



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, May 7, 2015
Veteran's Memorial Building - 6:00 P.M.
209 Surf Street, Morro Bay, CA**

Bill Luffee, Chair	Marine Oriented Business
Dana McClish, Vice Chair	Recreational Boating
Alan Alward	Morro Bay Commercial Fishermen's Organization
Gene Doughty	South Bay/Los Osos
Neal Maloney	Waterfront Leaseholders
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 April 2, 2015
Staff Recommendation: Approve minutes.

B. PUBLIC HEARINGS, REPORTS, AND APPEARANCES

- B-1 Harbor Department Status Report
Staff Recommendation: Receive and file.
- B-2 Presentation by U.S. Coast Guard Auxiliary Flotilla Commander 7-61 on the Role of the Auxiliary and Recreational Boating Safety
Staff Recommendation: Receive presentation.

C. UNFINISHED BUSINESS

- C-1 Update from the Marine Services Facility/Boatyard Ad-Hoc Committee on Committee's Recent Activities, Findings and Recommendations
Staff Recommendation: Receive and file.
- C-2 Update from the Capital Improvement Planning Ad-Hoc Committee on Committee's Recent Activities, Including Review and Concurrence With the Harbor Department's 5-Year Capital Replacement Schedule, 5-Year Capital Major Maintenance and Repair Schedule, and 5-Year Capital Equipment Schedule
Staff Recommendation: Receive update and provide input to staff.

D. NEW BUSINESS

- D-1 Central Coast Maritime Museum "Phase I" Project Consideration and Input to Staff for Museum Proposal in the Front Street Parking Lot Area
Recommendation: Consider proposal by the Central Coast Maritime Museum Association (CCMMA) for placement of a small museum building, associated improvements and vessels in the dirt and driveway areas of the Front Street and power plant "Triangle" parking lot areas, and provide input to staff for consideration.
- D-2 Discussion and Recommendations on Harbor Department Master Fee Schedule With Regard to Subsidy Levels and Cost Recovery
Staff Recommendation: Consider the various Harbor Department fees for services and use of City facilities for fee cost recovery recommendations to the City Council.

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.

A. CONSENT CALENDAR

A-1 MINUTES

Mr. McClish moved the March 5, 2015 Harbor Advisory Board minutes be approved as submitted. The Motion was seconded by Mr. Alward, and carried unanimously.

B. PUBLIC HEARINGS

B-1 Harbor Department Status Report

Mr. Endersby briefed the Board on the following topics:

Chumash Heritage National Marine Sanctuary Proposal

CMANC Washington DC Week

Dredging

Lifeguard Tryouts

Vessel Demolitions

Fishing Season

Skiff and Surplus Gear Auction Results

Fish Cleaning Station

C. UNFINISHED BUSINESS

C-1 Review of Harbor Department Rules and Regulations Document and Morro Bay Municipal Code Chapter 15 for Harbor Advisory Board Input and Direction Regarding Prohibiting Careening Vessels on the Sandspit Except in Emergencies Limiting the Amount of Repair on Vessels in-Water (25%) that Should Go to a Boatyard, Adding/Strengthening Best Management Practices, and Marine Sanitation Devices and Discharge into the Bay

By Board consensus, this Agenda Item was tabled for the next Harbor Advisory Board meeting.

C-2 Update from the Marine Services Facility/Boatyard Ad-Hoc Committee on Committee's Recent Activities, Findings and Recommendations with Regard to the Draft Work Products Received to Date from Lisa Wise Consulting

Mr. Reisner, Ad-Hoc Committee Chair, said the Draft Market Demand Analysis report has been completed by Lisa Wise Consulting. Discussion by the Board and Staff on holding a special public session prior to the scheduled Harbor Advisory Board meeting to review this Agenda Item. By Board consensus, this Agenda Item was tabled.

C-3 Update from the Capital Improvement Planning Ad-Hoc Committee on Committee's Recent Activities

Mr. Luffee said the Ad-Hoc Committee met on March 30th to discuss its goals and its near-term activities. The Committee identified the following present goals:

- Pursue a substantive understanding and review of the City of Morro Bay's Harbor Department cost allocation, which currently is reported to be approximately \$305K per annum.
- Pursue a substantive understanding of how the responsibilities for Harbor-related property improvements and utilities are distributed among City Departments, in terms of maintenance and budget.
- Work with the Harbor Department to further develop its inventory of Harbor-related capital asset items and equipment asset items, as well as a useful life for those items, and further development of maintenance/improvement and replacement cost projections for those items.
- Support the Harbor Department as may be needed in review of Harbor-related budgets. This support includes pursuit of revenue enhancing concepts, as well as expense reduction concepts.

Mr. Luffee concluded that near-term activities include the Committee further developing action plans for each of the above goals, and dividing the work.

Mr. Endersby reviewed the dates of Budget deadlines and workshops, saying there is still opportunity to incorporate Budget changes, prior to final submission to Council on May 1st.

D. NEW BUSINESS

D-1 Concession Public Input Meeting Regarding Future Development and Operation of The Morro Bay State Park Marina and Restaurant Concessions

Mr. Endersby said the purpose of this meeting is to solicit public and Board input and ideas to be considered in the preparation of Requests for Proposals (RFP) from qualified parties to develop, operate and maintain the State Park Marina facilities under long-term contracts. The input will be used to inform the RFP process.

Mr. Endersby reminded the public this meeting is not about renewing a lease for Bayside Café. State Parks and City staff are seeking public input and ideas as to the future development and operation of the State Park Marina and Restaurant concessions. He reviewed the history of dredging at the State Park Marina.

Mr. Endersby introduced Brook Gutierrez, Acting District Superintendent of State Parks Coastal District in San Luis County, and Theresa Montijo, Concession Program Manager for State Parks. Ms. Gutierrez read the Facts Sheet handout which reviewed the background of the Morro Bay State Park Marina operations since 1991. Ms. Montijo reviewed the visitor-serving purpose of Concession Contracts.

The Board opened the Agenda Item to Public Comment. Ms. Dawn Borst, owner of the Bayside Café in the Morro Bay State Park, read a statement in support of keeping the restaurant as it is with no changes, and for the Harbor Advisory Board to recommend to City Council that State Parks renew the Concession Agreement but not enter into the RFP bid process for the Café.

