Alaska Seafood Cooperative Report to the North Pacific Fishery Management Council for the 2011 Fishery

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Prepared by Jason Anderson and Beth Concepcion

ALASKA SEAFOOD COOPERATIVE

Wild Seafood Harvested Responsibly

Introduction

On September 14, 2007, the National Marine Fisheries Service (NMFS) published a final rule implementing Amendment 80 to the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Islands management area (BSAI). Amendment 80 provides specific groundfish and prohibited species catch (PSC) allocations to the non-American Fisheries Act (AFA) trawl catcher processor sector and allows the formation of cooperatives. Sector allocations and the formation of cooperatives were intended to assist compliance with the Groundfish Retention Standard (GRS) program.

On January 20, 2008, the Alaska Seafood Cooperative (AKSC) began fishing Amendment 80 allocations. This report summarizes AKSC, its catch for the 2011 fishing year, the processes implemented to ensure that catch limits are not exceeded, and issues affecting AKSC members.

AKSC membership

During 2011, AKSC was comprised of the following six member companies, and sixteen non-AFA trawl catcher processors.

Company	Vessel	Length Overall
M/V Savage	Seafisher	211
Fishermen's Finest, Inc.	American No. 1	160
	U.S. Intrepid	184
Iquique U.S., L.L.C.	Arica	186
	Cape Horn	158
	Rebecca Irene	140
	Unimak	184
Ocean Peace	Ocean Peace	220
O'Hara Corporation	Constellation	165
	Defender	124
	Enterprise	124
United States Seafoods, LLC	Seafreeze Alaska	296
	Legacy[1]	132
	Alliance	107
	Ocean Alaska	107
	Vaerdal	124

[1] The Prosperity LLP is assigned to the Legacy.

Coop management

AKSC activities are governed by a Board of Directors, which is appointed by AKSC Members (Members). Additionally, owners, captains, crew, and company personnel participate and provide input to the cooperative management process. The Members executed a cooperative agreement after extensive discussion and negotiation that outlines harvest strategies, harvest shares, and agreement compliance provisions. The agreement is amended as necessary to improve cooperative management of allocations and PSC, and to comply with regulatory programs.

The AKSC Manager is responsible for day-to-day cooperative management. This includes facilitating communication among the fleet, member companies, and AKSC staff; ensuring compliance with the AKSC agreement and regulatory programs; tracking the AKSC budget; coordinating Board meetings and AKSC activities; ensuring harvest shares are distributed in a timely and accurate manner; and managing the AKSC office and staff. The Manager also completes all cooperative reporting requirements in a timely manner, including applying for annual AKSC catch allocations. Finally, the Manager coordinates with other staff on research, protected species issues, and community outreach to provide catch and operational transparency.

AKSC also employs a full-time Data Manager. The Data Manager is responsible for tracking individual vessel catch and bycatch information relative to allocations; providing regular reports to the coop; securely archiving data; identifying and resolving data errors; and working with the Alaska Region and Observer Program offices to ensure timely information streams. The Data Manager also provides Geographic Information System support and analysis as needed.

Finally, AKSC members employ Seastate, Inc., which assists as a third party in management activities. Seastate, Inc. is the direct observer data link for many of the processes and activities described in this document, specifically, identifying bycatch issues and tracking historic catch and bycatch trends.

Harvest strategy

AKSC has implemented several protocols and practices to maintain regulatory compliance and ensure allocations are not exceeded. These are described below.

Subsequent to receiving annual cooperative allocations, AKSC and Seastate, Inc. staffs calculate individual vessel harvest shares and PSC limits. For each internal harvest share and PSC allocation, a reserve is established so that both individual vessels and AKSC as a whole have a buffer that will be reached prior to the allocation limit. Vessels may not fish into their reserve without Membership approval.

The AKSC agreement also establishes a mechanism for Members to transfer quota among themselves, and other Amendment 80 cooperatives. These transfers must be approved by the AKSC Manager, and may be facilitated by AKSC staff.

Catch monitoring

AKSC receives data from several different sources. Generally, this includes total catch and species composition information from the North Pacific Groundfish Observer Program, Alaska Fisheries Science Center; total catch and species composition information from the Alaska Region; and production data from the Alaska Region. These data are used by NMFS to debit quota accounts and calculate groundfish retention.

The AKSC Data Manager receives observer data, which are archived in a database. The database allows the Data Manager to track various Amendment 80 quota accounts, bycatch amounts, catch of other non-Amendment 80 targets, and transfers among Members. The Data Manager uses the database to summarize catch information and distribute regular catch reports to vessels and AKSC members. The Data Manager also performs routine data quality checks on observer data, and resolves any discovered errors with individual vessels and NMFS.

NMFS Alaska Region quota catch information is provided to AKSC staff on a secure website. As noted above, this information constitutes official AKSC catch. As a quality control measure, the Data Manager compares these data with the corresponding observer data, and resolves discrepancies.

In addition to receiving regular reports from AKSC staff, Seastate, Inc. provides each Member and AKSC staff access to a secure website. This webpage provides vessel owners with vessel-level catch information for Amendment 80 quota species, GOA sideboarded species, and other species of interest. Additionally, the Seastate, Inc. website displays information on vessel and cooperative GRS levels.

AKSC vessels submit daily production reports through a NMFS software program called Elandings. AKSC also collects this information to keep a running tally of vessels' Retention Compliance Standard (RCS).

Observer information is transmitted from the vessel, to the Observer Program Office at the Alaska Fisheries Science Center, then to the Alaska Region office. Data undergoes initial error checking, and individual observer sample amounts are expanded to total catch amounts.

