



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, August 7, 2014
Veteran's Memorial Building - 6:00 P.M.
209 Surf Street, Morro Bay, CA**

Jeff Eckles, Chair	Waterfront Leaseholders
Bill Luffee, Vice-Chair	Marine Oriented Business
Alan Alward	Morro Bay Commercial Fishermen's Organization
Dana McClish	Recreational Boating
Gene Doughty	South Bay/Los Osos
Lynn Meissen	Member at Large
Ron Reisner	Member at Large
Tom Hafer	Alternate to Alan Alward (MBCFO)
Joe Conchelos	Alternate to Alan Alward (MBCFO)

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

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

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

A. CONSENT CALENDAR

- A-1 Approval of Minutes from Harbor Advisory Board meeting held on June 5, 2014.
Staff Recommendation: Approve minutes.

B. PUBLIC HEARINGS, REPORTS, AND APPEARANCES

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

C. UNFINISHED BUSINESS

- C-1 None.

D. NEW BUSINESS

- D-1 Consideration of United States Coast Guard Proposal to Construct an Additional Coast Guard Facility Building on Lease Sites 138-139 Located at 1253 and 1257 Embarcadero.

Staff Recommendation: Consider United States Coast Guard (USCG) proposal and provide input and recommendations, if any, for consideration as the proposal moves into the planning and permitting processes.

- D-2 Overview and Review of Harbor Department 2014/2015 Operating Budget and Capital Improvement Plan.

Staff Recommendation: Receive and file.

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, June 5, 2014 at 6:00 PM in the Veteran's Hall, 209 Surf ST, Morro Bay, California.

ESTABLISH QUORUM AND CALL TO ORDER

Present:	Members:	Alan Alward Gene Doughty Jeff Eckles Bill Luffee Lynn Meissen Ron Reisner
	Absent:	Dana McClish
	Staff:	Becka Kelly, Harbor Patrol Supervisor Polly Curtis, Office Assistant

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

CHAIR AND ADVISORY BOARD MEMBER ANNOUNCEMENTS & PRESENTATIONS

Mr. Doughty said summer is approaching and he is seeing a lot more life in the bay, which is good. Mr. Alward said he appreciates the red cans (buoys) that have now been replaced in the south side of the channel after the dredge has left. Ms. Meissen said she was in Santa Barbara, hauled out at the boatyard, which is why she missed the last meeting, and she will be glad when there's a boatyard in Morro Bay.

Chair Eckles congratulated the Harbor Department Staff for a good Open House and Boat Christening event. He said there is now a local community radio station up and running on FM Station 97.3 where your friends and neighbors are playing music and doing talk shows. He also congratulated all five candidates who ran for the City election, saying this was a clean and respectful campaign.

PUBLIC COMMENT

Mr. Michael Roland, Liveaboard in Morro Bay, said he wants to meet with Harbor Department Staff to discuss the monthly Liveaboard Service Fees on his bill which have not been paid. Mr. David Akey expressed his support of Mr. Roland.

Mr. John Gillespie asked for consideration of waiving the \$450 deposit to be placed on the Commercial Slip Waiting List at the Harbor Department for him and his 66' fishing boat the Windwalker. He asked for the Director of the Harbor Department to change the Rules and Regulations to allow commercial fishermen to be on the Waiting List without paying a deposit.

A. CONSENT CALENDAR

A-1 MINUTES

Mr. Luffee moved the May 1, 2014 Harbor Advisory Board minutes be approved. The Motion was seconded by Mr. Doughty and carried unanimously.

B. PUBLIC HEARINGS

B-1 Harbor Department Status Report

Ms. Kelly briefed the Board on the following topics:

North T-Pier Maintenance and Repair Project

Lease Site News:

Morro Bay Hookers

Used Oil Collection Center Grant

Dredging Results, Mapper

Friends of the Harbor Department

Recent Events:

May 17 – Harbor Department Open House and New Boat Celebration

May 26 – Lost at Sea Ceremony

Upcoming Events:

June 7 – Morro Bay Music Festival

June 8 – Oyster and Beer Festival

C. UNFINISHED BUSINESS

C-1 Revised Request from Virg’s Sportfishing to Develop Currently Vacant Lease Site 107W-108W, and to Place an Informal Kiosk in the Area

Ms. Kelly reviewed a brief history of Virg’s Sportfishing plans and kiosk request. She asked Ms. Cathy Novak to give the Board a detailed description of Virg’s Sportfishing plans for Lease Site 107W-108W and the informational kiosk.

Ms. Cathy Novak, representative for Ms. Sharon Moores and Virg’s Sportfishing, began with a description of the kiosk for visitor information and the plans to repair a wheelhouse off a boat to use as the kiosk. She stressed the importance of using the kiosk for all water-related recreational boating businesses on the Embarcadero. She said there is no specific location designated for the kiosk yet.

Ms. Novak then presented a new dock design and plan for Lease Site 107W-108W. She said the project has been narrowed down to only one side-tie dock adjacent to the south side of the South T-Pier, running in an east-west direction with a gangway. Ms. Novak said Ms. Moores and Virg’s would be willing to accept a condition of approval that would remove the dock in the event that the space is needed for a boat haul out facility.

Ms. Novak requested that the Board recommend this new dock and gangway design proposal to City Council for authorization to proceed with a formal planning application, as well as waiving the planning and permitting fees for the installation of the wheelhouse kiosk.

Discussion by the Board and Staff.

Motion: Chair Eckles moved that the Harbor Advisory Board recommend to the City Council that they approve the proposal by Virg’s Sportfishing as presented for building a side-tie dock along the South T-Pier, and to include use of a wheelhouse as an informational kiosk, and to waive permitting fees provided the kiosk is non-exclusive use for Virg’s Sportfishing. The Motion was seconded by Mr. Luffee and carried unanimously.

