

State of New Jersey COVID-19 Marine Fisheries Assistance Proposal
CARES Act, 2020

Applicant Name: State of New Jersey, Department of Environmental Protection (NJDEP), Marine Fisheries Administration (MFA)

Project Title: New Jersey Marine Fisheries COVID-19 Assistance Program

Project Type: Fisheries assistance aimed at providing direct aid to New Jersey's fisheries participants affected by the novel coronavirus (COVID-19)

Award Requested: \$11,247,242

NEED:

New Jersey's fishery and aquaculture resources contribute over \$1.5 billion annually to the State's economy. The fishing industries in New Jersey have been particularly impacted by the economic downturn caused by measures taken to reduce the spread of COVID-19. For-hire fishing boats have been unable to make trips, as all non-essential businesses were shuttered, and stay-at-home orders kept anglers away. Commercial fisheries, aquaculture, processors, and dealers have all seen drastic dips in revenue as restaurants shutter – as nearly 70% of the money American consumers spend on seafood is spent at restaurants. Although Americans are now purchasing seafood at record numbers to cook at home through quarantine, it is not enough to make up for the loss of restaurant sales.

Though New Jersey has begun reopening phases, the fishery industries of New Jersey are likely to continue to see economic impacts as restaurants and for-hire charters will need to operate at a smaller capacity to accommodate for social distancing, in addition to continued suppressed demand as many New Jerseyans continue to avoid crowds in confined spaces.

The commercial fisheries, processors, and dealers will likely continue to have to operate with smaller staffs to keep workers safe from the transmission of the virus, while also still feeling the effects COVID-19 has had on the restaurant industry.

On May 7, 2020, the Secretary of Commerce announced the allocation of \$300 million in fisheries assistance funding provided by Sec. 12005 of the Coronavirus Aid, Relief, and Economic Security Act, also called the CARES Act, to states, Tribes, and territories with coastal and marine fishery participants who have been negatively affected by COVID-19. The grant monies applied for will be for impacted coastal and marine fishery participants.

The following approach for the allocation of CARES Act funding will be used, either in-part or in-full, for all future COVID-19 related fisheries relief payments for the marine fisheries industry.

APPROACH:

The objectives of this grant are as follow:

1. Direct Payments - Provide direct financial assistance to New Jersey commercial and charter fishery participants impacted by COVID-19 and which have documented greater than 35% loss in fishery-related revenue as compared to their previous 5-year average over the same time period.
2. Communication Plan - Develop a comprehensive and effective communication plan to ensure eligible applicants are notified and understand the grant application process.

3. Review & Appeals Process - Conduct a thorough review of all applications, including developing an effective appeals process, to certify all criteria have been met and ensure all eligible applicants obtain financial assistance in a timely fashion.

1. Direct Payments

The total amount of funding available for direct payments to eligible fishery participants is **\$11,111,741**. This is the total amount of federal funding awarded to New Jersey minus **\$135,501** in administrative costs.

The **\$11,111,741** will be issued as direct payments by NJDEP based on total fishery-related revenue loss between March 1, 2020 through June 30, 2020. Applicants will need to show a greater than 35% loss in revenue over the previously mentioned 4-month period, based on their 5-year average revenue from 2015-2019 for the same time period. For applicants that have operated for less than 5 years, revenue history from the period March 1 through June 30 for at least 1 year prior to 2020 is required in order to qualify for assistance. All applicants must provide revenue history for all years for which their operations existed.

In addition, applicants will be required to provide an estimate of their total expected revenue for the totality of the 2020 calendar year from January 1 through December 31, 2020. Direct payments made to any fishery participant through this program must not make any applicant more than whole for the year 2020. This will be evaluated on an annual basis and must include their business' traditional revenue and any additional COVID-19 relief payments that the applicant received. The only exception is the Paycheck Protection Program (PPP) **if** the loan is **not** forgiven. PPP funding will not count towards an applicant being made more than whole if the applicant's PPP loan is not forgiven. If the PPP loan is forgiven, the money will count against the applicant's calculation of whether or not they have been made more than whole.

