

Final Project Report

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A. NOAA Grant Number: NA09NMF4520423

B. Grantee: Commercial Fisheries Research Foundation (CFR Foundation)

C. Principal Investigator: Margaret Petruny-Parker, Executive Director

D. Project Title: “Groundline/Exchange Conversion Plan – 2009”

E. Amount of Grant: \$3,000,000

F. Award Start Date: 10/02/2009

G. Period Covered by Report: 10/02/09 – 07/31/11

H. Work Accomplishments:

Background information:

The overall goal of the “Groundline/Exchange Conversion Plan – 2009” (referred to simply as the Groundline Program throughout the rest of this document) was to administer a financial assistance program for actively fishing lobstermen to help with the costs of converting to sinking groundline as mandated in rules issued by NOAA/NMFS (Final Rule 72 FR 57104 - October 2007) in accordance with the Atlantic Large Whale Take Reduction Plan. The plan targeted two users groups:

1. RI residents who have been actively fishing lobster traps in Lobster Management Area 2;
2. Fishermen holding an Area 3 lobster permit actively fishing in Lobster Management Area 3.

The Groundline Program, administered by the Commercial Fisheries Research Foundation (CFRF), was based on guidelines developed by the Rhode Island Department of Environmental Management (RI DEM) for RI residents fishing lobster traps in Lobster Management Area 2, and by the Atlantic Offshore Lobstermen’s Association (AOLA) for lobstermen actively fishing in Lobster Management Area 3, and from input received from regional rope suppliers.

Summary of previously submitted information:

The CFRF submitted semi-annual progress reports on the Groundline Program in April 2010, October 2010, April 2011, and August 2011. Those reports contained the information on the administrative tasks that were accomplished including 1) tasks undertaken to enable the CFRF to prepare to administer the program; 2) development of a website and online voucher system to support the overall Groundline Program; 3) implementation of the Area 3 portion of the program;

4) implementation of the Area 2 portion of the program; and 5) implementation of the rope recycling portion of the program. The CFRF refers readers of this final program report to the previously submitted progress reports for details on those subject areas.

Summary of information covered in this report:

The following document comprises the Final Project Report. It summarizes, in general, the following information:

1. Program work completed over the course of the project from 10-02-2009 through 07-31-2011
2. Description of how the online voucher system approach was implemented
3. General information gathered from the online voucher system that supported the Groundline Program
4. Summary of overall budget expenditures
5. General observations/conclusions regarding the implementation of the program.

Note: A final financial report utilizing the SF 425 form will be submitted as a separate document.

Program work completed during the course of the project (10-02-2009 through 07-31-2011):

The CFRF served in an administrative capacity in executing the Groundline Exchange Program for Lobster Management Area 3 and Lobster Management Area 2 participants, and worked closely with the RI Department of Environmental Management and the Atlantic Offshore Lobstermen's Association in developing and implementing the program. Over the period of time of October 2009 through July 2011, the program was administered through a series of phases of work, including the initial administrative organization steps; the development of a website and online voucher system; the implementation of the Area 3 portion of the program; the implementation of the Area 2 portion of the program; the development of a recycling option for used groundline; and the finalization of all transactions/expenditures, and financial records.

In carrying out these phases of work the CFRF completed the following list of tasks:

1. Hired a part-time CFRF Program Administrator to assist in implementing the program;
2. Entered into a work agreement with the RI Department of Environmental Management, the state agency acting as partner to the CFR Foundation in administering the Area 2 portion of the program;
3. Established a separate banking account and bookkeeping system for the program;
4. Procured the necessary office supplies, equipment, etc. to carry out the program;
5. Developed a website and online voucher system to support the overall Groundline Program;
6. Compiled the most recent list of federal permit holders with an Area 3 endorsement from NMFS records;
7. Finalized the eligibility criteria for Area 3 participants and rules for participating in the program;
8. Issued letters of notification to potentially eligible participants in Area 3;