By the time Alaska Region catch information is available to AKSC staff, company representatives, and vessel captains, it is two or three days old. To address this delay, companies have purchased software packages that expand raw observer sample data to total catch amounts,

and assign catch amounts to quota categories. These data expansions mirror NMFS algorithms that expand raw observer sampling data. This software allows vessel captains to analyze catch amounts on a real time basis, and make informed fishing decisions to maximize harvest amounts while minimizing the possibility of vessel overages.

To help ensure accurate quota accounting and compliance, NMFS requires vessels to implement an extensive monitoring package at their own expense:

- 200 percent observer coverage, nearly all hauls are sampled
- Motion-compensated observer scale
- Flow scale for weighing the entire catch
- No mixing of hauls
- No fish on the deck outside of the codend
- Only one conveyor line at the point the observer collects a sample
- Each vessel must be certified to maintain one of three bin monitoring options
- Larger observer sampling station
- Vessel Monitoring System

The above list is collectively designed to improve data quality. High quality catch estimates are important to AKSC members and provide increased confidence in NMFS management information, thus facilitating intra-cooperative trades and quota management.

In addition to these extensive monitoring requirements, AKSC vessels and companies comply with recordkeeping and reporting regulations. While recordkeeping and reporting requirements are complex and create a significant burden to vessel captains and company representatives, these efforts create an authoritative, timely, and unambiguous record of quota harvested.

The Environmental Assessment/Regulatory Impact Review/Final Regulatory Flexibility Analysis prepared for regulations implementing Amendment 80 indicates that monitoring and catch accounting challenges are greater and more complex than other quota programs. To address these challenges and ensure quota limits are not exceeded, NMFS has required, and AKSC vessels have implemented, the extensive and expensive monitoring program described above.

GOA sideboard management

Regulations limit Amendment 80 vessels to historic catch levels by establishing sideboard amounts for several species. To help manage GOA sideboard fisheries, AKSC established a GOA fishing plan. The 2011 GOA fishing plan described management measures AKSC utilized

to ensure individual vessels had access to historical GOA catch amounts for certain rockfish fisheries, and halibut PSC.

Rockfish Pilot Program management

In 2011, AKSC vessels participated in the Rockfish Pilot Program Limited Access fishery, and others were members of two Rockfish Pilot Program cooperatives. For the Limited Access fishery, AKSC staff communicated with NMFS to provide daily catch information to establish appropriate closure dates for Amendment 80 rockfish sideboards and the Rockfish Pilot Program catcher processor sideboards.

2011 AKSC Catch

The following tables provide AKSC catch. All data is rounded to the nearest whole number for reading simplicity. ***AKSC catch during the 2011 fishing year fell within allocation levels, and no overages occurred.*** It's important to understand that fishing behavior and catch amounts under any given year of cooperative operations may not reflect those of other years. Several examples are provided below in the section titled ***OY, TAC setting, Amendment 80 operations, and the need for increased flexibility***.

AKSC initially apportions its annual NMFS-issued allocation to individual companies or vessels. Subsequently, AKSC companies are able to engage in transfers with other AKSC companies or vessels to maximize harvesting efficiencies. Additionally, AKSC engaged in trades with another Amendment 80 cooperative. Because allocations are managed under hard caps, some portion of each of AKSC's allocations will be left unharvested to serve as a buffer prior to reaching allocation amounts.

Bering Sea and Aleutian Islands AKSC Allocated Quota and Catch Amounts

Species	AKSC A80 Allocation (mt)	AKSC Catch (mt)
Cod (Total)	23,232	21,139
Yellowfin Sole	*89,814	85,424
Rock Sole	55,576	42,388
Flathead	29,773	6,965
POP 541	2,095	2,045
POP 542	1,841	1,812
POP 543	3,436	3,403
Mackerel 541	13,694	13,558
Mackerel 542	3,809	3,765
Mackerel 543	545	17

Notes: AKSC received a yellowfin sole reallocation of 1,151 mt on Oct 5. Allocation amounts marked with an asterisk "*" include those amounts. AKSC A80 Allocation amounts also include quota transferred to or from the cooperative.

Bering Sea and Aleutian Islands AKSC PSC Limits and Catch Amounts

Species	AKSC A80 Allocation	AKSC Catch
Halibut Mortality (mt)	1,708	1,321
King Crab Z1 (#)	*95,104	24,557
Bairdi Z1 (#)	*410,906	167,238
Bairdi Z2 (#)	*898,620	268,709
COBLZ Opilio (#)	*3,538,834	204,540

Notes: Halibut mortality is reported as metric tons and crab mortality in numbers. AKSC received a Zone 1 red king crab reallocation of 25,198, a Zone 1 Bairdi crab reallocation of 182,328, a Zone 2 Bairdi crab reallocation of 517,479, and an Opilio crab reallocation of 839,312. All of these reallocations occurred on Oct 19. Allocation amounts marked with an asterisk "*" include those amounts. Additionally, AKSC A80 Allocation amounts include quota transferred to or from the cooperative.

Bering Sea and Aleutian Islands Salmon Catch Amounts

Species	AKSC Catch (#s)
Chinook	563
Non-Chinook	2,715

Notes: Salmon are reported as individual fish.

Northern Bristol Bay Trawl Area Yellowfin Sole and Halibut Catch Amounts

During presentation of the AKSC cooperative report at its April 2011 meeting, the Council requested that the following year's report include catch information from the Northern Bristol Bay Trawl Area (NBBTA). The NBBTA fishery occurs in the summer, but ice conditions in Bristol Bay affect the timing of that fishery. 2011 yellowfin sole and halibut catch amounts from the NBBTA follow.

