



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

*The City of Morro Bay is dedicated to the preservation and enhancement of the quality of life.
The City shall be committed to this purpose and will provide a level of municipal service and safety
consistent with and responsive to the needs of the public.*

**Regular Meeting - Thursday, March 7, 2013
Veteran's Memorial Building - 6:00 P.M.
209 Surf Street, Morro Bay, CA**

Jeff Eckles, Chair

Bill Luffee, Vice Chair
Dana McClish
Jim Phillips

Gene Doughty
Lynn Meissen
(Vacant)

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

CHAIR AND ADVISORY BOARD MEMBER ANNOUNCEMENTS & PRESENTATIONS

PUBLIC COMMENT PERIOD

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

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

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

A. CONSENT CALENDAR

A-1 Approval of Minutes from Harbor Advisory Board meeting held on February 7, 2013.

Staff Recommendation: Approve minutes.

B. PUBLIC HEARINGS, REPORTS, AND APPEARANCES

- B-1 Harbor Department Status Report
Staff Recommendation: Receive and file.
- B-2 Morro Bay Community Quota Fund Update
Staff Recommendation: Receive and file.
- B-3 Boatyard/Haulout Ad-Hoc Committee Report
Staff Recommendation: Receive and file.

C. UNFINISHED BUSINESS

- C-1 None

D. NEW BUSINESS

- D-1 Appointment of One Harbor Advisory Board Member to the Morro Bay Fishing Community Sustainability Plan Advisory Working Group
- D-2 Status of PG&E's Lower Energy Seismic Studies ("LESS") and Mitigation

E. DECLARATION OF FUTURE AGENDA ITEMS

F. ADJOURNMENT

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

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

CITY OF MORRO BAY

HARBOR ADVISORY BOARD

SYNOPSIS MINUTES

The regular meeting of the City of Morro Bay Harbor Advisory Board was held Thursday, February 7, 2013 at 6:00 PM in the Veteran's Hall, 209 Surf ST, Morro Bay, California.

ESTABLISH QUORUM AND CALL TO ORDER

Present:	Members:	Gene Doughty Jeff Eckles Bill Luffee Dana McClish Jim Phillips (Vacant Seat)
	Absent:	Lynn Meissen
	Staff:	Eric Endersby, Harbor Director Polly Curtis, Office Assistant

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

CHAIR AND ADVISORY BOARD MEMBER ANNOUNCEMENTS & PRESENTATIONS

Chair Phillips announced that Mayor Jamie Irons will be the liaison for Council and the Harbor Advisory Board. He said Brett Cunningham's term expired, and he has stepped down from the Board. There is a vacant seat for the commercial fishing area of interest. Terms were also expired for Chair Phillips and Mr. Luffee who both returned to the Board after City Council appointment.

PUBLIC COMMENT

Ms. Nancy Castle, President of the Morro Bay Historical Society, said a presentation will be made by local commercial fisherman Jeremiah O'Brien and his wife Trudy at St. Peter's By-the-Sea Episcopal church this Sunday, February 10th at 5:00 p.m. The O'Briens will talk about their fishing experiences as well as personal stories. Contact Nancy at 441-5770.

Mr. Brian Stacy, local commercial fisherman, requested the Board to agendaize the topic of PG&E's seismic survey plans and lack of mitigation to local fishermen.

Mr. Bill Martony, local resident, said it is extremely important for this community to build a haulout facility, and the location could be near the Maritime Museum.

Mayor Jamie Irons said this is his first meeting as liaison to the Harbor Advisory Board, and he will try to participate as much as possible; he looks forward to hearing the Board's input on the Goal Setting Workshop, asking for Board members' participation.

A. CONSENT CALENDAR

A-1 MINUTES

Mr. Eckles moved the December 6, 2012 Harbor Advisory Board minutes be approved as submitted. The Motion was seconded by Mr. McClish and carried unanimously.

B. PUBLIC HEARINGS

B-1 Harbor Department Status Report

Mr. Endersby briefed the Board on the following topics:

North T-Pier Repair Project

New Harbor Patrol Vessel

Dockwalker Training

CMANC Winter Meeting

CAHMPC Board of Directors Meeting

Mexican Pangas

City of Morro Bay Goal Setting Workshops March 11 & 13

Upcoming and Past Events

Lighted Boat Parade Review (Dec 8, 2012)

Cayucos New Year's Day Polar Bear Dip

Tall Ships Lady Washington and Hawaiian Chieftain Feb 13-18

Website: www.historicalseaport.org

C. UNFINISHED BUSINESS

C-1 Boatyard/Haulout Subcommittee Change

Chair Phillips said the Subcommittee would need to be changed to an Ad-Hoc committee if the current committee wishes to allow members of the public who are not on the Harbor Advisory Board to participate. He asked for comments from the public.

