



The Future of the Rockland Fish Pier

A Feasibility Study

January 2003

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A report to the City of Rockland, Maine
and the Maine Coastal Program

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Findings

Maine's Fish Pier Program is healthy. The municipalities of Kennebunkport, Saco, Portland, Vinalhaven, Stonington and Eastport remain committed to the operation and maintenance of these facilities as important, designated public access for commercial fishermen. Like Rockland, these fish piers generally operate on a break-even basis.

The use restrictions on the municipal fish piers run in perpetuity. Maine Department of Transportation (MDOT) is willing to consider fishing related, port or marine transportation uses for these facilities, if necessary, and is committed to working with the municipalities to keep the fish piers viable.

The Rockland Fish Pier has been a waterfront orphan – to its detriment – since its establishment. Kept at arms-length by the City, the pier has been run by three private contractors over a 15-year period. This lack of continuity resulted in diminished public trust in the operation and operators, uneven financial reporting, conflicts among operators, users and the City, lack of investment in pier infrastructure, turnover costs and unresolved debt.

Pier infrastructure repairs are needed. A recent condition survey conducted by Prock Marine Co. identified \$95,000 in necessary repairs to the timber fender system [see Attachment 1].

Management by either a private contractor or an established fisheries firm is not advised. Management by another private contractor continues an approach that has led to the problems described above. Management by any large, established player in the fisheries may increase market concentration in the region and tend to limit pier access by smaller or new fishery participants.

The Rockland Fish Pier plays a strategic role in the fishing industry in two ways.

1. It allows Rockland to play a major role in the lobster bait industry.
2. In other fisheries, it provides water access for harvesters and dealers who cannot afford or choose not to utilize private wharves. In the lobster, urchin and groundfish markets, it supports small participants or new entrants rather than major established players, and so plays a role in setting the pricing and limiting market concentration in these fisheries in the region.

The Rockland Fish Pier can operate on a break-even basis. The volume and mix of fish, shellfish and fuel handled through the pier at present appears to offer a realistic basis for operation on a break-even basis with adequate operating surpluses to allow for normal maintenance expenditures.

New business opportunities at the Rockland Fish Pier are modest. Within Maine's traditional fisheries, subject to boom or bust cycles, there are no realistic, short-term possibilities for major growth at the pier. Selling a small number of monthly parking permits to off-site businesses has potential. Shellfish aquaculture shoreside facilities and charter boat sport fishing berthing are new market possibilities.

Recommendations

The City of Rockland should manage the Fish Pier through a Rockland Fish Pier Authority. Municipal management of fish piers has proved to be a successful approach in other Maine communities. Employing an authority allows elected officials a degree of control over the property while placing its direct care in a community-based board focused on the Fish Pier's success.

The Fish Pier needs a more focused and disciplined approach in its operation. We propose a number of specific suggestions in the Operating the Rockland Fish Pier section that should be incorporated into a business and operational plan.

Shift to more simple, efficient and trackable fixed fees. The Fish Pier's complicated system of wharfage and activity-based charges are costly to track and the City has had uneven success at collecting revenue. Our experience is that efforts to collect activity-based fees on the honor system will fail, every time, without exception. Attempts to audit the system will fail also. Follow the lead of other fish piers, which use permit or fixed fees versus activity-based fees.

Use enterprise fund accounting to separately track and report income statements and balance sheets like any commercial enterprise. Treat the financials like a separate business and make the report available to all pier users.

Create a tighter collections strategy. The fish pier manager should be responsible for fish pier rent/fee collections with accounts sent to a collection agency after 90 days.

Establish a more systematic way to develop and fund pier maintenance. Develop a three to five-year pier maintenance plan with an annual review and report. Pursue SHIP funding for pier improvements and consider the Maine Port Authority as a source for low-interest loans to fund the \$95,000 in current maintenance needs.

Maine's Fish Pier Program

Historical Description of the Pier

The 1976 passage of the U.S. Fishery Conservation and Management Act (later known as the Magnuson Act), which established the 200-mile fisheries conservation zone off the United States coast, was the impetus for Maine's Fish Pier Program. The 200-mile zone limited the access of foreign fishing fleets, effectively barred them from fishing for certain species, and created – in the minds of policymakers – new opportunities for Maine fishermen. The State's response to the Magnuson Act was the 1978 Strategy for Development of Maine's Fisheries, which made fish pier construction and renovation its keystone, with goals of higher prices for fishermen, a more efficient market based on better access by buyers and sellers, increased local processing of fish, better connections between fishermen and processors, and continued water access for fishermen.

The Fish Pier Program began with a coast-wide inventory of piers and MDOT meetings in all coastal regions where municipal commitment was assessed. Passage of a 1979 MDOT bond issue, including \$9 million for fish pier construction and reconstruction, set the Program in motion. These funds were matched by monies from the federal Economic Development Administration (EDA) and contributions from the subject cities and towns. In all instances, MDOT received at least a 20% cash match to State dollars from the communities. Between 1982 and 1987, fish piers in Cape Porpoise (Kennebunkport), Saco, Portland, Rockland, Vinalhaven, Stonington and Eastport were constructed or reconstructed.

The Rockland Fish Pier

An evaluation of the prior pier operators and the status of federal, state and local interests in the pier.

The Rockland Fish Pier was the last facility completed, at a cost of \$1,250,000, with the following funding mix: MDOT: \$600,000; EDA: \$500,000; and the City of Rockland: \$150,000. Prock Marine Company of Rockland carried out pier reconstruction at the 2.45-acre McLoon's Wharf site during 1986-87. The City's first tenant at the pier, Coastal Tankers and Petroleum, had berthed their vessels there before it came under municipal ownership, and continue to do so today. Unlike most of the eight Maine communities where municipal fish piers were built during the 1980s, Rockland chose from the start to contract out management of the facility. From 1988-93, Charles Donahue was the operator of the Rockland Fish Pier; during 1993-1998, David and Charlene MacDonald ran the facility. The final operator was Water Street Management, who took over the fish pier in 1998 and concluded operations in December 2001. Since that time, the City of Rockland has managed the fish pier. In every case, the private operators who contracted with the City had some kind of fisheries experience. They paid the City of Rockland varying percentages of annual gross fish pier revenues, while ongoing infrastructure costs remained the City's

responsibility. While two of the three private operators were able to turn a profit at the pier, it is our impression that only during the boom years of the sea urchin fishery, the mid-1990s, was the Rockland Fish Pier a lucrative business. In each instance, no pier operator's tenure was longer than five years, and either a financial setback or conflicts – with the City or fish pier users – kept operators from continuing.

While the Rockland Fish Pier was built with a half million-dollar contribution from the federal Economic Development Administration, the EDA has no continuing interest in the property. The State of Maine, the largest financial contributor to the Fish Pier project, retains some rights over the property and the City of Rockland has specific obligations to the State through an ongoing agreement with the Maine Department of Transportation. These arrangements will be laid out later in the report. Because the Maine Fish Pier Program was implemented through MDOT, that agency has the greatest knowledge and interest in the municipal fish piers through its Office of Freight Transportation. The Office administers the Small Harbor Improvement Program (SHIP), a competitive grant program (offered in 1996, 1998 and 2002) funding infrastructure improvements at public waterfront facilities. Rockland received \$22,500 in 1998 for pile fendering and electrical work at the Fish Pier.

