

**North Pacific Fishery Management Council
GULF OF ALASKA GROUND FISH RATIONALIZATION
ELEMENTS AND OPTIONS
December 2003**

The following provisions apply to Alternative 2 only:

2 Harvest Sector Provisions

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. Gear 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. 125%
2. 150%
3. 200%

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: For Pacific cod under Options 2, 3, and 4, consider only A season harvests for 2001 and 2002.

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.

Elements and Options for Alternative 2

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 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.

The Council requests NMFS RAM review LLP transfers and report on the frequency with which the transfers also include provisions governing catch history.

2.2.3 State Waters - Parallel Fisheries and State Groundfish Management

Option 1. Status Quo –Federal TAC taken in federal waters and in state waters, during a ‘parallel’ fishery, plus state-water fisheries exist for up to 25% of the TAC for Pacific cod.

Option 2. Direct allocation of portion of TAC to fisheries inside 3 nm.

No ‘parallel’ fishery designation, harvest of remaining federal TAC only occurs in federal zone (3 – 200 nm); and

Council allocates _____ % of the TAC, by species by FMP Amendment, to 0-3 nm state water fisheries representing a range of harvests that occurred in state waters. This could include harvest from the status quo parallel fishery and the state waters P. cod fisheries. State waters fisheries would be managed by ADF&G through authority of, and restrictions imposed by, the Board of Fisheries.

Elements and Options for Alternative 2

Area or species restrictions:

- Suboption 1. Limited to Pollock, P. cod, flatfish, and/or pelagic shelf rockfish (light and dark dusky rockfishes).
- Suboption 2. Limited to Western, Central GOA management areas and/or West Yakutat.

- Option 3. Parallel fishery on a fixed percentage (____ %) allocation of the federal TAC, to be prosecuted within state waters with additional State restrictions (e.g., vessel size, gear restrictions, etc to be imposed by the BOF).

Fixed allocation for:

- Suboption 1. P. cod
- Suboption 2. Pollock
- Suboption 3. All other GOA groundfish species

Council requests that staff provide an analysis of catch data showing harvest inside 3 nm by gear, species, vessel size and area. The Council recommends that this issue be reviewed by the Joint Protocol Committee at its next meeting (tentatively identified as July 28/29 in Anchorage).

2.3 Primary Species Rationalization Plan

Primary Species by Gear

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

2.3.2 Harvest share (or QS/IFQ) Designations

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 harvest shares initially allocated by gear, species and area
 - Option 2. less than the 75th percentile harvest shares initially allocated by gear, species and area
- High producing vessels are the remainder.

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:

Elements and Options for Alternative 2

Actual amount of catch harvested and processed onboard a vessel by species.

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

2.3.2.4 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

Option 4: Pot and longline harvest shares may not be harvested by trawl gear

2.3.2.5 If a closed class of processor alternative is chosen, CV harvest shares will be issued in two classes. Class A shares will be deliverable to a qualified processor or processor shareholder (as applicable). Class B shares will be deliverable to any processor as authorized under this program.

Option 1. A shares be at the QS level and separable from B shares.□

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

Option.2. 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.

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

2.3.3.1 Persons eligible to receive harvest shares by transfer must be (not mutually exclusive):

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.

Suboption 1: Individuals eligible to document a vessel with at least 150 days of sea time (apply to CV shares).

Suboption 2: Entities eligible to document a vessel that have a US citizen with 20% ownership and 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.

2.3.3.2 Restrictions on transferability of CP harvest shares

Option 1: 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.

Option 2: Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares.

2.3.3.3 When CP shares are redesignated as CV shares;

CP harvest shares retain their gear designation upon transfer.

Elements and Options for Alternative 2

Purchaser must further identify which processing provision and regionalization provision apply to the shares, consistent with the gear type.

2.3.3.4 Vertical integration

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

Option 1. initial allocation of harvest CV and CP shares.

Option 2. 115-150% of initial allocation of harvest CV shares.

Option 3. 115-150% of initial allocation of harvest CP shares.

2.3.3.5 Leasing of QS (“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).

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

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

Option 4. No leasing restrictions for the first three years. After this grace period, leasing will be allowed if the QS holder owns 20% or greater of a vessel which made 3, 5, or 10 landings or 30% of the primary species shares held by the QS holder in at least 2 of the most recent 4 years.

2.3.3.6 Separate and distinct harvest share use caps

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., 75th 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
3. Conversion of CP shares:

Elements and Options for Alternative 2

- i. CP shares converted to CV shares
 - Option 1. will count toward CV caps
 - Option 2. will not count toward CV caps at the time of conversion.
- ii. Caps will be applied to prohibit acquisition of shares in excess of the cap. Conversion of CP shares to CV shares alone will not require a CP shareholder to divest CP shares for exceeding the CP share cap.

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

2.3.3.7 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.
 - Suboption 1. No owner on board restrictions.
 - Suboption 2. A portion (range of 5-100%) of the quota shares initially issued to fishers/ harvesters would be designated as "owner on board."
All initial issues (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares for a period of 5 years after implementation.
Shares acquired in the first five years by original issuee shall:
 - a) retain owner on board designation, and
 - b) be exempt from owner on board provisions as long as original issuee holds these sharesIn 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 (Range 1-3 years) out of any 10 year period.

2.3.3.8 Overage Provisions

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

Elements and Options for Alternative 2

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).

2.3.3.9 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.

2.3.3.10 Limited processing for CVs

Option 1. No limited processing

Option 2. Limited processing of rockfish species by owners of CV harvest shares is allowed up to 1 mt of round weight equivalent of rockfish per day on a vessel less than or equal to 60ft LOA.

