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, and provide for the sustained participation of such 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. (One WG entity and one CG entity. The CG entity includes CG and WY communities.)
Suboption 1. Community membership in each entity may be adjusted based on common culture and history considerations.
Option 3. An administrative entity representing a group of communities with common culture and history.
The committee recommended clarifying that Option 2 means there are only two administrative entities: one representing communities located in the Western Gulf and one representing communities located in the Central Gulf and West Yakutat. There are likely five WG communities eligible under this program, depending on the criteria selected under C 1.3, and potentially two WY communities and 19 CG communities.1

Suboption 1 would allow the membership of each of these two entities to be adjusted, meaning that a community located in the WG could be represented by the CG entity, to reflect ties between communities that have common culture and history. Option 3 was added at the February Council meeting, and has a similar basis as Suboption 1. Under Option 3, however, there is no limit as to the number of administrative entities that could be formed.

In April, the Council questioned whether the intent under Suboption 1 was to allow the communities to determine to which of the two administrative entities they would belong, or whether the Council would be determining which communities belong to each entity at final action. The same concern was conveyed under Option 3. The committee report notes that it is assumed that the communities themselves would determine the groupings under Option 3, and the entity established by those communities would apply to NMFS for qualification. In this case, the regulations could set a date by which all communities would have to decide how they were going to organize and the representative entity would have submitted an application to NMFS. The Council may choose to clarify whether the communities determine to which entity they belong under Suboption 1 and Option 3, or whether the Council makes that decision at final action.

If Option 2 is selected, the initial allocation of CFQ would be such that WG CFQ is allocated to the management entity representing WG communities, and CG and WY CFQ is allocated to the management entity representing CG and WY communities.

If Option 2 Suboption 1, or Option 3 is selected, the initial allocation of CFQ would be based on:

Suboption 1. 0% - 100% of the CFQ for a specific management area (WG, CG, WY) would be allocated to the management entity representing communities located in that area on an equal basis.

Suboption 2. 0% - 100% of the CFQ for a specific management area (WG, CG, WY) would be allocated to the management entity representing communities located in that area on a pro rata basis based on population.

The committee also recommended the above two suboptions that establish a method by which the total CFQ would be allocated at the beginning of the program, should multiple administrative entities be established. These options only apply to C 1.1 Option 2 Suboption 1 or Option 3. This is because under Option 1, there is only one Gulf-wide administrative entity, which receives and holds the entire CFQ allocation. Under Option 2, there are two management entities: the one representing WG communities receives all of the WG community fisheries quota, and the one representing CG and WY communities receives all of the CG and WY community fisheries quota. Note that if multiple management entities are

1These estimates are based on using eligibility criteria for WG, CG, and WY communities recognized as places by the U.S. Census of: 1) population of fewer than 1,500; 2) no road connections to larger community highway network; 3) within 5 nm of the Gulf coast. If communities were also required to have residents with commercial permit and fishing activity as documented by CFEC in 1993 – 2002, the estimate of eligible CG communities would likely be reduced by four.
selected, and the communities themselves decide to which entity they will belong, the initial allocation of CFQ could not be completed until each community determined to which entity they belong.

C 1.2 Board Representation of the Administrative Entity
The administrative entity shall be comprised of a Board of Directors as follows:

Option 1. (Applicable with C 1.1, Options 1 – 3). Equal Board membership established by an equal number of appointed representatives from each Community Quota Entity’s (CQE’s) member communities. (Should the CQE represent more than one community, the CQE would appoint representatives to the administrative entity for each member community.)

Option 2. (Applicable with C 1.1, Option 1). A 13-member Board represented by members of CQEs by region as follows: Aleutians East Borough (3 reps); Lake and Peninsula Borough (3 reps); Kodiak Borough (3 reps); Yakutat (1 rep); Chugach (2 reps); Cook Inlet (1 rep).

Option 3. (Applicable with C 1.1, Option 1). Membership on the administrative entity to be based on an evaluation of community population, location of the resource, and/or regionalization (can either stand alone or be in combination).

Option 3 was added at the February Council meeting, as a result of public testimony indicating that Options 1 and 2 were not adequate to determine Board representation. The committee recommended clarifying that Option 3 only applies to the situation in which there is one Gulf-wide administrative entity. The committee also suggested that the proponents of this option work further to clarify this option.

