

Aquaculture Advisory Council
January 28, 2011
Meeting Minutes

Attendees: Ms. Monique Purcell (Secretary Douglas H. Fisher), Mr. Dave Chanda (Commissioner Bob Martin), Dr. John Kraeuter (Dr. Eric Powell), Mr. George Saridakis, Dr. Brad Hillman (Dr. Robert Goodman), Mr. Bill Avery (Mr. Oliver Twist), Mr. Steve Carnahan, Mr. James Tweed, Mr. Walter J. Canzonier (Mr. Robert Munson)

In Absentia: Mr. Rich Ritota (Commissioner Poonam Alaigh), Mr. Joe Constance (Ms. Caren Franzini), Mr. John Maxwell, Mr. Paul Waterman, Mr. John Messeroll (Ms. Jeanette Vreeland), Mr. Gilbert Ewing Jr.

Public in Attendance: Mr. Russ Babb, Dr. Gustavo Calvo, Mr. Gef Flimlin, Mr. James Joseph, Mr. Troy Joshua, Mr. Joseph J. Myers, Mr. Tony Ni, Mr. Robert Schuster, Mr. Maury Sheets

Ms. Purcell called the meeting to order. Mr. Myers performed roll call. There is quorum for this meeting.

Ms. Purcell asked for a motion to approve the minutes from the October 2010 meeting. Dr. Kraeuter made the motion, which was seconded by Mr. Carnahan. All voted in favor and the motion passed.

Mr. Myers announced that the Office of the Secretary has prepared a letter to be sent to the Office of the Attorney General requesting a decision on the authority of Tidelands Bureau in aquaculture. The initial request to the OAG was made by the Shellfisheries Council earlier in the year. The letter is also proposed as a way to satisfy the vote by the Council at the October 2010 meeting to send a letter to the Governor and Legislature. Mr. Tweed asked if the Governor could be copied on that letter. Mr. Chanda advised that it would be better to first know the position of the OAG before sending communication to other offices about the decision. Mr. Canzonier acknowledged communication outside of the OAG before the decision is made could be construed as interfering with the decision.

Mr. Myers announced that letter to the USDA-NASS office is drafted expressing displeasure with the discontinuance of the Special census of aquaculture. The letter is currently being reviewed by the Governor's Office. Mr. Flimlin discussed the annual survey conducted by VIMS and expressed interest in bringing a survey like this back to New Jersey. Mr. Flimlin previously conducted a grower's roundup.

Dr. Kraeuter advised that the industry view the report at the VIMS website. They have been conducting this survey for several years and it shows steady growth in their aquaculture industry and gives them numerous talking points. A survey like this for New Jersey is absolutely needed. Mr. Joshua said that his office joined Sec. Fisher and met with senior leadership at NASS. Sec. Fisher expressed his displeasure and concern with the elimination of the aquaculture census. Dr. Kraeuter asked if it would be helpful individuals sending letters would be helpful. Mr. Joshua said there is always strength in numbers in discussing an issue. Dr. Kraeuter asked if the NJDA could send the contact information of NASS to members of the AAC. Mr. Myers said he would provide this information.

Mr. Myers announced that a special meeting of the AAC was held in December 2010 to discuss the update of the Aquaculture Development Plan. The outcome of that meeting would be discussed later in the meeting.

Mr. Schuster announced the retirement of key individuals from his Bureau of Water Quality Monitoring, Dr. Bob Connell and Mr. Eric Feerst. Even with the staff changes, his Bureau expects to continue all responsibilities to the industry. Mr. Schuster gave a presentation on water pollution monitoring efforts in the Navesink/Shrewsbury River system. Mr. Shuster reported that a geometric mean of 14 for fecal coliform, or a total coliform of 70 results in a closure following a request from Mr. Avery.

Mr. Schuster said that levels of 35,000 were seen in a stagnant area following a comment from Mr. Flimlin. Mr. Flimlin said that areas in the reservoir still have septic systems and NJ American Water still uses under high chlorination. Mr. Schuster said that the Bureau has reviewed data following a question by Mr. Flimlin whether zero-hour bacterial counts have been measured. Mr. Shuster said the routine testing is fairly inexpensive following a request from Ms. Purcell and Mr. Canzonier added that the testing can be tedious. Mr. Shuster reported that sampling is done one foot below the surface following a request from Mr. Avery. Mr. Schuster said that the storm sewer system being flushed out following rain events can be attributed to high bacterial counts following a question by Mr. Sheets.

