

**North Pacific Fishery Management Council  
GULF OF ALASKA RATIONALIZATION  
October 8, 2004**

**The following provisions apply to Alternative 2 only:**

2.2 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 (WY))

- Shortraker and rougheye (SR/RE) and thornyhead rockfishes will be divided between Southeast Outside (SEO) and WY
- The allocation of rockfish bycatch to the halibut IFQ fishery will be on a NMFS management area basis
- Non-SR/RE and thornyhead rockfish trawl catch history in SEO during 95-98 will be used in the calculation of WYAK allocation
- SEO is exempt except for SR/RE and thornyhead rockfishes as secondary species. Allocation will be based on target catch in sablefish, halibut, Demersal Shelf Rockfish and P. cod fishery

Gear: Applies to all gear except jig gear—

Option 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.

Option 2. Catch by jig would be accounted for in a manner similar to sport halibut harvests in halibut IFQ fishery.

Suboption: Cap jig harvest at \_\_\_% of current harvest by species and area:

1. 100%
2. 125%
3. 150%
4. 200%

2.2.2 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

Option 2. 95-02 drop 1

Option 3. 95-02 drop 2

Option 4. 98-02 drop 1

Suboption 1: For Pacific cod under all options consider only A season harvests for 2001 and 2002.

Suboption 2: For Pacific cod consider a sector allocation based on specified percentages prior to individual allocations.

2.2.2.1 Qualifying landing criteria

Landings based on retained catch for all species (includes weekly processor report for Catcher/Processor 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)

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

#### 2.2.2.2 Eligibility

##### LLP participation

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

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

Suboption 2. Allow the award of retained incidental groundfish catch history arising from the halibut and sablefish IFQ fishery.

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 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. Non-LLP (State water parallel fishery) participation

Suboption 1. 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.

Suboption 2. 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.

#### 2.2.2.3 State Waters - Parallel Fisheries and State Groundfish Management

A portion of the TAC will be allocated to fisheries inside of 3 nm and will be subject to State management:

Option 1. An amount equivalent to the total annual catch (for each groundfish species/group) from state waters (inside of 3 nautical miles [e.g., parallel and 25% Pacific cod fishery]) by all vessels will be managed directly by the State of Alaska Board of Fisheries as a TAC/GHL equivalent to:

- a. Highest amount taken in state waters by area
- b. Highest amount taken in state waters by area plus 15%
- c. Most recent four-year average harvest from state waters

Option 2. All catch inside of 3 nautical miles by non-federally permitted vessels fishing the parallel fishery plus all catch under the 25% state water cod fishery and the PWS Pollock fishery remains under the authority of the State of Alaska Board of Fisheries.

Option 3. Only the catch associated with the 25% state water cod fishery and the PWS Pollock fishery remains under the authority of the State of Alaska Board of Fisheries.

#### 2.2.3 Primary Species Rationalization Plan

##### Primary Species by Gear

##### 2.2.3.1 Initial Allocation of catch history

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

##### 2.2.3.2 Harvest share (or QS/IFQ) Designations

##### 2.2.3.2.1 Vessel Designation of low producers and high producers in the fixed gear class.

Low producing vessels are:

- Option 1: less than average primary species harvest shares initially allocated by gear and area.
- Option 2: less than the 75<sup>th</sup> percentile primary species harvest shares initially allocated by gear and area.

High producing vessels are the remainder.

2.2.3.2.2 Harvest share sector designations:

Designate harvest shares (or QS/IFQ) as CV or CP. Annual CV harvest share allocation (or IFQ) conveys 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.

2.2.3.2.3 Harvest share gear designations

Designate CV harvest shares as Trawl, longline, and Pot  
Designate CP harvest shares as CP trawl, CP longline, CP pot.  
Option: Designate harvest shares as high and low producer fixed gear

2.2.3.2.4 Harvest Share Restrictions—Harvest restrictions apply to primary species only.

Harvest restrictions for primary harvest shares (or IFQ) may be used by other gear types except that:  
Option 1: No restrictions  
Option 2: Fixed gear harvest share (or IFQ) may not be harvested using trawl gear  
Option 3: Pot gear harvest shares may not be harvested by longline or trawl gear

- 2.2.3.2.5 If a processor limited entry alternative is chosen, CV primary species harvest shares will be issued in two classes. Class A shares will be deliverable to a licensed processor. Class B shares will be deliverable to any processor as authorized under this program.  
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.

Suboption : Processor affiliated vessels to receive entire allocation as A shares.

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

2.2.3.3.1 Persons eligible to receive harvest shares by transfer must be:

Entities eligible to document a vessel (apply to CP).  
Initial recipients of CV or C/P harvest share.  
Community administrative entities would be eligible to receive harvest shares by transfer.  
Individuals eligible to document a vessel with at least 150 days of sea time (apply to CV shares)

Definition of sea time:

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

2.2.3.3.2 Restrictions on transferability of CP harvest shares

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 convert to CV harvest shares.

2.2.3.3.3 When CP shares are redesignated as CV shares;

CP harvest shares retain their gear designation upon transfer.  
Purchaser must further identify which processing provision and regionalization provision apply to the shares, consistent with the gear type.

2.2.3.3.4 Vertical integration

Harvest shares initial recipients with more than 10% limited threshold ownership by licensed processors are capped at:

115-150% of initial allocation of harvest CV shares.

#### 2.2.3.3.5 Leasing of QS outside of a co-op

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).

Suboption: Allowing leasing by initial recipients of QS (grandfather clause)

Option 2. Allow leasing of CV QS, but only to individuals **and entities** eligible to receive QS/IFQ by transfer.

Option 3. Allow leasing of CP QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.

#### 2.2.3.3.6 Separate and distinct harvest share use caps

Caps will be expressed as QS units indexed to the first year of implementation.

Option 1. Caps apply to all harvesting categories by species with the following provisions:

1. Apply individually and collectively to all harvest share holders in each sector and fishery.
2. Percentage-caps by species and management area are as follows (a different percentage cap may be chosen for each fishery):
  - i. Trawl CV and CP (can be different caps):  
Use cap based at the following percentile of catch history for the following species:  
(i.e., 75<sup>th</sup> 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 %

Option 2. Caps equal to a percentage that would allow contraction of QS holders in the fishery by 20%, 30% or 50% of the number of initially qualified QS recipients by species and sector.

Conversion of CP shares:

- i. CP shares converted to CV shares

Option 1. will count toward CV caps

Caps will be applied to prohibit acquisition of shares in excess of the cap.

Vessel use caps on harvest shares harvested on any given vessel shall be set at

- i. 100%
- ii. 150%
- iii. 200%

the individual use cap for each species. Initial issues that exceed the individual or vessel use caps 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.

#### 2.2.3.3.7 Owner On Board Provisions

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

- i. 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.

A range of 0-50% for fixed gear CVs and 0-40% for trawl gear CVs, of the quota shares initially issued to fishers/harvesters would be designated as "owner on board."

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 3 years out of any 10 year period.

Suboption: Owner on board provision would not apply within a cooperative.

#### 2.2.3.3.8 Overage Provisions (only apply outside of a co-op)

A 7 day grace period after an overage occurs for the owner to lease sufficient IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overages and fines.

