

The Wheel Watch

a newsletter of the

Fishing Vessel Owners' Association
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Vol. XXXI, No. 5

December 2017

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Dear Halibut & Sablefish Harvester:

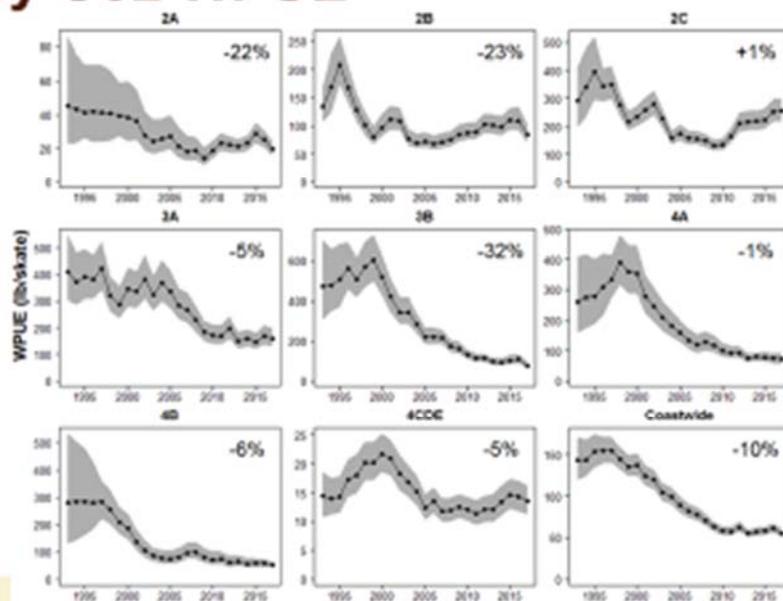
This newsletter will bring you up-to-date on the recent IPHC recommendations; actions before the North Pacific and the Pacific Councils; markets, and Washington, D.C. issues.

****IPHC****

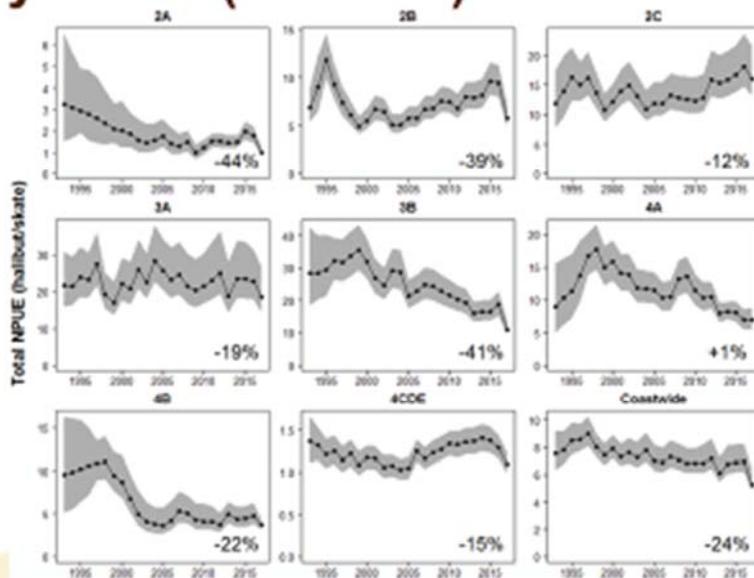
This year's announcement of the results of the 2017 survey were disappointing and to some extent were dissimilar to the encouraging signs of fish experienced by many in the fleet. Some of the survey results were as follows:

- The weight per unit of effort numbers (WPUE) for the Commission coast wide were down -10 percent from last year after three years of apparent increases. Most notably, 2B and 3B were down 23% and 32% respectively.
- Large drop in survey NPUE coast wide of -24%, most areas were down double digits. It is hard to reconcile the -44% drop in Area 2A as many stations were involved in a deoxygenation situation and no fish were caught. The lack of under 32 inch fish in other areas suggests that important year classes are not as robust as recent year classes that you have been fishing on.
- The stock of female spawning biomass was estimated to be down about 2% from last year, nearly 202 million pounds. This is actually good news. The following two slides show the survey weight and number per unit of effort from the survey.

