

North Pacific Fishery Management Council

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NEWSLETTER

07/07/92

June Meeting Attendees Enjoy Sitka Sunshine

During their June 22-28 meeting, Council, Advisory Panel, Scientific and Statistical Committee members, staffs, and industry attendees all enjoyed a week of sunny, warm days in Sitka, Alaska while dealing with the many subjects on the lengthy agenda. The Council approved the North Pacific Fisheries Research Plan and a three-year moratorium on entry to the fisheries off Alaska under the Council's jurisdiction. The Council also approved amendments to the groundfish fishery plans and bycatch standard rates for the second half of 1992. Details of these and other Council actions are found in this newsletter.

The Council will meet August 4-5 in Juneau, Alaska, to review public comment on a draft supplementary analysis of the revised Amendment 18 to the Bering Sea/Aleutian Islands groundfish plan for allocation of pollock in the BSAI between onshore and offshore industry segments. The Council is scheduled to select a preferred alternative and approve the proposed amendment for resubmission to the Secretary of Commerce for review. The Council's Advisory Panel and Scientific and Statistical Committee will meet August 3-4 to prepare recommendations for the Council on the proposed amendment. All meetings will be held at the Baranof Hotel in Juneau and are open to the public.

Moratorium

The Council took final action on the vessel moratorium and adopted a preferred alternative for Secretary of Commerce review. If accepted by the Secretary, the vessel moratorium will become effective beginning in 1993. The principal components of the moratorium follow:

1. Qualifying Period. In order to qualify, a vessel must have made a reported landing in one of the designated moratorium fisheries during the period beginning January 1, 1980, and ending February 9, 1992.
2. Length of Moratorium. Until Council rescinds or replaces; not to exceed 3 years from date of implementation, but Council may extend for 2 years if a permanent limited access program is imminent.
3. Crossovers During Moratorium. There are no further restrictions on a qualified vessel crossing over from one fishery to another (groundfish, crab, or halibut) during the moratorium, regardless of past participation.

IN THE NEWSLETTER

<i>June Meeting Attendees Enjoy Sitka Sunshine</i>	1
<i>Moratorium</i>	1
<i>Cut-Off Date For Catch Histories Under Future Limited Access</i>	3
<i>Inshore/Offshore</i>	3
<i>Groundfish Issues</i>	4
<i>Crab Management</i>	5
<i>North Pacific Fisheries Research Plan</i>	6

4. **Reconstruction of Vessel During the Moratorium.** An eligible vessel that is reconstructed during the moratorium would retain its privilege to participate in all fisheries under the Council's jurisdiction so long as the physical reconstruction was started before June 24, 1992. If reconstruction commences on or after that date, an increase in length may not exceed 20% of the vessel's original length overall (LOA), and the increase shall not result in a vessel that exceeds 125 feet LOA. Reconstruction of vessels over 125 feet LOA is allowed so long as overall length is not increased; i.e., no increase in length is permitted in the reconstruction of vessels over 125 feet. Reconstruction can be done only once during the moratorium.
5. **Replacement of Vessel During the Moratorium.** A vessel may be replaced during the moratorium with another vessel so long as the length of the replacement vessel does not exceed 20% of the overall length of the vessel being replaced, and such changes shall not result in a vessel that exceeds 125 feet LOA. Replacement of vessels over 125 LOA is allowable so long as overall length of the replacement vessels does not exceed the length of the original qualifying vessel. Qualifying vessels are limited to a one-time increase in length. The replaced vessel permanently loses its right to participate in all fisheries under the Council's jurisdiction during the moratorium unless it is subsequently used to replace another eligible vessel.
6. **Replacement of Vessel Lost or Destroyed During the Moratorium.** A vessel lost or destroyed during the moratorium can be replaced with any other vessel that qualifies under the moratorium. For a replacement vessel that does not qualify under the moratorium, such vessels shall not exceed 20% greater overall length than the vessel that is replaced, and the increase shall not result in a vessel that exceeds 125 feet LOA. Replacement of vessels over 125 LOA is allowed so long as overall length of the replacement vessel does not exceed the length of the original qualifying vessel. Qualifying vessels are limited to a one-time increase in length. When replaced, the lost or destroyed vessel permanently loses its right to participate in all fisheries under the Council's jurisdiction during the moratorium.
7. **Replacement of Vessel Lost or Destroyed Before the Moratorium.** Any vessel lost or destroyed after January 1, 1989 can be replaced with any vessel that qualifies under the moratorium. For a replacement vessel that does not qualify under the moratorium such vessels shall not exceed 20% greater overall length than the vessel that is replaced, and the increase shall not result in a vessel that exceeds 125 feet LOA. Replacement of vessels over 125 LOA is allowed so long as overall length of the replacement vessels does not exceed the length of the original qualifying vessel. Qualifying vessels are limited to a one-time increase in length. When replaced, the lost or destroyed vessel permanently loses its right to participate in all fisheries under the Council's jurisdiction during the moratorium. Eligible lost or destroyed vessels replaced under this provision would have to make a landing within two years of implementation of the moratorium in order to qualify.
8. **Small Vessel Exemptions.** Vessels 26 feet or less would be exempted in the Gulf of Alaska. Vessels 32 feet or less would be exempted in the Bering Sea/Aleutian Islands.
9. **Disadvantaged Communities.** New vessels constructed after implementation of Community Development Quota (CDQ) programs, pursuant to an approved CDQ project, will be exempt from the moratorium. In order to qualify for such exemption the vessel must: (1) be constructed solely for the purpose of furthering the goals of a community CDQ project, and (2) be a specialized vessel designed and equipped to meet the needs of a community or group of communities that have specific and unique operating requirements. Such exemptions would be limited to vessels 125 feet LOA and under. These vessels may fish in both CDQ and non-CDQ fisheries. Vessels

built pursuant to a CDQ project under this exemption that are transferred to a non-CDQ entity during the life of the moratorium may not be considered eligible under the moratorium.