9. Compiled completed applications and support documents and assisted Area 3 permit holders applying to the program;
10. Reviewed completed applications and support documents for Area 3 applicants;
11. Calculated individual voucher amounts for Area 3 based on agreed upon formula;
12. Presented information regarding applications approved and not approved for Area 3 to the Review Panel for the Groundline Program for final determinations;
13. Issued acceptance/rejection notification letters to applicants in Area 3;
14. Organized an information session for rope dealers planning on participating in the program;
15. Implemented the voucher system for Area 3 participants;
16. Notified Area 3 participants about recycling options;
17. Processed invoices from participating rope dealers for Area 3 vouchers;
18. Finalized all eligibility criteria for Area 2 participants and application procedures with RI DEM;
19. Compiled the list of eligible participants for Area 2 with contact information as determined by RI DEM;
20. Issued letters of notification to potentially eligible participants in Area 2;
21. Reviewed completed applications and support documents and assisted Area 2 license holders applying;
22. Forwarding completed Area 2 applications and support documents to RI DEM for verification;
23. Calculated individual voucher amounts for Area 2 based on agreed upon formula;
24. Presented Area 2 applications approved and not approved to the Review Panel for the Groundline Program for final determinations;
25. Updated program website to include information about the Area 2 portion of the program including eligibility criteria and an online application form;
26. Issued acceptance/rejection notification letters to Area 2 applicants;
27. Notified Area 2 participants about recycling options;
28. Notified participating rope dealers of addition of Area 2 approved vouchers;
29. Added to program new rope dealers interested in participating;
30. Implemented voucher system for Area 2 participants;
31. Processed invoices from participating rope dealers for Area 2 vouchers;
32. Completed final reimbursements to participating rope dealers in fall 2010;
33. Issuance of surveys to Area 2 and Area 3 participants to track rope recycling participation;
34. Completion of all financial transactions from administrative budget;
35. Submittal of semi-annual progress reports, financial reports, and final project report.

Description of how the online voucher system approach was implemented

An online voucher system approach was chosen as the most appropriate method of distributing and tracking rope transactions under the Groundline Program. This online system could accommodate offshore lobstermen with large fishing operations involving large quantities of rope, allowing them to purchase rope in increments over the course of the program.

The online system was accessed through a website (www.groundlineexchange.com) where both permit holders in the program and participating rope dealers could access information and make/track rope transactions using their assigned PIN and password. The system was up and running in January through September 2010. Both parts of the program (Area 3 and Area 2) follow the same system but the central database was programmed to track Area 3 and Area 2 transactions separately because they had different budget allotments, and different eligibility criteria and participants. The Area 3 portion of the program was up and running by January 2010, while the Area 2 portion was delayed until June 2010. (Reasons cited in previous reports). During the course of the program, the Program Administrator would oversee the voucher system, assist program participants with any questions or difficulties they might have encountered, and process monthly rope dealer invoices for reimbursement. Overall, the online voucher system performed very well and both rope dealers and voucher users appeared to be able to use the system as designed very effectively.

Rope transactions through the online system were designed to be easy for both permit holders and rope dealers. A permit holder would go to an approved dealer, request an amount of rope to purchase, and give the dealer his permit number and PIN for verification. The dealer would then look up the permit holder to verify he had a voucher amount remaining and was cleared in the online system to purchase more rope. He would be cleared if he had voucher funds remaining and also if 7 days had elapsed since his last transaction. The dealer would then enter the following information: 1) date of purchase, 2) pounds of rope sold both using voucher funds and in total if permit holder was purchasing other gear at the same time with non-voucher funds, 3) rope manufacturer, 4) total sale amount, and 5) total amount of voucher used. Figure 1 offers an example of the information collected and recorded in the online system.

Date Of Purchase	Program	Dealer	Ibs Sold / Voucher	Rope Mfr.	Sale Amount	Voucher Used	Status	Approved Amount
06/21/2010	Area 2	Ketcham Trap	237 / 237	continental western	\$522.00	\$522.00	Approved	\$522.00
Total Voucher Approved							\$522.00	

Figure 1. Example information collected in a rope transaction.

In order to ensure the transaction was legitimate, the permit holder was required to approve the transaction either online at the dealers (using their private password) or at home online or by fax within 24 hrs of the transaction. On occasion, permit holders called the Program Administrator requesting the transaction be approved from the Administrative end of the online system. Future transactions could not be made unless all prior transactions were approved.

The online system stored all transactions which could be recalled and summarized by dealer or permit holder (see Figure 2 and 3).

