

**February 2005 Council motion on Gulf of Alaska (GOA) Groundfish Rationalization
Community Provisions
(additions are in bold and deletions are stricken)**

It is the Council's intent that the Community Fisheries Quota (CFQ) Program and the Community Purchase Program (CPP) be the subject of standalone staff analysis for future inclusion in GOA groundfish rationalization alternatives as appropriate. The intent is not to create these programs as a trailing amendment, but to implement them at the same time GOA rationalization goes into effect.

Bering Sea/Aleutian Islands communities (CDQ or otherwise) and communities adjacent to the Eastern GOA regulatory area Southeast Outside District (except Yakutat) will not be included in any Gulf rationalization community provision programs.

PURPOSE: The Council recognizes the importance of providing economic stability for communities historically dependent upon GOA groundfish fisheries. Consistent with the guidance provided by the Consolidated Appropriations Act of 2001, National Standard 8, and the National Research Council Report, the Council acknowledges that rationalization programs can have significant impacts on fishing-dependent communities. Community provisions are intended to address community impacts resulting from rationalization and seek to provide economic stability or create economic opportunity in fishing-dependent communities, and provide for the sustained participation of such communities.

C 1. Community Fisheries Quota (CFQ) Program

The CFQ program would allocate a percentage of the annual Federal TAC to an administrative entity that would subsequently determine how to use the annual harvest privileges according to criteria established in Federal regulation. Depending upon the structure and restrictions established, the non-profit entity would use the shares to enable eligible communities to fish the shares. CFQ will be fished only by eligible community residents and will not be leased outside of the community to be used for other economic development.

The intent of the CFQ program is to mitigate the economic impacts of Gulf groundfish rationalization on small (less than 1500), isolated GOA communities with a historical dependence on groundfish. Further, it is the intent of the program to sustain current participation and access to the fisheries by those communities.

C 1.1 Administrative Entity

The administrative entity representing one or more eligible communities must be a non-profit entity qualified by NMFS. The administrative entity shall be:

- Option 1. A single Gulf-wide administrative entity
- Option 2. An administrative entity for each GOA groundfish management area
- Option 3. An administrative entity representing a group of communities with common culture and history

C 1.2 Board Representation of the Administrative Entity

The administrative entity shall be comprised of a Board of Directors as follows:

- Option 1. (Applicable with C 1.1 Options 1 -3). Equal board membership established by an equal number of appointed representative(s) from each Community Quota Entity's (CQE's) member communities. (Should the CQE represent more than one community, the CQE would appoint representatives to the administrative entity for each member community.)**

Option 2. (Applicable with C 1.1 Option 1). A 13 member Board represented by members of CQEs by region as follows: Aleutians East Borough (3 reps); Lake and Peninsula Borough (3 reps); Kodiak Borough (3 reps); Yakutat (1 rep); Chugach (2 reps); Cook Inlet (1 rep).

Option 3. Membership on the administrative entity to be based on an evaluation of community population, location of the resource, and/or regionalization (can either stand alone or be in combination).

C 1.32 Eligible Communities

Option 1. Population (based on 2000 U.S. Census) of less than 1,500 but not less than 25

Option 2. Geography

a. Coastal Communities without road connections to larger community highway network

b. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

Option 3. Historic Participation in Groundfish Fisheries

a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 - 2002)

b. Communities with residents having any groundfish commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)

Option 4. GOA (WG, CG, WY) communities eligible under GOA Am. 66 are eligible.

C 1.43 Species

Option 1. All rationalized groundfish species including PSC

Option 2. Pollock and Pacific cod and associated species necessary to prosecute the allocation of pollock and Pacific cod

C 1.54 Allocation

Option 1. 5% of annual TAC

Option 2. 10% of annual TAC

Option 3. 15% of annual TAC

CFQ awarded to a gulf-wide administrative entity cannot be permanently transferred.

