DRAFT Individual Fishing Quota (IFQ) Focus Group Meeting Summary

Gulf of Mexico Fishery Management Council Office
4107 W. Spruce St. Suite 200
Tampa, FL 33607
August 2-3, 2022

Participants
Laura Chicola – *Permitholder who leases allocation (no shares)*
Jason DeLaCruz – *Dealer*
Brad Gorst – *Crew*
Lance Nacio – *New entrant*
Cliff Penick – *Public participant*
Casey Streeter – *Small shareholder*
David Walker – *Large shareholder*
Jim Zurbrick – *Medium shareholder*
Dr. Andrew Ropicki – *Knowledgeable non-participant*

Council and Staff
Ava Lasseter
Emily Muehlstein
Bernie Roy
Carrie Simmons
John Froeschke
Bob Gill, Council representative

Overview

On Tuesday, August 2, 2022, the Gulf of Mexico Fishery Management Council (Council) convened the first meeting of its Individual Fishing Quota (IFQ) Focus Group. Joy Hazell and Dr. Wendy-Lin Bartels from the University of Florida facilitated the meeting. 19 members of the public attended in-person, including two staff from the National Marine Fisheries Service.

Nine members of the IFQ Focus Group attended (participants), with each member representing a particular participation role in the Red Snapper and Grouper-Tilefish IFQ programs. The meeting agenda can be found in Appendix A. The meeting objectives were to:

- Review current program goals and objectives and recommend their replacement/retention;
- Define the changes needed for an improved IFQ program to address minimizing discards, fairness and equity, and new entrants issues.

Day 1
Welcome and Introductions

The meeting convened at 9 a.m. with activities designed to set a positive collaborative tone for the rest of the process. Appendix B contains photographs of all group work products described in this report. Activities began with a welcome by Council staff, who reviewed the meeting's charge. Participants introduced themselves, described their role in the fishery, and provided a favorite fishing story. The facilitators provided an explanation and clarification of the meeting agenda and objectives.

The facilitators explained that the general goal of the group activities was to *advance the thinking* on the issues, rather than to resolve all issues. Participants were invited to share their expectations and hopes for this meeting process, developing the following list.

Expectations and Hopes

- Decrease in discards through access
- Improved efficiency through competition
- Stable economic environment for all generations of fishers
- Protect regional access
- Protect profitability
- Promote equity
- Promote recruitment of future generations

Addressing flaws of program

- Reasonable access to capital for all
- Stable IFQ system
- Concern – access to capital – too many hurdles now and high expectations
- Like program the way it is – status quo
- Program to be truly inclusive
- Get access to fish as an active fisher
- Pay crew better
- See something done with dead discards
- Eliminate allocation lease speculation
- Reevaluate share increases (maybe %)
- Limit overcapitalization – too many permits
- Access to funding/capitalization
- Room for sweat equity for 2nd generation
- Address discard
- Re the obj too much [sic]
- Adding other IFQ species
- Discards – full retention
- Hear public comments
- Access to capital
- Discussion of shares
- Maintain public participant shareholders without consequences
- Fair and equitable access

- Definition of substantial participant
- Fair lease rate (25% of ex-vessel)
- Increases set aside for new entrants
- Apprenticeship

Timeline Activity

The objective of the following activity is to begin developing a shared understanding of the past and present experiences with the IFQ programs by creating a timeline of experiences. The participants were divided into two groups. Each group was assigned to a room and provided with a long piece of butcher paper taped to the wall on which a line was drawn. Participants wrote key moments they have had with regard to the IFQ programs on the timeline, which ends with the present day. Everyone provided significant experiences, and the groups discussed the chronology of events from their own experiences. After each group developed a timeline, the groups changed rooms, where they discussed and contributed to the other group's timeline. The participants regrouped and the timelines were taped together on the wall. The meeting returned to plenary session for the participants to report out their discussion.

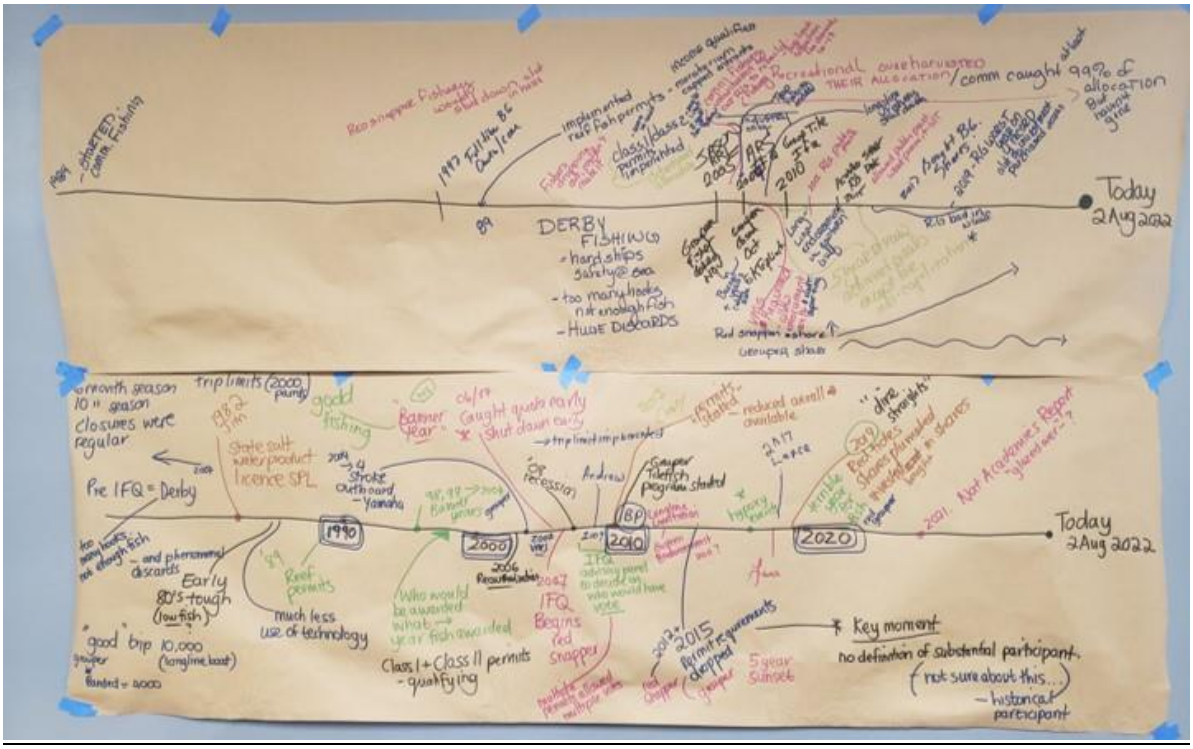


Figure 1. Photograph of the completed timelines.

Participants were then asked to think about key moments that changed things in the fishery. To indicate the time they felt most optimistic about the fishery, participants were asked to put a green dot at that place on the timeline. Participants were also asked to place a red dot on the timeline to represent the time they felt the most pessimistic. The idea of a "parking lot" was

introduced, to be called a "marina" for this meeting, where issues can be captured on a flip chart that are important for future discussion (see Appendix B).

Next, the facilitators asked the participants to reflect on how the timeline discussion went and to think about how the group will work together for the rest of the meeting. Participants generated group norms to set up expectations of how members would contribute in the meeting to ensure a productive dialogue (see Appendix B).

Fairness and Equity

Next, the participants explored the concept of fairness and equity. The participants were divided into pairs for discussion. Each person was asked to describe to their partner what fairness means. Afterward, the participants regrouped to share their conversations and the facilitators wrote key words on the flip charts:

- Fairness in effort – time; hours; work – fairness has to be equal
- It's hard to make everyone happy (80/20 rule)
- Fairness is hard to define, whereas effort is easily defined. It is relative; fairness in effort. It promotes investment versus effort.
- Equal opportunity
    - 1st generation – sweat equity
    - 2nd generation – monetary profitability
- Flip coin; no bias
- Need to define equity – it's too abstract. Don't see anything (aside from money and effort) to get into business.

There was consensus that fairness is hard to define, and that what is fair to one person may not be fair to another. The meeting broke for lunch.

Positive and Negative Aspects of the IFQ Programs

In the next activity, the participants were asked to think about the positive, negative, and neutral aspects of the IFQ programs. Participants were provided colored paper and asked to write two positive aspects of the program on green paper, two negative aspects on red paper, and two neutral aspects on yellow paper. Participants were then invited to group their suggestions by color on the wall.

Table 1. Positive, negative, and neutral aspects of the IFQ programs identified by participants.

