

Revised Appendix 4: Stakeholder Proposal for Alternative 4, Option 1 (CFA)

ALTERNATIVE 4. Gulf of Alaska Trawl Bycatch Management Program (Alternative 2 and Alternative 3) with a Community Fisheries Association allocation or Adaptive Management Program. (*Options 1 and 2 are mutually exclusive.*)

Option 1. Community Fisheries Association (CFA)

The CFA program would distribute target species of Pacific cod and pollock, secondary species (to mirror Council's allocation of species under Alternative 2, Element 3.b), and halibut and Chinook PSC quota to qualified applicants representing eligible Gulf communities, in order to provide benefits to communities. The intent of the CFA program is to mitigate the potential economic impacts and undesirable social costs of the GOA Trawl Bycatch Management Program on GOA communities with a historical dependence on groundfish. Further, it is the intent of the program to sustain current participation and access to groundfish fisheries by community-based vessels.

This provision would allocate the annual federal total allowable catch (TAC) for trawl target species and associated prohibited species catch (PSC) to a CFA, a non-profit entity described in more detail in below. The CFA would be established under the Fishing Communities provisions of the Magnuson Stevens Act (MSA),¹ and would be required to comply with the provisions of that section. The CFA would determine how to distribute the annual harvest privileges according to criteria consistent with the its goals and objectives, which will be approved by the Council and set in federal regulation. Annual reporting to the Council would be required. The intent of the CFA is to ensure that quota is anchored in GOA communities and that community concerns, including sustained community participation, entry opportunities, equitable crew compensation, bycatch reduction, among others are addressed in the initial program design. CFA quota would be anchored to GOA eligible communities as defined by the Council and would not be available for purchase by individuals or corporations.

Element 1. Allocate 5% - 15% of the fishing quota for all species allocated to CVs under the program to a Community Fishing Association established under §303A(c)(3) of the MSA. Quota allocated to the Community Fishing Association may not be sold. [SEP]

Element 2. Number of CFAs [SEP]

Option 1. One GOA CFA

Suboption 1. The CFA will be a single Gulf-wide administrative entity with two divisions, one for the CG and one for the WG. Each division will establish their own contract terms and criteria for distributing quota.

Option 2. Two CFAs (one for the WG and one for the CG)

Element 3. Goals and objectives for a Community Fishing Association:

A. Council-established Goals and Objectives for the CFA (in regulation and/or the FMP):

1. Provide for the sustained (current and historical) participation of fishing communities (MSA National Standard 8).
2. Minimize adverse economic impacts on fishing communities (MSA National Standard 8).

¹ U.S.C. § 1853A(c)(3).


3. Assist entry-level and small vessel owner-operators, captains and crew and fishing communities (MSA §303A(c)(5)(C)).
4. Incentivize additional bycatch savings beyond standard requirements by rewarding those willing to adopt additional measures to reduce bycatch with access to additional CFA quota.

B. The CFA may respond to several of the Council's established Goals and Objectives for the program (numbers refer to Council Goals and Objectives):

4. Authorize fair and equitable access privileges that take into consideration the value of assets and investments in the fishery and dependency on the fishery for harvesters, processors, and communities.
6. Promote community stability and minimize adverse economic impacts by limiting consolidation, providing employment and entry opportunities, and increasing the economic viability of the groundfish harvesters, processors, and support industries.
13. Minimize adverse impacts on sectors and areas not included in the program.
14. Promote active participation by owners of harvest vessels and fishing privileges.

C. Possible CFA goals and objectives adopted by the CFA within Council objectives:

1. Maintain the historical number of active trawl vessels home-ported in CFA communities.
2. Maintain the historical number of active trawl skippers that are resident in CFA communities.
3. Maintain the historical number of GOA trawl vessel crewpersons that are resident in CFA communities.
4. Maintain the amount of quota owned and/or operated by CFA community residents.
5. Maintain crew compensation at levels established prior to the rationalization program.
6. Enable fishermen to transition into the GOA trawl fishery under the new management program.
7. Facilitate gear conversion within provisions of main program.
8. Strengthening the local/regional fishing economy
9. Creating bankable fishing businesses
10. Diversifying fishing businesses
11. Supporting sustainable fishing practices

Element 4. Communities eligible for participation via the CFA 

Eligible communities are Kodiak, Sand Point, King Cove, and Seward, as well as communities that meet the following criteria:

- adjacent to saltwater located within the Western, Central, or West Yakutat regulatory areas of the GOA coast of the North Pacific Ocean; and
- an eligible CQE community.

If a community appears to meet the eligibility criteria but is not specifically designated on the list of communities adopted by the Council, then that community would have to apply directly to the Council to be included.

