

FIVE-YEAR REVIEW HEARING SUMMARIES

Nine scoping hearings for the five-year reviews of trawl catch shares and intersector allocations were held in fishing communities between August 31 and September 29 2016. This document provides summaries of those hearings.

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Weds – Aug 31	San Luis Obispo	1 of 46
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FIVE-YEAR REVIEW HEARINGS: CATCH SHARES AND INTERSECTOR ALLOCATION—
SAN LUIS OBISPO

<p>Date: August 31, 2016</p> <p>Location: San Luis Obispo, CA</p> <p>Public Attendance: 12 people</p> <p>Testifying: 8 people</p>	<p>Hearing Officer: David Crabbe</p> <p>Other Council Members: None</p> <p>NMFS WCR: Abigail Harley</p> <p>NMFS NWFSC: Josh Nowlis and Suzanne Russell</p> <p>Coast Guard: Jason Brand</p> <p>State Agency: None</p> <p>Council Staff: Jim Seger</p>
<p>Organizations Represented: Morro Bay Community Quota Fund, Monterey Bay Fisheries Trust</p>	

SYNOPSIS OF TESTIMONY

Catch Share Program

The following were some of the main issues for which people directly mentioned concern:

- Gear conflicts (6 people)
- Costs of the program for the fishermen (5 people)
- Disproportionate impacts on small vessels (4 people)

These issues generally centered around the impacts on small vessels and local communities. One of the other main topics was new entry (3 people).

These counts are of direct comments and are intended to indicate some of the predominant areas of concern. Comments made by others might also be implied to address some of these concerns but were not included in these counts. Also, some people may not have voiced issues of concern because the issue had already been addressed by a person commenting earlier.

Comments on Gear Conflict

Gear conflicts were reported to be impacting the local line gear fleets (in particular, vessels with fixed gear limited entry permits but no sablefish endorsements), communities, and markets in a number of ways. The adversely impacted fleet was described as vessels about 40 feet long that are restricted to local areas. The pot vessels were described as using one inch line with 300-400 pots deployed in strings that might cover 16 to 20 miles. There are generally about four pot vessels that come down to fish the area. Prior to the individual fishing quota (IFQ) program there, pot vessels did not generally fish south of 34° 27' N. Lat. nor was there much groundfish trawl activity.

Grounds Pre-emption and Physical Interaction

- Unknown location of gear and related stress. The gear is not well marked and vessels leave their gear when they go in for bad weather.
- Gear loss (lighter line gears lose in the interaction with heavier pot lines, one person lost “thousands of hooks”).
- Inability to access local grounds results in five to tens of thousands of dollars in lost revenue (“when they find an area they just sit on it”).
- Reduced catch per unit of effort (CPUE) in local areas.
- Increased costs from needing to travel further, put out more gear, and spend more on bait [the latter two are related to reduced CPUE].
- The gear conflict and entanglements also create a safety issue.
- Hundreds of feet of lost rope from pot gear has been encountered (shipping lanes result in gear loss, even for good fishermen).

Communities and Markets

- The reduction in harvest has impacted local communities both through a loss of income and a reduction in local fresh supply.
- While the pot vessel landings are generally not destined for local fresh market, some of the deliveries bleed in and reduce exvessel prices.

Conservation Impacts

- Through its configuration and timing of its use, pot gear has a different selectivity than trawl or line. It generally harvests larger spawning females. Trawl and line gear harvests a greater variety of sizes.
- Line gear takes a small amount from the fishery each week rather than large amounts all at one time. This is healthier for the stock.
- Because trawl gear could not generally fish inside 600 fm due to rocky habitat, there as a natural refuge for species such as grenadiers which would then come closer to shore in the summer. This is no longer the case.
- Rocky terrain may have also created a *de facto* trawl reserve for other species (including sablefish) which is now accessible to pot gear.
- There is a new fishery south of 34° 37' N. Lat. that has not been there historically and may be causing localized depletions that could have impacts on the greater stock unit.
- Vessels from outside the area do not have the same stock conservation incentives, this perpetuates the tragedy of the commons.

Solutions Identified

- Impose a pot limit (perhaps the number of pots a vessel can carry in one trip) (2 people)
- Require that all gear be returned to shore after every trip—pot vessels could overcome safety concern with this solution by deploying less gear (1 person)
- Create area exclusions for out of area vessels (1 person)

- Eliminate the program (person testifying said this was not likely a viable option) (1 person).

Comments on Costs

- Observer costs and availability – particularly for more isolated ports such as Morro Bay where there might be several hundred dollars of additional travel costs.
- Cost recovery and all fees, adding up to about 9 percent of exvessel revenue.

Possible Solutions Identified

- Refinance the buyback loan
- Have the West Coast Groundfish Observer Program provide some of the coverage (merge with the requirement for IFQ observers/monitors)
- Electronic monitoring – use an audit system in order to reduce video review costs
- Limit lease fees (1 person)

Comments on Small Vessel and Community Issues

Small vessels and communities are being hit in a number of ways

- The grounds pre-emption issue discussed above.
- Inability to make the IFQ program work for local small vessels because they cannot land enough fish to cover costs, especially per-trip observer costs. It is also logistically difficult to carry observers on small vessels.

Commenters stated that it is getting harder and harder for small vessels to make it and the IFQ program was just one more hit. Small vessels that tried gear switching could not make it work. Initially they had some success but then observer costs increased from \$100 a day to \$500 or more a day. Community quota funds that were established to help small vessels are failing because of the high program costs. The exclusion of small vessels effectively results in increased consolidation. Overall the program was designed for larger vessels and did not take into account the needs of smaller vessels. Smaller community quota funds, designed to work with small vessels, are failing. In general, an effort should be made to reduce the constraints on small vessels and focus back on communities (a focus emphasized by the Magnuson-Stevens Act).

Comments on New Entry and Participation by Fishermen

- Small vessels provide a path for young fishermen to become involved in the fishery but the small vessel fleet is being adversely impacted.
- Those who lost their lives in the first vessel loss incident under the IFQ program did not own any quota.
- Absentee ownership should be reduced to make more quota available to new entrants. Prioritize increasing the number of owner-on-board situations (30 percent of the quota should be owned by those on board the vessel. (1 person)
- Accumulation of quota makes it less available to others. Accumulation caps should not be raised.
- Limit lease fees to make quota more available for new entrants.

Other Comments and Solutions on Catch Shares

- Gear switching effectively created a new sector. A new sector (fixed gear trawl sector, i.e. gear switched) should not be created at the expense of an existing sector (limited entry fixed gear)—see comment on fixed gear fishery under intersector allocation).
- The ownership caps created by the IFQ program were good because they constrained consolidation that was already underway.
- The rebuilding of bocaccio and canary offers hope of accessing new areas.
- Because quota pounds have been paid for, there is pressure to fish to recover investment.
- The catch accounting system at the National Marine Fisheries Service regional office is good and staff have been very responsive.
- Eliminate the requirement for 8” footrope shoreward of the Rockfish Conservation Area (RCA) (8” footrope fishes dirtier than larger footrope which just rolls over stuff).

Intersector Allocation

Three individuals spoke to intersector allocation issues.

- The blackgill allocation should be increased for nontrawl vessels since it is abundant and the small amounts currently being provided are not worth targeting.
- There was a fixed gear fishery in the area before there were catch shares, therefore it would be nice if more were allocated to the local fishermen than to trawlers. The fish are worth a lot to the communities and local fishermen.
- The impact of the selectivity of pot gear on the fishery should be reflected in the allocations.
- Bocaccio was allocated away from the trawl sector and to the recreational sector because the trawl sector had done a good job of avoiding it. The RCAs should be eliminated, but this means they would need more constraining species to work with.

Other Comments

- Observer requirements are being doubled in the California halibut non-groundfish trawl fishery to cover green sturgeon (a fish that is rarely encountered and released alive). These Federal funds could better be used elsewhere.

WRITTEN STATEMENTS (NONE)

FIVE-YEAR REVIEW HEARINGS: CATCH SHARES AND INTERSECTOR ALLOCATION—
HALF MOON BAY

<p>Date: September 1, 2016</p> <p>Location: Half Moon Bay, CA</p> <p>Public Attendance: 15 people</p> <p>Testifying: 8 people</p>	<p>Hearing Officer: David Crabbe</p> <p>Other Council Members: None</p> <p>NMFS WCR: Abigail Harley</p> <p>NMFS NWFSC: Suzanne Russell</p> <p>Coast Guard: None</p> <p>State Agency: None</p> <p>Council Staff: Jim Seger</p>
<p>Organizations Represented (groupings indicate single individuals representing multiple organizations): City of Monterey and Monterey Bay Fisheries Trust; Half Moon Bay Groundfish Marketing Association, Half Moon Bay Community Fisheries Trust and California Groundfish Collective; and Bolinas Community Fishing Association</p>	

SYNOPSIS OF TESTIMONY

Catch Share Program

The following were some of the main issues for which people directly mentioned concern:

- Communities (6 people)
- Costs (6 people)
- New Entry (4 people)
- Markets and Product Flow (4 people)

There were also a number of regulatory concerns.

These counts are of direct comments and are intended to indicate some of the predominant areas of concern. Comments made by others might also be implied to address some of these concerns, but were not included in these counts. Also, some people may not have voiced issues of concern because the issue had already been addressed by a person commenting earlier.

Comments on Geographic and Community Concerns

- Monterey is interested in investing in the groundfish fishery because other fisheries tend to be more cyclical (e.g. sardine, salmon, squid). Groundfish could help support other infrastructure. However, they have not had a groundfish trawl landing in over a year.
- The city of Monterey is supporting the Commercial Fisheries Trust. They have had to borrow a half million dollars to buy quota for a region that has an 80 year history in the fishery.

- Historic fishing ports are not doing well.
- In the north, vessels have more alternative fisheries in which to fall back on.
- Vessels operating in norther ports don't have to pay observer travel costs.
- Because of the need for product to go through licensed first receivers there has been a loss of connection between the vessels and the community. Vessels can no longer sell to members of the community that come down to the dock or otherwise share their catch.
- There is a loss of the joy of connection between the fishery and the local community.
- Local markets are losing access to the fishery.
- Small communities are losing access. This happened in New Zealand where outside interests bought up all the quota to their fisheries.
- There is a limited availability of observers in smaller ports.

Possible Solutions Identified

- There should be increased communication and collaboration to solve the south of 40° 10' N. Lat. challenges for electronic monitoring and dockside monitoring.
- Quota should be allocated to community fishing associations.
- Adaptive management plan should be allocated to communities and new entrants. It could be leased out at low rates to specific regions.
- Quota needs to be tied to those directly involved in the fishery.

