



CITY OF MORRO BAY HARBOR ADVISORY BOARD Notice of Special Meeting

*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.*

**Special Meeting - Wednesday, March 13, 2019
Veteran's Memorial Building - 6:00 P.M.
209 Surf Street, Morro Bay, CA**

ESTABLISH QUORUM AND CALL TO ORDER

SPECIAL MEETING AGENDA ITEM:

A. REPORTS AND APPEARANCES

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

B. BUSINESS ITEMS

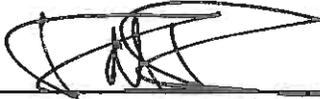
- B-1 Boatyard/Marine Services Facility Ad-Hoc Committee Report: Recommended Next Steps for the Morro Bay Boatyard and Marine Services Facility Financial Feasibility Study Request for Proposals Process
Staff Recommendation: Receive report from staff and the Boatyard Ad-Hoc Committee, and provide input and recommendations on boatyard/marine services facility financial feasibility study services request for proposals process next steps, including possible re-issuance of modified feasibility study services request for proposals.
- B-2 Update from the Finance & Budget Ad-Hoc Committee on Committee's Recent Activities
Staff Recommendation: Receive and file report.
- B-3 Update from the Eelgrass Ad-Hoc Committee on Committee's Recent Activities,
Staff Recommendation: Receive and file report.
- B-4 Update on Harbor Department Lease Management Policy Update Process
Staff Recommendation: Receive and file report.
- B-5 Report on Recent City of Morro Bay Delegation Trip to Washington DC with the California Marine Affairs and Navigation Conference
Staff Recommendation: Receive and file report.

B-6 Consideration of Changing Harbor Advisory Board Meeting Start Time to 5:30 p.m.
Staff Recommendation: Staff recommend the Harbor Advisory Board consider changing their meeting start time from 6:00 p.m. to 5:30 p.m. to conform to the recent change to the City Council's new 5:30 p.m. start time.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

ADJOURNMENT

DATED: March 11, 2019



Ron Reisner, Harbor Advisory Board Chair

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.



AGENDA NO: A-1

MEETING DATE: March 13, 2019

Staff Report

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

DATE: March 7, 2019

RECOMMENDATION

Receive and file.

DISCUSSION

Recent Department Activity:

Harbor Patrol statistics for the month of February 2019 were 9 emergency responses, 101 calls for service, 20 assists of other agencies, 6 enforcement contacts, and 16 weather warnings including 7 days Hazardous Bar Warnings.

Recent City Council Activity:

At the February 13, 2019 regular meeting, the Council approved the adjustment to Lease Site Maps for Lease Sites 113W, 122W and 123W for redevelopment purposes.

Also, at the February 13, meeting, the Harbor Director provided the City Council with an update and progress from the Harbor Lease Policy Update Group and gathered Council feedback and input.

At a regular Joint Meeting between the Council, Planning Commission and City appointed Boards, participated in an ethics and Brown Act training designed to meet the state ethics requirements for local officials.

At a Special February 26 meeting, Council provided direction to Staff on the City's Ten-Year Financial Forecast.

At the February 26 meeting, the Council discussed the agenda for the C-MANC Annual "Washington Week" meetings and Water Reclamation Facility meeting in Washington D.C.

Also, at the February 26 meeting, Council provided input and authorize the release of a Request for Proposals for redevelopment of Lease Sites 34W and 35W-36W to be brought back for final approval at the next available Council meeting.

On Friday, March 1, a Community Forum was called to discuss the City Goals & Objectives for 2019/2020.

At the March 12 meeting, Council was Introduced to, discussed and was asked to provide direction on the New Morro Bay Aquarium Market and Economic Feasibility Study completed by ConsultEcon,

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____

Inc. for the Central Coast Aquarium, and discussed and provided direction on the future of Lease Site 69-70/69W-70W, located at 595 Embarcadero, site of the original Morro Bay Aquarium

Commercial Slip Qualification Status:

To qualify and retain a commercial slip, vessels must meet the definition for a commercial fishing vessel and provide fish tickets totaling \$5,000 measuring up to 26ft in length or \$10,000 for vessels measuring greater than 26ft in length each year. A waiver from the requirement to qualify as a commercial vessel for a given calendar year may be granted by the Harbor Director upon filing of an official written request by the lessee. The Harbor Director shall evaluate the request and determine whether or not the waiver shall be approved. Not more than two (2) waivers shall be granted in any ten (10) year period. Currently for calendar fishing year 2018, out of our 45 commercial slips, 4 commercial fishermen asked and received waivers. All others submitted qualifying fish tickets.

Upcoming Events:

- March 15 – 5PM to 7:30 PM 30th Annual Dixon’s Spaghetti Dinner Fundraiser
- March 15 – 6PM Morro Bay Leprechaun Crawl <https://morrobaypubcrawls.com/>
- April 4-7 – 16th Annual City-Wide Yard Sale
- April 7 – Blessing of the Fleet North T-Pier
- April 26-28 – Soar into Morro Bay Kite Festival <http://www.morrobaykitefestival.org/>
- May 2-5 – Cruisin Morro Bay Car Show <http://www.morrobaycarshow.org/>
- May 11 – Miracle Miles for Kids http://give.fcni.org/site/TR?fr_id=1040&pg=entry
- May 18 – Safe Boating Day and Open House at the Harbor Dept
- June 29 – SAVE THE DATE - 2nd Annual Marine Swap Meet

Status of Pending HAB Recommendations:

	HAB Recommendation	Date	Status
1	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. 11/1/17. Staff have reached out to Parks to renew discussions. 12/20/17. Spoke with office of Director for State Parks; tentative meeting set for week of January 8-12. 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. 4/23/18. Harbor Director email sent to Parks. 4/27/18. Contacted Parks staff, discussions underway. 5/17/18. Harbor Director met with Dan Falat, District Superintendent, regarding reviving discussions, putting concessions out to bid and

			<p>prospects for City taking over operation and management of the marina.</p> <p>Staff was recently informed by the district superintendent that State Parks in Sacramento is potentially bringing this item off the back burner.</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 & Regs/MBMC updating project. 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>No new updates.</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 feasibility RFP. RFP to be issues asap.</p> <p>Request for Proposals issued for financial feasibility study services for the proposed boatyard. RFP due February 1, 2019.</p> <p>No proposal submissions received. HAB to consider next steps 3/13/19.</p>
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	<p>Approved Council Goal Objective Work Plan Item – Internal “gut check” Goal 1(e).</p> <p>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.</p> <p>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.</p> <p>4/13/18. issued RFP for Comprehensive Fee Study & Cost Allocation Plan – closes 5/11/18.</p> <p>Multiple proposals received; have gone through</p>

			<p>initial staff review and evaluation. Interviews of top candidates pending in first half of June.</p> <p>Tentatively on 8/14/18 City Council agenda to award contract for comprehensive fee study.</p> <p>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.</p> <p>Consultant currently working with staff on studies. Studies are well underway.</p>
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	<p>Pending until a new Finance Director and City Manager are in place.</p> <p>10/30/17. Per the SLC it is normal for these taxes to go into the City's General municipal funds.</p> <p>4/5/18. Chair Reisner requesting City Manager to provide a memorandum on this item.</p> <p>Chair Reisner met with the City Manager.</p> <p>No new updates.</p>
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	<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>11/1/17. Staff engaged with Anchor on eelgrass proposal.</p> <p>12/1/17. Update to HAB on 12/7/17 on revised consultant contract scope of work.</p> <p>12/18/17. Draft eelgrass consultant agreement submitted to legal for review and approval.</p> <p>1/18/18. executed contract with Anchor QEA.</p> <p>4/27/18. Anchor QEA beginning project.</p> <p>4/25/18. Eelgrass Ad-Hoc committee met with Anchor QEA reps in Morro Bay</p> <p>Draft Anchor QEA eelgrass mitigation report on HAB agenda for consideration 8/2/18.</p> <p>8/18 final Morro Bay Conceptual Eelgrass Plan report issued by Anchor QEA for ad-hoc and HAB consideration.</p> <p>Next step of hiring Anchor QEA to approach pertinent regulators with Morro Bay eelgrass mitigation plan concept pending Council consideration on January 8, 2019.</p> <p>2/19/19. staff, eelgrass committee and MBNEP exploring new possible in-lieu mitigation path, as Morro Bay Eelgrass Plan as currently outlined by Anchor QEA is likely not viable.</p> <p>No new updates.</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</p>	6/1/17	<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</p>

	<p>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>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. Currently at Coastal for comments. Document link on City's Website: https://www.morrobayca.gov/943/PlanMB No new updates.</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. No new updates.</p>

