

NATIONAL MARINE FISHERIES SERVICE REPORT REGARDING RECOVERABLE TASKS IN THE TRAWL RATIONALIZATION COST RECOVERY PROGRAM

At the April 2017 Council meeting, the Council requested that Council and National Marine Fisheries Service (NMFS) staff meet to discuss concerns raised by the Groundfish Advisory Subpanel regarding the NMFS cost recovery report. At the September 2017 Pacific Management Council (PFMC) meeting, NMFS and Council staff met to discuss this issue. Primary concerns about the cost recovery report noted by the Groundfish Advisory Panel (GAP) ([Agenda Item F.12, Attachment 2](#)) were the level of detail included in the reports, transparency, and the presentation of incremental costs.

1. *Level of detail in the cost recovery reports.* The West Coast Region (WCR) and Northwest Fisheries Science Center (NWFSC) provide a comprehensive list of incremental activities in a level of detail that is consistent with reports of other IFQ programs. In addition, this report is provided annually; which is not the case in all other regions. Our ability to provide additional detail is limited:
 - The current Department of Commerce timekeeping system does not support tracking time on the basis of specific tasks.
 - The potential benefit of a more detailed tracking system is likely to be offset by the additional costs of building and implementing that system, as well as the management costs of administering the tracking.
2. *NMFS is not providing pre-catch share cost estimates to use in incremental analysis.* We do not have pre-catch share cost estimates because NMFS did not track costs by activity then as we do now. Therefore, it is not possible to recreate them for an “apples-to-apples” comparison with catch share costs. For this reason, we use the “but for” method in our current reports where we evaluate whether an activity itself is incremental. This is consistent with national policy and other cost recovery programs.
3. *Lack of transparency.* Personnel estimates include contracting costs for catch monitoring, Vessel Account and Permit database development and maintenance, and for observer program support. None of the incremental costs of travel, rent, and equipment and supplies have been included in the recoverable costs. NMFS has also not included any federal costs resulting from duties performed by the states of Washington, Oregon, or California, which would also be significant. NMFS attempts to provide a great deal of detail in our Annual Report, including a comprehensive list of the activities that have been determined to be “but for” and that staff are charging to cost recovery.

However, it is possible that this has led to some misinterpretation regarding certain portions of our report. For example, looking at our last cost recovery report (Agenda Item F.12, Attachment 2), personnel costs for the WCR (all sectors) were \$809,045.14. On its own, this would seem a large number to support NMFS WCR staff. However, this does not take into account that \$400,000 of those funds went to the Northwest Fisheries Science Center for programming and maintenance of the vessel account system; and \$152,214 was sent to Pacific States Marine Fisheries Commission to administer the Catch

Monitor program. Therefore, \$265,831.14 was the total cost for actual WCR staff, which equates to \$29,536.79 per staff member when divided amongst nine staff members that reported time spent working on recoverable activities (see April 2017 Cost Recovery Annual Report for detailed list of FY 2016 activities). This is reflective of actual time spent working on the Trawl Program and is commensurate with the amount of time permits and rulemaking staff put in to staffing Council projects, conducting rulemaking, administering permit programs, and other activities described in the Annual Report.

4. *Lack of cost savings estimates.* Since NMFS only charges for actual costs incurred, cost savings are automatically included. For example, if risk pools or co-ops reduce the amount of time permits or groundfish staff spend working with individual vessels, it is reflected in the costs since we would be charging less accordingly. In actuality, the catch share program simplified management in terms of making it the fishermen's responsibility to manage their catch. However, the corresponding rules, regulations, and infrastructure to implement and administer the program has resulted in an increased burden for NMFS.