

CARES Act Relief For-hire Workgroup

Workgroup

- Mike Armstrong, DMF
- Nichola Meserve, DMF
- Mike Pierdinock, F/V Perseverance – New Bedford – Charter *
- Willy Hatch, F/V Machacha – Falmouth – Charter
- Don Cianciolo, F/V Laura-Jay – Sandwich – Charter
- Tim Brady, F/V Mary Elizabeth – Plymouth – Party
- Joe Huckemeyer, Helen H Fleet – Hyannis – Party *
- Chris Charos, Captain’s Fishing Parties – Newburyport – Party

* Also a member of larger industry advisory panel

Goal

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

Logistics

- Meeting via Zoom.
- Meeting will be recorded.
- Please mute when you aren’t talking.
- Use “raise hand” feature.



CARES Act Funding Disaster Relief (Sec. 12005)

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

- NOAA Fisheries used multi-year revenue averages of “fishery participants” to estimate total average annual revenues for each state.
 - Fishery participants: commercial fishing, for-hire fishing, aquaculture, seafood wholesalers/processors.
 - For-hire revenue estimated as a 5-year average (2015-2019) of for-hire angler trip expenditures.
- Eligibility for disaster relief from this program requires an economic revenue loss of at least 35% as compared to prior 5-year average caused by COVID-19 impacts.
 - NOAA Fisheries will not allow relief to be paid out based on projected losses.
 - The net benefit of all the various CARES relief funds received by any individual or business shall not total more than their normal revenues.

Massachusetts will receive approximately \$27.8 Million

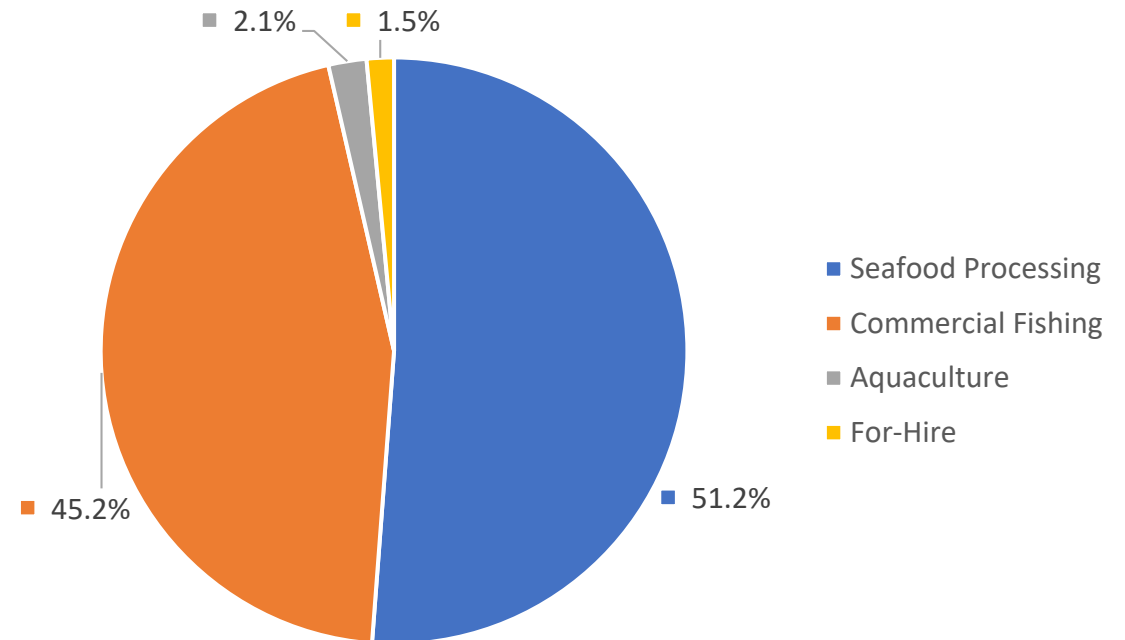
- Funds move from NOAA Fisheries through ASMFC to the states, after a state’s spend plan is approved.



