



CITY OF MONTEREY

FISHING COMMUNITY SUSTAINABILITY PLAN

Accepted by City Council October 2013

Prepared by:
Lisa Wise Consulting, Inc.
with
AECOM
California Polytechnic State University, San Luis Obispo



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ACKNOWLEDGEMENTS

The Monterey Fishing Community Sustainability Plan (CSP) was a larger undertaking than expected. The work is especially significant as the first CSP in California, and we are confident it will help to establish precedence and serve as a model to subsequent CSPs.

Components of the Monterey fishing industry, economics, infrastructure and regulatory issues have been reported on over time, but an overarching assessment was long overdue. The Individual Transferable Quota (ITQ) fishery and requirements of the Magnuson-Stevens Act were a motivator, however project managers and civic leaders understood that, given opportunities in the market and on the regulatory stage, a bigger statement was needed. Collaboration, input, and the guidance from several individuals made this work possible by providing information not available elsewhere, drawing upon and sharing their own experiences. Our team was struck by and extremely grateful for the generous and very warm treatment we received from the entire Monterey fishing community.

While all the contributors are too many to list, we would like to acknowledge the following individuals who generously shared their time and went well above and beyond what was expected: Steve Scheiblauber, City of Monterey Harbormaster; Rick Algert, former Harbor Director of Morro Bay, Special Projects – Fisheries; the entire Monterey City Council; Commercial Fishermen, Mike Ricketts, Giovanni Nevoloso, John Pennisi, Joe Pennisi, Joe Lucido, Jiri Nozicki, Jerry Welte, Frank Davi, Bill Ward, Mike McCorkle, commercial seafood processors; Pete Guglielmo, Joe Roggio, Sal Tringali, and Robbie Torrise; Gino Pennisi, Elaine Pennisi, Joe Pennisi Sr. and the entire Pennisi family; Trevor Fay of the Monterey Abalone Company; Rick Marvin and Sam Rashkin, City of Monterey Housing and Property Division; Elizabeth Caraker, Kimberly Cole and Chip Rerig of the City's Plans and Public Works Department; and the City Council's Waterfront Subcommittee.

We would also like to acknowledge the input of Barb Meister, Public Affairs Director for the Monterey Bay Aquarium; Karen Grimmer, Deputy Superintendent at NOAA's Monterey Bay National Marine Sanctuary Program; Huff McGonigal of Fathom Consulting; and Melissa Stevens, (currently) The Nature Conservancy. Finally, thank you to Mary Alice Fettis and Sal Tedesco of the Fisherman's Wharf Association, Allen Lovewell and Oren Frey of Fresh Catch Monterey, and Noelle White of State Senator Bill Monning's office.

If we have missed anyone, it is not due to ingratitude but poor memory on our part.

EXECUTIVE SUMMARY

In mid 2012, the Cities of Monterey and Morro Bay were awarded a National Fish and Wildlife Foundation grant to develop Community Sustainability Plans (CSP), one for each City. Community Sustainability Plans are cited in the Magnuson Stevens Act (MSA) as one potential method to avoid negative impacts in small fishing communities of the newly instated catch share program.

The Monterey CSP takes a broad approach to understanding the economic, social and environmental implications of fishing and makes recommendations to improve the performance and sustainability of the entire industry. A further motivation for the project was to fulfill federal requirements under the catch share or Individual Transferable Quota (ITQ) structure imposed in the groundfish fishery in 2011.

Ultimately the CSP addresses the question: Does commercial fishing have a future in Monterey? Findings in the CSP clearly indicate that it does, and that that future may be assured, stabilized, and even grown by adopting key community-driven recommendations.

The Monterey Fishing Community Sustainability Plan takes a “triple bottom line” approach and consists of six chapters: **1) Introduction, 2) Economics, 3) Environmental Setting and 4) Social Setting and concludes with 5) Recommendations and 6) Potential Funding Sources.**

Emphasis on the project was placed on an open, constituent driven process that included three public meetings, dozens of field visits, and almost 40 group and one-on-one interviews with approximately 80 business and civic leaders, City staff, conservation organizations, fishery-related concessionaires, processors and fishermen across a variety of fisheries. Data was also gathered from the California Department of Fish and Wildlife, the National Marine Fisheries Service, Pacific Fisheries Information Network (PacFIN), National Ocean Economics Program, the U.S. Census and the Bureau of Labor Statistics, among others.

The overriding federal fishing policy, the Magnuson Stevens Act (MSA) has been revised to protect overfished species, emphasize stock rebuilding plans and consider new management regimes such as catch share programs.

Groundfish is an enormously valuable fishery in Monterey. Of the over \$70 million that fishermen have generated at the dock in earnings between 1990 and 2011, over \$19 million can be attributed to groundfish.

Findings include:

ECONOMIC Commercial fishing in Monterey has generated over \$70 million in earnings at the dock between 1990 and 2011 and with the recreational fishing fleet, supports over 750 jobs and millions of dollars in tourism-related spending. In 2011, earnings generated by commercial fishermen topped \$6 million and Monterey was 30th in the Nation, out of approximately 1,500 ports, in landing some 25 million pounds of seafood on Municipal Wharf II.

SOCIAL The Monterey fleet has formed sophisticated alliances with the agricultural industry, is represented in the regulatory process and has strong support and visibility in the community. Since the 1930s, Monterey is known the world over as a working waterfront and fishing port, which plays an important link with the present and contributes to a unique and valuable sense of place.

ENVIRONMENTAL Every species landed in Monterey falls under State or Federal management oversight and all of the top fisheries are guided by Fishery Management Plans, with catch limits set on the best available science. Fishermen also face spatial closures, gear restrictions, seasonal closure, quota-based management and strict reporting requirements, all hallmarks of a sustainable fishery.

Another key finding is that a major component of a thriving Monterey fishing port is a reliance on a diversity of fisheries, which translates to a diversity of gear types operating on a diversity of habitats and relying on a diversity of markets. In this way, if one fishery is down due to movement of fish stocks, population cycles, regulatory measures or market conditions, another fishery may compensate, leveling out the impacts and assuring that infrastructure and jobs are preserved and rents are paid. Monterey relies on spot prawn, salmon, groundfish, Market squid, Pacific sardines, halibut and Dungeness crab to make up its landings and earnings.

Recommendations in the CSP are based on findings on economic, social and environmental background and existing conditions and extensive input and guidance from the community. As such, this Plan suggests a path forward for Monterey’s historic commercial fisheries.

For the sake of the Executive Summary, key Recommendations to the City Council are summarized and grouped by type:

PERFORMANCE-BASED ZONING AND BUSINESS ALLIANCES THAT SUPPORT COMMERCIAL FISHING

These recommendations would create dedicated zoning by right for commercial fishing activities on Municipal Wharf II, and suggest that a special “business district”, similar to what exists for Cannery Row and Fishermen’s Wharf, would benefit the commercial fishing industry. Most funding for this district’s activities would come from increases in landing fees, as well as contributions from other businesses which have a stake in preserving fresh seafood landings in Monterey. Funds could be invested in promotional events, increasing public awareness of the sustainability and value of Monterey’s fisheries, and in developing and maintaining fishery-related

Fishing related groups like the Alliance of Communities for Sustainable Fishing (ACSF) is an indicator of the fishing industry’s ability to inform its members, participate in the regulatory process and promote the benefits of a healthy fishing industry.

The Community Sustainability Plan is not intended to prescribe, outside of the rigorous processes in place by various State and federal agencies, new species or ecosystem-based management measures.

physical infrastructure. This concept also suggests that growing formal relationships among the commercial fishing, agriculture, business, and hospitality industries in Monterey County would benefit all.

ENHANCE FISHERIES INFRASTRUCTURE ON MUNICIPAL WHARF II

Several infrastructural improvements could contribute significantly to the success of the Monterey fisheries industry. These include the creation of a wider truck turnaround area, likely in the center of Wharf II; increasing the availability of crushed or flake ice, either through agreements with Wharf II concessionaires or by installing a City-owned ice machine; an additional public hoist on Wharf II for fish and gear handling; and continued efforts to engage lower cost methods by which Wharf II is maintained.

SUPPORT THE DEVELOPMENT OF A COMMUNITY QUOTA FUND

This particular recommendation is directed at the groundfish fishery, one of Monterey's high volume fisheries that sustains physical infrastructure and employment.

Change to the management of the groundfish fishery in 2011 to an ITQ structure is aimed at improved environmental and economic performance, by allowing, in part, the sale and purchase of groundfish quota. This has created a situation where fish that have been historically caught and landed in Monterey may not be available should the quota be sold to other ports or entities. Loss of access to groundfish would reduce activity on Municipal Wharf II, and the fishing industry and City's ability to maintain physical infrastructure, and contribute to the visitor-serving economy which relies on a working waterfront and fresh, local seafood. A Community Quota Fund is a legal, federally-recognized entity that can acquire, hold and manage groundfish quota for a community or region. Recommendations in the CSP include taking steps to support the development of such a Fund.

CONCEPTS FOR RENTS AND WHARFAGE

Preliminary concepts are presented for consideration by the City Council and further discussion with current and potential Wharf II concessionaires. One approach for increased performance and sustainability on Wharf II would be to keep base rents for warehouse and pump house building space at its current modest rate, but increase and differentiate wharfage. Wharfage is a fee levied by the City based on the amount of seafood landed or trucked to a tenant's facility. In this approach, income to the City would be more consistent with changing levels of income to fishermen and concessionaires. Increased wharfage revenue could be dedicated in large part to maintenance of the common areas, with a smaller amount going into a fund to better promote the industry, or engage in physical infrastructure improvements or expansion.

APPENDIX A: POTENTIAL GRANT AND LOAN FUNDING SOURCES

This CSP presents information of grant and loan programs that may be appropriate to support fisheries related projects and the Recommendation herein.

The CSP should be considered a living document, and benchmark against which the fishing industry and the community can measure and adjust the performance of key economic, social and environmental indicators. The CSP offers a strategy for the future, and as such will need to be updated and refreshed as the future will certainly offer unexpected opportunities and constraints. The CSP is also meant as an educational and promotional tool for strengthening the dialogue among the fishing industry, regulators, conservation NGOs, and the community of Monterey.

1. INTRODUCTION

This section provides an overview of the Monterey Fishing Community Sustainability Plan project through a description of:

- Purpose and Motivation, including a discussion on the Monterey / Morro Bay partnership and the funding source
- Project Management Team and Consultant Team, including City staff and qualifications of those involved
- Approaches and Methods, including an overview of the comprehensive community engagement effort and focus on economic, social and environmental metrics
- Project Setting, including Monterey's unique and valuable environmental resources and history
- Community of Monterey Profile, including an overview of population and demographics
- Monterey Fishing Community, including a discussion on employment, synergy with tourism and the presence and influence of the conservation community



For the purposes of the Fishing Community Sustainability Plan, what is a “fishing community”?

According to the Magnuson-Stevens Act (MSA), a fishing community is described as:

“...a community which is substantially dependent on or substantially engaged in the harvest or processing of fishery resources to meet social and economic needs, and includes fishing vessel owners, operators, and crew and United States fish processors that are based in such community.”

To take that concept a step further, the Monterey fishing community is seen as those members who have direct or indirect involvement, interest, or concern with the fishing industry and its history as located within a geographic proximity of the Monterey harbor area. This definition of a fishing community also includes a nucleus of fishermen working across gear type and related entities such as processors, offloaders, wholesalers, retailers, regulators, and scientists, all of whom are substantially dependent on fishery resources.

This group constitutes the core of the fishing community but is not the sum. Broader ties to this central community are those members of the general Monterey community, including anyone who consumes or has an interest in seafood, fishing, and fishing resources. While this definition is more inclusive, spanning across occupation-based and values or interest-based definitions, we understand it as an important conceptual tool when discussing the challenge of sustaining a fishing industry through time.

Catch Shares, or Individual Transferable Quota, (also considered a Limited Access Privilege Protocol or LAPP program) is a regulatory system by which fishermen, based on past history, earn and own a percentage of the Total Allowable Catch (TAC) each season. TAC may change based on stock assessments and regulatory decisions but the percentage the fisherman holds does not. Participating fishermen must also hold a Limited Entry trawl permit and are held 100% accountable for catch and discards by carrying a federally trained human observer on board each trip. This concept is discussed in more detail in the Chapter 2.

Adaptive Management is part of the ITQ or catch share regulatory system that enables regulators to hold back 10% of the total available quota to be distributed to communities that have been adversely affected by the regulatory change. The criteria for distribution of the 10% hold back quota has not yet been confirmed. Monterey and Morro Bay's approach includes having CSPs in place to put them in a better position when Adaptive Management is implemented.

PROJECT PURPOSE AND MOTIVATION

In January of 2011, the Cities of Monterey and Morro Bay teamed to pursue a National Fish and Wildlife Foundation (NFWF) Fishery Innovation Fund (FIF) grant. NFWF provided over \$1.5 million in FIF grant funds to 18 recipients nationwide with projects that “foster innovation and support effective participation of fishermen and fishing communities in the implementation of sustainable fisheries in the U.S.” (NFWF). As one of these recipients, the Cities of Monterey and Morro Bay were jointly awarded \$135,000 in grant monies. Through the grant proposal, the Cities sought support to prepare Community Sustainability Plans (CSP) – one for each of the Cities – consistent with the provisions of primary federal fisheries policy, the Magnuson-Stevens Fisheries and Conservation Act (MSA).

As the term “Community Sustainability Plan” suggests, the City of Monterey also saw the project as an opportunity to develop a strategic planning document for the entire fishing community with opportunities in the groundfish fishery as one component, albeit important.

Important fisheries in Monterey include groundfish, spot prawn, sardines, squid, salmon, white seabass, Dungeness crab and near shore species.

From this holistic perspective, the project is focused on the fishing industry's history, synergies with tourism, significance in the Monterey “brand”, alliances with other industries, diversity of fisheries and gear types, and effective strategies for physical facilities and services.

Regarding the groundfish element of the CSP, according to the MSA, “to be eligible to participate in a limited access privilege program to harvest fish, a fishing community shall... develop and submit a community sustainability plan to the Pacific Fisheries Management Council and the Secretary that demonstrates how the plan will address the social development needs of coastal communities, including those that have not historically had the resources to participate in the fishery, for approval based on criteria developed by the Council that have been approved by the Secretary and published in the Federal Register” (MSA 2007 p. 121, Stat. 3587-3588).

The catch share regime, or Individual Transferable Quota (ITQ), instituted in the federal groundfish fishery in 2011 is a limited access privilege protocol (LAPP) program. Groundfish is a key fishery in Monterey and several Monterey fishermen have earned the ability to participate in the valuable ITQ fishery. Currently, it is only the groundfish fishery that has an ITQ program.

From Monterey's perspective, the development of a CSP and the formation of community-based entities or Community or Regional Fishery Associations will better position the community for consideration in ITQ Adaptive Management measures. These associations may be formed to acquire and lease groundfish quota in the community, thereby anchoring access to the resource to a community rather than an individual or vessel.

In 2012, the City of Morro Bay established such an entity, the Morro Bay Community Quota Fund (MBCQF). Monterey may also consider a quota fund option. The community-based fishing associations are seen as a measure to avoid migration of the groundfish resource away from small communities to larger communities or businesses that have the capital to acquire quota, a tradable or saleable asset (referred to “consolidation”). Community or Regional Fishing Associations may also provide opportunities for new participants who might not otherwise have access to permits, quota or capital. The attraction of new participants is a high priority for the Monterey fishing community.

The language in MSA directing the development of a CSP is sufficiently broad to enable communities to tailor the document to meet their needs. Such an approach provides more direct and potentially substantive industry and community participation in the formation of policy. In the best sense, this is an example of co-management (fishing industry participants engaged in policy formation with regulators), a hallmark of a sustainable fishery.

The NFWF grant directs recipients to focus on the triple bottom line of economic, social, and environmental implications of the fishing industry and its relationship with the community. It is understood by both Cities and their fishing communities that success and stability depends on sustainability within and across all three dimensions. The sustainable fishing community indicators used in this report are derived from a collaboration among LWC, community stakeholders and research in the field. The indicators for each criterion are described below:

- **Economics:** Economic indicators and metrics analyzed for the industry are based on landings and earnings at the dock, species mix and trends, price per pound, the number of trips and vessels operating in the harbor and their changes over time, and demand for offloading, staging, processing, gear storage and retail space. Economic performance also includes employment generation, employment types and synergies, and alliances between and among industries. (See Chapter 2, Economics.)
- **Environmental:** Environmental sustainability indicators and metrics include the extent and type of regulation faced by the fleet, summary of science-based directives and assessments of fish stocks, the diversity of species, and gear types and habitats in which Monterey fishermen are engaged. (See Chapter 3, Environmental Setting.)
- **Social:** Social indicators and metrics were assessed through extensive personal and written interviews with industry participants, civic leaders, related industry stakeholders, and the community. Social metrics analyzed include leadership, cohesion, collaboration and cooperation among participants, equity/equality among fishing-related businesses, the community’s ability and effectiveness to represent itself in the political, local/regional business and regulatory arena, and the degree of community support for fishing and fishermen. (See Chapter 4, Social Setting.)

The Morro Bay Community Quota Fund (MBCQF) is a public benefit non-profit corporation intended to permanently secure fishing privileges historically associated with the Central Coast. The long term goal of the CQF is to ensure a financially stable and environmentally sustainable Morro Bay fishery, built upon local stewardship of groundfish resources, sufficient fishing activity to support marine dependent infrastructure and services in Morro Bay, and providing for the next generation of smaller boat fishermen. Under its broader “triple bottom line” mission (social, economic and environmental), the CQF will also engage in collaborative research to improve scientific knowledge and support local fisheries.

www.morrobaycommunityquotafund.org

Indicators are the categories of performance (e.g. earnings) and metrics are the measures within the categories (e.g. dollar value).

According to NOAA Fisheries, Fisheries Economics of the U.S., recreational fishing in California in 2009 accounted for over 13,500 jobs and \$1.6 billion in durable expenditures.

COMMUNITY MEETING

City of Monterey

Fishing Community Sustainability Plan

At a public meeting held on September 24, the City of Monterey initiated a project funded by a National Fish and Wildlife Foundation grant aimed at working closely with local fishing industry stakeholders and other interested parties to assess the performance of the industry and consider strategies for economic, social and environmental sustainability.

A second public meeting will be held on November 29, from 6:30 pm - 7:30 pm, at the Del Monte Beach House (285 Figueroa Street).

What:
City of Monterey
Fishing Community
Sustainability Plan
Second Public Meeting



When:
Thursday, November 29, 2012
6:30 PM - 7:30 PM

Where:
Del Monte Beach House
285 Figueroa Street
Monterey, CA 93940
Phone: 831.646.3950

This second public meeting is aimed at sharing information that the Consultant Team has collected and gathering additional input from the community.

The public is invited and encouraged to attend.

If you have any questions, feel free to contact Harbormaster Steve Scheiblaue at 831.646.3950 or email: scheibla@city.montereyca.us

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These indicators and metrics are the building blocks of the strategic planning process, enabling the community to formalize and communicate its goals and accomplishments and assess on-going performance. It is a common belief in the fishing community in Monterey that the framework for discussing sustainability must be based on a 20 to 30 year projection, rather than the current one to five year projection. With this in mind, through the CSP, Monterey is developing strategies for maximizing economic opportunities, establishing on-going stewardship of fish stocks and habitats, and maximizing opportunities for strong and capable social networks.

The CSP culminates with recommendations aimed to maximize opportunities in the fishing industry and the wider community. Recommendations will build on findings and address the most effective strategies for facilities on Municipal Wharf II, developing and strengthening key alliances, better promotion and marketing of the Monterey “seafood product”, strengthening social networks, and more effective participation in the regulatory process.

CSP PROJECT MANAGEMENT TEAM

The grant request process was overseen by the City of Morro Bay, led by Rick Algert, former Harbor Manager and current Special Programs Coordinator – Fisheries, and the City of Monterey, led by Steve Scheiblaue, Harbor Master.

After being awarded the grant in April 2012, the Cities released a request for proposal (RFP) in June with a submittal deadline of July 18, 2012. Lisa Wise Consulting, Inc. (LWC), a San Luis Obispo-based economics and land use planning firm, responded to the RFP with AECOM and CalPoly Department of Science and Mathematics as part of the consultant team and were awarded the contract. The consultant team took a triple bottom line approach with LWC addressing project management, community engagement, and economic analysis, Dr. Mike Downs (Ph.D Anthropology) and ethnographer Stephen Weidlich of AECOM providing input and direction on the social and socio-cultural components of the project, and Dr. Dean Wendt, Associate Dean Cal Poly College of Science and Math and Director of the Center for Marine Coastal Sciences, providing guidance and input on environmental data gathering, assessment and reporting.

APPROACHES AND METHODS

Through the CSP, the Cities aim to establish baselines and strategies for planning and development in the fishing industry by matching the community’s vision and a “place based” perception of sustainability with existing resources and opportunities. Through the process, the Cities also hope to better anticipate future needs and opportunities. As stated above, these opportunities range from expansion and improvement of physical infrastructure to the development of marketing programs to strategies for participation in the regulatory process. Goals established early in the project process include raising awareness of the value of the fishing industry and strengthening the ties with the community.

Data gathering, analysis, reporting, and subsequent recommendations encompass all of the diversity of fisheries in which the communities engage as well as related industries and physical infrastructure. Guiding principles are based on the fishing community's reliance on a successful groundfish fishery as well as a robust Coastal Pelagic Species, spot prawn, salmon, Dungeness crab and white sea bass fishery. The community also depends on physical infrastructure (offloading, berthing), critical services (ice, fuel), recognition/awareness by the market, and a voice in policy that will ultimately affect their future.

Data gathering in Monterey included almost 80 hours of personal interviews with tenants on Municipal Wharf II, fishermen and civic leaders; three public meetings; dozens of follow up phone calls and emails; and extensive field work, including visits to processing facilities in Watsonville and Salinas, vessels, offices and the docks. Primary data sources include the Department of Fish and Game, Pacific Fisheries Information Network (PacFIN), Pacific States Marine Fishery Commission (PSMFC), National Marine Fisheries Service (NMFS), NOAA Fisheries, and the Cities of Monterey and Morro Bay Harbor Division/Department and Real Estate Departments. A more extensive list of data sources is available in the bibliography.

PROJECT SETTING

The City of Monterey, California, is situated 113 miles south of San Francisco and 345 miles north of Los Angeles. Monterey is less than 20 miles west of the City of Salinas, center of one of the nation's top agricultural regions. Geographic coordinates for Monterey are: lat 36°36'01"N, long 121°53'39"W.

Monterey lies near the head of one of America's largest underwater canyons, reaching a depth of over two miles, deeper than the Grand Canyon. Monterey Canyon is only two to five miles from land, making it the closest to shore deep ocean environment in the continental United States. NOAA describes the area as being unique in fostering a highly productive ecosystem and a wide variety of marine habitats, including one of the largest kelp forests in America. The concentration of pinnipeds, whales, otters, and seabirds is outstanding.

The marine ecosystem off of Monterey is especially productive due to an upwelling generated by wind, current, and variations in water temperature. As surface water moves away, deep water rises to take its place. This deep water is colder, nutrient rich and attracts and supports an array of marine species. The primary areas for upwelling are located north and south of Monterey Bay.

From the time it served as a whaling station in the 1850s and the establishment of the Booth Cannery in 1902, the City of Monterey has relied on its waterfront for its identity and as a source of jobs and wealth generation. By the mid-1940s, Monterey had grown into a tourist destination with the Fisherman's Wharf serving as a prime attraction and unloading station for the fishing industry's catches of sardines, squid, mackerel,

Monterey continues to celebrate its commercial fishing heritage, and views the current economic contributions of the industry as vital to the community's successful tourism industry (NOAA, Community Profile).

Landings of sardines have fluctuated greatly due to shifts in population levels that have been described as "boom and bust", shifts in domestic and global demand, pricing and consumer preferences and attrition in the fleet.



Some regulation was a response to escalating effort due to foreign competition, that led to fishing practices that may not have been sustainable in the long run.

In a opinion poll conducted in 2007 by Responsive Management, Inc. 84 percent of over 800 respondents agreed that the State of California and local governments should work to keep charter boat opportunities available to the public, given that charter boat businesses provide opportunities to people who otherwise would not be able to boat because they cannot afford a boat of their own.

Monterey fishermen also travel to other ports in California, Washington and Oregon pursuing fish stocks and economic opportunities in the albacore, Dungeness crab, salmon, swordfish and other fisheries, returning to Monterey after the season to repair and make upgrades to their vessels and prepare for the next fishing opportunity.

Commercial Passenger Fishing Vessel (CPFV) operations are licensed to take passengers for hire to conduct recreational or sport fishing activities. Fish caught in these operations may not be sold. CPFV operations are also often referred to as "party boats."

anchovies, rockfish and salmon. In 1950, 25 canneries lined Monterey's shoreline and in 1951 the top species were squid, anchovy, rockfish, sardine, albacore, sablefish, salmon and mackerel. The catch for the 1930s and 1940s averaged 280,000,000 pounds per year with a peak in 1941 of 496,000,000 pounds (chiefly sardines). In 1951, total landings were 25,000,000 pounds (Scofield 1954), pointing to a trend of declining stock, more active management of the stock by state regulators leading to a moratorium on the sardine fishery in 1967.

Historically, recreational fishing has also provided jobs and spending, and has attracted visitors to Monterey. Ten commercial passenger fishing vessels were working out of Monterey as early as 1952 and there are records of recreational "pay to fish businesses" 50 years before that (Scofield 1954).

Monterey's fishing industry remains a source of investment, employment, an icon of cultural identity, and an attraction for tourists who flock to the City for its stunning setting and attractions like Cannery Row, the Monterey Bay Aquarium, Fisherman's Wharf, Municipal Wharf II, and nearby Monterey Bay National Marine Sanctuary. In a 2008 opinion survey, civic leaders and tourism professionals in Crescent City, Monterey and Morro Bay rated tourism from having an active waterfront at 8.82 on an ascending value scale of 1 to 10 (with 50 percent of respondents rating it a 10) and local seafood for purchase at 8.85 (with 57 percent rating it a 10) (California Tourism and Fishing Heritage Assessment, Part I: Survey of Business, Community Leaders and Tourism Professionals, Responsive Management, 2008). In a 2007 poll of over 800 California residents, 71 percent of respondents agreed that they seek out and enjoy going to working waterfronts. (California Residents' Opinion on and Attitudes Toward Coastal Fisheries and their Management, Responsive Management, 2007).

In addition to being a primary driver of tourism and cultural identity, commercial fishing continues to be a generator of revenue and employment as well as civic pride. Monterey participates in a wide diversity of fisheries in the State's \$200 million plus commercial fishing industry, spreading risk and opportunities across fishing vessels, fishermen, gear types and habitat types. In the last 22 years, industry earnings topped \$70 million and, in 2010, Monterey ranked 9th in California in earnings from commercial landings (National Ocean Economics Program).

