

DRAFT SUMMARY MINUTES
Ad Hoc Allocation Committee

Pacific Fishery Management Council
Shilo Inn Suites Hotel
Willamette 1 Room
11707 N.E. Airport Way
Portland, OR 97220-1075
(503) 252-7500
May 2-3, 2005

MONDAY, MAY 2, 2005 - 1 P.M.

Members Present:

Mr. Donald Hansen, Dana Wharf Sport Fishing, Pacific Fishery Management Council Chairman
Dr. Stephen Freese, Northwest Region National Marine Fisheries Service
Mr. Phil Anderson, Washington Department of Fish and Wildlife
Dr. Patty Burke, Oregon Department of Fish and Wildlife
Ms. Marija Vojkovich, California Department of Fish and Game

Advisors Present:

Ms. Mariam McCall, National Oceanic and Atmospheric Administration General Counsel
Mr. Rod Moore, West Coast Seafood Processors Association, Processor Representative
Mr. Pete Leipzig, Fishermen's Marketing Association, Limited Entry Trawl Representative
Ms. Michele Longo Eder, Limited Entry Fixed Gear Representative
Ms. Kathy Fosmark, Open Access Representative
Mr. Bob Osborn, Recreational Representative

Others Present:

Mr. Steve Joner, Makah Tribe
Mr. Brian Culver, Washington Department of Fish and Wildlife
Ms. Michele Culver, Washington Department of Fish and Wildlife
Mr. Peter Huhtula, Pacific Marine Conservation Council
Mr. Steve Bodnar, Coos Bay Trawlers Association
Mr. Chris Dorsett, The Ocean Conservancy
Mr. Dan Waldeck, Pacific Whiting Conservation Cooperative
Mr. Dayna Matthews, National Marine Fisheries Service Office of Law Enforcement
Ms. Kate Quigley, Northwest Region National Marine Fisheries Service
Ms. Yvonne de Reynier, Northwest Region National Marine Fisheries Service
Mr. Mark Cedergreen, Westport Charterboat Association
Mr. Allen Chan, Government Accounting Office
Ms. Susan Malone, Government Accounting Office
Mr. Richard Carroll, Ocean Gold Seafoods
Dr. Kit Dahl, Pacific Fishery Management Council staff
Dr. Don McIsaac, Pacific Fishery Management Council Executive Director
Dr. Ed Waters, Pacific Fishery Management Council staff

Mr. Jim Seger, Pacific Fishery Management Council staff
Mr. John DeVore, Pacific Fishery Management Council staff

A. Call to Order

Mr. Hansen called the meeting to order at 1 p.m. Dr. McIsaac provided opening remarks regarding the role of the Ad Hoc Allocation Committee (Committee). He reviewed the agenda and laid out the expectations for this meeting. The Committee approved the agenda without modifications.

B. Goals and Objectives of this Meeting

Mr. DeVore explained there are two primary goals and objectives for this Committee meeting. The first goal is to recommend design elements of the Trawl Individual Quota (TIQ) that affect non-trawl sectors (the TIQ Committee will recommend design elements affecting the trawl sector). The Council will be approving a range of TIQ alternatives for analysis and public review at their June meeting and the Committee's recommendations would be helpful. The second goal is to make progress on the intersector allocation initiative. Intersector allocation is needed to support development of the TIQ program, the Amendment 18 bycatch reduction initiative, and biennial management decision-making.

Mr. Moore asked how the Amendment 18 implementation work plan relates to this process. Are these simultaneous processes? Mr. DeVore explained the Council approved a plan to pursue development of a TIQ program and an intersector allocation process independently and simultaneously. Intersector allocation is needed for other Council initiatives beyond TIQ development. It is expected that the intersector allocation process may be completed prior to potential implementation of a TIQ program.

Mr. Dorsett said there was an agenda item at the last Committee meeting in January regarding allocation incentive and disincentive mechanisms. Has this been dropped from today's agenda? Mr. DeVore explained this concept should be incorporated in discussions regarding intersector allocation at this meeting.

Mr. Anderson asked when the parallel TIQ allocation and intersector allocation processes merge. Mr. DeVore said the intersector allocation process is expected to be completed prior to TIQ implementation. Ms. Longo Eder asked what happens if the TIQ process doesn't go through? Mr. DeVore said there are other reasons to complete an intersector allocation process, so that process would continue regardless of the TIQ process. Mr. Leipzig stated "species of concern" link all sectors in these Council processes. Mr. Anderson noted ad hoc allocations will work for some species, but hard allocations are needed for trawl target species to implement a TIQ program.

C. Trawl Individual Quota Program Review

Mr. Seger reviewed the TIQ process using a document entitled, "Guide to Council Decision Process for Trawl Individual Fishing Quotas (June 1005 Meeting)" (Draft Agenda Item E.5, Attachment 1, June 2005). The Council needs some advice from the Committee on the scope of the allocation process needed to implement a TIQ program.

