

NJ
10
1-537
1986

PUBLIC HEARING

before

ASSEMBLY ECONOMIC DEVELOPMENT AND AGRICULTURE COMMITTEE

on

Development of a Seafood Processing Plant in
Belford Harbor

April 10, 1986
6:30 p.m.
Middletown Township Hall
Middletown, New Jersey

New Jersey State Library

MEMBERS OF COMMISSION PRESENT:

- Assemblyman Joseph Azzolina, Chairman
- Assemblyman Jack Collins, Vice Chairman
- Assemblyman Richard A. Zimmer
- Assemblyman John E. Rooney
- Assemblyman Anthony S. Marsella
- Assemblyman George Hudak

ALSO PRESENT:

- Gregory Williams
- Office of Legislative Services
- Aide, Assembly Economic Development and Agriculture Committee

Hearing Recorded and Transcribed by
Office of Legislative Services
Public Information Office
Hearing Unit
State House Annex
CN 068
Trenton, New Jersey 08625

TABLE OF CONTENTS

	<u>PAGE</u>
George Grant, Executive Director N.J. Fisheries Development Commission	2
Michael Giari The Port Authority of New York/New Jersey	9
Edward Cattell Jr., Esq. Belford Fishermen's Cooperative	17
Richard Van Wagner, Senator State of New Jersey	55
Olga Boeckel, Mayor Middletown Township	61

* * * * *

ig: 1-23
pmp 23-43
ig: 44-65

ASSEMBLYMAN JOSEPH AZZOLINA (Chairman): Good evening. I'm Joe Azzolina and I'm the Chairman of the Economic Development and Agriculture Committee of the General Assembly. The Committee here this evening is the Economic Development and Agriculture Committee of the General Assembly. I'd like to introduce the legislators that are here this evening. I want you to know they came from way north in Bergen County and way south in Salem and Cumberland counties. I really appreciate that they took the time to come here this evening. On my right -- I hope I pronounce it right -- is George Hudak and he is really Joe Azzolina and I'm George Hudak because of one newspaper a couple of months ago and the way they had us headed. Welcome. He is the mayor of Linden. Next is Tony Marsella. He's from way south and a member of the Committee also. Next is Jack Collins, also from way down south, Salem County, correct? (affirmative response) Jack Collins is Vice Chairman of the Committee and on my left are two Committee Aides, Mark, and Greg Williams, who are from Legislative Services. Next is John Rooney, he comes from way up north, Bergen County, correct? (affirmative response) And, Dick Zimmer, somewhere in between, west. So we have a pretty diversified Committee and again I want to thank them for coming here. Oh yeah, Fred Butler, on the right there, is a Committee Aide also.

We are here today to hear the remarks of parties interested in the development of the fishing port complex of the Belford area of Middletown. As most of you know, the Belford port is a rare and natural resource. It is one of the few points along the northern New Jersey coast that offers the opportunity to promote a viable large-scale or medium-scale commercial fishing industry and to conserve what we have and improve on it. Naturally, developing a fishing industry means needed jobs, tax benefits to New Jersey, and to the Belford port area. The mandate of the Committee is to foster such development.

It is important to remember that development of the Belford port will help to preserve a profession which is special to New Jersey, that of the commercial fisherman. One thing I was impressed with several months ago and was impressed again today -- a lot of young people are involved in the fishing industry, and I take a real keen interest. I really thought I was going to find a lot of old timers there, when I went there before, but to my surprise I was amazed at how many young people were involved, and that's a compliment to the industry. This Committee meeting is the first of a series of meetings this Committee will hold with the goal of improving -- or to help develop ideas -- to improve the fishing industry in New Jersey.

Now unless any of the Committee members wish to make some remarks, I will call the first individual that will speak this evening. He's still not here from the Port Authority but I'd like to welcome -- in the audience I see Senator Van Wagner, Assemblywoman Smith, Mayor Boeckel, and Committeemen Jim Mark of Middletown and Dick McKean. I think they are the only public officials here this evening. Do I see anybody else? Tom Powers? Oh I'm sorry, he's right behind Tom Keaner, there. Welcome, Tom Powers from the Board of Freeholders. Did the Port Authority arrive yet? No? (negative response) Okay, then we'll go to the next individual. George Grant will speak next. He is the Executive Director of the New Jersey Fisheries Development Commission. The role of the State Fisheries Development Commission is a huge task to be undertaken to force the development in the Belford fishing community. George, where are you?

G E O R G E G R A N T: Here I am. First I want to thank you for this opportunity of discussing what's happening with Belford with your Committee and secondly, I feel almost like an unofficial ambassador from Middletown welcoming you to Belford. I feel like I had my second home here for the last year and a half or so. The report that I just passed out is a

report that was done for the Port Authority in 1985. I think I want to repeat comments that I think Mr. Giari from the Port Authority is going to make, but I need to set a little bit of background.

Back in 1983 and 1984, the Port Authority of New York and New Jersey made a commitment to build some fishing facilities in New York City -- the Brooklyn Waterfront. As part of the enabling powers that let them invest that money in fisheries in New York there was a similar commitment for similar amounts of money made for Port Authority investment in fisheries and marine-related development in the New Jersey Port District area, which encompasses where we're sitting here, which is basically 25 miles from the Statue of Liberty. It covers the Raritan Bay shore and not much further south than that -- Belford being the only major active fishing facility in that district. They commissioned a company, Princeton Economic Research, of which I was at the time Vice President, to do this report for them -- to look at the fishing facilities and the fishing industry in Belford, decide whether they have a future, decide what it needed to make the future viable, and to develop essentially a master plan for development of the fish port.

The report that you see in front of you, which I wrote when I was wearing a different hat, is basically the report that we provided. At that time there was a developer who had signed a contract with Seacoast Properties to buy the 85-acre property where the fish meal plant used to be. Some of you were on the site trip this afternoon. For those of you who weren't, let me just leave this out here for reference.

Basically, what we're talking about is a fairly large tract which originally was something over 300 acres, all owned by Seacoast Properties. They were in the fish meal business, catching fish, crushing them, extracting fish oil and fish meal -- not for human consumption but for fertilizers, and other kinds of things. The center of the commercial fishing operation is here in Compton's Creek, with dockages on both

sides and the Co-op having its major haul-out and process storage, ice processing and chipping facilities over in here. This piece was sold off a number of years ago to the Port Monmouth Developing Corporation. Nothing as yet has been done with it.

At the time we did our study, it was this piece basically in here that was the focus of plans for developing high-rise condominiums, a hotel, a shopping center, a parking garage, and a ferry service from here to Manhattan, which is about 17 or 19 miles across the water. At that point there was some feeling that this kind of development threatened the fishing industry. The fishing industry at the port had traditionally been tenants of Seacoast with a relatively low-cost but very short-term lease. They had a year lease. They never had an opportunity -- though they asked for it repeatedly -- to get more than that, which really constrained both their ability to attract bank financing or their willingness to make personal financial commitments to seriously upgrade the property. You don't fix the roof on a house when all you've got is a one-year lease and you are subject to the will of the tenant -- of the landlord to kick you out at any point in time. They've always wanted this property; it looked like an exceeding impossible task.

Just about the time that we were finishing our study, this developer defaulted, decided that he did not want to close on the deal, partially because, I like to think, of the pressure the fishing community, the town, and other interested parties put on the developer to find a more reasonable solution to help the fishermen. He was unable to do that, and I'd like to think that's one of the reasons that we walked away from the deal.

Seacoast, for a number of reasons, including the severe tax situation that they were in, had to sell the

property before the end of 1985. It was difficult to try and do that with a month and a half or two months' notice. They finally did cut a deal to sell it to the Belford Fishermen's Co-op. The terms were very attractive, but basically they were in a position where they could not afford to buy it. Yet they could not afford to let things slide any further, like maybe having some other developer come and and take it away from them again.

I think Mr. Cattell, representing the Co-op, will go into more details on the terms of the situation, so I won't go into that, but let me tell you what's been happening since that turn of events. Now our report that you have in front of you addressed only the creek part of the actual fishing and looked at the remainder of the property only from the standpoint of what would occur at that property that would positively or negatively affect the viability and economic well-being of commercial fishing in the port. The port consists of about 70 boats. It's been around for 200 some-odd years. Our analysis was that it represents about \$10 million a year in direct input into the Middletown community -- a highly family-oriented community, not very much transient labor, most of it as you said. The young people that you saw were the sons, the nephews, the cousins of people that have been in the fisheries for years. Something like 95% of the people working in the Belford fishing industry have other relatives working in the industry. It's not like some of the more transient fisheries you get in the Gulf and down South.

In September of last year, when the Fisheries Development Commission of the State of New Jersey started its activity and I was named as its first Executive Director -- it switched hats from being a consultant to being a State employee -- we had some long looks at Belford and still wanted to do something --- again, we're not quite certain. We were not able to move quickly enough in terms of the appraisal process and

other things to get a substantial offer to Seacoast before their deadline. The fishermen, I think, bought it with the understanding, if not formal commitment, that at some point the State, and/or the Port Authority would come in and take some active role in development.

One of the major problems with New Jersey fisheries, from an economic standpoint, is that there is relatively little interaction and value added between the catching of fish by New Jersey fishermen and the processing and marketing activity that takes place in the State. Most of the fish that are caught by New Jersey fishermen are minimally processed, maybe cut up slightly, but usually sold directly in bulk form to various markets in New York, Philadelphia, and Baltimore. Most of the factory processing and high value-added activity with the fishery takes place on a product that's imported from overseas in terms of frozen block and other things. So there's very little economic utilization in any intensive way of fisheries products that are landed by New Jersey fishermen, with the probable exception of the clamming industry -- ocean clamming industry in southern New Jersey. Certainly in northern New Jersey, most of the stuff that is landed does not get processed in the State in any meaningful way.

Looking at that, our charter as the Commission is to look at ways of improving the economic status of the fisheries and using the fisheries as an economic development tool of the State, very much the same as your Committee's charter is. Looking at that, looking at the situation, I became firmly convinced that there was a place for expansion of fisheries-related economic activity in the State, and if there was any place that was the perfect site for it, it was Belford. It has a history and tradition of fishing; it had been a fisheries plant; it was right on the water; and it was very close to New York markets. We've gone on that tack, trying to do an economic development plan for reuse of the Belford

facility. What we've put together between my Commission and some of our advisory committees is a -- I call it an ad hoc committee, if you will, of people from the State, from the Township, from the Port Authority, putting together a marketing and reuse master plan strategy for the 40 some-odd acres we're talking about on the factory site. Basically, the 85 acres that the fishermen bought, breaks down into about 40 acres of wetlands, about 8 to 10 acres on both sides of the creek which the fishermen need for dock space, direct facilities, lobster tanks, freezers, gear storage, box storage and retail facility, and about 35 acres on the factory site itself which could be used for a variety of industrial uses. We've talked to probably two dozen potential tenants, some of whom are very real and some of whom are probably less real, or have less viable propositions to make. I think we're firmly convinced that a package can be put together. We're in the throes of trying to do that now. We'll be, within the next few months, working through my Commission and through them, through the Port Authority, taking some steps to try to acquire, or at least get, long-term leases on that property that the fishermen now own under terms that are equitable to the fishermen and still provide us with an opportunity to do some fisheries and seafood-related industrial development.

We're talking at this site about a number of facilities ranging from agriculture to frozen seafood processing to a rejuvenated, new, state-of-the-art fish meal plant, and the possibility of a new, high-technology zeremic plant. Zeremic may be something you're not familiar with by name, but actually it's a purified fish protein made from fish which you can then add texturizers and flavors to to then get any kind of fish products you want. If you've seen these things they sell in the supermarkets called sea legs, which look like crab legs and sell for a third of the price of crab legs, they're made from that product. There are some strong

indications that we have products in New Jersey that can be used suitably to make zereemic. It's a technology which is rapidly expanding from Japan and I think we can make a go of that here also. But, we are putting all the pieces together, we hope.

