

Tab B, No. 5a

Summary for the Ad Hoc Red Snapper Charter For-Hire Advisory Panel Tampa, Florida September 19, 2017

Council and Staff

John Sanchez
Roy Crabtree
Matthew Freeman
Carrie Simmons
Jessica Matos
Camilla Shireman

Panel Attendance

Jim Green
Rene Rice
Tom Steber
Mike Eller
Ed Walker
Troy Frady
Gary Jarvis
Gary Bryant
Shane Cantrell
Mark Kelley
Chuck Guilford

Attendance – Others

Susan Gerhart
Jessica Stephen
Cynthia Meyer
Jeff Barger
Elizabeth Silleck
Betty Harder
Tom Wheatley
Steve Papen
Chad Haggert
Randy Boggs

The Ad Hoc Red Snapper Charter For-Hire Advisory Panel (AP) meeting was convened at 8:30am on Tuesday, September 19, 2017. The AP approved the agenda. The following summary generally follows the meeting discussion chronologically; however, some motions addressing the same topic (e.g., particular amendment action) have been grouped together to facilitate review of the AP's recommendations.

Amendment 41

Staff reviewed the consensus statements from the January 2017 Joint Meeting of the Ad Hoc Reef Fish Headboat and Ad Hoc Red Snapper Charter Advisory Panels and then provided an overview of the actions contained within Amendment 41. Following the overview of the actions, AP members discussed each action individually.

AP members discussed Action 1, which addresses types of allocation-based management programs. An AP member stated that harvest tags lacked durable shares, created more uncertainty in business planning, and does not offer the same flexibility as a PFQ program. NMFS staff then discussed differences and similarities across IFQ and PFQ programs, with and without adaptive management. Council staff noted that the Council had selected a preferred alternative for a PFQ program. The AP discussed how adaptive management could address issues with initial distribution through a PFQ program, due to lack of vessel specific landings history. Following a discussion, the AP passed the following motions:

To recommend to the Council that in Action 1 to move Alternative 3 to considered but rejected.

Alternative 3: Establish a harvest tag program that provides participants with annual allocation distributed in the form of harvest tags. Annual allocation will be calculated

Option 3a: every 3 years.

Option 3b: every 5 years.

Motion carried unanimously.

To accept the Council preferred Alternative 2, Option 2b as the preferred alternative.

Preferred Alternative 2: Establish a fishing quota program that provides participants with shares and annual allocation.

Preferred Option 2b: a Permit Fishing Quota (PFQ) program.

Motion carried 10 to 0 with 1 abstention.

AP members then discussed Action 2, which addresses species to include in the charter for-hire management program. Council staff noted that the Council had selected a preferred alternative with options to include red snapper, greater amberjack, and gray triggerfish. An AP member inquired as to why gag and red grouper would potentially not be included. AP members discussed how geographical distribution of gag and red grouper was more skewed than for the other three species and that, even with adaptive management, more time would be required to get shares back to the fishermen that actually use them. Following a discussion, the AP passed the following motions:

In Action 2 to adopt the Council preferred alternative.

Preferred Alternative 2. Include the following species in the management program:

Preferred Option 2a: Red snapper

Preferred Option 2b: Greater amberjack

Preferred Option 2c: Gray triggerfish

Motion carried 6 to 5.

AP members then discussed Action 3, which addresses allocation of the annual catch limit to charter vessels. AP members pointed out that there were tradeoffs in the annual catch limits for the considered species, when comparing other alternatives to Alternative 5. AP members noted that Alternative 5 was the time series of the preferred alternative from Amendment 40.

Following discussion, the AP passed the following motion:

In Action 3 to make Alternative 5 the preferred alternative.

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).

Motion carried unanimously.

AP members then discussed Action 4, which addresses distributing the charter quota to charter vessels. An AP member noted that auction of initial distribution can create instability, especially

if some of that initial distribution gets reclaimed with adaptive management. Following discussion, the AP passed the following motion:

In Action 4 to recommend Alternative 5 and 6 to be moved to considered but rejected.

Alternative 5: Distribute the charter quota by auction. All eligible participants are allowed to place bids.

