

# **2016-17 KLAMATH RIVER FALL CHINOOK SALMON DISASTER RELIEF SPEND PLAN**

August 6, 2020

In 2016 and 2017, California commercial and recreational salmon fishing fleets experienced severe reductions in both revenues and fishing opportunity due to extreme declines in the abundance of Klamath River Fall Chinook (KRFC), in response to poor ocean conditions and extended drought. The reductions in these two years amounted to losses exceeding 70 percent when compared to the previous 5-year period.

In 2017, the California Salmon Council (CSC) requested that the Director of the California Department of Fish & Wildlife (CDFW) work with former governor Brown's office to submit a request for the declaration of a commercial fishery failure as provided in Section 312 of the Magnuson-Stevens Act for the 2017 fishing season. Upon further consultation the request was broadened to include the 2016 season. California Governor Jerry Brown coordinated with Oregon Governor Kate Brown and jointly requested that Wilbur Ross, Secretary of the U.S. Department of Commerce determine whether a fishery disaster had occurred in the Oregon and California salmon fisheries through a letter submitted on May 24, 2017.

On September 24, 2018 Secretary Ross issued the disaster declaration for the Klamath River Fall Chinook fisheries in California and Oregon. The designation made the fisheries in each state eligible for National Marine Fisheries Service (NMFS) fishery disaster assistance. The 2018 Consolidated Appropriations Act (P.L. 115-141) provided \$20 million for disaster assistance nationwide, to be allocated across 23 different fishery disasters. California's 2016-2017 Klamath Fall Chinook fishery received \$5,036,958, representing the largest prorated portion.

## **Spend Plan Overview & Rationale**

The following spend plan was jointly developed by the California Salmon Council, the Pacific Coast Federation of Fishermen's Associations, the California Fisheries and Seafood Institute, and Nor-Cal Guides and Sportsmen's Association (collectively the development committee hereafter), with technical support from CDFW. At the top level, this spend plan allocates (i) 95.5% (\$4,811,588) of the \$5,036,958 disaster fund to direct payments to affected parties in the commercial fishing, buyer, and recreational guide/charter sectors, (ii) 3.5% (\$175,000) to support efforts by the California Salmon Council to enhance the resiliency and profitability of California's

salmon fisheries, and *(iii)* 1% (\$50,370) to the Pacific States Marine Fisheries Commission (PSMFC) to administer the application and payment process.

To develop the direct payment portion of this spend plan, each organization worked independently with its community to estimate sector losses during the disaster years and develop criteria for relief eligibility and procedures for determining individual payment amounts. This involved dialog within three sectors of California's fishing industry: *(i)* Commercial fishing, which includes both (a) harvesters and (b) buyers, from across the state, *(ii)* Commercial Passenger Fishing Vessels (CPFV), operating north of Point Arena; and *(iii)* In-River Guides operating in the Klamath and Trinity Basins. CDFW did not participate in these discussions but supported efforts by providing data on licensing, catch, and fishing activity for each sector, and by reviewing spend plan proposals. The result of these efforts is a spend plan that aims to allocate funds equitably both between and within the harvester, buyer, CPFV, and in-river guide sectors. Note, however, that because each sector determined its qualifying criteria and payment details independently, there are significant inter-sector differences in qualifying criteria and payment amounts.

CDFW provided the development committee with data including pounds caught by harvesters and associated economic values, pounds purchased by licensed buyers and values, and trips made by commercial fishing passenger vessels and in-river guides. For confidentiality reasons, all data pertaining to individuals or businesses were given an anonymous numerical ID. The data represented the fishing years 2013 through 2018 for commercial and CPFV sectors, and 2015 through 2017 for the in-river guide sector. This provided the development committee an opportunity to evaluate landings, purchases and trips from one to three years prior to and during the two disaster years, in order to design a broad-based spend plan that offers some compensation to a large number of qualifying businesses and individuals engaged in the California salmon fishery.

The economic losses for the combined fishing years 2016 and 2017 for each of the four fishery groups was estimated at over \$46 million (Table 1) as determined by the development committee with CDFW staff assistance. Economic impact analysis, precedent set in prior disaster spend plan allocations in California, and discussion among commercial fishing stakeholders resulted in the distribution of 66% of the commercial allocation to commercial harvesters and 34% to buyers. This spend plan proposes to split the portion of the \$5M appropriation slated for direct payments among sectors in proportion to their fraction of total estimated losses for the 2016-2017 salmon seasons (Table 1).

## Division of Disaster Funds Within Sectors

The development committee explored several options for distributing disaster funds within sectors, with industry engagement and feedback. Below, criteria for eligibility and proposed payment amounts are presented for each sector, as are the development committee's and CDFW's best estimates of the number of qualifying parties.

