Exempted Fishing Permit Application - Year Round Allocation Pilot Program
South Atlantic Commercial Fishing Collaborative
February 6, 2017

1. The applicant's name, mailing address, and telephone number.

The South Atlantic Commercial Fishing Collaborative
c/o

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The South Atlantic Commercial Fishing Collaborative currently consists of the following members:

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2. A statement of the purpose and goals of the exempted fishery for which an EFP is needed, including justification for the issuance of the EFP.

2.1 – Purpose and Goals

We request approval by the National Marine Fisheries Service (NMFS) for a two-year Exempted Fishing Permit (EFP) for limited testing of an alternative management system for up to 25 vessels (+/-) in the commercial South Atlantic snapper grouper fishery in 2018 and 2019. The South Atlantic Commercial Fishing Collaborative (Collaborative) seeks to conduct a pilot program that builds on the successes and shortcomings of similar annual allocation programs in the US. We propose to conduct a pilot program to evaluate the efficacy of an allocation-based system to more effectively manage six snapper grouper species/complexes:

1. Blueline Tilefish
2. Gag Grouper
3. Gray Triggerfish
4. Greater Amberjack
5. Jacks Complex
6. Vermillion Snapper.

Exemptions
For the purpose of this pilot program, we request that we be exempted from the following regulations pertaining to the above-mentioned species:

1. Trip limits and in-season accountability measures that close the overall annual catch limit (ACL) when it is met or projected to be met.
    a. 50 CFR §622.183(b)(1)
    b. 50 CFR §622.183(b)(5)
    c. 50 CFR §622.187
    d. 50 CFR §622.191
    e. 50 CFR §622.192
    f. 50 CFR §622.193
2. Any other necessary or appropriate regulations as determined by NMFS to carry out the pilot program.

Problem and Solution
Commercial snapper grouper fishermen in the South Atlantic are faced with short, derby-style fishing seasons for a number of commercially-important species. This results in quota overages, extensive discarding, and instability in the marketplace that generates considerable fluctuations in price.

The Collaborative proposes to begin to address these problems by managing the limited testing an alternative approach to managing these snapper grouper species for a subset of vertical line (bandit)/handgear, benthic longline and spear fishermen by shifting management regime from an input-based system (e.g. trip limits and seasons) to an output-based system (e.g. allocations). We are attempting to do this because we believe that an output-based system can provide increased conservation and economic benefits that will enable us to operate more stable and profitable businesses that are more fully invested in the long term health of the South Atlantic snapper grouper resource.

Goal
The goal of the South Atlantic Year Round Allocation Pilot Program is to:

1. Assess the viability of year-round allocation management system to determine whether this program can achieve conservation and socio-economic objectives more effectively than the existing management system.

Objectives
The objectives of the South Atlantic Year Round Allocation Pilot Program are to:

1. Biological
    a. Investigate an alternative management technique that may help end overfishing.
    b. Prevent/reduce ACL overages.
    c. Reduce discards and discard mortality on the species or species complexes listed above.
    d. Improve catch (landings and discard) accounting.
2. Economic
    a. Achieve a year-round fishery.
    b. Improve profitability of fishing businesses through flexibility of fishing.

3. Social
    a. Increase fishery stability.
    b. Retain fleet characteristics.
    c. Increase capacity for and support of industry involvement in management.
    d. Conduct a comparative socio-economic analysis between the existing commercial snapper grouper industry, and the Pilot Program before, during, and after the pilot program, to determine the potential economic impacts of an alternative management method on the commercial snapper grouper industry.
4. Management
    a. Test the effectiveness in providing accurate, near-real-time catch and effort data through an electronic data collection system.
    b. Test the administrative aspects of this program in the South Atlantic, including VMS monitoring and tracking/transfer of shares/allocation.

History

The Snapper Grouper Fishery Management Plan (FMP) was first implemented in 1983. Initially, FMP regulations consisted of minimum sizes, gear restrictions, and a provision for the designation of special management zones. The objectives of the plan are to "prevent recruitment overfishing in all species and prevent growth overfishing of each species except where growth overfishing is justified by social and economic considerations, collect the necessary data to monitor the fishery and promote orderly utilization of the resource." The condition of many of the species within the snapper grouper complex was, and still is, unknown. Improved data collection (in terms of quantity and quality) has provided more management information on some of the more commercially and recreationally valuable species, but lack of basic management data on many of the species still remains the major obstacle to successful management.

In July 1991, NMFS established a control date that determined that anyone entering the federal snapper grouper fishery in the exclusive economic zone off the South Atlantic after July 30, 1991 was not assured of future access if limited entry program was developed. In the following years, management specifications and size limits were determined for a number of snapper grouper species and a commercial fishing permit was required for the first time. Limited eligibility for the snapper grouper fishery was established in 1998 and additional permitting restrictions were put into place. To address overcapitalization in the fishery, the South Atlantic Fishery Management Council (South Atlantic Council) established a program to limit effort. Beginning in 1998, anyone wishing to enter the commercial snapper grouper fishery must buy two transferable vessel permits in order to qualify for a newly issued permit, thus eliminating one permit each time a new person enters the fishery. Known as the "2 for 1" program, this management measure has been effective in reducing participation in the fishery and pressure on the resource. This program will continue until the number of permits has been reduced to an optimum level to be determined based on the long-term yield of the fishery.

