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Commercial fishermen David Haworth (left) and Peter Halmay talk on the G Street Mole on Sept. 24, 2018. *(Brad Racino/inewsource)*

Seaport developer, fishermen reach deal to help save San Diego's storied fishing industry

by **Brad Racino** | *October 23, 2018*

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After years of negotiations, San Diego's fishermen and a local developer have signed an agreement to recapture a lost piece of the city's history – a thriving commercial fishing trade that once employed thousands of people while netting hundreds of millions of dollars.

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Much of the agreement focuses on five acres called Tuna Harbor, and the role it will play within Seaport San Diego, the billion-dollar waterfront development expected to break ground in 2022.

About this Story

Reporter Brad Racino spent the past two years monitoring the Tuna Harbor negotiations that involved San Diego's fishermen, Seaport's developer and the Port of San Diego.

The marina is expected to provide a true "working waterfront" – a unique attraction for the Seaport project, an economic boon for the region and an opportunity for the fishermen to revive their struggling industry.

Throughout the talks, *inewsource* monitored the arguments, near-

The goal was to ensure accountability by all the parties, and to avoid a repeat of what happened in the early 2000s. That's when the North Embarcadero was handed over to private interests to develop – and not everything promised to the public was delivered.

implosions and compromises that finally led to a deal being signed last month. It was a rare and noteworthy episode in San Diego history: Downtown land was up for grabs, and the two sides vying for a part of its future couldn't have contrasted more in their history, finances or motivations.

"It wasn't easy," Peter Halmay said.

The 77-year-old urchin diver, representing San Diego's commercial fishermen, sat next to Seaport San Diego developer Yehudi Gaffen at the conference room table of the American Tunaboat Association on Sept. 24. For years, Halmay had worked for this moment, though in a way he'd been planning it for decades – as one of the biggest advocates for commercial fishing's "fantastic future" in San Diego.

Gaffen signed for Seaport and sat a head shorter from the tip of Halmay's shock of white hair.

"I was 6 foot when I started," Gaffen said.

"And I had wavy blond hair," Halmay said.

The papers on the table were an ending point — but also a beginning. There are still government agencies, private interests and the public to appease. Not easy steps, said Alex Buggy, seated to Halmay's right. The former Navy SEAL has spent the past three years as the intermediary between the fishermen and developer.

"But if we do it together, we have a better chance of succeeding," Buggy said.

San Diego's commercial fishermen rarely cooperate with outsiders. Monied interests – including developers – are naturally interested in their bayfront properties. Hotels line the downtown North Embarcadero. Two different billion-dollar developments are coming to the Central Embarcadero (home to Tuna

Harbor). A third waterfront project – one of the largest on the West Coast – is expected to break ground on the Chula Vista bayfront in 2019.

Halmay, who had been negotiating on behalf of a disparate and unruly group of fishermen for the past three years, pointed to Gaffen and Buggy.

"And one thing these people never said was, 'How do we get rid of these guys?'"

Gaffen smirked.

"We thought we could until we met you," he said.

Setting the scene

Two years earlier – at the same table – Peter Flournoy considered the news media's portrayal of his clients as "cowboys of the sea." From Washington, D.C., to Papua New Guinea, the 74-year-old maritime attorney has represented fishermen for decades. A map of the world took up much of the wall behind him. San Diego Bay lapped outside his windows.

"I guess it depends on what you think of as a cowboy," Flournoy said. "If you think of cowboys as outlaws or cattle rustlers or stuff like that, that's not commercial fishermen. If you think of cowboys as independent, tough, resilient, hard working, with deep character, kind of people, then yeah, maybe you can call them cowboys."

Many of these San Diego "cowboys" displayed those traits in public meetings, private talks, aboard their boats and underwater during the years of negotiations with Gaffen. They also showed volatility, a lack of organization and a level of distrust that sometimes bordered on paranoia.

Few interviewed had high hopes for Gaffen when his Seaport project cleared a hurdle on July 13, 2016.

"This has been a competition for ideas," then-San Diego Port Commissioner Bob Nelson said to a packed house that afternoon, "and I believe there is one clear winner."

The competition was over 70 acres of public land and water along the Central Embarcadero. Six companies presented redevelopment plans to the port – a government agency that manages thousands of acres of public land and water across San Diego, National City, Chula Vista, Coronado and Imperial Beach.

The winner was 1HWY1 – Seaport's umbrella organization managed by Gaffen, Jeffrey Essakow and Jeff Jacobs. The estimated cost for the project was $1.2 billion, funded entirely by private investment. It is now around $1.6 billion, and includes hotels, office space, retail, a school, an aquarium, public parks and more within the area from the San Diego Convention Center to the USS Midway Museum.