In April, the Council recognized that Option 3 remains unclear, as there is no formula established to understand how many Board members would exist or how these criteria would be applied. The Council questioned whether Option 3 means that Board membership would be determined by the communities themselves after final action. This has yet to be determined. If that is the intent, the regulations could be written such that in its application to NMFS to represent communities (provided for under C 1.14), the administrative entity would need to include information on how it applied the criteria above to create its Board structure. Alternatively, if the intent is that the Council would establish the explicit Board structure at final action using the criteria stated in this option, this option requires further clarification.

C 1.3 Eligible Communities

Option 1. Population (based on 2000 U.S. Census) of less than 1,500 but not less than 25
Option 2. Geography
   a. Coastal communities without road connections to larger community highway network
   b. 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

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. GOA (WG, CG, WY) communities eligible under GOA Am. 66
The committee recommended making Option 3a (communities with residents having any commercial permit and fishing activity as documented by CFEC in 1993 – 2002) a provision for eligibility. This means that, at a minimum, a community must have met this criteria to be eligible for the CFQ Program. This recommendation does not preclude the Council from selecting Option 3b (or any other option) at final action, to further narrow the criteria for eligibility, but it does provide a minimum threshold for community eligibility. The results of applying Option 3a to the list of potentially eligible communities are indicated in Attachment 4 of the committee report.

C 1.4 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 1.5 Allocation

CFQ awarded to an administrative entity cannot be permanently transferred.

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

C 1.6 Timing of the CFQ Allocation

Option 1. 100% of the CFQ is allocated at the implementation of the program
Option 2. 66% of the CFQ is allocated at the implementation of the program
Option 3. 50% of the CFQ is allocated at the implementation of the program
Option 4. 33% of the CFQ is allocated at the implementation of the program

Under Options 2 – 4, there is a guarantee that 20% of the remaining allocation to the CFQ Program will be made each year, such that all of the CFQ would be allocated to the program after a 5-year period. The following suboptions are applicable to Options 2 – 4:

Suboption 1. Remainder CFQ to be allocated from a 10% reduction of QS at first transfer (sale). If the annual minimum allocation has not been reached through transfer, the remainder will be ‘funded’ by creating new QS and adding it to the QS pool(s).
   i. Attenuation at first transfer of QS does not apply to gift transfers between family members (first degree of kin).

Suboption 2. Remainder CFQ to be allocated from a 5% reduction of QS at first transfer (sale). If the annual minimum allocation has not been reached through transfer, the remainder will be ‘funded’ by creating new QS and adding it to the QS pool(s).
   i. Attenuation at first transfer of QS does not apply to gift transfers between family members (first degree of kin).
C 1.7  Harvesting of Shares
Harvesting of shares is limited to residents of any eligible community. The administrative entity may lease quota share to eligible community residents with vessels owned by, retained under a contractual arrangement with, or on which a community resident has an employment contract. The administrative entity may lease quota shares to community residents from any eligible community to be fished on vessels owned or leased by community residents. However, residents of eligible communities located in a specific management area (WG, CG, WY) should receive priority over other qualified applicants in the leasing of community quota used in that specific management area.

Option 1. 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.

At the February Council meeting, the issue arose as to whether community residents would be required to own or lease a vessel (bareboat charter) in order to use CFQ under the current motion language in C 1.7. This was discussed as potentially restrictive for several small communities that would like to allow community residents to lease CFQ and use it on a vessel on which they are employed as skipper or crew. This issue was included on the committee agenda for clarification, and the committee recommendation is shown above. The recommended language is intended to reflect that the CFQ administrative entity must consider certain factors when considering the pool of residents eligible to lease CFQ, but that a resident is not required to own a vessel.2

C 1.8  Individual Use Caps and Vessel IFQ Caps
An individual leasing CFQ and use of CFQ on a vessel shall be limited as follows (caps would be species specific and exclusive of any quota individually owned):

Option 1. No individual QS use caps and vessel IFQ caps for fishing CFQ
Option 2. An amount equal to the individual QS use caps and vessel IFQ caps in the rationalized Gulf groundfish fishery
Option 3. An amount equal to an approximation of what is needed for viable participation in the fishery (to be specified later)
Option 4. An amount equal to 150% of the individual QS use caps and vessel IFQ caps in the rationalized Gulf groundfish fishery

Suboption 1 (applies to Options 2 – 4):
Use (25%, 50%, or 75%) of the selected use cap for Pacific cod. This cap is inclusive of any quota individually owned.

