

STAFF SUMMARY FOR OCTOBER 7-8, 2015

14. SEA URCHIN**Today's Item****Information** **Action**

Receive update and presentation from the California Sea Urchin Commission (CSUC) on proposed sea urchin regulation changes, and give direction concerning potential rulemaking.

Summary of Previous/Future Actions

- | | |
|---|-----------------------------------|
| • MRC received CSUC proposal | Jun 18, 2013; Santa Barbara |
| • MRC receives revised CSUC proposal | Aug 5, 2014; San Diego |
| • FGC accepts proposal; schedules rulemaking | Oct 2014; Mt. Shasta |
| • FGC puts rulemaking on hold | Dec 3, 2014; Van Nuys |
| • Today receive update; give direction | Oct 7-8, 2015; Los Angeles |

Background

Since the 1970s, sea urchins (primarily red) have been commercially harvested throughout California. A spike in commercial effort and landings in the late 1980s led to new regulations; this included establishing a capacity reduction goal of 300 permits, a lottery system to allow for one new entrant for every 10 permits not renewed (i.e., 10-to-1 issuance) until the capacity goal of 300 was reached (at which time the lottery would revert to 1-to-1 issuance), and restrictions on fishing days from Jun-Oct. The capacity goal of 300 permits was reached in approximately 2007 (see Exhibit 1 for a 2014 DFW presentation to MRC on the fishery). Since then, between one-third and one-half of permits have been inactive, or "latent".

Industry concern over the potential for these latent permits to become active and result in unsustainable fishery economic and resource conditions prompted the CSUC, an industry-sponsored body of voting- and non-voting members, to develop a regulation change proposal. The proposal, primarily focused on permit capacity reduction, underwent a lengthy review and revision process through the MRC and CSUC consultations with DFW, culminating in an Aug 2014 MRC recommendation for FGC to accept the revised and streamlined proposal for 2015 rulemaking.

The proposed changes include reducing the permit capacity goal from 300 to 150 permits through a revised 10-to-1 permit issuance system. The proposal also added one day of fishing to the current four allowed Jun – Oct in southern California.

At its Oct 2014 meeting, FGC accepted the MRC recommendation to schedule rulemaking for 2015 but, in response to testimony from an urchin buyer/processor concerned with the proposed capacity goal of 150, asked that CSUC work with the processing sector to identify a solution with which all could agree. Ultimately the rulemaking was put on hold pending a shared agreement.

Exhibit 2 provides CSUC's update regarding its efforts to work with processors to address their concerns (without success), and request to move forward with the rulemaking. CSUC believes that it has made a good-faith effort to engage the processing sector throughout, and that the opportunities for them to respond were sufficient enough to warrant moving forward without

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further delay, despite some unresolved opposition. A CSUC summary of proposed changes, processor concerns, and CSUC response to those concerns, are shown in Exhibit 3; today, CSUC will present its request and rationale to FGC.

DFW's Marine Region has consistently expressed support for the general concept of reducing capacity in the fishery, recognizing that there is an unquantified resource risk of overfishing if all latent permits started actively fishing. As an industry-driven proposal, however, it has deferred to the petitioner, CSUC, to define the details and has only been supportive of moving forward with a simple and unified proposal, to minimize staff workload associated with supporting the rulemaking (see DFW recommendation). While CSUC has hired a consultant to support the rulemaking and alleviate some of staff's associated workload, concern remains that division between the fishing and processing sectors may lead to the more complex rulemaking they are attempting to avoid.

Significant Public Comments (N/A)**Recommendation**

FGC staff: Staff recommends scheduling the proposed changes for the 2016 rulemaking calendar, given that CSUC will provide resources to support the rulemaking and CEQA processes.

DFW: The Marine Region supports the concept of reduced urchin permit capacity in general, but has deferred to the petitioner, CSUC, to define the details. Marine Region has only endorsed moving forward with a unified proposal and commitment from CSUC to provide adequate resources to support the rulemaking process.

Exhibits

1. DFW presentation on sea urchin, presented to MRC in Aug 2014
2. Letter from David Goldenberg, CSUC, received Jul 31, 2015
3. CSUC revised proposal, submitted Sep 24, 2015, dated October 7, 2015

