

Observer Advisory Committee – Meeting Report September 19 - 20, 2016

Observer Training Room, Alaska Fisheries Science Center, Seattle, WA
9 am – 5 pm Monday; 8:30 am – 1 pm Tuesday

Committee: Bill Tweit (chair), Bob Alverson, Julie Bonney, Beth Concepcion, Dan Falvey, Kathy Hansen, Stacey Hansen, Gregory Jay, Michael Lake, Brent Paine, Chad See, Luke Szymanski, Anne Vanderhoeven, Diana Evans (staff)

Agency staff¹: NPFMC – Diana Evans, Sam Cunningham (teleconference)
AKR - Jennifer Mondragon, Alicia Miller, Sally Bibb (teleconference), Jason Gasper
FMA - Chris Rilling, Jennifer Cahalan (PSMFC), Paul McCluskey, Gwynne Schnaittacher, Lisa Thompson, Farron Wallace
ADFG - Trent Hartill
NOAA OLE - Nathan Lagerwey, Jackie Smith, Stephanie Jones,
NOAA GC - Tom Meyer
NOP – Jane DiCosimo (teleconference)

Other attendees included: Troy Quinlan (TechSea), Ed Hansen (Southeast Alaska Fisherman's Association), Jessica Miller (observer), Lindsey Nelson (observer)

Agenda

- I. Introductions, review and approve agenda
- II. Draft 2017 Observer Annual Deployment Plan
(a) Presentation of deployment plan; (b) Public comment; (c) OAC discussion and recommendations
- III. Other analytical projects
(a) Review lead level 2 discussion paper; (b) Review EM analysis and 2017 EM plan; (c) Review priority of analytical projects and regulatory amendments; (d) Public comment; (e) OAC discussion and recommendations
- IV. Scheduling & Other Issues
(a) Discuss timing for providing input on partial coverage contract statement of work; (b) AIS full coverage permit approval letter; (c) Observer safety action plan

Bill Tweit opened the meeting with introductions and an overview of the agenda.

2017 Annual Deployment Plan

Chris Rilling presented the 2017 Annual Deployment Plan (ADP). The OAC is pleased with the continued evolution of the ADP, and thanks the Alaska Fisheries Science Center and the Alaska Region for their iterative work with the OAC and the Council to make improvements. There was considerable OAC discussion, and no public comment.

A big change for 2017 is the decrease in total observer days, down to approximately 3,500 observer days budgeted for 2017, compared to 4,500-5,300 at-sea days in each of the last three years. Previous levels were achieved through supplemental Federal funding, and the Council was informed in June 2016 that as a national policy, NMFS wants the cost of observer deployment at-sea to be borne entirely by industry. The fees collected from industry in 2015 (1.25% of ex-vessel value on all landings in the partial coverage fisheries) are approximately \$3.9 million, which allow for a preliminary budget of 3,505 days, without additional funding (which does not appear to be forthcoming).

¹ NPFMC – North Pacific Fishery Council; FMA – NMFS Fisheries Monitoring and Analysis Division at the Alaska Fisheries Science Center (AFSC); AKR – NMFS Alaska Region; NOP – NMFS National Observer Program; NOAA GC – NOAA General Counsel; OLE – NOAA Office of Law Enforcement; ADFG – Alaska Department of Fish and Game.

NMFS has recommended deploying observers into 6 strata in 2017, continuing to separate the three gear types (trawl, longline, and pot), and additionally creating different strata by gear type for vessels that deliver to tender vessels. The ADP includes an evaluation of a separate stratum for small catcher processors in partial coverage, but NMFS did not eventually recommend this stratification. The OAC discussed the implications of adding strata specifically for vessels delivering to tenders, and **the OAC supports adding a separate tender stratum for trawl vessels. The OAC could not reach consensus about endorsing the additional tender strata for hook-and-line and pot vessels.** Agency staff noted that the tender strata were recommended for all gear types because the Annual Report identified differences in behavior across all gear types. A primary point of discussion, however, was concern about the impacts of the large difference in selection rates between the hook-and-line stratum (11%), and the hook-and-line vessels delivering to tender stratum (27%). While the OAC recognized that based on current activity this is only likely to affect a very small pool of vessels (the ADP projects only 10 hook-and-line trips delivering to tenders in 2017), nonetheless there was concern about providing an opportunity for gaming. This led to more general questions about how the tender strata would work in ODDS, what the penalties are likely to be for incorrectly designating a logged trip either as delivering to a tender or not, especially if circumstances (e.g., weather) are such that a fishing plan delivery mode is changed mid-trip; and whether the inheriting of a cancelled observed trip is specific to the stratum (tender or not). **The OAC recommends that the Council request more discussion of logging trips in a tender stratum be provided before the ADP is finalized.**

