



State of California – Natural Resources Agency  
DEPARTMENT OF FISH AND WILDLIFE  
Director's Office  
P.O. Box 944209  
Sacramento, CA 94244-2090  
[www.wildlife.ca.gov](http://www.wildlife.ca.gov)

*GAVIN NEWSOM, Governor*  
*CHARLTON H. BONHAM, Director*



April 23, 2024

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

Dear Barry Thom:

The State of California has developed a proposed spend plan for the northern California Red Sea Urchin Fishery to receive disaster funds allocated by Congress for the 2018 and 2019 fishery disaster declaration. The Department of Fish and Wildlife (CDFW) recommends disaster funds be allocated as follows:

- 10% for mitigation
- 89% for direct payment to affected fishery sectors.
- 1% for Pacific States Marine Fisheries Commission (PSMFC) overhead

The purpose of this letter is to provide additional details on the goals of mitigation, the proposed allocation of direct payment to affected urchin fishery sectors (fishers and processors/receivers/buyers), and a description of why the distribution between mitigation and direct payments is anticipated to be the best mechanism to address the fishery disaster. The proposed spending plan is based on, and consistent with, the guidance provided in the notification letter dated February 15, 2024.

The CDFW hosted a webinar on March 14, 2024, to engage with industry representatives from the red sea urchin fishery. During the webinar the CDFW presented options consistent with past fishery disasters and received feedback focused on disbursement of direct payments.

Feedback received supported the CDFW's options for proposed distribution of disaster relief funds. Support was expressed for the allocation between mitigation and direct payments, and for minimum qualification criteria for direct payments, which included permit/license ownership during disaster years (2018 or 2019) and landings activity prior to the disaster season. In addition, there was support for including recovery of assessments to the California Sea Urchin Commission (CSUC).

The enclosed document (2018 and 2019 California Red Sea Urchin Disaster Spend Plan) provides details of CDFW's proposed plan for allocation of funds for mitigation and direct payment between sectors of the red sea urchin fishery. In determining these

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allocations, the CDFW considered public comments received to date, the ability to spend funds within a 48-month timeframe, the application of consistent and systematic criteria based on available data, and how the assistance is aimed at preventing similar failures in the future. The CDFW recognizes that the funds appropriated were not sufficient to reimburse all losses and are meant to strengthen the long-term economic and environmental sustainability of the fishery.

The CDFW looks forward to assisting you with this process. If you have questions, comments, or additional informational needs, please contact Dr. Craig Shuman, Marine Regional Manager, at (805) 568-1246 or by email at [Craig.Shuman@Wildlife.ca.gov](mailto:Craig.Shuman@Wildlife.ca.gov).

Sincerely,



Charlton H. Bonham  
Director

Enclosure

ec: Craig Shuman, D. Env.  
Manager  
Marine Region  
California Department of Fish and Wildlife

Joanna Grebel, Environmental Program Manager  
Marine Region  
California Department of Fish and Wildlife

Brian Owens, Senior Environmental Scientist  
Marine Region  
California Department of Fish and Wildlife

Derek Stein, Environmental Scientist  
Marine Region  
California Department of Fish and Wildlife

## 2018 and 2019 California Red Sea Urchin Disaster Spending Plan

### Background

Since 2014, the northern California red sea urchin fishery was adversely impacted by persistent warm water ocean conditions, which negatively affected kelp forest ecosystems and devastated kelp production. The northern red sea urchin fishery qualified for federal disaster relief in 2016 and 2017. Since then, there have been no signs of kelp recovery, and the value of the fishery has continued to decline.

In a letter dated February 25, 2022, California Governor Gavin Newsom requested that Secretary of Commerce Gina M. Raimondo declare a fishery resource disaster for the 2018 and 2019 northern red sea urchin fishery under section 308(d) of the Interjurisdictional Fisheries Act of 1986 (16 U.S.C. § 4107(d)), and a commercial fishery failure under section 312(a) of the Magnuson-Stevens Fishery Conservation and management Act of 1976 (16 U.S.C. § 1861(a)). On October 30, 2023, Secretary Raimondo approved a fishery resource disaster.

On January 29, 2024, the National Oceanographic and Atmospheric Administration (NOAA) published a press release announcing the allocation of \$1,648,366 for the northern Red Sea Urchin fishery. On February 15, 2024, the Pacific States Marine Fisheries Commission (PSMFC) notified the California Department of Fish and Wildlife (CDFW) that \$1,648,366 had been allocated by NOAA from the 2023 Disaster Relief Supplemental Appropriations Act (P.L. 117-328) and under the Extending Government Funding and Delivering Emergency Assistance Act, 2022.

### Spend Plan Overview & Rationale

The following details CDFW's proposed spending plan and rationale for the distribution of disaster funds to the northern California red sea urchin fishery. This spending plan was developed by CDFW with support and input from the California Sea Urchin Commission (CSUC). For the purpose of this spending plan, the northern fishery is defined as the area between the California/Oregon border and San Luis Obispo/Monterey County line. The Department is proposing to distribute 1% for PSMFC overhead, 10% for mitigation, and 89% for direct payment to affected sectors (Table 1).