2.3.3.11 Processing Restrictions

Option 1. CPs may buy CV fish

Suboption. 3 year sunset

Option 2. CPs would be prohibited from buying CV fish

Option 3. CPs are not permitted to buy fully utilized species (cod, pollock, rockfish, sablefish, and allocated portion of flatfish) from CVs.

Suboption. Exempt bycatch amounts of these species delivered with flatfish.

2.4 Allocation of Secondary Species

Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish

Includes SEO shortraker, rougheye, 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 75th 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.

Elements and Options for Alternative 2

- Option 3. Bycatch allocations will be awarded to the owners of sablefish and halibut QS, rather than the LLP holders.
- 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

2.5 PSC Species

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 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 PSC allocations.

Trawl Entities:

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

Option 2: Continue to fish under PSC caps.

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 PSC cap.

By sector average bycatch rates by area by gear:

Option 1. Both sectors

Option 2. Catcher Processor/Catcher Vessel

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

Elements and Options for Alternative 2

Option A: Halibut PSC harvest shares are separable from primary groundfish harvest shares and may be transferred independently within sectors. 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 PSC outside of cooperatives.

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

2.5.3.1 PSC Reduction for Non-Members of Cooperatives

Non-members of cooperatives would have PSC reduced by:

i 5%

ii 15%

iii 30%

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

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

2.5.4 Permanent transfer of Halibut PSC harvest share mortality

Option 1. Groundfish harvest shares and Halibut PSC harvest shares are non-separable and must be transferred as a unit

Suboption. exempt Pacific cod

Option 2. Groundfish harvest shares and Halibut PSC harvest shares are separable and may be transferred separately

2.5.5 Retention of halibut incidentally caught by fixed gear vessels

Retention of 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.

2.6 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 TAC will be made available as an incentive fishery, subject to provision of incentive fisheries

Elements and Options for Alternative 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 PSC and secondary species and the vessel is a member of a GOA fishing cooperative.
- B. Open access participants will be permitted to harvest incentive species as long as the open access fishery remains open and NMFS determines that the secondary and PSC allocations remaining in the open access fishery are adequate to support prosecution of incentive species.
- C. Any holder of halibut or sablefish IFQ that has adequate IFQ or PSC and secondary species.

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

- Option 1. The individual coop 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 coop will notify NMFS when a vessel enters the incentive fishery quota pool.
- Option 2. The coop's allocation of incentive species QS must be fished before gaining access to the unallocated portion of the incentive species quotas. The coop members through a contractual coop agreement will address catch accounting amongst the coop members.
- Option 3. For vessels not participating in a sector coop, the unallocated incentive species are available for harvest once the non-coop sector's allocation of the incentive species has been used or individual IFQ holder's allocation of the incentive species has been used.
- Option 4. For open access participants, the harvest of incentive species quota allocated to open access participants must be fished prior to gaining access to the unallocated portion of the incentive species quota.

2.7 Preserving entry level opportunities for P. cod

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

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

- Option 1, 1 block
- Option 2. 2 blocks
- Option 3. 4 blocks

2.7.3 Any person may hold: (Alternatives 2 and 3)

- 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

2.8 Skipper/Crew

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

Elements and Options for Alternative 2

- 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.

2.9 Communities

Note: 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 protection programs.

2.9.1 Regionalization

Regionalization options may be selected under any of the proposed alternatives for Gulf rationalization.

If adopted, all processing licenses (for shorebased 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.
 - Option: Secondary species shares are not subject to regionalization
- Qualifying years to determine the distribution of shares between regions will be:
 - Option 1. consistent with the preferred alternative under “Section 2.2 Qualifying Periods.”
 - Option 2. 1999 – 2002

Elements and Options for Alternative 2

- 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.

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.

2.9.2 Community Fisheries Quota (CFQ) Program

The purpose of the Community Fisheries Quota Program and the Community Quota Purchase Program is to mitigate economic impacts from rationalization on smaller, isolated, Gulf of Alaska fisheries dependent communities. Community fishing quota will provide for the sustained participation of the qualifying communities in the rationalized fisheries and acknowledges the importance of fisheries resources to these communities. These purposes will be obtained by allocating QS to a community entity so that the community entity can derive revenues from leasing QS to ensure the retention of fishing opportunities and/or support community development.

2.9.2.1 Administrative Entity

The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS.

Gulf wide administrative entity

2.9.2.2 Eligible Communities

Option 1. Population (based on 2000 Census):

- a. Less than 1,500
- b. Less than 2,500
- c. Less than 5,000
- d. Less than 7,500

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)

Elements and Options for Alternative 2

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

2.9.2.3 Species

- Option 1. All rationalized groundfish species
- Option 2. Limited to species that can be caught without (hard on) bottom trawling

2.9.2.4 Allocation

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

2.9.2.5 Harvesting of Shares

- Option 1. Limited to residents of any eligible community

2.9.2.6 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.

2.9.2.7 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.

2.9.2.8 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.

2.9.3 Community Purchase Program

The purpose of the Community Fisheries Quota Program and the Community Quota Purchase Program is to mitigate economic impacts from rationalization on smaller, isolated, Gulf of Alaska fisheries dependent communities. Community fishing quota will provide for the sustained participation of the qualifying

Elements and Options for Alternative 2

communities in the rationalized fisheries and acknowledges the importance of fisheries resources to these communities.

2.9.3.1 Administrative Entity

The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS.

2.9.3.2 Eligible communities

Option 1. Population (based on 2000 Census):

- a. Less than 1,500
- b. Less than 2,500
- c. Less than 5,000
- d. Less than 7,500

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)

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

2.9.3.3 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.

2.9.3.4 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.

2.9.4 Community Incentive Fisheries Trust (CIFT)

The CIFT has full ownership of CIFT harvest shares and holds these shares in trust for the communities, processors and crewmembers in the region to use as leverage to mitigate impacts directly associated with implementation of a rationalization program.