Comments on Costs and New Entry

One of the primary areas of cost concern was observers, and related to that is the issue of observer availability.

- Observers need to be available in smaller, more isolated ports.
- Vessels and processors in the south are having to pay more for observers.
- Sometimes observers will refuse to go on older vessels.
- Small vessels do not have enough income and space on their vessels to accommodate an observer. Many of these vessels are those with limited entry fixed gear permits that do not have endorsements. This inhibits them from entering the individual fishing quota (IFQ) fishery through gear switching.
- Observer costs are related to conservation issues that are of concern to the entire nation. Fishermen should not be burdened with all of those costs.
- Cost recovery and the buyback loan were also issues of concern.

In addition to issues related to observers there were similar concerns about the cost and availability of dockside monitoring, particularly in situations in which electronic monitoring was being employed.

In general, it was stated that the costs of participating in the program are way too high and both make it difficult to stay in and create a barrier to those that would like to enter. The program itself is a barrier to new entrants; in particular young fishermen are going to find it tough to endure all

the problems with participating in this fishery. Deckhands would love to go fishing but can't. Reducing costs would stabilize the fishery and support fishing communities.

Possible Solutions Identified

- The buyback loan should be forgiven or refinanced at a lower interest rate.
- There should be more transparency about cost recovery.
- Have the West Coast Groundfish Observer program provide some of the coverage (merge with the requirement for IFQ observers/monitors)
- The 2018 implementation of electronic monitoring for the multispecies trawl fishery needs to stay on track.
- Quota needs to be tied to those directly involved in the fishery (also see communities section).

Comments on Marketing and Product Flow Issues

Several different aspects of markets were discussed, including markets for quota and product.

- Quota is often not available for constraining species and some of the shortages are the result of vessels that are gear switching to target sablefish with fixed gear and can afford to pay more for the quota.
- Some aspects of the program administration have made it difficult to develop markets. For example, a market was identified but lost because of the time required to get the first receiver licensed, and reticence of the first receiver regarding the paperwork associated with IFQ landings.
- Delays in getting observers have also frustrated the development of markets that request product on a certain date.
- Post-processor markets have been impacted by inconsistent and unpredictable product flow.
- There is a general need for increased ability to plan for product flow in advance both for marketing and to ensure that the needed labor and infrastructure are available.
- Full attainment of quota: Much more Dover sole could be sold if there was a consistent supply or predicable seasonality of groundfish. If the RCAs were open, sablefish would be less constraining on the Dover sole catch. Vessel quota pound caps on arrowtooth also constrain Dover sole catch.
- The recent news on a delay in the Gear Rule (which would have provided enough flexibility to allow the targeting of rockfish at the start of the year) was a surprise and upset plans for the coming year. Without the ability to target rockfish from the start of the year, there will be a glut later in the year when rockfish starts coming in at the start of the whiting season, both with whiting deliveries and from vessels using midwater gear to target pelagic rockfish. This affects labor, product forms, and markets. Expansion of rockfish could require 100 more filleters. It takes time to find or train the skilled workers and machinery may be the way to go if the workers cannot be found.

Possible Solutions Identified

- Vessel quota pounds caps need to be increased. Canada adjusts these on an annual basis.
- The Gear Rule needs to go into place at the start of the year.

Comments on Other Issues

- There are two problems that need to be resolved that may have similar solutions or may not be compatible: improving the economics of the fishery and maintaining fisheries in the community.
- In general, adjustment to the program has been difficult.
- The IFQ system is difficult to comply with, particularly, for example, with respect to electronic monitoring. People trying to do the right thing are having a hard time doing their jobs and complying with the regulations.
- Vessels in the area did not get adequate initial allocations of quota because the qualifying years were from a period when they had stopped fishing rockfish because of cowcod constraints.
- Vessels are tying up because they are afraid of catching constraining species and leasing out their quota.
- Those who sold out in the buyback program are doing better than those who stayed in.
- Infrastructure is declining
 - There are fewer remaining ice plants.
 - There are fewer buyers.
 - One company has gone from 5 plants that handle groundfish down to 3.
- Gear switching to a smaller vessel did not prove to be economically viable.
- It is difficult to match the conclusions from the Economic Data Collection program reports with results from profit and loss balance sheets.

General Solutions Identified

- The regulatory process needs to be sped up.
- Resources need to be identified for follow-on actions after the five-year review is completed.
- Near-term needs also need to be addressed (prior to the completion of the five-year review).

Intersector Allocation

Two people spoke about intersector allocation. One opposed any changes and the other was concerned about improving the access to the nontrawl fish they had already been allocated (see “Other Comments”).

- Stability is important for the IFQ program and reallocating harvest away from the sector where there is 100 percent accountability would be counterproductive.
- Under-harvest of allocated amounts should not be interpreted as a lack of need.

Other Comments

Two commenters spoke to the situation of fishermen who have purchased fixed gear limited entry permits with no sablefish endorsements (65 of them) and have been allocated chilipepper rockfish as a sector but cannot access their allocation because their RCA lines run shallower. They have to fish outside of 150 fm while the chilipepper and bocaccio they would like to access are inside. Trawlers are selling into their markets. They cannot gain access to this area by participating in the IFQ program because of observer costs and limited vessel space for observers. Constraints have rendered their permits useless. The Council should make management measure adjustments to allow them to better access their allocations.

WRITTEN STATEMENTS (NONE)

FIVE-YEAR REVIEW HEARINGS: CATCH SHARES AND INTERSECTOR ALLOCATION—
FORT BRAGG

<p>Date: September 6, 2016</p> <p>Location: Fort Bragg, CA</p> <p>Public Attendance: 16 people</p> <p>Testifying: 8 people</p>	<p>Hearing Officer: Herb Pollard</p> <p>Other Council Members:</p> <p>NMFS WCR: Abigail Harley</p> <p>NMFS NWFSC: Suzanne Russell</p> <p>Coast Guard: Jason Brand</p> <p>State Agency: None</p> <p>Council Staff: Jim Seger</p>
<p>Organizations Represented: Fort Bragg Groundfish Association and California Groundfish Collective; West Coast Seafood Processors Association; Noyo Women for Fisheries; and Congressman Huffman</p>	

SYNOPSIS OF TESTIMONY

Catch Share Program

In the following synopsis, text in quotation marks is an approximate quote of statements and unquoted text is a summary.

The following were some of the main issues for which people directly mentioned concern:

- Costs and profit (6 people)
- Production declines (4 people)
- Geographic and community issues (including observer availability) (3 people)
- Infrastructure and labor (3 people)

These counts are of direct comments and are intended to indicate some of the predominant areas of concern. Comments made by others might also be implied to address some of these concerns but were not included in these counts. Also, some people may not have voiced issues of concern because the issue had already been addressed by a person commenting earlier.

Comments on Costs and Profit

- “Between declining harvests (reduced revenue), higher costs, and loss of services we cannot make money.”
- Participation costs are high (“overbearing”) and multiple (buyback loan, cost recovery, observers, having to hire professional managers, and quota purchases).

- “We need affordable and reliable observer coverage.”
- “We used to catch 100,000 pounds of blackcod but now we only have quota for 30,000 pounds and have to lease the remainder.”
- Fixed gear vessels are driving the price of blackcod quota up. When quota must be purchased, the profit margin is fifty cents, but that is before observer costs, so vessels are losing money on blackcod. However, blackcod is needed to harvest other species. Vessels are having to develop methods for avoiding blackcod.
- High costs impact both ability to stay in the fishery and inhibit new entry.
- “We have fished continuously and now we have to spend 100,000 on quota. This does not make sense.”
- The facts about what is being spent on cost recovery and the buyback have not been forthcoming even though there have been many conversations about them. It seems like that is never going to happen.
- Doubling the current proportion of the trawl allocation that is being taken may substantially decrease the impacts of the costs.

Possible Solutions Identified

- The five-year review should carefully evaluate costs and various elements of the program to determine whether the costs of various activities are justified by the benefits.
- Information is needed on how the industry-funded monitoring is being used to support the program. Consider the possibility that shoreside monitoring might not really be needed.
- More transparency is needed in the cost recovery program.
- Forgive the remainder of the buyback loan, or refinance (the principle has been paid and the interest rates are too high).
- Have scientific observers from the West Coast Groundfish Observer Program (WCGOP) fill the need for compliance observers and shoreside catch monitors.

Comments on Production Declines (Attainment of Allocations)

- The Magnuson-Stevens Act (MSA) National Standard 1 requires attainment of the optimum yield (while meeting conservation objectives).
- Nonwhiting species are significantly under harvested.
- Landings have been sliding and in steep decline since the program started.
- The program needs to be structured to allow the full trawl allocations to be taken under the right circumstances. It is not structured that way now.
- Vessel quota pound (QP) caps are constraining harvest, for example, cannot get chilipepper because of the bocaccio cap. The program encourages vessel specialization but the vessels’ QP caps may hinder that specialization.
- Trawlers need blackcod to catch other species but are losing money catching it when they have to pay for quota.

Possible Solutions Identified

- The review should focus primarily on under-attainment of quota and identification of the contributing factors (see costs).
- Consider whether vessel caps are hindering attainment. For example, a 10 percent cap in an area where there are fewer than 10 vessels would make it impossible to harvest the available allocation.
- There should be ownership caps but no vessel caps – let vessels lease what they need.
- Modify gear to exclude blackcod.
- Allow trawlers to lease limited entry fixed gear blackcod – it needs to trade both ways.
- Blackcod is a coastwide stock – there should not be two allocations. This would help the trawl sector.

Comments on Geographic and Community Concerns

- South of 40° 10' N. Lat. the fleet faces different challenges.
 - The fleet is smaller and vessels sizes are smaller.
 - Weather is a key factor.
 - There is a higher cost of doing business than up north.
 - There is limited and unreliable access to affordable observers, catch monitors, and, in some cases, processors.
- It is harder to get observers to Fort Bragg than to Alaska.
- In remote ports, electronic monitoring has transferred costs from vessels to first receivers [previously observers would get off the vessel and serve as the shoreside monitor at a much smaller incremental cost].
- Vessels are selling their quotas because catching it themselves is cost prohibitive and that takes jobs away from the local communities.
- The graphs do not reflect what is happening below 40° 10'.
- “We need regulations that work for the fishing communities.”

Possible Solutions Identified

- For the five-year review, make impacts on California ports a high priority focus.
- Allow communities to take on the role of hiring observers and catch monitors.