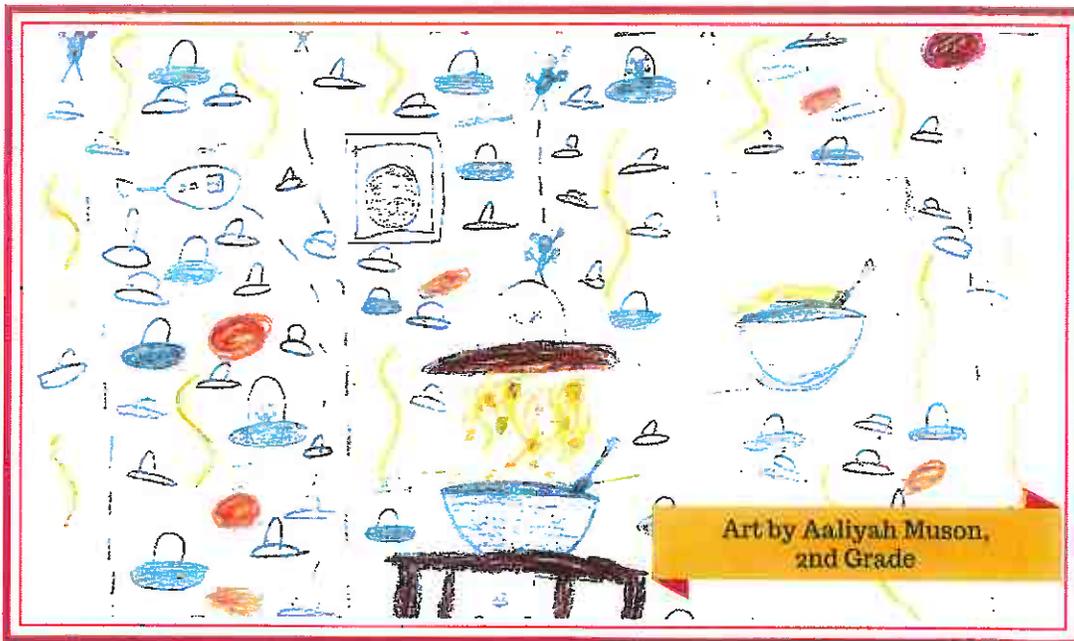
COMMUNITY FOUNDATION OF ESTERO BAY, INC. — MORRO BAY RECREATION SERVICES
MORRO BAY SENIOR CITIZENS, INC. — MORRO BAY RECREATION & PARKS COMMISSION

30th Annual Dixon's Spaghetti Dinner Fundraiser

Friday March 15th, 2019

5pm to 7:30pm

Morro Bay Community Center



Proceeds benefit the CF&B Scholarship Fund!

Adult \$12
Children (under 12) \$7

Tickets available for sale at the Morro Bay
Community Center! For questions give us a
call at (805)772-6278!

Join us for Dinner
and much MORE!
Beer and Wine
Available,
Make Your
Own Sundae Bar,
Raffles &
Door Prizes,
Carnival & Cake Walk,
Wine Walk for Adults

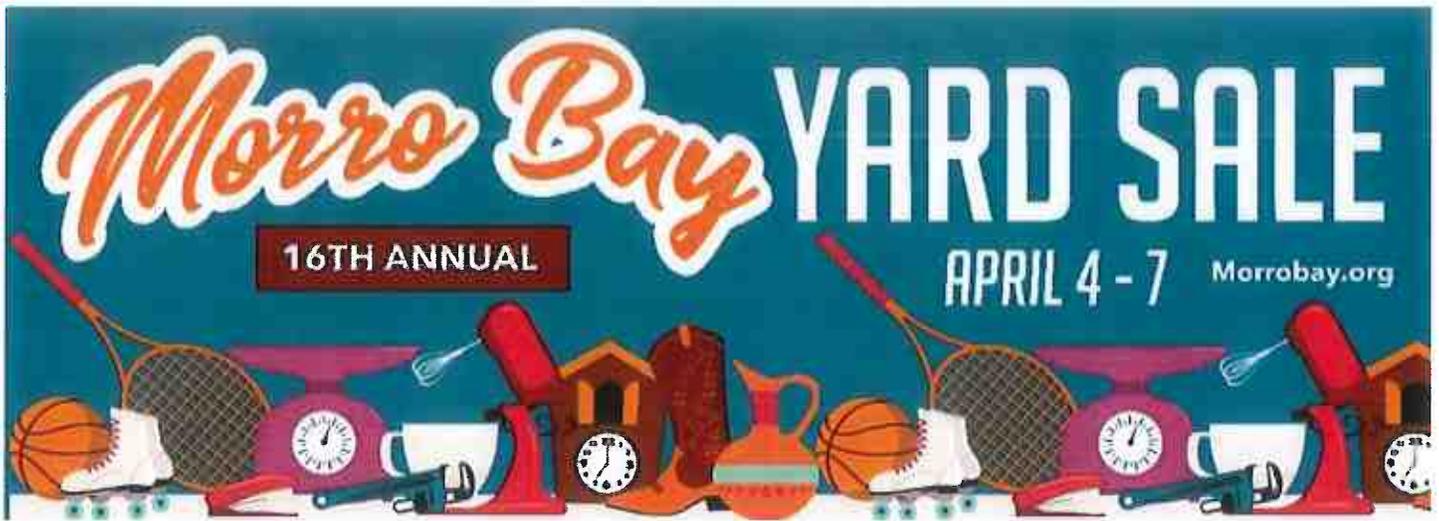


SLO
Roasted Coffee



Mission
Linen Supply
MISSION LINEN & UNIFORM SERVICE





No FEE to be on the Map!

This year's City-Wide Yard Sale is **FREE**, courtesy of Morro Bay Tourism Business Improvement District (TBID). We invite you to participate in the City-wide yard sale **April 4-7**. Just fill out the form below and mail to/drop off at the Morro Bay Visitor Center 695 Harbor Street (10am-5pm daily) or email the completed form info@morrobay.org.

Listing due by:

- **March 25th** to be placed on the map.
- Maps will be available online and at **Tara Lee's Antiques** starting at noon on Thursday, April 4th.
- Pick up a complementary yard sale signs at **Tara Lee's Antiques**, 248 Morro Bay Blvd. or the Visitors Center starting March 25th. **Please be sure to take it down Sunday, April 7th, 2019 after the yard sale is over.**



MORRO BAY
PUT LIFE ON COAST

Hours of the yard sale will be promoted as:

Thursday - preview day noon until 5 pm
 Friday – start at 8 am
 Saturday - start at 8 am
 Sunday - deep discount day...time to make those last markdowns

Tara Lee's
248 Morro Bay Blvd.



Drop off your completed form at the Visitor's Center 695 Harbor St.

Name: _____ Phone: _____

Listing Information:

Address (to be used on map):

Short description of items for sale:

Drop off your completed form at the Visitor's Center 695 Harbor St.
**** ONLY sales located in City of Morro Bay will be listed on the map ****



Blessing of the FLEET



Join us for this tradition that began centuries ago in Mediterranean fishing communities. The practice began predominantly Catholic, but is now practiced by all Christians is a blessing from the local priest & pastors that is meant to ensure a safe & bountiful season. Service at the North T Pier will be followed by lunch at the Morro Bay Veteran's Hall after 1pm. We are providing a Tri-Tip BBQ with a potluck. Folks with last names beginning with A -G can bring salads, H-N can bring side dishes, and O-Z can bring dessert.

Bring your friends & family to honor our local mariners for a safe & prosperous season with God's blessing.

Sunday April 7, 2019 at Noon

North T Pier by the Coast Guard Station in Morro Bay



AGENDA NO: B-1

MEETING DATE: March 13, 2019

Staff Report

TO: Harbor Advisory Board

DATE: March 6, 2019

FROM: Eric Endersby, Harbor Director

SUBJECT: Boatyard/Marine Services Facility Ad-Hoc Committee Report: Recommended Next Steps for the Morro Bay Boatyard and Marine Services Facility Financial Feasibility Study Request for Proposals Process

RECOMMENDATION

Receive report from staff and the Boatyard Ad-Hoc Committee, and provide input and recommendations on boatyard/marine services facility financial feasibility study services request for proposals process next steps, including possible re-issuance of modified feasibility study services request for proposals.

BACKGROUND

The RFP for boatyard/marine services facility financial feasibility study services (the "RFP") was released and distributed on October 30, 2018, with a February 1, 2019 due date. Although representatives from several consulting firms contacted the Harbor Director to inquire about the RFP or for additional information, no proposals were received.

Inquiries to prospective responding firms were made by Harbor Advisory Board member Dana McClish and staff as to why they did not or were not responding. Reasons given ranged from belief the budget was insufficient, they would not be competitive due to their out-of-state location to simply being just too busy with other work to take on new projects.