10. Minimum Qualifying Poundage. No minimum poundage is specified.
11. Applicable Sectors of the Industry. The moratorium will be applied to the harvesting sector only, including catcher vessels and catcher-processor vessels in all groundfish, halibut, and crab fisheries.
12. Appeals. The appeals procedure will consist of an adjudication board of government persons and non-voting industry representatives.
13. Halibut and Sablefish Fixed Gear Vessels. Halibut and sablefish fixed gear vessels operating under the provisions of the proposed IFQ Amendment will be exempted from the vessel moratorium as it affects directed halibut and sablefish operations. Such an exemption becomes effective at the time of implementation of the IFQ program. Non qualifying vessels entering the halibut and sablefish fisheries under this exemption may not participate in any other directed fisheries under the Council's authority. If the catch of species other than halibut and sablefish exceeds 20%, then the vessel must be a moratorium-qualified vessel. The bycatch of species other than halibut and sablefish cannot exceed 20% for non-qualified vessels.

Cut-Off Date For Catch Histories Under Future Limited Access

The proposed vessel moratorium amendment is intended to stop or reduce the unneeded overcapitalization and excess capacity that characterize many of the fisheries under the Council's jurisdiction. Recognizing the potential fleet of vessels that will be eligible to participate under the moratorium, and the allowable changes that are permitted to these vessels, the Council also is notifying the industry that future Council decisions regarding allocations and limited access may rely upon catch histories only up through June 24, 1992, the date of the Council's moratorium decision. The purpose of this notification is to alert the industry that catch histories accrued after this date may not be considered in the subsequent allocation or access plans developed by the Council as a part of the long term comprehensive management plan for the fishery.

Inshore/Offshore

The Council released for public review a supplementary analysis of Amendment 18, which would provide for an inshore/offshore allocation of pollock in the Bering Sea/Aleutian Islands in 1993-1995. The analysis supplements the original Supplemental Environmental Impact Statement prepared as a part of the Amendment 18/23 package. Inshore/offshore pollock allocations in the original Amendment 18 for the BSAI were approved by the Commerce Department only for 1992. Those provisions of Amendment 18 dealing with the inshore/offshore allocations for 1993-1995 were sent back to the Council for further examination of key economic impacts. Based on the Commerce Department decision, the Council developed a set of revised alternatives during the April meeting. The supplementary analysis presented at the June meeting examines the two inshore/offshore allocation alternatives, with and without the designation of a catcher vessel operational area around Dutch Harbor.

Much of the Amendment 18 supplementary analysis centers on economic impacts associated with the proposed inshore and offshore pollock allocations. Council, AP, and SSC discussions centered on the data and underlying assumptions used to conduct the analyses. While noting concerns over adequacy of the data, assumptions, and the results, the Council elected to release the document for public review. A special Council meeting will be held August 4-5 in Juneau, when the Council is scheduled to identify a

preferred alternative which would be forwarded for a 60-day Secretarial review and then implementation early in 1993. Copies of the supplementary analysis are available from the Council office in Anchorage. The deadline for written comments to be included in the Council's notebooks will be July 30. Additional public comments will be taken at the AP and SSC meetings on August 3-4 and at the Council meeting on August 4.

Groundfish Issues

Amendment 21 to the BSAI Groundfish Fishery Management Plan

The Council again addressed the issue of halibut bycatch in the BSAI fisheries by taking final action on Amendment 21. By recommending a 3,775 mt halibut mortality limit for BSAI trawl fisheries, the Council changed accounting for halibut bycatch to a system based on mortality rather than handled halibut. Assuming a 75 percent mortality, the Council's recommendation of 3,775 mt mortality equates to the current 5,033 mt PSC limit of handled halibut caught by trawl gear. Future changes to the halibut PSC mortality limit would be by regulatory amendment, rather than a plan amendment. The Council deferred consideration of a halibut PSC limit for fixed gear to the September meeting, but did pass an emergency recommendation exempting pot gear from PSC limits for the rest of 1992.

Amendment 26 to the GOA Groundfish Fishery Management Plan

This plan amendment focuses on two issues in Gulf of Alaska groundfish management: 1) closure of the Eastern Gulf east of 140° W Longitude to trawling, and 2) reestablishment of the king crab protection zones near Kodiak Island. Regarding the latter issue, the Council approved for Secretarial review continuation of the current time/area protection zones which prohibit bottom trawling in important king and tanner crab habitat. These time/area zones are intended to assist in the rebuilding of these depressed stocks by providing protection to 85 percent of the Kodiak red king crab stocks and about 75 percent of the Tanner crab stocks. The areas are important juvenile and softshell crab rearing and migratory areas.

