

Tab B, No. 8c

# Allocation-Based Management for Federally Permitted Charter Vessels



January 30, 2018



# Action 1 – Type of Allocation-based Management Program

- **Alternative 1:** No Action. Do not adopt an allocation-based management approach. Continue to manage reef fish landed by federally permitted charter vessels using current recreational seasons, size limits, and bag limits.
- **Preferred Alternative 2:** Establish a fishing quota program that provides participants with shares and annual allocation.
  - **Option 2a:** an Individual Fishing Quota (IFQ) program.
  - **Preferred Option 2b:** a Permit Fishing Quota (PFQ) program. (AP preferred)

# Action 2 – Species to Include in the Charter For-Hire Management Program

- **Alternative 1.** No Action. Do not define reef fish species to include in the management program.
- **Preferred Alternative 2.** Include the following species in the management program:
  - **Preferred Option 2a:** Red snapper (AP preferred)
  - **Preferred Option 2b:** Greater amberjack (AP preferred)
  - **Preferred Option 2c:** Gray triggerfish (AP preferred)
  - **Option 2d:** Gag
  - **Option 2e:** Red grouper
- **Note:** More than one option under **Alternative 2** may be selected.

# Action 3 – Allocation of ACL to Charter Vessels

- **Alternative 1.** No Action. Do not allocate a percentage of the recreational ACL to the charter vessels.
- **Alternative 2.** Allocate a percentage of the recreational ACL for each species to the charter vessels based on average landings from 2011-2015.
  - **Option a.** Use all years
  - **Option b.** Exclude 2014
  - **Option c.** Exclude 2014-2015

	Option a	Option b	Option c
Red Snapper (% of for-hire*)	62.1%	69.5%	68.3%
(% of total)	16.2%	19.0%	17.5%
Greater Amberjack	49.5%	51.1%	49.5%
Gray Triggerfish	20.7%	21.7%	27.0%
Gag	18.2%	19.8%	20.7%
Red Grouper	34.3%	35.7%	32.3%

\*Allocation is percent of for-hire quota until 2022; afterwards, it is percent of total recreational quota. Note that total pounds would remain the same if the ACL does not change.

# Action 3 – Allocation of ACL to Charter Vessels

- **Alternative 3.** Allocate a percentage of the recreational ACL for each species to the charter vessels based on average landings from 2004-2015.
  - **Option a.** Use all years
  - **Option b.** Exclude 2010
  - **Option c.** Exclude 2014
  - **Option d.** Exclude 2014-2015

	Option a	Option b	Option c	Option d	Opt b&c	Opt b&d
Red Snapper (% of for-hire*)	68.1%	69.7%	71.3%	71.2%	73.0%	73.5%
(% of total)	26.7%	27.7%	28.7%	28.9%	29.9%	30.3%
Greater Amberjack	46.2%	47.1%	46.5%	45.5%	47.5%	46.6%
Gray Triggerfish	29.0%	29.0%	30.2%	32.6%	30.3%	33.0%
Gag	21.4%	21.0%	22.3%	22.8%	21.9%	22.4%
Red Grouper	29.2%	28.5%	29.2%	27.6%	28.5%	26.6%

\*Until 2022

# Action 3 – Allocation of ACL to Charter Vessels

- **Alternative 4.** Allocate a percentage of the recreational ACL for each species to the charter vessels based on 50% average landings from 2011-2015 and 50% average landings from 2004-2015.
  - **Option a.** Use all years
  - **Option b.** Exclude 2010
  - **Option c.** Exclude 2014
  - **Option d.** Exclude 2014-2015