Date Of Purchase	Program	Dealer	Ibs Sold / Voucher	Rope Mfr.	Sale Amount	Voucher Used	Status	Approved Amount
02/25/2010	Area 3	Ketcham Trap	752 / 752	euro steel	\$1,580.00	\$1,580.00	Approved	\$1,580.00
03/31/2010	Area 3	Ketcham Trap	1774 / 1774	high liner	\$3,902.00	\$3,902.00	Approved	\$3,902.00
04/08/2010	Area 3	Ketcham Trap	525 / 525	Continental Western	\$1,102.50	\$1,102.50	Approved	\$1,102.50
05/14/2010	Area 3	Ketcham Trap	2403 / 2403	EURO,CWC,HIGH LINER	\$5,287.00	\$5,287.00	Approved	\$5,287.00
Total Voucher Approved							\$11,871.50	

Figure 2. Summary of transactions displayed by permit holder. Note that the Program Administrator could modify information by clicking on the Date of Purchase. For example, on several occasions the date was entered incorrectly or Approval was done by the Program Administrator upon signed request from the permit holder.

Permit Holder	Date Of Purchase	Program	Ibs Sold / Voucher	Rope Mfr.	Sale Amount	Voucher Used	Status
321047 - Todd Ellis, Amy Philbrick	04/07/2010	Area 3	18890 / 18890	Olivera	\$27,588.00	\$27,588.00	Approved
	04/21/2010	Area 3	6231 / 6231	Hyliner Rope	\$13,085.00	\$13,085.00	Approved
	06/01/2010	Area 3	585 / 585	Everson Cordage	\$1,425.00	\$1,425.00	Approved
	07/16/2010	Area 3	585 / 585	Everson Cordage	\$1,425.00	\$1,425.00	Approved
	08/18/2010	Area 3	684 / 684	Hyliner Rope	\$1,436.00	\$1,436.00	Approved
330590 - Todd Ellis, Amy Michele	02/24/2010	Area 3	9761 / 9761	Polysteel Atlantic	\$21,669.00	\$21,669.00	Approved
	03/03/2010	Area 3	1381 / 1381	Hyliner Rope Co.	\$2,969.00	\$2,969.00	Approved
	04/21/2010	Area 3	7609 / 7609	Hyliner Rope	\$15,978.00	\$15,978.00	Approved

Figure 3. Summary of transactions displayed by rope dealer.

Rope dealers were reimbursed for transactions on a monthly basis. Dealers were required to print a summary of all transactions for the month, called a Transaction Report, and submit this signed with a company invoice for the total amount of rope sold that month under the voucher program. Only transactions which were approved by the permit holder were eligible for reimbursement, giving the dealers extra incentive to assist permit holders directly after the sale to approve online in the store. Dealers were generally reimbursed within two-four weeks given the CFRF Board approval. See Figure 4 for a Transaction Report.

IMP Fishing Gear: Approved Voucher Amounts for August 2010								
Permit Holder	Date Of Purchase	Ibs Sold / Voucher	Rope Mfr.	Sale Amount	Voucher Used	Status	Approval Date	Approved Amount
Richard Blades MPURP000955 - Nina B	08/05/2010	1571 / 1571	POLYSTEEL	\$3,377.00	\$3,377.00	Approved	08/05/2010	\$3,377.00
Approved Amount								\$3,377.00
Bo Christensen MPURP000429 - Slopoke	08/13/2010	26 / 26	COTESI	\$57.00	\$56.00	Approved	08/13/2010	\$56.00
Approved Amount								\$56.00
Michael Massa MPURP000960 - Islander	08/10/2010	762 / 762	POLYSTEEL	\$1,638.00	\$1,624.00	Approved	08/10/2010	\$1,624.00
Approved Amount								\$1,624.00
Ian Sylvestre MPURP000705 - Seetime	08/05/2010	548 / 548	POLYSTEEL	\$1,179.00	\$1,179.00	Approved	08/05/2010	\$1,179.00
	08/18/2010	558 / 558	POLYSTEEL	\$1,200.00	\$1,200.00	Approved	08/18/2010	\$1,200.00
Approved Amount								\$2,379.00
IMP Fishing Gear Approved Amount for August 2010 through September 2010								\$7,436.00

Figure 4. Example of a transaction report for a dealer for one month (August 2010)

Transaction reports by month could also be viewed online by the Program Administrator. The information could be filtered by dealer, permit holder, date, and Area. Figure 5 shows a screen shot of how this info could be accessed. Only the Program Administrator (using a login and password) could access this information.

