

**GULF OF ALASKA GROUND FISH RATIONALIZATION
ALTERNATIVES, ELEMENTS AND OPTIONS**

NOTE: Underlined provisions are recommendations of the Advisory Panel.

2 Harvest Sector Provisions

2.1 Management Areas :

Areas are Western Gulf, Central Gulf, and West Yakutat—separate areas
For Pollock: 610 (Western Gulf), 620 and 630 (Central Gulf), 640 (West Yakutat)

- **SR/RE and thornyhead will be divided between SEO and WY**
- **The allocation of rockfish bycatch to the halibut IFQ fishery will be on a NMFS management area basis**
- **Non RE/SR thornyhead trawl catch history in SEO during 95-98 utilized in calculation of WYAK allocation**

SEO: exempt except for Shortraker, Roughey, and thornyhead as bycatch species. Allocation will be based on target catch in non RE/SR and thornyhead, sablefish, halibut and DSR and P.cod fishery

Gear: 1. Applies to all gear except jig gear– the jig fishery would receive an allocation based on its historic landings in the qualifying years – the jig fishery would be conducted on an open access basis

2. Gear would be accounted for in a manner similar to sport halibut harvests in halibut IFQ fishery

suboption: Cap jig harvest at

1. 125%

2. 150%

3. 200%

of current harvest by species and area. Motion passed 22/0

2.2 Qualifying periods and landing criteria (same for all gears in all areas)
(The analysis will assess AFA vessels as a group)

Option 1. 95-01 drop 1

Option 2. 95-02 drop 1

Option 3. 95-02 drop 2

Option 4. 98-02 drop 1

Motion passed 19/2

2.2.1 Qualifying landing criteria

Landings based on retained catch for all species (includes WPR for C/P sector)

NOTE: Total pounds landed will be used as the denominator.

Catch history determined based on the poundage of retained catch year (does not include meal)

Suboption: catch history for p. cod fisheries determined based on a percentage of retained catch per year (does not include meal)

2.2.2 Eligibility

LLP participation

Option 1 Eligibility to receive catch history is any person that holds a valid, permanent, fully transferable LLP license.

Suboption1: Any person who held a valid interim LLP license as of January 1, 2003.

Suboption 2: Allow catch history to be awarded to a person with a qualified lease for a bare boat charter and the accompanying permanent fully transferable LLP if required. Motion passed 22/0

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e. moratorium qualification or LLP license) of an LLP qualifying (i.e. GQP, EQP, RPP and Amendment 58 combination) vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. Only one catch history per LLP license.

Non-LLP (State water parallel fishery) participation

Option 2: Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Option 3: Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Option 4: Allow catch history to be awarded to a person with a qualified lease for a bare boat charter.

The AP requests the council have NMFS RAM review LLP transfers and report on the frequency with which the transferrals also include provisions governing catch history. Motion passed 19/0

2.3 Target Species Rationalization Plan

Target Species by Gear

2.3.1 Initial Allocation of catch history

Option 1: Allocate catch history by sector and gear type

Option 2: Allocate catch history on an individual basis

a. Trawl CV and CP:

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, Pelagic shelf rockfish

b. Longline CV and CP:

Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder

c. Pot CV and CP:

Pacific Cod

2.3.2 Harvest share (or QS/IFQ) Designations

2.3.2.1 Vessel categories

- Option 1. No Categories
- Option 2. Vessel Categories as follows
 - Vessels < 60'
 - Vessels >= 60' and < 125'
 - Vessels >= 125'

2.3.2.2 Harvest share sector designations:

- Option 1. No designation of harvest shares (or QS/IFQ) as CV or CP
- Option 2. Designate harvest shares (or QS/IFQ) as CV or CP. Annual CV harvest share allocation (or IFQ) convey a privilege to harvest a specified amount. Annual CP harvest share allocation (or IFQ) conveys the privilege to harvest and process a specified amount. Designation will be based on:
 - Actual amount of catch harvested and processed onboard a vessel by species.
 - b. All catch in a given year if any was legally processed onboard the vessel by species.

