

Halibut Community Quota Entities

Management Manual

February 21, 2012

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COMMUNITY QUOTA ENTITIES

On April 30, 2004 the Individual Fishing Quota (IFQ) program established by the Fishery Management Plan for Groundfish of the Gulf of Alaska (FMP) was modified to allow eligible communities in the Gulf of Alaska (GOA) “to establish non-profit entities to purchase and hold QS for lease to, and use by, community residents as defined by specific elements of the proposed action” (69 FR 23681). The non-profit entities, known as Community Quota Entities (CQEs) are incorporated under the laws of the state of Alaska, obtain quota share, and lease the IFQ to eligible residents of the community. A resident is eligible if he/she has lived in the eligible community for twelve consecutive months and has claimed residency only in the community for those twelve months. CQEs are under the supervision of the National marine Fisheries Service (NMFS).

The final rule can be found in its entirety at: <http://www.fakr.noaa.gov/frules/fr23681.pdf>

IFQ program regulations can be found at: <http://www.fakr.noaa.gov/regs/default.htm>

CQE MANAGEMENT ORGANIZATION

This manual provides guidance on management activities already employed by the Cape Barnabas, Inc. CQE in Old Harbor, Alaska. Key to successful operation of any CQE is the completion of the fishing quota at the end of the season. To reach this point, CQEs need effective management procedures for the quota allocation system, lease negotiations, quota follow-up, and reporting. Each area is addressed in this manual.

As a community resource, the fishing quota must be allocated and managed in a way that increases fishing activity, promotes economic growth in the community, and support community members wishing to continue working in this area. Transparent, understandable, and consistent procedures for the management of the quota are essential for community acceptance and participation.

The suggested organizational structure of the CQE is a membership model with representatives from the community sitting on a decision-making board. The seats on the board should represent invested entities such as the city government, tribal council, and village corporation. Seats may be assigned to individuals or held as member seats to be filled by any individual designated by the community entity (city government, village corporation, or tribal council.) An open seat to be filled by an “at large” community member unaffiliated with the two or three community entities listed above may be voted on by other board members.

QUOTA ALLOCATION

Quota shares should be distributed on an equitable basis in line with the explicit goals of the community: increase fishing activity, promote economic growth, and support community members wishing to continue working in the area. Cape Barnabas, Inc. allocates shares using a points system that shows preference for those with experience, equipment, investment, and who employ community residents on their vessels. Quota is leased in quantities that are economically viable for community members to fish. Cape Barnabas, Inc. also sets aside 20% of the halibut quota for inexperienced community residents with limited resources (e.g. small boats). The entry level quota pool is open to applicants who own less than a set amount of IFQ and who have no immediate family members owning more than the designated amount. To equitably allocate quota share, the CQE will conduct community outreach, employ clear and equitable standards for applicant selection, and promptly transfer IFQs to qualified applicants. Templates of community notices, applications, and scoring criteria are found in Appendix B.

- **Outreach:** To facilitate community participation, the CQE will conduct outreach efforts to explain the IFQ lease program. This would include meetings hosted by the CQE that provide community members with a means to ask questions about the IFQ lease program. The CQE will post signs in community hubs with information about these informational meetings as well as dates and criteria on eligibility and the application process. Cape Barnabas, Inc. also emphasizes outreach at least 30 days prior to the application deadline to ensure all interested community residents apply on time.

- **Selection:** The CQE decision-making board first reviews applications for eligibility. Eligibility is defined as a U.S. citizen that has maintained a domicile in the CQE's community for the 12 consecutive months prior to the declaration of residency on the lease application. Once an applicant's eligibility to lease IFQs is determined, the applicant is ranked based on the CQE's scoring criteria. For CQEs seeking to apportion a percentage of the quota share to a specific group (e.g. entry level/inexperienced applicants), different applications geared to each group will be distributed. Cape Barnabas, Inc., which identified entry level fishermen as a target group, uses an application for the general quota pool and an application for the entry level quota pool. Each application includes the scoring criteria upon which the applicant will be ranked. The application also includes an affidavit signed by the applicant. The affidavit covers applicants' affirmation of eligibility, commitment to pay crewmembers and the CQE in compliance with CQE requirements, and agreement to return unleased quota to the CQE by a specified date.

- **IFQ Transfer:** Awarding and transferring IFQs to lessees must take place early enough to allow adequate time to fish the IFQs.

LEASE NEGOTIATION

Lease negotiations include lease rates and crew share rate. Lease rates must be clearly laid out in program publications and IFQ applications.