There were comments from 35 people in support of the Bayside Café remaining as it is and not opening the Café up to RFP bid. Mr. Luke Lalthrop said he has a slip at the State Park Marina, and is concerned over the downgrade of the electrical system to 15 amps; he supports the recommendation to have an engineering survey done of the Marina.

Further discussion by the Board, the Harbor Director, Ms. Montijo, and Ms. Gutierrez.

MOTION: Mr. Doughty moved to recommend that Staff draft a letter to the City Council to encourage the City of Morro Bay to pursue negotiating a Concession Agreement with State Parks to allow local control over the Marina and the Bayside Café, either separately or together. The Motion was seconded by Mr. McClish and carried unanimously, with a vote of 6-0.

E. DECLARATION OF FUTURE AGENDA ITEMS

Future:

- Ad-Hoc Committee on Boatyard/Haulout
- Best Management Practices, HAB Review
- Coast Guard Building Location Plans
- Morro Bay Fish Quota Share and Trawl Permits
- Annual Review of All Waterfront Lease Sites
- Water Lease Site Improvements Including Dock Configurations
- Inspecting Marine Sanitation Devices on All Vessels in Morro Bay Harbor
- Planning for Power Plant Property
- Sea Lion Abatement in Morro Bay

F. ADJOURNMENT

This meeting was adjourned at 9:08 PM.

Submitted by,

Polly Curtis
Harbor Department



AGENDA NO: B-1

MEETING DATE: May 7, 2015

Staff Report

TO: Harbor Advisory Board

DATE: April 30, 2015

FROM: Eric Endersby, Harbor Director

SUBJECT: Harbor Department Status Report

RECOMMENDATION

Receive and file.

DISCUSSION

Dredging: The dredge ship YAQUINA is funded this year for approximately 20 days of dredging the harbor entrance, starting approximately May 20. While we requested \$7M in Federal funding for a whole-harbor dredging episode in Federal fiscal year 2016 (that begins this October), we only received sufficient funding for the YAQUINA to conduct her usual entrance dredging. It appears, however, there is the possibility Congress will give the Corps a “plus-up” of funding for Operation and Maintenance, which could result in additional funding for the Corps’ Los Angeles District. This could translate into additional funding for Morro Bay. A recent letter from Mayor Jamie Irons to the Corps and others requesting additional funding is attached to this staff report.

Lifeguard Season: Our annual Lifeguard Training Academy was conducted over the weekends of April 17-18-19 and 24-25-26, with all cadets from both Morro Bay and Cayucos passing. Towers will be set on the beach mid-May, and staffing begins on the Memorial Day weekend of May 23-25.

Fishing Seasons: Recreational rockfish season opened April 1, and recreational salmon season, south of Horse Mountain in Northern California, opened April 4. Commercial salmon season opened May 1. Unfortunately, as of this writing the salmon catching is very slow.

Friends of the Harbor Department: The April 1 meeting of the Friends netted new sign-ups and participation, and increased Friend focus on their mission and task assignments.

Recent City Council Action: At their April 14 meeting the Council approved Amendment #5 to the lease for Bob Fowler’s Morro Bay Landing, restructuring the lease terms and development requirements including addition of ten years to the lease term, increasing the minimum annual

Prepared By: EE

Dept. Review: EE

rent, re-phasing the water and land development schedules, and option for the City to use the “pocket park” area, currently slated for the Tognazzini’s III site, as the site for a possible future restroom should the Coast Guard building proposal move forward.

Also at the April 14 meeting, the Council authorized the Harbor Director to negotiate with the DeGarimores for a new lease on Lease Site 102/102W, the mostly-water site adjacent to Giovanni’s Central Coast Seafood. This lease expires in 2018.

At their April 28 meeting the Council authorized City staff to begin working directly with the Central Coast Aquarium (CCA) to move forward on a collaborative basis on the CCA’s efforts to establish a new facility after 2018 on the existing Morro Bay Aquarium lease site. This effort includes Cal Poly and is envisioned to include a modern first floor aquarium, suitable dock space for Cal Poly’s research vessel, a marine laboratory with visitor-viewing of work in progress, a large second floor space suitable for numerous activities and events, office space, and last but certainly not least, appropriate recognition, honoring and enshrinement of Dean and Bertha Tyler and the Aquarium’s first 50 years.

Recent Events: Easter Celebration Services at Morro Rock occurred Sunday, April 5. As usual, large crowds were in participation for religious services, music, and family fun events.

April 12 was the annual Blessing of the Fleet, which began at the North T-Pier and included the Harbor Patrol transporting several pastors to various vessels for blessing.

The Emergency Vehicle Show occurred over April 17-19. The Harbor Patrol was in attendance with a truck and rescue jet ski and won two awards: 1st Place for Best Public Relations Vehicle for our F-150 Lifeguard truck; 3rd Place for Best Specialty Emergency Vehicle. Kudos to Harbor Patrol Supervisor Becka Kelly for organizing the department’s participation.

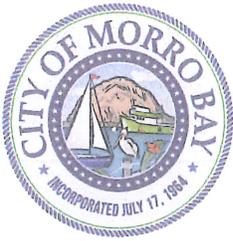
The weekend of April 25-26 saw the 6th Annual Morro Bay Kite Festival and Carnival. While Saturday started out with cloudy skies and rain, once it cleared attendance was high. Sunday had clear and windy skies and good attendance as well.

Department Training: On April 14 the Harbor and Fire Departments participated in an ocean rescue training drill in Montana de Oro. Training included helicopter lift operations to keep personnel familiar with working around helicopters, and included recertification for the CHP helo pilots to do ocean lifts.

On April 20-22 department personnel Becka Kelly and Lori Stilts attended the California Boating Safety Officer Association’s annual training conference in Seaside, Monterey. Primary topics were boating safety and enforcement and new boating enforcement tactics.

On April 23 Harbor Patrol Officers Dana Stein and Nate Ditmore attended an 8-hour HAZWOPER recertification training course in Carpinteria conducted by Clean Seas.

