Industry-funded Monitoring Omnibus Amendment

Omnibus and Herring Coverage Target Alternatives

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Presentation Overview

- Purpose and Need
- Omnibus alternatives and impacts
- Goals of coverage target alternatives
- Updated range of coverage target alternatives
- Summary of coverage target biological impacts
- Updates to economic analysis
- Summary of coverage target economic impacts

Purpose and Need

- Allow Councils to implement IFM programs with available Federal funding
- Allow Councils and NMFS to prioritize available Federal funding among FMPs
- Establish monitoring coverage targets for the Atlantic herring and Atlantic mackerel fisheries

General Approach

- Individual FMPs specify coverage *targets*
  - NOT mandatory coverage levels
- Tool to approve Council's desired levels of monitoring above statutory requirements, without NMFS commitment in years when funding is unavailable

Key results if adopted

This amendment would…

- Establish a standardized structure for industry funded programs
- Set coverage targets for herring + mackerel FMPs

This amendment would not…

- Set coverage targets for FMPs other than herring + mackerel
- Result in a guaranteed coverage level for herring + mackerel

Two sets of alternatives

- Omnibus alternatives
  - Apply to all MAFMC and NEFMC FMPs
- Herring and mackerel alternatives
  - Only apply to the herring or mackerel FMPs

OMNIBUS ALTERNATIVES

Omnibus Alternatives

- Alternative 1: No Standardized Industry-Funded Monitoring Programs (No action)
- Alternative 2: Standardized Industry-funded Monitoring Programs
  - Standardize cost responsibilities
  - Framework adjustment process for industry-funded monitoring programs
  - Standardized industry-funded monitoring service provider requirements
  - Prioritization process

Omnibus Alternative 2: Standardized cost responsibilities

NMFS (Administrative) Costs	Industry (Sampling) Costs
Facilities and labor for training and debriefing	Program management and provider overhead
NMFS-issued gear	Salary and per diem for training and debriefing
Certification	Equipment
Vessel selection	Deployments and sampling
Data processing	All other costs
Compliance and safety liaison	

Omnibus Alternative 2: Standardized Costs Responsibilities INDIRECT IMPACTS

Negligible Biological and Economic Impacts

- Process focused, do not impact fishing activity

Omnibus Alternative 2: Framework Adjustment Process

- Details of any industry-funded monitoring program (at-sea, dockside, or electronic monitoring) would be specified/modified in a framework to the relevant FMP.

- Details may include, but are not limited to:
  1. Level and type of coverage target
  2. Rationale for level and type of coverage
  3. Minimum level of coverage necessary
  4. Consideration of coverage waivers
  5. Process for vessel notification and selection
  6. Process for payment of industry cost responsibilities
  7. Standards for monitoring service providers
  8. Any other measures necessary

Omnibus Alternative 2: Framework Adjustment Process INDIRECT IMPACTS

Negligible Biological and Economic Impacts

- Process focused, do not impact fishing activity

Omnibus Alternative 2: Monitoring Service Providers

- Industry contracts with a service provider for monitors or camera systems + review
- Sets up general service provider requirements for at-sea, dockside, and electronic monitoring service providers for all New England and Mid-Atlantic FMPs
- If Councils wish to deviate, could do so on an FMP-by-FMP basis

Omnibus Alternative 2: Monitoring Service Providers INDIRECT IMPACTS

- Biological – low positive
  - Greater consistency in information collection
    → better management of biological resources
- Economic – low positive
  - Potential for industry to negotiate costs
  - May allow for efficiencies in program administration, which could reduce costs
  - Greater consistency in information collection
    →better management of biological resources

Omnibus Alternative 2: Prioritization Process

Reminder of Approach:

- Individual FMPs specify coverage *targets*
- A prioritization process used to determine actual coverage rates for each FMP based on available Federal funding
- Process addresses both New England and Mid-Atlantic FMPs

Omnibus Alternative 2: Prioritization Process

- Deliberative
  - Alternative 2.1 – NMFS-led
  - Alternative 2.2 – Council-led
- Formulaic
  - Alternative 2.3 – Proportional
  - Alternative 2.4 – Coverage Ratio-based
  - Alternative 2.5 – Coverage Ratio-based