Mr. Brett Cunningham, former Harbor Advisory Board member, said he is still interested in helping the committee move forward on a boatyard/haulout facility in Morro Bay.

Motion: Mr. McClish moved to disband the existing Boatyard/Haulout Subcommittee and form a Boatyard/Haulout Ad-Hoc Committee. The Motion was seconded by Mr. Doughty and carried unanimously.

D. NEW BUSINESS

D-1 Harbor Department Rules & Regulations; Discussion of Slip Regulations for Fishermen Owning Two Boats

Mr. Endersby reviewed the process of qualifying for a slip by commercial fishermen. He said there is currently no language in the Harbor Rules & Regulations allowing one fisherman who owns two fishing vessels to swap out either boat in his slip. There are three commercial fishermen who now own two boats and have separate slips for each boat.

Mr. Endersby said several changes would have to be made to the Municipal Code, Rules & Regulations, and Rental Agreement, and that this would require City Council approval as well as City Attorney review. He said the exact fiscal impact is unknown, but would likely be minimal provided it was not a large number of slip holders with two boats participating.

Chair Phillips asked for comments from the public. Mr. Cunningham said there is potential for people to cheat out those fishermen waiting for a slip, by selling their boat to another person who gets to stay in that slip. Mr. Endersby agreed, saying the Rules & Regulations will need to be written to keep that issue from occurring.

Discussion by the Board on the number of vessels to allow one commercial fisherman for each slip. Mr. Randy Kann, local fisherman, said allowing just two vessel would be sufficient.

Motion: Mr. Eckles moved that City Council eliminate the single vessel restriction for City slip rentals, and expand to multiple qualified fishing vessels for each slip. The Motion was seconded by Mr. Luffee, and failed to carry by a vote of 3 to 2 against.

Motion: Mr. Eckles moved that City Council eliminate the single vessel restriction for City slip rentals, and allow owners of two qualified commercial fishing vessels the ability to keep either vessel in their slip. The Motion was seconded by Mr. McClish and carried unanimously.

D-2 Election of Harbor Advisory Board Chair and Vice Chair

Motion: Chair Phillips moved to nominate Mr. Eckles as Chair of the Harbor Advisory Board. The Motion was seconded by Mr. Luffee and carried unanimously.

Motion: Mr. Doughty moved to nominate Mr. Luffee as Vice Chair of the Harbor Advisory Board. The Motion was seconded by Mr. McClish and carried unanimously.

Chair Eckles appointed Mr. McClish, Mr. Doughty, and Mr. Cunningham as the three members of the Boatyard/Haulout Ad-Hoc Committee, requesting a report by the committee to be presented at the March Harbor Advisory Board meeting.

E. DECLARATION OF FUTURE AGENDA ITEMS

Mar: Boatyard/Haulout Subcommittee Report
Status of PG&E's Lower-Energy Seismic Testing and Mitigation
Apr: Review of Harbor Lease Sites
Morro Bay Community Quota Fund Report by Mr. Rick Algert

F. ADJOURNMENT

This meeting was adjourned at 7:15 PM.
Submitted by,

Polly Curtis

Polly Curtis
Harbor Department



AGENDA NO: B-1

MEETING DATE: March 7, 2013

Staff Report

TO: Harbor Advisory Board

DATE: February 27, 2013

FROM: Eric Endersby, Harbor Director

SUBJECT: Harbor Department Status Report

RECOMMENDATION

Receive and file.

New Harbor Patrol Vessel: Bids to build Harbor Patrol Vessel 68's replacement were received and opened on February 7. Two bids were received; the low bid was from DR Radon Boatbuilding in Goleta for \$401,760, while the next and high bid was \$529,000. These bids were for a 29-foot twin-diesel powered vessel. The Morro Bay City Council awarded the build contract to Radon at their February 26 meeting, as well as authorized an additional \$121,760 to complete funding for the vessel. However, on February 27, the Central Coast Joint Cable/Fisheries Liaison Committee awarded the City a \$40,000 Commercial Fishing Industry Improvement Fund grant toward purchase of the turbodiesel engines for the vessel. Further grant funding is being sought. Construction of the vessel will begin immediately.

North T-Pier: Harbor Department staff are working with California Coastal Commission staffers on details to enable the commission to issue a permit (or permit waiver) for our proposed pier repair project.