Species	AKSC Catch (mt)
Yellowfin Sole	4,850
Halibut	1.67

Retention Compliance Standard

The Retention Compliance Standard (RCS) replaced the Groundfish Retention Standard (GRS) beginning in 2011. Regulations implementing the GRS were removed by NMFS through Emergency Rule (and pending proposed and final rulemaking) due to implementation and enforcement issues that became evident after implementation of A80. Details of the GRS issues, and the process for removing the GRS can be found in the EA/RIR/IRFA prepared for this action (http://www.fakr.noaa.gov/npfmc/analyses/GRS211.pdf).

To continue high levels of groundfish retention in a transparent manner, the Amendment 80 sector proposed to internally monitor and enforce groundfish retention according the standards established under Amendment 79. The RCS is implemented through a civil contract with substantial non-compliance fines, and an annual third party audit report provided to the Council. The implementation of the contract mirrors the details of Amendment 79 to avoid confusion, and is calibrated to reflect differences between the calculation described in Amendment 79 and that used to enforce the GRS standard.

The RCS agreement, including the calculation methodology, is appended to this report.

The RCS requires 2011 groundfish retention of 85 percent; AKSC achieved a groundfish retention of 95.2%.

According to Council discussions at the February 2011 meeting, a critical component of the industry monitored groundfish retention program is a third party audit. The results of this audit are also appended to this report.

Findings and Future Issues

The following section highlights management programs and issues that concern AKSC members. Most of these issues were described in previous cooperative reports and are available at: http://www.fakr.noaa.gov/sustainablefisheries/amds/80/default.htm. Issues discussed in these previous reports are briefly summarized in the bullets below. New issues are discussed subsequent to this summary.

- For various reasons, Pacific cod has become a constraining species for Amendment 80 fishermen, and most Pacific cod is harvested as bycatch in other target fisheries. In 2011, only 1,189 mt of the 21,139 mt harvested by AKSC was reported in the cod target. Addressing Pacific cod allocations and revising several management regulations would increase Amendment 80 operational efficiencies.
- On December 13, 2010, NMFS issued an interim final rule to implement additional SSL protection measures (75 FR 77535). These protection measures significantly reduced fishing opportunities for Atka mackerel and Pacific cod in the Aleutian Islands. These closures are also expected to create spillover effects to other Amendment 80 fisheries.
- In 2008, 2009, 2010, and 2011 AKSC was able to operate within PSC allocations using 70, 83, 81, and 80 percent of its halibut mortality allocation respectively. AKSC used a lower portion of its crab limits during these years. However, fishing behavior, halibut distribution, cooperative operations vary due to environmental and market conditions. Additionally, total halibut biomass amounts are near record levels, and the current

biomass features a increasing numbers of smaller halibut. These small halibut are difficult to exclude using traditional halibut excluders.

OY, TAC setting, Amendment 80 operations, and the need for increased flexibility

At its February 2011 meeting, the Council considered a concept that provided additional harvesting flexibility for Amendment 80 flatfish species. Any approach adopted by the Council would maintain it's current 2 million mt optimum yield harvest policy, and individual species harvest would remain below acceptable biological catch limits. To facilitate development of such a concept, the Council asked industry to clarify operational constraints in this report.

As biomasses fluctuate over time, TACs are adjusted accordingly. During years where pollock, Pacific cod, and flatfish biomasses are simultaneously high, industry and the Council must make difficult allocation choices to remain below the statutory 2 million mt BSAI optimum yield (OY) limit. During years when non-Amendment 80 species TACs are high, lowered Amendment 80 TACs result in reduced flexibility and may prematurely stop fishing, particularly with lower yellowfin sole, rock sole, flathead sole, and Pacific cod TACs. The Amendment 80 sector must support TAC amounts that allow for maximum harvest of all species in a wide range of environmental conditions.

To ensure that cooperative quotas are not exceeded, AKSC distributes quota among each of its active vessels, and vessel captains are required by internal agreement to remain below their allocations. At the beginning of each year, companies establish fishing plans for their vessels based on expected environmental conditions, bycatch limitations, and market conditions. In practice, these can rarely be estimated with any precision, and actual fishing plans change throughout the year.

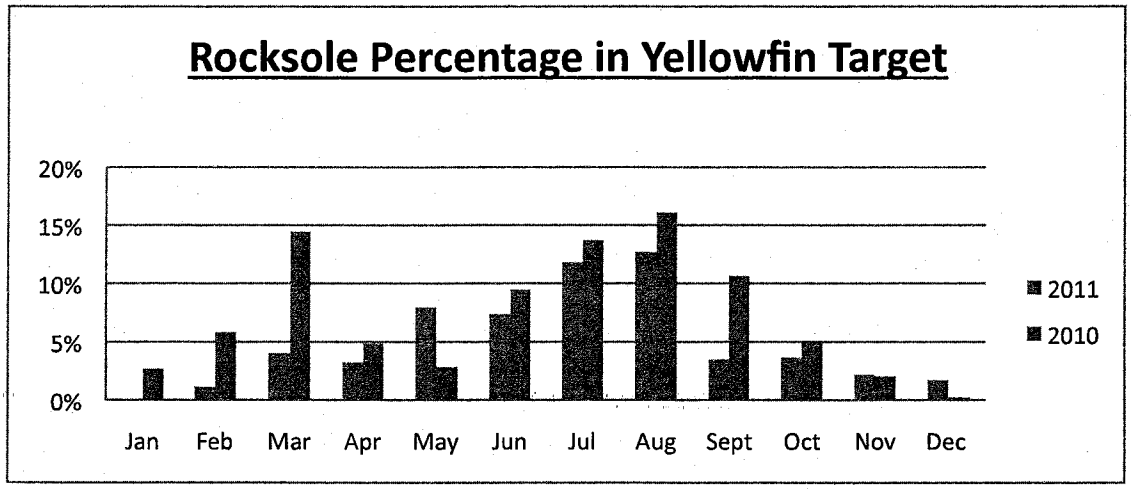
Early in the year, many companies make strategic trades in an effort to maximize their quota portfolio. However, bycatch rates, ice conditions, vessel breakdowns, markets, and other variables are unpredictable. A prudent vessel operator balances these unknowns, and maintains quota balances to increase operational flexibility throughout the year. Underharvesting potentially limiting species early in the year allows maximization of others throughout the remainder of the year.

