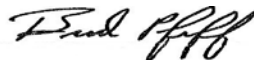


For: State and County Offices

FSFL Requirements for Aquaculture Storage and Handling

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

State and County Offices have received several inquiries from producers about aquaculture eligibility for FSFL. The Food, Conservation, and Energy Act of 2008 gave the Secretary the discretionary authority to add other commodities for FSFL eligibility. Using this authority, the Secretary added aquaculture as an eligible commodity for FSFL on August 17, 2015.

All FSFL eligible borrower requirements apply to aquaculture producers. See Notice:

- FSFL-121 for the complete list of new eligible FSFL commodities
- FSFL-125 for general eligibility requirements
- FSFL-126 for CCC-185, CCC-185-1, and CCC-185-D.

Policies and procedures included in this notice are effective immediately.

B Purpose

This notice provides:

- FSFL policies and procedures for aquaculture storage and handling
- authorization to State and County Offices to accept CCC-185's (dated 1-11-16)
- eligible components, equipment, and structures.

C Contact

State specialists with questions about this notice shall contact Toni Williams by either of the following:

- e-mail at **toni.williams@wdc.usda.gov**
- telephone at 202-720-2270.

Disposal Date	Distribution
September 1, 2016	State Offices; State Offices relay to County Offices

2 General Information on FSFL's for Aquaculture

A Eligible Species for Aquaculture Production

Aquaculture species, for FSFL purposes, are defined as any species of aquatic organism grown as food for human consumption, or fish raised as feed for fish that are consumed by humans. Aquaculture species include, but are **not** limited to:

- **Crustaceans:**
 - crabs
 - crawfish for food
 - lobster
 - prawns, freshwater
 - shrimp, saltwater
 - fin fish which include:
 - bass, hybrid striped
 - carp
 - perch, yellow
 - tilapia
 - trout

- **Mollusks:**
 - abalone
 - clams
 - mussels
 - oysters
 - scallops

- **Seaweed:**
 - kelp
 - dulse
 - laver
 - gacilaria
 - sea lettuce.

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2 General Information on FSFL's for Aquaculture (Continued)

A Eligible Species for Aquaculture Production (Continued)

For storage purposes, the eligible aquaculture species may also be:

- cut/sliced
- filet
- gutted
- ground.

Note: All applicable State laws **must** be followed by the producer for storing aquaculture in the FSFL storage facility.

B Aquaculture Species Not Listed as Eligible for FSFL

For aquaculture species **not** currently identified as eligible for FSFL's and the need has been determined by STC, the State Office shall prepare a written document to justify the addition of the species and e-mail to Toni Williams at toni.williams@wdc.usda.gov.

The justification document should, at a minimum, provide the following:

- general information about the aquaculture species, including its use
- storage need
- market for the requested species.

3 Storage Need Requirements for Aquaculture

A Determining the Aquaculture Storage Need

For a producer to be considered eligible for an aquaculture FSFL, COC **must** determine the producer owns or has leased property with readily identifiable boundaries to produce the eligible aquaculture species for at least 30 calendar days.

Applicants **must** show a need for the aquaculture capacity as determined by the following formula and information in this paragraph.

Aquaculture species are perishable commodities and their quality can only be maintained for a limited period of time. Cold storage facilities can extend this period of time, but in **no** case will a cold storage facility maintain the quality of aquaculture for longer than 1 year.

The aquaculture storage capacity need will be determined based on production for 1 year.

3 Storage Need Requirements for Aquaculture (Continued)

A Determining the Storage Need (Continued)

County Offices may determine the need for aquaculture cold storage by either of the following:

- producer's share of up to the 3 most recent FSA-578's
- verifiable information to determine a 3-year average that may include, but is **not** limited to:
 - actual yields
 - actual production records
 - records of sales, volume sold, or other business records that can be extrapolated to demonstrate cold storage need
 - production shares as part of a community-supported agriculture business.

A COC-determined reasonable 1-year acreage and yield projection may be used instead of an average for any the following:

- newly acquired aquaculture farms
- eligible aquaculture species being grown for the first time
- cases where disasters adversely affect the average production of the aquaculture species.

For questionable situations, State Offices shall contact Toni Williams by e-mail at toni.williams@wdc.usda.gov.

Notes: In most instances, using the aquaculture producer's actual yield and production records provides better information for calculating the producer's cold storage capacity need.

Non-traditional aquaculture such as, but not limited to, prawns and shrimp, which may need specific STC-established guidelines for storage eligibility.

3 Storage Need Requirements for Aquaculture (Continued)

B Determining the Aquaculture Storage Need

COC's may:

- determine if the applicant's production/yield for aquaculture is reasonable using guidance in subparagraph A
- use practical knowledge of the producer's aquaculture farming business when determining a reasonable yield.

C Determining the Capacity of the Aquaculture Structure

The capacity of the proposed aquaculture storage structure can be obtained from the manufacturer of the storage facility. When determined necessary and upon request, the applicant shall provide this information to the County Office.

4 Types of Structures and Equipment Eligible for Aquaculture Storage

A Eligible Structures

FSFL-financed structures for aquaculture must be used for the purpose for which constructed, assembled, or installed for the entire FSFL term.

Aquaculture storage facilities, with a useful life of at least 15 years, and eligible for FSFL's include the following:

- a new facility of wood pole and post construction, steel or concrete, and suitable for storing aquaculture products produced by the borrower
- new walk-in prefabricated, permanently installed cold storage coolers that are suitable for storing the producer's aquaculture products
- permanently installed uptake and discharge re-circulatory systems that are only used for storage and handling of aquaculture products produced by the borrower.

FSFL's are **not** authorized when the permanently affixed holding or storage structure will have uptake or discharge water that comes from natural sources, tributaries, coastal and ocean waters, or perennial waterways.

Note: A National environmental impact assessment is required for the FSFL program before FSA can authorize uptake or discharge water that comes from natural sources, tributaries, coastal and ocean waters, or perennial waterways. FSA is currently making preparations to have the National environmental impact assessment completed.

FSFL's are **not** authorized for aquaculture production and feeding systems.

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4 Types of Structures and Equipment Eligible for Aquaculture Storage (Continued)

A Eligible Structures (Continued)

FSFL eligible storage structures for aquaculture must be built:

- of such quality that the structure can be insured
- to protect the aquaculture from contaminants
- to support local climate conditions for the area.

Aquaculture storage facilities must be built according to acceptable design guidelines from the manufacturer, NIFA, or land-grant universities.

B Eligible Components

Eligible permanently affixed equipment necessary for an aquaculture storage FSFL may include the following:

- baggers
- boxers
- cement flooring
- ice machines
- circulation fans
- cold dip tanks
- dumpers
- conveyors
- filler tanks
- hydro-lifts
- hydro-coolers
- graders

4 Types of Structures and Equipment Eligible for Aquaculture Storage (Continued)

B Eligible Components (Continued)

- sizers
- refrigeration units
- electrical equipment, such as lighting, motors, and wiring integral to the proper operation of an aquaculture storage facility
- roller spray units
- misters/sprinklers
- sorting bins/tables
- washers
- weight graders
- blast freezers
- up-wellers
- hot water heater
- water filtration equipment
- food safety-related equipment (sanitizing or pre-washing filler tanks)
- sheds.

Notes: The area of a structure required to house eligible handling equipment is eligible, in addition to the storage space.

All eligible components financed with FSFL funds must be insured.

If there are components and/or equipment not listed, contact Toni Williams, according to subparagraph 1 C for guidance.