Motion/Direction

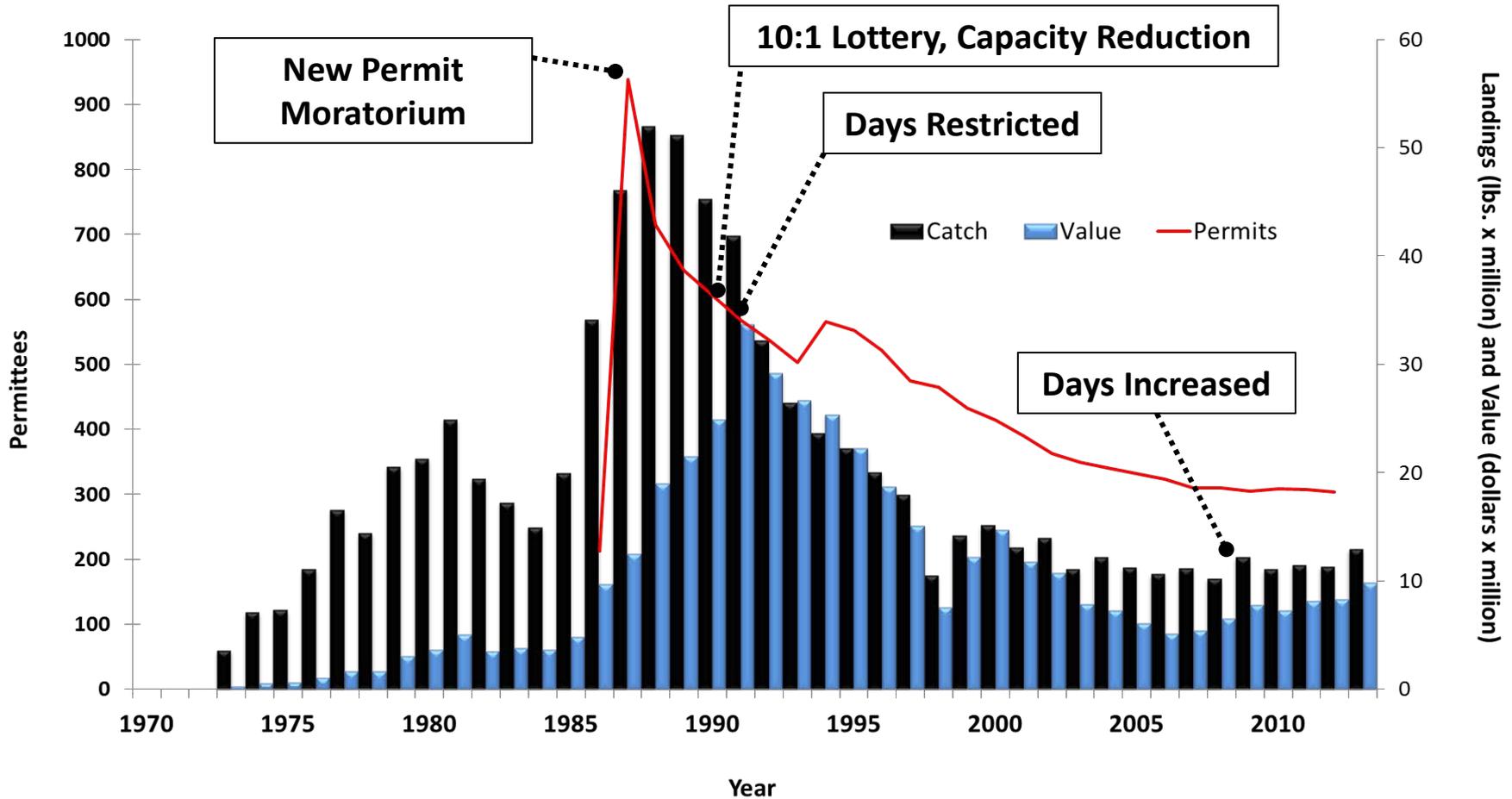
Moved by _____ and seconded by _____ that the Commission directs staff to begin working with the California Sea Urchin Commission on a draft initial statement of reasons and appropriate CEQA document for the proposal as presented, and to schedule a rulemaking for 2016.

***Red Sea Urchin Status Report
Marine Resources Committee
August 5th, 2014***



***Derek Stein
Environmental Scientist
California Department of Fish and Wildlife
Marine Region, Invertebrate Project***

History of Red Sea Urchin Landings, Value, and Permits



- Currently catch/effort is limited by size (3 ¼ south, 3 ½ north); open fishing season (Nov-June: 7 days) (June-Oct: M, T, W, Th); and restricted access of 300 permits.
- From 1998-2013, statewide landings have been consistently between 10-15 million pounds
- Capacity goal of 300 instituted in 1990s, and since 2007 has been near 300