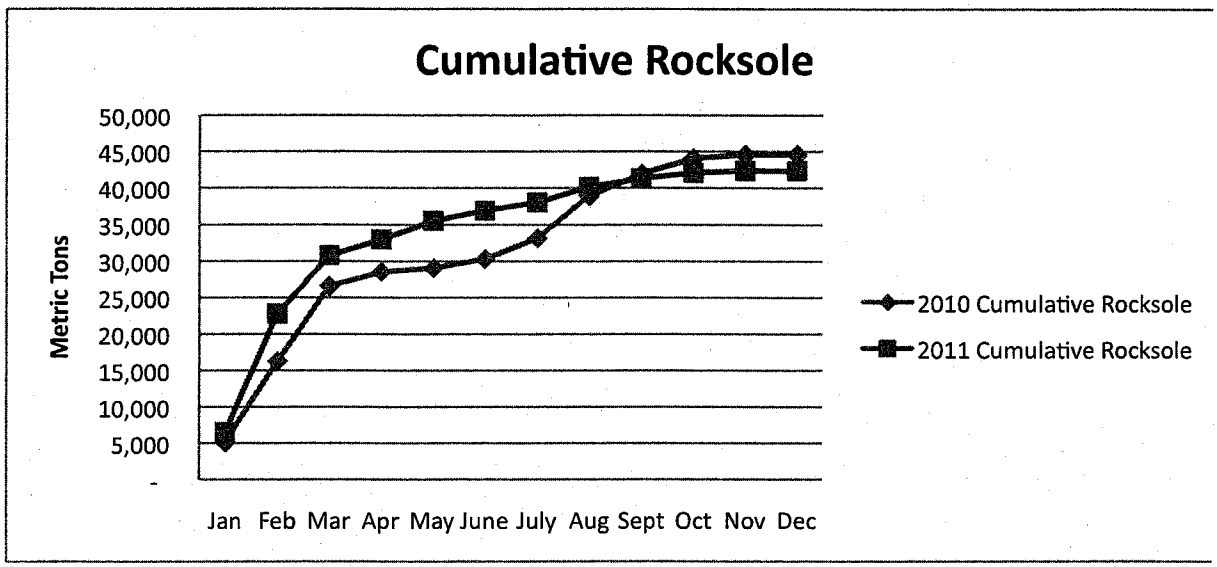
For example, most AKSC companies participate in the late winter rock sole with roe fishery. Because rock sole is hard capped, vessels must maintain a rock sole quota balance to support fishing throughout the remainder of the year. In 2011, vessel captains were conservative and intentionally left a portion of their rock sole unharvested, anticipating that these amounts would be needed during the course of summer and fall yellowfin sole fisheries. This decision was based on 2010 catch rates as a reasonable proxy for 2011. However, rock sole were less aggregated later in the year than they had been at the same time in previous years, and AKSC left 24 percent of its allocation unharvested.

The following table shows rock sole rates in the AKSC yellowfin sole fishery from 2008 through 2011. Rock sole rates vary greatly by year and month (e.g., September). Based on 2010 catch rates from June through September, captains constrained their winter rock sole with roe fishery. However, actual rates during this time were much less. This table illustrates the difficulty of managing rock sole quota from year to year.

Percent Rock Sole in Yellowfin Sole Target (Rock sole to all Groundfish)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	7%	9%	9%	4%	10%	3%	16%	5%	5%	5%	3%	3%
2009	0%	2%	6%	3%	4%	5%	14%	9%	6%	4%	1%	0%
2010	3%	6%	14%	5%	3%	9%	14%	16%	11%	5%	2%	0%
2011	0%	1%	4%	3%	8%	7%	12%	13%	4%	4%	2%	2%

The following figures show a comparison of rock sole rates in the yellowfin sole target for 2010 and 2011, and cumulative rock sole catch. By the beginning of August, cumulative rock sole catch amounts were essentially equal. However, as shown above, 2011 rock sole rates decreased significantly beyond what was experienced in 2010. The difference in catch rates resulted in lower 2011 cumulative catch, and some AKSC rock sole went unharvested. Vessel captains could not have predicted a decrease in rock sole rates in the 2011 fall yellowfin sole fishery. If 2011 rock sole rates would have been similar to 2010, AKSC rock sole catch would have been almost 2,000 mt higher.





As of March 19, 2012, several AKSC vessels from one company have temporarily stopped fishing due to several factors. First, rock sole were abundant and vessel managers curtailed rock sole fishing in favor of maintaining rock sole quota balances to support later year flatfish fishing. Second, ice cover extended into traditional yellowfin sole grounds, eliminating yellowfin sole fishing opportunities. Finally, these vessels traditionally focus on flatfish fishing, and have limited quota for other non-flatfish Amendment 80 species.

Other companies continue to target rock sole, also encountering high rock sole abundance. These companies are essentially gambling that later year rock sole rates will be similar to 2011. However, if rates during fall yellowfin sole fishing mirror those in 2010, some vessels may need to prematurely cease targeting yellowfin sole.

