

**CHARTER IFQ STAKEHOLDER COMMITTEE**  
**Final Minutes**  
**Anchorage Alaska**  
**April 18 -20, 2006**

Dr. Dave Hanson, Chair  
Seth Bone  
Bob Candopoulos  
Ricky Gease  
John Goodhand  
Kathy Hansen  
Dan Hull

Joe Kyle  
Larry McQuarrie  
Rex Murphy  
Chaco Pearman  
Greg Sutter  
Kelly Hepler (2 days)

**I. and II. Agenda/Minutes** The committee approved the agenda and corrected minutes from its March 2006 meeting.

**III. Staff reports/Data Requests** The committee reviewed the results of a number of data requests to NOAA Fisheries Service and ADF&G from its March meeting. John Lepore, NOAA GC, reported that the federal government can create dedicated funds, similar 1918 legislation that created the federal duck stamp program. Congress would have to authorize NOAA Fisheries Service to charge fees beyond the cost of administering the permits. These funds then could be used to purchase commercial QS for transfer to the charter sector. NOAA is authorized to charge fees for IFQ and CDQ fee programs. Doug Vincent-Lang reviewed numerous data reports provided by ADF&G, at the committee's request. State logbooks required only halibut effort to be recorded, but not halibut harvests; this may not have been widely understood by participants. So, this may be a policy call by the Council as to whether to rely on logbook data for the analysis even though they were legally required to report, although all may not have complied. If the Council decided to use the logbooks, it could restrict their use as an on/off switch for evidence of participation (since it is likely that at some point in the season, the required halibut data (or groundfish proxy) was recorded, but their use may be more problematic for quota shares based on catch history. The majority of effort data was recorded for ADF&G statistical area and angler days fished. Staff suggested that the Council's December 2006 motion related to limits on a second halibut could be analyzed at 50, 100, 150 lb, indicating a trophy fish. Staff did not make recommendations on which day(s) of the week could be eliminated (per the Council's motion), but referenced the data that was provided to the committee in March. Scott Meyer provided maps of charter halibut fishing effort as previously requested.

**IV. Council update** Jane DiCosimo, NPFMC, reported on the Council's preferred alternative to reduce charter halibut harvests in Area 2C by implementing a 5-fish annual, and on a prohibition on the retention of charter fish by skippers and crew that the ADF&G Commissioner has indicated would likely be implemented by State regulation.

**V. Moratorium alternative** The committee reviewed Council action on the charter moratorium alternative and recommended streamlining its community options. **The committee recommended that the Council defer Issue 1, Option 2 (a and c) to the permanent solution (subsequent analysis)** because it is counterproductive to the goals of an interim moratorium on entry into the fishery. Suboptions a and c open a large loophole that could enable non-permitted operators to enter a business in certain communities that already have charter operations, further drawing down availability against an already strained resource. Communities would still have the option to purchase moratorium permits and (b) operators would still have the option to move an existing business to underdeveloped communities. The committee was concerned with the following:

- latent capacity results in reallocation from the commercial to charter sector
- aim to keep the analysis and program simple
- concern about awarding special privileges to certain communities at the exclusion of others
- all charter harvests apply to the GHL, so why exempt certain communities from moratorium
- permit holders can still move to underdeveloped communities

## Community option under moratorium (from April 2006 Charter Halibut Stakeholder Committee minutes)

### Issue 1. Areas

Option 1. 2C and 3A

Option 2. For Areas 2C and 3A communities previously identified under Amendment 66:

Suboption. ~~Exclude some or all of these communities~~

~~Suboption b. Provide community eligibility through CQE to purchase moratorium licenses between 5 – 25 permits per community~~

~~Suboption c. Provide the qualifying CQE an option to request, on behalf of community residents, additional charter halibut moratorium permits from NMFS for use by residents in the community:~~

~~between 5 – 25 permits per community~~

~~permits requested would have limited duration for any one individual from 5-15 years~~

Phil Smith, NOAA RAM, reported on the requirements for implementation of moratorium permits, if adopted by the Council and approved by the Secretary. RAM staff requires a 60-day application period and 30-60 days to verify and issue permits after the moratorium program is published in the Federal Register and has become effective. To meet that timeline, **the committee unanimously recommended that the Council schedule initial review/final action on a moratorium for entry into the charter halibut fishery as quickly as possible regardless of the meeting location or date to ensure that the program could be implemented in 2008.**

The committee recommended a few other changes to the moratorium alternative to streamline and clarify some of the options. While businesses can hire a skipper, there may be practical reasons why owner/operators, who cannot charter due to medical or military circumstances, are unable to hire a skipper. It added a part under Issue 3, Option 3 to accommodate public testimony to the Council at its April 2006 meeting regarding a military exemption.

