

## **California 2023 Salmon Disaster Declaration Request**

### **A Call for Industry Input and Documentation to Assist in Developing an Industry Wide Spend Plan**

The concepts provided in this document were developed by the California Salmon Council (CSC), the Pacific Coast Federation of Fisherman’s Association (PCFFA), and the California Seafood Fisheries Institute (CFSI). The California Department of Fish & Wildlife was instrumental in providing support and working with the Governor Gavin Newsom’s office to seek the 2023 salmon disaster request. The collective organizations are seeking industry guidance on how the disaster funds should be allocated when the fishery is declared a disaster and Federal funds are provided.

The 2023 salmon disaster request is still under review by the National Marine Fisheries Service (NMFS). The deadline for the determination is December 1, 2023. The amount requested is listed below and it was based on NMFS’ request for five years of annual revenue data for fishermen, processors and bait sales. There is no guarantee the award amount will be the amount requested. Much of it depends on what funds are available, or if a Congressional appropriation will be needed. The amounts contained in this document are only estimates for discussion purposes and should not be considered as potential relief.

#### **How was the economic loss derived?**

This summary was developed by the California Department of Fish & Wildlife (CDFW) in response to the National Marine Fisheries Service’s request for revenue data in support of California’s request for determination of a California salmon fishery disaster. Specifically, the request seeks five years of annual revenue data prior to 2023, excluding any years that have a declared fishery disaster. The estimates of revenue from five salmon fishery sectors operating in California between 2018 and 2022, as follows:

<b>California Salmon Fishery Sector</b>	<b>Average Value, 2018-2022</b>
Commercial Salmon Trollers (Harvesters)	\$15,033,200.00
Commercial Fish Processors	\$6,915,562.50
Commercial Passenger Fishing Vessels (Charter Boats)	\$7,804,595.00
In-River Salmon Guides	\$1,031,316.27
Recreational Bait Sales	\$4,492,402.62
<b>Total</b>	<b>\$35,277,076.39</b>
* No adjustments made in any sector for inflation	

#### **Commercial Salmon Troll Sector and Commercial Fish Processors**

<b>Year</b>	<b>Ex-Vessel Value</b>	<b>Processor Markup</b>	<b>First Wholesale Revenue</b>	<b>Processor Share</b>
2018	\$7,932,000.00	1.4	\$11,104,800.00	\$3,172,800.00
2019	\$17,209,000.00	1.67	\$28,739,030.00	\$11,530,030.00
2020	\$14,408,000.00	1.27	\$18,298,160.00	\$3,890,160.00

2021	\$18,486,000.00	1.45	\$26,804,700.00	\$8,318,700.00
2022	\$17,131,000.00	1.4475	\$24,797,122.50	\$7,666,122.50
<b>Average</b>	<b>\$15,033,200.00</b>			<b>\$6,915,562.50</b>

### SPEND PLAN CONCEPT FOR COMMERCIAL INDUSTRY

Based on past spend plans, disaster funds will be disbursed to permitted vessel owners and processors based on landing or purchase history. Vessel or processor owners who experienced a transfer in ownership within the last five years will be handled in accordance with agreed upon rules and methodology provided by industry guidance.

<b>Permit Transfers per Year 2018-2022</b>		<b>Pounds Landed</b>
Year	Transfers	Pounds Landed
2018	47	915,046
2019	40	2,566,229
2020	64	1,893,223
2021	54	2,257,220
2022	41	2,254,612
Total		9,886,330

2023 vessel permits remain open until March 2024. Therefore, we propose to use 2022 permit year as the proxy basis for determining which vessels are in the potential pool for permit reimbursement. In 2022 there were 1,003 vessels with salmon permits. To operate a salmon vessel the owner was required to obtain the following permits below:

Reimburse all permit holders for their 2023 vessel and permit fees.

#### **Vessel Owners**

Fees in 2023

Commercial Fishing License – \$166.25

Commercial Salmon Stamp - \$85.00

Commercial Boat Registration - \$436.00

Salmon Vessel Permit - \$52.25

**Total: \$739.50**

Of the 1,003 permitted vessels in 2022, only 463 had landings. The California Department of Fish & Wildlife (CDFW) does not have a mechanism to reimburse vessel owners for the fees they paid in 2023. Therefore, one recommendation is to pay each of the 1,003 permit holders \$739.50 for their 2023 permits which they could not use during the 2023 fishery closure.

1,003 permits X \$739.50 = \$741,718.50. For estimation purposes only, if the full \$15,033,200 was awarded, the remaining amount to be distributed among the vessels with landings would be \$14,291,481.50.

Total available	\$15,000,000
Less Permit Distribution	<u>740,000</u>
To be disbursed based on 5 year average	\$14,260,000*

*\*Estimate for demonstration purposes only*

Based on landings data there is a total of 9,886,330 pounds landed by all vessels between 2018 and 2022. There are numerous ways to apply these pounds towards the amount ultimately awarded. The amount provided to each vessel owner can be determined by total pounds as a percentage, or average pounds as a percentage or by the best year. Each calculation will result in a different multiplier.

The first meeting with industry is to gather input on how best to reimburse those who most relied on the salmon fishery.

