Agenda Item H.7
Supplemental Staff Presentation
March 2025

LIMITED ENTRY FIXED GEAR ACTIONS: GEAR ENDORSEMENTS, COST RECOVERY, AND OTHER ADMINISTRATIVE ACTIONS

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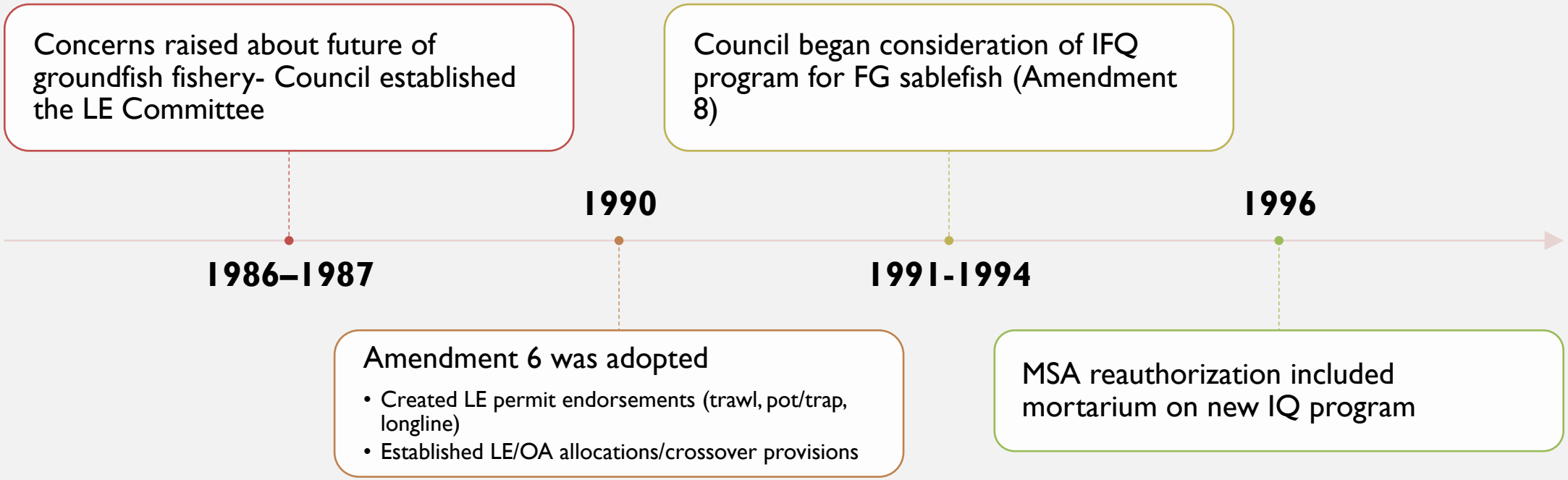
HISTORY OF LIMITED ENTRY FIXED GEAR (LEFG) PROGRAM



HISTORY OF LIMITED ENTRY FIXED GEAR (LEFG) PROGRAM

Early 1990s

FG sablefish fishery had become a "derby" with little as 5 day season

1997

Amendment 9 established sablefish endorsements (equal limits to each permit)

