



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Oceanic and Atmospheric Administration**  
NATIONAL MARINE FISHERIES SERVICE  
NORTHEAST REGION  
One Blackburn Drive  
Gloucester, MA 01930-2298

December 19, 2001

Dear Northeast Multispecies  
Limited Access Permit Holder:

In hopes of addressing the problem of excess permitted capacity in the Northeast multispecies fishery, the U.S. Congress has appropriated funds to compensate holders of Northeast Multispecies Limited Access Permits (permit holders) who voluntarily surrender their permits, and I invite you to participate in this program.

The Northeast Fishing Capacity Reduction Program (FCRP) plans to distribute up to \$10-million. Permit holders who wish to participate should use the enclosed form to submit a bid in the amount they would seek to be compensated for permanently retiring their multispecies permits.

The limited-access permits surrendered under the FCRP will be retired permanently. The multispecies permit history associated with the surrendered permit will be invalidated from use in qualifying for any future multispecies permitting program. Unlike previous buyback programs, this program does **not** require that you give up your vessel, and you may retain all of your other currently valid Federal permits.

*Setting a bid amount.* The bid you submit should depend on the value and risks you associate with the business opportunity represented by the permit. You may wish to consult industry magazines and newspapers with classified advertisements for permit exchanges. Detailed instructions for submitting your bid are listed on the submission form.

Bids may be submitted in any amount. NMFS will employ the competitive bid ranking process to determine which bids represent the best value for the Government and will be accepted first. This competitive process is the first incentive for permit holders to submit reasonable bids. NMFS must make good use of the allocated funds, and will not make awards to unreasonable bids, even if funds are available to do so. The methods for determining the maximum bid amounts that NMFS will consider are detailed in the enclosed Federal Register notice (66 FR 65454, December 19, 2001).

*Bid ranking.* To ensure that the greatest amount of multispecies fishing capacity is removed by the FCRP at the best value for the Government, NMFS has developed a method for ranking bids based on cost per unit capacity. Bids will be ranked by dividing the bid by the product of the estimated fishing capacity (EFC) and the days at sea (DAS) currently associated with the permit; that is: Ranking Factor (RF) = Bid ÷ [EFC x DAS].



The lowest RF will represent the best value for the Government. The RFs will be listed in ascending order, and NMFS will make awards until all the funds are committed or until bids exceed the relative bid cap and/or are no longer considered reasonable.

The EFC associated with each permit has been determined through a programming method called Data Envelopment Analysis (DEA). For permit holders with a history of groundfish landings, the EFC is based on average daily landings in the time period 1998-2000, compared to landings from similarly configured vessels. Averages for the time period were used in order to account for circumstances which may have resulted in unusually high or low landings. Permit holders who do not have recent groundfish landings had their EFC calculated based on statistical methods which included the EFC of those vessels with landings.

The value labeled "EFC" in the block below represents NMFS' estimate of the fishing capacity associated with your permit in terms of pounds of groundfish per day.

This estimate may not reflect your actual experience. Your vessel may have caught consistently more or fewer pounds per day. The EFC is based on both your groundfish landings history and vessel characteristics. It assumes that vessels with groundfish landings will fish as they have in the past and are subject to the regulations that existed in the 1998-2000 timeframe. For vessels which have no landings history (latent permits), the DEA assumes that vessels can fish anywhere in the region and are subject to the same operating conditions as those faced by active vessels. Though the EFC may not fully conform to your own recent experience, the DEA does provide a proper relative rating of capacity that will support consistent results in the bid ranking process.

The following table provides the range of EFC estimates by permit category and may help you determine how the EFC for your permit compares to the rest of the multispecies fleet.

	All Cat.	Cat. A & F	Cat. B & G	Cat. C	Cat. D	Cat. E
Minimum EFC	202	1201.5	202	1305	493	1425.06
Mean	2188	3200	2081	1558.4	1979	3185
Maximum EFC	7156	7156	6895	1859	4032.2	5058

*Payment.* NMFS will make payments to successful bidders as soon after the close of the bidding period as possible. The method of payment--by grant, purchase order, or contract--will depend on the amount of the awards.

*Liens.* If you plan to submit a bid and surrender your multispecies permit, you must first inform anyone who holds a lien against your vessel and consider whether the loss of your permit would affect the lien. You must certify that you have done so prior to the receiving any payment under this FCRP.

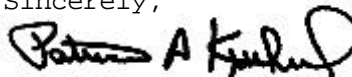
*Taxes.* Funds received through participation in the FCRP may be considered taxable income. It is the sole responsibility of the program participant to comply with local, state, and Federal tax regulations.

*Privacy.* Bids and business information related to bids that are not accepted will not be made public. Information on removed permits, accepted bids, and associated vessels may be released publicly after awards are made.

*Comments and Questions.* Pursuant to the National Environmental Policy Act an environmental assessment (EA) has been prepared that describes the potential effects of this program on the environment. The EA concludes that environmental effects of this FCRP are likely not to be significant. If you would like to receive a copy of the EA, please contact NMFS staff at the numbers below.

If you have questions about the program, please contact Jack Terrill, (978) 281-9136, or Dan Morris, (978) 281-9237. NMFS staff are not free to discuss bid information or to assist you in developing your bid. I encourage you to consider participating in the FCRP. This is a great opportunity for you to be compensated for helping to solve the problem of over-capacity in the multispecies fishery.

Sincerely,



Patricia A. Kurkul  
Regional Administrator

enclosures:

1. FR notice
2. FCRP bid submission form