

MEMORANDUM

TO: Council, SSC, and AP
FROM: Chris Oliver *Chris*
Executive Director
DATE: September 23, 2002
SUBJECT: Single Geographic Location Change

ESTIMATED TIME
4 HOURS
(For all C-9 items)

ACTION REQUIRED

Final action on single geographic location amendment.

BACKGROUND

In April 2002, staff presented for initial review the EA/RIR/IRFA for Amendment 62/62. The Council approved the document for public review with final action scheduled for June, 2002. In June, the Council deferred final action on single geographic location until October 2002 meeting, while taking final action on inshore/offshore language revisions portion of the amendment package. The Executive Summary is attached as Item C-9(b)(1).

The purpose of this action is to provide greater flexibility for AFA-qualified inshore floating processors by allowing them to process targeted BSAI pollock in more than one geographic location during a single fishing year. There are two alternatives under consideration in this action item. The first alternative is to leave intact the language that restricts AFA-qualified inshore floating processors to a single geographic location during a single fishing year while processing BSAI targeted pollock. The second alternative would require AFA-qualified floating processors in the BSAI directed pollock fishery to operate in a single geographic location in state waters for the duration of each reporting week but would allow location changes between weeks. In addition, AFA inshore processors would be required to process all GOA pollock and GOA Pacific cod in the same location they processed these species in 2002.

EXECUTIVE SUMMARY

This proposed amendment would redefine the single geographic location for AFA-qualified inshore floating processors by allowing them to relocate to a different location in the BSAI between reporting weeks rather than between fishing years. The document also includes options for revising obsolete inshore/offshore language in the BSAI and GOA Groundfish FMPs in order to be consistent with AFA and existing regulations and removing the sunset date for GOA inshore/offshore allocation to be consistent with the removal of the sunset date for the AFA program in the BSAI. The Council in June 2002, took final action on the proposed inshore/offshore language revisions portion only, selecting alternatives 2 through 5 as the preferred action.

Problem Statement:

The problem statement developed and formally adopted by the Council in April 2002 to address the proposed changes to the single geographic location is presented below:

Existing regulations require AFA inshore floating processors to operate in a single geographic location when processing BSAI targeted pollock. The result is a lack of flexibility and inefficient use of these facilities. The problem for the Council is to develop an FMP amendment to remove this restriction in the BSAI while providing continued protection for GOA groundfish processors. The Amendment should increase flexibility for these facilities to provide opportunities for reduced delivery costs and enhanced product quality while avoiding negative environmental impacts.

A problem statement for revising inshore/offshore language in the BSAI and GOA Groundfish FMPs is presented below:

The American Fisheries Act (AFA) was passed by Congress in the fall of 1998. Because of the implementation of the AFA, much of the inshore/offshore language in the BSAI and GOA Groundfish FMPs is obsolete or inconsistent with current fishery management regulations. In addition, since Congress recently eliminated the AFA sunset date, the GOA inshore/offshore allocation sunset date of December 31, 2004 is no longer necessary. The problem before the Council is to revise outdated and inconsistent inshore/offshore language in the BSAI and GOA FMPs and remove the sunset date for GOA inshore/offshore allocation to achieve intended consistency between the BSAI and GOA regulations.

Alternatives Under Consideration

There are two action items in this amendment. The first item deals with single geographic location for AFA-qualified inshore floating processors. The second item is revising inshore/offshore language in the BSAI and GOA FMPs and removing the sunset date for GOA inshore/offshore allocation.

Single Geographic Location

The first alternative for this action item is to leave intact the language that restricts AFA-qualified inshore floating processors to a single geographic location during a single fishing year while processing targeted BSAI

pollock. The second alternative would require AFA-qualified inshore floating processors to a single geographic location during the duration of a reporting week while processing targeted BSAI pollock. Between reporting weeks, inshore floaters are able to change locations. In addition, these inshore floaters would be restricted to their 2002 pollock processing location when they process GOA pollock and Pacific cod.

Alternative 1: (Status Quo) AFA-qualified inshore floating processors would be restricted to single geographic location during a fishing year while processing BSAI directed pollock.

Alternative 2: In the BSAI directed pollock fishery, AFA inshore floating processors would be required to operate in a single geographic location in state waters for the duration of each reporting week but would be allowed to change locations from week to week. In addition, AFA inshore processors would be required to process all GOA pollock and GOA Pacific cod in the same location they processed these species in 2002.

