

**Draft Scoping Summary Report to the
North Pacific Fishery Management Council on the
Environmental Impact Statement for the
Fishery Management Plan for Bering Sea/Aleutian Island King and Tanner Crabs**

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Alaska Region, Juneau

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Introduction

This report summarizes the comments received during the scoping period from September 20 to December 10, 2001, on the Environmental Impact Statement (EIS) for the Fishery Management Plan for Bering Sea/Aleutian Island King and Tanner Crabs (FMP). In this report, we identify the environmental issues and describe potential alternatives raised during the scoping process. The primary purpose of this report is to provide information to the North Pacific Fishery Management Council (Council) and invite Council input on the scope of issues and range of alternatives for the EIS.

NMFS held three scoping meetings to describe the proposed EIS and scoping process and invite written public comment. NMFS received three public comments. In addition to the issues raised during scoping, the EIS will incorporate the significant issues and possible alternatives raised at the Council meetings where rationalization was discussed and at the Council's Rationalization Committee meetings. These issues are not presented in this document because they are discussed in detail in the Council's Initial Council Review Draft of Bering Sea and Aleutian Islands (BSAI) Crab Rationalization Alternatives. This report is available on the Council's web page at <http://www.fakr.noaa.gov/npfmc/Committees/Crab/Crab%20Draft%20January22.pdf>.

Purpose and Need for the Action

The Council is in the process of developing alternatives for a rationalization program. A rationalization program is proposed as an FMP alternative to address excess harvesting capacity and resource allocation problems in the BSAI crab fisheries. Under current management, a race for fish exists due to the fact that the number of vessels participating in the fishery greatly exceeds the amount of crab available for harvest. This race causes short, unprofitable seasons, resource /conservation problems, unsafe fishing conditions, and management difficulties. The Council identified its concerns in the following BSAI Crab Rationalization Problem Statement:

The crab fisheries in the BSAI are fully utilized. Despite amendments to the Licence Limitation Program (LLP) and American Fisheries Act (AFA) sideboards, capacity in these crab fisheries far exceeds available resources. The ability of crab harvesters to diversify into other fisheries has been severely curtailed under the LLP program and other management actions designed to bring stability to other gear groups and species. Many of the concerns identified by the Council at the beginning of the comprehensive rationalization process in 1992 still exist for the BSAI crab fisheries. The race for fish continues to result in:

1. Resource/conservation management problems
2. Bycatch/handling mortality and dead loss
3. Excess harvesting capacity
4. Lack of economic stability
5. Safety issues

In the continued process of comprehensive rationalization, prompt action is needed to protect the crab resource and to promote stability for those dependent on the crab fisheries. In order to achieve a balanced resolution, the concerns of harvesters, processors and coastal communities must be addressed.

The Council will choose a preferred alternative from the rationalization program alternatives, and this will be the proposed action. Once a preferred alternative is identified, the EIS will analyze the effects on the human environment of the proposed action and alternatives to the proposed action, including management under the existing FMP. The EIS will disclose the direct and indirect environmental effects, as well as any cumulative impacts that the alternatives, including the proposed action and status quo, will have on the human environment.

The proposed action will have two parts, the rationalization program itself and the resulting changes to the State and Federal management of the BSAI crab fisheries. An underlying principle of the EIS is that a rationalization program will affect most aspects of BSAI crab fishery management by making some existing management measures unnecessary and requiring modification of other management measures. Thus, the EIS will be programmatic. As such, this analysis is broader in scope than strictly analyzing alternative limited access programs. The EIS will recognize that a rationalization program will require other changes to the FMP required to implement the program.

In addition, the State of Alaska will make changes to State regulations that manage the BSAI crab fisheries so that fisheries management responds to the unique demands of a rationalization program. To the extent possible, the EIS will identify alternative rationalization programs, alternative modifications to the existing management measures in FMP, and ranges of potential changes to State management measures. Once these have been identified, the EIS will then analyze the effects on the human environment of each alternative and discuss ways in which these effects might be avoided or mitigated.

The stakeholders impacted by the crab FMP and proposed rationalization programs include crab vessel owners, skippers who do not own vessels, crew, owner/operators, crab processors, communities, crab consumers, participants in other State and Federal managed fisheries, and the general public.

Public Scoping Meetings

Scoping is an early and open process for determining the scope of issues to be addressed and for identifying the significant issues related to the proposed action. A principal objective of the scoping and public involvement process is to identify a reasonable range of management alternatives that, with adequate analysis, will delineate critical issues and provide a clear basis for distinguishing between those alternatives and selecting a preferred alternative.

Scoping for the EIS began with the publication of a Notice of Intent in the Federal Register on September 20, 2001 (66 FR 48410). Public comments were initially due to NMFS by November 16,

2001; however, NMFS extended the scoping period until December 10, 2001 to provide the public with more time to develop comments (66 FR 59771). Copies of the Federal Register notices are in Appendix B. The Council on Environmental Quality has issued informal guidance for the scoping process, which we have followed. The Draft EIS is based on and prepared from the issues identified in the scoping process.

