

Gulf Rationalization Community Committee Report

**December 3, 2004
Captain Cook Hotel, Voyager Room
Anchorage, Alaska
8 am – 5 pm**

Committee: Hazel Nelson (Chair), Nicole Kimball (staff), Julie Bonney, Duncan Fields, Chuck McCallum, Pat Norman, Joe Sullivan, Chuck Totemoff, Ernie Weiss

Other participants: Sam Cotten, Dan Malarkey, Doug Hoedel, Heather McCarty, Jane DiCosimo

Summary of Formal Committee Recommendations

- Purpose Statement. Add the following language to the overall purpose statement for community provisions: “*and provide for the sustained participation of such communities*” (agenda item III)
- Eligibility criteria. Under both programs, eliminate Option 2b and Option 2c in the eligibility criteria. Also eliminate Option 4 (government structure) from the eligibility criteria for both programs. Add Option 3b from the CFQ Program to the eligibility criteria for the Community Purchase Program (agenda item V)
- CFQ must be fished by community residents and delivered onshore within the region. All CFQ is designated CV quota share, and if CP quota share is purchased on behalf of a community, it is automatically re-designated CV quota share in perpetuity. Residents of eligible communities located in a specific management area (WG, CG, WY) should receive priority over others in the leasing of community quota used in that specific management area (e.g., residents of communities in WG would receive a first priority in the leasing of WG community quota). (agenda item VI)

I. Introductions, approval of agenda, committee guidelines

This is the first meeting of the Gulf Rationalization Community Committee (committee), and all committee members were in attendance. Introductions were made, and the Chair noted that the committee would operate by consensus as much as possible. No votes would be taken, but the committee report would attempt to reflect the level of agreement and opposing positions on each issue. It was also noted that while the committee can make formal recommendations to the Council as a result of this meeting, many members may want to have a detailed discussion of the issues at this meeting and bring potential approaches and concepts back to their constituents. The committee intends to work toward consensus on further recommendations to the Council at future meetings (if scheduled).

Staff provided an overview of the agenda, which mirrored the Council’s tasking from the October 2004 Council meeting (**Attachment 1**). The agenda focused on refining and developing the Community Fisheries Quota (CFQ) Program and the Community Purchase Program proposed under Gulf rationalization. The committee approved the agenda, with the addition of two items: 1) a discussion of the funding of CFQ (i.e., where the CFQ allocation comes from), and 2) a discussion of regionalization of landings resulting from community quota under agenda item VI. Staff also provided an overview of the reference materials provided to the committee at this meeting. The list of materials is at the end of the agenda in Attachment 1.

II. Committee member opening comments

Committee members provided opening comments to indicate their primary interests and issues. The committee agreed to work as a team, and welcomed the opportunity to focus on and further develop a workable community program(s) for the Council's Gulf rationalization effort.

Most committee members recognized the concern with potential consolidation and migration of the fleet due to rationalization in general. Some committee members emphasized the need to create community programs that work not only for smaller Gulf communities, but for all fishing communities and individual harvesters. One member recognized potential benefit from both rationalization and the community programs, and noted that as long as some general conditions are placed on the use of community quota and do not substantially disrupt historic landing patterns, other (non-eligible) communities will benefit as well, and current participants will not be adversely affected. One member noted upfront that the city of Kodiak has endorsed limiting the CFQ Program to the smaller (population of <1,500) communities, but has specifically requested to increase the population threshold such that Kodiak would be included under the Community Purchase Program. Another member expressed concern that the CFQ Program is appropriately developed so that there is certainty that the CFQ would not remain unfished.

Other members expressed general support for the concept behind the two programs, acknowledging the unintended adverse impacts of rationalizing the halibut and sablefish fisheries on the smallest, rural communities. Some members noted that the overall goal should be to retain the historical *access* these communities have had to the Gulf fisheries, even if their participation in Gulf groundfish has not been substantial to date. Many of these communities are involved in a myriad of fisheries and dependent on access to each fishery to complete their revenue stream.

