

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Chris Oliver *Chris*
Executive Director

DATE: June 1, 2003

SUBJECT: GOA Groundfish Rationalization

ESTIMATED TIME 20 HOURS

ACTION REQUIRED

- (a) Review staff recommendations on the purpose and need statement
- (b) Review staff recommendations on Element 7. Entry Level Rockfish Program
- (c) Review staff recommendations on Element 9. Communities
- (d) Review data summary on Element 1. Qualifying Periods
- (e) Review staff recommendations to revise alternatives, elements, and options
- (f) Review staff recommendations for structuring EIS alternatives

In April 2003, the Council revised its suite of alternatives, elements and options to rationalize the Gulf of Alaska groundfish fisheries based on staff, Advisory Panel, and public recommendations. The Council requested that further refinements be made at the June meeting. Discussion papers on the above six topics were distributed to you on May 28, 2003 and are also provided as attachments here (except d, and e, which are voluminous). Each of the papers is intended to provide additional guidance to the Council for structuring the alternatives, elements, and options so that preparation of the environmental impact statement (EIS) can commence this summer.

The Council noticed the public of its intent to select a final preferred alternative at its April 2004 meeting. Staff has prepared a draft timeline necessary to meet that self-imposed deadline (Attachment 2 to Item C-1(f)), but notes that the timeline may be impossible to meet, given NEPA and analytical requirements for a project of this magnitude. Consequently, staff is recommending a new (but equally ambitious) timeline (Attachment 3 to Item C-1(f)), which allows for preliminary data analyses of some critical options in October 2003 to further aid the Council in focusing the EIS alternatives. Preliminary review would occur in December 2003, with Initial review scheduled for February 2004. The draft EIS, including the Council's selection of a preliminary preferred alternative, would be scheduled for release in late March 2004. The EIS public comment period would be scheduled to overlap the April 2004 Council meeting. Selection of a final preferred alternative would be scheduled for June 2004. Congressional action may be necessary, depending on the final preferred alternative, prior to NMFS release of the Final EIS and publication of the record of decision.

Two additional issues could impact the Council process for this program. The first issue is the amount of time involved in document preparation, review, and revision of draft analyses. The number of alternatives for analysis can have a major effect on how much time is needed for analysis. Staff has recommended that the current set of alternatives be pared down to a reasonable number of contrasting alternatives, elements, and options. The staff time required to complete the trailing amendments can also affect the EIS schedule, depending on when the analyses are initiated. The Council split off four proposed elements to trailing

amendments; additional committee work and analysis for those trailing amendments could delay the preparation of the final EIS.

The second issue that could affect the process is coordination of management of the State of Alaska parallel fishery with the GOA rationalization program. State staff presented a range of possible options for managing the parallel fisheries in February 2003. The Joint Protocol Committee discussed this management conundrum at each of its meetings during 2001-2003. State staff have notified the Council that the Board of Fisheries would need to know the Council's preferred action before it could decide on an appropriate State management response. The Council has notified the State that it would need to know the potential State response to a range of possible Council actions before it could select its final preferred alternative. The Council's options proposed for analysis include options that would incorporate parallel fishery participants in the rationalization program. Staff intends to provide the Council with preliminary analyses of these eligibility and allocation options at either its October or December 2003 meeting. At that time, the Council may identify its preferred option for addressing parallel fisheries participants, which in turn, could assist the Board in its consideration of options for management of the parallel fisheries. In proceeding, the Council should be aware that resolution of the parallel fishery issues could impact the success of the rationalization program.

**Refining the Proposed Action and Purpose and Need Statement for GOA Rationalization
NMFS Staff Report
June 2003**

Overview

Over the past year, the Council has developed a suite of elements and options for consideration as part of the GOA Rationalization SEIS process. Through the development of these alternatives, the Council has used the SEIS public scoping process and public testimony to identify this suite of alternatives, elements, options. This process has refined the proposed action, purpose and need, and alternatives, elements, options for consideration for GOA Rationalization. These refinements are being incorporated into the SEIS that Council and NMFS staff are currently preparing. The Council should consider reviewing the revisions in the proposed action and the purpose and need statements described here. Adopting this refined language will ensure that the alternatives, elements, options under consideration specifically address the goals of GOA Rationalization, fulfill the requirements of NEPA, and provide the public with guidance about the proposed action and how the alternatives, elements, and options address the stated purpose and need. The proposed action and purpose and need statement can be modified again in the future as the Council develops a more precise approach and suite of alternatives, elements, and options.

Background

In April 2002, the Council recommended initiation of the GOA Rationalization SEIS, and adopted a problem statement and a list of objectives for rationalization (**Attachment 1**). Using guidance from the Council's problem statement and objectives, the Council's GOA Work Group committee, and suggestions by NMFS and Council staff, NMFS published a notice of intent (NOI) to prepare an SEIS for GOA rationalization in the *Federal Register* on May 29, 2002 (67 FR 37393) (**Attachment 2**). The NOI invited public comment on the proposed action, the scope, and alternatives. The NOI defined the purpose and need, scope, and potential alternatives rather broadly because the Council had not refined the proposed action and a broad range of public comments was desired. The scope and proposed action in the NOI were developed at an early stage of the SEIS process and public comments have helped the Council to further refine the purpose and need.

Proposed Action

During the public scoping process, the public identified "rationalization" as the proposed action that the GOA Rationalization SEIS should address. The NOI provided a rather broad description of the proposed action as it was understood at that time. Since the publication of the NOI, the Council has considered public comments and through its deliberations has refined the proposed action. Specifically, the Council has developed a suite of alternatives, elements, options that would allocate harvest and possibly processing privileges and has eliminated an alternative to modify the existing license limitation program because it was not believed that such an alternative would address the purpose and need. **Based on the actions taken by the Council, we recommend that the proposed action be described as follows:**

The Council is proposing a new management regime that rationalizes groundfish fisheries in the Gulf of Alaska west of 140 degrees longitude. A rationalization program includes policies and management measures that may increase the economic efficiency of GOA groundfish fisheries by

providing economic incentives to reduce excessive capital investment. These management measures would apply to those species, or groups of species identified by the Council as benefitting from additional economic incentives that may be provided by rationalization. This rationalization program would exclude the hook-and-line sablefish fishery currently prosecuted under the IFQ Program. Rationalization also may provide economic incentives to reduce excess capital through the establishment of transferable harvesting privileges or other share-based systems for allocating access to the fishery resources.

Purpose and Need for the Action

The reason for defining a clear purpose and need statement is to ensure that the alternatives that have been developed by the Council are adequate to meet the identified problem. Guidance concerning the purpose and need is provided in The NEPA Book (Bass et al. 2001) and How to Write Quality EISs and EAs (The Shipley Group 1998).

The statement of purpose and need helps the lead agency select the range of alternatives to be evaluated in the EIS. This section explains the underlying purpose and need to which the agency is responding in proposing the alternatives, including the proposed action (40 C.F.R. 1502.13), and the benefits that would be realized by carrying out the proposed action. Make your purpose and need an honest, full explanation of why the agency is considering an action. Explain who wants to do what and where and why they want to do it. If the purpose and need for the project are rigorously defined, the number of solutions which will satisfy the conditions can be more readily identified and narrowly limited. If properly described, it also limits the range of alternatives which may be considered reasonable, prudent, and practicable in compliance with the CEQ regulations. The federal agency's preferred alternative is the one that it believes would best fulfill the purpose and need of the action.

(Bass et al. 2001, The Shipley Group 1998)

The purpose and need statement recommended here incorporates the problem statement and the objectives adopted by the Council in April 2002. **Based on the actions taken by the Council, we recommend that the purpose and need be described as follows:**

The purpose of the proposed action is to create a management program that provides greater economic stability for harvesters, processors, and communities. The allocation of harvesting and possibly processing privileges would allow harvesters and processors to manage their operations in a more economically efficient manner. Rationalization of the harvesting sector eliminates the derby-style race for fish by providing economic incentives to consolidate operations and improve operational efficiencies of remaining operators. Greater economic stability may improve stock conservation by creating incentives to eliminate wasteful fishing practices. Rationalization programs may provide additional opportunities to address conservation goals by providing opportunities to utilize fishing methods that reduce bycatch and gear conflicts. Rationalization programs may also reduce the incentive to fish during unsafe conditions.

The need for the proposed action is reflected in the increasing participation in the Gulf of Alaska fisheries, as well as increasing catching and processing capacity, which has intensified the race for fish with the attendant problems of:

1. reduced economic viability of the harvesters, processors, and GOA communities
2. high bycatch,

3. decreased safety,
4. reduced product value and utilization,
5. jeopardy to community stability and their historic reliance on groundfish fishing and processing,
6. limited the ability of the fishery harvesters and processors to respond to changes in the ecosystem
7. limited the ability to adapt to Magnuson-Stevens Act (MSA) requirements to minimize bycatch and protect habitat,
8. limited the ability to adapt to changes to other applicable law (i.e., Endangered Species Act).

All of these factors have made achieving the goals of the National Standards in the Magnuson-Stevens Act difficult and encourage reevaluation of the status quo management of the GOA groundfish fisheries. The management tools in the existing FMP for GOA groundfish do not provide managers with the ability to improve the economic efficiency of the fishery and effectively solve the excess harvesting capacity and resource allocation problems in the GOA groundfish fisheries. The Council has determined that some form of rationalization program is warranted.

Attachments

- Attachment 1: April 2002 Problem Statement
- Attachment 2: Notice of Intent to Prepare a SEIS.

**Attachment 1: Problem Statement for Gulf of Alaska Groundfish Rationalization – April 2002
(Council Version)**

Increasing participation in the Gulf of Alaska fisheries, as well as increasing catching and processing capacity, have intensified the race for fish with the attendant problems of:

- reduced economic viability of the harvesters, processors, and GOA communities
- high bycatch,
- decreased safety,
- reduced product value and utilization,
- jeopardy to community stability and their historic reliance on groundfish fishing and processing,
- limited the ability of the fishery harvesters and processors to respond to changes in the ecosystem
- limited the ability to adapt to Magnuson-Stevens Act (MSA) requirements to minimize bycatch and protect habitat,
- limited the ability to adapt to changes to other applicable law (i.e., Endangered Species Act).

All of these factors have made achieving Magnuson-Stevens Act goals difficult and force reevaluation of the status quo.

Endangered Species Act (ESA) that it adopted for the 14 threatened salmon and steelhead Evolutionarily Significant Units (ESUs) identified in the SUPPLEMENTARY INFORMATION section.

The action provides for limits on ESA prohibitions (Limits) for the various activities set out in the document. The draft EA is a programmatic EA that analyzes the impacts of implementing the Limit for routine road maintenance activities (RRM) of any state, city, county or port (Limit 10). This EA will form the basis for subsequent analyses of activities or programs that may be submitted pursuant to Limit 10. NMFS is furnishing this notification to allow other agencies and the public an opportunity to review and comment on the draft EA. All comments received will become part of the public record and will be available for review.

DATES: Written comments on the draft EA must be received at the appropriate address or fax number (see ADDRESSES) no later than 5 p.m. Pacific Standard Time on June 28, 2002.

ADDRESSES: Written comments should be sent to Rosemary Furfey, Protected Resources Division, National Marine Fisheries Service, 525 N.E. Oregon Street, Suite 500, Portland, OR 97232-2737. Comments may also be sent via fax to 503-230-5441. Copies of the draft EA are available on the Internet at, <http://www.nwr.noaa.gov/salmon/salmesa/final4d.htm> <http://swr.nmfs.noaa.gov/salmon.htm>, or from NMFS, Protected Resources Division, 525 N.E. Oregon Street, Suite 500, Portland, OR 97232-2737. Comments will not be accepted if submitted via email or the Internet.

FOR FURTHER INFORMATION CONTACT: Rosemary Furfey at phone number: 503-231-2149, facsimile: 503-230-5441, or e-mail: Rosemary.Furfey@noaa.gov.

SUPPLEMENTARY INFORMATION:

Species Covered in This Notice

The following species are covered in this Notice:

Chinook salmon (*Oncorhynchus tshawytscha*); threatened Puget Sound (PS), Lower Columbia River (LCR), and Upper Willamette River (UWR).

Coho salmon (*Oncorhynchus kisutch*); threatened Oregon Coast (OC).

Sockeye salmon (*Oncorhynchus nerka*); threatened Ozette Lake (OL).

Chum salmon (*Oncorhynchus keta*); threatened Hood Canal Summer-run (HCS) and Columbia River (CR).

Steelhead (*Oncorhynchus mykiss*); threatened Snake River Basin (SRB), Central California Coast (CCC), South/Central California Coast (SCCC), Lower Columbia River (LCR), Central Valley,

California (CVC), Middle Columbia River (MCR), and Upper Willamette River (UWR).

Background

National Environmental Policy Act (NEPA) requires that Federal agencies conduct an environmental analysis of their actions to determine if the actions may affect the human environment. Accordingly, before NMFS issued the ESA 4(d) rule for the 14 ESUs identified above it prepared a set of EAs in connection with this regulation and made a Finding of No Significant Impact (FONSI). Since the 4(d) rule came into effect on July 10, 2000, various governmental entities and the public have demonstrated interest in having their individual programs reviewed under Limit 10. With this increasing interest in using Limit 10, there is the possibility of increased effects as defined by NEPA. Thus, NMFS is conducting this subsequent NEPA analysis to determine the impacts of implementing Limit 10. States, counties, cities and ports conducting RRM activities would not be subject to ESA section 9 prohibitions provided that they perform the RRM activities using an RRM program that has been approved by NMFS as meeting the requirements of Limit 10.

NMFS is using a staged or sequential approach in its NEPA review of the implementation of Limit 10, and of any RRM that may be submitted under it. The first stage is this programmatic EA, which assesses the environmental impacts associated with just the implementation of Limit 10. It will form the basis for the second stage or subsequent NEPA analyses of NMFS' actions regarding individual RRM programs submitted under Limit 10.

This draft EA analyzes three alternatives: (1) The no action alternative; the 4(d) rule with Limits is not implemented; no ESA section 9 prohibitions are in effect; (2) the proposed action alternative; the 4(d) Rule with section 9 prohibitions and Limit 10 is implemented; and (3) alternative 3; the 4(d) rule without Limit 10 is implemented.

Because the proposed action creates an optional ESA process, its effects are necessarily programmatic in nature. In other words, the only effects that the proposed action may generate are those associated with putting take prohibitions into place and establishing the Limit 10 option for NMFS' approval of RRM programs. The proposed action does not address the possible effects of individual RRM programs because the actual effects, particularly the physical effects, associated with such programs

cannot be measured at this point. Also it is impossible to anticipate what programs will be submitted to NMFS or approved by NMFS. During the second stage of NEPA review, NMFS will conduct further NEPA analyses when an RRM program is submitted to NMFS. These subsequent NEPA documents will present a summary of the issues addressed in this draft programmatic Limit 10 EA; as appropriate, incorporate by reference the analyses presented in this programmatic EA; and address any environmental effects of NMFS' action regarding a specific RRM program.

This notice is provided pursuant to the NEPA regulations (40 CFR 1506.6). The final NEPA determinations will not be completed until after the end of the 30-day comment period and NMFS will fully consider all public comments during the comment period.

Dated: May 22, 2002.

Wanda Cain,

Acting Director, Office of Protected Resources, National Marine Fisheries Service.

[FR Doc. 02-13408 Filed 5-28-02; 8:45 am]

BILLING CODE 3510-22-S

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D. 051302A]

Fisheries of the Exclusive Economic Zone Off Alaska; Groundfish Fisheries in the Gulf of Alaska

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of intent to prepare a supplemental environmental impact statement (SEIS); notice of scoping meetings; request for comments.

SUMMARY: NMFS announces its intent to prepare an SEIS in accordance with the National Environmental Policy Act of 1969 (NEPA) for the Fishery Management Plan for Groundfish of the Gulf of Alaska (FMP). The North Pacific Fishery Management Council (Council) proposes management measures to improve the economic efficiency of the Gulf of Alaska (GOA) groundfish fisheries and to address conservation, safety, and social concerns. The Council is considering one or more methods of allocating fishing privileges, such as: individual fishing quotas (IFQs); individual processing quotas (IPQs); allocations to communities; fishing cooperatives program; or other measures. The scope of the SEIS will include a review of the GOA groundfish

fisheries that may be affected by management measures that improve the economic efficiency of the GOA groundfish fisheries, the components of these programs, and potential changes to the management of the fisheries under these programs.

NMFS will hold public scoping meetings and accept written comments to determine the issues of concern and the appropriate range of management alternatives to be addressed in the SEIS.

DATES: Written comments will be accepted through November 15, 2002 (see ADDRESSES). Public scoping meetings will be held in August, September, and October. For dates and times see SUPPLEMENTARY INFORMATION.

ADDRESSES: Written comments on issues and alternatives for the SEIS should be sent to Sue Salvesson, Assistant Regional Administrator for Sustainable Fisheries, Alaska Region, NMFS, P.O. Box 21668, Juneau, AK., 99802, Attn: Lori Gravel-Durall, or delivered to the Federal Building, 709 West 9th Street, Juneau, AK. Comments may be sent via facsimile (fax) to 907-586-7557. NMFS will not accept comments by e-mail or internet.

An analysis of the issues and alternatives will be available through the North Pacific Fishery Management Council, 605 West 4th, Suite 306, Anchorage, AK., 99501-2252.

Public scoping meetings will be held in Alaska's Sand Point, King Cove, Kodiak, Cordova, Homer, and Petersburg, and in Seattle, Washington. For specific locations, see SUPPLEMENTARY INFORMATION.

FOR FURTHER INFORMATION CONTACT: Glenn Merrill, (907) 586-7228 or email: glenn.merrill@noaa.gov.

SUPPLEMENTARY INFORMATION: Under the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), the United States has exclusive fishery management authority over all living marine resources found within the exclusive economic zone (EEZ). The management of these marine resources, with the exception of marine mammals and birds, is vested in the Secretary of Commerce (Secretary). Eight Regional Fishery Management Councils prepare fishery management plans for approval and implementation by the Secretary. The Council has the responsibility to prepare fishery management plans for the fishery resources that require conservation and management in the EEZ off Alaska.

NEPA requires preparation of an EIS for major Federal actions significantly impacting the quality of the human

environment. Regulations implementing NEPA at 40 CFR 1502.4(b) state:

Environmental impact statements may be prepared, and are sometimes required, for broad Federal actions such as adoption of new agency programs or regulations. Agencies shall prepare statements on broad actions so that they are relevant to policy and are timed to coincide with meaningful points in agency planning and decision making.

The FMP was approved by the Secretary on April 12, 1978. The Secretary has approved numerous amendments to the FMP since that time. Section 304 of the Magnuson-Stevens Act specifies a process for amending FMPs.

The proposed action to be addressed in the SEIS is amendment of the FMP to include policies and management measures that would increase the economic efficiency of the GOA groundfish fisheries. Additional information on EISs pertaining to Gulf of Alaska groundfish fisheries may be obtained through NMFS (see ADDRESSES). Fisheries conducted under such policies and management measures generally are considered more "rational" than other fisheries because capital investment in "rationalized" fisheries tends to be in balance with the amount of fish that can be conservatively harvested. Hence, to "rationalize" the management of the GOA groundfish fisheries implies that the management required will incorporate economic incentives that prevent or reduce excessive capital investment. This is commonly accomplished through the establishment of transferable harvesting privileges or other market-based systems for allocating access to the fishery resources.

Rationalization programs may provide additional opportunities to use fishing methods that reduce the bycatch of non-target species and reduce gear conflicts thereby addressing larger conservation goals. Rationalization programs also may reduce the incentive to fish during unsafe conditions. Rationalization programs frequently result in substantial changes to the existing management regime and these changes may have a significant effect on the human environment.

The SEIS will examine the GOA groundfish fisheries authorized under the FMP, which may be affected by any proposed rationalization program and the potential changes to the management of the fisheries under these programs. The scope of the alternatives analyzed is intended to be broad enough for the Council and NMFS to make informed decisions on whether a rationalization program should be

developed and, if so, how it should be designed, and to assess other changes to the FMP as necessary with the implementation of these programs.

NMFS is seeking information from the public through the scoping process on the range of alternatives to be analyzed and on the environmental, social, and economic issues to be considered in the analysis.

Alternatives

The analysis will evaluate a range of alternative regimes for managing GOA groundfish fisheries. Alternatives analyzed in the SEIS may include those identified here, plus additional alternatives developed through the public scoping process and the Council.

The potential alternatives already identified for the SEIS include: (1) the existing management measures (status quo); (2) a rationalization program; and (3) a modified Licence Limitation Program. The specific options for a rationalization program identified thus far include the use of IFQs, IPQs, fishing cooperatives, and quotas held by communities, either separately or in combination. The particular combination of these options would effectively provide multiple "alternative" rationalization programs. Public scoping meetings will provide the opportunity for comment on the range of alternatives and the specific options within the rationalization alternative.

Specific options for rationalization are derived from preliminary discussions by three separate Council GOA rationalization committees tasked to address this issue, recommendations from the Council's Advisory Panel, and the Council. In addition, the Consolidated Appropriations Act of 2001 (Public Law 106-554) requires the Council to examine the fisheries under its jurisdiction, particularly the Gulf of Alaska groundfish fisheries, to determine whether rationalization is needed and describes management measures that should be analyzed. Additional information on the specific options for rationalization may be obtained through the Council (see ADDRESSES), or via the Council website at <http://www.fakr.noaa.gov/npfmc/>.

The Council may recommend specific options for analysis in late 2002. The rationalization alternative, options for consideration, and other alternatives and options, will be developed through this scoping process in coordination with the Council's rationalization committee and the Council. Depending on the rationalization program options selected, Congressional action may be required to provide statutory authority

to implement a specific rationalization alternative preferred by the Council. Lack of statutory authority for any particular alternative or option does not prevent consideration of that alternative or option in the SEIS.

Public Involvement

Scoping is an early and open process for determining the scope of issues to be addressed and for identifying the significant issues related to the proposed action. A principal objective of the scoping and public involvement process is to identify a reasonable range of management alternatives that, with adequate analysis, will identify critical issues and provide a clear basis for distinguishing between those alternatives and selecting a preferred alternative.

NMFS is seeking written public comments on the scope of issues that should be addressed in the SEIS and on alternatives and options that should be considered for management of the GOA groundfish fisheries.

Public comments on specific aspects of the rationalization programs should be submitted to NMFS (see ADDRESSES). The public also will be able to provide oral and written comments at the meetings listed below. The Council will make a draft analysis of these alternative programs available for public review and comment. Copies of the analysis can be requested from the Council (see ADDRESSES).

Dates, Times, and Locations for Public Scoping Meetings

1. Saturday, August 17, 2002, from 9 a.m. to noon—Aleutians East Borough Office, 100 Mossberry Lane, Sand Point, AK.
2. Sunday, August 18, 2002, from 9 a.m. to noon—King Cove Harbor House, 100 Harbor House Road, King Cove, AK.
3. Friday, August 23, 2002, from 1 p.m. to 4:00 p.m.—Fishery Industrial Technology Center, 118 Trident Way, Kodiak, AK.
4. Monday, September 16, 2002, from 5 p.m. to 8 p.m.—Cordova City Library Meeting Room, 622 First Street, Cordova, AK.
5. Tuesday, September 24, 2002, from 2 p.m. to 5 p.m.—Best Western Bidarka Inn, 575 Sterling Highway, Homer, AK.
6. Thursday, September 26, 2002, from 3 p.m. to 6 p.m.—City Council Chambers, 12 Nordic Drive, Petersburg, AK.
7. Tuesday, October 1, 2002, from 6 p.m. to 9 p.m.—Doubletree Hotel, Seattle Airport, 18740 Pacific Highway South, Seattle, WA, in conjunction with the Council's October meeting.

The public is invited to assist NMFS in developing the scope of alternatives and issues to be analyzed for the SEIS. Comments will be accepted in writing at the meetings and at the NMFS address above (see ADDRESSES). Meeting schedules may be delayed due to weather conditions and flight availability in some locations. Meetings may be rescheduled if necessary.

Special Accommodations

These meetings are physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to Glenn Merrill, NMFS, (see ADDRESSES), (907) 586—7228, at least 5 days prior to the meeting date.

Authority: 16 U.S.C. 1801 *et. seq.*

Dated: May 21, 2002.

Virginia M. Fay,

Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

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DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D. 052102F]

Gulf of Mexico Fishery Management Council; Public Meetings

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of public meeting.

SUMMARY: The Gulf of Mexico Fishery Management Council (Council) will convene a public meeting of the Socioeconomic Panel (SEP).

DATES: A meeting of the SEP will be held beginning at 8:30 a.m. on Wednesday, June 12, 2002, and will conclude at 4 p.m. on Friday, June 14, 2002.

ADDRESSES: The meeting will be held at the Wyndham Riverfront Hotel, 701 Convention Center Boulevard, New Orleans, LA; telephone: 504-524-8200.

Council address: Gulf of Mexico Fishery Management Council, 3018 U.S. Highway 301 North, Suite 1000, Tampa, FL 33619.

FOR FURTHER INFORMATION CONTACT:

Antonio B. Lamberte, Economist; telephone: 813-228-2815.

SUPPLEMENTARY INFORMATION: The SEP will meet to review available social and economic information on Gulf king and Spanish mackerel and to determine the

social and economic implications of the levels of acceptable biological catch (ABC) recommended by the Council's Mackerel Stock Assessment Panel (MSAP). The SEP may recommend to the Council total allowable catch (TAC) levels for the 2003 fishing year and certain management measures associated with achieving the TACs. In addition, the SEP will review the results of a bioeconomic modeling evaluation of the measures proposed in the Secretarial amendment for rebuilding the red grouper stock.

A report will be prepared by the SEP containing their conclusions and recommendations. The red grouper part of the report will be presented for review to the Council's Reef Fish Advisory Panel and Standing and Special Reef Fish Scientific and Statistical Committee at meetings to be held on the week of June 24, 2002 in Tampa, FL and to the Council at its meeting on the week of July 8, 2002 in Sarasota, FL. The mackerel portion of the report will be presented for review to the Council's Mackerel Advisory Panel and Standing and Special Mackerel Scientific and Statistical Committee at meetings to be held on the week of July 29, 2002 in New Orleans, LA and to the Council at its meeting on the week of September 9, 2002 in Metairie, LA.

Composing the SEP membership are economists, sociologists, and anthropologists from various universities and state fishery agencies throughout the Gulf. They advise the Council on the social and economic implications of certain fishery management measures.

A copy of the agenda can be obtained by calling 813-228-2815.

Although other non-emergency issues not on the agenda may come before the SEP for discussion, in accordance with the Magnuson-Stevens Fishery Conservation and Management Act, those issues may not be the subject of formal action during this meeting. Actions of the SEP will be restricted to those issues specifically identified in the agendas and any issues arising after publication of this notice that require emergency action under Section 305(c) of the Magnuson-Stevens Act, provided the public has been notified of the Council's intent to take action to address the emergency.

Special Accommodations

The meeting is open to the public and is physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to the Council office (see ADDRESSES) by June 5, 2002.

**Staff Discussion Paper
Entry Level Pelagic Shelf Rockfish Fishery
NMFS Staff: Alaska Region**

Overview

This analysis reviews the potential implications of establishing an entry level rockfish program for jig vessels and longline vessels under 60' length overall (LOA) as part of the GOA rationalization SEIS. This analysis identifies: (1) current harvest levels in the pelagic shelf rockfish (PSR) and Pacific Ocean Perch (POP) fisheries; (2) potential harvests and exvessel values anticipated under the various options; (3) potential levels of participation in an entry level PSR or POP program; and (4) administrative concerns or issues that may need to be addressed.

Summary of Key Issues

1. The PSR and POP fisheries are almost exclusively offshore trawl fisheries, largely prosecuted by the catcher/processor fleet, except in the Central GOA.
2. Existing data do not indicate any significant participation by fixed gear vessels, nor specifically by longline and jig vessels under 60' LOA in either of these fisheries.
3. An entry-level fishery would likely shift effort to nearshore fishing grounds more accessible to the small-boat fleet.
4. Current fishery data indicate that most of the fishery occurs in deeper offshore waters that may be difficult for smaller vessels to effectively exploit.
5. Based on current exvessel values and possible TAC allocation to this entry level fishery it does not appear to offer a substantial economic return.

Pelagic Shelf Rockfish

6. The PSR fishery is not fully utilized, but is well-utilized in the Central GOA.
7. The range of allocations to an entry-level PSR fishery is relatively small and has limited economic value based on current TAC and exvessel price estimates.
8. Establishing an entry level fishery could shift effort into nearshore areas and increase harvests on dark dusky rockfish, yellowtail and widow rockfish, and could affect the bycatch rates on other rockfish species.

Pacific Ocean Perch

9. The POP fishery is fully utilized and an entry-level fishery would reallocate from existing participants.
10. Longline and jig gear may not effectively harvest this species.
11. The range of allocations to an entry level POP fishery are larger and may be more economically viable.

Nature of the PSR Fishery

The pelagic shelf rockfish (PSR) assemblage in the GOA is comprised of three species: dusky rockfish (*Sebastes ciliatus*), yellowtail rockfish (*S. flavidus*), and widow rockfish (*S. entomelas*). Pelagic shelf rockfish can be defined as those species of *Sebastes* that inhabit waters of the continental shelf of the Gulf of Alaska, and that typically exhibit a midwater schooling behavior. Gulfwide, dusky rockfish is the most

important species in the assemblage, whereas yellowtail and widow rockfish are generally considered minor species in Alaska waters. Roughly 99 % of the total harvests in the PSR complex are of dusky rockfish during the 1998-2001 time period (data are not currently available for 2002 harvest composition) (Clausen et al. 2002).

Until 1998, black rockfish (*S. melanops*) and blue rockfish (*S. mystinus*) were also included in the PSR assemblage. However, in April 1998, a GOA Fishery Management Plan amendment went into effect that removed these two species from the federal management plan and transferred their jurisdiction to the State of Alaska. Total harvests in the PSR fishery during the 1995 - 2002 period are shown in **Tables 1 and 2**. The percentage of harvests by gear type during this period are shown in **Table 3**.

Table 1: Harvests in the PSR Fishery by Regulatory Area in Metric Tons

Year	WG	CG	WY	SEO	Total GOA Harvest	GOA ABC
1995	108	2,247	471	64	2,891	5,190
1996	182	1,849	190	75	2,296	5,190
1997	96	1,959	536	38	2,629	5,140
1998	60	2,477	553	22	3,113	4,880
1999	130	3,835	672	22	4,659	4,880
2000	190	3,074	445	22	3,731	5,980
2001	121	2,436	439	12	3,008	5,980
2002	181	2,670	448	4	3,303	5,490

Notes: (1) Total Harvests prior to 1999 may include harvests of Blue and Black Rockfish which are no longer managed in the PSR complex. (2) Data Source: NMFS Alaska Region.

Table 2: Percentage of TAC Harvested in the PSR Fishery by Regulatory Area

Year	WG	CG	WY	SEO	EG (WY & SEO)
1995	12%	50%			50%
1996	20%	58%			25%
1997	17%	55%			58%
1998		76%	--	--	58%
1999	25%	114%	91%	9%	
2000	35%	75%	77%	3%	
2001	22%	60%	76%	2%	
2002	36%	77%	70%	1%	

Notes: (1) Total Harvests prior to 1999 may include harvests of Blue and Black Rockfish which are no longer managed in the PSR complex. (2) Data Source: NMFS Alaska Region.

PSR is typically harvested as a target species assemblage, roughly 99% of all harvests in the Western, Central, and West Yakutat Management Areas during the 1995-2002 period (Table 3) are made by trawl gear. Within the fixed gear harvests, roughly 99% of that harvest is by hook and line gear. Although, the PSR fishery is opened for fixed gear on January 1, most of the harvest occurs during the trawl fishery in July. NMFS opens rockfish in July to trawl gear to minimize bycatch of halibut which tend to move further inshore during the summer months and out of the deeper waters where the PSR and other rockfish fisheries occur. The typical pattern for trawl fisheries is to prosecute POP, then Northern Rockfish, and then PSR rockfish. NMFS typically closes the PSR fishery during the summer, usually in late July, along with other rockfish fisheries to ensure that the TAC is not exceeded due to the high catching capacity in the fleet relative to the TAC. NMFS also considers potential bycatch of sablefish and other species in the rockfish assemblage during inseason management. This closure occurs prior to reaching the TAC for PSR. There is no gear split in the GOA between fixed and trawl gear, nor is there a specific allocation between the inshore and offshore sectors. Therefore, longline and jig fisheries are essentially unrestricted in their access to the PSR fishery for roughly six months, and harvests during that time period are very limited.

Based on the relatively limited harvests by fixed gear, this analysis did not estimate the number of vessels by LOA that may have fished for either PSR or POP. Such an analysis would require examining individual fish ticket data and is beyond the scope of this limited analysis. However, a review of existing data indicates that during the 1999 - 2002 time period most of the fixed gear harvests of PSR are from C/P vessels in the Western Gulf and West Yakutat management areas, and from inshore vessels in the Central Gulf. A review of harvest patterns prior to 1999 is difficult because Blue and Black rockfish were managed by NMFS during this time period, and these catch data are not easily distinguished from other PSR species without more detailed analysis. The catch data by sector are not presented here due to potential confidentiality requirements that may exist given the small amount of harvests and the possibility that less than four vessels harvested PSR during this time period in a given management area in a given year. More detailed analysis can be provided at a later date if required.

Table 3: Harvests of PSR by gear group in the WG, CG, and WY Management Areas in Metric Tons

Year	WG Trawl	WG Fixed Gear	CG Trawl	CG Fixed Gear	WY Trawl	WY Fixed Gear	Average Percentage of WG, CG, WY Harvests by Hook and Line & Jig
1995	68	40	1,827	421	446	90	19.1 %
1996	71	110	1,582	267	180	85	20.1 %
1997	24	72	1,753	206	496	78	13.5 %
1998	58	1	2,394	83	548	27	0.4 %
1999	128	3	3,825	11	667	5	0.4 %
2000	187	2	3,063	11	445	1	0.4%
2001	119	2	2,421	14	438	0	0.5%
2002	175	9	2,664	16	448	0	0.8%

Notes: (1) Harvests prior to 1999 may include Blue and Black Rockfish which are no longer managed with the PSR complex. (2) Prior to 1999 there was not a separate allocation of PSR to West Yakutat. (3) The SEO and WY Areas were managed under a single EG TAC. (4) In 1997, the CG PSR fishery was allocated to a nearshore and an offshore TAC. (5) Data Source: NMFS Alaska Region.

The vast majority of harvests in the PSR occur in Federal waters. Analysis by the Alaska Department of Fish and Game (ADF&G) indicates that a small proportion of total harvests occur in the parallel fishery during the period from 1998-2001 (Table 4). Several of the most heavily targeted trawling grounds may be 40-60 miles from the nearest port and equally distant from shore. Catches of PSR are concentrated at several offshore banks of the outer continental shelf, especially the "W" grounds west of Yakutat, Portlock Bank northeast of Kodiak Is, and around Albatross Bank south of Kodiak Island and the highest catch-per-unit effort in the commercial fishery is generally at depths of 100-149 m (Clausen et al. 2002).

Most of the dusky rockfish harvested in the trawl fishery is a lighter colored rockfish. However, the North Pacific Groundfish Stock Assessment and Fishery Evaluation Reports (SAFE) report notes that "two distinct species of dusky rockfish likely occur in the Gulf of Alaska: an inshore, shallow water, dark-colored variety; and a lighter-colored variety found in deeper water offshore. No actual reclassification of dusky rockfish has yet been made, but a publication is currently in preparation that will propose the formal separation of the two varieties into distinct species (Clausen et al. 2002)." This reclassification could affect future stock assessments and management strategies.

Total harvests of dark dusky rockfish may be greater within nearshore waters than harvests statistics indicate. The 2002 SAFE report notes that "in past years sizeable portion (perhaps 25%) of the fish reported as 'black rockfish' in the Kenai Peninsula jig fishery may have actually been dark dusky rockfish. Dark dusky rockfish and black rockfish often co-occur in nearshore kelp beds of the Gulf of Alaska, and they are superficially similar in appearance, especially in body color, which leads to misidentification." The total harvests of the dusky rockfish component of the PSR fishery could be higher than current catch statistics indicate if misidentification occurs in other areas of the State during the Blue and Black rockfish fishery. The 2002 SAFE report also notes that once additional confirmation on the taxonomic differences between dark and light dusky rockfish is available it may be appropriate to consider deferring management of that species to the State of Alaska in a separate FMP amendment (Clausen et al., 2002).

Table 4: Pelagic Shelf Rockfish Harvest in Metric Tons from State Waters during the Parallel Fishery.

Year	WG Trawl	WG Fixed Gear	CG Trawl	CG Fixed Gear
1995	Conf.	54.8	1.4	128.9
1996	Conf.	105.8	19.9	174.2
1997	Conf.	91.5	6.1	118.5
1998	Conf.	Conf.	4.5	2.4
1999	Conf.	Conf.	Conf.	3.4
2000	0	Conf.	Conf.	5.8
2001	Conf.	Conf.	Conf.	10.5

Note: (1) Harvests prior to 1999 may include Blue and Black Rockfish which are no longer managed with the PSR complex. (2) Data Source: ADF&G.

It is not clear from the existing data whether a PSR fishery specifically for jig gear and longline vessels under 60' LOA would provide considerably more fishing opportunities than currently exist. Harvest patterns indicate that the fishery is conducted largely offshore by trawl vessels. During the 2002 fishery, 93% of the Western Gulf, 50% of the Central Gulf, and 100% of the West Yakutat PSR fishery was harvested by trawl catcher processor vessels. Traditionally, the Central Gulf is the only region with a substantial portion of the PSR fishery harvested by inshore vessels. A more detailed analysis would provide specific information on the harvest patterns and location of the existing fishery. Based on the available data it does not appear that there is any significant harvests by longline or jig vessels under 60' LOA.

Other factors that would need to be considered prior to establishing an incentive fishery would be the potential effects of a separate allocation on sablefish, halibut, and other rockfish bycatch in a small open-access or incentive fishery. Currently, bycatch in the PSR fishery is most commonly associated with northern rockfish, Pacific ocean perch, and harlequin rockfish. There is no information on the bycatch of pelagic shelf rockfish in non-rockfish fisheries, but it is presumed to be small. Presumably, an allocation of halibut and sablefish bycatch would need to be made to the entry level PSR fishery in order to provide adequate bycatch to prosecute this fishery. The amount of bycatch that might be required was not analyzed.

If a small longline and jig fishery did develop, it may occur in nearshore waters during the summer and halibut bycatch could increase relative to the existing deep water trawl fishery. This could affect the bycatch that may occur in nearshore fisheries, specifically shortraker, rougheye, and thornyhead rockfish which typically occur closer to shore. Also, it is not clear if modifying the gear types and locations of the PSR fishery would have an impact on the distribution of catch within the PSR complex. As noted earlier, roughly 99% of the PSR assemblage harvests is dusky rockfish. Modifying the gear and location of the PSR fishery could increase harvest rates on yellowtail and widow rockfish. Both of these species appear to be largely limited to the Southeast Outside and West Yakutat management areas based on stock assessment surveys, so an entry-level fishery in the Western or Central Gulf may not result in increased harvests of yellowtail and widow rockfish. Additional monitoring would be needed to ascertain the effects of a small-boat fixed gear fishery on removals from the PSR assemblage.

Dr. David Clausen, principal stock assessment author for the 2002 SAFE Report raised a number of concerns in his review of the proposed entry level fishery, specifically, that light dusky rockfish and POP are plankton feeders typically consuming mostly euphausiids. This may limit the success of using baited hooks to target

these species (D. Clausen pers. comm. 2003). Dr. Clausen notes that the “establishment of a jig or longline fishery for PSR could result in an overharvest of dark dusky or yellowtail rockfish. Both these fish can be caught with hook and lines (D. Clausen pers. comm. 2003).” Dr. Clausen also notes that the State of Alaska is concerned about harvest rates in the blue and black rockfish fishery and additional management measures may not be appropriate until these concerns have been addressed and the taxonomic reclassification of dark dusky rockfish is completed.

Economic factors may affect the viability of an entry-level longline and jig fishery for vessels under 60' LOA. PSR tend to be a relatively low-valued species. Creating a rationalized fishery could improve the handling, marketing opportunities, and the exvessel value that fishermen may receive for their product. The potential increase in value has not been estimated. The entry-level entry level rockfish fishery is not a rationalized fishery, and potential increases in exvessel value may not extend to this fishery. The potential future economic value of this incentive fishery is not known. Current exvessel prices may provide some indication of the possible future value of this fishery. **Table 5** summarizes the possible amount of allocation and value of a PSR entry-level fishery using the 2003 TAC and reported exvessel prices. The average exvessel value per vessel is unknown and potential ranges are not analyzed here.

Table 5: Percentage Allocation to the PSR Entry Level fishery based on 2003 TAC and reported exvessel prices.

% of TAC Allocated	WG Allocation	WG Est. Exvessel Value	CG Allocation	CG Est. Exvessel Value	WY Allocation	WY Est. Exvessel Value
3%	15.3 mt	\$1,700	104.4 mt	\$11,500	19.2 mt	\$2,100
5%	25.5 mt	\$2,800	174.0 mt	\$19,100	32 mt	\$3,500
10%	50.1 mt	\$5,600	348.0 mt	\$38,300	64 mt	\$7,000
15%	75.1 mt	\$8,400	522 mt	\$57,500	96 mt	\$10,500

Notes: (1) Estimated Exvessel value is based on an exvessel price of \$0.05/pound. Actual exvessel values in specific ports or from specific processors may differ.