2.3.2.3 Harvest share gear designations

- Option 1. No gear designation
- Option 2. Designate harvest shares as Longline, Pot, or Trawl
- Option 3. Longline and pot gear harvest shares (or IFQ) may not be harvested using trawl gear.
- Option 4. Pot gear harvest shares (or IFQ) may not be harvested using longline gear

2.3.2.4 If a closed class of processor or processor share alternative is chosen, CV harvest shares will be issued in two classes. Class A shares will be deliverable to a qualified processor or processor share holder (as applicable). Class B shares will be deliverable to any processor.

Option: Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

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

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

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

2.3.3.2 Restrictions on transferability of CP harvest shares

- Option 1. CP harvest shares maintain their designation upon transfer
- Option 2. CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea, if CP harvest shares are processed onshore after transfer, CP harvest shares converts to CV harvest shares

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

- a. all CP shares
- b. trawl CP shares
- c. longline CP shares

2.3.3.4 Vertical integration

Harvest shares initial recipients with more than 10% limited threshold ownership by any holder of processing shares or licenses are:

- Option 1. capped at initial allocation of harvest CV and CP shares
- Option 2. capped at 115-150% of initial allocation of harvest CV shares
- Option 3. capped at 115-150% of initial allocation of harvest of CP shares

2.3.3.5 Definition of sea time

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

2.3.3.6 Leasing of QS (“leasing of QS” is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as “hired skipper” requirement in halibut/sablefish program).

- Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Option 2. No leasing of CP QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Option 3. Allow leasing of CV QS, but only to individuals eligible to receive QS/IFQ by transfer.
- Option 4. Allow leasing of CP QS, but only to individuals eligible to receive QS/IFQ by transfer.
- Option 5. Sunset [CP – CV] QS leasing provisions [3 – 5 – 10] years after program implementation.

2.3.3.7 Separate and distinct harvest share use (“ownership”) caps

Vessel Use caps on harvest shares harvested on any given vessel shall be set at two times the use cap for each species. Initial issues that exceed the use cap are grandfathered at their current level as of a control date of April 3, 2003; including transfers by contract entered into as of that date. Caps apply to all harvesting categories by species with the following provisions:

Apply individually and collectively to all harvest share holders in each sector and fishery.

Percentage-caps by species are as follows (a different percentage cap may be chosen for each fishery):

- i. Trawl CV and/or CP (can be different caps):

Use cap based at the following percentile of catch history for the following species: (i.e., 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

- Suboption 1. 75 %
- Suboption 2. 85%
- Suboption 3. 95 %

- ii. Longline and Pot CV and/or CP (can be different caps)

based on the following percentiles of catch history for the following species:

Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish

- Suboption 1. 75 %
- Suboption 2. 85%
- Suboption 3. 95 %

- iii. Conversion of CP shares:

1. CP shares converted to CV shares
 - Option 1: will count toward CV caps
 - Option 2: will not count toward CV caps at the time of conversion.
2. Caps will be applied to prohibit acquisition of shares in excess of the cap.

Conversion of CP shares to CV shares alone will not require a CP shareholder to divest CP shares for exceeding the CP share cap.

2.3.3.8 Owner On Board Provisions

Provisions may vary depending on the sector or fishery under consideration (this provision may be applied differently pending data analysis)

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as “owner on board” shares. This exemption applies only to those initially issued harvest share units.

Suboption 1. No owner on board restrictions.

Suboption 2. A portion (range of 5-100%) of the quota shares initially issued to fishers/ harvesters would be designated as “owner on board.”

NOTE: The Council may revise the upper end of the range.

Suboption 3. All initial issuees (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares for a period of 5 years after implementation.

Suboption 4. Shares transferred to initial issuees in the first 5 years of the program would be considered the same as shares initially issued (range of 5 –100% of the quota shares). See above NOTE

Suboption 5. “owner on board” shares transferred by initial issuees, after the grace period, would require the recipient to be aboard the vessel to harvest the IFQ.