D. NEW BUSINESS

D-1 Request by Jack Hansen for a Waiver of Requirement to Qualify for a Commercial Fishing Slip

Ms. Kelly briefed the Board on the topic. Discussion by the Board. Chair Eckles asked Mr. Jack Hansen to state his request. Mr. Hansen presented his case. Three other members of the audience expressed their support for Mr. Hansen. Mr. Tom Hafer, President of the Morro Bay Commercial Fisherman's Organization, said the organization will be meeting soon to discuss possible changes to the commercial slip qualifications to allow for certain exceptions for older fishermen and those with health problems. Chair Eckles asked if the results of that meeting could be presented to the Harbor Advisory Board at the August meeting, and Mr. Hafer said the results would be brought to the Board in August.

Discussion by the Board. Ms. Meissen said she is in support of granting Mr. Hansen a third waiver based on the Board's past decisions to grant three other waivers to fishermen with health issues. However, in considering possible changes to the rules for slip qualification we want to be careful to weigh the needs of current occupants and the needs of our community. We should be sure to consider future fishermen and those currently on the slip waiting list. If we had a lot more slips it would be different, but right now if a young fisherman qualifies for a slip and wants to become active, we would need to consider this and weigh the needs of our community.

Motion: Mr. Alward moved to recommend granting a third waiver of requirement to qualify for a commercial fishing slip to Mr. Jack Hansen on the condition no further waivers will be granted until the next available ten-year period, which is 2024. The Motion was seconded by Chair Eckles and carried unanimously.

D-2 Cancelation of the July 3, 2014 Harbor Advisory Board Meeting

Motion: Mr. Luffee moved to cancel the July 3, 2014 Harbor Advisory Board meeting. The Motion was seconded by Ms. Meissen and carried unanimously.

E. DECLARATION OF FUTURE AGENDA ITEMS

August:

**Harbor Department Budget
Changes to Commercial Slip Qualifications
Review of Liveboard Ordinance Regarding Marine Surveyor Certification and
Standardization of Liveboard Permit Inspections
Presentation on Marine Service Facility**

Future:

**Morro Bay Fish Quota Share and Trawl Permits
Update Harbor Rules and Regulations
Tsunami Warning and Emergency Notification
Water Lease Site Improvements Including Dock Configurations
Mooring Field Design and Maintenance
Coast Guard Building Location Plans
Planning for Power Plant Property
State Park Marina Operating Agreement**

F. ADJOURNMENT

This meeting was adjourned at 7:40 PM.
Submitted by,

Polly Curtis
Harbor Department



AGENDA NO: B-1

MEETING DATE: August 7, 2014

Staff Report

TO: Harbor Advisory Board **DATE:** July 30, 2014
FROM: Eric Endersby, Harbor Director
SUBJECT: Harbor Department Status Report

RECOMMENDATION

Receive and file.

DISCUSSION

North T-Pier Maintenance & Repair: The project is well underway and going relatively smoothly. To date approximately two weeks of work are left on the south leg, after which Associated Pacific will be moving to the far north end of the pier for a major rebuild of the end of the pier. Once that is completed, the final phase rebuilds the abutment where the pier meets the pavement. At their June 10, 2014 meeting, the City Council approved an additional \$55,000 to complete change order items not anticipated in the original project scoping.

Recent Events: 4th of July festivities were again well-attended, despite persistent fog for most of the day. Just prior to the fireworks, however, the fog did lift sufficiently for good viewing of the fireworks that were once again fired from a barge just south of the launch ramp.

July 17th was the 50th anniversary of the City's incorporation, and a well-attended Founder's Day event at City Park to commemorate the event included historic displays, booths, a short play and picnic-style family fun. The Harbor Department was there with its oldest wooden Lifeguard tower (now out of service) and other historic items and documents.

Recent Incidents: July saw a spate of White shark sightings in the county, including an actual attack at Pismo Beach on July 8. Fortunately the victim's surfboard was the only casualty with a bite to the nose of the board. We have posted two credible shark sightings in July to date.

On July 13 a small aluminum boat lost power just outside the surf at the Rock with two persons aboard. Thanks to the quick actions of the Lifeguards on duty and a Harbor Patrol vessel able to quickly respond, it ended without incident.

Prepared By: EE

Dept. Review: EE

The weekend of July 26-27 was eventful with the Harbor Patrol rescuing a kayaker on the rocks in Montana de Oro on Saturday, and another rescue, this time of a capsized kayaker north of the Cayucos pier, on Sunday. Saturday's rescue was without injury, however Sunday's victim went to the hospital with possible hypothermia.

Launch Ramp Annual Parking Permits: We have transitioned over to a true annual permit with permits now being valid from January 1 to December 31 each year. This year, since last year's permits expired on June 30, we are offering an 18-month permit at a pro-rate valid from now through December 31, 2015. Our new annual rate is \$115. The current hourly rate remains \$1 and the current maximum daily rate remains \$5.

Grants: We just received notice from Boating and Waterways that we are being awarded a \$41,400 Abandoned Watercraft Abatement Fund (AWAF) grant for disposal of derelict and dilapidated vessels, and a \$16,600 Vessel Turn-In Program (VTIP) grant for people who wish to turn in their derelict and dilapidated vessels for disposal. Both grants will require City Council approval in the near future.



AGENDA NO: D-1

MEETING DATE: August 7, 2014

Staff Report

TO: Harbor Advisory Board

DATE: July 28, 2014

FROM: Eric Endersby, Harbor Director

SUBJECT: Consideration of United States Coast Guard Proposal to Construct an Additional Coast Guard Facility Building on Lease Sites 138-139 Located at 1253 and 1257 Embarcadero.

