

**CHARTER IFQ STAKEHOLDER COMMITTEE**  
**Draft Minutes**  
**Anchorage Alaska**  
**March 21-23, 2006**

Dr. Dave Hanson, Chair  
Seth Bone  
Bob Condopoulos  
Ricky Gease (2 days)  
John Goodhand  
Kathy Hansen  
Dan Hull

Joe Kyle (1 day)  
Larry McQuarrie  
Rex Murphy  
Chaco Pearman  
Greg Sutter  
Kelly Hepler (1½ days)

**Agenda/Minutes** The committee approved corrected minutes from its February 2006 meeting. The committee reviewed the agenda, discussed the two charges to the committee, and the draft organizational chart that staff prepared based on the committee's actions from its February meeting. In December 2005, the Council first tasked the Stakeholder Committee with developing two permanent solutions (a percentage allocation and quota share program with recent participants) to problems in the fishery. In February 2006, the Council tasked the committee with also developing recommendations for interim solutions, based on recommendations from the GHM Committee. After considerable discussion, the committee concluded that it not recommend that the Council address interim solutions, in favor of developing permanent solutions on a faster timeline than could be achieved if interim solutions were also implemented.

**Data Requests** The committee reviewed the results of a number of data requests from its February meeting. Gregg Williams, IPHC, addressed questions that were posed by the committee in February 2006, which related to the separate accountability proposal. The committee compared IPHC biomass estimates as it was understood in 2000 when the GHM preferred alternative was selected and current biomass estimates from the 2005 halibut stock assessment. Halibut abundance is much greater now than was believed to have occurred then. Area 2C halibut abundance is on an upward trajectory, while Area 3A abundance is declining. This led to a discussion on the appropriateness of the fixed GHM relative to increased commercial catch limits that resulted from revised stock assessments.

During its review of requested ADF&G sportfish data, committee requested that ADF&G revise their responses to its February data requests by revising the tables: (1) to address bottomfish effort only (exclude salmon); (2) address all registered participants rather than active; (3) by using bar graphs to depict businesses with bottomfish trips; (4) by using bar graph to define those vessels/participants whose business plans combine halibut and salmon trips, and part-timer operations; (5) to produce color graphs of distributions of charter halibut harvest by port for each year on ADF&G statistical maps; (6) logbooks report how many new/dropped out operations occurred each year for 1998 – 2005. The committee also requested additional detail on: 1) the State proposal for limits on the 2<sup>nd</sup> halibut in the bag limit; 2) the State proposal for limits on days when charter fishing would be allowed; 3) how ADF&G would modify its estimation procedure if skippers and crew are limited from retaining halibut while clients are onboard; 4) how to interpret logbook trips when no effort was recorded (1 percent of logbooks).

Doug Vincent-Lang, ADF&G, provided the State position on charter halibut management issues:

1. supports LAMPs, but through Board of Fisheries and not by Council initiative
2. orderly compensated reallocation through fees on guided sport industry ("buyback of QS", or fish stamp required on sport fish license) through State legislation
3. not use logbooks for in-season management
4. seeking delegation of authority to the State for pre-season management under current GHMs from Congress
5. supports parallel tracks (Federal and State) for moratorium on entry
6. supports percentage allocation in smaller geographies than IPHC area.

In its discussions of mechanisms to raise funds to compensate the commercial sector for any increased allocation to the charter sector, the committee learned of a State proposal to the Legislature for a charter stamp. Between \$500,000 and \$1,000,000 could be generated into a dedicated charter fishery fund (not specific to halibut, since fees come from all species) with either a \$5 or \$10 stamp. Funds could be used to permanently purchase commercial QS (it would occur separate from the king salmon stamp for all anglers). Funds are proposed to be used for a “buyback” of commercial quota. The State can implement an “access fee” for non-residents only if it were directed to all saltwater fish (including, but not only, halibut). The committee noted that non-profit entities could also be formed to purchase commercial QS for transfer to the charter sector. Pull tabs or “rippies” were identified as one possible way to raise needed funds through a voluntary process, rather than through fees.

The committee noted that the commercial sector would like any QS purchase to be able to be transferred back to the commercial sector. Commercial QS purchases should be limited to charter halibut demand, and not impact entry level opportunities for the commercial sector (i.e., do not include D shares). The committee heard that the State is opposed to federal stamps.

