

How CCFT Does It...

Mission

The Cape Cod Fisheries Trust supports stabilization and growth of Cape Cod fishing businesses. We are an economic development program based on need, and we lease out fishing quota to ensure long-term profitability of the local fleet. The Trust is a model for community quota ownership and the program is fiscally sustainable.



Vision

The Cape Cod fishing industry is vibrant, sustainable, and a model for other fishing communities.

Goals

1. Economic: Local Cape Cod fishing businesses are strengthened.
2. Conservation: Cape Cod local fishing resources are protected.
3. Community: Fishing as a way of life is maintained in Cape Cod coastal communities.
4. Influence: A sustainable community-based business model is developed.

Guiding Principles

1. Support future generations of fishermen, including family or crewmen succession
2. Encourage diversification and sustainable fishing practices
3. Provide services for business improvement
4. Build capacity for fishermen engagement in policymaking and in their community
5. Support and encourage hard work

What do I need to get into the program?

Applicants must meet all eligibility criteria. The Trust based its original criteria on a vision and program goals that fishermen advanced in 2007-08. Evolution of the eligibility criteria has benefited from input from program participants, other fishermen, and staff since the launch of the program. Program eligibility is tightly aligned with the vision, goals, and guiding principles of the Trust. Specifically, the Trust serves small fishing businesses that hire local crewmen and bring their catch to the Cape.

Eligibility Criteria

- **Cape Cod residency**
- **Business operations**
 - Taxes compliant
 - Business and harvest plans
 - Insured
- **Vessel operations**
 - Vessel and permit ownership
 - Owner-operator
 - Landings on Cape Cod
 - Regulatory compliance
 - Share to crew
 - Local crew
- **Participation**
 - Meetings
 - Membership
- **Prior lease compliance**
- **Sustainable fishing**
- **Commitment to the fishery**
 - Fishing expertise
 - Primary source of income
- **Income**

Cape Cod Residency

Fishermen must:

- Live full-time on Cape Cod, and
- have lived east of the Cape Cod Canal for five years prior to application.

Discussion:

- The Trust was founded to serve Cape Cod fishermen.
- Fishermen must live on Cape Cod for five years. This helps us make sure that they have a long-term commitment to our community and are not setting up residency in order to profit from the program.

Business Operations

1. Taxes Compliant

Fishermen must:

- Have paid all state and federal taxes.

Discussion:

- The Trust works with fishing businesses that seek to be competitive in the fishery and less reliant on the Trust over time.
- For small businesses to buy or lease quota, they must be bankable.
- To be bankable, businesses must pay their taxes.

2. Business and Harvest Plans

Fishermen must:

- Maintain business and harvest plans that they develop with CDP support.

Discussion:

- CDP needs updated, accurate information about each business in order to best help the fishing business improve.
- Business and harvest planning is a skill that could help fishermen improve their businesses even after they graduate out of the program by anticipating and responding to changes around them.

3. Insured

Fishermen must:

- Maintain insurance on their businesses and vessels, or
- Prove that insurance is not available to them.

Discussion:

- The Trust works with businesses that want to stabilize and grow. Insurance is a requirement for running a professional business.
- Without insurance, a single unfortunate event could destroy years or decades of work and leave nothing behind for the fisherman.

Vessel Operations

1. Vessel and permit ownership

Fishermen must:

- Own the vessel and the permit with which they are applying.

Discussion:

- The program serves independent fishermen that own small businesses. It follows that owning the boat and permit would be required for eligibility.
- Vessel and permit ownership proves a fisherman is financially committed to the fishery and willing to put hard work into his fishing business to succeed.
- In years past, some fishermen have sought allocation without owning a vessel and permit. In short, they were seeking a quota commitment from the Trust before building their business. This was not consistent with our vision or guiding principles. We want to support new or existing businesses that are already committed to the fishing community, rather than sponsor brand new businesses that will compete with other Trust fishermen only to drop out of the fishery the next year.

