


MEMORANDUM

TO: Council, SSC and AP Members

FROM: Chris Oliver 
Executive Director

ESTIMATED TIME 2 HOURS

DATE: June 1, 2004

SUBJECT: Scallop FMP

ACTION REQUIRED

Initial review of analysis to modify the license limitation program and update the FMP

BACKGROUND

At the April 2004 meeting, the Council approved a problem statement and draft alternatives to evaluate potentially modifying the gear restriction endorsement on the federal scallop license limitation program (LLP). The Council initiated this analysis in response to public comment received from a fishery participant at the February 2004 Council meeting, indicating that the 6 ft dredge gear endorsement may have disproportionate economic impacts. There are 9 vessel owners with federal LLP licenses, two of which contain an specific gear endorsement limiting them to fish with a single 6 ft dredge in federal waters. An EA/RIR/IRFA evaluating modifying the LLP was mailed to you on May 21st. The executive summary of this analysis is attached as Item D-1(1). Public commentary on this analysis is attached as Item D-1(2).

Three alternatives were considered in this EA/RIR/IRFA. These alternatives are: Alternative 1, Status Quo, maintain the current 6ft dredge restriction endorsement; Alternative 2, modify the dredge restriction to allow those vessels to fish in federal waters outside of Cook Inlet with a maximum of two ten-foot dredges; and Alternative 3, eliminate the 6ft dredge gear restriction. Initial review of this analysis is scheduled for this meeting.

In conjunction with this EA/RIR/IRFA, staff will be updating the FMP to better reflect the biology and current management of scallops. A draft of the revised FMP was distributed at the February meeting. An outline of the revised FMP is attached as Item D-1(3). The revised FMP will be available for review at the October 2004 meeting.

The State of Alaska Commercial Fisheries Entry Commission is currently holding an application period for permanent vessel entry permits in the state waters scallop fishery from May 15th to September 1st. The current vessel moratorium which expires in June issues separate permits for state waters inside and outside of Cook Inlet. Under the new permit system, a single permit will be issued to qualified vessels for fishing in all state waters. The news release of this announcement is attached as Item D-1(4).

Executive Summary

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

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

Three alternatives are considered in this analysis.

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

Alternative 1, status quo, represents the current LLP as approved by NMFS. There are currently 9 LLP licenses, of which seven have no gear restriction while 2 have a gear restriction endorsement which limits them to the use of a single 6 ft dredge.

Alternative 2: Modify the current 6 ft dredge restriction to allow vessels with the current endorsement to fish in statewide waters outside of Cook Inlet with a maximum of two ten-foot dredges (or two dredges with a combined width of no more than 20 feet).

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

Alternative 3: Eliminate the current 6 ft dredge restriction such that there are no gear restrictions on any Scallop LLP for fishing in statewide waters outside of Cook Inlet.

Alternative 3 would allow all 9 LLP holders to utilize the full complement of gear, two 15 ft dredges, in statewide waters outside of Cook Inlet. This alternative is consistent with the State of Alaska revised regulations which limit scallop vessels to a maximum of 2- 15 ft dredges.

Analysis indicates that alternatives to the status quo may impact other fishery participants and particularly the voluntary cooperative structure under which the fishery is currently prosecuted. The relative economic impacts on the other participants in the fishery would be two-fold in the decrease in relative harvest percentage (that which is currently unavailable to the gear restricted permit holders) as well as a presumed decrease in the value of the LLP licenses currently held given their limited number. For alternatives 2 and 3, the gear restrictions would be modified (alternative 2) or eliminated (alternative 3). Expansion of statewide operations of the two license holders subject to a relaxation of the gear limitation is not known, but if expansion occurs, it is most likely to occur in Area D (PWS) and Area K (Kodiak) given the smaller size of these vessels. As these areas are currently fully utilized, any expansion of harvests by the two vessels would be at the expense of the other license holders in the fishery. Additionally the value of the two licenses subject to less stringent gear restrictions would increase as those licenses would be usable for substantially larger operations. The relative value of the remaining 7 licenses under the federal LLP are likely to decline with the increase in the number of non-gear restricted licenses. The impacts on the LLP license holders that are in the voluntary cooperative depend upon the operations and harvests of others in the fishery as the

cooperative does not receive an exclusive allocation in the fishery. If the other participants increase harvests, the cooperative may need to respond by either reducing its own harvests or expanding the cooperative to include these other participants. In either case, the return to cooperative members could be expected to decline as a portion of the fishery currently harvested by the cooperative would be harvested by or allocated to these other LLP holders.

