



MARKETING YOUR SHELLFISH

a resource for shellfish harvesters and growers in rhode island

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Marketing Your Shellfish: A Resource for Shellfish Harvesters and Growers in Rhode Island

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THE
UNIVERSITY
OF RHODE ISLAND

1. MARKETING PATHWAYS FOR SHELLFISH

A GROWER OR HARVESTER OF SHELLFISH HAS DIFFERENT OPTIONS FOR GETTING SHELLFISH FROM FARM OR BOAT TO market. The traditional model involves selling to a separate, certified/licensed entity—i.e., a dealer or primary or secondary processor—that purchases and distributes the product. Federal and state agencies administer regulations and licensing steps to protect public health.

Increasingly, harvesters and growers are seeking alternative marketing avenues that will add value to their businesses by selling direct-to-market, which involves a series of steps that can be challenging. However, some harvesters and growers may decide the extra steps and costs are worth the benefit of expanded market options, allowing their products to more directly reach restaurants, farmers markets, institutions, or individual customers.

Deciding on direct-to-market sales for shellfish

The aim of this guide is to describe the existing steps and requirements for direct-to-market sales of shellfish in Rhode Island. Other steps are necessary to sell other seafood directly, such as finfish. Please contact the Rhode Island Department of HEALTH (HEALTH) for more information.

The first step is to decide if direct-to-market sales are the right decision for your business. Selling direct-to-market takes more time, effort, and often, new skills and additional expenses. It is an individual business decision with specific HEALTH and safety requirements. Remember: It is unlawful to sell shellfish direct-to-market outside of these requirements.

Once you are satisfied that direct-to-market is right for your business, review the pertinent laws, regulations, and requirements. This guide offers a step-by-step approach that is intended to make your journey to direct sales smoother. However, laws change, so it is important to check with HEALTH early and often throughout the process to ensure you are taking the correct and required steps.

Determining if direct-to-market sales are right for you

To determine whether or not direct-to-market sales are right for you, consider the following questions, courtesy of Alaska Sea Grant:

- Can you keep accounting records and maintain paperwork in good order?
- Do you enjoy meeting and talking to people?
- Are you outgoing enough to make sales calls?
- Are you detail-oriented?
- Do you need to be paid immediately, or can you wait to collect your money?

- How good are you at making people who owe you pay up?
- Are you willing and physically able to do the extra work and commit the additional time to run a direct-to-market operation?
- Is your family supportive of this change?
- Are you in a financial position to make the adjustment in time and money for your new direct-to-market business?
- Do you have the equipment and/or boat that is big enough to properly handle the product?
- Do you have access to ice or chilling equipment?
- Do you have access to regular, reliable, affordable transportation to get your shellfish to market?
- Is your species of shellfish in high demand? Is it in short supply?
- You may need to have a facility to operate from; can you afford this expense?
- Do you have customers lined up?
- Do you have a business plan or operation plan for selling your product?
- Do you have enough cash available for up-front operating expenses and to cover your cash flow needs in case some customers don't pay, or if it takes time for your operation to become profitable?

Overview of regulatory agencies

To take the steps necessary to begin a direct-to-market business, it is important to be familiar with the regulatory agencies involved and to understand their roles.

- The state of Rhode Island is a member of the Interstate Shellfish Sanitation Conference (ISSC), which fosters and promotes shellfish sanitation through the cooperation of state and federal control agencies, the shellfish industry, and the academic community. The ISSC ensures

the safety of shellfish products consumed in the United States. Anyone interested in shellfish sanitation is encouraged to participate in the ISSC, which holds a biennial meeting, attended by representatives of state shellfish control authorities from both producing and non-producing states, federal agencies, industry, and academic institutions.