Value Estimates Among Four Sectors (MA)

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

% of Estimated Annual Revenue by Sector - for Massachusetts



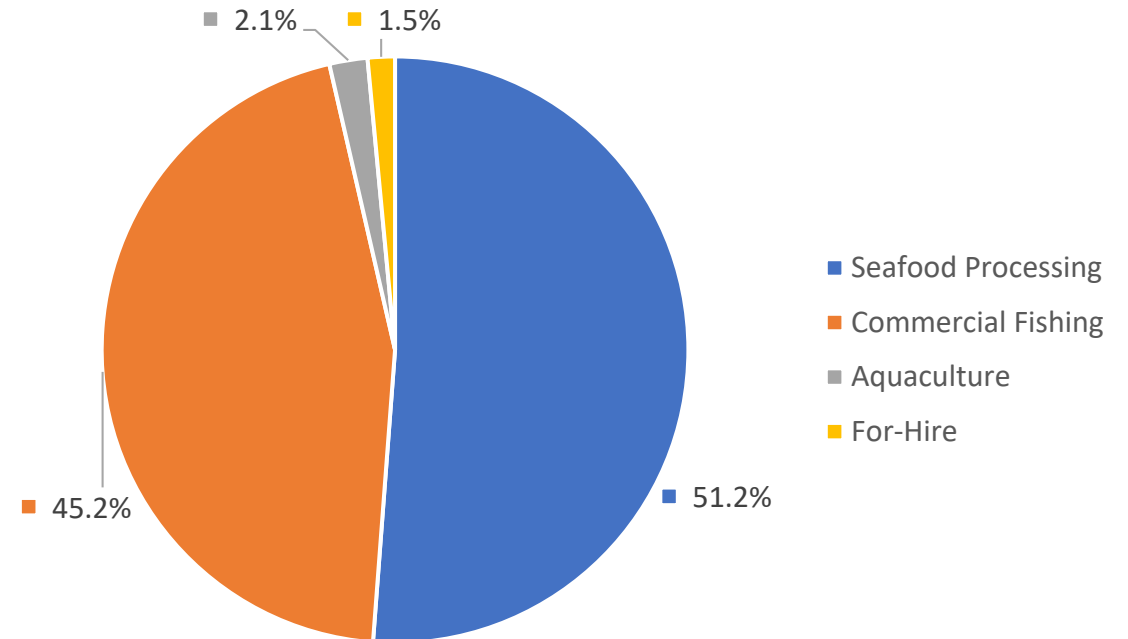
Total revenue for these 4 sectors = **\$1.4 billion.**

If losses across all sectors combined reach 35%, then losses may be \$500 million; the \$28 million won't come close to making the industry "whole".



Funds Available by Sector (If parsed consistent with value of each sector)

% of Estimated Annual Revenue by Sector -
for Massachusetts



Sector

- Seafood Processing: \$14.2M
- Commercial Fishing: \$12.5M
- Aquaculture: \$583K
- **For-Hire Industry: \$416K**

Challenge: If the losses varied among sectors should the funds be distributed to account for differential losses? How do we ultimately split the pie?



