



Economic Development Department

Memorandum

To: Nick Mavodones, President, Portland Fish Pier Authority and Members of the Board of Directors

From: Bill Needelman, Waterfront Coordinator

Date: July 22, 2020

Re: Portland Fish Pier Strategic Planning, Report of Seafood Stakeholder Interviews Conducted between 6-8 and 7-6-20

CC: Greg Mitchell, Economic Development Director

Introduction

As part of an ongoing discussion regarding strategic decision-making for the Portland Fish Pier, the following memo documents recent work to date by the Waterfront Coordinator and the City Economic Development Department. During June and July of 2020, the Waterfront Coordinator conducted a series of individual interviews with leaders in the seafood economy. These interviews generated a tremendous reservoir of information as summarized below. Economic Development staff has further extracted observations from the process, generated recommendations for consideration by the Board, and drafted a suggested short-term work plan moving forward.

Background

In late 2019, responding to ongoing changes in the seafood industry the Portland Fish Pier Authority Board directed City Economic Development staff to engage in a strategic planning process for the Portland Fish Pier to inform decision-making on a ten-year horizon. Preliminary steps in the strategic planning process were undertaken, including multiple workshops with the PFFA board. On December 9, 2019 at a well-attended public workshop, ED staff presented a draft *Request for Proposals* (RFP) for consulting services for strategic planning. After significant discussion with the Board and attending seafood industry stakeholders, the Board directed staff to finalize and advertise the RFP. In January 2020, staff held an industry listening session to

assist with prioritizing issues for consulting emphasis with the expectation of advertising the RFP in early 2020.

The Covid-19 pandemic upended the planned RFP process. By April, the PFFA Board and staff were shortening timeframe for decisions from decades to days, concentrating efforts on rent relief for Fish Pier ground lease tenants.

At the June 8, 2020 PFFA Board meeting, Staff asked for direction from the Board on options for strategic planning moving forward in the face of the on-going pandemic. Options presented included but were not limited to:

- No action – delay strategic planning
- RFP – move forward with a consultant led process as previously discussed
- Staff driven strategic process – utilize Economic Development staff, PFE staff, and other City Departments, augmented by technical or professional consultant support for specific tasks
- Staff driven limited actions targeted toward specific outcomes. Examples:
 - Research opportunities for PFX Lobster auction
 - Identify industry needs and infrastructure gaps
 - Monitor short-term industry needs driven by the pandemic
 - Berthing expansions
 - Other actions suggested by the Board...

Board members were supportive of moving forward with a staff driven process and suggested expanded stakeholder outreach to identify seafood industry gaps, opportunities, short-term actions. Board members clarified that the Portland Fish Exchange needed to be included in the discussion. Staff committed to continue individual stakeholder outreach and, based on the results of industry feedback, would return to the Board with work plan prior to the next meeting.

Methodology

All interviews took place between June 8 and July 6, 2020 by phone excepting one in-person coffee. Participants were asked to talk about anything related to the Fish Pier that they felt warranted discussion.

Goals for the process were described by Needelman as a search for: ***Seafood industry needs/gaps, opportunities on the Fish Pier to meet industry needs, and short-term actionable recommendations.***

The format was informal and conversational. Each interviewee was provided opportunity to review their blurb prior to publishing and some edits were incorporated. No interviewee was provided access to the feedback of others. All interviewees were encouraged to provide additional attributed comments directly to the PFFA Board of Directors.

Stakeholder Selection and Stakeholder group profiles

Stakeholders were selected opportunistically from Needelman's established network or by recommendation by other interviewees. The group represented herein is not comprehensive and some selection bias by Needelman favoring known individuals within his network is assumed. Attempts were made to seek a diversity of industry representation, ages and genders; however, the interviewees roughly reflected the industry in being predominantly male and over the age of 40. Eight of twenty interviewees were under the age of 40, only three were women, and all interviewed stakeholders were apparently Caucasian or race was unknown.

Needelman's reliance on "industry group" representatives reflected a desire to gain as broad a perspective as possible given the format and informal nature of the process. Some of the interviewees wore "multiple hats" and are counted twice within the census below. Several of the "industry group" representatives had previous harvesting experience, however only active harvesters and 2 retired harvesters were counted within the "harvester" category.

