



CITY OF MORRO BAY HARBOR ADVISORY BOARD A G E N D A

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

Regular Meeting - Thursday, October 5, 2017 Veteran's Memorial Building - 6:00 P.M. 209 Surf Street, Morro Bay, CA

| | |
|--------------------------|---|
| Ron Reisner, Chair | Member at Large |
| Lynn Meissen, Vice Chair | Member at Large |
| Gene Doughty | South Bay/Los Osos |
| Bill Luffee | Marine Oriented Business |
| Neal Maloney | Waterfront Leaseholders |
| Dana McClish | Recreational Boating |
| Jeremiah O'Brien | Morro Bay Commercial Fishermen's Organization |
| Peter Griffin | Alternate to Jeremiah O'Brien (MBCFO) |
| Owen Hackleman | Alternate to Jeremiah O'Brien (MBCFO) |

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

CHAIR, ADVISORY BOARD MEMBER & LIAISON ANNOUNCEMENTS & PRESENTATIONS

PUBLIC COMMENT PERIOD

Members of the audience wishing to address the Board on City business matters other than scheduled items may do so at this time. To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

- When recognized by the Chair, please come forward to the podium and state your name and address for the record. Board meetings are audio and video recorded and this information is voluntary and desired for the preparation of minutes.
- Comments are to be limited to three minutes.
- All remarks shall be addressed to the Board, as a whole, and not to any individual member thereof.
- The Board respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, Board member and/or staff.
- Please refrain from public displays or outbursts such as unsolicited applause, comments or cheering.
- Any disruptive activities that substantially interfere with the ability of the Board to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Your participation in Board meetings is welcome and your courtesy will be appreciated.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Harbor Department's Office Assistant at (805) 772-6254. Notification 24 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

A. CONSENT CALENDAR

- A-1 Approval of Minutes from Harbor Advisory Board meeting held on August 3, 2017.
Staff Recommendation: Approve minutes.

B. REPORTS AND APPEARANCES

- B-1 Harbor Department Status Report
Staff Recommendation: Receive and file.

C. BUSINESS ITEMS

- C-1 Update from the Marine Services Facility/Boatyard Ad-Hoc Committee on Committee's Recent Activities
Staff Recommendation: Receive and file.
- C-2 Update from the Finance & Budget Ad-Hoc Committee on Committee's Recent Activities.
Staff Recommendation: Receive and file.
- C-3 Update from the Eelgrass Ad-Hoc Committee on Committee's Recent Activities.
Staff Recommendation: Receive and file.
- C-4 Update from the Marine Sanctuary Ad-Hoc Committee on Committee's Recent Activities
Staff Recommendation: Receive and file.
- C-5 Update from the Working Waterfront Ad-Hoc Committee on Committee's Recent Activities.
Staff Recommendation: Receive and file.
- C-6 Harbor Advisory Board Work Program for City Council Goals and Objectives, Goal 1, Objective (d), Work Program Elements 2 and 4 Regarding Licensing/Permitting for Certain Harbor/Tidelands Business Activities
Staff Recommendation: Staff recommend the Harbor Advisory Board consider staff analysis and questions posed to provide input and recommendation on Work Program Elements 2 and 4 of Goal 1, Objective (d) regarding licensing/permitting for certain for-profit business activities occurring on Harbor Tidelands Trust properties.
- C-7 Harbor Advisory Board Work Program for City Council Goals and Objectives, "Other Added Item 1" Regarding Waterfront Lease Site Contractual Conformance
Staff Recommendation: Staff recommend the Harbor Advisory Board consider the proposed program outline to provide input and recommendation on "Other Added Item 1" of the HAB Council goal objective work plans regarding contractual conformance of City waterfront lease sites.

D. DECLARATION OF FUTURE AGENDA ITEMS

Pending items previously declared:
Goals and Objectives – Working Waterfront Designation
Measure D
Back Bay Water Use Forum
Explore Benefits of Becoming a Harbor or Port District

Update and Report from the Morro Bay Community Quota Fund

E. ADJOURNMENT

This agenda is subject to amendment up to 72 hours prior to the date and time set for the meeting. Please refer to the agenda posted at the Morro Bay Harbor Department, 1275 Embarcadero, for any revisions or call the department at 772-6254 for further information.

Materials related to an item on this Agenda are available for public inspection during normal business hours at the Harbor Department and at Mill's/ASAP, 495 Morro Bay Boulevard, or online at www.morrobayca.gov. Materials related to an item on this Agenda submitted to the Board after publication of the Agenda packet are available for inspection at the Harbor Department during normal business hours or at the scheduled meeting.

MINUTES-MORRO BAY HARBOR ADVISORY BOARD
REGULAR MEETING – AUGUST 3, 2017
VETERAN'S MEMORIAL HALL - 6:00 P.M.