Upcoming Events: On May 16 at the Morro Bay Yacht Club and in conjunction with National Safe Boating Week the Yacht Club will be hosting a Safe Boating Expo. This will include free vessel safety checks by the Coast Guard Auxiliary, displays, including the Harbor Patrol's new vessel "64," and a barbeque courtesy of the Friends of the Morro Bay Harbor Department with proceeds going to benefit the Friends. Admission is free.



CITY OF MORRO BAY

CITY HALL

595 Harbor Street
Morro Bay, CA 93442

April 28, 2015

Brigadier General Mark Toy
Commanding General, South Pacific Division
US Army Corps of Engineers
1455 Market Street
San Francisco, CA 94103-1398

RE: MORRO BAY DREDGING

Dear Brigadier General Toy:

On behalf of the City of Morro Bay, I respectfully communicate to you our federal priorities for Fiscal Year 2016 and Fiscal Year 2017. The City and harbor communities greatly appreciate their partnership with the US Army Corps of Engineers. We seek your involvement and support in ensuring the Corps of Engineers is able to execute its federal responsibility at Morro Bay in order to fully dredge our harbor in accordance with our cyclical requirements. At present the City foresees the need to dredge approximately 550,000 total cubic yards of material in Fiscal Year 2016, at a total cost of approximately \$7.5 million.

The President's Fiscal Year 2016 budget, released on February 2, 2015 includes \$3.07 million for Morro Bay Operation and Maintenance, which only allows for the dredging of approximately 140,000 cubic yards of material. Anticipating Congress will appropriate additional work plan funding for Operation and Maintenance for Fiscal Year 2016, Morro Bay seeks to ensure all required condition surveys are complete and our harbor is properly positioned to address its additional dredging needs, beyond what is currently funded, of approximately 410,000 cubic yards at a cost of \$4.0 million. Morro Bay's last full dredging cycle of all channel areas occurred in 2009 with ARRA funding, and has historically been required every five to seven years.

As I am sure you realize, Morro Bay harbor is a vital component of the local and regional economies and we believe it is our mutual priority that Morro Bay's channels are properly maintained to ensure safe and unhindered navigation of our commercial fishermen and recreational boaters. From a commercial fishing standpoint alone, in 2013 the earnings at the dock, or "ex-vessel value," of our commercial fishermen exceeded \$7.1 million with over 6.8 million pounds landed, the highest poundage since 1993. In addition, Morro Bay serves as homeport to various public safety and enforcement agencies including the San Luis Obispo County Sheriff, California

Department of Fish and Wildlife, Morro Bay Harbor Patrol and the United States Coast Guard. As you may be aware, the Coast Guard is engaged with the City of Morro Bay in a project to expand their station's building capacity here in Morro Bay.

If the Corps is unable to address Morro Bay requirements in 2016, we will look to the Corps to support this requirement in the Administration's Fiscal Year 2017 Budget. It is our understanding the Corps is focused on providing this information to Headquarters for ultimate submission to OMB. Absent support in a Fiscal Year 2016 work plan, your support becomes critical in ensuring Morro Bay requirements are included in the Administration's FY 2017 budget.

It would be my pleasure to provide you with any additional information available in support of this critical request, and to invite you to Morro Bay to further discuss these federal requirements.

I will close by fully acknowledging the economic pressure on our nation at this time, but look to your continued leadership and support as Morro Bay strives to foster and continue economic growth and job creation locally and regionally while providing a safe and efficient gateway to our West Coast waterways by way of our harbor.

Respectfully Submitted,



Jamie L. Irons
Mayor

c: The Honorable Jo-Ellen Darcy
Colonel Kim Colloton
Senator Diane Feinstein
Senator Barbara Boxer
Congresswoman Lois Capps



AGENDA NO: B-2

MEETING DATE: May 7, 2015

Staff Report

TO: Harbor Advisory Board

DATE: April 30, 2015

FROM: Eric Endersby, Harbor Director

SUBJECT: Presentation by U.S. Coast Guard Auxiliary Flotilla Commander 7-61 on the Role of the Auxiliary and Recreational Boating Safety

RECOMMENDATION

Receive presentation.

DISCUSSION

Coast Guard Auxiliary 7-61 Commander Dave Smith will be providing a presentation on the role of the Auxiliary and the Auxiliary's #1 mission: recreational boating safety. This presentation will include a Q&A.

Prepared By: EE

Dept. Review: EE



AGENDA NO: C-1

MEETING DATE: May 7, 2015

Staff Report

TO: Harbor Advisory Board

DATE: April 30, 2015

FROM: Eric Endersby, Harbor Director

SUBJECT: Update from the Marine Services Facility/Boatyard Ad-Hoc Committee on Committee's Recent Activities, Findings and Recommendations

RECOMMENDATION

Receive and file.

DISCUSSION

The Marine Services Facility/Boatyard Ad-Hoc Committee will be presenting an oral update on their activities. This is a standing committee report agenda item.

Prepared By: EE

Dept. Review: EE



AGENDA NO: C-2

MEETING DATE: May 7, 2015

Staff Report

TO: Harbor Advisory Board

DATE: April 30, 2015

FROM: Eric Endersby, Harbor Director

SUBJECT: Update from the Capital Improvement Planning Ad-Hoc Committee on Committee's Recent Activities, Including Review and Concurrence With the Harbor Department's 5-Year Capital Replacement Schedule, 5-Year Capital Major Maintenance and Repair Schedule, and 5-year Capital Equipment Schedule

RECOMMENDATION

Receive update and provide input to staff.

DISCUSSION

The Capital Improvement Planning Ad-Hoc Committee will be presenting an update on their activities. The Committee has reviewed the Harbor Department's 5-year schedules for Capital Replacement, Capital Major Maintenance and Repair and Capital Equipment and will be making recommendations for Harbor Advisory Board consideration and input to Department Capital scheduling process.

This is a standing committee report agenda item.