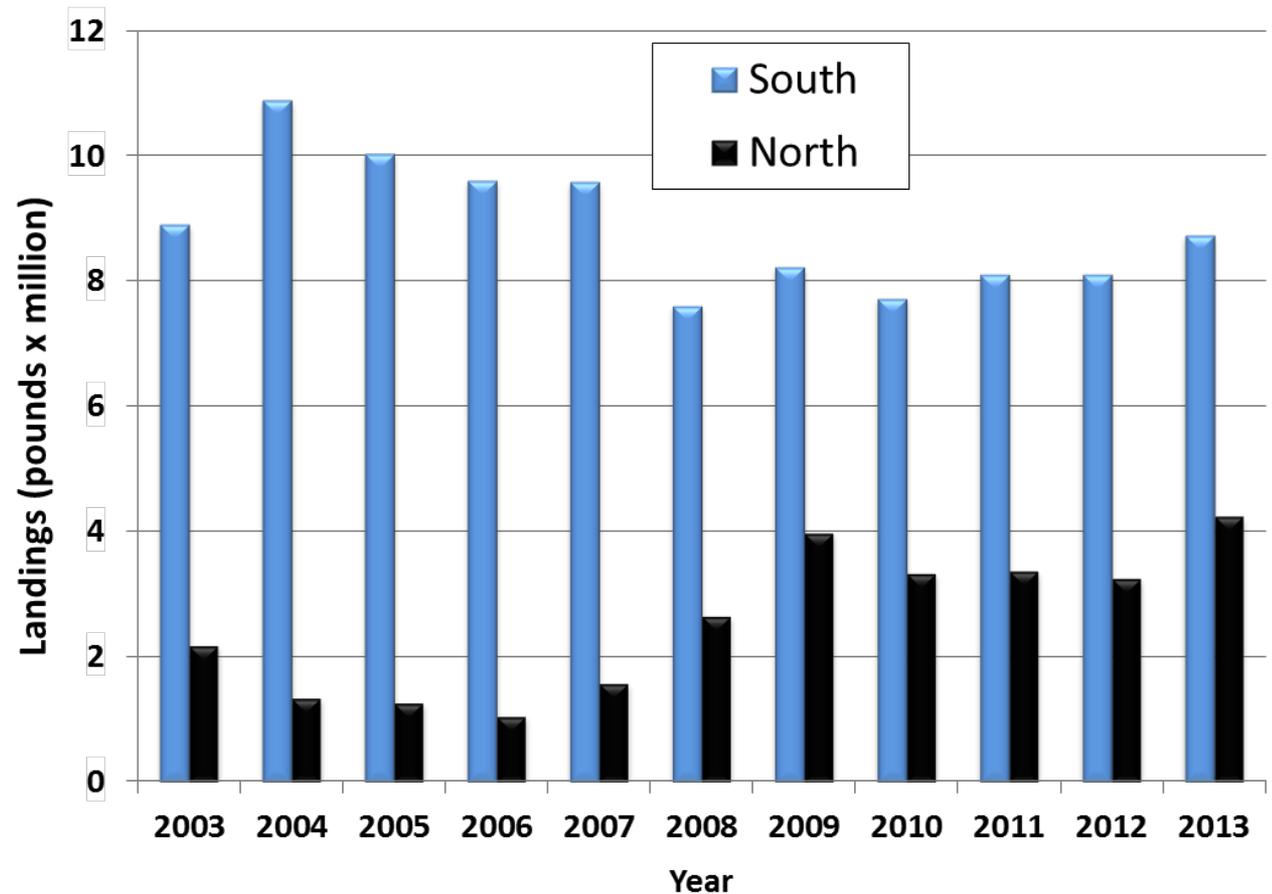
Statewide Landings 1970-2012

- Concentrated Effort Fort Bragg Vicinity and Southern California Bight
- Majority of Nor Cal Landings near Fort Bragg
- Majority of So Cal Landings at offshore islands and San Diego



North vs. South Total Landings and Percentage Statewide

Year	South	North
2003	80%	20%
2004	89%	11%
2005	89%	11%
2006	90%	10%
2007	86%	14%
2008	74%	26%
2009	67%	33%
2010	70%	30%
2011	71%	29%
2012	71%	29%
2013	67%	33%

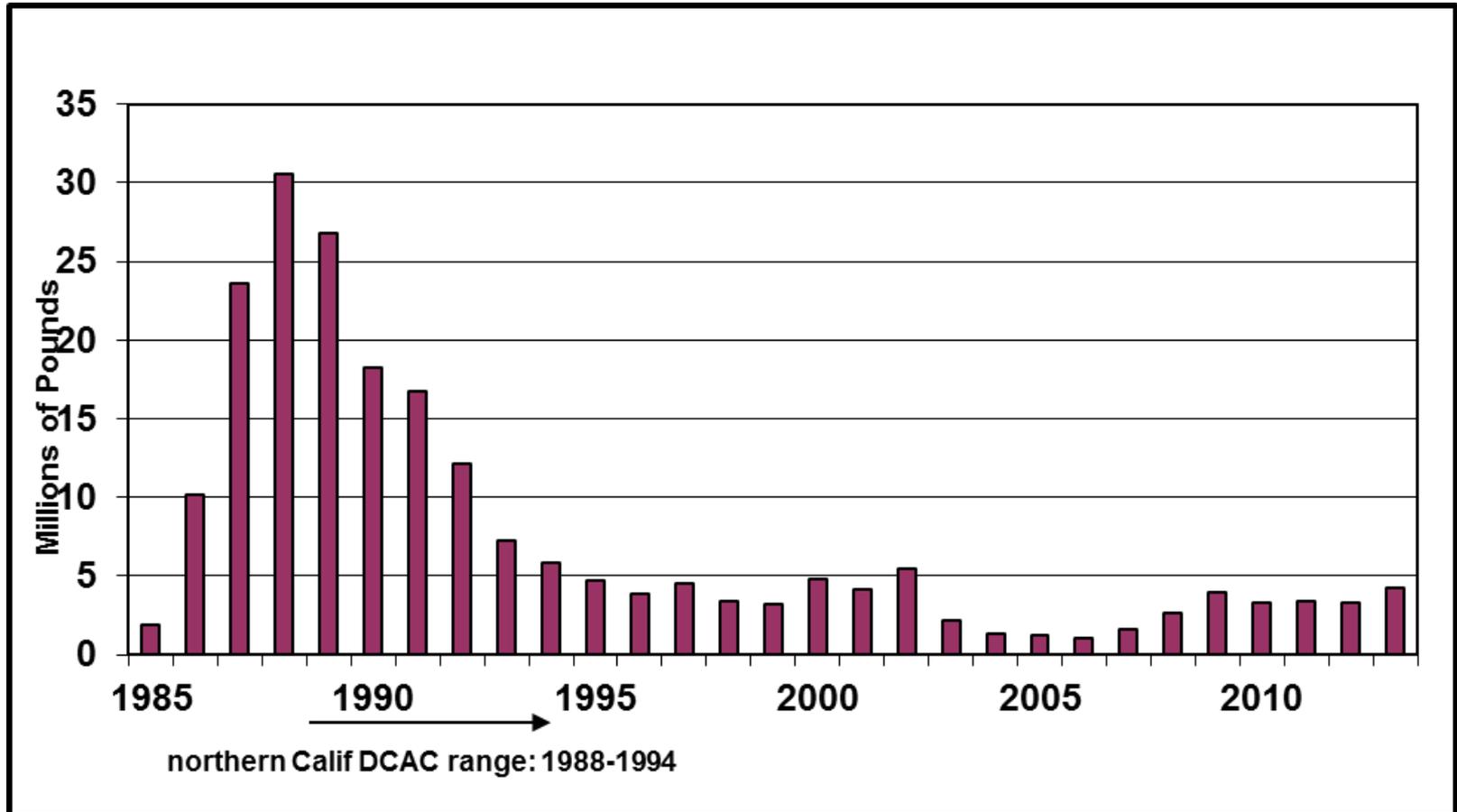


- Northern landings on steady rise from 2006 topping out at 4.2 million pounds in 2013
- As northern landings have been increasing, southern landings have been decreasing or stable
- Some decrease in southern landings can be attributed to shift in effort to warty sea cucumbers