Within the last couple of weeks one of the pieces added to the picture was the package that we were able to put together and present to the National Oceanographic and Atmospheric Administration, which has been concerned with the question of what's the future of the Sandy Hook Fisheries Laboratory. For those of you who may not know the history, the Sandy Hook laboratory is located about 10 miles from here, right on the tip of Sandy Hook, on the same waters that we're dealing with here, the Raritan Bay. They were burned out in a series of fires last September. There was some strong pressure to relocate them to either Delaware or Rhode Island and there has been a battle in Congress. Because of that, we're very much anxious as a State, the Executive branch, the State legislators, and our Congressional delegation to maintain that facility in New Jersey. It has not only economic value but tremendous scientific and prestige potential.

We have just recently submitted a proposal to the Director of NOAA, with the blessing of our Congressional delegation and State government officials, suggesting that if they want to relocate from Sandy Hook, we could put all the ingredients together at Belford to make this thing happen. So, that's another ingredient to a potential complex. If things get large enough, I think we're ultimately talking not only of the 35 acres that are on the factory site, but some adjacent acreage which is owned by several of the fishermen, which we've been told is available, and possibly that whole site across the creek, which is 200-plus acres, which also is right now looking for some funding and an infusion of development ideas.

I know there's been a lot of interest in the entire shore front -- not just here on the bay shore -- in high-rise and high-density and high-priced, certainly -- waterfront condominium development. There is certainly a demand for that. There are certainly economic leverages and economic value to be obtained for the local communities by this, but it is my strong feeling and I think the feeling of the people in Middletown, at least the officials on the various committees and on the Town Council whom we've talked to; that there are other places that that could happen; that the one place that we've got a real shot at fisheries-related development is here on the bay shore. The Town Council is prepared to enact a zoning ordinance which would restructure this area from its present industrial zone into a marine-commercial and seafood light industrial, which would include research and other facilities. I think, you know, that if we're ever going to succeed in doing anything with the economic development of our fisheries, here's the place. I strongly urge you not only to understand what we're trying to do, but to give us any active support that you can in the legislative process to help us do what we need to do and put all the pieces together. Unless there are questions--

ASSEMBLYMAN AZZOLINA: We can either ask questions now or wait until we hear from all three and then ask them. This way we can get a good foundation. Okay, we'll wait until all three have spoken. Next is Michael Giari from the Port Authority of New York/New Jersey. You're late.

M I C H A E L G I A R I: Yes, sir.

ASSEMBLYMAN AZZOLINA: Before you speak, I want you to know, in the audience there are individuals here representing various departments from the State, so would those of you who are with whatever departments from the State of New Jersey let us know where you are from? What departments.?

(At this point representatives from the Department of Commerce and Economic Development, Department of Agriculture,

Department of Environmental Protection, New Jersey Economic Development Authority, and Department of Community Affairs indicate their presence.)

ASSEMBLYMAN AZZOLINA: Anybody else? (no response)
Thank you very much. Okay. Mike, you're on next.

MR. GIARI: All right, thank you. I apologize for being a little late, but I want to thank Chairman Azzolina and the Committee for inviting the Port Authority here this evening to address the subject of the future of the fishing industry in the port of Belford. I would just briefly explain to you this evening what the role of the Port Authority is in fisheries development in New Jersey. Mr. Grant has touched upon the study that the Port Authority conducted of the port of Belford and I'll also touch on that, briefly, and then go over what we feel is the current situation and future role of the Port Authority in development of the fishing industry in Belford.

The Port Authority's involvement in fisheries development stems from a long-range planning process that the Port Authority engaged in in 1979 and 1980 under a group that we called the Committee of the Future. Commercial fishing development was identified as an opportunity to be pursued by the Port Authority for economic development in the bistate region. After a series of studies that were conducted, the conclusion was that there was definitely some very good economic development potential for fisheries development in the bistate region. Some of the interesting findings were that there is a very large seafood market in the metropolitan region of approximately \$1.5 billion per year, and that the average seafood consumption in the New York/New Jersey metropolitan area is double the average per capita consumption in the rest of the United States and is growing. I am pleased to say that our studies, which indicated at that time that consumption was growing, have proved to be correct and that nationally, as well

as regionally, the per capita consumption of seafood has been growing. Its health aspects have become more widely recognized and pursued by consumers. I think Chairman Azzolina could speak to his own personal experience, in that supermarkets have become more involved in fresh fish displays, sales and so forth than they ever have been.

In any event, in December of 1983, the Port Authority Board of Commissioners authorized the bistate fisheries program for the Port Authority and that program consisted of a number of elements. One was to undertake the development of modern shore-side handling, processing and distribution facilities for the commercial fishing industry. The fish port project in Erie Basin, Brooklyn, was identified as a project to undertake in that regard. There was also a series of studies and demonstration projects authorized at that time to be undertaken in New Jersey. One of those studies is the Belford Study, which I'll speak about in a moment, and there was also a demonstration project of the feasibility of a commercial aquaculture operation which is currently underway in Elizabeth, New Jersey, and several other projects and studies that were identified at that time.

The Port of Belford Fishing Industry Study commenced about a year later. It was headed by a team of consultants under the Princeton Economic Research, Inc. Their task was to assess the commercial viability of the Belford area for commercial fishing and other marine-related activities. The study included an inventory of the physical characteristics of the Belford Compton's Creek area and an inventory of the fleet and the conditions at the Co-op -- the Belford Fishermen's Co-op. It also examined the role of the Belford Fishermen's Co-op in the landing and harvesting of fish in Belford. Then, an analysis was prepared of the market for fisheries-related uses at Belford, as well as the expansion potential for the commercial fishing industry at that site.

The findings of that study -- I know Mr. Grant touched on them -- that we consider the most significant are the fact that the study showed that the Belford fishing industry is a viable and somewhat healthy fishing industry in terms of its landings in both pounds and value, and in terms of the fact that the average landings in Belford are higher than the average growth statewide. The Belford fishing industry also provides direct employment for approximately 250 persons. The fishermen, the shore-side handlers, and the truckers were considered in that category. The fishermen and the other people employed there depend on the fishing industry for the majority of their household income. It's not a seasonal type operation at Belford; it's a year-round fishery and the fishermen and the people that are employed there in related jobs depend on that fishery for most of their income.

Limited upgrading of the facility there, as Mr. Grant described, would involve an investment of approximately \$7-8 million. The fishing industry, in terms of the sales of fish that are landed there and other activities that they conduct, could, according to this analysis, finance approximately half of that investment in new facilities. A mixture of fisheries and other marine-related uses for the site of Belford, which includes both the property on which the Co-op is located, as well as the Seacoast fish meal plant property, would definitely be complementary to what's going on there now with the Belford fishermen and could possibly also support, economically, this investment in new and upgraded facilities at the Belford Co-op. Again, Mr. Grant has touched on some of the marine related and fisheries-related type uses that were mentioned in the report and that also have been investigated by his Committee and by the fisheries' staff at the Port Authority since the report was done. Those uses include fish processing, the possibility of zeremic production, aquaculture uses, fish meal production and marine-related equipment, and service-type industries.

The study findings were presented to the New Jersey Fisheries Development Commission, which was mandated by the Governor's office to, among other things, consider appropriate fisheries and marine-related investment for New Jersey. That was part of the commitment the Port Authority made to the State of New Jersey when it undertook its bistate fisheries development program. That commitment was to invest an amount equivalent to the amount being invested in the fish port in Brooklyn in fisheries and marine-related development in New Jersey. So, the New Jersey Fisheries Development Commission was presented the study findings to consider as part of their evaluation of possible projects and other proposals to be included in a package.

ASSEMBLYMAN AZZOLINA: Would you give us the amount that you are permitted to spend in New Jersey, compared to what you have spent in Brooklyn.?

MR. GIARI: The Board authorized \$27 million for the fish port in Brooklyn. The authorization stipulated an equivalent amount, so I assume that could mean \$27 million.

ASSEMBLYMAN AZZOLINA: Spent within the port?

MR. GIARI: It would be spent in the port district in New Jersey on fisheries, marine, and other port related projects. The New Jersey Fisheries Development Commission, after considering the results of this study, requested in December of 1985 that the Port Authority fund \$200,000 of additional studies of the Belford property to be undertaken by the New Jersey Fisheries Development Commission. We approved that request, and the Commission, as Mr. Grant said, is now engaged in undertaking those studies.

ASSEMBLYMAN AZZOLINA: Are the studies started yet? I understand the funds have not come across yet.

MR. GIARI: The funds were approved by our Board of Commissioners in December of 1985, so they are still available.

ASSEMBLYMAN AZZOLINA: They can start now, or they haven't started yet? I understand they have not started

New Jersey State Library

spending the money yet -- that they haven't got the money yet.

MR. GIARI: The money is available, but there has been no check issued to the Commission yet at this time.

ASSEMBLYMAN AZZOLINA: Is that going to come forward soon?

MR. GIARI: Yes, it's ready to go forward right now?

ASSEMBLYMAN AZZOLINA: Does that mean they can hire someone now?

MR. GIARI: Well, the decision on whether they can hire someone or not is really up to the Commission. Certainly the funding is available and can be in their hands, you know, at just about any time.

ASSEMBLYMAN COLLINS: How much was that?

MR. GIARI: Two hundred thousand, and that was to keep continuous studies of the Belford property, and proposals for the use of that property.

ASSEMBLYMAN AZZOLINA: I assume in the next week or two, they'll have the check. Actually, they need money before they can spend it, don't they?

MR. GIARI: That, you know, whether they need the money first to start the program or not-- You know, Mr. Grant has not indicated to us that it is necessary to have the money in his hands to start the studies. We have received a request from his office to process the payment of the entire \$200,000, and we are currently processing that request. It should be a short time before they receive the money. The current role of the Port Authority in the future of the Belford fishing industry is to continue to offer our expertise in fisheries to the State agencies that are involved in developing commercial fishing in New Jersey, and we plan to continue to do that. We're also working with the Fisheries Development Commission and other State agencies, such as the Department of Commerce and Economic Development and the Department of Agriculture, in

identifying potential users for some of the Belford site, which might be available. We are--

ASSEMBLYMAN AZZOLINA: Would you explain, so the audience will know, and the Committee, the-- I don't think most of them understand the expertise you have within the Port Authority in this field.

MR. GIARI: All right.

ASSEMBLYMAN AZZOLINA: Because I know you're an expert and some others are.

MR. GIARI: Well, when we undertook a role in the region, in the development of the fishing industry, we assembled a small group of people to carry out that function at the Port Authority. We have a manager at the fisheries program, who comes from the fishing industry in New England. I'm the assistant manager of the fisheries program, and my background is basically in port and marine-related development. We have three members of our staff, all of whom come from the fishing industry. One of them is here tonight with me, Mr. Brian Harris, who was formerly the plant manager of the Seacoast fish meal plant, in Belford. We have two other members of our staff with a background in fisheries planning and fisheries marketing. All of us have been working very closely with, like I said, the Fisheries Development Commission and the other agencies that are involved in the development of the commercial fishing industry, to develop the appropriate projects and programs that would fit into Belford, and would also be good for the port region. We are ready to consider and act on any package of proposals that is developed as a result of the continuing studies that are going on in Belford right now. I expect that in the next three to six months, we'll be able to work in closely with Mr. Grant's organization, to be able to come up with a package of proposals for the Belford development.

ASSEMBLYMAN COLLINS: Does that mean that within three to six months, the reports will be finished, or

the whole package will be set forth.

MR. GIARI: Well, the-- You might be talking about the same thing. I mean, its harder, at this point, to separate the property appraisals and the engineering and environmental studies that have to be done at Belford, from putting together a plan or a package of proposals. The two are so closely linked.

ASSEMBLYMAN COLLINS: You'll be able to do them concurrently, as the appraisals are going on? You'll be able to be putting the package together at the same time?

MR. GIARI: I would think so. I will be available for any questions. I don't want to take up too much more time because I know Ed Cattell has a lot more detailed information about just where the situation is now at the Co-op and the property in Belford. So, I'll be available for any questions you have.