Comments on Infrastructure and Labor

- Infrastructure in California has declined to the point where the whole state, from Bodega to Morro Bay, was unable to support 6 vessels that came down to shrimp.
- There is no longer a fuel dock in Fort Bragg but hopefully the ice dock will remain.
- “We are losing the trawl fleet south of 40° 10'.”
- “As a processor, our production has dropped 38 percent and we have lost half our workforce.”

- “Processing employees are hard to get and if we don’t get fish for a few weeks we lose our employees. We need a steady supply of fish.”
- “Because of limited processor workforce we cannot go right back out again after making a landing; and, at the same time, if we do not provide a consistent supply the processor will lose its workforce.”

Comments on Other Issues

- “We are not selling our quota shares yet but this is the first year we have sold quota pounds and not just traded quota.”
- In general, everyone knows the program is a disaster that is worse than the disaster of 1992 [2002?].
- It had been hoped that the program would provide stability and growth but this has not occurred.
- The program has reduced bycatch and resulted in individual responsibility.
- Despite all the surveys and all the people coming to talk with them and all the cooperation they have offered, there has been little coming back to the industry and little economic relief.
- Processors have been at a disadvantage because they did not receive an initial allocation on nonwhiting quota.
- Do not use the adaptive management program (AMP) QP to attract new entrants—a healthy fishery will do that.
- Allocating the AMP QP to processors would give them something to use to attract more activity into the waterfront—leveraging it into more than 10 percent greater utilization.
- The Economic Data Collection program (EDC) data presents a number of challenges
 - The variability of the data is very high, showing that it is not a good fit and should be thrown out.
 - First receivers are grouped as whiting or nonwhiting but almost all first receivers receive some small whiting deliveries during the year but should not necessarily be grouped with whiting first receivers. Grouping them that way makes it difficult to determine what the impacts are.
 - Even though each facility fills out an EDC form, the facilities are grouped by company. If one facility is whiting the others will be grouped with it under one company that is reported to process whiting.
 - It is difficult to tease anything out of the data and in particular, cost information for a plant cannot be teased out.
- The data off the EDC forms should not be the only data used for the input/output model. Other economic indicators, such as quota utilization, should be evaluated.
- If not for shrimp and crab, the groundfish fishery would be gone.
- Use the experience with the trawl IFQ program as a lesson and don’t repeat it.
- The length of time the review is expected to take is frustrating.

General Solutions Identified

- Priority of 5-year review should be to conduct in-depth analysis of high cost associated with participation and the social and economic impacts on communities in California.
- “We need to get rid of the program but that is not going to happen.”
- “We can’t wait four or five years to get the program fixed. Fast track the fixes.”

Intersector Allocation

Two people commented on the intersector allocations. Concerns were expressed that revisiting the allocations would create uncertainty and instability. Additionally, under-utilization of allocations should not be an indicator that the quota is not needed. For example, the California Groundfish Collective has gone to great lengths to avoid overfished species. Allocating away from them would decrease the incentive for conservation.

WRITTEN STATEMENTS (NONE)

FIVE-YEAR REVIEW HEARINGS: CATCH SHARES AND INTERSECTOR ALLOCATION—
EUREKA

Date: September 7, 2016	Hearing Officer: Herb Pollard
Location: Eureka, CA	NMFS WCR: Abigail Harley
Public Attendance: 11 people	NMFS NWFSC: Suzanne Russell
Testifying: 7 people	Coast Guard: Jason Brand
	State Agency: None
	Council Staff: Jim Seger
Organizations Represented: Oregon Trawl Commission	

SYNOPSIS OF TESTIMONY

Catch Share

In the following synopsis, text in quotation marks is an approximate quote of statements and unquoted text is a summary.

The following were some of the main issues for which people directly mentioned concern:

- Attainment of allocation (4 people)
- Labor issues (closely related to attainment) (3 people)

These counts are of direct comments and are intended to indicate some of the predominant areas of concern. Comments made by others might also be implied to address some of these concerns but were not included in these counts. Also, some people may not have voiced issues of concern because the issue had already been addressed by a person commenting earlier.

Comments Related to Under-Attainment of Allocations

- “We need to get the fish out of the water.”
- As shrimp enters into a cyclical decline, it becomes important to do better in the shoreside groundfish fishery.
- A 50 percent increase in attainment of the Dover allocation would add \$15 million dollars to a shoreside nonwhiting fishery, which has an exvessel value of \$26 million, and another \$10 million could be added if the available rockfish could be landed.
- Inconsistency in supply creates problems for marketing and production.
- Variability in deliveries makes it more difficult to maintain a processing crew.
- Vessels have had to be put on stricter limits because the processing capacity is not there.

- Packing crews are down to 50 percent of what they were. The product is not there to keep the crews on line. Used to have 40 filleters, now 15-17. Used to have 30 packers now 15-18.
- Sometimes there are weeks and months without landings, particularly toward the end of the year when people have run out of quota. This puts people out of work just before Christmas.
- “The RCAs [Rockfish Conservation Areas] limit where I can fish and constraining species are a problem everywhere.”
 - “Fishing in shallower areas risks canary encounters and fishing Dover deep risks encounters with blackcod.”
 - “I am one accidental tow of canaries from being put out of business.”
- “If we cannot maintain access to petrale and English sole we may lose the market. The challenge is with constraining species and controlling the mix of species in the catch.”
- The limited availability of blackcod quota is a constraint on harvest. The sale of blackcod to the fixed gear fleet has made it expensive.

Other Comments

- The catch share program is not working for the shoreside individual fishing quota fishery but is working for whiting. The program needs to be fixed.
- Now that the catch share program is in place, there is no longer a chant to “Ban bottom trawl.”
- “We could have another program that would have observer coverage and satisfy the nongovernmental organizations.”
- There have been challenges getting the whole program implemented, in particular with respect to two important elements, the alleviation of gear regulations and reduction of closed areas.
- The fishery is not fully rationalized. “When we have the area and gear flexibility and the coming increases in harvest guidelines for once overfished species that are coming back on line, we will have a better idea of how the program is functioning.”
- The gear rule will open enough spots up to start getting rockfish across the dock.
- It has taken time for industry to realize that they will need to work together more closely to make the program work. Recently the Oregon Trawl Commission held a meeting with processors to discuss such possibilities.
- The recent news on a delay in the Gear Rule (which would have provided enough flexibility to allow the targeting of rockfish at the start of the year) was a surprise and upset plans for the coming year. Without the ability to target on rockfish from the start of the year, there will be a glut later in the year when rockfish starts coming in at the start of the whiting season, both with whiting deliveries and from vessels using midwater gear to target on pelagic rockfish. This affects labor, product forms, and markets. Expansion of rockfish could require 100 more filleters. It takes time to find or train the skilled workers, and machinery may be the way to go if the workers cannot be found.
- “Under cumulative limits we were making money to invest in equipment, now we are just swapping money.”

- “Program costs are making it difficult to make a profit and last year the costs were so great we lost \$50,000. Twenty five percent of my profits went to one program or the other [buyback or catch shares].”
- “We lease a lot of quota. People should not be retiring by leasing out the quota. If they don’t want to fish it then the quota should be sold to people who are going out on the ocean.”
- Consideration might be given to reallocating quota shares based on the way people fish.
- In California there have been months and years without trawl groundfish landings, it is not inconceivable that this could happen in Oregon.
- It is difficult to draw any conclusions about success of the program from the Economic Data Collection program reports.
- Hopefully the review will result in an increase in flexibility—one of the objectives of the program.

Intersector Allocation

Two people spoke on intersector allocation. One expressed concern that the first priority should be to solve the problems in the trawl nonwhiting fishery. The other expressed concern that under-attainment alone should not be considered an indicator that an allocation is not needed. A close examination of the reasons that the allocations are not being taken is needed.

WRITTEN STATEMENTS (NONE)

FIVE-YEAR REVIEW HEARINGS: CATCH SHARES AND INTERSECTOR ALLOCATION—
COOS BAY

<p>Date: September 8, 2016</p> <p>Location: Coos Bay, OR</p> <p>Public Attendance: 14 people</p> <p>Testifying: 8 people</p>	<p>Hearing Officer: Maggie Sommer</p> <p>NMFS WCR: Abigail Harley</p> <p>NMFS NWFSC: Suzanne Russell</p> <p>Coast Guard: Brian Corrigan</p> <p>State Agency: Patrick Mirick, Dan Erickson</p> <p>Council Staff: Jim Seger</p>
<p>Organizations Represented: West Coast Seafood Processors Association, Coos Bay Trawlers Association, Port of Coos Bay</p>	

SYNOPSIS OF TESTIMONY

Catch Share Program

In the following synopsis, text in quotation marks is an approximate quote of statements and unquoted text is a summary.

The following were some of the main issues for which people directly mentioned concern:

- Gear switching and blackcod (sablefish) issues (5 people)
- Processing (4 people)
- General program performance (4 people)
- Administration of the program (3 people)
- Marketing and quota attainment (3 people)

These counts are of direct comments and are intended to indicate some of the predominant areas of concern. Comments made by others might also be implied to address some of these concerns but were not included in these counts. Also, some people may not have voiced issues of concern because the issue had already been addressed by a person commenting earlier.

Comments on Gear Switching and Blackcod (Sablefish) Issues

- “Gear switching was one of the biggest mistakes”
 - Gear switching was originally intended to allow trawlers to use fixed gear to catch excess blackcod quota but now it is being used by fixed gear vessels to enter the trawl fishery.

- “We have vessels tying up in Eureka because they did not have the blackcod quota that they needed to access the Dover sole.”
- “Blackcod is the main reason we cannot get fish out of the water.”
- “Dover sole cannot be harvested because of the blackcod constraint.”
- “Pot vessels can buy our blackcod and go fishing. I don’t think that is right. It was intended to be caught with a trawl net.”

Comments on Processing

- “Under the catch share program, we have lost 45 percent of our fillet crew, gone from five fillet plants down to 2.5 plants.”
- “My plant’s production is down 30 percent, I’ve gone from 21 filleters to 6 and associated with that reduction are another 18 packers and 6 on the freezer crew. It is tough to find people to replace them. We’ve lost 46 jobs in the last 5 years and gone from 11 vessels to 5.”
- “Once the money fish are in, the vessels leave.”
- “A vessel comes in and suddenly you have 60,000 pounds but the filleters can only handle 10,000 pounds.”
- “I’ve lost 45 percent of my fillet crew since start of the program.”
- “Firing people and shutting down plants is very unpleasant.”
- “We have lost every filleter we had. It is tough to find a filleter without having to train them and tough to find someone to train them.”
- “We have not unloaded a drag vessel in six months and we used to offload five days a week.”

