

DRAFT Meeting Summary
Sablefish Management and Trawl Allocation Attainment
Committee (SaMTAAC)

Pacific Fishery Management Council
Sheraton Portland Airport
Mt. Adams Room
8235 NE Airport Way
Portland, OR 97220
May 21-22, 2019

Call to Order

Voting Members in Attendance

Mr. Phil Anderson – Committee and Council Chair
Ms. Kelly Ames – National Marine Fisheries Service (NMFS)
Ms. Michele Culver – Washington Department of Fish and Wildlife (WDFW)
Mr. Robert Dooley – California Council Member
Mr. Pete Hassemer – Council member at large
Ms. Maggie Somers – Oregon Department of Fish and Wildlife (ODFW)

Voting Members Absent

None

Non-voting Members in Attendance

Mr. Bob Alverson
Mr. David Crabbe
Mr. Kevin Dunn
Mr. Dan Platt
Mr. Mike Okoniewski
Mr. Steve Scheiblauser

Non-voting Members Absent

Mr. Tyler Besecker

Process Discussion

NMFS stated that implementation of a Council final action on the SaMTAAC recommendations would be highly unlikely for 2021, possible for 2022, and more likely for 2023. Some concern was expressed about the length of time passing between the 2017 control date and implementation in 2023.

The SaMTAAC reviewed the current schedule from the Council year-at-a-glance calendar, which included selection of a preliminary preferred alternative at the November 2019 meeting. It recommended modifications leading to the following schedule.

Time Period	Activity
June 2019	Council Meeting: SaMTAAC information report to Council
Summer 2019	Analysis NMFS/State/Council staff consultation on potential implementation issues
September 2019	Council Meeting: Issue not on agenda (remove currently scheduled update).
October 9-10	SaMTAAC Meeting
November 2019	Council Meeting: Progress report
Winter 2019-2020	SaMTAAC Meeting (if needed)
March 2020	Council Meeting: Select range of alternatives
September 2020	Council Meeting: Select preliminary preferred alternative
TBD	Council Meeting: Select final preferred alternative

Opening Comments

Committee members shared observations, expectations, and questions.

For the sablefish north of 36° N. lat., question was raised as to whether the objective was just to increase attainment of Dover and thornyheads or other species as well. Other committee members noted that sablefish allocation was helpful for getting all groundfish species out of the water, including whiting, and important for rebuilding the trawl fleet.

For the area south of 36°, a perspective was shared that the committee should be considering alternatives that increase sablefish harvest in that area, rather than only alternatives that would transfer sablefish quota from the south to the north. It was noted that as a result of community based efforts conditions in the region are changing, including the entry of new buyers operating just to the north that might begin purchasing product out of the south. A view was also expressed that the reasons that sablefish in the south is going unharvested were not easy to address and not amenable to work by this committee. There could be unintended consequences from trying to address issues in the south, for example, large vessels from outside the area coming in to take the available catch and adversely impacting other local fishing grounds and fleets.

The view was expressed that the alternatives need to be evaluated based on the principles the committee adopted. The question at hand is what will benefit the fisheries' and communities' economic viability over the long-term, and the alternatives need to be focused on a long-term solution rather than short-term issues specific to current circumstances.

Concern was expressed about whether the options that would shift trawl allocation to the north would violate the annual catch limits (ACL) and it was suggested that those alternatives might be tabled on that basis. There is a proposed management measure being considered in the new management measure prioritization process that might deal with that and the upcoming stock assessment may provide useful information for future consideration of this issue. However, there was also a concern that movement of southern ACL to the north could re-open other allocation issues and uncertainties about the impact of that move on stock structures. Additionally, infrastructure in the south seems to be recovering.

It was noted that the work of this committee could become extensive and extended unless it stays tightly focused and linked to the charge. The context of that charge is important. Across three industry workshops the possibility that objectives of catch share program were being undermined by the harvest of trawl allocated sablefish with fixed gear rose to a high level of concern. That, coupled with the possibility that shifting some of the underutilized southern sablefish to the north might be part of the solution to the problem in the north, led to the creation of this committee and its charge. The focus should be on putting any limitations in place that might be necessary to ensure that gear switching is not undermining the objectives of the catch share program.

With respect to the rationale for the alternatives, a committee member expressed concern about provisions intended to impact quota pound (QP) prices and frustration that the current alternatives seemed defensive, rather than proactively trying to increase attainment and stimulate groundfish markets.