Suboption 6. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of (Range 1-3 years).

2.3.3.9 Overage Provisions

a. Trawl CV and CP:

Suboption 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year’s annual allocation or IFQ. Underages up to 10% of last trip harvest shares (or IFQ) will be allowed with an increase in the subsequent year’s annual allocation (or IFQ).

Suboption 2. Overage provisions would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be charged if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

b. Longline and pot CV and CP :

Overages up to 10% of the last trip will be allowed with rollover provisions for underages— greater than a 10% overage results in forfeiture and civil penalties. An overage of less than 10% results in the reduction of the subsequent year’s annual allocation or IFQ. This provision is similar to that currently in place for the Halibut and Sablefish IFQ Program (CFR 679.40(d)).

Suboption. Overages would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

2.3.3.10 Retention requirements for rockfish, sablefish and Atka mackerel:

Option 1. no retention requirements

Option 2. require retention (all species) until the annual allocation (or IFQ) for that species is taken with discards allowed for overages

Option 3. require 100% retention (all species) until the annual allocation (or IFQ) for that species is taken and then stop fishing.

2.3.3.11 Limited processing for CVs

Option 1. No limited processing

Option 2. Limited processing of **all rationalized** species by owners of CV harvest shares is allowed consistent with limits set in the LLP program which allows up to 1, **5, and 10 mt** of round weight equivalent of groundfish to be processed per day on a vessel less than or equal to 60ft LOA. ***Motion passed 21/0***

2.3.3.12 Processing Restrictions

Option 1. CPs may buy CV fish

a. 3 year sunset

Option 2. CPs would be prohibited from buying CV fish

a. 3 year sunset

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

a. Exempt bycatch amounts of these species delivered with flatfish (***2.1.3.3.12***)

2.4 Allocation of Bycatch Species (2.1.4, 2.2.14.2)

Thornyhead, rougheye, shorttraker, other slope rockfish, Atka mackerel, and trawl sablefish
Includes SEO Shorttraker, Rougheye, and Thornyhead rockfish.

Option 1. Allocation of shares

a. Allocate shares to all fishermen (including sablefish & halibut QS fishermen) based on fleet bycatch rates by gear:

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

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

b. Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.

Suboption. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached

c. Bycatch allocations will be awarded to the owners of sablefish and halibut QS, rather than the LLP holders. *Motion passed 21/0*

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

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

Option 4. Allow trawl sablefish catch history to be issued as a new category of sablefish harvest shares (“T” shares) by area. “T” shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.

Suboption. These shares may be used with either fixed gear or trawl gear.

Option 5. Permit transfer of bycatch QS

i. Groundfish harvest shares and bycatch shares are non separable and must be transferred as a unit.

ii. Groundfish harvest shares and bycatch shares are non separable and may be transferred separately

2.5 PSC Species (2.1.5)

2.5.1 Accounting of Halibut Bycatch

Pot vessels continue their exemption from halibut PSC caps.

Hook and line and trawl entities

Option 1. Same as that under IFQ sablefish and halibut programs

Option 2. Cooperatives would be responsible for ensuring the collective halibut bycatch cap was not exceeded

Option 3. Individual share or catch history owners would be responsible to ensure that their halibut bycatch allotment was not exceeded

2.5.2 Halibut PSC Allocation

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the directed fishery harvest shares. Bycatch only species would receive no halibut allocation.

Initial allocation based on average halibut bycatch by directed target species during the qualifying years. Allocations will be adjusted pro rata to equal the existing PSC cap.

Option 1. By sector average bycatch rates by area by gear

a) Both sectors

b) Catcher processor/Catcher Vessel

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

Halibut PSC harvest share are separable from target groundfish harvest shares and may be transferred independently. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

Option 1 . 0%

Option 2 . 5%

Option 3 . 7%

Option 4 . 10%

Option 5 . Exclude any halibut PSC transferred for participation in the incentive fisheries

2.5.4 Permanent transfer of Halibut PSC harvest share mortality

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

Suboption. exempt Pacific cod

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

2.5.5 Retention of halibut bycatch by longline vessels

Halibut bycatch may be retained outside the halibut season from Jan 30 to start of commercial fishery, and from end of commercial fishery through December 15.

