

**Application for Issuance of an Exempted Fishing Permit (EFP) to Utilize Hook-and-line and Traps in a Harvesting Cooperative Based on the Catch History of Select Trawl Permits off the Central California Coast**

**Date of application:** June, 2007

**Applicant's Contact Information:**

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**Statement of purpose and goals of the experiment for which an EFP is needed, including a general description of the arrangements for the disposition of all species harvested under the EFP:**

**Purpose and Goals:**

Our goal for the EFP is to test the hypothesis that converting trawl effort into a community-based fishing cooperative that utilizes hook-and-line and traps in the Central California area will improve the economic value and stability of fishing and associated businesses and be cost-effective and manageable within the larger groundfish management structure. The EFP is designed to provide the

Council with practical experience in monitoring and managing a harvesting cooperative with fixed gear that would operate in the context of a trawl IFQ program with the opportunity for gear-switching. Further, it is anticipated as an interim step to inform how we (the applicants) make progress in achieving a larger vision of transforming Central California of Morro Bay/Port San Luis fisheries to be economically and environmentally sustainable. As we work towards rationalizing the Central Coast fisheries, we have designed this EFP to provide information on the economic efficiency of pooling catch limits into a harvesting cooperative or a regional fishery association that utilize longline and traps. The EFP will provide critical information on the socioeconomic effects of gear-switching and dedicated access in addition to informing the cost-effectiveness of managing a co-op within the framework of the Council system. The EFP is structured to inform the Council on the environmental, social, economic, and management impacts of utilizing trawl permits in a fixed gear harvesting cooperative (co-op).

We expect to use the information gained under the EFP to work with the Council, either through the development of the Individual Transferable Quota program or similar fishery management plan (FMP) amendment process that would authorize co-ops. If data indicates the hypothesis is correct, we will work with the Council to develop one or more FMP amendments (or other appropriate policy guidance) that would: (a) allow pooling of Individual Transferable Quotas (ITQ) by co-ops or regional fishery associations; and, (b) allow quotas currently allocated to bottom trawl fisheries to be caught by hook and line or traps. If the data indicates the hypothesis is incorrect, we will consider other means of seeking a long-term ecologically and economically stable fishery for Central California. In either case, data collected under this EFP will be valuable to informing which path to follow to achieve our long term vision for sustainable fisheries in Central California and throughout the West Coast.

#### **Disposition of Species Harvested Under the EFP:**

Species caught within the limits authorized for the EFP may be retained and sold by the vessel.

#### **Justification for Issuance of the EFP:**

The EFP is relevant to new provisions of the Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA) that allow for Regional Fishery Associations to hold and manage quota (Section 303A(c)(4), P.L. 109-479). The EFP will provide directed practical experience that will assist the Council in its requirement to develop criteria for how such associations are implemented. In particular, the EFP will provide practical experience relative to this new provision by directing catch limits to an area based association that will manage itself within those limits and in concert with (and complementary to) the Council process. Over the long term, this experiment may inform the implementation of this new authority by the Council.

This EFP is a unique opportunity to further a public/private partnership between the Nature Conservancy, Environmental Defense, and the Council, first established through our collective work on Amendment 19 to the Groundfish FMP. This proposal follows up on the Nature Conservancy's commitment to work with the Council to "explore the disposition possibilities of these fishing privileges" associated with the groundfish trawl permits owned by the Nature Conservancy (see page 12 of appendix F to the EIS for Amendment 19). The EFP is designed to study and prepare for the Council's eventual transformation from coastwide management by trip limits to dedicated access (trawl IFQ program). The project relies on Council and federal action to bring together state fishery managers, fishermen, community leaders, and environmentalists in a focused effort to gain practical

experience in area based co-op management and gear-switching. The EFP is designed to illuminate the costs and benefits of allowing individual quota holders in a specific region to pool quota and utilize gear other than trawl to harvest that quota and to take head-on the challenges of monitoring and managing a non-trawl gear harvest co-op in the context of the geographically larger west coast groundfish fishery. It will explore how to structure an economically feasible monitoring system that would provide 100% monitoring of catch while allowing alternative technologies to be employed.

The EFP is warranted because it will serve as a pilot project and provide information that will be crucial for implementing gear switching within the context of a trawl IFQ program while still assuring there is 100% monitoring of the harvest. The EFP will provide information on the environmental, socioeconomic, and cost-of-management aspects of managing the groundfish fishery in a geographically constrained harvesting co-op that transforms trawl effort to fixed-gear. The relative success of this EFP will inform the future development of multi-species regional fishery associations, or co-ops, in a rationalized groundfish fishery.