**Table 1.** Summary of losses for the 2016 and 2017 fishing seasons for each sector of California's fishing industry.

Sector	Losses	Sector Allocation
Commercial (harvesters, buyers)	\$43,838,844 (94.4%)	\$4,542,554 (\$2,998,086 or 66% to harvesters) (\$1,544,468 or 34% to buyers)
Guides	\$1,437,036 (3.1%)	\$148,905
CPFV	\$1,159,333 (2.5%)	\$120,129
CA Salmon Council	n/a	\$175,000
Admin. (PSMFC)	n/a	\$50,370
Total	\$46,435,214	\$5,036,958

### Commercial salmon harvesters

**Criteria for eligibility:** To qualify for disaster relief funds, an individual or party must, at minimum, have held a Salmon Vessel Permit (SVP) during all or a portion of the 2016 or 2017 fishing seasons. Individuals/parties who held but transferred SVPs on or off of the vessel during either year remain eligible but will receive only half of the vessel's total eligible payment amount. Additionally, eligible individuals/parties with qualifying landings during the 2013-2018 fishing seasons may qualify for a tiered catch-based payment. Based on CDFW records, an estimated 1,161 parties are potentially eligible, with 108 of these being involved in a permit transfer during either 2016 or 2017.

**Payment amounts:** Total payment amounts for eligible parties will be determined according to their position in five different tiers of fishing activity (Table 2). First, however, all qualifying parties are eligible to receive \$1,200 (or \$600, for transfers), an amount meant to approximate a permit fee refund, regardless of tier membership. In total, \$1,328,400 of the harvester allocation is slated to cover permit fees.

Tier 0 represents latent SVP holders, or parties who held SVPs but have no documented sales (i.e., on fish tickets) between 2013 and 2018; these parties will receive a permit refund only.

Vessels with documented landings between 2013 and 2018 were then assigned to one of four tiers based on their position in one of four quartiles of fishing activity<sup>1</sup>. Members of the lowest quartile, Tier 1, are SVP holders that participate in the salmon fishery on a limited basis only. Like latent permittees, these parties will receive a permit refund only.

The funds remaining after allocating permit refunds to eligible vessels (\$1,669,685.77) will be allocated to the low (Tier 2), moderate (Tier 3), and high (Tier 4) activity tiers according to a 1/6, 2/6, and 3/6 breakout, and split evenly among approximately 210 qualifying vessels within each tier. This equates to individual payments of \$1,374.23, \$2,728.24, and \$4,042.82 for Tiers 2-4, respectively, which is paid in addition to the \$1,200 permit refund. These payments, like permit refunds, will be half for vessels involved in permit transfers during 2016 or 2017. Note that the payment amounts are based on the expected size of the eligible applicant pool, tier eligibility classifications, and a 100% application rate. Final amounts may change once all applications are received, data discrepancies are resolved, and determinations of eligibility are made. Awards will be paid once signatures are attained from all qualifying parties.

---

<sup>1</sup> Fishing activity was indexed as a vessel's maximum year for % of total statewide eligible sales between 2013 and 2018. As an example, if a vessel sold 100K, 10K, 50K, 40K, 25K, and 100K pounds over years with 25M, 2M, 5M, 2.5M, 10M, and 10M in total eligible pounds, it constitutes 0.4, 0.5, 1.0, 1.6, 0.3, and 1.0% of each year's statewide total. The vessel's maximum index value would be 1.6%.

**Table 2.** Summary of harvester eligibility and payment amounts.

Tier	Tier Description	Total Harvesters (transfers)	Minimum Activity Index	Maximum Activity Index.	Individual Payment†
0	Latent permit	322 (50)	n/a	n/a	\$1,200
1	Limited activity	210 (26)	<0.01%	0.06%	\$1,200
2	Low activity	210 (15)	0.06%	0.17%	\$2,574 (\$1,200+\$1,374)
3	Moderate activity	209 (10)	0.17%	0.39%	\$3,928 (\$1,200+\$2,728)
4	High activity	210 (7)	0.39%	2.56%	\$5,243 (\$1,200+\$4,043)
Total		1,161 (108)	-	-	\$2,998,086

† The \$1,200 allocated for each tier is intended to approximate a permit refund.

## Commercial First Receivers (Buyers)

**Criteria for eligibility:** To qualify for disaster relief, a buyer must have (a) made at least one qualifying purchase (i.e., documented on a fish ticket within CDFW’s data systems) of salmon during the index period of 2013-2018 and (b) been an active salmon buyer, as verified from fish tickets, during the disaster years (2016-2017) or both before and after the disaster years. Based on these criteria, an estimated 211 businesses or individuals, inclusive of fishermen licensed to make direct sales to the public (e.g., retail licensees), are eligible for relief within the buyers sector.

**Payment amounts:** The commercial sector’s allocation slated for buyers is 34%, or \$1,544,468. Direct payments will be made to eligible buyers in proportion to their share of the cumulative total number of qualifying pounds purchased during the 2013-2018 index period (9,138,239). The lowest number of cumulative pounds purchased is 10 pounds and the maximum is 1.4 million pounds, and the corresponding payment amounts range from \$1.69 to \$234,152.72 (Table 3). Representatives from the Buyers sector did not designate a specific portion of the sector’s allocation to cover permit or license fee refunds. Note that the distribution of individual payments summarized in Table 3 and the range noted above are based on the Department’s assessment of the eligible population’s size, qualifying landings,

and a 100% application rate. Final amounts may change once all applications are received, data discrepancies are resolved, and determinations of eligibility are made. Awards will be paid once signatures are attained from all qualifying parties.