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

P. O. Box 770881
Eagle River, Alaska 99577
April 19, 2004

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

RECEIVED
MAY - 5 2004
N.P.F.M.C.

Re: Scallop FMP

Dear Ms. Madsen and Council Members,

Our thanks to the council for approving a problem statement and draft alternatives to evaluate potentially modifying the gear restriction endorsement (a single 6' dredge) on our Federal Scallop LLP.

Possibly to help with your evaluation of the suggested alternatives, it would be helpful to look at our plans of involvement in the fishery should the 6' dredge restriction be lifted.

Our plans would be to fish the July 1st opening through approximately August 10th in either the Sheilkof or Cordova/Kayak area, moving back and forth from state waters to adjacent federal waters, as weather permits. I think it would be fair to say that on the average, fishing during that time period in federal waters, we would miss 8 to 10 days due to our smaller vessel and its weather restrictions. We would then move to the Cook Inlet fishery during the last weeks of August and early September.

Regarding the three alternatives we would ask you to consider choosing Alternative 2. The use of two 10' dredges would allow us the opportunity to sustain our family scallop business and allow Scott to regain, in part, his future in fishing.

Scott or I plan to be in attendance at the June Portland Council meeting to testify and or answer any questions you may have. Thanks.

Sincerely,


Max G. Hulse

FROM : SERVANTAIR Beauty

FAX NO. : 9074874405

May. 31 2004 06:49PM P4

Jason Tandler
 P.O. Box 4471
 Kodiak, Alaska 99615
 (907) 486-0205

I'm Jason Tandler of Kodiak, Alaska; a full time, year round, life-long fisherman. I own my own home in Kodiak and three rental units. I also hold a Kodiak Salmon Seine permit. Unlike the present regime involved in scalloping, I'm an Alaskan here to stay.

From scratch, I rigged the F/V Captain Joe here in Alaska for scalloping back in either 1994 or 1995. (Please understand I'm writing this on the boat in the Bering Sea with no access to my records or a dictionary.) I was the permit holder and Captain. We fished Kodiak waters and Area M. We landed trips in Kodiak, Dutch Harbor, Sand Point and Seward. Additionally, I scalloped here in Alaska on the F/V Carolina Girl II, F/V Tradewinds, F/V Provider, F/V Ocean Hunter (crabbed also) and I fished on the F/V Forum Star. I made pretty much every trip in some capacity from 1993 until 1999, when the "co-ops" were formed and pounds per vessel assigned. At that time I was the engineer on the Provider where there was about a five year span that I was associated with that boat or the F/V Legacy, one of the company's bottom factory trawlers. Predictably, as soon as the co-op became binding, our crew settlement was lowered by approximately 18%. The F/V Pursuit, (owned by Mark and Theresa Kandianus partner) left for the more profitable east coast and was sold. (New Bedford, a scallop town, is the #1 dollar port over even Dutch Harbor.) The Carolina Girl II went east and was sold. The Carolina Boy and the Arctic Lady ^{due in} went back east to their homes. Their Alaskan quotas were consolidated. Many of us here were left without jobs. Not only did Mark and Theresa lower our settlement, but they charged one dollar per pound to fish the Pursuits quota that belonged to us all as citizens up until then. The Provider, it's owners, it's new Captain and their families moved their homes their offices and their local business revenue, (fuel, groceries, repairs, welding, gear, crew pay, ect....) to Bellingham, Washington where they still remain. They told us long-time crewmembers, mostly State of Alaska residents, that if we were dissatisfied with our significantly lower pay that they had plenty of low pay foreign workers on their factory bottom trawlers who would gladly replace us. Needless to say, we all quit or got fired.