Nature of the POP Fishery

Unlike the PSR fishery, the POP fishery is fully utilized (**Table 6 and 7**). Allocating a percentage of TAC to an entry-level fishery would be a reallocation away from existing participants. The POP fishery is typically targeted before the PSR fishery. However, there are only minimal harvests by non-trawl vessels. Over the past several years, more than 99.9% of all harvests were by trawl vessels based in an analysis of existing data. POP is harvested in offshore regions, almost exclusively within Federal waters other than a small amount of catch within the parallel fishery in some of the past seven years. These data cannot be reported due to confidentiality requirements established by the State of Alaska. During the 2002 fishery, 98% of the Western Gulf, 42% of the Central Gulf, and 99% of the West Yakutat POP fishery was harvested by trawl catcher processor vessels. Traditionally, the Central Gulf is the only region with a substantial portion of the POP fishery harvested by inshore vessels. As with the PSR fishery, the allocation to an entry-level fishery could have limited economic value (**Table 8**).

Table 6: Harvests in the POP Fishery by Regulatory Area in Metric Tons

Year	WG	CG	WY	EG (WY & SEO)	WG, CG, WY	GOA TAC (w/o SEO)
1995	1,422	2,598	--	1,722	5,742	5,556
1996	987	5,145	--	2,246	8,378	6,959
1997	1,832	6,720	--	979	9,531	9,190
1998	846	7,452		610	8,908	10,776
1999	1,935	7,910	627	--	10,472	9,430
2000	1,160	8,379	616	--	10,155	11,320
2001	944	9,249	623	--	10,816	11,760
2002	2,723	8,262	748	--	11,733	11,610

Note: Harvests prior to 1999, include allocations to the SEO management area. Data Source: NMFS

Table 7: Percentage of TAC Harvested in the POP Fishery by Regulatory Area

Year	WG	CG	WY	SEO	EG (WY & SEO)
1995	140%	96%			90%
1996	78%	154%			95%
1997	124%	126%			41%
1998	47%	113%			26%
1999	105%	117%	76%	0%	
2000	94%	91%	73%	0%	
2001	74%	96%	72%	0%	
2002	104%	101%	96%	0%	

Note: (1) Harvests prior to 1999, include allocations to the SEO management area. Data Source: NMFS

Table 8: Percentage Allocation to the POP Entry Level fishery based on 2003 TAC and reported exvessel prices.

% of TAC Allocated	WG Allocation	WG Est. Exvessel Value	CG Allocation	CG Est. Exvessel Value	WY Allocation	WY Est. Exvessel Value
3%	81 mt	\$9,000	255 mt	\$28,000	24 mt	\$3,000
5%	130 mt	\$14,000	426 mt	\$47,000	41 mt	\$4,500
10%	270 mt	\$30,000	851 mt	\$94,000	81 mt	\$9,000
15%	400 mt	\$44,000	1277 mt	\$141,000	122 mt	\$13,500

Notes: (1) Estimated Exvessel value is based on an exvessel price of \$0.05/pound. Actual exvessel values in specific ports or from specific processors may differ.

Management of an Entry-Level Rockfish Fishery

If an entry-level fishery is established, then those vessels which are also eligible to fish in the rationalized harvest share fishery, could also fish in this incentive fishery unless those vessels are explicitly excluded. If “rationalized” vessels participate in both the entry-level and the rationalized fishery, this could undermine the goals of the entry-level fishery and create a race for fish among rationalized vessels as they target the entry-level fishery first before using their harvest share allocation. This could have an effect on bycatch of other rockfish species, sablefish, and possibly halibut. NMFS would have to establish an adequate bycatch allowance for the entry-level fishery. The allocation of bycatch to this fishery could affect the available bycatch in the rationalized PSR and/or POP fisheries.

To exclude vessels from the entry level fishery, NMFS would establish regulations forbidding any vessel that is used in a rationalized PSR fishery from fishing in the entry-level fishery. “Use” would need to be defined as the use of that vessel or any quota share deriving from that vessel. Conceivably, vessels which sold their PSR and/or POP harvest share would be eligible to participate in the entry-level fishery. Alternatively, NMFS could establish regulations that explicitly exclude all vessels that use harvest share in any fishery from participating in the PSR fishery. This would more strictly limit potential participation in this fishery. If participation in an entry-level fishery is limited to vessels not participating in the rationalized fishery, it may be unduly restrictive. Currently, there is very limited participation by jig gear or longline vessels under 60' LOA. Based on historical harvest patterns, it is not clear that small-boat fixed gear vessels would target the PSR or POP fisheries. The depth and location where these fisheries occur may limit participation further. Additionally, since the PSR and POP fisheries typically occur exclusively within Federal waters only those vessels with a valid LLP would be eligible to participate, unless Federal LLP requirements were modified.

Monitoring a limited entry-level fishery could prove problematic because some of the vessels that would be fishing in this fishery are currently unobserved under existing regulations (i.e., vessels under 60' LOA), and catch reporting would be limited to fish ticket data on landings, or weekly production reports from processors. Requiring onboard observers would likely prove uneconomical for the fleet given the estimated relatively low value of the fisheries. These data monitoring limitations reduce the ability of NMFS to effectively manage the fishery in “real time”. If the harvest rates are relatively limited, and the quota allocation is sufficiently large, then it may be possible to effectively manage this fishery using existing landing data. The potential harvest rate in an entry-level is unknown, and would vary with the number of vessels participating.

If the entry-level allocation is small and harvest rates are high, a more restrictive management system would need to be used. This could include keeping the fishery closed if the harvest rates were too high relative to the accuracy of the available monitoring tools. If the fleet exceeded the entry-level allocation it could result in a reduced allocation in the following year. If the entry-level allocation was exceeded and the combined entry-level and rationalized fishery harvests would exceed the ABC, then NMFS may need to take inseason management measures to restrict the rationalized fishery harvests. This could include reducing the amount of IFQ per QS to ensure that total harvests were maintained below the TAC, or closing the rationalized fishery to avoid exceeding the ABC. The TAC has been set at the same level as the ABC for PSR and POP. The gap between the TAC/ABC and the Overfishing Level (OFL) for these species is relatively “tight” compared to other groundfish stocks (e.g., Pacific cod) and inseason management of the entry-level fishery would need to ensure that the overall TAC/ABC is not exceeded. Table 9 shows the TAC, ABC, and the OFL for PSR and POP based on the 2003 harvest specifications. The POP OFL is roughly 15% greater than the TAC/ABC and inseason management of an entry level fishery for this species would need to be particularly conservative to ensure the ABC and OFL are not exceeded.

Table 9: TAC, ABC, and OFL for Pelagic Shelf Rockfish and Pacific Ocean Perch based on 2003 Harvest Specifications

Species	Regulatory Area	TAC	ABC	OFL
PSR	WG	510	510	
	CG	3,480	3,480	
	WY	640	640	
	GOA	5,490	5,490	8,220
POP	WG	2,700	2,700	3,220
	CG	8,510	8,510	10,120
	WY	810	810	
	EGOA (WY & SEO)	2,450	2,450	2,900

An additional management concern is the taxonomic uncertainty over dark dusky rockfish. As noted earlier, some of the species identified as black rockfish may in fact be dark dusky rockfish, possibly a separate subspecies or species from dusky rockfish. Establishing an entry-level fishery could target the nearshore component of dusky rockfish which appear to be more typically composed of dark dusky rockfish. Redirecting a portion of the PSR fishery to nearshore waters could have unknown effects on a potentially distinct component of the dusky rockfish biomass. The potential effect of this shift is unknown without additional research. An entry-level fishery would effectively reallocate a portion of the fishery to longline and jig gear. This could redistribute effort to the other components of the PSR complex -- yellowtail and widow rockfish, or increase bycatch rates on other rockfish species, or halibut. Equally unknown are the potential effects on benthic habitat of increasing longline effort in nearshore areas.

An incentive fishery, on relatively small quotas by unobserved vessels using landing data for inseason management is imprecise, and could result in overages. Finally, given the already complex management system envisioned for GOA Rationalization, an additional entry-level fishery increases the overall administrative burden of NMFS and is likely to provide limited additional economic opportunity for small boat fishermen. Further development of this component of the rationalization program could redirect staff effort away from other components of GOA rationalization.

Literature Cited

Clausen, David M, Chris R. Lunsford, and Jeffrey T. Fujioka. 2002. Pelagic Shelf Rockfish, Stock Assessment and Fishery Evaluation Reports, NMFS AFSC.

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GOA Groundfish Rationalization: Staff recommendations on Element 9. Communities
May 15, 2003

The purpose of this paper is to further clarify and/or refine the options applicable to communities as presented under Element 9 of the Council's Gulf of Alaska Groundfish Rationalization: Alternatives, Elements, and Options (version dated 4/7/03). The paper is organized into the four proposed categories of community protection options: regionalization, community fisheries quota (CFQ), community purchase program, and community incentive fisheries trust (CIFT). The shaded areas represent the element or option being considered, and staff discussion of that option follows. Staff has focused their efforts on identifying potentially problematic options due to data, implementation, or enforcement concerns, with special consideration given to the common elements of existing or proposed regulations governing communities.¹

Overall, the analysts need to understand whether the Council intends to consider all four of the community protection options under Element 9 (regionalization, CFQ, community purchase program, and CIFTs) in conjunction with one another or whether it intends to consider some or all of the options only as alternatives to one another. This question is especially pertinent to the three proposed programs that affect harvester shares, and less so to the regionalization option, which affects processor shares. For instance, it is unclear whether the Council would consider selecting a CFQ program and a community purchase program, or whether the intent is that only one of these two programs would be selected. Another example is whether the Council intends to consider a CFQ program and a CIFT in conjunction with one another or whether these programs should only be analyzed discretely.

Note that under the current options, up to 50% of the total harvest shares could be reserved for communities if both the CFQ program and the CIFT were implemented. If communities were also eligible to purchase harvest shares, holdings by communities could potentially exceed 50%. The complexity associated with tracking and monitoring community held QS will also increase with several programs working simultaneously. If more than one community program is desired, it may be beneficial to establish consistent requirements and restrictions among the programs. **Clarification of the Council's intent, specifically, whether any of the proposed options may be selected in combination, is necessary for staff to analyze the cumulative impact of any and/or all of these options.**

Staff has several suggestions for rewording the options so that they are easier to understand and analyze. These suggestions are made (using italics for additions and strikeout for deletions) in the options listed, with explanations provided in the following discussion. Staff also provides discussion regarding the analytical approach that will likely be used for some options. Staff should be informed if any of the recommendations or the described approach are inconsistent with the Council's intent. In addition, staff provides some comparison to other existing and proposed programs, specifically the CDQ Program and Gulf community quota share purchase program (for halibut and sablefish), in order to facilitate a discussion about NMFS's ability to both implement and enforce several of these proposed options. This is consistent with the agency's need to identify potential implementation and enforcement obstacles early in the process.

¹Programs considered in evaluating the options under Element 9 were as follows: CDQ Program, Gulf community QS purchase program (draft proposed rule), and crab rationalization (final action taken by Council).

Element 9. Communities

NOTE: Bering Sea and Western Alaska CDQ communities may be excluded from the community programs.

Staff interprets the statement above as notifying the public that BSAI communities (CDQ or otherwise) are not included in a Gulf of Alaska groundfish rationalization program. If so, the Council may want to reaffirm and strengthen this statement to indicate that BSAI and CDQ communities will not be included. Staff understands this program as applicable only to those communities that are located in the Gulf of Alaska management areas identified under Alternative 2, 3 or 4: Western Gulf, Central Gulf, and West Yakutat.² Communities in these areas are adjacent to statistical areas 610, 620, 630, and 640 (see Attachment 1). This would not include communities located adjacent to the BSAI statistical and reporting areas.³ By definition of the program, CDQ communities are located in the BSAI. It would also not include communities adjacent to the Eastern GOA Regulatory Area Southeast Outside District (Area 650). The Council does not currently include Southeast Outside (SEO) in the identified management areas for gulf rationalization, except for the purpose of managing bycatch of shortraker, rougheye, and thornyhead rockfish. **If any of these are incorrect assumptions, staff should be notified prior to developing the analysis.**

Option 1. Regionalization

The following applies to both Central and Western Gulf areas:

- If adopted, all processing share allocated to shorebased processors will be categorized by region.
- Processing shares that are regionally designated cannot be reassigned to another region.
- Catcher vessel harvest shares are regionalized based on where the catch was processed, not where it was caught.
- Catcher processor shares and incentive fisheries are not subject to regionalization.
- Qualifying years to determine the distribution of shares between regions will be consistent with the preferred alternative under "Element 1, Qualifying Periods".

Central Gulf: Two regions are proposed to classify harvesting and (if adopted) processing shares: North-South line at 58° 51' 10" North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area).

The following fisheries will be regionalized for shorebased catch and subject to the North-South distribution: Pollock in Area 630; CGOA flatfish (excludes arrowtooth flounder); CGOA Pacific ocean perch; CGOA northern rockfish and pelagic shelf rockfish (combined); CGOA Pacific cod (inshore); GOA sablefish (trawl); WY pollock

Western Gulf: The following fisheries will be regionalized for shorebased catch: Pacific cod in Area 610; pollock in Area 610; pollock in Area 620

- Option 1: Dutch Harbor (Akutan)/Sand Point
- Option 2: Kodiak/Sand Point
- Option 3: Both

²Yakutat is located on the boundary of WY and SEO, but is technically located within SEO (Gulf Area 650). However, staff notes that, based on the Council's expressed preference, Yakutat will be included for consideration of the community options for the Gulf rationalization program.

³The Bering Sea Subarea of the BSAI includes that portion of the EEZ contained in statistical areas 508, 509, 512, 513, 514, 516, 517, 518, 519, 521, 523, 524, and 530. The Aleutian Islands Subarea includes that portion of the EEZ contained in statistical areas 541, 542, and 543. (50 CFR 679.2)

Staff understands the regionalization option for the **Central Gulf** to mean that there would be a 'north' and 'south' region, as delineated by the line at 58° 51.10' North Latitude (see Attachment 2). In effect, the distribution of processing that occurred between regions during the qualifying years selected in the preferred alternative under Element 1 would be maintained under this provision. This provision does not identify specific communities in which processing must occur, it only ensures that the distribution of processing that historically occurred south (and north) of the designated line will continue to occur under the Gulf Rationalization program. This provision applies only to the species identified above.

No regional boundaries have been identified for the **Western Gulf** at this time. The Council noted that boundaries would be defined at its June meeting. Without clear boundaries, it is not possible to analyze regionalization specific to the Western Gulf, although analysis of the impact of the regionalization option for the Central Gulf may proceed in the absence of Western Gulf boundaries. Staff assumes that Options 1-3 are placeholders for specific boundaries to notice the public of the general intent of regionalized shares for the Western Gulf. At the time the specific boundaries (lat/long) are proposed, these placeholders will no longer be necessary. Staff did not think it was appropriate to suggest boundaries to meet the intent of this option, but a detailed map of the Gulf of Alaska is provided to aid in boundary identification by the Council and the public.

Option 2. Community Fisheries Quota (CFQ)

Issue 1. Administrative Entity

- Option 1. Gulf wide administrative entity**
- Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)**
- Option 3. Community level**

Issue 2. Eligible Communities (GOA communities only)

- Option 1. Population (based on 2000 U.S. Census)**
- a. Less than 1,500 residents**
 - b. Less than 2,500 residents**
 - c. Less than 5,000 residents**
 - d. Less than 7,500 residents**

Option 2. Geography

- a. Coastal communities without road connections to larger community highway network**
- b. Coastal communities adjacent to salt water**
- c. Communities within 10 miles of the Gulf coast**
- d. Communities on the south side of the Alaska Peninsula that are adjacent to the Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the CDQ Program**

Option 3. Economy (based on all fisheries) (propose to eliminate see p. 5)

Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing, fishing data, or other data sources.

- a. GOA fisheries-dependent communities defined as communities with a range of 10 - 30 percent of their base industry economy in harvesting or processing related activities
- b. GOA fisheries-supplemented communities defined as communities with a range of 5 - 10 percent of their base industry economy in harvesting or processing related activities
- c. All GOA communities

Issue 3.

Species

- Option 1. All rationalized groundfish species
- Option 2. Limited to species that can be caught without (hard on) bottom trawling

Issue 4.

Allocation

Harvester Shares:

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC
- Option 4. 20% of annual TAC

Processing Shares:

- Option 5. 5% of annual processing allocation
- Option 6. 10% of annual processing allocation
- Option 7. 15% of annual processing allocation
- Option 8. 20% of annual processing allocation

Issue 5.

Harvesting of Shares

- Option 1. Limited to residents of eligible communities that own vessels
- Option 2. Limited to residents of eligible communities
- Option 3. No limitations on who harvests shares

Issue 6.

Use of Revenues

- Option 1. Community development projects that tie directly to fisheries or fishery related projects and education:
- Option 2. Community development projects that tie directly to fisheries and fisheries related projects, education, and government functions.
- Option 3. Education, social and capital projects within eligible communities as well as governmental functions.

The intent and structure of the CFQ program option is most similar to the current Western Alaska CDQ Program, in that the quota (as a percentage of the annual TAC), is allocated directly to the administrative entity representing one or more communities. Most regulations relevant to the program would then apply to this administrative entity rather than the eligible community itself. However, in contrast to the CDQ Program, the current list of options does not include requirements regarding the make up of this entity or how it makes decisions.⁴ Moreover, while the type of allocation program proposed mirrors the CDQ Program, the current

⁴The CDQ Program requires that a 'qualified applicant' for CDQ allocations must be a local fishermen's organization or a local economic development organization incorporated under Alaska state law or Federal law. It may be a for-profit or a non-profit corporation, and the board of directors must be at least 75 percent resident fishermen, with one board member from

options do not pose similar administrative oversight or information requirements. This may be a reasonable approach in that the Western Alaska CDQ Program is likely a much larger program in terms of the value of the allocations and the revenues generated from those allocations⁵ than the proposed CFQ program in the Gulf of Alaska. Because of the relative value of the CDQ Program, the potential losses are much greater and thus may warrant a higher level of government oversight. (Increased government oversight would still be necessary under a CFQ program if the Council wants to restrict the type of project on which an administrative entity can spend its revenues, but it may not warrant the same level as the CDQ Program. This is discussed further under Issue 6.)

Under Issue 1, three potential administrative entities are identified to receive and hold quota share (QS) on behalf of an eligible community or communities. The intent is for the entity to lease the resulting IFQs to residents of the eligible community or other eligible recipients. **Staff assumes that Options 1 - 3 under Issue 1 are not mutually exclusive;** thus, the Council could select one or more of these options and allow the eligible community to choose how it wants to organize itself within the bounds of the preferred options. In effect, the Council could select all three options and give eligible communities the opportunity to consolidate as much as is politically and logistically feasible. Given that the administrative costs of organizing and managing a representative entity may be fairly high in some communities, it may be important to allow this flexibility and not limit the choices to the Council at this point.

The current options under Issue 1 also do not specify how NMFS will determine whether an administrative entity is deemed 'qualified' to represent a community or group of communities. In the Gulf community QS purchase program for halibut and sablefish, the entity is required to submit a detailed statement of eligibility to NMFS, including; (1) articles of incorporation as a non-profit entity within the State; (2) a statement designating the community or communities represented by that non-profit entity; (3) management organization; (4) the names, addresses, and affiliation of its board of directors or other governing body; (5) a detailed statement describing the procedures that will be used to determine the distribution of IFQ to residents of the community; and (6) a statement indicating support for and accountability of the non-profit entity to that community from a governing body representing the community. While the Gulf community QS purchase program for halibut and sablefish may have different overall requirements (e.g., the administrative entity must be a newly-formed non-profit organization; the entity can only lease IFQs to residents of its member communities), **the proposed CFQ Program will also require a process in which administrative entities can be qualified by NMFS to represent one or more eligible communities.**

In addition, the Gulf community QS purchase program specifies that while several entities may apply for status as a qualified administrative entity, only one may represent a given community. Thus, under that program, the first entity that meets the eligibility requirements will be deemed qualified by NMFS to receive QS on behalf of the community(ies) it represents. Note that one of the qualification requirements is that the administrative entity receive and submit to NMFS a statement of support from the governing body of each community it wants to represent. Because each governing body can only support one administrative entity, the entity which receives this statement, and meets the other qualification requirements, will be deemed the qualified entity to receive QS on behalf of the community or communities. This approach is also used in the Western Alaska CDQ Program.

each represented community. Under State regulations, the Board is required to have established investment criteria and to consider that criteria in its decision making.

⁵The 2002 total revenues from the six CDQ groups combined is almost \$70 million (from the 4th Quarter 2002 reports, unaudited as of 5/27/03).

This approach mitigates the need for NMFS to develop a separate process for evaluating and selecting one of several entities competing to represent the same community(ies). It also gives the governing body of the community control over the entity to which they will entrust the responsibility of managing and distributing quota share. Because small, remote communities are not always organized similarly, incorporated, or may have several governing bodies, it is also necessary to determine the type of governing body that will speak on behalf of the community. The Gulf community QS purchase program regulations will establish a hierarchy that specifies the type of governing body that can recommend a non-profit entity, depending on the governance structure of the particular community. It is anticipated that this same approach would also be employed under the proposed CFQ program for Gulf rationalization.

Given the concerns encountered previously in somewhat similar community programs, the Council may want to: 1) include options for minimum requirements to guide NMFS in its determination of a qualified administrative entity, or 2) provide rationale as to why these requirements were necessary in prior programs but are not warranted here.

Under Issue 2, staff suggests stating explicitly that only GOA communities in the Western, Central, and West Yakutat management areas will be considered for inclusion under a Gulf rationalization program (unless the Council adds specific individual communities for inclusion). Staff also suggests revising **Option 1 (a - d)** to delete the word 'resident' and add that the population of the community will be determined based on the most recent (2000) U.S. Census data. This is consistent with the Gulf community QS purchase program method by which to determine eligible communities and mitigates problems with petitions by individuals who do not live in a Census Designated Place. In addition, because some coastal communities' overall population numbers may vary widely depending upon whether seasonal residents are considered, use of the U.S. Census data provides consistency and mostly mitigates problems with determining total population numbers. (The State of Alaska also uses the U.S. Census data to report population numbers for the CDQ communities, but considers significant evidence if it demonstrates that the population would vary by season.) In effect, should a community maintain that its actual population differs significantly from the report of the U.S. Census, the burden would be on representatives of the community to provide evidence to that fact.

Experience with prior programs (Gulf community QS purchase, CDQ Program, and the recent halibut subsistence action) has also shown that it may be necessary to establish a minimum population size to determine whether a place is a designated 'community'. This provision would be similar to that established by the State of Alaska for defining a community for revenue sharing purposes.⁶ The limitation on minimum population size would reduce the potential for future petitions for inclusion into the program by a small group of individuals living in a place solely for the purpose of participating in the program. It is anticipated that this approach will be used for any option which necessitates a determination of 'eligible community' under the Gulf rationalization program.

Under Issue 2, Option 2(d), staff suggests revising the wording to: "Communities within 5 miles of the Gulf coast." Staff is uncertain as to the need for additional language in (d), if the Council confirms that any community program is applicable only to those communities that are located in the Gulf of Alaska management areas identified under Alternative 2, 3, or 4: Western Gulf, Central Gulf, and West Yakutat. As Gulf communities in these specific areas, all of the eligible communities would be located on the south side of the Aleutian Islands, Alaska Peninsula, or continental Alaska as defined by statistical areas 610, 620, 630, and 640 (see Attachment 1 for figures and coordinates). As CDQ communities are by definition located in the Bering Sea/Aleutian Islands, CDQ communities are inherently excluded from the definition of a GOA

⁶Alaska Statute (AS) defines a community as a place where more than 25 people reside as a social unit (AS 29.60.120), and current Alaska Administrative Code (AAC) defines a "social unit" under 3 AAC 130.093.

community. In addition, staff recommends changing the option to reference five (statute) miles from the coast, as opposed to nautical miles, since only distances at sea are measured in nautical miles.

Staff has already apprised the Council that **Issue 2, Option 3** will not be possible to analyze due to data limitations and will require a fairly substantial amount of staff time with limited benefit. The Gulf community QS purchase program included a similar option for consideration: "communities must be fisheries dependent as determined by fishing as a principle source of revenue to the community." That analysis showed that this criterion is relatively ambiguous and not well-suited to a quantitative assessment; thus, it was not used as a criterion by which to evaluate community eligibility. Even though Option 3 specifies the range of revenues that constitutes fisheries dependence in this case, it is not possible to accurately determine the percentage of annual revenues for each community that may be attributed to fisheries.

Further, this may not be a necessary step to determining fisheries-dependence, as annual revenues and other economic indices are not the only relevant indicators to determine fishing dependence. The National Research Council reports on the issue of fishing-dependent communities, that for small, isolated communities such as many of those in Alaska: "the notion of dependency may include geographic isolation; lack of employment alternatives; social, economic, and cultural systems that have developed in these locations; and their dependence on fishing as a source of nutrition, livelihood, and life-style."⁷ NOAA also recognizes that these same types of indicators, either the level and type of fishery related activity, or the economic, social and/or cultural role and importance of fisheries, can be used to define a "fishing dependent community".⁸

This point has spurred the inclusion of the statement under Issue 2, Option 3, that staff will analyze other proxies that could be used to determine fisheries-dependent communities. This could also be a time consuming process, as staff will need to plan to develop reasonable proxies in consultation with the interested public and present some measure of dependence in the analysis for consideration by the Council. In the Gulf community QS purchase program for halibut and sablefish, eligible communities must have had historic participation in the halibut or sablefish fisheries, defined by a recorded commercial landing of either halibut or sablefish between 1980 - 2000 according to Commercial Fisheries Entry Commission (CFEC) data for permit and fishing activity. This definition provided a means for the Council to consider those communities for which halibut or sablefish has some historic importance, but was not purported to represent fisheries dependence. This is an example of the type of proxy that may be applicable in the Gulf CFQ program.

Overall, the desire for inclusion of the proposed criteria is understandable, as the Council may want the option to select only communities that have some proven level of dependence on fisheries in the GOA. However, concerns with staff's ability to provide sufficient data to prove a specific level of dependence, combined with the relative necessity of this data in the context of the overall analysis, may warrant eliminating this criterion (Option 3) from the options for analysis. In order to provide some perspective on the number of communities involved, staff has provided a list of potentially eligible communities that appear to meet the least restrictive criteria proposed under Issue 2⁹ and are Census Designated Places, without taking into account fisheries dependence. **Staff has identified 29 coastal communities in the Western Gulf, Central Gulf, or Western Yakutat management areas that may meet this criteria (see Attachment 3).**

⁷Sharing the Fish, National Research Council, 1999, p. 19.

⁸NOAA Fisheries (HQ) is currently developing a Sociocultural Practitioner's Manual to assist in data collection and analysis related to the social and cultural sections required by NEPA and the Magnuson-Stevens Act. This manual is currently in draft form and is expected to be published sometime in 2003.

⁹The least restrictive combination of criteria under Issue 2 is as follows: 1) population of fewer than 7,500; 2) no road connections to larger community highway network; and 3) within 10 miles of the Gulf coast.

This represents an estimate of the maximum number of communities at issue, without accounting for fisheries dependence.¹⁰

Should the Council retain Option 3 as a potential criterion, staff recommends deleting (c), as it is not necessary and may be confusing in combination with the other options. If at final action the Council decides not to apply an economic threshold by which to determine eligible communities, it would exercise that option by simply not choosing Option 3.

Finally, consistent with previous actions on community programs, staff also suggests providing an explicit list of all eligible communities in the Council's preferred alternative at final action. In effect, an eligible community would have to meet the eligibility criteria and be included on the list (which would be part of the final rule). Any additional communities that want to be included in the program after final action would be required to petition the Council for inclusion using the normal Council process. Requiring each community to be on the Council's list of eligible communities eliminates any ambiguities regarding whether a community is believed to have met the eligibility criteria at the time of final action and defines a process by which non-eligible communities can petition their status within the program.

Staff has no recommendations under **Issue 3** or **Issue 4**, other than to request that the Council provide rationale for the inclusion of Issue 3, Option 2 in the community protection options. Providing rationale for this option would guide staff as to whether this is the appropriate analytical document in which to address this issue.

Under **Issue 5**, there are three options by which to limit the harvest of CFQs. While it is clear that the options delineate a decision as to whether CFQs can be leased to residents of non-eligible communities, Council intent remains unclear whether Option 1 or 2 would restrict the administrative entity to leasing CFQs only to residents of the particular eligible community or communities it represents.

A common element to many of the Council's prior and proposed actions regarding communities is the identification of a legal administrative entity that represents the community in a fishery allocation program. In the CDQ Program, the CDQ group can lease CDQ to any licensed fisherman or entity, regardless of the community in which the fisherman or entity may reside. Some CDQ, such as halibut, is leased to resident fishermen if there exists a resident fleet, while most groundfish CDQ is leased by catcher processors or large catcher vessels that deliver to shoreside processing plants in relatively large ports. Overall, the CDQ group is responsible for showing how its activities meet the goal of the program and benefit its member (eligible) communities, whether it is through promoting small boat fisheries for local residents or using CDQ royalties to fund activities and projects in the communities.

In contrast, under the Gulf community QS purchase program, the overall goal is to sustain community residents' participation in the halibut and sablefish fisheries. To meet this objective, the Council specified that a new non-profit entity must be formed to represent one or more eligible communities, and that leasing of the annual IFQs shall be limited only to the residents of the ownership community. In effect, the entity could not lease IFQs to another eligible Gulf community that it does not represent.

The goal of the program, the communities involved, and the scale of the fisheries at issue appear to have been the main determinants for whether to limit leasing to community residents in previous programs. While this

¹⁰Staff notes that all but four of the twenty seven communities on the draft list have commercial permit and fishing activity as documented by CFEC in the last ten years (1993 - 2002). All but seven are determined by the State of Alaska to have met the customary and traditional use threshold for halibut. Only four communities did not meet either threshold.

issue will be explored in detail in the analysis, the Council should clarify at this point whether Option 1 and 2 under Issue 5 restrict the leasing of annual IFQs to residents of any eligible Gulf community or just those eligible communities that the entity represents.¹¹

Staff also assumes that should Option 1 or Option 2 be selected under Issue 5, implementation of the leasing restrictions which would directly tie the use of IFQ to the residents of a given community would be similar to the Gulf community quota share purchase program. In order to address the difficulties associated with proving that a person is a resident of a particular community, the regulations implementing this program will require that an individual provide a statement that they are a U.S. citizen, maintain a permanent mailing address and domicile in the community of interest, and are qualified to receive IFQ under the existing regulations.

Issue 6 poses implementation and enforcement concerns that may be worth considering early in the process. The options under this issue propose to restrict the type of activity on which an administrative entity may spend its revenues. It would therefore require NMFS to make a judgement about whether an activity or expenditure of an administrative entity representing a community complies with regulations describing permissible uses of revenues. This provision is similar to the existing CDQ Program, which requires that CDQ groups must invest primarily in fisheries-related projects, but typically allows for a lesser level of investment in financial instruments, charities, training, education, and administrative expenses. While these types of non-fisheries related activities have not been discouraged by State or Federal managers, they are not currently clearly identified in regulation as categorically exempt from the requirement that CDQ projects be fisheries-related.

The 'lessons learned' associated with the implementation of these restrictions in the CDQ Program are valuable. One primary lesson is that the rules and regulations governing how the community groups spend revenues must be clear and interpreted in a consistent manner. The CDQ Program was recently reviewed and modified by the Council in June 2002. One of the modifications to the program was to explicitly outline in regulation the fisheries and non-fisheries related activities and projects on which the CDQ groups may spend revenues. In the past, there have been concerns regarding the threshold used to determine 'fisheries related' projects, as well as questions about non-fisheries related activities that have been generally accepted by the State CDQ Team but not described in regulation.

While the addition of explicit regulations governing allowable investments and expenditures will help to more effectively implement the CDQ Program, there remain several questions regarding the type of activity that would qualify under each category of allowable investment. For instance, whether "education" means education services and curriculum development, which are common investments by CDQ groups, or whether it also includes infrastructure and capital development projects. The need to clarify allowable uses also exists under proposed Issue 6, Options 1 - 3 for the Gulf rationalization program. As currently stated, it would be extremely difficult to implement meaningful, enforceable regulations consistent with the proposed options. **Comprehensive definitions of "education," "governmental functions," and "social and capital projects" need to be developed. Unless these terms are explicitly defined for analysis, a community could justify using its CFQ revenue on practically any project under the criteria in Option 2 or Option**

¹¹Staff also notes that the proposed Gulf rationalization program may include QS for both target and bycatch species. The current options propose to restrict leasing of IFQ held by communities only to eligible community residents. Inclusion of bycatch species in this program may necessitate eliminating this restriction in the case of bycatch species IFQ and allowing leasing of bycatch species IFQ between any and all QS holders. This issue will be addressed in the analysis.

3. In addition, the Council may want to add an option which would allow community entities to use revenues for purposes of program administration.

A second lesson relates to the cost and staff time associated with implementing (and enforcing) this type of provision. While the initial task of qualifying administrative entities to represent one or more communities will require additional staff time and effort on behalf of NMFS, it is assumed that the actual transfer of QS to eligible community entities would be similar in process to that necessary for individual quota share holders in the rationalization program. However, while limiting the use of revenues to fisheries related or other activities may be an appropriate policy goal, it does necessitate an additional level of government oversight. This is because it requires that agency staff make a judgement about whether each activity of a community group complies with the regulations. Thus, while clear rules and regulations are beneficial, restrictions such as these also require available staff to review the information submitted by the community group relevant to their investments and activities and to follow up on any perceived problems.

Should this level of administrative oversight be deemed necessary, the structure is not yet addressed in any of the proposed options. Government oversight in the CDQ Program, for example, has two primary elements: (1) requirements to provide information to the government about the activities of the CDQ groups, their affiliated businesses, and vessels and processors participating in the CDQ fisheries; and (2) requirements that certain activities by the CDQ group and their subsidiaries be approved by the State of Alaska and NMFS before they are undertaken. As noted previously, however, the CDQ Program is likely a much larger program in terms of the value of the allocations and the revenues generated from those allocations than the proposed CFQ program in the Gulf of Alaska. In addition, CDQ is not required to be leased to eligible community residents due to various reasons, thus, there must be sufficient oversight to verify the link between benefits derived from the program and eligible communities. Given the differences in the CDQ Program, it may warrant a higher level of government oversight and accountability than is necessary in the GOA program.

Despite the likely differences in scale between the CDQ Program and the proposed CFQ program in the Gulf of Alaska, implementing and enforcing a provision which limits the use of revenues by Gulf communities to certain activities will require an increased level of oversight. Thus, the feasibility and implementation issues associated should be fully considered when developing this option for analysis. **In sum, including restrictions on the use of revenues necessitates a higher level of government oversight than would likely otherwise be necessary under the program. The Council should identify whether these restrictions are necessary and, if so, provide rationale for their inclusion in the program.**

Another fundamental component of the CDQ Program is the competitive allocation process. Currently, the allocation process is the mechanism by which the CDQ groups' investments are kept within the bounds of the program's intent. The State makes complicated, multi-criterion decisions in allocating quota to CDQ groups, with final approval by NMFS. Related to this issue is the determination of which types of projects should be considered fisheries-related, and whether the CDQ groups have complied with the regulations limiting their use of revenues. Thus, in order to implement a regulation which prohibits some activities by a community entity, one must have an administrative structure by which to evaluate an entity's activities and enforce the regulation. In the CDQ Program, the allocation process can act as means to 'penalize' a CDQ group if its activities are not found to be consistent with the program's intent and regulations.

In the proposed Gulf rationalization CFQ options, however, it is unclear whether the allocations of CFQ would be competitively based or divided equally among community entities. There are no options proposed for establishing a method by which to allocate QS among individual communities, nor is there proposed any other mechanism by which a community entity's CFQ could be reduced or eliminated should the entity not

comply with the revenue or other restrictions. Unless the CFQ allocations are intended to be made in perpetuity, the Council may also want to consider including options which would require a community entity to submit relevant and sufficient information by which agency managers could evaluate whether an entity is meeting the requirements of the program.

A comparison of program elements within the CDQ Program, Gulf community QS purchase program, BSAI Crab Rationalization Program, and the community programs proposed under Gulf rationalization is provided in Attachment 4. This comparison identifies the primary elements included in existing programs and is intended to help assess whether additional elements need to be included in the proposed options for community programs under Gulf rationalization.

In summary, the differences in the elements of the programs (shown in Attachment 4) may be linked to the different policy objectives associated with each program. For instance, the CDQ Program has fairly rigorous monitoring and reporting requirements because: it directly allocates a public resource to groups of communities in those particular fisheries; it is a large scale program which generates significant revenues for the CDQ groups; it limits the spending of those revenues to permissible activities; and, NMFS must ensure that the benefits from the program are provided to the residents of the communities in the manner determined by the Council. The purpose of the program to benefit member communities thus drives the need for particular requirements or elements, specifically those related to accountability and government oversight.

Another example is the Gulf community QS purchase program, the purpose of which is to sustain participation in the halibut and sablefish fisheries by eligible communities. This program requires a lesser level of accountability than the CDQ Program, likely for several reasons: community groups are purchasing quota share within the existing IFQ Program as opposed to being granted a direct allocation; there are no restrictions related to how the community entity can spend revenues; and, the program is not expected to generate a comparable revenue base for the administrative entities. Because the fisheries at issue in the Gulf community purchase program are smaller in scale, and because the program requires that the IFQs must be leased to community residents, it is not anticipated that the administrative entity will derive substantial revenues from the leasing of IFQ. Rather, the restriction on leasing is intended to ensure that community residents will have the opportunity to sustain their participation in the halibut and sablefish fisheries. (Which is a much different goal than trying to maximize royalties from leasing quota share.) Therefore, while the level of government oversight and control over communities purchasing QS under that program is greater than that to which individual QS holders are subject, it is still a much lower level of oversight than is required in the CDQ Program.

It is assumed, if not always stated, that the policy objectives of the different programs drive the various levels of government oversight and other program restrictions. Thus, the process of reflecting upon the benefits realized by requiring a certain level of oversight or restrictions on the use of revenues among various programs is very valuable. Engaging in this process may assist the Council in the development of community options under Gulf rationalization by helping to determine the responsibilities of the government related to oversight that are necessary and appropriate to meet the different policy objectives of each of the proposed community programs. Including a statement on the overall goal or purpose of each of the proposed community program options would help in developing appropriate program elements to meet the stated goal. For instance, one thing to consider in the approach to developing the options for the CFQ Program is whether the goal of the program is: (1) to provide sustained participation in the Gulf of Alaska fisheries by local resident fleets of eligible communities; (2) to provide new or enhanced opportunities in the Gulf of Alaska fisheries by local resident fleets of eligible communities; (3) to provide benefits, in the form of revenues, investments, or other activities, to the eligible communities; or (4) something else.

Option 3: Community Purchase Program

Issue 1: Eligible Communities (GOA communities only)

Option 1: Population (based on 2000 U.S. Census)

- a. Less than 1,500 residents
- b. Less than 2,500 residents
- c. Less than 5,000 residents
- d. Less than 7,500 residents

Option 2: Geography

- a. Coastal communities without road connections to larger community highway network
- b. Coastal communities adjacent to salt water
- c. Communities within 10 miles of the Gulf coast

Option 3: Economy (based on all fisheries)

Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing, fishing data, or other data sources:

- a. GOA fisheries-dependent communities defined as communities with a range of 10 - 30 percent of their base industry economy in harvesting or processing related activities
- b. GOA fisheries-supplemented communities defined as communities with a range of 5 - 10 percent of their base industry economy in harvesting or processing related activities
- c. All GOA communities

With regard to the existing proposed options, staff recommends the same modifications to Option 1 and Option 3 as proposed under the CFQ program options. This includes the recommendation to state explicitly that only GOA communities in the Western, Central, and West Yakutat management areas will be considered for inclusion under a Gulf rationalization program.

Overall, the effect of the current options for the Community Purchase Program is limited to selecting criteria by which to identify eligible communities to purchase and hold quota share for lease to eligible recipients. Beyond identifying eligible communities, there is no proposed structure to the program. Should the Council want to select a community purchase program in the preferred alternative, it will also need to develop the specific elements of the program that the Council would like to apply. For instance, similar to the CFQ program, the Council should define or identify an administrative entity to purchase, hold, and lease the QS/IFQ on behalf of the eligible communities. In addition, the Council may want to consider whether to require other restrictions or provisions that are currently proposed in the CFQ program or the Gulf community QS purchase program (GOA Am. 66) that the Council approved in April 2002.

As stated previously, a comparison of program elements within existing community programs and the community programs proposed under Gulf rationalization is provided in Attachment 4. This comparison identifies the primary elements common to community programs and is intended to help assess whether additional elements need to be included in the proposed options for community programs under Gulf rationalization. Because the community purchase program identified in Option 3 is lacking all elements of a program structure except for the criteria to determine eligible communities, it may benefit the Council to evaluate the elements in existing programs and decide if any of these elements are worth mirroring or modifying for inclusion.

Option 4. Community Incentive Fisheries Trust (CIFT)

The CIFT has full ownership of CIFT harvest shares and holds these shares in trust for the communities, processors, and crew members in the region to use as leverage to mitigate impacts directly associated with the implementation of a rationalization program.

Issue 1. Harvest Share Distribution

Option 1. 10-30 percent of harvest shares shall be originally reserved for GOA CIFT associations. These harvest shares will be subtracted from the overall pool before the individual distribution of harvest shares.

