



North Pacific Fishery Management Council

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FEE ANALYSIS EXCERPT ONLY

Fishery Monitoring Advisory Committee – Meeting Report

September 23 - 24, 2019, 9am – 5pm
Room 2039, Alaska Fisheries Science Center, Seattle, WA

Committee: Bill Tweit (chair), Julie Bonney, Beth Concepcion, Tom Evich, Dan Falvey, Stacey Hansen, Julie Kavanaugh, Nicole Kimball, Michael Lake, Chad See, Abby Snedeker, Luke Szymanski, Abigail Turner (phone), Caitlin Yaeger
Absent: Bob Alverson, Kathy Hansen, Paul MacGregor

Agency staff¹: NPFMC – Diana Evans, Kate Haapala; AKR – Alicia Miller, Jennifer Mondragon, Maggie Chan, Cathy Tide, Phil Ganz; FMA – Jennifer Ferdinand, Andy Kingham, Craig Faunce, Gwynne Schnaittacher, Geoff Mayhew (PSMFC), Jennifer Cahalan (PSMFC); ADFG – Rachel Baker; NOAA GC - Tom Meyer; Office of Law Enforcement - Dennis Jaszka

Other attendees included: Troy Quinlan (TechSea), Ruth Christensen (UCB), Ernie Weiss (AEB, phone), Charlotte Levy (AEB, phone), Molly Zaleski (Oceana, phone)

Observer Fee Analysis

Diana Evans, Alicia Miller, Cathy Tide, and Geoff Mayhew presented the public review draft of the observer fee analysis. The presentation focused on specific areas that have been updated since the initial review draft, and big picture conclusions from the analysis. The FMAC appreciated the revisions and the information that is included in the document, asked clarifying questions, and provided suggestions for how to improve the presentation of the analysis to better inform the decision that the Council will make.

Stakeholder partial coverage representatives on the FMAC highlighted that their fishermen are having trouble supporting a fee increase, because many are operating close to profit margins, and the perception is that the costs of the program are opaque and uncontained. Maintaining positive public perception and support for the program is one of the Council's monitoring objectives, and low selection rates under the restructured program, despite the resulting data being more scientifically reliable, have been a challenge for stakeholder support.

The program has so far benefitted from Federal monies in two primary ways: first, direct infusion of supplemental funding to support at-sea observer deployment (the fee has constituted approximately 68% of at-sea deployment funding since the startup year), and second, Federal funding and grants to support the fixed gear EM program to date. With the prospect in future years of Federal funding no longer being provided, the observer fee becomes the sole source of revenue to fund both EM and observer components of the monitoring program. At the same time, revenues are declining with reduced TACs and ex-vessel values, and costs are rising such as with year-to-year increases for services under the contract. As such, **the FMAC is convinced that both additional revenue and mechanisms to reduce costs will be required** if the Council wants to continue meeting its monitoring objectives for the partial coverage fisheries.

¹ NPFMC – North Pacific Fishery Council; FMA – NMFS Fisheries Monitoring and Analysis Division at the Alaska Fisheries Science Center (AFSC); AKR – NMFS Alaska Region; NOAA GC – NOAA General Counsel; ADFG – Alaska Department of Fish and Game; PSMFC – Pacific States Marine Fisheries Commission.

To address these concerns, **the FMAC recommends that the Council frame this action in its appropriate context: that this is one among a series of actions that the Council is undertaking to meet monitoring objectives in the partial coverage program.** The fee analysis was initiated as one tangible way to increase revenue to the program. At the same time, other efforts have also been identified, and are underway, to contain costs and reduce the observer cost per day. The Council provided input in 2017 on the new observer contract, and the analysis highlights changes and efficiencies that have been implemented in the recently issued contract. The ongoing development of trawl EM is another such effort, where stakeholder and agency coordination and collaboration are underway to design a cost-effective alternative. The existing FMAC partial coverage subgroup has identified opportunities to optimize fixed gear EM as well, including adding a shoreside monitoring component, a mechanism for which has been built into the contract. Fixed gear EM efficiencies will also be identified through the FMAC subgroup under the new proposed committee structure. **The Committee strongly recommends that the Council maintain and make progress on these other efforts specific to cost containment and efficiencies – the increase to the fee revenue alone does not resolve low coverage rates in the partial coverage category.**

The FMAC provides the following recommendations to the Council regarding the observer fee analysis:

- The Committee recommends that the Council identify the target that it is trying to achieve for funding. For example, the analysis states that to achieve the minimum baseline level of 15% coverage across sectors based on 2018 fishing effort under the most probable, “new” cost curve, a budget of \$3.98 million would be required for the observer component, plus an additional \$1million to maintain the fixed gear EM program at its current, 168-vessel size.
- To help with the Council’s decision-making, the Committee has requested staff provide a modified Table ES-2 (or Table 13 in the analysis) that identifies revenues under different fee scenarios that account both for the current EM program (annual estimate of \$1 million) as well as a budget for observer coverage and resulting selection rates. While the requisite data to calculate this information is included in the analysis, it will be helpful for the reader to find it all in one place. Additionally, the table should include a row to indicate the number of EM deployment days expected for that budget, a cost per day for EM data, and EM stratum selection rates.
- The FMAC finds useful Figure ES-5, or Figure 11 in the analysis, which looks retrospectively to assess the risk of achieving a given budget under different fee percentages, but cautions the Council to remember that it does not take into account any portion of the fee spent on funding for EM.

Representatives on the FMAC discussed relative advantages of Alternative 2 versus Alternative 3, but the Committee did not provide a recommendation. Setting the trawl fee percentage at .25% higher than the fixed gear percentage garners approximately \$200,000 in additional revenue.

In the longer term, the FMAC recommends the Council request the agency to consider how to integrate the results of EM and observer coverage in the fixed gear sector to present an aggregate view of monitoring. This is not well covered in the fee analysis, particularly the value of EM data which, while not providing weight, do provide encounter rates by area for target and bycatch species. This could include re-examining whether the 15% hurdle is still the appropriate baseline level for observer coverage when understood in combination with information from EM coverage, and considering the needs of both catch accounting and stock assessments (i.e., at what point can we reduce observer coverage on fixed gear vessels because we are using EM). Understanding how fixed gear EM and observer coverage work in concert will also help guide fixed gear EM optimization efforts to improve cost efficiency. The Committee looks forward to the opportunity to review fixed gear EM costs split out by deployment and video review categories, which will also help guide optimization ideas.