Applicants are responsible for determining if they have been made more than whole at the end of 2020. If they have been, they are expected to return this money they have received through this program to ASMFC.

The application period will begin October 5, 2020 or as soon as New Jersey has a NOAA-approved spend plan, whichever is sooner, and will end 30 days from the start date. An applicant due date will be published and no applications received after this date will be reviewed or considered.

Money will be allocated based on three fisheries sectors – Commercial & Aquaculture, Recreational, and Processors & Dealers. The recreational fishery will include bait & tackle shops that meet the New Jersey small business definition. MFA will not be including marine gear and vessel suppliers for payment. Gear and vessel suppliers were not required to shut down and were able to continue operating. In addition, sales may have been down for suppliers between March 1 and June 30, 2020, but these purchases were likely only delayed and not lost. Gear and vessel supplies tend to be larger planned purchases, versus the smaller as-needed purchases that are experienced at a bait and tackle shop.

The allocation of funding by sector is based on NOAA's calculations for allocating money to the State of New Jersey. The only change was increasing the percentage of funding that went to the recreational fishing industry to 10%. This was at the request of the fishing industry participants who believed that the marine recreational fishing industry, especially the for-hire sector, was hit particularly hard by the restrictions put in place due to COVID-19. The breakdown of direct payment allocation per sector is as follows:

Sector Type	Percentage
Commercial & Aquaculture	55% (\$6.1M)
Recreational Fishery	10% (\$1.1M)
Processors & Dealers	35% (\$3.8M)

There may be cases in which one business is active in multiple sectors. Applicants will be able to select multiple sectors within their application. Applicants must provide their fisheries-related revenue information for each sector individually and applicants will receive a payment from each of the sectors. Applicants who operate in multiple sectors cannot combine all of their fisheries-related revenue and apply only under one of the sectors. They must split up their revenue into the correct sectors.

The State of New Jersey does not have any Federally recognized tribes, nor does the State of New Jersey have any agreements with State-recognized tribes regarding subsistence fishing. Therefore, the State of New Jersey will not be allocating money for any tribal and subsistence fishing that may have been impacted by COVID-19.

The application process will be made available online to ensure that the application is not hindered by any current or future stay-at-home orders. NJDEP will work with a contractor to in the development of the online process given NJDEP has already administered grants in a similar fashion.

LOSS ELIGIBILITY

All applicants will be required to provide their fishery-related revenue from March 1, 2020 through June 30, 2020 for each sector in which they are applying. In addition, they will also need to provide their fishery-related revenue history from March 1 through June 30 for the previous five years (2015-2019). Applicants will be eligible for support if their 2020 revenue shows a greater than 35% loss over the previous five-year average.

An applicant will be required to report revenue data for all years in which the entity existed, even if the business was not active. Inactive years will still be used to calculate revenue loss, so long as the entity existed. All years in which the business was not active and had no revenue, but the entity existed, the total revenue that must be used is \$0. An applicant only does not have to include prior year revenue in their calculation if their business did not yet exist.

For example, if an entity was created in 2010 but was not active in the years 2016 and 2017, they will have to report their revenue for those years as \$0. Their application may look something like this:

2015: \$100,000
2016: \$0
2017: \$0
2018: \$150,000
2019: \$110,000
2020: \$75,000

The calculation in this example will look like this: $(100,000+0+0+150,000+110,000)/5= \$72,000$ average revenue. In this example the entity would not qualify for a payment because their revenue from March 1 through June 30, 2020 totaling 75,000 was not a 35% loss compared to their average 5-year revenue history for the same time period totaling \$72,000.

If an entity was created after 2015, the only years that need to be used in the eligibility calculation are the years in which the entity existed.