The individual use caps govern how much CFQ an individual can lease from the administrative entity, and the vessel caps govern how much CFQ can be fished on one vessel. The committee recommended the above language to clarify that the individual use caps for most species under this program are independent of any (non-CFQ) Gulf groundfish quota held by the community resident, but the individual use cap for Pacific cod is inclusive of any Gulf groundfish quota held by the community resident.

2Comparisons have been made between this program and GOA Am. 66. Under Am. 66, the annual IFQ derived from community-held QS must be leased by an eligible community resident, and the resident leasing the community IFQ may not hire a master (designate a skipper) to fish the community IFQ (50 CFR 679.7(f)(16)). The community resident leasing the IFQ must be onboard the vessel when the IFQ is being fished. The Council recommended this requirement to help ensure that the potential benefits of QS held by communities would be realized by resident fishermen of those communities and not leased outside the communities.
The committee noted that most small community fishermen are able to fish Pacific cod with their current vessel and gear, or could more easily gear up for such a fishery, so the CFQ for this species should be distributed more broadly (subject to a lower use cap) than other species. Because some groundfish fisheries (e.g. trawl flatfish) require a level of capital investment and infrastructure that not many community residents may be able to meet, this may necessitate using CFQ on fewer vessels for these species, while continuing to distribute the rents generated to residents of all eligible communities. The report notes that the program goals are a balance of creating employment opportunities and fishing access as well as a means of generating revenue, understanding that the community benefits provided from the program are both the individual residents’ ability to fish CFQ and for the community to receive some revenue. The intent of the committee’s recommendation is to lease CFQ to a community resident and allow the CFQ to be fished up to a higher individual and vessel use cap for specified species.

C 1.9 Sector Designation
All IFQ resulting from QS held by communities shall be designated for use on catcher vessels.

C 1.10 Landing Requirements
Landing requirements will be applied on a species specific basis.

Option 1. CFQ shall have regional landing requirements proportional to the regional landing requirements applied for the remainder of QS issued for that species.
Option 2. 50% - 100% of the CFQ shall have regional landings requirements
   Suboption 1. in perpetuity
   Suboption 2. for a period of 5 years
   Suboption 3. for a period of 10 years

The options and suboptions related to landing requirements were recommended by the committee at its January 2005 meeting, and approved by the Council in February. Only Central Gulf species quota is proposed to be regionalized in the overall Gulf rationalization program, thus, only Central Gulf CFQ would be regionalized under C 1.10. Since there is no history by which to establish regionalization designations for CFQ, Option 1 requires that all CFQ will be regionalized based on the north/south split that is determined for the overall program. The committee recommended that the regionalization options be applied on a species specific basis, as proposed in the overall program (except for trawl sablefish, which will be regionalized based on all landings of primary species in the CG associated with the license during the regionalization qualifying period). Combined with Option 2, this would allow the Council, for example, to regionalize 100% of the CFQ for one species, and 50% of the CFQ for another species. The minimum amount of CFQ that would be regionalized is 50% for all species under these options.

The intent is to accommodate communities that may want to support new processing opportunities for particular species (e.g., cod, rockfish), but that may be limited by the amount of CFQ that is designated for their region. (About one-third of the potentially eligible communities are located in the north region.) The north/south split that would be established for CFQ is unknown until the data are available for the entire rationalization program.

3The following Central Gulf (620 and 630) species shares are proposed to be regionalized: flatfish (aggregate), rockfish (aggregate), Pacific cod, trawl sablefish, and pollock. This provision is under 2.2.9.1 in Alternative 2 and under 3.7.1 in Alternative 3.
C 1.11 Use of Lease Proceeds by Administrative Entity
Use of lease proceeds is restricted to administrative expenses and:
   Option 1. purchase of additional quota shares
   Option 2. fisheries related investments
   Option 3. investments in the economic development and social well being of member communities
   Option 4. distribution to member community CQEs

(Applicable to Option 4.) Use of CFQ lease proceeds by member community CQEs is restricted to administrative expenses and:
   Suboption 1. purchase of additional quota shares
   Suboption 2. fisheries related investments
   Suboption 3. investments in the economic development and social well being of member communities