CMANC Washington DC: The Cable/Fisheries Liaison Committee also awarded a grant in the amount of \$6,000 for the Mayor and Harbor Director to travel to Washington DC on March 18-22 to meet with legislators and key personnel with the Army Corps of Engineers and other departments to bring the City's dredging, harbor, navigation, and fishery concerns to the Federal table.

Emergency Vehicle Operations Course: Throughout the month of February, all Harbor Patrol personnel have been going to periodic one-day Emergency Vehicle Operations Course training in Santa Maria. This training is put on by Allan Hancock College for front-line emergency responders and includes the basics of high-speed and defensive driving.

Prepared By: EE

Dept. Review: EE

Tall Ships: The tall ships *Lady Washington* and *Hawaiian Chieftain* were in Morro Bay February 13-21, two days longer than originally planned. By all counts it was a big attraction with great weather and big turn-outs.

Plover Fencing: On February 27 Harbor Department personnel, with assistance from State Park personnel, erected the symbolic fencing in the City's sandspit snowy plover nesting habitat areas. The fencing went up in record time this year. The public is advised and requested to honor the fencing and stay out of the roped-off areas, and to adhere to the marked travel corridors when crossing the sandspit to and from the ocean. The fencing will be up into October.

Lifeguard Re-Qualifying and Tryouts: On Saturday, March 2 the Harbor and Recreation and Parks departments will be conducting their annual Lifeguard and Junior Lifeguard re-qualifying swim for returning personnel, as well as marshaling the swim course for any prospective applicants to this year's programs. The actual tryouts will be on Saturday, March 16. Both events will take place at Coleman Beach at 8:00 a.m. The Lifeguard Academy is slated for three consecutive Friday evenings and full weekends beginning Friday, April 5.

Easter Sunrise Services: Once again Shoreline Calvary Chapel church will be conducting their Easter Sunrise services at Morro Rock on March 31st. This is a very popular and well-attended event for the whole family.

City of Morro Bay Goal Setting Workshop: The City of Morro Bay wants to hear from you. On March 11 and 13 the City Council will be holding its Goal Setting Workshops with two half-day sessions, one in the afternoon and one in the evening. The session on the 11th will be from 5:30pm to 8:30 p.m., and the session on the 13th will be from 1:00 p.m. to 4:30 p.m. The public is encouraged to attend, or to submit a Public Input Form. Check the City website, www.morro-bay.ca.us for details.



AGENDA NO: B-2

MEETING DATE: March 7, 2013

Staff Report

TO: Harbor Advisory Board

DATE: February 27, 2013

FROM: Eric Endersby, Harbor Director

SUBJECT: Morro Bay Community Quota Fund Update

DISCUSSION

Rick Algert will be presenting an oral update based on the attached presentation packet on the City's efforts to establish a commercial fishing Community Quota Fund in Morro Bay.

Prepared By: EE

Dept. Review: EE

MORRO BAY COMMUNITY QUOTA FUND



Photo Credit: Ryan Wassum

**PRESENTATION TO THE CITY OF MORRO BAY HARBOR
ADVISORY BOARD- MARCH 2013**

Contact: Rick Algert, MBCQF, 805-225-2619

1. Executive Summary

Purpose of the Morro Bay Community Quota Fund

The City of Morro Bay (CMB) has led a project to create the *Morro Bay Community Quota Fund* (MBCQF), a public benefit non-profit corporation intended to permanently secure West Coast Trawl sector fishing privileges historically associated with the Central Coast. The long-term goal of the CQF is to create a financially stable and environmentally sustainable Morro Bay groundfish fishery, built upon



Photo Credit: Lisa Wise Consulting

local stewardship of ground fish resources and secured fishing rights anchored permanently in the community

The fishing privileges the MBCQF will hold are in the form of Quota Shares (QS) and vessel permits for the trawl sector of the west coast groundfish fishery. These will be acquired and leased out to fishermen (in the form of annual quota pound (QP) allocations), to support the local economy, improve environmental and financial performance in smaller boat fisheries and preserve the Morro Bay working waterfront infrastructure and culture. Fishermen using MBCQF Quota will have to comply with terms of Trawl permit (100% human observers etc.) and participate in an Overfished Species (OFS) risk pool.

