AGENDA

REDONDO BEACH HARBOR COMMISSION

Monday, May 10, 2010 - 7:00pm

REDONDO BEACH CITY COUNCIL CHAMBERS

415 DIAMOND STREET

I. OPENING SESSION

1. **CALL MEETING TO ORDER**
2. **ROLL CALL**
3. **SALUTE TO THE FLAG**

II. APPROVAL OF ORDER OF AGENDA

III. RED FOLDER ITEMS

Red folder items require immediate action, and came to the attention of the City subsequent to the 72-hour noticing requirement. These items require a 2/3 vote of the Commission (or if less than 2/3 are present, a unanimous vote) to add to the Agenda.

IV. BLUE FOLDER ITEMS

Blue folder items are additional backup material to administrative reports and/or public comments received after the printing and distribution of the agenda packet for receive and file.

V. CONSENT CALENDAR

Business items, except those formally noticed for public hearing, or those pulled for discussion are assigned to the Consent Calendar. The Commission Members may request that any Consent Calendar item(s) be removed, discussed, and acted upon separately. Items removed from the Consent Calendar will be taken up under the "Excluded Consent Calendar" section below. Those items remaining on the Consent Calendar will be approved in one motion following Oral Communications.

4. **APPROVAL OF AFFIDAVIT OF POSTING FOR THE HARBOR COMMISSION MEETING OF MAY 10, 2010**

5. **APPROVAL OF THE FOLLOWING MINUTES: APRIL 12, 2010**

6. **ADOPTION OF THE 2010-2013 STRATEGIC PLAN AND RECEIPT OF UPDATES TO: A. THE WATER QUALITY IMPLEMENTATION MATRIX; B. THE GREEN TASK FORCE PRIORITY MATRIX; AND C. THE MAJOR CITY FACILITIES PRIORITY LIST**
   Staff recommendation: Receive and file

7. **ORDINANCE NO. 3050-10 AMENDING THE COASTAL ZONING ORDINANCE**
   Staff recommendation: Receive and file

8. **LEASE WITH SIONE TAUFA, DBA T'S TOE RINGS FOR THE PROPERTY AT 201 FISHERMAN'S WHARF, SUITE 103**
   Staff recommendation: Receive and file

9. **INTERNAL SERVICE FUND AND OVERHEAD ALLOCATIONS**
   Staff recommendation: Receive and file

10. **OPERATION OF THE SEASIDE LAGOON WATER SWIM FEATURE**
Staff recommendation: Receive and file

11. **MID-YEAR BUDGET REVIEW AND CONSIDERATION OF BUDGET & POLICY DECISION PACKAGES**
Staff recommendation: Receive and file

12. **2010 FOURTH OF JULY FIREWORKS EVENT**
Staff recommendation: Receive and file

13. **PARKS AND WATERFRONT REGULATORY SIGNAGE**
Staff recommendation: Receive and file

VI. ORAL COMMUNICATIONS

Anyone wishing to address the Harbor Commission on any Consent Calendar item on the agenda, which has not been pulled by Harbor Commission may do so at this time. Each speaker will be permitted to speak only once and comments will be limited to a total of three minutes.

VII. EXCLUDED CONSENT CALENDAR ITEMS

VIII. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

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IX. EX PARTE COMMUNICATIONS

X. PUBLIC HEARINGS

XI. ITEMS CONTINUED FROM PREVIOUS AGENDAS

XII. ITEMS FOR DISCUSSION PRIOR TO ACTION

14. **HARBOR PATROL UPDATE**
Staff recommendation: Receive and file

15. **CITY ATTORNEY PRESENTATION ON BROWN ACT, HARBOR COMMISSION ROLE AND AUTHORITY**
Staff recommendation: Receive and file

16. **DRAFT HARBOR ENTERPRISE BUSINESS PLAN**
Staff recommendation:
    a. Receive and file this report;
    b. Receive and file Harbor Business Plan Subcommittee report, recommendations, and notes from public meetings;
    c. Receive and file list of discussion topics posted to flip chart at April 21, 2010, Subcommittee public meeting
    d. Receive and file emails from the public received at harborbusinessplan@redondo.org; and
    e. Discuss and provide feedback to the City Council on the Draft Harbor Enterprise Business Plan

17. **FOR CONSIDERATION OF AN UPDATE ON THE STATUS OF THE PROPOSED STATEWIDE COASTAL MARINA PERMIT**
Staff recommendation: Discuss recent updates

18. **FOR CONSIDERATION OF AN UPDATE ON THE STATUS OF THE MARINE LIFE PROTECTION ACT PROCESS AND IMPLEMENTATION**
Staff recommendation: Discuss recent updates

XIII. HARBOR, BUSINESS & TRANSIT DIRECTOR ITEMS

19. **DIRECTOR'S REPORT**
Staff recommendation: Receive and file

XIV. MEMBERS ITEMS AND REFERRALS TO STAFF

20. **UPDATES FROM SUBCOMMITTEES**
Harbor Website Subcommittee - Bannerman (L), Munns, Tracy (expires 10/31/10)
Harbor Business Plan Subcommittee – Michael (L), Cignarale, Shaer (expires 10/31/10)
RDR Leasehold Renovation Plan Review Subcommittee – Shaer (L), Cignarale, Munns (expires 10/31/10)
Budget Subcommittee – Jackson, Shaer (expires 10/31/10)

XV. ADJOURNMENT

The next meeting of the Harbor Commission of the City of Redondo Beach will be a regular meeting to be held at 7:00 pm on Monday, June 14, 2010, in the Redondo Beach City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

It is the intention of the City of Redondo Beach to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting you will need special assistance beyond what is normally provided, the City will attempt to accommodate you in every reasonable manner. Please contact the City Clerk's Office at (310) 318-0656 at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

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City Clerk
(Commissions Binder
Central Files)

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MINUTES OF THE
REDONDO BEACH HARBOR COMMISSION MEETING
APRIL 12, 2010

CALL TO ORDER

A regular meeting of the Harbor Commission was called to order at 7:02 p.m. in the City Council Chambers, 415 Diamond Street, by Chairperson Michael.

ROLL CALL

Commissioners Present:	Bannerman, Cignarale, Jackson, Michael, Munns, Shaer, Tracy
Commissioners Absent:	None
Officials Present:	James Allen, Harbor Facilities Manager Mary Anne Campeau, Harbor Facilities Manager Steve Diels, City Councilmember Eleanor Manzano, City Clerk Gwendolyn Parker, Harbor, Business, Transit Director John Picken, Harbor Patrol Sergeant Margareet Wood, Recording Secretary

SALUTE TO THE FLAG

Commissioner Michael led the members in the salute to the flag.

APPROVAL OF THE ORDER OF AGENDA

Commissioner Bannerman requested to move the Harbor Patrol Update to follow the Consent Calendar.

In response to a request by Commissioner Munns to permanently move the Harbor Patrol Update to follow the Consent Calendar, Director Parker stated that the Harbor Commission agenda follows the City Council format; and the Harbor Patrol Update is appropriately placed under Items for Discussion Prior to Action.

Chairperson Michael requested to move the Harbor Business Plan Subcommittee update to follow Oral Communications.

Motion by Commissioner Bannerman, seconded by Commissioner Tracy, to reorder the agenda as requested. Motion carried unanimously.

CONSENT CALENDAR

4. Approval of affidavit of posting of the Harbor Commission agenda for the meeting of April 12, 2010
5. Approval of the minutes of the Harbor Commission meeting of March 8, 2010
6. Adoption of the 2010-2013 Strategic Plan and Receipt of Updates to: the Water Quality Implementation Matrix, the Green Task Force Priority Matrix, and the Major City Facilities Priority List
7. Administrative and Financial Responsibilities
8. Update on the Status of Seaside Lagoon Operation in 2010

9. Update on the Seaside Ice Performance in Season Two
10. Update on Coastal Land Use Plan and Coastal Zoning Code Amendments
11. Redondo Beach Communications and Customer Service Plan
12. Email Address for Public Comment on Harbor Business Plan

Commissioner Bannerman excluded Consent Calendar Item 5.
Commissioner Tracy excluded Consent Calendar Item 11.
Commissioner Munns excluded Consent Calendar Items 6 and 7.
Commissioner Shaer excluded Consent Calendar Item 12.

ITEMS FOR DISCUSSION PRIOR TO ACTION
Harbor Patrol Update

Sergeant Picken reported the following Harbor Patrol Statistics:
- February calls for service – 108
- March calls for service – 124
- Year-to-date calls for service - 395

Significant events:
- Sunken vessel in King Harbor Marina
- Tsunami advisory
- Reposition of navigation buoys due to tsunami wave action
- Recovery of citizen's false teeth from ocean

Sergeant Picken answered that the March marine enforcement events include speeding vessels, boaters without life preservers, and fishers outside of permitted areas. He said that sometimes warnings are issued rather than citations, depending on the circumstances.

Sergeant Picken answered that fuel leaks from sinking vessels are handled by various methods such as using oil-absorbent pads and plugging fuel vents. He said that spills over one gallon are reported to the Coast Guard.

Motion by Commissioner Bannerman, seconded by Commissioner Shaer to receive and file the Harbor Patrol Update. Motion carried unanimously.

ORAL COMMUNICATIONS
None.

Motion by Commissioner Bannerman, seconded by Commissioner Shaer, to approve the remaining Consent Calendars items. Motion carried unanimously.

MEMBER ITEMS AND REFERRALS TO STAFF
Harbor Business Plan Subcommittee Report

Chairperson Michael explained that the City Council referred the Harbor Business Plan to the Harbor Commission, and the Harbor Business Plan Subcommittee consisting of Commissioners Michael, Cignarale, and Shaer has met with various groups. He advised that a public meeting is scheduled for April 21; and a full Subcommittee report will be presented to the Harbor Commission in May. He invited input from the audience.

Trinity Keen expressed concern that Harbor and Pier businesses have not been consulted about the Harbor Business Plan, pointing out that her employer, Starboard Attitude, has not been contacted. She saw a need for more communication, accountability, and checks-and-balances. She requested that the Harbor Commission encourage the City to reach out to businesses. She responded that she attended this meeting to address the Harbor Business Plan Subcommittee Update agenda item.

Director Parker stated that the April and May Harbor Commission meetings are opportunities to receive input from business owners and residents.

Judith Milner said that her business, Shark Attack, has been located on the Pier for 38 years. She felt the practice of conducting studies, shortening leases, and failing to upgrade led to the demise of Ports O' Call Village in San Pedro. She said the local residents voted to rebuild the Redondo Beach Pier, and that Pier business owners are diligent, financially prudent, and love Redondo Beach; however they feel they are not considered part of the team.

Motion by Commissioner Bannerman, seconded by Commissioner Shaer, to extend Ms. Milner's speaking time. Motion carried unanimously.

Ms. Milner felt she should be allowed to renew her lease long-term. She said she maintains low prices by purchasing items in two-to-three year quantities, which is not possible with a short-term lease. She said that she would plan repairs if she were granted a long-term lease. She said she considers herself a stakeholder. She was aware the meeting was not a public hearing.

Mark Hansen, representing King Harbor Boaters Advisory Panel, said that a recent meeting at the King Harbor Yacht Club to discuss the Harbor Business Plan was well attended, and that an overriding concern was the absence of a reference to Mole B. He answered that he did believe the meeting tonight would be an opportunity for public input on the Harbor Business Plan.

In response to Commissioner Munns, Mr. Hansen explained that the King Harbor Boaters Advisory Panel was formed at the request of Mayor Hill.

Commissioner Munns felt it confusing that the King Harbor Boaters Advisory Panel was formed for an issue that is no longer current. He recommended that the members reestablish their group with a new name.

Mr. Hansen replied that the group was not formed for a single issue; but was formed for the purpose of advising on boating and harbor issues.

Commissioner Munns questioned to see documentation for creating the Panel. He said that Heart of the City is dead, the purpose of Panel has ceased to exist, and the Panel is deceiving the public with its authority.

Commissioner Bannerman appreciated the outreach and coordinating efforts of the King Harbor Boaters Advisory Panel.

Chairperson Michael appreciated efforts by the Panel to organize information.

Councilmember Diels introduced himself and thanked the Harbor Commission for their efforts. He invited the members to send him requests expressing their interests for becoming involved and to be placed on an email list for updates.

Kevin Ketchum, representing Port Royal Marina, expressed concern about the cost to conduct a study for a business improvement district, which he said the business owners may not support.

Cindy Ezell, from Redondo Beach Marina, recommended that the lessees and stakeholders are invited to a meeting prior to another public meeting. She felt that money for a business improvement district consultant is unnecessary.

Sean Guthrie, representing King Harbor Marina, disagreed with the necessity of adopting of the Harbor Business Plan prior to the City budget. He suggested that time-sensitive items could be separately considered while the remainder of Plan is continued for another month or two. He said a business plan should be an evolving document. He felt that an objective or goal is lacking.

Motion by Commissioner Bannerman, seconded by Commissioner Shaer, to extend Mr. Guthrie's speaking time. Motion carried unanimously.

Mr. Guthrie looked forward to working with the Subcommittee. He felt that additional details for a proposed study are necessary. He supported the recommendation for a meeting with lessees. He answered that he assumed he would have an opportunity to address the Harbor Business Plan at this meeting. He did not understand why the five-year forecast is an addendum; and he said that presenting an equivalent history with a forecast presents a clear picture.

Commissioner Shaer mentioned the Harbor Business Plan public meeting on April 21, and he encouraged as much public feedback and input as possible. In response to Commissioner Bannerman, Mr. Guthrie answered that he views the City's role as government regulator, landlord, and partner. He said that overall, Harbor revenues are decreasing.

Gary Ohst, Budget and Finance Commissioner, said that a business plan should contain a financial structure. He said that he is tracking Internal Service Fund charges, and the Harbor is being asked to absorb more and more. He said the Harbor generates over $4 million in tax revenue to the City annually; and the partnership between the City and Harbor will be jeopardized if that money is not invested in the Harbor.

Motion by Commissioner Bannerman, seconded by Commissioner Tracy, to extend Mr. Ohst's speaking time. Motion carried unanimously.

Mr. Ohst said that capital improvement project funding is being routed to operations; and he requested that the members request from staff a list of Harbor area capital projects that have been canceled and funds reallocated. He answered that he attended this meeting because he saw the item on the agenda. He also answered that the Galleria generates $5 million per year, the Artesia Corridor $750,000, and the Riviera Village $750,000.

Commissioner Bannerman stated that the Harbor has the potential for a significant revenue increase if the Harbor Business Plan is successful.

Mr. Ohst responded that the Budget and Finance Commission found out about CIP money being reallocated after it occurred.

Commissioner Tracy desired more information about the process for reallocating funds in the City budget.

Commissioner Munns suggested that an alternate Commissioner is recruited in the event that a Subcommittee member is unavailable at the April 21 meeting.

Director Parker clarified that the alternate would have to be consistent with the appointed Subcommittee.

EXCLUDED CONSENT CALENDAR ITEMS
Approval of March 8, 2010 Minutes

Commissioner Bannerman said that based on discussion and input at the March 8 meeting about the way the Harbor Business Plan would be discussed, it was a foregone conclusion that a public hearing would take place; however that did not occur. He planned to contact the Mayor and City Council to indicate that everyone at the March meeting agreed to a public hearing tonight. He also commented that he received his agenda packet on Friday at 3:00 p.m., which left no time for input to staff.

Motion by Commissioner Bannerman, seconded by Commissioner Cignarale, to approve the March 8, 2010 minutes.

Director Parker stated that staff met with Chairperson Michael and clarified that the requirements for a public hearing were not met.

Commissioner Bannerman's motion carried unanimously.

2010-13 Strategic Plan and Updates to the Water Quality Implementation Matrix, Green Task Force Priority Matrix, and Major City Facilities Priorities List

In response to Commissioner Munns, Director Parker answered the following questions pertaining to the Three-Year Goal, "Vitalize the Harbor and Pier Areas":

The Master Plan for Mole B is included, along with the Harbor Business Plan, a living document.

Staff will work internally with the master lessee to identify a location for the development of a boat launch ramp: Harbor Commission involvement will depend upon City Council direction.

Staff will confirm the date for the presentation of an update to City Council on the proposed Coastal Marinas Permit.

Commissioner Munns hoped that the Harbor Commission will have sufficient time to provide input on the Three-Year Goal to Vitalize the Harbor and Pier Areas.

Commissioner Munns questioned the timeline for the presentation of an update on the proposed Coastal Marinas Permit.

It was the consensus of the Commission to receive and file the Strategic Plan and related documents.

Harbor Business Plan Subcommittee Report

Director Parker referenced additional information, an email from G&G Enterprises dated April 12, 2010, regarding the Harbor Business Plan.

Motion by Commissioner Bannerman, seconded by Commissioner Tracy, to receive and file the email.

Commissioner Bannerman distributed a document entitled "Developing a Business Plan."

Motion by Commissioner Bannerman, seconded by Commissioner Shaer to receive and file the document submitted by Commissioner Bannerman. Motion carried unanimously.

2010-13 Strategic Plan and Updates to the Water Quality Implementation Matrix, Green Task Force Priority Matrix, and Major City Facilities Priorities List

Chair Michael reopened the discussion of the City's Strategic Plan.

Mr. Hansen explained the various proposals for locations of the boat ramp, including Seaside Lagoon and Mole D.

Motion by Commissioner Bannerman, seconded by Commissioner Cignarale, to extend Mr. Hansen's speaking time. Motion carried unanimously.

Mr. Hansen said that a boater forum was held to obtain information about the pending coastal marina permit.

Motion by Commissioner Munns, seconded by Commissioner Bannerman, to receive and file the Strategic Plan and related documents. Motion carried unanimously.

Administrative and Financial Responsibilities

In response to Commissioner Munns, Director Parker answered that the report is in response to the Harbor Commission's questions on the City Manager's authorities as it relates to staff, the Harbor Commission, and matters related to the operation of King Harbor.

Motion by Commissioner Munns, seconded by Commissioner Cignarale, to receive and file the Administrative and Financial Responsibilities. Motion carried unanimously.

Communication and Customer Service Plan

In response to Commissioner Tracy, Director Parker said that she can check with the Communications Committee for information on the status of the objectives and how they will be measured.

Motion by Commissioner Tracy, seconded by Commissioner Cignarale, to receive and file the Communication and Customer Service Plan. Motion carried unanimously.

Email Address for Public Comment on the Harbor Business Plan

Director Parker explained that a discussion about the Public Records Act relative to the email address took place with Mayor Gin, Chairperson Michael, and City Manager Workman; and it was determined that the information received will be centralized through the City. She said that several staff members will have the

capability to print the emails, including the Harbor Projects Analyst and the Harbor Facilities Managers.

Commissioner Shaer stressed the importance of confirming the receipt of all emails in a timely manner: he suggested that Chairperson Michael or another Commission member have access to the email address.

Director Parker responded that it will not be possible for a Harbor Commissioner to have access to the email address.

Chairperson Michael stated that the purpose of the email address is to receive input from the public who do not attend a meeting; and he agreed on the importance of ensuring that all comments get entered into the public forum. He recommended access for the City Clerk and himself.

Director Parker said the emails are subject to the Public Records Act. She said she will investigate the matter further with the City Attorney and the City Manager.

Commissioner Bannerman pointed out that by receiving incoming emails, the Harbor Commission would reduce staff's workload. He recommended that hard copies could be made available to the Subcommittee.

Commissioner Cignarale said it is important that the emails are forwarded immediately to the Subcommittee Chairperson. He questioned whether forwarding the emails would render them subject to the Public Records Act.

Director Parker ensured that all emails will be gathered and provided to the Subcommittee.

Commissioner Bannerman requested a written response from the City Attorney regarding Harbor Commission access to the Harbor Business Plan email input.

Motion by Commissioner Shaer, seconded by Commissioner Munns, to receive and file the report on the Email Address for Public Comment on the Harbor Business Plan. Motion carried unanimously.

PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Mr. Hansen submitted three documents concerning Harbor zoning and land use issues:

- Email from Mr. Hansen to the Harbor Commission dated April 12, 2010
- Coastal Commission Resolution CC0805-46 amending the Coastal Land Use Plan
- Description of and permitted uses for Mole B

Motion by Commissioner Bannerman, seconded by Commissioner Tracy, to receive and file the documents. Motion carried unanimously.

PUBLIC HEARINGS
None.

ITEMS CONTINUED FROM PREVIOUS AGENDAS
None.

ITEMS FOR DISCUSSION PRIOR TO ACTION
For Consideration of an Update on the Status of the Proposed Statewide Coastal Marina Permit

Motion by Commissioner Bannerman, seconded by Commissioner Tracy, to receive and file an email from Sean Guthrie to Chairperson Michael regarding the Proposed Coastal Marinas Permit, dated April 9, 2010.

Mr. Ketchum stated that the State Water Resources Control Board has advised that the draft Coastal Marina Permit will not be issued. He said that further study will address the issue of copper-based paints. He said the Marina Permit, if issued, could be financially devastating.

Mr. Ketchum answered that King Harbor has not been identified as a hot spot for copper; however most marinas contain heavy metals. He said that improving Best Management Practices is the best resolution. He was not aware of a formal process for following the Coastal Marina Permit; however he will inquire and report back.

Mr. Guthrie suggested that Director Parker or Chairperson Michael sign up for the State Water Resources Control Board email list to receive information.

Mr. Hansen said that the King Harbor Boaters Advisory Panel has been fighting the copper issue for years. He recommended consulting the Recreational Boaters of California website for updated information.

Commissioner Bannerman's motion to receive and file the email carried unanimously.

Consideration of an Update on the Status of the Marine Life Protection Act Process and Implementation

Motion by Commissioner Bannerman, seconded by Commissioner Tracy, to receive and file an email from Mr. Hansen regarding the Marine Life Protection Act. Motion carried unanimously.

Mr. Guthrie reported that he attended the Fish and Game Commission meeting in Monterey where the action taken initiated the CEQA process for the Integrated Preferred Alternative. He said the Sanitation District is campaigning to push the protected area north to Rocky Point. He said the CEQA process will begin with three scoping meetings prior to the Fish and Game Commission action in August, and he encouraged continued diligence.

Kevin Ketchum added that the process also includes an ISORE (Initial Statement of Reasons). He complimented the City Council, Harbor Commission, City staff, and the private sector for their combined commitment to keep Rocky Point open.

Director Parker advised that the MLPA will be discussed at the April 20 City Council meeting.

Mr. Hansen mentioned that Dr. Joe Farlo and Leslie Page also attended the Fish and Game Commission in Monterey. He explained the background for the MLPA process. He said that past efforts to keep Rocky Point open must be duplicated for the upcoming Fish and Game Commission.

Mr. Guthrie also complimented City Council, City staff, the Harbor Commission, and members of the public for their cooperative efforts to keep Rocky Point open.

It was the consensus of the Commission to receive and file the Update on the Status of the Marine Life Protection Act Process and Implementation.

HARBOR, BUSINESS, AND TRANSIT DIRECTOR ITEMS

Director's Report

Director Parker announced the following calendar:

- April 29 - Economic Summit
- April 29 - Business Award Program

Commissioner Shaer requested information about Harbor-related business updates including quarterly vacancy and occupancy rates, outreach efforts by staff to tenants, and monthly reserves. He suggested the information could be included with the Director's Report. He also requested to know available Tidelands, Uplands, and parking funds on a monthly basis.

Director Parker answered that vacancy rates would have to come from lessees. She said that currently, one vacancy exists for the direct lease to the City. She also mentioned that information regarding reserves is under the purview of others.

Commissioner Munns said it would also be helpful to include information on upcoming issues in the Director's report.

Director Parker said she will share as much information as possible.

It was the consensus of the members to receive and file the Director's Report.

MEMBER ITEMS AND REFERRALS TO STAFF

Commissioner Shaer looked forward to receiving information from staff on the RDR Leasehold.

Chairperson Michael requested volunteers for the Budget Subcommittee. Commissioners Jackson and Shaer volunteered.

Commissioner Tracy requested information about how CIP money is moved around within the budget.

Commissioner Tracy requested information about how the Customer Service Plan performance indicators are measured.

Commissioner Tracy reported that he will not be present at the May 10 meeting.

Chairperson Michael advised that a recommendation from the Harbor Business Plan subcommittee will be presented at the next meeting. He said that if additional work is required at that time, a request to City Council for additional time may be necessary.

Commissioner Munns recommended consideration of a public hearing on the Harbor Business Plan. He recommended that Harbor stakeholders are notified about the May meeting and that in-person or written input will be received.

Director Parker said the stakeholders will be notified, and written responses will be available in the agenda material or as a blue folder item.

Director Parker responded that the "Brainstorming List of Perceptions," within the Strategic Plan refers to comments about accomplishments, strengths, and weaknesses from small group discussion during the Strategic Plan Workshop.

ADJOURNMENT

Chairperson Michael adjourned the meeting at 10:43 p.m. to the next regular meeting on May 10, 2010 in the City Council Chambers.

Respectfully submitted,

Gwendolyn Parker
Harbor, Business, and Transit Director

Administrative Report

Council Action Date: April 20, 2010

To: MAYOR AND CITY COUNCIL

From: MAGGIE HEALY, ASSISTANT TO THE CITY MANAGER

Subject: STRATEGIC PLAN UPDATE ON SIX-MONTH OBJECTIVES, WATER QUALITY IMPLEMENTATION MATRIX, GREEN TASK FORCE PRIORITY MATRIX, AND MAJOR CITY FACILITIES PRIORITY LIST

RECOMMENDATION

Receive and file the monthly updates to: 1) the six-month strategic objectives that were established at the Strategic Planning Retreat held on March 3, 2010; 2) the Water Quality Implementation Matrix; 3) the Green Task Force Priority Matrix; and, 4) the Major City Facilities Priority List.

EXECUTIVE SUMMARY

On March 3, 2010, the City Council held a Strategic Planning Workshop to establish three year goals for the 2010-2013 Strategic Plan and to establish six-month objectives. Monthly updates are provided to the Mayor and Council to enable them to monitor the City's progress. Updates to the Water Quality Implementation Matrix, the Green Task Force Priority Matrix and the Major City Facilities Priority List are also provided. The next Strategic Planning Retreat will be held on September 23, 2010.

BACKGROUND

The City Council's Strategic Plan directs the development of the City budget, program objectives, and performance measures. The goals provide the basis for improving services and preserving a high quality of life in the City.

The City began strategic planning in 1998 with the creation of the first three-year strategic plan covering the period of 1998-2001. In October 2001, a second three-year plan was developed for 2001-2004. At the February 25, 2003 retreat, these Core Values were added: Openness and Honesty, Integrity and Ethics, Accountability, Outstanding Customer Service, Teamwork, Excellence, and Fiscal Responsibility. A third three-year plan was developed in March 2004, covering the period of 2004-2007, and including a vision statement. In September 2007, the fourth three-year plan was developed with new goals and objectives. Finally, on March 3, 2010, the fifth three-year

strategic plan was developed. The following are the five strategic plan goals for 2010-2013. They are not in priority order:

- Improve financial viability and expand economic opportunities
- Improve public facilities and the infrastructure
- Increase organizational effectiveness and efficiency
- Maintain a high level of public safety
- Vitalize the Harbor & Pier areas

The City Manager provides monthly updates to the adopted six-month objectives to enable the Mayor and City Council to monitor the City's progress on the Strategic Plan.

Water Quality Implementation Matrix

On July 19, 2005, the City Council adopted a resolution to form a 15-member Water Quality Task Force. During their 12-month assignment, the Task Force developed a Recommendations Report. The Report was presented to a joint meeting of the City Council and Harbor Commission. The City Council directed staff to report back with a prioritized action plan for implementation. The Recommendations Implementation Matrix was received by the Council on November 21, 2006, with direction for staff to provide a status report to accompany the Strategic Plan reports. The monthly status update is attached.

Green Task Force Priority Matrix

On January 16, 2007, the City Council adopted a resolution to form a 15-member Green Task Force to study and address a variety of environmental issues faced by the City. During their 12-month assignment (later extended to 15 months), the Task Force developed a Sustainable City Plan that included 26 recommendations. The Report was presented to the City Council on May 13, 2008. The City Council directed staff to assemble the recommendations into a matrix. On August 19, 2008, the City Council received and filed the Green Task Force Priority Matrix and reviewed it on October 21, 2008. The monthly status update is attached.

Major City Facilities Priority List

On February 13, 2007, the City Council adopted the Major City Facilities Priority List. The Council requested that the list come back periodically for review. The attached version reflects the addition of the Dominguez Park Community Center as directed by the City Council during adoption of the Fiscal Year 2007-2008 Budget on June 19, 2007.

COORDINATION

All departments participated in the development of the Strategic Plan and in providing the attached update. Relevant departments have reviewed the Water Quality Implementation Matrix, Green Task Force Matrix and Major City Facilities Priority List.

FISCAL IMPACT

The total cost for this activity is included in the City Manager's Office's portion of the FY 2009-2010 Adopted Annual Budget and is part of the department's annual work plan.

Submitted by:

Maggie Healy
Assistant to the City Manager

Approved for forwarding by:

Office of the City Manager

Attachments:

- Strategic Plan Update - Six-Month Objectives dated April 20, 2010
- Water Quality Implementation Matrix dated April 20, 2010
- Green Task Force Implementation Matrix dated April 20, 2010
- Major City Facilities Priority List dated June 2007

CITY OF REDONDO BEACH ☼ STRATEGIC OBJECTIVES

March 3, 2010 to September 1, 2010

ACM=Asst. City Manager **FS** = Financial Services **HBT**=Harbor, Business and Transit **PW**=Public Works **RCS**= Recreation and Community Services

THREE-YEAR GOAL: ***IMPROVE FINANCIAL VIABILITY AND EXPAND ECONOMIC OPPORTUNITIES***

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. At the Apr. 20, '10 City Council meeting	City Attorney and City Engineer	Report to the City Council on options that may assists businesses in their compliance with ADA requirements and potential options for businesses to achieve ADA certification.				
2. June 30, 2010	Asst. City Manager	Develop a strategy and plan to address the city's PERS obligation and present to the City Council for action.		X		
3. July 15, 2010	Planning Director, with input from the Planning Commission	Propose to the City Council for action modifications to the commercial parking standards and share parking implementation.		X		
4. July 31, 2010	Asst. City Manager	Present to the City Council for action a lease for the Marine Ave. site.		X		
5. At the Aug. 17, '10 City Council meeting	Financial Services Dir.	Provide to the City Council for action options related to a possible local purchasing preference policy.		X		
6. At the Aug. 17, '10 City Council meeting	City Manager, working with a North Redondo Beach Working Group	Complete and present to the City Council for action a strategic plan.		X		
7. Sept. 1, 2010	Council member Brand	Participate in the MLPA (Marine Life Protection Act) process and report the results to the City Council.		X		

THREE-YEAR GOAL: *IMPROVE PUBLIC FACILITIES AND INFRASTRUCTURE*

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. April 1, 2010	City Engineer	Ensure the construction of the Council Chambers is 100% complete.	X			
2. At the Apr. 6, '10 City Council meeting	City Engineer	Present to the City council for action a recommendation to award a contract for the Prospect resurfacing project from PCH to Del Amo.			X	Moved to May 6, 2010 due to Caltrans / DBE (Disadvantaged Business Enterprises) issues.
3. April 30, 2010	RCS Dir.	Present to the City Council an assessment of the TSO (time schedule order) proposal by the LARWQCB on Seaside Lagoon operations and any facility improvements needed to operate in 2010.			X	
4. At the May 18, 2010 City Council meeting	Public Works Dir.	Present to the City Council for action options regarding sidewalk cleaning services.			X	To be presented at CC meeting on May 18.
5. June 1, 2010	City Council	Take action on the appropriation of money for the move of the Recreation and Community Services Dept. from Knob Hill to Aviation Park.		X		
6. Sept. 1, 2010	City Engineer	Present to the City Council for action a recommendation to award a contract for construction of the Harbor Patrol facility.		X		
7. Sept. 1, 2010	City Engineer	Ensure the construction of the North Branch Library is 100% completed.		X		
8. Sept. 1, 2010	City Engineer	Recommend to the City Council for action the awarding of a contract for the Esplanade Streetscape project.		X		
9. Sept. 1, 2010	City Engineer, working with the Public Works Dir.	Recommend to the City Council the award of a contract for the installation of LED street lights.		X		

Revised 4-20-10

THREE-YEAR GOAL: ***INCREASE ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY***

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. At the May 4, 2010 City Council meeting	City Manager	Present to the City Council for action a legislative platform modification to include PERS reform.		X		
2. June 30, 2010	City Manager and Asst. City Manager	Present to the City Council for action a plan for graduated restoration of compensation and benefits to FY 2008-2009 levels.		X		
3. August 1 2010	Financial Services Dir.	Review and revise, as needed, and implement the city's purchasing policies and procedures.		X		
4. September 1, 2010	Executive Team (City Manager-lead), with input from high performing organizations	Develop and present to the City Council an interagency organizational best practices exchange program to consult with the city on organizational effectiveness and efficiency.		X		
5. September 1, 2010	City Manager and Asst. City Manager	Develop and implement a Supervisory Training Course that encompasses core supervision skills, re-engineering techniques and improved use of technology.		X		
FUTURE OBJECTIVE At the Oct. 6, 2010 City Council meeting		Review and recommend to the City Council for action a possible change in the purchasing limits in the City Charter.				

THREE-YEAR GOAL: ***MAINTAIN A HIGH LEVEL OF PUBLIC SAFETY***

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. At the April 20, 2010 City Council meeting	Police Chief-lead, City Attorney, RCS Dir.	Present to the City Council for action an ordinance revising park rules to control and prevent nuisance activity.			X	Pending review by the City Attorney's Office
2. June 4, 2010	Fire Chief	Present to the City Manager conceptual options for consolidation of fire protection services with the City of Hermosa Beach.			X	Final draft being completed for City Manager review and comment.
3. At the May 4, 2010 City Council meeting	City Manager and ACM	Continue to pursue funding opportunities for an Emergency Operations Center in North Redondo Beach and report the results to the City Council.		X		
4. At the July 20, 2010 City Council meeting	Police Chief and Council Member Aust	Present to the City Council for action options to limit oversize vehicles from city streets.		X		
5. Sept. 1, 2010	Police Chief, Public Works Dir., IT Dir.	Purchase patrol vehicles according to the Vehicle Replacement Schedule and install electronics and computer technology.		X		
6. Sept. 1, 2010	Police Chief-lead, Fire Chief, City Attorney, Planning Dir.	Review and recommend changes to the City Charter for action regarding how entertainment permit security bonds are assessed and drawn down for repeated calls for service.		X		

THREE-YEAR GOAL: ***VITALIZE THE HARBOR & PIER AREAS***

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. At the May 18, 2010 City Council meeting	Asst. City Manager and HBT Dir.	Present to the City Council for action a final Harbor Enterprise Business Plan.		X		
2. July 1, 2010	Fire Chief – lead, HBT Dir., City Engineer	Present an update to the City Council on the proposed Coastal Marinas Permit regarding water quality in the Harbor.		X		Sent letter to Dept. of Boating & Waterways to seek information and staff contact numbers. Awaiting response.
3. Sept. 1, 2010	City Manager, working with stakeholders	Develop and present to the Harbor Commission a process for how to proceed with a Master Plan for Mole B at the harbor.		X		
4. Sept. 1, 2010	Asst. City Manager-lead, HBT Dir.	Identify a location for the development of a boat launch ramp.		X		
FUTURE OBJECTIVE	Asst. City Manager and HBT Dir.	Work with Decron and other stakeholders to ensure construction of a public boat launch ramp.		X		

Recommendations Implementation Matrix

	RECOMMENDATION	LEAD	PROGRESS	STATUS			TARGET DATE	COMMENTS
				DONE	ON TARGET	FUTURE		
1	**Sustainability:** Add sustainability as one of Redondo Beach's Core Values listed in its Annual Reports and Strategic Plans.	ACM		X				"Enhance the livability and environmental sustainability of our community" revised in the March 25, 2009 Strategic Planning workshop.
2	**Full-Time Employee:** Designate a full-time, on-going staff position dedicated to implementing and researching all Green Task Force Initiatives, including grant writing.	ENG				X		Next opportunity to be evaluated is as part of the 2011-12 Budget Cycle
3	**Public Education Program:** Support a comprehensive public education program to promote green living and building ideas, energy and resource conservation, and other environmental concepts such as "teaching Green" or "Sustainable Works."	PW			X			"Green Building" consumer education materials received and available at the Building counter.
4	**Cool City Classification**: The City Council should sign the U.S. Mayors Climate Protection Agreement and establish a Cool Cities program for the City of Redondo Beach.	ENG		X				Baseline inventory presented to CC - March 16, 2010.
5	**Eco-Friendly Business Initiatives:** As part of the Economic Development Council, the City should identify a representative to implement eco-friendly initiatives within the business community.	HBT				X		
6	**Support for RBUSD Environmental Programs:** Direct staff to reach out to the Redondo Beach Unified School District (RBUSD) in promoting, supporting, and implementing green initiatives.	ACM				X		
7	**Green Building Incentives:** Develop a set of incentives in the form of rebates, space offset programs, and recognition programs for green/sustainable building practices.	BLDG			X			CC identified at 09-14-09 Strategic Planning Retreat a Future Strategic Goal to incentivize projects that meet green standards and environmental sustainability goals
8	**Fee Structure:** Balance fee structure to accommodate rebate incentives given for green homeowners, and builders.	BLDG				X		

Recommendations Implementation Matrix

	RECOMMENDATION	LEAD	PROGRESS	STATUS			TARGET DATE	COMMENTS
				DONE	ON TARGET	FUTURE		
9	**LEED Standards:** Adopt LEED standards for all city buildings.	BLDG			X			At 11-03-09 meeting, CC approved proposal for LEED certification for the Transit Terminal Project.
10	**Ordinance Update:** Review and update ordinances to support LEED compliant measures.	BLDG/ENG				X		
11	**Staff Training:** Train appropriate city staff and acquire LEED certification to eliminate need for hiring LEED consultants.	ENG				X		CALBO 2009 - Inspector attended Green Bldg Seminar
12	**Educational Plan:** Implement an educational plan, including web access and distribution of green vendors and services, for all constituents – homeowners, developers, builders, Chamber of Commerce, regional networks, etc.	PW				X		Recreation & Community Services to coordinate an energy efficiency / water conservation workshop w/ SBESC.
13	**Urban Forest Ordinance:** Pass an Urban Forest Ordinance that solidifies and codifies current practices regarding trees in the city.	PW				X		
14	**Pursue Tree City USA Designation:** The City Council should seek designation as a Tree City USA that provides direction, technical assistance, public attention, and national recognition for urban and community forestry programs.	PW				X		
15	**Land Use Policy, Zoning Regulation, and Associated Fee Amendments:** Amend land use policies, zoning regulations and associated fees to provide an incentive for maintaining existing and/or creating new non-public open space.	Planning				X		
16	**Historical and Specimen Tree Protection:** Revise relevant preservation ordinances to include Specimen Trees and revise a complete list of trees on public and private land that are, or can be, landmarked or designated as specimen trees.	Planning / PW / RCS		X				Existing code provides for applications to designate trees as historic landmarks.