The Maine Coastal Program at the State Planning Office is another state entity with a strong interest in the health of Maine's municipal fish piers and the commercial fishing access they represent. The Coastal Program recently commissioned Preserving Commercial Fishing Access: A Study of Working Waterfronts in 25 Maine Communities, produced by Coastal Enterprises, Inc. The report – which includes Rockland – lays out the growing threats to waterfront access for commercial fishermen and recommends new approaches for preserving access. The Maine Coastal Program also contributed funds toward this feasibility study.

The Status of Maine's Municipal Fish Piers

What is the status and viability of the other municipal fish piers and what can the City of Rockland learn from their marketing efforts, modes of operation and fee collection?

The remaining six municipal fish piers funded and constructed during the 1980s (Cape Porpoise, 1982; Saco, 1982; Portland, 1984-5; Vinalhaven, 1984; Stonington, 1985; and Eastport, 1983) are seen as integral assets of their coastal communities and generally garner municipal awareness and support. Following are brief reports on the status of these fish piers:

Cape Porpoise, Kennebunkport. Cape Porpoise remains a working harbor with a majority of its 120 moorings used by lobster fishermen. The Cape Porpoise Fish Pier is a star in the municipal fish pier system and is a well-kept facility. It benefits from continuity, having been run by the same individual for 14 years. The pier manager/harbormaster has a reputation for being steady, committed and fair. Pier membership is required for use of the facilities; current members are largely

lobstermen, some recreational boaters and a few shrimpers and groundfishermen. Most members fish year-round. Revenues are based on a permit fee system, supplemented by lease payments from a small restaurant on the pier. Fuel is also a profit center and a Keegard fueling system makes fuel available to members 24 hours a day. Cape Porpoise is beginning a \$188,000 pier rehab project in 2003, with half the cost raised municipally and matching funds provided through SHIP. The Cape Porpoise Fish Pier generally operates at a small loss because depreciation costs are charged to the facility. Yet, support for the facility is apparent in the willingness of Kennebunkport to contribute \$89,000 toward infrastructure improvements.

Camp Ellis, Saco Fish Pier. The key to financial stability at the Saco Fish Pier is its large parking lot holding 50-60 vehicles. The Fish Pier is adjacent to the Camp Ellis neighborhood, a summer community with limited parking that is also home to several restaurants. While commercial and recreational users of the Fish Pier are given parking priority, the lot remains extremely busy and profitable in season accommodating Camp Ellis visitors, and parking attendants are added on staff. Otherwise, Fish Pier revenues are derived from permit fees from a small lobster fleet, with additional ground fishermen, sport fishermen and recreational boaters using the facility. The City currently has approximately \$100,000 in its Fish Pier reserve fund and has expressed a commitment to maintaining the facility, given the scarcity of dedicated commercial fishing access in York County.

The Port of Portland. The City of Portland stresses that it gives equal weight and attention to four maritime activities: commercial fishing, the cruise ship industry, foreign trade, and waterfront development. The City sees its creation of the Portland Fish Exchange in the mid-1980s as evidence of its continuing support for commercial fishing. In recent years, the City has funded the Fishing Industry Program Manager position to advocate for the sector and follow/interpret regulatory issues for the Portland City Council and Port of Portland staff. In 1990, the Portland Fish Pier Authority was created as a quasi-municipal corporation to manage and market the fish pier. Creation of the Fish Pier Authority also served to “de-politicize” the fish pier, getting it off the City Council’s agenda and allowing it to be overseen by engaged individuals committed to city and fishing sector interests. The Portland Fish Pier Authority is the landlord of the Portland Fish Exchange, Inc., its separate nonprofit tenant. Because of the intermingling of activities, staffing and services on the Portland waterfront, it is difficult to tease out revenues and expenses specifically derived from the Fish Pier. Ben Snow, Portland’s Marine Operations Manager, describes the Port’s activities as generally “break-even” on an annual basis.

Vinalhaven Fish Pier. This facility has always operated in tandem with private fisheries businesses at the pier. During the reconstruction of the Vinalhaven Fish Pier, a separate EDA grant funded construction of a “fisheries building” on one-half of the pier to foster a new business and jobs. A string of fishing-related businesses have occupied the building, making lease payments to the Town of Vinalhaven. The remaining half of the pier is used free of charge by local fishermen for water access; oversight of this part of the property has been described as “laissez-faire.” Since 1991, Claw Island Company, lobster processors, have been building tenants, making leasehold improvements as needed, and (currently) providing 20 jobs on the island.

Stonington Fish Pier. No fuel or ice is sold at the pier and little product is landed there; its market is providing parking and skiff space for lobstermen. While almost all of Stonington’s waterfront is currently dedicated to commercial fishing, the Fish Pier continues to provide essential water access for fishermen who buy ice and fuel and sell their catch to lobster dealers at adjacent wharves. Stonington maintains a fish pier reserve fund with a current balance of over \$100,000, much of which accrued during the 1990s urchin boom. Buying at the Fish Pier was more common when the urchin, mussel and groundfish catch was stronger in East Penobscot Bay, producing fee revenue for the town. For the past several years, Stonington has used several thousand dollars annually to cover shortfalls at the fish pier. The fish pier manager/harbormaster has been on the job for a decade, and the continuity at the facility shows – infrastructure is in good condition, and the place seems well managed. Stonington is a town that still lives on fishing, (the majority of the harbor’s 600 moorings are used by lobstermen), so when the town manager states that the Board of Selectmen will not walk away from the Fish Pier, it can be believed.

Eastport Fish Pier, Front Street. Eastport’s downtown pier benefits from a close working relationship between the Eastport Port Authority and the City. The Port Authority adds to revenues by berthing ships there in certain conditions, towboats occasionally use the pier, and the Authority also shares in pier management. The City is under pressure from recreational boaters who want to use the facility for dinghy tie-ups, but this has been resisted. Fundamentally, the Fish Pier is maintained for urchin, scallop, lobster and groundfishermen. Eastport is currently spending \$60,000 from its Harbor Fund to build ladders and additional floats for fishing punt tie-ups. Eastport previously contracted out pier management, but found that infrastructure maintenance was ignored, so took back the responsibility under the direction of a part-time harbormaster.

Following are observations gleaned from this survey:

1. Many of the piers already derive income from lease arrangements with private businesses or nonprofits or from parking.
2. Only Rockland uses activity fees to generate income. All other piers depend on permits and lease arrangements for revenue and are no more than break-even operations. In recent years, some have required modest subsidy from fish pier reserves or other municipal accounts.
3. No community expressed reservations about maintaining a municipal fish pier. More than as income generators, the piers are seen as pivotal access points for the commercial fishing community.

Fish Pier Use Restrictions

When do use restrictions from MDOT cease to apply to Maine's municipal fish piers and are the municipalities already considering conversion or modification of use? If so, what are the implications for state policies? What impact would it have if these facilities were totally or partially converted to non-commercial use?