DISCUSSION & CONCLUSION

In hindsight, staff also believe the complexity of the stipulated RFP process with the "phased" approach may have caused prospective proposers to not submit because they felt it might not be worth their effort if the project only went to Phase I or II. For these reasons, ad-hoc committee members have modified the RFP document to eliminate the phased approach, as well as making some other changes, and staff are bringing it back to the HAB to discuss whether or not to reissue it with another deadline for submission. The ad-hoc committee-modified redline version of the RFP is included with this report at Attachment 1.

If the HAB recommends these and/or other changes to and reissuing of the RFP, staff will incorporate them and move this item to Council and/or reissue the RFP, as appropriate.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____

ATTACHMENT

1. Ad-Hoc Committee-modified Morro Bay Boatyard/Marine Services Facility Financial Feasibility Study Request for Proposals

CITY OF MORRO BAY
REQUEST FOR PROPOSALS (RFP)

for

**A Morro Bay Boatyard and
Marine Services Facility
Financial Feasibility Study**



PROPOSALS MAY BE
MAILED OR DELIVERED IN
PERSON TO THE
CITY OF MORRO BAY

Attn: Dana Swanson, City Clerk
at 595 Harbor Street, Morro Bay, CA 93442

RFP RELEASE DATE: October 30, 2018

PROPOSALS MUST BE RECEIVED BY
4:00 P.M. ("Verizon" phone time)
on **(TBD)**

Project # MB-2018-HRFP2

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INTRODUCTION

The City of Morro Bay (City) is requesting sealed proposals from qualified proposer for a Financial Feasibility Study on a proposed boatyard/marine services facility (“Boatyard”) in Morro Bay, with defined location and yard concept parameters. All proposals must be received by the City, no later than 4:00 p.m. on Friday, **February 1, 2019**. Late proposals will not be considered. The original signed proposal and three duplicates are to be submitted in sealed packages with the name of the proposers and “Proposal for Morro Bay Boatyard Financial Feasibility Study” clearly marked on the outside of the package.

Proposals must be responsive to the City’s request. The City shall determine the most responsive and qualified proposers providing the best service at the most reasonable cost. Cost alone shall not be the determinative factor.

The request for proposals does not obligate the City to award a contract or complete the project and the City reserves the right to cancel the solicitation if deemed in its best interest. There is no expressed or implied obligation for the City to reimburse responding proposers for any expenses incurred in preparing proposals in response to this Request for Proposals (“RFP”), including any expenses incurred due to participation in this RFP process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that firm is ultimately selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the subsequent contract between the City and the firm selected.

The City wishes to negotiate a fixed price contract with a “not to exceed” dollar total based on a clearly defined scope of work.

BACKGROUND

The City of Morro Bay, population 10,762, is nestled on the Central Coast of California and is a prime hub City at the crossroads of Highway 1 and Highway 41, just 12 miles west of San Luis Obispo.

The City is a general-law City that operates under a Council-Manager form of government, with a five-member City Council comprised of four Council Members elected at-large with overlapping terms of four years and a Mayor elected at-large for a term of two years. The City Council appoints the City Manager and City Attorney. The City is divided into departments that provide a full range of municipal services, including Police, Fire, Public Works, Community Development, Administration & Finance, Harbor, Water, Sewer/Wastewater. In addition, the City Council appoints a seven-member Harbor Advisory Board (“HAB”) to advise the Council on matters relating to the harbor, boating and the waterfront. Information regarding the City and its

organization, governmental structure, services provided, the Current Operating and Capital Budgets and Annual Financial Reports is available on the City website at www.morrobayca.gov.

Morro Bay has a vibrant working waterfront with a long history of commercial fishing, fish landing and processing, oyster farms, recreational boating and associated facilities and infrastructure, and including significant visitor-serving businesses and amenities.

Historically, two small-scale boatyards operated on the Morro Bay waterfront, meeting the needs of most local vessels up to approximately 45-feet in length. In the 1990's, the larger of those two yards, located in the central tourist/business core of the waterfront, closed and the site succumbed to its location and the economic pressures of redevelopment to more lucrative commercial uses. The remaining yard, at the southern end of the developed bay, is located in a residential neighborhood, and can now service only one approximately 30-foot vessel at a time, does not meet modern boatyard best-management practices and advanced environmental compliance standards, and is likely slated for closure by its owners in 2018.

A full-service vessel haulout and boatyard was identified as a priority need as far back as 1997 when the City appointed a Boating Access Facilities Committee to review existing vessel launch, storage and repair facilities and determine if additional facilities were needed. Since that time, several design, engineering and economic studies have been completed to determine if a full-service boatyard and marine services facility were financially feasible, where it would best be located, and how it would be configured. For a variety of reasons, primarily land ownership/acquisition and environmentally sensitive habitat issues associated with the location identified for the facility at that time, and in addition to a financial feasibility study that did not indicate profitability under the existing parameters of the time, those efforts arrested further project progress in the early 2000's.

With the City's 2012 acquisition from the Morro Bay power plant of the approximately two-acre "Triangle Lot" property, efforts to site a full-service boatyard in Morro Bay were renewed, focusing on that property. The City's HAB re-engaged the effort and appointed an Ad-Hoc committee to assist City staff. In 2014, pursuit of a full-service boatyard was made a City Council goal objective.

Work products to-date include:

1. June 2015 - Morro Bay Boatyard and Haulout Facility Market Demand Analysis by Lisa Wise Consulting to assess the potential demand for a full-service boatyard in Morro Bay (Attachment 4).
2. May 2015 - Boatyard and Haulout Facility Site Criteria developed by the Ad-Hoc committee (Attachment 5).
3. December 2015 - Design options in the Triangle Lot developed by RRM Design Group, incorporating a boatyard, dry storage, a maritime museum and reconfigured public parking in the area (Attachment 6), to determine how competing uses for the Triangle Lot and adjoining areas may be accommodated.

In 2018 the Morro Bay City Council affirmed the City’s goals for the upcoming year. City Goal #3, Public Infrastructure and Facility Maintenance Improvement, Item (b) is, “Complete the approved RFQ process for a marine services facility (boatyard) and bring to Council for consideration of next steps prior to any decision on feasibility study.” On August 28, 2018, this RFP for financial feasibility was approved by the City Council as the next step.

OBJECTIVE

The objective of the RFP is to receive proposals for a Financial Feasibility Study for a full-service boatyard and marine services facility in Morro Bay. Keeping the City’s Goal of Public Infrastructure in mind, the purpose of the requested study is to determine, under different development scenarios outlined later in this RFP, if a full-service boatyard and marine services facility, including self-service capability and dry trailer boat storage, is financially feasible under the parameters outlined.

PROJECT SCHEDULE

Below is the desired schedule for initiation of this project; however, dates may be subject to change and adjusted as necessary.

RFP Issued	(TBD)
Request for Clarifications Due	(TBD)
Clarification Responses Provided by	(TBD)
Proposal Submittal Deadline	(TBD)
Oral Interviews (conducted at City discretion)	(TBD)
Contract awarded by City Council (anticipated)	(TBD)

SCOPE OF SERVICES

Each proposer responding to this RFP shall be prepared to deliver services and perform the work necessary to provide the services, and published work products, within four months after initiation of the project, unless the proposer provides reasons to expect the report in six months. The project services consist of furnishing all labor, materials, supervision, miscellaneous expenses and travel necessary to complete the tasks outlined in the Project Scope.

PROJECT SCOPE

Project scope shall include, but not necessarily be limited to, those items described below. If a proposer feels additional tasks or scope are warranted, they must be clearly identified in their proposals both in terms of description and cost.

The primary task is to prepare a comprehensive Morro Bay Boatyard and Marine Services Facility Financial Feasibility Study in a three-**element** approach, ~~with Phases II and III only occurring after the completion of the previous phase and a decision by the City to move on to the next phase based on the results of the previous phase.~~ An interim report and consultation with the City will occur between each **element**. In all **Elements**, each proposer will report on other matters that come to the proposer's attention in the course of the evaluation that, in the proposer's professional opinion, the City should consider.

ELEMENT I

1. Work and meet with City staff and HAB Ad-Hoc committee to refine the project scope, purpose and goals of the City's Boatyard Financial Feasibility Study, to ensure that the study will be both accurate and appropriate to the City's needs. Review project schedules and answer any questions pertaining to the successful development of the study.
2. Meet with staff and conduct interviews as needed to gain an understanding of the City's processes, operations and needs.
3. Identify all regulatory requirements to build such a facility on the subject area, and the cost to comply with those requirements. That is to include both one-time costs, and ongoing or recurring costs. Regulatory requirements include, but are not limited to, those relating to infrastructure, testing and monitoring, employee health and safety and environmental compliance. In addition, an analysis of the practicality of complying with said regulatory requirements will be completed, as well as regarding the feasibility of insurance to cover the movement of large vessels over public areas and rights-of-way.

