1. **The Council identified Alternative 2 (extension of the existing program) as the preliminary preferred alternative.** The Council also approved an addition to the problem statement as follows:

   *While the Council continues to recognize the issues in the problem statement above, existing obstacles prevent a comprehensive analysis of potential costs. Immediate Council action on a restructured program is not possible until information is forthcoming that includes clarification of cost issues that arise from Fair Labor Standards Act and Service Contract Act requirements and statutory authority for a comprehensive cost recovery program. During the interim period, the Council must take action to prevent the expiration of the existing program on December 31, 2007.*

2. The Council recommends that a new amendment proposing restructuring alternatives for the Observer Program should be considered by the Council at such time that: 1) legislative authority is established for fee-based alternatives; 2) the FLSA issues are clarified (by statute, regulation, or guidance) such that it is possible to estimate costs associated with the fee-based alternatives; and/or 3) the Council requests reconsideration in response to changes in conditions that cannot be anticipated at this time. Subsequent amendment packages regarding the Observer Program should include an option for the Federal funding of observers.

3. The Council requests that NMFS prepare a discussion paper on issues and internal agency process for the use of video equipment to complement and augment observer monitoring of the North Pacific groundfish fisheries under the current service delivery model. Other ongoing issues that may be considered by the Council under the current service delivery model also should be identified.