

Maryland Aquaculture Coordinating Council

Minutes - November 13, 2014

Members Attending:

Don Webster	Jon Farrington	Andy Buck
Kathy Brohawn	Stacy Kubofcik	Johnny Shockley
Don Flax	Erin Butler	Ben Parks
Terry Witt	Karl Roscher	Mike Sewell*

Guests:

Dale P. Hawks, NASS	Katie Busch, DNR
Jill Buck, Patuxent Seafood Co.	Rebecca Thur, DNR
Linda Arnold, MARBIDCO	Kim Coulbourne, DHMH
Rob Witt, Witt Seafood	Chris Aiken, Self
Steve Schneider, DNR	Jill Parisi, ORP
Stephanie Richards, DNR	Bill Cox, Honga Oyster
Maude Livings, DNR	

*Captain Chris Sherman was unable to attend and was represented by Major Sewell

Call to Order:

Chairman Buck called the meeting to order at 6:35 pm.

Administrative:

Approval of September Minutes

The September 11, 2014 Minutes were approved by the Council as written.

Announcements (Chairman Buck and members)

- Mr. Webster announced that there is a National Aquaculture Association workshop scheduled for November 14th from 1-4 pm. The workshop would focus on using the internet to grow aquaculture sales. Contact Mr. Webster if you would like to be added to the list of attendees.

Report Required by Senate Bill 3 (Mr. Roscher)

Senate Bill 3 (Chapter 390), Environment - Wetlands and Waterways Program Fees, passed in 2010 and exempts Aquaculture from program fees. Included in the bill was a requirement for the Aquaculture Coordinating Council to report certain information generally relating to the Wetlands and Waterways Program to the Department of the Environment and the General Assembly by October 1, 2013. Presenting the required report at tonight's ACC meeting, Mr. Roscher reported that the findings show there has been no fiscal impact associated with the exemption of Aquaculture from these fees because MDE is no longer associated with permitting. Mr. Roscher asked that the Council please review and provide feedback on the report which will include a snapshot of the industry and an overview of interest in Maryland Aquaculture.

Reports:Aquaculture Division Report (Mr. Roscher)

Since September 11th of this year there have been 23 new shellfish aquaculture lease applications. This is far more than expected and exceeds the combined total of what was received by the Division from March through August. Mr. Roscher continued, reporting that the majority of the new lease applications were for submerged land leases and reported that since the last ACC meeting one new lease agreement has been issued with six new leases pending issuance. After detailing the pending hydrographic surveys, public notice and applications forwarded to the Corps of Engineers Mr. Roscher then updated the Council on lease amendments, renewals and transfers. A summary of lease applications since September 7, 2010 and their status was provided to the Council for their review.

From September 2010, when the new leasing program came into effect, through November 13, 2014, Maryland has received 262 lease applications. Of those, 191 have been received since August 1, 2011 when the Department began accepting applications for water column leases and leases in sanctuaries. The State has issued 112 new commercial shellfish aquaculture leases totaling ~ 2,245 acres. Currently, there are 265 submerged land leases and 53 water column leases for a total of 318 active leases in Maryland.

An additional 92 lease applications are in process, five of which are incomplete. The Aquaculture Division had reduced the number of applications in process to 70, but the recent influx of new applications has increased the workload. The Division continues to work on improving the processing time and is considering the impact that demonstration leases will have on the application process. Mr. Roscher indicated that the Division expects several demonstration lease applications and all leases are processed on a first come, first served basis.

As for Shellfish Aquaculture Harvester Permits (SAHP), in 2015 there have been 392 Permittee cards issued and 1135 Registrant cards for a total of 1527 permits issued so far this year. This represents a total of 498 individuals who have been permitted to work in the Maryland aquaculture industry this year. Mr. Roscher then reported on the growth in lease production as demonstrated by the increase in bushels harvested from 3,335 bu in 2012, to approximately 22,000 bu in 2013 and (to date) approximately 30,000 bu in 2014.

Mr. Roscher then reviewed the status of lease protests and the amount of time the Aquaculture Division devotes lease protest management. The Division's focus has been, whenever possible, on trying to resolve issues ahead of time. This includes public information meetings, with outreach done ahead of time in the area, and other investments of time on behalf of the applicants. Currently, there are nine lease protests in process in areas such as Chincoteague Bay (Court of Special Appeals), St. George's Creek (appealed to Circuit Court), Smith Island (Motion for Summary Judgement), Patuxent River (Office of Administrative Hearings), and an informal mediation meeting planned for Kent County to help avoid a hearing.

There was discussion over the State and Federal lease application review and approval processes and members expressed concerns that permits for leases are not being issued concurrently by the respective agencies.