The committee requested that NOAA staff report to the committee at its April meeting on the possibility of a federal charter stamp. John Lepore, NOAA General Counsel, and Jason Gasper, NOAA Fisheries Service, reported that the Federal government can only charge fees commensurate with recovering administrative costs incurred in issuing permits (i.e., you can charge for issuing permits). For IFQ programs, the Federal government can charge fees (not to exceed 3% of ex-vessel value) for the actual costs directly related to the management and enforcement of the particular IFQ program. Fees could not be used to raise funds for a QS buyback program. Staff was requested to address:

- whether the federal duck stamp has dedicated funding;
- would Congressional authorization be required to implement an access fee to charter halibut anglers to generate funding for permanent QS purchase to reallocate from commercial to the charter sector;

**Guideline Harvest Level** The committee talked about the GHJL several times throughout the three day meeting. The committee discussed whether to recommend that the Council initiate an analysis to mirror a stair step up with abundance, which would mirror the stair step down in regulations. Charter representatives view an increase to the GHJL with increased abundance increases as a matter of fairness and an essential part of the GHJL program. They felt that the Council should amend the regulations to add a stair-step up to the GHJL to mirror the stair-step down. Two commercial representatives abstained; one commercial representative and the State representative were absent when this issue was raised again at the end of the meeting. Ultimately, a motion was not formally made to move this forward as a committee recommendation because it would have resulted in opposition from commercial representatives.

Based on its discussion of the stair step, the committee discussed that IPHC estimates of halibut biomass were much lower when the GHJL program was designed. Instead, new model estimates in Areas 2C and 3A now demonstrate a higher level of halibut abundance. The committee noted that preliminary 2005 charter halibut harvests suggest a decline since 2004, with harvests in Area 3A projected to be below the GHJL and Area 2C at 14 percent above the GHJL. The anticipated action by ADF&G to prohibit captain and crew fish in charter bottomfish fisheries in Area 2C to address declining demersal shelf rockfish biomass also would lower Area 2C charter halibut harvests. The committee is developing long-term solutions that include a percentage allocation that would float up and down with halibut abundance. The charter stakeholder committee is committed to rapidly develop a long term solution. A moratorium is a critical first step in achieving this goal.

Following the discussion described above, the committee recommended that the Council take **no action on proposed measures to implement the GHJL and instead, fast track a moratorium leading to a permanent solution**, which may include a percentage allocation, limited entry program or an IFQ program. This recommendation was adopted by the committee based on its comparison of halibut abundance estimates then and now, with two abstentions and two absences. To that end, the committee streamlined its recommendations for moratorium elements and options. Note that the abstentions were made in the spirit of cooperation for a fast track on the moratorium and the development of a long term plan and not agreement with the motion

**Separate accountability proposal** The committee recommended that the Council take no action on the ALFA proposal in April 2006. The committee felt that proposal was not appropriate in the GHL program because it could lead to in-season management, which is a consequence the Council and the charter sector have sought to avoid under the GHL. The committee thought that it could be considered under long term solutions being addressed by the committee.

**Moratorium** Council staff reviewed the suite of alternatives considered by the Council in two previous analyses for a charter halibut moratorium and the commercial groundfish and crab moratorium, and the Gulf of Mexico headboat permit moratorium. The committee reviewed draft moratorium options prepared by committee members for debate. **The committee recommended that the Council initiate an analysis at its April 2006 meeting to consider a moratorium on entry into the charter halibut fishery, consistent with the Council's December 9, 2005 control date on entry into this fishery.** The committee streamlined its final recommendations on alternatives, elements, and options to speed the preparation, analytical review, and implementation of a moratorium due to the urgency of the issue (Attachment 1).

Additional details for analysis are needed for "underdeveloped" coastal communities in Areas 2C and 3A. The committee has recommended consideration of excluding such communities from the moratorium, and allowing new entrants there only. The committee had hoped to rely on past action by the Council on this issue under the 2001 charter halibut analysis, but only criteria were developed and not a list of communities. Staff provided an excerpt from the 2001 analysis, which identified two different lists of communities that could be eligible, depending on final action. Halibut Cove appearance on the list raised questions by committee members. To refine this element of the analysis, the Council could: 1) define the criteria or list of communities in June based on past analysis; 2) task it to staff to further scope the element in the recommended moratorium analysis; 3) assign the issue to committee: a) Stakeholder Committee (which can not meet between May and September); b) GOA Coastal Communities Committee; or c) other committee.