Mr. Seger explained there are five decision tasks for the Council in June. The first task is identifying goals and objectives of the TIQ program. The second task is recommending a range of alternatives for analysis. The third task is recommending design elements/alternatives for developing the program. The fourth task is to adopt for analysis options for allocating quota shares among trawl sectors and separating shoreside whiting landings from those for the rest of the shoreside trawl fishery. Task five is identifying additional impacts that should be analyzed. Task six is to decide whether or not to initiate scoping for the intersector allocation process.

Mr. Seger directed the Committee's attention to Decision Table A on pages 4 and 5 of the draft decision process document. Concerns were expressed regarding alternative 4 (individual fishing quotas (IFQ) for all groundfish species) and the suboptions regarding trawl retention of Pacific halibut. These options affect the limited entry fixed gear sectors and other sectors that take halibut. Ms. Longo Eder was concerned that the higher discard mortality rate in the trawl fishery will disrupt the intersector allocation balance since the International Pacific Halibut Commission assumes a 50% discard mortality of Pacific halibut using limited entry trawl gear. If this changes to a 100% mortality rate, since IFQ might be used to retain halibut, it will affect intersector allocations. She thought the allocation to Area 2A might also be reduced. Others thought this would not be the case since there are 300,000 pounds of the Area 2A allocation set aside to accommodate trawl discard mortality. They thought the potential problem could be resolved by allocating 50% of that amount for trawl retention. Mr. Anderson thought observers on board could decide which halibut should be retained. Dead fish could be retained and live fish released to keep from reducing the Area 2A allocation. Mr. Leipzig said these issues need to be analyzed.

The Committee then discussed TIQ alternatives regarding non-trawl and limited entry trawl interactions (page 7 of the draft decision process document). Status quo from Fishery Management Plan Amendment 6 is catches made by limited entry trawl vessels using open access gear count against limited entry trawl quotas/allocation. TIQ Option 1 requires IFQs for trawl catches made using open access gear and under option 2, IFQs are not required. Option 1A imposes open access catch control rules and Option 1B would not impose open access trip limits. Ms. Vojkovich asked how non-trawl gear catch alternatives are differentiated. Options and alternatives were derived independently and later matched to provide a consistent cline from least to most IFQ-intensive management. However, there can be mixing and matching of alternatives and options. Ms. Longo Eder said, at first glance, she prefers option 1B where IFQs are required and catches made by trawlers using open access or limited entry fixed gear count against trawl allocations. Constraints are imposed by sector-specific catch control rules under option 2B. Ms. Longo Eder stated she is opposed to option 2B since it utilizes limited entry fixed gear allocation while fishing using a limited entry trawl permit. She considered this unfair (however, there is one permit with dual trawl and sablefish fixed gear endorsements). Ms. Fosmark said she opposes options 2B and 2C for similar reasons.

Mr. Seger reviewed a schematic of IFQ design elements. There are three main parts to the IFQ program: initial allocation, holding requirements (transfers, etc), and administrative (tracking, monitoring, etc.). He detailed the issues under the holding requirements. The basic tenet of the program is one would need IFQ and a limited entry permit to fish. One provision is the need to obtain IFQ within thirty days of landing. Another provision is that a vessel could not go fishing again until all previous catch had been covered with IFQ. These provisions could negatively affect non-trawl sectors if these landings occur at the end of the year. Rollover provisions to use some quota from the following year could have non-trawl sector affects if the fleet in total goes

over their allocation. There is a risk of the fleet exceeding an optimum yield (OY) under these scenarios. Exceeding the OY is more problematic for overfished species than for healthy stocks. If OY overages are allowed for overfished species, the potential for such overages would need to be accounted for in the rebuilding plan. Therefore, implementing rollover provisions would probably require a rebuilding plan amendment.

Mr. Moore referred to another distributed document entitled, “List of Options from Appendix B”, and asked if the rollover/carryover options are intended to cover a range. Mr. Seger clarified the rollover provisions for overfished and non-overfished species are separable in these options. Ms. Longo Eder raised the question of what happens when the fleet as a whole goes over a quota. She thought there should be consistent treatment for other sectors. If a sablefish-endorsed fisherman exceeds their tier limit in a year, they should have a rollover/carryover provision. Mr. Moore recommended the analysis of rollover/carryover provisions look at how the FMP would be amended to allow the fleet to fish over the OY. Mr. Seger agreed that will be addressed. Mr. Leipzig said there are other inconsistent intersector policies (i.e., permit stacking allowed in the limited entry fixed gear sector but not trawl). He also mentioned that any rollover would come off the following year’s quota share. Mr. Anderson said it is difficult to address rollover provisions without reviewing standing policies for managing OYs. Managing a mixed stock fishery with individual quota shares seems daunting especially to the administration/tracking efforts to support the TIQ program. If a sector as a whole exceeds an annual OY, this is a concern to the Committee since it will affect other sectors.