Comments on the Program in General

- The program is working well for whiting but not for the nonwhiting fishery.
- The nonwhiting groundfish trawl fishery is underutilized.
- The individual fishing quota (IFQ) program has reached some, even many, of its goals but it has not treated us all fairly, with the whiting sector doing wonderfully and having their regulatory needs addressed but not the shorebased nonwhiting fleet. “IFQ is the stepchild compared to at-sea whiting.” “Communities rely on us [IFQ vessels].”
- It’s been 5 years and the program is not fully implemented. Trailing actions are still coming. Trailing actions should have been implemented before the program was launched.
- “The industry helped rebuild overfished stocks very quickly but now we need to meet the industry’s goals.”
- Program design caved to the environmental organizations instead of working for the fishermen.
- “I am seeing a trend of declining [processing company] profits for every year of the program.”
- “From the harbor perspective, we are seeing an increase in fishermen not able to meet their financial obligations and an increase in derelict vessels (people walking away).” It is difficult for fishermen to adjust to the new regulations. Costs have risen for infrastructure.

Changes are needed to increase adaptability for fishermen so that they can make a living and meet their obligations.

Comments on Program Administration

- “The work of managing vessels has doubled and I have had to hire another person to help with vessel accounts.”
- It would help to know when the discard adjustment process on a delivery is completed (a flag). Discards can change up to four times on a delivery and several times after.
- “Sometimes we get double debits from our vessel accounts due to a fish ticket error. If first receivers and catch monitors have different numbers, it can take a couple weeks to correct if the catch monitor is out on vacation. The catch monitor supervisor should have the authority to make corrections.”
- The 24 hour rule for completing fish tickets after a landing is tough and I’ve missed weekends and family vacations in order to meet it. At the same time, there is no limit for when the discard values are provided. I’ve had deficits show up after a month.
- Mis-keys occur on data entry by the catch monitor and a vessel may not be able to go fishing during the weeks it takes to resolve.
- It is difficult to draw conclusions from the Economic Data Collection program report. There needs to be a separate chapter on the nonwhiting IFQ program. The report needs to be more organized and conclusive.

Comments on Marketing and Quota Attainment

- “We need to get our markets back. They no longer have room for us and that will take time.”
- Processor market share was lost during the overfished species rebuilding process and needs to be re-established. For example, imports of swai and tilapia increased by 650 percent over the last 16 years (from 10 million pounds to 649 million pounds).
- Marketing fresh fish is a disciplined exercise with delicate timing.
- A 50 percent increase in attainment of the Dover allocation would add \$15 million dollars to a shoreside nonwhiting fishery, which has an exvessel value of \$26 million, and another \$10 million could be added if the available rockfish could be landed.

Other Comments

- Monitoring has become costly for both fishermen and processors.
- “I am having to buy quota from a company in Seattle that has never fished petrale sole and they got more than I got after fishing the same vessel since the 1970s.”
- “The gear package that was to go into place on January 1 may not be in place in 2017 at all just because one person left the agency. At the last Council meeting [June], I thought we had really made a difference. I’m lost in terms of knowing what to do anymore. No one really gives a damn.”
- NMFS delayed the gear rule and didn’t tell anyone or ask how important it was to us.

- The recent news on a delay in the Gear Rule (which would have provided enough flexibility to allow the targeting of rockfish at the start of the year) was a surprise and upset plans for the coming year. Without the ability to target rockfish from the start of the year, there will be a glut later in the year when rockfish starts coming in at the start of the whiting season, both with whiting deliveries and from vessels using midwater gear to target pelagic rockfish. This affects labor, product forms, and markets. Expansion of rockfish could require 100 more filleters. It takes time to find or train the skilled workers and machinery may be the way to go if the workers cannot be found.
- Underutilization could be alleviated in part by eliminating the pre-IFQ regulations. The gear package was a step in that direction but now it has been delayed. Getting the gear package done by January 1 could double the value of the shoreside nonwhiting groundfish trawl fishery.
- “Do away with the RCAs [Rockfish Conservation Areas], we got cops on the boat.”

General Solutions Identified

- The review should reanalyze vessel caps and whether they are still necessary.
- Consideration should be given to allocating the adaptive management program quota to processors. Those quota pounds would still be fish but the processors would anchor them in the communities. Processors cannot move.
- The review should take a comprehensive look at monitoring costs.

Intersector Allocation

WRITTEN STATEMENTS (NONE)

FIVE-YEAR REVIEW HEARINGS: CATCH SHARES AND INTERSECTOR ALLOCATION—
WESTPORT

Date: September 12, 2016	Hearing Officer: Phil Anderson
Location: Westport, WA	NMFS WCR: Abigail Harley
Public Attendance: 3 people	NMFS NWFSC: Suzanne Russell
Testifying: 3 people	Coast Guard: Brian Corrigan
	State Agency: Jessie Doerpinghaus
	Council Staff: Jim Seger
Organizations Represented: None	

SYNOPSIS OF TESTIMONY

Catch Share Program - Comments

The first speaker (processor and vessel operator) commented:

- Choke species for the whiting fishing are a problem and it has been challenging to get the needed choke species quota out of the quota markets. The program has been good for safety.
- Bottom trawl is a challenge with respect to marketing product. The market is not used to frozen rockfish and dover is hard to sell.
- Lingcod harvest is constrained by concern over yelloweye bycatch. The constraining species problem is compounded by the vessel caps – a disaster tow of canary can result in a vessel having to sit out five years.

In response to questions, he offered the following additional comments:

- The whiting side is doing okay. For the nonwhiting side, marketing is a significant part of the problem, including competition from imports.
- He traded sablefish to gear switching operations in return for choke species quota pounds (QP).
- Fixed gear generally gets a better price for sablefish but it is also needed to execute the multispecies fisheries.
- There was concern that trading choke species with the mothership fishery would end up being a one-way street and that the mothership sector would get the advantage (“we are not as savvy”).

The second speaker (fixed gear vessel operator) commented:

- Creating a larger market for QP by including the mothership sector in the market will drive the QP price up.

- Buyback and observer costs put a dent in the bottom line.
- The electronic monitoring (EM) side of things has been awesome and has decreased our costs of monitoring.
- In Morro Bay, observers and catch monitors are really problematic.
- There has been talk that the fixed gear vessels are driving the price of sablefish quota up and that fixed gear vessels should have a lower vessel cap or otherwise be restricted. In fact, the processors are driving the price of sablefish higher than is practical for fixed gear vessels. They are using it to prosecute Dover sole fisheries.
- They considered entering the drag fishery but they can't make it pencil out economically, taking into account all the costs of participation.

In response to questions he had the following additional comments:

- While the economics for sablefish from the south is somewhat less lucrative (due to small fish and transportation costs) after the first year, the main problem has been local depletion ("the fish weren't there"). It has slowly been coming back.
- With respect to the conflicts with local fishermen, they tried to address the local vessel concerns through marking gear with AIS transponders and increased communications but the local fishermen did not want the pot vessels fishing in their particular areas, even if the local fishermen were not fishing in the areas at the time.

The third speaker (processing company that also operates vessels) commented:

- If quota can be traded between sectors, it will tend to move offshore where they are more efficient.
- The program is working for whiting but the nonwhiting side is "in very bad shape."
- During program development, no attention was paid to the final markets.
- For 16 years West Coast groundfish has generally been off the market and its market share has been displaced by a huge increase in swai and tilapia imports. Those products can be tailored to the market needs and are available 365 days a year.
- Recovering the market will take business plans, predictability, and consistency. There is a unique story to tell for west coast fish (sustainability and the local fishermen that stand behind the product) and by cooperating with fishermen the industry can develop something like the singular supply chain that makes aquaculture marketing successful. The industry was beginning to take steps in this direction. Processors were meeting with vessels in a meeting set up by the Oregon Trawl Commission to address the upcoming increase in rockfish allocations when they found out that the gear rule they were relying on would not be in place at the start of the year.
- The gear rule needs to be put in place by the start of the year.
- Rockfish comes in when the whiting season starts up on May 15 and there would be a glut if rockfish targeting started at the same time [because current regulations don't allow the use of midwater trawl to target rockfish until the start of the whiting season]. With a glut of rockfish, it would have to be frozen whole round—a much lower-price product form.
- By starting with the redevelopment of rockfish and following with further development of Dover sole, \$30 million of exvessel value might be added to a fishery that is currently bringing in about \$26 million.

- They will either be training filleters or bringing in machines that costs a half million dollars, but they need to know that the fish will be coming in.”
- If the RCA is open there are places to fish Dover more cleanly and avoid sablefish.
- Vessel caps also need to be addressed as part of the review process.

Intersector Allocation - Comments

Two people spoke on intersector allocation. One expressed concern that while both shoreside whiting and bottom trawl need more bycatch species, the possibility of losing allocation in that process was concerning (“spooks me”). The other expressed concern about considering intersector allocation when the nonwhiting fishery is in such weak condition.

WRITTEN STATEMENTS (NONE)

FIVE-YEAR REVIEW HEARINGS: CATCH SHARES AND INTERSECTOR ALLOCATION—
SEATTLE

Date: September 13, 2016	Hearing Officer: Rich Lincoln
Location: Seattle, WA	Other Council Member: Frank Lockhart
Public Attendance: 10 people	NMFS WCR: Abigail Harley
Testifying: 5 people	NMFS NWFSC: Suzanne Russell
	Coast Guard: Brian Corrigan
	State Agency: None
	Council Staff: Jim Seger
Organizations Represented: Fishing Vessel Owners Association (FVOA), United Catcher Boats (UCB), and Pacific Whiting Conservation Cooperative (PWCC).	

SYNOPSIS OF TESTIMONY

Three speakers provided perspectives from the at-sea sectors and two from fixed gear vessels gear switching into the trawl fishery.

Comments on Catch Share Review

Those speaking from the perspective of the at-sea sector (including the UCB and PWCC) noted:

- Successes of the program include better information and better safety. The race for fish ended with Amendments 20 and 21.
- The fishery is more profitable, efficient, and viable.
- A mothership co-operative was established in the first year, and in the second year a quasi-cooperative (risk pool) was established for the shoreside whiting participants to manage the risk of bycatch species.
- The real mothership sector win was to have true co-management.
 - The mothership sector assumed a number of costs. “We have a co-op manager for shoreside and mothership (not cheap), and we're paying for the observer coverage.”
 - “The agency does not have to have a closure because we close ourselves down.”
 - “We were able to spread out our fishery and bycatch over time - now we have 5 pools of fish and bycatch assigned to the mothership sector.”
 - “We were able to work as true partners on the Electronic Monitoring exempted fishing permit, rather than as adversaries.”
- On costs: “we were paying the 5 percent buyback and still are. Now there is the Limited Access Privilege Program fee (we encourage NMFS to keep those costs down) and observer costs.”