As mentioned above, key fisheries out of Monterey have long included Coastal Pelagic Species (sardines, squid, anchovy, and mackerel), spot prawn, salmon, white sea bass, Dungeness crab, and groundfish (sablefish, sole, rockfish). While once a vibrant port for local and non-local fishermen, significant shifts in the fishery since the early 1990s, including increased spatial and temporal closures on fishing grounds, gear and species restrictions, and reduced limits, have changed the vibrancy of the port and have presented concerns about the future.

At a time of increasing concern with economic, environmental and social sustainability, the City of Monterey has taken this opportunity to develop an industry-level strategic planning document to identify opportunities and constraints, recommend actions aimed at the long term and assure the fishing industry's stability, persistence and increasing economic, social, and environmental contributions.

COMMUNITY OF MONTEREY PROFILE

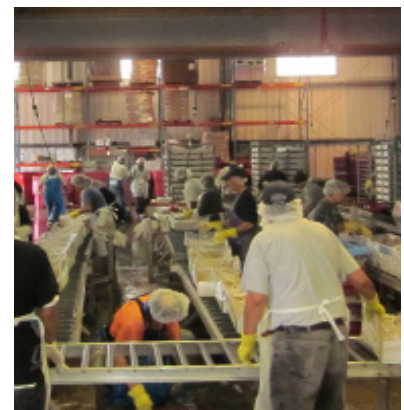
According to the 2010 U.S. Census, the population of the City of Monterey was approximately 27,810, accounting for about 6.7 percent of the total population of Monterey County. Over the past twenty years, the population of the City has decreased by an average of 0.7 percent per year. During the same period, the County grew by about 0.6 percent per year.

The average age of the population of Monterey tends to be older than the State of California average age, with 21.5 percent of the population over 60, compared to 16.3 percent Statewide. However, the City also has a large proportion of residents between the ages of 20 and 34, accounting for about 28.3 percent of the population, compared to California's approximately 21.7 percent. This is in part due to the presence of several colleges and universities that host over 7,500 students, among them California State University-Monterey Bay, Monterey Institute of International Studies, Defense Language Institute Foreign Language Center, Monterey Peninsula Community College, and the U.S. Naval Postgraduate School. Across all age ranges, the City tends to show higher levels of educational attainment relative to the State average. Monterey boasts a population with a bachelor's degree or higher of 45.3 percent, compared to 30.3 percent for the State. City residents with post-graduate or professional degrees outpace the State average at 21.2 percent to 11.1 percent.

According to the 2010 Economic Census, approximately 49.6 percent of the eligible population over the age of 16 in Monterey was employed. This is lower than employment rates for both the County (56.2%) and the State (55.7 %). Additionally, while employment over the last ten years grew by about 2.7 percent per year in the County, it fell by an average of 9.8 percent per year in the City.

From a historical perspective and at the County level, employment in Monterey County has shifted significantly away from fishing and manufacturing industries to agriculture, local government, and tourism and visitor serving industries (Monterey County 2011). Employment in the agricultural and farm sectors continues to be important to Monterey County, with 27 percent of those employed in the County working in these sectors. Employment in education and health services saw a 55 percent increase from 1990 to 2010, and there was a 13 percent increase in leisure and hospitality (County of Monterey 2011). According to Monterey County Business Council (MCBC), the primary employment sector in the County is the farm and farm-related industry, with over 40,000 jobs in 2011. This is followed by the local government industry with over 20,000 employees (MCBC 2012).

Fisheries-related employment and earnings are not reported in the 2011 MCBC Economic report or on the County website. In the 1920 census, over 350 individuals reported working as fishermen while another 700 reported working in the canneries (Walton). Today, 53 Monterey-based commercial fishing vessels are registered with the National Marine Fisheries Service (NMFS 2011), though interviews reveal few owners of these vessels fish full time year round. It is certain that the number of those fishing out of Monterey has declined as the nature of the fisheries and the fishing industry has changed. Given increases in the volume and complexity of regulation,



In a strategic alliance one or more of the participants seek each other out to capitalize on a resource one has and the other needs, or capitalize on resources that both need. Strategic alliances between the Monterey commercial fishing industry and Monterey County agriculture are sophisticated relationships that involve contracts, exchange of money or barter, large-scale modification and expansion of physical facilities, coordination with an existing workforce and joint strategic planning and forecasting.

The Monterey fishing/agriculture alliance also capitalizes on existing transportation routes and distribution services. Strategic alliances often, as in Monterey, engage third-party financial institutions as lenders or investors, which empowers the participants and the enterprise and requires complicated negotiation and compliance with financial reporting requirements and accounting practices.

The strategic alliance between commercial fishing and the agricultural industry in Monterey County generates approximately 720 jobs, 650 (seasonal) on the processing line and 70 administrative, management and support positions.

competition from inexpensive foreign imports, and rising operation costs, the fleet has shrunk in number. Nevertheless, the diversity of the fisheries out of Monterey remains strong, with fishermen catching a broad range of species, using a broad range of gear types on a wide range of geographic locations and habitat types.

Furthermore, since the first half of the twentieth century, Monterey’s fishing industry continues to serve as a cornerstone of tourism and cultural identity, giving it a value that is not readily quantified but must be considered. Tourism in Monterey County generates \$2 billion in spending annually and over 22,000 jobs. More than half of the eight million tourists who come to Monterey County each year visit Fisherman’s Wharf (MCBC 2012).

Although the fishing industry has declined over the past century, it remains a powerful driver for Monterey’s multi-billion dollar tourism industry, an on-going source of cultural identity and pride as well as contributing significantly to employment on the waterfront and in the County. The fishing industry in Monterey also represents a sophisticated and complementary alliance with agriculture and provides a healthy source of “local” food.

The commercial fishing industry generates approximately 44 jobs on Municipal Wharf II, within five job types ranging from laborer to scientist; 35 are full time and nine part time. Note, because these are small businesses with varied needs, employees often play more than one role. For the purposes of this project and the chart, only one role was chosen per employee. Distribution of job types is illustrated in the chart; Monterey: Employment Estimates Municipal Wharf II, 2012. When combined with those of Moss Landing, landings at Municipal Wharf II generate over 700 jobs in processing plants in Salinas and Watsonville. This employment data is derived from site visits and personal communication, phone calls and emails with business owners, managers and industry participants as part of the CSP project.

Table 1.1 Monterey: Employment Estimates, Municipal Wharf II 2012

	Monterey Fish Company	Monterey Abalone Company	Gino’s Seafood	Royal Seafood	Ocean Fresh	Fresh Catch Fish Market	Total
Driver/Laborer	12	6	2	4	2	2	
Retail	7						
Scientist/Diver		4					
Office Admin/Sales	2						
Processor/Butcher	1	1		1			
Subtotal	22	11	2	5	2	2	44

Table 1.2 Monterey County: Commercial Fishing Employment, Processing Facilities

	Processing Line	Office/Support	Capacity Per Day/Tons
Monterey Fish Company/Americold	200	30	375
Southern California Seafood/Dreisbach	200	10	525
Del Mar Seafood/Lineage Logistics	250	30	500
Subtotal	650	70	1400

The City of Monterey is also in a unique situation with a high concentration of conservation, environmental and education non-governmental organizations (NGO), unparalleled on the West Coast of the U.S. as well as falling next to the boundaries of the Monterey Bay National Marine Sanctuary (MBNMS). As such, the actions of the City on the waterfront and those of the commercial fishing industry receive close scrutiny, such as with the consideration of physical expansion of Wharf II which abuts the MBNMS. Efforts or actions in which NGOs engage receive particular scrutiny, as NGOs tend to be well funded, well organized and well represented in the press and the regulatory process.

Of particular concern to the commercial fishing industry is the Monterey Bay Aquarium (Aquarium), which has a huge presence in Monterey and tremendous influence over seafood purchases through its Seafood Watch Program and Card. While the relationship between the Aquarium and the commercial fishing industry has been strained, the fishermen and the Aquarium understand that they stand to gain more as allies than adversaries. Differences between the fishermen and the Aquarium are primarily due to the Seafood Watch Card designations working against some of the local fleet's small scale, heavily-regulated, transparent fisheries as well as information at the Aquarium that emphasizes poor practices of international fisheries and not the sustainable practices of local fishermen.

It may not be clear at this time, but this "proximity" may turn out to be a positive differentiating factor for Monterey seafood in future branding and promotional efforts.

The major NGOs engaged in marine conservation, education and research in the Monterey region include:

- Monterey Bay Aquarium Research Institute (MBARI)
- The Nature Conservancy
- Environmental Defense Fund
- Monterey Bay Aquarium
- Oceana
- National Resources Defense Council
- Ocean Conservancy
- Save Our Shores
- Friends of the Sea Otter
- The Otter Project
- American Cetacean Society

The next chapters will expand on economic, environmental and social conditions in Monterey, identify indicators and metrics for success, highlight opportunities and constraints and make recommendations on actions that will better position the industry for long term persistence, stability and sustainability given current conditions and forecasts or anticipations for the future. The work comprising this report has relied heavily on input and direction from fishermen, fishing industry stakeholders, civic leaders and the community of Monterey so that decision-making takes place at the level where impacts will be greatest felt.

"MBNMS generally prohibit new structures or alterations of the seabed"
-Monterey Waterfront Master Plan

Facing Non-Governmental Organizations (NGOs), a Sanctuary and Aquarium that can affect their business has created a great deal of uncertainty and apprehension in the Monterey commercial and recreational fishing communities, which typically do not have funding or "command" of the media and are generally obligated and preoccupied with preparing vessels and gear for fishing and engaging in the search, procurement, offloading and selling of their catch.



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2. ECONOMICS

Common measures of sustainability in fisheries pertain to the environmental well-being of fish stocks and habitat. Less common but equally important are those based on economic performance. Economic indicators index the degree to which the industry is viable in a local, regional, and global economy and extend from the individual fishermen out into the local economy.

At the level of fishermen, economic indicators include operating performance as measured through dockside earnings (EVV), landings by weight, and price per pound. At the fishing community level, economic indicators include diversity of gear types and target species, and the amount and diversity of employment generation¹. Economic sustainability is also measured by the dockside infrastructure that enables work and connections to distribution services to be conducted in an efficient manner. Economic indicators also include performance within wholesaler, processing, and retail businesses and the level of interrelationship between the fishing industry and the local economy. In broader terms still, economic performance is measured by the culmination of value produced by the fishermen and related stakeholders.

This section of the report addresses the sustainability of Monterey’s fishing industry through an analysis of the economic performance among fishermen and fishing-related businesses.

EARNINGS

Table 2.1 Monterey CSP Economic Performance

INDICATOR	METRIC
Production	Landings by weight
Revenue	Earnings at the Dock, Ex-Vessel Value (EVV), Price per Pound
Diversity	Relative Species Mix
Activity	Trips, Vessel IDs
Employment	Number of and Job Types
Industry Landscape	Presence and Condition of Critical Infrastructure and Services
Synergies	Resource Sharing Within and Across Industries
Awareness	Level of Waterfront Tourism, Demand for Product
Trends	Change in Metrics Over Time

¹While employment measures are seen as social indicators elsewhere (e.g. see Le Gallic 2002), they are considered economic indicators here and highlight the close relationship among economics, social and environmental measures.

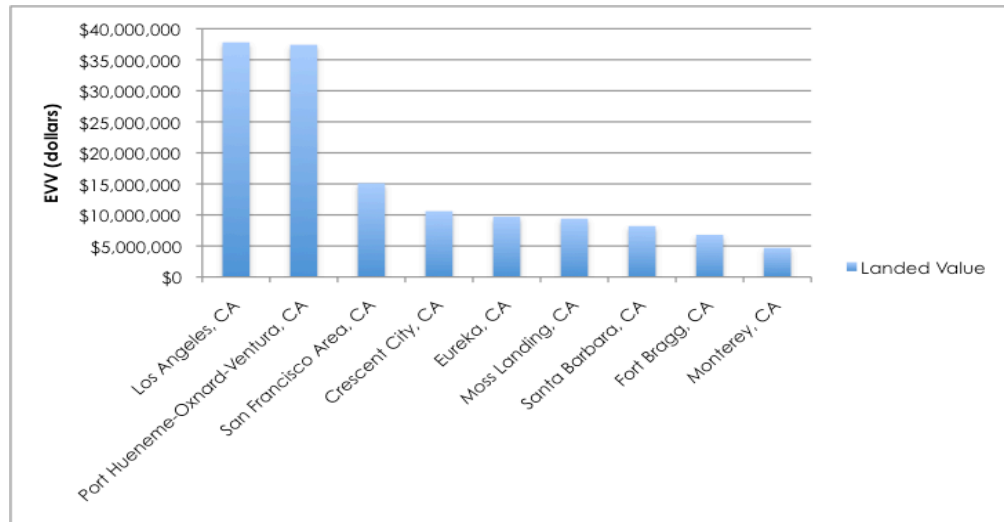
Commercial fishing industry earnings are reported by ex-vessel value, or EVV; money paid to fishermen at the dock.

Key criteria for choosing indicators and metrics are that they be: accurate and bias free, easily measured, reliable and consistent over time, easily accessible to decision makers, relevant to the local system/environment and make use of available data. (Reed, Fraser and Dougill, 2006, *Journal for Ecological Economics, An Adaptive Learning Process for Developing and Applying Sustainability Indicators with Local Communities* 59(4) 406-418)

Monterey is one of the top 10 commercial fishing ports in California based on value. This data from 2010 (Table 2.1) puts Monterey at number 9 despite competing with port complexes like Los Angeles, with two active landing locations (San Pedro and Terminal Island) and the four-port complex in Santa Barbara and Ventura Counties.

According to the National Ocean Economics Program, Monterey is one of the top ten ports in the State of California and in the top 80 commercial fishing ports in the nation. Monterey is consistently one of the top performers in the State of California’s \$200 plus million commercial fishing industry and in 2010 was 9th in earnings immediately behind Fort Bragg, Santa Barbara and Moss Landing. Measures of economic performance and vibrancy within a port include earnings at the dock, price per pound, diversity of species and fishing operations, number of fishing trips, and number of vessel identifiers and are discussed below.

Figure 2.1 Top 9 Fishing Ports in California by EVV, 2010

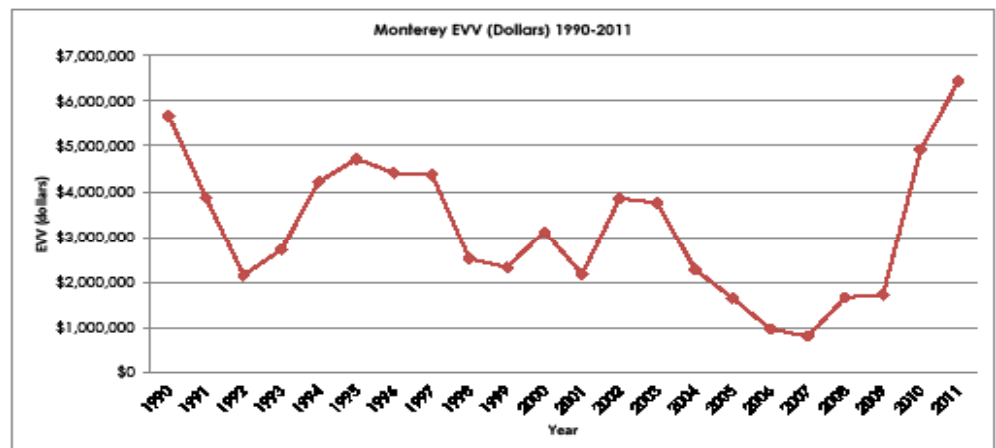


Source: NOEP

Earnings at the dock, as measured by ex-vessel value (EVV), is one of the most direct measures of economic activity generated by the fleet. Commercial fishermen in Monterey have brought in over \$70 million in EVV over the last 22 years, with that total spread across a half dozen species with vastly different catch methods, and differing habitats, forage behaviors, and life cycles.

Annual totals range from highs of \$6 million in the 1990s to lows below \$1 million in 2006 and 2007. In 2011, earnings topped \$6 million.

Figure 2.2 Monterey EVV 1990-2011

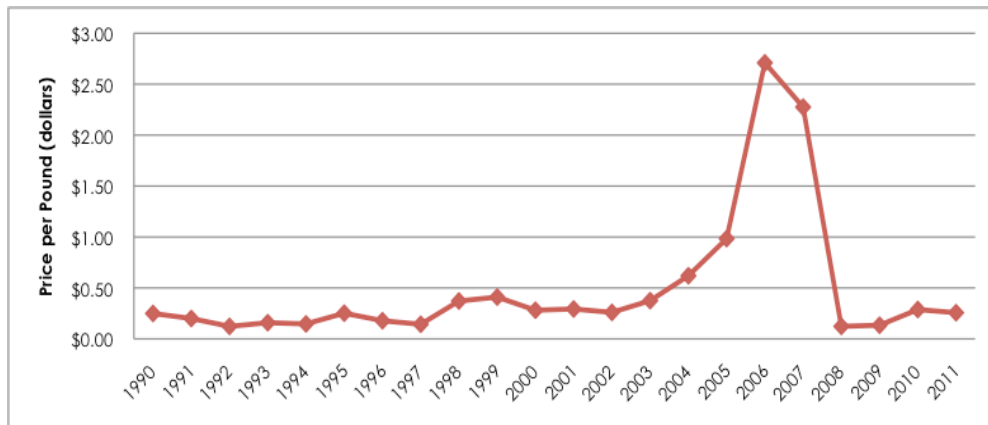


Source: CDFG

Overall price per pound, while subject to market forces, is another measure of economic performance, illustrating how well a fishery is able to take advantage of and anticipate trends and opportunities in the market. Changes in overall price per pound also represent shifts in value for individual species as well as shifts in relative landings of species of differing values.

A strong squid and sardine season, the return of the salmon fishery and Dungeness crab activity played roles in generating a rebound in fishing trips in 2011.

Figure 2.3 Monterey Overall Price Per Pound, 1990-2011



Source: CDFG

Average price per pound has been fairly steady in Monterey, excluding spikes between 2004 and 2008 when relative landings in high volume, low value fisheries (e.g. CPS) were almost zero and there were (relatively) more landings of higher value species (white sea bass, spot prawn, near shore, etc.).

Additional measures of economic activity and vibrancy include number of trips, and vessel IDs. Each trip represents wages for skipper and crew, and jobs on the offloading dock, fuel dock and ice machines, as well as at the processor and throughout the value chain, such as the purchase of supplies from local vendors. Each trip also represents the transactions generated by landings that support physical infrastructure through assessments collected by the City. Commercial fishing trips have ranged from a high in 2005 of almost 4,700 to lows under 2,200 in 2009 and have rebounded to 4,000 in 2011.

Vessel IDs have grown, likely due to several good white seabass seasons as well as the return of the salmon fishery. Both of these fisheries attract smaller, trailerable vessels as well as medium sized boats (under 50 feet).

Vessel IDs, or the number of vessels operating in the port is a reflection of the persistence of local fishermen and the Port's capacity to accommodate local and visiting fishermen (infrastructure and services) taking advantage of the movement of fish stocks and compliance with regulation. Vessel IDs have trended up in the last 3 years and at 249, are as high as 2005 levels.

Vessel Identifiers: Each commercial fishing vessel has a unique vessel identification number, which is recorded and collected by the California Department of Fish and Wildlife on fish tickets after each fishing trip. If a vessel makes a landing in any port, it is recorded as a "Vessel ID" (for that port). Vessel IDs are a gross measure of activity and do not address the level or type of activity nor whether a vessel is from another port or based in Monterey.

Trips: Number of trips are measured by the California Department of Fish and Game through fish tickets that commercial fishermen are required to complete and submit upon the completion of every fishing trip. Fish tickets provide; date of the trip, port of landing, name of the boat, permit number(s), geographic areas where fishing took place, gear types used, species caught by weight, and price paid to fishermen at the dock.

Trips offer a gross assessment of fishing activity as they do not identify landings weight or earnings or target species, or gear type.

Diversity of employment types is an indicator of social and economic performance.

LANDINGS

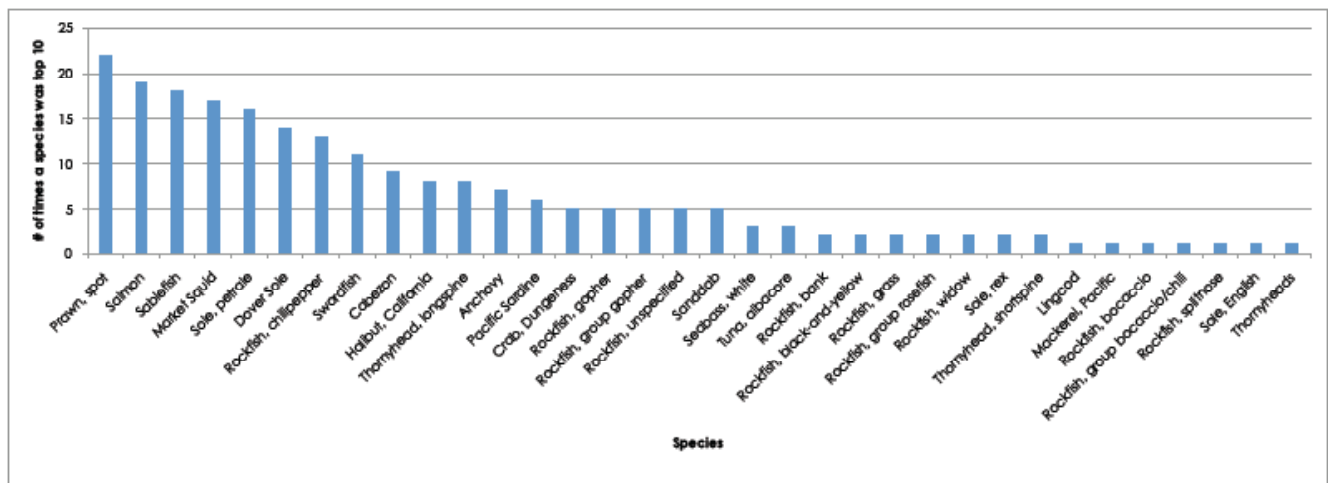
Landings (by weight) are another representation of economic activity and the fleet’s ability to adapt to and capitalize on knowledge of resources, fishing methods and regulatory measures. Landings are also influenced by regulation, markets, and weather, but over the long-term the capability of the fleet will manifest itself in consistency, growth in landings and the ability to rebound. Landing and earnings data can be deceptive, for example, Pacific sardine and market squid are cyclical, high volume, and relatively low-value species. Strong sardines and/or squid seasons will show high landings by weight and low average price.

Total Landings in Monterey have fluctuated from highs of 30 million pounds in the 1990s to 12 - 17 million pounds in the last few years to a near record high (25 million lbs.) in 2011.

Diversity of Species

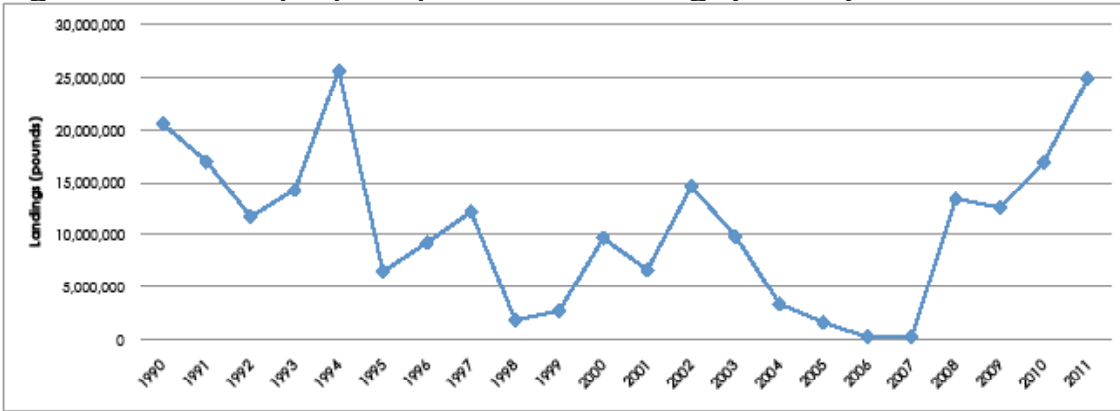
In the last 22 years, the top ten species landed have remained stable in Monterey and represent a diversity of some of the most heavily managed and lucrative fisheries in California: groundfish, coastal pelagic species (CPS), spot prawn, salmon, white sea bass, crab, and the nearshore complex (described below). Access to a suite of species, particularly for a small community, is critical for resiliency and consistency from an economic as well and environmental and social perspective. Sardine and squid are part of the CPS fishery and dover sole, sablefish and sanddab are part of the groundfish fishery. The species addressed in the following analysis are the top performers and/or contributed significantly through the history of the commercial fishing industry in Monterey.

Figure 2.4 Monterey Top Species Distribution, By EVV 1990-2011



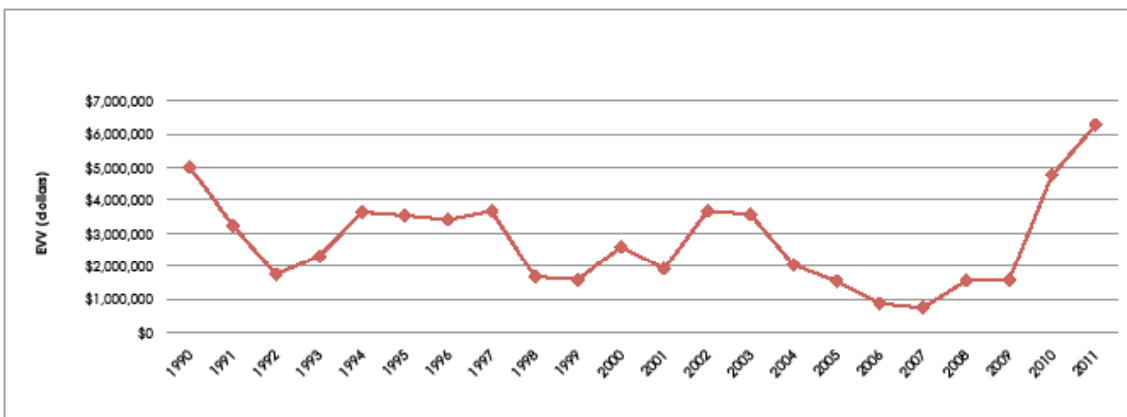
Source: CDFG

Figure 2.5 Monterey Top 10 Species Total Landings (Pounds) 1990-2011



Source: CDFG

Figure 2.6 Monterey Top 10 Species Total EVV (Dollars) 1990-2011



Source: CDFG



Increases in consumer demand and greater willingness to pay for local, sustainable seafood have not necessarily meant greater earnings at the dock for fishermen. Marketing and promotional strategies should be aimed increasing earnings for fishermen.