ATTACHMENTS

1. 5-Year Capital Replacement Schedule
2. 5-Year Capital Major Maintenance and Repair Schedule
3. 5-Year Capital Equipment Schedule

Prepared By: EE

Dept. Review: EE

**CITY OF MORRO BAY - HARBOR DEPT.
SCHEDULE OF 5-YEAR CAPITAL REPLACEMENT REQ'MTS
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REQUIREMENTS					NOTES
			2014/15	2015/16	2016/17	2017/18	2018/19 +	
Harbor								
BUILDINGS:								
Harbor Maint. Bldg, Front St. (Oil Yard)	01/01/15	25		\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	Replace 2040, \$50k.
Harbor Maint/Storage Bldg. (Gear Storage)	01/01/93	30						Leased to Coast Guard.
Harbor Maint/Storage Bldg. (Boat Shed)	01/01/93	30						Pending legal status of property/building.
Harbor Office	06/01/64	40	\$ 7,000	\$ (10,000)	\$ (490,000)	\$ (500,000)	\$ 1,500,000	\$7,000 needs assessment.
FACILITIES:								
North T-Pier	06/01/64	Indef.						
North T-Pier HP Slips	06/01/93	30+		\$ (35,000)	\$ (35,000)	\$ (35,000)	\$ (35,000)	Replace 2025, \$350k estimate.
Ice Machine	06/01/07	30+ ?						
South T-Pier	06/30/92	Indef.						
Beach Street Slips - North	01/01/83	30		\$ 340,000				Est. for complete replacement.
Beach Street Slips - South	06/01/80	30		\$ 225,000				Est. for complete replacement.
Dune Street Slips	01/01/95	30		\$ (45,000)	\$ (45,000)	\$ (45,000)	\$ (45,000)	Replace 2025, \$450k estimate.
Anchor Memorial Park Pier	01/01/85	Ind.						
Floating Dock	?	25-30						Sea lion dock.
Harbor End Dock & Pier (Galley Rest.)	?	25 (dock)			\$ (4,375)	\$ 8,750		\$20k dock, \$15k gangway repl. w/75% grant funding.
MBB Street End Dock & Pier (Rose's)	?	25 (dock)			\$ (4,375)	\$ 8,750		\$20k dock, \$15k gangway repl. w/75% grant funding.
Marina Street End Pier (Marina Square)	?	Indef.						
Mariner Park Dock & Pier (Estero Inn)	?	25 (dock)			\$ (2,500)	\$ 5,000		Dock repl. w/75% grant funding (\$20k dock cost).
Tidelands Park Side Tie Dock	06/01/97	30		\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ (15,000)	Replace 2027, \$180k estimate.
Launch Ramp Slips North	06/01/95	30		\$ (42,000)	\$ (42,000)	\$ (42,000)	\$ (42,000)	Replace 2025, \$420k estimate.
Launch Ramp Slips South	~01/01/00	25		\$ (22,000)	\$ (22,000)	\$ (22,000)	\$ (22,000)	Slips given substantial renovation in ~2000. Replace 2025, \$220k estimate.
<p><u>Note 1:</u> dollar figures in parenthesis are earmark requirements toward a total amortized replacement cost not in parenthesis in the year column indicated.</p> <p><u>Note 2:</u> dollar figures in green bold are Department budget requests.</p>								

CITY OF MORRO BAY - HARBOR DEPT.
SCHEDULE OF 5-YEAR CAPITAL MAJOR MAINT. & REPAIR REQ'MTS
AS OF THE 2015/16 FISCAL YEAR

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR REQUIREMENTS					NOTES
			2014/15	2015/16	2016/17	2017/18	2018/19 +	
Harbor								
<u>BUILDINGS:</u>								
Harbor Maint. Bldg, Front St. (Oil Yard)	01/01/15	25						
Harbor Maint/Storage Bldg. (Gear Storage)	01/01/93	30						Leased to Coast Guard.
Harbor Maint/Storage Bldg. (Boat Shed)	01/01/93	30	\$ 15,000		\$ 15,000			14/15 Elec & restroom imp; 16/17 replace roof.
Harbor Office	06/01/64	40		\$ 5,000				ADA improvements (Risk Management Fund?).
<u>FACILITIES:</u>								
North T-Pier	06/01/64	Indef.			\$ 25,000	\$ (200,000)	\$ 400,000	16/17 \$25k struct. insp; 18/19 \$400k major repair Phase 2.
North T-Pier HP Slips	06/01/93	30+						
Ice Machine	06/01/07	30+ ?		\$ 10,000	\$ 10,000	\$ 15,000	\$ 15,000	Annual maintenance requirements.
South T-Pier	06/30/92	Indef.	\$ 40,000					14/15 struct. insp.
Beach Street Slips - North	01/01/83	30		(Replace)				
Beach Street Slips - South	06/01/80	30		(Replace)				
Dune Street Slips	01/01/95	30			\$ 15,000			General major maintenance/repair requirements.
Anchor Memorial Park Pier	01/01/85	Ind.						Repairs funded in 2012/13; underway
Floating Dock	?	25-30						Sea lion dock.
Harbor End Dock & Pier (Galley Rest.)	?	25 (dock)			\$ 20,000			\$5K pier struct. insp., \$15k gangway replacement
MBB Street End Dock & Pier (Rose's)	?	25 (dock)			\$ 20,000			\$5K pier struct. insp., \$15k gangway replacement
Marina Street End Pier (Marina Square)	?	Indef.			\$ 5,000			Pier struct. insp.
Mariner Park Dock & Pier (Estero Inn)	?	25 (dock)			\$ 5,000			Pier struct. insp.
Tidelands Park Side Tie Dock	06/01/97	30						
Tidelands Park Fish Cleaning Station				\$ 25,000				Enclose station, dumpster.
Launch Ramp Slips North	06/01/95	30			\$ 15,000			General major maintenance/repair requirements.
Launch Ramp Slips South	~01/01/00	25			\$ 5,000			General major maintenance and repair requirements. Slips given a substantial renovation in ~2000.
Boat Launch Boarding Floats (N & S) & L/R Facility	01/01/93	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 16/17.

Note 1: dollar figures in parenthesis are earmark requirements toward a total amortized cost not in parenthesis in the year column indicated.

**CITY OF MORRO BAY - HARBOR DEPT.
 SCHEDULE OF 5-YEAR CAPITAL MAJOR MAINT. & REPAIR REQ'MTS
 AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR REQUIREMENTS					NOTES
			2014/15	2015/16	2016/17	2017/18	2018/19 +	

Note 2: dollar figures in **green bold** are Department budget requests.