Issue 2. CIFT Designation

Option 1. One CV CIFT for the GOA (excludes SEO)

Option 2. Regional CV CIFTs:

Suboption 1. Central GOA (Kodiak, Chignik)

Suboption 2. Western GOA

Suboption 3. North Gulf Coast (Homer to Yakutat)

Option 3. CP-based CIFT

Defer remaining issues to a trailing amendment.

Staff has no recommendations for the CIFT options at this time, noting that some of the fundamental elements of this program have been deferred to a trailing amendment. As the options are currently proposed, staff anticipates analyzing only the basic allocation issue (i.e., how much QS each potential CIFT region would receive) and the CIFT designation. The effectiveness of this option will rely heavily on the extensive administrative process and structure that is necessary to implement this program, as well as the level of governmental administrative oversight required for reviewing, certifying, and monitoring the CIFT. If selected, the majority of these issues will need to be further defined in the options for the trailing amendment.

Summary

The following represent clarifications or suggestions noted by staff in this paper:

General

1. Clarify whether the proposed community options (regionalization, CFQ, community purchase program, CIFTs) are exclusive or whether they may be selected in conjunction with one another.
2. Reaffirm that BSAI communities (CDQ or otherwise) are not included in any Gulf rationalization community protection options. Clarify that communities adjacent to the Eastern GOA regulatory area Southeast Outside District are also not included.
3. Accept or deny staff's rewording/reorganization throughout Options 1-4.
4. Provide a statement on the overall goal or purpose of each of the proposed community program options in order to guide development of necessary and appropriate program elements.

Regionalization options

5. Provide regional boundaries for the Western Gulf, if desired.

Community Fisheries Quota (CFQ) options

6. Confirm that Options 1 - 3 under Issue 1 are not mutually exclusive; meaning, the Council could select all three options and allow the eligible community to choose how it wants to organize within the bounds of the preferred option(s).
7. Provide options for requirements to determine qualified administrative entities representing communities (p.5) or rationale as to why they are unnecessary.
8. Determine whether to eliminate Issue 2, Option 3 (economic criteria for fisheries dependent communities) under the CFQ program.
9. Provide rationale for including Issue 3, Option 2 (limiting species to those that can be caught without bottom trawling).
10. Clarify whether Issue 5, Options 1 and 2, restrict an administrative entity to: 1) leasing IFQ only to residents of the community or communities it represents or 2) leasing IFQ only to residents of any eligible community.
11. Provide more detailed definitions under Issue 6, Options 1-3, of the following: 'education', 'government functions', 'social and capital projects.'
12. Determine whether restrictions on the use of revenues is necessary to meet the policy objectives of the CFQ program. If so, provide options for government oversight (i.e., information requirements) and supporting rationale.
13. Review the comparison of existing and proposed community programs in Attachment 4 to determine whether additional elements need to be included in the proposed CFQ program.

Community Purchase Program options

14. The current options only define community eligibility. Determine whether to approve additional elements to define the structure of this program (see Attachment 4).

List of Attachments

Attachment 1: Figure 1 to 50 CFR Part 679 - BSAI Statistical and reporting Areas map and coordinates
Figure 3 to 50 CFR Part 679 - GOA Statistical and reporting areas map and coordinates

Attachment 2: GOA Map with Central Gulf regionalization option delineated

Attachment 3: Draft list of WG, CG, and WY communities that meet the following criteria: 1) population of fewer than 7,500; 2) no road connections to larger community highway network; and 3) within 10 miles of the Gulf coast

Attachment 4: Comparison of program elements in existing and proposed community fisheries programs: Western Alaska CDQ Program; Gulf community QS purchase program (Am. 66); BSAI Crab rationalization, proposed Community Fisheries Quota program; proposed Community Purchase Program; and proposed CIFT program.

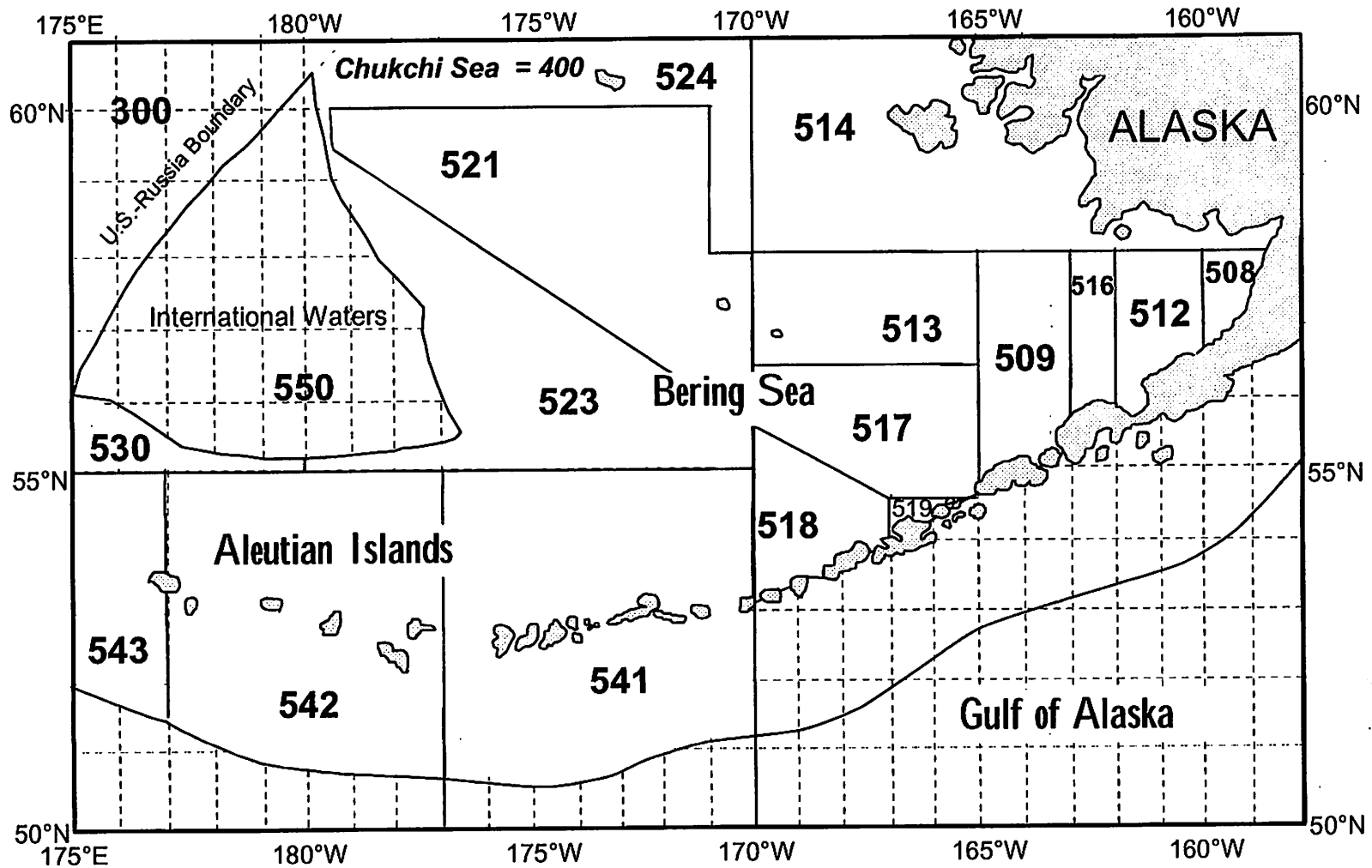


Figure 1 to Part 679--Bering Sea and Aleutian Islands statistical and reporting Areas
a. Map

Figure 1 to Part 679. BSAI Statistical and Reporting Areas
 b. Coordinates (Updated April 1, 2002)

Code	Description
300	Russian waters. Those waters inside the Russian 200 mile limit as described in the current editions of NOAA chart INT 813 Bering Sea (Southern Part) and NOAA chart INT 814 Bering Sea (Northern Part).
400	Chukchi Sea. North of a diagonal line between 66°00' N, 169° 42.5' W (Cape Dezhneva, Russia); and 65°37.5' N, 168°7.5' W (Cape Prince of Wales, Alaska) and to the limits of the U.S. EEZ as described in the current edition of NOAA chart INT 814 Bering Sea (Northern Part).
508	South of 58° 00' N between the intersection of 58° 00' N lat with the Alaska Peninsula and 160°00' W long
509	South of 58°00' N lat between 163°00' W long and 165°00' W long
512	South of 58°00' N lat, north of the Alaska Peninsula between 160°00' W long and 162°00' W long
513	Between 58°00' N lat and 56°30' N lat, and between 165°00' W long and 170°00' W long
514	North of 58°00' N to the southern boundary of the Chukchi Sea, area 400, and east of 170°00' W long.
516	South of 58°00' N lat, north of the Alaska Peninsula, and between 162°00' and 163°00' W long
517	South of 56°30' N lat, between 165°00' W long and 170°00' W long; and north of straight lines between 54°30' N lat, 165°00' W long, and 54°30' N lat, 170°00' W long
518	Bogoslov District. South of a straight line between 55°46' N lat, 170°00' W long and 54°30' N lat, 167°00' W long, and between 167°00' W long, and north of the Aleutian Islands and straight lines between the islands connecting the following coordinates in the order listed: 52°49.18' N, 169°40.47' W 52°49.24' N, 169°07.10' W 52°23.13' N, 167°50.50' W 53°18.95' N, 167°51.06' W
519	South of a straight line between 54°30' N lat, 167°00' W long and 54°30' N lat, 164°54' W long; east of 167°00' W long; west of Unimak Island; and north of the Aleutian Islands and straight lines between the islands connecting the following coordinates in the order listed: 53°58.97' N, 166°16.50' W 54°02.69' N, 166°02.93' W 54°07.69' N, 165°39.74' W 54°08.40' N, 165°38.29' W 54°11.71' N, 165°23.09' W 54°23.74' N, 164°44.73' W

521	The area bounded by straight lines connecting the following coordinates in the order listed: 55°46' N, 170°00' W, 59°25' N, 179°20' W, 60°00' N, 171°00' W, 60°00' N, 171°00' W, 58°00' N, 171°00' W, 58°00' N, 170°00' W coordinates in the order listed: 58°00' N, 170°00' W 58°00' N, 171°00' W, 60°00' N, 171°00' W, 60°00' N, 179°20' W, 59°25' N, 179°20' W, 55°46' N, 170°00' W, 55°00' N, 170°00' W, 55°00' N, 180°00' W, and north to the limits of the US EEZ as described in the current edition of NOAA chart INT 813 Bering Sea (Southern Part).
524	The area west of 170°00' W bounded south by straight lines connecting the following coordinates in the order listed: 58°00' N, 170°00' W 58°00' N, 171°00' W, 60°00' N, 171°00' W, 60°00' N, 171°00' W, 60°00' N, 179°20' W, 59°25' N, 179°20' W and to the limits of the US EEZ as described in the current edition of NOAA chart INT 813 Bering Sea (Southern Part).
530	The area north of 55°00' N lat and west of 180°00' W long to the limits of the US EEZ as described in the current edition of NOAA chart INT 813 Bering Sea (Southern Part).
541	Eastern Aleutian District. The area south of 55°00' N lat, west of 170°00' W long, and east of 177°00' W long and bounded on the south by the limits of the US EEZ as described in the current editions of NOAA chart INT 813 Bering Sea (Southern Part) and NOAA chart 530 (San Diego to Aleutian Islands and Hawaiian Islands).
542	Central Aleutian District. The area south of 55°00' N lat, west of 177°00' W long, and east of 177°00' E long and bounded on the south by the limits of the US EEZ as described in the current editions of NOAA chart INT 813 Bering Sea (Southern Part) and NOAA chart 530 (San Diego to Aleutian Islands and Hawaiian Islands).
543	Western Aleutian District. The area south of 55°00' N lat and west of 177°00' E long, and bounded on the south and west by the limits of the US EEZ as described in the current editions of NOAA chart INT 813 Bering Sea (Southern Part) and NOAA chart 530 (San Diego to Aleutian Islands and Hawaiian Islands).
550	Donut Hole. International waters of the Bering Sea outside the limits of the EEZ and Russian economic zone as depicted on the current edition of NOAA chart INT 813 Bering Sea (Southern Part).

NOTE: A statistical area is the part of a reporting area contained in the EEZ

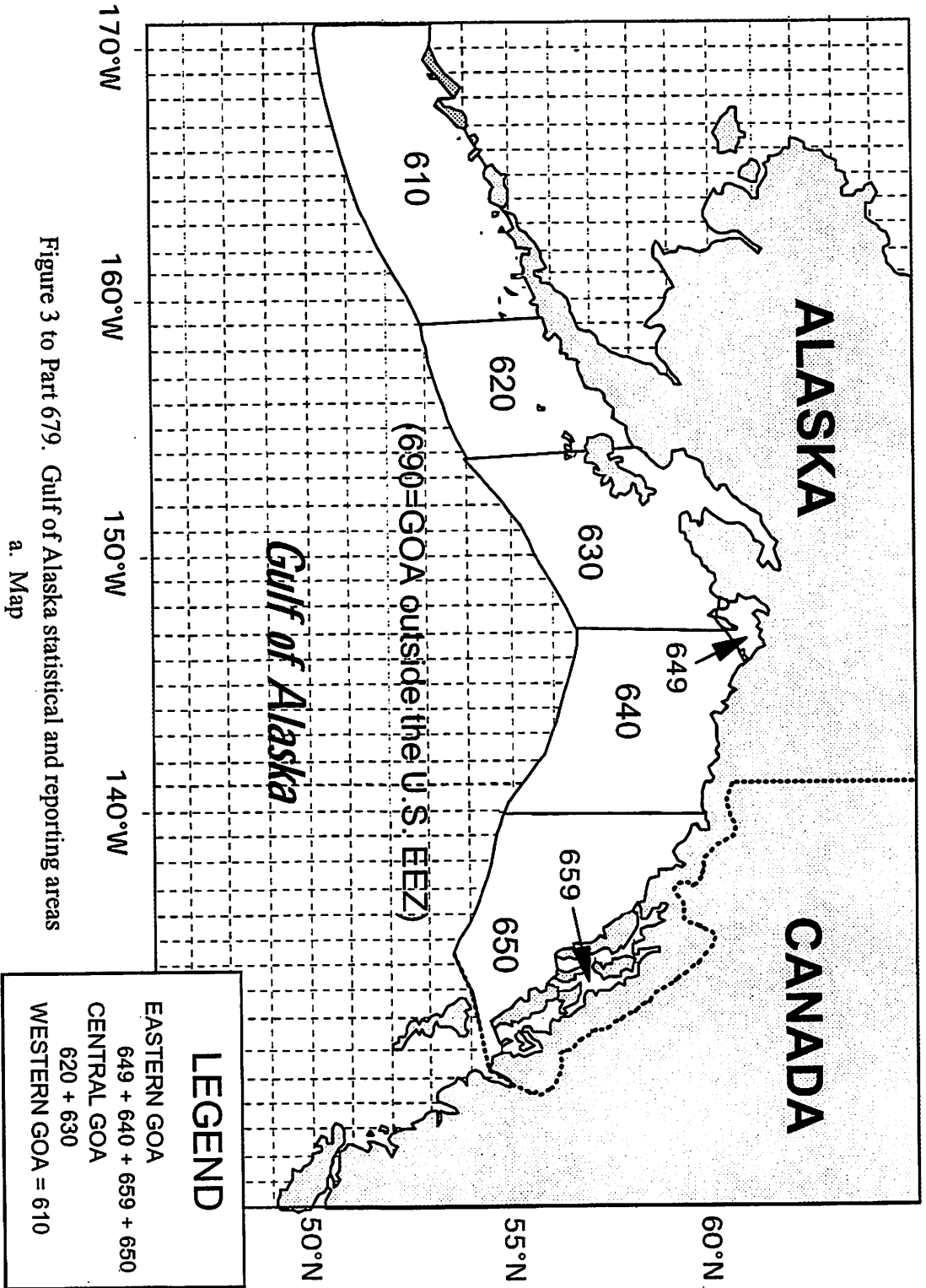


Figure 3 to Part 679. Gulf of Alaska statistical and reporting areas

a. Map

Figure 3 to Part 679. Gulf of Alaska Statistical and Reporting Areas
b. Coordinates (Updated 4/1/02)

Code	Description
610	<p><u>Western GOA Regulatory Area, Shumagin District.</u> Along the south side of the Aleutian Islands, including those waters south of Nichols Point (54°51' 30" N lat) near False Pass, and straight lines between the islands and the Alaska Peninsula connecting the following coordinates in the order listed:</p> <p>52°49.18' N, 169°40.47' W; 52°49.24' N, 169°07.10' W; 53°23.13' N, 167°50.50' W; 53°18.95' N, 167°51.06' W; 53°58.97' N, 166°16.50' W; 54°02.69' N, 166°02.93' W; 54°07.69' N, 165°39.74' W; 54°08.40' N, 165°38.29' W; 54°11.71' N, 165°23.09' W; 54°23.74' N, 164°44.73' W; and</p> <p>southward to the limits of the US EEZ as described in the current editions of NOAA chart INT 813 (Bering Sea, Southern Part) and NOAA chart 500 (West Coast of North America, Dixon Entrance to Unimak Pass), between 170°00' W long and 159°00' W long.</p>
620	<p><u>Central GOA Regulatory Area, Chirikof District.</u> Along the south side of the Alaska Peninsula, between 159°00' W long and 154°00' W long, and southward to the limits of the US EEZ as described in the current edition of NOAA chart 500 (West Coast of North America, Dixon Entrance to Unimak Pass).</p>
630	<p><u>Central GOA Regulatory Area, Kodiak District.</u> Along the south side of continental Alaska, between 154°00' W long and 147°00' W long, and southward to the limits of the US EEZ as described in the current edition of NOAA chart 500 (West Coast of North America, Dixon Entrance to Unimak Pass). Excluding area 649.</p>

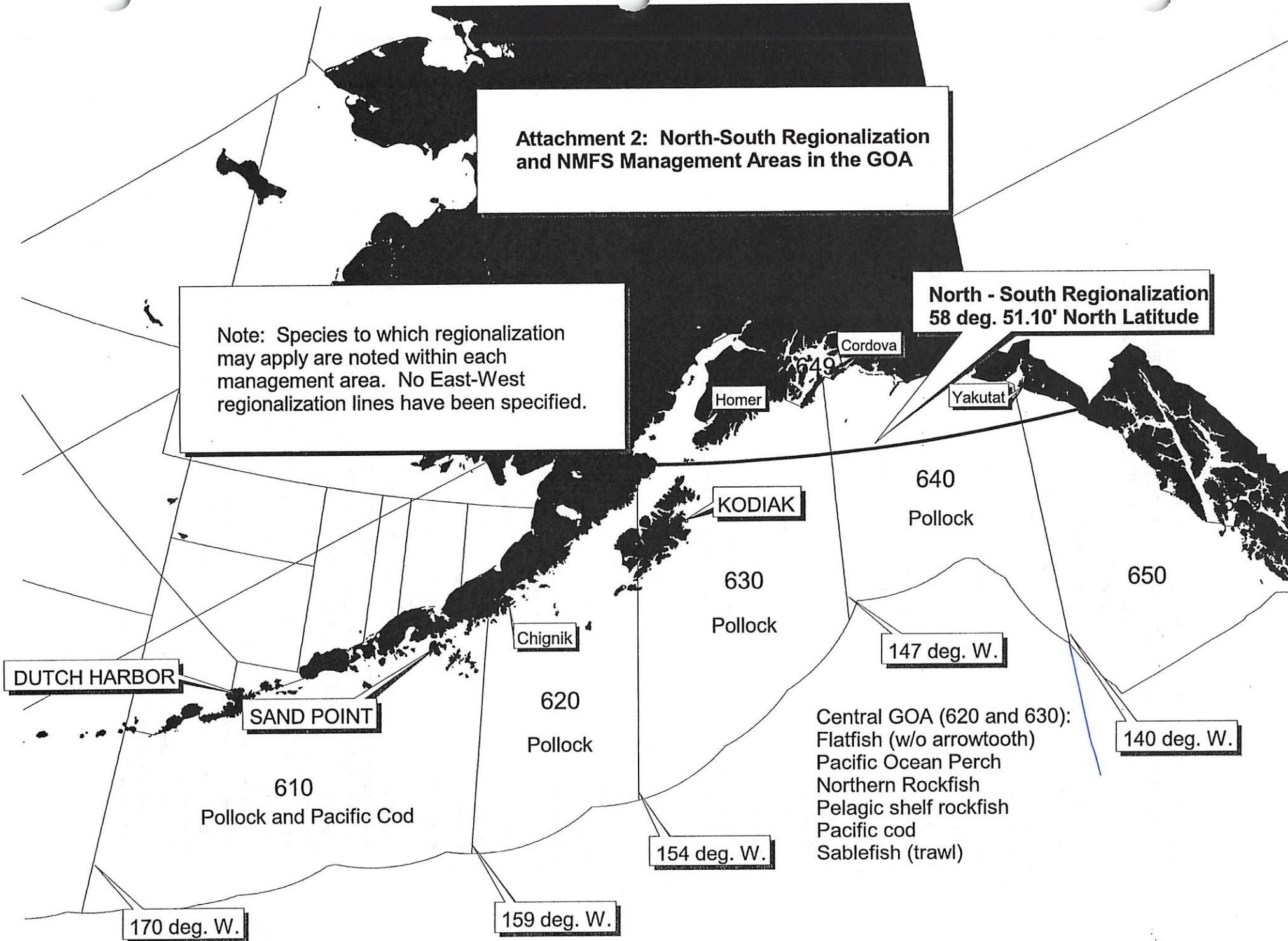
640	<p><u>Eastern GOA Regulatory Area West Yakutat District.</u> Along the south side of continental Alaska, between 147°00' W long and 140°00' W long, and southward to the limits of the US EEZ, as described in the current edition of NOAA chart 500 (West Coast of North America, Dixon Entrance to Unimak Pass). Excluding area 649.</p>
649	<p><u>Prince William Sound.</u> Includes those waters of the State of Alaska inside the base line as specified in Alaska State regulations at 5 AAC 28.200.</p>
650	<p><u>Eastern GOA Regulatory Area, Southeast Outside District.</u> East of 140°00' W long and southward to the limits of the US EEZ as described in the current edition of NOAA chart 500 (West Coast of North America, Dixon Entrance to Unimak Pass). Excluding area 659.</p>
659	<p><u>Eastern GOA Regulatory Area, Southeast Inside District.</u> As specified in Alaska State regulations at 5 AAC 28.105 (a)(1) and (2).</p>
690	<p><u>GOA outside the U.S. EEZ</u> as described in the current editions of NOAA chart INT 813 (Bering Sea, Southern Part) and NOAA chart 500 (West Coast of North America, Dixon Entrance to Unimak Pass).</p>

NOTE: A statistical area is the part of a reporting area contained in the EEZ.

**Attachment 2: North-South Regionalization
and NMFS Management Areas in the GOA**

Note: Species to which regionalization may apply are noted within each management area. No East-West regionalization lines have been specified.

**North - South Regionalization
58 deg. 51.10' North Latitude**



Draft list of WG, CG, and WY communities that meet the following criteria: 1) population of fewer than 7,500; 2) no road connections to larger community highway network; and 3) within 10 miles of the Gulf coast

NAME	CLASS	POP	AREA
1 Akhiok	Second Class City	80	CG
2 Aleneva	Census Designated Place	68	CG
3 Chenega Bay	Census Designated Place	86	CG
4 Chignik	Second Class City	79	CG
5 Chignik Lagoon	Census Designated Place	103	CG
6 Chignik Lake	Census Designated Place	145	CG
7 Chiniak	Census Designated Place	50	CG
8 Cold Bay	Second Class City	88	WG
9 Cordova ¹	Home Rule City	2,454	WY
10 Halibut Cove	Census Designated Place	35	CG
11 Ivanof Bay	Census Designated Place	22	WG
12 Karluk	Census Designated Place	27	CG
13 King Cove	First Class City	792	WG
14 Kodiak	Home Rule City	6,334	CG
15 Kodiak Station	Census Designated Place	1,840	CG
16 Larsen Bay	Second Class City	115	CG
17 Nanwalek	Census Designated Place	177	CG
18 Old Harbor	Second Class City	237	CG
19 Ouzinkie	Second Class City	225	CG
20 Perryville	Census Designated Place	107	WG
21 Port Graham	Census Designated Place	171	CG
22 Port Lions	Second Class City	256	CG
23 Sand Point	First Class City	952	WG
24 Seldovia	First Class City	286	CG
25 Susitna	Census Designated Place	37	CG
26 Tatitlek ¹	Census Designated Place	107	WY
27 Tyonek	Census Designated Place	193	CG
28 Womens Bay	Census Designated Place	690	CG
29 Yakutat ²	First Class City	680	WY/SEO

Note: Only communities located in the Western Gulf (WG), Central Gulf (CG), and West Yakutat (WY) areas are included, based on staff's understanding that this program applies only to those communities that are located in the GOA management areas identified under Alt. 2, 3, or 4. If Southeast Outside (SEO) communities were included, an additional 28 communities would be added to this list.

Note: Staff is aware that some communities listed may be contiguous to a larger eligible community (e.g., on Kodiak Island). The analysis will consider whether these communities should not be considered eligible communities to receive an allocation of CFQ but whose residents may be considered eligible to lease IFQs from the larger eligible community.

¹Cordova and Tatitlek are considered located in the West Yakutat area. Though located within PWS (Area 649), these communities are inside the longitudinal line used to designate the WY (Area 640) and CG (Area 630) boundary.

²Yakutat is located on the boundary of WY and SEO, but is technically located within SEO (Gulf Area 650). Staff has included Yakutat in this list based on the Council's expressed preference to include Yakutat in community options for the Gulf rationalization program.

Common elements of existing or proposed regulations governing community programs

Program	Western Alaska CDQ Program	Gulf community QS purchase program	Crab Rationalization: Community purchase provision	GOA Rationalization: Community Fisheries Quota (CFQ)	GOA Rationalization: Community Purchase Program	GOA Rationalization: CIFTs
Status and Purpose	Existing program (implemented in 1994) is being revised per BSAI Am. 71. The CDQ Program is allocated a percentage of the BSAI TACs (CDQ reserves). Applies to all species except squid.	Approved by Council in April 2002 (GOA Am. 66); PR being drafted. Allows eligible GOA communities to purchase halibut and sablefish QS.	Approved by Council in April 2003. Would allow communities which have at least 3% of the initial PQS allocation of any BSAI crab fishery to purchase harvest shares.	Council is developing options for analysis. Would allocate a percentage of TAC to eligible communities. Applies to species in preferred alt for Gulf Rationalization.	Council is developing options for analysis. Would allow eligible communities to purchase QS. Applies to species in preferred alt for Gulf Rationalization.	Council is developing options for analysis. Would allocate a percentage of the total QS issued to persons to a CIFT. The CIFT would redistribute to harvesters that meet contractual terms. Applies to species in preferred alt for Gulf Rationalization.
Allocation vs. right to purchase quota share	Allocation	Right to purchase	Right to purchase	Allocation	Right to purchase	Allocation
Program Elements						
1. Eligible communities. Specific eligibility criteria would be in regulation and could also be in the FMP or MSA.	Eligibility criteria in regulation and MSA. Regulations include the eligibility criteria and a list of eligible communities.	Eligibility criteria will be in regulation and FMP. Regulations will include list of specific communities that meet the eligibility criteria.	Eligibility criteria proposed (see above).	Eligibility criteria proposed.	Eligibility criteria proposed.	Individual community eligibility is not applicable.
2. Administrative entity. Communities must have a legal entity that represents them in a fishery allocation program. Most regulations apply to this entity.	"Qualified applicant" for CDQ allocations must be: a local fishermen's organization or economic development organization incorporated under State or Federal law. The BOD must be at least 75% resident fishermen and each community must have at least one representative board member. A CDQ group is a qualified applicant with an approved CDP.	Requires formation of a new non-profit entity to represent communities.	In CDQ communities, the CDQ groups are eligible to purchase shares. For non-CDQ communities, each community must identify an entity permitted to purchase shares on its behalf.	Includes proposed options for an administrative entity: Gulf-wide, regional, or on an individual community basis.	No options have been proposed.	Includes options for CIFT designation (as the administrative entity): Gulf-wide, regional, or CP-based.
3. Qualification of administrative entity. NMFS must qualify or certify an administrative entity prior to it receiving or purchasing QS.	A qualified applicant may apply for CDQ allocations by submitting a proposed CDP to the State during the CDQ application period. NMFS reviews the CDPs and approves those that it determines meet all applicable requirements. The applicant must also provide a letter of support from its member communities.	Requires submission of a detailed statement of eligibility to NMFS and the State prior to being considered eligible to purchase QS on behalf of a community. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.	No new qualification process is necessary for CDQ communities. For non-CDQ communities, regulations will require submission of information to NMFS similar to the Gulf community QS purchase program.	No options have been proposed.	No options have been proposed.	This element would likely be included in the issues deferred to a trailing amendment.
4. Administrative Oversight. Entities representing communities must submit information to NMFS.	The CDQ group must submit a community development plan, amendments to the plan, annual audited financial statements, annual budget report, and annual budget reconciliation report to NMFS and the State. The main role for NMFS is to determine whether the report is submitted, contains the required information, and is consistent with the goals of the program. The State has the primary role in daily administrative oversight.	Requires an annual report to be submitted to NMFS, detailing the use of QS and IFQ by the community QS holder and community residents. The required elements of the report will be outlined in regulation.	For CDQ communities, the existing CDQ regulations and oversight would apply. For non CDQ communities, the administrative entity would be required to submit an annual report and meet performance standards similar to the Gulf community QS purchase program.	No options have been proposed.	No options have been proposed.	This element would likely be included in the issues deferred to a trailing amendment.

Continued on next page

Program	CDQ Program	Gulf community QS purchase program	Crab Rationalization: Community purchase provision	GOA Rationalization: Community Fisheries Quota (CFQ)	GOA Rationalization: Community Purchase Program	GOA Rationalization: CIFTs
<p>5. Ownership and transfer restrictions. Regulations may govern the ownership and transfer of quota between communities and other QS holders in a program.</p>	<p>Federal regulations exist to govern the transfer of quota among CDQ groups. No quota transfer is allowed outside the CDQ Program.</p>	<p>Includes restrictions on the type and number of "blocked" shares and the category of QS communities may purchase. Some provisions are similar to those that apply to individual QS holders. New features include the requirement to lease IFQs only to residents of the owner community and restrictions on the allowable reasons for a community to sell its QS.</p>	<p>No ownership or transfer restrictions apply specific to community held harvest shares.</p>	<p>Includes options to limit the leasing of IFQs to residents of eligible communities or residents of their own vessels.</p>	<p>No options for ownership or transfer restrictions have been proposed.</p>	<p>This element would likely be included in the issues deferred to a trailing amendment.</p>
<p>6. Use of revenues. Regulations may govern permissible activities or expenditures by a community entity.</p>	<p>CDQ groups must invest primarily in fisheries-related projects, but a smaller portion of their revenues may be spent on financial instruments, education, charities, training, and administrative expenses. The CDQ allocation process has been the primary mechanism to enforce this provision. The regulations are currently being revised to allow for some level of non-fisheries related investments.</p>	<p>No restrictions on the use of revenues generated from leasing the IFQs, but there are requirements that limit the reasons why a community entity may sell QS (see above).</p>	<p>No restrictions on the use of revenues generated from leasing the IFQs or the sale of harvest shares apply. The CDQ Program rules would continue to apply to CDQ groups.</p>	<p>Includes options to limit the use of revenues to fisheries related activities, education, government functions, and/or social and capital projects.</p>	<p>No options have been proposed to limit the use of revenues or restrict the sale of QS held by communities.</p>	<p>This element would likely be included in the issues deferred to a trailing amendment.</p>
<p>7. Use caps or allocation limits. Regulations may limit the amount of QS allocated to a community program or purchased by a community entity.</p>	<p>The CDQ Program is allocated 10% of pollock, 7.5% of crab and all other groundfish species, 20% of sablefish, and 20 - 100% of the halibut TACs in the BSAI. Portions of the CDQ and PSQ reserves for each subarea are allocated to CDQ groups in accordance with approved CDPs. NMFS can allocate no more than 33% of the total CDQ for all subareas and districts combined to any one CDQ group.</p>	<p>Individual communities are limited to the same use caps as individual QS holders in the IFQ Program. In addition, all participating communities are cumulatively limited to 3% of the halibut QS and 3% of the sablefish QS in each Gulf area, in each of the first 7 years of the program (21% total by area).</p>	<p>Individual communities will be held to the same use caps as individual harvest share holders in the crab rationalization program.</p>	<p>Includes options to limit harvest QS allocated to communities to 5 - 20% of the annual pool, and to limit processor shares allocated to communities to 5 - 20% of the annual processing allocation.</p>	<p>No options have been proposed to limit the shares purchased by communities. If no options were proposed, it is assumed that individual communities would be subject to the same use cap as individual QS holders, if applicable.</p>	<p>Includes options to reserve 10 - 30% of the total harvest shares for CIFT associations.</p>

Note: Right of first refusal provisions are not included in the above comparison of community programs. The crab rationalization program allows CDQ groups or community groups representing qualified communities a first right of refusal to purchase processing shares (based on history from the community) which are being proposed to be sold for processing outside the boundaries of the community of original processing history. The Gulf rationalization program has proposed a similar option for Gulf communities, based on the provisions of the crab rationalization program.

Note: The table also identifies elements for which no options have been proposed, in order to highlight such elements for the Council in the event it would like to include options. This does not mean to imply that options for those elements must be included in that program.

Staff Recommendations for structuring EIS alternatives
Council Staff
May 2003

The rigorous standards to which the Council must prepare NEPA analyses of proposed management actions affects the Council process for developing alternatives and the accompanying environmental impact statements (EIS) or environmental assessments (EA). Under NEPA, the 22-page range of options is too broad to focus the required comparison of environmental impacts. The Council has been advised to structure discrete Gulf of Alaska groundfish rationalization EIS alternatives, which then can be adequately compared and contrasted. The inclusion of broadly defined alternatives and a wide range of options under numerous elements precludes the analysts from adequately assessing those impacts. While the Council only numbered three alternatives to the no action alternative, the current suite of alternatives includes at least 12 unique alternatives as identified in Item C-1(e), when factoring in subalternatives and multiple types of cooperatives. There are 30 options under one element (Qualifying periods). Narrowing the range of options will enhance the ability of the analysts to compare and contrast the environmental impacts of the proposed alternatives by sharply defining their differences and providing a clear basis for choice among the alternatives by the Council and the public.

Refining (i.e., narrowing) the alternatives means that the Council needs to make some early decisions on the wide range of alternatives and options included in its current 22-page suite of alternatives, elements, and options *prior to analysis of the EIS alternatives*. In a separate discussion prepared for this meeting, staff advised that 4 or 5 reasonable, contrasting alternatives to the no action alternative might reflect the diversity of programs currently considered by the Council and allow for adequate analysis in the timeframe discussed below. This principle also could be applied to the selection of options for analysis. A range of options is acceptable in an EIS alternative, *providing that they can be individually analyzed*. Therefore, staff recommends limiting the analysis to a *reasonable* number of alternatives and options to allow a comprehensible reading of the environmental impacts is *necessary* to select a final preferred alternative in *June 2004*, and therefore the timeline for preparation of the draft and final SEIS.

A draft timeline necessary to meet the timeline announced by the Council for its selection of a final preferred alternative in April 2004 is presented in Attachment 2. Counting backwards from April 2004, illustrates the limitations on analytical time allotted for some critical steps. There are some mandatory time allocations associated with required NEPA reviews and publication of an EIS document that are not flexible, leading to time taken away from analytical efforts. These potential difficulties are mostly associated with the revisions to the analysis that we anticipate from the Council as a result of its planned review of the preliminary SEIS in October 2003, the initial review draft SEIS in December 2003, final review of the SEIS in April 2004, and associated public comments. Staff prepared a more reasonable timeline for preparation of this EIS (Attachment 3). Staff recommends an additional consultation with the Council in October 2003, when staff will present data analyses of selected elements of the proposed alternatives that would allow the Council to make an informed decision to narrow the options, which staff has stressed is critical to preparing an adequate NEPA analysis. The revised timeline would be Council review of the preliminary SEIS in December 2003, the initial review draft SEIS in February 2003, final review of the SEIS in June 2004. Council action could not be scheduled for April 2004 as that meeting falls within the public comment period on the Draft EIS. It is important to emphasize that even this revised timeline is dependent on the Council narrowing the range of alternatives and options early.

The Council should be aware that the identification of EIS alternatives, whether noted as preferred or not,

limits the Council in its selection of a final preferred alternative to those identified. For instance, the Council has already narrowed its list of alternatives for analysis by identifying that amendments to the License Limitation Program will not adequately address the problem statement. Therefore, that alternative is now a rejected alternative and will only be briefly addressed in the EIS.

Finally, a number of occurrences could delay selection of a final preferred alternative in June 2004. The recommended timeline assumes that: (1) the Council sufficiently narrows the alternatives and options to allow for the preparation of an adequate EIS; (2) the Council does not add alternatives and options to the analysis; (3) the SSC recommends the analyses be released for public review without significant additional analysis that might delay that release; (4) the Board has taken the action necessary for the Council to select a preferred alternative on schedule; and (5) resolution on the four trailing amendments is not needed prior to selection of a preferred alternative. Any additional analysis of new alternatives or options, trailing amendments, Board actions, or to meet SSC requirements would necessitate extension of the staff proposed timeline.

Attachment 1. CEQ Regulations

(PART 1502-- Environmental Impact Statement) advise the following regarding EIS alternatives:

Sec. 1502.14 Alternatives including the proposed action.

This section is the heart of the environmental impact statement. Based on the information and analysis presented in the sections on the Affected Environment (Sec. 1502.15) and the Environmental Consequences (Sec. 1502.16), it should present the environmental impacts of the proposal and the alternatives in comparative form, thus sharply defining the issues and providing a clear basis for choice among options by the decisionmaker and the public. In this section agencies shall:

- (a) Rigorously explore and objectively evaluate *all reasonable alternatives, and for alternatives which were eliminated from detailed study, briefly discuss the reasons for their having been eliminated.*
- (b) Devote substantial treatment to each alternative considered in detail including the proposed action so that reviewers may evaluate their comparative merits.
- (c) Include reasonable alternatives not within the jurisdiction of the lead agency.
- (d) Include the alternative of no action.
- (e) Identify the agency's preferred alternative or alternatives, if one or more exists, in the draft statement and identify such alternative in the final statement unless another law prohibits the expression of such a preference.
- (f) Include appropriate mitigation measures not already included in the proposed action or alternatives.

Sec. 1505.1 Agency decisionmaking procedures.

Agencies shall adopt procedures (Sec. 1507.3) to ensure that decisions are made in accordance with the policies and purposes of the (National Environmental Policy) Act. Such procedures shall include but not be limited to . . . :

- (e) Requiring that the alternatives considered by the decisionmaker are encompassed by the range of alternatives discussed in the relevant environmental documents and that the decisionmaker consider the alternatives described in the environmental impact statement. If another decision document accompanies the relevant environmental documents to the decisionmaker, agencies are encouraged to make available to the public before the decision is made any part of that document that relates to the comparison of alternatives.

The phrase "range of alternatives" refers to the alternatives discussed in environmental documents. It includes *all reasonable alternatives*, which must be rigorously explored and objectively evaluated, as well as those *other alternatives, which are eliminated from detailed study* with a brief discussion of the reasons for eliminating them. Under Section 1502.14, a decisionmaker must not consider alternatives beyond the range of alternatives discussed in the relevant environmental documents. Moreover, a decisionmaker must, in fact, consider all the alternatives discussed in an EIS. Section 1505.1(e).

