



2015 Annual Report of the Golden Tilefish Individual Fishing Quota Cost Recovery Program

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Background

The Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) requires NOAA's National Marine Fisheries Service (NMFS) to collect fees to recover the "actual costs directly related to the management, data collection, and enforcement" of an Individual Fishing Quota (IFQ) program (16 U.S.C. 1854(d)(2)). The law provides that the fee be paid by IFQ allocation shareholders, based on the ex-vessel value of fish landed under the program. Ex-vessel value is calculated as the price paid to the vessel per pound multiplied by the total weight landed. The fee may be up to, but cannot exceed, 3 percent of the ex-vessel value of the fish harvested under the IFQ program.

Although the golden tilefish fishing year runs from November 1 through October 31, the cost recovery fee is based on expenses and landings made during each calendar year. The 2015 calendar year (January 1, 2015, through December 31, 2015) was the sixth year of the tilefish cost recovery program.

Use of Funds

Payments received as a result of the tilefish IFQ cost recovery program are deposited in the Limited Access System Administrative Fund as required by the Magnuson-Stevens Act. Funds deposited in this account are available only to the Secretary of Commerce and may only be used to defray the costs of management and enforcement of the fishery for which the fees were collected. Therefore, fees collected as part of this cost recovery program will be used for management and enforcement of the tilefish IFQ program.

Determining Ex-Vessel Value

Because the fee obligation must be based on a percentage of the ex-vessel value of the tilefish IFQ fishery, it is necessary to calculate those values based on landings and the price paid to the vessel. Federally permitted tilefish dealers are required to report the landed weight of and price paid for all tilefish purchased. Ex-vessel prices vary over the course of the year, but the small number of vessels and dealers participating in the tilefish IFQ fishery make it practical to use an exact total value from each landing of IFQ tilefish. For the 2015 calendar year, the total of all tilefish IFQ landings was 1,294,654 pounds (live weight) with a total ex-vessel value of \$5,075,467. This represents a decrease in both landed weight and total value from 2014, when landings were 1,734,725 pounds (live weight) and ex-vessel value was \$5,501,343.

Cost of Management and Enforcement

We have determined the recoverable costs associated with the management, enforcement, and data collection in the tilefish IFQ program only include the incremental (or attributable) costs of the IFQ program. It does not include costs that would have been incurred in the administration of the tilefish fishery if an IFQ program did not exist. In addition, costs associated with the initial development of the IFQ program are not included in recoverable costs.

We calculated personnel costs by multiplying staff hours spent on tasks directly related to the IFQ program by the hourly salary rates for those individuals. Salary rates include the Government's share of benefits on a prorated basis. We calculate contract expenses as the cost of contract employees prorated for the percentage of time the contract employees spent on tasks directly related to the IFQ program. In the 2015 fee period, the recoverable expenses primarily consisted of time spent by personnel working on tasks related to the administration of the IFQ program in the following divisions in the Greater Atlantic Regional Fisheries Office:

Analysis and Program Support Division (APSD)

APSD is responsible for most of the tasks associated with the ongoing operation of the tilefish IFQ program. These include issuing annual IFQ allocation permits as well as processing and tracking both temporary leases and permanent quota share transfers. APSD handles cost recovery tasks, such as generating individual fees, mailing bills, tracking payments, and sending reminders or withholding permits for any late payments. APSD also conducts quality control of fishery-dependent data and tracks landings against tilefish IFQ allocations.

Sustainable Fisheries Division (SFD)

SFD has primary responsibility for the management and implementation of the Tilefish Fishery Management Plan, which includes the tilefish IFQ program. SFD staff provides oversight to the IFQ program's allocation monitoring and cost recovery components, and generates this annual report. SFD is the principal point of contact with the Mid-Atlantic Fishery Management Council and implements any needed and approved regulatory changes.

Information Resource Management (IRM)

IRM is responsible for development and maintenance of the technological infrastructure of the tilefish IFQ program. This infrastructure includes the internal databases and computer systems for handling allocations, the Fish Online website, and the web interface to the U.S. Department of the Treasury's Pay.gov service, which processes the cost recovery payments. These systems are critical to the monitoring of the IFQ program because they track the individual landings, IFQ leasing, and permanent allocation transfers that take place in the tilefish IFQ fishery.

Operations and Budget Division (OBD)

OBD ensures the calculations of program personnel and other costs are correct and meet required standards. In addition, OBD coordinates the use of collected receipts to ensure that the money is used to support the management of the fishery in which it was collected.

Stakeholder Engagement Division (SED)

This division contains our port agents in the Region, as well as our communications team. SED determined that there were no recoverable expenses associated with the tilefish IFQ program during 2015.

Office of Law Enforcement (OLE)

OLE special agents and enforcement officers ensure compliance with the Nation's marine resource laws and take enforcement action when these laws are violated. OLE determined there were no increased enforcement activities as a result of the tilefish IFQ program and, therefore, there were no recoverable expenses during 2015.