ASSEMBLYMAN AZZOLINA: Well, we'll ask some now and then some later, I think, but weren't some of these studies supposed to be done by this summer -- the beginning of the summer?

MR. GIARI: I don't know of any timetable we set on these studies.

ASSEMBLYMAN AZZOLINA: The problem is that the fishing Co-op has a time limit. If things don't move rapidly, there will be no port, because the owners will take it back, and then we're all dead.

MR. GIARI: We're aware of the time constraints the Co-op is under in terms of making their mortgage payments for the property that they picked up out there from Hanson Trust.

ASSEMBLYMAN AZZOLINA: Why don't we do this -- why don't we hear from Mr. Cattell first, and then we'll bring all three of you up here and we'll ask any other questions. I think it's better that way. Okay?

MR. GIARI: Okay, fine. That'll be good.

ASSEMBLYMAN AZZOLINA: Edward Cattell is the attorney representing the Belford seafood cooperative. That was quite an education you gave us this afternoon.

EDWARD CATTELL, JR: Thank you very much.

ASSEMBLYMAN AZZOLINA: Almost knew it, too. The three of us were there this afternoon and observed the facilities and so forth. It was cold, too, for a summer day.

MR. CATTELL: We told the owner of the Annie Diane to hold his boat out off the breakwater until you arrived, so that you could see a fishing boat unload as well. We appreciate very much the opportunity to address your Committee. What I hope to do tonight, if I can do nothing else, is give you a feel for the sense of urgency that the Co-op feels. We have to have things start moving, faster than they have been to date. Back in 1983, the Co-op--

ASSEMBLYMAN AZZOLINA: Could you talk a little louder. They can't hear in the back.

MR. CATTELL: Back in 1983, the Co-op, which had been existing on a year-to-year lease, realized that the property which we had been using on a year-to-year lease, from Seacoast, was rapidly reaching a state of decay, where it would no longer support our operation as it exists, let alone give us any room for expansion. We came to the Township seeking some assistance, and we've met with officials from the State. We met with Secretary of Agriculture Brown, Mr. Stolpe, we've talked to the Port Authority, and to Mr. Collins from the E.D.A, trying to get some idea of what we might be able to have happen.

We had approached Seacoast Products, which owns the plant site there, including land where the Co-op exists, and asked if we could buy our small two-acre portion, which was the second site that you saw today. Seacoast had shut down their plant in 1981. It was not operating that plant, although they did have properties further south. They said they didn't want

to break up that particular tract of land, that they were considering two options. One was to recapitalize and reopen their plant, and if they did that they would consider giving us a long-term lease, a sufficient term so that we could use the lease to support a mortgage and get some money to make capital improvements in the property. The other option they were considering was to just sell out. In 1983, they hadn't made any decisions.

So we came to the Township and we asked if there might be any interest in the Township perhaps forming a local port authority, as was done in Salem, and perhaps condemning the property that we sat on, and that the other fishermen were on, and putting it into that local port authority. There was some interest, but this was a new proposal and so we were just getting started. Not much happened.

In 1984, Seacoast did decide to sell. They sold out to a competitor, Zapata-Haynie, and sent off all of their other properties, their fleet, etc. All they kept was the real estate here in Belford. Now, we were very much interested in who was going to acquire that property. A number of potential developers came on the scene, and the successful bidder in a fairly active bidding war was Data Set Cable, from Connecticut. They started off by promising us, "Don't worry, we'll take care of you." It turned out that what they had in mind was the ultimate solution for commercial fishing in Belford. They were going to eliminate it. Mr Kaufman's proposal had no room in it for the commercial fishermen. The fishermen-- Mr. Grant, I think, was very modest when he said that he liked to think that perhaps we had some part in defeating Mr. Kaufman's proposals. The concerted action of the fishermen, with the complete support of the citizens of Middletown Township, the Mayor and the Committee, and a heck of a lot of citizens' signatures on petitions to the Governor, persuaded the developers that they were not going to get the permits they needed, so they packed up and went home.

That left Seacoast in a position of owning a property and facing the need to divest themselves of it. Well, now we get up to the end of 1985, all this process having occurred through 1983, 1984 and all of 1985. By December of 1985, Seacoast approached the Co-op and said "Look, we can't sell it to anybody else because they all perceive that they're going to have to fight the fishermen, so we'll offer it to you," and we bought it. So we own it, but the terms of the deal are no secret, we've disclosed them to the press -- we paid \$50,000 down, and gave Seacoast the mortgage for \$3.45 million. That's a one-year mortgage. It bears an interest rate of 10%. That means that in December of this year, we owe interest of \$345,000. We also have to pay the taxes, which are \$50,000 per year. We also have the electric bill and we maintain a guard service; we're paying the taxes, etc. So the cost of the Co-op, just to have taken this action which we took to keep this property from falling into the hands of another developer, whose proposal might have met with a little more public acceptance, is really quite a burden on us.

Now we do have a little bit of leeway. If we pay the taxes, the insurance and all the interest through the end of the year, we can extend our mortgage for one additional year. So, as you can see, the long-term planning strategy of the Port Authority, which is over years, or perhaps even decades, is not a time frame that we can live with. The four months that have passed from December to April are one-third of the time that we have available to us now. If we default on the mortgage, the property goes back to Seacoast, and the developers who were interested in the past will continue to be interested.

If the fishermen lose it-- Our position before was that we were the underdogs. We were the guys who were fighting to save our existence, so we had a lot of public support. Our position would be substantially weakened if we lost this property, because then, if Seacoast were to sell it to another

developer who wanted to build condominiums or something on it -- if we were to argue "No, stop, we want public support to stop this project" -- we've already had our chance. We had the property; we owned it. We worked with the Port Authority; we worked with the State; we couldn't put anything together, and now Seacoast would be free to sell it to whomever was going to offer the highest bid. So the time frame that we have to operate in is really fairly constrained.

Now, I dwelled on that at some length because you have to understand the perspective from which the fishermen see this. For those of you who were down on the docks today, you saw that the fish factory site has a good sea wall, a good bulkhead. It's quite good for docking boats. Right now we have leased that wharfage space to some subtenants because we can't use it for our boats. Our fish processing site -- not processing, our fish packing site -- is not there. At the present time that dock is not of use to us, although it's a very good dock. When you came around the corner, you saw our bulkhead literally collapsing into the creek. The concrete dock that you saw, where the Annie Diane was packing out and where our other fishing boats were moored -- the pilings that support that dock have rotted out. It is been undercut by the current. Those slabs are barely supported. We've got some places where when our forklift trucks move around with our employees driving them -- the concrete slab that they drive over actually wobbles on the few pilings that are still under it.

We are in a very, very tenuous situation. Now, how did we get in such a bad situation? Well, a year-to-year lease is not the kind of an arrangement that is conducive to heavy capital investment. This property should have been maintained over the past years, but we didn't have the security to do it. So, in 1985, when Seacoast called us up and offered us what amount to very, very liberal terms for the purchase of this

property -- the opportunity to be a moving force in their development -- we jumped at it.

We could not let this go to somebody else and risk another developer who might decide that it was in his best interest to eliminate the fishing industry from the port of Belford. Now, we're very fortunate. I mean it was totally fortuitous that Mr. Grant -- who had become so knowledgeable about the port of Belford and the requirements for development -- happened to move, at the conclusion of that study, into the position of Executive Director of the Fisheries Development Commission. I think that that body has expressed very good intentions, but somehow we just seem to have been caught up in the bureaucracy.

What we need right now is a very clear signal from the Executive Department of the State of New Jersey to the Port Authority, that the time to act is now. We've had a six-to-eight-month study of the port of Belford. We've had an eight-month study of the whole bay shore. We're undergoing appraisals right now.

Now the thing that's so ironic about these appraisals is that Mr. Kaufman -- the other developer, the fellow who walked away without closing -- paid, or offered to pay, contracted to pay -- \$3.2 million for the property. We paid \$3.5 million for the property. These were arm's-length transactions. They were what a real estate man would call, I think, comparables. So it would seem that the appraisal process is really going to base itself -- it's going to start with -- these recent fair market value transactions. The concept of the appraisal is to find out how much more this property is worth.

Now, we've pointed that out to the Commission, we've talked about it with the Township Committee, and a lot of our comments have been misinterpreted. A lot of people have the impression that the Co-op is looking for profit. We're not

looking to make a profit from this development. What we're pointing out, or trying to point out, is that this appraisal process, if it starts with the concept of the recent sale as a floor, is talking about profit. It's talking about how much more it might be worth.

Because, if we can accept these recent fair market value exchanges as an evidence of value, then we can enter into negotiations now with whomever, it would appear to me. It is the Fisheries Development Commission, but also the Port Authority, because -- I think as it has become clear -- we're talking about using Port Authority money in this investment of the \$27 million that has been earmarked for New Jersey development within the port district. Fortunately, Belford is in that district. Cape May is not, Point Pleasant is not, but Belford is. Overall, if we work out a mechanism for development of the port of Belford, and the Fisheries Development Commission is been able to set up the methodology, there's no reason why similar transactions cannot be made to work, to help develop the other fishing ports in the State. This, I think, has much more importance than just Belford. It can set the precedent, perhaps not with Port Authority money, but certainly the precedent for the mechanism of entering into these transactions.

Now what we are looking for, at this point, is pretty much set out in Mr. Grant's report. We have the need to protect the banks of the creek; to develop some new piers. We have to increase our ice-making capacity; additional retail space and a facility to handle live lobsters, which does not now exist at the Co-op, and the ability to increase dock facilities. These things have been considered by a lot of people who are fairly knowledgeable in the operation and construction of fisheries' docks. I don't believe we will have any problem in deciding what to build. I don't think that we need any more studies to do it. What we really need is a clear signal to the Port Authority that the Fisheries Development

Commission is authorized, and has the approval of the Administration and the State government to make this work at Belford.

Mr. Giari -- with all respect to him -- I think indicated although there was an approval by the Port Authority Board back in December, it's now April, and the funds are still not available. As I understand the procurement process -- and just as an outside observer, I've been watching this with great interest for the last four months -- Mr. Grant was unable to enter into a contract with anybody until he had funds in hand to pay. Although money might be available in the eyes of the Port Authority, it's not available for the purposes of State of New Jersey procurement. So we wind up with the Port Authority saying "Well, don't worry," and the Commission saying "We need the money," and the Port Authority saying "Don't worry," and nothing has happened for four months.

Right now the Co-op is in the position of looking at this time passing, another area that has caused comment in the press. It has caused some concern from a number of the public officials who have been involved in this process at the Township level and at the State level about our reports, by a number of developers and comments that we've made are that the public, or the private sector developers, did not go away when we purchased the property. They just came to us. We've had a number of proposals to us for a variety of different types of private development on the site. By and large, it would have us sell or lease, or in some manner make this property available, principally for residential development, although there are variations on that theme. Now, we do not regard residential development as our optimum neighbor. People may think that it is nice to live next to a fish dock, but down the roads they may change their minds.

We see the opportunity now to have the zeremic that Mr. Grant mentioned and a fish meal plant. These uses on this

site would actually expand our market. They provide an opportunity for us to go out and catch other species that are not presently used and market them to these users. So, this is an economic opportunity for us but we don't have some sort of movement; if we aren't able to sit down with Mr. Grant and other members of his Commission to say "All right, you know, how are we going to make this work?" We know what we want to do, but we need the ability to sit down and say, "Here's how the money is going to flow," so that we'll have a commitment. It can be done, because if we work our way up to December, and we don't have anything down -- solid, on paper -- then we're in the same position Seacoast was in last year. They had to get rid of it. We won't be in the position of having to get rid of it; we'll be in the position of losing it.

I'd be happy to answer any questions you might have.