C 1.12 Distribution of Lease Proceeds to Member Communities
   Option 1. The administrative entity is not required to annually distribute lease proceeds to member community CQEs
   Option 2. The administrative entity is required to annually distribute lease proceeds to member community CQEs in an amount equal to or exceeding:
      Suboption 1. 10% annual lease income after administrative expenses
      Suboption 2. 20% annual lease income after administrative expenses
      Suboption 3. 30% annual lease income after administrative expenses

C 1.13 Allocation Basis for Lease Proceeds
   Option 1. Lease income would be distributed at sole discretion of administrative entity.
   Option 2. 0% - 100% of the annual lease income distributed by the administrative entity to member community CQEs would be distributed amongst qualified communities on an equal basis.
   Option 3. 0% - 100% of the annual lease income distributed by the administrative entity to member community CQEs would be distributed amongst qualified communities on a pro rata basis based on population.

C 1.14 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 and, at a minimum, include:
   Option 1. identification of the community CQEs represented by the administrative entity
   Option 2. allocation criteria between regions, communities, and fishermen
   Option 3. documentation concerning accountability to the communities represented by the administrative entity.
   Option 4. procedures used to solicit requests from residents to lease CFQ
   Option 5. criteria used to determine the distribution of CFQ leases among qualified community residents and the relative weighting of those criteria.

The committee recommended that the above two options be included in the administrative entity’s application to represent eligible communities that is submitted to NMFS. The committee agreed that these elements are necessary to include in an application, in order to demonstrate that the entity has carefully considered the process it will use to solicit requests from residents and to determine the distribution of
CFQ leases among qualified community residents. This language is similar to that used in the implementation of GOA Am. 66.

In April, staff noted that ongoing consultation with NOAA GC is necessary to ensure that the program structure is within the bounds established under law with regard to the delegation of Secretarial authority. The program is currently structured such that NMFS would make an initial allocation of CFQ to the management entity or entities representing eligible communities. That allocation of 5%, 10% or 15% would be determined at final action for this program and implemented in regulation. There is not a competitive or dynamic allocation process considered for this program, and the allocation is fixed unless modified by a subsequent amendment; thus there is not an administrative determination subject to an appeal at the time of initial allocation. Next, clear criteria would be established for individuals eligible to lease the CFQ (e.g., permanent resident of an eligible community, U.S. citizen, qualified to receive IFQ by transfer)\(^4\), and the RAM Division would administer and approve any transfer of an annual IFQ permit to a community resident. Administrative due process would be provided should an individual dispute the determination by RAM. Staff will consult with NOAA GC to confirm this process subsequent to the June Council meeting.

C 1.15 Administrative Oversight
An annual report submitted to NMFS detailing the use of QS by the administrative entity. The report should include findings of the administrative entity related to community resident vessel ownership, community resident contractual relationships with a vessel owner, and community resident employment on a vessel, in its leasing of CFQ to community residents. The required elements and timing of the report will be outlined in regulation.

The committee recommended adding the above detail to the report requirement in C 1.15, to reflect the changes it recommended under C 1.7. This would require the management entity to provide a record of findings to ensure that the management entity evaluated whether there were vessels owned by community residents capable of prosecuting the specific fishery for which the CFQ was being leased, whether there were vessels under contract, or whether there were community residents that would be employed on vessels. The Council could consider approving this language regardless of whether it approves the committee’s recommendations under C 1.7.

\(^4\)Existing regulations at 50 CFR 679.41 require that, for an individual to be eligible to receive halibut or sablefish QS/IFQ by transfer, such individual must be a U.S. citizen and must either have received QS upon initial issuance or have 150 days of experience onboard a vessel working as part of the harvesting crew in a U.S. commercial fishery. Upon having demonstrated that he or she has satisfied those requirements, such an individual is issued a Transfer Eligibility Certificate (TEC). These requirements would remain in place for individuals seeking to lease IFQ derived from community QS.
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 purpose of the CPP is to provide the eligible communities with the opportunity to sustain their participation in the rationalized fisheries through the acquisition of Gulf groundfish fishing privileges. Further, it is the intent of the program to maintain and enhance current participation and access to Gulf groundfish fisheries by those communities.

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 CFQ entities established under the BSAI Crab Rationalization Program for the community of Kodiak, Community Fisheries Quota (CFQ) administrative entities, a community quota entity under GOA Am. 66, or a non-profit established by the community of Cordova or Cold Bay, using criteria similar to Am. 66 qualification of CQEs.