- i. 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 harvest shares (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).

- ii. Longline and pot CV and CP:

Overages up to 10% of the last trip will be allowed with rollover provisions for underages up to 10% of harvest shares (or IFQ).

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).

#### 2.2.3.3.9 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.

#### 2.2.3.3.10 Limited processing for CVs

- Option 2. Limited processing of groundfish species by owners of CV harvest shares of rockfish species not subject to processor landing requirements are allowed up to 1 mt of round weight equivalent of groundfish per day on a vessel less than or equal to 60ft LOA. (consistent with LLPs - 679.4(k)(3)(ii)(D)).

#### 2.2.3.3.11 Processing Restrictions

- Option 1. CPs may buy CV share fish not subject to processor landing requirements.  
Suboption. 3 year sunset
- Option 2. CPs would be prohibited from buying CV fish.
- Option 3. CPs may buy incentive fish and incidental catches of CV fish not subject to processor landing requirements.

A CP is a vessel that harvests CP shares under the program in a year.

#### 2.2.4 Allocation of Secondary Species

Thornyhead, roughey, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish  
Includes SEO shortraker, roughey, and thornyhead rockfish.

##### i. Allocation of shares

- Option 1. 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 75<sup>th</sup> percentile by area by target fishery

- Option 2. Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.

- Suboption 1. 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 3. Secondary species allocations will be awarded to the owners of sablefish and halibut QS.

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

- iii. Retain these species on bycatch status for all gear types with current MRAs.

- iv. 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.

##### v. Permit transfer of secondary species QS

- Option 1. Primary species shares and secondary species shares are non-separable and must be transferred as a unit.

- Option 2. Primary species shares and secondary species shares are separable and may be transferred separately

#### 2.2.5 Halibut PSC

##### 2.2.5.1 Accounting of Halibut Bycatch

Pot vessels continue their exemption from halibut PSC caps.

Hook and line

Option 1: Modeled after sablefish IFQ program (no direct inseason accounting of halibut PSC. Holders of halibut IFQ are required to land legal halibut. Estimates of sub-legal and legal size incidental mortality are accounted for when setting annual CEY.

Option 2: Halibut PSC will be managed through harvest share allocations.

Option 3: Continue to fish under halibut PSC caps.

Suboption (to all options): Holders of halibut IFQ are required to land legal halibut. Halibut bycatch occurring without sufficient IFQs would count against halibut PSC allocations.

Trawl Entities:

Option 1: Halibut PSC will be managed through harvest share allocations.

Option 2: Continue to fish under halibut PSC caps.

2.2.5.2 Halibut PSC Allocation

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the primary species shares. Secondary species would receive no halibut allocation. Initial allocation based on average halibut bycatch by directed primary species during the qualifying years. Allocations will be adjusted pro rata to equal the existing halibut PSC cap.

By sector average bycatch rates by area by gear:

Option 1. Both sectors

Option 2. Catcher Processor/Catcher Vessel

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

Option A: Halibut PSC annual allocations are separable from primary groundfish annual allocations and may be transferred independently within gear types. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

Suboption 1. 0%

Suboption 2. 5%

Suboption 3. 7%

Suboption 4. 10%

Suboption 5: Exclude any halibut PSC transferred for participation in the incentive fisheries (includes transfers outside the cooperative).

Suboption 6: Exclude any halibut PSC transferred within a cooperative.

Option B: No leasing/annual transfer of halibut PSC outside of cooperatives.

All halibut PSC reductions under this section will remain unfished (in the water).

2.2.5.3.1 Halibut PSC Reduction for Non-Members of Cooperatives

Non-members of cooperatives would have halibut PSC reduced by:

i 5%

ii 15%

iii 30%

Halibut PSC reduction will not apply to low-producing fixed gear participants.

All halibut PSC reductions under this section will remain unfished (in the water).

2.2.5.4 Permanent transfer of Halibut PSC harvest share mortality

Option 1. Groundfish primary species harvest shares (QS) and Halibut PSC harvest shares (QS) are non-separable and must be transferred as a unit  
Suboption. exempt Pacific cod

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

#### 2.2.5.5 Retention of halibut incidentally caught by fixed gear vessels

Halibut incidentally caught may be retained outside the halibut season from Jan. 1 to start of commercial fishery. Any person retaining halibut must have adequate halibut IFQ to cover the landing. Retention is limited to (range 10-20%) of primary species.

Option 1: In all GOA areas.

Option 2: Limited to Areas 3A, 3B, and 4A.

The Council requests that staff notify the IPHC concerning these provisions.

#### 2.2.6 Incentive species

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 Pacific cod TAC will be made available as an incentive fishery, subject to provision of incentive fisheries.

##### 2.2.6.1 Eligibility to fish in the incentive fisheries

A. The unallocated QS for the incentive fisheries are available for harvest, providing the vessel has adequate halibut PSC and secondary species.

Suboption: vessels must be a member of a GOA fishing cooperative to fish in the incentive fishery.

B. Any holder of halibut or sablefish IFQ that has adequate IFQ or halibut PSC and secondary species.

##### 2.2.6.2 Catch accounting for the incentive fisheries – Allocated QS and Incentive fishery quota

Option 1. The individual co-op member's apportionment of the allocated incentive species QS must be used prior to the individual gaining access to the incentive fishery unallocated portion. The co-op will notify NMFS when a vessel enters the incentive fishery quota pool.

Option 2. The co-op's allocation of incentive species QS must be fished before gaining access to the unallocated portion of the incentive species quotas. The co-op members through a contractual coop agreement will address catch accounting amongst the co-op members.

Option 3. For shareholders not participating in co-op, the unallocated incentive species are available for harvest once the individual IFQ holder's allocation of the incentive species has been used.

#### 2.2.7 Preserving entry level opportunities for P. cod

2.2.7.1 Each initial allocation of P.cod harvest shares based on the final year of the qualifying period to fixed gear catcher vessels below the block threshold size would be a block of quota and could only be permanently sold or transferred as a block.

Option 1 10,000 pounds constitutes one block

Option 2 20,000 pounds constitutes one block

Option 3 No Block Program

Suboption. Lowest producer harvest shares earned as a bycatch in the halibut sablefish ITQ program would be exempt from the block program

2.2.7.2 Eligible participants would be allowed to hold a maximum of:

Option 1, 1 block

Option 2. 2 blocks

Option 3. 4 blocks

2.2.7.3 Any person may hold:



- Option 1. One block and any amount of unblocked shares
- Option 2. Two blocks and any amount of unblocked shares
- Option 3. Four blocks and any amount of unblocked shares

#### 2.2.8 Skipper/Crew

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

Option 1. No skipper and/or crew provisions

Option 2. Allocate to skippers and/or crew

Suboption 1. Initial allocation of 5% shall be reserved for captains and/or crew

Suboption 2. Initial allocation of 10% shall be reserved for captains and/or crew

Suboption 3. Initial allocation of 15% shall be reserved for captains and/or crew

Option 3. Establish license program for certified skippers. For initial allocation Certified Skippers are either:

i. Vessel owners receiving initial QS or harvest privileges; or

ii. Hired skippers who have demonstrated fishing experience in Federal or State groundfish fisheries in the BSAI or GOA for 3 out of the past 5 years as documented by a CFEC permit and signed fish tickets and/or appropriate NMFS documentation (starting date for five years is 2003).