NMFS held three public scoping meetings. At the scoping meetings, NMFS requested written comments from the public on the range of alternatives to be analyzed and on the environmental, social, and economic issues to be considered in the analysis. Each scoping meeting was held in conjunction with another formal public meeting on BSAI crab fishery management to make it convenient for interested public to attend. In addition to the Notice of Intent, the scoping meeting was on the agenda for each of these meetings. The scoping meetings were attended by fishermen; vessel owners; fishing and processing industry representatives; representatives from environmental organizations; ADF&G, Council, NMFS, and NOAA-GC staff; community representatives; and the general public. Attendance lists for each meeting are filed in the administrative record and available on request.

Three public scoping meetings were held as follows:

Anchorage, Alaska: Thursday, September 20, 2001, from 2-4 p.m., at the Hilton Hotel, 500 West 3rd Street. This meeting was held in conjunction with the Council's Crab Plan Team meeting and approximately 15 people attended, including Plan Team members.

Seattle, Washington: One on Monday, October 1, 2001, from 2:30-4:30 p.m., at the Leif Erikson Hall, 2245 N.W. 57th Street. This meeting was in conjunction with the Annual Bering Sea/ Aleutian Islands Crab Industry Meeting and approximately 86 people attended. The second meeting was on Thursday, October 4, 2001, from 7-9 p.m., at the airport Doubletree, 18740 International Blvd., in conjunction with the October Council meeting. Approximately 23 people attended this meeting.

Summary of Comments and Issues Addressed in Written Comments Received During Scoping

NMFS receive three written comments during the scoping period. The three comments are attached in Appendix C.

Comment 1: Consider Alaskan Communities.

This comment requested consideration of the impacts of proposed rationalization programs on Alaskan coastal communities, and the City of Unalaska specifically. The comment explained the importance of crab harvesters and processors to the economic viability of the city and the need for the development of an alternative management system that will lead to industry consolidation. The comment focused on four main areas of concern:

- Vessel safety

- Resource management
- Economic stability
- Excess harvesting capacity

The comment also recommended NMFS comply with NEPA and the Magnuson-Stevens Act national standards as it develops the EIS.

Comment 2: Analyze a harvester-only IFQ alternative.

This comment recommended moving forward with a harvester-only individual fishing quota (IFQ) program before analysis of a processor quota (PQ) program. The comment discussed issues in support of an harvester-only IFQ program over a two-pie IFQ program, which include:

- considering processor quota along with IFQ will delay implementation of an IFQ program because of the complexities of a PQ program,
- IFQs are an accepted and reasonable management tool for rationalization of the BSAI crab fleet, and will address significant resource conservation and management objectives, as well as specific economic and social objectives,
- PQs are not authorized by Congress and there is no precedent PQ program,
- PQ has anti-trust implications,
- PQs equate to a distribution of ownership rights to a natural resource to a small class of large businesses, many of which are vertically integrated and multinational.

Comment 3: Make conservation and sustainability of biological resources the highest priority for a rationalization program.

This comment recommended that the EIS evaluate rationalization alternatives against the following conservation and community objectives:

- Reward clean fishing (promote low bycatch and minimize impact on ocean floor).
- Create opportunity for future generations of independent fishermen.
- Prevent excessive consolidation and vertical integration of the seafood industry.
- Preserve healthy competition among seafood processors and prohibit processor monopolies.
- Promote healthy community fishing economies and maintain diverse independent fishing fleets.
- Recognize historic regional fishing and processing patterns.
- Require good stewardship of the public's marine resources as a condition for continuing participation in IFQ fisheries.

This comment also recommends that the EIS evaluate the success of the crab pot escape rings and mesh size required by State of Alaska regulations in reducing crab bycatch in the crab fisheries. In addition, the comment recommends that the EIS detail with GIS mapping the spatial extent of the crab fisheries, degree of fishing effort, and spatial extent of the crab stocks.

This comment also raises a number of issues outside of the scope of this EIS. The comment recommends changes to the groundfish fisheries which are not under the management jurisdiction of the BSAI crab FMP and therefore will not be directly considered in the EIS for the BSAI crab FMP.

Additional Comments

In addition, one verbal public comment suggested an alternative structured around exclusive Federal management of the BSAI crab fisheries.

Other Scoping Efforts

Significant issues were also raised during a trip Mark Fina (Council staff) and Gretchen Harrington (NMFS staff) took to Dutch Harbor/Unalaska and Akutan in October 2001. The purpose of the trip was to meet with members of industry, harvesters (vessel owners, skippers, and crew) and processors (shore-based and catcher/processors), and ADF&G staff to listen to their position on various issues surrounding crab rationalization. In addition, we observed the landing and processing of Bristol Bay red king crab. Gretchen's trip notes are included in Appendix A.