Survey O32 WPUE

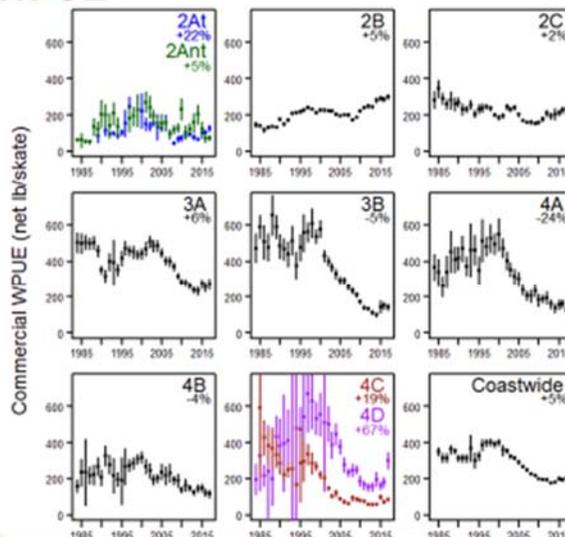


Survey NPUE (all sizes)



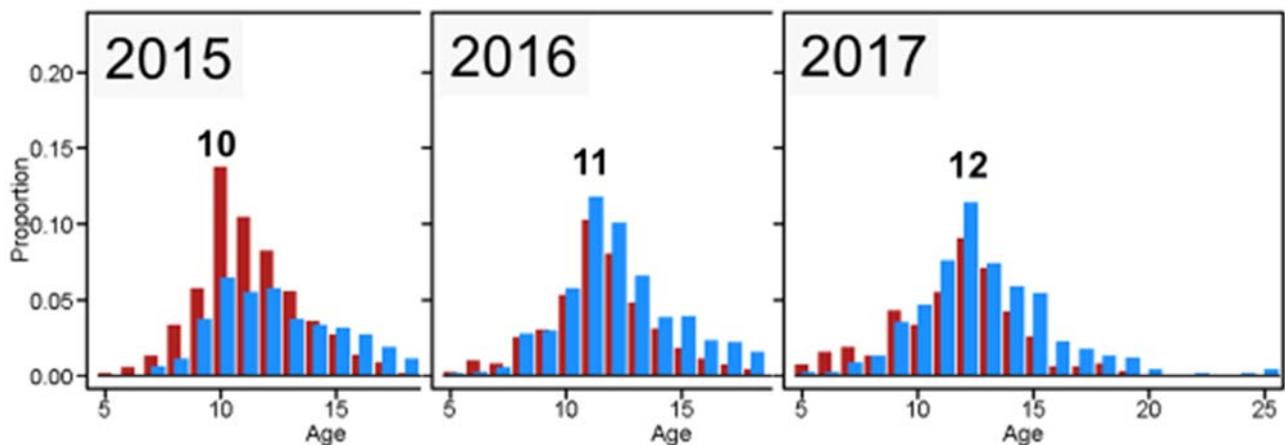
The following slide shows the industry log book results. This shows an increase in five of the major areas with a coast side increase of +5 percent. With regards to 2A, the IPHC staff shows the WPUE for the 10 hour derby and separately, the Makah tribal log books, both are up. In Areas 4C and 4D, both showed significant ups for commercial WPUE. It was noted that due to killer whales, 65% of the 4D harvest in 2017 came from the St. Matthew Island area.

Commercial WPUE



The following slide is an age analysis of Area 3B. In 2015, the proportion of fish surveyed showed 10 year old females making up the majority of the stock. By 2017, that year class, now 12 year olds, were still the prominent year class with subsequent year classes not as strong following in behind. The other aspect of this graphic shows an increasing amount of males (blue bars) being available in 3B. The red bars represent females. The concern is the weaker year classes coming through.