After the opening committee comments, Ms. Ames provided a National Marine Fisheries Service (NMFS) graphic that illustrated how the coastwide sablefish overfishing limit (OFL) and allowable biological catch (ABC) were established then divided into ACLs and allocated among sectors. Consideration would have to be given to how to specify movement of southern trawl allocation to the north in a manner that did not alter other intersector allocations while ensuring that ACLs, ABCs, and OFLs are not exceeded. It would be possible to do this but might involve specifying how intersector allocations would be adjusted or not adjusted when trawl allocation is shifted from south of 36° N. lat. to the north. This would likely also require an fishery management plan (FMP) amendment.

Need, Purpose, Principles, etc.

This agenda item began with a presentation illustrating the degree to which sablefish trawl allocations are being attained, amounts attained by trawl and fixed gear, sablefish prices and the amounts by which attainment of other species might be increased if more sablefish was utilized by trawl gear (assuming the markets for other species are available) (see file: !SaMTAAC_PwrPt_May2019).

After an extended discussion, the SaMTAAC settled on the following purpose and need statement.

Action is needed to ensure that gear switching does not impede the attainment of other individual fishing quota (IFQ) allocations in the north with trawl gear. The purpose of this action is to:

1. limit the catch of sablefish IFQ pounds north of 36° N. lat. with fixed gear in a fair and equitable manner *and/or*
2. encourage utilization of sablefish south of 36° N. lat.

Item 2 of the purpose should be considered to include both utilization of southern sablefish allocation within the southern area and through mechanisms that would allow a portion of that allocation to be caught in areas north of 36° N. lat.

Narrow Alternatives

The committee decided to set aside the two alternatives that would allow the use of southern sablefish quota in the north (either through temporary reapportionment of the overall trawl allocation or the use of southern sablefish QP in northern areas, Alternatives 1 and 2). Some of the main considerations in making this decision were the difficulty of some of the allocational issues (both among individuals and between geographic areas), potential biological impacts, and that there is a sablefish assessment coming up (also see the opening comments above). The committee will work first to determine whether the issues in northern areas can be addressed through other alternatives, which do not shift the harvest of sablefish quota from south to north. It was suggested that these two alternatives be set aside and reconsidered after the other alternatives are completed and an initial assessment can be made of their adequacy. The committee completed the discussion by voting to table the alternatives.

Refine Remaining Alternatives

With respect to Alternative 3, which would provide every account with a certain amount of trawl-only and unrestricted sablefish QP each year, the committee asked that it be reorganized to clearly indicate that the first two elements are central to the alternative and the others are optional provisions. During discussion, it was noted that a vessel could fish into deficit with fixed gear prior to the date on which all QP converts to unrestricted QP but the vessel would have to stop fishing until the deficit is covered. This might not occur until after the QP conversion date. Options were modified to provide the choice of eliminating the conversion date if an opt-out opportunity is included. The opt-out would be intended to meet the need of current participants with dedicated investment in the fishery, but phase them out over time while still providing an opportunity for gear switching by anyone who wanted to acquire the annually issued unrestricted QP, limited by the amount of such QP available.

Two of the five alternatives on the table going into the meeting (Alternatives 3 and 4) included options that use qualification criteria based on linking QS accounts to the gear switching history of vessel accounts. The committee was presented with a number of the complexities related to linking QS accounts to vessel account history through commonalities in ownership, including: changing linkages to vessel accounts over time; situations where ownership of a QS account is associated with multiple vessel accounts (through partial overlaps between QS account and vessel/vessel account owners); situations where ownership of a vessel/vessel account overlaps with multiple QS accounts (e.g. vessel is owned by a partnership, each of whom has their own QS account); and the nontransferability of QS accounts. Due to these complexities, combined with the precedent of the Council's use of permit history as the qualifier for both the fixed gear sablefish and trawl catch share program, the committee decided not to include the QS account qualification criteria option in the alternative that provided a gear switching endorsement¹ and active trawler designation (Alternative 4). Because of similar complexities, the committee also eliminated from Alternative 4 an option which would set the gear switching limit for a gear switching endorsed vessel based on the QS owned by the owner of the endorsed vessel.

An approach for linking QS accounts to vessel account history developed by WDFW will continue to be explored for use in conjunction with qualification for opt-out eligibility under

¹ In alternative 4, the endorsement was originally termed an "exemption" to the requirement that in order to gear switch a vessel would need to qualify as an active trawler. It was agreed that for consistency among alternatives the exemption could be called an endorsement.

Alternative 3. NMFS was somewhat cautious about the approach and would like to meet with WDFW to evaluate it over the summer. Committee members noted that even if the approach is not used for initial allocation, it may have some value in analysis of the alternatives.