RECOMMENDATION

Consider United States Coast Guard (USCG) proposal and provide input and recommendations, if any, for consideration as the proposal moves into the planning and permitting processes.

FISCAL IMPACT

The fiscal impact is unknown at this time.

BACKGROUND

The USCG has had a presence in Morro Bay for decades. Over that time their facility has changed from a small one servicing large cutters with moderate-size crews present in daylight hours only to one of full 24-hour staffing and true “station” status. As such their facility space needs, despite construction of a new larger station building in the early 1990’s, have outstripped the size of that building.

In February, 2013, representatives from the USCG Shore Infrastructure Logistic Center contacted City staff regarding possible expansion of their facilities in Morro Bay. That spring USCG representatives visited Morro Bay and over the subsequent months the USCG, City Council, and City staff undertook real property negotiations on potential sites. Those negotiations culminated in City Council Consent of Landowner approval on July 8, 2014 for the USCG to begin pursuing the planning and permitting necessary to construct an additional building on Lease Sites 138-139, the vacant lease sites, with the exception of a public restroom, immediately north of Crills Saltwater Taffy near the north T-Pier. A copy of the City Council staff report from the July 8 meeting, as well as a subsequent letter to the USCG from the City, is included with this staff report for background and other important information.

Prepared By: EE

Dept. Review: EE

DISCUSSION

During its deliberations for the Consent of Landowner approval, Council consensus was to ensure Harbor Advisory Board (HAB) review and input early in the planning process. The two primary issues at this time are:

1. Public and HAB discussion, input and recommendations on possible and/or preferable relocation spots for the public restroom.

The USCG desires the entirety of Lease Sites 138-139, and as such the public restroom will have to be relocated. USCG is willing to fund its relocation in-kind, however, a definite location is yet to be determined. With the need for the restroom to be in the near vicinity of the north T-Pier to service its primary customers, possible locations become very limited. Options include various parking and public open spaces between the power plant intake building and parking lot area to the Harbor Hut restaurant area.

2. Public and HAB discussion, input and recommendations on the proposed building's size, placement, architecture, aesthetics and other features.

The USCG is proposing a two-story building of approximately 2,800 square feet of total space. A draft of one possible building size and design is included in the July 8 City Council staff report attachment to this staff report.

CONCLUSION

Staff is seeking public and HAB input into the USCG's proposed new building and possible relocation spots for the public restroom at the north T-Pier. The USCG has received Consent of Landowner approval from the City Council for their proposed project in concept, and is eager to move forward as diligently as possible due to time constraints on their funding.



AGENDA NO: C-1

MEETING DATE: July 8, 2014

Staff Report

TO: Honorable Mayor and City Council

DATE: June 30, 2014

FROM: Eric Endersby, Harbor Director

SUBJECT: Approval of Consent of Landowner Agreement for United States Coast Guard to Begin Development Application Process for Construction of Additional Facility Building in Lease Sites 138-139 Located at 1253 and 1257 Embarcadero

RECOMMENDATION

Staff recommends Council consider the United States Coast Guard's (USCG) proposal and Consent of Landowner being presented and provide input and direction. Staff is recommending approval of the Consent of Landowner to enable USCG to begin the planning and permitting processes for their proposed building.

ALTERNATIVES

1. Approve Consent of Landowner as presented, allowing the USCG to begin the planning and permitting process to build their proposed project.
2. Approve Consent of Landowner with Council, providing changes or conditions to that approval.
3. Do not approve Consent of Landowner.

FISCAL IMPACT

There is no fiscal impact at this time. There is potential positive future fiscal impact to the Harbor Fund if the proposal is completed and subsequent new lease revenue is realized.

SUMMARY

The USCG is proposing to construct an additional building on the essentially empty lease sites 138-139 and relocate the public restroom/shower on lease site 138 to provide their station additional space to meet their mission needs. Several sites and alternatives have been considered by USCG, City Council and staff, and the site being proposed appears to be the best and most viable one at this time. USCG is prepared to pay for the cost of relocating the public restroom/shower, and is seeking City Council support in the form of a Consent of Landowner to begin the planning, permitting and public review processes for their proposal.

Prepared By: EE

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

BACKGROUND

Beginning in summer/fall of 2013, the USCG indicated to the City they had acquired funding to build an approximate 2,500-3,500 square-foot building to augment their existing station of approximately 3,500 square feet. USCG reports that Morro Bay's station needs, according to their mission and staffing, is approximately 14,000 square feet.

Several potential locations were studied and evaluated by the USCG and the City in attempts to meet the USCG's parameters to include location footprint size, proximity to their existing station, availability/ownership, minimal number of infrastructure hurdles such as existing improvements and utilities, and potential for moving forward as quickly as possible as their funding source has time constraints on its use.

DISCUSSION

Two locations were identified by the USCG and the City as potential sites for the proposed facility; the existing Harbor Department's site, and Lease Sites 138-139 located at 1253-1257 Embarcadero. Lease site 138-139 begins at the north side of the Crill's Saltwater Taffy building and incorporates the public restroom/shower immediately south of the Harbor Department.

In addition, a third site (the "Pending Possible Location") may be available, but public discussion of that site is limited at this time due to pending sublessor and sublessee rights and obligations. Staff will return to Council at a public meeting to further discuss that alternative if those rights and obligations are satisfactorily reconciled. The Consent of Landowner presented for approval includes language to allow staff and the USCG to commence planning design if that property also becomes available.

USCG is most desirous of the Harbor Department site; however, to date they have indicated it would be unable to replace the Harbor Department's building, and currently the City does not have sufficient funds to replace the building on its own. Barring any changes in status to the Harbor Department site's availability or other more advantageous locations that may be identified, the USCG is earnestly pursuing the 138-139 lease site as its primary location at this time. Since the USCG desires all of the space available at that site, it is proposing to replace, in-kind, the restroom/shower facility at a nearby location to be identified by the City.

