

NOAA
FISHERIES

WEST COAST
REGION

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2017-2018 Cost Recovery Annual Report Trawl Rationalization Program

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What is the cost recovery program?

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



Who is covered by the West Coast Cost Recovery Program?

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



How are Cost Recovery Fees Collected?

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



2018 Cost Recovery Fee Calculation

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



2018 Cost Recovery Fee Percentages

Fee percentages are

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

(announced in 82 FR 61752, 12/29/2017)



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

- The DPCs for 2017 are based on the recoverable costs of employees' time
 - This does not include expenses for travel, supplies, etc.
- The recoverable costs of employees' time are the incremental costs of those employees' time
 - Time that would not have been incurred but for the implementation of the trawl rationalization program
- NMFS employees have coded and tracked their time cards for time spent on the trawl rationalization program by sector (IFQ, MS, C/P) since 2011

Table 1. Incremental costs (DPC) associated with management, data collection, and enforcement of all sectors of the Trawl Rationalization Program, FY 2017 (October 1, 2016 to September 30, 2017).

Cost Category	West Coast Region (WCR)	Northwest Fisheries Science Center (NWFSC)	Office of Law Enforcement (OLE)	Total (before adjustment)
Personnel ¹	\$899,470.66	\$1,248,247.93	\$73,339.20	\$2,221,057.79
IFQ	\$833,598.38 ²	\$1,114,961.16	\$67,228.15	\$2,015,787.69
MS	\$30,509.31	\$93,864.77	\$4,078.85	\$128,452.93
C/P	\$35,362.97	\$39,422.00	\$2,032.20	\$76,817.17
Total	\$899,470.66	\$1,248,247.93	\$73,339.20	\$2,221,057.79

1. Personnel costs include salary and benefits. The federal grant covering Pacific States Marine Fisheries Commission (PSMFC) personnel costs is included in the WCR column.

2. This value differs from the number published in the 2018 cost recovery fee Federal Register notice. This change is discussed on slide nine.

Changes from the Notice for the 2018 Fee Calculation Determination

IFQ Sector Only

- \$74,480.64 in contracting costs removed because these costs funded a database that supports both catch share and non-catch share fisheries
- \$89,133.77 charged to a task code where some staff recorded time for non-recoverable tasks. All costs associated with the task code were removed
- Removal did not affect the 2018 fee percentage

IFQ DPC adjustment from the Federal Register notice (82 FR 61752)

\$2,179,402.10	IFQ DPC total from Federal Register notice
<u>-\$163,614.41</u>	Adjustment (removal of \$74,480.64 and \$89,133.77 from IFQ DPC)
\$2,015,787.69	Adjusted IFQ DPC total



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

West Coast Region

- The West Coast Region (WCR) manages the trawl rationalization program by working on policy issues, drafting and implementing regulations, tracking the fishery, and issuing permits
 - Includes work done by WCR Groundfish Branch and Fisheries Permits Office
 - Includes WCR costs for work done by the Northwest Fisheries Science Center's Scientific Data Management (SDM) and Information Technology (IT) groups for work on the online IFQ system
 - Includes work done by the Pacific States Marine Fisheries Commission for the Catch Monitor Program



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

Northwest Fisheries Science Center (NWFSC)

- NWFSC collects and analyzes data on the trawl rationalization program through observers on vessels and through economic and social surveys
 - Includes work done by the NWFSC Fishery Resource Assessment and Monitoring Program (FRAM) and additional employees paid through PSMFC contracts and grants



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

NOAA's Office of Law Enforcement (OLE)

- OLE enforces the requirements of the trawl rationalization program. Trawl rationalization enforcement technicians' time was included in the 2018 fee calculation
- Enforcement technician's activities include, but are not limited to:
 - Tracking quota share and vessel account balances
 - Contacting vessel owners if an account is in deficit
 - Assisting with fishery declarations
 - Tracking fishing status through the vessel monitoring system



Changes in task level detail

- In response to comments from industry, we have included both a more detailed breakdown of costs by group and added more detail to the task level section of the report
 1. Table 2 (page 6) details the incremental costs, hours, and number of staff, by program office
 2. Page 9 includes tasks broken down by Group, Branch, and “Ongoing and Annual Tasks” and “Ad-hoc, Periodic, or One-time Tasks”

Table 2. Incremental costs, hours, and number of staff, by program office, FY 2017.

