



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 AGENDA

Thursday, October 8, 2020 – 5:30 P.M.

Held Via Teleconference

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

ESTABLISH QUORUM AND CALL TO ORDER

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this Meeting will be conducted telephonically through Zoom and broadcast live on Cable Channel 20 and streamed on the City website (click [here](#) to view). Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, the Veterans' Hall will not be open for the meeting.

Public Participation:

In order to prevent and mitigate the effects of the COVID-19 pandemic, and limit potential spread within the City of Morro Bay, in accordance with Executive Order N-29-20, the City will not make available a physical location from which members of the public may observe the meeting and offer public comment. Remote public participation is allowed in the following ways:

- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the Harbor office at lstilts@morrobayca.gov prior to the meeting and will be published on the City website with a final update one hour prior to the meeting start time. Agenda correspondence received less than an hour before the meeting start time may not be posted until after the meeting.*
- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Alternatively, members of the public may watch the meeting and speak on a specific agenda item by logging in to the Zoom webinar at the **beginning** of the meeting using the information provided below. Please use the **"raise hand"** feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input.*

Please click the link below to join the webinar:

➤ <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRWFUQT09>
Password: 135692

➤ Or Telephone Attendee: (408) 638-0968 or (669) 900 6833 or (346) 248 7799;
Webinar ID: 827 2274 7698; Password: 135692; Press * 9 to "Raise Hand" for
Public Comment

SPECIAL MEETING AGENDA ITEM

- I. REPORT ON THE FY 19/20 UNAUDITED YEAR-END HARBOR DEPARTMENT BUDGET STATUS, INCLUDING ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC SOCIAL AND BUSINESS SHUTDOWNS TO THE FY 19/20 HARBOR DEPARTMENT BUDGET, AND UPDATE ON CITY OF MORRO BAY'S ROCK SOLID TOGETHER FINANCIAL AND ECONOMIC RECOVERY PLAN AND FINANCIAL OUTLOOK FOR FY 20/21

RECOMMENDATION:
Receive and file report and update.

- II. UPDATE ON STATUS OF THE WATERFRONT RV CAMPING CITY COUNCIL 2019/2020 GOAL ACTION ITEM

RECOMMENDATION:
Receive and file update.

- III. HARBOR ADVISORY BOARD INPUT TO THE UNITED STATES COAST GUARD WATERWAYS ANALYSIS AND MANAGEMENT SYSTEM SURVEY FOR MORRO BAY/SAN LUIS OBISPO WATERS

RECOMMENDATION:
Staff recommend the Harbor Advisory Board provide their collective input to the Coast Guard's waterways management survey, as described in this staff report.

A. ADJOURNMENT

DATED: September 30, 2020



Ron Reisner, Chair

This agenda is subject to amendment up to 24 hours prior to the date and time set for the meeting. Please refer to the agenda posted at the Morro Bay Harbor Department, 1275 Embarcadero, for any revisions or call the department at 772-6254 for further information.

Materials related to an item on this Agenda are available for public inspection upon request by Calling the Harbor Department during normal business hours 805-772-6254. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a city meeting, please contact the Harbor Department at least 24 hours prior to the meeting to insure that reasonable arrangements can be made to provide accessibility to the meeting.



AGENDA NO: I

MEETING DATE: October 8, 2020

Staff Report

TO: Harbor Advisory Board

DATE: September 29, 2020

FROM: Eric Endersby, Harbor Director

SUBJECT: Report on the FY 19/20 Unaudited Year-End Harbor Department Budget Status, Including Economic Impacts of the COVID-19 Pandemic Social and Business Shutdowns to the FY 19/20 Harbor Department Budget, and Update on City of Morro Bay's Rock Solid Together Financial and Economic Recovery Plan and Financial Outlook for FY 20/21

RECOMMENDATION

Receive and file report and update.

