

Proposal Outline

A RESTORE Act Funding Proposal

Executive Summary

In May, 2013, the Gulf Coast Ecosystem Restoration Council, comprised of the Governors of the five Gulf states and the heads of six federal agencies with jurisdiction over the *Deepwater Horizon* spill and subsequent restoration efforts, issued a document entitled Draft Initial Comprehensive Plan: Restoring the Gulf Coast's Ecosystem and Economy, along with a companion environmental impact statement.

Per analysis of the Draft Initial Comprehensive Plan (DICP), the SunCoast Heritage Seafood Company is respectfully applying for a grant of \$2,000,000 from the funds that will flow to Manatee County through the Direct Component: 35% of the CWA fine monies divided equally among the five Gulf Coast states to be awarded at their counties' discretion for the purposes stated in the DICP.

Those purposes are: ecosystem restoration, economic development and tourism promotion.

SunCoast Heritage Seafood Company (SCHS) is proposing that the grant be applied to seed and operating capital of a business venture with the following mission statement:

Sun Coast Heritage Seafoods is committed to sustainable harvesting of the region's heritage marine resources, conserving and protecting marine species and habitat, and generating a high level of public benefit through retained value products and good jobs.

SCHS believes that its intended project will meet three of the five core criteria set forth in the DICP:

2. Restore Water Quality
3. Replenish and Protect Living Coastal and Marine Resources
5. Restore and Revitalize the Gulf Economy

Three major events have had a profound, and near-fatal, impact on the historic and traditional commercial fishing industry of Manatee County, specifically the old fishing village of Cortez, where rusting shrimpers, longliners and stone crabbers still bob at their docks. The last, the BP spill from the *Deepwater Horizon* rig, virtually ended national and international demand for Gulf seafoods, leaving only the small local markets of aficionados and restaurant chefs.

Because Cortez fishers had been selling their catch through traditional distribution networks, i.e. to lowest-price primary wholesalers, the community had already been running on the ragged edge of poverty when the spill struck. There was little leeway remaining for the community.

Born of a longtime love for the village of Cortez, and out of outrage at the waste of high-quality food during a historically strong mullet run in 2011/2012, SunCoast Heritage Seafood was formed by co-founders Ed Chiles and Seth Cripe with Ted LaRoche to create a new business paradigm for the Gulf commercial fisheries. The core principle is that the treasured marine resources that have sustained generations of Florida residents, as well as seafood lovers around the world, are a regional patrimony, a legacy – a heritage – that can be managed sustainably and retain far more value in the community through processing to the end-user level and selling to connoisseurs around the world at far better prices.

The two main species – for now – are grey striped mullet and Sunray Venus clams. Mullet roe, with a modest amount of processing, yields an exquisite delicacy that is prized in the Mediterranean basin and throughout Asia. Known as Bottarga in the Mediterranean, and Kirasumi in Asia, the dried, salted and pressed roe of the Cortez sandy-bottom grey striped mullet – virtually unknown in the U.S. – is generally regarded as the best in the world, a much sought-after flavor added to many dishes in homes and in the finest restaurants.

The Sunray Venus clam, which is native to these waters, but has never grown in sufficient population density to sustain wild commercial harvest, has after years of research and trial-and-error yielded its secrets and can be grown in wild aquaculture on leased bay bottom. It is probably the best-tasting, most tender clam of all, with the best meat-to-shell ratio. And unlike most clams, it freezes well while retaining its spectacular flavor.

In the following proposal, we make our best case for transforming, in three years, a \$2,000,000 grant into \$5,000,000 of direct spending in the immediate community, along with another \$30,000,000 in multiplier benefits, while helping to restore the vitality of the local commercial fishing communities and ensuring the sustainability of the species.

Introduction and request for funds made available through the RESTORE Act

The SunCoast Heritage Seafood Co., LLC, (SCHS) respectfully submits this proposal to Manatee County for a grant of \$2 million in economic development capital, over three years, pursuant to the Direct Component of the Gulf Coast Ecosystem Restoration Council's Draft Initial Comprehensive Plan (May 2013).

We believe that the following proposal will demonstrate a strong functional nexus with three of the five goals established by the Council:

2. Restore Water Quality

- a. Millions of clams in cultivation will filter the waters of Manatee County.
- b. By capturing the entire stream of inevitable fish waste during mullet runs and routine commercial fishing operations, and diverting it to the manufacture of organic compost and fertilizer, we will increase dissolved oxygen in Gulf and Bay waters and sustain the scenic values of the Gulf Coast for visitors and residents alike.

