

The Wheel Watch

a newsletter of the

Fishing Vessel Owners' Association
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Dear Longliner and Sustaining Sponsors:

This newsletter will bring you up-to-date on actions at the recent North Pacific Management Council meeting, September Pacific Council meeting, IPHC, and Washington, D.C. activities.

****North Pacific Council ****

Observer Program 2015. The North Pacific Council's observer program for catcher vessels will have two significant changes. First, vessels less than 57.5' in length and over 40' in length will be included in the "trip selection" method of obtaining an observer. This group must call in before each trip to determine if they need an observer. Second, the program will randomly assign observers 24% of the time to vessels 57.5' and greater and all trawl vessels. Vessels less than 57.5' to 40' will be randomly covered at a 12% rate.

The Boat Company and Fixed Gear Alliance, both out of Alaska, filed suit on the amended observer program. The "Boat Company" asserted that the revised program does not provide adequate information about bycatch for federal managers to properly manage the fishery.

Judge Holland from Alaska ruled that:

"NMFS must prepare a supplemental Environmental Analysis (EA) that addresses the question of when data being gathered by the restructure Observer Program ceases to be reliable, or of high quality, because the rate of observer coverage is too low."

Holland granted summary judgement in favor of The Boat Company on its Magnuson-Stevens Act, National Environmental Policy Act and Administrative Procedures Act. He ruled in favor of the federal defendants on other claims and did not grant The Boat Company's request to overturn the program.

Dr. Jim Balsiger, Regional Administrator of NMFS Alaska in Juneau stated in a formal statement:

"We are pleased with the court's decision to uphold the North Pacific Groundfish and Halibut Observer Program—a decision which ensures this critical fishery management program will stay in place."

The Council's SSC in June stated in their June minutes that information on rates of coverage would be helpful. They also asked for estimation of occurrence of catch statistics. They further stated:

"Although the restructured observer program addresses a number of problems with the former program, the SSC remains concerned about the ability to extrapolate PSC and bycatch from observed vessels to the entire fishery. The ability to extrapolate accurately is still potentially limited by coverage levels and bias introduced by the presence of an observer. This is a high-priority, long-term issue. A fundamental question is, "what are the goals and objectives of the observer program and are they being met?" It is not clear that an 11% to 15% coverage level is sufficient to meet objectives nor are the objectives clearly defined."

The following are concerns of the FVOA which were expressed to the Council in October.

- (1) The program's basic foundation is based on observation of number of vessels, not pounds caught. There are 400 to 500 longline and pot vessels vs. about 200 trawl vessels in the GOA. The effort to base coverage on vessels rather than on poundage harvested results in 75% of the observed time and dollars being focused on coverage of about 20 million pounds of

Blackcod, 15 million pounds of halibut and 10 million pounds of Pacific cod caught by longline and pot vessels. It then allocates 25% of the observed time and dollars to coverage of 300,000,000 pounds of Pollack, Pacific cod and flounders.

- (2) 70,000,000 to 90,000,000 pounds of tender deliveries, mostly from trawlers, are exempt to observer coverage when making multiple off loads to a tender. When you back out the poundage that is exempt from potential coverage, the assumed 11% to 15% coverage will probably drop to 7% to 11% coverage rate.
- (3) The tender exemption is seen as a “get out of jail free” card for not taking an observer and is creating a data quality problem warned by the Council’s SSC.
- (4) When taking an observer and having the option to deliver to a tender, 70% of the time you will take a three day trip or shorter. But if you do not draw an observer, you may take 47 and 30 day trips to avoid being drawn for an observer.

The Council recommended that if a small vessel is selected twice and doesn’t have a life raft or bunk space, it will receive a conditional release for the 3rd trip and that vessels participating in the electronic monitoring pilot project not be subject to observer coverage. A small vessel is <57.5 ft. but >40 ft. LOA.