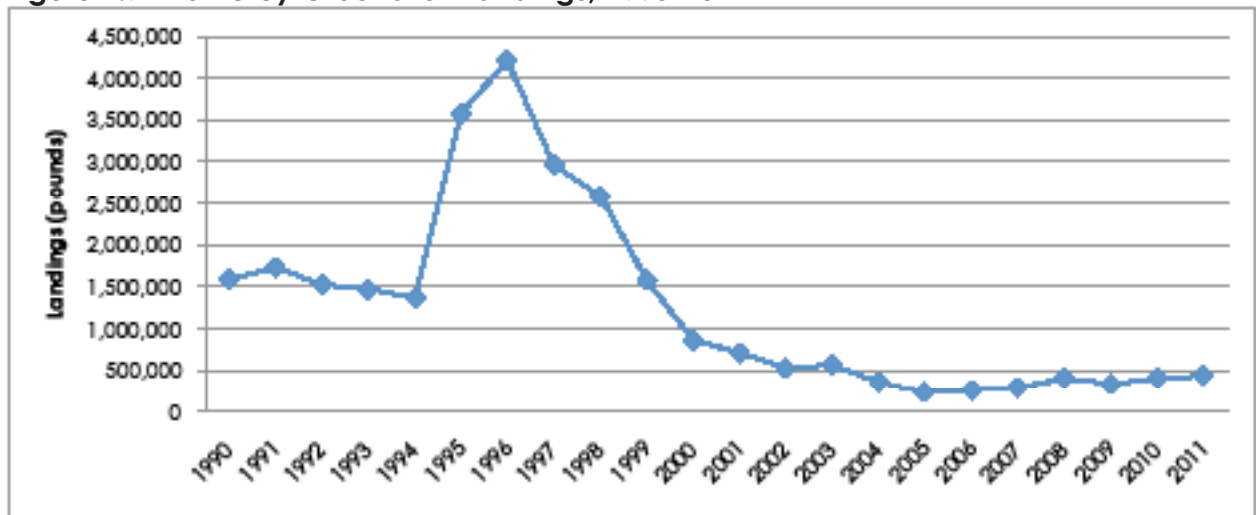
Groundfish is an enormously valuable fishery in Monterey. Of the over \$70 million that fishermen have generated at the dock in earnings between 1990 and 2011, more than \$19 million can be attributed to groundfish.

Groundfish

Groundfish is an enormously valuable fishery on the West Coast of the U.S. and as of 2011, is managed through a catch share or quota system (see Chapter 1 for discussion of ITQ). While Monterey was founded on the sardine industry/fishery and remains one of the top CPS ports in the State, landings of groundfish have played a significant role. Groundfish make up a solid foundation of value and diversity (diverse species, diverse gear types, diverse boats, diverse fish stocks, diverse fishing grounds, diverse markets) lessening the industry's reliance on any one of these variables/inputs.

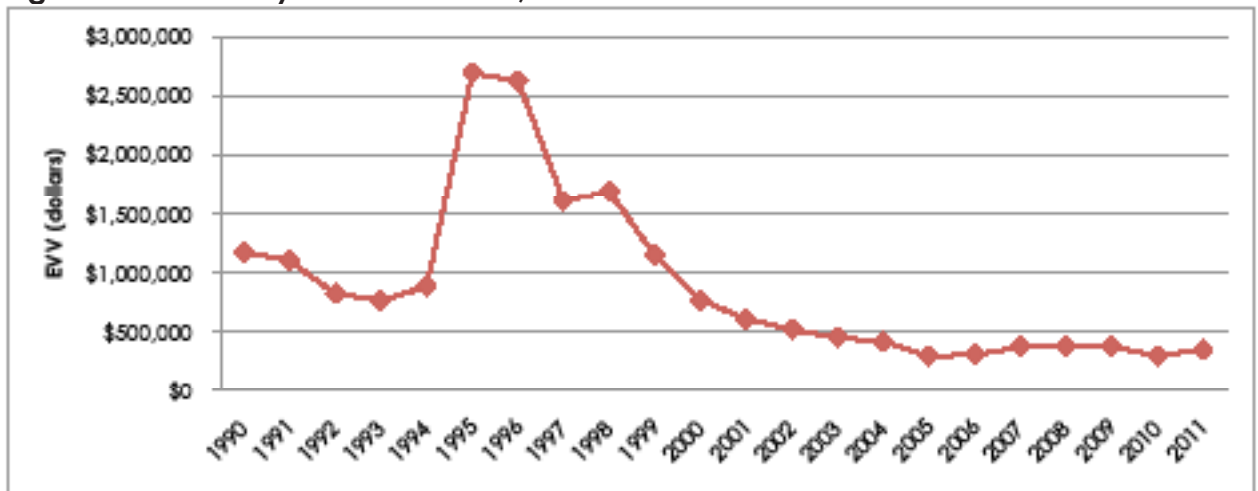
Groundfish landings in Monterey have run under 1 million pounds since 2000 and under 500,000 pounds since 2004. Earnings have run below \$1 million since 1999. Based on the approximate 5 million lbs. of quota that Monterey fishermen earned in 2012, there are opportunities for growth in groundfish landings.

Figure 2.7 Monterey Groundfish Landings, 1990-2011



Source: CDFG

Figure 2.8 Monterey Groundfish EVV, 1990-2011



Source: CDFG

Groundfish also provide steady, reliable landings throughout the year, unlike highly cyclical fisheries like CPS, and seasonal fisheries such as Dungeness crab, salmon and albacore, and are what has been described by fishermen, buyers, retailers and restaurants as the “bread and butter” species.

Price per pound of groundfish has risen slightly in the past 22 years while CPS pricing have been relatively stable. Groundfish price per pound has been heavily influenced by sablefish due to high landings and trends in price per pound. Average price per pound for sablefish in 2009 and 2010 was approximately \$1.70, almost twice the average for the groundfish. Petrale sole was almost \$1.00 per pound, approximately 10 percent above the average. Trends in the market point toward a higher demand for locally-caught, sustainably-caught seafood and represent a great opportunity for increases in price per pound. Increased earnings at the dock will enable fishermen to invest in their businesses and support related businesses.

Landings in the groundfish fishery have declined due to competition from inexpensive imports, rising costs, shifts in consumer preferences, effort reduction measures by regulators, and regulations aimed at protecting rebuilding fish stocks, mainly closures of key fishing grounds.

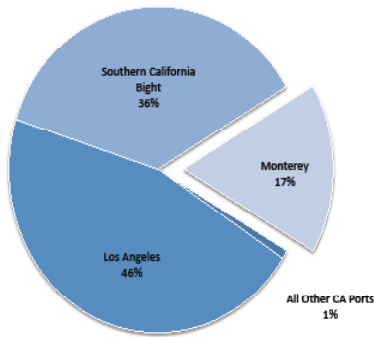
Because fishermen in Monterey have earned a significant quantity of groundfish quota in the new ITQ system, landings of groundfish are likely to increase.

Figure 2.9 Monterey Groundfish Price Per Pound, 1990-2011



Source: CDFG

Figure 2.13 California CPS Landings (Pounds) , 2011



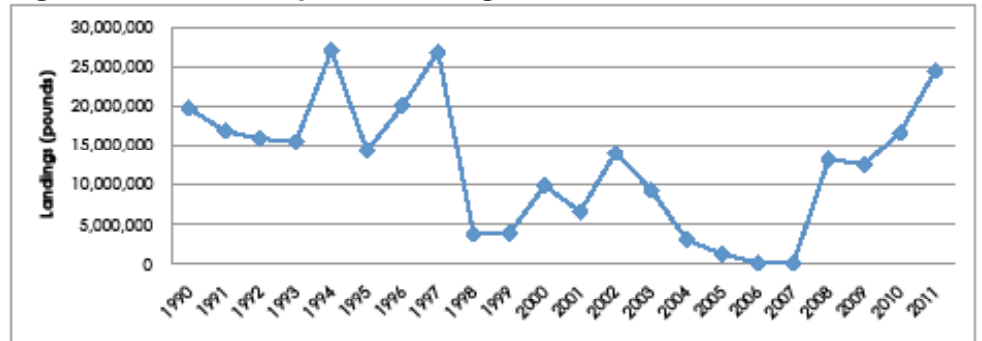
Of the over \$70 million in earnings generated by commercial fishermen between 1990 and 2011, more than \$28 million were from the CPS fishery.

Coastal Pelagic Species

Coastal Pelagic Species (CPS) totaled almost \$75 million, 36.5 percent of all commercial fishing earnings in California in 2011. Monterey has specialized CPS offloading equipment on Municipal Wharf II as well as relationships/presence of three of the top CPS businesses in the state. Ninety-nine percent of all CPS landings in California take place in three port complexes:

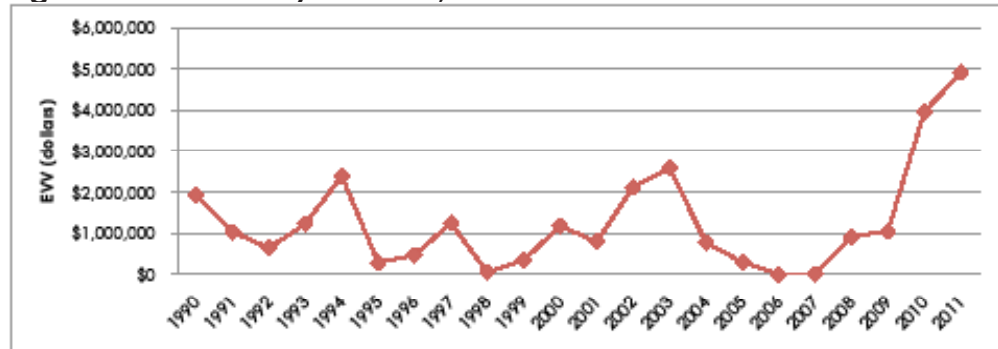
- Los Angeles: Terminal Island/San Pedro
- Santa Barbara/Ventura/Oxnard/Port Hueneme
- Monterey/Moss Landing

Figure 2.10 Monterey CPS Landings, 1990-2011



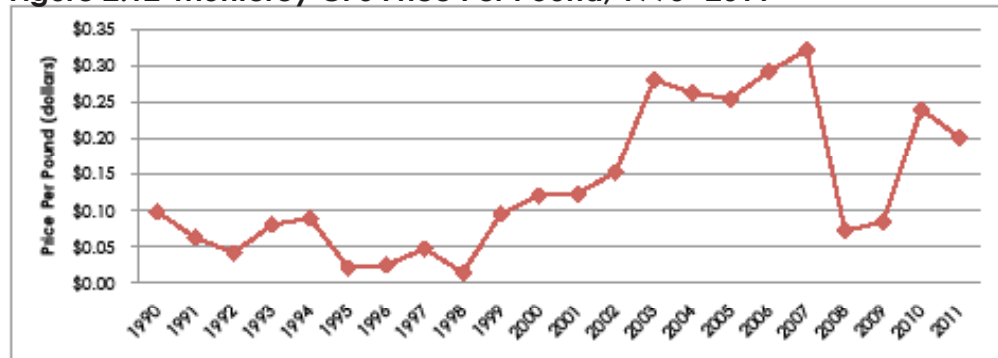
Source: CDFG

Figure 2.11 Monterey CPS EVV, 1990-2011



Source: CDFG

Figure 2.12 Monterey CPS Price Per Pound, 1990- 2011



Source: CDFG

Spot Prawn

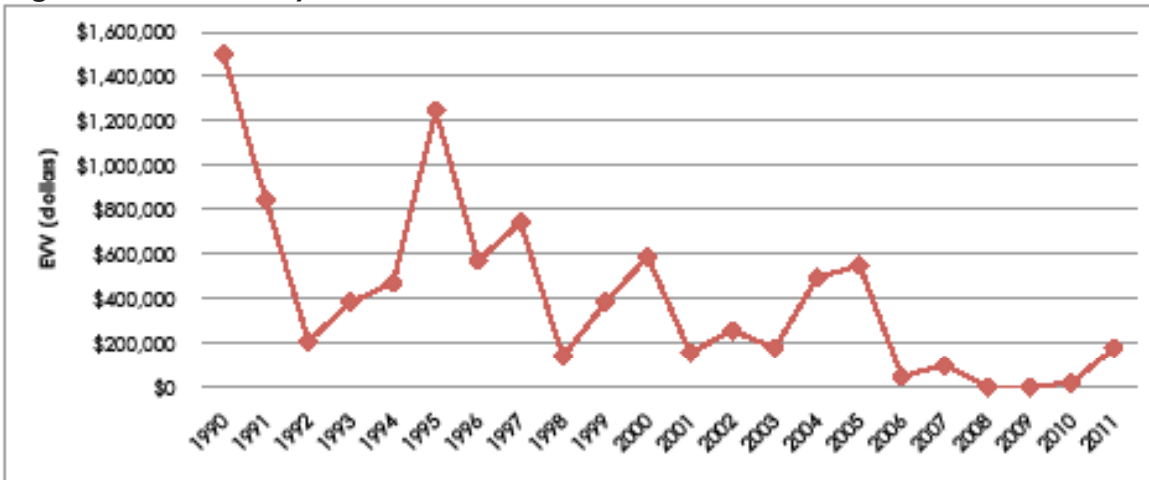
As one of the most valuable fisheries on the coast, California spot prawn fishermen generated \$4.9 million in earnings in 2011. Spot prawn currently attract over \$12 per pound; over the past decade the price for spot prawn has averaged \$10 per pound, including a spike in price of over \$14 per pound in 2006. Landings take place in Ft. Bragg, San Francisco, Monterey, Morro Bay, Santa Barbara, Los Angeles and San Diego. There is only one active spot prawn fisherman/permit in Monterey. In order to protect confidential information of an individual commercial fishing operation, landings and earnings data on spot prawn are not reported here.

The Southern California Bight is defined as the "coastline from Point Conception to San Diego, including the Channel Islands".

Salmon

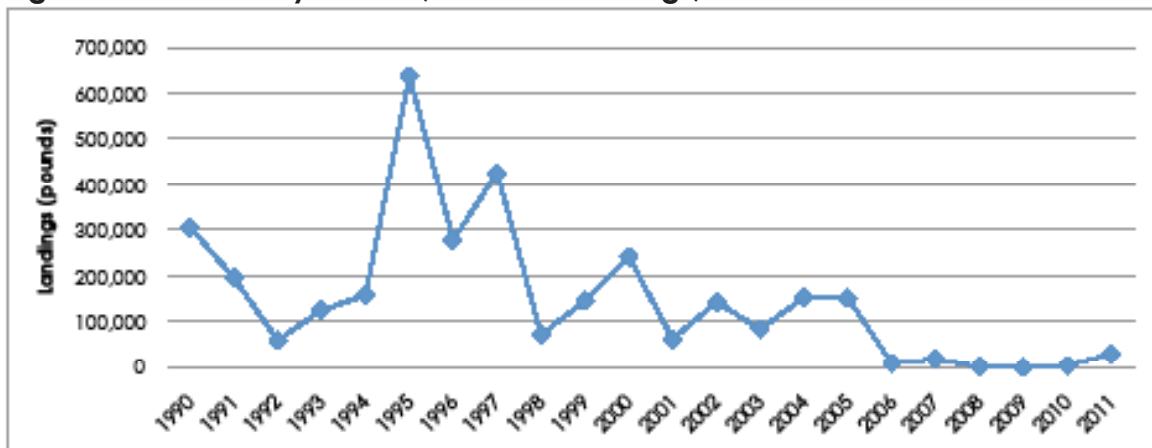
The California salmon fishery brought in approximately \$5 million in overall earnings in 2011. Salmon are an important fishery for Monterey; earnings generated by salmon between 1990 and 2011 topped \$9 million of the \$70 million total in commercial fishing earnings at the dock. Earnings for commercial salmon fishermen in Monterey have climbed from \$0 during closed/limited seasons in 2008 and 2009 to almost \$175,000 in 2011. Management efforts and the ability of fishermen to adapt have lead to promising data on salmon stocks and the potential for more consistent future earnings and employment opportunities for Monterey fishermen. Price per pound is at an all time high of almost \$6.00 per pound, which could translate to more widely-distributed earning opportunities despite lower landings by weight and contribute to overall diversity (species, habitat types, fishermen) and steadier, rising overall earnings and employment opportunities.

Figure 2.14 Monterey Salmon, Chinook EVV, 1990-2011



Source: CDFG

Figure 2.15 Monterey Salmon, Chinook Landings, 1990-2011



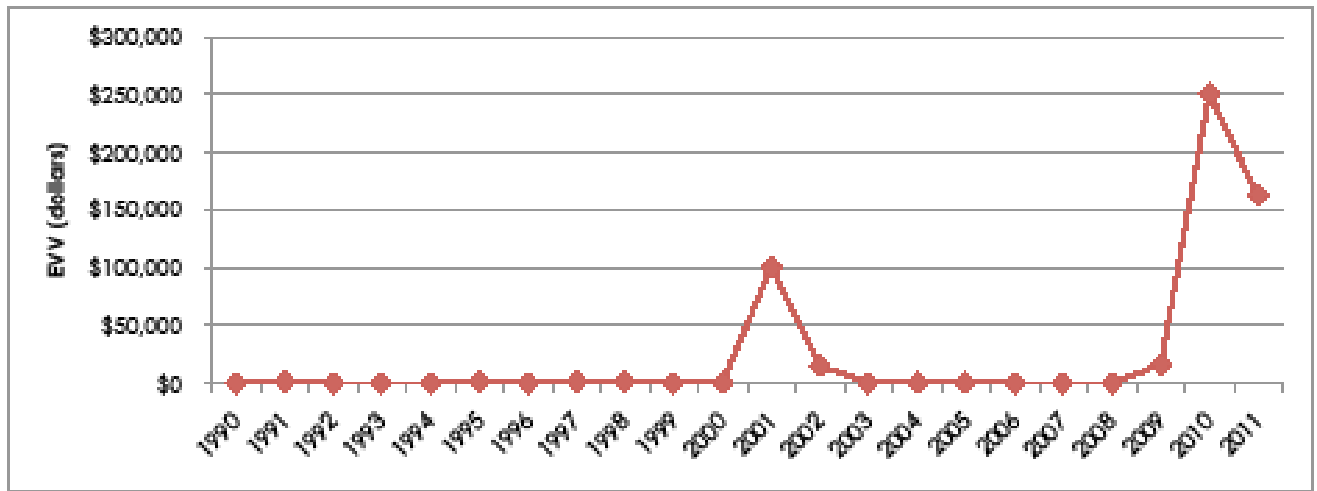
Source: CDFG

Landings by drift gillnet have decreased by 85 percent and landings by hook and line have increased 5-fold in the white seabass fishery (CDFG, 2000).

White Seabass

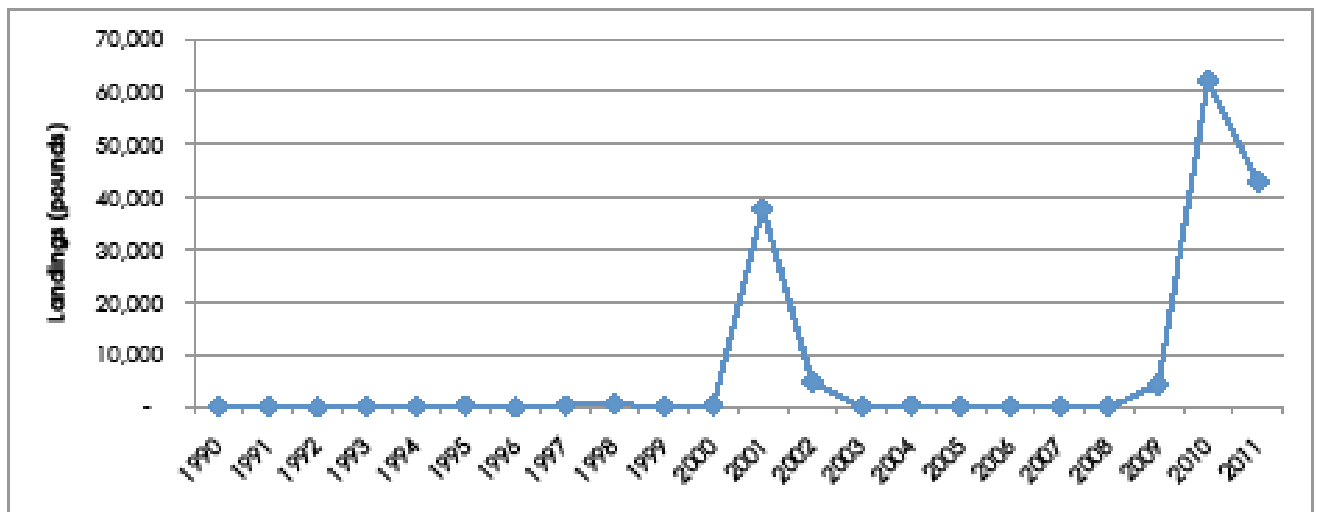
This fishery represented approximately \$1.6 million for California commercial fishermen and approximately \$160k for Monterey in 2011. The Monterey area outperformed (the areas of) Bodega Bay, San Francisco, Morro Bay, Los Angeles and San Diego in 2011 (only surpassed by the Santa Barbara area). At over \$3.75 per pound, white seabass is another high value fishery with potential to contribute to the Monterey economic engine at the dock. The white seabass fleet tends to be made up of smaller vessels, many trailerable, increasing activity and diversity at the dock and integrating better with limited space on Municipal Wharf II.

Figure 2.16 Monterey White Seabass EVV, 1990-2011



Source: CDFG

Figure 2.17 Monterey White Seabass Landings, 1990-2011



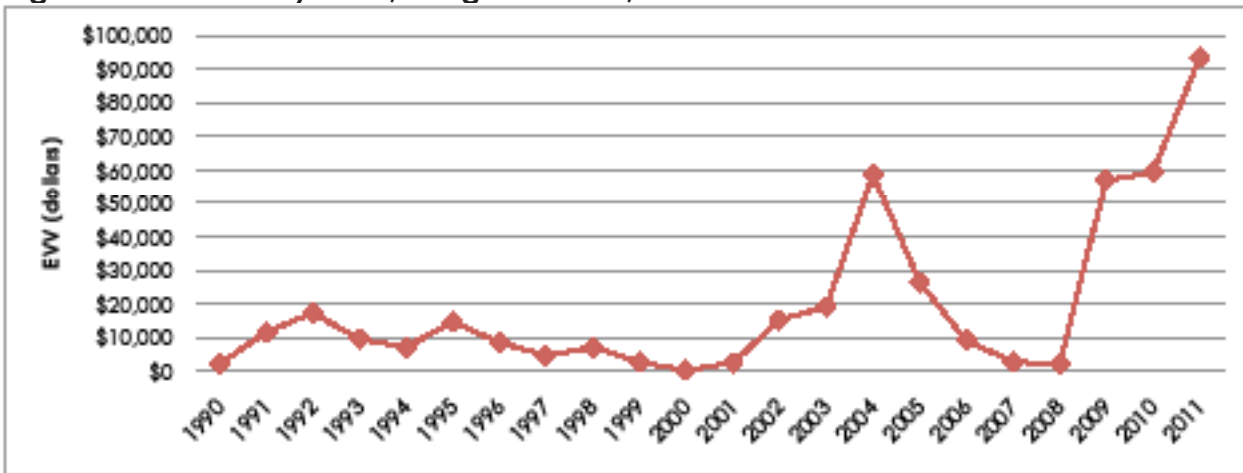
Source: CDFG

Dungeness Crab

California ports earned over \$51 million from Dungeness crab in 2011 while the Monterey fleet logged approximately \$93,000 in earnings. Dungeness crab is a cyclical fishery (landings tend to fluctuate greatly over 3 to 5 year periods) and averaged approximately \$3.00-plus per pound price. Northern California port areas with better Dungeness crab fishing grounds, namely Fort Bragg, Eureka, Bodega Bay and San Francisco, tend to generate higher landings. Still opportunities exist for Monterey fishermen to augment their annual earnings, make up for slow seasons in other fisheries and for the port to attract visiting vessels.

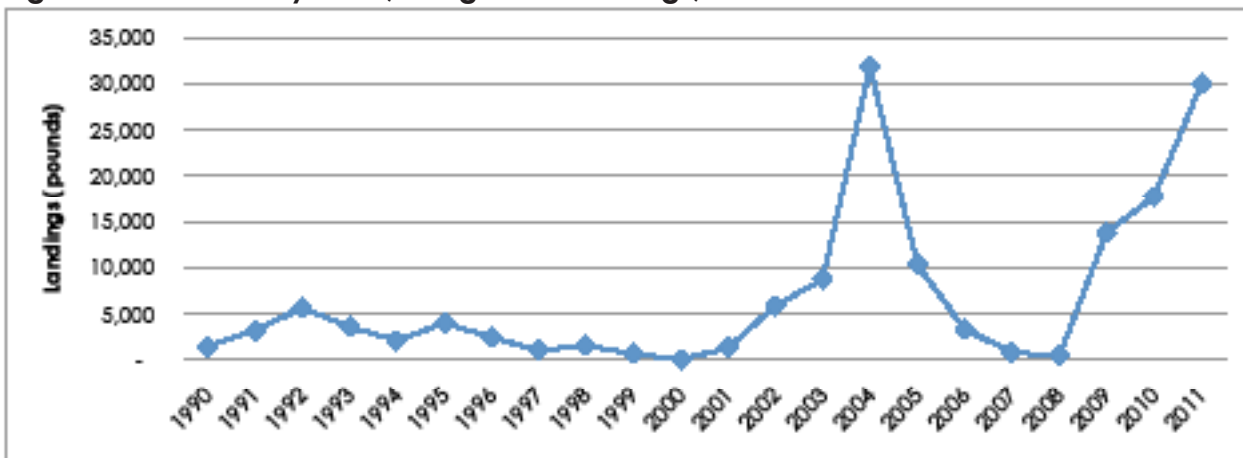
Dungeness crab has generated over \$430,000 in earnings in Monterey between 1990 and 2011.

Figure 2.18 Monterey Crab, Dungeness EVV, 1990-2011



Source: CDFG

Figure 2.19 Monterey Crab, Dungeness Landings, 1990-2011



Source: CDFG

Commercial fishermen across California ports earned over \$2 million from California Halibut in 2011.

In the summer of 2006, the California Department of Fish and Wildlife declared it unlawful to trawl "in waters of the state in Monterey Bay", halting a lucrative 3 month per year halibut fishery. Landings in Monterey dropped significantly (90%) afterwards and ended opportunities for local vessels, boats from Santa Cruz and from the Santa Barbara area. Halibut fishermen, through the South Coast Trawlers Association have agreed to use modified gear and comply with logbook requirements to bring back the halibut trawl fishery in Monterey Bay.