3. Replenish and Protect Living Coastal and Marine Resources

- a. By partnering with regional scientific institutions and agencies, SCHS will be setting its own catch limits with the specific intent of maintaining vibrant resource stocks. Subsequent monitoring will ensure that the limits are effective.
- b. By ensuring that there are established markets for every last ounce of fish, bivalve and bycatch, SCHS will prevent future waste events such as occurred during the mullet run of 2011-2012.
- c. Bypassing the primary-wholesale level and adding value to the heritage stocks of the region, SCHS will effectively reduce fishing pressure on resources. There will be challenges enough on land, processing, packaging, storing shipping and re-planting, as well as experimenting with new products and methods.
- d. Fecal matter from acres of fast-growing clams will naturally encourage the growth of seagrasses, enhancing the nursery habitat values of the Bay bottom and promoting the reproductive success of important food fish that spend the early stages of their lives in the bays and saltwater tributaries.

5. Restore and Revitalize the Gulf Economy

- a. This proposal describes a pathway to 200-500 new jobs within ten years for SunCoast Heritage Seafoods alone.
- b. This proposal establishes an innovative blueprint for sustainable commercial fisheries throughout the region, thereby offering the possibility of replicating its environmental and societal benefits.

At a time when over 50% of the world's seafood is intensively farmed, with major environmental and human health impacts, the challenge we have undertaken, and ask Manatee County to help capitalize, is to reinvent commercial fishing and bivalve harvesting with the high-concept of sustainability undergirding everything we do. We will create a blueprint for sustainable and profitable commercial seafood operations everywhere in the region, elevating the profile of the region's heritage marine species and products, and shifting the commercial fishing business model from commodity markets and primary-wholesale pricing to adding value, creating high-quality products locally and thereby retaining revenues, creating jobs, and strengthening the region's fishing communities' links to their cultural heritage.

The Sun Coast region is home to some of the most desirable and healthy marine products anywhere, and every product package SCHS sells will have a flyer telling the story of our Gulf Coast region, and why we call it Heritage seafood.

SCHS, already strongly associated with the restaurant business through its co-founder, Ed Chiles, has been establishing itself in value-added production and marketing with co-founder Seth Cripe's LOLA Winery and the Anna Maria Fish Company's bottarga, small-batch craft-made locally from grey striped mullet roe for high-end restaurants and export. Anna Maria Fish Company is the only USDA certified Bottarga manufacturer in the United States. Millions of pounds of bottarga, of varying quality, are produced in communities adjacent to Mediterranean and Asian waters, and yet our local grey-striped mullet command a premium because their roe makes the best quality bottarga.

A pound of this high-quality roe that sells for \$10-12 at a Cortez dock, after a few days of curing and packaging overseas, becomes savory bottarga that wholesales for \$100 per pound. That \$90 per pound differential is the value-added that, once retained locally over hundreds of thousands of pounds, will inject tens of millions into the local economy every year, in perpetuity, once Sun Coast Heritage Seafoods innovative new model is established. The Gulf exports approximately 700,000 pounds of roe annually. If SCHS captures and processes every ounce of Gulf production, we would have, at best, 20% market share. What we are seeking to do is both feasible and economically sound. Ten years from now, if every ounce of Gulf grey-striped mullet production is made into bottarga for export, over \$70 million will have been retained in the region's economies, along with the 7X (sevenfold) economic multiplier used to calculate the social benefit of a dollar circulating in a community.

Another distinctive local species, found nowhere but the Gulf Coast of Florida, is the Sunray Venus clam, one of the best-tasting clams found in our oceans. The Sunray is tender, succulent and flavorful, perfect raw, steamed, in pasta alla vongole or clam chowder. Any culinary application for any clam works as well or better with Sunray Venus clams. They are ready to harvest in a year, and perhaps most importantly, they freeze well. No other clam can make that claim. Hence, the Sunray Venus will compete in a global market. There are currently enough clean-water commercial clam-growing leases immediately available to produce 6 million clams by year two, wholesaling for \$1,300,000. Within ten years, on just eighty acres of bivalve leaselands, \$13 million per year in wholesale sales can be generated.

Sunray Venus clams have been enjoyed by the region's residents for years, but did not prove to be resilient enough or populous enough to stand up to the standard model of commercial harvesting: take all you can get till there is no more. But a managed farming system, with orders filled on a day-by-day basis from a finite area of cultivation, can be sustained indefinitely, even surviving a red tide event because the crop can be frozen.