2. Owner-operator

Green and Blue Box Fishermen must:

- Be on-board their vessel for 100% of their trips, with exceptions only for documented hardships.

Red Box Fishermen may:

- Have trips with a hired captain if:
 - The captain is also eligible for the program;
 - The owner identifies the captain in his annual business plan;
 - The total number of trips with a hired captain does not exceed the equivalent of 15% of the owner's owned quota, with exceptions only for documented hardships; and
 - The owner submits quarterly email reports to CDP documenting the number of trips they took and the number of trips run by a hired captain.

Fishermen must:

- Submit vessel trip reports (required by NOAA for every trip) to the Trust upon request to verify owner-operator status in the program.

Discussion:

Green and blue box requirement:

- Fishermen and staff advised that newer businesses in the green and blue boxes that want to stabilize and grow should be operating their vessels 100% of the time.
- The Trust was founded to serve small-scale, independent fishing businesses and to prevent corporate consolidation.

Red box requirement:

- On Cape Cod, young fishermen advancing their careers from crew to owner have traditionally operated vessels as captains for hire. Supporting this practice is consistent with our community heritage and culture.
- Hiring another fisherman, such as the boat owner's child or younger crewman, allows succession of younger fishermen into the industry.
- The Trust supports succession and diversification.
- Hiring another fisherman to run your boat has the same effect on the program as failing to catch your quota. Thus, the standard is the same for both: you must catch and be on-board for 85% of the quota you own and 100% of the quota you lease from the Trust.
- The Trust must monitor fisherman use of this flexibility on a regular basis to ensure fishermen do not exceed this cap.

3. Landings on Cape Cod

Fishermen must:

- Make every effort to land their quota on Cape Cod and maintain a Cape Cod homeport, and
- However, local scarcity of fish resources may require fishermen to travel periodically to other ports in order to catch all of their quota.
- Have maintained 80% of their landings on Cape Cod for the last five years.

Discussion:

- Fishermen and staff want to make sure the Trust supports future generations of fishermen who are committed to maintaining our fishing community.
- A strict requirement to land on Cape Cod may not be workable in years where fish distribution requires landing catch off Cape Cod. In addition, there may be years when offloading on Cape Cod is too inefficient to sustain. Thus, fishermen are instead required to make every effort to land on Cape.

4. Regulatory Compliance

Fishermen must:

- Comply with federal, state, and local environmental laws, including:
 - Hold a valid, current Coast Guard Safety Inspection Sticker, and
 - Comply with Coast Guard safety regulations; and
- Not be a party to any criminal proceedings; and
- Not have any liens on their personal or business property.

Discussion

- Compliance with regulations and laws by all fishermen is important to the program's credibility and image in the community.
- Fishermen that are not compliant with laws and regulations may risk the stability and growth of their business by "cheating."
- Fishing safety is an important program goal and indicator of program success.
 - When the leasing program began, Coast Guard Safety Inspection Stickers were a standalone requirement for Trust fishermen.
 - Currently, all fisheries that are required to carry observers must also have Coast Guard Safety Inspection Stickers. Thus, the Coast Guard safety requirement has been rolled into the general compliance requirement.

5. Share to Crew

Fishermen must:

- Compensate crew with a net revenue percentage rather than with a day wage.

Discussion:

- Catch share fisheries may cause crew wages to decrease if owners spend their profits on purchasing and leasing more quota rather than on paying employees. But the Trust was founded to support active fishermen, including crew.
- Crew should benefit from the increased profits to the owner as a result of the Trust's leased quota.

6. Local crew

Fishermen must:

- Only have Cape Cod residents as crewmen.

Discussion:

- Fishermen and staff want to make sure the Trust supports future generations of fishermen who are committed to our fishing community.

Participation

1. Meetings

Fishermen must:

- Attend at least 7 monthly Trust meetings in the year prior to application, and
- Attend at least 3 policy meetings (Fisheries Management Council meetings, community volunteering, or CCCFA policy-building meetings) in the year prior to application.