	Option a	Option b	Option c	Option d	Opt b&c	Opt b&d
<b>Red Snapper (% of for-hire*)</b>	69.7%	70.5%	71.2%	72.3%	72.3%	73.5%
<b>(% of total)</b>	27.7%	28.2%	28.8%	29.4%	29.4%	30.1%
<b>Greater Amberjack</b>	47.8%	48.3%	48.8%	47.5%	49.3%	48.1%
<b>Gray Triggerfish</b>	24.9%	24.9%	26.0%	29.8%	26.0%	30.0%
<b>Gag</b>	19.8%	19.6%	21.0%	21.7%	20.8%	21.5%
<b>Red Grouper</b>	31.8%	31.4%	32.4%	29.9%	32.1%	29.4%

\*Until 2022

# Action 3 – Allocation of ACL to Charter Vessels

- **Alternative 5:** Allocate a percentage of the recreational ACL for each species to the charter vessels based on 50% average landings from 1986-2013 (2010 excluded) and 50% average landings from 2006-2013 (2010 excluded). (Time series of the Preferred Alternative from Amendment 40) (AP preferred)

<b>Red Snapper (% of for-hire*)</b>	<b>68.7%</b>
<b>(% of total)</b>	35.9%
<b>Greater Amberjack</b>	51.4%
<b>Gray Triggerfish</b>	46.5%
<b>Gag</b>	21.7%
<b>Red Grouper</b>	19.2%

\*Until 2022

# Action 4 – Distributing the Charter Quota to Charter Vessels

- **Alternative 1:** No Action. Do not specify a method for distributing the charter quota to charter vessels.
- **Alternative 2:** Distribute charter quota based on tiers of passenger capacity of charter vessels. Tiers are defined such that each: (AP moves to considered but rejected)
  - **Option 2a:** Vessel with a passenger capacity of 6 receives 1 unit;
    - Vessel with a passenger capacity of 7 or greater receives 2 units.
  - **Option 2b:** Vessel with a passenger capacity of 6 receives 1 unit;
    - Vessel with a passenger capacity of 7-24 receives 2 units;
    - Vessel with a passenger capacity >24 receives 3 units.
- **Alternative 3:** Distribute charter quota based on average historical landings of charter vessels in each region using:
  - **Option 3a:** Average historical landings for years 2003 to 2013, excluding landings from 2010. (AP moves to considered but rejected)
  - **Option 3b:** 50% of the average percentages landed between 1986 and 2013 (2010 excluded) and 50% of the average percentages landed between 2006 and 2013 (2010 excluded).



# Action 4 – Distributing the Charter Quota to Charter Vessels

- **Alternative 4:** Distribute charter quota based on equal distribution, passenger capacity, and historical landings by region using one of the following: (AP preferred – Option 4d)

	Option 4a	Option 4b	Option 4c	Option 4d
Equal distribution	33.3%	50%	25%	25%
Passenger capacity	33.3%	25%	50%	25%
Historical landings by region	33.3%	25%	25%	50%

- **Alternative 5:** Distribute the charter quota by auction. All eligible participants are allowed to place bids. (AP moves to considered but rejected)

# Action 4 – Distributing the Charter Quota to Charter Vessels

- Alternative 6:** Distribute a portion of the charter quota by auction and the remainder based on equal distribution; passenger capacity; and historical landings by region (**Options 6a-6c**). The 3 metrics will be weighted by selecting one of **Options 6d-6g**. (AP moves to considered but rejected)

	Option	Auction	Equal distribution; passenger capacity; historical landings by region	
Select one:	6a	25%	75%	
	6b	50%	50%	
	6c	75%	25%	
		Equal	Pass. Capacity	Historical Landings
Select one:	6d	33.3%	33.3%	33.3%
	6e	50%	25%	25%
	6f	25%	50%	25%
	6g	25%	25%	50%

- Note:** If **Alternative 4** or **6** is selected as preferred, an option must be selected under **Alternative 3** to specify the time period of historical landings by region.

## Action 5 – Adaptive Catch Share Management

Action 5 is broken up into four sub-actions.

These four sub-actions are:

- to determine the timeframe of the adaptive management cycle;
- the percentage of shares to be reclaimed;
- the method for redistribution of those reclaimed shares;
- the method for reclaiming latent shares.