Identical language is found in the deeds and agreements that govern ownership and use of the seven municipal fish piers. We use Rockland to illustrate the legal obligations that apply from Cape Porpoise to Eastport. In the development of the Rockland Fish Pier, the MDOT acquired the McLoon Wharf as the site of the facility. At the completion of the construction project, the property was transferred to the City of Rockland via a Governor's Deed dated 11/18/87. The language in the deed is unequivocal about the intended use of the parcel and its disposition should that use cease:

“State of Maine sells, conveys and quits-claim to the City of Rockland all its right, title and interest to land on the southerly side of Commercial Street for as long as said parcel of land is operated as a public fish pier for the purpose of landing or processing shellfish, finfish or other natural products of the sea or for other activities directly related to the purpose of landing or processing shellfish, finfish or natural products of the sea including fueling, loading or selling these products.”

“The right, title, and interest conveyed by this deed shall automatically revert to the State of Maine, without the necessity of re-entry or notice, when and if the lot or parcel is no longer used or operated as a public fish pier.”

The Governor's Deed had been preceded by an agreement of 9/16/80 between MDOT and the City of Rockland that laid out each party's responsibilities and financial obligations in the Fish Pier project. The City signed an amendment to the agreement on 8/27/82 that defined Rockland's obligations once the Fish Pier was completed and

conveyed to the City, while leaving open the opportunity for sub-agreements between Rockland and private or public fisheries entities:

“The City agrees to provide all necessary maintenance to the basic public fish pier facility and to operate it in a safe and sanitary manner and to ensure that it is made available on a fair and equitable basis to commercial fishermen, allowing the public reasonable access to the facility. The City further covenants that any further agreement with public cooperatives, private fisheries companies, etc. for use of the pier contain similar access language for the basic public pier described in this agreement.”

“The City further agrees to continue the maintenance and operations of the facility at the public commercial fish pier for a minimum of 20 years following its completion.”

MDOT attorney Toni Kemmerle acknowledged that the language in the Governor’s Deed is narrowly focused on fisheries. But, she stated that that MDOT would consider broadening the language to include fisheries-related, port or marine transportation uses if that were necessary to keep the pier functioning. In fact, most of the piers are already accommodating these related uses, a situation that appears comfortable for MDOT. Our firm impression is that MDOT staff is committed to keeping the fish piers viable and will work flexibly with municipalities to this end.

As noted above, the MDOT agreement with the City allows for sub-agreements with private or public entities (which Cape Porpoise and Vinalhaven use to generate revenue) as long as public access remains. There is a perception that municipal obligation to the State regarding the fish piers lapses after 20 years. While there is language in the MDOT agreement (see above) related to a minimum of 20 years’ maintenance, the requirement to use the fish piers for commercial fishing and related uses runs in perpetuity.

We have attempted to calculate the lost value in fish landings and economic impact that would result if Maine’s existing public access (public fish piers and other municipal waterfront facilities) for commercial fishermen were lost: \$60,321,857 Lost Value of Landings¹ and \$144,169,238 Lost Economic Impact.² Please see footnotes one and two to understand how these figures were derived.

¹ National Marine Fisheries Service 2001 value of landings for Maine: \$241,287,429 (excluding Atlantic Salmon). Based on the ratio from the 2002 Preserving Commercial Fisheries Access Study, 25% of access and, arguably, landings come from public facilities so, $\$241,287,429 \times .25 = \$60,321,857$ lost value of landings.

² The standard multiplier for the fishing industry is 2.39 so, $\$60,321,857 \times 2.39 = \$144,169,238$ lost economic impact.

The Rockland Fish Pier's Role in Maine's Fishing Industry

Is the present facility still strategic and viable in light of the condition of the fishing industry? What other regional private and public facilities will the Fish Pier compete with?

We find that the Fish Pier plays a “strategic” role in the fishing industry in two ways:

1. Primarily, it allows Rockland to function as a major player in the lobster bait industry through its role as a major regional focus of herring landings. Rockland’s standing as a major fishing port rests almost entirely on this one fishery.
2. Secondarily, in other fisheries it provides water access for harvesters and dealers who cannot afford or choose not to utilize private wharves. In the lobster, urchin and groundfish markets it supports small participants or new entrants rather than major established players, and so plays a role in setting the pricing and limiting market concentration in these fisheries in the region.

Rockland's role in the herring fishery

*“Rockland is redefining its role in Maine’s fishing industry. Though it has lost its status as one of the region’s significant groundfishing ports, Rockland … has turned to other species to maintain its standing in the fishing industry. Now, lobsters and herring both figure prominently in this community. In both cases, the landing, marketing and shipment of the species seem to constitute a larger portion of the fishing-related activities for Rockland residents than do harvesting or processing. Particularly noteworthy is the network of economic contacts generated by the sale of herring for lobster bait to the islands and other coastal communities in Maine. “Diversification of the economy has also been the rule. Both tourism and service-based industries have increased in Rockland. Like Boston, Rockland may have sufficient economic activity to survive without the fishing industry, but considering the role it has in landing, marketing and shipping of bait in support of the lobster industry, one could argue that Rockland is an **essential provider** for the fishing industry in Maine.”*

*‘New England’s Fishing Communities,’ Madeleine Hall-Arber et al,
MIT Sea Grant Center for Marine Social Sciences, 2001.*

The dependence of the Pier at the present time on a single fishery—herring for bait—requires us to pay particular attention to the prospects for that fishery, the bait market, and the underlying lobster industry. The bait market for herring has evolved steadily over the past 20 years and continues to see change.

Twenty years ago herring's share of the lobster bait market was much lower than the present 90% or better. Alternatives such as redfish racks were widely available and used, while the herring market was quite tightly controlled by the canneries – bait herring was sold by the canneries as either inferior quality or excess quantity fish. The 1980s and 1990s saw this situation change rapidly, with:

- rising levels of effort and therefore demand for bait in the lobster fishery,
- a decline in availability of alternate baits,
- a decline of the cannery industry in Maine, and finally
- the separation of ownership of the (Canadian-owned) canneries from the (US) vessels targeting herring from the canneries because of Jones Act requirements.

Together these factors made the bait market much more attractive for vessels targeting herring, while at the same time they were free to supply whomever they wanted.

Table 3.1: US Atlantic Herring landings

	Rockland landings, tons	Maine landings, tons	Total US landings, tons	Rockland as % of Midcoast*	Rockland as % of Maine	Rockland as % of US
1990	17,650	25,400	46,289	78.9%	69.5%	38.1%
1991	20,958	41,330	59,020	64.3%	50.7%	35.5%
1992	16,610	32,975	45,481	66.9%	50.4%	36.5%
1993	17,533	41,000	43,629	55.1%	42.8%	40.2%
1994	17,627	39,912	49,721	70.2%	44.2%	35.5%
1995	19,490	62,077	89,385	63.9%	31.4%	21.8%
1996	36,886	72,851	92,677	78.1%	50.6%	39.8%
1997	30,905	64,794	105,244	72.7%	47.7%	29.4%
1998	16,615	31,552	90,347	76.0%	52.7%	18.4%
1999	18,337	62,196	76,736	44.8%	29.5%	22.8%
2000	14,803	68,011	80,328	49.0%	21.8%	18.4%
2001	9,179	68,565	102,336	32.2%	13.4%	9.0%

* Midcoast defined here as Lincoln, Knox and Hancock Counties. Includes landings at the Prospect Harbor cannery and directly at bait and lobster dealers and co-ops' wharves between Boothbay Harbor and Prospect Harbor, including offshore islands.