Positive aspects:	Negative aspects:
• Sustainability aspect	• Leasing cost
• Year-round access	• Over-capitalizing effort
• Stewardship of fishermen actually fishing	• Access barriers for second generation
• No commercial overages	• Issues with program design & goals relative to Magnuson-Stevens Act
• Better FMP that address "super majority" of discards	• Need other species added to IFQ program
• Improved business plan for marketing red snapper & grouper	• Lease cost
• No derby (safety)	• Access to fish
• Year around consumer access	• Cost of leasing
• Check valve of fish in market	• Access for small and new entrants
• Ended RS derby fishing	• Unstable for long-term business planning
• Good for business planning	• Not enough fish
• Flexibility	• High percentage of the allocation is owned by a small group of people
• IFQ is good management of the fish	• Expensive
• Fish can be caught all year round	
• Management of fish stock	**Neutral aspects:**
• Ended overharvest/accountability	• Designed by fishermen
• Year-long season to fish allocation	• NMFS not using data to help understand stock
• Transferability	

The participants then began identifying common elements among their post-its, and the facilitators grouped the post-its accordingly. There were two broad categories of positive aspects: the economic side, which included the ability to have a business plan and increased flexibility, and the conservation or ecological side, which includes safety and protection for the resources. For the negative aspects, the themes focused on the costs and access to fish. Next, the participants began grouping the post-its under the topics of special focus for the meeting: minimizing discards and addressing new entrants issues, as provided below and shown in Appendix B. It is noted that multiple participants identified some of the same aspects. In discussing the groupings afterward, the participants noted that there was much overlap among the positive and negative aspects identified.

Table 2. Positive and negative aspects from Table 1 identified as fitting under the topics of minimizing discards and new entrants.

Minimizing Discards	
Positive aspects	**Negatives**
• **Ended red snapper derby fishing** • **Year-round access** • **Transferability** • **Flexibility**	• **Access to fish**
New Entrants	
Positive aspects	**Negative aspects**
• Transferability • Flexibility	• Greying of the fleet • Inability to get access to capital (banks) • The fact it is not a "right" (IFQ shares) causes instability (if had ownership rights, would be easier to borrow money) • Expensive • Unstable for long-term business planning • Minimum to no access to underserved communities • Access for small and new entrants • Inability to retain profits and reinvest in one's business

Addressing Changes to the IFQ Programs

The objective for this activity is to brainstorm potential changes to the IFQ programs, allowing for big, inventive ideas where everything is on the table. The participants were divided into three groups, with a facilitator or Council staff serving as notetaker at each of three stations. For the first round, each group was asked to list proposed changes or potential actions they could think of to address their group's topic: minimize discards, new entrants, and other changes necessary to improve the IFQ programs. After each group had exhausted their contributions to the list, the groups rotated to a different topic. There, the notetaker reviewed the list as provided by the previous group, and the new group was asked to add to the list and to identify the items on the list that the new group strongly agree with by marking them with check marks for emphasis. Finally, each group moved to the remaining station, where they were asked to identify further suggestions and emphasize those potential changes with which they most strongly agreed. The completed lists are provided with an asterisk following those changes that were "emphasized" by one or more participants in a subsequent group.

We could minimize discards by…

- Limit effort (i.e., number of people fishing; question of latent permits)
    - The reason we have discards is because people are fishing who don't have quota
- If people have quota, they won't discard [fish] (without quota, we discard more)
- Lease caps

- Reduce recreational fishermen's discards (because it affects the quota)*
    - Reporting; tags

  [7 million pounds = current quota]
- Cameras for dead discards
- 100% retention (how will market respond?)
    - Means don't leave dock without quota
- Accountability – use cameras in general
- Place-based vessel specific management (regional)*
    - Increase quota flexibility
- Descending devices on every piece of gear (aside from longline)
- Crew training
- Balance representation on Council and management decisions
- Remove size limits
- We are data rich but action poor.

<u>We could support new entrants by…</u>

- Share ownership/rights*
- Improve fishery finance program; make it more usable*
    - Using shares as collateral
    - Federal government – standard business practice
    - True business planning/accessibility to new entrants
- Get recreational fishery into accountability*
- Future quota increase based on catch history
- Look at goals and objectives to fully capture reauthorization of the Magnuson-Stevens Act
- New entrant must be an active fisherman*
- Define substantial participant*
- Define new entrants*
- Apprenticeship program for new entrants*
- New entrants/small boats/regional allocation set-asides
- Percentage of future increases go to new entrants*
- New entrants need affordable way to lease quota without price manipulations
- Grandfather … for new changes
- Limit number of fishers – replacement only

<u>Other changes needed</u>

- Defining substantial participant*
- Additional species [put] under IFQs*
- Shares tied to permit* [emphasis added and dislike expressed]
- Income or landings-based qualifier (original qualifying required 51% of income to come from fishing; income further defined as from IFQ market, including landings or [illegible] purchases)
- Set-asides for second generation
- Allocation price caps (e.g., 25% of ex-vessel price)*

- Vessel TAC cap for landings
- 0% financing for federal fishing finance program
- Revise qualifications for finance program so small fishers can qualify*
- Secure property rights for shares*
- Regional allocation set-asides for communities
- Protect small owner-operated vessels*
- Remove latent permits
- Define/quantify overcapacity
- Categories of boat shares (e.g., large boats vs. small boats)
- Hold recreational sector accountable*
- MREP required*
- Completion of commercial fishermen's vocational training programs
    - As a requirement to buy shares and permits
- Prohibit intergenerational transfers of shares
- Redistribute IFQ shares
- No permit transfer without shares attached to permit
- Reconsider program goals based on Magnuson-Stevens Act
- NMFS using allocation and share price information to inform stock assessment (i.e., to ground truth outcomes)
- Increase the [uncertainty] buffer (leave more fish in the water).

After each group had visited each of the three stations, the meeting was reconvened in plenary session. Asked for their initial impressions of the lists, the participants noted that there was much agreement. The facilitators reviewed the activities of the day.

Public Comment

The opportunity for public comment was offered to those attending in person and virtually. See Appendix C.

The meeting was adjourned for the day.

Day 2
<u>Review Previous Day's Exercises</u>

The facilitators reviewed the activities and discussions from Day 1 and asked if there were any major realizations or takeaways. The participants shared their thoughts and impressions from the day before. Today, they will begin by grouping the potential changes from the three lists developed yesterday. The facilitators divided the participants into pairs and asked that they consider the list of potential changes to minimize discards and to discuss the following questions with their partner:

- What is exciting?
- What is missing?

- What can be grouped together?

Following the discussion in pairs, the meeting reconvened in plenary session, where each pair shared their discussion with the group. Next, the pairs of participants discussed the list of potential changes to support new entrants, followed by the reconvening of the meeting in plenary session to share the discussion. For the pair work discussion on the other changes list, the participants were encouraged to focus on the discussion around changes that could be grouped, rather than identifying additional changes.

During the plenary sessions to discuss the pair work, the participants were asked to begin trying to identify groupings or themes among the potential changes, or common elements across the lists, that could be the focus for the final discussions. The participants are asked to think about what the program would look like 20 years in the future. The participants were provided with colored stickers and asked to prioritize the potential changes by each placing a green sticker for minimizing discards, a yellow sticker for new entrants, and a blue stocker for other changes needed. After the participants had placed their stickers, the potential changes with the most stickers were identified. The potential changes with the most consensus were to hold the recreational sector accountable, and to improve the fishery finance program. Other highly ranked changes for discussion included the need to define particular terms that could be used in the IFQ programs, such as income qualifier, new entrants, substantial participant, small boat, and active fishermen (see Appendix B). The facilitators asked the participants to think about the remaining time available in the meeting and what may be possible and achievable through final discussions.

After lunch, the facilitators returned to the lists that had identified ideas with three or more rankings. *Noting the uniform agreement that improving the IFQ programs required the recreational sector to be held accountable, this issue was accepted as a recommendation from the group.*

The facilitators returned to the remaining changes on the lists and through a collaborative process, identified definitions as the subject for the final discussions. The participants were divided into two groups, with each group assigned to a room with a facilitator. Following the group discussions, the meeting resumed in plenary session. Group 1's facilitator began explaining her group's discussion, noting that they did not arrive at a consensus position. There were several points of disagreement, which centered around the role of shareholders in the program. Specifically, it concerned whether those who are not involved in catching, landing, or selling of fish should be considered substantial participants.

Next, Group 2's facilitator described their discussion on those who could be included as a substantial participant. First, the group outlined who participants are, removing some groups who may not be considered substantial participants in the business of fishing, specifically: shareholders and investors. The group discussed the consequences of what it may mean by not including those participation roles as substantial participants. One proposal noted that share owners and investors should not represent the substantial component of a participant, suggesting a time frame for divestment of 2-5 years, and that any new investors going forward should be

prohibited. The group also discussed the concern for long-term consolidation of shares and the original definitions such as the income qualifying requirements to hold a permit. The group's participants wanted to clarify that their discussion was not a refined proposal, but a discussion of ideas. Finally, the group also discussed the fishery finance program, noting that it is crucial but challenging for fishermen to have financing lined up when shares become available for purchase.

