

CARES Act Relief Commercial Working Group

Meeting Overview

- Meeting is being held via Zoom.
- Meeting will be recorded and recording will be a public record.
- Presentation is a public record and may be shared.
- Presentation and meeting summary will be published on DMF's CARES Act website by end of the week.

Meeting Guidelines

- Please mute yourself when you are not speaking.
- Webcams do not need to be active.
- Use "raise hand" feature in the participants box to be recognized to speak.

Commercial Working Group Membership

DMF Staff

- Jared Silva, Co-Chair
- Melanie Griffin, Co-Chair

Industry Members

- Ed Barrett, President of MA Fishing Partnership
- Dan Orchard, MA Fishing Partnership Support Services
- Beth Casoni, Executive Director of MA Lobstermen's Association
- John Pappalardo, CEO of Cape Cod Commercial Fishermen's Alliance
- Ed Washburn, Port Director for Port of New Bedford
- Jackie Odell, Executive Director of Northeast Seafood Coalition
- Drew Minkiewicz, Fisheries Survival Fund
- Albert Cottone, Executive Director of Gloucester Fisheries Commission
- Ron Bergstrom, Chatham-based shellfish fishermen



Process Overview

1

- **Initial Advisory Panel Meeting (June 2)**
 - Reviewed CARES Act funding, sector specific aid programs, and initial concerns.

2

- **Sector Specific Working Groups (mid-June 2020)**
 - Goal: Finalize sector specific spending plans
 - Additional meetings may be necessary

3

- **Second Advisory Panel Meeting (Late June 2020)**
 - Reviews spending plans and program administration

4

- **Relief Program Administration (July 2020 – End of Program)**
 - Application and initial determinations
 - Appeals and final determinations
 - Payment



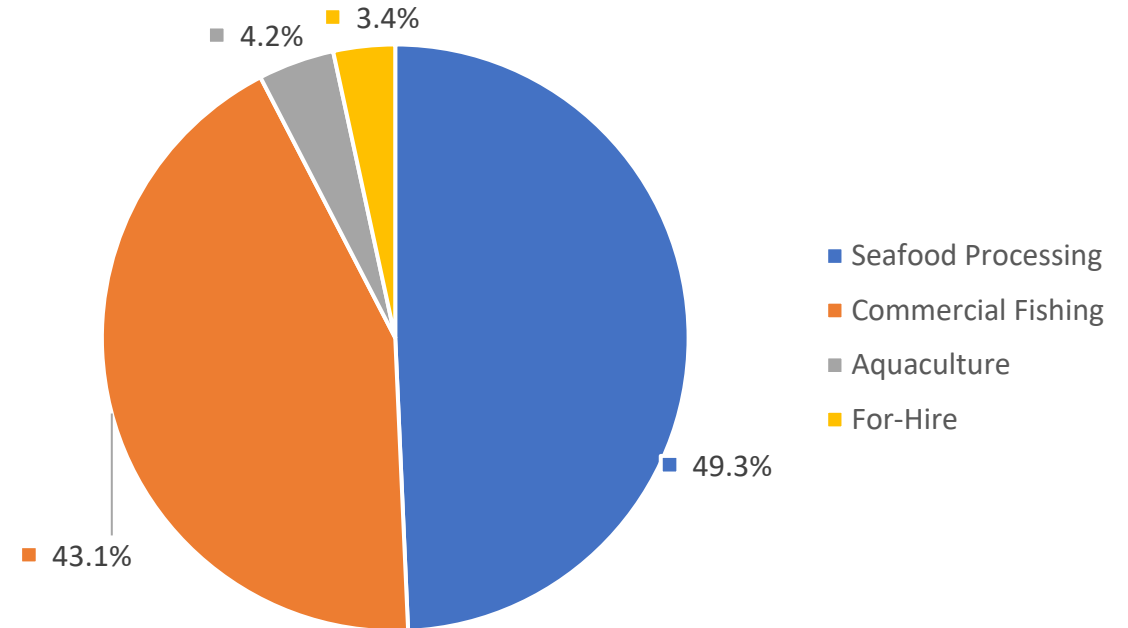
Sector Allocation Proposal

Sector

- Seafood Processing: \$13,779,789
- Commercial Fishing: \$11,828,404
- Aquaculture: \$1,152,652
- For-Hire Industry: *\$1,000,000