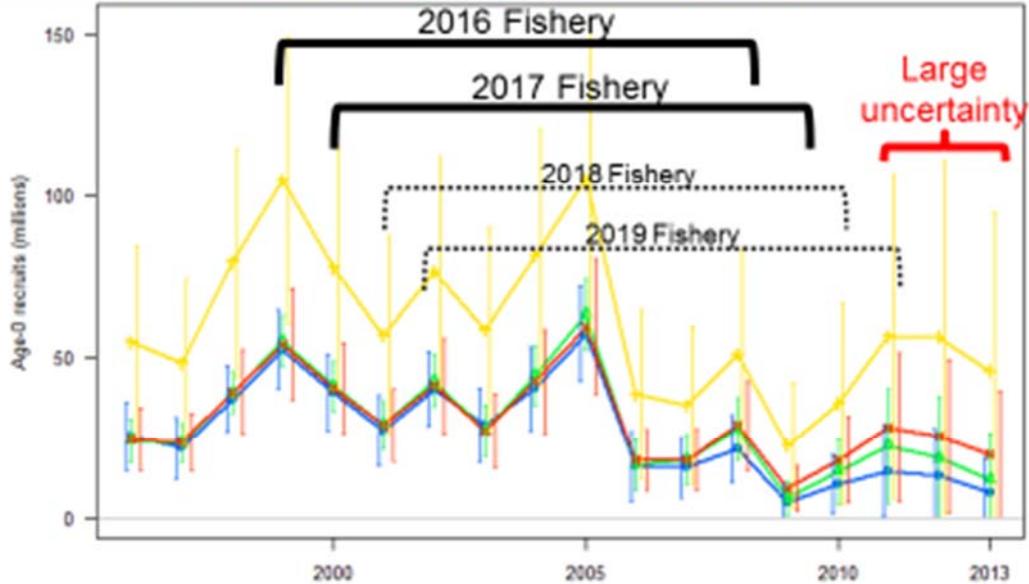
3B trends: Age



The assessment model is picking up what it assumes to be poor year class strengths shown in the next graphic for the year classes 2006 through 2013. These year classes were spawned in a cool water period referred to as a negative “Pacific Decadal Oscillation (PDO).” The year classes from 1997 to 2005 and from 2014 through 2017 have been from positive PDO’s. It is from positive PDO’s that strong year class strength come from

The graphic below shows how the 2018 and 2019 fishing seasons increasingly become dependent on weaker year classes. This is what has driven the proposed harvest numbers down. The anticipation of future poor year classes. There is a lot of uncertainty about the year classes from 2011 to 2013 and the year classes for 2014 through 2017 are too young to have shown up in surveys, either longline or trawl.

Individual models - recruitment



Terms:

TCEY – Total Constant Equilibrium Yield
FCEY – Fishery Constant Equilibrium Yield

Below is a summary of what the IPHC scientists are recommending as harvest limits to achieve an F_{46} harvest strategy. F_{46} means the resource is 46% of virgin spawning biomass.

	2A	2B	2C	3A	3B	4A	4B	4CDE
2017 Adopted FCEY	1.34	7.52	5.15	9.90	3.28	1.42	1.12	1.79
2018 Proposed FCEY	.47	3.14	3.76	9.01	1.95	1.32	1.00	1.36
% Change	65%↓	58%↓	27%↓	9%↓	40%↓	7%↓	10.1%↓	24%↓

The Association will have a delegation at the Annual Meeting of the IPHC, which will be held in Portland at the Hilton Portland Downtown, January 22-26, 2018

****North Pacific Council****

IFQ Tax. There has been much discussion regarding the IFQ fee lately. You will notice your fee rate is 2.2% this year. This is a reduction in part from FVOA, DSFU, ALFA-Sitka, PVOA-Petersburg and Homer making arguments about government cost being assigned incorrectly to our program. I would like to acknowledge Jeff Faver of Sitka for doing some excellent intel work on this issue. The factory trawlers sued over this issue in the Pacific Council. It was determined they were over-charged and they have sued most recently in Alaska. A lot of attention from different sectors of the harvesting industry are having a positive impact in lowering some of the assumed expenses.

NPFMC December Meeting. The NPFMC focus on issues affecting halibut/sablefish were limited largely to charter boat restrictions and approving the Sablefish harvest limits.