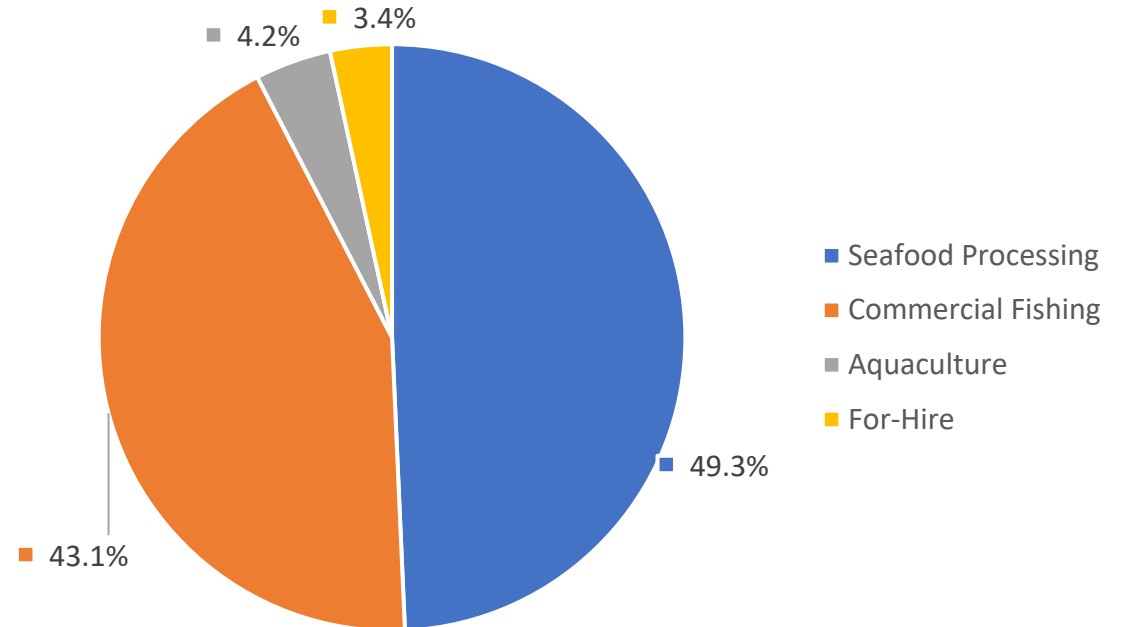
Revised Sector Allocation Proposal

% of Estimated Annual Revenue by Sector -
for Massachusetts

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.



- \$416,000 to be paid to Head Boats in Round 1 (ASAP)
- \$584,000 to be paid to Charter Boats in Round 2



For-Hire Sector: Charter and Head Boats

~850 permits sold annually. The only requirements are a registered/documentated vessel & USCG licensed captain.

- ~50 Head boats (about 10 non-resident)
 - Capable of taking more than 6 and up to 100 anglers; vessel size generally 35-100’.
 - Typical cost per angler is \$65.
- ~800 Charter boats (about 40 non-resident)
 - Capable of taking 6 or fewer clients; vessel size generally <40’.
 - Typical fee is \$550 for a 4-hour trip and \$1,100 for an 8-hour trip.

Considerations:

- Should every permit holder be eligible? If not, what is the minimum threshold for eligibility?
- Are non-resident permit holders eligible?
- Of the eligible permit holder pool, should each entity receive the same amount? If not, what is the metric(s) to tier or scale payments?
- Should there be a maximum payment (e.g., for businesses with multiple vessels/permits)?
- Should receipt of other CARES Act relief be accounted for other than the requirement for cumulative relief to not exceed ?
- Should applicants be allowed to receive funds from more than one sector (charter/commercial combo)?



For-Hire Sector: Data Availability

DMF does not have a comprehensive accounting of trips conducted, clients, revenues or catch.

Available Data:

1. Charter Vessel Questionnaire

- Collected with permit application; self-reported activity estimates.
- Not requested of head boats (though some have completed).
- Data set has significant number of incomplete and “unknown” entries (e.g., ~31% of 2019 forms).
- 2020 forms being entered now.

2. Federal Vessel Trip Reports

- Comprehensive reporting of trip activity, # anglers, & catch for federal permit holders.
- Less than 40% of MA head boats have federal permits, and ~25% of charter vessels. Documents activity for ~100 vessels/year of 231 permits.
- Data set suggests some level of non-compliance with reporting (e.g., trips only in state waters).

FOR-HIRE CHARTER PERMIT HOLDER QUESTIONNAIRE 2020

Please fill out the brief questionnaire below. The information provided will help us accurately determine charter vessel activity, and conduct the MRIP Catch Survey more efficiently.

Do you anticipate taking Charter trips in 2020? YES NO

Approximately how many For-Hire Charter trips did you make in 2019? _____.

Approximately how many For-Hire charter trips will you make in 2020? _____.

