Agenda Item E.2.a
NMFS Report
April 2015

Trawl Rationalization Program Cost Recovery Annual Report

Fee Calculation for 2015 and Fishing Year 2014 Payments

March 2015

Overview

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 costs directly related to the management, data collection, and enforcement of a limited access privilege program (LAPP) (16 U.S.C. 1854(d)(2)), also called "cost recovery." The Pacific coast groundfish trawl rationalization program is a LAPP and consists of three sectors: the Shorebased Individual Fishing Quota (IFQ) Program, the Mothership (MS) Coop Program, and the Catcher/Processor (C/P) Coop Program.

In accordance with the Magnuson-Stevens Act and based on a recommended structure and methodology developed in coordination with the Council, NMFS collects mandatory fees of up to three percent of the ex-vessel value of groundfish by sector (Shorebased IFQ Program, MS Coop Program, and C/P Coop Program). NMFS collects the fees to cover the incremental costs of management, data collection, and enforcement of the trawl rationalization program.

Cost recovery for the trawl rationalization program was implemented in January 2014. The details of cost recovery for the groundfish trawl rationalization program are in regulation at 50 CFR 660.115.

What's in this annual report?

NMFS is committed to transparent cost accounting practices, including publishing this annual report detailing recoverable costs. This annual report includes information on the fee percentage calculation, program costs, ex-vessel value by sector, and total fees collected by NMFS from previous years.

Cost recovery reports from other Regions can be found online using the links below.

- Alaska Crab Rationalization - http://www.fakr.noaa.gov/sustainablefisheries/crab/crfaq.htm
- Alaska Halibut/Sablefish IFQ - http://www.fakr.noaa.gov/ram/ifqfees.htm
- Greater Atlantic Scallop IFQ - http://www.greateratlantic.fisheries.noaa.gov/sustainable/species/scallop/quotas/2013scallopifqfeeannualreport.pdf

Details on Cost Recovery Calculations

For cost recovery, NMFS must make two calculations during the last quarter of every calendar year after each fiscal year ends and announce those values in a *Federal Register* notice before they would go in to effect on January 1 of the following year. The calculations for these values and the data used are described further in this report. The two calculations are:

1. Fee Percentage Calculation by Sector
2. MS Pricing for the C/P Coop Program

Fee Percentage Calculation by Sector

For the trawl rationalization program, NMFS calculates the fee percentage by sector using the best available information, not to exceed the Magnuson-Stevens Act three percent cap. To calculate the fee percentage by sector, NMFS uses the formula specified in regulation at § 660.115(b)(1), where the fee percentage by sector equals the lower of three percent or direct program costs (DPC) for that sector divided by total ex-vessel value (V) for that sector multiplied by 100.

Fee percentage = the lower of 3% or (DPC/V) x 100

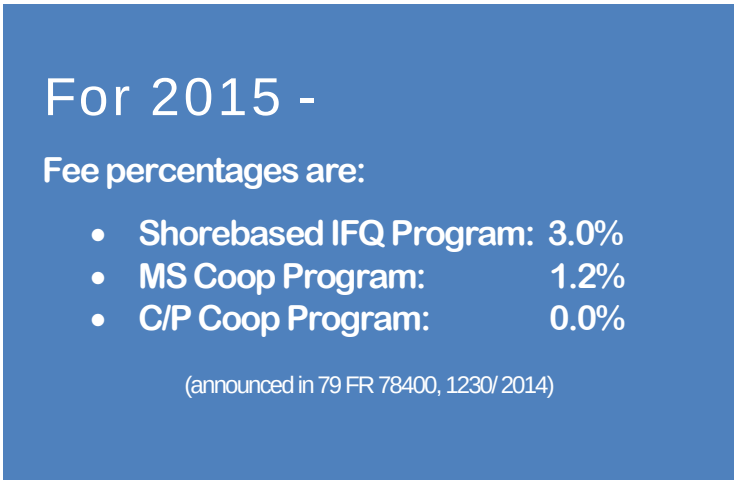
"V" or ex-vessel value, specified in regulation at §660.115(b)(1)(ii), is the total ex-vessel value for each sector from the previous calendar year. The ex-vessel value for each sector is defined at §660.111 (see below) and includes the total ex-vessel value for all groundfish species.