AGENDA NO: A-1

MEETING DATE: October 5, 2017

PRESENT: Ron Reisner HAB Chair
Lynn Meissen HAB Vice-Chair
Dana McClish HAB Member
Gene Doughty HAB Member
Bill Luffee HAB Member

ABSENT: Neal Maloney HAB Member
MBCFO Rep HAB Member

STAFF: Eric Endersby Harbor Director
Lori Stilts Harbor Business Coordinator

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:02 p.m. with five members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

CHAIR AND ADVISORY BOARD MEMBER ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/grKO6hcZas8?t=2m16s>

Board Member McClish left the dais at 6:04 p.m.

Board Member Doughty stated we have had the typical summer on bay, full of activity and abundance of sea life.

PUBLIC COMMENT

None.

A. CONSENT AGENDA

None.

B. REPORTS AND APPEARANCES

<https://youtu.be/grKO6hcZas8?t=4m18s>

B-1 HARBOR DEPARTMENT STATUS REPORT

Director Endersby presented the staff report.

Board Member McClish rejoined the meeting at 6:12 p.m.

Discussion by the Board and Director Endersby.

C. BUSINESS ITEMS

<https://youtu.be/grKO6hcZas8?t=29m15s>

C-1 UPDATE FROM THE MARINE SERVICES FACILITY/BOATYARD AD-HOC COMMITTEE
ON COMMITTEE'S RECENT ACTIVITIES

Committee Chair McClish stated there was not an Ad-hoc committee meeting last month. However, there was a meeting with Harbor Director Endersby, Larry Newland from the Maritime Museum, and an interested engineering firm, GHD International on site at the Triangle Lot and South T-Pier area where they discussed the RFQ and future of the Boatyard.

Director Endersby presented the staff report.

Discussion by the Board and Director Endersby.

C-2 UPDATE FROM THE FINANCE & BUDGET AD-HOC COMMITTEE ON COMMITTEE'S RECENT ACTIVITIES

<https://youtu.be/grKO6hcZas8?t=1h9m27s>

Board Chair Reisner stated the committee chair is not present. Nothing to report.

C-3 UPDATE FROM THE EELGRASS AD-HOC COMMITTEE ON COMMITTEE'S RECENT ACTIVITIES

<https://youtu.be/grKO6hcZas8?t=1h9m48s>

Committee Chair Meissen stated the committee has not met. Nothing to report

C-5 UPDATE FROM THE WORKING WATERFRONT AD-HOC COMMITTEE ON COMMITTEE'S RECENT ACTIVITIES

<https://youtu.be/grKO6hcZas8?t=1h10m23s>

This item was unintentionally heard before C-4.

Committee Chair Doughty and Director Endersby briefed the board on the future joint meeting with the Planning Commission.

C-4 UPDATE FROM THE MARINE SANCTUARY AD-HOC COMMITTEE ON COMMITTEE'S RECENT ACTIVITIES

<https://youtu.be/grKO6hcZas8?t=1h16m44s>

Committee Chair Reisner state there has been no activity since their last meeting.

C-6 CONSIDERATION OF RECOMMENDED CHANGES TO THE CURRENT SHARK SIGHTING AND PUBLIC NOTIFICATION PROTOCOL

<https://youtu.be/grKO6hcZas8?t=1h17m9s>

Director Endersby presented the staff report.

Discussion by the Board and Director Endersby. There was board consensus to approve the changes to the protocol as-presented, consider ensuring any new signage is simple, and continue with sighting-specific signage of some sort similar to current practice.

C-7 HARBOR ADVISORY BOARD WORK PROGRAM FOR THE CITY COUNCIL GOALS AND OBJECTIVES SPREADSHEET MATRIX UPDATE.

<https://youtu.be/grKO6hcZas8?t=1h35m52s>

Chair Reisner briefed the board on the proposed 2017/2018 work program spreadsheet with an updated quarter review column and added a responsibility party column.

Discussion and input by the board. There was board consensus to approve the spreadsheet changes as-presented.

D. DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/grKO6hcZas8?t=1h47m45s>

Discussion by the Board.

Chair Reisner suggested the Board add the following items for future agenda items per quarter review.

Quarter 1:

Goal 1, d WPE6

Goal 1, d WPE8

Goal 1, d WPE10

Goal 1, d WPE11

Goal 3, e WPE1

Quarter 2:

Goal 1, d WPE13

Update and current report from the Morro Bay Community Quote Fund

Goal 1, d WPE3
Goal 1, d WPE4
Goal 4, d
Quarter 3:
Goal 1, d WPE5
Goal 1, d WPE7
Goal 1, d WPE12
Quarter 4:
Goal 1, d WPE8

MOTION: Board Member Luffee moved future agenda items be approved as stated. The Motion was seconded by Board Member Meissen and carried unanimously, 5-0

Pending items previously declared:

Goals and Objectives – Working Waterfront Designation

Measure D

Back Bay Water Use Forum

Deliberation on Paid Parking on the Embarcadero and Adjacent Vicinities

Explore Benefits of becoming a Harbor or Port District

E. ADJOURNMENT

This meeting was adjourned at 7:58 PM. The next Regular Meeting will be held on Thursday, September 7, 2017 at 6:00 p.m. at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

Recorded by,

Lori Stilts
Harbor Business Coordinator



AGENDA NO: B-1

MEETING DATE: October 5, 2017

Staff Report

TO: Harbor Advisory Board
FROM: Eric Endersby, Harbor Director
SUBJECT: Harbor Department Status Report

DATE: September 27, 2017

RECOMMENDATION

Receive and file.