Interviewee representation:

- 9 business owners/managers in either seafood or related industries
- 8 industry groups
- 6 harvesters (2 retired, one family crew)
- 2 financing interests

Reporting

The following excerpted notes and conversation summaries provide a representational sample from all of the conversations and have been edited to protect the individual identities of the interviewees wherever possible. The comments are reported roughly in the chronological order in which they were conducted and the order of presentation does not reflect a bias toward content or prioritization of feedback.

Sample Comments from Fish Pier interviews

- *Direct consumer sales needs small processing space - HACCP approved. Lobster auction and public takeout may reproduce what is happening privately. Aquaculture is the future opportunity. Stonington model worth a look. San Diego model.*
- *Wild harvest is inevitably moving toward aquaculture. Existing infrastructure (PFX) is attractive to new users and can lower barriers to entry for startups and smaller operators. Sharing equipment, space, access to trucking.. all needed in expanding aquaculture industry. A coop model worth exploring. The Port Clyde Fresh Catch model worth a look. Diversity of product is valuable. - Wild, farmed, fin fish, shell fish, lobster, seaweed.... Could open the PFX up by RFP to small operators. Lots of interest in value added services and products - extending shelf life - as an alternative to restaurant sales.*

- *There are +/-1500 acres under aquaculture lease state-wide (small number). Look to cooperative best practices. The industry needs offloading, wharfage, overwintering for oysters (cold storage,) short-term cold storage, processing capacity. Aquaculture ground lease area expanding by about 5%/year. Shellfish are taking a bigger hit with COVID than finfish. The business model at the Exchange needs a redo. However, aquaculture generally wants to own as much of the supply chain as possible due to small volumes. Coops are forming to share costs. Much shellfish processing takes place at sea, at the farm. Seaweed has more processing potential - food, supplements, animal feed additives, "nutra-suticals." Cattle feed sector may be a game changer. Bottle necks in the industry - Fresh frozen, drying capacity. Possible to share capacity with other seafoods, byproduct processing.*
- *The PFX is critical infrastructure - much dissatisfaction in the industry. Observers struggle to understand management and decision making. There is confusion about the relative roles of the PFX Board and PFFA Board. What is the relationship between the PFX and PFFA boards? City of Portland? The PFX is non-profit but behaves like a business: and, receives bailouts - Confusing. Is an Auction the right answer? Fundamental question: What is the mission? The fishermen are seeing high fees, low prices, and no "hustle." - Not the manager's fault. It's a Board problem. Board has incomplete information and doesn't seek out additional voices. There are models to look at. Need to bring voices together, state \$, and explore innovating. Is staffing the problem? Yes and no. Without enough product – decline becomes a self-fulfilling prophecy. - -86% of value reduction from May 2020 to 5 year average. - including a 440% increase in unsold product. Pandemic is showing pre-existing issues. The Board's strength (longterm members) is its weakness (lack of new vision.) Groundfish needs to be there (PFX.) Good time to innovate.*
- *Complex issues. Small volume auction still viable. What does the industry need (fish cutting?) Lobster harvesters will diversify catch - will need spot to sell (can the PFX auction very small volumes?) Lower the barriers to both sellers and buyers. Don't plan for large volumes. Look to value added. Partner with chefs. Dragged lobsters a barrier to volume. Quality control will help prices - small, simple solutions. Look at branding and promotion. PFX transparency is an issue.*
- *External influences are out of the control of a planning process - Covid, bureaucracy, ground fish collapse. Need to constrain thinking to actionable issues - concentrate, focus. Many opportunities to support blue economy. Infrastructure \$ likely coming as response to COVID from feds. Think about a framework as opposed to "plan." Critical question: How can a conservative, bureaucratic institution (PFP) provide a platform for fast and nimble entrepreneurial actors in the Blue Economy? There are many unmet needs - example - bait freezing.*

