



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

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*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.*

**Meeting - Thursday, November 1, 2018  
Veteran's Memorial Building - 6:00 P.M.  
209 Surf Street, Morro Bay, CA**

Ron Reisner, Chair	Marine Oriented Business
Lynn Meissen, Vice Chair	Member at Large
Mark Blackford	Member at Large
Gene Doughty	South Bay/Los Osos
Cherise Hansson	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 the Harbor Advisory Board meeting held on September 6, 2018.

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; and Discussion of Possible Revenue Sources and/or Expenditure Cuts to Fund the Recently Established Harbor Accumulation Fund Reserve  
**Staff Recommendation: Receive and file ad-hoc committee report, and provide input for City Council consideration on ideas for possible revenue sources and/or expense cuts to help fund the Harbor Accumulation Fund Reserve.**

C-3 Update from the Eelgrass Ad-Hoc Committee on Committee's Recent Activities  
**Staff Recommendation: The Eelgrass Ad-Hoc Committee will be presenting an oral update on their recent activities, if any. This is a standing committee report agenda item.**

C-4 Update on the Harbor Department Lease Management Policy Update Process: Harbor Advisory Board Consideration and Input on Proposed Policy Update Timeline, and Financial Audits and Lease Site Inspection Sections of the Policy, and Update from Harbor Advisory Board Policy Update Working Group Members  
**Staff Recommendation: Provide staff input on the proposed lease management policy update timeline, proposed lease site percent gross auditing and maintenance/repair inspection programs and receive and file update from the lease policy update working group members from the Harbor Advisory Board.**

C-5 Update on the Public Information Forum Held by Trident Wind on October 11, 2018  
**Staff Recommendation: Receive and file.**

D. DECLARATION OF FUTURE AGENDA ITEMS

Pending items previously declared:

Goals and Objectives – Working Waterfront Designation Measure D

Explore Benefits of Becoming a Harbor or Port District

Wind Energy Generation off the Coast of Morro Bay

Creation of an Embarcadero Business District to Fund Harbor Infrastructure

Review of TBID Assessment funding

Identify/review responsible parties for cleanliness of water front ground lease sites, public restrooms, and light posts

## 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](http://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  
MEETING – September 6, 2018  
VETERAN'S MEMORIAL HALL - 6:00 P.M.

AGENDA NO: A-1

MEETING DATE: November 1, 2018

PRESENT: Ron Reisner HAB Chair  
Lynn Meissen HAB Vice-Chair  
Peter Griffin HAB Member  
Gene Doughty HAB Member  
Dana McClish HAB Member  
Cherise Hansson HAB Member  
Mark Blackford HAB Member

STAFF: Eric Endersby Harbor Director  
Lori Stilts Harbor Business Coordinator

ESTABLISH QUORUM AND CALL TO ORDER

<https://youtu.be/E3B4xVCxWHs?t=42s>

The meeting was called to order at 6:01 p.m., with a quorum present.

Harbor Advisory Chair Reisner introduced two newly appointed Harbor Advisory Board Members, Cherise Hansson and Mark Blackford.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

CHAIR AND ADVISORY BOARD MEMBER ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/E3B4xVCxWHs?t=133>

Board Member McClish announced the Morro Bay Maritime Museum is tentatively scheduled to open at the end of the month in conjunction with Harbor Festival and are currently working on many historical displays. In addition, the Museum would appreciate local old fishing photos if anyone has some to donate for display. Also, Member McClish added, during Harbor Festival there will be the annual Harbor Fest Cup sailing race.

Member Griffin stated he is looking forward to the Harbor Festival.

Member Doughty stated it's been a typical summer on the bay, halibut are plentiful. Long range forecast looks like an El Niño for this winter, and not too early to check your pennant lines.

Chair Reisner announced the 10<sup>th</sup> Annual Morro Bay Sings event coming October 20, 2018 featuring your favorites from the 40 & 50's music, with silent and live auctions, food prepared by Tognazzini's and the Galley Restaurant. Tickets are \$50.00 per person, with \$40.00 going directly towards the Community Foundation of Estero Bay's mission.