The catalyst for creation of the MBCQF concept was to prevent historic trawl fishing activity in Morro Bay from consolidating into larger fishing vessels in other areas with larger market power than Morro Bay. Consolidation of historic trawl fisheries is an expected outcome of the new West Coast Trawl Individual Transferable Quota (ITQ) Program unless steps are taken by smaller boat communities. Morro Bay has a unique opportunity

to do this because The Nature Conservancy (TNC) purchased 6 Morro Bay based West Coast trawl permits around 2005, prior to this fishery being converted to an Individual Quota allocation system, and is a willing seller to the MBCQF in an attempt to secure social, economic and conservation gains for the community and the fishery. The MBCQF also anticipates raising funds/grants to acquire other Trawl ITQ quota shares to augment the TNC QS that will be made available.

2. Background and Context of the CQF creation

Decline of the groundfish fishery

Morro Bay has a long history as a fishing community. It has had a large abalone industry in the past, significant sardine landings in the 1950's, and Albacore tuna through the 1970s, periodic Salmon and Swordfish landings throughout, but groundfish has always been the mainstay, supporting a year-round robust fishing industry and culture in Morro Bay.

Over the last three decades, the West Coast ground fish fishery came to rely on bottom trawling as its primary means to catch fish. Millions of pounds were landed annually in Morro bay until the 1990's, when a sharp decline began. Overreliance and over-capitalization in trawling had contributed to regulatory constraints, which, in turn, led to a drastic decline in local fishery landings, revenue and jobs. In 2001 the fishery was declared a disaster. The City of Morro Bay, like the City of Monterey, has a long history of supporting commercial fishing, both in policy and financially in lower cost facilities on City

owned land. Despite this support both communities saw a continual decline in landings, participants, and the related businesses and services, until in 2004, the last groundfish buyer in Morro Bay notified local trawlers that they no longer intended to buy groundfish in Morro Bay full time. In 2005, Morro Bay's last remaining fuel dock in the harbor threatened to cease operations due to the lack of fuel sales with the reduced activity.

Transition to Quota Shares.

In response to the groundfish disaster, fishery managers started planning for a new "Catch Share" management structure that allocates "quota" to individual fishery participants. The Nature Conservancy (TNC) played an important role in the transition period. In 2004-05 TNC bought six limited entry trawl permits that were based in the Morro bay area and four Morro Bay trawl fishing vessels from fishermen in their own buyout program. In return central coast trawl fishermen worked cooperatively on a plan to create trawl essential fish Habitat designations on 3.8 million acres of ocean in the Central Coast.



Photo Credit: Marlyse Battistella

City of Morro Bay representatives were at first alarmed at the development - although the City had consistently supported fishing uses, it had never attended a Pacific Fisheries Management Council (PFMC) meeting and was unaware of the pending regulatory changes in the Trawl sector. The potential loss of landings from the trawl permits that were purchased if they were to relocate or be made inactive would be devastating to what was left of the marine dependent infrastructure in Morro Bay. Over time, the City has developed an excellent working relationship with TNC as the permits have been put to use locally and the city has learned more about TNC's goals and the regulatory process.

While the West Coast Trawl Sector ITQ program may ultimately improve fishery economics, conservation and safety, it is also likely to result in consolidation of the fishery as market economics drive transferrable quota to large-scale fishing operations in larger ports. Local fishery stakeholders realize that without a plan, this could lead to a permanent loss of traditional ground fish access in smaller scale fishing ports such as Morro Bay and Monterey. Without the groundfish fishery, Morro Bay cannot maintain critical fishing infrastructure. Anchoring the available historic fishing privileges in the community is therefore a key concern of the City.

3. Operating Structure of the CQF

The MBCQF is a state chartered public benefit corporation with federal 501(c) (3) status (pending). It will be comprised of the following:

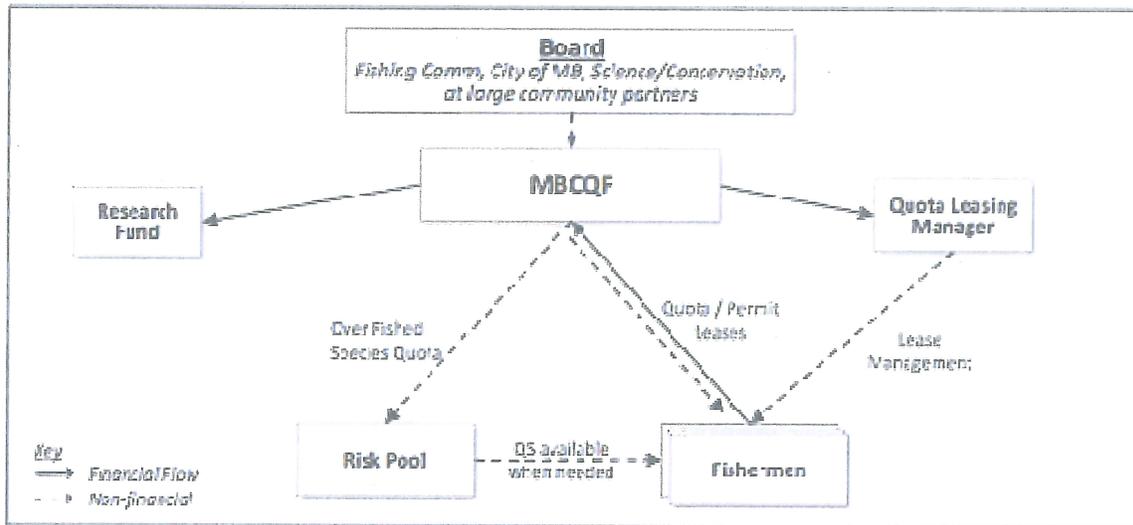
Board: The MBCQF will operate with a 7 person broadly based board of directors consisting of 2 members of the fishing community, 2 members from science and conservation, 1 member representing public agencies and 2 at members at large.