1998

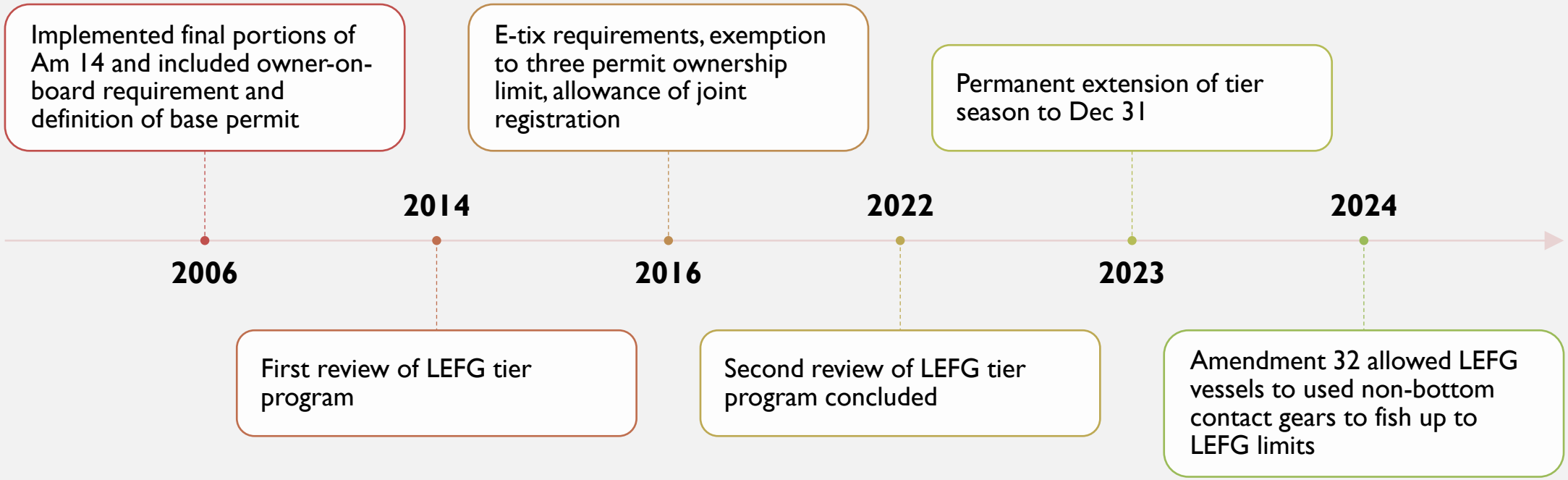
Established permit tiers to address inequity problem of A9