Suboption 1. include crew in the license program.

Suboption 2. require that new Certified Skippers licenses accrue to individuals with demonstrated fishing experience (Groundfish – BSAI/GOA, state or federal waters) similar to halibut/sablefish program.

Under any alternative that establishes QS and annual harvest privileges, access to those annual harvest privileges is allowed only when fishing with a Certified Skipper onboard. Certified Skipper Licenses are non-transferable. They accrue to an individual and may not be sold, leased, bartered, traded, or otherwise used by any other individual.

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

#### 2.2.9.1 Regionalization

If adopted, all processing licenses (for shore-based and floating processors) will be categorized by region.

Processing 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.

In the event harvest shares are regionalized and the processor linkage option is chosen, a harvester's shares in a region will be linked to the processor entity in the region to which the harvester delivered the most pounds during the qualifying years used for determining linkages under 2.3.1.1.2.

The following describes the regions established and fisheries that would be subject to regionalization:

Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 58 51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140° W long.).

The following fisheries will be regionalized for shorebased (including floating) 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.

- 2.2.9.1.1 Secondary species shares  
Secondary species shares would not be subject to regionalization
- 2.2.9.1.2 Qualifying years to determine the distribution of shares between regions will be:
  - Option 1. consistent with the preferred option under “Section 2.2.2 Qualifying Periods”
  - Option 2. 1999 – 2002

Other community provisions (CFQ and CPP) moved to separate portion of the motion.

PSC for Crab and Salmon move to separate portion of the motion.

## 2.2.10 Review and Evaluation

### 2.2.10.1 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.

### 2.2.10.2 Review

Preliminary program review at the first Council Meeting in the 3<sup>rd</sup> year and formal review in the 5<sup>th</sup> 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.

## 2.2.12 Sideboards

GOA Groundfish sideboards under the crab rationalization plan and under the AFA would be superseded by the GOA rationalization program allocations upon implementation.

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.

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.

The Council should consider adding sideboards for the GOA jig fishery, which will not be included in the rationalization program.

Staff analysis of sideboard issues should examine the potential consequences of the creation of a double set of sideboards relating to BSAI fisheries for vessels already subject to AFA sideboards in BSAI fisheries.

## 2.3 Processing Sector Provisions

For alternative 2A apply provisions generally at the company level.

For 2B, apply provisions generally at the facility (plant) level.

2.3.1 Provisions for Processor License Limitation

2.3.1.1 Harvester Delivery requirements

2.3.1.1.1 Harvester delivery requirements

Option 1. 50-100% of CV harvest share allocation will be reserved for delivery to:

- i. the linked licensed closed trawl or fixed class processor (Applies to 2B).
- ii. Any licensed trawl or fixed (Applies to 2A)

The remaining (50% - 0%) CV harvest share allocation can be delivered to:  
any processor including CPs

Option 2. Low producing vessels are exempt from delivery requirements (Applies to Fixed Gear 2 Low only)

2.3.1.1.2 Linkage (Linkages apply by area) (Applies to 2B):

A harvester's processor linked shares are associated with the licensed fixed or trawl processor to which the harvester delivered the most pounds of groundfish during the last \_\_\_ years of the harvester qualifying years.

- i. 1
- ii. 2
- iii. 3

Processors with history at multiple facilities in a community may aggregate those histories for determining associations.

Option 1: If the processing facility with whom the harvester is associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community

*The Council requests that staff provide a discussion paper addressing the effect of a use cap on the number of processors in a region.*

2.3.1.1.3 Movement between linked processors (Applies to 2B)

Any vessel that is linked to a processor, may with the consent of that processor, deliver A shares to another plant.

Share reductions of 10% - 20% when a harvester moves from a linked processor for:

- i. 1 year
- ii. 2 years
- iii. 4 years

Suboptions:

- i. Penalty applies to A shares only.
- ii. Penalty applies to both A and B shares.
  - A. Full penalty applies to each move
  - B. Full penalty applies to the first move, subsequent moves are penalized at half of that rate.
  - C. Full penalty applies only to the first transfer

The share reduction shall be redistributed to:

The shareholders in association with that processor that the shareholder left (if it continues to exist).

### 2.3.1.2 Processor License Qualifications (Applies to 2A and 2B)

2.3.1.2.1 To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by region as described below in at least 4 of the following years:

- Option 1. 1995-99.
- Option 2. 1995-01
- Option 3. 1995-02

If a processor meets the threshold for total purchased and processed groundfish for all their facilities combined, but does not meet the threshold for any one facility then the processor would be issued a license for the facility in which it processed most fish. **(Applies to 2B only since 2A is entity based).**

- Option 1.
  - a. Trawl eligible Processors
    - Suboption 1. 2000 mt
    - Suboption 2. 1000 mt
    - Suboption 3. 500 mt
  - b. Fixed gear eligible Processors
    - Suboption 1. 500 mt
    - Suboption 2. 200 mt
    - Suboption 3. 50 mt
  - c. Trawl and Fixed gear eligible processors  
Meet criteria for both the trawl processor license and fixed gear processor license as described above

2.3.1.2.2 Processor history would be credited to (and licenses would be issued to):  
Operator – must hold a federal or state processor permit.

Custom processing history would be credited to:  
the processor that purchased the fish as indicated on the fish ticket and paid for processing

2.3.1.2.3 Transferability of eligible processor licenses  
Processor licenses can be sold, leased, or transferred.  
Within the same region

If the license is transferred outside the community of origin, then vessel linkages are broken and vessels are allowed to deliver to any licensed processor.

2.3.1.2.4 Processing Use caps by processor license type (trawl, fixed or trawl and fixed, by CGOA and WGOA regulatory areas:

- Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest licensed processor
- Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies in the fishery by 20%, 30%, or 50% of the number initially qualified processing companies

(Note: There is no limit on the amount of fish either a trawl or fixed gear licensed processor can buy from the open B share classed fish)

2.3.1.2.5 Processing Caps may apply at the entity level

2.3.1.2.6 License ownership restrictions on processors  
Option 1. No restrictions

Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses.

### 2.3.2 Provisions affecting Allocation of Harvest Shares to Processors (Alternative 2C)

1. Processors are eligible to receive an allocation of QS if they meet eligibility criteria identified in 2.3.1.2.1
2. Up to 30% of CV shares shall be designated as “CVP” shares and eligible to be held by processors and CV recipients. A portion of the CVP share allocation will be divided among eligible processors proportional to their history in the qualifying years as outlined in 2.3.1.2.1. Any balance of CVP not distributed initially to processors shall be distributed proportionally to CV recipients.
3. CVP is transferable between eligible CV holders and /or processors
4. CVP shares may be fished on any catcher vessel and subject to existing share designations and existing vessel use caps
5. CVP shares may be transferred or leased to any entity eligible to receive CV QS by transfer in 2.2.3.3
6. Caps of CVP will apply at the company level by management area and will be a 10-30% of the total pool of CVP shares available in the management area. Recipients of CVP that exceed the cap will be grandfathered.
7. No processors (and processor affiliates using the 10% rule) may own or control CV quota shares. CVP initially issued to processor affiliates will be grandfathered.
8. CVP shares will be regionalized.