How would you feel if the Federal Government walked into the Entry Commission office and told you they were taking over control of, say the salmon industry. Your pay was cut and the difference was going to their pay. You could and probably would be replaced by an unskilled foreigner and P.S. - forget any ambitions for advancement ever. (My analogy assumes advancement to owner/operator, which has always been my goal since I started at age 16 - I'm 43 now.)

There exists a tremendous opportunity for the very hard hit coastal communities in whose backyard the resource exists to gain from scalloping. The basic infrastructure is in place now for smaller salmon sized boats to fish and profit from our state waters if allowed. I will, or could have, depending on you. The two big freezer/factory boats (Provider and Ocean Hunter) would still prevail; as for sure they will always control the offshore federal grounds, especially the Bering Sea. They will always have the advantage in being large, high-powered freezer boats with room for 12 processors capable of working in all

Josephine
 Joseph

FROM : SERVANTAIR Beauty

FAX NO. : 9074974405

May. 31 2004 06:50PM P5

weather. The Provider is often meeting a trawler and anchoring in our bays to unload Alaskan scallops that never touch Alaska. They buy their fuel and get re-supplied and refueled directly from Washington or beyond. No lost fishing time and nothing for Alaska. That brings up another point: I don't have access to actual figures but I'll bet a steak dinner that over 80-90% of all scallops harvested in Alaska, (both state & federal) are landed by only two boats, both based in Washington. In an area as vast as Alaska, how can that be? Granted that makes for an easily managed fishery but it also raises some ethical if not legal issues. (Anti-trust, monopoly of a public resource.) Continuing the status quo enables a system that was not installed with Alaska's, Alaskans or the resources best interest at heart, but was created through professional lobbying, contributions and general political courtship to provide a very few already wealthy, out of state boat owners complete power over a very lucrative and large public resource. This windfall was at the expense of us whose careers were already in scalloping. The potential for us Alaskans to have access to our backyard is in your hands and I urge you to act morally, do the right thing and allow scalloping to be accessed by a larger and local user group.

Being a former scallop permit holder, I would be less than truthful if I were not to admit that I would love to see you do what has always been done in Alaska. Grant the actual users (fisherman - not necessarily the boat owner) specifically former and present permit holders (with landings) limited entry rights. Better yet announce starting at a fair time in the future (2 years?) the fishery will temporarily be open access with a several year qualifying period transforming into limited entry. No matter what, just like salmon and other limited entry fisheries including halibut / black cod the permit holder should have to be on the boat except for emergency medical transfers. If nothing else please really deep down consider the value of this request. This keeps the fishery in the hands of the people actually doing it, not absent out of state boat owners. The crew you have to work, eat, sleep and live with is much more likely to be treated responsibly and professionally. It would put a stop to having only two boats also. If this rule is not implemented then let me be the first of many to lobby for the ability to hire a skipper to fish my state salmon permit without me being there since you will be setting the precedent. The present system of scallop management embraces a co-op. I thought state policy was not presently endorsing new co-ops with the on going Chignik controversy. Is this the signal for all salmon permit holders to start looking at forming co-ops? Is the state reversing its position? No one person, boat, partner, corporation or any combination there of should control more than 20% of the total allowable catch unless the scallop fishery is open access. Maybe a system of allowing a maximum of 500 pounds per day open access from the total allowable catch limited to small boats would create a fair compromise. There could be mandatory daily reporting via radio/satellite to ease management. All scallops must be landed in Alaska. The two golden boats will still dominate federal waters and if they qualify, [fish] state waters. Present A.D.F.& G. management in Kodiak seems very pleased with the status quo and I sure hope that is because of the ease in managing so few boats. If expanding the number of participants is too difficult for one manager then maybe an addition in personnel is in order. That could help eliminate the future possibilities of any improprieties from occurring. This and all the rest of the fisheries should be managed with a careful balance of conservation versus the best financial interests of our state and it's residents. That is not what is happening here.