The 2011-2012 budget, (FY 2012 Supplemental Budget Request) for the City of Monterey earmarked \$5,000 to support a scientific review of halibut trawling.

California's top 3 Coastal Pelagic Species businesses; Southern California Seafoods, Monterey Fish Company and Del Mar Seafoods have leases on Municipal Wharf II or work through a lease holder (in the case of Del Mar).

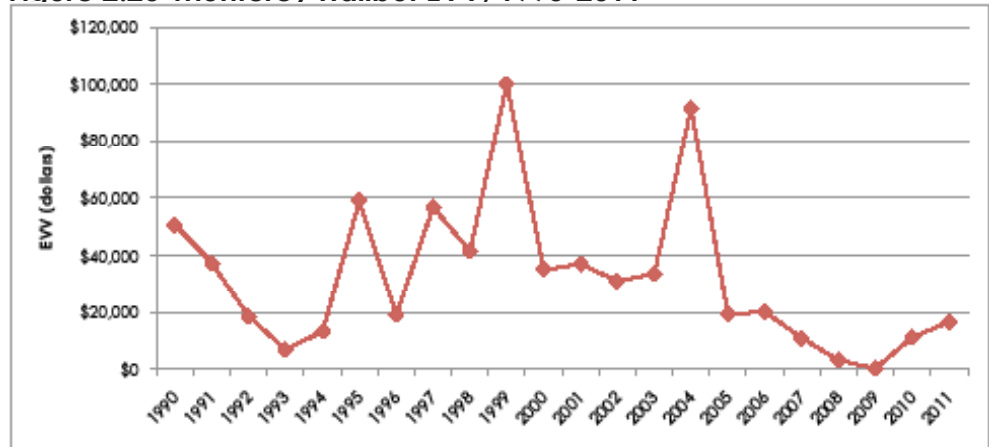
California Halibut

In 2011, California Halibut fetched \$3.92 per pound at the dock, making it one of the more potentially profitable fisheries in Monterey. While landings have experienced a slight uptick in 2010 and 2011, they have diminished since 2006 due to the closure of State waters in Monterey Bay to California halibut trawling. California halibut are taken primarily by trawl and some hook and line and the fishery has experienced intense oversight since 1971 when the California Halibut Trawl Grounds were established. The fishery faces spatial closures, seasonal closure, a limited entry program, gear restrictions, size limits, bycatch limits and a full suite of restrictions in the federal fishery, including 100 percent human observer coverage.

Some experimentation has been conducted with non-trawl methods targeting California Halibut to increase the diversity of gear types, but the financial viability of these types of operations is unclear.

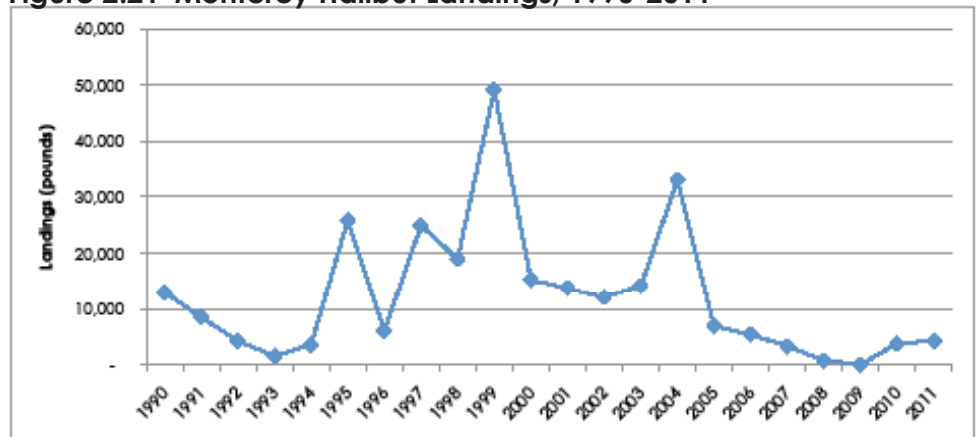
A 2011 California Department of Fish and Wildlife stock assessment suggests that the stocks are doing well. CDFG estimated the central California [halibut] stock to be "well above the biomass associated with maximum sustainable yield." Additionally, fishing mortality was found to be "well below the fishing mortality rate associated with maximum sustainable yield". The Department found that there has been a rapid increase in stock size since 1995, and that "fishing is not currently a major factor in controlling the abundance level". Halibut have generated over \$710,000 in earnings at the dock for commercial fishermen in Monterey between 1990 and 2011.

Figure 2.20 Monterey Halibut EVV, 1990-2011



Source: CDFG

Figure 2.21 Monterey Halibut Landings, 1990-2011



Source: CDFG

EMPLOYMENT

The fishing industry in Monterey is also a generator of employment; on the boat for skippers and deckhands, at the offloading facilities, behind the wheel of the delivery trucks, at the processing plants, fuel dock and ice plants.

There are over 40 commercial-fishery related jobs on Municipal Wharf II ranging from marine biologists and certified research divers at Monterey Abalone Company to business owners, administrative and retail staff, fish cutters and laborers at the other businesses.

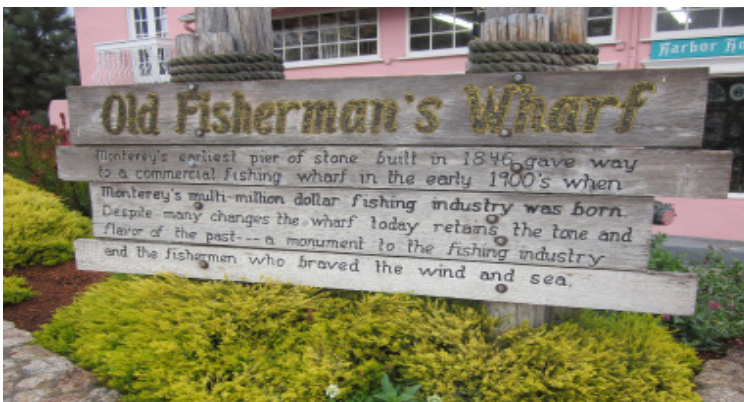
An addition to employment on the boats and on Municipal Wharf II, the CPS industry in Monterey and Moss Landing generates approximately 720 jobs at processing plants in Salinas and Watsonville; 650 seasonal and 70 full time jobs. The full time positions include office administrators, accounting staff, order logistics personnel, fork lift operators, mechanical maintenance staff and laborers.

SYNERGIES OF TOURISM, FISHING HERITAGE THE WORKING WATERFRONT

A valuable return on the fishing industry and working waterfront in Monterey is its draw on tourism. In the 2008 report, California Tourism and Fishing Heritage Assessment, nearly two thirds of all tourism professionals and civic leaders polled indicated that the fishing heritage of their community is of great importance in attracting business to the community; 74 percent of respondents cited some form of recreational opportunities or tourist attraction, including fishing and fishing heritage as making their communities unique.

According to the Monterey County Business Council's Competitive Clusters Status Report 2010-2011, the top three tourist attractions in Monterey County's \$2 billion, 8 million visitors, 20,000-job tourism industry are Cannery Row, the Monterey Bay Aquarium and Fisherman's Wharf. Monterey is a global tourist destination, people come to visit the working waterfront and value the historical and cultural heritage of the fishing industry as well as the scenic beauty, Monterey Bay Aquarium, and diversity of restaurants.

The Monterey brand is successful, consistent, well defined and widely known. Monterey is in an incredibly advantageous position with a well established and valuable identity for which support of its components will bring continued returns.



Bouyed by Nobel prize winner John Steinbeck's 1945 novel, Cannery Row, Monterey is branded in the national psyche as a fishing town, a processing town and a provider of the nation's sardines. The novel has been translated into dozens of languages and been adapted to the screen and stage. The strength and prosperity of Monterey's working waterfront and relationship with fishermen and the sea are a powerful, valuable and well-documented image and make up the Monterey brand.

The City of Monterey does not create any regulation aimed at the commercial or recreational fisheries.

Not only is the Monterey brand well defined AND successful in attracting and supporting a profitable and vibrant tourist industry, major draws like the fishing industry have physical infrastructure, knowledge, and gear in place and only seek occasional support from the City.

Coastal communities struggle to establish an unmistakable identity that appeals to a broad range of visitors. Monterey has had such an identity in place since the 1940s, due in part to the fisheries.

Business clusters are recognized as being critical for the local economy; in 2003, the Monterey County Business Council and the Monterey Board of Supervisors launched the Competitive Clusters Initiative as a vision and strategic framework.

Based on distribution of landings, Monterey is responsible for nearly half of these jobs.

STRATEGIC INDUSTRY ALLIANCES; FISHING AND AGRICULTURE

The CPS fishery in Monterey is engaged in a sophisticated complementary relationship with the agricultural industry, expanding the fishery’s capacity and giving Monterey access to the global market. Such relationships are an indicator of economic performance and capability and are seen as a “a strong driver of growth through allowing firms ready access to key inputs, better interactions with customers, and facilitating experimentation and innovation.” (Harvard Business School, 2011).

Figure 2.22 Monterey Industry Cluster



CPS landings are offloaded in Monterey and trucked to processing plants in Salinas and Watsonville for sorting, weighing, blast freezing to -30° to -40° Fahrenheit, and cold storage at 0° to 2° Fahrenheit at a scale to meet the needs of this high volume fishery (i.e. up to 1400 tons per day, employing hundreds of workers at the processing line). The relationship makes use of facilities originally intended to process berries, apricots, and other agricultural products (garlic, peppers) that might otherwise be idle and employs seasonal workers in winter months when work in the field is slow. This industry alliance plays host to over 720 jobs (650 seasonal-worker jobs and approximately 70 full time) and enables the processing of up to 1,400 tons per day, over one third of California’s 3,000-4,000 ton per day capacity.

Seafood Industry, in this case, represents; regulation, markets and consumer preferences, movement of fish stocks, makeup of the fleet and “competition” from other ports.”

Grower’s Ice in Salinas has served the agricultural industry since 1936, with a 2,000 tons of ice per day capacity and is the major supplier of ice to the commercial fishing industry in Monterey. Without such partnerships, the California CPS industry would not be able to operate at its current level.



2A. FACILITIES

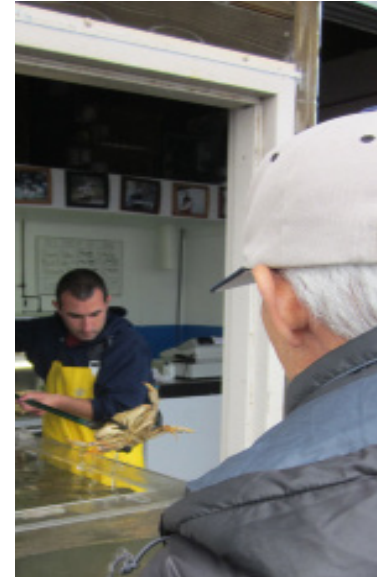
MUNICIPAL WHARF II

Effective management of the Municipal Wharf II and the facilities associated with commercial fishing infrastructure is a key priority for the City of Monterey and one of the motivating factors for the City's pursuit of the NFWF grant and Community Sustainability Plan effort. As such, the key objectives related to facilities are to 1) gain a comprehensive understanding of the existing conditions on the Wharf, 2) work closely with stakeholders to gain a "user's perspective" and vision, 3) identify opportunities in the seafood industry, 4) take advantage of strengths in physical infrastructure and mitigate for weaknesses, 5) maintain consistency with and perpetuate adopted planning policies in the General Plan, Harbor Land Use Plan, and Beach Master Plan and other appropriate planning documents and 6) make recommendations based on the findings from points 1-5.

Most, if not all commercial fishing activity (offloading, gear transfer, processing, staging, de-ice/ de-water, gear construction, repair, storage, ice production) in Monterey is concentrated on Municipal Wharf II. Municipal Wharf II is one of the most valuable and prominent resources on the City of Monterey's four-mile coastline. As such, it is in the commercial fishing industry's best interest to see that the wharf and associated facilities are maintained, protected and when possible, expanded. The City also has an obligation to see that the wharf serves the entire community effectively, from an economic, social and environmental perspective. Not only does the wharf provide access for commercial fishing vessels to offload their catch onto trucks for the transport of Monterey seafood to processors, wholesalers, retailers and restaurants across the globe, the wharf acts as a social gathering and meeting place where residents and visitors can connect with the very basic human acts of cultural exchange associated with food. There are also several seafood retail facilities on Municipal Wharf II and whether they are processing and selling locally-caught fish or seafood from afar, they are making an important connection between Monterey and the incredible value of the marine eco-system and the marine economy.

Municipal Wharf II also hosts an aquaculture facility, one of the state's most productive abalone farms. There are also restrooms and a utilities and storage facility on the Wharf that are managed and maintained by the City. The Sandbar and Grill, LouLou's, In the Middle Grill restaurants, and Monterey Peninsula Yacht Club are located at the southern end of Municipal Wharf II, near(er) Del Monte Avenue. They are not highlighted in this discussion, as they do not play an active role in the fishing industry, though they are popular visitor and marine-user serving businesses.

The 17,000 square foot, city-owned Municipal Wharf II was built 87 years ago. The structural condition of the Wharf is the subject of an engineering study. The final draft of this document should be considered the primary source for data on the structural condition of Municipal Wharf II, which is currently in fair to good condition.

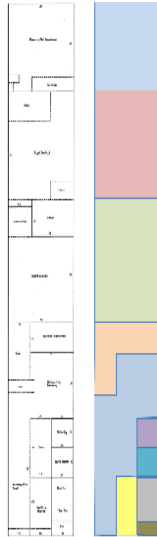


One interview respondent described the north end of Municipal Wharf II as a "community center that revolves around the commercial fishing industry."



MUNICIPAL WHARF II

- Monterey Fish Company
- Royal Seafood
- Gino's Seafood
- Robbie's Ocean Fresh
- Grillo
- Royal Market
- Monterey Abalone
- Restrooms
- Storage and Utilities



Wharf I or Fisherman's Wharf was originally built in 1870, rebuilt and expanded in the 1920s and has been maintained and upgraded and is in "good" to "fair" condition.

MUNICIPAL WHARF II LEASE HOLDER PROFILES

From the north to the south, as illustrated in the diagram, the commercial fishing, retail and aquaculture businesses on Municipal Wharf II are (described in more detail in the next section):

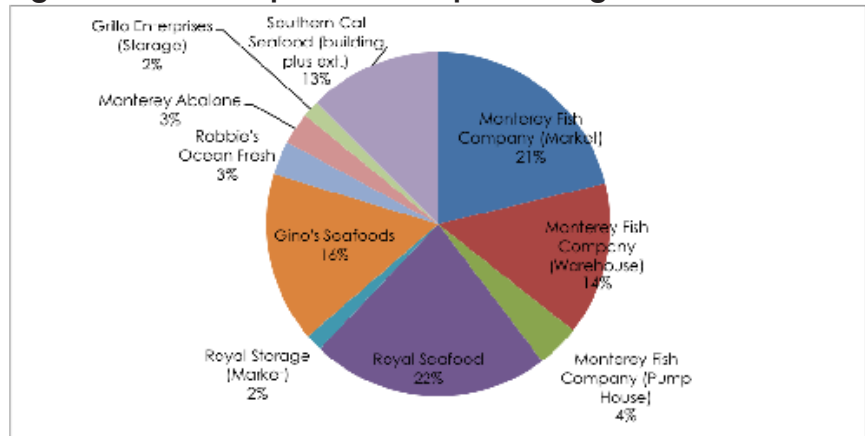
- Monterey Fish Company
- Royal Seafood
- Gino's Seafood
- Robbie's Ocean Fresh,
- Grillo
- Royal Market
- Monterey Abalone Farm
- City-maintained restrooms and utility/storage facilities

The Fresh Catch Market is operated out of the Royal Market space. The Grillo space has been idle for several years. Gino's Seafood offloads for and provides the Monterey "connection" for Del Mar Seafood. Del Mar is one of the industry's largest and most capable CPS businesses. Del Mar Seafood is the owner and partner in several commercial fishing vessels (seiners) and through a partnership with Lineage Logistics, represents over half of California's CPS processing capacity. Del Mar has facilities in all of the major CPS ports in California: Terminal Island, Oxnard/Ventura, and Monterey. Del Mar is the master lessee of the space occupied by Robbie's Ocean Fresh.

There are two pumphouses, Pump Building 1 and Pump Building 2, just south of the warehouse building on Municipal Wharf II. These facilities house wetfish pumps, have adjacent berthing, and are used to offload CPS and provide access to semi articulated vehicles into which the fish are loaded and trucked to processing plants (primarily) in Watsonville and the Salinas Valley.



Figure 2.23 Municipal Wharf II Space Usage



Source: City of Monterey

MUNICIPAL WHARF II INDIVIDUAL LEASEHOLDS

MONTEREY FISH COMPANY

The largest leaseholder on Municipal Wharf II is Monterey Fish Company (MFC) with approximately 6,347 square feet of the available 16,000 (including Pump Building 1). MFC has been in business for over 70 years and on the Wharf since the 1940s. MFC is the largest employer on the dock and supports 22 jobs. MFC operates out of three spaces on Municipal Wharf II:

- Warehouse space (2,304 sf) at the end of the wharf, one of the least utilized facilities
- Market space of (3,392 sf) houses office, processing, repackaging, and retail, one of the most vibrant facilities
- Pump Building (1,651 sf) is designed and used to offload CPS with a specialized pump or vacuum

Warehouse: Vehicle access is most constrained here and users face (potentially) the most congestion at this space. Managers at MFC use this facility only during the busiest offloading events, several times per year. This facility is the furthest from the “front” of the building and restricted by aprons large enough to allow the passage of a semi-truck but not much more.

This warehouse space has a small hoist associated with it appropriate for offloading small boats and the transfer of some gear. The apron on the north end, adjacent was cleared (this season) and used for staging crab traps. Several fishermen mentioned that this was very much appreciated and represents a needed service in a strategic location and another positive effort and accomplishment by the Harbor Division.

Market Space: One of the most visible and vibrant of the facilities in the Wharf, due primarily to its prominent location on the southwest corner of the building and being fronted by a popular retail fish market. This space also houses MFC’s corporate and logistics offices, processing and storage. MFC owner/managers are satisfied with this location except for periodic traffic congestion and parking.

Pump Building I: The furthest north of the two pumphouses, is closest to the warehouse building and is leased by MFC. The facility provides berthing, and a fish pump for offloading CPS vessels. Congestion was the top priority faced by this facility and it influences MFC’s choice on where



Municipal Wharf II, Component of Monterey Harbor Economic Engine

The Municipal Wharf and the commercial fishing industry are one component of a vibrant and unique economic engine on the City of Monterey waterfront. Monterey Harbor is one of the three protected boating facilities in Monterey Bay and has approximately 600 berthing spaces. Approximately 150 of those vessels hold commercial fishing licenses and 30 are full-time commercial operations. The City also owns the 413-slip marina between Fisherman’s Wharf and Municipal Wharf II.

Two two-lane launch ramps provide access to the Harbor for trailerable boats and other watercraft. The City has upgraded power and water service to all dock areas and has made improvements to gangways and dinghy docks all aimed at providing safe, attractive, effective and modern services to boat owners and visitors. These improvements enhance marketability and income opportunities and the City’s fiscal performance.

The outer Harbor provides 130 registered moorings that are protected by the Coast Guard breakwater. Approximately 130 feet of Fisherman’s Wharf is reserved for dinghies that serve these moorings. There are 12 licensed charter dive services in the harbor. The K Dock provides loading and unloading for skin dive charter patrons and other harbor users. Monterey is also home to dozens of dive shops and diving related businesses.

Monterey Harbor is also a port of call for several cruise line companies that set anchor in the Bay and transport passengers with small boats to docking facilities. Azmara Club, Norwegian and Celebrity Cruise Lines provide excursion packages along the entire West Coast and Mexico and in most cases provide an entire day on shore when calling on Monterey.

Monterey is also recognized by the State as a Harbor of Safe Refuge and the harbor, because of its position, can be entered in any weather condition. Monterey’s proximity to San Francisco and the fact that the next harbor to the south is Morro Bay, over 120 miles away make it an attractive stop for transient boaters who buy fuel, supplies and patronize local businesses (adopted from the City of Monterey Waterfront Master Plan).

“We are hardwired for being attracted to hunting for, catching and distributing food, that’s why people flock to Fisherman’s Wharf and Monterey” (personal interview).



The “warehouse” is one of the least utilized facilities on Municipal Wharf II. Congestion and difficulty getting a truck through the tight spaces on the apron of the wharf are cited as key reasons.



to direct partner fishing vessels to offload. Moss Landing, San Francisco and now Half Moon Bay have CPS offloading capacity and are seen as being “easier” places to offload. This is a challenge for Monterey and one in which the City is in a good position to address, given the trust and closeness between the City and Municipal Wharf II tenants. This building is considered underutilized due to MFC owner/managers limiting landings in Monterey for offloading facilities in Moss Landing and San Francisco with better truck access and less traffic congestion. They were, however, interested in working with the City to increase landings in Monterey. Due to MFC’s (and the Tringali family’s) long history in Monterey, they may be motivated to increase landings, if it involves an incentive or even if it comes at a slight inconvenience.

ROYAL SEAFOOD

The next largest leaseholder on the Wharf at 3,840 square feet and 24 percent is Royal Seafood. Royal subleases the 256 square foot market to Fresh Pack Seafood Market, a small but active retail facility on the east side of the warehouse, just north of the restrooms. Until the late 1990s/early 2000s, Royal Seafood had 20 employees at this facility, including 15 skilled fish cutters (personal communication, November 2012). They currently have 4 full time and 1 part time employees that include Pennisi family members. Currently, they are conducting some processing here and provide space to Gino’s when needed. There are two freezers in this space, both near the end of their useful service life. The Royal Seafood business is potentially an important player on the Wharf as the focus of their business is groundfish, a steady and higher-value fishery that adds to the diversity of landings and complements the CPS businesses of Monterey Fish Company, Southern California and Gino’s relationship with Del Mar Seafoods. Owner/managers are interested in revitalizing the processing facility and have the boats, knowledge and groundfish quota to make this happen. Royal Seafoods is in a position to derive the most benefit from the ITQ program as the Pennisi family has earned the lion’s share of quota in Monterey and are one of the top quota holders on the coast.

GINO’S FISH MARKET

The third largest of the leaseholders on Municipal Wharf II is Gino’s at 2,560 square feet and 16 percent. Gino’s works in partnership with Del Mar Seafood, the West Coast’s largest CPS business to offload and stage wetfish. Gino’s also offloads salmon and crab at this location. They employ two people, assisted by up to 12 employees from Del Mar when CPS landings occur. Gino’s is in a strategic position on the Wharf as it is connected to the lucrative CPS business, Dungeness crab, salmon as well as the groundfish fishery and can potentially adjust to keep fish coming across the dock and people employed and fees coming in for the City.

Gino’s space also houses several live holding tanks and is conducting experimental design and construction of live tanks for laboratory and aquarium specimens (jellyfish and sablefish). This represents a significant diversification of a traditional offloading/processing/staging business and a productive collaboration with another Wharf II tenant, Monterey Abalone Company.

ROBBIE’S OCEAN FRESH SEAFOOD

This 512 square foot facility houses a vibrant buyer, processor, distributor, and wholesaler in Robbie’s Ocean Fresh Seafood. There is a winch and a hoist at this location. Robbie’s services dozens of Monterey restaurants, hotels, convention

facilities and some local hospitals and provides a local connection with the Pier 45 fish market in San Francisco, as well as seafood from all over the world. Facility managers would like to see Robbie's Seafood place more focus on locally-caught seafood. Marine Stewardship Council (MSC) certification of groundfish and improvements in the Seafood Watch Card program will make it easier for businesses like Robbie's to push local product.

In 2007, Robbie's Ocean Fresh Seafood was named Purveyor of the Year by the American Culinary Federation's Monterey Bay chapter. With extensive contacts and relationships with local seafood buyers and as consumer preferences shift to sustainable products, this business is in an excellent position to help provide more locally landed seafood in Monterey, particularly as landings rise and consistency improves. Robbie's employs two full time workers who conduct a host of tasks, from driving to processing and packing.

GRILLO

The 256 square foot Grillo facility has been idle for approximately 15 years and represents an opportunity for the City and commercial fishing related businesses, including another buyer/wholesaler/processor, expansion of existing (smaller) businesses, or a chandlery. The City has already received a request from a commercial seafood/fishing business to house an ice machine, cold storage, light processing and packaging and gear storage. Such pro-active approaches should be looked on favorably by the City. There are currently no employees or landings generated at this facility.

ROYAL MARKET

The 256 square foot retail and processing facility at the Royal Market space is subleased by Fresh Pack Seafood, a small and growing business that focuses on locally-caught seafood, light processing, and retail sales. There are two employees at this facility. The business focus of Fresh Pack Seafood fits nicely in the local, fresh, sustainable trends in the market and priorities voiced in the majority of interviews for this project - to get more local fish in local restaurants and take advantage of the fishing industry's efforts to comply with a very heavily managed resource.

MONTEREY ABALONE COMPANY

The Monterey Abalone Company has above-wharf office space of 480 square feet and approximately 4000 square feet below decks modified to take advantage of the excellent water quality in the Bay and house one of the State's most productive and innovative aquaculture businesses.

MAC uses all local feed, and water from the harbor to raise their coveted abalone. They have direct relationships with high-profile restaurants as well as a vibrant retail business. MAC is the second largest employer on the Wharf with 11 employees that include a certified research diver, marine biologists, hatchery technician as well as packers, shippers and local interns. Beside raising and selling abalone, MAC also collects marine specimens for aquariums and research facilities around the world. They are currently focused on collecting jellyfish for research. MAC owner/managers claim to be happy with the space as it is and would like more space below deck if the City was interested in accommodating them. This represents an opportunity for the City as no assessment is levied on jellyfish and expansion below deck could bring more revenue without increasing traffic, or contributing to congestion above deck.



A chandlery is a commercial shop offering marine gear, parts and equipment and typically has technologically advanced items with staff knowledgeable in their installation and use.



SOUTHERN CALIFORNIA SEAFOOD

One of the top CPS businesses on the West Coast of the US, Southern California Seafood (SCS) maintains a total of 2,000 square feet in Pump Building 2 and while they have no resident employees, they have the highest offloading numbers of all tenants. The City and SCS are negotiating the repositioning of the door on the building to reduce congestion during offloading. This is a relatively easy fix that will make offloading more efficient, alleviate congestion and exhibit the City's on-going willingness and ability to improve conditions on the Wharf.



CITY MAINTAINED STORAGE AND RESTROOMS

The City of Monterey maintains utility services and a storage space as well as restrooms at the southeast corner of the warehouse building. No rents are collected nor are landings associated with this/these space(s).

