



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



November 16, 2020

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 2017-2019 fishery disasters for Pacific Sardine (Sardine). In a letter dated June 1, 2020, the Department of Fish and Wildlife (Department) described a general spending plan, which included 34% for mitigation, 65% for direct payment to impacted processors/ buyers and coastal pelagic species (CPS) limited entry (LE) fishermen and women, and 1% for Pacific States Marine Fisheries Commission 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 (processors/ buyers and fishermen), and a description of why the proposed distribution of mitigation and direct payments is anticipated to be the best mechanism to address the fishery disaster.

The Department emailed Sardine processors and CPS LE permit holders regarding disbursement of the Sardine disaster funds on May 22, 2020 and requested that comments on the proposed spending plan be returned by June 5, 2020. The email outlined the disaster relief allocation, including a proposal to increase the research allocation from 20% to 34% relative to the 2015-2016 Sardine disaster funds. The Department received agreement from the majority of the responders on the proposed fund allocation.

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.

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As a result, this plan is not designed to mitigate for direct losses, but rather to build resiliency within the California Sardine fishing industry in response to 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 (805) 568-1246 or by e-mail at Craig.Shuman@wildlife.ca.gov.

Sincerely,

Charlton H. Bonham
Director

Enclosure

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SPENDING PLAN RATIONALE

The California Department of Fish and Wildlife (Department) proposes the following spending plan and rationale for the distribution of disaster funds to qualifying participants of the Pacific Sardine (Sardine) fishery. The Department proposes to distribute 34% for mitigation, 65% 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	\$2,216,685.00
PSMFC Overhead (1%)	\$22,166.85
Mitigation (34%)	\$753,672.90
Direct Payment (65%)	\$1,440,845.25

Mitigation

The Department's proposed plan allocates 34% (\$753,672.90) for mitigation to help fund nearshore surveys to estimate the abundance of coastal pelagic species (CPS), 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. Surveys will include both current monitoring efforts and research to examine new methodologies that will improve the ability to monitor CPS stocks. Costs will cover all expenses related to boat and manned and unmanned aircraft surveys, including equipment and training, 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 34% 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 65% (\$1,440,845.25) 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	\$1,440,845.25
CPS LE Permit Holders (65%)	\$936,549.41
Processors (buyers/receivers) (35%)	\$504,295.84

Rationale

The Department is prioritizing direct payments to the Sardine fishery to help support struggling fishing families and communities confronted with a continued 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 CPS LE

permit holders and processors was suggested in discussions with Sardine fishery participants, including processors.

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

Qualification Criteria and Reimbursement Calculation

The qualification criteria will be based on possession of a federal CPS LE permit for the 2016/2017 (January 1, 2016 to December 31, 2017) or 2018/2019 (January 1, 2018 to December 31, 2019) permit period. This helps ensure that CPS LE permit holders were impacted by the disaster, having maintained a permit for the fishery, but constrained by no directed fishing. There is no requirement for landings during this period. The primary directed commercial fishery for Sardine had already closed and, as such, permittees may not have been able to make landings during this time and it would be an unfair requirement. Similarly, processors must have possessed a California fish business license in calendar year 2017, 2018, or 2019 and have received sardine from CPS LE permit holders between January 1, 2012 and December 31, 2016.

Direct payments to CPS LE permit holders will be based on the amount of Sardine landed as reported on Department landing receipts by each qualified CPS LE permit holder from 2012-2016 divided by the total amount of Sardine landed by qualified CPS LE permit holders from 2012-2016. The ratio will then be multiplied by the total CPS LE permit holder direct payment amount (\$936,549.41) to determine the amount paid to each CPS LE permit holder.

Direct payments to processors will be based on Sardine received from CPS LE permit holders by each qualified processor reported on Department landings receipts from 2012-2016 divided by the total Sardine landed by the qualified processors from 2012-2016. The ratio will then be multiplied by the total processor direct payment amount (\$504,295.84) 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 with members from the Sardine industry in an email dated May 22, 2020, and received support from fishermen and processors.