WCR example of Table 2

WCR				
IFQ	Costs	Hours	Staff	Full time equivalent ¹
Groundfish	\$121,463.24	2,227.5	5	1.1
Permits	\$142,254.78	1,725	4	0.8
NWFSC Information Technology (IT)	\$370,480.64	3,826	7	1.8
PSMFC	\$199,361.00	Na ⁵	2	
C/P	Costs	Hours	Staff	Full time equivalent
Groundfish	\$34,235.80	770.25	3	0.37
Permits	\$1,127.17	19	2	0.01
NWFSC (IT)	na	na	na	
PSMFC	na	na	na	
MS	Costs	Hours	Staff	Full time equivalent
Groundfish	\$28,739.69	660.25	3	0.32
Permits	\$1,769.62	29.5	2	0.01
NWFSC (IT)	na	na	na	
PSMFC	na	na	na	
Total	Costs	Hours	Staff	Full time equivalent
Groundfish	\$184,438.73	3,658.0	11	1.79
Permits	\$145,151.57	1,774	8	0.82
NWFSC (IT)	\$370,480.64	3,826	7	1.8
PSMFC	\$199,361.00	Na	2	



Groundfish Branch Example of Ongoing and Annual Tasks

- Rulemakings & Council Support – Developed rulemakings and participated in policy development at the Council for the trawl rationalization program and worked on associated implementation and analytical requirements, including:
 - Inseason actions to reapportion bycatch and modify at-sea allocations (MS, CP)
 - Cost recovery policy (ALL)
- Program Support & Compliance (ALL)
 - Respond to requests for clarification of trawl rationalization program regulations (IFQ).
 - Permits Branch review of annual mothership and catcher/processor coop applications and reports (MS, CP)
 - Assisted Permits Branch, WCGOP, and OLE in monitoring compliance with trawl program regulations (ALL, mostly IFQ)
- Website Updates – Prepare and update information for the [West Coast Groundfish Trawl Catch Share Program website](#).



Groundfish Branch Example of Ad-hoc, Periodic, or One-time Tasks

- Rulemakings & Council Support – Developed rulemakings and participated in policy development at the Council for the trawl rationalization program and worked on associated implementation and analytical requirements for specific rulemakings, including:
 - Final rule to reallocate widow rockfish quota share (IFQ)
 - 2017 and 2018 Trawl Gear Modifications Exempted Fishing Permits (IFQ)
 - NEPA analysis to support the Trawl Gear Modifications Rule (IFQ)
 - Consideration for reallocating IFQ QP to the mothership sector (IFQ, MS)
- Five-year Review of the Pacific Coast Groundfish Trawl Rationalization Program (IFQ, MS, CP)
 - Co-led the project team with Council and NWFSC staff
 - Prepared analysis
 - Presented at nine public hearings
 - Prepared and reviewed analysis and input on follow-on actions



Determination of incremental tasks

- NMFS employees determine which tasks are incremental through discussions with supervisors and consultations with senior policy consultants and/or general counsel, if necessary
- This happens as soon as possible in the process to ensure that time is being recorded appropriately
- Some tasks are partially incremental in which case staff allocate their time into incremental and non-incremental hours



Determining the Value of the Fishery (V)

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



Calculating the Fee as a Percentage of Total Fishery Value

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

- Shorebased IFQ Program: $\underline{3.0\%}$ = the lower of 3% or $(\underline{\$2,015,787.69}/\$46,206,889.00) \times 100$
- MS Coop Program: $\underline{-1.1\%}$ = the lower of 3% or $(-\underline{\$132,607.08}/\$12,214,290.70) \times 100$
- C/P Coop Program: $\underline{-0.5\%}$ = the lower of 3% or $(-\underline{\$111,622.07}/\$21,314,877.96) \times 100$.



MS Pricing for the C/P Coop Program

- For 2018, NMFS calculated the MS pricing for the C/P Coop Program to use as a proxy is \$ 0.09/lb for Pacific whiting
- The average price per pound of Pacific whiting as reported in PacFIN from the Shorebased IFQ Program was used as a proxy for the MS pricing
- True MS average price per pound was planned to be calculated from the MS Coop Program Annual Reports. However, because the MS cost recovery fee has been set to zero percent, there were no reports to submit so the proxy method was used again for the 2018 MS pricing

Fees Recovered from Fishing Year 2017

- The following sector-specific fees have been paid through *pay.gov* for 2017 catch.

	2017 Fees recovered
Shorebased IFQ Program	\$1,714,857.13
MS Coop Program	\$0.00
C/P Coop Program	\$0.00
Total	\$1,714,857.13



Use of cost recovery funds

- Payments received by NMFS as a result of cost recovery are deposited in the Limited Access System Administrative Fund as required by the Magnuson-Stevens Act
- Funds deposited in this account are available only to the Secretary of Commerce and may only be used to administer and implement the Magnuson-Stevens Act in the fishery in which the fees were recovered
- Therefore, all cost recovery fees recovered by the WCR to date will be used for current and future management, data collection, and enforcement of the trawl rationalization program similar to as described in the fee calculation section of the annual report



Pre-Catch Share Program Cost Estimates

- NMFS was asked to provide
 - Agency costs for the trawl sector prior to rationalization
 - Information on possible cost savings provided by the Catch Share Program
- Insufficient information exists to calculate an accurate estimate of pre-catch share program costs
- An initial review of total groundfish actions was completed but more work would be needed to refine



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Thank You

Questions?

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