

**TO:** MULTISPECIES CAPACITY REDUCTION COMMITTEE  
**FROM:** CHAD DEMAREST  
**SUBJECT:** APRIL 24, 2006 MEETING SUMMARY  
**DATE:** 5/15/2006  
**CC:**

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**Attendees:** Peter Kendall, Vito Giacalone, Geoff Smith, David Borden and Chad Demarest

- (1) The minutes from the March 20<sup>th</sup> and April 14<sup>th</sup>, 2006 meetings were approved.
- (2) The Ctte discussed several options for inclusion in the strawman document.
  - a. Item 1: Voting procedures
    - i. The Ctte agreed that all permit holders should receive at least one vote.
    - ii. Option (a) – **3:1 vote ratio**. Permit would receive three votes for each A and/or B DAS held plus one vote for each C DAS. Mathematically, this is:  $[(A + B \text{ DAS}) * 3] + [C \text{ DAS} * 1]$
    - iii. Option (b) – **4:2:1 vote ratio**. Permit holders would receive four votes for each A DAS held, two votes for each B DAS held, and one vote for each C DAS held.
    - iv. The Committee will be asked via separate email to poll on these two options.
  - b. Item 2: Collection of fees - A West-coast style fee collection system was adopted for the strawman document. A fee of between 1% and 5% of gross revenues on groundfish trips will be assessed at the dealer upon weighout.
  - c. Item 3: C-DAS valuation
    - i. A flat-rate payment of between \$100 and \$200 per C-DAS held will be offered to all C-DAS only permit holders. They may either accept the one-time payment and forfeit their groundfish permit, or they may decline the payment and retain their groundfish permit. This program would be capped at approximately \$7 million.
    - ii. This same payment (\$100 - \$200 per C-DAS) will be appended to the payments issued to vessels with accepted bids.
    - iii. The strawman document will contain language to the effect that there will be no use of C-DAS until the loan is paid off in full.
- (3) Other issues:

- a. We re-visited the Catch History Bonus multiplier, and decided to use the same multiplier numbers (1.0 – 1.3) applied to total landings in the four best years for each vessels btwn 1996 and 2001.
- b. The following towns were selected as potential sites for public information sessions: Portland, Portsmouth, Gloucester, Scituate, New Bedford, Chatham, Pt Judith, Long Island (Montauk?), and Cape May.
- c. The Ctte will try to schedule meetings in Gloucster and Scituate prior to the June 1<sup>st</sup> opening of the rolling closures. Other meeting times will likely be throughout June.
- d. David discussed the mechanics of the meeting. It is expected that at least two Ctte members will attend each meeting, with David (or a proxy, but not a Ctte member) giving the initial presentation. Additional staff, as available, will take notes throughout the meeting.
- e. In my notes I have a few other outstanding issues that may need future action:
  - i. Are any C-DAS only permit holders leasing A DAS, and if so do we anticipate that they will feel disenfranchised by the vote counting systems we've discussed? I'll run the numbers and see if anyone fits in this category. Can anyone envision a scenario where the lessee would get the 3 (or 4) votes instead of the lessor?
  - ii. I will run numbers for a geographic distribution of C-DAS only permit holders, to make sure they are captured by our suggested meeting towns.
  - iii. Can C-DAS only permit holders participate in the vessel scrapping voucher program? That is, can C-DAS only permit holders upgrade their vessels under this program? Consensus at the meeting was that this should not be a problem—they should be allowed to participate.
  - iv. We discussed the potential problems that could arise if future allocations of the groundfish resource were not based on DAS. For example, the resource could be apportioned by permit history in the future, rendering the buyback less effective. It was noted that this is the rationale for the Catch History Bonus multiplier. Once we have a model buyback set up, I will be able to quantify how much effective effort *and* how much permit history may be bought back. This should help us understand the potential scope of the issue. There was much discussion at the Ctte as to the potential for this to be a problem in the future, and it was noted that, in addition to the typical problems with species-based allocation, investing in the buyback may be enough to guide future management along effective effort lines.
  - v. We may need to consider options for retaining permit history in open access fisheries for permits that are bought back. It may be more palatable for potential sellers if they can retain their GC scallop history, whiting history, etc. (applies to all open access fisheries with documented permit history).

- vi. We will add under NEFMC Recommendations a general recommendation for unlimited permit splitting (this was from the 4/14 meeting but didn't make it onto the meeting notes – my oversight).
- vii. The revenue streams were adjusted to account for total landings on groundfish trips (vice total groundfish landings). Naturally, we pay a loan back much sooner under these conditions. The Ctte noted that this may allow for a repayment rate of less than 5%, depending upon the interest rate obtained and the total amount requested.