- *Diversification of revenue. Provide what can't be provided elsewhere on Waterfront. Lobster boat berthing is a need. Remain available to ground fish, but Diversify!*
- *Lobstermen looking to control their own product. Need a facility to help. Lobstermen don't feel welcome on the Fish Pier. Town piers with takeout available elsewhere up and down the coast. Lack of contract unloading of lobster is a problem. Berthing needed. Open to a lobster auction – but need more information. Lobster needs a place to operate. The Fish Pier Authority needs one or two commercial fishermen on it as the bylaws call for and also the Authority needs a professional landlord on it that has a better understanding of lease, rental and renewal agreements.*
- *The Desert (Net yard) is invaluable. It is small, but always busy. For larger fish volumes, Boston has better prices. For short trips and smaller volumes, PFX is attractive. Need the flexibility to handle some portion of our own product. The PFX staffing is critical; as the boat crew are spent by the time they hit the dock. I need \$(x) for the boat and not getting it. Would like to serve the local market (retail and wholesale) with a lower volume. Can see a future where more harvesters want to gain value from a portion of their own catch - fisherman's market comparable to a farmer's market. To become a buyer on the PFX - \$15K letter of credit and approval by the Board may be too much to expect for a low volume auction. Lower the barrier to entry and handle small lots to reflect a niche local market. Make the PFX highly accessible -for buyers and sellers at large and small volumes and all types of seafood (will need staff to do well.) Lobster auction will likely disrupt dealer model and be unpopular - but could be worth it to promote diversity. For vessel, the PFX model still works - unless fish goes unsold and/or prices are low. Need more buyers, serve smaller lots, serve aquaculture, look at serving the tuna fisherman (likely cross docking, but maybe auction.) Serve the all harvester types - tons of potential and opportunity. Serve all of the harvester types - diversity.*
- *There is a pivotal industry concern with potential loss of the PFX and Fish Pier - given losses elsewhere in ME, any loss of access would be problematic. Questions: What infrastructure is needed to support industry in transition? Aggregating and direct consumer mail orders (Amazon lobsters?) cold storage? Look the "Edible Sea" market study. Aquaculture processing capacity - needs to grow. Oysters are growing into large scale operations. The footprint in seafood is constrained. Key aggregation points needed. Competition (from non-marine use) in other ports is creating a demand for space in centralized urban areas with critical infrastructure - like the fish pier. Need in-state processing for lobster and other products. Ice and fuel may need support - critical infrastructure. There are new opportunities - Kelp needs dehydration – Refrigeration units produce heat. Look for opportunities for efficient co-location. There are gaps: Vision, no broader connections (such as to terrestrial farming,) gaps in financing*

seafood, gaps in marketing - statewide, beyond lobster. Grants help to reduce risk. The Fish Pier needs marketing and a public facing enterprise. Tell the positive stories. Lobster needs space - berthing.

- *PFX (and Fish Pier) have a perception problem. Women not welcome - big problem as more women are needed. Aquaculture has needs that could be met (at the PFX): hoist, refrigerated storage, trucking. The facility needs to be cleaner. Better separation of products, clearer warehousing protocols and product control, address standing water. Inspections could be an issue (food safety.) Aquaculture could use a clear list of services and charges. Would need a new food safety plan. Big needs in flash freezing and cold storage - start ups struggle to buy equipment. Oysters don't need much, but PFX needs to change to meet industry needs. Fundamental change is needed. Groundfish are continuing to go down. Ask: Who is not at the table? If you keep having the same group of people at the table, you will keep getting the same answers. Bring in young people and women and people working in all different sectors of seafood. It's important to break out of consistently consulting the good old boys (or ladies) club or we won't be able to adapt to the future.*

- *Remarkable how much has remained consistent from the late 1990's (using a DMR report as a guide.) Separating the PFX from the Fish Pier is still warranted, but with lower volumes, maybe not as necessary as previously. The Fish Pier was designed around larger ground fish vessels and the fleet has transitioned to smaller boats. Berthing demand now comes from smaller boats, suggesting that berthing and take out (on a municipal pier model) may be needed. "Exclusivity" afforded tenants of the Fish Pier (PFX, Vessel Services) a challenge. Look at other town fish piers (Rockand, Stonington...) for models of management. The herring pump out at PFX is a comparable model as may be used for lobster. Explored electronic lobster auction in the past, no storage, picked up at port landed. Interesting that price transparency - still an issue with lobster - is apparently a challenge today on the exchange. The PFX needs to market itself - like 'direct to consumer' sellers doing now. During times of scarcity, need an auction model for smaller volumes. The board structure for both PFX and PFFA needs evaluation - it's a smaller industry - one board? If Lobster Auction is considered, beware fees that are too high (problem last time.) Expect dealer concerns. Experience with Co-op model- can work – as can the "contract unloading" model. Consider an on-site lobster auction. Canadian models include pre-negotiated prices - much consolidation. Actions: Lobster Dock, service to aquaculture, evaluate board structure.*

- *Frustrated with lack of urgency on part of PFX board. Board needs fresh blood. The overlap between PFX board and PFFA board needs a look. Do there need to be two boards? Maybe not. The board members are rarely on the fish pier. They need more sources of information. The replacement of the PFX gen manager needs a fresh perspective. Example of fresh thinking: Trucking is drying up: seek options for trucking*

from local operators for contract transport for fee - just need to make the call. Speak to the harvesters.