In order to keep all potential options open, a Consent of Landowner agreement between the USCG and City, with flexible language, is being presented to the City Council for consideration. Consent on both identified locations is conditioned on replacement of the public restroom/shower facility in the case of lease site 138-139, and replacement of the Harbor Department building in the case of the Harbor Department's current site.

No matter the location, if the USCG obtains a Consent of Landowner, then it will still be subject to the standard planning and permitting process with the City and other agencies, including California Environmental Quality Act (CEQA) analysis, with the exception the Federal government is not required to obtain a Coastal Commission Coastal Development Permit, but instead must obtain Federal concurrence with Coastal's permitting parameters and requirements. Once CEQA analysis is complete, the City can then begin negotiating a new lease for the proposed site and facility.

Assuming lease site 138-139 remains the site of choice for the USCG, concurrent to the USCG's planning and permitting process on its building will be the planning and permitting process for the restroom/shower replacement. While the USCG has committed to funding this replacement, they are not willing or able to undertake the process itself; rather, they require that the City undertake and complete it on a reimbursement basis. Preliminary cost estimates for this replacement range from \$175,000 to \$200,000.

As written, the Consent of Landowner agreement contains conditions that protect the City's interest to have the restroom/shower replaced (or Harbor Department building if that option is exercised). The Consent will ensure, in addition to the eventual permits as conditioned by the City, the restroom/shower has an established location and is permittable and buildable at the determined cost. In other words, if for some reason a suitable and acceptable restroom/shower (or Harbor Department) location is not identified by the City or is not permittable, then the USCG will not be able to move forward with its project. Both projects must be able to move forward concurrently.

Staff is seeking Council consideration of the Consent of Landowner agreement being presented, input and evaluation of the proposed USCG building, as well as input and evaluation of possible restroom/shower locations.

Alternate locations for the restroom/shower facility are very limited and proximity to the North T-Pier area and boaters is the primary siting element. As such, one option identified at this time is in the nearby parking spaces that face Embarcadero Road. A preliminary estimate of five to seven parking spaces would be lost in any design sited in the parking lot location. Challenges to this site include the viability of a designated and ADA-accessible path to and from the facility, as well as the suitability of such a facility "orphaned" out in the parking lot without consideration of the overall master planning of the area including the eventual construction of the boardwalk connector through the area.

If the Pending Possible Location or the Harbor Department relocation becomes viable, then the issues relating to relocation of the restroom/shower to parking spaces adjacent Embarcadero Road may no longer be an issue.

If the Harbor Department site ascends to primary consideration, then alternate locations for a new Harbor Department building are more limited, with the only potentially viable site at this time being the 138-139 lease site. Challenges with that site, aside from cost, are the possible displacement of the restroom/shower building and the site's view opportunities of the harbor entrance and approaches by the Harbor Patrol for safety and monitoring purposes.

A concept site plan and building designs for the proposed new USCG building provided by the USCG are included with this staff report, as is a draft Consent of Landowner agreement.

CONCLUSION

In the proposed Consent of Landowner agreement being presented for USCG's proposed new

building, issues for the City Council to consider are:

- A. Whether or not to give the USCG consent to begin the planning and permitting process for its proposal on one or more sites at this time without more detail,
- B. Should any preliminary conditions or parameters be set for the design/configuration of the USCG building,
- C. Should the Consent of Landowner be conditioned on the restroom/shower facility displacement/relocation, other than as currently being proposed,
- D. Where would the best relocation site be for the restroom/shower facility?

Staff recommends Council approval of the Consent of Landowner for lease site 138-139 to enable USCG to begin the planning and permitting processes for their proposed building. If approved, then, with Council input from this meeting, City staff will concurrently begin the siting, design, planning and permitting process for the restroom/shower relocation. In addition, staff will continue to explore alternate locations for the USCG building, including, but not limited to, the current Harbor Department building location. In the case of the Harbor Department building location, City consent of that location would be contingent upon USCG ability to replace the Harbor Department building in a mutually agreeable location at USCG's sole cost and expense.



City of Morro Bay Tidelands Trust Grant Properties Consent of Landowner Form

Consent For:

Development of Lease Sites 138-139, located at 1253 & 1257 Embarcadero Road, by United States Coast Guard (USCG), as proposed in letter dated April 23, 2014 and attached plans, and negotiation of new lease.

Site Location: Lease Sites 138-139, 1253 & 1257 Embarcadero, Morro Bay, CA 93442

Property Owner: City of Morro Bay Telephone: 805-772-6254

Address: 595 Harbor St. City: Morro Bay State: CA Zip: 93442

Applicant: U.S. Coast Guard, Planning/Real Property Telephone: (510) 637-5537

Address: 1301 Clay Street, Suite 700N City: Oakland State: CA Zip: 94612-5203

The undersigned Trustee of record of the above noted Tidelands Trust property for which an application for a permit, business license or other City entitlements is being requested, does certify that:

Building Permits, Land Use Permits: Such application may be filed and processed with the City's full consent, under the conditions as set forth below. The applicant is authorized to contact the City's building and planning departments in connection with this matter and regarding necessary land use entitlements ("Land Use Permits"). The City retains the right to enter upon the land described herein at any time for the purposes of site inspection in advance of City action on the Land Use Permits, inspection of any construction, grading or other development activities following any Land Use Permits approval or evaluation of the satisfactory completion of development authorized through Land Use Permits approval, including continuing compliance with any conditions of approval.

