 9 permit                                   |

**10. Permit renewal**

- Option 1. do not require renewal
- Option 2. must renew annually
  - Suboption. not renewable, if permit holder lets it expire

**11. Permit stacking - allowed, limited to use caps**

The committee has discussed the apparent conflict between limiting entry into the charter halibut sector while providing new entry opportunities for small, coastal communities which have underdeveloped charter halibut fisheries. Staff reminded the committee that a previous analysis discussed that: 1) providing opportunities for new entrants in communities that do not have charter operations is no guarantee that customers would be hiring those operators and 2) the reason for a lack of charter halibut operators in those communities was likely a lack of

clients. The committee discussed its fear of creating competition in communities that already had one or two operators.

The committee noted that a placeholder for subarea designations could be included under the community issue. For example, "K" class permit in Area 3A (around Kodiak which is intermediate between developed and underdeveloped for charter operations) could be created; under this option, those permits could have fewer angler day endorsements than the next class permit, by perhaps 10 days. The committee briefly discussed how to manage movement of QS between communities, but did not offer solutions until the State developed subarea management options.

### Issue 6. Communities

For Areas 2C and 3A communities:

Criteria for exclusion from list:

1. within 20, 40, 60, 80 nmi of major charter port<sup>1</sup> or
2. more than 10-50 charter trips (any species) per year during 2004-2005 listing that community as port of landing
3. 1-5 number of charter (any species) businesses active in a community:

Option 1. Allow community eligibility through Community Quota Entity (CQE) to *purchase* between 1-10 limited entry permits per community

Option 2. Allow the qualifying CQE to *request* between 1-10 non-transferable limited entry permits per community for use by residents in the community. Permits would have limited duration of 5 years after issuance of permit for use by any one individual. Permits would be issued: 10, 20, or 30 trips per permit in Area 2C and 20, 40, or 60 trips per permit in Area 3A

Stakeholder Committee list of communities that may result from the above criteria

Area 2C	2000 Population	Area 3A	2000 Population
Coffman Cove	199	Akhiok	80
Edna Bay	49	Chenega Bay	86
Hollis	139	Karluk	27
Hydaburg	382	Larsen Bay	115
Kake	710	Nanwalek	177
Kassan	39	Old Harbor	237
Meyers Chuck	21	Ouzinkie	225
Pelican	163	Port Graham	171
Point Baker	35	Port Lions	256
Port Alexander	81	Tatitlek	107
Port Protection	63	Tyonek	193
Tenakee Springs	104		
12 communities	1,985	11 communities	1,674

### VII. Quota Share Alternative

As it did under the Allocation Alternative, the committee decided against discussing initial allocation (Issue 1) in favor of long term goals and committee membership. The committee amended Issues 2 (Allocation Issued To) and 3 (Qualification Criteria) to conform to language previously adopted under the moratorium and QS alternatives. The committee devoted considerable time to discussing Issue 4 (Initial Distribution of QS) to address recent participants who entered the fishery after the Council adopted its preferred alternative in 2001.

<sup>1</sup> Area 2C: Skagway, Juneau, Haines, Angoon, Elfin Cove, Gustavus, Petersburg, Wrangell, [Craig, Klawock], Ketchikan, Hoonah, Thorne Bay, Sitka, Whale Pass, Metlakatla; Area 3A, [Kenai, Soldotna], [Deep Creek, Ninilchik, Anchor Point], [Homer, Halibut Cove, Seldovia], Seward, Whittier, Valdez, Yakutat, Kodiak

Issue 4 includes two methods for initial issuance of QS to (long-time and recent) participants. Option 1 would create two pools of participants for: 1) long-time participants (1998-2001) and 2) recent participants (2001+) who are still active. Pool 1 would receive an allocation equal to their harvest. Pool 2 would receive an allocation equal to the harvest earned by long-time participants who are no longer active. Pool 1 participants would be awarded individual shares based on their average effort, as reported in the 1998-2001 logbooks. Pool 2 participants would be awarded individual shares based on either of two suboptions: 1) a ¼ share of the pool for each year of active participation from 2002-2005 or 2) angler days fished from 2002-2005. Option 2 is simpler and does not provide a longevity bonus directly. Instead all participants are issued QS across vessels per business, based on cumulative number of angler days using the average of their three best years. This may be best for new entrants, but may also reward long-time participants. Skipper and crew halibut counts toward pool total (denominator), but not for individual's share (numerator) of QS/IFQs under both.

**Issue 4. Initial Distribution of QS:**

Option 1. Individual allocations shall be divided between two "pools" of recipients. The intent is that once the quota shares are determined for the recipients in "Pool 1" (1998 through 2001 "Pool 1") those shares are proportionately applied to the initial allocation amount for each area. The remainder of the allocation goes into "Pool 2" for recent participants.

Pool 1 ("Seniority"): Businesses qualified with 1998 through 2001 logbook catch history AND must have business participation in 2005 (or most current year) AND meet the legal qualifying criteria.

Individual business owners would be issued QS based on their average effort reported in the ADF&G logbook for 1998 through 2001 for pool 1 (exclude years when not active (do not average 0 years))

Pool 2 ("Recency"): Active businesses (submitted at least one logbook that reported groundfish fishing days) between 2002 and 2005 AND whose business participated in 2005 AND met the legal qualifying criteria.

Suboption 1. A recipient receives 25% of one potential share of this pool for each year of participation during 2002-2005 (four years). For example, a business with participation in all four years would receive a full share (100%). A business with participation in three years would receive 75% of a full share, etc.

Suboption 2. Use angler day days for days fished to reward client effort (6 angler days v 1 day for the same fishing trip). (or number of clients logged in, if angler days not filled out) (A year with no effort counts as "0")

Option 2. Businesses qualified with 1998 through 2005 logbook catch history AND must have business participation in 2005 (or most current year) AND meet the legal qualifying criteria. Individuals will pick their best three years during 1998 and 2005 (include "0" for years less than 3) and average their total number of angler day days for those three years. (groundfish where halibut not available)

The committee recommended that: 1) any initial charter QS allocation be non-transferable (through sale) to the commercial sector; 2) the analysis examine whether IFQs may or may not be transferred (leased) within the sector; and 3) charter QS/IFQs be transferable within the charter sector for each area; and 4) commercial IFQ transferred to the charter sector could be leased to either sector. The committee noted that charter operators could decide that leasing their QS or IFQs is more profitable than fishing and that the Council should consider whether such activities conform to its policy for this fishery.

**Issue 5. Transfer of QS:**

**Permanent QS transfers**

1. Initially issued QS to the charter sector is fully transferable within the charter sector.
2. QS from the commercial sector purchased by charter operators is fully transferable (two-way) across sectors and retains original designations.
3. QS issued to charter sector is non-transferable to the commercial sector
4. IFQs used in charter sector may/not be leased within the sector
5. IFQs from the commercial sector transferred for use in the charter sector could be leased to either sector

**Temporary transfers (in-season IFQ lease):**

1. [0, 20, 40, 60, 80, 100%] of a charter operators annual IFQ is leasable within the charter sector for no more than 2 out of 5 years of the program.
2. Leasing is defined as the use of IFQ on a charter vessel on which the owner of the QS has less than a 50% ownership interest.
3. a maximum of 30% of a charter operator's annual IFQ may be leased; up to 10% may be leased to commercial sector after August 15; up to 30% maybe leased to charter sector. (allows mop-up by either sector)

The committee did not amend Issue 6 (To receive halibut QS and IFQ by transfer), Issue 7 (Caps), Issue 8 (Miscellaneous provisions), or Issue 9 (IFQs issued in numbers of fish). Issue 10 (Reporting) was left as a placeholder for NOAA Fisheries Service. The allocation under Issue 11 (Community set aside) was not amended, but the committee recommended criteria for determining which communities would be affected to match language under Alternative 2. NOAA Fisheries Service would collect fees to recover incremental costs of administering the program; premised upon ex-vessel value of fish (in the commercial context).

Regarding miscellaneous provisions, committee members expressed concerned about the potential for ADF&G to revise its methodology for determining average weight of charter halibut used to convert numbers of fish into pounds for accounting purposes. It was pointed out that changes in estimates are dwarfed by changes in stock assessments. Some members wanted to lock in ADF&G methodology for determining average weight. ADF&G staff favored incorporating new data or statistical methods into the determination of average weight. The committee raised a general question regarding the 4<sup>th</sup> miscellaneous provision. Electronic daily reporting was determined to be a method for anglers to verify that the operator has sufficient IFQs to cover the angler's harvest.

**VIII. GHL Alternative** The committee considered a separate alternative to revise the GHL with options to add a stair step up/ down or to convert the GHL to a percentage. The committee contrasted the fairness of the current GHL versus time and effort taken away from implementing a permanent solution. After careful consideration, the committee chose not to make revisions to the GHL but instead would like to put a priority on the analysis of a long term solution. Any changes that might have been recommended for GHL revisions occur under the allocation alternative.

**IX. Other alternatives** Several proposals were not included as separate alternatives for analysis, although some had elements which were incorporated into the above alternatives. Under a "Queue Model," access to charter halibut would be gained by the purchase of a harvest ticket or license endorsement by the charter angler. Committee members were concerned about including non-guided anglers under an allocation and the possibility of individual non-guided and charter anglers having difficulty matching their fishing interest with getting a required halibut harvest ticket, and the potential negative effects on tourism. Also, the tickets would accrue value, and could leave fish unharvested if anglers can not easily transfer their ticket to another charter angler. The committee also reviewed an "ABC Plan," whereby vessel classes would be created based on longevity in the charter sector under different allocations. It did not adopt the plan as a distinct option because the concept had been incorporated previously into the alternative. The committee included elements of the "KACO plan," "Valdez leveling plan," and the "Ward option" under Issue 4.

**X. Other business** Gregg Williams distributed a paper presented to the *Sharing the Fish 2006 Conference* [http://www.fakr.noaa.gov/npfmc/current\\_issues/halibut\\_issues/stakeholder/April/CommercialRecreationalCanada.pdf](http://www.fakr.noaa.gov/npfmc/current_issues/halibut_issues/stakeholder/April/CommercialRecreationalCanada.pdf)

**XI. Next meeting** The committee will meet again in Fall 2006 to review the draft moratorium analysis and a report on the permanent solution analysis.

**XII. Adjourn** The meeting adjourned at approximately 4 pm on Thursday, April 20, 2006.

**Attendance** Staff included: Jane DiCosimo, NPFMC; Gregg Williams, IPHC; John Lepore, NOAA General Counsel; Jason Gasper and Phil Smith, NOAA Fisheries Service; Doug Vincent-Lang and Scott Meyer, ADF&G Sportfish Division, Sue Aspelund, ADF&G. Members of the public included: Donna Bondioli, Bryan Bondioli, Holly Van Pelt, and Ed Hansen.

# CHARTER IFQ STAKEHOLDER COMMITTEE

## Final Minutes Anchorage Alaska March 21-23, 2006

Dr. Dave Hanson, Chair  
Seth Bone  
Bob Condopoulos  
Ricky Gease (2 days)  
John Goodhand  
Kathy Hansen  
Dan Hull

Joe Kyle (1 day)  
Larry McQuarrie  
Rex Murphy  
Chaco Pearman  
Greg Sutter  
Kelly Hepler (1½ days)

**Agenda/Minutes** The committee approved corrected minutes from its February 2006 meeting. The committee reviewed the agenda, discussed the two charges to the committee, and the draft organizational chart that staff prepared based on the committee's actions from its February meeting. In December 2005, the Council first tasked the Stakeholder Committee with developing two permanent solutions (a percentage allocation and quota share program with recent participants) to problems in the fishery. In February 2006, the Council tasked the committee with also developing recommendations for interim solutions, based on recommendations from the GHIL Committee. After considerable discussion, the committee concluded that it not recommend that the Council address interim solutions, in favor of developing permanent solutions on a faster timeline than could be achieved if interim solutions were also implemented.