ASSEMBLYMAN AZZOLINA: Yeah, I'd like to bring the other two gentleman back up here, okay? Now that we've kind of cleared the air on a lot of things we've been reading in the newspaper about -- at least I have -- our purpose is to try to make this happen. I've been reading a lot in the newspaper and it seems like a lot of things are floundering. Now, four months have gone by, almost; that's a lot of time in a year. That means eight months left. If we flounder another seven months, it will be too late. So, one of our purposes is going to be to try to act as a catalyst here to make this happen. We in the Legislature have a very keen interest to see industries preserved. There've been too many disappearing, and we don't want this industry to disappear. And since money is available from the Port Authority or wherever, we would like to try to act as a committee to hopefully make this gel. And what I see and what I hear is that we have to move or you all will have to move very fast, and, you know, you're not looking, apparently, for money from the State Legislature at the moment.

But the Port Authority has the money available. We just can't keep waiting for long term studies. And we're not here to condemn anybody here tonight. We're here to try to see how we can all work together to make it happen. Because what I see and hear here is that the fishermen really don't care who really owns the facility as long as they have a long term -- and correct me if I'm wrong -- a long term contract for many, many years, that they've got that port there at a reasonable price that they can afford and even if some of it has to be subsidized but whatever else is going to be built or developed there -- And --

MR. CATTELL: Mr. Chairman, if I can interject there one minute, just one thing, as I mentioned for the -- the fishing industry has been here in Belford for over 200 years. The Co-op itself was formed in the late 40's; was incorporated in 1953. And up until last December, none of these fishermen ever had the security of owning the land that they sit on. They feel very strongly that they want to continue to own it. What we would prefer to do is provide the state, or whatever entity is -- is to engineer this. We would like to lease it to them on a long term lease. Long enough, of course, to amortize any investment of public funds that would be put in. But that way we have the security of knowing that this property is going to remain in the fishing industry. And even a change in public policy, of public sentiment, of public funds, would not deprive us of this property. And, so that is something that we feel strongly about. Now, if that can't work out, well then we'll have to consider that problem. Perhaps some legislation might be necessary. But my initial review of the circumstances and State statues indicates to me that there is no legal impediment, per se, to the State entering into a lease arrangement, provided that the public sector has sufficient term and sufficient protection to assure that whatever money they put in is going to have public use over that period of time.

ASSEMBLYMAN COLLINS: Are you saying that the State will lease this property from the Co-op?

ASSEMBLYMAN AZZOLINA: That's what they would like --

ASSEMBLYMAN COLLINS: That's what you would like.

MR. CATTELL: That's what we would like.

ASSEMBLYMAN COLLINS: Where is the \$3.45 million that you have now in debt. The interest this year is what your concerned about now --

ASSEMBLYMAN AZZOLINA: You're really talking \$4 million because you are going to owe a half a million by the end of the year, right?

MR. CATTELL: It's really four.

ASSEMBLY COLLINS: Okay with the interest. Where is that \$4 million going to come from in order for you to be able to hold on to it to lease it to the state?

MR. CATTELL: Okay The structure that we have considered is not, this is not a mandate by us by any sense. It's just trying to figure out a way to make it work. We have virtually no equity in the property. We do have the ability to generate income to meet debt service. We can lease the property to the state in a four lease term and -- lease terms -- that would enable us to use the least income to amortize the mortgage -- EDA, Commercial. As a cooperative of course, we have another lender that is better than the commercial lenders and the bank for cooperatives, part of the farm credit system. Fortunately, in this part of the country the farm credit system is solvent. We could then, with the security of say a 30 year, a 40 year state lease, could get that long term mortgage, and the bank who lends it to us would be secure in the knowledge that we've got a very good tenant. Public funds can then be used to improve this property for public purposes.

Bear in mind that the Co-op does not use it all. There is a significant, what we call the independent fleet, non Co-op fishermen who use this port. We also have transient

fishermen from other ports who -- from Cape May, for example, who have fish their way north and will pack out at our pier and then head south again. So, we would then have public funds put in -- Port Authority funds, through the Fisheries Development Commission to improve the port. Users of the property which could include the NOAA Lab, Rutgers, Marine Science's Consortium, the zeremic people, the fish meal people, the Co-op, would then lease back from the State. And over the course of their lease, amortize the public funds that have been put in. At the end of these various leases, the private users will have amortized the public investment and at that point, of course, the Co-op would continue to own the land. At that point, given the length of time, we're also talking about a major capital rebuilding so we can do it all again.

ASSEMBLYMAN COLLINS: Do the pride-- Do the independent, roughly 31 independent fishermen -- something in that area -- what do they pay now to use the facility?

MR. CATTELL: Until about five years ago, Seacoast entered into leases with all of its tenants. Now, this included the Co-op, it included all of the independent fishermen. Typically, the lease with the fishermen was something nominal: a dollar a year. Over the past 5 years, even that has not been included. In order to raise money to pay taxes and our electric bills and etc., we have just set a wharfage rate of \$10 per foot, per boat, per year. So a 40 foot boat, for example, would pay \$400 in wharfage per year. Two more Co-op properties in the creek. This not seen as the long term solution to the amortization of this debt. It's merely to raise some money to defray expenses. Then we've gotten very good response from the independent fisher. By the way, the Co-op fishermen pay the some thing --; it's not just imposed on others.

ASSEMBLYMAN COLLINS: Just one other question at this time. Does any of this money go towards the ice house or is that paid depending on how much ice each boat uses?

MR. CATTELL: The fishermen pay for services of the Co-op based on how much they use. So if a fisherman packs out a hundred boxes of fish he pays for a hundred boxes. He pays for his ice. If he buys fuel from the Co-op, which they do, he pays for his fuel. He pays for the services of Co-op employees who would help him pack out. Somebody who doesn't use the facility doesn't pay anything.

ASSEMBLYMAN AZZOLINA: How does the Port Authority or Fishery Commission list this kind of proposal?

MR. GRANT: Well, we have --. You know, one of the problems is until you work out the proposal, my concern is not to put New Jersey into the landlord business. My concern is whether or not the long term marketability of that sight is degraded at all by my saying, "If you lease the land, you are going to be a secondary leaser." You can release it from the State or from a local Port Authority, wherever there's a public entity who in turned is leasing to the Co-op. I don't see that as a major stumbling block at this point. I do have some concerns and this is a proposal that Mr. Cattell presented to us last week at the commission meeting for the first time. I do have some concerns, which I've talked to the Port Authority about, to make sure that we don't put ourselves in a corner and present them with a proposal that they either, by matter of policy or not wanting to set new precedents or even restrictions under which they operate, don't feel they can financially support. Because obviously their funds will be a big part of the victory.

Right now the Commission is in the enviable and yet unenviable position of being funded strictly by the Port Authority. There is no State money as such at all in the Commission. We've been trying to get some and haven't yet, which makes it very difficult for us to operate and undertake contracts until we get, you know, actual funds. I have gotten through the cooperation of some of my Commission members,

namely the Secretary of Environmental Protection and the Department of Commerce, some ability to use their offices and pay them back when I get paid. For example, the appraisal process is started only because it's being done by the State's Green Acres Program, and they are prepared to, based on the commitment from the Port Authority, lay out the money and have you reimbursed when I get paid. But I cannot do that to go to outside contractors. There's a line block of authorization we have to go through, a procurement that says somebody has to sign off, yes, this money actually exists in the account. And, you know, we asked for the money in November. They passed a resolution in December. By the time the veto period ended, it was the first of January and, you know, Mr. Giari now assures me that the money is forthcoming soon. But I can't act until I physically have the money deposited into an account and somebody can sign off. And that's been a big problem.

ASSEMBLYMAN MARSELLA: You're-- Mr. Chairman can I ask-- You're talking about the \$200 that was brought up earlier--

MR. GRANT: Two hundred thousand.

ASSEMBLYMAN MARSELLA: Two hundred thousand, sorry. \$200,000 -- you're going to make another study of -- about the Port--

ASSEMBLYMAN GRANT: It was not so much to make a study as it was, but first of all, before I can get any state action and before the Port Authority can take action, even to take out an option on a piece of property, first thing that's going to happen is an appraisal of that property. That's--

MR. MARSELLA: That's part of the \$200,000.

ASSEMBLYMAN GRANT: That's part of the property. There are some questions there. For example, which buildings are still solvent? I mean, you've seen the site today on a lot of buildings there. We need to do engineering studies and up planning studies. There are hardly any -- is this building

New Jersey State Library

worth saving? Will the walls bare a new roof? Is the water system still good? What's the power system? Its been idle for three years.

MR. MARSELLA: So basically the \$200,000 that you're talking about to do is the study of the entire premises, so that you can report back to the Port Authority on the condition of how much money -- you're also probably figuring how much money you're going to have to spend of even that money.

ASSEMBLYMAN GRANT: Well, my concern is, I don't want to report back to the Port Authority piecemeal. What I need is some facts -- some hard engineering and environmental data that says, yes, this master plan is feasible if we charge "x" amount rent to a commercial tenant or a processor. We can cover our cost so that I can go to the Port Authority with good assurance that it's both a proposal that I can defend as being to the interest of the State of New Jersey and financially an attractive enough package that they can support it and then satisfy their investment guidelines. So, it's not planning money we're looking for. What I've been looking for since January is to get somebody in there -- tap the walls, check the pipes, loosen all the boards, and do this kind of stuff.

ASSEMBLYMAN AZZOLINA: How long is that going to take, once you get the money?

MR. GRANT: The actual studies will probably take three or four months. Now, what I'm ready to say is once I've got the appraisal in hand, I'm convinced enough about the market future that I'm willing to try to force the Commission to force the Port Authority to take the financial strain off the fishermen's back by -- for example, committing to an option to the property.

ASSEMBLYMAN AZZOLINA: The 200,000 -- nothing -- there was another 200,000 spent for appraisals, am I right?

MR. GRANT: No, the 200,000 includes appraisals. It was appraisals, engineering, everything else.

ASSEMBLYMAN AZZOLINA: I thought that was underway long ago.

ASSEMBLYMAN COLLINS: Mr. speaker, if I may -- but we had three to six months to put something together and are you now saying after those three to six months that you need three to four more months to look over the plan because, you know, he only has eight months left?

MR. GRANT: No, I'm saying we've not been sitting idle. What I've -- what we've been doing though during those three to six months is putting together the master plan. I've talked to about 20 potentially interested developers and, you know, not developers but tenants. I've been working with the Port Authority in trying to put together a business marketing plan. I can't move forward with that plan until I at least have some appraisals at hand and know that, you know, we've got certain things covered.

ASSEMBLYMAN COLLINS: So, you're talking about the same three to six months?

MR. GRANT: Yeah. We're not talking about consecutive--

ASSEMBLYMAN COLLINS: So, we're still waiting for the 200,000.

MR. GRANT: Yes we are. I was told three weeks ago the check was in the mail. And I don't want to embarrass Mr. Giari because it's not his fault I know, but the Port Authority is a massive bureaucracy.

ASSEMBLYMAN AZZOLINA: Has not been done-- No, the study has not been done, I gather. And here I really thought all this time it was being done. I really did.

MR. GRANT: Which study corrected-- I'm sorry.

ASSEMBLYMAN AZZOLINA: The appraisal.

MR. GRANT: The appraisals. Green Acres started the process two weeks ago when they finally agreed to do it based on the fact that the money was going to be coming.

ASSEMBLYMAN AZZOLINA: How long is the appraisal going to take? That's what I can't get straight in my mind.

MR. GRANT: The appraisal will probably take three or four weeks -- including the selection process -- probably a four week process. By the time you got to go through all the State contract procedures, you have to pick appraisers, you have to -- you know -- have a validation of their selections.

ASSEMBLYMAN AZZOLINA: And you'll have a conclusion in six weeks?

MR. GRANT: The appraisal process itself is probably a matter of two to three weeks. The rest of it is the contract signing and approval and--

ASSEMBLYMAN AZZOLINA: The problem now is the -- what Mr Cattell brought up -- is that going to complicate matters and take a lot longer? I don't know how the Port Authority feels about it -- his proposals -- of they owning it and subleasing it. What's--

MR GIARI: Yeah, we -- I really can't respond to Mr. Cattell's proposal directly, it's certainly something that would be a policy decision by the Board of Commissioners of the Port Authority, whether or not it could engage in any kind of lease from either the Co-op directly or the State, if the State was a lessee of the Co-op. It's, you know, I would certainly say it's not -- at least in my knowledge -- it's not impossible. But I can't really, you know, answer for the Board on that.