Conditions of Consent of Landowner:

1. USCG and City understand and agree the public restroom/shower facility on lease site 139 will be relocated at sole cost and expense of USCG. The new restroom/shower facility is agreed to be an "in-kind" replacement to the existing restroom/shower facility with regard to number of fixtures and amenities, upgraded as-necessary to meet any new code or compliance requirements.
2. USCG and City further understand and agree City will be responsible for determining the restroom/shower relocation site, and all design, planning, permitting, and construction of the

relocated restroom/shower facility; provided, that USCG shall fully reimburse City for the cost related to the foregoing, including all City personnel staff time costs.

3. USCG and City further understand and agree final approval of USCG to construct USCG's proposed building is contingent upon City obtaining all necessary permits and permissions to construct the restroom/shower facility.
4. USCG and City agree, if an alternate suitable location for USCG's proposed building is identified, then City consents to exploration of relocating USCG's building proposal to that alternate location. Since time and timing, however, is of the essence to USCG and the City is interested in assisting USCG with its project, to the extent that it can, City will take reasonable steps for finding a mutually acceptable alternate location for the USCG proposed building, including, but not limited to, the current Harbor Department office location.
5. USCG and City further agree the restroom facility relocation site is yet to be specifically determined, but a potential relocation site is the parking area adjacent to Embarcadero Road. If another relocation site is determined appropriate by the City Council, after considering public input received at a noticed public meeting, then this Consent of Landowner shall be deemed to refer to that site as well.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Edward S. Kreins, Interim City Manager

Date

U.S. Department of
Homeland Security

United States
Coast Guard



Commanding Officer
United States Coast Guard
Civil Engineering Unit Oakland

Chief, Planning/Real Property
1301 Clay Street, Suite 700N
Oakland, CA 94612-5203
Phone: (510) 637-5537
Email: kim.vankapel@uscg.mil

5216

APRIL 23, 2014

City of Morro Bay
Attn: Ed Kreins, Interim City Manager
595 Harbor Street
Morro Bay, CA 93442

Dear Mr. Kreins,

The Coast Guard (CG) has selected a preferred site location for its new building based on the feedback received from the City of Morro Bay (City). The CG requests to have this proposal presented for consideration at the City Council meeting in May.

Based on in-house planning and site visits to Morro Bay, the CG is submitting a third site proposal to construct a new facility in the City of Morro Bay. The CG intends to construct a two-story building at the proposed site in support of CG Station Morro Bay. The CG desires to secure land use rights for Harbor Lease Sites 138 and 139, which is immediately adjacent to the business Crill's Saltwater Taffy and includes the public restroom for the North T-Pier area. This site location meets the CG's need to be on the waterfront with a view of the harbor entrance. Enclosure 1 shows an aerial photo of the waterfront area with an overlay of the parcels that was originally provided by the City.

The CG is considering two configurations for the use of the parcels. The preferred configuration is to demolish the City owned public shower and restroom on parcel 139 and replace it in-kind at a new location. This would enable all of parcels 138 and 139 to be available for the CG's new facility. The CG could replace the restrooms on the City's behalf under the authority of the substitute facilities doctrine through a friendly condemnation. Enclosure 2 depicts the site plan view of the new CG building with the City owned public restroom relocated to a potential location in the parking lot near Embarcadero Road.

The second configuration, shown in enclosure 3, leaves the City owned public restroom in place and constructs the new CG facility in the footprint between the public restroom and the Crill's Saltwater Taffy commercial building, which is situated on parcel 137. This is the least desired of the alternatives and allows for the least flexibility for the CG and City.

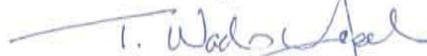
The proposed new facility will be a two-story structure. The building footprint will be approximately 1,500 sq ft providing roughly 2,800 sq ft of total space. When combined with the existing facilities the CG will have a total of 6,800 sq ft of space. The construction of this building helps reduce the existing space deficiency but is not enough to meet the full CG Station requirement. With this in mind, the CG will continue to use the existing facilities. Enclosure 4 is a conceptual elevation plan of the proposed CG facility.

We hope this site design and use of the area is mutually beneficial and aesthetically balanced with the City of Morro Bay's waterfront development goals. We want to ensure that you have adequate information to move forward with your immediate review process and obtain California (CA) Coastal Commission consent.

An in-place land use agreement between the CG and the City of Morro Bay is a pre-requisite before the CG can proceed with pre-construction efforts and construction award. Pre-construction efforts include design documents, National Environmental Policy Act (NEPA) evaluation, and CA Coastal Commission consistency determination. Until the NEPA process is completed and the CA Coastal Commission has provided a consistency determination, all proposals are pre-decisional. We anticipate a long-term presence and the need for an extended lease with a minimum term of 50 years.

We look forward to working with the City of Morro Bay as we move forward with this project allowing the CG to have a continued presence in Morro Bay. We welcome your feedback and look forward to seeing you at the May council meeting. If you should have any questions or concerns, please contact Mr. Kim Van Kapel at (510) 637-5537 or kim.vankapel@uscg.mil.

