

A Proposal to Study Costs Associated with Elements of the West Coast Groundfish Trawl Catch Share Program (Phase 2)



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Brannan & Associates, LLC, Darrell Brannan, Owner
and Northern Economics, Melissa Errend

Background

Amendment 20 to the Groundfish FMP initiated a groundfish catch share program for the West Coast trawl fleet (catch share program) that targets Pacific whiting and other groundfish species. Goals and objectives for the program were defined when it was being developed and implemented. The overall goal of the program was to *“create and implement a capacity rationalization plan that increases net economic benefits, creates individual economic stability, provides for full utilization of the trawl sector allocation, considers environmental impacts, and achieves individual accountability of catch and bycatch”*. In addition to the goals, several objectives were identified including - but not limited to 1) providing a mechanism for total catch accounting, 2) providing for a viable, profitable, and efficient groundfish fishery, 3) increasing operational flexibility, and 4) promote measurable economic and employment benefits through the seafood catching, processing, distribution elements, and support sectors of the industry.

The program has been in place since 2011 and some members of the fishing industry have expressed concerns regarding the costs of the catch share program relative to the benefits they have realized. To better understand those concerns, the Pacific Fishery Management Council (Council) and the National Marine Fisheries Service (NMFS) have undertaken one required MSA program review that was completed in 2017 and are in the planning stages for the next program review (required every seven years under the MSA). That detailed review indicated that the program was meeting several of its stated objectives, but the Council and NMFS are requesting a more focused study of the costs that are borne by industry as a direct result of implementing the program. The first phase of this project took a deeper look into those costs that are directly impacted by the catch share program’s structure and compare those costs to comparable LAPP programs within the United States. The cost information, overall industry concerns, and comparison of costs to similar programs established a common level of understanding for policy makers and other stakeholders to frame the structure of this second phase of the project.

Proposal

This project will utilize information collected under Phase 1 and Council guidance after reviewing that paper to provide greater detail on costs associated with specific elements of the catch share program relative to the benefits derived from those program elements by managers, policy makers, and stakeholders. Using that information and other information from the literature and other available sources, as necessary, the contractors will clearly identify tradeoffs associated with either maintaining the current program structure or modifying certain aspects of the program. The intent is to provide clear and unbiased information to the Council that would allow it to make informed decisions regarding future consideration of potential policy actions. The objective is not to direct the Council to specific actions it should take.

Program elements, the estimated costs of those elements, and costs of similar elements in other LAPPs were reported to the Council in Phase 1. The contractors will use that information to document costs for the catch share program. Those data included:

- Pacific Coast Groundfish Fishery Social Survey,
- Economic Data Collection Program with emphasis on the
 - Catcher vessel form and
 - First receiver and shorebased processor form,

- FISHEyE data system,
- PRA data submissions,
- PacFIN landings data, and
- West Coast Groundfish Observer Program data for at-sea discards.

Additional data will be utilized to address the areas of interest identified by the Council. Those data will primarily be secondary data provided by agency staff.

Primary data will also be collected, as needed, from NOAA Fisheries and Council staff as well as stakeholders to complete a robust discussion of the program elements. The collection of that data will be conducted through electronic and perhaps in-person meetings. All data collections will adhere to the established Office of Management and Budget (OMB) Paperwork Reduction Act (PRA) standards.

Confidentiality

The success of the project relies on the collection and use of confidential data from agencies and stakeholder that voluntarily participate in the study. Use of that data will be controlled so that confidential data will never be released to the public or shared with other firms participating in the project. To ensure that confidential data will not be released, Brannan & Associates, LLC and Northern Economics, Inc. will implement the following protocols:

- only aggregated data that does not allow information from a single firm to be divulged will be released,
- data collected will not be used for any purpose other than completing this study, and
- all data and other information collected for this project will be destroyed or transmitted to the Council's Executive Director after the report is completed.

Study Objectives

There are four primary objectives of the study:

- 1) Expand the discussion of costs borne by stakeholders and agencies associated with specific program elements that were identified as being of primary interest by the Council,
- 2) Describe tradeoffs associated with possible management changes. In addition to potential cost savings, such tradeoffs may describe potential impacts to data quality and uncertainty, enforceability of regulations, harvest and sustainability of fish stocks, and other potential direct or indirect effects.
- 3) Organize and present the information to inform any potential future amendments that may consider modifications to the program elements, and
- 4) Present findings to the Council and its advisory bodies.

Technical Approach/Scope

The project will provide background and relevant cost information for specific program elements for each sector and/or the trawl catch share program overall to provide context. The final list of program elements and relevant cost categories will be developed by the contractor after further consulting with Council and NMFS staff and incorporated into a final project plan to be reviewed and approved by Council staff. The project plan will also outline any necessary steps to gain additional information on potential cost savings and trade-offs, including interviews, scoping meetings, or other meetings with stakeholders, Council, and/or agency staff.

Program elements will be identified that impact costs and will be reported in as much detail as the data and confidentiality limitations allow. Future potential trends in costs will also be discussed, where relevant.

