West Coast Seafood Processors Association

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June 10, 2020

Mr. Charlton H. Bonham
Director, California Department of Fish and Wildlife
1416 9th Street, 12th Floor
Sacramento, CA 95814

Submitted via email to director@wildlife.ca.gov

RE: CDFW Proposed Spend Plan for Section 12005 CARES Act Relief Funds

Dear Director Bonham,

We are writing to express extreme concern about the California Department of Fish and Wildlife's (CDFW's) proposed spend plan for the $18,350,586 relief funds provided in Section 12005 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CDFW spend plan, as we currently understand it, fails to take into account either the size of a fishery-related business or the magnitude of economic impacts related to the coronavirus (COVID-19) pandemic. This is entirely unacceptable, and we believe it to be contrary to Congressional intent with respect to the distribution of the CARES Act relief funds to fishery-related businesses.

Based on recent communications with CDFW staff, it is our understanding that CDFW is drafting an overly-simplistic spend plan to distribute the CARES Act relief funds. First, the plan will reimburse qualified entities (individuals/businesses with losses in revenues greater than 35%) for state permit/license fees paid in 2019 – ranging from $150-$2,100. Second, CDFW proposes to distribute the remainder of the relief funds equally among the qualified entities, estimated to provide an additional $1,500-$2,000 per entity.[1] The total amount of relief funds disbursed to each entity under this approach is therefore estimated to range from $1,650-$4,100 depending on the type of permit/license purchased from CDFW in 2019.

The outcome of this approach is that every fishery-related business in California struggling to survive under economic losses from the COVID-19 pandemic – including seafood processing plants and other major employers – would receive the same amount of economic relief as an individual who purchased a commercial fishing license in 2019, the only difference being what type of license fee was paid to the State. It is incomprehensible to us that CDFW would propose a spend plan that does not consider the degree of the economic impacts to fishery-related businesses that were, and still are, crippled by the COVID-19 pandemic.

Section 12005 of the CARES Act directs the Secretary of Commerce to disburse these funds to fishery-related businesses that have experienced economic revenue losses greater than 35 percent during the COVID-19 pandemic. While the available relief funds could never fully compensate for the losses that have been experienced, it is clear that these funds were intended by Congress to be distributed in a manner that reflects the degree of economic harm, and in a manner that will provide *some measurable relief* to fishery-related businesses that are enduring major economic hardship. ***CDFW's proposed approach will not provide measurable relief to <u>any</u> of these businesses.*** Moreover, the language in Section 12005 reflects that Congress understands that the COVID-19 pandemic has resulted in an economic disaster for fishery-related businesses, particularly those that play an essential role in the seafood supply chain. It is only fair that funds are distributed in a way that reflects the true nature of this economic disaster.

We urge you to reconsider the proposed spend plan for California and revise it to disburse relief funds using an approach that accounts for the magnitude of economic impacts from the COVID-19 pandemic on individual business operations. It is our understanding that the Oregon Department of Fish and Wildlife (ODFW) is developing a comprehensive business-based approach to the Oregon spend plan that would distribute payments to qualified fishery-related businesses based on self-certified losses scaled in proportion to the available relief funds. This approach appears to be efficient, effective, and certainly equitable given the limited amount of relief funds available.

We urge you to work closely with ODFW to develop a similar approach for distributing the CARES Act relief funds to fishery-related businesses in California. We understand that CDFW's primary concern with ODFW's approach is related to relying on self-certification for determining losses in revenues, but we note this approach is expected to be common across most states throughout this process. We encourage you to work closely with ODFW staff to better understand Oregon's approach and resolve your concerns so you can adopt a more equitable and realistic spend plan for affected fishery-related businesses in California.

Thank you for your attention to this critical matter. Building resilience in California's fishing communities starts with supporting the businesses critical to the long-term success and sustainability of California's fisheries.

Sincerely,

Lori L. Steele

Rob Ross, Executive Director
CFSI

Lori Steele, Executive Director
WCSPA

cc: Chris Oliver, Assistant Administrator for Fisheries, NOAA
Randy Fisher, Pacific States Marine Fisheries Commission