**Issue 3. Qualifying years** - State guide business registration for 2004 or 2005 with client activity for bottomfish effort logged in logbook for 2004 or 2005:

Option 1: minimum of ~~(1, 10, 20)~~ 1, 5, 10, or 20 active logbook entry(ies) (1 trip) for bottomfish

Option 2: medical emergencies as developed recently for the commercial QS program and must have at least 1 year of ADF&G logbook activity from 1998-2005.

Option 3: military exemption, as developed recently for the commercial QS program and Army boats and must have at least 1 year of ADF&G logbook activity from 1998-2005 or 1 year of holding ADF&G guide license or guide registration from 1998-2005.

Option 4: under construction as of December 9, 2005, as developed recently for the commercial QS Program and must have at least 1 year of ADF&G logbook activity from 1998-2005.

Option 5: constructive losses (loss of vessels due to fire or sinking)

**and** (under all options) participation in the year prior to implementation unless active military service or medical emergency

The committee recommended streamlining Issue 4 by dropping an option to assign the moratorium permit to the vessel, and clarified that “owner” meant the (current) registered guide business owner or registered guide lessee during 2004 or 2005 and year of implementation.

### Issue 4. Owner v. Vessel

Option 1. ~~owner/operator or lessee~~ registered guide business owner or registered guide lessee during 2004 or 2005 and year of implementation

Option 2. ~~vessel~~

The committee streamlined the evidence of participation, and dropped supplemental evidence since it was not enforceable.

Based on staff comments, the committee recommended that NMFS RAM require an affidavit attesting that all Federal and State requirements for participating as a charter halibut business and/or operator have been met,

otherwise numerous, mandatory proofs of compliance could lead to an evidentiary nightmare. These include the following listed under Issue 5.

**Issue 5. Mandatory evidence of participation:** Require signed affidavit that attests to:

Charter businesses must be able to demonstrate the following requirements for each year of qualification – Use December 9, 2005 control date.

- A. Proof of USCG license for years claimed (recipient or hired skipper). For entire history; if can't prove then don't get history for that skipper, as required
- B. Proof of commercial charter insurance for each of the qualifying years claimed.
- C. Proof of USCG random drug test program for a business for each of the qualifying years claimed. Started in mid-90s; not redundant to USCG license; need to verify that these records are available; inspected vessels have to verify this; have to have this info at place of business for current and past years
- D. Submitted ADF&G logbooks showing groundfish effort for each of the qualifying years claimed.
- E. ADF&G Guide Business License for each of the qualifying years claimed  
Or CFEC license for years prior to Guide License Requirement
- F. Inspected vessels must show proof Certificate of Inspection was current for years claimed in order to receive more than one block for each 30 days of effort. A vessel that fished without an approved COI would be treated as a 6 pack during the years the COI was not current

1.State guide business registration

2.ADF&G logbook submitted in timely fashion, with bottomfish effort

Supplemental evidence of participation:

1.Alaska State business license

2.insurance for passenger hire

3.enrollment in drug testing program (CFR 46)

4.Coast Guard license

The committee clarified language under Issues 6 and 7. Remaining issues were not modified.

**Issue 6. Annual permit renewal criteria** (use it or lose it)

Option 1. do not require renewal

Option 2. must renew, minimum activity of 20 halibut charter days equal to the preferred alternative selected under Issue 3, Suboption 1

Option 3. not renewable, if permit holder lets it expire

Option 4. emergency medical exception

**Issue 7. License Designations**

a. uninspected (6-packs) vessels : 6 clients;

b. inspected vessels: license designation is limited to highest number of clients on any given trip in 2004 or 2005, but not less than 4;

c. 12 packs inspected vessels > 100 gross tons : grandfathered in at previous limit

d. new construction : 6 for uninspected and inspected vessels

e. constructive loss : previous limit

## **VI. Allocation alternative**

The committee reviewed numerous methods to create a permanent allocation to the charter halibut sector. It recommended that: 1) in-season management not be implemented because it would disrupt charter operations and potentially strand charter anglers; 2) mechanisms be implemented to prevent overages; and 3) post-season management be implemented to keep the sector within its allocation. It acknowledged that the amount or block size of commercial quota share that could be acquired to increase the charter allocation are optimal for new entrants in both the commercial and charter halibut fisheries and recommended appropriate limits on consolidation and transfers.

