

COASTAL CONSERVANCY

Staff Recommendation
March 8, 2007

SAN FRANCISCO FISHERMAN'S WHARF SUSTAINABLE SEAFOOD MARKET

File No. 07-012-01
Project Manager: Christine Blackburn

RECOMMENDED ACTION: Authorization to disburse up to \$65,468 to Ecotrust to (1) conduct a feasibility study regarding the creation of a local seafood market promoting sustainable fishing practices at Fisherman's Wharf in San Francisco and (2) complete a final business plan, including architectural drawings, for the proposed site.

LOCATION: City and County of San Francisco

PROGRAM CATEGORY: Urban Waterfront Restoration and Integrated Coastal and Marine Resources

EXHIBITS

Exhibit 1: Project Location

Exhibit 2: Photos of Proposed Project Site

Exhibit 3: Letters of Support

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31220 and 31300-31316 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes disbursement of an amount not to exceed sixty five thousand, four hundred sixty eight dollars (\$65,468) to Ecotrust to (1) conduct a feasibility study regarding the creation of a local seafood market promoting sustainable fishing practices at Fisherman's Wharf in San Francisco and (2) complete a final business plan, including architectural drawings, for the proposed site, as described in the accompanying staff recommendation.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with Chapters 5.5 and 7 of Division 21 of the Public Resources Code (Sections 31220 and 31300-31316), and with the authority of the

Conservancy under section 31111 to fund plans and feasibility studies for Division 21 purposes.

2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.
3. Ecotrust is a nonprofit organization existing under the provision of U.S. Internal Revenue Code section 501(c)(3), whose purposes are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

Staff is recommending that the Conservancy authorize disbursement of up to \$65,468 to Ecotrust to (1) conduct a feasibility study regarding the creation of a local seafood market promoting sustainable fishing practices at Fisherman’s Wharf in San Francisco and (2) complete a final business plan, including architectural drawings, for the proposed site at Pier 47.

Project Background:

The San Francisco Crab Boat Owners Association (CBOA) initiated a partnership with Ecotrust to develop a fishermen’s co-operative that would operate its own buying station, wholesale, and retail space onsite at Fisherman’s Wharf in San Francisco—selling sustainable, locally caught seafood directly to consumers, retailers, and restaurants.

Local fishermen have been represented by the Crab Boat Owners Association since 1907. CBOA is the oldest commercial fisherman’s association on the West Coast. It represents the local crab fleet of San Francisco, made up of about 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 number of processors has also decreased, and coordinating among these few operations means that fishermen are no longer able to get market orders, and prices have fallen steadily over several years.

The planned cooperative business will purchase seafood product directly from family-owned, commercial fishermen. The cooperative will create a marketplace for the general public and business to purchase product directly from the source: local independent fishermen that subscribe to sustainable fishing standards. It is intended that this cooperative will provide the public with the best local seafood product at competitive prices and provide independent, family fishermen with a mechanism to counter and survive anticompetitive market forces that threaten their continued existence. The proposed fish market will reverse the low value/high volume business model that can lead to overfishing and promote destructive fishing practices. The cooperative will also educate consumers about sustainable fishing practices and may establish a trademarked or protected certification program for sustainable local seafood product. Depending upon which species are chosen to be sold at the market, the cooperative may include in its bylaws sustainable fishing practices to which fishermen must agree in order to sell their catch at the market.

Building links directly with fishermen provides consumers with a way to directly support practices that reflect their values, as well as ethical and social concerns.

As the first step towards creating such a market, Ecotrust, in cooperation with the CBOA, plans to carry out a feasibility study, examining the size of the market for local and sustainable seafood, the business environment, company strategy, financial viability and planning, implementation, risk assessment and mitigation strategy. If the business is determined to be feasible, a schematic design (including architectural back-up research) for the development of a seafood market at Pier 47, Fisherman's Wharf, and a full business plan will be completed. The final business plan will provide detail on all aspects of the business venture, and will include mission statement, executive summary, company overview, industry and market analysis, marketing plan, management and operations plan, financial plan (including capital requirements), and risk assessment and mitigation. The development of a seafood market for locally caught product at Pier 47 would help to revitalize the working waterfront elements of Fisherman's Wharf.