The ADP also describes the different allocation schemes for optimizing deployment among the strata, and the OAC agrees with the NMFS recommendation to optimize allocation based on discarded groundfish, as this metric is an important function of observer data in supporting fisheries management. It was noted that this year, an improvement is that the differential cost of observing trips in different strata was factored into the optimization. In the Annual Report, if some sense of the relative ratios of travel costs to at-sea day costs for the different strata could be made public, that would help in understanding the relative costs of deploying amongst the strata. The OAC also agrees with NMFS recommendations on not having conditional releases given the inclusion of the EM selection pool, and the continuation of existing aspects of ODDS, such as being allowed to log three trips at a time.

The OAC is concerned about the lower deployment rates that are projected for 2017 under the proposed strata, which are a direct result of the lower total observer days available in the budget, and the likelihood that these lower rates will continue for the next few years. The OAC discussion noted that in the most recent Annual Report, NMFS has observed that there is a higher risk of spatial and temporal bias in the data once coverage rates fall below 15%. NMFS included a brief discussion in the ADP about what the industry fee would need to be in order to result in a budget of total observer days similar to that of the last three years. At the OAC, there was also a discussion about how long it would take before a regulatory change to increase the fee would translate into increased observer coverage, which would be midway in 2020 under the fastest case scenario.² **The OAC recommends that the Council begin to consider approaches to address low coverage rates that include the following: 1) consider ways to optimize coverage within the current program budget; 2) increase the fees; 3) request Federal funding.** The OAC also noted the ongoing work to improve the Catch Accounting System and its post-stratification, which is an effort to use observer data more efficiently, although that effort cannot specifically resolve the bias associated with gaps from low coverage rates. With respect to optimization of current coverage, the OAC discussed three avenues for evaluation. First, fleet demographics from the EM Workgroup have shown that there is a group of primarily halibut vessels that take 1-2 trips per year. In addition, the IPHC recently provided some information indicating that there is

² Steps in the process: 1) The Council needs initiate, analyze and take action on a regulatory amendment to change the fee (2017); 2) NMFS needs to prepare and promulgate regulations (2018); 3) the increased fee would then accrue on landings (2019); and 4) be collected and become available to NMFS (midway in 2020).

spatial overlap in the fishing activity for vessels <40ft LOA and >40 ft. The OAC discussed the possibility of considering a deployment mechanism that excluded vessels that only take 1-2 trips per year from coverage (i.e. put them into the zero coverage pool), in order to optimize coverage on vessels that take more trips. Second, the OAC is very interested to see how the integration of an EM pool will affect the possibilities for optimization of coverage rates. Finally, the OAC also recalled Council priorities in previous years to prioritize PSC-limited fisheries for higher coverage rates, as a way to optimize coverage rates. The OAC is interested to see other avenues explored in addition to or in lieu of simply initiating an analysis to raise the fee. These also include a continued request for supplementary Federal funding, especially considering the Federal dollars that still seem to be flowing to other regions for at-sea observer programs. Ideally, these various options should be considered in concert, with consideration for the timelines needed to implement each potential change.

Finally, NMFS also presented a proposal that for the sake of stability and workload, there may be advantages to keeping the ADP strata stable for a two-year period, rather than allowing them to change every year. Note, there would still be an annual ADP to determine selection rates in each of the strata based on budget, but the evaluation of alternative strata and deployment allocations would move to a two-year cycle. **The OAC supports the 2-year deployment strata concept in principle, but is not convinced that this is the year to begin that change.** The OAC would like to preserve the ability to consider how the tender strata are working next year before committing to that design for a 2-year period.