For some proposals, there may exist a very large or even an infinite number of possible reasonable alternatives. For example, a proposal to designate wilderness areas within a National Forest could be said to involve an infinite number of alternatives from 0 to 100 percent of the forest. When there are potentially a very large number of alternatives, only a *reasonable number* of examples, covering the full spectrum of alternatives, must be analyzed and compared in the EIS. An appropriate series of alternatives might include dedicating 0, 10, 30, 50, 70, 90, or 100 percent of the Forest to wilderness. *What constitutes a reasonable range of alternatives depends on the nature of the proposal and the facts in each case.*

Attachment 2. Date	PROPOSED COUNCIL TIMELINE for SEIS PREPARATION Action	EIS Require- ment	Time between dates	Potential for Slippage
June 11, 2003	Council modifies suite of alternatives, elements, and options; selects EIS alternatives for analysis			
July 1, 2003	Request for proposals for economic/social/cumulative impact analyses			
August 1, 2003	Contract for economic/social/cumulative impact analyses is awarded		4 weeks	
September 12, 2003	Contractor submits preliminary analysis to Council Executive Director		6 weeks	
September 19, 2003	Government contractor prints document		1 week	
October 8, 2003	Council reviews preliminary analysis; may modify alternatives, elements and options*			may require additional analysis
November 14, 2003	Contractor submits analysis to Council Executive Director		4 weeks	
November 21, 2003	Government contractor prints document		1 week	
December 10-12, 2003	Council reviews Draft SEIS/RIR/IRFA and approves for public review; may modify alternatives, elements and options*			may require additional analysis
January 6, 2004	Contractor completes public review Draft SEIS/RIR/IRFA		3 weeks	may require additional time
January 7-11, 2004	Government contractor prints analysis		1 week	
January 12-16, 2004	NMFS HQ reviews and files Draft SEIS/RIR/IRFA with EPA	√	4 days	may require additional time
January 23, 2004	Notice of Availability of Draft SEIS/RIR/IRFA is published in the <i>Federal Register</i> and 45-day public comment period begins*	√	2 weeks	may prefer >45 day period
February 4, 2004	no scheduled action during public comment period; <u>does not</u> modify alternatives, elements, and options			
March 8, 2004	public comment period ends	√	45 days	
March 24, 2004	NMFS staff releases summary of public comments*		2 ½ weeks	may require more than 2+ weeks to prepare summary may require additional analysis
April 2, 2004	Council reviews public comment summary and finalizes preferred alternative*; may schedule timeline for trailing amendments			
Unknown	Congress authorizes Council action, if necessary			
Unknown	NMFS releases Final SEIS/RIR/IRFA* and 30-day public comment period begins			may require additional time
Unknown	NMFS publishes Record of Decision	√		

bold indicates Council actions

*indicates where the timeline may slip

Attachment 3. Date	STAFF RECOMMENDATIONS FOR SEIS PREPARATION Action	Time for document prep between drafts
June 11, 2003 July 1, 2003 August 1, 2003 September 19, 2003	Council modifies suite of alternatives, elements, and options; selects EIS alternatives for analysis Request for proposals for economic/social/cumulative impact analyses Contract for economic/social/cumulative impact analyses is awarded Council distributes discussion paper (preliminary analysis) on: (1) options and (2) salmon bycatch	7 weeks
October 8-10, 2003 November 21, 2003 December 10-12, 2003	Council reviews discussion papers and modifies alternatives, elements and options Council distributes preliminary Draft SEIS/RIR/IRFA Council reviews preliminary Draft SEIS/RIR/IRFA; will likely modify alternatives, elements and options	9 weeks
January 9, 2004 January 16, 2004 February 4-6, 2004	Contractor submits initial review Draft SEIS/RIR/IRFA to Council Executive Director Government contractor prints document Council initial review of Draft SEIS/RIR/IRFA and release for public review; will likely modify alternatives, elements and options	4 weeks 1 week
March 9, 2004 March 10-14, 2004 March 15-19, 2004 March 26, 2004	Contractor completes public review Draft SEIS/RIR/IRFA Government contractor prints analysis NMFS HQ reviews and files Draft SEIS/RIR/IRFA with EPA Notice of Availability of Draft SEIS/RIR/IRFA is published in the <i>Federal Register</i> and 45-day public comment period begins	4 weeks 1 week 1 week
April 2, 2004 May 10, 2004 May 26, 2004	no scheduled action during public comment period; <u>does not</u> modify alternatives, elements, and options public comment period ends NMFS staff releases summary of public comments	45 days 2 weeks
June 9-11, 2004	Council reviews public comment summary and finalizes preferred alternative; will likely schedule timeline for trailing amendments	
Unknown Unknown Unknown	Congress authorizes Council action, if necessary NMFS releases Final SEIS/RIR/IRFA and 30-day public comment period begins NMFS publishes Record of Decision	

bold indicates Council actions

Summary of staff recommendations on Gulf Rationalization Element 9 (Communities) in discussion paper (p. 13 - 14):

*Council
from Nicole Kimball C-1c*

General

1. Clarify whether the proposed community options (regionalization, CFQ, community purchase program, CIFTs) are exclusive or whether they may be selected in conjunction with one another.
2. Reaffirm that BSAI communities (CDQ or otherwise) are not included in any Gulf rationalization community protection options. Clarify that communities adjacent to the Eastern GOA regulatory area Southeast Outside District are also not included.
3. Accept or reject staff's rewording/reorganization throughout Options 1- 4.
4. Provide a statement on the overall goal or purpose of each of the proposed community program options in order to guide development of necessary and appropriate program elements.

Regionalization options

5. Provide regional boundaries for the Western Gulf, if desired.

Community Fisheries Quota (CFQ) options

6. Confirm that Options 1 - 3 under Issue 1 are not mutually exclusive; meaning, the Council could select all three options and allow the eligible community to choose how it wants to organize within the bounds of the preferred option(s).
7. Provide options for requirements to determine qualified administrative entities representing communities (p.5) or rationale as to why they are unnecessary.
8. Determine whether to eliminate Issue 2, Option 3 (economic criteria for fisheries dependent communities) under the CFQ program.
9. Provide rationale for including Issue 3, Option 2 (limiting species to those that can be caught without bottom trawling).
10. Clarify whether Issue 5. Options 1 and 2, restrict an administrative entity to: 1) leasing IFQ only to residents of the community or communities it represents or 2) leasing IFQ only to residents of any eligible community.
11. Provide more detailed definitions under Issue 6, Options 1-3, of the following: 'education', 'government functions', 'social and capital projects.'
12. Determine whether restrictions on the use of revenues is necessary to meet the policy objectives of the CFQ program. If so, provide options for government oversight (i.e., information requirements) and supporting rationale.
13. Review the comparison of existing and proposed community programs in Attachment 4 to determine whether additional elements need to be included in the proposed CFQ program.

Community Purchase Program options

14. The current options only define community eligibility. Determine whether to approve additional elements to define the structure of this program (see Attachment 4).

GULF RATIONALIZATION

ADDENDUM TO C(1)e DOCUMENT D

In the proposed revision to the motion, two provisions from the April 2003 motion were inadvertently omitted. Those provisions pertain to cooperative membership, under a closed class of processors with cooperative association alternative. The options could be included in section 4.2.1.2 of the Staff Proposed Revision to the motion, as follows:

- 4.2.1.2 CV cooperatives must be associated with
- a) a processing facility
 - b) a processing company
- (2.2.13, Option 1 Paragraph 3)*

The associated processor must be:

- a) a licensed processor *(2.2.13, Option 1 Paragraph 4)*
- b) a qualified processor (if closed processor class is selected)
- c) any processing share holder (if processor shares are selected)

Option: A harvester is eligible to join a cooperative associated with the qualified fixed or trawl closed class processor to which the harvester delivered the most pounds of groundfish during

- a. the last [1, 2, or 3] years of the harvester allocation base period.
- b. the year prior to implementation.

If the processor with whom the harvester is eligible to form a co-op is no longer operating, the harvester is eligible to join a co-op with any qualified processor.

- i. Most pounds by species groupings (rockfish, flatfish, pollock, cod)
- ii. Most pounds by aggregate

- Subsuboption i) Processors can associate with more than one co-op
- Subsuboption ii) Processors are limited to 1 co-op per plant for each sector.

(2.2.13, Option 1 Paragraph 3)

Highlighted provisions are those that were omitted.

Gulf of Alaska Rationalization Overview of the Alternatives and Options Discussion

The attached documents address several issues that relate to development and analysis of alternatives in the the Council motion from April 2003. First, the documents propose a reorganization of the Council motion from April 2003. The current organization of the elements and options in the motion does not lend itself to understanding the different alternatives that are created from the options. In addition, several provisions of that motion overlap with one another. To avoid overlap, each provision is included in a single location in the proposed revision. In some sections of the April 2003 motion, provisions from other sections are incorporated by reference. The interpretation of those references and their interplay with other provisions is often unclear and subject to several interpretations. The discussion in the attached documents attempts to include any reasonable interpretation for comprehensiveness.

The complexity of the different program alternatives make the development of a single document supporting those alternatives very difficult. To assist the reader in understanding the scope of alternatives being considered "alternative descriptions" are provided (Document A). These provide a brief description of each alternative supported by the motion and identify the elements of the alternative and the options that might be selected for inclusion in the alternative. The current motion contains 12 primary alternatives, each with several permutations. Several of the alternatives in the motion are very similar to one another, providing little analytical contrast and greatly complicating the analysis. Staff is hopeful that the Council will use this meeting to narrow the number of alternatives substantially. A reasonable range of contrasting alternatives for analysis could be four or five selected from the April 2003 motion. Within those alternatives, options may be retained for some aspects, but those options should not pertain to the general structure of the program. If the Council chooses to delay narrowing the selection of alternatives for analysis, the completion of the analysis will be delayed.

To maintain the proposed timeline, staff intends to provide the Council with preliminary analysis of several different elements and options at its October 2003 meeting. This could support and facilitate the Council's further narrowing of the elements and options to provide staff with a workable, reasonable range of alternatives for analysis in the EIS. If the Council is unable to narrow the number of options substantially at the October meeting, it is very likely that the completion of the EIS will be delayed substantially from the proposed timeline.

To aid the Council in narrowing the alternatives and reformulating the motion at this meeting, the following documents are provided:

- 1) A renumbered version of the April 2003 motion (Document B). The only change from the Council motion is the inclusion of a decimal numbering system, which is intended to add precision to referencing. The original number of the Council's motion is retained, with the new decimal numbering added in parentheses.
- 2) A discussion of some of the issues that arise under the different elements (Document C). In this

document, references are made to the decimal number system in the April 2003 motion. If the provision is moved to a different section in the proposed revision to the motion the new location is referenced in italics.

- 3) The proposed revision of the Council's motion (Document D). This document maintains all provisions of the Council's original motion with some reorganization. Since the document is reorganized, each provision is referenced to the original motion. The document is organized as follows:

Section 1 - Status Quo

Section 2 - Harvest Sector Provisions

This section is Section 2 of the April motion and is referred to as "Harvest Share Program" in that motion. The order of this section is very similar to that of Section 2 of the April 2003 motion. Adoption of provisions of this section alone would form a harvester-only IFQ program. Since these provisions form the foundation of harvest sector management under all of the alternatives, the title is changed.

Section 3 - Processing Sector Provisions

This section derived from the elements and options of Section 3.1 ("Closed Processor Class") and Section 4 ("Processor Share Program") in the April 2003 motion. The section is divided into two parts, one for each of the different processor provisions. The adoption of provisions from Section 2 and Section 3.1 alone would establish a harvest share program with a closed class of processors. The adoption of provisions from Section 2 and Section 3.2 alone would create a two-pie IFQ program (with harvest and processing shares).

Section 4 - Cooperative Provisions

This section brings together the different cooperative provisions proposed in the April 2003 motion. Provisions are consolidated from Sections 2.2, 3.2, and 4.2. The provisions are separated into several different subsections to assist the reader in determining the type of cooperative program created by the selection of provisions in a section. In addition, the alternative descriptions provide a guide to selecting provisions to make a workable cooperative program.

Document A
Gulf of Alaska Rationalization
Alternative Descriptions

This paper describes several alternatives (or types of programs) that could be formulated from the elements and options in the April 2003 motion. For each alternative, a brief description of the alternative is provided, followed by a list of the elements and options from the proposed revision to the motion that could be retained in the motion to define the alternative for analysis. The listing of elements and options is not an attempt to narrow the options, but identifies elements and options that could be retained to identify the alternative for further analysis. The April 2003 motion contains at least 12 primary alternatives, each with several permutations. Most of the alternatives are cooperative alternatives, which arise from selecting various combinations of the cooperative elements and options. Several alternatives are very similar to one another, providing little analytical contrast.

Staff is hopeful that the Council will use this meeting to narrow the number of alternatives substantially. A reasonable range of contrasting alternatives for analysis could be four or five selected from the April 2003 motion. Within those alternatives, options may be retained for some aspects, but those options should not pertain to the general structure of the program.¹ If the Council chooses to delay narrowing the selection of alternatives for analysis, the completion of the analysis will be delayed. Staff can work on several different aspects of the analysis, but the comparison of alternatives will be extended several months.

1. Harvester Only IFO

Harvest shares would be allocated to harvesters. The processing sector would not be subject to any limits on entry or participation (i.e., no direct processor protection, such as a closed class of processors).

Provisions that could be used to establish this alternative:

Section 2 only for harvest provisions

2. Harvester IFO with a Closed Class of Processors

Harvest shares would be allocated to harvesters. A specific percentage of each harvester's allocation would be required to be delivered to qualified processors. Processor qualification would be based on historic processing activity.

Provisions that could be used to establish this alternative:

Section 2 for harvest provisions

¹ For example, a few options can remain for choosing different eligibility requirements for purchasing harvest shares or histories.

Section 3.1 for processing provisions

Note: The analysis of company based licenses differs substantially from the analysis of facility based licenses. Qualification and regionalization issues will need to be addressed.

3. Two-Pie IFO (Harvest Shares and Processing Shares)

Harvest shares would be allocated to harvesters for the entire TAC. Processing shares would be allocated to processors for a specified portion of the TAC. Harvest shares would be issued in two classes. Class A shares would require delivery to a processor holding processing shares. Class B shares could be delivered to any processor. Class A shares would be issued for the same portion of the TAC as processor shares to establish a one-to-one correspondence between Class A shares and processing shares.

Provisions that could be used to establish this alternative:

Section 2 for harvest provisions

Section 3.2 for processing provisions

Section 3.2.1 - binding arbitration provision is very incomplete

4. Harvester-Only IFO with Voluntary Cooperatives - No Direct Processor Protection

Harvest shares would be allocated to harvesters for the entire TAC. Harvesters would be permitted to form cooperatives, but would not be required to form cooperatives to receive a share allocation. Any limitation on the ability of harvesters to co-op with different gear groups or vessel types and sizes could be adopted (from 4.2.1). No delivery requirement or direct processor protection would be provided.

Provisions that could be used to establish this alternative:

Section 2 for harvest provisions

Section 4.1, Option 1

Section 4.2.1, 4.2.1.1, 4.2.1.2, 4.2.1.3

Section 4.2.2 i

Section 4.2.3

Section 4.3.1, Option 1

Sections 4.3.2.1 to 4.3.2.4, 4.4.3

Section 4.5.1

5. Harvester Shares with Mandatory Cooperatives - No Direct Processor Protection - No Open Access Fishery

Harvest shares would be allocated to cooperatives for the entire TAC. Harvesters would be required to join cooperatives to receive a share allocation (which would be made to the cooperative). Any limitation on the ability of harvesters to co-op with different gear groups or vessel types and sizes could be adopted (from 4.2.1). No delivery requirement or direct processor protection would be provided. No open access fishery would be provided for harvesters that choose not to join a cooperative.

Provisions that could be used to establish this alternative:

Section 2 for harvest provisions
Section 4.1, Option 2
Sections 4.2.1, 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.2 i or ii, 4.2.3
Section 4.3.1, Option 1
Sections 4.3.2.1, 4.3.2.2, 4.3.2.3, 4.3.2.4, 4.4
Section 4.6, Option 2

6. Harvester Shares with Mandatory Cooperatives - No Direct Processor Protection - Open Access Fishery for Non-Members of Cooperatives

Harvest shares would be allocated to cooperatives for the entire TAC. Harvesters would be required to join cooperatives to receive a share allocation (which would be made to the cooperative). No delivery requirement or direct processor protection would be provided. An open access fishery would be provided for harvesters that choose not to join a cooperative. Any limitation on the ability of harvesters to co-op with different gear groups or vessel types and sizes could be adopted (from 4.2.1). Those limitations can be used to defined the different open access fisheries (in 4.6, Option 1).

Provisions that could be used to establish this alternative:

Section 2 for harvest provisions
Section 4.1, Option 2
Section 4.1, Option 2
Sections 4.2.1, 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.2 i or ii, 4.2.3
Section 4.3.1, Option 1
Sections 4.3.2.1, 4.3.2.2, 4.3.2.3, 4.3.2.4, 4.4
Section 4.6, Option 1

7. Harvester Shares with Mandatory Cooperatives - Processor Protections

Harvest shares would be allocated to cooperatives for the entire TAC. Harvesters would be required to join cooperatives to receive a share allocation (which would be made to the cooperative). Processor protection would be provided by requiring harvesters to enter price agreements with a processor prior to receiving an allocation.² Any limitation on the ability of harvesters to co-op with different gear groups or vessel types and sizes could be adopted (from 4.2.1). This option could provide for an open access fishery, if desired (see 4.6).

Provisions that could be used to establish this alternative:

Section 2 for harvest provisions
Section 4.1, Option 2

² Staff is concerned that as written the current provision could not be meaningfully analyzed. Additional comments are provided in the discussion of options.

Sections 4.2.1, 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.2 i or ii, 4.2.3
Section 4.2.4
Section 4.3.1, Option 1
Sections 4.3.2.1, 4.3.2.2, 4.3.2.3, 4.3.2.4, 4.4
Section 4.6, Option 1 or 2

8. True Sector Cooperatives

Under this alternative, allocations will be made to sectors, which could be defined by gear, vessel type (CV or C/P), vessel length, and/or area. If the holders of a minimum percentage of the qualified history of the sector enters a cooperative, the allocation would be made to the cooperative. Non-members receive no allocation and are not permitted to fish in an open access fisheries. Processor associations and delivery requirements could be imposed on CV cooperatives.

Provisions that could be used to establish this alternative:

Section 2 (including 2.3.1, Option 1)
Section 4.2, Option 2
Section 4.2.1 - define sectors
Section 4.2.1.1, 4.2.1.2, 4.2.1.3
Section 4.2.2 ii (define portion of sector need to form cooperative)
Section 4.2.3
Section 4.3.1, Option 2
Sections 4.3.2.1, 4.3.2.2, 4.3.2.3, 4.3.2.4
Section 4.6.1, Option 2

9. Sector Allocations with Cooperatives

Under this alternative, all fisheries would be divided into sectors, which could be defined by gear, vessel type (CV or C/P), vessel length, and/or area. Harvest share holders would be permitted to form cooperatives subject to minimum membership requirements (i.e., minimum number of shareholders or percent of total shares held by members). Cooperatives are mandatory (i.e., harvesters that are not in cooperatives will not receive share allocations). Allocations would be made to cooperatives based on members' histories. Any non-members could fish in an open access fishery, which is comprised of all history of sector members that chose not to join cooperatives. Processor associations and delivery requirements could be imposed on CV cooperatives.

Provisions that could be used to establish this alternative:

Section 2
Section 4.1, Option 2
Section 4.2.1 (defines sector)
Sections 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.2 i or ii, 4.2.3
Section 4.2.4
Section 4.3.1, Option 1
Sections 4.3.2.1, 4.3.2.2, 4.3.2.3, 4.3.2.4, 4.4, 4.5.1, 4.5.2

Section 4.6, Option 1 (would create open access fishery)

10. Harvester Shares with a Closed Class of Processors (Cooperatives are Mandatory)

Harvest shares would be allocated to cooperatives based on members' histories. A specific percentage of each harvester's allocation would be required to be delivered to a qualified processor associated with the cooperative. Processor qualification would be based on historic processing activity. Harvesters may suffer a one-year share reduction for moving between cooperatives.

Provisions that could be used to establish this alternative:

Section 2 for harvester provisions
Section 3.1 for processing provisions
Section 4.1, Option 2
Section 4.2.1 (defines sector)
Sections 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.2 i or ii, 4.2.3
Section 4.2.4
Section 4.3.1, Option 1
Sections 4.3.2.1, 4.3.2.2, 4.3.2.3, 4.3.2.4
Section 4.3.2.6
Section 4.4
Section 4.5.1, 4.5.2, 4.5.3

Note: a) The options do not include a one-year open access requirement for movement between cooperatives.
b) The analysis of company-based licenses differs substantially from the analysis of facility-based licenses. Qualification and regionalization issues will need to be addressed.

11. Two-Pie IFQ with Voluntary Cooperatives

Harvest shares would be allocated to harvesters for the entire TAC. Processing shares would be allocated to processors for a specified portion of the CV TAC. CV harvest shares would be issued in two classes. Class A shares would require delivery to a processor holding processing shares. Class B shares could be delivered to any processor. Class A shares would be issued for the same portion of the TAC as processor shares to establish a one-to-one correspondence between Class A shares and processing shares.

Cooperatives could be formed among harvesters. Processor association could be required of CV cooperatives. Delivery requirements for the cooperative should not be applied because of the need for CV harvest share holders to deliver to processing share holders (further processor protection should not be necessary). Cooperatives would be voluntary. An open access fishery would disrupt the one-to-one relationship between harvest shares and processing shares.

Provisions that could be used to establish this alternative:

Section 2 for harvest provisions

Section 3.2 for processing provisions
Section 4.1, Option 1
Sections 4.2.1, 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.2 i or ii, 4.2.3
Section 4.3.1, Option 1
Sections 4.3.2.1, 4.3.2.2, 4.3.2.3, 4.3.2.4, 4.4
Section 4.2.4

12. Two-Pie Share Program with Mandatory Cooperatives and Open Access Fishery

Harvest shares would be allocated to cooperatives based on members' histories. Processing shares would be allocated to processors for a specified portion of the CV TAC. CV harvest shares would be issued in two classes. Class A shares would require delivery to a processor holding processing shares. Class B shares could be delivered to any processor. Each cooperative's allocation would be comprised of a percentage of Class A shares equal to the percentage of the TAC for which processor shares are issued.

Processor association could be required of CV cooperatives. Delivery requirements for the cooperative should not be applied because of the need for CV harvest share holders to deliver to processing share holders (further processor protection should not be necessary).

Harvesters that do not join cooperatives could participate in an open access fishery, which would be comprised of the history of harvesters that chose not to join cooperatives. An open access fishery would disrupt the one-to-one relationship between CV harvest shares and processing shares.

Provisions that could be used to establish this alternative:

Section 2 for harvest provisions
Section 3.2 for processing provisions
Section 4.1, Option 2
Sections 4.2.1, 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.2 i or ii, 4.2.3
Section 4.3.1, Option 1
Sections 4.3.2.1, 4.3.2.2, 4.3.2.3, 4.3.2.4, 4.4
Section 4.2.4
Section 4.6, Option 1

DOCUMENT B

**NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
GULF OF ALASKA GROUND FISH RATIONALIZATION
ALTERNATIVES, ELEMENTS AND OPTIONS
APRIL 7, 2003 (RENUMBERED FOR JUNE 2003 MEETING)**

(1) ALTERNATIVE 1. STATUS QUO (NO ACTION ALTERNATIVE)

(2) ALTERNATIVE 2. HARVEST SHARE PROGRAM,

(2.1) SUBALTERNATIVE 1. HARVESTER ONLY SHARE PROGRAM

Management Areas:

Areas are Western Gulf, Central Gulf, and West Yakutat—separate areas

SEO: exempt except for Shortraker, Rougheye, and thornyhead as bycatch species

Gear: Applies to all gear except jig gear

(2.1.1) Element 1. Qualifying periods (same for all gears in all areas)

(Option: AFA vessels assessed as a group)

Option 1. 95-01 (drop 1, or 2)

Option 2. 98-01 (drop 1)

Option 3. 95-02 (drop 1, 2, or 3)

Option 4. 95-97 (for AFA vessels)

Option 5. 98-02 (drop 1 or 2)

Option 6. 00-02 (drop 1)

The following applies to all options:

Suboption. Exclude 2000 for pot gear Pacific cod

NOTE: the above suboption, if selected, would count as 1 year dropped (if selected)

NOTE: The Council noticed the public of its intent to further reduce the above options at the June Council meeting.

(2.1.2) Element 2. Qualifying landing criteria

(2.1.2.1) Issue 1. Landings based on retained catch for all species (includes WPR for C/P sector)

NOTE: Total pounds landed will be used as the denominator.

Option 1. catch history for p. cod fisheries determined based on a percentage of retained catch per year (does not include meal)

Option 2. catch history determined based on the poundage of retained catch year (does not include meal)

(2.1.2.2) Issue 2. Eligibility to receive catch history is any person that holds a valid, permanent, fully transferable LLP license.

Option 1: Any person who held a valid interim LLP license as of January 1, 2003.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e. moratorium qualification or LLP license) of an LLP qualifying (i.e. GQP, EQP, RPP and Amendment 58 combination) vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. Only one catch history per LLP license.

Option 2: Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Option 3: Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

(2.1.3) Element 3. Target Species Rationalization Plan.

Target Species by Gear

(2.1.3.1) Issue 1 Initial Allocation of catch history

Option 1: Allocate catch history by sector and gear type

Option 2: Allocate catch history on an individual basis

a. Trawl CV and CP:

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, Pelagic shelf rockfish

b. Longline CV and CP:

Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder

c. Pot CV and CP:

Pacific Cod

(2.1.3.2) Issue 2. Harvest share (or QS/IFQ) Designations

(2.1.3.2.1) Option 1. Vessel categories

Suboption 1. No Categories

Suboption 2. Vessel Categories as follows

Vessels < 60'

Vessels >= 60' and < 125'

Vessels >= 125'

(2.1.3.2.2) Option 2. Harvest share sector designations:

- Suboption 1. No designation of harvest shares (or QS/IFQ) as CV or CP
 - Suboption 2. Designate harvest shares (or QS/IFQ) as CV or CP. Annual CV harvest share allocation (or IFQ) convey a privilege to harvest a specified amount. Annual CP harvest share allocation (or IFQ) conveys the privilege to harvest and process a specified amount. Designation will be based on:
 - a. Actual amount of catch harvested and processed onboard a vessel by species.
 - b. All catch in a given year if any was legally processed onboard the vessel by species.
- (2.1.3.2.3) Option 3. Harvest share gear designations
- Suboption 1. No gear designation
 - Suboption 2. Designate harvest shares as Longline, Pot, or Trawl
 - Suboption 3. Longline and pot gear harvest shares (or IFQ) may not be harvested using trawl gear.
 - Suboption 4. Pot gear harvest shares (or IFQ) may not be harvested using longline gear
- (2.1.3.3) Issue 3. Transferability and Restrictions on Ownership of Harvest shares (or QS/IFQ)
- (2.1.3.3.1) Option 1. Persons eligible to receive harvest shares by transfer must be (not mutually exclusive):
- Suboption 1. US citizens who have had at least 150 days of sea time
 - Suboption 2. Entities that have a U. S. citizen with 20% or more ownership and at least 150 days of sea time
 - Suboption 3. Entities that have a US citizenship with 20% or more ownership
 - Suboption 4. Initial recipients of CV or C/P harvest share
 - Suboption 5. US Citizens eligible to document a vessel.
 - Suboption 6. Communities would be eligible to receive harvest shares by transfer (see Element 9 (2.1.9))
- (2.1.3.3.2) Option 2. Restrictions on transferability of CP harvest shares
- Suboption 1. CP harvest shares maintain their designation upon transfer
 - Suboption 2. CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea, if CP harvest shares are processed onshore after transfer, CP harvest shares converts to CV harvest shares
- (2.1.3.3.3) Option 3. Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares:
- a. all CP shares
 - b. trawl CP shares
 - c. longline CP shares
- (2.1.3.3.4) Option 4. Vertical integration (See also placeholder under Option 6)
- Harvest shares initial recipients with more than 10% limited threshold ownership by any holder of processing shares or licenses are:
- Suboption 1. capped at initial allocation of harvest CV and CP shares
 - Suboption 2. capped at 115-150% of initial allocation of harvest CV shares
 - Suboption 3. capped at 115-150% of initial allocation of harvest of CP shares

(2.1.3.3.5) Option 5. Definition of sea time

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

(2.1.3.3.6) Option 6. Leasing of QS ("leasing of QS" is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as "hired skipper" requirement in halibut/sablefish program).

- Suboption 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Suboption 2. No leasing of CP QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Suboption 3. Allow leasing of CV QS, but only to individuals eligible to receive QS/IFQ by transfer.
- Suboption 4. Allow leasing of CP QS, but only to individuals eligible to receive QS/IFQ by transfer.
- Suboption 5. Sunset [CP – CV] QS leasing provisions [3 – 5 – 10] years after program implementation.

(2.1.3.3.7) Option 7. Separate and distinct harvest share use ("ownership") caps

NOTE: The Council gave notice that it will revisit the language in this option to address the CV and CP sectors in June 2003.

Vessel Use caps on harvest shares harvested on any given vessel shall be set at two times the use cap for each species. Initial issues that exceed the use cap are grandfathered at their current level as of a control date of April 3, 2003; including transfers by contract entered into as of that date. Caps apply to all harvesting categories by species with the following provisions:

Apply individually and collectively to all harvest share holders in each sector and fishery.

Percentage-caps by species are as follows (a different percentage cap may be chosen for each fishery):

i. Trawl CV and/or CP (can be different caps):

Use cap based at the following percentile of catch history for the following species: (i.e., 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

- Suboption 1. 75 %
- Suboption 2. 85%
- Suboption 3. 95 %

ii. Longline and Pot CV and/or CP (can be different caps)

based on the following percentiles of catch history for the following species:

Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish

- Suboption 1. 75 %

Suboption 2. 85%

Suboption 3. 95 %

iii. Conversion of CP shares:

1. CP shares converted to CV shares
Option 1: will count toward CV caps
Option 2: will not count toward CV caps at the time of conversion.
2. Caps will be applied to prohibit acquisition of shares in excess of the cap. Conversion of CP shares to CV shares alone will not require a CP shareholder to divest CP shares for exceeding the CP share cap.

(2.1.3.3.8) Option 8. Owner On Board Provisions

Provisions may vary depending on the sector or fishery under consideration (this provision may be applied differently pending data analysis)

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares. This exemption applies only to those initially issued harvest share units.

- Suboption 1. No owner on board restrictions.
- Suboption 2. A portion (range of 5-100%) of the quota shares initially issued to fishers/ harvesters would be designated as "owner on board."
NOTE: The Council may revise the upper end of the range.
- Suboption 3. All initial issues (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares for a period of 5 years after implementation.
- Suboption 4. Shares transferred to initial issues in the first 5 years of the program would be considered the same as shares initially issued (range of 5 – 100% of the quota shares). See above NOTE
- Suboption 5. "owner on board" shares transferred by initial issues, after the grace period, would require the recipient to be aboard the vessel to harvest the IFQ.
- Suboption 6. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of (Range 1-3 years).

(2.1.3.3.9) Option 9. Overage Provisions

- a. Trawl CV and CP:
 - Suboption 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year's annual allocation or IFQ. Underages up to 10% of last trip harvest shares (or IFQ) will be allowed with an increase in the subsequent year's annual allocation (or IFQ).
 - Suboption 2. Overage provisions would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be charged if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).
- b. Longline and pot CV and CP :
Overages up to 10% of the last trip will be allowed with rollover provisions for underages— greater than a 10% overage results in forfeiture and civil penalties.

An overage of less than 10% results in the reduction of the subsequent year's annual allocation or IFQ. This provision is similar to that currently in place for the Halibut and Sablefish IFQ Program (CFR 679.40(d)).

Suboption. Overages would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

(2.1.3.3.10) Option 10. Retention requirements for rockfish, sablefish and Atka mackerel:

Suboption 1. no retention requirements

Suboption 2. require retention (all species) until the annual allocation (or IFQ) for that species is taken with discards allowed for overages

Suboption 3. require 100% retention (all species) until the annual allocation (or IFQ) for that species is taken and then stop fishing.

(2.1.3.3.11) Option 11. Limited processing for CVs

Suboption 1. No limited processing

Suboption 2. Limited processing of rockfish species by owners of CV harvest shares is allowed consistent with limits set in the LLP program which allows up to 1 mt of round weight equivalent of groundfish to be processed per day on a vessel less than or equal to 60ft LOA.

(2.1.3.3.12) Option 12. Processing Restrictions

Suboption 1. CPs may buy CV fish

a. 3 year sunset

Suboption 2. CPs would be prohibited from buying CV fish

a. 3 year sunset

Suboption 3. CPs are not permitted to buy fully utilized species (cod, pollock, rockfish, sablefish, and allocated portion of flatfish) from CVs.

a. Exempt bycatch amounts of these species delivered with flatfish

(2.1.4) Element 4. Allocation of Bycatch Species

Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish
Includes SEO Shortraker, Rougheye, and Thornyhead rockfish.

Option 1. Allocation of shares

a. Allocate shares to all fishermen (including sablefish & halibut QS fishermen) based on fleet bycatch rates by gear:

Suboption 1. based on average catch history by area and target fishery

Suboption 2. based on 75th percentile by area by target fishery

b. Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.

Suboption. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.

Option 2. Include these species for one gear type only (e.g., trawl). Deduct the bycatch from gear types from TAC. If deduction is not adequate to cover bycatch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

- Option 3. Retain these species on bycatch status for all gear types with current MRAs.
- Option 4. Allow trawl sablefish catch history to be issued as a new category of sablefish harvest shares ("T" shares) by area. "T" shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.
Suboption. These shares may be used with either fixed gear or trawl gear.

(2.1.5) Element 5. PSC Species

(2.1.5.1) Issue 1. Accounting of Halibut Bycatch

Pot vessels continue their exemption from halibut PSC caps.

Hook and line and trawl entities

- Option 1. Same as that under IFQ sablefish and halibut programs
- Option 2. Cooperatives would be responsible for ensuring the collective halibut bycatch cap was not exceeded
- Option 3. Individual share or catch history owners would be responsible to ensure that their halibut bycatch allotment was not exceeded

(2.1.5.2) Issue 2. Halibut PSC Allocation

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the directed fishery harvest shares. Bycatch only species would receive no halibut allocation.

Initial allocation based on average halibut bycatch by directed target species during the qualifying years. Allocations will be adjusted pro rata to equal the existing PSC cap.

- Option 1. By sector average bycatch rates by area by gear
 - a) Both sectors
 - b) Catcher processor/Catcher Vessel

(2.1.5.3) Issue 3. Annual transfer/Leasing of Trawl or Fixed Gear Halibut PSC mortality
Halibut PSC harvest share are separable from target groundfish harvest shares and may be transferred independently. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

- Option 1. 0%
- Option 2. 5%
- Option 3. 7%
- Option 4. 10%
- Option 5. Exclude any halibut PSC transferred for participation in the incentive fisheries

(2.1.5.4) Issue 4. Permanent transfer of Halibut PSC harvest share mortality

- Option 1. Groundfish harvest shares and Halibut PSC harvest shares are non-separable and must be transferred as a unit
Suboption. exempt Pacific cod
- Option 2. Groundfish harvest shares and Halibut PSC harvest shares are separable and may be transferred separately

(2.1.5.5) Issue 5. Retention of halibut bycatch by longline vessels

Halibut bycatch may be retained outside the halibut season from Jan 30 to start of commercial fishery, and from end of commercial fishery through December 15.

- Option 1. retention is limited to (range 10-20%) of target species
- Option 2. permit holder must have sufficient harvest shares (or IFQ) to cover landing

(2.1.6) Element 6. Incentive species

Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.

Owners of shares must utilize all their shares before participating in incentive fisheries.

Option: The portion of historic unharvested West Yakutat TAC will be made available as an incentive fishery, subject to provision of incentive fisheries

PLACEHOLDER language for eligibility: The incentive fishery is limited to persons that hold harvest shares and adequate PSC and bycatch species shares to prosecute these fisheries.

(2.1.6.1) Issue 1. Eligibility to fish in the incentive fisheries

- Option 1. Any person with a valid LLP
- Option 2. Entities that have 20% or more U.S. ownership and at least 150 days of sea time with 10 mt of fixed gear harvest shares or 50 mt of trawl harvest shares
- Option 3. Entities that have 20% or more U.S. ownership with 10 mt of fixed gear harvest shares or 50 mt of trawl harvest shares

(2.1.6.2) Issue 2. Allocation of underutilized species in the incentive fisheries

- Option 1. Allocate catch share to the historical participants (closed class) of the underutilized species for the qualifying years. Available incentive fishery quota is the available TAC for that fishing year minus the closed class fishery quota allocation as outlined below. Incentive fishery quota creates an incentive for fishermen to fish cleaner, either by gear conversion or reduction in halibut bycatch rates in other directed fisheries. If no halibut is allocated to the fishery through an incentive set aside the only entry mechanism is halibut savings.)
 - Suboption 1. Allocate harvest shares as a fixed allocation in metric tons. If available TAC is less than the total fixed allocation in metric tons then reduce participants' allocation pro-rata amongst closed class harvest share holders.
 - Suboption 2. Catch history is based on 125% of catch history. If available TAC is less than the allocation in metric tons then reduce participants' allocation pro-rata amongst closed class harvest share holders.
 - Suboption 3. For underutilized species, the combined total of all pounds landed during the qualifying years will be compared with the total TAC for the qualifying years to determine the *percent of the fishery utilized*. During each successive year the *percent of the fishery utilized* is applied to the total TAC with the resulting sum apportioned among qualifying vessels. The remaining TAC is available for an incentive fishery.

(2.1.7) Element 7. Entry level rockfish program

Option 1. Allow entry level jig and < 60 ft CV longline harvests of Pelagic shelf rockfish

- Suboption 1. include Pacific ocean perch
- Suboption 2. a range of 3 to 15% of the TAC will be set aside to accommodate this fishery
- Suboption 3. Determine catch accounting methods. Then, defer decisions on remainder of program to a trailing amendment.
- Suboption 4. Catch of these vessels would be deducted from the following years TAC prior to distributing harvest shares. After initial allocation, defer design of program to trailing amendment.

Option 2. No entry level rockfish fishery for:

- Suboption 1. Gulf wide
- Suboption 2. Central Gulf including West Yakutat
- Suboption 3. Western Gulf

(2.1.8) Element 8. Skipper/Crew and Second Generation

A skipper is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

NOTE: Skipper definitions needed to distinguish differences between sectors

- Option 1. No skipper and crew provisions
- Option 2. Allocate percentage to captain:
 - Suboption 1. Initial allocation of 2% shall be reserved to qualified captains
 - Suboption 2. Initial allocation of 5% shall be reserved to qualified captains
 - Suboption 3. Initial allocation of 7% shall be reserved to qualified captains

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

(2.1.9) Element 9. Communities

NOTE: Bering Sea and Western Alaska CDQ communities may be excluded from community programs.

(2.1.9.1) Option 1. Regionalization

The following applies to both Central and Western Gulf areas:

If adopted, all processing share allocated to shorebased processors will be categorized by region.

- Processing shares that are regionally designated cannot be reassigned to another region.
- Catcher vessel harvest shares are regionalized based on where the catch was processed, not where it was caught.
- Catcher processor shares and incentive fisheries are not subject to regionalization.
- Qualifying years to determine the distribution of shares between regions will be consistent with the preferred alternative under "Element 1, Qualifying Periods".

Central Gulf: Two regions are proposed to classify harvesting and (if adopted) processing shares: North - South line at 58° 51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area).

The following fisheries will be regionalized for shorebased catch and subject to the North - South distribution: Pollock in Area 630; CGOA flatfish (excludes arrowtooth flounder); CGOA Pacific ocean perch; CGOA northern rockfish and pelagic shelf rockfish (combined); CGOA Pacific cod (inshore); GOA sablefish (trawl); WY pollock

Western Gulf: The following fisheries will be regionalized for shorebased catch: Pacific cod in Area 610; pollock in Area 610; pollock in Area 620

- Option 1. Dutch Harbor (Akutan)/Sand Point
- Option 2. Kodiak/Sand Point
- Option 3. Both

NOTE: Boundaries will be defined in June based on public testimony (staff will attach a detailed map of the GOA to aid in boundary identification.

(2.1.9.2) Option 2. Community Fisheries Quota (CFQ)

(2.1.9.2.1) Issue 1. Administrative Entity

- Option 1. Gulf wide administrative entity
- Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)
- Option 3. Community level

(2.1.9.2.2) Issue 2. Eligible Communities

Option 1. Population:

- a. Less than 1,500 residents
- b. Less than 2,500 residents
- c. Less than 5,000 residents
- d. Less than 7,500 residents

Option 2. Geography

- a. Coastal Communities without road connections to larger community highway network
- b. Coastal communities adjacent to salt water
- c. Communities within 10 miles of the Gulf Coast
- d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nmi from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

Option 3. Economy (based on all fish).

Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources.

- a. GOA fisheries dependant communities defined as communities with range of 10-30% of their base industry economy is harvesting or processing related (includes all fisheries).
- b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries)
- c. All GOA communities

(2.1.9.2.3) Issue 3. Species

- Option 1. All rationalized groundfish species
- Option 2. Limited to species that can be caught without (hard on) bottom trawling

(2.1.9.2.4) Issue 4. Allocation

Harvester shares

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC
- Option 4. 20% of annual TAC

Processing shares

- Option 5 5% of annual processing allocation
- Option 6. 10% of annual processing allocation
- Option 7. 15% of annual processing allocation
- Option 8. 20% of annual processing allocation

(2.1.9.2.5) Issue 5. Harvesting of Shares

- Option 1. Limited to residents of eligible communities that own their vessels
- Option 2. Limited to residents of eligible communities
- Option 3. No limitations on who harvests shares

Issue 6. Use of Revenue

- Option 1. Community development projects that tie directly to fisheries or fishery related projects and education.
- Option 2. Community development projects that tie directly to fisheries and fisheries related projects, education and government functions.
- Option 3. Education, social and capital projects within eligible communities as well as governmental functions.

(2.1.9.3) Option 3. Community Purchase Program

Eligible communities.

Option 1. Population:

- a. Less than 1,500 residents
- b. Less than 2,500 residents
- c. Less than 5,000 residents
- d. Less than 7,500 residents

Option 2. Geography

- a. Coastal Communities without road connections to larger community highway network
- b. Coastal communities adjacent to salt water
- c. Communities within 10 miles of the Gulf Coast

Option 3. Economy (based on all fish).

Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources.

- a. GOA fisheries dependant communities defined as communities with a range of 10-30% of their base industry economy is harvesting or processing related (includes all fisheries).
- b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries)
- c. All GOA communities

(2.1.9.4) Option 4. Community Incentive Fisheries Trust (CIFT)

The CIFT has full ownership of CIFT harvest shares and holds these shares in trust for the communities, processors and crew members in the region to use as leverage to mitigate impact directly associated with implementation of a rationalization program.