**Data Requests** The committee reviewed the results of a number of data requests from its February meeting. Gregg Williams, IPHC, addressed questions that were posed by the committee in February 2006, which related to the separate accountability proposal. The committee compared IPHC biomass estimates as it was understood in 2000 when the GHIL preferred alternative was selected and current biomass estimates from the 2005 halibut stock assessment. Halibut abundance is much greater now than was believed to have occurred then. Area 2C halibut abundance is on an upward trajectory, while Area 3A abundance is declining. This led to a discussion on the appropriateness of the fixed GHIL relative to increased commercial catch limits that resulted from revised stock assessments.

During its review of requested ADF&G sportfish data, committee requested that ADF&G revise their responses to its February data requests by revising the tables: (1) to address bottomfish effort only (exclude salmon); (2) address all registered participants rather than active; (3) by using bar graphs to depict businesses with bottomfish trips; (4) by using bar graph to define those vessels/participants whose business plans combine halibut and salmon trips, and part-timer operations; (5) to produce color graphs of distributions of charter halibut harvest by port for each year on ADF&G statistical maps; (6) logbooks report how many new/dropped out operations occurred each year for 1998 – 2005. The committee also requested additional detail on: 1) the State proposal for limits on the 2<sup>nd</sup> halibut in the bag limit; 2) the State proposal for limits on days when charter fishing would be allowed; 3) how ADF&G would modify its estimation procedure if skippers and crew are limited from retaining halibut while clients are onboard; 4) how to interpret logbook trips when no effort was recorded (1 percent of logbooks).

Doug Vincent-Lang, ADF&G, provided the State position on charter halibut management issues:

1. supports LAMPs, but through Board of Fisheries and not by Council initiative
2. orderly compensated reallocation through fees on guided sport industry ("buyback of QS", or fish stamp required on sport fish license) through State legislation
3. not use logbooks for in-season management
4. seeking delegation of authority to the State for pre-season management under current GHILs from Congress
5. supports parallel tracks (Federal and State) for moratorium on entry
6. supports percentage allocation in smaller geographies than IPHC area.



In its discussions of mechanisms to raise funds to compensate the commercial sector for any increased allocation to the charter sector, the committee learned of a State proposal to the Legislature for a charter stamp. Between \$500,000 and \$1,000,000 could be generated into a dedicated charter fishery fund (not specific to halibut, since fees come from all species) with either a \$5 or \$10 stamp. Funds could be used to permanently purchase commercial QS (it would occur separate from the king salmon stamp for all anglers). Funds are proposed to be used for a "buyback" of commercial quota. The State can implement an "access fee" for non-residents only if it were directed to all saltwater fish (including, but not only, halibut). The committee noted that non-profit entities could also be formed to purchase commercial QS for transfer to the charter sector. Pull tabs or "rippies" were identified as one possible way to raise needed funds through a voluntary process, rather than through fees.

The committee noted that the commercial sector would like any QS purchase to be able to be transferred back to the commercial sector. Commercial QS purchases should be limited to charter halibut demand, and not impact entry level opportunities for the commercial sector (i.e., do not include D shares). The committee heard that the State is opposed to federal stamps.

The committee requested that NOAA staff report to the committee at its April meeting on the possibility of a federal charter stamp. John Lepore, NOAA General Counsel, and Jason Gasper, NOAA Fisheries Service, reported that the Federal government can only charge fees commensurate with recovering administrative costs incurred in issuing permits (i.e., you can charge for issuing permits). For IFQ programs, the Federal government can charge fees (not to exceed 3% of ex-vessel value) for the actual costs directly related to the management and enforcement of the particular IFQ program. Fees could not be used to raise funds for a QS buyback program. Staff was requested to address:

- whether the federal duck stamp has dedicated funding;
- would Congressional authorization be required to implement an access fee to charter halibut anglers to generate funding for permanent QS purchase to reallocate from commercial to the charter sector;

**Guideline Harvest Level** The committee talked about the GHL several times throughout the three day meeting. The committee discussed whether to recommend that the Council initiate an analysis to mirror a stair step up with abundance, which would mirror the stair step down in regulations. Charter representatives view an increase to the GHL with increased abundance increases as a matter of fairness and an essential part of the GHL program. They felt that the Council should amend the regulations to add a stair-step up to the GHL to mirror the stair-step down, as a part of short term GHL revisions. Commercial representatives felt it was more appropriate to work on long term alternatives first, to avoid recommending interim measures that did not make sense with options developed for a long term plan.

At the end of the last day, the committee revisited the stair step issue as part of a discussion about whether to change language in the Federal Register to take into consideration the IPHC's hindcasting of biomass and to avoid a stair step down. The committee discussed that IPHC estimates of halibut biomass were much lower when the GHL program was designed. Instead, new model estimates in Areas 2C and 3A now demonstrate a higher level of halibut abundance.

Following the discussion described above, the committee develop a motion recommending that the Council take no action on proposed measures to implement the GHL and instead, fast track a moratorium leading to a permanent solution, which may include a percentage allocation, limited entry program or an IFQ program. This recommendation was adopted by the committee based on its comparison of halibut abundance estimates then and now. One commercial representative and the State representative were absent when the committee voted on this motion. Two commercial representatives abstained so as not to impede the ability of the group to work together in the future on the long term solutions and to make the point that the moratorium and the long term solutions are priorities. The abstentions were not an implicit support of the recommendation that the Council take no action on the GHL management measures.

In its justification for the recommendation, the committee noted that preliminary 2005 charter halibut harvests suggest a decline since 2004, with harvests in Area 3A projected to be below the GHL and Area 2C at 14 percent above the GHL. The anticipated action by ADF&G to prohibit captain and crew fish in charter bottomfish

fisheries in Area 2C to address declining demersal shelf rockfish biomass also would lower Area 2C charter halibut harvests. The committee is developing long-term solutions that include a percentage allocation that would float up and down with halibut abundance. The charter stakeholder committee is committed to rapidly develop a long term solution. A moratorium is a critical first step in achieving this goal.

To that end, the committee streamlined its recommendations for moratorium elements and options.

**Separate accountability proposal** The committee recommended that the Council take no action on the ALFA proposal in April 2006. The committee felt that proposal was not appropriate in the GHL program because it could lead to in-season management, which is a consequence the Council and the charter sector have sought to avoid under the GHL. The committee thought that it could be considered under long term solutions being addressed by the committee.

**Moratorium** Council staff reviewed the suite of alternatives considered by the Council in two previous analyses for a charter halibut moratorium and the commercial groundfish and crab moratorium, and the Gulf of Mexico headboat permit moratorium. The committee reviewed draft moratorium options prepared by committee members for debate. The committee recommended that the Council initiate an analysis at its April 2006 meeting to consider a moratorium on entry into the charter halibut fishery, consistent with the Council's December 9, 2005 control date on entry into this fishery. The committee streamlined its final recommendations on alternatives, elements, and options to speed the preparation, analytical review, and implementation of a moratorium due to the urgency of the issue (Attachment 1).

Additional details for analysis are needed for "underdeveloped" coastal communities in Areas 2C and 3A. The committee has recommended consideration of excluding such communities from the moratorium, and allowing new entrants there only. The committee had hoped to rely on past action by the Council on this issue under the 2001 charter halibut analysis, but only criteria were developed and not a list of communities. Staff provided an excerpt from the 2001 analysis, which identified two different lists of communities that could be eligible, depending on final action. Halibut Cove appearance on the list raised questions by committee members. To refine this element of the analysis, the Council could: 1) define the criteria or list of communities in June based on past analysis; 2) task it to staff to further scope the element in the recommended moratorium analysis; 3) assign the issue to committee: a) Stakeholder Committee (which can not meet between May and September); b) GOA Coastal Communities Committee; or c) other committee.

**Percent allocation alternative** The committee began its development of the percentage allocation alternative, but did not complete its development of this alternative. The committee will finalize its recommendations at its April meeting, and forward those recommendations for Council consideration at its June meeting. The allocation alternatives were presented for discussion purposes and should not be taken to mean that all of them are supported by members of the committee. The committee made preliminary recommendations for options for the allocation and limited entry options. Final recommendations will be forwarded to the Council for its June deliberations. Preliminary recommendations for some elements and options follow.

- Option 1. Based on 125% of average harvest of 2000-2004 (updated GHL)
  - a. 16.37% for Area 2C and 15.92% for Area 3A (of combined commercial/charter catch limit)
  - b. 1.693 Milb for Area 2C and 4.011 Milb for Area 3A
- Option 2. Based on 125% of average harvest of 1995-99 (adopted GHL)
  - a. 13.05% for Area 2C and 14.11% for Area 3A (relative to)
  - b. 1.432 Milb for Area 2C; 3.650 Milb for Area 3A; w/stair step up and down
- Option 3. Based on charter portion of combined commercial/charter catch)
  - 14.7% in Area 2C; 12.9% in Area 3A
- Option 4. Convert current GHL into percentage based on 2004 combined commercial/charter fishery
  - 12.1% of Area 2C; 12.9% of Area 3A

-Options 1 and 2 use catch limits in the denominator; Options 3 and 4 use catch in the denominator  
-includes qualifying period; but not IPHC research fish, consistent with GHL

The committee discussed how a fishery allocation would be managed under the IPHC process at length. There was some confusion on how the proposed IPHC process of setting a combined fishery catch limit interacts with the ALFA proposal for separate accountability. Staff clarified that the effects of the ALFA proposal would be the same under a fixed GHL or percentage allocation.

## Toolbox

- Subarea allocations/Super-exclusive area registration Doug Vincent-Lang spoke regarding the Commisisoner's interest in developing subarea management for charter halibut, through some combination of LAMPs, subarea alloctions, and super-exclusive areas. A majority of the committee was opposed to this element, while other members abstained. More detail will be available in revised ADF&G tables and graphs at the April committee meeting to assist in continued deliberation on this issue. The committee questioned how these programs would interact; would different lines be drawn for different purposes. The committee requested more detailed info/proposal from ADF&G by port/stat area for subarea allocations for continued committee discussion
- Annual limits Doug Vincent-Lang reported that the State proposed annual limits as a necessary management tool, but only one of many tools in the toolbox, to slow harvest. It can be enforced by crosschecking license and logbook data. The committee noted that there are a small percentage of anglers that harvest more than 4 halibut, and that this proposal would affect high end, multi-day anglers with limited effect on day anglers. The committee recommended that the analysis consider: 1) effects on other species if limits are placed on halibut and 2) the percent of charter vessels/operators that would be affected. The committee recommended options of: 4, 6, 8, 10 halibut per charter angler per year.
- Compensated reallocation The committee deferred action on this issue until it can review additional information to be provided to the committee in April.
- Kodiak Association of Charter-boat Operators (KACO) Plan The committee reviewed the KACO proposal, which was distributed prior to the meeting. It proposes to: 1) float the GHL (or allocation) with abundance; 2) forming a non-profit organization to purchase commercial QS for reallocation to the charter sector; 3) lease unused portion of the GHL (or allocation) to the commercial sector; 4) create a state charter halibut stamp to generate revenues to purchase commercial QS; 5) split halibut bycatch reductions between the commercial and charter sectors on a percentage basis; 6) implement the Seward Tier Management Plan when the GHL is exceeded (vessels would be categorized into different tiers and measures could be implemented differentially between tiers). The KACO plan would eliminate community set asides because it would leave the fishery under open access.
- Limited entry The committee developed a preliminary suite of elements and options for a limited entry program under the percent allocation alternative (Attachment 2).

**Next meeting** The committee added a third day to its next meeting, April 18-20, 2006 in Anchorage.

**Adjourn** The meeting adjourned at approximately 5 pm on Thursday, March 23, 2006.

**Attendance** Staff included: Jane DiCosimo, NPFMC; Gregg Williams, IPHC; John Lepore, NOAA General Counsel; Jason Gasper, NOAA Fisheries Service; Doug Vincent-Lang, Scott Meyer, and Mike Jaenicke, ADF&G Sportfish Division. Members of the public included: Donna Bondioli, Bryan Bondioli, Burnis W. Sims, Dan Falvey, and Ed Hansen.

