

State of New Jersey Grant Proposal

Disaster Relief Appropriations Act, 2013

Revised 5/14/14

Applicant Name: State of New Jersey, Department of Environmental Protection (NJDEP)

Project Title: New Jersey Fisheries Disaster Assistance Program

Project Type: Fisheries disaster assistance aimed at providing direct aid to New Jersey's various fishing related industries.

Principal Investigator: Brandon Muffley

Award Amount Requested: \$2,352,643

NEED:

From October 28 – 30, 2012, Superstorm Sandy caused unprecedented damage and destruction to New Jersey's coastal communities and shoreline environments. New Jersey's fishing industries and important marine resource habitats were among the hardest hit. Impacts ranged from a nearly 70 percent decrease of optimal beach habitat for spawning horseshoe crabs in the Delaware Bay to the near complete destruction of the Belford Seafood Cooperative fishing port – Sandy's impacts on New Jersey's \$2.5 billion recreational and commercial fishing industries will be felt for years to come.

Commercial fishing ports along the coast of New Jersey sustained a wide-range of infrastructure damages. Landings and sales at many of New Jersey's dealer/docking facilities were down an average of 90 percent and 82 percent, respectively, four weeks after the storm. Commercial fishermen, particularly in the lobster, blue crab and sea bass fisheries, reported in some instances that nearly 50 percent of their trap/pot gear was lost or destroyed. Due to area closures (because of public safety) and extended power outages, the average number of commercial fishing trips was down 54 percent and the average pounds landed was down 82 percent two weeks after the storm.

Recreational losses were just as significant but the total economic losses from these industries were even greater due to the sheer number of for-hire operations, marinas and bait and tackle stores throughout the state. Over 60 percent of all for-hire vessels sustained some

damage with over 103 vessels completely lost and destroyed. Nearly 70 percent of all bait and tackle shops sustained some damage at their facility and 60 percent lost a significant portion of their product. Due to lost/declining sales following the storm, the number of employees working at bait and tackle shops were down nearly 40 percent. More than half of marina's in the state sustained moderate to significant damage to offices, buildings, docks and bulkheads. The number of recreational boats damaged or destroyed at these various marinas is estimated to be 3,782 vessels with over 900 determined to be a total loss.

Lastly, commercial shellfish harvesters and shellfish aquaculture operations were dealt a double hit from Sandy. Aquaculture facilities incurred significant infrastructure damages with some facilities reporting a complete loss. Plus, due to impacted water quality as a result of Superstorm Sandy, shellfish harvest was prohibited throughout the State. Most areas were re-opened within a couple months after the storm; while others were not re-opened until the spring of 2013.

The National Marine Fisheries Service (NMFS) and the NJDEP Division of Fish and Wildlife (Division) produced separate economic analysis/impacts assessments to estimate the total losses to New Jersey's fishing industries. These surveys estimate New Jersey's fishing industries sustained anywhere from \$77 - \$225 million in total uninsured losses.

A summary comparison between the NMFS economic impact analysis and the NJDEP assessment for New Jersey's fishing industries is provided in the table below (note: the NMFS produced two different estimates for NJ due to the uncertainty in their for-hire estimates. See NMFS A and NMFS B estimates below).

Sector	NMFS A	NMFS B	NJDEP
For-Hire	\$58,613,566	\$15,812,646	\$31,060,432
Bait & Tackle	\$16,149,889	\$16,149,889	\$78,744,790
Marina	\$30,436,440	\$30,436,440	\$65,364,218
Commercial Fisherman	\$3,051,335	\$3,051,335	\$37,615,651
Commercial Dealer	\$11,084,334	\$11,084,334	\$9,081,694
Shellfish & Aquaculture	\$1,267,680	\$1,267,680	\$3,595,941
Totals	\$120,603,244	\$77,802,324	\$225,462,726

(Note: NJDEP marina estimates provided by the Marine Trades Association of New Jersey survey)

Many of these fishing sectors are comprised of small businesses that did not have insurance. In fact, uninsured losses accounted for over 80% of all losses incurred. These small businesses have applied for various funding sources, loans and subsidies but in many cases have been denied or can not afford to take on additional low interest loans during these difficult times. In addition, many of these businesses have already paid significant out-of-pocket

expenses for repairs, lost product and gear or new facilities to order to re-open or begin fishing again.

OBJECTIVES:

Even though the funding available is inadequate to meet the needs and losses incurred by the various fishing communities in New Jersey, the grant money available will help provide some unmet financial relief to those individuals and businesses.

The objectives of the grant are as follows:

1. Provide direct financial assistance, up to \$5,000, to individuals and businesses in New Jersey’s fishing industries that have documented uninsured losses as a direct result of Superstorm Sandy.
2. Develop a comprehensive and effective communication plan to ensure eligible applicants are notified and understand the grant application process.
3. Conduct a thorough review of all applications to certify all criteria have been met and ensure all eligible applicants obtain financial assistance in a timely fashion.

APPROACH:

As indicated in the original Spending Plan Proposal, appropriated funds for New Jersey will be allocated to each sector based on its loss estimates to the total loss estimates for each sector – i.e. a sectors proportional loss compared to total losses (see table below). This approach allocates available funds equitably and provides more funds for those sectors that incurred a greater proportion of losses.