## 2.4 Cooperative Provisions

### 2.4.1 Cooperative requirements

Cooperative membership is not required to receive an annual harvest share allocation. (i.e., IFQ will be allocated to non-members)

### 2.4.2 Cooperative formation

#### 2.4.2.1 Co-ops can be formed

- a. between holders of harvest shares or history in an area:
  - Trawl catcher vessels
  - “High producing” fixed gear catcher vessels
  - “Low producing” fixed gear catcher vessels
- b. between holders of harvest shares or history of a catcher/processor

Each group of share/history holders of a defined class that may form cooperatives is defined as a “sector.”

#### 2.4.2.1.1 Co-op/processor affiliations

Option 1. No association required between processors and co-ops

Option 2. CV cooperatives must be associated with

- a) a processing facility
- b) a processing company

The associated processor must be:

- a) any processor
- b) a limited entry processing license holder (if processor limited entry is selected)
- c) a limited entry processing license holder to which the share holder’s shares are linked

Suboption 1. Processors can associate with more than one co-op

Suboption 2. Processors are limited to 1 co-op per plant for each sector.

Note: A processor association will not be required for a C/P cooperative.

#### 2.4.2.2 Cooperatives are required to have at least:

Option 1. 4 distinct and separate harvesters (using the 10% threshold rule)

Suboption: trawl CP sector, all less 1 of distinct and separate harvesters, using the 10% threshold rule).

Option 2. 40 -100 percent of the harvest shares (or catch history) of its sector (may choose different percentages for different sectors)

Option 3. 40 -75 percent of the harvest shares (or catch history) eligible for the cooperative.

Note: Requirements may differ across sectors (or for CV and CP cooperatives)

#### 2.4.2.3 Duration of cooperative agreements:

Option 1. 1 year

Option 2. 3 years

Option 3. 5 years

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

### 2.4.3 Rules Governing Cooperatives

#### 2.4.3.1 Annual Allocations

Annual allocations of cooperative members would be issued to the cooperative.

- 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.
- 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 primary species, secondary 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. Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

#### 2.4.4 Ownership and Use Caps and Underages

##### 2.4.4.1 Set co-op use caps at 25 to 100% of total TAC by species

##### 2.4.4.2 Co-op use caps for harvest shares on any given vessel shall be:

Option 1. Set at the same level as the individual vessel level.

Option 2. 3 times individual vessel use cap.

Option 3. No use caps

- 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.
- Underage limits would be applied in the aggregate at the co-op level

2.4.5 Movement between cooperatives

2.4.5.1 Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. no movement in the first two years

2.4.5.2 License Transfers Among Processors (applies to processor limited entry)

- Option 1. any share 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 severing the linkage, as would have been made in the absence of the transfer.
- Option 2. any share associated with the license will be free to associate with any licensed processor. Harvest share/history holders will be free to move among processors without share/history reduction.

**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

### **Alternative 3**

#### **Sector Allocations and Voluntary Co-op Structure**

Alternative 3 is a sector allocation and co-op proposal. This proposal allows new processor entrants and provides a mechanism for harvesters to either enter co-ops voluntarily or continue to fish in LLP/open access fisheries. The alternative provides a flexible structure intended to reflect the diversity of the fisheries in the GOA. It recognizes that harvesters, processors, and communities all have a stake in the fisheries. The nature of the fisheries in the Gulf, however, requires a flexible rationalization program that can accommodate all of the different fisheries. This alternative would:

- Allocate primary and secondary species, and halibut PSC by sector.
- Establish a mechanism which would facilitate co-op formation within each sector.
- Specify the operational rules for co-ops.
- Provide fishing opportunities for harvesters that choose not to participate in co-ops
- Include community protection measures appropriate to a cooperative-based program.

The proposal sets up a step-wise process for the establishment of co-ops. The first step includes a sectoral allocation. This is followed by an initial co-op formation period to provide co-ops time to refine their operations. The third step is ongoing, and establishes rules to govern co-op formation, dissolution, and operation after the initial period of co-op formation.

This proposal would not require the assignment of different classes of history or shares (i.e., class A/B class designations). Gulf History (GH) is generic and would originate from an eligible participant's history. GH is only developed through cooperatives. Co-op participation, however, is strictly voluntary so a harvester may choose to continue to fish in a limited entry (LLP) open access fishery.

The proposal does not limit processor entry. A harvester is initially eligible to join a cooperative associated with the processor that it made the most primary species landings to during the qualification period. The program establishes requirements for contracts between a cooperative and its associated processor. The initial contract between a co-op and its associated processor is required to contain the terms for dissolution of the co-op or the movement of a harvester from one co-op to another. During the initial co-op formation period, inter-co-op agreements are allowed within sectors to address operational issues and ensure further rationalization of the fishery between co-ops. Harvesters may not move between cooperatives during the initial co-op formation period.

Following the initial co-op formation period, new co-ops can form and harvesters can move from co-op to co-op or exit a co-op and move back into open access. The rules for such movement, including compensation to other members of the co-op and the associated processor are part of the contract agreement. New processors can enter the fishery at any time, and following the initial co-op formation period, harvesters can form co-ops with those processors. Community protection provisions are simplified to only include options for regionalization and a community quota system because this is a co-op system.

Monitoring of harvests and PSC for the co-op fishery will be at the co-op level. Assignments of GH, including transfers, will be monitored by RAM to ensure proper catch allocations and accounting. GH will result in annual allocations of Gulf Quota (GQ). Current monitoring programs for the open access fishery will continue.



**The following provisions apply to Alternative 3 only:**

**I. SECTOR ALLOCATION PROVISIONS.**

3.1 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 (WYAK))

- Shortraker and rougheye (SR/RE) and thornyhead rockfishes will be divided between Southeast Outside (SEO) and WY
- The allocation of rockfish bycatch to the halibut IFQ fishery will be on a NMFS management area basis
- Non-SR/RE and thornyhead rockfish trawl catch history in SEO during 95-98 will be used in the calculation of WYAK allocation
- Allocations will be made to the halibut and sablefish IFQ fisheries of species necessary to support those fisheries under section 3.10 below.
- SEO is exempt from this program. SEO groundfish will be managed in accordance with 3.11 below.

Gear: All gear types are considered.

Option 1. The jig fishery would receive an allocation based on its historic landings in the qualifying years –

1. 100%
2. 125%
3. 150%
4. 200%

3.2 Sector definitions and allocations:

CV trawl  
CV longline  
CV pot  
C/P trawl  
C/P longline  
C/P pot  
jig  
low producing fixed gear

Low producing catcher vessel sector is

- Option 1. fixed gear catcher vessels under 60 feet that are below the 75<sup>th</sup> percentile of primary species qualified harvest history by gear and area.
- Option 2. fixed gear catcher vessels less than average qualified harvest history by gear and area
- Option 3. fixed gear catcher vessels that are below the 75<sup>th</sup> percentile in qualified harvest history by gear and area

High producing catcher vessels are the remainder and are divided into a catcher vessel longline and catcher vessel pot sector. Sector definitions apply throughout Alternative 3.

To be determined as a CP a vessel must have a CP LLP license and process no less than

- a) 90%
- b) 50%
- c) 25%

of its qualifying catch processed on-board on average over the qualifying period.