- *The aquaculture industry is open to opportunities on the Fish Pier. Water quality within 4 miles of the pier will limit harvesting locally, but north of Portland Harbor, Casco Bay is establishing as a grow center. Growth expected to continue. Berthing, vessel offloading, vehicle parking, staging/temporary wharfage, ice and fuel, refrigeration (cold storage), access to ground trans/trucking - all needed at an affordable price. Fish Pier is well positioned to receive and distribute product. Growth of product supply should continue. Threats. Should explore with growers needs and opportunities to use PFX - including potential for auctioning product. Challenges of gentrification (in and out of Portland) area threat to the industry.*
- *Covid-19re-think everything - market shifting from food service to retail. can't hire the people to keep up with growth. Encouraged by retail and seeing hope from food service. Extremely busy. Planning process needs to understand scope of control. Capital will flow to opportunity. Need to foster an area (the PFP) for capitalism - production. Parking areas could be valuable production buildings. PFX - ossified - stubborn. Fish is hot - bring some swagger. Need better lots (PFP parcels) for development. It's hard to make little plants (facilities) however there is lots of interest in +/-2000 sq ft spaces. Reconfigure the lots to bring in more tenants. Avoid scope creep. The PFX is not the Fish Pier - you can't fix what you don't control. Need good ideas - create a forum to bring folks together. Foster an environment where risk and innovation can exist. Good business models are bankable.*
- *The PFX is generating discussion in the industry. More variety of feedback the better. Speak to the industry. Lobster is looking to use the docks, but can't. Cod is gone. What other fish are there to fish? Things are sporadic and seasonal. Do we need to grow? Maybe. Will we need space for new species? Black sea bass, squid, ...? However, we can count on aquaculture - predictable. Covid is a stress and some farmers will not be left standing - others will. Oyster market will return. Unit production going up and unit price will drop - requiring efficiency. Fish Pier can play a role in oyster distribution. Focus Maine has ID'ed aquaculture as a growth industry for the state. Infrastructure that can support multiple users need to scale up the industry. Will big aquaculture (on land and traditional) have a need? Can industries share infrastructure? Trucking will be a need - shared? Lobster industry is about to transition.*
- *The Fish Pier vacant lots are not useful - badly configured and have poor truck access. That needs to change if there will be new development. Change would result in loss of parking. Larger processors need larger lots. Incubator space is more realistic for the Fish Pier - 3000 sq ft, flexible, shared loading, floor drains. "Built right" for fish and aquaculture with high load capacity floors, poured walls up to 4', good truck access.*

Offices and support on 2nd floor. You'd likely lease them before it was built. There is room for a boutique fishery. 3-10 smaller, fast boats, short trips, long-line or small draggers. To stay in finfish, bring super high quality for a high price for sale in small lots on the PFX. Encourage value add in the incubator sites. The big boats are gone and won't come back due to lobster rules.