2001

Amendment 14 was implemented after mortarium ended

Allowed up to 3 tiers to be stacked

HISTORY OF LIMITED ENTRY FIXED GEAR (LEFG) PROGRAM



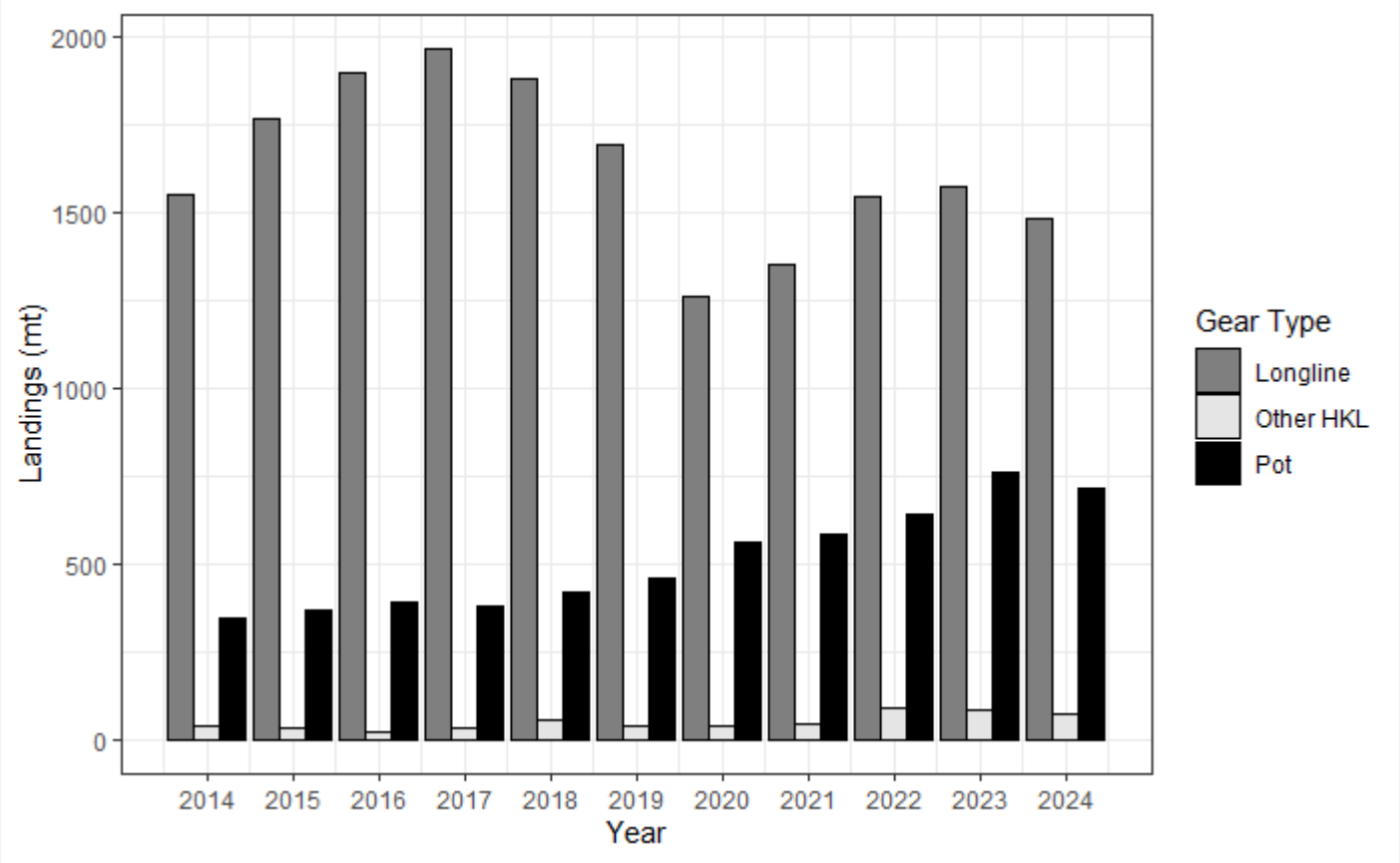
LEFG SECTOR OVERVIEW

- Vessels must be registered to a fixed gear endorsed permit- longline or pot
- Two sectors within LEFG: trip limit and sablefish tier
- Only allowed to fish with gear on registered permit (or would need to declare into OA unless fishing with non-bottom contact gear)

Gear Endorsement	Number of LEFG Permits	Registered in 2024	Number with Sablefish Endorsement (Primary Tier Fishery)	Registered in 2024
Longline	191	130	132	128
Pot	28	22	28	28
Longline and Pot	4	4	4	4

LEFG SECTOR OVERVIEW

- Table 1-3 shows LEFG vessels by gear type used
- Majority of vessels utilize bottom longline gear (decreasing over time)
- Vessels using other types of HKL gear increasing
- Pot gear vessels variable



HISTORY OF ACTION

COUNCIL ACTION

- Consider any revisions to the range of alternatives
- Adopt a preliminary preferred alternative, if possible
- Provide guidance on next steps

PURPOSE AND NEED

Based on the most recent limited entry fixed gear (LEFG) primary sablefish program review, the program is working effectively. However, with changing and unpredictable ocean and market conditions, and an aging fleet, there is a continued need to increase the **flexibility to all LEFG participants to utilize their quota in the most efficient way possible and encourage new participation**. ….This action is **needed to provide increased flexibility to LEFG participants while reducing administrative burdens**.

Additionally, the NMFS has determined that elements of the LEFG sablefish primary fishery (i.e., tier program) are considered cost recoverable. The purpose of this action is to also **develop a cost recovery program**. The action is **needed to meet the Magnuson-Stevens Act requirements for limited access privilege programs** (LAPP) (16 U.S.C. §§ 1853a(e) and 1854(d)(2)).

ACTION ITEMS

Gear Endorsements

Base Permit Designation

Season Start Time

Permit Price Reporting

Cost Recovery Program

GEAR ENDORSEMENTS

NO ACTION

Vessels registered to a LEFG permit(s) would only be able to harvest their limits/quotas with the gear endorsed on a permit, unless using non-bottom contact groundfish gear to harvest up to their LEFG trip limits.

ACTION ALTERNATIVES

- Alternative 1: Vessels registered to bottom longline-endorsed permits would be permitted to also use slinky pots to harvest their quotas.
- Alternative 2: Create a single LEFG endorsed permit (i.e., remove the specific pot and bottom longline endorsements). Vessels registered to a LEFG endorsed permit could utilize either bottom longline or pot gear to harvest their quota.
- Alternative 3: Create a single LE non-trawl endorsed permit. Vessels registered to a permit with this endorsement would be permitted to use any legal non-trawl groundfish gear to harvest their quota.

