AGENDA C-4
OCTOBER 1999

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director

DATE: October 5, 1999

ESTIMATED TIME
2 HOURS

SUBJECT: Multispecies CDQ Program

ACTION REQUIRED

(a) Review and comment on the State of Alaska's percentage allocation recommendations for selected species for the 2000 CDQ fisheries.
(b) Discuss CDQ observer issues.

BACKGROUND

(a) State of Alaska's recommendations for selected species for the 2000 CDQ fisheries

The State of Alaska is forwarding to the Council its recommendations for CDQ group allocation percentages for the 2000 groundfish fisheries for pollock, arrowtooth flounder, "other species," chinook salmon prohibited species quota (PSQ), and non-chinook salmon PSQ. The State recommendations are essentially "rolled over" from 1999 and are attached as Item C-4(a). This consultation is required under NMFS regulations before the State may submit their recommendations to NMFS for approval and implementation.

(b) CDQ observer issues

Sally Bibb, NMFS - Multispecies CDQ Coordinator, will brief the Council on problems in 1999 with some MSCDQ vessels and processors being unable to obtain observers. Problems also occurred in some of the open access fisheries. Letters from observer contractors to NMFS and NMFS' response are attached (Item C-4(b)(1)). NMFS staff will ask the Council to: (1) review the attached MSCDQ Program management objectives, catch accounting, and monitoring requirements (Item C-4(b)(2)); and (2) determine whether problems this year warrant changes to the CDQ Program management objectives or catch monitoring requirements.

The issue of CDQ observer coverage for shoreside processors was delayed from April 1999 to this meeting at the request of the Council. NMFS staff has not updated or revised the draft analysis prepared for April. Staff will review the problem statement and proposed alternatives and request further direction from the Council on this issue. Copies of the April analysis will be available for your review, if needed.

Lastly, MSCDQ staff tasking will be reviewed at the meeting. The Council may wish to provide additional guidance to NMFS regarding the priorities of the listed actions (Item C-4(b)(3)).

Tony Knowles, Governor

Alaska **Department of Community and Economic Development**

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October 4, 1999

Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Ave. Suite 306
Anchorage, AK 99501

RE: 2000 Pollock and Associated Bycatch CDQ Allocations

Dear Mr. Chairman,

The State of Alaska received six Community Development Plan (CDP) applications for the pollock and associated bycatch CDQ allocations for 2000. The allocations are to six regional organizations, or CDQ groups, representing the 65 eligible communities bordering the Bering Sea. Through the combined efforts of the CDQ groups, private industry partners, the State of Alaska, the National Marine Fisheries Service and the North Pacific Fishery Management Council, the success of the CDQ program has exceeded all initial expectations.

Before the CDQ program, virtually none of the value of the Bering Sea groundfish resource was captured by CDQ communities in western Alaska. Since its inception, the CDQ program has earned over $150 million for the development of the western Alaska fisheries economy. The CDQ program has led to over $36 million in wages to region residents as well as $6 million in education and training expenditures. CDQ groups have invested in dozens of seafood industry infrastructure projects and fishing and processing investments, including 31 subsidiary ventures with over $76 million in assets and annual gross revenue to the program of $32 million.

Benefits of the CDQ program have gone beyond the recipient communities in western Alaska. Industry partners benefit from an increase in access to resources outside the open access fishery. CDQ group joint venture investments have provided an infusion of capital into existing harvesting and processing operations. CDQ infrastructure investments totaling over $5.5 million in harbor and dock construction and improvements potentially benefit all participants in the Bering Sea fishing industry.

The CDQ program is truly a "grass roots" development program. The CDQ communities, through their representation on the Board of Directors, design CDPs that will assist them in becoming successful participants in the North Pacific fishing industry and improving the social and economic conditions specific to their region.

Richard Lauber
October 4, 1999

It is the responsibility of the State of Alaska CDQ Team to provide both assistance to and oversight of the program to ensure that the CDQ is effectively utilized and maximizes benefits to the residents of the region. The state carries out this responsibility in its review of CDP applications, quarterly and annual reports, and independent financial and management audits.

The state has reviewed the CDP applications from the following CDQ groups:

- Aleutian Pribilof Island Development Association (APICDA);
- Bristol Bay Economic Development Corporation (BBEDC);
- Central Bering Sea Fishermen's Association (CBSFA);
- Coastal Villages Region Fund (CVRF);
- Norton Sound Economic Development Corporation (NSEDC); and
- Yukon Delta Fisheries Development Association (YDFDA).

When making CDQ allocation recommendations, many factors are weighed by the State. Criteria for allocations are set out in state and federal regulations along with input from a public hearing, private interviews with CDQ groups and their industry partners, and investigation into the accuracy of the information provided in the applications. The criteria employed by the state in evaluating individual CDP applications are included as an attachment to this letter.

Following careful analysis of the CDP applications, beginning with application submissions in August, the state has completed its review process. In 1998, the state refrained from making a two-year allocation given uncertainties regarding the effects the American Fisheries Act (Act) might have on CDQ groups. While the state noted the Act had substantial impacts on the pollock industry and the CDQ program, in review of the CDP applications and the performance of each group, a rollover of the 1999 allocations was found to be appropriate. Along with pollock, the state is allocating arrowtooth, other species, chinook salmon (PSQ) and other salmon (PSQ). A model used in the initial multi-species allocations derived the percentages of bycatch species. Attached is a complete list of the CDQ program species allocations for 2000.

The 2000 pollock and associated bycatch allocations are as follows:

CDQ Groups	Pollock	Arrowtooth	Other Species	PSQ Chinook Salmon	PSQ Other Salmon
APICDA	16%	18%	19%	16%	16%
BBEDC	21%	21%	22%	21%	21%
CBSFA	5%	9%	9%	5%	5%
CVRF	22%	16%	14%	22%	22%
NSEDC	22%	16%	15%	22%	22%
YDFDA	14%	20%	21%	14%	14%

The State would like to take this opportunity to thank the NPFMC for its continued support of the CDQ program. We hope that our continued oversight of the program will

maximize the benefits to the CDQ regions and all participants in the North Pacific fishing industry.

Sincerely,

Deborah B. Sedwick

Deborah B. Sedwick
Commissioner

Attachments

cc: NPFMC Council Members
Clarence Pautzke, Executive Director, NPFMC
Commissioner Frank Rue, AKF&G
CDQ Groups
CDQ Team

Attachment 1
FACTORS FOR CONSIDERATION IN CDP APPLICATION

In reviewing the CDP applications, the state is to consider the following factors.

- CDPs provides specific and measurable benefits to each community participating in the CDP.
- A proposed CDP has the support of all participating communities.
- The CDQ group, to the greatest extent possible, has promoted conservation-based fisheries by taking actions that will minimize bycatch, provide for full retention and increased utilization of the fishery resource, and minimize impact to essential fish habitats.
- The number of participating eligible communities, the population of each community and the economic conditions in each community.
- The size of the allocation requested by the applicant and the proper allocation necessary to achieve the milestones and objectives stated in the proposed CDP.
- The degree, if any, to which each CDQ project is expected to develop a self-sustaining local fisheries economy, and the proposed schedule for transition from reliance on an allocation to economic self-sufficiency.
- The degree, if any, to which each CDQ project is expected to generate capital or equity in the local fisheries economy or infrastructure; or investment in commercial fishing or fish processing operations.
- The applicant's contractual relationship with joint venture partners and the managing organization.
- The applicant's and the applicant's harvesting and processing partners', if any, involvement and diversity in all facets of harvesting and processing.
- The coordination or cooperation with other applicants or CDQ groups on CDQ projects.
- The experience of the applicant's industry partners, if any.
- The applicant's CDQ projects for employment, education, and training that provide career track opportunities.
- The benefits, if any, to the state's economy or to the economy of communities that are not eligible to participate in the CDQ program.
- A demonstration that the applicant has a formal, effective administrative process that sets out sound business principles and examples of due diligence that the applicant will exercise.
- The development, if any, of innovative products and processing techniques as well as innovation in harvesting gear for conservation and maximum utilization of the fishery resource.
- The applicant's ability to maintain control over each of its allocations.
- The capital or equity to be generated by the applicant's CDQ projects for fisheries-related business investment.
- The past performance of the applicant and the applicant's industry partners, as appropriate.
- The applicant's transition plan, including the objectives set out in the milestone table.
- The inclusion in the proposed CDP of realistic measurable milestones for determining progress.
- The degree of participating community input in developing the proposed CDP.
- The likely effectiveness of the outreach project.
- Comments provided by other agencies, organizations, and the public.

CDQ DATA BY GROUP

2000 Pollock CDQ Allocation Recommendations

	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
2000 Recommendations	16%	21%	5%	22%	22%	14%
Allocation Requested	16%	25%	10%	25%	27%	20%
1999 Allocation	16%	21%	5%	22%	22%	14%
1996-98 Allocation	16%	20%	4%	25%	22%	13%
1994-95 Allocation	18%	20%	8%	27%	20%	7%
1992-93 Allocation	18%	20%	10%	27%	20%	5%
Number of Communities	6	17	1	20	15	6
# Community Residents	546	5,852	761	7,806	8,749	3,210
Business Partner	Trident/Starbound	Arctic Storm	American Seafoods	American Seafoods/ Westward Seafoods	Glacier Fish Company	Golden Alaska Fisheries
Managing Organization	Board	Board	Board	Board	Board	Board
Projects for 1998-2000	➢ Long term Reserve account ➢ Non-long term reserve account ➢ False Pass Infrastructure ➢ Atka Dock Support Services ➢ Akutan Boat Harbor ➢ NMSCDDQ Harvesting ➢ Community Outreach Conference ➢ Employment ➢ Training and Education ➢ Small Vessel Acquisition Program ➢ Product Diversification Program ➢ Vessel Acquisition Program ➢ APICDA Joint Ventures ➢ Atka Pride Seafoods ➢ APICDA Vessels Inc. ➢ Flatfish Processing ➢ Golden Dawn ➢ Joint Shellfish Agreement ➢ Mariculture ➢ Nelson Lagoon Storage Company ➢ Ocean Prowler ➢ Prowler ➢ Olympic Monarch ➢ Parwest Leader ➢ Grand Aleutian ➢ Ocean Logic ➢ Puffin Seafoods ➢ Quota Share Acquisition Program ➢ Bering Pacific Seafoods ➢ Nelson Lagoon Seafood Processing ➢ Starbound Partnership Nikolski Sport Fishing Lodge	➢ Bristol Bay Permit Brokerage ➢ Regional fisheries ➢ Technical Assistance Project ➢ Regional Business Development Project ➢ Regional Infrastructure Development ➢ Alaska Seafood Investment Fund ➢ Employment Project ➢ Training Project ➢ Harvey Samuelson Scholarship Trust ➢ Bristol Bay Science and Research Institute ➢ Arctic Surf Clams Alaska ➢ CDQ Quota Management ➢ Outreach ➢ Education Initiative ➢ Arctic Fjord ➢ Neahkahnie ➢ Bristol Leader ➢ Bristol Mariner ➢ Northern Mariner ➢ Nordic Mariner ➢ Halibut IFQ Shares ➢ Sablefish IFQ Shares ➢ Capilano Pacific	➢ Investment Fund Policies & Procedures ➢ Small Boat Harbor ➢ Vessel Repair and Maintenance Program ➢ Acquire Vessel Launch & Retrieval System ➢ Local Employment programs ➢ Support Development of Local Fisheries ➢ Floating Dock Maintenance Program ➢ Substance Abuse Treatment Program ➢ Student Loan, Scholarship and Training Grant programs ➢ F/V Zolotoi ➢ F/V Ocean Cape ➢ Misty Island Seafoods ➢ Acquire pollock industry assets ➢ Freezer/Long-liner Investment	➢ CDQ Contract Management ➢ CVRF Development ➢ Sportsfish lodges ➢ Shoreside Processing Development ➢ Groundfish Vessel Investments ➢ Crab Vessel Investments ➢ Outreach ➢ 4-Site Program ➢ Fisheries Retention ➢ Pollock Vessel Investments ➢ Kokopelli ➢ Silver Spray	➢ Investment oversight ➢ Other fund management ➢ Shoreside infrastructure improvement ➢ Education Employment and Training Program ➢ Revolving loan program ➢ Salmon Rehabilitation & Enhancement ➢ CDQ Harvest Management ➢ Fund For IFQ purchase ➢ Shoreside Development ➢ Norton Sound Seafood Products ➢ Norton Sound Vessel Management ➢ Glacier Fish Company ➢ Community Outreach ➢ Board Training ➢ Substance Abuse Prevention ➢ Small Business Development and Assistance ➢ CDQ Fees ➢ Fisheries Development Program ➢ Funding for harvesting/tendering vessel purchase ➢ Fund for Purchase of Equity Interest in the Fishing Industry	➢ Main Office relocation ➢ Reserve Fund ➢ Comprehensive Vocational, Educational and Rehabilitative Training Program ➢ Employment ➢ Salmon & herring permit buy-back and IFQ purchase program ➢ Exploratory Fisheries ➢ F/V Lisa Marie ➢ OceanLogic ➢ Kotlik Buying Station ➢ Emmonak Value-added Smoker ➢ Purchase of 58' combination vessel ➢ Joint Venture Crab Vessel ➢ Joint Venture Longline Vessel ➢ Skiff Production Facility ➢ Sheldon Point Saltery ➢ Purchase of Golden Alaska Seafoods, Inc.