FROM : SERVANTAIR Beauty

FAX NO. : 9074874405

May. 31 2004 06:52PM P1

This may not be the correct forum for my next point but I know, as do the biologists, that there is a vast, untapped resource in large areas that are closed predominately in state waters. There is no reason to not responsibly fish these areas. Almost every bay deeper than forty fathoms in Kodiak, almost every bay on the Mainland from Augustine to at least Unimak and probably beyond; the whole south end of Kodiak, especially Chirikof Island is loaded with giant scallops dying of old age in protected waters. (Small boats can fish when rough.) I will no doubt misspell his name and my apologies if so - Bill Nepes was the Western regional director of Fish and Game shellfish (Jeff Barnhart's job now) when I ran the Captain Joe. We talked far beyond the actual debriefings. He was of the opinion that there were vast areas that should be opened to the benefit of a more diverse scallop fishery. Maybe we can open new grounds to new local participants. The two golden boats can own the rest of our state.

This is an extremely emotional issue to me after being kicked out the scallop club mid-career because I was not willing to work longer and harder for less pay with unskilled workers with no advancement, ever. I could care less about Kandianus, but to the rest of the sore toes I stepped on, sorry, especially to the Ocean Hunter group whom I greatly admire and who I hope might still consider me their friend. I know there are a lot of different perspectives to consider here but the governments responsibility should be to the whole - not a select few based on their previous wealth.

Really complicating the whole issue is the state management of the federal fishery and how far it is willing to go compromising its residents best interests to keep that control. Maybe someone would have the Justice Department look into this? A two boat closed federal fishery is a failed system, obviously.

I wish to thank you in advance for your time and consideration. You have the unique chance of righting something very wrong. Please take advantage of this opportunity, especially with Gulf of Alaska Rationalization looming. Think about it....is this the forecast of the Gulf after rationalization, after several years of consolidation? Two Factory Boats?

Draft Outline for Scallop Revised Groundfish FMP

<i>Scallop revised FMP outline</i>	<i>New Section</i>	<i>Needs updating</i>
Title Page		
Cover sheet		
Executive Summary		✓
ES1 Management Policy		
ES2 Summary of management measures		
ES3 Consistency with Law		
ES4 Organization of the FMP		
Table of Contents		✓
List of Tables		✓
List of Figures		✓
Acronyms and Abbreviations		
1.0 Introduction		✓
1.1 Amendments to the FMP		✓
1.2 Foreign Fishing		
2.0 Management Policy and Objectives		
2.1 National Standards		✓
2.2 NPFMC Policy and Objectives		
2.3 Procedures for FMP Implementation (Federal/State)		
3.0 Conservation and Fishery Management Measures		
3.1 Areas and Stocks Involved		
3.1.1 Management Area		
3.1.2 Stocks		
3.2 Determining Harvest Levels		
3.2.1 Optimum Yield and Maximum Sustainable Yield		✓
3.2.1.1 Definition of terms		
3.2.1.2 MSY		
3.2.1.3 OY		
3.2.2 Overfishing Criteria		
3.3 Category 1 Measures: Delegated to the State		
3.3.1 Guideline Harvest Levels		✓
3.3.2 Gear Limitations		
3.3.3 Crew and Efficiency limits		
3.3.4 Fishing Seasons		✓
3.3.5 In-season Adjustments		
3.3.6 Closed Areas		✓
3.3.7 Prohibited Species and Bycatch Limits		
3.3.7.1 Crab bycatch limits (CBLs)		✓
3.3.8 Observer Requirements		✓
3.3.9 Recordkeeping and Recording Requirements		✓
3.4 Category 2 Measures: Limited Access Management		
3.3.1 LLP		✓
4.0 Description of Stocks and Fishery		
4.1 Stocks		

