

CARES Act Relief Seafood Processor Working Group

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



Seafood Processor Working Group

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

Participants: Story Reed (Chair), Jared Auerbach, Tory Bramante, Gordon Carr, Nick Giacalone, Laura Ramsden, Jim Saxonis, Mike Trupiano, Ed Washburn



Today's Agenda

Introductions

Legislative Inquiry

- Institutional Purchasing
- Infrastructure Needs

Discussion

- Eligibility Update
- Payment Calculation

Next Steps



Eligibility

- Wholesale dealers and processors that held a 2019 permit and hold a 2020 permit. – **Permit Data**
- Business has to have suffered a documentable 35% or greater loss in revenue compared to the previous 5 year average due to Covid-19 impacts. – **Affidavit**
- *Eligible to apply to the state(s) where their facilities are physically located.*
- Eligibility period: March through June
- Should there be some minimum activity requirement in recent years? Average annual wholesale seafood sales of at least **\$100,000** over the past 5 years. - **Affidavit**
- Only **Wholesale** and **Processing** activities will count toward eligibility criteria. – **Affidavit**
 - Is this verifiable?
- Businesses and persons may apply for these new funds BUT the net benefits of all the various CARES relief funds they receive shall not total more than their normal revenues. – **Affidavit**



Other Relief Considerations

Other pandemic relief needs to be taken into account:

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

- *Timeline: Calendar Year*
- *Annualized average income of the past 5 years vs this year*



Scaled Payments

Should we consider scaling or tiering payments? **Yes**

- If no scaling/tiering and all permitted wholesale dealers are eligible, the payment would be approximately \$39,000 per permitted Massachusetts-based wholesale dealer.
- Should payments be scaled or tiered based on a metric like number of employees, product volume, and/or annual revenue?
 - **# of full-time and temporary employees**



Example of Tiered Payments

- 361 possible applicants
- Example Distribution (distributed by # employees):
 - Some do not qualify per eligibility requirements.
 - Tier 1 = 1 share, tier 2 = 2 shares, tier 3 = 3 shares, etc.
- Example total # of shares calculation:
 - $18 + (54 \times 2) + (90 \times 3) + (109 \times 4) + (54 \times 5) + (18 \times 6) = 1,210$
 - Payout per share:
 - $\$13,779,789 / 1,210 = \$11,388$
- Final bin structure would be determined from applicant pool and expert input. Exact # of shares would not be known until applications are returned.

Tier	# of Employees	# of Dealers	Estimated payout per business
0	N/A	18	\$0
1	1-10	18	\$11,388
2	11-30	54	\$22,777
3	31-60	90	\$34,165
4	61-100	109	\$45,553
5	101-150	54	\$56,941
6	>150	18	\$68,330
Total		361	\$13,779,789



Next Steps:

- Do we need a third working group meeting?
- Working Group Draft:
 - Recommendations for eligibility
 - Any scaling factors to increase payment based on scale of business
 - Recommendations whether payment maximum or minimum should be considered
 - Establish an application period for each sector to apply
- Compile the overall recommendation for submittal to ASMFC and NMFS



Example of Tiered Payments

- 361 possible applicants
- Example (dealers ranked and divided into 6 tiers):
 - Some do not qualify per eligibility requirements.
 - Tier 1 = 1 share, tier 2 = 2 shares, tier 3 = 3 shares, etc.
- Total # of shares calculation:
 - $58 + (58 \times 2) + (58 \times 3) + (58 \times 4) + (59 \times 5) + (59 \times 6) = 1,229$
- Payout per share:
 - $\$13,779,789 / 1,229 = \$11,212$
- # of employees and # of dealers within each bin would be determined by applicant pool
- Issues: what if # employees is the same across tier boundaries? Defining bins by # of employees may make more sense.

Tier	# of Dealers	# of Employees	Estimated payout per business
0	11	N/A	\$0
1	58	1-14	\$11,212
2	58	15-23	\$22,424
3	58	24-40	\$33,637
4	58	41-92	\$44,849
5	59	93-130	\$56,061
6	59	131+	\$67,273
Total	361		\$13,779,789