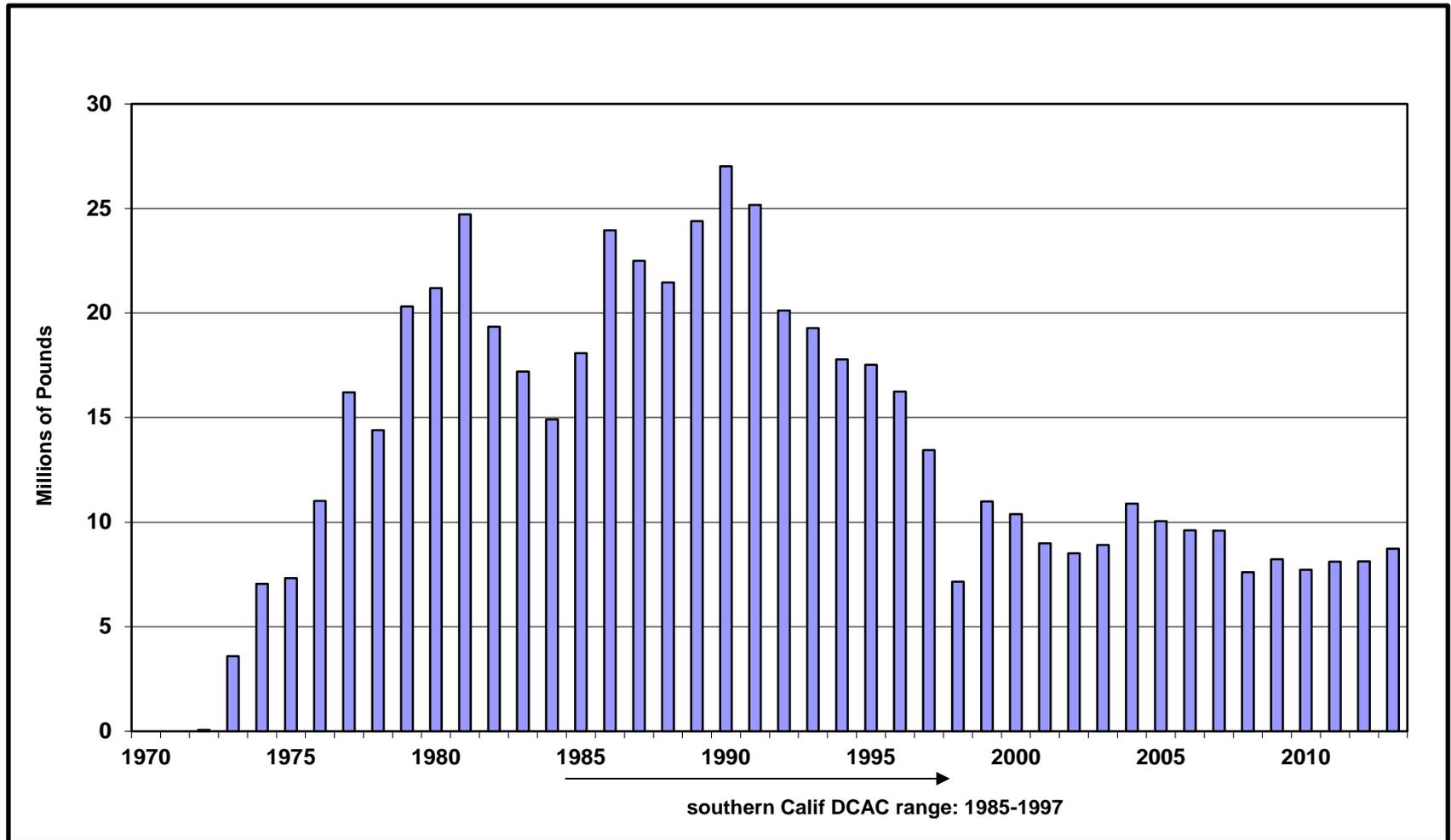
Maximum Sustainable Yield (MSY) for North and South

- **Based on Depletion-Corrected Average Catch (DCAC) model (MacCall 2009) which applies a correction to the long term average catch for the initial ‘windfall’ harvest of a newly exploited stock – this is especially applicable to northern California which dramatically exhibits this windfall harvest as does southern California to a lesser extent.**
 - **Southern and Northern California analyzed separately due to unique catch history and life history parameters**
 - **The data years for MSY calculations were 1988 – 1994 (northern CA)**
 - **The data years for MSY calculations were 1985-1997 (southern CA)**