In addition, one member noted that the CFQ Program should not be viewed as a 'gifting' of quota from other participants to communities. Small communities have a legitimate claim to accessing Gulf groundfish.

III. Review of the purpose statement and options for the CFQ Program and Community Purchase Program (Council motion as of October 2004)

The committee reviewed the overall purpose statement provided for both the CFQ and the Community Purchase Program in the current Council motion (**Attachment 2**). There was some concern that the while the purpose statement is adequate in addressing potential economic impacts on communities, it does not address the second 'prong' of National Standard 8 in the Magnuson Stevens Act (MSA), which is to provide historical access and participation for communities. The committee agreed that the purpose statement should reflect NS8 as comprehensively as possible, since the MSA is the primary guidance for the Council in formulating fishery management plans and community protection measures. **Based on this discussion, the committee recommended adding to the overall purpose statement for community provisions such that it reads as follows (additions are underlined):**

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

There was some discussion of the terms ‘historical access’ and ‘sustained participation,’ and members agreed that preserving access may be different from sustained participation. Generally, the committee agreed that it is important to continue the ability of small communities to have access to the groundfish fisheries. For the purpose statement, the committee agreed that the NS8 language itself is relatively clear in providing for ‘sustained participation.’ Overall, it was noted that the terms used in the purpose statement shouldn’t be depended on to convey the bounds or limitations of the program, but that the specific elements and options developed will serve that role.

IV. Administrative entity representing communities

Staff provided an overview of the current Council motion and all of the options proposed for each program. The committee first discussed the three options provided in the motion for the CFQ Program to determine the administrative entity that would represent the eligible communities: Option 1) single Gulf-wide entity; Option 2) administrative entity for each GOA groundfish management area; Option 3) administrative entity representing a group of communities with common culture and history. One member noted that the program structure created should be able to be adopted under any one of the three options. Meaning, the option selected should not change the overall structure of the program. Most committee members agreed, and yet one member noted that the other elements of the program design may influence the decision on the administrative entity. For instance, if the CFQ Program only included pollock and Pacific cod CFQ, it would be possible to have multiple administrative entities and each eligible community could harvest a portion of the overall CFQ for those species. In contrast, if all rationalized species are allocated to the CFQ Program, including species like flatfish and rockfish, one single administrative entity or three regional entities (WG, CG, WY) may be more appropriate in order to pool the CFQ and lease larger portions of the overall CFQ to eligible residents.

The committee recognized that Option 3, which was added at the October 2004 Council meeting, was included to provide an option specifically for communities like the Chigniks. The three Chignik communities, which are located in the Central Gulf management area, may better identify and collaborate strongly with nearby communities located in the Western Gulf (Perryville and Ivanof Bay) Thus, Option 3 was included for consideration as a method to group communities under an administrative entity that is not dictated solely by management area.

Several members agreed that while the single, Gulf-wide entity appears to be the most promising option in terms of flexibility, cooperation, and efficiency, they would like analysis of all three options. Thus, no committee recommendation was made to modify the options at this time.

The committee generally agreed that the CFQ Program and the Community Purchase Program are different, and thus it is appropriate to have somewhat different administrative structures under both programs. One member (Fields) outlined a potential management structure for each program for committee consideration. The discussion was prefaced by reviewing the draft tables provided, which indicate which communities may potentially be eligible under the Council’s current criteria. Under one reasonable set of criteria (as there are multiple combinations of criteria that could result in multiple lists of eligible communities), it appears that 27 Gulf communities would be eligible.¹ It was noted that 21 of these same communities are also currently eligible under the Community (Purchase) Quota Program recently implemented under an amendment to the halibut/sablefish IFQ Program (GOA Am. 66). Under Am. 66, before communities are able to participate, they must form a non-profit entity to represent them and purchase halibut/sablefish

¹ Criteria used was as follows: communities recognized as places by the U.S. Census, within 10 nm from the Gulf coast, no road access, and population of <1,500. A second table showed the list of communities under the same criteria except using a population threshold of <7,500 (which resulted in 5 additional communities).
Gulf rationalization community committee report

quota, and this entity must be qualified by NMFS. The term of art used for the administrative entity representing one or more communities under Am. 66 is “Community Quota Entity (CQE).”