ASSEMBLY MARSELLA: Let me ask you something. Do you lease any other properties?

MR GIARI: We sure do.

ASSEMBLYMAN MARSELLA: You sure do.

ASSEMBLYMAN AZZOLINA: If you worked out this kind of deal, and -- I'm sorry -- and lease the property from the Co-op, then what happens to the idea of the improvements you see up there? Would that come from the Port Authority money to make all the improvements and -- that we talked about today? -- the bulkheads, the docks, and the upgrading of equipment are probably mostly new equipment there -- to process to about -- lobsters and everything else--

MR. CATTELL: Mr. Chairman, I think that the money for the infrastructure would certainly come from the Port Authority through the Fisheries Development Commission. When the infrastructure is there, when we come time to remember the big green building that we want to renovate into a new co-op perhaps, that does not necessarily have to come from the Port Authority. The Co-op as an entity having now the security of a say, a long term lease from the State, can go to a regular bank to bank for co-ops, to New Jersey EDA. We've become just like any other borrower who now has a piece of property that we have the ability to earn money to use it. So, that money might come from the Port Authority on either a direct loan basis, or some sort of a loan through the Fisheries Development Commission. But that is not essential to the Co-op's development.

Now, if we look at some of the other potential industrial users -- the zeremic producers -- I think some of you who got an explanation of zeremic know what that is, that's the process when you take a fish and you squash it up and you squeeze it through a sieve in affect, and what you get out is a pure protein product. You've eliminated the fat, the scales, the gristle, the bone, and that can be shaped into a variety of products. It's a Japanese process; and I understand that most of the people whose capital is interested in investing in this process here are Japanese businessmen. Now, they may be seeking terms -- I mean they're going to put money into a plant, they're going to hire local people, they're going to

provide jobs -- they may want the sort of economic incentives that are frequently common in today's world.

Some sort of a tax reduction or favorable lease terms, or something similar to what the Port Authority has been making available over in Brooklyn, where they have buildings that they're willing to lease at a nominal rent to get those first round of tenants and get the project up and running. It doesn't mean that we have to offer them all those terms, but something like that might be necessary or might be helpful, determining on the speed with which we want it to happen. Something like the NOAA Laboratory -- as I understand, the proposal that the Commission has looked at -- we're actually talking about using State funds to build a building that we would turn over for laboratory purposes to the National Fishery Service.

So there, whether that is Port Authority funds that go to the State, or whether it's State funds that come out of the treasury, is something that would have to be determined. Now bear in mind that the Fisheries Development Commission has been working on this NOAA Laboratory thing independently of the Co-op. Obviously, we have the site, we've got the waterfront axis for the research vessels. But that's not something that we're involved in directly.

So, the answer to your question is part of this money -- infrastructure -- would probably have to come from the Port Authority. Money to be used for development of specific property to be used by a specific industrial user, such as the Co-op who had but does not necessarily have to come from the Port Authority. Is that all clear?

MR. GRANT: I think if I could make just one comment. I have less of a problem seeing problems down the line -- or a good way of saying it -- but if, for example, the State and Port Authority in some joint structure -- with Middletown Port Authority thrown in -- would at least the factory site from the Co-op turn around and get involved in joint ventures or other

developments on the factory site with third parties? I think that's a fairly clean deal. I'll comment on it in a minute.

Where I see we might have some problems with -- for example, the Port Authority Commissions -- if we were to lease property from the Co-op to build new facilities or dredge the creek, or do other things for them to lease it back to them again. I'm not sure that's as clean and a deal that we can point to and say, yeah, there's a lot precedent for that. So, I'm a little concerned because I know what the Co-op and the fishermen in the Port need is not only the buildings and stuff that you think they can afford, but a lot of creek improvements which I'm not sure they can afford and I'm not sure that under the lease framework that's an economically or politically salable proposition.

That's why I hesitated before when you asked me did I have any problems with that or not. It's something we haven't explored with enough people to have an answer to you yet. But do you see what I'm saying where I see potential problems down the stream?

ASSEMBLYMAN AZZOLINA: You want to talk?

ASSEMBLYMAN ROONEY: Yeah, Mr. Chairman, I've been listening. I sympathized with the problem of the fisherman and I'm strongly in favor of a project of this type to be taken on by the Port Authority. But, I would have a real problem with the Port Authority, in a sense, bailing out these people, because they don't -- they obviously don't have the wherewithal in order to maintain the property. If they had a clean ownership of that property, if they owned it whole -- you know -- they had a \$50,000 investment in that property right now and for that \$50,000 investment basically they're asking us to give them a long, long lease with our own money. Now, I have a problem with that. I would rather see it completely a 100% Port Authority project and then give them the long term lease on the overall basis. I'm totally in favor of it but I had

some real problems with setting up a bail-out situation and then bailing out those people and then giving them a basically a sweetheart deal -- is what it sounds like to me. Now, if I'm wrong, let somebody show me that I'm wrong. You know, I just don't see it.

MR. CATTELL: Port development has traditionally been a public sector function. The development of the fishing part of Belford is going to enhance the opportunity of the fishermen of Belford to increase their productivity, result in more jobs, and more income into the community. The higher the debt burden on the fishermen makes it less likely that they would succeed. If they had to pay for the private dredging, for example, of Compton's Creek, this is a major economic burden.

President Reagan wants everybody to pay for dredging. He wants the people who pay -- who use New York's harbor -- to pay for the dredging of New York. He wants people who use the ports on the Delaware River to pay for the dredging of the Delaware River. He wants Baltimore to pay for the dredging of Chesapeake Bay.

But thus far, the Congressional delegations have been able to block that on the theory that how can you impose on those citizens the burden which ultimately flows -- the benefit of which flows -- through the entire country? Ninety-seven percent of American foreign trade moves by ship, and yet a very select group of people, those who happen to live in and around the ports, would be asked to bear the burden of paying for the dredging of those ports. Not something that could necessarily be passed on.

If we could be sure that the fishermen of Belford are going to add an extra 10 cents to every fish that they sell, in order to pay for the new docks and the dredgings and all the other normal public sector improvements, we would do it. The problem is that when our fish go to the marketplace, they're competing with Point Judith, Rhode Island fish; and Montauk, New York fish; and they're competing with Cape May, New Jersey

fish; and they're competing with Virginia and North Carolina fish. And those people have had public sector development.

ASSEMBLYMAN AZZOLINA: Who owns those ports? Some of these--

MR. CATTELL: A variety of interests. I mean, most of these ports are privately owned. At this point in time, there's very little public sector ownership of ports. Fish pier or Fish.port in New York is a brand-new process in the New York area. Up in Maine there is a public sector fish pier.

ASSEMBLYMAN AZZOLINA: Who's going to own that?

MR. CATTELL: This is, I believe, Port Authority property. It was Port Authority vacant property. It's been laying around there for 20 years -- totally unused. And this was in many ways an effort by the New York Port Authority to utilize an otherwise unutilized property. In our pier. In our situation, what we're saying is where the people who rent the zeremic plant are going to benefit from the fact that we are there, we are supplying fish.

We are the consumers in the marketplace, and it's not just local consumers. It's statewide; it's regionwide. We're going to benefit from the fact that we are able to go out to catch fish and bring them to the marketplace.

What we are asking is that public sector funding for that infrastructure -- it's not our private port. We're not going to keep anybody else out. Non Co-op members -- the independent fishermen for example, who make up a little less than half of the fleet -- are in that port. They've been there for 200 years. They'll be there for the next 200. They also are going to get that benefit.

But if the Co-op has to bear the cost of the entire port, how do we pass that on? And what happens to the fishermen who are making it, but they are not getting rich? -- when they get forced out because now instead of saying \$10 a year per foot, we've got to say, "Your mortgage this year is \$15,000 or get out of the port." Because that's what we got to have to pay for this. That's where public sector financing comes in.

ASSEMBLYMAN AZZOLINA: Well, the Port Authority though, when they set up any kind of business that they seemed to be involved in, have to get the money out somehow. Am I right?

MR GIARI: Yes.

MR. GRANT: Yes. Because--

ASSEMBLYMAN AZZOLINA: If you did the dredging, you'd have to have some way -- these other facilities -- to help pay for it. Correct?

MR GIARI: That's correct. And what Ed is saying is generally true, for the port industry. The reason that the public authorities are involved in pier and waterfront development that supports both fishing industry and the marine cargo industry, is because of the tremendous amount of investment needed for the infrastructure, as you mentioned the dredging of bulkheads and so forth, that a private concern would not be able to afford to do and receive a direct recovery for it. And so that has been the traditional role of all Port Authorities and is what the Port Authority of New York and New Jersey is engaged in.

We paid for those elements of a marine terminal development, or in the case of Fishport, or fishing port development, by the revenues we received from that project primarily in terms of up-end development, or wharfage and dockage, or marine terminal facility, and other revenue streams to make those projects self sufficient, because as you know the Port Authority does not receive any tax revenues. So it has to -- any project it engages in, they have to produce revenue for the Port Authority so that we can maintain our existence.

ASSEMBLYMAN AZZOLINA: Another interesting point. If they own the harbor there and they lease most of the facilities back to you, would they be obligated to pay real estate taxes?

MR. CATTELL: It keeps the property on the tax rolls.

ASSEMBLYMAN AZZOLINA: Except the new legislation that we may be passing soon may put you into the farm category.

MR. CATTELL: I would hope so. But half a loaf is better than none, I think somebody once said.

ASSEMBLYMAN AZZOLINA: How do we know -- and whichever one can answer, this is an interesting question -- if you develop all these related industries and it comes to fruition, do we know that there's enough fish out there? Because this winter I was over to the Port a few times and the fishermen were complaining; there were hardly any fish out there. You spend hours out there and very little fish to-- I saw it; very little out there. I know it's a different kind of fish you're talking about, but is there enough fish--

MR. CATTELL: Fishing is seasonal for different species on the New Jersey coast. Our fishermen are divided between offshore lobstermen and between fishermen who take what we call daytrips. They go out very early in the morning, perhaps go 100 miles off shore, move up and down the coast, but they come back the same day. And then we have--

ASSEMBLYMAN AZZOLINA: And they were complaining they didn't catch enough fish even to pay for the fuel for the day.

MR. CATTELL: Well, that's true. During this January, February, which are normally our heavy whitey months -- that's a very nice, firm flesh, white fish; we sell a lot of it. Sometimes we catch so much of it that the price drops down to the point that we have to limit our fishing efforts because we are glutting the market. And then the price for fish falls below the break even point.

This year, other than that problem, there were literally none. There were fish out there, but we couldn't find them in sufficient concentrations to make it worthwhile going out. So we got to the point toward the end of that period where the whole fleet wouldn't go out. One guy would go out and look for fish. And if he found them he'd tell

everybody else about it. Normally, fishermen don't do that, but this period was an aberration.

Both Federally and the State of New Jersey are engaged in fairly intensive fisheries management efforts. Stock levels are maintained. Foreign fishing, where it is allowed, is strictly regulated so that we don't overtax the stocks. I would have to say that just some abnormality -- something happened this past winter -- that we didn't find the fish.

We are catching fish now. Spring is usually a fairly slack period. Summer we go into the fluke season. Squid become available -- mackerel. So we move into other species. I don't think that overall the ability of our fishermen to catch fish is anything which gives us a concern. For example, Mr. Grant's report pointed out that the landings in the Port of Belford have exceeded the State increases. I mean, we're doing better than the State is statewide to the extent that we seek to relieve the fishing efforts on species. What we're focusing on is eliminating the foreign effort, rather than try to limit or eliminate our domestic effort.

ASSEMBLYMAN COLLINS: I have a question, Mr. Grant. Two questions. One, you mentioned about the possibility of developing a process for fish and it was also mentioned that there are 250 employees at the port right now. I'd like to know, first, how realistic is the idea of developing a processing mechanism? Secondly, if everything was to fall into place, what would the total number of employees be realistically in the future?