~~Phase I is intended to identify any regulatory fatal flaws or insurmountable hurdles, including financial ones. If the City determines after Phase I is completed, due to the findings the proposed facility is not physically practical to build and operate from a regulatory compliance standpoint, including any extreme cost issues, then Phases II and III of the Financial Feasibility Study will not be pursued.~~

ELEMENT II

4. Using the three project concept models below, determine how each concept model would meet and operate under the regulatory requirements identified in **Element I**, and apply the costs determined in **Element I** to each concept.
 - A. Complete private-sector design, development, construction and operation by way of a long-term ground lease to a private sector operator.
 - B. Public-Private Partnership (“P3”) for public design, development and construction, with operation by way of a long-term ground lease to a private sector operator.
 - C. Complete public-sector design, development, construction and operation, with certain elements (such as engineering services, and construction) being contracted-out.

Each of the three project concept models is to incorporate the service model as developed by the HAB, as well as the yard conceptual layout as developed by the Ad-Hoc committee and RRM. The service model is to include: the waterfront haul-out facility suitable for a 30 metric ton to 40 metric ton marine travelift; a suitable pathway for the travelift from the haul-out location to the storage/service yard; a boat bottom wash pad and suitable closed-loop equipment for boat bottom cleaning (*The Next Generation, Water Maze* or equivalent stationary or trailer-mounted unit); and an approximately 30’ deep by 80’ long by 20’ tall metal service building located in the storage/service yard that is divided into four separate 20’ wide bays.

Element II is intended to apply the regulatory requirements and costs identified in **Element I** to the three models. ~~If the City determines after Phase II is completed, due to the findings there are insurmountable financial barriers, then Phase III of the Financial Feasibility Study will not be pursued.~~

ELEMENT III

5. Using the Lisa Wise market demand analysis for reference only of the geographically local and regional boatyard market, independently assess and determine the demand for a boatyard, repair and storage facility in Morro Bay **located** in the “Triangle Lot” area.
6. Prepare Morro Bay boatyard and storage facility revenue and expense projections based on: an appropriate and applicable market and territory analysis; a service model as developed by the HAB **and as described herein**; the yard conceptual layout as developed by the Ad-Hoc committee and RRM and using industry-norm revenue; and cost and expense expectations regionally adjusted to Morro Bay.

7. Evaluate financial feasibility based on three different project concept models, all to include full-service and self-service (do-it-yourself) options:
 - A. Complete private-sector design, development, construction and operation by way of a long-term ground lease to a private sector operator.
 - B. Public-Private Partnership (“P3”) for public design, development and construction, with operation by way of a long-term ground lease to a private sector operator.
 - C. Complete public-sector design, development, construction and operation, with certain elements (such as engineering services, and construction) being contracted-out.

AFTER ELEMENT III IS COMPLETED

8. Prepare a final Feasibility Study and provide three bound copies, and a PDF file of the study that can be made available to City Staff, Council, HAB and Ad-Hoc Committee members. The final Feasibility Study ~~(or at the end of Phases I or II should all phases not be completed at option of City)~~ will include an Executive Summary.
9. Present the study to the City’s Harbor Advisory Board in a regular or special public meeting to answer any questions and facilitate the City’s understanding of it.

GENERAL

Each proposer may recommend other tasks that it deems appropriate to achieve the objectives set forth in this RFP, either before or during the study.

The successful proposer shall be required to retain all working papers and related supporting documents, including records of professional time spent, for a period of five years after delivery of the study, unless notified in writing by the City of the need to extend the retention period. The successful proposer further agrees to allow City staff and City designees to review such documents upon written request at any time during the retention period.

City Requirements

The successful proposer must comply with all relevant City requirements, such as a Morro Bay Business Tax, providing proof of insurance for at least the minimum required amounts, and executing a City contract for consulting services. Information about Morro Bay business tax is available on the City’s website at <http://morrobayca.gov/DocumentCenter/View/8253>

Attachment 1 to this RFP sets forth the Special Conditions applicable to this project.

Attachment 2 to this RFP is the City’s Standard Consulting Services Contract Template.

Attachment 3 to this RFP is the City's current insurance requirements, to be included as part of the City's Standard Consulting Services Contract Template, and further described in the Special Conditions.

PROPOSAL FORMAT AND CONTENT

Each proposer shall be responsible for preparing an effective, clear, and concise proposal. The City is requesting three bound paper copies of the proposal, which must contain at a minimum the following information:

1. Letter of Interest: Please include a letter expressing the proposer's interest in being considered for the project. Include a statement regarding the proposer's availability to dedicate time, personnel, and resources to this effort within the described calendar time frame. The letter of interest must include a commitment to the availability of the proposer and all key project staff during the planning period, as well as a proposed schedule designed to meet the City's needs for the project.
2. Project Understanding and Approach: Please include a statement demonstrating proposer's understanding of the proposed project. Describe the approach to completing the project successfully; describe the methodologies and technologies to be employed; and describe the key milestones and processes to be utilized. Describe information expected of the City to supply.
3. Relevant Experience: Please include information describing the proposer's experience with financial feasibility studies and market analyses as they pertain to boatyards and marine service facilities, or related projects. Please provide a minimum of five (5) specific examples of proposer's relevant experience on financial feasibility studies. At a minimum, the Consultant should provide a list of the most recent projects for which the proposer has performed services of similar size, scope, and complexity. Include the name, contact person, address, phone number and/or e-mail of each party for whom the service was provided, as well as a description of the service performed, the dollar amount of the contract, and the date of performance.
4. Project Manager/Key Staff: Please include information about the specific relevant experience and billing rates for the proposed Project Manager and all other applicable staff. A Project Manager must be designated and must be the principal contact for the City. Information on the experience of the Project Manager on similar projects and at least two references for the Project Manager should be provided.
5. Proposed Scope of Services: Please provide a Proposed Scope of Services, which is based on the Scope of Services and Project Scope contained in this RFP; and discuss any ideas for modifying, clarifying, or improving the City's proposed scope of work.

Provide a realistic working schedule with key tasks, milestones, deliverables and calendar schedule of deliverables.

6. Conflict of Interest Statement: The proposers shall disclose any financial, business, or other relationship with the City that may have an impact upon the outcome of this contract. Particular attention should be paid to compliance with Government Code section 1090.
7. Comments on or Requested Changes to Contract: The City's standard professional services contract is included as Attachment 2 to this RFP. The proposer shall identify any objections to and/or request changes to the standard contract language.
8. Total All-Inclusive Not to Exceed Maximum Price: The proposal should contain all cost and pricing information relative to performing the scope of work as described in this RFP. The total all-inclusive maximum not to exceed price, broken-down into the phases as described in this RFP, is to contain all direct and indirect costs, including all out-of-pocket expenses. Provide a budget for each major milestone for the entire scope of services. The proposed budget should be inclusive of all meetings, conference calls, site visits and deliverables. The budget should include a list of anticipated reimbursable expenses with rates charged for each.
 - a. Component Costs: Include schedules of all fees and expenses for each of the major work tasks (**elements**) and deliverables under this RFP. These schedules should include hourly rates and number of hours anticipated for each staff level; as well as out-of-pocket expenses such as transportation, meals, communications, and duplication costs. The total of the schedules should have a direct relationship to the total all-inclusive maximum price.
 - b. Rates for Additional Professional Services: If it should become necessary for the City to request the successful proposer to render any additional services supplemental to this RFP, or to perform any additional work as a result of the specific recommendations resulting from this engagement, then such additional work shall be performed only if set forth in an agreed addendum to the contract between the City and the successful proposer. Any such additional work would be performed at the same rates submitted in the dollar cost bid unless otherwise noted in the proposal.
 - c. Manner of Payment: Progress payments will be made on the basis of hours of work completed during the course of the engagement, and out-of-pocket expenses incurred in accordance with the proposer's proposal. Interim billings shall cover a period of not less than one calendar month.

CRITERIA FOR SELECTION

An Evaluation Committee will evaluate each responsive proposer's relevant experience and expertise. Proposals will be evaluated based on the information presented in the RFP, and garnered in any follow-up oral interviews, if conducted.

A two-step analysis will be employed. First, staff will review all submittals to ensure the minimum requirements of the RFP are met.