PUBLIC COMMENT

<https://youtu.be/E3B4xVCxWHs?t=505>

The public comment period was opened and closed with no comments.

A. CONSENT AGENDA

<https://youtu.be/E3B4xVCxWHs?t=8m49s>

A-1 APPROVAL OF MINUTES FROM THE HARBOR ADVISORY BOARD MEETING HELD ON, August 2, 2018

MOTION: Board Member McClish moved the August 2, 2018 Harbor Advisory Board minutes be approved. The Motion was seconded by Board Member Doughty and carried unanimously, 7-0.

B. REPORTS AND APPEARANCES

<https://youtu.be/E3B4xVCxWHs?t=9m21s>

B-1 HARBOR DEPARTMENT STATUS REPORT

Harbor Director Endersby presented the staff report for item B-1 and responded to Board Member inquiries.

Member Meissen voiced her concern with the lack of communication given to the Morro Bay Yacht Club and the public regarding the Harbor Department charging for non-emergency tows.

C. BUSINESS ITEMS

<https://youtu.be/E3B4xVCxWHs?t=2744>

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

The public comment period was opened and closed with no comments.

Committee Chair McClish stated the boat storage and funding for the Marine Services Financial Feasibility study was approved to go forward by the City Council.

There was discussion by the Board.

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

<https://youtu.be/E3B4xVCxWHs?t=2905>

Public comment period was opened and closed with no comments.

Board and Committee Chair Reisner stated there is nothing to report at this time.

Chair Reisner asked Board Member Blackford to serve on the Finance & Budget Ad-Hoc Committee, which he accepted.

C-3 UPDATE FROM THE EELGRASS AD-HOC COMMITTEE ON COMMITTEE'S RECENT ACTIVITIES AND REVIEW, INPUT AND RECOMMENDATION OF ANCHOR QEA'S DRAFT MORRO BAY CONCEPTUAL EELGRASS PLAN

<https://youtu.be/E3B4xVCxWHs?t=2984>

Public comment period was opened and closed with no comments.

Committee Chair Meissen expressed her gratitude to the eelgrass committee members generosity with their time and knowledge.

Chair Meissen stated the next steps are to get feedback on the proposed conceptual eelgrass plan from City Council and the Morro Bay National Estuary Program (NEP) before any more time or money is spent on consultants. The plan is scheduled to be presented to the NEP Board on September 9, and the Eelgrass Ad-hoc Committee will meet again on September 26, 2018.

Board Chair Reisner requested the committee to summarize for the public the reason for creating an eelgrass mitigation plan.

Lexi Bell, Executive Director of the Morro Bay NEP and Committee Member, gave a brief history of NEP and clarified their eelgrass monitoring process. Committee Member Bell explained the NEP Board Members will review the draft eelgrass plan on September 9<sup>th</sup> to determine what role they can commit to in participating in and with the plan, acknowledging that NEP is not a regulatory body.

Discussion by the Board and Committee Members on how and what path to take on obtaining Council direction.

Council Liaison, Matt Makowetski spoke in favor of submitting the plan to Council for direction.

C-4 INPUT ON THE HARBOR DEPARTMENT LEASE MANAGEMENT POLICY UPDATE PROCESS, AND NOMINATION OF TWO HARBOR ADVISORY BOARD MEMBERS TO SERVE ON A LEASE MANAGEMENT POLICY UPDATE GROUP

<https://youtu.be/E3B4xVCxWHs?t=5987>

The public comment period was opened and closed with no comments.

Harbor Director Endersby presented the staff report for item C-4 and received input from the Board. Consensus by the Board to add Ground vs. Building lease to the list of warranting “directive” or “implementation” documents.

Members Hansson and Blackford were nominated and accepted to serve on the Lease Management Policy update group.