- population of less than 6,500 (based on 2000 census);

- ~~— consists of residents having any Gulf (WG, CG, WY) groundfish commercial permit; and/or fishing or processing activity as documented by CFEC in the last ten years (2004-2014);~~
- ~~— have a high potential for economic and social impacts associated with a LAPP program~~
- ~~— on harvesters, captains, crew, processors, and other businesses substantially~~
- ~~— dependent upon the fishery, or the potential for improving economic conditions in~~
- ~~— remote coastal communities lacking resources to participate in harvesting or~~
- ~~— processing activities in the fishery; and~~
- ~~— have submitted a community sustainability plan through the CFA. ^(SEP)~~

Element 5. The CFA must provide a community sustainability plan which includes: ^(SEP)

a. Description of board, governance structure: ^(SEP)

The administrative entity shall be comprised of a Board of Directors as follows:

Option 1. (applies to Element 1, Option 1 Suboption 1 or Option 2) The Board of Directors will be selected via a nomination process in which each interest group submits nominations to the relevant borough government (Kodiak Island Borough for the Central Gulf and Aleutians East Borough for the Western Gulf). Board members will serve 4-year terms. The relevant borough assembly will then appoint a representative from the nominees in a public meeting. The Boards will be structured as follows:

Central Gulf (9 seats)

Kodiak City/Borough government (2 seats)

City of Seward (1 seat)

At-large community seat (1 seat)

Trawl sector (1 seats)

Processors (1 seat)

Fixed gear sector (1 seat)

Crew (1 seat)

Rural Community Member (1 seat)

Western Gulf (9 seats)

AEB/ City of King Cove and Sand Point (3 seat)

At-large community seat (1 seat)

Trawl sector (1 seats)

Processors (1 seat)

Fixed gear sector (1 seat)

Crew (1 seat)

Option 2. (Applies to Element 2, Option 1 without the suboption) The Board of Directors will be selected via a nomination process in which each interest group submits nominations to the relevant city or borough government (crew will apply to the borough government within which they reside). Board members will serve 4-year terms. The relevant borough assembly will then appoint a representative from the nominees in a public meeting. The Board will be structured as follows:

Aleutians East Borough (3 reps)

Lake and Peninsula Borough (1 reps)
Kodiak Borough (2 reps)
Yakutat Borough (1 rep)
Kenai Borough (2 reps)
City of Kodiak (2 reps)
Crew (1 seat)
Trawl sector (1 seat)

The CFA will be governed by an Executive Committee with administrative and oversight responsibilities for the organization.

b. Description of quota distribution process:

Quota will be leased on an annual (option: every 3 years) basis according to distribution criteria established by the Board which meet the goals and objectives for the CFA established by the Council in regulation. To ensure that quota leased from the CFA achieves the goals and objectives established by the Council, quota will be leased subject to specific contract terms which meet the goals and objectives adopted by the Council.

To provide proper notice, the CFA will conduct outreach efforts to explain the lease program. This would include meetings hosted by the CFA that provide community members with a means to ask questions about the lease program. The CFA will post signs in community hubs with information about these informational meetings as well as dates and criteria on eligibility and the application process. This will occur at least 30 days prior to the application deadline to ensure all interested community residents apply on time.

Eligibility to receive quota distribution on an annual basis will be tied to owning a qualified LLP/vessel or fishing that quota on a qualified LLP/vessel. (Option: A qualified LLP is defined as any GOA endorsed groundfish LLP.) The vessel must be active in the fishery (to be defined by CFA Board of Directors). The Board of Directors will develop specific scoring criteria to provide benchmarks and distribution relative to meeting the performance standards.

Quota may be distributed based on a combination of fishing history, code of conduct, GOA dependence, entry level needs and bycatch performance standards. For instance, quota distribution could be based 20% on history, 20% code of conduct (including but not limited to limits on lease rates, equitable crew compensation, community hire preference) 20% GOA dependence, 20% entry level needs, 20% bycatch performance. [See attached form for examples of distribution criteria.]

Contract terms may include:

- Delivery/landing requirements based on historical delivery patterns.
- Membership in a co-op/risk pool and compliance with bycatch avoidance measures.
- Active participation in the fishery – either owner on board or significant ownership interest in a vessel.
- Crew share standards.
- Contract terms will be developed by the CFA in accordance with goals and objectives set out by the Council.

The CFA's lease rates will be capped at a level which will cover administrative costs for the quota entity and will not exceed reasonable administrative costs as audited by NMFS (not to exceed 5-10%).

To receive quota, harvesters must join a cooperative. Vessels must also comply with a set list of contract terms via a contract with the CFA. Contract terms will be phased in over the initial 2-year period to allow time for the fleet to adapt.

An appeal/redress mechanism will need to be established for community members to express disagreement with how the quota is being leased. This appeals process must include NMFS since the agency is charged with providing due process and fair, impartial hearings.

Processor Co-operatives. Vessels must be part of a co-operative to have access to quota distributions from the CFA. The co-op must be consistent with the harvester/processor structure required and defined by the Council for the fishery overall.