DISCUSSION

Recent Department Activity:

Harbor Patrol statistics for the month of September 2017 to date were 9 emergency responses and 128 calls for service, 27 assists of other agencies, 29 enforcement contacts, and 5 weather hazards.

On September 3, Harbor Patrol assisted a distressed swimmer in the middle of the channel in the harbor, who was recovered and returned him to the dock he came from. Later that same day, Patrol responded to the North side of the Rock for a report of a missing 9-year child last seen in the water boogie boarding about five yards out from the beach. The child was found a few minutes later with the help of the beach lifeguards.

On September 13, Patrol and Coast Guard responded to a skiff on the beach inside the harbor at the South jetty. Upon arrival, the skiff was full of sand and water. It was dewatered on scene, pulled off the beach and towed back to the harbor along with its unharmed wet owner and a passenger.

On September 18, a recreational fisherman on shore at Montana de Oro spotted what he thought was a kayaker in distress offshore, with darkness pending. Patrol and Coast Guard quickly responded, and located two victims in a swamped 14-foot open vessel approximately 300 yards offshore. The Coast Guard retrieved one, and Patrol the other. The skiff was abandoned due to its proximity to the surf at the time of the rescue. The victims had reported being swamped and adrift for approximately three hours prior to rescue. Both were mildly hypothermic and brought to the Harbor Office for warming, then transported back to their liveaboard vessel in the bay.

On September 24, Patrol received a phone call from a boater outside the Rock who was dead in the water without power, apparently out of fuel. Patrol responded and towed the vessel back to the harbor without incident.

Recent City Council Activity:

At the regular September 12th City Council meeting, Council adopted Resolution No. 49-17 Authorizing the City of Morro Bay to Enter into a 2017/2018 Surrendered and Abandoned Vessel Exchange (SAVE) Grant Contract with the State of California Division of Boating and Waterways, in the Amount of \$25,000.00 for removal of abandoned/surrendered vessels and hazards to navigation.

Prepared By: LS

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____

Also at the September 12th Meeting, Council adopted Resolution No. 48-17, approving the assignment and assumption and conditionally authorizing the Mayor to execute documents necessary for a new loan for the lease agreement at Lease Site 53-56/53W-56W (Estero Inn), and accepting a deed of trust related thereto.

On September 25, the City Council approved a License Agreement with the Central Coast Maritime Museum Association for use of real property in the Front Street and Triangle parking lot areas. This historic event marks another milestone in the realization of this project long-supported by the City.

Lifeguards:

On duty through Harbor Festival weekend, then towers will be removed from the beach.

Dynegy Ocean Pipeline Flushing and Removal:

During the first week of October, Dynegy will be taking the next step in the removal of their oil terminal pipelines leading from the plant to the tanker mooring area NW of the Rock. This phase consists of “pigging” the lines of any oil or other contaminants. An announcement is attached.

Upcoming Events:

10/7/17 - 36th Annual Harbor Festival www.mbf.com

10/7/17 to 12/2/17 - 4th Annual Morro Bay Surfboard Art Festival www.mbsurfboardartfest.com

10/14/17 - Concerts on the Bay www.fallfest.info

10/14/17 - San Luis Obispo Bicycle Club Lighthouse Century www.slobc.org/lighthouse

Status of Pending HAB Recommendations:

| HAB Recommendation | Date | Status |
|---|---------|---|
| Staff draft letter to Council encouraging the City to pursue negotiating with State Parks the City assume both marina and café concessions. | 5/7/15 | Staff’s last contact with Parks indicated no Parks interest in giving up the café concession. Since that time, all of Parks’ key personnel on the SPM have either retired or positions turned over. Staff’s current thinking is we’re at a “start-over” point with Parks to begin talks anew, and are acting accordingly before taking anything back to the Council. |
| Staff provide Council with modified sections of MBMC 15.24 (harbor sanitation) and develop environmental BMP’s. | 7/22/15 | Staff have incorporated this BMP effort into the ongoing Rules & Regs/MBMC updating project. |
| Council direct staff to engage consultancy relative to obtaining regulatory approval for cost-effective ocean disposal of SPM dredge material, and/or determine the practical and economic feasibility of using same as landfill. | 1/7/16 | Staff did engage consultancy and the Corps to investigate regulatory permit approval of SPM material disposal in the Nearshore Disposal area. With consultant cost estimate to <i>attempt</i> this approval of \$178,000, and no guarantee of success, staff ceased pursuing. In discussions with the EPA, permitting success seemed not likely. City also seeking (along with CMANC) regulatory relief of the “80-20” dredge material disposal rule, which could change the playing field. |
| City Council to approve issuance of the final draft Marine Services Facility/Boatyard Request for Qualifications document. | 2/2/17 | 2/14/17. Council approved the release of a Request for Qualifications (RFQ) document as-proposed. RFQ is out, and responses due July 14, 2017. 7/27/17. No responses to RFQ. 8/3/17 HAB meeting to consider next steps. |