Since AKSC began operations in 2008, AKSC companies have become increasingly adept at maximizing quotas within the context of Amendment 80 hard caps and changing conditions. Companies are less conservative, and internal and external trading has increased. However, due to the current multispecies hard cap nature of Amendment 80 fisheries, these constraints will continue to limit flatfish harvest because companies must maintain a balance of each flatfish species that is sufficient to allow for both operational flexibility and annual fluctuations in actual catch rates.

As noted above, Amendment 85 resulted in decreased cod allocation relative to other allocated species. The following table reflects cod harvest during 2011. AKSC's 2011 total cod allocation was 23,232 mt, while its total allocation for all Amendment 80 species was 222,740 mt. Because cod is harvested in all fisheries, most vessel captains aim for about 10 percent cod relative to all other Amendment 80 species.

2011 AKSC Pacific Cod Percentage Relative to Amendment 80 Flatfish Target												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Percent Cod	10%	11%	7%	12%	8%	6%	22%	16%	9%	16%	9%	11%

In July and August, cod rates in the summer yellowfin sole fishery jumped to 22 and 16 percent respectively. Consequently, most captains chose to leave the yellowfin sole grounds until cod rates decreased. These captains searched for other lower bycatch fisheries, such as arrowtooth flounder.

As the season winds down and captains are better able to predict quota needs, companies may intentionally increase cod harvest to the extent that aggregated cod can be found. However, cod do not tend to aggregate later in the year, and cod bycatch rates in other fisheries vary widely by year. Additionally, where cod aggregations can be found, captains are prohibited by Steller sea lion regulations from directed fishing for cod beginning November 1.

Halibut PSC reflects a similar scenario. By regulation, the Amendment 80 halibut PSC allocation has been reduced by 200 mt over four years. However, Amendment 80 allows captains to leave areas of high halibut bycatch without losing fishing opportunities to other vessels, and overall halibut bycatch has been reduced beyond regulatory allocation reductions. The following table shows 2011 AKSC halibut bycatch by month and fishery. Blank cells indicate that no target fishing occurred in that month.

2011 AKSC Halibut Rates (kg/mt)												
Target	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Flathead sole		34		28	16	23	5	2	28	2		
Yellowfin sole		0	2	4	1	7	14	7	2	5	10	34
Rock sole	6	7	4	8	7	18	9	7	7	23	66	

Notice the relatively inconsistent halibut rates associated with flathead sole target fishery. For the last several years, high halibut rates, high cod rates, and ice cover during typical flathead sole fishing times have resulted in lower than average flathead sole harvest. However, these conditions are impossible to predict during the TAC setting process. In any given year, environmental conditions may change: halibut and cod bycatch in the flathead sole fishery may decrease, and increase in the yellowfin sole fishery. If this occurs, flathead sole may become a more viable target fishery, or flathead sole may be interspersed with other flatfish targets. In

either case, maintaining higher flathead sole quotas are important under the current Amendment 80 management scenario.

The Council is currently scheduled to review a discussion paper at its June 2012 meeting that would address several of the issues described above. Providing additional inseason management flexibility would allow Amendment 80 quota managers to address year-to-year variability within the flatfish fisheries. This could provide relief for the Council TAC setting process by reducing the need to fund quota categories at minimum levels to accommodate unpredictable environmental changes.

Research and Outreach

In addition to harvesting and processing activities, AKSC is actively engaged in several projects to improve the natural and human environment affected by fishing operations. These are briefly described below.

Reducing halibut mortality

AKSC believes operating as a cooperative increases incentives for individual bycatch accountability and optimal use of halibut bycatch mortality limits. AKSC vessels now have a direct relationship between how they utilize their halibut bycatch mortality allowances and how much of their allocated and non-allocated target species are harvested. Therefore, AKSC companies continue to improve utilization of halibut excluders and how they avoid bycatch hotspots through data sharing. Potential reductions in halibut mortality rates through improved halibut handling procedures is another important part of the AKSC's goal to make best use of its halibut bycatch allowances. Increasing halibut survivability is critical to the development of an adequate set of tools to accommodate Amendment 8 halibut PSC reductions.

During a 2009 EFP, AKSC explored alternative halibut handling procedures designed to return halibut to the sea faster, and decrease halibut mortality rates. The average mortality rate for halibut sorted on deck was 45 percent. This was a reduction of almost 50% relative to the current average mortality rate assigned to the EFP target fisheries (75 percent is the current average mortality rate applied to the BSAI flatfish fisheries). Average sorting time on deck for the EFP overall was approximately 27 minutes from the time the net was brought aboard to the time the last halibut was returned to the water or deck sorting was completed.

A subsequent Phase II to this EFP will be conducted in 2012. This EFP will explore additional fisheries and vessels, and incorporate subsampling techniques that should allow sea samplers to return halibut to the sea even quicker. Results of this second EFP will be provided at a subsequent Council meeting.

Community outreach

AKSC representatives have traveled to western Alaska communities to engage with community leaders. During several trips to Nome, Bethel, Dillingham, and Anchorage, AKSC met with representatives from the Bering Sea Elders Group, Kawerak, the Association of Village Council Presidents, the Bristol Bay Economic Development Corporation, the Bristol Bay Native Association, the Qayassic Walrus Commission, and the United States Fish and Wildlife Service. AKSC discussed operations under Amendment 80, provided catch information, and described research to reduce trawl effects to the benthic habitat.

During 2011, AKSC has met several times with the Bering Sea Elders Group, Association of Village Council Presidents, Trustees for Alaska, Native American Rights Fund, and Alaska Marine Conservation Council to consider whether current closures adequately protect western Alaska subsistence resources in the Etolin Strait/Nunivak Island area, while still maintaining access to important flatfish fishing grounds.

