

CARES Act Relief Aquaculture Working Group

- Call will be recorded
- Please mute when you aren't talking



Aquaculture Working Group

Goal: Advise larger advisory panel and DMF on sector-specific spending plan

Participants: Jeff Kennedy(co-chair); Tom Shields(co-chair); Mark Begley; Jack Blake; Aaron Brochu; Bill Doyle; Josh Reitsma; Scott Soares



Today's Agenda

Introductions

CARES Relief Background

Discussion

- Eligibility
- Payment Calculation

Next Steps



CARES Act Funding Disaster Relief

\$300 Million to Support U.S. Fishermen and Seafood Industry

- NOAA Fisheries used multi-year averages of “fishery participants” to estimate total average annual revenues for each state and sector
- Eligibility for disaster relief from this program requires an economic loss of at least 35% as compared to prior 5-year average

Massachusetts will receive approximately \$27.8 Million (4 Sectors)

Funds move from NOAA Fisheries to ASFMC to states

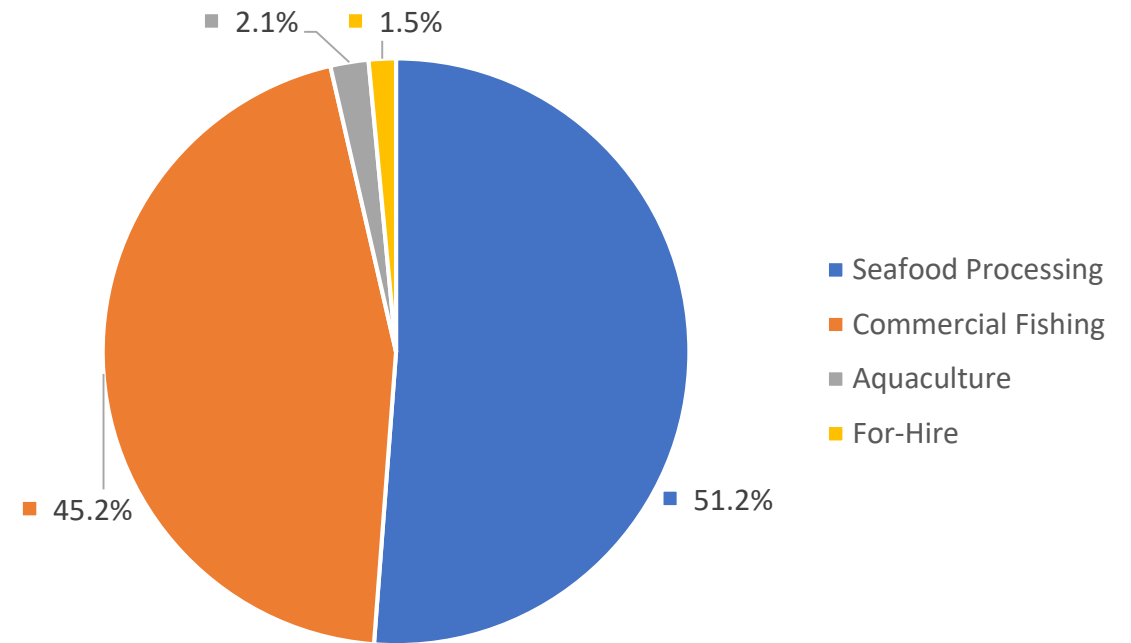
- Seafood Processing 51.2%
- Commercial Fishing and Aquaculture combined 47.3%
- For-Hire (Party and Charter Boats) 1.5%



Value Estimates Among Four Sectors

Sector	Pct of Total	Annual Value (millions)
Wholesale Dealers	51.2%	716
Wild Capture Fisheries	45.2%	630
Aquaculture	2.1%	30
For-Hire (Party/Charter boats)	1.5%	21
Grand Total	100%	1,397

% of Estimated Annual Revenue by Sector - for Massachusetts



- *Total revenue for all sectors = \$1.4 billion*
- *If losses across all sectors combined reach 35%, then total state losses may be \$500 million*
- *\$28 million will not make industry “whole”*