- On the inshore sector, UCB was adamantly opposed to 20 percent of whiting going to processors. As it turned out, that has worked well. It is used as a signing bonus: if you want to move to a different plant, the plant will offer up that fish and give it at no cost. That bycatch was assigned to the catcher vessel and not the processors also worked.
- The main problem in the fishery is choke species management. This has chewed up a lot of staff and agency time on changes to the program that the Council has recommended over the last three years. Converting to set asides will be a help but effort still needs to be spent on how we can solve this problem. It is difficult to figure out the right amount to meet bycatch needs (*see comments below on intersector allocation*). “You need the amount of rockfish you need at a given time depending on what the stocks are doing, what the hake is doing, and ocean conditions. Current allocations were set based on a historically low ebb of these stocks.” Whiting stocks are much higher and encounters are more common as the overfished stocks are recovering. The shoreside sector, with its access to individual fishing quota (IFQ), seems to have access to plenty of constraining species, through the market if needed. Another approach is to allow between-sector transfers. It’s difficult to take a catch history set of years and say these are the right allocations for now into the future. “You are not going to get it exactly right. “
- The bycatch constraints cause the catcher-processor sector to focus on avoiding species for which there is no conservation risk, rather than optimizing harvest. This is irrational and needs to be fixed.
- It would be helpful to be able to fish south of 42°.

Those speaking from the perspective of fixed gear vessels gear switching into the trawl fishery (including the FVOA) noted:

- Several members of the FVOA have entered the trawl sablefish IFQ fishery and a few have purchased quota while most that participate acquire QP on Jefferson State trading. Trading quota (rather than buying it) is very common. One member participates with the Morro Bay group, delivering in southern California and to live markets in Oregon and Washington. The live market for shortspine is very lucrative, about \$5 per pound. For most other rockfish species there is not a good market because there is not a large enough volume to supply the restaurant market for 6 months and due to competition from imports. The average sablefish price this year has been \$5.60-\$6.00 for eastern dressed sablefish. The costs for leasing, buyback, and observer fees accounts for about half the value of catch. Crew are sharing about \$3 net a pound from which fuel, trip expenses, and their wages come from. Yelloweye quota is expensive, it goes for \$20-\$25/lb.
- There has been discussion about reallocating or limiting the amount of sablefish that can be caught on longline vessels because trawlers can't prosecute their bottom fisheries, including Dover. The FVOA does not support limitations on the methods of harvesting species such as sablefish.
 - This quota has become part of the assets of our company. The banks view it as such and have lent money on that basis. It is hard to operate under this unpredictability.
 - More is being caught by hook-and-line and pot because that is where the value is. It is a willing-seller willing-buyer situation.

- Processors have their vessels on Dover limits due to market constraints—sablefish is not the constraint.
- The majority of the sablefish quota is purchased by processors rather than fixed gear vessels.
- Under the current design, the market and time will correct behaviors in harvestings and marketing fish.
- Some quota was allocated in such small quantities that it is being left fallow or unused. Perhaps there should be a requirement that all quota must demonstrate some level of being made available (e.g. efforts to sell) or otherwise be forfeited.
- Even with the buyout and quota program, additional downsizing may be necessary so that vessels have adequate amounts of directed and bycatch species.
- Electronic monitoring should be embraced, but the need to keep video data for three years is ridiculous and escalates costs. If the video does not show any problems but later someone makes a mistake, all previous video should not be subjected to data mining.

Comments on Intersector Allocation

Two people directly addressed changing intersector allocations to provide more for the at-sea sector. Originally, the Council tasked the Groundfish Allocation Committee with recommending the allocations of bycatch species among sectors. The Council said the allocations should be set high enough to allow the sectors to harvest their whiting quota, but current allocations are not high enough to meet this goal because the whiting stocks are much larger and encounters with bycatch species are more common as the stocks are recovering.

One speaker addressed the need for increased access to bycatch species for the at-sea sector but during question-and-answer favored a market mechanism for establishing such availability.

WRITTEN STATEMENTS

Thomas M. Kelly, Coastal Trollers (hand-written note, transcribed here):

“Coastal Trollers, on behalf of the Washington state troll fleet, would like to request an increase in the lingcod bycatch allowance, the yellowtail allowance and a new retention allowance for canary rockfish.”

FIVE-YEAR REVIEW HEARINGS: CATCH SHARES AND INTERSECTOR ALLOCATION—
ASTORIA

<p>Date: September 28, 2016</p> <p>Location: Astoria, OR</p> <p>Public Attendance: 55 people</p> <p>Testifying: 12 people</p>	<p>Hearing Officer: Dorothy Lowman</p> <p>Other Council Member: Maggie Sommer</p> <p>NMFS WCR: Abigail Harley</p> <p>NMFS NWFSC: Suzanne Russell</p> <p>Coast Guard: LCDR Chris Morris</p> <p>State Agency: Patrick Mirick (ODFW)</p> <p>Council Staff: Jim Seger</p>
<p>Organizations Represented: West Coast Seafood Processors Association, and City of Warrenton</p>	

SYNOPSIS OF TESTIMONY

In the following synopsis, text in quotation marks is an approximate quote of statements and unquoted text is a summary.

The following were some of the main issues for which people directly mentioned concern:

- Program costs (5 people)
- New entrants (5 people)
- Gear package (5 people)
- Gear switching (3 people)
- Under attainment of the trawl allocations (4 people)
- Flexibility (4 people)
- General impacts to the community (4 people)

These counts are of direct comments and are intended to indicate some of the predominant areas of concern. Comments made by others might also be implied to address some of these concerns but were not included in these counts. Also, some people may not have voiced issues of concern because the issue had already been addressed by a person commenting earlier.

Catch Share Program

Comments on the Program in General

- “From the conservation view, it is a raging success. From the fishermen's point of view, it is a dismal failure.”

- “We don't know if [the program] works or not because so many things [are] still not in place.”
- “The program has failed miserably because all the stuff that you promised [has not been done]. The RCAs (Rockfish Conservation Areas) have not gone away, and net regs have not gone into place (were supposed to go away).”
- “If it was not for shrimp and crab, there would be a lot of guys who would be out of business.”
- A processor saw a 40 percent to 50 percent reduction immediately after implementation and some increases since then—the increases due in part to their leasing of a large amount of quota.
- Program costs and individual accountability are the major changes that have occurred under the trawl individual fishing quota (IFQ) program. “Individual accountability is great because it gives us flexibility but the costs are onerous.”

Comments on Program Costs

- Cost is a major threat to the nonwhiting trawl fishery. “We are surviving costs now, but things will change and it will get tougher and people will drop out.”
- “The cost of observers is a strong hit on smaller vessels...for smaller vessels it is critical to quickly resolve cost issues.”
- “Before, 7-8 percent was my normal cost, now my cost is 25 percent. It takes a high percentage of gross to pay for the observer program.”
 - Observer costs disproportionately impact smaller vessels. There should be a better way to structure fees for observers.
 - “I've had the same catch over the last 12 years...[you are] studying me to death. I would like to take the money for the observer and get another deck hand.”
- “With all the data from observers, why can't you model catch from observer data that you have from all these years.”
- “The EM program, has helped with the expenses, though not tremendously.”
- “For cameras on the bottom trawl vessels, maybe there does not need to be the same level of identification and precision on every species that there is with observers. If the trawl fishery is only taking 20 percent of the quota, there is room for a larger margin of error and it would still be one of the best monitored fisheries in the world.”
- “The review should have a full review of the industry-funded monitoring program that the fishery is paying for. Do the benefits outweigh the costs? If [observers are] just a compliance and enforcement tool then we don't need 100 percent anymore.”

Comments on New Entrants

- “The way it is set up, no new people can get in because it is too damn costly.”
- “The real test is what Pierre is talking about: Would he like to get back in business again? The answer is ‘hell no.’ We need to be attractive as a business, an investment opportunity, and a lot of us are just hanging on.”

- “I would like to be able to make a deal with my crew members to have a chance of owning a boat, but as far as anyone getting into this you have to have some Alaska money to do it.”
- “On the dock for 40 years, we used to see deckhands with potential to own boats. Now they have to drag crew onto the boats.”
 - “Guys sit home and trade quota while the guys going to sea are working at a fraction of what they did before, there was nothing put in this program for the professional captain and others putting their lives on the line.”
- “People are talking about using the 10 percent adaptive management program (AMP) quota for new entrants. . . . New entrants will be attracted by a fishery making money and preserving the businesses already invested in it.”
- “The problem with losing [the beach draggers] is that those were the entry level vessels that recruited new fishermen into vessel ownership.”

Comments on Gear Package

- The gear package was supposed to go into effect in January of 2017. What is resounding at the Council level is workload, and more people are leaving National Marine Fisheries Service (NMFS). NMFS needs to contract help.
- “NMFS actions need to be timely. We need to get rockfish in at a time when the market can use those fish.”
- “For marketability, we'd like to land some fish when whiting guys are not fishing. They are out there now bringing in widow and yellowtail. That does not provide relief for those of us in nonwhiting.”
- Re-establishing the midwater fishery is important for vessels, plants, and the market. When the midwater trawl fishery was taken away, they lost a lot of the fishery. Vessels target Dover sole on multiday trips while a vessel can run out in a day and do a midwater trip. Plants used this opportunity to fill between Dover deliveries.
- “The gear package provides the flexibility to allow vessels to test different nets and try to catch some species without catching others [to specialize].”

Comments on Attainment of Allocation

- The Magnuson-Stevens Act (MSA) requires that management measures prevent overfishing while achieving optimum yield. “We are achieving about 20-25 percent of optimum yield for this fishery.”
 - “The management system has constraints that are preventing harvesting more.”
 - “The review should focus on that issue.”
- The fishery is getting less than 30 percent of the fish out of the water. Whiting is doing well.
 - Some rockfish are rebuilt but “there are other species that are not rebuilt that live with the ones that are rebuilt.”
- “Looking at the under-attainment of allocations that show up on these charts, don't you feel guilty for what you've done? We are not catching the fish!”
- When the supply chain gets interrupted (as occurred over 16 years due to overfished groundfish species) it is hard to re-establish the market. The market for groundfish has been

displaced by a huge increase in swai and tilapia imports. Those products can be tailored to the market needs and are available 365 days a year.