C-5 ORAL UPDATE AND QUESTIONS/ANSWER ON STATUS OF LEASE SITES 37W (MEYER’S MORRO BAY MARINA), 69-70/69W-70W (MORRO BAY AQUARIUM, 90/90W (OTTER ROCK CAFÉ) AND 141 (UNITED STATES COAST GUARD)

<https://youtu.be/E3B4xVCxWHs?t=7304>

Harbor Director Endersby presented the staff report for item C-5 and responded to Board inquiries.

D. DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/E3B4xVCxWHs?t=9581>

There was consensus to add the following to future addenda items.

Identify/review responsible parties for cleanliness of waterfront ground lease sites, public restrooms, and light posts

Pending items previously declared:

Goals and Objectives – Working Waterfront Designation

Measure D

Explore Benefits of becoming a Harbor or Port District

Wind Energy Generation off the Coast of Morro Bay

Creation of an Embarcadero Business District to Fund Harbor Infrastructure

Review of TBID Assessment Funding

E. ADJOURNMENT

This meeting was adjourned at 8:45 p.m. The next Regular Meeting will be held on Thursday, October 4, 2018 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: November 1, 2018

## Staff Report

TO: Harbor Advisory Board

DATE: October 25, 2018

FROM: Eric Endersby, Harbor Director

SUBJECT: Harbor Department Status Report

### RECOMMENDATION

Receive and file.

### DISCUSSION

#### **Recent Department Activity:**

Harbor Patrol statistics for the month of October 2018 were 11 emergency responses, 80 calls for service, 23 assists of other agencies, 9 enforcement contacts, and 6 weather warnings.

Harbor Department Lifeguards have been working the beach for special events only since their regular staffed season ended on October 7. Lifeguards are funded by events that have Public Area Use Permits through the City. On October 13 and 14, Lifeguards kept the water safe for Operation Surf, a recovery program for wounded Veterans. On Oct 21<sup>st</sup>, the Scholastic Surf Series held their first surf contest that included Morro Bay High School Surf Team competing against other high schools from as far south as Ventura. There are a few more upcoming events that our Lifeguards will work for including the Morro Bay Triathlon on Nov 4 and the Western Surfing Association contest on Nov 10 and 11.

The lifeguard towers were removed from the beach at the completion of the Dynegy pipeline project. The pipeline removal was a success and pulled the remainder of their equipment off the beach in the week of October 22.

Reserve Harbor Patrol Officer Mat Horn attended Rescue Boat Operator Training through the Division of Boating and Waterways the week of October 22 in Marina Del Rey. He will also attend a Marine Firefighting class in November with fellow Reserve Harbor Patrol Officer Adam Lohnes.

#### **Recent City Council Activity:**

At the regular October 9, City Council meeting, Council adopted Resolution No. 82-18 approving Concept Plan Conditional Use Permit No. UP0-509 for Harborwalk Plaza, 833 Embarcadero, and; extension of short-term Lease Agreement between City of Morro Bay and TLC Family Enterprises for lease Site 87-88/87W-88W, located at 833 Embarcadero.

At the regular October 23 City Council meeting, Council adopted Resolution No. 85-18 rescinding Resolution No. 33-15 in its entirety and adopting the General Fund Emergency Reserve Policy, Internal Service Funds Reserve Policy, Harbor Accumulation Fund Reserve Policy and Morro Bay

Prepared By: EE

Dept Review: EE

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

Tourism Business Improvement District Reserve Policy.

In addition on October 23, Council adopted Resolution No. 86-18 approving an Amendment #4 to the Master Lease Agreement Between the City of Morro Bay and Boatyard LLC for lease site 89/89W, located at 845 Embarcadero, and commonly known as "The Boatyard," and Amendment #2 to the New Master Lease Agreement between the City of Morro Bay and Fair Sky Properties LLC for lease site 90/90W, located at 885 Embarcadero, and commonly known as "Otter Rock Café."

**Upcoming Events:**

Two tall Ships will arrive November 28 and stay through December 18, for approximately 21 days. This year they are planning to tie up at the South T-Pier.