Because careful halibut bycatch management is so important to AKSC's ability to harvest its target species allocations, AKSC captains avoid areas with high halibut rates as much as possible. As high concentrations of yellowfin sole migrate across the Bering Sea shelf, AKSC vessels follow these schools as they typically represent high catch per unit effort (CPUE) and low halibut bycatch. As the ice clears, large yellowfin sole spawning schools congregate in very shallow water. At certain times of the year, these may be the only low bycatch areas. Displacement to other areas would result in higher CPUE, longer bottom times, increased costs, and additional habitat effects.

These shallow yellowfin spawning areas are sometimes adjacent to western Alaska communities. Community members have expressed concern to AKSC and the Council about all vessel activities, and their affects on local commercial and subsistence harvests. Our experience thus far has shown that effective communication between communities and the industry is possible and may preclude the need for the Council to take formal action in resolving disputes.

Looking forward

The following is a list of regulatory changes that would increase efficiencies, add flexibility, and help AKSC vessels meet Amendment 80 goals. We welcome the opportunity to work with the Council and NMFS to accomplish these changes.

Change the January 20 annual season start date

January 20 has traditionally been the regulatory start date for all trawl fisheries. This date was established for several reasons, including providing trawl vessels with a single fair start date several weeks after the holiday season. Because AKSC vessels are allocated most of their

traditional target species, allocated PSC limits, subject to hard caps on these limits, and subject to sideboards on non-traditionally harvested species, the Council has eliminated many of the competition scenarios the January 20 start date was designed to mitigate.

This artificial start date creates stress on many of the vendors that we depend on, particularly the shipyards, airlines, and hotels. By moving the January 20 start date back to January 1 for the Amendment 80 sector, AKSC vessels would have additional flexibility to schedule fishing operations around environmental and biological conditions of the fishery, and plan non-fishing or shipyard times. It would also provide twenty additional fishing days, which would be beneficial in allowing us to harvest our quotas.

Provide regulatory mechanism for inter-sector trades

With the formation of the freezer longline cooperative, inter-sector trades of allocated species has become possible. Allowing Amendment 80 and freezer longliners to transfer cod and halibut provides additional flexibility for both sectors.

Remove November 1 cod closure for trawl vessels

As noted above, SSL regulations designed to eliminate directed cod fishing later in the year require NMFS to place cod on bycatch status, and result in discards as vessels operate later in the year. Removing this closure will reduce waste of Pacific cod caused by forced discards, and will also reduce the cost of avoiding cod that are an increasing fraction of the groundfish biomass.

Summary

The Council has designed, and NMFS has implemented, a well-designed program that provides AKSC with the necessary tools to effectively manage Amendment 80 fisheries, minimize bycatch to the extent practicable, and increase retention. AKSC and its member companies are working hard to maximize the goals of Amendment 80 by implementing internal data management and quality control measures that enable companies and vessel captains to maximize allocations. Amendment 80 is arguably one of the most successful, highly regulated rationalization programs to date. For 2011, AKSC catch amounts for this complex multi-species fishery were well below regulatory limits, and the groundfish retention goals have been exceeded. While AKSC companies are pleased with these successes, they have identified management elements that could be improved, and look forward to addressing these with the Council and NMFS.

Attachment 1

Amendment 80 Sector
Retention Compliance Standard Agreement

The North Pacific Fishery Management Council established regulatory retention levels based on historic retention performance for the Amendment 80 fleet. However, while the Amendment 79 analysis in front of the Council examined historic retention rates based on observer estimates in the blend and catch accounting system, the Council ultimately chose to measure retention using groundfish retention standard (GRS) methodology.

Implementation of the GRS resulted in the discovery that the retention calculation methodologies used in the Amendment 79 analysis and the GRS were not equal. As described in the Appendix to this Agreement, these differences averaged nine (9) percent for the Alaska Seafood Cooperative (AKSC). In 2008, the first year of the program, the AKSC retained 91 percent of its groundfish as measured by the Amendment 79 calculation methodology, far beyond the 65 percent required by regulation. However, the GRS calculation methodology only measured retention at 77 percent.

At its June 2010 meeting, the North Pacific Fishery Management Council recommended that NMFS implement an emergency rule to temporarily remove groundfish retention standard regulations. The emergency rule would be in effect while a permanent FMP amendment solution is developed that addresses issues associated with Amendment 79 implementation and enforcement.

To continue to meet Council bycatch reduction goals during development of an alternative retention program, Amendment 80 participants have voluntarily agreed to maintain current high groundfish retention levels by complying with the following retention compliance standard (RCS). In this Agreement, the term "parties" refers to any Amendment 80 cooperative and individual entities assigned to the Amendment 80 limited access fishery.

1. Retention Compliance Standard. Parties agree to meet or exceed an annual RCS of 85 percent (see appendix) using the following calculation methodology:

$$RCS = \frac{\text{Retained Groundfish Catch (Production RWE)}}{\text{Observed Total Groundfish Catch (CAS)}} + 9\%$$

This is the same calculation methodology currently used by NMFS to calculate the GRS, and is annually calculated using the following data inputs:

- Retained groundfish catch is calculated as the total annual round weight equivalent of all retained groundfish species as reported in production data.
- Groundfish catch includes those species listed in Table 2a to 50 CFR 679.
- Observed total groundfish catch is calculated by flow scale measurements, less any non-groundfish, PSC species or groundfish species on prohibited species status.

The RCS is measured on an annual basis. Each Amendment 80 cooperative agrees to meet or exceed the RCS of 85 percent. Each entity participating in the Amendment 80 limited access fishery agrees to operate each of its vessels in such a manner that they meet or exceed the RCS of 85 percent.