The committee decided against discussing initial allocation in order to focus on the mechanisms for a long term solution and due to the imbalance of sector representation on the committee. It recommended an allocation alternative that, with suboptions, includes 16 formulas for analysis. They include: 1) a percentage allocation that

floats with abundance; 2) an allocation in pounds that stair-steps up and down with abundance; and 3) under either a percentage or poundage allocation, continue to manage in numbers of fish. There are four options for setting the allocation in percent: 1) translate the current GHL into percentages; 2) update the current GHL to 2000-2004 and translate into percentage; 3) determine the percentage of charter halibut catch of the combined commercial/charter catch in 2004; and 4) convert current GHL into percentage based on 2004 harvests. The committee added three methods for calculating the percentages, based on: a) Total Constant Exploitation Yield; b) Combined commercial/charter Fishery Constant Exploitation Yield; and c) Combined commercial/charter catch limit. The committee also included two options for setting the allocation in fixed pounds: 1) equal to the current GHL; and 2) updating the GHL to 2000-2004. The committee added two methods: a) without stair-step up and down; b) with stair step up/down provisions indexed to IPHC methods (a-c), if changed by 5, 10, or 15% of the base years of the initial allocation.

The committee noted that none of the options include IPHC research halibut (consistent with how the GHL was determined). Also, the allocation formulas reference actual catch, and not catch limits. The committee noted that without a stair step feature for fixed allocations, only the commercial sector would have a reduced allocation when stocks declined. Halibut abundance may change over the long term and more or different measures may need to be implemented in response. Declines may be mitigated by transferring (buying) commercial allocation to the charter sector. The committee noted that the commercial sector can better absorb increases than charter sector and may be less able to absorb declines, while the charter side can better plan under a fixed allocation. The committee noted more predictability for the charter sector occurred under the indexed stair-step, compared with a straight percentage. The majority of the committee opposed subarea allocations, while others abstained.

### Issue 1. Allocation

#### Option 1. Fixed Percentage:

	<b>Area 2C</b>	<b>Area 3A</b>	<b>based on</b>
a.	16.37%	15.92%	125% of average harvest of 2000-2004, translated to percentage
b.	13.05%	14.11%	equal to the 1995-99 GHL, translated to percentage
c.	14.7%	12.9%	percentage of combined 2004 commercial/charter catch
d.	12.1%	12.9%	convert current GHL into percentage based on 2004

of: (some crosses are not applicable)

- i. Total Constant Exploitation Yield
- ii. Combined commercial/charter Fishery Constant Exploitation Yield
- iii. Combined commercial/charter catch limit

#### Option 2. Fixed Pounds

	<b>Area 2C</b>	<b>Area 3A</b>	<b>based on</b>
a.	1.693 Mlb	4.011 Mlb	update GHL to 2000-2004
b.	1.432 Mlb	3.650 Mlb	equal to the 1995-1999 GHL
	Suboption 1.	Without step up/down	
	Suboption 2.	With stair step up/down provisions indexed to options i, ii, iii if changed by 5, 10, or 15% of the base years of the initial allocation	

The committee discussed overage/underage policy. IPHC staff recommended that catch limits should be adhered to as a policy. Council staff reviewed the commercial program: 1) overage >10% is a permit violation; 2) 0-10% is deducted from next year's allocation; and 3) underages up to 10% may be allocated next year. If overages were deducted off the next quotas, the committee questioned the confidence interval of data used in this accounting. If year 1 has an overage, but the projection for year 2 increases more than the year 1 overage, then do additional restrictive measures get triggered? The committee noted that better accommodations for transferring allocations to cover overages/underages are dependent on quality of catch accounting. The committee noted that the harvesting capacity differences between sectors does not allow the charter sector to benefit (e.g., from banking) from underages, compared with proposed quick management response to overages. The committee recommended that in-season management should not be implemented to minimize overages and underages. It recommended that overages/underages within 5% of the allocations should not result in a management change, but that >5% overage should lead to restrictive measures. The committee noted a Canadian program that allowed underages to be contracted to the commercial sector. Those funds could be used to compensate reallocations and/or lease commercial QS to fund charter overages.

## **Issue 2. Overage/Underage**

- Option 1. apply overages/underages to the following year's allocations by sector
- Option 2. allow overages/underages to be transferred across sectors
- Option 3. 3 or 5 year rolling average of catch to determine if overage/underage occurred in latest year
- Option 4.  $\pm 5$  or 10% overage/underage results in no management response and  $>5$  or 10% overage/underage leads to change in measures

The committee explored mechanisms to increase the charter sector harvest and to fund that reallocation from the commercial to charter sectors. While some are not regulatory amendments, the committee recommended that the analysis address all options.