Revised Sector Allocation Proposal

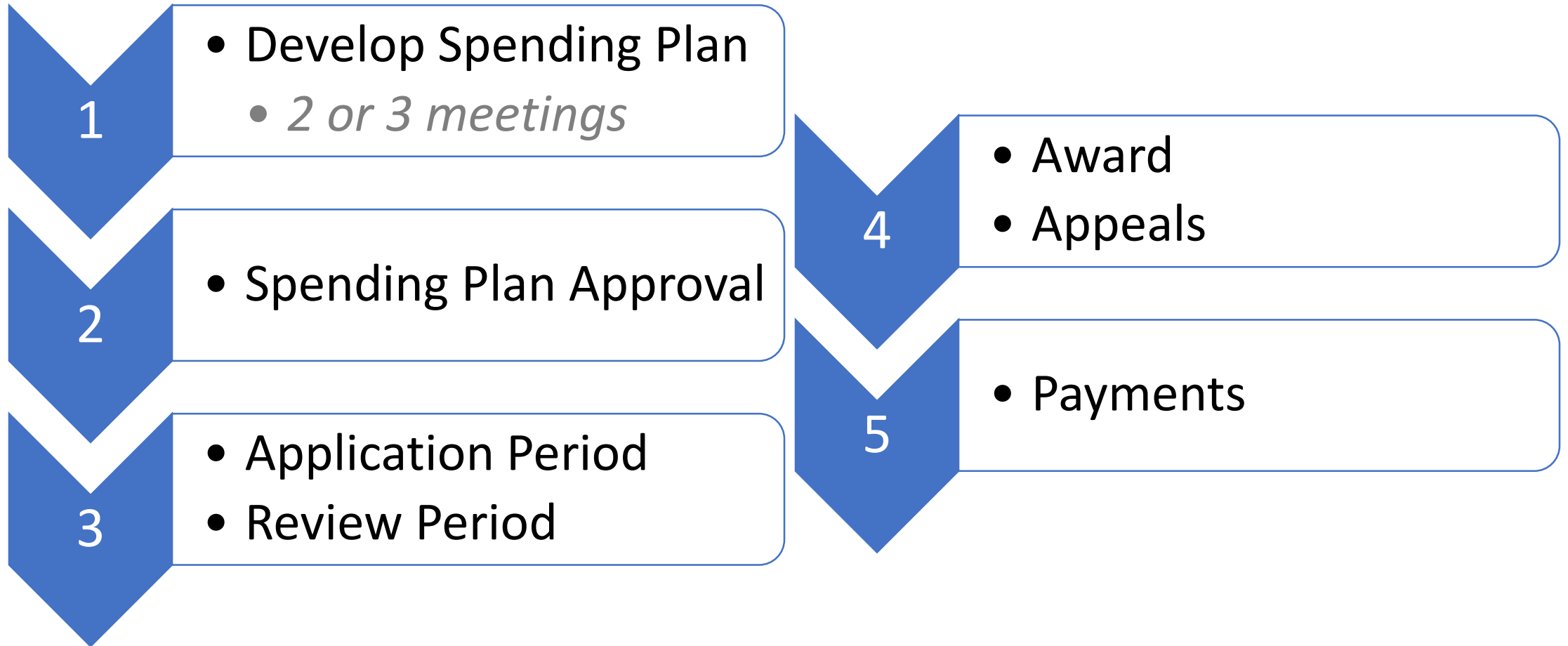
DMF recommends realigning the combined commercial/aquaculture percentage to more closely align with each sectors current losses:

- ~68% aquaculture loss;
- ~33% all commercial fisheries loss.