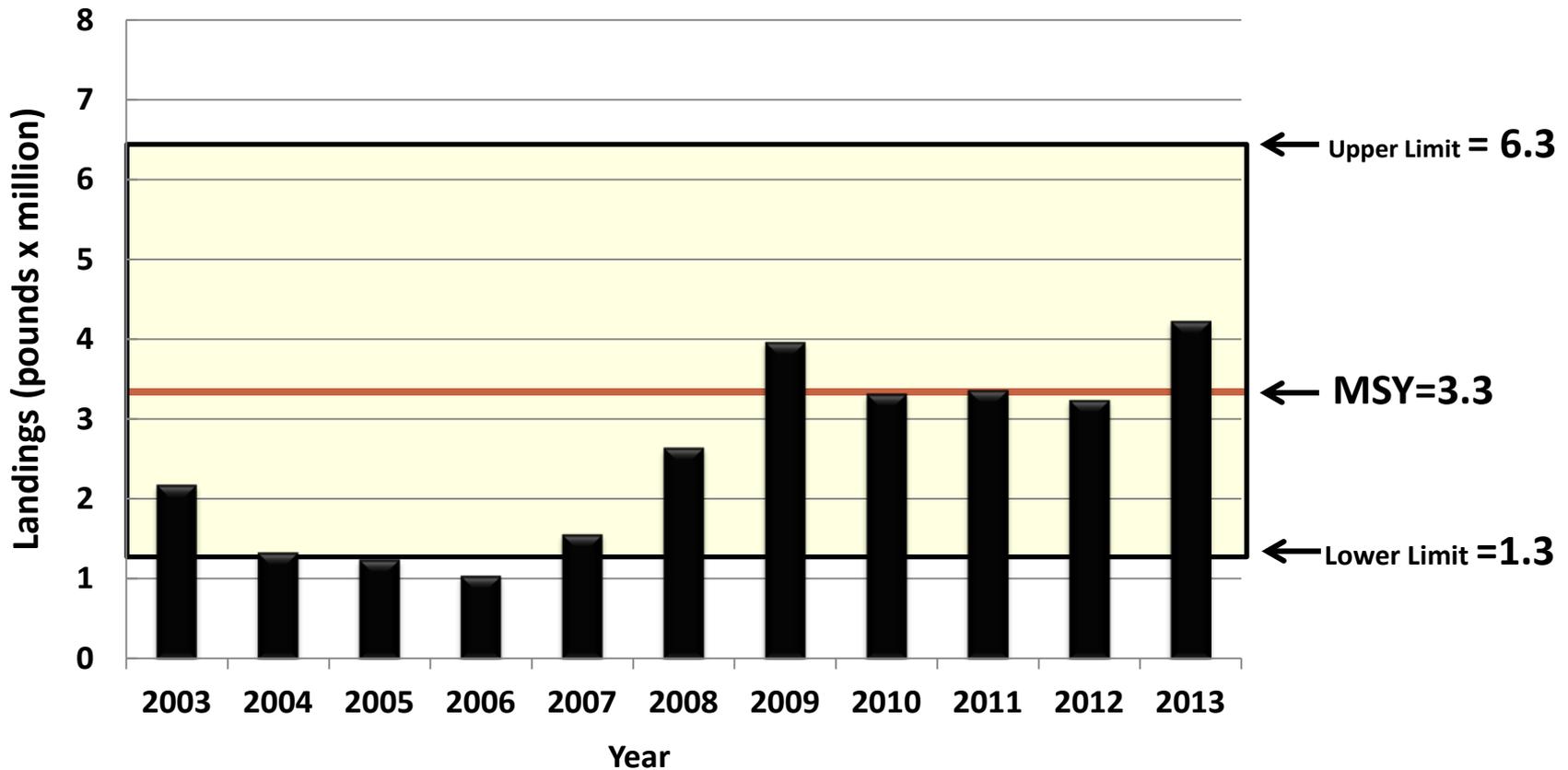
Northern California Catch History



Southern California Catch History



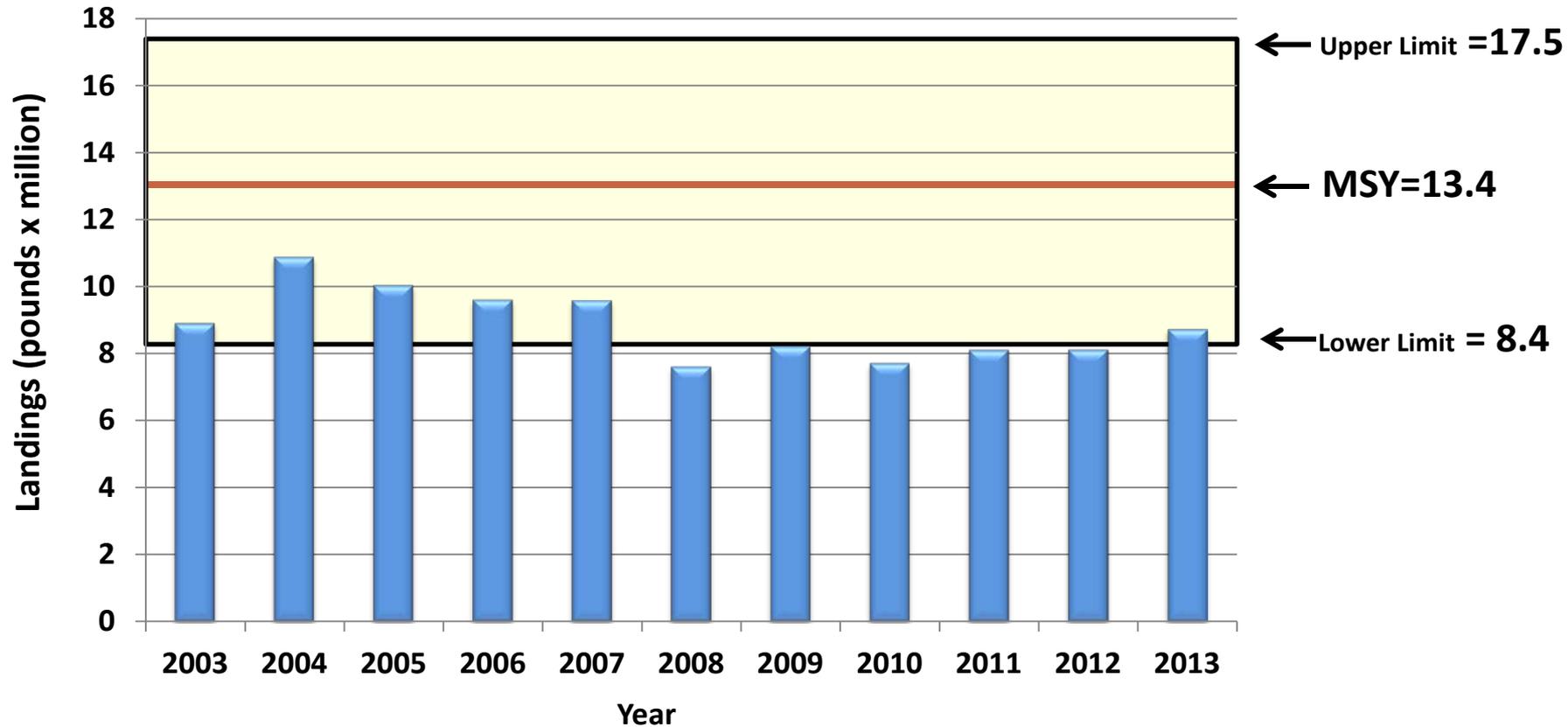
Maximum Sustainable Yield (MSY) Northern California



