

CALIFORNIA OCEAN PROTECTION COUNCIL

Staff Recommendation
November 29, 2010

San Francisco Fisherman's Wharf Sustainable Seafood Market – 2010 Pilot Season

File No.:07-012-02
Project Manager: Valerie Termini McCormick

RECOMMENDED ACTION: Authorization to disburse an amount not to exceed \$250,000 to Ecotrust to promote sustainable fishing practices by developing and operating a regionally-sourced seafood market at San Francisco's Fisherman's Wharf.

LOCATION: City and County of San Francisco

STRATEGIC PLAN OBJECTIVE: Ocean and Coastal Ecosystems

EXHIBITS

Exhibit 1: Project Location and [Site Map](#)

Exhibit 2: [Coastal Conservancy Staff Recommendation](#) for the San Francisco Fisherman's Wharf Sustainable Seafood Market (File No. 07-012-01, March 8, 2007)

Exhibit 3: [Letters of Support](#)

RESOLUTION AND FINDINGS:

Staff recommends that the Ocean Protection Council adopt the following resolution pursuant to Sections 35500 *et seq.* of the Public Resources Code:

“The Ocean Protection Council hereby authorizes the disbursement of an amount not to exceed \$250,000 to Ecotrust to promote sustainable fishing practices by developing and operating a regionally-sourced seafood market at San Francisco's Fisherman's Wharf.

This authorization is subject to the condition that prior to disbursement of funds, Ecotrust shall submit for the review and approval of the Secretary to the Ocean Protection Council:

1. A work plan, including schedule and budget.
2. Evidence that all permits and approvals necessary to implement the project have been obtained.”

Staff further recommends that the Ocean Protection Council adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the Ocean Protection Council hereby finds that:

SAN FRANCISCO FISHERMAN'S WHARF SEAFOOD MARKET

1. The proposed project is consistent with the purposes of Division 26.5 of the Public Resources Code, the Ocean Protection Act.
2. The proposed project is consistent with the Ocean Protection Council's grant program funding guidelines.”

PROJECT SUMMARY:

Staff recommends that the Ocean Protection Council (OPC) approve disbursement of up to \$250,000 to Ecotrust to assist the San Francisco Community Fishing Association (SFCFA) to begin operation of a locally-sourced seafood market at San Francisco's Fisherman's Wharf. The purpose of the proposed project is to promote long-term stewardship of the ocean in collaboration with members of the commercial fishing industry. The project is designed to create incentives for conservation of ocean resources through the creation of a sustainable wholesale and retail seafood market along San Francisco's Fisherman's Wharf. This authorization would provide funding for the first phase of that project, creation of a pilot marketplace at Pier 45 (see Exhibit 1) in which fishermen can sell their fresh catch to area businesses, restaurants and local consumers, during the 2010-2011 season.

Ecotrust is partnering with the San Francisco Crab Boat Owners Association (CBOA) and the SFCFA to start an innovative seafood venture that encourages community-based fisheries to develop a seafood market at Pier 47 on San Francisco's iconic Fisherman's Wharf. The vision is to have San Francisco's fishermen own and operate an integrated seafood business, from harvest to consumer that anchors the long-term viability of the fleet, create jobs for future generations of fishermen, help maintain the fishing heritage of San Francisco and the San Francisco Bay, and create incentives for the responsible stewardship and sustainable management of the ocean.

PROJECT DESCRIPTION:

Project Background:

The fishing community at Fisherman's Wharf has provided seafood to area residents for more than a century. On average, over 3 million pounds of fish per year are landed in San Francisco, making it one of the major seafood ports on the West Coast. These landings are worth over six-million dollars a year to the local fleet, which operates largely in the waters of the Gulf of the Farallones, Cordell Bank, and Monterey Bay National Marine Sanctuaries. The local fleet has traditionally harvested salmon, crab, rock cod, albacore tuna, herring and California Halibut - a mixture of state- and federally-managed fisheries with diverse rules, fishery management plans and types of fishing gear.

The SFCFA is a newly-formed community fishing association (CFA) and will own and operate the market as stated above. Ecotrust and the CBOA initially conceived of the SFCFA fishermen's co-op as a means to anchor the program in a long-term organization that represented the commercial fishing interests of the San Francisco Bay area. The SFCFA is a non-profit fish marketing association and will have a board consisting of seven members.