- “Nonwhiting needs about \$50 million a year in exvessel income to really be healthy. It needs to basically double.” Rockfish is a way to get started (see comments on Gear Rule).
- Once production has declined, recovery takes investments on many fronts: market development, specialized labor (e.g. filleters), and infrastructure. In order to make these investments, the industry needs consistency and predictability.
- Inconsistency and unpredictability have become more of a problem, given the consistency of alternative products.
- Observer availability adds another element of uncertainty in planning.
- Industry needs to be able to plan for expansion. For example, it takes a long time and quite a bit of expense to train a new filleter: 3-4 months to determine potential and a full year to reach proficiency. During training there is lower productivity, product recovery, and fillet quality.
- When looking at indications of increases in attainment, don’t take credit for things that are a function of the market. “If we lose a couple legs the fishery will crumble.”
- “The system is set up to make the fleet be specialists and specialize either seasonally or by area on certain species, but constraints in the management system do not allow that. For example, vessel caps are set so low, given the number of vessels that are able to go out, even if they all fished up to the cap you still would not achieve the ACL.”
- “We have all but lost the beach dragger fleet. Species that these vessels used to bring in are not being landed.”

Comments on Flexibility

The topic of flexibility came up in a number of different contexts.

- The program is able to be flexible because of individual accountability.
- Flexibility is required for specialization and gear switching provides flexibility.
- The gear rule is to provide flexibility.
- An objective of the FMP is flexibility. Flexibility has a lot to do with whether a business can operate or not, especially in fisheries with so many variables. “There are more variables in fishing seafood than anything I can imagine.”
- Uncertainties about or delays in getting an observer adds an additional element of uncertainty to marketing.

Comments on General Impacts to the Community and Families

- “This community has 2 fillet plants and the crews are struggling in those two plants. What are we going to do for this community?”
- “There was a time when we landed 75 percent of all the whiting on the West Coast in my plant. I now land less than 1 percent. You've got it narrowed down to 4-5 processors...when we were running...I counted 500 people [dependent on the plant]. When we backed out of the groundfish business it really hit the payroll of the community.”
- “We lost 45 percent of our fillet crew at Pacific.”

- Losing the Pacific Seafood plant from Warrenton for the last three years has resulted in a loss of three quarters of a million dollars in water usage fees for the city. Warrenton is putting property taxes into an urban renewal fund to pay for improvements to commercial docks, utilities, dredging, etc. While the recreational fishery is great, the commercial fishery is the bread-and-butter and they want to see it thrive (not just survive).
- Processing workers and their families need income predictability, otherwise people have to leave for other lines of work—sometimes out of the immediate geographic area.
- This is a people issue. In the fish plants, there has been a general decline in wages and earnings over the years, particularly on the bottomfish side.
- The commercial fishery is the backbone of Astoria and all the cruise ships that come through seasonally do not provide a fraction of what one dragger means to the lower Columbia ports.

Comments on the Gear Switching

- “Gear switching has impacted the fishery in a way that we did not think it would as we laid out the program. A lot of fish has left the trawl sector to go into the gear switched trawl sector using pots.”
- “Gear switching is the one bright spot of the program. It's not like the gear switching aspect is wonderful but it is doing better than the drag part.” “Gear switching was part of the program flexibility. It was built to allow a fishermen to make his operation more flexible.” Vessels that are gear switching are not the ones driving the quota pound price up.

Other Comments

- “From the marketing view the prices are not going to be pretty.”
- “Common sense is ignored. Like observers, the clock starts at midnight for observer payments. Vessels leave on tides. It is safer for vessels to leave on tides and come back on tides. Why are we charging that way?”
- Observer cost and not being prorated by the hours - going by observer days - is not just economically unfair but dangerous.
- “Offshore sector problems get handled quickly - shorebased occurs real slowly.”
- “If [the AMP quota] is going to be utilized in a different manner than currently, then the Council should look at making a commitment to preserve existing infrastructure. Shoreside infrastructure is at a critical point. Shoreside processors did not receive nonwhiting quota. This disadvantaged them. Marginal plants and businesses have not been able to stay in business.”

Possible Solutions (Specifically Mentioned)

- Reduce the buyback loan interest rate.
- Provide AMP quota to shoreside processors.
- Change the way observer days are calculated and charged.
- Evaluate need for and consider reduction in observer/catch monitoring coverage rates.

Intersector Allocation (No Direct Comments)

WRITTEN STATEMENTS (NONE)

FIVE-YEAR REVIEW HEARINGS: CATCH SHARES AND INTERSECTOR ALLOCATION—
NEWPORT (Revised)

Date: September 29, 2016	Hearing Officer: Maggie Sommer
Location: Newport, OR	NMFS WCR: Abigail Harley
Public Attendance: 23 people	NMFS NWFSC: Suzanne Russell
Testifying: 15 people	Coast Guard: Brian Corrigan
	State Agency: Patrick Mirick
	Council Staff: Jim Seger
Organizations Represented: Midwater Trawlers Cooperative	

SYNOPSIS OF TESTIMONY

In the following synopsis, text in quotation marks is an approximate quote of statements and unquoted text is a summary.

The following were some of the main issues for which people directly mentioned concern:

- Limited entry permits for mothership processors (7 people)
- Gear switching (7 people spoke, two of whom were associated with the same vessel)
- High costs (5 people)
- Cost recovery (4 people)
- Vessel caps (3 people)
- Yelloweye (3 people)

These counts are of direct comments and are intended to indicate some of the predominant areas of concern. Comments made by others might also be implied to address some of these concerns but were not included in these counts. Also, some people may not have voiced issues of concern because the issue had already been addressed by a person commenting earlier.

Catch Share Program

Comments on Gear Switching

There was close to an even division among the 7 people who spoke on this issue.

- “This outcome (gear switching) was provided for and analyzed in the program.” The original Amendment 20 program and analysis notes that gear switching allows nontrawl vessels to acquire a trawl permit and use quota.

- “Flexibility in this program was designed into it and it’s important. Take away the flexibility [of gear switching] and you will hurt the operation.”
- Those who have gear switched invested based on rules at the start of the program and it would be unfair to change the rules now.
- Pot vessels are being unfairly identified as the group driving up the quota prices. Fish plants are buying quota at high rates in order to cover the own vessels.
- “We lease far more than we own but have not purchased any at auction and could not operate at those prices.”
- “We [received quota from our trawl permit and] have leased to other trawl vessels our trawl Pacific ocean perch, darkblotched, canary, whiting, arrowtooth, and petrale quota. This has allowed trawlers to access quota that they might not have otherwise been able to.”
- “Figures by National Marine Fisheries Service (NMFS) show that gear switch catch, as a percent of the total, has not risen since 2011. It’s not unlikely that it will rise now that changes in the North Pacific allow the use of pots [in that individual fishing quota (IFQ) fishery]”
- The problem with gear switching is more the loss of access to other IFQ species than it is the increased cost of the sablefish quota.
 - For every pound of sablefish quota there are 27 pounds of non-sablefish quota. If the sablefish harvested by fixed gear is taken out, the ratio of sablefish quota to other nonwhiting species increases to 1:40. Additionally, whiting vessels hold on to their sablefish in anticipation of possible bycatch events.
 - “If we have to exclude sablefish, we will be excluding a lot of other big fish that we depend on to make a living.” These revenues are necessary to generate enough profit to replace capital as it wears out.
 - As a result of these harvest constraints, other economic activity is reduced: provisioning, net shops, boat yards, and processors.
 - “Trawlers have invested heavily with the expectation that they would be able to take part in the fishery as they understood it to be. Fishermen did not understand how gear switching was going to work for nontrawl vessels.”
 - “The fixed gear sablefish gear switching is going to prevent this fishery from moving forward and getting full attainment.”
- “I’m not worried about lease rates, I’m worried about stranding species.”

Comments on Limited Entry Permits for Motherships

- “The closed class of processors in the mothership sectors is a mistake.”
 - When a processor cannot participate, “other processors are unable to take on vessels displaced, because processors are at capacity.”
- The closed class of mothership processors is creating problems for vessels in which the processing companies don’t have a direct financial interest.
- There are six permits and only four processors on the grounds at any one time.
- There is no leverage for catcher vessels in the mothership sector.
- “As catcher vessels we don’t have a lot of rights—power—no way to negotiate a price with the closed class of processors.”

- When reapportionment occurs (and other times), the processors are able to fully utilize their capacity from vessels they have financial ties to. “They don't need me. There is nowhere else for me to go.”
- When reapportionment occurs, vessels have to lease fish from the mothership company at a very high rate (25 percent) before they are allowed to catch their own fish.
- “The closed class of processors is really hurting us.”
 - “In 2014, a processor caught fire and there were bycatch problems.”
 - “In 2015, the Golden Alaska was in a shipyard and 100 percent of my fish swam [He could not find a mothership processor to take his fish], the Excellence was at its cap.”
 - “In 2016, the Golden Alaska is not coming down in the fall because of bycatch and uncertainties.”
- “Mothership owners have it where they want, they tell us what season to fish.”
- “Motherships don't want the fish, don't need it—they are operating at full capacity.”
- There is also a safety issue related to limitations on processor capacity. “We can't operate off Washington due to bycatch problems but in the spring we have to operate further south an in a blowhole. There is more pressure to produce, there are only so many days to produce and then we are done.... We have to push to land when the mothership is there.”
 - These circumstances also make it more difficult for captain and crew to plan and project their income.
 - “The analysis needs to look at why [mothership whiting] is being landed at different times and who is benefiting from that.”

Comments on High Costs

- The cost of doing business is high: 5 percent buyback, 3 percent cost recovery, observer fees, co-op fees, and lawyer fees.
- “There are tremendous expenses for the observer, and the processors have it also.”

Comments on Cost Recovery

Also see comment on Economic Data Collection Program (EDC) under “Other Comments.”

- “NMFS has trouble getting regulations through but we still get charged 3 percent cost recovery and it's hard to see how that is valid.”
 - The 3 percent fee does not just come out of profits but also reduces spending and so reduces the income of others in the community.
- Would like to get more for our investment.

Comments on Vessel Caps

- “I attained the annual cap on the perch and went less than 200 pounds over. I could have... attained more perch quota but because I reached that annual cap I could not. I left millions of pounds of fish in the water—this affected the crew, boat, and plant.”
 - “Perch is coming back but annual numbers don't reflect that and I tie my vessel to the dock because of it.”
- Three vessels have been excluded for a time by the annual vessel QP caps for overfished species. One vessel had to sit out a long time. All could have covered their deficit when they occurred if not for the cap.
 - “When these vessels have to sit out it is overly punitive to the vessel, crew, and processors.”
 - The fish are accounted for in the year they are caught but vessels have to use quota from subsequent years, adversely impacting the vessels involved and the rest of the fleet.
- This needs to be fixed in a manner that is not so punitive while also not incentivizing abuse.

