

UNITED STATES
DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
NATIONAL MARINE FISHERIES SERVICE
NORTHEAST REGION
MANAGEMENT DIVISION
STATE-FEDERAL RELATIONS BRANCH



GRANT APPLICATION – PROGRAM NARRATIVE

Opportunity Number: NOAA-NMFS-GARFO-2014-2004114

CFDA 11.454

Application Purpose: For Funding Under the Provisions of NOAA’s Unallied Management Program

Applicant Name: Rhode Island Department of Environmental Management

Project Title: Rhode Island Proposal for Groundfish Relief for 2012 Groundfish Disaster Declaration

Principal Investigator: Robert Ballou, Assistant to the Director

Requested Award Period: March 1, 2015 – February 29, 2016

Requested Award Amount: \$545,367

Application Date: January 6, 2015

Rhode Island Proposal for Groundfish Relief for 2012 Groundfish Disaster Declaration:

Bin 2 – State Disaster Assistance Plan

Program Narrative

A. Introduction and Background

On September 12, 2012, the Acting Secretary of Commerce issued disaster declarations for several fisheries in the U.S., including the Northeast Multispecies (groundfish) fishery. The groundfish disaster was declared for the 2013 fishing year in the states of Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, and New York. In January 2014, Congress approved \$75 million for fisheries disaster assistance. The appropriation covers all of the fisheries disaster declarations issued nationwide in 2012, including the Northeast groundfish fishery. In late February 2014, NOAA Fisheries announced that from the \$75 million, \$32.8 million would be allocated to the Northeast groundfish fishery.

On the heels of a series of meetings involving NOAA's Greater Atlantic Regional Fisheries Office and the state fishery administrators from the Northeast coastal states (Maine through New York), an agreement was reached regarding how the funds will be distributed and utilized. That agreement (aka consensus plan), announced on May 29, 2014, involves the allocation of one-third of the funds for states to use at their discretion to support the needs of their fishing communities (aka "Bin #2). Each state was allocated a state-specific share, with the amount based on a formula that considers groundfish revenue losses affecting each state in recent years. The amount allocated to Rhode Island totals \$545,367.

Pursuant to the consensus plan, each state is responsible for developing a spend plan and application to access and utilize the funds. Each state is afforded flexibility in determining how the monies will be utilized. The spend plan can cover a wide range of impacts related to the groundfish disaster. States can address impacts on commercial vessels, for-hire vessels, crew, support industries such as processors and fish houses, and communities. For example, funding could be used for direct payments to fishermen, infrastructure projects, and job retraining, among many other uses.

The State of Rhode Island, acting through the RI Department of Environmental Management (RIDEM), has engaged the RI groundfish industry in discussions as to what should be included in the RI spend plan. Those discussions have given rise to a consensus plan, involving three priority issues: direct aid for captains and crew; direct aid for for-hire permit holders; and direct aid for sector administration. This application seeks approval to utilize Rhode Island's Bin # 2 allocation for these priority issues.

B. Objectives

The overall purpose of this program is to provide economic relief to mitigate losses resulting from the Northeast Multispecies Fishery Disaster declared in September of 2012. Based on the agreement reached in May 2014 between representatives of the impacted Northeast states and NOAA Fisheries, RIDEM will disburse funds allocated to the State in two Bins (see Attachment 1). RIDEM has completed the distribution of Rhode Island's Bin #1 funds, pursuant to prior approval of RIDEM's Bin #1 grant proposal. This application pertains solely to RIDEM's proposal for use of Rhode

Island's Bin #2 allocation.

Disbursement of the \$545,367 in federal aid allocated to Rhode Island under Bin #2 is primarily aimed at assisting those in the Rhode Island groundfish community who were significantly affected by the groundfish disaster. This objective is an eligible resource disaster activity per Section 312(a) of the Magnuson-Stevens Fisheries Conservation and Management Act. Importantly, this objective responds to cumulative economic impacts, which include lost harvest opportunities because of reduced quota allocations, high costs to operate within a sector, past debt incurred to survive the management program, and added investment needed to continue in sector programs, all of which have contributed to decreased revenue for a significant portion of the industry. These impacts were the impetus for (1) Rhode Island Governor Lincoln Chafee's August 24, 2012 letter to the U.S. Acting Secretary of Commerce, Rebecca Blank, requesting a disaster declaration for the New England groundfish fishery, (2) a companion letter, also dated August 24, 2012, sent by the entire Rhode Island Congressional Delegation, supporting the Governor's request, and (3) the Secretary's formal declaration, issued in September 2012.