BACKGROUND, DISCUSSION & CONCLUSION – FY 19/20 Year-End Harbor Dept. Budget

Although not yet audited, the fiscal 19/20 year-end budget numbers on the Harbor Operating Budget are generally all in. It appears we ended the last fiscal year approximately as follows:

Revenues

Actual overall revenues came in ~\$220,00 under budgeted. Of that, approximately \$100,000 is continued COVID-deferred lease minimum and percent rents, the final disposition of which is not yet determined. So we could see all or a portion of that come back over time depending on what the final decision is. Staff are currently working with a leaseholder representative group on potential solutions, which ultimately have to go to the City Council for decision.

Total reported percent gross rents came in at approximately \$280,700 for last year, where \$427,000 was anticipated and budgeted. This represents a ~34% shortfall.

Expenses

Not including grants or other one-time transfers, it appears we ended the year spending approximately \$110,000 less than budgeted through a combination of a layoff, attrition and one-time cuts to all but the most critical spending (that will not be sustainable in the long-run if we wish to maintain the same level of services).

The bottom-line net for the Harbor Fund was we relied on ~\$70,000 from the Accumulation Fund to make up the difference and balance our operating budget. The good news is, if the deferred rents were considered fully paid, we would have ended the year about \$30,000 in the black ink. Whatever amount we do end up getting on those deferred rents will, however, be credited to this fiscal year as the books on FY 19/20 will likely be audited and closed before the Council approves a solution.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: CFN

COVID Pandemic-Related Lease Rent Issues

As reported at the June 25, 2020 Harbor Advisory Board meeting, and again at the September 3, 2020 HAB meeting, the City is working with a leaseholder group on several potential options to address the deferred minimum lease rents from last fiscal year, where approximately six master leaseholders have been unable to make some or all of their minimum or percent gross lease rent payments.

Options under discussion are (in no particular order):

- Full payback over some time period, penalty/interest-free (essentially a loan program)
- A percent-gross-based solution where rent paid is based on some percentage of actual revenues
- Rent relief/waivers, where leaseholders are forgiven of some portion of past-due rent (essentially a grant program)
- Reduction of future rents based on some metric of the economy and status of the pandemic

Business-wise, it appears that four waterfront businesses have fallen victim to the pandemic's economic effect: Junque Love at Marina Square, Indie Collective at the Harbor Center, Blooming Rose Day Spa at the Boatyard and the Coffee Pot Restaurant at the Giovanni's fish market site.

BACKGROUND & DISCUSSION – Rock Solid Together Recovery Plan

At the time the Rock Solid Plan was developed, staff were projecting a \$2M loss of General Fund revenue for the 4th Quarter of FY2019/20 and up to \$4M in FY2020/21, equating to nearly a 30% loss of overall General Fund revenues.

The outlook for the Harbor Department was similar in terms of scale to the ~\$2M Harbor Operating Fund. In this year's budget, we projected a 50% decrease from what we budgeted last year for percent gross revenues, in addition to projecting flat to ~25% less revenues coming from the remainder of our revenue lines.

With these dismal projections in mind, the City developed a two-pronged approach to addressing the financial and economic issues facing the City under the COVID-10 pandemic, which were themselves on top of an already distressed financial City picture:

Prong One – Business and Community Assistance

With regard to the business community, the City Council has previously approved the following measures that apply most directly to the waterfront leaseholders:

- 1) Deferral of Tideland Trust lease payments to the City, with a resolution of the deferred rents pending.
- 2) Deferral of TOT payments to the City for the months of February and March 2020, until August of this year.
- 3) Waiving penalties for late payments for business license tax fees, water and sewer bills and lease payments.
- 4) City Council action affirming State COVID-19 emergency orders, rules and regulations concerning eviction relief, an eviction moratorium, mortgage relief, price gouging and profiteering.

Prong Two – City Government and Services

Recognizing the gravity of the financial impact on City finances, the City Government and Services prong of Rock Solid Together was developed around four main pillars:

- 1) Employee compensation
- 2) Review and prioritization of operations
- 3) Responsible use of emergency reserves
- 4) Pursue State and Federal assistance and community support

Each of the four pillars are outlined below with those action items identified thus far.