Recommendations Implementation Matrix

	RECOMMENDATION	LEAD	PROGRESS	STATUS			TARGET DATE	COMMENTS
				DONE	ON TARGET	FUTURE		
17	**High Profile City Projects:** Implement two or three specific high-profile energy and resource projects that would help showcase the City's efforts to become a beacon of Green adaptation.	ENG			X			U.S. Dept. of Energy approved City's request for ARRA-funded LED streetlight retrofitting project
18	**Renewable Energy Project Financing:** Establish a relationship with a third party financing company to provide funding for both City and private projects involving conversion or adaptation to green energy.	HBT			X			City is coordinating efforts w/ the SBCCOG to implement local AB 811 program.
19	**Inter-departmental Staff Resource Utilization Committee:** Establish an inter-departmental staff committee whose purpose it is to create and maintain a Long-Term Resource Utilization Policy that would include a prioritized list of energy conservation and generation projects aimed at reducing city-wide energy consumption.	ACM				X		
20	**Shop & Dine Redondo Program:** Collaborate with the Redondo Beach Chamber of Commerce & Visitors Bureau to develop a "Shop & Dine Redondo" Program specifically designed to build a stronger local economy, healthier environment and reduce the total vehicle miles driven by those living and/or working in the community.	HBT				X		
21	**Strategic School Traffic Reduction Plan:** Collaborate with the Redondo Beach Unified School District (RBUSD) and local residents to develop a Strategic Traffic Reduction Plan.	ENG			X			Safe Routes to Schools program implemented. School Safety Zone CIP awarded on 10-06-09.
22	**Residential Development Rights Transfer System:** Research the feasibility of developing and implementing new density neutral land policies, zoning regulations and legal mechanisms that would allow owners of residentially-zoned properties to sell permitted development rights for transference to other properties located within specified public transit zones that also provide an ample amount of local shopping and dining opportunities.	Planning				X		

	RECOMMENDATION	LEAD	PROGRESS	STATUS			TARGET DATE	COMMENTS
				DONE	ON TARGET	FUTURE		
23	**Strategic New Parkland Development Plan:** Develop a Strategic New Parkland Development Plan specifically focused on creating more neighborhood oriented parkland in the park-poorest areas in the city.	RCS				X		
24	**Beach Cities Transit & Visitor Information Kiosks:** Collaborate with the Redondo Beach Chamber of Commerce to create one or more Beach Cities Transit (BCT) & Visitor Information Kiosks at high traffic locations near transit stops in the city.	HBT				X		
25	**Beach Cities Transit Wi-Fi Service Pilot Program:** Perform a feasibility study on implementing a Beach Cities Transit (BCT) Wi-Fi Service Pilot Program.	HBT				X		
26	**Integrated Bicycle Master Plan:** Expand the Local Bikeway Plan into an Integrated Bicycle Master Plan, including bike racks, which will transform Redondo Beach into a premier bicycle friendly city.	ENG			X			The City's adopted Bicycle Master Plan submitted to Metro's "Call for Projects" to implement the class 2 and class 3 bicycle facilities, approved by Metro board - 10-22-09.

Recommendations Implementation Matrix

	RECOMMENDATION	LEAD	PROGRESS	STATUS			TARGET DATE	COMMENTS
				DONE	ON TARGET	FUTURE		
1	**Street Sweeping (9a)** Revoke all street sweeping exemptions to meet NPDES requirements.	Engineering	Resolution on policies and procedures adopted.	X				Project completed.
2	**Trash Truck Leaks (9a)** Prevent trash trucks from leaking.	Public Works	Discussion with solid waste management company to identify enhancements to the existing processes to insure leaking trucks are identified and repaired	X				Project completed.
3	**Trash Bin Leaks (9a)** Prevent trash bins from leaking.	Public Works	Discussion with solid waste management company to identify enhancements to the existing processes to insure leaking trash bin are identified and repaired	X				Project completed.
4	**Red Tide Monitoring (9a)** Coordinate with USC to establish monitoring locations for monitoring devices.	Harbor	Buoys installed for full-time use in March. Data downloaded weekly. USC team working on transmitting data electronically.	X				Project completed.
5	**Rain Gutter Routing (9a)** Route all gutters on pier buildings through an alternate system.	Engineering	Plans and specification design work	X				Project completed.
6	**Develop Bacterial Source Identification (9b)** **(Source Point Testing - 9a)** Use DNA tests or other methods to identify bacterial sources.	Engineering	LA County Sanitation will report findings with preliminary action plan to technical group in June, 2009.		X		**Jun-10**	LA County San. District funded $325K source ID study around pier - monitoring continues.

Recommendations Implementation Matrix

	RECOMMENDATION	LEAD	PROGRESS	STATUS			TARGET DATE	COMMENTS
				DONE	ON TARGET	FUTURE		
7	**Harbor Circulation Improvement (9b)**	Engineering						
	(Marina Aeration - 9a)		Preliminary design done -pending funding source			X	TBD	For Budget Consideration Funding from Federal Government being requested
	Investigate installation of facilities to increase circulation in the Harbor.							FY 2011-12
8	**Commercial Best Management Practices (9a)**	Harbor / Engineering						
	Establish a volunteer program for implementing BMPs at commercial establishments at the Harbor / Pier / Waterfront areas.		Presented to Harbor Commission on 09/08/08.	X			Dec-08	BMPs approved by CC - November, 2008. Pamphlets distributed 12/08
9	**Hazardous Waste Drop (9a)**	Public Works / Fire						
	Expand hazardous waste drop-off program.		No action at this time.			X	TBD	For Budget Consideration
	Especially at water areas south of the Redondo Municipal Pier							FY 2011-12
10	**Parking Lot Debris Catchers (9a)**	Engineering	Plans and specification design work					
	Initiate pilot program for small catch basin debris filters.			X			Jan-10	Project completed.
	Implement Harbor Leasee parking lot sweeping program							
11	**Harbor Trash Skimmers (9a)**	Engineering	Plans and specification design work					
	Initiate alternate methods for removing floating harbor materials.					X	Jun-10	SMBRF's NOAA - SMBRF will procure skimmers
12	**Oil spill clean-up (9a)**	Fire						
	Purchase oil absorbing snakes for use in oil spill clean-up.		400 feet of snake absorbent purchased and stored at Harbor Patrol. Task Completed.	X				Project completed.
13	**Laws & Regulations (9a)**	Engineering						
	Review existing State & Federal laws as pertains to water quality.				X		Jun-10	Revised to June, 2010
14	**Watershed Management Program (9a)**	Engineering						
	Establish urban watershed program similar to Santa Monica.					X	TBD	For Budget Consideration
								FY 2011-12

Recommendations Implementation Matrix

	RECOMMENDATION	LEAD	PROGRESS	STATUS			TARGET DATE	COMMENTS
				DONE	ON TARGET	FUTURE		
15	**Pet Waste (9a)** Install 'doggie poles' with waste bags in public areas.	Engineering / Public Works	Presented to CC - 10 containers installed on Esplanade / Harbor Drive	X				Project Completed.
16	**Sprinkler Standards (9a)** Develop a Certification program for commercial & residential properties with installed water-wise irrigation systems and landscaping. *Coordinate with West Basin Water District's existing program*	Engineering				X	TBD	For Budget Consideration FY 2011-12
17	**Hot Line (9a)** Establish a Water Quality Hot Line for public reporting of concerns. *Establish a web link to the WQTF Plan and matrix*	Engineering		X			Jul-08	Project completed.
18	**Ongoing Water Quality Task Force (9a)** *Staff report needed to determine how to continue the WQTF through either the Harbor Commission or Public Works Commission*	Harbor / Engineering	No new progress			X	TBD	Planning Stage
19	**Continuous Deflection Separation Units (9a)** Evaluate possibility of installing additional CDS units on all waterfront discharge storm drains. *Photos of annual cleaning will be posted*	Engineering				X	TBD	For Budget Consideration FY 2010-11
20	**Non-profit formation (9a)** Consider creation of a 501(c)3 organization to assist in grant funding development.	City Manager / City Attorney				X	TBD	For Budget Consideration FY 2010-11
21	**Develop Clean Waterfront Plan (9b)** Plans could include improvements based on successes in Santa Monica & Newport.	Harbor	Sample plans collected. Adopted BMPs will be key component of plan.			X	TBD	For Budget Consideration FY 2011-12
22	**Develop Clean Marina Program (9b)** Establish program and recognition standards.	Harbor	All 4 RB marinas participate in a recognized program or have committed to do so. Staff providing assistance and monitoring progress.			X	TBD	For Budget Consideration FY 2011-12

Recommendations Implementation Matrix

	RECOMMENDATION	LEAD	PROGRESS	STATUS			TARGET DATE	COMMENTS
				DONE	ON TARGET	FUTURE		
23	**Develop & Implement BMPs for Bait Barges (9b)** Ensure that bait barges are properly disposing of waste .	Fire / Harbor / Planning / Engineering / Public Works	Inspections completed. BMPs drafted and will be presented to Harbor Commission. Fire Completed physical inspection of barge. No hazardous storage or processes noted. Barge operates seasonally, per hazmat tech. No disclosure manifiest warranted.	X				Project Completed
24	**Develop & Implement BMPs for Fuel Dock (9b)** Ensure that fuel docks within King Harbor employ BMPs while conducting business.	Harbor / Fire	Presented to Harbor Commission on 09/08/08.	X			**Dec-08**	BMPs approved by CC - November, 2008. Pamphlets distributed 12/08
25	**Develop & Implement BMPs for Boaters (9b)** Encourage and educate boaters in BMPS for boating.	Harbor	Presented to Harbor Commission on 09/08/08.	X			**Dec-08**	BMPs approved by CC - November, 2008. Pamphlets distributed 12/08
26	**Develop & Implement BMPs for Boat Yards & Maintenance Facilities (9b)** Adopt CASQA's BMPs and ensure they are followed.	Harbor	Presented to Harbor Commission on 09/08/08.	X			**Dec-08**	BMPs approved by CC - November, 2008. Pamphlets distributed 12/08
27	**Design & Construct Harbor Circulation Improvements (9b)** Study improving circulation methods and utilize power plant intake lines.	Engineering				X	**TBD**	For Budget Consideration FY 2011-12
28	**Develop & Implement a program to insure that BMPs applicable to the beach and pier area are fully utilized (9b)** Aggressively adhere to all LARWQCB TMDLs.	Public Works		X			**Jul-07**	Project Completed

Recommendations Implementation Matrix

	RECOMMENDATION	LEAD	PROGRESS	STATUS			TARGET DATE	COMMENTS
				DONE	ON TARGET	FUTURE		
29	**Pier Fish Cleaning Station, Boaters and Charter Boats (9b)** Ensure sink wastes are diverted to the sewer system, educate boaters.	Harbor / Public Works	Confirmed that sink wastes are diverted to the sewer system.	X				Project Completed
30	**Watershed Runoff (9b)** Investigate permeable surfaces for rainstorm waters.	Engineering				X	TBD	For Budget Consideration FY 2011-12
31	**Develop & Implement a Community Outreach Plan (9c)** Utilize volunteer forces to educate the community at large.	Harbor / Engineering	Sample plans from other jurisdictions being collected.			X	TBD	For Budget Consideration FY 2011-12
32	**Explore funding opportunities at the Federal, State, County, Local, Corporate, and Private levels** Increase City visibility and funding for water quality tasks.	Engineering / City Manager			X			Ongoing
33	**Harbor Emergency Response Volunteer Team (9e)** Immediate mitigation of red tide forces through volunteer teams.	Harbor / Fire / Public Works	PW, Harbor, & Fire held a Red Tide Response Drill for City crews & volunteers September 27, 2007.	X				Project Completed
34	**Street & Harbor Lease Hold Sweeping **** Coordinate with businesses for sweeping	Harbor	Policies and ordinances from other jurisdictions being collected. Staff discussing current practices with leaseholders.			X	TBD	Planning Stage
35	**Web Page Update **** Monthly updated posting to the City website	Engineering			X			Ongoing

**Note - Details of timeline and a breakdown of steps will be provided for each task on the matrix as implementation progresses.*
*** By City Council direction from 11/21/06 CC meeting*

Major City Facilities Priority List

June, 2007

In order for the City to ensure quality services to our residents, businesses, and visitors, we need to have a plan for our future facilities needs. The City's current Five Year Capital Improvement Program (CIP) addresses the near future. Through this process, the City's most pressing capital needs are programmed using funding sources available over the 5 year planning period. For ease of reference, the adopted CIP includes a "needed, but not funded" list of capital projects. This list is designed to track possible future projects, however, there is little to no likelihood of funding in the short term. There is no planning document in place to take address facilities needs beyond this 5 year horizon. In order to set priorities beyond this horizon, a City Facilities Priority List has been developed.

The City has also developed a draft Asset Management Plan. This Asset Management Plan is a blueprint for the City to maximize the financial returns from its real property assets. The draft Asset Management Plan has not yet been finalized or presented to the City Council for approval as many of the assets in the draft Asset Management Plan assumed to possibly generate on-going revenues are encumbered with current facilities or seen as possible sites for new or relocated facilities. A City Facilities Priority List will enable the City to identify which assets are needed over the longer term and which are available for development through the Asset Management Plan.

The City's adopted Strategic Plan established the following three year goals:

- **Achieve financial stability and balanced economic growth.**
- **Maintain and improve public facilities, infrastructure and open spaces.**
- **Improve the attractiveness and livability of our neighborhoods.**
- **Maintain and improve public safety.**
- **Maintain and improve communication, productivity and efficiency in a healthy workplace.**

Included in the current Strategic Plan are a number of objectives directly related to facilities and asset management. These include:

- **Present to the City Council an inventory list of citywide real property assets.**
- **Develop a Facilities Master Plan for preventive maintenance of all City facilities.**
- **Develop and present to the City Council a City facilities overview for improvement and/or replacement of major City facilities, including financing options and prioritization.**

Having functional and updated public facilities can assist in achieving all of the Strategic Plan goals and other strategic objectives. For example, achieving customer service related objectives could be assisted by the development of functional, efficient, and customer friendly service areas. There is also a direct link between the quality of public facilities and providing a healthy workplace.

The City's future facility needs are many, with funding unlikely to be available over the near or even long-term to meet them all. A Major City Facilities Priority List will be useful to guide staff and the community as we seek funding for our many facilities needs.

Relationship to Statements of Financial Principles

The City's adopted Statements of Financial Principles has a number of points which can guide the City's future efforts in meeting its long-term facility needs. Financial Principles relating to the financing of facilities include:

- 2.a) The City will maintain a level of expenditures which will provide for the well-being and safety of the general public and citizens of the community;
- 2.b) The City will manage its financial assets in a sound and prudent manner;
- 2.c) The City will maintain and further develop programs to assure its long-term ability to pay the costs necessary to provide the highest quality service required by the citizens of Redondo Beach;
- 2.e) The City will maintain and improve its infrastructure;
- 2.f) The City will provide funding for capital equipment replacement, including a long-term technology plan, to achieve greater efficiency in its operations.

- 3.e) One-time revenues shall be used for one-time expenditures;
- 3.g) The City will continue to explore revenue raising alternatives as necessary and pursue all grants available to local government.

- 5.c) The City will set aside a reasonable and prudent amount of General Fund monies for capital improvements and repairs of various facilities, in its annual budget process.
- 5.f) The long-term operating impact of any capital improvement project must be disclosed before the project is recommended for funding.

- 10.a) Enterprise activities will be programmed to generate sufficient revenues to fully support the Enterprise's operations including debt service requirements, current and future capital needs.

These Financial Principles were considered in establishing the recommended prioritization.

Relationship to 2006 Community Opinion Survey

The City initiated a survey of residents to gauge their level of satisfaction with life and services in Redondo Beach and other matters. The survey was conducted by True North Research in October 2006, with the final report dated December 18th, 2006. A number of the highlights from the survey, as summarized below, have broad relevance to facilities planning

- When asked about what one change the City could take to make Redondo Beach a better place to live, now and in the future, the sixth highest response was improving public safety/enhancing police department (5%).

- Residents rated 20 specific services with public safety services ranked as most important, including maintaining a low crime rate, providing fire protection and prevention services, and providing emergency medical services being the top three, with providing Library services being 7th.

- The level of satisfaction with these same 20 services was also surveyed, with residents most satisfied with fire protection and prevention services, emergency medical services, and maintaining a low crime rate, among others.

- The highest ranked spending priorities included improving disaster preparedness.

- Fifty-six (56%) of voters initially indicated that they would support a $30 million public safety bond to replace deteriorating police facilities, make public safety buildings earthquake safe, improve access to the disabled, and upgrade the Emergency Operations Center.

- One of the top candidates for improvements to bolster resident satisfaction includes preparing the City for disasters.

These results would tend to reinforce that public safety facilities should be given priority, especially those facilities which are designated as essential facilities for the purpose of disaster preparedness and response.

Project Descriptions

Aquatics Center and Events Plaza – The aging facilities at Seaside Lagoon are inadequate and would require substantial reinvestment in the current structures and operation. In addition, contradictory regulations regarding water quality have adversely impacted the ability of the City to operate the current facility without running the risk of violating State water quality standards. A new replacement aquatics amenity including an events plaza have been proposed as part of a development on the Redondo Beach Marina site, though in a more southerly location adjacent to the location of a proposed boat launch. The City is currently undertaking an initial assessment of alternatives for a new aquatics center and events plaza. The initial estimates of cost range from $8 to $15 million depending upon the scope of amenities. It is anticipated that this replacement facility would be funded from Harbor Enterprise funds and development related revenues.

Anderson Park Community Center – City facilities in Anderson Park include a senior center located on School property, modular and annex buildings used for recreation and child development programs, the Boy Scout House and the Girl Scout House. The combined area of these facilities is 8,365 square feet. Over the years, there has been discussion about consolidating and expanding these facilities on the same site, in a new structure. In 1978, there was a significant amount of analysis done regarding a new community center and gymnasium in two new structures, plus a remodeled Senior Center. The total estimated cost of this scope of development was $5 million. Lack of funding did not allow the project to proceed. The 2001-2006 Capital Improvement Program included a smaller scale consolidated facility, without the gymnasium, with an estimated cost of $1.5 million. An initial $150,000 was funded in the 01/02 fiscal year, and this amount was carried over into both the 02/03 and 03/04 fiscal years. During this time, there was a series of scoping meetings, but no identified funding source for the full amount. The $150,000 in initial funding was eliminated from the CIP in the 04/05 Fiscal Year. As part of the FY 2006/07 budget, $50,000 was allocated to undertake a new Anderson Park Master Plan that will include a facilities needs assessment. In the first quarter of 2007, the City will be engaging the services of a consulting firm to undertake the Master Plan.

City Hall Replacement - The current City Hall of approximately 38,000 square feet was mostly built in 1961 with subsequent additions and has met the City's needs to a great degree for the last four decades, with some minor additions and remodeling. However, the building's design is highly inefficient in its layout and configuration due to its numerous entrances and corridors. It is difficult to secure and does not have a customer-friendly design. The building does not meet current standards for elements of life safety, including seismic safety, which could limit the ability of the structure to be used in the event of a natural disaster, thereby complicating the City's emergency response and recovery operations. Ultimately, a new facility could be constructed on the current civic center site which would have an efficient design, allow for improved customer service, and promote operational savings. In addition, certain off-site City offices, such as the Recreation & Community Services administrative offices, could potentially be consolidated into a new structure,. A three-story structure complementary to the Library building of approximately 50,000 square feet is estimated to cost $10 million. If the Police facility were relocated outside of the Civic Center area, this, together with a new City Hall on a smaller footprint may present an opportunity to make the Broadway frontage available for development. This may be a way to partially fund the cost of a replacement City Hall.

Dominguez Park Community Center – The Dominguez Park/Heritage Court Master Plan, adopted by the City Council in December of 1992, included a 3000 square foot Community Building. The building was designed to incorporate materials and forms to complement the adjacent historic structures. The building included a 2000 square foot multi-purpose room, two smaller meeting rooms, a non-commercial kitchen, restrooms and a mechanical/storage room. The estimated cost of the structure in 1992 was $360,000.

Fire Station One/Administration – Fire Administration is currently located in Fire Station One on Broadway. This facility was constructed in 1958 and was designed to accommodate 11 firefighters. Today the station supports 33 firefighters 24/7-365 days annually. While adequate for the foreseeable future, the temporary relocation of Fire Administration and suppression personnel would facilitate a remodel of the existing fire station to allow for an upgrade to current standards. In addition, the possible relocation of Fire Administration into a new Police or Public Safety facility would allow for better coordination of public safety services and some economies of scale. Fire Station One is also designated as a critical service facility in the event of a natural disaster or other emergency situation; facilities upgrades there would serve that purpose. Alternatively, Fire Administration could remain at Fire Station One if it could be accommodated as part of a remodel and expansion of the facility. However, given the constrained size of the site, this can only be determined through a specific design analysis.

A Needs Assessment was done regarding Fire Administration, Fire Station One, and the Harbor Patrol in 2002. This effort, an outgrowth of the Heart of the City Plan which did not ultimately proceed, looked at number of alternative scenarios and provides an indication of scale for each of the components. Since that time, the Fire Department has not modified its operations and is consistent with the needs assessment performed in 2002. Based on those findings, the Fire Department requires an additional 4000 square feet of Administrative & Lobby office space and an additional 3000 square feet of Firefighter living area. This would require the addition of a second story for both additions should the existing site be utilized.

Harbor Patrol Building – Currently located on Mole B, the existing facilities consist of an aging permanent structure, housing office and operational functions, and a modular unit as a residential component. A replacement facility which combines all required functions into a single contemporary structure would improve operational efficiency and address inadequacies. The Harbor Patrol facility needs were determined to be approximately 1,500 square feet of space as part of the 2002 Needs Assessment described under Fire Station One/Administration.

New Corporation Yard – The City's existing Corporation Yard on Gertruda is physically inadequate and limits the City's ability to ensure public works services are provided in the most operationally efficient manner. The existing facility is situated on two separate parcels (approximately 1.71 acres) on opposite sides of Gertruda. The City purchased a 5.36 acre parcel of land along Kingsdale Avenue in north Redondo Beach as a possible site to relocate the Corporation Yard. While this site could allow for the development of a more adequate replacement facility, the site is not centrally located and may be more valuable from an economic development perspective given its adjacency to the South Bay Galleria. An alternative concept which would provide economies of scale is the co-location of the Corporation Yard with the Parks Yard on Beryl. This more intensive scope of development on an existing City owned site would still allow for the sale and/or reuse of the Gertruda and Kingsdale sites. The westerly Gertruda parcels have already been rezoned to Residential Medium Density (RMD) and R-3. The Beryl site may not be sufficient in size to allow the Police Firing Range to continue to operate on this site, requiring relocation of the range.

North Branch Library/Hayward Center – A conceptual design has been completed for a replacement facility for the existing North Branch Library and Hayward Community Center located on Artesia Boulevard. This new facility would replace an aged and inadequate existing facility, built in 1949, as well as serve as a catalyst for the on-going revitalization of Artesia Boulevard. The estimated cost of this new 12,000 square foot facility is $5,800,000. The City Council has set-aside $1,895,000 of the amount needed. The Library Foundation's fundraising efforts have raised approximately $620,000 to date. The City has also been pursuing other funding sources, including a County-related source. The recent failure of a statewide Library Bond issue has eliminated one possible outside funding source for the near future.

Police Building - The current Police Facility, built in 1959, is overcrowded and does not provide a working environment that meets contemporary standards for law enforcement. The Police Department's Investigations Division is housed in leased facilities across the street. The Parking Enforcement Unit is located within City Hall. The Property and Evidence Unit's warehouse is located on property across from the City Yard and the officer's report writing room is located within a trailer in the police department's rear parking lot. The existing station in the Civic Center does not meet current standards for elements of life safety, including seismic safety, and falls short of the desirable standards for a critical response facility necessary to address the needs of the community in the event of a natural or other disaster. Main deficiencies include a non-conforming jail, inefficiencies due to non-consolidation of staff and facilities, a lack of customer and employee parking, an inefficient layout that does not promote public accessibility, and inadequate facilities. Past needs assessments have suggested that approximately 75,000 square feet would provide for an efficient and contemporary facility. The estimated cost of such a facility is approximately $30,000,000. The majority of the funding would have to be generated from existing or new City resources such as a voter-approved bond issue. One option would be the City's possible acquisition of the Redondo Beach Unified School District property at 200 PCH which currently houses the Police Investigations Division as a site for a new Police Facility. This 2.49 acre site is in close proximity to the existing Civic Center. Building a new facility at a new site would eliminate the attendant costs and impacts on existing police operations during construction.

Transit Center – Possible development of a new Transit Center to replace the inadequate facility at the South Bay Galleria has been on the drawing board for some time. A new Transit Center located off Catalina was a key component of the failed Heart of the City Plan, and at that time the City was successful in securing a Federal Earmark of funds totaling $2,240,317 for its development. The City Council recently engaged the City's Federal lobbyist to secure an extension while the City explores alternative locations for a new Transit Center. One option is the existing City-owned parcel on Kingsdale. However, use of that parcel is dependent on the City's final determination of the new Corporation Yard and the finalization of expansion plans for the Galleria. The scope of a new Transit Center at minimum would be 14 bus bays instead of the 8 currently at the Galleria. Other elements of the project would include parking, layover areas, landscaping, lighting, shelters, and benches at an estimated cost of $3,000,000. While a portion of this would be federally funded, there would be a local match of 20% required, though this could possibly be secured from MTA or another local source. This cost estimate does not include land cost with a 3 to 3.5 acre site needed for a stand-alone facility.

Relationship to Existing Five Year Capital Improvement Program

The adopted Five Year Capital Improvement Program for 2006 to 2011 includes partial funding for two projects: the North Branch Library and Hayward Center, and the Aquatics Center & Events Plaza. For the North Brach Library, of the $5,789,530 in estimated cost, only $1,895,000 in City funds set-aside and $620,000 of the $700,000 in funds to be raised by the Library Foundation are currently available. The remaining $3,194,530 was anticipated to have been made available through the Statewide Library Bond. There is $412,460 in Tidelands Funds budgeted for planning and design of a Boat Launch. The Aquatics Center & Events Plaza has carryover funds available from 2005/06 totalling $1,045,439 as follows: $117,000 for Seaside Lagoon Outfall Improvements, $288,493 for Seaside Lagoon Restroom Improvement, and $640,000 for Seaside Lagoon Water Recirculation.

Three other facility projects as summarized below are on the Unfunded and Underfunded CIP Projects List:

Project	Estimated Cost	Funding Source
Corporation Yard	$8,000,000	Capital Projects Fund (General Fund)
Police Facility	$29,398,450	Bonds
Combination Headquarters Fire & Harbor Patrol	$10,425,000	Grants

(Pages xviii and xix of 2006-2011 CIP)

Evaluation Factors

In order to prioritize facility needs, staff developed evaluation factors against which each proposed facility was reviewed. These factors were as follows:

Health & Safety – Facility improvements which would enhance the City's ability to improve public health or safety directly or which would enhance public health and safety services would have highest priority. This would include facilities which have an emergency services/operational role designated as "Essential Facilities." Elimination of hazards such as buildings which do not meet seismic standards or other critical functionality requirements should also rank high. Physical security of City facilities was also not a factor in their original design to the level needed in today's post 9/11 world.

Operational Efficiency - Projects rank high in this area if one result would be significant operating savings and/or reduced maintenance costs. Addressing federal or state mandates would be a positive factor. This would include replacing buildings with inefficient layouts or space usage with more efficient structures.

Financial Feasibility – Facilities which have identifiable funding streams, especially from outside sources such as fees or grants, would rate higher. Reduced operating or maintenance costs would also be a factor to consider. An ability for a portion of the facility development costs to be self-financed through better utilization of an existing property would also result in a higher rating.

Employee Welfare - Providing employees with a safe and healthy workplace is not only a federal and state mandate, but it also a best practice in order to assist the City in becoming an employer of choice with related productivity enhancements and an ability to provide enhanced services.

Economic Development Benefit – Projects which would have a direct economic development benefit such as serving as a catalyst for other reinvestment in an area or which would result in another public asset being freed-up for direct economic development purposes would be viewed more favorably.

Revenue Generation - Future City facilities may provide an opportunity for direct or indirect revenue generation. For example, commercial lease space could be developed as part of a facility, or elements of a facility may be used on a contract basis by another agency. Alternatively, development or relocation of a facility may free-up an existing site for a revenue generating use.

Customer Service Enhancement - The City's ability to provide one-stop or more efficient customer service is limited due to the age and design of City facilities. Some operations are in completely separate structures thereby further frustrating customers who may have to visit more than one place in the conduct of business.

City Facilities Needs List

Facility	*Square Footage*	*Cost Est.*	*Proposed Location*	*Financing Opportunities*	*Current Status*	*Factors*
Aquatics Center & Events Plaza	TBD	$8,000,000 to $15,000,000	Redondo Beach Marina Leasehold	Tidelands Uplands	Conceptual design effort underway	Health & Safety Operational Efficiency Financial Feasibility Economic Development Benefit Revenue Generation
Anderson Park Community Center	8,365 current	$4,000,000	Anderson Park	General Fund Grants Quimby Fees	Prior conceptual plans developed; new needs assessment underway	Customer Service Enhancement Operational Efficiency Health & Safety
City Hall Replacement	38,186 current 50,000 proposed	$10,000,000	Current Site	General Fund Enterprise Funds Bonds	No activity	Health & Safety Operational Efficiency Employee Welfare Customer Service Enhancement
Dominguez Park Community Center	2,000 proposed	$600,000	Heritage Court area	General Fund Grants Quimby Fees	Master plan approved in 1992, no activity since	Customer Service Enhancement
Fire Station One/ Administration	10,506 current 7,000 addition	$2,500,000	Current Site or Fire Admin co-located with Police	General Fund Grants Bonds	Alternative concepts developed as part of Heart of the City effort; no current activity	Health & Safety Operational Efficiency Financial Feasibility Employee Welfare Customer Service Enhancement

Facility	*Square Footage*	*Cost Est.*	*Proposed Location*	*Financing Opportunities*	*Current Status*	*Factors*
Harbor Patrol Building	1,400 current 1,500 proposed	$750,000	Mole B	Tidelands Grants	Conceptual facility scoped as part of Heart of the City; no current activity	Health & Safety Operational Efficiency Financial Feasibility Employee Welfare Customer Service Enhancement
New Corporation Yard	6,800 current	$8,000,000	Consolidated with City Parks Yard	General Fund Enterprise Funds	Conceptual design developed for Beryl site	Health & Safety Operational Efficiency Financial Feasibility Employee Welfare Economic Development Benefit Revenue Generation Customer Service Enhancement
North Branch Library and Hayward Center	4,284 current 12,000 proposed	$5,800,000	Current Site	General Fund Foundation Funds Grants Library Bond	Conceptual design completed; Foundation fundraising underway	Operational Efficiency Financial Feasibility Employee Welfare Economic Development Benefit Customer Service Enhancement
Police Building	25,453 current 5,500 current leased 75,000 proposed	$30,000,000	Current Location or Alternate to be Identified	General Fund Grants	Multiple needs assessments completed, last update in 2004	Health & Safety Operational Efficiency Financial Feasibility Employee Welfare Economic Development Revenue Generation Customer Service Enhancement

Facility	*Square Footage*	*Cost Est.*	*Proposed Location*	*Financing Opportunities*	*Current Status*	*Factors*
Transit Center	TBD	$3,000,000 (not including land acquisition)	To be Determined	Grants Transit Funds	Federal earmarks need to be extended; concept developed for Kingsdale site	Operational Efficiency Customer Service Enhancement

Conclusions

Opportunities exist for the City to invest in the upgrading of its major public facilities over time. Currently, the City does not have resources available in the operating budget, especially the General Fund, to adequately maintain and repair the diverse number of existing City facilities. As such, adding new facilities, especially those which do not have a dedicated source of funding for on-going maintenance and repair, is not advised. However, replacement of existing facilities, which will result in improved operational efficiencies and can be financed in a manner which enhances the City's bottom line should be pursued. Those facilities critical to providing the highest priority services should be considered first. This initial effort to provide a major City Facilities Priority List establishes a framework for setting out which projects should be pursued based upon evaluation factors which address broader City goals. Again, this general prioritization will ultimately be influenced by many external and internal factors, such the availability of outside funding. It is anticipated that multiple projects can be pursued to certain preliminary levels depending upon staff and financial resources in order for the City to be positioned to move forward with a project when circumstances are best. For example, having facilities conceptually designed, or even investing in the development of working drawing so that you have a shelf ready project, could mean that outside funding is more likely to be secured in a competitive process.

Given the need to maintain a flexible approach to the prioritization of major public facilities, a tiered listing with projects listed alphabetically in each tier has been developed. The priority list resulting from this analysis and the evaluation factors identified is as follows:

Tier One

Aquatics Center & Events Plaza
New Corporation Yard
North Branch Library
Police Building

Tier Two

City Hall Replacement
Harbor Patrol Building
Fire Station One/Administration

Tier Three

Anderson Park Community Center
Dominguez Park Community Center
Transit Center

Administrative Report

Council Action Date: April 20, 2010

To: **MAYOR AND CITY COUNCIL**

From: **AARON JONES, PLANNING DIRECTOR**

Subject: **ADOPTION OF ORDINANCE NO. 3050-10 AMENDING THE COASTAL ZONING ORDINANCE**

RECOMMENDATION

Adopt the following Ordinance No. 3050-10 by title only:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH AMENDING SECTIONS 10-5.811 AND 10-5.1900 OF THE COASTAL ZONING ORDINANCE TO INCORPORATE THE SUGGESTED MODIFICATIONS REQUIRED BY THE CALIFORNIA COASTAL COMMISSION IN THEIR JULY 9, 2009 APPROVAL AND CERTIFICATION ACTION

EXECUTIVE SUMMARY

On April 6, 2010 the City Council held a public hearing on the Harbor/Pier Zoning and Land Use Plan amendments and introduced an Ordinance amending the Coastal Zoning Ordinance to incorporate modifications required by the California coastal Commission. The attached Ordinance is now ready for adoption.

COORDINATION

The Planning Department and City Attorney's Office have coordinated on this item.

FISCAL IMPACT

The cost for processing zoning and Land Use Plan amendments is included within the Planning Department's portion of the adopted 2009-2010 Annual Budget and is part of the department's annual work program.

Submitted by:

Aaron Jones
Planning Director
ajones

Approved for forwarding by:

Office of the City Manager

Attachment:

- Ordinance No. 3050-10 Amending the Coastal Zoning Ordinance

E5

ORDINANCE NO. 3050-10

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH AMENDING SECTIONS 10-5.811 AND 10-5.1900 OF THE COASTAL ZONING ORDINANCE TO INCORPORATE SUGGESTED MODIFICATIONS REQUIRED BY THE CALIFORNIA COASTAL COMMISSION IN THEIR JULY 9, 2009 APPROVAL AND CERTIFICATION ACTION

WHEREAS, the City Council passed, approved, and adopted Ordinance No. 3013-08, enacting certain amendments to the Redondo Beach Coastal Zoning Ordinance and Zoning Map on May 6, 2008; and

WHEREAS, in order to secure certification of the City's Local Coastal Program ("LCP") under the Coastal Act, the City Council approved the submittal of the foregoing amendments to the City's Coastal Zoning Ordinance and Zoning Map, along with amendments to the City's Coastal Land Use Plan ("LUP"), by Resolution CC-0805-48-CC on May 6, 2008; and

WHEREAS, the LCP amendments, including the Coastal Zoning Ordinance and Zoning Map amendments, were submitted to the California Coastal Commission South Coast District Office and deemed complete and in proper order for filing pursuant to Section 30510(b) of the Coastal Act on June 13, 2008; and

WHEREAS, the Coastal Commission suggested modifications to the LCP, including the Coastal Zoning Ordinance and Zoning Map amendments, to comply with Public Resources Code Chapter 3 Sections 30200 et seq., based upon its authority under Public Resources Code Sections 30512(b) and 30512.2; and

WHEREAS, the California Coastal Commission approved LCP Amendment No. 2-08, including the Coastal Zoning Ordinance and Zoning Map amendments, subject to acceptance of the suggested modifications on July 9, 2009; and

WHEREAS, the California Coastal Commission sent notice to the City of Redondo Beach informing the City that LCP Amendment No. 2-08 with modifications will not be deemed final and effective, for the purpose of delegating to the City development review authority provided for in Chapter 7 of the Coastal Act and the ability to issue coastal development permits pursuant to Public Resources Code Section 30519, until the City complies with the requirements under Title 14, California Code of Regulations, Section 13544; and

WHEREAS, to certify the LCP under the Coastal Act, Title 14, California Code of Regulations, Section 13544, requires the City to accept and agree to any modifications and take whatever formal action is required to satisfy the terms and modifications.

THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY FIND AS FOLLOWS:

SECTION 1. FINDINGS.

A. At the time of adoption of Ordinance No. 3013-08, the City Council considered the information contained in the initial study for the proposed zoning amendments (Initial Environmental Study No. 2007-03-IIES-003) and found that all potentially significant environmental effects that may result from the Coastal Zoning Ordinance amendments had been analyzed adequately in an earlier certified EIR for the former Heart of the City project ("EIR"), and further found that the proposed amendments will have no impact on Fish and Game resources pursuant to Section 21089(b) of the Public Resources Code. The amendments enacted by this Ordinance impose certain additional standards and restrictions on development authorized by the Coastal Zoning Ordinance but do not permit any additional, different, or more intensive development than permitted by the zoning amendments enacted in Ordinance No. 3013-08. The City Council, therefore, finds that all potential significant environmental effects of the Coastal Zoning Ordinance amendments, as herein enacted, are adequately addressed in the certified EIR and that the amendments herein will not result in any new significant environmental effects nor a substantial increase in the severity of any environmental effects beyond the effects of the project analyzed in the EIR and the effects of the Coastal Zoning Ordinance as amended by the City Council in May, 2008. Therefore, the City Council further finds that a supplemental or subsequent EIR is not required.

B. The amendments to the Coastal Zoning Ordinance are consistent with the Coastal Land Use Plan, the Harbor/Civic Center Specific Plan and Comprehensive General Plan of the City.