(2.1.9.4.1) Issue 1. Harvest Share Distribution

10-30 % of harvest shares shall be originally reserved for GOA CIFT associations.

These harvest shares will be a pool off the top before individual distribution of harvest shares.

(2.1.9.4.2) Issue 2. CIFT Designation

Option 1. One CV CIFT for entire GOA (exclude SEO)

Option 2. Regional CV CIFTs :

Suboption 1. Central GOA (Kodiak, Chignik)

Suboption 2. Western GOA

Suboption 3. North Gulf Coast (Homer to Yakutat)

Option 3. CP-based CIFT

Defer remaining issues to a trailing amendment

(2.1.10) Element 10. PSC Crab, Salmon, and Other Species (Excluding Halibut)

Prepare a discussion paper to describe processes currently underway to address bycatch of salmon, crab and herring and other forage fish species (including FMP amendments and PSEIS options for crab bycatch). The paper should (1) provide timelines and how they relate to the GOA rationalization timeline; (2) describe fishery, survey, and habitat data sources that will be used. Based on the recommendations in the paper, the Council would determine if (1) existing processes are sufficient or if some measures need to be more closely linked to rationalization decisions, and (2) if other or additional management approaches are appropriate to include in a rationalized fishery in a trailing amendment.

Put Element 10 (2.1.10) (PSC Crab and Salmon) on the same status with other trailing amendments (including skipper/crew shares; fee and loan program; CIFT issues). The discussion paper would be done parallel to the EIS similarly to how analysis of the other trailing amendments is planned.

(2.1.11) Element 11. Review and Evaluation

(2.1.11.1) Issue 1. Data collection.

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of this program will be developed in the analysis of the alternatives.

(2.1.11.2) Issue 2. Review and Sunset

- Option 1. The program would sunset unless the Council decides to continue or amend the program. The decision of whether to continue or amend would be based on a written review and evaluation of the program's performance compared to its objectives.
- Suboption 1. 5 year after fishing under the program
 - Suboption 2. 7 year after fishing under the program
 - Suboption 3. 10 year schedule after fishing under the program
 - Suboption 4. No sunset provision.
- Option 2. Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

(2.1.12) Element 12. Sideboards

Participants in the GOA rationalized fisheries are limited to their historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

**(2.2) ALTERNATIVE 2. HARVEST SHARE PROGRAM,
SUBALTERNATIVE 2: HARVESTER ONLY SHARE PROGRAM WITH A COOPERATIVE.**

(2.2.1-12) ELEMENTS 1 – 11 (2.1.1 – 2.1.12) AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1 ARE INCLUDED.

(2.2.13) Element 12. Harvester only (1-Pie) Cooperatives

- Option 1. Harvest Share (QS/IFQ) Holder Voluntary Cooperatives
- 1. Co-op formation is voluntary
 - 2. Allocation of harvest shares (QS/IFQ) is determined under Alternative 3, Subalternative 1 (Alternative 2 Subalternative 1 (2.1))
 - 3. Co-ops can be formed between:
 - a. Eligible Harvesters only
 - b. Harvesters and a Processor
 - i. At least 4 harvesters none of whom are owned by the co-op processor (using the 10% threshold rule)
 - ii. Processors can associate with more than one co-op each comprised of 4 or more harvesters none of whom are owned by the co-op processor (using the 10% threshold rule)
 - iii. Processors are limited to 1 co-op per plant for each specific gear type
 - c. CVs and CPs
 - i. Cooperatives will be segregated into CVs and CPs.
 - ii. Cooperatives will not be segregated into CVs and CPs.
 - 4. Eligible processors are any legally licensed processing facility
 - 5. Set co-op use caps at 25 to 75% of total TAC by species

6. Vessel use caps would be set at 1.5-2 X the individual cap if participating in the co-op and grandfather initial issues at their initial allocation
7. Overage and underage limits would be applied in the aggregate at the co-op level
8. Monitoring and enforcement requirements would be shared by co-op
9. Annual allocation (IFQ) permit would be issued to the co-op
10. Duration of cooperative agreements
 - a. 1 year
 - b. 3 year
 - c. 5 year
11. Vessels (Steel) and LLPs used to generate harvest shares used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments
12. Co-op allocations. Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of target species, non-target species and halibut mortality, as may be adjusted by interco-op transfers. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.

Option 2. Mandatory Co-ops (*includes all co-op formation provisions from*

Suboption 1. Voluntary Co-ops, with the following additional provisions)

1. Co-ops must be formed before any annual harvest share (IFQ) allocation is allocated (a harvester can only receive an annual harvest share (IFQ) allocation by joining a cooperative).
2. CPs would be allowed to form a sector co-op which does not need to meet conditions 3-8 below.
3. Annual harvest allocation (IFQ) to harvesters who elect to join a co-op is determined under Alternative 3, Subalternative 1.
4. Allocations to Co-ops will only be made under the following conditions:
Required Co-op agreement elements:
Harvesters and processors are both concerned that rationalization will diminish their current respective bargaining positions. Therefore, a pre-season co-op agreement between eligible, willing harvesters and an eligible, and willing processor is a pre-requisite This co-op agreement must contain:
 - 1) A price setting formula for all fish harvested by the co-op
 - 2) A fishing plan for the harvest of all co-op fish
5. Eligible harvesters who are also eligible processors cannot participate in price setting negotiations. A 10% ownership trigger will be used to determine the linkage between the harvester and the processor.
6. Eligible harvesters who are also eligible processors must participate in the co-op. A 10% ownership trigger will be used to determine the linkage between the harvester and the processor.
7. Harvesters must declare prior to fishing which Co-op they will deliver to in a given year.

- 1) No share reduction for moving between co-ops year to year
- 2) A one year 10-20% share reduction each time a harvester moves to a different co-op. There shall be a limit on the voluntary migration of harvesters from co-op to co-op such that no co-op loses more than 20% of its annual allocation in any single year
8. Ownership and Usage of Co-op allocations
 - a. At least 20% of the harvester allocation share owned by the co-op processor-owned vessels must be available for lease to other co-op harvesters, at prevailing market lease rates.
 - b. No mandatory leasing provision
9. Harvest share holders that do not choose to join a co-op
 - a. May fish in open access
 - b. Are not allowed to participate in the rationalized fisheries until they join a co-op

(2.2.14) Element 13. SECTOR ALLOCATION PROGRAM WITH COOPERATIVES

NOTE: In June 2003, staff will provide recommendations for incorporating the following issues into this subalternative.

(2.2.14.1) Issue 1. Sector Identification

The following sectors are eligible to receive a sectoral allocation by area:

- Option 1. CP Trawl
- Option 2. CP Longline
- Option 3. CP Pot

(2.2.14.2) Issue 2. Target Species

As listed in Alternative 2, Subalternative 1, Element 3, Issue 1 – a, b, c and Issue 3, Option 1, 9, and 11. (2.1.3.1a,b,and c and 2.1.2.2 Options 1,9, and 11)

(2.2.14.3) Issue 3. Bycatch Species

As listed in Alternative 2, Subalternative 1, Element 4 (2.1.4.4)

Option 1. Allocation of quota shares.

- a) Allocate quota to all sectors based on sector bycatch rates.
 - Suboption 1. Based on average catch history by area and target fishery
 - Suboption 2. Based on 75th percentile by area by target fishery
- b) Allocation will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.
 - Suboption. Other rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.

Option 2. Retain these species on bycatch status for all sectors with current MRAs.

- (2.2.14.4) Issue 4. PSC Species
- (2.2.14.4.1) Issue 1. Accounting of Halibut Bycatch
- Option 1. Halibut bycatch would be managed by NMFS at the sector level.
- Option 2. Halibut bycatch would be managed at the coop level
- (2.2.14.4.2) Issue 2. Halibut PSC Allocation
- Option 1. Initial allocation based on sector average bycatch rates for the qualifying years.
- Option 2. Allocations will be adjusted pro rata to equal the existing PSC.
- (2.2.14.5) Issue 5. Incentive Species
- Option 1. Underutilized unallocated species are available for harvest by any sector with sufficient PSC and bycatch to prosecute the fishery, once that sector's allocation of that underutilized species has been used.
- Option 2. Incentive species are available for harvest, providing the vessel has adequate PSC and bycatch species, under the following conditions:
- Suboption 1. If a sector does not form a coop, the unallocated incentive species are available for harvest by the sector once the sector's allocation of the incentive species has been used.
- Suboption 2. If a coop is formed in a sector, the individual coop member's apportionment of that species has to be used prior to that individual gaining access to the unallocated portion of the incentive species. The coop member does not have to wait until all coop members have used their individual apportionments.
- Suboption 3. For vessels not participating in a sector coop, the unallocated incentive species are available for harvest once the non-coop sector's allocation of the incentive species has been used.
- (2.2.14.6) Issue 6. Communities
- As in Alternative 2, Subalternative 1, Element 9 (Areas) and Option 2 (2.1.9.2) (Community Fisheries Quota).
- (2.2.14.7) Issue 7. Review and Evaluation
- Option 1. The program would sunset unless the Council decides to continue or amend the program. The decision of whether to continue or amend would be based on a written review and evaluation of the program's performance compared to its objectives.
- Suboption 1. 5 year after fishing under the program
- Suboption 2. 7 year after fishing under the program
- Suboption 3. 10 year schedule after fishing under the program
- Suboption 4. No sunset provision.
- Option 2. Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.
- (2.2.14.8) Issue 8. Sideboards

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

(2.2.14.9) Issue 9. Cooperatives

- Members of a sector may choose to form a cooperative with a civil contract to manage harvest levels and other issues as determined by agreement of the cooperative.
- NMFS will allocate quota to the cooperative based on the aggregate historical catch of target, bycatch and PSC species.
- Cooperative will be responsible for managing the aggregate catch of the cooperative so as not to exceed the cooperatives allocation of target, bycatch and PSC species.
- Vessels that choose not to participate in the cooperative are allocated the remaining sectoral TAC, bycatch and PSC allocations after deduction of the cooperative allocation and any other sector-wide deductions.
- NMFS may establish a minimum level of cooperative membership by sector
 - Option 1: Minimum number of license holders
 - Option 2: Minimum percentage of catch history

(2.2.14.9.1) Issue 1. Co-op participation

Option 1. Co-ops are voluntary

Suboption 1. Co-op may be formed upon agreement of 100% of sector (AFA Offshore type co-op)

Suboption 2. One or more co-ops may form per sector upon agreement of a minimum percentage (50, 75, 80%) of:

- a. eligible vessels in order to form co-op(s)
- b. catch history in order to form co-op(s)

Option 2. Co-ops can be comprised of one sector/gear type only

Option 3. Co-ops from different gear groups may enter into inter co-op agreements.

(2.2.14.9.2) Issue 2. Co-op Allocations

Co-op allocations will be based on same formula as used for sectoral allocations

(2.2.14.9.3) Issue 3. Open Access

Any vessels that do not want to enter into co-op agreements will fish in open access. The aggregate catch history from non-participating vessels, based on same qualifying years, will go into the open access pool.

(3) ALTERNATIVE 3. HARVEST SHARE PROGRAM WITH CLOSED PROCESSOR CLASS

(3.1) SUBALTERNATIVE 1. HARVESTER SHARE PROGRAM WITH CLOSED PROCESSOR CLASS

(3.1-12) ELEMENTS 1-11 (2.1.1-12) AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1 ARE INCLUDED. THIS APPLIES ONLY TO CV SHARES.

(3.1.13) Element 12. Harvester Delivery requirements

50-90% of harvest share allocation will be reserved for delivery to the qualified closed trawl or fixed class processor. The other 50 -10% of harvest share allocation can be delivered to:

- i. any processor including CPs
- ii. any processor excluding CPs

(3.1.14) Element 13. Closed Class Processor Qualifications

(3.1.14.1) Issue 1. To purchase groundfish must have purchased and processed a minimum amount of groundfish as described below in at least 4 of the years

Option 1. 1995 – 1999.

Option 2. 1995 – 2001

Option 3. 1995 – 2002

- a. Trawl eligible Processors
 - Option 1. 2000 mt
 - Option 2. 1000 mt
 - Option 3. 500 mt
- b. Fixed gear eligible Processors
 - Option 1. 500 mt
 - Option 2. 200 mt
 - Option 3. 50 mt
- c. Trawl and Fixed gear eligible processors
 - i) Meet criteria for both the closed class trawl process catch and closed class fixed gear process catch as described above
 - ii) Total catch - Trawl and fixed catch combined
 - Option 1. 2,500 mt
 - Option 2. 1,200 mt
 - Option 3. 550 mt
- d. Processors are defined at:
 - Option 1. Processors are defined at the entity level
 - Option 2. Processors are defined at the plant level

(3.1.14.2) Issue 2. Processor licenses would be issued to

Option 1. Operator – must hold a federal or state processor permit.

Option 2. Custom processing history would count for purposes of limiting

Option 3. Facility owner

(3.1.14.3) Issue 3. Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

Option 1. Within the same community

Option 2. Within the same region

(3.1.14.4) Issue 4: Processing Use caps by closed class processor type (trawl, fixed or trawl and fixed), by CGOA and WGOA regulatory areas:

Range 70% to 130% of TAC processed for all groundfish species for the largest closed class processor

(3.1.14.5) Issue 5. Processing Caps may apply at:

Option 1. the facility level

Option 2. the entity level

ALTERNATIVE 3. Harvest Share Program with Closed Processor Class

(3.2) Subalternative 2 - Harvester Share Program with Closed Processor Class Cooperative

(3.2.1-12) ELEMENTS 1-11 (SEE 2.1.1-12) AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 3, SUBALTERNATIVE 1 ARE INCLUDED. THIS APPLIES ONLY TO CV SHARES.

- Option 1. Same provisions as Alternative 2, Subalternative 2, Option 1, (2.2.13 Option 1)
Voluntary Cooperatives
- Option 2. Same provisions as Alternative 2, Subalternative 2, Option 2, (2.2.13 Option 2)
Mandatory Cooperatives

(3.2.13) Element 12. Closed processor class cooperatives

(3.2.13.1) Issue 1. Co-op delivery provisions.
50-90% of the co-op allocation will be delivered to their linked trawl or fixed gear processor (see vessel – processor linkage below). The remaining 50 -10% can be delivered to any qualified closed class processor of the same type

(3.2.13.2) Issue 2. Initial Co-op allocations.

- Option 1. Each harvester is eligible to join a co-op with a qualified fixed gear or trawl closed class processor.
- Option 2. Each harvester is initially eligible to join a co-op with the qualified fixed gear or trawl closed class processor to which the harvester delivered the largest amount of groundfish during the year prior to implementation.
- Option 3. Each harvester is initially eligible to join a co-op formed with the qualified fixed or trawl closed class processor in to which the harvester delivered the largest amount of groundfish during the last [1, 2, or 3] years of the harvester allocation base period. If the processor with whom the harvester is eligible to form a co-op is no longer operating, the harvester is eligible to join a co-op with any qualified processor.
 - i. Largest amount by species groupings (rockfish, flatfish, pollock, cod)
 - ii. Largest amount by aggregate

(3.2.14) Element 13. SECTOR ALLOCATION PROGRAM WITH COOPERATIVES

See Alternative 2, Subalternative 2, Element 13 (2.2.14).

(4) ALTERNATIVE 4. HARVESTER AND PROCESSOR SHARE PROGRAM (2-PIE)

(4.1) SUBALTERNATIVE 1. HARVESTER AND PROCESSOR SHARE PROGRAM

(4.1.1-12) ELEMENTS 1-11 (2.1.1-12) AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1, ARE INCLUDED.

NOTE: OPTIONS FOR PROCESSORS WILL NEED TO BE ADDED

(4.2) SUBALTERNATIVE 2, VOLUNTARY CO-OP WITH ALLOCATED IFQ/IPQ

(4.2.1-12) ELEMENTS 1-11 (SEE 2.1.1-12) AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 2, ARE INCLUDED.

(4.2.13) Element 12. Processing Sector– Applicable to Two pie (IFQ/IPQ) Cooperatives

Catcher Processor harvest shares would be for all gear types & vessel class.

Binding Arbitration process, for failed price negotiation, between fishermen and processors.

Processor Purchase Requirements. Any processor within any Gulf community can buy IPQ shares from the Catcher processor sector.

(4.2.13.1) Issue 1. Eligible processors

Option 1. U.S. Corporation or partnership (not individual facilities)

Suboption 1. owner

Suboption 2. operator – must hold a Federal or State processor permit

Suboption 3. custom processor

Option 2. Individual processing facility by community

Suboption 1. owner

Suboption 2. operator - must hold a Federal or State processor permit

Suboption 3. custom processor

Option 3. Processed Groundfish for any Groundfish fishery in the rationalization program for

Suboption 1. 2000 or 2001

Suboption 2. Any year 1998-2002

Suboption 3. 2001 or 2002

(4.2.13.2) Issue 2. Categories of Processing Quota shares

Option 1. Target Species (Species where there is a significant historical processor participation)

Area 610 pollock, Area 620 pollock, Area 630 pollock, WGOA Pacific cod, CGOA Arrowtooth flounder, CGOA Flatfish (excludes Arrowtooth flounder), CGOA POP, CGOA Pelagic Shelf Rockfish & Northern rockfish (combined), CGOA Pacific cod (inshore), WY Pollock

Option 2. Non-target Species (Species on Bycatch status throughout the year (e.g., Sablefish – trawl, Other rockfish, thornyhead, shortraker/rougheye).

Suboption 1. Allocate IPQ shares based on the Fleet bycatch rates by gear:

a. based on average catch history by area and target fishery

b. based on 75th percentile by area by target fishery

Suboption 2. Exclude non-target species from IPQ awards

Option 3. Regional categories – processing quota shares will be regionalized by species grouping as shown in the regionalization section if regionalization is adopted.

Option 4. C/P will be issued C/P harvest shares which combine the privilege of catching and processing product.

(4.2.13.3) Issue 3. Qualifying periods

(Option: AFA vessels assessed as a group)

Option 1. 95-01 (drop 1 or 2)

Option 2. 98-01 (drop 1)

Option 3. 95-02 (drop 1, 2, or 3)

Option 4. 95-97 (for AFA vessels)

Option 5. 98-02 (drop 1 or 2)

Option 6. 00-02 (drop 1)

The following applies to all options:

Suboption. Exclude 2000 for pot gear Pacific cod

NOTE: the above suboption, if selected, would count as 1 year dropped (if selected)

NOTE: The Council noticed the public of its intent to further reduce the above options at the June Council meeting.

(4.2.13.4) Issue 4. Percentage of season's TAC for which IPQs are distributed:

Option 1. 100%

Option 2. 90% - the remaining 10% would be considered open delivery.

Option 3. 80% - the remaining 20% would be considered open delivery.

Option 4. 50% - the remaining 50% would be considered open delivery.

The following applies to all suboptions:

Processors that receive IPQ awards will be allowed to buy open access fish.

(4.2.13.5) Issue 5. Processing Shares Cap categories:

Option 1. Applied by species groupings – Pollock, Pacific cod, Flatfish (excludes Arrowtooth), and rockfish.

Option 2. Applied to all groundfish species combined

(4.2.13.6) Issue 6. Ownership Caps on Processing Shares

Option 1. Maximum share allocation in the fishery

Option 2. Maximum share allocation in the fishery plus 5%

Option 3. Maximum share allocation in the fishery plus 10%

Option 4. Maximum share allocation in the fishery plus 15%

Option 5. Select a cap between the average and maximum allocation with initial allocations grandfathered

(4.2.13.7) Issue 7. Use Caps: may select different options depending on sector, gear, etc.

Annual use caps on a company (facility) basis of

Option 1. 30 percent to 60 percent of the TAC

Option 2. The largest IPQ holding in the fishery at the time of initial allocation

Option 3. Custom processing will be allowed

a) subject to use caps

Option 4. No use caps in the event of a catastrophic event.

Option 5. Emergency transfers of IPQ for weather conditions.

Option 6. Vessel overages not counted toward IPQ use caps.

(4.2.13.8) Issue 8. Community Protection under Processing Shares

Communities will be allowed to buy processing history -- First right of refusal for communities for all processing history designated for that particular community that is sold to entities outside the community.

NOTE: The Council will use provisions similar to the right of first refusal in the Crab rationalization program.

(4.2.14) Element 13. SECTOR ALLOCATION PROGRAM WITH COOPERATIVES

See Alternative 2, Subalternative 2, Element 13 (2.2.14).

TRAILING AMENDMENTS

The Council intent is for these trailing amendments to be implemented simultaneously with the main rationalization program.

1.Fee and Loan Program

2.Skipper/Crew Share Program issues:

3.Remaining issues of CIFT program

4. PSC Crab, Salmon, and Other Species management

Document C
Gulf of Alaska Rationalization
Options Discussion Paper

The following is staff discussion of the elements and options in the April 2003 motion of the Council concerning rationalization of the Gulf of Alaska groundfish fisheries. Section numbers on the left hand margin are from the April motion as renumbered by the staff to provide easier referencing. In the text, reference is often made to the proposed revision to the motion. Those section numbers appear in the "staff proposed revision" to the April motion.

2.1 Harvest Share Program

(2.1)

- A) The pollock TAC is allocated based on areas
610 (Western Gulf),
620 and 630 (Central Gulf),
640 (West Yakutat)

For purposes of allocating pollock, staff suggests using these areas for making harvest share allocations. A suggested clarification is included in 2.1 of the revised motion.

- B) The Pacific cod allocation will need to be divided between West Yakutat area (issued as harvest shares) and SEO (not included in the program).
- C) The allocation of SRRE and thornyhead might need to be divided between West Yakutat area and SEO.

These provisions appear in section 2.1 of the revised motion.

(2.1) - SEO bycatch allocations

- 1) How are these bycatch species to be allocated - for most bycatch species we use "average bycatch rates" in this area we have no targets to work from
- 2) how are these fisheries to be managed - if we allocated quota for two bycatch species that implies that target fisheries (with the exceptions of halibut and sablefish) are conducted in an "open access" manner but with bycatch IFQs

These provisions appear in section 2.1 of the revised motion.

(2.1) - Exclusion of jig gear from the program

Under this exclusion, we would need make an allocation to jig gear based on historical harvests during the qualifying period - this would be fished in an "open access" manner. A suggested clarification is included in 2.1 of the revised motion.

(2.1.1) Qualifying landing criteria

Option 2, which would allocate Pacific cod based on annual average percentage harvests, is a suboption. Section 2.2.1 of the revised motion includes this provision as a suboption.

(2.1.2.2) - The revision clarifies that the first two eligibility provisions pertain to LLP participation. The second two provisions pertain to non-LLP participation.

(2.1.2.2) - The Council should further clarify how the program is intended to interact with State water parallel fisheries. In the current motion, a provision is made for allocations from State water parallel fisheries. These allocations would endow historic parallel fishery participants with the Federal fishery allocations. The motion is unclear as to whether and how the parallel fisheries will be accommodated after the program is implemented. Would those receiving an allocation be permitted to participate in the parallel fisheries. How would the TAC be managed if harvest share allocations are made in the federal fisheries and a competitive parallel fishery is conducted. In the current fisheries, both the Federal and parallel fisheries close when the Federal TAC is harvested from combined Federal and parallel fisheries harvests. If harvest shares are allocated and a derby parallel fishery is also conducted, an explicit allocation to the parallel fishery might be needed to regulate total harvests.

(2.1.3.1) - Allocations of target species -These allocations will be analyzed based on all retained catch (excluding meal) of the species by the gear type - regardless of whether the species is determined to be the "target" at the time of harvest. These species designations appear in 2.3.1 of the revised motion.

(2.1.3.1 and 2.1.4) - Targets and Bycatch - these sections specify the following species allocations by gear type:

Species	Trawl	Longline	Pot
pollock	target		
Pacific cod	target	target	target
pelagic shelf rockfish	target	target	
northern rockfish	target	target	
deepwater flatfish	target	target	
rex sole	target		
shallow water flatfish	target		
flathead sole	target		
Pacific ocean perch	target	target	

Species	Trawl	Longline	Pot
Arrowtooth flounder	target	target	
thorny head	bycatch (inc. SEO)	bycatch (inc. SEO)	bycatch (inc. SEO)
rougheye	bycatch (inc. SEO)	bycatch (inc. SEO)	bycatch (inc. SEO)
shortraker	bycatch (inc. SEO)	bycatch (inc. SEO)	bycatch (inc. SEO)
other slope rockfish	bycatch	bycatch	bycatch
Atka mackerel	bycatch	bycatch	bycatch
sablefish	bycatch	bycatch	bycatch

If a gear type does not receive an allocation of a "target species" that is required to prosecute a fishery, it is possible that an allocation could not be fished. The allocation of all species should by gear should be examined for shortcomings that might preclude a gear type from fishing its allocation because an omitted allocation of a target species. These species designations appear in 2.3.1 of the revised motion.

(2.1.3.1) - Vertical Integration - the reference to the placeholder is unclear. I do not know what it refers to. This reference appears in 2.3.3.4 of the revised motion.

(2.1.4) - Allocation of Bycatch Species

Option 1 - use "fleet bycatch rates by gear" for allocation

This can be interpreted several ways:

- a) Determine average bycatch rates by gear type based on an assessment of the "targeted species" (i.e., determine targets for each fishery) - Possible bases are:
 - 1) landing basis based on highest land (using fish tickets)
 - 2) haul or set basis using observer data - this option would not count topping off in allocations

Once the average bycatch rate is determined, the allocation would be made based on allocation of targets by gear

- b) Determine an annual statistical bycatch rate based on the amount of harvest of the bycatch species in relation to harvest of each target species. This method would not require a determination of the "target species" for any time or activity period but would instead determine bycatch as a function of harvests of the target species

Because of the unpredictability of these methods, a reasonable goal for the Council might be to examine distributions generated by the analysis and accept those numbers (instead of having numbers recalculated at the time of the allocation). In all cases, the bycatch allocations would have to be a percentage of the TAC. **Representative allocations in pounds will be provided based on recent harvest levels.** These provision appear in 2.4 of the revised motion.

(2.1.5.2) Halibut PSC Allocation

- 1) Allocation would be based on "average halibut bycatch by directed target species". These calculations could be made on the same basis as those for bycatch by species.

- 2) Option 1(b) would require the calculation to be conducted on a CV/CP sector basis (there is no similar option for differentiating the allocation of bycatch to C/Ps from CVs.)

These provisions appear in 2.5 of the revised motion. Bycatch provisions referred to are in 2.4 of the revised motion.

(2.1.6)

- A) The introductory sentence provides that "owners must utilize all of their shares before participating in incentive fisheries." Adding the term "incentive species" may clarify that the owner must not use all shares but only those of the incentive species. Based on prior Council discussion, this appears to be the intent. This provision with the proposed change is in 2.6 of the revised motion.
- B) For West Yakutat, it might be useful to specify species - if this is intended to extend beyond the fisheries specified in the introduction to the section. The provision is in 2.6 of the revised motion.
- C) In several places in this section, the term "incentive" has been substituted for the term "underutilized" to clarify the species that are covered by this aspect of the program.

(2.1.6.1) Incentive fisheries

Option 1 would permit LLP holders to enter the incentive fishery. Since the fishery would be rationalized under this alternative, LLP license would not exist. The provisions that require landings in the fishery seem to parallel the qualification requirements for an initial allocation for shares. Since share holders may change over time, these provisions also are not appropriate. **Staff suggests these provisions all be removed.** More appropriate provisions from one of the cooperative options are included in the proposed revision. Those provisions will likely need revision to make them workable in all programs. These provisions are in 2.1.6 of the revised motion.

(2.1.6.2) Incentive Fisheries

Under suboptions 1 and 2 provide for tonnage allocations to historic participants prior to allocation to the incentive fishery. These allocations are assumed to be average annual historic harvest tonnages, based on the chosen qualifying years. These provisions appear in 2.6.2 of the revised motion.

(2.1.12) Sideboards

The sideboards section is omitted from several alternatives. This seems to be an oversight in referencing. The revised motion suggested by staff includes the sideboards in all options. these options are all contained in 2.12 of the revised motion.

2.2 IFQ with Cooperatives

Options for several different cooperative programs are combined in this single section. In addition, other cooperative options appear in sections 3.2 and 4.2 of the Council's motion. The proposed revision has combined all cooperative options in Section 4. In addition, the "alternative descriptions" explain how

different sets of elements work together to form coherent alternatives. The following discussion pertains to individual elements and options and discusses clarifications and possible revisions.

(2.2.13 Option 1)- Cooperatives Option 1, Paragraph 3 provides, several cooperative rules. The purpose and consequences of several provisions are not clear.

- 1) The provision is unclear in that "eligible harvesters" is not defined. A better term might be "harvest share holder". This provision appears in 4.2.1 of the revised motion.
- 2) Processors are typically not cooperative members. If that is intended here, the language should be clear that the processor is not a cooperative member. The processor associates with the cooperative. This terminology has been corrected in several places in Section 4 of the revised motion.
- 3) The provision is also unclear as to which provisions are options and which are suboptions; a) and b) appear to be mutually exclusive suboptions. This provision is included in 4.2.1.2 of the revised motion.
- 4) Provisions b.ii and b.iii, appear to be mutually exclusive suboptions. This provision is included in 4.2.1.2 of the revised motion.
- 5) The provisions of i, ii, and iii do not appear to allow processor affiliated vessels to join cooperatives. Cooperatives are oriented toward harvesting coordination (not pricing). Inclusion of processor affiliated vessels could be important to achieving coordination. The AFA and the crab rationalization program both permit processors affiliated vessels to join cooperatives. A suggested provision is included in 4.2.1.1 of the revised motion.
- 6) The provision is unclear concerning the requirement of C/P cooperatives to associated with a processor. A suggested provision is added as 4.2.1.3 of the revised motion.
- 7) In addition to the rules specified, one option that could be included is to limit harvesters to forming cooperatives with fellow sector members (i.e., holders of shares for the same gear, vessel type (CV or C/P) , and/or vessel length). If share holders cannot coordinate fishing among members should they be in the same cooperative. The level of these requirements should depend on the level of coordination that is reasonable. Target species and area may also be considered for cooperative formation. These provisions are included in 4.2.1 of the revised motion.

(2.2.13, Option 1) Cooperatives Option 1, 7 provides that overages and underages would be applied in the aggregate at the cooperative level. A few problems arise with this provision:

1. Overage determinations are typically based on the last delivery of the share holder (i.e., an overage occurs if a vessel harvests more than 5 percent in excess of its unused shares in its last landing). These would be applied to the last cooperative delivery but not in the aggregate. Overage provisions from 2.3.3.9 would be used to determine the consequences of overages. The provisions of 4.3.2.2 clarifies that the cooperative unit is responsible for the harvest of its allocation (which would include any overage).

(2.2.13, Option 1) Cooperatives Option 1, 11 provides for sideboards of vessels and licenses. These should be moved to the sideboards section of the document ,so it can be considered for all alternatives. Staff's revisions to the motion includes the provision in 2.12.

(2.2.13, Option 1) Cooperatives Option 1, 12 should explicitly provide for intercooperative transfers. A provision has been added to 4.3.2.7 of the revised motion clarifying that intercooperative transfers are permitted to the extent allowed among different sectors by 2.3.2.3 of the revised motion.

(2.2.13, Option 1) - Cooperatives Option 1 should include a provision that explains how individual caps would be applied. For example, individuals caps could be applied to limit the amount of shares that an individual can bring to cooperatives. Intercooperative transfers would be subject to both an individual cap (applicable to the individual acquiring the shares) and to the cooperative cap. Once in a cooperative use of shares would be defined by the cooperative rules and any applicable limits. The staff proposed revision to the motion includes such a provision in 4.4.3..

(2.2.13 Option 2) - Mandatory Cooperatives

- A) The term "IFQ" should be dropped from this option because all annual allocations are to cooperatives not individuals. The purpose of this provision might be clearer, if it says only that annual allocations are made only to cooperatives. This change is proposed in 4.1, Option 2.
- B) Paragraph 2 provides that "CPs would be allowed to form a sector co-op which does not need to meet conditions 3-8 below." "Sector" must be defined for purposes of this option. Possible interpretations of the term are:
 - 1) All holders of C/P shares (all gear types, species, areas)
 - 2) All holders of C/P shares of a specific gear type, target species, and area
 - 3) Any group of four or more C/P share holders with shares for use by the same gear (this is a very weak definition of a sector and perhaps should not be defined as a sector to avoid confusion)
 - 4) Any group of four or more C/P share holders (this is a very weak definition of a sector and perhaps should not be defined as a sector to avoid confusion)

The revised motion accommodates these definitions in 4.2.1.

- C) Provisions of 3, which would not be applicable to C/Ps, is needed to determine allocations.
- D) Paragraph 3 is redundant since it is already included by reference in the introduction.
- E) Paragraph 4 requires a price setting contract and fishing plan in the cooperative agreement. Two issues arise concerning these requirements. First, any minimum requirements for the contracts and fishing plans under this provision are unstated. Is it adequate to have a contract with a Petersburg processor for \$0.01 for any deliveries that might be made (with none intended). The level of review of the agency of these contracts needs to be specified. If several small cooperatives form (4 persons to a cooperative is the minimum required) this could be a substantial burden on the agency. If this section is intended to provide reasonable protection to either sector without overburdening the administrators, substantial detail will need to be developed and included. No suggestions are made. The provision is included in 4.2.4 of the revised motion.
- F) Paragraph 5 prohibits processor affiliated vessels from participating in price negotiations, where processor affiliates are defined using the 10 percent threshold rule. This provision may not be consistent with current antitrust law. Is it intended that the Council ask for a modification of antitrust law. Otherwise, the provision could be dropped or revised to specify that antitrust law should determine whether processor affiliates are permitted to participate in price negotiations.

The proposed revision is included in 4.3.2.4 of the revised motion.

- G) Paragraph 6 is unclear as to its purpose. If the intention is to clarify that processor affiliates can join cooperatives, as required to receive an annual allocation, that could be made clear just by stating that. A proposed provision appears in 4.2.1.1 of the revised motion.
- H) Paragraph 7 provides that “Harvesters must declare prior to fishing which Co-op they will deliver to in a given year.” Harvesters do not deliver to cooperatives. This seems to be directed toward requiring harvesters to join cooperatives. This provision seems redundant and can be dropped (unless it is directed to some other goal).
- I) Paragraph 7. 2) provides for share reductions in the event a harvester changes cooperatives. The provision does not specify how the reduction would be reallocated. It could be reallocated to the cooperative or redistributed among all participants in a fishery (i.e., gear type, species, area, vessel type). Two options are suggested in 4.5.2 of the revised motion.
- J) Paragraph 7. 2) contains a limit on the amount that a cooperative’s annual allocation can change year-to-year from members departing the cooperative. The provision does not provide for how this limit will be implemented. Several questions are raised:
- 1) If an cooperative agreement expires are members subject to the limitation.
 - 2) Can harvesters leave cooperative’s prior to the agreement expiration.
 - 3) If several harvesters all wish to leave a cooperative at once, which harvesters are permitted to leave the cooperative.
 - 4) Can a harvester belong to multiple cooperatives.
 - 5) If the departure of a harvester from a cooperative would lead to the cooperative having less than 4 members, what happens.
 - 6) If a harvester owns more than 20 percent of a cooperative’s shares, can the harvester leave the cooperative.
 - 7) Since a cooperative’s members may hold shares in many species, how is 20 percent of the cooperative’s holdings determined.
- This provision is omitted from the revised motion.
- J) Paragraph 8. a. provides that “processor-owned” vessels must make available at least 20 percent of their shares to other harvesters in the cooperative at market rates. This presents several problems:
- 1) Vessels are not the right reference in a share based fishery. “Shares held by processors” might be a better reference.
 - 2) What constitutes processor ownership.
 - 3) How are market lease rates determined.
- Staff suggests this provision be dropped or substantially reworked. It appears in 4.3.2.5 of the revised motion.
- K) Paragraph 9.a) provides that the harvesters that do not join a cooperative are permitted to participate in an open access fishery. The scope of the open access should be defined. Is the open access fishery:
- 1) all shares of any harvester that is not a cooperative member
 - 2) all shares of harvesters in the area, gear, vessel type (CV or C/P), and/or species for

which the harvester holds shares.

The second of these options is included in 4.6.1 of the revised motion. The motion should also be clear that an open access fishery will be conducted only if adequate allocations are available. In addition, NMFS will need to determine the distribution of those allocations among target fisheries, if members of the open access fishery have histories in more than one target species. The revision to 2.6.1 also includes these provisions.

- L) Paragraph 9 defines participation of harvesters that are not in cooperatives. C/Ps should not be exempt from this provision. The provisions as revised in 4.6.1 would allow C/P participation.

(2.2.14) - Element 13. Sector Allocation Program with Cooperatives

This section primarily references other sections of the elements and options. The section appears to be more of a preferred alternative (with some options) than a new set of options. The inclusion of these options can be accomplished most straightforwardly by identifying provisions that are not covered by other portions of the motion and including them where appropriate. This particular alternative is almost entirely contained in the alternative for "Harvest Share Program with Cooperatives Alternative" (2.2). Staff proposes modification of that alternative to include all elements from this "Sector Allocation Program with Cooperatives" alternative. The following discussion of each section of this alternative shows where each element of the "Sector Allocation Program with Cooperatives" alternative is contained in the "Harvest Share Program with Cooperatives Alternative" (2.2) or suggests the appropriate location to include the element.

(2.2.14.1) Sector Identification

This section is consistent with the proposed modification of 4.2.1. That provision contains two alternatives for defining "sectors". One is the vessel type (CV or C/P) and gear definition; the other is by area, vessel type, vessel length, and/or gear. Defining these units as sectors and accommodating an open access fishery for a sector in 4.6 of the revised motion provides for the "sector allocation with cooperatives".

(2.2.14.2) Target Species

These are all incorporated into this option by reference and therefore are already contained in the motion. These are akin to selecting a preferred alternative.

(2.2.14.3) Bycatch Species

The first line incorporates by reference, so it is already contained in the motion. The two options are copied from 2.1.4 and therefore are also in the motion.

(2.2.14.4) PSC Species

2.2.14.4.2 - The provisions concerning accounting for PSC harvests are effectively contained in 2.5.1. That provision provides for cooperative management of the PSC, which would apply if cooperatives are formed. Sector management as proposed by Option 1 could only be effective if all sector members were in the same cooperative, in which case cooperative management would be adequate. So, inclusion of a "sector management" provision is redundant.

2.2.14.4.2 These provisions concerning allocation are contained in 2.5.2 of the revised motion.

(2.2.14.5) Incentive Species

Option 1 is effectively contained in 2.1.6 of the revised motion.

Option 2 provides eligibility criteria for participation in incentive fisheries. **These provisions or some other reasonable eligibility provisions should be incorporate into 2.6.1. These provisions will need revision to make them workable in all different programs. Staff revision to the motion includes these provisions in 2.6.1 of the revised motion.**

(2.2.14.6) Communities

These provisions are contained in 2.9.2 of the revised motion..

(2.2.14.7) Review and Evaluation

These provisions are contained in 2.11.2 of the revised motion..

(2.2.14.8) Sideboards

Sideboard protections are provided for in 2.12 of the revised motion..

(2.2.14.9) Cooperatives

The following bullets correspond to the bullets of this Issue in the alternative.

- The provision authorizing the formation of cooperatives is in 4.3.2 and 4.3.3 of the revised motion..
- The provision for allocation of catch to a cooperative based on its members' individual histories is contained in 4.3.1 of the revised motion..
- Cooperative management of its harvests is contained in 4.3.2 and 4.3.3 of the revised motion..
- The allocation of the TAC remaining after cooperative allocations to non-cooperative members is provided for in two different ways, depending on the options selected:
 - 1) in the voluntary cooperative model, non-cooperative members would receive IFQ in 4.1, Option 1 of the revised motion..
 - 2) in the mandatory cooperative model, non-cooperative members would be permitted to fish in an open access fishery, if the Council elects to create that fishery 4.6 of the revised motion..
- The use of a number of "license holders" for cooperative formation is not appropriate in a share-based fishery, since no licenses would exist. Share holders are a more appropriate reference. A requirement for a minimum number of share holders for cooperative formation is contained in 4.2.2, Option 1. The use of a minimum amount of the catch history of a sector for cooperative formation is added to 4.2.2, Option 2 of the revised motion..

(2.2.14.9.1) Co-op participation

Option 1 Voluntary cooperatives are provided for by 4.1, Option 1 of the revised motion.. The term "voluntary" raises the question of whether non-members of cooperatives can participate. To date, the Council has defined a voluntary cooperative program as one that allocates IFQs to non-members. In the event that no individual allocations are made to non-members of a cooperative, the cooperative could be referred to as mandatory with provision for non-member participation in an open access fishery. This is provided for in 4.6 a) of the revised motion. Alternatively, 4.6 b) of the revised motion provides for the option

that non-members cannot participate, if that is desired.

Suboption 1 and suboption 2.

These provisions overlap significantly in themselves and with one of the bullets in the previous provision. Suboption 1 and suboption 2b. provide for a minimum catch history for cooperative formation, which is equivalent to one of the bullets. These options are provided for in 4.2.2 in the revised motion. That provision also notes that different percentages could be accommodated for different sectors. Suboption 2b provides for a minimum number of license holders for cooperative formation. As noted, license holders are not the appropriate reference in a share-based fishery. A requirement for a minimum number of share holders for cooperative formation is contained in 4.2.2 of the revised motion, as well.

Option 2

This option provides for cooperatives to be composed of share holders from the same sector. This is provided in 4.2.1 of the revised motion.