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION
COMMUNITY DEVELOPMENT QUOTA PROGRAM

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July 21, 1999

[Same Letter sent to all CDQ Groups]

Eugene Asicksik
Norton Sound Economic Development Corporation
601 W. 5th Avenue, Suite 415
Anchorage, Alaska 99503

RE: 2000 Pollock Allocations

Dear Mr. ~~Asicksik~~ Eugene:

When the state made its last pollock and associated bycatch species allocation recommendation to the National Marine Fisheries Service (NMFS), it was for 1999 only. In the 1999 Pollock Community Development Plan Application Findings sent to NMFS on November 19, 1998, the state provided the following process for determining how to manage the 2000 pollock allocation.

> *If the state finds that AFA and other outstanding issues have had a substantial impact on the CDQ program and the eligible CDQ communities of western Alaska, it will engage in an application review process for 2000.*

The state has reviewed the impact of the American Fisheries Act (AFA) and other events and has found there has been a substantial impact on the CDQ program and eligible communities. The following factors were considered by the state and led to the decision to engage in a new allocation process for 2000.

1. The AFA has had substantial impacts on the CDQ program.

   - AFA has led to the development of fishing cooperatives. Cooperatives allow fishing companies to pre-establish harvesting levels based on historical catch figures. This ability to predefine one's own harvesting effort carries many of the attributes that are associated with fishing CDQs. When a fishing company with access to a large amount of pollock is partnered with a CDQ partner with a small amount of pollock CDQ, the incentive to provide benefits may decrease. We have received indications that this is occurring and this may spur new partnerships for 2000.

- Cooperatives remove the need for a derby style fishery. In eliminating the "race for fish", a company may reduce the number of vessels necessary to fully harvest its share of the pollock. This reduction in vessels may reduce the number of employment opportunities available to CDQ residents. The state has noted this on at least two separate occasions.

- Through these cooperatives it appears the cost of obtaining pollock harvesting and processing related assets has risen. With the potential of escalating buy-in costs, it may be important to determine if certain groups who have yet to purchase a significant processing interest in the pollock industry, may require additional quota to enable entry.

- AFA has made federal funds available to the CDQ groups to purchase pollock harvesting or processing related assets. The state would like to review this new funding source in connection with the above-mentioned item to enable entry for CDQ groups who do not have significant ownership in the pollock industry.

2. There are eight new communities in the CDQ program. In April 1999, the National Marine Fisheries Service and the North Pacific Fishery Management Council approved the inclusion of eight new communities into the CDQ program. At this time, seven of the eight communities have joined existing CDQ groups. The state needs an opportunity to analyze the effect of these new communities on the operations of the affected CDQ groups and determine if more quota is warranted.

3. A major CDQ partner has left the pollock industry. The continuing consolidation of the pollock industry reduces the partnering opportunities available to the CDQ groups. The state must have an opportunity to review the performance of this CDQ group's new partner or partners and any proposed contracts for 2000, and to make allocation revisions if necessary.

The state understands the inconvenient nature of this action and appreciates your cooperation in this short application cycle. If you have any questions, please call me at the number above.

Sincerely,

Glenn Haight
CDQ Manager

cc: Steve Pennoyer, NMFS
Clarence Pautzke, NPFMC
CDQ Team

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

October 5, 1999

Dear Observer Contractors:

Thank you for your continued input on the issue of observer availability. This letter responds to your letters of August 20, 1999, September 10, 1999, and to the letter from Alaskan Observers, Inc. of September 9, 1999. These letters described current problems with observer availability; requested that NMFS revise regulations for observer coverage and observer experience requirements for the Community Development Quota (CDQ) and American Fisheries Act (AFA) fisheries; and estimated the number of vessels that would not be able to obtain the required observers in 2000.

To our knowledge, problems obtaining CDQ observers for the CDQ fisheries occurred once in December, 1998, started again about May, 1999, and occurred periodically through September, 1999. The problems appeared to affect primarily the longline catcher/processors, longine catcher vessels, and smaller shoreplants wanting to take deliveries from vessels halibut CDQ fishing. Most vessels and processors wanting CDQ observers were eventually able to find the necessary observers, although they incurred costs due to the delays. We do not know yet whether any CDQ catch will remain unharvested due solely to problems obtaining observers, although we have reports that it could be a factor in the fixed gear sablefish CDQ fisheries. However, we note that in 1998, prior to implementation of the multispecies (MS) CDQ observer coverage requirements, several CDQ groups were unable to harvest all of their fixed gear halibut and sablefish CDQ allocations. For the non-CDQ groundfish fisheries, some vessels needing regular observer coverage were unable to obtain observers starting in September, 1999. In some cases, the vessels and processors reported trying to obtain observers up to four weeks and in other cases vessels were trying to obtain observers with just a few days notice.

In your August 20, 1999, letter you suggest that the solution to this problem is to reduce observer coverage requirements for the AFA fisheries, to reduce the experience and training requirements for the CDQ observers, and to revise policies about observer debriefing. We do not agree that the current experience and training requirements should be reduced, nor do we agree that the policies implemented by NMFS for training and debriefing observers should be changed. We have responded to your specific suggestions on these issues in an attachment to this letter.

Management of CDQ and AFA fisheries requires accurate haul by haul reporting of catch. Unlike open access fisheries, specific vessels are allocated a portion of the quota established for each CDQ group through contractual agreements with the group. This effectively creates a vessel-specific management situation for a broad suite of species. A great deal more responsibility is placed on observers, and data must meet high quality standards. In addition, the CDQ groups are responsible for managing their fisheries. To do this effectively they depend upon data which have no substantive changes after the observer debarks the vessel. Changes to the observer data during or after debriefing create major difficulties for the CDQ groups and NMFS management staff. Quality assurance while the observer is at sea takes on an even greater role in the CDQ fisheries than in open access fisheries.

The ability of North Pacific Groundfish Observer Program staff to conduct at-sea quality assurance in support of quota management is limited to mid-cruise debriefings and to the ATLAS program, where staff act as advisors to observers at sea. While the latter has produced tremendous advances in at-sea quality assurance, many data corrections still can occur during observer debriefing. These corrections are often tied to lack of experience. Thus, the key to obtaining the data necessary for managing the CDQ fisheries depends upon the quality and experience of individual observers.

We are aware that contractors are concerned about the quality of information provided by their contracted observers, and that they work to support data quality. However, observer availability and costs to your industry clients drive the business decisions you must make, including your suggested changes to CDQ standards, whereas data quality and quota management do not. While development of MS CDQ observer standards was driven primarily by data quality and quota management concerns, staff at the Alaska Region Office and Observer Program tried to ensure standards were not set unnecessarily high.

Again, we are very concerned about the observer availability problems that have occurred this year and we would consider any changes in our regulations that would provide the quality of observer data necessary to manage the fisheries management programs we have been asked to implement over the last few years. However, we believe that the increased reliance on observer data to manage individual-quota-type fisheries requires observers who have prior experience, have demonstrated that they can successfully fulfill the responsibilities of their jobs, and who have had additional training to prepare them for these new

management programs. We believe that, if we tried to operate the current MS CDQ or AFA fisheries with observers with insufficient prior experience, the quality of the data they collect would not be satisfactory to NMFS, to the CDQ groups, or to the industry.

At the October 1999 North Pacific Fishery Management Council (Council) meeting, we will recommend that, if the Council believes that the 1999 observer availability problems warrant consideration of changes in the MS CDQ Program requirements, that the Council also should re-evaluate the management objectives of the MS CDQ Program. In addition, some of the factors associated with observer availability problems may be related to the observer procurement system in general, rather than the MS CDQ Program in particular. In that regard, we recommend that the Council wait until we have the results of the MRAG-Americas contract to evaluate the Observer Program before considering significant changes to the Observer Program or observer coverage requirements.

Sincerely,

Steven Pennoyer
Administrator, Alaska Region

cc: NPFMC
CDQ groups

Attachment
Response to specific suggestions by observer contractors

In your August 20, 1999, letter you recommended two options, each of which involved a combination of the following suggestions for reducing observer coverage and experience requirements:

1. Remove the requirement that AFA listed catcher/processors carry CDQ observers.

2. Reduce the eligibility requirements for a CDQ observer from 60 days of sampling to 45 days of sampling.

3. Allow observers to attend the CDQ training prior to debriefing.

4. Remove the requirement that lead CDQ observers have experience in the gear type for which they will be CDQ observing.

5. Train all NMFS certified observers to be second observers on both CDQ and AFA vessels.

AFA Requirements

We will consider your suggestions in drafting the proposed rule for the AFA observer coverage requirements.

Reducing the eligibility requirements

You suggested reducing the eligibility requirement for MS CDQ training from 60 to 45 sampling days, so that an observer who has completed a single average contract, and who receives a 1 or 2 in debriefing, can attend the training. With a threshold of 60 days, most observers have to complete two contracts before entering the training.