C. The amendments to the Coastal Zoning Ordinance enacted by this measure will not affect the residential density, intensity of permissible development or traffic impacts of existing or permitted development in the City. The City Council has therefore determined that these amendments do not constitute Major Changes in Allowable Use with the meaning of Article XXVII of the City Charter of the City of Redondo Beach, and do not require approval of the voters to become effective.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

SECTION 2. The City Council hereby finds that the above recitals are true and correct and incorporates the recitals herein by reference as if set forth in full.

SECTION 3. Section 10-5.811, Article 2, Chapter 5, Title 10 of the Redondo Beach Municipal Code is hereby reenacted as amended to read as follows, consistent with Coastal Commission Suggested Modification No.15:.

"10-5.811 Additional land use regulations, CC coastal commercial zones.

(a) **Offices.**

(1) **CC-1 zone.** Offices are prohibited on International Boardwalk and on the Pier, except that offices for the management and operation of on-site facilities may be permitted on the Pier above the ground floor.

(2) **CC-3 and CC-4 zones.** Offices shall be located above the ground floor, except that marine-related offices, visitor-serving offices, and offices for management and operation of on-site facilities may be permitted on the ground floor. Offices shall not be the primary use within a master leasehold area or on sites that are not master leasehold areas.

(b) **Hotels.** Limited Use Overnight Visitor Accommodations (such as Timeshares, Condominium Hotels, and Fractional Ownership Hotels) shall be subject to conditions as determined through the Conditional Use Permit process and to the following requirements to ensure that the hotels are a visitor-serving use and that a broad range of visitor accommodations including lower cost accommodations is available in the Coastal Zone.

(1) Any hotel rooms for which a certificate of occupancy has been issued at the effective date of adoption of this Section shall not be permitted to be converted to a Limited Use Overnight Visitor Accommodation.

(2) Limited Use Overnight Visitor Accommodations shall be limited to no more than 25% of total new guestrooms (units) developed within a master leasehold area or on sites that are not master leasehold areas. All other guestrooms (units) shall be available to the general public on a daily, year-round basis.

(3) **Fractional Ownership Hotel.** Fractional ownership hotels may be permitted in the CC-2, CC-3, and CC-4 Coastal Commercial zones, except on State Tidelands, and shall be conditioned as follows:

a. A minimum of 25% of the total number of guestrooms (units) within the Fractional Ownership Hotel facility shall be available to the general public as traditional use hotel rooms year-round. A maximum of 75% of the total number of units within the facility may be owned by separate individual entities on a fractional time basis. Fractional interests sold shall not exceed three month (1/4) intervals within any one-year period.

b. The hotel owner/operator shall retain control and ownership of all structures, recreational amenities, meeting space, restaurants, "back of house" and other non-guest facilities.

c. The facility shall have an on-site hotel operator to manage rental of all guestrooms/units.

d. The non-fractional use guestrooms (units) shall be available to the general public on a daily, year-round basis.

e. The hotel operator shall manage all guestrooms/units as part of the hotel inventory, which management shall include the booking of reservations, mandatory front desk check-in and check-out, maintenance, cleaning services and preparing units for use by guests and owners.

f. When an individual owner chooses not to occupy his/her unit, that unit shall be added to the pool of hotel rooms available to the general public.

g. Fractional time owners shall have limited rights to use their units including a maximum use of 90 days per calendar year with a maximum of 30 consecutive days of use

during any 60 day period and a maximum of 30 days during the summer season (beginning the day before the Memorial Day weekend and ending the day after Labor Day.)

h. The hotel operator shall maintain record of usage by owners and renters and rates charged for all units, and shall be responsible for reporting Transient Occupancy Taxes based on record of use for all units, a service for which the hotel operator may charge the unit owner a reasonable fee.

i. No portion of the Fractional Ownership Hotel (neither fractional units nor traditional hotel units) may be converted to full time occupancy condominium or any other type of Limited Use Overnight Visitor Accommodations or other project that differs from the approved hotel units.

j. When an owner of a fractional interest in a unit chooses not to occupy his/her unit for any portion of the time allotted to him/her, that unit shall be available to the general public on the same basis as the traditional hotel units.

k. The hotel owner/operator shall be required to submit, prior to issuance of a coastal development permit, for the review and approval of the Harbor Director, a Declaration of Restriction or CC & R's (Covenants, Conditions, & restrictions), either of which shall include:

1. All the specific restrictions listed in subsections a through k above;

2. Acknowledgement that these same restrictions are independently imposed as condition requirements of the coastal development permit;

3. A statement that provisions of the Declaration/CC & R's that reflect the requirements of a through m above cannot be changed without approval of an LCP amendment by the Coastal Commission and subsequent coastal development permit amendment. However, minor changes that do not conflict with subsections a through m above may be processed as an amendment to the coastal development permit, unless it is determined by the Harbor Director that an amendment is not legally required. If there is a section of the Declaration/CC&R's related to amendments, and the statement provided pursuant to this paragraph is not in that section, then the section on amendments shall cross-reference this statement and clearly indicate that it controls over any contradictory statements in the section of the Declaration/CC&R's on amendments.

4. The CC & R's or Declaration of Restrictions described above shall be recorded against all individual property titles simultaneously with the recordation of the condominium airspace map.

l. The hotel owner/operator or any successor-in-interest hotel owner/operator shall maintain the legal ability to ensure compliance with the terms and conditions stated above at all times in perpetuity and shall be responsible in all respects for ensuring that all parties subject to these restrictions comply with the restrictions. Each owner of a fractional interest in a unit is jointly and severally liable with the hotel owner/operator for violations of the terms and conditions hereof imposed by the special conditions of the coastal development permit. Violations of the coastal development permit can result in penalties pursuant to Public Resources Code Section 30820.

m. All documents related to the marketing and sale of fractional interest units, including marketing materials, sales contracts, deeds, CC & R's and similar documents, shall notify buyers of the following:

1. The owners of a fractional interest in a unit are jointly and severally liable with the hotel owner/operator for any violations of the terms and conditions hereof imposed by the coastal development permit.

2. The occupancy of the units is restricted to 90 days per calendar year with a maximum of 30 consecutive days of use during any 60 day period and a maximum of 30 days during the summer season (beginning the day before the Memorial Day weekend and ending the day after Labor Day.), and when not in use by the owner, the unit shall be made available for rental by the hotel operator to the general public and that the coastal development permit contains additional restrictions on use and occupancy.

n. The hotel owner/operator and any successor-in-interest hotel owner/operator, and each future owner of a fractional interest in a unit shall obtain, prior to sale of a fractional interest, a written acknowledgement from the buyer that occupancy by the owner is limited to 90 days per calendar year and a maximum of 30 consecutive days of use during any 60 day period and a maximum of 30 days during the summer season (beginning the day before the Memorial Day weekend and ending the day after Labor Day), that the unit must be available for rental by the hotel operator to the general public when not occupied by the owner, and that there are further restrictions on use and occupancy in the coastal development permit and the CC & R's or Declaration of Restrictions.

o. The hotel owner/operator and any successor-in-interest hotel owner/operator shall monitor and record hotel occupancy and use by the general public and the owners of a fractional interest in a unit throughout each year. The monitoring and record keeping shall include specific accounting of owner usage for each individual guestroom/unit. The records shall be sufficient to demonstrate compliance with restrictions set forth above in this section. The hotel owner/operator shall also maintain documentation of rates paid for hotel occupancy and of advertising and marketing efforts. All such records shall be maintained for ten years and shall be made available to the City, and to the Executive Director of the Coastal Commission upon request and to the auditor required by subsection p below. Within 30 days of commencing hotel operations, the hotel owner/operator shall submit notice to the Harbor Director and to the Executive Director of the California Coastal Commission of commencement of hotel operations.

p. Within 90 days of the end of the first calendar year of hotel operations, and within 90 days of the end of each succeeding calendar year, the hotel owner/operator shall retain an independent auditing company, approved by the Harbor Director, to perform an audit to evaluate compliance with special conditions of the coastal development permit which are required by this Section regarding notice, record keeping, and monitoring of the Fractional Interest Hotel. The audit shall evaluate compliance by the hotel owner/operator and owners of fractional interests in a unit during the prior calendar year period. The hotel owner/operator shall instruct the auditor to prepare a report identifying the auditor's findings, conclusions and evidence relied upon, and such report shall be submitted to the Harbor Director, for review and approval, and shall be available to the Executive Director of the Coastal Commission upon request, within six months after the conclusion of each one year period of hotel operations. After the initial five calendar years, the one-year audit period may be extended to two years

upon written approval of the Harbor Director. The Harbor Director may grant such approval if each of the previous audits revealed compliance with all restrictions imposed above.

(4) **Condominium-Hotel.** Condominium-hotels may be permitted in the CC-2, CC-3, and CC-4 Coastal Commercial zones, except on State Tidelands, and shall be conditioned as follows:

a. The hotel owner/operator shall retain control and ownership of all structures, recreational amenities, meeting space, restaurants, "back of house" and other non-guest facilities.

b. The facility shall have an on-site hotel operator to manage rental of all guestrooms/units. Whenever any individually owned hotel unit is not occupied by its owner(s), that unit shall be available for hotel rental by the general public on the same basis as a traditional hotel room.

c. The hotel operator shall market and advertise all rooms to the general public. Unit owners may also independently market and advertise their units but all bookings of reservations shall be made by and through the hotel operator.

d. The hotel operator shall manage all guestrooms/units as part of the hotel inventory, which management shall include the booking of reservations, mandatory front desk check-in and check-out, maintenance, cleaning services and preparing units for use by guests and owners, a service for which the hotel operator may charge the unit owner a reasonable fee.

e. If the hotel operator is not serving as the rental agent for an individually owned unit, then the hotel operator shall nevertheless have the right, working through the individually owned units' owners or their designated agents, to book any unoccupied room to fulfill demand, at a rate similar to comparable accommodations in the hotel. The owner or an owner's rental agent may not withhold units from use. In all circumstances, the hotel operator shall have full access to the condominiums' reservation and booking schedule so that the operator can fulfill its booking and management obligations hereunder.

f. All guestroom/unit keys shall be electronic and created by the hotel operator upon each new occupancy to control the use of the individually owned units.

g. Unit owners shall not discourage rental of their unit or create disincentives meant to discourage rental of their unit.

h. All individually owned hotel units shall be rented a rate similar to that charged by the hotel operator for the traditional hotel rooms of a similar class or amenity level.

i. The hotel operator shall maintain record of usage by owners and renters and rates charged for all units, and shall be responsible for reporting Transient Occupancy Taxes based on records of use for all units, a service for which the hotel operator may charge the unit owner a reasonable fee.

j. Each individually owned hotel unit shall be used by its owner(s) (no matter how many owners there are) for not more than 90 days per calendar year with a maximum of 30 consecutive days of use during any 60 day period and a maximum of 30 days during the

summer season (beginning the day before the Memorial Day weekend and ending the day after Labor Day.)

k. The use period limitations identified in subsection j above, shall be unaffected by multiple owners or the sale of a unit to a new owner during the calendar year, meaning that all such owners of any given unit shall be collectively subject to the use restriction as if they were a single, continuous owner.

l. No portion of the Condominium-Hotel may be converted to full-time occupancy condominium or any other type of Limited Use Overnight Visitor Accommodations or other project that differs from the approved Condominium-Hotel.

m. The hotel owner/operator shall be required to submit, prior to the issuance of a coastal development permit, for the review and approval of the Harbor Director, a Declaration of Restrictions or CC & R's (Covenants, Conditions & Restrictions), either of which shall include:

1. All the specific restrictions listed in subsections a through l above;

2. Acknowledgement that these same restrictions are independently imposed as condition requirements of the coastal development permit;

3. A statement that provisions of the Declaration/CC & R's that reflect the requirements of a through m above cannot be changed without approval of an LCP amendment by the Coastal Commission and subsequent coastal development permit amendment. However, minor changes that do not conflict with subsections a through l above may be processed as an amendment to the coastal development permit, unless it is determined by the Harbor Director that an amendment is not legally required. If there is a section of the Declaration/CC&R's related to amendments, and the statement provided pursuant to this paragraph is not in that section, then the section on amendments shall cross-reference this statement and clearly indicate that it controls over any contradictory statements in the section of the Declaration/CC&R's on amendments.

n. The CC & R's or Declaration of Restrictions described above shall be recorded against all individual property titles simultaneously with the recordation of the condominium airspace map.

o. The provisions of the CC & R's or Declaration of Restrictions described above shall not be changed without approval of an amendment to the LCP by the Coastal Commission. However minor changes that do not conflict with subsections a through n above may be processed as an amendment to the coastal development permit, unless it is determined by the Harbor Director that an amendment is not legally required.

p. The hotel owner/operator or any successor-in-interest hotel owner/operator shall maintain the legal ability to ensure compliance with the terms and conditions stated above at all times in perpetuity and shall be responsible in all respects for ensuring that all parties subject to these restrictions comply with these restrictions. Each owner of an individual guest room/condominium unit is jointly and severally liable with the hotel owner-operator for any and all violations of the terms and conditions imposed by the special conditions of the coastal development permit with respect to the use of that owner's unit. Violations of the coastal development permit can result in penalties pursuant to Public Resource Code Section 30820.

q. All documents related to the marketing and sale of the condominium interests, including marketing materials, sales contracts, deeds, CC & R's and similar documents, shall notify buyers of the following:

1. Each owner of any individual hotel unit is jointly and severally liable with the hotel owner-operator for any violations of the terms and conditions of the coastal development permit with respect to the use of that owner's unit; and

2. The occupancy of the units by owner(s) is restricted to 90 days per calendar year with a maximum of 30 consecutive days of use during any 60 day period and a maximum of 30 days during the summer season (beginning the day before the Memorial Day weekend and ending the day after Labor Day.), and when not in use by the owner, the unit shall be made available for rental by the hotel operator to the general public per the terms of the coastal development permit and that the coastal development permit contains additional restrictions on use and occupancy.

r. The hotel owner/operator and any successor-in-interest hotel owner and operator, and each future individual unit owner shall obtain, prior to sale of individual units, a written acknowledgement from the buyer that occupancy by the owner is limited to 90 days per calendar year with a maximum of 30 consecutive days of use during any 60 day period and a maximum of 30 days during the summer season (beginning the day before the Memorial Day weekend and ending the day after Labor Day), that the unit must be available for rental by the hotel operator to the general public when not occupied by the owner, and that there are further restrictions on use and occupancy in the coastal development permit and the CC & R's or Declaration of Restrictions.

s. The hotel owner/operator and any successor-in-interest hotel owner/operator shall monitor and record hotel occupancy and use by the general public and the owners of a fractional interest in a unit throughout each year. The monitoring and record keeping shall include specific accounting of owner usage for each individual guestroom/unit. The records shall be sufficient to demonstrate compliance with the restrictions set forth above in this section. The hotel owner/operator shall also maintain documentation of rates paid for hotel occupancy and of advertising and marketing efforts. All such records shall be maintained for ten years and shall be made available to the City, and to the Executive Director of the Coastal Commission upon request and to the auditor required by subsection t below. Within 30 days of commencing hotel operations, the hotel owner/operator shall submit notice to the Harbor Director and to the Executive Director of the California Coastal Commission of commencement of hotel operations.

t. Within 90 days of the end of the first calendar year of hotel operations, and within 90 days of the end of each succeeding calendar year, the hotel owner-operator shall retain an independent auditing company, approved by the Harbor Director, to perform an audit to evaluate compliance with special conditions of the coastal development permit which are required by this Section regarding occupancy restrictions, notice, recordkeeping, and monitoring of the Condominium-Hotel. The audit shall evaluate compliance by the hotel owner/operator and owners of individual hotel units during the prior one-year period. The hotel owner/operator shall instruct the auditor to prepare a report identifying the auditor's findings, conclusions and the evidence relied upon, and such report shall be submitted to the Harbor Director, for review and approval, and shall be available to the Executive Director of the Coastal Commission upon request, within six months after the conclusion of each one year period of hotel operations.

After the initial five calendar years, the one-year audit period may be extended to two years upon written approval of the Harbor Director. The Harbor Director may grant such approval if each of the previous audits revealed compliance with all restrictions imposed above.

u. A coastal development permit application for a Condominium-Hotel shall include a plan specifying how the requirements outlined in this section will be implemented. The plan must include, at a minimum, the form of the sale, deed and CC & R's/Declaration of Restrictions that will be used to satisfy the requirements and the form of the rental program agreement to be entered into between the individual unit owners and the hotel owner/operator. The plan must demonstrate that the applicant will establish mechanisms that provide the hotel operator and any successor-in-interest hotel operator adequate legal authority to implement the requirements of this section. An acceptable plan meeting these requirements shall be incorporated into the special conditions of approval of any coastal development permit for a Condominium-Hotel. Any proposed changes to the approved plan and subsequent documents pertaining to compliance with and enforcement of the terms and conditions required by this section including deeds and CC&R's/Declaration of Restrictions shall not occur without an amendment to the coastal development permit, unless it is determined by the Harbor Director that an amendment is not legally required.

(5) **Timeshares.** Timeshares may be permitted in the CC-2, CC-3 and CC-4 Coastal Commercial zones, except on State Tidelands, and shall be conditioned as follows:

a. Management of the timeshare facility shall ensure that at least 25% of the units within any given facility shall be made available each day for transient overnight accommodations during the summer season (beginning the day before the Memorial Day weekend and ending the day after Labor Day).

b. The timeshare facility shall operate as a hotel including requirements for a centralized reservations system, check-in services, advertising, security, and daily housecleaning.

c. No person shall occupy any unit or units within a given facility for more than 60 days per calendar year and no more than 30 days during the summer season (beginning the day before the Memorial Day weekend and ending the day after Labor Day).

(6) Prior to issuance of a coastal development permit for any type of hotel facility, the landowner(s) of the property(ies) or hotel owner on a leasehold upon which the existing and/or approved traditional hotel units/rooms (i.e. transient hotel rooms) are or will be developed shall execute and record a deed restriction(s), subject to the review and approval of the Harbor Director and the Executive Director of the Coastal Commission, which prohibits the conversion of traditional hotel units/rooms to any other type of ownership (e.g. limited use overnight visitor accommodations). The deed restriction(s) shall run with the land, shall be executed and consented to by the existing lessee(s) of the affected property(ies) and shall be binding on the landowner(s), lessee(s), and on all successors and assigns of the landowner(s) and lessee(s), including without limitation any future lienholders. The deed restriction(s) shall not be removed or changed without approval of an amendment to the LCP by the Coastal Commission and to the underlying coastal development permit.

(7) If the hotel owner and the hotel operator at any point become separate entities, the hotel owner and the hotel operator shall be jointly and severally responsible for ensuring compliance with the requirements identified above. If the hotel owner and hotel

operator become separate entities, they shall be jointly and severally liable for violations of the terms and conditions (restrictions) identified above.

(8) **In Lieu Fee Required.** Lower cost visitor accommodations shall be protected, encouraged, and where feasible provided. In the Coastal Zone when demolition of existing lower cost overnight visitor accommodations or when Hotels or Limited Use Overnight Visitor Accommodations are proposed that include high-cost overnight visitor accommodations, an in-lieu fee in an amount necessary to off-set the lack of the preferred lower cost facilities in Redondo Beach shall be imposed. The fee shall be $30,000 per room that mitigation is required for, and the fee shall be adjusted annually to account for inflation according to increases in the Consumer Price Index U.S. City Average. If as a part of a proposed development all units for which an in-lieu fee would be required are replaced by lower cost overnight visitor accommodations within the Coastal Zone of Redondo Beach, the in-lieu fee shall be waived.

An in-lieu fee shall be required for new development of overnight visitor accommodations in the coastal zone that are not low or moderate cost facilities. These in-lieu fee(s) shall be required as a condition of approval of a coastal development permit, in order to provide significant funding to support the establishment of lower cost overnight visitor accommodations within the coastal area of Los Angeles County, and preferably within the City of Redondo Beach's coastal zone. The fee shall apply to 25% of the total number of proposed units that are high-cost overnight visitor accommodations or limited use overnight visitor accommodations.

When referring to any overnight visitor accommodations, lower cost facilities shall be defined as any facility with room rates that are below 75% of the Statewide average room rate, and higher cost facilities shall be defined as any facility with room rates that are 125% above the Statewide average room rate. Statewide average room rates can be calculated by the Smith Travel Research website (www.visitcalifornia.com) or other analogous method used to arrive at an average Statewide room rate value.

An in-lieu fee shall be required for any demolition of existing lower cost overnight visitor accommodations, unless all those units are replaced by lower cost overnight visitor accommodations, in which case the in-lieu fee shall be waived. This in-lieu fee shall be required as a condition of approval of a coastal development permit, in order to provide significant funding to support the establishment of lower cost overnight visitor accommodations within the coastal area of Los Angeles County, and preferably within the City of Redondo Beach's coastal zone. A per-unit fee for the total number of existing lower cost overnight units that are demolished and not replaced shall be required.

Where a proposed development includes both demolition of existing low cost overnight visitor accommodations and their replacement with high cost overnight visitor accommodations, the fee shall also apply to the 25% of the number of high cost rooms/units in excess of the number being lost.

Prior to issuance of the coastal development permit, and upon execution of an appropriate agreement between the City and the designated recipient that assures use of the in-lieu fee to assist in the creation of lower cost overnight visitor accommodations within the nearby coastal region, the applicant shall transfer the fee to the entity designated by the agreement.

(c) **Tidelands.** (lands west of the mean high tide line as defined in the City's Tidelands Trust agreement, and other parcels so designated excluding those parcels removed by the State's 1971 amendment to the City's Tideland Trust agreement). Permitted uses shall

be limited to those uses dedicated to public trust purposes consistent with state law. Office uses shall not be permitted except for the management and operation of on-site facilities.

(d) **Mole B.** The primary permitted uses on Mole B shall be for boating facilities (such as boating clubs, boating instruction, boat storage, Harbor Patrol, and similar support facilities); and parks and recreation and public open space. Other public uses supporting these primary uses may be permitted.

(e) **Water portion of leasehold areas.** Marinas and boating facilities in the water portion of the harbor area shall be subject to a Conditional Use Permit with all development standards determined by the decision-making body. Water areas shall not be included in calculations of floor area ratio."

SECTION 4. Section 10-5.1900, Article 7, Chapter 5, Title 10 of the Redondo Beach Municipal Code is hereby reenacted as amended to add subsection (h) to read as follows, consistent with Coastal Commission Suggested Modification No.16:

"10-5.1900 Landscaping regulations.

(a) **Purpose.** The purpose of this section is to establish standards for installation of landscaping in order to enhance the aesthetic appearance of properties within the City, ensure the quality, quantity, and appropriateness of landscape materials, effect a functional and attractive design, improve compatibility between land uses, conserve water, control soil erosion, and preserve the character of existing neighborhoods.

(b) **Criteria.** Planting areas within development projects for which a landscape plan is required pursuant to subsection (c) of this section shall comply with the following criteria:

(1) **Plant location.**

a. All required setbacks shall be landscaped with live plants except for walkways, driveways, parking areas and patio areas. Non-organic groundcover shall not be used in place of plant material in planter areas unless utilized as a decorative accent.

b. Plants shall be grouped according to similar water needs.

c. Plants shall not interfere with safe sight distances or otherwise block vehicular, bicycle or pedestrian traffic, or conflict with the installation, maintenance, or repair of any public utility.

d. A planting area a minimum of eighteen (18) inches in width shall separate a building from a driveway or parking area as feasible.

e. Parking lots shall be separated from street frontages and from abutting uses by planting areas. In addition, planting areas shall be interspersed among the parking stalls as feasible, including provision of trees for appearance and shade.

f. Trees shall be planted at least five (5) feet from a public sidewalk, except that the Planning Director may require a greater distance for species that may, over time, cause damage to the sidewalk or other public infrastructure. The Planning Director may require installation of root control barriers where necessary to protect public sidewalks.

(2) **Plant Type.**

a. Drought-tolerant plants shall be used where feasible. Recommended drought-tolerant plant species are listed in the City of Redondo Beach List of Recommended Trees and Water Conserving Plants maintained by the Superintendent of Parks. Other plants consistent with the intent of this section, but not included in the List of Recommended Trees and Water Conserving Plants, may be approved by the Planning Director. The Planning Director may also permit limited use of tree, shrub, and groundcover species not adapted to the dry summer climate if it can be demonstrated that:

1. The plant species and landscape changes to provide for the plant species is compatible with the visual quality of the project and has no harmful impact to the surrounding area; and

2. The non-native/adapted plant is irrigated by runoff water from other landscape areas and/or turf area is reduced to compensate for the increased irrigation water required for the plant species.

b. Plants shall complement the architectural design of structures on the site, and shall be suitable for the soil and climatic conditions specific to the site.

c. Plants shall be compatible with the character of the neighborhood.

d. Plants shall be adaptable to Redondo Beach's coastal environment.

e. Trees that may, over time, cause damage to public and/or private sidewalks, sewer lines, and other infrastructure shall be avoided, unless the Planning Director determines that the tree is located a sufficient distance from such infrastructure to prevent damage. Information on the suitability or lack of suitability of different tree species is contained in the City of Redondo Beach List of Recommended Trees and Water Conserving Plants maintained by the Superintendent of Parks. Trees not listed that are determined to be consistent with the criteria of this section may be approved by the Planning Director.

f. Trees should be planted to shade turf, groundcover, and shrub planting areas to reduce water evaporation from these areas.

g. Non-residential developments. Turf (grass) area (excluding parkways between the public sidewalk and street) shall not exceed twenty (20%) percent of the total landscape area for non-residential developments, except that higher percentages may be permitted when turf is an essential part of the development such as for playing fields for schools or parks, or integral to the design of the project as determined through the applicable design review procedures.

1. Lower water usage turf or warm season grasses are recommended for all turf areas;

2. Use of turf shall be avoided in landscape areas with a dimension of less than eight (8) feet.

3. It is recommended that turf be separated from new trees to prevent over-watering of the tree, surface rooting, crown-rot, and damage of the tree trunk by grass trimming equipment;

4. If trees are to be planted in a turf area, only deep-rooted tree species should be used, turf irrigation and drainage should be directed away from the tree, and the tree should be irrigated by a combined bubbler/deep waterpipe fixture.

(3) **Plant size.**

a. Plants shall be sized and spaced to achieve immediate effect and shall normally not be less than a fifteen (15) gallon container for trees, five (5) gallon container for shrubs, and a one gallon container for mass planting. Groundcover coverage must be 100 percent in one year, with rooted cuttings from flats planted no more than twelve (12) inches on center, and containerized woody, shrub ground cover planted no more than three (3) feet on center.

b. Landscape plans shall incorporate existing mature trees with trunk diameters of six (6) inches or greater that are compatible with the proposed grades, structures and hardscape. Specimen trees, thirty-six (36) inch box, or larger may be used to replace an existing mature tree that cannot feasibly be saved.

(4) **Planting areas.**

a. All planting areas shall be served by a permanent underground clock-operated water-efficient irrigation system. A drip irrigation system or other water conserving irrigation system may be required where feasible.

b. All sloped planting areas abutting hardscape shall be surrounded with a minimum six (6) inch high concrete curb where necessary to prevent erosion.

(5) **Parking lots.** New surface parking lots containing ten (10) or more parking spaces shall provide a minimum of one shade tree for every six (6) spaces. The Planning Commission may also require provision of trees and other landscaping in parking lots in conjunction with any project subject to Planning Commission Design Review.

(c) **Landscape and irrigation plans required, for projects other than single-family developments.** A landscape plan and irrigation plan drawn to scale and dimensioned shall be submitted to the Planning Division for all new projects in all nonresidential zones, and for all new residential projects of two (2) or more units. A landscape plan and irrigation plan may be required in conjunction with other projects requiring Administrative Design Review, Planning Commission Review, Conditional Use Permit, or Variance.

(1) **Landscape plan, contents.** A landscape plan shall contain at a minimum the following information:

a. List of plants (common and Latin);

b. Plant size;

c. Plant location, with size and type identification

(2) **Irrigation plan, contents.** An irrigation plan shall contain at a minimum the following information:

a. Location, type and size of lines;

b. Location, type, gallonage output, and coverage of heads;

c. Location and sizes of valves;

d. Location and type of controller;

e. Location and type of backflow prevention device;

f. Available water pressure, water meter outlet size, and flow rates at meter.

(3) For purposes of this section, new project shall mean the addition of 1,000 square feet or more of floor area on a vacant site or the addition or reconstruction of 1,000 square feet or more of floor area made in conjunction with demolition of fifty (50%) percent or more of the total floor area of existing development on the lot.

(d) **Landscape requirements for new single-family projects.** For new single family projects, a site plan shall be required showing the type and location of proposed trees and their distance from public infrastructure. The landscaping regulations pursuant to this article shall not apply to single family developments except for the criteria in subsection (b)(2)(e.) of this section relating to location of trees to protect public infrastructure from damage.

(1) For purposes of this section, new project shall mean the addition of 1,000 square feet or more of floor area on a vacant site or the addition or reconstruction of 1,000 square feet or more of floor area made in conjunction with demolition of fifty (50%) percent or more of the total floor area of existing development on the lot.

(e) **Maintenance of landscape.** Planting areas shall be permanently maintained, including watering, weeding, pruning, trimming, edging, fertilizing, insect control, and replacement of plant materials and irrigation equipment as needed to preserve the health and appearance of plant materials. All trees, shrubs, and plants which, due to accident, damage, disease, or other cause, fail to show a healthy growth shall be replaced. Replacement plants shall conform to all the standards which govern the original planting installation.

(f) Street tree requirements. Street tree species, size, spacing, and planting standards shall be subject to approval of the Superintendent of Parks. The Superintendent of Parks shall select street trees taking into consideration the following criteria: that the selected tree as proposed to be located will not harm public sidewalks, streets, and infrastructure; that the tree is consistent with water conservation objectives; that the tree requires low maintenance and no pesticides; that the tree will enhance the visual character and identity of City streets; and that the tree complements appropriate existing street trees. Appropriate street trees include, but are not necessarily limited to, trees included in the City of Redondo Beach List of Recommended Trees and Water Conserving Plants. No existing street tree shall be removed without the approval of the City.

(g) **R-1 zone, areas with no parkways.** In the R-1 zone, in areas with no parkways, in conjunction with the construction of new homes, existing mature trees in the front yard that are compatible with the proposed development shall be preserved. A specimen tree, twenty-four (24) inch box, or larger shall be planted in the front yard where there are no existing mature trees or to replace existing mature trees that cannot feasibly be saved.

(h) **Tree Trimming within the Harbor/Pier Area.** The trimming and/or removal of any trees that have been used for breeding and nesting by bird species listed pursuant to the federal or California Endangered Species Acts, California bird species of special concern, and wading birds (herons or egrets) within the past five (5) years, as determined by a qualified biologist or ornithologist, shall be undertaken in compliance with all applicable codes and regulations of the California Department of Fish and Game, the U.S. Fish and Wildlife Service, and the U.S. Migratory Bird Treaty Act.

(1) No tree trimming or removal shall take place during breeding and nesting season (January through September) unless a tree is determined by a qualified arborist to be a danger to public health and safety. A health or safety danger exists if a tree or branch is dead, diseased, dying, or injured and is seriously compromised. Tree trimming or removal shall only be carried out from October 1 through December 31.

(2) Trees or branches with a nest of a wading bird (heron or egret), a state or federal listed species, or a California bird species of special concern that has been active anytime in the last five years shall not be removed or disturbed unless a health and safety danger exists.

(3) Any breeding or nesting tree that must be removed shall be replaced at a 1:1 ratio. Replacement trees shall be native or regionally appropriate non-natives and non-invasive.

a. A tree replacement and planting plan for each tree replacement shall be developed to specify replacement tree locations, tree size (no less than 36" box size), planting specifications, and a five year monitoring program with specific performance standards.

b. An annual monitoring report for tree replacement shall be submitted for the review and approval of the Harbor Director and maintained on file as public information.

(4) Tree trimming or removal during the non-breeding and non-nesting season (October 1 through December 31) shall follow the following procedures.

a. Prior to tree trimming or removal, a qualified biologist shall survey the trees to be trimmed or removed to detect nests and submit the surveys to the Harbor Department. Tree trimming or removal may proceed if a nest is found, but has not been used within the prior 5 years and no courtship or nesting behavior is observed.

b. In the event that a wading bird (heron or egret) species, a state or federal listed species, or a California bird species of special concern return or continue to occupy trees during the non-nesting season (October 1 through December 31), trimming shall not take place until a qualified biologist has assessed the site, determined that courtship behavior has not commenced, and has given approval to proceed within 300 feet of any occupied tree (500 feet for raptor species (e.g., bald eagles, osprey, owls)).

c. Trimming of nesting trees shall not encroach within 10 feet of an unoccupied nest of any of the bird species referenced above. The amount of trimming at any one time shall be limited to preserve the suitability of the nesting tree for breeding and/or nesting habitat.

d. Written notice of tree trimming and/or removal shall be posted and limits of tree trimming and/or removal shall be established in the field with flagging and stakes or construction fencing at least one week before work takes place. The notice and flagging/fencing does not apply to an immediate emergency situation.

(5) Tree trimming or removal during breeding and nesting season (January-September) shall be undertaken only because a health and safety danger exists, as determined by a qualified arborist, in consultation with the Harbor Department and the City of Redondo Beach, and shall use the following procedures:

a. A qualified biologist shall conduct surveys and submit a report at least one week prior to the trimming or removal of a tree (only if it is posing a health or safety danger) to detect any breeding or nesting behavior in or within 300 feet (500 feet for raptors) of the work area. An arborist, in consultation with the qualified biologist, shall prepare a tree trimming and/or removal plan. The survey report and tree trimming and/or removal plan shall be submitted for the review and approval of the Harbor Director and maintained on file as public information. The plan shall incorporate the following:

1. A description of how work will occur (work must be performed using non-mechanized hand tools to the maximum extent feasible).

2. Written notice of tree trimming and/or removal shall be posted and limits of tree trimming and/or removal shall be established in the field with flagging and stakes or construction fencing at least one week before work takes place. The notice and flagging/fencing does not apply to an immediate emergency situation.

3. Steps taken to ensure that tree trimming will be the minimum necessary to address the health and safety danger while avoiding or minimizing impacts to breeding and/or nesting birds and their habitat.

b. Prior to commencement of tree trimming and/or tree removal the qualified biologist shall notify in writing the Department of Fish and Game and the U.S. Fish and Wildlife Service of the intent to commence tree trimming or removal."

SECTION 5. INCONSISTENT PROVISIONS. Any provisions of the Redondo Beach Municipal Code, or appendices thereto, or any other ordinances of the City inconsistent herewith, to the extent of such inconsistencies and no further, are hereby repealed.

SECTION 6. SEVERABILITY. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

SECTION 7. PUBLICATION AND EFFECTIVE DATE. This ordinance shall be published by one insertion in the Beach Reporter, the official newspaper of said City, and same shall go into effect and be in full force and operation from and after thirty (30) days after its final passage and adoption, except that for the purposes of City approval of Coastal Development Permits, this ordinance shall be effective on the date of certification by the Coastal Commission.

PASSED, APPROVED AND ADOPTED this _____ day of_____, 2010.

_____
Mike Gin, Mayor

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that the foregoing Ordinance No. 3050-10 was duly introduced at a regular meeting of the City Council held on the 6th day of April 6, 2010 and was duly approved and adopted by the City Council at a regular meeting of said City Council held on the _____ day of _____, 2010, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

_____
Michael W. Webb, City Attorney

Administrative Report

Council Action Date: April 20, 2010

To: MAYOR AND CITY COUNCIL

From: GWENDOLYN PARKER, HARBOR, BUSINESS & TRANSIT DIRECTOR

Subject: LEASE BETWEEN THE CITY OF REDONDO BEACH AND SIONE TAUFA, DBA "T'S TOE RINGS", FOR THE PROPERTY AT 201 FISHERMAN'S WHARF SUITE 103

RECOMMENDATION

Approve the new Lease between the City of Redondo Beach and Sione Taufa, dba *T's Toe Rings* (201 Fisherman's Wharf Suite 103), and authorize the Mayor to execute on behalf of the City.

EXECUTIVE SUMMARY

In late 2009, one of the City's tenants on the Pier, *Slightly Different*, requested to downsize its location, 201 Fisherman's Wharf. The space was divided into two and *Slightly Different* retained the smaller portion. The larger portion became a new tenant space, available for tenancy.

The owner of *T's Toe Rings,* a retail shop on the International Boardwalk specializing in toe rings and gifts with an island theme, approached Staff and inquired about the newly available space. Staff presented the request to the City Council and received direction to draft a new lease for *T's Toe Rings* to occupy the space.

The lease term runs through February 29, 2012, and rental will accrue to the Harbor Tidelands Fund.

BACKGROUND

The City currently leases 15 Waterfront tenant spaces to private sector tenants operating retail and restaurant businesses. In late 2009, one of the City's tenants on the Pier, *Slightly Different*, requested to downsize its location, 201 Fisherman's Wharf. The space was divided into two and *Slightly Different* retained the smaller portion. The larger portion became a new tenant space, available for tenancy.

Recently, the owner of *T's Toe Rings,* a retail shop on the International Boardwalk specializing in toe rings and gifts with an island theme, approached Staff and inquired about the newly available space. Owner, Sione Taufa, had decided to close his store and was searching for a new location upon expiration of his lease on the International

Boardwalk. Staff presented Mr. Taufa's proposal to the City Council and received direction to draft a new lease for *T's Toe Rings* to occupy the available space.

Mr. Taufa opened *T's Toe Rings* approximately 14 years ago and is a popular retail store along the International Boardwalk. *T's Toe Rings* has frequently reported among the highest sales on the International Boardwalk leasehold, and Mr. Taufa believes sales will remain as strong or increase slightly because of exposure to larger crowds on the Pier.

The division of the space at 201 Fisherman's Wharf into two distinct stores required adjustments to the address of each space. The address for *Slightly Different* will be known as 201 Fisherman's Wharf Suite 101, and the proposed tenant space will be known as 201 Fisherman's Wharf Suite 103. The new addresses were assigned by the City's Engineering & Building Services Department.

Approval of the proposed lease will allow *T's Toe Ring's* to occupy the space through February 29, 2012, a term consistent with the City's Pier and Harbor Asset Management Plan, which was approved by the City Council in December of 2007.

Rent will be paid monthly to the City as the greater of Minimum Monthly Rent or Percentage Rent, whichever is greater. The Minimum Monthly Rent is set at $2 per square foot, or $1,420, consistent with the rate before the division of the space. Percentage Rent will equal 10% of Gross Sales, consistent with the City's other retail on the Waterfront.

While Mr. Taufa will be responsible for all tenant improvement expenses, the City will contribute up to $1,000 toward electrical service. All controls for the electricity to the available space are currently located in the store occupied by *Slightly Different*, and a separate electrical meter does not exist. As the Landlord, the City will reimburse the tenant up to $1,000 for the installation of electrical service improvements.

The Planning Department has determined that a Conditional Use Permit will be not required for the proposed tenancy.