> *Ex-vessel value means, for the purposes of the cost recovery program specified at § 660.115, all compensation (based on an arm's length transaction between a buyer and seller) that a fish buyer pays to a fish seller in exchange for groundfish species (as defined in § 660.11), and includes the value of all in-kind compensation and all other goods or services exchanged in lieu of cash. Ex-vessel value shall be determined before any deductions are made for transferred or leased allocation, or for any goods or services.*
>
> *(1) For the Shorebased IFQ Program, the value of all groundfish species (as defined in § 660.11) from IFQ landings.*
>
> *(2) For the MS Coop Program, the value of all groundfish species (as defined in § 660.11) delivered by a catcher vessel to an MS-permitted vessel.*
>
> *(3) For the C/P Coop Program, the value as determined by the aggregate pounds of all groundfish species (as defined in § 660.11) harvested[1] by the vessel registered to a C/P-endorsed limited entry trawl permit, multiplied by the MS Coop Program average price per pound as announced pursuant to § 660.115(b)(2).*

"DPC" or direct program costs, defined in regulation at §660.115(b)(1)(i), are the actual incremental costs for the previous fiscal year directly related to the management, data collection, and enforcement of each sector. Actual incremental costs means those net costs that would not have been incurred but for the implementation of the trawl rationalization program, including both increased costs for new requirements of the program and reduced costs resulting from any program efficiencies. If the amount of fees collected by NMFS is greater or less than the actual net incremental costs incurred, the DPC will be adjusted

[1] While the regulations say "harvested," NMFS has clarified through a public notice that the C/P ex-vessel value and fee amount due is based on retained catch.

accordingly for calculation of the fee percentage in the following year. The 2015 fee percentages, accounting for adjustments, are displayed below.



Cost of Management, Data Collection, and Enforcement (DPC)

As described earlier, DPC in the calculation are the actual incremental costs for the previous fiscal year directly related to the management, data collection, and enforcement of each sector. In other words, they are costs that would not have been incurred but for the implementation of the trawl rationalization program.

For 2014, the first year of cost recovery, NMFS only recovered the costs of employees' time (salary and benefits) spent working on the program in the calculation of DPC rather than all incremental costs of management, data collection, and enforcement. The DPCs for 2015 fee percentage calculations are also based on the costs of employees' time and do not include expenses for travel, supplies, etc. Therefore, the DPC values are, again, likely an underestimate of costs compared to all incremental costs of management, data collection, and enforcement.

NMFS only included the costs of employees' time in the calculation for 2014, and again for 2015, because of limited agency resources and time to calculate additional incremental costs. While employees' time spent working on the trawl rationalization program has been coded and tracked since 2011, not all additional categories of incremental costs have been tracked in a manner that can be quickly compiled. For example, the incremental costs of travel, rent, and equipment will require additional research and documentation before they can be adequately accounted for.

The recoverable costs of employees' time spent working on the trawl rationalization program are the incremental costs of those employees' time. In other words, it is the cost of employees' time that would not have been incurred but for the implementation of the trawl rationalization program. NMFS employees have coded and tracked their time card for time spent on the trawl rationalization program by sector (IFQ, MS, C/P) since 2011.

NMFS has determined the incremental cost of employees' time by using those recoverable costs directly attributable to management, data collection, and enforcement of the trawl rationalization program (e.g., employee time spent working on tasks that would not have been necessary but for the trawl rationalization program). The majority of employees included in this estimate are either new employees directly hired to work on the trawl rationalization program or are existing employees whose time has been directed away

from other agency duties to work on the trawl rationalization program (e.g. less time spent on grant work, recreational fisheries issues, and open access issues).

Table 1 provides a summary of the incremental costs from FY 2014 used to determine the DPC for each sector used in calculation of the 2015 fee percentages.

Table 1. Incremental costs (DPC) associated with management, data collection, and enforcement of all sectors of the Trawl Rationalization Program, FY 2014 (October 1, 2014 to September 30, 2015).
For FY 2015, NMFS only calculated incremental cost of personnel.