Scallop revised FMP outline		New Section	Needs updating
4.1.1	Scallop Stocks		
4.1.2	Present condition and abundance		✓
4.1.3	Ecological relationships		✓
4.1.4	Stock structure and productivity		✓
4.2	Habitat of managed stocks		
4.2.1	Habitat Types		✓
4.2.2	Determination of Essential Fish Habitat		✓
	4.2.2.1 EFH definition or each scallop species		✓
4.2.3	HAPC		✓
4.2.4	EFH Habitat Recommendations		✓
4.3	Fishing Activities Affecting the Scallop Stocks		
4.3.1	History of exploitation (summary)		✓
4.3.2	Commercial Fishery		✓
	4.3.2.1 Voluntary Scallop Cooperative	✓	
4.3.3	Subsistence Fishery	✓	
4.3.4	Recreational Fishery	✓	
4.4	Economic and Socioeconomic Characteristics		✓
4.5	Fishing Communities	✓	
5.0	Consistency with Other Required Provisions		
5.1	MSA		✓
	5.1.1 Relationship to other North Pacific FMPs	✓	
5.2	Other Law		✓
	5.2.1 Intl		✓
	5.2.2 Federal		✓
	5.2.3 State		✓
6.0	Reference Material		✓
6.1	Reference material		
	6.1.1 Amd X (PSEIS)		✓
	6.1.2 Council		✓
	6.1.3 NMFS		✓
	6.1.4 ADF&G		✓
6.2	Management & Enforcement costs		✓
6.3	Bibliography		✓
6.4	Glossary of terms		✓
Appendix A	History of the Alaska Scallop Fishery and FMP		✓
	A.1 Amendments prior to June 2004	✓	
Appendix B	Geographical Coordinates of Areas Described in the FMP		
	B.1 Scallop Registration Areas		
Appendix C	Section 211 of AFA		✓
Appendix D	Habitat types of FMP scallop species		✓
Appendix E	Maps of EFH		✓
Appendix F	Adverse effects on EFH		✓
	F.1 Fishing Activities		✓

Scallop revised FMP outline		New Section	Needs updating
F.1.1	Indirect Effects of Fishing		✓
F.1.2	Effects of gear on Benthic (trawl, dredge, longline, pot, salmon)		✓
F.1.3	Loss of Prey		✓
F.1.4	Literature cited		✓
F.2	Non-fishing		
F.2.12	Summary		✓
F.2.13	References		✓
F.3	Cumulative		✓
Appendix G	Required MSA provisions of FMPs	✓	
Appendix H	Research Needs		
H.1	Council's research policy	✓	
H.2	Identified research needs	✓	
H.3	EFH		✓
Appendix I	Information on Marine Mammal and Seabird Populations		
I.1	Marine mammals		
I.1.1	MAM in scallop management		✓
I.1.2	MAM that interact		✓
I.1.3	sources of info		✓
I.2	Seabirds		
I.2.1	SEA in scallop management		✓
I.2.2	SEA that interact		✓
I.2.3	sources of info		✓
Appendix J	Important Habitat Information for non-FMP species		
J.1	crab		✓
J.2	halibut		✓
J.3	salmon		✓

STATE OF ALASKA

COMMERCIAL FISHERIES ENTRY COMMISSION

FRANK H. MURKOWSKI, GOVERNOR

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May 10, 2004

NEWS RELEASE

Statewide Weathervane Scallop Fishery Vessel Permit Application Period

Beginning May 15, 2004, the Commercial Fisheries Entry Commission will be holding an application period for vessel entry permits in the statewide weathervane scallop fishery. The application deadline is September 1, 2004.

Only vessel owners whose vessels legally participated in the Alaska weathervane scallop fishery and commercially harvested at least 1,000 pounds (shucked meat) of weathervane scallops in one of the following two qualifying periods: (1) at least one calendar year during the time period 1991 through 1996, and in at least three calendar years during the time period 1997 through 2003; or (2) in at least four calendar years during the time period 1997 through 2003, are eligible to apply for vessel permits in this fishery.