2. Monitoring Service. Parties agree that Seastate, Inc. will calculate each vessel or cooperative's annual RCS. Parties agree to take all actions and execute all documents that may be necessary to enable the Monitoring Service to calculate the RCS. In the event of a disputed RCS, an entity or cooperative may verify that data and calculations are correct. However, parties agree to Seastate, Inc. RCS calculations for purposes of compliance with this agreement.

3. Liquidated Damages Calculation. Liquidated damages described below are based on the recommended range of penalties found in the *Draft Policy for the Assessment of Civil Administrative Penalties and Permit Sanctions, NOAA Office of the General Council – Enforcement and Litigation*. That document can be found at http://www.nmfs.noaa.gov/ole/draft_penalty_policy.pdf.

Number of Offenses	Liquidated Damages Amount
1st	$25,000
2nd	$50,000
3rd and every thereafter	$100,000

4. Notice of Apparent Breach. The Monitoring Service shall monitor compliance with the terms and conditions of this Agreement. The Monitoring Service shall notify each party of any party who is out of compliance with the RCS.

5. Liquidated Damages Collection and Related Expenses. A party will pay liquidated damage amounts within ten (10) days of the notification described above. Liquidated damages will be remitted to:

SeaShare

600 Erickson Avenue NE, Suite 310
Bainbridge Island, WA 98110

Liquidated damages amounts not paid when due shall accrue interest at a rate of interest equal to the prime rate of interest announced by Bank of America as of the last day of the voluntary compliance period plus twelve percent (12%). In addition to liquidated damages, parties shall be entitled to an award of the reasonable fees and expenses, including attorneys' fees, a party incurs in connection with any action the party pursues to collect liquidated damages from the party in breach of this Agreement.

6. Annual third party audit. Each party agrees to conduct an annual audit of the RCS calculation and the data used within the calculation. Results of this audit will be reported to the parties, and the Council (see below.)

7. NMFS and Council reporting. Each party agrees to report its annual RCS to the Council at each April Council meeting. Cooperatives will include the RCS in their annual cooperative report, and Amendment 80 limited access participants shall create an RCS report. Each report will include the results of the third party audit above.

8. Agreement Term and Termination. This Agreement shall take effect January 20, 2011 and shall remain in effect until replaced by regulations implementing a Council approved groundfish retention program or until amended by the parties.

9. Miscellaneous.

   a. This Agreement contains the entire understanding of the parties as to the matters addressed herein, and supersedes all prior agreements related to the same. No amendment to this Agreement shall be effective against a party hereto unless in writing and duly executed by such party.

   b. This Agreement shall be governed by and construed in accordance with applicable federal law and the laws of the State of Washington. Venue for any action related to this Agreement shall be in King County, Washington.

   c. The parties agree to execute any documents necessary or convenient to give effect to the intents and purposes of this Agreement.

d. All notices to be given hereunder shall be in writing and shall be deemed given upon the earlier of when received or three days after mailing addressed in accordance with the attached contact information.

e. This Agreement shall be binding on the successors and assigns of all parties hereto.

f. In the event that any provision of this Agreement is held to be invalid or unenforceable, such provision shall be deemed to be severed from this Agreement, and such holding shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

g. Any dispute related to this Agreement shall be submitted to arbitration in Seattle, Washington upon written request of any party. The party's written request shall include the name of the arbitrator selected by the party requesting arbitration. The other party shall have twenty (20) days to provide written notice of the name of the arbitrator it has selected. If the other party timely provides such notice, the two arbitrators shall select a third arbitrator within twenty (20) days. If the other party fails to select an arbitrator within such period, then arbitration shall be conducted by the single arbitrator originally designated. However, if the other party responds within such period and designates an arbitrator, the three arbitrators so selected shall schedule the arbitration hearing as soon as possible thereafter. Every arbitrator, however chosen, shall have experience in, or experience advising entities that have experience in, the commercial fishing industry of the Bering Sea, shall have no material ties to either party to the dispute, or to any other Amendment 80 Quota Share holder unless the parties agree otherwise, and shall have executed a confidentiality agreement satisfactory to the parties. The decision of the arbitrator, or, in the case of a three-arbitrator panel, the decision of the majority, shall be final and binding. The arbitrator, or, in the case of a three-arbitrator panel, the majority of the arbitrators, shall select the rules of arbitration.

h. Nothing contained in this Agreement shall be construed to make the parties to this Agreement partners, joint venturers, co-owners or participants in a joint or common undertaking. The parties may otherwise engage in or possess an interest in other business ventures of every nature and description, independently or with others, including but not limited to the ownership, financing,

management, employment by, lending to or otherwise participating in businesses which are similar to the business of the other parties, and no party shall have any right by virtue of this Agreement in and to such independent ventures or to the income or profits therefrom, nor shall any party by virtue of this Agreement be subject to any obligations or liabilities arising out of or related to such businesses. The parties agree that their mutual obligations under this Agreement extend only to their groundfish retention activities, and nothing in this Agreement shall be construed as permitting or obligating its parties to collaborate in any other manner.

10. Faxed or Electronic Signatures; Counterparts. This agreement may be executed in any number of counterparts, each of which shall be an original, and all of which, taken together, shall constitute one and the same instrument. Signatures transmitted by facsimile or electronic mail are fully effective for all purposes.

EXECUTED as of December 17, 2010.