In which months do you expect to charter? Indicate with a check mark, or “X” in the boxes below. Months with no activity leave blank.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



For-Hire Sector: Data Availability

Available Data (cont.):

3. Permitting

- # of years permit held
- Vessel size

4. Advertising

- Listing in MA Saltwater Fishing Guide, as answered on permit application. (We are aware of some active business that do not advertise in guide because they have enough repeat clientele or other reasons.)
- Website or social media page for business.

5. MRIP

- Telephone Survey Records: random sampling of for-hire operators for a week's effort level; documents presence of for-hire activity for 20 headboats and 194 charter boats (2019).
- Intercept Survey Records: random sampling of for-hire anglers' catch; documents presence of for-hire activity for ~20 headboats and ~115 charter boats annually.

6. DMF Staff Knowledge: our Recreational Fisheries staff spends a lot of time at the docks!

Other Potential Data Sources

1. Tax Information, e.g., reported business income from for-hire fishing
2. Self-declared activity level (new affidavit)



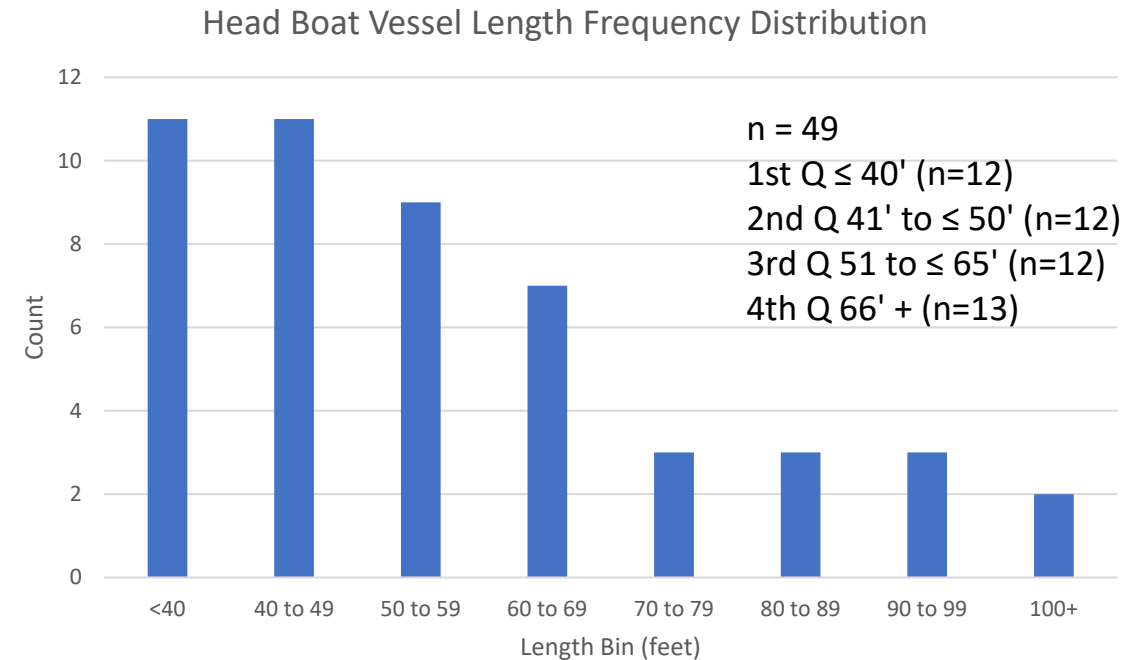
For-Hire Sector: General Eligibility Proposal

1. Must hold a current (2020) for-hire permit as of **June 1**.
 - Rationale: indicator that intended to operate as a for-hire business in 2020.
2. Must have held a **2019** for-hire permit.
 - Rationale: necessary for requirement to have lost 35% revenue compared to prior years.
3. Must meet a threshold of activity to be eligible; remaining pool to be tiered.
 - Rationale: reserve benefits for actual for-hire fishing businesses, scaled to reflect loss.
4. Must be 18 years of age or older.
5. Must not be in violation of several federal laws.
 - Use of affidavit to self-certify.
6. Must be a MA resident or not be receiving CARES Act Sec. 12005 for-hire fishing aid from another state.
 - Rationale: Could be a non-resident but fish entirely out of MA, in which case would have no other states' permits that may be required to qualify there. Use of affidavit to self-certify (if the latter).
7. Must have suffered 35% revenue loss during **March–June** compared to prior 5-year average.
 - Use of affidavit to self-certify.
8. Assistance from this and other CARES relief must not make the applicant more than whole.
 - Use of affidavit to self-certify.