| | | |
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| <p>City Council to involve the Harbor Advisory Board directly in the consideration and incorporation of Measure D into the General Plan and Local Coastal Plan update.</p> | <p>3/2/17</p> | <p>Tentatively on the July 11, 2017 City Council Agenda for consideration regarding Harbor Advisory Board Request to Resolve Ambiguities regarding Measure D / Working Waterfront (HD).</p> <p>7/27/17. City Council on 7/11/17 authorized PC subcommittee to jointly work with HAB ad-hoc committee on Measure D ambiguities and Working Waterfront policy language for consideration of incorporation into GP/LCP update process.</p> <p>9/1/17. First joint HAB/PC subcommittee meeting to consider Measure D and Working Waterfronts scheduled for September 8, 2017, at the Community Center Studio room from 3:00-5:00 pm.</p> <p>9/8/17. First joint subcommittee meeting held. General discussion and public input. Second meeting TBD, likely late October or early November.</p> |
| <p>City to use a consultant to update the cost allocation plan, if feasible, if not, then direct staff to do an internal check.</p> | <p>6/1/17</p> | <p>Approved Council Goal Objective Work Plan Item – Internal “gut check” Goal 1(e).</p> |
| <p>City to share TOT, sales tax and possessory interest revenue that is collected in the Harbor fund and used for Harbor Capitol maintenance and improvements.</p> | <p>6/1/17</p> | <p>Pending.</p> |
| <p>City Council to include proposed eelgrass language into General Plan/Local Coastal Plan updates.</p> | <p>6/7/17</p> | <p>7/28/17. Consultant Anchor QEA is developing a proposal to review existing information and documentation, research typical projects that have eelgrass issues, interview NEP personnel, and meet with Eelgrass Ad-Hoc committee members to discuss Newport Beach management plan.</p> |
| <p>City Council to review the proposed outline for the eelgrass policy to decide if the elements are appropriate.</p> | <p>6/1/17</p> | <p>See above.</p> |
| <p>Incorporate Working Waterfront land area and uses into General Plan/Local Coastal Plan updates.</p> | <p>6/1/17</p> | <p>Tentatively on the July 11, 2017 City Council agenda for consideration with Measure D recommendation above.</p> <p>7/27/17. City Council on 7/11/17 authorized PC subcommittee to jointly work with HAB ad-hoc committee on Measure D ambiguities and Working Waterfront policy language for consideration of incorporation into GP/LCP update process.</p> <p>9/1/17. First joint HAB/PC subcommittee meeting to consider Measure D and Working Waterfronts scheduled for September 8, 2017, at the Community Center Studio room from 3:00-5:00 pm.</p> <p>9/8/17. First joint subcommittee meeting held. General discussion and public input. Second meeting TBD, likely late October or early November.</p> |

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|---|---------------|---|
| | | |
| <p>In General Plan/Local Coastal Plan updates, consideration be given to a list of uses provided, and that the Measure D area and its uses be incorporated into Morro Bay's Working Waterfront.</p> | <p>6/1/17</p> | <p>Tentatively on the July 11, 2017 City Council agenda for consideration with Measure D recommendation above.</p> <p>7/27/17. City Council on 7/11/17 authorized PC subcommittee to jointly work with HAB ad-hoc committee on Measure D ambiguities and Working Waterfront policy language for consideration of incorporation into GP/LCP update process.</p> <p>9/1/17. First joint HAB/PC subcommittee meeting to consider Measure D and Working Waterfronts scheduled for September 8, 2017, at the Community Center Studio room from 3:00-5:00 pm.</p> <p>9/8/17. First joint subcommittee meeting held. General discussion and public input. Second meeting TBD, likely late October or early November.</p> |
| <p>Paid parking be established on and around the Embarcadero, and recommended list of issues to be addressed when considering establishment of same.</p> | <p>7/6/17</p> | <p>July 18, 2017 letter from HAB Chairman provided to Planning Commission and copied to City Council, Public Works Advisory Board and Community Development Director with HAB's recommendations.</p> |

Dynegy to Begin Tanker Oil Pipeline Removal Project

Morro Bay Power Plant owner Dynegy continues to work on decommissioning and removal of two oil transfer pipelines that run from the plant property to just offshore and north of Morro Rock. The pipelines were originally used to transfer bunker oil from oil tankers moored at the pipeline terminus berths, to the tank farm storage on shore, but the plant hasn't used oil in decades, relying solely on natural gas from 1995 to 2014 when the plant retired.