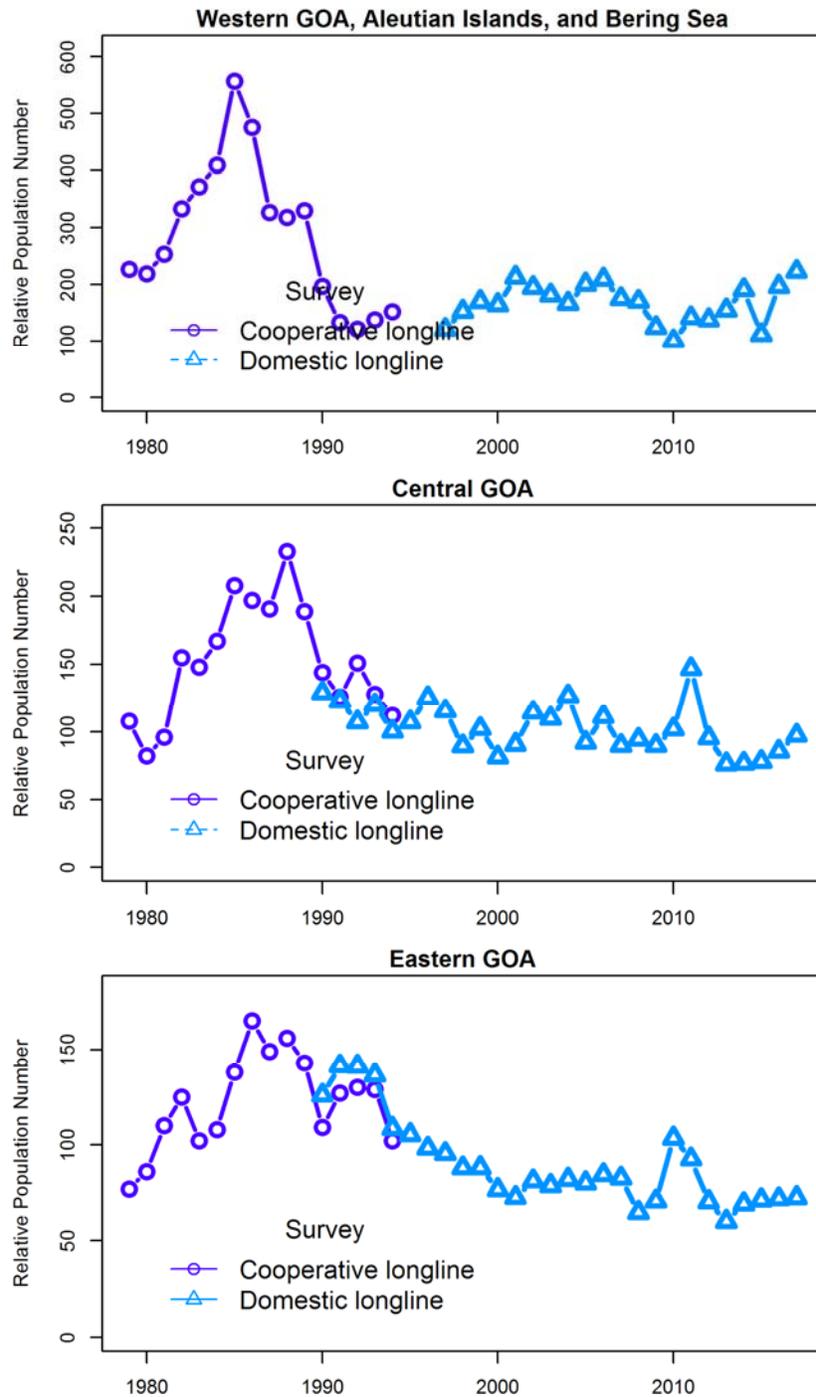
Charter boat self-guided rentals. Some charter operations in order to avoid the single fish limits or slot limits imposed on guided charter trips, have resorted to sending customers out on their own in boats to avoid the regulations. The Council moved to (a) establish a registration requirement for vessels affiliated with charter operations, remote lodges, or businesses that require annual saltwater fishing guide licenses, and (b) estimate halibut catch from this segment of the sector. The intent of the registration requirement and catch estimations to identify and track these unguided vessels to better understand impacts of this portion of the sector to communities, the halibut resource and other halibut stakeholders. This information will help the Council determine whether additional management actions are necessary for this segment of the charter industry.

Sablefish. The Council adopted the recommendation of the Plan Team for sablefish harvest which is a 14% across the board increase for the 2018 season.

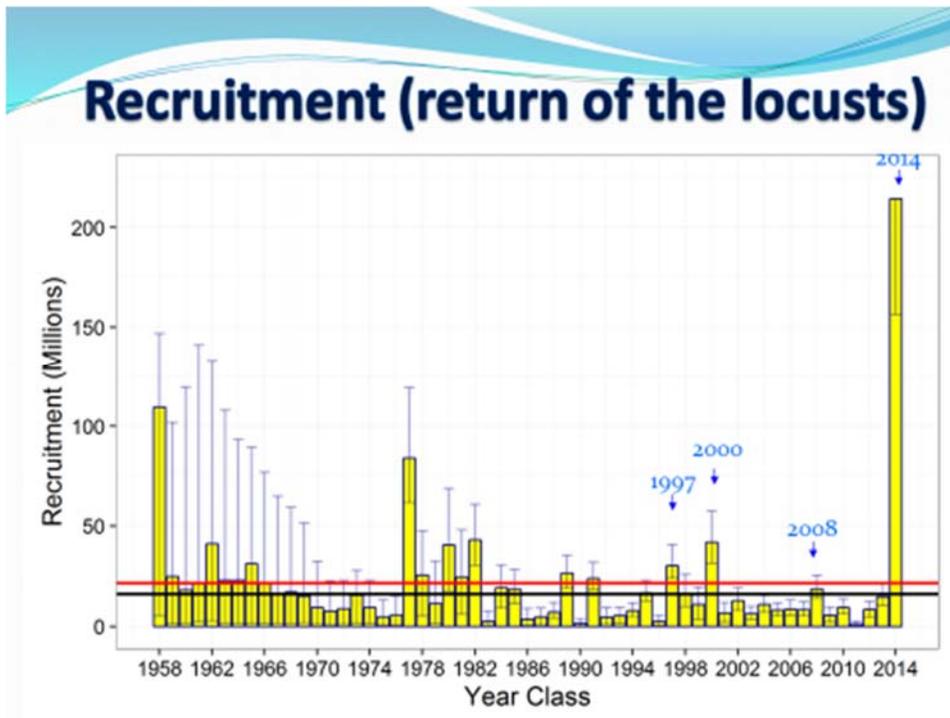
Area	2017 ABC	Standard Apportionment For 2018 ABC	Recommended fixed apportionment for 2018 ABC*	Difference From 2017
Total	13,509	15,380	15,380	14%
Bering Sea	1,318	2,686	1,501	14%
Aleutians	1,783	2,225	2,030	14%
GOA (subtotal)	10,408	10,469	11,849	14%
Western	1,457	1,533	1,659	14%
Central	4,608	4,201	5,246	14%
W. Yakutat	1,550	1,765	1,765	14%
E. Yak/SE	2,793	2,970	3,179	14%