The Council postponed until September action on closing the Eastern Gulf east of 140° W Longitude to trawling. The Council requested additional information on the importance of coral as critical habitat for rockfish and the effects of bottom trawling on coral. In addition, the Council requested that the rationale for closing foreign fishing in the area be reviewed.

Vessel Incentive Program Bycatch Rate Standards

Under Amendment 19, to be implemented by NMFS this summer, the Vessel Incentive Program (VIP) will expand to authorize halibut bycatch rate standards for each trawl fishery that receives a separate allocation of halibut PSC. At this meeting, the Council recommended a new grouping for VIP program fishery categories, as follows.

<u>Fishery</u>	<u>Halibut Rate</u> (% of groundfish harvested)
Midwater Pollock	0.1
Bottom Pollock	0.5
Yellowfin Sole	0.5
Other Trawl	3.0

Pollock 'B' Season Delay and Exclusive Registration

A proposed regulatory amendment to delay the pollock 'B' season in the BSAI will be analyzed over the summer and presented for initial Council review in September. It will examine a possible range of opening dates from July 1 to September 1. Council staff will be working on this analysis in conjunction

with the University of Alaska Anchorage, Institute for Social and Economic Research (ISER). Included in this package will be analysis of a plan amendment which would implement an exclusive registration requirement for vessels engaged in the GOA and the BSAI trawl and factory longline fisheries for pollock, Pacific cod, and possibly all groundfish species. If passed, vessel operators will have to choose whether to fish in the GOA or the BSAI.

Preferential Gear/Seasonal Allocation of Pacific Cod

This summer staff with the Alaska Fisheries Science Center will be analyzing a proposed amendment to allow for Pacific cod in the BSAI to be preferentially allocated to gear types which exhibit low bycatch rates. This analysis is expected to be available for initial Council review in September and, if approved, could be implemented sometime in 1993. Regarding the proposed seasonal allocation of Pacific cod in the BSAI, a preliminary analysis has been conducted by LGL Alaska Research Associates under contract to the North Pacific Longline Association. This analysis will be reviewed by the Groundfish Plan Teams in September and may provide the basis for a formal analysis of a proposed amendment.

Pribilof Island Trawl Closure and Salmon Bycatch Measures

Originally part of the BSAI Amendment 21, the analyses for these two proposals will be available for Council review in September with possible final action in December. The analysis for the Pribilof Island trawl closure will contain options for closures to all trawling in IPHC Area 4C, closures to bottom trawling only in Area 4C, and options for partial closures of specified areas within Area 4C. The analysis for salmon bycatch measures will contain options for setting a rate-based PSC cap for chinook salmon and time/area closures to reduce chinook bycatch.

Miscellaneous Groundfish Items

The National Marine Fisheries Service will be developing an amendment to establish a performance-based pelagic trawl definition. This definition would alleviate problems associated with the current definition based on gear configuration. This document could be available for review at the September meeting.

NMFS is also developing a regulatory amendment which would require total catch estimation and, possibly, interactive communications between NMFS and fishing vessels. Total catch estimation, either by direct weighing or volumetric measurement of all groundfish, would provide more accurate data for in-season management and would eliminate problems associated with the use of product recovery rates (PRRs). This amendment could be ready for initial Council review in September.

The Council reviewed NMFS proposed changes to recordkeeping and reporting requirements for 1993. NMFS will proceed with a regulatory amendment to implement the proposed changes; however, NMFS first will meet with industry to discuss the specific changes which are proposed. This meeting will be scheduled before completion of the proposed rule and will be announced by NMFS.