We will leave behind thousands of clams on our leased underwater lands, to spawn naturally and hopefully re-establish a wild population. Hatchery clams and farmed clams are genetically identical to their wild cousins.

Many other Gulf Coast heritage products will be developed, produced, marketed and shipped by SCHS. They are listed below in the Business Plan & Economic Benefits section.

Nobody wants to talk about pollutants in fish. But the facts are incontrovertible, and consumers are increasingly being made aware of chlorinated hydrocarbons (PCBs, dioxins, furans) and methylmercury in fish. Maybe children and women of child-bearing age should, as the fish advisories so state, limit their consumption of the apex predators and pelagic carnivores, such as tuna, salmon, sword, halibut and others. *But mullet, oysters, clams scallops, shrimp and octopus are all rated as "low" or "very low" by the EPA.*

SCHS heritage seafoods are therefore among the healthiest, undetectably low in toxins and rich in protein and omega-3 oils. Our products will be goodwill ambassadors for the historic fishing village of Cortez and the Manatee County coastal region.

Vision / Mission statement

Sun Coast Heritage Seafoods is committed to sustainable harvesting of the region's heritage marine resources, conserving and protecting marine species and habitat, and generating a high level of public benefit through retained value products and good jobs.

Born of outrage that was shared around a table at the Mar Vista restaurant during the massive mullet run of 2011-2012, that overwhelmed the local fish handling infrastructure, Sun Coast Heritage Seafoods combines the activist ethics of a nonprofit organization with its principals' decades of accumulated business expertise. Tapping into a wide circle of advisers from the business, government, environmental and commercial fishing sectors, SCHS has developed a formula to prevent the sort of overwhelming wastage of marine resources that occurred in 2011-2012, when Sarasota Bay was carpeted with fish carcasses and the pristine Gulf beaches had fish bodies building up in windrows, driving tourists and their revenues to other venues.

SCHS will harvest wild-caught products wherever possible, and will farm where necessary (e.g. Sunray clams), in locations with clean water where the animals can filter-feed on naturally-occurring plankton, as in nature. Water passing over the clam beds will be measurably clearer and cleaner,

SCHS will bypass the customary primary-wholesale distribution routes in favor of producing and marketing value-added products, e.g. products that can sell directly to consumers, ready for the kitchen or table. The experimentation, processing, production and packaging needed to bring these products to market will be done in strategically-sited local FDACS food-certified facilities, hand-crafted under strict quality control.

SCHS will identify and seek out global markets for export, starting immediately.

SCHS will strive continually to reduce its carbon footprint, with the goal of becoming carbon-neutral. Employees with local addresses will be favored, both to keep the jobs local and to reduce commuting time. Alternative energies, clean fuels, high-efficiency appliances and fuel-efficient vehicles will be built into the company's everyday operations.

SCHS will promote the region as a destination, support the commercial fishing heritage of the region, and promote Gulf seafood. Every product sold will feature a flyer or other document attesting to the company's ethics, and its belief in the region's quality of life.

No chemicals, hormones or GMOs will be used in any SCHS products.

SCHS will be an active partner in the Sarasota Bay bay scallop restoration initiative, along with Sarasota Bay Watch, Mote Marine Laboratory, Sarasota Bay Estuary Program, Bay Shellfish Co. and others. We initiated our participation by contributing one million scallop spat that were carefully introduced to Sarasota Bay waters by the bay scallop partners in August, 2013.

Mullet enjoy very wide acceptance around the world, but in the U.S. mullet are still perceived as too flavorful. We believe that we can convert consumers with strategic placement of our products in fine restaurants nationwide and garnering earned media on a national scale.

We will also promote mullet by highlighting its health and nutritional values versus farm-raised fish:

Wild-caught mullet and wild-farmed Sunray clams have virtually no PCBs, mercury or other toxins, while farm-raised salmon has seven times the PCBs of wild-caught.

Farmed salmon are fed chemicals to give them color.

Farmed salmon are fed pellets of chicken waste, chicken feces, corn meal, soy, genetically modified canola oil and other fish containing concentrations of toxins.

Farmed salmon are administered antibiotics at higher levels than any other livestock.