**CHARTER IFQ STAKEHOLDER COMMITTEE  
MORATORIUM ALTERNATIVE  
March 23, 2006**

**Issue 1. Areas**

- Option 1. 2C and 3A
- Option 2. Area 2C and 3A, exclude those communities previously identified by the Council

**Issue 2. Permits** would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership.  
Grandfather currently licensed vessels.

**Issue 3. Qualifying years** - State guide business registration for 2004 or 2005 with client activity for bottomfish effort logged in logbook for 2004 or 2005:  
Option 1: minimum of (1, 10, 20) active logbook entry (1 trip) for bottomfish  
Option 2: medical emergencies as developed recently for the commercial QS program  
Option 3: military exemption, as developed recently for the commercial QS program and Army boats  
Option 4: under construction as of December 9, 2005, as developed recently for the commercial QS program  
Option 5: constructive losses  
**and participation in the year prior to implementation**

**Issue 4. Owner v. Vessel**

- Option 1. owner/operator or lessee
- Option 2. vessel

**Issue 5. Mandatory evidence of participation:**

1. State guide business registration
2. ADF&G logbook submitted in timely fashion, with bottomfish effort

**Supplemental evidence of participation:**

1. Alaska State business license
2. insurance for passenger hire
3. enrollment in drug testing program (CFR 46)
4. Coast Guard license

**Issue 6. Annual permit renewal criteria (use it or lose it)**

- Option 1. do not require renewal
- Option 2. must renew, minimum activity of 20 halibut charter days
- Option 3. not renewable, if permit holder lets it expire
- Option 4. emergency medical exception

**Issue 7. License Designations**

1. uninspected (6-packs) vessels : 6 clients;
2. inspected vessels : License designation is limited to highest number of clients on any given trip in 2004 or 2005, but not less than 4;
3. 12-packs : grandfathered in at previous limit;
4. new construction : 6 for uninspected and inspected vessels;
5. constructive loss : previous limit

**Issue 8. Permit use caps, with grandfather<sup>1</sup> provision during the moratorium**

- |   |                           |
|---|---------------------------|
| <u>uninspected vessels</u> (limited to 6 or 12 clients) : | <u>inspected vessels:</u> |
| Option 1. 1   | Option 1. 1               |
| Option 2. 5   | Option 2. 2               |
| Option 3. 10  | Option 3. 3               |

<sup>1</sup>Grandfather provisions to mirror the commercial halibut IFQ program (transferred vessels lose their grandfathered status; block retains grandfather status)

### **Additional provisions**

- Transfers would be allowed, permits may be stacked, immediately transferable
- No leasing
- Duration for review - in effect until subsequent Council action
- Definition of bottomfish effort for evidence of participation - any entry with recorded bottomfish statistical area, rods, or boat hours

**CHARTER IFQ STAKEHOLDER COMMITTEE  
PRELIMINARY DRAFT  
LIMITED ENTRY OPTION  
March 23, 2006**

**License Class by regulatory area 2C and 3A**

Option 1. no license classes

Option 2. License class:

Class A. 1. Immediately transferable

2. more than or equal to a) 10; b) 30; or c) 50 days

Class B. 1. non-transferable, except to underdeveloped communities immediately, if Issue 1, Option 1 is selected

2. less than or equal to preferred alternative above [a) 10; b) 30; or c) 50 days]

Option 3. License class:

Class A. 1999 and earlier; and most recent year

Class B. 2000-2002; and most recent year

Class C. 2003-2005; and most recent year

Suboption to Options 2 and 3. By port/subarea

Yet to be defined

-Vessel classes created in case harvest restrictions would be implemented, then most recent entrants and latent capacity take the first hit.

-could be addressed differently in each area, perhaps for subareas – next meeting

-look at CFEC permits for permit classes on finer geographic areas, state reg areas

**License recipients** Permits would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership. Grandfather currently licensed vessels.

**Owner v. Vessel**

Option 1. owner/operator or lessee

Option 2. vessel

**License Designations –**

Option 1. no designation

Option 2. area designation (2C and 3A)

Option 3. subarea designation

e.g., in Area 3A, create K class (around Kodiak intermediate between developed and underdeveloped); reduce by 10 days

*committee will develop criteria for April 2006 meeting*

Option 4. license designation

1. inspected

2. uninspected

Option 5. license designation

1. ave. no.clients (rods fished)

2. historical high per boat, upgrade by purchase seat share to step up to limit of class permit

Option 6. angler permit

Angler day option within limited entry plan (to address latent capacity, but rights based? Similar to transferable seat option)

**Limited Entry Permits:** would be issued to moratorium permit holders

Initial issuance of angler-day units:

(Angler day unit= 1 client fishing bottomfish/halibut in 1 day)

Using logbook data, determine number of angler days per vessel

Award number of angler day units that correspond to:

- a) Most recent year total
- b) Average of 2-3 most recent years
- c) Best of 2-3 most recent years

**Transfers** - fully transferable, but need angler days to fish halibut

Angler days have two types of transfers:

Option 1. Permanent: must go through NMFS (RAM division)

Option 2. In-season transfers: allowed between private parties (doesn't need to go through NMFS)

### **Enforcement / Administration**

NMFS issues certificates annually (1 certificate per angler-day unit)

Before client starts fishing halibut, certificate must be filled out date, client name, fishing license #. Certificates stay on board vessel during trip and are turned in with that day's logbook sheet.

Tie the certificate to the harvested fish;

salmon trips that catch halibut should have certificates for that trip(?); how to handle if only 1 halibut is caught – do all fishermen require a certificate

needs mechanism to grow under increased allocation thru compensated reallocation and increased abundance

**Angler permit** – would makes fishery more efficient; affects capacity because it would not issue more permits than earned. The committee will discuss this proposal offline and report its recommendations at the April committee meeting

**Who may purchase license** - Permits would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership. [Anyone who can meet State and USCG licenses to charter or anyone who wants to hire skippers]

### **Leasing**

Option. 1 not allowed, except for medical transfer, military or constructive loss

Suboption 1: medical emergencies as developed recently for the commercial QS program

Suboption 2: military exemption, as developed recently for the commercial QS program and Army boats

Suboption 3: constructive loss

Option 2. allowed, limited to cap

### **Vessel replacement and upgrade**

Option 1. inspected vessels

Option 2. uninspected vessels

Grandfather 12-packs gross tonnage over 100 gross t, does not require lifeboats (super T (passenger for hire) typically not fishing from boat, more like tourboats)

<b>Vessel use caps, with grandfather<sup>1</sup> provision during the moratorium</b>	
inspected vessels (6 +12) :	for inspected vessels:
Option 1. 1	Option 1. 1
Option 2. 5	Option 2. 2
Option 3. 10	Option 3. 3

<sup>1</sup>Grandfather provisions to mirror the commercial halibut IFQ program (transferred vessels lose their grandfathered status; block retains grandfather status)

**Annual permit renewal (use it or lose it)**

- Option 1. do not require renewal
- Option 2. must renew
- Option 3. not renewable, if permit holder lets it expire

**Transfers**

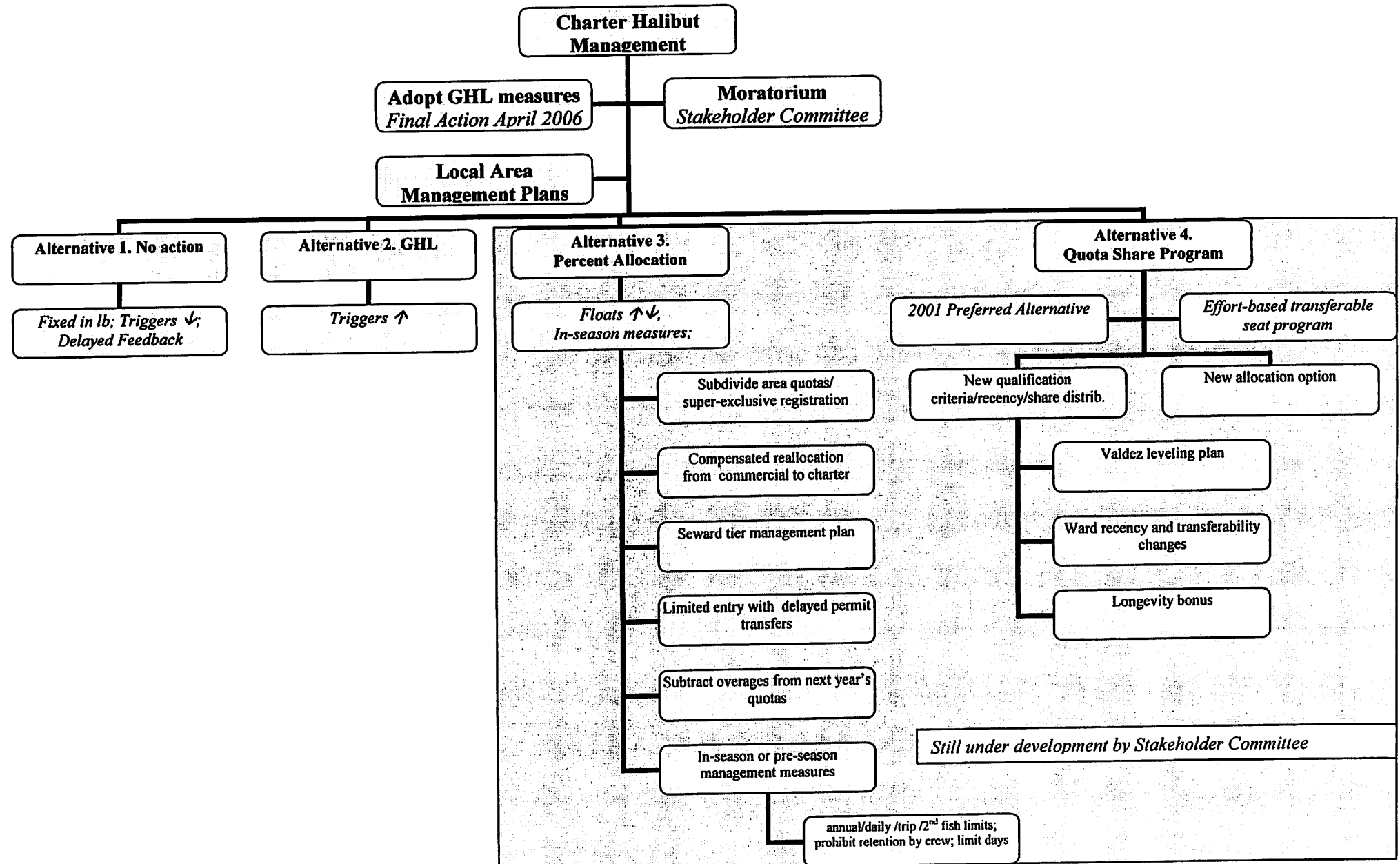
- Option 1: allowed (see Issue 3)
- Option 2. permit stacking is allowed (tied to use caps)
- Option 3. Permit Class for each area
  - 1. No permit class
  - 2. Permit class with immediate transferability
    - Immediately transferable (A): more than or equal to a) 10 b) 30 c) 50 days
    - Non-transferable (B), except to underdeveloped communities immediately, if Issue 1, Option 1 is selected: less than or equal to a) 10 b) 30 c) 50 days

**Additional Provisions**

- Licenses represent a use privilege. The Council may convert the license program to an IFQ program or otherwise alter or rescind the program without compensation to license holders.
- Severe penalties may be invoked for failure to comply with conditions of the license.
- License may be suspended or revoked for serious and/or multiple violations.



**PROPOSED ORGANIZATIONAL CHART FOR NPFMC ACTION TO MANAGE THE CHARTER HALIBUT FISHERIES IN AREAS 2C + 3A**



**DRAFT CHARTER IFQ STAKEHOLDER COMMITTEE**  
**FEBRUARY 27-28, 2006**

**Dr. Dave Hanson, Chair**  
**Seth Bone**  
**Bob Condopoulos**  
**Ricky Gease**  
**John Goodhand**  
**Kathy Hansen**  
**Dan Hull**

**Joe Kyle**  
**Larry McQuarrie**  
**Rex Murphy**  
**Chaco Pearman**  
**Greg Sutter**  
**Kelly Hepler**

The Committee convened at 8:30 on Monday, February 27, 2006. All committee members attended the meeting. After introductions, staff reviewed the draft agenda and meeting materials. Agency staff presented background on: 1) the International Pacific Halibut Commission process for setting the commercial constant Exploitation Yield (CEY); 2) ten year history of Council managements actions to regulate the charter halibut fishery; 3) 1995 NOAA General Counsel legal opinion that State authority to regulate halibut fishing in Convention waters was preempted by federal law; and 4) proposed actions to regulate the fishery under State authority and briefings on some of the State proposed management measures.