Morro Bay Rotary 2018 Lighted Boat Parade is Saturday December 1, 2018. Cash prizes for best decorated this year are \$500 for first, \$350 for second and \$150 for third place. You may contact Teri Bayus at (805) 305-0579, email at [teribayus@gmail.com](mailto:teribayus@gmail.com), or go to [www.morrobaywinterfest.com](http://www.morrobaywinterfest.com) website for more information.

**Status of Beach Street Slips project:**

Basic engineering design layout is completed. Concrete docks and pilings are specified resulting in reduction of approximately six pilings. On north slips, eliminating initial access pier structure for a longer gangway spanning the entire reach to the head float which will reduce gangway slope at all tides and eliminates several pilings and other structures. On the south slips, reconfiguring the gangway to run diagonally to the slips will greatly reducing the gangway slope at all tides.

Unfortunately, the electrical service to both sets of slips is inadequate and not able to be upgraded to current code and load requirements as currently fed, necessitating pulling all new service from across the street near the kite shop and trenching in new conduits to the slips. Staff now preparing to engage Coastal Commission and Army Corps of Engineers to determine if project would warrant permit waivers or require full permits. Project funding still uncertain due to close-out of the fiscal year 2017/2018 budget just being completed and final figures not yet available.

**Status of US Coast Guard Building Expansion Project:**

City Council previously approved Consent of Landowner document for Coast Guard (CG) to pursue ~1,800 square foot, two-story add-on to the east side of their current building into the parking lot. CG currently preparing documents for City's Concept Plan permit approval process, and concurrently having prepared new appraisals for Harbor Department building value, and fair market rent value for their current building site and Harbor Department building site in order to determine if a fair market rent structure could be sufficient to support a Harbor Department building relocation and loan repayment to fund it.

**Status of Various Lease Site Lease Renewals and Redevelopment Projects, From North to South:**

124-128/124W-128W; Morro Bay Landing. All landside buildings recently demolished to make way for complete redevelopment of one new building on the old tackle shop site. In this project, the alleyway curve gets realigned to be more semi-truck friendly, and a "pocket park" is built in the remaining area where the Tognazzini's Dockside III used to stand.

122-123/122W-123W; Harbor Hut. Construction to begin relatively soon on the approved dock improvements in the water portion of the site.

102/102W, 105.1-105.2; Central Coast Fuel and Ice, and Giovanni's Fish Market. Staff currently negotiating with owner representative. The current lease, now on holdover, does not have percent gross payment requirements, and with the existing fish market building straddling the lease line,

determining if or how percent gross will or can be collected is an issue.

96/96W; House of Juju. Precise Plans recently approved for final redevelopment of the site, consisting of conversion of the bay-side building storage area to new customer seating and Harborwalk improvements. Staff currently in negotiations with lessee on new lease.

90/90W; Otter Rock Café. Site currently in sale escrow to the owners of the Boatyard site next door. Currently in building permit review for major site interior and exterior remodel, with new restaurant owners slated to come in upon completion.

89/89W; Boatyard. Currently in building plan check for major seawall repair, Harborwalk expansion and new dock replacement project, slated to start this winter.

87-88/87W-88W; Off the Hook. Interim lease lessee currently in negotiations for a new lease for their proposed site redevelopment project. New lease slated for Council consideration of approval on December 11, 2018. Next milestone is lessee's acquisition of funding for the project after the lease is executed.

86/86W; Libertine Pub. Lease currently on holdover. Lessee intending to combine a site redevelopment project with the larger "Market Plaza" project involving Distasio's Restaurant, which project is currently out to redevelopment bid.

82-85/82W-85W; Rose's Landing. New lease recently executed for redevelopment plan for the site consisting of conversion of the existing upstairs restaurant to 10 hotel rooms.