Under the proposal suggested, there would exist an umbrella management entity (either one Gulf-wide entity or multiple entities by region or cultural ties, as dictated by the options under C 1.1). This management entity (or entities) would be allocated all of the CFQ under the program and be managed by a Board of Directors. Individual communities eligible for the CFQ Program would use their existing CQE (formed under Am. 66) as their representation on the Board of the overarching management entity. Communities that do not have a CQE (either because they are not eligible under Am. 66 or because they haven’t yet incorporated a CQE under Am. 66) would need to form a CQE for purposes of participating in the CFQ Program. The representative of the CQE would thus serve as the management entity’s conduit for communication with each eligible community. Under this structure, the CQE representative would be the one to provide a letter of support allowing the larger management entity to act on its behalf for purposes of the CFQ Program.

The second part of this proposal relates to the Community Purchase Program. Depending upon the eligibility criteria selected, the same communities could be eligible for both the CFQ and the Community Purchase Program. Under the Community Purchase Program, communities that have a CQE under Am. 66 would use that entity to also purchase quota under the Gulf rationalization Community Purchase Program. Communities that do not have an existing CQE could use other entities that have previously been formed under other fishery programs to represent communities (e.g., if Kodiak was included in the purchase program it could use its eligible crab community organization) or choose to form a CQE. In addition, if communities did not want to participate in purchasing Gulf groundfish quota through their CQE or other entities, they could authorize the overarching management entity formed under the CFQ Program to purchase quota on their behalf.

The committee agreed to consider the proposal and discuss it further at future committee meetings. Generally, the committee endorsed the idea of using the existing CQE structure that has been established for the purpose of managing quota in almost all of the potentially eligible communities, noting that it is difficult for small communities to incorporate many new entities. Similarly, if the Council determined to expand the eligibility of the Community Purchase Program to include Kodiak, the committee expressed a desire for some flexibility for non-CQE communities to use another existing entity and not have to create something new. In addition, most members noted that individual communities could be working with different funding sources, and thus, the Community Purchase Program may need the added flexibility of allowing each community to purchase quota separately (or in groups of their determination).

The committee noted that it was not an appropriate time to attempt to adjust the options in the Council motion to reflect the above proposal (e.g, by including language to reflect the use of the existing CQE structure). More thought and discussion is necessary, and the concept should be a future agenda item. In addition, the committee noted that a placeholder should be established for the elements required to qualify the overarching management entity in the CFQ Program with NMFS (whether one Gulf-wide entity or regional entities).

V. Eligibility criteria

Staff provided an overview of the proposed community eligibility criteria, which is the same under both programs (meaning the same set of options are proposed, but it does not preclude the Council from selecting a different set of criteria for each program at final action). Staff noted that at the last meeting, the Council narrowed the population criteria to one option: less than 1,500, but not less than 25 persons. The Council also added an option under Option 3 to consider Gulf rationalization community committee report

communities that have *groundfish* commercial permit and fishing activity in 1993 – 2002 (the option remains to also consider *any* commercial fishing activity).

After discussing the criteria related to geography (Option 2), the committee recommended eliminating Option 2b (coastal communities adjacent to saltwater) and Option 2c (communities within 10 nm of the Gulf coast) for both programs. The result is that the only geographic criteria considered would be Option 2a (no road access) and Option 2d (within 5 nm of the Gulf coast). The committee made this recommendation in order to simplify the options, recognizing that the coastal community criteria is encompassed in the remaining two options, and that the preliminary data indicate that it does not make a difference in the eligible communities whether the 5 nm or 10 nm criteria is applied.

