

Trawl Rationalization Program Cost Recovery Annual Report

Fee Calculation for 2016 and Fishing Year 2015 Payments



April 2016



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 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 - <https://alaskafisheries.noaa.gov/fisheries/ifq>
- Greater Atlantic Scallop IFQ - <http://www.greateratlantic.fisheries.noaa.gov/sustainable/species/scallop/quotas/2013scallopifqfeannualreport.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.

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

“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) harvested¹ 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 2016 fee percentages, accounting for adjustments, are displayed below.



For 2016 -

Fee percentages are:

- Shorebased IFQ Program: 3.0%
- MS Coop Program: 2.5%
- C/P Coop Program: 0.7%

(announced in 80 FR 81808, 12/31/2015)

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.

Since 2014, the first year of cost recovery, NMFS has 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. Because NMFS is continuing this policy and only including some costs, the DPC for 2016 fee percentage calculations is likely an underestimate of costs compared to all incremental costs of management, data collection, and enforcement.

NMFS has only included the costs of employees' time in the calculation 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 2015 used to determine the DPC for each sector used in calculation of the 2016 fee percentages.

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

Cost Category	WCR	NWFSC	OLE	Total (before adjustment)
Personnel ^a	\$1,221,945.33	\$1,416,626.96	\$176,368.52	\$2,814,940.80
<i>IFQ</i>	\$1,140,380.50	\$1,082,023.34	\$117,126.12	\$2,339,529.95
<i>MS</i>	\$40,978.76	\$217,069.41	\$33,095.88	\$291,144.05
<i>C/P</i>	\$40,586.07	\$117,534.21	\$26,146.52	\$184,266.80
Travel ^b /Transportation ^c	\$ -	\$ -	\$ -	\$ -
Printing	\$ -	\$ -	\$ -	\$ -
Contracts/Training	\$ -	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -	\$ -
Rent/Utilities/Overhead ^d	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
Total	\$1,221,945.33	\$1,416,626.96	\$176,368.52	\$2,814,940.80

a Personnel costs include salary and benefits. Federal grant covering Pacific States Marine Fisheries Commission (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 \$400,000 from the WCR for tasks in FY 2015, applied toward seven contract employees (this cost is only for the Shorebased IFQ Program). The

PSMFC was provided \$203,955 from the WCR in FY 2015 for salaries and benefits for two catch monitor program coordinators (this cost is only for the Shorebased IFQ Program).

For FY 2015, the following contributed to the DPC for the WCR:

Total cost from salaries + benefits = \$ 1,221,945.33

(contractors included in these totals)

IFQ - \$ 1,140,380.50

MS - \$ 40,978.76

C/P - \$ 40,586.07

Total hours of all full time employees (FTE) included in the total cost =

5,9347.25 (contractor hours not included in these totals)

IFQ – 4,120.75 hours

MS – 917.25 hours

C/P – 896.25 hours

of FTE included in the total cost = 12

The 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 (QS) and quota pounds (QP) 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 January 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 economists, 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.

Examples of WCR and SDM incremental tasks considered recoverable include:

- 1) **Rulemakings & Council Participation:** Developed rulemakings and participated in policy development at the Council level for the trawl rationalization program and worked on associated implementation and analytical requirements, including:
 - Electronic monitoring (EM) rulemaking - development of regulations for the shorebased whiting, fixed gear, and mothership/catcher vessel fleets to use EM
 - Midwater trawl season date change - published a proposed and final rule to change the season opening date for IFQ midwater trawl fisheries
 - Observer and catch monitor program changes - published a final rule to establish observer and catch monitor provider permit requirements, among other items
 - Process for divestiture of excess quota shares - published a proposed and final rule to clarify divestiture and revocation of quota shares in excess of the control limits, and establish procedures for the future if divestiture becomes necessary

