



2013 Annual Report of the 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, where 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 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 2013 calendar year (January 1, 2013, through December 31, 2013) was the fourth year for which this fee was collected.

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 actual landings and the price paid to the vessel. Federally permitted tilefish dealers are required to report the weight 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 possible to use an exact total value from each landing of IFQ tilefish. For the 2013 calendar year, the total of all tilefish IFQ landings was 1,823,272 pounds (live weight) with a total ex-vessel value of \$5,787,335. This represents an increase in both landed weight and total value from 2012, when landings and ex-vessel value were 1,799,367 pounds (live weight) and \$5,372,921, respectively.

Cost of Management and Enforcement

The Magnuson-Stevens Act requires the collection of the IFQ fee to recover the actual costs of the program. We have determined the recoverable costs associated with the management, enforcement, and data collection in the tilefish IFQ program include only the incremental costs of the IFQ program, and not costs that would still have been incurred in the administration of the tilefish fishery if there was no IFQ program. In addition, costs associated with the initial development of the IFQ program are not included in recoverable costs. The inclusion of one-

time startup costs associated with the initial development of a new management system would greatly increase the fee in the first year of any IFQ program.

We calculated personnel costs by multiplying hours spent by staff on tasks directly related to the IFQ program with 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 2013 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:

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 and associated allocation monitoring and cost recovery components, and generates the annual report. SFD is the principal point of contact with the Mid-Atlantic Fishery Management Council and implements any needed and approved regulatory changes.

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 annual IFQ allocation tasks such as issuing annual allocation permits and processing and tracking both temporary leases and permanent allocation transfers. This division also handles cost recovery tasks, such as generating individual fees, mailing bills, tracking payments, and following up on any late payments.

In 2013, our Regional Office underwent some organizational changes and the Fisheries Data Services Division was phased out. Many of the tasks previously done by this division were moved to APSD. These tasks include data collection and analysis, such as quality control of incoming data sources and tracking of landings against IFQ allocations. Data quality control is a critical function of any IFQ program. More than in most other fisheries, IFQ fisheries depend on timely processing and auditing of landings and dealer-reported price information from each fishing trip to ensure that landings are correctly attributed to individual allocations and that cost recovery fees are accurate and reflect the value of fish landed.

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-On-Line website, and the web interface to the U.S. Department of the Treasury's Pay.gov service. These databases 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)

SED is the newest division in the Region, created in 2013. This division now 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 2013.

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 2013.

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 2013.

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, 2013.

Greater Atlantic Region Divisions	SFD	APSD	IRM	OBD	SED	OLE	GC	Total
Personnel †	\$3,466	\$19,226	\$8,604	\$4,591	\$-	\$-	\$-	\$35,887
Travel & Transportation	\$-	\$23	\$-	\$-	\$-	\$-	\$-	\$23
Printing	\$-	\$1	\$-	\$-	\$-	\$-	\$-	\$1
Contracts	\$-	\$53	\$-	\$-	\$-	\$-	\$-	\$53
Supplies	\$-	\$2	\$-	\$-	\$-	\$-	\$-	\$2
Equipment	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Other	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Total	\$3,466	\$19,305	\$8,604	\$4,591	\$-	\$-	\$-	\$35,966

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 (Office of Law Enforcement); GC (NOAA General Counsel).

† Personnel costs include all benefits

Calculating the Fee Percentage

The calculated 2013 tilefish IFQ fee percentage was 0.6214 percent. We calculated the fee percentage based on the total fishery ex-vessel value of \$5,787,335 and total recoverable program costs of \$35,966 using the following formula:

$$\frac{\$35,966}{\$5,787,335} \times 100 = 0.6214\%$$

Calculating IFQ Allocation Fees

To determine the appropriate fee for each IFQ allocation shareholder, we use the ex-vessel value of each landing of tilefish under a specific IFQ allocation and multiply the sum of those values by the fee percentage. Under the tilefish IFQ program regulations, an IFQ allocation shareholder is responsible for the IFQ fee based on the value of the landings of tilefish authorized under his/her tilefish initial IFQ allocation, including landings made on any allocation that he/she may have leased to another IFQ allocation permit holder. The allocation tracking program that we have developed is able to identify all tilefish IFQ leases and attribute landings to the original allocation shareholder. If a vessel landing tilefish has IFQ allocation available from both the vessel owner's initial allocation and from leased allocation, we attribute tilefish landings to the leased allocation first. If there is allocation from multiple leases, we attribute landings based on the order the leases were processed, on a first-in first-out basis.

Changes from Previous Years

Total recoverable costs can vary 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 2013 were higher than in previous years. Several different activities contributed to the overall increased staff time spent on the management of the tilefish fishery in 2013. The primary increase was from the Quality Assurance/Quality Control (QA/QC) of tilefish landings data to improve the accuracy and timeliness of dealer and Vessel Trip Report reported landings and price information. Although QA/QC of tilefish landings data was conducted prior to the IFQ system, individual quotas and the cost recovery process require greater attention to each landing report, particularly to dealer-reported price data. Some of the recoverable time for this task had not been accurately captured in previous years, and so was not included in prior bills. In addition, in 2013 we had a small rulemaking action to ensure the cost recovery regulations were consistent with the process as implemented, which added some time for SFD staff. OBD conducted additional work, including researching Treasury Department, Department of Commerce, and NOAA financial policies and guidance regarding fee collection and use of collected fees.

Table 2. Tilefish IFQ recoverable costs, value of the fishery, and fee percentage, 2010-2013.

Fee Year	2010	2011	2012	2013
Recoverable Costs	\$21,438	\$21,353	\$14,242	\$35,966
Total Fishery Value	\$5,054,073	\$5,566,543	\$5,372,291	\$5,787,335
Fee percentage	0.424%	0.3835%	0.2650%	0.6214%

Conclusion

We mailed bills for the 2013 tilefish IFQ fee to the 12 allocation shareholders on March 22, 2014. Allocation shareholders had 45 days to pay the balance due through the Northeast Region's Pay.gov section of the Fish-On-Line website. The majority of allocation shareholders paid their fee on time and there were no appeals of the initial fee calculations.