In developing alternative rationalization programs, a number of meetings to discuss rationalization have occurred in the Council arena. Beginning in late 1999, interested parties met on an informal basis in a series of meetings to discuss rationalization. This ad hoc industry committee was formalized into a Council committee, the BSAI Crab Rationalization Committee in December 2000. The Council appointed members to the BSAI Crab Rationalization Committee, which included representatives for harvesters, processors, skippers and crewmen, communities and environmental organizations. The Committee was tasked with developing elements and options for analysis and reporting to the Council at the April 2001 meeting. The Committee met once in February and once in March, 2001. In summary, the BSAI Crab Rationalization Committee made significant progress during its meetings in developing a set of elements and options for Council consideration and analysis of a crab rationalization program. Also, the Council, the Advisory Panel and Scientific and Statistical Committee have discussed rationalization at a number of meetings since October 1999, focusing on the alternatives, elements, and options under consideration during the June, October, and December 2001 meetings. The public comments received and the issues discussed during these meetings are part of the scope of the EIS, however, they are not included in this document because they are discussed in detail in the Initial Council Review Draft of BSAI Crab Rationalization Alternatives.

Alternatives

This EIS will consider three kinds of alternatives, the no action alternative, alternatives describing other reasonable courses of action, and an alternative that advances mitigation efforts to the proposed action. The preferred alternatives in the EIS will be the rationalization program the Council identifies as its preferred alternative. A 'no fishing' alternative, as the conservation mitigating

alternative, will allow the EIS to properly evaluate the severity of the adverse effects on the human environment caused by the proposed action and no action alternatives. The potential range of alternatives include the alternatives analyzed in the Council's analysis, with the addition of the mitigation alternative and alternatives raised during scoping.

The Council's general management alternatives for rationalization of the BSAI crab fisheries:

- Alternative 1. No action
- Alternative 2. Crab IFQ Program
- Alternative 3. Crab Co-op Program

Alternatives raised during scoping and following CEQ guidance (40 CFR 1502.16 and 1508.25):

- Alternative 4. Crab IFQ Program without the processor quota element
- Alternative 5. Exclusive Federal management of the BSAI crab fishery
- Alternative 6. No Fishing

Cooperating Agencies and Tribal Governments

ADF&G and the U.S. Coast Guard have agreed to participate in the preparation of the EIS as cooperating agencies. ADF&G is also preparing sections of the EIS, as discussed below. On November 1, 2001, NMFS mailed a letter to 113 Alaska tribal governments, providing information about the EIS and soliciting input from interested parties. As of the date of this report, no meetings have been scheduled and no correspondence has been received from any of the tribal governments.

Preparation of the EIS

A steering committee was created for the EIS. The steering committee consists of Jim Balsiger, NMFS; Chris Oliver, Council staff; Kevin Duffy, ADF&G; Robert Otto, NMFS-Alaska Fisheries Science Center (AFCS); Tom Meyer, NOAA-GC; Ramona Schreiber, NOAA; and Tamra Faris, NMFS. The Steering Committee's charge is to ensure the scope of analysis adequately spans the action being taken and to coordinate staff tasking among the various government agencies and departments.

We have determined that the best way to organize the preparation of this analysis is to convene an analytical team comprised of NMFS staff, Council staff, and ADF&G staff, supplemented by contracts for the environmental justice and cumulative impact analysis. We have established staff assignments for the preparation of this analysis and confirmed the staff assignments with ADF&G, the Council, and the AFSC. The analytical team consists of Gretchen Harrington, NMFS; Robert Otto, Brad Stevens, AFSC Kodiak Lab; Herman Savikko, Wayne Donaldson, Forrest Bowers, ADF&G; Mark Fina, Council; and Jessica Gharrett, NMFS-RAM. We have also established

deadlines for completing each section to ensure timely completion of the EIS. NMFS will obtain a contractor for writing the environmental justice and cumulative impacts sections, revising these sections in response to public comments between draft and final EIS, and editing the entire document for internal consistency.

The first analytical team meeting was in November 2001. At this meeting, the team developed an analytical framework for identifying the affected environment and reviewed the FMP issues that arise from rationalization. These issues are reflected in the draft outline. In addition, potential modifications to the FMP and to State regulations have been identified and are listed below under FMP issues to consider under rationalization.

Organizational Structure and Time line of the EIS

The Council on Environmental Quality (CEQ) regulations that implement National Environmental Policy Act (NEPA) recommend a format of organizing an EIS (40 CFR 1502.10). Federal agencies are given the flexibility to modify the standard format to encourage good analysis and provide for a clear presentation of the alternatives including the proposed action. A draft outline has been prepared for this EIS that encompasses all of the required elements for an EIS, but organizes the presentation of information, alternatives, and issues in a way that best meets the needs of this project. The draft outline is a work in progress and many sections and subsections are likely to change, be moved, or be added as the analysts prepare the draft EIS.

The draft outline also includes deadlines for completing sections. Some sections will be completed before others so that the document will be coherent. Also, some sections are not possible to complete until after the Council has chosen a preferred alternative. The proposed time line assumes the Council will choose a preferred alternative in April 2002, Congress will provide statutory authority before August, and that the Council will take final action to recommend a program to the Secretary in October. With this schedule, a draft of the first three chapters must be finished by March, so that a draft of chapter 4 can be completed by June. The Council would then review the draft EIS at its June meeting. NMFS would then publish a draft EIS for public review and to be filed with EPA. Public comment received by NMFS on the draft would be summarized and responded to, to the extent possible, prior to the October Council meeting. This way, the Council would have the draft EIS and public comments when it takes final action to recommend a rationalization program. Any delays in Council or Congressional action will lengthen the time for preparation of the draft EIS.