**Percent allocation alternative** The committee began its development of the percentage allocation alternative, but did not complete its development of this alternative. The committee will finalize its recommendations at its April meeting, and forward those recommendations for Council consideration at its June meeting. The committee made preliminary recommendations for options for the allocation and limited entry options. Final recommendations will be forwarded to the Council for its June deliberations. Preliminary recommendations for some elements and options follow.

- Option 1. Based on 125% of average harvest of 2000-2004 (updated GHL)
  - a. 16.37% for Area 2C and 15.92% for Area 3A (of combined commercial/charter catch limit)
  - b. 1.693 Milb for Area 2C and 4.011 Milb for Area 3A
- Option 2. Based on 125% of average harvest of 1995-99 (adopted GHL)
  - a. 13.05% for Area 2C and 14.11% for Area 3A (relative to)
  - b. 1.432 Milb for Area 2C; 3.650 Milb for Area 3A; w/stair step up and down
- Option 3. Based on charter portion of combined commercial/charter catch)
  - 14.7% in Area 2C; 12.9% in Area 3A
- Option 4. Convert current GHL into percentage based on 2004 combined commercial/charter fishery
  - 12.1% of Area 2C; 12.9% of Area 3A

-Options 1 and 2 use catch limits in the denominator; Options 3 and 4 use catch in the denominator  
-includes qualifying period; but not IPHC research fish, consistent with GHL

The committee discussed how a fishery allocation would be managed under the IPHC process at length. There was some confusion on how the proposed IPHC process of setting a combined fishery catch limit interacts with the ALFA proposal for separate accountability. Staff clarified that the effects of the ALFA proposal would be the same under a fixed GHL or percentage allocation.

## Toolbox

- Subarea allocations/Super-exclusive area registration Doug Vincent-Lang spoke regarding the Commisisoner's interest in developing subarea management for charter halibut, through some combination of LAMPs, subarea alloctions, and super-exclusive areas. A majority of the committee was opposed to this element, while other members abstained. More detail will be available in revised ADF&G tables and graphs at the April committee meeting to assist in continued deliberation on this issue. The committee questioned how these programs would interact; would different lines be drawn for different purposes. The committee requested more detailed info/proposal from ADF&G by port/stat area for subarea allocations for continued committee discussion
- Annual limits Doug Vincent-Lang reported that the State proposed annual limits as a necessary management tool, but only one of many tools in the toolbox, to slow harvest. It can be enforced by crosschecking license and logbook data. The committee noted that there are a small percentage of anglers that harvest more than 4 halibut, and that this proposal would affect high end, multi-day anglers with limited effect on day anglers. The committee recommended that the analysis consider: 1) effects on other species if limits are placed on halibut and 2) the percent of charter vessels/operators that would be affected. The committee recommended options of: 4, 6, 8, 10 halibut per charter angler per year.
- Compensated reallocation The committee deferred action on this issue until it can review additional information to be provided to the committee in April.
- Kodiak Association of Charter-boat Operators (KACO) Plan The committee reviewed the KACO proposal, which was distributed prior to the meeting. It proposes to: 1) float the GHJ (or allocation) with abundance; 2) forming a non-profit organization to purchase commercial QS for reallocation to the charter sector; 3) lease unused portion of the GHJ (or allocation) to the commercial sector; 4) create a state charter halibut stamp to generate revenues to purchase commercial QS; 5) split halibut bycatch reductions between the commercial and charter sectors on a percentage basis; 6) implement the Seward Tier Management Plan when the GHJ is exceeded (vessels would be categorized into different tiers and measures could be implemented differentially between tiers). The KACO plan would eliminate community set asides because it would leave the fishery under open access.
- Limited entry The committee developed a preliminary suite of elements and options for a limited entry program under the percent allocation alternative (Attachment 2).