BSAI and GOA Groundfish FMPs Proposed Inshore/Offshore Language

The alternatives in this action item are exclusive from one another, so any combination of alternatives can be selected. The first alternative is no action. The second alternative is remove obsolete inshore/offshore language from the BSAI Groundfish FMP. The third alternative is update the CVOA to accommodate AFA-related changes. The fourth alternative is remove references to BSAI inshore/offshore from the GOA Groundfish FMP. The final alternative is remove the December 31, 2004, sunset date for GOA inshore/offshore allocations.

The following alternatives are not exclusive, so any combination of alternatives can be selected including no action.

Alternative 1: (Status Quo) Retain original inshore/offshore language in the BSAI and GOA Groundfish FMPs.

Alternative 2 (Selected as the Council's Preferred Alternative): Remove obsolete inshore/offshore language from the BSAI Groundfish FMP.

Alternative 3 (Selected as the Council's Preferred Alternative): Update the CVOA to accommodate AFA-related changes.

Alternative 4 (Selected as the Council's Preferred Alternative): Remove reference to BSAI inshore/offshore from the GOA Groundfish FMP.

Alternative 5 (Selected as the Council's Preferred Alternative): Remove the December 31, 2004, sunset date for GOA inshore/offshore allocations.

Environmental Impacts:

None of the alternatives under consideration would affect the prosecution of the BSAI or GOA pollock or Pacific cod fisheries significantly. The proposed alternatives are designed to allow AFA-qualified inshore processors to process targeted BSAI pollock (as well as other groundfish) in more than one location during a fishing year, eliminate obsolete inshore/offshore language in the BSAI and GOA Groundfish FMPs, and eliminate the sunset date for the GOA inshore/offshore allocation. Since the proposed inshore/offshore language revisions are simply updating the BSAI and GOA FMPs to reflect current regulations, there is no

impact to the environment from these alternatives. The single geographic location alternatives are not expected to affect takes of species listed under the Endangered Species Act. In addition, none of the alternatives are expected to substantially alter the regional catch of BSAI or GOA pollock, Pacific cod, or bycatch rates of other fish and crab. A summary of environmental impacts from single geographic location alternatives are included in Table E1.

Economic Impacts:

Single Geographic Location Alternatives

Alternative 1 is the status quo/no action alternative. This alternative would retain the current single geographic location language. Currently, processors are able to change locations only between fishing years with regard to targeted BSAI pollock. They are also able to move to different locations during the same fishing year to process other targeted BSAI groundfish. In selecting this alternative, the floaters would likely remain in their current location. There would be no change in the competitive situation in the AFA shorebased processing sector and no change in the efficiency in operations for the two shorebased floating processors.

Alternative 2 would limit AFA-qualified inshore floating processors to a single geographic location in state waters for the duration of each reporting week. Inshore floaters would be able to move to a different location between reporting weeks. The benefits of choosing this alternative would be possible increased efficiency of the inshore floating processor sector by reducing delivery costs and possible improved product quality for pollock. The floaters would be able to locate closer to some of the pollock grounds during the B season which would reduce delivery times and costs for catcher vessels. Other possible benefits include increased tax revenue from fishery resource landing tax and increased commerce including purchases of retail goods and services for certain coastal communities. However, any increase in commerce or tax revenue in one community would be particularly offset by a reciprocal decline in tax revenue and commerce in another community.

Alternative 2 could be modified to allow the two inshore floating processors the capability to move to operate in different geographic locations, but allow fewer opportunities to move than the week to week period described above. For example, the two floating shorebased processors could be allowed to move one or two times within the season. Under more restrictive in-season regulations, the potential benefits to the two inshore floating processors would be reduced, but at the same time, potential impacts to other shorebased processors would also be reduced.

Under Alternative 2, AFA-qualified floaters could potentially leverage their mobility advantage and target other groundfish such as Pacific cod. There is a potential for some level of preemption of shoreside deliveries of other groundfish, although this potential is highly speculative in nature. It is not clear if this preemption would actually take place since current regulations allow the two shorebased floating processors to move from their pollock processing location and process other groundfish. In addition, non-AFA processors are able to operate in the areas where the floating shorebased processors could relocate. The mobility of the shorebased floating processors could also create a competitive advantage over AFA-qualified shoreside plants in a potential Aleutian Island pollock fishery, should this fishery reopen in future. By positioning itself closer to these pollock fishing grounds, thereby reducing delivery costs, there is potential economic incentive for catcher vessels to deliver a portion of their 10 percent non-specified cooperative allocation to the two shorebased floating processors.

