

2018 *Deepwater Horizon*
Oceanic Fish Restoration Project
 SUPPORTING A HEALTHIER GULF OF MEXICO



Document 4 of 7:

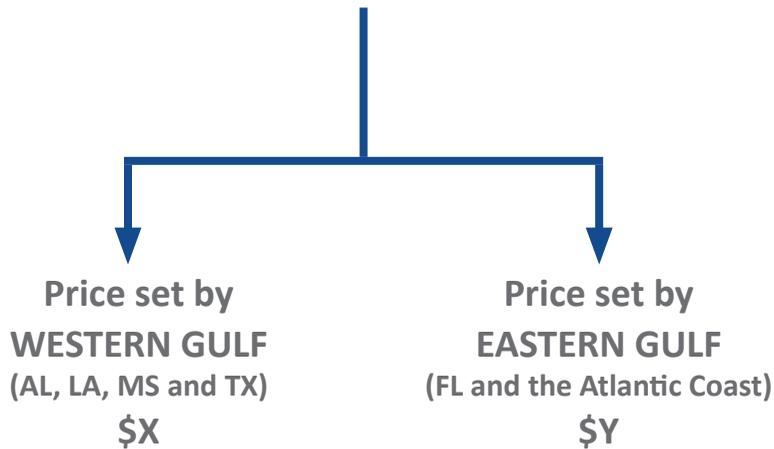
COMPENSATION AND AUCTION DETAILS

Two different forms of compensation are available through the *Deepwater Horizon* Oceanic Fish Restoration Project: (1) compensation for participating in the repose period, which will be determined through an auction process, and (2) compensation for using the alternative gear. Each component will have its own, unique level of compensation and payment schedule. While participation in the alternative gear portion of the project is optional, it is only available for participants in the repose.

	REPOSE	ALTERNATIVE GEAR
How much could I be compensated for participating?	<p>Set by Auctions</p> <p><i>A budget of up to \$1,100,000 has been established for the total repose compensation component of the project, or \$550,000 per region. Participant compensation for the repose period will be determined based on offerors' bids.</i></p>	<p>Up to \$60,000</p> <p><i>As in 2017, all repose participants, regardless of location, will be eligible to receive up to \$60,000 in additional compensation to fish with alternative gear.</i></p>
How is the price set?	<p>Uniform Price Reverse Auction</p> <p><i>This is an auction where a fixed number of similar entities receive the same price. Each offeror asks for a particular amount that they are willing to accept to participate in the six-month repose. The person that offers the lowest compensation amount is the first to be selected, and then others are selected in order (lowest to highest offer), until all the slots are gone. The compensation price is set at the level that equals the first rejected quote or the reserve price, whichever is lower. Thus, every participant selected within a given region is paid the same amount.</i></p>	<p>Based on the number of alternative gear trips taken</p> <p><i>Alternative gear trips will be compensated at a flat rate of \$1,000 per sea-day, up to 60 sea-days (up to 10 sea-days per month).</i></p>
How does this differ from the 2017 pilot?	<p>Two Separate Auctions</p> <p><i>To ensure broad geographic participation and to account for regional variation, separate auctions will be run in the Western Gulf (LA, MS, AL and TX) and the Eastern Gulf (Florida and the Atlantic Coast). In other words, your quote will be evaluated relative to other vessels in your region.</i></p>	<p>New Gear Options</p> <p><i>In 2018, the project has added additional gear options to provide participants with more choices and flexibility.</i></p>

2 AUCTION REGIONS

2 PRICES



Participants will be compensated for participating in the repose, and may receive up to \$60,000 additional compensation for using alternative gear to fish. Additional revenue can be made through the sale of fish landed with the alternative gear.

Please see below several frequently asked questions and answers about the project's compensation as well as more details about the auction process.

Compensation Q&A

How much will fishermen be compensated for participating in the project?