C 1.6 Timing of the CFQ Allocation

Option 1. 100% of the CFQ at implementation of the program

Option 2. 66% of the CFQ at implementation

Option 3. 50% of the CFQ at implementation

Option 4. 33% of the CFQ at implementation

Under Options 2 – 4, there is a guarantee that 20% of the remaining allocation to the CFQ Program will be made each year, such that all of the CFQ would be allocated to the program after a 5 year period. The following suboptions are applicable to Options 2 – 4:

Suboption 1. Remainder CFQ to be allocated from a 10% reduction of QS at first transfer (sale). If the annual minimum allocation has not been reached through transfer, the remainder will be ‘funded’ by creating new QS and adding it to the QS pool(s).

i. Attenuation at first transfer of QS does not apply to gift transfers between family members (first degree of kin).

- Suboption 2.** Remainder CFQ to be allocated from a 5% reduction of QS at first transfer (sale). If the annual minimum allocation has not been reached through transfer, the remainder will be 'funded' by creating new QS and adding it to the QS pool(s).
- i.** Attenuation at first transfer of QS does not apply to gift transfers between family members (first degree of kin).

C 1.75 Harvesting of Shares

Limited to residents of any eligible community.

The administrative entity may lease quota shares to community residents from any eligible community to be fished on vessels owned or leased by community residents. However, residents of eligible communities located in a specific management area (WG, CG, WY) should receive priority over other qualified applicants in the leasing of community quota used in that specific management area.

- Option 1.** 0% - 100% of the annual harvest rights from the CFQ owned by the administrative entity from each GOA groundfish management area, by species, would be distributed amongst qualified communities located in the management area on an equal basis.

C 1.8 Individual Use Caps and Vessel IFQ Caps

An individual leasing CFQ and use of CFQ on a vessel shall be limited as follows (caps would be species specific):

- Option 1.** No individual QS use caps and vessel IFQ caps for fishing CFQ
- Option 2.** An amount equal to the individual QS use caps and vessel IFQ caps in the rationalized Gulf groundfish fishery
- Option 3.** An amount equal to an approximation of what is needed for viable participation in the fishery (to be specified later)
- Option 4.** An amount equal to 150% of the individual QS use caps and vessel IFQ caps in the rationalized Gulf groundfish fishery

Suboption (applies to Options 2 – 4): Use (25%, 50%, or 75%) of the selected use cap for Pacific cod.

C 1.9 Sector Designation

All IFQ resulting from QS held by communities shall be designated for use on catcher vessels.

C 1.10 Landing Requirements

- Option 1.** CFQ shall have regional landing requirements proportional to the regional landing requirements applied for the remainder of QS issued for that species.
- Option 2.** 50% - 100% of the CFQ shall have regional landing requirements
- Suboption a.** requirements shall be in perpetuity
- Suboption b.** requirements shall be for a period of 5 years
- Suboption c.** requirements shall be for a period of 10 years

C 1.11 Use of Lease Proceeds by Administrative Entity

Use of lease proceeds is restricted to administrative expenses and:

- Option 1.** purchase of additional quota shares
- Option 2.** fisheries related investments
- Option 3.** investments in the economic development and social well being of member communities

Option 4. distribution to member community CQEs

Use of CFQ lease proceeds by member community CQEs is restricted to administrative expenses and:

- Suboption 1. purchase of additional quota shares
- Suboption 2. fisheries related investments
- Suboption 3. investments in the economic development and social well being of member communities

C 1.12 Distribution of lease proceeds to member communities

Option 1. The administrative entity is not required to annually distribute lease proceeds to member community CQEs

Option 2. The administrative entity is required to annually distribute lease proceeds to member community CQEs in an amount equal to or exceeding:

- Suboption 1. 10% annual lease income after administrative expenses
- Suboption 2. 20% annual lease income after administrative expenses
- Suboption 3. 30% annual lease income after administrative expenses

C 1.136 Allocation Basis for Lease Proceeds

~~The initial allocation (harvest shares) of CFQ would be made to the administrative entity representing eligible communities.~~

Option 1. Lease income would be distributed at sole discretion of administrative entity.