## **Issue 3. Mechanisms to increase charter sector harvest**

Purpose statement: To provide: mechanism to increase charter sector harvests with compensation to the commercial sector; increased fishing opportunity to recreational anglers as demand grows; opportunity for charter sector growth in areas that are currently underdeveloped; and maintain stability in coastal communities.

- Option 1. Allow the state to hold commercial QS/IFQ and transfer the poundage/percentage to the charter sector
  - Suboption 1. By purchase of commercial quota share
  - Suboption 2. By lease of commercial IFQs annually
- Option 2. Allow use of commercial QS in the charter sector through permanent transfer (converted to fish) by purchase or conversion.

### Eligibility

- Suboption 1. Must hold a halibut charter limited entry permit to use commercial halibut QS in the charter fish
- Suboption 2. Must hold a halibut charter limited entry permit and be a qualified participant in the commercial halibut fishery (i.e., hold a commercial transfer eligibility certificate) to use commercial halibut QS in the charter fishery

### Permanent Transferability

- Commercial QS is fully transferable across sectors and retains original class designations
  - Allow commercial blocks to be split to transfer smaller pieces to the charter sector.
  - Split blocks retain original block designations
  - Allow transfer of any (A, B, C, or D) vessel class QS for use in charter sector
  - Charter business may not hold more than 1 block of Class D QS  $\geq$  sweep-up level
- Option 3. Allow use of commercial IFQ in the charter sector through temporary leasing (converted to fish)
    - $< 10$  percent of a commercial QS holder's IFQ may be annually leased to charter sector between private individuals
    - Allow commercial blocks to be split to transfer smaller pieces to the charter sector.
  - Suboption 1. Must hold a halibut charter limited entry permit to use commercial halibut IFQ in the charter fish
  - Suboption 2. Must hold a halibut charter limited entry permit and be a qualified participant in the commercial halibut fishery (i.e., hold a commercial transfer eligibility certificate) to use commercial halibut IFQ in the charter fishery
- Option 4. Allow charter halibut limited entry permit holders to convert their permits into increased allocation at initial issuance
    - Suboption 1. Each charter halibut permit is equal to percentage of charter sector allocation based on total number of charter permits (equal shares)
    - Suboption 2. Each charter halibut permit is equal to percentage of charter sector allocation based on class or other designation of limited entry permit

## **Issue 4. Mechanisms to finance compensated reallocation to the current charter sector to allow for growth**

- Option 1. Allow private entities to purchase commercial QS/IFQ and convert to charter allocation; lease back unused allocation at end of year
- Option 2. Business Improvement District (tax on trips dedicated to certain purpose)
- Option 3. Funds from compensated transfer of unused charter allocation back to commercial sector

- Option 4. Allow State to hold IFQs in trust through State bonds (similar to bonds issued recently for construction of State hatchery)
- Option 5. Federal funding/grants/stamp to fund entities to purchase QS and convert to charter allocation

The committee recommended a permanent limited entry program be implemented to replace the proposed interim moratorium on new entrants. It recommended an analysis of vessel classes under the limited entry program, so harvest restrictions would be implemented first on the most recent entrants rather than long-term, full-time operators as an option, or the allocation could extend all season lengths by X number of days if the classes had season lengths attached to it and additional allocation was purchased from the commercial sector. Vessel classes can be developed for each area/subarea (if and when they are defined). The committee recommended the same criteria as in the proposed moratorium alternative.

**Issue 5. LIMITED ENTRY PROGRAM**

**1. Permit recipients**

- Permits would be issued to U.S. citizens or to U.S. companies with 75 percent U.S. ownership. Grandfather currently licensed vessels who do not meet above requirements, until a change in ownership.
- Registered guide business owner or registered guide lessee during 2004 or 2005 and year of implementation
- Business may receive multiple permits associated with vessels owned by business

The committee recommended that all permits recognize vessel capacity to address latent capacity.

**2. Permit endorsement**

- for each area (2C and 3A)
- by vessel type (inspected vessels and uninspected/Super-T vessels)

Permit classes recognize longevity and full-time activity of a professional fleet and are intended to address latent capacity. Elements of the Seward tier plan and KACO plan were incorporated here.