The facilitators then began to review the activities and discussions from the last two days, highlighting that while ecological benefits were identified as positive overall, economic benefits appeared to depend on each person's perspective. Then, each participant was provided an opportunity to share what they think would be a good next step for the focus group. The participants were asked to complete a meeting evaluation, the results of which are summarized in Appendix D.

Public Comment

The opportunity for public comment was offered to those attending in person and virtually. See Appendix C.

The meeting adjourned at 4:00 p.m.

Appendix A. Meeting Agenda

Agenda
Individual Fishing Quota (IFQ) Focus Group Meeting

Gulf of Mexico Fishery Management Council Office
4107 W. Spruce St. Suite 200
Tampa, FL 33607

August 2, 2022: 9:00 a.m. – 5:00 p.m. EDT
August 3, 2022: 9:00 a.m. – 4:00 p.m. EDT

Charge: To provide a detailed plan for the following:

Review the current IFQ programs' goals and objectives and recommend their replacement/retention. These revised goals and objectives shall serve as the basis for the Focus Group recommendations.

Define the changes needed for an improved Red Snapper and Grouper-Tilefish IFQ Program to specifically address minimizing discards, fairness and equity, and new entrants' issues.

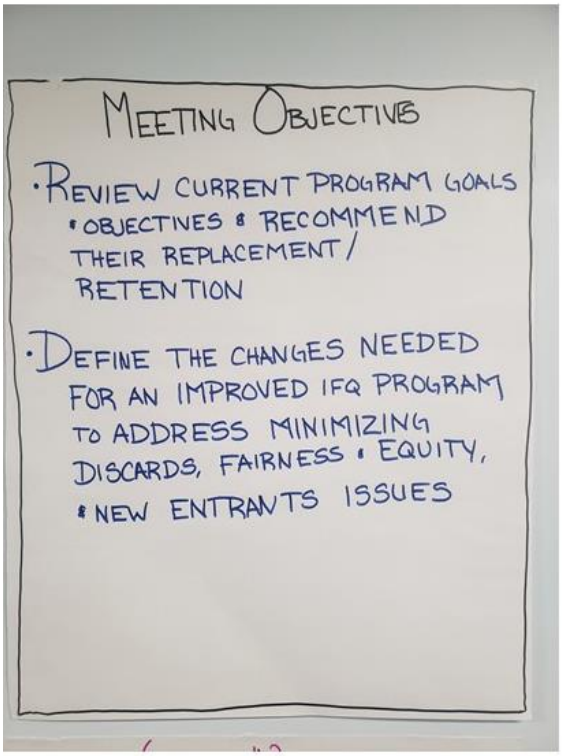
- Welcome, Introductions, and Meeting Format
- Review of Agenda and Meeting Objectives (i.e., Council's charge)
- Review the IFQ Programs' Goals and Objectives
- Assess and Discuss Program Changes
    - Minimizing discards
    - Fairness and equity
    - New entrants
    - Other issues
- Discussion of Next Steps
- Other Business
- Public Comments (taken at the end of each day)

Breaks will be taken during the morning and afternoon sessions, and for lunch.

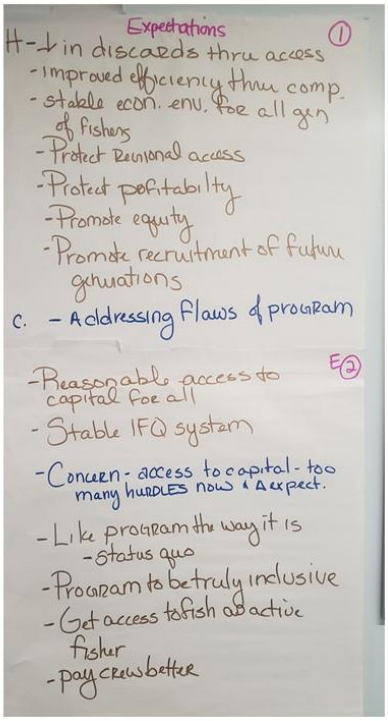
Members:
Laura Chicola – *Permitholder who leases allocation (no shares)*
Jason DeLaCruz – *Dealer*
Brad Gorst – *Crew*
Lance Nacio – *New entrant*
Cliff Penick – *Public participant*
Casey Streeter – *Small shareholder*
David Walker – *Large shareholder*
Jim Zurbrick – *Medium shareholder*
Dr. Andrew Ropicki – *Knowledgeable non-participant*

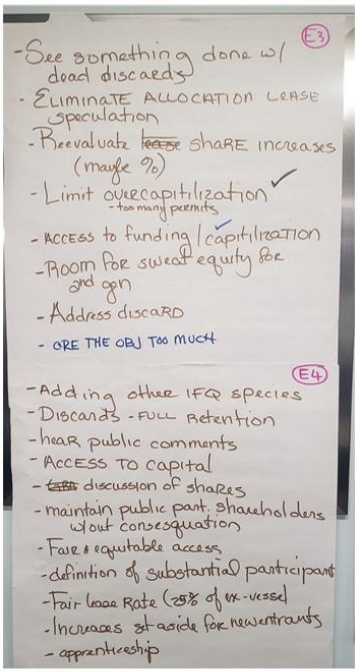
Facilitators: Joy Hazell, Dr. Wendy-Lin Bartels

Appendix B. Images of Work Group Products (Flip Charts)