Cost Category	WCR	NWFSC	OLE	Total
Personnel [a]	$896,760.42	$1,331,671.43	$192,359.64	$2,420,359.64
IFQ	*$769,454.82*	*$1,126,819.08*	*$122,585.14*	*$2,028,859.04*
MS	*$64,815.94*	*$126,169.57*	*$42,315.28*	*$233,300.78*
C/P	*$62,489.66*	*$68,682.62*	*$27,459.22*	*$158,631.49*
Travel [b] /Transportation [c]	$ -	$ -	$ -	$ -
Printing	$ -	$ -	$ -	$ -
Contracts/Training	$ -	$ -	$ -	$ -
Supplies	$ -	$ -	$ -	$ -
Equipment	$ -	$ -	$ -	$ -
Rent/Utilities/Overhead [d]	$ -	$ -	$ -	$ -
Other	$ -	$ -	$ -	$ -
Total	**$896/760.42**	**$1,331,671.43**	**$192,359.64**	**$2,420,791.32**

a Personnel costs include salary and benefits. Federal grant covering PSMFC personnel costs is included in the WCR.
b Travel includes per diem payments.
c Transportation includes shipment of items.
d Rent/Utilities/Overhead includes costs of space and utilities and shared common space and services.

Details of the incremental costs for management, data collection, and enforcement of the trawl rationalization program by sector are described below. The details are grouped by division within NMFS: West Coast Region, Northwest Fisheries Science Center, and Office of Law Enforcement.

West Coast Region (WCR)

The West Coast Region (WCR) manages the trawl rationalization program by working on policy issues, drafting and implementing regulations, tracking the fishery, and issuing permits. This includes work done by WCR Groundfish Branch and Fisheries Permits Office. It also includes WCR costs for work done by the Northwest Fisheries Science Center's Scientific Data Management (SDM) and Information Technology (IT) groups for work on the online IFQ system, and for work done by the Pacific States Marine Fisheries Commission for the catch monitor program. WCR employees track their time in timecards for work done on the trawl rationalization program with project and task codes by sector. For many employees, only part of their time is for trawl rationalization. The costs of employee time that were already included in the unit cost computation for the permit fees for first receiver site licenses (FRSL) and MS permits are not included in DPC. SDM/IT was provided $300,000 from the WCR for tasks in FY 2014, applied toward eight contract employees (this cost is only for the Shorebased IFQ Program). PSMFC was provided $145,123 from the WCR in FY 2014 for salaries and benefits for two catch monitor program coordinators (this cost is only for the Shorebased IFQ Program).

For FY 2014, the following contributed to the DPC for the WCR:

Total cost from salaries + benefits = $896,760.42
IFQ - $769,454.82
MS - $64,815.94
C/P - $62,489.66
Total hours of all full time employees (FTE) included in the total cost = 6,623.75
General (split equally between 3 sectors) – 3,301.25 hours
IFQ – 2,441.5 hours
MS – 140 hours
C/P – 113.50 hours
# of FTE included in the total cost = 12

Examples of WCR incremental tasks considered recoverable include:

1) Review new applications and renewal for quota share (QS) permits and accounts, vessel accounts and coop permits; enter data to database and issue permits and establish new accounts. Maintain paper and electronic files associated with permits and accounts.
2) Provide support to constituents with their online QS and vessel accounts, including:
    - Clarification of catch share program regulations including control limits and divestiture;
    - Access and use of QS and vessel account;
    - Reset passwords;
    - Help new entrants understand IFQ program requirements;
    - Administrative transfers for deceased permit owners; and
    - Reconcile data errors found in the IFQ account system.
3) Prepare IFQ data reports in response to various constituents (i.e., council staff, industry, Congressional) and NMFS requests.
4) Enter and track ownership interest data for the trawl fleet (IFQ and MS) across permits and vessels.
5) Design enhancements for the online IFQ and permit system; revise existing user interface; prepare business rules and use cases for IT staff to enable them to develop programming for system enhancements/revisions; work with IT staff to test new functionality of system before release; on ongoing basis carry out QA/QC of system and fix bugs. This includes:
    - Implemented QS trading and mothership/catcher vessel and catch History Assignment transfer functionality;
    - Built interface to allow staff to create new QS permits/accounts;
    - Created a QS calculator for the public to estimate quota pounds associated with QS across years; and
    - Built functionality to block QS transfers that would exceed QS control limit or aggregate non-whiting limit.
6) Calculate and Allocate quota pounds to QS accounts 5 times, and carryover quota pounds to vessel accounts 1 time in 2014. Prepare memos documenting allocation and carryover actions.