Northern California Recent Catch History

- MSY = 3.3 million lbs
- 95% Confidence Interval = 1.3 to 6.3 million lbs
- 2013 catch = 4.2 million lbs

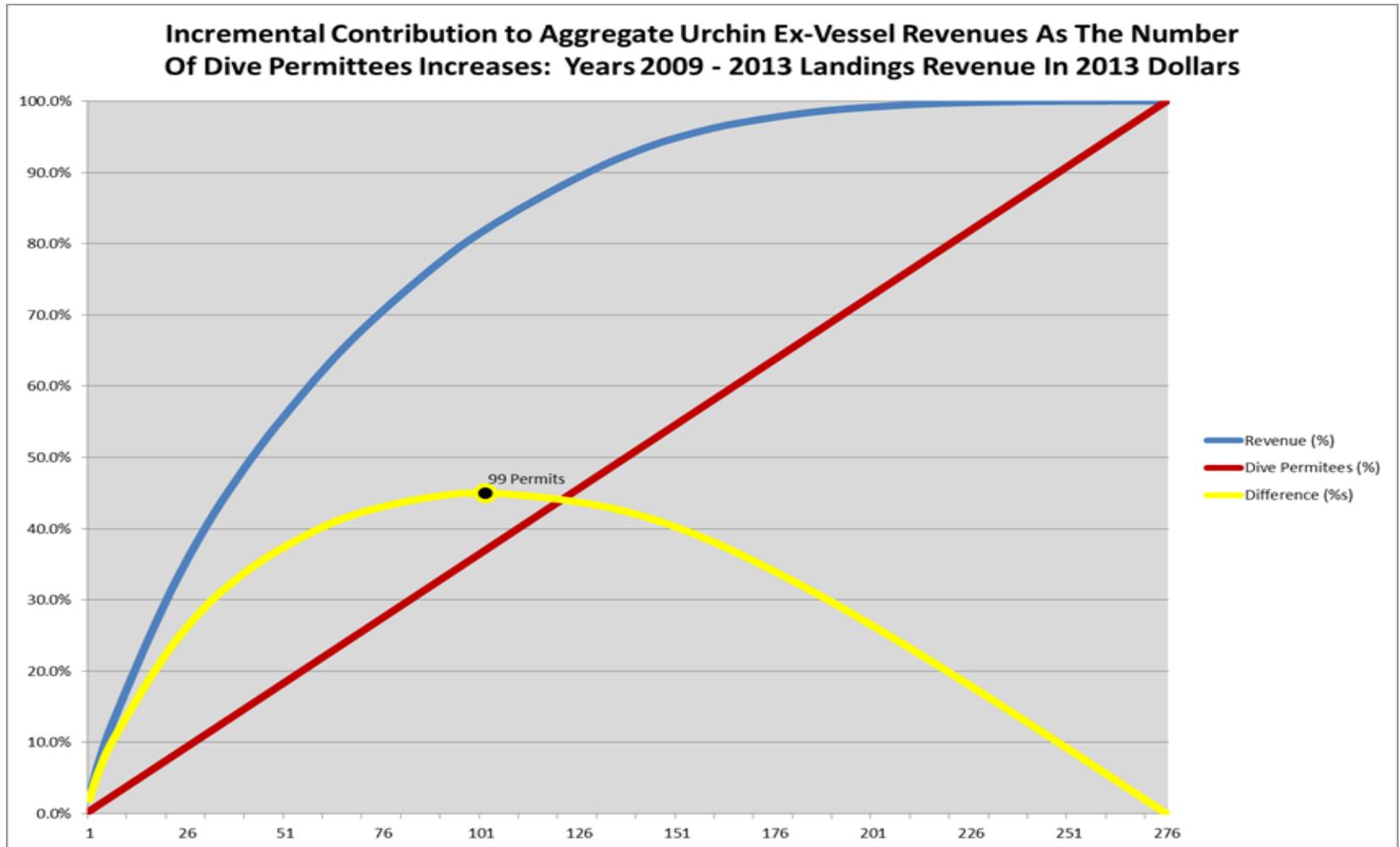
Maximum Sustainable Yield (MSY) Southern California



Southern California Recent Catch History

- MSY = 13.4 million lbs
- 95% Confidence Interval = 8.4 to 17.5 million lbs
- 2013 catch = 8.7 million lbs

Optimal Number of SU Divers Based on Ex-Vessel Revenues



Thank You



Derek Stein

Email: Derek.Stein@wildlife.ca.gov

Department of Fish and Wildlife

Marine Region

Invertebrate Management Project



July 31, 2015

Sonke Mastrup
Executive Director
California Fish & Game Commission
1416 Ninth Street, Suite 1320
Sacramento, CA 95814

Dear Sonke:

At the October 8th 2014 California Fish & Game Commission (CFGF) the Commissioners voted to “DIRECT STAFF TO BEGIN PREPARING AN INITIAL STATEMENT OF REASONS (ISOR) FOR ADDRESSING SEA URCHIN FISHERY CAPACITY AFTER REACHING OUT TO THE INDUSTRY TO BE SURE THERE IS A SINGLE PROPOSED ACTION BEFORE GOING TO NOTICE.”