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Five acres of that land are protected by law for San Diego's commercial fishermen. The California Coastal Act recognizes their industry's "economic, commercial, and recreational importance." It's one of the few protections the fishermen have.

"People wonder why fishing has been on a downturn, and it's because it's difficult to operate our businesses on a day-to-day basis," fisherman Kelly Fukushima said.

"Everything's a struggle."

What's at stake

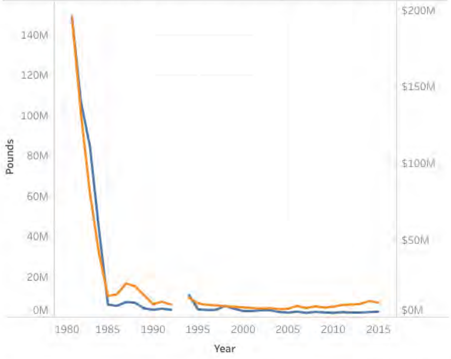
Fishermen around the country have been on the defensive for decades. Developers are just one threat. Federal and state regulations, an overabundance of imported seafood, low wages, a lack of public awareness and an aging fleet are a few others.

These factors nearly sank the commercial fishing industry in San Diego – and the U.S. – over the past half century, and the maritime economy along with it:

- San Diego – once known as "The Tuna Capital of the World" – went from employing more than 4,100 people in boats and canneries in 1971 to closing its last factory in 1984.
- California fishermen went from hauling in more than 1.5 billion pounds of fish in 1950 to landing little more than 11 percent of that in 2016.
- Foreign competition cornered the national market. Today, 85 percent to 95 percent of the fish we eat is imported, and the U.S. ran a $16 billion seafood trade deficit in 2017.

Landing history for San Diego

Total weight and value of all commercial fish landings at San Diego County ports.



Source: 1981-1999 data from the National Ocean Economics Program; 2000-2015 data from the Cal. Dept. of Fish and Wildlife; 1993 data missing. | Graphic: Brad Racino/Leo Castaneda, *inewsource*

Despite these numbers, San Diego's commercial fishermen believe opportunities abound: the Port Commission's new chairman openly advocates for a vibrant maritime industry; fish off the California coast are plentiful after "spectacular rebuilding efforts"; the Tuna Harbor Dockside Market, a 4-year-old commercial enterprise formed and run by local fishermen, is drawing hundreds of customers each Saturday; and a panel discussion about the future of Tuna Harbor drew close to 200 people in April 2017.

"From an industry standpoint, we're seeing a big bright light," said Fukushima, who has been catching swordfish, shark and tuna off the coast for more than 20 years.

"The demand for our products is increasing. The public awareness of what we do is on a scale that hasn't been recognized in a long time. There's a great opportunity for fishing, and we need to promote it better," he said.

"We also need to have the infrastructure to do it right."

From Gaffen's perspective, if San Diego fishermen are equipped with that infrastructure and support, they'll generate a true "working waterfront" – like those in Morro Bay, San Francisco, Seattle and Tacoma.

A working waterfront also opens the door to possible apprenticeships, branding campaigns, a network of local buyers and a fishing museum, Gaffen and others said. Those elements could create a maritime district in downtown San Diego.

But key to that future is the physical state of Tuna Harbor.

On the docks

David Haworth looked around the marina this past August. The tuna, lobster and squid fisherman pointed out rotting piers and dilapidated docks before motioning toward a landscaper.

That guy is out here every day, tending to the flowers, Haworth said, while what really needs to be maintained is ignored.

The Port of San Diego is responsible for taking care of the harbor, but it hasn't been doing the best job. Docks are falling apart – many are unusable. Storage is lacking. One study from 2010 found it would take $2.4 million to $8.4 million to renovate Tuna Harbor.

Read the first story in this series, "In the Shadow of Seaport", from 2016. Artwork by Alexander Mostov for *inewsource*.

Port Chairman Rafael Castellanos acknowledged the marina's backlog of deferred maintenance but said it's not unique to Tuna Harbor.

"We have 34 miles of coastline, 6,000 acres," Castellanos said of the port. "We would like for all of that to be in perfect condition, but the reality is we have to make choices every year."

He hopes the Seaport development will fund the Tuna Harbor improvements.

That's where the past several years of negotiations come into play. To reinvent Tuna Harbor, the developer and fishermen would have to find a compromise. The fishermen would need to overcome a silo mentality, spend much of their time on land, and learn how to work with a person who represented everything they've long despised – waterfront development.

Gaffen and his team had to put in long hours, organize hundreds of meetings with stakeholders, and find a way to work with a splintered faction of gruff older men who labeled his initial plans for Tuna Harbor "HS1" and "HS2" – the HS short for horseshit.

If they hadn't worked out a deal, the fishermen could have gone to the California Coastal Commission, the port or the news media – and possibly killed Gaffen's project.