IMPACTS

MARINE MAMMALS

SEA TURTLES

SEABIRDS

HABITAT

ECONOMIC IMPACTS

SCENARIOS

- Scenario 1: No shift in activity
  - Same as No Action
- Scenario 2: All bottom longline vessels shift to slinky pots
  - Could occur under Alternatives 1-3
- Scenario 3: Bottom longline vessels shift to mix of "traditional" and slinky pots based on size (>50 ft LOA)
  - Could occur under Alternatives 2 and 3
  - Could also seen increase in other hook-and-line gears .
- None of the scenarios look at shift from pot to longline as able to do that now
- ***Likely to see combination of the three under any alternative***

Scenario	LGL	Slinky Pot	Pot
1	119-191		30-32
2	0	119-191	30-32
3	0	92-97	57-94

MARINE MAMMALS

MARINE MAMMALS

- Focus on two distinct population segments (DPS) of humpback whales- Mexico and Central American
  - Hawai'I DPS is not ESA listed
- 3 observed takes in non-trawl fishery since 2002 (LE sabl pot in 2014, OA pot in 2016, PHLB LGL/sabl slinky pot 2023)
- 2024 BiOp uses a predicted species distribution model and co-occurrence of fishing effort
- Key stats
  - September/October- highest rate of co-occurrence with LEFG fishery (all gears)
  - Spatial overlap- ~3/4 off of CA/OR for LE pot with humpback distribution; LE HKL had higher landings into OR/CA than were occurring off those states

ASSUMPTIONS

- Operating under the Fixed Gear Marking and Entanglement Risk Reduction Measures package
  - Focus on voluntary allowance of single vertical line- likely utilized by pot vessels
- Key analytics
  - Soak time
  - Selectivity and CPUE
  - Number of vertical lines and effort

ANALYSIS

- Soak Times
  - 69% of bottom longline sets: <12 hrs
  - 64% of pot sets: 1 day+
- Selectivity and CPUE
  - Slinky pots more selective of sablefish than LGL gear
  - CPUE for bottom longline>slinky pots
  - CPUE: Pot gear > LGL gear
- Vertical Lines
  - Slinky pots likely to be similar to LGL (2-5 sets, two vertical lines/set)
  - "Traditional" pots: 7-14 sets, but likely to utilize single vertical line

SCENARIO 2 (APPLIES TO ALTS 1-3)

- Potential adverse impacts to prey availability- but not certain
  - Several studies from AK on depredation on HKL gears→ NPFMC implemented allowances for slinky pots in sablefish and turbot fisheries to reduce occurrences
  - Worked well for few seasons, but now whales have figured out how to shred pots
- Entanglement Risk Impact
  - Unknown risk of slinky pots compared to "traditional" pots
    - 2023- known entanglement with a slinky pot
  - However, likely to fish similarly to longline gear (soak time, vertical lines, sets)
- Impacts likely neutral

SCENARIO 3 (APPLIES TO ALTS 2 AND 3)

- Potential adverse impacts related to prey availability with pot gear having lower rates of depredation
- Entanglement Risk Impacts
  - Amount of vertical lines and soak time may increase under Scenario 3 when considering the shift of 50 ft LOA vessels to traditional pot gear
  - However, increased CPUE for sablefish (the primary target of pot gear) suggests that fewer trips would be needed to harvest the same amount of quota.
  - While the concentration of vertical lines and gear might increase at a given time, overall amount of gear in the water is likely similar, if fewer trips are taken.
- Overall, impacts likely neutral
  - Could be shift in DPS encountered if effort shifts north

IMPACTS UNDER SCENARIOS/ALTERNATIVES

- Risk of impacts depends on degree of shift from LGL to pot gear, type of pot gear, and fishing time and area
- Scenarios look at the extreme situations- highly unlikely given investments required
- Alt 1 likely similar to No Action
- Alts 2 and 3 likely to have similar impacts given limited interaction with other hook-and-line gears permitted under Alt 3, but potential for expansion of "traditional" pot gear
- Overall, no significant impact anticipated from any of the action alternatives

SEA TURTLES

BIOP ANALYSIS

- Two populations in Pacific Ocean- focus on West Pacific nesting population
- Total nesting population declining by 6%, although some newer data shows some increases in population
- 2024 BiOp used predicted habitat suitability for May, August, and November
- Unlike whales, not much annual variability for seasonal or temporal distribution
- Difficult to determine whether fishing effort/habitat suitability driving co-occurrence

IMPACTS UNDER SCENARIOS/ALTERNATIVES

- Similar to marine mammals, risk to turtles is primarily entanglements
- Depending on alternative and scenario(s), potential for increase in number of vertical lines
- Risk of effort shifting northward and potential risk of entanglement given high habitat suitability for turtles in PNW
  - Limited observations in CCE (specifically in PNW) therefore decreasing risk
- No significant impacts anticipated