They have less omega 3's due to lack of wild diet

Background / Problem statement

On a local level, the Gulf Coast of Florida has suffered a hard economic blow from the BP oil spill at the *Deepwater Horizon* well. A historic legacy of commercial fishing that dates back to the original Native American inhabitants, who shared their knowledge with early European visitors, is in danger of being lost. Following on long-term overfishing and a net ban intended to restore fish stocks, the BP spill feels like strike three, and the ties between man and water are in danger of being cut. Once lost, the link may never be recovered. The values of self-sufficiency, independence and matching wits with the elements are vital components of our cultural identity, history and society, and their preservation is in many ways as important as the environmental and economic benefits.

Globally, fully fifty percent of the seafood on the world's tables is farmed, and often outright unhealthy. Many wild foodfish species have been fished to the brink of population collapse, their habitat destroyed by heavy ground gear and ghost nets that drift the world's oceans for years, killing indiscriminately. Millions of tons of bycatch hauled up by draggers is shoveled over the side, and some species, such as American shad, have been decimated as bycatch of other targeted species.

This sort of wild-west overfishing results in failing stocks, which has had a deleterious impact on commercial fishing fleets, including our own small fleet in Cortez. Hurt first by diminishing stocks, then by the net ban of 1995, the small historic fishing village is now a victim of the perceived threat of oil-tainted fish after the *Deepwater Horizon* oil spill. The fact that the oil spill never came close has not prevented possibly irreparable damage to the economy and cultural integrity of Cortez.

The traditional economic model of commodity pricing and selling to primary wholesalers has left the village of Cortez with very little economic resiliency, while enriching overseas interests. This sort of model follows an enduring neo-colonial pattern that persists in developing nations that, desperate for cash, sell off their patrimony—metal ores, forests, oil and gas reserves—to developed nations for a pittance. Fortunately, most of the marine resources landed at Cortez are ultimately renewable, and will provide a lasting foundation of cultural and economic strength we refer to as heritage.

Our mission is to nurture the evolution of commercial fishing into a more sustainable model of stewardship, and help bring those heritage resources back to

health, retaining value at every step of every process. The village has suffered grievous harm, but to the greatest extent possible we will factor Cortez into our business plan as a resource for labor, housing for processing, access to water and refrigeration, and as a shipping point of origin.

Comprehensive Long-Term Products List

(Priority sequence in parentheses)

Mullet

Bottarga (1)

Whole

Filletts (2)

Smoked

Fresh

Frozen

Smoked mullet dip/spread (sandwiches, appetizers, snacks) (2)

Seasoned/marinated/herbed mullet dip/spread (2)

Canned (2)

Bottled (refrig) w seasonings, onions, like herring

Pickled

Octopus (bycatch of the stone crab fishery) Rare delicacy (5,000 lbs year) (2)

Slow-simmered to tenderize

Pickled, seasoned, frozen, canned, bottled (refrig.)

Smoked

Fresh

Sunray Venus Clams (1)

Whole, fresh (1)

Whole, frozen (2)

Shucked, canned (refrig) (3)

Shucked, frozen

Shucked, in white wine sauce

Shucked, in marinara sauce

Fertilizer, organic (1)

Made from waste mullet, other species (outsourced to existing processor, private-labeled)

Suitable for use during Sarasota summer fertilizer ban

Lawns, gardens, trees, shrubs, landscape

Fish oil? (4)

Bulk, presumably, possibly raw, to be filtered and purified at capsule mfr.

Other Gulf of Mexico and Sarasota Bay seafood, by special order (4)

- Amber jack
- Stone crabs
- Grouper
- Snapper
- Shrimp
- Oysters
- Pelagic species, e.g swordfish

Siberian Sturgeon caviar (supplied by Mote Marine Laboratory Aquaculture Park)
(1)

Business Plan & Economic Benefits

Principals:

Seth Cripe, a Florida native, founded Anna Maria Fish Company with an activist's perspective, to help support his friends and family's way of life as fishermen, and preserve it for the livelihood and enjoyment of future generations, while upholding their cultural integrity and simultaneously increasing economic development in the Florida gulf region. Like Napa Valley LOLA wines, also founded by Seth, AMFC's products are terroir-driven and focused on purely expressing a natural item with minimal manipulation-only what is necessary to get it to its final state. "Our ultimate goal," says Seth, "is to understand how people interact with their environment in general and consider how this interaction may become more sustainable."