69-70/69W-70W; Morro Bay Aquarium. Lease expired, aquarium site is vacant. Current plan is for Central Coast Aquarium (CCA) to completely redevelop the site, pending funding from USDA. Project financial feasibility study currently underway and nearing completion. Assuming a viable financial operation is indicated, CCA proposes to operate the front retail area only of the site on a part-time basis at first with a touch tank and gift shop as the larger project is further developed.

65-66/65W-66W; Salt Building. Current lessees have applied for a project to convert the two upstairs office/storage areas to two boutique hotel units. Pending review by the Planning Commission.

63-63/63W-64W; Gray's Inn and Gallery. Modest redevelopment plans approved, and new lease negotiations on hold pending results of redevelopment request for proposals (RFP) on the site next door; Kayak Horizons. The Gray's Inn lessees have submitted a proposal for that project.

62/62W; Kayak Horizons. Lease currently on one-year holdover until RFP process complete. Two proposals were submitted for this site, and are currently under review.

35W-36W; Empty water-only lease site. Staff currently working on RFP for site development, which will include lease site 34W next door, a small ~4 boat slip complex.

34W; Crizer Marina. Slated to go to bid in an RFP with 35W-36W.

#### **Status of Pending HAB Recommendations:**

	<b>HAB Recommendation</b>	<b>Date</b>	<b>Status</b>
1	Staff draft letter to Council encouraging the City to pursue negotiating with State Parks the City	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

	assume both marina and café concessions.		<p>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.</p> <p>11/1/17. Staff have reached out to Parks to renew discussions.</p> <p>12/20/17. Spoke with office of Director for State Parks; tentative meeting set for week of January 8-12.</p> <p>2/13/18 Spoke with office of Director of Concessions office left message with assistant for our concession specialist to set up conference call. No response. 2/22/18 Called again left message. 2/23/18 new Parks concession specialist contacted department.</p> <p>4/23/18 Harbor Director email sent to Parks.</p> <p>4/27/18 Contacted Parks staff, discussions underway.</p> <p>5/17/18 Harbor Director met with Dan Falat, District Superintendent, regarding reviving discussions, putting concessions out to bid and prospects for City taking over operation and management of the marina.</p> <p><b>No new updates.</b></p>
2	Staff provide Council with modified sections of MBMC 15.24 (harbor sanitation) and develop environmental BMP's.	7/22/15	<p>Staff have incorporated this BMP effort into the ongoing Rules &amp; Regs/MBMC updating project.</p> <p>11/1/17. Work ongoing; tentatively scheduled to come to HAB Feb or March 2018.</p> <p>1/18/18. Review at HAB 2/1/18 meeting item C7.</p> <p>4/27/18 Pending Council consideration.</p> <p><b>No new updates.</b></p>
3	City Council to approve issuance of the final draft Marine Services Facility/Boatyard Request for Qualifications document.	2/2/17	<p>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.</p> <p>7/27/17. No responses to RFQ.</p> <p>8/3/17. HAB meeting to consider next steps.</p> <p>11/3/17. Put together a RFP for a financial feasibility study to go to Council for approval.</p> <p>12/1/17. Draft proposal in process for HAB review 2/2018.</p> <p>12/18/17. Tentatively on Council agenda for 1/23/18 to lay out scope of work and get authorization for a financial feasibility study.</p> <p>1/18/18. Discussing at HAB meeting 2/1/18 during item C1.</p> <p>4/27/18 Working on draft RFP to go to Council. Tentatively on 6/26/18 City Council agenda for consideration of issuance.</p> <p>Tentatively on 8/28/18 City Council agenda for consideration of issuance.</p> <p>8/28/18 Council approved issuance of a financial</p>