Shellfish Aquaculture Financing Program Status (Ms. Arnold, MARBIDCO)

While there are currently no new loan applications pending, in the regular Shellfish Aquaculture Program there are 57 projects for a total of \$3,355,827.51 loaned and in the Remote Setting Program there are four projects for a total of \$90,500.00. That is a total of 61 projects in 10 counties; of those, 41 loans are fully drawn (39 Regular and 2 Remote Setting). There are 50 TFL holders and 11 non-TFL holders in the program. Thus far \$2,467,188.42 has been disbursed in the regular Shellfish Aquaculture Financing Program and \$60,000 in the Remote Setting Program. In addition, there are eight NRCS EQIP assignments totaling about \$164,000 that have been contracted with the NRCS as of November 13, 2014.

Ms. Arnold continued her status report with an update on the funds available for lending. She indicated that is no more shell or seed money left from DNR, but there is money available through MARBIDCO that was not used and is reverted. Available for lending is \$25,000 in shell money and \$131,000 in seed money. For the \$247,000 available for capital equipment, \$226,000 is new fiscal 2015 funding and the rest are reverted funds.

Workgroup: Active Use Requirements (Mr. Roscher)

The workgroup will be meeting in December to prepare recommendations on active use requirements for the ACC to vote on in January. The intention is to have the usage information available to the leaseholders early in the year as guidance for 2015 lease activity. The workgroup may also combine topics at the December meeting with a discussion relating to harvester card regulations.

Workgroup: Commercial Clamming/Aquaculture (Mr. Parks)

The first meeting of the workgroup was held on October 13, 2014 at the Wye Research and Education Center in Queenstown. At that meeting there was discussion over how best to notify watermen about proposed shellfish aquaculture projects early in the application process, the need to complete the requested (July ACC meeting) map identifying clamming areas of concern around the Bay, and the use of clam harvest reports/data to facilitate the screening of lease applications. The workgroup put forth three recommendations for the Council to consider:

1. The Department requests shellfish aquaculture lease applicants to notify the County Oyster Committee or a designated commercial clamming representative (in the county where their project is located) of their proposal prior to or at the time an application for a lease is filed to get feedback on potential conflicts. That way possible modifications to the project could be made early in the process. Applicants would submit confirmation of their contact with the committee/representative.
2. Once the map of clamming areas of concern is complete and agreed upon by MWA and the Department, Aquaculture Division would use this as a screening layer for all lease applications. If a proposed site was within one of the identified areas, notification would be sent to the respective County Oyster Committee/clamming representative for comment early in the application review process. A timeline to receive comment back from the committee would be established. Modifications would be made to the project if necessary.
3. Department will continue to work with MWA on establishing a better clam harvest reporting method that would identify a more specific harvest location rather than large general areas. This

would assist in developing harvest records that can be used as a basis for protecting areas throughout the region where clams are consistently harvested by the industry.

As stated in the Meeting Summary provided to the Council by Mr. Parks, these actions represent a commitment to work towards addressing clamming issues until the Department has a process in place to use maps/harvest data or other information as a basis for screening lease applications for clamming conflicts. The Council members discussed the workgroup's recommendations at length considering questions about how the additional screening will impact the overall lease approval process, the difficulty of accurately mapping transient clamming areas and how the formal/informal process for the evaluation of potential conflicts will evolve for lease application screening use in the future. Overall, it was felt that the workgroup meeting identified topics to be addressed on both sides and was a way to avoid future conflicts.

Workgroup: Industry Development Priorities (Dr. Lazur)

As a means for the Maryland Aquaculture Coordinating Council to better understand how to assist the development of the aquaculture industry, a needs assessment was conducted in mid-2014. Unable to attend the Council meeting in person, Dr. Lazur presented the 2014 Aquaculture Industry Needs and Assessment Results Summary via speaker phone. A mail survey of 19 questions was sent to 199 individuals holding a MD DNR aquaculture permit or lease. Questions consisted of basic information on the participant's involvement in aquaculture, issues and challenges they experience, and their suggestions on how the ACC can be of assistance to their business and to Maryland's aquaculture industry.

Dr. Lazur made a detailed presentation of the four part survey which had a 55.3% participation rate. Part I of the survey, Participant's Aquaculture Activities, focused on business related questions and results showed that for three-quarters of those who responded aquaculture is not their primary occupation status; with 65.3% reporting it as a part-time business commitment. This part also gave insight into the number of years individuals have been involved in an aquaculture business with the largest percentages in the 1-5 year range (35.3%) and a third of those who responded having 20 years or more. For marketing strategies, Dr. Lazur indicated that, while fish aquaculture is a comparatively small part of the industry, it represents significant part of the 32% who use live sales marketing as part of their business. Wholesale (36%) being the largest percentage of the remaining multiple marketing strategies reported. One of the challenges highlighted by the survey was waterfront access with 46.1% of those responding needing access to waterfront for aquaculture activities. Conversely, 48% own or have access to waterfront, but only 5.9% of those individuals were willing to consider allowing access to others for a fee.