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**.

	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%

Motion carried 9 to 2.

AP members then discussed that using one metric alone is not best for industry, with regards to Alternatives 2 and 3a. Because it uses the same timeframes as Amendment 40, the AP discussed retaining Alternative 3b; because it uses multiple metrics, the AP discussed retaining Alternative 4. Following discussion, the AP passed the following motion:

In Action 4 to recommend Alternatives 2 and 3a to be moved to considered but rejected.

Alternative 2: Distribute charter quota based on tiers of passenger capacity of charter vessels. Tiers are defined such that each:

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.

Motion carried 8 to 3.

AP members again conferred that using multiple metrics would be best for industry. NMFS staff presented the decision tool for red snapper, and AP members examined what the distribution would be under the different options for Alternative 4, as well as with additional percentages not included in Options 4a-4d. Following discussion, the AP passed the following motion:

In Action 4 to make Alternative 4, Option 4d the preferred alternative.

Alternative 4: Distribute charter quota based on equal distribution, passenger capacity, and historical landings by region using one of the following:

	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%

Motion carried 8 to 3.

The AP then discussed Action 5.1, which addresses the length of cycles for adaptive management. AP members noted that under Alternative 3, later cycles would occur after longer periods of time, which would better address any issues with initial distribution. AP members pointed out that they would like additional cycles to have concluded prior a 5-year program review, than what would occur under Alternative 3. Following discussion, the AP passed the following motions:

In Action 5.1 Alternative 3 add an Option 3d to allow for 1 year cycle for first 3 years then incremental increases (by 1 year) to X years and routinely following every X years. Cycle 1=1 year, cycle 2= 1 year, cycle 3=1 year, cycle 4 = 2 years, then cycle 5+ = 3 years.

Motion carried unanimously.

In Action 5.1 to make Alternative 3, Option 3d as the preferred alternative.

Motion carried unanimously.

The AP then discussed Action 5.1, which addresses reclamation of shares. Some AP members mentioned that an aggressively higher percentage of shares that gets reclaimed initially would more quickly get shares from latent permits to permit holders that would use them. Some AP members then mentioned that using too high of a reclaim percentage, particularly in the first year, means that permit holders would have greater uncertainty for the following year (e.g., year 2), making it more difficult to operate their business. . Following discussion, the AP passed the following motions:

In Action 5.2 to make Alternative 3 Option 3b: cycle 1 = 50%, cycle 2 = 40%, cycle 3 = 40%, cycle 4+ = 25%.

Alternative 3: Reclaim a progressively decreasing amount of shares of each share category from all shareholder accounts.

Option 3b: Cycle 1: X%, Cycle 2: Y%, Cycle 3+: Z%

Motion carried unanimously.

In Action 5.2 to make Alternative 3, Option 3b the preferred alternative: cycle 1 = 50%, cycle 2 = 40%, cycle 3 = 40%, cycle 4+ = 25%.

Motion carried unanimously.

The AP then discussed Action 5.3, which addresses redistribution of reclaimed shares. AP members noted that reclaimed shares should be redistributed among participants that had actually harvested the species, rather than equally. Following discussion, the AP passed the following motion:

In Action 5.3 to make Alternative 3 the preferred alternative.

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.

Motion carried unanimously.

The AP then discussed Action 6, which addresses transferability of shares. AP members stated that only permit holders should be allowed to receive transferred shares. Following discussion, the AP passed the following motion:

In Action 6 to make Alternative 2 the preferred alternative.

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.

Motion carried 8 to 2 with 1 abstention.

After the last motion passed, an AP member noted that Action 6 only applies to an IFQ program, which was not the AP's preferred alternative in Action 1. Following this, the AP passed the following motions:

To reconsider Action 6.

Motion carried unanimously.

In Action 6, to make Alternative 1 the preferred alternative.

Alternative 1: No Action. Do not allow the transfer of shares.

Motion carried unanimously.

The AP then discussed Action 7, which addresses maintenance of shares. AP members noted that only permit holders should be allowed to maintain shares. Following discussion, the AP passed the following motion:

In Action 7 to make Alternative 2 the preferred alternative.