**3. Permit class**

Option 1. No permit classes

Option 2. Permit class

Class A. Immediately transferable if more than or equal to a) 10; b) 30; or c) 50 days each year

Class B. Non-transferable if less than or equal to preferred alternative above [a) 10; b) 30; or c) 50 days] (except to underdeveloped communities immediately, if no permit class is designated)

Suboption. By port/subarea (placeholder for State of Alaska)

Option 3. Permit class based on 1998 - 2005 logbook records of total groundfish effort days per season (100 % transferable; stacking of permits is allowed up to use caps; immediately transferable)

Suboption A. Average of the 3 best years.

Suboption B. 1. Best year and

2. Must have a minimum of 10 annual trips for 3A, and minimum of 6 annual trips for 2C (eliminates Area 3A Class H and Area 2C Class G logbooks)

<u>Area 3A</u>			<u>Area 2C</u>		
	Trips	Avg. # Businesses	Trips	Avg. # Business	
Class H	<10	82	Class G	<6	81
Class G	10 – 25	91	Class F	6 – 10	76
Class F	26 – 35	42	Class E	11 – 25	51
Class E	36 – 45	36	Class D	26 – 35	35
Class D	46 – 55	32	Class C	36 – 45	28
Class C	56 – 65	29	Class B	46 – 55	21
Class B	66 – 75	28	Class A	56 – 65 ceiling	14
Class A	76 – 85 ceiling	25	Unclassified	>66 trips	71
Unclassified	>86 trips	67			

The committee discussed whether to recommend that Class G and H permits would expire after 5 years. The committee noted that businesses with >86 trips in 3A and >66 trips in Area 2C could be multi-boat businesses and each vessel will fall into one of the above classes or could be included in Class A. The committee noted

that an analysis of vessels (instead of businesses) would move many Class A or B vessels to Class D or E vessels, for example. All classes are immediately and fully transferable. For a business/vessel to move between Areas 2C and 3A (or subareas, if adopted), it would have to sell in one area and buy in another. Stacking of permits is allowed up to use caps.

The angler day (rod) permit replaces the transferable seat concept. It could be used with multiple options or by itself. Angler days fished could be applied to either days or trips, depending on half/full day trip operations. It is tied to the years of logbook effort under Option 4. It aims to address latent capacity. Vessel classes could have an angler day designation as Class "A – 4," which translates to 85 days maximum with 4 angler days maximum in Area 3A, for example. To determine individual angler day limits, an applicant would use this formula: total angler days fished (or number of clients logged in, if angler days not filled out) divided by effort days in the chosen season, then round up. Example #1: 265 angler days fished divided by applicant's season of 72 effort days, equals a 3.68 average, rounded up to 4 angler days. In Area 3A, the business would have a Class B – 4 LLP; in Area 2C, it would have a Class A – 4 LLP. Certified vessels and 12 packs would use the same formula.

The committee discussed what would happen to operators whose main business plan is for 2 or 4 clients, but occasionally takes 6 clients. It recommended that the business could buy additional angler day permits to accommodate those extra clients. This program would not increase effort and could enhance enforcement. It could be developed as two separate permits or as an angler day endorsement on the limited entry permit. Options were included for optimal issuance of angler day permits (i.e., wide range of years or best year). A cap on angler day endorsements may not be necessary because permits and endorsements could be stacked. The committee wants to maintain entry level opportunity and has concerns regarding consolidation.

Option 4. Angler day permit endorsement

- Sub-option 1. equal to the maximum number of angler days fished in any one day on the vessel.
- Sub-option 2. equal to best year of 1998-2005 for total number of angler days fished divided by effort days in the chosen season to determine the angler day endorsement.

The committee recommended that an option that based a permit on angler days would address latent capacity. It noted that this may be a hybrid share-based system. Qualified recipients would be issued angler-day units = 1 client fishing bottomfish/halibut in 1 day, using logbook data. Three options for initial issuance and three options for transferability were recommended for analysis. The committee noted that this is very close to a Quota Share plan, but included it because it is tied to a combined allocation, which incorporates provisions that aren't included in the QS alternative.

Option 5. Angler-days (= 1 client fishing bottomfish/halibut in 1 day)

- Initial issuance - award number of angler day units from ADF&G logbooks which correspond to:
  - Suboption 1. Total angler-days during 1998-2005
  - Suboption 2. Average angler-days during best 3 years from 1998 – 2005
  - Suboption 3. Total angler-days during best 3 years from 1998 – 2005

#### Transfers

- Suboption 1. Angler days fully transferable:
  - 1. Permanent: must go through NMFS (RAM division)
  - 2. In-season transfers: allowed between charter businesses
- Suboption 2. Angler days not transferable

#### **4. Permit Transfers (through sale)**

Anyone who can meet State and USCG licenses to charter or anyone who wants to hire skippers may purchase permit(s)

The committee noted that leases need to be quickly issued, simple, and enforceable. Timely reporting would be required for these in-season transfers (leases expire at end of a season).