Committee members reviewed new proposals for options under the two management alternatives (allocation with traditional management tools and allocation with share-based limited entry).

- Rex Murphy proposed a GHF program that could: a) increase the charter halibut allocation by acquiring commercial QS, b) incorporate a recreational fishing quota (RFQ) that would be purchased by the client in a daily fishing increment (1 bag limit) or a halibut stamp for ten halibut, c) require user fees to administer the program, d) be non-transferable but refundable if not used, and e) require recordkeeping.
- Bob Ward proposed to modify the Council's 2001 preferred alternative to include recent participants and eliminate transferability from the charter to commercial sectors.
- John Goodhand proposed the Valdez leveling plan which also modified the 2001 preferred alternative to address recent participants. It would eliminate the allocation of QS to those who have left the fishery and reallocate those shares to a second pool of new participants.
- Bob Candopoulos presented the Seward Tier Management Plan, which would create two tiers or pools of participants to harvest the GHFs, which may fish under different management measures.

**Halibut Data** The committee spent a long time discussing whether or not current logbook data could be used for either of the long term management alternatives for the charter halibut sector. Initially, the discussion was related to Issue 3 (Qualification Criteria) from the 2001 QS program preferred alternative, but overlapped Issue 4 (Basis for distributing QS) to a large extent. Also, the committee questioned whether the logbook data for 2002 – 2005 could be used to determine eligibility for a moratorium, "tiered management" program, QS program, or other possible programs. Since the State did not require halibut effort or harvest reporting during 2002-2005, bottomfish effort does not include charter operators who only targeted halibut. The committee did not eliminate the use of logbook data for bottomfish effort at this point. Although ADF&G staff provided some guidance about problems associated with using logbook data, the committee did not definitively conclude whether the data could or could not be used. The SSC review of the use of halibut logbook data in 2003 for QS allocations concluded that it could be used to determine initial allocation, as well as to determine eligibility, but noted that other formula could be used that did not rely on catch history. The committee requested that ADF&G provide an assessment of whether the data can be used for either of the proposed alternatives.

The committee raised the possibility of waiting for halibut data to be collected under new requirements for the logbook program (e.g., 2006 – 2008) and then initiating new management programs, but no decisions were made pending receipt of additional guidance from ADF&G in March.

**Problem Statement** The committee widely debated the Council's 2001 problem statement, but did not achieve consensus on new language. The committee specifically debated whether overcapitalization could be defined or was occurring in the charter sector.

**Common principles/goals.** The committee reviewed two drafts of common principles and goals and adopted the following:

Commercial IFQ holders:

- A stable and predictable regulatory and operating environment
- Protection of commercial IFQ allocations from growth in charter harvests
- If reallocation occurs, it occurs through compensation and a mechanism that is responsive to public demand, balancing the interests of consumers, charter clients, communities and the fishing industry.
- Entry level opportunities for commercial fishermen are maintained

Charter boat operators:

- A stable and predictable regulatory and operating environment
- Provide mechanisms for growth
- Provide mechanisms to minimize GHIL overages
- Implement accounting system to provide timely landings data
- Minimize in-season charter fishery management and negative economic effects
- Address overcapitalization, when it is defined and where it occurs
- Entry level opportunities for charter fishermen are maintained

Recreational anglers:

- Access to the halibut resource occurs where anglers live or visit
- Reasonable price of participation that meets an individual angler's needs

Alaska coastal communities:

- Address local depletion
- Recognize that both commercial and guided sport fishing sectors are vital to the social and economic health of AK coastal communities now and in the future
- Minimize allocation conflicts and impacts of one sector on another

**Summary**

1. The Committee recommended that the Council initiate an analysis at its April 2006 meeting, which would consider implementing a **moratorium on entry into the charter halibut fishery using the December 9, 2005 control date**; moratorium permits should be transferable to avoid creating a closed class of permit holders. The Committee recommended that the Council schedule initial and final action in Fall/Winter 2006 and have the program implemented no later than the 2008 fishing season. The committee is interested in pursuing long term limited entry programs, particularly now that the GHILs have been exceeded. It expressed interest in curbing growth in operations and harvests that would exacerbate overages. It acknowledged that in-season measures that may jeopardize businesses further, if the GHILs cannot be controlled by currently proposed measures.
2. The Committee extensively discussed a number of issues (principally the lack of complete halibut data on which to base individual QS allocations, and options to include recent participants) related to the QS program alternative, it did not complete its discussion on this alternative. It developed numerous data requests to assist its next discussion of this alternative in March 2006.
3. The Committee did not discuss the GHIL/allocation alternative due to time spent on other agenda items. It also requested data to assist its discussion of this alternative at its next meeting.

**Data requests for March 21-23, 2006 committee meeting:**

ADF&G

1. Sample logbook sheets for 1998-2006 and angler days for 1999-2005 by area;
2. For 2002+ (years without required halibut reporting):
  - To explore options in State's proposal for limitations on:
    - a. days fished either by total number of days or by excluding specific days of the week - Provide limitations on days fished either by total number of days or by excluding specific days of the week
    - b. reduced daily limits including size limitations for second fish - Provide data on size of second fish
    - c. moratorium - Provide number of operators, number of operators with bottomfish effort, number of clients with bottomfish effort with 20, 40, 60 days cut-off by port and number of records that show rods fished but do not report a target
3. Number of licensed guided sport operators, vessels in 2C and 3A (pre and post fee)
4. Possible data on angler capacity - e.g., CFEC license data for vessel length; six-packs vs 6+; limit to 6 rods in SE
5. Steps required to establish a moratorium or state limited entry system by area (groundfish and salmon - universe of potentially affected entities);
6. assessment of whether charter logbook data for 1998 - 2005 can be used for either of the proposed alternatives (see discussion of halibut data).
7. initial written assessment of the feasibility of using the current logbook data to 1) determine eligibility for a quota based program or moratorium or any other kind of management; and to 2) determine allocation under a quota based program or "tiered" participation under an allocation based program (submitted after the meeting concluded)
8. data to see if a correlation between the annual harvest data and logbook data can be achieved (submitted after the meeting concluded)

NPFMC

9. Explanation of how overage is deducted by IPHC and as proposed under separate accountability
10. Table of 2000-2006 as if the combined commercial and charter CEY was in place, as biomass was previously predicted and under current estimates
11. Post economic analyses by Herman and Criddle on NPFMC halibut website
12. Post Gulf of Mexico headboat moratorium on website
13. Post State of Washington salmon moratorium on website

**Next meeting** The committee will convene on March 21-23 at the Anchorage Hilton, Dillingham Room. Its agenda will include:

1. Review requested data reports
2. Finalize committee recommendation to initiate analysis to implement a moratorium on entry into the charter halibut fishery and prioritize staff to develop analysis in 2006
3. Develop an allocation alternative
4. Develop share-based alternative

The committee adjourned at 4:45 pm, Wednesday, February 28, 2006

Staff: Jane DiCosimo (NPFMC), Jay Ginter and Jason Gasper (NOAA Fisheries), John Lepore (NOAA General Counsel), Jason Couse (NOAA OLE), Earl Krygier, Scott Meyer, Doug Vincent-Lang, Diana Tersteeg (ADF&G), Gregg Williams (IPHC)

Public: Eric Olson (NPFMC member), Bryan Bondioli, Burnis Sims, Don Hansen.

**Discussion Paper On Community Issues Under Proposed Charter Halibut Moratorium Alternative**  
**Jane DiCosimo and Nicole Kimball**  
**May 23, 2006**

**Summary** The Council has proposed a wide range of options for addressing community concerns in proposed analyses for addressing problems in the charter halibut fisheries in Areas 2C and 3A. The Council requested that staff provide an update at its June 2006 meeting on the implications of including community options, in terms of work load, timing of preparation of the analysis, and implementation. The Council is concerned that analysis of community options could delay selection of a moratorium preferred alternative and ultimately its implementation in 2008 (at the earliest). **Adding an option to assign moratorium permits to "underdeveloped" charter communities (and identifying which communities are "underdeveloped") could jeopardize the proposed Spring 2008 implementation date. And, an option to allow communities to purchase moratorium permits may be unnecessary, given their proposed short duration in favor of a permanent solution and uncertainty whether those permits would have "value" under a permanent program that issues either limited entry permits or quota shares. Instead, full consideration of community issues has been proposed by the Charter Halibut Stakeholder Committee under both allocation/limited entry and quota share alternatives. Those alternatives also are scheduled for review by the Council in June and may be tasked to staff for analysis at that time, after refinement of those elements and options.**

**Timing** The Council adopted a suite of issues and options for an analysis for a moratorium on entry into the charter halibut fisheries in areas 2C and 3A, which was initiated at the April 2006 Council meeting. One issue of how to treat communities under the proposed moratorium was scheduled for additional discussion at the June 2006 Council meeting (Attachment 1). The Council is evaluating an interest in getting the proposed moratorium in effect for the 2008 charter halibut fishing season, and whether the incorporation of community options in the analysis could jeopardize that schedule. The Council has a number of ways it can choose to address communities in this context. It could choose to: 1) not address communities in the moratorium; 2) allow community quota entities established under GOA Plan Amendment 66 to purchase moratorium permits; or 3) include coastal community options in: (a) the proposed moratorium analysis, (b) a separate analysis that is combined with the moratorium analysis prior to rulemaking, (c) a trailing analysis that would be implemented at the same time as the proposed moratorium, or (d) an analysis for a permanent solution to resolve the problems in the charter halibut fishery on a separate, trailing timeline.

The short answer is that every alternative, element, and option takes time to analyze, write into regulation, and implement. Eligibility options are some of the most difficult to address as it essentially "closes" (or opens) the door for future participation. Different eligibility criteria have been developed for each management program based on specific characteristics of the fishery in question. The GOA Amendment 66 criteria, which ultimately resulted in a list of eligible communities, were developed for communities whose residents had received relatively little *commercial* quota under the initial commercial IFQ Program and/or who had experienced a relatively large amount of commercial quota transferred outside of the community since its implementation. A quick examination of the list of communities adopted under Amendment 66 could identify a number of communities that have either developed charter fisheries (e.g., Elfin Cove) or fish in the same waters as adjacent communities with developed charter operations (e.g., Seldovia adjacent to Homer; Gustavus adjacent to Juneau).

Community options have been controversial in the past, and their inclusion in this analysis would not be an exception. The Stakeholder Committee recommended at its April 2006 meeting for the Council to streamline the latter's proposed options to Suboption b. that would allow Community Quota Entities (CQEs) to purchase moratorium permits (Attachment 2). The committee has also recommended a wider range of options for a permanent allocation (Attachment 3). The committee added a suboption to the community option under the QS alternative (Attachment 4). Finally, if the Council proceeds with community options in the moratorium analysis, staff has recommended language to clarify the moratorium option (Attachment 5). Attachment 6 is the entire moratorium alternative, for context.

Another factor to consider is that a separate trailing regulatory amendment and rulemaking would delay analysis, rulemaking, and implementation of any subsequent actions, already planned by the Council for a permanent solution of either a percent allocation with a limited entry element or QS program with an inherent limited entry element (or even other proposed actions unrelated to the charter fishery that particular staff have been assigned).

**Community option excerpt from Council motion to initiate an analysis for a moratorium (April 5-11, 2006)**

**Issue 1. Areas**

Option 1. 2C and 3A

Option 2. For Areas 2C and 3A communities previously identified under Amendment 66:

Suboption a. Exclude some or all of these communities

Suboption b. Provide community eligibility through CQE to purchase moratorium licenses between 5 – 25 permits per community

Suboption c. Provide the qualifying CQE an option to request, on behalf of community residents, additional charter halibut moratorium permits from NMFS for use by residents in the community.