A number of stock status determinations were made in 1999 while fishery management input controls continued to be modified in the subsequent years. By 2005, the South Atlantic Council established another control date (October 14, 2005) to further limit participation or effort in the commercial snapper grouper fishery. This happened again 2007 (March 8). In 2011, ACLs, annual catch targets (ACTs), and accountability measures (AMs) were specified for species undergoing

overfishing and management measures were modified again so as to limit harvest to the ACL or ACT. In 2012, acceptable biological catches (ABCs) and ABC control rules, as well as ACLs and AMs were established for species not undergoing overfishing. ACTs were considered later that same year. Management measures and specifications continued to be adjusted on a regular basis annually through present-day.

A total of 59 species of fish are presently included in the Snapper Grouper management complex. They are currently managed by a suite of input controls including commercial trip limits and commercial closures, requirements for circle hooks and use of dehooking tools, size and trip limits, and an annual shallow-water grouper spawning closure January 1 through April 30 for specific species. These measures are in place to ensure the commercial sector remains under the ACTs/ACLs for the species in question and to meet the goals of the FMP.

In December 2012, the South Atlantic Council began its Visioning Project to construct a long-term vision for the snapper grouper fishery through development of a strategic plan for the fishery that would guide management actions into the future. The South Atlantic Council sought stakeholder input early in the process and held a series of 26 informal meetings to solicit stakeholder input in coastal communities throughout the South Atlantic region. Of particular importance to this proposal is the following language in the Draft Vision Blueprint for the Snapper Grouper Fishery in the South Atlantic:

Goal: Adopt management strategies for the snapper grouper fishery that rebuild and maintain fishery resources, adapt to regional differences in the fishery, and consider the social and economic needs of fishing communities.

Objective 1: Develop management measures that consider sub-regional differences and issues within the fishery.

Strategy 1.1: Consider development of different types of quota-based management systems.

Action B: Consider voluntary sector share management, community-based quota management (commercial and for-hire), and individual fishing quota management systems.

Action C: Employ tools to gauge snapper grouper permit holder support prior to consideration of any new potential individual fishing quota program (i.e. referendum for commercial sector, surveys, etc).

In December 2015, after three years of work on the Vision Blueprint, the South Atlantic Council adopted the 2016-2020 Vision Blueprint for the snapper grouper fishery. While Objective 1/Strategy 1.1 was ultimately moved to "Items Not Considered for 2016-2020," a number of the goals and objectives of the Vision Blueprint are aligned with this program, including:

Goal 1, Objective 1 **Promote collection of quality data to support management plans and programs considered by the Council.**

- Implementation of this EFP would improve timeliness and accuracy of catch accounting for EFP members, which could help inform

more comprehensive, region-wide improvements to the existing data collection process.

Goal 1, Objective 2 **Encourage development of mechanisms to effectively engage and collaborate with stakeholders on cooperative research, data collection, and analysis.**

- Implementation of this EFP would galvanize a collaborative approach to developing and managing an alternative allocation-based management system with members from a number of South Atlantic states using a range of snapper grouper fishing gear types.

Goal 2, Objective 1 **Develop management measures that consider subregional differences and issues within the fishery.**

- Implementation of this EFP would allow temporary, regulated allocation transfers across regions that would allow for balancing of catch portfolios. This would help ensure that discards are reduced and that profitability is maximized within the allocation amounts.

Goal 2, Objective 2 **Develop innovative management measures that allow consistent access to the fishery for all sectors.**

- Implementation of this EFP would exempt members from non-spawning seasonal access restrictions in favor of annual limits on allocation landings. This would improve flexibility in accessing these species and should improve profitability of this fishing trips.

Goal 2, Objective 3 **Ensure that management decisions help maximize social and economic opportunity for all sectors.**

- Implementation of this EFP would support a collaborative approach to improving the management of the snapper grouper species in question by engaging fishermen to develop an alternative allocation management strategy. Such a strategy would increase efficiency, reduce trip costs, and promote improved profitability of trips.

Goal 4, Objective 1 **Create an accountable and flexible decision making process for development and evaluation of management measures.**

- Implementation of this EFP would embody this objective – EFP members seek an accountable and flexible management strategy to improve conservation (reduce discards), improve profitability, improve safety at sea, and address other goals and objectives listed above. Implementation of this EFP falls squarely under this Vision Blueprint objective.