*This value is 1.5% of available + \$316K from DMF admin funds + \$271,586 (~2%) from Seafood Processing sector

% of Estimated Annual Revenue by Sector - for Massachusetts



DMF recommends shifting most of DMF's administrative budget to the for-hire industry, and realigning the combined commercial/aquaculture percentage to more closely align with each sector's current losses (~68% aquaculture loss, ~33% all commercial fisheries loss)



Decision Points from 1st Working Group Meeting

- Use of attestations to meet federal mandates
 - Lost at least 35% revenue due to pandemic compared to 2015-2019 time-period
 - Aggregate pandemic relief funds received will not make you more than whole for 2020
 - No outstanding federal violations
 - Must be 18 years of age by July 31, 2020
 - Only MA resident permit holders are eligible for funding
- Additional eligibility criteria supported
 - Qualify commercial sector as a whole, rather than on a fishery specific basis
 - 2020 commercial permit held
 - Landings from March 1 – July 31 during any calendar year from 2017 – 2019
 - Sold at least \$15,000 of fish in any calendar year from 2017 – 2019 (SAFIS dealer data)
- Support for DMF's preferred tiering approach
 - Payments scaled based on revenue from best year from 2017 – 2019 (SAFIS dealer data)
 - Tiering based on dividing eligible permit holders into equal quartiles.
- Other items
 - Did not support tiering down payments based on receiving other aid or capping payments to a single entity
 - Supported allowing entities to receive funding from other programs (seafood processing, aquaculture, for-hire) if eligible



Initial Preferred Tiering Approach

Tier	Count of Harvesters	Min Value	Max Value	Estimated Payment Per Permit
0	2067	\$1	\$15,000	\$0
1	392	\$15,000	\$30,550	\$3,011
2	393	\$30,550	\$67,330	\$6,021
3	393	\$67,330	\$197,000	\$9,032
4	393	\$197,000	\$8,000,000	\$12,042

Tiering Methods:

- 1) Remove anyone earning less than \$15,000 (tier 0).
- 2) Place harvesters into quartiles based on annual ex-vessel income.
- 3) Estimated payments are based on the projected Commercial Sector allocation of \$11,828,404.

Estimated Payment Per Permit Methods:

- 1) Basic concept: T1= 1 share, T2 = 2 shares, T3= 3 shares, etc.
- 2) Calculate the total number of shares (count of harvesters in tier 1 + (count of harvesters in tier 2)*2 + (count of harvesters in tier 3)*3 + (count of harvesters in tier 4)*4
- 3) Divide sector allocation by total number of shares to calculate amount in a single share.
- 4) Calculate an individual payment for each tier; tier 1 = 1 share, 2 = 2 shares, 3= 3 shares, 4 = 4 shares

Why is this approach preferred?

- 1) Conceptually simple.
- 2) Estimated payments do not exceed 35% of tier's minimum value.
- 3) Graduated payment based on total annualized revenue.
- 4) Attempts to balance relative loss against total loss.



Deliverables from 1st Working Group Meeting

- Acquire additional programmatic information from NOAA Fisheries.
 - Affidavit on being made more than whole by relief funding is expected to be released imminently.
 - May need multiple weeks to review and approve state-spending plans.
- Determine program eligibility cut-off date.
 - Proposed July 31, but initial concerns about expediency of program.
 - Given NOAA's spending plan review and approval process, can accommodate July 31.
- Update data query through July 31, 2020
 - Incorporate federal surf clam and ocean quahog data from federal database.
 - Remove remaining shellfish endorsement-only landings as associated with aquaculture grant employees.
 - Roll shellfish captain landings onto parent permit.
 - Results in 84 additional eligible permit holders (increase from 1571 to 1655).
- Revise preferred strawman proposal to close revenue gaps in Tier 3 (\$67,330 - \$197,000) and Tier 4 (\$197,000 – \$8,000,000).