COORDINATION

The Harbor, Business and Transit Department collaborated with the City Attorney's Office and Mr. Taufa to finalize the lease document. The City Attorney's Office has approved the document as to form. Additionally, Staff consulted with the Engineering & Building Services and Planning Departments for items within their purview.

FISCAL IMPACT

Payment of rent will commence with the opening of the business, or June 1, 2010,

whichever occurs earlier. The proposed lease will result in rental to the Harbor Tidelands Fund in the minimum monthly amount of $1,420 or 10% of gross sales, whichever is greater. At a minimum, the Harbor Tidelands Fund will receive $17,040 annually from the proposed use.

The City will contribute up to $1,000 from the Harbor Tidelands Fund towards tenant's electrical service improvements.

Submitted by:

Gwendolyn Parker
Harbor, Business & Transit Director

Approved for forwarding by:

Office of the City Manager

jallen

Attachments:

- Lease Between the City of Redondo Beach and Sione Taufa, dba *T's Toe Rings,* For the Property at 201 Fisherman's Wharf Suite 103

Administrative Report

Council Action Date: April 20, 2010

To: MAYOR AND CITY COUNCIL

From: DIANA MORENO, FINANCIAL SERVICES DIRECTOR

Subject: INTERNAL SERVICE FUND AND OVERHEAD ALLOCATIONS

RECOMMENDATION

Receive and file the a) presentation on Internal Service Funds and overhead cost allocation plan, b) Internal Service Fund/Overhead Allocations Administrative Policy/Procedures (APP) and c) Internal Service Fund and Overhead allocation modifications for Fiscal Year 2009-10 which reflect, per Section 8(d) of the City's Statements of Financial Principles, recalculations based on actual expenditures of Fiscal Year 2008-09.

EXECUTIVE SUMMARY

Internal service fund and overhead allocations are charges to user departments for services provided internally by other departments of the City. The City has been using its current structure of internal service fund and overhead allocations for many years and has been documenting that structure in budget response reports. The documentation has now been formalized in a new APP (Attachment 1).

The adopted Midyear Budget Report included a decision package to modify the internal service fund allocations (including overhead) to reflect recalculations based on actual expenditures of the most recently completed fiscal year (2008-09). Staff has discussed these changes with each department of the City and made minor modifications to more accurately reflect our current operations. Staff also has prepared a City-wide variance analysis (Attachment 2) comparing allocations in the Fiscal Year 2009-10 Adopted Budget to the proposed midyear amounts for each internal service fund/overhead. Explanations for increases/decreases are included. In total, internal service fund/overhead allocations have decreased approximately two percent (2%).

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BACKGROUND

Although the City has been using its current structure of internal service fund/overhead allocations since Fiscal Year 2005-06, the June 2008 results reflected in the initial Fiscal Year 2008-09 Adopted Budget, did not appear to be consistent with the prior years. This launched a six-month detailed study of the internal service fund process which resulted in adjustments that were then reflected in the Fiscal Year 2008-09 Adopted Budget. Additionally, modifications were made to the Statements of Financial Principles to ensure an approved methodology would be followed in the future. The internal service fund/overhead allocations for Fiscal Year 2009-10 (Attachment 2), consistent with the methodology used for Fiscal Year 2008-09 and the Statements of Financial Principles (Attachment 3), are now complete.

In total, Fiscal Year 2009-10 internal service fund/overhead allocations decreased a little less than 2%. The major causes for this overall decrease were decreases to the vehicle maintenance, information technology maintenance, workers' compensation insurance, City facility sewer fee and overhead allocations. These decreases were partially offset by increases to the information technology equipment replacement, liability insurance, building occupancy, printing and graphics and emergency communications operations allocations. The 2% decrease was not totally unexpected due to factors such as the hiring freeze and drop in fuel prices. There are, however, some allocations worth noting which are substantially higher than the expected range (0-3%) or substantially lower than the expected range. The substantial deviations are described below.

Information Technology Equipment Replacement (Up 90%)
The information technology equipment replacement allocation for the prior year included a one-time "refund" of $300,000. This substantially distorted the year-over-year percentage increase when compared to the current year amount. The refund was a give-back of dollars originally accumulated to purchase a piece of equipment. A decision was made to lease this equipment; therefore, the accumulated dollars were refunded. Excluding the impact of the refund, the proposed midyear allocation for future replacement costs increased only slightly.

Workers' Compensation Insurance (Down 29%)
The workers' compensation allocation amount decreased substantially from the prior year with the implementation of the City Council approved reserve policy. The current policy assumes a 75% confidence level with a 4% discounted rate, while in the prior year, an 80% confidence level with no discounted rate was used. This decrease was slightly offset by the allocation of a deficit fund balance carried over from the prior year; however, the change in the reserve policy was the major influencing factor.

Liability Insurance (Up 11%)
Building Occupancy (Up 11%)
Printing and Graphics (Up 22%)
Liability insurance, building occupancy and printing and graphics are funds that have carried deficit fund balances for approximately two years. Although we anticipate occasional deficit balances in the internal service funds due to the difference in timing of revenues and expenditures, these accounts seemed to be growing each year. To eliminate these deficits, negative fund balance amounts were added to the current year operating expenses and distributed to the entire City for Fiscal Year 2008-09. These additional expenses somewhat distorted the year-over-year comparison; however, to properly reflect the cost of departmental operations, liability premiums and claims and costs of services needed to be borne by their users.

Overhead (Down 5%)
Although the decrease in overhead was not necessarily substantial, it is worth noting, due to a change in the costs included in this category. Last year, retiree medical insurance premium costs were only reflected in the Human Resources Department, which is in the overhead category. Currently, however, with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 45: Accounting Standards for Other Post Employment Benefits (OPEB), funding of the retiree insurance costs is distributed to departments and funds through payroll as a percentage of salaries. This distribution is consistent with that of CalPERS (pension) costs and has the same actuarial foundation.

COORDINATION

The Internal Service Fund/Overhead Allocations APP and the Internal Service Fund and Overhead allocation were coordinated with all City departments.

FISCAL IMPACT

The impacts to the internal service funds and overhead are summarized in Attachment 2 – "City-Wide Internal Service Fund Analysis". The table on the following page, however, reflects the impact of the modifications by fund.

Funds	Expenditure Inc/(Dec)	Revenue Inc/(Dec)	Net Inc/(Dec) to Expenditures
General	(247,540)	(324,517)*	76,977
State Gas Tax	(20,996)	-	(20,996)
Street Landscaping and Lighting	(95,828)	-	(95,828)
Proposition C	(502)		(502)
Transit	13,119	-	13,119
Air Quality Improvement	(9)	-	(9)
Community Development Block Grant	43,353	-	43,353
Housing Authority	(20,998)	-	(20,998)
Harbor Tidelands	5,719	-	5,719
Harbor Uplands	(53,552)	-	(53,552)
Solid Waste	128	-	128
Wastewater	(11,082)	(1,757)	(9,325)
Internal Service Funds **	(37,435)	(95,039)	57,604
Redevelopment Agency	4,310	-	4,310
Total	*(421,313)*	*(421,313)*	-

* Decrease is substantially due to movement of the retiree medical insurance from overhead revenue to direct departmental cost distribution (previously discussed)
** See Attachment 2 for a breakdown.

The total internal service fund and overhead expenditure increases and/or decreases shown above are offset by revenues. Therefore, the amounts in the final column above reflect the net expenditure increases and/or decreases for each fund which are included in the proposed midyear decision package. For example, the expenditure decrease of $247,540 paid by General Fund departments is for services provided by internal service fund departments (e.g., Information Technology, Building Occupancy, and Printing and Graphics). The offsetting revenue is payment for support services provided by central service departments (e.g., City Manager, Human Resources, and Financial Services) to others which decreased by $324,517 due to the removal of retiree insurance costs from the overhead allocation. The resulting net expenditure increase is $76,977.

April 20, 2010

Submitted by:

Diana Moreno
Financial Services Director

Approved for forwarding by:

Office of the City Manager

mruhland

Attachments:

- Attachment 1 – Internal Service Fund/Overhead Allocations APP
- Attachment 2 – City-Wide Internal Service Fund Analysis
- Attachment 3 – Statements of Financial Principles Section 8
- Attachment 4 – Presentation on Internal Service Funds and Overhead Cost Allocation Plan

CITY OF REDONDO BEACH		ADMINISTRATIVE POLICY/PROCEDURES (APP)
Number: 3.18		*Subject:* Internal Service Fund/Overhead Allocations
Original Issue: 2/17/10	*Effective:* 2/17/10	
Current Issue: same	*Effective:* same	*Category:* Finance, Accounting and Payroll
Supersedes: Not Applicable		

I. PURPOSE AND SCOPE

To establish policy and procedures for allocating internal service fund and overhead charges.

II. GENERAL

A. Internal service fund/overhead allocations are charges to user departments for services provided by other departments of the City.

B. The City of Redondo Beach uses internal service fund allocations (including overhead) to determine the true cost of departmental operations.

C. The City of Redondo Beach follows Section 8 of its Statements of Financial Principles in allocating internal service funds and overhead.

1. Transfers to the General Fund from other funds for overhead costs shall be reviewed annually and shall conform to OMB (Office of Management & Budget) A-87 guidelines.

2. All City funds, including eligible grant funds, shall share the administrative costs borne by the General Fund.

3. Internal service funds and central service departments shall retain the costs of using services provided by other City departments.

4. Allocations among funds and departments shall be based on prior fiscal year-end actual expenses and distributed using fair and justifiable statistics.

D. The City of Redondo Beach currently has the following internal service funds:

1. Self-Insurance Program Fund

   a. Liability and Property Insurance

   b. Workers' Compensation

2. Vehicle Replacement Fund

a. Vehicle Maintenance

b. Vehicle Replacement

3. Building Occupancy Fund

4. Information Technology Fund

a. Information Technology

b. Information Technology Replacement

5. Printing and Graphics Fund

6. Emergency Communications Fund

a. Emergency Communications

b. Emergency Communications Equipment Replacement

7. Major Facilities Repair Fund

8. City Facility Sewer Fee

E. Overhead is charged to departments receiving services from the following support departments/divisions.

1. Mayor and City Council

2. City Clerk

3. City Treasurer

4. City Attorney

5. City Manager

6. Human Resources

7. Financial Services

8. Police Administration

9. Fire Administration

10. Recreation and Community Services Administration

11. Recreation Services

12. Public Works Administration

III. PROCEDURES

A. Self-Insurance Program Fund

The Risk Management Division of the Human Resources Department shall be responsible for the Self-Insurance Program Fund, which accounts for the cost of providing liability and property, workers' compensation and unemployment insurances. While unemployment insurance is accounted for as a personnel cost, rather than an internal service fund allocation, allocations for liability and property insurance and workers' compensation insurance are in two separate categories. Each category is charged to departments at a rate that fully recuperates the annual cost of the insurance reflected in the Self-Insurance Program Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below. Allocated costs also include Risk Management's personnel costs, contracts and professional services, and internal service fund/overhead allocations, which directly support the insurance function.

1. Liability and Property Insurance

   a. Expenses included in this category are:

      1) Liability and property insurance annual premium expenses

      2) Liability and property insurance claims based on a five-year average (avoids spikes in allocations)

   b. Statistics used to determine the allocation amount to user departments/divisions are:

      1) Current value of the structure occupied

      2) Claims paid for the structure occupied or activity performed

      3) Square footage of the structure occupied

2. Workers' Compensation

   a. Expenses included in this category are:

      1) Workers' compensation insurance annual premium expenses

      2) Workers' compensation claims based on a five-year average (avoids spikes in allocations)

   b. Statistics used to determine the allocation amount to user departments/divisions are:

1) Full-time and part-time salaries

2) Claims paid for each department's specific employees

B. Vehicle Replacement Fund

The Fleet Services Division of the Public Works Department shall be responsible for the Vehicle Replacement Fund, which accounts for the cost of maintaining and replacing vehicles. Allocations are in two separate categories, vehicle maintenance and vehicle replacement. Each category is charged to departments at a rate that fully recuperates the annual cost of operating and replacing City vehicles reflected in the Vehicle Replacement Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Vehicle Maintenance

   a. Fleet Services' expenses included in this category are:

      1) Personnel

      2) Maintenance and operations (including fuel and parts)

      3) Internal service fund/overhead allocations which directly support the vehicle maintenance function

   b. Statistics used to determine the allocation amount to user departments/divisions are:

      1) Historical vehicle maintenance hours

      2) Actual fuel consumption

2. Vehicle Replacement

   a. Each year, the Fleet Services Division sets aside specific amounts to fund the replacement of vehicles. The methodology used to determine the appropriate amount to be set aside is the original vehicle cost (with a future replacement inflation factor of 3% compounded annually) amortized over the vehicle's useful life.

   b. The specific vehicle(s) utilized by each user department is/are used to determine the allocation amount.

C. Building Occupancy Fund

The Building Maintenance Division of the Public Works Department shall be responsible for the Building Occupancy Fund, which accounts for the cost of maintaining and improving City buildings. Allocations are charged to departments at a rate that fully recuperates the annual building maintenance and improvement costs. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Building Maintenance's expenses included in the fund are:

    a. Personnel

        1) Custodial personnel (excluded from allocations to facilities which do not utilize custodial services provided by the Building Maintenance Division)

        2) Maintenance personnel

    b. Maintenance and operations (including utilities)

    c. Internal service fund/overhead allocations

    d. Capital outlay

2. Statistics used to determine the allocation amount to user departments/divisions are:

    a. Square footage occupied

    b. Usage of utilities

    c. Usage of contracts

    d. Usage of materials and supplies

D. Information Technology Fund

The Information Technology Department shall be responsible for the Information Technology Fund, which accounts for the cost of maintaining and replacing City computer and telecommunications equipment. Allocations are in two separate categories. Each category is charged to departments at a rate that fully recuperates the annual maintenance and replacement costs reflected in the Information Technology Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Information Technology

    a. Information Technology expenses included in this category are:

1) Personnel

2) Maintenance and operations (including PC and laptop leases and telephone utility costs)

3) Internal service fund/overhead allocations which directly support the information technology function

b. Statistics used to determine the allocation amount to each user department/division are:

1) Number of computers and computer-related equipment

2) Number of telephones and telecom-related items

2. Information Technology Replacement

a. Each year, the Information Technology Department sets aside specific amounts to fund the replacement of equipment. The methodology used to determine the appropriate amount to be set aside is the original equipment cost (with a future replacement inflation factor of 3% compounded annually) amortized over the equipment's useful life.

b. Statistics used to determine the allocation amount to user departments/divisions are:

1) Replacement cost for equipment that can be specifically identified to a department (e.g., plotters and large scanners)

2) Number of computers, computer-related equipment, telephones, and telecom-related items is used to allocate equipment that cannot be identified directly to a department (e.g., servers and the telephone switch)

E. Printing and Graphics Fund

The Printing and Graphics Division of the Financial Services Department shall be responsible for the Printing and Graphics Fund, which accounts for the cost of providing printing and graphics services. This fund is charged to departments at a rate that fully recuperates the annual cost of printing reflected in the Printing and Graphics Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Printing and Graphics Division expenses included in the fund are:

a. Personnel

b. Maintenance and operations

c. Internal service fund/overhead allocations which directly support the printing and graphics function

d. Capital outlay

2. The allocation amount to user departments/divisions is based on the number of budgeted full-time employees.

F. Emergency Communications Fund

The Support Services Bureau Captain of the Police Department shall be responsible for the Emergency Communications Fund, which accounts for the cost of providing emergency dispatch services for the Police and Fire Departments and replacement of communications equipment for the Police, Fire and Public Works Departments. Allocations are in two separate categories, emergency communications and emergency communications equipment replacement. Each category is charged at a rate that fully recuperates the annual cost of providing emergency dispatch services and replacing the communications equipment reflected in the Emergency Communications Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Emergency Communications

a. Emergency Communications Unit expenses included in the fund are:

1) Personnel

2) Maintenance and operations

3) Internal service fund/overhead allocations which directly support the emergency communications function

b. Statistics used to determine the allocation amounts to both Police and Fire Departments are:

1) Number of Police and Fire emergency calls from the public

2) Time length of Police and Fire emergency calls from the public

3) Required dispatch staffing

2. Emergency Communications Equipment Replacement

a. Each year the Communications Unit sets aside specific amounts to fund the replacement of equipment. The methodology used to determine the appropriate amount to be set aside is the original equipment cost (with a future replacement inflation factor of 3% compounded annually) amortized over the equipment's useful life.

b. Equipment assigned to the Police, Fire and Public Works departments (with the dispatch equipment assigned to the Police Department) is used to determine the allocation amount

G. Major Facilities Repair Fund

The Building Maintenance Division of the Public Works Department shall be responsible for the Major Facilities Repair Fund, which accounts for the cost of making major repairs to City facilities. This fund is charged to departments at a rate that fully recuperates the annual cost of facility repairs charged to the Major Facilities Repair Fund. The calculated annual dollar amount of the fund and the statistics used to allocate these expenses are detailed below.

1. Each year, the Building Maintenance Division sets aside a specific amount to fund major repairs. The methodology used to determine the appropriate amount to be set aside is two percent of one year's depreciation (over a 45-year life) of the insured value of City facilities.

2. Square footage occupied by each user department

H. City Facility Sewer Fee

The Engineering Division of the Engineering and Building Services Department shall be responsible for the City Facility Sewer Fee, which accounts for the cost of providing wastewater collection and conveyance services to City facility sewer connections. This fee is charged to departments for use of the City's sewer infrastructure. The calculated annual dollar amount of the fee and the statistics used to determine this expense are detailed below.

1. The institutional sewer rate is used to calculate the amount of sewer charges.

2. Statistics used to determine the allocation amount to departments/divisions residing in City facilities are:

   a. Annual water usage for departments/divisions that are single occupants of a facility (e.g., Police Department and Fire Department)

   b. Square footage occupied for departments/divisions sharing a facility

I. Overhead

1. Per the City's Statements of Financial Principles, all support departments' operating expenses which conform to OMB A-87 guidelines are included in the allocation.

2. Charts of the allocated services rendered by each support department and the allocation bases for these activities allocated follow.

a. City Clerk

Service	Allocation Methodology
Departmental assistance	Number of budgeted full-time employees
Records management	Number of budgeted full-time employees
Mail distribution	Number of budgeted full-time employees

b. City Treasurer

Service	Allocation Methodology
Departmental auditing	Number of budgeted full-time employees
Tax administration	Percentage of total General Fund actual expenditures

c. City Manager

Service	Allocation Methodology
Budget performance measurement	Number of divisions
Reception services	Number of budgeted full-time employees residing in City Hall
Website services	Number of web pages maintained
Economic development	Percentage of total non-housing Redevelopment Agency expenditures
Human resources	Hours of support to the Human Resources Department
General City support	1/2: Number of budgeted full-time employees 1/2: Percentage of total actual expenditures

d. Human Resources

Service	Allocation Methodology
Employee support	Number of budgeted full-time employees

e. Financial Services

Service	Allocation Methodology
Accounts payable	Number of accounts payable transactions
Accounts receivable	Number of accounts receivable transactions
Purchasing	Number of purchase orders
Cashiering	Number of cash receipts
Budgeting	Number of budget account numbers
Fixed assets	Number of budgeted full-time employees
CAFR preparation	Number of budget account numbers
General ledger administration	Number of budget account numbers
Bank reconciliation	Number of bank accounts
Grants administration	Time spent on departmental grants
Payroll	Number of budgeted full-time employees
MUNIS support	Number of budgeted full-time employees

f. Police Administration

Service	Allocation Methodology
Division support	1/2: Number of budgeted full-time employees 1/2: Percentage of total actual expenditures

g. Fire Administration

Service	Allocation Methodology
Division support	Hours of support

h. Recreation and Community Services Administration

Service	Allocation Methodology
Division support	Hours of support
Departmental support	Hours of support

i. Recreation Services

Service	Allocation Methodology
Website services	Number of web pages maintained

j. Public Works Administration

Service	Allocation Methodology
Division support	1/2: Number of budgeted full-time employees 1/2: Percentage of total actual expenditures

3. Although not charged to departments (in accordance with OMB A-87 guidelines), when calculating user fees, the full cost of the items in Number 4 below is allocated to the fees.

4. A chart of the additional services rendered by each support department which are included only in the full cost allocation plan follows.

Department	Service
Mayor and City Council	Departmental assistance
City Clerk	Agenda and minute preparation
City Clerk	Board and commission support
City Clerk	Fair Political Practices Commission coordination
City Clerk	Legal notice coordination

Department	Service
City Attorney	In-house legal support
City Attorney	Outside legal support
City Treasurer	Investment administration

IV. EXCEPTIONS

There will be no exceptions to this policy unless provided and approved by the City Manager.

V. AUTHORITY

By authority of the City Manager.

_____

William P. Workman
City Manager

City-Wide Internal Service Fund Analysis

Internal Service Funds	09-10 Adopted Budget Amounts (Based on 07-08 Actuals)	09-10 Midyear Budget Amounts (Based on 08-09 Actuals)	% Inc/Dec	Explanation for Increase/Decrease	Allocation Methodology Improvements
Vehicle Maintenance	1,657,319	1,558,092	-6%	Significant decrease in the price of fuel.	No change.
Vehicle Equipment Replacement	1,276,471	1,282,261	0%	n/a - Expected increase	No change.
Information Technology Maintenance	2,267,150	2,189,916	-3%	FY 08-09 costs reflect lease payments for a 12 month period; whereas, FY 07-08 costs spiked with a midyear change from monthly PC lease payments to annual PC lease payments.	No change.
Information Technology Equipment Replacement	308,753	588,166	90%	FY 09-10 Adopted allocations included a one - time "refund" to all departments because a piece of equipment originally scheduled for replacement in FY 09-10 was leased. Excluding the impact of the refund, FY 09-10 Midyear allocations increased only 5% with the inclusion of additional servers and network equipment.	No change.
Communications Equipment Replacement	467,535	468,090	0%	n/a - Expected increase.	No change.
Workers' Compensation Insurance	2,913,772	2,081,194	-29%	Decrease due to substantial reduction in workers' compensation reserve with implementation of City Council approved policy using 75% confidence level with a 4% discounted rate. Decrease was partially offset by a one-time adjustment to FY09-10 Midyear Budget allocations for 6/30/09 deficit fund balance.	No change.
Liability Insurance	2,128,174	2,362,296	11%	One-time adjustment to FY 09-10 Midyear Budget allocations for 6/30/09 deficit fund balance.	No change.

Internal Service Funds	09-10 Adopted Budget Amounts (Based on 07-08 Actuals)	09-10 Midyear Budget Amounts (Based on 08-09 Actuals)	% Inc/Dec	Explanation for Increase/Decrease	Allocation Methodology Improvements
Building Occupancy	2,813,769	3,121,591	11%	Increase due to one-time adjustment to FY09-10 Midyear Budget allocations for 6/30/09 deficit fund balance. Increase partially offset by reduced electrical costs from implementation of efficiency projects.	Starting with the FY 09-10 Midyear Budget allocations, the square footage of the Transit Operations Center was added to the City Hall measurements.
Major Facilities Repair	101,748	101,748	0%	n/a - Expected increase	No change.
Printing and Graphics	317,235	386,067	22%	One-time adjustment to FY 09-10 Midyear Budget allocations for 6/30/09 deficit fund balance. In addition, FY 08-09 increased personnel related costs including workers' compensation claims.	No change.
City Facility Sewer Fee	23,511	21,754	-7%	Decreased water usage at City facilities.	No change.
Emergency Communications Operations	2,196,345	2,213,811	1%	FY08-09 expenditures reflect a cost reduction from personnel vacancies and cost increases in Hi-Tech maintenance agreements.	No change.
Overhead	6,997,784	6,673,267	-5%	Retiree insurance allocated to departments through payroll expense instead of in overhead allocation.	No change.
Totals	**23,469,566**	**23,048,253**	**-2%**		

STATEMENTS OF FINANCIAL PRINCIPLES

Section 8: Interfund Transfers Policies

a) Transfers to the General Fund from other funds for overhead costs shall be reviewed annually and shall conform to OMB (Office of Management & Budget) A-87 guidelines.
b) All City funds, including eligible grant funds, shall share the administrative costs borne by the General Fund.
c) Internal service funds and central service departments shall retain the costs of using services provided by other City departments.
d) Allocations among funds and departments shall be based on prior fiscal year-end actual expenses and distributed using fair and justifiable statistics.

Attachment 4

THE CITY OF REDONDO BEACH

Internal Service Fund and Overhead Cost Allocation Plan

redondo BEACH

What is a Cost Allocation Plan?

- Tool Used to Estimate the Costs Required to Support Operations
  - Indirect Costs
    - » Incurred For a Common or Joint Purpose; or
    - » Not Directly Assignable
  - Direct Costs
    - » Identified Specifically With a Particular Project Relatively Easily With a High Degree of Accuracy.
- Background in Federal Government Costing Rules – OMB A-87
  - 58 Counties in California
  - Audited By State Controller's Office
- Used to Determine the Cost of Support Provided to City Operations
- The Majority of the Cities in the State of California Develop a Cost Allocation Plan

redondo BEACH

Benefits of Cost Allocation

- Provide the True Cost of Operating Departments/Divisions
- Allocate Appropriate Indirect Costs to Other Funds, Programs or Activities
- Identify Eligible and Allowable Indirect Costs For Federal and State Grants
- Critical Component of
  - Fee Calculation
  - State Mandated Cost Reimbursements (SB 90)
  - Departmental Operations

redondo BEACH

Evolution of Internal Service Funds in Redondo Beach

- FY 1983-84
  - First Internal Service Fund (ISF) Implemented (Vehicle Replacement)
  - Overhead Charged to Harbor Tidelands and Harbor Uplands Enterprise Funds
  - Overhead Charged to Transit and Solid Waste Special Revenue Funds
- FY 1998-99
  - Financial Principles Adopted With Overhead Allocation Policies (Section 8(a) (b))
- FY 2000-01
  - Established Building Occupancy ISF
  - Established Information Technology ISF
  - Established Self-Insurance Program ISF

redondo BEACH

Evolution of Internal Service Funds in Redondo Beach

- FY 2002-03
  - Established Printing and Graphics ISF
- FY 2004-05
  - Established Emergency Communications Equipment Replacement ISF
- FY 2005-06
  - Established Information Technology Equipment Replacement ISF
  - Overhead Charges First Reflected in All Departmental Budgets
- FY 2006-07
  - Established Emergency Communications ISF

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Evolution of Internal Service Funds in Redondo Beach

- FY 2008-09
  - Established Major Facilities Repair ISF
  - PRM Performed Detail Analysis of Cost Plan Using "Two Step" Method Which Was Inconsistent With Prior Years
  - Budget Adopted With "Two Step – Anaheim" Methodology Based on FY 2006-07 Actual Expenditures
  - Midyear Adjustment Returning to "One Step – Redondo Beach" Methodology Still Based on FY 2006-07 Actual Expenditures
  - Additional ISF Policies Added to Financial Principles (Section 8 (c) and (d))
- FY 2009-10
  - Budget Adopted With Allocations Based on FY 2007-08 Actual Expenditures Using "One Step – Redondo Beach" Methodology
  - Midyear Update For Allocations Based on FY 2008-09 Actual Expenditures Using "One Step – Redondo Beach" Methodology
  - Allocation Process Documented in APP

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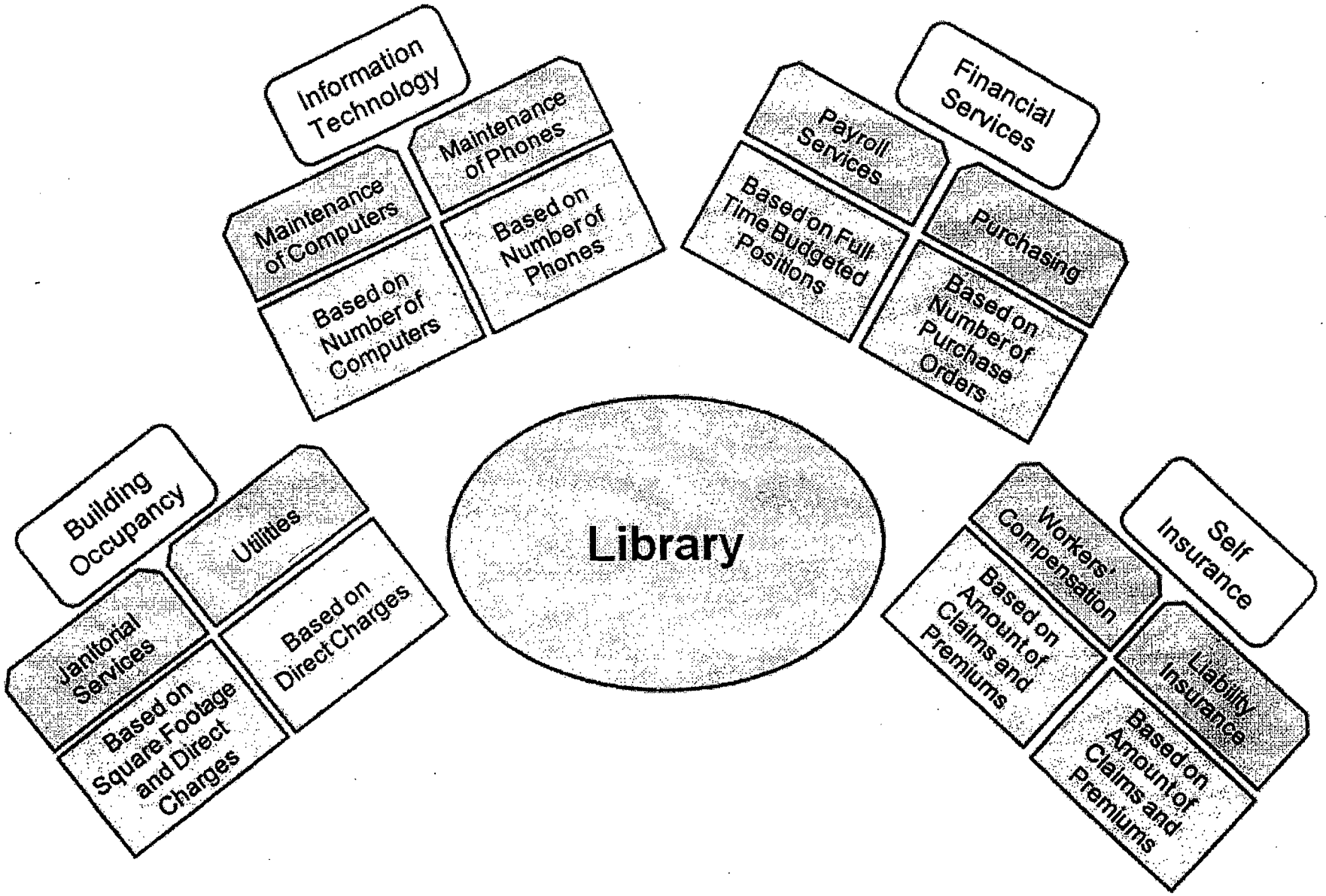
EXAMPLES OF SERVICES RECEIVED BY THE LIBRARY FROM OVERHEAD AND INTERNAL SERVICE FUND ALLOCATIONS



Recommendations

- Receive and File the Presentation on Internal Service Funds and Overhead Cost Allocation Plan
- Receive and File the Internal Service Fund/Overhead Allocations Administrative Policy/Procedures (APP)
- Receive and File Internal Service Fund and Overhead Allocations for Fiscal Year 2009-10

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City of Redondo Beach
Mayor and Council Offices
Inter-Office Memorandum

DATE: April 20, 2010

TO: Mayor and Council

FROM: Matt Kilroy, Audit Committee Chair for MK

SUBJECT: **COST ALLOCATION PLAN REVIEW BY MAYER HOFFMAN MCCANN**

RECOMMENDATION

Receive and file the following reports by Marc Davis of Mayer Hoffman McCann: a) presentation on Internal Service Funds and overhead cost allocation plan, b) Report on Agreed-Upon Procedures Applied to the City's Cost Allocation Plan and c) Addendum to the Report on Agreed-Upon Procedures.

SUMMARY

The City of Redondo Beach Audit Committee requested an independent audit firm review the City's cost allocation plan as it relates to the Harbor Tidelands and Harbor Uplands Funds. Attachment 1 is a copy of the resulting report prepared by Marc Davis of Mayer Hoffman McCann.

Since the initial report, the City's Audit Committee requested additional information. This is reflected on Attachment 2, Addendum to the Report on Agreed-Upon Procedures. Also included are the PowerPoint slides which will be presented and discussed by Marc Davis of Mayer Hoffman McCann.

Attachments:

- Attachment 1 – Report of Agreed-Upon Procedures
- Attachment 2 – Addendum
- Attachment 3 – Presentation on City's Cost Allocation Plan

Attachment 1

CITY OF REDONDO BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the City's
Cost Allocation Plan

Year Ended June 30, 2008

MHM
Mayer
Hoffman
McCann P.C.
An Independent CPA Firm

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Honorable Mayor and City Council
City of Redondo Beach
Redondo Beach, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the City of Redondo Beach, California (City), solely to assist you with a review of the City's cost allocation plan for fiscal year 2007-08 as it relates to the Harbor Tidelands and Harbor Uplands Funds. City management is responsible for the accounting records and cost allocation plan. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained a copy of the City's cost allocation plan for fiscal year 2007-08.

   Results: No exceptions noted as a result of our procedures.

2. We interviewed the Budget, Revenue and Payroll Manager in order to gain an understanding of the development of the cost allocation plan.

   Results: No exceptions noted as a result of our procedures.

3. We traced the amounts and statistics included in the City's cost allocation plan for fiscal year 2007-08 to supporting documentation.

   Results: No exceptions noted as a result of our procedures.

4. We documented the classification of all City departments and divisions as support or line and reviewed the classification for reasonableness.

   Results: The classification of departments and divisions in the 2007-08 cost allocation plan is as follows:

The cost allocation plan identified the following departments and divisions as support. Support departments and divisions are included in the cost pool and ultimately allocated to the line departments and divisions.

- City Clerk
- City Treasurer
- City Manager
- Employee Relations
- Financial Services
- Fire Admin Services
- Recreation Facilities
- Recreation & Community Services Administration
- Public Works Administration
- Police Administration

The cost allocation plan identified the following departments and divisions as line. Line departments and divisions are the organizational units that receive an allocation of indirect costs.

- Mayor & City Council
- General Legal Admin
- Prosecution
- Police Internal Affairs
- Police Patrol
- Police Investigation Services
- Police Management Services
- Police Admin Services
- Fire Suppression
- Fire Special Services
- Fire Prevention
- Public Library
- Rec Services
- Rec Sr. Services
- Rec Performing Arts
- Planning Administration
- Planning Code Enforcement
- Engineering Services
- Building Services
- Harbor Business
- Harbor Transit
- PW Building Occupancy
- PW Street Maint
- PW Sewer & Storm Drain
- PW Parks Maint
- Traffic Congestion
- State Gas Tax
- Storm Drain Improvement
- Street Landscape/Lighting
- Local Transportation Article III
- Prop C
- Transit
- Air Quality
- Intergovernmental Grants
- SBYP
- CDBG
- WIA
- Housing Authority
- Park & Rec Facilities
- Narcotic Forfeiture
- Subdivision Park Trust
- Disaster Recovery
- Capital Project
- Parking Authority
- Harbor Tidelands
- Harbor Uplands
- Solid Waste
- Wastewater
- Self Insurance
- Vehicle Replacement
- Building Occupancy
- Information Technology
- Printing & Graphics
- Communication Equipment
- Redevelopment Agency
- Full Accrual
- Parking Authority
- All Other Activity

Recommendation: Of the departments and divisions classified as line, the Mayor & City Council, General Legal Admin and Prosecution are more commonly classified as support departments and divisions based upon the nature of services they provide.

Classifying these departments and divisions as support will increase the allocation of costs to the line departments and divisions. We recommend that the Mayor & City Council, General Legal Admin and Prosecution be reclassified as support departments.

Management Response: Per Section 8 of the City Council adopted Statements of Financial Principles, "transfers to the General Fund from other funds for overhead costs shall be reviewed annually and shall conform to OMB (Office of Management & Budget) A-87 guidelines". Allocating the operating expenses of the above departments/divisions as you recommend would not be in conformance with OMB A-87 guidelines.

5. We reviewed the costs included in the cost pool to determine whether they included only allowable costs.

   Results: No exceptions noted as a result of our procedures.

6. We reviewed the allocation statistics to determine whether they are reasonable for the costs being allocated.

   Results: The allocation statistics for each of the departments and divisions included in the cost pool is as follows:

Department/Division	Allocation Statistic
City Clerk:	
Department Assistance	Number of full-time budgeted positions
Records Management	Number of full-time budgeted positions
Mail	Number of full-time budgeted positions
City Treasurer:	
Departmental Auditing	Number of full-time budgeted positions
Tax Administration	Actual expenditures, per division
City Manager:	
Budget Performance Measures	Divisions per department
Reception	Number of full-time budgeted positions
Website	Number of web pages, per department
Economic Development	Direct allocation to RDA
City Sponsored Events	Number of full-time budgeted positions
Human Resources	Direct allocation to Employee Relations
Employee Relations:	
Employee Support	Number of full-time budgeted positions
Financial Services:	
Accounts Payable	Accounts payable transactions, per division
Accounts Receivable	Accounts receivable transactions, per division

Department/Division	Allocation Statistic
Purchasing	Purchase orders, per division
Cashiering	Receipts, per division
Budget	Number of budget accounts, by org/object
Fixed Assets	Number of full-time budgeted positions
CAFR	Number of budget accounts, by org/object
General Ledger	Number of budget accounts, by org/object
Bank Reconciliation	Bank accounts, per fund
Grants Administration	Time estimate, per grant
Payroll	Number of full-time budgeted positions
Fire Admin Services:	
Division Support	Estimate of time spent, per Fire Chief
Recreation Facilities:	
City Webpage	Number of web pages, per department
Recreation & Community Services Administration:	
Performing Arts Support	Direct allocation to Rec Performing Arts
Facilities Support	Direct allocation to Park & Rec Facilities
SBYP	Direct allocation to SBYP
Rec Services Support	Direct allocation to Rec Services
WIA Support	Direct allocation to WIA
Sr. Services Support	Direct allocation to Rec Sr. Services
Housing Authority Support	Direct allocation to Housing Authority
CDBG Support	Direct allocation to CDBG
Mayor/Council Support	Direct allocation to Mayor & City Council
City Manager Support	Direct allocation to City Manager
Public Works Administration:	
Division Support	Split – 50% actual expenditures, per division; 50% full-time equivalents, per division
Police Administration:	
Division Support	Split – 50% actual expenditures, per division; 50% number of full-time budgeted positions
Captain Support	Direct allocation to divisions with captains

Generally, the statistics used to allocate costs are reasonable. However, the following statistics should be modified to reflect a better allocation of costs. Changing a statistic may not always be practical as it would require the department or division to track the new statistic, and the cost of tracking the statistic may outweigh the benefit to the cost allocation plan.