Goal 4, Objective 2 **Build capacity to streamline management efforts and better coordinate with management partners.**

- Implementation of this EFP would bring together fishermen across South Atlantic states and four different gear types to develop a

proposal for an alternative allocation management program. By identifying a manager and organizational structure, the Collaborative demonstrates its commitment to the grassroots development of an improved snapper grouper management strategy.

2.2 – Structure of the Proposed Program

Species

Participants in this program plan to target the following species:[1,2]

- *Blueline Tilefish*
  - Stock is not overfished but experiencing overfishing.
  - Commercial quota overages have occurred in two of the last three years with landings records available (2014-2016).
  - The commercial sector has exceeded its quota in 2014 (28%) and 2015 (342%).
  - The commercial fishing season closed early in 2014 and 2015.
  - Quotas have generally declined since landings records became available in 2014.
- *Gag Grouper*
  - Stock is neither overfished nor experiencing overfishing.
  - Commercial quota overages have occurred in six of the last eight years with landings records available (2009-2016).
  - The commercial sector has exceeded its quota by an average of 15% over the last five years, including a 25% overage in 2012.
  - The commercial season has closed early in 2012, 2013, and 2014.
  - In 2012, the commercial season closed on October 20 and reopened November 13 through November 21, which caused a quota overage.
  - Quotas have generally declined since landings records became available in 2009.
- *Gray Triggerfish*
  - Stock is neither overfished nor experiencing overfishing.
  - Commercial quota overages have occurred in three of the last six years/seasons.
  - The commercial sector has exceeded its quota by an average of 18% over the last seven years, including a 33% overage in the first half of 2015.[3]
  - The commercial fishing season closed early in 100% of the last six years/seasons.
  - In 2012, the commercial season closed on September 11 and reopened December 12 through December 19, which caused a quota overage.
  - Quotas have generally declined since landings records became available in 2014.
- *Greater Amberjack*
  - Stock is neither overfished nor experiencing overfishing.
  - Commercial quota overages have occurred in two of the last five years.
  - Substantial commercial quota underages (< 85% utilization) have occurred in five of the last 10 years, with an average of 65% utilization and a low of 46% utilization in 2007.
- *Jacks Complex*
  - Stock is neither overfished nor experiencing overfishing.

[1] http://sero.nmfs.noaa.gov/sustainable_fisheries/acl_monitoring/commercial_sa/historical/index.html

[2] http://www.nmfs.noaa.gov/sfa/fisheries_eco/status_of_fisheries/archive/2015/2015_status_of_stocks_updated.pdf

[3] This may have been due to the South Atlantic Council creating two 6-month seasons in the middle of the season

    - Commercial quota overages have occurred in all five of the years with landings records available (2012-2016).
    - The commercial sector has exceeded its quota by an average of 24% over the last five years, including a 72% overage in 2012.
    - The commercial fishing season has never lasted past August 9 of any year, with most seasons being shut down by July 15.
    - Quotas have generally declined since landings records became available in 2012.
- *Vermillion Snapper*
    - Stock is neither overfished nor experiencing overfishing.
    - Commercial quota overages have occurred in 14 of the last 18 years, including a 95% overage in the first half of 2011.
    - A substantial commercial quota underage occurred in the first half of 2013 (65% utilization).[4]
    - The commercial fishing season closed early in 12 of the last 13 seasons.

In addition to these target species, program participants expect to harvest the following non-target species such as banded rudderfish, mutton snapper, hogfish, scamp grouper, and other snapper, grouper, and reef fish species regularly harvested on similar spatio-temporal trips using the gear types in question, to the extent permitted by regulations. Retention of non-target species will occur only if seasonal or other management measures permit; retention will not occur if seasons are closed for these species.

Eligibility and Participation

2.2.1 – Participation - Fishermen

- In order to be eligible to participate in the pilot program, commercial snapper-grouper fishermen must:
    - Have an active unlimited commercial snapper grouper permit and vessel.
    - Demonstrate 2,000 pounds of landings of aggregate snapper-grouper species managed under the Snapper Grouper FMP in 2014-2015.
    - Report and manage their allocation through the SERO Catch Share system.
    - Maintain an active VMS unit onboard for reporting compliance.
    - Agree to operate by the rules/requirements of the EFP and sign a binding Operations Plan and Agreement.
- Fishermen will not be allowed to join or leave the program mid-year. Participants agree to fish within the EFP for the entirety of the fishing year.
- Any participant who withdraws from the EFP program within the fishing year forgoes any further privilege to harvest or retain the allocated species for the remainder of the fishing year, even if the regular commercial fishing season is open.
- At the end of 2018, participants can choose to opt out of the pilot program and not participate for 2019. The Collaborative is provided the flexibility to add new participants prior to the start of the 2019 fishing year to the extent permitted by NMFS.
- When a participant has used all the allocation in their account they will cease harvesting the species listed above, unless they obtain additional allocation from another participant.

[4] This may have been due to a reporting problem with the Atlantic Coast Cooperative Statistics Program.