Ed Chiles, co-founder of AMFC, son of former Florida Governor Lawton Chiles, is also a Florida native, and has lived on Anna Maria Island since 1978. He has been described as a "philanthropist, generous entrepreneur, community nice guy and savior, and smiling handsome engaging son of Florida's favorite political hero." Ed has two adult daughters, Ashley and Christin, and resides in Anna Maria. He is an avid fly-fisherman and hunter who also enjoys surfing and kayaking. He is the owner and CEO of the Chiles Group, operating the Sandbar, Beach House and Mar Vista restaurants on Anna Maria Island and Longboat Key. Ed is the managing partner for the Pine Avenue Restoration project in the City of Anna Maria. He serves on numerous boards in Manatee County.

Ted LaRoche (need bio)

Functional Partners:

- Curt Hemmell, Bay Shellfish Co. (bio)
- Karen Bell, A.P. Bell Fish Company (bio)
- Michael Crosby, Mote Marine Laboratory (bio)

Staff:

Andre Mele, Project Manager, a former builder of fine wooden boats, Executive Director of Hudson River Sloop Clearwater, and author of *Polluting For Pleasure*, (W.W. Norton, 1993). He has an MS in environmental science, and has been an institutional development consultant and writer since 1996.

Year One: 2013-2014

Primary Objectives:

1. Increase bottarga production to 10,000-20,000 lbs, sufficient to justify opening exploratory export markets in Israel, Italy, Taiwan.
 2. Seed two acres of underwater lease lands with 1.3 million Sunray Venus clams.
 3. Set up offal catchment system, stream to organic fertilizer production, explore markets for product (donate to area CSAs for product trials)
1. Increase bottarga production. Will require clean facilities certified for food handling and production per FDACS, estimated at 1,000-2,000 air-conditioned square feet, including walk-in cooler space, freezer space, storage for salt, racks and tables, production space for pressed stacks. [Note: Possible dual production run: one done with fresh mullet roe in a burst of activity during January, and another sustained run throughout the year using frozen roe. Two tiers of pricing, higher for fresh.]

10,000 lbs

\$40,000 for production space, equipment, modification (becomes a maintenance charge in future years, \$8,000/yr.)
 \$10,000 labor to prepare space, install, clean, paint, etc.
 \$15,000 for labor (3 person-shifts @ \$120, plus FICA etc. X 30 days)
 \$140,000 for 13,000 lbs wet roe (loses 30% of weight during processing)
 \$20,000 Travel, lodging, other market recruitment expenses
 \$60,000 Packaging, marketing, fulfillment
 Total expenses: \$285,000

Gross revenues: 10,000 lbs X \$80 wholesale = \$800,000
 (Split streams wholesale and retail @\$120, 50-50: \$1,000,000)

Net ROI Year One Bottarga @10,000 lbs = \$515,000
 (Split stream wholesale/retail \$715,000)

20,000 lbs

\$60,000 production space
 \$15,000 labor to prepare space
 \$30,000 production labor (6 person-shifts/day X 30)
 \$280,000 for 26,000 lbs. wet roe

\$25,000 Travel etc. market recruitment
 \$120,000 Fulfillment
 Total expenses: \$530,000

Gross revenues: 20,000 lbs X \$80 = \$1,600,000
 (split stream wholesale/retail: \$2,000,000)

Net ROI Year One Bottarga @ 20,000 lbs = \$1,070,000
 (split stream wholesale/retail \$1,470,000)

Jobs created:

1-2 full time, year round in order fulfillment
 3-6 one month intensive production (no frozen product)
 1-2 full time year round in frozen roe production and packaging
 2.25 – 4.5 FTE

2. Seed Two Acres of clean-water underwater bivalve lease lands

\$30,000 seed costs
 \$4,000 lease cost
 \$11,000 Field planting equipment, deployment on leases
 Unknown – FDACS or USDA crop insurance
 \$5,000 periodic inspections, repairs, upper net and algae removal
 \$35-45,000 clam harvesting boat, tumbler, hookah setup and dredge
 \$20,000 Marketing, market recruitment
 \$5,000 Crew hiring and early training
 \$3,000 Clam bags, other misc. equipment
 Unknown: Curt Hemmell

Total expenses \$113-123,000

First-year revenues: \$0

[Note: Harvest begins when clams are one year old. Therefore, revenue stream begins early in Year Two. Equipment expenses in Year One do not repeat in Year Two. A maintenance charge will be applied instead.]

Jobs created:

2 FTE, between planting, inspection, outfitting, training

3. Organic Fertilizer production

[Note: I have not gotten a return call from Organic Dynamics.]

All costs unknown, TBD:

Learn how the stuff is made, how it looks, smells, feels, functions.
 Learn about private-labeling, production and bagging costs,
 distribution, points of sale. Market recruitment.
 Identify sources of fish waste.