SEABIRDS

SEABIRDS IMPACTS

- Primary species of concern= short-tailed albatross (ESA listed)
- ITS: 5 estimated or 1 observed albatross over 2 year period for GF fishery
  - Hasn't been exceeded since last report
- Only observed take of short-tailed albatross was in 2011, in the LEFG longline sablefish fishery
- Under any alternative, GF vessels greater than 26 ft LOA fishing bottom LGL gear subject to seabird mitigation measures

IMPACTS UNDER ALTERNATIVES/SCENARIOS

- Under any of the action alternatives (Alternatives 1-3), it is likely that there would be a decrease in the use of bottom longline gear.
  - Decrease in shift is uncertain, potential for seabird entanglement expected to decrease with increase in pot gear
  - Other OA gears permitted under Alternative 3 are not expected to impact seabirds as they are already used by OA vessels, and there have been minimal observed, non-lethal encounters with seabirds associated with those gear types
- No significant impacts expected under any action alternative

HABITAT

NON-TRAWL HABITAT EFFECTS

- Within non-trawl gear types, habitat more sensitive to bottom longline and pot gear than other types of HKL gears
- Hard bottom most sensitive to pot/longline gears compared to mixed/soft habitats (similar impacts with pot/longline)
- Bottom longline gear 50% less reduction in "functional value" than pot gear in muddy/sandy habitats
- Within all alternatives, all bottom contact EFH conservation areas, groundfish exclusion areas and other closures would remain in place

IMPACTS UNDER SCENARIOS/ALTERNATIVES

- No Action and All Alternatives
  - Bottom contact fishing gears may impact habitat and impacts mitigated through gear restrictions and closed areas
- Alts 1-3 would depend on the change in gear types (combination of scenarios)
  - Alt 1 likely less impacts than Alt 2 and 3 (less "traditional" pot gear), neutral to slightly negative compared to No Action
    - Slinky pot impacts are unknown- but lighter in weight, might have less impact
  - Alts 2 and 3 allow more "traditional" pots- neutral to slightly negative compared to No Action
- Overall, no significant impacts to habitat expected

ECONOMIC IMPACTS

ECONOMIC IMPACTS

Gear Flexibility	Non-Trawl Attainment	Profitability
New Entrants	Permit Prices	Fishing Communities

NON-TRAWL ATTAINMENT

- Alts 1 and 2 likely to be similar to No Action
  - Sablefish N is already highly attained, so increasing pot gear likely little impacts
- Alt 3 likely to generate greatest increases in overall non-trawl attainment
  - Allows any legal non-trawl gear (can target non-sablefish species)
  - Unknown degree of increased attainments and which species

PROFITABILITY

- Sablefish is main driver of LEFG fishery
  - Larger vessels (regardless of gear type) have higher avg trip revenue from sablefish
  - Pot vessels higher revenue from sablefish than LGL vessels
    - Price differential increasing since 2018, with pot $/lb dropped below LGL $/lb
- Analyzed a variety of sample vessels from the line fleet to calculate simplified estimate of net rev if vessel participated in each gear type
  - Only includes ex-vessel rev, fuel costs, and bait costs
  - Other trip costs (labor, ice) and equipment investment costs not included
  - Overestimate of true variable cost net revenue b/c captures all revenue, but not all costs

PROFITABILITY

Table 4-6. Profitability comparison for 40-50 ft vessel, average catch rate.

	Vessel Length	Vessel HP	Number of Trips	Avg. Landings of Sablefish (lbs) per Trip	Total Sablefish (lbs) per year	Non-Sablefish Landings (lbs) per year	Pred Fuel Gallons per trip	Est. Bait Cost	Overall Revenue	Fuel & Bait Costs	Simplified Net Revenue
Average Line	45	262	15	2,000	30,000	5000	138	4,640	96,650	10,850	85,800
Average Pot	45	262	15	2,000	30,000	NA	161	3,420	57,000	10,665	46,330
Improve Catch Rate Pot	45	262	15	4,000	60,000	NA	168	7,200	114,000	14,760	99,230

"Average Line"= standard characteristics of representative sample vessel within line fleet

"Average Pot"= scenario that line vessel switches to pot gear- but holds sablefish constant

"Improved Catch Rate Pot"= scenario in which vessel switches, and increases rate

PROFITABILITY

- Profitability of action alternatives determined by the specific operations of the vessel, including aspects such as vessel configuration and the investment needed to change gears.
- Slinky pot investments < traditional pots investments
- Some shift from bottom longline to slinky pot gear is expected but uncertain.
- Alts 2 and 3 may allow for increased profitability for larger vessels if the catch rate of sablefish is able to compensate for the loss in non-sablefish revenue.
- Overall, it is anticipated that there would be a limited shift in vessels using longline gear to standard pot gear due to the lack of increased profitability under Alts 2 or 3.
- The margins of difference between the gear types are small enough that a change in prices can change the profitability calculations which reiterates the idea that market conditions will be a key driver.