Sector	NJDEP Loss Estimate	Proportion of Losses	Total Funding*
For-Hire	\$31,060,432	0.14	\$307,852
Bait & Tackle	\$78,744,790	0.35	\$780,471
Marina	\$65,364,218	0.29	\$647,851
Commercial Fisherman	\$37,615,651	0.17	\$372,824
Commercial Dealer	\$9,081,694	0.04	\$90,012
Shellfish Aquaculture	3,632,264	0.02	\$36,001
Totals	\$225,499,049	1.00	\$2,235,011

* Funding distribution to each sector assumes \$2,352,643 is available, minus 5% of total cost to be used for administrative purposes.

In order to solicit input from the constituent groups as to how and where they would apply their sectors available funds, Division staff held a one-day stakeholder meeting on Monday, August 12, 2013. Industry representatives from all sectors were invited as well as staff from academia and other state agencies were in attendance (see Table below for list of invitees and affiliation). This stakeholder meeting helped provide importance guidance in establishing some of the guidelines on the types of losses covered (i.e. replace lost gear or funds to cover lost opportunity etc.), the types of criteria to determine eligibility and types of documentation required.

Name	Affiliation
Jim Hutchinson	Recreational Fishing Alliance
Bob Rush	party boat captain, member of United Boatmen and NJ Marine Fisheries Council
Mike Danko	New Jersey Sea Grant
Melissa Danko	Marine Trades Association of New Jersey, primary contact for marinas
Greg DiDomenico	Garden State Seafood Association
Dave DeGennaro	charter boat captain
Walter Hughs	commercial shellfisherman and NJ Atlantic Coast Shellfish Council member
Dale Parsons	commercial shellfisherman and aquaculture
John Schriever	commercial shellfisherman and aquaculture
Dick Herb	charter boat captain and acting-chair of the NJ Marine Fisheries Council
Mark Palazzolo	bait and tackle shop owner
Carmen Conti Jr.	commercial fishermen, dealer and bait and tackle shop owner
Tom Fote	Jersey Coast Anglers Association and NJ Commissioner to the ASMFC
Scott Albertson	bait and tackle shop owner
Ed Yates	charter boat captain and member of United Boatmen
Barney Hollinger	commercial shellfisherman and chair of the NJ Delaware Bay Shellfish Council
Steve Celest	commercial fisherman
John Godwin	commercial dealer
Nick Cicero	bait and tackle wholesale distributor
Tom Biesiadecki	commercial fisherman
Gef Flimlin	Rutgers Cooperative Research Extension Agent – Ocean County
Joe Myers	NJ Department of Agriculture

To provide the greatest assistance to as many impacted individuals and businesses, all available funds, except for 5% to be used for administrative costs, will be distributed as direct assistance (similar to Louisiana’s Hurricane Katrina funds with “personal assistance payment checks”) through a grant program administered by the NJDEP. These direct assistance grants will be used to cover and/or reimburse individuals or businesses for uninsured losses, losses not covered through other funding sources (ex. FEMA or SBA loans) or out-of-pocket expenses already incurred.

The following guidelines will apply to all applicants applying to the direct assistance grant program:

- Applicants must show documented proof of a minimum of \$5,000 of eligible uncompensated losses as a direct result of Superstorm Sandy;
- Have eligible unmet needs after accounting for all Federal/State, local and/or private sources of disaster-related assistance including, but not limited to, flood insurance proceeds;
- Must submit a completed application with all required paperwork (receipts, other funding paperwork, business logbooks etc.) within the 30-day application period(s);
- Applicant must have been operating in New Jersey as of the date of the storm;
- All for-hire applicants must have been registered with the New Jersey Saltwater Recreational Registry Program as a for-hire operation in 2012;
- All commercial fishermen must have had a valid 2012 commercial fishing license issued by the Division of Fish and Wildlife;
- All commercial dealers must show valid documentation of commercial landings and sales from 2012 at the operation seeking direct assistance;
- All shellfish and shellfish aquaculture operations must have had a valid 2012 commercial shellfish license or other appropriate license (ex. commercial shellfish dealer, valid shellfish lease);
- Other fishing related businesses serving the fishing industry (marinas, bait and tackle shops) must provide an affidavit attested to by the NJDEP that the business is directly related to the fishing industry

Direct assistance grants shall be capped at \$10,000 for an individual or business; however final grant amounts will be depend on a number of variables including: total number of applicants, sector distribution and total unmet need . An applicant can apply as both an individual and a business (i.e. submit two separate aid applications) provided the applicant is not seeking aid for the same losses. For example, an applicant could apply to cover infrastructure losses (i.e. freezers, computers, fork lift etc.) incurred at the facility owned and apply for individual losses (i.e. lost gear).