- The National Shellfish Sanitation Program (NSSP) is the federal/state cooperative program recognized by the the U.S. Food and Drug Administration (FDA) and the ISSC for the sanitary control of shellfish produced and sold for human consumption. Rhode Island must abide by rules and guidance set forth in the NSSP model ordinance. The purpose of the NSSP is to promote and improve the sanitation of shellfish (oysters, clams, mussels and scallops) moving in interstate commerce through federal/state cooperation and uniformity of state shellfish programs. Participants in the NSSP include agencies from shellfish producing and non-producing states, FDA, the U.S. Environmental Protection Agency, the U.S. National Oceanic and Atmospheric Administration, and the shellfish industry.
- FDA is responsible for ensuring that the nation's seafood supply, both domestic and imported, is safe, sanitary, wholesome, and honestly labeled. It requires establishments to have Hazard Analysis and Critical Control Point (HACCP), an internationally recognized system for reducing the risk of safety hazards in seafood. FDA ensures that states comply with the NSSP model ordinance. The NSSP is also recognized by the ISSC.
- HEALTH, through its Center for Food Protection and Shellfish Inspection Program, enforces rules and regulations to help ensure the safety and wholesomeness of shellfish consumed in the state.
- The Center for Food Protection within HEALTH approves business/operational plans, shellfish dealers, and licensing for retail markets and food peddlers. The Center inspects restaurants, schools, dairies, seafood dealers, and other food establishments to make sure food is prepared and stored in a safe manner. It also investigates illness complaints and foodborne disease outbreaks, provides 24-hour emergency coverage for fires, accidents, and natural disasters involving food products, protects against consumer fraud related to food, develops assisted living food standards, and certifies food managers.

- The Shellfish Inspection Program, which is part of the Center for Food Protection within HEALTH, participates in the NSSP to ensure the safety of shellfish in intrastate and interstate commerce. It is responsible for the licensing and regulation of shellfish dealers.
- The Rhode Island Department of Environmental Management (RIDEM) is responsible for researching and monitoring marine species within Rhode Island state waters to support effective management of shellfish (and other marine life) for commercial and recreational importance. RIDEM issues commercial shellfish licenses as well as RIDEM dealer and aquaculture licenses. The Office of Water Resources monitors the water quality while the Division of Law Enforcement Marine Unit, provides enforcement of shellfish activities.
- The Rhode Island Coastal Resources Management Council (CRMC) is a management agency with regulatory functions. Its primary responsibility is the preservation, protection, development and where possible the restoration of the coastal areas of the state via the issuance of permits for work within the coastal zone of the state. CRMC is responsible for the granting, permitting, and monitoring of aquaculture leases within state waters.

Taking the right steps

There are a series of steps that must be taken to proceed with launching a direct-to-market business.

1. Contact HEALTH's Center for Food Protection to involve them from start to finish in any shellfish direct-to-market planning venture. They can provide updated information on the process and help initiate required licensing paperwork.
2. The Rhode Island Secretary of State maintains a RI Business Portal webpage with information on planning, starting, and maintaining a new business. The portal provides many of the steps to register and incorporate a new business and links to the RIDEM and CRMC resources for shellfish.
3. Establish a facility or lease. In order to be considered a legitimate shellfish direct-to-market operation, an approved and inspected facility is required. A "facility" has a specific meaning in the eyes of the state and pertains to both harvesters and growers of shellfish, varies depending on the individual business plan, and should be confirmed with HEALTH. To sell farmed shellfish, work

with the CRMC to establish a lease, a plot of submerged land for growing shellfish.

4. Become a shellfish dealer. Prepare an operation plan which provides specific details about the type of business to be operated, the product(s) to be sold, and the location of the business. Also, obtain the necessary shellfish dealer license(s) from HEALTH which includes establishing a facility that meets HEALTH requirements. Lastly, obtain the RIDEM shellfish dealer's license. It is recommended to do the HEALTH requirements first and the RIDEM requirements second since the HEALTH requirements are of public HEALTH importance and have more requirements.
5. Pick a pathway for sales. There are many ways to sell direct-to-market once you become a properly licensed shellfish dealer and meet all the necessary HEALTH and RIDEM regulatory requirements. Licensing, inspection, and reporting requirements depend on the precise nature of the operation. Once properly licensed, or selling to a properly licensed person, some options include:

Community Supported Fisheries (CSFs) sell catch directly to consumers who buy a certain amount of seafood up front ('subscriptions' or 'shares'), with deliveries to a pre-determined location on a set schedule for a fixed period of time. CSFs are not exempt from all licensing requirements. The Local Catch is an example in Rhode Island.