A further element in the herring fishery was the emergence and then the disappearance of foreign processing vessels buying herring caught in US waters. 1996 and 1997 saw purchases of significant tonnage in Rockland harbor, but this has not been repeated. The 1990s saw Rockland emerge as the hub of herring landings for Maine, and the point from which bait was distributed throughout the region from Casco Bay to the Canadian border. The presence of foreign processing vessels saw landings in Rockland peak in 1996 at 36,886 metric tons (see table 3.1), but most years in the 1990s landings stayed close to 20,000 tons, reflecting a steady demand from the bait industry and the one remaining Rockland cannery.

Another feature of Rockland's loss of market share is the growth of landings at smaller ports in Maine, as shown by the column headed 'Rockland as % of Midcoast.' Rockland now lands less than half of the bait consumed by the lobster industry in the region. Although herring carriers had long called at island ports such as Vinalhaven, often while en route to Rockland to discharge the bulk of their catch, it now appears that more mainland lobster dealers and co-ops are regularly scheduling vessel calls to land bait, bypassing the Rockland piers and dealers. While the landings at these small ports are not broken out in published data, (and appear to fluctuate wildly from year to year), the aggregate total for Lincoln, Knox and Hancock Counties *minus* Rockland in 2001 came to more than double the landings for Rockland.

The last five years have seen Rockland's relative dominance of the herring landings decline. In the 1990s, only Gloucester, MA, could equal Rockland for landings, exceeding Rockland's total in 7 of the 10 years of the decade. The two ports together regularly landed over two-thirds of the total US Atlantic Herring catch. Since 2000, though, Portland has exceeded Rockland's landings, becoming the number one herring port in the US, while Portsmouth-Newington, NH, North Kingston, RI, and Point Judith, RI have also emerged as ports landing in excess of 8,000 tons a year.

One feature of the herring data not shown in Table 3.1 is the relatively small number of vessels landing herring in Rockland. Between 6 and 8 vessels report herring landings to NMFS in most years, although as many as 10 reported in the peak year of 1996. Portland reported 19 vessels landing herring in 2001, and Gloucester 16, out of a total fleet of 75 vessels – up from just 32 in the high year of 1996. Rockland's fleet has remained stable, but has not seen the growth of more southerly ports.

Herring are landed at two points in Rockland. In addition to the fish pier, herring are landed at fish pumps by the O'Hara Corp. at a Prock Marine property on Front Street at the north end of the harbor. Three of the six vessels reporting landings in Rockland use the Fish Pier. It appears that the Fish Pier directly supplies a much greater number of bait buyers than the privately owned pier, reflecting in particular the fact that O'Hara is a major wholesale supplier of bait throughout the region.

A number of developments – regulatory, technological and market-driven – have been mentioned by observers of the herring fishery as possibly contributing to the relative (and recently the absolute) decline of Rockland's herring landings. These include:

- Limits on the Zone 1 (inshore Gulf of Maine waters) catch and Friday-Saturday closures, thus increasing the targeting of zones offshore and further south.
- A move to mid-water and pair trawling and away from purse seining, while most fish landed at the Rockland fish pier are still seined.
- The proliferation (and reduced cost) of fish pumps, both on vessels and onshore, multiplying the number of viable landing ports.
- New markets in the form of (food) processing plants in Massachusetts.

- A stronger 'retail' tier of local bait suppliers, including both private lobster dealers and fishermen's co-ops, capable of performing their own ex-vessel purchases, processing and cold storage.
- Changes in the market shares of major bait wholesalers, including the growth of New Hampshire and Massachusetts-based firms selling to Maine retailers and sometimes directly to fishermen.

There does not, as yet, appear to be any meaningful decline in herring's share of the overall lobster bait market, and the level of effort in the fishery remains stable at a high level. Reports of 'new' and experimental baits – artificial and otherwise – have not impacted actual purchases of herring, and attempts to limit the number of traps per license holder have not led to any significant decline in effort in the lobster fishery to date.

The Fish Pier's Role in Providing Water Access

With the end of large-scale fish processing in Rockland, the City has become simply one of a score of ports in the midcoast-Pen Bay region where fish and shellfish may be landed and sold, or trucked to Portland for auction at the Portland Fish Exchange. Unlike herring, where there is a critical mass of vessels and bait dealers operating at the port, Rockland has no significant competitive advantage in other fisheries. In groundfish it plays a secondary role in the region to Port Clyde; in lobsters, to Stonington, Friendship and Spruce Head; in urchins, it shares a sharply declining catch with a dozen ports. What is significant about Rockland, though, is the fact that the Fish Pier provides open, public water access – either primary or alternate – for participants in several fisheries.

A further element in the herring fishery was the emergence and then the disappearance of foreign processing vessels buying herring caught in US waters. 1996 and 1997 saw purchases of significant tonnage in Rockland harbor, but this has not been repeated. The 1990s saw Rockland emerge as the hub of herring landings for Maine, and the point from which bait was distributed throughout the region from Casco Bay to the Canadian border. The presence of foreign processing vessels saw landings in Rockland peak in 1996 at 36,886 metric tons (see table 3.1), but most years in the 1990s landings stayed close to 20,000 tons, reflecting a steady demand from the bait industry and the one remaining Rockland cannery.

Availability of this water access, including access to seafood dealers and vessel suppliers on or adjacent to the pier, gives harvesters a low-cost alternative to the three other forms of water access:

- Ownership of a private wharf – now financially all but impossible for most fishermen;
- Membership of a cooperative, such as the Port Clyde and Spruce Head Fishermen's Co-ops;

- A business arrangement with a dealer who will supply water access (and, often, bait and fuel) in return for marketing the vessel's catch. Larger companies include O'Hara in Rockland; Wm. Atwood Lobster Co. in Spruce Head; and St. George Marine in Port Clyde.

There are a half-dozen seafood dealers, plus two fishermen's co-ops, on the Knox County mainland between Camden and Friendship with their own wharves, that are in the business of providing water access, credit and provisions to lobster boats. Some also handle urchins, groundfish, and other species as opportunities arise.

These dealers compete directly with the fish buyers who operate on the Rockland Fish Pier, leading to some degree of resentment that the Fish Pier may constitute a form of public subsidy to small dealers. We believe the larger dealers – such as Wm. Atwood in Spruce Head, with major long-term national and international contracts – would have significantly greater ability to set prices in the short run in the absence of the Fish Pier. The Fish Pier, therefore, does play a strategic role in the lobster and other fisheries, but this role may be thought of as providing water access of last resort for harvesters, and of first resort for new entrants into seafood trading.