Repose

Compensation for participation in the repose will be determined through two

separate auctions, one in each of two regions in the Gulf of Mexico — one in the Western Gulf and one in the Eastern Gulf. Interested pelagic longline vessel owners, or “offerors,” will name their price for participating. For a detailed description of the auction, please see the project’s auction details below.

Alternative Gear

In order to help ensure fishing trips are taken throughout the repose period, to maximize learning and to increase the quantity and quality of fish landed, **each month participants must meet the following minimum specifications to receive an alternative fishing gear payment:**

Participants may receive compensation for fishing with alternative gear for up to 60 sea-days during the six-month repose.

A flat rate of \$1,000 per sea-day will be applied for each trip taken with alternative gear during the repose period (January 1 – June 30, 2018). Participants will only receive compensation for trips taken during the repose period, up to a monthly

cap of 10 sea-days and a total repose period cap of 60 sea-days.¹ Trips taken outside the repose period or in excess of monthly or total sea-day caps will not be compensated.

For the purposes of the project, a “sea-day” is defined as a 24-hour period of which fishing for yellowfin tuna and/or swordfish occurred in the Gulf of Mexico and gear was actively deployed and monitored for 8 hours¹ or more during the times of day and in habitat where the target is likely to occur. A sea-day includes travel to and from fishing grounds where fishing sea-days have occurred.

When will I get compensated?

Repose

Payments for participation in the repose will be administered in three scheduled installments. The first installment will be provided at the beginning of the repose period in January 2018. The second and third installments will be paid in April and July 2018. Compliance with the terms and conditions of the project will be monitored throughout the repose period; any payment is contingent on full compliance with the Participant Agreement.

Alternative Gear

Trips taken with the alternative gear will be compensated on a per sea-day basis (\$1,000 per sea-day², up to 10 sea-days per month during the repose, for a maximum of 60 sea-days). Participants are required to submit fishing trip reports for each alternative gear trip taken. These fishing trip reports may be submitted monthly or following each trip; payments will be disbursed monthly. Upon confirmation that all trips reported comply with

the definition of an eligible “sea-day,” payments will be disbursed.

Will I be responsible for purchasing and installing the alternative gear?

No. For those participants interested in using the alternative gear, NFWF will cover the cost of the gear components needed for up to two of the three following gear types: greenstick, deep drop or buoy gear. Offerors will indicate their preference on the Request for Quotation form.

The program will also cover all costs associated with installation and tuning of the alternative gears, as well as training. Participants will be responsible for proper maintenance and/or replacement of all major gear components and subject to vessel inspections and/or regular checks of inventory. While an initial allotment of terminal gear items will also be provided (e.g. lures, hooks, etc.), you will be financially responsible for replacing these items on an as-needed basis.

When will alternative gear installations begin?

In advance of the repose, NFWF will enter into a contract with a qualified gear supplier capable of installing and tuning the gear on your vessel and providing initial training. NFWF and the contractor will work with the participant to schedule installation.

Buoy Gear

No installation is required for buoy gear. Upon receipt of proof that the participant holds the necessary permit(s), NFWF will authorize the gear contractor to send all necessary gear directly to the participant. If using

buoy gear to fish for yellowfin tuna, the participant must demonstrate to NFWF that they have received approval from NOAA for an Exempted Fishing Permit (EFP). It is the participant’s sole responsibility to apply for an EFP and NFWF cannot guarantee EFP approval.

Deep Drop Gear

In most cases, minimal installation is required for deep drop gear; the gear contractor will send all necessary gear directly to the participant in advance of the repose and provide installation services as needed.

Greenstick Gear

In order to ensure that gear installation is tailored to your specific vessel, the gear contractor may contact you to discuss your vessel configuration, request a picture of your vessel and/or may schedule a time to visit the vessel in November 2017 (vessel inspections are likely to occur concurrently). Once the specific configuration and installation needs for your vessel are determined, the gear contractor will aim to schedule full installations in December 2017.