### **Industry Input Requested**

- What should the eligibility criteria be to receive disaster relief? (Is it anyone who had landings between 2018 and 2022, or should there have been activity in the last two years for example?)
  - How should funds be allocated?
  - What guidelines should be considered for permit transfers if no prior agreement is in place?
  - How should the landing history be handled if there is less than five years?
  - Should there be a small allocation of funds for infrastructure businesses such as ice suppliers?
  - For fishermen who hold a retail license, should their portion be awarded as determined by the processor sector?
  - What other considerations should be considered?
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### **Buyers-First Receivers/Processors**

343 entities bought or sold salmon between 2018-2022

The processor sector is recommending that each processor's purchase history be totaled and the award is determined as a percentage of the total purchased times the amount awarded. For example, if Processor A purchased 5 percent of all the salmon landed, Processor A should receive 5 percent of the amount awarded. The spread of the 343 entities would be divided as a percent of total.

### **Industry Input Requested**

- What should the eligibility criteria be to receive disaster relief from the processor sector?
- How should funds be allocated?
- What guidelines should be considered if a business transferred ownership?
- What guidelines should be considered if a business closed prior to the 2023 disaster closure?
- What other considerations should be considered?

Reference material on how economic loss was derived:

Submission of landing receipts to CDFW documenting the commercial sale of fish is required pursuant to Fish and Game Code Section 8032. These records are used annually to estimate commercial salmon catch, effort, and value from California. The commercial ex-vessel nominal values shown are from Table IV-2, pg. 114:

[Review of 2022 Ocean Salmon Fisheries: Stock Assessment and Fishery Evaluation Document for the Pacific Coast Salmon Fishery.](#)

The Input-Output Model for Pacific Coast Fisheries (IO-PAC) uses a processor markup derived by dividing wholesale revenue by ex-vessel revenue. Processor markups for Pacific salmon are based on West Coast processor surveys from processors with a groundfish first receiver license. These processors are asked about revenue data from all species they process, including salmon (A. Chen, personal communication, June 20<sup>th</sup>, 2023). The processor markups for salmon presented here are used in NOAA's IO-PAC modeling and were provided by NOAA Northwest Fisheries Science Center staff.

The processor markup used for 2022 is the average of 2018-2021, as the markup for 2022 is not yet available (A. Chen, personal communication, June 20<sup>th</sup>, 2023).

**Commercial Passenger Fishing Vessels (CPFVs, or Charter Boats)**

Year	Total CPFV Anglers Taking or Targeting Salmon	Price Paid Per Angler	Annual Revenue
2018	36,048	\$212.50	\$7,660,200.00
2019	34,671	\$225.00	\$7,800,975.00
2020	25,243	\$250.00	\$6,310,750.00
2021	29,626	\$265.00	\$7,850,890.00
2022	34,496	\$272.50	\$9,400,160.00
		<b>Average</b>	<b>\$7,804,595.00</b>

Empirical counts of CPFV angler days taking or targeting chinook salmon are available from CDFW’s CPFV logbook program. CPFV vessels are licensed by CDFW, and operators are required by law to submit a logbook record of fishing activities to CDFW pursuant to Title 14 Sections 190 and 195, California Code of Regulations.

Industry representatives provided the average estimated price paid per angler for a CPFV salmon trip for each of the past five years.

**In-River Guides**

Year	Number of Guides (Highest Single Year)	Average Number Trips Per Guide	Average Clients Per Trip	Price Paid Per Angler	Value
2018	64	14.169	2.976	\$ 250.00	\$674,694.51
2019	64	15.938	2.976	\$ 275.00	\$834,768.00
2020	64	17.327	2.976	\$ 275.00	\$907,542.65
2021	64	21.239	2.976	\$ 300.00	\$1,213,586.92
2022	64	22.891	2.976	\$ 350.00	\$1,525,989.29
				<b>Average</b>	<b>\$1,031,316.27</b>

Estimates of guided angler trips and the number of clients taking or targeting chinook salmon in inland waters are available from CDFW’s guide logbook program. Guides are licensed by CDFW and are required by law to submit a logbook record of fishing activities to CDFW pursuant to Title 14 Section 745(e), California Code of Regulations.

Industry representatives provided the average estimated price paid per angler for a guided salmon trip for each of the past five years. Electronic data are not available for the number of clients for every trip in every year so an average number of clients per trip from 2018-2022 was used here for each year.

**Recreational Bait**

<b>Year</b>	<b>Combined Total Angler Days</b>	<b>Price Paid Per Angler (CPI Adjusted)</b>	<b>Value</b>
2018	232,509	\$22.04	\$5,124,495.05
2019	255,258	\$23.38	\$5,967,929.70
2020	201,454	\$22.94	\$4,621,347.88
2021	150,206	\$23.26	\$3,493,789.23
2022	130,178	\$25.00	\$3,254,451.25
		<b>Average</b>	<b>\$4,492,402.62</b>

CDFW is able to estimate the number of private recreational trips taken in both ocean and inland reaches in California from creel surveys of private recreational anglers targeting salmon in the ocean, Central Valley, and the Klamath River Basin.

The average expenditure in California on bait per angler-day was recently estimated in a 2020 NOAA Technical Memo, at \$21.59 in 2017 ([Lovell et al. 2020](#), page 21). Using the Consumer Price Index calculator through the Bureau of Labor Statistics, the adjusted expenditure amount was used to calculate the value of the bait industry for 2018-2022.