Accordingly, Rhode Island's proposal to utilize the State's Bin #2 allocation for direct assistance payments comports with the purpose and intent of the Secretary's disaster declaration, and the Congressional appropriation made pursuant thereto.

In essence, Rhode Island's proposal to utilize the State's Bin #2 allocation for direct aid to captains crew members, for-hire permit holders, and sectors follows directly and consistently with the Bin #1 disbursement program. That program targeted permit holders who were active in the groundfish fishery during the four-year period 2010-2013, thereby providing assistance to those who were most impacted by the quota reductions. Eligibility was based on a threshold of at least 5,000 pounds of groundfish landings in any of those four fishing years. There were a total of 43 eligible permit holders home-ported in Rhode Island who met that eligibility standard. As such, all 43 permit holders received direct-aid payments in the amount of \$32,500 each.

Rhode Island's Bin #2 proposal extends direct-aid payments beyond the commercial permit holders, to the captains and crew members who worked aboard the 43 vessels during the same four-year period when the reduced quotas were having the most impact on the commercial industry. It also extends direct-aid payments to the for-hire permit holders who were active in the groundfish fishery during the same period, as well as captains and crew associated with those permitted vessels, thereby addressing the impacts incurred by that sector of the groundfish industry. Rhode Island's Bin #2 proposal specifically exempts those permit holders who already received aid under the Bin #1 disbursement program.

Finally, Rhode Island's Bin #2 proposal addresses the restoration and sustainability of the State's commercial groundfish industry by providing direct aid for the administration of RI-based sectors, which play a central role in the management program and are in need of financial support to remain viable. This objective is consistent with approaches taken by other states in the region, who are also proposing to utilize Bin #2 allocations to provide support for sector administration.

RI-based sectors would be eligible to receive aid to subsidize sector administration fees. The aid would be made available to cover such costs as the sector manager's salary, legal fees, accounting services, insurance, and office expenses. Under the approach set forth by Rhode Island's proposed spend plan, RI-based sectors would qualify for a subsidy no greater than \$32,500 to offset current

and future administrative costs.

While the long-term goal is not to subsidize sectors, the emergence of an unexpected resource disaster in the groundfish fishery threw a major hurdle in the pathway to profitability for sectors, and did so just as federal technical assistance funds were evaporating. Since implementation of sectors four years ago, fees paid by fishermen have barely met the costs of core operational services. Through the Gulf of Maine Research Institute's Fisheries Technical Assistance Program, start-up grant assistance was made available to sectors to supplement the fees; however, that grant program dried up at the end of the 2012 fishing year. Sector managers, industry leadership and sector members have noted that without additional federal assistance, the operational costs of sectors will become untenable and will force smaller sectors to fold, consolidating membership into a few large sectors.

Although Rhode Island is receiving a share of the disaster assistance that is roughly proportional to the size of the State's groundfish fishery relative to other states in the region, this amount is not enough to address all of the economic impacts incurred by everyone in Rhode Island who was impacted by the fisheries disaster. The final spending plan, as submitted, seeks to be inclusive of those who were most significantly impacted; yet the breadth of impacts and limited amount of funding constrain the State from achieving full restitution for the industry as a whole.

A clear message emanating from the December 11, 2014 meeting is that the RI groundfish community has needs and interests relating to its recovery and long-term stability that exceed the funding available to the State via Bin #2. There was a strong and unanimous call for additional funding to meet those needs and interests, achievable, at least in part, by shifting fisheries disaster funds from their current "hold" under the Bin #3 program into the individual state allocations being administered under the Bin #2 program. Against this backdrop, the "final" spend plan set forth by this application represents the best use of the limited funding available to the State under Bin #2. It falls far short of addressing all of the financial needs and interests of the RI groundfish fishing community, which to varying degrees, all relate back to the 2012 disaster declaration.

C. Expected Benefits

The general premise of this relief program is to provide direct aid to those Rhode Island groundfish fishery participants and communities impacted by the federal fisheries disaster declared in 2012. Such direct aid will mitigate some of the actual financial impacts incurred as a result of the reduced catch limits. By addressing past financial impacts, the program will help to address past debts incurred as a result of decreased revenues, while also helping to support the continued participation of active groundfishermen, crew and fishing communities in the Rhode Island groundfish fishery. Additionally, by providing direct aid to RI-based sector(s), the relief program will help to maintain the long-term viability of the organizational linchpin of the sector-based component of the RI groundfish fishery.