Conclusions

1. The volume and mix of fish, shellfish and fuel handled through the Rockland Fish Pier at present appears to offer a realistic basis for operation on a break-even basis with adequate operating surpluses to allow for normal maintenance expenditures.
2. The Rockland herring fishery is a stable base of business for the Fish Pier, but one that should not prudently be counted on as a cash cow or a source of growth. Although it is now Rockland's major claim to remain a major fishing port, herring appears increasingly susceptible to diversion to other ports and wharves.
3. The Fish Pier's management should attempt to attract additional herring vessel calls and additional bait dealers to the Pier, actively marketing the facility as a cost-competitive, accessible and 'neutral' hub for bait supplies.
4. If the Fish Pier were unavailable or priced itself away from the market, we would expect lobster harbors like Friendship, Stonington and Jonesport to land more herring directly; the market share of O'Hara (in particular) to grow in the Pen Bay area; and to see more herring trucked into the region from Portsmouth and Portland. We would also expect to see local bait prices rise in the short run, to the detriment of regional lobster harvesters, whose cost competitiveness versus southern lobstersmen would decline.
5. If the Fish Pier were unavailable or priced itself too high, there appear to be adequate alternatives for water access for lobster, urchin and groundfish harvesters in the region. Such access would likely be via membership of a co-op or through

dependence on a seafood dealer with a private wharf. In Rockland itself, only O'Hara could offer such access. We estimate that O'Hara could provide adequate space in Rockland for such harvesters, although we would expect some to migrate to homeport their vessel in Owl's Head, Spruce Head or elsewhere. The two remaining groundfish vessels would be most likely to migrate to Port Clyde to join the rest of the region's groundfish fleet. It is possible that some fishermen, for credit or other 'reputation' reasons, may have difficulty securing access elsewhere, though this is unlikely to be a significant factor.

6. The Fish Pier's key role in water access is not so much in providing a unique resource – there are other piers in the area with capacity – but in price setting. The availability of public access at the Fish Pier provides a constraint on the exercise of market power by major seafood dealers, notably by allowing small dealers and independent truckers direct access to vessels. This plays an important role over time in maintaining the prices paid to harvesters and constraining the margins of the industry's middlemen.

Market Opportunities

What fishing and related industry market opportunities should the Fish Pier seek to capture? What is the necessary mix of services and facilities for the City to match these markets?

Given the dependence of the Fish Pier at present on herring landings, we believe it is critical for the City to maintain and enhance the Pier's share of this business. However, the highly competitive bait business is not one that will permit significant increases in revenue and, as a market where Rockland's combined market share is falling, it cannot be relied on exclusively as a revenue base for the future. Diversification is important, but difficult to accomplish.

Marine resource exploitation in Maine has historically been characterized by a series of 'boom and bust' cycles in the exploitation of species. Examples of recent 'booms' are the cycles of exploitation of species as diverse as kelp, urchins, elvers and tuna, each of which is past the cyclical peak. While lobsters and groundfish may be considered the economically dominant fisheries in Maine in recent decades, these too appear to be the subject of interrelated, long-term cycles, with indications that the Gulf of Maine lobster harvest may have peaked in the last couple of years while the groundfish resource is showing signs of recovering but from a very low base. Shrimp and scallops, the other major offshore revenue earners along the Maine coast, are like groundfish in a 'down' phase of their exploitation cycle and the subject of strict conservation measures. None of these species shows any realistic short-term possibility of major growth at the Rockland Fish Pier. Longer-term possibilities may depend on changes in the technology, regulatory environment or markets for these fisheries.

Groundfish stocks are expected to recover significantly in the next five years, and this may provide opportunities for the Fish Pier to attract additional business. We should point out, though, that Port Clyde has successfully positioned itself as the principal remaining homeport for draggers in the region because it is at least an hour closer to the primary fishing grounds than is Rockland. Discussion with officials of the Portland Fish Exchange did not identify any interest in their establishing a more formal relationship with Rockland, although it was suggested that Rockland might attract more groundfish business by the establishment of services related to the Exchange. This might include weighing of fish consigned to the Exchange's auctions at Rockland; data entry and certification of shipments in the Fish Exchange's computer system through a terminal at Rockland; and possibly arrangements for pooled truck service to Portland. The hiring in December 2002 of a new manager for the Portland Fish Exchange, Hank Soule, offers the possibility of opening a new relationship between Rockland and Portland. However, we would see any realistic prospect of increased revenue from groundfish as awaiting the recovery of stocks to the point where additional harvesting is permitted, which is unlikely for at least two years.

In the absence of a forecast of the next 'boom' fishery, we looked for other fisheries-related activity to supplement the revenue base of the Fish Pier. Two possible areas to explore were suggested by the Department of Marine Resources: use of the Pier as a base for aquaculture in Penobscot Bay, and as a base for sport fishing charter boats. Over-wintering of Rockland-based windjammers and workboats has also been suggested as a possible source of income. But, given the current berthing needs of pier users, it is hard to see how this could be accommodated.

We found that aquaculture leases are generally supported from shore facilities within two miles of the lease. Shellfish leases in Maine are concentrated in the tidal estuaries of midcoast Maine – the St. George and Damariscotta Rivers especially – while finfish leases are mostly in the eastern part of Washington County. With the exception of four mussel leases in the Weskeag River in South Thomaston, there are no aquaculture leases at present in the western part of Penobscot Bay. Mussel leases and operations show the best opportunity for increase in the western Bay, bringing some demand for shore support facilities, but this is not a near-term opportunity of any scope. Opposition to the establishment of finfish aquaculture in Blue Hill Bay suggests that it is unlikely that finfish leases will be established in western Penobscot Bay, with even greater potential conflict with competing marine uses and shore property owners. We do not therefore consider this to be a likely source of additional revenue.

Recreational fishing from charter boats appears to represent a better possibility for new business. Saltwater fishing charters include both small boats, usually catering to a single chartering individual or party, and larger 'head boats' providing a fixed-fee, scheduled trip for many unrelated parties – akin to other tour vessels such as whale-watching cruises. Charter boats have primarily targeted striped bass, while head boats

target cod and other species usually in deeper waters.³ The location of the Rockland Fish Pier, and the presence of a single advertised charter boat (the Holy Mackerel) in Rockland Harbor, suggests an untapped market

The most recent Marine Recreational Fisheries Survey for Maine (DMR/NMFS, June 2002) shows that a little over half of the 300,000 saltwater recreational anglers in Maine in 2001 were out-of-state visitors, and such visitors are disproportionately likely to charter boats or go on head boats. A high percentage of such anglers surveyed reported that recreational fishing was the sole or a primary purpose of their visit to Maine, suggesting that the benefits to the local economy from catering to this market could extend well beyond the Fish Pier.

Recreational charter boat fishing is not an area where new activity on the Fish Pier would compete with or detract from existing private operators or facilities. On-pier facilities needed would be limited to space alongside the pier. Space for a booking office or kiosk, and car parking space, would be needed within a reasonable distance. Car parking space could possibly be accommodated on the pier property itself. We believe this area would be worth exploring with potential boat operators, and suggest that the City could partner with the Rockland-Thomaston Chamber of Commerce and the Department of Marine Resources to further explore and promote this activity.

Rockland Fish Pier Financial Viability

What incomes and expenses should an operating entity anticipate in providing these services? Are there other funding parties who should contribute towards the pier that have not been tapped?