NEW ENTRANTS

- No Action: Need to acquire an LEFG endorsed permit and fish the endorsed gear (or non-bottom contact gear types)
- With each action alternative, there could be increased opportunities for new entrants, particularly for those operating in other sectors.
  - Alt 1: vessels using slinky pots in other fisheries may be motivated to purchase a LGL permit and fish at higher trip limits or potentially tier limits.
  - Alts 2 and 3: Likely that IFQ GS vessels using pot gear to gear switch and which are only licensed for LGL gear in the tier fishery (< 3 vessels), would utilize the increased flexibility to shift to using pot gear under an LEFG permit.
    - Some GS vessels that are permitted for both FG types in the tier fishery have historically used LGL gear in the tier fishery.
  - Alt 3: Encourage new entrants in the form of existing OA fishery participants, who might invest in the LEFG fishery in order to harvest higher limits by utilizing OA gear types

PERMIT PRICES

- No Action- No impact to value of permits
  - 2021 review showed $/lb of tier permits followed $/lb of sablefish
  - Pot permits are limited resource; some comments that more valuable
  - Risk associated with pot gear- value of pot permit could decline
- Action alternatives
  - LGL endorsed permits could increase in value (permit add'l opportunities)
  - Inc. in value dependent on return on investment associated with opportunity
  - Pot-endorsed permits- may or may not be impacted

FISHING COMMUNITIES

- Section 1.5.3 outlines communities that LEFG deliveries, engagement, dependence
- No pot activity in southern CA (due to tier permits being N of 36)
- Most port groups have landings of each type of gear (pot, LGL, other HKL) so could see benefits under any alternative