The following graphics are almost the opposite of what we experienced in halibut. The sablefish survey was positive this year and verified a very large 2014 year class of sablefish. In fact, the scientists suggested that there was evidence of a strong 2015 year class as well. The commercial log books and observer reports, which both run a year behind, continued to show record low catch per unit of effort. The science explanation of this is that the current stock has a very mature spawning biomass that is declining but also

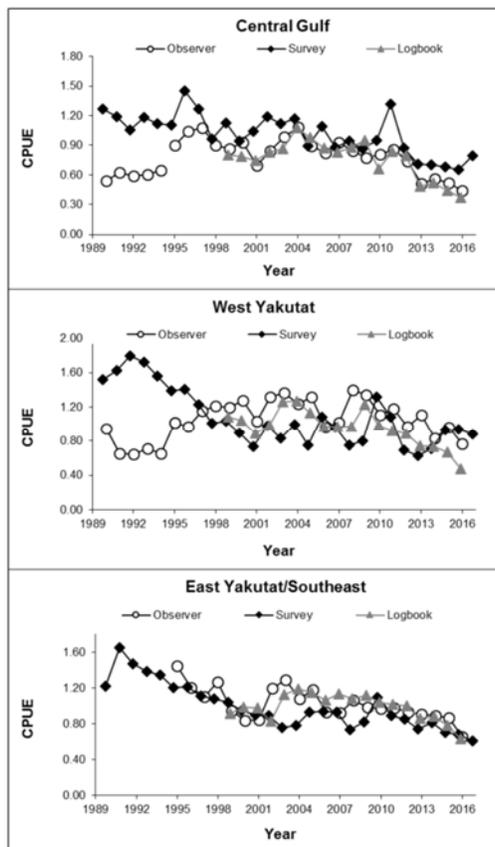
has an unprecedented large incoming year class that offsets any decreasing element of the older fish. The 2014 year class is so large the scientists reduced the potential increase in harvest by at least 40% as it would have put a lot of pressure on smaller fish.