Secondly, the Evaluation Committee will review proposals for the following:

- Qualifications as they relate to this project in the order shown below (40%):
 - Demonstrated thoroughness and understanding of the tasks to be completed
 - Background and experience in relevant financial feasibility evaluation, including market analysis
 - Staff expertise and overall relevant experience of personnel assigned to the work
 - Qualifications of proposed key personnel
 - Demonstrated communication Skills

- Reputation for and demonstration of integrity and competence (15%):
 - Positive reference checks
 - Examples of relevant and/or related work

- Proposed Fees and Charges for Service (35%)

- Ability to provide the required services in a timely manner within the City's standard professional service agreement (10%)

The City reserves the right to interview any or all responsive proposers and/or to award a contract without conducting interviews.

A recommendation for selection of a proposer will be made to the City Council based on the "best value" evaluation of the proposals/qualifications, which will take into account the proposer's team's qualifications, reference checks, comparable experience and cost, as well as Consultant's availability to undertake the project, complete the tasks timely, deliver a high-quality work product, and ability to comply with the City's standard professional service agreement.

All interested and qualified persons are encouraged to submit proposals to this RFP, as the award is not based solely on the lowest cost proposal submitted. Total cost will be taken into consideration, but each proposer's capabilities, competence and capacity will be considered as well. The City reserves the right to choose the overall best proposer according to the City's criteria and needs. The City, and its designated representatives, shall be the sole judge of its own best interest, the proposal, and the resulting negotiated agreement. The City's decisions will be final.

The above factors, along with other factors that the City may deem appropriate, will be used to identify the proposal that represents the best value, which will be the basis for the contract award. The decision of whether to award a contract and selection of a proposer will be at the ultimate sole discretion of the Morro Bay City Council.

PROPOSAL REQUIREMENTS

General Requirements

The City will not give verbal answers to clarifications regarding information in this RFP, nor verbal instructions prior to the submission deadline. All requested clarifications shall be submitted in writing and will be responded to by City in writing. A verbal statement regarding same by any person shall be non-binding. The City is not liable for any increased costs resulting from a proposer accepting verbal directions. Each proposer's desires for any explanation relative to this Request for Proposals must be requested of the City representative in writing no later than Friday, November 16, 2018 at 4:00 p.m. ("Verizon" phone time).

Inquiries concerning the RFP must be made to:

Eric Endersby, Harbor Director
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442
(805) 772-6254
eendersby@morrobayca.gov

Submission of Proposal

Proposals submitted by facsimile or emails are not acceptable and will not be considered. The original signed proposal and three duplicates are to be submitted in a sealed package with the name of the proposer and RFP title clearly marked on the outside of the package. The proposal must be received by the City Clerk of the City of Morro Bay by 4:00 p.m. ("Verizon" phone time) on Friday, February 1, 2019 for a proposal to be considered. Proposals should address the items listed below and be addressed to the following:

City of Morro Bay
Dana Swanson
City Clerk
595 Harbor Street
Morro Bay, CA 93442

Format for Proposal

To facilitate review, all proposals are required to adhere to the following requirements. The City strongly encourages each proposer to ensure their RFP submissions are succinct and clearly organized. If a proposal is not in this format or does not include all of the listed items, it may be deemed non-responsive. For ease of handling, all proposals are to be provided in a standard 8 ½" x 11" portrait format with binding on the left-hand edge, as follows:

1. Title Page showing the request for proposals subject; the proposer's name; the name, address and telephone number of the contact person; and the date of the proposal.
2. Table of Contents identifying the materials submitted by section and page number.
3. Detailed proposal following the order set forth in the Table of Contents.
4. Timeline for the completion of the Feasibility Study, indicating dates for completion of the final work products.

THANK YOU FOR YOUR INTEREST IN THIS PROJECT

ATTACHMENT 1

SPECIAL CONDITIONS

Contract and Insurance Requirements

The selected proposer shall be required to enter into a City-prepared Professional Services Agreement approved by the City Attorney. The successful proposer shall be prepared to accept the terms and conditions of the City's Standard Professional Services Agreement, including all Insurance Requirements. The successful proposal and the terms and conditions stated in this RFP will be made part of the contract between the City of Morro Bay and the successful proposer. This RFP outlines the specifications and requirements, but not necessarily all of the terms and conditions that will be incorporated into the final agreement between the City of Morro Bay and the successful proposer.

- Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy from CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross-liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence.
- Business Auto Coverage on ISO Business Auto Coverage from CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If the selected proposer owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If the successful proposer or the successful proposer's employees will use personal autos in any way to perform the Scope of Services, then Consultant shall provide evidence of personal auto liability coverage for each such person.
- Property Damage Insurance in an amount of not less than \$1,000,000 for damage to the property of each person on account of any one occurrence.

- Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer’s liability limits.
- Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop-down provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a “pay on behalf” basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured’s liability is determined, not requiring actual payment by the insured first. There shall be no cross-liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to City for injury to employees of the successful proposer, subcontractors or others involved in the Work. The scope of coverage provided is subject to approval of City following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than \$1,000,000 per occurrence.
- Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designated to protect against acts, errors or omissions of the successful proposer and “Covered Professional Services” as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than \$2,000,000 per claim and in the aggregate. The policy must “pay on behalf of” the insured and must include a provision establishing the insurer’s duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

Reservations

This RFP does not commit the City to award a contract, to defray any costs incurred in the preparation of a proposal pursuant to this RFP, or to procure or contract for work. No payment of any kind will be provided to any proposer responding to this RFP, or parties they represent, for obtaining any of the information solicited.

Public Records

All proposals submitted in response to this RFP become the property of the City. Information in the proposal, unless specified as trade protected, may be subject to public review. Any information contained in the proposal that is proprietary must be clearly designated. Marking the entire proposal as proprietary will be neither accepted nor honored. Proprietary information submitted in response to this RFP will be handled in accordance with the California Public Records Act.

Right to Cancel and Amend

The City reserves the right to cancel, for any or no reason, in part or in its entirety, this RFP, including but not limited to: selection schedule, submittal date, and submittal requirements. If the City cancels or revises the RFP, all proposers will be notified in writing.

Additional Information

The City reserves the right to request additional information and/or clarification from any or all proposers.

Conflicts of Interest

Each proposer covenants the company, its officers, employees and/or agents presently have no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services requested herein by the City. Each proposer further covenants, in the performance of any contract or agreement resulting from this RFP, no subcontractor or person having such an interest shall be employed. Each proposer certifies, to the best of proposer's knowledge, no one who has or will have any financial interest under any contract or agreement resulting from this RFP is an officer or employee of the City.

Release of Public Information

Proposers who respond to this RFP who wish to release information to the public regarding selection, contract award or data provided by the City must receive prior written approval from the City before disclosing such information to the public.

Non-Assignment

If a contract is awarded, then the selected proposer shall neither assign, nor delegate, in part or in whole, any duties without the prior written consent of the City which shall not be unreasonably withheld.

Collusion

Each proposer certifies the company, its officers, employees and/or agents are not a party to any collusive action, fraud, or any action that may be in violation of the Sherman Antitrust Act. Each proposer certifies the company, its officers, employees and/or agents have not offered or received any kickbacks or inducements from any other proposer, supplier, manufacturer, or subcontractor in connection with the proposal and the company, its officers, employees and/or agents have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value. Any or all proposals shall be rejected if there is any reason to believe collusion exists among any of the proposers.

More than one bid from an individual firm, partnership, corporation, or association under the same or different names may be rejected.

Reasonable grounds for believing that a proposer has interest in more than one proposal for the work being proposed may result in rejection of all proposals in which the proposer is believed to have interest.

Debarment

By submitting a proposal, each proposer certifies the company is not currently debarred from submitting proposals and/or bids for contracts issued by any City or political subdivision or agency of the State of California, and it is not an agent of a person or entity that is currently debarred from submitting proposals and/or bids for contracts issued by any City or political subdivision or agency of the State of California.

Equal Employment Opportunity Compliance

The selected proposer shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. Each proposer shall take affirmative action to ensure that all employees and applicants for employment shall be treated with equality in all aspects of employment processes including, but not limited to, hiring, transfer, promotion, training, compensation and termination, regardless of their race, creed, color, sex, sexual preference, marital status, national origin, age, or physical handicap.

Right to Audit

The selected proposer shall maintain such financial records and other records as may be prescribed by the City or by applicable federal and state laws, rules, and regulations. The selected proposer shall retain these records for a period of three years after final payment, or until they are audited by the City, whichever event occurs first. These records shall be made available during the term of the contract or service agreement and the subsequent three-year period for examination, transcription, and audit by the City or its designees.

Drug-Free Workplace Requirements

The selected proposer will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that an unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - i. The dangers of drug abuse in the workplace;
 - ii. The person's or organizations policy of maintaining a drug-free workplace;
 - iii. Any available counseling, rehabilitation and employee assistance programs; and

- iv. Penalties that may be imposed upon employees for drug abuse violations.
- c. Every employee who works on the proposed Agreement will:
 - i. Receive a copy of the company's drug-free workplace statement; and
 - ii. Agree to abide by the terms of the company's statement as a condition of employment on the agreement.