Omnibus Alternative 2: Prioritization Process

- Deliberative (Alternatives 2.1 and 2.2)

Pros	Cons
Allows NMFS/Councils to distribute funding based on priorities	Requires rulemaking
Takes objectives and context into account	Timeline > 1yr

Omnibus Alternative 2: Prioritization Process

- Formulaic (Alternatives 2.3, 2.4 and 2.5)

Pros	Cons
Shorter timeline	Not possible to allocate funding based on program design
Adaptive to budget changes and timing	Blunt instrument

Omnibus Alternatives 2.1-2.5: INDIRECT IMPACTS

Biological and Economic Impacts – low positive

- Process considers all IFM programs when deciding how to allocate funding
- 2.1 and 2.2 - Greatest potential positive compared to no action because industry-funded monitoring program design is considered as part of prioritization
- 2.3 – Ensures that all programs get some funding
- 2.3 – 2.5 - Do not consider industry-funded monitoring program design in prioritization

HERRING COVERAGE TARGET ALTERNATIVES

Goals of Monitoring

The Observer Policy and Herring Committees recommended that increased monitoring in the herring fishery address the following goals:

- Accurate estimates of catch (retained and discarded),
- Accurate catch estimates for incidental species for which catch caps apply, and
- Affordable monitoring for the herring fishery

Gear Type	Purse Seine	MWT	Bottom Trawl
Alt 1: No Coverage Target for IFM Programs (No Action)	SBRM	SBRM	SBRM
Alt 2: Coverage Targets Specified for IFM Programs	Includes Sub-Options: Waiver Allowed, Wing Vessel Exemption, 2 Yr Sunset, 2 Yr Re-Evaluation, and 25 mt threshold		
Alt 2.1: 100% NEFOP-Level Coverage on Category A and B Vessels	100% NEFOP	100% NEFOP	100% NEFOP
Alt 2.2: ASM Coverage on Category A and B Vessels	25% - 100% ASM	25% - 100% ASM	25% - 100% ASM
Alt 2.3: Combination Coverage on Category A and B Vessels and Midwater Trawl Fleet	25% - 100% ASM	EM & Portside	25% - 100% ASM
Alt 2.4: EM and Portside Sampling on Midwater Trawl Fleet	SBRM	EM & Portside	SBRM
Alt 2.5: 100% NEFOP-Level Coverage on Midwater Trawl Fleet Fishing in Groundfish Closed Areas	SBRM	100% NEFOP	SBRM
Alt 2.6: Combination Coverage on Midwater Trawl Fleet Fishing in Groundfish Closed Areas	SBRM	Same as 2.2-2.4	SBRM

Herring Monitoring Requirements

- Observers would need to hold a high volume fishery (HVF) certification
- At-sea monitors would need to have a high school diploma or its equivalency
- Observers and at-sea monitors may be deployed on the same vessel for more than two consecutive multi-day trips and more than twice in a given month

How Current Herring Data Used

- Dealer and vessel data are used to estimate landed catch
- SBRM Observer data are used to estimate herring discards
- SBRM Observer data are used to estimate the catch of haddock and river herring and shad
- SBRM Observer data are used to estimate species composition of catch in Groundfish Closed Areas

Haddock Catch Caps

- Haddock caps are equal to 1% of the haddock ABC for each stock – Gulf of Maine and Georges Bank
- Approximately 8.5% of the GB cap (227 mt) has been caught so far this year
- Approximately 0% of the GOM cap (14 mt) has been caught so far this year

River Herring and Shad Catch Caps

- Herring Framework 3 established gear and area specific caps in 2014
- MWT caps exist in Gulf of Maine (86 mt), Cape Cod (13 mt) and Southern New England (124 mt)
- SMBT caps exist in Southern New England (89 mt)
- So far this year approximately 57% of the SNE SMBT cap, 38% of the SNE MWT cap, and 14% of the CC MWT cap have been caught