Crab Management

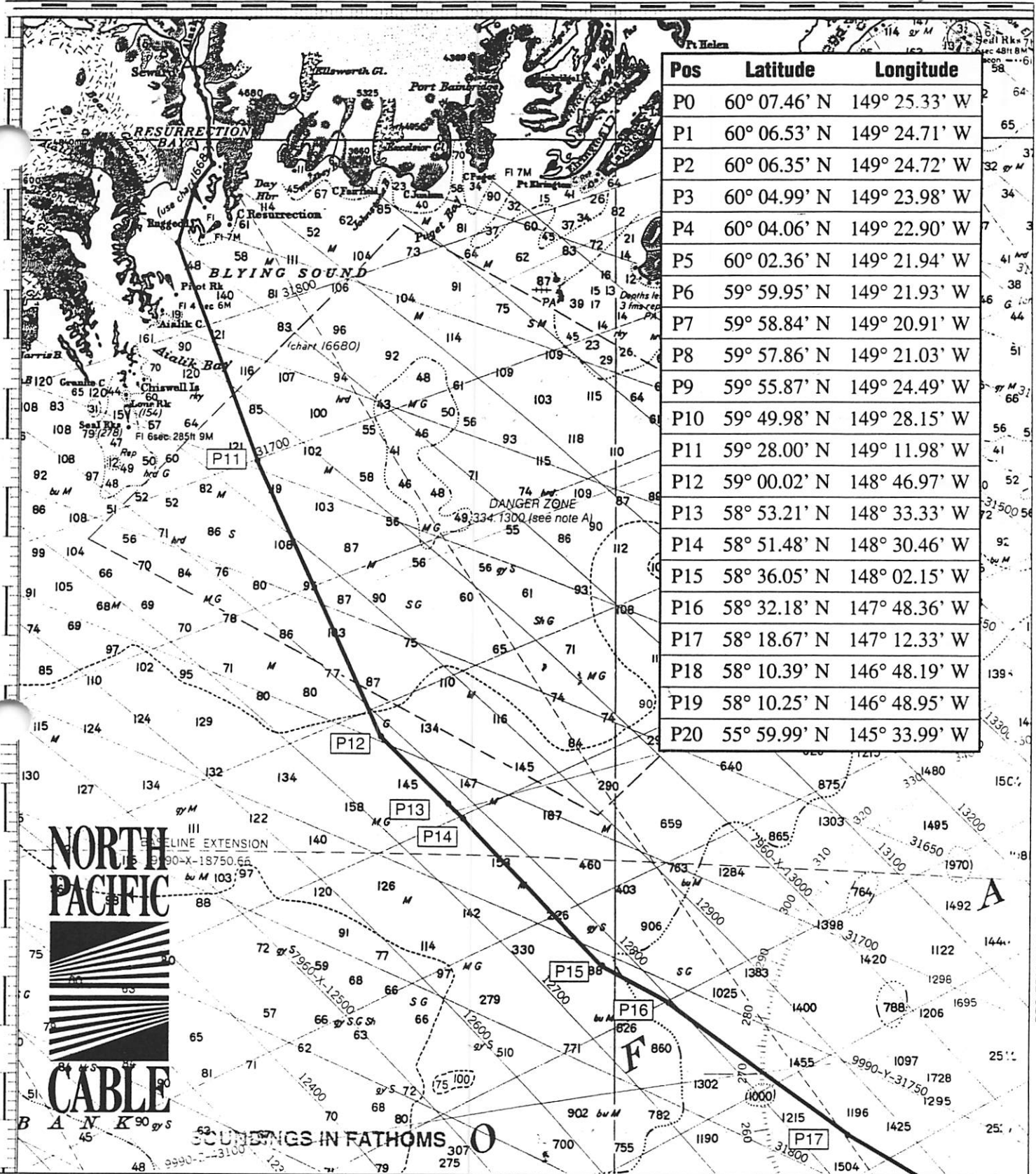
The Council requested the Crab Plan Team begin an analysis to reevaluate the optimum yield (OY) for *C. opilio* and recommended three alternatives to be considered: 1) status quo, or 333 million pounds; 2) eliminate any reference to any poundage so OY would equal the amount of crab that may be legally landed under the requirements of the FMP and the laws of the State of Alaska; and 3) some other OY number based on the best available information. The team is scheduled to report back in September.

North Pacific Fisheries Research Plan

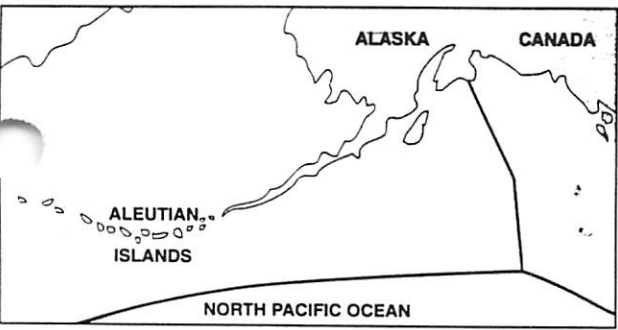
The Council approved the Research Plan which will levy a fee on the groundfish, crab, and halibut harvested in fisheries managed by the Council and replace the current method of funding the Observer Program wherein each vessel or plant required to have observers must pay for them. The Council-approved Research Plan would not allow the amount collected to exceed 2% of exvessel value. It is anticipated that this would allow for full funding of the necessary observer coverage levels. The Plan also identifies the fisheries to be covered by the Plan, the mechanisms for fee assessment and collection, the schedule for an annual process to determine costs, fees, and coverage levels, and other specific provisions as approved by the Council. These provisions are described in the attachment to this newsletter, titled "ELEMENTS OF THE NORTH PACIFIC FISHERIES RESEARCH PLAN."

Upon submittal of the Research Plan to the Secretary of Commerce, a proposed rule will be published initiating a 60-day public comment period. During this 60-day period, public hearings will be held in Washington, Oregon, and Alaska. A final rule will then be published. Based on this schedule, the Research Plan could be implemented in 1993, depending on the availability of necessary start-up funding.

Meanwhile, a regulatory amendment is being prepared which would change the current Observer Program for 1993. This analysis will be available for initial review by the Council at the September 1992 meeting.