Option 1. retention is limited to (range 10-20%) of target species

Option 2. permit holder must have sufficient harvest shares (or IFQ) to cover landing

2.6 Incentive species

Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.

Owners of shares must utilize all their shares for an incentive species before participating in incentive fishery for that species.

Option: The portion of historic unharvested West Yakutat TAC will be made available as an incentive fishery, subject to provision of incentive fisheries

2.6.1 Eligibility to fish in the incentive fisheries

A. The unallocated QS for the incentive fisheries are available for harvest, providing the vessel has adequate PSC and bycatch species and the vessel is a member of a GOA fishing cooperative.

B. Any quota holder qualified to be in a coop.

2.6.2 Allocation of incentive species in the incentive fisheries

Option 1. The individual coop member’s apportionment of the allocated incentive species QS must be used prior to the individual gaining access to the incentive fishery unallocated portion. The coop will notify NMFS when a vessel enters the incentive fishery quota pool.

Option 2. The coop’s allocation of incentive species QS must be fished before gaining access to the unallocated portion of the incentive species quotas. The coop members through a contractual coop agreement will address catch accounting amongst the coop members.

Option 3. For vessels not participating in a sector coop, the unallocated incentive species are available for harvest once the non-coop sectors allocation of the incentive species has been used. Allocation or individual IFQ holders allocation of the incentive species has been used. Motion passed 20/0.

2.7 Preserving entry level opportunities for p.cod

2.7.1 P.cod harvest share for H&L and pot lowest producer would remain tied to a block of quota and could only be permanently sold or transferred as a block.

Suboption 1: 10,000 pounds constitutes one block

Suboption 2: 20,000 pounds constitutes one block

2.7.2 Eligible participants would be allowed to hold a maximum of one, two, or four blocks. Lowest producer harvest shares earned as a bycatch in the halibut sablefish ITQ program would be exempt from the block program.

Motion passed 20/0

2.8 Skipper/Crew and Second Generation

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

Option 1. No skipper and crew provisions

Option 2. Allocate percentage to captain:

Suboption 1. Initial allocation of 2% shall be reserved to qualified captains

Suboption 2. Initial allocation of 5% shall be reserved to qualified captains

Suboption 3. Initial allocation of 7% shall be reserved to qualified captains

Option 3. Allocate percentage to skippers and crew:

Suboption 1. Initial allocation of 7% shall be reserved for captains and crew

Suboption 2. Initial allocation of 10% shall be reserved for captains and crew

Suboption 3. Initial allocation of 15% shall be reserved for captains and crew

Motion passed 12/10.

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

2.9 Communities

NOTE: Bering Sea and Western Alaska CDQ communities may be excluded from community programs.

2.9.1 Regionalization

The following applies to both Central and Western Gulf areas:

If adopted, all processing shares or licenses allocated to shorebased (and floating) processors will be categorized by region.

- Processing shares or licenses that are regionally designated cannot be reassigned to another region.
- Catcher vessel harvest shares are regionalized based on where the catch was processed, not where it was caught.
- Catcher processor shares and incentive fisheries are not subject to regionalization.
- Qualifying years to determine the distribution of shares between regions will be consistent with the preferred alternative under “Element 1, Qualifying Periods”.
- Bycatch species will not be regionalized.** *Motion passed 20/0*

Central Gulf: Two regions are proposed to classify harvesting and (if adopted) processing shares: North - South line at 58° 51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area).