Alternatively, Congress may decide to enact the rationalization program as a statute, similar to their action for the AFA or the crab vessel buyback program. In this case, the Congressional action would become the preferred alternative and the draft EIS would proceed as planned.

Draft Outline and Deadlines

Notes: 1) Due dates assume the Council will recommend a preferred alternative in April 2002 and that Congress will make the required statutory changes necessary for the Council to take final action on a rationalization program in October 2002. Following this schedule, a draft EIS will be ready for initial Council review in June 2002. 2) This outline may change as the EIS is written and in response to Council input and public comments.

Section	Date	Due
Chapter 1 Purpose and Need for Action	2002	May
1.1 Introduction		
1.2 Action Area		
1.3 Purpose of FMP		
1.4 Purpose of Rationalization		
1.4 Public participation		
1.4.1 Notice of Intent and Scoping		
1.4.2 Public participation in development of rationalization		
1.5 Coordination with other agencies		
1.6 Issues to be addressed in the EIS		
1.7 Related NEPA Documents		
1.8 Relationship of this action to other federal laws and action		
Chapter 2 Alternatives		
2.1 Development of the Alternatives		April 2002
2.1.1 How the alternatives are constructed		
2.2.2 Key policy issues and decision points in the development of the alternatives		
2.2.3 NMFS and Council development of Alternatives		
2.2 Alternative 1: Status Quo - FMP		February 2002
2.2.1 Category 1 - Federal management measures fixed by the FMP		
2.2.2 Category 2 - framework management measures (<i>What is in the FMP, what is in the State regs, and why</i>)		
2.2.3 Category 3 - management measures deferred to State		
2.3 Alternative 2: Rationalization FMP ¹		April 2002
2.3.1 Description of rationalization alternative (<i>preferred</i>)		
2.3.2 Alternative types of rationalization programs (<i>the alts. the council is analyzing now</i>)		
2.3.3 Description of potential changes to FMP measures resulting from rationalization (<i>These are changes to FMP text required to implement the rationalization program</i>)		
2.4 Alternative 3: No Fishing ²		April 2002
2.5 Comparison of the alternatives		April 2002
2.6 Alternatives considered and rejected ³		April 2002

¹Details of this alternative recommended by the Council.

²This is the default alternative for purposes of constructing the outline. The alternatives will be determined through public participation in the scoping process and input from the Council.

³These are also for discussion purposes and may change in response to public and Council input.

- 2.6.1 Exclusive Federal management
- 2.6.2 State management (no Federal FMP)
- 2.6.3 Discuss possible shifts in responsibility
- 2.6.4 Changes to appeals process

Chapter 3 Affected Environment

- 3.1 BSAI Ecosystem **March 2002**
- 3.2 Crab Life History Approach (physical and biological environment) **March 2002**
 - 3.2.1 Larval stage
 - 3.2.2 Settlement stage
 - 3.2.3 Juvenile stage
 - 3.2.4 Adult stage
 - 3.2.5 Spawning stage
- 3.3 Other Biological Resources **March 2002**
 - 3.3.1 Benthic species caught as bycatch in the crab fishery
 - 3.3.2 Benthic species impacted by pot gear
 - 3.3.3 Marine mammals
 - 3.3.4 Seabird
 - 3.3.5 ESA listed species present in action area
 - 3.3.6 Environment in vicinity of crab processors
- 3.4 Features of the human environment **March 2002**
 - 3.4.1 History of the BSAI crab fishery (*This section can be summarized from the ADF&G AMR*)
 - 3.4.2 Profile/Description of the BSAI crab industry
 - 3.4.3 Affected communities
 - 3.4.4 CDQ groups

Chapter 4 Environmental and Economic Consequences of the Alternatives

- 4.1 Predicted effects of the alternatives on BSAI crab fishing patterns **April 2002**

(This section can be largely summarized from the Council's economic analysis)

 - 4.1.1 Scenario 1: Status quo fishery (Alternative 1–No action)
 - 4.1.2 Scenario 2: Rationalized fishery (Alternative 2)
 - 4.1.3 Scenario 3: No Fishing (Alternatives 3)
 - 4.1.4 Projected changes to fleet composition (*vessels, skippers, crew*)
 - 4.1.5 Projected changes to processing practices (*shore-based, floaters, CPs*)
 - 4.1.6 Projected changes to State management of BSAI crab fisheries
 - 4.1.7 Projected change to Federal management of BSAI crab fisheries
 - 4.1.8 Projected changes to other State and Federal fisheries ⁴
 - 4.1.9 Summary of expected changes in BSAI crab fishery
- 4.2 Predicted effects of the alternatives on the BSAI Ecosystem **May 2002**
- 4.3 Predicted effects of the alternatives on the life history stages of crab **May 2002**
 - 4.3.1 Effects of the alternatives on larval life stage
 - 4.3.2 Effects of the alternatives on settlement stage

⁴Federal groundfish fisheries, jointly managed scallop fishery, and State managed snail, GOA crab, Pacific cod, and hair crab fisheries.

