

TRIUMPH GULF COAST, INC. PRE-APPLICATION FORM

Triumph Gulf Coast, Inc. (“Triumph Gulf Coast”) has created a pre-application process to provide initial consideration of potential ideas for projects or programs that may seek an award of funding. Applicants are required to participate in the pre-application process. Notwithstanding the response from Triumph Gulf Coast on the pre-application form, an Applicant may still elect to submit an Application.

APPLICANT INFORMATION:

Name of Individual/Entity/Organization: Florida Department of Agriculture and Consumer Services Division of Aquaculture

Brief Description of Background of Individual/Entity/Organization: _____

State agency responsible for regulating aquaculture, issuing submerged land leases, and conducting aquaculture research in the interests of the State of Florida.

Contact Information:

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Names of co-applicants, partners or other entities, organizations that will have a role in the proposed project or program: _____

Florida Sea Grant, University of Florida

REQUIRED EXECUTIVE SUMMARY:

In a maximum of three (3) pages, please describe the proposed project or program, including (i) the amount of funds being sought from Triumph Gulf Coast; (ii) the amount and identity of other sources of funds for the proposed project or program; (iii) the location of the project or program; (iv) summary description of the proposed program, including how the program will be transformational and promote economic recovery, diversification, and enhancement of the disproportionately affected counties, and (v) a summary timeline for the proposed project or program.

IMPORTANT NOTICE

This pre-application process will **not** result in an award of funding by Triumph Gulf Coast. Rather, this process is designed to facilitate submission of ideas for potential projects or programs before the Applicant expends time and/or resources to complete a full Application. All Applicants for funding are required to complete an Application, which will be scored, and then considered for award in the discretion of Triumph Gulf Coast Board.

Project Description

Shellfish Aquaculture Economic Incubator Mini Grants

Capital costs are one of the most substantial barriers to beginning a new aquaculture enterprise or expanding an existing one. Obtaining financial products to fund aquaculture businesses is especially difficult because most traditional lenders are unfamiliar with these operations and financial industry resources are largely inadequate in helping underwriters better understand them (Pomeroy and Getchis 2003). For example, Lloyd's Risk Codes classify aquaculture risk solely under the category of "Livestock," which also includes commodity terrestrial agriculture species such as cattle, pigs, and sheep, as well as exotic animals and insects. Marine aquaculture operations may also be subject to a risk code that broadly addresses "most risks in respect of maritime vessels" (Lloyd's 2015). The inherent differences between traditional livestock, commercial fishing, and small-scale marine aquaculture industries render these metrics of limited use in contextualizing risk and approving mutually acceptable finance terms. It is clear that a disconnect exists between financial institutions and current or prospective small-scale aquaculturists in need of funding, even in the case of progressive lenders that are motivated to finance marine aquaculture ventures.

The Florida shellfish aquaculture industry reported \$19.6 million in sales in 2013 from 132 farms, an 83% increase in value from 2005 (USDA 2013). The hard clam industry alone supports about 550 jobs statewide (USDA 2013), and though clams account for most aquacultured shellfish landings in the state, the full range of products is diverse and includes three species of clams, oysters, and scallops across over 650 shellfish aquaculture leases in 32 active aquaculture harvest areas (Division staff, personal communication). In addition to farmers, Florida's shellfish aquaculture also relies on shellfish processors, packers, and shippers to deliver product to buyers throughout the state and country, generating many more jobs beyond those directly related to production. The existing production, processing, logistics, and administrative infrastructure cultivated over more than a century of state shellfish management, combined with the unparalleled coastal resources and sub- to tropical climate of Florida, allows for fast growth of shellfish (Wang et al. 2008), availability and responsible management of leases and aquaculture use zones, and efficient market dynamics for shellstock. Investments made in Florida's shellfish aquaculture at the production level have the potential to deliver rapid returns, but are unfortunately limited by producers' ability to obtain funding.

The mismatch of financial products available to the shellfish aquaculture industry with their specific needs remains a formidable obstacle to capacity building and expansion. In the absence of appropriately nuanced avenues for financing, this sector is an ideal target for aquaculture economic incubator projects. The Massachusetts Department of Agricultural Resources (MDAR) offers matched grants of up to \$10,000 for shellfish aquaculture operations that have been in business for one to five years under its Matching Enterprise Grants for Agriculture (MEGA) program (MDAR 2018). In this way, the department is able to fund business incubator projects without taking on the liability of administering revolving funds or finding an appropriate creditor to partner with to secure loans. Not only does this ease the financial burden of expanding shellfish aquaculture operations, it shrinks the level of

creditworthiness, collateral, and financial risk required of borrowers by reducing the principal that must be financed. MDAR also offers business planning and financial counseling to help potential grantees identify the needs of their business and clarify their plans. Surveys are also conducted prior to disbursement, immediately following disbursement, and after deployment of funded expenses to evaluate the financial benefits, increased production capacity, and improvements to quality of life provided through cost-sharing programs (Melissa Adams, program director, personal communication).