Protect Tasks and Timeline:

Phase 1: Between March and September 2007, Ecotrust will conduct and coordinate the following set of activities to ascertain the feasibility of the crab co-op:

- Assist CBOA in all matters of financial and project planning, administration, fundraising, networking, and strategizing
- Hire and manage one or more consultants to develop all aspects of a business plan, including research and due diligence on the market environment, company strategy, financial viability and planning, implementation, risk assessment and mitigation strategy
- Collaborate with CBOA and various strategic, legal, political and other project partners on the development of the corporate governance structure, leadership team, marketing and outreach
- Work with local partners and prospective investors on any issues and information needs

Phase 2: Pending the outcomes of the feasibility study prepared in Phase 1, Ecotrust will undertake the second phase of the project (October 2007 to March 2008). Ecotrust will:

- Retain architectural services to produce a schematic design and construction estimate for transforming the dock space in question
- Prepare the business plan and ancillary documents, and circulate those to prospective investors and other funders
- Work with CBOA, prospective investors, and other partners on the terms of loans, grants, and/or equity investments
- Assist CBOA in the formation of the co-op, hiring of the leadership team, and project planning for the capital campaign and construction phase

Grantee:

Ecotrust is a conservation and economic development organization that works to strengthen communities and the environment from Alaska to California. They work with native peoples and in the fisheries, forestry, and farming sectors to build a regional economy that is based on social and ecological opportunities.

Staff at Ecotrust began work on this project in early 2006, providing in-kind support to CBOA in the form of staff time and travel. Staff at Ecotrust will take on all aspects of managing this project, including administrative aspects of the fiscal sponsorship of CBOA, relationships with key project partners, and oversight of consultants. In-house expertise also includes competency in community economic development, business strategies, and project planning. Ecotrust has already identified several consultants to assist with this project. These include an architectural firm who will conduct the architectural site research and will prepare schematic drawings and perspective drawings for the project site, and a consultant specializing in the preparation of business plans for local, value-added, sustainable food businesses.

Site Description:

The proposed site of the project is on Pier 47 in the heart of Fisherman's Wharf (Jones Street) (see exhibit 1). The San Francisco Port Authority owns the site and it is currently under a 30-year lease held by Scoma's Restaurant. Tom Creedon, the President of Scoma's Restaurant, is in support of this project and has verbally agreed to sublet the site for this purpose if the outcomes of the business plan are acceptable.

The proposed site is directly next to docks used by a majority of the San Francisco commercial fish fleet—including many of the crab boat owners. Currently, the site is only used for storage. This area of Fishman's Wharf is a key tourist attraction for San Francisco. The aesthetics and atmosphere of the area could be greatly improved by the enhancement of the working waterfront and the opportunity for visitors to view and purchase locally caught seafood.

Project History:

Ecotrust and others have been working for several years at reconnecting local fishermen with markets for high-value, sustainable seafood. CBOA and Ecotrust have both jointly and separately approached several like-minded organizations, businesses, and agencies for advice, support, and potential collaboration. To date, CBOA and Ecotrust have met several times with staff at the Sea Change Investment Fund to discuss the size and structure of the prospective business, as well as with local seafood distributors specializing in high-value, sustainably caught seafood. Ecotrust has fronted the money for work by a consultant who interviewed relevant restaurants and other potential outlets about their level of interest in potential co-op products. Ecotrust also consulted with several other seafood entrepreneurs on the West Coast and nationally on the basic feasibility of this idea, as well as some of the specifics of the California market and the local situation. CBOA has begun researching the structure and governance of several other seafood co-ops on the West Coast, and has completed some concept design around a logo and brand.