- **Lease Rates:** The CQE leases quota shares to residents at rates equal to or below market prices. The precise lease rates are determined by the decision-making board. Cape Barnabas, Inc. set the lease rate at 45% of gross earnings for all quota share lessees. The lease rates are negotiated annually by the CQE and the lessees. Lease revenues are used for CQE debt service and administrative expenses. When debt is reduced, the revenue is used to acquire additional quota shares.

- **Crew Share Rate:** The CQE's expectation on crew share rate is part of the scoring criteria for selection and part of the contract between the lessee and CQE. Cape Barnabas, Inc. sets the crew share rate at 7% of IFQ net earnings (less taxes, lease, food, fuel, and bait.) Failure to pay the agreed crew share rate affects scoring in future IFQ lease applications. The CQE identifies and obtains applicants' commitment to the percentage of gross earnings paid to crew member and the percentage of gross earnings paid to the CQE.

REACHING QUOTA POUNDAGE ALLOTMENT

The CQE selects lessees based on ability to fish the allotted halibut poundage. If the allocated poundage of halibut cannot be fished before the close of the season, due to weather conditions or halibut availability, a mechanism must be in place to transfer the remaining quota poundage to a community resident able to reach the quota amount. Cape Barnabas, Inc. included a "rollover" provision in each contract with lessees stating that any quota amount not reached by a certain date will be returned to the CQE prior to the close of the season. Including the provision in the contract enables the CQE to quickly transfer the IFQ in compliance with NMFS procedure. The quota is transferred to a second "rollover" fisherman deemed capable of reaching the remaining quota amount. Cape Barnabas, Inc. has flexibility in the rollover system by allowing the lessee to keep 10% of the unreached quota for the next season. The rollover ensures poundage over this 10% of quota is not wasted. Another area of flexibility is possible by staggering the rollover dates for the entry level quota pool (1 September) and the general quota pool (1 October).

REPORTING REQUIREMENTS

Initial Reporting

At start-up a newly incorporated CQE must provide NMFS with:

1. Articles of incorporation as a non-profit entity under the laws of Alaska;
2. Statement identifying the community, or communities, represented by that CQE;
3. Management organization;
4. Detailed statement describing the procedures that will be used to determine allocation of IFQ to residents of the community (ies) represented by that CQE, and

5. Statement of support and accountability of the non-profit entity to that community (ies) from a governing body representing each community represented by the CQE.

The regulations outlining the initial reporting requirements for CQEs are found in (69 FR 23681).

Annual Reporting

The Annual Report by the CQE submitted to NMFS by 31 January must include the following information from the previous year's fishing season:

1. "Identification of the eligible community, or communities, represented by the CQE;
2. Total amount of halibut QS and sablefish QS held by the CQE at the start of the calendar year and at the end of the calendar year;
3. Total amount of halibut and sablefish IFQ leased from the CQE;
4. Names, business addresses, and amount of halibut and sablefish IFQ received by each individual to whom the CQE leased IFQ;
5. The name, ADF&G vessel registration number, length overall, and home port of each vessel from which the IFQ leased from the CQE was fished;
6. The names and business addresses of those individuals employed as crew members when fishing the IFQ derived from the QS held by the CQE.
7. A detailed description of the criteria used by the CQE to distribute IFQ leases among eligible community residents;
8. A description of efforts made to employ crew members who are residents of the eligible community;
9. A description of the process used to solicit lease applications from residents of the eligible community on whose behalf the CQE is holding QS;
10. The names and business addresses and amount of the IFQ requested by each individual applying to receive IFQ from the CQE;
11. Any changes in the bylaws of the CQE, board of directors, or other key management personnel;
12. Copies of minutes and other relevant decision making documents from CQE board meetings; and
13. The number of vessels on which IFQ derived from QS held by a CQE is fished" (69 FR 23681).

Rules for reporting IFQ activities are found at <http://www.fakr.noaa.gov/regs/679a5.pdf>.