It is essential that the co-op have access to commercially viable amounts of fish in order to fully realize its socioeconomic potential and assess the net costs of management. The project team considered requesting an EFP to pool open access quotas into a harvesting co-op; however, it was determined such quotas would be insufficient to attract qualified fishermen and gain realistic experience with gear switching. Supporting this determination is the present day experience of open access sablefish quota going unutilized in the project area because fishermen are not able to profit at such low catch levels (300 lbs per day). On the other hand, the quota associated with the permits owned by the Nature Conservancy was determined to be sufficient given the provisions for gear switching and pooling requested through this EFP. Further, because the harvest associated with the Nature Conservancy's permits are already accounted for in the Council's trip limits for the groundfish fishery, this application does not represent an allocation. Rather, it requests fish already authorized for harvest under the Nature Conservancy permits to be harvest according to the provisions of this EFP.

### Socioeconomic

A major focus of the project will be to study the socioeconomic consequences of gear switching and dedicated access of the harvesting co-op. The project will assess changes to fishing behavior, revenue, marketing opportunities, and product value. In addition, the project will assess socioeconomic consequences at the community level. In a practical sense, the project provides new economic opportunities for fishermen and ports that have been impacted by the regulatory and economic changes in the groundfish fishery that can be studied through the EFP. It will help pioneer "sustainable fish marketing," a growing economic opportunity for groundfish fishermen as well as potentially help jumpstart consumer demand, markets, and distribution channels for such products in advance of future gear-switching opportunities.

### Cost-of-Management

The EFP will provide practical experience in the monitoring and management of a harvest co-op within the context of the Council's coastwide management of the groundfish fishery. We believe cost-of-management issues are a significant barrier to transforming the groundfish fishery to dedicated access and allowing gear-switching on a coastwide scale and that the experience gained through this project will be indispensable in that transformation. While not an exhaustive list, specific questions that the project team will address include:

- How to develop a cost-effective monitoring program that provides for full accountability within the co-op while meeting the demands of fishery managers?

- How are hard-caps monitored and enforced<sup>1</sup>?
- How is information distributed efficiently between the co-op and fishery managers?
- How to manage a geographic sub-set of the groundfish fishery within the Council’s management of the larger, coastwide fishery?

**Expected Total Duration of the EFP:** One year (with option to re-submit application to the Council for renewal).

**Number of Vessels Covered Under the EFP:** This EFP will lease the catch limits associated with 6 LE permits owned by The Nature Conservancy. The Project Manager will determine the optimal number of vessels to participate in the co-op based on the goals and objectives described elsewhere in this application.

As an alternative to assigning permits to specific vessels, we would prefer to identify which vessels are participating in the EFP and attribute and document their landings and catch limits to the EFP. We recognize the need for guidance from the GMT on this issue and will work with them prior to initiation of fishing under the EFP.

**Species to be Harvested or Discarded Under the EFP:**

The following species have been identified, through an examination of Morro Bay ex-vessel revenue data and interviews with Central Coast fishermen, to be catchable in commercially viable amounts by long line or pot gears:

- Sablefish
- Slope Rockfish (e.g. blackgill)
- Longspine thornyhead
- Shortspine thornyhead
- Lingcod
- Other

Vessels will use longline and traps and will fish throughout the fishing year. Fishing will be constrained south of 36-degrees North latitude and deeper than the 150 fathom (as approximated in the regulations that define the rockfish conservation area). All fishing by vessels will be done in compliance with state and federal regulations. Total catch caps for the co-op will be apportioned as follows:

Sablefish: **No upfront allocation – EFP will pool trip limits associated with the 6 TNC trawl permits and fish them cooperatively within normal regulations and be subject to inseason adjustments.** Special consideration is being given to how best to incorporate sablefish into this EFP, due to the unique “Conception Area” OY and high demand for this species.

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<sup>1</sup> The term “enforced” here refers to private sector enforcement of individual allocations.

Option 1: EFP will fish under normal 60 day trawl cumulative trip limit. The coop would be accountable to normal Council tracking and inseason adjustment procedures, with the goal of pacing the fishery and minimizing impacts on the other fishing operations in the Conception Area.

Option 2: EFP will fish under new 60 day trawl cumulative trip limits based on the weekly fixed gear limit (currently 1,050 lbs/week). The coop would be accountable to normal Council tracking and inseason adjustment procedures, with the goal of pacing the fishery and minimizing impacts on the other fishing operations in the Conception Area.

All other target species:	(hard caps for EFP TBD - Calculated as follows: 2008 harvest specification summed annual limit for limited entry trawl gear <sup>2</sup> multiplied by the six trawl permits owned by the Nature Conservancy covered in this EFP.
Canary Rockfish:	hard cap for the EFP of 200-300 lbs
Yelloweye Rockfish:	hard cap for the EFP of 50-150lbs
Widow Rockfish:	hard cap for the EFP of 2 mt
Darkblotched Rockfish:	hard cap for the EFP up to 1000 lbs
Pacific Ocean Perch:	hard cap for the EFP up to 300 lbs
Cowcod	hard cap for the EFP 200-300 lbs
Bocaccio	hard cap for the EFP of 1000-2000 lbs

All caps will be apportioned to individual vessels within the co-op at the discretion of the project manager to achieve the goals of the EFP.