- The participating Collaborative vessels are expected to retain all legal-sized allocated species as long as the vessel's allocation has not been exceeded.
- Should a participating vessel's harvest during a specific trip exceed the allocation available in the vessel account, the participating vessel captain or owner must acquire, through transfer, sufficient allocation into the vessel account prior to submitting a landing notification.
- When a participant has exhausted their assigned allocation in their vessel account or when the fishing year has ended (whichever comes first), the participating vessel must cease targeted fishing for allocated species and may not retain allocated species during any trip targeting other species.
- No additional allocated species shall be retained until that participant acquires additional quota allocation from other Collaborative members or from the Collaborative manager to take additional trips to target or retain allocated species.
- As a participating captain is leaving the dock, he/she will submit a fishing declaration ("hail out") using a VMS device, and will receive a confirmation number for that particular trip.
- At least three hours prior to returning to the dock, the captain will enter a landing notification using a VMS device, providing the vessel name, location of landing, time of landing, species, and estimated poundage of allocated species onboard and discarded.
- At the end of the trip, the captain will report catch, effort, and financial data to NMFS through the Catch Share system.

2.2.2 – Participation – Dealers

In order to be eligible to participate in the pilot program, Commercial snapper grouper dealers must:

- Collect and report catch, effort, and economic data to SERO electronically and on a timetable as required by NMFS.
- Agree to operate by the rules/requirements of the EFP and sign a binding Operations Plan and Agreement.

2.2.3 – Allocation

- NMFS will allocate the species in question to the Collaborative based on landings history of the Collaborative members between the years of 2008 and 2015 (eight years, with the highest and lowest years dropped). This will ensure a balance of historical and present participation. Members will drop their highest and lowest landings years for each species, resulting in a six year allocation baseline. This demonstrates the Collaborative's commitment to fairness among members. The amount of historical landings by Collaborative members relative to the amount of total landings by all commercial snapper grouper fishermen in the South Atlantic will represent the Collaborative's share of the 2018 and 2019 commercial ACLs for the species/complex in question.
- The Collaborative will redistribute this allocation to members in the form of a species-based individual transferable quota (ITQ, or IFQ). Temporary transfer of allocation is permitted within the Collaborative in order to balance catch portfolios, provide flexibility to stay within catch limits, and increase the likelihood that the pilot program will achieve optimum yield. This transferability will be limited to 80% of each allocation (e.g. no more than 80% of each members' individual allocations can be transferred; at least 20% must be

harvested). Members with multiple permits/vessels will be permitted full transferability among and between vessels.

2.2.4 – Administration/Monitoring requirements

- Allocation will be assigned to the Collaborative through the NMFS Catch Share Program website as a shareholder account to be managed by the Collaborative's manager. Individual vessel accounts will be established by NMFS
- The manager account will have access to all vessel accounts for monitoring purposes. This will include transferring initial allocation to vessel accounts (based on decisions by the Collaborative on how to best allocate quota amongst the participating vessels), monitoring additional allocation transfers and landings.
- Reports must be submitted on the day of each trip and include the vessel name, trip location, depth fished, gear type and quantity and soak time, poundage and species retained and released, fuel and other biological and socio-economic data required by this EFP.
- All Collaborative participants for this EFP are jointly and severably liable for exceeding the aggregate catch limits specified in this EFP.

The Collaborative would require an Operating Agreement to be signed by all members. This Agreement would require each member to:

1. Abide by all federal fishing regulations and specific requirements imposed by NMFS under this EFP;
2. Agree that by participating in the pilot program, vessels will not be able to participate in the regular commercial snapper grouper open season for the year;
3. Retain all legal-sized species for which the pilot program has allocated that are of legal minimum size as long as the vessel has not reached its catch limits for those species;
4. Account and collect data as required by NMFS and/or the Collaborative, with data keyed to the VMS confirmation number for each trip;
5. Strictly adhere to the catch limits applicable to the Collaborative, including holding a portion of the Collaborative's total catch limit in reserve to guard against overfishing by members;
6. Cease targeted fishing for the six species listed above upon exhaustion of that member's distribution of fish (regardless of whether the general commercial season is otherwise open for those species), at which point that member could either acquire additional distributions from other Collaborative members in order to take additional commercial fishing trips to target the species in question, or elect to cease targeted fishing for the species in question for the remainder of that calendar year (releasing any of the species in question caught incidentally in targeting other species, even if the seasons for the species in question are open);
7. Install, maintain, and operate a VMS;
8. Provide enforcement agents with notification upon leaving and returning to a pre-approved landings location ("hail in/hail out") and abide by any other enforcement or dockside monitoring requirements implemented by the Collaborative or at the request of NMFS;
9. Agree that distributions of the species in question will only be used by Collaborative members carrying out the EFP;

10. Forego any privileges of fishing during the general commercial seasons for species in question under a commercial limited access permit for any vessel enrolled in the Collaborative for that fishing year. Participating vessels would engage in fishing based on the terms and conditions outlined in this EFP only.
11. Abide by decisions of the Collaborative's Board, as well as the Collaborative Manager (who would be elected by the Board and responsible for communicating with NMFS during the course of the pilot program while the EFP is valid).