- Option 1: determined by the aggregate of all species
- Option 2: determined by primary species groupings in Section 3.3.5

Option for jig sector: jig sectors would be exempt from co-op provisions.

Option for Fixed Gear Catcher Vessel Low Producers:

- Option 1. Apply same rules for initial co-op formation and general co-op operation as apply to other sectors.
- Option 2. Exclude from co-op program, provide sector allocation and continue as an LLP/Open Access fishery.
- Option 3. Apply all co-op rules except processor affiliation requirement for initial co-op formation (i.e. harvester co-op without processor association).

3.2.1 Sector allocations will be based on the aggregate history of vessels in each sector, which legally fished in the federal fishery and in the state parallel fishery during the qualifying period. Sector allocation 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
- Option 2. 95-02
- Option 3. 98-02

Suboption: for each sector drop the year of lowest tonnage.

3.2.2 Sector Qualifying landing criteria (same for all gears in all areas)

Landings based on retained catch for each species (includes weekly production report for Catcher/ Processor sector). Total pounds landed will be used as the denominator. Exclude retained catch that is used for meal production.

3.2.3 Sector Allocation: Primary Species:

Allocate catch history by sector and gear type as follows:

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

Longline CV and CP:

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

Pot CV and CP:

Pacific cod

Fixed gear low producers:

Pacific cod

Jig gear:

Pacific cod

3.2.4 Sector Allocation: Secondary species and halibut PSC:

Secondary species: Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish. Includes SEO shortraker, rougheye, and thornyhead rockfish.

Option 1: Sector allocation for both secondary species and halibut PSC is based on each sector's average catch during the sector allocation qualifying period by area and primary species target fishery.

Option 2: Maintain current halibut PSC allocations, and MRA management for secondary species.

## II. Voluntary Co-op Structure

3.3 INITIAL CO-OP FORMATION PROVISIONS. Voluntary co-ops may form between eligible harvesters in association with processors. Harvesters may elect not to join a co-op, and continue to fish in the LLP/Open Access fishery.

3.3.1 Eligibility.

LLP participation

Option 1. Any person that holds a valid, permanent, fully transferable LLP license is eligible to receive an initial allocation of Gulf catch history (as generic GH) through co-op membership.

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

Suboption 2. Allow the award of retained incidental groundfish catch history arising from the halibut and sablefish IFQ fishery.

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 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. Non-LLP (State water parallel fishery) participation

Suboption 1. 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.

Suboption 2. 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

3.3.2 Initial Allocation of primary species catch history

Allocate catch history as generic Gulf history (GH) on an individual harvester basis for the following primary species:

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

Longline CV and CP:

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

Pot CV and CP:

Pacific Cod

GH is designated by sector:

Option 1. Trawl GQ may be fished using fixed gear, if yes – appropriate mechanism to transfer GH/GQ across sectors needed.

Gulf Quota (GQ) is the annual allocation to a cooperative based on the GH of its members.

3.3.2.2 Qualifying periods and landing criteria (same for all gears in all areas) for determining GH  
(The analysis will assess AFA vessels as a group).

- Option 1. 95-01 drop 1
- Option 2. 95-02 drop 1
- Option 3. 95-02 drop 2
- Option 4. 98-02 drop 1

Options to drop years would be to accommodate SSL restrictions or the inclusion of the state portion of the parallel fishery.

Individual GH will be based on retained catch for each species (includes weekly production report for Catcher/Processor sector). The denominator shall be total landed catch by species.

Exclude retained catch that is used for meal production

3.3.3 Allocation of secondary species and halibut PSC within the cooperative will be based on the primary species GH of the individual members of the cooperative using the same criteria used to allocate secondary species and halibut PSC to the sectors (i.e., the option selected in Section 3.2.4). If Option 2 in 3.2.4 is chosen, the current halibut PSC and secondary species management is used.

Secondary species are: thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish. Includes SEO shortraker, rougheye, and thornyhead rockfish. Secondary species would receive no halibut allocation.

3.3.3.3 Transfer of secondary species and halibut PSC GH:

As permitted by and subject to any other transfer rules:

- Option 1. Primary species and the associated secondary species and/or halibut PSC GH are non-separable and must be transferred as a unit.
- Option 2. Primary species and the associated secondary species and/or halibut PSC GH are separable and may be transferred separately.

### **III. Co-op Rules for all CPs, trawl, longline, pot and catcher vessels**

Option: Jig and low producer fixed gear exempted.

Initial Co-op Formation Rules:

3.3.5 Catcher Vessel Co-ops.

Catcher vessel co-ops may be established within sectors between eligible harvesters in association with an eligible processor. A harvester is initially eligible to join a cooperative in association with the processor to which the harvester delivered the most pounds of primary species by area (Western Gulf, Central Gulf, West Yakutat) and region (North/South)

to during the

- a) qualifying years.
- b) most recent 1, 2, or 3 years from the qualifying years.

Provisions applied to a & b:

For the following species groups:

- Pollock
- Pacific cod

- Aggregate rockfish
- Aggregate flatfish
- Aggregate other species

3.3.6 Catcher processor co-ops may be formed by eligible CPs within each CP sector. No processor affiliation is required for CP co-op formation.

3.3.7 Cooperatives are required to have at least:

- Option 1. 4 distinct and separate harvesters (using the 10% threshold rule)
- Option 2. 50-100 percent of the GH of its sector. Council may choose different percentages for different sectors.
- Option 3. 50-75 percent of the eligible GH for each co-op associated with its processor
- Option 4. Any number of eligible harvesters within the sector (allows single person co-op)

Note: Requirements may differ across sectors (or for CV and CP Cooperatives)

3.3.8 Duration of initial cooperative agreements:

- Option 1. 1 year
- Option 2. 2 years
- Option 3. 3 years
- Option 4. Any length agreed between the co-op participants.

3.3.9 Catcher Vessel co-op/processor affiliations

Option A: If the processor with whom the harvester is initially eligible to form a co-op is no longer operating, the harvester is eligible to join a co-op with any eligible processor (i.e. any processor eligible to participate in the initial formation of a co-op).

Option B: If the processor with whom the harvester is initially eligible to form a co-op is no longer operating in the community, the harvester is eligible to join a co-op with any eligible processor (i.e. any processor eligible to participate in the initial formation of a co-op) in that community. If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.

- Option 1. CV cooperatives must be associated with an eligible processing facility
- Option 2. Processors can associate with more than one co-op.
- Option 3. Processors are limited to 1 co-op per plant for each sector.

Processors with history at multiple facilities in a community may aggregate those histories for determining associations.

The eligible processor is:

- 1) initially, a processor that the harvester is eligible to associate with in a cooperative under section 3.3.5 above
- 2) after satisfaction of an exit requirement, any processor

3.3.10 Catcher Processor Co-op provisions

Allocation to CP co-ops will be based on the above, with the following exceptions:

- CP co-ops do not need a processor association.
- CP co-ops will be within CP gear sectors. Transfers of GH or leases of GQ across CP gear types is
  - a) not permitted
  - b) permitted.
- CP co-ops are subject to the other terms and conditions specified for CPs under this program

### 3.3.11 Initial Cooperative Requirements

The following provision is required for the initial co-op:

Catcher vessel co-ops may be formed by eligible harvesters (the co-op) subject to the terms and conditions of a co-op membership agreement. In order to receive an allocation of GH under this program, co-ops must enter into a duly executed contractual agreement (Contract) with the processor identified in Section 3.3.5.