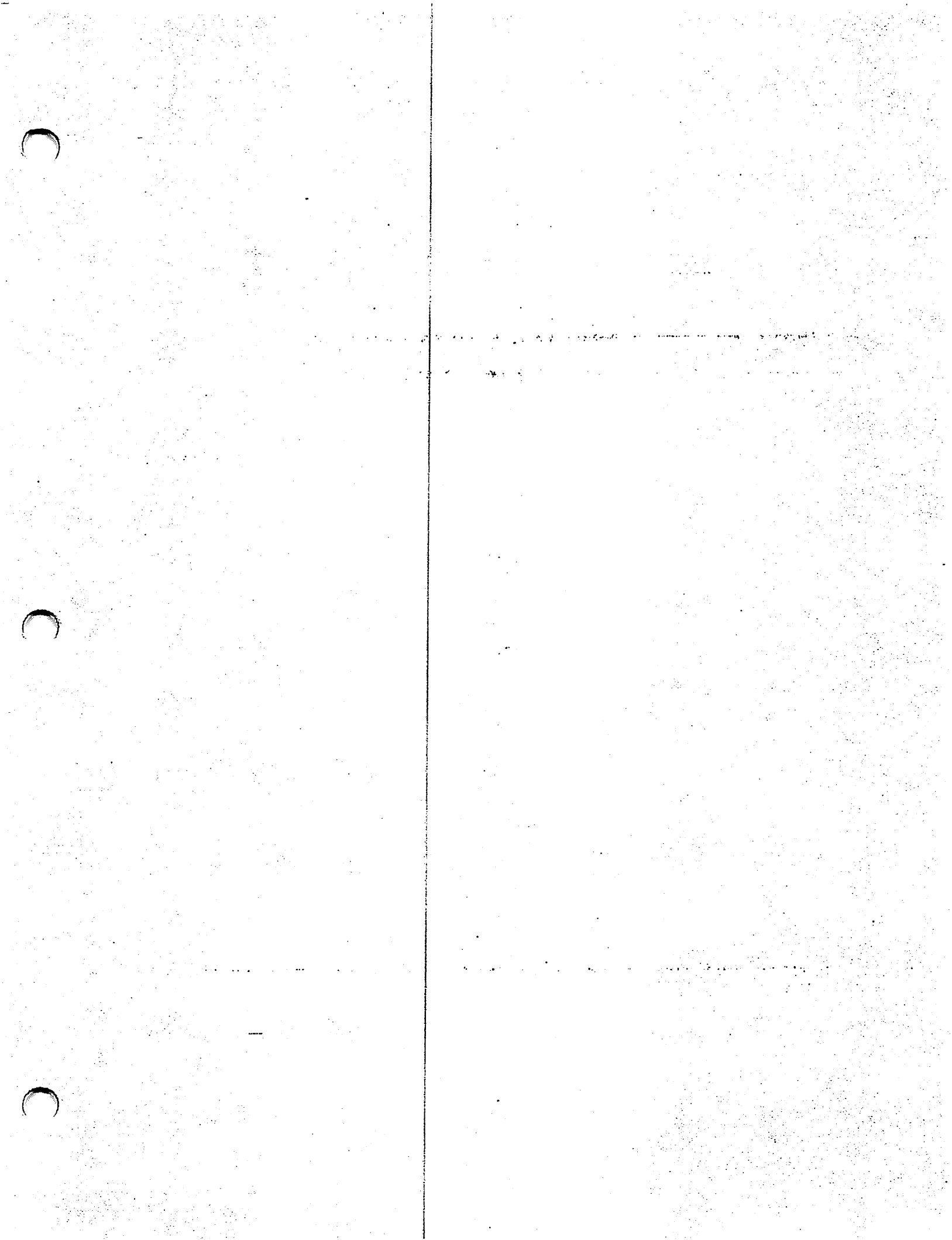
Pos	Latitude	Longitude
P0	60° 07.46' N	149° 25.33' W
P1	60° 06.53' N	149° 24.71' W
P2	60° 06.35' N	149° 24.72' W
P3	60° 04.99' N	149° 23.98' W
P4	60° 04.06' N	149° 22.90' W
P5	60° 02.36' N	149° 21.94' W
P6	59° 59.95' N	149° 21.93' W
P7	59° 58.84' N	149° 20.91' W
P8	59° 57.86' N	149° 21.03' W
P9	59° 55.87' N	149° 24.49' W
P10	59° 49.98' N	149° 28.15' W
P11	59° 28.00' N	149° 11.98' W
P12	59° 00.02' N	148° 46.97' W
P13	58° 53.21' N	148° 33.33' W
P14	58° 51.48' N	148° 30.46' W
P15	58° 36.05' N	148° 02.15' W
P16	58° 32.18' N	147° 48.36' W
P17	58° 18.67' N	147° 12.33' W
P18	58° 10.39' N	146° 48.19' W
P19	58° 10.25' N	146° 48.95' W
P20	55° 59.99' N	145° 33.99' W



A fiber-optic communications cable, called the North Pacific Cable (NPC), has been buried on the sea-bed out of Seward, Alaska. Beyond Resurrection Bay, the cable crosses the Aleutian Trench and subsequently branches to landing points in Pacific City, Oregon and Miura, Japan.

Fisherman can prevent costly damage to the cable, and their own gear, by avoiding operations along the route of NPC. If contact with the cable occurs, or is suspected, please report the incident at the following 24-hour toll-free number.