Recommendation: Number of budgeted full-time positions – This statistic is based upon the budget and not actual. It would be acceptable to use for planning purposes, but should be adjusted to actual at year end. For example, this statistic does not take into account frozen or vacant positions. To the extent a different statistic could be developed for each division, a more accurate allocation of costs may result. For

example, the City Clerk Departmental Assistance could be allocated based upon time actually spent supporting the various departments.

Management Response: The number of budgeted full-time positions is an unarguable allocation statistic that is published in, and accepted by, the City Council in its adopted budget document. As well, the departments have reviewed and agreed to the allocation statistic. Frozen or vacant positions could be filled for a portion of the year, backfilled by one or more part-time or contract employees, or not filled at all. As such, it would be difficult to definitively quantify the actual number of full-time employees. While different statistics could be developed for each division, we have neither the staff nor systems to handle such variations.

Recommendation: The Fixed Asset Function within Financial Services is allocated based upon number of budgeted full-time positions. A better statistic would be number of fixed assets. Some departments may not have fixed assets, yet are receiving an allocation.

Management Response: It is possible to allocate the Fixed Asset Function based upon the number of fixed assets. Annually, the Financial Services Department could produce a listing of fixed assets by fund/department/division as of June 30. Using the current list of fixed assets, the Vehicle Replacement Fund would see significantly increased allocations. Other funds with increased allocations (although not as large) would be Harbor Tidelands, Harbor Uplands, Information Technology, Printing and Graphics and Transit. As is evident, the larger the number of fixed assets, the greater the allocation.

Recommendation: Estimate of time spent, per Fire Chief – This statistic is used to allocate the Division Support within Fire Admin Services. The only support for this statistic is the Fire Chief's determination. All divisions of the Fire Department and other funds that have fire services receive an allocation of costs. However, a study should be performed to better support the statistic, or a more common statistic, such as actual expenditures, should be used.

Management Response: It is possible to allocate the Fire Admin Services' division support in the same manner as the Public Works and the Police Administrations' division support. The statistic used would be a split with 50% of the allocation based on actual expenditures and 50% of the allocation based on the number of full-time budgeted positions.

7. We reviewed the cost allocation plan as a whole and determined whether it results in a fair and equitable allocation of costs to all funds, departments and divisions, as appropriate, including the Harbor Tidelands and Harbor Uplands Funds.

Results: The cost allocation plan for fiscal year 2007-08 results in a fair and equitable allocation of costs. However, as identified in procedure 4, additional departments and divisions could be classified as support. Additionally, as identified in procedure 6, two

of the statistics used to allocate cost should be better supported or changed to a statistic with a better nexus to the cost being allocated. Determining the effect of any changes to the cost allocation plan is outside the scope of these procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the cost allocation plan. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The City's written management responses to certain results identified during our agree-upon procedures is included herein. We did not perform any additional agreed-upon procedures of the City's management response.

This report is intended solely for the information and use of the management and City Council of the City of Redondo Beach, California, and is not intended to be and should not be used by anyone other than those specified parties.

Maxwell Hefflefinger McCann P.C.

Irvine, California
January 20, 2010

MHM

Mayer Hoffman McCann P.C.
An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Honorable Mayor and City Council
City of Redondo Beach
Redondo Beach, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPYING AGREED-UPON PROCEDURES

We have performed the procedure enumerated below, which was agreed to by the City of Redondo Beach, California (City), solely to assist you with a review of the City's cost allocation plan for fiscal year 2007-08 as it relates to the Harbor Tidelands and Harbor Uplands Funds. This procedure is supplemental to the procedures enumerated in our report to the City dated January 20, 2010 covering this same subject matter. City management is responsible for the accounting records and cost allocation plan. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedure described below, either for the purpose for which this report has been requested or for any other purpose.

The procedure performed and the results of that procedure were as follows:

1. We reviewed the actual charges resulting from the implementation of the cost allocation plan to determine whether the plan was implemented as designed for fiscal year 2007-08.

   Results: No exceptions noted as a result of our procedure.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the cost allocation plan. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management and City Council of the City of Redondo Beach, California, and is not intended to be and should not be used by anyone other than those specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
March 19, 2010

Attachment 3

City of Redondo Beach

Review of Cost Allocation Plan
Fiscal Year 2007-08

April 20, 2010

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Scope and Objectives of Project

- Independent review of cost allocation plan for FY 2007-08
- Does plan result in a fair and equitable allocation of costs to the Harbor Tidelands and Harbor Uplands Funds

Agreed-Upon Procedures

- Obtain cost allocation plan for FY 2007-08
- Interview key City staff to gain understanding of development of plan
- Trace amounts and statistics in plan to supporting documentation
- Review classification of departments in plan as support or line and determine if reasonable
- Review overhead costs to determine if allowable
- Review allocation statistics to determine if reasonable
- Determine whether plan results in a fair and equitable allocation of costs

Results

- Plan results in a fair and equitable allocation of costs to the Harbor Tidelands and Harbor Uplands Funds
- Recommendations (best practices)
  - Support vs. line departments
  - Allocation statistics

Supplemental Procedure

- Was the cost plan actually implemented as designed
  - Yes

Questions

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Administrative Report

Council Action Date: April 20, 2010

To: MAYOR AND CITY COUNCIL

From: MICHAEL WITZANSKY, RECREATION AND COMMUNITY SERVICES DIRECTOR

Subject: RECOMMENDATION TO SUSPEND OPERATION OF THE SEASIDE LAGOON'S WATER SWIM FEATURE

RECOMMENDATION

1) Suspend operation of the Seaside Lagoon's water swim feature until an operating permit with the Los Angeles Regional Water Quality Control Board can be obtained that appropriately recognizes the facility's unique recreational and water reuse properties and does not expose the City to excessive water discharge fines;
2) Approve the attached template resolution and letter of support to solicit help from community members, schools, not-for-profit organizations, cities, regional agencies, and state and federal officials in advocating to the LARWQCB approval of a modified Seaside Lagoon permit; and,
3) Direct staff to develop options for interim use of Seaside Lagoon while the water swim feature is non-operational.

EXECUTIVE SUMMARY

Over the past several months staff and the Mayor and City Council Seaside Lagoon Subcommittee have been working with the Los Angeles Regional Water Quality Control Board (LARWQCB) to obtain a new five-year National Pollution Discharge Elimination System Permit (NPDES) that would allow for continued operation of the Seaside Lagoon's water swim feature without exposing the City to excessive water discharge fines. In late February, the City received a five-year NPDES permit and three-year Time Schedule Order (TSO) proposed by LARWQCB staff for Regional Board approval in May. The proposed NPDES Permit includes eight (8) new metal effluent categories, retains the Total Suspended Solids (TSS) limits that were established in 2005, and is more restrictive than the previous five-year permit. The proposed three-year Time Schedule Order (TSO) includes temporary limitations for all of the new metal effluent categories and relaxes the TSS monthly average limit, but does not include a modification of the TSS maximum daily limit.

L1

While pursuing the TSO, the City has also been in the process of contesting $150,000 of fines imposed by the LARWQCB for water discharge violations that allegedly occurred at the Lagoon from 2002 – 2008. On March 29th, the City Attorney's Office received a preliminary Hearing Panel binder from the LARWCQB Enforcement Division's Prosecution Team that lays out their case for the Lagoon's water quality violations as part of the adjudicative hearing scheduled before the Board on May 17th. Alarmingly, the PowerPoint Presentation in the preliminary Hearing Panel binder includes a slide that calculates the City's "Potential Maximum Civil Liability Penalty" for operation of the Seaside Lagoon from 2002 – 2008 at 21.2 BILLION DOLLARS (see attached). The derivation and public posting of a liability figure as high as 21.2 billion dollars makes it clear that, despite all the City's efforts to work with the LARWQCB permitting staff to develop solutions for ongoing operation of the Lagoon, the Enforcement Division's practices and policies continue to be unreasonable, and do not consider the greater interests of the Redondo Beach community nor the regional visitors that comprise approximately 80% of the Lagoon's users. It should be noted that the proposed fines are for taking water from the ocean, chlorinating it, swimming in it just as millions of Californians do at the beach every summer, de-chlorinating it, and returning it to the ocean.

Given the severity of the LARWQCB's enforcement, the fact that the new NPDES Permit if approved would establish eight (8) new metal effluent categories that would only multiply and perpetuate the Lagoon's future water discharge problems, and that the TSO proposed by LARWQCB staff does not include a relaxation of the TSS daily limits that beleaguered the facility in 2005 and 2006, City staff members are unable to advise continued operation of the Lagoon's Summer Swim Program. It is recommended 1) that the City Council suspend operation of the Seaside Lagoon's water feature and delay the facility's planned Memorial Day Weekend opening, 2) Enlist the aid of community members, schools, not-for-profit organizations, cities, regional agencies, and state and federal officials in advocating to the LARWQCB the Lagoon's need for an operating permit that protects the City from excessive water discharge fines, and 3) Direct staff to return to the City Council with options for alternative use of the Lagoon during non-operation of the water feature. As part of the follow-up report, staff would also include additional information regarding the impact suspension of the water feature will have on the Lagoon's various summer programs, party rentals, and special events, including the deferred hiring of roughly 45 summer lifeguards and facility attendants.

BACKGROUND

The Seaside Lagoon's unique construction and ocean water delivery system, built in 1963, has made compliance with the NPDES Permit limitations, set and monitored by the LARWQCB extremely problematic. Since the implementation of the Lagoon's first permit in 1999, the City has been fined $195,000 for water discharge violations. The vast majority of these violations were for the discharge of Total Suspended Solids. After

extensive examination by water quality experts and City Engineers, it has been determined that there is no cost effective way to treat or filter Suspended Solids in the high volume of water discharged by the Lagoon. The filtration approach suggested by LARWQCB staff, as an example, would require the installation of a multi-million dollar treatment plant and the acquisition of several acres of harbor area property.

Over the past three years the City has been put in the difficult position of either closing the facility, spending the significant capital resources needed to rehabilitate the facility and implement a contemporary water delivery and filtration system that would eliminate discharge into the Harbor, or working with the LARWQCB to modify the Lagoon's NPDES Permit to allow for increased water discharge limits. In 2007, the City pursued the latter option and convinced the LARWQCB to approve a temporary Time Schedule Order that significantly increased the Lagoon's TSS limits in exchange for the completion of an extensive water quality study. The study concluded that all but one of the Lagoon's problematic effluent categories could be managed through changes to operating procedures and testing methods, but that there was no cost effective way, given the facility's rudimentary water delivery system, to treat or filter the Lagoon's TSS. It also concluded that, on average, 94% of the TSS in the Lagoon's water discharge was in the ocean water before it entered the facility and the quality of the Lagoon's water discharge is effectively at the mercy of the ocean's natural conditions.

After it was determined that there was no affordable way to eliminate the TSS problems through modification of the existing facility, the City pursued an extension of the Time Schedule Order to allow for continued operation of the Lagoon while developing plans to reconstruct the facility and ultimately eliminate water discharge into the Harbor. The LARWQCB agreed to extend the Lagoon's TSO for two years (through February 10, 2010) with the expectation that the facility's water discharge would cease beginning summer 2010.

The first phase of plan development was completed in March 2009, when the City Council approved the conceptual design for a rehabilitated facility that was estimated to cost nearly 12 million dollars to construct, however over the course of the design period two significant things occurred. One; the nationwide economic crisis hit, severely straining the City's fiscal resources, and two; the Lagoon's 2008 and 2009 operating seasons were relatively clean, experiencing only two NPDES Permit exceedences (see below).

Number of Annual Exceedance of Permit Limits

Year	Total Coliform	Fecal Coliform	Enterococcus	Chlorine Residual	Temp	BOD	Oil & Grease	pH	Turbidity	TSS	Ammonia	Total	
1999	0	0	0	1	0	0	0	0	0	0	0	1	1999 Permit
2000	0	0	0	16	0	0	0	0	0	0	0	16	
2001	0	0	0	1	0	0	0	0	0	0	0	1	
2002	0	0	0	0	0	0	0	0	0	1	0	1	
2003	0	0	6	3	0	0	0	0	0	0	0	9	
2004	0	0	0	0	0	1	0	0	0	1	0	2	
2005	4	1	0	0	0	3	0	2	0	1	0	11	2005 Permit
2006	0	0	0	0	0	8	2	0	0	14	0	24	
2007	0	0	1	2	0	0	0	0	0	0	0	3	
2008	0	0	0	1	0	0	0	0	0	0	0	1	
2009	0	0	0	0	0	0	0	0	0	1	0	1	
Total	4	1	7	24	0	12	2	2	0	18	0	70	

Note: 2005 - Total Coliform exceedance were during the "Off Season" monitoring
2006 - 15 of the 24 exceedance occurred during the "Off Season" monitoring
2007 forward operating under Time Schedule Order

As a result, the City Council, as part of their March action, directed staff to initiate discussions with the LARWQCB to pursue a modification to the Lagoon's NPDES Permit that would allow for extended operation of the existing facility. On August 13, 2009 staff submitted the City's application for a new five-year NPDES Permit. The application and supplemental materials described the Lagoon's unique physical plant, operating characteristics, history of Time Schedule Orders, the specific permit modifications requested going forward, and the fundamental reasons why modifications are warranted.

On January 19, 2010, Mayor Gin, Councilmember Steve Diels, Councilmember Bill Brand, and City staff met with representatives from the LARWQCB to discuss the City's application for a new Seaside Lagoon NPDES Permit and to convey in a face-to-face setting that the facility has been held unfairly accountable for discharge pollutants that exist in the ocean water before it enters the facility. The group also expressed that without reasonable permit limitations that recognize the facility's unique characteristics and public recreational purpose the City would be forced to close the Lagoon.

The LARWCQB staff, including the agency's Executive Director, acknowledged that operating the Lagoon without permit limitations that reflect the level of pollutants that exist in the ocean water before it enters the Lagoon puts the City in a difficult predicament and appeared to also recognize that the Lagoon's rudimentary water delivery system, aside from chlorinating and de-chlorinating the water, does very little to alter the water's content. Following the meeting, LARWQCB staff contacted the City and asked that a follow-up letter be sent to the Board requesting a new Time Schedule Order. Staff prepared and sent the letter to the LARWQCB within the week (see attached).

After the meeting there was hope that a new TSO would be proposed by LARWQCB staff that would protect the City from excessive water discharge fines. The permit and

TSO were developed by LARWQCB staff over the next six weeks and were transmitted to the City in late February. Upon review it was concluded that the NPDES Permit and TSO took steps to address some of the City's concerns but fell short in addressing the Lagoon's daily TSS limitation problem, and would ultimately institute eight (8) new effluent categories for metals that could not be filtered by the Lagoon's water delivery system. These new metal categories if implemented, would mirror the problems created by placing limits on Total Suspended Solids, effectively multiplying by a factor of eight the liability for discharge violations from materials outside of the Lagoon's control and further holding the City accountable for pre-existing water quality conditions. The following table illustrates the historical permit limits and the recently proposed changes.

Seaside Lagoon Historical NPDES Permit Limits

Pollutant	1999 Permit		2005 Permit		2007 TSO		2008 TSO		Proposed 2010 Permit		Proposed 2010 TSO		Max. Measured	Year
	Avg.	Max.	Avg.	Max.	Avg.	Max.	Avg.	Max.	Avg.	Max.	Avg.	Max.		
pH		6 to 9		6.5 to 8.5	"	"	"	"	"	"	"	"	8.1	2007
BOD	20	30	"	"	100	100	20	30	"	"	"	"	97.7	2006
TSS	50	150	50	75	**200**	**250**	60	120	50	75	60	"	286	2006
Oil & Grease	10	15	"	"	"	"	"	"	"	"	"	"	318	2006
Turbidity	50	150	50	75	"	"	"	"	"	"	"	"	20	2001
Temperature		100		86	"	"	"	"	"	"	"	"	81	2003
Chlorine Residual	10	10	"	"	"	"	"	"	"	"	"	"	3060	2001
Total Coliform	1000	10000	"	"	"	"	"	"	"	"	"	"	9867	2007
Fecal Coliform	200	400	"	"	"	"	"	"	"	"	"	"	464	2005
Enterococcus	12	24	35	104	"	"	"	"	"	"	"	"	1600	2003
Arsenic	-	-	-	-	-	-	-	-	30	59	-	59	730	2006
Cadmium	-	-	-	-	-	-	-	-	7.7	15.4	-	40	40	2006
Copper	-	-	-	-	-	-	-	-	3	6	-	88	88	2005
Nickel	-	-	-	-	-	-	-	-	6.8	14	-	100	100	2006
Selenium	-	-	-	-	-	-	-	-	58	117	-	117	3210	2006
Silver	-	-	-	-	-	-	-	-	1.1	2.2	-	50	1230	2006
Thallium	-	-	-	-	-	-	-	-	6.3	13	-	100	3170	2006
Zinc	-	-	-	-	-	-	-	-	47	95	-	114	114	2005

Despite some of the concerns, staff were willing to recommend that the City Council accept the TSO and operate the facility for the next three years on the belief that the LARWQCB staff recognized the Lagoon's unique situation and public value and would, in the future, enforce the permit in a reasonable way. This belief was shattered however, on March 29th, when the City Attorney's Office received a PowerPoint presentation that was included in the preliminary Hearing Panel binder submitted by the LARWQCB Enforcement Division's Prosecution Team in advance of the May 17, 2010 adjudicative Hearing on the Lagoon's 2002 – 2008 water discharge violations. The PowerPoint presentation (see attached) contains a slide that calculates the City's maximum potential liability for fines from the discharge violations that allegedly occurred between 2002 and 2008 at $21,200,000,000. The severity of this figure and the imprudence to post it publically, demonstrate the continued unreasonableness of the Enforcement Division's approach to the Lagoon's water discharge fines and further substantiate the concern that continued exposure to penalties could have catastrophic consequences for the City. Given the holes that exist in the recently proposed TSO and the potential for future problems with the new metal effluent categories included in the proposed five-year NPDES Permit, the City has no choice but to suspend operation of the Lagoon's water swim feature and protect itself against additional enforcement actions.

Next Steps for Pursuit of a Modified NPDES Permit and/or TSO

The new NPDES and TSO proposed by LARWQCB staff are scheduled to be considered for approval by the Board at the May 6, 2010 meeting. However, in anticipation of Council consideration of this item, City staff members, in coordination with the City Attorney's Office, took steps to secure a later Board meeting date in the event that the City Council approves staff's recommendation and suspends operation of the Lagoon's water swim feature and pursue a modified permit and/or TSO that protects the City from excessive fines. In order to provide sufficient time to submit written objections to the permit and TSO proposed by LARWQCB staff and to generate support from regional stakeholders, staff would request that the item be rescheduled for the next earliest Board meeting date which is July 8, 2010. Because actions of the Regional Board take 30 days to become effective, the Hearing date postponement will have the unfortunate side-effect of delaying any potential re-opening of the Lagoon's water swim feature until August 8 and likely later if the LARWQCB directs staff to further study the Lagoon's situation.

In order for City staff to feel comfortable recommending reopening of the water swim feature, the Board would need to provide documented assurances that no fines beyond the mandatory minimum level would be levied against the City for future water discharge violations, or approve a Permit/TSO that contains TSS limits at or near the figures provided in the 2007 Time Schedule Order. Ideally the Board would also remove all metal effluent categories.

Annual Seaside Lagoon Participation and Facility Rental Statistics

For the past 10 years the Seaside Lagoon has averaged over 90,000 summer swim patrons, 75 to 100 group party rentals, and approximately 350 summer picnic table (small party) rentals. The group party rentals range in scope from school field trips, to company events, to family birthday parties, to weddings, to organizational functions like the annual International Surf Festival Dinner. Additionally, the Lagoon hosts several regional special events that attract an additional 60,000 people per year, including the City's annual 4th of July Fireworks Celebration, the Lobster Festival, Seaside Ice, and the Super Bowl 10K. The Lagoon is also home to the Recreation and Community Services Department's annual Breakwater camp program.

Initial Impact on Programs, Events, and Facility Rental Activities

In addition to the Summer Swim program, suspension of the Lagoon's water swim feature will impact a number of rental groups, annual special events, and traditional Lagoon activities. One immediate example is the 4th of July Fireworks Festival which relies on the swim feature as a key event attraction. The absence of swimming will significantly affect the event's financial structure and will likely require the contribution of additional Harbor Tidelands Funds to continue. Suspension of the Lagoon's water feature will also:

- Delay or eliminate the hiring of approximately 45 seasonal lifeguards and facility attendants.
- Force a restructuring of the traditional summer Breakwater Camp that, without creative substitutions for the swim program component, may make it a less attractive camp offering.
- Alter the 4th of July Fireworks program, possibly forcing a temporary restructuring of the City's agreement with Community Spirit Fireworks.
- Force, if a positive resolution is not obtained by the end of summer, a reformatting of the September Lobster Festival.
- Affect the 52 groups that have tentatively booked party rentals at the Lagoon this summer. Staff estimate that approximately 85% of the rental groups require the water swim feature.
- Negatively impact the aesthetic quality of the Lagoon, which will make use of the space less desirable for groups that have secured dates or are considering renting the space for private parties and weddings. It should be noted that some alternative facility use plan options could mitigate the aesthetic concerns.
- Force a large number of local schools that use the Lagoon for year-end celebrations to find alternative venues.
- Reduce the amount of parking revenue collected by the Redondo Beach Marina this summer.

- Affect the Harbor area restaurants, especially Ruby's Diner, that benefit from the 90,000+ people that patron the Lagoon's summer swim program.

During preparation of the follow-up report regarding interim use options for the facility, staff will have the opportunity to contact the Lagoon's summer users to make them aware of the LARWQCB's adverse water discharge actions and to further identify the impacts the swim feature's suspension will have on their activities. Staff hope to present the follow-up report to City Council on May 18, 2010.

COORDINATION

This staff report was prepared in coordination with the City Attorney's Office and staff in the Building and Engineering and Public Works Departments.

FISCAL IMPACT

The Seaside Lagoon's annual funding and expenditure figures, including traditional operation of the summer swim feature, are listed below. It should be noted that the operating deficit is supported by the Tidelands Fund and will not be significantly reduced by the suspension of the Lagoon's water feature. Most of the Lagoon's deficit, much like a park, is attributed to fixed costs associated with annual facility and grounds maintenance.

Funding		Expenditures	
Daily Admissions Fees	$320,000	Program Personnel	$201,019
Party/Facility Rental Fees	$ 50,000	Maintenance Personnel	$220,363
Donations	$ 500	Maintenance & Operations.	$105,170
		ISF Allocations	$ 38,616
TOTAL FUNDING	$370,50	TOTAL EXPENDITURES	$580,826

Excess (Deficit) = ($215,326)

Staff will update the Seaside Lagoon's Fiscal Impact statement as part of the follow-up item for interim facility use options.

Submitted by:

Michael Witzansky
Recreation and Community Services Director

Approved for forwarding by:

Office of the City Manager

Attachments:

- Template Resolution and Letter of Support for Seaside Lagoon
- LARWQCB Enforcement Division Letter & PowerPoint Presentation
- City's TSO (Letter) Request for Seaside Lagoon – Dated January 24, 2010
- "Tentative" Five-Year NPDES Permit Proposed by LARWQCB staff
- "Tentative" TSO for Seaside Lagoon Proposed by LARWQCB staff

RESOLUTION NO. CC-___-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF _____, CALIFORNIA, SUPPORTING THE CONTINUED OPERATION OF SEASIDE LAGOON AND REQUESTING THAT THE LOS ANGELES REGIONAL WATER QUALITY CONTROL BOARD APPROVE AN NPDES OPERATING PERMIT THAT RECOGNIZES THE LAGOON'S UNIQUE RECREATIONAL AND WATER RE-USE PROPERTIES AND DOES NOT EXPOSE THE CITY OF REDONDO BEACH TO UNREASONABLE AND EXCESSIVE FINES

WHEREAS, Seaside Lagoon is a unique, safe and secure 45,000 square foot saltwater swimming facility that has been a strong tourist attraction and an important component of Southern California's visitor serving brand for decades; and

WHEREAS, Seaside Lagoon is located on property owned by the State of California, and administered in trust by the City of Redondo Beach; and

WHEREAS, Seaside Lagoon was constructed in 1963 and remains a valued regional recreational water facility and special events venue that serves over 150,000 patrons each year from a variety of locations and demographic backgrounds; and

WHEREAS, Seaside Lagoon is required to obtain a National Pollution Discharge Elimination System (NPDES) Permit from the Los Angeles Regional Water Quality Control Board (LARWQCB) in order to operate and discharge water into the ocean; and

WHEREAS, the LARWQCB has established increasingly restrictive NPDES limits for Seaside Lagoon, despite the fact that the facility's swim feature simply draws in ocean water, chlorinates it, and then de-chlorinates it before returning it to the ocean; and

WHEREAS, the City of Redondo Beach is exposed to unreasonable and excessive fines when the NPDES limits are exceeded and, on occasion, the ocean water used by the Lagoon exceeds these limits before it is even drawn into the facility; and

WHEREAS, operation of Seaside Lagoon's water swim feature has been suspended until the LARWQCB approves a more appropriate NPDES permit; and

WHEREAS, the loss of Seaside Lagoon would negatively impact low cost recreational opportunities for thousands of families and children throughout the region and would affect critical area tourism and the economic vitality of the South Bay.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY _____, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. To support the continued operation of Seaside Lagoon.

SECTION 2. To request that the Los Angeles Regional Water Quality Control Board approve an NPDES permit that recognizes the Lagoon's unique recreational and water re-use properties and does not expose the City of Redondo Beach to unreasonable and excessive fines.

Date

Los Angeles Regional Water Quality Control Board
320 W. 4th Street, Suite 200
Los Angeles, CA 90013

Members of the Los Angeles Regional Water Quality Control Board,

I am writing to support the continued operation of Seaside Lagoon, the salt water swim park that my family and many others in the region have patronized for years. Seaside Lagoon, located in Redondo Beach, is a very popular recreational facility that provides a protected swim environment with a sand beach, one acre pool, play equipment, barbecues and luau shelters, all at the ocean's edge. The Lagoon is unique because the ocean water used for the pool is heated by the pipes of the nearby power plant. There is nothing like this facility anywhere else in California.

I am distressed because the actions of the LARWCB may result in the permanent closure of Seaside Lagoon. In order to operate, the Lagoon is required to obtain a National Pollution Discharge Elimination System (NPDES) Permit from your agency, and this permit has imposed increasingly restrictive water quality standards on the facility. The Seaside Lagoon swim feature simply draws in water from the ocean, chlorinates it, and then de-chlorinates it before returning it to the ocean. Yet, on occasion, the ocean water itself exceeds the NPDES permit standards before it even enters the facility.

The City of Redondo Beach is exposed to unreasonable and excessive fines when the NPDES limits are exceeded at the Lagoon, despite the fact that these limits do not reflect the facility's unique water-use properties, and are inappropriate for a recreational facility of this kind. The City has suspended operation of Seaside Lagoon's water swim feature because of its exposure under the current NPDES permit, and the facility will be permanently shut down if the LARWQCB cannot approve a more appropriate permit.

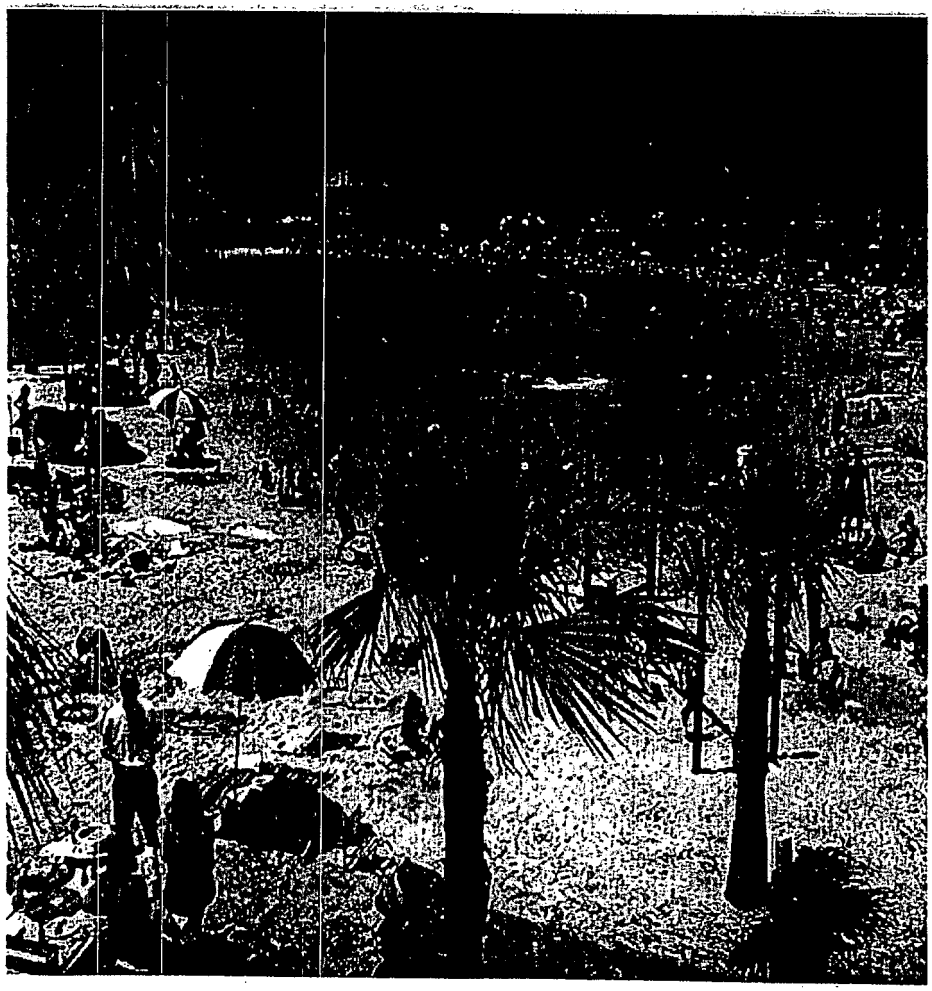
Seaside Lagoon is a gem in our region and loved by many. The closure of this facility would affect thousands of patrons and would significantly reduce low cost summer recreational opportunities for families in the area. I strongly urge that you approve an NPDES operating permit that recognizes the Lagoon's unique recreational and water re-use properties and does not expose the City of Redondo Beach to unreasonable and excessive fines.

Sincerely,

Item L1

SUSPENSION OF SEASIDE LAGOON WATER SWIM FEATURE

April 20, 2010



BACKGROUND

- Lagoon's Rudimentary Infrastructure & Water Delivery System
- Federal, State & County Water Quality Monitoring Requirements
- Water Discharge Violations & TSO History w/ LARWQCB, since 1999
- Approval of New Facility Design
- New 5 year NPDES Permit & 3 year TSO Proposed By LARWQCB Staff

Potential Maximum Civil Liability

- Effluent limit violations
  - 430 days x $10,000 = $4,300,000
  - 4.6 MGD discharged (minus 1,000 gallons) x $10/gal = $23,2[illegible]
- Potential Maximum Penalty = $[illegible]

Conclusions

- Permittee violated CWC section 13376 and Order Nos. 99-057 and R4-2005-0016
- $150,000 mandatory minimum penalty must be assessed against the Permittee

PROGRAM IMPACTS

- Deferred hiring of 45 Seasonal Facility Staff
- Restructuring of Breakwater Camp – "Dry Sand" Camp
- Re-formatting of 4th of July Fireworks & Lobster Festival Events
- Cancellation of Group & Party Rentals
- Loss of Parking Revenue for RB Marina
- Reduction of Local Restaurant Patronage

FISCAL IMPACTS

- $195,000 of LARWQCB Fines (to date)
- $1,000,000 + of Future Fines (over time)
- $20,000 - $50,000 of Tidelands Fund Savings
- Cost of Alternative Facility Use - TBD
- $800,000 of CIP Funds Available for Facility Improvements

NEXT STEPS

- Confirm Hearing Date w/ LARWQCB
- Engage the Community in Advocacy Efforts
- Prepare Written Objections to Proposed NPDES Permit & TSO
- Continue Effort to Contest Past Fines
- Secure a New NPDES Permit w/ Acceptable Conditions

RECOMMENDATIONS

1. Suspend operation of the Seaside Lagoon's water swim feature until an operating permit with the Los Angeles Regional Water Quality Control Board can be obtained that appropriately recognizes the facility's unique recreational and water reuse properties and does not expose the City to excessive water discharge fines;
2. Approve the attached template resolution and letter of support to solicit help from community members, schools, not-for-profit organizations, cities, regional agencies, and state and federal officials in advocating to the LARWQCB approval of a modified Seaside Lagoon permit; and,
3. Direct staff to develop options for interim use of Seaside Lagoon while the water swim feature is non-operational.

California Regional Water Quality Control Board

Los Angeles Region

Recipient of the 2001 *Environmental Leadership Award* from Keep California Beautiful

Linda S. Adams
Agency Secretary

320 W. 4th Street, Suite 200, Los Angeles, California 90013
Phone (213) 576-6600 FAX (213) 576-6640 - Internet Address: http://www.swrcb.ca.gov/rwqcb4

Arnold Schwarzenegger
Governor

March 26, 2010

Mr. Michael W. Webb, City Attorney
City of Redondo Beach
415 Diamond Street
Redondo Beach, CA 90277-0639

VIA FEDEX
TRACKING NO. 8704 0546 7984

COMPLAINT NO. R4-2008-0058-M FOR MANDATORY MINIMUM PENALTY AGAINST THE CITY OF REDONDO BEACH, SEASIDE LAGOON, 200 PORTOFINO WAY, REDONDO BEACH, CA. (ORDER NOS. 99-057 AND R4-2005-0016, NPDES PERMIT NO. CA0064297, CI NO. 8034)

Dear Mr. Webb:

Unless waived, this matter is scheduled to be heard before a Hearing Panel of the Regional Water Quality Control Board (Regional Board) pursuant to California Water Code (CWC) §§ 13228.14 and 13323. Enclosed is a Preliminary Hearing Panel package and a copy of the PowerPoint slides for our next Hearing Panel, which starts at 10:00 a.m. on May 17, 2010 at the Public Utilities Commission Hearing Room, 320 W. 4th Street, 5th Floor, Los Angeles, California 90013. The Hearing Panel will hear the staff presentation, any evidence and argument you wish to present, and any comments offered by interested parties. All documentation that you wish the Hearing Panel to consider must be submitted to the attention of Russ Colby, Case Manager of the Prosecution Team, no later than 5:00pm on April 19, 2010.

The Hearing Panel will consider all evidence and comments, and will provide a proposed final order to the Regional Board. You will be notified of the date of the Regional Board meeting. At the Regional Board meeting, the Regional Board may adopt, modify, or reject the Hearing Panel's recommendation. The Regional Board will not ordinarily accept new evidence; thus, you should prepare to present all evidence and argument to the Hearing Panel.

On the day of the Hearing Panel, Regional Board staff may not be available to receive telephone messages; however, important calls may be made to the Regional Board's general number at (213) 576-6600 and the appropriate staff will be contacted.

If you have any questions regarding the matter, please contact Hugh Marley at (213) 620-6375 or Russ Colby at (213) 620-6373.

Sincerely,

Paula Rasmussen
Section Chief, Compliance and Enforcement

Enclosure

cc: Ms. Mayumi Okamoto, Office of Enforcement, SWRCB (w/o enclosure)

Mandatory Minimum Penalty for the City of Redondo Beach

Item X

24th Panel Hearing

May 17, 2010

Background

- Order No. 99-057
  - Adopted June 30, 1999
  - Effective July 6, 1999
  - 4.8 million gallons per day of de-chlorinated wastewater
  - Discharges to King Harbor, a navigable water of the U.S.
- Order No. R4-2005-0016
  - Adopted/Effective on March 3, 2005
  - Rescinded Order No. 99-057, except for enforcement purposes

Background (cont.)

- Time Schedule Order No. R4-2007-0024
  - Adopted April 26, 2007
  - Effective May 1, 2007 to January 31, 2008
  - Prescribed interim limits for
    - Total Suspended Solids (TSS), and
    - Biochemical Oxygen Demanding Substances (BOD_5)

3

Background (cont.)

- Time Schedule Order No. R4-2008-0002
  - Adopted January 31, 2008
  - Effective February 1, 2008 to February 28, 2010
  - Prescribed interim limits for
    - Total Suspended Solids (TSS)

4

Background (cont.)

- Order No. 99-057 (Part 2 page 5) includes the following effluent limitations for BOD_5, TRC, TSS, and enterococcus :

Constituent	Unit of Measure	Discharge Limitations	
		Daily Maximum	Monthly Average
BOD_5	mg/L	30	20
TRC	µg/L	8	2
TSS	mg/L	150	50
Enterococcus	MPN/100 mL	(a) 30-day geometric mean <=24 MPN/100 mL (b) 6-month geometric mean <=12 MPN/100 mL	

µg/L = micrograms/liter, mg/L = milligrams/liter, MPN = most probable number

5

Background (cont.)

- Order No. R4-2005-0016 includes the following effluent limitations for BOD_5, O&G, TRC, TSS, pH, and total coliform :

Constituent	Unit of Measure	Discharge Limitations	
		Daily Maximum	Monthly Average
BOD_5	mg/L	30	20
O&G	mg/L	15	10
TRC	mg/L	8	2
TSS	mg/L	150	50
pH	S.U.	(a) Instantaneous Minimum = 6.5 (b) Instantaneous Maximum = 8.5	
Total Coliform	MPN/100 mL	(a) 30-day geometric mean <=24 MPN/100 mL (b) 6-month geometric mean <=12 MPN/100 mL	

µg/L = micrograms/liter, mg/L = milligrams/liter, MPN = most probable number, S.U. = Standard Units

6

Violations

- MMP Complaint No. R4-2008-0058-M issued February 16, 2010
  - Permittee reported 55 effluent limit violations from June 2002 to July 2008
    - Violations of BOD_5, O&G, TRC, TSS, pH, enterococcus, and total coliform
  - Out of 55 effluent limit violations, 50 are subject to mandatory minimum penalties

7

Mandatory Minimum Penalties

- Mandatory Minimum Penalty of $150,000
  - 34 serious violations under CWC § 13385(h); exceeded effluent limitations by 40% and 20% for Group I and II pollutants
  - 16 chronic violations under CWC § 13385(i)

8

Potential Maximum Civil Liability

- Effluent limit violations
  - 430 days x $10,000 = $4,300,000
  - 4.6 MGD discharged (minus 1,000 gallons) x $10/gal = $21.2 B
- Potential Maximum Penalty = **$21.2 B**

9

Conclusions

- Permittee violated CWC section 13376 and Order Nos. 99-057 and R4-2005-0016
- $150,000 mandatory minimum penalty must be assessed against the Permittee

10

Recommendation

- Make findings of fact and conclusions of law affirming Complaint No. R4-2008-0058-M for a mandatory minimum penalty of $150,000

11

Department of Recreation and Community Services
320 Knob Hill
Redondo Beach, CA 90277

January 25, 2010

Mr. Mazhar Ali
California Regional Water Quality Control Board
Los Angeles Region
320 W. 4th Street, Suite 200
Los Angeles, CA 90013
Re: TSO Request for Seaside Lagoon

Dear Mr. Ali,

Please consider this letter as the City of Redondo Beach's formal request for a Time Schedule Order for operation of the Seaside Lagoon. As you are aware, in August, the City submitted an application for a new five-year NPDES permit to begin February 11, 2010. The NPDES permit application included a request that the Board continue the effluent limits that were applied to the Lagoon's Total Suspended Solid category for the past two years under the Time Schedule Order. Specifically the City requested that the Lagoon's TSS limits be set at 60 mg/l for monthly average and 120 mg/l for daily maximum and that the limits for the other effluent categories match the standards set by the previous five-year permit.