Fishermen's/Farmers' Markets sell catch directly to consumers as part of an established community market. Vendors must sell to someone with a peddler's license, or acquire these licenses separately. FarmFreshRI is an example in the state and lists locations and rules to participate on their website (www.farmfreshri.org).

Online Orders A dealer with an approved facility can also obtain a retail license and sell catch by communicating with or accepting direct orders from customers online.

Cooperatives sell products through a farm, business, or other organization that is owned and run jointly by its members, who share the profits or benefits. The Ocean State Shellfish Cooperative is an example in Rhode Island.

Restaurants/Retail Market Sales Vendors sell catch directly to restaurants and retail markets.

2. DIRECT-TO-MARKET SCENARIOS

THE FOLLOWING PAGES PROVIDE SCENARIOS THAT ILLUSTRATE THE REQUIREMENTS FOR CERTAIN DIRECT-TO-MARKET activities. The scenarios outline steps that involve interactions with the three permitting agencies, HEALTH, RIDEM, and CRMC. HEALTH considers other scenarios on a case-by-case basis depending on the current regulatory framework and the nature of the proposed sales activity. Be sure to contact HEALTH throughout your process.

You will note that some of the scenarios repeat steps of previous scenarios.



SCENARIO 1

I WOULD LIKE TO SELL MY FARMED SHELLFISH TO RESTAURANTS

Step 1: Obtain an aquaculture lease from CRMC

Once a business has been granted an assent from CRMC for an aquaculture lease and obtained a license from RIDEM, the lease may serve not only as a growing area for shellfish, but as a “facility” that is subject to regular inspection by HEALTH, RIDEM, and CRMC.

CRMC is the lead agency for aquaculture in Rhode Island and works with RIDEM, HEALTH, fishing groups (both commercial and recreational), towns, and environmental organizations to permit aquaculture leases through an extensive public process. The Rhode Island General Assembly has set the maximum lease duration at 15 years, and leases may be renewable.

Step 2: Obtain an aquaculture license from RIDEM (\$200)

Step 3: Take Hazard Analysis and Critical Control Point training (HACCP) and develop a HACCP plan and an operational plan

A HEALTH shellfish business dealer’s license (Step 4) application requires prior completion of HACCP training, development of a HACCP plan, and development of an operational plan for the business. Each HACCP and operational plan will be unique to each venture.

HACCP training: A HACCP system requires that potential hazards that may be encountered in a food business are identified and controlled at specific points in the process. Any company involved in the manufacturing, processing, or handling of food products can use HACCP to minimize or eliminate food safety hazards in their product. The HACCP training will provide the information a business will need to develop an individualized HACCP plan.

The HACCP training program for fish and fishery products assists the implementation of HACCP programs in commercial and regulatory settings. A certification of completion of this course is given by the Association of Food and Drug Officials (AFDO).

The Basic Seafood HACCP course can be taken through the Food Safety Research and Education Program at the University of Rhode Island (URI) in person or online. Courses are scheduled at the instructor’s convenience throughout the year. In-person training is 2.5 to 3 days at a cost of \$190. The online option includes a course as well as a one-day, in-person segment at a total cost of \$150.

For courses and to register, visit:

<http://www.afdo.org/seafoodhaccp>

When signing up for a HACCP course, watch out for false classes claiming to meet the required certification. Be sure to go through the Association of Food and Drug Officials Seafood HACCP page, above, or URI. Others may cost you time and money and may not be accepted by HEALTH.