MR. GRANT: If every one of the potentials that, between myself and the Port Authority -- and I think Mr. Cattell has talked to a couple of them also, some of them overlap, I don't know. You know, we have all talked to some of the same people. If all of those would come to fruition and the projections were real, I would guess that just in the last three months I've talked to a total employment base of maybe another 600 employees -- direct employees. And--

ASSEMBLYMAN COLLINS: So, it would be 850?

MR. GRANT: Yeah, and then you, you know, put a multiplier around that for off-site jobs--

ASSEMBLYMAN AZZOLINA: Is that including additional fishing fleet?

MR. GRANT: No, that's just the shoreside jobs that would be generated in the proposed developments. Anywhere from 300 to 600. You know, people tell me 20 to 50, or 20 to start. Within two years we'll be up to 50 employees in our line and other people telling me they need 20 right away. But because of the nature of the development, and its not -- as they grow in size, they don't need more employees. So, it varies. But I would guess, I don't know, Mike. You've talked to people too.

MR. GIARI: We've-- We've talked to a lot of prospective users of the site. We haven't really put it all together in terms of analysis of employment.

MR. GRANT: If you look at some of the standard industrial numbers of employees by acre and so forth, I mean, there's no problem with looking at that site as certainly supporting more than, again, the number of people that are now employed in the industry.

ASSEMBLYMAN COLLINS: What about the processing idea?

MR. GRANT: We're talking about several different kinds of processing. You're talking about--

ASSEMBLYMAN COLLINS: They're realistic? I mean, there's nothing there, now. You've mentioned it on the dock. You've mentioned it again tonight. It is not something New Jersey is in.

MR. GRANT: Right.

ASSEMBLYMAN COLLINS: But you feel this is a realistic possibility?

MR. GRANT: I have talked to people who tell me if the property were yours to lease tomorrow, I would sign the lease tomorrow.

ASSEMBLYMAN COLLINS: For processing.

MR. GRANT: For a processing line of, you know, 100 employees to do frozen stuffed flounder and things like that.

MR. CATTELL: These are not experimental processes. They're developed and working in other places. It's just a matter of putting the capital and the equipment into place. And secondly, I would like to point out that those 600 jobs represent the permanent jobs. During the construction phase, of course, you got additional, temporary jobs that would be created to actually put it all together.

ASSEMBLYMAN AZZOLINA: What kind of time table, now, I mean, of course, what you proposed may lessen the process of trying to come to a conclusion. Maybe; I don't know.

MR. GRANT: No. He is-- Mr. Cattell has prepared a summary of what he would like to see happen, which was passed out to the commissioners last week at the Commission meeting. We meet the first Wednesday of every month. And it's up on the agenda for consideration at the May meeting as a discussion item. I would expect that unless something totally falls apart, either from the Co-op side or from our side or something, I would expect that by June or at the latest the July meeting of the -- not my commissioners but the Port Authority commissioners -- we would have the substance of proposal in front of them to generate enough revenue to at least keep the fishermen solvent and not worry about whether they are going to loose anything at the end of this year or not.

ASSEMBLYMAN AZZOLINA: Keep him off-- Get him off the hook.

MR. GRANT: Get him off the hook, and get him off the hook early enough so they're not desperate in making a last minute deal in December which is as unfavorable to them as the Seacoast deal was to Seacoast.

ASSEMBLYMAN AZZOLINA: Do you think this funding and so on can come to a conclusion before the end of the summer, or

by the end of the summer, or by September at the latest? You go beyond and you'll be kidding yourself.

MR. GRANT: I think certainly, you know, I don't want to sit here at a public meeting and speculate as to what the -- my Commissioners would do or I think I know fairly well, but certainly not what the Port Authority Commissioners would do. But I think we can make a strong case, and any support we can get from the Legislatures and the Committee in New Jersey would obviously be more than welcome and certainly helpful.

But I think we can make a strong case from the Jersey side that we see enough potential -- there's enough potential -- beneficial to the State, that we ought to at least plunk down money for an option or a lease on the site with a good faith payment and the rest to be negotiated at some future point. Just so the fishermen know that there is, you know, they're safe for the year and off the hook for the year.

ASSEMBLYMAN AZZOLINA: Well, you're looking at about \$4 million, I would say, minimum, aren't you?

MR. GRANT: No. I'm looking at, like, 500,000 would do it for right now. Ultimately, if we are talking about a purchase, it might be, you know, if we purchase the whole thing; if one of the possibilities is that they want to keep ownership of their own peninsula, which is about 10 acres, and maybe some mixture on the rest of the 35 acres of some they own and lease to the State, some may go into joint venture partnership with a processor, for example. You know, there may be other advantages to them. There are few little special things, for example, if we talk about the NOAA lab here, Rutgers University--

ASSEMBLYMAN AZZOLINA: But the lab is a long way off, really. Right?

MR. GRANT: Yeah, but Rutgers has in its charter a statement that it cannot build on land it does not own. So there might have to be at least a one acre parcel, which the

Co-op has to sell the site so we can give it to Rutgers so they can go ahead and build their facilities as part of this complex. There are lots of special situations which may have to be dealt with as we go downstream. I think the biggest, most immediate need is to -- from a selfish standpoint, from the State's economic development posture and the fisheries posture -- keep the fishermen at a sufficient comfort level so that they're not so panicked at the imminent loss of the whole thing, that they end up -- not out of desire but out of necessity and desperation -- selling the thing for a high-rise condo, or a hotel complex next to the fish port. Because I think that doesn't do the industry any good; and it ultimately doesn't do the fishermen any good.

ASSEMBLYMAN AZZOLINA: Well, between the three of you, you're going to have to tell me how we can help. Putting pressure on you? Whatever you need, each one of you, tell us and we'll do it.

MR. GRANT: I for one have actually been looking for the opportunity to bring this issue up in front of you and start a dialogue, and start some cooperative kind of action.

ASSEMBLYMAN AZZOLINA: Any other questions from the Committee here? The key, then, is rapid movement. Without that, we get nowhere. How about the audience? Is there anything the audience would like to ask the Committee?

J A C O B S H O R I: I would like to ask Mr. Grant a question. When you're talking about the 82 acres you want to re-zone along the creek, what about the private property in the back, that Seacoast does not own?

MR. GRANT: Ed, you know the property boundaries better, and so forth. Is there any property within the proposed zone, other than what the fishermen own, either the Co-op or members of the Co-op own?

MR. CATTELL: When the Co-op first proposed the idea of a fisheries zone, we moved pretty carefully to draw the

lines just to include those properties that are currently used by commercial fishermen for commercial fishing. Now, the Township planning department expanded on that somewhat. They moved up the creek; they moved to the opposite side; they included some other areas which they felt ought to stay in this marine-fisheries zone. If you look at that ordinance, it does not say "just to be used for fishing." It includes a wide variety of other uses which are related to marine-industrial. For example, the boat repair unit, the marine railway would be included -- fuel servicing, machine shops. Anything that goes into a marine community is included within that zone. So, it's not just for fishermen only, but even as the Township expanded it, they did not go into the factory site because they didn't feel that they could be certain that that factory site was going to be part and partial of the development.

Remember, when they were looking, Mr. Grant's report had been issued, and it only dealt with the peninsula and the immediately adjacent areas. So what the Township planning commission might consider now, on the basis of the additional input in something that really hasn't been considered yet. As far as other owners, there are a number of fishermen who are members of the Co-op, who have land within that marine zone. There are non-Co-op member fishermen who have land within that marine zone.

MR. SHORI: There are owners that aren't either.

MR. CATTELL: Well okay, I'll take your word for that. There are some names that I don't recognize. I will admit that.

ASSEMBLYMAN AZZOLINA: Could you give us your name for the record. I know who you are.

MR. SHORI: Sure. Jacob Shori.

ASSEMBLYMAN AZZOLINA: Anyone else that asks any questions, give your name first, please. Yes Jim?

J I M S H E A: I'm Jim Shea and I'm the Director of Economic

Development for Monmouth County. I would like to ask either the representative from the New Jersey Fisheries Development Commission, or a representative of the Cooperative, if there's anything the County could do to provide a relief for the activities developing on the site. Is there any addition that can be taken by the County that might be able to provide a service for you.

MR. CATTELL: We had been in touch with the County early on, but it was felt at that point that the Township's initiatives were bearing more fruit. But, we have discovered just recently that there is one area where the County could be of significant help to us. The United States has an Economic Development Authority, which is similar to the New Jersey State EDA. They are frequently in the business of making grants of money. Monmouth County has in the past applied for U.S. EDA grants and has always been turned down, because as a County, Monmouth is too wealthy. It doesn't have enough unemployment; its per capita income is too high, so we don't fall within the U.S. EDA guidelines. On the other hand, there is another factor that is quite important, and that is the specific type of project that is involved.

Commercial fisheries development is very, very high on the priority list for U.S. EDA. Mr. Grant and I have met with both Jack Corrigan, who is the regional director of U.S. EDA -- that's in Philadelphia -- and Cliff Rossignol, who is New Jersey's Director, whose office is in Trenton. What they've indicated to us is that Monmouth County should reconstitute its--

MR. GRANT: OEDP

MR. CATTELL: --OEDP committee, and that's an Overall Economic Development Plan Committee. Monmouth County used to have one, but after the Committee put in many, many hours and earmarked quite a few projects, which were all shot down, they gave up and disbanded the Committee.

We now have a project that both the regional Director and the New Jersey Director feel could receive favorable consideration, so we would greatly appreciate it if the County would reconstitute it's Committee. We will be happy to provide you with the information necessary to explain how U.S. EDA funds could help on the infrastructure and make application for those funds. Fiscal year 1986 is well under way. I don't know whether there will be any fiscal year 1986 money available, but fiscal year 1987 becomes available on October 1, 1987, and it's now time to get fiscal year 1987 requests in. So I think that this is something where we could certainly work with the County, and that would be very helpful to us.

ASSEMBLYMAN AZZOLINA: Jack? The Vice Chairman has another question.

ASSEMBLYMAN COLLINS: Just a summation question, if I may, to Mr. Giari. I have a long ride home, and if in just a couple sentences, you could put into my mind exactly what the Port Authority would like from the Belford port. What do you want them to do in order to send forth, not the \$200 thousand but the amount of monies that you will send to them.

MR. GIARI: Let me just briefly, you know, summarize our position in this regard. The Port Authority has definitely made a commitment to the State to undertake fisheries-related development in the port district in New Jersey. I agree with George Grant and also with Ed Cattell that the State and the Port Authority consider the development of the Belford fishing industry to have the highest priority on that commitment of \$27 million dollars. The thing that needs to be done now is to put together a plan or a package that can be supported both by the Executive Offices of the State, and then presented to the Board of Commissioners of the Port Authority to evaluate that plan or package of proposals for development. The Port Authority Board of Commissioners will then evaluate it in terms of its contribution to economic development and so forth.

ASSEMBLYMAN COLLINS: So you're waiting for a plan. Do you folks have a plan?

MR GRANT: We're-- I will say in defense of the Port Authority that they have not tried to dictate what they want. Their argument is -- their statement is, their position or argument -- that "We are willing to consider whatever it is you want to do." Yes, we had a plan as of October, which is what you see in the books in front of you. When the ground rules changed in December, we are formulating a new, more comprehensive plan to cover the new opportunity that was generated by the whole site being available, rather than just the creek part.

ASSEMBLYMAN COLLINS: Okay, but don't we have to move on this plan because of the problem we're sitting over here with.

MR. GRANT: We certainly do, and this is why I've been moving on it, but I've been able to move on only by using in-house resources.

ASSEMBLYMAN COLLINS: And so that's why you need your \$200,000--

MR. GRANT: Right

ASSEMBLYMAN COLLINS: --so you can get the plan and you can't act until they give you the plan and the money is in the mail. I mean somewhere-- After he told me three weeks ago.

MR. GIARI: It's-- Just to cover the \$200,000 very quickly, all right?

ASSEMBLYMAN COLLINS: Okay.