Appendix A CQE Eligible Communities

Eligible GOA Community	Community Governing Body that recommends the CQE
May use halibut QS only in halibut IFQ regulatory areas 2C, 3A.	
Angoon	City of Angoon
Coffman Cove	City of Coffman Cove
Craig	City of Craig
Edna Bay	Edna Bay Community Association
Elfin Cove	Community of Elfin Cove
Gustavus	Gustavus Community Association
Hollis	Hollis Community Council
Hoonah	City of Hoonah
Hydaburg	City of Hydaburg
Kake	City of Kake
Kasaan	City of Kasaan
Klawock	City of Klawock
Metlakatla	Metlakatla Indian Village
Meyers Chuck	N/A
Pelican	City of Pelican
Point Baker	Point Baker Community
Port Alexander	City of Port Alexander
Point Baker	Point Baker Community
Port Protection	Port Protection Community Association
Tenakee Springs	City of Tenakee Springs
Thorne Bay	City of Thorne Bay
Whale Pass	Whale Pass Community Association
May use halibut QS only in halibut IFQ regulatory areas 3A, 3B	
Akhiok	City of Akhiok
Chenega Bay	Chenega IRA Village
Chignik	City of Chignik
Chignik Lagoon	Chignik Lagoon Village Council
May use halibut QS only in halibut IFQ regulatory areas 3A, 3B	
Chignik Lake	Chignik Lake Traditional Council
Halibut Cove	N/A
Ivanof Bay	Ivanof Bay Village Council
Karluk	Native Village of Karluk
King Cove	City of King Cove
Larsen Bay	City of Larsen Bay
Nanwalek	Nanwalek IRA Council
Old Harbor	City of Old Harbor
Ouzinkie	City of Ouzinkie
Perryville	Native Village of Perryville
Port Graham	Port Graham Village Council
Port Lyons	City of Port Lyons
Sand Point	City of Sand Point
Seldovia	City of Seldovia
Tatitlek	Native Village of Tatitlek
Tyonek	Native Village of Tyonek
Yakutat	City of Yakutat

Found in Federal Register/Vol. 69, No.84/Friday, April 30, 2004/Rules and Regulations Table 21 to Part 679

Appendix B Annual Report Template

CQE INC.

20XX ANNUAL REPORT

CQE ADDRESS

123 GULF OF ALASKA

GOA, ALASKA, 12345

(907) 123-4567

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20XX IFQ Lease

A. Program Participant Information

1. Applicants

Applicants	Area of Application
Name of applicant Address of applicant	General Quota Pool
Name of applicant Address of applicant	General Quota Pool
Name of applicant Address of applicant	General Quota Pool
Name of applicant Address of applicant	General Quota Pool
Name of applicant Address of applicant	General Quota Pool

2. Awards

CQE name understands that it is the trustee of a community resource. It is the goal of the Corporation to acquire and manage quota so as to increase fishing activity in the community, provide jobs to community residents, improve fisheries related infrastructure through economic growth and enable community fishermen to maintain their fishing vocations. The Corporation intends to lease quota shares to residents of the

community at lease rates that are equal to or below market rates. **CQE name** will use lease revenues to pay debt services and administrative expenses. As debt services reduce, lease revenues will be used to acquire additional quota.

Quota is distributed for lease to community residents on an equitable basis. Preference will be given to lessees that have experience, equipment, investment and commit to the employ of community residents.

Quota is leased in amounts that are economically viable to fish - not on a pro-rata basis. However, a specific percentage of all halibut quota is reserved for inexperienced small boat fisherman.

Applicants	Area of Application
Name of applicant Address of applicant	Type of Quota pool Poundage #
Name of applicant Address of applicant	Type of Quota pool Poundage #
Name of applicant Address of applicant	Type of Quota pool Poundage #
Name of applicant Address of applicant	Type of Quota pool Poundage #
Name of applicant Address of applicant	Clean-up Poundage #

B. Vessel Information

Vessel Name	Home Port	Vessel Length	ADF&G Number	USCG Number
Name of vessel	Home Port of vessel	** feet	xxxxx	XXXXX
Name of vessel	Home Port of	** feet	xxxxx	XXXXX

	vessel			
Name of vessel	Home Port of vessel	** feet	xxxxx	XXXXXX
Name of vessel	Home Port of vessel r	** feet	xxxxx	XXXXXX
Name of vessel	Home Port of vessel	** feet	xxxxx	XXXXXX

C. Crew Information

Name	Address	Residence
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska
Name of crew member	Crew member address	Community, Alaska

D. CQE IFQ Activity

1. Beginning and Year End IFQ Permit Balances

As of February 1, 20XX, CBI held the following halibut quota shares:

Permit Number xxxxx Total Poundage: xx,xxx

Permit Number xxxxx Total Poundage: xx,xxx

As of December 31, 20XX, CBI held the following halibut quota shares:

Permit Number xxxxx Total Poundage: -0-

Permit Number xxxxx Total Poundage: x,xxx#

2. IFQ Lessees

Name and Address of 20xx IFQ Leasers	Quantity Leased	Quantity Fished
Name Address	Type of quota pool Poundage leased	Poundage fished
Name Address	Type of quota pool Poundage leased	Poundage fished
Name Address	Type of quota pool Poundage leased	Poundage fished
Name Address	Type of quota pool Poundage leased	Poundage fished
Name Address	Clean Up Poundage	Poundage fished

E. 20xx Program Comments

CQE name Board of Directors held a meeting on March 3, 20xx. At this time applications submitted by members of the **Alaska Community** to participate in the 20xx Halibut IFQ Lease Program were reviewed, scored and IFQ's were awarded for lease.