Our approach to answering question six included the following activities:

- 1) An analysis of financial reports and statements from previous pier operators;
- 2) Collecting and analyzing current income and expenses under city management;
- 3) Reviewing financial reports from other similar fish piers – Stonington, Kennebunkport;
- 4) Creating a Pro Forma income and expense statement for the Rockland Fish Pier.

The analysis of past operator financials was based on information provided by the City. Despite the challenges of comparing reports that use different income and expense categories, we developed a table based on some combined categories to illustrate some ranges of income and expense. This shows a significant range in gross income and expenses across seven years, while also pointing out across the board the very limited investment in pier maintenance. In the review of the past financial

³ See the Department of Marine Resources' report at
<http://outdoors.mainetoday.com/fishing/bruce/mrfss.shtml>

statements, the operator's investment in pier maintenance ranged from a low of \$2,560 to a high of \$7,972. In fact, the year of the highest recorded gross revenue showed the lowest expenditure in maintenance.

<i>Category</i>	<i>Low</i>	<i>High</i>
Annual Gross Income	\$55,042	\$ 346,818
Annual Expenses	\$38,644	\$ 164,518
Insurance	\$ 1,056	\$ 8,008
Maintenance	\$ 2,560	\$ 7,972*
Rent	\$ 7,701	\$ 36,322
Utilities	\$ 3,119	\$ 11,626
Wages & Labor	\$ 6,252	\$ 76,201
*See recommendations		
Source: tax returns and unaudited statements between 1993-2000:		

The second piece of analysis was to review other fish piers' 2001 financial reports. The table below illustrates that Rockland's municipally managed income and expenses fall within the range of its municipal fish pier counterparts. In contrast to Rockland, all the other fish piers rely on a fixed fee and/or lease as a steady and simple vehicle for generating income⁴. Worth noting is Stonington's strategy to build a source of funds for capital improvements with a separate fish pier reserve fund. The balance (estimated at \$112,000) is to be used for maintenance, although in recent years, several thousand dollars have been used annually to make up for operating deficits.

	<i>Portland</i>	<i>Kennebunkport</i>	<i>Rockland</i>	<i>Stonington</i>
<i>Operating Revenues</i>	\$408,640	\$155,064	\$91,051	\$53,725
<i>Operating Expenses</i>	\$305,521	\$170,183	\$68,529	\$56,887

The third element of financial review focused on the Rockland Fish Pier's current income and expenses. We collected the daily log entries of the Fish Pier supervisor and created a monthly income/expense report table and found the following:

- The current recorded income of \$95,000 exceeded the recorded expenses of \$68,529.⁵
- The top sources of revenues for the Pier are in order:
1)Lobster Stations, 2) Herring Vessels, 3) Coastal Tankers

⁴ For example Stonington's revenue depends on the following five categories of permits: punts, parking, boats, service, and buyers. The majority served and highest revenue is from 2,417 boats.

⁵ This income does not include an additional \$14,000 of uncollected fees. The salary/wage expense costs were not provided by the City.

- The complexity of the charges and rate schedule, in the end, is costing the City. The rates and fees are difficult to monitor, track and report. The income and expenses are logged but not categorized or reported in a budget form to make tracking possible. Because of this difficulty, the pier has a collection problem. According to the pier logs, the pier has collected only \$7,775 of the projected \$21-23,000 for permit income.⁶ This \$7,775 represents a maximum of 34% of total collectable permit fees for 2002.

PIER REVENUES 2002												
	Feb/Mar Est.*	Apr/May	June	July**	August	Sept.	Oct.	Nov.	Dec.	Dec. Pending	Total	
Permits												
Lobster - Vessel		\$475.00	\$675.00	\$300.00	\$300.00						\$1,750.00	
Lobster - Station											\$0.00	
Groundfish				\$250.00							\$250.00	
Parking				\$225.00							\$225.00	
Herring					\$750.00						\$750.00	
Herring - Vessel				\$1,500.00							\$1,500.00	
Urchin						\$75.00					\$150.00	
Urchin Buyer					\$3,000.00		\$150.00				\$3,150.00	
Dockage - coastal tankers							\$5,000.00		\$1,075.00	\$1,000.00	\$7,075.00	
Wharfage												
Unknown - Vessel		\$240.00									\$240.00	
Herring - Vessel				\$17,153.00	\$5,538.00		\$6,312.00	\$212.00			\$29,215.00	
Groundfish - Vessel	\$335.00		\$322.00	\$419.00	\$780.00	\$311.00	\$738.00	\$207.00			\$3,112.00	
Urchin - Vessel							\$90.00	\$553.00			\$643.00	
Lobster - Vessel								\$157.00			\$157.00	
Lobster - Station		\$5,000.00	\$4,577.00	\$6,865.00	\$8,695.00	\$10,863.00			\$352.00		\$36,352.00	
Urchin - Station					\$1,371.00	\$1,608.00			\$1,351.00		\$4,330.00	
Scallop											\$36.00	
Maint Dock/Electric				\$276.00	\$1,145.00	\$150.00	\$75.00	\$225.00	\$520.00	\$900.00	\$3,291.00	
Fuel							\$1,114.00				\$1,114.00	
Docking											\$125.00	
Soda Machine				\$782.00	\$463.00	\$502.00	\$473.00	\$137.00	\$84.00		\$2,441.00	
Miscellaneous				(\$3,900.00)	\$45.00	(\$1,000.00)					(\$4,855.00)	
TOTAL	\$3,355.95	\$1,050.00	\$5,675.00	\$4,332.00	\$27,140.00	\$19,036.00	\$14,609.00	\$13,272.00	\$3,876.00	\$2,061.00	\$91,051.00	

* based on daily revenue log only

** In July an additional \$4000 of income is totalled on the manager's report but does not show up in the daily revenue log

Expenses*												
	Category	Dec 15-June 30	July	Aug	Sept	Oct	Nov	Dec	July 01-June 02			
Utilities												
Trash Removal		\$720.00	\$144.00	\$144.00	\$144.00	\$144.00	\$144.00	\$144.00			\$1,584.00	
Porta-Potties		\$600.00	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00			\$1,680.00	
Electric		\$3,300.00	\$550.00	\$550.00	\$550.00	\$550.00	\$550.00	\$550.00			\$6,600.00	
Waste Removal*		\$1,004.00	\$166.00	\$166.00	\$166.00	\$166.00	\$166.00	\$166.00			\$2,000.00	
Total Utilities		\$5,624.00	\$1,040.00	\$1,040.00	\$1,040.00	\$1,040.00	\$1,040.00	\$1,040.00			\$11,864.00	
Insurance												
Thomaston						\$26,000.00					\$26,000.00	
Equipment												
Seacoast Camera					\$6,200.00						\$6,200.00	
Repairs												
Don Hill			\$2,396.00				\$370.00					\$2,766.00
EBS	misc. pier		\$203.00	\$277.00	\$93.00	\$128.00	\$117.00	\$104.00				\$922.00
EBS	floats							\$162.00				\$162.00
EL Spears							\$23.00					\$23.00
Frank Laurie	hose parts					\$8.00						\$8.00
Fuel System		\$1,285.00										\$1,285.00
Midcoast Marine	3/4 nylon				\$258.00				\$81.00			\$339.00
Montgomery Oil						\$33.00						\$33.00
O'Hara	floats	\$75.00										\$75.00
Sargent lock/keys		\$207.00										\$207.00
Smitty's Welding		\$75.00	\$175.00				\$116.00					\$366.00
Augusta Rubber	hose		\$481.00	\$381.00								\$862.00
P1 Electric	pump	\$2,388.00	\$1,314.00				\$6,633.00					\$10,335.00
FB Webb	pump fit	\$65.00										\$65.00
Fibs		\$5,200.00	\$1,463.00									\$6,663.00
Rockland Boat		\$327.00				\$27.00						\$354.00
Total Repairs		\$4,357.00	\$9,834.00	\$2,121.00	\$419.00	\$7,270.00	\$279.00	\$185.00	\$24,465.00	\$24,465.00		
TOTAL EXPENSES		\$9,981.00	\$10,874.00	\$9,361.00	\$27,459.00	\$8,310.00	\$1,319.00	\$1,225.00			\$68,529.00	