**Table 3.** Summary of the distribution of buyer disaster relief payments based on pounds purchased between the 2013 and 2018 fishing seasons.

<b>Payment Amount</b>	<b>Cumulative Pounds</b>	<b># Eligible Buyers</b>
<\$50	<300	37
\$50-100	300-550	17
\$100-500	550-3,000	60
\$500-1,000	3,000-6,000	18
\$1,000-5,000	6,000-30,000	40
\$5,000-10,000	30,000-50,000	11
\$10,000-50,000	50,000-300,000	19
>\$50,000	>300,000	9

## **Commercial Passenger Fishing Vessels**

**Criteria for eligibility:** To qualify for disaster relief, a licensed CPFV operator must have completed at least one qualifying trip between Point Arena and the Oregon/California border, i.e., within the Fort Bragg and Klamath Management Zone areas, during 2016. Eligible trips were enumerated from logbook entries submitted to CDFW as required by § 190(d) Title 14, CCR.

**Payment amounts:** The \$120,129 allocated to the CPFV sector will be shared among an estimated total of 22 qualifying operators, with individual amounts depending on an operator’s activity during 2016. Operators with up to seven qualifying trips (n = 6) will receive \$1,691, an amount intended to approximate a permit fee refund. Operators with a higher level of activity, defined as eight or more qualifying trips during 2016 (n = 16) will receive the \$1,691 permit refund and an

additional \$5,183, or \$6,874 total. Note that the variable portion of payments to operators in tier 2 (i.e., activity awards) is based on the expected size of the eligible applicant pool, tier eligibility classifications, and a 100% application rate. Final amounts may change once all applications are received, data discrepancies are resolved, and determinations of eligibility are made. Awards will be paid once signatures are attained from all qualifying parties.

## **In-River Guides**

**Criteria for eligibility:** Licensed In-River Guides will qualify for disaster relief if they completed one documented salmon trip in the Klamath-Trinity Basin between 2015-2017. Required documentation is an original logbook submission sent to CDFW as required by § 745(e) Title 14, CCR. Per CDFW's records, an estimated 33 In-River Guides are eligible under these criteria.

**Payment amounts:** The \$148,905 allocated to the In-River Guide sector will be shared among an estimated total of 33 qualifying individuals, with individual amounts varying as a function of a guide's level of activity during 2015-2017. The sector amount will be split into 3 tiers, with the highest activity tier (>15 trips) receiving 50% of the sector total, the middle activity tier (8-15 trips) receiving 35% of the sector total, and the lowest activity tier (1-7 trips) receiving 15% of the sector total. Within each, these amounts will be split between 11 eligible guides, resulting in individual payments of \$6,768, \$4,738, and 2,031 for the high, medium, and low activity tiers, respectively. The In-River Guides sector did not allocate a portion of its total payment to serve as a permit refund. Note that the payment amounts noted above are based on the expected size of the eligible applicant pool and a 100% application rate. Final amounts may change once all applications are received, data discrepancies are resolved, and determinations of eligibility are made. Awards will be paid once signatures are attained from all qualifying parties.

## **Allocation of Funds to California Salmon Council in Support of Fishery Resiliency**

The California Salmon Council (CSC) proposes to use its allocation of disaster funds to help strengthen the long-term economic and environmental sustainability of the fishery by conducting a multipronged marketing effort. To boost the resiliency of the commercial salmon fishery, the CSC will collaborate with the Pacific Coast Federation of Fishermen's Associations and the California Fisheries and Seafood Institute to enhance stakeholder commitments to provide economic recovery in their sectors. The CSC will conduct outreach to consumers using a mix of public relations

efforts and social media to enhance the public's perception about the supply and recovery of wild ocean caught salmon. In addition, the CSC will conduct educational outreach to restaurant chefs, retail buyers, media and trade journals. The PCFFA and CFSI will conduct similar efforts within their industry sectors.

The CSC will coordinate with the Pacific States Marine Fisheries Commission to document a contract to formalize the specific elements in the economic development plan.

### **Public Review Process**

The proposed spend plan was shared with stakeholders across the harvester, buyer, CPFV, and In-River Guides sectors on July 2, 2020 for a 12-day review and comment period, closing on July 13, 2020. More specifically, a [link](#) to a PowerPoint slide version of the spend plan was circulated to 2,742 contacts holding salmon-associated permits (i.e., SVP holders, CPFV license holders, licensed In-River Guides, and licensed fish businesses) within the CDFW License and Revenue Branch's Automated License Data System. At the close of the comment period, 12 comments were received across the four sectors (1 buyer, 7 harvester, 4 In-River Guides, 0 CPFV). The development committee considered the comments but did not recommend any revisions to the draft plan as proposed on July 2, 2020.