2.9.4.1 Harvest Share Distribution

10-30 % of harvest shares shall be originally reserved for GOA CIFT associations. These harvest shares will be a pool off the top before individual distribution of harvest shares.

Elements and Options for Alternative 2

2.9.4.2 CIFT Designation

- Option 1. One CV CIFT for entire GOA (exclude SEO)
- Option 2. Regional CV CIFTs:
 - Suboption 1. Central GOA (Kodiak, Chignik)
 - Suboption 2. Western GOA
 - Suboption 3. North Gulf Coast (Homer to Yakutat)
- Option 3. CP-based CIFT

Defer remaining issues to a trailing amendment

2.10 PSC for Crab and Salmon

Proposed staff analysis on Salmon and Crab bycatch measures:

The Council recommends that the alternatives on p.5 of the Salmon and Crab Bycatch Measures for GOA Groundfish Fisheries paper not be adopted at this time and that the analysis be expanded to include, to the extent practical, a discussion of the following:

A comparison of salmon bycatch with hatchery salmon releases (in Alaska, Japan and Canada) and regional salmon run strength and catch of foreign origin salmon.

Red king crab and Bairdi bycatch data relative to population estimates for all gear types.

Use of observer data. The discussion would include a table of the % of observed catch by region by season and methods of extrapolation for unobserved vessels (smaller long line fleet), conversion of observer data to identify catch in State waters, and any known problems with the use of observer data.

Other fisheries in which salmon and crab bycatch occurs — ie. pot codfish and pollock bottom trawl.

The reasons for the high bycatch of the “other salmon” category between 1993-95 and provide salmon bycatch data by month by area.

Description of gear specific salmon and crab mortality rates.

Bairdi bycatch in the pacific cod pot fishery - extrapolate as needed to provide numbers for state waters fishery.

Inclusion in the draft alternatives of a BSAI style bycatch pool hotspot management alternative, an alternative that provides for red king crab bycatch protections and an “other salmon” bycatch protections alternative.

Changes in the regulatory requirements for observer coverage in the pot cod fishery.

Discussion of how crab and salmon bycatch limits integrate with Gulf Rationalization.

Distribution and population information on Tanner and king crab will be provided from survey data.

Elements and Options for Alternative 2

2.11 Review and Evaluation

2.11.1 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.

2.11.2 Review and Sunset

Option 1. The program would sunset unless the Council decides to continue or amend the program. The decision of whether to continue or amend would be based on a written review and evaluation of the program's performance compared to its objectives.

Suboption 1. 5 years after fishing under the program

Suboption 2. 7 years after fishing under the program

Suboption 3. 10 year schedule after fishing under the program

Suboption 4. No sunset provision.

Option 2. Formal program review at the first 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.

2.12 Sideboards

GOA Groundfish sideboards under the crab rationalization plan and under the AFA would be superceded 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.

3 Processing Sector Provisions

3.1 Provisions for a Closed Class of Processors

3.1.1 Harvester Delivery requirements

Elements and Options for Alternative 2

3.1.1.1 Closed class delivery requirements

- Option 1. 50-100% of CV harvest share allocation will be reserved for delivery to:
- i. the linked qualified closed trawl or fixed class processor.
 - i. any qualified closed trawl or fixed or large or small class processor
- The remaining (50 -0%) CV harvest share allocation can be delivered to:
- i. any processor excluding CPs
 - ii. any processor including CPs

Option 2. Low producing vessels are exempt from closed class delivery requirements

3.1.1.2 Linkage:

- Option 1. A harvester's processor linked shares are associated with the qualified fixed or trawl closed class large or small processor to which the harvester delivered the most pounds of groundfish during
- Option 2. the last ___ years of the harvester allocation base period.
- i. 1
 - ii. 2
 - iii. 3

Option A: If the processor with whom the harvester is associated with is no longer operating in the community, the harvester is eligible to deliver to any qualified processor.

Option B: If the processor with whom the harvester is associated with is no longer operating, the harvester is eligible to deliver to any qualified processor.

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

3.1.1.3 Movement between linked processors

- Option 1. No share reduction for moving between processor year to year
- Option 2. Share reductions of 10-20% each time a harvester moves to a different linked processor for:
- i. 1 year
 - ii. 2 years
 - iii. 4 years
- The share reduction shall be redistributed to:
- i. The shareholders in association with that processor that the shareholder left (if it continues to exist).
 - ii. To all cooperatives in the sector on a pro rata basis. (applies if mandatory cooperatives)
- Option 3. Penalty to move depends on the amount of open access B share fish. Vessel leaves A share for one year.
- Suboption 1: Penalty applies to both A and B shares.
- Suboption 2: Full penalty applies to first move, subsequent moves are penalized at half of that rate.

Closed A share class	Open B share class	Penalty on total amount	Ratio of penalty on A
----------------------	--------------------	-------------------------	-----------------------

Elements and Options for Alternative 2

		of A and B shares	shares to B shares
90%	10%	10%	9:1 (9%)
80%	20%	20%	4:1 16%)
70%	30%	30%	7:3 (21%)
60%	40%	40%	3:2 (24%)
50%	50%	50%	1:1 (25%)

Option 4. No penalty. Movement allowed only upon agreement between Coop members and affiliated processor.

3.1.1.4 Low producing vessel provisions

- i. Low producing vessels are defined as:
 - Option 1. H&L or pot CVs receiving less than average QS initially allocated by gear, species and area
 - Option 2. H&L or pot CVs receiving less than the 75th percentile QS initially allocated by gear, species and area
- ii. Provisions for low producing vessels
 - Option 1. Low producing vessels are exempt from closed class delivery provisions
 - Option 2. Subject to block program.