With the foundation created among the essential partners, Larry Collins of the CBOA approached the Conservancy staff in response to a resolution released by the Ocean Protection Council (OPC) late last year. This resolution requested proposals for projects that would support sustainable local fisheries. In addition, the business plan and architectural drawing may position the CBOA to request future funds from the California Fisheries Fund—another Conservancy/OPC project under consideration by the Conservancy at this meeting.

PROJECT FINANCING:

Coastal Conservancy	<u>\$65,468</u>
Total Project Cost	\$65,468

The intended sources of Conservancy funds for the proposed project are an appropriation to the Conservancy from Proposition 40, the “California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act of 2002,” and an appropriation to the Conservancy from the Environmental License Plate Fund for ocean protection. The Proposition 40 funds are allocated to the Conservancy for development, restoration, and protection of land and water resources in accordance with the Conservancy’s enabling legislation (Division 21 of the Public Resources Code). As discussed below, preparation of a feasibility study for a sustainable fishing processing facility and market in San Francisco is consistent with Chapters 5.5 and 7 of Division 21. The Environmental License Plate Fund may be used pursuant to the California Ocean Protection Action (COPA) and in furtherance of the protection, enhancement, and restoration of fish and wildlife habitat.

At its November 28, 2006 meeting, the Ocean Protection Council authorized \$3,000,000 to be spent on projects that support sustainable fishing practices, including expansion of direct-to-consumer seafood markets and local fishing-harbor revitalization. This grant would be made pursuant to the Conservancy’s authority under Division 21 of the Public Resources Code to award grants for living marine resources protection and restoration projects and activities consistent with Division 26.5 (COPA).

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project would be undertaken pursuant to Public Resources Code § 31111, which authorizes the Conservancy to award grants for feasibility studies that implement Division 21 of the Public Resource Code, and pursuant to Chapter 7 (Sections 31300-31315) regarding the restoration of urban waterfronts. Section 31300 states that California’s urban waterfronts are in need of restoration in order to be the vital economic and cultural component of the community they once were, and that the encouragement of planned private sector development in these areas is a benefit to the citizens of the state, as well as the local citizenry in affected urban waterfront areas. The proposed project would facilitate the revitalization of San Francisco’s Fisherman Wharf as an actual working waterfront through planning for a waterfront seafood market.

Section 31307 authorizes the Conservancy to award grants to public agencies and nonprofit organizations for the restoration of urban coastal waterfront areas. The proposed grant to Ecotrust to enhance the economic vitality of the area’s fisheries and waterfront harbor facilities is consistent with this section. Under Section 31314, the Conservancy may undertake projects in the Port of San Francisco that seek to expedite the implementation of visitor serving commercial uses of port property not needed for maritime use, provide for commercial fishing facilities, and provide for the rehabilitation of existing deteriorated wharfs and piers. In addition, the project is consistent with section 31315, which allows for improvements to infrastructure of a fishing harbor on public trust lands. Under section 31316, the Conservancy may undertake projects and award grants for urban waterfront activities that are compatible with the preservation, restoration,

or enhancement of ocean resources, including the development of amenities and infrastructure consistent with Chapter 7. The effort to promote sustainable fishing practices through the proposed market is intended to help preserve and restore fishing resources.

The project would also be undertaken pursuant to Chapter 5.5 of Division 21 (Section 31220), which authorizes the Conservancy to undertake living marine resources protection and restoration projects, and award grants for those projects, if the project provides for activities consistent with Division 26.5. Chapter 4, Section 35650 of Division 26.5 allows for projects that foster sustainable fisheries, including the promotion of value-added wild fisheries to offset economic losses. The proposed project is consistent with this section because it may foster an increase in the value of a fisherman's individual catch through the creation of direct markets, thereby reducing the pressure to continually increase total catch to make a profit, and will promote sustainable fishing practices that protect living marine resources.

**CONSISTENCY WITH CONSERVANCY'S
STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):**

The proposed project is consistent with Strategic Plan Goal 3, Objective B, which calls for improvements in the economic stability of the commercial fishing industry and increased vitality of coastal dependent industry through the modernization of facilities for the commercial fishing industry.