The California Sea Urchin Commission (CSUC) has been working with the Department for many years and has surveyed our members numerous times and held countless port meetings. The divers are unanimous in their desire to move forward with a capacity reduction plan. We met on November 21, 2014 with seven processor representatives who buy and sell approximately 75 percent of sea urchins harvested in California. The purpose was to develop a single action plan as directed by the CFGF. The processors said they would not be able to come to an agreement during that meeting, but would coalesce before the end of 2014. It has now been eight months since that meeting and the processors have failed to meet and failed to offer a counter proposal to the Capacity reduction goal of 150 permits. During that same period the License and Revenue Branch continued add to the capacity by issuing permits exceeding 300 when late renewals are added to the total given through the lottery system. The processor who objected to proposal at the October 8th meeting has lost support from some of his co-signors. The CSUC believes it’s time to move forward.

To our knowledge the Department staff have not begun to work on the ISOR even though it’s listed on the CFGF regulatory calendar to be heard at the October 7, 2015 meeting in Los Angeles.

The CSUC has hired a private consultant to write the ISOR to expedite the regulatory process. We will have a draft document completed for the Commission and staff to review prior to the October meeting. We therefore formally request that this issue be placed on the October 7, 2015 agenda so the Commissioners can consider and potentially take action to adopt the regulatory package.

Cordially,

A handwritten signature in black ink, reading "David Goldenberg".

David Goldenberg
Executive Director

Cc: Craig Shuman Derek Stein
 Susan Ashcraft Chuck Bonham
 Tom Barnes



CAPACITY REDUCTION PROPOSAL

IMPROVED REGULATIONS FOR THE CA. SEA URCHIN FISHERY A Framework for Sustainability and Enhanced Socio-economic Viability

Submitted by the California Sea Urchin Commission
To the California Fish & Game Commission
October 7, 2015

Sound fisheries management planning involves input from both managers and stakeholders including the California Fish and Game Commission (CF&GC). Good management must have the flexibility to react in a timely manner to changes in the resource, the effects of regulations, improved science, and evolving markets.

Understanding that good fisheries policy involves a sustainable resource, the business of fishing, and the essential fisheries information (multidisciplinary science) to help create and maintain a fishery that is sustainable in biomass, as well as social and economic integrity.

Working with The California Department of Fish and Wildlife (the Department), the California Sea Urchin Commission (CSUC) is proposing to the California Fish and Game Commission (the Commission), a number of changes to the current Sea Urchin regulations. The CSUC believes these changes will help secure the long term viability of California's valuable Sea Urchin Fishery, in meeting the goal of The Marine Life Management Act.



Recommendations:

1. Reduce permit capacity threshold to 150
2. New entry system with a 10:1 (ten to one) system
3. Close the 'lottery loop hole'
4. Add one fishing day, June-October in Southern CA

1) **Reduce the current capacity by allowing non renewed permits to leave the fishery.**

A. Current Practice – there are 300 permits. Ninety-Seven (97) percent of the harvest is caught by 150 permit holders. The remaining 150 permits are latent and if they become fully active could potentially cause unsustainable pressure and result in harvest restrictions.

B. Proposal – to reduce capacity threshold to 150 permits over an extended period of time to gradually reduce harvest pressure. Recommendation number 2 will allow for new entrants at sustainable levels.

Reducing capacity assures a sustainable fishery from over harvesting. This can be accomplished through natural attrition over many years, incentives to retire permits, but it could also include a “permit buyback program” developed at a later date if desired and with available funding.

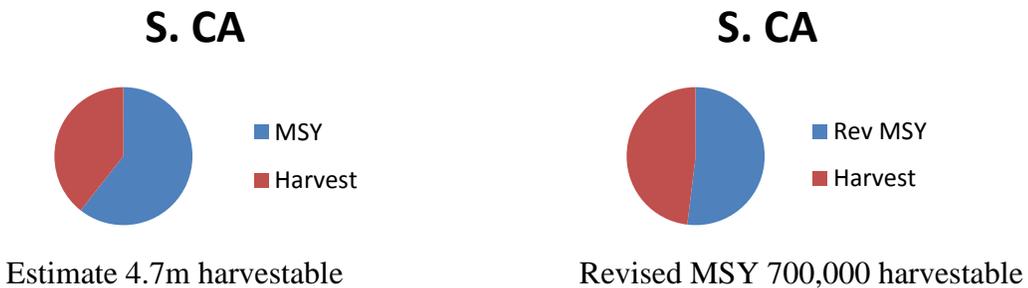
Traditionally, sea urchin harvest has been controlled by limiting effort through minimum size, the number of open harvest days, and restricting the number of divers.

Reasoning in Support:

- Compaction of fishing pressure. The implementation of the Marine Life Protection Act (MLPA) has resulted in an estimated loss of 40+% of the dive fishing grounds to Marine Protected Areas (MPA’s), which results in the loss of some of the most productive locations in terms of poundage and/or quality.
- Reduces latent capacity. Department data shows for the past several years 150 divers have harvested approximately 97% of the poundage landed. If all 300 divers were active it’s possible the fishery might not remain economically sustainable due to the added harvest pressure.

Counter Argument: (Processor point of view)

- Several sea urchin processors have voiced concern about reducing the number of licenses. They make the point that they cannot presently fill their orders and additional active divers can provide additional capacity. They cite Peter Kalvass’ Maximum Sustainable Yield (MSY) study that was completed in 1994 indicating the MSY as 13.4 million pounds and current harvest as 8.7 million pounds in Southern California. They claim the difference 4.7 million pounds are harvestable and more divers could access those additional urchins.



Counter Argument Fails to Consider: (Fishermen point of view)

- The processor argument fails to consider that MSY is a theoretical calculation based on previous harvests. The MSY model was developed prior to the adoption of the Marine Protected Areas (MPA’s) which has reduced many prime fishing grounds. Taking a conservative 30 percent loss of fishing grounds, the 13.4 MSY in Southern California can be reduced to 9.4 million pounds (13.4 - .30%). The difference of 700,000 pounds (9.4 – 8.7) reflects a mere 8 percent of additional harvest, not 4.7 million pounds as the processors claim. Thus keeping a sustainable fishery.