Figure 5. Transaction reports filtered from the Program Administrators end were done using this feature of the online system.

General information gathered from the online voucher system that supported the Groundline Program

Summary of Area 3:

1. Total vouchers issued – Vouchers were issued to 64 permits (equating to 48 individual permit holders) for a total amount of \$2,258,452 vouchers issued.
2. Total vouchers used - \$2,258,230
3. Total vouchers un-used - \$222. [Note: This remaining amount was from small balances (i.e. \$1 to \$70) on several permit holder vouchers. Letters were sent to all permit holders towards the end of the program reminding them to use any remaining voucher balances or they would be lost. Most permit holders with small balances did not wish to spend money on rope where only a very small amount would be covered by the voucher. In Area 3, by the close of the program, there were 29 participants with less than \$100 left on their vouchers.]
4. Total pounds of rope purchased – 1,044,448 pounds in a total of 168 separate transactions.
5. Total pounds of rope by diameter – 3/8inch (6,869 lbs); 7/16inch (35,531 lbs); 1/2inch (76,340 lbs); 9/16inch (111,463 lbs); 5/8inch (767,978 lbs); 3/4inch (46,267 lbs).
6. Number of participants using each rope diameter – 3/8inch (2); 7/16inch (7); 1/2inch (8); 9/16inch (8); 5/8inch (38); 3/4inch (1).
7. Type and amount of rope purchased – Highliner/Hy-Liner (54,653lbs); Gaware Wall (4,301lbs); Unlisted or combined manufacturers (22,121lbs); Everson (204,642lbs); Anacko (226,150lbs); Cotesi (6,336lbs); Euro Steel (121,421lbs); Polysteel (179,765lbs); Continental Western (17,651lbs); Olivera (207,963lbs).
8. Total number of vessels involved - 64 vessels or permits.
9. Total amount of rope recycled - In March 2010, the CFRF mailed a letter and short survey to Area 3 participants asking for the amount of rope they intended to recycle and which drop off bin locations they would likely use. Sixteen participants responded indicating they intended to recycle a collective total of 147,500 lbs of rope over four locations (New Hampshire, Newport, New Bedford, and Chatham). According to the NFWF, gear has not been collected from recycling bins in Rhode Island in 2010. Since 2008, the total amount of all gear (not just rope) collected from Newport was 21,553 lbs and 56,981 lbs from Point Judith. The NFWF was unable to provide data on the amount of only rope recycled in 2010, as data from the bins includes combustible and metal materials.

Summary of Area 2

1. Total vouchers issued – 113 permits were issued vouchers for Area 2 for a total amount of \$412,601. Note: While there were 113 permits issued vouchers, five fishermen had two permits so the total number of individual fishermen served by the program was 108.
2. Total vouchers used - \$ 407,054.
3. Total vouchers un-used - \$5,547. As with Area 3, efforts were made during August and September to contact participants with outstanding voucher amounts to notify them that they would lose the remaining amounts if their transactions were not completed by September 30, 2010. A letter was sent to all participants with any amount of voucher left (even \$1) and follow-up phone calls were made the week of the Sept. 30 deadline to participants who had more that \$50 left on their voucher, reminding them it was a “use it or lose it” arrangement. Several participants had small amounts left on their vouchers and chose not to use the remaining amount because it would have required that they buy a whole unit of rope and they would have had to pay most of the cost. In total, there were 48 participants in Area 2 with some small amount (less than \$100) left on their vouchers. Note: By the end of the program, three participants had not used any of their vouchers (i.e. got out of fishing or could not be reached). This amounted to \$5,095.
4. Total pounds of rope purchased – 179,502 lbs.
5. Total pounds of rope by diameter – 3/8inch (67,631 lbs); 7/16inch (98,287 lbs); 1/2inch (7,164 lbs); 9/16inch (0 lbs); 5/8inch (4,902 lbs); 3/4inch (0 lbs); 5/16inch (1,518 lbs).
6. Number of participants using each rope diameter – 3/8inch (48); 7/16inch (44); 1/2inch (6); 9/16inch (0); 5/8inch (2); 3/4inch (0); 5/16inch (6).
7. Type and amount of rope purchased – Highliner/Hy-Liner (6,576lbs); Gaware Wall (1,250lbs); Unlisted/Combined (586lbs); Everson Cordage (123,266lbs); Anacko (21,093lbs); Cotesi (3,485lbs); Euro Steel (9,996lbs); Proflex (16lbs); Polysteel (4,759lbs); Continental Western (3,878lbs); CWC (698lbs); Tytan (342lbs); Seaside Inc. (1,958lbs).
8. Total number of permits and vessels involved -113.
9. Total amount of rope recycled – A total of fourteen surveys were returned stating a total of approximately 18,719 lbs of rope recycled. Survey respondents stated that they used only the recycling bin in the port of Gallilee/Point Judith, RI. See section 2.b.ii above for detailed description.