Head Boat: Tiering Proposal

- Tier pool by:
 - Vessel size
 - $\leq 40'$ (1st quartile)
 - 41' to $\leq 65'$ (2nd & 3rd quartiles)
 - 66' plus (4th quartile)
 - Activity
 - Inactive (active in another state/business)
 - Limited (no data/data for lower activity)
 - Active (data for higher activity)
- Application letter would assign a bin; applicant could appeal, submitting additional documentation (e.g., tax records, logbooks).
- Cap payments for multiple vessels?
- Drop to lower bin if other CARES Relief received (e.g., PPP grant, EIDL grant)?



Head Boat: Tiering Proposal

Bin Count

	Inactive	Limited	Active
Small	5	3	4
Medium	4	4	16
Large	6	2	5

(Bin count based on initial assignment, subject to appeals. Changes to bin counts would affect projected payouts. Payouts assume \$417,000 total available.)

Example 1

(active scaled from 0.5 to 1;
limited is ½ active)

Bin Shares

	Limited	Active
Small	0.25	0.5
Medium	0.375	0.75
Large	0.5	1

Payout per Permit Holder

	Limited	Active
Small	\$4,685	\$9,371
Medium	\$7,028	\$14,056
Large	\$9,371	\$18,742

Example 2

(active scaled from 0.5 to 1;
limited is ¼ active)

Bin Shares

	Limited	Active
Small	0.125	0.5
Medium	0.1875	0.75
Large	0.25	1

Payout per Permit Holder

	Limited	Active
Small	\$2,527	\$10,109
Medium	\$3,791	\$15,164
Large	\$5,055	\$20,218

Example 3

(active scaled from 0.25 to 1;
limited is ½ active)

Bin Shares

	Limited	Active
Small	0.125	0.25
Medium	0.3125	0.625
Large	0.5	1

Payout per Permit Holder

	Limited	Active
Small	\$2,799	\$5,597
Medium	\$6,997	\$13,993
Large	\$11,195	\$22,389

Example 4

(active scaled from 0.25 to 1;
limited is ¼ active)

Bin Shares

	Limited	Active
Small	0.0625	0.25
Medium	0.15625	0.625
Large	0.25	1

Payout per Permit Holder

	Limited	Active
Small	\$1,505	\$6,022
Medium	\$3,764	\$15,054
Large	\$6,022	\$24,087



Charter Boat: Tiering Proposal

- Two options for Activity Tiering
 1. Use available activity data to pre-assign bins.
 - How to deal with permits with no data? Potential for lots of appeals.
 2. Request activity data in affidavit and use to assign bins.
 - Logbook & tax returns to validate. Few if any appeals.
- Is there a minimum threshold for activity (e.g., 10 trips)?
- Are there multiple tiers for active (e.g., 10-50 trips, 50+ trips)?
- Tier by vessel size too?
- What period for revenue loss (e.g., Mar-Jun)?
- What deadline to obtain 2020 permit (e.g., June 1)?
- Should there be a maximum payment (e.g., businesses with multiple vessels/permits)?
- Should receipt of other CARES Act relief be accounted for (e.g., PPP grant, EIDL grant)?
- Should applicants be allowed to receive fishery relief funds from more than one sector (charter/commercial)?



Next Steps:

- Head Boats
 - Applications prepared for mailing by end of week
 - 1-week period for permit holders to appeal bin assignment
 - 1-week period for DMF to review appeals and finalize bins & payments
 - Payments via EFT by end of month
- Charter Boats
 - Determine methodology for activity binning
 - Date for next workgroup meeting?
 - Timeline steps TBD
 - Payments via check from ASMFC
- Compile the overall recommendation for submittal to ASMFC and NMFS