In setting this standard, we intended that observers would need to have completed two contracts before being eligible for training as a CDQ observer. We believe that two contracts is necessary to provide the observer with the variety of experience necessary to prepare them for CDQ observing and to provide NMFS adequate experience to fully evaluate their capabilities. Our experience shows a strong relationship between high quality observer data and the observer's exposure to a minimum number of days at sea and the variety of sampling situations they will be exposed to in two contracts. In addition, our debriefing staff

continues to have to make some corrections to data collected by the CDQ observers. The level of corrections necessary reinforces our view that the current experience requirements are appropriate.

Allowing observers to attend training prior to debriefing

Currently, observers are required to be debriefed from their most recent deployment before attending the MS CDQ training. You requested that we allow observers to attend training prior to debriefing. We do not agree with this proposal because we need to know that an observer has received an evaluation score of "1" or "2" on their most recent debriefing before they start the training. Observers receiving a "0" would be ineligible for the MS CDQ training. In addition, debriefing is disrupted when an observer enters an intense training class before being able to ensure data are corrected. In our attempts to maintain flexibility we have experimented with this option in the past by allowing observers to complete a variety of activities before coming in to debrief. In cases where an observer was simply required to wait or their debriefing was delayed, they are still generally good at meeting program standards and completing their debriefing. When observers have been allowed to receive other training first, the debriefing has been very difficult, appropriate data corrections were difficult to identify, and the observer has not focused on the task.

Requirements for experience in the specific gear/vessel types

We do not agree that the gear specific experience requirements should be removed for the lead level 2 observer on vessels. Both the MS CDQ Program and the AFA fisheries depend on species composition data collected by the observer to estimate the catch of groundfish species that accrue against a group quota. These estimates will determine when particular vessels or groups of vessels must stop fishing. The vessel operations, observer duties, and sampling protocols differ significantly between trawl catcher vessels, trawl catcher/processors and motherships, and vessels using nontrawl gear.

In 1998, CDQ observers on a longline catcher/processor incorrectly sampled 160 CDQ sets (approximately 1,200 mt groundfish). Consequently, although this data was reported by the CDQ group as their official catch estimates, NMFS could not enforce CDQ quotas on the basis of this data if the CDQ group refused to use it as a basis for reporting their catch. The lead CDQ observer on this vessel had gained his experience as a lead CDQ observer vessels using pot gear. Although our regulations

allow experience on either longline or pot boats to qualify a person as a lead CDQ observer for longline vessels, we believe that this example illustrates the type of problem that will occur if lead observers are not required to have prior experience in the gear type and vessel type on which they will conduct CDQ observing.

Train all observers to be second observers

We do not believe that observers without prior observing experience and a successful evaluation by NMFS should be deployed to collect data that will be used for quota management under the MS CDQ Program or the AFA. Therefore, although this suggestion may ease the observer availability problem, we do not believe that just providing additional training to first time observers would be sufficient to meet our needs for quality data.

ALASKAN OBSERVERS

9 September 1999

Steven Pennoyer
Administrator, Alaska Region
National Marine Fisheries Service
P.O. Box 21668
Juneau, AK 99802-1668

Dear Mr. Pennoyer,

The purpose of this letter is to provide you with further explanation of the problems contractors face in fielding sufficient numbers of mscdq observers, and to quantify the nature of these problems.

When NMFS came up with the current experience requirements for mscdq observers, the length and nature of observer deployments were different than they are now. In 1999, the average length of observer deployments has decreased for a variety of reasons. First, there is the Observer Program's strict enforcement of the 90 day limit for observer deployments. Second, there are shorter fishing seasons. Third, deployments are more complex as a result of current mscdq operations.

This last development affects the time it takes us to get people enough experience to qualify for mscdq training or to qualify as leads in multiple gear groups. For instance, we very often are forced to deploy new people to shoreside vessels because many of our catcher-processor trawlers want to keep open the possibility of fishing mscdq's, and they lose that option if they have a new observer on board. In those cases where we do have a new observer aboard a vessel that announces plans to harvest mscdq's, we are forced to shift observers from assignment to assignment, and from one gear type to another if need be, to make certain the right people are in the right places for our mscdq boats. The people who get moved around and out of the way, however, get moved even if leaving them in place would more quickly qualify them as leads for a given gear type, or would move them more quickly toward the minimum 60 sampling days they currently need to qualify for mscdq training. For instance, when someone moves from a catcher processor trawler, where the number of fishing days in a month is relatively high, to a shoreside trawler, where the number of fishing days in a month is very low, they will often have to deploy for an additional contract before they reach sixty sampling days.

We can quantify these effects. On processing vessels, longliners and trawlers both, it takes around 80 deployed days for an observer to get 60 sampling days. Average deployments on these vessels in 1999 are 45 days and under For catcher only trawlers, it takes an observer over 110 deployed days to get 60 sampling days. Given that our average deployments are around 64 days in length, it now takes an observer two or three deployments to qualify for mscdq training, depending largely on how much time they spend on shoreside trawlers during their first two or three deployments. And as I said above, shoreside trawlers are typical assignments now for observers who are not mscdq certified.

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These developments come at a time when the average level of experience of our observers is declining, not increasing. In 1999, observers move on to new employment after fewer deployments than they did in 1994, when AOI made all of it's A-season deployments without training any new observers. In 2000 we can expect to train 25 to 30% of the people who make A-season deployments.

I hope you will consider the information contained in this letter when deciding whether re-adjusting the minimum qualifications for mscdq observers is an appropriate step for NMFS to take. Since the 1999 deployment statistics cited here have to do only with AOI, I realize NMFS might want to look at the 1999 deployment statistics for all contractors to see if our experience is the norm. In the past, the Observer Program has looked at the existing pool of observers who qualify for mscdq training to determine if its experience requirements are reasonable. I would suggest that such an approach amounts to looking backward, and that a more useful approach, and one that can lead to standards that allow for a sustainable mscdq program, is to determine how long–in terms of contracts and deployed days–it takes the program to generate new mscdq observers, and balance this against the rate at which observers are leaving the program. Please feel free to call me if you have any questions.

Sincerely,

ALASKAN OBSERVERS, INC.

David Edick
General Manager

cc: Dan Ito
Shannon Fitzgerald
Martin Loefflad
Richard Lauber
Observer Contractors
Mscdq Groups

September 10, 1999

Mr. Steve Pennoyer
National Marine Fisheries Service
PO Box 21668
Juneau, Alaska 99802

Dear Steve :

This follows up on the August meeting between NMFS and affected industry/CDQ groups/contractors regarding the current and predicted shortage of CDQ observers. During the meeting the contractors outlined two options which we believe would help reduce the shortages. As a followup to the meeting we have attempted to quantify the shortages we foresee in calendar year 2000 and how those shortages would be reduced by the two options presented in our letter dated August 20, 1999.

Each contractor performed the following analysis of their observers and clients:

a) Review list of current CDQ observers and assess how many plan to work in 2000
b) Assess how many prior non-CDQ observers will return to work in 2000
c) Of those non-CDQ priors in b), assess how many will become CDQ trained in first half of 2000
d) Assess your client's CDQ needs for the first half of 2000 based on fisheries similar to 1999
e) Assign appropriately qualified observers [from a) and c) above] to the client's needs
f) Count how many boats would not be covered

We predict very significant shortages under the current regulations (21 boats uncovered), some shortages under Option 1 (10 boats uncovered), and coverage of all boats under Option 2. We have written to NMFS repeatedly about the reasons for the shortages, and would be more than happy to provide any further information you may desire.

Absent significant revision to the mscdq observer program's experience requirements this fall, observer coverage will become an allocative issue in the year 2000. Some boats will be allowed to fish because they have observers, and some boats will not because they don't have observers. It happened this year, and it will be substantially worse in 2000. We do not believe that is the best way to manage a fishery.

Best Regards,

Alaskan Observers, Inc.

Data Contractors Incorporated

Frank Orth and Associates

Saltwater Inc.

cc: Rick Lauber, NPFMC
Jim Balsiger, Director , Alaska Fisheries Science Center
Brent Paine, UCB
John Gauvin, Groundfish Forum
Trevor McCabe, APA
Larry Cotter, APICDA
Judith Nelson, BBEDC
Philip Lestenkof, CHSFA
Norman Cohen, CVRF
Eugene Asicksik, NSEDC
Ragnar Arnarson, YDFDA

20 August 1999

Steve Pennoyer
National Marine Fisheries Service
P.O. Box 21668
Juneau, AK 99802

Dear Steve,

We have warned for some time now that, if left unchanged, the current mscdq observer requirements--particularly since they were expanded on January 1 to include AFA vessels in addition to vessels harvesting mscdq fish--would lead to a shortage of mscdq observers. Now that we've arrived at the shortage, we are concerned that without action on the part of NMFS, it will only grow worse from here.

Thus far the sole remedy to this shortage has been the proposal by NMFS that observers be paid more money. Your August 5 letter to Robin Samuelson states that, in regards to an increase in observer pay, "NMFS staff did not raise this issue" during its survey of mscdq qualified observers. Whether NMFS raised the issue during the survey isn't worth arguing over, since NMFS has without question been raising the issue in a number of other settings since late last year.

As early as the fall of 1998, observers coming out of briefings in Seattle were reporting to us that their briefers were suggesting that mscdq observers should receive more pay. Bill Karp, Shannon Fitzgerald, and Martin Loefflad have all stated, in conversations with contractor staff, that contractors should solve the mscdq observer shortage by increasing salaries; Martin has further suggested that observers should be put on retainer between contracts. Ron Berg has told at least one member of industry that the mscdq problem could be solved if contractors would increase observer pay. And lately, at the NMFS field office in Dutch Harbor, NMFS staff prominently posted a letter from the Association for Professional Observers that amounts to a cry for observers to hold out for higher wages

So putting the observer survey aside, NMFS has in fact been suggesting for some time that money will solve this problem. You're talking to a group of employers who, as of January 1 2000, will have raised their top salaries for observers by some 70% in the space of twenty-four months. If money alone would solve this problem, we wouldn't have this problem. If NMFS is serious about remedying the current shortage of mscdq observers, then you need to move beyond the facile response you've given us so far.

By and large, the remedies we propose below will appear familiar to you, since they are distillations of approaches that contractors have been suggesting since the mscdq observer qualification requirements were put out for public comment. As time goes on, though, the situation faced by NMFS, the contractors, and the fishing industry grows more urgent. We've learned that in 2000 NMFS plans to require AFA catcher processors and motherships to carry both a lead and a second mscdq observer, as opposed to the single mscdq observer of any variety along with a regular observer they have been required to carry in 1999.

If this requirement goes into effect, then the number of mscdq observers that will need to be deployed during the first quarter of 2000 could approach 100. Since contractors will fall short of this deployment number, AFA boats will end up cornering the market for mscdq observers. This will be a simple business decision for contractors, since these vessels have predictable and lengthy fishing plans. True mscdq vessels using trawl gear and harvesting species other than pollock, on the other hand, who tend to have changeable mscdq fishing plans and only fish mscdq targets for a week here or several weeks there, will not be able to harvest their mscdq fish on a schedule of their own making. A contractor weighing the logistics implications of covering mscdq vessels will have to be balance mscdq needs against obligations to open access vessels as well, since every time a mscdq vessel is covered for a given amount of time, there is one less observer available to open access for that amount of time. Mscdq vessels trawling for species other than pollock will end up getting in line, and they may face a long wait.