~~Option 2.~~ 0% - 100% of the annual harvest rights from the CFQ owned by the administrative entity **lease income distributed by the administrative entity to member community CQEs** would be distributed amongst qualified communities on an equal basis.

~~Option 3.~~ 0% - 100% of the annual harvest rights from the CFQ owned by the administrative entity **lease income distributed by the administrative entity to member community CQEs** would be distributed amongst qualified communities on a pro rata basis based on population.

~~Option 3.~~ 0% - 100% of the annual harvest rights from the CFQ owned by the administrative entity ~~from each GOA groundfish management area, by species, would be distributed amongst qualified communities located in the management area on an equal basis.~~

C 1.147 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role.

The required elements of the eligibility statement will be in regulation **but, at a minimum, shall include:**

Option 1. identification of the community CQEs represented by the management entity

Option 2. allocation criteria between regions, communities and fishermen

Option 3. documentation concerning accountability to the communities represented by the Administrative Entity.

C 1.158 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

C 2. Community Purchase Program

The CPP would allow a defined set of eligible communities to organize an administrative entity to purchase, hold, and use Gulf groundfish quota share within the rationalization program. In contrast to receiving an initial allocation, this provision would designate an administrative entity representing eligible communities as an eligible quota shareholder under the rationalization program, and that entity would be allowed to purchase GOA groundfish shares on the open market.

~~The intent of the CPP under GOA groundfish rationalization is parallel to Amendment 66 of the halibut/sablefish IFQ program: to mitigate the economic impacts of GOA groundfish rationalization on small (less than 1500), isolated GOA communities with a historical dependence on groundfish. Further, it is the intent of the program to maintain and enhance current participation and access to Gulf groundfish fisheries by those communities. It is the intent of the Council that staff will adjust the options and elements below to align them consistent with Amendment 66.~~

The purpose of the CPP is to provide the eligible communities with the opportunity to sustain their participation in the rationalized fisheries through the acquisition of Gulf groundfish fishing privileges. **Further, it is the intent of the program to maintain and enhance current participation and access to Gulf groundfish fisheries by those communities.**

C 2.1 Administrative Entity

The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS, and may include an administrative entity established to manage CFQ.

C 2.2 Eligible communities

- Option 1. Population (based on 2000 U.S. Census):
 - a. Less than 1,500, but not less than 25
 - b. Less than 7,500, but not less than 25

- Option 2. Geography
 - a. Coastal Communities without road connections to larger community highway network
 - b. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

- Option 3. Historic Participation in Fisheries
 - a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)
 - b. Communities with residents having any groundfish commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)

- Option 4. GOA (WG, CG, WY) communities eligible under GOA Am. 66 are eligible.

C 2.3 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.

C 2.4 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

C 2.5 Ownership/Use Caps

- Option 1. Individual community Gulf groundfish QS/GH cap of:
- a. 1%
 - b. 2%
 - c. 3%

- Option 2. Individual community Gulf groundfish QS/GH cap of:**
- a. An amount equal to the individual cap in the general program by species**
 - b. An amount equal to two times the individual cap in the general program by species**
 - c. An amount equal to three times the individual cap in the general program by species**

- Option 3. Aggregate community Gulf groundfish QS/GH cap of:
- a. 10%
 - b. 15%
 - c. 20%
 - d. 30%**

- Option 4. Aggregate community Gulf groundfish QS/GH cap of:**
- a. An amount equal to the sum of the individual use caps of all eligible communities**
 - b. An amount equal to 90% of the sum of the individual use caps of all eligible communities**
 - c. An amount equal to 80% of the sum of the individual use caps of all eligible communities**
 - d. No aggregate cap**