- Widow rockfish reallocation - prepared briefing book documents and analysis for Council consideration (rulemaking work started in 2016)
 - Cost recovery fee percentage calculation & notice
 - IFQ to mothership sector quota pound allocation request - relayed implementation questions and issues to Council staff and advisory bodies
 - Blackgill reallocation - relayed implementation questions and issues to Council staff and advisory bodies
- 2) **Permits and Licenses:** Reviewed new applications and renewals for QS permits/accounts, vessel accounts, first receiver site licenses, and coop permits; worked with applicants to complete and submit required forms, entered data to database, issued permits, and established new accounts. Maintained paper and electronic files associated with permits, licenses, and accounts.
- 3) **Program Support & Compliance:** Provided support to constituents to understand and comply with program requirements.
- Clarified trawl rationalization program regulations
 - Entered and tracked compliance with IFQ and MS control limits
 - Provided significant outreach (letters, emails, and phone calls) on divestiture deadlines
 - Contacted constituents with an upcoming renewal, application, or quota pound transfer deadline
 - Reset passwords
 - Trained new entrants on how to use IFQ account system
 - Completed administrative transfers for deceased permit owners and worked with families to understand requirements
 - Reconciled data errors found in the IFQ account system
 - Updated catch monitor plan guidelines and template for first receivers
 - Posted messages on the IFQ website
- 4) **Data Requests:** Prepared trawl rationalization program data reports in response to various constituents (i.e., council staff, industry, Congressional) and NMFS requests.
- 5) **Vessel Account/Quota Share Database Enhancements:** Designed and developed enhancements for the online IFQ and permit systems; revised user interface; prepared business rules and use cases for programming staff to code system enhancements/revisions; worked with programming staff to test new functionality of systems before release; on ongoing basis carry out quality assurance/quality control (QA/QC) of system and fix bugs. This includes:
- Designed, built, tested, and implemented functionality to allow electronic monitoring data (logbook and video review data) to directly debit from vessel accounts
 - Development of an ownership interest tracking database to the individual level, across quota share (QS) permits, for compliance with QS and individual bycatch quota (IBQ) control limits
 - Entered and QA/QC'ed all ownership interest data
 - Updated quota share and vessel account renewal interface, including ownership interest forms pulled directly from permit database
- 6) **Quota Pound Allocations:** Calculated and allocated quota pounds to QS accounts 6 times in 2015, and carryover quota pounds to vessel accounts 1 time in 2015. Prepared a preliminary carryover calculation with total issuance amounts for the Groundfish Management Team

(GMT)/Council. Briefed GMT staff on carryover calculation and preliminary issuance amounts. Prepared memos documenting QP allocation and carryover actions.

- 7) **PSMFC Funding for Compliance Monitoring Management and E-Tickets support**
- 8) **PRA and Unit Cost Computations:** Prepared and reviewed Paperwork Reduction Act (PRA) packages and unit cost computations related to catch shares collections and fees, which includes development of new forms, revision of existing forms, and calculation of fees for first receiver site licenses.
- 9) **Year-End IFQ Account Catch Data QA/QC:** Managed and error checked trawl catch data annually with PSMFC, West Coast Groundfish Observer Program (WCGOP), and OLE.
- 10) **5-Year Review:** Planned for the trawl rationalization 5-year review.
- 11) **Website Updates:** Prepared and updated information for the [West Coast Groundfish Trawl Catch Share Program website](#).

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 in the same manner as those from the WCR. Some employee time was deducted as not incremental. 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 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 trawl rationalization 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.