### **Mechanism for Ensuring Harvest Limits (target and incidental) Are Not Exceeded and are Accurately Accounted**

Harvest limits will be monitored by observers and through landings data. Total landings and discard of all species will be accounted for the project director who will regularly report to the Council. All fishing under the EFP will be terminated (for all vessels) when mortality limits are reached.

### **Proposed Data Collection and Analysis Methodology**

Immediately following the June Council meeting, the project team will establish a steering committee to develop data collection protocols for the socioeconomic and cost-of-management aspects of the study. The protocols will be developed to inform the larger goals of the study (as described in the justifications section above) as well as to inform the Council's ongoing fishery management process.

The composition of the steering committee will reflect the socioeconomic and cost-of-management goals of the EFP. At a minimum, we anticipate having experts in groundfish management, commercial fishing, and socioeconomics.

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<sup>2</sup> As described at 50 CFR Part 660, Subpart G, § 660.381

The process we will use to determine exact data collection protocols follows:

1. Establish a Steering Committee and Project Manager to oversee the implementation and analysis of the EFP;
2. Consult with the Steering Committee to establish observer coverage levels and protocols for tracking total catch for the purposes of internal co-op management and staying within harvest caps;
3. Steering Committee develops specific metrics to measure the outcome of the EFP; including environmental, economic, social, and cost-of-management performance.
  - a. Quantitative analysis of metrics, where applicable, based on fish tickets, on-board observer data and other quantitative results
  - b. Qualitative analysis of fishermen and participants perceptions of the EFP, following a standard format and protocol. A sample interview guide is attached and can provide the basis for developing an appropriate set of questions for this EFP
4. In consultation with the Steering Committee, the Project Manager will oversee data collections.

Specific data collection protocols will be developed according to the project management schedule below.

For in-season monitoring relative to catch limits, the project director will summarize data on a weekly basis and track catches relative to the overall EFP caps. The project manager will potentially move to daily tracking as the EFP approaches its catch limits. All fishing will be ceased prior to attaining the caps associated with this EFP. At the end of the fishing year, the project director will summarize the data in a report that will be made available to the Council. Any unintentional overages will be reported to the Council as soon as the project manager is aware of them. Observer coverage levels will be established in consultation with NWFSC prior to Council final action on this EFP.

Exploring at-sea data collection methodologies that are cost-effective, allow for full accountability of individual fishermen within the co-op, and can provide the Council with necessary fisheries management information is a major point of emphasis for this EFP. Preliminary cost estimates indicate that requiring 100% observer information on all vessels is expensive; however, there is a need for each vessel to be fully accountable for hard species caps. The project director, in consultation with the EFP steering committee will assess observer cost structures, and may test different observer coverage levels, on-board cameras, and other appropriate means of tracking catch and landings. Specific protocols will be developed prior to launching the EFP according to the project management schedule below. The information will be synthesized in order to advise the Council on alternatives for a cost-effective at-sea monitoring program that meets the goals of the co-op and fisheries managers.

### **Description of How Vessels will be Chosen to Participate in the EFP**

The Nature Conservancy will lease permits and the associated catch limits in an unbiased and equitable manner to interested and qualified fishermen. Preference will be given to fishermen with experience using hook-and-line and pots in the geographic area of study. We anticipate that the demand for leases will exceed the number of permits available. Should this be the case, the Conservancy will select fishermen using a lottery system.

### **For Each Vessel, the Approximate Time(s) and Place(s) Fishing Will Take Place, and the Type, Size, and Amount of Gear to be Used**

Vessels will use longline and traps and will fish throughout the fishing year. Fishing will be constrained south of 36-degrees North latitude and seaward than the 150 fathom (as approximated in the regulations that define the rockfish conservation area).

### **Project Management and Personnel**

Fishing leases will be managed by The Nature Conservancy. Data collection, analysis, and reporting will be managed by an independent third party and steering committee. The steering committee will be named sometime after the June 2007 Council meeting and will include 2-5 people with expertise in fishing, project management, and socioeconomics.

### Project Milestones

May 25, 2007	EFP Proposal delivered to Council
June 10-15, 2007	GMT/SSC review and comment on proposal
Summer/early fall 2007	Consider comments/finalize experimental design/secure funding
October 19, 2007	Revised EFP Proposal delivered to Council
November 4-9, 2007	Council adopts EFP
Dec./Jan 2008	Vessel selection/observer training
February 2008	Commence exempted fishing
Throughout 2008	Track total catch and report to Council as necessary.
April 2009	Preliminary report to Council.
November 2009	Final report to Council