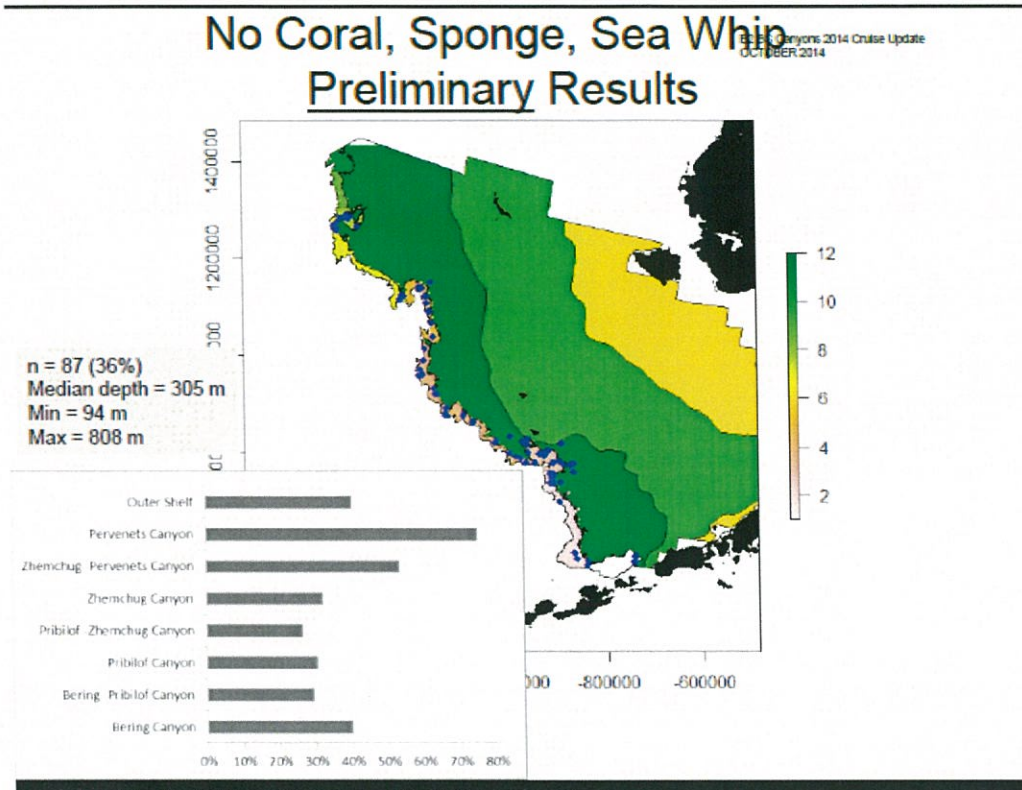
I want to acknowledge Council member, Duncan Fields. He was the only Council member who spoke outrage at what was happening on the above concerns.

Upcoming Issues for the December Council Meeting

- (1) The initial analysis for pots in the GOA for sablefish will be presented for public comment. The Council will be looking at input from the public relative to pot limits and concerns of gear conflicts.
- (2) A scoping paper on halibut vessels Caps will be presented with an industry request to amend the vessel Cap when harvest levels fall below a certain level. That level has yet to be determined. This would not change the ownership and control limitations but would allow a vessel to catch more than the current vessel Cap.

Charter-pooled Halibut Quota. The council has asked the NPFMC’s staff to begin drafting an amendment to allow the charter industry to buy commercial quota through a regional quota entity. The funding of the entity might come from a special halibut stamp on the license to fish. The charter people have suggested they want to buy 500,000 pounds in Area 2C and 1,000,000 pounds in Area 3A in order to provide a 2 fish limit without slot limits to their customers. The downside on this would be it will push the cost for second generation QS holders upward and take away from the restaurant/Safeway trade 1.5 million pounds. The positive side is the commercial fleet would get compensated at higher prices for their fish rather than going through a new allocation fight. The most important aspect of this is making sure when pounds of QS are transferred, the correct average size of fish is used in the transfer process. Pounds purchased in this manner would be converted to numbers of fish and the average size would be recalibrated annually.

Bering Sea Canyons. The Council’s last motion on this topic attempted to focus their concerns on the Pribilof Canyon area. The Council is looking at placing protections on coral type habitat, i.e. hard bottom habitat. This should be a concern to the halibut fleet as much of Area 4D halibut is caught between 100 to 200 fathoms, most of which is identified as hard bottom. Not all hard bottom has coral, however.