D. Statement of Work

Overview

In this state-specific program, the State of Rhode Island will administer distribution of the \$545,367 in federal fisheries disaster aid allocated to the State via the State's Bin #2 allocation to (1) captains

and crew that worked on active, eligible commercial vessels that were most impacted by the 2012 disaster, (2) active, eligible for-hire permit holders who were most impacted by the 2012 disaster, as well as captains and crews who worked on those vessels, and (3) RI-based sectors.

The final spend plan was developed by RIDEM via a public process involving the Rhode Island groundfish fishing community. An initial scoping meeting, broadly announced via a listserv notice, was held on October 14, 2014. Several proposals for the RI spend plan were advanced. On November 17, 2014, RIDEM released a draft discussion document that included the proposals, and set a December 11, 2014 meeting date, at which the draft discussion document would be reviewed, with the goal of honing in on a final proposal, or set of proposals, which RIDEM would then advance, in the form of an application, on behalf of the RI groundfish fishing community. Again, all communications and outreach were conducted broadly, utilizing RIDEM's marine fisheries listserv. At the December 11, 2014 meeting, consensus was reached on the multi-faceted spend plan set forth in this application.

Project (1) – Direct Aid for Commercial Captains and Crew

The majority of the \$545,367 available to Rhode Island under Bin #2 will be allocated for direct aid to captains and crew who worked on active, eligible commercial vessels that were most impacted by the 2012 disaster. The qualifying criteria will be as follows:

Eligible applicants must have:

- Worked aboard one or more of the 43 federally permitted commercial vessels, home-ported in Rhode Island, that qualified for direct aid under the Rhode Island Bin #1 assistance program, during any of the four fishing years 2010-2013.
- Earned at least \$20,000 from commercial fishing as a result of working aboard one or more of the above-referenced vessels during any of the four fishing years 2010-2013.
- Not been one of the 43 permit holders who received assistance (\$32,500 per permit) under the Rhode Island Bin #1 assistance program.

Verification of income (minimum earnings of \$20,000 per fishing year, attributable to employment aboard one or more of the 43 federally permitted vessels home-ported in RI that qualified for assistance under Bin #1) must be verified via 1099s, W2s, Schedule Cs, or other such appropriate documentation.

Each applicant will be eligible for one share for each qualifying year, with a maximum of four shares per applicant.

The amount per share will be based on the total amount of funding allocated to this project and project (3) divided by the total number of qualifying shares. Exact amounts will depend on final eligibility numbers.

The total amount of aid per applicant will be capped at \$32,500.

Project (2) – Direct Aid for For-Hire Permit Holders

A portion of the \$545,367 available to Rhode Island under Bin #2 will be allocated for direct aid to holders of for-hire permits, home-ported in Rhode Island, who were most impacted by the 2012 disaster. The qualifying criteria will be as follows:

Eligible applicants must have:

- Undertook at least 30 trips with at least one cod, pollock, or haddock caught per trip during any one of the four fishing years 2010-2013.

VTRs will be required to establish trip-level verification.

Eligible applicants will be entitled to a single direct aid payment of \$20,000, regardless of the number of qualifying years.

Project (3) – Direct Aid for For-Hire Captains and Crew

A portion of the \$545,367 available to Rhode Island under Bin #2 will be allocated for direct aid to captains and crew who worked on active, eligible for-hire vessels, home-ported in Rhode Island, that were most impacted by the 2012 disaster. The qualifying criteria will be as follows:

Eligible applicants must have:

- Worked aboard one or more of the federally permitted for-hire vessels, home-ported in Rhode Island, that qualify for direct aid under Project (2) of this Bin #2 spend plan, during any of the four fishing years 2010-2013.
- Earned at least \$20,000 from for-hire fishing as a result of working aboard one or more of the above-referenced for-hire vessels during any of the four fishing years 2010-2013.

Verification of income (minimum earnings of \$20,000 per fishing year, attributable to employment aboard one or more of the for-hire vessels home-ported in RI that qualify for assistance under Project (2) of this Bin #2 spend plan) must be verified via 1099s, W2s, Schedule Cs, or other such appropriate documentation.

Each applicant will be eligible for one share for each qualifying year, with a maximum of four shares per applicant.

The amount per share will be based on the total amount of funding allocated to this project and project (1) divided by the total number of qualifying shares. Exact amounts will depend on final eligibility numbers.

The total amount of aid per applicant will be capped at \$20,000.

