



Mr. Algert said at that time, Concept Marine estimated costs for development of the haul out piers, boat repair and dry storage area alone at approximately \$3 million. A downscaled version would cost approximately \$2.1 million for construction of the facilities listed above.

He said in 1998 the City engaged Marshall & Associates to perform an economic and operational assessment on the proposed project. The full report from Marshall & Associates is posted on the City web site under the Harbor Department, but pages 1-8 of that report are included with this report as Exhibit B.

Mr. Algert said the Marshall report estimated total design, development, construction and equipment costs including the commercial building shown in the plan at close to \$7 million in 1998. He said while the Marshall report generally found that the dry storage and commercial buildings could be a viable business investment (provided that the commercial buildings were not restricted to just marine-dependent businesses) the report was fairly pessimistic about the economic return on investment in a boat repair yard, due to the small boating "market" in Morro Bay.

Mr. Algert said Port San Luis upgraded their boat yard and included the required environmental changes, spending \$600-700,000. He said the boat yard has been a financial struggle for the Port, even though the approximately 25 spaces for boats are always full.

Mr. Algert presented the overhead photograph of the Harborwalk Project, saying that the zoning for public use is approved, and the Den Dulk property (all the property west of the power plant wall) now belongs to the city; so the land is available. He said the issues are environmental, because the area has been declared Environmentally Sensitive Habitat by the Coastal Commission, although the city does not agree with this designation.

Mr. Algert reviewed the questions for the Board, and asked for the public's input following the Board's input:

1. Is the site north of the intake structure west of the power plant still the best site?
2. How big a boat repair facility should we try to build?
3. Should the concept include commercial buildings, additional parking, etc.
4. How can we make this project economically feasible?
5. Can we downscale or go bare bones on some elements?

Mr. Ewing said that the Recreation and Parks Department has a plan to move Coleman Park, and he wondered if the planning and designing stages could be combined with the proposed boat yard project, so the costs might be shared. Regarding the environmentally sensitive habitat, he said the area has been used for dredge spoils in the past, but is supposedly sensitive habitat now. He said one of the mitigating factors that should be used is to point out that a boat yard is necessary to prevent boats from sinking and polluting the bay, which is designated a National Estuary. Mr. Ewing said a balance needs to be struck between the environmental protection and the necessity for a boat yard in Morro Bay.

Mr. Phillips said in 1998 Morro Bay supported two active boat yards, a chandlery, two fuel docks; a marine electronics store and a diesel mechanic; and believes it may be more economically feasible to support a boat yard now. He said a fully functioning boat yard would attract these services back to Morro Bay.

Ms. Meissen said the 1998 Marshall study reported 487 boats in Morro Bay, asked approximately how many boats are currently in the bay. Mr. Algert said the current estimated number is roughly the same, around 500 boats. Ms. Meissen said a boat yard in Morro Bay would be used by many transient vessels, not just the local boats. She asked Mr. Algert if the equipment was grant funded in the Port San Luis boat yard so the day-to-day operations are the only financial requirements. Mr. Algert said the Port did put in the equipment for the boat yard. Ms. Meissen said there would certainly be a market if a boat yard was built in Morro Bay.

Mr. Doughty asked Mr. Algert what the zoning is for the area. Mr. Algert said it is zoned for commercial fishing. Mr. Doughty said this zoning was designated by the Coastal Commission and now the Commission says it is environmentally sensitive habitat. He said a marine research facility should be tied in to the boat yard, as it would be a viable economic interest.

Ms. Leary asked if a jib crane is necessary, or could the launch ramp be used to haul out the vessels. Mr. Algert said a jib crane may not be necessary and might be one of the high dollar items that could be cut out of the boat yard project.

Mr. Anderson said an historical note is that those dunes were replanted with non-native grass to stabilize dunes, and the CCC was used to plant the grass. He opened the Item to the public for comments and questions.

Mr. Norman Anton, co-chair of State Park Marina Boat Owner's Association and member of the Yacht Club, said his personal experience trying to get his boat hauled out in Avila was difficult, and it often is not feasible many months of the year. He spent three days waiting in Avila Bay to get hauled out, but the surge prevented him, and he returned to Morro Bay. He said it was impossible to get hauled out in Avila on short notice, and many other boat owners travel to Ventura for haul outs. Mr. Anton believes if we put in a proper haul out in Morro Bay we'd get a lot of transient business; his opinion is, if you build it they will come. He believes a boat yard would affect all the businesses in Morro Bay in a positive way, but now we have nothing to offer.