7) Develop rulemakings for the trawl rationalization program and work on associated implementation and analytical requirements, including:
    - Program Improvement Enhancement 2 - program refinement/trailing amendment;
    - Observer/CM provider rulemaking - Allows for the entrance of new permitted providers specifically for the Pacific Coast trawl fisheries;
    - Widow rockfish reallocation - Maximize sustainable yield;
    - Cost recovery - Prepare Cost recovery rulemaking and implementation.
    - Midwater trawl clean-up rulemaking - Flexibility in the regulations for vessels using midwater trawl gear are being revised to address errors and inconsistencies introduced to the trawl IFQ regulations when old regulations were merged with the new IFQ program. In addition, regulations specific to IFQ midwater fishing activity that has emerged because of implementation of the IFQ program are being revised.
    - Work on extending the Adaptive Management Program (AMP), and development of Council documents on AMP.
8) Prepare and review Paperwork Reduction Act (PRA) packages related to catch shares, which includes development of new forms and/or revision of existing forms.
9) Manage and error checked trawl catch data annually with PSMFC, WCGOP, and OLE.
10) Trawl rationalization 5-year review planning.
11) Prepare and update information for the catch share website, and QA/QC of compliance guides or other documents.

The Scientific Data Management (SDM) team at the NWFSC provides the user interface and database architecture that allows IFQ quota share and vessel account owners to manage quota share and quota pounds through transfers and balance reporting of fish landings and discards. The SDM team has developed and maintained the IFQ Catch Share web application since the initial launch on 1/11/2011 and continues to provide enhancements as user needs and regulations have warranted. The SDM team provides a data reporting interface available to key NMFS and state law enforcement agents, NMFS WCR Permits Office, NMFS economist, and PSMFC staff.

The SDM team also developed and maintains a web application that allows the NMFS WCR Permits office to manage required permits to participate in the West Coast trawl and mothership fisheries, as well as first receiver site licenses. This system allows the permits office to process requests for new QS permits and QS and vessel accounts.

In FY14 here are the specific activities:

1) **Application Development**: Developed, tested, documented and launched the user interfaces, database structures and procedures for the following:
    - QS trading between quota share accounts
    - QS calculator on IFQ public web page
    - QS & VA Applications and renewals
    - FRSL Applications and Re-registrations
    - Coop Applications for Mothership and Catcher Processors
    - Catch History Assignment transfer for trawl endorsed groundfish permits
    - Capture and report the ownership interest of individuals and business

2) **System Maintenance**: Validated system upgrades, incorporated new security measures, provided updated release documentation and review to comply with NOAA requirements
3) **Data Support:** automated observer discard expansion, performed data quality assurance and reporting
4) **User Support:** General application support for NMFS staff, IFQ users and the general public

Northwest Fisheries Science Center (NWFSC)

NWFSC collects and analyzes data on the trawl rationalization program through observers on vessels and through economic and social surveys. This includes work done by the NWFSC Fishery Resource Assessment and Monitoring Program (FRAM) and additional employees paid through PSMFC contracts and grants. The values included in the NWFSC DPC do not include any of the costs paid by NMFS to PSMFC for reimbursing industry for part of the industry cost for observers.

For FRAM employees, timecards were coded with project and task codes by sector, same as those from the WCR. Some employee time was deducted. Because the mothership (processing vessels not the mothership catcher vessels) and C/P vessels had mandatory observers and corresponding ASHOP debriefers before the trawl rationalization program, ASHOP debriefer costs were not included. "ASHOP" is the observer program for the at-sea whiting processors, the motherships (not the catcher vessels) and the C/Ps. The West Coast Groundfish Observer Program (WCGOP) is the observer program for the shorebased catcher vessels (IFQ) and the catcher vessels fishing for and delivering to motherships. 25% of the costs attributed to the WCGOP for the Shorebased IFQ Program were deducted as well to account for coverage of the limited entry trawl program by the WCGOP prior to the implementation of the catch share program. This percentage was determined by using observer sea days from 2010 (pre catch shares) and observer sea days from 2013 (post catch shares) as representative years, resulting in 1658 and 6909 sea days respectively.

