


2014-2015 Cost Recovery Annual Report Trawl Rationalization Program

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What is the cost recovery program?

- Cost recovery is the process by which NMFS recovers the incremental costs associated with the management, data collection, and enforcement of the Pacific coast groundfish trawl rationalization program.
- Cost recovery is required by the Magnuson-Stevens Fishery Conservation and Management Act (MSA) for all limited access privilege programs.
- Under MSA, cost recovery fees cannot exceed 3% of the value of the fishery



Who is covered by the West Coast Cost Recovery Program?

- At this time, all participants fishing in the Pacific coast groundfish trawl rationalization program, including:
 - Shorebased Individual Fishing Quota (IFQ) Program
 - Mother Ship (MS) Cooperative (Coop) Program
 - Catcher/Processor (C/P) Cooperative Program



How are Cost Recovery Fees Collected?

- First receivers of fish caught under the groundfish trawl rationalization program (fish buyers) are required to submit the cost recovery fees collected to NMFS via Pay.gov (<https://www.pay.gov/paygov/>)
- Pay.gov can collect fees using a credit/debit card as well as direct electronic bank transfers
- Fees must be paid through Pay.gov. NMFS cannot accept payment directly by cash or check



2015 Cost Recovery Fee Calculation

- Fee percentage = the lower of: 3% or $(DPC/V) \times 100$
 - DPC - direct program costs, are the actual *incremental* costs for the previous fiscal year directly related to the management, data collection, and enforcement of each sector
 - V – total ex-vessel value of the fish landed by each sector
- Incremental costs means those net costs that would not have been incurred but for the implementation of the trawl rationalization program
- Ex-vessel value is determined by either actual prices from electronic reporting or based on the average price in the case of C/P



2015 Cost Recovery Fee Percentages

For 2015 -

Fee percentages are:

- Shorebased IFQ Program: 3.0%
- MS Coop Program: 1.2%
- C/P Coop Program: 0.0%*

(announced in 79 FR 78400, 12/30/2014)

*After accounting for estimated payment overages in 2014.



Direct Program Costs (DPC) of Management, Data Collection, and Enforcement

- The DPCs for 2015 fee percentage calculations are based on the recoverable costs of employees' time.
 - This does not include expenses for travel, supplies, etc.
- The recoverable costs of employees' time are the incremental costs of those employees' time.
 - Time that would not have been incurred but for the implementation of the trawl rationalization program.
- NMFS employees have coded and tracked their time cards for time spent on the trawl rationalization program by sector (IFQ, MS, C/P) since 2011.

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
IFO	\$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.

DPC for management, data collection, and enforcement of the trawl rationalization program by sector

West Coast Region

- 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.
 - Includes work done by WCR Groundfish Branch and Fisheries Permits Office.
 - 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
 - Includes work done by the Pacific States Marine Fisheries Commission for the catch monitor program.

DPC for management, data collection, and enforcement of the trawl rationalization program by sector continued

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.
 - 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.

DPC for management, data collection, and enforcement of the trawl rationalization program by sector continued

NOAA's Office of Law Enforcement (OLE)

- OLE enforces the requirements of the trawl rationalization program. Trawl rationalization enforcement technicians' time was included in the 2015 fee calculation.
- Enforcement technician's activities include, but are not limited to:
 - Tracking Quota Share and vessel account balances
 - Contacting vessel owners if an account is negative
 - Assisting with fishery declarations
 - Tracking fishing status through the vessel monitoring system

Fee adjustment between years for 2015

- Due to fluctuations in actual ex-vessel values and amounts landed, the amount NMFS recovers each year in cost recovery fees can be over or under NMFS' costs from the previous fiscal year.
- Cost recovery regulations at §660.115(b)(1)(i) state that DPC will be adjusted if the amount of fees recovered by NMFS is greater or less than the actual net incremental costs incurred.
- In 2014, it was estimated that both the MS Coop and C/P Coop fisheries would have paid fees in an amount greater than the DPC incurred for the respective sectors in fiscal year 2013. As such, the 2015 DPC was adjusted downward, resulting in a lower 2015 fee percentage for these sectors.
 - For the C/P Coop program, NMFS anticipated recovering \$15,296 more than the adjusted costs in 2014 resulting in a fee percentage of negative 0.1. Because a fee percentage cannot be negative, the C/P cost recovery fee was set at 0.0 percent.
 - NMFS will deduct these additional funds (\$15,296) from the 2016 fee calculation.



Determining the Value of the Fishery (V)

- “V” is calculated for each sector using Shorebased IFQ Program ex-vessel price from electronic fish ticket data in the Pacific Fisheries Information Network (PacFIN) and on the retained catch estimates (weight) from the observer data (as reported in PacFIN from NORPAC observer data).



Calculating the Fee as a Percentage of Total Fishery Value

Fee percentage = the lower of: 3% or $(DPC/V) \times 100$

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

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.

2013	hake price per lb (\$)	
	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 Recovered from Fishing Year 2014

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

	2014 Fees recovered
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 cost recovery 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 recovered.
- Therefore, all cost recovery fees recovered 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 the annual report.



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Thank You

Questions?

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