Cost Recovery Amendment

Philadelphia, PA
October 7, 2014

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FISHERY MANAGEMENT COUNCIL

4 Actions - Apply to both Species

- Cost Recovery
- Mechanism to update BRPs in FMP
- OY Range
- Staff recommend removing EFH Updates at this time (*better addressed as part of Habitat Project; already discussing options with GARFO Staff*)

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Timeline

- Review and/or approve PHD (October 2014)
- Public hearings and review comments (Feb 2015)
- Consider final approval/submission (Feb or April 2015)
- Rulemaking and implementation (longer for this type of action)
- Final rule by Jan. 1, 2016

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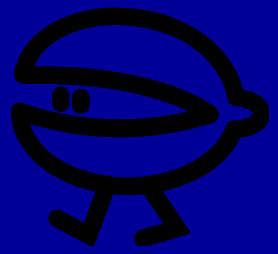
Cost Recovery Draft Alternatives

- 1: No Action/Status Quo - No Cost Recovery
- 2: ITQ tag holder pays via dealer
- 3: ITQ shareholder and tag holder pays; two-tiered approach
- 4: Shareholder pays; equal fee per tag
- 5: Shareholder pays; "tilefish model"



Descriptions and Impacts of Alternatives

- See box ES-1 in Exec. Summ. for main differences among alternatives
- Box ES-2 gives overall summary of expected impacts
- Section 5.0 and 7.0 gives more detailed alt. descriptions and impacts, respectively

Alternative 1 (No action - No Cost Recovery)

- Contrary to Congressional mandate to collect fees for ITQ programs (MSA)

Alternative 2 (ITQ tag holder pays via dealer)

- Federal dealers would collect the fee at point of purchase
- Person that submits tags at point of landings/purchase pays fee
- Fee determined by multiplying ex-vessel value of each ITQ landing by % fee

Alternative 3 (Shareholder and tag holder pays; two-tiered approach)

- Portion of fee assessed to shareholder proportionate to the shares owned
- Shareholder pays portion to NMFS directly
- Remaining portion of the fee would be paid via dealers when the tags are used to land
  - Fee determined by multiplying ex-vessel value of each ITQ landing by % fee

Alternative 4 (Shareholder pays directly; equal fee per share/tag)

- Shareholder would pay NMFS directly
- Fee shared by all shareholders regardless of whether ITQ was fished
- Fee determined by multiplying ITQ fee percentage by total ex-vessel value for landings, then divided by number of shares (i.e., tags). Fee paid for all held shares.

Alternative 5 (Shareholder pays; tilefish model)

- Shareholder would pay NMFS directly
- Fee based on landed value associated with shares owned
- Fee determined by multiplying ex-vessel value of ITQ landings by % fee. Fee paid for all held shares directly to NMFS

Provisions that apply to all Alternatives

- Maximum percent fee is 3-percent
- Fees collected deposited in LASAF fund
- Separate accounts to ensure the funds only pay for SCOQ ITQ Programs
- Annual ITQ report generated

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Provisions that apply to all Alternatives

- Ex-vessel value is sum of all payments
- NMFS will mail bill for fees (end of year/last quarter; payments made electronically; early payment (maybe?)
- NMFS will estimate % fee for first year based on prior year costs
- RA will adjust fee; notice the fee each year

Impacts of the Alternatives

- Biological, Habitat, and Protected Resource Impacts: neutral b/c admin. in nature
- Negative socioeconomic: fishermen revenues could potentially be reduced by up to 3% (likely closer to 0.2%)
- Neutral societal impacts: merely shift burden of ITQ mgmt. costs from gen. taxpayers to the fishermen accessing the resource

Comparing Alternatives 2-5 (Section 7.0)

- Alt. 4: smallest (-) impact to individuals because fees spread across all shareholders; greatest impact to shareholders that don't land

- Alt. 3: portion of fee spread across all shareholders (like alt. 4); other portion applied to tag holders at point of landing.

Comparing Alternatives 2-5 (Section 7.0)

- Alts. 2 and 5: greatest (-) impacts to individuals that land because the universe to which the fee is applied is smallest.

- Alts. 2 and 5: no impacts to shareholders that did not land with their ITQ shares.

0.2 Percent (Page 38)	Average Landings 2011-2013	Average ex-vessel value based on an ex-vessel price of $12.32/bu for surfclam and $6.90/bu for ocean quahogs (2011-2013)	Cost associated with a 0.2 percent fee recovery program
Surfclam	2.4 million bu	$29.568 million	$59,136
Ocean Quahog	3.3 million bu	$22.770 million	$45,540
Total	5.7 million bu	$52.338 million	$104,676

3-percent (page 38)	Average Landings 2011-2013	Average ex-vessel value based on an ex-vessel price of $12.32/bu for surfclam and $6.90/bu for ocean quahogs	Cost associated with a 3 percent fee recovery program
Surfclam	2.4 million bu	$29.568 million	$887,040
Ocean Quahog	3.3 million bu	$22.770 million	$683,100
Total	5.7 million bu	$52.338 million	$1,570,140