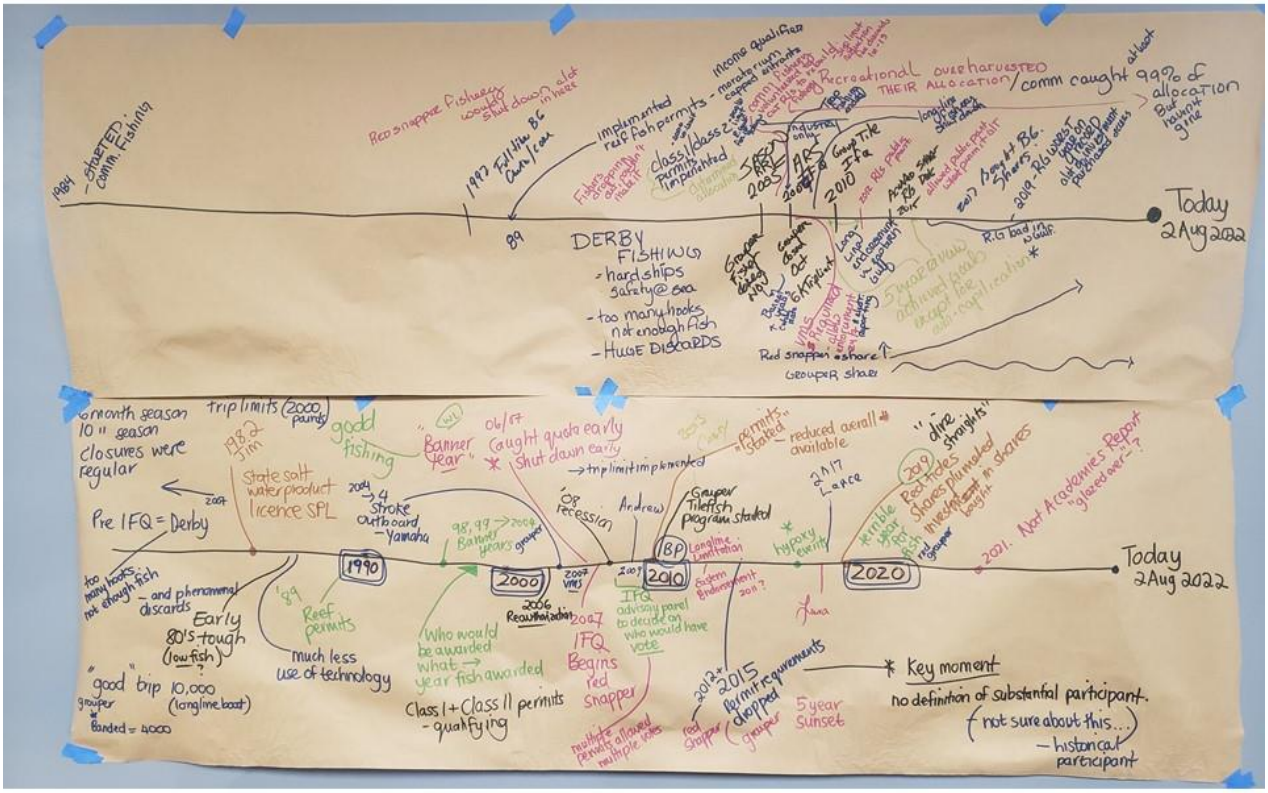


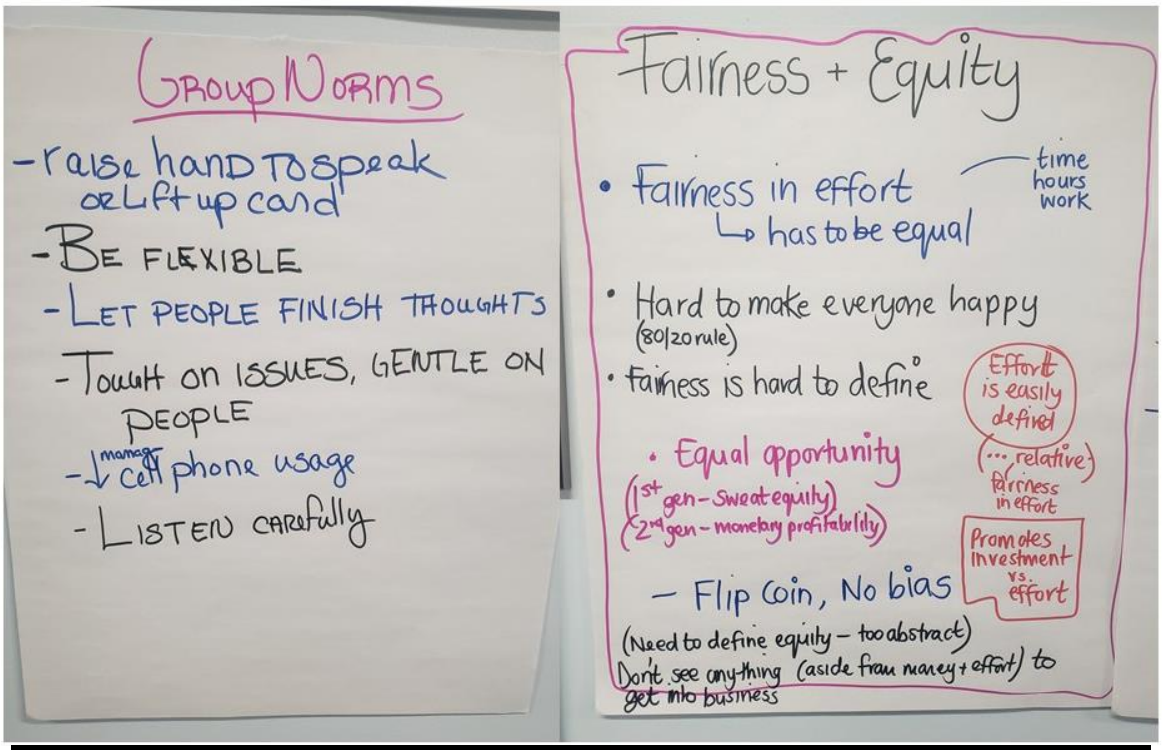
Expect-ations:





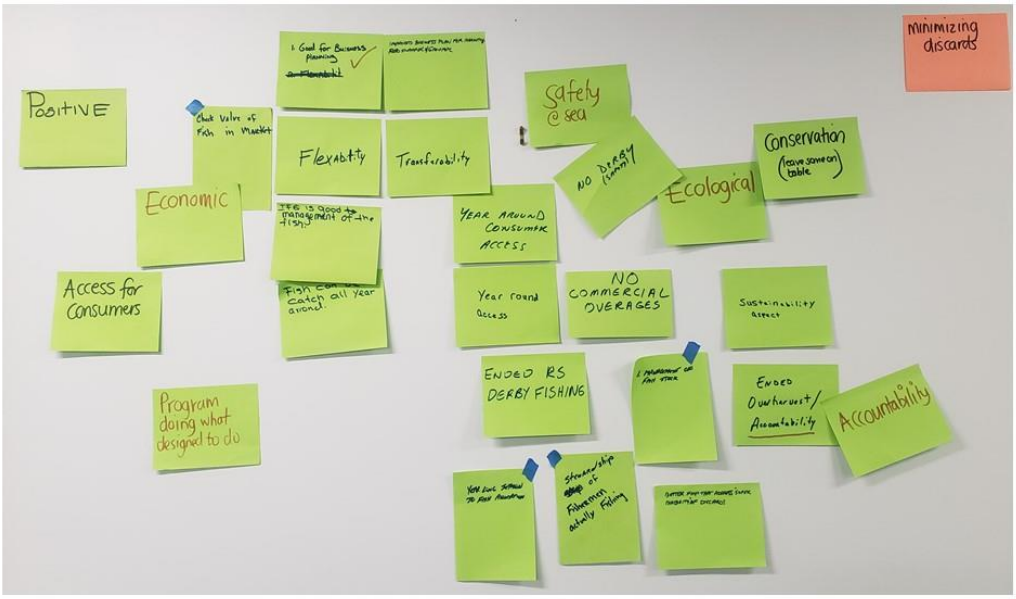
AGENDA
DAY 1.
9:00 a.m. WELCOME & INTROS
10:00 a.m. TIMELINE ACTIVITY
10:45 a.m. BREAK
11:00 a.m. IFQ PROGRAM GOALS
noon LUNCH
1:00 p.m. IFQ PROGRAM DISCUSSION
2:30 p.m. BREAK
2:45 p.m. IFQ PROGRAM CHANGES
4:00 p.m. PUBLIC COMMENT
ADJOURN


1984 - SHORTED Comm. Fishing
Red snapper Fisheries closed shut down alot in 1987
1987 Fall Stu B6 Cam/Lee
implemented reef fish permits
class I/class 2 permits implemented
Recreational OVERHARVESTED THEIR ALLOCATION / comm caught alot 99% of allocation but raised gripe
89
DERBY FISHING
- hardships safety @ sea
- too many hooks not enough fish
- HUGE DISCARDS
Today 2 Aug 2022
Red snapper share
Grouper share
6 month season
10" season
closures were regular
trip limits (2000 pounds)
1982 Jim
good fishing
"Banner Year"
06/07 caught quota early shut down early
trip limit implemented
State salt water product licence SPL
2004 4 stroke outboard - Yamaha
Pre IFQ = Derby
'08 recession
Andrew
Grouper Tilefish program started
permits started
reduced overall # available
2017 Lance
"dire straights"
2019 Red Snapper shares plummeted
2021. Nat Academies Report
1990
2000
2010
2020
Today 2 Aug 2022
too many hooks not enough fish
- and phenomenal discards
Early 80's tough (low fish)
'89 Reef permits
much less use of technology
"good" trip 10,000 (longline boat)
grouper
Banded = 4000
Who would be awarded what year fish awarded
2006 Reauthorization
2007 IFQ Begins red snapper
IFQ advisory panel to decide on who would have vote
Class I + Class II permits - qualifying
multiple allowed permits multiple times
2012 red snapper
2015 permit requirements dropped grouper
5 year sunset
Key moment
no definition of substantial participant.
(not sure about this...)
- historical participant