Operational plan: An operational plan is required and includes specific details about the handling of shellfish products to be sold. Any operational plan should include, but may not necessarily be limited to, the following elements:

- Written description of the design and activities of the facility (i.e., the location of the facility and does it meet HEALTH requirements)
- Species of shellfish to be processed
- Source of shellfish to be processed
- Description of how the business will safely handle, process, and store shellfish at proper temperatures
- Description of how the required records will be maintained

HEALTH will help to refine an operational plan, but the more requirements that are met ahead of time (i.e., Steps 1-3), the sooner HEALTH can approve a facility (often within 2 to 3 weeks of receiving a complete application).

Step 4: Obtain a HEALTH shellfish business (dealer’s) license

If the intent is to shuck, repack, ship or reship, sell, or distribute shellfish in Rhode Island, a HEALTH shellfish business (dealer’s) license must be obtained. Application fees apply.

Step 5: Obtain a RIDEM dealer’s license

Obtain either a RIDEM shellfish dealer’s license or a RIDEM multi-purpose dealer’s license. Although not required before obtaining a RIDEM dealer’s license, it is encouraged that businesses first complete Step 3, a HACCP training and plan as well as an individualized business operational plan, and Step 4, obtain a HEALTH shellfish business dealer’s license, before applying for a RIDEM dealer’s license. An application and fee are required; turn-around time can be immediate or within several days.

SCENARIO 2

I WOULD LIKE TO SELL MY FARMED SHELLFISH TO CUSTOMERS THROUGH MY OWN FACILITY OR STORE

Complete Steps 1-4 described for Scenario 1.

Step 5: Establish an approved facility

NOTE: For a new, significantly renovated (more than 50 percent of the value of the establishment), or unlicensed facility, present the building and operational plan to HEALTH for review and approval in addition to the business application.

If plans are required, the fee equals the price of the license. Supply a plan for either the dealer's license or retail market license (Step 6) depending on what the primary business will be. For example, a supermarket that is also a dealer (i.e., sells shellfish) pays a plan fee equal to the retail market license fee. A dealer with a market on the side pays a fee equal to the HEALTH dealer license fee. Please contact the HEALTH Center for Food Protection for more information on completing a plan review for a new or renovated facility.

Once HEALTH is in receipt of a completed application, the HEALTH Center for Food Protection will contact the applicant to schedule an operational inspection two weeks prior to opening. Licenses must be renewed annually.

Facilities will be inspected following guidelines described in the Rhode Island Food Code and the Rhode Island Rules and Regulations Pertaining to the Processing and Distribution of Shellfish as established by HEALTH. Adhere to these requirements to ensure a facility is up to code:

Rhode Island Food Code: <http://sos.ri.gov/documents/archives/regdocs/released/pdf/DOH/6992.pdf>

Rhode Island Rules and Regulations Pertaining to the Processing and Distribution of Shellfish: <http://sos.ri.gov/documents/archives/regdocs/released/pdf/DOH/7068.pdf>

Step 6: Obtain a HEALTH retail market license

To sell shellfish through a self-owned market, such as a corner store, acquire a retail market license from HEALTH. The initial registration fee is prorated based on the date of application registration and automatic renewal payments are due the following September 30 cycle at 100 percent.

Step 7: Obtain a RIDEM marine dealer's license (Step 5 from Scenario 1)

SCENARIO 3

I WOULD LIKE TO SELL MY FARMED SHELLFISH TO CUSTOMERS THROUGH A FARMERS' MARKET

Complete Steps 1-4 described for Scenario 1.

Step 5: Obtain a HEALTH retail food peddler's license

To sell shellfish at a farmers market, acquire a retail food peddler's license from HEALTH. The initial registration fee is prorated based on the date of application registration and automatic renewal payment is due on the following September 30 cycle at 100 percent.