Based on our recent meeting and your email correspondence with our Engineering staff, it appears that the NPDES formulas used by the Regional Water Quality Control Board have suggested that the Lagoon's forward going TSS limitations be set at 50 mg/l for monthly average and 75 mg/l for daily maximum. As we have discussed these limits are too restrictive and, if applied, will force the closure of the Seaside Lagoon. The Lagoon relies exclusively on the use of ocean water which oftentimes contains suspended solid quantities in excess of the 50 and 75 mg/l limits. Additionally, there is nothing explicit in the Lagoon's water delivery system that adds Total Suspended Solids nor does the system have the ability to filter and remove pre-existing solids. In short, the City can not operate the Lagoon and be held accountable for the discharge of TSS at the 50 mg/l and 75 mg/l limits when it plays so nominal a role in the contribution and/or treatment of the water's suspended solids.

LARWQCB staff members have also indicated that the NPDES formulas now suggest that the Seaside Lagoon be held accountable for the discharge of metals. Like TSS, the metals proposed as effluent categories exist in the ocean water before it enters the Lagoon. The Lagoon's water delivery system neither adds to the quantities nor has the ability to filter them from the water. As a result we are greatly concerned that any new

metal effluent categories will only exacerbate an already untenable water discharge situation.

Given the inherent nature of the Lagoon's operational characteristics, the City's preference is that the Regional Water Quality Control Board grant the Seaside Lagoon a new five-year NPDES permit according to the effluent limitations outlined in the permit application submitted last August. If that is not an option, the City respectfully requests a five-year permit that would set the Lagoon's TSS limit for monthly average at 60 mg/l and for daily maximum at 100 mg/l and a five-year Time Schedule Order (TSO) that would provide an opportunity to better understand the metals that were detected in the ocean water to determine if and how the facility could come into compliance with new metal effluent categories.

There is ample justification for this TSO request given that the Lagoon's water delivery system simply captures, chlorinates, de-chlorinates, and discharges water to and from the same general ocean source. However further justification is provided by the fact that the Lagoon discharges water only intermittently and not on a year-round basis. The Lagoon's summer swim program occurs during daylight hours from late May through early September, and as a result discharges water only 100 days per year and less than 12 hours per day. The Lagoon discharges water roughly 13% of the time allowed by the annual permit and should be given appropriate dispensation. As an example, if the Lagoon discharged Total Suspended Solids at the maximum amount allowed under a 60 mg/l monthly average limit during the 100 days it operates, it would contribute less than 1/6th of the total quantity discharged by a facility that operates on a 24 hour, year-round basis at 50 mg/l.

The City also needs time to determine if and how the facility could come into compliance with the newly proposed metal effluent categories. There is limited data on the metal concentrations that are suggested to exist in the Lagoon water discharge and what is disconcerting is that in only one of the past five years have all of the metals that are being proposed as new effluent categories been detected. It seems to City staff that data from one water sample in one year's time is insufficient to make wholesale permit changes, let alone provide a reasonable basis for the design and development of costly treatment solutions. At a minimum, three additional years of sampling will be needed to provide sufficient data to understand the metal content and after that two more years to design any possible treatment facilities.

Thank you for consideration of our request. Your efforts to assist the City with the continued operation of this treasured recreational asset are greatly appreciated. If you have any questions regarding Seaside Lagoon please do not hesitate to ask. I can be reached at 310-318-0671.

Sincerely,

Michael Witzansky
Recreation and Community Services Director
City of Redondo Beach

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RECEIVED

'10 APR 20 P3:56

CITY CLERK'S OFFICE
REDONDO BEACH CALIFORNIA

Honorable Mayor and Members of the City Council,

Please reconsider the staff recommendation to suspend operations at Seaside Lagoon this summer, and please keep the park open. Seaside Lagoon is such a unique feature that is a public amenity like no other for South Bay residents. My children, their school and friends all use the Lagoon regularly during the summer. We would be happy to pay more for the privilege. Perhaps you could raise the user fees to accommodate some of the increased costs of cleaning the water and maintaining the lagoon.

My 8 year old daughter attends school in Redondo Beach and started to cry when she saw the Daily Breeze headline. She actually wants to come to the City Council meeting to address all of you tonight, but it will likely run very late on a school night. So I send this email on her behalf as well as my own.

We will gladly send letters to the Water Quality Control Board as well. Please keep this amenity open.

Sincerely,

Diane Strickfaden
Torrance

Administrative Report

Council Action Date: March 2, 2010

To: MAYOR AND CITY COUNCIL

From: BILL WORKMAN, CITY MANAGER

Subject: MID-YEAR BUDGET REVIEW AND CONSIDERATION OF BUDGET & POLICY DECISION PACKAGES

RECOMMENDATION

1) Receive and file the City Manager's Mid-Year Budget Review for FY 2009-10, 2) adopt by 4/5th vote a resolution to modify the Fiscal Year 2009-10 budget reflecting the City Manager's recommended budget Decision Packages and adjustments to revenue, and 3) approve the City Manager's recommended policy direction Decision Packages.

EXECUTIVE SUMMARY

This report provides an informational overview of the City's budget and financial condition at the mid-year point of FY 2009-10. Submitted for the City Council's consideration are recommendations for budget and policy actions needed to continue our financial stability in a very difficult economic environment.

BACKGROUND

The City Council adopted the FY 2009-10 Annual City Budget on June 30 of last year as the nation was rocked by economic tumult. The City Council made major reductions in expenditures to adjust for fast falling revenues associated with the economic recession. The following summary describes the City's budget and financial condition at the mid-year point of the current 2009-10 fiscal year.

- Economic Outlook: "In its fourth quarterly report of 2009, the UCLA Anderson Forecast continues its theme from September that the national economy is on a "modest growth path that will be accompanied by extraordinarily high rates of unemployment." This slow growth outlook reflects the lagged effects of the implosion of consumer balance sheets and, according to the Forecast, is a result of the economy in transition from being an import-oriented/low-savings rate one to a more export and higher-savings oriented one. Fueling this transition is the administration's "weak dollar policy" which encourages exports and discourages the consumption of imports and the combined effect will cause real consumer spending to grow at a modest 2% rate – far below the historical 3 – 3.5% rate."

L1

"UCLA Anderson Senior Economist Jerry Nickelsburg prognosticates that the outlook for the rest of the year is little or no growth for the state. He writes, the economy will begin to pick up slightly in the beginning of 2011, and by the middle of 2011, will begin to grow at more normal levels. Nickelsburg believes that the keys to the California recovery are exports of manufactured and agricultural goods; a recovery in U.S.; increased public works construction and increased investment in business equipment and software."

"The expectation of the UCLA Anderson Forecast is that total employment will contract by -4.3% in 2009 and will not be generating new jobs in 2010. Once growth returns in 2011, employment will begin to grow faster than the labor force at a 1.7% rate and the unemployment rate will begin to fall. Real personal income growth will be -2.7% in 2009 before returning to positive growth + 0.4% in 2010, 2.8% in 2011. Finally, unemployment is only going to get worse and is expected to rise to 12.7% in the fourth quarter of 2009. Though the economy will be growing in 2011, it will not be generating enough jobs to drive the unemployment rate below double digits until 2012."

- Budget Overview: The news from UCLA economists and others is not encouraging as the City watches its revenue sources get hammered by the negative forces in the economy. Retail sales have declined in Redondo Beach by approximately 14.8% since 2008. Less tourism and business trips have translated into a drop in our transient occupancy tax revenues by 20.8% in the past 24 months. Utility Users Taxes are forecasted to remain at about the same levels. Property taxes in Redondo Beach this year are expected to be stable but forecasted to decline in next year.

  The midyear property tax revenue estimate of $18,715,000 (excluding property tax related to the triple flip) is slightly higher than the estimate in the adopted budget of $18,621,000. This is a result of assessed value increases to a few major commercial properties in and around the South Bay Galleria being sold and, therefore, reappraised. These increases have more than offset the foreclosure related property tax revenue declines in the current year. The median sales prices for the full calendar year 2009 of all single family residential units sold in Redondo Beach have trended downward 11.7%. Median sales prices are currently 16.5% off of the peak median sales price in 2007 of $750,000.

  In the coming budget year, it is estimated that property tax revenue will be lower by approximately 1%, given the negative CPI adjustment of .237% under state formulas. In addition, the downward trend of median sales prices for single family residential units will be reflected in the revenue estimate. If there is a 2010 calendar year turn-around in the economy, it will probably be too late to impact FY 2011-12 property tax values, which will be set on January 1, 2011. A

measurable property value increase, and likewise property tax revenue increase, is not expected until at least FY 2012-13.
Attachment 1, "FY09-10 Summary", summarizes the adjustments and their fiscal impacts to all funds; Attachment 1 – Exhibit A is a display of appropriations (including carryovers) previously authorized; and Attachment 1 – Exhibit B is the detail of revenue projections based on updated revenue trends throughout the fiscal year.

- Federal Economic Stimulus Plan: Congress and the President adopted the American Recovery & Reinvestment Act of 2009 to preserve and create jobs and promote an economic recovery. The City has been highly successful in obtaining federal funding for important local needs. The federal stimulus projects include:

Inglewood Avenue Resurfacing	$ 1,100,000
Prospect Avenue Resurfacing	900,000
Sapphire Low Flow Diversion	202,000
Alta Vista Park Diversion and Reuse	2,200,000
LED Street Lights	618,000
Citywide Curb Ramps, Design	80,000
Bus Benches, Design	118,000
Total	$ 5,218,000

- PERS Contributions: The City of Redondo Beach is a member of the California Public Employees Retirement System (PERS), which has a $200.4 billion diversified investment portfolio used to pay public employee retirement benefits. The retirement system's employee beneficiaries are covered by a defined benefit plan, which places the burden of unfunded liabilities on member cities. Based on investment declines in the PERS portfolio, the City of Redondo Beach will see a major increase in the City's contribution to PERS in the magnitude of $100,000 to $300,000 in 2010 and $1.0 million to $1.5 million in 2011. Our future budgets will have to reflect this obligation, but there also must be meaningful PERS reform lest the retirement system will become unsustainable.

- State Budget Impacts on the City: The State of California continues to significantly spend more than they receive in revenue. Their budget deficit is again forecasted to be over $20 billion. We can expect another attempted raid by the State on the treasuries of cities thus placing more financial stress on us. A coalition of stakeholders is collecting signatures to place a new Constitutional Amendment on the ballot in November to better protect local revenues from grabs by the State.

- Transit Funding: The City of Redondo Beach operates the sub-regional Beach Cities Transit bus transportation system funded by fare-box revenue, subventions from the cities being serviced and grants from regional, state and federal agencies. In FY 2009-10, Redondo is expected to receive all transit revenues adopted in the current budget. Los Angeles County Metropolitan Transportation Authority (MTA) has reported revenues from Proposition A and Proposition C are lower than what they budgeted, but have made a commitment to keep operators whole in Fiscal Year 2009-10. Because the City has budgeted conservatively, transit operations will be secure even if MTA decides reductions are necessary this fiscal year. Revenues from Measure R are doing better than what the MTA budgeted. The MTA may use these funds to help keep operators whole. Redondo Beach will continue to receive Formula Allocation Program (FAP) funding which is based on Los Angeles County's established "Included Operator" shared funding formula; and South Coast Air Quality Management District clean air funding.

- Lighting & Landscape District: The City's Lighting & Landscape District is running at a $1.1 million deficit, which has been backfilled with a General Fund subsidy. Based on the current economy and perceived voter sentiment, a request for a property owner election under Proposition 218 is not recommended at this time.

- Budget Balancing Principles: The City Council has adopted a "Statement of Financial Principles". The attached "Principles" guide the management of our budget and finances. In addition to these "Principles", during this period of economic and financial challenge, the following guideposts will be used by the staff :

  - Develop up-to-date economic data, financial information and service assessments to enable the City Council to make timely policy choices regarding the budget in a rapidly declining economy
  - Engage the community in budget education, outreach and prioritization
  - Engage the employees in budget outreach and idea generation
  - Align revenues with expenditures in the short term and prepare for the long term
  - Maintain reserves to deal with unforeseen financial blows
  - Focus on sustaining core municipal services in making budget trade-offs
  - Invest in capital infrastructure supportive of the community's needs and economic recovery
  - Avoid delay in adopting actions in response to the new economic and financial environment

- Budget Balancing Methods: The City has built a sound reputation for maintaining our fiscal health even in difficult economic times. The following is the mix of budget balancing methods we are using or considering using to adjust to the blows inflicted by the poor economy:

- Expense cap by selective hiring freeze
- Expense cap by early retirement incentives
- Expense cap by reduction of workforce by incentive or layoff
- Expense cap by salary and wage freeze or reduction
- Expense cap by benefit freeze or reduction
- Expense cap by reduction of work hours or furloughs
- Expense cap by job sharing, reorganization and/or reclassifications
- Expense cap by transfer of personnel costs to restricted funds
- Expense cap by reduction of departmental supplies and services
- Expense cap by water and energy retro fit of facilities
- Expense cap by facilities consolidation and/or closure
- Expense cap by reduction of capital outlay accounts
- Expense cap by reduction or deferral of internal service activity
- Expense cap by reduction or deferral of vehicle and equipment purchases
- Expense cap by reduction or deferral of liability-workers compensation funding
- Expense cap by reduction or deferral of post-retirement health benefit obligations
- Expense cap by reduction or deferral of capital projects
- Expense cap by transfer of service to other agencies, businesses and non-profits
- Expense cap by reduction of services, programs and projects
- Expense cap by reduction of fee waivers and/or special events
- Expense cap by reduction of Commission meetings
- Cost sharing for selected joint uses and regional services
- Revenue enhancement by fees, charges, penalties and/or taxes
- Revenue enhancement by intergovernmental grants & subventions
- Revenue enhancement by sponsorships, partners and donations
- Revenue enhancement by economic development
- Productivity improvement by training, tools and equipment
- Modeling fiscal scenarios by use of Five-Year Financial Plans

- Mid-Year Budget Balancing: The economic conditions of the past eight months have had a greater negative impact on the City's budget than was forecasted during the City Council's FY 2009-10 budget deliberations. Additionally, the opportunity for enhanced revenue ($1 - $2 million) from the application of the UUT to the AES private power plant was lost when voters in November turned down a change in the tax law. Although the General Fund Budget shortfall without consideration of Budget Decision Packages is $459,514, there are certain Decision Packages staff deems necessary to recommend. These will increase the General Fund anticipated shortfall to $545,081 this fiscal year; however, we will employ the budget balancing methods described above to eliminate the shortfall by June 30. The emphasis will be on creating additional savings using the flexible freeze technique. Unfortunately, several Police Officer positions and the Senior & Family Services Manager position will be a part of the freeze as we align our expenses with less revenue to pay for personnel.

- Harbor Financial Issues: In 2008, City staff provided the Council and relevant Commissions with a Harbor Enterprise Financial Update. This update, which was reviewed at a number of meetings in 2008, identified that "There is a possibility that Uplands reserves may decrease at an accelerated pace due to ongoing expenses exceeding ongoing revenues." Included as Attachment 2 are updated five year cash flow projections for the Harbor Enterprise. A Harbor Financial Action Plan has been developed to reduce the operating $778,000 shortfall in the current fiscal year and to eliminate an anticipated shortfall of $947,000 in the 2010-11 fiscal year. These actions are also designed to build financial reserve capacity consistent with the Business Plan recommendations in an amount of $1.35 million. In addition, the City Council will be reviewing the draft Harbor Enterprise Business Plan as a separate item on this same Agenda. The draft Harbor Business Plan sets forth a number of Key Decision Items further designed to improve the fiscal health of the Harbor Enterprise through harbor/pier revitalization.

DECISION PACKAGES

The City Budget is the single most important document for the City Council to make financial and policy decisions. The following Budget Decision Packages are recommended for the City Council's consideration:

Decision Package #1: Health Insurance Premium Increases. Each year, the City's insurance carrier updates its premium charges. The updates are now made in January, subsequent to budget adoption; therefore, premium adjustments are necessary at midyear. Recommended is a $30,088 appropriation to the General Fund from the Council adopted year-end designation, a $1,814 decreased appropriation to the Harbor Tidelands Fund, a $20,126 decreased appropriation to the Harbor Uplands Fund, and $9,218 decreased appropriations to other funds.

Decision Package #2: Internal Service Fund and Overhead Allocation Modifications – In accordance with Section 8d of the City's Statements of Financial Principles, modifications to the Internal Service Fund allocations (including overhead) reflect recalculations based on actual expenditures of the most recently completed fiscal year (2008-09). Recommended is a $121,794 net appropriation to the General Fund, a $5,719 net appropriation to the Harbor Tidelands Fund, a $53,552 decreased net appropriation to the Harbor Uplands Fund, and $73,961 in decreased net appropriations to other impacted City Funds.

Decision Package #3: Unemployment Claims. An additional appropriation is needed for unemployment claims as the budgeted amounts in the past several years have been insufficient. This is especially true in Fiscal Year 2009-10 with several layoffs and other terminations. Recommended is an on-going $120,000 appropriation to the Self-Insurance Program Fund.

Decision Package #4: Liability Claims. An additional appropriation is needed for liability claims as the budgeted amounts in the past several years have been insufficient. Recommended is an on-going $200,000 appropriation to the Self-Insurance Program Fund.

Decision Package #5: Workers' Compensation Claims. An additional appropriation is needed for workers' compensation claims as the budgeted amounts in the past several years have been insufficient. Recommended is an on-going $500,000 appropriation to the Self-Insurance Program Fund.

Decision Package #6: Buffer Zone Protection Program Grant. An appropriation is needed to carry over grant funds from Fiscal Year 2008-09 to Fiscal Year 2009-10. Recommended is a one-time $45,912 appropriation to the Intergovernmental Grants Fund.

Decision Package #7: Fire Department Constant Manning Overtime. A one-time adjustment is needed to cover the cost increase in personnel constant manning overtime due to eight extended and long-term injuries with the Fire Suppression and Paramedic Divisions of the Fire Department. Recommended is a one-time $271,065 appropriation to the Self-Insurance Program Fund.

Decision Package #8: North Branch Library Materials Storage Rental. Approval is needed to reduce the appropriation for the North Branch Library materials storage rental, as the costs are being included in the capital improvement project funds. Recommended is an on-going $3,528 decreased appropriation to the General Fund.

Decision Package #9: TRAN Debt Issuance Costs. Approval is needed to reduce the appropriation for the TRAN debt issuance costs. These costs are not required for Fiscal Year 2009-10, as the TRAN issuance proved to be economically unfeasible. Recommended is a one-time $62,770 decreased appropriation to the General Fund.

Decision Package #10: Wilderness Park Restitution. The City received restitution for the fire damage to Wilderness Park. This restitution will cover the attorney fees defending this matter and previously unbudgeted expenses for audit letters. The remaining funds recovered are proposed to be used to offset the City's general liability costs. Recommended is a one-time $130,733 increase to General Fund revenue with an immediate transfer of $114,746 from the General Fund to the Self-Insurance Program Fund. Also recommended is an appropriation to the Self-Insurance Program Fund in the same amount ($114,746) and a one-time $15,987 appropriation to the General Fund.

Decision Package #11: Community Development Block Grant (CDBG) Handyperson Program Reorganization. Reorganization of the CDBG Handyperson Program is needed to reduce liability and bring the program's operating format into conformance with the CDBG Deferred Payment Loan, Mobility Access/Emergency Repair, and Commercial Rehabilitation Programs. Proposed is the transfer of personnel holding the positions of one Handyperson Leadworker and one Maintenance Worker I from the CDBG Division to vacant positions of critical need in the Public Works Department. Recommended is the deauthorization of one Handyperson Leadworker position and one Maintenance Worker I position as well as the transfer of $47,020 in Fiscal Year 2009-10 salary savings to the maintenance and operations account of Recreation and Community Services to fund work to be completed by licensed contractors.

Decision Package #12: Adopt-A-Waterway Program. Due to the current economic recession, no donations are anticipated for the Adopt-A-Waterway Program during Fiscal Year 2009-10. To offset the decline in revenue, the Public Works Department will reduce expenditures for storm drain screening accordingly. Recommended is a one-time $10,000 decreased appropriation and revenue estimate to the General Fund.

Decision Package #13: Conservation Beverage Container Recycling Grant. Due to the economic recession that resulted in many State of California budget cuts, grant revenue for the Beverage Container Recycling Program is expected to decrease from a projected $18,000 to $900 during Fiscal Year 2009-10. To offset the expected decline in grant revenue and continue to fund the recycling collection services in the parks and parkettes, expenditures will be charged to grant funds carried over from Fiscal Year 2008-09. Recommended is an on-going $17,100 decreased appropriation and revenue estimate in the Solid Waste Fund.

Decision Package #14: Additional Community Development Block Grant (CDBG) Grant Funds. Authorization is requested to appropriate additional CDBG revenue, including $2,741 of new Housing Rehabilitation Program funds and $30,430 of CDBG-R American Recovery and Reinvestment Act of 2009 (ARRA) funds for additional anti-graffiti storefront programs along Artesia and Aviation Boulevards. Recommended is a one-time $33,171 appropriation and revenue estimate in the CDBG Fund.

Decision Package #15: Additional Alta Vista Diversion & Reuse Grant Funds. Authorization is requested to appropriate additional project financing for the Alta Vista Diversion & Reuse capital improvement project to be received by the City. Recommended is a one-time $650,000 appropriation and revenue estimate in the Intergovernmental Grants Fund.

Decision Package #16: Regional Transportation Center Update. The Redondo Beach South Bay Regional Intermodal Transit Center project will be developed on a City-owned 6.525 acre site on Kingsdale Avenue just south of the existing transit. The project construction documents 75% complete. In July, final plans and bid specifications will be presented to the City Council for approval, and a groundbreaking is planned for this Fall. Recommended is to receive and file this update.

Decision Package #17: North Branch Library Construction Update. Construction work is underway to build the new North Branch Library on Artesia Boulevard. Completion is currently targeted for September of this year. Recommended is to receive and file this update.

Decision Package #18: North Branch Library Staffing Update. The City Manager's proposed staffing and hours of operation for the New North Branch Library will be presented as part of the recommended FY 2010-11 Annual City Budget. There are a range of options that we anticipate will be under consideration by the City Council during the Council's budget deliberations. These options include funding for the North Branch Library to:

A) the level of service before it closed. This would require appropriating $250,000 for personnel and other operating costs.

B) spread existing personnel hours between the two City Libraries with reduced service hours. This would require appropriating $130,000 for operating costs.

Recommended is to receive and file this update.

Decision Package #19: Esplanade Project Update. The plans and specifications for the Esplanade Improvements have been approved by the City Council. The City is awaiting final approval from CalTrans of the approved plans and specifications, CalTrans approval is required due to the Federal funds being utilized for the project. Once the final CalTrans approval is received, the project will be bid and a contract will be awarded within 45 to 60 days. Recommended is to receive and file this update.

Decision Package #20: Sponsorship of City Signage. During continued implementation of the City's Signage and Wayfinding program, staff has been advised that community service groups might be interested in funding all or a portion of particular signs if the service group emblem could be incorporated with the sign. Recommended is to direct staff to work with interested community service groups to obtain sponsorship funding for selected median and gateway signage and to allow for incorporation of service group emblem or logo within the sign design.

Decision Package #21: Veterans Park Senior Center Parking. Senior citizens using the pay parking lots adjacent to the Veterans Park Senior Center have requested an affordable way to park their vehicles in those lots. The City currently does not have a City Council approved free or low cost parking discount for senior citizens using the parking lots. Since the lots and the Senior Center are located in the Coastal zone, this type of request is complicated by Coastal Commission equity regulations that generally preclude differential parking rates. There are a range of options that could be considered by the City Council. These options include:

A) All Park and Facility users pay for parking as needed through coins or the purchase of an annual ($75) parking permit.

B) Create a two-tier permit program that reimburses the General Fund for lost parking revenues based on the type of Veteran's Park Community Center use.

C) Create a program that offers a reduced fee to seniors, subsidized at a level approved by the City Council and in conformance with Coastal Commission equity regulations.

Recommended is to direct the staff to prepare a report for Council consideration on the issues, options and recommended solution for parking at the Veterans Park Senior Center.

Decision Package #22: Band Shell at Veterans Park. The band shell in Veterans Park has deteriorated due to age and the corrosive elements present at its location adjacent to the ocean. Recent storms have damaged the interior structural integrity of the band shell as well as the outside surfaces. Due to the nature of the damage, it may not be feasible to repair the structure. Consequently, options for the potential replacement of the band shell are being reviewed by the staff. The options include gazebo like structures that can be of multi-purpose use (concerts, weddings, presentations) and significantly improve the view corridor to the ocean. Present day electronic amplification systems provide superior sound compared to the passive reflected sound method of the band shell. Recommended is to direct the staff to prepare a report for consideration by the Preservation Commission, Parks & Recreation Commission and Council concerning the repair or replacement of the Veterans Park Band Shell.

Decision Package #23: Employee Compensation. The most important aspect of the City's budget balancing in FY 2009-10 was the voluntary compensation concessions from our employees. All of the City's employee groups agreed to wage and benefit concessions equal to 6% for FY 2009-10 in addition to other cost of living increases. To date, concessions are having their anticipated impact with $1.1 million in General Fund savings having been realized midway through the year. All of the negotiated and agreed to concessions end as of the last pay period in June. As such, the deferred COLA and the 6% wage and benefit concessions are restored unless the City is able to negotiate their extension. There does not appear to be the revenue capacity (especially with the forecast for lower property taxes) to improve the employee's compensation situation.

The current expiration date for each of the employee bargaining groups is as follows:

Redondo Beach City Employees Association - June, 2010
Redondo Beach Professional & Supervisory Association - June, 2010
Teamsters Local 911 - June, 2010
Redondo Beach Police Officers Association - June, 2011
Redondo Beach Firefighters Association - June, 2011
Redondo Beach Police Management Unit - June, 2010

The pay and benefits for the Management & Confidential Group will continue at current levels until the City Council amends the Management & Confidential Pay Plan by resolution.

Decision Package #24: Harbor Enterprise Funds. A Business Plan has been proposed for managing the Harbor Uplands and Tidelands Enterprise funds. The Business Plan and a set of financial recommendations are proposed for consideration by the City Council in a separate item on this agenda.

Decision Package #25: City Clerk's and City Manager's Office Staffing. A shift of the Switchboard Operator position authorized in the City Manager's Office to the City Clerk's Office is requested. Given reductions in staffing, the City Clerk's Office and Door C will serve as the public access point for the City Manager and Mayor and City Council offices, with Door A remaining closed. This action also will provide more coverage in the City Clerk's Office, which has had a reduction in staffing. Recommended is an on-going $27,300 appropriation shift from the City Manager's Office to the City Clerk's Office with no impact to the General Fund.

Decision Package # 26: Harbor Financial Action Plan. In order to address the operating shortfall and improve cash flow for the Harbor Uplands Fund, Council approval of a Harbor Financial Action Plan (Attachment 3) is requested which will reduce the deficit in the 2009-10 fiscal year and eliminate it in the 2010-11 fiscal year.

UNMET DEPARTMENTAL BUDGET NEEDS

There has been interest in knowing what unmet budgetary needs City departments see in the next several years should new funds become available. The top priority need is to restore employee compensation. Other departmental needs are described in Attachment 4.

COORDINATION

The City Manager's Office, Financial Services Department, City Treasurer's Office and other City Departments coordinated on the report.

FISCAL IMPACT

This report describes the City's financial and budgetary situation. City service levels have been reduced in FY 09-10 with the implementation of the City Manager's flexible hiring freeze. The anticipated alignment of revenues to expenditures in FY 09-10 can be expected to result in further reduction in service levels.

Submitted by:

Bill Workman
City Manager

Attachments:

- Resolution to Modify Budget Appropriation
- Attachment 1 – FY09-10 Summary
- Exhibit A – Appropriations Previously Authorized
- Exhibit B – Adjustments to Revenue
- Attachment 2 – Updated Harbor Enterprise Five Year Cash Flow Projections
- Attachment 3 – Harbor Financial Action Plan
- Attachment 4 - Unmet Departmental Budget Needs
- Attachment 5 - Fiscal Year 2009-10 Midyear Budget Status Presentation

RESOLUTION NO. CC-1003-292

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, MODIFYING THE BUDGET FOR FISCAL YEAR 2009-10

WHEREAS, it is the intention of the City Council of the City of Redondo Beach to review the adopted budget at midyear; and

WHEREAS, the City's adopted budget needs to be modified to reflect unanticipated revenues; and

WHEREAS, the City's adopted budget needs to be modified to appropriate monies from fund balances for necessary additional expenditures.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the amounts allocated in the budget for Fiscal Year 2009-10 and the amounts required to meet conditions which have arisen during the budget year require a modification; and upon recommendations of the City Manager, the budget as adopted for Fiscal Year 2009-10 is modified per Mid-Year Decision Packages #1 through #15, #26 and Attachment 1 – Exhibit B (Adjustments to Revenue) attached hereto.

SECTION 2. Pursuant to Section 11(f) of the City Charter, the City Clerk is hereby directed and instructed to correct the budget records of said City for Fiscal Year 2009-2010 in accordance with the above modifications.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution and shall enter the same in the Book of Original Resolutions.

PASSED, APPROVED AND ADOPTED this 2nd day of March, 2010.

Mike Gin, Mayor

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that the foregoing Resolution No. CC-1003-292 was duly passed, approved and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 2nd day of March, 2010, by the following vote:

AYES: ASPEL, BRAND, AUST, DIELS, KILROY

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

Attachment 1

Proposed Mid-Year
FY09-10 Summary

Description	General	Traffic Congest Relief	State Gas Tax	Storm Drain Improvement	St Landscaping/ Lighting	Local Transport Tax
[1] Beginning Fund Balance	3,175,527	601,013	658,820	765,563	15	(628)
Adopted Revenues	67,495,200	16,700	1,256,291	5,000	1,600,530	40,000
Carry-over Revenues	-	-	-	-	-	-
Other Council-Approved Revenues	27,287	-	-	-	-	-
Transfers In	1,045,313	-	-	-	1,084,211	-
Total Revenue	68,567,800	16,700	1,256,291	5,000	2,684,741	40,000
Adopted Appropriations	68,110,284	575,000	1,376,155	-	2,603,672	80,000
Prior Year Encumbrances	500,716	-	100	268,912	62,914	-
Carry-over Appropriations	814,129	39,443	197,608	519,598	-	-
Other Council-Approved Appropriations (Exhibit A)	227,287	-	-	-	-	-
Transfers Out	1,084,211	-	-	-	-	-
Total Uses	70,736,627	614,443	1,573,863	788,510	2,666,586	80,000
Estimated Ending Fund Balance	1,006,700	3,270	341,248	(17,947)	18,170	(40,628)
Adjustments to Revenue (Exhibit B)	(1,466,214)	604,966	(172,653)	-	17,000	-
Adjustments to Appropriations/Transfers Out (Attachment 1)	(38,645)	-	(17,763)	-	(86,765)	-
Adjustments to Revenue (Attachment 1)	(124,229)	-	-	-	-	-
Revised Estimated Ending Fund Balance	(545,098)	608,236	186,358	(17,947)	121,935	(40,628)

[1] *Per CAFR, includes only reserves for encumbrances; designations for continuing appropriations, future years' appropriations, self-insurance program, and health insurance premiums; and undesignated fund balance.*

Attachment 1

Proposed Mid-Year
FY09-10 Summary

Description	Prop A Local Trans Tax	Prop C Local Trans Tax	Measure R	Transit	Air Quality Improvement	Intergovernmental Grants	Comm Develop Block Grant
Beginning Fund Balance	1,253,977	2,568,502	-	(62,731)	102,514	(1,081,266)	(81,524)
Adopted Revenues	1,127,200	951,800	-	1,116,500	71,700	6,988,603	649,805
Carry-over Revenues	-	-	-	-	-	278,866	16,620
Other Council-Approved Revenues	-	-	-	127,814	-	243,761	-
Transfers In	-	-	-	2,218,123	-	-	-
Total Revenue	1,127,200	951,800	-	3,462,437	71,700	7,511,230	666,425
Adopted Appropriations	-	1,191,216	-	2,977,170	49,142	6,981,975	633,672
Prior Year Encumbrances	-	79,410	-	16,872	-	201,232	-
Carry-over Appropriations	-	1,610,548	-	-	-	3,731,209	16,620
Other Council-Approved Appropriations (Exhibit A)	-	-	-	350,000	-	243,761	-
Transfers Out	2,218,123	-	-	-	-	-	-
Total Uses	2,218,123	2,881,174	-	3,344,042	49,142	11,158,177	650,292
Estimated Ending Fund Balance	163,054	639,128	-	55,664	125,072	(4,728,213)	(65,391)
Adjustments to Revenue (Exhibit B)	(4,490)	(8,550)	125,000	337,619	(280)	-	-
Adjustments to Appropriations/Transfers Out (Attachment 1)	-	(502)	-	7,451	19	696,746	76,832
Adjustments to Revenue (Attachment 1)	-	-	-	-	-	696,746	33,171
Revised Estimated Ending Fund Balance	158,564	631,080	125,000	385,832	124,773	(4,728,213)	(109,052)

Attachment 1

Proposed Mid-Year
FY09-10 Summary

Description	Housing Authority	Parks/Rec Facilities	Narcotic Forfeiture/Seizure	Subdivision Park Trust	Disaster Recovery
Beginning Fund Balance	678,143	201,454	1,020,252	625,671	(32,774)
Adopted Revenues	5,560,685	7,500	222,200	45,000	75,000
Carry-over Revenues	-	-	-	-	-
Other Council-Approved Revenues	-	-	-	-	-
Transfers In	-	-	-	-	-
Total Revenue	5,560,685	7,500	222,200	45,000	75,000
Adopted Appropriations	5,566,297	-	64,890	294,420	4,120
Prior Year Encumbrances	-	150,000	-	16,127	-
Carry-over Appropriations	-	48,599	195,638	305,532	-
Other Council-Approved Appropriations (Exhibit A)	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Uses	5,566,297	198,599	260,528	616,079	4,120
Estimated Ending Fund Balance	672,531	10,355	981,924	54,592	38,106
Adjustments to Revenue (Exhibit B)	-	-	(111,180)	-	49,214
Adjustments to Appropriations/Transfers Out (Attachment 1)	(32,207)	-	-	-	-
Adjustments to Revenue (Attachment 1)	-	-	-	-	-
Revised Estimated Ending Fund Balance	704,738	10,355	870,744	54,592	87,320

Attachment 1

Proposed Mid-Year
FY09-10 Summary

Description	Capital Projects	Harbor Tidelands	Harbor Uplands	Solid Waste	Wastewater	Self-Insurance Program	Vehicle Replacement
Beginning Fund Balance	12,208,441	16,340,746	4,736,234	704,433	3,783,437	(1,306,203)	4,631,145
Adopted Revenues	64,000	5,960,630	4,066,850	3,351,473	2,546,261	5,573,081	3,026,444
Carry-over Revenues	-	-	-	63,604	-	-	-
Other Council-Approved Revenues	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
Total Revenue	64,000	5,960,630	4,066,850	3,415,077	2,546,261	5,573,081	3,026,444
Adopted Appropriations	937,946	7,454,121	5,407,112	3,477,830	4,780,043	3,517,695	2,405,503
Prior Year Encumbrances	258,012	497,722	166,236	88,822	1,527,025	-	930,635
Carry-over Appropriations	9,891,290	2,871,018	1,606,690	63,604	2,737,629	-	-
Other Council-Approved Appropriations (Exhibit A)	267,226	-	-	-	-	-	-
Transfers Out	1,045,313	-	-	-	-	-	-
Total Uses	12,399,787	10,822,861	7,180,038	3,630,256	9,044,697	3,517,695	3,336,138
Estimated Ending Fund Balance	(127,346)	11,478,515	1,623,046	489,254	(2,714,999)	749,183	4,321,451
Adjustments to Revenue (Exhibit B)	155,000	(152,021)	(22,160)	51,167	(30,727)	-	19,900
Adjustments to Appropriations/Transfers Out (Attachment 1)	-	132,905	(1,403,036)	(16,561)	13,067	1,199,438	(15,498)
Adjustments to Revenue (Attachment 1)	-	-	-	(17,100)	(1,757)	(483,710)	(93,437)
Revised Estimated Ending Fund Balance	27,654	11,193,589	3,003,922	539,882	(2,760,550)	(933,965)	4,263,412

Attachment 1

Proposed Mid-Year
FY09-10 Summary

Description	Building Occupancy	Information Technology	Printing and Graphics	Emergency Communications	Major Facilities Repair	Redevelopment Agency	Total
Beginning Fund Balance	(466,839)	(75,610)	(55,872)	231,033	-	11,836,353	62,959,826
Adopted Revenues	2,813,769	2,575,903	317,235	2,663,880	101,748	6,220,417	126,511,405
Carry-over Revenues	-	-	-	-	-	-	359,090
Other Council-Approved Revenues	-	-	-	-	-	-	398,862
Transfers In	-	-	-	-	-	-	4,347,647
Total Revenue	2,813,769	2,575,903	317,235	2,663,880	101,748	6,220,417	131,617,004
Adopted Appropriations	2,813,124	2,690,374	320,884	2,439,497	-	7,254,010	134,006,152
Prior Year Encumbrances	13,533	207,057	10,109	15,131	-	40,150	5,050,715
Carry-over Appropriations	-	-	-	853,224	-	111,241	25,613,620
Other Council-Approved Appropriations (Exhibit A)	-	-	-	-	-	-	1,088,274
Transfers Out	-	-	-	-	-	-	4,347,647
Total Uses	2,826,657	2,897,431	330,993	3,307,852	-	7,405,401	170,106,408
Estimated Ending Fund Balance	(479,727)	(397,138)	(69,630)	(412,939)	101,748	10,651,369	24,470,422
Adjustments to Revenue (Exhibit B)	-	-	-	-	-	-	(608,409)
Adjustments to Appropriations/Transfers Out (Attachment 1)	(26,782)	(15,607)	8,992	(28,225)	-	(2,641)	451,218
Adjustments to Revenue (Attachment 1)	307,822	202,179	68,832	17,466	-	-	605,983
Revised Estimated Ending Fund Balance	(145,123)	(179,352)	(9,790)	(367,248)	101,748	10,654,010	24,016,778