3.1.2 Closed Class Processor Qualifications

3.1.2.1 To purchase groundfish required to be delivered to a qualified processor must have purchased and processed a minimum amount of groundfish as described below in at least 4 of the following years:

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

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 closed class trawl processed catch and closed class fixed gear processed catch as described above

Option 2. a. Large closed class processor

- Suboption 1. 2000 MT
- Suboption 2. 1000 MT
- Suboption 3. 500 MT

b. Small closed class processor

- Suboption 1. 500 MT

Elements and Options for Alternative 2

Suboption 2. 200 MT

Suboption 3. 50 MT

- c. Open class processor – no groundfish landing qualifications – can purchase any amount of open class B share QS.

3.1.2.2 Processor history would be credited to (and licenses would be issued to):

Option 1. Operator – must hold a federal or state processor permit.

Option 2. Facility owner

Suboption. Custom processing history would be credited to:

- i. the processor that physically processes the fish
- ii. the processor that purchases the fish and pays for processing

3.1.2.3 Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

Option 1. Within the same community

Option 2. Within the same region

3.1.2.4 Processing Use caps by closed class processor type (trawl, fixed or trawl and fixed (low or large), by CGOA and WGOA regulatory areas:

Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest closed class processor

Option 2. Processing use caps for small closed class processors

- i. 1000 to 2000 MT
- ii. 2000 to 3000 MT

(Note: There is no limit on the amount of fish either a small or large closed class processor can buy from the open B share classed fish)

3.1.2.5 Processing Caps may apply at:

Option 1. the facility level

Option 2. the entity level

3.1.2.6 Closed class license ownership restrictions on processors

Option 1. No restrictions

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

Option 3. Large closed class processors cannot hold small closed class processors licenses.

4 Cooperative Provisions

4.1 Cooperative type (voluntary or mandatory)

Cooperative membership will be voluntary (i.e., harvest shares (IFQ) will be allocated to non-members)

4.2 Cooperative formation

4.2.1 Co-ops can be formed between holders of harvest shares or history of:

Catcher/processors

Trawl catcher vessels

Elements and Options for Alternative 2

- “High producing” fixed gear catcher vessels
- “Low producing” fixed gear catcher vessels

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

4.2.1.1 Coop/processor affiliations

- Option 1. No association required between processors and coops
- Option 2. CV cooperatives must be associated with
 - a) a processing facility
 - b) a processing company

The associated processor must be:

- a) a licensed processor
 - b) a qualified processor (if closed processor class is selected)
 - c) a closed class processor to which the share holder’s shares are linked
- Option 3. A harvester is eligible to join a cooperative associated with the qualified fixed or trawl closed class large or small processor to which the harvester delivered the most pounds of groundfish during the last [1, 2, or 3] years of the harvester allocation base period. If the processor with whom the harvester is eligible to form a coop is no longer operating, the harvester is eligible to join a coop with any qualified processor.
 - 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.
 - Suboption 3. Processor affiliated vessels may join coops. (*moved from header*)

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

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 -100% of separate and distinct shareholders (using the 10% threshold rule) belonging to its sector. Council may choose different percentages for different sector.
- Option 4. 40 -75 percent of the harvest shares (or catch history) of the eligible harvest share (or catch history) for each coop associated with its processor

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

4.2.3 Duration of cooperative agreements:

- Option 1. 1 year
- Option 2. 3 years
- Option 3. 5 years

4.2.4 Allocation Prerequisites

Allocations to CV co-ops will only be made under the following conditions:
Required Co-op agreement elements:

Elements and Options for Alternative 2

Harvesters and processors are both concerned that rationalization will diminish their current respective bargaining positions. Therefore, a pre-season co-op agreement between eligible, willing harvesters and an eligible, and willing processor is a pre-requisite. The co-op agreement must contain a fishing plan for the harvest of all co-op fish.

4.3 Rules Governing Cooperatives

4.3.1 Annual Allocations

Option 1. Annual allocations of cooperative members would be issued to the cooperative.

Option 2. Annual allocation of the sector would be issued to the sector cooperative (if “true” sector cooperative alternative is selected)

- 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.

4.4 Ownership and Use Caps and Underages

4.4.1 Set co-op use caps at 25 to 100% of total TAC by species (must choose 100 percent for a “true” sector cooperative)

4.4.2 Coop 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

4.5 Movement between cooperatives

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

Elements and Options for Alternative 2

4.5.2 License Transfers Among Processors (applies only if closed class of processors)

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

4.6 Non-Members of Cooperatives (applies only if mandatory cooperatives)

4.6.1 Harvest share/history holders that do not choose to join a co-op

- Option 1. May fish in open access, provided NMFS determines that the non-cooperative allocation is sufficient to conduct an open access fishery. The open access fishery will be comprised of all shares of harvesters that are not cooperative members of the same sector (i.e., area, vessel type (CV or C/P), and/or gear). NMFS will have the discretion to determine the distribution of bycatch among target species open access fisheries from shares of harvesters in the open access fishery.
- Option 2. Are not allowed to participate in the rationalized fisheries until they join a co-op.

5 Provisions relating to the IFQ halibut/sablefish fishery

5.1 Management areas:

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

5.2 Primary species include: P.cod, Greenland turbot, POP,

- A) 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.

5.3 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 75th 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 75th 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.

5.3.1 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.

Elements and Options for Alternative 2

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.

6: Provisions relating to the SEO Area

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

6.2 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.

Option 2: Allocated to the vessel owner or qualified lease holder at time of landing during the qualifying period based on retained catch. Secondary species QS can only be permanently transferred to an individual with 150 days of sea time in a U.S. fishery. Secondary species IFQ may be leased.