Set up collection points, methods of intercepting and appropriating the waste stream.

Assure timely removal and replacement of containers.

Shipping and payment.

Jobs created: TBD

Year Two: 2014-2015

Primary Objectives:

1. Secure Bottarga markets, expand to 50,000 lbs.
2. Harvest first year crop of Sunray Venus clams, replant, expand to four acres (3 million clams).
3. Secure fertilizer markets, debug the system. Ensure supply. Expand or contract to absorb fish waste from target area, so none goes in the water.
4. Set up experimental kitchen and canning/bottling/smoking skunk works.

1. Expand Bottarga Production to 50,000 lbs. Assume 50% frozen.

\$60,000 additional production space or expansion

\$15,000 labor to prepare space

\$8,000 maintenance of first production spaces

\$40,000 fresh production labor (8 person-shifts/day X 30)

\$40,000 frozen production labor

\$792,000 for 72,000 lbs. wet roe

\$25,000 Travel etc. market recruitment

\$180,000 Packaging and fulfillment

Plan Year Three production strategy. Consolidate? Expand?

Total expenses: \$1,160,000

Gross revenues: 50,000 lbs X \$80 = \$4,000,000

(split stream wholesale/retail: \$5,000,000)

Net ROI Year One Bottarga @ 50,000 lbs = \$2,840,000

(split stream wholesale/retail \$3,840,000)

Jobs created:

7 FTE

2. Harvest First Year's Crop of Sunray Venus Clams (harvest to order)

\$60,000 seed costs

\$8,000 lease cost

\$20,000 Field planting equipment, deployment on leases

Unknown – FDACS or USDA crop insurance

\$8,000 periodic inspections, repairs, upper net and algae removal

\$10,000 maintenance, mods to clam harvesting boat, tumbler, hookah setup and dredge

\$10,000 fuel and oil

\$20,000 Marketing, market recruitment

\$80,000 Salary for one supervisor, one crew, w/ FICA etc.

\$5,000 Clam bags, other misc. equipment

Tumbling/washing, grading, bagging, tagging, storing, uploading included in crew costs above

Unknown: Curt Hemmell

Total expenses: \$221,000

Gross revenues:

1.5 million clams – 27% average mortality = 1,095,000 X 0.21 avg
wholesale per clam = \$229,950

Jobs created:

2 FTE

3. Secure fertilizer markets, debug and refine system
Expenses and revenues unknown, TBD

Jobs created: TBD

4. Set Up Experimental Kitchen and Production Process Skunk Works
To be carried out by principals and family, with friends and restaurant customers as focus groups.

Expenses: \$10,000

Revenues \$0

Year Three: 2015-2016

Primary Objectives:

1. Stabilize and consolidate Bottarga markets, production, expand as appropriate, decision to be made in year two with current information.
2. Expand Sunray clam plantings to 8 acres (6 million clams)
3. Introduce new products, TBD based on taste tests, packaging, numbers.

1. Stabilize and Consolidate Bottarga Markets and Production
TBD – Maintain Year Two levels, at a minimum.

Expenses: \$1,160,000

Net revenues: \$2,840,000

Jobs: 7 FTE

2. Expand Sunray Venus clam plantings to 8 acres.

\$120,000 seed costs

\$16,000 lease cost

\$35,000 Field planting equipment, deployment on leases

Unknown – FDACS or USDA crop insurance

\$10,000 periodic inspections, repairs, upper net and algae removal

\$10,000 maintenance, mods to clam harvesting boat, tumbler, hookah setup and dredge

\$20,000 fuel and oil

\$20,000 Marketing, market recruitment

\$125,000 Salary for one supervisor, two crew, w/ FICA etc.

\$10,000 Clam bags, other misc. equipment

Tumbling/washing, grading, bagging, tagging, storing, uploading included in crew costs above

Total expenses: \$366,000

Gross revenues: 6,000,000 less 27% mortality = 4,380,000 X 0.21=\$919,800

Net revenues: \$553,800

Jobs: 3 FTE

3. Introduce New Products

TBD

Public benefits (e.g. jobs, great press for area, multipliers, environmental benefits, commercial fishing heritage, healthy food, organic fertilizer Sarasota compliant)

After three years of operation, SCHS will have generated ten new jobs, not including the commercial mullet fishers from whom we buy. It will have consolidated its position during year three, will be poised for a second round of growth, and could reasonably employ 20 within one more year, 50 by Year Five.