**5. Permit Leases**

- Option 1. not allowed, except for medical transfer, military or constructive loss
  - Suboption 1: medical emergencies, modeled after proposed commercial QS program changes – needs additional clarification
  - Suboption 2: military exemption, modeled after proposed commercial QS program changes – needs additional clarification.
  - Suboption 3: constructive loss
- Option 2. allowed, limited to use cap

**6. Angler day endorsement leases**

- Option 1. Allow transfers, limited to angler day endorsement caps and within permit class (if such is selected under Issue 3, Option 4)
- Option 2. Allow unlimited transfers
  - Suboption. Substitute angler day permits for angler days in above options

**7. Vessel replacement and upgrade (can switch between permit classes)**

- a. inspected vessels
- b. uninspected vessels
- Option 1. Exclude upgrades of uninspected 12-packs over 100 gross t (“Super-T” (passenger for hire))
- Option 2. Grandfather uninspected 12-packs over 100 gross t

The committee discussed whether to not have use caps, but recognized concerns of excessive consolidation. Vessel and use caps may be redundant only under some options. For example, if vessel class permits and angler day endorsements are selected, the vessel cap would limit the number of vessels that the business could operate but the permit cap would limit the number of angler day permits that could be stacked together. This is also why the two caps have such different ranges. However, the options under the vessel use cap and permit use caps may need to be switched.

**8. Vessel use caps, individually and collectively, with grandfather<sup>1</sup> provision**

uninspected (limited to 6 clients)	inspected and uninspected 12-packs >100 gross t
Option 1. 1 permit	Option 1. 1 permit
Option 2. 5 permits	Option 2. 2 permits
Option 3. 10 permits	Option 3. 3 permits

<sup>1</sup>Grandfathered status is lost if ownership changes, except for block - retains grandfather status

**9. Permit use caps, individually and collectively, with grandfather<sup>1</sup> provision**

uninspected vessels (limited to 6 clients)	F or inspected and uninspected 12-packs >100 gross t
Option 1. 10 permits	Option 1. 3 permits
Option 2. 20 permits	Option 2. 6 permits
Option 3. 30 permits	Option 3. 9 permit

**10. Permit renewal**

- Option 1. do not require renewal
- Option 2. must renew annually
  - Suboption. not renewable, if permit holder lets it expire

**11. Permit stacking - allowed, limited to use caps**

The committee has discussed the apparent conflict between limiting entry into the charter halibut sector while providing new entry opportunities for small, coastal communities which have underdeveloped charter halibut fisheries. Staff reminded the committee that a previous analysis discussed that: 1) providing opportunities for new entrants in communities that do not have charter operations is no guarantee that customers would be hiring those operators and 2) the reason for a lack of charter halibut operators in those communities was likely a lack of clients. The committee discussed its fear of creating competition in communities that already had one or two operators.



The committee noted that a placeholder for subarea designations could be included under the community issue. For example, “K” class permit in Area 3A (around Kodiak which is intermediate between developed and underdeveloped for charter operations) could be created; under this option, those permits could have fewer angler day endorsements than the next class permit, by perhaps 10 days. The committee briefly discussed how to manage movement of QS between communities, but did not offer solutions until the State developed subarea management options.

**Issue 6. Communities**

For Areas 2C and 3A communities:

Criteria for exclusion from list:

1. within 20, 40, 60, 80 nmi of major charter port<sup>1</sup> or
2. more than 10-50 charter trips (any species) per year during 2004-2005 listing that community as port of landing
3. 1-5 number of charter (any species) businesses active in a community:

Option 1. Allow community eligibility through Community Quota Entity (CQE) to *purchase* between 1-10 limited entry permits per community

Option 2. Allow the qualifying CQE to *request* between 1-10 non-transferable limited entry permits per community for use by residents in the community. Permits would have limited duration of 5 years after issuance of permit for use by any one individual. Permits would be issued: 10, 20, or 30 trips per permit in Area 2C and 20, 40, or 60 trips per permit in Area 3A

Stakeholder Committee list of communities that may result from the above criteria