- between 5 – 25 permits per community
- permits requested would have limited duration for any one individual
- from 5-15 years

**Community option under moratorium (from April 2006 Charter Halibut Stakeholder Committee minutes)**

**Issue 1. Areas**

Option 1. 2C and 3A

Option 2. For Areas 2C and 3A communities previously identified under Amendment 66:

Suboption. ~~Exclude some or all of these communities~~

~~Suboption b. Provide community eligibility through CQE to purchase moratorium licenses between 5 – 25 permits per community~~

~~Suboption c. Provide the qualifying CQE an option to request, on behalf of community residents, additional charter halibut moratorium permits from NMFS for use by residents in the community.~~

- ~~- between 5 – 25 permits per community~~
- ~~- permits requested would have limited duration for any one individual~~
- ~~from 5-15 years~~

**Community option under allocation alternative (from April 2006 Charter Halibut Stakeholder Committee minutes)**

List of communities that may result from the above criteria

	Area 2C	2000 Population	Area 3A	2000 Population
Criteria for exclusion from GOA Amendment 66 list of eligible communities for commercial QS purchase program:	Coffman Cove	199	Akhiok	80
	Edna Bay	49	Chenegga Bay	86
	Hollis	139	Karluk	27
	Hydaburg	382	Larsen Bay	115
	Kake	710	Nanwalek	177
	Kassan	39	Old Harbor	237
	Meyers Chuck	21	Ouzinkie	225
	Pelican	163	Port Graham	171
	Point Baker	35	Port Lions	256
	Port Alexander	81	Tatitlek	107
	Port Protection	63	Tyonek	193
	Tenakee Springs	104		
		12 communities	1,985	11 communities

Suboption a. Provide community eligibility through Community Quota Entity (CQE) to purchase moratorium licenses between 1-10 permits per community

Suboption b. Provide the qualifying CQE an option to request, on behalf of community residents, additional non-transferable charter halibut permits from NMFS for use by residents in the community.

- between 1-10 permits per community
- permits requested would have limited duration for any one individual
- for 5 years after issuance of permit
- per permit, issued: 10, 20, 30 trips in 2C;  
20, 40, 60 trips for 3A

**Community option under QS alternative (from April 2006 Charter Halibut Stakeholder Committee minutes)**

**Issue 11. Community set-aside**

1. Set aside 1% of the combined commercial and charter halibut quota to communities with ¼ percent annual increases if utilized, to a maximum of 2 percent.
2. Source of the set-aside: Equal pounds from the commercial and charter sectors.  
Option : proportional to split between sectors
3. Sunset provisions: 10 years (starting in the first year of issuance). Persons currently participating in the set-aside program at the time of sunset would be allowed to operate within the guidelines of the program.

<sup>1</sup> Area 2C: Skagway, Juneau, Haines, Angoon, Elfin Cove, Gustavus, Petersburg, Wrangell, [Craig, Klawock], Ketchikan, Hoonah, Thorne Bay, Sitka, Whale Pass, Metlakatla;  
Area 3A, [Kenai, Soldotna], [Deep Creek, Ninilchik, Anchor Point], [Homer, Halibut Cove, Seldovia], Seward, Whittier, Valdez, Yakutat, Kodiak

**Moratorium option. Community purchase (staff clarifications)**

*For Areas 2C and 3A communities previously identified under Amendment 66, allow a community represented by a CQE to purchase a moratorium permit(s) through the CQE.*

If the Council decided to include a community purchase option in the moratorium analysis, the language suggested by staff (above in italics) would streamline the Council’s decision to allow communities in Area 2C and 3A which are eligible under the halibut/sablefish commercial quota share purchase program to purchase charter halibut moratorium permits. Staff recommends removing the limit on the number of permits allowed to be transferred to a community because it is unknown (but unlikely) whether any community would be financially able to purchase an upper limit of 5 to 25 permits.

Thus, this option would not grant any community a moratorium permit, it would simply allow a subset of small, rural, coastal communities to purchase moratorium permits on the open market through their CQEs during this interim phase. As the moratorium is replaced by a permanent program, additional or different community provisions could be analyzed and implemented. At that time, it may be appropriate to develop eligibility criteria specific to the type of ‘underdeveloped charter communities’ for which the program would be intending to provide depending on which permanent alternative is selected.

The recommended language clarifies the intent, such that only communities located in Area 2C and 3A that are: 1) eligible under GOA Plan Amendment 66, and 2) represented by a CQE approved by NMFS, would be eligible to purchase a charter halibut moratorium permit. Note that 35 communities in Areas 2C and 3A are eligible for this program. To date, nine eligible communities have formed CQEs that have been approved by NMFS. Six communities are located in the areas at issue for this action: Area 2C - Craig, Hydaburg, Pelican, Hoonah; and Area 3A - Ouzinkie, Larsen Bay. The option limits the purchase of moratorium permits to communities represented by a CQE; thus, a maximum of 35 communities would be potentially eligible, yet only 6 would be eligible if the moratorium program was effective today. It is not likely that all 35 eligible communities in Areas 2C and 3A would form a CQE and purchase a moratorium permit in the timeframe for this interim program.

Community Quota Entities (as of April 2006)		
Name of CQE	Community(ies) Represented	Area
POW Island Community Holding Corporation	Craig	2C
Hydaburg Community Holding Corporation	Hydaburg	2C
Pelican Fishing Corporation	Pelican	2C
Ouzinkie Community Holding Corporation	Ouzinkie	3A
Larsen Bay Development Corporation	Larsen Bay	3A
Perryville CQE. Inc	Perryville	3B
Aleutia, Inc	Sand Point and King Cove	3B
Hoonah Community Fisheries Corporation	Hoonah	2C

If this option is selected in the preferred alternative, and a CQE purchases a moratorium permit under the program, it is assumed that the CQE would determine how to distribute the permit or permits among individuals. This is similar to the approach taken in the commercial halibut QS purchase program. **The Council may want to make it explicit if the intent is that the CQE can only distribute the charter permit to a resident of the community it represents** (for example, as opposed to distributing the permit to an individual that operates out of the community’s port but does not reside in the community). With the exception of that primary restriction, it is assumed that the CQE would determine the basis on which to distribute the permit. Each CQE is currently required to submit an annual report to NMFS. The implementing regulations for this option could require that the CQE also provide information regarding the basis on which it determined who would receive the charter permit(s) and how the permit was used.

Unless other provisions are proposed, it is also assumed that any restrictions associated with the moratorium program would apply whether the permit is held by a CQE or an individual. In effect, a CQE could sell/transfer its permit to another eligible holder under the rules of the program.



**Complete Council motion to initiate an analysis for a moratorium, including the community option****Problem Statement**

The Pacific halibut resource is fully utilized and harvest by the guided sport sector is demonstrating steady growth. To provide long term stability of the guided sport sector and lessen the need for regulatory adjustments, which destabilize the sector, the Council is embarking on development of a new management framework. In the interim, to address allocation issues between the guided sport and commercial sectors the guided sport sector is operating under a guideline harvest level (GHL). Harvest data indicate that the GHLs in Area 2C have been exceeded and are near levels established for Area 3A. This has resulted in a renewed effort to find a long-term solution. The Council has formed a stakeholder committee of affected user groups to consider management options and formulate recommendations for Council consideration in developing a management plan for the guided sector. Some of the past options under consideration include limiting entry or awarding quota share based on past involvement in the fishery. To address the potential against the rush of new entrants into the guided sport fishery, the Council is considering establishing a moratorium on the guided sport sector.

**Issue 1. Areas**

Option 1. 2C and 3A

Option 2. For Areas 2C and 3A communities previously identified under Amendment 66:

- Suboption a. Exclude some or all of these communities
- Suboption b. Provide community eligibility through CQE to purchase moratorium licenses
  - between 5 – 25 permits per community
- Suboption c. Provide the qualifying CQE an option to request, on behalf of community residents, additional charter halibut moratorium permits from NMFS for use by residents in the community.
  - between 5 – 25 permits per community
  - permits requested would have limited duration for any one individual
  - from 5-15 years

**Issue 2. Permits** would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership. Grandfather currently licensed vessels.

**Issue 3. Qualifying years** - State guide business registration for 2004 or 2005 with client activity for bottomfish effort logged in logbook for 2004 or 2005:

- Suboption 1: minimum of (1, 10, 20) active logbook entry (1 trip) for bottomfish
- Suboption 2: medical emergencies as developed recently for the commercial QS program and must have at least 1 year of ADF&G logbook activity from 1998-2005.
- Suboption 3: military exemption, as developed recently for the commercial QS program and Army boats and must have at least 1 year of ADF&G logbook activity from 1998-2005.
- Suboption 4: under construction as of December 9, 2005, as developed recently for the commercial QS Program and must have at least 1 year of ADF&G logbook activity from 1998-2005.
- Suboption 5: constructive losses

and (under all options) participation in the year prior to implementation

**Issue 4. Owner v. Vessel**

Option 1. owner/operator or lessee

Option 2. vessel

**Issue 5. Mandatory evidence of participation:**

1. State guide business registration
2. ADF&G logbook submitted in timely fashion, with bottomfish effort

Supplemental evidence of participation:

1. Alaska State business license
2. insurance for passenger hire
3. enrollment in drug testing program (CFR 46)
4. Coast Guard license

**Issue 6. Annual permit renewal criteria (use it or lose it)**

- Option 1. do not require renewal
- Option 2. must renew, minimum activity of 20 halibut charter days
- Option 3. not renewable, if permit holder lets it expire
- Option 4. emergency medical exception

**Issue 7. License Designations**

- a. uninspected (6-packs) vessels : 6 clients;
- b. inspected vessels: license designation is limited to highest number of clients on any given trip in 2004 or 2005, but not less than 4;
- c. 12-packs : grandfathered in at previous limit
- d. new construction : 6 for uninspected and inspected vessels
- e. constructive loss : previous limit

**Issue 8. Use caps, with grandfather\* provision during the moratorium**

inspected vessels (limited to 6 or 12 clients) :	uninspected vessels:
Option 1. 1	Option 1. 1
Option 2. 5	Option 2. 2
Option 3. 10	Option 3. 3

\*Grandfather provisions to mirror the commercial halibut IFQ program (transferred vessels lose their grandfathered status; block retains grandfather status)

**Issue 9. Transfers would be allowed, permits may be stacked, immediately transferable**

**Issue 10. No leasing**

**Issue 11. Duration for review - in effect until subsequent Council action**

**Issue 12. Definition of bottomfish effort for evidence of participation - any entry with recorded bottomfish statistical area, rods, or boat hours**

**Agency Staff Recommendations on Moratorium Elements and Options**  
**May 19, 2006**

AGENDA C-4(b)(2)  
JUNE 2006

Federal agency staff met to review and provide guidance to the Council on administration, implementation, and enforcement of a proposed alternative to implement a moratorium on entry into the charter halibut sector. Participants included: Jane DiCosimo (NPFMC), Jay Ginter, Jason Gasper, Phil Smith, John Lepore, and Ron Antaya (NOAA), and Gregg Williams (IPHC), and Doug Vincent-Lang (ADF&G).

- Federal staff *raised strong concerns with proceeding with an interim limited entry (moratorium) program*, primarily due to the high staffing costs and legal requirements for implementing a short-term limited entry program and its lack of effectiveness in addressing the problem in the fishery. Staff believes that implementation of an interim program is not expected to occur before 2009 because of necessary elements of any limited entry program (e.g., public notice, application period, appeals process). Implementing the permanent solution would be significantly delayed by implementation of an interim solution.

Implementation of a permanent program could occur by 2010, if the Council redirects its efforts to a more effective (permanent) limited entry program, with transferable “angler days” and community provisions, for example. Part of the delay in implementing the Council’s 2001 preferred alternative for a charter halibut QS program can be attributed to the Council’s direction to NOAA Fisheries Service to implement the GHL first. Staff noted that the same predicament could occur again with proposed limited entry programs.

State staff continues to support implementation of an interim moratorium program.