**CITY OF MORRO BAY - HARBOR DEPT.
SCHEDULE OF 5-YEAR CAPITAL EQUIPMENT REQ'MTS
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR REQUIREMENTS					NOTES
			2014/15	2015/16	2016/17	2017/18	2018/19 +	
Harbor								
VEHICLES - REPLACEMENT (see Note 3):								
Truck, 2013 Ford F150 Pickup	09/01/13	10		\$ (4,000)	\$ (4,000)	\$ (4,000)	\$ (4,000)	Note: ongoing/annual vehicle maintenance and repair requirements funded in operating budget. Replace 2023, \$40k.
Truck, 2006 Ford Ranger Pickup	10/01/06	15		\$ (3,300)	\$ (3,300)	\$ (3,300)	\$ (3,300)	Replace 2021, \$20k.
Vehicle, 2006 Ford Escape 4x4 Hybrid	10/16/06	10	\$ 30,000					
Truck, 2013 Ford F250 Pickup	07/01/13	10		\$ (4,000)	\$ (4,000)	\$ (4,000)	\$ (4,000)	Replace 2023, \$40k.
Truck, 2010 Ford F350 Flatbed	02/01/10	20		\$ (3,300)	\$ (3,300)	\$ (3,300)	\$ (3,300)	Replace 2030, \$50k.
VESSELS - MAINT. & REPAIR - Major (see Note 3):								
Boat, Rescue #64	03/01/14	25+		\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ 25,000	Note: routine and minor maintenance and repair funded in operating budget. Refit at 5-year mark.
Boat, Rescue #68	06/30/84	25		\$ 10,000				Maintenance & Repair for three more years service.
Boat, Rescue #66	01/01/95	20			\$ 10,000			Retire
Boat, Rescue #65	01/01/99	20	Retired					Surplus out.
VESSELS - REPLACEMENT:								
Boat, Rescue #64	03/01/14	30		\$ (14,000)	\$ (14,000)	\$ (14,000)	\$ (14,000)	Replace 2044, \$400k.
Boat, Rescue #68	06/30/84	30		\$ (25,000)	\$ (50,000)	\$ 200,000		Retire Plus partial grant funding.
Boat, Rescue #66	01/01/95	20						Retire
Boat, Rescue #65	01/01/99	20	Retired					
Honda Personal Watercraft 1	08/01/12	5 to 7					\$ 12,000	Replace w/grant funding.
Honda Personal Watercraft 2	08/01/12	5 to 7					\$ 12,000	Replace w/grant funding.
EQUIPMENT - MAINT. & REPAIR - Major (see Note 3):								
Parking Kiosk at Launch Ramp	05/01/10	15						Note: routine and minor maintenance and repair funded in operating budget
Sandspit Emergency Telephone	08/21/03	15			\$ 1,500			Replace phone controller.
Tidelands Vessel Sewage Pumpout	01/01/11	10			\$ 3,000			Rebuild pump at 5-year mark.
EQUIPMENT - REPLACEMENT:								
Parking Kiosk at Launch Ramp	05/01/10	Indef.						
Sandspit Emergency Telephone	08/21/03	15			\$ (5,000)	\$ (5,000)	\$ 15,000	Replace entire unit.
Tidelands Vessel Sewage Pumpout	01/01/11	10						Replace 2021 w/grant funding, \$15k.

**CITY OF MORRO BAY - HARBOR DEPT.
 SCHEDULE OF 5-YEAR CAPITAL EQUIPMENT REQ'MTS
 AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR REQUIREMENTS					NOTES
			2014/15	2015/16	2016/17	2017/18	2018/19 +	
<p><u>Note 1:</u> dollar figures in parenthesis are earmark requirements toward a total amortized cost not in parenthesis in the year column indicated.</p> <p><u>Note 2:</u> dollar figures in green bold are Department budget requests.</p> <p><u>Note 3:</u> routine and minor maintenance and repair funded in Operating budget.</p>								



AGENDA NO: D-1

MEETING DATE: May 7, 2015

Staff Report

TO: Harbor Advisory Board

DATE: April 29, 2015

FROM: Eric Endersby, Harbor Director

SUBJECT: Central Coast Maritime Museum “Phase I” Project Consideration and Input to Staff for Museum Proposal in the Front Street Parking Lot Area

RECOMMENDATION

Consider proposal by the Central Coast Maritime Museum Association (CCMMA) for placement of a small museum building, associated improvements and vessels in the dirt and driveway areas of the Front Street and power plant “Triangle” parking lot areas, and provide input to staff for consideration.

FISCAL IMPACT

No direct fiscal impact at this time beyond staff involvement. Positive indirect fiscal impact anticipated if proposed museum improvements create increased tourism and visitation to the Morro Bay waterfront.

BACKGROUND

The Central Coast Maritime Museum Association and City have a long history working together, including a memorandum of understanding (MOU), for the shared goal of establishing a Central Coast-centric maritime museum in the northern Front Street Parking Lot area. While the City and CCMMA are currently working on updating that MOU to account for current realities, including the City's imminent acquisition of the "Triangle Lot" area of the power plant, CCMMA has proposed a modest scale “Phase I” project to finally give the museum a physical presence on the Morro Bay waterfront. This proposal would greatly improve an unsightly and largely unused dirt area between the two lots, and improve a dysfunctional dual-driveway situation to two adjacent lots.

DISCUSSION

CCMMA's proposed project consists primarily of the following improvements as indicated on the attached Morro Bay Maritime Museum and Interpretive Area conceptual site plan:

Prepared By: EE

Dept. Review: EE

- A building approximately 20' x 20' located in the current dirt area between the Front Street Parking Lot and the Triangle Lot. The building will include paving block outdoor public and display area and be ADA-accessible.
- Closure and filling of the entryway to the Triangle Lot to be used for display of the museum tugboat ALMA. This closure area will include establishment of curb and gutter at the street interface, including a bulb-out "pocket park" type area bordering the street.
- Relocation of the entryway to the Triangle Lot from Embarcadero to the Front Street Lot by crossing through the dirt area between the lots with use of a paving block drive. Museum staff have ensured the width of this drive connection and associated nearby adjacent improvements will be sufficient to accommodate a marine travel lift as is being considered by the City in the current boatyard process.
- Display of the Coast Guard rescue vessel behind the ALMA.
- Display of the rescue sub AVALON on a newly-created asphalt pad behind the Coast Guard vessel and museum building.
- Establishment of native and drought-tolerant botanical areas in remaining open spaces, including a xeriscape island.
- Removal of the chain link fencing along the border between the Triangle Lot and Front Street Lot.
- Trimming of one Eucalyptus tree near the bow of the Coast Guard vessel to open views, and removal of one overgrown low-growing Eucalyptus tree near the building site.
- Relocation of existing informational kiosk, and establishment of up to two more kiosks of local related interest in the improved areas.
- Reestablishment of the 12 parking spaces currently lost to the existing two displayed vessels.