The two buried pipelines, one 16" and one 24", run parallel to each other from the plant property, through the dunes west of the plant, and into the ocean approximately ¼ mile north of the Rock. They have been kept in caretaker status since the plant stopped using oil for fuel.

In preparation for removal of the pipelines next spring/summer, Dynegy plans to "pig and flush" the pipes of any remaining residual material. This pigging and flushing will take place during the week of October 1st. Morro Bay-based work vessel "Surveyor" will be performing the necessary ocean work, while all other onshore equipment and work will be performed on Dynegy's plant property.

The project has received all necessary permitting, and will be subject to strict environmental and safety conditions and requirements. All residual material from the pipes will be contained and treated onshore, and after completion, the pipelines will be filled with clean sea water and sealed for the future removal. This project should have no impacts on the public or use of the beach and/or surf.

For more information on the project, contact Dynegy representative Ninah Hartley at Ninah.R.Hartley@dynegy.com, or (805) 540-1541.





AGENDA NO: C-1

MEETING DATE: October 5, 2017

Staff Report

TO: Harbor Advisory Board

DATE: September 28, 2017

FROM: Eric Endersby, Harbor Director

SUBJECT: Update from the Marine Services Facility/Boatyard Ad-Hoc Committee on Committee's Recent Activities

RECOMMENDATION

Receive and file.

DISCUSSION

The Marine Services Facility/Boatyard Ad-Hoc Committee will be presenting an oral update on their activities, if any. This is a standing committee report agenda item.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____



AGENDA NO: C-2

MEETING DATE: October 5, 2017

Staff Report

TO: Harbor Advisory Board

DATE: September 28, 2017

FROM: Eric Endersby, Harbor Director

SUBJECT: Update from the Finance & Budget Ad-Hoc Committee on Committee's Recent Activities

RECOMMENDATION

Receive and file.

BACKGROUND

The Finance & Budget Ad-Hoc Committee will be presenting an oral update on their activities, if any. This is a standing committee report agenda item.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____



AGENDA NO: C-3

MEETING DATE: October 5, 2017

Staff Report

TO: Harbor Advisory Board

DATE: September 28, 2017

FROM: Eric Endersby, Harbor Director

SUBJECT: Update from the Eelgrass Ad-Hoc Committee on Committee's Recent Activities.

RECOMMENDATION

Receive and file.

BACKGROUND

The Eelgrass Ad-Hoc Committee will be presenting an oral update on their activities, if any. This is a standing committee report agenda item.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____



AGENDA NO: C-4

MEETING DATE: October 5, 2017

Staff Report

TO: Harbor Advisory Board

DATE: September 27, 2017

FROM: Eric Endersby, Harbor Director

SUBJECT: Update from the Marine Sanctuary Ad-Hoc Committee on Committee's Recent Activities

RECOMMENDATION

Receive and file.

DISCUSSION

The Marine Sanctuary Ad-Hoc Committee will be presenting an oral update on their activities, if any. This is a standing committee report agenda item.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____



AGENDA NO: C-5

MEETING DATE: October 5, 2017

Staff Report

TO: Harbor Advisory Board

DATE: September 27, 2017

FROM: Eric Endersby, Harbor Director

SUBJECT: Update from the Working Waterfront Ad-Hoc Committee on Committee's Recent Activities

RECOMMENDATION

Receive and file.

BACKGROUND

The Working Waterfront Ad-Hoc Committee will be presenting an oral update on their activities, if any.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____



AGENDA NO: C-6

MEETING DATE: October 5, 2017

Staff Report

TO: Harbor Advisory Board

DATE: September 29, 2017

FROM: Eric Endersby, Harbor Director

SUBJECT: Harbor Advisory Board Work Program for City Council Goals and Objectives, Goal 1, Objective (d), Work Program Elements 2 and 4 Regarding Licensing/Permitting for Certain Harbor/Tidelands Business Activities

RECOMMENDATION

Staff recommend the Harbor Advisory Board consider staff analysis and questions posed to provide input and recommendation on Work Program Elements 2 and 4 of Goal 1, Objective (d) regarding licensing/permitting for certain for-profit business activities occurring on Harbor Tidelands Trust properties.

BACKGROUND

On June 27, 2017, the City Council approved the final Harbor Advisory Board (HAB) Work Program for City Council 2017/2018 Goals and Objectives. The Goals and Objectives Work Program spreadsheet is included with this staff report as Attachment #1.

Goal 1, Objective (d), Work Plan Element 2 is to research and bring to Council for consideration moving for-profit events and activities from the Public Use Area Permit process, where there is no revenue generation, to a License Agreement process, with revenue generation.