Mr. Flimlin said that one of the best programs on water monitoring existed in 1987-1988 with soil conservation, the department of agriculture and the Bureau of Water quality monitoring where 624 water acres were upgraded. The Sandy Hook Waterman's Alliance filed a federal lawsuit under the Clean Water Act against the NJ Sports and Exhibition Authority, the municipality of Colt's Neck, and the Town of Red Bank. There is less scrutiny because there is no bathing beach in this area, so there is no beach that can be closed. Secondly, water access to the resource has been denied for so long that no access is considered acceptable. One thought is that as water quality increases, home values also increase. No one from Monmouth County can do aquaculture. All of these water quality problems can be traced to Monmouth Park, but there is little political will to address this issue because Monmouth Park is a large economic engine for the area. However; manure is hauled off-site at Freehold Park. As an indirect result of this is that the NY/NJ Baykeeper was forced to stop their work on oyster reef building. Mr. Tweed asked if an animal waste management plan is required for Monmouth Park. Ms. Purcell said that Monmouth Park is considered a CAFO under NJDEP. Mr. Tweed said this is an enforcement issue. Ms. Purcell said there was grant to address this a few years ago. Mr. Flimlin acknowledged there was a grant that was led by Rutgers, but not enough work was done and this can be traced to the ownership of Monmouth Park. Mr. Shuster said that the infrastructure is broken in many areas of the state. There is relative ease with targeting point-source hotspots, but there are no adequate funds to fix non-point source problems related to infrastructure. Dr. Krauter said there is frustration with only the knee-jerk reaction is to close the area which is not sufficient to fix the underlying problem. There is no mechanism to force enforcement action. He suggested an addition to Aquaculture Development Plan update that when water quality is downgraded, the polluters must find and fix the problem. He reiterated that he still has not received a previously requested report on what enforcement is doing to solve these problems. It is illegal to pollute in New Jersey regardless of the polluting entity. He requests a report, not a study on what is enforcement doing to correct this issue. Mr. Flimlin said that if the lawsuit is successful, this is significant for municipalities because resulting damage claims will impact insurers of municipalities. Dr. Krauter said that citizens should not bear the burden of bringing a lawsuit forward. The responsibility is with enforcement. Mr. Shuster said it is also important to consider changes to stormwater rules where a non-point source becomes a permitted point source.

Mr. Myers gave a presentation on effective marketing strategies when asked to donate seafood. Mr. Canzonier said that the biggest benefit to promoting aquaculture in a state such as New Jersey is countering often irrational opposition. Promoting the activity is just as important as promoting the product. Mr. Myers agreed that it is important, but the corresponding donation should be accounted for as much as an extent as possible, such as registering the donation as goodwill on a balance sheet where marketing activities cannot be treated as an operating expense. Mr. Flimlin asked how much promotional support effort is enough. Mr. Myers recommended getting as much exposure as possible in any forum where the event itself is being promoted.

Dr. Krauter expressed frustration at how poorly the message is being sent out. A better display is needed to promote the category when producers are giving product. Mr. Myers added that the promotion of the category is likewise the responsibility of the state; however, efforts that would like to be addressed are limited by funding. Dr. Hillman said that Rutgers extension is trying to increase efforts to broadly drive extension components by faculty members who have not been associated with promotion in the past. Mr. Flimlin said that these efforts do not need to cost a lot of money and can be accomplished by desktop publishing. Mr. Myers

said that the tactics are not important unless the strategic objective has first been put in place. Mr. Canzonier said that discussions surrounded pooling the collective resources of extension agents and having the ability to link people to other resources in extension. Dr. Hillman said that the pending realignment of extension is the right time to develop campaigns. Dr. Krauter said that the AAC should consider putting together a working group to provide advice on the best way to proceed with developing promotional efforts. Mr. Tweed said that producers could get more exposure if donations were coordinated to get greater exposure. Mr. Atchison agreed that there needs to be better evaluation of the classic “who, what, where” of specific events. There still remains a supply of marketing materials such as recipes, brochures and tattoos aimed at consumers. Jersey Fresh started with less than \$50,000 about 26 years ago and Jersey Fresh has a positive recall among consumers of close to 78%. Even with limited budgets, there is still opportunity to capitalize on the interest in fresh and local foods. Mr. Myers said that plans are under development for New Jersey to host a National Aquaculture Association 4Ps workshop in April. This would also be a good time to continue the problem solving workshop with the clam farmers and continue the discussion of this group. Mr. Carnahan said that distributors and retailers should be pressed to bear some of the promotion expense and effort and strategies need to be developed to put pressure on distributors.

Mr. Joseph announced that his Bureau intends to move forward with leasing in the ADZs. He distributed a draft lease agreement that contains details and recommendations from the leasing committee. This document is designed to be in effect until regulation is developed. One of the changes from the OAG is a requirement for liability insurance, as well as the indemnification clause that previously existed. There are some outstanding issues with the Tidelands Bureau, as well as with establishing a lottery and allocation process. ADZ-4 is currently at 40 acres due to refusals of some upland property owners to sign waivers, which would accommodate only eight people. Mr. Calvo said that liability insurance can be obtained through some large insurance companies on the West Coast and internationally specializing in marine insurance. General liability insurance coverage for existing businesses will probably meet this requirement, but would be more difficult for individuals. Policy costs would be on the order of \$1,000 per year.

