

Aquaculture Advisory Council
January 18, 2013
Meeting Minutes

Attendees: Secretary Douglas H. Fisher, Mr. Dave Chanda (Commissioner Bob Martin), Mr. Rich Ritota (Commissioner Mary O'Dowd), Mr. Joe Constance (Ms. Caren Franzini), Dr. Dave Bushek, Mr. Mike DeLuca (Dr. Robert Goodman), Mr. George Saridakis, Mr. Steve Carnahan, Mr. Bill Avery (Mr. Ollie Twist), Mr. Chris Scales (Mr. John Maxwell), Mr. Maury Sheets (Mr. Robert Munson)

In Absentia: Mr. James Tweed, Mr. Paul Waterman

Public in Attendance: Dr. Gustavo Calvo, Mrs. Lisa Calvo, Dr. Laura Coffee, Dr. John Kraeuter, Mr. Garth McDonald, Mr. Joseph J. Myers, Ms. Elizabeth Woodworth

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

Sec. Fisher asked for a motion to approve the minutes from the August 20, 2012 meeting. Mr. Saridakis made the motion, which was seconded by Mr. Carnahan. All voted in favor and the motion passed.

Mr. Myers began by introducing the NJDA new TES Hire, Ms. Elizabeth Woodworth. Ms. Woodworth will be working for Mr. Myers on Aquaculture Policy Development through June 2013, with possibly extending employment thereafter.

Secretary Fisher opened the Agenda Items by pointing out the need to review the Aquaculture Plan Update's Strategy for Action progress to know where all parties stand regarding the Plan Update's goals since last year when they were created. Mr. Myers followed by discussing the 2011 Aquaculture Plan Update Implementation progress. Mr. Myers recapped the 10 non-funded strategies, 2 of which are completed and 6 that are in progress, then the 9 funding-dependent strategies, 2 of which are completed and 6 that are also in progress, and went through each strategy's progress as per the handout to Council members. The following is a summary of some of the major points discussed with the Council:

Mr. Myers began by discussing the non-funded strategies. The Governor's Office has expressed more interest in aquaculture. Although there is no immediate control over the Office's priorities, Amy Cradic, formerly a NJDEP Assistant Commissioner is now a chief policy advisor to the Governor and will be a good contact to help facilitate a growing interest in aquaculture bill proposals.

Mr. Myers then noted the issue of vacancies on the AAC and Shellfisheries Council. The last AAC meeting's recommendations regarding structural changes to the Council, which will require a statutory change, have been evaluated. NJDA is starting to move forward with the 2 resumes they already have, and needs 4 additional resumes to round out the Council. NJDA will work with the Governor's and Legislative Appointments Offices to move forward in filling these vacancies and completing the statutory change.

Harmonizing animal health rules between NJDEP and NJDA is very important both for internal clarity and to give other states clarity on aquatic animal shipments to New Jersey. PHEAL's Dr. Laura Coffee, DVM, who has aquatic animal health expertise, was in attendance. The overall goal is to reconcile the two current systems for regulating fish health.

Mr. Myers then began review of the 9 funded strategies and their progress. Mr. Myers noted that NJDA is working diligently on aquaculture marketing, but not yet on managing the "Jersey Seafood" brand. More efforts within NJDA need to be made regarding the Jersey Seafood brand management, which would tie into the overall marketing efforts.

Related to the marketing strategy, there is a need to emphasize the ecological services provided by aquaculture. Mr. Myers conducted an analysis of shellfish carbon/nutrient monetization which identified the potential to incorporate a sustainable message into the marketing strategy and for farmers to receive compensation from aquaculture ecological services credit markets including carbon and nutrient removal by shellfish production. Secretary Fisher asked about existing seafood credit markets akin to the suggested opportunities presented in the Monetization Analysis. Mr. Myers responded that there are not many credit markets within the seafood industry, and the valuation of ecological services related to aquaculture vary depending on the social/economic value designated by the authority or country in charge. Most current credit market analyses are within the forestry and livestock industries, but Mr. Myers noted that analyses of nutrient removal specific to aquatic environments are in the pipeline. Dr. Bushek noted that there are analyses of nutrient removal credit prices in process. NJDA will continue to develop this Monetization Analysis in the future and believes there is great potential in this type of analysis and market creation.