Commercial Fishing:	\$11,828,404
Aquaculture:	\$1,152,652



Timeline



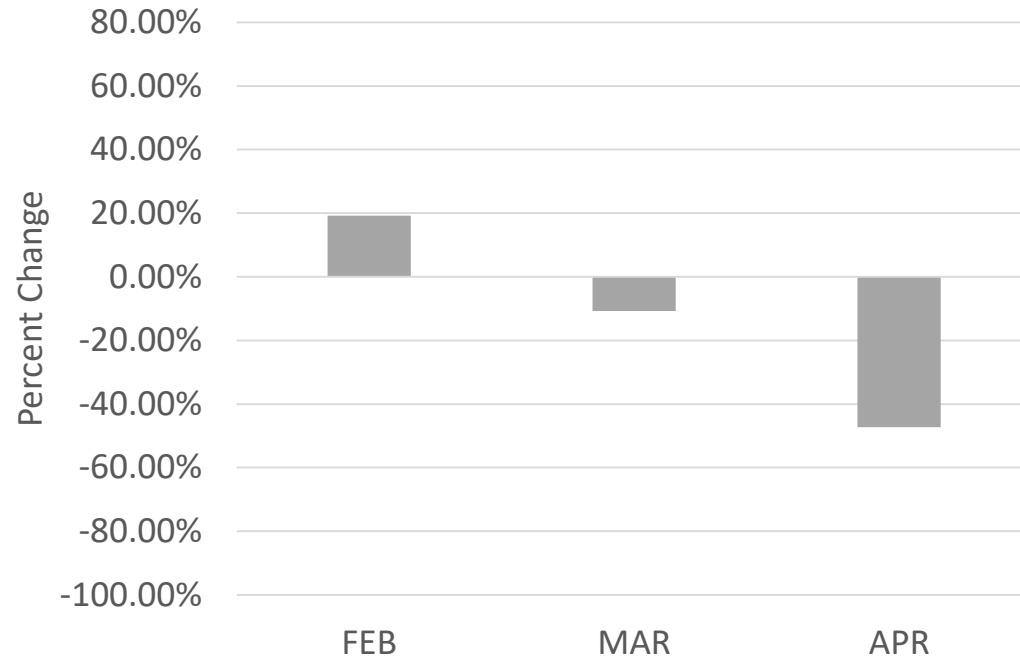
Aquaculture Sector (farm-raised shellfish)

- Aquaculture-growers primarily produce oysters and quahogs.
 - Oysters account for ~97% of all aquaculture landed value.
 - Aquaculture raised oysters account for ~97% of the value of all oyster harvest.
- Massachusetts Wholesale Dealers report those sales(landings) in SAFIS
- Growers were severely impacted by the loss of restaurant trade as 70 % of all seafood is sold in restaurants and other food service companies.
 - 391 Total Aquaculture Permit Holders
 - 272 Growers (*preliminary data*)
 - Who are residents and >17yo
 - Have 2020 propagation or aquaculture permit
 - With activity 2017-19

