CARES Act Assistance to Fisheries Participants

Commercial Harvesters and Processors
June 19, 2020
Agenda

• Background
• NOAA Guidance
• Initial WA Fisheries Data
• Thinking on WA Approach
• Feedback / Q&A

Photo Credit: NOAA Fisheries
WELCOME – THANKS FOR JOINING US!

ZOOM WEBINAR/ CALL LOGISTICS

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BACKGROUND ON CARES ACT
CARES Act Assistance

• In response to COVID-19 impacts to the commercial fishing and seafood industry, U.S. Congress appropriated $300 million.

• WA and AK got the highest portion of funding.

• $50 M designated for Washington commercial fishers, shellfish growers, charter boat owners, and processors.

• Allocations are based on baseline annual averages, i.e. “normal conditions.”
NOAA GUIDANCE
NMFS METHODOLOGY

• NOAA Fisheries used multi-year averages to estimate the total average annual revenues.

• Average annual landings revenue data from Alaska, New England, and Mid-Atlantic states were adjusted to attribute landings in those regions to a vessel owner’s state of residence.

• Average annual value-added estimates from the seafood sector were calculated using NOAA Fisheries’ Commercial Fishing & Seafood Industry Economic Impact Model while Alaska and West Coast value added estimates were calculated from regional models.
Survey of trip expenditures (charter fees and tips only)

Ex-vessel $ from N. Pacific and local commercial fisheries, plus aquaculture

Ex-vessel revenues are the main inputs that vary year-to-year (economic “multipliers” are updated less frequently)

$50 M is the max they would give to any state (16.7% of the total). We likely would have had a higher percentage if not capped.

<table>
<thead>
<tr>
<th>Entity</th>
<th>For-Hire Fishing</th>
<th>Commercial Fishing and Aquaculture</th>
<th>Seafood Sector</th>
<th>Tribal Commercial Fishing, Aquaculture &amp; For Hire</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>5.5%</td>
<td>35.2%</td>
<td>59.3%</td>
<td></td>
<td>$50,000,000</td>
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<tr>
<td>Washington</td>
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<td>67.8%</td>
<td>31.6%</td>
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<td>$50,000,000</td>
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<td>Massachusetts</td>
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<td>81.5%</td>
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<tr>
<td>California</td>
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<td>30.6%</td>
<td>50.8%</td>
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<td>$18,350,586</td>
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<td>Oregon</td>
<td>2.1%</td>
<td>45.6%</td>
<td>52.3%</td>
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<td>$15,982,827</td>
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</table>
CALCULATION ASSUMPTIONS

—Commercial Ex-Vessel Revenues

• Major input and source of best and up-to-date information

• Money paid to fishers by buyers and recorded on fish/shellfish receiving tickets (with some exceptions)

• Washington-based AK fishing operations likely account for the bulk of NMFS’ allocation to WA

• As pandemic continues, WDFW will have up-to-date info but timing will vary by fishery
CALCULATION
ASSUMPTIONS

— Seafood Sector Revenues
  • NMFS has an input/output model for the West Coast and one for AK
  • Ex-vessel revenues are the one input to these models that vary each year. The other inputs – the “multipliers” are not updated as frequently
  • The models won’t reflect what the sector is experiencing if there’s a breakdown between the ex-vessel prices and the revenues earned by buyers and processors
  • Residency question is important component
NOAA GUIDANCE

- Eligible sectors – shellfish, commercial fishers, processors, charters.
- Eligible businesses must be able to prove an incurred annual loss of 35% compared to the 5 year average.
- Businesses should apply in state where they operate, except fishers and at-sea processors who must apply in homeport state.
- Seafood sector would apply to the state where buying/processing occurs.
- While NOAA made assumptions around revenue losses to come up with state allocations, they’ve provided flexibility to the states to determine eligibility.
- WA has flexibility to design the spend plan based on unique revenue impacts here in WA.
Key Takeaways

• Guidance allows states the flexibility to tailor spend plans to their unique situations.
• With the number of sectors included, we will likely not have funding to meet the full need here in WA.
• Eligibility based on the 35% threshold Congress provided.
• CARES + 2020 revenues must be equal to or lower than 5-yr average or reimbursement potential.
• NOAA and PSMFC will have admin, WA will not.
• Individual applicants will be required to sign affidavit and will be subject to audit by The Office of the Inspector General.