Mr. Osborn wondered how IQ divested is kept within the trawl sector. Mr. Seger said, consistent across all sectors, the limited entry trawl permit is required to use quota share. The vessel can then participate as an open access vessel only if it sells its permit. Ms. Longo Eder said she was opposed to rollover provisions that would cause the possibility of the fleet exceeding an OY and thus impacting non-trawl sectors. Ms. Fosmark said the rollover provisions may be counter to Amendment 18 provisions which implement sector catch limits and puts the responsibility of staying within allocations to each sector. Mr. Leipzig said there is a concern in developing a TIQ program of consolidation of the fishery. This would have non-trawl impacts as well. However, limited entry fixed gear permit stacking caused some consolidation which was not well addressed under Amendment 14.

Mr. Anderson urged the TIQ program development should minimize indirect allocational impacts on non-trawl sectors. This is the perspective this committee should take. Dr. Burke wondered how the rollover provisions would be unlikely to cause the fleet to exceed an allocation. Mr. Seger said the provision that a vessel’s fishing would cease until IQ was bought to cover the overage would minimize the possibility of fleet-wide exceedance of a species’ allocation to the sector. Ms. Longo Eder asked if TIQ shares could be used with any gear type. She stated bycatch could be reduced if quota shares were fished by fixed gear vessels. Mr. Seger said TIQ could be fished with other legal gear types under some of the options, assuming it is tied to a limited entry trawl permit. Mr. Joner said the tribes have some concern regarding potential intersector affects. However, this discussion does address some of these concerns. The tribes are interested in regional management to avoid a disproportionate concentration of effort with economic and biological (e.g., localized depletion) effects. Mr. Huhtula said there is a concern about geographic consolidation under some of these TIQ options. Ms. Longo Eder agreed with this concern. Trawls and pots fish different grounds. Allowing multiple gear types by limited entry trawlers will create competition on these grounds. The limited entry fixed gear fleet wants to be able to purchase TIQ and limited entry trawl permits. Mr. Anderson added the

differential trawl and non-trawl Rockfish Conservation Areas also separate these fleets. This is another complication to allowing trawlers to use multiple gear types.

Mr. Seger continued the review of potential TIQ design elements. He explained TIQ design elements were presented last June during the scoping phase. These elements were further discussed in November 2004. A quota share “use or lose” provision is part of this design consideration. However, this complicates tracking and monitoring as IQs are traded and further split. Therefore, the TIQC may be backing off recommending this provision for the outset of the program.

Entry level opportunities (i.e., reserving some quota share for new entrants to the fishery) are being de-emphasized by the TIQC. Ms. Fosmark wondered if this recommendation would compromise the ability to develop a new fishery.

A new option, a community stability quota, where a certain percentage of quota is set aside and reallocated to coastal communities, has recently emerged. This alternative was modeled after a similar program in British Columbia, Canada. Reallocation would be based on objective criteria to rank proposals forwarded by fishermen and processors. Ms. Vojkovich asked if this would stimulate a community to re-establish an eroded economic base (i.e., ports that had lost their trawl fleet to buyback). Mr. Seger said that depends on the objective ranking criteria.

Mr. Seger continued by reviewing the eligibility requirements for holding/owning IQ. Options include any entity eligible to own a U.S. documented vessel, any entity eligible to own or operate a U.S. documented vessel, and stakeholders in general (vessel owners, vessel lessees, skippers, crew, processors, communities, etc.). Ms. Vojkovich asked about the requirements for owning a U.S. documented vessel. Mr. Seger explained there is a mix of individual ownership to corporate ownership of limited entry trawl vessels. Each owner in a corporation would need to be identified. There are legal provisions regarding ownership of a U.S. documented vessel where there is a limit on foreign ownership interest. Depending on how the “stakeholders” option is ultimately defined, there may be more foreign ownership of TIQ under that option.

The next TIQ design element discussed was duration of transfer and leasing and sale prohibition options. Option 1 under the transfer options would allow the transfer of TIQ shares at any time during the year and option 2 would only allow TIQ shares to be transferred at the end of the year. There are also two transfer embargo options: TIQ shares may not be transferred from any account with an IQ deficit and TIQ shares may be transferred from an account with a deficit for some species.

Mr. Seger briefly reviewed the options for dividing quota shares, but he didn’t believe these options would have non-trawl sector effects.

The next design element discussed was lien registry options. Both options would create a central lien registry with one option having the registry include all ownership information and the other excluding this information except for essential ownership. Dr. Freese said creating a central lien registry system for limited entry permits owners is called for in the Magnuson-Stevens Act, but, to his knowledge, has never been established in this country. He mentioned that establishing a regional registry was beyond the resources currently available in the Northwest Region.