Exhibit A

Council-Approved Appropriation Modifications

Fund	Item	Date of Council Action	Amount	
General	11/03/09 Special Election	08/18/09	$ 200,000	
General	Recovered Insurance Equipment Replacement	10/20/09	$ 27,287	*
			$ 227,287	
Transit	Transtech Engineers Contract	08/04/09	$ 350,000	
Intergovernmental Grants	Homeland Security Grant	09/01/09	$ 25,012	*
Intergovernmental Grants	Office of Traffic Safety DUI / Drivers License Enforcement Grant	09/01/09	$ 96,186	*
Intergovernmental Grants	LA County Sanitation District Grant	09/15/09	$ 34,500	*
Intergovernmental Grants	Supplemental Law Enforcement Services Fund Grant	10/06/09	$ 26,903	*
Intergovernmental Grants	Boating and Waterways Marine Law Training Grant	11/17/09	$ 8,000	*
Intergovernmental Grants	Office of Traffic Safety Sobriety Checkpoint Grant	11/17/09	$ 22,560	*
Intergovernmental Grants	Office of Traffic Safety Seat Belt Grant	01/05/10	$ 30,600	*
			$ 243,761	
Capital Projects	RBTV Retrofit Project	11/03/09	$ 267,226	
			$ 1,088,274	

* *Modifications also included an increase to estimated revenues.*

Exhibit B

City of Redondo Beach
Mid Year Adjustments to Revenue

	Fiscal Year 2009 - 2010		
	Adopted 2009-10	Adjusted 2009-10	Increase (Decrease)
GENERAL FUND			
Taxes:			
Property Tax	18,621,000	18,715,000	94,000
Property Tax in Lieu of VLF	5,255,000	5,255,000	-
Homeowners' Exemption	157,000	157,000	-
Sales and Use Tax	8,508,000	7,812,000	(696,000)
Public Safety Aug. Fund	612,000	612,000	-
Utility Users' Tax	8,000,000	8,200,000	200,000
Transient Occupancy Tax	3,500,000	3,000,000	(500,000)
Franchise Fees	1,785,000	1,855,000	70,000
Business License Tax	1,344,000	1,250,000	(94,000)
Property Transfer Tax	1,262,000	1,262,000	-
Sub-total	**49,044,000**	**48,118,000**	**(926,000)**
Licenses and Permits:			
Construction/Excavation Permits	714,414	714,414	-
Street/Curb/Parking Permits	125,500	125,500	-
Misc. Licenses/Permits	87,170	90,170	3,000
Sub-total	**927,084**	**930,084**	**3,000**
Fines and Forfeitures:			
Parking Citations	1,148,000	1,148,000	-
Vehicle Code Fines	350,000	300,000	(50,000)
Restitution	170,000	210,153	40,153
Sub-total	**1,668,000**	**1,658,153**	**(9,847)**
Use of Money and Property:			
Investment Earnings	1,332,000	1,054,000	(278,000)
Rents and Percentages	1,254,660	1,270,495	15,835
Sub-total	**2,586,660**	**2,324,495**	**(262,165)**
Intergovernmental:			
Motor Vehicle/In-Lieu	239,500	239,500	-
State Library Allocation	58,000	39,830	(18,170)
SB90 State Mandated Cost Reimb.	-	19,805	19,805
Sub-total	**297,500**	**299,135**	**1,635**

Charges for Services:			
Administrative Fees	172,700	23,580	(149,120)
Parking Meter Fees	1,056,600	1,056,600	-
Police Service Fees	674,187	590,687	(83,500)
Fire Service Fees	161,900	162,900	1,000
Library Book Fines and Fees	154,500	137,950	(16,550)
Recreation Users Pay	1,422,980	1,342,995	(79,985)
Planning Fees	152,602	152,602	-
Building and Engineering Fees	607,198	607,198	-
State Energy Fees	50,000	50,000	-
Other Building Fees	434,950	436,850	1,900
Public Works Fees	10,000	44,000	34,000
Sub-total	**4,897,617**	**4,605,362**	**(292,255)**
Other Revenues:			
Miscellaneous Revenue	971,986	991,404	19,418
Program Donations	131,856	131,856	-
Sub-total	**1,103,842**	**1,123,260**	**19,418**
REVENUE FROM OUTSIDE SOURCES	**60,524,703**	**59,058,489**	**(1,466,214)**
Overhead:			
Overhead Charges	6,997,784	6,997,784	-
Sub-total	**6,997,784**	**6,997,784**	**-**
TOTAL GENERAL FUND	**67,522,487**	**66,056,273**	**(1,466,214)**
SPECIAL REVENUE FUNDS			
TRAFFIC CONGESTION RELIEF FUND:			
Use of Money and Property	16,700	13,940	(2,760)
Intergovernmental	-	607,726	607,726
TOTAL TRAFFIC CONGESTION RELIEF FUND	**16,700**	**621,666**	**604,966**
STATE GAS TAX FUND:			
Taxes	1,243,091	1,061,118	(181,973)
Use of Money and Property	13,200	11,020	(2,180)
Other Revenues	-	11,500	11,500
TOTAL STATE GAS TAX FUND	**1,256,291**	**1,083,638**	**(172,653)**
STORM DRAIN IMPROVEMENT FUND:			
Charges for Services	5,000	5,000	-
TOTAL STORM DRAIN IMPROVEMENT FUND	**5,000**	**5,000**	**-**
STREET LANDSCAPING/LIGHTING FUND:			
Charges for Services	1,549,530	1,549,530	-
Other Revenues	51,000	68,000	17,000
TOTAL STREET LANDSCAPING/LIGHTING FUND	**1,600,530**	**1,617,530**	**17,000**
LOCAL TRANSPORT TAX FUND:			
Intergovernmental	40,000	40,000	-
TOTAL LOCAL TRANSPORT TAX FUND	**40,000**	**40,000**	**-**

PROPOSITION A FUND:			
Use of Money and Property	27,200	22,710	(4,490)
Intergovernmental	1,100,000	1,100,000	-
TOTAL PROPOSITION A FUND	**1,127,200**	**1,122,710**	**(4,490)**
PROPOSITION C FUND:			
Use of Money and Property	51,800	43,250	(8,550)
Intergovernmental	900,000	900,000	-
TOTAL PROPOSITION C FUND	**951,800**	**943,250**	**(8,550)**
MEASURE R FUND:			
Intergovernmental	-	125,000	125,000
TOTAL MEASURE R FUND	**-**	**125,000**	**125,000**
TRANSIT FUND:			
Charges for Services	1,244,314	1,581,933	337,619
TOTAL TRANSIT FUND	**1,244,314**	**1,581,933**	**337,619**
AIR QUALITY IMPROVEMENT FUND:			
Use of Money and Property	1,700	1,420	(280)
Intergovernmental	70,000	70,000	-
TOTAL AIR QUALITY IMPROVEMENT FUND	**71,700**	**71,420**	**(280)**
INTERGOVERNMENTAL GRANTS FUND:			
Intergovernmental	7,511,230	7,511,230	-
TOTAL INTERGOVERNMENTAL GRANTS FUND	**7,511,230**	**7,511,230**	**-**
COM. DEV. BLOCK GRANT FUND:			
Intergovernmental	666,425	666,425	-
TOTAL COM. DEV. BLOCK GRANT FUND	**666,425**	**666,425**	**-**
HOUSING AUTHORITY FUND:			
Intergovernmental	5,560,685	5,560,685	-
TOTAL HOUSING AUTHORITY FUND	**5,560,685**	**5,560,685**	**-**
PARKS AND REC. FACILITIES FUND:			
Taxes	7,500	7,500	-
TOTAL PARKS AND REC. FACILITIES FUND	**7,500**	**7,500**	**-**
NARCOTIC FORFEITURE/SEIZURE FUND:			
Fines and Forfeiture	209,000	100,000	(109,000)
Use of Money and Property	13,200	11,020	(2,180)
TOTAL NARCOTIC FORFEITURE/SEIZURE FUND	**222,200**	**111,020**	**(111,180)**
SUBDIVISION PARK TRUST FUND:			
Other Revenues	45,000	45,000	-
TOTAL SUBDIVISION PARK TRUST FUND	**45,000**	**45,000**	**-**
DISASTER RECOVERY FUND:			
Other Revenues	75,000	124,214	49,214
TOTAL DISASTER RECOVERY FUND:	**75,000**	**124,214**	**49,214**
TOTAL SPECIAL REVENUE FUNDS	**20,401,575**	**21,113,221**	**836,646**

TOTAL CAPITAL PROJECTS FUND	**64,000**	**219,000**	**155,000**
TOTAL GOVERNMENTAL FUNDS	**87,988,062**	**87,388,494**	**(474,568)**
ENTERPRISE FUNDS			
HARBOR TIDELANDS FUND:			
Use of Money and Property	4,635,000	4,575,270	(59,730)
Charges for Services	1,135,000	1,042,524	(92,476)
Other Revenues	190,630	190,815	185
TOTAL HARBOR TIDELANDS FUND	**5,960,630**	**5,808,609**	**(152,021)**
HARBOR UPLANDS FUND:			
Use of Money and Property	2,271,300	2,249,140	(22,160)
Charges for Services	1,794,550	1,794,550	-
Other Revenues	1,000	1,000	-
TOTAL HARBOR UPLANDS FUND	**4,066,850**	**4,044,690**	**(22,160)**
SOLID WASTE FUND:			
Licenses and Permits	5,000	7,500	2,500
Intergovernmental	99,604	99,604	-
Charges for Services	3,286,473	3,329,140	42,667
Other Revenues	24,000	30,000	6,000
TOTAL SOLID WASTE FUND	**3,415,077**	**3,466,244**	**51,167**
WASTEWATER FUND:			
Use of Money and Property	190,750	159,280	(31,470)
Charges for Services	2,332,000	2,332,000	-
Other Revenues	23,511	24,254	743
TOTAL WASTEWATER FUND	**2,546,261**	**2,515,534**	**(30,727)**
TOTAL ENTERPRISE FUNDS	**15,988,818**	**15,835,077**	**(153,741)**
INTERNAL SERVICE FUNDS			
SELF-INSURANCE PROGRAM FUND:			
Charges for Services	5,073,081	5,073,081	-
Other Revenues	500,000	500,000	-
TOTAL SELF-INSURANCE PROGRAM FUND	**5,573,081**	**5,573,081**	**-**
VEHICLE REPLACEMENT FUND:			
Charges for Services	2,929,344	2,929,344	-
Other Revenues	97,100	117,000	19,900
TOTAL VEHICLE REPLACEMENT FUND	**3,026,444**	**3,046,344**	**19,900**
BUILDING OCCUPANCY FUND:			
Charges for Services	2,813,769	2,813,769	-
TOTAL BUILDING OCCUPANCY FUND	**2,813,769**	**2,813,769**	**-**
INFORMATION TECHNOLOGY FUND:			
Charges for Services	2,575,903	2,575,903	-
TOTAL INFORMATION TECHNOLOGY FUND	**2,575,903**	**2,575,903**	**-**
PRINTING AND GRAPHICS FUND:			
Charges for Services	317,235	317,235	-
TOTAL PRINTING AND GRAPHICS FUND	**317,235**	**317,235**	**-**

EMERGENCY COMMUNICATIONS FUND:			
Charges for Services	2,663,880	2,663,880	-
TOTAL EMERGENCY COMMUNICATIONS FUND	**2,663,880**	**2,663,880**	**-**
MAJOR FACILITIES REPAIR FUND:			
Charges for Services	101,748	101,748	-
TOTAL MAJOR FACILITIES REPAIR FUND	**101,748**	**101,748**	**-**
TOTAL INTERNAL SERVICE FUNDS	**17,072,060**	**17,091,960**	**19,900**
TOTAL PROPRIETARY FUNDS	**33,060,878**	**32,927,037**	**(133,841)**
GRAND TOTAL	**121,048,940**	**120,315,531**	**(608,409)**

Note: Adopted figures represent total resources including adopted revenues, carry-over revenues, other Council-approved revenues, and transfers in.

Attachment 2

HARBOR ENTERPRISE CASH FLOW ANALYSIS - PROBABLE CASE

2/23/2010 9:00am

	Balance 6/30/09	Balance 6/30/10 (e)	Balance 6/30/11 (e)	Balance 6/30/12 (e)	Balance 6/30/13 (e)	Balance 6/30/14 (e)
BEGINNING CASH & INVESTMENTS BALANCE:	$15,207,482.00	$5,686,018.00	$2,473,839.08	$269,588.14	($36,125.82)	($423,267.27)
Revenues	*'09-'10(b)*	*'10-'11(e)*	*'11-'12(e)*	*'12-'13(e)*	*'13-'14(e)*	*'14-'15(e)*
Leasehold Rental	$6,582,500.00	$6,711,000.00	$6,957,112.00	$7,093,188.24	$7,232,028.00	$7,331,686.56
Parking Revenue (Structures/Lot 13)	$1,964,000.00	$2,103,280.00	$2,145,345.60	$2,188,252.51	$2,232,017.56	$2,276,657.91
Seaside Lagoon	$370,000.00	$377,400.00	$384,948.00	$392,646.96	$400,499.90	$408,509.90
Sailing Classes	$35,000.00	$35,700.00	$36,414.00	$37,142.28	$37,885.13	$38,642.83
Harbor Patrol Services	$20,000.00	$20,400.00	$20,808.00	$21,224.16	$21,648.64	$22,081.62
Investment Earnings	$496,300.00	$142,150.45	$61,845.98	$6,739.70	($903.15)	($10,581.68)
Property Tax In-Lieu Fee For Police Services	$79,300.00	$80,886.00	$82,503.72	$84,153.79	$85,836.87	$87,553.61
Redevelopment Agency Repayment	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00
Miscellaneous Revenue	$449,380.00	$572,605.00	$582,594.50	$592,783.79	$603,176.87	$613,777.80
TOTAL REVENUES:	$10,156,480.00	$10,203,421.45	$10,431,571.80	$10,576,131.44	$10,772,189.83	$10,928,328.55
Operational Expenses						
Harbor Police	($1,521,698.00)	($1,559,740.45)	($1,598,733.96)	($1,638,702.31)	($1,679,669.87)	($1,721,661.61)
Harbor Police Expenses Reductions	$174,000.00	$178,350.00	$182,808.75	$187,378.97	$192,063.44	$196,865.03
Property Tax In-Lieu Fee For Police Services	($79,300.00)	($80,886.00)	($82,503.72)	($84,153.79)	($85,836.87)	($87,553.61)
Public Works Maintenance	($3,649,468.00)	($3,740,704.70)	($3,834,222.32)	($3,930,077.88)	($4,028,329.82)	($4,129,038.07)
Public Works Expense Reductions	$257,730.00	$264,173.25	$270,777.58	$277,547.02	$284,485.70	$291,597.84
Harbor Patrol/Fire	($1,699,178.00)	($1,741,657.45)	($1,785,198.89)	($1,829,828.86)	($1,875,574.58)	($1,922,463.94)
City Attorney's Office	($212,620.00)	($217,935.50)	($223,383.89)	($228,968.48)	($234,692.70)	($240,560.01)
Recreation & Community Services	($464,744.00)	($476,362.60)	($488,271.67)	($500,478.46)	($512,990.42)	($525,815.18)
Engineering & Building Services	($11,240.00)	($11,521.00)	($11,809.03)	($12,104.25)	($12,406.86)	($12,717.03)
Mayor & Council	($38,207.00)	($39,162.18)	($40,141.23)	($41,144.76)	($42,173.38)	($43,227.71)
Harbor Administration	($2,199,790.00)	($2,254,784.75)	($2,311,154.37)	($2,368,933.23)	($2,428,156.56)	($2,488,860.47)
Harbor Administration Expense Reductions	$40,000.00	$241,000.00	$247,025.00	$253,200.63	$259,530.64	$266,018.91
B&W Loan Repayment - Principal	($247,740.00)	($248,668.01)	($249,599.50)	($250,534.48)	($251,472.97)	($252,414.98)
B&W Loan Repayment - Interest	($167,840.00)	($166,911.99)	($165,980.50)	($165,045.52)	($164,107.03)	($163,165.02)
Pier Structure Repair	($451,791.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)
TOTAL OPERATIONAL EXPENDITURES:	($10,271,886.00)	($10,054,811.38)	($10,290,387.73)	($10,531,845.40)	($10,779,331.27)	($11,032,995.87)
NET REVENUE/(LOSS) ON OPERATIONS:	($115,406.00)	$148,610.08	$141,184.07	$44,286.04	($7,141.44)	($104,667.32)
Capital Improvement Project Expenditures						
Basin II Seawall	($99,736.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Comprehensive City Identity Program	$0.00	($179,323.00)	$0.00	$0.00	$0.00	$0.00
Avenue of the Arts & Crafts Repairs	($300,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Webcam/Surveillance Net	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier/Boardwalk Revitalization	($909,218.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Moorings	($155,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Dock	($33,400.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Basin III Bulkhead Improvements	$0.00	($400,000.00)	$0.00	$0.00	$0.00	$0.00
Relocation of Boat Launch	($412,460.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Seaside Lagoon Rehabilitation	($898,754.00)	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Restroom Remodel	$0.00	$0.00	($150,000.00)	($150,000.00)	($150,000.00)	($150,000.00)
Parcel 10 Rehab	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Piles & Utilities Barrier	$0.00	($150,000.00)	$0.00	$0.00	$0.00	$0.00
California Coastal Trail/Strand Bike Path	($60,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Repair	($508,623.00)	($417,466.00)	#REF!	$0.00	$0.00	$0.00
Harbor Patrol Dock Replacement	($266,081.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Facility Replacement	($870,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Mezzanine	$0.00	$0.00	$0.00	$0.00	($80,000.00)	$0.00
Pier Circulation Improvements	($250,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Railing Replacement	($1,019,909.00)	($1,000,000.00)	($500,000.00)	$0.00	$0.00	$0.00
Elevator Replacement	$0.00	$0.00	($476,435.00)	$0.00	$0.00	$0.00
Waterside Signage	$0.00	$0.00	($5,000.00)	($50,000.00)	$0.00	$0.00
Harbor Trash Skimmers	($40,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Building Gutter Rerouting	($110,843.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Parking Lot Debris Catchers	($18,620.00)	$0.00	$0.00	$0.00	$0.00	$0.00
LESS TOTAL CAPITAL EXPENDITURES:	($5,952,644.00)	($2,146,789.00)	($1,131,435.00)	($200,000.00)	($230,000.00)	($150,000.00)
LESS TOTAL EXPENDITURES:	($16,224,530.00)	($12,201,600.38)	($11,421,822.73)	($10,731,845.40)	($11,009,331.27)	($11,182,995.87)
CASH FLOW:	($6,068,050.00)	($1,998,178.93)	($990,250.93)	($155,713.96)	($237,141.44)	($254,667.32)
CASH & INVESTMENTS BALANCE:	$9,139,432.00	$3,687,839.08	$1,483,588.14	$113,874.18	($273,267.27)	($677,934.58)
DEPOSITS INTO DESIGNATED RESERVES	$3,453,414.00	$1,214,000.00	$1,214,000.00	$150,000.00	$150,000.00	$150,000.00
INTEREST ON DESIGNATED RESERVES	$0.00	$86,335.35	$118,843.73	$152,164.83	$159,718.95	$167,461.92
TOTAL DESIGNATED RESERVES	$3,453,414.00	$4,753,749.35	$6,086,593.08	$6,388,757.91	$6,698,476.86	$7,015,938.78
AVAILABLE CASH & INVESTMENTS BALANCE:	$5,686,018.00	$2,473,839.08	$269,588.14	($36,125.82)	($423,267.27)	($827,934.58)
TOTAL AVAILABLE RESERVES, CASH & INVESTMENTS	$9,139,432.00	$7,227,588.43	$6,356,181.23	$6,352,632.09	$6,275,209.59	$6,188,004.20

Assumptions:
Beginning Cash & Investment Balance from CAFR for year ending 6/30/09
Revenues to City's General Fund not included
No City-owned property/leaseholds sold
Interest Earnings of 2.5% estimated by City Treasurer's Office
Capital Project amounts are scheduled as per the '09-'14 CIP, projects within the Harbor Uplands Fund (and corresponding Tidelands amounts) have been re-scheduled to assist with maintaining adequate fund balance and cash flow
Deposits into Designated Reserves equal one-month's operating expenses, plus average annual Capital expense and $510K for deductible; an additional one-month's operating expense deposited in '10-'11 and '11-'12
CPI of 2.0% on revenues, 2.5% on expenses

Attachment 2

HARBOR TIDELANDS CASH FLOW ANALYSIS - PROBABLE CASE

2/25/2010 9:00am

	Balance 6/30/09	Balance 6/30/10 (e)	Balance 6/30/11 (e)	Balance 6/30/12 (e)	Balance 6/30/13 (e)	Balance 6/30/14 (e)
BEGINNING CASH & INVESTMENTS BALANCE:	$12,356,085.00	$5,801,176.00	$3,609,553.73	$2,261,613.21	$2,110,619.74	$1,983,559.43
Revenues	'09-'10(b)	'10-'11(e)	'11-'12(e)	'12-'13(e)	'13-'14(e)	'14-'15(e)
Leasehold Rental	$4,445,500.00	$4,531,260.00	$4,618,777.20	$4,708,086.74	$4,799,224.48	$4,850,226.97
Parking Revenue (Structures/Lot 13)	$440,000.00	$448,800.00	$457,776.00	$466,931.52	$476,270.15	$485,795.55
Seaside Lagoon	$370,000.00	$377,400.00	$384,948.00	$392,646.96	$400,499.90	$408,509.90
Sailing Classes	$35,000.00	$35,700.00	$36,414.00	$37,142.28	$37,885.13	$38,642.83
Harbor Patrol Services	$20,000.00	$20,400.00	$20,808.00	$21,224.16	$21,648.64	$22,081.62
Investment Earnings	$362,000.00	$145,029.40	$90,238.84	$56,540.33	$52,765.49	$49,588.99
Property Tax In-Lieu Fee For Police Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Redevelopment Agency Repayment	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00
Miscellaneous Revenue	$180,130.00	$183,170.00	$186,270.80	$189,433.62	$192,659.69	$195,950.28
TOTAL REVENUES:	$6,012,630.00	$5,901,759.40	$5,955,232.84	$6,032,005.61	$6,140,953.48	$6,210,796.13
Operational Expenses						
Harbor Police	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Police Expenses Reductions	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Property Tax In-Lieu Fee For Police Services	($79,300.00)	($80,886.00)	($82,503.72)	($84,153.79)	($85,836.87)	($87,553.61)
Public Works Maintenance	($1,782,929.00)	($1,827,502.23)	($1,873,189.78)	($1,920,019.53)	($1,968,020.01)	($2,017,220.51)
Public Works Expense Reductions	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol/Fire	($1,699,178.00)	($1,741,657.45)	($1,785,198.89)	($1,829,828.86)	($1,875,574.58)	($1,922,463.94)
City Attorney's Office	($120,713.00)	($123,730.83)	($126,824.10)	($129,994.70)	($133,244.57)	($136,575.68)
Recreation & Community Services	($464,744.00)	($476,362.60)	($488,271.67)	($500,478.46)	($512,990.42)	($525,815.18)
Engineering & Building Services	($5,950.00)	($6,098.75)	($6,251.22)	($6,407.50)	($6,567.69)	($6,731.88)
Mayor & Council	($20,831.00)	($21,351.78)	($21,885.57)	($22,432.71)	($22,993.53)	($23,568.36)
Harbor Administration	($858,122.00)	($879,575.05)	($901,564.43)	($924,103.54)	($947,206.13)	($970,886.28)
Harbor Administration Expense Reductions	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
B&W Loan Repayment - Principal	($247,740.00)	($248,668.01)	($249,599.50)	($250,534.48)	($251,472.97)	($252,414.98)
B&W Loan Repayment - Interest	($167,840.00)	($166,911.99)	($165,980.50)	($165,045.52)	($164,107.03)	($163,165.02)
Pier Structure Repair	($451,791.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)
TOTAL OPERATIONAL EXPENDITURES:	($5,899,138.00)	($5,772,744.68)	($5,901,269.36)	($6,032,999.08)	($6,168,013.79)	($6,306,395.45)
NET REVENUE/(LOSS) ON OPERATIONS:	$113,492.00	$129,014.73	$53,963.48	($993.47)	($27,060.31)	($95,599.31)
Capital Improvement Project Expenditures						
Basin II Seawall	($99,736.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Comprehensive City Identity Program	$0.00	($90,637.00)	$0.00	$0.00	$0.00	$0.00
Avenue of the Arts & Crafts Repairs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Webcam/Surveillance Net	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier/Boardwalk Revitalization	($335,594.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Moorings	($155,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Dock	($33,400.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Basin III Bulkhead Improvements	$0.00	($400,000.00)	$0.00	$0.00	$0.00	$0.00
Relocation of Boat Launch	($412,460.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Seaside Lagoon Rehabilitation	($898,754.00)	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Restroom Remodel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Parcel 10 Rehab	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Piles & Utilities Barrier	$0.00	($150,000.00)	$0.00	$0.00	$0.00	$0.00
California Coastal Trail/Strand Bike Path	($60,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Repair	($8,623.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Dock Replacement	($266,081.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Facility Replacement	($870,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Mezzanine	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Circulation Improvements	($250,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Railing Replacement	($1,019,909.00)	($1,000,000.00)	($500,000.00)	$0.00	$0.00	$0.00
Elevator Replacement	$0.00	$0.00	($216,904.00)	$0.00	$0.00	$0.00
Waterside Signage	$0.00	$0.00	($5,000.00)	($50,000.00)	$0.00	$0.00
Harbor Trash Skimmers	($40,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Building Gutter Rerouting	($110,843.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Parking Lot Debris Catchers	($9,310.00)	$0.00	$0.00	$0.00	$0.00	$0.00
LESS TOTAL CAPITAL EXPENDITURES:	($4,569,710.00)	($1,640,637.00)	($721,904.00)	($50,000.00)	$0.00	$0.00
LESS TOTAL EXPENDITURES:	($10,468,848.00)	($7,413,381.68)	($6,623,173.36)	($6,082,999.08)	($6,168,013.79)	($6,306,395.45)
CASH FLOW:	($4,456,218.00)	($1,511,622.28)	($667,940.52)	($50,993.47)	($27,060.31)	($95,599.31)
CASH & INVESTMENTS BALANCE:	$7,899,867.00	$4,289,553.73	$2,941,613.21	$2,210,619.74	$2,083,559.43	$1,887,960.12
DEPOSITS INTO DESIGNATED RESERVES	$2,098,691.00	$680,000.00	$680,000.00	$100,000.00	$100,000.00	$100,000.00
INTEREST ON DESIGNATED RESERVES	$0.00	$52,467.28	$70,778.96	$89,548.43	$94,287.14	$99,144.32
TOTAL DESIGNATED RESERVES	$2,098,691.00	$2,831,158.28	$3,581,937.23	$3,771,485.66	$3,965,772.80	$4,164,917.12
AVAILABLE CASH & INVESTMENTS BALANCE:	$5,801,176.00	$3,609,553.73	$2,261,613.21	$2,110,619.74	$1,983,559.43	$1,787,960.12
TOTAL AVAILABLE RESERVES, CASH & INVESTMENTS	$7,899,867.00	$6,440,712.00	$5,843,550.44	$5,882,105.40	$5,949,332.24	$5,952,877.24

Assumptions:

Beginning Cash & Investment Balance from CAFR for year ending 6/30/09

Revenues to City's General Fund not included

No City-owned property/leaseholds sold

Interest Earnings of 2.5% estimated by City Treasurer's Office

Capital Project amounts are scheduled as per the '09-'14 CIP; projects within the Harbor Uplands Fund (and corresponding Tidelands amounts) have been re-scheduled to assist with maintaining adequate fund balance and cash flow

Deposits into Designated Reserves equal one-month's operating expenses in each of the first three years, plus $1,163,708 for Capital expenses and $255K for deductible; an additional $100,000 for recurring capital projects

CPI of 2.0% on revenues, 2.5% on expenses

Attachment 2

HARBOR UPLANDS CASH FLOW ANALYSIS - PROBABLE CASE

2/25/2010 9:00am

	Balance 6/30/09	Balance 6/30/10 (e)	Balance 6/30/11 (e)	Balance 6/30/12 (e)	Balance 6/30/13 (e)	Balance 6/30/14 (e)
BEGINNING CASH & INVESTMENTS BALANCE:	$2,851,397.00	($115,158.00)	($1,135,714.65)	($1,992,025.06)	($2,146,745.56)	($2,406,826.70)
Revenues	***'09-'10(b)***	***'10-'11(e)***	***'11-'12(e)***	***'12-'13(e)***	***'13-'14(e)***	***'14-'15(e)***
Leasehold Rental	$2,137,000.00	$2,179,740.00	$2,338,334.80	$2,385,101.50	$2,432,803.53	$2,481,459.60
Parking Revenue (Structures/Lot 13)	$1,524,000.00	$1,654,480.00	$1,687,569.60	$1,721,320.99	$1,755,747.41	$1,790,862.36
Seaside Lagoon	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sailing Classes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investment Earnings	$134,300.00	($2,878.95)	($28,392.87)	($49,800.63)	($53,668.64)	($60,170.67)
Property Tax In-Lieu Fee For Police Services	$79,300.00	$80,886.00	$82,503.72	$84,153.79	$85,836.87	$87,553.61
Redevelopment Agency Repayment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Miscellaneous Revenue	$269,250.00	$389,435.00	$396,323.70	$403,350.17	$410,517.18	$417,827.52
TOTAL REVENUES:	$4,143,850.00	$4,301,662.05	$4,476,338.95	$4,544,125.83	$4,631,236.35	$4,717,532.42
Operational Expenses						
Harbor Police	($1,521,698.00)	($1,559,740.45)	($1,598,733.96)	($1,638,702.31)	($1,679,669.87)	($1,721,661.61)
Harbor Police Expense Reductions	$174,000.00	$178,350.00	$182,808.75	$187,378.97	$192,063.44	$196,865.03
Property Tax In-Lieu Fee For Police Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Public Works Maintenance	($1,866,539.00)	($1,913,202.48)	($1,961,032.54)	($2,010,058.35)	($2,060,309.81)	($2,111,817.55)
Public Works Expense Reductions	$257,730.00	$264,173.25	$270,777.58	$277,547.02	$284,485.70	$291,597.84
Harbor Patrol/Fire	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
City Attorney's Office	($91,907.00)	($94,204.68)	($96,559.79)	($98,973.79)	($101,448.13)	($103,984.33)
Recreation & Community Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Engineering & Building Services	($5,290.00)	($5,422.25)	($5,557.81)	($5,696.75)	($5,839.17)	($5,985.15)
Mayor & Council	($17,376.00)	($17,810.40)	($18,255.66)	($18,712.05)	($19,179.85)	($19,659.35)
Harbor Administration	($1,341,668.00)	($1,375,209.70)	($1,409,589.94)	($1,444,829.69)	($1,480,950.43)	($1,517,974.19)
Harbor Administration Expense Savings	$40,000.00	$241,000.00	$247,025.00	$253,200.63	$259,530.64	$266,018.91
B&W Loan Repayment - Principal	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
B&W Loan Repayment - Interest	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Structure Repair	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL OPERATIONAL EXPENDITURES:	($4,372,748.00)	($4,282,066.70)	($4,389,118.37)	($4,498,846.33)	($4,611,317.48)	($4,726,600.42)
NET REVENUE/(LOSS) ON OPERATIONS:	($228,898.00)	$19,595.35	$87,220.59	$45,279.50	$19,918.86	($9,068.00)
Capital Improvement Project Expenditures						
Basin II Seawall	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Comprehensive City Identity Program	$0.00	($88,686.00)	$0.00	$0.00	$0.00	$0.00
Avenue of the Arts & Crafts Repairs	($300,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Webcam/Surveillance Net	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier/Boardwalk Revitalization	($573,624.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Moorings	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Dock	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Basin III Bulkhead Improvements	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Relocation of Boat Launch	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Restroom Remodel	$0.00	$0.00	($150,000.00)	($150,000.00)	($150,000.00)	($150,000.00)
Harbor Lighting Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Parcel 10 Rehab	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Piles & Utilities Barrier	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
California Coastal Trail/Strand Bike Path	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Repair	($500,000.00)	($417,466.00)	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Dock Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Facility Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Mezzanine	$0.00	$0.00	$0.00	$0.00	($80,000.00)	$0.00
Pier Circulation Improvements	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Railing Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Resurfacing	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Elevator Replacement	$0.00	$0.00	($259,531.00)	$0.00	$0.00	$0.00
Waterside Signage	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Trash Skimmers	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Building Gutter Rerouting	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Parking Lot Debris Catchers	($9,310.00)	$0.00	$0.00	$0.00	$0.00	$0.00
LESS TOTAL CAPITAL EXPENDITURES:	($1,382,934.00)	($506,152.00)	($409,531.00)	($150,000.00)	($230,000.00)	($150,000.00)
LESS TOTAL EXPENDITURES:	($5,755,682.00)	($4,788,218.70)	($4,798,649.37)	($4,648,846.33)	($4,841,317.48)	($4,876,600.42)
CASH FLOW:	($1,611,832.00)	($486,556.65)	($322,310.41)	($104,720.50)	($210,081.14)	($159,068.00)
CASH & INVESTMENTS BALANCE:	$1,239,565.00	($601,714.65)	($1,458,025.06)	($2,096,745.56)	($2,356,826.70)	($2,565,894.70)
DEPOSITS INTO DESIGNATED RESERVES	$1,354,723.00	$534,000.00	$534,000.00	$50,000.00	$50,000.00	$50,000.00
INTEREST ON DESIGNATED RESERVES	$0.00	$33,868.08	$48,064.78	$62,616.40	$65,431.81	$68,317.60
TOTAL DESIGNATED RESERVES	$1,354,723.00	$1,922,591.08	$2,504,655.85	$2,617,272.25	$2,732,704.05	$2,851,021.66
AVAILABLE CASH & INVESTMENTS BALANCE:	($115,158.00)	($1,135,714.65)	($1,992,025.06)	($2,146,745.56)	($2,406,826.70)	($2,615,894.70)
TOTAL AVAILABLE RESERVES, CASH & INVESTMENTS	$1,239,565.00	$786,876.43	$512,630.79	$470,526.69	$325,877.36	$235,126.95

Assumptions:
Beginning Cash & Investment Balance from CAFR for year ending 6/30/09
Revenues to City's General Fund not included
No City-owned property/leaseholds sold
Interest Earnings of 2.5% estimated by City Treasurer's Office
Capital Project amounts are scheduled as per the '09-'14 CIP; projects within the Harbor Uplands Fund (and corresponding Tidelands amounts) have been re-scheduled to assist with maintaining adequate fund balance and cash flow
Deposits into Designated Reserves equal one-month's operating expenses in each of the first three years, plus $563,723 for Capital expenses and $255K for deductible; an additional $50,000 for recurring capital projects
CPI of 2.0% on revenues, 2.5% on expenses