The committee also recommended eliminating Option 4 (government structure) from the eligibility criteria for both programs. The committee agreed that government structure is a relatively crude tool to determine qualifying communities, and that it is not particularly relevant to the ability or need to participate in this program. In addition, a second class city may not be very different from an unincorporated community. Preliminary data indicate that 16 of the potentially 27 eligible communities would drop out if eligibility was predicated on being a first class, second class, or home rule municipality.

The committee also noted that Option 3b, related to groundfish permit and fishing activity is included under the CFQ Program eligibility criteria, but not under the Community Purchase Program criteria. Staff was not aware of an explicit reason that that criteria was excluded from the purchase program in the Council's October motion, and surmised that it was an inadvertent exclusion. **The committee believes that the eligibility criteria for analysis should be the same for both programs; thus, the committee recommended adding Option 3b to the Community Purchase Program.**

The committee also had a lengthy discussion regarding a proposal to add a new option to the eligibility criteria that would make the same set of communities that are eligible under Am. 66 (halibut and sablefish community purchase program) eligible under the CFQ and Community Purchase Program in Gulf rationalization. The intent was that selection of this option would supersede the other eligibility criteria, and that it would create a clear decision point for the Council in tracking a previously adopted program to benefit small, rural, coastal communities. It would also provide a level of certainty for and support from those communities already starting to participate under Am. 66.

The committee did not come to consensus on this issue for various reasons. One objection was based on the desire to use actual criteria (even if that under Am. 66) as opposed to an option that would automatically qualify Am. 66 communities. Another member noted that insufficient rationale was provided to adopt the change, and that a clear link does not exist between the two programs in terms of qualifying communities (i.e., using halibut/sablefish participation to qualify for a program to use Gulf groundfish quota share). While some members noted that lack of or limited groundfish participation shouldn't necessarily exclude a community from the program, other members noted that the existing criteria will flesh out which communities have commercial groundfish or any commercial fisheries participation, and that the Council will make the policy call as to what is the appropriate threshold to meet to participate in this program. In addition, members noted that justification for this change was lacking because the existing criteria could result in qualifying all communities currently eligible under Am. 66. Another member noted that Am. 66 communities could be made automatically eligible, and that additional communities that did not qualify under Am. 66 could be evaluated for eligibility using the remaining criteria.

The committee recognized that community eligibility is a difficult issue. Similar to Am. 66, the community programs under Gulf rationalization should be implemented such that there is the ability for a community that was not determined eligible at final action to petition NMFS if they were inadvertently excluded. These communities must meet the same criteria as other communities that were made eligible.

One member (Sullivan) stated that while the community of Kodiak supports the changes to the eligibility criteria proposed, it retains the position that Kodiak should be eligible for the Community Purchase Program. Kodiak is not advocating being part of the CFQ Program.

VI. Determining how the quota may be used

Under this agenda item, the committee generally discussed how the quota may be used, as well as the potential allocation basis for distributing the use of community quota among eligible communities. First, the committee discussed the potential harvest designations for Gulf groundfish quota share under Gulf rationalization (gear type, CP/CV, blocked, area, species, regionalization), understanding that species and area designations would remain with any quota held by communities.

While no recommendations were made on whether harvest designations (other than species and area) should apply to CFQ or quota purchased by communities, the committee agreed that there should be some sort of regionalization component, such that landings should continue to be made in the region. There were no recommendations made as to whether a one-time regionalization tag should be made for all CFQ that would dictate the region in which the quota would be landed in perpetuity (as in the overall rationalization program); the discussion centered more on establishing a landings requirement in order to avoid shifting all of the processing of community quota to communities on the road system (since the CFQ will be 'funded' by both regions).