Our impact on the commercial fishing industry will be felt, as we train fishers in best practice for sustainable harvesting, freshness, and a waste-free marine harvest environment. We hope that the Cortez community will sense a light at the end of the tunnel, and will be encouraged to adopt our business model as a new economic and social paradigm.

With a total of almost \$5,000,000 in capital and operating expenditures generating gross revenues of \$10,000,000-12,000,000, much of which is slated for re-investment, the economic impact on Manatee County should be very positive. From

commercial fishing to construction jobs, product processing, clam farming, repair and maintenance, packaging and shipping, the effect will be felt throughout the community. Assuming a standard multiplier of 7 for economic benefits of a dollar circulating in a community, benefits should amount to tens of millions.

Thousands of customers around the world will have learned about the clean, azure waters of the Gulf and Bays in our region, and the white powdered-sugar beaches that line our barrier islands. In search of a healthy environment, with the added social values of arts and culture as an attraction, the impact of this “guerilla marketing” should be felt as an increase in tourism revenues.

Homeowners in the Sarasota Bay watershed will be able to enjoy their lush landscaping and Florida yards even more with the application of our Sarasota-compliant organic fertilizer, available at garden supply stores and departments throughout the region, with no runoff, and no adverse impact on water quality.

Acres of filter-feeding clams will help clean the waters in the northern bays of Sarasota Bay, and the vital nursery functions of seagrass beds will have been increased, contributing to increases in gamefish, and therefore sportfishing tourism. With the goal of having 80 acres planted with Sunray Venus clams, there may well be dozens of new acres of seagrass.

Perhaps most important, our products and the region from which they come will be positively associated with healthy, protein-rich, delicious foods that are virtually free of pollutants, on the cutting edge of culinary trends.

Budget Timeline

Quarter	Year	\$ Cash Out	\$ Revenues in
3	2013	50,000 Bottarga prod. space acquisition (if rented) and preparation	
		45,000 clam seed, lease, planting	
		Total for quarter: \$95,000	0
4		280,000 Roe (wet)	
		15,000 Bottarga labor	
		Total for quarter: \$295,000	0
1	2014	\$10,000 Fertilizer bags, printed	
		10,000 Market recruitment travel, lodging	\$500,000 Bott orders
		25,000 Packaging, fulfillment	
		1,500 clam inspections, repairs	
		35,000 clam harvest boat	
		Total for quarter: \$82,000	\$500,000
2		15,000 order fulfillment	\$300,000 Bottarga
		15,000 Hookah, tumbler, dredge gear	

		built, bought, installed, tested	
		1,500 clam inspections, repairs	
		Total for quarter: \$31,500	\$300,000
3		10,000 order fulfillment	\$200,000 Bottarga
		20,000 market recruitment	
		5,000 clam bags, etc.	
		5,000 trials, mods to clam harvest boat	
		22,000 clam crew salary, fuel	\$70,000 clams
		10,000 maintenance, mods to Bottarga space	
		20,000 new crop seed & plant	
		8,000 4-acre lease	
		Total for quarter: \$100,000	\$270,000
4		10,000 order fulfillment	\$200,000 Bottarga
		20,000 new crop seed & plant	\$70,000 clams
		22,000 clam crew salary, fuel	
		792,000 Roe (72,000 lbs wet)	
		40,000 Bottarga production labor (fresh)	
		25,000 market recruitment	\$2,000,000 bott orders
		Total for quarter: \$909,000	\$2,270,000
1	2015	90,000 packaging and fulfillment	\$700,000 bott orders
		22,000 clam crew salary, fuel	\$50,000 clams
		20,000 Bottarga production labor (frozen)	
		20,000 New clam crop seed & plant	
		Total for quarter: \$152,000	\$750,000
2		8,000 Maintenance, mods Bottarga space	\$700,000 Bottarga
		20,000 New clam crop seed & plant	\$40,000 clams
		22,000 clam crew salary, fuel	
		50,000 fulfillment	
		10,000 Bottarga prod labor (frozen)	
		16,000 8-acre lease	
		Total for quarter: \$126,000	\$740,000
3		20,000 fulfillment	\$600,000 Bottarga
		40,000 new clam crop seed & plant	\$200,000 clams
		10,000 Bottarga labor (frozen)	
		44,000 clam crew salary, fuel	
		10,000 New clam bags, nets	
		10,000 Skunk Works kitchen	
		Total for quarter: \$134,000	\$800,000
4		40,000 new clam crop seed & plant	\$200,000 clams
		20,000 fulfillment	
		44,000 clam crew salary, fuel	
		60,000 OPTIONAL Expand Bottarga	

