

FISHING VESSEL OWNERS' ASSOCIATION INCORPORATED

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September 5, 2023

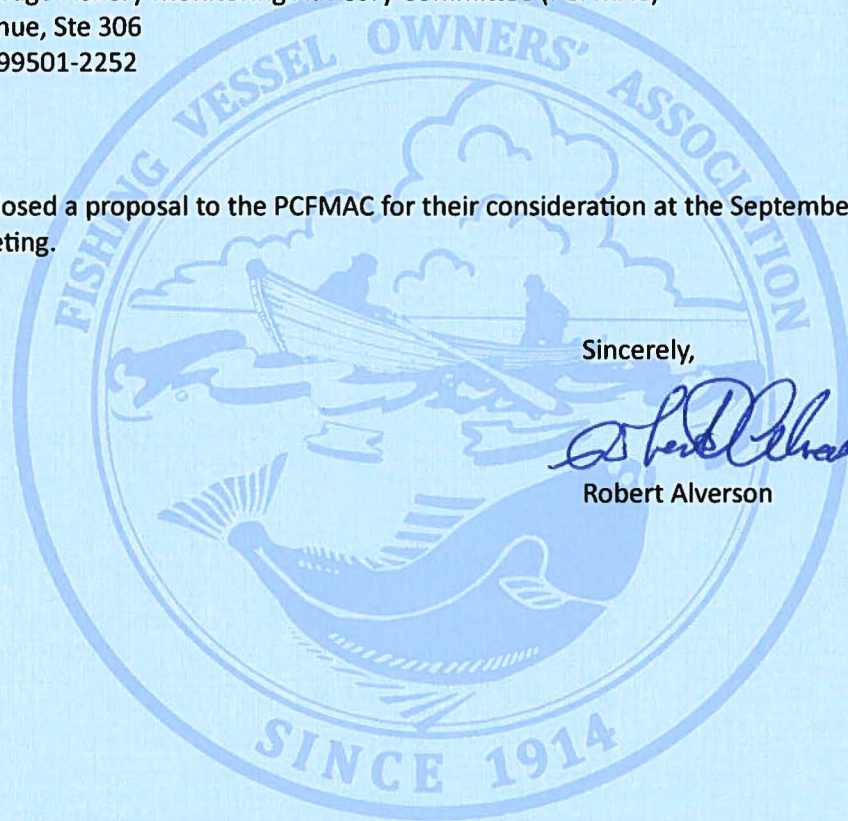
North Pacific Fishery Management Council
c/o Partial Coverage Fishery Monitoring Advisory Committee (PCFMAC)
605 W. 4th Avenue, Ste 306
Anchorage, AK 99501-2252

Please find enclosed a proposal to the PCFMAC for their consideration at the September 14, 2023 committee meeting.

Sincerely,



Robert Alverson



Proposal for Pilot Project on Multiple Observer Provider Options

The Partial Coverage category for the North Pacific Fishery Management Council (NPFMC) Observer Program is divided into two categories; inexpensive to observe and costly to observe. It is believed that most of the cost differential is driven by geography. Vessels that begin and end their observed trips in ports with significant processing capabilities are less expensive to observe than vessels leaving or ending fishing trips in ports such as Hoonah, Adak, or Old Harbor. An additional cost for observer companies seems to be advance scheduling of placing observers.

The Pilot Project proposed by the Fishing Vessel Owners Association (FVOA) should succeed in demonstrating how economical observed operations can be when departing and delivering into ports that have significant processing capacity if the vessels can directly access the open observer market. The Pilot Project will not likely fix the dilemma of the expensive areas for vessel departure and delivery, however, the extent of this issue could be verified with an information request to the National Marine Fisheries Service (NMFS) observer program.

Vessels that operate out of cheaper ports of call constitute a large part of the Partial Coverage sector. The hypothesis of the Pilot Project is that a competitive market for these vessels should result in creating enough cost savings to cover the expensive ports of call and still reduce overall program costs.

The Council, particularly the participants of industry that operate in the Partial Coverage program, may recall that the Council made a policy decision to extend coverage to ports with expensive coverage at the same cost to operators that deploy from ports of call that are less expensive. The Pilot Project and information requests are intended to be consistent with that policy decision.

In order to identify the magnitude of the more expensive ports of call, we suggest NPFMC request from the NMFS observer program the relevant information of the current Partial Coverage fleet in terms of ports of departure and return. This may include, but not be limited to, the number of vessels leaving expensive ports of call, the number of trips and the amount of poundage landed. Additionally, we suggest requesting a report from the approved observer companies which includes optimal advanced scheduling and how existing rules for contacting an observer company for coverage might be changed to address this.

To test the degree of potential cost savings for the Partial Coverage program, the following is proposed. The Pilot Project would focus on the use of 12 vessels that operate in the halibut/sablefish IFQ program. The operational area of these vessels would cover the GOA and BSAI. The proposer of this Pilot Project understands the seasonal fishing pattern of this fleet and their unique logistics, such as the length of fishing trips, regulatory areas that would be fished, and the timing of where and when the vessels would be operating. Other gear types, such as trawl, could be included; however, the proposer is not familiar enough with the different trawl seasons and their general operational logistics to warrant their inclusion at this time.

The following cost estimates assume a certain number of trips that a vessel would take during a full season. We suggest including vessels that make a minimum of 10 trips for a full season and fish in at least three regulatory areas. This will help ensure the majority of the vessels included will be required to take observers during the season. The 2023 probability of taking an observer for the hook and line fleet is 0.18 and for pot it is 0.17; for the purpose of the cost estimates below, the higher coverage rate was used.

Pilot program particulars:

1. Identify 12 vessel that fish a minimum of 10 trips a year and in at least 3 regulatory areas (either NMFS or IPHC regulatory areas).
2. These vessels would continue to use the ODD's process for selecting their coverage.
3. The vessel skipper/owner would be responsible for contacting NMFS approved observer companies for their observer requirement.
4. We envision a third party, such as FVOA, coordinating this project. It could be coordinated internally with the NMFS. When a fishing trip is completed, the observer company bills the Pilot Project for payment.
5. We anticipate the cost of the Pilot Project to run between \$150,000-\$361,000 (cost estimates are below). These funds would come from the payments currently made by industry to the Partial Coverage program.
6. Should the funding for the Pilot Project become exhausted by mid-season, the vessels would reenter the NMFS Partial Coverage program.

Estimated Cost of Pilot Project

We have provided a range of the potential cost for the Pilot Project. The hypothesized range expressed is optimistic and is in contrast to the status quo. We believe this Pilot Project will observe 30 trips and 182 days from 12 vessels operating throughout the GOA and BSAI and it should cover their entire season of fishing. The scale of the Pilot Project could be larger if it is believed other vessels need to be included. The project cost of accounting and payment to observer companies is not included.

Hypothesized operational cost

12 vessels x 8 days x 4 trips x \$600.00 per day x 0.18 observer rate = \$145,152

Current operational cost

12 vessels X 8 days X 14 trips X \$1492/day X .18 observer rate = \$360,945

In summary, FVOA is proposing a Pilot Project that could help reduce overall observer coverage costs by subsidizing activity beginning and ending in higher cost ports through testing market pricing of lower cost ports of call. Second, FVOA suggests NMFS provide a profile on vessels that are beginning and/or ending their trips in more expensive ports of call as opposed to those made in less expensive ports. Lastly, FVOA requests a discussion from the observer companies on how the Partial Coverage program might better provide advanced scheduling for placement of observers to help reduce costs.

Sincerely,



Robert Alverson, Manager