The transfer of IFQ's from **CQE name** to the program participants were completed on March 19, 20xx. The **CQE name** Board of Director passed a motion to roll over any IFQ's not fished by August 1, 20xx to **designated rollover persons** to complete the 20xx season. This gave the leasers five months to fish **CQE name's** halibut IFQ's.

Program comments are about success or failures of leasing agreements and the halibut season.

CQE Processes

A. Solicit Lease Applications

CQE name holds community meetings to educate members of the **Alaskan Community** about the Halibut IFQ lease program. Community members are provided an opportunity to ask question about this program and information about how to apply for leasing IFQ's.

CQE name posts signs including information about the Halibut IFQ lease program, where to get applications and the application deadline around the community of the **Alaskan community** at least 30 days prior to the application deadline. Signs are posted at a variety of locations around the community in order to reach every eligible community member. ***Appendix A**

The CQE Board of Directors and administrative personnel are instrumental in contacting and notifying community members who have not submitted an application and have expressed interest in the program, providing them the opportunity to apply prior to the set deadlines.

B. Application

The Application to Lease Quota covers all areas scored by the Board of Directors, determining eligibility for the applicant to lease IFQ's from **CQE name**. **Appendix B*

C. Scoring

Scoring for the General Quota Pool is based upon the following criteria:

Vessel	20 possible points
Gear	15 possible points
Employ Community residents	10 points for each crew man up to 40 possible points
Has Existing IFQ's	20 possible points
Previous Experience	25 possible points
Fishing plan is workable	20 possible points
Previously leased and successfully fished for CQE	10 possible points

The applicant may have points deducted for fishing violations, failure to fish leased poundage in a timely manner or paying crew less than 7% of net share.

Scoring for the Entry Level Quota Pool is based upon the following criteria:

Vessel	25 possible points
Holding crewmember on resident's vessel and agreement with owner	15 possible points
Gear	15 possible points
Employ Community Residents	5 points for each crew man up to 10 possible points
Previous Experience	5 points for each year up to 20 points
Age	25 possible points
Head of household	15 possible points
Fishing plan is workable	20 possible points

Previously leased and successfully fished for CQE	10 possible points
---	--------------------

The applicant may have points deducted for fishing violations, failure to fish leased poundage in a timely manner or paying crew less than 7% of net share.

D. Establish Eligibility

The CQE Board of Directors reviews each application received for eligibility. **CQE name** owned quota is only available for lease to qualified community residents, defined as a U.S. citizen that has maintained a domicile in the community for the 12 consecutive months immediately proceeding the time when the assertion of residency is made. Once an application is deemed eligible it is scored based on the scoring criteria.

APPENDIX A

20XX NOTICE TO SOLICIT APPLICATIONS

NOTICE

The Community Quota Entity for the
Community of XXXXXX has Area XX
halibut IFQ available for GOA community
Residents to fish during the 20xx
season.

Lease rates are at 45% of gross earnings. Applications are limited to two per household. The CBI Board will reconsider allocation criteria for XX halibut quota with the goal to ensure that the quota is completely fished.

Criteria and applications are available at _____.

Application Deadline

March 1, 20XX

APPENDIX B

20XX LEASE APPLICATION

CQE name

Application to Lease Quota

Date: _____ Year you wish to lease IFQ: _____

Full Legal Name: _____ Date of Birth: _____

Address: _____

Contact Number: _____ E-Mail: _____

Social Security Number: _____ Fishing License Number: _____

Personal Data

Answer the following questions by checking the appropriate box at right.