The current options require that community quota share is only leased to and fished by eligible community residents. The committee agreed that that provision meets the goal of both programs, and that the benefits to eligible communities are two-fold: 1) the fishing of the quota share, and 2) the rents that pass through the management entity from the leasing of the quota share. However, there was some concern and disagreement regarding how much specificity should be in the regulations implementing the community programs related to determining which eligible residents get to harvest the quota that is leased from the overarching management entity. Some members wanted the management entity to retain a lot of flexibility, given that it would not be efficient (or even feasible) to allow each individual eligible community (potentially 27+) to fish a little bit of each species of quota share in each area. Some members wanted the management entity to be able to have a lot of flexibility to determine who fishes what on an annual basis in a way that most benefits the overall program.

However, some members were very concerned with allowing the management entity too much control over who fishes the community quota share, citing concerns with fairness among communities and the theoretical potential (for efficiency's sake) of putting most of the CFQ on one or two vessels and not distributing it sufficiently among residents of all eligible communities. These concerns were not mitigated by the notion that revenues generated from the use of the CFQ would be redistributed to each community via their CQE representation. Because while most members realize this will need to be a revenue generating program to be sustainable (money generated by leasing the CFQ to community residents at market rate), members also expressed serious concern about the program being primarily for revenue generation or mirroring the western Alaska Community Development Program structure. These members were most concerned that the nature of the program be focused on allowing residents to participate in the fisheries, whether by leasing the CFQ or serving as crew on a vessel fishing CFQ.

After much discussion, the committee generally agreed that there needs to be a balance between the efficiency in the use of the community quota share and the benefits derived from employment and the actual harvesting of the quota share. Given that, the committee realized that establishing some criteria for how the management entity operates could mitigate potential concerns about use of the CFQ in a way not intended by the program. As an example, committee members agreed that the management entity should be required to give residents of communities located in the management area of the quota share (WG, for example) a first priority when considering applications/bids to lease CFQ located in that area. While this priority should not overshadow all other considerations (for instance, whether the lease rate proposed by the applicant is well below the market average), it should be an established priority for the management entity. As another example, rents will be derived from the lease of the CFQ, and the potential exists that those rents will exceed the administrative costs of the management entity. Thus, a fundamental issue is whether to establish restrictions on the use of those funds. Some members noted that they envisioned those funds to only be used either by the overall management entity or via the CQEs to purchase more quota share.

The committee agreed that the above issues are in continuing stages of development, and a couple of members emphasized that how the management entity operates and the criteria by which it determines who fishes the CFQ need to be determined upfront. While the advantage of flexibility is evident, there is doubt that the programs would be supported if too much ‘trust’ was involved and the parameters of the management entity were not sufficiently outlined in regulation. Three issues discussed above that were identified as needing further development were: 1) determining how to implement the balance between efficiency and employment in the program (spreading the wealth of the harvesting activity, and whether to regulate a formula dictating the allocation basis or use general criteria); 2) how much latitude the overarching management entity has for use of the funds generated from leasing community quota; and 3) the regionalization component (landings requirement). These three issues remain unresolved, and the community agreed that further discussion would be necessary before recommendations could be made with regard to the options for analysis. These issues would be made a priority for the agenda at the next meeting, should a meeting be scheduled.

At this point, the committee summarized the consensus on these issues so far as follows: the CFQ must be fished by community residents (as provided for in the current options) and delivered onshore within the region. The committee recommended that all CFQ be designated CV quota share, and that if CP quota share is purchased on behalf of a community, it is automatically re-designated as CV quota share (in perpetuity). In addition, the committee agreed that one parameter for the management entity (likely implemented in regulation) should be that residents from a specific management area receive priority over other applicants when leasing quota from that management area.