Contracts established under this section shall specify the terms and conditions for transferring GQ or GH from the cooperative, including mechanisms whereby a member exiting the co-op (or transferring GH from the co-op) compensates the remaining co-op members and/or the associated processor for exiting the co-op (or transferring GH from the co-op). Compensation can take on any form agreed to by the members and the associated processor, including permanent transfer of some or all GH generated by the existing participant to the remaining co-op members and/or the associated processor.

Following the initial co-op period, new GH can be generated by eligible harvesters that have never been co-op members only by joining a co-op in association with the eligible processor pursuant to the terms of an agreement that meets the requirements for an initial co-op.

### 3.3.12 Initial Co-op Formation Period.

An Initial Co-op Formation period shall be established beginning with year one of program implementation and extended for the period identified below.

- Option 1. period is 1 year
- Option 2. period is 2 years
- Option 3. period is 3 years

## 3.4 General Operational Co-op Rules.

### 3.4.1 General Cooperative Requirements

The following provisions apply to all cooperatives:

1. The harvesters that enter into a co-op membership agreement shall be the members of the co-op. The processor will be an associate of the cooperative but will not be a cooperative member.
2. Except for CP cooperative, a pre-season Contract between eligible, willing harvesters in association with a processor is a pre-requisite to a cooperative receiving an allocation of GQ. For an initial co-op, the Contract must meet the provisions in 3.3.11. After meeting the requirements of Section 3.3.11 and following any periods established pursuant to 3.3.12, a holder of GH may join a cooperative in association with any processor pursuant to a Contract that meets the provisions of this section.
3. The co-op membership agreement and the Contract will be filed with the RAM Division. The Contract must contain a fishing plan for the harvest of all co-op fish.

4. Co-op members shall internally allocate and manage the co-op's allocation per the Contract.
5. Subject to any harvesting caps that may be adopted, GH or GQ may be transferred and consolidated within the co-op to the extent permitted under the Contract.
6. The Contract must have a monitoring program. 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 primary species, secondary species and halibut PSC mortality, as may be adjusted by inter-cooperative transfers.
7. 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.
8. Co-op membership agreements will specify that processor affiliated vessels cannot participate in
  - Option A: price setting negotiations except as permitted by general antitrust law.
  - Option B: negotiations concerning price setting, code of conduct, mechanisms for expelling members, or exit agreements.
9. Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original agreement. Harvesters that have never been a member of a cooperative must enter an agreement that meets all requirements for an initial co-op, as specified under Section 3.3.11.

#### 3.4.2 General Provisions Concerning Transfers of GH and GQ.

Co-ops may engage in inter-cooperative transfers (leases) of GQ during and after the initial co-op formation period.

During the initial cooperative formation period, GH transfers will be permitted between members of the same cooperative, but not between members of different cooperatives.

Following the initial co-op formation period, members of a co-op may transfer GH to members of other co-ops.

All transfers will be subject to such terms and conditions as may be specified in the applicable Contract and any ownership or use caps or other conditions as may be established pursuant to this program.

For persons that join cooperatives for the first time after any period established pursuant to 3.3.12, the limits on transfers shall apply for the same period of time as those in 3.3.12.

##### 3.4.2.1 Qualified Persons.

Persons qualified to receive GH by transfer include processors that associate with initial cooperatives pursuant to 3.3.11 and (not mutually exclusive):

- Option 1. US citizens who have had at least 150 days of sea time.
- Option 2. Entities that meet U.S. requirements to document a vessel.
- Option 3. Initial recipients of CV or C/P GH.
- Option 3. Communities would be eligible to receive GH by transfer (this provision would be applicable if certain provisions of 2.9 are adopted).
- Option 4. U.S. citizens.

##### 3.4.2.2 Definition of sea time

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

### 3.4.3 Ownership caps.

Ownership of GH by a co-op member shall be capped at:

- Option 1. 1% of the GH by area, sector and species groups in Section 3.3.5 (pollock, Pacific cod aggregate rockfish, aggregate flatfish, aggregate other species).
- Option 2. 5% of the GH by area, sector and species groups in Section 3.3.5.
- Option 3. 20% of the GH by area, sector and species groups in Section 3.3.5.
- Option 3 30% of the GH by area, sector and species groups in Section 3.3.5.
- Option 4 no cap.

Allocations to original issues would be grandfathered at the original level of GH.

### 3.4.4 Co-op use caps.

Control of GH or use of GQ by a co-op shall be capped at:

- Option 1. 15% by area, sector and species groups in Section 3.3.5 (pollock, Pacific cod aggregate rockfish, aggregate flatfish, aggregate other species).
- Option 2. 25% by area, sector and species groups in Section 3.3.5
- Option 3. 45% by area, sector and species groups in Section 3.3.5
- Option 4. no cap

### 3.4.5 Vertical integration

Any processor holdings of GH, using the 10% limited threshold rule, are capped at:

- Option 1. initial allocation of harvest CV and CP shares.
- Option 2. 115%-150% of initial allocation of CV GH.
- Option 3. 115%-150% of initial allocation of CP GH.
- Option 4. no cap

### 3.4.6 Processor caps

Processors shall be capped at the entity level.

No processor shall process more than:

- Option 1. 25% of total harvest by area and primary species groups in Section 3.3.5
- Option 2. 50% of total harvest by area and primary species groups in Section 3.3.5
- Option 3. 75% of total harvest by area and primary species groups in Section 3.3.5
- Option 4. no cap

Processors eligible under 3.3.11 will be grandfathered.

### 3.4.7 Catcher/Processor Provisions

In addition to the rules specified above, the following provisions apply to Catcher/Processors:

#### 3.4.7.1 Restrictions on transferability of CP harvest shares:

CP GH may be converted to CV GH. Once it is converted, it cannot be changed back to CP GH. CP GH maintains its designation when transferred to a person that continues to catch and process the resulting GQ at sea (within a cooperative or in open access.)

#### 3.4.7.2 Re-designate CP GH as CV GH upon transfer to a person who is not an initial issue of CP shares:

- Option 1. all CP shares
- Option 2. trawl CP shares
- Option 3. longline CP shares

#### 3.4.7.3 Leases of CP annual harvest allocations (GQ):

Allow leasing within cooperative or pursuant to an inter-co-op agreement within CP sectors (no CP leases allowed across gear types.)



#### 3.4.7.4 Conversion of CP GH and GQ:

CP GH and GQ converted to CV GH and GQ will count toward CV caps

Caps will be applied to prohibit acquisition of shares in excess of the cap. Conversion of CP GH or GQ to CV GH or GQ alone will not require a CP GH holder or cooperative to divest CP GH and GQ for exceeding CP caps.

#### 3.5 Skipper/Crew Provisions

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

Option 1. No skipper and/or crew provisions

Option 2. Establish license program for certified skippers. For initial allocation Certified Skippers are either:

- i. Vessel owners receiving initial GH or harvest privileges; or
- ii. Hired skippers who have demonstrated fishing experience in Federal or State groundfish fisheries in the BSAI or GOA for 3 out of the past 5 years as documented by a CFEC permit and signed fish tickets and/or appropriate NMFS documentation (starting date for five years is 2003).