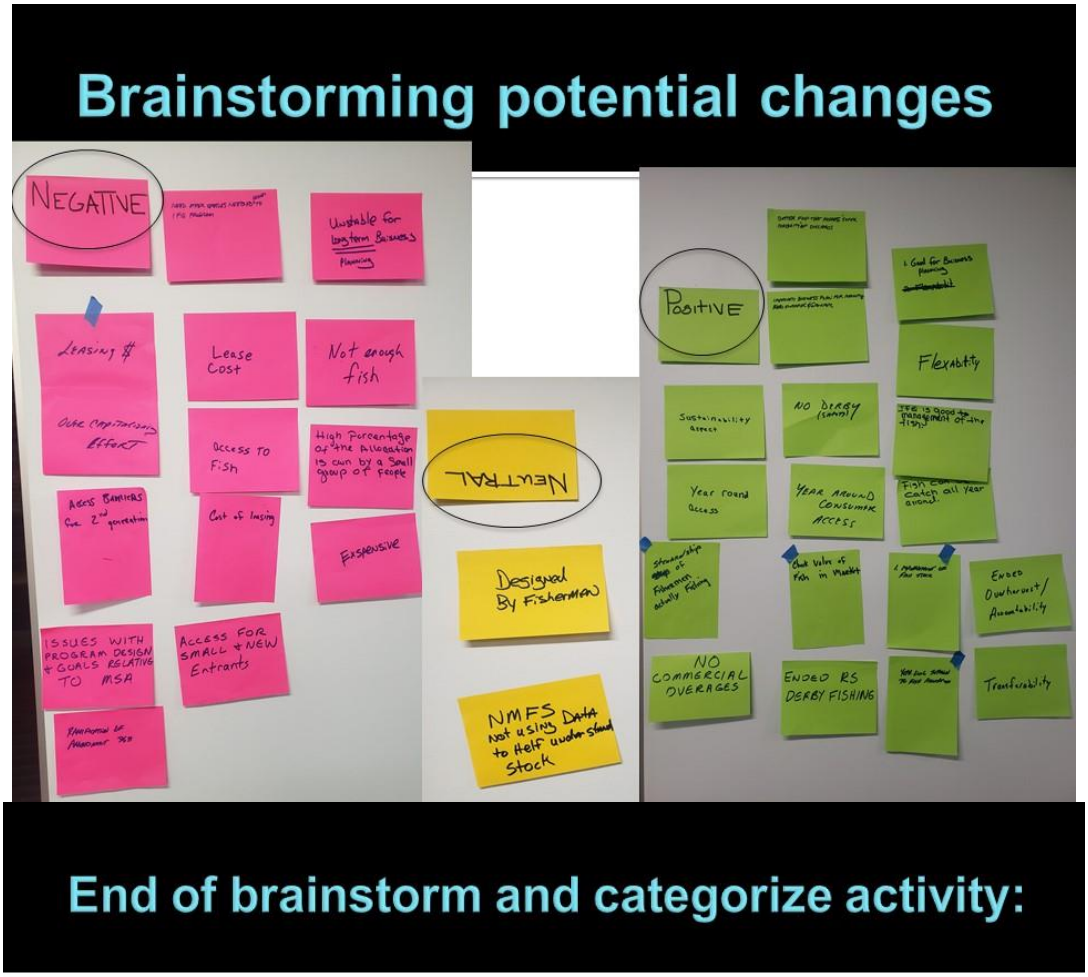


Categorizing changes

Grouping themes (Positives)



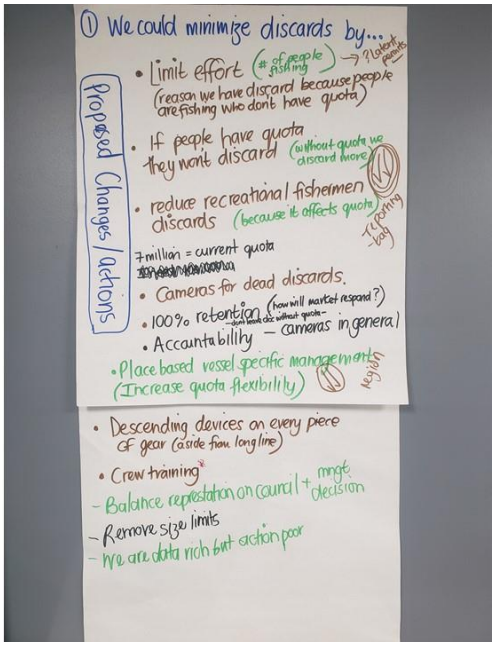
Grouping themes (Negatives)


Brainstorming potential changes
NEGATIVE
Unstable for long term Business Planning
Leasing $
Lease Cost
Not enough fish
Access to Fish
High Percentage of the Allocation is own by a Small group of People
Cost of leasing
EXPENSIVE
ISSUES WITH PROGRAM DESIGN + GOALS RELATIVE TO MSA
ACCESS FOR SMALL + NEW Entrants
NEUTRAL
Designed By Fisherman
NMFS Data not using to Help understand Stock
POSITIVE
Flexability
NO DERBY (sam)
Year round Access
YEAR AROUND CONSUMER ACCESS
NO COMMERCIAL OVERAGES
ENDED RS DERBY FISHING
Transferability
End of brainstorm and categorize activity:

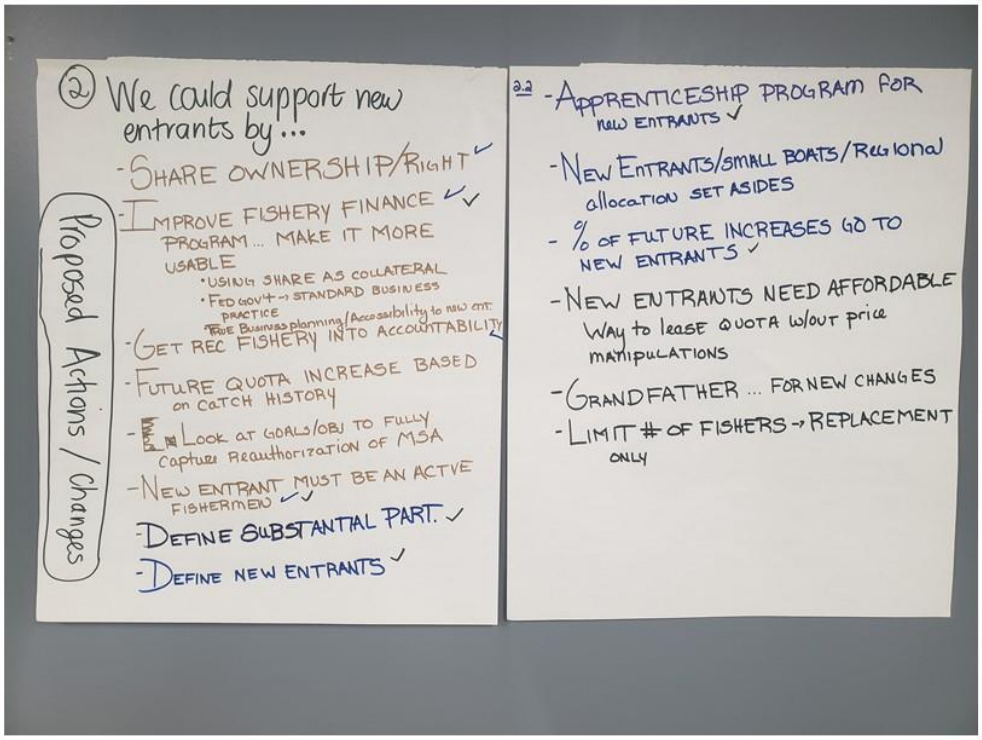
POSITIVE
Economic
Access for consumers
Safety at sea
Conservation
Ecological
NO COMMERCIAL OVERAGES
Accountability
ENDED RS DERBY FISHING
Minimizing discards (1)
Year round Access
Flexability
Transferability
other (3)
NMFS not using Data to help understand Stock
New entrants (2)
Greying of Fleet
Inability to get access to capital (banks)
FLEXIBILITY

Brainstorming activity:

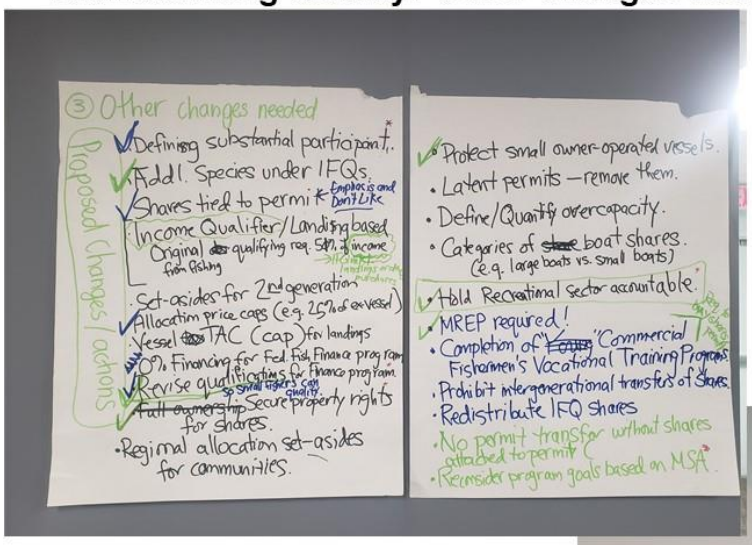
Potential changes or actions to minimize discards

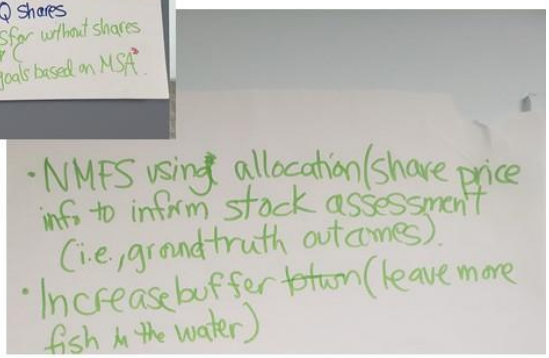


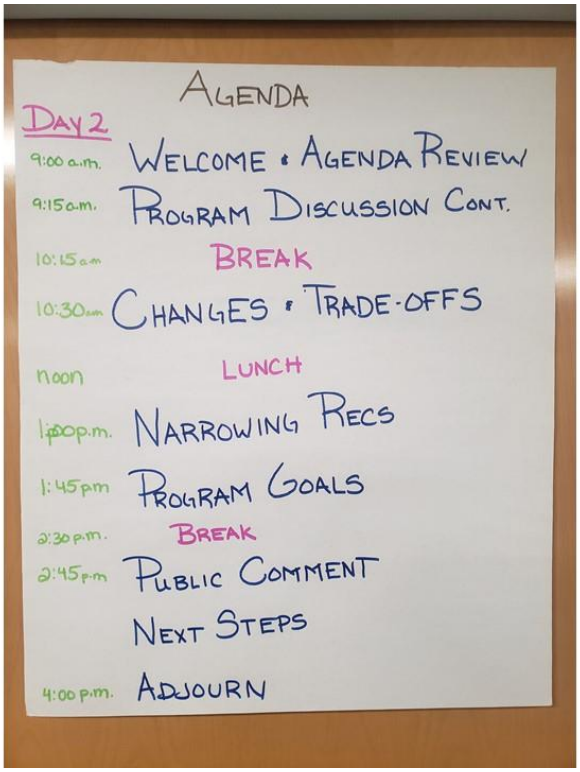
Brainstorming activity: We could support new entrants by …