The establishment of ADZs in the Delaware Bay is a major accomplishment. Dr. Gustavo Calvo summarized the status of the ADZs noting that ADZ-4 has a number of operations in place with gear. In the offshore ADZs there is a very active entrepreneur working on leases. Within ADZs 2 and 3, there is estimated >1,000 available acres, which is very unique for the U.S. Mr. Myers notes that his presentation at the February Aquaculture America 2013 in Nashville, TN will be an opportunity to attract potential growers experienced in offshore to New Jersey. Mr. Richard Ritota asked about the ADZ-4 waiting list, and whether growers have any alternatives for leasing, or if the growers on the wait list simply have to wait for a permit holder to back out, which he notes could be never. Dr. Calvo responded that there is one grower who may not use his lease, and the waiting list is really for that one parcel. Mr. Ritota then asked what happens to the growers on the waiting lists who do not acquire that parcel in ADZ-4. Mr. Myers stated there is a waiting list for ADZ-4 of about twelve individuals. The adjacent leases to the bayside of current lease tracts will become eligible for leasing. Existing leaseholders of the adjacent lease would first be able to claim the adjacent lease. Those leases that remain available would be available to those on the waiting list. Sec. Fisher then asks about whether the process is like a real estate build out and why growers wouldn't just relocate to another area. Dr. Calvo notes that ADZ-4 occupies a very specific intertidal zone and to establish other areas, environmental concerns and waterfront owner rights have to be addressed first. There has been a lot of discussion about establishing an area similar to ADZ-4 on the Atlantic Coast, and maybe that discussion should be carried out further now that ADZ-4, which was established as a pilot, has been completed and we have learned from issues with homeowners. Dr. Calvo noted that his office launched a status review of the parcel use. Dr. Kraeuter added that the ADZ program, until this point, had never moved forward because it was assumed growers were not interested. This shows a better strategy is to develop sites and communicate availability. Growers will sign up if they know there is available space.

Mr. Ritota added that there are many challenges associated with the homeowners and asks if there is a long-term plan to identify and process new areas to try to open. He suggests that if there isn't, it would be a good idea to start that process now because there are lists of potential sites identified (mostly for clams, but for some oysters) and proposed asking landowners if they would be willing to open their land up for development if they receive some sort of revenue incentive. Dr. Calvo noted that he has not received any complaints from homeowners in ADZ-4, and Secretary Fisher pointed out the potential support that would be garnered for production expansion if the homeowners were to become aquaculture advocates. Mrs. Calvo mentioned that oyster production could double, based on current plantings. Mrs. Calvo also added that plots within ADZ-4 are owned by the same grower. Mr. Myers notes that within this discussion of identifying potential lease parcels, we must be sure to maintain our own local market, making sure that what happened in Maryland (increased production led to falling prices and impacted Delaware market prices) does not occur in New Jersey.

Next, funding for shell planting is crucial when you combine damage from Hurricane Irene, Tropical Storm Lee and Superstorm Sandy. Funding to support Delaware Bay shell planting after these last three storms has not

been enough. Funds could potentially come from the Fisheries Disaster Declaration after Sandy. Dr. Busheck also has a proposal in to get relief from Irene and Lee for 3 years of shell planting.

Mr. Mike DeLuca from the Rutgers Institute of Marine & Coastal Sciences talked about NJ Aquaculture Innovation Center projects. The three major investment areas are: 1) microalgae culture; 2) shellfish aquaculture disease resistant seed and restoration research and 3) education and awareness building. They received a USDA Grant for technology to scale up microalgae research, and will use the AIC to help identify new compounds. They have engaged the Rutgers New Use Agriculture Products Research Group and Sea Grant to look at species of mussels for restoration purposes. They are also looking at a surf clam pilot project. Dr. John Kraeuter noted that although they will probably be able to produce the surf-clam seed without a problem, the challenge is the grow-out because the surf clams need very high salinity and clean water, which makes it hard to find leasable areas. Dr. Kraeuter suggests that someone start thinking about any potential leasing issues now related to habitat. On education, Mr. DeLuca noted that horseshoe crab and stock enhancement is in its 3rd season at the AIC but it has been challenging with a small staff.

Mr. Myers continued review of the remaining strategy updates. He noted a site visit to 3 hatcheries and nurseries yielded a list of potential energy savings from Hurricane Sandy re-building efforts. Dr. Kraeuter said that CRDA and BPU could perform energy audits at no cost, but should be revisited in the spring. He also noted that in some instances, as with variable speed pumps, it could be less expensive for growers to simply replace older versions of equipment than to install energy efficient versions.

Mr. Myers suggested that the Council come back to the strategy updates in 2014 to review further progress at that time.

Mrs. Calvo discussed her shellfish production survey which will track industry growth. The only other similar survey is out of USDA, but it is not done annually. Mrs. Calvo said that 56 shellfish growers were contacted by email to complete the survey online. She also has about 40 growers that will be contacted by regular mail or will be called to acquire email addresses. In response to Secretary Fisher's question regarding the anonymity of the survey to encourage participation, Mrs. Calvo said that the survey can be filled out without personal information and the resulting report will only issue collective information. Dr. Kraeuter noted that it is important for the growers present at the Council meeting encourage their fellow growers to complete the survey so that we can be armed with data to discuss and defend the industry. Mrs. Calvo hopes to have the survey results compiled by the end of February.