Then, options for reducing costs alongside potential cost savings will be described, alongside other potential administrative, biological, social, and economic trade-offs. To facilitate ease of interpretation, researchers will work to provide spotlight, or other indicators of relative costs, benefits, or other tradeoffs associated with various options, though this will depend on the number of options explored and the level of detail associated with each. Researchers will refine this approach in the development of the project plan.

After the initial draft of the report is completed, it will be presented by the contractor to the Pacific Council and specific Council advisory bodies. The Council's Executive Director will ultimately select the groups that will receive the presentations. Given the projected timeline, presentations are expected to be made at the Council's September 2024 meeting. Council recommendations could then be incorporated into the final draft that will be completed during late 2024 or early 2025, if a no-cost extension is granted.

It is not anticipated that formal surveys will be developed as part of the project. To the extent information will be collected from stakeholders or in public meetings, the data collections will take place using electronic communications or perhaps in-person meetings.

The project is structured to allow flexibility in the collection and use of information. Discussions with stakeholders and agency staff will play a critical role in the ultimate project design and output.

Project Tasks & Deliverables

1. Identify Program Elements and Options

Our first task will be to identify those program elements that the Council is most interested in seeing explored further in our work. Once specific program elements are identified, we then will identify what options are available for reducing costs, since these changes will be the most important for understanding both the magnitude of potential cost savings and tradeoffs. To support this item, we plan to have one kick-off and one dedicated meeting with Council and NMFS staff to solidify these elements and options before the end of January 2024.

2. Develop Detailed Project Plan

Once we have identified program elements and options for exploration, we will then work with Council staff to develop a detailed plan for collecting all necessary information to support the discussion of tradeoffs and assign tasks. Potential options to gain feedback on cost savings and tradeoffs could include interviews and/or focus group meetings with relevant groups (e.g., industry, NOAA Fisheries staff). We will submit the project plan for Council staff (and NMFS staff as identified by the Executive Director) to review before the end of February 2024.

3. Compile Cost Information on Priority Program Elements, Potential Cost Reductions

With a finalized project plan in hand, we will proceed to collect additional information, as necessary, on cost drivers and potential cost reductions under various options.

4. Assess Tradeoffs

At the same time we collect additional information on potential cost reductions, we will seek to capture tradeoffs of program element changes, such as other potential economic, social, biological, or administrative effects. As described previously under the Technical Approach,

these effects will be characterized qualitatively, but in the course of developing the project plan project staff will explore options for how these tradeoffs may be characterized using a stoplight indicator system or other scoring system to indicate the likelihood and magnitude of particular tradeoffs.

5. Write Draft Report

Over the summer we will organize our findings into a draft report, which we will provide to Council staff for their preliminary review in August 2024. We will hold one review meeting with Council staff to go over any comments or edits. Once all feedback has been incorporated, we will submit the draft report to the Council for their September meeting.

6. Present Draft Report to Council

At the September 2024 meeting, we will present our findings to the Council and its advisory bodies, as necessary.

7. Final Document Delivery and Final Presentation

After incorporating any feedback from the Council and its advisory bodies we will present the final report to the Council, tentatively for its November meeting, unless extensions are granted.

Timeline and Supplied Material

The following materials are requested to facilitate the successful completion of the project. Other requests may be made of Council, PSFMC, or NMFS staff as the analysis is developed.

Proposed Timeline Client's Company	Due Date*
Finalize contract	December 2023
Identify program elements and options	January 2024
Develop detailed project plan	February 2024
Compile cost information on priority program elements, potential cost reductions	March 2024
Assess trade-offs	Spring/summer 2024
Write draft report	July 2024
Present draft report to Council	August/September 2024
Final document delivery and final presentation	By December 2024 unless extended

Qualifications

Darrell Brannan, Brannan & Associates: I have worked as an economist studying the impacts of changes in the Alaska fisheries for 30-years as a staff economist for the North Pacific Fishery Management Council (NPFMC) and as a contractor for the NPFMC, NMFS Alaska Region, ADF&G, Pacific States Marine Fisheries Commission, and members of the fishing industry. During that time, I have worked as a primary author on almost all of the LAPPs developed in the North Pacific as well as many amendments to the original Halibut and Sablefish IFQ program. Because of that experience, I understand rationalization programs and their associated costs.

Melissa Errend, Northern Economics, Inc.: Melissa brings a wealth of experience from working on the economics of catch share programs around the country, including her work preparing the first review of the west coast groundfish trawl catch share program in 2017. Other catch share reviews Melissa has worked on include the northeast multispecies (groundfish catch share review [2021], and golden tilefish IFQ program 12-year review [2023]). Additionally, Melissa spent almost four years working to understand and quantify impacts to changing monitoring coverage levels and tools in the northeast multispecies sector program (Amendment 23 to the Northeast Multispecies FMP), and as a result thoroughly understands the wide array of administrative, biological, and economic tradeoffs associated with various monitoring program elements and options.

Conclusion

We look forward to supporting your efforts to better understand the costs and benefits of the trawl catch share program and its impacts on stakeholders. I am confident that we can provide an analysis that will be useful when describing this critical issue to policy makers, industry members, and the public.

Thank you for your consideration,



Darrell R. Brannan
Owner, Brannan & Associates, LLC