4.3.3	Effects of the alternatives on juvenile stage		
4.3.4	Effects of the alternatives on adult stage		
4.3.5	Effects of the alternatives on spawning stage		
4.4	Predicted effects of the alternatives on other biological resources		May
		2002	
4.4.1	Effects of the alternatives on benthic species caught as bycatch in the crab fisheries		
4.4.2	Effects of the alternatives on benthic species impacted by pot gear		
4.4.3	Effects of the alternatives on marine mammals (<i>non-ESA</i>)		
4.4.4	Effects of the alternatives on seabirds (<i>non-ESA</i>)		
4.4.5	Effects of the alternatives on ESA listed species present in action area		
4.4.6	Effects of crab processing on water quality and substrate		
4.4.7	Other environmental consequences		
4.5	Essential Fish Habitat assessment		May
		2002	
4.6	Economic and socioeconomic effects of the alternatives (<i>This section can be largely summarized from the Council's economic analysis</i>)		May 2002
4.6.1	Crab allocations and eligible participants		
4.6.2	Economic structure under FMP - status quo		
4.6.3	Economic structure under Rationalization FMP		
4.6.4	Economic structure under Alternative 3		
4.6.5	Effects of the alternatives on management and enforcement ⁵		
4.6.5	Effects of the alternatives on communities		
4.6.7	Effects of alternatives on other State and Federal Fisheries		
4.6.8	Effects of alternatives on CDQ groups		
4.7	Regulatory Impact Review (RIR)		May
		2002	
4.7.1	Introduction		
4.7.2	Benefit-Cost Analysis		
4.7.3	Distributional impacts		
4.7.4	Evaluation of significance		
4.8	Initial Regulatory Flexibility Analysis (IRFA)		May
		2002	
4.8.1	Statement of Problem		
4.8.2	Objective Statement of Proposed Action and its Legal Basis		
4.8.3	Description of each Action		
4.8.4	Reasoning for, and focus of, an IRFA		
4.8.5	Requirement to prepare an IRFA		
4.8.6	What is a Small Entity?		
4.8.7	Description of Fleet, Fishery, & Industry Directly and Reasonably Indirectly Impacted by Proposed Action		
4.8.8	Discussion of the potential negative effects of alternatives on small entities		
4.8.9	Mitigation of negative impacts		
4.8.10	Recordkeeping and reporting requirements		
4.8.11	Summary and conclusions		
4.9	Environmental Justice Considerations		May
		2002	

⁵ Includes full discussion of recordkeeping, reporting, and catch accounting requirements of proposed programs.

4.10	Energy Requirements and Conservation Potential of Alternatives		May
		2002	
4.11	Cumulative Effects		May
		2002	
4.12	Summary and Conclusions		May
		2002	
Chapter 5:	List of Preparers		May
		2002	
5.1	EIS Steering Committee		
5.2	Project leaders		
5.3	Contributors		
5.4	Consultant contributors		
Chapter 6:	List of Agencies, organizations, and persons to whom copies of the statement are sent		
Chapter 7:	Literature cited		
Appendix 1: Council Analysis of BSAI Crab Rationalization Program Alternatives - Report to Congress			
Appendix 2: Scoping process documentation (NOI, meeting records, summary of comments, issues identified for analysis)			
Appendix 3: History of FMP (previous FMPs, approval dates, NEPA analysis, list of FMP amendments, list of regulatory actions)			
Appendix 4: State crab regulations			

FMP ISSUES TO CONSIDER UNDER RATIONALIZATION:

Potential changes to measures in FMP as a result of rationalization: (these are changes to the FMP text - and may need to be included in the preferred alternative)

Category 1: Federal management measures fixed by the FMP

1. Legal Gear - change required?
2. Permit requirements
 - LLP still necessary under IFQ, Co-op??
 - New requirements for Federal permits - QS/PQ is a Federal permit
3. Federal observer requirements
 - change observer requirements to add Federal observer coverage or add federal guidelines for state observer program.
 - Observer coverage of processors?
4. Limited access - LLP (as modified by amend. 10), CDQ,
 - Replace LLP with rationalization program - keep LLP for non-rationalized fisheries, such as Norton Sound and developing fisheries
 - How will the LOA requirements be transferred to a rationalization program
 - CDQ - increase to 10% ?
 - AFA - are AFA crab sideboards still needed under rationalization?
5. Superexclusive registration in Norton Sound
 - still necessary?? Function as a sideboard to prevent vessels with QS from entering Norton Sound fishery
6. Essential Fish Habitat
 - different definition; change to fishing practices; changes to HAPC as compared to Alt 1
7. Overfishing Definitions - no change?