Step 6: Obtain a RIDEM marine dealer's license (Step 5 from Scenario 1)

SCENARIO 4:

I AM A COMMERCIAL SHELLFISHERMAN (DIGGER) AND WOULD LIKE TO SELL MY SHELLFISH THROUGH A FARMERS'/FISHERMEN'S MARKET

Step 1: Establish a land-based facility

The first key step for a commercial digger is to become a properly licensed dealer. This means obtaining dealer licenses from both the RIDEM and HEALTH. A critical part of becoming a dealer, and often the most challenging, is to establish a business facility on land, with a designated address for conducting operations, storing equipment, and keeping records, all of which are subject to HEALTH and RIDEM inspections.

You may choose to use a new or recently used facility, or you may choose to work through another facility to sell product. When establishing a facility, remember that an inspection by HEALTH will need to be conducted through the licensing process before product can be sold at that location. Use the following steps as guidelines to increase the likelihood of facility approval by HEALTH.

For more information on facility requirements, please see HEALTH Rules and Regulations Pertaining to the Processing and Distribution of Shellfish and the Rules and Regulations Prescribing Minimum Standards for Processing, Storage and Transportation of Fish and Fishery Products:

<http://sos.ri.gov/documents/archives/regdocs/released/pdf/DOH/7068.pdf>

<http://sos.ri.gov/documents/archives/regdocs/released/pdf/DOH/7069.pdf>

If selling product through another established facility, make sure the business is properly licensed with both HEALTH and RIDEM.

Please contact the HEALTH Center for Food Protection with questions regarding the establishment of a facility before beginning this process. Questions pertaining to RIDEM licenses should be directed to RIDEM Office of Boat Registration & Licenses at (401) 222-6647.

Step 2: Complete Steps 3-4 from Scenario 1

Step 3: Complete Step 5 in Scenario 2

Step 4: If selling shellfish at a farmers' or fishermen's market, acquire a retail food peddler's license from HEALTH. If selling to a restaurant, proceed to Step 5.

Initial registration fee is prorated based on the date of application registration and automatic renewal payments are due on the following September 30 cycle at 100 percent.

Step 5: Obtain a RIDEM marine dealer's license (Step 5 from Scenario 1)

NOTE: If you are not already a commercial digger, you should know that becoming one is not a simple task. Shellfish are managed under a detailed set of regulations and new licenses are only available to individuals with prior fishing history and depends on the number of current licenses in use. Visit RIDEM for more info.

3. DIRECT-TO-MARKET FAQ

Q: “I am a commercial digger who has followed all the steps required to sell direct-to-market. Can I use my boat as a facility?”

A: A commercial digger may use his/her boat only if the boat meets *all* the facility requirements that pertain to a licensed shellfish dealer. It is most likely that the digger will need a licensed land-based facility. Check with HEALTH to better understand what a facility entails.

Q: “If I own my own restaurant, can that be my facility?”

A: Yes, if the facility complies with HEALTH Shellfish Shipper requirements and has a separate area for shellstock, you can be licensed as a HEALTH dealer. Due to HEALTH and food safety codes, you must have a separate room/attached establishment to serve as your facility and to handle the shellstock. Some specific requirements for a facility include having certain equipment and completing HACCP training, an operational plan, etc.

The restaurant would need to obtain a HEALTH shellfish shipper business license (HEALTH dealer license), and would need to possess either a RIDEM dealer shellfish license or a RIDEM dealer multi-purpose license. The RIDEM dealer’s shellfish license allows a restaurant owner to buy shellfish from commercial shellfishermen. The RIDEM dealer multi-purpose license allows a restaurant owner to buy other seafood from commercial fishermen such as finfish, shellfish, lobster, crabs, etc.

Q: “How can I start a fishermen’s market in my town?”

A: Since each municipality may have specific ordinances on fishermen’s markets/farmer’s markets and the types of permits required, it is recommended to review your municipality ordinances, and speak to the municipality clerk about what you would need to do. Keep in mind that you will also need to comply with HEALTH requirements and obtain a permit from HEALTH.

Q: How can I start a mobile shellfish market?”