Staff: The MBCQF will have one part time employee during start up mode, to supervise the quota pound lease management contract, coordinate necessary board activities, execute fund business activities (insurance, tax documents, AP and payroll etc.) This employee will also maintain outreach and informational programs.

Quota Share Leasing Manager: The MBCQF will engage an experienced quota leasing manager under a professional services contract to execute leases and insure performance with environmental, financial and operational terms of the leases. The MBCQF will partner with other Quota Share holders in this management contract such as The Nature Conservancy, Central Coast Seafood Marketing Assn. and the City of Monterey Quota Fund (currently under development).

City of Morro Bay Linkage: The CMB has facilitated this project to date, will initially provide a representative on the board (City Manager Andrea Lueker will be the public agency member) and support the organization. During the startup phase, CMB will donate office space and some clerical assistance. The MBCQF will operate independently of the CMB.

Operating Structure:



Operating Objectives

The MBCQF will aim to:

1. Establish its financial viability to ensure repayment of an anticipated \$250,000 loan obligation for initial acquisition of TNC QS and permits.
2. Grow the portfolio of fishing privileges available for the community, to generate greater income and public benefit.
3. Develop dynamic leadership in the fund employee(s) which will support and allow accomplishment of the MBCQF goals.

4. The Startup Context for the CQF

The context in which the MBCQF has been formed includes several important elements and current issues:

Moratorium on Quota Sales

There is a current moratorium on the sale of quota share, imposed by the PFMC. This moratorium has been set to end on January 1st, 2014, though there is a possibility that the PFMC will push back this date. Unfortunately, this action is beyond the control of the MBCQF or others, but sets a key date around which acquisition becomes possible, and hence MBCQF operations can begin. Negotiations for potential QS acquisition/sale to be effective 1-1-2014 are currently underway in many areas.

Quota Divestment Requirements and Dates

All entities, including TNC, are currently required to divest any quota holdings that are over the control caps for individual species, by January 1, 2016. Given that TNC is a large quota share holder, this puts a strict deadline on TNC to find suitable buyers and close sales agreements between 1/1/2014 and 1/1/2016.



Photo Credit: Trudy O'Brien

Risk Pool Discussions

An Overfished Species (OFS) risk pool has been formed between several Central Coast communities, to share quota of overfished species, a collaboration seen as a key risk mitigation mechanism. Members of the MBCQF have been in discussion with the Risk Pool, and expect to be fully participating at the time of the MBCQF launch.

Regional Fishing Association (RFA)

Discussions have been held on the need for and advantages of a regional approach to addressing many issues, and the benefit which a Regional/Community Fisheries Association could bring to each community. This involves optimizing quota

use and leasing, as well as sharing costs, for lease management and other administrative tasks. However this umbrella group will not have been formed when the MBCQF begins its operations, so these benefits will not yet be available to the MBCQF.

Research Fund

Discussion has begun on the need for and benefits of a research fund, to be supported by surplus MBCQF lease revenues. Like the Regional Fisheries association and risk pool, this makes sense at a regional level, but may not yet be operational when the MBCQF is formed.

The leadership of the MBCQF recognizes that the combination of the above elements creates both a unique opportunity and a challenge for the MBCQF. The start up of the MBCQF must occur within a limited window, driven by the requirement for TNC to divest its holdings. At the same time, other important elements of a functioning regional market will not be in place by the time the MBCQF is launched, such as the Regional Fishing Association and Research Fund. This poses additional burden on the MBCQF, from a financial as well as operational perspective. It also offers the opportunity for Morro Bay to take a leadership role in how these complementary entities are created, and assure they serve to support the MBCQF mission.