Mr. Canzonier said his insurance agent had difficulty at first finding an underwriter. Eventually, one was found that would cost \$1,450 to cover a small operation. This was determined to be cost-prohibitive for his operation. There are other companies and the ECSGA has also investigated this issue. Dr. Calvo said that one agent located through NJFB was familiar with the insurance needs of shellfish operations. Mr. Flimlin said that he submitted industry best management practices (BMPs) to an insurance agent in Seattle. BMPs are used to develop crop insurance. Does the NJDA go through the OAG to require farmers to carry liability insurance? Mr. Joseph suspected that the difference would be that the State is the landowner. Mr. Myers added that a useful answer would be whether insurance would be required for leasing of state lands to land farmers. Mr. Chanda said that numerous farm leases are on state property so the answer would be fairly easy to determine. Mr. Joseph believes that similar insurance coverage is required for all state leases. Mr. Tweed asked why liability insurance is required for ADZ leases but not for traditional shellfish leases. Mr. Joseph said that the difference is the existence of structures in the water column. Mr. Avery added that his experience with insurers is that wild shellfishing is not an insurable activity. Dr. Krauter suggested that the upland landowner, who does not have riparian rights to the public lease, should reimburse the state for lost revenue because the state cannot generate revenue from that property. Mr. Joseph said that the first right-of-refusal only applies seaward of the property. The critical question is how far offshore this right extends. Dr. Calvo said that the questions put forth with respect to Tidelands have been brought to the attention to the OAG.

Mr. Myers discussed that numerous comments have been received on the executive summary and action items. Since it appears as though the current format, which was developed at the December 2010 meeting, will accomplish the goals set forth by the aquaculture plan update, comments received would be incorporated and the elements of the Plan would be pulled into the document in line with the existing format. Dr. Krauter commented on the Challenge recommending that shellfish lease administration to be solvent. Many other public services are not revenue neutral. If this challenge is to move forward, he would like to see an accounting

of the shellfish lease program costs and taxes paid to the state by shellfish growers should be taken into account. Public services to shellfish growers should not be treated differently than other industries. Mr. Flimlin added this is all the more reason these meetings should be attended by the representative from Economic Development who view aquaculture as a business and not simply an activity. Mr. Avery asked how shellfish growers could generate carbon credits. Mr. Myers said that he has been working on this issue with an investment bank in Philadelphia that focuses on green energy projects. His calculations indicate that nutrient credits may have a better chance at becoming more effective than carbon credits.

Mr. Flimlin announced the request for comments by the USDA NRCS on the implementation of waste management practices for shellfish culture. He said the proposed waste management practices reflects significant naivety and poor understanding of the shellfish industry. This would affect shellfish culture nationwide. Cleaning and waste removal from biofouling is absolute nonsense.

Ms. Purcell said a good contact would be Janise Reed, who is in the NRCS State Office. Dr. Kraeuter said this is a portion of a broader effort on waste removal in other industries. Sections on reporting wildlife observations and gear marking have nothing to do with waste management. There is heavy emphasis on clam culture. Mr. Myers stated that he hoped that his efforts to make aquaculture eligible for cost-share practices a few years ago were not misconstrued to develop mandatory operational requirements. Dr. Kraeuter suggested that comments should be sent to the NRCS from AAC. Dr. Kraeuter provided the motion for the letter to comments on NRCS shellfish waste management practices which was seconded by Mr. Carnahan. All voted in favor and the motion passed.

Dr. Hillman announced that Mr. Mike DeLuca is now the Director at Multispecies Aquaculture Demonstration Center (MADF), for which funding through the NJAES has been unrealistic. Mr. DeLuca has moved forward enthusiastically with developing grant initiatives to reorganize this facility. Former Institute of Marine and Coastal Sciences (IMCS) Director Francisco Werner is now working at NOAA as of January 1st. Directorship at IMCS will have leadership in directing aquaculture at the NJAES. Dr. Rich Lutz, former director of the Haskin Shellfish Research Lab will serve as the new Director of IMCS and is excited by the challenge. Mr. Flimlin asked whether this Director now reports directly to the Executive Dean of the School of Environmental and Biological Sciences (SEBS). Dr. Hillman affirmed that the IMCS Director, who used to report to the Executive Vice President of the University, and the new Director of the Institute of Food and Nutritional Health now report to Executive Dean Bob Goodman.

Mr. Flimlin provided copies of the most recent ECSGA newsletter which includes the annual "Walk on the Hill" in Washington DC and efforts to reinvigorate national shellfish genetics program. Mr. Canzonier announced that the Milford Aquaculture Seminar is on the same day as the Ag Convention. Mr. Ni reported good survival of oysters with a new cage design. Mr. Flimlin said that the technical/industry advisory committee of the Northeast Regional Aquaculture Center (NRAC) would be soliciting requests for research areas. Ms. Purcell announced the dates of the Agriculture Convention February 8-9, 2011.

The next AAC meeting is tentatively scheduled for April 15, 2011. Mr. Myers added that the venue would most likely be held near Tuckerton since hatchery season is beginning at this time. Ms. Purcell asked for a motion to adjourn. Dr. Kraeuter provided the motion which was seconded by Mr. Canzonier. All voted in favor and the motion passed.