Application forms are available by calling the commission at (907) 789-6160.

Applications must be postmarked by September 1, 2004. This application period is a one time only opportunity to apply for a permanent vessel permit in the statewide weathervane scallop fishery. If applications are not submitted by the September 1, 2004 deadline, there will be no further opportunity to receive a permanent vessel entry permit from the commission.

The commission encourages eligible vessel owners to submit their applications as soon as possible. Anyone needing assistance in completing the application form is urged to contact the commission at (907) 789-6160 and ask for Dorothy or Jackie.

Table 11: Percent of Scallop Meats Caught in Federal and State Waters by Area
 1998/99 - 2003/04 Regulatory Seasons

Registration Area	District	State/ Federal Waters	Percent of Harvest by State/Federal Water ^{a,b}					
			1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04
D	D16	FED	3%	7%	2%	5%	3%	1%
		STATE	9%	5%	12%	12%	-	0%
	D16 Total		12%	12%	14%	16%	3%	1%
	D	FED	57%	62%	69%	54%	76%	55%
		STATE	30%	26%	17%	30%	21%	44%
D Total		88%	88%	86%	84%	97%	99%	
Yakutat Total			100%	100%	100%	100%	100%	100%
E	E	FED	68%	30%	100%	100%	100%	100%
		STATE	32%	70%	-	-	-	-
E Total			100%	100%	100%	100%	100%	100%
H	H	FED	100%	100%	100%	100%	100%	100%
H Total			100%	100%	100%	100%	100%	100%
K	KNE	FED	40%	29%	31%	31%	31%	31%
		KNE Total	40%	29%	31%	31%	31%	31%
	KSH	FED	41%	52%	48%	35%	42%	48%
		STATE	18%	18%	21%	34%	27%	21%
	KSH Total		60%	71%	69%	69%	69%	69%
	Semidi	FED	0%	-	-	-	-	-
STATE		0%	0%	-	-	-	-	
Semidi Total		1%	0%	-	-	-	-	
K Total			100%	100%	100%	100%	100%	100%
M	M	FED	100%	100%	100%	-	-	-
		STATE	0%	0%	-	-	-	-
M Total			100%	100%	100%	-	-	-
O	O	FED	0%	4%	-	-	4%	-
		STATE	100%	96%	-	-	96%	-
O Total			100%	100%	-	-	100%	-
Q	Q	FED	100%	100%	100%	100%	100%	100%
		STATE	0%	0%	0%	0%	0%	0%
Q Total			100%	100%	100%	100%	100%	100%

^a0% indicates some fishing occurred, an insignificant amount was caught

^b- designation indicates no fishing occurred

6/13/04 noon
D-1 handout
Pub. Test.
Max Hulse

Max and Scott Hulse FV La Brisa
Eagle River, Alaska 99577

Total gross dollars for fishery

$$700,000 \text{ lbs} \times \$5.50/\text{lb} = \$3,850,000.00$$

FV La Brisa and FV Kilkenny using two 10 ft dredges each

$$30,000 \text{ lbs} \times \$5.50/\text{lb} = \$165,000. \times 2 = \$330,000.00$$

$$\text{FV Forum Star is limited to } 50,000 \text{ lbs} \times \$5.50/\text{lb} = \$275,000.00$$

$$\$330,000.00 \text{ plus } \$275,000.00 = \$605,000.00$$

$$\$3,850,000.00 \text{ less } \$605,000.00 = \$3,245,000.00$$

Dollar Impact

\$3,245,000.00 worth of scallops left to harvest by two large vessels.

FV Provider - 124'

FV Ocean Hunter - 100' - \$3,245,000.00 gross income

Compare

FV La Brisa 79'

FV Kilkenny 75' \$330,000.00 gross income

Note: 70' FV Northern ^{EXP} Star's permit has never been fished in statewide waters since receiving the permit in 1999 - only in Cook Inlet.