Suboption 1. include crew in the license program.

Suboption 2. require that new Certified Skippers licenses accrue to individuals with demonstrated fishing experience (Groundfish – BSAI/GOA, state or federal waters) similar to halibut/sablefish program.

Under any alternative that establishes GH and annual harvest privileges, access to those annual harvest privileges is allowed only when fishing with a Certified Skipper onboard. Certified Skipper Licenses are non-transferable. They accrue to an individual and may not be sold, leased, bartered, traded, or otherwise used by any other individual. Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

#### 3.6 LLP/Open Access fishery provisions:

The allocation for each sector of primary species, secondary species, and halibut PSC to the LLP/Open Access fishery will be those amounts remaining after allocation of the co-ops. Harvesters that choose not to participate in a co-op may continue to fish in the LLP/Open Access fishery.

Allow directed fishing for primary species only. Continue current MRA for secondary species and unallocated species.

Issue 1. Halibut PSC will be reduced by:

Option 1:

- a. 10 percent
- b. 20 percent
- c. 30 percent

Note: this reduction may differ by sector

Option 2:

- 5 percent beginning on the date of program implementation;
- an additional 5 percent beginning on the second year of program implementation;
- an additional 10 percent beginning on year 5 of program implementation; and

Issue 2:

The LLP of any vessel that has entered a co-op and generated GH pursuant to this program may not be subsequently used, or transferred to another vessel, to fish in the LLP/Open Access fishery for any primary or secondary species identified under this program as long as they are a co-op member.

Note: The intent of this provision is to prevent a vessel from entering a co-op, transferring its GH to the co-op and then subsequently taking its LLP and re-entering the open access fishery or transferring its LLP to another vessel to fish in the Open Access fishery.

### 3.7 Communities and Regionalization

Community provisions are moved to a separate portion of the motion.

#### 3.7.1 Regionalization

If adopted, GH will be categorized by region (for the fisheries identified below).

GH that is regionally designated cannot be reassigned to another region.

Catcher vessel GH is regionalized based on where the catch was processed, not where it was caught.

Catcher processor GH is not subject to regionalization.

The following describes the regions established and fisheries that would be subject to regionalization:

Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 58 51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140° W long.).

The following fisheries will be regionalized for shorebased (including floating) 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.

3.7.1.1 In the event GH is regionalized, a harvester will be eligible to bring its history in a region to a cooperative associated with the processor in the region to which the harvester delivered the most pounds during the cooperative formation qualifying period:

- Option 1: on a species by species basis
- Option 2: all primary species aggregated

3.7.1.2 Qualifying years to determine the distribution of GH between regions will be:

- Option 1. consistent with the qualifying period under cooperative formation in Section 3.3.5

### 3.8 Program Review and Data Collection:

#### 3.8.1 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 for this and other Management Councils. Details of this program will be developed in the analysis of the alternatives.

#### 3.8.2 Program Review.

Preliminary program review at the first Council Meeting in the 3rd year and formal review at the 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.

### 3.9 Sideboards

GOA Groundfish sideboards under the crab rationalization plan and under the AFA would be superseded by the GOA rationalization program allocations upon implementation.

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

Vessels (actual boats) and LLPs used to generate harvest shares used in a Co-op unless specifically authorized may not participate in other state and federally managed open access fisheries in excess of sideboard allotments.

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.

Provisions related to IFQ and SEO fisheries are moved to a separate portion of the motion.

Provisions related to salmon and crab bycatch are moved to a separate portion of the motion.

## Community Provisions October 2004

It is the Council's intent that the Community Fisheries Quota (CFQ) Program and the Community Purchase Program (CPP) be the subject of standalone staff analysis for future inclusion in GOA groundfish rationalization alternatives as appropriate. The intent is not to create these programs as a trailing amendment, but to implement them at the same time GOA rationalization goes into effect.

Bering Sea/Aleutian Islands communities (CDQ or otherwise) and communities adjacent to the Eastern GOA regulatory area Southeast Outside District (except Yakutat) will not be included in any Gulf rationalization community provision programs.

**PURPOSE:** The Council recognizes the importance of providing economic stability for communities historically dependent upon GOA groundfish fisheries. Consistent with the guidance provided by the Consolidated Appropriations Act of 2001, National Standard 8, and the National Research Council Report, the Council acknowledges that rationalization programs can have significant impacts on fishing-dependent communities. Community provisions are intended to address community impacts resulting from rationalization and seek to provide economic stability or create economic opportunity in fishing-dependent communities.

### **C 1. Community Fisheries Quota (CFQ) Program**

The CFQ program would allocate a percentage of the annual Federal TAC to an administrative entity that would subsequently determine how to use the annual harvest privileges according to criteria established in Federal regulation. Depending upon the structure and restrictions established, the non-profit entity would use the shares to enable eligible communities to fish the shares. CFQ will be fished only by eligible community residents and will not be leased outside of the community to be used for other economic development.

The intent of the CFQ program is to mitigate the economic impacts of Gulf groundfish rationalization on small (less than 1500), isolated GOA communities with a historical dependence on groundfish. Further, it is the intent of the program to sustain current participation and access to the fisheries by those communities.

#### C 1.1 Administrative Entity

The administrative entity representing one or more eligible communities must be a non-profit entity qualified by NMFS. The administrative entity shall be:

- Option 1: A single Gulf-wide administrative entity
- Option 2: An administrative entity for each GOA groundfish management area
- Option 3: An administrative entity representing a group of communities with common culture and history

#### C 1.2 Eligible Communities

- Option 1. Population (based on 2000 Census):
  - Less than 1,500 but not less than 25
- 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 nautical 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 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.
- Option 3. Historic Participation in Groundfish Fisheries

- a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 - 2002)
  - b. Communities with residents having any groundfish commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)
- Option 4. Government Structure
- a. Communities recognized by the State of Alaska as a first class, second class, or home rule municipality
  - b. All other eligible communities

- C 1.3 Species
- Option 1. All rationalized groundfish species including PSC
  - Option 2. Pollock and Pacific cod and associated species necessary to prosecute the allocation of pollock and Pacific cod

- C 1.4 Allocation
- Option 1. 5% of annual TAC
  - Option 2. 10% of annual TAC
  - Option 3. 15% of annual TAC
- CFQ awarded to a gulf-wide administrative entity cannot be permanently transferred.

- C 1.5 Harvesting of Shares
- Option 1. Limited to residents of any eligible community

- C 1.6 Allocation Basis
- The initial allocation (harvest shares) of CFQ would be made to the administrative entity representing eligible communities.

- Option 1. 0% - 100% of the annual harvest rights from the CFQ owned by the administrative entity would be distributed amongst qualified communities on an equal basis.
- Option 2. 0% - 100% of the annual harvest rights from the CFQ owned by the administrative entity would be distributed amongst qualified communities on a pro rata basis based on population.
- Option 3. 0% - 100% of the annual harvest rights from the CFQ owned by the administrative entity from each GOA groundfish management area, by species, would be distributed amongst qualified communities located in the management area on an equal basis.