The Committee next discussed design element options regarding accumulation limits. Options for owning, controlling, and/or using TIQ shares vary from 1% to 5%, 10%, 50% of total shares to no cap at all. Ms. Longo Eder asked how control of shares is defined and Mr. Seger answered ownership and leasing of shares defines control. However, there is a proposal for a broader definition of control. Mr. Osborn remarked that 20% ownership of a corporation grants that person or entity a lot of control in the corporation. He asked what reporting and auditing requirements are there. Mr. Seger said ownership, control, and use of shares would need to be tracked, which adds to the administrative costs of the system. Dr. Freese stated ownership of IQ shares can be tracked, but control of IQ shares cannot. He thought many of these design elements can't be done regionally and can only be done nationally. He was hopeful these elements could be culled from the range of alternatives so they don't keep resurfacing. Finally, Mr. Seger addressed vertical integration limits and stated there were no additional limits forwarded in the scoping process beyond what was provided by the accumulation limit options.

The Committee continued to discuss these design elements. Ms. Vojkovich returned to the issue of eligible groups for the initial allocation of TIQ shares and asked how processors are identified. Ms. Longo Eder asked if processor shares could result in a disadvantage to non-trawl sectors. Could processor ownership of shares compromise a fisherman's ability to market non-trawl caught fish? Mr. Moore said these were legitimate questions and concerns. Geographic consolidation of TIQ shares may affect non-trawl sectors. Processors would have to prove they are processors by showing their business records.

Ms. Fosmark said she was opposed to auctioning TIQ shares. She also questioned the need for processors to obtain quota shares. Mr. Seger said the Magnuson-Stevens Act does not currently allow for auctions of IFQ shares that would result in landings fees exceeding three percent of the ex-vessel revenue in any one fishing season. Auctions are nevertheless in the suite of alternative design elements since an EIS does not limit alternatives analyzed just because they are not currently allowed. That fee limit could be changed in a future Magnuson-Stevens Act re-authorization. Mr. Leipzig said the Council has asked NOAA General Counsel whether processor shares violate anti-trust laws and whether there are other legal issues with this option.

Mr. Anderson asked if the concept of extended periods has been fleshed out. Mr. Seger said yes to some degree. There has been initial exploration of designing a three- or two-period fishing season. Work is needed on specifying how inseason management decision-making would occur with extended periods.

Specifying ports or requiring site licenses to effectively track and enforce landings is part of the suite of options. Ms. Vojkovich said this may erode the ability to develop an infrastructure for emerging fisheries.

Ms. Longo Eder thought the benefits of the buyback program should be shared with non-trawl fleets. This is an issue when deciding allocation formulae for issuing IFQs. However, some explained these costs are not a taxpayer subsidy of the trawl fishery since the fleet is paying back the loan. Mr. Bodnar said the \$10,000,000 grant was to cover capital gains taxes accrued by owners who sold permits and boats. Ms. Longo Eder said this was impossible with a capital gains tax of 15%. She pointed out that only a portion of the cost of the program was being paid back by the fleet, and the cost of the program paid by the taxpayers should result in allocation of the fish to all fishermen, not just the trawl fleet.

Mr. Leipzig wanted the TIQ Committee to be aware of non-viable options such as tracking control of IQ shares. He asked NMFS staff to list such options and provide them to the TIQ Committee.

TUESDAY, MAY 3, 2005

Members Present:

Mr. Donald Hansen, Dana Wharf Sport Fishing, Pacific Fishery Management Council Chairman
Dr. Stephen Freese, Northwest Region National Marine Fisheries Service
Mr. Phil Anderson, Washington Department of Fish and Wildlife
Dr. Patty Burke, Oregon Department of Fish and Wildlife
Ms. Marija Vojkovich, California Department of Fish and Game

Advisors Present:

Ms. Mariam McCall, National Oceanic and Atmospheric Administration General Counsel
Mr. Rod Moore, West Coast Seafood Processors Association, Processor Representative
Mr. Pete Leipzig, Fishermen's Marketing Association, Limited Entry Trawl Representative
Ms. Michele Longo Eder, Limited Entry Fixed Gear Representative
Ms. Kathy Fosmark, Open Access Representative
Mr. Bob Osborn, Recreational Representative

Others Present:

Mr. Steve Joner, Makah Tribe
Mr. Brian Culver, Washington Department of Fish and Wildlife
Ms. Michele Culver, Washington Department of Fish and Wildlife
Mr. Mark Saelens, Oregon Department of Fish and Wildlife
Mr. Peter Huhtula, Pacific Marine Conservation Council
Mr. Steve Bodnar, Coos Bay Trawlers Association
Mr. Chris Dorsett, The Ocean Conservancy
Ms. Dorothy Lowman, Consultant- Environmental Defense
Mr. Dan Waldeck, Pacific Whiting Conservation Cooperative
Mr. Dayna Matthews, National Marine Fisheries Service Office of Law Enforcement
Ms. Kate Quigley, Northwest Region National Marine Fisheries Service
Ms. Yvonne de Reynier, Northwest Region National Marine Fisheries Service
Mr. Mark Cedergreen, Westport Charterboat Association
Mr. Allen Chan, Government Accounting Office
Ms. Susan Malone, Government Accounting Office
Mr. Richard Carroll, Ocean Gold Seafoods
Dr. Kit Dahl, Pacific Fishery Management Council staff
Dr. Don McIsaac, Pacific Fishery Management Council Executive Director
Dr. Ed Waters, Pacific Fishery Management Council staff
Mr. Jim Seger, Pacific Fishery Management Council staff
Mr. John DeVore, Pacific Fishery Management Council staff