Pillar One – Employee Compensation

Effective April 4, 2020 the City Council and Mayor waived their monthly stipends for the remainder of FY19/20 and the City Manager, Department Heads, Management and Confidential employees, members of the Service Employees International Union (SEIU) and Morro Bay Police Officers Association have taken pay cuts between 5 and 8 percent through December 31, 2020. The City is in the process of negotiating a contract with the Fire Union along similar lines. Effective with the new Fiscal Year, most Council members have continued to waive their stipends through December 31, 2020 to align with employee salary concessions. Lastly, effective May 3, 2020 the City's Planning Commissioners voluntarily waived their monthly stipends.

Pillar Two – Review and Prioritization of Operations

The City Manager instituted a hiring chill, and only core safety positions were approved to be filled. Positions approved by the City Manager for filling were those deemed essential to continue to provide front line response to the COVID-19 pandemic and clean, safe drinking water to the residents of the City. With regard to the Harbor Department, one position that went vacant pre-COVID remains unfilled – the Administrative Technician that occupied the front office. This vacancy and others in the City continue to place a strain on remaining staff and resources.

No City-related travel is allowed outside the SLO region without the written consent of the City Manager, and only if the travel is essential.

Early in the pandemic, the City laid off over 70 temporary and part-time employees, primarily in Recreation services. In the Harbor Department, the Maintenance Aide position went from a part-time paid one to that of a volunteer. In addition, we have cut back on Harbor Patrol Reserve and Beach Lifeguard hours to the maximum extent possible while still maintaining core safety services.

The City also conducted layoffs and restructuring of full-time positions in several departments, and when combined with the frozen vacant positions, resulted in a total loss of 11.6 FTE positions since 2018/19, or almost 12% of the City's staff. On a service level basis City-wide, this equals a total annual loss of 24,128 labor hours that must be absorbed by remaining employees so as not to impact service levels. At the Harbor Department level, the loss of the one full-time position amounts to a 14% cut in employee FTE's, or 2,080 labor hours.

Review Every Non-Salary Expense

By enacting the City's Short-Term Fiscal Emergency plan, the City placed a chill on non-essential expenditure items that could feasibly be placed on hold. Direction was provided to Department Heads and Division Managers to review closely all expenses for the remainder of the FY19/20 and apply same mindset in developing their FY20/21 budgets. As was stated earlier in this report, the

Harbor Department underspent their FY 19/20 budget by approximately \$110,000 partly as a result of spending cutback measures.

The City Attorney's Office also assisted with savings by both reducing their hourly rates as well as by providing substantial write-offs on their legal service fees resulting in significant savings for the City. In addition, the City cancelled the Visitor Center contract as the Center closed after the Shelter at Home order went into place.

Pillar Three – Responsible Use of Emergency Reserves

Over the past several years, the City built up a reserve in the General Fund equating to one quarter of the City's General Fund annual revenues, a best practice for local governments. This provides the City with flexibility during an emergency like COVID-19. This same level of reserves, however, have not been achieved in the Harbor Fund, where the department's "reserve" fund, the Harbor Accumulation Fund, is also the only source for the department's capital needs and is significantly under-capitalized by several millions to take care of the department's capital needs.

In the General Fund, staff expects to allocate at least \$1 million in reserves for both FY19/20 and FY20/21 to help mitigate the impacts of COVID-19 on City revenues. In the Harbor Department, \$70,000 in Accumulation Fund monies were needed to make up the FY 19/20 year-end shortfall.