Option 3

This option provides for trading of shares among different cooperatives (implicitly sectors). Section 2.3.2.1 of the revised motion provides for no vessel length categories. Section 2.3.2.2, Option 1 of the revised motion, provides for no CV or C/P designation of harvest shares, which effectively allows trading among those vessel types. Section 2.3.2.3 of the revised motion provides for no gear designations and use of shares allocated to one gear by another gear type. One or more of these could be adopted to effectively allow trading among any different sector that might be defined by the Council. **If some other objective is intended by this provision, it should be clarified. Otherwise, staff suggests this provision be omitted in favor of the more specific provisions in other sections of the motion.** The provision is included in Section 4.3.2.7 of the revised motion.

(2.2.14.9.2) Co-op Allocations

This provision is equivalent to the sector allocation provision of 2.3.1, Option 1 of the revised motion. This provision only applies if the Council elects a "true" sector cooperative, under which the entire allocation of a sector is made to a single cooperative of members of that sector. Since the provision is contained elsewhere, it is not necessary to include it again.

(2.2.14.9.3) Open Access

An open access fishery is provided for in 4.6a of the revised motion. Provisions defining participation in the open access fishery and the allocation to the open access fishery are suggested.

3.1 Closed Class of Processors

(3.1.13) Harvest Delivery Requirements -Under this provision, a percentage of the harvest share allocation would be deliverable to a qualified processor, with the remaining shares deliverable to any processor.

- A) Designation of A shares (deliverable only to a qualified processor) and B shares (deliverable to any processor may simplify the discussion.
- B) Is it intended that all QS would be of one class (with the delivery restricted portion inseparable

from the free delivery portion). In that case, IFQ would be issued in a specific ratio of Class A IFQ to Class B IFQ for all QS holdings. Alternatively, the underlying QS could be severable, so that Class A QS can be sold separately from Class B QS. A provision and suboption could be added that provide:

If a closed class of processor or processor share alternative is chosen, CV harvest shares will be issued in two classes. Class A shares will be deliverable to a qualified processor or processor share holder (as applicable). Class B shares will be deliverable to any processor.

Suboption: Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

These provisions have been added to 2.3.2.4 of the revised motion.

- C) This would apply only to CV harvest shares (not C/P) harvest shares. "CV" should be added before the term "harvest shares" in this provision. This is added to 3.1.2 of the revised motion.

(3.1.14.1)

- A) This paragraph should be clear that the closed class only applies to a portion of the TAC (not the whole TAC). The current language says that a processor must be qualified to "purchase groundfish" suggesting only qualified processors can participate. Suggested language is included in 3.1.2.1 of the revised motion.
- B) In paragraph c it is not clear how i) and ii) work. Are they separate suboptions? (3.1.2.1 c. of the revised motion)

(3.1.14.2)

- a) This provision describes who would receive licenses. These provision also determine who will receive credit for processing history. The provision should be clear as to its application. Suggested language is added to clarify that the provision determines the entity that will receive credit for landings.
- b) Option 2 provides that custom processing would be "counted for purposes of limiting entry". Does this mean that
 - a) a processor that processes fish under a custom processing agreement gets credit for that processing
 - b) the party paying for that processing receive creditThis also appears to be a suboption since not all processing is not custom processing.
(3.1.2.2 of the revised motion)

(3.1.14.3)

- a) The regionalization of processing licenses is not provided for in the regionalization section of the motion (2.9.1 of the revised motion). That section should provide for the regionalization of licenses

and a method of determining the (particularly for floaters).

- b) If processor license are to be regionalized or community based, the level at which eligibility rules are applied will need to be clarified. If company based, it is possible that an entity could qualify for a license through activity at multiple locations.
- c) Can processors stack (or hold multiple) licenses?
The response may depend on
 - 1) whether licenses are issued at the facility/plant or company level
 - 2) whether licenses are community or region limited(Clarification could be added to section 3.1 of the revised motion)
- d) Will the transfer of a processor license in a cooperative program affect the cooperative association? If a license transfer also transfers all cooperative associations, the delivery obligations would also transfer. In addition, any share reduction provision would also apply, so that leaving a cooperative would result in a loss of shares in the following year. (4.5.3 of the revised motion)

(3.1.14.4) Processor use caps will be analyzed separately for each target species (3.1.2.4 of the revised motion)

3.2 Closed Class of Processors with Cooperatives

(3.2) Harvest share program with closed class of processors with cooperatives

As with some of the other sections, it might be easiest to incorporate these provisions into the cooperative options of 2.1.14. Most of the provisions are contained in that section and the few additional provisions can be easily consolidated. The provisions of 3.2.13 can be incorporated as follows:

(3.2.12.1) Added to 2.1.14, Option 2, paragraph 10.

(3.2.12.1) Initial Co-op Allocations

(this provision concerns eligibility to join a cooperative at the start of the program)

The provisions are added to 4.2.1 in the proposed revision to the motion.

4.2 Two-Pie IFQ with Cooperatives

(4.2.13) The reference to "Processor Purchase Requirements" is unclear. There is no requirement in this provision. This reference is dropped from 3.2.2 of the revised motion.

(4.2.13) The provision concerning binding arbitration is very incomplete. A program will need to be developed if one is intended (see 3.2.1 of the revised motion).

(4.2.13) The provision concerning purchase of processing shares from catcher/processors is very incomplete. No option appears for the allocation of processing shares to C/Ps. If this is intended to provide for division of C/P shares into separate harvest (CV harvest share) and processing privileges (PQS), it will need to be revised. Also, the provision should be

clear concerning whether catcher/processors can merge shares once they are severed.

Also a provision should be added that identifies eligibility for purchase of processing shares, if any is contemplated.

- (4.2.13.1) These provisions may differ depending on what the level of allocation is intended. If the program is plant based, the eligibility should depend on the plant operations. If the program is company based, the eligibility could depend on the company operations. In all cases the allocation of shares is to the owner. References to custom processing should be clarified. Two suboptions are suggested. A complete revision is suggested in 4.2.13.1.
- (4.2.13.2) Option 1 would allocate processing shares for target species. Option 2 would allocate processing shares for bycatch species. In multispecies, in which harvesters can be expected to harvest varying amounts of different species, the coordination of harvest shares can be expected to be complicated. Establishing cooperatives may simplify that coordination by facilitating transfers within a cooperative. Intercooperative transfers are likely to be necessary to facilitate harvest of the TAC of the different harvest species because of the complexity of forecasting bycatch. The coordination of processing shares will add a layer of complexity, because of the one-to-one correspondence of processing shares and Class A harvest shares. Extension of processing shares to species that are bycatch only, would further complicate the coordination of share usage. (see 3.2.4, Option 2)
- (4.2.13.2) Option 4 would allocate C/Ps shares with a harvest privilege and a processing privilege. Since this is the only provision related to C/P allocations, it cannot be an option but is a provision without option. The provision is in 3.2.4.1 of the revision.
- (4.2.13.3) The provision concerning AFA vessels is removed since it doesn't apply to processors. If an issue of AFA processors exists, the Council could add a provision requesting staff to examine AFA processor allocations separately. The provision is omitted from 3.2.5 of the revised motion.
- (4.2.13.4) The last sentence of this section provides that processors awarded IPQ can purchase "open access fish". This should provide that any processor can purchase fish delivered with Class B shares (open delivery fish). The provision in the revised motion is modified in 3.2.6.
- (4.2.13.5) The processor caps proposed by this section combine some species into groups. This method of establishing caps does not accommodate the different changes in TACs for different species. If aggregated caps are contemplated, some method of combining TACs should be considered. An option to apply caps on a species basis is added to the revision in 3.2.7.
- (4.2.13.7) It is unclear whether the inclusion of custom processing in calculating use caps is an option (option 4, clause a). Is it intended that an option be analyzed for not including custom processing in calculating compliance with a use cap?

Option 4 and 5 might be better worded by starting with the phrase “use caps will be waived to the extent that compliance is prevented by....” (See 3.2.9 of the revision)

(4.2.13.8)

The provision concerning community purchase of processing shares should include some requirements concerning management and oversight of share holdings. Provisions similar to those of the halibut and sablefish community purchase program could be used for communities that do not receive an allocation of shares. For communities that do receive an allocation, share holdings could be governed by provisions that apply to the allocation. (see 3.2.10 of the revised motion)

DOCUMENT D

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
GULF OF ALASKA GROUND FISH RATIONALIZATION
ALTERNATIVES, ELEMENTS AND OPTIONS

NOTE:

- 1) ***bolded, italicized numbering*** after each provision is a reference to the location of the provision in the Council's April 2003 motion as renumbered by staff.
- 2) Underlined provisions are revisions proposed by staff.

1 Status Quo (No Action Alternative) (1)

2 Harvest Sector Provisions (2)

2.1 Management Areas:

Areas are Western Gulf, Central Gulf, and West Yakutat—separate areas

For Pollock: 610 (Western Gulf), 620 and 630 (Central Gulf), 640 (West Yakutat)

SEO: exempt except for Shortraker, Rougheye, and thornyhead as bycatch species

Gear: Applies to all gear except jig gear (2.1) – the jig fishery would receive an allocation based on its historic landings in the qualifying years – the jig fishery would be conducted on an open access basis

2.2 Qualifying periods and landing criteria (same for all gears in all areas)

(The analysis will assess AFA vessels as a group)

- Option 1. 95-01 (drop 1, or 2)
- Option 2. 98-01 (drop 1)
- Option 3. 95-02 (drop 1, 2, or 3)
- Option 4. 95-97 (for AFA vessels)
- Option 5. 98-02 (drop 1 or 2)
- Option 6. 00-02 (drop 1)

The following applies to all options:

Suboption. Exclude 2000 for pot gear Pacific cod

NOTE: the above suboption, if selected, would count as 1 year dropped (if selected)

NOTE: The Council noticed the public of its intent to further reduce the above options at the June Council meeting. (2.1.1)

2.2.1 Qualifying landing criteria (2.1.2)

Landings based on retained catch for all species (includes WPR for C/P sector)

NOTE: Total pounds landed will be used as the denominator.

Catch history determined based on the **poundage** of retained catch year (does not include meal) (2.1.2.1)

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Suboption: catch history for p. cod fisheries determined based on a percentage of retained catch per year (does not include meal)

2.2.2 Eligibility

LLP participation

Option 1 Eligibility to receive catch history is any person that holds a valid, permanent, fully transferable LLP license.

Suboption: Any person who held a valid interim LLP license as of January 1, 2003.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e. moratorium qualification or LLP license) of an LLP qualifying (i.e. GQP, EQP, RPP and Amendment 58 combination) vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. Only one catch history per LLP license.

Non-LLP (State water parallel fishery) participation

Option 2: Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Option 3: Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries. (2.1.2.2)

Management of the parallel fishery once this program is implemented must be considered. How will total harvests be managed, if a derby parallel fishery is prosecuted?

2.3 Target Species Rationalization Plan (2.1.3)

Target Species by Gear

2.3.1 Initial Allocation of catch history

Option 1: Allocate catch history by sector and gear type

Option 2: Allocate catch history on an individual basis

a. Trawl CV and CP:

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, Pelagic shelf rockfish

b. Longline CV and CP:

Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder

c. Pot CV and CP:

Pacific Cod (2.1.3.1, 2.2.14.2)

2.3.2 Harvest share (or QS/IFQ) Designations (2.1.3.2)

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2.3.2.1 Vessel categories

- Option 1. No Categories
- Option 2. Vessel Categories as follows
 - Vessels < 60'
 - Vessels >= 60' and < 125'
 - Vessels >= 125' (2.1.3.2.1)

2.3.2.2 Harvest share sector designations:

- Option 1. No designation of harvest shares (or QS/IFQ) as CV or CP
- Option 2. Designate harvest shares (or QS/IFQ) as CV or CP. Annual CV harvest share allocation (or IFQ) convey a privilege to harvest a specified amount. Annual CP harvest share allocation (or IFQ) conveys the privilege to harvest and process a specified amount. Designation will be based on:

Actual amount of catch harvested and processed onboard a vessel by species.

- b. All catch in a given year if any was legally processed onboard the vessel by species. (2.1.3.2.2)

2.3.2.3 Harvest share gear designations

- Option 1. No gear designation (*see also 2.2.14.9.1, Option 3*)
- Option 2. Designate harvest shares as Longline, Pot, or Trawl
- Option 3. Longline and pot gear harvest shares (or IFQ) may not be harvested using trawl gear.
- Option 4. Pot gear harvest shares (or IFQ) may not be harvested using longline gear (2.1.3.2.3)

2.3.2.4 If a closed class of processor or processor share alternative is chosen, CV harvest shares will be issued in two classes. Class A shares will be deliverable to a qualified processor or processor share holder (as applicable). Class B shares will be deliverable to any processor.

Option: Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

2.3.3 Transferability and Restrictions on Ownership of Harvest shares (or QS/IFQ) (2.1.3.3)

2.3.3.1 Persons eligible to receive harvest shares by transfer must be (not mutually exclusive):

- Option 1. US citizens who have had at least 150 days of sea time
- Option 2. Entities that have a U. S. citizen with 20% or more ownership and at least 150 days of sea time
- Option 3. Entities that have a US citizenship with 20% or more ownership
- Option 4. Initial recipients of CV or C/P harvest share
- Option 5. US Citizens eligible to document a vessel.
- Option 6. Communities would be eligible to receive harvest shares by transfer (this provision would be applicable if certain provisions of 2.9 are adopted.) (2.1.3.3.1, 2.2.14.2)

2.3.3.2 Restrictions on transferability of CP harvest shares

- Option 1. CP harvest shares maintain their designation upon transfer

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Option 2. CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea, if CP harvest shares are processed onshore after transfer, CP harvest shares converts to CV harvest shares (2.1.3.3.2)

2.3.3.3 Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares:

- a. all CP shares
- b. trawl CP shares
- c. longline CP shares (2.1.3.3.3)

2.3.3.4 Vertical integration (*See also placeholder under Option 6???????*)

Harvest shares initial recipients with more than 10% limited threshold ownership by any holder of processing shares or licenses are:

- Option 1. capped at initial allocation of harvest CV and CP shares
- Option 2. capped at 115-150% of initial allocation of harvest CV shares
- Option 3. capped at 115-150% of initial allocation of harvest of CP shares (2.1.3.3.4)

2.3.3.5 Definition of sea time

Sea time in any of the U.S. commercial fisheries in a harvesting capacity. (2.1.3.3.5)

2.3.3.6 Leasing of QS ("leasing of QS" is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as "hired skipper" requirement in halibut/sablefish program).

- Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Option 2. No leasing of CP QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Option 3. Allow leasing of CV QS, but only to individuals eligible to receive QS/IFQ by transfer.
- Option 4. Allow leasing of CP QS, but only to individuals eligible to receive QS/IFQ by transfer.
- Option 5. Sunset [CP - CV] QS leasing provisions [3 - 5 - 10] years after program implementation. (2.1.3.3.6)

2.3.3.7 Separate and distinct harvest share use ("ownership") caps

NOTE: The Council gave notice that it will revisit the language in this option to address the CV and CP sectors in June 2003.

Vessel Use caps on harvest shares harvested on any given vessel shall be set at two times the use cap for each species. Initial issues that exceed the use cap are grandfathered at their current level as of a control date of April 3, 2003; including transfers by contract entered into as of that date. Caps apply to all harvesting categories by species with the following provisions:

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Apply individually and collectively to all harvest share holders in each sector and fishery.

Percentage-caps by species are as follows (a different percentage cap may be chosen for each fishery):

i. Trawl CV and/or CP (can be different caps):

Use cap based at the following percentile of catch history for the following species: (i.e., 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

Suboption 1. 75 %

Suboption 2. 85%

Suboption 3. 95 %

ii. Longline and Pot CV and/or CP (can be different caps)

based on the following percentiles of catch history for the following species:

Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish

Suboption 1. 75 %

Suboption 2. 85%

Suboption 3. 95 %

iii. Conversion of CP shares:

1. CP shares converted to CV shares

Option 1: will count toward CV caps

Option 2: will not count toward CV caps at the time of conversion.

2. Caps will be applied to prohibit acquisition of shares in excess of the cap. Conversion of CP shares to CV shares alone will not require a CP shareholder to divest CP shares for exceeding the CP share cap.

(2.1.3.3.7)

2.3.3.8 Owner On Board Provisions

Provisions may vary depending on the sector or fishery under consideration (this provision may be applied differently pending data analysis)

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares. This exemption applies only to those initially issued harvest share units.

Suboption 1. No owner on board restrictions.

Suboption 2. A portion (range of 5-100%) of the quota shares initially issued to fishers/ harvesters would be designated as "owner on board."

NOTE: The Council may revise the upper end of the range.

Suboption 3. All initial issues (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares for a period of 5 years after implementation.

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Suboption 4. Shares transferred to initial issuees in the first 5 years of the program would be considered the same as shares initially issued (range of 5 –100% of the quota shares). See above NOTE

Suboption 5. “owner on board” shares transferred by initial issuees, after the grace period, would require the recipient to be aboard the vessel to harvest the IFQ.

Suboption 6. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of (Range 1-3 years). (2.1.3.3.8)

2.3.3.9 Overage Provisions

a. Trawl CV and CP:

Suboption 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year’s annual allocation or IFQ. Underages up to 10% of last trip harvest shares (or IFQ) will be allowed with an increase in the subsequent year’s annual allocation (or IFQ).

Suboption 2. Overage provisions would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be charged if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

b. Longline and pot CV and CP :

Overages up to 10% of the last trip will be allowed with rollover provisions for underages— greater than a 10% overage results in forfeiture and civil penalties. An overage of less than 10% results in the reduction of the subsequent year’s annual allocation or IFQ. This provision is similar to that currently in place for the Halibut and Sablefish IFQ Program (CFR 679.40(d)).

Suboption. Overages would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available). (2.1.3.3.9, 2.2.14.2)

2.3.3.10 Retention requirements for rockfish, sablefish and Atka mackerel:

Option 1. no retention requirements

Option 2. require retention (all species) until the annual allocation (or IFQ) for that species is taken with discards allowed for overages

Option 3. require 100% retention (all species) until the annual allocation (or IFQ) for that species is taken and then stop fishing. (2.1.3.3.10)

2.3.3.11 Limited processing for CVs

Option 1. No limited processing

Option 2. Limited processing of rockfish species by owners of CV harvest shares is allowed consistent with limits set in the LLP program which allows up to 1 mt of round weight equivalent of groundfish to be processed

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per day on a vessel less than or equal to 60ft LOA. (2.1.3.3.11, 2.2.14.2)

- 2.3.3.12 Processing Restrictions
- Option 1. CPs may buy CV fish
 - a. 3 year sunset
 - Option 2. CPs would be prohibited from buying CV fish
 - a. 3 year sunset
 - Option 3. CPs are not permitted to buy fully utilized species (cod, pollock, rockfish, sablefish, and allocated portion of flatfish) from CVs.
 - a. Exempt bycatch amounts of these species delivered with flatfish (2.1.3.3.12)

2.4 Allocation of Bycatch Species (2.1.4, 2.2.14.2)

Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish
Includes SEO Shortraker, Rougheye, and Thornyhead rockfish.

- Option 1. Allocation of shares
- a. Allocate shares to all fishermen (including sablefish & halibut QS fishermen) based on fleet bycatch rates by gear:
 - Suboption 1. based on average catch history by area and target fishery
 - Suboption 2 based on 75th percentile by area by target fishery
 - b. Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.
 - Suboption. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached (2.2.14.2, Option 3).
- Option 2. Include these species for one gear type only (e.g., trawl). Deduct the bycatch from gear types from TAC. If deduction is not adequate to cover bycatch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.
- Option 3. Retain these species on bycatch status for all gear types with current MRAs. (2.2.14.2, Option 2)
- Option 4. Allow trawl sablefish catch history to be issued as a new category of sablefish harvest shares ("T" shares) by area. "T" shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.
 - Suboption. These shares may be used with either fixed gear or trawl gear.

2.5 PSC Species (2.1.5)

2.5.1 Accounting of Halibut Bycatch

Pot vessels continue their exemption from halibut PSC caps.

Hook and line and trawl entities

- Option 1. Same as that under IFQ sablefish and halibut programs
- Option 2. Cooperatives would be responsible for ensuring the collective halibut bycatch cap was not exceeded
- Option 3. Individual share or catch history owners would be responsible to ensure that their halibut bycatch allotment was not exceeded (2.1.5.1, 2.2.14.4)

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2.5.2 Halibut PSC Allocation

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the directed fishery harvest shares. Bycatch only species would receive no halibut allocation.

Initial allocation based on average halibut bycatch by directed target species during the qualifying years. Allocations will be adjusted pro rata to equal the existing PSC cap.

(2.2.14.4.2)

Option 1. By sector average bycatch rates by area by gear

- a) Both sectors
- b) Catcher processor/Catcher Vessel (2.1.5.2)

2.5.3 Annual transfer/Leasing of Trawl or Fixed Gear Halibut PSC mortality

Halibut PSC harvest share are separable from target groundfish harvest shares and may be transferred independently. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

Option 1 0%

Option 2 . 5%

Option 3 . 7%

Option 4 . 10%

Option 5 . Exclude any halibut PSC transferred for participation in the incentive fisheries (2.1.5.3)

2.5.4 Permanent transfer of Halibut PSC harvest share mortality

Option 1. Groundfish harvest shares and Halibut PSC harvest shares are non-separable and must be transferred as a unit

Suboption. exempt Pacific cod

Option 2. Groundfish harvest shares and Halibut PSC harvest shares are separable and may be transferred separately (2.1.5.4)

2.5.5 Retention of halibut bycatch by longline vessels

Halibut bycatch may be retained outside the halibut season from Jan 30 to start of commercial fishery, and from end of commercial fishery through December 15.

Option 1. retention is limited to (range 10-20%) of target species

Option 2. permit holder must have sufficient harvest shares (or IFQ) to cover landing (2.1.5.5)

2.6 Incentive species (2.1.6)

Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.

Owners of shares must utilize all their shares for an incentive species before participating in incentive fishery for that species.

Option: The portion of historic unharvested West Yakutat TAC will be made available as an incentive fishery, subject to provision of incentive fisheries
(Specify species if broader than those listed above)

PLACEHOLDER language for eligibility: The incentive fishery is limited to persons that hold harvest shares and adequate PSC and bycatch species shares to prosecute these fisheries.

2.6.1 Eligibility to fish in the incentive fisheries

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Staff suggests removing these options

- Option 1. Any person with a valid LLP
- Option 2. Entities that have 20% or more U.S. ownership and at least 150 days of sea time with 10 mt of fixed gear harvest shares or 50 mt of trawl harvest shares
- Option 3. Entities that have 20% or more U.S. ownership with 10 mt of fixed gear harvest shares or 50 mt of trawl harvest shares (2.1.6.1)

Incentive species are available for harvest, providing the vessel has adequate PSC and bycatch species, under the following conditions:

- Suboption 1. If a sector does not form a coop, the unallocated incentive species are available for harvest by the sector once the sector's allocation of the incentive species has been used.
- Suboption 2. If a coop is formed in a sector, the individual coop member's apportionment of that species has to be used prior to that individual gaining access to the unallocated portion of the incentive species. The coop member does not have to wait until all coop members have used their individual apportionments.
- Suboption 3. For vessels not participating in a sector coop, the unallocated incentive species are available for harvest once the non-coop sector's allocation of the incentive species has been used. (2.2.14.5, Option 2)

2.6.2 Allocation of incentive species in the incentive fisheries

Option 1. Allocate catch share to the historical participants (closed class) of the incentive species for the qualifying years. Available incentive fishery quota is the available TAC for that fishing year minus the closed class fishery quota allocation as outlined below. Incentive fishery quota creates an incentive for fishermen to fish cleaner, either by gear conversion or reduction in halibut bycatch rates in other directed fisheries. If no halibut is allocated to the fishery through an incentive set aside the only entry mechanism is halibut savings.)

- Suboption 1. Allocate harvest shares as a fixed allocation in metric tons. If available TAC is less than the total fixed allocation in metric tons then reduce participants' allocation pro-rata amongst closed class harvest share holders.
- Suboption 2. Catch history is based on 125% of catch history. If available TAC is less than the allocation in metric tons then reduce participants' allocation pro-rata amongst closed class harvest share holders.
- Suboption 3. For incentive species, the combined total of all pounds landed during the qualifying years will be compared with the total TAC for the qualifying years to determine the *percent of the fishery utilized*. During each successive year the *percent of the fishery utilized* is applied to the total TAC with the resulting sum apportioned among qualifying vessels. The remaining TAC is available for an incentive fishery. (2.1.6.2)

2.7 Entry level rockfish program

Option 1. Allow entry level jig and < 60 ft CV longline harvests of Pelagic shelf rockfish

Suboption 1. include Pacific ocean perch

Suboption 2. a range of 3 to 15% of the TAC will be set aside to accommodate this fishery

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Suboption 3. Determine catch accounting methods. Then, defer decisions on remainder of program to a trailing amendment.

Suboption 4. Catch of these vessels would be deducted from the following years TAC prior to distributing harvest shares. After initial allocation, defer design of program to trailing amendment.

Option 2. No entry level rockfish fishery for:

Suboption 1. Gulf wide

Suboption 2. Central Gulf including West Yakutat

Suboption 3. Western Gulf

(2.1.7)

2.8 Skipper/Crew and Second Generation

A skipper is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

NOTE: Skipper definitions needed to distinguish differences between sectors

Option 1. No skipper and crew provisions

Option 2. Allocate percentage to captain:

Suboption 1. Initial allocation of 2% shall be reserved to qualified captains

Suboption 2. Initial allocation of 5% shall be reserved to qualified captains

Suboption 3. Initial allocation of 7% shall be reserved to qualified captains

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program. (2.1.8)

2.9 Communities (2.1.9)

NOTE: Bering Sea and Western Alaska CDQ communities may be excluded from community programs.

2.9.1 Regionalization

The following applies to both Central and Western Gulf areas:

If adopted, all processing shares or licenses allocated to shorebased (and floating) processors will be categorized by region.

- Processing shares or licenses that are regionally designated cannot be reassigned to another region.
- Catcher vessel harvest shares are regionalized based on where the catch was processed, not where it was caught.
- Catcher processor shares and incentive fisheries are not subject to regionalization.
- Qualifying years to determine the distribution of shares between regions will be consistent with the preferred alternative under "Element 1, Qualifying Periods".

Central Gulf: Two regions are proposed to classify harvesting and (if adopted) processing shares: North - South line at 58° 51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area).

The following fisheries will be regionalized for shorebased (including floating) catch and subject to the North - South distribution: Pollock in Area 630; CGOA

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flatfish (excludes arrowtooth flounder); CGOA Pacific ocean perch; CGOA northern rockfish and pelagic shelf rockfish (combined); CGOA Pacific cod (inshore); GOA sablefish (trawl); WY pollock

Western Gulf: The following fisheries will be regionalized for shorebased (including floating) catch: Pacific cod in Area 610; pollock in Area 610; pollock in Area 620

- Option 1. Dutch Harbor (Akutan)/Sand Point
- Option 2. Kodiak/Sand Point
- Option 3. Both

NOTE: Boundaries will be defined in June based on public testimony (staff will attach a detailed map of the GOA to aid in boundary identification. (2.1.9.1)

2.9.2 Community Fisheries Quota (CFQ) (2.1.9.2, 2.2.14.6)

2.9.2.1 Administrative Entity

- Option 1. Gulf wide administrative entity
- Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)
- Option 3. Community level (2.1.9.2.1)

2.9.2.2 Eligible Communities

- Option 1. Population:
 - a. Less than 1,500 residents
 - b. Less than 2,500 residents
 - c. Less than 5,000 residents
 - d. Less than 7,500 residents
- Option 2. Geography
 - a. Coastal Communities without road connections to larger community highway network
 - b. Coastal communities adjacent to salt water
 - c. Communities within 10 miles of the Gulf Coast
 - d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nmi from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.
- Option 3. Economy (based on all fish).

Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources.

 - a. GOA fisheries dependant communities defined as communities with range of 10-30% of their base industry economy is harvesting or processing related (includes all fisheries).
 - b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries)
 - c. All GOA communities (2.1.9.2.2)

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2.9.2.3 Species

- Option 1. All rationalized groundfish species
- Option 2. Limited to species that can be caught without (hard on) bottom trawling
(2.1.9.2.3)

2.9.2.4 Allocation

Harvester shares

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC
- Option 4. 20% of annual TAC

Processing shares

- Option 5. 5% of annual processing allocation
- Option 6. 10% of annual processing allocation
- Option 7. 15% of annual processing allocation
- Option 8. 20% of annual processing allocation
(2.1.9.2.4)

2.9.2.5 Harvesting of Shares

- Option 1. Limited to residents of eligible communities that own their vessels
- Option 2. Limited to residents of eligible communities
- Option 3. No limitations on who harvests shares
(2.1.9.2.5)

2.9.2.6 Use of Revenue

- Option 1. Community development projects that tie directly to fisheries or fishery related projects and education.
- Option 2. Community development projects that tie directly to fisheries and fisheries related projects, education and government functions.
- Option 3. Education, social and capital projects within eligible communities as well as governmental functions.
(2.1.9.2.6)

2.9.3 Community Purchase Program

Eligible communities.

- Option 1. Population:
 - a. Less than 1,500 residents
 - b. Less than 2,500 residents
 - c. Less than 5,000 residents
 - d. Less than 7,500 residents
- Option 2. Geography
 - a. Coastal Communities without road connections to larger community highway network
 - b. Coastal communities adjacent to salt water
 - c. Communities within 10 miles of the Gulf Coast
- Option 3. Economy (based on all fish).

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Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources.

- a. GOA fisheries dependant communities defined as communities with a range of 10-30% of their base industry economy is harvesting or processing related (includes all fisheries).
- b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries)
- c. All GOA communities

(2.1.9.3)

2.9.4 Community Incentive Fisheries Trust (CIFT)

The CIFT has full ownership of CIFT harvest shares and holds these shares in trust for the communities, processors and crew members in the region to use as leverage to mitigate impact directly associated with implementation of a rationalization program. (2.1.9.4)

2.9.4.1 Harvest Share Distribution

10-30 % of harvest shares shall be originally reserved for GOA CIFT associations. These harvest shares will be a pool off the top before individual distribution of harvest shares. (2.1.9.4.1)

2.9.4.2 CIFT Designation

- Option 1. One CV CIFT for entire GOA (exclude SEO)
- Option 2. Regional CV CIFTs :
 - Suboption 1. Central GOA (Kodiak, Chignik)
 - Suboption 2. Western GOA
 - Suboption 3. North Gulf Coast (Homer to Yakutat)
- Option 3. CP-based CIFT

Defer remaining issues to a trailing amendment
(2.1.9.4.2)

2.10 PSC Crab, Salmon, and Other Species (Excluding Halibut) (2.1.10)

Prepare a discussion paper to describe processes currently underway to address bycatch of salmon, crab and herring and other forage fish species (including FMP amendments and PSEIS options for crab bycatch). The paper should (1) provide timelines and how they relate to the GOA rationalization timeline; (2) describe fishery, survey, and habitat data sources that will be used. Based on the recommendations in the paper, the Council would determine if (1) existing processes are sufficient or if some measures need to be more closely linked to rationalization decisions, and (2) if other or additional management approaches are appropriate to include in a rationalized fishery in a trailing amendment.

Put Section 2.10 (PSC Crab and Salmon) on the same status with other trailing amendments (including skipper/crew shares; fee and loan program; CIFT issues). The discussion paper would be done parallel to the EIS similarly to how analysis of the other trailing amendments is planned.

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2.11 Review and Evaluation (2.1.11)

2.11.1 Data collection.

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of this program will be developed in the analysis of the alternatives. (2.1.11.1)

2.11.2 Review and Sunset

Option 1. The program would sunset unless the Council decides to continue or amend the program. The decision of whether to continue or amend would be based on a written review and evaluation of the program's performance compared to its objectives.

Suboption 1. 5 year after fishing under the program

Suboption 2. 7 year after fishing under the program

Suboption 3. 10 year schedule after fishing under the program

Suboption 4. No sunset provision.

Option 2. Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

(2.1.11.2, 2.2.14.7)

2.12 Sideboards (2.1.12)

Participants in the GOA rationalized fisheries are limited to their historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries. (2.1.12, 2.2.14.8)

Vessels (Steel) and LLPs used to generate harvest shares used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments.

(2.2.13, *Option 1, Paragraph 11*)

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries. (2.2.14.8)

3 Processing Sector Provisions

3.1 Provisions for a Closed Class of Processors (3.1)

3.1.2 Harvester Delivery requirements

50-90% of CV harvest share allocation will be reserved for delivery to the qualified closed trawl or fixed class processor. The other 50 -10% of CV harvest share allocation can be delivered to:

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- i. any processor including CPs
- ii. any processor excluding CPs

(Note that a different alternative could apply if a cooperative program is chosen. See 4.3.2.6)

(3.1.13)

3.1.2 Closed Class Processor Qualifications (3.1.14)

3.1.2.1 To purchase groundfish required to be delivered to a qualified processor must have purchased and processed a minimum amount of groundfish as described below in at least 4 of the years

- Option 1. 1995 – 1999.
- Option 2. 1995 – 2001
- Option 3. 1995 – 2002

- a. Trawl eligible Processors
 - Option 1. 2000 mt
 - Option 2. 1000 mt
 - Option 3. 500 mt
- b. Fixed gear eligible Processors
 - Option 1. 500 mt
 - Option 2. 200 mt
 - Option 3. 50 mt
- c. Trawl and Fixed gear eligible processors
 - i) Meet criteria for both the closed class trawl process catch and closed class fixed gear process catch as described above
 - ii) Total catch - Trawl and fixed catch combined
 - Option 1. 2,500 mt
 - Option 2. 1,200 mt
 - Option 3. 550 mt
- d. Processors are defined at:
 - Option 1. Processors are defined at the entity level
 - Option 2. Processors are defined at the plant level

(3.1.14.1)

3.1.2.2 Processor history would be credited to (and licenses would be issued to):

- Option 1. Operator – must hold a federal or state processor permit.
- Option 2. Facility owner

Suboption: Custom processing history would be credited to:

- i. the processor that physically processes the fish
- ii. the processor that purchases the fish and pays for processing

(3.1.14.2)

3.1.2.3 Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

- Option 1. Within the same community
- Option 2. Within the same region

(3.1.14.3)

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3.1.2.4 Processing Use caps by closed class processor type (trawl, fixed or trawl and fixed), by CGOA and WGOA regulatory areas:

Range 70% to 130% of TAC processed for all groundfish species for the largest closed class processor
(3.1.14.4)

3.1.2.5 Processing Caps may apply at:

- Option 1. the facility level
- Option 2. the entity level

(3.1.14.5)

3.2 Provisions for Processor Share Allocations (4.2.13)

3.2.1 Binding Arbitration process, for failed price negotiation, between fishermen and processors. *This provision is very incomplete.* (4.2.13)

3.2.2 Any processor within any Gulf community can buy IPQ shares from the catcher processor sector. *No option appears for the allocation of processing shares to C/Ps. If this is intended to provide for division of C/P shares into separate harvest and processing privileges, it will need to be revised. Also a provision should be added that identifies eligibility for purchase of processing shares, if any is contemplated.* (4.2.13)

3.2.3 Eligible processors

3.2.3.1 Any U.S. Corporation or partnership will be eligible for an allocation based on processing at a facility provided:

Option 1 The facility processed fish from a fishery included in the program in

- a. 2000 or 2001
- b. Any year 1998-2002
- c. 2001 or 2002

Option 2 Any facility of the company processed fish from a fishery included in the program in

- 1. 2000 or 2001
- 2. Any year 1998-2002
- 3. 2001 or 2002

3.2.3.2 The company that is eligible for the allocation is the :

Suboption 1. owner of the facility

Suboption 2. operator of the facility – must hold a Federal or State processor permit

3.2.3.3 In the case of custom processing, the company eligible for the allocation will be the :

Option 1 entity that processed the fish

Option 2 entity that purchased the fish

3.2.4 Categories of Processing Quota shares

Option 1. Target Species (Species where there is a significant historical processor participation)

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Area 610 pollock, Area 620 pollock, Area 630 pollock, WGOA Pacific cod, CGOA Arrowtooth flounder, CGOA Flatfish (excludes Arrowtooth flounder), CGOA POP, CGOA Pelagic Shelf Rockfish & Northern rockfish (combined), CGOA Pacific cod (inshore), WY Pollock

Option 2. Non-target Species (Species on Bycatch status throughout the year (e.g., Sablefish – trawl, Other rockfish, thornyhead, shortraker/rougheye).

Suboption 1. Allocate IPQ shares based on the Fleet bycatch rates by gear:

a. based on average catch history by area and target fishery

b. based on 75th percentile by area by target fishery

(These could be very difficult to implement)

Suboption 2. Exclude non-target species from IPQ awards

Option 3. Regional categories – processing quota shares will be regionalized by species grouping as shown in the regionalization section if regionalization is adopted (see 2.9.1). (4.2.13.2)

3.2.4.1 C/P will be issued C/P harvest shares, which combine the privilege of catching and processing product. (4.2.13.2) (Is this intended to be an option or a provision)

3.2.5 Qualifying periods

Option 1. 95-01 (drop 1 or 2)

Option 2. 98-01 (drop 1)

Option 3. 95-02 (drop 1, 2, or 3)

Option 4. 95-97 (for AFA vessels)

Option 5. 98-02 (drop 1 or 2)

Option 6. 00-02 (drop 1)

The following applies to all options:

Suboption. Exclude 2000 for pot gear Pacific cod

NOTE: the above suboption, if selected, would count as 1 year dropped (if selected) (4.2.13.3)

3.2.6 Percentage of season's TAC for which IPQs are distributed:

Option 1. 100%

Option 2. 90% - the remaining 10% would be considered open delivery.

Option 3. 80% - the remaining 20% would be considered open delivery.

Option 4. 50% - the remaining 50% would be considered open delivery.

The following applies to all suboptions:

All processors (including those that hold IPO) will be allowed to buy fish harvested with Class B shares (open delivery fish). (4.2.13.4)

3.2.7 Processing Shares Cap categories:

Option 1. Applied by species groupings – Pollock, Pacific cod, Flatfish (excludes Arrowtooth), and rockfish.

Option 2. Applied to all groundfish species combined Staff recommends that these provisions be modified to include a method for aggregating across species or omitted (4.2.13.5)

Option 3. Applied to each species for which processing shares are allocated.

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3.2.8 Ownership Caps on Processing Shares

- Option 1. Maximum share allocation in the fishery
- Option 2. Maximum share allocation in the fishery plus 5%
- Option 3. Maximum share allocation in the fishery plus 10%
- Option 4. Maximum share allocation in the fishery plus 15%
- Option 5. Select a cap between the average and maximum allocation with initial allocations grandfathered (4.2.13.6)

3.2.9 Use Caps: may select different options depending on sector, gear, etc.

Annual use caps on a

- a. company
 - b. facility
- basis

- Option 1. 30 percent to 60 percent of the TAC
- Option 2. The largest IPQ holding in the fishery at the time of initial allocation
- Option 3. Custom processing will be allowed
 - a) subject to use caps
- Option 4. Use caps will be waived to the extent that compliance is prevented by a catastrophic event.
- Option 5. Use caps will be waived to the extent that compliance is prevented by weather conditions.

Option 6. Vessel overages not counted toward IPQ use caps.
(4.2.13.7)

3.2.10 Community Protection under Processing Shares

Communities will be allowed to buy processing history -- First right of refusal for communities for all processing history designated for that particular community that is sold to entities outside the community.

NOTE: The Council will use provisions similar to the right of first refusal in the Crab rationalization program. (4.2.13.8)

4 Cooperative Provisions

4.1 Cooperative type (voluntary or mandatory)

- Option 1 Cooperative membership will be voluntary (i.e., harvest shares (IFQ) will be allocated to non-members) (2.2.13, Option 1 and 2.2.14.9)
- Option 2 Cooperative membership will be mandatory (i.e., harvest shares will be allocated only to cooperatives) (2.2.13, Option 2, Paragraphs 1 and 7)

4.2 Cooperative formation

4.2.1 Co-ops can be formed between holders of harvest shares or history of:

- i. any type
- ii. the same area, gear, vessel type (CV or C/P), and/or vessel length class.
- iii. the following classes of shares/history
 - CV trawl
 - CV longline

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CV pot
C/P trawl
C/P longline
C/P pot

Each group of share/history holders of a defined class that may form cooperatives is defined as a "sector".

(2.2.13, Option 1 Paragraph 3, 2.2.14.1, 2.2.14.9, and 2.2.14.9.1, Option 2)

4.2.1.1 Processor affiliated vessels may join cooperatives. *(2.2.13, Option 2 Paragraph 6)*

4.2.1.2 CV cooperatives must be associated with
a) a processing facility
b) a processing company
(2.2.13, Option 1 Paragraph 3)

The associated processor must be:

- a) a licensed processor *(2.2.13, Option 1 Paragraph 4)*
- b) a qualified processor (if closed processor class is selected)
- c) any processing share holder (if processor shares are selected)

Subsuboption i) Processors can associate with more than one co-op

Subsuboption ii) Processors are limited to 1 co-op per plant for each sector.