- C 1.7 Qualification of Administrative Entity
- The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. 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.

- C 1.8 Administrative Oversight
- A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

## **C 2. Community Purchase Program**

The CPP would allow a defined set of eligible communities to organize an administrative entity to purchase, hold, and use Gulf groundfish quota share within the rationalization program. In contrast to receiving an initial allocation, this provision would designate an administrative entity representing eligible communities as an eligible quota shareholder under the rationalization program, and that entity would be allowed to purchase GOA groundfish shares on the open market.

The intent of the CPP under GOA groundfish rationalization is parallel to Amendment 66 of the halibut/sablefish IFQ program: to mitigate the economic impacts of GOA groundfish rationalization on small (less than 1500), isolated GOA communities with a historical dependence on groundfish. Further, it is the intent of the program to maintain and enhance current participation and access to Gulf groundfish fisheries by those communities.

It is the intent of the Council that staff will adjust the options and elements below to align them consistent with Amendment 66.

C 2.1 Administrative Entity

The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS, and may include an administrative entity established to manage Community Fisheries Quota.

C 2.2 Eligible communities

Option 1. Population (based on 2000 Census):  
Less than 1,500, but not less than 25.

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 nautical 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 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

Option 3. Historic Participation in Fisheries

- a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)

Option 4. Government Structure

- a. Communities recognized by the State of Alaska as a first class, second class, or home rule municipality
- b. All other eligible communities

C 2.3 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. 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.

C 2.4 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

**IFQ Provisions relating to the IFQ halibut/sablefish fishery**

IFQ 1. Management areas:

Applies to Sablefish areas SE, WY, CG, WG. Applies to halibut areas 2C, 3A, 3B, 4A.

IFQ 2. Primary species include: P.cod, Greenland turbot, POP,

QS will be issued to the halibut/sablefish QS holder. Any QS/IFQ issues for these primary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization.

IFQ 3. Secondary species include RE/SR, Thornyheads, Pelagic shelf, Other Slope, Northern, and Other rockfish. Allocation to the halibut/sablefish IFQ fishery shall be determined by:

- A) Sablefish: Allocation based on the average rate and 75<sup>th</sup> percentile of observed bycatch rates, by area (the rate which 75% of observed sets did not exceed)
- B) Halibut: Allocation based on the average rate and 75<sup>th</sup> percentile of bycatch rates experienced in IPHC surveys by area (the rate which 75% of survey sets did not exceed).

The IPHC survey data will look at the years 1995-2002 and 1998-2002.

IFQ 3.1 Management provisions for secondary species

- a) Management of RE/SR, Thornyheads, Pelagic, Other Slope, Northern, and Other rockfish shall be
  - Option 1: Managed in aggregate on an area basis using current MRA regulations.
  - Option 2: Allocated to individual sablefish or halibut QS owners proportional to their QS holdings. Secondary species QS can only be permanently transferred with the underlying parent QS, but IFQ may be leased across vessel categories and species within the halibut and sablefish IFQ program.
    - Suboption 1: Allow an individual to choose, on an annual basis, individual allocations or to participate in the common pool.
    - Suboption 2: Allow a 7 day grace period after an overage occurs for the owner to lease sufficient Secondary species IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overage and fines.
- b) An estimate of non commercial use of secondary species will be made based on observer and IPHC data. Non commercial use of secondary species for gurdy bait will not require QS/IFQ.
- c) Require full retention of Secondary species listed under A.

SEO 1 Provisions relating to the SEO Area

SEO 1.1 SEO is exempt from GOA rationalization program except for the management of RE/SR, Thornyheads, and Other Slope as secondary species

SEO 1.2 Management provisions for secondary species

- a) Any QS/IFQ issued for these secondary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization
- b) Management of RE/SR, Thornyheads, and Other Slope rockfish shall be:
  - Option 1: Managed in aggregate on an area basis using current MRA regulations.
    - Suboption: separate allocations for each target fishery
  - Option 2: Allocated to the vessel owner or qualified lease holder as a ratio of target species
- c) Non commercial use of secondary species for gurdy bait will not require QS/IFQ.
  - c) Develop sideboards for the SEO area

### **S&C PSC for Salmon and Crab Bycatch**

Staff is tasked to fully develop the GOA salmon and crab bycatch reduction alternatives as proposed within the staff discussion paper. The Council requests ADF&G to assist staff to develop triggers, limits and closure areas that apply to the alternatives.

#### **S&C 1. Chinook Salmon**

- Alternative 1: Status Quo (no bycatch controls)
- Alternative 2: Trigger bycatch limits for salmon. Specific areas with high bycatch (or high bycatch rates) are closed for the remainder of the year if or when a trigger limit is reached by the pollock fishery.
- Alternative 3: Seasonal closure to all trawl fishing in areas with high bycatch or high bycatch rates.
- Alternative 4: Voluntary bycatch co-op/pool for hotspot management

#### **S&C 2. Tanner Crab –**

Include in staff analysis a discussion of the AMCC Tanner Crab proposed trawl closure areas, including mapping of all currently closed/restricted areas (e.g., Stellar sea lion closures, BOF trawl closures, etc.).

- Alternative 1: Status Quo (no bycatch controls)
- Alternative 2: Trigger bycatch limits for Tanner crab. Specific areas with high bycatch (or high bycatch rates) are closed to flatfish trawling for the remainder of the year if or when a trigger limit is reached by the flatfish fishery (and potentially additional areas for P. cod longline and pot gear).
- Alternative 3: Year round bottom trawl closure in areas with high bycatch or high bycatch rates of Tanner crab.
- Alternative 4: Voluntary bycatch co-op/pool for hotspot management

#### **S&C 3. Red King Crab**

- Alternative 1: Status Quo (no bycatch controls)
- Alternative 2: Trigger bycatch limits for red king crab. Specific areas with high bycatch (or high bycatch rates) are closed to flatfish trawling (and potentially other areas for P. cod longline and pot gear) for the remainder of the year if or when a trigger limit is reached.
- Alternative 3: Year round bottom trawl closure in areas with high bycatch or high bycatch rates of red king crab.
- Alternative 4: Voluntary bycatch co-op/pool for hotspot management

#### **S&C 4. Other King Crab**

- Alternative 1: Status Quo (no bycatch controls)
- Alternative 2: Trigger bycatch limits for other king crab. Specific areas with high bycatch (or high bycatch rates) are closed to flatfish trawling (and potentially other areas for P. cod longline and pot gear) for the remainder of the year if or when a trigger limit is reached.
- Alternative 3: Year round bottom trawl closure in areas with high bycatch or high bycatch rates of other king crab.
- Alternative 4: Voluntary bycatch co-op/pool for hotspot management

#### **S&C 5. Other Salmon**

- Alternative 1: Status Quo (no bycatch controls)
- Alternative 2: Trigger bycatch limits for other salmon. Specific areas with high bycatch (or high bycatch rates) are closed for the remainder of the year if or when a trigger limit is reached by the pollock fishery (and potentially additional areas for flatfish trawling).
- Alternative 3: Seasonal closure to all trawl fishing in areas with high bycatch or high bycatch rates.
- Alternative 4: Voluntary bycatch co-op/pool for hotspot management.