5. Objectives of the CQF

As stated above, the long-term goal of the CQF is to create a financially stable and environmentally sustainable Morro Bay fishery, built upon local stewardship of ground fish resources and secured fishing rights anchored in the community. To do this, the MBCQF will focus on:

Primary objectives. These are necessary for the CQF and Morro Bay Port to remain viable.

Secondary objectives. These are desired by the CQF, and will be sought based on the funds that are available after the primary objectives have been met. The reasoning is that if either of the primary objectives cannot be met, the CQF and the commercial fishing elements of the port will be greatly diminished, making subsequent objectives irrelevant.

PRIMARY OBJECTIVES	ACTIVITIES
I. Establish the CQF as a financially viable community quota fund.	1. Acquire fishing privileges to hold for the Morro Bay community 2. Lease quota, generating revenues to: - Repay debt obligations - Cover operational expenses
II. Support the local, small boat groundfish industry, to ensure a viable port in Morro Bay.	3. Provide lease discounts to small boat, groundfish fishermen, allowing them to operate.
SECONDARY OBJECTIVES	ACTIVITIES
III. Create viable opportunities for new entrants	4. Provide incentive, through lease discounts, to help new entrants in the fishery.
IV. Improve local inputs into science and management	5. Build local decision-making for local resource-use. 6. Support a research fund focused on local and regional stocks
V. Incentivize innovation in fishing practices and marketing, to achieve resiliency in volatile markets.	7. Use leases to incentivize a broad portfolio of species and gears 8. Contribute quota to the regional Risk Pool
VI. Build local stakeholder leadership in fishery management	9. Form a Community Fishing Association, creating links with other fishing communities 10. Inform local stakeholders

Activities of the CQF

The CQF's will seek to accomplish its objectives with the following activities:

Activities for Primary Objectives:

These are necessary activities for the CQF to remain viable as an entity, and for the Morro Bay port, upon which the CQF's revenues are based, to remain an economically viable port.

- 1. Acquire fishing privileges to hold for Morro Bay.** The priority goal of the MBCQF is to secure historic fishing activity in the community. It will do this by buying quota shares and permits that are necessary to support local, family owned fishing businesses, many of which are multi generational, as well as the existing port infrastructure businesses (fuel, fishing unloading and ice services, marine maintenance and fabrication services, local marine supplies etc). The majority of Quota will be purchased from the TNC holdings of permits and quota acquired during the catch share transition. In the longer term, The MBCQF may also acquire additional quota from other entities or fishermen, limited by law to "Control Caps" for each species in the trawl sector.
- 2. Establish revenues from quota leases, to cover debt and expenses.** The MBCQF will make the permits and quota shares it owns available to fishermen through Quota Pound leases. Revenues from these leases will be the source of income to cover debt service and operational expenses. The operational strategy for the MBCQF is not to directly manage individual QP lease, but to, under triple bottom line criteria established in the MBCQF bylaws, turn those duties over to professional independent management entity. The MBCQF anticipates working with other QS holding partners in one annual QP management contract to achieve overall cost saving and to insure continuity and alignment with larger goals.
- 3. Provide lease discounts to small boat, groundfish fishermen.** Since the Port and community of Morro Bay depend on a minimum number of boats and local landings to ensure an economically viable port infrastructure, the CQF's mission must prioritize lease discounts to the small boat fishermen who can meet the qualifications for operating in the Trawl Sector ITQ fishery and land groundfish in Morro Bay



Photo Credit: Morro Bay Commercial Fishermen's Organization

Activities for Secondary Objectives.

The following activities will be sought by the CQF based on the amount of surplus funds available, after debt service payments, operational expenses and small boat discounts have been paid. The amounts are expected to be small at first, but grow as the amount of quota which the CQF is able to lease out is increased. The priorities among the following activities will need to be established by the Board. The order in which they are listed below does not reflect any priority or funding need.