Pillar Four – Pursue State and Federal Assistance and Community Support

The CARES Act provided assistance to cities and counties with populations over 500,000. The remainder of the funds went directly to states and provided them the discretion to use those funds to aid their recovery as well as their cities. Late in FY19/20, smaller communities were allocated CARES funding, based on population, and the City of Morro Bay was notified we would be eligible to receive approximately \$125,000 in CARES funds. The funds can be used for a variety of qualifying purposes, generally all related to COVID-19 response (for example: public safety response, messaging, and personal protective equipment). The City received the first two disbursements of CARES funds in FY20/21, totaling approximately \$40,000 and has completed the first quarterly report thus far.

In addition, the City has submitted funding requests to FEMA to offset COVID-19 response expenditures (separate from those submitted for CARES reimbursement). The City has not yet been awarded FEMA reimbursement, but continues to work with FEMA on reporting.

FY 20/21 and Beyond Revenue Update

General Fund revenues for FY 20/21 are starting to come in and still appear behind previous years' levels. For example, TOT for July 2020 was approximately \$80,000 less than July 2019, pre-pandemic times. In addition, the City's sales tax consultant is expecting a decrease in sales tax for FY20/21 of approximately 2.5%. Staff continues to be very mindful of the pandemic and overall fiscal response and condition of the City. There are still many unknown factors, such as the duration of the pandemic and if cases will surge again in the Fall/Winter as predicted by many epidemiologists, which may spur another economic shutdown. As such, staff remains very conservative in spending and has not lifted the fiscal emergency measures currently in place.

Outside the deferred rents, continued pandemic effects on the Harbor Fund will be largely unknown until the percent gross reporting comes in next July. General leaseholder input, however, does generally follow what we are seeing with TOT and sales tax trends generally. Transient slip, pier

and other “discretionary” boating-relating revenues are generally down to some degree from last year as well.

As previously noted in Item III of this agenda, a pilot waterfront RV camping program is underway, with revenues going into the Harbor Fund. If established long-term, at a conservative 50% of occupancy, at current rates for the 19 camping spaces now established under the pilot, ~\$225,000 in annual revenues could be achieved.

And finally, the Morro Bay City Council recently placed a local Relief and Recovery – one cent local sales tax measure on the November ballot for voter consideration. It is known as “Measure E-20.”

If enacted, E-20 can provide the City with an additional source of revenue and generate up to \$2 million annually to be controlled locally, and can be used specifically to maintain local core services in Morro Bay.

Measure E-20 also ensures out-of-town visitors continue to pay their fair share for using our services, roads, and beaches through the sales tax on the purchases they make in Morro Bay.

CONCLUSION

Overall, the City’s proactive and timely response to the pandemic has resulted in significant expenditure reductions. The City has continued to provide a high level of front-line services, including additional service levels to meet the demand of an unprecedented number of visitors in our community. While the FY 20/21 Harbor Operating fund is balanced with projected revenues coming in a scant ~\$25,000 over projected expenses, staff remains cognizant and prudent in planning for many possible unknowns with the pandemic in the fall and winter months ahead.

Without additional revenues, however, even under the best of scenarios given the current circumstances the City will need to make further cuts and potential layoffs. This would include reductions in public safety service levels, as all other areas of the City organization – recreation, finance, administration, tourism, maintenance, engineering, planning, and code enforcement – have already been cut significantly.



AGENDA NO: II

MEETING DATE: October 8, 2020

Staff Report

TO: Harbor Advisory Board

DATE: September 25, 2020

FROM: Eric Endersby, Harbor Director

SUBJECT: Update on Status of the Waterfront RV Camping City Council 2019/2020 Goal Action Item

RECOMMENDATION

Receive and file update.

BACKGROUND

One action item from the City Council's 2019/2020 Goals is establishment of a pilot waterfront Recreational Vehicle (RV) camping program (Goal 1, Item #5). The Harbor Advisory Board has previously recommended the City pursue a RV camping program on the waterfront, and has provided extensive input to the Council on such an initiative.