Table 1. Summary of proposed distribution of disaster funds to the northern California red sea urchin fishery.

<b>Total Disaster Funds</b>	<b>\$1,648,366</b>
PSMFC Overhead (1%)	\$16,484
Mitigation (10%)	\$164,837
Direct Payment (89%)	\$1,467,046

## Mitigation

The red sea urchin fishery has been severely impacted by changing environmental conditions that have devastated the kelp forest ecosystem in northern California and a population explosion of less marketable purple sea urchin. For the 2016 and 2017 red sea urchin fishery disasters, CDFW allocated mitigation funds through competitive grants for kelp restoration, marketing, and socioeconomic assessments. Research projects are ongoing and expected to be completed by July 30, 2024.

For the 2018 and 2019 fishery disasters, CDFW's proposed plan allocates \$164,837 for mitigation through competitive grants. High priority topics include product development, marketing, and infrastructure. These topics are consistent with MSA section 312(a)(6)(F)(iii), by assisting the affected fishing communities and improving fishery-related public infrastructure. CDFW's proposed allocation of 10% is based on the tolerance of the fishery to spend money on mitigation versus direct payments. Award management will be administered by PSMFC.

## Division of Disaster Funds Within Sectors

The division of disaster funds is based on CDFW's current data. The final amounts awarded to each individual and business will depend on the number of applications received and the review process for those applications. All applicants will have to submit the required documentation by deadlines to be determined by CDFW and PSMFC. While these numbers are currently accurate, they should be considered as an approximation until all applications from all sectors are received and reviewed.

CDFW proposes allocating \$1,467,046 (89% of disaster funds) for direct payments to the CSUC, northern California red sea urchin fishers, and northern California red sea urchin processors/receivers/buyers (Table 2).

Table 2. Summary of allocation of directed payments for the northern California red sea urchin fishery.

<b>Direct Payment</b>	<b>\$1,467,046</b>
CSUC Assessment Recovery	\$21,660
Fishers (66%)	\$953,955
Processors/Buyers/Receivers (34%)	\$491,431

### *California Sea Urchin Commission*

CDFW is proposing to allocate \$21,660 to the CSUC to recover loss of assessments incurred during the disaster years, which would be taken out of the direct payment allocation prior to disbursing funds to the affected sectors. The CSUC was created by

the California State Legislature in 2004 to represent the interests of the sea urchin fishery, promote a sustainable sea urchin resource, and ensure a reliable supply of quality seafood product for domestic consumption and export. The CSUC collects annual assessments from the fishery and experienced losses due to the disaster.

The CSUC assessment recovery was calculated by using the average of assessments collected for five years prior to the 2018 disaster year (2013 to 2017) and added to the average of the assessments for five years prior to the 2019 disaster year (2014 to 2018). Following NOAA's allocation of 56% of the requested amount of disaster losses, the disaster relief that CSUC will receive due to this revenue loss would be equal to \$21,660. This allocation would prevent similar future disasters by supporting CSUC's efforts to promote a sustainable sea urchin fishery.

#### *Fishers and Processors/Buyers/Receivers*

Under the proposed spending plan, direct payments for the northern California red sea urchin fishery would be shared between commercial fishers (66%) and processors/receivers/buyers (34%; Table 2). These allocations are based on input from industry that also considers net value of landings as reflected on landing receipts.

CDFW is prioritizing direct payments to the core red sea urchin sectors because they are in the best position to invest the funds into their businesses to increase their resilience to future disruptions caused by changing environmental conditions. Providing direct payments to affected sectors will generate immediate direct and indirect economic benefits to help build resiliency within local fishing communities.

#### *Disbursement Options*

CDFW explored two options for disbursing funds within the affected sectors: a weighted tiering system, wherein sector participants are placed into tiers based on historical landings, and a proportional distribution based on historical landings. CDFW received varying degrees of support and opposition for both options.

**Based on the feedback received from the affected sectors, CDFW proposes distributing funds among all qualifying participants as follows:**

- **Fishers: Direct assistance funds will be allocated based on a fisher's tier assignment. The tier assignment will be based on total pounds landed at ports within the affected fishing area.**
- **Processors: Direct assistance funds will be allocated proportionally, based on total pounds received at ports within the affected fishing area.**

#### *Rationale*

Direct payments to affected sectors was assigned the highest priority for assistance because it is the best mechanism to build resiliency within local fishing communities and will increase the likelihood of survival as future seasons are impacted by the ongoing

environmental disaster. Prior to the fishery disasters, the red sea urchin fishery has placed, on average, within the top six fisheries of California by ex-vessel value. For local northern California communities that are more reliant on the fishing industry, the effects of the reduced urchin harvests have even greater impacts. We believe direct payments will benefit the northern California red sea urchin fishery and broader fishing community.