While some of the flatwork costs will be borne by the City, CCMMA has and will continue to shoulder the majority of the one-time and ongoing costs associated with these proposed improvements.

CONCLUSION

City staff have been working with the CCMMA to vet establishment of this "Phase I" maritime museum project, a project that will be with an eye toward future museum expansion to its build-out design as originally envisioned. Staff is seeking Harbor Advisory Board input on the general design and direction as-proposed by the CCMMA for this project.

ATTACHMENTS

1. Morro Bay Maritime Museum and Interpretive Area conceptual site plan.



AGENDA NO: D-2

MEETING DATE: May 7, 2015

Staff Report

TO: Harbor Advisory Board **DATE:** April 28, 2015

FROM: Eric Endersby, Harbor Director

SUBJECT: Discussion and Recommendations on Harbor Department Master Fee Schedule With Regard to Subsidy Levels and Cost Recovery

RECOMMENDATION

Consider the various Harbor Department fees for services and use of City facilities for fee cost recovery recommendations to the City Council.

FISCAL IMPACT

Positive fiscal impact if greater cost recovery is implemented from current levels.

BACKGROUND

At the April 14, 2015 City Council meeting, agenda item number D-2 was a discussion and direction on City-wide Master Fee rates as they relate to cost recovery and level of subsidy. A copy of that staff report is attached to this report for background and further information. At that meeting staff was seeking Council input and direction on the various fees for services charged by the City. Regarding Harbor fees, Council direction was to bring the item to the Harbor Advisory Board for input and recommendations to Council.

DISCUSSION

All City-provided services and facilities have associated costs including long-term capital replacement, ongoing maintenance and repair, utilities, insurance and administrative overhead. Harbor Department staff have estimated the actual costs of the department's various services and facilities for Harbor Advisory Board consideration and recommendation to Council on what level of cost recovery/subsidy the Board considers appropriate for various fees. As a general rule, less than full cost recovery of fees for services and facilities is predicated on some degree of public benefit derived from that service or facility.

Prepared By: EE

Dept. Review: EE

SLIP FEES

Currently there are three main rates for the City's 50 commercial fishing-assigned slips:

- \$4.15 per foot per month for qualified commercial fishermen in assigned slips.
- \$8.30 per foot per month for transient (commercial or recreational) subleases of vacant assigned slips when our fishermen are gone fishing.
- \$1.15 per foot per day up to seven days for transient subleases of vacant slips.

Current estimated average cost to provide the City's 50 commercial fishing slips over a 30-year amortized capital basis:

- \$5.48 per foot per month. This includes, on a per-month basis:
 - \$3.49 capital replacement and maintenance/repair
 - \$1.23 administrative overhead
 - \$0.25 insurance
 - \$0.40 electricity
 - \$0.11 water

Current California coastal commercial fishing vessel slip rate average for those harbors polled with discounted commercial rates (Santa Cruz, Monterey, Santa Barbara, Ventura – Harbor Village, Channel Islands – municipal, Oceanside):

- \$9.37 per foot per month.

Current recreational vessel slip average rate for above-polled harbors:

- \$11.20 per foot per month.

Current recreational vessel slip average rate in Morro Bay for those facilities polled (Morro Bay Marina, State Park Marina, Estero Landing, The Boatyard, Morro Bay Landing, Bay Front Marina, DeGarimore's Central Coast Fuel and Ice):

- \$13.36 per foot per month.

In addition, assigned commercial fishermen, when away from their slips for any calendar month, are eligible for a 75% "vacancy rate" discount from their regular slip rate. Although this results in a decrease in slip revenues from our assigned slip holders, by assigning these vacant slips to transient vessels at the higher transient rate, the net result is revenues sufficient to offset the vacancy loss.

Staff recommend the Board consider what degree of cost recovery is appropriate with the assigned commercial slip fees.

T-PIER FEES

The City operates two "t-piers" on an unassigned, first-come, first-served basis. Pier usage fees do not distinguish between commercial and recreational, and currently are:

- \$.25 per foot per month.
- \$2.35 per day for electrical use.

Due to the piers' transient unassigned basis, it is impossible to quantify a vessel per-month basis of cost, therefore, annual cost versus overall pier revenues will be used. In addition, since the two piers are capitalized on a very different basis (the South T-Pier was rebuilt after a fire destroyed it in the early 1990's at full cost to the City with a \$2M loan, while the North T-Pier is "original" with no City capital acquisition costs and major maintenance and repair episodes occurring every 20 years), the average annual cost for the two piers (not including electricity) is:

- \$62,706

3-year per-pier average annual revenue from the two t-piers:

- \$63,000

For electrical use, on the North T-Pier in 2013/2014 we collected approximately \$4,480 in daily use fees, while we were billed \$4,868 from PG&E. On the South T-Pier we collected approximately \$6,310 while we were billed \$6,982 from PG&E. Therefore, on both piers there is an approximate 9% shortfall of revenue to expense for electricity.

Staff recommend the Board consider what degree of cost recovery is appropriate with the t-pier tie-up and electrical fees.

PRIVATE MOORING AGREEMENT FEES

Of the approximate 125 moorings in Morro Bay, 25 are leased in a block by Morro Bay Marina, and 25 are leased in a block by the Morro Bay Yacht Club. As such, both blocks have a set lease rate that was based on the current mooring agreement fees at the time of negotiation.

Of the remaining approximately 70 moorings under private ownership, all have full cost recovery with their \$81.10 monthly rate.