This summer has seen unprecedented numbers of RV's visiting Morro Bay, with a large number of them illegally camping on the waterfront and in neighborhood communities because of lack of approved spaces in Morro Bay. This phenomenon is not going away, nor can we control it, even after the pandemic subsides, and this is a tourist town that relies heavily on the dollars that tourism brings. There is also a growing trend in general of people buying RVs for travel. While the City Council recently approved an increase in the fine for illegal RV camping to \$250, enforcement is only part of the solution. Another prong to addressing this issue was launching a trial waterfront RV program.

DISCUSSION

Over the course of the summer, 19 total RV and tent spaces were established on a "pilot" or trial basis as follows:

- 3 spaces in the Coleman Park parking lot adjacent to the basketball court
- 9 spaces near the Harbor Department storage yard by Morro Creek, in the former fenced "baiter yard" area
- 7 combination RV or tent spaces in the Triangle parking lot behind the maritime museum in the NW section and SE sections of the lot

In the future, we are considering allowing up to 6 spaces in the launch ramp parking lot, only for boaters camping in their boats or RV's and actively using their vessels on the water while camping.

These spaces have strict rules and regulations for behavior to keep community and other impacts to a minimum, and are being enforced by the Harbor Patrol and Police. It is anticipated this program will be financially self-supporting, and provide much-needed additional revenues to the City to help maintain the waterfront and continue the amenities and services the community relies on and has come to expect.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____

CONCLUSION

Since the first day of RV camping on September 10, approximately \$13,400 in revenues have been generated (through ~September 28). It is primarily on weekends that we are seeing the most bookings, with fewer bookings during the week days. In addition, we've had several wildfire refugees staying while their homes are in evacuation or excessively smoky areas.

This "pilot" program will be revisited several months after it launches, and staff are working hard to ensure that negative impacts are mitigated ahead of time through provision of clear rules, sufficient trash and restroom service, as well as patrolling by Harbor and Police Officers. While we have had some bumps in the road, this is normal with any new program as we learn what the pitfalls are and address them. We are hopeful the program will help reduce illegal camping in our community and not severely impact our residents in the process, while generating significant and much-needed new revenues.

If the program does result in an unacceptable level of negative community or other impacts, that will be critical information for the City Council to consider in determining if the program should be terminated, modified or renewed. It is anticipated the Harbor Advisory Board would be part of that review, and if the program is renewed, it would need to go through the normal City and Coastal Commission permitting processes.



AGENDA NO: III

MEETING DATE: October 8, 2020

Staff Report

TO: Harbor Advisory Board

DATE: September 28, 2020

FROM: Eric Endersby, Harbor Director

SUBJECT: Harbor Advisory Board Input to the United States Coast Guard Waterways Analysis and Management System Survey for Morro Bay/San Luis Obispo Waters

RECOMMENDATION

Staff recommend the Harbor Advisory Board provide their collective input to the Coast Guard's waterways management survey, as described in this staff report.

BACKGROUND

The Coast Guard periodically conducts Waterways Analysis and Management System ("WAMS") surveys to solicit input from the mariners who use the system in order to ensure that their aids to navigation are serving their intended purpose. Input received helps the Coast Guard make waterway management system decisions that reflect the concerns of the waterways users.

The Coast Guard is currently conducting a WAMS survey for Morro Bay and San Luis Obispo waters.

DISCUSSION

The Coast Guard's questionnaire was developed to provide important information to the U.S. Coast Guard about the Aids to Navigation System in the Morro Bay and San Luis Obispo waterways.

The Coast Guard's questions are listed below, with what staff believe would be helpful information from the Harbor Advisory Board (HAB) collectively to the Coast Guard shown in *italics*.

1. Where is your vessel homeported and how many years of experience do you have operating in Morro Bay or San Luis Obispo (please specify)?

How many HAB members own a vessel, and how many years collectively have those vessels been operated in Morro Bay/San Luis Obispo?

2. How many years of experience do you have operating in Morro Bay or San Luis Obispo (please specify)?

What is the collective number of years' experience have all HAB members had operating in Morro Bay/San Luis Obispo waters?