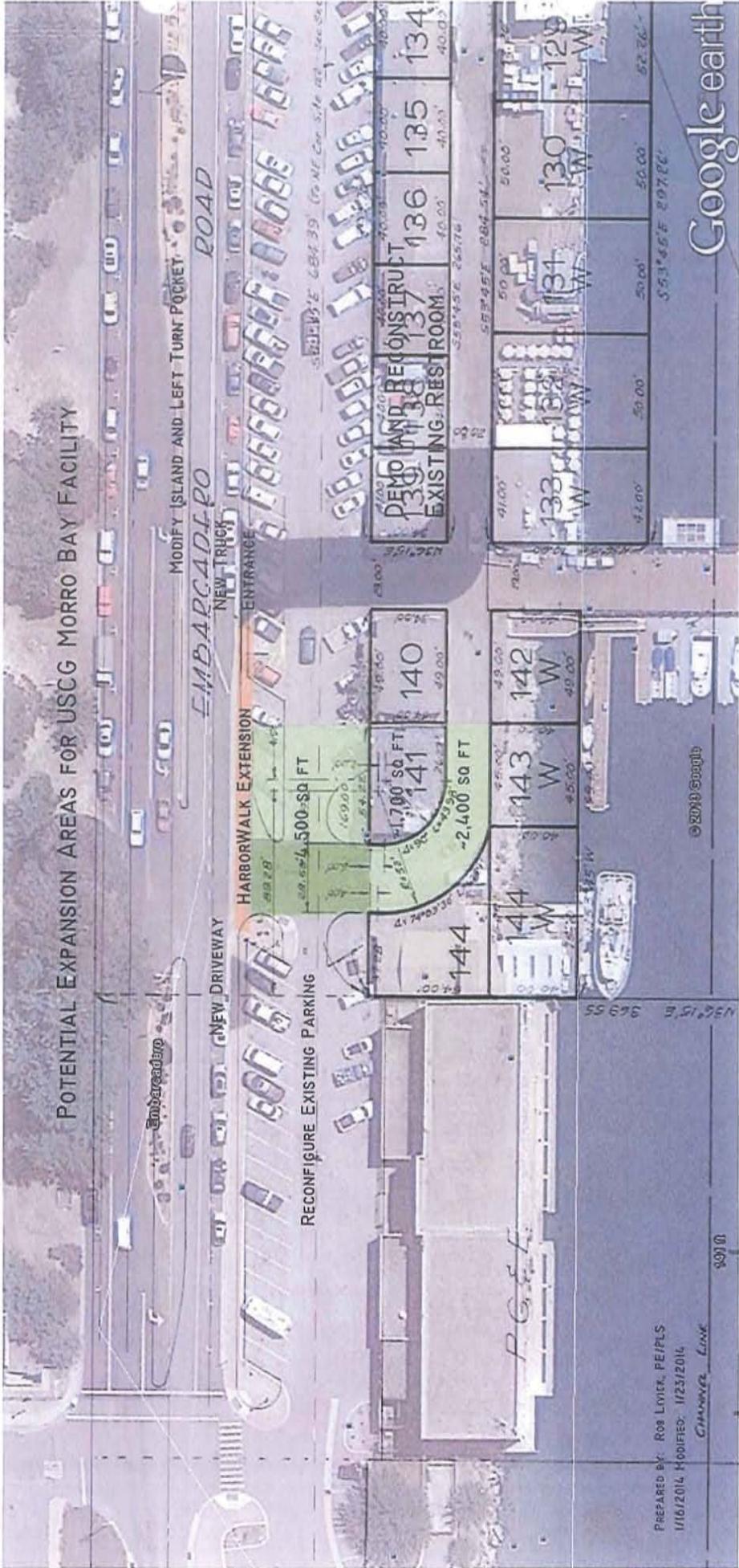
Sincerely,



T. W. Gesele
Captain, U.S. Coast Guard
Commanding Officer
Civil Engineering Unit Oakland

4 Enclosures

Copy: Commander, Coast Guard Pacific Area (PAC-8)
Commander, Eleventh Coast Guard District (dx)
Commander, Coast Guard Sector Los Angeles - Long Beach (sl)
Officer In Charge, Coast Guard Station Morro Bay



PREPARED BY: ROE LYNER, PE/PLS
 11/16/2014, MODIFIED: 11/23/2014
 CHAMBERLAIN

ENCLOSURE 1
 Parcel Overlay



ENCLOSURE 2
Plan View CG Building-Relocate Public Shower/Rest Room



SITE PLAN
SCALE: NONE



SITE PLAN
SCALE: NONE



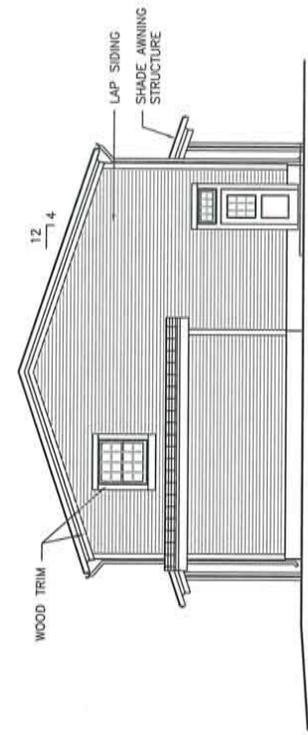
ENCLOSURE 3
Plan View CG Building Between Public Shower/Rest Room & Lot 137

USCG STATION MORRO BAY

New Building - Elevations
 (approx. 1,500 SF Footprint/ 2,800 SF Total)