CITY-OWNED MOORING RENTAL FEES

The City's 6 moorings are currently at 100% cost recovery and at a near-market rate of \$215 per month. Current Morro Bay market rate is approximately \$260/month.

Staff recommend the Board consider whether our City-owned moorings be at or very near a full-market rate.

LIVEABOARD FEES

All liveaboards must be permitted per Morro Bay Municipal Code Section 15.40. Four fees currently exist for liveaboard permitting:

- \$120 biennial permit fee.
- \$69 vessel biennial permit inspection fee if done by Harbor Patrol (there is no City inspection fee if the liveaboard has an approved marine surveyor conduct their inspection).
- \$15.75 monthly service fee for vessels on moorings.
- \$32.45 for vessels in assigned City commercial fishing vessel slips

Current estimated costs associated with administering the liveaboard ordinance on a biennial basis are:

- \$160 administrative overhead for permit management.
- \$80 administrative overhead for permit vessel inspection.
- \$378 service fee for vessels on moorings (no change from current but billed on a biennial basis). The service fees are predicated on liveaboard use and impact on the City's vessel sewage pumpout, water and electrical usage and publicly provided trash services.
- \$778 service fee for vessels in assigned City commercial fishing vessel slips (no change from current but billed on a biennial basis).

Staff recommend the Board consider what degree of cost recovery is appropriate for liveaboard fees.

VESSEL ASSISTANCE

Emergency vessel assistance is not charged, except in very rare cases of willful negligence. Non-emergency vessel assistance is provided free of charge once to any given boater in any six month period. Second and subsequent vessel assistance fees are at a full cost-recovery basis billable on current hourly rates for personnel and equipment.

Staff recommend the Board consider whether the first non-emergency vessel assistance request for any given boater be at a full recovery basis or remain on a courtesy basis as is current policy.

LAUNCH RAMP PARKING

The current launch ramp parking fees are:

- \$1 per hour, or,
- \$5 maximum per day.

Current estimated annual costs for administration of the pay parking program are \$16,065 and consist of:

- \$13,565 administrative overhead.
- \$2,500 contract services and maintenance.

Current annual revenues (expected to increase with a longer recreational fishing season implemented this year) are:

- \$25,000

Current rates, although due for a modest increase, allow for full recovery of all personnel, contractual and basic maintenance costs, with a modest overage for capital and major maintenance fund accumulation.

LEASE ADMINISTRATION

Three fees currently exist for lease administration, they are:

- \$1,000 for Master Lease approval.

- \$500 for Council-approved lease actions (subleases, assignments and assumptions, deeds of trust).
- \$175 for administratively-approved lease actions.

Current estimated costs for lease administration are:

- \$2,000 for Master Lease approval. Based on current administrative overhead costs, this equates to a very conservative 25 hours of staff time on Master Lease approval from initial direction through negotiation and final approval.
- \$640 for Council-approved lease actions. Based on current costs this equates to 8 hours of staff time on these actions.
- \$240 for administratively-approved lease actions. Based on current costs this equates to 3 hours of staff time on these actions.

Staff recommend the Board consider what degree of cost recovery is appropriate for lease administration fees.

CONCLUSION

Staff is seeking Harbor Advisory Board consideration and recommendations on appropriate levels of cost recovery for the various Harbor Department fees for services and facilities, taking into account, among other things the degree of public benefit derived from said services and facilities. Board input and recommendations will be brought back to the City Council at a future Council meeting for consideration in establishing and approving the 2015/2016 Master Fee Schedule.

ATTACHMENTS

1. Staff report from Master Fee item D-2 on the 4/14/15 City Council agenda.



AGENDA NO: D-2

MEETING DATE: April 14, 2015

Staff Report

TO: Honorable Mayor and City Council

DATE: April 8, 2015

FROM: David Buckingham, City Manager

SUBJECT: Discussion and Direction to Staff Regarding Fee Subsidies and Cost Recovery

RECOMMENDATION

Staff recommends the City Council direct staff to draft a resolution, for placement on the consent agenda for consideration of approval at a future City Council meeting, as follows:

- 0% fee subsidies for Community Development and Public Works services (including Development Impact Fees).
- 0% fee subsidies for all other City services not addressed below.
- 75% subsidy for appeals of Planning Permits to the Planning Commission and City Council.
- A decreased level of fee subsidy for commercial fishing slips, to be recommended to Council by the Harbor Advisory Board.
- Several subsidies designed to encourage compliance with established public safety services such as 100% subsidy for the first fire inspection of a new business.
- Graduated subsidies from 0% up to perhaps 75%, for various Recreation services, to be recommended to City Council by the Recreation and Parks Commission.

ALTERNATIVES

Instead of setting subsidy levels by policy, the Council could continue the present practice which essentially validates the master fee schedule on which some fees have a subsidy included and others do not.

FISCAL IMPACT

A general tightening up of our fee subsidy levels will have a measurable impact on City revenues. Simply establishing a standard of full cost recovery for Community Development and Public Works engineering fees will likely generate around \$200,000 per year in revenue required to improve those services.

BACKGROUND

The City has two basic sources of revenue: taxes and fees. Fees are charged for various City services – from reviewing planning permits to issuing building permits to renting a City facility to participation in recreation programs.

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Prepared By: DWB

Dept Review: _____

City Manager Review: _____

City Attorney Review: JWF

By law, fees may not exceed the reasonable cost of providing the service in question. This cost should, however, include not only the staff time required to perform the service, but also a reasonable calculation of all of the additional operations, maintenance and capital replacement costs the City bears to provide the service.

“Cost recovery” is a term of art used to describe the establishment of fees to recover some or all of the costs of providing such services. “Full cost recovery” means the user of a service is charged the full cost the City bears for providing that service. “Fee subsidy” is a related term used to indicate to what level the City may choose to subsidize some or all of the cost of a particular service.

The City should be very deliberate in determining what services might be subsidized, and to what extent. This is because the money used to subsidize any service comes from the City’s general revenues – the taxes paid by others who may not be directly benefitting from said service.