The above bar chart shows where cameras were dropped and the percentage of time no coral was seen. For instance, Pervenets Canyon, which is to the north. 70% of the drops showed no coral while Pribilof Canyon showed 30% of the time, no coral was present. In other words in the Pribilof Canyon, 70% of the time coral was present. This issue is on the December Agenda.

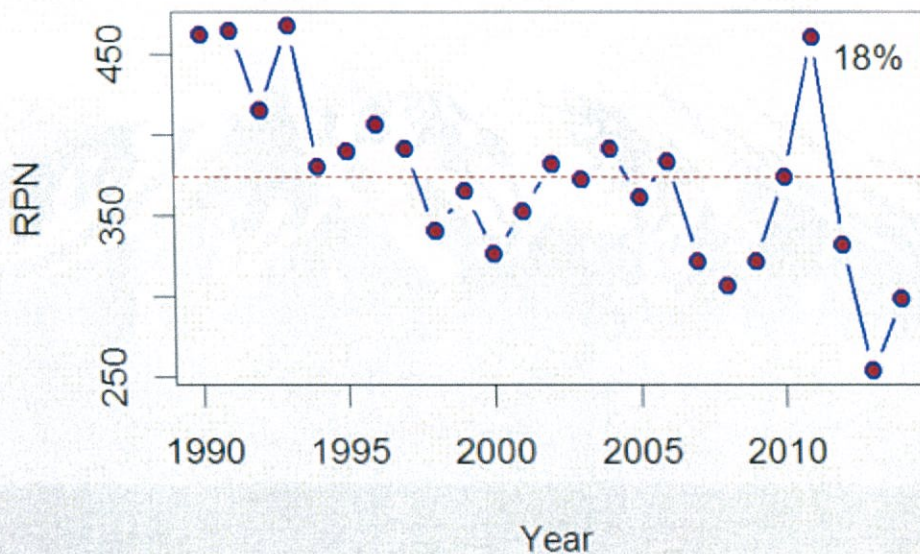
Control Date Lawsuit. The Council's new restriction on initial recipients will be effective in 2015. This restriction will require you as an initial recipient, to be on board a vessel when your quota share is harvested if it was purchased after February 12, 2010.

Two families have filed suit over this action. The first is Captain Ray Welsh from Alaska who sold all of his halibut shortly after February 12, 2010 and bought sablefish, all well before the Council's spring 2012 vote. Since receiving his QS in 1995, Captain Welsh is now confined to a wheel chair. He does not have much QS and uses the income to supplement his social security. His nephew acts as a hired skipper. The new rule will require him to go out on the vessel or sell out. The family corporation of Fairweather Fish Inc. from Washington has a similar story to tell.

FVOA had requested NMFS and the NPFMC to consider the date they voted as the control date to limit unintended financial injury. This would have still given the Council their intended policy change. The Council, on a 7 to 4 vote, chose a retroactive date of February 12, 2010. FVOA has argued on behalf of Ray Welsh that this creates unreasonable financial injury. The Council and NMFS could have obtained their goals and limit financial harm by changing the control date that the Council voted for. Additionally, Ray Welsh is asking for relief under the Rehabilitation Act, which NMFS basically says is not needed as Ray will need to sell out in order to meet the goal of the program to be owner on board. The government is not concerned with his disability or the financial impacts on him. FVOA finds the decision of how this action is being implemented unnecessarily hard on fishing families, and that financial injury could have been nullified had the Council chosen the control date of when they voted.

Sablefish – Some Good News. Dr. Dana Hanselman sent out to the fleet some very preliminary numbers from the 2014 longline survey. It is hard to know what this will mean for 2015. The 2014 year survey results are weighted about 70% for the current year's survey and blended 30% with the previous two years surveys. Hope is kindled – Gandolf.