Photo credit: The Crosscut
Washington is sixth highest in terms of fisheries revenues.

So why did we receive the maximum allocation?

AK fishers/at-sea processors homeporting in WA and shellfish industry.

Average ex-vessel revenues (nominal) by year, 2014-2018, highlighting the significance of revenues from Alaska. The gold bar shows the at sea whiting fishery. A portion of those revenues are attributed to Oregon based vessels delivering their catch to mothership vessels. The processing companies are based in Washington.

Source: https://foss.nmfs.noaa.gov/apexfoss/f?p=215%3A200%3A%3A%3A%3A%3A%3A%3A%3A%3A%3A%3A
INITIAL LOOK AT FISHERY DATA
ALL COMMERCIAL REVENUES

• Winter and summer fisheries are WA’s highest revenue generators.

• CARES Assistance is focused on incurred losses but allows state’s flexibility in determining time range for eligibility.

• WA has an important choice to make around acting now and distributing funds sooner to those who experienced losses during quarantine or waiting to include potential future revenue losses.

The yellow bars show all commercial fishing revenues (non-tribal) landed into Washington by month (data through early- to mid- May). The green dashed line shows the 2015-2019 average by month. The orange dashed line identifies a 20% decline from that average and the red a 35% decline.
COASTAL CRAB REVENUES VS. 5-YEAR AVERAGE

The solid purple line shows the running total of revenues by day with the number on the x-axis showing the number of days the fishery was open. Day 1 is set to the South of Klipsan opening date. The dashed line at the top of the shaded region identifies the prior 5 season average by day. The bottom dashed line shows a 35% decline from that average. And the middle dashed line displays a 20% decline from the average. The data is subject to change but is up-to-date through early to mid May.
Commercial Geoduck

The green bars display monthly revenues for 2020. Data up to date through early- to mid-May. The green dashed line displays the 2015-2019 average by month. The orange line shows a 20 percent decline from that average. And the red line shows a 35% decline.
Puget Sound Crab

The green bars display monthly revenues for 2020. Data up to date through early- to mid-May. The green dashed line displays the 2015-2019 average by month. The orange line shows a 20 percent decline from that average. And the red line shows a 35% decline.
# KEY MILESTONES

<table>
<thead>
<tr>
<th>WHEN</th>
<th>WHAT</th>
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<tbody>
<tr>
<td>March 27(^{th})</td>
<td>CARES Act Assistance to Fisheries Participants signed into law</td>
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<tr>
<td>June 1(^{st})</td>
<td>NOAA guidance received</td>
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<tr>
<td>Mid June</td>
<td>Sector discussions to gather feedback</td>
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<tr>
<td>June 30(^{th})</td>
<td>Webinar for broader public</td>
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<tr>
<td>Mid July</td>
<td>Spend plans due to PSMFC and NOAA</td>
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<tr>
<td>September 2020</td>
<td>Possible beginning of CARES Act funds distribution</td>
</tr>
<tr>
<td>September 30, 2021</td>
<td>Deadline included in legislation for funds to be distributed</td>
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WASHINGTON VALUES

• Meet Congressional intent
• Distribute funds as quickly as possible to provide relief to severely impacted businesses
• Make sure approach is fair

Photo credit: NOAA Fisheries
INITIAL THOUGHTS ON APPROACH

- Determine losses and scale to available funds.
- Avoid allocations or eligibility by sector. There may be healthy sectors with impacted individuals and forecasting impacts sector by sector is challenging.
- Time frame: use January – June as range for incurred losses.
- Include sectors listed in the legislation – focus on fishers, growers and first purchase of fish.
- No WA admin or set aside for disputes.
- Coordination to provide consistency on application process with west coast states.
- State of operations for shore based business units
KEY INPUT NEEDED FROM INDUSTRY

• What do you think about the approach of scaling to available funds?
• How much time should we build in for filling out applications and returning them? (30 days? 60 days? More?)
• What should we do for people who have less than 5 years of history with which to calculate their average? Should they have a minimum number of years of history? Should we use a sector average as a proxy?
• How do we ensure money gets to most impacted and we don’t end up with individuals getting made more than whole?
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Questions?