The committee decided that for alternatives that would create a gear switching endorsement (Alternatives 4 and 5), the endorsement might be acquired based on vessel history or permit history but either way it would be attached to a groundfish trawl limited entry permit. If the qualification is based on vessel history, the endorsement will go with the permit associated with the vessel at the time of initial allocation. This approach will reduce program costs by avoiding the creation of a permit in addition to the already existing limited entry permit system.

The committee decided to eliminate the active trawler designation provision from the gear switching endorsement alternative of which it was a part (Alternative 4) and replace it with a low level gear switching limit that would be available for all vessels. The purpose of the alternative was to limit new entry by those who only wanted to gear switch and the active trawl provision was intended to provide ongoing gear switching opportunity for trawl vessels, as was originally specified in the program. However, the active trawl provision may create more problems than benefits. One example of the challenges is the question of how to deal with someone making use of the active trawl provision that does not trawl or fish for a year because of a mechanical situation. Instead, of the active trawl provision, all trawlers would be able to gear switch sablefish under an annual vessel catch limit that would be substantially lower than the limit for vessels that qualified for a gear switching endorsement. One approach for setting the lower level limit might be to identify a maximum percentage gear switching that should be allowed by vessels in this category and then adjust the limit annually to hold the fleet to that target.

Alternative 4 included an expiration option with specific sunset dates. In order to provide sufficient time after implementation to evaluate the performance of the alternative and to facilitate an orderly and efficient review of the program, the committee modified the option to tie it to the catch share program review that would be carried out as mandated by the MSA. The initial set of changes the committee made to Alternative 4 are provided in SaMTAAC Agenda Item F.3, Attachment 3.

Alternative 5 would create a gear switching endorsement for qualified participants, similar to Alternative 4. The committee clarified that both Alternatives 4 and 5 are not intended to limit gear switching targeted species other than northern sablefish. For vessels without a gear switching endorsement, under Alternative 4 there would be a low level limit to cover sablefish bycatch taken while targeting other species while under Alternative 5 discarding would be required by such vessels.

There was extensive discussion of a new option for Alternative 4 or 5 that would provide gear switching opportunity for entities that acquired quota share (QS) prior to the control date but did not qualify for an endorsement. The rationale was that individuals that had purchased QS for the purpose of gear switching should not have the value of their assets reduced by the imposition of a limit on gear switching. The analysis indicated that nine percent of the QS was owned by entities engaged in gear switching and during discussion the total value of that QS was estimated at eleven million dollars. Concern was expressed that this approach would not address gear switchers that just leased their QP. At the end of the discussion it was agreed that the proponent

would work with Council staff to further develop the idea as a separate alternative for committee consideration at its next meeting.

The committee's discussion included considering whether there should be some maximum amount of gear switching that should be allowed and developing qualification requirements and vessel gear switching limits based on that maximum. There was also discussion of "freezing the gear switching footprint" and potentially reducing its size. Another possibility mentioned was that if the overall attainment of sablefish dropped below a certain level (e.g. 90 percent), then the amount of gear switching allowed either for the endorsed vessels or those without endorsements might be increased. The committee discussed the adequacy of the alternatives as a range and a number of members spoke to the need to consider the level of gear switching that the alternatives would be intended to allow. Right now the alternatives each provide different mechanisms for limiting gear switching within some yet to be determined range.

Committee Requests

1. NMFS evaluation of implementation issues related to the alternatives and the WDFW method for connecting QS accounts to vessel account histories.
2. Within the IFQ fixed gear fleet, differences between those that own QS and those that are leasing QP, including identification of those owning QS and those who lease their QS.
3. Amount of QS owned by individuals that only participate by leasing QP to IFQ participants and gear switchers in particular (the latter requires the WDFW method).
4. Time of year during which QP leasing occurs.
5. With respect to the analysis of the degree to which sablefish may limit DTS landings, what is the difference between the theoretical estimates (the hypothetical) and actual landings?
6. For the endorsement qualification options indicate how many would qualify and the total amount of sablefish they could take while gear switching.
7. With respect to possible gear switching endorsement qualification requirements, include in the analysis annual participation levels of 15,000, 20,000 and 25,000 pounds.
8. Fleet profiles on gear switching and a sense of what has happened with gear switching since the start of the program.
9. For the QS Account WDFW methodology, provide some sense of how the number that would qualify changes as the number of levels of transfer that count toward qualification increases.

Finalization of Committee Report

The committee agreed that staff should work with the chair to develop a brief informational report to be provided for the June 2019 Council meeting. The report should include the purpose and need, description of progress on narrowing and development of alternatives, and a recommended calendar for moving forward.

Scheduling Next Meeting

The next meeting was scheduled for October 9-10, 2019 in Portland. At that time, the committee hopes to have a report from NMFS regarding implementation issues related to the alternatives.