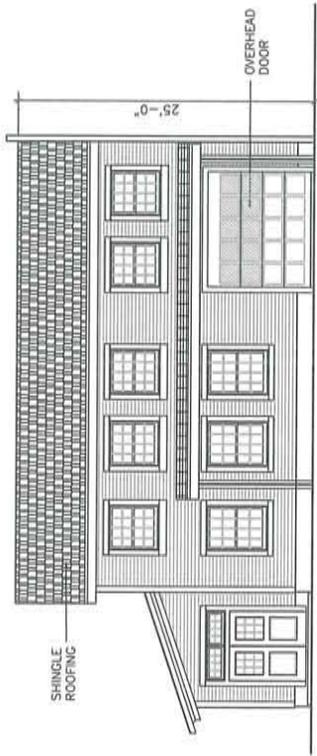


SITE ADJACENT TO PUBLIC RESTROOM
 SCALE: NONE

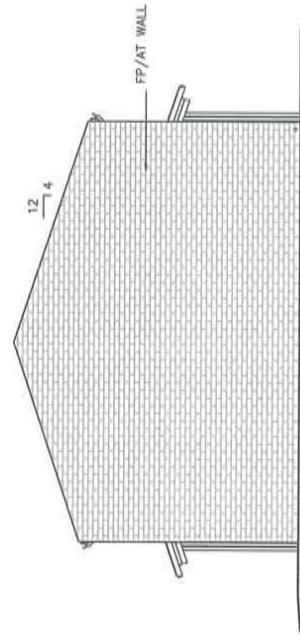


NORTH ELEVATION
 SCALE: NONE

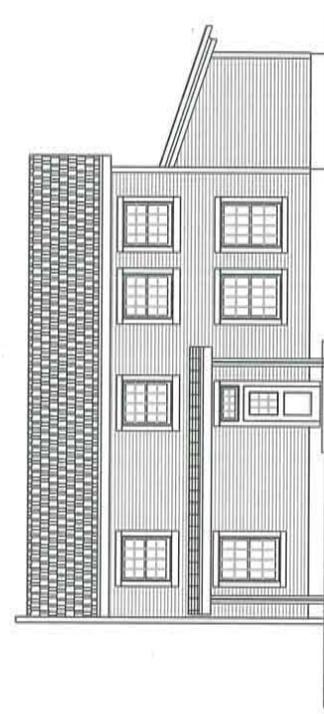
ENCLOSURE 4
 CG Building Elevation View



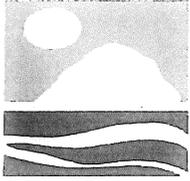
WEST ELEVATION
 SCALE: NONE



SOUTH ELEVATION
 SCALE: NONE



EAST ELEVATION
 SCALE: NONE



City of Morro Bay
Morro Bay, CA 93442
(805) 772-6200

July 10, 2014

T.W. Gesele
Captain, U.S. Coast Guard
Commanding Officer
Civil Engineering Unit Oakland
1301 Clay Street, Suite 700N
Oakland, CA 94612-5203

Dear Captain Gesele,

Congratulations, on Tuesday, July 8, 2014, the Morro Bay City Council unanimously voted to approve a Consent of Landowner document for the U.S. Coast Guard to proceed with pre-construction efforts toward building an additional facility for Station Morro Bay on City lease site 138-139. In addition, the Consent was phrased to include flexibility for alternate locations should they become available in a timely manner. A copy of the Consent document is included with this letter.

The City of Morro Bay has been a partner with the U.S. Coast Guard for decades, supporting its various missions here on the Central Coast, including its critical infrastructure and facility needs. Over the last few months, we have appreciated the Coast Guard's patience while we have all diligently worked in unison in an effort to determine the best available location for your added facility needs, and feel the approved site is the best possible choice at this time.

As a next step, I would suggest that as soon as is feasible, your planning staff schedule a meeting here in Morro Bay with our Public Services, Harbor, and Legal Departments in order to engage in an initial "pre-planning" and fatal flaws meeting to identify and acknowledge the process and any issues needing to be addressed. We look forward to working with the Coast Guard on this new facility project, enabling the Morro Bay station to function more effectively. Should you have any questions or concerns please let us know.

Sincerely,

Edward S. Kreins
Interim City Manager

cc: Commander, Coast Guard Pacific Area
Commander, Eleventh Coast Guard District
Commander, Coast Guard Sector Los Angeles – Long Beach
Officer in Charge, Coast Guard Station Morro Bay
Morro Bay City Council
Congresswoman Lois Capps, 24th District, California

FINANCE
595 Harbor Street

ADMINISTRATION
595 Harbor Street

FIRE DEPARTMENT
715 Harbor Street

PUBLIC SERVICES
955 Shasta

HARBOR DEPARTMENT
1275 Embarcadero Road

POLICE DEPARTMENT
870 Morro Bay Boulevard

RECREATION & PARKS
1001 Kennedy Way



AGENDA NO: D-2

MEETING DATE: August 7, 2014

Staff Report

TO: Harbor Advisory Board **DATE:** July 29, 2014

FROM: Eric Endersby, Harbor Director

SUBJECT: Overview and Review of Harbor Department 2014/2015 Operating Budget and Capital Improvement Plan

RECOMMENDATION:

Receive and file.

BACKGROUND:

City Department budget forecasting and planning typically begins in March each year. Budgets are assembled and presented to the Administrative Services Director for her input and direction. For numerous years now the budgeting process has been “zero-based,” meaning that each department head must match expenditures to a known starting budget amount. However, due to the nature of the Harbor Department’s Enterprise Fund and unlike the General Fund, we must forecast our revenues and then plan our expenditures to match.

DISCUSSION:

In the last budget year (FY13/14) we forecast our revenues to be \$1,667,812, which included approximately \$75,000 of outfall lease revenue to balance the budget. While the final revenue numbers are not yet fully compiled by Finance, our actual revenues exceeded our estimates by a comfortable margin. Actual revenues for the four previous fiscal years were:

FY12/13 - \$1,925,225
FY11/12 - \$1,864,120
FY10/11 - \$1,815,509
FY09/10 - \$1,902,041

We are still seeing a healthy upturn with the economy, therefore, we have forecast a 5% increase in percent gross revenues for the upcoming year over last year. For the 12/13 fiscal year, our actual percent gross sales revenues were 22% above what we forecast and budgeted for, therefore we felt that a 5% increase for this year’s numbers was warranted yet still conservative. Early percent gross sales payments that are now due

and payable for the 13/14 fiscal year are bearing out our forecasts. In addition, all of our base rents that are subject to annual CPI adjustments are going up this fiscal year because of the general CPI index increases this year over last.