Project (4) – Direct Aid for Sector Administration

A portion of the \$545,367 available to Rhode Island under Bin #2 will be allocated for direct aid to RI-based groundfish sectors for use in supporting the administrative costs associated with sector

operations.

The key qualifying criteria will be as follows:

- At least 50 percent of the membership of the groundfish sector must include federally permitted commercial groundfish vessels that are home-ported in Rhode Island.
- The groundfish sector must have been authorized and in operation during the 2014 fishing year and must maintain that status during the 2015 fishing year.

If a qualifying sector includes a mix of vessels home-ported in Rhode Island and in other states, and if the sector is not eligible to receive direct aid for sector administration from the Bin #2 programs of any other state, the sector will be eligible to receive a single, direct-aid payment for sector administration from Rhode Island of \$32,500.

If a qualifying sector includes a mix of vessels home-ported in Rhode Island and in other states, and if the sector is eligible to receive direct aid for sector administration from the Bin #2 programs of any other state, RIDEM will coordinate with the state(s) from which other vessels in the sector are home-ported with a view to ensuring that the sector receives direct-aid payments totaling \$32,500 from the Bin #2 programs of the respective states, including Rhode Island.

No sector will be eligible for direct aid for sector administration from Rhode Island if providing such aid would result in that sector receiving more than \$32,500 in total aid for sector administration from the Bin #2 programs of one or more states.

Appeals

Following the receipt and review of all applications filed pursuant to the Program, RIDEM will issue interim decisions regarding aid awards for all four project categories. The decisions will be issued in a way that protects the confidentiality of prospective aid recipients. Any individual wishing to appeal the decisions will be afforded the opportunity to file an appeal during a 30-day appeal period. All such appeals will be reviewed by a three-member appeal board, appointed by the RIDEM Director. The Board will be responsible for making recommendations to the RIDEM Director regarding all appeals. On the basis of the Board's recommendations, the RIDEM Director will render final decisions regarding aid awards for all four project categories.

Administration

The PI for this Program will be Robert Ballou, Assistant to the Director, Rhode Island Department of Environmental Management, 235 Promenade Street, Providence, RI 02908, (401) 222-4700, ext. 4420, Robert.ballou@dem.ri.gov.

A contract employee will coordinate the day-to-day administration of the Program, including notification and outreach to the affected community, fielding inquiries from the general public and aid recipients, developing regulations, developing and administering the application process, coordinating the appeal process, coordinating the payment process, and preparing progress reports. The personnel budget for this contract employee (wages plus benefits) is based on a six-month salary period at a rate of \$951.46/week (salary + fringe + indirect) for 35 hours per week, plus \$700 for other administrative expenses. For planning purposes, the budget will be developed to cover 12 months of work, with 50% of the employee's time dedicated to this Program.

Existing RIDEM staff will be engaged in various aspects of the program. Their contributions will be in-kind, and will not be billed to the grant.

Process for Administering Direct Aid

Within 30 days of federal approval, RIDEM will undertake the following sequential process for administering the distribution of the \$545,367 in federal fisheries disaster aid allocated to the State via the State's Bin #2 allocation:

1. RIDEM will utilize \$25,438 from the total State allocation to fund a contractual employee who will be responsible for administering all aspects of Rhode Island's Bin #2 program. [Sub-total A]
2. RIDEM will enact regulations governing Rhode Island's Bin #2 program, consistent with the terms and provisions of this application and proposed spend plan.
3. RIDEM will enter into a Cooperative Agreement with the Rhode Island Division of Taxation for the purpose of administering the final aid payments.
4. Application forms for the four project categories will be developed and distributed throughout the Rhode Island groundfish community.
5. At the time the application forms are distributed, an application deadline will be set at 60 days hence.
6. After the deadline, RIDEM will evaluate all applications and verify the eligibility of the applicants.
7. Eligible applicants under Project (2) – Direct Aid for For-Hire Permit Holders – will be assessed first. The total number of eligible applicants will be multiplied by \$20,000 [Sub-total B].
8. Eligible applicants under Project (4) – Direct Aid for Sector Administration – will be assessed second. For each eligible applicant (sector) an amount of aid will be determined, based on the eligibility criteria set forth in this spend plan. The total amount of aid for all eligible applicants will be totaled [Sub-total C].
9. The balance available for Projects (1) and (3) will then be determined as follows:
 - $\$545,367 - \$25,438$ [Sub-total A] = $\$519,929$
 - $\$519,929 - \text{Sub-total B} - \text{Sub-total C} = \text{Balance}$
10. Eligible applicants under Project (1) -- Direct Aid for Commercial Captains and Crew – and Project (3) -- Direct Aid for For-Hire Captains and Crew – will then be assessed. Each applicant will be eligible for up to four shares. The *Balance* will be divided by the total number of shares to determine the amount of aid to be issued, per share.
11. The interim results of the process will be released for public review; provided, however, that the names of individual applicants will be kept confidential.
12. A 30-day appeal process will take place.
13. On the basis of the appeal process, RIDEM will make any final adjustments to the aid amounts, and then, in coordination with the RI Division of Taxation, process the final payments.