General summary of data for Areas 2 and 3:

1. Total vouchers issued – 177 (64 from Area 3 and 113 from Area 2). The total number of participants was 156 (48 from Area 3 and 108 from Area 2). The total amount of the vouchers issued was \$2,671,053.
2. Total amount of vouchers used - \$2,665,284
3. Total vouchers un-used – \$5,769
4. Total pounds of rope purchased – 1,223,950 pounds.
5. Total pounds of rope by diameter – 3/8inch (74,500 lbs); 7/16inch (133,818 lbs); 1/2inch (83,504 lbs); 9/16inch (111,463 lbs); 5/8inch (772,880 lbs); 3/4inch (46,267 lbs); 5/16inch (1,518 lbs).
6. Number of participants using each rope diameter – 3/8inch (50); 7/16inch (51); 1/2inch (14); 9/16inch (8); 5/8inch (40); 3/4inch (1); 5/16inch (6).
7. Type and amount of rope purchased – Highliner/Hy-Liner (61,229lbs); Gaware (5,551lbs); Unlisted or combined manufacturers (22,707lbs); Everson (327,908lbs), Anacko (247,243lbs); Cotesi (9,821lbs); Euro Steel (131,417lbs); Proflex (16lbs); Polysteel (184,524lbs); Continental Western (21,529lbs); CWC (698lbs); Tytan (342lbs); Seaside Inc. (1,958lbs); Olivera (207,963lbs).
8. Total number of permits and vessels involved – 177.
9. Total amount of rope recycled from both areas according to surveys – 166,219 lbs.

Summary of overall budget expenditures

Total award: \$3,000,000

Amount paid for vouchers for Lobster Management Area 3: \$2,258,230.45

Amount paid for vouchers for Lobster Management Area 2: \$407,053.62

Total: \$2,665,284.07

Amount paid to RI DEM as a subcontractor: \$14,116.33 [Note: Originally \$50,000 was budgeted to cover the costs of RI DEM's participation in the administration of the program but the final invoice for their services was less. The unused portion of this line item (\$35,883.67) was not drawn down from the award and remains with the Federal Government.]

Total Direct and Indirect CFRF Administrative costs: \$284,716 [Note: This covers costs such as personnel salaries, fringe benefits and payroll taxes, travel, equipment, supplies, contractual work to develop the online interactive website, accounting and legal services, telephones, internet service, meeting room charges, and rent, utilities, and repairs and maintenance for CFRF meeting room/office space.]

Of the total award amount, 9.96% was used to cover the costs of administering the program (CFRF and RI DEM), with the balance of the award (minus the unused portion of the RI DEM line item being returned to the federal government) going directly to the lobstermen and rope dealers participating in the program.

General observations/conclusions regarding the implementation of the program

- Use of an online voucher system was instrumental in being able to accommodate fishing operations as occurred in Lobster Management Area 3. Given the amount of rope used offshore per individual fishing vessel, the replacement of floating to sinking groundline needed to occur over time and rope purchases needed to occur in increments to be manageable.
- Working with industry leaders in Area 3 (Atlantic Offshore Lobstermen's Association) was critical to developing a groundline program that met the circumstances of their fishery.
- Use of a voucher system with multiple checks and balances e.g. approval of both the rope dealer and the voucher holder before a transaction was honored or more transactions could take place enabled the administration of the program to take place with as much accountability as possible.
- The online voucher system with its data entry system at the time of the transaction allowed for the compilation of important data that could be summarized at the end.
- Use of a program specific website to convey information in addition to mailings was useful.
- The involvement of RI DEM was required in order to validate confidential information for Area 2 participants. It serves as an example of a fishing industry organization (CFRF) working with a management agency to accomplish the implementation of a needed program.