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.

- C) Non commercial use of secondary species for gurdy bait will not require QS/IFQ.

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
3. Remaining issues of CIFT program

Alternative 3

Sector Allocations and Voluntary Coop Structure

Alternative 3 is a sector allocation and voluntary Coop proposal. A mandatory coop program would require harvesters to either join coops or not fish. Unlike Alternative 2, which is mandatory, processor specific IFQ program requiring landings by a harvester to a specific processor, this proposal allows new processor entrants and provides a mechanism for harvesters to voluntarily either enter coops voluntarily, or continue to fish in LLP/Open Access fisheries. The Alternative provides a flexible structure, which is reflective of the diversity of the fisheries in the GOA. It recognizes that harvesters, processors, and communities all have a stake in the fishery, but that the nature of the fisheries in the Gulf requires that these interests need flexibility as rationalization systems develop. This Alternative would:

- Allocate primary, secondary (bycatch) and PSC species by sector.
- Establish a mechanism which would facilitate Coops to form within sectors.
- Specify the operational rules for Coops once they are established under the rules for initial Coop formation.
- Provide for continuation of fishing opportunities for harvesters that choose not to participate in the voluntary Coops
- Include community protection measures appropriate to a Coop-based program.

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

This proposal would not require the assignation of A and B class Gulf History shares. GH would be generic, and would originate from a vessel's history. GH can only be developed through the establishment of a Cooperative pursuant to the rules for initial Coop formation. However, Coop participation is strictly voluntary and a harvester may choose to continue to fish in a limited entry (LLP) open access fishery.

The proposal does not include a closed class of processors. Harvesters and processors may form Cooperatives based on landings of the primary species by a harvester to a processor during the qualification period. An interim initial Coop formation period is established before harvesters joining a Cooperative may move from one Coop to another. Formation of the initial Coop will be by Coop contract, and the program will establish requirements for those contracts, including a requirement that the contract contain the terms for dissolution of the Coop or the movement of a harvester from one Coop to another. During the initial Coop formation period inter-Coop agreements are allowed within sectors to address operational issues and ensure further rationalization of the fishery between Coops.

Following the initial formation of Coops, and after the initial Coop formation period, new Coops can form and harvesters can move from Coop to Coop or exit a Coop and move back into open access. The rules for such movement, including compensation to other members of the Coop, will be specified in their Coop contracts. New processors can enter the fishery at any time, and following the initial coop formation period, harvesters can form coops with those processors.

Because this is a voluntary program, and does not develop individually assigned IFQ or processor shares, community protection provisions are simplified to only include options for regionalization and a community quota system.

Monitoring of harvest and PSC for the Coop fishery will be at the Coop level. Assignments of Gulf history (GH), including transfers, will be monitored by RAM to ensure proper catch allocation. The annual GH will result in a Gulf Quota (GQ) for actual poundage. 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
- SEO is exempt except for SR/RE and thornyhead rockfishes as bycatch species. Allocation will be based on target catch in sablefish, halibut, Demersal Shelf Rockfish and P. cod fishery

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 vessel sector are

- Option 1. fixed gear vessels under 60 feet which harvest less than the 75th percentile harvest by primary species and area.
- Option 2. fixed gear vessels less than average harvest shares initially allocated by gear, species and area
- Option 3. fixed gear vessels less than the 75th percentile harvest shares initially allocated by gear, species and area

Elements and Options for Alternative 3

High producing 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 process no less than 90% of its qualifying catch processed on-board on average over the qualifying period.

- Option 1: determined on a species by species basis
- Option 2: determined by the aggregate of all species

Suboption1: jig sectors would be exempt from Coop provisions.

Suboption 2: Fixed Gear Low Producer Provisions:

- Option 1. Apply same rules for initial Coop formation and general Coop operation as apply to other sectors.
- Option 2. Exclude from Coop program, provide sector allocation and continue as an LLP/Open Access fishery.
- Option 3. Apply all Coop rules except processor affiliation requirement for initial Coop formation (i.e. harvester-only coop).

3.2.1 The sector allocations are the total of the qualifying catch histories of the eligible participants (see **Note** below). 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

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.

- Option A: Include retained catch that is used for meal production
- Option B: 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 (Bycatch) and PSC species:

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

Option 1: Sector allocation based on fleet average for each sector during sector allocation qualifying period.

Suboption. based fleet bycatch rates on 75th percentile by area by target fishery

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

Suboption: Allocate PSC by sector based on fleet average for each sector during sector allocation qualifying period.

Note: Sector allocations will be based on the criteria specified above and 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. The criteria for sectoral allocations may be different than the qualifying and allocation criteria for developing Quota Share pursuant to the Coop program because there might be different sector constraints under SSL measures or within state waters.

II. Voluntary Coop Structure

3.3 INITIAL COOP FORMATION PROVISIONS. Voluntary Coops may form between eligible harvesters and processors. Harvesters may elect not to join a Coop, 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 coop 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.)

Elements and Options for Alternative 3

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 Quota Share (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

Quota shares are designated by sector:

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

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.

Option A: Include retained catch that is used for meal production

Option B: Exclude retained catch that is used for meal production

3.3.3 Allocation of Secondary and PSC Species

3.3.3.1 Allocation of secondary species:

Elements and Options for Alternative 3

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

Allocation of secondary GH to Coop members:

Option 1. Allocate GH to Coop members based on fleet secondary species catch rates by gear:

Suboption 1. based on average catch history by area and target fishery

Suboption 2. based on 75th percentile by area by target fishery

Option 2. Include these species for Coops for one gear type only (e.g., trawl). Deduct the secondary species from other gear types from TAC. If deduction is not adequate to cover secondary species in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

Option 3. Retain these species on secondary species status for all gear types with current MRAs.