Part II of the needs assessment survey had two questions that dealt with Species Production and demonstrated the overall diversity of the industry. Multiple answers were provided for species produced, such as: aquatic plants (3.6%), bass species (11%), clams (5.5%), oysters (75.2%) and tilapia (3.6%). Every category range (from 10,000 or less to 2-5 million) was represented with 10,000 or less (at 38.2%) being the highest percentage of those responding to the survey. Dr. Lazur will be doing more correlation of the data regarding production capacity and will share those results with the Council, perhaps as soon as the next Council meeting. He also suggested that it would be interesting to track and compare these industry results (trends) over the years with similar surveys being completed at intervals.

The next section of the survey, Part III, related to Issues Affecting Your Business including: business and finance issues, site selection issues, production issues, and product handling and safety issues. Dr. Lazur interpreted the results indicating that there is a need to continue to support people in understanding market options (where are they marketing and how big is their business), their ability to understand what is a good culture site and how to locate them, and securing permits/leases. Dr. Lazur identified the high percentage of respondents (44.6%) who felt that “Access to disease diagnostic/certification services” did not (responding “None”) affect their production issues, as significant since diseases are especially important to the industry as a whole. The last three questions in this part were to identify what the respondents felt were the greatest concerns and challenges facing the aquaculture industry in the next 5-10 years. For the First, Second and Third greatest concern/challenge questions the top three survey answers were the same: Regulations, Availability of Shell, and Costs and Financing. The next most common responses were: Access to Spat, Diseases, Theft, and Marketing and Competition.

The final survey section sought information regarding the role of the ACC in assisting the industry. Overwhelmingly, the most valuable activity specified that the Maryland Aquaculture Coordinating Council can be involved in to assist business was to streamline the permitting process (44.9%) with financing assistance (22.5%) and production education/training (20.2%) being the second and third most common responses; marketing education was a distant fourth (10.1%). Responses to the last survey question, “Other activities the ACC could provide that would assist your aquaculture operation”, were not ranked, but organized by topic. There were varied responses based on a fill-in-the blank format with the answers reported nearly verbatim. Dr. Lazur touched on a few as examples: Education and seminars, Vibrio/disease research, Water quality testing, Financing access, Standardized insurance requirements and a System to protect against poaching.

A discussion by the Council followed highlighting the potential for using the survey results to benefit the (shellfish aquaculture) industry and the possibility of having an annual needs assessment and/or a survey of this kind every two to three years; especially one that focused on the molluscan aspects.

Mr. Roscher then announced that along with this year’s annual usage report, leaseholders will be receiving a 2014 Aquaculture Industry Status Report Survey. This was developed by the Aquaculture Division with review by the University of Maryland Extension program. Recognizing the importance of having this information available, Mr. Roscher indicated that the Division will be assembling a report based on the survey results for presentation to the ACC at the March meeting.

Motion: (Farrington/Brohawn) - Passed

To ask the Department of Natural Resources to present production (based on survey results) information back to the Aquaculture Coordinating Council annually.

Presentation:

USDA/NASS 2013 Aquaculture Census (Mr. Hawks, NASS)

A PowerPoint presentation by Mr. Hawks from the National Agricultural Statistics Service (NASS) summarizing the results of the 2013 Census of Aquaculture results released on September 29, 2014. This was the third national census conducted by NASS to measure the U.S. aquaculture industry. The last Census of Aquaculture was conducted in 2005. Mr. Hawks provided a brief background on the history of

the census/NASS and indicated that it provides the most complete agricultural data available and is based on a comprehensive twenty-four page questionnaire. The aquaculture census provides detailed information relating to production volume and methods, surface water acres and sources, sales, point of first sale outlets, and aquaculture distributed for restoration, conservation, enhancement, or recreational purposes. Examples of census data users would be legislators and extension/university representatives.

Highlights from the census:

- Total sales of aquaculture products in 2013 was \$1.37 billion, an increase of 26% from 2005.
- Sales of food fish was \$732 million, an increase of 9% from 2005.
- Crustacean sales in 2013 was \$85 million, up 59% from 2005.
- The sales of mollusks was \$329 million, an increase of 62% from 2005.

For the 2013 Census of Aquaculture, an aquaculture farm is defined as any place from which \$1,000 or more of aquaculture products were produced and sold or distributed for conservation, enhancement or recreation during the census year. Aquaculture is defined as the farming of aquatic organisms, including: baitfish, crustaceans, food fish, mollusks, ornamental fish, sport or game fish and other aquaculture products. Farming involves some form of intervention in the rearing process, such as seeding, stocking, feeding or protection from predators.