NMFS could terminate the EFP for all participants even if only a single participant is responsible for violating the terms and conditions of the EFP. *See* 50 C.F.R. § 600.745(b)(8). Accordingly, pursuant to the Collaborative contracts and any terms and conditions outlined in the EFP, failure to abide by the applicable contractual and EFP provisions could result in: 1) warning letters, "stop fishing" orders and/or monetary penalties from the Collaborative, enforceable by court order; 2) expulsion from the Collaborative and termination of that members' ability to participate in the Collaborative and pilot program; 3) forfeiture to NMFS without compensation of any distributions of fish issued to an expelled member; and 4) disclosure of the violation to NMFS along with a request to remove the offending member's vessel(s) from the list of vessels authorized to fish under the EFP (effectively terminating that member's ability to target any of the species in question for that year).

At the end of 2018, participants could choose to opt out of the pilot program and not participate in the second year. The Collaborative also desires the flexibility to add new participants, subject to vote by the Collaborative and as permitted by NMFS, to the EFP who wish to join the pilot for the 2019 calendar year (Year Two) and who would be subject to the same conditions as the original participants. The amount of the ACLs made available for use under Year Two of the EFP would be adjusted according to the modified number of participants and based on the formula described above.

The pilot program seeks these exemptions to assess whether the conservation and economic goals outlined in the FMP for the Snapper Grouper Fishery for the South Atlantic Region and the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) can be better achieved through an alternative management system.

At the close of each of the two years of the pilot program, the Collaborative will present a summary of program evaluation to the South Atlantic Council.

2.3 – Data Collection

Vessel Data Collection and Reporting

Collaborative Participants will submit:

- Completed logbooks to NMFS including mandatory logbook reporting of socio-economic data on 100% of trips
    - Effort-level catch and effort characteristics (e.g. retained and discarded catch, spatial location, gear/effort data) and trip-level variable revenues and costs (e.g. ex-vessel price, gear, bait, ice, fuel, and other operations expenditures).
- Near-real-time catch and effort data through the SERO Catch Share system.

- Landings reports and copies of vessel logbooks to the Collaborative Manager

Federal Dealer Data Collection and Reporting

- Dealers will continue to report data as per federal requirements and via the existing reporting systems.

Federal Observer Data Collection and Reporting

- The federal observer program will continue to operate under normal protocols and coverage rates. Any EFP trip that carries a federal observer will be noted, and operators will request photo copies of observer reports from the observers at the end of the trip. These copies will be forwarded to the Shareholders' Alliance.

The pilot program offers a unique opportunity to evaluate the impacts of an alternative management system on the economic performance of the commercial snapper grouper fishery. It also provides a valuable opportunity to customize data collection to maximize their usefulness for answering important management questions. Researchers, in collaboration with the Collaborative, will conduct a socio-economic study of the effects of the change in management using currently available data sources. Simultaneously, they will develop additional survey instruments to gather economic data for analysis of the effects of the pilot program on Cooperative vessels after its first and second years, including but not limited to the following data: trip revenues (ex-vessel), trip costs (operating expenses, wages, etc), and the introduction of new costs/benefits of this new program (additional reporting burdens, allocation leasing, price stability, etc). Data collection will emphasize impacts of the pilot program. A partial list of the impacts to assess in the study includes:

1. How has the pilot program changed the temporal and spatial distributions of fishing by Collaborative members?
2. How has the pilot program affected the cost and net revenue associated with a representative trip?

Data Streams

Data Source	Generated By	Distributed To	Timeline	Method	Data
Pre-Trip Fishing Declaration	Vessel	NMFS	Prior to sailing	VMS	Trip designation, gear and vessel
Vessel Logbook	Vessel	NMFS	Within 7 days of landing	Approved paper logbook form	Vessel, effort, species landed and discarded, with weight estimations
3-24 Hour Landing Notification	Vessel or owner	NMFS	3 to 24 hours before landing	If vessel, VMS or phone; If owner, phone or IFQ website	Vessel, approved landing location, dealer, time of landing, weight of fish by share category

Marine Mammal Authorization Program Mortality/ Injury Report	Vessel	NMFS Office of Protected Resources	Within 48 hours of landing	Approved paper form	Vessel, location, gear, turtle species, condition upon release
Federal Observer Report**	Observer	NMFS	Upon landing	Photocopies of raw paper datasheets	Vessel, location, gear, effort, catch and species including sea turtle interactions
Dealer IFQ landings Transaction / State Trip Ticket	Dealer	State fisheries agency	Tuesday of the week following the landing	Electronic database	Vessel information, species landed and recorded weights
EFP Performance Report	Collaborative	NMFS	Time TBD but no later than 6 months after conclusion of the EFP	As agreed upon with NMFS	As agreed upon with NMFS, including catch and any other information required

2.4 – Impacts and Justification

The development of an allocation-based program for a number of snapper-grouper species is anticipated to return strong biological, social, and economic benefits to the participants and their communities.