**CONSISTENCY WITH CONSERVANCY'S
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** See "Letters of Support" (attached as exhibit 3).
4. **Location:** The proposed project would be located within the city and county of San Francisco on the waterfront at Fisherman's Wharf.
5. **Need:** Conservancy funds are needed to allow staff at Ecotrust to dedicate significant time to this project. In turn, they are organizing the efforts of all the other consultants and participants who are donating time and resources to this project.
6. **Greater-than-local interest:** The citizens of California and commercial fishermen throughout the central coast will benefit from this project through promotion of more sustainable fishing practices and the potential positive effect that will have on California coastal fisheries and habitat. The project may be used as a model for replication in other fisheries statewide, including methods for business planning and marketing of local sustainable seafood.

Additional Criteria

7. **Resolution of more than one issue:** The proposed planning work will address economic revitalization, commercial fisheries management, waterfront access and recreation, and visitor-serving uses.
8. **Innovation:** Funds would support innovative approaches to marketing fish caught using sustainable methods, and for creative financial planning strategies to help transition the industry to more sustainable fishing practices. It seeks to stimulate restoration of an urban waterfront and commercial fishing while preserving and enhancing living marine resources.
9. **Realization of prior Conservancy goals:** In the mid-1980's the Conservancy examined the feasibility of creating fish handling facilities and a local fish market on the neighboring Pier 45. However, this plan was never realized due to insufficient funds. Currently, the Conservancy is funding the development of The Bay Center on Pier 45—an attraction that will “provide a dynamic and entertaining education atmosphere that will provide a greater understanding and respect for the present and future stewardship of the Bay estuary, its Delta and its Pacific Ocean sanctuaries through state-of-the-art exhibits, resource archives, education programs, public forums, and outreach programs.” The CBOA members are extremely interested in including education opportunities as a part of the project. There is a great opportunity to coordinate outreach and educational programs through these two efforts.
10. **Readiness:** Ecotrust has developed a work plan and identified the consultants needed to successfully carry out the project beginning as soon as the funds are available. Project partners who are providing in-kind services (including the Sea Change Investment Fund, the law firm of Morrison and Foerster LLP, and CBOA members themselves) have set aside staff time during the spring/summer for these efforts.
11. **Cooperation:** The proposed planning effort will incorporate participation and support from Fisherman's Wharf area businesses, local commercial fishermen who are not members of the CBOA, and other nonprofit organizations that have a history of promoting market based solutions for commercial fisheries.

CONSISTENCY WITH SAN FRANCISCO BAY PLAN:

The project is consistent with the following policies of BCDC's San Francisco Bay Plan:

Part IV- Development of the Bay and Shoreline:

Commercial Fishing

3. Existing commercial fishing mooring areas, berths, and onshore facilities should not be displaced or removed unless adequate new facilities are provided or the Commission determines that adequate facilities of the same or better quality are available.

The proposed project would examine options for improving the existing commercial harbor, including possible improvements to off-loading areas. The intended goal is to provide new economic opportunities to local fishermen that would ultimately prevent the further degradation the existing commercial fishing infrastructure.

4. New commercial fishing facilities should be approved at any suitable area on the shoreline, preferably with good land transportation and space for fish handling and directly related ancillary activities.

The ultimate goal is to provide new areas for fish handling, marketing, and educational opportunities. Assessing land transportation feasibility will be a component of the final business plan.

COMPLIANCE WITH CEQA:

The proposed project is exempt from the California Environmental Quality Act (CEQA) pursuant to the following sections of 14 Cal. Code of Regulations: §15262 in that it involves only feasibility or planning studies for possible future actions which the Conservancy has not approved, adopted, or funded; and §15306 in that it involves basic data collection, research, and resource evaluation activities which will not result in any disturbance to an environmental resource, and which will be undertaken as part of a study leading to an action which the Conservancy has not yet approved, adopted, or funded. Staff will file a "Notice of Exemption" upon approval of the project.