Groundfish Closed Areas

- Amendment 5 expanded requirements for MWT vessels fishing in Closed Area I to all Groundfish Closed Areas
- Revised SBRM Amendment prohibits observer coverage from being allocated to the Groundfish Closed Areas independent of SBRM
- During 2005-2010, less than 10% of herring effort , 12% of harvest, and 13% of revenue came from Groundfish Closed Areas
- Haddock is the primary non-target species harvested by MWT vessels in Groundfish Closed Areas

Summary of Biological Impacts of Herring Coverage Target Alternatives

- Herring Alternative 1 – Low Positive
- Herring Alternative 2 – Positive
  - Catch and bycatch data collected - Positive
  - Just bycatch data collected - Low Positive
  - Coverage allocated by permit - Low Positive
  - Coverage allocated by fleet - Positive

Updated Economic Analysis

- Previous economic analysis was based on NEFOP data
- Concern that NEFOP data on trip costs underestimated vessel costs
- A survey was offered to herring and mackerel vessels to collect more detailed cost information
- Survey requested information on total trips cost in 2014
- Surveys were completed for 16 of the 26 selected vessels

Cost Category	Average Percent of 2014 Gross Revenue for Herring and Mackerel Vessels	Average Percent of 2014 Gross Revenue for Squid Vessels
Variable Costs	25%	35%
Crew Share	28%	26%
Repair, Maintenance, Upgrades, Haulout (RMUH)	13%	11%
Fixed Costs	19%	21%
Return to Owner (RTO)	15%	7%

Special Considerations Regarding Estimates of Monitoring Costs

- Monitoring program costs vary within and between years
- NMFS costs do not scale well to seaday
- EA presents several industry cost estimates from public sources
- Most recent cost estimates used to analyze impacts of herring and mackerel coverage targets in this amendment

Estimates of Monitoring Costs

	NMFS Cost per Seaday	Industry Cost per Seaday
NEFOP-Level Observer	$479	$818
At-Sea Monitor	$530	$710
Electronic Monitoring	Year 1: $36,000 startup + $97 per seaday Year 2: $97	Year 1: $15,000 startup + $325 per seaday Year 2: $325
Portside	$479-$530	$0.002/lb ($5.12 per mt)

	Gear Type	Paired MWT			
	Return-to-owner (RTO)	$163,080		Seadays	
Alternative	Potential reduction to RTO from coverage	≥1 lb	> 25 MT	≥1 lb	> 25 MT
2.1	100% NEFOP-level	51.6%	41.5%	103	83
2.2	100% ASM	44.9%	36.1%	103	83
	75% ASM	33.7%	27.1%	77	62
	50% ASM	22.6%	18.1%	52	42
	25% ASM	11.4%	9.2%	26	21
2.3	EM/Portside Year 1	44.3%	39.3%	103	83
	EM/Portside Year 2	35.1%	30.1%	103	83
	100% ASM	N/A			
	75% ASM				
	50% ASM				
	25% ASM				
2.4	EM/Portside Year 1	44.3%	39.3%	103	83
	EM/Portside Year 2	35.1%	30.1%	103	83

	Gear Type	Single MWT			
	Return-to-owner (RTO)	$141,169 to $134,205	$149,714 to $141,169	Seadays	
Alternative	Potential reduction to RTO from coverage	≥1 lb	> 25 MT	≥1 lb	> 25 MT
2.1	100% NEFOP-level	16.3%	11.2%	28	19
2.2	100% ASM	14.2%	9.7%	28	19
	75% ASM	10.6%	7.3%	21	15
	50% ASM	7.2%	5.0%	14	10
	25% ASM	3.9%	2.8%	8	6
2.3	EM/Portside Year 1	23.7%	20.3%	23	17
	EM/Portside Year 2	12.5%	10.3%	23	17
	100% ASM	N/A			
	75% ASM				
	50% ASM				
	25% ASM				
2.4	EM/Portside Year 1	23.7%	20.3%	22	17
	EM/Portside Year 2	12.5%	10.3%	22	17