The following fisheries will be regionalized for shorebased (including floating) catch and subject to the North - South distribution: Pollock in Area 630; CGOA flatfish (excludes arrowtooth flounder); CGOA Pacific ocean perch; CGOA northern rockfish and pelagic shelf rockfish (combined); CGOA Pacific cod (inshore); GOA sablefish (trawl); WY pollock

Western Gulf: The following fisheries will be regionalized for shorebased (including floating) catch: Pacific cod in Area 610; pollock in Area 610; pollock in Area 620

- Option 1. Dutch Harbor (Akutan)/Sand Point
- Option 2. Kodiak/Sand Point
- Option 3. Both

NOTE: Boundaries will be defined in June based on public testimony (staff will attach a detailed map of the GOA to aid in boundary identification).

2.9.2 Community Fisheries Quota (CFQ)

2.9.2.1 Administrative Entity

- Option 1. Gulf wide administrative entity
- Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)
- Option 3. Community level

2.9.2.2 Eligible Communities

- Option 1. Population:
 - a. Less than 1,500 residents
 - b. Less than 2,500 residents
 - c. Less than 5,000 residents
 - d. Less than 7,500 residents

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 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 nmi from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

Option 3. Economy (based on all fish).

Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources.

- a. GOA fisheries dependant communities defined as communities with range of 10-30% of their base industry economy is harvesting or processing related (includes all fisheries).
- b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries)
- c. All GOA communities

2.9.2.3 Species

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

2.9.2.4 Allocation

Harvester shares

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC
- Option 4. 20% of annual TAC

Processing shares

- Option 5. 5% of annual processing allocation
- Option 6. 10% of annual processing allocation
- Option 7. 15% of annual processing allocation
- Option 8. 20% of annual processing allocation

2.9.2.5 Harvesting of Shares

- Option 1. Limited to residents of eligible communities that own their vessels
- Option 2. Limited to residents of eligible communities
- Option 3. No limitations on who harvests shares

2.9.2.6 Use of Revenue

- Option 1. Community development projects that tie directly to fisheries or fishery related projects and education.
- Option 2. Community development projects that tie directly to fisheries and fisheries related projects, education and government functions.
- Option 3. Education, social and capital projects within eligible communities as well as governmental functions.

2.9.3 Community Purchase Program

Eligible communities.

Option 1. Population:

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

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 miles of the Gulf Coast

Option 3. Economy (based on all fish).

Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources.

- a. GOA fisheries dependant communities defined as communities with a range of 10-30% of their base industry economy is harvesting or processing related (includes all fisheries).
- b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries)
- c. All GOA communities

2.9.4 Community Incentive Fisheries Trust (CIFT)

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

2.9.4.1 Harvest Share Distribution

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

2.9.4.2 CIFT Designation

Option 1. One CV CIFT for entire GOA (exclude SEO)

Option 2. Regional CV CIFTs :

- Suboption 1. Central GOA (Kodiak, Chignik)
- Suboption 2. Western GOA
- Suboption 3. North Gulf Coast (Homer to Yakutat)

Option 3. CP-based CIFT

Defer remaining issues to a trailing amendment

2.10 PSC Crab, Salmon, and Other Species (Excluding Halibut)

Prepare a discussion paper to describe processes currently underway to address bycatch of salmon, crab and herring and other forage fish species (including FMP amendments and PSEIS options for crab bycatch). The paper should (1) provide timelines and how they relate to the GOA rationalization timeline; (2) describe fishery, survey, and habitat data sources that will be used. Based on the recommendations in the paper, the Council would determine if (1) existing processes are sufficient or if some measures need to be more closely

linked to rationalization decisions, and (2) if other or additional management approaches are appropriate to include in a rationalized fishery in a trailing amendment.

Put Section 2.10 (PSC Crab and Salmon) on the same status with other trailing amendments (including skipper/crew shares; fee and loan program; CIFT issues). The discussion paper would be done parallel to the EIS similarly to how analysis of the other trailing amendments is planned.

2.11 Review and Evaluation

2.11.1 Data collection.

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of this program will be developed in the analysis of the alternatives.