Additional information was provided by Mr. Hawks regarding the confidentiality rules (disclosure) associated with the data submitted. During the discussion that followed, the 62% increase in mollusks sales was addressed in relation to Maryland's increase relative to other states. More details related to the 2013 Census of Aquaculture and other agricultural census data is available at www.agcensus.usda.gov or the Quick Stats database at <http://quickstats.nass.usda.gov>.

New Business:

Green Tagging Program for Harvested Oysters (Vice-Chairman Butler)

The Department asked Ms. Butler to share information about the Green Tagging Program and to discuss whether Maryland aquaculture should pursue a similar program with the Council. No decisions on a Green Tagging Program for Maryland have been made yet. Ms. Butler began her presentation by defining the restricted use of shellfish as described in the model ordinance; including the type of product according to whether it is tagged for raw consumption versus product intended for further processing; the distinction between the types of tags used and how green tags relate to *Vibrio* and *Vibrio* control in the industry. Product identified by a green tag must be shucked or post harvest processed. Because of the requirement for the product to be further processed, green tagged product can be harvested outside of the summertime harvest restrictions that are in place for shellstock that is not further processed in some way.

Kathy Brohawn researched into how many other states have a *Vibrio* plan, reporting that Gulf states such as Alabama, Texas, Louisiana, Mississippi and Florida do; with the non-Gulf states of Virginia and Washington included. Ms. Butler continued by saying that, if green tags were used in Maryland, there would need to be new tagging regulations. In addition, a Green Tagging Program could introduce enforcement issues and safe product concerns (associated with ensuring that product is properly accounted for during harvesting/processing).

The topic was opened to discussion by the Council which provided additional information, raised questions and enumerated concerns. Ms. Brohawn added that not all states want the associated risk, but added that any reasons provided by the Maryland aquaculture industry, as to why such a program should be considered, will be an important component of the program's determination. As an example, harvesting conditions are different in the Gulf, where harvesters can be out for days, compared to Maryland where harvest is landed daily. Major Sewell related the perspective of the Natural Resources Police by highlighting the additional manpower that would be necessary to enforce such a program. He cited, as an example, a concern that officers can check a boat, but once the boat has landed there would be an opportunity for the tags to be switched allowing green tags (with less stringent restrictions) to be switched for tags associated with product intended for raw consumption. This would create an opportunity for unsafe product to be consumed.

Additional questions raised during the discussion were:

- The potential impact on the industry in Maryland due to the risk of having cases of illness associated with unsafe product.
- If product is legally harvested (with a green tag) in another state, can it then be imported and processed here in Maryland?
- How other states address the tags and what their time and temperature limits are for their local industry.
- The use of FDA recommended risk calculators where anything outside the established time potentially increases risk.

Motion: (Webster, Butler) - Passed

To table the discussion for now due to a need for additional information about the implications (enforcement and product safety) of implementing a Green Tagging Program in Maryland.

Harvester Training Program (Mr. Roscher)

The development of the ISSC Harvester Training program for the State of Maryland had an initial deadline of January 1, 2014. This was delayed by multiple factors such as the government shutdown. The Aquaculture Division is doing the best it can to get a training program for all harvesters in place.

All permittees would be required to complete the training before being permitted to work on aquaculture sites in the State. A two year renewal cycle has been established for this training program. Currently, the training materials are being adapted in the Fall of 2014 to Maryland's industry needs. These materials are expected to be ready for scoping to the Council in early 2015, with harvester training beginning in the Fall of 2015. This would mean that by January 2016, all permitted individuals will have completed the required training.

After Mr. Roscher presented the program development details the Council discussed the required education program. Making the program available online was proposed as a way to help make the training more accessible. Ms. Butler described the DHMH approach, being implemented in early 2015, where the training and certification will take place during site inspections. Mr. Roscher emphasized that harvester training was a good thing and that this was an industry-driven proposal. He indicated that there would be opportunities in the future for industry input and program review for the training. The

discussion continued, addressing the question as to whether a two-year renewal period may be too frequent and burdensome to both the industry (training/participation) and Department (program implementation/enforcement). The idea of providing updates to the training rather than two-year renewals was suggested.

Additional Comments

Ms. Butler mentioned DHMH's two part, one day shipper's class certification and commented that the University of Maryland Extension's new Seafood Technology Specialist, Dr. Cathy Liu, has a background/interest in molluscan research. Ms. Butler said that she considers her a real asset to the Maryland aquaculture industry.

Mr. Roscher encouraged members of the industry to spread the word about the voluntary 2014 Aquaculture Industry Status Report Survey, specifically the importance of a strong response to help the Department assess the state of the industry.

Public Comments:

No public comments were made.

Adjourn:

The meeting was adjourned at 8:40 pm with the next regular meeting to be held on Thursday, January 8, 2015. As the C-1 Conference Room at the Tawes Building will be unavailable, the next meeting will be held at:

Conference Rooms 110/112
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, MD 21401