The committee recommended adding language regarding which type of administrative entity could represent a community under the purchase program. The current option makes it explicit that an administrative entity must be a non-profit entity qualified by NMFS. The committee’s additional language makes it explicit that this may include a non-profit established under crab rationalization for Kodiak; a community quota entity (CQE) under the halibut/sablefish community QS purchase program in Am. 66; and an entity that is established for Cold Bay and Cordova that undergoes the same application process as the CQEs established under Am. 66. The option as amended by the committee, however, does not require that these specific entities be designated for use under the Gulf purchase program, as the option continues to read ‘may include...’. Thus, it does not appear to require that these existing entities are the only ones allowed to represent eligible communities under this program.

The Council may want to consider the benefits of requiring that the CQE entities be used for communities that are eligible for the halibut/sablefish community purchase program, assuming that that entity is capable of managing purchases of both halibut/sablefish and groundfish quota in the Gulf. Depending on the eligibility criteria selected, there are likely only three communities that would be eligible for the Gulf groundfish purchase program that are not already eligible under Am. 66: Kodiak, Cordova, and Cold Bay. These communities thus need options other than the CQE structure to represent them. The Council may want to consider whether to require that a specific entity be designated or formed to represent communities under this program (e.g., crab rationalization entity for Kodiak, CQEs for Am. 66 communities, CQE-like entity for Cold Bay and Cordova), or whether to allow a community to designate a different entity to represent them for the purpose of Gulf groundfish quota share purchases. The current option appears to allow this flexibility, and the committee language appears to provide potential options for specific communities.
C 2.2 Eligible Communities

Option 1. Population (based on 2000 U.S. Census)
   a. Less than 1,500 but not less than 25
   b. Less than 7,500 but not less than 25

Option 2. Geography
   a. Coastal communities without road connections to larger community highway network
   b. 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. a. Communities with residents having any groundfish commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)

Option 4. GOA (WG, CG, WY) communities eligible under GOA Am. 66

Similar to its action under the CFQ Program, the committee recommended making Option 3a (communities with residents having any commercial permit and fishing activity as documented by CFEC in 1993 – 2002) a provision for eligibility under the Community Purchase Program. This means that, at a minimum, a community must have met this criteria to be eligible for the CPP. This recommendation does not preclude the Council from selecting Option 3b (or any other option) at final action, to further narrow the criteria for eligibility, but it does provide a minimum threshold for community eligibility. The results of applying Option 3a to the list of potentially eligible communities are indicated in Attachment 4 of the committee report.

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 and may include:

   Option 1. A summary of business, employment, and fishing activities under the program.
   Option 2. A discussion of any corporate changes that alter the representational structure of the entity.
   Option 3. Discussion of known impacts to resources in the area.

The committee recommended adding the above three options as potential information requirements included in a report submitted to NMFS on the use of quota share purchased by the administrative entity. These options mirror requirements approved by the Council for the halibut/sablefish community QS purchase program (GOA Am. 66). In April, the Council noted that it is unclear how an entity would be expected to respond to the requirement in Option 3 (discussion of known impacts to resources in the area).
Under Am. 66, this option was generally discussed as requiring communities to provide information on local depletion or biological issues of which they are aware in their area. The final rule for Am. 66 includes an annual reporting requirement for each CQE formed, and includes eight specific information requirements which directly pertain to the requirements stated in Options 1 and 2 above. In addition, the location of landings and other data to assess the distribution of landings is routinely reported on the State fishticket and IFQ landing reports, and is already received by NMFS. (CQEs would not be expected to have access to these reports). However, the final rule for Am. 66 did not include an explicit requirement that the CQE discuss ‘known impacts to resources in the area.’ This requirement was not included due to its ambiguity and the lack of certainty regarding what NMFS would do with this information if it was collected. Given the above, the Council may want to consider whether it is appropriate to include as an option under the CPP.