If the council selects the no-action alternative for anyone of these sub-actions, it would be the same as them choosing not to implement an adaptive management process.

# Action 5.1 – Adaptive Management Cycle

- **Alternative 1:** No Action. Do not have an adaptive management cycle.
- **Alternative 2:** The cycles for adaptive management will occur on a set cycle of every:
  - **Option 2a:** 1 year
  - **Option 2b:** 2 year
  - **Option 2c:** X years

# Action 5.1 – Adaptive Management Cycle

- **Preferred Alternative 3**: The cycles for adaptive management will occur in an increasing progressive range, starting at X year(s) and incrementing by 1 year until Y years. Thereafter, cycles will be Y years in length.
  - **Preferred Option 3a**: 1 year incrementing by 1 year till reaching 3 years (cycle 1= 1 year, cycle 2 = 2 years, cycle 3+ = 3 years)
  - **Option 3b**: 2 years incrementing by 1 year till reaching 4 years (cycle 1= 2 years, cycle 2 = 3 years, cycle 3+ = 4 years)
  - **Option 3c**: 1 year incrementing after 3 years by 1 year until reaching 3 years (cycle 1 = 1 year, cycle 2 = 1 year, cycle 3 = 1 year, cycle 4 = 2 years, cycle 5+ = 3 years) (AP Preferred)

## Action 5.2 – Reclamation of Shares

- **Alternative 1:** No Action. Do not reclaim shares.
- **Alternative 2:** Reclaim a set percentage of shares of each share category from all shareholder accounts.
  - **Option 2a:** 10%
  - **Option 2b:** 25%
  - **Option 2c:** X%
- **Alternative 3:** Reclaim a progressively decreasing amount of shares of each share category from all shareholder accounts.
  - **Option 3a:** Cycle 1: 40%, Cycle 2: 20%, Cycle 3+: 10%
  - **Option 3b:** Cycle 1: 50%, Cycle 2: 40%, Cycle 3: 40%; Cycle 4+: 25% (AP Preferred)

## Action 5.3 – Redistribution of Reclaimed Shares

- **Alternative 1:** No Action. Do not redistribute reclaimed shares.
- **Alternative 2:** Redistribute reclaimed shares by share category equally among all participants that harvested species in that share category.
- **Preferred Alternative 3:** Redistribute reclaimed shares by share category proportionally among all participants that harvested species in that share category. Proportional redistribution is based on a participant's landings for a species in a given share category divided by the total landings for that share category within the cycle.  
(AP Preferred)

# Action 5.4 – Reclamation of Latent Shares

## \*IPT Recommended New Action

- **Alternative 1:** No Action. Reclamation and redistribution will continue for each shareholder account indefinitely, regardless of level of landings.
- **Alternative 2:** After the first three years, and then after each subsequent cycle, shares will be declared latent if the following conditions are met for a shareholder account:
  - the percentage of shares in a share category is less than X%, and
  - no fish were landed during that time period/cycle in that share category.Latent shares from shareholder accounts will be reclaimed at the end of the time period/cycle.
  - **Option 2a:** X=0.000001%
  - **Option 2b:** X=lowest percent during initial distribution
- *Note: The percentages in Alternative 2 apply to each share category separately and will be the same for each share category.*



# Action 5.4 – Reclamation of Latent Shares

## **\*IPT Recommended New Action**

- **Alternative 3:** After the first three years, and then after each subsequent cycle, shares will be declared latent if a shareholder account does not have landed fish in a species category. All shares in that species category from that shareholder account will be reclaimed at the end of the time period/cycle.

## Action 6 – Transferability of IFQ Shares

- **Preferred Alternative 1:** No Action. Do not allow the transfer of shares. (AP Preferred)
- **Alternative 2:** An account holder must have an associated Charter/Headboat permit for Reef Fish to receive transferred shares. Shares can only be transferred to United States citizens or permanent residents.
- **Alternative 3:** Shares can be transferred to any United States citizen or legal resident.