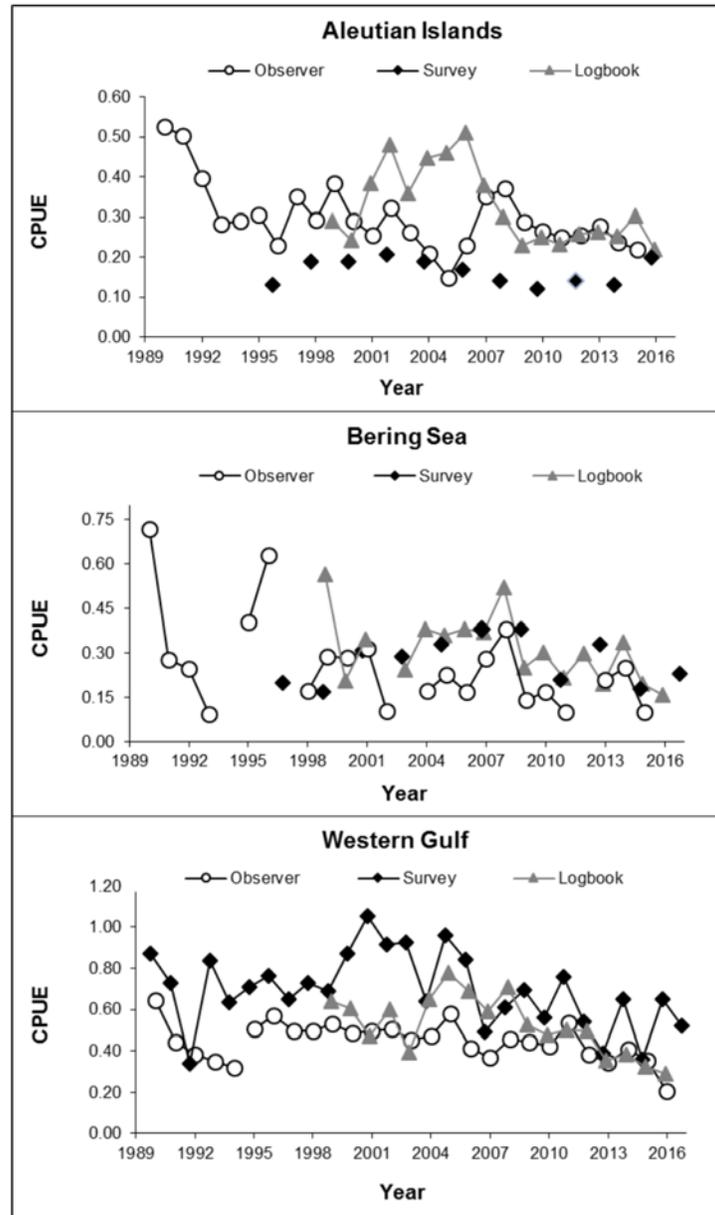


The graphic on the next page shows how large the 2014 year class is thought to be. The 1977 year class allowed harvest to increase to 30,000 Mt. If the 2014 year class is as big as it appears, sablefish harvest could double by 2022 as the fish reach maximum size. This is potentially a WOW moment in sablefish history. The lower coast and British Columbia have seen this year class as well.



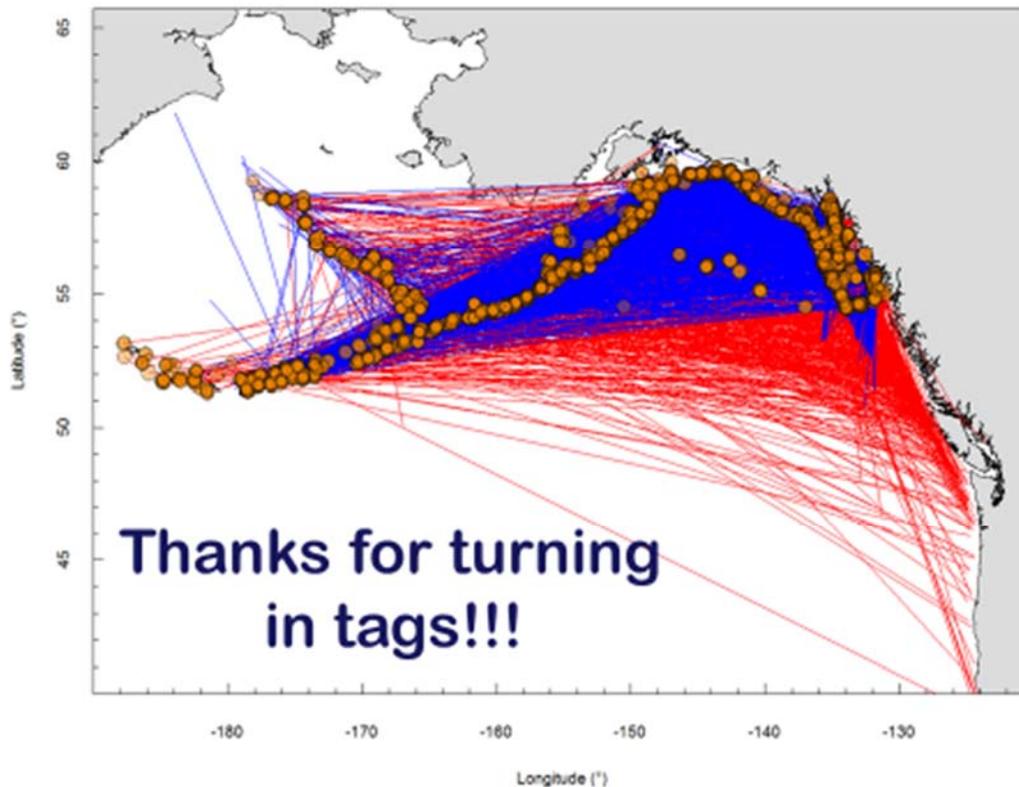
The following graphics show results from the survey, industry log books and observer CPUE results. The industry logs and observer data run a year behind the survey information.





In talking to Dana Hanselman, one of the lead sablefish scientists, he believes you should see an influx of the 2014 year class during 2018. They should be about 4.4 lbs round, perhaps 3 lb. dressed fish.

The Alaska Science Center, the N.W. Science Center, and British Columbia areas have been tagging sablefish for over a decade. Here is a graphic of where the tags start and end up. The round spots are where the fish were caught. You can see from this chart sablefish go pretty much everywhere and anywhere they want. A similar graphic from Newport, Oregon, showed a northwest movement all the way to the Aleutians. I suspect the old theory of sablefish being two stocks is coming to an end. This migration pattern or lack of a pattern, is why the scientists are raising harvest levels the same in all areas rather than continuing the old re-apportionment process. The blue or purple lines represent fish that were tagged and went west. The red lines are fish that were tagged and went east.