In an effort to distribute funds equitably, to as many applicants as possible and provide to those with the greatest need, funds within each sector will be allocated to an individual or business based on the proportional loss of that applicant to the total loss of applicants within a particular sector (i.e. if an individual accounts for 10% of all losses within a particular sector amongst those applying, that individual would receive 10% of the available funds for that sector up to the assistance cap). If there are funds remaining within a particular sector – too few applicants or qualified applicants – remaining funds could be reallocated to a sector where demand is greater to help provide as much assistance as possible and ensure all funds available are appropriately allocated.

Eligible losses shall mean a loss suffered with respect to damage resulting from Superstorm Sandy where there remains and unmet need for repair or replacement. In order to help ensure there is no Duplication of Benefits, the application for direct aid will contain a

checklist of potential other funding sources (insurance, other state or federal loan or any independent grants) and require the applicant to provide all supporting documentation for funds received or denied from these other sources. Applicants will also be required to sign off on the application indicating the information they are providing is true and accurate and falsification of information will lead to denial of any assistance. Activities already undertaken (i.e. out-of-pocket expenses) as part of an individual's or business's recovery effort may also be eligible for reimbursement. Examples of eligible losses include, but are not limited to, are:

- Lost/damaged fishing gear
- Lost/damaged/ruined product (ex. marketable fish, bait, tackle)
- Replacement/repair of equipment (ex. freezers, forklift, vessels, storage units)
- Replacement/repair of infrastructure (ex. bulkheads, facilities, electricity, office space)
- Lost revenue/income in November and December when compared to previous two years documented income

As with other State administered Sandy grants, applicants who are denied direct assistance through this program will be given the opportunity to appeal the determination. The applicant will have 30 days following the denial notification to appeal this determination. Notification to the Department of an appeal will be in writing and will need to provide specific reasons and supporting documentation as to why they believe the denial was made in error. After reviewing the denial letter and supporting documentation, the Department will notify the applicant of its final determination in writing.

The NJDEP will develop a comprehensive and multifaceted communication approach to ensure as many impacted constituents are aware of the grant program and application process as possible. The outreach approach will include direct informational mailings to various commercial license holders and various membership directories (covers marinas and bait and tackle shops); direct/targeted e-mail announcements to for-hire operations within New Jersey's Saltwater Recreational Registry Program and commercial dealer databases; NJDEP press releases with coverage in various "outdoor and recreation" sections of numerous newspapers; non-targeted e-mail blasts through the Division's various listserv groups; and a website specifically dedicated to the Fisheries Disaster determination will be developed with links directly to the grant program and application (http://www.njfishandwildlife.com/news/2012/sandy_disaster_info.htm). The grant application period will be open for 90 days and numerous updates and reminders will be provided throughout the various grant stages.

In order properly oversee and administer the grant program, the NJDEP is requesting up to 10% of the available funds (maximum of \$235,264) be allocated for administrative purposes. The majority of these funds will be used to hire up to six part-time, temporary employees that will handle the day-to-day aspects of the grant program. Three temporary contracted external positions will be hired at a rate of \$23.50/hour for a period of 900 hours (six months of full-time work). These employees will be required to have auditing and/or accounting background and have experience in reviewing and understanding various insurance and other federal assistance

documents to help ensure a proper review is conducted. Hiring outside, non-fisheries staff will also provide for an impartial and unbiased review and funding determination. These auditor positions will be stationed at either the Nacote Creek Research Facility in Port Republic or the Division headquarters in Trenton. These employees, along with assistance from full-time Marine Fisheries Administration and other Division staff, will develop outreach materials, review and verify all applications and all submitted materials and will determine direct assistance funding amounts for individuals and businesses. The budget provided below provides a breakdown of all anticipated administrative costs.

MILESTONE SCHEDULE:

TASK	2014						2015												2016					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Mar	Apr	May	Jun	
Grant approval and award	X																							
Outreach and grant promotion		X	X	X																				
Grant application period				X	X	X																		
Application review and determination						X	X	X	X	X	X													
Direct assistance disbursements											X	X	X	X	X	X	X	X	X	X	X			
Final review and report																					X	X	X	

**template; actual start and end dates dependent upon timing of grant awards*

ADMINISTRATIVE BUDGET:

A.	SALARIES	
	Full Time	\$ 23,259
	5% - Marine Fisheries and OIRM staff	
B.	FRINGE BENEFITS	
	Full Time (51%)	\$ 11,862
C.	SUPPLIES AND MATERIALS	
	(21) office and printing (promotional material, paper, printing, copies, general office supplies)	\$ 3,000
D.	CONTRACTUAL SERVICES	\$ 24,000
	(36) CGI contract with OIRM	
E.	EQUIPMENT	
	(77) Six laptop computers, docking stations and monitors for each auditor (\$1,600 per unit)	\$ 9,600
F.	OTHER	
	(25) Utilities	\$ 350
	(31) Telephone	\$ 400
	(32) Postage (for outreach materials, letters, direct aid checks)	\$ 3,075
	(35) Janitorial	\$ 400
	(36) Temporary Services/Auditors	\$152,280
	3 external auditors (\$23.50 per hour for 900 hours) Plus Temp Agency costs	
G.	INDIRECT COSTS (20.04%)	\$ 7,038
H.	Grants in Aid	
	(61) EDA Reimbursements	\$ 2,117,379
	TOTAL \$	\$ 2,352,643