2.11.2 Review and Sunset

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

- Suboption 1. 5 year after fishing under the program
- Suboption 2. 7 year after fishing under the program
- Suboption 3. 10 year schedule after fishing under the program
- Suboption 4. No sunset provision.

Option 2. Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

2.12 Sideboards

GOA Groundfish sideboards under the crab rationalization plan and under the AFA would be superceded by the GOA rationalization program allocations upon implementation. Motion passed 22/0.

Participants in the GOA rationalized fisheries are limited to their historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

Vessels (Steel) and LLPs used to generate harvest shares used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments.

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

3 Processing Sector Provisions
 3.1 Provisions for a Closed Class of Processors

3.1.1 Harvester Delivery requirements
 3.1.1.1 **Closed class delivery requirements**

- Option 1
 50-90% of CV harvest share allocation will be reserved for delivery to
 i. the linked qualified closed trawl or fixed class processor.
ii. any qualified closed trawl or fixed or large or small class processor
 The other 50 -10% of CV harvest share allocation can be delivered to:
 i. any processor including CPs
 ii. any processor excluding CPs

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

3.1.1.2 Option for linkage:

- a. A harvester’s processor linked shares are associated with the qualified fixed or trawl closed class large or small processor to which the harvester delivered the most pounds of groundfish during**
a. the last [1, 2, or 3] years of the harvester allocation base period.
b. the last [1, 2, or 3] years prior to implementation.

If the processor with whom the harvester is associated with is no longer operating, the harvester is eligible to deliver to any qualified processor. Motion passed 21/0

- b. Processor delivery obligations (applies if closed class of processors alternative is selected)**

For the first two years, 90% of a CV cooperative’s harvest share allocation (or CV IFQ holder’s linked shares) will be reserved for delivery to the associated qualified processor. The other 10% of harvest share allocation can be delivered to:

- i. any processor including CPs**
i.any processor excluding CPs

In year 3, B shares will be increased by:

Option 1. 10, 20, or 30% increments in any region

Option 2. Be determined by the number of buyers (facility or entity) in any region.

| Processor number | Closed A share class | Open B share class |
|-------------------------------|----------------------|--------------------|
| Five or more large processors | 70-90% | 10-30% |
| Four large processors | 60-80% | 20-40% |
| Three or less processors | 50-70% | 30-50% |

Motion passed 15/5

3.1.1.3 Penalties for moving between linked processors

A No share reduction for moving between processor year to year

B A one, two, or four year 10-20% share reduction each time a harvester moves to a different linked processor. There shall be a limit on the voluntary migration of harvesters from linked processor to linked processor such that no processor loses more than 20% of its annual allocation in any single year

The share reduction shall be redistributed to:

- i. The shareholders in association with that processor that the shareholder left (if it continues to exist).**

- ii. To all cooperatives in the sector on a pro rata basis.
(applies if mandatory cooperatives)

Option 3. Penalty to move depends on the amount of open access B share fish. Vessel leaves A share for one year.

| Closed A share class | Open B share class | Penalty on closed class A shares |
|----------------------|--------------------|----------------------------------|
| 90% | 10% | 10% |
| 80% | 20% | 20% |
| 70% | 30% | 30% |
| 60% | 40% | 40% |
| 50% | 50% | 50% |

Motion passed 16/5/1.

Option 4. One year penalty in open access. *Motion passes 21/0*

3.1.1.4 Small producing vessel provisions

A. Small producing vessels are defined as:

Option 1. H&L or pot CVs receiving less than average QS initially allocated by gear, species and area

Option 2. H&K or pot CVs receiving less than the 75th percentile QS initially allocated by gear, species and area

B. Provisions for small producing vessels

Option 1. Small producing vessels are exempt from closed class delivery provisions

3.1.2 Closed Class Processor Qualifications

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

Option 1. 1995 – 1999.