HOIST

The City installed a three-ton boat hoist near the base of Municipal Wharf II in 1999. The hoist has the capacity to lift small boats, offload fish and transfer gear on to a vessel. It is a customer-operated system that requires 15 minutes of training provided by the City.

While respondents voiced appreciation at the City's (Harbor Division) efforts to provide a "public" hoist, the commercial fishing industry considers it as too slow for their needs. Its proximity to the yacht club, and the fact it is open to the public contribute to the perception that the industry needs their "own" hoist; one not affiliated with any processor or recreational user or for the public.

NON-TENANT ACTIVITY

There are several commercial seafood buyers operating on Municipal Wharf II who do not hold leases. The presence of such economic activity is welcome and indicates interest in and demand for Monterey seafood. However, many of these buyers are small operations that do not hold the requisite licenses (California Commercial Seafood Buyer) and often do not compensate the City through a landings assessment or surcharge for the use of the City-owned and maintained facilities. This represents a loss of income for the City and will be addressed in the recommendations section.



VALUE & STRENGTHS

ISSUES OF PRIORITY, PHYSICAL INFRASTRUCTURE

Based on extensive interviews with Wharf II tenants, fishermen and related stakeholders identified approximately 12 items or concepts as being top priorities for the sustainability of the fishing community. The priorities were identified through one-on-one interviews, field visits and follow up phone calls and emails. The interview method employed open-ended questions that enabled respondent-driven, conversational responses. The priorities are scored or weighted based the sequence (relative order) they are cited in the interview and frequency (how often) each concept or issue was mentioned. The motivation for extensive community engagement stems from the understanding that sustainable solutions engage those who will experience the greatest impacts from their implementation.

- **Ice** was by far the most important issue to tenants and fishing related stakeholders by over 40 percent relative to the next priority. Ice is used by sardine, groundfish, salmon, Dungeness crab, and white seabass fisheries, as well as offloading, staging and processing in every fishery.
- **Fuel** costs are seen by fishermen and fishing related business owners as making a difficult business even harder. Fuel costs are considered one of the greatest hindrances in the commercial and recreational industry up and down the coast.
- **Congestion** and truck access was the third most important issue for Municipal Wharf II tenants and related businesses.
- **Storage** (dry) of fishing gear was fourth in the list of priorities. Many fishermen and businesses truck gear back and forth from their homes or offsite storage facilities and see more convenient storage as a relatively high priority.
- **Hoist**, not related to any fishing business, or run by fishermen was identified as a top priority. While respondents appreciated the public hoist, it is seen as too slow and sharing with recreational vessels (sailboats) often puts fishermen at a disadvantage. Access to hoist and ice where fishermen are not reliant to another bespeaks the fishing community's desire for control and security.
- **Wetfish pump** independent of the three existing CPS businesses was seen as a priority and a physical facility addition that may lead to more landings.
- **Chandlery**: the Quarterdeck Marine Supply Store is a clean, orderly, well-stocked establishment but it is considered inadequate to address the needs of commercial vessels and is seen as catering to the recreational boater and fisherman. To purchase gear (nets, traps, rigging and tackle) and mechanical supplies (hydraulics, refrigeration, diesel), commercial fishermen must drive to San Francisco or order online.
- **Ramp** that facilitates forklifts entering a semi truck, possibly a retractable or a mobile unit, was seen as a need and another item that could improve efficiencies, and offloading time on the Wharf.



The Wharf was designed when trucks were smaller and boats had less capacity. Modern seiners can hold 100 tons (personal interview).



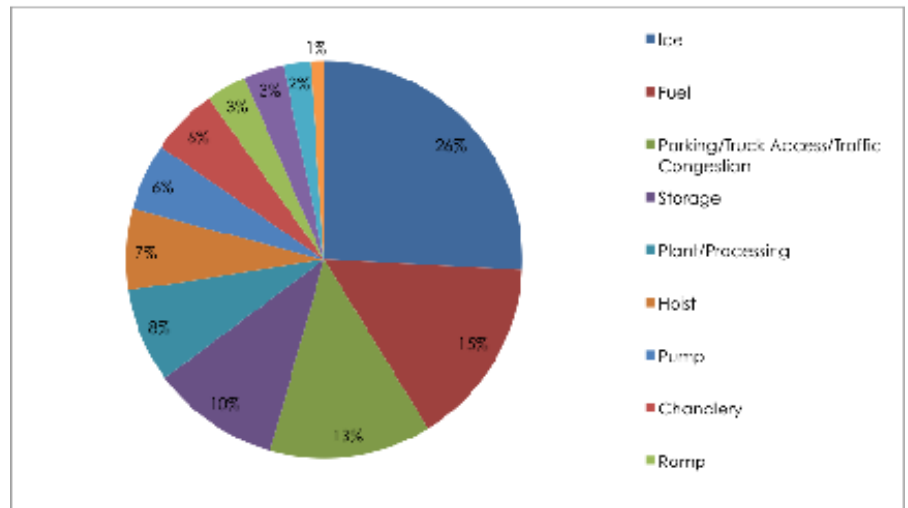
While public access to Wharf II by pedestrians and vehicles appears to add to the congestion and invite opportunities for conflict, it is seen by the Municipal Wharf II tenants and stakeholders as an integral and important part of the Wharf and Monterey.

“When local fish goes on the retail counter at Fresh Pack Monterey it sells in minutes.” (personal communication, January 2012) “Local seafood is important in Monterey, the community wants it and deserves it.” (personal communication, January 2012)



- **Live tanks** are considered important, particularly to the near shore fishery, a low volume, high value proposition comprised of small boats. Facilitating the near shore fleet could increase the diversity of landings and price per pound, two key sustainability metrics.
- **Retail** or off-the-boat options with promotional support from the City (signs, advertising, posts on City website, Facebook page, public access TV and PSAs on local radio) was seen as a priority, of lesser importance. Off-the-boat or direct sales could create a stronger connection with the community and increase price per pound and money earned by fishermen.
- **Marine repair** such as sand blasting, sanding and work that entails grinding and welding is currently considered lacking. Monterey Bay Boatworks has a cradle that can accommodate vessels up to 70 tons and 21 feet in breadth and specializes in electrical repairs, painting, rigging and tasks that do not entail grinding, sanding or sandblasting. Moss Landing is the closest boatyard for that type of work.

Figure 2.24 Municipal Wharf II, Tenant Physical Infrastructure Priorities



Source: Personal Interviews, 2012

2B. RENTS AND WHARFAGE

Rents and wharfages represent the most direct and easily measurable financial return from leaseholders on Municipal Wharf II. Rents and wharfages are structured to compensate the City and the public fairly for the use and maintenance of the Wharf.

RENT

Rents are a monthly fee charged to tenants for use of a facility based on factors such as square footage, physical features, amenities and their condition, supply and demand, proximity to goods and services, and other market forces. The City of Monterey currently collects approximately \$15,500 per month in rent from the seven fishing-related businesses on north end of Municipal Wharf II. These rents are set by City Council resolution and currently range between \$0.86 and \$0.99 per square foot per month. Rent increases to account for inflation are also set by City Council resolution at approximately 2% to 4% annually and are based on the Consumer Price Index (CPI).

WHARFAGE

Wharfage is a fee levied by the City based on the amount of seafood landed or trucked to a tenant's facility. Hence, wharfage is linked to the performance of the industry and influenced by the proximity and abundance of fish stocks, performance of local vessels, ability to attract visiting vessels, closures and other fishing regulations, weather, market demand, consumer preferences, and competition. Wharfage fluctuates with commercial activity. Between 2007 and 2012, the City of Monterey collected approximately \$54,000 in wharfage on Municipal Wharf II (in addition to rent). As with rents, wharfage rates are set by City Council resolution, increased between 2% and 4% per year, and currently stand at \$1.78 per ton. The City also charges businesses on Municipal Wharf II 0.5% of gross receipt for seafood that is brought on the wharf by truck or means other than boat (truckage fee). Monterey Albalone Company is an exception to these rates and is responsible for wharfage on the number of abalone sold.

Ports and Harbor Districts in California have adopted various wharfage and rent structure strategies, particularly as the fishing industry has experienced financial challenges over the last couple decades. For example, Morro Bay waived their \$0.02/pound wharfage fee about ten years ago and keeps rents very low in an on-going effort to support local buyers/off loaders and fishing operations. Through this approach, the City also acknowledges that the fishing industry provides other, less tangible returns such as synergies with tourism, a link to cultural heritage, and a source of sustainable, local and healthy food.

Santa Barbara charges rent on waterfront fishing-related businesses, and does not charge wharfage but provides two offloading hoists to fishermen for a fee. Spud Point at Bodega Bay has adopted the same strategy.

On Johnson Pier, the San Mateo Harbor District charges rent as well as a fee related the value or weight of product crossing the dock. Charges are levied by the ton for CPS and by the pound for other species.

The City of Monterey currently applies wharfage rates on a per ton (2,000lbs) basis for all "...fish, mollusks, crustaceans, and other products of the sea intended for human or animal consumption." (Monterey Municipal Code, Sec. 17-5(a)). As such, the rate structure applies to the amount of landings, therefore not dependent upon species type. Resolution 99-219, approved unanimously by the City Council in 1999, set the wharfage fee at a base of \$1.30 per ton subject to yearly Consumer Price Index (CPI) increases at a rate "...not less than 2% and not more than 4% per year." (Ibid). Abalone is assessed at a rate structure that is applied on a per abalone sold basis (not weight specific), also subject to yearly CPI increase of 2% to 4%.

The wharfage structure for abalone on Municipal Wharf II is:

1 - 50,000 = \$0.01 / per
Abalone sold
51,000 – 75,000 = \$0.02 /
per Abalone sold
75,001 – 100,000 = \$0.03 /
per Abalone sold
100,001 – more = \$0.04 /
per Abalone sold

A CPI factor is also applied to the per abalone charge.

Outside buyers, those that do not pay rent, but purchase from fishermen landing on Municipal Wharf II, have an unfair advantage over tenants. Spud Point in Bodega Bay requires fish buyers to carry a permit, which they can purchase for \$250. The permit is valid for 6 months. Port San Luis Harbor District requires that “outside” buyers have a permit to operate on the Harford Pier in an effort to level the playing field with local buyers and generate revenue from economic activity. The permit in Port San Luis is approximately \$170 per year.

Landing fees are levied by fish buyers and offloaders on fishing operations that land on Municipal Wharf II, whether by hoist or fish pump. The City does not play a role in setting or collecting these fees. Landing fees are typically set by weight and species. Landing fees are a cost to fishermen and an income source to tenants. The City is aware that a likely consequence of increasing wharfage is that tenants will raise landings fees and increase the cost of doing business for fishermen at Municipal Wharf II. This could jeopardize the growth and sustainability of the industry.

The assessment of the dynamics between the fees charged to lease holders and the sustainability and performance of their businesses should take into account all of the benefits derived from a healthy working waterfront and commercial fishing industry, such as: a strong draw on tourism and tourist spending, the generation of employment on boats, and the Pier, and the hundreds of jobs supported in the County’s processing plants. Less tangible but equally significant is the fishing industry’s role in the cultural heritage of the City of Monterey. Current relationships between the fishing industry and the community have roots that go back generations, in many cases to the advent of the commercial fishing industry, and the formation of Monterey as a unique globally recognized working fishing port.

CURRENT RENTS AND WHARFAGES ON MUNICIPAL WHARF II

RENTS

Wharf II currently has seven fishing-related leaseholds, collectively renting 15,995 square feet. Lease areas range from 256 square feet at Grillo Enterprises to 3,584 square feet at Royal Seafoods. Gross monthly rents range from a low of \$252.25 per month to a high of \$3,783.66 per month.

The City of Monterey collects approximately \$15,507 per month in rent from the commercial fishing businesses on Municipal Wharf II.

Monterey Fish Company’s rent for the market, warehouse, and pump house totals \$6,017 per month; Royal Seafood’s monthly rent is \$3,786; Gino’s Seafood pays \$2,522; Robbie’s Ocean Fresh, \$504; Monterey Abalone Company, \$910; Grillo, \$252; and Southern California Seafood’s monthly rent is \$1,712.

The City has done a good job of keeping rents consistent. Monterey Fish Company pays approximately \$0.94 per square foot for the market, warehouse, and pumphouse; Royal Seafood pays \$0.98 for the market and the processing/office/storage facility; Gino’s pays \$0.99 per square foot; Robbie’s pays \$0.99; and Southern California Seafoods (SCS) pays \$0.86 for the Pumphouse (only). SCS has no offices, processing, or storage space on

Municipal Wharf II. Monterey Abalone Company's \$1.90 per square foot rent is deceptive as it includes 4,400 square feet of below-deck space.

WHARFAGES

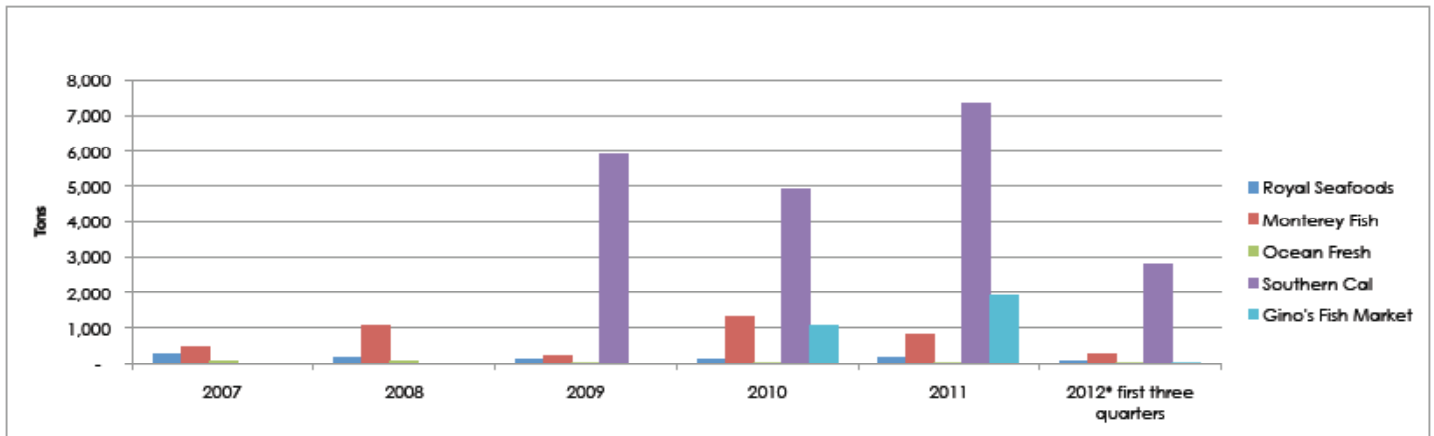
As stated earlier, wharfage is based on landings or the amount of seafood handled, on a per ton (2,000lbs) basis for all "...fish, mollusks, crustaceans, and other products of the sea intended for human or animal consumption." (Monterey Municipal Code, Sec. 17-5(a)). As such, the rate structure applies to the amount of landings and is not dependent on species type.

According to Resolution 99-219, a "truckage rate" can be assessed at 0.5% of gross receipts or the standard wharfage rate (whichever is greater), for "...processors that bring fish to the wharf by truck or by means other than by boat for processing."

Monterey Fish Company, Southern California Seafood, and Gino's Seafoods show the highest landings as they are engaged in the CPS fishery, which is marked by high volumes of landings. Robbie's Seafood and Monterey Fish Company, as well as the others, also pay a trucking fee of 0.05% on gross receipts for the seafood they bring to the wharf, by means other than boat, to process, freeze, package, and/or re package.

There are currently no vacancies and the Wharf does not have a (recent) history of vacancies. Vacancies represent lost revenues and increased maintenance responsibilities for the City, increased potential for vandalism, and the general eyesore associated with an idle facility.

Figure 2.25 Municipal Wharf II, Commercial Landings by Weight



Wharfage Fees Per Pound and Truckage Fee

Wharfage on Municipal Wharf II has risen from approximately \$1.63 per ton in 2007 to \$1.74 in 2012. The current, 2013 rate is \$1.78. The City levies the same wharfage for every species, regardless of value or if it is landed by the ton (like CPS) and trucked directly off the dock or measured and weighed individually, like salmon or ITQ sablefish.

The chart below illustrates the total wharfage and trucking fees collected on Municipal Wharf II from 2007 to 2012, which account for approximately \$54,000 in earnings for the City in addition to rents.

Table 2.2 Municipal Wharf II Assessment Totals

Municipal Wharf II Assessment Totals, Source: City of Monterey						
Assessment	2007	2008	2009	2010	2011	2012*
Royal Seafoods	\$415.13	\$288.81	\$206.55	\$245.36	\$260.86	\$121.80
Monterey Seafoods	\$813.02	\$1,782.41	\$420.46	\$2,292.09	\$1,428.94	\$457.00
Ocean Fresh	\$127.14	\$87.26	\$85.50	\$61.60	\$77.84	\$68.56
Monterey Abalone	\$442.96	\$532.12	\$422.28	\$315.31	\$434.04	\$433.28
Southern Cal *			\$10,067.85	\$8,559.06	\$12,774.80	\$5,618.48
Gino's Fish Market				\$1,840.92	\$3,319.09	\$87.00
TOTAL	\$1,798.25	\$2,690.60	\$11,202.64	\$13,314.34	\$18,295.57	\$6,786.12

2012* = figures represent first three quarters of that year.

RECOMMENDATIONS FOR RENTS AND WHARFAGES

Considering the volatility of the fishing industry the City has done a necessary, excellent job in keeping rents consistent and affordable. There have not been vacancies or excessive turnover on the Wharf despite closures in important fisheries like salmon and halibut, closures in fishing grounds, radical shifts in management structures in the groundfish fishery, rising costs, and general economic uncertainty. The City has accomplished this by exhibiting flexibility in rent collection where necessary and acknowledging that rents and wharfage are just part of the return that fishing produces.

A key element of sustainability on Wharf II is economic performance and equity. The City of Monterey has expressed interest from the outset of the project that a rational rent and wharfage structure is the most efficient and provides the greatest return, while enabling growth and profitability for fishing industry tenants. The City should consider the following options to assure the current rent and wharfage structure is efficient, that the City is being fairly compensated, and that fishing businesses can sustain themselves and continue to generate economic, social, and environmental returns.

1. Continue to approach rents and wharfage as one component of the value that the fishing industry brings to Monterey, while also recognizing its contribution to tourism, the cultural identity of the City, the generation of employment, and the provision of fresh sustainable food.
2. Consider refining the relationship between rents and wharfage. A potentially effective strategy would be to maintain the current lease rents for seafood buyers and offloaders on Wharf II to support and preserve fishery-dependent and marine-dependent uses. At the same time, the City should consider a strategy that charges a higher wharfage for higher value landings and a lower wharfage for lower value species. Spot prawn is the highest value species landed in Monterey and CPS (like anchovy) are the lowest. These suggested wharfage rates are based on the relative value of the species, except for the case of CPS and trawl-caught groundfish, which tend to generate traffic from large, heavy trucks, causing additional wear and tear on the Wharf. This approach will create a greater financial obligation on tenants when landings are high and lessen the burden during slower periods. This approach will potentially increase earnings to the City, and be more equitable for the businesses that generate greater impacts to the Wharf.

SPECIES	WHARFAGE
Trawl caught Groundfish and Coastal Pelagic Species	\$5.00/ton
Trap, Hook, and Pot caught finfish and crab (salmon, white sea bass, black cod, spot prawn, etc)	1% of ex-vessel value
Trucked in seafood for re packaging and re-sale	1.5% of gross sales
Abalone	10 cents each

We encourage the City to consider these recommendations as starting points for a fuller discussion with the tenants. Tenant input is vital to a sustainable rent and wharfage strategy.

An annual CPI adjustment should also be built in to the rate/wharfage structure to account for inflation.

3. The City should consider incentives, like discounted wharfage or rent for performance that implements City goals and objectives. Performance objectives could be number of landings (fish tickets), landing weight targets (of locally-caught fish) by quarter or annually, or investment in fishing related infrastructure like ice machines, hoists, cold storage, improved signage, and general facility improvements.

4. Create a business district for the north end of Wharf II. A further consideration for the City would be to dedicate all Wharfage income to this district, with a mandated split of 75% going to common-area Wharf maintenance, and 25% going to promotional or other fishery revitalization projects.

5. Consider a 6-month permit for outside buyers (approximately \$350) or an annual permit of \$500. The shorter-term option will facilitate activity for those buyers that focus on seasonal fisheries like Dungeness crab or White seabass. Outside (non-concession) buyers who buy seafood on City property would need to have a permit or risk being cited by the City. Permit requirements for outside buyers is an equitable and tested approach that will help level the playing field with tenants and better compensate the City for use of its facilities.

6. Consider various lease duration strategies to achieve desired goals. Short-term lease duration(s) for fish buyer/offloading businesses, as the current month-to-month scenario, will maximize flexibility in changing lease rental structures and can facilitate the entry of new, higher-performing businesses. However, shorter leases provide less stability for tenants and less incentive to make investment and improvements. As investments on the Wharf, particularly for ice and cold storage, are targets for the community, the City should consider longer-term leases (ie, 10-15 years) for those tenants with growth-oriented investment strategies.

3. ENVIRONMENTAL SETTING

Fishery management measures in Monterey aimed at sustainability by protecting fish stocks and habitats include: co management, science-based stock assessments and decision making, strict reporting requirements, spatial closures, limits on catch, temporal closures, gear restrictions, size and sex restrictions, limits on the numbers of vessels, and the use of individual quotas. These measures are considered the best-known yardsticks to guide and measure human activity and impacts on the ecosystem. Every fishery in Monterey is faced with several of these management measures.

While the refinement of many of these systems is still in progress, they are considered hallmarks for sustainability and make Monterey one of the most closely managed fisheries in the world.

PARTICIPATION IN THE MANAGEMENT PROCESS

In Economic Nobel laureate Elinor Ostrom’s {2009} 8 principles for managing a commons, number three is: Ensure that those affected by the rules can participate in modifying the rules. Her influential work supports a more participatory approach to fishery management where fishermen and fishing communities have a voice in the policy process.

The level of awareness and participation of a fishing community in the formation of policy (co-management) that affects its participation in the fishery is a key sustainability metric.

Regulatory oversight, science-based stock assessment and fishery management plans are used here as a proxy of how well an ecosystem resource is being conserved relative to a sustainable yield and long-term health and abundance.

In the 2009 paper, Leadership, Social Capital and Incentives Promote Successful Fisheries, the authors (Gutierrez, Hillborn, DeFeo) cite “community-based co-management as the best way to create a sustainable fishery”

In a 2009 paper, Rebuilding Global Fisheries, Boris Worm and Ray Hillborn assessed 10 ecosystems around the world and concluded that fishery management measures in California are among the most successful in increasing biomass or fishery abundance above the long-term average.

The MISSION of the ACSF is as follows:

The Alliance of Communities for Sustainable Fisheries advocates for the heritage and economic value of fishing to California coastal communities. To preserve and enhance that value, the Alliance offers a broadly representative educational and promotional voice for waterfront communities to work constructively with interested agencies, individuals, and other marine protection organizations in order to ascertain and guarantee that:

- (1) the best and most current oceanographic, socio-economic, and fisheries science is accurately compiled;
- (2) this science is readily available to the public for use in crafting and promoting public policy;
- (3) the linkage between healthy sustainable fisheries, marine conservation, and coastal communities is firmly established in the public mind.

“The Habitat Committee (HC) works with other teams and panels on habitat issues that affect Council fisheries (includes groundfish and albacore). The group helps develop ways to resolve habitat problems and avoid future habitat conflicts, and it makes recommendations for actions that will help achieve the Council’s habitat objectives. The HC includes one member each from the U.S. Fish and Wildlife Service, the Pacific States Marine Fisheries Commission, and the National Marine Sanctuary Program; one NMFS region representative and one NMFS science center representative; one at-large member; one conservation representative; four members from the four state fishery agencies; two tribal representatives; and two fishing industry members.”

- PFMC Website

Commercial fishing stakeholders in Monterey are, through their relationships with the Alliance of Communities for Sustainable Fisheries (ACSF), the City, and trade organizations like the California Wetfish Producers Association (CWPA) well informed on the complicated regulation that affect their fisheries and how regulations affect the performance of the entire fleet. While opportunities exist for increased participation in the regulatory arena, Monterey is represented as a member at large on the Habitat Committee of the PFMC. The PFMC considers input from dedicated sub panels and management teams as well as public comment and makes recommendations to NMFS and influences decision making in federally managed fisheries.

The ACSF plays a very important role in representing the concerns of fishermen and fishing communities and protecting and advocating for the heritage and economic value of fishing for California coastal communities. The ACSF is dedicated to seeing the best available scientific data is used in the policy discussion, that this data is available to the public, and that the public is fully informed on the importance of the linkage among sustainable fisheries, marine conservation and coastal communities. The ACSF has also helped fund and manage several important science, social, and economic papers aimed at informing the public and civic leaders on the value and importance of the fishing industry. The ACSF is a broad-based organization; its directors and supporting organizations include the fishing communities of Ventura County, Port San Luis, Morro Bay, Half Moon Bay, Moss Landing, San Francisco, and Santa Cruz, among others.

The City of Monterey is well informed on fishing regulation and how it impacts the community and has consistently supported measures that favor environmental, economic, and socially sustainable fishing practices. This support is evidenced in letters from the City to the Pacific Fishery Management Council, political leaders, educators and researchers, and conservation NGOs, as well as by directing City resources to support fishing and fishing businesses.

The CPS fleet is represented by the California Wetfish Producers Association (CWPA). The CWPA is a non-profit whose goals are funding and fostering collaborative research and science-based decision making.

The development of this report by the City of Monterey and the fishing community is also an example of the fishing industry participating in the formation of policy as it will advise federal regulators on the needs and priorities of California fishing communities.

Table 3.1 Fisheries and Management

Top Fisheries	Management Responsibility
CPS	Federal/State
Salmon	Federal
Groundfish	Federal
Spot Prawn	State
Dungeness Crab	State

FISHERY MANAGEMENT PLANS (FMP)

The commercial fisheries in Monterey are managed by the federal and/or State government. All the top fisheries, except Dungeness crab, have Fishery Management Plans (FMP). Dungeness crab is managed by the California Department of Fish and Game (CDFG) and the Dungeness Crab Task Force (<http://www.opc.ca.gov/2009/04/dungeness-crab-task-force/>). The white seabass and spot prawn fisheries are also managed by the CDFG with oversight from the California Fish and Game Commission. Groundfish are managed by the federal government. CPS and salmon are managed through state and federal oversight (and some cases tribal).