Instead of being forced to fish during abbreviated open seasons, participants in the Collaborative can fish year-round. This allows them the opportunity to avoid fishing in bad weather. The pilot program will explore whether a Collaborative system could improve safety in the commercial snapper grouper fishery as it did in the Gulf of Mexico Red Snapper IFQ program where annual fatalities per million vessel days in the Gulf decreased by 51% pre- and post-IFQ[5] and the commercial red snapper sector went from fishing the first 10 days of every month to fishing year-round.

In addition to the justification listed above, enhanced data collection for biological and socio-economic purposes will help measure the impacts of the pilot program and its success in achieving its goals. This includes targeted ecological goals. For example, by carefully monitoring catch in a near-real-time basis, Collaborative participants will test whether this alternative management system will help prevent overfishing and achieve optimum yield under the Magnuson-Stevens Act, and whether it significantly improves data collection. By distributing effort over longer spatial

[5] Red Snapper IFQ Program Five Year Review, p. 54, http://www.nmfs.noaa.gov/sfa/laws_policies/national_standards/documents/red-snapper-5-year-review.pdf

and temporal scales, the pilot program attempts to prevent localized depletion. Further, by providing flexibility to fishermen in when they fish, requiring Collaborative members to retain and count against their catch limits all legal-sized fish that are mortally wounded (instead of discarding or releasing such fish), and requiring Collaborative members to cease targeting the species in question upon exhausting their individual catch limits, this program also seeks to reduce regulatory discards that are wasteful and contribute to overages. Seasonal closures are one of the primary causes of discards under the current management strategy. This results in mandatory discarding of the species in question once the season has been closed. Under this EFP, fish that would have otherwise been discarded during mortality-related closures may now be kept if a fisherman has sufficient allocation to harvest the fish; allowing leasing of such allocation in this program helps minimize discards by allowing fishermen to access the allocation they need to keep from having to discard fish. Through the development of the similar Red Snapper IFQ program in the Gulf of Mexico, red snapper discards were reduced by almost 60%[6].

Economically, the pilot program will test a management approach that improves accountability in the fishery while giving participants the flexibility that is critical to running a business. Fishermen can schedule their trips to take advantage of market, weather, fishery and other conditions. As fishermen no longer have to outcompete other fishermen for a share of the catch, profits are anticipated to increase because fishermen can better time and adjust the scale of their operations to take advantage of market conditions. Eliminating the derby fishery will add flexibility to participants' yearly fishing seasons, allowing participants to land these species when most convenient and profitable. Collaborative participants will also test the ability to achieve management, business and employment stability under a more rationalized system, with the goal of increasing the economic viability of coastal fishing businesses that contribute to local economies. This was demonstrated to be true in the Gulf of Mexico Red Snapper IFQ program, which showed that pre-IFQ, there was an 11% increase in inflation-adjusted ex-vessel prices (2001-2006) compared to a 23% increase post-RS-IFQ[7].

U.S. experience with commercial fishing rationalization demonstrates that allocation-based tools such as IFQs and harvest cooperatives have been successful in achieving economic and biological management goals. Allocation-based tools have successfully aligned fisheries management goals with industry incentives. Input-regulations can incentivize a race to fish and result in excessive investment in capital and trip inputs. This pilot program, while not a comprehensive rationalization program, may help determine whether such an approach would be an appropriate regulatory response to solve longstanding problems observed in the commercial snapper grouper industry.

Valued Ecosystem Components	Effects of the Proposed Action
Habitat - Hard bottom - EFH	**Positive, but minor** – expanded distribution of fishing effort distributes any impacts over a wider area, thereby minimizing disturbance;

[6] Red Snapper IFQ Program Five Year Review, p. 29, http://www.nmfs.noaa.gov/sfa/laws_policies/national_standards/documents/red-snapper-5-year-review.pdf

[7] Red Snapper IFQ Program Five Year Review, p. 54, http://www.nmfs.noaa.gov/sfa/laws_policies/national_standards/documents/red-snapper-5-year-review.pdf

	Neutral – no additional effort will occur in EFH areas.
Protected Resources - Sea turtles - Marine mammals - Endangered species	**Neutral** – any increase in overall effort has minimal impacts on marine mammals and endangered species because the fishery is identified in the List of Fisheries as a Category III (lowest impact).
Managed Resources - Snappers and groupers - Other species	**Positive** – reduction in discards; **Neutral** – increase in catch of other species accounted for under existing regulations.
Commercial Fishermen - Captains - Crew - Owners	**Positive** – increased profitability and flexibility in fishing operations.
Fishing Communities	**Positive** – increase profitability of snapper-grouper-dependent communities that are experiencing loss under the existing management methods.
Administration	**Negative, short term** – additional monitoring and oversight required for program operations. **Positive, long term** – increase in accountability and reporting requirements for the commercial sector enhances monitoring and enforcement.