Option 2. 1995 – 2001

Option 3. 1995 – 2002

Option 1

a. Trawl eligible Processors

Option 1. 2000 mt

Option 2. 1000 mt

Option 3. 500 mt

b. Fixed gear eligible Processors

Option 1. 500 mt

Option 2. 200 mt

Option 3. 50 mt

c. Trawl and fixed gear eligible processors

i) Meet criteria for both the closed class trawl process catch and closed class fixed gear process catch as described above.

Option 2:

a. Large closed class processor

Option 1. 2000 MT

Option 2. 1000 MT

Option 3. 500 MT

b. Small closed class processor

Option 1. 500 MT

Option 2. 200 MT

Option 3. 50

c. Open class processor – no groundfish landing qualifications – can purchase any amount of open class B share QS. Motion passed 20/0

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

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

Option 2. Facility owner

Suboption: Custom processing history would be credited to:

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

3.1.2.3 Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

Option 1. Within the same community

Option 2. Within the same region

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

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

Option 2. Processing use caps for small closed class processors

i. 1000 to 2000 MT

ii. 2000 to 3000 MT

(note: there is no limit on the amount of fish either a small or large closed class processor can buy from the open B share classed fish) Motion passed 20/0

3.1.2.5 Processing Caps may apply at:

Option 1. the facility level

Option 2. the entity level

3.1.2.6 Closed class license ownership restrictions

Option 1. No restrictions

Option 2. Trawl/fixed license holders cannot hold any fixed gear licenses. Motion passed 20/0

Option 3. Large closed class processors cannot hold small closed class processors licenses. Motion passed 17/3

3.2.1 Section was deleted as the AP did not recommend a 2 pie alternative

A motion to add options to phase out the closed class of processors (closed class of processors will expire) failed 15/6

The Council should include some options for an analytical discussion that would provide for a phase out of the closed class of processors. The market protections and market allocation that are provided for in the closed class of processors is meant to provide protections from many of the transitional economic disruptions that may impact the processing sector as a result of rationalization. Providing three options for further consideration and analysis that would provide for the phase out of the closed class of processor designation after 3 years, 4 years, and 5 years respectively, is reasonable. A fully competitive environment in the processing sector should be restored at the earliest possible moment after rationalization, especially as P.cod pollock and other groundfish stocks increase or are more fully utilized. Signed: Jeff Stephan, Duncan Fields, Dave Fraser, Michelle Ridgway

A motion to exempt fixed gear vessels from closed class processor delivery failed 7/15

The motion to exempt all fixed gear from processor linkage in Alternative 3 reflects the uniqueness of the GOA codfish fishery. As stated in the minority report on qualifying years, the GOA codfish fishery has, by far, the most vessels participating, the most diverse fleet, both by gear type and vessel size, the most problems associated with participants in the State parallel fishery, and the most economic dependency by Alaska fishermen from Alaska's coastal communities. The exemption for fixed gear vessels from processor linkage will facilitate GOA rationalization. Signed: Duncan Fields, Jeff Stephan, Sandra Moller, Michelle Ridgway, Eric Olson, Dan Falvey, Bill Jacobson.

4 Cooperative Provisions

4.1 Cooperative type (voluntary or mandatory)

- Option 1 Cooperative membership will be voluntary (i.e., harvest shares (IFQ) will be allocated to non-members)
- Option 2 Cooperative membership will be mandatory (i.e., harvest shares will be allocated only to cooperatives)

4.2 Cooperative formation

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

- i. any type
- ii. the same area, gear, vessel type (CV or C/P), and/or vessel length class.
- iii. the following classes of shares/history
 - CV trawl
 - CV longline
 - CV pot
 - C/P trawl
 - C/P longline
 - C/P pot
- iv. All CV in the same area (WGOA and CGOA & WY combined)

- CV trawl
- CV fixed gear
- CV longline
- CV pot Motion passed 20/0

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

4.2.1.1 Processor affiliated vessels may join cooperatives.

4.2.1.2 Option 1. No association required Motion passed 19/3

Option 2. CV cooperatives must be associated with

- a) a processing facility
- b) a processing company

The associated processor must be:

- a) a licensed processor
- b) a qualified processor (if closed processor class is selected)
- c) the closed class processor to which the share holder's shares are linked
- d) any processing share holder (if processor shares are selected)

Option 3: A harvester is eligible to join a cooperative associated with the qualified fixed or trawl closed class large or small processor to which the harvester delivered the most pounds of groundfish during
a. the last [1, 2, or 3] years of the harvester allocation base period.
b. the last [1, 2, or 3] years prior to implementation.
If the processor with whom the harvester is eligible to form a co-op is no longer operating, the harvester is eligible to join a co-op with any qualified processor. Motion passed 21/0

- Subsuboption i) Processors can associate with more than one co-op
- Subsuboption ii) Processors are limited to 1 co-op per plant for each sector.

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

4.2.2 Cooperatives are required to have:

- i. at least 4 distinct and separate harvesters (using the 10% threshold rule)
- ii. at least 50-100 percent of the harvest shares (or catch history) of its sector (may choose different percentages for different sectors).
- iii. 50-100% of shareholder entities belonging to its sector. Council may choose different percentages for different sector. Motion passed 22/0**
- iv at least 50-75 percent of the harvest shares (or catch history) of the eligible harvest share (or catch history) for each coop associated with its processor Motion passed 22/0**

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

4.2.3 Duration of cooperative agreements:

- a. 1 year
- b. 3 year
- c. 5 year

4.2.4 Allocation Prerequisites

Allocations to CV co-ops will only be made under the following conditions:

Required Co-op agreement elements:

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

~~1. A price setting formula for all fish harvested by the co-op~~

4.3 Rules Governing Cooperatives

4.3.1 Annual Allocations

- Option 1 Annual allocations of cooperative members would be issued to the cooperative.
- Option 2 Annual allocation of the sector would be issued to the sector cooperative (if “true” sector cooperative alternative is selected)

4.3.2.1 Co-op allocations.

Co-op members may internally allocate and manage the co-op’s allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.

4.3.2.2 Monitoring and Enforcement

Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op’s allocation of target species, non-target species and halibut mortality, as may be adjusted by interco-op transfers.

4.3.2.3 Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.

4.3.2.4 Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.

~~4.3.2.5 Ownership and usage of CV cooperative allocations~~

~~— At least 20% of the harvester allocation share owned by the co-op processor owned vessels must be available for lease to other co-op harvesters, at prevailing market lease rates. b.No mandatory leasing provision Motion to delete section 4.3.2.5 passed 22/0~~

4.3.2.6 Moved to 3.1.1.2

4.3.2.7 Co-ops may engage in intercooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).

4.4 Ownership and Use Caps and Underages

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

4.4.2 Coop use caps for harvest shares on any given vessel shall be:

Option 1. Set at the same level as the individual vessel level.

Option 2. 3 times individual vessel use cap.

Option 3. No use caps

Motion passed 22/0

4.4.3 To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.

4.4.4 Underage limits would be applied in the aggregate at the co-op level

4.5 Movement Between Cooperatives

- 4.5.1 Harvesters may move between cooperatives at:
 - ii. the end of each year.
 - iii. the expiration of the cooperative agreement.
 - iv. No movement in the first two years *Motion passes 22/0***

4.5.2 moved to 3.1.1.3

- 4.5.3 License Transfers Among Processors (applies only if closed class of processors)
On transfer of a license by a processor:

- a) any cooperative association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction on departing the cooperative, as would have been made in the absence of the transfer.
- b) any cooperatives associated with the license will be free to associate with any qualified processor. Harvest share/history holders in the cooperative will be free to move among cooperatives without share/history reduction.

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

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

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

Option 2 Are not allowed to participate in the rationalized fisheries until they join a co-op.

TRAILING AMENDMENTS

The Council intent is for these trailing amendments to be implemented simultaneously with the main rationalization program.

1.Fee and Loan Program

2.Skipper/Crew Share Program issues:

3.Remaining issues of CIFT program

4. PSC Crab, Salmon, and Other Species management