The PSMFC observer grant cost is only for the catch shares portion of the grant. The grant is only split catch shares and non-catch shares, however, the bulk of the catch shares portion of the grant is for the Shorebased IFQ Program. The PSMFC observer grant is for the salary and benefits (no gear) for PSMFC staff working off the West coast. The values for the PSMFC observer grant only cover staff time for observers program activities, not catch monitor program activities or any other PSMFC activities. In addition to the IFQ fishery, some of the cost is also attributable to the MS fishery for observers on MS/CVs. To determine how much of that money should be counted as a cost to the MS fishery, NMFS looked at the sea days spent on MS/CVs in 2013. Approximately 8% of observer sea days were spent on MS/CVs, so this value was used to split the cost between the IFQ and MS fisheries. As with the NWFSC estimates, 25% of the hours and costs were deducted from the IFQ amounts to account for the coverage levels of the limited entry trawl fishery prior to the implementation of catch shares. Additional observer scales, salmon genetics, and other non-labor were also removed as non-labor costs are not considered recoverable this year.

For FY 2013, the following contributed to the DPC for the NWFSC:

Total cost from salaries + benefits = $1,331,670
IFQ - $1,136,819
MS - $126,170
C/P - $38,383

Total hours of all FTEs included in the total cost = 10,356.61

General (split between 3 sectors) – 4,843 hours
IFQ – 5,271 hours
MS – 100 hours
C/P – 143 hours
# of employees included in the total cost = 19

Examples of NWFSC incremental tasks considered recoverable include:

1) Support to constituents with their vessel accounts in regards to observer discards.
2) Managed and error checked trawl catch data with PSMFC, WCGOP, and OLE.
3) Cost recovery planning, data analysis and reporting.
4) Observer/CM provider rulemaking - Allows for the entrance of new permitted providers specifically for the Pacific Coast trawl fisheries.
5) Trawl rationalization 5-year review planning.
6) Database improvements to facilitate bycatch reporting in an accurate and timely manner to vessel accounts.
7) Catch share observer trainings and briefings (WCGOP only, not A-SHOP).
8) Catch share data review, reporting and observer debriefings. (WCGOP only, not A-SHOP).
9) EDC form administration and mailings.
10) EDC development and maintenance of web-based forms.
11) EDC database and data QA/QC.
12) EDC reports and data analysis.
13) EDC communications and outreach to better understand data and improve reporting of results.

NOAA's Office of Law Enforcement (OLE)
OLE enforces the requirements of the trawl rationalization program. OLE labor costs are tracked by one project/task code, but employees track their daily hours by activity codes on their timecards (1 for each sector – IFQ, MS, C/P).

Trawl rationalization enforcement technicians' time was included in the 2015 fee calculation. Enforcement technicians activities include, but are not limited to, tracking QS and vessel account balances, contacting vessel owners if an account is negative, assisting with fishery declarations, and tracking fishing status through the vessel monitoring system.

For FY 2014, the following contributed to DPC for OLE:

Total cost from salaries + benefits = $192,359.64
IFQ - $122,585.14
MS - $42,315.28
C/P - $27,459.22
Total hours of all FTEs included in the total cost = 2,124
IFQ – 2,095 hours
MS - 0 hours (only contractor spent time on this sector)
C/P - 29 hours
# of employees, including contractors, included in the total cost = 14

Examples of OLE incremental tasks considered recoverable include:

1) Evaluate enforcement issues related to permit renewals and new applications (e.g. coop permits, QS and vessel accounts, FRSL).
2) Monitor QS and vessel accounts for regulatory compliance.
3) Monitor regulatory compliance of ownership interest for the trawl fleet across permits and vessels.
4) Participate in designing programming updates for the online IFQ system to improve monitoring and investigative capabilities.
5) Evaluate related enforcement implications in regards to numerous ongoing rulemaking (i.e. PIE 2, cost recovery, mid water chaffing gear, observer/CM rule, joint registration, widow rockfish reallocation).
6) Monitor trawl catch data on a daily basis to ensure compliance with regulations. Take enforcement action where appropriate to include verbal communication, correction letters, summary settlements, and formal investigation leading to the issuance of written warnings and Notice of Violation Assessments (NOVA) by General Counsel Enforcement Section (GCES).
7) Develop procedures and processes of monitoring, analyzing, and investigating alleged excessive Quota Share (QS) holdings.
8) Analysis and evaluation of Economic Data Collection (EDC) report submittals for regulation compliance, inclusive of issuing compliance correction letters, and conducting investigations leading to the issuance of written warning and NOVAs by GCES.
9) Ongoing monitoring and subsequent investigations of alleged violations of Trawl Rationalization (IFQ) regulations by vessels owners, operators, processors, and First Receivers (FRs)
10) Investigation of alleged Observer and Compliance Monitoring harassment violations.
11) Actively engaged in the evaluation of numerous regulation complexities and inconsistencies specific to IFQ midwater and bottom trawl fishing activity that has emerged because of the implementation of the IFQ program.
12) Participate in the analysis, creation, and QA/QC of IFQ program outreach materials, i.e. compliance guide.
13) Engaged in Trawl Rationalization 5-year review planning.