* Based upon report tendered by Fish Pier Manager

** Estimate

⁶ According to information provided by the fish pier supervisor, the pier has: five herring boats, three lobster buying stations, 21 lobster boats, two sea urchin boats, three groundfish, and two fuel transfer boats.

Finally, we created a projected sources and uses statement for the Pier. The basic assumptions we used in our approach are to:

- a. Simplify the current system of charges and rates by collapsing income categories of wharfage, dockage and permits into pier leases for the herring boats, lobster buyers, and fuel transfer vessels; and permits for the lobster, groundfish and urchin boats. The current system has 19 distinct charge/rate categories.
- b. Insure that projected income generated with a new fixed fee based system is level with the current income levels collected by category.
- c. Insure that expenses cover the cost of pier maintenance. In January 2003 Prock Marine Co. tendered an estimate of \$95,100 for a new timber fender system. We have assumed a payment on this debt of \$17,443 per year.⁷ The difference between the \$17,443 and the budgeted \$25,000 will be earmarked for routine, ongoing maintenance.
- d. If the pier operation is managed by the City or a fish pier authority, the pier operation would be able to save on the expense of \$19,000 a year in "rent to the City" which could be directly invested into the maintenance plan.

The tables below outline the projected sources of income and expenses. The income is projected at \$112,000. This past year, according to records from the Fish Pier manager, the City collected \$91,051 and, with outstanding permit income collected, that would have totaled \$105,051. The two categories – pier leases and permits – simplify the charges and rates include the general pier services and parking. The miscellaneous income reflects soda machine revenues. The parking income category is offered as a potential new source of income, assuming the City could generate 10 spaces for year-round monthly permits. Expenses totaling \$100,000 consider the utility bill about even with this year's expense, an increase in insurance to \$30,000⁸, an annual \$25,000 for current and past repair, and \$35,000 in wages and benefits.

⁷ \$100,000 at 6% for seven years

⁸ Marine insurance sources indicate that Rockland's high premiums are probably driven more by the repair needs at the pier and current claims against the City than by security concerns. Obtaining coverage through a specialist marine broker is recommended. In the midcoast, the Allen Agency is acknowledged to have this expertise.

Projected Source of Funds	<i>Totals</i>
Pier Leases	\$101,658
Misc. Income	\$2,500
Permits	\$5,000
Parking	\$3,000
Berthing	-0-
TOTAL	\$112,158

Projected Uses of Funds	<i>Totals</i>
Utility Expense	\$12,000
Insurance Expense	\$30,000
Repairs & Maintenance	\$25,000
Wages & Benefits	\$35,000
Office Expense	\$3,000
	\$105,000
Net Income/Loss	\$7158

COMPARISON OF EXPENSES

Past Use of Funds 1993-2000	Range	Current Use Of Funds 2002	Projected Uses of Funds	Fund Totals
Utility Expense	From \$3119 to 11,626	\$11,864	Utility Expense	\$12,000
Insurance Expense	From \$1056 to \$8008	\$26,000	Insurance Expense	\$30,000
Repairs & Maintenance	From \$2560 to \$7972	\$24,465	Repairs & Maintenance	\$25,000
Wages & Benefits	From \$6252 to \$76201	Not available	Wages & Benefits	\$35,000
Office Expense	Average \$1953	Not available	Office Expense	\$3,000
Rent to the City	Average \$19468	\$0		
Capital Equipment		\$ 6,200		
		\$68,529		\$105,000

Major Challenges and Recommendations

1. Detailed income and expense reporting that allows tracking and monitoring of fish pier financial status.

Recommendation: Use enterprise fund accounting to separately track and report income statements and balance sheets like any commercial enterprise. Treat the financials like a separate business and make the report available to all pier users.

2. A complicated system of rates and charges and uneven success at collecting revenue.

Recommendation: Shift to simpler, more efficient and trackable fixed fees (do away with wharfage and activity-based charges). Follow lead from other fish piers, which use permit or fixed fees versus activity-based fees.

Recommendation: Create tighter A/R and collections strategy:

- Fish pier manager to be responsible for fish pier rent/fee collections
- After 90 days send to collection agency
- Tighter monitoring and permit/no use of pier

3. Challenge to find a more systematic way to develop and fund pier maintenance.

Recommendation: Develop a 3 to 5-year pier maintenance plan with an annual review and report.

Recommendation: Pursue Small Harbor Improvement Program⁹ support for pier improvements that will create and/or repair fishing access. Explore the Maine Port Authority as source for low-interest loans to fund maintenance plan.

⁹ SHIP may disperse a small amount of money in Spring 2003 and plans another round of funding in 2004.

Operating the Rockland Fish Pier

How should the Rockland Fish Pier be operated in the future?

We recommend that the City of Rockland discontinue the use of private contractors to manage the Fish Pier. This approach has been a merry-go-round, with no contractor in place for more than five years. This lack of continuity has resulted in problems that are ultimately borne by the Pier owner, the City. The problems include: lack of public trust in the operators and operation, uneven financial reporting, conflicts among the City, operators and pier users, lack of investment in pier infrastructure, turnover costs, unresolved debt, and the City's benign neglect of a public asset through an arm's length relationship. What we have learned from observing other municipal fish piers is that public management has worked better. It has resulted in facilities that are more efficiently run, in better physical condition, enjoy continuity in management and are acknowledged by the community as valued public assets. We recommend that Rockland take this approach through creation of a Rockland Fish Pier Authority.

Advantages of creating a fish pier authority

Setting up an authority to operate the fish pier for the City will have advantages. The City of Portland found this out in the late 1980s when, faced with financial losses and troublesome commercial fishing issues that city councilors were expected to solve, it created an authority to oversee its fish pier. Thus in one clean, strategic step, fish pier issues were removed from City Hall and placed under the care of a community-based board with only one focus: to make the property successful. Rockland should follow this same path, and has experience with this approach through the Rockland Port District (incorporated in 1951 to assist with passenger and freight transportation service by water).