A: If the mobile market operator were to obtain product from a RIDEM and HEALTH licensed shellfish dealer/wholesaler, this would be possible from HEALTH’s point of view. A retail license for a mobile truck would be required. It is important to note that each town is unique in its requirements and municipal permits may be required. In some cases, town may view the mobile market as a food truck, and many mu-

nicipalities limit the number of food trucks. Town council permission is often needed. In short, the mobile market may need to meet requirements as a shellfish facility, food truck, and possibly a market.

Q: “I would like to sell my harvested shellfish out of state.”

A: The facility would need to meet requirements and the individual would need to obtain a HEALTH shellfish shipper business license (HEALTH dealer license). In addition, to sell out of state, the business facility would have to be on the FDA Interstate Certified Shellfish Shipper List, and either a RIDEM dealer shellfish license or a RIDEM dealer multi-purpose license would be required. To be on the list, the facility would need to be inspected periodically by HEALTH and comply with FDA requirements. The initial (opening) inspection of the facility would happen after the construction plans (if needed), application, HACCP plan, operational plan, dealer training, etc., have been submitted and approved.

Q: “Can I ship my shellfish to other countries?”

A: Selling outside of the U.S. will require the dealer to research the specific country requirements. Issues include keeping the product at the right temperature. Rules vary for selling live or frozen seafood. If the product has to be frozen, the facility would be a “food processing plant” (cooked, shucked, then frozen), requiring a HEALTH food processing license. A point to note: Currently, live shellfish are not allowed to be sold from the U.S. to the European Union.

4. RESOURCES

Federal:

U.S. Food and Drug Administration (FDA)
<http://www.fda.gov/>

Association of Food and Drug Officials (AFDO)
<http://www.afdo.org/>

Interstate Shellfish Sanitation Conference (ISSC)
<http://www.issc.org/>

National Shellfish Sanitation Program (NSSP)
<http://www.fda.gov/Food/GuidanceRegulation/FederalStateFoodPrograms/ucm2006754.htm>

Food and Agriculture Organization (FAO)
Appendix VI: Proposed Draft Code of Practice for Fish and Fishery Products
Section 2 provides federal definitions for processing of fish and shellfish products
Section 3 discusses prerequisites for a HACCP plan
<http://www.fao.org/docrep/meeting/005/w9253e/w9253e0o.htm>

National Summit on CSFs Document
<http://www.localcatch.org/national-summit-on-community-supported-fisheries-2012/>

Regional:

Northwest Atlantic Marine Alliance (NAMA)
“[The Alliance’s mission is] to enhance and maintain healthy marine ecosystems by organizing a decentralized network of community-based fishermen, fishworkers, and allies.”
<http://www.namanet.org/about-us>

Fishermen’s Direct Marketing Manual, Fourth Edition
Published by the Alaska Sea Grant Marine Advisory Program, Oregon Sea Grant, and Washington Sea Grant.
<http://www.alaskaseafood.org/wp-content/uploads/2015/10/fishermens-direct-marketing-manual.pdf>

State:

Rhode Island Department of Health (HEALTH)
<http://www.health.ri.gov/>

Rhode Island Department of Environmental Management (RIDEM)
<http://www.dem.ri.gov/>

Rhode Island Coastal Resources Management Council (CRMC)
<http://www.crmc.ri.gov/>

Rhode Island Sea Grant
<http://seagrants.gso.uri.edu/>

URI Coastal Resources Center
<http://www.crc.uri.edu/>

URI
Department of Fisheries, Animal, and Veterinary Sciences
HACCP Training Instructor Lori Pivarnik
(401) 874-2972 or pivarnik@uri.edu

Business Services:
Rhode Island Commerce Corporation Client Services
<http://commerceri.com/>
Rhode Island Secretary of State
Rhode Island Business Portal
<http://www.sos.ri.gov/>

Local:

Farm Fresh Rhode Island
<http://www.farmfreshri.org/>

Hope and Main
<https://makefoodyourbusiness.org>

The Local Catch – Rhode Island
<http://www.localcatch.org>