			feasibility RFP. RFP to be issues asap. <b>Harbor Director and Committee met.</b>
4	City to use a consultant to update the cost allocation plan, if feasible, if not, then direct staff to do an internal check.	6/1/17	Approved Council Goal Objective Work Plan Item – Internal “gut check” Goal 1(e). 11/2/17. On HAB agenda for process consideration. Staff/Committee analysis review calendar 2017. To new Finance Director January 2018. Consideration of findings into development of FY 18/19 budget. 1/18/18 Staff currently engaging in internal check. Staff met 3/2 with new Finance Director. Lighting issue “gut check” in Cost Allocation resolved in draft FY 18/19 budget. 4/13/18 issued RFP for Comprehensive Fee Study & Cost Allocation Plan – closes 5/11/18. Multiple proposals received; have gone through initial staff review and evaluation. Interviews of top candidates pending in first half of June. Tentatively on 8/14/18 City Council agenda to award contract for comprehensive fee study. 8/14/18 Council authorized the City Manager to execute an agreement with Consultant to update the City’s user fees, cost allocation, and development impact fee study’s. <b>No new updates.</b>
5	City to share tax revenues that are collected in the Harbor fund (and not currently going to the Harbor Fund) and used for Harbor Capitol maintenance and improvements.	6/1/17	Pending until a new Finance Director and City Manager are in place. 10/30/17. Per the SLC it is normal for these taxes to go into the City’s General municipal funds. 4/5/18 – Chair Reisner requesting City Manager to provide a memorandum on this item. <b>No new updates.</b>
6	City Council to include proposed eelgrass language into General Plan/Local Coastal Plan updates, and to review the proposed outline for the eelgrass policy to decide if the elements are appropriate.	6/7/17	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. 11/1/17. Staff engaged with Anchor on eelgrass proposal. 12/1/17. Update to HAB on 12/7/17 on revised consultant contract scope of work. 12/18/17. Draft eelgrass consultant agreement submitted to legal for review and approval. 1/18/18 executed contract with Anchor QEA. 4/27/18 Anchor QEA beginning project. 4/25/18 Eelgrass Ad-Hoc committee met with Anchor QEA reps in Morro Bay

			<p>Draft Anchor QEA eelgrass mitigation report on HAB agenda for consideration 8/2/18.  8/18 final Morro Bay Conceptual Eelgrass Plan report issued by Anchor QEA for ad-hoc and HAB consideration.</p>
7	<p>Incorporate Working Waterfront land area and uses into General Plan/Local Coastal Plan updates.</p> <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>	6/1/17	<p>Tentatively on the July 11, 2017 City Council agenda for consideration with Measure D recommendation above.  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.  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.  9/8/17. First joint subcommittee meeting held. General discussion and public input. Second meeting TBD, likely late October or early November.  12/18/17.  1/11/18 PC/HAB joint meeting, recommendations made to GPAC.  4/27/18 Pending GPAC action.  <b>No new updates.</b></p>
8	<p>Paid parking be established on and around the Embarcadero, and recommended list of issues to be addressed when considering establishment of same.</p>	7/6/17	<p>7/18/17 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.  10/9/17. Once CD Director gets additional input from PC, it will be brought to Council to obtain direction on parking initiatives. PC to the lead on policy development.  11/7/17. Discussed at the Planning Commission Meeting.  12/1/17. Per CD Director also discussed with PWAB and tentatively going to Council in Jan or Feb 2018 for direction.  12/19/17. Per CD Director PC and Council will be provided with HABs recommendations.  4/27/18. Pending consideration by PC and Council.  <b>No new updates.</b></p>



AGENDA NO: C-1

MEETING DATE: November 1, 2018

## Staff Report

**TO:** Harbor Advisory Board

**DATE:** October 25, 2018

**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 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: November 1, 2018

## Staff Report

**TO:** Harbor Advisory Board

**DATE:** October 24, 2018

**FROM:** Eric Endersby, Harbor Director

**SUBJECT:** Update from the Finance & Budget Ad-Hoc Committee on Committee's Recent Activities; and Discussion of Possible Revenue Sources and/or Expenditure Cuts to Fund the Recently Established Harbor Accumulation Fund Reserve

### **RECOMMENDATION**

Receive and file ad-hoc committee report, and provide input for City Council consideration on ideas for possible revenue sources and/or expense cuts to help fund the Harbor Accumulation Fund Reserve.