- *We need boats. There is no fish. We lost the boats with the lobster rules and it won't come back. Without trucked fish, we're done. Trucking costs are killing us.*
- *What we need is more ground fish. We have lost boats to Gloucester, but the more fish the better. We want to market locally caught fish, but there isn't consistent supply. Small boats (jigging) are inconsistent. If the PFX attracts more of these boats, that would make it more consistent and more dependable. Explore reducing fees on the PFX to attract boats. A lobster auction is interesting - much would depend on whether the auction lot would be graded lobster or a "boat run" (mixed sizes and shell hardness.) More interested in an auction of graded lots - again, consistency. Interest in modest sized processing space - especially if there were access to refrigerated storage.*
- *The virus has changed everything. All of the old business models are broken, but the direct to consumer model - **more like a farmers market** - is thriving. Exploding demand.*
 - (1) *The traditional **auction model is not working**. It's set up for thousands of pounds, but those boats are gone. Small scale food production is doing well and is resilient to the threats of the virus. The Fish Pier and the PFX have no public access or ability to market directly to the public. The farmers market model is working to serve both local boats and consumers. The PFX is perfectly set up to do it safely. Look to the Seattle Pike's Place market - we could do that here. Promote foot traffic through social media to the PFP and bring in terrestrial farms. A wholesale component can be incorporated into the Farmers Market Model for restaurants - like an auction. PFX has too much staff, too much overhead, and doesn't serve the small fleet (small landings) with good prices or hours of operation - they can't operate 24/7, but that is needed. Spend the \$ on a new model.*
 - (2) ***Tuna:** The PFX should be able to handle tuna but would need to staff at the needed hours - the boats don't keep a regular schedule. At a minimum, there should be a public take out or after hours service for a fee. Noted need to process tuna locally for local market - giving boats a better price and making product accessible to individuals and restaurants. HACCP plans are doable at a marginal cost.*
 - (3) *Bring **in lobster**. Only need a few tanks.*
 - (4) ***Provide value added services** for the boat. **Processing space** can be added - look to Community Sourced Processing model (Northwest Atlantic Marine*

*Alliance.) Incorporate other services needed by the harvesters, such as **packaging and shipping** – could be done by a third party. Leverage capacity at Vessel Services.*

*(5) **Social media** will drive the numbers and make it viable as a public facing facility.*

What did we learn?

The Fish Pier stakeholder interviews were instructive on the scope and details of needs of the seafood industry and the potential role of the Fish Pier moving forward. The process also laid bare many of the longstanding concerns that have been expressed regarding both the Fish Pier and the Portland Fish Exchange. Within these concerns, *governance and transparency* loom large with the Exchange taking much but certainly not all of the criticism.

"PFX" or "Exchange"	36 mentions
"Lobster"	28 mentions
"Aquaculture"	16 mentions
"groundfish" or "finfish"	12 mentions
"trucking"	9 mentions
"Infrastructure"	8 mentions
"storage"	8 mentions
"oyster"	6 mentions
"refridgeration" (...ated,... ators..)	6 mentions
"cold storage"	4 mentions
"Tuna"	3 mention
"farmers market"	2 mention

Takeaways – personal reflections (WBN)

The process of systematically interviewing 20 leaders within the seafood economy provided a detailed look at the industry, the Fish Pier, and the Portland Fish Exchange. The seafood sector is an ancient industry that carries a burden of historical conflicts, fractionalization, distrust, and turf wars. Such internal conflicts are well known, but continue to inhibit collaboration, innovation and adaptation. All participants brought their varying perspective to the conversations, giving strong credence to areas of agreement.

Observations

- The Portland Waterfront is positioned to serve the state's seafood sector – access to markets, transportation, labor, financing, innovators and entrepreneurs.
- The Fish Pier provides the key critical infrastructure needed to serve the seafood industry moving forward: Berthing, load/unload, ice, fuel, refrigeration, storage, gear work, processing, trucking and distribution, parking.

- PFEX and Vessel Services are critical infrastructures – including Net Yard
- The PFX business model needs to retool to new realities – smaller volumes, smaller lots, lower barriers to entry. Multiple alternative models, both those including an auction and others without an auction, are worth exploration.
- Governance for both the PFPA and the PFEX is poorly understood by many in the industry.
- There are strong voices calling for changes in governance structure and representation for both the PFPA and the PFEX boards.
- At the PFEX, harvesters appear less satisfied with the status quo than buyers/processors – but only marginally so.
- Portland Harbor is a small boat harbor and the Fish Pier is not currently configured to serve the fleet – physically or operationally.
- Many do not see a large-scale return of larger groundfish vessels to the PFEX.
- Ground fish footprint is shrinking, but holds a place in the future – there are opportunities at smaller, “boutique” volumes generated by short trip, high quality harvesters.
- Aquaculture will provide predictable and growing product volumes into the future.
- Lobster is the foundation of the seafood industry regionally and lobster harvesters want to be on the PFP – potentially also at the PFEX.
- State lobster landing rules continue to dissuade groundfish landings at the PFEX.
- There is a mixed opinion on a lobster auction at the PFEX. If a lobster auction attracts greater numbers of vessels and variety of landings for the PFEX, through small lot inshore ground fish, scallops, and/or tuna landings, it is worth considering.
- Tuna is gaining importance as a fishery for the small boat fleet and is not being served by the PFEX or the PFP. Take out, refrigeration, and processing are immediate needs. There is modest interest in a tuna auction. Lack of a Scromboid HACCP plan is a barrier, but surmountable.
- The PFEX has the ingredients to serve a new and emerging seafood economy, but change is needed. The anecdote of cleanliness concerns need immediate attention as the reputation of the facility will suffer. *Note: PFEX staff stresses that federal inspections have not found any problems.*
- The Netyard needs better cleanup protocols by the users, more frequent sweeping. *(personal observation by wbn)*
- The Herring Pump operations need consistent hose down protocols.
- Many harvesters - ground fish, lobster, and tuna – want increased control over their product after reaching the dock. Such harvester control would require services in handling, processing, freezing, and trucking.
- Processors and distributors need predictable supplies of quality raw material.
- The pandemic changed everything.