Mr. Myers discussed the After-Action Assessment of Superstorm Sandy on Aquaculture. Two shellfish hatcheries in Tuckerton were completely destroyed. NJDA is working on 2 temporary nursery permit applications with the Governor's Office and NJDEP executives to get the Tuckerton facilities up and running. The 2 damaged nurseries make up 30-40% of New Jersey's oyster seed production. There is a total estimated damage of \$1.2 – \$1.3 million.

NJDA put together action reports to aid in three areas: 1) physical damage, 2) product loss and 3) economic recovery. Most other facilities and waters are open, except for an area in the middle of the Barnegat Bay which impacts a couple growers who have not been able to sell any product since Sandy. Water quality measurements are below thresholds, but the shellfish meats still exceed test parameters. In Barnegat Bay, Dr. Kraeuter said that viral particle counts in clams are decreasing, but remain high in relation to where they should be. It may be difficult for the clams piurge with the seasonal temperature dropping. Dr. Kraeuter again emphasized the need to address leasing challenges. Because growers do not have a diverse set of growing areas, they can't hedge their supply in a crisis. He noted that the Council should help address balancing the tradeoffs between regulations and opening areas up to help the growers in the future.

Mr. Avery added that when Sandy hit, the warmer water temperatures caused the clams to pump at a higher frequency, which caused fast uptake contaminated water from a broken sewer line and combined sewer overflow. Mr. Ritota added that it takes a while for the clams to purge themselves of bacteria and NJDEP did work on trying to open other waters after the sewage break, which affected about 300 growers. Bill Avery said there is confusion over who is selling clams and what customers are open after the storm, and in many cases he thinks it will not be figured out until the summer season begins. And because waters have been closed and the growers have been unable to assess the damage to the beds, they will not know how much they lost. Dr. Kraeuter added that the regulation should be analyzed to determine who is liable for grower income loss when a public utility break causes contamination.

Mr. Chanda and Dr. Bushek agreed that the Council should review all economic analyses available in order to make sure that loss records with NJDA match up, and agencies and individuals should share as much information as possible. Dr. Bushek noted that NJEDA wants to coordinate efforts with other agencies to get money for claims coming in, and help address the loss of customers resulting from an assumption that the Jersey Shore is closed. Mr. Chanda stressed the importance of getting accurate loss numbers. He is working with the marine trades to compile reliable impact data.

Mr. Myers introduced Mr. Garth McDonald, Public Affairs Specialist in the Office of Disaster Assistance at the NJ Small Business Association. Mr. McDonald discussed available low-interest, federally subsidized loans to assist in long-term recovery from a disaster declaration. Aquaculture can receive Economic Injury Loans (EIDL). NJSBA and FEMA can't duplicate insurance payouts, but those seeking assistance can combine different loans and assistance packages. Mr. McDonald handed out a Fact Sheet for the Council members to review. Mr. McDonald said that their customer service department will help determine eligibility, and encourages applicants to register with FEMA because the registration data is shared with the state to assist in loan assessments. Mr. Myers noted that he has encouraged growers to register with FEMA. Mr. McDonald also recommended that information on aquaculture losses be shared with the Economic Development Administration as well as with the NJ Restaurant Association (Mary Lou Halverson is his contact) to alert restaurants of product availability.

Mr. Myers then introduced the final agenda item, the USDA Rural Business Opportunity Grant. The NJDA is working with Lisa Calvo and Gef Flimlin, consulting firm KDC, Steve Carnahan and NJ Sea Grant Consortium on a feasibility study to determine the limiting factor for New Jersey growers to access the North Jersey and Philadelphia local food market. The study will analyze the people who travel from these areas to the Jersey Shore who value local food. A preliminary estimate is that a 30% increase in sales at a 30% price premium can be reached. Bill Avery and Chris Scales participated in workshops that led to the grant proposal. Mr. Ritota asked if NJDA thought about using deperated clams. Mr. Myers said only aquaculture shellfish growers are participating in the study, specifically shellfish cooperatives. Mr. Myers noted that another proposal to USDA-FSMIP to study hard clam sensory work was not granted, but NJDA will put forward a modified grant proposal for the next funding cycle.

PUBLIC COMMENT

There were no further comments.

The next AAC meeting is tentatively scheduled for April 12, 2013 and July 26, 2013. Mr. Myers asked for a motion to adjourn. Mr. Saridakis provided the motion which was seconded by Mr. Scales. All voted in favor and the motion passed.