FMPs contain the rules for managing a species or group of species. The Pacific Coast Salmon Fisheries Management Plan covers Chinook, coho and pink salmon. The CPS Management Plan addresses market squid, pacific sardine, northern anchovy, mackerel and chub. The Groundfish Management Plan covers 50 plus species in the groundfish complex. FMPs outline the geographic areas, species, regulations and methods that the regional Council and the Federal government must follow to make changes to the fishery. The FMP also creates guidelines for the process of setting harvest levels. FMPs include an assessment of total fishing-related mortality, including landings plus discard mortalities and socioeconomic impacts relative to management objectives (e.g. rebuilding plans) during a management period in order to consider modifying harvest specifications and management measures.

The MSA states that its policies are intended to assure that "the national fishery conservation and management program utilizes, and is based upon, the best scientific information available (101-627, 104-297)" and that fish stocks are "to be explored, developed, conserved, and managed for the benefit of the people...of the United States (104-297)."

Under the MSA national standards for fishery conservation and management, pertaining to fishery management plans, "conservation and management measures shall prevent overfishing while achieving, on a continuing basis, the optimum yield from each fishery for the United States fishing industry." [Title III, Sec. 301 (a)(1)]

STOCK ASSESSMENT AND FISHERY

Table 3.2 Top Species Management Measures

	CPS	Crab	Groundfish	Salmon	Seabass	Spot Prawn
Co Management	•	•	•	•	•	•
Stock Assessment	•		•	•	•	
Reporting Requirements	•	•	•	•	•	•
Spatial Closures			•			•
Catch Limits	•		•	•	•	•
Seasonal Closures	•	•		•		
Gear Restrictions		•		•		•
Sex/Size		•		•	•	
Number of Vessels	•		•			•
Individual Transferable Quota			•			

The U.S. imports 91% of its seafood, nearly
50% of which is farmed.
– NOAA FishWatch

EVALUATION (SAFE)

The SAFE process is intended to inform the development and refinement of FMPs through a combination of empirical data collection and analysis to determine the size and structure of a population or “stock” of an individual species or species grouping. Fisheries in Monterey that are part of the SAFE process are: groundfish, coastal pelagic species, and salmon (discussed above).

SAFE reports are used by fisheries management bodies to communicate the status of a fishery and whether current management measures and regulations are achieving the desired goals. The federal register defines the SAFE report as “a document or set of documents that provides regional Councils with a summary of information concerning the most recent biological condition of stocks and the marine ecosystems and the social and economic condition of the recreational and commercial fishing interests, fishing communities, and the fish processing industries.” A SAFE report is intended to be prepared annually.

“SAFE reports, on a periodic basis, summarize the best available scientific information concerning the past, present, and possible future conditions of the stocks, marine ecosystems, and fisheries managed under Federal regulation.”² The SAFE report contains information such as annual harvest levels, significant changes or trends in the resource, ecosystem and fishery, and an assessment of existing fishery management programs. SAFE reports also include descriptions of the maximum fishing mortality threshold and the minimum stock size threshold for each stock. This information is used to determine whether a stock is approaching an overfished condition and if any rebuilding efforts are needed.

FMPs and SAFE reports are considered hallmarks of a sustainable fishery and a sophisticated system for establishing policy and measuring its effectiveness against the best available data on the resource.

TRANSPARENCY/REPORTING REQUIREMENTS

Commercial fishermen in Monterey are also subject to strict reporting requirements and must submit a fish ticket upon landing for every fishing trip. Fish tickets capture the date/duration of the trip, species, geographic code where the fish were caught, gear type, ex-vessel value or money earned at the dock, permit number, name of vessel, etc.

This information, at the port level, is available to the public on the CDFG and PacFIN websites (with some lag time). Market squid fishermen are required to submit logbooks to regulators. Groundfish vessels in the ITQ fishery are required to carry a NMFS-trained human observer on board for each trip who records and reports on landings and discards. Groundfish vessels are also required to be equipped with a Vessel Monitoring System (VMS) that tracks their movement via GPS. This level of transparency, availability and consistency of fishery-related data does not exist for the United States’ top seafood trading partners, particularly China, Thailand and Indonesia and is critical to a sustainably managed fishery.

²61 FR 32540, June 24, 1996, as amended at 63 FR 24233, May 1, 1998

SPATIAL CLOSURES

Spatial closures facing the Monterey fleet include Rockfish Conservation Areas, Essential Fish Habitat, Marine Protected Areas, and other restrictions in State waters.

Rockcod Conservation Areas (RCA) And Trawl RCA

NOAA defines a Rockfish Conservation Area as “a geographic area defined by coordinates expressed in degrees latitude and longitudes, wherein fishing by a particular gear type or types may be prohibited.” RCAs can be changed from year to year and the National Marine Fisheries Service reserves the right to alter boundaries midseason so long as the new boundary is a boundary that has existed at some point in the particular RCA’s history.³ In California, there are two different classifications of RCAs, non-trawl and trawl. The trawl RCA prevents fishing using any type of trawl gear within its boundaries and consists of a narrow strip overlapping the seaward side of the non-trawl area. The non-trawl area prohibits commercial fishing with any gear other than trawl gear. Both closures are meant to protect species living on the continental shelf at depths from around 100 to 150 fathoms.

Marine Protected Areas

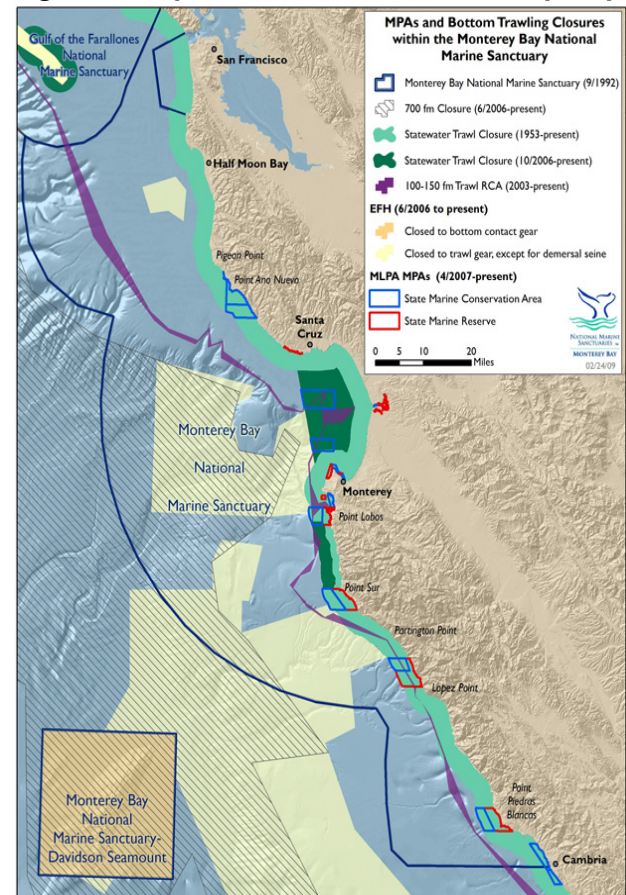
The area immediately off the coast of Monterey has 19 marine protected areas in the form of State Marine Conservation Areas and State Marine Reserves. Both the conservation areas and the reserves fall within the Statewaters trawl closure area. The Marine Reserves, eight within the Monterey Bay National Marine Sanctuary (MBNMS), tend to be relatively small areas and any take of marine organisms is prohibited within their boundaries. The Marine Conservation Areas, eleven within the MBNMS, tend to be larger than the marine reserves and some commercial and recreational fishing is allowed within their boundaries. Specifics vary by area and allowable catch is dependent upon the species. Many allow salmon and albacore fishing and three allow taking of pelagic finfish.

Bottom Trawl Ban

In 1953, through the Submerged Lands Act (SLA) the federal government gave coastal states the rights to manage the waters up to three nautical miles adjacent to their coastline. As a result of this new authority, California banned trawling within state water with few exceptions. In the summer of 2005, federal regulators imposed an additional permanent ban on trawling in nearly 300,000 square miles off the West Coast of California; three miles from the shore (<http://www.nbcnews.com/id/8242653/#.UU5KjffEdus>).

NOAA Fisheries works with the regional fishery management councils to identify the essential habitat for every life stage of each federally managed species using the best available scientific information. Essential Fish Habitat (EFH) has been described for approximately 1,000 managed species to date.

Figure 3.1 Spatial Closures in Monterey Bay



³“Groundfish Conservation Areas,” Title 50 Code of Federal Regulations, Pt. 660. 2007 ed.

Open Access does not require fishermen to have a trawl permit or history in the fishery nor does it hold the skipper 100% accountable. There are no observer requirements. Open Access is seen as an important "fall back" fishery and presents lower barriers to entry although catch limits imposed on Open Access fishermen pose challenges to financial feasibility.

Essential Fish Habitat (EFH)

In March 2006, NOAA approved a plan to establish and protect more than 130,000 square miles of marine waters off the West Coast as essential fish habitat (EFH) for groundfish. The plan prohibits fishing methods such as bottom trawling within much of this area. Two essential fish habitats are included in part or in whole in the MBNMS: the Monterey Bay/Canyon Conservation Area EFH and the Big Sur Coast-Port San Luis EFH which encompasses 3.8 million acres, roughly the size of the State of Connecticut. These areas are large and occupy a significant portion of open waters within the MBNMS. Within both areas, fishing with bottom trawl gear (other than demersal seines), dredge gear, or beam trawl gear is prohibited at all times.⁴

LIMITS ON CATCH AMOUNT

There are limits (by weight) on how much fishermen can catch in several top Monterey fisheries, imposed by the jurisdictional state or federal management agencies. Sardines are allocated by weight and in three periods, groundfish have limits for each of the 50-plus species. Landings amounts are restricted even in the Open Access Fisheries for groundfish, through trip limits and bi-monthly limits. Once the limits are reached, all fishing efforts must stop.

SEASONAL CLOSURES

All of the top fisheries in Monterey, except groundfish, are subject to some type of temporal closure: market squid is limited to five days per week, Pacific sardine is allocated in three distinct periods and if limits are reached during the period, fishing stops until the next allocation date. Spot prawn is subject to closures from November through January and May through August, Dungeness crab is an eight month season, and white seabass closures restrict any take from March 15 through June 15.

SIZE AND SEX RESTRICTIONS

Size and Sex restrictions are identified as effective management measures particularly for crustaceans (Parrish, 2005). In the Dungeness crab fishery, all females are returned at sea and only males of 6 ¼ inches wide are considered allowable take. Salmon are restricted to a minimum length of 26 inches or 27 inches depending on the month, white seabass carry a 28-inch minimum limit.

LIMITING NUMBER OF VESSELS

Several top fisheries in Monterey are faced with Restricted Access, or limitations on the number of participants; they include groundfish Limited Entry (LE) trawl sector, squid, and spot prawn. Halibut trawl fishermen also require a permit and through limits on transfers and sale, the number of permits has been greatly reduced. In 2006, there were 180 LE trawl permits in California, down from over 450 in the mid 1980s. The squid fleet is limited at 55 vessels statewide, and there are currently 26 active spot prawn permits in the entire State.

⁴"EFH Areas Protected from Fishing in the U.S. Pacific Ocean," NOAA Habitat Program, 20 January 2011

GEAR RESTRICTIONS

Spot prawn and Dungeness crab traps have restrictions on mesh size, entry rings, escape doors, and degradable material to eliminate “ghost fishing” if traps are lost. Salmon fishermen face a six hook per vessel limit, and salmon and albacore fishermen must use barbless hooks. Light boats participating in the market squid fishery face heavy regulations, including wattage restrictions and light shield requirements. The trawl industry also faces federal restrictions on size and types of gear including footrope diameter and design and mesh size.

INNOVATION

While not driven by regulation, innovation, and the ability to modify gear and/or fishing practices to maximize landings of abundant species and avoid interaction with rebuilding stocks and sensitive habitat is a characteristic of a competent and sustainable fishery. A fishing community that is able to innovate is better prepared to adapt to changes in the market, movement of fish stocks, changes in regulation and potentially better position themselves to attract support from outside the industry. At the time of this report, fishermen in Monterey are experimenting with light-touch trawl gear and shrimp-fly troll gear both designed to reduce interaction with sensitive habitats and overfished species (OFS).



Light touch trawl gear reduces contact with sea floor habitat while allowing fishermen to access valuable species not commercially available with other types of gear.

Shrimp fly gear enables fishermen to target abundant, marketable and valuable species like chillipepper rockfish (with what is essentially a slow moving line with baited hooks) when they rise up into the water column and away from over fished species (OFS).

Small boats will enable communities to further diversify the types of fishing operations in their ports and provide more employment and earnings opportunities with lower barriers to entry.

Today's modern halibut trawl nets use a 7 ½ " mesh in the cod end or "bag" (where fish collect) and this mesh size has been proven to be effective in ensuring that immature and/or sublegal halibut less than 22" in length are not retained, and that bycatch mortality of other species is minimized (ACSF, Halibut Trawl Pre Proposal).

One of the primary concerns of small fishing communities is consolidation: that groundfish quota will migrate to ports and businesses with greater access to capital. While it has already occurred in some ports, regulators and the industry are working to develop systems to mitigate these risks.

Many fishermen and fishing industry participants agree that some oversight and regulation is necessary but the current level is too much and fishermen's existence is in jeopardy.

Most of the participants surveyed for this project could not imagine more regulation, could not imagine Monterey without a fishing industry and are not sure how the rest of the world would perceive such a Monterey.

GROUND FISH: INDIVIDUAL TRANSFER QUOTA, INDIVIDUAL FISHING QUOTA, AND "CATCH SHARES"

The ITQ regulatory system in the West Coast Limited Entry (LE) Trawl fishery provides a percentage of the total allowable catch (TAC) to individual fishermen based on their history of landings in that fishery.

The aim of the Individual Transferable Quota structure is to enable fishermen to better plan and pace their fishing effort by eliminating or reducing the race to catch as much as they can before the season is closed. It is also the intent of ITQ to develop a better connection with the market and attract higher returns for fishermen through a more consistent supply, better handling practices and a higher quality product. Fishermen in the ITQ system have a strong incentive to avoid interaction with overfished species (OFS). If they exceed the amount allotted to them, they must cease fishing until they can buy (potentially expensive) quota on the open market. Some fishermen on the West Coast have formed risk pools, working together to share information and make OFS available to participating vessels if they exceed their individual quota of any species.

While benefits are not guaranteed, catch shares are seen as an effective management tool, particularly when coupled with 100 percent accountability (at-sea observers). Groundfish, a top fishery in Monterey, went to this system in 2011. There are caveats, particularly for small communities and small boats, primarily: consolidation and increased costs for fishermen, and, limited opportunities for small vessels to enter the market. At the start of this program, regulators and fishermen are working to ensure community protection measures to guard against consolidation beyond a certain level, and assure landings are geographically dispersed to provide for the sustained participation of traditional fishing communities. In what is referred to as Adaptive Management, regulators have set aside a portion of the available quota (10%) to be distributed to communities that have suffered negative consequences as a result of catch shares. While no action has yet been taken, having a CSP will likely put communities in a better position if Adaptive Management measures are implemented.

So far, the LE trawl groundfish fishery is the only fishery to adopt an ITQ regulatory structure, there are mixed results to date and it is yet to be seen if major threats can be avoided. If communities like Monterey can adapt sufficiently, benefits like increased earnings at the dock, opportunities for new entrants and reduced bycatch may be substantial and outweigh the negatives.

SUMMARY OF REGULATORY CLIMATE

In closing, there is an intense level of State and federal regulatory oversight in Monterey aimed at assuring acceptable harvest levels and conservation of fish stocks and habitat for future generations. All of the top species in Monterey are subject to strict reporting requirements as well as spatial or seasonal closures, gear restriction, size and sex restrictions and are subject to management planning and stock assessments. In most, if not all cases, management measures are evaluated periodically and changes are made based on findings.

In all cases, fishermen, industry stakeholders, the community of Monterey and other interested parties have the opportunity to comment on management decisions. Still, a very precautionary approach has been taken in spatial closures, gear restrictions and individual quota management systems.

Fishermen have struggled to adapt to these restrictions. According to Monterey Harbor Division staff, in 1995 there were over 155 commercial fishing vessels in the harbor. Today, there are less than 60, and fewer than 10 are full time operations. Most of the participants surveyed for this project could not imagine more regulation, could not imagine Monterey without a fishing industry and are not sure how the rest of the world would perceive such a Monterey. The challenge for the Monterey fishing industry is to consolidate their voice, work with other regional commercial fishing associations, increase their presence in the regulatory arena, work with the community and the market to promote the heavily regulated seafood product that is landed in Monterey and make way for a persistent and profitable industry that is a model of healthy fish stocks and habitat.

Groundfish - are a complex of commercially fished species off the coast of California, Washington and Oregon and include halibut, Petrale sole, sable fish and dozens of rockfish species. Groundfish is a federally-managed fishery.

Limited Entry – describes a management measure where the number of participants is regulated or controlled by the requirement of a permit, the number of permits available and how those permits may or may not be transferred.

Over Fished Species (OFS) - describes any stock or stock complex whose size is sufficiently diminished that a change in management practices is required to achieve an appropriate level and rate of rebuilding.

100 % Accountability – regulatory measure aimed at minimizing the frequency and magnitude of overages and correcting the problems that caused the overage in as short a time as possible. Under the ITQ regulatory structure in the LE groundfish trawl fishery, vessels are required to carry a federally-trained observer on board each trip.

Total Allowable Catch (TAC) - is a catch limit set for a particular fishery, generally for a year or a fishing season. TACs are usually expressed in pounds or tons of live-weight equivalent (not processed).

Trawl – is a fishing method where a net is pulled behind a boat through the water.

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4. SOCIAL SETTING

Historically, the City of Monterey has been intimately aligned with the sea, from the early whaling days through the time of Steinbeck’s writing of Cannery Row to the present. Monterey has also been the home of hard-working immigrant fishing communities, including the Chinese, Japanese and Italians. These new American citizens formed the foundation of present-day Monterey.

There is a strong connection among Japanese and Chinese immigrants and fishing in Monterey. By 1853 there were some 500 to 600 Chinese fishermen working the deep waters off Monterey. The Chinese community had become well enough established that Cabrillo Point, the site of today’s Hopkins Marine Station at the north of Cannery Row became known as “China Point”. Chinese seamen launched the first commercial fishing industry in Monterey, taking abalone and later other varieties of fish including cod, halibut, flounder, yellowtail, sardines, squid and shark –as well as oysters and mussels. It was a common sight to see the unique Chinese fishing boats setting off from the shanty-like village at China Point (Monterey County Historical Society).

Japanese presence in the Monterey area dates to the 1890s and quickly centered on maritime activities. Japanese immigrants entered local fishing and packing industries, as well as fresh fish markets. By the late 1930s, eight Nikkei-owned fishing companies occupied key spaces on Fisherman’s Wharf and Sea Pride Cannery operated on Cannery Row (Japantowns.org).

The fishing industry and its participants provide a strong link between the human community and the ocean and continue to do so today. It is through this link that the fishing industry brings value to Monterey in leadership, relationships, identity and a working, active representation of human connection with “place”. With this also comes jobs, investment and environmental stewardship. A robust social structure is seen as one of the indicators that a fishing community needs to be successful and ultimately sustainable. This section discusses the social value, characteristics, perspectives and impacts of fishermen and fishing families in Monterey. It

Well-developed social networks drive successful and sustainable industries (personal interview in Monterey).

The Monterey fishing industry remains a powerful connection and opportunity for the Nation’s immigrants. Workers in the processing lines, behind the wheels of the delivery trucks, and in the ice plants hail primarily from Latin America, and represent the U.S.’ most recent wave of immigration.

Metrics for social indicators include the presence of and membership levels in local fishing related organizations, participation in programs like "Fishermen in the Classroom," number and type of written information on the fishing industry that appears in the press and/or local planning and economic documents, formal support by governing bodies based on industry input and influence, and comments elicited in surveys with fishing industry participants on their perspective and hope for the future.

is from these data that the project team has established a baseline and developed recommendations on where and how Monterey can maintain and strengthen its social capacity.

SOCIAL INDICATORS AND METRICS OF SUSTAINABILITY

Social dimensions play a critical role in community and environmental sustainability, and has been increasingly recognized in a variety of business models throughout the past decade. It is understood that the social component – the component of people’s well-being and how people interact with each other – can determine an economic and environmental outcome. At the same time, there is no single, universal set of social metrics applied to sustainability projects. Rather, social indicators and metrics are dynamic and community specific, and as such must be determined within the context of the individual community.

Developing and using a set of social indicators and metrics for any one community is a dynamic process that involves working across multiple disciplines as well as groups of stakeholders. The process of developing social indicators for the CSP included applying pre-established metrics found in the literature on community sustainability to inform the interview process, but then eliciting concepts of social sustainability from stakeholders themselves. The overarching goal has been to understand what social components are essential for the commercial fishing industry to persist through time in a sustainable manner.

A number of statements were gathered by participants and from these statements a number of themes or areas of concern were identified. Salient themes include:

- Social Cohesion
- Education and Communication
- Presence in the Media
- Political Representation
- Leadership
- Intergenerational Employment

In gathering data for this section, the Consultant Team conducted over 80 hours of one-on-one and small group interviews with fishermen, fishing industry stakeholders, lease holders on Municipal Wharf II and Fisherman’s Wharf; and with civic leaders and representatives from the conservation community. Input for the social setting was also derived from field visits to processing plants, offloading docks/areas and other service facilities, on vessels, and at retail establishments and offices.

The picture of the industry is diverse and its ties with history are powerful. To the last interviewee, participation in the project was seen as a positive: an opportunity to educate, promote benefits and support and dispel negative or preconceived perceptions. Every one of the respondents offered to participate further if called on. Respondents provided detailed and technical input on fishing grounds, habitat types, species behavior and migratory patterns, fishing vessels and gear. Respondents offered insights on processing; local, national and global markets, shifting consumer preferences, as well as descriptions and critiques of fishing regulations. Respondents also offered very rich discussions on the history of Monterey, how they and their families were involved, and how changes

have affected them and their perspective on the community. Perhaps most importantly, respondents took the opportunity to talk about the changes at the social level that they believe are necessary in Monterey to keep fishing viable in the long term. Respondents provided recommendations for future action and identified opportunities for growth and continued cooperation between the various stakeholders in Monterey. This willingness and ability to participate in substantive dialogue is a strong reflection on the social health and capability of the community and as such, an indicator of a sustainable system.

SOCIAL COHESION

Relationships are an extremely important part of any social or economic structure and enable a group to accomplish much more than any one individual. The more cohesive and more effective the leadership (respect, communication, shared knowledge), the larger the group can grow and the more complicated and sophisticated tasks it can accomplish. This section depicts the nature of social cohesion within the industry and between the industry and the general Monterey community, as identified by stakeholders through the interview process.

RELATIONSHIPS AND LOCAL KNOWLEDGE

Monterey fishermen have an extensive knowledge of the ocean habitats, life cycles, migratory patterns, and foraging behavior of dozens, if not hundreds of species. Monterey fishermen own and understand how to operate a diverse array of fishing gear and on-board equipment. Fishermen in Monterey have an excellent grasp of the regulatory codes surrounding the fisheries in which they participate, as well as other important fisheries. Monterey fishermen have knowledge of and relationships with the local, regional and global market as well as shifts in consumer preferences and world supply markets. This knowledge of regulations, species, gear type, weather, boats and market connections represents the lion's share of the value and the potential value of the industry.

Throughout the interview process, fishermen and leaseholders exhibited a high level of interest in and understanding of each others' businesses and respect for fellow business owners, fishermen and employees. Fishing practices, gear type, regulations, processing procedures, and markets between CPS, groundfish, spot prawn, Dungeness crab and salmon are vastly different. While tension between fishermen of different gear types may arise from time to time – for example between trawlers and hook-and-line or trap fishermen – it is clear that the industry regards itself as a discrete and capable unit, out of a common connection to the sea, hard work, independence and mutual respect.

A significant number of respondents, particularly fishermen and leaseholders, spoke highly of their relationship with the Harbor Division and the capability of their staff. This relationship is imperative if the industry is going to target growth and advancement. Trust, understanding, communication and respect are the key elements of social cohesion and social sustainability and the Harbor Division-industry relationship is an excellent example of a group being much more capable than individuals.

"The Monterey Bay Aquarium's Seafood Watch program helps consumers and businesses make choices for healthy oceans. The program recommendations indicate which seafood items are "Best Choices," "Good Alternatives," and which ones to "Avoid."

Seafood Watch raises consumer awareness through pocket guides, website, mobile applications and outreach efforts, and partners with restaurants, distributors and seafood purveyors to shift purchases to more sustainable sources that promote the long-term health of ocean ecosystems and fishing communities that depend on healthy fisheries.

Seafood Watch recommendations are science-based, peer reviewed, and employs ecosystem-based criteria. The 2,500-plus species covered by Seafood Watch reports include high-demand seafood in the national marketplace, and regionally significant fisheries. For wild-caught seafood, there are specific assessments of regional management units and of different types of fishing gear. A new external assessment option provides a fee-based vehicle to evaluate fisheries that aren't a top priority for review by Seafood Watch.

Important Monterey fisheries that have earned either a "Best Choice" or "Good Alternative" ranking from Seafood Watch as of this report date include: Pacific sardine, Dungeness crab, hook and line Rockfish and some trawl-caught Rockfish (black and yellow, brown, calico, copper, china, olive, kelp, gopher, grass), spot prawn, sablefish, market squid, albacore tuna (troll, pole and line), Dover sole, Petrale sole, and sanddabs. Seafood reports are updated regularly, and rankings change with an improvement or decline of fisheries. A reassessment of the West Coast groundfish fishery will be released late in 2013.

Seafood Watch recommendations take into account the fishery, habitat, species, management, and a host of other factors. Seafood Watch scientists gather input from government reports, journal articles and white papers. They also consult fishery and aquaculture experts. After a thorough review, Seafood Watch sustainability criteria are used to develop an in-depth report for review by a panel of experts from academia, government and the seafood industry. Once finalized, these reports form the basis of Seafood Watch recommendations. Both the reports and rating criteria are available online, and Seafood Watch provides a mechanism for submitting information about a specific fishery undergoing assessment. When there is scientific uncertainty, Seafood Watch errs on the side of conservation. www.seafoodwatch.org.

The above was provided by Aquarium Management.

RELATIONSHIP BETWEEN COMMERCIAL FISHERMEN AND RECREATIONAL FISHERMEN

Through the interview process, it was noted that the relationship between the commercial and the recreational fishing fleet is generally good. Recreational and commercial fishermen work well together, although they may be physically harbored in separate locations. Stakeholders expressed that opportunities for increased interaction between commercial fishermen and recreational fishermen exist and would be advantageous to the industry as a whole. It was clear from the interviews that recreational and commercial fishermen respect each other, understand the pressures that each group faces. They are keenly aware of the economic benefits each brings in employment and investment in the community, and how significantly fishing affects tourism in general. The ACSF leadership also has strong representation from the recreational fishing industry (Co-Chair and Director) and a list of supporting associations and organizations from recreational fishing. Participation in the ACSF represents a formal link between commercial and recreational industries and strengthens all fishing concerns.