Northwest Section of General Counsel

NMFS is not including the cost of employees from the Northwest Section of General Counsel in the cost recovery calculation.

Fee adjustment between years for 2015

Due to fluctuations in actual ex-vessel values and amounts landed, the amount NMFS collects each year in cost recovery fees can be over or under NMFS' costs from the previous fiscal year. Accordingly, the cost recovery regulations at §660.115(b)(1)(i) state that if the amount of fees collected by NMFS is greater or less than the actual net incremental costs incurred, the DPC will be adjusted accordingly for the calculation of the fee percentage in the following year. As landings data have not been finalized when an adjustment is determined, NMFS estimates the total fees that will be collected based on the collections up to the date of determination, and in the case of the C/P Coop, estimated harvest. An adjustment ensures that the aggregate fees being collected are appropriate. In 2014, it is estimated that both the MS Coop and C/P Coop fisheries will have paid fees in an amount greater than the DPC incurred for the respective sectors in fiscal year 2013. As such, the 2015 DPC will be adjusted, downward, as follows:

	FY 2013 DPC used for 2014 calculation	2014 Fees due	Adjustment for 2015
Shorebased IFQ Program	$1,877,752.00	$1,356,285.28	N/A
MS Coop Program	$274,936.05	$331,004.07	($56,068.02)
C/P Coop Program	$176,460.05	$350,387.25	($173,927.20)

The adjustment in the C/P Coop program costs shows that NMFS anticipates collecting $15,295.71 more than the adjusted costs in 2014 resulting in a fee percentage of negative 0.1. Because a fee percentage cannot be negative, NMFS is setting the 2015 C/P Coop program cost recovery fee at 0.0 percent and will deduct $15,295.71 from the 2015 DPC to adjust the DPC used to calculate the 2016 fee percentage.

Determining the Value of the Fishery (V)

The cost recovery program regulations define ex-vessel value slightly differently for each sector (IFQ, MS, and C/P). This results in slightly different methods to calculate "V" for each sector. For the start of cost recovery, NMFS did not yet have information on ex-vessel value reported by the MS fleet or "MS pricing" available (see MS Pricing section of this memo). Because NMFS did not have these values available, NMFS used data from the IFQ fishery as a proxy in estimating "V" for the MS and C/P sectors. NMFS is using information on the average price per pound of whiting from the IFQ fishery for all sectors again in 2015. For the 2016 calculation and beyond, NMFS may estimate the MS ex-vessel value using the cost recovery form verified against the MS annual report, which were not yet available for the 2015 calculation. For 2015, NMFS used the ex-vessel value from calendar year 2013 (the most recent complete data set) as reported in Pacific Fisheries Information Network (PacFIN) from electronic fish tickets to determine "V." The electronic fish ticket data in PacFIN is for the Shorebased IFQ Program. This means that the ex-vessel value for both the MS Coop Program and the C/P Coop Program is a proxy based on the Shorebased IFQ Program ex-vessel price and on the retained catch estimates (weight) from the observer data (as reported in PacFIN from NORPAC) for the MS and C/P Coop Programs.