In discussions with representatives of AFA-qualified shorebased processors and other potentially interested parties, there is little or no opposition to this amendment. However, several representatives from AFA-qualified shorebased processors qualified their approval of the amendment stating a preference for a maximum of one or two moves per year, rather than the ability to move weekly, as provided under Alternative 2. Most representatives believe the AFA cooperative agreements have addressed the preemption by assigning permanent allocations to each sector and participating cooperatives. Originally, the single geographic location restriction was placed in the inshore/offshore regulations to prevent floating processors who operated in the shorebased floating processors from having an economic advantage over shoreside processors and to prevent offshore catcher/processors and motherships, that have greater mobility, from entering the inshore sector. With the passage of AFA and cooperative agreements, these concerns are less an issue in the targeted pollock fishery.

BSAI and GOA Groundfish FMPs Proposed Inshore/Offshore Language

Under all of the alternatives considered, there are no economic impacts to updating and eliminating inshore/offshore language in the BSAI and GOA Groundfish FMP's. These changes, technical or editorial in nature, are intended to remove inconsistencies in the FMPs with the AFA and current regulations. This in turn will help reduce confusion by the industry participants and managers.

Removing the December 31, 2004, sunset date from the GOA inshore/offshore allocation regime would continue the current inshore/offshore allocation into the foreseeable future. Economic benefits of removing the sunset date for the allocation were explored in the EA/RIR/IRFA for Amendments 51/51, which contained specific options in the analysis for the GOA allocations to 'rollover' without a sunset date. The analysis emphasized that while the Council is proceeding toward a fully rationalized program, a stable environment in the fisheries is critical to success of a rationalization regime. Maintaining the existing allocation provides a reasonable assurance to each industry sector involved regarding the future of the fishery. The analysis also recognized the acceptance and lack of controversy within the Council, fishing industry, environmentalists, and general public on the appropriateness of these allocations in the GOA. While voluminous public testimony was received on the BSAI allocations, none was received in opposition to the GOA allocations.

The potential benefits and costs that are likely to result from Alternative 2 are shown in Table E2 below.

E1. Summary of Environmental Impacts

Area of Consideration	Alternative 1 Retain SGL Restriction to One Year (Status Quo)	Alternative 2 Redefine SGL Restriction to One Week
Impacts on pollock and Pacific Cod Stocks	Alternative 1 is expected to result in no change to the pollock and Pacific cod stock. In retaining the current SGL definition, effort would likely continue to be directed toward BSAI pollock along the 50 fathom line north of Unimak Island during the pollock B season.	Alternative 2 is expected to result in no change to the pollock or Pacific cod stock. There is the potential for some minor shifts in spatial concentration of fisheries along the 50 fathom line north of Unimak Island during the pollock B season to a more dispersed area south of the Pribilof Islands or to Adak Island area.
Direct Impacts of Trawl Gear on Habitat	Alternative 1 is expected to result in no change in the intensity, spatial, or temporal trawling for targeted pollock or Pacific cod. Effort would likely continue fishing along the 50 fathom line north of Unimak Island.	Alternative 2 is expected to result in the same level of trawling. However, there is some potential for shifting of trawling from the area along the 50 fathom line just north of Unimak Island during the pollock B season to a more dispersed area south of the Pribilof Islands or to the Adak Island area.
Impacts on Essential Fish Habitat	Alternative 1 is not expected to impact the essential fish habitat. Effort would likely continue along the 50 fathom line north of Unimak Island during the pollock B season.	Alternative 2 could potentially redirect 12.64 percent of the B season trawling to Adak if the pollock fishery is reopened or Pribilof Islands. Although selecting Alternative 2 could increase effort for pollock in the Aleutian Islands region, there would be no impact to the fish habitat from pollock trawling. However, the shift could increase Pacific cod effort and thus increase impacts on living substrates caused by bottom trawling.
Effluent Discharge Impacts	Alternative 1 is expected to result in continued effluent discharge buildup in Beaver Inlet and Akutan. Due to poor water circulation in these protected waters, water column and ocean floor sediment flushes slowly allowing for buildup of effluent.	Alternative 2 could be expected to result in a small net benefit to water quality. Water column and sea floor sediment circulation is greater in the Pribilof Islands and Adak Island than current locations of Beaver Inlet and Akutan. The result would be less buildup of effluent in current location if allowed to relocate.
Bycatch and Discard Impacts	Alternative 1 is not expected to adversely impact the bycatch rate from status quo level.	Alternative 2 is not expected to adversely impact the bycatch rate. The action does not alter the amount of Pacific cod or pollock harvested. With the potential for shifting of effort to the Pribilof Islands or Adak Island during the pollock B season, the bycatch rates for these areas are similar or lower than those near Unimak Island.
Endangered or Threatened Species	Alternative 1 is not expected to adversely impact endangered or threatened species. Effort would likely continue along the 50 fathom line north of Unimak Island during the pollock B season.	Alternative 2 is not expected to adversely impact endangered or threatened species. There is some potential for reduction in competitive prey conflicts caused by relocation of harvesting from fishing grounds along the 50 fathom line north of Unimak Island during the pollock B season to a more dispersed area south of the Pribilof Islands or to the Adak Island area.
Marine Mammal Protection Act	same as Endangered or Threatened Species	same as Endangered or Threatened Species
Cumulative Effects	Alternative 1 will retain the existing regulation language, so there are no additional cumulative impacts different from Alternative 3 of the AFA EIS and Alternative 1 of the Groundfish DPSEIS.	Alternative 2 is anticipated to have minor incremental cumulative impacts, but are similar enough to and within the scope of the cumulative impacts presented in Alternative 3 of the AFA EIS and Alternative 1 of the Groundfish DPSEIS that the conclusions would not defer in any significant way from the reference studies.
Significance of Fishery Management Actions	Alternative 1 is not expected to result in adverse impacts to the environment that would result in a significance determination.	Alternative 2 is not expected to result in adverse impacts to the environment that would result in a significance determination.