The CBOA is the oldest commercial fisherman's association on the west coast and has represented local crab fishermen in the San Francisco area since 1907. A variety of environmental and regulatory factors have influenced west coast fisheries over the past few decades, generally resulting in the loss of commercial fishing vessels (and therefore fishermen)

SAN FRANCISCO FISHERMAN'S WHARF SEAFOOD MARKET

in California. The CBOA is now made up of approximately 30 family-owned fishing businesses, most of whom operate boats less than 50 feet. These smaller crab boats berthed at San Francisco's Fisherman's Wharf have come under increasing economic pressures due to higher costs for labor, equipment, and fuel. At the same time, they are facing competition from out-of-state boats, especially during the period when the California season opens before the rest of the west coast. The expanding federal and state regulatory factors coupled with the loss of many of California's processing facilities have resulted in a highly fluctuating fishery and provide limited availability for fishermen to secure consistent prices for their catch. For example, the California Dungeness Crab fishery secured an ex-vessel revenue of \$13,753,487 in 2000 and in 2010 ex-vessel revenue was \$9,354,915¹. In addition to market fluctuation, fish processors and buyers in San Francisco and elsewhere have stopped buying predominately local seafood due to the mixed availability and various prices, and instead secure their needs through imported seafood.

Project Details and Scope of Work:

The purpose of the overall proposed project is to increase the environmental and economic sustainability of the local commercial fishing industry in California by creating incentives for businesses that promote sustainable fishing methods. This particular project will be a wholesale and retail seafood market entitled 'Our Ocean' out of a new facility at Pier 47 along San Francisco's Fisherman's Wharf. Ecotrust and SFCFA intend to implement this project in four phases over the next five years.

The mission of 'Our Ocean' is to create a marketplace for the general public and area businesses to purchase locally-caught seafood directly from area fishermen. The vision is to harness the growing customer demand for locally-produced food to create social, environmental, and financial opportunities for the fishing community. Our Ocean will operate a state-of-the art wholesale and retail facility in the heart of San Francisco's Fisherman's Wharf. The market will be designed to be an integrated seafood business that stewards the fish it sells from harvest to consumer. When fully operational, it will comprise the entire seafood value chain, (catch, processing, and packaging) focusing on high-quality and locally-harvested fish for use by local distributors, restaurants, and consumers.

Our Ocean's revenues will come from a combination of wholesale and retail products and services. In the first phase, Our Ocean will operate as an internet based - virtual business, using an existing, shared facility (Pier 45) at the wharf to begin wholesale operations while it raises capital for and executes the construction of the dock-side facility. The new facility will open in Phase 2, when SFCFA will commence the retail business, as well as education and outreach activities. In Phase 3, SFCFA will expand the product offering to include home deliveries, custom processing, and internet sales, strategically partnering in all instances with likeminded existing businesses. As the Our Ocean brand gains market share and recognition, SFCFA hopes to expand the concept to other ports in Phase 4, using a franchising approach and working with like-minded community owned fishing and seafood ventures.

The OPC funding requested through this authorization will be used to commence the first phase of the project, which includes operating and processing locally-caught seafood from a leased

¹ Information obtained 10/26/2010 at: http://pacfin.psmfc.org/pacfin_pub/all_species_pub/woc_r308.php.

SAN FRANCISCO FISHERMAN'S WHARF SEAFOOD MARKET

space on Pier 45. Specifically, funds will be used for purchase, rental, and installation of equipment; permits; and rental/lease from an existing seafood processor. The equipment will be sufficiently modular to allow for transfer to the eventual permanent facility on Pier 47, and will include: freezers; crab cookers and boilers; ice machines; totes for live crabs; scales; forklifts; construction materials for an office; and office equipment. The objectives of this phase of the project include building brand equity, developing a customer base and markets, beginning the environmental analysis for the site on Pier 47, and further refining the business model while raising capital for the construction of the retail facility planned for the next phase of operations.

The 2010-2011 Dungeness crab fishing season for all California waters south of Point Arena began November 15, 2010. It is essential to the overall success of Our Ocean that the retail and processing facility is operational by this time so that it may capitalize on the lucrative Dungeness crab season and propel Our Ocean into Phase 2 of their business plan. This need will result in project costs accruing before the OPC has had opportunity to review and act on this Staff Recommendation. Should the OPC approve this project these initial costs may be recoverable by Ecotrust under the terms of the grant agreement. However, Ecotrust has been advised that they should not rely on receiving grant funds from the OPC. Any costs incurred before the OPC takes action are subject to the risk that the OPC may not approve this Staff Recommendation and are the sole responsibility of Ecotrust and the SFCFA.

Community Benefit:

If this project is successful, the beneficiaries will be the coastal communities along the central coast region of California (as the majority of the commercial fishermen from the SFCFA live in the central coast), who will be assured of opportunities to participate in a fishing future and related seafood businesses that would source seafood from this venture if available. San Francisco residents and tourists alike will have an opportunity to learn about the fisheries off the coast of California while also being able to obtain our locally-caught seafood at a market on Fisherman's Wharf. In addition, San Francisco will benefit from the local tax revenue of a successful commercial enterprise.