### **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.

At the September 25, 2018 City Council meeting, the Council adopted a Harbor Accumulation Fund Reserve Policy (HAFRP), which established an initial goal minimum reserve level of 15% of ongoing annual expenditures, and a longer-term target of 25%. Based on the adopted Fiscal Year (FY) 2018/19 budget, the minimum reserve level (15% of on-going expenditures) would be approximately \$250,000 with a target reserve level of approximately \$417,000.

### **DISCUSSION**

The HAFRP contemplates a three-year plan to reach minimum funding levels. Currently revenues are just meeting expenses, with some recent fiscal years having ended in the negative. As such, as currently structured with revenues and expenses the Harbor Fund will be unable to not only not meet its capital expenditure needs, but will be unable to build any significant reserve funding without significant changes to revenues and/or expenses.

In recent years the HAB has identified and weighed-in on various revenue-generating ideas, including (but not limited to) paid parking and dry trailer boat storage in the Triangle Parking Lot. While some of the HAB ideas are making progress toward implementation, it is clear that significant other revenue-generating and/or expense-cutting measures will need to be taken.

This report item is intended as a study and input-taking session to identify potential ideas and measures to increase revenues and/or decrease expenses for the Harbor Fund. Ideas the HAB believe have merit can be considered for future agenda discussion, if necessary.

Prepared By: EE

Dept Review: EE

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

Some possible ideas for consideration are:

#### Revenues

- A. Market rates for all facilities. A fee study is currently underway for the General Fund and all Enterprise Funds that should identify the true full cost of our fee-based facilities and services.
- B. Utility surcharge or utility metering (water and electricity).
- C. Waterfront plan/permit check cost recovery.
- D. Cost recovery for all non-emergency Harbor Patrol services provided, whether to external sources such as events or activities, or internal (non-Harbor Fund) City sources such as the Junior Lifeguard program.
- E. Raise liveaboard fees to comparable harbor rates or tied to a cost of living or housing index.

#### Expenses

- A. Part-time personnel usage cuts.
- B. Electricity and water saving measures.
- C. Not filling vacant positions.
- D. Cuts to public trash cans and/or dumpsters, including dumpsters provided our slipholders.

#### **CONCLUSION**

To emphasize, none of the above-listed items are under consideration at this time for implementation or are being presented as staff-recommendations, rather, they are simply ideas being presented for consideration of their merit and HAB input as possible ideas to pursue in the future.



AGENDA NO: C-3

MEETING DATE: November 1, 2018

## Staff Report

**TO:** Harbor Advisory Board

**DATE:** October 25, 2018

**FROM:** Eric Endersby, Harbor Director

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

### **RECOMMENDATION**

Receive and file.

### **DISCUSSION**

The Eelgrass Ad-Hoc Committee will be presenting an oral update on their recent 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: November 1, 2018

# Staff Report

**TO:** Harbor Advisory Board

**DATE:** October 24, 2018

**FROM:** Eric Endersby, Harbor Director

**SUBJECT:** Update on the Harbor Department Lease Management Policy Update Process: Harbor Advisory Board Consideration and Input on Proposed Policy Update Timeline, and Financial Audits and Lease Site Inspection Sections of the Policy, and Update from Harbor Advisory Board Policy Update Working Group Members

## **RECOMMENDATION**

Provide staff input on the proposed lease management policy update timeline, proposed lease site percent gross auditing and maintenance/repair inspection programs and receive and file update from the lease policy update working group members from the Harbor Advisory Board.

## **BACKGROUND**

Updating the Harbor Department Lease Management Policy document is a current City Council Goal Objective. On August 27, 2018 staff brought to Council for input and direction the proposed actions for updating the document. While Council was supportive of the proposal in general, they did direct staff to research and bring back for consideration the cost and logistics of a professional moderator to help organize and manage the update process, and for a revised timeline that provided more time to execute the update.

As of this writing, staff are consulting with potential moderators for that aspect of the process.