	Gear Type	Purse Seine			
	Return-to-owner (RTO)	$241,180 to $200,564		Seadays	
Alternative	Potential reduction to RTO from coverage	≥1 lb	> 25 MT	≥1 lb	> 25 MT
2.1	100% NEFOP-level	18.9%	9.9%	56	29
2.2	100% ASM	16.5%	8.6%	56	29
	75% ASM	12.4%	6.5%	42	22
	50% ASM	8.2%	4.3%	28	15
	25% ASM	4.2%	2.2%	14	8
2.3	EM/Portside Year 1	N/A			
	EM/Portside Year 2				
	100% ASM	16.4%	8.5%	56	29
	75% ASM	12.3%	6.4%	42	22
	50% ASM	8.2%	4.3%	28	15
	25% ASM	4.2%	2.2%	14	8
2.4	EM/Portside Year 1	N/A			
	EM/Portside Year 2				

	Gear Type	SMBT			
	Return-to-owner (RTO)	$200,564 to $139,994	$200,564 to $163,329	Seadays	
Alternative	Potential reduction to RTO from coverage	≥1 lb	> 25 MT	≥1 lb	> 25 MT
2.1	100% NEFOP-level	12.1%	9.8%	21	20
2.2	100% ASM	10.5%	8.5%	21	20
	75% ASM	8.1%	6.4%	16	15
	50% ASM	5.9%	4.4%	12	10
	25% ASM	3.9%	2.8%	8	6
2.3	EM/Portside Year 1	N/A			
	EM/Portside Year 2				
	100% ASM	9.8%	7.6%	21	20
	75% ASM	7.6%	5.8%	16	13
	50% ASM	5.6%	4.1%	11	9
	25% ASM	3.8%	2.6%	8	6
2.4	EM/Portside Year 1	N/A			
	EM/Portside Year 2				

Alternative	Gear Type	Paired and Single MWT			
	Return-to-owner (RTO)	$266,094		Seadays	
	Potential reduction to RTO from coverage	≥1 lb	> 25 MT	≥1 lb	> 25 MT
2.5	100% NEFOP-level in Groundfish Closed Areas	3.5%	2.4%	11	8
2.6	Coverage would match requirement for fishery (2.2-2.4)	Potential reduction to RTO from coverage is included in Alternatives 2.2 to 2.4			

Summary of Potential Reduction in RTO From Monitoring Costs

- Herring Alternative 2.1 – 51.6% to 9.8%
- Herring Alternative 2.2 – 44.9% to 2.2%
- Herring Alternative 2.3 – 43.3% to 2.2%
- Herring Alternative 2.4 – 43.3% to 10.3%
- Herring Alternative 2.5 – 3.5% to 2.4%
- Herring Alternative 2.6 – Same as 2.2 to 2.4

Conclusions of Economic Analysis

- Paired MWT vessels have highest monitoring costs as a percentage of RTO because of more seadays
- Exempting trips that catch < 25 mt of herring reduces monitoring costs, up to 50% for purse seine vessels
- Revenue sources differ across gear types, 50% of SMBT revenue is non-herring
- EM and Portside is less expensive than ASM for paired MWT but not single MWT

Coverage Target Considerations

- Type of information collected and program cost are two major considerations with industry-funded monitoring
- Benefits of increased monitoring should equal or outweigh the costs of monitoring
- If Sub-Option 1 is not selected and fishing effort is reduced to match available monitoring, OY may not be achieved
- FMPs should allow OY to be achieved on a continuing basis, if not then FMP should be revised to be less restrictive

Timeline

Dates	Meeting/Deadline	Action
September 2015	Herring and Observer Policy Committee Meetings	
September 11, 2015	NEFMC Briefing book deadline	Revised EA complete for release
September 29 – October 1, 2015	NEFMC Meeting	NEFMC selects preferred alternatives
October 6 – 8, 2015	MAFMC Meeting	MAFMC selects preferred alternatives
October/November 2015		30-day comment period on draft EA
January 2016	NEFMC Meeting	NEFMC takes final action
February 2016	MAFMC Meeting	MAFMC takes final action
March - June 2016		EA finalized, proposed rule and final rulemaking
July 2016		Final rule effective