Goal 1, Objective (d), Work Plan Element 4 is to research and bring to Council for consideration establishment of License Agreements with base and/or percent rents for various for-profit business operations being conducted on the bay that are not currently operating as an approved lease or sublease from a lease site.

Staff believe these two items are best incorporated into one policy- and procedure-making process, and are thus bringing both forward for HAB input.

DISCUSSION

It is in the Harbor Department's mission to promote business throughout the harbor and Tidelands Trust area in a safe, orderly and professional manner, encourage the offering of essential marine-related services, and increase opportunities for small businesses that have no fixed place of business or lease on the waterfront. In order to accomplish these goals, while protecting the public interest and the City's liability, a harbor business license/permit process is justified.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____

Examples of for-profit events and activities occurring (or that could occur) on Tidelands Trust properties are weddings or corporate retreats arranged and executed by for-hire planners, beach item vendors or food trucks or surf lessons.

Examples of for-profit businesses conducting business on Tidelands Trust properties are vessel maintenance and repair, bottom cleaning, marine surveying or six-pack charters.

Staff is seeking general HAB input on elements to be incorporated into a Morro Bay business and activity license or permit policy and process. Ultimately, any such policy and procedure would be enabled by a municipal code section addressing it.

Issues staff are seeking HAB input on, but not necessarily limited to, are:

1. How should periodic or “one-off” or periodic public events such as surf contests and kite festivals be permitted?
Staff recommend those type activities remain under the City’s Public Area Use Permit process.
2. Should business/activity licenses/permits be issued on an as-needed, continual basis, or periodically (such as annually) via a Request For Proposals (RFP) review process?
Staff recommend they be issued annually on an open RFP basis for for-profit events and activities to ensure maximum competition and opportunity for brick-and-mortar participation, and issued on an ongoing, as-needed basis for marine-dependent/supporting services in the harbor.
3. Should limits be placed on the number and types of businesses or activities that are licensed/permitted?
Staff recommend to let the market determine the number and type of marine-dependent/supporting service businesses licensed/permitted, and to treat for-profit events and activities through the RFP process on a case-by-case basis depending on the number and/or scope of respondents.
4. Should some businesses not be allowed except on waterfront lease sites such as kayak/SUP rentals, or conversely, should businesses only be allowed where that type of business is not already represented in an existing brick-and-mortar waterfront location?
The RFP process should alleviate much of the undue competition issue as brick-and-mortar operators would be free to participate, however, staff recommend an approach where gross sales are reported and tracked to ensure detrimental effects are not occurring on the brick-and-mortar locations, such as a limit on the market share captured by the licensees/permittees, and making contract or other adjustments accordingly.
5. As a subset of #4, how should six-pack charters be handled?
Staff recommend the existing policy of allowing six-pack or other charter and/or passenger for hire operations out of existing lease sites only, due largely to the additional liabilities involved from loading/unloading passengers on public facilities.
6. For what term should licenses/permits for marine dependent/supporting services be issued?
Staff recommend a three-year term, renewable at the discretion of the City and terminable for cause.

7. What fees should be charged?

Staff recommend a flat license/permit fee be charged for marine/harbor-dependent support services, and a 10% of gross sales requirement for other for-profit enterprises such as wedding/event planners, rentals and sales of equipment and goods and food/drink vendors.

8. How should licenses/permits be approved; administratively or by the City Council?

Staff recommend licenses/permits for marine-dependent/supporting services be administratively approved by the Harbor Director, while licenses/permits for for-profit events and activities be initially approved by the City Council in order to provide an opportunity for public input, with renewal authority vested in the Harbor Director.

CONCLUSION

Staff seek HAB input and recommendation on the above goal work plan item issues identified, and other such issues or matters as the HAB may identify and wish to make comment on. Considering the HAB input, staff intend to develop the policy and procedure, gaining additional input from the Chamber of Commerce, City's Tourism Manager, and the business community to ensure an inclusive approach before bringing it to the City Council for consideration.