RELATIONSHIPS BETWEEN FISHING INDUSTRY AND MONTEREY BAY AQUARIUM

Monterey's fishing community is in a unique position compared with other California ports in that it shares an interest in ocean resources with one of the most widely known and powerful conservation, research and education entities in the country, the Monterey Bay Aquarium. Along with the international image of a working fishing port, the Aquarium is one of the primary drivers for Monterey's tourism economy and represents another important link between the fishing and tourism industries. As some have suggested (e.g. Chiang), unifying tourism and commercial fishing historically was and is a critical response to the City's changing economic and ecological climate.

Interviews with many community members and businesses indicated strong support for the Aquarium, including the Seafood Watch program. Interviews also supported the view that tourism and commercial fishing are well matched and play a powerful role in Monterey's economic foundation.

Conversely, many informants note the relationship between the commercial fishing fleet and the Aquarium is sometimes strained by opposing views of, and interests in the ocean environment.



Photo Credit: Monterey Bay Aquarium

Of particular concern to many fisheries informants, is some of the Aquarium's media and communication. Interviewees from the fishing industry expressed their belief that the Seafood Watch Program, and some Aquarium displays and publications, represent an unbalanced or incomplete view of commercial fishing. According to one informant, something as simple as a display depicting swordfish fishing methods, which are not representative of those on the U.S. West Coast, may lump local fishermen into the same pot with international fisheries. Many fishermen believe the Aquarium has not fully considered the regulatory climate in which Monterey fishermen operate. There is a general sentiment in the fishing community that the Aquarium's emphasis on global endangered species and fishing practices translates to an impression that all commercial fishing is harmful.

Based on past concerns over potential habitat damage associated with some types of bottom trawling, the Aquarium categorized some locally caught rock fish on its Seafood Watch Card to the "Red-Avoid" list. Many local restaurants and distributors will not buy Red listed species, even when locally caught, as they are not perceived to be a sustainable choice. Many other fishermen, as well as members of the public, also acknowledged that it's difficult and exceedingly complicated to differentiate between the many fisheries' methods and a huge range of regulation (from zero in some areas of the world, to the high level of management found on the West Coast of the U.S.). As such, the Aquarium has a tough job to deliver simple take-home messages.

This disagreement may be the result of occasional conflicting values and differing scientific approaches. Both entities possess a mutual concern for sustainability. The fishermen's years of on-the-water empirical observations contribute to the science of fishery management, which implies that a natural partnership between the commercial fishing industry and the Aquarium is possible and could be mutually beneficial.

The Aquarium has developed acceptance and credibility, as noted above, with a very large segment of the national population. The direct relationships and influence that the Aquarium has throughout the seafood industry could be a powerful force to benefit the future of fishing in Monterey. These benefits can be realized through better communication between the Aquarium and the Monterey fishing community.

It is worth pointing out that, the Aquarium supported the NFWF grant that provided funding for the development of this Community Sustainability Plan. The Aquarium also recently supported a joint MBNMS/NGO/Fishermen effort to recommend modifications to groundfish Essential Fish Habitat boundaries, which if adopted could lead to the expansion of areas open to bottom trawling. These efforts on the part of the Aquarium have generated goodwill among the affected fishermen.

The ACSF is a 12 year old nonprofit (501(c)3) formed to provide a consolidated voice for the fishing community, assure that fishing policy is based on sound science and that policy formation is a transparent and public process.

THE FISHING INDUSTRY AND THE MONTEREY BAY NATIONAL MARINE SANCTUARY

The MBNMS, established by the Federal government in 1992, includes 6,000 square miles of ocean habitat and is headquartered in Monterey. When MBNMS was formed, fishermen, community and business leaders had the understanding that they would not regulate fishing, or threaten their livelihoods. Fishermen also reported there was an expectation they would benefit from the Sanctuary through increased collaborative research opportunities, banning oil development and improved water quality.

The Sanctuary Advisory Council (SAC) appointed by the MBNMS Superintendent, is the primary vehicle for collecting stakeholder and agency input for management decisions. With twenty voting members, SAC is supported by four working groups: The Research Activity Panel, the Sanctuary Education Panel, the Conservation Working Group and the Business & Tourism Activity Panel. These groups advise the MBNMS Superintendent. Some fishermen stated that the regional organization, the Alliance of Communities for Sustainable Fisheries, serves as a fifth, informal Working Group, ready to advise the MBNMS when fishing issues arise. The SAC structure places recreational and commercial fishing interests as a minority voice, a situation that frustrates some fishermen, who observed that “we are the only ones who have something to lose”. Fishermen and some members of the community, who have experience with SAC, also expressed concerns over the manner in which representatives of the stakeholder groups are selected, feeling the stakeholders themselves should have more say.

Fishermen reported that MBNMS leadership often states “the Sanctuary’s primary mandate is resource protection.” Therefore, it’s not surprising that many fisherman wonder if their activities fit within that Sanctuary value.

While the relationship between the fishing community and the MBNMS has been difficult over the years, there have been efforts by MBNMS and fishermen to improve it. A MBNMS-lead education program, placing experienced fishermen in classrooms to discuss their methods and livelihoods, has been a positive step. The MBNMS also utilized a local fisherman and his vessel for lost gear recovery. The fisherman’s vast knowledge greatly contributed to the project. Most recently, the MBNMS has sought to work in a truly collaborative manner with trawl fishermen to make recommendations to potentially modify the boundaries of some areas currently closed to trawling. Further, there is acknowledgement among many fishermen that the MBNMS does provide public education and monitoring for water quality.

In short, fishermen in the region appear to see the MBNMS as a “mixed bag” of programs they like and others that trouble them.

It is clear from interviews that there is a widespread desire for a constructive relationship between fishermen and the MBNMS. Fishermen want the relationship to improve as do Sanctuary leaders, and both parties recognize that a partnership could be beneficial. Fishermen, both recreational and commercial, also reported little support for the MBNMS being directly involved in fishery management, as they believe the Sanctuary lacks the scientific resources to manage fisheries and, even if it did, would be a duplication of existing management.



RELATIONSHIP BETWEEN FISHING INDUSTRY AND COMMUNITY OF MONTEREY

Stakeholders feel the community overall is highly supportive of the fishing industry for the heritage it preserves and for the local fish it supplies. This is reiterated in the Alliance of Communities for Sustainable Fisheries' (ACSF) sponsored study on the public opinion regarding the management of the fishing industry and that the needs of the community and the fishermen should be reflected in policy.⁵

The relationship is strengthened through the presence of Fishermen's Wharf and Municipal Wharf II. Locals and tourists seek out locally caught fish at local retail markets and restaurants, and are connected to the industry through the ability to access the Wharf. Robust tourism depends, in part, on the historical aspect of fishing, as preserved in Fishermen's Wharf, Municipal Wharf II and the Cannery Row district.

A vehicle that facilitates the relationship between commercial fishing interests and the wider public is the Alliance of Communities for Sustainable Fisheries. Comprised of members of regional and State Fishermen Associations, and industry-related businesses, the ACSF voices the concerns and needs of the commercial and recreational fisheries in a time of competing interests for ocean resources. The Monterey City Council has also played an active and visible support role for the commercial fishing industry through written statements and dedicated funds aimed at practical and affordable solutions for fishermen to comply with 100% observer coverage requirements, support of the return of the halibut fishery in Monterey Bay and years of direct support for the City to be represented in the federal regulatory process.

EDUCATION AND COMMUNICATION

Commercial fishing stakeholders in Monterey believe that a general lack of knowledge on the part of the community about the fisheries and the fishing industry creates a social distance. Further, some believe the lack of communication between the Aquarium and the fishing industry creates a disadvantage for fishermen in the regulatory and market arena. Though Municipal Wharf II functions as a unified neighborhood with common interests and values, fishermen's access to the general public is considered "good." The public may be encouraged to come to the wharf and watch the fishing activity of the day. At the same time, however, its formation as a small neighborhood away from visible business and commercial districts contributes to a sense of a separation or distance from the economic and business dialogue in the City and Monterey County.

Educating the community about the nature of the local fisheries is essential and includes imparting knowledge about: the history of the industry, the human effort involved in managing and sustainably harvesting the fisheries, the role the fishing industry plays in overall community well-being through the generation of jobs and sense of cultural heritage, and the role local fisheries play in generating a food supply for the general and tourist community.

⁵ACSF's report summarizes several key findings from that point to the public recognition of the importance of and need for a closer integration of the commercial fishing and regulatory communities. One such finding reveals: "A large majority of Monterey Bay area residents rate the importance of accommodating the needs of communities/people who use the ocean when making management decisions as important!"



PRESENCE IN THE MEDIA

The primary newspaper and form of communication circulated within the community of Monterey is the *Monterey County Herald*. Other news sources include the *Monterey Weekly*, which has reported on the fishing industry as well as the *Santa Cruz Sentinel* and the *Californian*. Stakeholders have pointed to the attempt to educate the public about the industry through articles in local print media. While the *County Herald* has published several op-eds supporting fishermen, there is a sense that the media is not generally supportive of the industry.

REPRESENTATION IN POLICY FORMATION

Representation in governmental and agency decision-making is essential to realize and secure the needs of the fishing industry. With the conservation community's heightened interest in California's, and particularly Monterey's, ocean resources and political representation in Sacramento, fishermen are increasingly challenged to have their position represented in Congress and in regional and local decision making. At the same time, the nature of work within the industry – marked by long periods of time at sea and responsibilities to maintain boats and gear – has historically precluded participants from finding time to travel to and engage in the political processes in Sacramento.

Here, again, the ACSF and CWPA provides for some political representation in arenas of policy-making. For example, the ACSF played a key role during the MLPA process, representing the perspectives of fishermen and the industry bringing their concerns to the political process of selection itself. Despite the presence of the Alliance, some stakeholders feel as though political representation could be strengthened.

LEADERSHIP

A key aspect of resilience within a community is the ability to organize. Leadership is a critical component of organization. Leadership will enable the physical, social and economic changes deemed necessary by the community and indicated in the strategic planning effort. Every project needs a champion to shepherd efforts each step and marshal forces in the community and provide a reminder that fishermen need to keep pushing for what they need to survive. Leadership provides the link between planning and implementation.

The Monterey Harbormaster has played a key role in representing the City's interest's in supporting the fishing industry in an anti-fishing environment, engaging in public discourse regarding fishing and conservation in the MLPA process, the transition to an ITQ system, the effort to re-establish Monterey Bay's halibut fishery, and for the MBNMS to keep its promise made to fishermen that it would not threaten their livelihoods. In this manner, the Harbormaster serves a critical leadership position. Yet, interviews reveal that there remains a need for broader leadership internally within the commercial fishing industry.

INTERGENERATIONAL EMPLOYMENT

Maintenance and attraction of participants and employment in the fishing industry poses a concern for many stakeholders. Barriers to entry into commercial fishing include: specialized knowledge of fishing grounds, regulation and gear and the associated learning curve; physical risk; financial risk; cost of purchasing or leasing a vessel and gear; the cost of permits; limited entry into certain fisheries; increased regulations on quota, seasons, and fishing grounds; competing international markets; and opportunities for gainful employment in other fields. As one stakeholder notes, the cost of entering into a fishery (boat, gear, insurance, etc.) begins at \$140,000 to \$150,000. Referring to the ITQ program in the groundfish fishery, stakeholders note that competition within the industry has intensified and pressure has increased from outside organizations and entities purchasing permits and quota, contributing to the cost and difficulty of entering the industry. With the need to cut costs, crewmembers also suffer in employment, finding cuts in hours, wages, or even positions altogether.

As older fishermen retire, there is a greater need for new fishermen to enter the industry to maintain a diverse and viable fishery. "Diversity is key, but attrition of the fleet is a major problem" asserts one stakeholder. Incentives for entering are narrowing with the climate of heavy regulations and declining profit.



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5. RECOMMENDATIONS

Recommendations in this section are derived from a variety of sources including extensive outreach to fishing industry participants, civic and business leaders, site visits, facility assessments, review of archival data, the collective experience of project managers and the Consultant Team, and the assessment of sustainability indicators and metrics. The proposed actions are aimed to enhance the long-term performance and sustainability of the fishing industry and to generate resilience and adaptability, as well as to reduce vulnerability in a climate of change. These actions do so by:

- Addressing regulatory, infrastructure, and economic bottlenecks
- Generating participation in leadership roles by industry members
- Creating strong and effective channels of communication and social alliances between industry participants, the public, other businesses, food generating, and ocean resource-user groups.
- Identifying and prioritizing key infrastructure needs

PHYSICAL FACILITIES

Identifying the best mix of facilities and uses on Wharf II is a key priority for the City of Monterey and a motivator for the development of a CSP. The Consultant Team dedicated considerable time and resources conducting direct interviews with tenants, Harbor Division staff, City Council members and City Planning staff. It should be noted here that ultimate negotiations between tenants for space and rates can only occur as a result of detailed discussions between current and prospective tenants and must be grounded in a prioritization of uses that has yet to occur at the City Council level. As such, the Recommendations for the best mix of tenants and use of space are, by nature of this process, made from a general perspective. With this in mind the Consultant Team has identified the following recommendations.

“California has to decide whether it wants a fishing industry or not” (San Diego Commercial Fishing Revitalization Plan, 2008).

Recommendations are aimed at actualizing the priorities of the community, taking advantage of existing resources and creating new ones.

The two leading transportation firms in the state, Fehr & Peers and Nelson\Nygaard have experience in Monterey and have expressed willingness and interest in contributing to this issue.

CONGESTION AND IMPROVING TRUCK ACCESS

Tenants on Municipal Wharf II agree that the City has addressed congestion on the Wharf satisfactorily given the physical constraints. However, consistent with the Waterfront Master Plan draft, the City should investigate the feasibility of creating an expanded “turn around” area in the mid-wharf area. In the shorter term, the City should continue to work with the CPS industry (Gino’s, Southern California Seafoods, Monterey Fish Company) to manage truck and vehicle traffic with a City traffic coordinator, cones or other lane markers, and heightened communication when wetfish are being landed. Good communication between tenants and with the City is paramount.



IMPROVE SAFETY FEATURES ON WHARF II

There was agreement among the tenants that railings are not appropriate for a working above-water structure and that the existing bullrail provides an additional level of safety for pedestrians, private vehicles, trucks, hand trucks, and utility carts. The City may consider life rings, throw rings, horseshoe buoys or other rescue devices at some appropriate distance along the entire facility, but particularly at the northern end of the Wharf. It is understood that it will be hard to keep equipment like life rings in place on a public wharf and that the effective use range of these items is limited.

IDENTIFY AND EVALUATE UNDERUTILIZED SITES

Once the City sets priorities for uses on the Wharf, underutilized properties can be addressed through a lease obligation that establishes a threshold of activity, or includes a cancellation clause to make way for higher-use opportunities. In every case, priority should be given to business types as indicated in the zoning recommendations:

- Loading and/or off loading of seafood, fishing gear, and transfer of locally caught and landed seafood to non-concessionaire buyers
- Aquaculture, distribution, and retail sales of locally landed seafood, fishing



Pier 9, Seattle, Washington

related gear repair/construction and storage, repackaging, wholesale and retail distribution, of trucked-in seafood, and parking to serve the above activities

CONSIDER USES FOR THE MONTEREY FISH COMPANY WAREHOUSE AT THE NORTH END OF THE WHARF II

The warehouse at the northern end of the Wharf is leased by Monterey Fish Company, which is engaged in the seafood business. To the extent that seafood is trucked in, it represents a lower priority to locally-caught seafood use as identified through this project. Potential preferred uses for this building and the apron surrounding the warehouse are: loading and offloading of smaller vessels and lower volume fisheries (salmon, white seabass, near shore, open access groundfish and certain groundfish) that do not require access of large trucks and where distances may be feasible by forklift, or mechanical or hand carts. It is recommended that the City engage Monterey Fish Company representatives to determine their level of need of this space, and if trading or re-leasing the space are options worth exploring. As the lease for this space has expired, the City is in ultimate control, while appreciating that Monterey Fish Company has been an excellent tenant.

USES FOR THE NORTH APRON AREA

The apron surrounding the warehouse at the North end of the Wharf could also be considered for a public ice-making facility. Such a facility may not require large vehicle access and would be utilized, primarily, by vessels tied alongside the Wharf.

ENCOURAGE RETAIL FACILITIES ON WHARF II

Retail seafood businesses provide a direct link between the public and the seafood industry and should be encouraged towards the southern end of the facility and at the Depot. Fishermen and related businesses on Wharf II express support of retail sales on the Wharf.

The City may be able to support fish retail sales at several locations. Retail locations can be created through the expansion or conversion of existing businesses at the southern end of the Wharf, but those opportunities are quite limited. A new development of the historic train depot will include a fish market prominently featuring locally caught seafood. The City should assure through lease terms that this prime location serves the local fishing industry by requiring (at some level) the sale of local seafood for which there is high demand.

The fishing industry and working waterfront provide social and environmental returns by perpetuating the community's cultural identity and well being and giving citizens access to fresh, sustainably-caught seafood... reducing the demand for inexpensive foreign imports from nations with little or no fishing regulation or enforcement.

CRITICAL SERVICES

Ice manufacturing requires large quantities of water, electrical power and space. Ice plants also require constant monitoring and maintenance. Shaving or crushing machines would require less capital investment and on-going maintenance as blocks of ice are delivered and shaved or crushed as needed.



ESTABLISH AN INDEPENDENT SOURCE(S) FOR ICE

Ice was the topmost need voiced by fishing stakeholders. Fishermen identified the need for a convenient, independent source of ice, not tied to a seafood buyer or other seafood business. The City and the fishing community, led by a commercial fishing organization, should determine the level of ice needs/capacity and target the north end of the Wharf for an ice plant or ice delivery system. The location must allow convenient access from the water and will require access by forklifts.

The ice facility will require management, maintenance and staffing. The fishing industry and the City should explore the feasibility of sharing responsibilities, costs and profit from such an operation.

As an alternative to making ice, the City and the fishing industry should consider investing in ice-shaving equipment and purchasing block ice from Grower's Ice in Salinas. Several of the CPS businesses in Monterey already provide for their ice needs by this method.

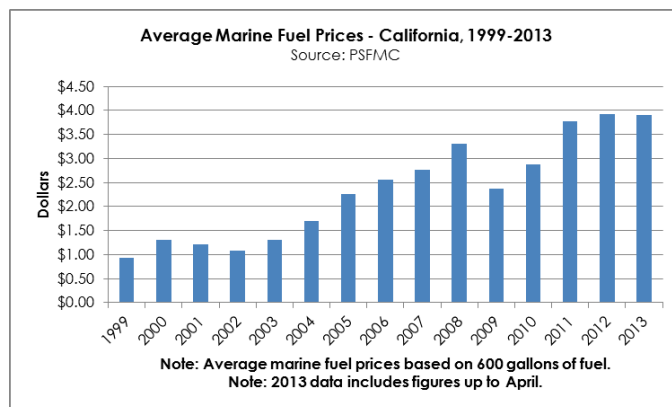
Alternatively, the City may also consider requiring or favoring (by providing discounted rent) leaseholders that are willing to produce and provide ice to the fleet. Under this scenario, concessionaires would have to provide ice to all fishermen who requested it, and not just to those with whom the concessionaire has a buying relationship.

REDUCE FUEL EXPENSES FOR FISHERMEN

Fuel represents one of the most significant costs for a fishing operation. Efforts to reduce fuel costs will benefit all participants in the industry.

Options to reduce costs include the creation of a regional fuel cooperative (Port San Luis, Morro Bay, Monterey, Moss Landing, and Santa Cruz) that could achieve lower fuel costs based on commitments to higher-volume annual purchases. The Consultant Team is engaged in researching ways to reduce fuel costs in Morro Bay as part of this project and will share findings as soon as they become available.

The City could consider working with funds from the Breakwater Cove Mitigation, approximately \$8,000 per year, to provide fuel rebates based on seafood landings in Monterey.



FACILITATE THE ESTABLISHMENT OF A COMMERCIAL FISHING ORIENTED CHANDLERY

The City should support the establishment of a commercial fishing oriented chandlery, understanding that market demand is the leading factor in such a business locating on the waterfront.

ALLOW STORAGE AND GEAR MENDING

Gear storage and space for repair of gear was a top priority for many fishermen interviewed for this project. The cooperation of the City with activities such as net mending was considered to be good, and one of the concerns expressed by fishermen was the continuation of their ability to make repairs in the waterfront area. A concern the City has addressed this in its waterfront planning efforts.



Pier 9, Seattle, Washington

The City should consider designating space, perhaps within the dry storage yard near the base of the Wharf, for storage of gear that is regularly used. Fees should be charged for this storage. Gear that is unused for long periods should be stored away from the waterfront.

OFFLOADING HOIST

Fishermen consistently voiced appreciation of the City's efforts to provide a public hoist on Wharf II. Some, however, were frustrated that the hoist was too slow and its three-ton capacity is insufficient for their needs. There is also competition for hoist time with recreational boaters, which caused delays for fishermen. Fishermen acknowledged that a hoist or jib crane is expensive and they are sensitive to the fact that the City has already invested in a public hoist. It was expressed that a fishing-dedicated hoist could spur landings and bring additional business to the Wharf, while also generating use fees. It is recommended that the City and the fishing industry work together to identify grants or low interest loans to fund a hoist with a capacity of at least seven tons.

Fishermen appreciate the City's efforts to establish a public hoist but consider it too slow and not of sufficient capacity for their needs and often inconveniently unavailable due to its being shared by recreational boaters particularly the sailing fleet (see Hoist).

Priority for storage on the Wharf and nearby waterfront should be given to "active" fishing operations over gear that has been idle for more than several consecutive fishing seasons. Storage of gear on valuable waterfront property is meant to support fishermen and facilitate fishing operations that are actively landing seafood on Municipal Wharf II, paying landings assessments and providing jobs and spending in the local economy.

"Elinor Ostrom was right," says Omar Defeo, University of Uruguay professor, scientific coordinator of Uruguay's national fishery management program and coauthor of the 2001 paper. "With community-based co-management, fishers are capable of self organizing, maintaining their resources and achieving sustainable fisheries."

The Monterey fishing industry should work with the ACSF and seek individual memberships in order to provide better cohesion and a concerted voice on issues that directly affect potential landings on Municipal Wharf II.

The mission statement of the ACSF is "connecting fishermen with their communities" and as such it is very relevant to this CSP.

The majority CPS fishermen in Monterey are represented by the California Wefish Producers Association, many of the trawlers are members of the Fisherman's Marketing Association out of Oregon and the salmon fleet has the Pacific Coast Federation of Fishermen's Associations but there is no local commercial fishing association that represents all fishermen.

The Pacific Fisheries Management Council is one of nine regional councils that collects data from industry representatives, scientists and regulators and advises the National Marine Fisheries Service and NOAA, who then set policy.

PARTICIPATION IN THE REGULATORY PROCESS

ALLIANCE OF COMMUNITIES FOR SUSTAINABLE FISHERIES (ACSF)

The ACSF is a regional 501-c-3 organization with the Mission Statement of: "Connecting Fishermen with their Communities". Since its formation in 2000, the ACSF has advocated for fishermen and commissioned a number of independent science and public opinion studies. As it is an advocate for Monterey and Central Coast fishermen in the State and federal regulatory processes, consideration of the ACSF in this CSP is warranted. It is recommended that the City continue to support the ACSF and its efforts to participate in the State and federal regulatory processes to ensure regulations are science based, and that stakeholder interests are well represented.

COMMERCIAL FISHERMAN'S ORGANIZATION

There is no clearly defined single organization for the voice of the local industry in Monterey, though there exist several regional, State, or West Coast organizations that represent the interests of individual fisheries. Fishermen in Monterey, with the assistance of the City, ACSF, or other local non-profit support organization, should consider forming a single commercial fisherman's organization that is inclusive of all gear types, vessel sizes, and related-industry stakeholders. The organization should focus on raising awareness of the importance of fishing in Monterey, strengthening bonds within the community, and representing local interests to regulatory agencies. Alternatively, rather than form an entirely new organization, these goals could be accomplished through the existing structure of the ACSF.

PACIFIC FISHERY MANAGEMENT COUNCIL (PFMC) PARTICIPATION

The City should continue to support Monterey's presence and participation in the federal PFMC process through submission of written comments, and working with individual Council members and public testimony at PFMC meetings. The Harbormaster has a seat on the Habitat Committee, one of the PFMC's Advisory bodies. This seat establishes and maintains important relationships between the City, PFMC staff and Council members, and should continue to be supported by the City.

SUPPORT THE FORMATION OF A COMMUNITY QUOTA BANK OR FUND

Quota funds or quota banks may be formed as legal entities to purchase or lease quota of groundfish species by volume. This ensures that the community, rather than individuals or vessels, has access to the resource, and can expand fishing activity from larger trawl vessels to smaller vessels using hook and line, and traps.

In addition to supplying fresh fish to the public, the groundfish (sole, rockfish, halibut, etc.) fishery is and has been one of the top contributors Monterey's fishing infrastructure, and as such the City should strongly consider support for a non-profit entity that can purchase or lease groundfish quota. A quota fund shifts more decision making, control and responsibility to the local level, contributing to a more regional management structure. A quota fund board of directors would likely be made up of representatives from the fishing industry, academia, local government, conservation NGOs, and the business community. Morro Bay has created such an entity and could help by advising Monterey.

As quota and permits are costly, a second recommendation is for the City to provide leadership and organizational support to a community-wide effort towards funding the quota fund effort. A likely threshold amount to secure the groundfish fishery to the region is \$400,000. It should be understood that groundfish quota represents economic potential, and is a healthy source of food; as such, it should be seen as a good community investment.

REDUCE THE BURDEN OF OBSERVER COSTS

The groundfish fishery requires 100% accountability, participating fishermen must carry a federally-trained observer on board every trip, and land only at facilities that have a federally-approved Catch Management Plan. The federal government is temporarily helping to defray observer costs, but fishermen will soon be responsible for the approximately \$400 per day (at sea or on the dock) observer cost. Such expenses will disproportionately affect smaller boats/ operations. Electronic monitoring (on board cameras and audits) is an innovative and promising technology to reduce costs. The City of Monterey has historically supported the use of electronic monitoring and should continue to do so.

Related to this, are groundfish fishery participants' difficulties in arranging for the limited number of observers in the federal program. It is recommended that the City express this problem to the federal regulators and contribute, where possible, towards a solution.

The 2005 Sitka Community-Based Fishery Management Workshop generated several findings that included: providing affordable entry level opportunities for coastal community residents, protecting access privileges of crews and skippers and maintaining transparency of management structures and practices.