In addition, the committee recognized that there may need to be a placeholder for options to restrict the sale of community-held quota share. The committee did not discuss this issue in any detail. Other placeholders that are likely necessary are options for use caps in the Community Purchase Program, which could mean a cap on the amount of quota that each individual community could purchase and/or a cap on the total amount of quota that all eligible communities could purchase under the program. Additional individual vessel use caps were discussed (similar to Am. 66) that would limit the amount of community quota one individual resident could lease and limit the amount of community quota that could be fished on one vessel. The committee noted that more data was necessary with regard to the overall rationalization program (the use cap determined for an individual participant or cooperative, etc.) before specific options could be developed, and that different caps may apply to quota share for different species.

VII. Funding of the CFQ Program

The committee agreed that this was an appropriate time to discuss the item added to the agenda. One member (Sullivan) wanted to discuss a concept related to the potential funding of the CFQ Program. There has been a general expectation that the CFQ would be funded by a reduction off the top of the TAC or total quota share pool. The expected effect of this program is that some amount of quota will be redistributed from residents of larger, fishing communities to smaller CFQ communities. The committee recognized that the intent of the program is to remove or reduce the economic barrier created by a rationalization program for residents of these small, isolated (no road access) communities that are likely to receive limited quota at initial issuance, and may be on the margin of being able to operate a viable business without investing a significant amount of capital into purchasing additional quota. The pattern in the halibut/sablefish IFQ Program was that initially issued quota share transferred out of the smallest, rural communities at a substantially higher level and rate than the larger communities.

It was noted that there are also current fishery participants that are residents of larger communities that have marginal history that would generate smaller amounts of quota share, so their ability to continue participating in the Gulf groundfish fisheries may also be tenuous. If the CFQ Program is funded off the top of the initial allocations, some of these participants may be displaced. The concept was framed as a potential way to fund the CFQ Program so that it mitigates adverse affects on participants that won't be eligible for CFQ but that are also on the margin. One member noted a different perspective exists - instead of looking at the CFQ percentage as resulting in harm to marginal holders, one could look at the quota share allocation method and the remaining 75% of vessel owners and processors that will receive large individual allocations.

The approach proposed for discussion was as follows: rather than take the entire percentage (whether 5%, 10% or 15%) allocated to the CFQ Program off the top at initial allocation, fund at least a portion of the CFQ by taking a portion of an individual's QS at first transfer (sale of QS and/or annual lease of IFQ). This would delay the entire funding of the CFQ Program to some extent, since the quota share would not be available until transfers have been made. The result is that two sources of funding would exist for the CFQ Program: some portion would come off the top at initial allocation and some portion would be received as a tax on transfers. The intent being that it is less of a burden to initial issuees to fund the program through a tax on transfers, rather than taking it all off the top from the start of the program.

One member noted that under this concept, some amount of risk is transferred to the communities, and there may need to be some incentive for communities to take on that risk. A tax on the leasing of quota (as opposed to the sale) reduces that risk to some extent, as the program would likely be able to capture the funding more rapidly. There was some discussion and disagreement as to the level of impact that a 5% - 15% CFQ would have on initial issuees overall. In addition, the point was made that although some redistribution of harvest activity from residents of larger to smaller communities is expected, some of the revenues derived from CFQ and some of the processing of the fish landed is still expected to be channeled to the larger communities (the example used was the rural community fleet on Kodiak Island that will likely continue to process fish and spend money in the city of Kodiak). It was also noted that those are not the only benefits derived from harvesting activity, and that skipper and crew jobs would also be redistributed to some extent. This overall issue affects all communities, and is not specific to one community.

This concept was taken under consideration by the committee and will likely be discussed in subsequent meetings. Staff will try to provide additional information on the amount of transfers evident during the first few years of the halibut/sablefish IFQ Program to see if the expectation Gulf rationalization community committee report

for a high volume of transfers is reasonable. That information would be useful to help determine the percentage of CFQ that could be funded through transfers, should this concept eventually be endorsed by the committee and/or adopted by the Council.

VII. Determining the distribution method among eligible communities

This discussion was encompassed in agenda item VI.