Upcoming Issues before the NPFMC. In February, the NPFMC will be in Seattle at the Renaissance Hotel, February 5-12, 2018. Their IFQ Committee will be meeting. There are concerns of attempts to further social engineer your IFQ program. Members will be called and encouraged to attend and testify. In April, the Council will be in Anchorage to take up the bycatch of juvenile halibut in the Bering Sea. The Council is scheduled to come up with hopefully, meaningful options. FVOA will have attendance at both meetings.

Other Actions of Interest. The Council reduced the Gulf of Alaska harvest of Pacific Cod by 80% down. Out of concern of the Gulf trawl fleet turning to Arrowtooth flounder as the Pacific Cod are way down, the Council lowered that harvest limit to 48,000 Mt from 150,000 Mt. The 2017 survey saw a 38% decrease in Arrowtooth flounder. The trawl catch was 26,000 Mt in 2017.

**** Pacific Council ****

Stock or Stock Complex	2016			2017			2018			2019			2020		
	OFL	ABC	ACL												
Sablefish N. of 36	8526	7784	5241	8050	7350	5252	8329	7604	5475	8489	7750	5606	8648	7896	5733
Sablefish S. of 36			1880			1864			1944			1990			2033

OFL = Over Fishing Level; ABC = Allowable Biological Catch; ACL = Allowable Catch Limit

Halibut. At the March meeting in California, there will be a determination of how many pounds of bycatch you can retain per 1000 lbs. of sablefish. Last year it was 140 lbs. per 1000 lbs. of dressed sablefish. At this time, there are radical reductions in halibut suggested and the amount allowed will be determined on what harvest limit is set on halibut at the Annual IPHC Meeting.

November Council Meeting. We had an excellent group that showed up at the November Council meeting in Garden Grove, California, to speak on behalf of fixed gear “gear switching”. The Council did not take a hard line against gear switching but moved a bit sideways to look at limiting the amount of switching that can be done on an Annual basis by adjusting the vessel CAP on an annual basis. So a restriction might focus on the vessel CAP in the future. I want to thank Paul Clampitt, Gary and Peter Olsen, Tyler Besecker and Heather McCarty – all who testified on this issue. Others from Oregon and California also testified in favor of not changing gear switching provisions. Our testimony had a positive effect but the issue is not decided.

****Markets****

Halibut. The frozen season is upon us. The market is not as hot and Atlantic Halibut are competitive and increasingly abundant. Prices were good to the fleet throughout 2017. Prices beginning in 2018 will depend on what volumes IPHC authorizes and any frozen carry overs.

NOAA Fisheries
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Juneau, AK 99802-1668

Prepared: 12/12/2017
Restricted Access Management
800-304-4846

Individual Fishing Quota (IFQ) Allocations and Landings

Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	TAC		Percent Landed
					Remaining Pounds		
2C	halibut	1,358	4,049,456	4212000	162,544		96
3A	halibut	1,473	7,588,864	7739000	150,136		98
3B	halibut	364	3,023,590	3140000	116,410		96
4A	halibut	174	1,270,207	1390000	119,793		91
4B	halibut	83	833,417	912000	78,583		91
4C/4D	halibut	114	866,513	902400	35,887		96
Total		3,566	17,632,047	18295400	663,353		96

Sablefish. There probably was not a hotter market this year than sablefish. There will be a 14% increase in harvestable fish from Alaska and a 4 percent increase in harvest off Washington, Oregon and California for 2018. This should not cause undue stress on the market considering last year’s demand.

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Individual Fishing Quota (IFQ) Allocations and Landings

Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	— TAC —	
					Remaining Pounds	Percent Landed
AI	sablefish	57	697,853	2294989	1,597,136	30
BS	sablefish	79	604,718	1124346	519,628	54
CG	sablefish	698	7,619,165	7960811	341,646	96
SE	sablefish	603	5,703,844	5745188	41,344	99
WG	sablefish	187	2,249,621	2378763	129,142	95
WY	sablefish	222	3,053,477	3073212	19,735	99
Total		1,846	19,928,678	22577309	2,648,631	88

Pacific cod. Well the quota went down 80% in the Gulf of Alaska. I couldn't find any pot cod fish prices at the time of printing the newsletter. Frozen prices have moved up.

****Second Watch****

Please welcome two new Sustaining Sponsors. Mr. Jim Kreider, **JK Fabrication**, Seattle, Washington; and, Mr. Greg Indreland, **Yakutat Seafood**, Yakutat, Alaska. **Thank you for your support!**

Passing. **Mr. Bruce Joyce**, long-time salmon, halibut, and Bering Sea crabber, passed away this month. Bruce was a leader on marketing issues on herring during the 1980's and had the F/V Kristin Gayle as a crabber in the Bering Sea. He was president of the Alaska Crab Coalition. Lately, he has been tendering in Bristol Bay. We will miss Bruce.