As a practical matter, covering all AFA boats with two mscdq certified observers will limit the opportunities contractors have to get new observers the experience they need to qualify as leads on catcher-processor trawlers. If we're unable to recruit new observers into the mscdq program, the prospects for the long-term success of the program are further diminished.

Here then are two approaches that make sense, either of which would create an opportunity for NMFS and its contractors to re-establish a sustainable program.

Approach number one:

This approach allows for a continuation of a mscdq program similar in design to the current one, but with different experience requirements. All four of the following steps would need to be taken to make this approach work:

1. Drop the mscdq observer requirement for AFA vessels. –
2. Reduce eligibility requirement for mscdq training from 60 to 45 sampling days, so that an observer who has completed a single average contract, and who receives a 1 or 2 in debriefing, can attend mscdq training. With a threshold of 60 days, most observers have to complete two contracts before entering mscdq training.
3. Allow observers to attend mscdq training prior to debriefing. If subsequent to training they receive a zero in a debriefing, then they cannot be deployed on mscdq vessels until they complete a further deployment with a rating of 1 or better.
4. Drop the gear-specific requirements for mscdq lead observers. Observers who have completed two or more contracts on any gear type and have successfully completed mscdq training can reasonably be expected to work successfully as leads on any gear type.

Approach number two:

This approach would allow NMFS to cover AFA vessels with observers who have had mscdq training, but in order to achieve this end the experience requirements for second observers would have to be dropped, while lead requirements would have to be modified.

1. Train all observers, including trainees, to be second observers on both mscdq and AFA vessels.
2. Drop the gear-specific requirements for mscdq lead observers. Observers who have completed two or more contracts on any gear type and have successfully completed mscdq training can reasonably be expected to work successfully as leads on any gear type.

We appreciate the consideration we know you will give this matter, and we look forward to your reply.

Alaskan Observers, Inc.

Data Contractors, Inc.

Frank Orth & Associates

NWO

Saltwater, Inc.

pc: Richard Lauber
NPFMC
Larry Cotter, APICDA
Judith Nelson, BBEDC
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Agenda C-4(b)(2)
October 1999

CDQ Program Management Objectives and Catch Accounting and Monitoring Requirements

The purpose of this document is to explain the management objectives for the Multispecies Community Development Quota (MS CDQ) fisheries and to describe how the current catch accounting and monitoring requirements provide the information necessary to meet these management objectives. This information should be used to (1) decide whether the management objectives reflect the intention of the Council in establishing the MS CDQ Program, and (2) to evaluate whether proposed changes to the catch accounting and monitoring requirements will provide the information necessary to meet these management objectives.

Background

Prior to 1998, the Community Development Quota (CDQ) program consisted of two separately managed CDQ fisheries - the pollock CDQ fisheries and the fixed gear halibut and sablefish CDQ fisheries. In 1996, the Council approved an amendment to the Fishery Management Plan for the Bering Sea and Aleutian Islands Groundfish that allocated a percentage of all of the remaining groundfish total allowable catch (TAC) species or species groups and of the prohibited species catch limits to the CDQ Program. Implementation of this FMP amendment required NMFS to move from single species CDQ fisheries management to management of a multispecies CDQ fishery in which each CDQ group is allocated quota for all groundfish and prohibited species and is prohibited from exceeding any one of these quotas.

MS CDQ Program Management Objectives

The following represent the fisheries management objectives that NMFS interpreted from the Council's motion on the MS CDQ Program and from consultation with the Council in development of the MS CDQ Program catch accounting and quota monitoring regulations:

- Allocate a percentage of all BSAI groundfish species and prohibited species to the CDQ Program to provide eligible western Alaska communities the opportunity to participate in all BSAI groundfish fisheries to support fisheries-related economic development and employment in these communities.

- NMFS must manage the MS CDQ fisheries so that the overall catch is limited to the percentage allocated to the CDQ Program. No catch of CDQ species from the groundfish CDQ fisheries would be allowed to accrue against the non-CDQ (open access) TACs or PSC limits.

- All quota categories will be managed with the same level of accounting. No distinction will be made between target species and incidental catch or between retained catch and discarded catch.

- Groundfish incidental catch in the halibut CDQ fisheries should accrue against the CDQ groups' groundfish CDQ allocations.

Several exceptions to these management objectives are noted on page 4.

The MS CDQ management objectives currently do not include the objective of ensuring that every vessel or processor that wants to fish or process CDQ will be able to do so when they want to, nor do they include the objective that all CDQ groups will be able to harvest all CDQ and PSQ allocations.

Catch Accounting and Monitoring Requirements to Implement Management Objectives

Based on these and other program requirements, NMFS designed a catch accounting and monitoring system to provide accurate and verifiable estimates of the total catch of all groundfish and prohibited species by all vessels fishing for groundfish and halibut CDQ.

NMFS's data needs for management of the CDQ fisheries can be divided into two categories (1) biological or conservation needs, and (2) fisheries management needs.

Biological or conservation needs

NMFS needs data that will provide acceptable estimates of total catch by species catch to account for catch in CDQ fisheries against aggregate total allowable catch limits. CDQ catch estimates acceptable for biological or conservation needs probably could be obtained without the level of observer coverage, data collection, and catch monitoring that NMFS currently requires for the MS CDQ fisheries. Industry reports of retained catch weight could be supplemented with estimates of at-sea discards obtained through reduced levels of observer coverage. Estimating at-sea discards from the halibut CDQ fisheries would be most difficult because vessels directed fishing for halibut are not required to carry observers unless they are retaining halibut or sablefish IFQ onboard and moving to a new regulatory area to continue fishing (§ 679.7(f)(4)).

Fishery management needs

The CDQ program provides quotas of individual species and PSC species and allows the groups to fish until these quotas have been reached. Fleetwide quotas do not constrain the CDQ fisheries as they do the open access fisheries and the CDQ fisheries have only limited time and area closures. The CDQ fisheries are managed under many constraints that do not apply to the open access fisheries, namely the multispecies individual quota nature of the fishery. The CDQ groups are prohibited from exceeding any groundfish CDQ allocation and most of the prohibited species quota allocations. Therefore, the first quotas reached are likely to prevent the groups from harvesting remaining CDQ. NMFS recognized that this requirement would provide increased incentive to misreport catch of limiting species, particularly if these species were discarded at sea and catch could not be later verified in retained or delivered product. This requirement also places considerable attention on the source of the total catch weight estimates. Therefore, for fisheries management reasons, NMFS needs the following from the CDQ fisheries data:

- estimates of total catch weight of all CDQ species (not just retained catch weight),
- estimates that can be verified and are not dependent on the vessel operator reporting the weight of catch discarded at sea,
- estimates that can be provided to the CDQ groups within one or two days of the catch being made so that they can keep track of quota balances and minimize overages due to the lag time in obtaining data,
- estimates that the vessel operators, processors, and CDQ groups will have confidence in to limit the number of challenges or questions that need to be researched and resolved by NMFS before catch can be subtracted from the quota allocation,

Based on these needs, NMFS implemented CDQ program catch accounting and monitoring regulations with the following elements:

- observers on all catcher/processors and on catcher vessels ≥ 60'LOA to collect data used to estimate total catch weight or, for catcher vessels, to verify that all groundfish CDQ species are being retained and to estimate prohibited species catch;

- observers in shoreplants for vessels retaining all catch and using the processor's reports of total catch weight to ensure that the CDQ species are accurately sorted and weighed;

- observers that had prior experience and a successful rating by NMFS to demonstrate that the person could successfully handle the work environment and responsibilities of observing;

- observers that had received training about the specific requirements of the CDQ program and additional training in conflict resolution;

- at least one observer on a vessel or in a plant that had prior experience in the gear type or vessel/processor category to demonstrate that the person was familiar with the sampling and monitoring aspects of the specific CDQ operation;

- estimates that use observer data from the individual vessel and do not rely on observer data collected on a different vessel to estimate at sea discards; and

- provision to allow vessels under 60' LOA to participate in the groundfish CDQ fisheries without observer coverage.

NMFS did not believe that a significant portion of an individual quota type fishery for all species, including those discarded at sea, could be based on unverified vessel operator's reports of catch.

Exceptions to CDQ Program Management Objectives

Following are a few exceptions that have been made to the CDQ Program fisheries management objectives:

1. Vessels less than 60' LOA that are groundfish CDQ fishing are allowed to do so without an observer. However, they are required to retain all groundfish CDQ species and deliver them to a shoreside processor. Compliance with this requirement cannot be verified, but NMFS believed that participation by this category of vessel would be limited enough to not jeopardize the overall goals of the MS CDQ program catch monitoring to account for the catch of all CDQ and PSQ species.

2. Vessels <60' LOA halibut CDQ fishing: CDQ groups are not required to subtract from their groundfish CDQ allocations the incidental catch of groundfish by catcher vessels less than 60' LOA while halibut CDQ fishing, due to the high cost of applying the MS CDQ catch accounting regulations to the many small vessels and registered buyers participating in the halibut CDQ fisheries.

3. In June 1999, the Council recommended an amendment to the BSAI Fishery Management Plan to remove squid as a CDQ species so that the incidental catch of squid would not prevent the CDQ groups from harvesting pollock CDQ allocations provided for under the AFA. All catch of squid in the BSAI would accrue against one squid TAC for CDQ and non-CDQ fishing combined.

4. Under the AFA, all catch of pollock in the CDQ fisheries does not accrue against the pollock CDQ allocation. Incidental catches of pollock in other groundfish CDQ fisheries will accrue against the pollock incidental catch allowance, a component of the non-CDQ pollock TAC.

The MS CDQ Catch Accounting and Monitoring Requirements

The catch accounting and monitoring program, divides the fishing vessels into the following categories based on vessel type, gear type, and length overall:

- catcher/processors of any length using trawl gear
- catcher/processors of any length using non-trawl gear (longline, pot)
- catcher vessels less than 60 feet length overall (LOA) using any gear
- catcher vessels equal to or greater than (≥) 60' LOA using trawl gear and bringing fish onboard the vessel
- catcher vessels using trawl gear and delivering unsorted codends to processors (not bringing the fish onboard the vessel before delivering it)
- catcher vessels equal to or greater than 60' LOA using non-trawl gear

Table 1. Current observer coverage requirements for the multispecies groundfish and halibut CDQ fisheries.

Category	CDQ Observer Requirements
Catcher, < 60 ft	none
Catcher, ≥ 60 ft	1 lead CDQ obs.
Catcher/processor	2 total (1 lead CDQ obs., 1 CDQ obs.)
Shoreside processor, motherships in State waters	1 lead CDQ obs. for each CDQ delivery

Table 2. Requirements for CDQ observer and "lead" CDQ observer in 50 CFR 679.50

CDQ Observer Classification	Experience Requirements
All CDQ observers	- a prior observers with 60 days observer data collection, - minimum evaluation rating of 1 or 2, - successfully complete observer training course
ADDITIONAL REQUIREMENTS FOR "LEAD" CDQ OBSERVERS	
Lead on c/p using trawl gear or a mothership	2 cruises (contracts) and sampled at least 100 hauls on a c/p using trawl gear or a mothership.
Lead on catcher vessel using trawl gear	2 cruises (contracts) and sampled at least 50 hauls on a catcher vessel using trawl gear.
Lead on vessel using nontrawl gear	2 cruises (contracts) of at least 10 days each and sampled at least 60 sets on a vessel using nontrawl gear.
Lead in shoreside plant	Observed at least 30 days in a shoreside processing plant.