- If the Council proceeds with the interim limited entry program, Federal staff recommended that the Council *not include community options under an interim limited entry program* and, instead, include such options under a permanent solution. Since the interim program is intended to be in effect for a limited duration, it is questionable whether Community Quota Entities could be organized and funded to purchase interim limited entry permits (since permanent permits or quota shares are expected to replace the interim permits). Another option to assign 5-25 interim permits to each of 35 communities is controversial and subject to the same legal issues as other community programs, which could take additional staff resources to resolve.

State staff continues to support including a community option under the moratorium program.

- In reviewing other optional elements of the program, the Council should consider which individual measure(s) could push implementation past the timeline identified by staff.

Staff made the following recommendations to clarify language and streamline the moratorium alternative.

**Issue 1. Communities**

- Delete Option 1. Council intent is clear that the proposed alternative is to be applied separately to Area 2C and Area 3A.
- Option 2, Suboption a. Exclude some or all of proposed communities (whether GOA Amendment 66 communities or Stakeholder Committee recommendations) by issuing a business that is legally operating its primary business in the charter fishery under a moratorium exemption permit.
- Option 2, Suboption b. Range of 5-25 permits per community may not be “reasonable.”
- Option 2, Suboption c. Creation of new limited entry permits for community residents is counter to goal of limiting entry to the sector, as identified in the problem statement.
- There are numerous issues related to developing the regulatory authority for criteria to be included as an eligible community, appeals process, etc.

**Issue 2. Permits would be issued to US citizens or businesses with 75 % US ownership “of the business” (added by staff). Vessel grandfather clause should be deleted because this issue is related to a business and not a vessel.**

### Issue 3. Qualifying years

- Delete language because it is duplicative to require both State guide business registration and logbooks, because one can't get an ADF&G logbook without required state licensing. **"Require client activity for bottomfish effort as reported in ADF&G logbook in 2004 or 2005"** (replacement language by staff).
- Clarify how 2004 and 2005 meet MSA Section 303(b)(6) requirements to *consider* historical and current participation. While additional options are not necessary, the administrative record needs to be built.
- SubOption 1. minimum number of bottomfish trips (1, 10, 20) to demonstrate bottomfish activity (new language recommended by staff). Does the council want the same threshold selected for 2004 or 2005 to apply to the year prior to implementation included in the option?
- Replace SubOptions 2, 3, and 5 with a broader, generic "unavoidable circumstances" clause that would be adjudicated on a case by case basis through the NOAA Fisheries Appeals Division.
- Revise SubOption 3 to exclude military (Morale, Welfare, and Recreational) boats from limited entry.

Issue 4. Staff recommends deleting Option 2 vessel and to revise the language for who would be issued the permit to "Licensed guide business operator." Lessee was struck because you can't lease a business. This issue is complicated because of the combination of multiple business owners over time – there is a high turnover of owners. Staff assumes that Council intent is that the new business owner would get the permit, that the permit is not tied to owning any particular vessel.

Issue 5. Evidence of participation. Staff recommends simplifying this to **"Require that permit applicant signs affidavit attesting that all legal requirements were met."** The only tangible evidence is the ADF&G logbook, which requires meeting State legal requirements.

Issue 6. Annual permit renewal. Staff noted that other permits have a variety of renewal timelines. Commercial Federal fishing permits are renewed every two years; SHARC cards are renewed every two years for rural eligibility and four years for Tribal eligibility. There are no renewal fees. Since this is intended to be an interim permit, staff recommends the simplest permit to implement – one that would not require renewal.

Issue 7. **Permit endorsement.** Staff interprets these not as options but five types of permit endorsements.

- Revise c. to "uninspected ("6-pack +" or "Super T") that would be endorsed to carry clients replace limited to highest number of clients during qualifying years" grandfather to "limited to highest number of clients during qualifying years"
- Revise e. to "limited to the endorsement appropriate for lost vessel."

Issue 8. Permit use cap .

- Staff requests Council clarification whether the proposed limits are inclusive of both areas, or are additive.
- Staff recommends new footnote language explaining the grandfather provision. **"A business whose permit is endorsed in excess of the permit endorsement maintains that exemption for those that remain in its control after others may be sold, but those sold vessels lose that grandfather status in perpetuity. Grandfathered vessels that are sold in total when a business owner sells his entire business/fleet maintain that grandfathered status."**

Issues 9 -12.

- Issues 9-12 are not options. They can be moved into a discussion of program design at the beginning of the analysis.
- Permit stacking is interpreted to mean that a business can use, for example, two 6-packs license endorsements on one "Super-T" vessel.
- Staff requests clarification as to whether a permit that is stacked is always stacked with the other permit to increase effectiveness or whether the permit must continue to denote its original endorsement.
- Permit transfers occur within a day or two by RAM Division, so "immediately transferable" is redundant.
- Leasing is not applicable to a business. Anti-leasing provisions are meaningful if there is a hired skipper provision.
- ADF&G is likely to provide data that includes an assortment of data fields that, in sum, indicate effort.

**Eligible Communities under GOA Am. 66 in Area 3A and 2C<sup>1</sup> (halibut and sablefish quota share purchase program)**

<b>Area 2C</b>		<b>Area 3A</b>	
<u>Community</u>	<u>Population<sup>2</sup></u>	<u>Community</u>	<u>Population</u>
Angoon	572	Akhiok	80
Coffman Cove	199	Chenega Bay	86
Craig	1,397	Halibut Cove	35
Edna Bay	49	Karluk	27
Elfin Cove	32	Larsen Bay	115
Gustavus	429	Nanwalek	177
Hollis	139	Old Harbor	237
Hoonah	860	Ouzinkie	225
Hydaburg	382	Port Graham	171
Kake	710	Port Lions	256
Kassan	39	Seldovia	286
Klawock	854	Tatitlek	107
Metlakatla	1,375	Tyonek	193
Meyers Chuck	21	<u>Yakutat</u>	<u>680</u>
Pelican	163		
Point Baker	35	14 communities	2,711
Port Alexander	81		
Port Protection	63		
Tenakee Springs	104		
Thorne Bay	557		
<u>Whale Pass</u>	<u>58</u>		
21 communities	8,119		

<sup>1</sup>Note that this list only includes the GOA Am. 66 eligible communities in Areas 2C and 3A. There are an additional 7 communities eligible under Am. 66 in Area 3B. All Am. 66 eligible communities are listed in 69 FR 23694 (April 30, 2004).

<sup>2</sup>2000 census data, Alaska Department of Community and Economic Development.



## Region 1-Southeast News Release

(Released: May 24, 2006)

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### SPORT FISHING OPERATORS, GUIDES AND CREW PROHIBITED FROM RETAINING FISH FOR 2006

Juneau – The Alaska Department of Fish and Game announces that sport fishing charter operators, guides and crew are prohibited from retaining any fish species while paying clients are on board the vessel. This regulation change will become effective at 12:01 A.M. Friday May 26, 2006. The regulation is:

☞ A sport fishing guide and sport fishing crew member working on a charter vessel in the salt waters of Southeast Alaska, excluding the Yakutat area may not retain fish while clients are on board the vessel.

These regulations apply in all marine waters of Southeast Alaska, excluding Yakutat and are being implemented as a means to curtail halibut harvest by sport fishing charter clients. The halibut GHLL for Southeast Alaska, excluding the Yakutat area was exceeded in 2004 and based upon preliminary data exceeded again in 2005. Based upon this information the department agreed to take action through the Board of Fisheries to prohibit charter boat guides and crew from retaining any species of fish while paying clients are on board the vessel in the salt waters of Southeast Alaska.

This action will effectively reduce the 2006 halibut harvest by sport fishing charter clients within Southeast Alaska.

For more information about the sport fisheries in Southeast Alaska, contact the nearest ADF&G office or visit: <http://www.sf.adfg.state.ak.us/statewide/EONR/index.cfm>

END

For additional information contact [Charlie Swanton](#), SE Regional Management Coordinator, (907) 465-4297.

# SPORT FISHING

## *Emergency Order*

ALASKA DEPARTMENT  
OF FISH & GAME

Under Authority of AS 16.05.060

Emergency Order No. 1-R-01-06

Issued at Juneau, Wednesday May 24,  
2006

Effective 12:01 A.M. Friday,  
Date: May 26, 2006

Expiration Date: 11:59 P.M. Sunday,  
December 31, 2006 unless superseded by  
subsequent emergency order.

EXPLANATION: This emergency order prohibits charter boat operators, guides and crew members from retaining any species of fish while paying clients are on board the vessel operated in salt water. This action is necessary for curtailing halibut harvests in Southeast Alaska, excluding the Yakutat area because the guideline harvest level (GHL) has been exceeded.

### REGULATION

The provisions of 5 AAC 47.036 (c) are added by this emergency order. Under this emergency order, the following provisions are effective beginning 12:01 A.M. May 26, 2006 through 11:59 P.M. December 31, 2006:

#### **5 AAC 47.036 Prohibitions.**

(c) A sport fishing guide and sport fishing crew member working on a charter vessel in the salt waters of Southeast Alaska, excluding the Yakutat area may not retain fish while clients are on board the vessel.

By delegation to:

McKie Campbell  
Commissioner

\_\_\_\_\_  
Charles O. Swanton  
Regional Management Supervisor  
Division of Sport Fish

JUSTIFICATION:

The halibut GHL for Southeast Alaska, excluding the Yakutat area was exceeded in 2004 and based upon preliminary data exceeded again in 2005. Based upon this information, the Department and North Pacific Fishery Management Council discussed options for curtailing the halibut harvest by the guided sport charter industry at the December 2005 meeting. It was recognized that federal action would not be timely enough to reduce the harvest of halibut by charter clients during the 2006 season. The Department agreed to take action through the Board of Fisheries to prohibit charter boat guides and crew from retaining any species of fish while paying clients are on board the vessel in the salt waters of Southeast Alaska, excluding the Yakutat area. This action will effectively reduce the 2006 halibut harvest by sport fishing charter clients within Southeast Alaska.

DISTRIBUTION:

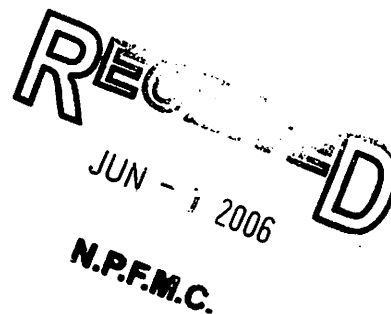
The distribution list for this emergency order is on file at the Region 1 Office of Alaska Department of Fish and Game, Division of Sport Fish, P. O. Box 240020, Douglas, AK 99824, (907) 465-4297.





UNITED STATES DEPARTMENT OF COMMERCE  
National Oceanic and Atmospheric Administration  
National Marine Fisheries Service  
P.O. Box 21668  
Juneau, Alaska 99802-1668

June 1, 2006



Ms. Stephanie Madsen, Chair  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, AK 99501-2252

Dear Stephanie,

At its last meeting in April 2006, the Council voted unanimously to limit the harvest of Pacific halibut by each recreational angler on a charter vessel to five fish per year in regulatory area 2C (southeast Alaska). When the Council took this action, we noted that the analysis for this action did not address how this annual bag limit would be implemented and enforced through Federal regulations. We indicated also that we would report at the Council's June 2006 meeting on how we would implement the five-fish limit if it were formally proposed to and approved by the Secretary of Commerce (Secretary). This letter is a summary of that report.

In brief, we have determined that the proposed five-fish limit would require a Federal charter vessel halibut angler permit and a charter vessel halibut logbook. This determination is based on our understanding of the Northern Pacific Halibut Act (Halibut Act) and data sharing agreements between the State of Alaska and NOAA Fisheries. We have not yet performed an in-depth analysis of this Federal permit and logbook concept to estimate Federal staffing and other implementing costs. These costs, however, could be substantial. We recommend that the Council reconsider the proposed five-fish limit in October 2006 once these costs have been more fully evaluated. We will develop a complete implementation plan that could be included in the economic impacts analysis for this proposal. If the Council chooses to proceed with its April 2006 action, the corresponding rulemaking process will provide additional opportunity for public comment.