The meeting was called to order at 8:30 a.m. by Chair Hansen.

D. Review of Historical Landings by Sector

Dr. Waters reviewed the historical landings by sector for the years 1988, 1994, 1998, and 2002. There was a glitch in the 2004 landings data that could not be resolved in time for the meeting so those data were not displayed. The sectors depicted in these tables were: shoreside limited entry trawl (whiting and non-whiting sectors combined), whiting catcher-processors, whiting motherships, limited entry fixed gear- line gears, limited entry fixed gear- pot/trap gears, open access- directed groundfish, open access- incidental groundfish, shoreside tribal, at-sea tribal (whiting-directed), and recreational. It was noted that there was not enough time prior to the meeting to analyze catch data at the fish ticket level to stratify the shoreside limited entry trawl catches into the whiting-directed and non-whiting sectors. The criterion used to stratify open access catches into directed groundfish and incidental groundfish sectors was if >5% of annual ex-vessel revenues on a per vessel basis came from groundfish, those catches were assigned to the directed groundfish sector of the open access fishery. Otherwise, open access catches were assigned to the incidental groundfish sector. It was also noted that one would want to add the catches for shoreside tribal and at-sea tribal to determine total tribal groundfish catches, which is the sector aggregation the Committee originally recommended for management. The left-hand column of the dataset denoted (with a “#” symbol) a species or species’ complex where no one sector had 90% or more of total reported landings and deliveries and the total landings for all sectors was at least 1 mt. The Committee was told these species or species’ groups should be considered candidates for intersector allocation according to the criterion used.

Ms. Longo Eder requested a future display of landings by sector as a percentage of the total. She also thought the 1998 landings of sablefish in the limited entry fixed gear- pot/trap gears sector were low at 58.3 mt. Mr. Joner remarked the total landings estimated for 1998 seemed correct and recalled the OY set in 1998 was low due to the more pessimistic sablefish stock assessment conducted in 1997. Ms. Vojkovich remarked the limited market sampling of landings in southern California (south of Pt. Conception) confounds our understanding of species composition in those fisheries. The Committee agreed with Ms. Longo Eder’s data request and added their desire to see footnotes describing major events affect the management regime in future versions of these landings tables. This will help provide the context for some of the catch history depicted in these tables.

E. Intersector Allocation Options

Mr. DeVore provided a more in-depth overview of this agenda item and reviewed the minutes of the last Committee meeting in January. The Committee had discussed in conceptual terms the duration and frequency of future allocation decisions and the potential structure of species’ allocation formulae in January. Of the three primary objectives of the intersector allocation process (Amendment 18 bycatch reduction, biennial management decision-making, and development of a TIQ program), a more permanent allocation is desirable for developing the TIQ program since it would provide stability for the industry. It was thought allocations of trawl-dominant (or any sector-dominant) species or species’ complexes could occur using a fixed percentage of OY, while allocations for more constraining species, such as those overfished species managed under rebuilding plans, could be managed using a sliding scale formula. A sliding scale allocation structure would vary the sector allocation percentages according to changes in biomass or OY. This allocation structure is inherently more flexible and responsive to the needs of the fishery. The Committee had also discussed a five-year review of future

allocation decisions and the desire to consider intersector allocation decisions with a view of how the fishery should be shaped five years from now.

Mr. Moore asked for which species a sliding scale allocation formula might apply? Species already declared overfished? Species recently found to be overfished? Mr. DeVore said those species that constrain fishing opportunities for multiple sectors should be considered for such an allocation structure. Some overfished species such as Pacific ocean perch (POP) may not be the binding constraint and are dominant in one sector. An allocation of POP using a straight percentage of the OY may make the most sense. But a species such as canary rockfish might be a good candidate for a sliding scale allocation formula since it is a binding constraint for many sectors. As the canary rockfish OY varies, a different percentage of the OY might be considered for setting sector total catch limits to allow an economically optimal mix of fishing opportunities.

Ms. Vojkovich asked if there exists a document that portrays what OYs are needed to prosecute certain fisheries. Mr. DeVore said the annual/biennial specifications environmental impact statements may be the best documents to find analyses of West Coast fisheries interactions. Mr. Leipzig said the IQ concept makes it unnecessary to completely anticipate the mix of species caught in prosecuting a certain fishery. Tradable quotas provide an economic strategy for reducing/minimizing bycatch.