Failure to comply with the above requirements may result in suspension of payments under the Agreement or termination of the Agreement or both if the City determines that any of the following has occurred: the selected proposer has made false certification, or violated the certification by failing to carry out the requirements noted above. (Gov. Code section 8350 *et seq.*)

ATTACHMENT 2

CITY OF MORRO BAY

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made, by and between, the City of Morro Bay, a municipal corporation ("City") and _____, a California _____, *and/or* [insert individual's name] dba [insert business name if not a corporation] ("Consultant"). In consideration of the mutual covenants and conditions set forth herein the parties agree as follows:

1. TERM

This Agreement shall commence on _____, 201__, and shall remain and continue in effect until tasks described herein are completed, but in no event later than _____, 201__, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Consultant shall perform the tasks described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. Consultant shall complete the tasks according to the schedule of performance which is also set forth in Exhibit A.

3. PERFORMANCE

Consultant shall at all times faithfully, competently and to the best of their ability, experience, and talent, perform all tasks described herein. Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of Consultant hereunder in meeting its obligations under this Agreement.

4. CITY MANAGEMENT

City's Harbor Director shall represent City in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Consultant, but not including the authority to enlarge the Tasks to Be Performed or change the compensation due to Consultant. City's City Manager

shall be authorized to act on City's behalf and to execute all necessary documents which enlarge the Tasks to Be Performed or change Consultant's compensation, subject to Section 5 hereof.

5. PAYMENT

(a) City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B, attached hereto and incorporated herein by this reference as though set forth in full, and based upon actual time spent on the above tasks. That amount shall not exceed *{INSERT AMOUNT}* for the total term of the Agreement unless additional payment is approved as provided in this Agreement.

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City Manager and Consultant at the time City's written authorization is given to Consultant for the performance of said services. The City Manager may approve additional work not to exceed twenty-five (25%) of the amount of the Agreement, but in no event shall such sum exceed *{INSERT AMOUNT}*. Any additional work in excess of this amount shall be approved by the City Council.

(c) Consultant will submit invoices monthly for actual services performed. Invoices shall be submitted on or about the first business day of each month, or as soon thereafter as practical, for services provided in the previous month. Payment shall be made within thirty (30) days after receipt of each invoice as to all non-disputed fees. If City disputes any of Consultant's fees, then it shall give written notice to Consultant within fifteen (15) days after receipt of an invoice of any disputed fees set forth on the invoice.

6. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

(a) City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon Consultant at least ten-days' (10-days') prior written notice. Upon receipt of said notice, Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If City suspends or terminates a portion of this Agreement, then such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, City shall pay to Consultant the actual value of the work performed up to the time of termination. Upon termination of the Agreement pursuant to this Section, Consultant will submit an invoice to City pursuant to Section 3.

7. DEFAULT OF CONSULTANT

(a) Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event Consultant is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Consultant for any work performed after the date Consultant is notified of default and can terminate this Agreement immediately by written notice to Consultant. If such failure by Consultant to make progress in the performance for work hereunder arises out of causes beyond Consultant's control, and without fault or negligence of Consultant, then it shall not be considered a default.

(b) If the City Manager of his/her delegate determines that Consultant is in default in the performance of any of the terms or conditions of this Agreement, then he/she shall cause to be served upon Consultant a written notice of the default. Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that Consultant fails to cure its default within such period of time, City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

8. OWNERSHIP OF DOCUMENTS

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, and full payment by City for services performed pursuant to, this Agreement, all final work product such as documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of City and may be used, reused, or otherwise disposed of by City without the permission of Consultant. With respect to computer files, Consultant shall make available to City, as a service in addition to those set forth herein, at Consultant's office and upon reasonable written request by City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

9. INDEMNIFICATION

(a) Indemnification for Professional Liability. When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless City and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including reasonable attorney's fees and costs to the extent same are caused by any negligent act, error or omission of

Consultant, its officers, agents, employees or subconsultants (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this agreement. City agrees to hold harmless and indemnify Consultant from and against all claims, liabilities, losses, damages, and costs, including but not limited to attorney's fees, arising out of or in any way connected with the modification, misinterpretation, misuse or reuse by others of the computer files or any other document provided by Consultant under this Agreement.

(b) Indemnification for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless City, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subconsultants of Consultant.

(c) General Indemnification Provisions. Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this section from each and every subconsultant or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this agreement. In the event Consultant fails to obtain such indemnity obligations from others as required here, Consultant agrees to be fully responsible according to the terms of this section. Failure of City to monitor compliance with these requirements imposes no additional obligations on City and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend City as set forth here is binding on the successors, assigns or heirs of Consultant and shall survive the termination of this agreement or this section.

10. INSURANCE

Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit C attached to and part of this agreement.

11. INDEPENDENT CONSULTANT

(a) Consultant is and shall at all times remain as to City a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner.

(b) No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay

salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

12. LEGAL RESPONSIBILITIES

Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. Consultant shall at all times observe and comply with applicable legal requirements in effect at the time the drawings and specifications are prepared. City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of Consultant to comply with this Section.

13. UNDUE INFLUENCE

Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of City will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling City to any and all remedies at law or inequity.

14. NO BENEFIT TO ARISE TO LOCAL EMPLOYEES

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

15. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within City. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

(b) Consultant shall promptly notify City if Consultant, or any of its officers, employees, agents, or subconsultants are served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena

this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with jurisdiction over City.

20. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

21. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant warrants and represents he/she has the authority to execute this Agreement on behalf of Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF MORRO BAY

CONSULTANT (2 signatures required)

By: _____
Scott Collins, City Manager

By: _____
(Signature)

(Typed Name)

Its: _____
(Title)

By: _____
(Signature)

(Typed Name)

Its: _____
(Title)

Attest:

Dana Swanson, City Clerk

Approved as to Form:

Joseph W. Pannone, City Attorney

ATTACHMENT 3

CITY OF MORRO BAY

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Agreement, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to City in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to City.

Consultant shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office “Commercial General Liability” policy from CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross-liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage from CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant’s employees will use personal autos in any way to perform the Scope of Services, then Consultant shall provide evidence of personal auto liability coverage for each such person.

Property Damage Insurance in an amount of not less than \$1,000,000 for damage to the property of each person on account of any one occurrence.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer’s liability limits.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop-down provision providing primary coverage above a

maximum \$25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a “pay on behalf” basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured’s liability is determined, not requiring actual payment by the insured first. There shall be no cross-liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to City for injury to employees of Consultant, subcontractors or others involved in the Work. The scope of coverage provided is subject to approval of City following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designated to protect against acts, errors or omissions of Consultant and “Covered Professional Services” as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than \$2,000,000 per claim and in the aggregate. The policy must “pay on behalf of” the insured and must include a provision establishing the insurer’s duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurer that are admitted carriers in the state California and with an A.M. Best’s rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and City agree to the following with respect to insurance provided by Consultant:

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds the City of Morro Bay, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all Consultants, and subcontractors to do likewise.
2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant’s employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against City regardless of the applicability of any insurance proceeds, and to require all Consultants and subcontractors to do likewise.
3. All insurance coverage and limits provided by Consultant and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to City or its operations limits the application of such insurance coverage.

4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.
5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any Consultant or subcontractor.
6. All coverage types and limits required are subject to approval, modification and additional requirements by City, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City's protection without City's prior written consent.
7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to City at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, City has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by City shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at City's option.
8. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, noncontributing basis in relation to any other insurance or self-insurance available to City.
9. Consultant agrees to ensure that subcontractors, and any other party involved with the Scope of Services who is brought onto or involved in the Scope of Services by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the Scope of Services will be submitted to City for review.
10. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any Consultant, Subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of the Scope of Services to self-insure its obligations to City. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to City. At the time City shall review options with Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

11. City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to Consultant, the City will negotiate additional compensation proportional to the increase benefit to City.
12. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.
13. Consultant acknowledges and agrees that any actual or alleged failure on the part of City to inform Consultant of non-compliance with any insurance requirements in no way imposes any additional obligations on City nor does it waive any rights hereunder in this or any other regard.
14. Consultant will renew the required coverage annually as long as City, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until City executes a written statement to that effect.
15. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within five days of the expiration of the coverages.
16. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to City, its employees, officials and agents.
17. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
18. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.
19. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

20. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the Scope of Services reserves the right to charge City or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.

21. Consultant agrees to provide immediate notice to City of any claim or loss against Consultant arising out of the work performed under this agreement. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.