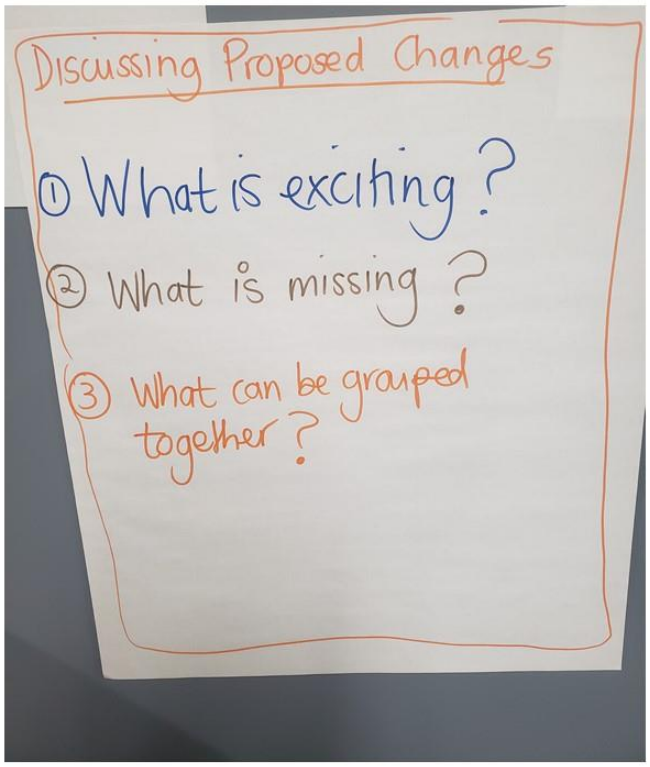
Brainstorming activity: Other changes needed



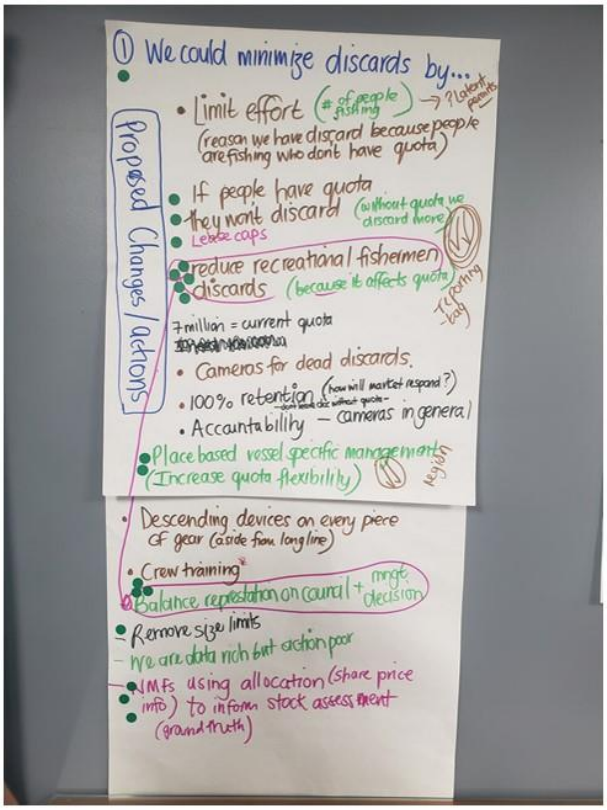




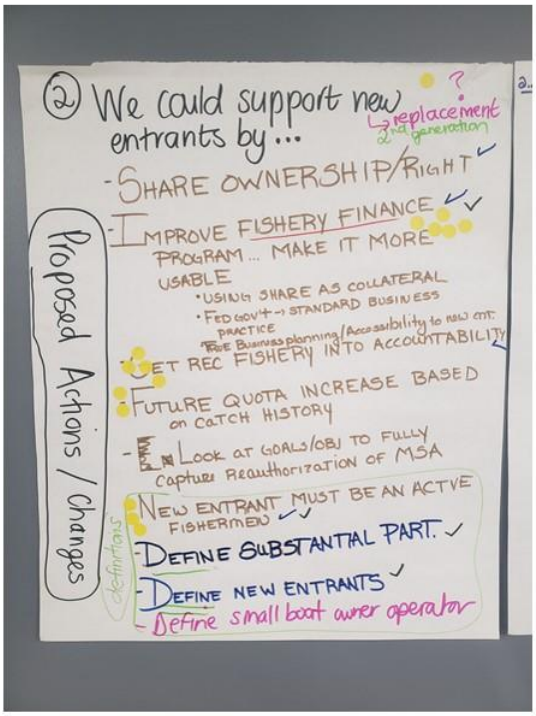
Questions for pairwork discussion regarding lists of proposed changes (Day 1):

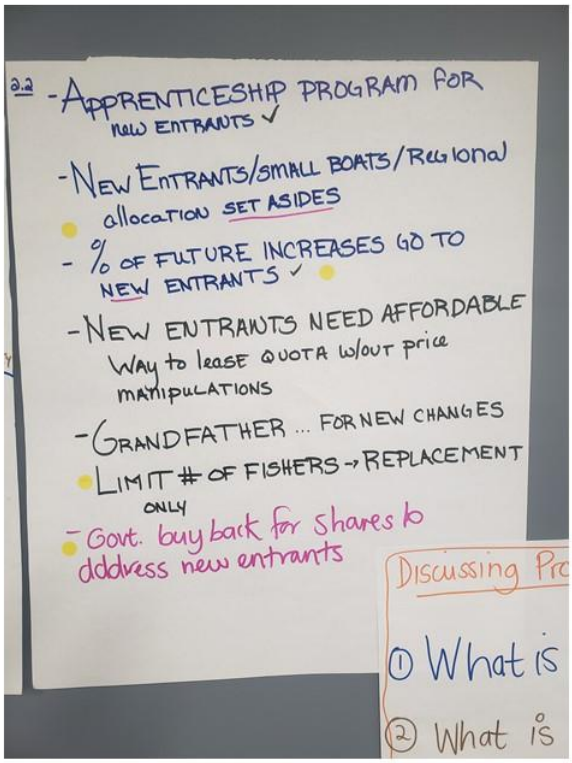


Prioritizing potential changes for minimizing discards:

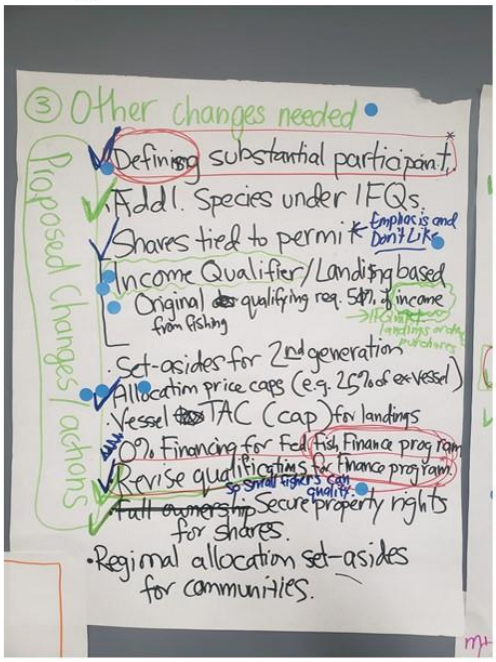


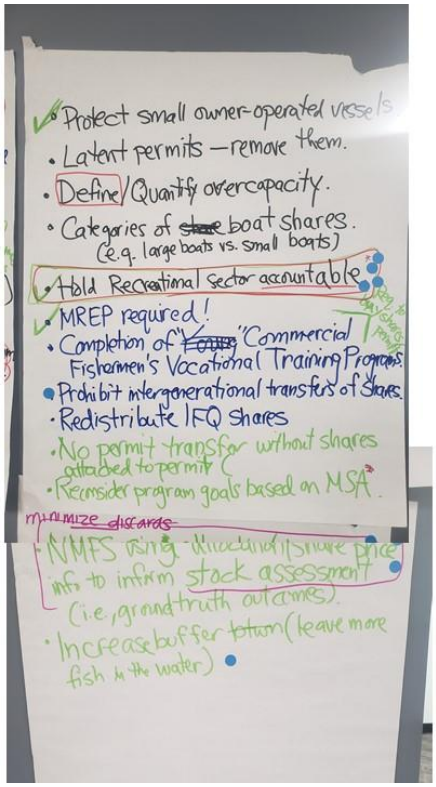
Prioritizing potential changes for supporting new entrants:



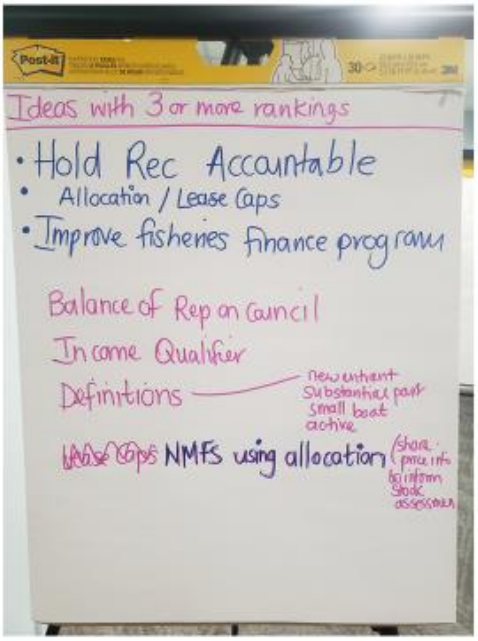


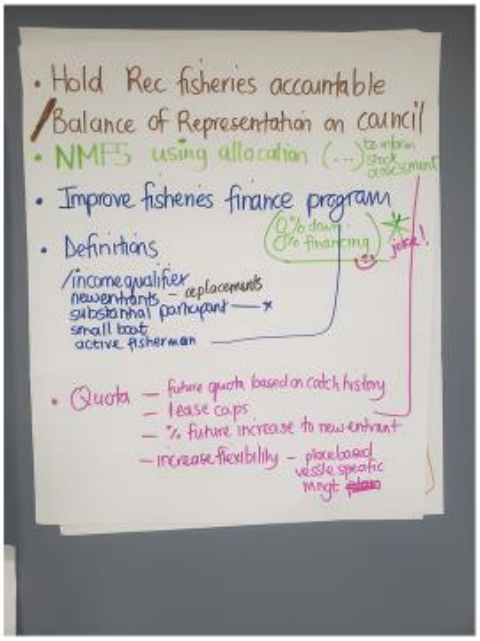
Prioritizing the other potential changes needed:



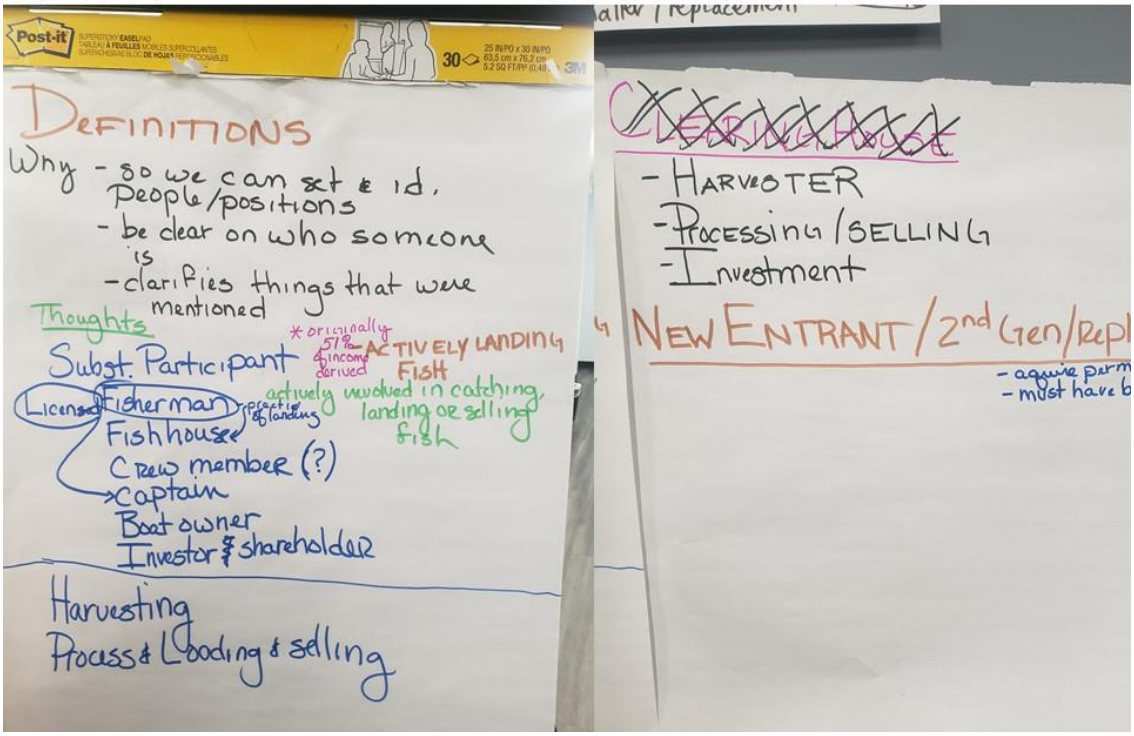


Narrowing ideas for in-depth discussion:

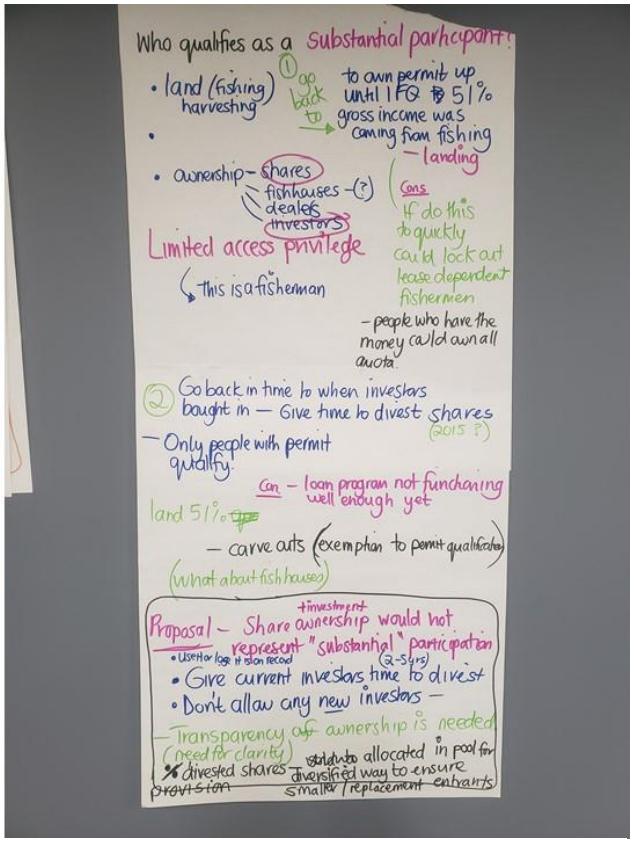




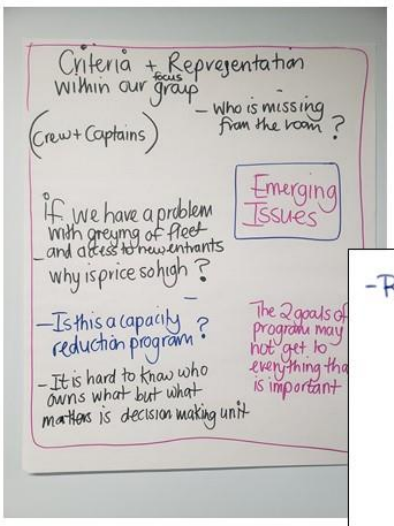
Final discussion: Group 1: Definition of a substantial participant

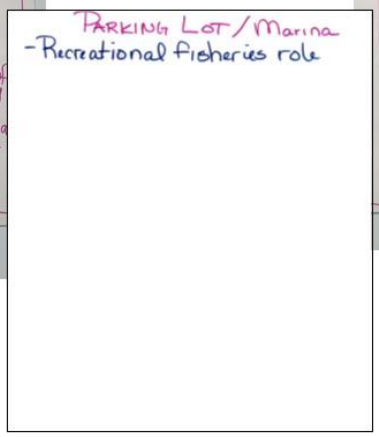


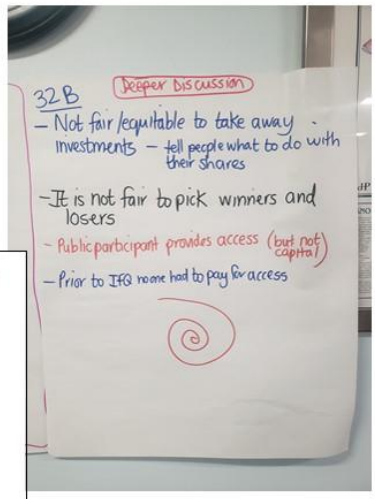
Final discussion: Group 2 Who qualifies as a substantial participant?