The Magnuson-Stevens Act establishes National Standards for Fishery Conservation and Management that must be applied to all FMPs. This alternative allocation pilot program addresses several in particular:

National Standard 1: *Conservation and management measures shall prevent overfishing while achieving, on a continuing basis, the optimum yield from each fishery for the United States fishing industry.*

By instituting a near-real-time monitoring program to account for all landings, the pilot program will help ensure that the Collaborative meets but does not exceed its catch limits. If successful, the program could thus help prevent overfishing while achieving optimum yield. A regular management problem in the commercial sector has been the exceeding of catch limits for certain snapper grouper species, sometimes by large amounts, which hampers efforts to conserve, manage and rebuild these species. This pilot program is designed to test a different management approach to determine whether catch limits can be adhered to more effectively.

National Standard 2: *Conservation and management measures shall be based upon the best scientific information available.*

The data collection program implemented by the pilot program will provide substantial data on the economic and conservation aspects of this management alternative for the commercial fishery. These include hail in/hail out requirements, as well as use of VMS. The pilot program thus will help determine whether there are alternative or better methods of collecting scientific information necessary for management purposes.

National Standard 4: *Conservation and management measures shall not discriminate between residents of different states. If it becomes necessary to allocate or assign fishing privileges among various United States fishermen, such allocation shall be (a) fair and equitable to all such fishermen, (b) reasonably calculated to promote conservation, and (c) carried out in such a manner that no particular individual, corporation, or other entity acquires an excessive share of such privilege.*

The allocation made to the pilot program will be based on a commonly-used methodology of historical landings. This allocation will be redistributed to participants based on historical participation with a "fairness filter" applied to let members drop their highest and lowest landing years, which is another common distribution formula in catch share programs. Limited transferability of allocation will be permitted within the Collaborative; however, since the allocations are annual in nature and, by nature of the pilot program not permanent, acquiring an excessive share will not occur.

National Standard 5: *Conservation and management measures shall, where practicable, consider efficiency in the utilization of fishery resources; except that no such measure shall have economic allocation as its sole purpose.*

Output-controlled management (e.g. allocations) are known to increase efficiency of harvesting operations by reducing the number of fishing trips and associated operational costs of an input-controlled fishery (e.g. trip limits and seasons). By attempting to increase operational efficiencies through exploring an alternative management approach, the pilot program will help ensure the program maintains compliance with this standard.

National Standard 8: *Conservation and management measures shall, consistent with the conservation requirements of this Act (including the prevention of overfishing and rebuilding of overfished stocks), take into account the importance of fishery resources to fishing communities by utilizing economic and social data that meet the requirements of paragraph (2), in order to (A) provide for the sustained participation of such communities, and (B) to the extent practicable, minimize adverse economic impacts on such communities.*

The purpose of this pilot program is to determine whether an allocation-based system can help preserve the commercial snapper grouper industry and the families, jobs, and communities that industry supports throughout the South Atlantic region. The current FMP is not providing for sustained participation of these fishing communities, and the pilot program is designed to test an alternative approach that proposes to do so.

National Standard 9: *Conservation and management measures shall, to the extent practicable, (A) minimize bycatch and (B) to the extent bycatch cannot be avoided, minimize the mortality of such bycatch.*

One goal of the pilot program is to determine whether a self-imposed requirement to land and count against the Collaborative's catch limits all fish that appear to be mortally wounded, as long as the vessel has not reached its individual allocation, can reduce dead discards. Furthermore, elimination of trip limits in favor of an overall allocation would eliminate the discards, dead or alive, associated with trip limit overages.

National Standard 10: *Conservation and management measures shall, to the extent practicable, promote the safety of human life at sea.*

Instead of being forced to fish during abbreviated open seasons, participants in the Collaborative can fish year-round. This allows them the opportunity to avoid fishing in bad weather. The pilot program will explore whether a Collaborative system could improve safety in the commercial snapper grouper fishery as it did in the Gulf of Mexico Red Snapper IFQ program where annual fatalities per million vessel days in the Gulf decreased by 51% pre- and post-IFQ[8] and the commercial red snapper sector went from fishing the first 10 days of every month to fishing year-round.

3. For each vessel to be covered by the EFP, as soon as the information is available and before operations begin under the EFP:

(A) A copy of the USCG documentation, state license, or registration of each vessel, or the information contained on the appropriate document.

(B) The current name, address, and telephone number of the owner and master, if not included on the document provided for the vessel.

In accordance with 50 C.F.R. § 600.745(b)(2)(iv), the Collaborative will provide the final list of up to 25 (+/-) participating vessels to NMFS, including their USCG documentation and ownership information, as soon as that information is available and before operations begin under the EFP.