8. Procedure for Council/Secretary of Commerce participation in State of Alaska preseason fisheries actions and NMFS review - no change
9. Appeals process
 - GCAK revisions
10. Procedures for FMP implementation
11. Description of the Fishery Management Unit
 - remove developing fisheries from plan - EAI Tanner crab?

Category 2: Framework management measures

1. Minimum size limits - change required? Option to change size limit for snow crab
2. Guideline harvest levels
 - GHL vs TAC - change FMP language to allow establishment of TACs
3. In-season Adjustments
 - still necessary/possible under IFQ or Co-op??
 - Does this language need to be changed or deleted??
 - May be necessary for not surveyed stocks
4. District, sub-district, and section boundaries - change required?
5. Fishing Seasons
 - is this language sufficient?
 - does it provide the State the flexibility to change season to the most optimal?
6. Sex restrictions - no change?
7. Pot limits - no change?
8. Registration areas - no change?
9. Closed waters - no change?

Category 3: Management measures deferred to State

1. Reporting requirements
 - what's needed for IFQ, PQ, and Co-ops?? RAM or ADF&G (catch accounting, real time reporting, electronic reporting, VMS)
 - Should this be a category 2 measure?
2. Gear placement and removal - no change?
3. Gear storage - not needed?
4. Vessel tank inspections - not needed?
5. Gear modifications - change required?
6. Bycatch limits
 - Change to reflect concern for high grading and discard of marketable males?
7. State observer requirements
 - increase coverage, change funding?
 - Establish a framework and move to category 2
8. Other - no change?

What about management of PROCESSORS? How will they be under the FMP?
 FMP language necessary to manage processors?

Potential changes the State management under the FMP (downstream effects): (these are potential changes to state regulations - and will be 'effects of the rationalization program')

Category 2: Framework management measures

1. Minimum size limits - no change?
2. Guideline harvest levels

- changes to how ADF&G sets harvest level
- 3. In-season Adjustments
 - see in-season adjustments in section above
- 4. District, sub-district, and section boundaries - no change?
- 5. Fishing Seasons
 - concurrent fisheries, longer seasons, closed during biologically sensitive periods
 - developed different season scenarios
- 6. Sex restrictions - no change
- 7. Pot limits
 - none, increased or decreased - reasons for establishing - pot loss, ice coverage, effort control
- 8. Registration areas
 - multi-species registration areas
- 9. Closed waters
 - increased for protection of discrete populations

Category 3: Management measures deferred to State

- 1. Reporting requirements
 - see reporting requirements in section above
- 2. Gear placement and removal - regulations still necessary?
- 3. Gear storage - regulations still necessary?
- 4. Vessel tank inspections - regulations still necessary?
- 5. Gear modifications - no change?
- 6. Bycatch limits
 - concurrent fisheries, full retention of legal males, handling mortality, deadloss
- 7. State observer requirements
 - increased coverage
 - methods for payment of observers, pay-as-you-go or test fishery
- 8. Other
 - stand down provisions – are stand downs necessary under rationalization??
 - Landing requirements

November 19, 2001

MEMORANDUM: TO THE FILE

FROM: Gretchen Harrington, FMP Coordinator

SUBJECT: Visit to Dutch Harbor/Unalaska - Trip Notes.

As part of the scoping process for the Environmental Impact Statement (EIS) for the Fishery Management Plan for Bering Sea/Aleutian Islands (BSAI) King and Tanner Crabs (FMP) and the rationalization program being proposed by the North Pacific Fishery Management Council (Council), Mark Fina, Council Senior Economist, and I made an information gathering trip to Dutch Harbor/Unalaska on October 20-23, which coincided with the conclusion of the 2001 Bristol Bay red king crab fishery.

The purpose of the trip was to meet with members of industry, harvesters (vessel owners, skippers, and crew) and processors (shore-based and catcher/processors), and Alaska Department of Fish and Game (ADF&G) staff to listen to their position on various issues surrounding crab rationalization. In addition, we observed the landing and processing of Bristol Bay red king crab. The information gathered during this trip will be used for the Council's rationalization analysis and the crab FMP EIS.

On the first day, Forrest Bowers, Area Management Biologist, ADF&G, took us to visit crab vessels that had just returned to Dutch Harbor from the fishing grounds. We toured four vessels, the WIZARD, ERLA-N, ROGUE, and ARCTIC MARINER and met with eight skippers⁶. To summarize the views of the fishermen we talked to, they were in favor of a rationalization program. Support for a rationalization program was partly due to the miserable conditions of the 2001 season, which was three and a half days with a 12 hour storm. The storm caused the loss of one life and damage to many vessels. Rationalization is viewed as a way to prevent similar seasons in the future by providing longer seasons and safer fishing conditions. However, the fishermen were concerned with the potential for processor shares and the perceived negative effects these could have on price negotiations between the fishermen and the processors. Specifically, the fishermen felt that with

⁶Keith Coburn, WIZARD, Alan Bing Hinkel, ERLA-N, Shane More, ROGUE, Walter Christensen, ARCTIC MARINER, Al Oakley, EARLY DAWN, Mark Vickstrom, IRENE H, Dan Oliver, MIDNIGHT SUN, Brett Robenson, SEA WARRIOR.

processor shares, fishermen may lose bargaining power during price negotiations and therefore get a lower price per pound for their crab.