Area 2C	2000 Population	Area 3A	2000 Population
Coffman Cove	199	Akhiok	80
Edna Bay	49	Chenega Bay	86
Hollis	139	Karluk	27
Hydaburg	382	Larsen Bay	115
Kake	710	Nanwalek	177
Kassan	39	Old Harbor	237
Meyers Chuck	21	Ouzinkie	225
Pelican	163	Port Graham	171
Point Baker	35	Port Lions	256
Port Alexander	81	Tatitlek	107
Port Protection	63	Tyonek	193
Tenakee Springs	104		
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12 communities	1,985	11 communities	1,674

**VII. Quota Share Alternative**

As it did under the Allocation Alternative, the committee decided against discussing initial allocation (Issue 1) in favor of long term goals and committee membership. The committee amended Issues 2 (Allocation Issued To) and 3 (Qualification Criteria) to conform to language previously adopted under the moratorium and QS alternatives. The committee devoted considerable time to discussing Issue 4 (Initial Distribution of QS) to address recent participants who entered the fishery after the Council adopted its preferred alternative in 2001.

Issue 4 includes two methods for initial issuance of QS to (long-time and recent) participants. Option 1 would create two pools of participants for: 1) long-time participants (1998-2001) and 2) recent participants (2001+) who

<sup>1</sup> Area 2C: Skagway, Juneau, Haines, Angoon, Elfin Cove, Gustavus, Petersburg, Wrangell, [Craig, Klawock], Ketchikan, Hoonah, Thorne Bay, Sitka, Whale Pass, Metlakatla; Area 3A, [Kenai, Soldotna], [Deep Creek, Ninilchik, Anchor Point], [Homer, Halibut Cove, Seldovia], Seward, Whittier, Valdez, Yakutat, Kodiak

are still active. Pool 1 would receive an allocation equal to their harvest. Pool 2 would receive an allocation equal to the harvest earned by long-time participants who are no longer active. Pool 1 participants would be awarded individual shares based on their average effort, as reported in the 1998-2001 logbooks. Pool 2 participants would be awarded individual shares based on either of two suboptions: 1) a ¼ share of the pool for each year of active participation from 2002-2005 or 2) angler days fished from 2002-2005. Option 2 is simpler and does not provide a longevity bonus directly. Instead all participants are issued QS across vessels per business, based on cumulative number of angler days using the average of their three best years. This may be best for new entrants, but may also reward long-time participants. Skipper and crew halibut counts toward pool total (denominator), but not for individual's share (numerator) of QS/IFQs under both.

**Issue 4. Initial Distribution of QS:**

Option 1. Individual allocations shall be divided between two "pools" of recipients. The intent is that once the quota shares are determined for the recipients in "Pool 1" (1998 through 2001 "Pool 1") those shares are proportionately applied to the initial allocation amount for each area. The remainder of the allocation goes into "Pool 2" for recent participants.

Pool 1 ("Seniority"): Businesses qualified with 1998 through 2001 logbook catch history AND must have business participation in 2005 (or most current year) AND meet the legal qualifying criteria.

Individual business owners would be issued QS based on their average effort reported in the ADF&G logbook for 1998 through 2001 for pool 1 (exclude years when not active (do not average 0 years))

Pool 2 ("Recency"): Active businesses (submitted at least one logbook that reported groundfish fishing days) between 2002 and 2005 AND whose business participated in 2005 AND met the legal qualifying criteria.

Suboption 1. A recipient receives 25% of one potential share of this pool for each year of participation during 2002-2005 (four years). For example, a business with participation in all four years would receive a full share (100%). A business with participation in three years would receive 75% of a full share, etc.

Suboption 2. Use angler day days for days fished to reward client effort (6 angler days v 1 day for the same fishing trip). (or number of clients logged in, if angler days not filled out) (A year with no effort counts as "0")

Option 2. Businesses qualified with 1998 through 2005 logbook catch history AND must have business participation in 2005 (or most current year) AND meet the legal qualifying criteria. Individuals will pick their best three years during 1998 and 2005 (include "0" for years less than 3) and average their total number of angler day days for those three years. (groundfish where halibut not available)

The committee recommended that: 1) any initial charter QS allocation be non-transferable (through sale) to the commercial sector; 2) the analysis examine whether IFQs may or may not be transferred (leased) within the sector; and 3) charter QS/IFQs be transferable within the charter sector for each area; and 4) commercial IFQ transferred to the charter sector could be leased to either sector. The committee noted that charter operators could decide that leasing their QS or IFQs is more profitable than fishing and that the Council should consider whether such activities conform to its policy for this fishery.