Discussion:

- Founding fishing members of the program believed it was essential for the Trust not just to allocate quota, but also to build policy impact.
- Requires fishermen to commit to the program before they can lease quota.
- Builds community and teamwork within the fleet.
- Builds capacity within the fleet to participate in policymaking by keeping fishermen up-to-date on policy developments and providing a space for discussion and debate.
- Allows fishermen to voice their opinions before regional decisionmakers.

2. Membership**Fishermen must:**

- Be CCCFA members, and
- Make sure each of their crewmen is a CCCFA member.

Discussion:

- Builds community within CCCFA, which, in turn, builds capacity for CCCFA members to influence policy decisions.

Prior Lease Compliance**Fishermen must:**

- Comply with the leases they sign with the Trust.

Discussion:

- Fishermen and staff worked hard to develop lease covenants that meet the Trust's goals and mission. Continuing compliance with these covenants is essential to Trust success.

Sustainable Fishing**Fishermen must:**

- Be willing to fish with non-harmful and non-wasteful commercial fishing practices, and
- Commit to cooperating with the Trust in conducting environmental or other scientific research.

Discussion:

- Trust fishermen commit to sustainable fishing methods so that future generations can continue to fish.
- Participation in fisheries research builds capacity amongst Trust fishermen to take part in policymaking conversations.

Commitment to the Fishery**1. Fishing expertise****Fishermen must:**

- Have a minimum of 5,000 lb of catch history aboard the applying vessel over the past five years, or
- Meet qualitative measurements of commitment and fishing expertise over the past five years.

Discussion:

- Rewards hard work by allocating to businesses with a proven track record and commitment in the sea scallop fishery.
- Supports future generations by focusing on fishermen with the potential to develop strong, community-focused businesses.
- Staff considered requiring a 5,000 lb catch history and no allowance for qualitative measurements, but fishermen pointed out the disconnect between requiring a low income AND 5,000 lb scallop quota catch when 5,000 lb quota is so expensive.
- Qualitative measurements are difficult to administer, but this tradeoff will make sure Trust requirements are consistent with one another and with the guiding principles.

2. Primary source of income**Fishermen must:**

- Have fishing as their primary source of employment and income.

Discussion:

- The program was founded to serve active fishermen with businesses that rely primarily on catching fish.

Income**Fishermen must:**

- have family incomes below \$200,000, and
- have family net worth below \$5 million.

Discussion:

- Since its inception, the program has been clear that it was founded to support fishermen that need help.
- In 2014, the program established a quantitative limit based on feedback from fishermen, staff, and community members to ensure that only fishermen that need assistance would be eligible for the Trust program.
- Cap is set high enough that fishermen who are doing fairly well can continue to lease from the Trust so that these fishermen can continue to contribute to the Trust's community and funnel leasing benefits to their crew.

Choosing Between Qualified Applicants

At times, the Trust may receive more applications from qualified fishermen than there are spots open in the program. In those cases, Trust staff will compare components of the applications, such as family income, participation, landings on Cape Cod, quota ownership, and fishing history and expertise to determine which applicant should receive an allocation.

Discussion:

Allows the Trust to serve those fishermen who most need financial assistance and are most committed to the fishery, even if other fishermen also qualify for the program.

Once I get into the program how much quota do I get?

The Cape Cod Fisheries Trust wants to transition its participants into healthy, self-sustaining businesses that no longer require Trust support in order to compete in the catch share fishery. As such, it allocates quota in graduated stages, providing the most assistance to the fishermen that demonstrate the greatest need and diminishing the amount of quota support over time.

No guarantee

There is no guarantee of future participation in the program. When we talk about how many years a business remains in a box or stays in the program, we are talking about single-year agreements that are renewed annually based on compliance with lease agreements and eligibility criteria.

Discussion:

This allows the Trust to make sure that quota distributions are in line with Trust guiding principles. Fishermen cannot interpret the [7 year]-[5 year]-[no limit in duration] timeline of the three boxes to be a guarantee for a set number of years.