- | | | |
|---|-----|----|
| 1. Are you a Citizen of the United States | YES | NO |
| 2. Have you maintained residence in Old Harbor for the past 12 consecutive months immediately preceding the time when the assertion of residence is and are not claiming residency in another community, state, territory or country? | YES | NO |
| 3. Are you recognized by National Marine Fisheries Service as an IFQ crewman? | YES | NO |

4. Are you the head of your household? **YES** **NO**

5. Is another member of you household applying to lease quota shares? **YES** **NO**

6. Do you or an immediate family member currently own black cod or Halibut Quota Shares? **YES** **NO**

If yes, list approximate amount of IFQ's by area and identify if "blocked." _____

Please provide quota share certificate numbers _____

7. For which are you applying: **Entry Level Quota or General Quota Pool**

8. If you are not awarded a "large quota" allocation, would you accept an "entry level" quota allocation? **YES** **NO**

PLEASE ANSWER THE FOLLOWING QUESTIONS THOROUGHLY

Do you have previous fishing experience as a skipper? **Yes** **NO**

Explain: _____

Do you have previous fishing experience as a crewman? **Yes** **NO**

Explain: _____

Fishing Plan

Do you have written crew contracts? **YES** **NO**

Do you own the vessel on which you will fish the leased IFQs? **YES** **NO**

- Utilize the best available technology for selective harvest and low-impact fishing;
- Cooperate with other fishermen to avoid bycatch and critical habitat;
- Comply with regulatory requirements for bycatch, prohibited species, size limits, time and area closures, and reporting as required by all authorities including the International Pacific Halibut Commission;
- Operate vessels safely and professionally with an appropriate number of well trained and experienced crew in compliance with USCG safety regulations;
- Compensate crew in a fair and equitable manner;
- Recycle or safely dispose of used gear in an environmentally sound manner;
- Comply with regulations on discharge of oil, sewage, garbage and plastics and operate in a way that will minimize polluting effects or risk of inadvertent discharges;
- Cooperated with scientific researchers, fishery managers and enforcement authorities with regard to any ongoing programs to:
 - Maintain logbook data or other catch information;
 - Accommodate onboard observers or port samplers; and
 - Install Vessel Monitoring Systems (VMS) or camera monitoring systems.

I have read the above and agree to adhere to the "Fisherman's Code of Conduct"

while fishing leased IFQ's from **CQE name**.

Signature _____

Print Name _____

Date _____

AFFIDAVIT

I _____, applicant

to **CQE name** for the leasing of IFQ's hereby swear that information provided in this application is true and accurate to the best of my knowledge; that I have lived continuously in _____ for the past 12 months; that I will pay any crewperson employed by me while fishing **CQE name** IFQ's at least 7% of my gross earnings; that I will fish **CQE name** IFQ's in accordance with all applicable laws and regulations and that I will provide **CQE name** with all catch, fish ticket and payment information related to my fishing of **CQE name**, IFQs. I further hereby assign **45% of my gross earnings** from fishing **CQE name**, IFQ's to **CQE name** and authorize whatever processor or buyer to which I sell my **CQE name**. IFQ's to pay **CQE name** directly 45% of the gross earnings from the sale of my leased **CQE name** IFQ's.

I also agree that if my **CQE name** assigned IFQ's are not **fished by August 1, 20xx**, **CQE name** may request NMFS to assign these IFQs to another individual.

IN WITNESS WHEREOF, I have hereunto signed my name this ____ day of _____, 20xx

Print Name Signature

Subscribed and sworn to or affirmed before me at _____, Alaska

on this ____ day of _____, 20xx.

Notary Public/Post Master in and for Alaska

My Commission Expires

APPENDIX C

CQE name

MEETING AGENDA AND MINUTES MONTH, DAY, 20XX

CQE name

Address

Board of Directors Meeting, _____ , Alaska

Place of meeting

Date and time of meeting

Draft Agenda

1. Call to Order, Chairman
2. Roll Call – Establish a Quorum
3. Approve Agenda
4. Approve Minutes: Last Meeting
5. Chairman's Report
6. Old Business
7. New Business
8. Other Business
9. Closing Comments
10. Adjourn

CQE

Annual Meeting Minutes

Date and time of meeting

Include enumerated list of minutes.

APPENDIX D

FINANCIAL STATEMENT

CQE NAME

BALANCE SHEET

JANUARY 1, 20XX TO DECEMBER 31, 20XX

JAN-DEC 20XX

ORDINARY INCOME \ EXPENSE

INCOME

IFQ LEASE \$xx,xxx.xx

TOTAL INCOME \$xx,xxx.xx

EXPENSE

CONTRIBUTIONS \$ xxx.xx

INTEREST EXPENSE \$ xx,xxx.xx

LICENSES & PERMITS \$ xxx.xx

PROFESSIONAL FEES \$ xxx.xx

TOTAL EXPENSE \$xx,xxx.xx

NET ORDINARY INCOME \$xx,xxx.xx

NET INCOME \$xx,xxx.xx