Also, the skippers that were not vessel owners were concerned that, with a rationalization program skippers would become ‘bus drivers’. Currently, skippers get paid a percentage of the boat’s earnings, but skippers fear that under rationalization, skippers and crew will get paid a salary. Some skippers under American Fisheries Act (AFA) and halibut/sablefish IFQ now receive a salary. This is because the skills and experience skippers have which make them valuable to hire and allow them to command a significant percentage of the vessel’s net revenues will not be as valuable under rationalization. The skills include the ability to race for crab, catch more than the next guy, and bring the vessel and crew back to port safely in stormy conditions. Skippers fear that, under rationalization, an inexperienced skipper could catch quota so vessel owner won’t pay an experienced skipper what they pay them under open access. Under rationalization, with the quota set, it levels the playing field for skippers and so vessel owner no longer need to pay for the most skilled skippers. Another concern is that as rationalization reduces the number of vessels, it will increase the supply of skippers. For these reasons, some skippers support rationalization with some guarantees for skippers, as are in the Council’s June motion on rationalization.

We also toured all five processing facilities in Dutch Harbor and the Trident plant in Akutan. John Garner, Director of North Pacific Crab Association, an organization that represents crab processors, accompanied us on these visits. At Alyeska, Sinclair Wilt, plant manager, gave us a tour of the crab processing plant. Gary Loncon, president, and Steve Stubbe, plant manager, gave us a tour of Royal Aleutian. On Sunday, we toured the Unisea plant with Phil Hansen, vice-president, Eric Graham, quality control supervisor, and Rocky Caldero, production manager. We also toured the Westward Seafoods plant and spoke with Ken Dorris, plant manager. At the Icicle Seafoods ARCTIC STAR plant we spoke with Rob Rodgers, general manager, floating production, and Steve Lee, vessel manager, and toured the facilities. On Monday, we flew to Akutan to tour the Trident plant and meet with Dave Hambelton, shore plant operations assistant general manager, and Vic Scheibert, vessel operations manager. At each plant we observed offloading of crab from vessels and the processing lines from butchering to cold storage.

Each plant was different in many ways, but the basics of crab processing are similar. Crab are offloaded from the vessel in sacks, each sack is weighed, and then dumped into the hopper. From the hopper, the crab are funneled inside the plant to the butchering station where the leg sections are separate from the carapace and body parts. A leg section consists of the legs and thoracic body musculature, or shoulder meat, from half of the crab. At the next station, the gills are cleaned off the leg sections with spinning wire brushes. The leg sections then travel along a conveyer belt to an assembly line where they are graded and packed into metal crates according to weight and shell condition. These metal crates are then transported to a series of tanks. The first tank cooks the crab for approximately 25 minutes. This cooked product is randomly sampled and tested for quality control. The crab are then dunked into a pre-chill tank, then into the chill tank, and then into the brine freezer. Once the crab are frozen, they are dipped into a glaze solution of fresh water and

sugar. The glazed crab is emptied from the metal crates and packed into boxes, which go into the cold storage. The entire process from boat to cold storage is approximately 2 hours.

The facilities differ in the following ways. Due to the large percentage of crabs with barnacles on their shells, some facilities had workers knock off the barnacles with mallets prior to packing the leg sections into crates. The alternative was to pack barnacled sections together into a low grade pack. A couple of the plants separated the 'tail meat' from the abdominal flap. This is done by separating the abdominal flap from the carapace at the butchering stage, then cooking the abdominal flap, after which the meat is extracted from the shell and frozen. The plants that did not do this, discarded the abdominal flap. It was unclear what the market is for tail meat.

Besides brine freezing, some plants are capable of blast freezing crab. For the blast freezing process, crab are taken from the chill tank and put into a freezer with fans that blast cold air on the crab. There is a lower recovery rate for blast frozen crab because it does not retain its water weight like brine frozen, but the result is a higher quality product. Also, blast freezing is a longer process than brine freezing, taking between 3 and 4.5 hours.

In Dutch Harbor, most of the crab is packaged for wholesale, most of which is sold to Japan. This wholesale package is either sold for reprocessing in Japan or Washington State or the processor sends the wholesale crab to a subsidiary 'value added' plant for reprocessing into retail packages. Old shell crab is sometimes sent to China to be removed from the shell and sold as crab meat.

Crab waste (carapace, abdomen, and viscera) was handled a variety of ways. Some plants with fish meal facilities send 100% of the crab waste to process into fishmeal. An alternative method of disposal was grinding the waste into 1/4 inch particles and discharging it in an outfall line. This discharge is regulated by the EPA under NPDES permits. One plant collected and transported all of its crab waste out to 12 miles to be discharged into the open ocean. This method of discharge is not regulated.