E. Budget

The Programmatic budget will be necessarily fluid, since the amounts allocated to Projects (1) and (3) will depend on the balance remaining after final allocations are made to Projects (2) and

(4). What’s more, the allocations may need to be adjusted following the appeals process. It is expected that the final allocations for Projects (2), (3), and (4) will be relatively modest, and that the majority of the grant will be allocated to Project (1).

All four projects will be allocated utilizing the criteria and process set forth in the spend plan, subject to the total amount of available funding for the four projects, which is \$519,929 after the total grant amount (\$545,367) is reduced by the \$25,438 in administrative costs.

The framework budget presented below offers generalized estimates for each of the four Projects.

Personnel Charges:	
Contract Employee (March 1, 2015 – February 28, 2016)	\$15,500
Fringe (33%)	\$5,115
Indirect (20%)	\$4,123
Subtotal Personnel Charges:	\$24,738
Other Administrative Charges:	
Travel, Public Meetings, etc.	\$200.00
Printing	\$200.00
Postage	\$200.00
Miscellaneous	\$100.00
Audit Fee	273.00
Subtotal Other Administrative Charges:	\$973
Total Administrative Charges:	\$25,711
Disaster Aid Charges:	
Project (1)	\$400,000*
Project (2)	\$40,000*
Project (3)	\$31,179*
Project (4)	\$48,750*
Total Disaster Aid Charges:	\$519,656
Total Grant Charges:	\$545,367

* Amounts estimated. Actual amounts will depend on numbers of qualified applicants in each project category.

Attachment 1

Consensus Plan Using Buy Back Funds for Private Permit Banks

New England Groundfish Disaster - Three Part Allocation

	Count of Eligibilities, 5,000 lb Threshold	2007 - 2011 Five Year Avg.	Projected 2013	2013 Decline from Five Year Average	Percent of Total Decline	State Share of \$32.8M Based on Losses	Bin #1 - Direct Assistance	Bin #2 - State Discretion based on Home State Losses*	Bin #1 + #2 (Funds moving soon)
CT	3	\$220,349	\$122,998	\$97,352	0.4%	\$117,139	\$97,500	\$152,500	\$250,000
MA	201	\$60,254,538	\$39,498,136	\$20,756,402	76.1%	\$24,975,254	\$6,532,500	\$8,255,031	\$14,787,531
ME	52	\$14,533,586	\$12,924,361	\$1,609,225	5.9%	\$1,936,309	\$1,690,000	\$640,005	\$2,330,005
NH	28	\$5,086,327	\$2,228,969	\$2,857,358	10.5%	\$3,438,132	\$910,000	\$1,136,400	\$2,046,400
NY	18	\$1,494,575	\$914,243	\$580,332	2.1%	\$698,288	\$585,000	\$230,804	\$815,804
RI	43	\$4,099,933	\$2,728,666	\$1,371,268	5.0%	\$1,649,986	\$1,397,500	\$545,367	\$1,942,867
Reserved for Buy Out/Buy Back									\$10,642,500
Total	345	\$85,689,310	\$58,417,373	\$27,271,937	100.0%	\$32,815,107	\$11,212,500	\$10,960,107	\$32,815,107
OTHER NORTHEAST	17	\$1,300,748	\$209,513	\$1,091,235					
Grand Total	362	\$86,990,058	\$58,626,886	\$28,363,172					

*Values adjusted to reflect CT total of \$250,000

Includes estimates of missing revenue values; excludes state permit banks

Source: NMFS Greater Atlantic Regional Office

Projection Run Date February, 2014; Count of eligibilities as of April 30, 2014

These data are the best available to NOAA's National Marine Fisheries Service (NMFS). Data sources for this report include: (1) Vessels via VMS; (2) Vessels via vessel logbook reports; (3) Dealers via Dealer Electronic reporting. Differences with previous reports are due to corrections made to the database.

7/21/2014