- Urchins feed on kelp as their food source. The oceans have been experiencing a warm water event which negatively impacts kelp production. Divers have been reporting that locating harvestable urchins with adequate sized roe has been difficult in the last nine months. The warm water is an indication of a coming El Nino this Fall and Winter.
- Smaller urchins results in smaller recovery of roe and lower economic returns. Increasing harvest capacity (more active divers) will only exacerbate the fishery dynamics.
- A lower number of divers can maintain a viable/sustainable fishery. Additional divers over the current level will eventually deplete the resource and require aggressive regulations such as closures which will disrupt the orderly fulfillment of orders. If closures are needed, customers will find alternate sources of supplies, risking market stability.
- Counting numbers of divers or permits is not appropriate for this fishery. What is most important is the number of pounds landed by each diver as it's a better indicator of sustainability.



2) **New entrant diver lottery:**

- A. Current Practice – licenses are valid from April to March. Licenses are renewed in April. Licenses can be renewed up through March but as the year progresses the late penalties increase. In June the License and Revenue Branch accounts for un-renewed licenses and on July 1 a lottery is held on a 1:1 basis for each license which is not renewed under the 300 threshold. Late renewals during the year increase the licenses to over 300 following after the lottery.**
- B. Proposal – to allow for an orderly entry of new divers by adding one new diver for each 10 which drop out.**

3) **Close Lottery Loop Hole**

- A. Current Practice – the ability to renew a license after the lottery increases the capacity.**
- B. Proposal – to cease the annual lottery until ten permits drop out. The number of permits dropped should be a rolling number as there could be less than ten each year. Account for non-renewals after the March 31 year-end. Therefore no new permits can be added during the fiscal year.**

Change the current license system to a **strictly priority based** system, with the diver or qualified tender who has been in the lottery the longest given the first opportunity to receive a permit based on a 10:1 ratio....for every 10 divers who leave the fishery 1 new entrant is provided a permit. This will allow limited access to the fishery, while still moving towards a lower capacity goal.

The first lottery after the new regulations are approved (**2016**) would be to settle any ties between entrants by prioritizing those who have applied unsuccessfully in the past. Prioritize the applicants by the number of years attempted on a first come first served basis. After that, any new applications would be given a place based on when (day and time) their application is received by the Department’s License and Revenue Branch.

In order to close the so called **Lottery Loop Hole**, an additional change to the lottery is required. Under current regulations the number of permits available in the lottery are based on the number that has been renewed by June 30 of each year. However, divers have until March 31 of the following year (the license year) to renew, resulting in a situation where by, **capacity is added** to the fishery.



It is therefore recommended that the available permits be based on a 16 month cycle (April 1 of the current calendar year to June 30th of the following year to renew a license, as well as purchase the license for the current year). Under this system no new permits would be given out the first year the new regulations are in effect, (e.g.. if the new regulations are approved for 2016, it would be 2017 before any new permits would be issued).

Reasoning:

- Guarantees those waiting for diver permits the longest will be given the first opportunity.
- 10:1 keeps open limited access to the fishery, until such time as permits may become fully transferable.
- Closes the lottery loop hole, while allowing divers the same time to renew a license.

Counter Argument: (Processor point of view)

- Processors argue that 10:1 does not allow enough new entrants to enter the fishery. They would like to see a lower threshold, such as 5:1.

Counter Argument Fails to Consider: (Fishermen point of view)

- It’s recognized that it will take years for latent permits to retire. Increasing the new entrants from 10:1 to 5:1 will only delay capacity reduction making it harder to reach a sustainable fishery.
- Fishing capacity should be reviewed every few years to determine the optimum level based on harvest, economics and other social aspects of the fishery to maintain a sustainable fishery.



SOUTHERN CALIFORNIA

Add One Day to the Open Days of the Week, June through October

A. Current Practice – June through October the fishery is open Monday through Thursday. From November through May the fishery is open seven days.

B. Proposal – add Friday to the June through October fishing calendar.



The current harvest schedule of Monday through Thursday, June through October results in delayed market replenishment at the start of each week. The total number “days back” will add 21 days to the summer season.

Urchins “held over” for shipments from the previous **Thursday** lose some of their freshness, and related quality issues, resulting in a marketing problem that is opening the door to competition from foreign suppliers. A reliable supply of a quality product, at a fair price is essential to maintaining and expanding California’s domestic and international market share.

Reasoning:

- The domestic (U.S.) market for California Red Sea Urchins has **grown dramatically** during the last decade and is **continuing to expand**, helping to offset the **economic damage** the California Sea Urchin industry suffered with the loss of a substantial portion of its sales to the Japanese market.
- The U.S. market has its **highest product demand** during the **summer months into early fall**.
- By adding one day a week to the current harvesting schedule (June through October), the California Sea Urchin Industry will be better positioned to **maintain its historic advantage** over competition from foreign and other domestic suppliers by increased reliability of supply, and a fresher, higher quality product.
- The marketplace dynamics are rapidly changing. Many fisherman are selling live urchins or conducting direct sales to the end users at local ports. They need a Friday fishery to keep the urchins in top conditions for their Saturday markets.
- Poor weather conditions: Sea urchin harvesters will have **greater flexibility** in working around **dangerous** ocean conditions, and **military** training activities if they have greater flexibility in setting their diving schedule.
- Marine Protected Areas (MPA): One day back will not be a threat to the resource. The MPA have eliminated 40 percent of the available diving areas. These MPA provide added biomass protection to the fishery to buffer any additional harvest pressure. It’s highly unlikely that the added pressure would bring the urchin population 30 percent below the original biomass levels.

Counter Argument:

Both fishermen and processors are in support of increasing fishing opportunity.

NORTHERN CALIFORNIA

Due to harvest concerns, the CSUC is recommending no change to the Northern California season structure.

Counter Argument:

Both fishermen and processors are in support of not changing Northern California's season structure.