Three-box structure

Fishermen are divided into three groupings, or “boxes.” Every fisherman in a given box receives the same amount of quota, but quota allocations differ across the boxes. Fishermen in the first box (the green box), who are the newest fishermen, receive the most quota. Fishermen who have graduated into the second box (the blue box) receive a moderate amount of quota, and those in the third box (the red box) receive the least amount of quota. Fisherman can only come in to green or red and can’t come into blue.

Discussion:

- Some fishermen suggested simplifying and dividing into two boxes instead of three.
- But this more gradual, stepped process provides more stability to fishing businesses as they mature.

Graduation based on time

Fishermen receive seven years in the green box and five years in the blue box. There is no set limit to the number of years a fisherman may remain in the red box and continue to lease from the Trust. However, the Trust will reevaluate the red box fishermen every three years to ensure the Trust’s allocations continue to meet its mission. Fishermen may only apply into the green or red boxes; they cannot enter the program in the blue box. If a fisherman is accepted into the green box, he will move from the green box to the blue box to the red box. No fisherman may move backwards into a previous box.



7 years



5 years



Not limited in duration

Discussion:**Green and blue box participants:**

- A new fisherman requires at least twelve years of substantial economic and business planning support to develop a self-sustaining business.
- Quota allocation drops by 3,000 to 5,000 lb when a fisherman graduates from the green box to the blue box or from the blue box to the red box.
- It takes five to seven years for a fishing business to save enough money to buy the pounds it loses when it graduates from one box to the next.
- Trust's goal of supporting new fishing generations and improving existing businesses requires twelve years of support per fisherman.
- In 2014, two participants in the blue box applied for acceptance into the green box. This was a grandfathered, one-time-only exception to the general rule that fisherman may not apply backwards into a previous box. These two fishermen had been accepted directly into the blue box without receiving any time in the green box. Thus, they were given an opportunity to apply for a green box allocation.

Red box participants:

- These fishermen own more mature, healthy fishing businesses and need less financial support from the Trust.
- At the same time, these fishermen often take on substantial debt to finance their growing businesses.
- In addition, they own established businesses that provide jobs to the community and upward mobility to their crewmen.
- Finally, red box fishermen have knowledge and experience to contribute to Trust meetings to green and blue participants' benefit.
- Their continued involvement supports future generations, and Trust support for them encourages them to continue to grow their businesses and diversify, even if that requires taking on more debt.
- Red box allocations must be reevaluated every three years to ensure participants still require Trust financial support and their quota should not be redistributed to newer fishermen in new generations.

Green Box Eligibility

In order to receive a green box allocation:

1. Fisherman's family income and net worth must be below a threshold to be set by Trust staff by the 2015 fishing year. This is different from (and will be lower than) the \$200,000/\$5 million income and net worth threshold below which a fisherman's family must be in order for the fisherman to participate in any box.
2. Fisherman must own less than 0.4% of the total scallop quota. Staff will consider quota ownership in other fisheries in assessing applications, but this quota will not count towards the 0.4% cap.
3. If a green box fisherman exceeds the income threshold or the quota cap during his time in the green box, he may continue to receive green box allocation.
4. However, if a green, blue, or red box fisherman enjoys a wealth or income windfall which places the business in excess of the overall program income and wealth cap, then the fisherman graduates from the program.

Discussion:

Income threshold

- The Trust prioritizes support to the fishing businesses that demonstrate the most need and meet other program goals.
- The determination of which families can support new fishermen should allow fishing families to live where they fish.
 - Federally- or state-set income cutoffs may not be appropriate.
 - Staff will investigate an income level reflecting the cost of living and supporting a family on Cape Cod.

Quota cap

- Targets those fishing businesses that most need business improvement, since fishing businesses that already own more than 0.4% are already successful and don't need green box-level support.

Continuing in the green box

- Participants rely on year-to-year stability of Trust quota allocations when applying for loans and drafting business plans.
- Everyone should get their seven years in the green box once they've been awarded a green box spot.

