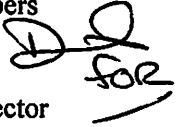


MEMORANDUM

TO: Council Members
FROM: Chris Oliver 
Executive Director
DATE: January 30, 2012
SUBJECT: Halibut/Sablefish IFQ Program

ESTIMATED TIME 2 hours

ACTION REQUIRED

Final action to allow formation of a CQE in Area 4B (BSAI FMP Am. 102)

BACKGROUND

The Council approved the Gulf of Alaska Community Quota Entity (CQE) Program as an amendment to the halibut and sablefish IFQ Program in 2002 (GOA Amendment 66), and the program was implemented in 2004. Under the original IFQ Program, only persons who were originally issued catcher vessel quota share (B, C, and D category QS) or who qualify as IFQ crew members¹ were allowed to hold or purchase catcher vessel quota share. Thus, only individuals² and initial recipients could hold catcher vessel quota share. The CQE Program was developed to allow a specified set of small, remote coastal communities located in the Gulf of Alaska to purchase halibut and sablefish catcher vessel quota share, to maintain access to these fisheries. In order to participate, eligible communities must form non-profit corporations called Community Quota Entities to purchase catcher vessel QS, and the IFQ resulting from the QS is leased to community residents annually. The existing program is limited to IPHC regulatory Area 2C, Area 3A, and Area 3B.

In February 2010, the Council reviewed an IFQ proposal from the Adak Community Development Corporation (ACDC), to create a CQE Program in the Aleutian Islands in Area 4B. The Council reviewed a staff discussion paper on the issue in December 2010, and approved a problem statement and a suite of alternatives and options for analysis. Given the proposed problem statement and criteria for eligibility, the intent is to allow ACDC to become a CQE representing the community of Adak for the purpose of purchasing a limited amount of Area 4B halibut and AI sablefish catcher vessel QS, for lease to eligible fishermen. Adak is the only community that meets the proposed eligibility criteria for the program.

The proposed action would require an amendment to the BSAI FMP (Am. 102) and associated regulatory amendments to the halibut and sablefish regulations. The problem statement and alternatives for the action are included in the executive summary, attached as Item C-1(a). The analysis examines two primary alternatives, one of which is the no action alternative (Alternative 1). The action alternative (Alternative 2) is structured

¹IFQ crew member means any individual who has at least 150 days experience working as part of the harvesting crew in any U.S. commercial fishery, or any individual who receives an initial allocation of QS (50 CFR 679.2).

²Per 50 CFR 679.2: Individual means a natural person who is not a corporation, partnership, association, or other such entity.

such that all of the components of the original Gulf CQE Program are included, with differences specified by the Council included under the appropriate component. Many components of Alternative 2 are comprised only of provisions describing the program rules; other components include options from which the Council would select at final action.

The Council conducted initial review in October 2011 and selected Alternative 2 as its preliminary preferred alternative. The October Council motion is provided as **Item C-1(b)**. The public review draft analysis was posted on the Council website and mailed to you on November 8, and scheduled for final action at the December 2011 meeting. In December, the AP provided a recommendation for final action, but the Council did not take up the agenda item for lack of time. The December 2011 AP motion on this issue is provided below for reference. At this February meeting, the Council is scheduled to review the revised analysis and take final action, if desired.

December 2011 AP Motion on Establishing a CQE Program in Area 4B

The AP recommends the Council select the PPA for final action with the following change:

In Component 5, under Use Restrictions: Revise Option 2, sub-option to read:
Suboption: Suspend the 150-sea day requirement to lease IFQ from the CQE, for Adak residents only, for a period of 5 years after implementation.

Motion passed 18-0.

A motion to recommend the Council approve Option 1 under use restrictions (lease to Adak residents only) instead of Option 2, with a sub-option that reads: "Suspend the 150-sea day requirement to lease IFQ from the CQE, for Adak residents only, for a period of 5 years after implementation," failed 6-12.

Minority Report: The minority felt the residency requirement was a fundamental component of providing significant community opportunity in a CQE and the benefit should stay with those residing in the community. The relaxed sea time would provide the opportunity for Adak residents without sea time to access the quota. Signed by: Theresa Peterson, Matt Moir, Jeff Farvour, Julianne Curry, Alexis Kwachka, Ernie Weiss.