ATTACHMENT 4

MORRO BAY BOATYARD AND HAULOUT FACILITY

MARKET DEMAND ANALYSIS

By LISA WISE CONSULTING

(immediately following this page)

ATTACHMENT 5

BOATYARD AND HAULOUT FACILITY SITE CRITERIA
DEVELOPED BY THE HARBOR ADVISORY BOARD
AD-HOC COMMITTEE
(immediately following this page)

ATTACHMENT 6

DESIGN OPTIONS IN THE TRIANGLE LOT
DEVELOPED BY RRM DESIGN GROUP
(immediately following this page)



AGENDA NO: B-2

MEETING DATE: March 13, 2019

Staff Report

TO: Harbor Advisory Board

DATE: March 8, 2019

FROM: Eric Endersby, Harbor Director

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

RECOMMENDATION

Receive and file report.

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: B-3

MEETING DATE: March 13, 2019

Staff Report

TO: Harbor Advisory Board

DATE: March 8, 2019

FROM: Eric Endersby, Harbor Director

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

RECOMMENDATION

Receive and file report.

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: B-4

MEETING DATE: March 13, 2019

Staff Report

TO: Harbor Advisory Board **DATE:** March 8, 2019
FROM: Eric Endersby, Harbor Director
SUBJECT: Update on Harbor Department Lease Management Policy Update Process

RECOMMENDATION

Receive and file report.

BACKGROUND, DISCUSSION & CONCLUSION

The Lease Management Policy (LMP) update group has met several times as a whole group, as well as broken into two sub-groups teams to work on specific tasks, since its formation several months ago. Team work products have been incorporated into a master draft update document, included with this staff report for information purposes only - no Harbor Advisory Board (HAB) input is being sought at this time – as Attachment 1.

To-date, the Vision Statement, General Policy, Purpose and Benefits, and Background of the policy are drafted, with the teams currently working on Master Lease Format and Approved Uses.

At a future HAB meeting, staff will be seeking HAB input on the draft document as a whole once it is further along.

ATTACHMENT

1. Draft Lease Management Policy as of 3/8/19

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____

CITY OF MORRO BAY
HARBOR DEPARTMENT LEASE MANAGEMENT POLICY OUTLINE

Updated 2/22/19

1. VISION STATEMENT

The long-term vision of the City of Morro Bay is to manage and maintain the Embarcadero Tidelands lease sites as a vibrant working waterfront, incorporating tourism and various commercial and recreational uses. Positive cash flow to the Harbor Department is crucial to maintain the integrity of the Embarcadero and environmental health of the bay and its resources. In order to provide a quality experience for the public, tourism and other recreational uses of the Embarcadero are encouraged and considered in lease management decisions. The Embarcadero will be pedestrian-friendly with ample access and view corridors to coastal resources.

The principal tenets in the State Tidelands Grant will be followed and future development or redevelopment of the Embarcadero will conform with the City's General Plan, Downtown and Waterfront Master Plan, Local Coastal Program and the voter-approved initiative known as Measure D that protects commercial and recreational fishing uses, while remaining true to the historic fishing heritage of the harbor and community.

This document is intended as an advisory tool to provide guidance for future lease site management, development, and redevelopment decisions considered by the City, with the ultimate dual goals of maintaining the vitality of the City's waterfront and fiscal health of the department charged with managing it.

2. TABLE OF CONTENTS

3. DEFINITIONS AND ACRONYMS

4. GENERAL POLICY, PURPOSE AND BENEFITS

In accordance with the stipulations of the Tidelands Grant, the primary goal of the City of Morro Bay Harbor Department Lease Management Policy shall be to maximize the City's financial return from valuable public real estate assets in a manner which:

1. Is consistent with the City's General Plan, Local Coastal Program, Downtown and Waterfront Strategic Plan, zoning ordinances and all other adopted plans and policies consistent with the City's goals of maintaining a small commercial fishing harbor and working waterfront;
2. Provides for, supports and enhances harbor facilities and services in a manner which its residents can be proud;
3. Protects and enhances the environment, while serving the broader economic and recreational needs of the community;
4. Allows Lessees to earn a fair return on their investments in a predictable business climate;
5. Appropriately accounts for Tidelands revenues and expenses in compliance with state law and the Tidelands Grant.

6. Promotes and enhances economic development to serve the community's present and future generations.

5. BACKGROUND

A. History

Tracing back to English Common Law, the Public Trust Doctrine establishes that navigable water or lands subject to tidal influence are "sovereign," held open to the public for commerce, fisheries or navigation. As cited in the Doctrine, "by the law of nature these things are common to mankind, the air, running water, the sea, and consequently the shores of the sea."

In order to establish a Navy amphibious training base to aid the war effort, in 1942-44 the federal government constructed a revetment along the Morro Bay waterfront and filled most of the area now known as the commercial strip along the Embarcadero. After the war, the State of California claimed ownership of the newly created land as at least a portion of it had previously been below the high tide line. In 1947, the State of California granted those public trust lands in Morro Bay to the County of San Luis Obispo (Chapter 1076 of the California Statutes of 1947, and amended by Chapter 1874 of the California Statutes of 1957). After many years of dispute with private property owners, who also claimed an interest in the land, most title issues were settled in the 1950s-1960s by designating those lands west of Embarcadero Road as public trust lands owned by the State, and those lands east of Embarcadero Road as privately owned. The City of Morro Bay assumed trusteeship of the granted lands upon incorporation in 1964-1965. The Tidelands Grant in Morro Bay is in perpetuity, provided the City conforms to the terms of the legislative grant. Exhibit B is a map of the Tidelands Grant in Morro Bay.

The granted lands must be used for commerce, fisheries, navigation, recreational purposes, parklands, public access, public parking and environmental protection or enhancement. Residential use of these public lands is specifically prohibited. The City may lease out these lands to private businesses for a period up to 50 years and all revenues from such leases must be expended within the area of the granted lands for the purposes of the public trust.

Over the years, the City has changed its leasing practices and policies to better protect the public interest by adopting modern lease formats and standards for fair market rent and periodic rental adjustments. Prior to the mid 1980's, the City's leasing process included the active participation of a ten-member Harbor Commission. In addition to leasing activity, the Commission set policies and had an active role in managing the business of the harbor. In 1985, the City created the Harbor Department to focus property management efforts in the tidelands and to assure the State that tidelands revenues were properly accounted for, and in 1987 the City Council reorganized the Harbor Commission into a seven-member Harbor Advisory Board whose role became advisory-only in nature. The result of these changes were a streamlined process, more responsive to the business environment and improved lease management because Harbor Department familiarity on each lease site's history, operator and lease terms allows for smoother lease negotiations and hastened resolution on contract interpretation and other issues. The Harbor Department has multiple, and often competing, roles in both aiding in the success of its leaseholders, while at the same time carrying out the policies, planning, zoning, land use, legal and insurance issues of the City. As the most informed entity the Harbor Department must take all these factors into account when managing the City's waterfront leases.

The Harbor Department is operated through a City enterprise fund known as the Harbor Fund. Similar to the Water and Wastewater enterprise funds, all Harbor services are funded

with either user fees or property management income (no tax revenues). The Harbor Fund is the sole-source for management of the Tidelands Grant leases, Harbor Patrol and various public and other facility management including maintenance, repair and capital improvements. (in depth Trust with links to SLC & Trust Law)

B. General Lease Management

Under the supervision of the Harbor Director, the Harbor Department is responsible for the negotiation of leases, Request for Proposals (RFP) process for lease site development and redevelopment and for the day-to-day administration of the leases under this policy. The Harbor Director shall have the authority to interpret the provisions of the Leases and Subleases and where appropriate, in the Harbor Director's discretion, to seek counsel from the City Attorney, City Manager or the City Council.

The Harbor Department is also tasked with the collection of rents and fees, property inspections and audits along with communications with the lease tenants and subtenants and coordinating lease activity with the management, community development, legal and governance (City Council) aspects of the City.

The Harbor Director, with oversight from the City Manager and guidance/direction from the City Council, will conduct negotiations with leaseholders for new and existing leases, lease extensions and shall manage the RFP process for marketing vacant lease sites and sites subject to redevelopment. The terms and conditions of the leases and the processes for negotiation as adopted in this Policy shall be observed and applied consistently throughout the Tidelands area. All leases, extensions and RFPs shall be approved by a majority vote of the City Council, and the Harbor Director shall keep the City Manager and the City Council informed of progress as well as to seek direction from them on specific lease issues. In the event of a dispute between the leaseholder and the Harbor Director as to the application of policies and procedures, the parties shall submit the dispute to the City Manager and City Council for resolution.

The Harbor Director shall confer and coordinate with the Community Development Department on specific development, permitting, land use and zoning issues concerning the development, redevelopment or management of lease sites subject to this policy. Leaseholders shall work directly with the Community Development Department for use permit applications for development or redevelopment. The Harbor Director shall coordinate insurance issues with the City's Risk Manager, and legal issues with the City Attorney.