Distributing funds by weighted tiers was chosen for fishers based on public input to date. Using weighted tiers allows for application of consistent and systematic criteria based on available data and most closely matches the intent to strengthen long-term economic and environmental sustainability of this fishery. It also provides the greatest benefit by more evenly distributing funds.

The distribution of funds proportional to receiving history was chosen for processors based on input received to date from industry leader representatives. This approach recognizes the processors' role within fishing communities and the importance of supporting broader infrastructure needs which is critical to the long-term success and sustainability of this fishery.

CDFW believes that sustainability of the northern red sea urchin fishery is linked to the varied participation levels that operate within this industry. The broader and more diverse a fishery's participants are, the better equipped it is to adapt to environmental changes. Disbursing funds among all levels of fishing strategies and business plans is important to ensuring the survival of the fishing fleets and encourage competitive business practices. CDFW's proposed spending plan will allow these recipients (fishers/buyers) to reinvest back into businesses that operate within the fishing community, thereby bolstering the local economy and infrastructure.

Although CDFW's proposed spending plan does not directly reimburse secondary businesses, it will have a positive indirect effect on these businesses. The fisher's loss of income causes losses in many small supporting businesses. Once these small supporting businesses (many of which are owned by multi-generational fishing families) cease operation, it becomes challenging for the fleet to secure resources and services necessary to sustain businesses operations.

#### *Qualification Criteria and Reimbursement Calculation*

Eligibility for fund disbursement was determined based on permit/license ownership in 2018 or 2019 and fishery participation in the five years prior to the disaster declaration. This range of years is consistent with the baseline used in the 2016 and 2017 fishery disasters.

Additional detail on qualification criteria, methodology for calculations and summary of reimbursement for red sea urchin sectors is described in **Appendix A**.

**APPENDIX A: Qualification criteria and estimated reimbursement calculation for northern California red sea urchin sectors**

*Fishers*

To qualify for disaster relief, a fisher must have owned a sea urchin diving permit in 2018 or 2019 and made minimum cumulative total landings of 1,000 pounds in ports north of the San Luis Obispo/Monterey County line during the period 2013-2017.

Estimated reimbursement for each qualifying individual that held a sea urchin diving permit was determined by taking the cumulative pounds of landings in the affected ports over these five calendar years. Tiers were determined by partitioning the number of cumulative landings (lbs.) into 9 groups:  $\geq 500,000$ , 400,000-499,999, 350,000-399,999, 300,000-349,999, 200,000-299,999, 150,000-199,999, 100,000-149,999, 30,000-99,999, and 1,000-29,999. The total number of pounds for each tier was calculated by summing all fisher’s cumulative pounds in that tier. The percentage contribution for each tier was calculated by dividing the tier’s total pounds by the summed total of all pounds from all 9 tiers. This percentage was multiplied by the total direct payment amount to determine the allocation for each tier. The tier allocation was then divided by the number of qualified fishers in each tier to determine the reimbursement per fisher for each tier.

The range of cumulative total pounds landed by tier and corresponding estimated reimbursement for each qualified fisher in that tier is summarized in Table A-1.

Table A-1. Summary of estimated reimbursement to qualified red sea urchin fishers weighted by landings between 2013 and 2017.

Weighted Tier Groups	Cumulative Total Landed Pounds	Number of Qualifying Fishers (n=42)	Estimated Reimbursement Per Fisher
1	$\geq 500,000$	2	\$66,275
2	400,000 – 499,999	4	\$43,755
3	350,000 – 399,999	7	\$37,006
4	300,000 – 349,999	6	\$31,017
5	200,000 – 299,999	2	\$23,595
6	150,000 – 199,999	4	\$16,801
7	100,000 – 149,999	5	\$11,431
8	30,000 – 99,999	5	\$4,953
9	1,000 – 29,999	7	\$703

*Processors/Buyers/Receivers*

To qualify for disaster relief, a fish business must have held a fish business license in 2018 or 2019 and received at least 1,000 cumulative total pounds during the period

2013-2017 in the affected northern ports. Because of the multipurpose nature of this license, a minimum activity level was included to substantiate that participation was more than occasional or incidental.

Estimated reimbursement for each qualifying business was based on the cumulative pounds of red sea urchin received over these five years. The proportion of disbursement to each qualifying fish business was determined by dividing their cumulative pounds by the total sum of all pounds received by all qualified fish businesses over these five years. This proportion was then multiplied by the total direct payments to the industry sector, resulting in the reimbursement total for each fish business license holder.

The range of proportions and corresponding estimated reimbursement for the minimum and maximum qualified businesses is summarized in Table A-2.

Table A-2. Summary of estimated reimbursement to the minimum and maximum qualified red sea urchin fish businesses proportional to their received history between 2013 and 2017.

Number of Qualifying Businesses (n=10)	Proportion of Total Pounds Received	Estimated Reimbursement Per Business
Maximum	62.3%	\$306,319
Minimum	0.0003%	\$140