

# 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, Ed Washburn



# 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)

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



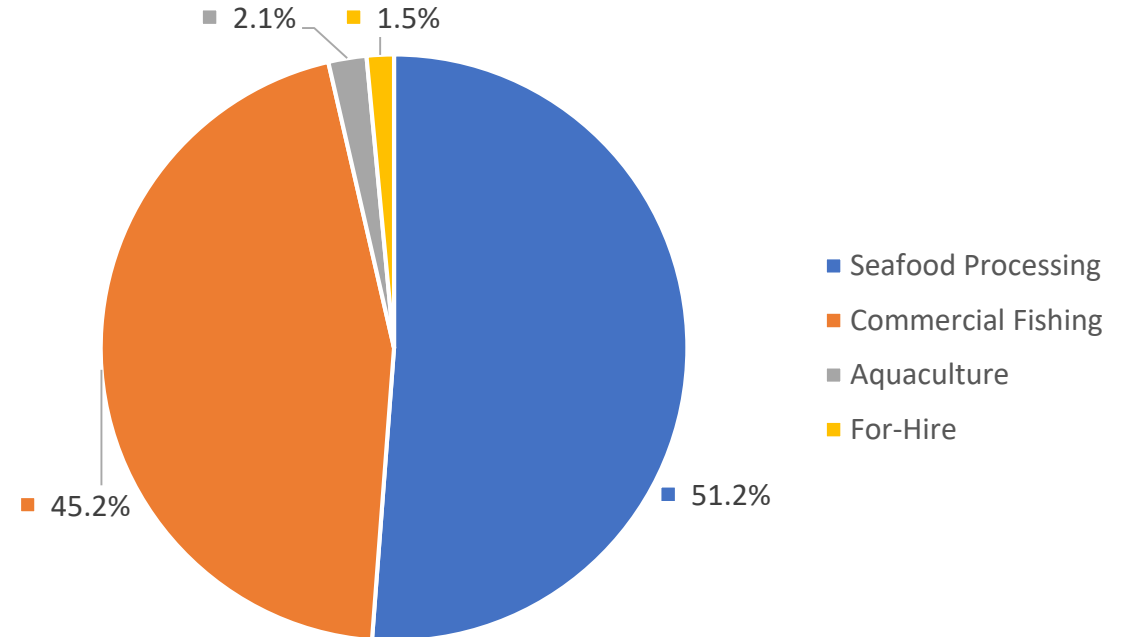
# Value Estimates Among Four Sectors

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
<b>Grand Total</b>	<b>100%</b>	<b>1,397</b>

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".

% of Estimated Annual Revenue by Sector - for Massachusetts



\*We expect the Seafood Processing Sector allocation to be approximately \$13.8 million.



# Seafood Wholesale Dealer and Processing Sector:

Seafood dealers receive, process and move seafood products from fishermen to end users. They were severely impacted by the loss of restaurant trade as 70 % of all seafood is sold in restaurants and other food service companies.

- 361 permitted business in Massachusetts (permits issued jointly by DPH & DMF) are permitted as wholesale dealers. Does not include wholesale truckers, retail stores, or retail boats.
- Seven of the 361 are issued “non-resident” permits.
- Each business applies annually on a DMF application for specific seafood processing activities.
- Many wholesale dealers and processors buy and process fish & shellfish from within Massachusetts, from out-of-state, and/or from international sources.
- Data supplied to DMF does not reveal the scale of the business (employees, revenues, etc.).
- 2/3 of wholesale dealers are “primary buyers” (may buy direct from commercial fishermen).
- 1/3 are not primary buyers, but process seafood purchased from other wholesalers.



# Eligibility

- “Massachusetts-based” wholesale dealers and processors that held a 2019 permit and hold a 2020 permit.
- Has to have suffered a documentable 35% or greater loss in revenue compared to the previous 5 year average due to Covid-19 impacts.
- Eligibility period: March through June?
- Should there be some minimum activity requirement in recent years? If so, what is the metric?
- 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.



# Other Relief

What 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





# Scaled Payments

Should we consider scaling or tiering payments?

- 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?
  - Should we consider a combination of metrics?



# Example of Tiered Payments

- 354 possible applicants
- Example:
  - 20% do not qualify
  - 20% qualify for tier 1 (1 share)
  - 30% qualify for tier 2 (2 shares)
  - 20% qualify for tier 3 (3 shares)
  - 10% qualify for tier 4 (4 shares)
- Total # of shares calculation:
  - $71 + (106 \times 2) + (71 \times 3) + (35 \times 4) = 636$
- Payout per share:
  - $\$13,800,000 / 636 = \$21,698$

Tier	# of Dealers	Estimated payout per business
0	71	\$0
1	71	\$21,698
2	106	\$43,396
3	71	\$65,094
4	35	\$86,792



# Maximum Payment?

- State law and regulations require each facility to hold a unique Wholesale Dealer permit issued jointly by DPH & DMF.
  - Should there be a maximum payment if a business has multiple permitted locations?



# 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
  - Recommendations whether payment maximum or minimum should be considered
  - Establish an application period for each sector or fishery to apply
- Compile the overall recommendation for submittal to ASMFC and NMFS