## Action 7 – Maintenance of IFQ Shares

- **Alternative 1:** No Action. Shares can be held by any United States citizen or permanent resident.
- **Alternative 2:** Require a Charter/Headboat permit for Reef Fish to maintain shares. Shares can only be held by United States citizens or legal residents. If a participant transfers their permit/endorsement or the permit/endorsement expires, the owner must divest of their shares. (AP Preferred)

# Action 8 – Transferability of Annual Allocation

- **Alternative 1:** No Action. Do not allow the transfer of allocation among participants.
- **Preferred Alternative 2:** An account must have a Charter/Headboat permit for Reef Fish to receive transferred allocation. Annual allocation can only be transferred to United States citizens or permanent residents. (AP Preferred)

# Action 8 – Transferability of Annual Allocation

- **Alternative 3:** There are no restrictions on the transfer of allocation, including harvest tags. Annual allocation can only be transferred to United States citizens or permanent residents.
  
- **Alternative 4:** Annual allocation may be transferred by surrendering it to a NMFS allocation bank from which other program participants may obtain the allocation by:
  - **Option 4a:** lottery.
  - **Option 4b:** auction.
  
- *Note: Alternative 4 may be selected as a preferred alternative alone or paired with either Alternative 2 or Alternative 3 as an additional preferred alternative.*

## Action 9 – Share Caps

- **Alternative 1:** No Action. Do not cap the amount of shares for a given species that one participant can hold.
- **Alternative 2:** No participant may hold shares for a given species equaling more than the maximum amount of shares issued for that species during initial apportionment for a participant (as defined in Action 4).
- **Alternative 3:** No participant shall hold shares for a given species which comprise more than x% of the total charter vessel quota for that species. (AP Preferred)

# Action 10 – Cap on Allocation Usage

- Note: Usage of allocation is defined as the amount of landings year-to-date in an account plus the remaining allocation in that account on the same day.
- **Alternative 1:** No Action. Do not establish a limit on usage of allocation.
- **Alternative 2:** Limit allocation usage to x percent above the allocation equal to the share cap for each species.
  - **Option 2a:** Per vessel (permit) (AP Preferred, set at 25%)
  - **Option 2b:** Per account (unique permit holder)
- **Alternative 3:** Limit allocation usage to the allocation equal to the share cap for each species.
  - **Option 3a:** Per vessel (permit)
  - **Option 3b:** Per account (unique permit holder)

# Action 11 – Retaining Annual Allocation before a Quota Reduction

- **Alternative 1.** No Action. Distribute 100% of annual allocation to IFQ shareholders on January 1 of each year.
  
- **Alternative 2.** If the quota for a species is anticipated to decrease after January 1, the Regional Administrator has the authority to retain the anticipated amount of decrease during distribution of allocation for that species at the beginning of the year. If the decrease does not occur by a set date, the amount retained will be distributed as soon as possible.
  - **Option 2a:** June 1
  - **Option 2b:** August 1



# Action 12 – Cost Recovery Fees

- **Alternative 1:** No Action. Cost recovery fees will not be collected.
- **Alternative 2:** For each participant, cost recovery fees will be collected. The total value will be the **standard price** per pound (or per fish) of a given species multiplied by the number of pounds (or fish) harvested by the shareholder (unique permit holder) during the specified time period. The cost recovery fee will be up to 3% of the total value. The **standard price** will be equal to:
  - **Option 2a:** the commercial ex-vessel price
  - **Option 2b:** the average price of annual allocation

# Action X – Units of Measure for Quota Distribution and Reporting

## **\*IPT Recommended New Action**

- **Alternative 1.** No Action. The charter vessel quotas are distributed and reported in pounds.
- **Alternative 2.** The charter vessel quotas are distributed and reported in numbers of fish.
- **Alternative 3.** The charter vessel quotas are distributed in pounds and reported in numbers of fish.