For example, the development, design and construction of a new home requires thousands of dollars in various City fee-based services, such as a building permit. If the City does not recover 100% of the cost of providing those services from the homebuilder then the amount not recovered must come from the City’s general tax revenue. That means part of the City’s costs generated by one resident building a new home would be subsidized by taxes of other City residents. In general, the cost of services that do not have a community-wide benefit should be borne by the individual primarily benefitting from the service.

Determining the actual cost of providing a service is important, and the City has commissioned consultant studies in the past to help determine the cost of services. While updating these cost studies in the future will be a wise investment, we believe we have a very good and fair idea what our current costs are from past consultant studies, internal re-assessments and comparison to other cities.

Once the costs are determined we can then factor in whatever subsidy level the City has, by policy, adopted for each type of service and then the fee for the service can be advertised and assessed.

For example, if the City determines the actual cost of an appeal of a decision on a planning permit is \$3,000, and the Council had adopted a policy of 75% subsidy for appeals, then the fee for a planning permit appeal would be set at $\$3000 \times 25\% = \750 .

The City publishes the cost of services annually in July following Council approval of the Master Fee Schedule.

DISCUSSION

For ease of discussion, there are six areas of fees, and potential subsidies, to consider:

- General Fees
- Community Development and Public Works
- Recreation
- Harbor Enterprise Fund
- Water and Sewer Enterprise Funds
- Accessibility to Appeals

a. **General Services.** These include a broad range of fees from the fingerprinting service provided

by the Police Department to inspections provided by the Fire Department to fees for providing paper copies of documents requested by a citizen.

- 1) **Basic Recommendation.** Staff recommends the Council adopt a no-subsidy standard for most general fees.
 - 2) **Rationale:** Most general services are particular to the individual requesting the service and have little measurable community benefit. Thus, the city (read, other taxpayers) should not subsidize the cost of providing those services.
 - 3) **Exceptions:** Staff recommends the following exception:
 - a) New / annual business / facility fire inspection. Staff recommends 100% subsidy (free service) for the first inspection to encourage participation. Additional compliance inspections would receive no subsidy.
- b. **Community Development and Engineering Services.** These include most of the fees required for services related to development and building – from subdivisions to encroachment permits to coastal permits to building permits. These do not include fees associated with enterprise funds, such as water and sewer.
- 1) **Basic Recommendation.** Staff recommends the Council adopt a no-subsidy standard for most general fees.
 - 2) **Rationale:**
 - a. Most development and building services are particular to the individual requesting the service and have little measurable community-wide benefit. The city (read, other taxpayers) should not, in general, subsidize the cost of building a private home.
 - b. Most cities do not subsidize this category of fees. SLO, Pismo Beach and Atascadero all have “full cost recovery” policies for planning and building associated fees.
 - 3) **Exceptions:** Staff does not recommend any exceptions. However, the City retains the ability, by Council action, to reduce or waive these fees on a case by case basis and should consider doing so for projects that have a sure and strong economic or community benefit.
- c. **Recreation and Facility Rental Fees.** These include fees for specific recreation programs and services such as the Teen Center, Kids Club, Junior Lifeguard, sports leagues and the Holiday Tree Lighting, and also use fees for facilities such as Veteran’s Hall, the Community Center and various public parks.
- 1) **Recommendation.** Staff recommends the Council ask the Recreation and Parks Commission to review the Recreation Department’s current cost recovery / subsidy allocation model and make recommendations to rebalance cost recovery with broad community benefit.
 - 2) **Considerations.**
 - a. Recreation currently spans from no-subsidy to 100% subsidy, depending on the service / program / group.
 - b. The Teen Center, for example, is free and is subsidized at around 95%, or \$70,000 per year.
 - c. Youth and adult sports are all subsidized at 20-30%.

- d. Fees do not well-differentiate between residents and non-residents. Fees for both should be reassessed.
 - e. Facility rental fees may be subsidized too heavily. For example, use the Veteran's Hall is subsidized around 50%.
- d. **Harbor Enterprise Fund Fees.** These include fees for moorage rents and services such as moorings, slips and tie up at City piers, live-aboard fees, launch ramp fees, etc.
- 1) **Recommendation.** Staff generally recommends that Harbor fees receive no subsidy, but also recommends the Council ask the Harbor Advisory Board to review the Harbor fee schedule and make recommendations to the City Council, particularly in the area of subsidies for services provided for commercial fishing activities.
 - 2) **Commercial Fishing Subsidy.** The City currently provides a rental subsidy of around 66% for a qualified commercial fisherman. A City commercial fishing slip costs around \$160/month while a similar slip at a 'private' lease site costs around \$450/month. The City needs to make a better assessment of the cost of providing those City slips, and should consider the effect of significantly subsidized slip fees on the broader operations in the Tidelands Trust enterprise fund.
- e. **Water and Sewer Enterprise Fund Fees.** These include fees for services provided in the utilities enterprise funds.
- 1) **Rates.** The City has conducted a rate study and is preparing to raise rates to a legally appropriate level.
 - 2) **Fees.** The rate study also assessed and recommended appropriate fee levels.
 - 3) **Subsidy.** The City may not subsidize fees with revenues generated within the enterprise funds. The City could choose to subsidize enterprise fund fees with general fund revenue.
 - 4) **Recommendation.** Staff does not recommend the City use general fund revenues to subsidize any enterprise fund fees.
- f. **Accessibility to Appeals.** Finally, the City's fee schedule should have a specific provision to ensure that certain appeal fees need are subject to "affordability" requirements in order to ensure low income individuals are not deprived of due process should they seek to appeal various items, including City citations, etc. Staff is researching such a provision and will ensure it is included in the Master Fee Schedule update in July 2015.

CONCLUSION

In general, the City should aim toward full cost recovery for most services, especially those for which the benefit is primarily individual. For services with a broader community benefit, some level of subsidy is reasonable. Some additional assessment is warranted, especially in the areas of Recreation and benefits to commercial fishermen. Thus, staff recommends Council discuss and provide subsidy guidance (0% recommended) in the areas of general fees, Community Development and Public Works, and request the Recreation and Parks Commission and Harbor Advisory Board review fee subsidy policies in those areas and provide recommendations to City Council. Staff intends to complete this process by June, and for Council to adopt a fee subsidy policy in June before approving the 2015-2016 Master Fee Schedule in July.