Pacific Telecom Cable, Inc. 1-800-833-6430



ELEMENTS OF THE
NORTH PACIFIC FISHERIES RESEARCH PLAN
(as adopted by Council on June 28, 1992)

A. Objectives:

1. To provide a framework for developing an observer program for the Alaska groundfish fishery which has the capability to perform inseason management, to accommodate status of stocks assessment and to provide accurate, real-time data of sufficient quality to implement an individual vessel incentive program.
2. To provide a framework for developing an observer program for Bering Sea/Aleutian Islands king and Tanner crab fisheries which accommodates inseason management needs, ensures management compliance, and provides for the collection of biological and management data necessary to achieve the sustained yield of the crab resource without overfishing.
3. To ensure that the groundfish and crab observer programs are efficient and cost effective, that any increased costs are commensurate with the quality and usefulness of the data to be derived from any revisions to the programs, and that such changes are necessary to meet fishery management needs.
4. To provide for cooperation and coordination between the groundfish observer program administered by the NMFS and the crab observer program administered by the Alaska Department of Fish and Game (ADF&G).

B. Elements of the NMFS Groundfish Observer Program:

1. Level of coverage:
 - a. Levels of observer coverage may vary by fishery and vessel size depending upon the objectives to be met for each fishery. This applies to all fisheries under Council FMP jurisdiction and includes possible coverage for vessels participating in the halibut fisheries. Various levels of observer coverage, which are necessary to maintain statistical reliability, will be identified for each of the stated objectives of the Research Plan. The Council will review this and other relevant information on an annual basis to determine appropriate coverage levels given the available funds as well as the goals of the program.
 - b. Changes to the existing groundfish observer program to improve the accuracy and availability of observer data may be implemented by the Alaska Regional Director (NMFS) upon recommendation by the Council based on one or more of the following:
 - (i) a finding that there has been, or is likely to be, a significant change in fishing methods, times, or areas for a specific fishery or fleet component;
 - (ii) a finding that there has been, or is likely to be, a significant change in catch or bycatch composition for a specific fishery or fleet component;
 - (iii) a finding that modifications to the observer program are warranted to improve data quality and availability necessary to implement an individual vessel incentive program for a specific fishery or fleet component.

- (iv) a finding that such modifications are necessary to improve data availability or quality in order to meet specific fishery management objectives.
- (v) a determination that any increased costs are commensurate with the quality and usefulness of the data to be derived from any revised program, and are necessary to meet fishery management needs.

2. **Observer employment and contracts:**

- a. **Observers will be either employees of NMFS, or be under contract to NMFS.**
- b. **Observer contracts will be subject to a competitive bid process and will comply with federal and/or agency procurement regulations. If in accordance with procurement regulations, and if cost effective, multiple contractors will be used. A minimum of three contractors will be used if there are three or more qualified bidders.**
- c. **Observer deployment shall be determined by NMFS.**
- d. **Observers must possess the education and specific training necessary to meet the requirements of the groundfish observer program.**

3. **Duties of observers:**

- a. **collect data on catch, effort, bycatch, and discards of finfish and shellfish, including PSCs, and transmit required data to facilitate in-season management.**
- b. **collect biological samples which may be used to determine species, length, weight, age and sex composition of catch and predator prey interactions;**
- c. **collect data on incidental take of marine mammals, seabirds, and other species as appropriate;**
- d. **other duties as described in the NMFS observer manual.**

4. **Data collection, transmission, and input programs shall be implemented according to the following:**

- a. **initial implementation shall be as specified under existing regulations and guidelines;**
- b. **the Regional Director, NMFS Alaska Region, shall review fishery monitoring programs and report to the Council on methods to improve data collection and sampling techniques, provide for real time data transmission from the fleet including daily reporting, and other measures as appropriate to improve the accuracy and efficiency of fishery monitoring programs.**

5. **NMFS's detailed budget for implementing the groundfish observer program including:**

- (i) **costs for observer training and certification;**
- (ii) **costs for stationing observers on board fishing vessels and United States fish processors, including travel, salaries, benefits, insurance;**

- (iii) costs for data collection, transmission, and input;
- (iv) contract services and general administrative costs.

C. Elements of the ADF&G Crab Observer Program:

The Fees will be collected from all processors and the State of Alaska Shellfish Observer Program will be incorporated within the provisions of the Research Plan.

1. Level of Coverage:

- a. Initial levels of observer coverage under the North Pacific Fisheries Research Plan shall be that of the existing industry funded crab observer program.
 - i. Presently 100% of all catcher/processors and floating processors are required to have an onboard observer to engage in the BS/AI crab fisheries.
 - ii. ADF&G traditionally collected essential biological and management data at the point of shoreside landing immediately before processing. The rapid evolution to processing by catcher/processor and floating processor vessels in particular shellfish fisheries seriously eroded the department's ability to adequately monitor harvests to ensure sustained yield without overfishing. Onboard observers supply two critical functions, without which offshore processing would not be allowed.
 - They are the only practical data gathering mechanism which would not disrupt processing.
 - They provide the only effective means to ensure management compliance.
- b. Pursuant to the Bering Sea and Aleutian Islands king and Tanner Crab FMP, the State of Alaska crab observer program has been designed by the Alaska Board of Fish and administered by the Alaska Department of Fish and Game. Future modifications to the crab observer program may be made through the Council/Board process, in accordance with the king and Tanner crab FMP, and subject to the availability of funding.