0.2 Percent (Page 39)	Cost associated with a 0.2 percent fee recovery program	Number of vessels that landed surfclam and ocean quahogs in 2013	Per vessel average cost associated with a 0.2 percent fee recovery program
Surfclam	$59,136	40	$1,478
Ocean quahog	$45,540	16	$2,846
	Cost associated with a 0.2 percent fee recovery program	Number of cages tags issued in 2014*	Per tag average cost associated with a 0.2 percent fee recovery program
Surfclam	$59,136	106,132	$0.56
Ocean quahog	$45,540	166,415	$0.27

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0.2 Percent (Page 40)		Number of cages tags issued in 2014	Per tag average cost associated with a 0.2 percent fee recovery program	Cost associated with a 0.2 percent fee recovery program
Surfclam	Maximum	14,177	$0.56	$7,939
	Minimum	52	$0.56	$29
	Average	1,516	$0.56	$849
Ocean Quahog	Maximum	36,314	$0.27	$9,805
	Minimum	2	$0.27	$0.54
	Average	4,059	$0.27	$1,096

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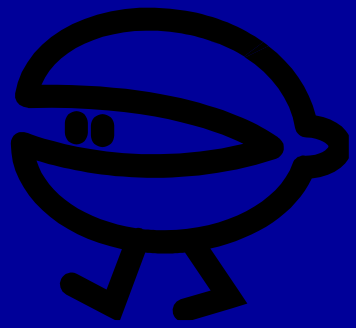
Administrative Mechanism to Update Biological Reference Points Alternatives

- 1: No Action
- 2: Redefine Status Determination Criteria



Alternative 1 and 2

- No action/status quo
- Alternative 2 would create an admin. process by which stock status determination criteria (aka BRPs) are incorporated in FMP
- Council basically says under alt. 2 that:
  - If BRPs are consistent with NS1 and 2, and,
  - Meet peer review criteria,
  - Then automatically go into FMP.

Alternative 2

- No associated regulations, just FMP text
- Just describes NS1 guidelines for MFMT and MSST definitions
- Described peer review that is considered acceptable
- Acknowledges SAW/SARC is dominant process

Alternative 2

- MAFMC Science and Statistical Committee (SSC) Review
- MAFMC Externally Contracted Reviews with Independent Experts (e.g., CIE)
- NMFS Internally Conducted Review (e.g., Comprised of NMFS Scientific and Technical Experts from NMFS Science Centers or Regions)
- NMFS Externally Contracted Review with Independent Experts (e.g., CIE)

All Plans are Being Updated with this Process

- Already in SFSCBSB and Dogfish FMPs
- Proposed here for SC and OQ FMP
- Makes plans more adaptive/responsive to new science which occurs about every 3 years.

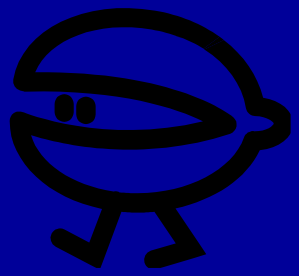
Impacts of Alt. 2

- Biological Impacts: alt. is administrative, but neutral to slight (+) impacts because of more timely and efficient use of updated BRP by management system

- Habitat, Protected Resources, and Socieconomic Impacts: neutral

Optimum Yield (OY) Range Alternatives

- 1: No Action
- 2: Remove OY Range from FMP; Advisors Recommend
- 3: Link upper end of OY Range to ABC



Alternative 1 (No action)

- Bounds Council to only setting commercial quotas to OY ranges; developed in 1980's
- Surfclam OY range from 1.85 - 3.40 million bushels or 14,265 - 26,218 mt
- Ocean quahog OY range from 4.00 - 6.00 million bushels or 18,144 - 27,216 mt
- SCOQ plan is only plan with OY ranges

Alternative 1 (No action)

- To set quotas higher than upper bound of OY ranges, must do Framework (takes up to 1 year)
- Quotas can be lower than the lower bound of OY ranges if ABC is less
- Therefore, ABC and quotas can be lower than OY in plan

Alternative 2 (Eliminate the OY Range)

- Eliminate OY range
- Advisors recommend as part of specs process (e.g., FPRs)
- Current catch limit system (ABCs, ACL, Quotas, etc.) in place continues as is
- Nothing precludes Council from setting commercial quotas similar to present if less than ABC

Alternative 3 (Link Upper OY Range to ABC Recommendations)

- Upper end of OY range is equal to ABC
- Quotas can be less than OY range if ABC is less than OY range
- Alt. 3 does the same thing as alt. 2 (can set quotas above or below OY range, but must be less than ABC (statutory requirement))
- Sill potential for ABC and quotas to be less than OY range

Impacts of Alts 2 and 3

- Biological, Habitat, Protect Resource and Socioeconomic Impacts: neutral
- Admin. in nature
- Benefits are administrative: consistency, and alignment of OY process with system of catch limits

Council Decision Points for Today

- Accept staff recommendation to move EFH updates to Hab. Project?
- Consider approval of document for public hearings?
- Identify preferred options to be included in document?
  - Give public an idea of what alts. Council is leaning towards
  - Non-binding; Council can change mind

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Questions? Comments?