4. **Attract the next generation of "New Entrants" into the Fishery.** The scarcity of a next generation of fishermen creates a major problem for West coast fishing communities, and for fishermen who often have their life savings (retirement) tied up in their businesses. This problem can lead to reduced US seafood production and coastal employment in many areas and frustrate the growing consumer desire for fresh local seafood. The MBCQF will strive to maintain at least one "new entrant" lease each year which will have special terms to facilitate the individual needs of the new entrants. This may be financial considerations in the lease, but can also mean more flexible payments scenarios, credits for investment in gear/equipment or many other strategies. The goal is to support new entrants while they build the business and acquire capital/fishing privileges of their own. A special opportunity will exist for new entrants who are willing to access underutilized trawl species with other types of gear, or even experimental gear. These species had very low utilization rates (by definition) in 2011 due to drop in actual trawl operations and changes some traditional trawlers made in their depth or time of fishing to reduce OFS landings, and these particular species are difficult to catch outside of the RCA in economic quantities using standard fixed gear and marketing inputs. We do think there is opportunity to access these healthy but underutilized stocks with innovation and would lease out QP in these species at very low rates to incentivize the fishery.
5. **Strengthen local decision-making input into local resource use.** A secondary but important priority for the MBCQF is to improve the link between local knowledge and local resource use, through supporting improved local science and regulatory processes input. Participant fishermen (lessees) will create fishing plans that comply with special operational conditions including participating in E-catch real time reporting and on the ground OFS management strategies, some level of bottom up spatial management to avoid gear conflicts and reduce negative habitat impacts.
6. **Create and support a Research Fund with a focus on regional stocks and improvement opportunities.** The MBCQF is committed to creation of a Research fund, and contributing a percentage of its surplus annual lease revenues to this fund. This will be a groundbreaking opportunity fund locally targeted marine science projects collaboratively with fishermen and scientists. Creation of this program will be at the direction of the board of the MBCQF and will be lead by Dr Dean Wendt, who has now successfully managed local cooperative research programs for over five years. Dr. Wendt and the board will implement research fund projects through an independent research group or groups TBD. Examples of current Research Fund priorities are improved regional stock assessment information (as opposed to west coast wide, which is currently the model at NMFS); projects that can help identify spawning aggregations or OFS hotspots and gear improvement research.
7. **Incentivize a broad portfolio of species and gears, for economic and environmental resilience.** Although the Morro Bay community has historically been heavily reliant on trawling, and has at different times had a narrow focus on certain species, the MBCQF will intentionally hold a wide range of species in its portfolio, to incentivize the use of different gear types and harvesting of underutilized species. This is good for fish stocks and the marine environment, and is key to the long term economic resiliency of the fishery. This will necessarily imply that not all quota which the MBCQF holds at any one time will be fully leased out or utilized. The portfolio and strategy are discussed in more detail below.

8. **Contribute quota to the Risk Pool, supporting it and the overall west coast trawl program.** Successful management of quota shares of "Over-Fished Species" (OFS) is a critical element of the new catch share management system. As described earlier, each historic permit/participant in the Trawl Sector originally received QS allocation based on landings in a window period, including very small amounts of OFS. In the new IQ system if an individual trawler lands even a small amount of one of the Overfished species in excess of his QS of that species, it can close his business for the rest of the year. To manage that risk, fishermen are working to establish risk pools where they share the OFS quota. The MBCQF will acquire some of the OFS quota shares associated with the 6 Morro Bay permits and will transfer that OFS QP to the Morro Bay/Fort Bragg risk pool annually, even though the Morro Bay area is expected to be low OFS harvesters. In this way the MBCQF will contribute to the success of the Risk Pool and west coast trawl fishery.
9. **Form a Regional Fishing Association.** The MBCQF expects to form a partnership with The Nature Conservancy, the City of Monterey Quota Fund (under development) and industry groups such as The Central Coastal Seafood marketing Association (CCSMA). This Partnership is conceptually the basis for a Community or Regional Fishing Association, a potentially powerful long term tool for stabilizing Central Coast fishery and achieving industry and community goals. This work would include linking with other fishing communities such as Pillar Point harbor, Fort Bragg and potentially Santa Barbara.

10. **Inform the community and support fisheries-related management.** Over time, the intent is for the MBCQF to develop its capacity and maintain an active and robust outreach and informational program, providing input to the media & regulatory process to further regional management and local stewardship of fishery resources. MBCQF will begin by maintaining a web site for basic information and current issues for the public.

www.morrobaycommunityquotafund.org

With the ultimate goal of helping create a better performing regional management model, the MBCQF will work cooperatively with other interested parties to assist in mutually beneficial projects and regulatory improvements. The creation of the CQF will allow an institutional capacity (the MBCQF board and employees) to help inform the process of change and build resilient fishing businesses managed with good regional science.



Photo Credit: Green Fish Communications



AGENDA NO: B-3

MEETING DATE: March 7, 2013

Staff Report

TO: Harbor Advisory Board

DATE: February 27, 2013

FROM: Eric Endersby, Harbor Director

SUBJECT: Boatyard/Haulout Ad-Hoc Committee Report

DISCUSSION

The Boatyard/Haulout Ad-Hoc Committee met recently and will be presenting an oral update on their progress.