Ms. Vojkovich said she would like to see the current geographic distribution of the West Coast trawl fleet. Mr. DeVore stated the 2005-2006 specifications EIS shows trawl landings by West Coast port. However, the best analysis of trawl fleet distribution would probably come from trawl logbooks since the areas (ports) where landings are made do not necessarily reflect the areas where fishing occurred. This is an analysis that could be assigned to the Groundfish Management Team.

Mr. Anderson said he has been thinking about the inherent, yet confounding values of flexibility vs. stability in the intersector allocation decision-making process. The timeline is important in deciding what the allocation framework should be. Since the long term is much less certain than the short term, he recommends we design allocations to last for 2-3 biennial management cycles with a determination of desirable fishing strategies for that period. Mr. Osborn agreed and stated new data may emerge that would affect an allocation decision. The lack of economic data makes it difficult to plan beyond the next few management cycles. Mr. Leipzig asked what criteria would trigger a re-allocation. It was thought a new understanding of a critical stock's status or a better understanding of a sector's bycatch might trigger reconsideration of an allocation.

The Committee discussed other elements of intersector allocation. Ms. Fosmark thought the open access fishery should be more thoroughly analyzed. She wanted to see open access landings and revenues by gear type to better understand the economic needs of that sector. Ms. Longo Eder recommended allocating some future yields or set asides for experimental or emerging fisheries. As an example, she said the fixed gear fleet has recently experimented with flatfish traps. Mr. Leipzig thought the Committee should assume the existing RCAs will remain in place for the next 2 or 3 management cycles. Mr. Dorsett recommended the Committee focus on creating incentives in an allocation scheme to minimize bycatch. Any intersector allocation analysis should pay attention to the bycatch taken by various gear types and include a rationale for this bycatch. He thought any allocation scheme should also consider the habitat impacts of that fishing strategy.

Mr. DeVore recommended the Committee consider intersector allocation requirements for developing the TIQ program and develop alternatives for trawl/non-trawl allocations. Mr. Anderson raised the question of the timeframe (i.e., duration) of this allocation and thought 2-3 management cycles might be appropriate for this allocation as well. Mr. Moore thought of two alternatives for the duration of a trawl/non-trawl allocation: 1) allocation decisions sunset after a set time, or 2) Council reviews an allocation decision at the end of a biennial management period, but the allocation endures in lieu of a review. Mr. Anderson preferred the second option with criteria set for what would trigger a review. Mr. DeVore thought alternatives analyzing straw man scenarios that mix and match different species' OYs might be informative. For instance, analyze fishing opportunities by sector when one target or constraining species has a relatively high OY and another one has a low OY. Different strategically decided scenarios might effectively tease out the types of fishery interactions the Committee and Council would need to understand to make these allocation decisions.

Mr. Moore thought the Committee could identify the trawl-dominant species and easily structure allocation alternatives for those species. He identified longspine thornyheads, shortbelly rockfish, arrowtooth flounder, Dover sole, English sole, petrale sole, and Pacific cod as species in our FMP that are not overfished and dominant to the trawl sector. He recognized the tribal fishery does harvest some of these species, but thought allocation could be more easily reconciled for these species than for others. Ms. Longo Eder said some of these species are caught by fixed gears in some years and questioned whether they were truly dominant to the trawl sector. She was not ready to agree some of these species shouldn't have a non-trawl allocation beyond an incidental set-aside. Ms. Vojkovich stated constraining species' allocations will determine what can be caught. Such allocations will also provide the incentives for reducing bycatch and creating cleaner fishing strategies. She recommended a sensitivity analysis of a species like canary rockfish with a range of trawl/non-trawl allocations. Mr. Moore said the issue is how much of a target species can be caught given the allowable harvest (i.e., sector total catch limit) of weak stocks. Allocation of weak stocks will establish the values of IQs. Mr. Leipzig mentioned IQs for only the trawl target species is one of the alternatives in the TIQ program. Allocating trawl target species is essential for developing the TIQ program. Mr. Moore said allocating the trawl-dominant species first will make the other allocation decisions easier. He recommended the first step should be deciding the set-asides of these trawl-dominant species to accommodate incidental catches in other sectors. Mr. Anderson agreed and said the initial allocation of trawl-dominant species will provide the incentive to reduce bycatch.

Ms. Vojkovich asked about set-asides for research and experimental fisheries. Mr. Anderson thought, as a starting point, analyze an 80% allocation of these seven trawl-dominant species to the trawl sector and a 20% allocation to accommodate incidental catch, research, and experimental fisheries. Mr. Moore said another alternative would be to range the percent of OY allocated for these incidental catch purposes (i.e., 2%, 5%, 10%, etc.) and allocate the remaining yield to the trawl sector. Ms. Longo Eder said arrowtooth flounder, Dover sole, and petrale sole were caught by line gears in the past (e.g., 10% of the 1998 petrale sole catch was by limited entry line gears). Don't assume these are just incidental catches.