E2. Qualitative Summary of Benefits and Costs

Benefit or Cost Category	Alternative 1 Retain SGL Restriction to One Year (Status Quo)	Alternative 2 Redefine SGL Restriction to One Week
catcher vessel operating costs	Alternative 1 would result in no change in vessel operating costs.	There is a potential for reduced operating costs for the cooperative fleets delivering to the two shorebased processing ships, should they operate in areas closer to concentrations of pollock than their current locations in Beaver Inlet and Akutan. This situation, should it occur, would be most likely be for the pollock B season and involve operations in Adak or St. Paul in the Pribilofs. The magnitude of these potential reduced operating costs cannot be estimated for unknown situations, but the differences in actual running times between these harbors is shown in Table 3.3.
shorebased floating processing ship operations	Alternative 1 would result in no change in operations for the two shorebased processing ships	There is a potential for increased product value, increased product quality or both if future operations of one or the other of the shorebased processing ships were to operate nearer to concentrations of pollock during part of the year. The magnitude of the potential gain from efficiency or product value is unknown or speculative at this point.
shorebased floating processing ship operations	Alternative 1 would result in no change in vessel operations	Allowing the F/V ARCTIC ENTERPRISE and the F/V NORTHERN VICTOR to relocate during the fishing season may add greater flexibility for their respective companies to deal with regulation changes from measures to protect Steller sea lion or other time/area closures that may occur in future.
regional economic benefits	Alternative 1 would result in no change in regional economic benefits	There could be a regional shift in beneficial economic effects from expenditures by the two shorebased processing ships from their current location of Beaver Inlet and Akutan to other locations where they operated part of the year under Alternative 2. This transfer of economic activity and benefit would likely be a regional shift with no net gain to the nation. However, the communities of Akutan and Unalaska/Dutch Harbor would lose a portion of the economic benefits associated with operation of these companies. In addition, the community of Akutan and the Aleutians East Borough would potentially lose a portion of the fish tax revenues they currently receive.
competitive situation among the AFA shorebased plants	Alternative 1 would result in no change in the competitive situation within the group of eight AFA shorebased processing plants.	There could be a relatively small shift in competitive advantage to benefit the owners of the F/V ARCTIC ENTERPRISE and the F/V NORTHERN VICTOR and their respective cooperative fleets. This change in competitive advantage within the AFA shorebased sector is mitigated by several factors. The first factor is that the owners of the other shorebased plants apparently have no objections to Alternative 2. Another factor is that Trident Seafoods Corporation owns the F/V ARCTIC ENTERPRISE. With two other shorebased plants, Trident Seafoods Corporation would be affected by any competitive change less than the remaining four shorebased processors not owning a shorebased processing ship.