FY14/15's projected revenues are \$1,712,410. The most important thing to note is that **no power plant outfall lease revenues were used to balance the budget this year.** We will have successfully "weaned" ourselves from that \$275,000 lease. The net result is a balanced operating budget with \$1,712,410 in expenditures, revenues to match, all remaining Dynegy lease revenue going straight to Accumulation and percent gross revenues likely in healthy excess of forecast and budgeted if the economic trends of the past two years on the waterfront continue.

Our biggest single line-item expenditure is full-time personnel services at \$814,265, which is \$101,875 less than last year due chiefly to the turnover of all of our full-time personnel over the past three years and the institution of tiered retirement formulas. The Cost Allocation remains flat at \$276,986, debt service on the south T-Pier loan is \$134,859 (with only nine more annual payments left), and part-time personnel services are \$130,232.

Out of our Accumulation Fund we are transferring \$340,000 to begin a major replacement project of the oldest of our slip facilities; those between the south T-Pier and the fuel dock. Also funded from Accumulation this year is \$40,000 for a structural engineering inspection and assessment of the South T-Pier, and \$15,000 for capital improvements to our gear storage and maintenance shed at the end of the Embarcadero dirt extension.

Although the balance in the Accumulation Fund, if all currently dedicated capital project earmarks are fully spent, is close to zero, we do have approximately \$200,000 in "cash" in our Operating Fund that for all intents and purposes can be considered accumulation excess. In addition, any additional revenue over expenses in last year's budget will eventually be transferred to the Accumulation Fund.

The City Council adopted the City's budget at their June 24, 2014 meeting.

For this fiscal year we have applied to the Department of Boating and Waterways and received the following grants:

\$41,400 under their Abandoned Watercraft Abatement Fund grants for disposal of derelict vessels.

\$16,600 under their Vessel Turn-In Program grants for disposal of turned-in derelict and obsolete vessels.

Prepared By: EE

Dept. Review: EE

We have applied for a \$1,734,220 grant from Boating and Waterways for a complete make-over of the trailer boat launch ramp including new concrete ramp and floats, repaving, restroom upgrades, new fish cleaning station, and ADA accessibility features throughout. If awarded, anticipated funding will be in the 2015/2016 fiscal year.

Finally, the Schedule of Five-Year Capital Requirements is attached for reference for the planned capital projects.

**CITY OF MORRO BAY
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS
AS OF THE 2014/15 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2013/14	2014/15	2015/16	2016/17	2017/18 +	
Harbor								
Vehicles:								
Honda Personal Watercraft	08/01/12	5					\$ 12,000	Replaced 2012 w/grant funding, 5 yr life
Boat, Rescue #64	03/01/14	25						Funded \$281,760 City funds, \$120k grant; complete in 2012/13
Boat, Rescue #68	06/30/13	25						
Boat, Rescue #66	01/01/95	20						
Boat, Rescue #65	01/01/99	20						
Honda Personal Watercraft	08/01/12	5					\$ 12,000	Replaced 2012 w/grant funding, 5 yr life
Truck, 2013 Ford F150 Pickup	09/01/13	10						
Truck, 2006 Ford Ranger Pickup	10/01/06	15						
Vehicle, 2006 Ford Escape 4x4 Hybrid	10/16/06	15						
Truck, 2013 Ford F250 Pickup	07/01/13	10						
Truck, 2010 Ford F350 Flatbed	02/01/10	15						
Equipment:								
Emergency Satellite Telephone	08/21/03	15						
Buildings:								
Harbor Maint. Bldg, Front St.	06/01/64	20						\$10,000 grant secured from NEP for facility upgrade; additional grant funding applied for, pending.
Harbor Maint/Storage Bldg. (Gear Storage)				\$ 15,000				Electrical and restroom upgrade to maintenance and gear storage building at the Fisherman's Gear Storage area. Leased building, pending acquisition from Dynegy.
Harbor Office	06/01/64	20					\$ 1,500,000	Needs Assessment first
Proj 8421 Harbor Ice Machine	06/01/07	20						
City Dock 129-133 W	06/01/80	20						
Beach Street Slips - South	06/01/80	25			\$ 225,000			Est. for complete replacement. Lower cost possible by staged replacement of sections over time. Slips in fairly good shape, can postpone until 2017/18. Gangway/walkway repair funded and underway 12/13
Boat Launch Slip/Floating Slips South	06/01/64	25						
Boat Slip Launch/Floating Slips North	06/01/95	25				\$ 80,000		Needs electric upgrade and 1 fender pile replaced
Boat Launch Pier Walkout Pier One	01/01/80	20			\$ 1,735,000			Complete upgrade to entire L/R facility including concrete ramp, floats, parking lot, restroom, fish cleaning station. 100% DBW grant funds applied for, anticipated for FY 15/16.
Boat Launch Pier Walkout Pier Two	06/01/64	20						
Dunes Street Fishing Pier	01/01/85	20						Repairs funded in 2012/13; underway
Dune Street Slips	01/01/95	20			\$ 80,000			Needs electric upgrade and 2 fender piles replaced
Beach Street North CC1 Slip	01/01/83	20		\$ 340,000				Est. for complete replacement. Lower cost possible by staged replacement of sections over time. Professional Structural Condition
South T-Pier Rebuild	06/30/92	20		\$ 40,000				Assessment/Inspection
North T-Pier	06/01/64	20						Funded
North T-Pier Floating Slips	06/01/64	20						

**CITY OF MORRO BAY
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS
AS OF THE 2014/15 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2013/14	2014/15	2015/16	2016/17	2017/18 +	
Tideland Park Pier/ 250 Side Tie	06/01/97	20						
Parking Kiosk at Launch Ramp	05/01/10	15						
Street End Docks (3 each)	?	25			\$ 60,000			Estimate @ \$20,000/ea, 75% grant funding may be available
Floating Dock	?	25						