SECTOR DEFINITIONS

Each applicant must meet the following sector definitions in order to qualify as an eligible entity for assistance:

- *Commercial Fishery*: any individual or business that fishes with the intention to, or results in, the barter, trade, transfer, or sale of fish. Aquaculture will also be included in the commercial fishery sector.
 - *Aquaculture*: any individual or business involved in a form of agriculture involving the propagation, rearing, and subsequent harvesting of aquatic organisms in controlled or selected environments, and the subsequent processing, packaging, and marketing, and shall include, but is not limited to, activities to intervene in the rearing process to increase production such as stocking, feeding, transplanting, and providing for protection from predators. Aquaculture is a water dependent activity. Aquaculture shall not include the construction of facilities and appurtenant structures that might otherwise be regulated pursuant to any State or Federal law or regulation. Under section 12005 of H.R. 748, any privately owned aquaculture businesses growing products in state or federal marine waters of the United States and the hatcheries that supply them are eligible for Section 12005 funding. This includes all molluscan shellfish and marine algae. Non-salmonid marine finfish grown in marine waters not covered by USDA are eligible for Section 12005 funding.
- *Recreational Fishery*:
 - *For-Hire Fishery*: any individual or business that operates a recreational fishing vessel with an Atlantic HMS Charter/Headboat permit during which paying passenger(s) are aboard; or, for uninspected vessels, trips during which there are more than three persons aboard, including operator and crew; or, for vessels that have been issued a Certificate of Inspection by the U.S. Coast Guard to carry passengers for hire, trips during which there are more persons aboard than the number of crew specified on the vessel's Certificate of Inspection
 - *Bait & Tackle Shop*: is a business whose revenue comes from the sale of saltwater bait, tackle, and other saltwater fishing supplies including rods, reels, nets, and other equipment specifically used for recreational fishing purposes. At least 75% of the total revenue generated from this business must come from these sales sources. Additionally, only bait and tackle shops that meet the New Jersey's small business definition will be considered an eligible applicant. The definition of a small business in the State of New Jersey is any business that does not have more than 100 full-time employees. Applicants will attest to meeting this small business definition in their signed affidavit.
- *Processor*: is any company or individual in the business of preparing or packaging shellfish, fish or fish products (including product of the processor's own harvesting) for wholesale in domestic or foreign markets
- *Dealer*: is any person or business who receives, for a commercial purpose (other than solely for transport on land), from the owner or operator of a vessel issued a valid permit, any species of fish, the harvest of which is managed by MFA, unless otherwise exempted.

LICENSING AND PERMIT ELIGIBILITY

All applicants must have had all required licenses and permits needed to operate during the time period in which they are applying. The following is a list of required permits or licenses required by sector in

order to qualify for assistance. Licenses and permits will be verified through MFA's online application based on their Bureau of Marine Fisheries ID number, Conservation ID number, and/or permit ID numbers provided within the application:

Commercial Fishery Sector:

- Must be a resident of New Jersey
- Must have a current valid 2020 New Jersey commercial harvesting license if operating out of state waters
- Must have had a valid New Jersey commercial harvesting license for at least one year between 2015 and 2019 if operating out of state waters
- Must have a valid 2020 Federal Fishing license if operating out of federal waters

Aquaculture (within Commercial Sector):

- Must be resident of the State of New Jersey
- Must have a current valid 2020 New Jersey commercial shellfishing license
- Must have had a valid commercial harvesting license for at least one year between 2015 and 2019
- Must have a valid 2020 New Jersey aquaculture permit from Bureau of Marine Water Monitoring
- Must have had a valid aquaculture permit for at least one other year between 2017 and 2019

Recreational Fishery Sector:

For-Hire

- Must be a resident of the State of New Jersey
- Must have 2020 New Jersey saltwater registration for vessel
- Must have had a New Jersey saltwater registration for the vessel for at least one year between 2015 and 2019
- Must be owner of the business

Bait Shops:

- Business must be physically located in the State of New Jersey
- Must be registered as a business with the State of New Jersey
- Must meet the State of NJ's Small Business definition of having under 100 full-time employees
- 75% of revenue must come from saltwater bait & tackle supply sales specifically

Dealers and Processors Sector:

- Business must be physically located in the State of New Jersey
- Must hold 2020 New Jersey Department of Health license to operate a wholesale food business
- Must have held a New Jersey Department of Health license to operate a wholesale food business for at least one year between 2015 and 2019.
- If dealing federally managed species, must hold a valid 2020 Federal Dealers Permit
- If purchasing species requiring a NJ dealers permit, must hold a valid 2020 NJDFW permit(s) for them. The following species require a NJ dealers permit:
 - Summer flounder

- Scup
- Black sea bass
- Menhaden
- If handling oysters, clams or mussels, business must hold a valid 2020 New Jersey Department of Health Certificate to handle oysters, clams, or mussels.

All applicants will be cross referenced against appropriate license/registration databases maintained by NJ State agencies during the period 2015 to 2020 to confirm participation history and eligibility.

SELF-CERTIFICATION PROCESS

Applicants will electronically sign an affidavit stating that all the information on their application is correct and that they are subject to additional review and audit. All applicants must have documented proof available for review by MFA of all information provided on their application for assistance, and if requested, they must provide it to MFA. If an applicant refuses to provide documented proof or is found to have knowingly acted in bad-faith and provided falsified or inaccurate information, they will be denied assistance. If the applicant has already received the assistance, they will be required to pay back in full all funding that was received and may be subject to additional penalties.

PAYMENT CALCULATION

All applicants will be required to provide their revenue from March 1, 2020 through June 30, 2020. In addition, they will provide their revenue information for the same time period from the previous 5 years, 2015-2019. This information will be collected using the online application and affidavit NJDEP will make available. In order to qualify for assistance, applicants who have been around for less than 5 years must have revenue history for at least 1 year prior to 2020. Applicants must give revenue information for all years in which they existed.

Each applicant may apply for funding under each of the sectors for which they are a participant. They will have to separately provide each of the sectors' fisheries-related revenue history. Each sector will be individually calculated and an applicant will receive payment for each sector in which they have seen a greater than 35% loss.

Applications will be reviewed and verified as they are received. Once the application period has closed and all applications have been reviewed, payments to all eligible participants in each sector will be calculated based on available funding in the sector relative to total reported losses for the sector. No applications will be accepted or reviewed after the application deadline. Each eligible applicant will receive a payment (P_i) equal to the ratio of available sector funding to reported losses for the entire sector multiplied by their individual reported loss:

$$P_i = \frac{Funds_s}{\sum Loss_{s,i}} * Loss_i$$

For example, if total reported losses for a sector is \$20M and that sector has been allocated \$1M in CARES funding, then each eligible applicant in that sector will receive a direct payment equal to 1/20 or 5% of their reported loss.

2. Communication Plan

MFA has created a stand-alone webpage (https://www.njfishandwildlife.com/cares_info.htm) for all CARES Act related information to ensure the effective dissemination of information to the public. The website contains basic CARES Act information, application information, a link to the application, a Frequently Asked Questions section, and links to other CARES Act related information and COVID-19 assistance programs. In addition, a CARES Act specific email address (njfisheriesaid@dep.nj.gov) has been made available to the public. The email is monitored daily in order to effectively convey accurate and timely information to those impacted on the CARES Act.

MFA is working closely with New Jersey's Shellfisheries and Marine Fisheries advisory councils to obtain feedback and insight directly from industry professionals. The councils will work in coordination with MFA to provide the commercial and recreational industries with the information that they need to apply for assistance through MFA. Small group meetings were also held with representatives from each sector to provide input on the spending plan. Once the spend plan is approved, MFA will make applications available online via New Jersey's SAGE site (<https://www.nj.gov/oag/hts/grants/SAGE.html>) and eligible entities will have to submit an application by the specified deadline.