3.3.3.2 Halibut PSC Allocation:

Upon entering a Coop, each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the primary species GH. Secondary species would receive no halibut allocation.

3.3.3.3 Transfer of secondary species GH and PSC:

Permit transfer of secondary species GH and associated fishing quota subject to the rules for initial Coop formation during the initial Coop formation period, and the general Coop rules following the period of initial Coop formation:

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

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

III. Coop Rules for all CPs, trawl, longline, pot and catcher vessels

Option: Jig and low producer fixed gear exempted.

Initial Coop Formation Rules:

Voluntary Coops may be formed between harvesters and processors during the initial Coop formation period established below. Harvesters have the choice to either remain in the LLP/Open access fishery or to join a coop. The history of harvesters that choose to join a coop will be subtracted from the open access sector allocation. Formation of a Coop under the rules for initial Coop formation generates Gulf History (GH) to members. Annual harvest amounts (Gulf Quota - GQ) are issued to the Coop based on these GH. History, in the form of the GH, is transferable among members at any time. Within the initial Coop formation period, no permanent transfers of GH may be made between Coops. During this period GQ is transferable between Coops by Inter-Coop agreement to facilitate further rationalization and address operational issues. Following the initial Coop formation period the general rules for Coops would apply. A pre-season Coop agreement

Elements and Options for Alternative 3

between eligible, willing harvesters and an eligible and willing processor is a pre-requisite. The harvesters and processor that enter into the agreement shall be the members of the Coop. The agreement will be filed with the RAM division. The Coop agreement must contain a fishing plan for the harvest of all Coop fish. Monitoring will be at the Coop level. After initial Coop formation, members who choose to leave their original Coop and join a new Coop may join through an agreement that is not required to include provisions regarding transfers or exiting from a Coop, including compensation to the members of the new Coop.

3.3.5 Catcher Vessel Coops.

During the initial Coop formation period Catcher Vessel coops may be established within sectors between eligible harvesters and the processor the harvester delivered the most pounds of primary species to during the qualifying period.

- Suboption 1. On a species by species basis
- Suboption 2. In the aggregate

3.3.6 Catcher Processor Coops may be formed by eligible CPs within each CP sector. No processor affiliation is required for CP Coop 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 harvest shares (or catch history) of its sector. Council may choose different percentages for different sectors.
- Option 3. 50-100% of shareholder entities belonging to its sector. Council may choose different percentages for different sector.
- Option 4. 50-75 percent of the harvest shares (or catch history) of the eligible harvest share (or catch history) for each Coop associated with its processor
- Option 5. Any number of eligible harvesters within the sector

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 Coop participants.

3.3.9 Catcher Vessel Coop/processor affiliations

A harvester is eligible to join a Cooperative associated with the processor to which the harvester delivered the most pounds of primary species of during:

- a) the allocation base period.
- b) most recent 1, 2, or 3 year from the qualifying base period.

Elements and Options for Alternative 3

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

Option B: If the processor with whom the harvester is eligible to form a Coop is no longer operating in the community, the harvester is eligible to join a Coop with any qualified processor (i.e. any processor eligible to participate in the initial formation of a Coop).

Option 1. CV Cooperatives must be associated with

- a) an eligible processing facility
- b) an eligible processing company

Option 2. Processors can associate with more than one Coop.

Option 3. Processors are limited to 1 Coop per plant for each sector.

3.3.10 Initial Coop Agreements are required to have the following:

- A pre-season Coop agreement between eligible, willing harvesters and an eligible and willing processor is a pre-requisite. The harvesters and processor that enter into the agreement shall be the members of the Coop. The agreement will be filed with the RAM division. The Coop agreement must contain a fishing plan for the harvest of all Coop fish.
- Coop members may internally allocate and manage the Coop's allocation per the Coop membership agreement. Subject to any harvesting caps that may be adopted, history or GQ may be transferred and consolidated within the Coop to the extent permitted under the membership agreement.
- The Coop agreement will have a monitoring program. Monitoring and enforcement requirements would be at the Coop level. Coop members are jointly and severally responsible for Coop vessels harvesting in the aggregate no more than their Coop's allocation of primary species, secondary species and PSC mortality, as may be adjusted by inter-Coop transfers.
- Coops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Coops may penalize or expel members who fail to comply with their membership agreement.
- Coop agreements will specify that processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Coops may engage in inter-Cooperative transfers (leases) of GQ during the initial Coop formation period. Following the initial Coop formation period, Coops may transfer GH and/or GQ to other Coops subject to such terms and conditions as may be specified in the Coop agreement and any ownership or use caps or other conditions as may be established pursuant to this program.
- Coop agreements shall specify the terms and conditions for entering and exiting the Coop, including mechanisms whereby a member exiting the Coop compensates the remaining Coop members for exiting the Coop. Compensation can take on any form agreed to by the members, including permanent transfer of some or all GH generated by the existing participant to the remaining Coop members. This provision is required only for the initial coop agreement. Participants who have left their initial Coop may negotiate participation with other existing or potential Coops.
- Coop agreements shall allow for the entry of other eligible harvesters into the Coop under the same terms and conditions as agreed to by the original agreement.

3.3.11 Allocation to CP Coops will be based on the above, with the following exceptions:

- CP Coops do not need a processor affiliation.

Elements and Options for Alternative 3

- CP Coops will be within CP gear sectors. Transfers of GH or leases of GQ across CP gear types is not permitted.
- CP Coops are subject to the other terms and conditions specified for CPs under this program

3.3.12 Initial Coop Formation Period.

An Initial Coop Formation period shall be established beginning with year one of program implementation and extended for the period identified below. During this period, no permanent transfers of GH may be made between Coops. GH transfers can take place at any time between members of the same Coop. Leasing of annual harvest allocations (IFQ) between Coops is allowed pursuant to an inter-Coop agreement. During this period, harvesters may join Coops for which they would otherwise be eligible under the same conditions as the original founding members.