**Next meeting** The committee added a third day to its next meeting, April 18-20, 2006 in Anchorage.

**Adjourn** The meeting adjourned at approximately 5 pm on Thursday, March 23, 2006.

**Attendance** Staff included: Jane DiCosimo, NPFMC; Gregg Williams, IPHC; John Lepore, NOAA General Counsel; Jason Gasper, NOAA Fisheries Service; Doug Vincent-Lang, Scott Meyer, and Mike Jaenicke, ADF&G Sportfish Division. Members of the public included: Donna Bondioli, Bryan Bondioli, Burnis W. Sims, Dan Falvey, and Ed Hansen.

**CHARTER IFQ STAKEHOLDER COMMITTEE  
MORATORIUM ALTERNATIVE  
March 23, 2006**

**Issue 1. Areas**

- Option 1. 2C and 3A
- Option 2. Area 2C and 3A, exclude those communities previously identified by the Council

**Issue 2. Permits** would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership.  
Grandfather currently licensed vessels.

**Issue 3. Qualifying years** - State guide business registration for 2004 or 2005 with client activity for bottomfish effort logged in logbook for 2004 or 2005:

- Option 1: minimum of (1, 10, 20) active logbook entry (1 trip) for bottomfish
- Option 2: medical emergencies as developed recently for the commercial QS program
- Option 3: military exemption, as developed recently for the commercial QS program and Army boats
- Option 4: under construction as of December 9, 2005, as developed recently for the commercial QS program
- Option 5: constructive losses  
**and** participation in the year prior to implementation

**Issue 4. Owner v. Vessel**

- Option 1. owner/operator or lessee
- Option 2. vessel

**Issue 5. Mandatory evidence of participation:**

1. State guide business registration
2. ADF&G logbook submitted in timely fashion, with bottomfish effort

**Supplemental evidence of participation:**

1. Alaska State business license
2. insurance for passenger hire
3. enrollment in drug testing program (CFR 46)
4. Coast Guard license

**Issue 6. Annual permit renewal criteria** (use it or lose it)

- Option 1. do not require renewal
- Option 2. must renew, minimum activity of 20 halibut charter days
- Option 3. not renewable, if permit holder lets it expire
- Option 4. emergency medical exception

**Issue 7. License Designations**

1. uninspected (6-packs) vessels : 6 clients;
2. inspected vessels : License designation is limited to highest number of clients on any given trip in 2004 or 2005, but not less than 4;
3. 12-packs : grandfathered in at previous limit;
4. new construction : 6 for uninspected and inspected vessels;
5. constructive loss : previous limit

**Issue 8. Permit use caps**, with grandfather<sup>1</sup> provision during the moratorium

<u>uninspected vessels</u> (limited to 6 or 12 clients) :	<u>inspected vessels</u> :
Option 1. 1	Option 1. 1
Option 2. 5	Option 2. 2
Option 3. 10	Option 3. 3

<sup>1</sup>Grandfather provisions to mirror the commercial halibut IFQ program (transferred vessels lose their grandfathered status; block retains grandfather status)

### **Additional provisions**

- Transfers would be allowed, permits may be stacked, immediately transferable
- No leasing
- Duration for review - in effect until subsequent Council action
- Definition of bottomfish effort for evidence of participation - any entry with recorded bottomfish statistical area, rods, or boat hours

**CHARTER IFQ STAKEHOLDER COMMITTEE  
PRELIMINARY DRAFT  
LIMITED ENTRY OPTION  
March 23, 2006**

**License Class by regulatory area 2C and 3A**

Option 1. no license classes

Option 2. License class:

Class A. 1. Immediately transferable

2. more than or equal to a) 10; b) 30; or c) 50 days

Class B. 1. non-transferable, except to underdeveloped communities immediately, if Issue 1, Option 1 is selected

2. less than or equal to preferred alternative above [a) 10; b) 30; or c) 50 days]

Option 3. License class:

Class A. 1999 and earlier; and most recent year

Class B. 2000-2002; and most recent year

Class C. 2003-2005; and most recent year

Suboption to Options 2 and 3. By port/subarea

Yet to be defined

-Vessel classes created in case harvest restrictions would be implemented, then most recent entrants and latent capacity take the first hit.

-could be addressed differently in each area, perhaps for subareas – next meeting

-look at CFEC permits for permit classes on finer geographic areas, state reg areas

**License recipients** Permits would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership. Grandfather currently licensed vessels.