Additionally, the MFA is keeping in close contact with State, Local, and Federal legislators and providing them with application and FAQ information to provide to constituents who may reach out directly to them.

3. Review and Appeals Process

As mentioned previously, NJDEP will be developing an online application with the assistance of an independent contractor. The online application will use the same software that NJDEP currently uses for applications for grants offered by the department, known as SAGE. Applicants will create an online portal within NJ SAGE and access the online application.

The online application will allow for a streamlined application process that ensures that all applicants and MFA staff remain safe during the COVID-19 pandemic, particularly in case of any future stay-at-home orders that may be issued.

The online application will also allow MFA to conduct automatic verifications of some of the application requirements. Automatic checks will be put into the application process for the following:

1. Confirm that all applicants hold all required permits, registrations, and licenses that are applicable to their application
2. Confirm the State of residence and/or business address of all applicants
3. Confirm that all applicants are the owners of the businesses for which they are applying.

In addition, all applicants will be checked against State and Federal lists of debarments to ensure that the applicant is eligible to receive federal and state money. The applications will be automatically checked against the Federal Database based on their DUNS number, as well as with the state and Federal treasury for any back taxes or child support that may be owed.

MFA will not hold back any money for appeals and all appeals will be completed before direct payments are calculated and distributed. Applicants will be automatically notified at the time of submission if they have met all eligibility requirements. If applicants are determined to not meet the eligibility requirements via the online application, they will be made aware that their application has gone to a manual review at the time of submission. They will also be notified that MFA will manually review their application within 5 business days and that if their application is denied, they will be notified to return to their NJ SAGE online portal to access the appeal form.

MFA staff will first do an initial manual review of the application. Once their online application is reviewed, an appeal form will be generated within the online application portal if an applicant is determined to not meet eligibility requirements. At that time, applicants will be notified to access their online profile through NJ SAGE via email. The appeal form will state the reason for denial of the application and the form will provide a box through which the applicant is able to provide a response to the denial. In addition, there will be an upload documents box so that applicants are able to provide any documentation that will support their appeal. Applicants will have 5 days from receiving notification via email to access their online profile and submit an appeal.

If necessary, MFA staff may request documentation via the appeal form from the applicant to prove that the rejection was made in error. If the applicant can prove through valid documentation that the rejection was made in error, their application will be re-processed. Valid documentation may include proof of residence, copies of permits and licenses, business ownership, or tax records.

Applicants whose appeals are determined to be unfounded will receive a letter from MFA stating the reason that their appeal has been denied. Applicants will then be provided information on how to file a claim for the appellant court if they believe that their application does meet the eligibility criteria.

The appeal process will take approximately 4 weeks from the applicant's submission of their appeal form in the SAGE online portal. The latest that an appeal will take is 24 business days from the application deadline, with 14 days for an applicant to respond to their appeal notification and 10 days for the appeal review.

Applicants may appeal MFA's decision for any reason. Examples of appeals include, but are not limited to:

1. Application was incorrectly rejected for not meeting the greater than 35% fisheries-related revenue loss
2. Applicant believes they were inaccurately placed in a tier and should have received a different payment amount
3. Bait shop applicant believes they were inaccurately rejected for not meeting the small business definition or the 75% of sales from saltwater bait & tackle sales
4. Applicant was inaccurately rejected for not being a resident of the State of New Jersey
5. Applicant was incorrectly rejected for not meeting licensing, registration, and permitting requirements.
6. Applicant was incorrectly rejected due to receiving additional government CARES Act assistance that inaccurately affected their fisheries-related revenue loss eligibility.
7. Applicant believes they should have qualified for tribal or subsistence assistance
8. Applicant was incorrectly rejected for not being the owner of the business
9. Applicant was rejected due to a clerical error inputting their application information

Due to appeals, all applicants will be notified of their direct payment award within 24 business days after the close of the application. This gives applicants 14 days to respond to an appeal notice and 10 days for appeal reviews to be completed by MFA. Appeals will be reviewed on a rolling basis in order to try to shorten this time period and attempt to get direct payments distributed before 21 days is reached.