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

Magnuson-Steven's Act. There are a lot of proposed changes to this Act. The most concerning being amendments from the southern and mid-Atlantic states that would like an amendment that gives sport catchers priority over commercial catches such that the sport catchers would not be restricted until commercial catches were exhausted. I do not think this will be adopted but there is considerable congressional support for this. If it does have legs, I believe the Senators on the West Coast will not let it apply to the Pacific and North Pacific Council's.

Congressman Don Young has requested that all limited access programs have a mandatory initial 5-year review and after that, a review at least every 7 years. The Councils are already doing this. Actually a Council can start a change at any time they see a problem. These reviews are being used by special interests to ask for radical changes and social engineering. We went swiftly through the process for the Pacific Council Sablefish Tiered Program. We are in the middle of a review in the NPFMC for halibut/Sablefish which hopefully will end at their February meeting and the Pacific Council is in their five-year

review for their IFQ program for trawlers. These mandatory reviews are big energy dumps on a system that takes three plus years to get anything done.

Vessel Discharge Exemption. We are still hoping for a permanent exemption. I got a late email from Senator Cantwell's office that they have proposed a three-year extension of the current temporary exemption should Congress not move a permanent exemption. We thank Senator Cantwell for the life line. The hold up on this exemption is that it has been tied to a controversial issue of ballast water regulations nationwide.

****Calendar of Events****

December 21-26, 2017	Christmas Holidays	Office Closed
January 4, 2018	Meeting for FVOA Members @ IPHC	10-Noon IPHC offices
January 18, 2018	Annual Cargo Pool Meeting for Members	Rogo's Restaurant Downtown Magnolia
January 22-26, 2018	Annual IPHC Meeting	Hilton Portland Downtown Portland, OR
February 5-12, 2018	NPFMC Meeting	Renaissance Hotel Seattle, WA
February 15, 2018	MSR Annual Meeting For members	Palisade Restaurant Seattle, WA
March 8-14, 2018 Advisory Bodies may begin Thurs., March 8	PFMC Meeting	Doubletree by Hilton Sonoma Bohnert Park, CA
April 2-10, 2018	NPFMC Meeting	Hilton Hotel Anchorage, AK
April 4-11, 2018 Advisory Bodies may begin Thurs. April 5	PFMC Meeting	Sheraton Portland Airport Portland, OR 97220
June 4-12, 2018	NPFMC Meeting	Best Western Convention Center, Kodiak, AK
June 6-14, 2018 Advisory Bodies may begin Thurs. June 7	PFMC Meeting	Doubletree by Hilton Spokane, WA
September 5-12, 2018 Advisory Bodies may begin Thurs. Sept. 6	PFMC Meeting	Doubletree by Hilton Seattle, WA
September 19-20, 2018	IPHC Work Meeting	Bellingham, WA
October 1-9, 2018	NPFMC Meeting	Hilton Hotel Anchorage, AK
November 1-8, 2018 Advisory Bodies may begin Fri., Nov. 2	PFMC Meeting	San Diego Marriott Del Mar San Diego, CA
November 27-28, 2018	IPHC Interim Meeting	Seattle, WA
Dec 3-11, 2018	NPFMC Meeting	Hilton Hotel Anchorage, AK

FVOA will have representation at all of these meetings to protect your interests!



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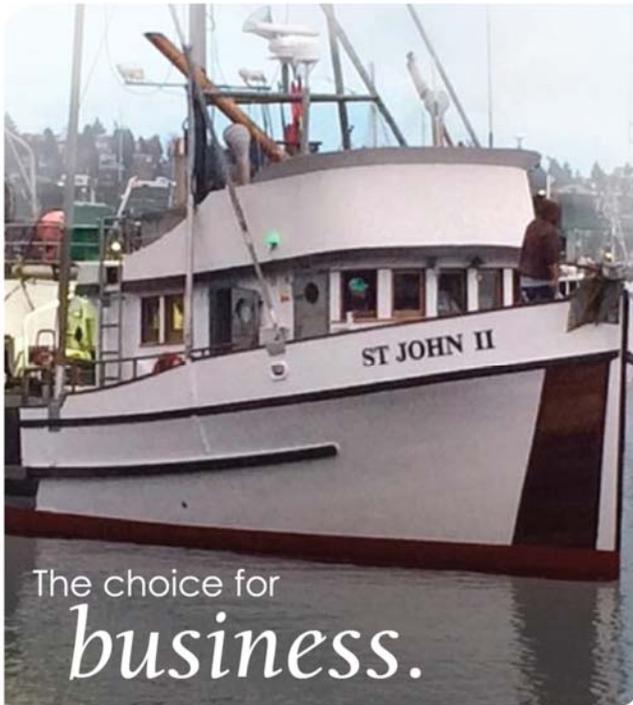
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