3. Do you have a Coast Guard License?

How many HAB members have a Coast Guard license?

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: _____

4. If YES, what type of Coast Guard License do you hold?

List the license types HAB members have.

5. Please provide the following information about your vessel: Length, Draft, Beam, Primary Use, Cargo

List the information for each HAB member-owned vessel.

6. When do you transit these waterways?

- Year Round (how many HAB members?)
- Spring (how many HAB members?)
- Summer (how many HAB members?)
- Fall (how many HAB members?)
- Winter (how many HAB members?)

7. What methods and tools do you use for navigation in these waterways?

- Paper Charts (how many HAB members?)
- Electronic Charts (how many HAB members?)
- ECDIS (how many HAB members?)
- Gyro Compass (how many HAB members?)
- Magnetic Compass (how many HAB members?)
- Radar (how many HAB members?)
- GPS (how many HAB members?)
- SATNAV (how many HAB members?)
- Visual Bearings (how many HAB members?)
- Fathometer (how many HAB members?)
- Local Knowledge (how many HAB members?)
- Other (please specify)

8. Which method is your primary means of navigation?

Please list your one primary means from the above list.

9. What is your primary means of communication in these waterways? (list only 1 each)

- VHF Channel (how many HAB members?)
- HF Frequency (how many HAB members?)

10. Do you use, or do you have familiarity with Automatic Identification Systems (AIS)?

- YES (how many HAB members?)
- NO (how many HAB members?)

11. Where do you primarily conduct loading/offloading operations?

Please list locations.

12. Does the weather/ wind make it more difficult to navigate in this area? If so, how and how often?

- YES (how many HAB members?)
- NO (how many HAB members?)
- Please list details

13. Do the currents/ tides make it more difficult to navigate in this area? If so, how and how often?

- YES (how many HAB members?)
- NO (how many HAB members?)
- Please list details

14. Which aids are MOST important to you for safe navigation of these waterways?

Please list each aid, and how many HAB members concur.

15. Which aids are LEAST important to you for safe navigation of these waterways?

Please list each aid, and how many HAB members concur.

16. In your opinion, is the Aids to Navigation (ATON) system currently adequate in these waterways?

- YES (how many HAB members?)
- NO (how many HAB members?)

17. In your opinion, will the Aids to Navigation (ATON) system in these waterways still be adequate 10 years from now?

- YES (how many HAB members?)
- NO (how many HAB members?)

18. Do you feel that the Aids to Navigation in this area effectively mark any navigational hazards and best water routes? If not, Please explain.

- YES (how many HAB members?)
- NO (how many HAB members?)
- Please explain

19. Do you feel that charts and publications for this area are adequate? If no, please explain.

- YES (how many HAB members?)
- NO (how many HAB members?)
- Please explain

20. Do you keep a USCG Light List on board your vessel? (paper copies of the Light List are no longer available, but can be obtained from www.navcen.uscg.gov)

- YES (how many HAB members?)
- NO (how many HAB members?)

21. Do you view the Local Notice to Mariners?

- YES (how many HAB members?)
- NO (how many HAB members?)
- I don't know how to find that information (how many HAB members?)
- I don't know what that is (how many HAB members?)

22. What other aids to navigation would you like to see added or removed from these areas, and why?

Please list and explain, and is there HAB concurrence on the items?

23. OTHER COMMENTS: This is your opportunity to note problems you see with this waterway and present any suggestions you may have for improving it. Please attach sketches or any additional information necessary to make your points clear.

Please list and explain, and is there HAB concurrence on the items?

CONCLUSION

The collective information received from the HAB will be passed to the Coast Guard personnel responsible for the survey. In addition, the survey can be found at the following link:

<https://www.surveymonkey.com/r/MorroBaySanLuisObispo>

The survey will be active until December 15, 2020. Should the public have any questions concerning this questionnaire or about the WAMS survey, they can contact LTJG LaMartina at Gabriel.W.LaMartina@uscg.mil.