Gaffen could have ignored the marina, or found a way around the fishermen by developing the surrounding land and taking millions of dollars off the table for reinvestment in Tuna Harbor.

"I don't like to be forced by very wealthy people to do something I don't want to do," Halmay told *inewsource*. "It goes against a fisherman's nature."

Trouble on the horizon

Gaffen guessed that by August 2016 he'd already spent at least nine months meeting with Halmay and his colleagues.

"In the beginning," Gaffen recalled, "they just said, 'We don't trust you, we don't even know if we want to work with you.'"

Though the meeting locations would change every other week – from the American Tunaboat Association to the Chesapeake Fish Co. to the Hubbs-SeaWorld Research Institute to the downstairs dining room of the Harbor House restaurant – the distrust remained constant.

Phil Harris, a second-generation fisherman, spoke to *inewsource* about Gaffen while piloting his boat, the Seanag.

Phil Harris was a part of the Seaport negotiations and is pictured here aboard his boat, the Seanag, in July 2016. *(Brad Racino/inewsource)*

"He's a typical developer," Harris said, then paused.

"Well, I don't know about typical, but he is a developer and you gotta just take that into consideration in dealing with him."

He said Gaffen had been pleasant to work with, but he was in a "position to either help us a lot, or sink us."

"We're headed for a confrontation, I'm sure," Harris said.

Harris remembered the "fiasco" of the North Embarcadero development project. The Port of San Diego promised that swath of land to the public in the early 2000s, but powerful interests privatized it piece by piece. Gaffen was involved with that project, and Harris would clash frequently with the developer over the next two years.

At a crowded meeting in January 2017, Harris broke up what was becoming a productive discussion between the fishermen and Gaffen.

"What are your intentions," Harris shot at the developer. "We're not going to give anything up."

During the negotiations, Harris, Halmay and dozens of other fishermen would meet on Saturday mornings at the Tuna Harbor Dockside Market to sell fish and trade the latest gossip. Was Gaffen going to allow yachts inside Tuna Harbor, next to fishing boats? What was going to happen to their parking spaces? Was he going to jack up the rent?

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The Tuna Harbor Dockside Market on Oct. 7, 2016. *(Megan Wood/inewsource)*

Even after more than a dozen meetings, they continued to doubt Gaffen.

"They are suspicious of the outcome and why this is being done," Gaffen told *inewsource* at the time. "They don't trust the data, and to some extent don't trust us."

He said he didn't blame them – that they had been taken advantage of in so many areas over the decades that the lack of trust was well-founded.

A growing rift was over allowing anything other than commercial fishing boats within Tuna Harbor. From Gaffen's standpoint, empty slips didn't make sense: Why not fill them with sportfishing or pleasure boats when the fishermen weren't using them? From the fishermen's perspective, once those boats got in, they'd never leave – and there are only about 100 spots in the harbor.

Halmay's plan for "a fantastic future" for commercial fishing would have no room to flourish if this happened.

The urchin diver and the developer could find no common ground. In February 2017, Halmay sent an email: Gaffen was pulling out of Tuna Harbor.

A turning point

Seaport's financial backers "do not see any possibility of running the marina in the black even in the distant future," Halmay wrote, without allowing yachts and sportfishing boats in Tuna Harbor.

Gaffen later told *inewsource* he didn't know where that rumor came from, but it wasn't true. The issue, however, would pop up again. Gaffen promised the fishermen no recreational activities would be allowed in the marina, and he presented them with plans for upgrading facilities and structures at the harbor.

Shortly after that, Halmay told *inewsource* at an interview in a North Park coffee shop that he had changed his mind about the Seaport developer. Gaffen had proved he was listening.

"It looks like the stuff we wanted is there. Now the real work starts," he said.

Commercial fisherman Peter Halmay aboard the Erin B., on July 27, 2016. *(Brad Racino/inewsource)*

Halmay was joined that day by Theresa Talley, a scientist and researcher at the Scripps Institution of Oceanography. She specializes in coastal ecosystems and had been at the negotiations from the beginning.

She started by helping the fishermen find a unified voice, then transitioned to being what she called a "referee" at the meetings.

In the summer of 2016, Talley and her colleagues at the University of California San Diego published a research paper. It found only 8 percent of San Diego's 86 seafood markets consistently carried locally sourced fish.

Reasons cited included "a small fishing fleet, prevalence of imported seafood, limited waterfront and urban infrastructure needed to support a local seafood system, and a lack of public awareness about local fisheries."

The week after *inewsource* met with Halmay and Talley, Gaffen sat for an interview at his office in Sorrento Valley.

"This is taking almost every waking moment of my day, seven days a week," Gaffen said.

"It's at a very critical stage of the project right now."

But things were going better than he expected. There was mutual trust and collaboration developing, Gaffen said. The two sides were on a path together.