Prepared By: EE

Dept. Review: EE



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Google

Eye alt: 250 m

35°22'20.97" N 120°51'31.21" W elev 7 m

72 m

Imagery Date: Sep 18, 2011



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Eye alt 250 m

35°22'20.97" N 120°51'31.21" W elev 7 m

72 m

Imagery Date: Sep 18, 2011



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Eye alt 250 m

35°22'20.97" N 120°51'31.21" W elev 7 m

72 m

Imagery Date: Sep 18, 2011



AGENDA NO: D-1

MEETING DATE: March 7, 2013

Staff Report

TO: Harbor Advisory Board **DATE:** February 27, 2013

FROM: Eric Endersby, Harbor Director

SUBJECT: Appointment of One Harbor Advisory Board Member to the Morro Bay Fishing Community Sustainability Plan Advisory Working Group

RECOMMENDATION

That the Harbor Advisory Board appoints one Advisory Board member to the Morro Bay Fishing Community Sustainability Plan Advisory Working Group.

BACKGROUND

As reported to the Harbor Advisory Board in December, 2012, and presented to the public in a kickoff meeting in January, 2013, the City of Morro Bay has engaged Lisa Wise Consulting (LWC) to complete a Fishing Community Sustainability Plan for Morro Bay harbor. LWC has commenced stakeholder interviews and data gathering, and anticipates this phase to continue through early summer. At that point a consultant will create a "Background and Existing Conditions" baseline document, with "Strategies and Recommendations" to follow in late summer.

DISCUSSION

City staff feels it would be helpful to form a broad-based Advisory Working Group to help review and comment on the "Background and Existing Conditions" document, and possibly more importantly to review and comment on the "Strategies and Recommendations" phase.

The Advisory Working Group would be made up of:

1. Morro Bay Commercial Fisherman's Organization President or designee
2. City of Morro Bay Harbor Director, Eric Endersby
3. Morro Bay Chamber of Commerce economic development coordinator
4. City of Morro Bay Harbor Advisory Board member
5. Port San Luis Harbor representative, Dave Kirk
6. San Luis Obispo County economic development representative

Staff believe that most of the work reviewing administrative drafts of the “Background and Existing Conditions” and “Strategies and Recommendations” documents can be done by email, necessitating little if any actual group meeting time. Advisory Working Group members who were willing and able to help present the final report to Harbor Advisory Board and City Council would be invited to do so.

CONCLUSION

Staff requests that the Harbor Advisory Board appoint one Board member to the Morro Bay Fishing Community Sustainability Plan Advisory Working Group to assist in data gathering and compilation of the plan.

Prepared By: EE

Dept. Review: EE



AGENDA NO: D-2

MEETING DATE: March 7, 2013

Staff Report

TO: Harbor Advisory Board

DATE: February 27, 2013

FROM: Eric Endersby, Harbor Director

SUBJECT: Status of PG&E's Lower Energy Seismic Studies ("LESS") and Mitigation

RECOMMENDATION

Receive and file.

BACKGROUND

In addition to the recent High Energy Seismic Studies ("HESS") proposed by PG&E over the last two years that were denied permits by the California Coastal Commission, PG&E had been concurrently conducting LESS work based on permits issued by the State Lands Commission back in the 1980's. Although purportedly less potentially destructive than the HESS work, the LESS work may have had impacts to the commercial and recreational fishing fleets.

DISCUSSION

LESS work has apparently been conducted in local waters for several years recently, and increased concurrently with the proposed HESS project. At least one large seismic testing vessel was in and out of local waters over the past year working under those older permits. Although staff has no hard data, in hindsight it was reported by several commercial fishermen that catch rates coincidentally went down while LESS vessels were in the area.

PG&E has reported to staff that if any fishermen or business feels that they suffered a financial loss due to the LESS activity they can file a standard claim form with PG&E. This form was put on the City's website last year, and is available on PG&E's website as well. Specific to the LESS work, no separate or special mitigation, compensation, or MOU was put in place for that work.

PG&E reports that the LESS work was completed in early October, 2012, and that the data collected under that work is currently being analyzed. Citizens Opposed to Acoustic Seismic Testing (COAST) is currently challenging the validity of the original 1980's permits and the work done under them. Any results of that challenge are pending.

Prepared By: EE

Dept. Review: EE

CONCLUSION

PG&E has recently completed lower energy seismic work in local waters. No special mitigation or claim process was put in place to accommodate fishermen or others financially burdened by that work. As such, the standard PG&E claim form (the "fridge" form) and process is currently the mechanism available to remediate financial loss.