The City would still own the real estate and its elected officials would have a degree of control over the property since they would have the power of appointment of the Authority's Board of Directors. We recommend a seven-member board with some seats appointed and some filled ex officio:

City Manager, ex officio

City Finance Director

Chair of the Harbor Commission

Two industry members appointed by the City Council

Two public members appointed by the City Council

The Authority would have no paid staff and would not set rates of employee compensation. City employees would continue to operate the pier day to day, as they do now.¹⁰

The Authority would be responsible for establishing rates and charges and for entering into leases with pier tenants or issuing permits to pier users. The goals are to make the property financially self-sufficient, to charge rates that are equitable and commercially reasonable, and to ensure that all users pay a fair share. The Authority would maintain its own financial records as a subset of the City's records. Expenditure and revenue budgets would be prepared annually. All pier income and expenses would be recorded in fish pier accounts. We recommend setting up an enterprise fund accounting system for this purpose. The Authority should maintain a balance sheet for the pier, showing its financial position through a review of its assets, liabilities, and capital. At the end of the fiscal year, a financial statement should be issued including the balance sheet, the profit and loss statement, and a retained earnings or surplus statement.

A two-year plan for financial self-sufficiency

The City should embark on a two-year plan to get this property back on its feet. Year One is for setting up the business plan and skillfully putting it into place. Year Two is for fine-tuning and getting the financial and operational results of which the pier is capable. The first job is to get the property back firmly under the City's authority and control.

Gradually, the pier has come to look like a second-rate facility, one without much discipline, one where anything goes. Some fishermen and business people like this kind of environment but it is not good for the City or for the fishing industry long-term. Getting these kinds of properties under control is difficult. There will always be the fisherman who does not want to pay ("it's a public pier"), the under-reported catch or income, the midnight drop-off of contaminated oil. But the majority want and will support an environment that is clean, safe, legal, and well managed. The City must set this tone.

From experience, we favor rates and charges that are fixed in a schedule, and not based on activity unless there is a self-monitoring and perfectly transparent method of determining how much each pier user owes. Efforts to collect activity-based fees on the honor system will fail, every time, without exception. Efforts to audit the system will fail also. Three main revenue streams support the pier: Coastal Tankers & Petroleum Corp., herring takeout, and lobster takeout. This is where the business plan should begin.

¹⁰ Municipal fish pier managers often have a fisheries background, but other skills are essential. Operating a pier is about managing real estate efficiently, putting a management plan in place and having the capacity to deal fairly and firmly with a range of pier users.

We recommend entering into a multi-year lease with the coastal tanker firm, a stable and long-term tenant that can be part of the foundation of a financially self-sufficient pier. This would be a five-year agreement with the annual rent spelled out in a table. This allows the pier and the tanker company to see their futures more clearly. Next, enter into three-year agreements with the herring boats, providing them a protected year-round berth, the privilege of conducting routine vessel maintenance (no sandblasting, for example), vehicle parking, a pad for their fish pumps, and access for the takeout trucks. Rent them everything they need to be successful in this business. Drop the tonnage charge because it can't be monitored. A three-year lease reflects the uncertainties in the herring business; the lease can be extended later on. Give the lobster dealers three-year agreements similar to the herring vessel deal, including all the facilities and privileges they need for ordinary transfer operations and permanent berthing, if needed. Drop the poundage charge in favor of a fixed fee.

These income streams should produce about \$112,000 in annual revenue, enough to begin to stabilize the finances and put the City in a reasonable position going forward. Next, begin to work on other sources of income:

The groundfish takeout program that is connected to the Portland Fish Exchange is a fine one, and can be cultivated and promoted. The PFE will gladly cooperate on this, because they need more truck fish.

Gear storage in ocean containers is a possible revenue source. It's clean, simple, and the boats need it.

Waterfront parking lots are always a good potential source of revenue. Beyond the space needed for user parking and gear storage, we believe it is possible to offer parking for adjacent businesses. Available parking is scarce on this part of the waterfront.

The City should measure and classify all of its vessel berthing, get this under control, rent any available dockage to reliable captains on a one or two-year basis with the expectation of extensions, and book this income.

It may be necessary to remove mooring bollards and camels temporarily to bring an end to the berthing of uninvited and unwanted vessels. This needs to be clamped down on because of the risk of abandoned boats, leaking boats, sinkings, theft and deadbeats. Constant vigilance is required.

This is the right time to install more signage. The City's sign shop may be able to help. This is how to begin to declare that the City is taking back the property, certain things are and aren't allowed, and that this will be a first-class, clean and safe operation with rules and regulations. Put a sign at the head of the pier announcing proudly that this is the City of Rockland Fish Pier, listing hours of operation with the manager's name and phone number. Out on the pier, post the major rules and regulations. State the berthing policy clearly on each berth, if necessary. Take back the property.

In the first year, put the business plan into effect insofar as possible. Don't assume that all tenants will agree with the kind of new direction you are taking. Some business may be lost to competitors. Some new business may arrive. The principal skill needed during this time is that of a property manager who can visualize successful business arrangements, work with tenants (firmly at times), and is determined to succeed.

Year two or phase two is the time for making practical adjustments in the business plan to accommodate the business realities that must be deal with. Permit language may need to be revised. Lease terms may need small modifications. Rules may need to be amended. This is when the pier should become stable in terms of its tenancy, usage patterns, income and expenses, *and operate on a break-even basis financially.*

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Interviews

City of Rockland

Thomas Hall, City Manager

Gregory Dorr, City Attorney

Peter Mulhearn, Chair, Harbor Committee

Richard Spear, Chair, Rockland Port District

Chad DeLima, Harbormaster
Peter Thibodeau, Asst. Harbormaster
Al Gourte, Rockland Fish Pier Supervisor

Maine Department of Transportation
Robert Elder, Director, Office of Freight Transportation
Toni Kemmerle, Attorney

Maine Department of Marine Resources
Sue Inches, Director, Marketing and Industry Development

Rockland Fish Pier Users and Neighbors
Edward & Isabel Polk, Coastal Tankers & Petroleum Corp.
David Aho, Grindle Point Lobster Co.
Gary Hatch, FV Sailor
Glen Lawrence, FV Double Eagle
Donny Paulsen, FV Misty Mae
Beaver Stinson, Beaver Enterprises
Frank O'Hara, Sr., F. J. O'Hara Corp.
Bill Atwood, Wm. Atwood Lobster Co.
David MacDonald, Rockland
Stephen Durrell, Prock Marine Co.

Fisheries and Port Interests
Spencer Fuller, bait industry
John Boulware, St. George Marine
Richard Ingalls, Maine Port Authority
Tom Egan, Smithwick, Clarke Insurance Co.

Municipal Fish Piers
Dave Billings, Pier Manager, Cape Porpoise Fish Pier
Nathan Poore, Kennebunkport Town Manager
Richard Michaud, Saco City Manager
Michael Bolduc, Director, Saco Public Works Dept.
Benjamin Snow, Manager, Marine Operations and Administration, Port of Portland
Marjorie Stratton, Town Manager, Vinalhaven
Emily Lane, Claw Island Co., Vinalhaven
Richard Avery, Town Manager, Stonington
Steve Johnson, Pier Manager, Stonington Fish Pier
Bud Finch, City Manager, Eastport