Lead Level 2 Discussion Paper

Diana Evans, Alicia Miller, and Chris Rilling presented the discussion paper on potential solutions to alleviate industry concern about the high potential for a shortage of fixed-gear lead level 2 (LL2) observers for freezer longline vessels in the BSAI. The discussion paper provides a history and background on the LL2 shortage issue, including non-regulatory solutions that have been put in place since 2014; the Observer Program's evaluation of the experience requirements necessary to successfully deploy as a single LL2 observer on a freezer longline vessel; a preliminary assessment of the options identified by the Council in October 2015 to evaluate their feasibility in resolving the potential shortage of LL2 observers; and a framework for the Council to consider possible next steps for this issue. Lindsey Nelson provided public comment, noting the advantages of having two observers who can work together, as on trawl CPs.

The OAC continues to feel that the non-regulatory solutions that have been implemented to date are insufficient to address the potential shortage, and regulatory action is required. The Committee discussed the elements of the problem, as identified in the discussion paper. There was considerable discussion about the paper's characterization of the experience necessary for an observer to be successful monitoring a freezer longline vessel, and how and by whom the data from this fleet are used. The OAC also considered which of the options in the discussion paper to advance for further analysis. It was noted that Option 5 is now moot, as AIS has become a full coverage provider, and has LL2 observers that could be deployed on freezer longliners. Among the regulatory options, the OAC also did not advance Option 3, which would look at putting full coverage observers on pot CVs in partial coverage. **The OAC recommends that four options move forward for review: Option 1 (allow deployment of a different observer if a LL2 is not available); Option 2 (allow observer experience in other regions count towards LL2 endorsement); Option 4 (institute a Federally-sponsored at-sea training program for observers to get their LL2 endorsement); and Option 6 (allow freezer longline vessels with flow scales to choose between a single LL2 observer or two level 2 observers).** The discussion noted that Option 2 might focus specifically on experience in the Hawaii pelagic longline fishery, and there was a mixed reaction to the feasibility of Option 4. Option 6, which was added by NMFS at the Council's request to identify other potential solutions, would expand the pool of observers able to be deployed on

freezer longliners. The OAC recommends that a suboption be included in Option 6 to allow either two level 2 observers, or one level 2 observer and one level 1 observer.

Observer Analytical Projects

The OAC reviewed the ‘Status of analytical projects related to the Observer Program’ table that is updated for the Council at each meeting, discussed each of the projects, and made the following comments:

- Observer tendering: Based on the 2017 ADP, the OAC recommends that work on the observer tendering analysis continue to remain on hold, pending the outcome of proposed differential strata for vessels delivering to tenders in 2017. An evaluation of data from vessels delivering to tenders should continue to be included in each Annual Report.
- Observer insurance: Jane DiCosimo informed the OAC that the workshop will take place on November 9-10 in Washington DC.
- ATLAS changes: Alicia Miller provided an update on the potential changes to observer data entry and transmission requirements, to meet data needs and to make requirements consistent across programs. The OAC agreed that this project should remain on hold until higher priority projects are completed.
- IFQ in multiple areas: The OAC supports addressing this issue by folding it into the EM analysis, and allowing EM as an alternative to an observer when fishing IFQ in multiple areas.
- De minimus IFQ: It was noted that if the Council moves forward with considering ways to optimize partial coverage in light of low coverage rates, this evaluation could be folded in.

Electronic Monitoring

Diana Evans, Jennifer Mondragon, and Sam Cunningham presented the Initial Review Draft of the EM Integration Analysis. The OAC discussed the analysis, and asked clarifying questions of staff. It was noted that stakeholders may not clearly understand that the analysis would put in place the regulations to allow the use of EM as a monitoring alternative in the fixed gear fisheries, but the Council and NMFS are not obliged to provide an EM option each year. Rather, the analysis would establish EM as part of the Annual Deployment Plan process, and on an annual basis, the Council and NMFS would determine whether an EM selection pool is cost-effective and providing the appropriate monitoring data.

The OAC also asked for clarification about Alternative 3 (where operators complete a catch logbook that is audited by EM) since the Council, through pre-implementation, has already chosen Alternative 2 (EM as the source of catch estimation) as its preferred direction. Staff responded that when the alternatives were identified, there was still some uncertainty as to whether a pure EM alternative would provide the appropriate level of species identification and the timeliness of data necessary for inseason management. Much of that uncertainty has subsequently been addressed through pre-implementation work. Additionally, Alternative 3 still requires catch estimation through EM for incidental species, therefore the pre-implementation work required to make EM operational on vessels, and effective for catch estimation, is necessary under both alternatives. Members of the OAC also added that Alternative 2 is in keeping with the application of the current observer program, whereas under Alternative 3, the model changes to more of a compliance/enforcement system, as vessels that are found to have been inaccurate in their logbook, based on the EM audit, will be subject to a potential enforcement violation. This is different than the application of EM logbook models elsewhere, generally in catch share programs with very different data needs than the partial coverage sector, and more direct incentives for vessels to want to make their logbook data as accurate as possible.