C 2.5 Ownership/Use Caps

Individual community Gulf groundfish QS/GH cap on purchased quota:

- Option 1: 1%
- Option 2: 2%
- Option 3: 3%
- Option 4: An amount equal to the individual cap in the general program by species
- Option 5: An amount equal to two times the individual cap in the general program by species
- Option 6: An amount equal to three times the individual cap in the general program by species

Aggregate community Gulf groundfish QS/GH cap on purchased quota:

- Option 1: 10%
- Option 2: 15%
- Option 3: 20%
- Option 4: 30%
- **Option 5: 45%**
- Option 5: An amount equal to the sum of the individual use caps of all eligible communities
- Option 6: An amount equal to 90% of the sum of the individual use caps of all eligible communities
- Option 7: An amount equal to 80% of the sum of the individual use caps of all eligible communities
- Option 6: No aggregate cap

Suboption 1 (applies to Options 1 – 5): Split the aggregate cap between communities eligible for the CFQ Program and communities not eligible for the CFQ Program. Any purchases by the CFQ management entity(ies) would be applied toward the CFQ community aggregate cap.

It may be necessary to limit community acquisition of quota with a particular block and/or gear designation.
The individual use cap limits the amount of Gulf groundfish quota that one community could purchase; and the aggregate use cap limits the amount of Gulf groundfish quota that all eligible communities combined could purchase under the program. The committee recommended eliminating Options 1 and 2 under the individual use cap because those percentages will likely be lower than the individual use caps established in the regular program, and the committee agreed that the minimum threshold for analysis should not be lower than the cap applied to individual participants. Once the use caps for the harvesting sectors are calculated for the overall Gulf rationalization program (Sections 2.2.3.3.6 and 3.4.3), it will be easier to assess an appropriate range of use caps for individual communities in the CPP.5

The committee also recommended adding the suboption above, which would allow the selected aggregate use cap to be split between communities eligible for the CFQ Program and communities not eligible for the CFQ Program. If the Council chose the same eligibility criteria for both programs, this suboption would not be relevant. If, however, the Council chooses different eligibility criteria for both programs (i.e., selects a population threshold of <1,500 persons for the CFQ Program and a threshold of <7,500 persons for the CPP), two additional communities would qualify under the CPP (Kodiak and Cordova) that would not qualify for the CFQ Program. This suboption would allow a separate aggregate cap for the CFQ communities, with the understanding that any purchases of Gulf groundfish quota by the CFQ administrative entity would be applied to this aggregate cap. Kodiak and Cordova would be governed by a separate aggregate cap.

This issue is only relevant if: 1) the eligible communities are different under both programs; 2) the CFQ administrative entity is not held to an individual use cap under the CPP; and/or 3) the aggregate community use cap is less than the total sum of all individual community use caps (e.g., 3% individual use cap x 24 eligible communities = 72%). It is likely that one or more of these factors will exist, thus, the committee recommended this suboption for analysis. The intent is that it would remedy the concern that individual communities, specifically those not represented in the CFQ Program, would be competing with the CFQ administrative entity in purchasing available quota. In addition, some members were concerned with the ability of smaller communities to compete with larger communities in purchasing quota, prior to the aggregate cap being reached. This suboption places the two largest communities, which under the current options would not be eligible for the CFQ Program, under a separate aggregate cap.

Given the concerns expressed above and the language proposed under C 2.1, it may also be appropriate to include an explicit provision (or option) which would require each eligible community to choose one representative entity under the CPP. Meaning that a community could not choose to use its CQE under halibut/sablefish to purchase Gulf groundfish quota, and also use the larger administrative entity established under the CFQ Program to purchase Gulf groundfish quota on its behalf. It would have to choose one entity, and regardless of the entity purchasing quota, that community would be subject to the individual community use cap. Language to capture this intent would likely be most appropriate under C 2.1.

Finally, the committee recommended adding to the motion that it may be necessary to limit community acquisition of quota with a particular block and/or gear designation, but did not provide explicit options at this time. The committee also recommended that community entities should be allowed to purchase shares with any operating (CP/CV) or regionalization (north/south) designation. Although this recommendation was achieved by consensus, no motion language was proposed to reflect this concept. If desired, this recommendation can represent an operating assumption for staff, or the Council could add specific language to reflect (or reject) this recommendation.

5The individual use caps in Alternative 2 (2.2.3.3.6) are expressed as a percentile (75%, 85%, 95%) of catch history by species, management area, gear type, and operating type (CV/CP). The use caps in Alternative 3 (3.4.3) limit the amount of GH (groundfish history) by a cooperative member to 1%, 5%, 20%, 30% of the GH by area, sector, and species group (pollock, Pacific cod, aggregate flatfish, aggregate rockfish). There is also an option of no cap.