Revised Preferred Approach (“Option 1”)

Min of \$15K, 4 TIERS; TOTAL SHARES: 4,139				Estimated Payment PER PERMIT			
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	2163	\$0	\$15,000	\$0	0.00%	0.00%	0.00%
1	413	\$15,000	\$31,100	\$2,858	19.05%	9.19%	12.40%
2	414	\$31,100	\$70,500	\$5,716	18.38%	8.11%	11.25%
3	414	\$70,500	\$217,275	\$8,573	12.16%	3.95%	5.96%
4	414	\$217,275	\$8,100,000	\$11,431	5.26%	0.14%	0.27%

Methods:

- 1) Same tiering approach as initial preferred option.
- 2) Same payout approach as initial preferred option; each tier receives an additional share over previous tier.
- 3) New eligible permit holders included .

Takeaways:

- 1) Higher payout by percentage at lower tiers.
- 2) Large revenue windows at higher tiers.



Revised Tiering Approach (“Option 2”)

Min of \$15K, 4 + 2 ADD’L TIERS; TOTAL SHARES: 4,967				Estimated Payment PER PERMIT			
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	2163	\$0	\$15,000	\$0	0.00%	0.00%	0.00%
1	413	\$15,000	\$31,050	\$2,381	15.88%	7.67%	10.34%
2	414	\$31,050	\$70,500	\$4,763	15.34%	6.76%	9.38%
3	207	\$70,500	\$119,000	\$7,144	10.13%	6.00%	7.54%
4	207	\$119,000	\$217,275	\$9,526	8.00%	4.38%	5.67%
5	207	\$217,275	\$521,500	\$11,907	5.48%	2.28%	3.22%
6	207	\$521,500	\$8,100,000	\$14,288	2.74%	0.18%	0.33%

Takeaways:

- 1) Reduces revenue gap at higher tiers compared to Option 1.
- 2) Keeps higher payout by percentage at lower tiers.
- 3) Tiers 4-6 receive more in Option 2 than Option 1, but Tiers 1-3 receive less.

Methods:

- 1) Similar baseline tiering approach as Option 1, except that Tier 3 and 4 are evenly halved resulting in six tiers.
- 2) Same payout approach as Option 1 but with 6 tiers and more overall shares.
- 3) New eligible permit holders included .



Revised Tiering Approach (“Option 3”)

Min of \$15K, 4 + 2 ADD’L TIERS; TOTAL SHARES: 4,346				Estimated Payment PER PERMIT			
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	2163	\$0	\$15,000	\$0	0.00%	0.00%	0.00%
1	413	\$15,000	\$31,050	\$2,722	18.14%	8.77%	11.82%
2	414	\$31,050	\$70,500	\$5,443	17.53%	7.72%	10.72%
3	207	\$70,500	\$119,000	\$8,165	11.58%	6.86%	8.62%
4	207	\$119,000	\$217,275	\$9,526	8.00%	4.38%	5.67%
5	207	\$217,275	\$521,500	\$10,887	5.01%	2.09%	2.95%
6	207	\$521,500	\$8,100,000	\$12,248	2.35%	0.15%	0.28%

Takeaways:

- 1) Reduces revenue gap at higher tiers compared to Option 1.
- 2) Keeps higher payout by percentage at lower tiers.
- 3) Tiers 4-6 receive more in Option 2 than Option 1, but Tiers 1-3 receive less.

Methods:

- 1) Similar baseline tiering approach as Option 1, except that Tier 3 and 4 are evenly halved resulting in six tiers.
- 2) Same payout approach as Option 1 for Tiers 1 – 3. For Tiers 4 – 6 split tiers shares increase by ½ share per tier rather than 1 share per tier.
- 3) New eligible permit holders included .