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Update on Regulatory Actions and Requested Analyses for the Multispecies Community Development Quota Program

October 4, 1999

	Action	Status (date)	Staff Responsible
1	AFA proposed rulemaking (PR)	Monitor development of AFA PR to ensure consistency between AFA and CDQ catch accounting regulations	NMFS (Bibb)
2	Proposed rule for Amendment 66 - removing squid as CDQ species and defining directed fishing for pollock CDQ (60% threshold)	Draft FMP amendment, PR in review in Regional Office. PR could publish about 12/1/99. Final rule will not be in effect by 1/20/2000.	NMFS (Bibb)
3	Approval of 2000 pollock CDQ allocations	Conduct review of State's recommendations in October, 1999 and publish FR notice by December 15, 1999.	NMFS (Davis)
4	Analysis of problems in CDQ catch accounting for longline catcher vessels and small catcher/processors	Discuss analysis at Oct. Council meeting.	NMFS (Kinsolving/Bibb)
5	Steller sea lion protection measures PR	Ensure that PR correctly implements protection measures that are meant to apply to CDQ fisheries	NMFS (Bibb)

6	Final rule for pollock CDQ under AFA	Preparation of final rule package starting in Dec. 1999.	NMFS (Bibb)
	Analysis of alternatives to reduce observer coverage requirements for shoreside processors in CDQ fisheries	Council requested analysis at October, 1998 meeting. Draft prepared for April, 1999 meeting but was postponed. At October, 1999 Council meeting we need to review status of this issue	NMFS (Bibb) could be reassigned if high enough priority
	Add new eligible communities to 50 CFR 679, Table 7	2000 Recordkeeping and Reporting PR	NMFS (Bearden)
	Halibut area 4D/4E issues (trip limit, location of catch)	Analysis and rulemaking package being prepared. Expected implementation for 2000.	NMFS (~~Hale~~ Lepore
	Crab CDQ season start date	Analysis and proposed rule package being prepared.	NMFS (Harrington)
	CDQ trawl season start date	Prepare analysis for Council review. Work on this analysis has not yet begun.	not assigned
	Alternative CDQ quota management measures (~~underage and overage provisions, remove CDQ species, etc.~~)	Prepare analysis for Council review. Work on this analysis has not yet begun.	not assigned

AGENDA C-4
OCTOBER 1999
Supplemental

UNITED STATES DEPARTMEI
National Oceanic and Atmosph...
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

September 30, 1999

Dear CDQ Representative:

At the request of several CDQ group representatives, this letter clarifies the National Marine Fisheries Service's (NMFS) regulations governing the catch of sablefish Community Development Quota (CDQ) by vessels using fixed gear after November 15, 1999.

The fixed gear sablefish CDQ allocation and fishery regulations were implemented under the halibut and sablefish Individual Fishing Quota (IFQ) Program in 1995. Under those regulations, directed fishing for sablefish with fixed gear is allowed only during the IFQ fishing season (50 CFR 679.23(e)(4)(ii) and 679.23(g)). The IFQ fishing season for halibut is established annually by the International Pacific Halibut Commission. The IFQ fishing season for sablefish is specified by NMFS and we are required to "take into account the opening date of the halibut season when determining the opening date for sablefish for the purposes of reducing bycatch and regulatory discards between the two fisheries." Therefore, to date, the IFQ fishing season for sablefish IFQ and CDQ has been concurrent with the IFQ fishing season for halibut IFQ and CDQ. In 1999, this season is March 15 to November 15.

Regulations at §679.23(g) for the sablefish IFQ season also state that catches of sablefish outside the sablefish season may be retained up to maximum retainable bycatch amounts described in §679.20 and in Table 11 to 50 CFR 679. Catches of sablefish in excess of the maximum retainable bycatch amounts must be discarded. Therefore, after November 15, 1999, any vessel fishing with fixed gear for groundfish CDQ species may not retain any halibut CDQ and may retain sablefish CDQ up to the maximum retainable bycatch amounts. The basis species for calculating the amount of sablefish that may be retained should include all CDQ species retained onboard the vessel during the fishing trip.

NMFS regulations currently contain a conflict with respect to basis species while CDQ fishing. Specifically, §679.20(f)(2) states that retained CDQ species may not be used as a basis species to calculate retainable amounts of other groundfish species. NMFS intended this regulation to prevent vessels from using retained CDQ species as a basis species for retaining incidental catch amounts of non-CDQ species. We did not identify the conflict between this regulation and the sablefish CDQ

fishing season at the time we implemented the Multispecies CDQ Program. We will correct this conflict in a future rulemaking. However, in the meantime, we believe that prohibition against directed fishing for sablefish CDQ after November 15 is the primary regulation in force and the CDQ groups must use the retained CDQ species as the basis for calculating the amount of sablefish CDQ that may be retained by vessels using fixed gear after November 15, 1999.

The Multispecies CDQ Program includes two sablefish CDQ allocations in both the Bering Sea subarea and the Aleutian Islands subarea. The "fixed gear sablefish CDQ allocation" originates from the fixed gear allocation of the sablefish total allowable catch (TAC) and was implemented under the fixed gear halibut and sablefish IFQ Program in 1995. The "sablefish CDQ allocation" originates from the trawl gear allocation of the sablefish TAC and was implemented under the Multispecies CDQ Program in 1998. The North Pacific Fishery Management Council (Council) advised NMFS during development of the Multispecies CDQ Program that these two sablefish CDQ allocations should remain separate, that only fixed gear should be allowed to harvest the "fixed gear sablefish CDQ allocation", but that any gear could be used to harvest the "sablefish CDQ allocation".

We believe that the restriction against directed fishing with fixed gear for sablefish CDQ after November 15, 1999, applies to the harvest of sablefish accruing against either one of these sablefish CDQ allocations, because §679.23(e)(4)(ii) refers to fishing for sablefish CDQ with fixed gear without reference to the CDQ allocation against which the catch will accrue. Note that sablefish CDQ harvested by vessels using trawl gear will accrue only against the sablefish CDQ allocation and directed fishing for sablefish CDQ by vessels using trawl gear between January 20 and December 31 is not restricted under current regulations.

One of the reasons that the fixed gear sablefish fishing season coincides with the halibut fishing season is to reduce the amount of halibut bycatch that will occur during times when halibut may not be retained. Under §679.21(e) and the annual groundfish specifications, halibut bycatch in the sablefish IFQ fisheries does not accrue against the 900 mt nontrawl halibut PSC limit. However, a similar exemption for halibut bycatch accounting does not apply to vessels fishing for sablefish CDQ. Under the Multispecies CDQ Program, halibut prohibited species bycatch quotas (PSQ) are allocated to each CDQ group. All halibut bycatch by vessels fishing for groundfish CDQ using trawl and hook-and-line gear accrues against the CDQ group's halibut PSQ

allocation and the CDQ groups are prohibited from exceeding their halibut PSQ. Increased observer coverage and catch accounting requirements have been implemented to monitor groundfish CDQ catch and prohibited species bycatch while groundfish CDQ fishing.

Based on these differences between the Multispecies CDQ Program and the halibut and sablefish IFQ Program, we have received requests from the CDQ groups to consider removing the prohibition against directed fishing for sablefish CDQ outside of the IFQ fishing seasons. We recommend that the CDQ groups submit a late groundfish proposal (form attached) to the Council for its consideration during staff tasking of new groundfish analyses at the October Council meeting. The proposal also could be submitted as a late IFQ proposal to the IFQ Implementation Team which meets on October 10 to evaluate proposals and whose recommendations will be considered by the Council during staff tasking at its December meeting. Contact Jane DiCosimo at the Council office (907-271-2809) for further information about submitting a proposal to the Council.

Sincerely,

Steven Pennoyer
For Administrator, Alaska Region

Distribution
Larry Cotter, APICDA
Phillip Lestenkof, CBSFA
Eugene Asicksik, NSEDC
Judith Nelson, BBEDC
Norman Cohen, CVRF
Ragnar Alstrom, YDFDA

cc: Clarence Pautzke, NPFMC
IPHC
NMFS Enforcement

Agenda C-4(b)
October, 1999

CDQ Program Overview

- Full implementation of the Multispecies Community Development Quota (CDQ) Program started in January 1999. Catch of all TAC species (except squid and pollock incidental catch) by all vessels fishing groundfish CDQ and catch by vessels ≥ 60' LOA fishing halibut CDQ accrues against the CDQ groups' allocations.

- We've had only two overages of CDQ allocations - two groups on POP.

- The CDQ groups likely will harvest the full amount of the pollock CDQ allocations which are worth over $20 million annually in royalty revenue to the groups. The groups have managed their B-season pollock CDQ fisheries within the Steller sea lion critical habitat catch limits implemented in June 1999.

- Although some vessels and processors had difficulty adjusting to the new catch accounting and monitoring requirements associated with full accounting of all groundfish and prohibited species catch in their fixed gear halibut and sablefish CDQ fisheries, it appears that the CDQ groups will continue to harvest nearly 100% of their 4B, 4C, and 4D halibut CDQ allocations and will increase the percentage harvested of the 4E allocation over 1998 harvests.

- The CDQ groups have harvested about 60% of their Pacific cod CDQ allocations. The incidental catch of skates ("other species" CDQ) has not yet constrained the Pacific cod CDQ catches, despite some high bycatch rates earlier in the year.

- The CDQ groups have harvested up to 60% of their Atka mackerel CDQ allocations and have stayed within catch limits in the Steller sea lion critical habitat areas in the Aleutian Islands.

- Full harvest of the fixed gear sablefish CDQ allocation continues to be difficult for the CDQ groups. In 1998, the CDQ groups harvested 71% of the AI fixed gear sablefish CDQ and 33% of the BS fixed gear sablefish CDQ. Thus far in 1999, the CDQ groups have harvested 59% of the AI fixed gear sablefish CDQ allocation and 8% of BS fixed gear sablefish CDQ allocation.

- Thus far in 1999, the CDQ groups have harvested only a small percentage of the flatfish CDQ allocations available to them.

- All CDQ catch by trawl catcher/processors and motherships have been weighed

at-sea, with few problems reported by observers or industry.

- Most processor vessel owners have been very cooperative in installing and maintaining scales and observers sampling stations, which has significantly improved the equipment and working environment for observers.

- Nearly all vessels and processors have complied with new observer coverage requirements despite the fact that these requirements sometimes delayed their CDQ fishing.

- We have trained and certified over 100 CDQ observers.

- The investments we made in developing an individual vessel accounting system under the MS CDQ Program helped us to more quickly develop the catch accounting and monitoring system needed for the AFA fisheries.