Appendix 1

Analysis of Proposed Retention Compliance Standards

Amendment 79 currently requires that the Amendment 80 sector meet a retention standard that increases from 65% in 2008 to 85% in 2011. The Amendment 79 analysis examined the changes in retention percentages by looking at historical data. Throughout the analysis, computations of historical retention percentages and increased retention tonnages were made using "blend" and/or catch accounting system (CAS) data. Total catch and retained catch were derived from these data sources, both of which use a mixture of production and observer data as the basis for calculations. Thus, retention percentage based on the blend (from here on "blend" refers to either the older blend formula or the post-2003 CAS estimate) would be determined as:

$$Rb = \frac{Retained\ catch\ (blend)}{Total\ catch\ (blend)}$$

where (*blend*) indicates a data source that is comprised of a mix of observer and production data. The Council ultimately chose to define a groundfish retention standard expressed as the ratio of the round weight equivalent of retained product to total catch, or:

$$GRS = \frac{Retained\ catch\ (production\ RWE)}{Total\ catch\ (blend)}$$

Throughout the Amendment 79 analysis, there exists an implied assumption that the retention percentage calculated by the new GRS method would be the same as the retention percentage calculated by Rb. However, this assumption was not examined in the analysis and no production round-weight equivalents were presented that would allow a reader to compute the GRS standard that was adopted. Data presented below indicate that the GRS formula returns a significantly lower number than the Rb retention percentage calculation used throughout the analysis. The effect of this difference is to require much greater retention of catch by the Amendment 80 fleet than was anticipated by the Council.

The Amendment 80 sector had, preparatory to coop formation, requested blend, CAS, and WPR information from NMFS. An analysis of those historic data shows a marked contrast to results and conclusions on the effects of the various Amendment 79 alternatives presented in the analysis. In the first year of operation under Amendment 79, vessel operators were able to increase both Rb and GRS dramatically. The GRS is consistently less than Rb, and AKSC vessels were still only able to achieve 77% under the GRS calculation. Using the Amendment 79 analysis methodology (i.e., with Rb as a proxy for GRS), Rb increases from 77% to 91% between 2007 and 2008. However, the fleet's apparent retention is still only 77% because it is now measured by GRS rather than Rb.

Harvest and retention by Blend/CAS and produce RWE for AKSC vessels. Tremont (<125') excluded 2005-2007 because of incomplete data. Seastate data received from NMFS.

Year	Blend / CAS total catch	Blend / CAS retained catch	Production report retained retained catch	Blend / CAS retention (Rb) %	Groundfish retention standard retention (GRS) %	Difference: CAS-GRS
1999	155,667	101,856	88,633	65%	57%	8%
2000	178,563	120,474	98,705	67%	55%	12%
2001	158,781	116,455	102,434	73%	65%	9%
2002	190,247	132,061	116,800	69%	61%	8%
2003	188,257	129,620	114,116	69%	61%	8%
2004	217,658	145,767	130,801	67%	60%	7%
2005	201,586	153,673	136,311	76%	68%	9%
2006	196,360	151,422	133,929	77%	68%	9%
2007	211,325	163,437	147,119	77%	70%	8%
2008	260,296	235,580	200,161	91%	77%	14%
2009	251,602	226,886	203,673	90%	81%	9%
Average	200,940	152,476	133,880	75%	66%	9%

The average difference between the1999-2009 blend and GRS calculations is 9%. Therefore, GRS percentages would need to be adjusted downward to meet Council intended retention goals as they understood them during deliberations of Amendment 79. These adjustments are reflected in the following table.

GRS Schedule	Annual GRS	Annual RCS
2010	80%	71%
2011 and each year thereafter	85%	76%

[SIGNATURE PAGES FOLLOW]

Attachment 2

FISHERIES INFORMATION SERVICES
413 SW Butterfield Place Corvallis, OR 97333
541-602-1609

Jason Anderson
Manager, Alaska Seafood Coop

March 23, 2012

PROCEDURES FOR AUDIT OF RETENTION COMPLIANCE STANDARDS FOR ALASKA SEAFOOD COOP

PURPOSE and DEFINITIONS:
The purpose was to provide an independent determination of annual retention rate of groundfish for Alaska Seafood Coop (ASC) boats in Bering Sea/Aleutians (BSAI) groundfish fisheries in 2011. The rate is defined as round weight equivalent of all retained groundfish (production) divided by observed total groundfish catch.

DATA SOURCES and CONFIDENTIALITY:
FIS agreed with ASC to keep all data confidential. All raw data is in the purview of National Marine Fisheries Services (NMFS). After receiving permissions from each company, NMFS Alaska Region staff provided to FIS data for each of the sixteen boats that participated in 2011 cooperative fisheries.

DATA SCOPE and FORMAT:
Data was received for 16 boats. There are two types of data. *Production* data was aggregated by species and product type, converted to round weight equivalence. *Observed total groundfish catch* is from the NMFS Catch Accounting System (CAS) and was aggregated by species group and round weight.

DATA PROCESSING:
Through the use of Excel Pivot tables, annual summaries by species for each boat were produced, including all FMP groundfish species listed on table 2a of the regulations. For each boat, total production was divided by total observed groundfish to determine its retention percentage. Total production for all boats was divided by total observed groundfish for all boats to determine the cooperative's retention percentage.

DATA RECONCILIATION AND EVALUATION
Rates that appeared to be outliers were flagged but no data errors were found. NMFS actions requiring discards of skates and other rockfish occurred on Sept. 22 and Sept. 24 respectively. While *required* discards should not be included in this exercise, estimated amounts were small enough that when they were discounted, the fleet average retention percentage did not change (although retention percentages for several boats improved very slightly).

DATA SUMMARY
The totals for all sixteen boats were 250,947 mt of production (in round weight) and 291,198 mt of observed groundfish, for a Coop rate of 86.2 %.

Janet Smoker

Janet Smoker