Comparison of Option 1 and Option 2

Option 1 Initial Updated Approach 4 Tiers and 4,139 total shares							
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	2163	\$0	\$15,000	\$0	0.00%	0.00%	0.00%
1	413	\$15,000	\$31,100	\$2,858	19.05%	9.19%	12.40%
2	414	\$31,100	\$70,500	\$5,716	18.38%	8.11%	11.25%
3	414	\$70,500	\$217,275	\$8,573	12.16%	3.95%	5.96%
4	414	\$217,275	\$8,100,000	\$11,431	5.26%	0.14%	0.27%

Option 2 Revised Tiering Approach 6 Tiers and 4,967 total shares							
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	2163	\$0	\$15,000	\$0	0.00%	0.00%	0.00%
1	413	\$15,000	\$31,050	\$2,381	15.88%	7.67%	10.34%
2	414	\$31,050	\$70,500	\$4,763	15.34%	6.76%	9.38%
3	207	\$70,500	\$119,000	\$7,144	10.13%	6.00%	7.54%
4	207	\$119,000	\$217,275	\$9,526	8.00%	4.38%	5.67%
5	207	\$217,275	\$521,500	\$11,907	5.48%	2.28%	3.22%
6	207	\$521,500	\$8,100,000	\$14,288	2.74%	0.18%	0.33%

Comparison

- 1) Both options provide greater proportional payout at lower tiers.
- 2) Option 2 has more narrow revenue windows at higher tiers.
- 3) Option 1 provides higher payout to lower tiered applicants.
- 4) Option 2 provides higher payout to higher tiered applicants. With most benefits accruing in the \$521,500 – 8,000,000 range.



Comparison of Options 1 - 3

Option 1 Initial Updated Approach 4 Tiers and 4,139 total shares							
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	2163	\$0	\$15,000	\$0	0.00%	0.00%	0.00%
1	413	\$15,000	\$31,100	\$2,858	19.05%	9.19%	12.40%
2	414	\$31,100	\$70,500	\$5,716	18.38%	8.11%	11.25%
3	414	\$70,500	\$217,275	\$8,573	12.16%	3.95%	5.96%
4	414	\$217,275	\$8,100,000	\$11,431	5.26%	0.14%	0.27%

Option 2 Revised Tiering Approach 6 Tiers and 4,967 total shares							
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	2163	\$0	\$15,000	\$0	0.00%	0.00%	0.00%
1	413	\$15,000	\$31,050	\$2,381	15.88%	7.67%	10.34%
2	414	\$31,050	\$70,500	\$4,763	15.34%	6.76%	9.38%
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4	207	\$119,000	\$217,275	\$9,526	8.00%	4.38%	5.67%
5	207	\$217,275	\$521,500	\$11,907	5.48%	2.28%	3.22%
6	207	\$521,500	\$8,100,000	\$14,288	2.74%	0.18%	0.33%

Comparison

- 1) All three options pay out proportionally higher at lower levels.
- 2) Option 2 and Option have tighter revenue windows at higher tiers.
- 3) Compared to Option 1, Option 2 and 3 both have lower payouts in the \$15,000 - \$119,000 range with Option 3 being less substantial.
- 4) Option 2 and Option 3 both have higher payouts in the \$119,000 - \$217,275 range and in the \$521,500 - \$8,100,000 range.
- 5) Option 3 pays out less than Option 1 and 2 at the \$217,275 – \$521,500 range. Whereas option 2 pays out more than Option 1 in this range.
- 6) Compared to Option 1, most benefits for Option 2 accrue in Tiers 4 and 6, whereas most benefits for Option 3 accrue in Tiers 4 and 6.

Option 3 Initial Updated Approach 6 Tiers and 4,346 total shares							
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	2163	\$0	\$15,000	\$0	0.00%	0.00%	0.00%
1	413	\$15,000	\$31,050	\$2,722	18.14%	8.77%	11.82%
2	414	\$31,050	\$70,500	\$5,443	17.53%	7.72%	10.72%
3	207	\$70,500	\$119,000	\$8,165	11.58%	6.86%	8.62%
4	207	\$119,000	\$217,275	\$9,526	8.00%	4.38%	5.67%
5	207	\$217,275	\$521,500	\$10,887	5.01%	2.09%	2.95%
6	207	\$521,500	\$8,100,000	\$12,248	2.35%	0.15%	0.28%