"I must say that after our last meeting a couple of weeks ago, it felt really good," he said. "I think it was the 'Aha' moment."

That good faith lasted a month or so.

Then, at an April 2017 port meeting, the fishermen erupted when the board proposed zoning Tuna Harbor as "mixed use." To them, that was a nebulous term that meant removing protections given to them by state law.

"The fishermen thought we did it," Gaffen told *inewsource* the morning after the meeting.

"We had nothing to do with it. It came as a surprise to us," he said.

The port ended up dropping the "mixed use" designation, though the fishermen's distrust would persist for months.

Deal falling apart

This year, on Feb. 3, Gaffen told *inewsource* the negotiations were crumbling.

Talks with the fishermen were transitioning from a "win-win" to a "lose-lose," he said, because a small group of mavericks wouldn't accept anything he offered. He said his team was willing to pump millions into Tuna Harbor, but the fishermen needed to give up something. They needed to agree to having secondary uses at the harbor when fishing boats weren't filling up the piers.

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Halmay, Haworth, Harris and Flournoy gathered on the G Street Pier that day. They said they were in the same position as they were 10 months before, but that Gaffen had become secretive and stopped listening to their concerns.

But before a big meeting in front of the Port Commission on March 13, the fishermen got some concessions and decided it was better to stick with Gaffen than risk everything they'd work toward.

The meeting drew people from the San Diego Regional Chamber of Commerce, San Diego Tourism Authority, Scripps Institution of Oceanography, UC San Diego, the San Diego Waterfront Coalition and others. Almost all spoke in support of Gaffen's Seaport project – as did Halmay and Flournoy.

"When we started, we were almost talking two different languages," Halmay said to the commission. "We look at the port from the water in, and most developers look at it from the land, from the buildings, all the way to the edge of the water. … I think we can make it into a beautiful area that would not only reflect on the history and tradition, but would be an efficient way of marketing our fish. I think we're working towards that goal."

Minor issues still needed to be worked out, Halmay said, but "I think we can get there."

Gaffen, seated in the front row, was visibly happy with what he was hearing.

Port Commissioner Robert "Dukie" Valderrama from National City said to Gaffen, "When the fishermen first approached us regarding this project, there was a war going on – and it was them against you. … But the good point is you guys are meeting and you're communicating and you're evolving."

He added: "Overall I'm pleased with where we're headed."

A done deal

The signed agreement – dated Sept. 24, 2018 – was on the table in front of Halmay and Gaffen. It described what each side was willing to give – and give up.

Seaport will keep rates low for fishermen and designate Tuna Harbor solely for commercial fishing. The developer will provide space in a waterfront building for seafood buyers and processors, along with cold storage, ice machines, live seafood tanks and other items necessary for direct marketing – something Halmay has advocated for long before Gaffen came along.

"He may be in his 70s," liaison Alex Buggy said of Halmay, "but he honestly has the perspective of a millennial, and understands that you need to be out in the community marketing what you do, and letting Americans know that American products can be sold here locally."

Seaport will also provide cranes, an offloading dock, more dedicated parking and berths, signage, improved storage areas, sufficient space for a fish auction, and a strong effort to help fishermen restore a pier on the North Embarcadero.

In exchange, the fishermen won't object if Seaport wants to commercialize the bay west of the Fish Market Restaurant. They will actively support the developer's interests in the community and at related government meetings. And they're still negotiating how much space to cede in Tuna Harbor for other uses when there is no demand for a commercial fishing slip – but no recreational boating is allowed.

Shortly after signing the deal, Gaffen reflected on the past three years dealing with Halmay.

"A lot of credit goes to him for persevering through," Gaffen said. Halmay could have been out fishing and making a living, but instead his dedication to building a future for San Diego's commercial fishermen helped lay the groundwork for the agreement on the table, Gaffen said.

"Without him, we would never have got here," the developer said.

Halmay accepted the praise in his own way – joking that those kind words will make his fellow fishermen think he's been paid off.

The ink had dried. The two sat back in their seat.

"The treaties that the fishermen have signed with the port haven't been very good for the last 30 years," Halmay said. "We've kept losing and losing and losing. … Finally – I don't think we're losing in this."

By year's end, Gaffen said Seaport will present a final project description, which for Tuna Harbor means a "fairly precise" layout of infrastructure, slip sizes, building footprints and square footage. Then it will to the Port Commission, the California Coastal Commission and the State Lands Commission.

Once an environmental impact report is finished, Gaffen said, Tuna Harbor could be rebuilt in less than a year.

"It's gonna be a slow build," Buggy said. "But once it crests, it's going to have this huge upland economic impact that's going to be great for San Diego."

But Halmay did exercise a note of caution, quoting "the famous philosopher Mike Tyson."

"A plan is good," Halmay said, "until you get punched in the face."

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