Gulf of Alaska RPNs (Sablefish) (Relative population numbers)



****Pacific Council****

September Meeting in Spokane, WA: The following regulatory actions have been passed by the Council and are being developed by NMFS for implementation:

- (1) Seabird Rule – Mandatory streamers for vessels $\geq 55'$. This rule became effective late fall of this year 2014.
- (2) Fishery Declaration Enhancements – This rule would allow a trawl permit and a fixed-gear permit to be on a vessel at the same time. This will make things easier when fishing your tiered Blackcod permit and then switching to fishing trawl designated Blackcod with your fixed gear. Expected effective date, April 1, 2016.
- (3) Control & Ownership Rule Exemption for Fixed Gear Sablefish Permits – Expected effective date April 1, 2016.

Preliminary Preferred 2015 & 2016 Annual Catch Limits (ACL). These harvest levels will be

confirmed at the November meeting in Los Angeles.

	2014	2015	2016
Sablefish North of 36°	4349	4793 ↑10%	5241 ↑9%
Sablefish South of 36°	1560	1719 ↑10%	1880 ↑9%

Projected Sablefish Tier Harvest Limits	Tier 1	Tier 2	Tier 3
2015	41,175	18,716	10,695
2016	45,053	20,479	11,702

*17% of the sablefish caught are anticipated to be discarded and 20% are expected to die. Quotas have been reduced based on this.

VMS. The enforcement folks are asking that the ping rate intervals be increased. The Council did the following research on costs. Remember, your VMS cost is reimbursable if bought for service in the Pacific Council area of authority (WA-OR-CA).

1. VMS Costs: What is the cost of each NOAA Fisheries Service Type-Approved VMS units that your company provides for West Coast (Northwest) commercial fishing vessels?

Boatrac: New FMCT/G which are reimbursable cost is \$3095.00, Refurbished FMCT/G are NOT reimbursable cost is \$1595.00

Faria (FWI); Faria has two type approved systems:

KTW309 - \$3,195.00 - Iridium

KTW304 - \$3,295.00 - Iridium & GSM Cellular

Network Innovations (GMPCS):

Antenna replacement: SAILOR 6150 - \$1,523.00

SAILOR GOLD PLUS - \$2,500.00

SkyMate: SkyMate 250 MSRP is \$3,100.00

Communication costs for each unit: What is the monthly communication cost using type approved satellite communication of each VMS unit at the following position reporting rate?

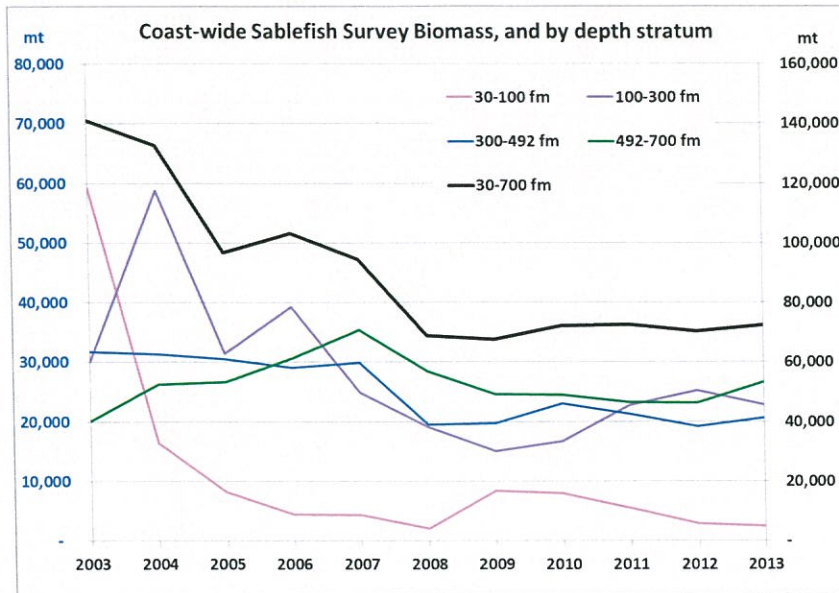
Interval	Boatrac	CLS America	Faria (FWI)	Network Innovations	SkyMate a/
15 min	\$34.95 Additional \$0.07 per poll	No reply	\$70.45	\$172.80	\$84.60
20 min	\$34.95 additional \$0.07 per poll		\$59.95	\$129.60	\$73.99
30 min	\$34.95 additional \$0.07 per poll		\$52.25	\$86.40	\$54.80
60 min	\$34.95		\$44.95	\$43.20	\$36.39

4 hours	\$34.95		\$34.95	\$10.80	\$21.99
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a/ All communication costs based on a 30 day month.

http://www.skymate.com/user_groups/commercial_fishing.html#servicePlans

Sablefish stocks seem to have been holding steady since 2008 and now are slightly trending upwards off Washington, Oregon and California.