MILESTONE SCHEDULE:

TASK	2020					2021					
	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Spend Plan Development	X	X	X								
Grant Submission & Approval				X	X						
Outreach & promotion	X	X	X	X	X						
Application Period						X	X				
App Review						X	X				
Award Disbursement by NJDEP						X	X				
Appeals						X	X				
Final review & Report to ASMFC								X	X	X	X

BUDGET:

A. Administrative Costs		
	Salary	\$50,504
	Fringe	\$23,308
	Indirect	\$16,386
	Materials & Supplies	\$3,480
	Professional Services	\$41,823
	Total	\$135,501
B. Direct Payments		
	Commercial Sector	\$6,111,458
	Recreational Sector	\$1,111,174
	Processors & Dealers	\$3,889,109
	Total	\$11,111,741

Below is a detailed breakdown of the administrative costs that will be associated with this grant. MFA will be contracting out the development of our online application. The total cost will be approximately \$41,823 and the work will include the development of a new website, the creation of an online application, and costs of the hosting of the application data. Postage and envelope costs are based on the cost of sending an estimated 2,000 applicants three separate mailings. The mailings include sending

each eligible applicant one direct payment by mail, end of year tax documentation for the grant award, and possible appeal documentation.

A.	Salaries	Salary	% time	Total
	Bureau Chief 1	\$120,127	5%	\$6,007
	Bureau Chief 2	\$110,672	5%	\$5,534
	Administrator	\$113,925	5%	\$5,696
	Fiscal Resources Manager	\$125,580	5%	\$6,279
	Assistant Biologist	\$53,324	10%	\$5,332
	Assistant Biologist 1	\$53,324	10%	\$5,332
	Assistant Biologist 2	\$53,324	10%	\$5,332
	Assistant Biologist 3	\$57,923	10%	\$5,792
	Program Specialist	\$46,646	5%	\$2,333
	Agency Services Rep	\$57,340	5%	\$2,867
	subtotal			\$50,504
	Fringe Benefits FTE (46.15%)			\$23,308
	Total FTE			\$73,812
B	Indirect Costs			Total
	22.2% Negotiated Indirect Rate			\$16,386
C.	Materials and Supplies	Cost	Amt	Total
	Postage	\$0.50	6000	\$3,000
	Envelopes	\$0.08	6000	\$480
D.	Professional Services			Total
	Online Web Application			\$41,823
	TOTAL ADMINISTRATIVE COSTS			\$135,501

The following is a breakdown of the roles of the MFA employees listed above

<ul style="list-style-type: none"> ● Jeff Brust, Bureau Chief – responsible for the creation of MFA’s spend plan and oversight/management of program.
<ul style="list-style-type: none"> ● Russ Babb, Bureau Chief – responsible for the creation of MFA’s spend plan and oversight/management of program.
<ul style="list-style-type: none"> ● Joseph Cimino, Administrator- responsible for the creation of MFA’s spend plan, online application, and oversight/management of program. Main point of contact regarding spend plan and program. ● Stephen Matis, Fiscal Resources Manager – management of the online application process and oversight of the CARES Act Funding
<ul style="list-style-type: none"> ● Matthew Heyl, Assistant Biologist – application reviewer
<ul style="list-style-type: none"> ● Lloyd Lomelino, Assistant Biologist – application reviewer
<ul style="list-style-type: none"> ● Scott Stueber, Assistant Biologist – application reviewer
<ul style="list-style-type: none"> ● Chad Power, Assistant Biologist – application reviewer
<ul style="list-style-type: none"> ● Kelly O’Neill, Program Specialist – assistance in the creation of MFA’s spend plan, creation of online application, and distribution of applications for manual review from online application
<ul style="list-style-type: none"> ● Trish Mahoney, Agency Services Rep – main point of contact between fisheries participants and the MFA