For FY 2015, the following contributed to the DPC for the NWFSC:

Total cost from salaries + benefits = \$ 1,416,627
(contractors included in these totals)
(Sector costs includes \$67,607 general costs split three ways)
IFQ - \$1,082,023.34
MS - \$217,069.41
C/P - \$117,534.21

Total hours of all FTEs included in the total cost = 8,968
(contractor hours not included in these totals)
General (split between 3 sectors) – 264 hours
IFQ – 7,123 hours
MS – 600 hours
C/P – 981 hours

of employees included in the total cost = 17

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) Trawl rationalization 5-year review planning.
- 5) Database improvements to facilitate bycatch reporting in an accurate and timely manner to vessel accounts.
- 6) Development of a set of economic metrics to describe the performance of the WCR trawl catch share program, which will be included in the five year review.
- 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 2016 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 2015, the following contributed to DPC for OLE:

Total cost from salaries + benefits = \$176,368.52

(contractors included in these totals)

IFQ - \$117,126.12

MS - \$33,095.88

C/P - \$26,146.52

Hours of all FTEs included in the total cost = 2,356.25

(contractor hours not included in these totals)

IFQ – 2,228.25 hours

MS - 117 hours

C/P - 11 hours

of employees, including contractors, included in the total cost = 11

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 new rulemaking.
- 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 specific to IFQ midwater and bottom trawl fishing activity that have 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 guides.
- 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 2016

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.

It is expected that, in 2015, the Shorebased IFQ Program will have paid \$292,051.99 less than the 2014 DPC used to calculate its 2015 fee percentage. As the Shorebased IFQ Program fee percentage for 2016 has already been capped at the maximum 3.0 percent, there will be no fee adjustment for that sector.

It is expected that, in 2015, the MS Coop Program will have paid \$82,642.35 less than the 2014 DPC used to calculate its 2015 fee percentage. Therefore, the MS Coop Program DPC for 2016 will be adjusted upward by \$82,642.35.

The adjustment to the C/P Coop program costs used to determine the 2015 fee percentage showed that NMFS anticipated collecting \$15,295.71 more than the costs used to determine the 2015 fee, resulting in a fee percentage of negative 0.1. However, because a fee percentage cannot be negative, NMFS set the 2015 C/P Coop program cost recovery fee at 0.0 percent and is now deducting \$15,295.71 from the DPC used to calculate the 2016 fee percentage.

	FY 2014 DPC used for 2015 calculation	2015 Estimated fees due	Adjustment for 2016
Shorebased IFQ Program	\$1,546,740.00	\$1,254,688.01	N/A
MS Coop Program	\$177,110.00	\$94,467.65	\$82,642.35
C/P Coop Program	N/A	\$0.00	\$15,295.71

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 Shorebased IFQ program NMFS used the ex-vessel value (defined at §660.111 and above in this report under “fee percentage calculation by sector”) for calendar year 2014 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. The MS Coop Program and the C/P Coop Program values are calculated using the average price of whiting derived from those reported on the MS Coop Program cost recovery form from calendar year 2014. This average price (\$0.11) and the retained catch estimates (weight) from the observer data (as reported in PacFIN from NORPAC) were used to calculate the “V” for the MS and C/P Coop Programs.

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 continue to calculate “V” using the previous calendar year’s ex-vessel value. There is no concern with calculating DPC on the fiscal year and “V” on

the calendar year as long as it remains consistent between years (i.e., “V” doesn’t switch between 2 years from calendar year to fiscal year).

To determine “V” by sector for calendar year 2014, NMFS queried the PacFIN database on December 1, 2015. 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 (whiting only) were taken from the NORPAC 4900 Species Composition table within PacFIN. Values for non-whiting species are not calculated for the MS and C/P fisheries, since the vast majority of them do not result in revenue. While all groundfish species are included in the Shorebased IFQ ex-vessel value, only whiting 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

Please note that some months were aggregated for confidentiality.

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.