VIII. Discussion of how the CFQ Program and CPP program would work in combination with one another if both selected at final action

The committee discussed this agenda item to some extent under its discussion of the administrative entity under agenda item IV. More discussion is necessary with regard to this item and the proposed management structure described under IV.

IX. Discussion of how the CFQ and CPP program would work under the general rationalization alternatives (specifically Alternative 3)

The committee did not have time to address this agenda item.

X. Other issues and/or committee member summary thoughts

Most committee members expressed positive feedback with regard to the productivity of the meeting, the number of issues addressed, and the forum provided to discuss these issues in detail. Several committee recommendations were made, but the committee also benefited from the ability to propose concepts and solutions with a focused group, even if no formal recommendations resulted. Committee members agreed to work together outside of the committee (and prior to the next meeting, should one be scheduled) in order to make progress on some of these issues and to be prepared to discuss additional recommendations to the Council in the near future.

XI. Discuss need for subsequent meetings and schedule for committee report

This committee report will be considered draft until after the December 2004 Council meeting. The final draft will be posted on the Council's website.

The committee agreed that it would be worthwhile to meet again to further develop the programs and provide the Council with consensus-based recommendations on some of the fundamental issues related to program design. All committee members are available to meet on **January 28, 2005**, should the Council determine that a subsequent meeting is warranted. A committee report could be provided at the Council's February meeting.

**Gulf Rationalization Community Committee
Meeting Agenda**

**December 3, 2004
Captain Cook Hotel, Voyager Room
4th and K Street, Anchorage
8 am – 5 pm**

- I. Introductions, approval of the agenda, committee guidelines
- II. Committee member opening comments
- III. Review of the purpose statement and options for the CFQ Program and Community Purchase Program (current Council motion as of October 2004)
- IV. Administrative entity representing a community(ies)
 - How would the program work under the different options (i.e., how to interpret Option 2 and Option 3)
 - Would the administrative entities be different under the CFQ and Community Purchase Program? If a community qualified under both programs, is it required that they are only represented by one entity for both programs?
 - Must these be new non-profit entities or could a community use an existing entity?
 - Comments on what existing entity in the community would either fill the role of administrative entity holding the CFQ or, in the case that a new entity is required, provide the letter of support for the new administrative entity holding the QS
 - Under either program, could a community be represented by a CQE (under the halibut/sablefish IFQ Program) if it exists?
 - Committee recommendations on the administrative entity issue and options
- V. Eligibility Criteria
 - Review current eligibility criteria and potentially eligible communities
 - Are there any further delineations that can be made based on purpose statement
 - Recommendations to modify current options
- VI. Determining how the quota may be used
 - General discussion: how do committee members see this quota being used in their communities?
 - How will the entity decide which individuals fish the shares: by what criteria? Should the criteria be standardized among administrative entities (if more than one is selected)? What, if any, aspects of the criteria should be regulated?
 - CFQ cannot be permanently transferred from a community administrative entity. Should there be any restrictions on the sale of quota *purchased* by a community entity under the community purchase program?
 - Use caps (general discussion)
 - Harvest share designations (gear or CP/CV) and whether they should apply to quota held by communities
 - Recommendations to modify the current options

- VII. Determining the distribution method among eligible communities
 - a. Review of current options (see table) to distribute CFQ among communities (e.g., how much of the total CFQ would be leased to community residents of each eligible community)
 - b. General discussion of advantages/disadvantages of dictating a formula by which to distribute CFQ among communities
 - c. How would Option 3 work? With multiple administrative entities?
- VIII. Discussion of how the CFQ Program and CPP program would work in combination with one another if both were selected at final action
- IX. Discussion of how the CFQ and CPP program would work under the general rationalization alternatives (specifically, Alternative 3)
- X. Other issues and/or committee member summary thoughts
- XI. Discuss need for subsequent meetings and schedule for committee report