While the DPC is calculated on the fiscal year, V is calculated on the calendar year. NMFS considered calculating V on the fiscal year, but had concerns that the data available right after the fiscal year ends may not be accurate. Ex-vessel value for the Shorebased IFQ Program is reported in PacFIN from fish ticket data. PacFIN reports often have a time delay, with data continuing to update in the PacFIN system for several months. Therefore, pulling data based on a fiscal year, right after the fiscal year has closed, may not result in the best available data. NMFS will calculate V using the previous calendar year's ex-vessel value. Calculating DPC on the fiscal year and V on the calendar year is appropriate as long as it remains consistent among years (i.e., V doesn't switch between 2 years from calendar year to fiscal year).

To determine ex-vessel value (V) by sector for calendar year 2013, the PacFIN database was queried on December 4, 2014. Shorebased IFQ landings and revenue estimates (including all groundfish species) were taken from the Vessel Daily RockFish Distributed (VDRFD) table where nominal ticket species categories are distributed to individual rockfish species at the daily level (using area and species composition proportions supplied by the state sampling programs). For the MS and C/P fisheries, retained catch estimates and corresponding values (hake only) were taken from the NORPAC 4900 Species Composition table within PacFIN. The NORPAC 4900 Species Composition table in PacFIN estimates at-sea (MS & C/P) hake value from shorebased prices, but at a finer level of aggregation by area and time, which should lead to more accurate overall estimates. While all groundfish species are included

in the Shorebased IFQ ex-vessel value, only hake is included in "value" for the at-sea sectors, as other species are predominantly discarded or used for fish meal, with little to no revenue and specific information.

Table 2. Retained catch estimates by month and sector. IFQ includes all landed species; at-sea sectors include only hake. Hake value estimates for at-sea sectors were queried from the NORPAC 4900 species comp. table in PacFIN.

2013	IFQ lbs	IFQ value ($)	CP lbs	CP value	MS lbs	MS value ($)
Jan	2,277,707	1,450,633	0	0	0	0
Feb	3,057,378	1,671,081	0	0	0	0
Mar	5,814,581	3,285,887	0	0	0	0
Apr	4,684,920	2,520,050	0	0	0	0
May	3,611,473	2,122,642	51,006,058	6,657,533	14,054,236	1,834,420
Jun	15,692,336	3,279,663	10,876,178	1,383,897	14,544,162	1,853,343
Jul	46,950,889	7,000,766	0	0	4,916,160	611,565
Aug	68,320,349	10,196,867	6,330,693	818,042	3,278,203	426,121
Sep	49,688,726	7,914,212	31,996,677	4,111,247	20,736,299	2,663,382
Oct	43,852,794	7,434,756	44,788,324	5,756,574	45,491,044	5,809,280
Nov	7,726,256	2,579,152	26,771,848	3,506,673	12,229,581	1,561,036
Dec	3,173,449	2,102,289	0	0	0	0
Sum	254,850,858	**51,557,998**	171,769,778	**22,233,966**	115,249,685	**14,759,147**

Calculating the Fee as a Percentage of Total Fishery Value

Using the formula described above in "Fee Percentage Calculation by Sector" and the values for V and adjusted DPC, the fee percentage by sector is as follows:

Fee percentage = the lower of 3% or (DPC/V) x 100

- Shorebased IFQ Program- 3.0% = the lower of 3% or ($2,028,859.04/$51,557,998) x 100
- MS Coop Program- 1.2% = the lower of 3% or ($177,232.76 /$14,759,147) x 100
- C/P Coop Program- -0.1% = the lower of 3% or ($-15,295.71 /$22,233,966) x 100

For the MS and C/P Coop Programs, the resulting fee percentage is less than the possible upper limit fee percentage of 3.0 percent. Thus, NMFS should be able to recover all incremental costs from FY 2014 (assuming the ex-vessel value remains the same or increases). However, for the Shorebased IFQ Program, because the 3.0 percent cap limits what the fee percentage would be otherwise (3.9 percent), NMFS will likely not be able to recover all incremental costs from FY 2014.