Permits can be transferred once in a calendar year. Four permits could potentially provide opportunities for eight fishing operations.

The City of Monterey has voiced strong support for the use of on-board cameras in the ITQ groundfish fishery as a practical and affordable means to achieve 100% accountability

The Limited Entry fishery requires a permit, quota, a quota account and compliance with 100% observer requirements as well as a first receiver with a Catch Management Plan. Fishermen without permits can also participate in this fishery through Open Access but allowable catch limits in this fishery are often insufficient to support even a small operation.

SUPPORT THE REFINANCING OF THE FEDERAL TRAWL BUY-BACK LOAN

The fishing community can also help combat rising costs by the refinancing of the existing federal buy-back loan. Efforts are underway by trawl industry leaders to have part of this loan forgiven and re-finance the loan at a lower rate. The City and industry should support this effort, which will result in a more economically resilient fishery.

SUPPORT DIALOGUE WITH REGULATORS AND CONSERVATION NGOS TO RE-ESTABLISH MONTEREY BAY HALIBUT TRAWL FISHERY

The California halibut fishery in Monterey Bay benefits the community through increased landings and earnings, increased diversity of species and fishing operations, and as such, contributes to long term economic, environmental, and social performance and sustainability. The City, the ACSF, fishermen, and fishing organizations should continue to support scientific and legislative efforts to re-open this fishery.

SUSTAINABILITY AND VALUE ZONING FOR THE FUTURE

The City of Monterey's internationally known "brand" is linked to fishing and the working waterfront. Because of this, Monterey should consider the land use policy measures described in this section as consistent with the Coastal Act. Municipal Wharf II and the adjacent area are currently identified as "N/A" on the City Zoning Map, indicating that these areas are not zoned, and are designated by the General Plan for Commercial, Public/Semi-Public, and Open Space land uses. Past City Council actions and the results of interviews indicate that Monterey values and supports its fishing heritage and would likely support the protection of fishing uses on Wharf II through zoning designations. Such zoning parameters are discussed next.

ESTABLISH ZONING FOR FISHING AND RELATED USES “BY RIGHT”

Consistent with the Coastal Act and City General Plan, Monterey should consider zoning Wharf II an appropriate commercial district and encourage commercial fishing by allowing certain uses “by right” and prohibiting or limiting non-fishing related uses.

Allowed uses on Municipal Wharf II could be prioritized to better meet the community’s goals. Such prioritization is a common practice in performance-based zoning and will give City decision makers more guidance. The following priority of uses is recommended:

- Loading and/or off loading of seafood fishing gear, and supplies
- Transfer of locally caught and landed seafood to non-concessionaire buyers
- Processing local seafood
- Ice production
- Live seafood storage
- Aquaculture
- Distribution and retail sales of locally landed seafood
- Fishing related gear repair and storage
- Repackaging, wholesale and retail distribution, of trucked-in seafood from out of the area
- Parking to serve the above activities

ESTABLISH A SPECIAL DISTRICT

The fishing community and civic leaders are struggling to find ways to fund improvements on the Wharf. Sustainable solutions will likely include a combination of funding sources (City, grant, special district, tenant contribution) and be more effective if the tenants are able to provide some (or all) financing through a self-imposed fee or tax on their business income. Even a small amount of matching funds will spur collaboration. The Fisherman’s Wharf Business Association in Monterey is an example of a business improvement district.

SUB TENANTS AND SUB LEASES MAY BE NEEDED

Sub tenants and sublease agreements are generally discouraged by the City as such arrangements are more difficult to manage and may give the master tenant an undue financial advantage. However, there can be a benefit to having sub tenants and sub leases. The City should favor direct relationships when leasing but remain flexible to sublets that invest in the fishing industry and serve to increase and diversify landings.

In 1984, voters in Morro Bay showed support of the commercial fisheries and working waterfront by approving Measure D, which required the City to rezone its northern waterfront for coastal dependent uses. The current zoning designation for this area is Commercial/Recreational Fishing (CF). The purpose of the CF District is to promote and accommodate the commercial fishing industry and non-commercial recreational fishing activities in appropriate waterfront areas.

Port San Luis describes limitations on use on Harford Pier in the San Luis Bay Coastal Area Plan, as such: Allow commercial and recreational fishing loading facilities, maritime access and landings, eating and drinking establishments, fisherman’s market and direct seafood sales (off of boats), wholesale and retail seafood sales, seafood loading, unloading and transportation, yachting and rowing clubs, boat fuel and lube oil dispensing, boat rental, skiff storage and launching facilities, sport fishing, sightseeing, ice making and sales, excursion boats, passenger transportation on water, mariculture and aquaculture support facilities, coastal access ways, educational and historic displays and exhibits, specialized marine-related programs, passive recreation, marine-related merchandise stores, Harbor Offices, public safety facilities, maritime emergency use, vehicle access, and limited parking.

MAINTENANCE AND REPAIRS

The City should continue to identify ways to reduce wharf maintenance costs and the time that portions of the wharf are inaccessible due to repairs.

The Harbor Division has invested in equipment and a small core of qualified and experienced personnel. This capability, along with the City's ability to ramp-up its workforce with qualified temporary workers, has proven to be effective in addressing ongoing Wharf maintenance and repair. The City should continue to refine its engineering and maintenance protocols, and assign as much work as possible to its own Harbor workers as a cost and time saving measure.



This cleat, on the south side of Municipal Wharf II, would cost approximately \$3,000 provided by an outside vendor. It was fabricated and installed by the Harbor Division crew for a little over \$400.

Some community leaders have criticized the fishing industry for being unwilling or unable to plan strategically.

Strategic planning will give civic leaders with a clearer picture on the goals of individual businesses on Municipal Wharf II tenant's plans to achieve those goals as well as assisting businesses better plan for their future.

FOSTER COMMUNICATION WITH AGENCIES AND BUSINESS LEADERS

BUSINESS PLANNING AS A TENANT OBLIGATION

The City should encourage, and potentially require, Wharf II tenants to develop and submit business plans to the City that outline goals and proposed strategies to attain them. These plans may be presented to the City to establish a baseline in communication and planning, provide metrics to gauge progress, and to substantiate requests for support or incentives. Strategic planning will foster better communication and relations with the City, County and local NGOs; clarify leaseholders' intent; showcase their capabilities; and identify approaches to overcome obstacles.

The plans should be updated every two years. Certain information in the strategic plans might be withheld as confidential or presented under separate cover to the Harbor or Real Estate Division (only) for their evaluation and formation of recommendations for the City Council. The program could begin as voluntary and be gradually phased in as a requirement of the lease structure.

UPDATE THE CSP

The CSP is meant to serve as a living document for the community, to be updated, expanded and used as a baseline. The City and the fishing industry should consider annual updates to the economics section of this report (as a stand-alone document), focusing on key performance metrics: overall landings by weight, landings by species, overall earnings, earnings by species, price per pound, trips, and vessel IDs (an indicator of activity). The City and the fishing industry should also consider updates to the CSP at three-year, five-year, or some other appropriate interval, depending on available funding and the needs of the City.

STRATEGIC ALLIANCES

Strategic alliances with local conservation, business, and tourism organizations, and other food-producing industries can provide a broader form of social capital for local fishing industries other than that limited to the industry itself and can serve to create a vibrant coastal economy.

TOURISM AND THE BUSINESS COMMUNITY

The most important and valuable relationship for the Monterey fishing industry is with tourism. Alliances with Monterey's Convention and Visitors Bureau (MCVB), the Chamber of Commerce, The Monterey Business Council, and the Hospitality Association are recommended. The City and the commercial fishing industry should foster closer relationships with these groups. Such alliances are a powerful mechanism for informing and educating the public about Monterey's fishing industry and its sustainable practices. The ACSF does belong to the MPCC. Presently, little mention is made of the fishing industry in work published by these entities despite the attention the industry receives from tourists and that a working waterfront is featured in brochures, websites and other promotional material.

AGRICULTURE

The Monterey fishing industry is in a unique position compared to other California harbors in that it is located near one of California's prime agricultural centers, the Salinas Valley. The fishing industry already has mutually-beneficial relationships with the workforce, processing facilities, and ice plants in the Salinas Valley. Further, fishermen may gain ground in policy formation through sharing common challenges with potential political and strategic allies.

COLLABORATIVE RESEARCH

Collaborative research conducted with local scientific and educational institutions and conservation NGOs affords opportunities for advances in knowledge and economic benefits. True collaborative research involves fishermen in formulating hypothesis statements, methodology review and data interpretation – not just renting fishermen's equipment. Experienced

Fishermen have also worked successfully with marine construction, structural engineers, dive firms and research entities to provide a vessel and knowledge of local resources and facilities.

In Monterey and the close-surrounding communities, every tourism brochure and every restaurant has a picture of Fisherman's Wharf or a fishing boat.

The ACSF is a member of the Monterey Peninsula Chamber of Commerce (MPCC) and serves on the Governmental Affairs Committee (GAC). The GAC brings value to the MPCC through the political candidate endorsement process.



Grower's Ice in Salinas provides block ice to several commercial fishing related businesses in Monterey. The blocks are delivered and "shaved" as needed to meet uses in packaging, transport, processing and on the boat. Investing in "shaving" equipment may be a more cost effective approach than full ice production to meeting the demand for ice in Monterey.

fishermen may have decades of empirical on-the-water observations to contribute to the knowledge of habitat, fish behavior and movement of stocks. The City and the fishing community should consider State and federal funding opportunities for collaborative research.

When the Monterey Bay National Marine Sanctuary was formed over twenty years ago, fishermen report that there was an expectation that they would benefit from the Sanctuary through increased opportunities for collaborative research. We recommend that the fishing industry, through their organizations and individuals, work with the MBNMS and academic organizations to make the case for their involvement in research.

PROMOTE THE FISHING INDUSTRY

Industry participants and civic leaders generally agreed that the fishing industry should be better promoted, and that more awareness in the community would benefit both parties. The following recommendations are aimed at better promotion of the fishing industry.

SEAFOOD WATCH PROGRAM EVOLUTION

The City should encourage direct, relationship-building discussions between fishermen and the Monterey Bay Aquarium. Aquarium representatives appear sensitive to fishermen’s concerns and have voiced willingness to engage the fishing community in discussions about the rationale behind Seafood Watch ratings. In these discussions, fishermen should engage representatives who are knowledgeable in fisheries management. The ACSF could participate in the process by identifying the best representatives from the fishing community for this dialogue. Aquarium officials should be prepared to engage fishermen in what is likely to be a multi-step process of collaboration and cooperation. It will be worthwhile to foster a dialog and mutual understanding on the Aquarium’s approach to the Seafood Watch program ratings and the precautionary and changing management of fisheries in the region, as well as the sacrifices fishermen have made to achieve a sustainable fishery.

The fact that both the Aquarium and fishermen care about the health of the ocean can provide a basis for strong collaboration and improved relations.

Potential Collaborations Between the Fishing Industry and MBNMS

Fishermen consistently stated their desire for a mutually respectful and collaborative relationship with the MBNMS. Several Board members of the ACSF expressed the hope that the relationship will become more positive.

An interview with a MBNMS representatives indicated that their organization would also like to see an improved relationship with the fishermen, presenting an environment for this to occur.

Programs such as the Fishermen in the Classroom have been positive and should be supported and expanded. The MBNMS also has a unique and powerful opportunity to get to know fishermen and improve relations through collaborative research. This could occur by MBNMS science staff working with fishermen and suggesting potential projects and methods and being open to input, rather than simply renting boats and/or gear from fishermen. Fishermen should also be open to working with the MBNMS towards this goal.

MBNMS should also move to more open and inclusive methods for selecting stakeholder representatives.

Finally, the MBNMS is challenged to embrace “an ecosystem approach to management” as found in the legislative intent expressed by Congress in the National Marine Sanctuaries Act. In this management approach, the needs of humans, individually and in communities, must be considered along with other resource conservation objectives in management and regulatory decisions. With a fuller incorporation of an ecosystem approach, the importance of community relations to the MBNMS will increase, thereby strengthening the relationship with fishermen and helping to assure sustainable decision making.

EMPLOY WEB BASED TOOLS AND SOCIAL MEDIA

The future means that successful fishing businesses will have a strong presence and be accessible on the Internet, through mobile apps and other web-based communication platforms. The City should consider creating a link on its web page that informs the public on its fishing heritage, sustainability, and where to see the various types of fishing vessels. Individual fishermen and fish retailers can also utilize list-serves, Twitter, Facebook, etc., to communicate the arrival of fresh, local catches.

ESTABLISH A FISHING/SEAFOOD FESTIVAL

Monterey should consider establishing a fishing festival on Wharf II to coincide with one of the fishing seasons. The event could focus on providing a great seafood experience and educating the public on sustainable fishing practices. Alternatively, such a festival, perhaps a week in duration, could be sponsored by the seafood restaurants on Fishermen’s Wharf, with each restaurant serving local products and featuring profiles of the local fishermen who landed them.

When the MBNMS collaborated with Monterey trawl fishermen, fishermen reported that they felt like they had substantial say in outcomes.

A “Sardine Festival” was identified in the 2011 MCBC Economic Report as a 2011-2012 Cluster Initiative.

Apart from identifying key tourist destinations of Fisherman's Wharf and Cannery Row, there is no other mention of commercial or recreational fishing in the 2011 MCBC Economic Report. Fishing representatives, or the association, should establish a relationship with the MCBC and work closely to assure the fishing industry is cited for its accomplishments and contributions in the 2013 report.

POST BANNERS AND INTERPRETIVE SIGNAGE

Educational and interpretive signage on the Wharf would enhance the public's experience and help promote the fishing industry and its contributions. Signage is an effective way to reach a high number of viewers.



Photos: Examples in the Port of L.A. and the Embarcadero in Morro Bay to coincide with the Harbor Festival. Morro Bay is currently one of the top Black Cod ports in California. Signage at Driscoll's Wharf, San Diego.

The West Coast Limited Entry Groundfish Trawl fishery is in the process of attaining Marine Stewardship Certification (MSC) for 16 species of groundfish, including top species in Monterey: Dover, Rex, English, and Petrale Sole; Arrowtooth flounder, Chillipepper rockfish and sanddabs among others. MSC sets a standard and requires a sophisticated assessment to "approve" well managed, sustainable fisheries. Local fishermen hope that the blue MSC eco-label will help promote local seafood and further validate the local industry's environmental stewardship.

THE "COMMUNITY SUPPORTED FISHERY" (CSF)

CSFs connect local fishermen with the community through a very short supply chain. They can be effective in increasing the price paid to fishermen. Monterey has one of the State's most successful CSFs, Local Catch Monterey Bay. The City and fishermen should work together to assure that CSF's are buying the greatest diversity of locally-caught seafood. The City should continue to support Local Catch Monterey Bay and other CSFs.

ADDITIONAL MARKETING

A consistent theme in the interviews was how to get more locally-caught seafood on local tables and how to better showcase Monterey caught fish. A market, perhaps on Wharf II, or a booth in the weekly street fair could provide a venue for local seafood retailers and fishermen to increase awareness of the industry and make more locally-caught seafood available.

It is also recommended that an effort be made to get more local seafood into local restaurants. Although having a consistent supply is necessary for restaurants, they can also utilize the "catch of the day" special menu item to make use of what is available. Included in this effort should be educational information that stresses the sustainability of locally caught seafood and the fishery management measures in place as assurance.

FISH, WINE, AND VEGETABLES

The “fish/agriculture/wine” synergy is a powerful story and unique and valuable, especially with consumer trends favoring local food. The City and the fishing community should support, as they have with the new local vegetable/wine/ fish market in the Depot property, the sale and promotion of Monterey- region grown, caught, and crafted food products.

BRING BACK THE JUVENILE SALMON RELEASE PROGRAM

Approximately twelve years ago, the Monterey Bay Salmon and Trout Project, with the cooperation of the City, placed a large pen within the marina and obtained sixty thousand salmon smelts for release into the wild. This occurred for several years and resulted in large numbers of two to three year old salmon returning to the area, increasing recreational and commercial fishing opportunities. For a various reasons this project was discontinued. It is recommended that the City work with interested parties to reinstate this project.

There are few communities in the world that can produce a “perfect meal”. Monterey is one of these communities with its connections to the rich Salinas Valley and cold, blue waters of the Pacific. This gives Monterey a competitive advantage and provides a valuable marketing and business opportunity.

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Please note this bibliography is intended to supplement in-text citations and footnotes, and is therefore not a complete list of referenced sources.

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APPENDIX

MONTEREY POTENTIAL FUNDING SOURCES

The following are potential grant and loan funding sources that the fishing industry and the City might consider to fund the recommendations presented in this report.

In 2013, the Foundation funded this CSP and provided \$100,000 to serve Neighboring Community Fishing Associations.

NATIONAL FISH AND WILDLIFE FOUNDATION

The National Fish and Wildlife Federation's Fisheries Innovation Fund Grant provides funding for improving capacity in fishing communities, including promoting participation in community-supported fishing associations; reducing bycatch; and improving fishery-related data collection and quantity for use in science, management and business purposes.

<http://www.nfwf.org/Pages/fisheriesfund/home.aspx>

CALIFORNIA COASTAL CONSERVANCY

The Coastal Conservancy's Urban Waterfronts Program funds a wide range of projects that promote public access to the coast, natural resource management, and restoration of urban waterfronts. These grants can include funding construction of infrastructure.

<http://scc.ca.gov/category/grants/>

The California Coastal Conservancy recently funded pre-development activities for the construction of a campground and other visitor facilities in the Port of San Luis Harbor District known as Harbor Terrace.

CALIFORNIA SEA GRANT

California Sea Grant programs are structured around healthy marine ecosystems, sustainable resource use, coastal community development, new technology, and education, training and public information. Strategic goals include working with stakeholders to resolve conflicts over resource-use, creating social and economic incentives to encourage the preservation and sustainable use of marine resources, and promoting vibrant coastal economies. Sea Grant has funded projects on fisheries habitat, marine reserves, and the groundfish trawl fishery.

www-csgc.ucsd.edu/FUNDING/IndxFunding.html

Two projects in Noyo Harbor are being funded by CDBG funds and administered by the County of Mendocino. One of those projects is directly aimed at economic revitalization of the harbor area and creating commercial fishing industry jobs.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Operated by the California Department of Housing and Community Development, the purpose of the CDBG program is to create or retain jobs for low-income workers. This program provides funding for economic development projects and public infrastructure improvements, as well as housing and community related projects and activities.

www.hcd.ca.gov/fa

PACKARD FOUNDATION

The Packard Foundation, working with the Resources Legacy Fund, created the Sustainable Fisheries Fund to promote participation in the Marine Stewardship Council certification program. The Sustainable Fisheries Fund provides grants for pre-assessments, full assessments, stakeholder participation, and strategic planning and capacity building that may be required to demonstrate sustainability. http://www.resourceslegacyfund.org/pages/p_fish.html

COMMUNITY FOOD PROJECTS COMPETITIVE GRANTS PROGRAM

The U.S. Department of Agriculture's (USDA) Community Food Projects (CFP) Competitive Grants Program is a major funding source for community-based food and agriculture projects nationwide. The CFP program is administered by the Cooperative State Research Extension and Education Services (CSREES) of the USDA and receives \$5 million per year in mandatory funding. Community Food Projects should be designed to (1): (A) meet the food needs of low-income people; (B) increase the self-reliance of communities in providing for their own food needs; and (C) promote comprehensive responses to local food, farm, and nutrition issues;

and/or (2) meet specific state, local, or neighborhood food and agriculture needs for (A) infrastructure improvement and development; (B) planning for long-term solutions; or (C) the creation of innovative marketing activities that mutually benefit agricultural producers and low-income consumers. Private nonprofit organizations are eligible to receive funding directly, but collaborations with multiple stakeholders or with public and private for-profit entities are recommended.

www.csrees.usda.gov/fo/communityfoodprojects.cfm

ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)

The EDA is part of the U.S. Department of Commerce. EDA investment programs include: Global Climate Change Mitigation Incentive Fund, Public Works and Economic Development Program, Economic Adjustment Assistance Program, Research and National Technical Assistance, Local Technical Assistance, Planning Program, University Center Economic Development, and Trade Adjustment Assistance for Firms. Applications for EDA programs are evaluated based on the following guidelines: (1) market-based and results driven, (2) strong organizational leadership, (3) advance productivity, innovation, and entrepreneurship, (3) looking beyond the immediate economic horizon, anticipating economic changes, and diversifying the local and regional economy, and (4) high degree of commitment through local government matching funds, support by local officials, cooperation between business sector and local government.

www.eda.gov/InvestmentsGrants/Investments.xml

A recent economic revitalization plan in Moss Landing was funded by an EDA grant and administered through the County of Monterey and the City of Santa Cruz is funding a Wharf Master Plan with \$850,000 of EDA money.

MOORE FOUNDATION

While the Moore Foundation typically works with conservation NGOs, they are dedicated to advancing environmental conservation and cutting-edge scientific research. The Marine Conservation Initiative focuses on area-based management and fisheries management reform. The Foundation has made significant contributions to the California Fisheries Fund, Cape Cod Commercial Hook Fisherman’s Association, The Nature Conservancy, and the Environmental Defense Fund programs aimed at commercial fishery reform.

www.moore.org

NATURE EDUCATION FACILITIES PROGRAM

The Nature Education Facilities Program was created with the overall goal of increasing the public’s understanding of California’s natural resources and inspiring environmental stewardship. The funds will be given to projects that enhance development of nature education facilities and galleries that inspire and educate the public, as well as research equipment and facilities for marine wildlife conservation research. Grant funded projects must be open to the public or support facilities that are open to the public (for marine research facilities and equipment). The program accepts applications from cities, counties, California state agencies, districts, and 501(c)(3) non-profit organizations. The California State Parks department oversees the Nature Education Facilities.

www.parks.ca.gov/?Page_id=26026

THE NATURE CONSERVANCY AND THE ENVIRONMENTAL DEFENSE FUND

These conservation NGOs are currently working with local fishermen on sustainable fishing issues in the State and on the Central Coast and should be considered potential partners, particularly on projects associated with the Limited Entry Trawl ITQ fishery.

www.edf.org/oceans/catch-shares

www.nature.org/ourinitiatives/regions/northamerica/unitedstates/california/howwework/central-coast-groundfish-project.xml

CENTRAL COAST JOINT CABLE / FISHERIES LIAISON COMMITTEE (CCJCFLC)

The CCJCFLC was formed to work directly with the fishing community to mitigate for loss and disruption of fishing grounds due to the installation and presence of communication cable(s) on the seafloor in local waters. The Committee is made up of representatives from the communication companies and the local fishing industry. While focused on fisheries in the Morro Bay and Port San Luis area, it has funded projects that benefit regional fishermen, particularly the heavily impacted trawl industry. Grants have supported local and regional commercial fishing organizations in fishery assessments, impact reports, safety grants, and scholarships, and management and operations support.

<http://www.slofiberfish.org/index.html>

DEBT FUNDING

CALIFORNIA FISHERIES FUND

The California Fisheries Fund is a small loan fund for fishermen, processors, distributors, ports, communities and non-profits that provides funding for a variety of projects, including measures to improve monitoring, enforcement, data collection, dockside infrastructure, and marketing.

<http://www.californiafisheriesfund.org/>

CALIFORNIA MARITIME INFRASTRUCTURE BANK AND AUTHORITY

The California Maritime Infrastructure Bank and Authority services financing for ports and harbors, and provides lease financing for infrastructure used by ports and port tenants. The Bank and Authority is not a commercial bank, and only member authorities may participate in financing programs. Thus to seek funding from the Bank and Authority, the Port of Monterey must become a member of the organization. Projects have included dredging, land acquisition, and new facilities or improvements such as boat ramps, marina buildings, and public waterfronts in Santa Cruz, San Diego, and the Port of Humboldt.

<http://www.californiamaritimeinfrastructureauthority.org>

NEW RESOURCES BANK (NRB)

New Resources Bank funds businesses and organizations that contribute to environmental and social sustainability. NRB is working with Ilwaco Fish Company and Wild Planet to facilitate their growth and capacity.

<https://www.newresourcebank.com/>

COMMUNITY LENDING

Under the federal Community Reinvestment Act (1977), depository institutions are required to help meet the credits needs of the community in which they operate. Many banks have community-lending programs. For example, Wells Fargo has a Community Lending division that provides interim construction financing for community development commercial real estate projects. Wells Fargo offers construction loans, permanent loans, bond financing, and letters of credit to developers and public agencies.

GENERAL OBLIGATION BONDS

General Obligation Bonds may be sold by a public entity that has the authority to impose ad valorem taxes. Ad valorem taxes are based on an assessed value of real property and must be approved by a two-thirds majority vote of the people. Primary use of this tax is to acquire and improve public property.

NOAA FISHERIES FINANCE PROGRAM

The NOAA Fisheries Finance Program is a direct government loan program funded by Congress to provide long-term loans to aquaculture, mariculture, and commercial fisheries industries. There is no minimum or maximum loan amount, but it cannot exceed 80 percent of the eligible project's cost. The loan interest rate is fixed at two percent over the U.S. Treasury's cost of funds with loan maturities up to 25 years and no early pay-off penalties. A one-time filing/commitment fee equal to half of one percent of the proposed loan amount is required at the time the application is filed.

www.nmfs.noaa.gov/mb/financial_services/ffp.htm

COMMUNITY FACILITIES DISTRICT (CFD)

A CFD or Mello-Roos District is an area where a special property tax on real estate, in addition to the normal property tax, is imposed on those real property owners within a Community Facilities District. These districts seek public financing through the sale of bonds for the purpose of financing public improvements and services. The property tax paid is used to make the payments of principal and interest on the bonds. The services and improvements that CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums, and other cultural facilities. By law, the CFD is also entitled to recover expenses needed to form the CFD and administer the annual special taxes and bonded debt.

U.S. SMALL BUSINESS ADMINISTRATION (SBA) LOAN PROGRAMS

The 7(a) Loan Program includes financial help for businesses with special requirements. For example, funds are available for loans to businesses that handle exports to foreign countries, and for other very specific purposes. Qualifying businesses may use proceeds to purchase land or buildings, and/or to cover new construction as well as expansion or conversion of existing facilities. Commercial fishing vessels are eligible to receive loans under this program.

The 504 Loan Program provides approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. 504 Loans are typically structured with SBA providing 40% of the total project costs, a participating lender covering up to 50% of the total project costs, and the borrower contributing 10% of the project costs. Under certain circumstances, a borrower may be required to contribute up to 20% of the total project costs. To be eligible for a 504 Loan, businesses must be operated for profit and fall within the size standards set by the SBA. Under the 504 Program, a business qualifies if it has a tangible net worth not more than \$15 million, and an average net income of \$5 million or less after federal income taxes for the preceding two years prior to applica

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