(2.2.13, Option 1 Paragraph 3)

4.2.1.3 A processor association will not be required for a C/P cooperative.

4.2.2 Cooperatives are required to have:

- i. at least 4 distinct and separate harvesters (using the 10% threshold rule) *(2.2.13, Option 1 Paragraph 3)*
- ii. at least 50-100 percent of the harvest shares (or catch history) of its sector (may choose different percentages for different sectors). *(2.2.14.9)*

Requirements may differ across sectors (or for CV and CP cooperatives)

4.2.3 Duration of cooperative agreements:

- a. 1 year
- b. 3 year
- c. 5 year

(2.2.13, Option 1 Paragraph 10)

4.2.4 Allocation Prerequisites *(What alternatives should this apply to??)*

Allocations to CV co-ops will only be made under the following conditions:

Required Co-op agreement elements:

Harvesters and processors are both concerned that rationalization will diminish their current respective bargaining positions. Therefore, a pre-season co-op agreement between eligible, willing harvesters and an eligible, and willing processor is a pre-requisite The co-op agreement must contain:

- 1) A price setting formula for all fish harvested by the co-op
- 2) A fishing plan for the harvest of all co-op fish

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*Staff is concerned that these provision are unworkable as written. Because of the lack of specificity in these provisions, little meaningful analysis can be provided.
(2.2.13, Option 2 Paragraphs 2 and 4)*

4.3 Rules Governing Cooperatives

4.3.1 Annual Allocations

Option 1 Annual allocations of cooperative members would be issued to the cooperative.

Option 2 Annual allocation of the sector would be issued to the sector cooperative (if "true" sector cooperative alternative is selected)
(2.2.13, Option 1 Paragraph 9, 2.2.14.9, and 2.2.14.9.2)

4.3.2.1 Co-op allocations.

Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement. (2.2.13, Option 1 Paragraph 12, and 2.2.14.9)

4.3.2.2 Monitoring and Enforcement

Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of target species, non-target species and halibut mortality, as may be adjusted by interco-op transfers. (2.2.13, Option 1 Paragraph 8 and 12 and 2.2.14.9)

4.3.2.3 Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement. (2.2.13, Option 1, Paragraph 12)

4.3.2.4 Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law. (2.2.13, Option 2, Paragraph 5)

4.3.2.5 Ownership and usage of CV cooperative allocations

- a. *At least 20% of the harvester allocation share owned by the co-op processor-owned vessels must be available for lease to other co-op harvesters, at prevailing market lease rates. This provision is not workable and should be revised or omitted.*
- b. No mandatory leasing provision
(2.2.13, Option 2, Paragraphs 2 and 8)

4.3.2.6 Processor delivery obligations (applies if closed class of processors alternative is selected)

50-90% of a CV cooperative's harvest share allocation will be reserved for delivery to the associated qualified processor. The other 50 -10% of harvest share allocation can be delivered to:

- i. any processor including CPs
- ii. any processor excluding CPs

(3.1.13)

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4.3.2.7 Co-ops may engage in intercooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g... gear groups, vessel types). Staff suggests that provision concerning trading of shares among different gears be used to determine the extent of intercooperative trading permitted (see 2.3.2.3 of this revised motion).
(2.2.14.9.1, Option 3)

4.4 Ownership and Use Caps and Underages

4.4.1 Set co-op use caps at 25 to 100% of total TAC by species (must choose 100 percent for a "true" sector cooperative) (2.2.13, Option 1 Paragraph 5)

4.4.2 Cooperative vessel use caps would be set at 1.5-2 X the individual cap. Grandfather initial issues at their initial allocation Note: 1.5 times is less than proposed vessel use cap in 2.3.3.7. (2.2.13, Option 1 Paragraph 6)

4.4.3 To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.

4.4.4 Underage limits would be applied in the aggregate at the co-op level (2.2.13, Option 1 Paragraph 7)

4.5 Movement Between Cooperatives

4.5.1 Harvesters may move between cooperatives at:
i. the end of each year.
ii. the expiration of the cooperative agreement.

4.5.2 For holders of CV shares or history:
Option 1 No share reduction for moving between co-ops year to year
Option 2 A one year 10-20% share reduction each time a harvester moves to a different co-op. There shall be a limit on the voluntary migration of harvesters from co-op to co-op such that no co-op loses more than 20% of its annual allocation in any single year
(2.2.13, Option 1 Paragraphs 2 and 7)

The share reduction shall be redistributed to:

- i. The cooperative that the share holder left (if it continues to exist).
If the cooperative does not exist, to all cooperatives in the sector on a pro rata basis.
- ii. To all cooperatives in the sector on a pro rata basis.
(applies if mandatory cooperatives)

4.5.3 License Transfers Among Processors (applies only if closed class of processors)
On transfer of a license by a processor:

STAFF PROPOSED REVISION

- a) any cooperative association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction on departing the cooperative, as would have been made in the absence of the transfer.
- b) any cooperatives associated with the license will be free to associate with any qualified processor. Harvest share/history holders in the cooperative will be free to move among cooperatives without share/history reduction.

4.6 Non-Members of Cooperatives (applies only if mandatory cooperatives)

4.6.3 Harvest share/history holders that do not choose to join a co-op

Option 1. May fish in open access, provided NMFS determines that the non-cooperative allocation is sufficient to conduct an open access fishery. The open access fishery will be comprised of all shares of harvesters that are not cooperative members of the same sector (i.e., area, vessel type (CV or C/P), and/or gear). NMFS will have the discretion to determine the distribution of bycatch among target species open access fisheries from shares of harvesters holding bycatch shares for multiple target fisheries.

Option 2 Are not allowed to participate in the rationalized fisheries until they join a co-op.
(2.2.13, Option 1 Paragraphs 9 and 2.2.14.9.3)

TRAILING AMENDMENTS

The Council intent is for these trailing amendments to be implemented simultaneously with the main rationalization program.

1.Fee and Loan Program

2.Skipper/Crew Share Program issues:

3.Remaining issues of CIFT program

4. PSC Crab, Salmon, and Other Species management

AGENDA C-1
JUNE 2003
Supplemental

June 02, 2003

North Pacific Fishery Management Council
605 W. 4th Suite 306
Anchorage, Alaska 99501-2252

David Benton, Chairman

RECEIVED
JUN - 3 2003

Dear Chairman Benton,

N.P.F.M.C

As presented in the Council's April 07, 2003 Gulf of Alaska Groundfish Rationalization Plan, Alternatives, Elements and Options, we noticed that the jig gear type is exempted. If jig gear is not to be included in the final Gulf Rationalization Plan, we suggest that a separate quota for the following species be set aside to allow for an open access jig fishery to all residents of the coastal communities and others who might pursue an entry into a jig fishery.

The species we suggest that quotas be established for are;

Pollack	All pelagic rockfish
Pacific Ocean Perch	All slope rockfish
Atka Mackerel	Skate
Sablefish	Spiny dogfish
Pacific Cod	Lingcod
All demersal shelf rockfish	

As a note of interest, in the 2003 Alaska State water jig cod fishery for the managed areas, Kodiak, Chignik, and Alaska Peninsula, a total of 185 vessels were registered to fish cod. Over the last two years the number of registered vessels in these fisheries has increased dramatically as the success rate of the prior participants grew. This year the quota for cod in these State managed areas was caught for the first time. It should also be pointed out that approximately 80% of these vessels are less than 50 feet in length. In the Cook Inlet and Southeastern management areas less than 20 vessels currently participate in this gear type. The results of this jig fishery to the local coastal communities is that more monies are distributed among local residents because the operators of these small vessels are able to operate as their own income source as opposed to some finding jobs on a pot vessel, CV or CP.

With the downturn in the salmon industry, it is of the utmost importance that all jig gear fisheries be given consideration by your council with regard to the proposed Gulf Rationalization Plan.

Respectively;

Alaska Peninsula Coastal Fishermen's Assoc.

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JUN - 3 2003

N.P.F.M.C

To: Members Of The Council

Re: Gulf Groundfish Rationalization

June 3, 2003

I have fished out of Kodiak for over 20 years. First, as a deckhand on salmon seiners, than as skipper, and finally as an owner. As depressed prices have crippled the salmon industry, the fall and winter cod fishery has greatly supplemented my income. I worked up the ladder with cod much the same way with salmon fishing, starting as a deckhand, and, for the last 6 years, running a vessel for the central gulf pot cod fishery.

As a hired skipper I have formed a good working relationship with the owner that, over time, has created a type of "marriage" that complements both parties. I have been treated fair, with respect, paid well, and have worked hard. Hired skippers are given significant responsibilities which include safety of vessel and crew, hiring of crew, and last but not least, catching fish.

As rationalization nears, many questions remain unanswered as far as hired skippers/owners are addressed. Some will go on with the same working relationship as before, some will come out better through individual agreements between parties, and some will be left out. Rationalization must create an equitable interest for all involved. We must think about who is down in the trenches, passing the ammo, and taking the inherent risks.

Francis R Costello
Owner/Operator F/V Cape Cleare
Operator F/V Lisa Gayle
PO Box 4451
Kodiak, AK 99615
(907) 486-5207

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JUN - 3 2003

N.P.F.M.C

Frank & Maryann Miles
3618 Sheratin Rd.
Box 2744
Kodiak, AK. 99615
fmiles1@pci.net
(907)486-8204

June 3, 2003

To the North Pacific Fishery Management Council,

The time is upon you as a group to make decisions on giving ownership, (IFQ or other) of a public resource to select individuals. Having experienced the inequities of the initial distribution of halibut and sablefish IFQ, I wish this council to seriously consider the negative effect that a boat owner only distribution will have on hired skippers and crew, and more importantly our coastal fishing communities.

I have fished commercially for salmon, crab, halibut, sablefish, shrimp, and many species of groundfish primarily out of Kodiak, but to include most ports of call in the state of Alaska. I currently live in Kodiak and have lived here for 26 years, paying my taxes and supporting many civic organizations. I have been married for 19 yrs. and have three children ages 18/16/ and 8 years of age. All of my children attend public school here in Kodiak. Will the proposed Gulf Rationalization Plan allow me to continue to raise my family here in Kodiak?

I have been involved in ground fish fishing since 1986 first starting as a crewman then moving upstairs to the wheelhouse. I first ran a boat in the Pacific Cod fishery in 1989 at a time when few people would fish for 10 cent a pound codfish I chose to. I feel that I should be allowed to fish for codfish now and long into the future while maintaining my current percentage of the overall gross earnings

Let us look at the Quota Share holder/skipper-crew relationship of our present halibut/sablefish IFQ program and the substandard pay, which we are forced to accept or we are not hired. It is common in this program for initial recipients of shares to charge a rent of 30%-60% on shares given to them as well as purchased shares. Without the leverage of a initial stake in the Gulf Rationalization Plan, we the skippers/crew will once again be faced with the same circumstances of take it or leave it. No longer would I, or many others like me, be sought after for our ability to catch our target species in a safe and efficient manner.

Currently, the school system in Kodiak and other coastal communities are suffering from a lack of funding due in large part to less enrollment(students). This trend of lower enrollment of students is in large part due to the negative effect of the halibut/sablefish program. If a mechanism is not in place to insure the fair treatment of hired skippers/crewmen, we will continue to see families move out of our coastal fishing communities thus having severe consequences for the communities tax base.

Respectfully
Frank Miles

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JUN - 3 2003

N.P.F.M.CMichael Clark and family
Box 2009 3831 Spruce Cape
Kodiak Alaska 99615

Dear Council members,

Greetings! This is really hard for me to be writing about something I don't understand but that affects my life so profoundly. I've been fishing for over 20 years. I fished on deck for 9 or 10 years, started running boats, and then bought my first one in 1986. She was an old wooden seiner which we put 24 new ribs in and several new planks before taking her out beach seining. I know you're going to find it hard to believe that I didn't get rich, but I had fun and made a little money. We bought my father-in-laws 36 foot fiberglass seiner, Kodiak permit, net and skiff in 1991. We family fished salmon with my wife and 2 oldest daughters and did o.k.. We also fished Kodiak tanner crab, herring gill netted, and did Kodiak halibut. The tanner crab disappeared, herring prices fell, halibut went IFQ (my wife and I had stayed on deck too long and got shut out) and you know what happened to salmon. Well, by now you can see what a financial Rockefeller I am-just somewhere above or below Forrest Gump (at least Forrest could run) you make the call.

Now you know a little about me, and I still think fishing is the best way to go. Status Quo I believe is the only American way to go. How else could a city kid from Kansas City get so lucky to be here. I've worked hard to get from bilge boy to bilge captain and I think these same opportunities belong to anyone else. If for some other reason status quo can't fly (and it should) then the backbone of every boat in the fleet, the crews and 'rent a skippers', deserve morally and fiscally a fair share. I have just joined the "Gulf Groundfish Association" and we believe if the pie is to be cut then a 25% pool should be formed for operators and crew.

I urge every one of you to please help keep communities who vote status quo. If this can't happen please consider helping the people who do the work. We need a fair stake in this give away system that has so often shut us out.

Thank you and Merry Christmas,
Mike Clark

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JUN - 3 2003

Dear North Pacific Fishery Management Council

N.P.F.M.C

My name is Alexis Kwachka I have lived in and fished out of Kodiak Alaska for the last sixteen years. I own a home have two children in the school system and pay my taxes. The boat that I fish on, I do not own, but for the last thirteen years I have called it my home away from home.

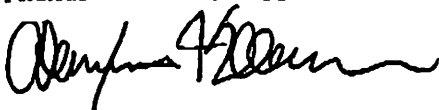
What I would like to discuss with the council is this: the Gulf rationalization scheme you as a Council and with the previous three schemes you have made almost no provisions at all for the skipper/crew. With your rationalization schemes you have to slow down and take a very close look at what this is doing to the dynamics of the owner/crew relationships. When you give all of the rights to fish to one side and not the other you basically turn us into sharecroppers. Under the system that is now in place the owner/crew relationship is closer to equal. The owner is encouraged to hire the best and pay the best to get the best. The owners who have the most efficient operations almost always pay the best and take the best care of their employees. When you as a Council come in and change this the balance really turns to the owner's side.

I personally can only speak to you about how IFQ, S in the halibut /sable fish fisheries have affected me. Through my years on the boat I work I have watched rationalization, and LLP,S happen . I worked onboard for some of the qualifying years not all. I was onboard for all qualifying of the LLP,S. Since these have implemented things have changed not in my benefit. LLP,S and IFQ,S can be sold which I do not get crew share of. For IFQ,S this is how that works and will work when future plans are enacted I suspect. The owner is given his/her share for life. Since he/she probably did not get enough to begin with he/she buys more. We as crew are now being charged rents from the owner for the right to fish, on average I would say they are running between 30-60% off of the top of our gross, from that remaining number IFQ taxes, and all of the traditional expenses come off.(fuel, bait, food and gear loss) Then it's time to pay the crew. The point I am trying to make is that in the old system rents did not exist and this is why we must be considered for IFQ, S in any new plan that the Council puts together. we have to keep the playing field on as even of a keel as possible.

The system as I have just explained I think shows the inequities that develop between owner and crew. In the old system we are valued crew, in the new system we become just a % point at the end statement. If we as crew don't work out, we are just replaced with someone with less experience and will work for less. In the years that I have worked on the boat I figure I have lost \$250,000 in lost wages. I can still say, that I am treated well so far, I am the exception not the rule. The \$250,000 has been taken from Q'S that I helped catch in the first place!

My position is, I feel we should be rewarded by hard work not our timing of when we bought into the fishery. If you go to an IFQ system you need 100% owner onboard provisions. This will do away with owners sitting on the beach collecting rents; also it will do away with large groups buying up all of the resource. This I think shows how we as skippers/crew are invested in the fisheries. I for one, hope to be fishing for a long time to come in the future.

Thank you for your time,
Alexis Kwachka, skipper f/v Major




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JUN - 3 2003

N.P.F.M.C**Bill Schauff
POBox 8774
Kodiak, AK 99615****North Pacific Fishery Management Council
605 West 4th Suite 306
Anchorage, AK 99501-2252****To Whom It May Concern;**

My name is Bill Schauff. I have been a lifelong resident in Kodiak and a commercial fisherman since I was 9 years old. I am strongly opposed to the rationalization of groundfish for the gulf as it is one of the last fisheries any hard working Alaskan can get started in. As a member of the Gulf Grounfisherman's Association, I believe if it has to happen, it would be detrimental for our community if the crewmembers and skippers are left out of the initial shares program.

A very concerned fisherman,**Bill Schauff**

p

Barry Schauff
316 Center Ave
Kodiak, AK 99615

North Pacific Fishery Management Council
605 West 4th Suite 306
Anchorage, AK 99501-2252

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JUN - 3 2003

N.P.F.M.C

To Whom It May Concern;

My name is Barry Schauff. I have been a lifelong resident of Kodiak and a commercial fisherman for the last 23 years. I am writing this letter to protest the implementation of rationalization for groundfish in the gulf. I believe it goes against everything people have fought for and died for in this country for the last 200 years. I know from experience that several of the people who will benefit greatly from rationalization do not live in Alaska or spend a dollar more than they have to in our community.

If this should go through, I will once again be forced out of a fishery, as in halibut. If rationalization has to happen, as a member of the Gulf Groundfisherman's Association, I feel it would be a tragic mistake for our community to leave out crew and skipper quota shares again. I also believe that giving a small handful of wealthy CDQ communities the opportunity to buy large blocks of rights from what was an open opportunity for any hard working Alaskan is wrong, and will not help our community. Thank you for your time and attention.

A very concerned fisherman,



P.S. Just because the government wants this as an easier way to control and tax our American way of life, doesn't make it right.

P.O. Box 2284
Kodiak, Alaska 99615
June 3, 2003

North Pacific Fisheries Management Council
605 West 4th Street
Suite 306
Anchorage, Alaska 99501-2252

Dear NPFMC:

We are pot cod fishermen and thirty-year residents of Kodiak, Alaska. As pot cod has represented a significant portion of our livelihood for the past eleven years, we are concerned about GOA Groundfish Rationalization.

Regarding Element 1- Qualifying Periods, we would like to suggest Option 1: 95-01 drop 2 represents a fair and equitable solution. It gives long term participants credit for their history. Yet it allows fishermen the choice to drop 2000 and 2001 when retained bycatch was 10.51% and 12.88% respectively. The year 2002 is not included purposefully, as retained bycatch was 15.36%. (Please see attached tables.)

Although retained bycatch may not be allotted harvest shares, pot cod fishermen never had the opportunity to catch this quota.

Thankyou for your kind consideration on this important issue.

Sincerely,



Phil and Lisa Robbins

Table 3. CGOA Catch -- Directed fishery versus catch taken as bycatch by year for the years 1996 - 2002 -- in Metric Tons
Part A. In Metric Tons

Year	Directed Fishery			Bycatch in other fisheries			Total Catch			Annual Quota
	Discarded	Retained	Total Catch	Discarded	Retained	Total Catch	Discarded	Retained	Total Catch	
1996	551	35919	36469	4648	1063	5710	5198	36981	42180	38610
1997	1211	37442	38654	2600	146	4745	3811	39588	43399	42321
1998	317	34579	34895	978	157	3135	1295	36736	38030	37548
1999	596	37364	37960	624	151	2975	1220	39715	40936	38642
2000	34	26064	26098	1101	152	4162	1134	29125	30260	30672
2001	378	20569	20947	1270	141	4311	1648	23610	25258	27225
2002	272	16526	16798	2947	100	5947	3219	19526	22744	22311
Total	3358	208463	211821	14167	16810	30986	17525	225282	242807	237329
Average	480	29780	30260	1587	2626	4427	2504	32183	34687	33904

**Note average for bycatch category Discarded and retained category excludes 1996 since was on PSC status May-05

Part B. Percentage of Cod Retained and Discarded catch taken in the Directed fishery, Bycatch fishery and as an aggregate

Year	Directed % of Grand Total			Bycatch % of Grand Total			Total catch % of Grand Total		
	Discarded	Retained	Total Catch	Discarded	Retained	Total Catch	Discarded	Retained	Total Catch
1996	1.31%	85.16%	86.46%	11.02%	2.52%	13.54%	12.32%	87.68%	100.00%
1997	2.79%	86.27%	89.07%	5.99%	4.94%	10.93%	8.78%	91.22%	100.00%
1998	0.83%	90.92%	91.76%	2.57%	5.67%	8.24%	3.40%	96.60%	100.00%
1999	1.46%	91.28%	92.73%	1.52%	5.74%	7.27%	2.98%	97.02%	100.00%
2000	0.11%	86.13%	86.25%	3.64%	10.12%	13.75%	3.75%	96.25%	100.00%
2001	1.50%	81.44%	82.93%	5.03%	12.04%	17.07%	6.52%	93.48%	100.00%
2002	1.19%	72.66%	73.85%	12.96%	13.19%	26.15%	14.15%	85.85%	100.00%

Part C Percentage of catch in directed and Bycatch based on the retained total catch

Year	Directed Retained	Bycatch Retained	Total Retained	Percentage 1996 Quota
1996	97.13%	2.87%	100.00%	100.00%
1997	94.58%	5.42%	100.00%	109.61%
1998	94.13%	5.87%	100.00%	97.25%
1999	94.08%	5.92%	100.00%	100.08%
2000	89.49%	10.51%	100.00%	79.44%
2001	87.12%	12.88%	100.00%	70.51%
2002	84.64%	15.36%	100.00%	57.79%



GULF GROUND FISH FISHERMENS ASSOCIATION

326 COPE STREET

KODIAK, ALASKA 99615

PHONE: (907) 486-5558

island1@ptialaska.net

June 3, 2003

North Pacific Fishery Management Council

605 West 4th, Suite 306

Anchorage, Alaska 99501-2252

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JUN - 3 2003

N.P.F.M.C

Dear North Pacific Fishery Management Council,

We are the Gulf Ground Fish Fishermen's Association. Our members include operators and crew from the drag, long line, and pot fishing fleet. We believe that we have been left out or are inadequately represented in Element 8 of the harvesters-only quota share program. We believe that exclusion will reduce our stake in the fisheries and have a serious negative economic impact on our sector of the fishing community.

In Section 301 104-297 (8) of the Magnuson-Stevens Act states: Conservation and management measures shall, consistent with the conservation requirements of this act (including prevention of over fishing and rebuilding of over fished stocks) take into account the importance of fisheries resource to fishing communities and (b) to the extent possible minimize adverse impact on such communities. "The fishing communities" whose sustained participation and economic viability you have been entrusted with is defined in Sec. 3 definitions: 16 "The fishing community" means a community which is substantially dependent on or substantially engaged in the harvest or processing of fisheries resources to meet social and economic need, and includes fishing vessel owners, operators and crew and United States fish processors that are based in that community.

The Gulf Ground Fish Fishermen's Association contends that vessel owner only quota shares, as proposed, would severely impact our constituency of vessel operators and crews. The first two attempts at "privatizing" our natural resource (IFQs and AFA) have led to large scale consolidation of the harvesting sector and the retirement of many vessels that previously participated in the halibut, sable fish, Bering Sea pollock and Bering Sea cod fisheries.

It is important to not overlook the lessons learned from the initial distribution of halibut/sablefish and AFA, and, particularly, the adverse effects it had on hired skippers

and crewmembers. Having no leverage of any initial quota the skipper/crew are currently working under circumstances that allow the boat owners (initial IFQ recipients) to charge unfair share of "quota rents", some exceeding 60% of the dock price. Rents in the IFQ fishery commonly run at 50% off the top of the dock price. Without the leverage of IFQ stake skipper/crew will once again be subjected to substandard pay. The net result will be the continued exodus of experienced fishermen and their families from our coastal fishing communities. We, as a group, wish to maintain our livelihoods, current level of income and wish to continue to live in our communities.

As stakeholders in these resources, we feel an equitable division will requires 25% quota share pool for the operators and crew. That percentage reflects the stake the boat owners, themselves, have traditionally offered us for the time pursuing the fisheries under review for the quota share process. It was our time, a considerable investment in the resource, as sub-contracted fishermen, that allowed the owners' vessels to garner catch histories that, under the current NPFMC allocation method, will determine their quota share of the resource and our exclusion.

The argument has been made that the burden of risk lies solely with those who own an interest in a fishing vessel and, therefore, they and they alone, should receive IFQ for the boat's fishing history. This is not the case; we encourage all of the Council members to visit our Fisherman Memorial while in Kodiak for the June meetings. We assure you that there is not 97% - 3% split of owners to skipper/crew on the plaques. By providing for operators and crew of our fishing community, the Council will better adhere to the mandates of the Magnuson-Stevens Act as stipulated in Sec. 304 104-297

Operator and crew quota shares will provide economic leverage in the hiring prospects of gulf ground fish fishermen. Such a quota will also provide opportunity for our expanded participation through the potential purchase of further quota shares in these traditional fisheries during the initial consolidation period. IFQs will allow us to realize a real return on our investment through amortization of both grand fathered and purchase shares. The Council would be remiss to exclude us as stakeholders from the quota share division and with our inclusion, the council will be more clearly in line with the purpose and the policies of Magnuson-Stevens Act.

It is our Association's position that failure to follow up on our proposals will have severe negative economic impacts on our sector of the fishing community and the communities at large.

Thank you for your attention,

Alexus Kwachka Spokesman

Island1@ptialaska.net

GULF GROUND FISH FISHERMEN'S ASSOCIATION

Cc: C Jensen

June 2, 2003

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JUN - 3 2003

N.P.F.M.C

North Pacific Fishery Management Council
David Benton, Chairman
605 West 4th, Suite 306
Anchorage, AK 99501-2252
Phone: (907) 271-2817 Fax: (907) 271-2817

RE: Gulf of Alaska Groundfish Rationalization

Dear Mr. Chairman:

I am a long-time fisherman in the Gulf of Alaska. I own and operate two vessels that participate in the GOA groundfish fisheries: the F/V Polar Star and the F/V Miss Lori, both of which are under 60 feet in length and are based out of Kodiak. The Pacific cod fishery represents a significant portion of the yearly income of both myself and my crew. The rationalization plan that the council is currently developing will have a significant, and possibly detrimental, impact on my livelihood, so I would like to present my concerns to the council.

There are two general issues that I would like to raise. First, I would like to see that the initial allocation be fair and equitable. If the initial allocation favors one set of stakeholders over another it can only be detrimental to the fishery as a whole over the long term. The second issue concerns the flexibility needed by fishermen such as myself to efficiently prosecute the fishery and locate an acceptable market for our fish. Several components of the proposed alternatives, elements and options would place unnecessary restrictions on my ability to harvest p-cod and find a market that would give the most profit to myself and my crew. The specific concerns that I have are itemized below for your consideration (references in parentheses are to the renumbered April 7, 2003 alternatives, elements and options titled Agenda C-1(e)).

- *Qualifying periods and criteria (2.1.1 and 2.1.2).* I support the selection of 1995-2001 with at least one drop for the qualifying period (option 1), the elimination of the suboption which excludes 2000 for pot gear catch history, and using poundage to determine p-cod quota share rather than an average of percentages. I feel that for the initial allocation to be fair, a wide range of years must be used to determine catch history; this way, the quota share granted will better reflect true fishery participation. To select a narrow range of years, such as 1998-2001, 1998-2002, 2000-2002, or 1995-1997 for AFA vessels (options 2, 4-6) would unfairly harm those who have a long history in the fishery, such as myself. Also, I do not feel that 2002 should be used for p-cod history. The Stellar sea-lion problems and the 60/40 p-cod split resulted in a significant shift away from the fixed-gear sector; the year 2002 as a whole does not reflect true historical participation. If 2002 is used, then only the A season should count for catch history. Lastly, the suboption to exclude 2000 for pot gear p-cod is grossly unfair. While some feel that the Bering sea Opilio boats should not be granted Gulf p-cod quota generated during the 2000 Opilio season delay, this suboption would also prevent all

other pot fishermen from using their 2000 history. For many pot fishermen, 2000 was a good year and we should not be denied that history.

- *Processing quota shares (Alternative 4).* The concept of processing quota shares should have no place in GOA groundfish rationalization, for the following reasons. First, on principle, I feel strongly that fishermen should be free to deliver their fish to whatever market best suits their needs. Proponents of IPQs argue that they are necessary to protect processors economically from the vagaries of the free market under an IFQ system. Processing quotas would in effect limit the harvesters' access to the free market, while processors would remain free to pursue the free market with processed seafood. Both harvesters and processors should be equally free to sell their product in whatever market is most advantageous for them. Such a free market system would ensure a healthy price for fish, which in turn supports a healthy regional economy. Also, I feel that by granting IPQs the council would give the processors far too much price leverage over harvesters, even with a cumbersome arbitration system in place. Under an IPQ system processors would have little incentive to compete with each other and develop new markets and new fish products, which would in turn drive fish prices down. Additionally, an IPQ system could potentially restrict a harvester's fishing patterns. For instance, one can conceive of a scenario where a processor can dictate *when* a harvester can fish, because the processor owns exclusive rights to process the fish and wants them at a particular time. The harvester would not have the option to fish his quota at his desired time even though there may be other processors willing to buy fish then. Also, a harvester may have to deliver a given load of fish to more than one processor, which would be a great inconvenience. Lastly, an IPQ system would be too difficult to manage given the complexity and diversity of the GOA groundfish fishery, which encompasses a wide array of vessel sizes, gear types, and species (both directed and bycatch). In summary, I believe that an IPQ system would be inherently unfair to harvesters and detrimental to the long-term health of the GOA groundfish fisheries as well as the regional economy. I urge the council to eliminate alternative 4 from further consideration.
- *Harvest share gear designations (2.1.3.2.3).* While I support designating quota share by gear type, I cannot support suboption 4, which would prohibit the harvesting of pot gear quota using longline gear. This provision would unnecessarily restrict the ability of the fixed gear fleet to harvest p-cod because many boats, including mine, fish using both gear types. The separation between fixed and mobile gear quota may make sense, but quota designated as pot or longline should be able to be fished using either gear type.
- *Leasing of quota share (2.1.3.3.6).* I support allowing some form of leasing of GOA groundfish quota. I have been a participant in the halibut/sablefish IFQ programs since their inception, and I have experienced great frustration with the inability to temporarily transfer quota between myself and others so that that quota can be fished. In the case of groundfish, there is added complexity in that the fleet, as well as the pool of potential quota share holders, is much more diverse. Allowing leasing would impart a great deal of needed flexibility to quota share owners who are unable to fish their quota themselves, and also to small boat owners looking to augment their income without a large investment of capital. While I recognize the need to prevent absentee ownership of fishing rights, I believe that some form of leasing should be a part of GOA groundfish rationalization. If the council feels

that open leasing would be detrimental to the long-term health of the Gulf fisheries, then I believe the council should consider some form of limited or capped leasing, or allowing voluntary co-cops within the fixed gear sector.

- *Community protection options (2.1.9).* My primary concern with the community protection options is that harvest quota share allocation not be excessive. As pointed out in the staff recommendations (agenda report C-1(c) of May 15, 2003) potentially up to 50% of the total harvest shares could be allocated to community protection. While this number may be extreme, even 20% or 30% seems excessive to me. When community allocations are combined with allocations for administrative fees and skipper/crew concerns, a significant portion of p-cod income for both myself and my crew will be lost. I would argue that the council should consider non-allocative options for community protection. In the BSAI, the CDQ program may make some sense, since the population is scattered and many of the communities are without reasonable access to significant processing capacity. Here in the GOA, an entirely different situation prevails. The fishery-dependent population is more centered around processing capacity and a larger fraction of the population has historically participated in the GOA groundfish fisheries. All of my crew and I are permanent residents of Kodiak, with families, and that is also true of many other fishing vessels based here. Community re-allocation of harvest quota share would take value from the historic participants of the groundfish fisheries and redistribute it to other segments of the same communities. This seems to me an illogical way to approach community protection.
- *Halibut and sablefish (2.1.4 and 2.1.5).* There are many complexities involving halibut and sablefish bycatch in the suite of alternatives that the council is considering. I believe that it should be a stated goal that the apportionments of halibut and sablefish, in both the directed fisheries and as groundfish bycatch, should not change as a result of groundfish rationalization. No sectors (CV/CP, or mobile gear/fixed gear) should end up with an increase or decrease in the amount of halibut and sablefish they are permitted to catch. I would ask that the council direct staff to include in the analysis a study of potential impacts in the halibut and sablefish fisheries, if that is not already done. It is unclear to me what effect the bycatch and PSC provisions (2.1.4 and 2.1.5, respectively) will have.

Thank you for your consideration.

Sincerely,



Patrick J. Pikus
P.O. Box 2843
Kodiak, AK 99615
Phone: (907) 486-5258
Fax: (907) 486-5413
e-mail: pikus@ptialaska.net



**alaska
fresh
seafoods, Inc.**

PLANT: 105 MARINE WAY, KODIAK, AK 99615 (907) 486-5749 FAX (907) 486-6417
HEAD OFFICE: 4241 21ST AVE. WEST, SUITE 204, SEATTLE, WA 98199

June 3, 2003

Mr. Dave Benton, Chairman
North Pacific Fishery Management Council
605 w 4 ste 306
Anchorage, AK 99501-2252

RECEIVED

JUN - 3 2003

N.P.F.M.C

RE: C-1, June, 2003. Gulf of Alaska Groundfish Rationalization

Dear Dave,

I am a part owner, Vice President and Plant Manager of Alaska Fresh Seafoods (AFS). AFS has been in continuous operation since 1978 when I started this company with 3 other partners. AFS is a small, independent all-American owned company, run and managed by Alaskans. AFS has a substantial investment in the Kodiak community, in plant and equipment (in excess of \$3 Million), provides year around employment opportunities for approximately forty five processing workers, supports many local businesses, and contributes significant amounts to local utilities, and to the local, state and federal tax base.

AFS was one of the very first Kodiak plants to process rockfish, and one of the first three plants to process pollock. AFS was very active during the 1980's promoting the Americanization of the GOA groundfish fisheries and the development of GOA shore-based groundfish processing opportunities. We have processed GOA pollock, pacific cod, rockfish, sablefish, skate and octopus. We also process GOA crab, Bering Sea/Aleutian Islands (BSAI) crab, GOA and BSAI halibut, and scallops.

Our business plan is built around the purchase, processing and sale of as many species of GOA and BSAI fisheries as we are able, at any one time, to find and develop opportunities and markets. We depend on our ability to be efficient, attract product and fishermen, control costs and other overhead, and generate profits from our single line of business. AFS is not affiliated with any other American or foreign owned company that owns other processing facilities in Alaska, or that has a connection with other national or international business ventures. We have no other business ventures apart from seafood processing, we own and operate only one processing facility, and we own no harvesting vessels or fishing history.

Several processing facilities in the GOA are affiliated with large domestic and foreign companies that own multiple processing plants in Alaska and elsewhere that are market, species and geographically diverse; some have ownership links with Bering Sea plants that process millions of pounds of pollock and other groundfish per day. Several GOA processing facilities are affiliated with large American, foreign, multi-national or international companies that derive significant revenues from diversified seafood and other domestic and international business ventures. These

other affiliations, multiple processing operations and market and product diversification provide financial and competitive strength, and ready access to capital.

The action that the Council takes on GOA groundfish rationalization will significantly impact our ability to compete with larger more capitalized and dominant processing companies in purchasing, processing and selling not only GOA groundfish, but also other GOA and BSAI non-groundfish species.

We ask the Council to not provide a competitive advantage to AFS competitors through regulatory provisions that provide disproportionate regulatory and economic protection and benefits to them at the expense of AFS and other small and less dominant processing firms.

AFS supports a Harvester Only Share Program (Alternative 2, Subalternative 1). AFS supports rationalizing the GOA groundfish fishery using harvester only IFQs, and not using Individual Processing Quotas (IPQs). IFQs address the safety concerns that exist in the GOA groundfish fishery, eliminate the race for fish, and adequately address the other management and conservation challenges that exist in the GOA groundfish fishery.

AFS does not support Individual Processor Quotas: AFS does not support IPQs for GOA groundfish rationalization because IPQs jeopardize the financial stability and the future of our company, and of other processing companies who are not dominant, vertically integrated, with other processing locations, etc. IPQs have no impact on safety issues, on eliminating the race for fish, or on addressing GOA groundfish management and conservation challenges.

IPQs are an economic and competitive disadvantage to small independent processing facilities like AFS. This situation becomes more threatening when processing companies that own IPQs are also permitted to own, use and lease fishermen IFQs. The combination of processor IPQs and fishermen IFQs promotes vertical integration that can work to the competitive detriment of fishermen and small and independent processing companies.

If Alaska Fresh Seafoods is to survive, we must maintain our ability and competitiveness to offer competitive markets and services to commercial fishermen for GOA groundfish, and for other GOA and BSAI species. We need unrestricted access to purchase GOA groundfish species from all gear types, and to process and sell these species. We need the ability to grow and expand in GOA groundfish, and in other fisheries, and to freely compete in the GOA groundfish fishery.

Sincerely,







Dave Woodruff
Vice President and Part Owner

PUBLIC TESTIMONY SIGN-UP SHEET FOR AGENDA ITEM C-1 GOA RATIONALIZATION

PLEASE SIGN ON THE NEXT BLANK LINE.
LINES LEFT BLANK WILL BE DELETED.

PAGE 1

	NAME	AFFILIATION
6	1. Sarah Haines	Gulf Groundfish Assoc
3	2. Jessica Penaloza	
3	3. DANA CARROS	INTERNATIONAL Seafoods
	4. 	
	5. David Sowa	DSFU
3	6. CASEY EADS	Fisherman / Resident
6	7. Mike Clark / Robin Clark	A NOBODY
3	8. George Reutov	K Bay Fisheries
3	9. SAM EADS	FISHERMAN / RESIDENT
	10. ROWENA AREOLA / DAN CARROS	Seafood Processors
	11. 	
3	12. Richard Bell	Crew member
3	13. STOIAN IANKOV	GOA FISHERMAN
3	14. Mike Alfieri	OCEAN STORM
3	15. Flia Kuzmin	K-BAY Fisheries
3	16. MARK CHANDLER	GOA FISHERMAN
3	17. STEVE DRAGE	GOA FISHERMAN
3	18. Gus Gustafson	G/P POTS <small>Port Bait, Wild Entomology & New Custom Processing</small>
3	19. Sarah Males	GOA Fisherman
6	20. Wendy Steiner ^{DEXUS} KWACHKA	GULF GROUND FISH FISHERMEN'S ASSOC
3	21. Gary NIELSEN	Gulf Ground Fish Fishermen
3	22. Peter Allan	F/V owner-operator
3	23. Ruth KOSON	Gulf Ground Fisheries
6	24. CHUCK McCallum	Chignik Saints ASSOC
6	25. Craig Cochran	M.T.C.

C-1 GDA RATION LIST

ENT. PROCEEDINGS ASSOC.

JESSICA FARRAR
SARAH HAINES

K. B. FIZHERIS
A. NOBON

GERRIE KENTON
MIKE CLARIS

PUBLIC TESTIMONY SIGN-UP SHEET FOR

AGENDA ITEM C-~~11~~ ~~Stellar Sea Lions~~ GOA Rationalization

PLEASE SIGN ON THE NEXT BLANK LINE.
LINES LEFT BLANK WILL BE DELETED.

	NAME	AFFILIATION
3	1. Shaan Koson	
6	2. Tuck Borney (6min)	Kodiak Island Borough
3	3. Nora Agmata	Processing worker
3	4. Benny Daquellina	" "
3	5. MARK WERTMAN	Captain Fishing Vessel
3	6. ROBIN CLARK	CULT BROOD FISH FISHERMAN ASSOC.
3	7. PETER THOMPSON	FISHERMAN / RESIDENT
3	8. ENRIQUE PEREZ	WESTERN ALASKA FISHERIES
3	9. J. ANTONIO GARCIA	WESTERN ALASKA FISHERIES
6	10. Beth Stewart & Sam Cotten	AEB
6	11. Mayor Gabrielle LeDoux	KIB
6	12. Pat Carlson	KIB Manager
6	13. Leslie Smith	United Salmon Association
3	14. Wince Shaanda	Captain, Fishing Vessel.
3	15. Kurt Cochran	F/V MARATHON
3	16. MIKE MARTIN	KODIAK
3	17. JERRY BONNEN	Kodiak Cross Section Men Group
3	18. SUSAN ROBINSON	FISHERMEN'S FIRST
3	19. GERRY MERRIGAN	PROWLER FISHERIES
6	20. THORN SMITH	NPLA
6	21. CORI SWANSON	GROUND FISH FORUM
3	22. Jeremie Pitus	F/V Polar Star
3	23. Margant & VERA HALL	F/V's Progress & Vanguard
6	24. FRED CHRISTENSEN / Dancom Fields	GOAC3
6	25. Dorothy Childers	ANCE

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Page 3
PUBLIC TESTIMONY SIGN-UP SHEET FOR
AGENDA ITEM C-1 GOA

PLEASE SIGN ON THE NEXT BLANK LINE.
LINES LEFT BLANK WILL BE DELETED.

	NAME	AFFILIATION
3	1. many Fiorenino	32 yr. Kodiak I. resident - family/fish boat owner
3	2. Jack McFarland	Kodiak I resident
3	3. Chris Berns	Kodiak I resident
3	4. Matthew MOIR	ALASKA PACIFIC SEAFOOD
3	5. Ryan Johnson	Kodiak Resident
6	6. Jack's ^{Wick} Mubler & Pestrikoff	Ouzinkie
6	7. Freddy Christenson	GOAC - 3
6	8. Jeff Stephon	UFMA
6	9. Don Carlos	CITIZEN
6	10. Julie Bonny	AGDB
6	11. JOE CHILDERS	UGDAF
3	12. David Cooper	INT'L SEAFOODS OF AK ISA WORKERS
3	13. Bob Krueger	GOA Fisherman/owner
3	14. Curt Waters	SKIPPER
3	15. Bert Ashley	F/V GOLD RUSH
6	16. Joe Sullivan	Mound Mac
6	17. JAY STINSON	ALASKA DRAGGERS ASSOC
3	18. Matt Hogge	F/V Ocean Bay
6	19. BRENT PATRICK	UCB
3	20. Joe Mucinko	Fisherman
3	21. Erin Starr	fisherman's daughter/fisherman
3	22. Ashley Campbell	Marionette Kodiak Resident
3	23. JACK HILL	F/V Rubb n Reddy
3	24. JOE PESHNA	TRIDENT SEAFOODS
3	25.	