Table 3. 2015 fee percentage based on NMFS's costs for Pacific coast groundfish trawl catch share program by sector.
(cost of employees' time (salary + benefits) from FY 2014 attributable to trawl rationalization ex-vessel value from calendar 2013)

Trawl Sector	WCR*	NWFSC	OLE	Total by sector	2015 Fee Adjustment	Final Sector Totals	ex-vessel value	fee percentage by sector	fee percentage by sector (max 3%)
Shorebased IFQ Program	$769,454.82	$1,136,819.08	$122,585.14	$2,028,859.04	$0.00	$2,028,859.04	$51,557,998	3.9%	3.0%
MS Coop Program	$64,815.94	$126,169.57	$42,315.28	$233,300.78	$56,068.02	$177,232.76	$14,759,147	1.2%	1.2%
C/P Coop Program	$62,489.66	$68,682.62	$27,459.22	$158,631.49	$173,927.20	-$15,295.71	$22,233,966	-0.1%	-0.1%
Total	$896,760.42	$1,331,671.43	$192,359.64	$2,420,791.32		$2,190,796.10	$88,551,111		
	23 employees	19 employees	14 employees						
*Permi/tLicense Fees (subtracted) $31,960									

Notice that there are three trawl sectors listed in the table. In addition, to the Shorebased IFQ Program, MS Coop Program, and C/P Coop Program, DPC has been tracked as applying to all three sectors (IFQ, MS, C/P) combined. For example, work drafting regulations for a cost recovery program that applies to all sectors of the trawl rationalization program would be tracked as "general trawl rationalization program" costs and would be shared equally among all three sectors. Each of the sector values in the table has been adjusted to equally split the costs from the "general trawl rationalization program" among the three sectors (IFQ, MS, C/P). The "total by sector" column of the table is divided by the values in the "ex-vessel value" column to determine the "fee percentage by sector." At the time of this report, the "combined" tracking has been removed and all time is tracked according to its specific sector. The 2015 fee adjustment column has been subtracted from the "total by sector" to give the "final sector totals. Finally, the fee percentage must not be greater than 3% as shown in the "fee percentage by sector (max 3%)" column. It was determined that the negative 0.1 percentage for C/P would be set to 0.0 percent and the over collection of $15,295.71 would be deducted from the 2015 DPC.

MS Pricing for the C/P Coop Program

"MS pricing" is the MS Coop Program's average price per pound for Pacific whiting, also called hake. The MS pricing is used by the C/P Coop Program to determine their ex-vessel value (MS pricing multiplied by the value of the aggregate pounds of all groundfish species retained by the vessel registered to a C/P-endorsed limited entry trawl permit), which is then multiplied by the C/P fee percentage to determine the fee amount due. However, as described previously, because the MS Coop Program's average price per pound as reported on the cost recovery form is not yet available, the MS pricing for the this year is based on the average price per pound of whiting as reported in PacFIN from the Shorebased IFQ Program. Only the value of Pacific whiting is used because the at-sea whiting fisheries (MS & C/P) target whiting and the value of non-whiting species is comparatively insignificant. For 2015, NMFS calculated the MS pricing from values reported in Table 2. NMFS calculated the average shorebased whiting price per pound for May-December 2013, the primary whiting season for the MS and C/P sectors, by dividing the revenue by the landings. The ex-vessel value for the MS and C/P sectors (in the NORPAC 4900 SP COMP table), and shown in Table 2, is the average shoreside whiting price applied to the retained catch at the finest possible level of area and time. In Table 2, a dash (-) represents months where there were no whiting landings. The resulting whiting price per pound in the table below is based on the price per pound of whiting as reported in PacFIN from the Shorebased IFQ Program. The average price per pound of Pacific whiting to be used by the C/P Coop Program to determine their fee amount is $0.13/lb.

	hake price per lb ($)	
2012	**CP**	**MS**
May	$0.13	$0.13
Jun	$0.13	$0.13
Jul	-	$0.13
Aug	$0.13	$0.13
Sep	$0.13	$0.13
Oct	$0.13	$0.13
Nov	$0.13	$0.13
Dec	-	-
avg	**$0.13**	**$0.13**

Fees Collected from Fishing Year 2014

As of March 2015, the following sector-specific fees have been paid through pay.gov for 2014 catch.

	2014 Fees collected
Shorebased IFQ Program	$1,431,308.38
MS Coop Program	$284,655.19
C/P Coop Program	$350,402.31
Total	**$1,970,161.43**

Use of Funds

Payments received by NMFS as a result of cost recovery 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 administer and implement the Magnuson-Stevens Act in the fishery in which the fees were collected. Therefore, all cost recovery fees collected by the WCR to date will be used for current and future management, data collection, and enforcement of the trawl rationalization program similar to as described in the fee calculation section of this report.