		production facilities if circumstances warrant	
		792,000 roe (wet) if at Yr. Two levels OR:	
		1,600,000 roe if doubled to 100,000 lbs.	
		40,000-80,000 Bottarga labor (fresh)	\$2-4,000,000 Bottarga orders
		Total for quarter: \$936,000 - 1,828,000	\$2,200,000 - 4,200,000
1	2016	20,000 - 40,000 Bottarga labor (frozen)	\$60,000 clams
		44,000 clam crew salary, fuel	
		40,000 new clam crop & plant	
		90,000-180,000 Pkg/fulfillment	\$1,000,000-2,000,000 Bottarga orders
		60,000 second clam boat w/ gear	
		Total for quarter: \$254,000 - 364,000	\$1,060,000 - 2,060,000
2		20,000-40,000 Bottarga labor (frozen)	
		44,000 clam crew salary, fuel	
		40,000 new clam crop & plant	
		50,000 - 100,000 pkg/fulfillment	\$1,000,000-2,000,000 Bottarga orders
		32,000 16 acre lease	\$200,000 clams
		Total for quarter: \$186,000 - 256,000	\$1,200,000 - 2,200,000

Deliverables, measurement of progress, success

For business purposes, the success of the enterprise can simply be measured by its profitability, and its adherence with the business plan. Like most business plans, it is a living document and will change to reflect the many variables that will have an impact on a business so dependent on weather, the life-cycles of species, and a steep technical learning curve coupled with a challenging set of philosophical goals.

We will measure our success by profits, but also by how well we have kept to our stated ethical positions (above) as related to the environment, the region, the commercial fishing heritage of Cortez and the region, and our high-quality and innovative products. We will pay particular attention to how much economic value we retain for the region through the processing and packaging of our products for market levels at or close to the end-user.

For Manatee County, our deliverables are fivefold:

1. Jobs
2. Revenue
3. Good PR for the county and the region.
4. A positive impact on the economy and culture of Cortez
5. A positive impact on the commercial fishing industry of the Gulf Coast

We anticipate having created 20-25 jobs by the end of Year Three, if we follow the more aggressive pathway, rapidly climbing to 50 in Year Five. By the end of ten years, we hope to have more than 200 full and part-time employees. Revenues to the County will flow fairly predictably from the economic impact of those 200+ employees, most of whom will be selected and/or encouraged to be Manatee County residents for purposes of keeping the carbon footprint low.

We may not be equipped to track the direct impact of our efforts to promote the quality of life in Manatee County and the Sarasota Bay watershed, but we can measure and report the numbers and types of materials that go out with our products, and the earned media we receive, to calculate the number of exposures and web hits we generate. We will work with Manatee County public relations staff to design the pieces, update them, and keep them consistent with Manatee County's message.

To the extent that we can fold the people of Cortez into our operations, as fishers, processors, builders, mechanics and clammers, SCHS will have a noticeable impact on that small but historically significant community. The impact should manifest as fewer foreclosures, better-maintained homes and yards, newer vehicles, more children going to college, reduced drug and alcohol dependence, upgraded and better-maintained fishing vessels and an intangible, but very important, sense of renewal.

Conclusion

We at SunCoast Heritage Seafoods believe that we can provide a significant return on investment in exchange for the grant of \$2,000,000 from Manatee County's share of the BP *Deepwater Horizon* Clean Water Act fine monies, per the Draft Initial Comprehensive Plan of the Gulf Coast Ecosystem Restoration Council, May 2013.

In the above proposal, we have made a case for direct expenditures in the county and nearby areas approaching \$5,000,000 in just three years, with added community benefits from the multiplier effect exceeding \$30,000,000. With a long-term operating horizon that we hope will be measured in decades, the social benefits will build and build, creating a lasting legacy within the coastal communities of Manatee County.

The grant, or the County's written commitment to the grant, will be particularly helpful during the first three quarters of the project's first year, the first two of

which show no revenues, but all of which are absolutely critical toward building the long-term viability of the company. As the company begins to run in the black, the remaining grant funds will fill in thin spots, and be continuously re-invested in growth, along with earned profits.

We are very grateful for the opportunity to place this proposal in consideration before you, and we look forward to a lasting partnership with Manatee County.

Respectfully submitted,

Seth Cripe _____

Ed Chiles _____

Richard F. LaRoche, Jr. _____