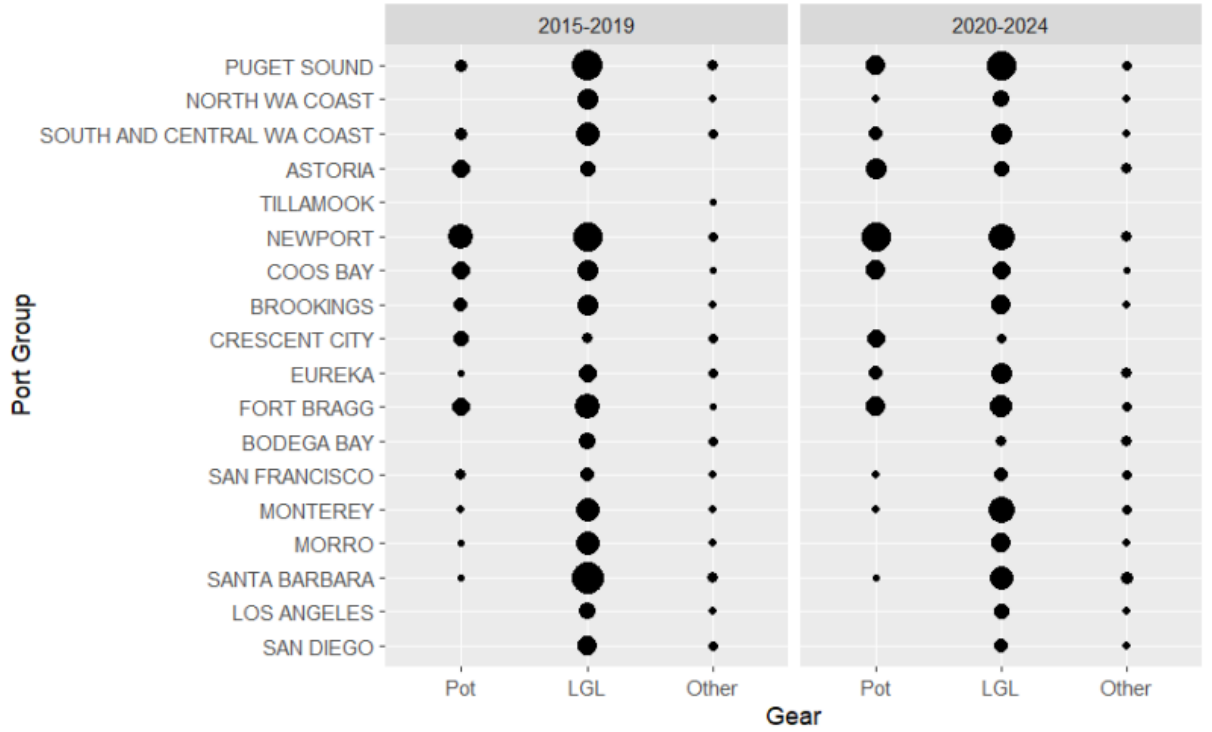


Figure 1-6. Relative average landings by port group, gear group, and era (2015-2019, 2020-2024) for LEFG sector. (LGL=bottom longline, Other= other hook-and-line gears)

AMENDMENT 6 CONSIDERATIONS

HOW THINGS HAVE CHANGED IN 30 YEARS

- Goals and Objectives: reducing harvest capacity with least disruption to fishing practices, accommodating historical participation and investments, reducing conflicts amongst user groups
- Council considered single FG endorsement (like Alt 2) but kept separate because 1. greater constraint on capacity, and 2. connection wasn't stronger than with pot/trawl gears.
  - Capacity would continue to be constrained by permits, market conditions, and other factors
  - Few vessels now use FG/trawl gear, but 6-12 LEFG annually using both gear types
- Am 6- allowing use of both gears could result in increased harvest capacity directed towards a given species.
  - Action alts could be an increase in the use of pot gear in the fishery, which is efficient at targeting sablefish mostly.
  - Nature and extent of the likely shift in gear usage will depend on multiple factors, such as profitability

COUNCIL CONSIDERATION

- FMP describes criteria for making allocations between OA/LE
  - Based on landings from 1980s
- Policy of allowing LE vessels to harvest higher limits than OA still remains via trip limits
- Council could consider amending the FMP to remove Amendment 6 provisions, while retaining policy

ADMINISTRATIVE ITEMS

BASE PERMIT DESIGNATION

- Originally intended to assist in the administration of gear restrictions and length restrictions then under consideration (most not adopted in A14)
- Vessels must be registered to a LE permit with a sablefish endorsement that is within five feet of the vessel length
- Information on the base permit is incomplete
- Length requirement already covered by another regulation
- Alternative 1 would remove the base permit requirement from regulation
  - Unnecessary admin burden→ positive impacts
  - Meets NS7 to reduce unnecessary duplication

REMOVAL OF START/END TIMES

- Regulations currently say that the tier fishery starts on noon on April 1 and ends noon on December 31
- Time reference no longer needed to enforce due to e-tix and longer seasons
- Alternative 1 would remove "noon" from regulations
- No impacts

PERMIT PRICE REPORTING

- No Action: No permit price information is collected when LEFG permits are sold.
- Alternative 1: Owners of all LEFG permits (sablefish and non-sablefish endorsed) would be required to disclose the permit price upon sale to a new owner.
  - Recommendation from both 2014 and 2022 Program Reviews
  - GAP noted could be added to permit transfer application when sold

IMPACTS OF PERMIT PRICE REPORTING

- No Action- Continue to have limited to no information on assessing permit values
- Alternative 1
  - Negligible impacts to industry
  - One time cost to NMFS to change form, ongoing collection of data- but likely minimal
  - Able to assess impacts to permit prices in future

COST RECOVERY

ALTERNATIVES

No Action: No program developed (not consistent with MSA requirements for LAPPs.

Alternative 1: Develop cost recovery program

Suboption a: Vessel owners pay fee

Suboption b: Permit owners pay fee

COST RECOVERY PROGRAM IMPACTS

NO ACTION

- Positive impacts to industry- no cost recovery fees
- NMFS determined out of compliance with MSA for LAPPs

ALTERNATIVE 1

- No estimates for direct program costs (DPCs) available outside of preliminary cost for e-tix
- Preliminary examination of range of costs to vessel owners (Fig 4-2)
- About 60% of vessel owners are thought to own permits
- Net benefit to Nation- shifts responsibility of management of LAPP from general taxpayer to the industry

COUNCIL ACTION

REVISE RANGE OF ALTERNATIVES, AS APPROPRIATE, ADOPT PRELIMINARY PREFERRED ALTERNATIVE, PROVIDE GUIDANCE ON NEXT STEPS