**Issue 5. Transfer of QS:**

**Permanent QS transfers**

1. Initially issued QS to the charter sector is fully transferable within the charter sector.
2. QS from the commercial sector purchased by charter operators is fully transferable (two-way) across sectors and retains original designations.
3. QS issued to charter sector is non-transferable to the commercial sector
4. IFQs used in charter sector may/not be leased within the sector
5. IFQs from the commercial sector transferred for use in the charter sector could be leased to either sector

**Temporary transfers (in-season IFQ lease):**

1. [0, 20, 40, 60, 80, 100%] of a charter operators annual IFQ is leasable within the charter sector for no more than 2 out of 5 years of the program.

2. Leasing is defined as the use of IFQ on a charter vessel on which the owner of the QS has less than a 50% ownership interest.
3. a maximum of 30% of a charter operator's annual IFQ may be leased; up to 10% may be leased to commercial sector after August 15; up to 30% maybe leased to charter sector. (allows mop-up by either sector)

The committee did not amend Issue 6 (To receive halibut QS and IFQ by transfer), Issue 7 (Caps), Issue 8 (Miscellaneous provisions), or Issue 9 (IFQs issued in numbers of fish). Issue 10 (Reporting) was left as a placeholder for NOAA Fisheries Service. The allocation under Issue 11 (Community set aside) was not amended, but the committee recommended criteria for determining which communities would be affected to match language under Alternative 2. NOAA Fisheries Service would collect fees to recover incremental costs of administering the program; premised upon ex-vessel value of fish (in the commercial context).

Regarding miscellaneous provisions, committee members expressed concerned about the potential for ADF&G to revise its methodology for determining average weight of charter halibut used to convert numbers of fish into pounds for accounting purposes. It was pointed out that changes in estimates are dwarfed by changes in stock assessments. Some members wanted to lock in ADF&G methodology for determining average weight. ADF&G staff favored incorporating new data or statistical methods into the determination of average weight. The committee raised a general question regarding the 4<sup>th</sup> miscellaneous provision. Electronic daily reporting was determined to be a method for anglers to verify that the operator has sufficient IFQs to cover the angler's harvest.

**VIII. GHL Alternative** The committee considered a separate alternative to revise the GHL with options to add a stair step up/ down or to convert the GHL to a percentage. The committee contrasted the fairness of the current GHL versus time and effort taken away from implementing a permanent solution. After careful consideration, the committee chose not to make revisions to the GHL but instead would like to put a priority on the analysis of a long term solution. Any changes that might have been recommended for GHL revisions occur under the allocation alternative.

**IX. Other alternatives** Several proposals were not included as separate alternatives for analysis, although some had elements which were incorporated into the above alternatives. Under a "Queue Model," access to charter halibut would be gained by the purchase of a harvest ticket or license endorsement by the charter angler. Committee members were concerned about including non-guided anglers under an allocation and the possibility of individual non-guided and charter anglers having difficulty matching their fishing interest with getting a required halibut harvest ticket, and the potential negative effects on tourism. Also, the tickets would accrue value, and could leave fish unharvested if anglers can not easily transfer their ticket to another charter angler. The committee also reviewed an "ABC Plan," whereby vessel classes would be created based on longevity in the charter sector under different allocations. It did not adopt the plan as a distinct option because the concept had been incorporated previously into the alternative. The committee included elements of the "KACO plan," "Valdez leveling plan," and the "Ward option" under Issue 4.

**X. Other business** Gregg Williams distributed a paper presented to the *Sharing the Fish 2006 Conference* [http://www.fakr.noaa.gov/npfmc/current\\_issues/halibut\\_issues/stakeholder/April/CommercialRecreationalCanada.pdf](http://www.fakr.noaa.gov/npfmc/current_issues/halibut_issues/stakeholder/April/CommercialRecreationalCanada.pdf)

**XI. Next meeting** The committee will meet again in Fall 2006 to review the draft moratorium analysis and a report on the permanent solution analysis.

**XII. Adjourn** The meeting adjourned at approximately 4 pm on Thursday, April 20, 2006.

**Attendance** Staff included: Jane DiCosimo, NPFMC; Gregg Williams, IPHC; John Lepore, NOAA General Counsel; Jason Gasper and Phil Smith, NOAA Fisheries Service; Doug Vincent-Lang and Scott Meyer, ADF&G Sportfish Division, Sue Aspelund, ADF&G. Members of the public included: Donna Bondioli, Bryan Bondioli, Holly Van Pelt, and Ed Hansen.