2. Observer employment and contracts:

- a. Observers will be either employees of ADF&G, or be under contract to NMFS.
- b. Observers for the Shellfish Observer Program obtained from contractors will be obtained through the NMFS observer contracts. Observer contracts will be subject to a competitive bid process and will comply with federal and/or agency procurement regulations. If in accordance with procurement regulations, and if cost effective, multiple contractors will be used. A minimum of three contractors will be used if there are three or more qualified bidders.
- c. Observer deployment shall be determined by ADF&G.
- d. Observers will possess the education and specific training necessary to meet the requirements of the crab observer program.

3. Duties of observers:
 - a. collect data on catch, effort, bycatch and discards of finfish and shellfish, and transmit required data to facilitate inseason management;
 - b. collect biological samples which may be used to determine species, length, weight, age and sex composition of catch;
 - c. collect data on marine mammals, seabirds, and other species as appropriate;
 - d. other duties as described in the ADF&G observer manual.
4. Data collection, transmission, and input programs shall be implemented according to the following:
 - a. initial implementation shall be as specified under existing regulations and guidelines to facilitate inseason management at the Dutch Harbor and Kodiak offices;
 - b. ADF&G shall review their fishery monitoring and data transmission programs in conjunction with the NMFS, to help develop coordinated methods to improve data collection and sampling techniques, provide for real time data transmission from the fleet including daily reporting, and other measures as appropriate to improve the accuracy and efficiency of fishery monitoring programs and improve coordination between agencies.
5. ADF&G's detailed budget for implementing the crab observer program including:
 - (i) costs for observer training and certification;
 - (ii) costs for stationing observers on board crab catcher/processors, United States crab floating processors, and shoreside observers/debriefers, including travel, salaries, benefits, insurance;
 - (iii) costs for data collection, transmission, and input;
 - (iv) contract services and general administrative costs.

D. Coordination Between the NMFS Groundfish Program and the ADF&G Crab Observer Program:

1. Recognizing the differences in the missions between the ADF&G crab observer program and the NMFS groundfish observer program, but wishing to provide for the maximum efficiency in administration and implementation of the groundfish and crab observer programs, NMFS and ADF&G will form a work group to address the following:
 - a. to the extent possible and practicable, development of consistent, cost effective, and compatible observer training and debriefing procedures.
 - b. development of a consistent data collection, transmission and processing system including a single data base available to both agencies on a real-time basis.
 - c. identification of costs which are appropriate for reimbursement to the State pursuant to the MFCMA.

2. The University of Alaska, as an observer training entity, shall be included as an ex-officio member of the agency workgroup for the purpose of part 1 (a) above. Recognizing industry concerns regarding administrative costs of the plan and possible shortfalls under the 1% formula, direct the agency workgroup identified above to review costs and identify possible cost savings measures, including the use of public or private contractors to perform some or all of the duties under the plan, as well as the costs and benefits of training groundfish observers in Alaska or elsewhere.
3. On an annual basis, NMFS and ADF&G will provide to the Council a report detailing steps taken to improve overall coordination between the two observer programs and to improve administrative efficiency.

E. Fee Assessment:

The North Pacific Fisheries Research Plan fee assessment program will be based on the following:

1. Fisheries subject to fee assessment;
 - a. Gulf of Alaska groundfish.
 - b. Bering Sea and Aleutian Islands groundfish
 - c. North Pacific halibut
 - d. Bering Sea and Aleutian Island king and Tanner crab
2. Fees will be assessed at up to 1% of first wholesale (though not to exceed 2% of exvessel) value of fish and crab harvested in the fisheries identified above. Fees will be collected on the basis of exvessel value. Though the potential maximum fee is prescribed by the Magnuson Act, the actual maximum for any given year may be less after determining the cost of the Plan and after deducting funds from other sources, if required (discussed below).

The fee percentage limit identified above will sunset three years after implementation of the Research Plan. Unless changed or reestablished by the Council, the funding mechanism would revert to direct payment, by vessels and processors, for required observer coverage levels.

3. Fees from the program may only be used to pay for: (1) stationing observers including the direct costs of training, placing, maintaining, and debriefing observers; (2) collecting, verifying, and entering collected data (not manipulating data); (3) supporting an insurance risk-sharing pool; and (4) paying the salaries of personnel to perform these tasks. The fees cannot be used to pay administrative overhead or other costs not directly incurred in carrying out the Plan, or to offset amounts authorized under other provisions of law.
4. Annually the Regional Director, in consultation with the Council, will establish a fee percentage taking into account the value of the plan fisheries, the costs of implementing the Plan, other sources of funds, and limitations on the total amount that can be collected. This will be done concurrent with Council approval of observer needs of the fisheries. This annual process will be completed by the time the fisheries commence. The fee will be expressed as a percentage of the exvessel value of the fisheries. The reports and budget documents outlined above shall be provided annually to the Council a month prior to its June meeting. The Observer Oversight Committee established by the Council shall review the documents under Sections E and G of this Outline and provide a recommendation to the Council at the June meeting. The Council will review the Committee's recommendation and take final action in September.