MR. GIARI: And by the way, that \$200,000 request by the Fisheries Development Commission is not the only funding involvement that the Port Authority has had. We have conducted the study of the port of Belford, and that was paid for by Port Authority funds. At the request of the New Jersey Governor's office, we funded the work of the New Jersey Fisheries Development Commission, so that they could put together this

plan to present to the Port Authority a package or separate projects for consideration, as part of the \$27 million.

The last sum of money, the \$200,000, was approved by our Board at the December meeting. We discussed at that time with Mr. Grant the need to receive an expenditure plan, in order to release that money and we received the expenditure plan the first or second week in March. Upon receipt of that plan, we began to process the payment of the money, and that takes approximately two to three weeks.

ASSEMBLYMAN COLLINS: So it's right about right now, and when you get your \$200,000--

MR. GIARI: That's right.

ASSEMBLYMAN COLLINS: You can continue with your plan. Hopefully, that--

MR. GRANT: I can start bringing in outside help, in addition to the in-house help we've got.

ASSEMBLYMAN COLLINS: But you do understand, as I understand Mr. Giari, that they can't act on anything until they get your plan. So the plan is what we're waiting for now, once you get the \$200,000.

ASSEMBLYMAN AZZOLINA: He said EPA was starting already, right? The DEP, I mean.

MR. GRANT: Yeah, the DEP and Agriculture, and-- You know, we're working on it.

ASSEMBLYMAN COLLINS: Okay, but the plan is what we need right now, it seems, as the time moves on for the Co-op.

MR. GIARI: And certainly, you know, a plan that George Grant and his Commission feel has the support of the Executive Branch of New Jersey.

MR. GRANT: And hopefully, also the Legislative Branch.

ASSEMBLYMAN AZZOLINA: I was asked to ask a question that may not make sense, but we'll ask it. Why don't you deal directly, as a Port Authority, rather than go through a third party, or a second party of the State. We're not asking you to

do that; we just want to know why you're dealing through the State--

MR. GIARI: Yeah. I know. Okay.

ASSEMBLYMAN AZZOLINA: --not to eliminate your job, Mr. Grant.

MR. GRANT: There are days I wish you would.

ASSEMBLYMAN AZZOLINA: Is there a reason for it.

MR. GIARI: The reason is when the fisheries program of the Port Authority was authorized, we committed to spend an equivalent amount in the State of New Jersey on fisheries or marine-related development. That commitment stated that identification of appropriate projects would be undertaken in collaboration with the State of New Jersey. Subsequent to that, the Governor formed the Fisheries Development Commission, and told us that the Commission would put together a plan to be presented to the Port Authority. That's basically what it is because the Port Authority and the State agreed to do it that way.

ASSEMBLYMAN GEORGE HUDAK: Joe, I have a question.

ASSEMBLYMAN AZZOLINA: Yes?

ASSEMBLYMAN GEORGE HUDAK: Mr. Cattell?

MR. CATTELL: Yes.

ASSEMBLYMAN GEORGE HUDAK: Would you think there would be concurrence with Mr. Grant, and what he is planning to do with the \$200,000. Do you think that it will concur with whatever the outcome of this survey would be, or this study will be.

MR. CATTELL: Well, first off, Mr. Grant has been involved in projects of this type many times before. I have complete confidence that he knows what he is doing. So, I can say without reservation, but speaking from the perspective of somebody who-- You know, I do lawyering. I'm not a planner; nor am I a developer. I have complete confidence that what the steps that he is taking are necessary to achieve the ultimate

development. But, I would like to comment on the concept of this plan. That's necessary. I understand that. Nobody wants to buy a pig in a poke.

On the other hand, the Port Authority Fish Port Project in Brooklyn has proceeded in stages. I hope that what the Port Authority is looking for in this plan, is not a mapped-out, detailed specification of everything that is going to happen on the Belford property. Because, nobody knows that yet. What I would like to see this plan be, at the present time, in view of the time constraints that we are under, is actually just the outline and perhaps even the specifics of how this property is going to be made available for public development.

Let's worry about the transfer of the right to develop the property now, and we do know -- I think we have a high degree of confidence -- that we have the uses for the property. But, a plan to be effective, could be, in the eyes of the Port Authority, "Not only do we want you to have outlined how you're going to obtain this property, by lease or whatever other method, but we also want to see the signed leases with the people who are going to come in and we want to see their contracts or the acquisition of equipment that they are going to use, and we want to see their signed sales agreements for the product that they are going to process through this facility, so that we can be sure that everything is going to work out perfectly."

ASSEMBLYMAN AZZOLINA: You are going to have this by the first of the year?

MR. CATTELL: Yeah. Five years from now we can look back and do that. But, right now, there is no way that that plan -- that's how the Port Authority defines plan -- can be achieved. What I think we're talking about by plan, at this stage -- and if I'm wrong, please disabuse me -- is really the idea that yes, the State is comfortable, that the Belford study

New Jersey State Library

is accurate, and that the port is viable; yes, the State agrees that the property ought to be developed with public funding. We have worked out a mechanism to do that, at least in outline form; and that will justify the appropriation of funds by the Port Authority making them available to the State, so that those funds can be used to take us off the hook by the end of the year.

One specific thing, that I think is necessary, and this is because we have had substantial input from the Governor's office, in the phases of this plan up until now, but with the change of administrations there have been -- or not, same administration -- but with the new administration there have been several reassignments of position. The people in the Governor's office, who had the most direct contact with us, have taken new jobs.

ASSEMBLYMAN AZZOLINA: Susan Lentz is here. She's working with--

MR. GRANT: No longer.

ASSEMBLYMAN AZZOLINA: But she's with Community Affairs. Apparently they have something to do with this now.

MR. CATTELL: But she's not working on it.

MR. GRANT: She was in Policy and Planning.

ASSEMBLYMAN AZZOLINA: I know.

MR. CATTELL: But what I would hope on behalf of the Co-op would be that the Committee would urge the Governor's office to be sure that there is somebody there with the ability to make himself or herself heard at the appropriate levels; who can coordinate this with us. Because, the Governor's office is heard at the Port Authority, when others of us are shouting in the wilderness.

ASSEMBLYMAN AZZOLINA: We will do that.

MR. CATTELL: Thank you.

ASSEMBLYMAN AZZOLINA: Okay. Yes, next question?
Will you identify yourself. Your name?

B O B W E I M E R: Bob Weimer. I have a number of questions.

ASSEMBLYMAN AZZOLINA: Make them short.

Mr. WEIMER: All right. First, Mr. Giari?

MR. GIARI: Yeah, Giari.

MR. WEIMER: Mr. Giari, from the Port Authority knows full well that the Port Authority leases Newark Airport, Teterboro -- not Teterboro Airport. Teterboro is the only one that is owned by the Port Authority. All the rest are leased. Newark Airport is leased; International Airport is leased and so is LaGuardia Airport. The Port Authority leases many areas, so there is a good line of reasoning that this is something that could be built. I noticed that you mentioned that several projects have taken place under this \$27 million program, some in Elizabeth, and several other projects that you mentioned. So there is a good possibility that millions of these dollars have already been spent.

MR. GIARI: No, not under the \$27 million. Those projects were undertaken over and above the \$27 million commitment that was made to the State. The only things that that \$27 million commitment has been used for to date has been to fund the creation of the Governor's Commission -- I mean the Fisheries Development Commission.

MR. WEIMER: Mr.-- The Fisheries Department?

MR. GIARI: Yes, yes and also the latest request for \$200,000.

ASSEMBLYMAN AZZOLINA: How much do you think you've spent so far.

MR. GIARI: Four hundred thousand.

ASSEMBLYMAN AZZOLINA: Four hundred, total, out of the \$27 million.?

MR. WEIMER: Four hundred thousand, and-- I thank you very much.

MEMBER OF AUDIENCE: What about the two studies?

MR. GIARI: The two studies were over and above that.

MR. WEIMER: Because I thought the two studies alone were over, were closer to 500,000.

ASSEMBLYMAN AZZOLINA: That was over and above, he said.

MR. GIARI: That was over and above.

ASSEMBLYMAN AZZOLINA: That was over and above. That's free.

MR. GIARI: Well--

ASSEMBLYMAN AZZOLINA: Free above the \$27 million.

MR. WEIMER: And the fisheries bistate program has had a number of projects. The one, which was the Princeton program, was under the Port Authority. In that program they stated many of the steps which were just funded by the Port Authority, this Princeton program, under the auspices of this Department. Is that correct?

MR. GIARI: The--

MR. WEIMER: The Princeton--

MR. GIARI: The study done by Princeton Economic Research? Yes, that study was funded by us.

MR. WEIMER: And that particular study stated many things in it. The benefits and how they should be-- And you've agreed to most of these, I imagine, because it came from, basically, the Port Authority.

MR. GIARI: Well, no. As in any relationship between an agency that funds the studies and the people who conduct the study, we didn't, you know, we didn't tell them what to conclude at the end of the study. We asked them to do an analysis and tell us what they've learned, and that's what they did.

MR. WEIMER: And they did read it and did accept the study.

MR. GIARI: Well, yes we accepted the study. Sure.

MR. WEIMER: Because there were many things in there that pertained to force and the project to be undertaken.

MR. GIARI: Right.

MR. WEIMER: And they agreed with this particular study.

MR. GIARI: Well, no-- I don't know what you mean by that when you say "to agree with the study."

MR. WEIMER: In other words--

MR. GIARI: I mean, we did not go out and verify that all of the costs that were shown in that study were accurate to the penny, no we didn't. But we certainly accepted the study, and I can say that myself, as participating very much on that study, and the people that I work with at the Port Authority were pleased with the work that was done by Princeton Economic Research on that study, yes.

MR. WEIMER: One other question, I believe I have. This was in regard to the-- No, this was answered already. I apologize. This particular question was answered because about the asset -- the assessing. It has not been completed.

MR. GIARI: Right.

ASSEMBLYMAN AZZOLINA: Senator Van Wagner. I don't think that there are any more questions. Stay there, because I see the Senator wants to make some questions. Senator Van Wagner.

SENATOR RICHARD VAN WAGNER: Thank you, Mr. Chairman. I've been listening with interest to the comments at this meeting. First of all, I think if one listens to the dialogue on the issue -- and I was interested in Mr. Rooney's comment -- and I can assure you that the Belford fishermen are not looking for a bail-out. One of the difficulties in this whole issue is the fact that there has been no focus. I would venture to guess that two years ago, when the Governor came here at Middletown South, he announced that the commercial or bay shore study would commence. Earlier than that, as imputed, the commercial fishing development-- the development of the Belford port -- was a top priority. I

would indicate to you that that was two years ago, that a year ago, in the State address, he indicated again, that resources of the Fisheries Development Commission, the Port Authority and indeed the State of New Jersey would be brought to bear in developing a resolution to the problem that exists at the Belford port.

I would venture to guess that in a week, if the Governor and the Executive Branch so chose, to bring these forces together, to put the money where it is, to divine where it should be, to divine tasks that had to be completed by each entity, that you would have a project well under way.

What I sense is happening, however, is that no one is really sure as to whether or not, and in which direction, the development should take place. There is, besides the parties that you've talked to tonight, several interested private individuals, who have taken a look at the port and are interested in providing the same kind of services that Mr. Grant alluded to. For example, the development of a fish meal plant would give fishermen, who now are constrained to fish for a certain species, the opportunity to fish for haddock and other types of fish. That would enable them to be more diverse in their activities. In addition to that, the Port Authority can now, if I'm correct, under the jurisdiction they have, begin the infrastructure developments that have been allocated under the \$27 million that were appropriated two years ago.

So, I hope in fact, Mr. Chairman, that this is a catalyst, because there have been, I must say, a number of catalysts that have gone on before this meeting, that have brought great hope to the fishermen; that have brought, in fact I think, hope to all the people in Middletown. Because this project, and the preservation of the fishing industry in Belford, doesn't only relate to those individuals that work and gain their living from the sea. It relates to every citizen of this community, and in fact, every citizen of this region. Because I regard, and I think others do, the development and

redevelopment of the Belford port as a linchpin to what's going to take place throughout this entire bay shore region.