The OAC was interested in understanding the timeliness of data from an EM program, and staff pointed to the turnaround times to date as well as explaining how implementation options affecting timeliness can be considered on an annual basis. It was noted that the timeliness of data impacts not just management of vessels in the EM pool, but all user groups that have incidental harvest of target or bycatch species. In response to a question, staff also referred to the potential to allow vessels to purchase their own EM equipment, for case-specific circumstances, and the OAC suggested that might be further fleshed out in the analysis. A question was also raised about whether there may be changes to the sampling protocols on human-observed boats in order to accommodate an increased need for monitoring data that is not available from EM.

Finally, the OAC was interested in the cost analysis for EM, noting the caveats with 2016 data. It appears that there are still outstanding questions as to what will be paid for out of the observer fee and what will be paid for by NMFS, specifically relating to the costs for video review and data storage. As discussed with respect to the ADP, the OAC is anticipating how the integration of an EM pool will affect partial coverage. It was noted that assuming implementation remains on target for 2018, the initial year's EM funding will likely continue to come from Federal funds, due to the need to have a contract in place at the start of the year, before the 2017 fees have been collected. Therefore, the Council will likely not have to divide out the partial coverage budget into human and EM funding until the 2019 ADP.

The OAC recommended that the Council adopt Alternative 2 as the preferred alternative for the EM analysis. The pre-implementation work has shown that Alternative 2 is viable, and it is the model that is preferred by industry. **The OAC also recommends that the Council include the option to allow monitoring by either EM or an observer onboard when fishing IFQ in multiple areas.** EM will allow effective compliance of IFQ harvest in each IFQ area, and providing a different choice will potentially reduce the anecdotal current practice of repeatedly logging and cancelling trips until a trip is selected for observer coverage, in order to fish in multiple areas. There was discussion about whether adding this option would slow down the analysis, but staff responded that they did not think that would be the case.

The OAC also recommends that the Council initiate a separate, trailing analysis that would require fixed gear vessels to retain all rockfish regardless of species. This was raised by industry members of the EM Workgroup as a potentially better approach than the option in the EM analysis to only require vessels that are using EM to retain all rockfish species, but as it expands the scope of the EM analysis, it is more appropriate as a separate action. The benefits of this action would be to make it easier for vessel operators by treating all rockfish consistently (retention requirements for demersal shelf rockfish already exist in Southeast Alaska) and potentially reducing waste. There was OAC discussion about whether this is strictly an observer issue. However, because a full retention program could lead to improved species identification for rockfish species, perhaps through an education effort in the plant, there is a potential monitoring benefit also.

The OAC did not specifically comment on the 2017 EM Pre-Implementation Plan, but generally endorsed the direction of research that the EM Workgroup has been pursuing.

Observer Safety Action Plan

Jane DiCosimo presented the national Observer Safety Action Plan, released in late August 2016, which includes three components. The first is a contracted external review of national and regional observer program safety policy and practices. The review panel of safety experts will take approximately 6 months to audit all regions. The panel has not yet met to discuss their strategy for how they will seek information from stakeholders. Secondly, NMFS is conducting an online survey of past and present observers to identify incentives and disincentives for remaining an observer. Finally, NMFS is evaluating improvements to observer insurance coverage, and sponsoring a national workshop on November 8-9,

2016 in Washington DC to bring together agency staff, observer providers, and insurance underwriters to discuss what should be the appropriate commonalities across regions on the type and level of insurance coverage for observers. The OAC appreciated the update.

Scheduling and other issues

The Chair noted that the next OAC meeting will be in May 2017. Potential agenda items for the May meeting include, but are not limited to:

- 2016 Annual Report.
- Preliminary discussion of how the integration of EM affects decisions about partial coverage deployment and the ability to optimize coverage between human observer and EM pools.
- The process for providing input to the request for proposals for the new contract for observer partial coverage, scheduled to be awarded in 2019. Any input must be provided by late 2017.