



State of California – Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
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GAVIN NEWSOM, Governor
CHARLTON H. BONHAM, Director



October 23, 2019

Randy Fisher
Executive Director
Pacific States Marine Fisheries Commission
205 SE Spokane Street, Suite 100
Portland, OR 97202

Dear Mr. Fisher:

The State of California has developed a proposed spending plan for the distribution of the disaster funds allocated by Congress for the 2015 and 2016 fishery disasters for Pacific Sardine (Sardine). In a letter dated June 24, 2019, the Department of Fish and Wildlife (Department) described a general spending plan, which included 20% for mitigation, 79% for direct payment to impacted Limited Entry fishermen and women and processors/buyers, and 1% for PSMFC overhead. The purpose of this letter and enclosure is to provide details on the goals of mitigation, the proposed allocation of direct payment to affected Sardine industry participants (fishermen and processors/ buyers), and a description of why the proposed distribution between mitigation and direct payments is anticipated to be the best mechanism to address the fishery disaster.

The Department hosted a public webinar on July 16, 2019 to provide background on the disaster relief process to the fishing industry. Feedback received focused on allocation options for mitigation and qualifying Sardine fishermen and processors/buyers. There was general agreement with the Department's proposed qualification criteria for direct payments. Support was given for allocating funds between mitigation and direct payments. Options that were relatively simple and expedited the payment process were preferred.

The enclosed document (Spending Plan Rationale) provides details of the Department's proposed plan for allocation of funds for mitigation and direct payment. In determining these allocations, the Department considered industry feedback, the ability to spend funds within a 48-month timeframe, the application of consistent and systematic criteria based on available data, and how to improve future stock assessments of the Sardine resource. The Department recognizes that the funds appropriated are not sufficient to reimburse all losses directly attributed to the Sardine disaster. As a result, this plan is not designed to mitigate for direct losses, but rather to build resiliency within the California Sardine fishing industry to address the fishery disaster.

The Department looks forward to working with you on this process. If you have any questions or comments, please contact Dr. Craig Shuman, Marine Regional Manager, at (916) 445-6459 or by e-mail at Craig.Shuman@wildlife.ca.gov.

Sincerely,

Charlton H. Bonham
Director

Conserving California's Wildlife Since 1870

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Enclosure

ec: California Department of Fish and Wildlife

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SPENDING PLAN RATIONALE

The California Department of Fish and Wildlife's (Department) proposes the following spending plan and rationale for the distribution of disaster funds to qualifying participants of the Sardine fishery. The Department proposes to distribute 20% for mitigation, 79% for direct payment, and 1% for Pacific States Marine Fisheries Commission (PSMFC) overhead (Table 1).

Table 1. Summary of proposed distribution of funds to Pacific Sardine fishery.

Total Sardine Disaster Funds	\$1,638,360.00
PSMFC Overhead (1%)	\$16,383.60
Mitigation (20%)	\$327,672.00
Direct Payment (79%)	\$1,294,304.40

Mitigation

The Department's proposed plan allocates 20% (\$327,672.00) for mitigation, which will be used to help fund nearshore surveys to estimate the abundance of coastal pelagic species, including Sardine, that are found along the California coast that may not be accounted for by National Marine Fisheries Service surveys currently used for management. Costs will cover boat and aircraft surveys, as well as processing collected samples and data. Results from these surveys will be made available for use in stock assessments to improve the information upon which management is based. The Department's proposed allocation of 20% is based on preliminary estimates of costs for conducting these surveys.

Allocation of Direct Payment to Affected Pacific Sardine Fishery Participants

The Department is proposing allocating 79% (\$1,294,304.40) for direct payments to qualifying participants of the Sardine fishery (Table 2). Under the proposed spending plan, direct payment to the Sardine fishery will be split between the CPS limited entry (LE) permit holders (65%) and processors (buyers/receivers) (35%).

Table 2. Summary of allocation of directed payments to affected Pacific Sardine fishery participants.

Direct Payment	\$1,294,304.40
CPS LE Permit Holders (65%)	\$841,297.86
Processors (buyers/receivers) (35%)	\$453,006.54

Rationale

The Department is prioritizing direct payments to the Sardine fishery because it will help support struggling fishing families and communities that were not able to foresee and plan for an unexpected fishery closure. The direct payments will also help with debt management and build resiliency within the local fishing communities. The split for the direct payment proportions between LE permit holders and processors was suggested in discussions with Sardine fishery participants, including processors. The fishery participants are in the best position to invest the funds into their business practices to increase their resilience to future disruptions.

Although the Department's proposed spending plan does not directly reimburse secondary businesses, it will have a positive indirect effect on these businesses. Loss of fishing activity directly correlates to losses in small supporting businesses. Once these small supporting businesses cease operation, it becomes challenging for the fleet to secure resources and services necessary to sustain businesses operations.

Qualification Criteria and Reimbursement Calculation

The qualification criteria will be based on possession of a federal CPS LE permit for the 2014/2015 year. In addition to possessing a CPS LE permit, the permit holder must have made a Sardine landing in 2014 or 2015. This helps ensure that LE permit holders were impacted by the disaster, having fished in at least one of the preceding seasons. Similarly, processors must have possessed a California fish business license in 2014 or 2015 and have received Sardine in 2014 or 2015 to qualify.

Direct payments to CPS LE permit holders will be based on the amount of Sardine landed as reported on CDFW landing receipts by each qualified CPS LE permit holder from 2010-2014 divided by the total amount of Sardine landed by qualified CPS LE permit holders from 2010-2014. The ratio will then be multiplied by the total CPS LE permit holder direct payment amount (\$841,297.86) to determine the amount paid to each CPS LE permit holder.

Direct payments to processors will be based on Sardine received by each qualified processor reported on CDFW landings receipts from 2010-2014 divided by the total Sardine landed by the qualified processors from 2010-2014. The ratio will then be multiplied by the total processor direct payment amount (\$453,006.54) to determine the amount paid to each processor.

The Department proposes disbursement of funds through proportional distributions described above based on historical landings/receiving history calculated from landing receipts. The Department shared this disbursement option during the July 16, 2019 webinar with members from the Sardine industry and received support from fishermen and processors.