Table 1. Participation and Catch to Date in the Halibut CDQ Fisheries (through 9/25/99)

Vessel category	**# Vessels**	**Halibut (lbs net wt)**	**% of Catch to Date**
Catcher vessels, <60' LOA	205	1,881,101	79%
Catcher vessels ≥ 60' LOA and catcher/processors	3 1	511,302	21%
Total (through 9/25/99)	209	2,392,403	100%

Table 2 summarizes CDQ catch to date through October 8, 1999.

Table 3 summarizes the number of participants and catch to date in the 1999 CDQ fisheries by vessel category and species group.

TABLE 2.

MS CDQ/PSQ Catch To Date 1999

For All CDQ Groups Combined

Reflects CDQ Catch Reports received 01/01/99 through 10/08/99

National Marine Fisheries Service
Alaska Regional Office
Community Development Quota Program

	Amount Available	Catch To Date	Amount Remaining	Percent Remaining
CDQ Reserve Category (metric tons)				
BS FG Sablefish	134.000	10.281	123.719	92.33
AI FG Sablefish	207.000	87.786	119.214	57.59
BS Sablefish	50.000	1.348	48.652	97.30
AI Sablefish	25.000	2.697	22.303	89.21
BS Pollock	99,200.000	87,651.830	11,548.170	11.64
AI Pollock	200.000	15.657	184.343	92.17
Bogoslof Pollock	100.000	0.000	100.000	100.00
Pacific Cod	13,275.000	8,355.233	4,919.767	37.06
WAI Atka Mackerel	2,025.000	600.337	1,424.663	70.35
CAI Atka Mackerel	1,680.000	821.511	858.489	51.10
EAI/BS Atka Mackerel	1,275.000	763.860	511.140	40.09
Yellowfin Sole	15,598.000	141.262	15,456.738	99.09
Rock Sole	9,000.000	402.901	8,597.099	95.52
BS Greenland Turbot	452.000	53.367	398.633	88.19
AI Greenland Turbot	222.000	33.492	188.508	84.91
Arrowtooth Flounder	8,564.600	391.475	8,173.125	95.43
Flathead Sole	5,797.000	640.452	5,156.548	88.95
Other Flatfish	11,550.000	228.926	11,321.074	98.02
BS Pacific Ocean Perch	105.000	33.767	71.233	67.84
WAI Pacific Ocean Perch	466.000	290.135	175.865	37.74
CAI Pacific Ocean Perch	288.000	124.890	163.110	56.64
EAI Pacific Ocean Perch	257.000	109.232	147.768	57.50
BS Other Red Rockfish	20.000	4.860	15.140	75.70
AI Sharpchin/Northern Rockfish	317.000	228.240	88.760	28.00
AI Shortraker/Rougheye Rockfish	72.000	20.980	51.020	70.86
BS Other Rockfish	27.000	1.434	25.566	94.69
AI Other Rockfish	51.000	23.452	27.548	54.02
Other Species	2,094.400	1,326.939	767.461	36.64
PSQ Reserve Category (halibut in metric tons, all others in numbers of animals)				
Zone 1 Red King Crab	15,000.000	1.000	14,999.000	99.99
Zone 1 Bairdi Tanner Crab	56,252.000	536.000	55,716.000	99.05
Zone 2 Bairdi Tanner Crab	140,852.000	10,554.000	130,298.000	92.51
Opilio Tanner Crab	337,500.000	25,223.000	312,277.000	92.53
Pacific Halibut	351.000	98.374	252.626	71.97
Chinook Salmon	3,600.000	584.000	3,016.000	83.78
Non-Chinook Salmon	3,151.000	131.000	3,020.000	95.84
Totals for CDQ Reserve Category (PSQs not included)	173,052.000	102,366.344	70,685.656	40.85

For Arrowtooth Flounder and Other Species, the Amount Available reflects adjustments to initial allocation from transfers in and out of each CDQ group's Non-Specific Reserve.

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Table 3. Number of participants and catch to date in the 1999 CDQ fisheries, by vessel category (as of October 10, 1999).

	Pollock, Trawl	Other Groundfish, Trawl	Longline, C/Ps	Longline, Catcher Vessels	
Number of Vessels	10 c/ps 1 mothership 17 c/v 4 shoreplants	7 c/ps	12 c/ps	3 c/v 1 shoreplant	
Species Groups					
	(mt)	(mt)	(mt)	(mt)	Total catch (mt)
Pollock	88,511	411	381	0	89,302
Flatfish	379	1,192	128	13	1,712
Atka Mackerel	102	2,290	0	0	2,391
Pacific cod	321	607	6,496	14	7,438
Rockfish	39	774	15	9	837
Sablefish	0	5	48	55	109
Greenland Turbot	1	49	40	20	110
Other Species	47	105	1,116	15	1,283
Halibut CDQ	0	0	70,000 lbs 32 mt	440,000 lbs 200 mt	
Prohibited Species					
Halibut (mt, mort)	6	43	59	0	108
Red King Crab (#)	1	1	0	0	2
Bairdi Tanner Crab (#)	6	11,315	0	0	11,321
Opilio Tanner Crab (#)	29	26,410	0	0	26,439
Chinook Salmon (#)	867	5	0	0	872
Other Salmon (#)	452	25	0	0	477

Source: NMFS observer data (NORPAC), 10/10/99.

Notes: (1) Groundfish CDQ catch to date does not match Table 2 because of time lags in CDQ catch reporting versus observer data for recent CDQ catches. (2) Some PSC totals do not add to the official CDQ catch to date due to time lags in CDQ reporting; some PSC counts against quota only in certain areas, times, or gear; and this estimate of halibut mortality did not apply different bycatch mortality rates for the separate trawl fishery categories and did not subtract small amount of halibut that were retained by one longline c/p.

CDQ Program Observer Coverage Issues

1. Problem

- The multispecies CDQ program regulations implemented in 1998 and 1999 require higher observer coverage levels and additional experience and training requirements for vessels and processors participating in the groundfish and halibut CDQ fisheries.

- Some vessels have not been able to fish CDQ when they wanted to and some shoreside processors have not been able to take deliveries of CDQ groundfish and halibut because they could not find a CDQ observer when they needed one.

2. What does NMFS want the Council to do at this meeting?

Review CDQ program management objectives, the CDQ catch accounting and monitoring requirements, and problems experienced thus far in 1999. Confirm that the management objectives reflect the Council's intent for the CDQ program or provide direction about analysis of possible revisions to the CDQ Program management objectives or the catch monitoring requirements.

3. Background

Prior to 1998, the Community Development Quota (CDQ) program consisted of two separately managed CDQ fisheries - the pollock CDQ fisheries and the fixed gear halibut and sablefish CDQ fisheries. In 1996, the Council approved an amendment to the Fishery Management Plan for the Bering Sea and Aleutian Islands Groundfish that allocated a percentage of all of the remaining groundfish total allowable catch (TAC) species or species groups and of the prohibited species catch limits to the CDQ Program. Implementation of this FMP amendment required NMFS to move from single species CDQ fisheries management to management of a multispecies CDQ fishery in which each CDQ group is allocated quota for all groundfish and prohibited species and is prohibited from exceeding any one of these quotas.

4. MS CDQ Program Management Objectives

The following represent the fisheries management objectives that NMFS interpreted from the Council's motion on the MS CDQ Program and from consultation with the Council in development of the MS CDQ Program catch accounting and quota monitoring regulations:

- Allocate a percentage of all BSAI groundfish species and prohibited species to the CDQ Program to provide eligible western Alaska communities the opportunity to participate in all BSAI groundfish fisheries to support fisheries-related economic development and employment in these communities.

- NMFS must manage the MS CDQ fisheries so that the overall catch is limited to the percentage allocated to the CDQ Program. No catch of CDQ species from the groundfish CDQ fisheries would be allowed to accrue against the non-CDQ (open access) TACs or PSC limits.

- All quota categories will be managed with the same level of accounting. No distinction will be made between target species and incidental catch or between retained catch and discarded catch.

- Groundfish incidental catch in the halibut CDQ fisheries should accrue against the CDQ groups' groundfish CDQ allocations.

Several exceptions to these management objectives are noted on page 9.

The MS CDQ management objectives currently do not include the objective of ensuring that every vessel or processor that wants to fish or process CDQ will be able to do so when they want to, nor do they include the objective that all CDQ groups will be able to harvest all CDQ and PSQ allocations.

5. Catch Accounting and Monitoring Requirements to Implement Management Objectives

Based on these and other program requirements, NMFS designed a catch accounting and monitoring system to provide accurate and verifiable estimates of the total catch of all groundfish and prohibited species by all vessels fishing for groundfish and halibut CDQ.

NMFS's data needs for management of the CDQ fisheries can be divided into two categories (1) biological or conservation needs, and (2) fisheries management needs.

Biological or conservation needs

NMFS needs data that will provide acceptable estimates of total catch by species catch to account for catch in CDQ fisheries against aggregate total allowable catch limits. CDQ catch estimates acceptable for biological or conservation needs probably could be obtained without the level of observer coverage, data collection, and catch monitoring that NMFS currently requires for the MS CDQ fisheries. Industry reports of retained catch weight could be supplemented with estimates of at-sea discards obtained through reduced levels of observer coverage. Estimating at-sea discards from the halibut CDQ fisheries would be most difficult because vessels directed fishing for halibut are not required to carry observers unless they are retaining halibut or sablefish IFQ onboard and moving to a new regulatory area to continue fishing (§ 679.7(f)(4)).

Fishery management needs

The CDQ program provides quotas of individual species and PSC species and allows the groups to fish until these quotas have been reached. Fleetwide quotas do not constrain the CDQ fisheries as they do the open access fisheries and the CDQ fisheries have only limited time and area closures. The CDQ fisheries are managed under many constraints that do not apply to the open access fisheries, namely the multispecies individual quota nature of the fishery. The CDQ groups are prohibited from exceeding any groundfish CDQ allocation and most of the prohibited species quota allocations. Therefore, the first quotas reached are likely to prevent the groups from harvesting remaining CDQ. NMFS recognized that this requirement would provide increased incentive to misreport catch of limiting species, particularly if these species were discarded at sea and catch could not be later verified in retained or delivered product. This requirement also places considerable attention on the source of the total catch weight estimates. Therefore, for fisheries management reasons, NMFS needs the following from the CDQ fisheries data:

- estimates of total catch weight of all CDQ species (not just retained catch weight),
- estimates that can be verified and are not dependent on the vessel operator reporting the weight of catch discarded at sea,
- estimates that can be provided to the CDQ groups within one or two days of the catch being made so that they can keep track of quota balances and minimize overages due to the lag time in obtaining data,
- estimates that the vessel operators, processors, and CDQ groups will have confidence in to limit the number of challenges or questions that need to be

researched and resolved by NMFS before catch can be subtracted from the quota allocation,

Based on these needs, NMFS implemented CDQ program catch accounting and monitoring regulations with the following elements:

- observers on all catcher/processors and on catcher vessels ≥ 60'LOA to collect data used to estimate total catch weight or, for catcher vessels, to verify that all groundfish CDQ species are being retained and to estimate prohibited species catch;

- observers in shoreplants for vessels retaining all catch and using the processor's reports of total catch weight to ensure that the CDQ species are accurately sorted and weighed;

- observers that had prior experience and a successful rating by NMFS to demonstrate that the person could successfully handle the work environment and responsibilities of observing;

- observers that had received training about the specific requirements of the CDQ program and additional training in conflict resolution;

- at least one observer on a vessel or in a plant that had prior experience in the gear type or vessel/processor category to demonstrate that the person was familiar with the sampling and monitoring aspects of the specific CDQ operation;

- estimates that use observer data from the individual vessel and do not rely on observer data collected on a different vessel to estimate at sea discards; and

- provision to allow vessels under 60' LOA to participate in the groundfish CDQ fisheries without observer coverage.