Option 1. period is 1 year

Option 2. period is 2 years

Option 3. period is 3 years

3.4 General Operational Coop Rules.

3.4.1 Following the initial Coop formation period the following rules for Coop operation would apply:

- New GH can be generated by harvesters eligible under the requirements for initial Coop formation only by joining a Coop pursuant to the terms for initial Coop formation. An initial Coop formation period shall apply to transfers for these new Coop entrants which shall be the same as the initial Coop formation period specified above.
- A pre-season Coop agreement between eligible, willing harvesters and an eligible, and willing processor is a pre-requisite. The harvesters and processor that enter into the agreement shall be the members of the Coop. The agreement will be filed with the RAM division. The Coop agreement must contain a fishing plan for the harvest of all Coop fish.
- Coop members may internally allocate and manage the Coop's allocation per the Coop membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the Coop to the extent permitted under the membership agreement.
- The Coop agreement will have a monitoring program. Monitoring and enforcement requirements would be at the Coop level. Coop members are jointly and severally responsible for Coop vessels harvesting in the aggregate no more than their Coop's allocation of primary species, secondary species and PSC mortality, as may be adjusted by inter-Coop transfers.
- Coops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Coops 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.
- Coops may engage in inter-Cooperative transfers of GH and/or GQ to other Coops subject to such terms and conditions as may be specified in the Coop agreement and any ownership or use caps or other conditions as may be established pursuant to this program.
- Coop agreements shall allow for the entry of other eligible harvesters into the Coop under the same terms and conditions as agreed to by the original members.

3.4.2 Coop formation and GH transfers

Elements and Options for Alternative 3

Option 1. Harvesters who entered a coop during the initial coop formation period may transfer GH or GQ to other members within the original coops or to a new coop at any time pursuant to the terms of the original coop agreement.

Option 2. Harvesters who choose to not join a coop during the initial coop formation period may generate new GH by joining a coop or form a new cooperative with the processor they delivered the most pounds of primary species during the allocation qualifying period. Transfers of GH or GQ may take place at any time thereafter pursuant to the terms of the agreement.

Suboption: The rules for transferring the initial coop formation period shall apply to these new coop entrants.

3.4.2.1 Qualified Persons.

Persons qualified to receive GH, enter existing Coops following the initial Coop formation period, or harvest GH under a new Coop (not mutually exclusive):

- Option 1. US citizens who have had at least 150 days of sea time.
- Option 2. Entities that have a U. S. citizen with 20% or more ownership and at least 150 days of sea time.
- Option 3. Entities that have a US citizenship with 20% or more ownership
- Option 4. Initial recipients of CV or C/P harvest share.
- Option 5. U.S. citizens eligible document a vessel.
- Option 6. Communities would be eligible to receive harvest shares by transfer (this provision would be applicable if certain provisions of 2.9 are adopted).
- Option 7. Initial Coop members.

3.4.2.2 Definition of sea time

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

Note: Following the initial Coop formation period, any processor may form a Coop with any eligible harvester who has GH or form a new cooperative.

3.4.3 Ownership caps.

Ownership of GH by a coop member shall be capped at:

- Option 1. 15% of the GH by area and species
- Option 2. 25% of the GH by area and species
- Option 3. 45% of the GH by area and species
- Option 4. no cap.

Ownership caps of the original issues would be grandfathered in at the original level of GH.

3.4.4 Use caps.

Use by a Coop of annual allocations (GQ) generated by GH shall be capped at:

- Option 1. 15% by area and species
- Option 2. 25% by area and species
- Option 3. 45% by area and species
- Option 4. no cap

Elements and Options for Alternative 3

Use caps of the original issues would be grandfathered in.

3.4.5 Vertical integration

Initial recipients of GH with more than 10% limited threshold ownership by any processor 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 Catcher/Processor Provisions

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

3.4.7 Restrictions on transferability of CP harvest shares:

- Option 1. CP GH may only be transferred to other CP Coops.
- Option 2. CP GH may be transferred to CV Coops. CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea pursuant to a CP Coop, if CP harvest shares are transferred to a CV Coop, CP harvest shares convert to CV harvest shares.
- Option 3. CP harvest shares maintain their designation after transfer for 5 years following date of implementation, after which time any transfer of CP shares convert to CV shares.

3.4.7.1 Re-designate CP shares (GH) as CV shares (GH) upon transfer to a person who is not an initial issuee of CP shares:

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

3.4.7.2 Leases of CP annual harvest allocations (GQ):

- Option 1. Allow leasing pursuant to an inter-Coop agreement within CP sectors (no CP leases allowed across gear types).
- Option 2. No leasing of CP GQ allowed
 - Suboption: Allow for the first 3 years after program implementation.
- Option 3. Allow leasing within a cooperative

3.4.7.3 Conversion of CP shares:

- Option 1. CP shares converted to CV shares
 - Suboption 1. will count toward CV caps
 - Suboption 2. will not count toward CV caps at the time of conversion.
- Option 2. Caps will be applied to prohibit acquisition of shares in excess of the cap. Conversion of CP shares to CV shares alone will not require a CP shareholder to divest CP shares for exceeding the CP share cap.

3.5 Skipper/Crew Provisions

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

Elements and Options for Alternative 3

- 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:

Harvesters that choose not to participate in a Coop may continue to fish in the LLP/Open Access fishery. The LLP/Open Access fishery will be conducted in a manner similar to current practices.