4. The species (target and incidental) expected to be harvested under the EFP, the amount(s) of such harvest necessary to conduct the exempted fishing, the arrangements for disposition of all regulated species harvested under the EFP, and any anticipated impacts on the environment, including impacts on fisheries, marine mammals, threatened or endangered species, and EFH.

The target species/complex for vessels operating in this program will be:

1. Blueline Tilefish
2. Gag Grouper
3. Gray Triggerfish

[8] Red Snapper IFQ Program Five Year Review, p. 54, http://www.nmfs.noaa.gov/sfa/laws_policies/national_standards/documents/red-snapper-5-year-review.pdf

4. Greater Amberjack
5. Jacks Complex
6. Vermillion Snapper.

Non-target species such as banded rudderfish, mutton snapper, hogfish, scamp grouper, and other snapper, grouper, and reef fish species regularly harvested on similar spatio-temporal trips using the gear types in question, will be harvested to the extent permitted by regulations.

NMFS will specify the amount of allocation of the above-mentioned species necessary and appropriate to conduct activities under this EFP for the listed applicants. As set forth above, this poundage will be based on historical landings of the species in question between 2008 and 2015, with the highest and lowest landings years dropped per species.

Since members will be harvesting within the commercial quota, there will be no additional impacts to the commercial fisheries for the species in question. The commercial sector as a whole could benefit from reduced discards and accurate, real-time monitoring of catches by participating vessels, given that one management problem observed in that sector is frequent exceeding of catch limits. Moreover, the EFP itself could help reduce overages in the commercial sector because the participating vessels would not be contributing to any excess harvests during the general commercial open seasons.

The EFP will not cause any additional impacts to marine mammals, threatened or endangered species, or essential fish habitat. Compared to the number of participants in the South Atlantic snapper-grouper fishery, the number of vessels participating in the program is minimal and any changes to marine mammals, threatened or endangered species, or essential fish habitat are therefore likely to be minimal. The "Southeastern U.S. Atlantic, Gulf of Mexico, and Caribbean snapper-grouper and other reef fish bottom longline/hook-and-line" fishery is classified in the 2017 Marine Mammal Protection Act List of Fisheries as a Category III.[9] This classification indicates how the annual mortality and serious injury of a marine mammal stock resulting from the fishery is less than or equal to 1% of the potential biological removal of impacted species (i.e. a remote likelihood of or no known incidental mortality and serious injury of marine mammals). Since overall fishing effort is not likely to change significantly, existing analyses of commercial fishing impacts under the current FMP should not change as a result of this EFP. In the rare event that an interaction should occur, it will be noted in the Vessel Data Log Form and Marine Mammal Authorization Program Mortality/ Injury Report.

5. For each vessel covered by the EFP, the approximate time(s) and place(s) fishing will take place, and the type, size, and amount of gear to be used.

The EFP would be in effect for the duration of two full calendar years (January 1, 2018 through December 31, 2019). The effective start date for Year One would be January 1, 2018, and the effective start date for Year Two would be January 1, 2019. The Collaborative seeks approval for

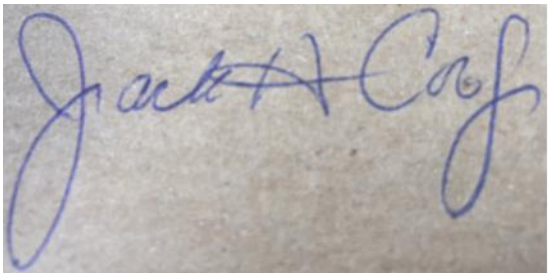
[9] 2017 Marine Mammal Protection Act List of Fisheries, 50 C.F.R., 229 (January 17, 2017) (accessed February 3, 2017).

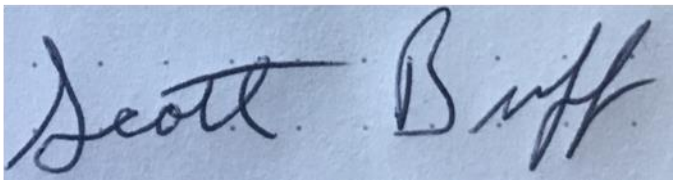
participating vessels to be allowed to target the species in question for the duration of each calendar year for which the EFP is in effect, provided that they have not exceeded their catch limits for all of the species in question. All fishing will take place on licensed and documented commercial fishing vessels with typical commercial hook and line gear (e.g. bandit, rod and reel, bottom longline) and spear gear.

As noted above, the Collaborative seeks approval for up to 25 (+/-) vessels to participate in the pilot program described in this EFP. To date, the following vessels have expressed interest in participating in the program:

- TBD

6. The signature of the applicant.





Jack Cox, Scott Buff (Collaborative Representatives)
On Behalf of the South Atlantic Commercial Fishing Collaborative