ATTACHMENTS

1. HAB Goal Objective Work Program spreadsheet.

| Item | Description | Expected HAB Review (by fiscal year quarter) | Status / HAB Recommendation |
|---|--|---|--|
| Harbor Advisory Board Work Program for City Council 2017/18 Goals & Objectives | | | |
| updated from City Council input on 4/11/17, HAB input on 5/4/17, City Council input on 6/13/17 and approved by City Council 6/27/17 | | | |
| GOALS | | | |
| Goal 1 | Achieve Economic and Fiscal Sustainability | N/A | |
| b. | Pursue opportunities and relationships that are likely to result in the revitalization and redevelopment of important properties including the Morro Bay Power Plant, the existing wastewater treatment plant site, Morro Bay Elementary School, and the Morro Bay Aquarium lease site. Take proactive action to facilitate the revitalization of underused and vacant parcels in all commercial districts. | | |
| | WPE1 - Aquarium. Harbor staff and HAB provide input and guidance to Central Coast Aquarium, Community Development, Planning Commission and City Council on aquarium's redevelopment proposal during proposal development and review for Concept approval. | As-Required | |
| | WPE3 - Morro Bay Power Plant. Harbor staff and HAB review and recommend to PC/Council on development proposals during review by PC/Council for Concept approval. | As-Required | |
| | WPE4 - WWTP Site. Harbor staff and HAB review and recommendations to PC/Council on development proposals relative to land use during review by PC/Council for Concept approval. | As-Required | |
| | WPE5 - Eelgrass. Continue eelgrass Ad-Hoc Committee work into research on eelgrass mitigation alternatives, potential State and Federal regulatory paths forward, including robust engagement with MBNEP, and consideration of hiring a consultant to facilitate the process. | Q1-3 | This issue is on current HAB goal work plan list, and should continue under the banner of this goal objective since the presence of eelgrass and the current "unfriendly" eelgrass regulatory mitigation policy is a damper on waterfront development/redevelopment. |
| | WPE8 - Eelgrass. Develop Morro Bay Eelgrass Mitigation Policy for State and Federal regulatory approval contingent upon outcome of WPE5. | Q4 | |
| | WPE9 - Complete License Agreement and MOU update with the Central Coast Maritime Museum for museum establishment in the Triangle Lot per current efforts. | Q1 (License Agreement), Q2 MOU | Currently underway. Final draft of License Agreement in CCMMA's hands for their approval. |
| d. | Evaluate oppoortunities for new or expanded revenue sources, including, but not limited to: paid parking, marijuana associated revenues, other tax measures, and a review of City fees. | N/A | |
| | WPE1 - Participate in the research and bring to Council for consideration establishment of paid parking on and around the Embarcadero. | As-Required | |
| | WPE2 - Research and bring to Council for consideration moving for-profit events and activities from the Public Area Use Permit process (no revenue generation) to a License Agreement process (with revenue generation). | Q2 | |
| | WPE3 - Research and bring to Council for consideration concessionaire contracts for food truck and/or other basic beach need sales/rentals at the Rock parking lot and/or other City locations during special events. | Q2 | |
| | WPE4 - Research and bring to Council for consideration establishment of License Agreements with base and/or percent rents for various for-profit business operations being conducted on the Bay that are not currently operating as an approved lease or sublease from a lease site. | Q2 | |
| | WPE5 - Research and bring to Council for consideration slip, pier and dock fees (or metering mechanism) to fully recover the amounts spent by the City for electrical and water usage on various pier and dock facilities. | Q3 | |

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| | WPE6 - Research and bring to Council for consideration fee-based RV and/or boat/trailer storage parking in a portion of the Triangle Lot until some permanent use is allocated to that location. | Q1 | |
| | WPE7 - Research and bring to Council for consideration establishment of a concert venue in the Triangle Lot. | Q3 | |
| | WPE8 - Research and bring to Council for consideration production of more drive/walk-in movie nights at the Rock and/or Tidelands. | Q4 | |
| | WPE9 - Research and bring to Council for consideration a waterfront leaseholder incentive to obtain more years on the term of their leases in exchange for paying more base and/or percent rents. | Q1 | |
| | WPE10 - Research and bring to Council for consideration a waterfront leaseholder incentive to obtain more years on the term of their leases in exchange for diversifying the caliber or type products or services they sell to types that are lacking/needed in the area. | Q1 | |
| | WPE11 - Seek and establish a more robust harbor-related grant-seeking process. | Q1 | |
| | WPE12 - Research, work with State Parks and bring to Council for consideration revising the State Park Marina Operating Agreement to allow the City to take over direct operations of the marina to maximize revenue collection to put toward dredging and redevelopment. | Q1 | |
| | WPE13 - Research full GIS mapping of the City's two mooring fields in order to achieve maximum utilization of space, to determine if new moorings can be established. | Q4 | |
| e. | Considering Council direction to identify no less than \$400K of cost reductions across FY19 and FY20, develop a cost control and reduction plan to achieve these cuts, including a complete review of staffing levels and non-labor costs in all departments. | | HAB would like Council clarification how this objective will affect the Harbor Department since the enterprise funds are not a part of the \$400K cost reduction equation? |
| | WPE1 - Perform a department "gut-check" of the current cost allocation plan for accuracy. | Q1 | |
| Goal 3 | Improve Infrastructure and Public Spaces | N/A | |
| b. | Bring to Council for information, consideration and possible implementation, a review of circulation and parking management plans and options in the downtown and waterfront districts. | | |
| | WPE1 - HAB review and provide input on proposed management plans and options as they relate to the waterfront. | As-Required | |
| d. | Complete the approved RFQ process for a marine services facility (boatyard) and bring to Council for information and consideration of next steps prior to any decision on feasibility study. | | |
| | WPE1 - With Boatyard Ad-Hoc committee participation, review responses to RFQ and evaluate. | Q1 | RFQ process currently underway; deadline to submit July 14, 2017. |
| | WPE2 - Depending on RFQ response, if any, develop and recommend to Council consideration of next steps, including, but not limited to, possible issuance of an RFP for boatyard development, or possible issuance of a RFP for financial feasibility study services. | Q1 | |
| e. | Inventory, evaluate and refresh existing programs for volunteer groups to assist in providing routine maintenance in the City (such as adopt-a-park programs), while soliciting and facilitating additional volunteer group support for routine maintenance (such as park beautification) and small capital projects (such as park bathroom reconstruction). | | |
| | WPE1 - Identify facilities in need or opportunities for participation and/or projects, and identify groups or organizations likely or willing to adopt or take on projects in/on waterfront facilities. | Q1 | |
| Goal 4 | Review and Update Significant Land Use Plans | | |
| a. | Complete the GP/LCP rewrite no later than August 2018. | | |