Site Description:

Phase 1 operations will be conducted from a leased space in Pier 45 at the Port of San Francisco, across the water from the future wholesale/retail location on Pier 47 and adjacent to the commercial boat basin. The benefit of the site is that it already contains a hoist for offloading, and is near the shed where the commercial crab gear is stored; these features make for easy access and transfer of product. A significant aspect of the project stems from having a working model of a community-owned and operated seafood business located in the heart of Fisherman's Wharf. The location lends itself to being a high profile business as well as the possibility to provide educational opportunities about local seafood.

PROJECT GRANTEE:

Ecotrust is a nonprofit, conservation and economic development organization under section 501(c)(3) of the United States [Internal Revenue Code](#) (26 U.S.C. § 501(c)(3)) that works to strengthen communities and the environment from Alaska to California. It works with native peoples and in the fisheries, forestry, and farming sectors to build a regional economy that is based on social and ecological opportunities.

SAN FRANCISCO FISHERMAN’S WHARF SEAFOOD MARKET

Staff at Ecotrust began work to develop a sustainable seafood market at Fisherman’s Wharf in early 2006, providing in-kind support to CBOA in the form of staff time and travel. Staff at Ecotrust will be the fiscal agent for the project and will administer and manage this project. In-house expertise also includes competency in community economic development, business strategies, and project planning.

As stated previously, SFCFA is a newly-created nonprofit fish marketing association organized under the California Fish Marketing Act (Corp. Code §13200 *et seq*). The SFCFA and will carry out the development and implementation of the project. SFCFA’s mission is to create a marketplace for the general public and area businesses to purchase locally caught seafood from area fishermen. SFCFA members will contribute to the project with the physical implementation of the products, building the facility and supporting educational and marketing efforts.

PROJECT HISTORY:

The proposed project builds on previous OPC and Coastal Conservancy funding authorized in 2007 for a feasibility study regarding the creation of a local seafood market promoting sustainable fishing practices at Fisherman’s Wharf in San Francisco (see Exhibit 2). Under this authorization, Ecotrust and CBOA developed the business plan, commissioned architectural design sketches and engineering studies, and completed the construction costing for the market facility on Pier 47.

PROJECT FINANCING:

Ocean Protection Council	\$250,000
Private contributions	\$15,000
San Francisco CFA members	<u>\$20,000</u>
Total Project Cost	\$285,000

The anticipated source of funds will be the fiscal year 2008/2009 appropriation from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). Proposition 84 authorizes the use of these funds to promote access and enjoyment of the coastal resources for purposes consistent with section 35650 of the Public Resources Code, the California Ocean Protection Trust Fund (Pub. Res. Code § 75060(g)). Under section 35650(b), Ocean Protection Trust Fund monies may be expended for projects authorized by the OPC that are identified as appropriate Trust Fund purposes. The proposed project is consistent with the Trust Fund purposes as the project is a cooperative management system that will promote long-term stewardship and collaboration with fishery participants to develop strategies that increase environmental and economic sustainability, lead to the promotion of value-added wild fisheries to offset economic losses attributable to reduced fishing opportunities. Consistency with the Ocean Protection Act is further discussed in the following section.

The proposed project is also appropriate for prioritization under the selection criteria set forth in Section 75060(g) of Proposition 84 which provides that the OPC will give priority to projects which foster sustainable fisheries. The proposed project focuses on developing the infrastructure for a direct to consumer fishing market on Fisherman’s Wharf in San Francisco.

SAN FRANCISCO FISHERMAN'S WHARF SEAFOOD MARKET

In other project funding, approximately, \$15,000 will go toward the project from a private contribution. Another \$20,000 in funding will come from the individual members of the SFCFA. As part of joining the SFCFA, members buy a \$1,000 share in the organization which will be directed to the project. In addition, SFCFA and CBOA members will provide in-kind services consisting of physically building the market, and assembling and installing the equipment for the market.

CONSISTENCY WITH CALIFORNIA OCEAN PROTECTION ACT:

The proposed project is consistent the Ocean Protection Act, Division 26.5 of the Public Resources Code (PRC), in the following respects:

The Ocean Protection Act identifies trust fund-allowable projects in PRC Section 35650(b)(2) as including projects that:

(C) Foster sustainable fisheries, including grants, loans, or projects that encourage the development of more selective fishing gear, and promote value-added wild fisheries to offset economic losses attributable to reduced fishing opportunities. Additionally, projects that include the design of community-based or cooperative management mechanisms that promote long-term stewardship and collaboration with fishery participants to develop strategies that increase environmental and economic sustainability are also consistent.

(E) Allow for increased public access to, and enjoyment of, ocean and coastal resources, of those resources.

(F) Improve management, conservation and protection of coastal waters and ocean ecosystems.