- Option 1. The allocation for each sector of primary species, secondary species, and PSC to the LLP/Open Access fishery will be those amounts remaining after allocation to the Coops.

Suboption: Manage LLP/Open Access fishery sector allocations for primary species only.
Continue current MRA and PSC management

- Option 2. PSC allocations to the LLP/Open Access fishery will be reduced by:
 - Option A. 10%
 - Option B. 20%
 - Option C. 30%

Note: This reduction may differ by sector.

3.7 Communities

Note: 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 protection programs.

3.7.1 Regionalization

Regionalization options may be selected under any of the proposed alternatives for Gulf rationalization.

If adopted, all GH will be categorized by region.

Elements and Options for Alternative 3

- 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.
- Qualifying years to determine the distribution of shares between regions will be consistent with the qualifying period under cooperative formation.

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.

3.7.2 Community Fisheries Quota (CFQ) Program

The purpose of the Community Fisheries Quota Program and the Community Quota Purchase Program is to mitigate economic impacts from rationalization on smaller, isolated, Gulf of Alaska fisheries dependent communities. Community fishing quota will provide for the sustained participation of the qualifying communities in the rationalized fisheries and acknowledges the importance of fisheries resources to these communities. These purposes will be obtained by allocating QS to a community entity so that the community entity can derive revenues from leasing QS to ensure the retention of fishing opportunities and/or support community development.

3.7.2.1 Administrative Entity

The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS.

Option 1. Gulf wide administrative entity

3.7.2.2 Eligible Communities

Option 1. Population (based on 2000 Census):

- a. Less than 1,500
- b. Less than 2,500
- c. Less than 5,000
- d. Less than 7,500

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

Elements and Options for Alternative 3

b. 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

3.7.2.3 Species

Option 1. All rationalized groundfish species

Option 2. Limited to species that can be caught without (hard on) bottom trawling

3.7.2.4 Allocation

Option 1. 5% of annual TAC

Option 2. 10% of annual TAC

Option 3. 15% of annual TAC

3.7.2.5 Harvesting of Shares

Option 1. Limited to residents of any eligible community

3.7.2.6 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.

3.7.2.7 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.

3.7.2.8 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.

3.7.2.9 CFQ Management

The CFQ Program will be managed in a manner similar to the halibut/sablefish community purchase program. The Council shall establish a CFQ implementation committee to implement this program as a trailing amendment. The committee will advise on the provisions of the program.

Elements and Options for Alternative 3

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.

Formal program review at the first 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 Coop 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.

State water provisions are being developed that would apply to all rationalization alternatives.

Modified GOA Groundfish Rationalization Alternatives

Fixed gear catcher vessels

Because of the number, diversity, and complexity of the fisheries in the GOA, no single alternative below will be appropriate for all fisheries. Mixing and matching should be expected by sector upon further analysis.

Alternative 1	Alternative 2 Low	Alternative 2 High A	Alternative 2 High B	Alternative 2C	Alternative 3
No Action	Harvester IFQ	Harvester IFQ with closed class of processors	Harvester IFQ with closed class of processors with processor linkages	Harvester IFQ/voluntary cooperative with processor allocation	Sector allocations with closed class of processors and processor linkage
	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Harvest shares allocated to individuals within sector
	low producing fixed gear CV	high producing fixed gear CV	high producing fixed gear CV	fixed gear CV	Longline CV, Pot CV
	Voluntary Cooperative	Voluntary Cooperative	Voluntary Cooperative	Voluntary Cooperative	Mandatory Cooperative
	no processor delivery obligation	closed class of processors with X% delivery obligation	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives	allocation of 10, 20, or 30% of harvest shares to qualified processors	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives
	those that do not join co-ops fish IFQs	those that do not join co-ops fish IFQs subject to closed class delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs	those that do not join co-ops fish open access with option for PSC reduction

Modified GOA Groundfish Rationalization Alternatives

Catcher Processors

Because of the number, diversity, and complexity of the fisheries in the GOA, no single alternative below will be appropriate for all fisheries. Mixing and matching should be expected by sector upon further analysis.

Alternative 1	Alternative 2	Alternative 3
No Action	Harvester IFQ/voluntary cooperative	Sector Allocations
	Shares allocated to individuals by gear type	Harvest shares allocated to individuals within sectors
	All Catcher Processors	Sectors: CP Trawl, CP Longline, CP Pot
	Voluntary Cooperative	Mandatory Cooperative
	CP Provisions	CP Provisions
	No Processor Provisions	No Processor Provisions
	those that do not join cooperatives fish IFQs with option for PSC reduction	those that do not join co-ops fish open access with option for PSC reduction

Modified GOA Groundfish Rationalization Alternatives

Trawl catcher vessels

Because of the number, diversity, and complexity of the fisheries in the GOA, no single alternative below will be appropriate for all fisheries. Mixing and matching should be expected by sector upon further analysis.

Alternative 1	Alternative 2A	Alternative 2B	Alternative 2C	Alternative 3
No Action	Harvester IFQ/voluntary cooperative with closed class of processors	Harvester IFQ/voluntary cooperative with closed class of processors and processor linkage	Harvester IFQ/voluntary cooperative with processor allocation	Sector allocations with closed class of processors and processor linkage
	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Harvest shares allocated to individuals within sector
	Trawl CV	Trawl CV	Trawl CV	Trawl CV
	Voluntary Cooperative	Voluntary Cooperative	Voluntary Cooperative	Mandatory Cooperative
	closed class of processors with X% delivery obligation	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives(see section 3.1.1.3 Option 4)	allocation of 10, 20, or 30% of harvest shares to qualified processors	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives
	those that do not join co-ops fish IFQs subject to closed class delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs	those that do not join co-ops fish open access with option for PSC reductions