NMFS did not believe that a significant portion of an individual quota type fishery for all species, including those discarded at sea, could be based on unverified vessel operator's reports of catch.

6. Exceptions to CDQ Program Management Objectives

Following are a few exceptions that have been made to the CDQ Program fisheries management objectives:

- Vessels less than 60' LOA that are groundfish CDQ fishing are allowed to do so without an observer. However, they are required to retain all groundfish CDQ species and deliver them to a shoreside processor. Compliance with this requirement cannot be verified, but NMFS believed that participation by this category of vessel would be limited enough to not jeopardize the overall goals of the MS CDQ program catch monitoring to account for the catch of all CDQ and PSQ species.

- Vessels <60' LOA halibut CDQ fishing: CDQ groups are not required to subtract from their groundfish CDQ allocations the incidental catch of groundfish by catcher vessels less than 60' LOA while halibut CDQ fishing, due to the high cost of applying the MS CDQ catch accounting regulations to the many small vessels and registered buyers participating in the halibut CDQ fisheries.

- Squid was removed as a CDQ species: In June 1999, the Council recommended an amendment to the BSAI Fishery Management Plan to remove squid as a CDQ species so that the incidental catch of squid would not prevent the CDQ groups from harvesting pollock CDQ allocations provided for under the AFA. All catch of squid in the BSAI would accrue against one squid TAC for CDQ and non-CDQ fishing combined.

- Not all pollock catch accrues against pollock CDQ: Under the AFA, all catch of pollock in the CDQ fisheries does not accrue against the pollock CDQ allocation. Incidental catches of pollock in other groundfish CDQ fisheries will accrue against the pollock incidental catch allowance, a component of the non-CDQ pollock TAC.

7. The MS CDQ Catch Accounting and Monitoring Requirements

The catch accounting and monitoring program, divides the fishing vessels into the following categories based on vessel type, gear type, and length overall:

- catcher/processors of any length using trawl gear
- catcher/processors of any length using non-trawl gear (longline, pot)
- catcher vessels less than 60 feet length overall (LOA) using any gear
- catcher vessels equal to or greater than (≥) 60' LOA using trawl gear and bringing fish onboard the vessel
- catcher vessels using trawl gear and delivering unsorted codends to processors (not bringing the fish onboard the vessel before delivering it)
- catcher vessels equal to or greater than 60' LOA using non-trawl gear

Table 1. Current observer coverage requirements for the multispecies groundfish and halibut CDQ fisheries.

Category	CDQ Observer Requirements
Catcher, < 60 ft	none
Catcher, ≥ 60 ft	1 lead CDQ obs.
Catcher/processor	2 total (1 lead CDQ obs., 1 CDQ obs.)
Shoreside processor, motherships in State waters	1 lead CDQ obs. for each CDQ delivery

Table 2. Requirements for CDQ observer and "lead" CDQ observer in 50 CFR 679.50

CDQ Observer Classification	Experience Requirements
All CDQ observers	- a prior observers with 60 days observer data collection, - minimum evaluation rating of 1 or 2, - successfully complete observer training course
ADDITIONAL REQUIREMENTS FOR "LEAD" CDQ OBSERVERS	
Lead on c/p using trawl gear or a mothership	2 cruises (contracts) and sampled at least 100 hauls on a c/p using trawl gear or a mothership.
Lead on catcher vessel using trawl gear	2 cruises (contracts) and sampled at least 50 hauls on a catcher vessel using trawl gear.
Lead on vessel using nontrawl gear	2 cruises (contracts) of at least 10 days each and sampled at least 60 sets on a vessel using nontrawl gear.
Lead in shoreside plant	Observed at least 30 days in a shoreside processing plant.

8. Problems that Vessels and Processors had in 1999 Obtaining CDQ Observers

- At least six of the longline catcher/processors could not get a CDQ observer when they wanted to start fishing. Once catcher/processor reported not fishing at all because of the problem. Others delayed fishing or changed their daily fishing schedule so that they could fish with one CDQ observer.

- Longline catcher vessels fishing halibut CDQ were required to carry observers for the first time this spring. They had problems with the new requirements to account for all catch under the CDQ Program, with the increased cost of the observer coverage, with the need to plan for a vessel observer and to deliver to a shoreplant with an observer. At least two of the four longline catcher vessels had to delay fishing to wait for a CDQ observer.

- Shoreplants or registered buyers in small and remote plants had difficulty obtaining a CDQ observer to monitor single halibut CDQ deliveries. Problems occurred because of timing of demand (summer is traditionally low demand time for observers), location and cost of deployment, and short duration of the deployment. Plants affected include Atka Pride (may want to take halibut CDQ deliveries from larger vessels), Adak Seafoods (vessel tied up at plant could not deliver halibut CDQ because plant couldn't get a CDQ observer), Royal Aleutian in Dutch Harbor (small processor couldn't get observer for a single delivery of halibut CDQ from same vessel having problems in Adak), and Peter Pan in King Cove (delivery of halibut CDQ).

- At least one trawl catcher/processor fishing Atka mackerel delayed starting fishing waiting for a CDQ observer.

- No reports of problems obtaining CDQ observers for pollock CDQ fishing.

<u>Problems for some vessels and processors obtaining CDQ observers probably were caused by a combination of factors, including</u>

- New observer coverage requirements and lack of knowledge about new requirements (summarized below).

- Need for CDQ observers during summer, which has traditionally been a period of low demand for observers.

- High cost to observer contractors of deploying observers to remote locations for short time periods. NMFS requires that observers be debriefed after deployment to four different vessels or plants - the short deployments cause debriefing to be required sooner.

- Lack of planning ahead for observer needs.

- Inability of vessels or processors to know in advance exactly when and where CDQ observers will be needed.

- Fewer people applying to be observers due to strong national economy and other job opportunities (contractors provided this information).

New observer coverage requirements in 1999:

- MS CDQ observer requirements described above became effective 1/1/99 for all groundfish CDQ fisheries.

- AFA requirements effective 1/1/99 required two observers on each listed catcher/processor, one of which was required to be a lead CDQ observer and the other a regular NMFS-certified observer.

- MS CDQ observer coverage requirements extended to vessels >= 60' fishing halibut CDQ and to the shoreside processors taking deliveries from these vessels fishing , effective May 26, 1998. Affected four longline catcher vessels and up to five shoreside processors in 1999.

- Alaska Board of Fisheries required 100% observer coverage for catcher vessels fishing that wanted to participate in the red king crab fishery.

- Due to reduction in opilio crab guideline harvest level, we had unanticipated increased effort in the open access pot cod fishery that opened Sept. 1. A number of pot vessels could not find observers needed for open access fishery on short notice.

Figure 1 shows the number of CDQ observers required for the CDQ fisheries through August 17, 1999.

- Peak of demand was in February for the trawl catcher/processors fishing pollock CDQ; again starting in May for the longline catcher/processors fishing cod CDQ; and again in late July for the pollock CDQ fisheries.

- Maximum number of observers required at one time was about 24 in February and 18 in May.

Figure 2 shows the number of CDQ observers required for the CDQ and AFA fisheries together through August 17, 1999.

FIGURE 1
Number of CDQ Observers Required for CDQ Fishing, by Vessel or Processor Type (1/1/99 - 8/17/99)