**Owner v. Vessel**

Option 1. owner/operator or lessee

Option 2. vessel

**License Designations –**

Option 1. no designation

Option 2. area designation (2C and 3A)

Option 3. subarea designation

e.g., in Area 3A, create K class (around Kodiak intermediate between developed and underdeveloped); reduce by 10 days

*committee will develop criteria for April 2006 meeting*

Option 4. license designation

1. inspected

2. uninspected

Option 5. license designation

1. ave. no.clients (rods fished)

2. historical high per boat, upgrade by purchase seat share to step up to limit of class permit

Option 6. angler permit

Angler day option within limited entry plan (to address latent capacity, but rights based? Similar to transferable seat option)

**Limited Entry Permits:** would be issued to moratorium permit holders

Initial issuance of angler-day units:

(Angler day unit= 1 client fishing bottomfish/halibut in 1 day)

Using logbook data, determine number of angler days per vessel

Award number of angler day units that correspond to:

- a) Most recent year total
- b) Average of 2-3 most recent years
- c) Best of 2-3 most recent years

**Transfers** - fully transferable, but need angler days to fish halibut

Angler days have two types of transfers:

Option 1. Permanent: must go through NMFS (RAM division)

Option 2. In-season transfers: allowed between private parties (doesn't need to go through NMFS)

### **Enforcement / Administration**

NMFS issues certificates annually (1 certificate per angler-day unit)

Before client starts fishing halibut, certificate must be filled out date, client name, fishing license #. Certificates stay on board vessel during trip and are turned in with that day's logbook sheet.

Tie the certificate to the harvested fish;

salmon trips that catch halibut should have certificates for that trip(?); how to handle if only 1 halibut is caught – do all fishermen require a certificate

needs mechanism to grow under increased allocation thru compensated reallocation and increased abundance

**Angler permit** – would makes fishery more efficient; affects capacity because it would not issue more permits than earned. The committee will discuss this proposal offline and report its recommendations at the April committee meeting

**Who may purchase license** - Permits would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership. [Anyone who can meet State and USCG licenses to charter or anyone who wants to hire skippers]

### **Leasing**

Option. 1 not allowed, except for medical transfer, military or constructive loss

Suboption 1: medical emergencies as developed recently for the commercial QS program

Suboption 2: military exemption, as developed recently for the commercial QS program and Army boats

Suboption 3: constructive loss

Option 2. allowed, limited to cap

### **Vessel replacement and upgrade**

Option 1. inspected vessels

Option 2. uninspected vessels

Grandfather 12-packs gross tonnage over 100 gross t, does not require lifeboats (super T (passenger for hire) typically not fishing from boat, more like tourboats)

**Vessel use caps, with grandfather<sup>1</sup> provision during the moratorium**

inspected vessels (6 +12) :

- Option 1. 1
- Option 2. 5
- Option 3. 10

for inspected vessels:

- Option 1. 1
- Option 2. 2
- Option 3. 3

<sup>1</sup>Grandfather provisions to mirror the commercial halibut IFQ program (transferred vessels lose their grandfathered status; block retains grandfather status)

**Annual permit renewal (use it or lose it)**

- Option 1. do not require renewal
- Option 2. must renew
- Option 3. not renewable, if permit holder lets it expire

**Transfers**

- Option 1: allowed (see Issue 3)
- Option 2. permit stacking is allowed (tied to use caps)
- Option 3. Permit Class for each area
  - 1. No permit class
  - 2. Permit class with immediate transferability
    - Immediately transferable (A): more than or equal to a) 10 b) 30 c) 50 days
    - Non-transferable (B), except to underdeveloped communities immediately, if Issue 1, Option 1 is selected: less than or equal to a) 10 b) 30 c) 50 days

**Additional Provisions**

- Licenses represent a use privilege. The Council may convert the license program to an IFQ program or otherwise alter or rescind the program without compensation to license holders.
- Severe penalties may be invoked for failure to comply with conditions of the license.
- License may be suspended or revoked for serious and/or multiple violations.

**PROPOSED ORGANIZATIONAL CHART FOR NPFMC ACTION TO MANAGE THE CHARTER HALIBUT FISHERIES IN AREAS 2C + 3A**