List of Gulf Rationalization Community Committee Materials

Introduction: Meeting agenda & committee contact information

TAB 1:

1. Council motion on GOA Groundfish Rationalization Community Provisions (Oct. 2004) (*Both the clean motion and the marked up copy are provided*)
2. GOA Groundfish Rationalization Alternatives (tables)
3. Full GOA Groundfish Rationalization motions (October 2004)

TAB 2:

4. Table 1 – draft list of eligible communities using selected criteria
Table 2 – percent of CFQ that would be available to each community under the proposed allocation basis criteria
5. Comparison of eligibility criteria in GOA Am. 66 and proposed in Gulf rationalization
6. Comparison of eligible communities in GOA Am. 66 and potentially in Gulf rationalization
7. Map of potentially eligible communities (*two provided*)

TAB 3:

8. Final 2004 GOA TAC specifications
9. Regionalization map

TAB 4:

10. Final Council motion on GOA Am. 66 (halibut/sablefish community quota share purchase program)
11. Final rule for GOA Am. 66 (69 FR 23681, April 30, 2004)
12. Report on holdings of IFQ by residents of selected GOA fishing communities
13. Summary sheet of crab rationalization community protection measures

TAB 5:

14. Draft community profiles for selected GOA communities (32)

North Pacific Fishery Management Council
Gulf of Alaska (GOA) Groundfish Rationalization
Community Provisions
Updated through October 2004

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

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 provision programs.

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

C 1. Community Fisheries Quota (CFQ) Program

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

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

C 1.1 Administrative Entity

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

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

C 1.2 Eligible Communities

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

- Option 2. Geography
 - a. Coastal Communities without road connections to larger community highway network
 - b. Coastal communities adjacent to salt water
 - c. Communities within 10 nautical miles of the Gulf Coast
 - d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.
 - Option 3. Historic Participation in Groundfish Fisheries
 - a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 - 2002)
 - b. Communities with residents having any groundfish commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)
 - Option 4. Government Structure
 - a. Communities recognized by the State of Alaska as a first class, second class, or home rule municipality
 - b. All other eligible communities
- C 1.3 Species
- Option 1. All rationalized groundfish species including PSC
 - Option 2. Pollock and Pacific cod and associated species necessary to prosecute the allocation of pollock and Pacific cod
- C 1.4 Allocation
- CFQ awarded to a gulf-wide administrative entity cannot be permanently transferred.
- Option 1. 5% of annual TAC
 - Option 2. 10% of annual TAC
 - Option 3. 15% of annual TAC
- C 1.5 Harvesting of Shares
- Option 1. Limited to residents of any eligible community
- C 1.6 Allocation Basis
- The initial allocation (harvest shares) of CFQ would be made to the administrative entity representing eligible communities.
- Option 1. 0% - 100% of the annual harvest rights from the CFQ owned by the administrative entity would be distributed amongst qualified communities on an equal basis.
 - Option 2. 0% - 100% of the annual harvest rights from the CFQ owned by the administrative entity would be distributed amongst qualified communities on a pro rata basis based on population.
 - Option 3. 0% - 100% of the annual harvest rights from the CFQ owned by the administrative entity from each GOA groundfish management area, by species, would be distributed amongst qualified communities located in the management area on an equal basis.

C 1.7 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.

C 1.8 Administrative Oversight

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

C 2. Community Purchase Program

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

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

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

C 2.1 Administrative Entity

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

C 2.2 Eligible communities

Option 1. Population (based on 2000 Census):

- a. Less than 1,500, but not less than 25.

Option 2. Geography

- a. Coastal Communities without road connections to larger community highway network
- b. Coastal communities adjacent to salt water
- c. Communities within 10 nautical miles of the Gulf Coast
- d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

Option 3. Historic Participation in Fisheries

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

Option 4. Government Structure

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

C 2.3 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.

C 2.4 Administrative Oversight

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