#### Discussion

The Halibut Act implements the Convention Between the United States and Canada for the Preservation of the Pacific Halibut Fishery of the Northern Pacific Ocean and the Bering Sea (Convention). This law also gives the Council discretionary authority to develop regulations governing United States halibut fishermen in and off of Alaska which are in addition to, and not in conflict with, regulations adopted by the International Pacific Halibut Commission (IPHC). To be implemented, such Council-developed regulations must be approved by the Secretary. This authority is well known to the



Council as it has been exercised frequently in the past (e.g., the Area 4C, 4D, and 4E Catch Sharing Plan, Individual Fishing Quota and Community Development Quota Programs for halibut, and the Subsistence Halibut Program).

In addition, the Halibut Act preempts the State of Alaska (State) from regulating fishing for halibut in Convention waters. Although neither the Convention nor the Halibut Act specify that State regulation of halibut is preempted, the Convention and the Halibut Act amount to a pervasive scheme of Federal regulation to the exclusion of all State laws that are not identical to Federal regulations (see memorandum to the Council from NOAA General Counsel dated December 4, 1995). Hence, the Council's proposed annual limit of five halibut per charter vessel angler in IPHC Area 2C, developed as a means to limit the charter vessel harvest of halibut in this area, appears to be within the Council's authority under the Halibut Act. If the Council's action is approved by the Secretary, NOAA Fisheries would implement it with Federal regulations.

This annual bag limit for halibut would be similar in some respects to the State's annual bag limit for king salmon taken by non-residents. Our preference would be to rely as much as possible on existing State sport licensing and charter vessel reporting requirements to minimize the paperwork burden on anglers and charter operators, and the bureaucratic burden on NOAA Fisheries. Unfortunately, this would not allow adequate enforcement of the proposed five fish annual limit for the following reasons:

- At any point, a Federal officer should be able to determine whether a charter vessel angler has taken his or her halibut limit by checking the record of harvest on the sport fishing license or permit. Recording this information on a State sport fishing license would not allow a Federal officer to make this determination because Federal officers are not authorized to inspect State sport fishing licenses. In addition, a State fishing license is not required for anglers under the age of 16 or anglers 60 years or older with a permanent identification card.
- Recording halibut catch limit information in the State saltwater charter logbook also would prevent Federal enforcement "after the fact" because State confidentiality rules do not allow the State to give logbook information for specific charter vessels to NOAA Fisheries.
- Federal regulations need to be enforced by Federal enforcement officers. This responsibility can not be delegated, contracted, or transferred to the State because the Halibut Act allows for no State regulation of halibut fishing unless such regulation was identical to Federal regulation. Moreover, the Federal Government cannot require the State to enforce a Federal regulation.

#### The Conceptual Plan

Because of these limitations on the State for regulating halibut fishing, we have concluded that a Federal charter vessel angler permit and a Federal charter vessel operator logbook for halibut would be required. The concept we have developed to date

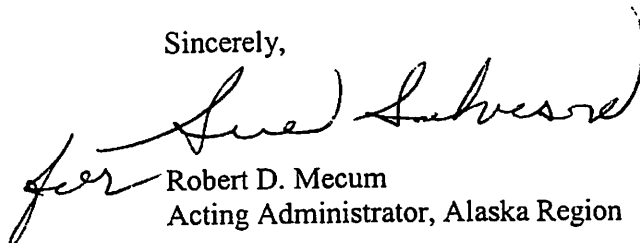
would require each charter vessel client who intends to catch halibut to obtain a Federal charter halibut permit. This permit would have a unique number, a place to record basic identification information, and a place to mark or record the catch and retention of each of five halibut. Each charter vessel operator would be required to know that each halibut fishing client has a permit and how many halibut each permitted client has already caught before fishing begins. The charter vessel operator also would be responsible for recording in the Federal charter halibut logbook the number of halibut previously harvested by each angler at the start of a fishing trip and the number of halibut harvested by each angler during the fishing trip. The charter vessel operator would be responsible to ensure that none of his or her clients exceed the five fish catch limit while fishing onboard his or her vessel.

Each charter logbook would be submitted to NOAA Fisheries at the end of each fishing season. The logbook data would be electronically scanned for matches of charter halibut permit numbers. An angler's charter halibut permit number would be compared with logbook records to determine whether a charter angler exceeded his or her five fish annual limit. In this event, the angler likely would be contacted by a NOAA enforcement officer.

The concept of a Federal charter vessel angler permit for halibut and charter vessel logbook has yet to be more fully developed. Nevertheless, this plan could be more burdensome for the affected anglers and charter vessel operators than was envisioned by the Council. In addition to the new recordkeeping and reporting requirements, NOAA Fisheries likely would have to absorb certain costs for producing the charter halibut permits and logbooks, distributing them, and recording information reported. NOAA Enforcement also would likely incur additional costs associated with data analysis and enforcement of the regulation. As stated above, we have not yet developed a firm estimate of these costs in personnel or operation, but it could be substantial.

We recommend that the Council reconsider this action at a subsequent meeting once the full costs of implementing the five-fish limit are identified. Alternatively, the Council could hold this action in abeyance until it has developed its long-term management plan for the guided sport halibut sector. This would allow the Council to combine its efforts to address both short and long term solutions to the charter and commercial halibut allocation issues. We stand ready to assist the Council in this effort in any way possible.

Sincerely,



Robert D. Mecum  
Acting Administrator, Alaska Region

Ms. Stephanie Madsen  
NPFMC  
605 W 4<sup>th</sup> Ave  
Suite 306  
Anchorage, AK 99501

**RECEIVED**  
MAY - 4 2006  
N.P.F.M.C.

Lou Landers  
Reel'em In Fishing Charter  
1020 W 70<sup>th</sup> Ave  
Anchorage, AK 99518

Ms. Madsen and Council Members,

I am requesting that you please consider my status in conjunction with Reserve and National Guard with the Moratorium for halibut charter services.

I have had a desire to obtain a charter service license but during 2001 and 2002 world events interfered with the process. During this time because of my military commitment I was not able to get the required number of hours on the water. I have learned from talking with other charter service license holders there MAY be a wavier issued for halibut fishing license charters to U.S. Army Reserves and National Guards who were called to active duty before the 9 December 2005. I am asking you to consider Active duty military that had started the process during the times periods indicate (1998-2005), but was not able to meet the minimum requirement because of the on going situations within the world.

While serving in the US Army, I was actively involved in the Global War on Terrorism from 2001 until my retirement in September 2003. I bought my first boat in the summer of 2002 with the hopes of being able to spend more time at sea, then my job allowed. This was the 1<sup>st</sup> step of the process to acquiring my merchant marine license (See training dates below). I needed to accumulate 360 days deck service in the operation of vessels, including 90 days service on ocean or near coastal waters, and 90 days had to be within the last 3 years on vessels of appropriate tonnage. These requirements are mandated by the US Coast Guard (46 CFR 10.202(e)). After accomplishing the minimum requirements listed in 46 CFR 10.202(e), I scheduled my class with Alaska Nautical Training School (ANTS). The earliest I could be scheduled for a class was January 2006 because of no vacancies. I applied for my Business License right after I graduated from the course and submitted my Merchant Marine License package to the U.S. Coast Guard. I was in the process of being licensed, so I was not required to maintain a logbook. As a result I did not have one to turn in.

Sea time: Summer 2001 – Present  
Alaska Nautical Training School: 1/09/2006 thru 1/20/2006  
Alaska Business License Issued: 1/27/2006  
Merchant Marine License Issued: 3/07/2006  
Sports Fishing Guide License: 3/10/2006

**Boats Purchased (Date and Model):**

Aug 2001	1825SK (Hull # CAQBSY1607L101)
Jun 2004	2025SK (Hull # QBSY3892K304)
Feb 2005	2425 Pilot House (Registration # AK3475)

**Days on Water by Year:**

2001	0003
2002	0037
2003	0101
2004	0116
2005	<u>0123</u>

**TOTAL DAYS: 0380**

As you can see I had putting forth an effort to meet all requirements to attain my business license. I just recently meet the minimum requirement to get my Captain's license, which is a requirement to obtain a charter business license.

I would request the NPFMC consider including this request for halibut fishing licensing under the same points of order for active duty service members as would be given to reserves and guard members.

Please feel free to contact me with any questions you may have concerning my qualifications at 907-242-1144..

Thank you for the valued service your office provides.



**LOU LANDERS**  
Reel'em In Fishing Charter  
Owner /Captain



# Winter King Charters



All Season Salmon and Halibut Charters  
Smooth Comfortable Ride • 32' Heated Catamaran

Stephanie Madsen, Chair  
North Pacific Fisheries Management Council  
605 W 4<sup>th</sup> Avenue, Suite 306  
Anchorage, AK 99501-2252

RECEIVED  
MAY 23 2006

N.P.F.M.C.

May 18, 2006

Madame Chair,

Over the winter, I was appointed to the Halibut Stakeholders Committee, tasked to develop proposals for Council consideration on what to do next with regard to the recreational charter halibut fishery. I attended these meetings with a positive attitude and an open mind, and I actively contributed ideas in the formulation of IFQ based and limited entry alternatives, even though I personally favor alternatives that encourage free enterprise and do not privatize a public trust resource. It was my hope that all members of the committee would likewise put their personal interests aside and contribute meaningfully to the formulation of both open and limited entry alternatives. Unfortunately this was not the case. Pro-IFQ committee members showed no interest in open entry proposals that did not promise to line their pockets with an allocation windfall and did not promise to wipe out the latent capacity (competition) they are so concerned about. As a result, no meaningful open entry proposal was forwarded by the stakeholders for analysis.

Enclosed is a proposal I have been working on since last December. I presented it to the stakeholders in both open and limited entry format, with the results described above. I believe it deserves analysis.

This proposal is a simple first come, first served model, designed to keep the charter harvest within its allocation without remedial action by the Council. It incorporates timely, comprehensive data collection, and is readily convertible in both directions between open and limited entry by application or lifting of a moratorium. It could be applied to the entire recreational sector or just the charter component of the recreational sector. It allows for growth of the charter sector with compensation to the commercial sector. Last but not least, it preserves free enterprise.

Please take a few minutes to review this proposal. If you feel it has merit, please make a motion at the June meeting to include it for analysis. Please feel free to contact me if you have questions or comments.

Sincerely,

Rex

907-235-9113  
Cell 907-399-7549

**Rex Murphy** owner/operator

P.O. Box 3309 • Homer, AK 99603 • 907-235-9113 • [www.winterking.com](http://www.winterking.com)

April 26, 2006

## First Come, First Served, Allocation Based Model

### Key Provisions:

#### 1. Halibut Harvest Tickets:

- A. Tickets are available to individual fishermen on a first come, first served basis, online, by mail, or by POS (point of sale) terminals.
- B. Tickets are available to the public in increments.
  - Option 1: Daily ticket, good for one limit on any day
  - Option 2: Multi-day ticket
  - Option 3: Yearly ticket, good for a set number of fish
- C. Tickets are non-transferable, to enforce reporting requirements and eliminate possibility of hoarding or scalping.
- D. Tickets are refundable if not used.
- E. A portion of the following year's allocation could be made available early, to accommodate charter reservations made that far in advance.
- F. When all tickets have been sold:
  - Option 1: Cease ticket sales
  - Option 2: Lease IFQs using user fee fund, continue ticket sales
  - Option 3: Buy QS using user fee fund, continue ticket sales

#### 2. Harvest Record:

The harvest ticket incorporates a harvest record, which should be simple to fill out and should be machine readable. It should include fish length and capture location. Upon trip completion, the harvest record is submitted to the responsible authority.

- Option 1: No harvest record, no data collection
- Option 2: Mail in reporting
- Option 3: Online harvest reporting
- Option 4: Dockside scan of harvest record
- Option 5: Dockside collection boxes

3. Halibut Management Database/User Interface:
  - A. Issues Halibut Harvest Tickets online, by mail, or via POS terminals.
  - B. Maintains a real time count of tickets available. This information should be easily accessible online or via telephone for trip scheduling purposes.
  - C. Collects and records harvest records
  - D. Generates reports as necessary
  
4. Entry model:
  - Option 1: Open Entry
  - Option 2: Limited Entry (by moratorium, for instance)
  - Option 3: Open Entry in underdeveloped areas, Limited Entry elsewhere
  
5. Enforcement:

Officer checks for fishing license and harvest ticket in possession.
  