The Harbor Director approves subleases under the Consent to Sublease program providing subleases conform to the terms and conditions of the Master Lease under which they are being approved, and including compliance with the uses allowed in the site's Conditional Use and other permits, as-applicable.

C. Leasing Areas

The City recognizes there are three distinct zoning areas on the waterfront that require different considerations in leasing and lease issues, as follows (from north to south):

1. Embarcadero from Beach Street north. This area is designated with specific voter-approved zoning known as "Measure D" to preserve commercial and recreational fishing-dependent uses. Measure D stipulates that all Tidelands subject to City lease between Beach Street and Target Rock be primarily for the purposes of serving or facilitating licensed commercial fishing activities, or non-commercial recreational fishing activities, or is clearly incidental thereto. Measure D further stipulates that existing non-conforming

restaurants or retail uses are allowed, but cannot be expanded or enlarged. the City will strongly encourage tenants who propose enhancements of commercial fishing uses or marine dependent uses by considering new long-term leases that facilitate those types of projects. Leases for existing restaurant/retail sites may be extended or renewed if the tenant can develop plans for enhancements of the site within the constraints of CF District zoning. Within the general outlines of this policy the City Council will provide specific direction to the City's designated negotiator on the Morro Bay Power Plant outfall lease.

Commented [EE1]: Need Marty's proposed language to replace this.

2. Embarcadero from Beach Street to Tidelands Park/Public Boat Launch. In this core commercial area of the waterfront, the City controls and manages the public property on the west side of the Embarcadero, where land and water area leases exist for commercial development. In this area tenants are encouraged to propose redevelopments of lease sites to improve public benefits, enhance the Embarcadero business and working waterfront environment and renegotiate leases to modern terms.

3. Tidelands Park south water area only leases. In this area the City leases only the water areas as the upland property and access to the water is owned and controlled by private parties. The City will encourage continuation/enhancement of marine dependent uses such as boat slips and boat repair facilities where feasible, however, this area is not suitable for large redevelopment projects.

6. LEASE ADMINISTRATION

- A. Master Lease Format
- B. Approved Uses
- C. Fair Market Rent
 - I. Commercial Business
 - a) Base Rent
 - b) Percent Gross Sales Rent
 - II. Non-Profits/Public Benefit
 - a) Base Rent
 - b) Percent Gross Sales Rent
 - III. Government
 - a) Base Rent
- D. Lease Term (duration)
- E. Lease Negotiation
- F. Lease Amendment, Renewal and Extension
 - I. Amendment
 - II. Renewal
 - III. Extension
- G. Fee Collection
- H. Putting Lease Sites up for RFP/Public Bid
- I. Lease Site Redevelopment and Coordination with Community Development Department
- J. Lease Site Consolidation
- K. Site Inspection, Maintenance of Improvements and Compliance Monitoring
 - I. Site Inspection
 - II. Maintenance of Improvements
 - III. Compliance Monitoring
 - IV. Public Spaces/Amenities, Common Areas, Rights of Way
- L. Percentage of Gross Sales Audits
- M. Lease Sale, Assignment and Assumption
 - I. Lease Sale
 - II. Assignment and Assumption
- N. Sublease Approval

- O. Financial Partnership Criteria and Financing
 - I. Financial Capacity, Reliability and History Determinants
 - II. Business Qualification
 - III. Lease Purchase and Improvement Financing Determinants
- P. Termination of Leases for Cause
- Q. License Agreements

7. Exhibits to Policy

- A. Flow Charts
 - I. RFP Process
 - II. Development/Redevelopment/Lease Extension
 - III. Assignment and Assumption (lease sale)
 - IV. Lease Amendment
- B. Maps/Surveys
- C. Zoning Chart
- D. Percent Gross
 - I. Ground Leases
 - II. Building Leases
- E. Master Lease Template
- F. Forms
 - I. Subleasing
 - II. Assignment and Assumption
 - III. Insurance Requirements
 - IV. Lease Amendment

DRAFT



AGENDA NO: B-5

MEETING DATE: March 13, 2019

Staff Report

TO: Harbor Advisory Board **DATE:** March 8, 2019
FROM: Eric Endersby, Harbor Director
SUBJECT: Report on Recent City of Morro Bay Delegation Trip to Washington DC with the California Marine Affairs and Navigation Conference

RECOMMENDATION

Receive and file report.

BACKGROUND

For more than 25 years, the City annually sends a delegation to Washington DC with the California Marine Affairs and Navigation Conference (CMANC) to lobby our legislators, regulators and other agencies on the important issues facing Morro Bay harbor and our commercial fishermen. This includes ensuring our dredging needs are met to regulatory and other issues facing our fishermen.

The Morro Bay delegation typically includes the Mayor and Harbor Director. In recent years, however, the delegation has included the City Manager to enable engagement on such additional and important things at the City's Water Reclamation Facility (WRF) project funding and offshore wind energy generation farms issues. In addition, for the past two years the City has sent the Public Works Director to DC during CMANC week to enable technical engagement on the WRF project.

In addition to the visits and presentations provided in the CMANC proceedings, City delegates make personal visits to our Congressional representatives and key agencies and offices.

DISCUSSION

This year's CMANC Washington DC week was March 4-7. The cost for the Mayor and Harbor Director was approximately \$7,500, and the department has applied to the Central Coast Joint Cable Fisheries Liaison Committee for grant funding for the costs. The Cable Committee has generously granted the City approximately \$8,000 in recent years to underwrite this trip, and an application for this year is pending.

The Morro Bay delegation collectively visited the following offices and/or people:

- Congressman Salud Carbajal
- Alexis Segal and John Watts; Legislative Assistants to Senator Dianne Feinstein
- Catherine Pomposi, Legislative Fellow to Senator Kamala Harris
- Sarah Jackson, Legislative Assistant to Speaker Nancy Pelosi
- Kimber Colton, Legislative Counsel to Congresswoman Chellie Pingree (ME-1)
- Gavin Ross, Legislative Assistant to Congresswoman Julia Brownley (CA-26)
- Christine Sur, Legislative Assistant to Congressman Jared Huffman (CA-2)
- Matt Manning, Legislative Director to Congressman Jimmy Panetta (CA-20)

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____

- Will Collier, Senior Legislative Assistant to Congressman Dave Loebsack (IA-2)
- Bradd Schwichtenberg, Deputy Chief, South Pacific Division, U.S. Army Corps of Engineers
- Walter Cruickshank, Acting Director, Bureau of Ocean Energy Management
- Zachary Michael, Associate Director, White House Office of Intergovernmental Affairs
- Edna Primrose, Assistant Administrator for Water and Environmental Programs, USDA
- Brent Maier, Region 9 Liaison, EPA – Office of Water
- Ron Tickle, Executive Director, Department of Defense Siting Clearinghouse
- Shelby Hagenauer, Deputy Commissioner, Grayford Payne, Deputy Commissioner, Jill Dale, Mid-Pacific Regional Liaison, Dept. of the Interior.
- Tim Williams, Deputy Director of External Affairs, Dept. of the Interior

Topics included:

- Continued programming and funding for Morro Bay harbor dredging by the Army Corps of Engineers
- Offshore wind energy farms
- Various fishery issues
- The City's Water Reclamation Facility planning, permitting and funding
- Continued National Estuary Program Funding
- The future of the Morro Bay Power Plant and site
- Offshore oil and gas development

CONCLUSION

The Harbor Director will be giving an oral presentation on the results these visits.



AGENDA NO: B-6

MEETING DATE: March 13, 2019

Staff Report

TO: Harbor Advisory Board

DATE: March 8, 2019

FROM: Eric Endersby, Harbor Director

SUBJECT: Consideration of Changing Harbor Advisory Board Meeting Start Time to 5:30 p.m.

RECOMMENDATION

Staff recommend the Harbor Advisory Board consider changing their meeting start time from 6:00 p.m. to 5:30 p.m. to conform to the recent change to the City Council's new 5:30 p.m. start time.

BACKGROUND

For many years the Harbor Advisory Board (HAB) meeting start time was 7:00 p.m. This was believed to accommodate the needs at the time of several long-serving members. In approximately 2011, the meeting start time was moved to 6:00 p.m. to allow for earlier meeting completion, and to conform to the 6:00 p.m. start time of the City Council

DISCUSSION

The City Council recently moved its start time to 5:30 p.m. to allow both time between the standard 5:00 p.m. work day ending and the start of Council meetings for citizen participation, and to enable meetings to end earlier in the night.

At the February 2, 2019 HAB meeting, there was consensus to agendize this topic for consideration.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____