Quota accumulation cap for green and blue box participants

If a green or blue box participant acquires more than 1.2% of the general category scallop IFQ quota, then the business graduates to the red box. This accumulation limit can thus alter the time-based movement through the program.

Discussion:

- If a business owns 1.2% of the scallop IFQ, then the business has grown to a self-sustaining level that doesn't need as much Trust support.
- When the program launched, fishermen and staff identified business success as a point where a scallop business could catch 40,000 lb of quota in a year. 40,000 lb is roughly equivalent to a 1.2% threshold.
- Cap on quota ensures there's enough fishing quota available on the market and within the Trust to support new entrants and meet its mission.
- But it takes hard work to acquire this much quota, and that acquisition may be due to diversification, so participants above this cap are moved into the red box instead of removed from the program.

Besides submitting a qualifying application every year, what else do I need to do to stay in the program?

To ensure that the Trust continues to meet its mission, staff and participating fishermen collaborated in creating a list of criteria that participants must meet in order to continue receiving quota allocations from year to year. This is an evolving list that continues to be updated as fishermen determine new goals for the program.

To reiterate, there is no guarantee of future participation in the program.

Catch all your quota

Fishermen must:

- Catch more pounds in the fishing year than the sum of 100% of the pounds they lease from the Trust plus 85% of the pounds they own.
 - Fishermen who fail to fish their entire quota will receive a reduced allocation from the Trust the following fishing year.
 - Fishermen may only lease out quota that they had leased in on the open market. Any additional leasing out constitutes subleasing.
- Share year-end reports with the Trust to prove that they haven't subleased any of their quota and that they have caught their quota.

Discussion:

- Quota is allocated to the fishermen for their own personal use.
- Quota is limited but in high demand. It is the responsibility of the fishermen in the program to catch all of the quota they commit to catching when they sign the Trust lease. Failure to catch Trust quota means a failure to meet the mission of the Trust.
- Quota should go to those who work hard to catch their quota and improve their businesses, not to those who will re-lease the quota to another fisherman.
- Subleasing Trust quota is prohibited in the program. Fishermen are not allowed to lease quota from the Trust and then turn a profit by leasing it back out again.

Opting out

Fishermen must:

- Reapply to the program if they opt out of the program for a year and subsequently wish to resume leasing from the Trust.

Discussion:

- The Trust can't hold a space open for an existing participant who no longer wants to comply with Trust criteria.
- The Trust serves small, local businesses that it was formed to help.

Survey

Fishermen must:

- Complete the Cape Cod Fisheries Trust Year-End Scallop Survey.

Discussion:

- Staff, Boards, and Committees need feedback to improve the Trust each year.
- Staff must collect data to measure the impact of the Trust each year.
- CDP needs updated, accurate information about each business in order to best help the fishing business improve.

Reporting

Fishermen must:

Report the occurrence of any of the following to CDP:

- Crew changes,
- Fishing practice changes,
- New indebtedness,
- Litigation or new liens on participant property, and
- Changes in circumstances claimed on the lease.
- Report all financial transactions to CDP.

Discussion:

- CDP needs updated, accurate information about each business in order to best help the fishing business improve.

Right of first refusal

Fishermen must not:

Sell, assign, transfer, or otherwise dispose of their quota to a third party without first notifying the Trust.

- Trust staff will then let other Cape Cod fishermen know about the offer.
- Local fishermen will have seven days to tell the Trust that they'd like to buy the quota at the offer price. The Trust will then sell pro rata shares of the quota at the offer price to those fishermen.
- If, after seven days, no fishermen have expressed interest in purchasing the quota, the Trust may purchase the quota at the offer price.

Discussion:

- Fishing quota should remain in the community and available to small-scale, local fishermen.
- This feature should benefit local fishermen, not just the Trust as an organization or those fishermen who lease from the Trust. Therefore, the right belongs first to local fishermen, then to the Trust.