Mr. Dana McClish, Morro Bay resident and current Commodore of the Yacht Club; says he has been boating since early 80s. He said he remembered that when Port San Luis was state run it was cheap and very crowded, but a person could haul out for a month. He said services for boaters do not exist in Morro Bay now. He believes people here would be very willing to rent space for dry storage. He said the jib crane would be necessary for keel boats to be hauled out and stored, which would be a viable business.

Mr. Jeff Davidson, boat owner in Morro Bay and a Port Captain of the Yacht Club, said he supports the boat yard project, and feels it is necessary to have both a functioning State Park Marina as well as a boat yard. He said Morro Bay will get business from Port San Luis as well as many transients, and he agrees with the sentiment, if you build it they will come.

Mr. Anderson brought the discussion back to the Board. Mr. Luffee asked Mr. Algert if there is money available to build the boat yard. Mr. Algert said there is currently \$40,000 set aside for design and planning; then the three options would be accumulation of capital projects funds, which would take quite a while, or a low-interest (4.7%) loan from DBW, or possibly grant money. He said another possibility for funding would be a ground lease with a private developer, though this option is less likely to occur due to low profitability for a developer.

Ms. Meissen asked Mr. Algert how to convince the Coastal Commission this is not sensitive habitat. Mr. Algert said the Coastal Commission did approve the Harborwalk Project currently underway, yet the land is designated as sensitive habitat. He said there have been some conflicting reports where the studies showed no sensitive habitat, and the zoning is right for a boat yard project. Mr. Algert said it would still be difficult to convince the Coastal Commission to agree to a boat yard project in this area. Mr. Ewing stated that is when to use the mitigating factor of sinking boats polluting the bay. He suggested a chandlery, dry storage with compressed gravel for twenty boats, space for two boats to be washed, space for three to four boats being worked on (painted, etc.) by the yard, space with overspray control for other boat owners to work on their own boats, and less parking area as shown on the diagram because the boat owners will not all arrive at the same time. Mr. Ewing did not believe DBW would fund a marine research facility, but it would be okay to designate an area for that facility.

Mr. Phillips asked Mr. Algert about the \$40,000 set aside for design and feasibility studies, if anything besides another blue print would be the outcome. Mr. Algert said the result probably would be another blue print, but Mr. Ewing's suggestion to use the same planning consultant as Recreation and Parks for their Coleman Park design would be a good idea, but the conflict might be priority use for the same area.

Mr. Luffee said a boat yard is often a draw for tourists, and it is an activity that Morro Bay needs. Mr. Anderson agreed, saying a fence with a viewing area would be good. Mr. Phillips said the Yacht Club receives requests from Valley people all the time for spaces to keep their boats; so a dry storage is definitely needed.

Mr. Algert concluded that he understands the Board is in support of the project, that this site is still the best location, that boat repair is the highest priority, that dry storage is necessary, as well as some marine commercial-type buildings. He said he will look into combining Recreation and Parks planning of Coleman Park with the boat yard plans. Mr. Algert suggested an Agenda Item for the next meeting to report on the engineering and consulting progress.

#### **IV-2. Status of Fuel Dock**

Mr. Algert said an agreement has not been reached to extend the lease for the Bayfront Marina Least Site 30W-33W. He said he will continue to work on it, though he has run into difficulty with all the leases in that area. Ms. Meissen asked if the current lessees have been operating in compliance with the lease so far. Mr. Algert said they have mostly been in compliance, but there are some housekeeping issues such as electrical boxes to be installed. He said Morro Bay needs the slips and dock space; so he hopes to be able to reach an agreement.

#### **IV-3. Parking Management Plan**

Mr. Algert said City Council reviewed the Harbor Advisory Board's recommendations at their June 25, 2007 meeting. He said a workshop will be held on September 17, 2007 at 3:00 PM. Mr. Ewing said he hopes the Council will consider keeping the parking spots open for fishermen when constructing the Harborwalk. Mr. Anderson said he would like the Board to prioritize the previous recommendations and resubmit those to Council prior to the workshop.

**V. INFORMATION ITEMS**

**V-1. Harbor Department Status Report**

Mr. Algert reviewed the following items for the Board:

**Ice Supplies in Morro Bay**

**Dredge Yaquina**

**Rip Current Rescue**

**Shark Sightings**

**Harbor Walk Project**

**4<sup>th</sup> of July**

**Harbor Budget Update**

**VI. ADDITIONAL COMMENTS**

None.

**VII. FUTURE AGENDA ITEMS**

**September:** Boat Yard Concept Plan

2020 Vision Priorities

Lifeguard Stats

**October:** State Park Marina Project

**VIII. ADJOURNMENT**

This meeting was adjourned at 8:25 PM

Submitted by,

Polly Curtis  
Harbor Department