5. All plan fisheries will contribute to the total value of the fisheries; NMFS, in consultation with the Council, will use the best information available to project the value of fisheries. The factors that will be taken into account include but are not limited to: average prices for species or species groups, product forms, discards, and other factors during the year preceding the year for which the fee is being established, anticipated changes in the coming year, and projected catch based on expected harvest in plan fisheries. These projected values will be subjected to public review.
6. NMFS, with the assistance of ADF&G, will provide an estimate of the costs of providing required observer coverage for the groundfish and shellfish programs for the coming year based on anticipated observer coverage and the anticipated costs of the activities listed under Item E.3 above, including any additional costs of utilizing observers.
7. NMFS will provide an estimate of surplus funds in the North Pacific Observer Fund and estimate the amounts of funds that may be available from other sources.
8. The fees shall be set such that the total amount of fees collected are not expected to exceed the limitation prescribed by the Magnuson Act.
9. The user fee percentage for the coming year will be the total amount to be collected divided by the exvessel value of the plan fisheries, multiplied by 100. This fee will be established before the fishing year to which it will apply. It will be subject to Council and public review before being finalized.
10. The State of Alaska will be reimbursed for all of the costs of the crab observer program which are allowable under the MFCMA from fees collected under the North Pacific Fisheries Research Plan, consistent with C.1 above.
11. When an accurate, reliable, and equitable method of measuring discards is developed and implemented, they may be assessed the fee under the Research Plan. This would not include required discards or discards that are alive. The value to assign assessed discards will be determined at an appropriate time in the future. Fees may also be assessed against Donut Hole fisheries.

F. Fee Collection

Although fees are assessed against all fishing vessels and fish processors, they are collected from fish processors participating in plan fisheries. Fish processors are defined in the Magnuson Act; however, their operating characteristics fall into one of two categories. Processors are in Category A when they purchase unprocessed fish, that is when there is a documented commercial transaction between independent parties. Processors are in Category B when they obtain fish without such a transaction. For purposes of collecting fees, harvesting vessels are considered Category A processors when they sell directly to any entity other than a federally permitted processor under this plan.

1. Estimation of exvessel prices and fee liability
 - a. Category A Processors: It is assumed that these processors weigh or otherwise directly determine the amount of all fish delivered. Their fee liability is the product of the fee percentage established by NMFS for the fishing year, average exvessel price paid to the fisherman, and the amount of fish received. In addition, fees may be required on discards as described above. Fee liability will be divided equally between the processor and fisherman.

- b. **Category B Processors:** If these processors weigh or otherwise directly determine the amount of their catch, then those documented amounts will be used to estimate fee liability. Otherwise, product recovery rates published by NMFS will be used to estimate retained catch. Their fee liability is the product of the fee percentage established by NMFS for the fishing year, an exvessel price as estimated and published by NMFS, and the estimated retained catch. The price estimates provided by NMFS will be based on price data from Category A Processors, taking into consideration the species mix, quarter of the year, area, and other appropriate factors. In addition, fees may be required on discards as described above.

For both Category A and Category B processors, the exvessel price against which to apply the fee will be calculated each year based on average price information, across all Category A processors and across all product forms for each species or species group, from the previous 12 month period. This standardized price will be the basis for calculating each quarterly payment.

2. Fee payments will be made quarterly within 30 days of the end of the quarter to the NOAA Office of the Comptroller to be deposited in the North Pacific Observer Fund within the U.S. Treasury. The fee will be documented in a manner prescribed by NMFS.
3. All processors as defined under Item F(1) above may be required to have a federal permit to receive fish from plan fisheries. Processors must apply for these permits annually by the deadline prescribed by the Regional Director. Permits would be issued annually on January 1 and renewed semi-annually on July 1 to those processors whose fee payments are current. The NOAA Office of the Comptroller shall assess late charges for underpayment or late payments of fees.

In order to cover anticipated fee liabilities, a bond or letter of credit, in an appropriate amount, will be required of each processor who receives plan fisheries fish (this includes dockside sellers who, in effect, become processors). This bond or letter of credit would be in place for the entire year. A lien on property may also be included as assurance for payment of fee liabilities. Prepayment of fees by a processor would remain an option to the bonding process.

START-UP FUNDING

In order to accumulate necessary start-up money in the Observer Fund, an appropriate fee percentage will be calculated and, for the first year after Secretarial approval of the Research Plan, applied to all segments of industry covered by the Research Plan. The existing coverage requirements will remain in effect. All segments of industry who do not pay directly for observer coverage (for example vessels under 60 feet and vessels in the halibut fisheries) will pay this percentage as described above. Those who do pay directly for observer coverage will be required to pay the difference between the amount they pay directly and the amount based on the fee percentage, if the amount they pay directly is less than the fee percentage amount. For those whose direct payments are equal to or greater than the fee percentage amount, additional payments beyond their direct payments will not be required.

FUNDING SHORTFALLS

In the event of a funding shortfall after implementation of the Research Plan, the available funds will be utilized according to the prioritized list of Research Plan objectives as follows: (1) Stock assessment (2) In-season management (3) Bycatch monitoring (4) Vessel incentive programs.