I know today you had the opportunity to visit that section of the bay shore, and I think if you -- Mr. Collins, particularly, who expressed some interest in it, and, I think, with Mr. Hudak -- had had the opportunity to look at the entire bay shore, you would see the vast benefit that can come from a commitment by the State, the Port Authority, the Township of Middletown in developing and maintaining that area as a Belford port. I would submit to you that what we should consider doing, both the Assembly and the Senate, by resolution, is directing and asking and requesting the Governor and the State to assemble these parts and to immediately, henceforth, develop a plan for the restoration, development and rehabilitation of the port. You've seen some of the bulkhead work that needs to be done. I sense that if we do that jointly, in each house, and bring those forces to bear on this issue, we will see a plan evolve in less than a month. We will see direction to this issue.

My second purpose in addressing the Committee, and I appreciate your giving me the time, is that there is another phase to the situation that exists now in developing the Belford port, and that is the very direct assistance that fishermen, commercial fishermen throughout the State need. You know, there is very little in support mechanisms for fishermen. As you've heard, and as you've seen today, fishing is a risky business. This country for years has seen fit to establish farm supports, recognizing the fact that farmers also are at great risk in the kind of business they're in. And so too are fishermen.

Commercial fishermen take risks each time they go to work each day, not only the risks that come about in terms of not perhaps coming back with a sufficient catch, but risks that they face at sea. We had a gentleman some years ago who was

killed. He was not involved with commercial fishing at the time. He was doing something related to that, piloting -- pilots out to Ambrose Lake, and he unfortunately was killed. So the sea is a dangerous place, as you well know.

I submitted a bill to the Legislature that has already cleared the Agriculture and Environment Committee, and it provides a \$5 million revolving loan program for commercial fishermen and establishes that program at one point under prime. I realize the loan is something that has to be paid back, but right now fishermen face a great deal of difficulty, even at the lower cost of money today, in replacing and replenishing the equipment that they need to maintain themselves in business.

So I would hope that the Committee would review this. I would be happy to send the staff a copy of the bill. As I said, the bill has already cleared the Senate Agriculture and Environment Committee and will soon be heard by the Senate Appropriations Committee. Perhaps, although I don't know, the Speaker might refer the bill to this Committee. I would hope that you will take a strong look at it, in light of which you've heard tonight, and in light of the value that commercial fishing has to this region.

We have, in addition to that, established at Sandy Hook, a Marine Academy of Science and Technology, where young people from our high schools are trained in the marine sciences, and also get the opportunity -- I know Assemblyman Azzolina is happy about this -- to involve themselves in a Naval ROTC program. I should point out to you that the fishermen from this area played a major role in assisting and counseling students at that Academy, in terms of the livelihood of fishing, and the manner in which the commercial fishing business was conducted. They did that voluntarily, without any pay.

So the fishermen of this community have played a major role in the community. They've played a major role in protecting and preserving what I consider Middletown's most important resource, which is the bay front. The issues that you're talking about tonight have been talked about for a number of years. Again, I will say to you, with all the force that this Committee could bring -- I'm going to certainly do it in the Senate, and I hope that you will do that in the Assembly -- that is by resolution indicate to the Governor of this State, that he must take action, bring together these groups that he assigned the task of doing this study, to focus on the development and the various leases and agreements that have to be worked out, and bring about a solution to this problem before Middletown and this entire region loses a very valuable resource. I thank you for your time.

ASSEMBLYMAN AZZOLINA: Thank you, Senator. Susan, I'd like to ask you a question, for a minute. Are you playing any role in this. You did, previously, with policy and planning. You said something about it tonight. The Community Affairs Commissioner was very interested in developing the--

S U S A N L E N T Z: The Office of Policy and Planning, as you know, is in flux, because (inaudible) Commissioner of Insurance, and until his successor is named, it would be hard for the Governor's office to push forward on this, but that should be fairly soon. There are other people in the Governor's office, whom I've spoken with-- (The rest of the sentence is inaudible.) The Commissioner of Community Affairs is interested in developing the site as well as the bay shore in general.

ASSEMBLYMAN AZZOLINA: By the way, the Commissioner of Community Affairs lives in Atlantic County, so he is right in our area. Okay, any other questions?

ASSEMBLYMAN HUDAK: I'd just like to point out, Mr. Chairman, that Senator Van Wagner was correct. It is time to report action, rather than just keep Committee meetings and

studies. I think that if these particular gentlemen, yourself, Mr. Van Wagner and somebody from the Governor's office got together in a round-table discussion, I think that we would get a lot more accomplished, than having to continue hearings such as these. Time is of the essence for these fishermen.

ASSEMBLYMAN AZZOLINA: Well, we understand that. That's why we brought the Committee here to Middletown, so that we can hear from the local people. We do this around the State in other places too. We wanted the Committee to understand what was happening, and to put the full force of our Committee behind pushing all those involved, including the Administration.

MR. HUDAK: I appreciate that. I was trying--

ASSEMBLYMAN AZZOLINA: Well--

MR. HUDAK: Time is of the essence.

ASSEMBLYMAN AZZOLINA: We have a problem with the past head of the Division of Policy and Planning. He was head honcho before, and now he's going to be Commissioner of Insurance. So we have got to get to the Governor's office and make sure that they are fully committed to make this happen. You, George, you're the point man for the Administration, at this point I believe.

MR. GRANT: I feel like I am the point man for the administration, but I really, in honesty must say that I am very concerned about the point Ed raised before, that while we, at one point, had a strong, effective voice in the Executive Branch to the Port Authority, and speaking for fisheries, that voice is going to be lost and I don't have a replacement.

ASSEMBLYMAN AZZOLINA: Well, you have to get a replacement in there. We have to ask the administration to get a replacement. Do you have somebody high up?

MR. GRANT: We talked about my Commission-- People call it a department if they will. You have to realize, I have ten Commissioners, of whom five are State Cabinet officers, and five are private-sector citizens, not necessarily directly

involved with fisheries. The Commission, at this point, consists of myself and my secretary, and I can't get a penny in State appropriations for my own-- I work in the Treasury Department. I can't get the Treasurer to approve. She took out line item for a--

ASSEMBLYMAN AZZOLINA: She maybe doesn't understand this.

MR. GRANT: Well, that's part of the problem. We have a new Treasurer. We have, you know, a continuing state of flux, I am just feeling-- You know, I couldn't second what you said and Senator Van Wagner said more. I wish somebody would push, because--

ASSEMBLYMAN AZZOLINA: Well, that's our purpose then. That's why now that the Committee understands, we're going to push with the full force of the Committee. This is the Committee that's been dealing with economic development and agriculture, of which fisheries and the fishing industry is a part of, that we're responsible for.

MR. GRANT: I'll do everything I can to help.

ASSEMBLYMAN AZZOLINA: Yes. Anybody else from the audience? Mayor, do you want anything. Any questions? Do you want to say anything? Mayor Boeckel?

MAYOR OLGA BOECKEL: I think if I said what I feel, you might think I'm facetious.

ASSEMBLYMAN AZZOLINA: No.

MS. BOECKEL: But I heard \$27 million tonight, so many times. I heard it for three or four months. I thought that if we could give some of the people, say four or five million out of this 27 million--

ASSEMBLYMAN AZZOLINA: Eight.

MS. BOECKEL: --to fix the bulkheads, remodel the buildings for the people who are dying to come here. I know in a couple of years they will have that money made, and it would be a profit to all of us. And I feel that four or five million

out of \$27 million wouldn't hurt anyone but it would help Belford. And I feel that there are enough people out there that want to move into these buildings. We need a million dollars to fix bulkheads and remodel buildings, so why can't we get that money, pay the Belford men to pay their bill off and get started as soon as possible. You still have \$22 million left in that kitty to fool around with elsewhere.

ASSEMBLYMAN AZZOLINA: You're short \$3 million and one-eighth. Okay, any other questions? So where do we go from here between the three of you? Let's wrap up. Where are we?

MR. GIARI: Well--

ASSEMBLYMAN AZZOLINA: You're at the ballpark. I guess the ball is in your field right now.

MR. GIARI: I think I'll just summarize where the Port Authority is to Commissioner Collins' question a few minutes ago. And that is we've undertaken one study, we've funded the entire work by the New Jersey Fisheries Development Commission, which the Governor's office told us would be putting together a plan. We're working very closely with them. I'm in communication with George and his office every day on what's going on in putting together a plan for Belford, but these things, you know-- We don't expect a development plan to be presented to the Port Authority in the kind of detail that Ed Cattell was talking about a few minutes ago. Certainly staged development would be appropriate, certainly a plan that--

ASSEMBLYMAN AZZOLINA: Excuse me one minute. Assemblyman Marsella? Don't forget, next week I want to announce that we're meeting on the 17th with the Port Authority in Port Newark, to spend a day with them, to go over the facilities and what they can do for the economic development of the State, and if you have any high-powered people there on the 17th, we would like to talk to them while we are there, too.

ASSEMBLYMAN MARSELLA: Tell them to make sure some of the Commissioners are there, so we can match the development

projects.

ASSEMBLYMAN AZZOLINA: Okay, thanks.

MR. GIARI: And again, so that's really where we are. We're not expecting a plan that would detail where every dollar is going to be spent for every piece of equipment and tiling, and bucket of cement that needs to be put into the Belford port to make it viable. Certainly, an overall plan-- It's a complicated situation in Belford because of both the needs of the Co-op, the amount of available land to be developed, and a number of other factors having to do with the appropriate role of the State, the County, the local municipality and the ultimate resolution of how the property should be owned or leased out. A lot of those major questions would have to be answered in some kind of a plan before the Commissioners and the Port Authority would be able to consider the expenditure, you know, the kind of money that you're talking about. That's really, I think, puts it in a nutshell.

ASSEMBLYMAN AZZOLINA: Thank you very much. Anybody else?

MR. GRANT: I think-- That's well said and I think the thing we've been waiting for, and I think we're at that point now, is for me to be sure, in my own head, that I can, in good faith, recommend to my Commission and to the State that that kind of expenditure that we're talking about to secure the property, at least the long-term lease on the property, is justified by the economic potential. If I had thought otherwise, the argument would be: find a report from last October's stands, help the fishermen develop the peninsula, and let the rest go to real estate, or whatever, and we don't even have a role in it. It's because I'm convinced now that we do have a role, and that there is a market potential there, that we're going through these extra steps of trying to justify the whole 85-acre package. And yes, I'm talking to Ed every other day, I've talked with Mike, at the Port Authority. It's a

question of bringing everything to a head. I hope this session tonight, and ... would help bring that to a head.

MR. GIARI: The immediate plans that we have on the agenda, as had been mentioned, my concept, or the Co-op's concept, of a lease, rather than just an out-right sale, was detailed in a letter that was presented to the members of the Fisheries Development Commission at their April meeting. I've asked Mr. Grant to see if he can set up a series of meetings or a meeting with the members of his working committee, those Commissioners who are directly involved with this Belford project, so that we can sit down and talk specifically about any questions they may have about this particular suggestion or this particular proposal that we have.

If they see particular problems, perhaps I can gather information for them that will resolve the problems. If they foresee legal impediments, perhaps I can generate the legal memoranda or precedents that would persuade them that in fact, there are not legal obstacles. And it really comes down to whether or not the State and the Port Authority are willing to work with us on this basis.

Hopefully, we've been able to demonstrate enough community support, that we can make this work for the public good; that they would be willing to make that commitment. Hopefully, we will accomplish this in the next two weeks, so that our report, that is favorable to the concept, can be handed to the Commissioners on May 7th, at their next meeting, for them to act on favorably. We will then have, I feel, the major components of the plan in place, to report back to the Port Authority.

ASSEMBLYMAN AZZOLINA: If you would keep our Committee Aides informed -- all three of you -- so we're kept abreast, so as we're proceeding, we can proceed in concert to help. Okay?

MR. GRANT: Yes, sir.

ASSEMBLYMAN AZZOLINA: Okay, thank you very much. I thank the audience for being here. Thank you.

(HEARING CONCLUDED)