6. Allocations remain in effect and separate for Areas 2C and 3A:
  - Option 1: Allocation for charter halibut fishery (e.g. GHL)  
With this option, only charter customers would be required to obtain Halibut Harvest Tickets.
  
  - Option 2: Allocation for private and charter halibut fishery  
With this option, all recreational fishermen would be required to obtain Halibut Harvest Tickets
  
7. Allocation options:

Any option forwarded by Stakeholders group for analysis
  
8. User Fee Fund/Allocation growth:

User fund is established to collect ticket fees or other available funding to finance allocation increases:

  - Option 1: Purchase of Commercial QS
  - Option 2: In-season lease of Commercial IFQs.



## Sample Timeline:

Note: The dates are inexact, but the idea is to have accurate, timely decision making data from all sectors available at allocation decision making time.

December: The charter allocation is set for following year, based on initial allocation, QS acquired or IFQs leased, and that year's harvest data. The total number of halibut harvest tickets offered = (Allocation converted to Fish)/daily limit.

January: Ticket sales begin (or continue – see provision 1E) on a first come, first served, basis to individual fishermen. At all times, the number of available and sold tickets is known, and available to all online for planning purposes. Harvest tickets should be acquired concurrently with charter reservation.

February 1: The recreational season opens. Fisherman has a harvest ticket in possession while fishing. Ticket holder goes fishing, dates harvest report, catches fish, fills in the required harvest information and submits harvest report. No report: 2 average fish added to harvest count. Report with 0 or 1 fish caught results in 2 or 1 fish being returned to the available pool.

Mid-season: Should the allocation be met (i.e. all tickets have been sold):  
Option 1: Cease ticket sales  
Option 2: Lease IFQs using user fee fund to allow continued fishing.  
Option 3: Purchase QS to increase allocation.

October 15: Recreational season ends. Any uncaught charter allocation could be leased to longline sector as a mop up to fully utilize resource and supplement the user fee fund.

November 15: End of commercial season

Nov 15 to Dec 15: Analysis to determine next year's allocation

Dec 15: The cycle repeats.

Comments:

The recreational fishermen who catch the fish share the cost of their share of the harvest, and fund programs to enhance the fishery. This concept is similar to the Federal Duck Stamp program.

A first come, first served model for ticket distribution should be readily acceptable to a charter customer, who after all, makes his charter reservation on a first come, first served basis, and indeed, stands in line for virtually everything else he or she buys.

In an open entry model, charter operators would be free to compete for customers, as they do today, and new operators would be allowed. There are no new financial barriers to new charter businesses in the open entry model.

In a limited entry model, for example a permanent extension of the proposed charter moratorium, the cost of permit acquisition would be the only additional direct financial impact to a new charter operator.

The open entry model would convert easily to limited entry in areas where limited entry is later deemed necessary, by adoption of a localized moratorium.

A mechanism for compensated, orderly growth of the charter allocation is essential for this model.

A reasonable allocation would be enough to accommodate all expected demand, with an additional buffer to accommodate unexpected demand or unexpected size increases.

A low allocation could result in mid season closing of ticket sales, which would adversely impact businesses with a "walk up" business model. Businesses with advance reservations would not be affected, assuming the customer acquired his harvest ticket when the reservation was made.

This model incorporates accurate and timely reports of harvested fish. All sectors finish reporting more or less concurrently, allowing fast calculation of this year's harvest and next year's allocations, without the use of projections or survey results. Harvest data could be precise enough to visualize the harvest on a map, and identify areas of localized depletion.

Assuming the average size fish does not change drastically upward from year to year, there is little possibility of exceeding the allocation. If the allocation is exceeded due to an average size increase, the excess could be deducted from the following year's allocation. (Separate accountability)  
There is no need for pre-season or in-season management measures, such as season closure or reduced bag limits, since sales are halted automatically when the allocation (in fish) is met.

This model provides security of investments and allocations in both commercial and charter sectors.

Should this model be applied to the charter sector only, the private recreational sector could be easily incorporated at a later date.

This proposal does not attempt to address localized depletion or overcapitalization.

Items needing resolution:

Fee collection: Federal, and or state legislation would be required to allow fee collection for other than administrative purposes.

QS purchase/IFQ leasing: The existing IFQ program would require modification to allow purchase or lease by whatever entity is created to manage this part of the allocation.

# Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway

Juneau, AK 99801

Phone 907-586-6652

Fax 907-523-1168

Website: <http://www.seafa.org>



E-mail: [seafa@gci.net](mailto:seafa@gci.net)

May 29, 2006

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

**RECEIVED**  
MAY 30 2006  
**N.P.F.M.C.**

Dear Ms Madsen and Council Members,

Re: Hallibut Charter (C-4 a & b)

Southeast Alaska Fishermen's Alliance (SEAFA) has reviewed the stakeholder committee recommendations and support moving them forward as presented. With the options provided a suitable solution for all halibut users should be possible. We hope that the Council will make this a top priority for action by the staff. The council motion made by Commissioner Campbell had this as a top priority for Council action.

We support the refinements made to the moratorium alternative and the Stakeholders recommendation that it be scheduled for the first meeting possible.

Respectfully,

Kathy Hansen  
Executive Director

# Cordova District Fishermen United

Celebrating 70 Years of Service to Commercial Fishermen in Cordova, Alaska  
P.O. Box 939 Cordova, Alaska 99574 Telephone 907.424.3447 Fax 907.424.3430

May 30, 2006

Stephanie Madsen, Chair  
North Pacific Fishery Management Council  
605 W 4<sup>th</sup> Avenue, Suite 306

**RECEIVED**  
MAY 30 2006  
N.P.F.M.C.

**Halibut Charter issues (agenda item C-4)**

Dear Madame Chair and members of the Council,

The Groundfish Division of Cordova District Fishermen United has the following recommendations and comments on the halibut charter issues before the Council.

**Moratorium on entry into the halibut charter fishery**


We support the Stakeholder Committee's recommendations to revise the moratorium package, and to move forward with the initial review and final action regardless of meeting locations or dates so that the moratorium can be implemented as soon as possible.

**Allocation and Quota Share Alternatives**

We also support initiating analysis of the Allocation and Quota Share alternatives developed by the Stakeholders Committee, and strongly encourage the Council to take this action at the June meeting. When the Council rescinded the QS program for the halibut charter sector last December, the Council also committed to initiate a new analysis of alternatives to be developed by the Stakeholders Committee. The Council made that commitment with the recognition that the current GHL program fails to provide a long term solution, and that commercial fishermen and charter operators have clearly expressed a desire to replace the GHL program. The Stakeholders Committee has completed its task, and we believe the alternatives give the Council a very sound base for developing long term solutions. It is imperative that the Council move this analysis forward without delay.

Thank you for taking our comments into consideration.

Sincerely,



Dan Hull, Chairman  
CDFU Groundfish Division

COMMISSIONERS:

CLIFF ATLEO  
PORT ALBERNI, B.C.  
JAMES BALGIGER  
JUNEAU, AK  
RALPH G. HOARD  
SEATTLE, WA  
PHILLIP LESTENKOF  
ST. PAUL, AK  
LAURA RICHARDS  
NANAIMO, B.C.  
GARY ROBINSON  
VANCOUVER, B.C.

INTERNATIONAL PACIFIC HALIBUT COMMISSION

ESTABLISHED BY A CONVENTION BETWEEN CANADA  
AND THE UNITED STATES OF AMERICA

AGENDA C-4(b)  
Supplemental  
JUNE 2006

P.O. BOX 95009  
SEATTLE, WA 98145-2009

TELEPHONE  
(206) 634-1838

FAX:  
(206) 632-2983

May 25, 2006

RECEIVED  
MAY 30 2006  
N.P.F.M.C.

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

re: June 2006, Agenda Item C-4 (b) Halibut Charter Stakeholder Report

Dear Stephanie,

The staff of the International Pacific Halibut Commission (IPHC) has been following the meetings and discussions by the Charter Halibut Stakeholder Committee over the past several months. The final set of long-term alternatives fashioned by the committee contains analytical options for charter fishery allocations (Issue 1). With regard to "Option 1 - Fixed Percentage", the committee has included three options as the basis of a percentage allocation, of which two are measures of yield. These are listed as "i. Total Constant Exploitation Yield (Total CEY)", and "ii. Combined commercial/charter Fishery Constant Exploitation Yield (Fishery CEY)".

The IPHC staff requests that the Council drop these two options from the alternatives. The Commission does not use either of these quantities to regulate halibut removals, instead it uses an approved Catch Limit. This approved limit is incorporated into the U.S. Federal Register as a regulation. Any allocation between the charter and commercial sectors must have a regulatory basis and would therefore use this approved IPHC Catch Limit. The IPHC staff has recommended to the Council in previous correspondence and testimony that the Commission could approve, as it does in other areas, a combined charter/commercial Catch Limit for allocative use by the Council. Use of a combined Catch Limit would be a simpler approach and be both more transparent and more comprehensible to the user groups. It is also more equitable, putting both sectors on equal footing concerning the impacts effects of bycatch and other non-directed removals.

IPHC staff will be in attendance at the meeting and can answer any questions the Council or SSC may have on this issue.

Sincerely yours,

Bruce M. Leaman  
Executive Director

cc: Commissioners

# Public Testimony Sign-Up Sheet

Agenda Item C-4 HALIBUT CHARTER

	NAME (PLEASE PRINT)	AFFILIATION
1	X Mike Amberg - Chaco Pearman	Kodiak Assn. of <sup>charter boat</sup> <del>Charter Boat</del> operators
2	X GARY SALTER	<del>KACO</del> - Magnum CHARTERS
3	X <del>Ray</del>	<del>KACO</del>
4	X Rhonda Maker	The Treasury, The Treasury Home
5	X Mel Roe	<del>KACO</del> Kodiak Island Adventures
6	not present X Sam CH	<del>KACO</del> MOUNTAIN SUN CHARTERS
7	X Chuck McCallum	GOAC <sup>3</sup>
8	X Dunon Fields	Old Harbor Fisherman's Assoc.
9	X DICK ROYER	SELF
10	X Freddy Christensen	Kodiak Area Native Assoc.
11	X Chaco Pearman	Co-pak vessel owner
12		
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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.

# **The K.A.C.O. (Kodiak Association of Charter-boat Operators) Plan**

1. The charter quota floats up and down with the T.A.C.

2. Form a non-profit organization (This organization would be setup using the aquiculture associations throughout the State of Alaska as a model and whose board of directors would be made up of 2 owners of active charter operations in areas 2C and 2 owners of active charter operators in 3A, a representative from State of Alaska, a representative from the commercial sector, a representative from the rural communities, and a member appointed by the council.) capable of receiving grants bequests and donations and tasked with buying I.F.Q. shares leasing unused quota back to the commercial sector, and deciding in which areas stamp moneys would be spent.

3. Make it so that any portion of the charter quota. that was not caught that year ( the charter halibut season would end September 30) could be leased back to the commercial sector and the revenues from the leases used to buy I.F.Q. shares in that area along with any by-catch % allocated to them,(I.E. Demersal Shelf Rockfish area 2c "Yellow-eye") and converted into charter quota.

4. Create a state charter halibut stamp for each area (2c and 3a). Revenues from the stamps (after the state was reimbursed for stamp program expenses) would be returned to the nonprofit entity and would be used to purchase commercial I.F.Q. shares and turned into charter quota along with any by-catch % associated with them.

5. Any future reduction in halibut by-catch from other fisheries would be would be split proportionally on a % basis between user groups.

6. If at any point the charter quota is exceeded catch restrictions on charter anglers would be implemented until such a time as the charter quota was within its guidelines. ( i.e. no fish taking by skipper and crew .)

Note: The N.P.F.M.C. Would need to create a way for the non-profit to manage the purchase lease and conversion of I.F.Q. shares.