NOAA General Counsel (GC)

The Northeast Section of the NOAA Office of General Counsel provides legal advice to NMFS and the Councils and reviews management actions for consistency with applicable legal requirements. GC determined that there were no recoverable expenses associated with the tilefish IFQ program during 2015.

Table 1 provides details of how the recoverable costs were calculated by division within the Greater Atlantic Regional Fisheries Office of NMFS.

Table 1. Recoverable costs associated with management and enforcement of the tilefish IFQ program, 2015.

Greater Atlantic Region Divisions	SFD	APSD	IRM	OBD	SED	OLE	GC	Total
Personnel †	\$1,094	\$12,678	\$4,682	\$2,249	\$-	\$-	\$-	\$20,703
Travel	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Printing & Postage	\$-	\$23	\$-	\$-	\$-	\$-	\$-	\$23
Contracts	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Supplies	\$-	\$1	\$-	\$-	\$-	\$-	\$-	\$1
Equipment	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Other	\$-	\$17-	\$-	\$-	\$-	\$-	\$-	\$17-
Total	\$1,094	\$12,719	\$4,682	\$2,249	\$-	\$-	\$-	\$20,744

Greater Atlantic Region Divisions: SFD (Sustainable Fisheries); APSD (Analysis and Program Support); IRM (Information Resource Management); OBD (Operations and Budget); SED (Stakeholder Engagement Division); OLE (NOAA Office of Law Enforcement); GC (NOAA General Counsel).

† Personnel costs include all benefits

Calculating the Fee Percentage

The calculated 2015 tilefish IFQ fee percentage was 0.4087%. We calculated the fee percentage based on the total fishery ex-vessel value of \$5,075,467 and total recoverable program costs of \$20,744 using the following formula:

$$\frac{\$20,744}{\$5,075,467} \times 100 = 0.4087\%$$

Calculating IFQ Allocation Fees

To determine the appropriate fee for each IFQ shareholder, we use the ex-vessel value of each specific tilefish IFQ landing and multiply the sum of those values by the fee percentage. Under the tilefish IFQ program regulations, an IFQ shareholder is responsible for the IFQ fee based on the value of the landings of tilefish authorized under his/her initial allocation of tilefish quota. This includes landings made on any quota that he/she may have leased to another IFQ permit holder. The IFQ tracking program that we developed is able to identify all tilefish IFQ leases

and attribute landings to the original shareholder. If a vessel landing tilefish has IFQ available from both an initial allocation and from a lease, we attribute tilefish landings to the leased quota first. If there is quota from multiple leases, we attribute landings based on the order the leases were processed, on a first-in, first-out basis.

Payment Due Date

We mailed bills for the 2015 tilefish IFQ fee to the 12 allocation shareholders on March 22, 2016. Allocation shareholders have 45 days (until May 6, 2016) to pay the balance due through the Pay.gov section of the Greater Atlantic Region’s Fish Online website. Failure to pay the balance due on time may result in suspension of the tilefish IFQ permit, which would prohibit transferring or leasing IFQ allocation or landing tilefish in excess of the incidental limit.

Changes from Previous Years

Total recoverable costs can fluctuate from year to year. Some management tasks may need to be done every year, and some tasks may require more time and effort in some years. As shown in Table 2, the tilefish IFQ recoverable costs in 2015 were comparable to the previous five years. However, the value of the fishery was down slightly, which caused calculated fee percentage to be a little higher than average.

Table 2. Tilefish IFQ recoverable costs, value of the fishery, and fee percentage, 2010-2015.

Fee Year	2010	2011	2012	2013	2014	2015
Recoverable Costs	\$21,438	\$21,353	\$14,242	\$35,966	\$14,662	\$20,744
Total Fishery Value	\$5,054,073	\$5,566,543	\$5,372,291	\$5,787,335	\$5,501,343	\$5,075,467
Fee Percentage	0.424%	0.3835%	0.2650%	0.6214%	0.2665%	0.4087%

Expectations for the 2016 fee year

We wish to advise all tilefish IFQ shareholders to expect a higher cost recovery bill next year. The Magnuson-Stevens Act requires all Limited Access Privilege Programs, such as the tilefish IFQ program, to undergo a review every 5 years. The 2014 fishing year was the fifth year of the Tilefish IFQ Program, and the Council and NMFS initiated a review of the IFQ program. The work to conduct this review and generate a report will result in additional staff time for both the Regional Office and the Northeast Fisheries Science Center, which will be recoverable under this program. Work on this review that was anticipated to occur in 2015 was delayed because of other Council priorities. We anticipate that this work will now occur in 2016. Because this is the first such 5-year review conducted in this Region, we do not have a good estimate of how much additional staff time this review will require. Therefore, we do not know how much higher the cost recovery fee will be, although the total fee is restricted by the statutory maximum of 3 percent of the ex-vessel value of the fishery. For example, based on the value of the fishery in 2015, the maximum recoverable costs would have been \$152,272. We will try to provide the Council and tilefish IFQ shareholders an estimate of total recoverable costs as soon as possible, and before the 2016 cost recovery bills are sent out.