## **DISCUSSION**

Staff is seeking Harbor Advisory Board (HAB) input on the following proposed broad process timeline:

- A. November 2018 – staff and working group (and moderator, if one is retained) determine roles, responsibilities and process execution logistics.
- B. November-December 2018 – research and fact-finding.
- C. January 2019 – create general outline of policy structure and determine work products to be produced.
- D. January 22, 2019 – proposed general outline of policy structure and work products brought to City Council for input and direction.
- E. February-April, 2019 – policy update performed and work products created.
- F. May 14, 2019 – draft updated policy, including all add-on or follow-on documents brought to City Council for input and consideration of adoption.
- G. As-needed – bring draft work products, questions and decision points to HAB for consideration and input.

Prepared By: EE

Dept Review: EE

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

Two areas of the policy update staff are seeking HAB input on now are lease site financial audits for percent gross payment accuracy and lease site inspections, as these two areas will also have involvement from the City's Administration, Finance and Fire Departments. Staff, therefore, are seeking HAB input on these aspects of these two sections as follows:

#### Lease Site Audits

The City's 30 Tidelands Trust lease sites generate approximately \$425,000 annually in percent of gross sales revenues. These revenues are self-reported by the lessees, and subject to periodic auditing by the City, per existing policy, every five years. These 30 lease sites represent approximately 90 individual businesses, and as such, it has historically proven impractical to audit all 30 sites and ~90 businesses every five years. Therefore, only a small handful of leases have been audited during each audit cycle.

In order to create a more manageable auditing program, while accomplishing complete auditing of all the City's lease sites every five years, staff propose for HAB input and concurrence:

1. Auditing one fifth of the lease sites every year, meaning six sites and approximately 18 businesses would be audited every year. Things to consider:
  - a) Is it necessary to cycle somewhat randomly through all 30 sites every five years so that at any given time no site in particular might know when their audit will occur?
  - b) If randomness is necessary, how to carry it out?
2. Comparing sales tax reported to the Board of Equalization to percent gross sales reported to the City annually as a "spot check" for abnormalities, and investigating further if significant abnormalities are identified. Things to consider:
  - a) Sales tax is reported on a calendar year basis, while percent gross sales are reported on a fiscal year basis, so how best to reconcile the two?
  - b) What constitutes an abnormality worthy of further investigation?

#### Lease Site Inspections

The City's current lease policy states the City will contract to have the lease sites inspected every five years for sufficient maintenance of improvements. Historically, while the sites have been inspected every five years, it has been conducted by Fire Department personnel, and has focused primarily on life-safety issues, as opposed to life-safety issues and maintenance, repair and upkeep of improvements and compliance with site permit conditions.

Like the auditing process, staff seek to create a more manageable lease site inspection and compliance program, and propose for HAB input and concurrence:

1. Inspecting one fifth of the lease sites every year, again, meaning six sites and approximately 18 individual businesses.
2. Contracting with a professional commercial inspector for basic maintenance, repair and upkeep issues.
3. Life-safety issues inspected by the City's Fire Marshall.
4. Morro Bay Municipal Code compliance issues referred to the City's Code Enforcement Officers.
5. Annual spot-checks.

**CONCLUSION**

HAB input on these areas will be carried to the larger lease policy update working group once it is fully assembled, and the City Council has provided direction on November 13, 2018 as to whether or not a policy update process moderator will be utilized to facilitate the process.



AGENDA NO: C-5

MEETING DATE: November 1, 2018

## Staff Report

**TO:** Harbor Advisory Board

**DATE:** October 25, 2018

**FROM:** Eric Endersby, Harbor Director

**SUBJECT:** Update on the Public Information Forum Held by Trident Wind on October 11, 2018

### RECOMMENDATION

Receive and file.

### DISCUSSION

Staff will be making an oral presentation on the Trident Wind wind farm proposal public information forum that took place on October 11, 2018 at the Community Center.

Prepared By: EE

Dept Review: EE

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_