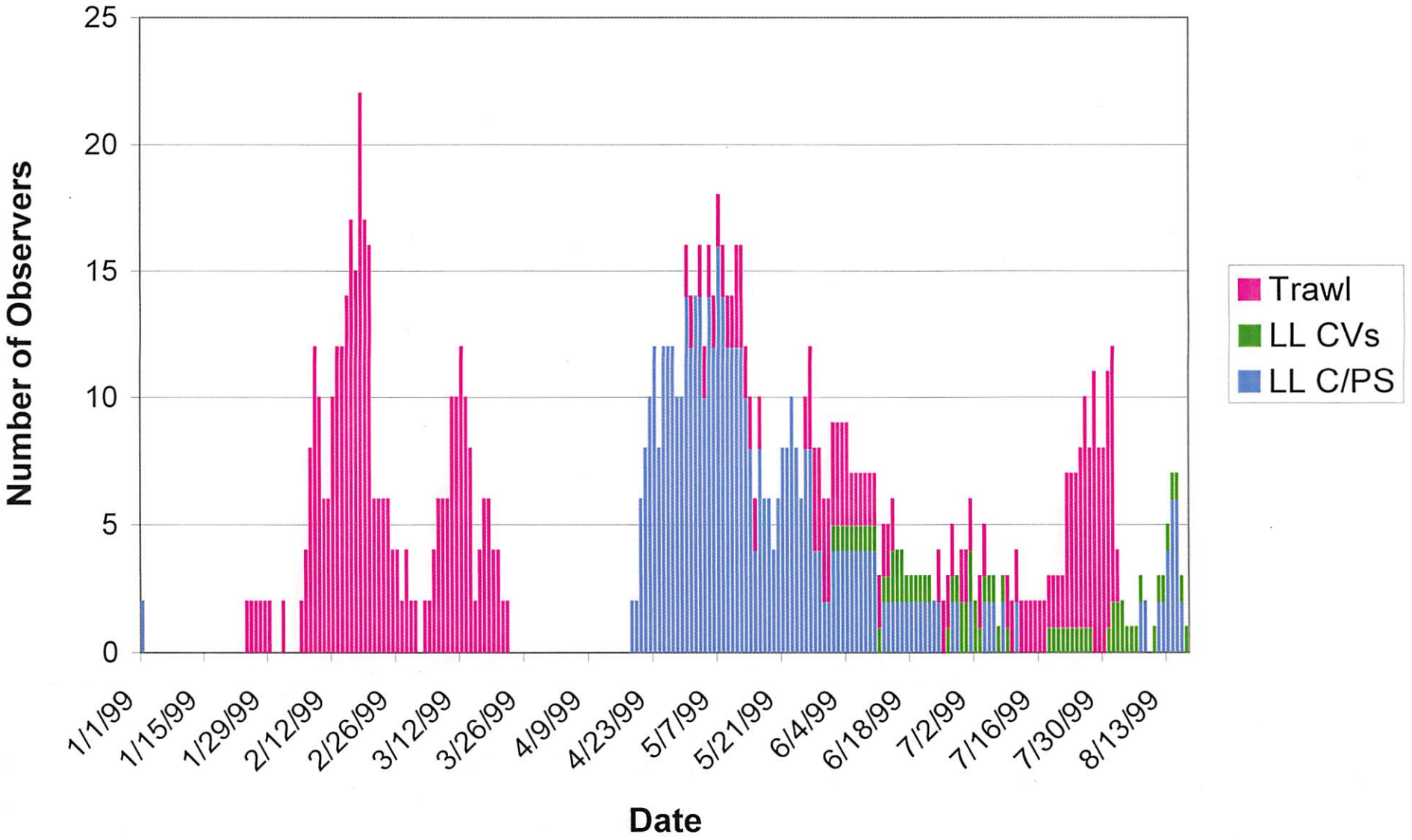
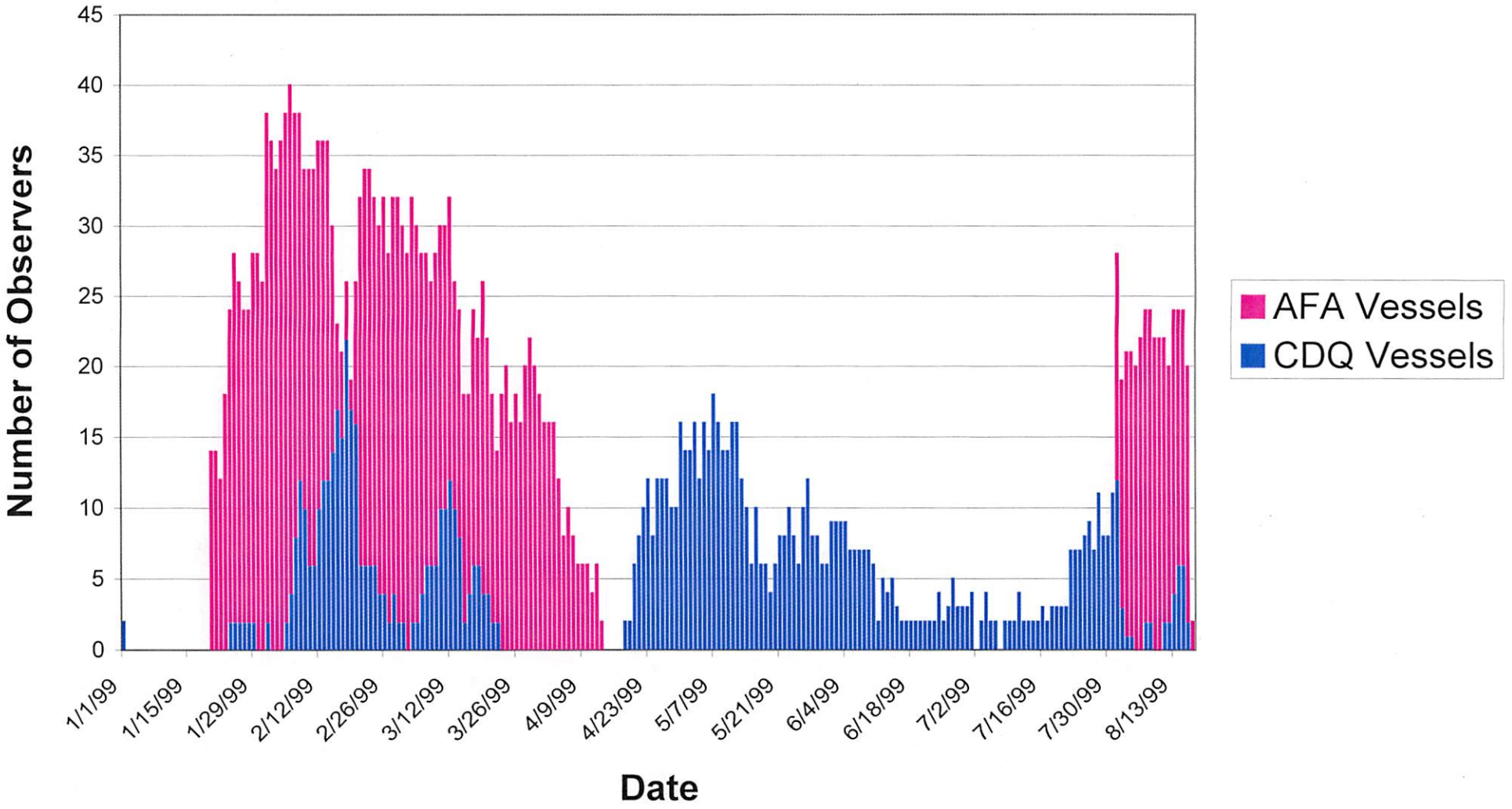


FIGURE 2
Number of CDQ Observers Required for CDQ and AFA Vessels (1/1/99 - 8/17/99)



Recommendations

1. Identify and prioritize problems in the MS CDQ Program

2. Provide a problem statement and proposed alternatives to address the problems.

3. Identify individuals and groups that would be affected by each alternative and the nature of the impacts.

4. Identify whether CDQ Program management objectives can continue to be met by each alternative. Consider whether current CDQ program catch accounting regulations can be verified and enforced under the alternative.

Outstanding Issue from Previous Council Meeting

Analysis of Alternatives to Reduce Observer Coverage in Shoreplants

At the October 1998 meeting, the Council requested that NMFS prepare an initial analysis of alternatives to reduce CDQ observer coverage requirements for shoreside processors. The problem statement focused on high cost of providing observers to small, remote shoreside plants. APICDA made the request to the Council for this analysis on behalf of Atka Pride Seafoods. The problems experienced in 1999 by Adak Seafoods were similar to those problems expected at Atka Pride Seafoods.

NMFS prepared an initial analysis for the April 1999 meeting which was postponed by the Council. They requested that this issue be brought up again at the October 1999 meeting.

NMFS analysis analyzed the following alternatives:

Alternative 1: Status Quo - continue to require that each delivery by all catcher vessels groundfish CDQ fishing and by all catcher vessels ≥ 60 ft LOA halibut CDQ fishing be observed by a CDQ observer at the shoreside processor.

Alternative 2: Base CDQ observer coverage on processor's monthly production

Allow observers required for the general groundfish fisheries (based on monthly production) to monitor CDQ deliveries if those deliveries occurred when an observer was on duty.

Remove the requirement that each CDQ delivery be monitored by a CDQ observer at the shoreside plant.

Alternative 3: Base CDQ observer coverage on one or more characteristics of the vessel or the CDQ delivery.

Option 1: Require a CDQ observer for all deliveries from catcher vessels ≥ 60 ft LOA while groundfish CDQ fishing or halibut CDQ fishing. This option would remove the requirement for a CDQ observer to monitor deliveries by catcher vessels less than 60 ft LOA.

Option 2: Require a CDQ observer for all deliveries from catcher vessels ≥ 60 ft LOA while groundfish CDQ fishing. This option would remove the requirement for a CDQ observer to monitor deliveries by catcher vessels less than 60 ft LOA while groundfish CDQ fishing and to monitor deliveries by a vessel of any size while halibut CDQ fishing.

Option 3 Require a CDQ observer for all CDQ deliveries by catcher vessels using trawl gear.

Option 4: Require a CDQ observer for all CDQ deliveries by catcher vessels using nontrawl gear.

Option 5: Require a CDQ observer for catcher vessels delivering more than a specific amount of CDQ species in the CDQ delivery as measured by the total round weight of groundfish CDQ species and halibut CDQ in the delivery. Select a minimum delivery weight ranging from 1,000 pounds to 500,000 pounds.

Issues of concern to NMFS with these alternatives.

1. The CDQ groups reviewed the initial analysis at the CDQ Implementation Committee prior to the April 1999 Council meeting and could not identify a preferred alternative.

2. The Council should review the first year's experience under the MS CDQ Program and identify whether observer coverage requirements for shoreside processors is considered a high priority issue. If so, the problem statement needs to be clearly written so that alternatives can be identified to address the problem.

3. NMFS's primary problem with the current alternatives is that the MS CDQ Program management objective is to account for the catch of all CDQ and PSQ species against the CDQ groups' quotas, including fish that are not of value to the fisherman or the processor. CDQ deliveries to an observed plant are likely to be reported more accurately than deliveries to plants without an observer. Exempting shoreside processors from CDQ observer coverage requirements would result in a monitoring system for these deliveries that is less than what is currently required for the IFQ Program to enforce CDQ Program management objectives that are broader than the IFQ Program.

4. May want to consider exempting certain CDQ fisheries or vessel categories from the CDQ catch accounting requirements rather than expanding situations under which we say we are accounting for the catch of all CDQ species, but we are unable to monitor and enforce this requirement. This would be similar to the exemption already allowed for the vessels < 60' LOA fishing halibut CDQ, under which their catch of other groundfish species accrues against the non-CDQ TACs rather than against the CDQ groups' allocations.

5. The analysis must be updated with additional alternatives and analysis using 1999 data, then returned to the Council for final action.

MSCDQ OBSERVER SHORTAGE

The Problem: We are facing a shortage of mscdq observers

*This is a serious problem since vessels can't fish without observers. To date NMFS has not issued waivers.

*The problems we've seen in 1999 will get worse in 2000. In 2000, those who can get observers will fish, those who can't won't. In effect, though no one has ever suggested that observer availability should amount to an allocation issue, that's exactly what's going to happen.

The Cause of the Problem: Unrealistic requirements for mscdq observers

*Even prior to the startup of the mscdq program, contractors warned that the rate at which observers move on to other jobs wouldn't jibe with the length of time it would take for observers to gain the experience necessary to qualify as mscdq observers. Once the requirements went into place and the number of vessels involved in the mscdq program began to increase even as observers began to find increasingly attractive opportunities onshore (keep in mind the backdrop against which this situation is developing–the lowest unemployment rates seen in 30 years), a shortage of observers was inevitable.

*NMFS refuses to allow observer deployments of more than 90 days, or to allow an observer to have more than 4 vessel assignments in a single deployment, and this contributes to the problem. To qualify as an mscdq observer, an observer must have at least 60 days of sampling experience--depending on the type of vessel to which an observer is assigned, it takes anywhere from 80 to 110 deployed days to rack up the necessary experience. So, an observer usually must complete several contracts before qualifying for training.

For lead mscdq observers, the requirements become more limiting. Observers cannot qualify as lead mscdq observers until they first complete two cruises. In addition, to qualify as a lead for a specific gear type, an observer must meet experience levels (expressed as minimum numbers of hauls, sets, or days sampled) that NMFS has established for that gear type.

*Several policies NMFS has developed regarding the mscdq program further limit the number of people contractors can get certified. Contractors are unable to enroll observers into mscdq trainings until these observers have completed debriefing, so if debriefing is backed up in the weeks prior to a scheduled training then qualified observers miss training. In addition, once in training, observers must achieve a score of 90% or higher on each test. Observers failing out of mscdq trainings at a rate of ten per year (which has been the case in 1999) with scores of 87% and 88% steadily adds to the growing shortage of mscdq observers.

Contractors have recommended a solution which will work

*If NMFS modifies it's current regulations to allow all observers to train as seconds in the mscdq program and eliminates the gear specific requirements for lead observers, the mscdq program will work. NMFS has rejected these suggestions.

What industry can do

*Industry will suffer if no changes are made and the observer shortages continue. Members of industry need to talk to one another to increase the awareness of this problem. If NMFS is going to make any changes, it clearly won't be in response to what observer contractors have to say about the matter. During the Council meeting, industry needs to press NMFS to address this problem in time for the year 2000.