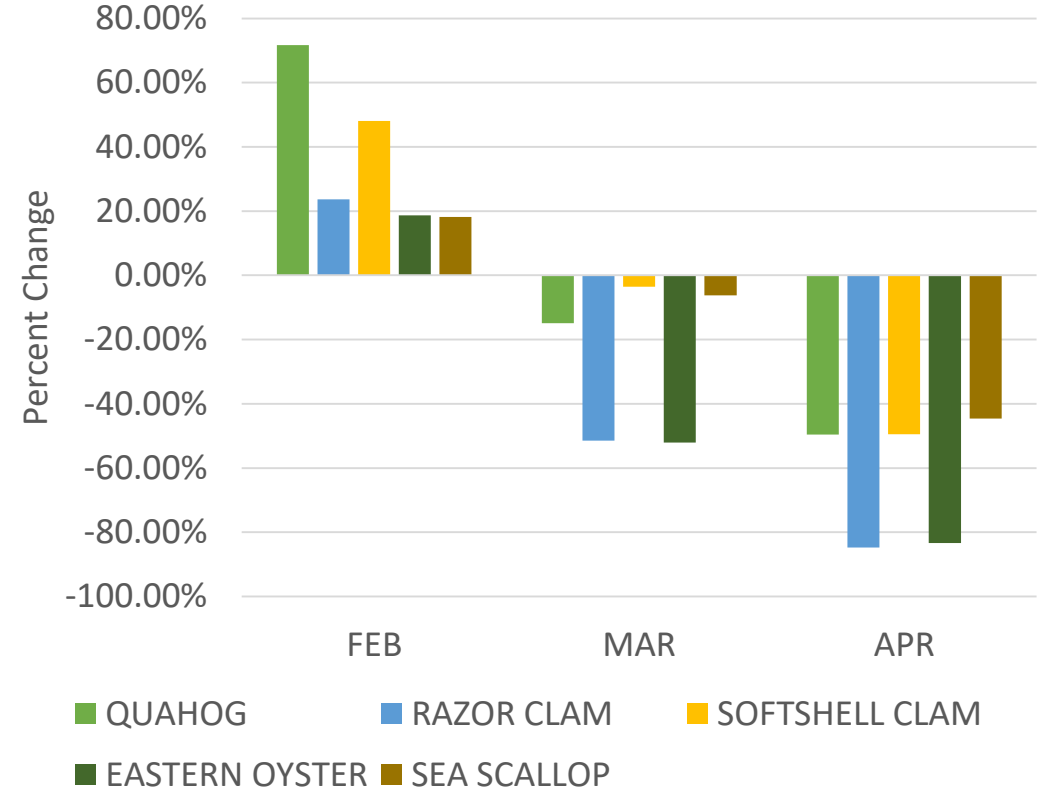


Shellfish Ex-Vessel Value **

Change in Value for Aggregated Shellfish*



Change in Value for Top Shellfish Species



*Atlantic Surf Clams are not included as 2020 landings are unavailable to the Fisheries Statistics Project.

**Data pulled as of 5/21/20



Mandatory Eligibility Criteria

- Massachusetts Resident
- Holds a 2020 Shellfish Propagation or Aquaculture permit
- Suffered a documentable 35% or greater loss in revenue compared to previous 5-year average due to Covid-19 impacts *(can be established by self-certification)*
- The net benefit of all CARES relief funds received CANNOT total more than normal revenues *(can be established by self-certification)*
- Be >17 years of age as of the end of the application period
- No federal violations



Eligibility – Discussion Points

- *Does Unemployment or PPP or other COVID-19 relief disqualify or reduce payout (e.g. drop to lower tier)?*
- *Eligibility period: Aquaculture Activity in one of last 3 years (2017-2019) March through May? (does this need to be harmonized with CF sector)*
- *Should there be some minimum revenue requirement to qualify? If so, how much/how would this be determined?*



Other Relief

What are the other pandemic relief to be taken into account?

- Loans vs direct relief payments
- Payroll Protection Program (PPP)
- Economic Injury Disaster Loans
- SBA Loans and Debt Relief



Aquaculture Data Source

- SAFIS Dealer Data
 - Dealers electronically report all transactions, including price paid to growers, with commercial fishermen on a weekly basis.
 - Data are held strictly confidential and only released in aggregate.
- Gapfilling metrics used to replace null or 0 reported prices with species/market/grade/unit averages (normal practice when assessing annual value)
- Query-
 - Pulled highest estimated annual ex-vessel value of aquaculture landings in the previous 3 years (2017-2019) by permit holder.
 - Data were pulled 6/3/2020.
 - Caveats:
 - Dealer data may attribute landings to wrong permit number.
 - Aquaculture landings may be mis-identified, particularly in 2019 as the review has not yet been finalized.



Determining Minimum \$ Eligibility



- Each bin contains 27 growers
- 100th percentile not displayed
- Majority of permit holders sell < \$48,000/year
- 75% of permit holders sell < \$149,000/year



Approach – Discussion Points

- *Scaled or Tiered payments*
 - *Should tiered – discrete payment system or calculation be used?*
(If no scaling/tiering and all eligible, the payment would be approx \$4,200 per permitted grower)
 - *Should payments be scaled?*
- *Maximum cap or ceiling on payment to single entity?*
- *Time period for losses e.g. March through May???*
- *Other program?*

Goal should be to have simplistic, transparent approach using easily verifiable data.



Preferred Tiered Payment System

- 272 growers
- With minimum eligibility value of \$15K -> 29%
- Divide remaining permits holders into quartiles
- 48 growers per Quartile
- Each Tier equals the number of shares
- Calculate number of shares
 $(1 \times 48) + (2 \times 48) + (3 \times 48) + (4 \times 49) = 484$ Total shares
- Calculate value of share by dividing sector allocation by total shares
 $\$1,152,652 / 484 = \$2,382$

Tier/ Quartile	Count of Harvesters	Min Value	Max Value	Estimated Payment Per Permit
0	79	\$0	\$15,000	\$0
1	48	\$15,000	\$42,800	\$2,382
2	48	\$42,800	\$82,000	\$4,763
3	48	\$82,000	\$205,000	\$7,145
4	49	\$205,000	\$1,200,000	\$9,526

Why is this approach preferred?

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



Next Steps

- Do we need a second working group meeting?
- Working Group draft-
 - Recommendations for eligibility
 - Any scaling factors to increase payment based on scale of business
 - What filters should be considered? Min/max; COVID-19 Relief; etc.
 - Establish application period for sector to apply
- Compile the overall recommendation for submittal to Administration, ASMFC and NOAA Fisheries.