The Florida Department of Agriculture and Consumer Services (FDACS) now seeks to implement a similar cost-share grant program for current holders of shellfish aquaculture leases in select Florida counties to assist with the purchase of new gear, equipment, or parcel marking for the purposes of expanding production capacity of aquacultured shellfish. This program would be the first of its kind administered by the State of Florida. An initiative in 2015 successfully disbursed 15 cost-share grants of \$4,000 to \$34,000 to Florida shellfish processors to make improvements to their facilities. These funds were supported through the Federal Fishery Disaster Assistance Award provided by the National Oceanic and Atmospheric Administration (NOAA) in response to a crash of the Florida wild oyster fisheries declared in 2014 (Division staff, personal communication). This 2015 cost-share program demonstrates the FDACS Division of Aquaculture's previous experience, ability, and success in administering a cost-sharing program with the oyster industry. The current project proposal requests \$750,000 (\$250,000 per year for three years) to provide a 1-1 funding match up to a maximum of \$10,000 in match funds for approved shellfish aquaculture gear and equipment for a maximum 25 grantees per year for the three-year project duration.

The project goal is to stimulate growth in the Florida shellfish aquaculture industry in those coastal counties disproportionately impacted by the 2010 Deepwater Horizon oil spill disaster, to include Escambia, Santa Rosa, Okaloosa, Walton, Bay, Gulf, Franklin, and Wakulla counties. Encouraging expansion of existing enterprises, new entrants to the industry, and increased activity in new or underutilized aquaculture harvest areas will grow energize the shellfish aquaculture sector, grow production capacity, and stimulate revenue streams. The project also aims to provide training opportunities to help beneficiaries make effective business decisions and safeguard against the hazards marine shellfish aquaculture infrastructure is inherently subject to.

The first objective to be completed in pursuit of this goal is seeking applications from individuals or companies currently acting as the lessee of at least one Florida sovereignty submerged land aquaculture lease (no authorized users) within the above named counties who are certified to produce shellfish and are interested in receiving a grant for the purchase of qualifying gear or equipment. FDACS Division of Aquaculture will select a qualified applicant pool and disburse up to \$10,000 in cost matching grants per lessee to be paid upon receiving invoices or receipts for the purchase of qualifying gear or equipment. FDACS will also conduct post-deployment inspections to ensure that purchased materials have been placed into active use.

A second objective is to hold a pre-disbursement business planning workshop for qualified applicants within the application period, wherein collaborators from Florida Sea Grant

and the University of Florida Institute of Food and Agricultural Science with experience in Gulf Coast shellfish aquaculture will assist potential beneficiaries in finalizing their expansion plans, understanding finance terms and risk, navigating the challenges of the industry in the case of new lessees, and deciding how best to leverage secured funds. Approved grantholders will also be eligible to attend an aquaculture gear workshop developed for a separate initiative to learn proper gear management and marking techniques.

Lastly, FDACS will conduct entry, post-deployment, and follow up surveys to collect data on the financial impact, industry expansion, and job creation resulting from the disbursed funds. Survey deliverables will include how beneficiaries secure funding to match costs, information related to increases in oyster planting and production and associated changes to ecosystem services, and impacts on other key quality of life indicators.

These objectives are intended to increase production of shellfish in the Florida submerged sovereignty submerged land leases, alleviate the funding issues that represent one of the most substantial constraints limiting production potential, and communicate the risks and benefits of beginning or expanding a shellfish aquaculture business. Strengthening the aquaculture industry in underutilized aquaculture use zones, including where wild oyster harvest industries have suffered in recent years, also adds diversity and resiliency to the revenue streams of communities that have traditionally relied on the wild fisheries impacted by ecological disasters. Inviting grantholders to participate in the gear management workshops also strengthens the ability of aquaculture farmers to prepare for, mitigate, and recover from the impacts of natural disasters.

The data collected from grantholder surveys will assess program efficacy, identify the most successful components of the plan, and provide quantitative insight into the return on investment that may be expected from this type of program in both financial and ecological terms. These figures will help refine future program objectives, suggest expected outcomes for prospective applicants to the cost-share program, and provide context for other entities seeking to enact a similar program or develop new alternatives for aquaculture funding or financing.

Project Timeline

Task	Year 0 (2018)	Year 1 (2019)	Year 2 (2020)	Year 3 (2021)
Objective 1: Disperse cost-share grants of up to \$10k				
Applicant screening/counseling/selection				
Finalize purchase lists at business planning workshop				
Request invoices/receipts and disburse awards				
Objective 2: Conduct business planning workshop				
Appoint SG collaborator and plan curriculum				
Hold mandatory business planning workshop				
Hold aquaculture gear workshop				
Objective 3: Complete survey of approved grantholders				
Entry survey				
Post-deployment survey				
1-year follow up				
2-year follow up				
Generate summary/report of survey responses				
Refine program objectives based on survey responses				

Works Cited

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