2014	IFQ lbs	IFQ value	CP lbs	CP value	MS lbs	MS value
Jan	3,636,982	2,325,436	0	0	0	0
Feb	3,307,402	2,101,513	0	0	0	0
Mar	4,600,941	2,863,116	0	0	0	0
Apr	3,715,595	2,272,229	0	0	0	0
May	3,658,384	2,384,501	66,640,163	7,789,958	36,775,033	4,298,848
Jun-Aug	139,866,468	20,461,248	21,053,378	2,437,392	14,144,849	1,641,773
Sep	53,852,641	8,399,353	57,950,600	6,217,698	22,755,218	2,466,162
Oct	27,345,703	5,101,130	68,999,055	7,334,976	42,366,437	4,499,999
Nov-Dec	14,924,919	6,234,929	12,672,238	1,439,238	20,323,170	2,282,455
Sum	254,909,035	52,052,455	227,315,434	25,219,201	136,364,706	15,189,237

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:

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

- Shorebased IFQ Program- $3.0\% = \text{the lower of } 3\% \text{ or } (\$2,339,529.95/\$52,052,455) \times 100$
- MS Coop Program- $2.5\% = \text{the lower of } 3\% \text{ or } (\$373,786.40 /\$15,189,237) \times 100$
- C/P Coop Program- $0.7\% = \text{the lower of } 3\% \text{ or } (\$168,971.09/\$25,219,201) \times 100$

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 2015 (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 (4.5 percent), NMFS will likely not be able to recover all incremental costs from FY 2015.

Table 3. 2016 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 2015 attributable to trawl rationalization; ex-vessel value from calendar 2014)

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	\$1,140,380.50	\$1,082,023.34	\$117,126.12	\$2,339,529.95	\$0.00	\$2,339,529.95	\$52,052,455.00	4.5%	3.0%
MS Coop Program	\$40,978.76	\$217,069.41	\$33,095.88	\$291,144.05	\$82,642.35	\$373,786.40	\$15,189,237.00	2.5%	2.5%
C/P Coop Program	\$40,586.07	\$117,534.21	\$26,146.52	\$184,266.80	-\$15,295.71	\$168,971.09	\$25,219,201.48	0.7%	0.7%
Total	\$1,221,945.33	\$1,416,626.96	\$176,368.52	\$2,814,940.80		\$2,882,287.44	\$92,460,893.48		

There are three trawl sectors listed in the table. In addition to the three sectors (IFQ, MS, C/P), OLE and the NWFSC have tracked DPC that applies to all three sectors combined. For example, some monitoring work 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. The 2016 fee adjustment column has been subtracted from the “total by sector” to give the “final sector totals. The “final sector totals” column of the table is divided by the values in the “ex-vessel value” column to determine the “fee percentage by sector.” Finally, the fee percentage must not be greater than 3% as shown in the “fee percentage by sector (max 3%)” column.

MS Pricing for the C/P Coop Program

For 2016, the MS pricing for the C/P Coop Program to use as a proxy is \$ 0.11/lb for Pacific whiting.

NMFS uses the best information available from other sectors to estimate the ex-vessel value of whiting in the C/P Coop Program. In regulation, this is called “MS pricing,” and is the MS Coop Program’s average price. The MS pricing will be used by the C/ P Coop Program to determine their fee amount due (MS pricing multiplied by the value of the aggregate pounds of all groundfish species harvested by the vessel registered to a C/P-endorsed limited entry trawl permit, multiplied by the C/P fee percentage, equals the fee amount due). In past years, MS pricing for cost recovery was based on the average price per pound of Pacific whiting as reported in PacFIN from the Shorebased IFQ Program. In other words, data from the IFQ fishery was used as a proxy for the MS average price per pound to determine the “MS pricing” used in the calculation for the C/P sector’s fee amount due. For 2016 MS pricing, NMFS used values derived from those reported on the MS Coop Program cost recovery form from calendar year 2014 as this was determined to be the best information available. NMFS has calculated the 2016 MS pricing to be used as a proxy by the C/P Coop Program as: \$0.11/lb for Pacific whiting.

Fees Collected during Fishing Year 2015

As of March 2016, the following sector-specific fees have been paid through pay.gov for 2015 catch.

	2015 Fees collected
Shorebased IFQ Program	\$1,260,450.63
MS Coop Program	\$77,582.30
C/P Coop Program	\$0.00
Total	\$1,338,032.93

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.