****Markets****

Halibut. Prices ended up strong in September and October. Prices to FVOA boats delivering into Bellingham were: 10-20 = 7.45; 20-40 = 7.70; 40-60 = 7.95; +60 = 8.05

Halibut retail prices varied from \$17 to \$25/lb. all season. The short supply of halibut as a result of 30% to 40% reductions in harvest limits in 3A, 3B and 4A have left the market in short supply. The fact that in mid-October, 95% of the allocation pounds have been harvested is a good sign that the fleet is able to find fish.

Individual Fishing Quota (IFQ Allocations and Landings For Fishing Year 2014						
Area	Species	Vessel Landings	Total Catch Pounds	TAC		Percent Landed
				Allocation Pounds	Remaining Pounds	
2C	Halibut	1,192	3,085,841	3,318,720	232,879	93
3A	Halibut	1,369	7,052,424	7,317,730	265,306	96
3B	Halibut	419	2,615,679	2,840,000	224,321	92
4A	Halibut	137	792,093	850,000	57,907	93
4B	Halibut	86	847,309	912,000	64,691	93
4C/4D	Halibut	103	684,640	715,920	31,280	96
	Total	3,306	15,077,986	15,954,370	876,384	95

Sablefish.

Individual Fishing Quota (IFQ Allocations and Landings For Fishing Year 2014 [————— TAC —————])						
Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds	Percent Landed
AI	Sablefish	69	942,608	2,394,196	1,451,488	39
BS	Sablefish	92	414,537	1,181,666	767,129	35
CG	Sablefish	566	7,794,410	8,256,227	461,817	94
SE	Sablefish	505	5,607,498	5,941,397	333,899	94
WG	Sablefish	149	2,135,083	2,610,246	475,163	81
WY	Sablefish	202	3,171,528	3,295,877	124,349	96
	Total	1,583	20,065,664	23,679,609	3,613,945	95

The reduced harvest limits in Alaska and excellent sales expansions by U.S. processors have kept demand robust even with the yen vs. the dollar moving from 79 yen/\$1 to 108 yen/\$1. A higher yen/dollar means less purchasing power from Japan. FVOA prices for mid- October delivery of lower coast sablefish into Bellingham were: 7 ups 7.85; 5-7 6.75; 4-5 5.95; 3-4 5.45; 2-3 5.05; 1-2 3.55, which are nice prices for the lower coast.

****Eat on the Wild Side****

Governor Brown of California signed a bill banning commercial production of genetically modified salmon. The hatchery production and stocking of such fish is prohibited.

Quantum Leap in Halibut Farming: Transvestite halibut

Biologist Borre Erstad and his people at the Marine Harvest Company, Sterling White Halibut, are through the aid of breast cancer medicine breeding a female halibut that develops both milt and milk.

Purely and simply a transvestite fish, or neomale, as it is also called.

The aim of using these neomales is to eventually only have female halibuts making up the entire farmed halibut population.

If achieved, that's nothing short of a quantum leap in the farming of halibut.

At present Marine Harvest has 20 or so confirmed neomales at its disposition in breeding studies.

'Normal' male halibuts are practically useless in an aquaculture sense. It reaches spawning maturity already before it reaches the one kilo limit. After that it's mostly all about sex, which takes its toll on growth.

In contrast to the cod, there isn't any breeding program for halibut. It is up to the industry to solve any challenges in this area.

Marine Harvest' subsidiary Sterling White Halibut is the country's biggest producer of halibut annually slaughtering around 1,000 metric tons, half of the total Norwegian halibut harvest.