Mr. Moore recommended the analysis assume the management regime won't change dramatically in the next six years. It is unlikely that we will have the same management regime we did in 1998. Mr. Leipzig said he would agree to any alternative that would get this analysis started. Why not structure alternatives for analysis that would allocate the lowest proportion of

any species' OY observed in the last ten years for the trawl sector? Mr. Moore recommended the alternative should analyze the lowest proportion for all sectors in that time frame. Perhaps the analysis should assume a 10% set-aside for incidental catches. Ms. Vojkovich said such an analysis won't capture the growth of the recreational fishery. Mr. Leipzig remarked the inflated Marine Recreational Fisheries Statistics Survey estimates are problematic in the analysis. Mr. Osborn liked the approach of analyzing yield buffers as well.

Ms. de Reynier recommended an alternative approach for structuring alternatives for analysis. Be mindful of fishing philosophies and the tenets of the Council Groundfish Strategic Plan. She also thought the Committee should consider different allocations for nearshore, shelf, and slope species, since there is a different array of fishing sectors targeting these assemblages. Mr. Moore agreed and remarked the Council has tended to design nearshore fishing opportunities for the recreational sector and slope fishing opportunities for commercial sectors.

Ms. Vojkovich returned to the topic of allocating the trawl-dominant species as an alternative for analysis. She thought the alternative could be structured as outlined by Mr. Moore, but the other species could be allocated 50% to the trawl sector. Mr. Leipzig said this will not be realistic for some species since the trawl fishery has traditionally taken more than 50% of the harvestable yield of some species and taken a very small proportion, if any, of other species such as nearshore rockfish. Ms. Longo Eder asked if we need another allocation option for the seven trawl-dominant species discussed earlier. Mr. DeVore said a reasonable range of allocation options could be structured by analyzing the maximum and minimum proportions of the annual harvest for each sector within the last ten years. Mr. Anderson said a range of allocation options for the seven trawl dominant species could be determined by analyzing $\pm 10\%$ of the lowest trawl harvest percentage within the last ten years. Mr. Leipzig thought analyzing that range of options, coupled with the high and low harvest percentages by sector, would be informative. He recommended the Committee also consider some "set-aside" options. Mr. DeVore said harvest trends of some key indicator species and complexes by sector in the last ten years would also inform folks of how the fishery has changed. Ms. Vojkovich wanted these data extracts aggregated to the list of species and complexes we currently manage with OYs. She also wanted a display of all the open access/limited entry allocations currently used in the management regime. Ms. de Reynier said the specifications table from the *Federal Register* notice of annual/biennial regulations would be helpful to the Committee, because it depicts the hard sector allocations by species and complexes. Mr. DeVore asked what sectors the Committee wanted to see in these data extracts. They agreed the catch data should be stratified to the ten sectors discussed at the last meeting, but the annual catch proportions by sector should be in terms of percentage of non-tribal catch. This was because of the legal opinion that it would be harder for the Council to impose sector catch limits on the tribal fishery.

Mr. DeVore asked if there were additional data requests or analyses the Committee would like to see. He also asked about the timing of these requests. Ms. Longo Eder requested economic analyses and made the point some fisheries have a higher value than others. Ms. McCall said economic analyses are part of any National Environmental Policy Act analysis of alternatives. Mr. Leipzig said recreational catches also have a value that is not currently captured. Ms. Fosmark requested a Marine Protected Areas/ Marine Life Protection Act timeline as part of the background material for the analysis. Mr. Moore said the alternatives should be developed at the next meeting after looking at these data runs and analyses. The Committee agreed. Dr. Burke asked for a summary or footnotes in these data tables denoting state management constraints. Mr. Anderson requested a regional stratification of catch data for those species with regional

OYs. He also wanted to shape the management system such that discards are converted to landed catch. In that spirit, he wanted an analysis of the amount of yield necessary to accommodate some retention of prohibited catch (e.g., compare the yields needed to go from no retention to a 1-fish bag limit).

Mr. Osborn noted that the California process for allocating the nearshore rockfish species was very difficult. Ms. Vojkovich said California Department of Fish and Game currently uses these allocations to structure recreational harvest guidelines geographically within the state. Two sets of data were used because the commercial live fish fishery has recently become more important.

Mr. DeVore reviewed the data/analysis requests. (These data extracts and analyses are outlined in “Summary of Allocation Committee Recommendations” appended to this document.)