Auction Details

Compensation for participation in the repose will be determined through two separate auctions based on the official hailing port of the vessel, one in each of two regions in the Gulf of Mexico—one in the Western Gulf (vessels with a hailing port of Louisiana, Mississippi, Alabama, and Texas) and one in the Eastern Gulf (vessels with a hailing port of Florida and the Atlantic Coast).

All interested offerors will propose their price for participating by submitting a quote in a uniform price auction. During the project’s selection process, offerors

will be ranked in their respective regions based on the lowest cost quotes received in the auction.

Budget

A budget of up to \$1,100,000 has been established for the total repose compensation component of the project, or \$550,000 per region.

Additionally, NFWF and NOAA will use cost and earnings survey data and logbook data to determine the maximum amount any participant in the repose could be paid (the “reserve price”).

The reserve price, which will not be disclosed to potential participants, has been established to ensure that restoration funds are used cost effectively in the event that bids exceed the budget allocation. The budget, reserve price and information provided in the RFQ will be used to select participants for the 2018 repose period, as explained further below.

Submitting a Compensation Quote

By completing the Request for Quotations, potential project participants will be asked to submit their desired price through a confidential quote. **All notarized quotes must be received by NFWF no later than Tuesday, October 31, 2017.**

NFWF and NOAA will review timely received quotes and select participants based on their quote for compensation. Quotes received from the Western Gulf auction and those received from the Eastern Gulf auction will be evaluated separately. Participants will be selected from among the offerors in each region based on targets set by NFWF and NOAA, and within the constraints of the available budget of \$550,000 per each region.

In the event that there are two identical quotes for compensation in the same region, NFWF and NOAA will give preference based on past participation (if applicable) and willingness to use the alternative gear. Gear may be used in any combination; no preference will be given for any particular gear type or combination of gear.

Selected Participants

Selected participants in each region will receive compensation equal to the lowest quote that was rejected in their region, or the reserve price, whichever is lower. (Please see example below.) Thus, each selected participant will receive at least his/her quote and all selected participants in each region will receive the same compensation for participating in the repose part of the project. Compensation may vary among regions.

ENDNOTES

1 NFWF may consider exemptions to the number of sea-days per month requirement if weather, vessel/gear maintenance or other extenuating circumstances prevent a participant from safely fishing 10 sea-days in a given month. Participants may roll over unused sea-days into a subsequent month with written approval from NFWF. Similarly, if such conditions prevent a participant from safely fishing eight hours in a given sea-day, NFWF may consider extenuating circumstances in determining compensation.

2 Should major changes in operational costs occur due to external market fluctuations, NFWF may consider modifications to the sea-day compensation rate.

Example: How the Auction Will Work

As a strictly fictitious example of how the auction will work – suppose there are two available participant spots and three interested offerors, or ‘bidders’ for the purposes of the example below. NFWF has determined the cap (or reserve price) is \$3.50. This cap will be the maximum amount to be paid for participation in the six-month repose.

Case (a): Bidder A quotes \$1; Bidder B wants \$2. Finally, Bidder C wants \$3. Under this scenario, Bidders A and B are both asked to participate in the project for a six-month repose compensation of \$3. Bidder C sets the price, but is eliminated from participation.

Case (b): Bidder A quotes \$1; Bidder B wants \$2. Finally, Bidder C wants \$4. Under this scenario, Bidders A and B are both asked to participate in the project for an annual compensation of \$3.50. In this case, Bidder C does not set the price, because their bid is higher than the cap. Thus, the cap sets the price.

More questions?

Please contact the community liaison assigned to your region if you need assistance or have more questions. (Please note: the liaison **may not** assist in the completion of Section 6 of the Request for Quotation form or give advice on the amount of the quote.)

For interested participants in Louisiana:

Coastal Community Consulting, Inc.
Phone: 504-393-0066
Email: sandy@ccc-nola.org

For interested participants elsewhere in the Gulf and on the Atlantic Coast:

Gary Graham
Phone: 979-292-6120
Email: glgshrimp@embarqmail.com

To view or download the materials, in either English or Vietnamese, please go to www.nfwf.org/pll.