The other two companies are Nordic Seafarms in Bergen and Aga Halibut in Helgeland.

Sterling White Halibut has its farm sites in Rogaland County, while the hatchery is located in Rovik, Nord-Trondelag County.

****Washington, D.C.****

F/V Discharge Exemptions Permanent Before Temporary Law Expires in December?

Democratic and Republican senators, mostly from coastal states, have sponsored the Vessel Incidental Discharge Act to make the exemption permanent. The House, under Congressman Doc Hastings's leadership has already passed similar legislation. It is hoped the Senate will act on this when they return from the re-election wars.

Senator Begich tries to help Seattle Trawlers – Oh my!

The factory trawlers known as the Amendment 80 crowd, who got QS for flounders and Pacific cod in the Bering Sea, want a special cut-out protection that puts their allocation in a federal statute so the North Pacific Council can't meddle with it. They say the reality is you can have your whole business plan change on 6 votes. They want more stability if they are going to reinvest in new vessels. Hmmm? This sounds like they don't trust the NPFMC. Welcome to the fish business.

President Obama Monuments.

The President has named 13 national monuments so far using the century-old Antiquities Act, putting tight regulations on one million acres of public land. In June, he expanded to nearly 500,000 square miles a sanctuary near Pacific Islands west of Hawaii, putting the area off limits to fishing and energy exploration. Many are concerned this could happen to fishing areas off Alaska.

****IPHC****

The Commission will announce the results of their 2014 Longline surveys and stock assessment changes on Tuesday, and Wednesday, December 2-3, 2014. There will be a public meeting at the Hotel Deca located at 4507 Brooklyn Ave. NE in Seattle, near the UW campus. The meeting will also be web-cast which you can get to on the IPHC web page. Hope to see you there. Significant reductions have taken place over the last three years. Hopefully, we will hear positive news.

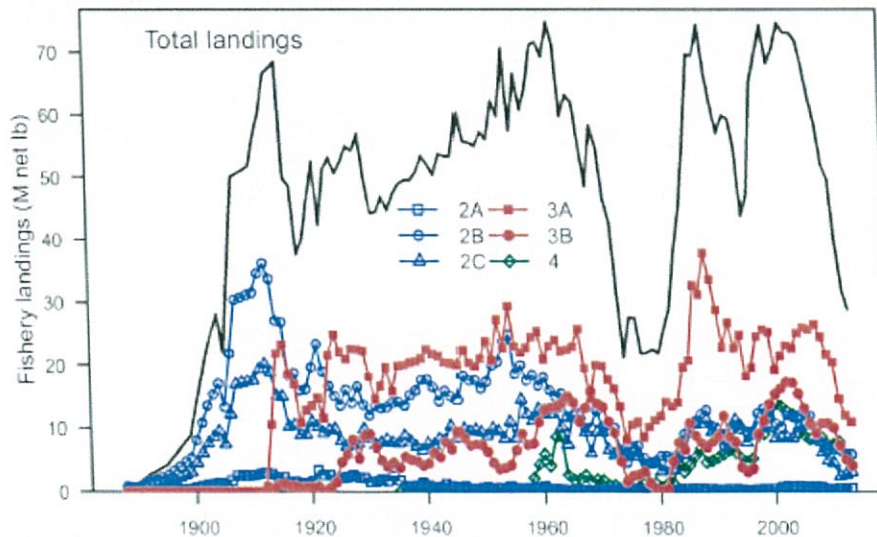


Figure 10. Total commercial landings by regulatory area, 1888-2012.

****Calendar of Events****

November 14-19, 2014	PFMC Meeting	Hilton Orange County Costa Mesa, CA
November 27-28, 2014	Thanksgiving Holiday Office Closed	
December 2-3, 2014	IPHC Interim Meeting	Hotel Deca 4507 Brooklyn Ave. NE Seattle, WA
December 8-16, 2014	NPFMC Meeting	Anchorage Hilton Anchorage, AK
December 24-26, 2014	Office Closed Christmas Holiday	
January 26-30, 2015	IPHC Annual Meeting	Vancouver, B.C.



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