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JESSICA ANGELL PENALOZA

P.O. Box 8825
Kodiak, AK 99615
(907) 486-2583
jessangell@hotmail.com

June 11, 2003

Dear NPFMC Counsel Members,

I would first like to thank you for allowing me to briefly speak today. I am here in support of my husband, who has been a crewmember, here in Kodiak, for 10 years, and in support of all crewmembers, their families and hired skippers. What I know about this Gulf Rationalization Legislation and the possible impact it can have on my family is scary and upsetting. I am here today to ask you to keep in mind the impact of your decision on my family and others like mine here in Kodiak.

Over the years, I have watched my husband work harder every year and reap less benefits from this industry due to legislation that is beneficial to boat owners and harmful to crew members. In this gulf rationalization legislation you speak of historical participation of boat owners and what benefits they may receive from it. I ask you to please analyze any and all alternatives considered to include crewmembers and hired skippers because these people are also historical participants. You genuinely cannot consider any legislation without considering us. I realize boat owners have a huge investment in the industry but it can not be overlooked that people like my husband, whose hard work and sacrifices help owners qualify and create their investment, but we never see the benefits that the boat owners do. Without good, hard working crew, the foundation of this industry will collapse. If crewmembers and hired skippers are not included in this legislation, the impact will be devastating and destructive to my family and the entire community. If this legislation passes and overlooks crewmembers my husband is most likely looking at a 50% reduction in his wages. The foods that go into my children's mouths, the clothes they wear, the schools they attend are all directly related to what goes on here. We will have to re-adjust the way we live as a direct result of this legislation, if we are not included. I think we can all see the impact this will also have on the community.

In closing, I ask you to please be fair and not lose track of who will potentially be devastated by this legislation and to remember that crew members and hired skippers are the core of this industry and represent what this industry is all about. Please do not rob, from my husband and family, the opportunity to build a legacy for our children.

Sincerely,

Jessica Angell Penaloza

Dear Council,

My name is **Alexus Kwachka**. I have been fishing out of Kodiak for sixteen years. Thirteen of those years on the same boat six as crew, seven as skipper. I am representing the gulf ground fish fishermen's association. We represent skippers and crew of long line, pot fishing and trawl boats your proposal under Element 8 of the options for the skipper/crew is inadequate for us as a user group.

We would like to submit for analysis our proposal that a 25% quota share pool to be set-aside for skipper and crew. This percentage fairly reflects the stake the boat owners themselves have traditionally offered us for the time pursuing the fisheries under review for the quota share process. Their histories are, our histories.

We feel our proposal rewards the owners/operator. Their histories will be reflected in additional allocation. This potential quota share pool addresses the topic of the loss of jobs that will inevitably occur within our industry. This will also reward the skipper and crew that have pursued the fisheries through the qualifying years as well.

The position of the gulf ground fish fisherman association is.

1: We support a 100% owner on board participation.

This works well in the area 2c in the halibut/sablefish fisheries.

2: Under qualifying years we support option 1 95-01 drop 1

This best rewards those of us who have participated in the fisheries long term.

3: Failure to execute our proposal: we support status quo.

The gulf ground fish fishermen's association proposal guarantees continual participation in the fisheries and minimizes negative economic impact on the fishing communities.

For your information I have attached two settlement sheets one showing open access and the second showing what it looks like under the IFQ program for halibut/ sablefish .It is important to note not all owners are taking rents, but an ever increasing number are. The rents offset the high purchase price of the IFQ shares. We the crewmembers bare the brunt of this through reduced jobs, and then in turn by buying future shares for the owners through reduced earnings.

Settlement for cod trip#1

F/V Open Access

50,000 @ .30 = 15,000

Fish tax @ 3% = 450

Fuel 1,000 @ 1.00 = 1,000

Bait 3,000 @ .45 = 1,250

Food = 300

ADJUSTED GROSS 12,000

SKIPPER 15% = 1,800

CREW 1 10% = 1,200

CREW2 10% = 1,200

CREW3 10% = 1,200

TOTAL CREW = 5,400

OWNER = 6,600

As an open access fishery this is our pay scale. If you as a Council adopt an IFQ system you must put in provision that help us as crew maintain our historic crew shares.

Settlement for cod trip#1

F/V IFQs

50,000 @ .30 = 15,000

RENTS 30% = 4,500

IFQ tax 2% = 300

fish tax @ 3% = 450

fuel 1,000 @ 1,00 = 1,000

bait 3,000 @ .45 = 1,250

food = 300

AJUSTED GROSS 7,200

SKIPPER 15% = 1,080

CREW 1 10% = 720

CREW2 10% = 720

CREW3 10% = 720

TOTAL CREW = 3,240

OWNER = 3,960

PLUS RENTS = 4,500

AJUSTED = 8,460

This is what will happen to us as crew if you do not make us a shareholder in the system.
In the halibut/sablefish fisheries 30% is just a start some rents now exceed 60%

BOAT SETTLEMENT

DATE: 5/16/02

H #3 WESTERN

BOAT: [REDACTED]
OPERATOR KWACHKA
CREWMEMBER ALEXUS

TICKET #

<u>021656</u>	<u>B. CDD</u>	\$ <u>1023.70</u>
<u>021655</u>	<u>HALIBUT</u>	<u>51203.00</u>

FUEL
5/8 1150.50
5/12 547.66

OB/ADQ

GROSS EARNINGS TOTAL	\$ <u>52226.70</u>
MINUS EXPENSES:	
35% IFQ	<u>18279.35</u>
02% ENF. FEE	<u>1044.53</u>
FISH TAX	<u>483.10</u>
BAIT	<u>1167.00</u>
FUEL	<u>1698.16</u>
VEHICLE RENT	
MEALS	
EXPENSE TOTAL	<u>22672.14</u>

NET VESSEL EARNINGS: \$ 29554.56

CREWSHARE: 15 %

4433.18

DEDUCTIONS

CURRENT EXPENSES:

_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL CURRENT EXPENSES	_____

TOTAL DEDUCTIONS _____

NET AMOUNT TO PAY OUT \$ 4433.18

C-1
Jerry Bongen

CGOA MULTI-GEAR RATIONALIZATION PROPOSAL

This alternative assumes the following:

- 1) All landings will be regionalized by the North – South regions. 100% of landings that has historically occurred within that region will be regionalized.

3.1.1.1 Closed class delivery requirements

Option 2. Small producer vessels (all gear types) will receive straight IFQs (B class shares) with no processor linkage requirements.

Processor classification

3.1.2.1 Closed Class Processor Qualifications:

To purchase Groundfish must have purchased and processed a minimum amount of Groundfish as described below in at least 4 of the years

Option 1. 1995 – 1999

Option 2. 1995 – 2001

Option 3. 1995 – 2002

Option 2:

a. Large Closed Class Processor

Option 1. 2000 MT

Option 2. 1000 MT

Option 3. 500 MT

b. Small Closed Class Processor

Option 1. 500 MT

Option 2. 200 MT

Option 3. 50 MT

c. Open Class Processor – No Groundfish landing qualifications – can purchase any amount of open class B share QS

This definition of closed class processors differs from what is shown in the present set of options and alternatives for the fixed gear closed class processor. With the fixed gear processor designation those processors would only be allowed to form linkages with fixed gear vessels and participate in the purchase of “A” closed class shares from that group. These processors would also be allowed to buy from the trawl fleet but only open “B” share class shares. With the designation shown above the small closed class processor would be able to form linkages with both fixed gear vessels and Trawl vessels and participate in the purchase of “A” shares as well as the “B” share open share class.

Processing Use caps

3.1.2.4 Processing Use caps by closed class processor type (large and small closed class processor), by CGOA and WGOA regulatory areas:

Range 70% to 130% of TAC processed for all Groundfish species for the largest closed class processor

Option 2. Processing use caps for small closed class processors

Processing Use caps for small closed class processors

Closed Class A QS limited to:

i. 1,000 to 2,000 MT

ii. 2,000 to 3,000 MT

NOTE: There is no limit on the amount of fish either a small or large closed class processors can buy from the open B share classed fish.

3.1.1.2 Option for linkage:

For the first two years, 90% of CV harvest share allocation will be reserved for delivery to the associated qualified processor. The other 10% of CV harvest share allocation can be delivered to:

- i. Any processor including CPs
- ii. Any processor excluding CPs

Third year Open Slice will be increased by:

Option 1. 10, 20 or 30% increments.

Option 2. Be determined by the number of buyers (facility or entity).

<i>Processor Number</i>	<i>Closed A share class</i>	<i>Open B share class</i>
<i>Five or more large processors</i>	<i>70%-90%</i>	<i>10%-30%</i>
<i>Four large processors</i>	<i>60%-80%</i>	<i>20%-40%</i>
<i>Three or less processors</i>	<i>50%-70%</i>	<i>30%-50%</i>

4.4 Movement Between Cooperatives

4.4.1 Harvesters may move between cooperatives at:

- i. The end of each year
- ii. The expiration of the cooperative agreement

No movement among cooperatives will be permitted in the first two years of the Program.

4.4.2 For holders of CV shares or history:

3.1.1.3 Penalties for moving between linked processors:

Option 1. No share reduction for moving between co-ops year to year

Option 3. Penalty to move depends on the amount of open access "B" share fish. Vessel leaves "A" share QS at the cooperative they leave for one year:

<i>Closed A share class</i>	<i>Open B share class</i>	<i>Penalty on closed class "A" shares</i>
<i>90%</i>	<i>10%</i>	<i>10%</i>
<i>80%</i>	<i>20%</i>	<i>20%</i>
<i>70%</i>	<i>30%</i>	<i>30%</i>
<i>60%</i>	<i>40%</i>	<i>40%</i>
<i>50%</i>	<i>50%</i>	<i>50%</i>

Testimony of Peter Allan --Owner/operator of F/V Orion re:

GOA Groundfish rationalization.

Hi, I'm Peter Allan, a locally based small boat semi-lowliner. I've fished for many species with many gear types for many years. I will primarily be addressing my concerns as a jig fisherman but I would first like to call your attention to the staff note at the top of page 1 of Document D.

Note #2) indicates that underlined provisions are staff proposals. Please don't take the easy out and rubber stamp these staff revisions without review and discussion. I'm sure that you are all aware that you are dealing with people's lives and livelihoods.

In Document D Section 2.1 addressing management areas and gear indicates only one option for jig gear, that is, open access with a minimal allocation based on historic landings in the qualifying years. (A staff proposal by the way.) This option with no stated alternatives has many problems, several of which I would like to delineate.

#1-Without appropriate sideboards excluding the beneficiaries of other gear type allocations (pot, trawl, longline) the jig fishery would become little more than a garbage dump of effort by not only new entry level participants but also efforts by vessels who have already received rationalization entitlements but may have idle time in their fishing schedule and/or speculative intent regarding some future "rationalization" of the jig fishery.

#2-Basing jig fishery allocations on historical landings in the qualifying years will have the effect of being a virtually meaningless and almost laughable allocation to the expanding jig fleet. Keep in mind that jigging is a relatively new outlet for fishing effort largely fostered by the new state waters cod management in conjunction with the collapse of the salmon industry. I don't have the specific data but I am confident that by this plan the jig allocation would be a small fraction of 1% in any of the GOA groundfish species.

In regards to this problem as stated I would like to endorse the concept presented by the Alaska Peninsula Coastal Fishermen's Association regarding the jig fishery with the caveat that participants who possess a rationalization entitlement be excluded and that any allocations be meaningful in a practical sense (3-5% depending on species).

A separate matter I would like to address regards PSC Section 2.5 and specifically Section 2.5.5 on page 8 addressing retention of halibut bycatch by longline vessels. Irregardless of how the jig fishery is dealt with in the overall plan there is absolutely no reason to exclude jig fishermen from whatever is decided in this section. Please include jig vessels in the language of this section.

I hope you all realize that jigging is a very low volume, low impact fishery that, given a chance, could be important to a meaningful number of small vessels with very little significant negative impact on the larger more established gear types. Please do not just discard us like so much unwanted trash.

USA Geological Association

Hi, I'm Peter Allan, a locally based small boat semi-industrial fisherman for many species with very good gear. I will generally be releasing my catches as a fisherman and I would like to call your attention to the staff note at the top of page 1 of Document D. (Note #3) indicates that indicated provisions are staff proposals. I don't take the easy way out and I don't want these staff revisions without review and discussion. I'm sure that you are all aware that you are dealing with people's lives and livelihoods.

In Document D Section 4.1 addressing management areas and gear indicators only one option for jig gear, that is, open access with a minimal allocation based on historical landings in the qualifying years. (A staff proposal is the way.) This option with no stated limitations has many problems, several of which I would like to delineate.

#1-Without appropriate standards existing the beneficiaries of other gear types (allochthonous, small, longline) are the fishery and become a significant part of effort by not only new gear but also gear that has already been used. This is a significant problem for those who have already been fishing and those who are starting to fish. It is a significant problem for those who are starting to fish and those who are already fishing. It is a significant problem for those who are starting to fish and those who are already fishing.

#2-Setting the fishery allocation on historical landings as the qualifying years will have the effect of being a virtually meaningless and almost negligible allocation to the expanding jig fishery. It is a significant problem for those who are starting to fish and those who are already fishing. It is a significant problem for those who are starting to fish and those who are already fishing.

A separate problem is stated in the concept of the concept presented by the Alaska Peninsula Council Fisheries Association regarding the jig fishery with the caveat that participants who possess a recreational entitlement be excluded and that allocations be meaningful in a practical sense (3-3 depending on species).

A separate matter I would like to address regarding 3-3 Section 4.1 and specifically Section 4.2 on page 2 addressing retention of fishery by longline vessels. It is a significant problem for those who are starting to fish and those who are already fishing. It is a significant problem for those who are starting to fish and those who are already fishing.

I hope you all realize that fishing is a very low volume, low impact fishery that given a chance could be important to a meaningful number of small vessels with very little significant negative impact on the larger more established gear types. Please do not just discard us like we were unwanted trash.

C-1

The Full and Complete Text for
Chuck McCallum's Testimony Before the North Pacific Management Council
June 2003

Mr. Chairman and members of the council. My Name is Chuck McCallum
I am here representing Chignik Seiners Association and the City of Chignik.

Under Agenda Item C 1 (c), Element 9 – Community Protections, Issue 2 Option 2(d) Regarding whether the language for eligible communities should reference 5 statute miles or 5 nautical miles. You should be aware that Chignik Lake is very close to 5 statute miles from salt water – which we assume to begin at the mouth of Chignik River at Mensis Point. I have two different estimates of the distance: one at 4.1 nautical miles (or 4.7 statute miles); and one at 4.28 nautical miles (or 4.95 statute miles). A very slight difference in the end points of your measurement could conceivably come up with a result of over 5 statute miles. I beseech the Council to take care to ensure that Chignik Lake is unambiguously included as a qualifying community. With this in mind we support the staff recommendation that the council provides an explicit list of all eligible communities in the Councils preferred alternative at final action.

I would also be interested in whether CDQ community distances were in nautical or statute miles. Consistency with that procedure should also be considered.

Regarding administrative entities under CFQ, the council should confirm that options 1-3 under CFQ Issue 1 are not mutually exclusive. The council should be able to select all three options and allow the eligible community to choose how it wants to organize. The City of Chignik considers flexibility regarding choosing the administrative unit to be very important.

The council should reserve to itself the option of selecting both CFQ's and CIFT's in conjunction with each other. Some people seem to be worried that doing this results in some kind of double dipping for allocation to communities. But, my best understanding of CFQ's and CIFT's is that this is comparing apples and oranges. The basic idea of a CIFT is that all of the allocated quota would, in fact, continue to be fished by the same players as before – the only affect of the program being that the players must play by certain predetermined rules that offer some protection to the communities. Again, the council should reserve to itself the option of selecting both CFQ's and CIFT's in conjunction with each other.

I'd like to take this opportunity to remind the Council that the City of Chignik is fully committed to building the City infrastructure to support year round fisheries. A boat harbor is under construction. A city dock is also being built. Fuel storage capacity has been upgraded and expanded to up to a quarter of a million gallons of diesel. The City of Chignik serves as the hub of service for all the local communities including Chignik Lagoon, Chignik Lake, Perryville, and Ivanoff Bay.

For Chignik, Regionalization means that Chignik should have the opportunity to process fish harvested in its immediate area – including Mitrofanina Island. A Regionalization line at 157 degrees is inconsistent with Chignik's idea of what Regionalization should do for the coastal communities of the Gulf and would materially damage the future potential opportunities for Chignik. As mentioned before, Chignik is making very heavy investments in infrastructure and is counting on being able to support year round fisheries in its area. Chignik is doing its best to respond to the challenges of its changing economic environment. Don't harm those chances by instituting a new Regionalization line at 157 degrees.

That concludes my comments – Thank you Mr. Chairman.

C-1
Dorothy Childers

ALASKA MARINE CONSERVATION COUNCIL

To: David Benton, Chair and Members of the NPFMC

Fr: Dorothy Childers

Dt: June 12, 2003

Agenda Item C-1(a): GOA Rationalization / Purpose + Need Statement

The proposed purpose and need statement in document C-1(a) should be revised to be more accurate and reflective of the problem

statement. We are concerned that the proposed purpose and need statement is primarily focused on economic efficiency with other desired outcomes described as possibilities rather than intentions. We also found that the proposed statement attributes economic consolidation as the mechanism to end the "race for fish" when, in fact, quota allocation (IFQs or harvesting cooperatives) ends the race. Consolidation reduces excess capacity. Ending the race and reducing capacity may be related but they are not the same.

We recommend the following revised purpose and need statement:

The purpose of the proposed action is to create a management program that provides greater economic stability for the harvesters, processors, and communities and better conditions for improving conservation performance and safety at sea.

The allocation of privileges to engage in the fishery will create economic benefits for participants and allow them to manage their operations in an economically efficient manner. Rationalization will facilitate reduction of excess capacity by providing economic incentives to consolidate operations and improving operational efficiencies of remaining participants. Allocation of fishing quotas for catching prescribed amounts of the annual TAC will end the derby-style "race for fish." Ending the race for fish is intended to improve conservation by 1) creating incentives and new management opportunities to minimize wasteful fishing practices, 2) addressing habitat conservation and 3) allowing fleets new flexibility to adjust fishing operations and maintain economic viability while meeting other conservation developments in management. Rationalization programs should also reduce the incentive to fish during unsafe weather conditions.

Gulf of Alaska Coastal Communities Coalition

Gulf of Alaska Rationalization – Item C-1(c)

June 12, 2003

Mr. Chairman, members of the Council, my name is Duncan Fields and I represent the Gulf of Alaska Coastal Communities Coalition. Mr. Chairman, Dr. Fluharty and Mr. Ellis, on behalf of the coalition I would like to thank you for your efforts, over the past years, to provide fisheries related economic benefit to the Gulf of Alaska's Coastal Communities. The Coalition will miss working with you.

As I address community protection measures in the current draft of the Alternatives Elements and Options for Gulf of Alaska Groundfish Rationalization I will be using "Document D" as provided by Staff toward the end of the AGENDA C-1(e) packet. My comments will track Staff's one page summary of their paper, *GOA Groundfish Rationalization: Staff recommendations on Element 9. Communities — Agenda item C-1(c)*. Finally, I will also respond to the AP recommendations in their draft minutes.

Council staff outlined 14 questions regarding community protection options. The first was to clarify whether or not the community options were exclusive or could be adopted in conjunction. The Coalition believes that the community protection options must be viewed as conjunctive – that is you can select one or more of the options to work in harmony with one another. This is particularly true with regard to the Community Fishing Quota option and the Community Quota purchase option --- communities initially awarded fishing quota may need the option of purchasing additional quota to have large enough pools of quota of specific species to justify fishing effort. The Council should note the AP's recommendation to make Community Fishing Quota and the CIFT program mutually exclusive. The Coalition opposes this recommendation and believes that these two programs, although unpopular with many in the industry, are independent. They are important tools that the Council may need to use in addressing various rationalization related issues. In a word, don't follow the AP's lead on this item.

The Coalition would track the AP's recommendation in affirming which communities could be recipients of Community Fishing Quota. The coalition would note that the list of 29 communities provided by council staff includes several communities which are connected by road to Kodiak — Kodiak station, Womans Bay and Chiniak are all part of the larger community of Kodiak without independent governing bodies. In addition, the Coalition is unsure how Susitna is a qualifying community. The Coalition is not currently aware of any communities that should be added to the Council's list and would reiterate that we believe the Community Fishing Quota option is best applied to communities of less than 1,500 residents — the same set of communities that qualified for the halibut and sablefish community purchase program.

The Coalition supports the Staff's rewording/reorganization of options 1-4 and agrees with the AP that the Council should clarify that the regionalization and other community protection options may be used under any of the alternatives. The coalition would stress that the change from nautical miles to statutory miles ensure the inclusion of Chignik Lake in the program.

Tracking Staff's recommendation 4, the Coalition would provide for the Council's consideration,

the following statement of purpose for the Community Fishing Quota option.

The purpose of Community Fishing Quota is to mitigate economic impacts from rationalization on Gulf of Alaska fisheries dependant communities. Community fishing quota will provide for the sustained participation of the qualifying communities in the rationalized fisheries and acknowledges the importance of fisheries resources to these communities.

Staff has ask for clarification regarding whether or not more than one “administrative entity” could be chosen by the Council (question 6) . The coalition, because of the relatively limited size of the GOA rationalized resources, would recommend the elimination of option 3 -- the community level administration entity. It is anticipated that, after analysis, the Council will choose either a gulf wide or regional administrative structure. Choosing the type of administrative entity for the program will also facilitate determination of use limitations — ie. who will fish the quota. Also, administration on a community level could, in some circumstances, force neighboring communities to compete with one another.

Staff, in question 7, requests requirements to determine recognition of administrative entities. The text of the staff document anticipates an approach that will track what was done in the CDQ program and the Halibut and Sabelfish purchase program. The Coalition concurs with this approach. This issue is also highlighted by staff in question 14 regarding additional essential elements that need to be included in the analysis for the Community Fisheries Quota program and illustrated by staff in the matrix in Attachment 4 of the staff document. The coalition would recommend that the current elements and options be revised to include the following “essential elements”: (language tracks that used in Halibut and Sablefish purchase program)

Community representation:

Option 1 *Qualifying communities will be represented by non profit entities qualified by NMFS.*

Qualification of representational entity:

Option 1 *Representational entity, prior to recognition, must submit a detailed statement of eligibility to NMFS and the State prior to being recognized. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.*

Administrative Oversight:

Option 1 *Annual report submitted to NMFS detailing the use of QS by community QS holder. The required elements of the report will be outlined in regulation.*

The coalition appreciates Staff’s concerns regarding limited analysis of community fishery dependency. (question 8). We would recommend the deletion of items a, b, & c under Option 3, Eligible Communities, and the retention of the language that would direct staff to analyze proxies that could

provide indices of economic dependence.

Under question 9, issue 3 Option 2 should be deleted. Limiting CFQ to non trawl species would, as clarified by the AP motion, restrict CFQ to codfish. This option would reduce the economic benefits of the program below administrative costs.

Who will fish community quota share is of great importance to the CFQ program. (Question 10) The coalition supports strong owner on board provisions for Gulf of Alaska rationalized fisheries. However, community quota share will necessarily need to be leased to individuals for fishing. Two of the three current options require significant ties to the qualifying communities. The goal of the CFQ program should be to have all CFQ quota fished by residents of the qualifying communities on their own vessels. However, it will take some time to achieve this goal. Perhaps a staircase approach that would initiate the program without fishing restrictions and then, after 5 years, require that all fishers be residents of qualifying communities and after 10 years require that all vessels be owned by residents would work.

Items 11 and 12 address questions regarding use of revenue. Staff has appropriately identified that administrative costs would need to be paid from CFQ revenue. In addition staff has amplified problems associated with the definition of revenue use and the costs of oversight. The Coalition is not opposed to limitations on use of CFQ revenue but is concerned that the limited income from CFQs – in contrast to the CDQ program – may not justify the costs associated with administrative oversight of revenue use. Perhaps, internal to the administrative entity, revenue use limitations that would not require NMFS or State oversight could be established. The Council should consider whether or not it wishes to restrict use of CFQ revenue and may wish to delete the use of revenue use section from the analysis.

Finally, the AP's motion regarding the basis for allocating CFQ's is misplaced and should not be included in the analysis. This is something that should be considered in a trailing amendment once the council selects the administrative entity or entities.

I would further note Mr. Chairman that the coalition supports the AP's revision of the rationalization alternatives. Dropping the "two pie" tracks representations made during Bering Sea crab that processor shares would not be appropriate in the Gulf and moves GOA rationalization closer to what could work for the Gulf fisheries. In addition, the Coalition believes that GOA codfish should be looked at differently than the other fisheries. As noted in the minority AP report -- and based on its justifications -- the codfish fishery may need different qualifying years and, for analysis, the exemption of fixed gear codfish vessels from the closed processor class should be consider as an option under revised alternative 3.

Thank you Mr. Chairman and Council members for your consideration of the Gulf of Alaska Coastal Communities Coalition's comments.

c-1
 Joe Childs
 W. GOA Fisherman
 Assoc.

2.3 Non-Trawl Catcher Vessel Harvests Compared to Minimum Standards

A total of 654 CVs participated in GOA fisheries using non-trawl gear, including 66 vessels that primarily use trawl gear. Of these vessels, 648 are federally licensed. Table 14 shows the percentage of CVs operating in GOA with minimum catches of species using non-trawl gear. Figure 16 shows the retained harvest by vessel rank.

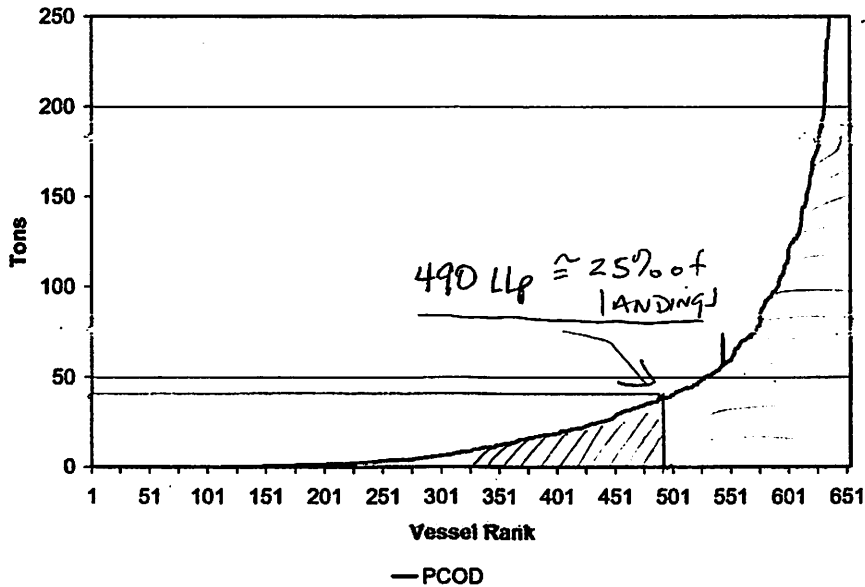
As shown in Table 14, 45 percent of vessels in 2000 landed at least 5mt, 25 percent landed 25mt or more, and 4 percent of vessels landed at least 250mt.

Figure 16 shows the retained harvest of PCOD by CVs using non-trawl gear in GOA. The catch of vessels gradually increases with vessel ranking.

Table 14. Percentage of Catcher Vessels in GOA with Retained Harvests (654 Vessels Participating)

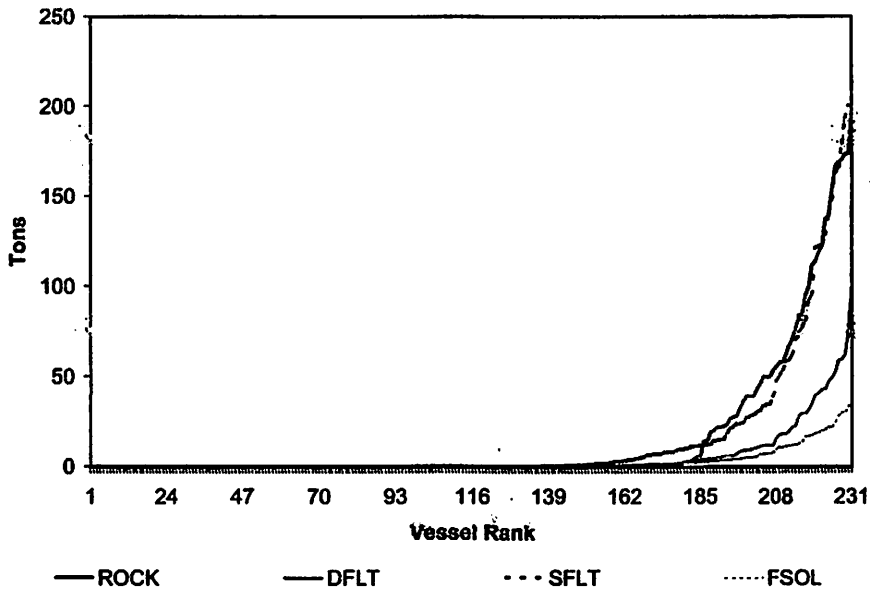
	95	96	97	98	99	00
	Percent of Fleet					
Vessels with 5mt	38	34	35	35	41	45
Vessels with 25mt	25	23	28	27	32	32
Vessels with 50mt	17	14	19	17	24	25
Vessels with 100mt	10	8	11	11	16	17
Vessels with 250mt	3	3	4	4	5	4

Figure 16. Average Retained Harvest of Pacific Cod by all Catcher Vessels Using Non-Trawl Gear in the Gulf of Alaska, 1995-2000 (654 Vessels Participating)



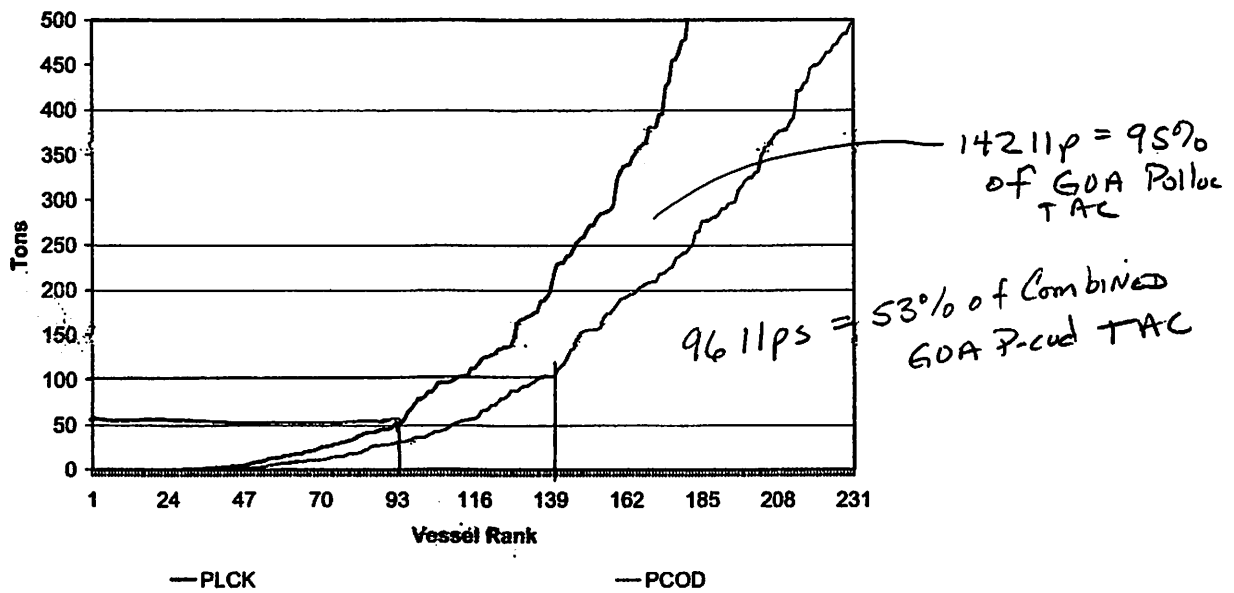
Note: Top four vessels have been omitted to protect confidentiality.

Figure 1. Average Retained Harvest by all Catcher Vessels Using Trawl Gear in the Gulf of Alaska, by species, 1995-2000 (235 Vessels Participating)



Note: Top four vessels have been omitted to protect confidentiality.

Figure 2. Average Retained Harvest of Pollock and Pacific Cod by all Catcher Vessels Using Trawl Gear in the Gulf of Alaska, 1995-2000 (235 Vessels Participating)



Note: Top four vessels have been omitted to protect confidentiality, and the vertical scale of pollock has been limited in order to focus on catches closer to proposed minimums.

*C-1
Joe Childers
W. GOA Fishermen
Assoc.*

Categories of GOA Groundfish Harvesters

If we ignore the parallel fishery and just analyze the LLP holders, the GOA Groundfish fleet breaks down as follows:

	Fixed Gear Fleet	Trawl Fleet	Total
Number of LLPs	654	235	889

Fixed gear boats catch p-cod almost exclusively; most active trawlers harvest at least p-cod and pollock. The following table is based on aggregate harvests from 1995-2000.

Species	Gear	Percentage of TAC
Flat fish	Trawl	100%
Pollock	Trawl	100%
Rockfish	Trawl	99%
Rockfish	Fixed gear	1%
P-cod	Trawl	59%
P-cod	Fixed gear	41%

Among fixed gear boats, 25% of the fleet caught 75% of the p-cod that was caught by the fixed gear sector, which was 31% of the TAC. This is summarized in the following table:

P-cod Harvest Characteristics of the GOA Fixed Gear Fleet				
1995-2000 (654 LLPs)				
Number of Boats	Percentage of the Fleet	Percentage of the GOA P-cod TAC	Average Annual P-cod Harvest (mt)	Average Annual Gross Revenue
164	25%	31%	112 mt	\$86,384
490	75%	10%	12 mt	\$9,326
Of the 490 boats that caught 10% of the P-cod TAC				
294	45%		< 5 mt	~\$3500

Among P-cod trawlers, 41% of the trawl fleet caught 53% of the p-cod TAC as is summarized in the following table:

P-cod Harvest Characteristics of the GOA Trawl Fleet				
1995-2000 (Total 235 LLP)				
Number of Boats	Percentage of the Fleet	Percentage of the GOA P-cod TAC	Average Annual P-cod Harvest (mt)	Average Annual Gross Revenue
96	41%	53%	327 mt	\$252,300
139	59%	6%	26 mt	\$19,726

Percentage harvest by trawlers for all species is summarized in the following table:

Harvest Characteristics of the GOA Trawl Fleet			
All species 1995-2000 (Total LLP 235)			
Species	Number of Boats	Percentage of Trawl Fleet	Percentage Share of TAC
P-cod	96	41%	53%
Pollock	142	60%	95%
Flatfish	50	21%	100%
Rockfish	50	21%	99%

Categories of GOA Harvesters

It is evident from the tables that there are some distinctly different groups of fishermen in the GOA.

1. Multi-species harvesters.
 - a. Trawlers
2. P-cod dependent Fixed gear harvesters
 - a. 25% of the fixed gear fleet that catches 75% of the fixed gear p-cod harvest.
3. Entry level harvesters
 - a. 490 fixed gear vessels that have collectively harvested less than 10% of the GOA p-cod

Out of 889 LLPs eligible in the Gulf, 306 (142 trawl and 164 fixed) have harvested all of the flatfish and pollock, 99% of the rockfish, and 84% of the p-cod.

Clearly, the majority of eligible LLP holders (583) have little or no history of participation, and little to no economic dependence on any of the fisheries. These boats are easily distinguished from the 306 that caught most of the fish. It may be warranted to consider separate rationalization plans. There are undoubtedly vessels less than 60' loa that fit in the P-cod dependent fixed gear harvester category, and likewise there are probably fixed gear boats >60' loa with entry level fishing history. Separating the groundfish fleet along major production lines makes some sense, but doing so along vessel length and gear type does not.

Entry level IFQ plan

One possibility would be to forge ahead with a Co-op plan for the 300+ main groundfish producers and design an IFQ plan for the rest. If the IFQ plan included restraints to consolidation, like a limit of 1% of total for example, it would be a de facto entry-level program.

C-1
did not testify

Mr. Chairman, Council members;

My name is Charlie Parsons I have the Fishing vessel Night Watch. I am a life long Alaskan and have been a fisherman my whole life. I grew up fishing on a small Island off the mouth of the Kenai river, called, Kalgin Island. We were salmon fisherman then.

~~When~~ I think by the time I was twelve or thirteen it went to a limited entry program and I was excluded from that fishery.

After I completed my schooling I looked around for some fisheries that I could get into:

The Halibut and Sable fish fisheries were open at that time, so I went into that. Shortly after it went to an IFQ program. Because of this I started looking for something new to get into. There was nobody fishing ground fish in the Western GUS at that time and Gray Cod was an emerging fishery, so I went to Sand Point and started fishing Gray Cod. That was eighteen years ago.

At that time Salmon was at its peak. The locals used to laugh and wonder how I could make it at twenty cents a pound.

Reds were over two dollars a pound and there were million dollar seasons for Salmon in three months time. But I did make it a little at a time. Now its being chipped away a little at a time. I've lost twenty five percent to the State water fishery and God knows how much to the sealions and Politics. Now there is talk of rolling the tide thing into a state water fishery.

My Boat is Seventy four feet long it packs one hundred thirty five thousand pounds for less then a lot of the ~~65~~ sixty eight foot boats. I am one of the few who have to carry an observer or fill out a log Book, so you have some data for the fishery.

The point is if someone has a right to that fishery, I have as much, if not more then anyone.

If you let this happen you will be cutting my throat

Sincerely
Charlie Parsons
Charlie Parsons

Kenai Peninsula Food Bank, Inc.*Because no one deserves to be hungry*

June 13, 2003

David Benton, Chairman
North Pacific Fishery Management Council
605 West 4th, Suite 306
Anchorage, Alaska 99501-2252

Dear Mr. Benton:

Thank you, Chairman Benton and members of the North Pacific Fishery Management Council for allowing me the opportunity to comment on the Alaska Food Coalition's plan to use halibut by-catch. The Kenai Peninsula Food Bank continually seeks sources of protein for over 60 agencies and over 400 families each month.

In 2002, the Kenai Peninsula Food Bank served an average of over 6,300 clients each month through our hunger relief programs. Our Soup Kitchen served an average of over 1,400 meals per month in 2002, and this year we have seen a 15% increase in clients utilizing the program. Our cooks prepare fish entrees when available. Halibut or seafood chowder provides a nutritious meal for the hungry.

The Kenai Peninsula Food Bank supported the Alaska State Legislature's SJR 12 and commends Kodiak fishermen and processors for their efforts in attempting to utilize the valuable resource. I urge you, North Pacific Fishery Management Council members, to support this effort as well.

Sincerely,

Linda L. Swarner
Executive Director



A United Way Agency

33955 Community College Drive
Soldotna, Alaska 99669
(907) 262-3111
fax (907) 262-6428

C-1
Mike Martin

CGOAMULTI-GEAR RATIONALIZATION PROPOSAL

2.8 Skipper/Crew and Second Generation

Option 4: Profit Sharing

There will be an allocation of 0-10% per year to skippers and crew. This will be taken off the top of any rationalized GOA ground fish.

- i. 0-10% of gross value on all rationalized ground fish. (Processors would collect tax).**
- ii. 0-10% of gross value from each vessel to be accessed specifically for the skipper and crewmembers of that qualified boat, in the GOA rationalized fisheries.**

2.8.1 Qualifications for Skipper and Crew.

- i. Must file an IRS tax return.**
- ii. Must have a 1099 for fishing income.**
- iii. Must have settlement showing income derived from rationalized fishery from qualified vessel.**

2.8.1.1.1 Vestment in Plan.

- i. 1 year- 20% of allocation.**
- ii. 2 years- 30% of allocation.**
- iii. 3 years- 50% of allocation.**
- iv. 4 years- 70% of allocation.**
- v. 5 years- fully invested.**

This money could be used for retirement or possible a loan program for new entrances into Alaska fisheries.

We believe this is a more meaningful way of protecting skippers and crew of the present and future.



First National Bank
A L A S K A
MEMBER FDIC

June 6, 2003

Michael R. Martin,

Question: Can a Profit Sharing Trust be formed for Skippers & Crew?

Answer: Yes

The following are only a few of the items to consider in the early stages of forming a Profit Sharing Trust organization for skippers and crew.

- Form organization, i.e. Corporation, or Limited Partnership, etc.
- Ground Rules, Bylaws & Articles or Partnership Agreement
- Identify source of funds & membership requirements
- Form an Investment Policy and distribution formula
- Dispute Resolution Policy
- Hold Harmless Agreement for Trust Agency
- Payout schedule and Vesting timeline

There are of course many other questions to be answered but I think the concept should be explored and will require significant legal work.

The most difficult hurdle in my opinion is linking the contributors to the Trust. In other words, who will enforce the payment of capital into the fund? Once that legal issue is solved, I think you will be well on your way to a solution.

If you have any questions you may contact me at 907-486-7936 or email at Manderson@FNBAAlaska.com. I look forward to discussing this again.

Sincerely,

Mark Anderson
Vice President