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| | WPE1 - HAB Working Waterfront Ad-Hoc committee to develop a "Working Waterfront" mission statement or policy for incorporation into the GP/LCP. | Q1 | |
| | WPE2 - HAB Working Waterfront Ad-Hoc committee to work with staff, consultants and GPAC to provide input and review relative to clarification of Measure D and incorporation of clarifications into the GP/LCP. | As-Required | |
| d. | Bring to Council for consideration the results of Code Enforcement outreach on existing codes related to fences and hedges, and boat, RV and trailer parking/storage on City streets and neighborhoods to determine whether to keep, or modify, related existing ordinances. | | |
| | WPE1 - Provide venue to take public input and make HAB recommendations for Council consideration regarding boat and boat/trailer parking and storage. | As-Required | |



AGENDA NO: C-7

MEETING DATE: October 5, 2017

Staff Report

TO: Harbor Advisory Board

DATE: September 29, 2017

FROM: Eric Endersby, Harbor Director

SUBJECT: Harbor Advisory Board Work Program for City Council Goals and Objectives, "Other Added Item 1" Regarding Waterfront Lease Site Contractual Conformance

RECOMMENDATION

Staff recommend the Harbor Advisory Board consider the proposed program outline to provide input and recommendation on "Other Added Item 1" of the HAB Council goal objective work plans regarding contractual conformance of City waterfront lease sites.

BACKGROUND

On June 27, 2017, the City Council approved the final Harbor Advisory Board (HAB) Work Program for City Council 2017/2018 Goals and Objectives. The Goals and Objectives Work Program spreadsheet is included with the staff report for item C-6 on this agenda.

"Other Added Item 1" of the HAB Council goal objectives is to review on an annual basis in segments, all waterfront lease sites for conformity to contractual agreements for building use, maintenance, signage, access and safety, with 100% of all lease sites to be reviewed in a 3-year period.

The City's lease management policy states lease sites shall be inspected every five years. Historically, the Harbor Department has conducted these as basic fire safety inspections by the Fire Department. The last inspection conducted was in 2012. Out of those inspections, lessees are required to correct any deficiencies. Follow-up on compliance has been jointly managed by the Harbor and Fire Departments.

In addition, largely stemming from the City's experience with the recent failed seawall situation at the Boatyard lease site, in July 2016, all lessees with the requirement in their leases conducted a survey of their seawalls, bulkheads, revetment and water lease improvements for needed maintenance and repair issues. Follow-up on those surveys and discrepancies identified is ongoing.

DISCUSSION

Property inspection can be a costly endeavor, and follow-up on discrepancy correction time-consuming and, at times, adversarial with lessees. As such, a simple, achievable, cost-effective and lessee-friendly program approach is warranted.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____

Staff is seeking HAB input and recommendation on developing an ongoing, rotating inspection program whereby all sites are inspected over a five-year cycle, keeping with the current lease management policy. Following is a basic outline for consideration and input:

1. Create separate spreadsheets per lease site for current Conditional Use Permit (CUP) and Temporary Use Permit (TUP) approvals, sign permits, public or other access requirements, maintenance/repair and safety inspections and status of discrepancies, sublease approvals and insurance status (note: some of these spreadsheets already exist and are in use in one form or another).
2. Research the cost to hire a professional commercial inspector, preferably with experience in the marine environment, to inspect 1/5 of our lease sites per year over a five-year cycle, and budget accordingly.
3. Issue a Request for Proposals for the above inspection services for that five-year cycle.
4. Engage with the Fire Department to assist/augment their normal business safety inspections of waterfront lease sites on the same five-year cycle.
5. Develop an effective and consistent follow-up and compliance/enforcement protocol.
6. Implement in FY 18/19.

CONCLUSION

Staff seek HAB input and recommendation on the above goal work plan item, and other such issues or matters as the HAB may identify and wish to make comment on relating to the issue. Considering the HAB input, staff intend to develop and implement the program as-indicated.