Ms. Vojkovich wondered if we need to include discard rates for commercial fisheries. Mr. DeVore made the point that we currently manage with discard rates determined through the Observer Program for some sectors, assumed discard rates for other sectors, and reported discards in the recreational sector. There has been a mix of assumed and deterministic discard rates used to manage fisheries in the last ten years. It was also noted that commercial discard rates were assumed prior to the implementation of the Observer Program. The Committee debated the need for discard estimates for developing intersector allocation alternatives. They agreed that the most comparable catch data for developing intersector allocation alternatives is landings given the variable estimates of discards by sector. Therefore, they refined their requests to only include landed catch data. Ms. Vojkovich further requested footnotes in these data tables indicating when a precautionary reduction of an OY was implemented.

F. Scoping For Intersector Allocation Analyses

The Committee discussed the next steps in the intersector allocation process. Mr. DeVore said the requested analyses cannot be completed prior to the June Council meeting. He thought he, and perhaps other staff, could work on these analyses during the summer or fall. Dr. Freese said he would like to see these tables in the Groundfish Stock Assessment and Fishery Evaluation (SAFE) document. He thought these tables would be more useful than the current tables in the SAFE document. Mr. DeVore said he was concerned with the current plan to update the SAFE since some of the historical commercial and recreational catch data differs from more recent data extracts. He agreed with Dr. Freese that production of the SAFE document should be delayed until this next data run is completed. This plan will lead to less confusion regarding historical catches.

Mr. DeVore asked if the Committee members would like to reconvene this summer or fall. He explained the GMT will meet later this month and he can ask them what time they might have to help with these analyses. Mr. Seger asked when scoping for the intersector allocation process should commence. Mr. DeVore recommended a delay in the scoping process until preliminary intersector allocation alternatives are developed. This will give the public some information they can react to and is a better way to engage in constructive scoping of alternatives. Dr. Burke asked when staff can have the data runs and analyses prepared. She noted the importance of having these data complete prior to the next Committee meeting. Ms. Vojkovich asked about the Amendment 18 timeline. Mr. DeVore agreed the next Committee meeting will be more constructive if the analyses are complete. He stated the Amendment 18 work plan calls for implementation of some sector total catch limits at the start of the 2007-2008 management

period. He added that if the next Committee meeting occurred after the November Council meeting, when a range of 2007-2008 harvest specifications and management measures is decided, the Committee could begin work in allocating available harvest by sector, thus accomplishing initial Amendment 18 and 2007-2008 management objectives. The Committee agreed and tentatively scheduled the next Committee meeting for November 14-15.

Mr. Seger explained the importance of providing Committee TIQ recommendations at the June Council meeting. Mr. DeVore said he would prepare Committee minutes for this meeting, distribute draft minutes to Committee members for their review and edit, and incorporate the minutes in the June briefing book under the TIQ agenda item. He reminded Committee members of the May 25 briefing book deadline. The Committee agreed with this plan.

Chairman Hansen adjourned the meeting at 2:15 p.m.

Summary of Allocation Committee Recommendations

Trawl Individual Quota Program

- The non-trawl sector representatives were opposed to sub-options allowing trawl retention of Pacific halibut under Management Regime Alternative 4 (Decision Table A).
- The limited entry fixed gear and open access sector representatives were opposed to options 2b and 2c (page 4 of Decision Table A) where trawl IFQ is not required for trawlers fishing exempted gears. Option 2b counts such catch against any open access allocation and option 2c is the same as 2b except some catch would be allocated from the limited entry trawl sector to the open access sector.
- There was general concern that provisions of the TIQ program, such as rollover/carryover provisions that risk exceeding an OY, should be carefully developed to minimize adverse impacts to non-trawl sectors.
- The Committee recommended against options and provisions that would lead to geographic consolidation of TIQ shares, since that could adversely impact some coastal communities and non-trawl sectors.
- The Committee recommended against the option of creating a West Coast central lien registry for tracking control of TIQ shares since that is apparently a non-viable option.

Intersector Allocation

- Committee members requested the following data runs and analyses prior to developing preliminary intersector allocation alternatives:
 - Provide annual catch data for 10 management sectors during 1995-2004.
 - Footnote key management events affecting sector catches in these data extracts.
 - Stratify species/catch data by the species and complexes currently managed with OYs.
 - Provide the proportion of non-tribal catches by sector by year during 1995-2004.
 - Summarize maximum and minimum catch proportions for each sector during 1995-2004.
 - Identify $\pm 10\%$ of the lowest trawl catch proportions during 1995-2004.
 - Identify all open access/limited entry allocations in the current management regime.
 - Regionally stratify catches by state or region for fisheries with regional OYs/harvest guidelines.
 - Provide a marine protected areas/Marine Life Protection Act timeline of events.
 - Provide the specifications table from the recent *Federal Register* notice of biennial regulations.
 - Provide landed catch trends for key species and complexes important for intersector allocation.
- Scoping for an intersector allocation environmental impact statement should be delayed until preliminary alternatives are developed at the next Committee meeting.

Other Issues

- The next Ad Hoc Allocation Committee meeting is tentatively scheduled for November 14-15, 2005.

06/01/05