The relationship between processors and the vessels that deliver to them is complex. The larger plants are able to operate as 'full service gas stations', meaning they provide everything a vessel needs when it comes to port. The range of services these plants provide include fuel, insurance, boat loans, pre-season loans to gear up for the fishery, parts for boats, bait, and pot storage. Many of the services are provided prior to the fishery and paid for after the fishery. The benefits these services provide to the vessels is obvious, however, it does create a dependence on a specific processor that some vessel owners resent. If the vessel is indebted to the processor, the vessel is not free to change processors and therefore is less able to negotiate price. On the other hand, by providing these services, processors create a stable environment from which they can predict and depend on the delivery from the vessels it provides services to. Also, there is competition between processors for vessel delivery so it is to the processors advantage to make the best deal for the vessels to entice vessels to deliver to them.

The processors representatives we spoke to support rationalization with a processor allocation. The processor's experience with AFA and crab community development quota (CDQ) has demonstrated the benefits to processors from an allocation of the harvest and a slowdown of deliveries. Currently, all of the crab vessels arrive in port at the same time and need to offload at the same time. Processors then must offload and process crab as fast as possible. Also, making a vessel wait means the vessel may move to another processor that can offload quickly. Under a two-pie system, theoretically, the processor would be able to work with the vessel owners to coordinate deliveries to spread them out over a longer period of time. However, the extent that processors will be able to slow down processing is limited because crab must be processed alive.

Slowing down crab processing would enable the processor to focus more on product quality, higher value products, and improve recover rates. Processor would be able to get more product recovery, expand product diversity, and reduce capital and labor costs. Also, the processor would have the time to create specialty products, like fresh crab, and to use crab parts currently being discarded, like viscera and tail meat. These improvements in crab product would benefit the consumer. Also, these improvements could increase the revenues for the crab processors and these revenues could be shared with the fishermen. Operationally, the processors could downsize their product line and reduce the number of employees, but retain the remaining employees for a longer amount of time. For example, instead of 155 employees working 2 shifts for four days, they could employ 75 people working one shift for as long as they had crab deliveries. Additionally, slowing down the processing lines could also improve worker safety, as has happened with pollock processing under AFA.

We also met with Richard Osterman, owner of Osterman Fish, a small scale independent processor. He targets niche markets, custom processing, and primarily does processing of by-products from the other processors in Dutch Harbor. For example, processors sometimes contract with him to transport and sell their live crab. He also does joint ventures with other processors to process and sell tail meat. His company does directly buy some crab from vessels, but it did not this year. It seems his operation benefits from the open-access system where the large processors do not have the time to process the products he does. Under rationalization, many of the roles Mr. Osterman plays may be done in house by the large processors. He voiced his opinion that free competition is best and that he is not in favor of rationalization because it eliminates competition.

Sunday night Mark and I met with owner/operators, skippers, and crew. A list of the attendees is available in the administrative record. Earlier, we had met with Tom Suryan, from Skippers for Equitable Access, who echoed many of the concerns expressed at the meeting. As with the fishermen we spoke with the first day, the consensus was that rationalization was a positive step because it would improve safety and slow the fishery down. However, each group had its concerns and supported safeguards against what they perceived as negative consequences of rationalization. The owner/operators were concerned that they would have no bargaining ability to negotiate price with a 2-pie system. Many viewed binding arbitration as a mitigating measure for a 2-pie system, as a means of guaranteeing a fair price when processors are guaranteed a set amount of landings. Skippers and crew expressed their desire to be able to invest in the fishery and become vessel

owners, and were worried that QS would be a barrier to entry. Also they expressed the concern of not getting paid as much under rationalization as they are now, which is explained on page 1. Skippers supported the three options in the Council's June motion that mitigate these negative consequences, either skipper quota share, the first right of refusal for a specific portion of QS, or a point system to allocate skipper QS. On the subject of issuing skippers QS, one vessel owner explained that many vessel owner have work their way up from crew and have saved the money they earned in the fishery and reinvested it into the fishery, which is why they are now vessel owners. Whereas, others have made the choice to remain as skippers and invest their money elsewhere.

We toured a catcher/processor (CP), the COURAGEOUS, and talked with the skipper/co-owner, Patrick Cummings. The COURAGEOUS blast freezes its crab. Rationalization can be beneficial for CPs. CP's operate best when they have the time to coordinate the running of the gear with the processing line. Short, fast seasons do not work for CPs because they have to stop hauling gear to process and then they lose out on catching as much crab as they can. Mr. Cummings also expressed that safety would also improve under rationalization.

On Tuesday, we met with City of Unalaska officials, Frank Kelty, Natural Resource Analyst, Chris Haldick, City Manager, John Voss, Finance Director, and Amie Kniazowski, Asst. City Manager. The main purpose of this meeting was to explain the Council's actions on rationalization, the EIS, and how the two fit together. The City may submit comments for the EIS scoping. The City will be impacted by rationalization and they have a concern for the viability of the shore-based processors that are a part of the community and contribute to the local economy. At the same time, the City wants to balance this concern with the well-being of the community as a whole and the independent fishermen that live in Unalaska.