The proposed project is consistent with the trust fund allowable projects listed above in that the project will create and preserve jobs that incentivize fishing sustainably while supporting our coastal marine fishing heritage. Supporting a fish market owned and operated by fishermen will also contribute to providing access to areas along the wharf for coastal dependent businesses. Maintaining businesses along fishermen's wharf that support local coastal economies is an important aspect of the project.

CFAs may be one tool to help to improve management, conservation and protection of coastal waters. Currently, the Magnuson- Stevens Act (MSA) allows for the creation of CFAs under two different categories -- fishing communities and regional fishing associations -- within the Limited Access Privilege Programs (LAPPs) provision of the Act. In addition, a community fishing association could hold limited access privileges as an entity in order to anchor access to fish in that community. A community fishing association could also potentially lease quota or other access privileges that it holds to individual fishermen.

CONSISTENCY WITH THE OPC'S STRATEGIC PLAN:

Goal E (Ocean and Coastal Ecosystems) Objective 4c (Market Based Fisheries):

“Investigate the potential for consumer-oriented market approaches such as a California sustainable seafood certification program or a direct-to-consumer sustainable seafood markets.”

The proposed project serves as a first phase to bringing a seafood market to San Francisco's Fisherman's Wharf. The market would focus on sustainably-caught, locally-sourced seafood to sell to area restaurants and other seafood retail markets and also directly to individual consumers.

CONSISTENCY WITH THE OPC'S GRANT PROGRAM FUNDING GUIDELINES:

The proposed project is consistent with the OPC's Grant Program Funding Guidelines adopted November 20, 2008 in the following respects:

Required Criteria

1. **Directly relate to the ocean, coast, associated estuaries, or coastal-draining watersheds:**
The proposed project relies on the productive fisheries off the coast of California and will help establish a retail market for local California seafood. The waterfront market will link locally-caught seafood with area businesses, restaurants and the local coastal community.
2. **Support of the public:** See “Letters of support” (attached as Exhibit 3). Please note: this project was being explored as a potential project for the Coastal Conservancy and the OPC. Due to timing issues with the start of the crab season, the letters of support were addressed to the chair of the Coastal Conservancy, Douglas Bosco.
3. **Greater-than-local interest:** The citizens of California and commercial fishermen throughout the central coast (due to the geographical extent of the fisheries in the SF Bay Area) will benefit from this project through increased opportunity and economic incentives for these fisheries. The project may be used as a model for replication in other fisheries statewide, including methods for business planning and marketing of local seafood.

Additional Criteria

Innovation: Funds would support a new approach to selling and marketing locally caught seafood for area residents and businesses. Additionally, the proposed project seeks to stimulate restoration of an urban waterfront with a viable seafood market. This market will support the local commercial fishing industry while preserving and helping to enhance California's living marine resources.

Leverage: See the “Project Financing” section above.

Timeliness or Urgency: Timing of the proposed project is urgent as the Dungeness crab fleet expects a much larger than normal catch this year, creating extremely favorable conditions for the launch of this venture. Ecotrust and SFCFA will begin this project before November 15th ahead or at the start of the Dungeness crab season. The funding from the OPC would come at a critical time, when early indications of an abundant crab season position the business for success but for the availability of funding to buy the needed equipment and commence operations out of the leased space. Without support from the OPC, the business would miss this important crab season, and likely an entire year of potential brand building, business experience, capital

SAN FRANCISCO FISHERMAN'S WHARF SEAFOOD MARKET

development, and market development.

Coordination: The proposed planning effort will incorporate participation and support from Fisherman's Wharf area businesses, local commercial fishermen who are not members of the SFCFA, and other nonprofit organizations that have a history of promoting market based solutions for commercial fisheries.

CONSISTENCY WITH THE OPC'S PROGRAM PRIORITIES FOR 2009 THROUGH 2010:

Sustainable Fisheries Management – Maintaining California's Fishing Heritage

The proposed project supports sustainable fishing practices, including expansion of direct-to-consumer seafood markets and local fishing-harbor revitalization.

COMPLIANCE WITH CEQA:

The proposed project involves operation of a wholesale and retail seafood market out of an existing shared facility (Pier 45) at San Francisco's Fisherman's Wharf. As proposed the project is categorically exempt from review under the California Environmental Quality Act ("CEQA") because it involves the "operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination." (14 Cal. Code of Regulations Section 15301) The leased property at Pier 45 requires only minor alterations to the facility and involves negligible expansion of the existing use. Thus, the proposed project does not require preparation of an Environmental Impact Report (EIR) or Negative Declaration under CEQA. Part of the project funding may also be used to conduct environmental review of transitioning the sustainable seafood market to Pier 47. Staff will file a Notice of Exemption upon approval by the OPC.