Parking Lot/Marina: Emerging issues for further discussion raised during the meeting







Appendix C. Public Comment

Public comment was taken at the end of each day from those attending in-person and virtually.

Audio recording of the meeting is available here:

Public comment from Day 1 begins: 6:55

Public comment from Day 2 begins: 6:03

Appendix D. Summary of Meeting Evaluations

Overview

The Gulf of Mexico Fisheries Council convened nine participants representing different stakes in the Red Snapper-Grouper Tilefish Individual Fishing Quota fishery for a two-day focus group to:

- Review the current IFQ Programs' goals and objectives and recommend their replacement/retention
- Define the changes needed for an improved Red Snapper – Grouper Tilefish IFQ Program to specifically address minimizing discards, fairness and equity and new entrants' issues.

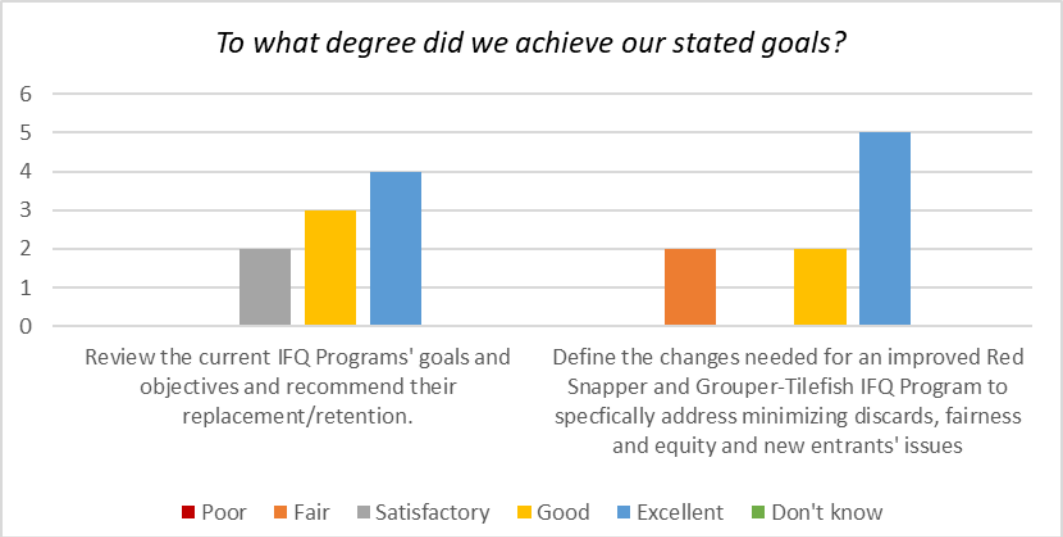
All nine participants completed a focus group evaluation, although not everyone answered every question.

Results

All comments are repeated verbatim below unless the comment could definitively identify the respondent. Two respondents indicated that their positions were targeted by others in the group, those comments are not quoted below.

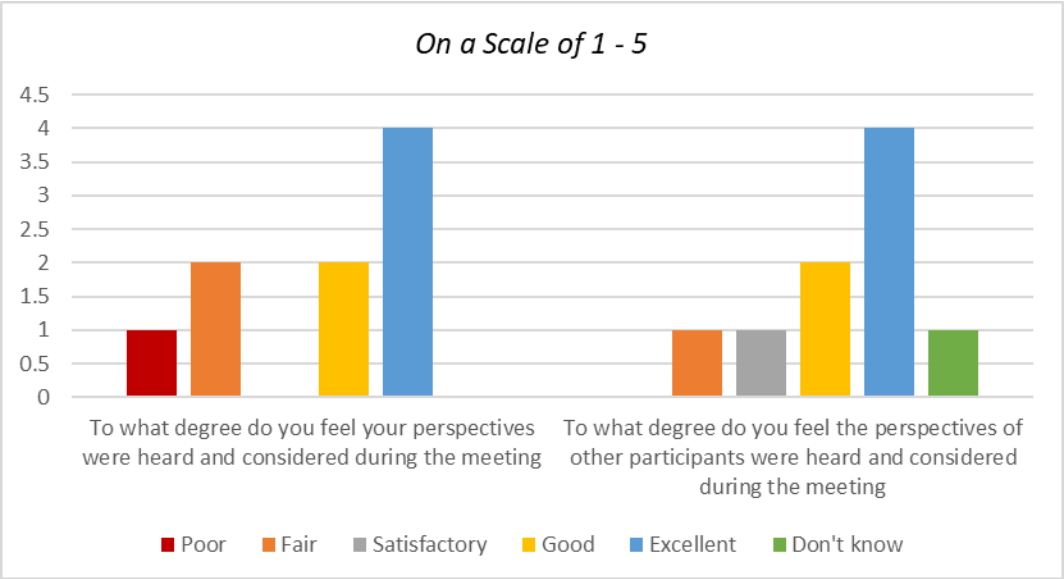
Can you share something that you especially enjoyed during the focus group meeting?

- Being able to brainstorm about possible solutions
- Very tolerant and patient with a tough subject
- Enjoyed meeting members
- Well organized and stayed on task well – difficult given the task
- Enjoyed talking about the real issues our IFQ program has
- The intensity of discussions, variety of opinions
- Impartiality of facilitation



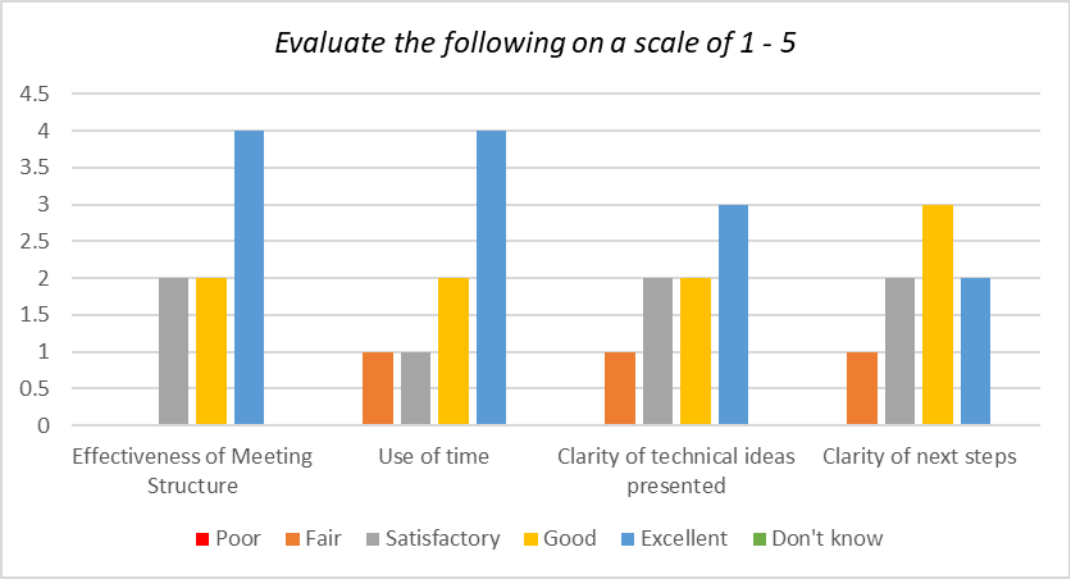
In your view what was the most important outcome of the meeting?

- Possible access to fish
- Exchanging views, different historical or newer entrants
- Beginning a discussion on these issues
- The fact that everyone is so passionate, it led to great discussions
- I think it showed how well the IFQ system was designed



Would you like to elaborate on any of the responses above?

- Not enough industry folks on focus panel
- The crew spot was represented by a shareholder, not a real crew or captain. Because of this the real position that should have had a voice was missing
- Panel stacked against my position



What was missing from our discussion?

- The captain and crew
- More industry input from historical fishing businesses
- Considerations to the consumer that finally is the ones that pay the high prices that we pass onto them
- Cost of being a fisherman

Do you have anything else you would like to tell us or emphasize?

- I'd think more industry folks involved would be of value
- It was disappointing that the captain/crew wasn't.
- How does our council and NMFS want this fishery to look moving forward for the country?