Comments on Yelloweye

- “We have only [a few] pounds of [yelloweye] quota so we are scared to fish on the shelf.”
 - “100 percent observer coverage means that we are accountable to a precise degree for 1 mt whereas most of the yelloweye [taken by other sectors] is not monitored in nearly as precise a manner.”
 - “There is a glaring need to review this because its constraint is not in line with its biological necessity.”
- Yelloweye acts as a constraint that prohibits access to lingcod.
 - It should not have been one of the catch share species.

Other Comments

- “The Rationalization program has done a good job. Things were in tough shape before and it has helped.”
- The program is still not fully implemented.
- “Look at [the original goals and objectives of the program] because we are not getting close on net benefits and employment and getting fish to the markets.”
- “The industry is fortunate to have a strong shrimp fishery that has taken pressure off some of the issues of the trawl fishery.”
 - The backbone of the fishing industry has been the trawl fishery. “We are losing infrastructure and the markets are suffering.”
 - “There have been tremendous cuts in the seafood industry—lost jobs and infrastructure—ice machines, plants, and pilings.”
 - “It is not yet a rationalized fishery. By that I mean we are striving for attainment - we need to get the value back into the fish.”

- “Processing amounts have gone backward since the program came into existence.
 - “Have lost 45 percent of our filleters as a company.”
 - “Petrale and sablefish will not carry the employees that we have. We need to get at dover and rockfish.”
 - “We have an opportunity to create a fresh market we have not had for a long time” but things are off to a rough start because of the delay in the gear rule.”
 - “Processors are just a conduit to the [final] market. It takes a disciplined step-by-step process to get those markets in place.”
 - “If we can get rockfish started, that can be the impetus to put the infrastructure together then go after the Dover.”
- The EDC reports take much longer than the four hours stated on the form. Most people spend a week.
 - With respect to the cost recovery fee “I don't have to pay banks or stock brokers 3 percent upfront and then have to give them everything [all the business information].”
 - “We are being treated like organisms in a petri dish.”
- Processors are also burdened by the EDC reporting requirements.
- The EDC reports take a longer time to fill out for different reasons, including that they ask questions that do not match up with the way businesses keep their books and if an error is made in the way a question is interpreted it can take a long time to straighten it out.
- With respect to the EDC Reports, “why do you need information on all the non-western activities, or how many pounds of fish are caught in Alaska? Some people have to go through every fish ticket and calculate those things up.”
 - Instructions on counting the number of one-way trips between Alaska and the West Coast are confusing.
 - “It is a waste of time for most of it. We work hard to do the right thing.”
- The Alaska reports that are comparable to the EDC reports are only one page and do not ask about the West Coast.
- Promises have been made about supporting data reporting on Apple devices. So far that has not happened, but people are hoping that commitments to provide that support by this fall will be met.
- The NMFS IFQ accounts site has worked “remarkably well” with a couple of exceptions, (errors in data entry).
- There are signs of improvements in debriefing and the timeliness of the observer data on discards. Results are now coming through in a couple of weeks rather than a couple of months.
- “The quota price information has been very useful.”
- “An expected outcome was to reduce the number of trawl vessels in the groundfish fishery. We are looking for analysis of how system has impacted the non-groundfish fishery.”
- “You can do a better job of executing rulemakings more quickly, and get the results, and the industry can prosper the way it should.”
- Closed areas (Rockfish Conservation Areas) need to be opened—this is a big issue moving forward.
- Length endorsements are no longer needed because quota limits harvest. The endorsements limit flexibility in responding to safety needs.

- With respect to the adaptive management program quota “catcher vessels need that 10 percent. If you take that 10 percent away, that will be most of the profit that they have.”
- Even though the whiting fishery does not face all the same problems as nonwhiting, there is a need to look at and address the issues in that fishery.
- Opportunity with the mothership sector can be “gone in the blink of an eye due to bycatch or the ship decides it does not look profitable and they are not coming down.”
- The mothership sector has been constrained by bycatch species. This is due partially to historically high whiting total allowable catches and partially to the low amounts of bycatch species available. The Council is looking for ways to provide more bycatch to the mothership sector.

General Solutions Identified

- Condense the EDC forms now that five years of data have been collected.
- Open up the class of mothership processors.
- Mothership processing permits that are not going to be used in a particular year (latent permits) should be made available for other vessels.
- Run the season from end of March through April 1. This would reduce the stranding of fish with whiting vessels that hold onto fish in case they need it to cover bycatch [including sablefish].
- Eliminate or provide more flexibility for the length endorsements.
- “If the Council makes any alterations [to gear switching] do not do it in a way that it becomes economically unfeasible for those committed to the fishery. [If needed] call a time out, a moratorium, but do not create a second class permit holder.”

Intersector Allocation

Three people spoke on intersector allocation.

- On an individual vessel basis, vessels do not have enough halibut, and vessels are getting into trouble every year. Because of this, vessels are going after high value species which have lower halibut bycatch rates. Look at increasing the amount of halibut individual bycatch quota pounds available.
- “With the mothership sector choke species, we don't have a reasonable amount to conduct the fishery. We need to access additional fish to continue with the bycatch.”
- “Effort to address [intersector allocation] could take us away from the most important issue, which is the underperformance of the nonwhiting program.”

WRITTEN STATEMENTS (THREE, ATTACHED)

- Letter from the Midwater Trawler Cooperative
- Statement from Mark Cooper
- Letter from Michele Longo-Eder

Mark Cooper
Toledo, Oregon
F/V Perseverance, F/V Predator, F/V Pacific

Testimony on the Trawl ITQ 5-year review
September 29, 2016

For the record My name is Mark Cooper. I am from a multi-generational fishing family and I am the owner of three trawl vessel that have West coast Trawl permits. All three of my vessels fish in the shore side sector for Groundfish and whiting. Two of my vessels also participate in the at-sea whiting mothership fishery and one of my vessels has used fix gear to catch its sable fish. My three vessels are home-ported in Newport and we deliver fish into Newport and Astoria.

I believe that the IFQ program has been a big improvement over the trip limit management and Olympic style fishery that we were managed under previously. The benefits that I have experienced include reduced discards, and increased flexibility for business planning and safety. I believe we still have a long way to go before participants realize all the benefits this program has to offer us. The increase in widow and canary rockfish are going to help the current program a lot.

Having said that, I believe that we can also Improve on this system and I have a few ideas that I believe can help.

- I believe that having a closed class of processors in the mothership sector is a mistake. There are just enough mothership platforms to go around (maybe not even enough platforms when we have years of very high whiting TACs). If something happens to one of the platforms (as it did a few years ago due to a fire) other processors were unable to take on the displaced harvesters because they were already close to or at capacity. In 2016, a platform decided at the last minute not to come down for the Fall fishery due to uncertainty around bycatch and no reasonable expectation of making a profit, let alone breaking even. This stranded over 5 million pounds of whiting in the water as the remaining markets could not take on the extra fish.
- I believe yelloweye rockfish should not be managed as an IFQ species but managed as a set-aside or ecosystem species. This would make better sense than the current management. There are some vessels that are allocated only 1 or 2 pounds – not even enough to cover one actual fish. In my case i have 4 pounds for three boats and a small yelloweye can weight 3 to 5 pounds. Yelloweye is not easy to come across in the marketplace and If someone catches more than their allocation, they could be out of the fishery, potentially for several years. We should also take a look at deficits on choke species running multiple years. In the case of the F/V Seeker and the canary disaster tow that occurred in 2015, the actual catch of canary rockfish was realized in 2015 (reducing the ACL impacting other fishermen by prohibiting harvests) but the vessel still has to cover the canary deficit with 2016 and

2017 fish. This seems like double accounting and overly punitive.

- I believe the annual Groundfish season should run beginning March or April 1st and run through February or March versus the current calendar year. December is a very busy month for processors – Dungeness crab takes precedence in December and Groundfish take a back seat. Additionally, there are roughly 35 vessels that mainly do shoreside whiting and they fish through the first of December. These vessels are not willing to trade their extra rockfish or sablefish until they have caught all their whiting. This leaves stranded choke species that could benefit the non-whiting sector. If the annual season coincided with a later start date, those unutilized fish could be transferred to the non-whiting sector and be useful in late December, January and February. December is also a month notorious for terrible weather and dangerous fishing conditions this can result in very few fishing days for vessels that are leasing quota pounds.
- Lastly, I believe we need to do something about allowing gear switching for sablefish. I invested in pots to fish sablefish for one season it was profitable but when I looked at the fish left in my IFQ account I felt like I was leaving a lot of money on the table. My understanding of the program is that the gear switching provision was intended for trawlers to have the ability to catch sablefish with pots and reduce their discards. Not for fixed gear vessels to buy trawl permits adding to the sablefish allocation they already receive under their own separate rationalized program. Discards in the trawl ITQ program are some of the lowest in the world for trawl fisheries, needing to fish with pots to reduce discards has proven unnecessary. In my experience, I make more profit fishing sablefish with a trawl because I also land the other associated ITQ species caught alongside sablefish (Dover sole and thornyheads, among others). When sablefish is transferred to fixed gear vessels, all of the associated IQ species that are traditionally caught together with sablefish are left stranded in the water- adding to the severely reduced annual attainment rates for these species. We are leaving too much fish uncaught by allowing unconstrained gear switching.

ARGOS, INC.
F/V Timmy Boy

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541-270-1161 (cell)
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Robert L. Eder

Michele Longo Eder

September 29, 2016

Public Comment
Five Year Review
Trawl Individual Quota Program

To the Members of the Pacific Fisheries Management Council and
Regional Administrator, Northwest Region, NMFS:

My name is Michele Longo Eder. My husband, Bob Eder, and I own the F/V Timmy Boy, a 60 ft steel vessel. Bob has commercially fished for over 40 years, for salmon, crab, halibut, pink shrimp, and black cod. He is the owner and operator of the vessel, now sharing skipper's responsibilities with our son, Dylan Eder. We have three additional crew members who rely upon us to provide the opportunity to make a living for themselves and their families.

We bought the Timmy Boy in 2011. The vessel is 48 years old, and has an extensive history in the trawl fishery for groundfish. The boat and its previous owner, Denny and Judy Burke, also fished for Dungeness crab, pink shrimp, and for black cod with pots. Yes, that's right—a trawler that trawl fished AND also used pots to fish for black cod for more than 20 years before we bought it in 2011. In fact, the vessel's landings qualified it for a permit in the LE fixed gear fishery with both a pot and trawl endorsement, as well as a separate LE Trawl permit.