Final observation:

Despite the challenges and dissatisfaction expressed by many interviewees, there remains a strong interest in the Fish Pier as a place for business. In fact, ***the demand for operational space for processing and distribution appears to be increasing.*** Start-up processors, growth in aquaculture, aggregators and distributors adjusting to the pandemic, the rise in direct consumer sales, and access to the predictable lobster resource all point to demand for quality, affordable space in the 1500 to 4000 sq ft range. Larger operators are also looking for opportunities to expand or locate in Portland. Berthing demand for vessels in the 30-50 foot range appears strong and not readily available from private wharfs. There is a future in seafood.

Recommended Immediate Actions: *Subject to Board consent and direction*

Fish Pier

- Explore redesign of lots and parcels to encourage development.
- Explore potential berthing and takeout dock for lobster and other small boat fisheries (tuna..)
- Explore potential for an incubator/start up processing facility on either existing or (potentially) reconfigured lots – *see above.*
- Assess the role of parking on the pier as both a revenue source and barrier to seafood utilization.

Fish Exchange

- Reduce fees – subsidized by the PFFPA as needed for a fixed period of time.
- Improve sanitation protocols in the Netyard. Chase down the substance of the cleanliness concerns.
- Explore alternative payment guarantees and optimal auction lot sizes to encourage smaller volume sellers and buyers.
- Explore broadening the auction to include aquaculture products, lobsters, and possible HACCP adjustments to allow inclusion of Scombridae family species (tunas, herring, and mackerels.)
- Position the General Manager search to align with a stated goal for systemic change at the PFEX.

Recommended Short-Term Actions over the next 6 months:

Fish Pier

- Continue conversations and exploration of incubator space and shared service needs within the industry – including freezing, processing, packaging, trucking and marketing.

Fish Exchange

- Hire a General Manager with the experience, know how, and drive to lead the institution toward a stable business model that serves harvesters, buyers, and the seafood eating public
- Charge the new GM to seek input from both harvesters and buyers in the crafting and implementation of a new business model.

Fish Exchange and Fish Pier Boards

- Cooperate on governance and board structure review and self-evaluation.

Suggested Work Plan Moving Forward

- August 2020: 1. Review results and findings of stakeholder interview process with PFPA Board and seek direction on physical layout, parking, and possible lease negotiations.
- September 2020: 1. Coordinate with PFEX President and staff on General Manager search process to align goals for the PFPA with staff selection for the PFEX. Assist as requested by PFEX Board and staff.
2. Conduct due diligence on Fish Pier potential development scenarios, subject to PFPA guidance provided at the August 10 meeting. Continued stakeholder and tenant outreach to inform process.
- October 2020 1. Report progress and findings to PFPA Board on work to date.
2. Conduct PFPA Board led workshop with stakeholders on governance and board structure. Invite PFEX Board participation.

Appreciation

The Economic Development staff greatly appreciates the time and insights provided by the interviewees that participated in this process. To a person, they brought knowledge and valuable perspective and were generous with their time during challenging circumstances. The continued formative involvement of industry stakeholders will be necessary regardless of the direction indicated by the Board moving forward.

Attachments

Executive session material under separate cover regarding lease issues and property development concepts