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.

Motion carried 9 to 1 with 1 abstention.

The AP then discussed Action 8, which addresses transferability of annual allocation. Several AP members stated that they wanted a restriction on transfer of allocation to ensure that “fish would be kept in the fishery”. Following discussion, the AP passed the following motion:

In Action 8, to make Alternative 2 the preferred alternative.

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.

Motion carried 10 to 0 with 1 abstention.

The AP then discussed Action 9, which addresses share caps. An AP member pointed out that Alternative 1 could restrict growth, given the uncertainty with initial allocation and with use of adaptive management. Several AP members stated that they would need additional information before deciding on a percentage with Alternative 3. Following discussion, the AP passed the following motion:

In Action 9 to use Alternative 3 as the preferred and leave the percentage open until there is more information from Council staff regarding each species.

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.

Motion carried 10 to 1.

The AP then discussed Action 10.1, which addresses a cap on usage of allocation for IFQs and PFQs. One AP member stated that Alternative 2, Option 2a would not penalize folks who have multiple vessels. Another AP member noted that, compared to Alternative 3, Alternative 2 allows more room for harvesting, especially with how landings affect redistribution under adaptive management. An AP member mentioned that, under adaptive management and redistribution, some folks would only temporarily benefit financially by transferring allocation. Following discussion, the AP passed the following motion:

In Action 10.1, to make Alternative 2 Option 2a the preferred alternative with the percentage at 25%.

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 2: Limit allocation usage to x percent above the allocation equal to the share cap for each species.

Option 2a: Per vessel (permit)

Motion carried unanimously.

The AP then discussed Action 10.2, which addresses a cap on the number of harvest tags held. AP members again stated that harvest tags were not a management program they were interested in pursuing. Following discussion, the AP passed the following motion:

To move Action 10.2 to considered but rejected and removed from the document.

Alternative 1: No Action. There is no cap on the amount of harvest tags that a participant can hold.

Alternative 2: No participant may hold more harvest tags than represented by x% of the total charter vessel quota at any point in time.

Alternative 3: No participant may hold and/or use more than x% of the total charter vessel quota cumulatively throughout a calendar year.

Alternative 4: No participant may hold harvest tags equaling more than the maximum number of tags issued to any one participant during the quota apportionment (as defined in Action 3).

Motion carried 10 to 0 with 1 abstention.

The AP then discussed creation of a new action to limit transferability of the annual allocation per species. One AP member stated that it could help to avoid the sea lord issue. Another AP member noted that it might hinder the adaptive management process. Following discussion, the AP passed the following motion:

To create a new Action 11 for Amendment 41 to limit the transferability of the annual allocation per species to no more than 25% of the allocation from shares to transfer out of your account per permit.

Motion failed 3 to 8.

Referendum Eligibility Requirements

Council staff provided an overview of the referendum eligibility requirements and processes for Amendment 41 and the two options that the Council is currently considering. Several AP members stated that people with multiple permits are less likely to have latent permits (defined as non-active permits) and thus would be voting as active participants in the fishery. One AP member noted that they had bought into the industry through purchasing permits, so similarly to the practice of individuals who hold more shares in a business, those stakeholders should be allowed more votes (i.e., permit holders with more permits should have more votes).

Following discussion, the AP passed the following motion:

To adopt Option 1 as the preferred option with the language: one permit equals one vote.

Option 1: Each permit held on the day that the referendum rulemaking becomes effective would provide the permit holder with one vote in the referendum.

Motion carried unanimously.

Other Business

The AP then discussed the fact that the Council is considering state management plans. Several AP members stated that they were not interested in this course of management. An AP member also brought up the role of Amendment 30B and its role in addressing overages. Following discussion, the AP passed the following motions:

To recommend that the Council not pursue state management of the federally permitted charter for-hire industry.

Motion carried 10 to 1.

To recommend that when the Council is considering further management of the charter for-hire industry that it is done under the confines of the Magnuson-Stevens Act.

Motion carried 10 to 1.

To recommend to the Council the AP's support of Amendment 30B.

Motion carried 10 to 1.

The meeting ended at 3:30 p.m.