When we purchased the boat, we bought the vessel and its crab, shrimp and trawl permits. We bought the boat and these permits with the intent, and **in reliance** on, the ability to "gear switch" as provided for in the rules of the Trawl IQ program. Because we rebuilt the boat in 2012, and the boat was in the yard for 9 months, we were unable to actively fish our quota that year, and instead, leased out our sablefish quota.

However, for the last 4 years we have personally fished our sablefish quota with pots, utilizing the gear switching provision. In addition, each year since then we have leased additional sablefish quota. And in 2015, we made another significant investment in the trawl fishery by purchasing additional sablefish quota. Also important is the fact that we have leased to trawl harvesters species such as POP, darkblotched and canaries, as well as whiting, arrowtooth and petrale: commercially valuable species that are not caught by pot gear. This has allowed some trawl harvesters greater access to their allocated trawl quota that they may have otherwise been unable to access.

It's important to state that in the 2008 Decision document for the Rationalization of the Limited Entry Trawl Fishery, this outcome of trawl vessels converting to fixed gear was both specifically provided for, anticipated and analyzed. The document notes "The definition of the scope (of the gear switching provision) allows a Limited Entry trawl vessel to switch between trawl and non-trawl groundfish gears, including fixed gear, for the purpose of catching their QP. It also allows a non-trawl vessel to acquire a trawl permit, and thereby use trawl quota pounds to catch the LE trawl allocation." We continue to support the inclusion of gear switching in the Trawl IQ program, and retaining gear switching as an essential element going forward.

S:\Argos Inc. - General Business\Documents\Trawl IQ Comments.doc

I would like to note additional aspects of the Trawl IQ program that have also worked quite well. With a couple of exceptions (for example, we've received two letters from the IQ program telling us we had exceeded quotas in species when, in fact, there were errors in their data entry), the system for accessing the site for vessel account, quota share accounts, and making transfers of QS, and QP, has worked remarkably well.

There has been a significant improvement in the timeliness of data review in terms of landings, debriefing, and poundage deducted from accounts—I'm now seeing poundage finalized within a couple weeks after delivery dates, instead of adjustments occurring in our accounts for as much as a couple months after landings. I would expect that is in part because we are now using electronic monitoring rather than 100% observer coverage. In any event, kudos to Pacific States Marine Fisheries Commission, NMFS Observer program, the excellent service and help from the NMFS Permit office and whoever it is that created and manages the trading accounts. The addition of the price information on the account site has also been very useful.

I would suggest that for every time NMFS makes an additional allocation to the QS or QP account, that an email be sent to the QS/QP and Vessel account holders—distribution of quota happens multiple times a year, not always on the same dates, and NMFS has the capability to do it. It would also be very helpful for NMFS to note whether a vessel permit has declared whether it is using trawl gear or fixed gear publicly available information.

In the process of the Five Year review, I also look forward to seeing analysis as to how the Trawl Quota system has affected non-groundfish fisheries.

With the implementation of quota shares, there was a stated intent of the program and anticipated outcome, that the Trawl IQ program would reduce the number of trawl vessels actively participating in the trawl fishery.

Additionally, with the change from bimonthly trip limits to a quota system, trawl vessels are able to schedule fishing and catch their quota in a more compressed time frame.

Because of the decreased numbers of vessels in the trawl fishery, and ability to fish in a tighter and more efficient time frame, there exists a significant possibility of increased effort in in the Dungeness crab and shrimp fisheries . Trawl vessels that were committed to the bimonthly trip limit regime may now be able to participate more fully in crab and shrimp, and those vessels that didn't receive enough quota to make their trawl fishing profitable may now be focusing their effort entirely in non groundfish fisheries. To the extent that changes in effort in the trawl fleet, and the distribution of that effort may have diminished opportunities for those in non-groundfish fisheries, it's important to examine that.

Thank you for the opportunity to submit these comments at this public hearing.

Michele Longo Eder
F/V Timmy Boy

michele@michelelongoeder.com



Mr. Herb Pollard, Chair
Pacific Fishery Management Council
7700 NE Ambassador Place, Suite 101
Portland, OR 97220

September 29, 2016

RE: PFMC 5-year Review Hearing

Dear Chair Pollard and Council Members,

Thank you for the opportunity to provide comments relative to the Council's 5-year review process. Midwater Trawlers Cooperative (MTC) represents 23 trawl catcher-vessels that participate in West Coast and North Pacific Groundfish fisheries. On the West Coast MTC members participate in the at-sea mothership and shoreside whiting sectors as well as the traditional bottom trawl fishery for Groundfish. MTC members also have experience with rationalized fisheries in the north pacific as many are participants in the highly successful American Fisheries Act Pollock fishery in the Bering Sea and the rockfish catch share program in the Gulf of Alaska.

MTC members believe that the 5-year review should ensure that both the non-whiting and whiting fishery issues are completely reviewed and solutions thoroughly vetted. There has been considerable public comment during recent council meetings and even in this suite of public hearings that recommend focusing on the non-whiting sector and that the whiting sector is "doing great" and to avoid spending time and resources on anything that relates to the whiting industry. While it is true that the whiting industry has not experienced the same types of challenges as non-whiting, whiting fishery management under the program needs to achieve the same goals and objectives as non-whiting and MTC believes that the whiting sectors also deserve the proper review. We expect that solutions be developed and implemented for the whiting industry through this program review. We face a lot of the same financial burdens as the non-whiting fleet, including repaying the buyback loan, cost recovery fees, 100% monitoring expenses, and even lease fees. We contribute mightily to coastal communities on the west coast and the whiting sector deserves a hard look at what's working and what needs to be fixed.

I'd like to focus my comments on three main issues today:

- Access to adequate bycatch for the vessels participating in the whiting mothership fishery
- The challenges to catcher vessels associated with a closed class of processors in the mothership sector
- Addressing the control cap issue that is forcing vessels out of the shoreside fishery for months or years based on a lightning strike or disaster tow

Adquate Bycatch for Mothership Sector

In recent years the attainment of whiting TACs has been considerably less than the historical attainment rates. In 2015 the three whiting sectors only harvested 52% of the U.S. TAC, with the mothership sector only achieving 39% of its annual whiting allocation. As of today, the three whiting sectors have harvested about 53% of the 2016 TAC. Lower attainment rates are partly due to a historically high whiting biomass and TAC exacerbated by limited access to adequate bycatch with which to prosecute the fishery. This is particularly problematic in the mothership sector which is allocated small amounts of four choke species and which does not have access to additional bycatch amounts on the market or elsewhere as the shoreside sector does.

Following the premature closure of the mothership sector in 2014 due to attainment of the Darkblotched rockfish hard cap, the Council and industry have been actively seeking solutions to the issues the mothership sector faces. For the last two years the MS sector has been advocating for access to more bycatch and the industry developed a thoughtful plan that would allow limited, voluntary transfers of quota pounds of the four choke species between shoreside accounts and the mothership cooperative- this approach has been commonly referred to as the Mothership Transfer Concept and instead of being reallocated, the solution essentially allowed the mothership participants to solve their bycatch problems utilizing the fish that they already own in their shoreside accounts. For what appear to be political reasons, NMFS threw cold water on this approach, and in response the Council has taken several short-term actions to help address the issue. The 5-year review should take a hard look at the woefully small amounts of bycatch species available to the mothership whiting sector and determine a structural fix to make more bycatch available so that the participants have a reasonable expectation of achieving their whiting allocations. The mothership sector's catcher vessels are largely home-ported in Oregon and Washington ports and this fishery is extremely important to coastal communities.

Closed Class of Mothership Processors

MTC members have long been concerned over the closed class of mothership processors in the whiting fishery. While there are six processor permits, it seems that only four are utilized in any one year. Price negotiations are not carried out from an even playing field and catcher vessels that do not have a financial interest in a mothership platform are further disadvantaged. If something happens to a platform (like the Arctic Storm fire a few years ago) it displaces catcher vessels who have no where else to go – either because the other platforms have too many catcher vessels already delivering to them from a scheduling/operations perspective or because the platform is hitting their control cap which is supposed to prevent excessive consolidation. Just recently a mothership platform pulled out of the fall fishery – leaving at least two catcher vessel operations stranded. These vessels have over 5 million pounds of whiting that will be stranded (not including tribal rollover) and it is unlikely they will be able to find alternative markets for the reasons mentioned above. Ironically, part of the reason the platform gave for pulling out at the last minute had to do with the uncertainty around the limited amounts of bycatch. In previous years there have been other companies interested in bringing in a mothership platform, but the regulations essentially prevent that from happening. Further, the NMFS economists have lumped together the catcher vessel net revenue from “whiting” which includes the shoreside and at-sea fisheries. We’d like to see the net revenue associated with each sector because we believe the combination is masking the real challenges that the mothership catcher vessels face. This is a sensitive issue but MTC members do not believe that the mothership sector is performing as well as it could

be, partly due to the constraining species and exacerbated by the closed class of processors.

Control Cap Issues

So far three vessels have been excluded from the shoreside ITQ fishery, prohibited from further participation due to lightning strikes or rebuilding or rebuilt species. Each of these vessels have deficits above the annual control cap and thus are prevented from fishing in the shoreside fishery until the deficit is eliminated. In the case of the F/V Seeker and the F/V Raven (and I suspect the same for the most recent event with the F/V Ocean Hunter) there was fish available on the market or through trades that could have covered the deficit *at the time it was incurred*. But the annual control limit prevented the vessel owners from obtaining the fish and satisfying the deficit. In the case of the F/V Seeker, the annual harvest accounting still recognized the canary catch in 2015 but the regulations require the vessel owner to use 2016 and 2017 fish to cover the deficit. This seems overly punitive to both the F/V Seeker and the remaining fleet who lost access to a midwater fishery in the last few months of 2015 AND they lose access to the 2016 and 2017 pounds that the F/V Seeker will have to use to satisfy the deficit that occurred in and was accounted for in 2015. This seems unreasonable and against the spirit of what the program is supposed to accomplish. In the case of the F/V Seeker and the F/V Raven, both substantial quota holders in the shoreside whiting fishery – their inability to participate in that fishery has had negative impacts on the vessel and its crew as well as the shoreside processor where that fish would have been delivered and processed. While its true that the F/V Raven and F/V Seeker can participate in the mothership fishery, the problems described above make that fishery unreliable as a substitute for the shoreside sector.

In closing, members of MTC would like equal attention paid to the review of the performance of the whiting sectors of the trawl rationalization program. While our challenges may be different than those faced by the non-whiting sector, they are none-the-less real and they deserve careful consideration and thoughtful resolution.

I look forward to continued dialog with the Pacific Council and the Community Advisory Board as we continue this important process.

Thank you for your consideration.

Sincerely,



Heather Mann