New Entrants. When a new entrant joins the fishery by purchasing a vessel or permit, they will be eligible to lease quota for primary, secondary and PSC species based on the distribution criteria established by the CFA.

Consolidation limits

Limit the amount of CFA quota that a leasee can use:

Option 1. 5-25% of the CFA's quota.

Processors would also be limited by a cap to ensure that all processing is not consolidated into too few processors in each area (Western and Central GOA).

Option 1. 10-30%

Use of Lease Proceeds by CFA.

Option 1. Use of lease proceeds is restricted to operational and administrative expenses.

Option 2. Use of lease proceeds is restricted to investments that support entry level opportunities within eligible communities (e.g., vessel or LLP purchase).

- c. Description of how the CFA will meet the goals of sustaining community participation in the fishery, providing for new entry/inter-generational transfer, and encouraging active participation

CFA will to ensure communities have equitable access to fishery resources and improved resilience to economic down-turns. CFA will achieve through the use of:

- Leases to existing/new entrants with limited quota share, new entrants without history, or skippers and crew looking to buy into the fishery;
- Owner-on-board requirements; and
- Fair sharing/compensation for crew.

By anchoring quota in the CFA, local fishermen and potential new entrants have sustained access to the fishery, mitigating the impact of quota out-migration.

Qualified local fishermen can obtain through leases access to quota share at a preferential rate, which will in turn allow them build equity in the fishery.

By supporting new entrants into the fishery, additional crew jobs may be created.

- d. Description of how the plan will address the social and economic development needs of coastal communities

Element 6. Require an annual report to the Council and communities

A CFA would be required to submit an annual report by January 31 to NMFS and to the governing body for each community represented by the CFA, detailing the use of quota (or other investments depending on the Council's intent) by the CFA and CFA residents during the previous year.

That annual report would contain the following information for the preceding fishing season:

Option 1.

- (1) Identification of the eligible community, or communities, represented by the CFA;
- (2) Total amount of quota held by the CFA at the start of the calendar year and at the end of the calendar year;
- (3) Total amount of quota leased from the CFA;
- (4) Names, business addresses, and amount of quota received by each individual to whom the CFA leased quota;
- (5) The name, vessel registration number, USCG documentation number, length overall, and home port of each vessel from which the leased quota was fished;
- (6) The names, and business addresses of those individuals employed as crew members when fishing the quota derived from the CFA;
- (7) A detailed description of the criteria used by the CFA to distribute quota leases among eligible community residents;
- (8) A description of efforts made to employ crew members who are eligible community residents of the eligible community aboard vessels on that leased CFA quota;
- (9) A description of the process used to solicit lease applications from eligible community residents of the eligible community on whose behalf the CFA is holding quota;
- (10) The names and business addresses and amount of quota requested by each individual applying to receive quota from the CFA;
- (11) Any changes in the bylaws of the CFA, board of directors, or other key management personnel; (12) Copies of minutes and other relevant decision making documents from CFA board meetings;
- (13) Specific steps taken to meet the performance standards; and
- (14) The number of vessels that fished CFA-leased quota.

Option 2.

- (1) Description of criteria used to distribute QP among community members; [SEP]
- (2) Description of process used to identify recipients of CFA QP from among community members;
- (3) Description of efforts undertaken to ensure local employment in the fishery or in fishery related businesses, sale of fish to local receivers and processors, and other [SEP] local benefits.
- (4) Summary of management changes, including changes in key personnel, board members, and corporate by-laws; and
- (5) Copies of relevant decision documents and minutes from CFA Board meetings. [SEP]

The purpose of the annual report is to assist NMFS and the Council to assess the performance of the CFAs in meeting the objectives CFA program. If a CFA fails to submit a timely and complete annual report, the Council would initiate an action to suspend the ability of that CFA to transfer quota. The annual report is also required to be provided to the governing body of each community represented by the CFA. This is intended to assist the governing body and residents of that community in reviewing the activities of the CFA relative to that community.

The Council will evaluate the annual performance of the CFA by the following standards:

- (1) Equitable distribution of leases within a community
- (2) The use of CFA leases by local crew members
- (3) The percentage of quota resulting from the CFA that is fished on an annual basis (in part to ensure that leased quota is actually fished).

Element 7. CFA Cooperative Program Integration

- Annual quota allocated to the CFA may not be sold [SEP]
- The CFA will operate within the cooperative structure of the main program. Quota leased from the CFA must be utilized on a license and accessed through a cooperative and is subject to that cooperatives "exit behind" provisions. [SEP]
- CFA quota will be subject to the same set of rules as other quota in the program such as bycatch management, observer coverage and monitoring, sector allocations, cooperative [SEP] structure, and gear conversion. [SEP]
- If selected by the Council, regionalization and port of landing requirements will apply to [SEP] CFA quota (option: do not apply port of landing requirements). [SEP]
- Quota leased from a CFA counts toward any vessel and ownership use caps. [SEP]