Attachment 2

HARBOR ENTERPRISE CASH FLOW ANALYSIS - BEST CASE

2/25/2010 12:00am

	Balance 6/30/09	Balance 6/30/10 (e)	Balance 6/30/11 (e)	Balance 6/30/12 (e)	Balance 6/30/13 (e)	Balance 6/30/14 (e)
BEGINNING CASH & INVESTMENTS BALANCE:	$15,207,482.00	$5,711,418.00	$2,933,816.80	$1,121,120.30	$1,664,858.91	$2,588,245.21
Revenues	***'09-'10(b)***	***'10-'11(e)***	***'11-'12(e)***	***'12-'13(e)***	***'13-'14(e)***	***'14-'15(e)***
Leasehold Rental	$6,582,500.00	$6,841,600.00	$7,226,148.00	$7,511,161.92	$7,807,660.40	$8,074,102.81
Parking Revenue (Structures/Lot 13)	$1,964,000.00	$2,042,560.00	$2,124,262.40	$2,209,232.90	$2,297,602.21	$2,389,506.30
Seaside Lagoon	$370,000.00	$384,800.00	$400,192.00	$416,199.68	$432,847.67	$450,161.57
Sailing Classes	$35,000.00	$36,400.00	$37,856.00	$39,370.24	$40,945.05	$42,582.85
Harbor Patrol Services	$20,000.00	$20,800.00	$21,632.00	$22,497.28	$23,397.17	$24,333.06
Investment Earnings	$496,300.00	$229,120.80	$103,695.42	$58,378.01	$45,371.47	$68,456.13
Property Tax In-Lieu Fee For Police Services	$79,300.00	$82,472.00	$85,770.88	$89,201.72	$92,769.78	$96,480.58
Redevelopment Agency Repayment	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00
Miscellaneous Revenue	$449,380.00	$580,130.00	$600,410.00	$621,501.20	$643,436.05	$666,248.29
TOTAL REVENUES:	$10,156,480.00	$10,377,882.80	$10,567,433.50	$10,928,433.61	$11,338,081.30	$11,758,810.35
Operational Expenses						
Harbor Police	($1,521,698.00)	($1,521,698.00)	($1,521,698.00)	($1,521,698.00)	($1,521,698.00)	($1,521,698.00)
Harbor Police Expense Reductions						
Property Tax In-Lieu Fee For Police Services						
Public Works Maintenance	($3,649,468.00)	($3,649,468.00)	($3,649,468.00)	($3,649,468.00)	($3,649,468.00)	($3,649,468.00)
Public Works Expense Reductions						
Harbor Patrol/Fire	($1,679,178.00)	($1,679,178.00)	($1,679,178.00)	($1,679,178.00)	($1,679,178.00)	($1,679,178.00)
City Attorney's Office	($212,620.00)	($212,620.00)	($212,620.00)	($212,620.00)	($212,620.00)	($212,620.00)
Recreation & Community Services	($464,744.00)	($464,744.00)	($464,744.00)	($464,744.00)	($464,744.00)	($464,744.00)
Engineering & Building Services	($11,240.00)	($11,240.00)	($11,240.00)	($11,240.00)	($11,240.00)	($11,240.00)
Mayor & Council	($38,207.00)	($38,207.00)	($38,207.00)	($38,207.00)	($38,207.00)	($38,207.00)
Harbor Administration	($2,199,790.00)	($2,199,790.00)	($2,199,790.00)	($2,199,790.00)	($2,199,790.00)	($2,199,790.00)
Harbor Administration Expense Reduction						
B&W Loan Repayment - Principal	($247,740.00)	($248,668.01)	($249,599.50)	($250,534.48)	($251,472.97)	($252,414.98)
B&W Loan Repayment - Interest	($167,840.00)	($166,911.99)	($165,980.50)	($165,045.52)	($164,107.03)	($163,165.02)
Pier Structure Repair	($451,791.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)
Operational Expense Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL OPERATIONAL EXPENDITURES:	($10,246,486.00)	($9,794,695.00)	($10,034,695.00)	($10,034,695.00)	($10,034,695.00)	($10,034,695.00)
NET REVENUE ON OPERATIONS:	($90,006.00)	$583,187.80	$532,738.50	$893,738.61	$1,303,386.30	$1,724,115.35
Capital Improvement Project Expenditures						
Basin II Seawall	($99,736.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Comprehensive City Identity Program	$0.00	($179,323.00)	$0.00	$0.00	$0.00	$0.00
Avenue of the Arts & Crafts Repairs	($300,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Webcam/Surveillance Net	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier/Boardwalk Revitalization	($909,218.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Moorings	($155,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Dock	($33,400.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Basin III Bulkhead Improvements	$0.00	($400,000.00)	$0.00	$0.00	$0.00	$0.00
Relocation of Boat Launch	($412,460.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Seaside Lagoon Rehabilitation	($898,754.00)	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Restroom Remodel	$0.00	$0.00	($150,000.00)	($150,000.00)	($150,000.00)	($150,000.00)
Parcel 10 Rehab	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Piles & Utilities Barrier	$0.00	($150,000.00)	$0.00	$0.00	$0.00	$0.00
California Coastal Trail/Strand Bike Path	($60,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Repair	($508,623.00)	($417,466.00)	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Dock Replacement	($266,081.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Facility Replacement	($870,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Mezzanine	$0.00	$0.00	$0.00	$0.00	($80,000.00)	$0.00
Pier Circulation Improvements	($250,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Railing Replacement	($1,019,909.00)	($1,000,000.00)	($500,000.00)	$0.00	$0.00	$0.00
Elevator Replacement	$0.00	$0.00	($476,435.00)	$0.00	$0.00	$0.00
Waterside Signage	$0.00	$0.00	($5,000.00)	($50,000.00)	$0.00	$0.00
Harbor Trash Skimmers	($40,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Building Gutter Rerouting	($110,843.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Parking Lot Debris Catchers	($18,620.00)	$0.00	$0.00	$0.00	$0.00	$0.00
LESS TOTAL CAPITAL EXPENDITURES:	($5,952,614.00)	($2,146,789.00)	($1,131,435.00)	($200,000.00)	($230,000.00)	($150,000.00)
LESS TOTAL EXPENDITURES:	($16,199,130.00)	($11,941,484.00)	($11,166,130.00)	($10,234,695.00)	($10,264,695.00)	($10,184,695.00)
CASH FLOW:	($6,042,650.00)	($1,563,601.20)	($598,696.50)	$693,738.61	$1,073,386.30	$1,574,115.35
CASH & INVESTMENTS BALANCE:	$9,164,832.00	$4,147,816.80	$2,335,120.30	$1,814,858.91	$2,738,245.21	$4,162,360.56
DEPOSITS INTO DESIGNATED RESERVES	$3,453,414.00	$1,214,000.00	$1,214,000.00	$150,000.00	$150,000.00	$150,000.00
INTEREST ON DESIGNATED RESERVES	$0.00	$86,335.35	$118,843.73	$152,164.83	$159,718.95	$167,461.92
TOTAL DESIGNATED RESERVES	$3,453,414.00	$4,753,749.35	$6,086,593.08	$6,388,757.91	$6,698,476.86	$7,015,938.78
AVAILABLE CASH & INVESTMENTS BALANCE:	$5,711,418.00	$2,933,816.80	$1,121,120.30	$1,664,858.91	$2,588,245.21	$4,012,360.56
TOTAL AVAILABLE RESERVES, CASH & INVESTMENTS	$9,164,832.00	$7,687,566.15	$7,207,713.38	$8,053,616.82	$9,286,722.07	$11,028,299.34

Assumptions:
Beginning Cash & Investment Balance from CAFR for year ending 6/30/09
Revenues to City's General Fund not included
No City-owned property/leaseholds sold
Interest Earnings of 2.5% estimated by City Treasurer's Office
Capital Project amounts are scheduled as per the '09-'14 CIP; projects within the Harbor Uplands Fund (and corresponding Tidelands amounts) have been re-scheduled to assist with maintaining adequate fund balance and cash flow
Deposits into Designated Reserves equal one-month's operating expenses, plus $500K for Capital expenses and $750K for deductible; an additional one-month's operating expense deposited in '08-'09 and '09-'10
CPI of 4.0% on revenues, 0% on expenses

Attachment 2

HARBOR TIDELANDS CASH FLOW ANALYSIS - BEST CASE

2/25/2010 12:00am

	Balance 6/30/09	Balance 6/30/10 (e)	Balance 6/30/11 (e)	Balance 6/30/12 (e)	Balance 6/30/13 (e)	Balance 6/30/14 (e)
BEGINNING CASH & INVESTMENTS BALANCE:	$12,356,085.00	$5,826,576.00	$3,947,053.68	$2,934,231.82	$3,373,375.52	$4,093,479.22
Revenues	'09-'10(b)	'10-'11(e)	'11-'12(e)	'12-'13(e)	'13-'14(e)	'14-'15(e)
Leasehold Rental	$4,445,500.00	$4,619,120.00	$4,799,768.80	$4,987,727.55	$5,183,288.65	$5,344,756.20
Parking Revenue (Structures/Lot 13)	$440,000.00	$457,600.00	$475,904.00	$494,940.16	$514,737.77	$535,327.28
Seaside Lagoon	$370,000.00	$384,800.00	$400,192.00	$416,199.68	$432,847.67	$450,161.57
Sailing Classes	$35,000.00	$36,400.00	$37,856.00	$39,370.24	$40,945.05	$42,582.85
Harbor Patrol Services	$20,000.00	$20,800.00	$21,632.00	$22,497.28	$23,397.17	$24,333.06
Investment Earnings	$362,000.00	$198,131.68	$115,676.34	$90,355.80	$86,834.39	$104,836.98
Property Tax In-Lieu Fee For Police Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Redevelopment Agency Repayment	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00
Miscellaneous Revenue	$180,130.00	$186,210.00	$192,533.20	$199,109.33	$205,948.50	$213,061.24
TOTAL REVENUES:	$6,012,630.00	$6,063,061.68	$6,011,029.14	$6,211,090.71	$6,442,050.70	$6,661,997.94
Operational Expenses						
Harbor Police	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Police Expense Reductions	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Property Tax In-Lieu Fee For Police Services	($73,900.00)	($73,900.00)	($73,900.00)	($73,900.00)	($73,900.00)	($73,900.00)
Public Works Maintenance	($1,782,929.00)	($1,782,929.00)	($1,782,929.00)	($1,782,929.00)	($1,782,929.00)	($1,782,929.00)
Public Works Expense Reductions	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol/Fire	($1,679,178.00)	($1,679,178.00)	($1,679,178.00)	($1,679,178.00)	($1,679,178.00)	($1,679,178.00)
City Attorney's Office	($120,713.00)	($120,713.00)	($120,713.00)	($120,713.00)	($120,713.00)	($120,713.00)
Recreation & Community Services	($464,744.00)	($464,744.00)	($464,744.00)	($464,744.00)	($464,744.00)	($464,744.00)
Engineering & Building Services	($5,950.00)	($5,950.00)	($5,950.00)	($5,950.00)	($5,950.00)	($5,950.00)
Mayor & Council	($20,831.00)	($20,831.00)	($20,831.00)	($20,831.00)	($20,831.00)	($20,831.00)
Harbor Administration	($858,122.00)	($858,122.00)	($858,122.00)	($858,122.00)	($858,122.00)	($858,122.00)
Harbor Administration Expense Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
B&W Loan Repayment - Principal	($247,740.00)	($248,668.01)	($249,599.50)	($250,534.48)	($251,472.97)	($252,414.98)
B&W Loan Repayment - Interest	($167,840.00)	($166,911.99)	($165,980.50)	($165,045.52)	($164,107.03)	($163,165.02)
Pier Structure Repair	($451,791.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)
TOTAL OPERATIONAL EXPENDITURES:	($5,873,738.00)	($5,621,947.00)	($5,621,947.00)	($5,621,947.00)	($5,621,947.00)	($5,621,947.00)
NET REVENUE/(LOSS) ON OPERATIONS:	$138,892.00	$441,114.68	$389,082.14	$589,143.71	$820,103.70	$1,040,050.94
Capital Improvement Project Expenditures						
Basin II Seawall	($99,736.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Comprehensive City Identity Program	$0.00	($90,637.00)	$0.00	$0.00	$0.00	$0.00
Avenue of the Arts & Crafts Repairs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Webcam/Surveillance Net	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier/Boardwalk Revitalization	($335,594.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Moorings	($155,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Dock	($33,400.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Basin III Bulkhead Improvements	$0.00	($400,000.00)	$0.00	$0.00	$0.00	$0.00
Relocation of Boat Launch	($412,460.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Seaside Lagoon Rehabilitation	($898,754.00)	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Restroom Remodel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Parcel 10 Rehab	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Piles & Utilities Barrier	$0.00	($150,000.00)	$0.00	$0.00	$0.00	$0.00
California Coastal Trail/Strand Bike Path	($60,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Repair	($8,623.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Dock Replacement	($266,081.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Facility Replacement	($870,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Mezzanine	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Circulation Improvements	($250,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Railing Replacement	($1,019,909.00)	($1,000,000.00)	($500,000.00)	$0.00	$0.00	$0.00
Elevator Replacement	$0.00	$0.00	($216,904.00)	$0.00	$0.00	$0.00
Waterside Signage	$0.00	$0.00	($5,000.00)	($50,000.00)	$0.00	$0.00
Harbor Trash Skimmers	($40,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Building Gutter Rerouting	($110,843.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Parking Lot Debris Catchers	($9,310.00)	$0.00	$0.00	$0.00	$0.00	$0.00
LESS TOTAL CAPITAL EXPENDITURES:	($4,569,710.00)	($1,640,637.00)	($721,904.00)	($50,000.00)	$0.00	$0.00
LESS TOTAL EXPENDITURES:	($10,443,448.00)	($7,262,584.00)	($6,343,851.00)	($5,671,947.00)	($5,621,947.00)	($5,621,947.00)
CASH FLOW:	($4,430,818.00)	($1,199,522.33)	($332,821.86)	$539,143.71	$820,103.70	$1,040,050.94
CASH & INVESTMENTS BALANCE:	$7,925,267.00	$4,627,053.68	$3,614,231.82	$3,473,375.52	$4,193,479.22	$5,133,530.16
DEPOSITS INTO DESIGNATED RESERVES	$2,098,691.00	$680,000.00	$680,000.00	$100,000.00	$100,000.00	$100,000.00
INTEREST ON DESIGNATED RESERVES	$0.00	$52,467.28	$70,778.96	$89,548.43	$94,287.14	$99,144.32
TOTAL DESIGNATED RESERVES	$2,098,691.00	$2,831,158.28	$3,581,937.23	$3,771,485.66	$3,965,772.80	$4,164,917.12
AVAILABLE CASH & INVESTMENTS BALANCE:	$5,826,576.00	$3,947,053.68	$2,934,231.82	$3,373,375.52	$4,093,479.22	$5,033,530.16
TOTAL AVAILABLE RESERVES, CASH & INVESTMENTS	$7,925,267.00	$6,778,211.95	$6,516,169.05	$7,144,861.19	$8,059,252.03	$9,198,447.29

Assume please:
Beginning Cash & Investment Balance from CAFR for year ending 6/30/09
Revenues to City's General Fund not included
No City-owned property/leaseholds sold
Interest Earnings of 2.5% estimated by City Treasurer's Office
Capital Project amounts are scheduled as per the '09-'14 CIP; projects within the Harbor Uplands Fund (and corresponding Tidelands amounts) have been re-scheduled to assist with maintaining adequate fund balance and cash flow
Deposits into Designated Reserves equal one-month's operating expenses in each of the first three years, plus $1,163,708 for Capital expenses and $355K for deductible; an additional $100,000 for recurring capital projects
CPI of 4.0% on revenues, 0% on expenses

Attachment 2

HARBOR UPLANDS CASH FLOW ANALYSIS - BEST CASE

2/25/2010 12:00am

	Balance 6/30/09	Balance 6/30/10 (e)	Balance 6/30/11 (e)	Balance 6/30/12 (e)	Balance 6/30/13 (e)	Balance 6/30/14 (e)
BEGINNING CASH & INVESTMENTS BALANCE:	$2,851,397.00	($115,158.00)	($1,013,236.88)	($1,813,111.52)	($1,708,516.61)	($1,505,234.01)
Revenues	*'09-'10(b)*	*'10-'11(e)*	*'11-'12(e)*	*'12-'13(e)*	*'13-'14(e)*	*'14-'15(e)*
Leasehold Rental	$2,137,000.00	$2,222,480.00	$2,426,379.20	$2,523,434.37	$2,624,371.74	$2,729,346.61
Parking Revenue (Structures/Lot 13)	$1,524,000.00	$1,584,960.00	$1,648,358.40	$1,714,292.74	$1,782,864.45	$1,854,179.02
Seaside Lagoon	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sailing Classes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investment Earnings	$134,300.00	$30,989.13	($11,980.92)	($31,977.79)	($41,462.92)	($36,380.85)
Property Tax In-Lieu Fee For Police Services	$79,300.00	$82,472.00	$85,770.88	$89,201.72	$92,769.78	$96,480.58
Redevelopment Agency Repayment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Miscellaneous Revenue	$269,250.00	$393,920.00	$407,876.80	$422,391.87	$437,487.55	$453,187.05
TOTAL REVENUES:	$4,143,850.00	$4,314,821.13	$4,556,404.36	$4,717,342.90	$4,896,030.60	$5,096,812.41
Operational Expenses						
Harbor Police	($1,521,698.00)	($1,521,698.00)	($1,521,698.00)	($1,521,698.00)	($1,521,698.00)	($1,521,698.00)
Harbor Police Expense Reductions	$174,000.00	$174,000.00	$174,000.00	$174,000.00	$174,000.00	$174,000.00
Property Tax In-Lieu Fee For Police Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Public Works Maintenance	($1,866,539.00)	($1,866,539.00)	($1,866,539.00)	($1,866,539.00)	($1,866,539.00)	($1,866,539.00)
Public Works Expense Reductions	$257,730.00	$257,730.00	$257,730.00	$257,730.00	$257,730.00	$257,730.00
Harbor Patrol/Fire	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
City Attorney's Office	($91,907.00)	($91,907.00)	($91,907.00)	($91,907.00)	($91,907.00)	($91,907.00)
Recreation & Community Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Engineering & Building Services	($5,290.00)	($5,290.00)	($5,290.00)	($5,290.00)	($5,290.00)	($5,290.00)
Mayor & Council	($17,376.00)	($17,376.00)	($17,376.00)	($17,376.00)	($17,376.00)	($17,376.00)
Harbor Administration	($1,341,668.00)	($1,341,668.00)	($1,341,668.00)	($1,341,668.00)	($1,341,668.00)	($1,341,668.00)
Harbor Administration Expense Reduction	$40,000.00	$240,000.00	$240,000.00	$240,000.00	$240,000.00	$240,000.00
B&W Loan Repayment - Principal	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
B&W Loan Repayment - Interest	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Structure Repair	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL OPERATIONAL EXPENDITURES:	($4,372,748.00)	($4,172,748.00)	($4,412,748.00)	($4,412,748.00)	($4,412,748.00)	($4,412,748.00)
NET REVENUE/(LOSS) ON OPERATIONS:	($228,898.00)	$142,073.13	$143,656.36	$304,594.90	$483,282.60	$684,064.41
Capital Improvement Project Expenditures						
Basin II Seawall	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Comprehensive City Identity Program	$0.00	($88,686.00)	$0.00	$0.00	$0.00	$0.00
Avenue of the Arts & Crafts Repairs	($300,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Webcam/Surveillance Net	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier/Boardwalk Revitalization	($573,624.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Moorings	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Dock	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Basin III Bulkhead Improvements	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Relocation of Boat Launch	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Restroom Remodel	$0.00	$0.00	($150,000.00)	($150,000.00)	($150,000.00)	($150,000.00)
Harbor Lighting Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Parcel 10 Rehab	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Piles & Utilities Barrier	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
California Coastal Trail/Strand Bike Path	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Repair	($500,000.00)	($417,466.00)	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Dock Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Facility Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Mezzanine	$0.00	$0.00	$0.00	$0.00	($80,000.00)	$0.00
Pier Circulation Improvements	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Railing Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Resurfacing	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Elevator Replacement	$0.00	$0.00	($259,531.00)	$0.00	$0.00	$0.00
Waterside Signage	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Trash Skimmers	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Building Gutter Rerouting	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Parking Lot Debris Catchers	($9,310.00)	$0.00	$0.00	$0.00	$0.00	$0.00
LESS TOTAL CAPITAL EXPENDITURES:	($1,382,934.00)	($506,152.00)	($409,531.00)	($150,000.00)	($230,000.00)	($150,000.00)
LESS TOTAL EXPENDITURES:	($5,755,682.00)	($4,678,900.00)	($4,822,279.00)	($4,562,748.00)	($4,642,748.00)	($4,562,748.00)
CASH FLOW:	($1,611,832.00)	($364,078.88)	($265,874.64)	$154,594.90	$253,282.60	$534,064.41
CASH & INVESTMENTS BALANCE:	$1,239,565.00	($479,236.88)	($1,279,111.52)	($1,658,516.61)	($1,455,234.01)	($971,169.60)
DEPOSITS INTO DESIGNATED RESERVES	$1,354,723.00	$534,000.00	$534,000.00	$50,000.00	$50,000.00	$50,000.00
INTEREST ON DESIGNATED RESERVES	$0.00	$33,868.08	$48,064.78	$62,616.40	$65,431.81	$68,317.60
TOTAL DESIGNATED RESERVES	$1,354,723.00	$1,922,591.08	$2,504,655.85	$2,617,272.25	$2,732,704.05	$2,851,021.66
AVAILABLE CASH & INVESTMENTS BALANCE:	($115,158.00)	($1,013,236.88)	($1,813,111.52)	($1,708,516.61)	($1,505,234.01)	($1,021,169.60)
TOTAL AVAILABLE RESERVES, CASH & INVESTMENTS	$1,239,565.00	$909,354.20	$691,544.33	$908,755.63	$1,227,470.04	$1,829,852.05

Assumptions:
Beginning Cash & Investment Balance from CAFR for year ending 6/30/09
Revenues to City's General Fund not included
No City-owned property/leaseholds sold
Interest Earnings of 2.5% estimated by City Treasurer's Office
Capital Project amounts are scheduled as per the '09-'14 CIP; projects within the Harbor Uplands Fund (and corresponding Tidelands amounts) have been re-scheduled to assist with maintaining adequate fund balance and cash flow
Deposits into Designated Reserves equal one-month's operating expenses in each of the first three years, plus $565,723 for Capital expenses and $255K for deductible; an additional $50,000 for recurring capital projects
CPI of 4.0% on revenues, 0% on expenses

Attachment 2

HARBOR ENTERPRISE CASH FLOW ANALYSIS - WORST CASE

2/25/2010 10:00am

	Balance 6/30/09	Balance 6/30/10 (e)	Balance 6/30/11 (e)	Balance 6/30/12 (e)	Balance 6/30/13 (e)	Balance 6/30/14 (e)
BEGINNING CASH & INVESTMENTS BALANCE:	$15,207,482.00	$5,214,112.00	$747,242.90	($3,272,318.89)	($5,937,988.82)	($9,294,902.29)
Revenues	*'09-'10(b)*	*'10-'11(e)*	*'11-'12(e)*	*'12-'13(e)*	*'13-'14(e)*	*'14-'15(e)*
Leasehold Rental	$6,582,500.00	$6,580,400.00	$6,693,300.00	$6,691,200.00	$6,689,100.00	$6,645,000.00
Parking Revenue (Structures/Lot 13)	$1,963,824.00	$1,963,824.00	$1,963,824.00	$1,963,824.00	$1,963,824.00	$1,963,824.00
Seaside Lagoon	$370,000.00	$370,000.00	$370,000.00	$370,000.00	$370,000.00	$370,000.00
Sailing Classes	$35,000.00	$35,000.00	$35,000.00	$35,000.00	$35,000.00	$35,000.00
Investment Earnings	$496,300.00	$216,688.15	$49,031.07	($51,457.97)	($144,699.72)	($228,622.56)
Property Tax In-Lieu Fee For Police Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Redevelopment Agency Repayment	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00
Miscellaneous Revenue	$449,380.00	$449,380.00	$449,380.00	$449,380.00	$449,380.00	$449,380.00
TOTAL REVENUES:	$10,057,004.00	$9,775,292.15	$9,720,535.07	$9,617,946.03	$9,522,604.28	$9,394,581.44
Operational Expenses						
Harbor Police	($1,521,698.00)	($1,597,782.90)	($1,677,672.05)	($1,761,555.65)	($1,849,633.43)	($1,942,115.10)
Harbor Police Expense Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Property Tax In-Lieu Fee For Police Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Public Works Maintenance	($3,649,468.00)	($3,831,941.40)	($4,023,538.47)	($4,224,715.39)	($4,435,951.16)	($4,657,748.72)
Public Works Expense Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol/Fire	($1,679,178.00)	($1,763,136.90)	($1,851,293.75)	($1,943,858.43)	($2,041,051.35)	($2,143,103.92)
City Attorney's Office	($212,620.00)	($223,251.00)	($234,413.55)	($246,134.23)	($258,440.94)	($271,362.99)
Recreation & Community Services	($464,744.00)	($487,981.20)	($512,380.26)	($537,999.27)	($564,899.24)	($593,144.20)
Engineering & Building Services	($11,240.00)	($11,802.00)	($12,392.10)	($13,011.71)	($13,662.29)	($14,345.40)
Mayor & Council	($38,207.00)	($40,117.35)	($42,123.22)	($44,229.38)	($46,440.85)	($48,762.89)
Harbor Administration	($2,199,790.00)	($2,309,779.50)	($2,425,268.48)	($2,546,531.90)	($2,673,858.49)	($2,807,551.42)
Harbor Administration Expense Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
B&W Loan Repayment - Principal	($247,740.00)	($248,668.01)	($249,599.50)	($250,534.48)	($251,472.97)	($252,414.98)
B&W Loan Repayment - Interest	($167,840.00)	($166,911.99)	($165,980.50)	($165,045.52)	($164,107.03)	($163,165.02)
Pier Structure Repair	($451,791.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)
TOTAL OPERATIONAL EXPENDITURES:	($10,644,316.00)	($10,881,372.25)	($11,394,661.86)	($11,933,615.96)	($12,499,517.75)	($13,093,714.64)
NET REVENUE/(LOSS) ON OPERATIONS:	($587,312.00)	($1,106,080.10)	($1,674,126.79)	($2,315,669.93)	($2,976,913.47)	($3,699,133.20)
Capital Improvement Project Expenditures						
Basin II Seawall	($99,736.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Comprehensive City Identity Program	$0.00	($179,323.00)	$0.00	$0.00	$0.00	$0.00
Avenue of the Arts & Crafts Repairs	($300,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Webcam/Surveillance Net	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier/Boardwalk Revitalization	($909,218.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Moorings	($155,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Dock	($33,400.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Basin III Bulkhead Improvements	$0.00	($400,000.00)	$0.00	$0.00	$0.00	$0.00
Relocation of Boat Launch	($412,460.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Seaside Lagoon Rehabilitation	($898,754.00)	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Restroom Remodel	$0.00	$0.00	($150,000.00)	($150,000.00)	($150,000.00)	($150,000.00)
Parcel 10 Rehab	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Piles & Utilities Barrier	$0.00	($150,000.00)	$0.00	$0.00	$0.00	$0.00
California Coastal Trail/Strand Bike Path	($60,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Repair	($508,623.00)	($417,466.00)	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Dock Replacement	($266,081.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Facility Replacement	($870,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Mezzanine	$0.00	$0.00	$0.00	$0.00	($80,000.00)	$0.00
Pier Circulation Improvements	($250,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Railing Replacement	($1,019,909.00)	($1,000,000.00)	($500,000.00)	$0.00	$0.00	$0.00
Elevator Replacement	$0.00	$0.00	($476,435.00)	$0.00	$0.00	$0.00
Waterside Signage	$0.00	$0.00	($5,000.00)	($50,000.00)	$0.00	$0.00
Harbor Trash Skimmers	($40,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Building Gutter Rerouting	($110,843.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Parking Lot Debris Catchers	($18,620.00)	$0.00	$0.00	$0.00	$0.00	$0.00
LESS TOTAL CAPITAL EXPENDITURES:	($5,952,644.00)	($2,146,789.00)	($1,131,435.00)	($200,000.00)	($230,000.00)	($150,000.00)
LESS TOTAL EXPENDITURES:	($16,596,960.00)	($13,028,161.25)	($12,526,096.86)	($12,133,615.96)	($12,729,517.75)	($13,243,714.64)
CASH FLOW:	($6,539,956.00)	($3,252,869.10)	($2,805,561.79)	($2,515,669.93)	($3,206,913.47)	($3,849,133.20)
CASH & INVESTMENTS BALANCE:	$8,667,526.00	$1,961,242.90	($2,058,318.89)	($5,787,988.82)	($9,144,902.29)	($13,144,035.49)
DEPOSITS INTO DESIGNATED RESERVES	$3,453,414.00	$1,214,000.00	$1,214,000.00	$150,000.00	$150,000.00	$150,000.00
INTEREST ON DESIGNATED RESERVES	$0.00	$86,335.35	$118,843.73	$152,164.83	$159,718.95	$167,461.92
TOTAL DESIGNATED RESERVES	$3,453,414.00	$4,753,749.35	$6,086,593.08	$6,388,757.91	$6,698,476.86	$7,015,938.78
AVAILABLE CASH & INVESTMENTS BALANCE:	$5,214,112.00	$747,242.90	($3,272,318.89)	($5,937,988.82)	($9,294,902.29)	($13,294,035.49)
TOTAL AVAILABLE RESERVES, CASH & INVESTMENTS	$8,667,526.00	$5,500,992.25	$2,814,274.19	$450,769.09	($2,596,425.43)	($6,278,096.71)

Assumptions:
Beginning Cash & Investment Balance from CAFR for year ending 6/30/09
Revenues to City's General Fund not included
No City-owned property/leaseholds sold
Interest Earnings of 2.5% estimated by City Treasurer's Office
Capital Project amounts are scheduled as per the '09-'14 CIP; projects within the Harbor Uplands Fund (and corresponding Tidelands amounts) have been re-scheduled to assist with maintaining adequate fund balance and cash flow
Deposits into Designated Reserves equal one-month's operating expenses, plus $500K for Capital expenses and $750K for deductible; an additional one-month's operating expense deposited in '08-'09 and '09-'10
CPI of 0.0% on revenues, 5.0% on expenses

Attachment 2

HARBOR TIDELANDS CASH FLOW ANALYSIS - WORST CASE

2/23/2010 10:00am

	Balance 6/30/09	Balance 6/30/10 (e)	Balance 6/30/11 (e)	Balance 6/30/12 (e)	Balance 6/30/13 (e)	Balance 6/30/14 (e)
BEGINNING CASH & INVESTMENTS BALANCE:	$12,356,085.00	$5,880,476.00	$3,593,177.83	$1,870,908.40	$1,083,484.00	$24,276.64
Revenues	*'09-'10(b)*	*'10-'11(e)*	*'11-'12(e)*	*'12-'13(e)*	*'13-'14(e)*	*'14-'15(e)*
Leasehold Rental	$4,445,500.00	$4,443,400.00	$4,441,300.00	$4,439,200.00	$4,437,100.00	$4,393,000.00
Parking Revenue (Structures/Lot 13)	$440,000.00	$440,000.00	$440,000.00	$440,000.00	$440,000.00	$440,000.00
Seaside Lagoon	$370,000.00	$370,000.00	$370,000.00	$370,000.00	$370,000.00	$370,000.00
Sailing Classes	$35,000.00	$35,000.00	$35,000.00	$35,000.00	$35,000.00	$35,000.00
Investment Earnings	$362,000.00	$199,479.18	$106,829.45	$63,772.71	$29,587.10	$3,106.92
Property Tax In-Lieu Fee For Police Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Redevelopment Agency Repayment	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00	$160,000.00
Miscellaneous Revenue	$180,130.00	$180,130.00	$180,130.00	$180,130.00	$180,130.00	$180,130.00
TOTAL REVENUES:	$5,992,630.00	$5,828,009.18	$5,733,259.45	$5,688,102.71	$5,651,817.10	$5,581,236.92
Operational Expenses						
Harbor Police	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Police Expense Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Property Tax In-Lieu Fee For Police Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Public Works Maintenance	($1,782,929.00)	($1,872,075.45)	($1,965,679.22)	($2,063,963.18)	($2,167,161.34)	($2,275,519.41)
Public Works Expense Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol/Fire	($1,679,178.00)	($1,763,136.90)	($1,851,293.75)	($1,943,858.43)	($2,041,051.35)	($2,143,103.92)
City Attorney's Office	($120,713.00)	($126,748.65)	($133,086.08)	($139,740.39)	($146,727.41)	($154,063.78)
Recreation & Community Services	($464,744.00)	($487,981.20)	($512,380.26)	($537,999.27)	($564,899.24)	($593,144.20)
Engineering & Building Services	($5,950.00)	($6,247.50)	($6,559.88)	($6,887.87)	($7,232.26)	($7,593.88)
Mayor & Council	($20,831.00)	($21,872.55)	($22,966.18)	($24,114.49)	($25,320.21)	($26,586.22)
Harbor Administration	($858,122.00)	($901,028.10)	($946,079.51)	($993,383.48)	($1,043,052.65)	($1,095,205.29)
Harbor Administration Expense Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
B&W Loan Repayment - Principal	($247,740.00)	($248,668.01)	($249,599.50)	($250,534.48)	($251,472.97)	($252,414.98)
B&W Loan Repayment - Interest	($167,840.00)	($166,911.99)	($165,980.50)	($165,045.52)	($164,107.03)	($163,165.02)
Pier Structure Repair	($451,791.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)	($200,000.00)
TOTAL OPERATIONAL EXPENDITURES:	($5,799,838.00)	($5,794,670.35)	($6,053,624.87)	($6,325,527.11)	($6,611,024.47)	($6,910,796.69)
NET REVENUE/(LOSS) ON OPERATIONS:	$192,792.00	$33,338.83	($320,365.42)	($637,424.40)	($959,207.37)	($1,329,559.77)
Capital Improvement Project Expenditures						
Basin II Seawall	($99,736.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Comprehensive City Identity Program	$0.00	($90,637.00)	$0.00	$0.00	$0.00	$0.00
Avenue of the Arts & Crafts Repairs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Webcam/Surveillance Net	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier/Boardwalk Revitalization	($335,594.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Moorings	($155,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Dock	($33,400.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Basin III Bulkhead Improvements	$0.00	($400,000.00)	$0.00	$0.00	$0.00	$0.00
Relocation of Boat Launch	($412,460.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Seaside Lagoon Rehabilitation	($898,754.00)	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Restroom Remodel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Parcel 10 Rehab	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Piles & Utilities Barrier	$0.00	($150,000.00)	$0.00	$0.00	$0.00	$0.00
California Coastal Trail/Strand Bike Path	($60,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Repair	($8,623.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Dock Replacement	($266,081.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Facility Replacement	($870,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Mezzanine	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Circulation Improvements	($250,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Railing Replacement	($1,019,909.00)	($1,000,000.00)	($500,000.00)	$0.00	$0.00	$0.00
Elevator Replacement	$0.00	$0.00	($216,904.00)	$0.00	$0.00	$0.00
Waterside Signage	$0.00	$0.00	($5,000.00)	($50,000.00)	$0.00	$0.00
Harbor Trash Skimmers	($40,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Building Gutter Rerouting	($110,843.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Parking Lot Debris Catchers	($9,310.00)	$0.00	$0.00	$0.00	$0.00	$0.00
LESS TOTAL CAPITAL EXPENDITURES:	($4,569,710.00)	($1,640,637.00)	($721,904.00)	($50,000.00)	$0.00	$0.00
LESS TOTAL EXPENDITURES:	($10,369,548.00)	($7,435,307.35)	($6,775,528.87)	($6,375,527.11)	($6,611,024.47)	($6,910,796.69)
CASH FLOW:	($4,376,918.00)	($1,607,298.18)	($1,042,269.42)	($687,424.40)	($959,207.37)	($1,329,559.77)
CASH & INVESTMENTS BALANCE:	$7,979,167.00	$4,273,177.83	$2,550,908.40	$1,183,484.00	$124,276.64	($1,305,283.14)
DEPOSITS INTO DESIGNATED RESERVES	$2,098,691.00	$680,000.00	$680,000.00	$100,000.00	$100,000.00	$100,000.00
INTEREST ON DESIGNATED RESERVES	$0.00	$52,467.28	$70,778.96	$89,548.43	$94,287.14	$99,144.32
TOTAL DESIGNATED RESERVES	$2,098,691.00	$2,831,158.28	$3,581,937.23	$3,771,485.66	$3,965,772.80	$4,164,917.12
AVAILABLE CASH & INVESTMENTS BALANCE:	$5,880,476.00	$3,593,177.83	$1,870,908.40	$1,083,484.00	$24,276.64	($1,405,283.14)
TOTAL AVAILABLE RESERVES, CASH & INVESTMENTS	$7,979,167.00	$6,424,336.10	$5,452,845.64	$4,854,969.67	$3,990,049.44	$2,759,633.99

Assumptions:

Beginning Cash & Investment Balance from CAFR for year ending 6/30/09
Revenues to City's General Fund not included
No City-owned property/leaseholds sold
Interest Earnings of 2.5% estimated by City Treasurer's Office
Capital Project amounts are scheduled as per the '09-'14 CIP; projects within the Harbor Uplands Fund (and corresponding Tidelands amounts) have been re-scheduled to assist with maintaining adequate fund balance and cash flow
Deposits into Designated Reserves equal one-month's operating expenses in each of the first three years, plus $1,163,708 for Capital expenses and $255K for deductible; an additional $100,000 for recurring capital projects
CPI of 0.0% on revenues, 5.0% on expenses

Attachment 2

HARBOR UPLANDS CASH FLOW ANALYSIS - WORST CASE

2/23/2010 10:00am

	Balance 6/30/09	Balance 6/30/10 (e)	Balance 6/30/11 (e)	Balance 6/30/12 (e)	Balance 6/30/13 (e)	Balance 6/30/14 (e)
BEGINNING CASH & INVESTMENTS BALANCE:	$2,851,397.00	($666,364.00)	($2,845,934.93)	($5,143,227.29)	($7,021,472.82)	($9,319,178.93)
Revenues	***'09-'10(b)***	***'10-'11(e)***	***'11-'12(e)***	***'12-'13(e)***	***'13-'14(e)***	***'14-'15(e)***
Leasehold Rental	$2,137,000.00	$2,137,000.00	$2,252,000.00	$2,252,000.00	$2,252,000.00	$2,252,000.00
Parking Revenue (Structures/Lot 13)	$1,523,824.00	$1,523,824.00	$1,523,824.00	$1,523,824.00	$1,523,824.00	$1,523,824.00
Seaside Lagoon	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sailing Classes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investment Earnings	$134,300.00	$17,208.98	($57,798.37)	($115,230.68)	($174,286.82)	($231,729.47)
Property Tax In-Lieu Fee For Police Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Redevelopment Agency Repayment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Miscellaneous Revenue	$269,250.00	$269,250.00	$269,250.00	$269,250.00	$269,250.00	$269,250.00
TOTAL REVENUES:	$4,064,374.00	$3,947,282.98	$3,987,275.63	$3,929,843.32	$3,870,787.18	$3,813,344.53
Operational Expenses						
Harbor Police	($1,521,698.00)	($1,597,782.90)	($1,677,672.05)	($1,761,555.65)	($1,849,633.43)	($1,942,115.10)
Harbor Police Expense Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Property Tax In-Lieu Fee For Police Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Public Works Maintenance	($1,866,539.00)	($1,959,865.95)	($2,057,859.25)	($2,160,752.21)	($2,268,789.82)	($2,382,229.31)
Public Works Expense Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol/Fire	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
City Attorney's Office	($91,907.00)	($96,502.35)	($101,327.47)	($106,393.84)	($111,713.53)	($117,299.21)
Recreation & Community Services	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Engineering & Building Services	($5,290.00)	($5,554.50)	($5,832.23)	($6,123.84)	($6,430.03)	($6,751.53)
Mayor & Council	($17,376.00)	($18,244.80)	($19,157.04)	($20,114.89)	($21,120.64)	($22,176.67)
Harbor Administration	($1,341,668.00)	($1,408,751.40)	($1,479,188.97)	($1,553,148.42)	($1,630,805.84)	($1,712,346.13)
Harbor Administration Expense Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
B&W Loan Repayment - Principal	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
B&W Loan Repayment - Interest	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Structure Repair	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL OPERATIONAL EXPENDITURES:	($4,844,478.00)	($5,086,701.90)	($5,341,037.00)	($5,608,088.84)	($5,888,493.29)	($6,182,917.95)
NET REVENUE/(LOSS) ON OPERATIONS:	($780,104.00)	($1,139,418.93)	($1,353,761.37)	($1,678,245.53)	($2,017,706.11)	($2,369,573.42)
Capital Improvement Project Expenditures						
Basin II Seawall	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Comprehensive City Identity Program	$0.00	($88,686.00)	$0.00	$0.00	$0.00	$0.00
Avenue of the Arts & Crafts Repairs	($300,000.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Webcam/Surveillance Net	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier/Boardwalk Revitalization	($573,624.00)	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Moorings	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Transient Vessel Dock	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Basin III Bulkhead Improvements	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Relocation of Boat Launch	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Restroom Remodel	$0.00	$0.00	($150,000.00)	($150,000.00)	($150,000.00)	($150,000.00)
Harbor Lighting Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Parcel 10 Rehab	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Piles & Utilities Barrier	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
California Coastal Trail/Strand Bike Path	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Repair	($500,000.00)	($417,466.00)	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Dock Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Patrol Facility Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Parking Structure Mezzanine	$0.00	$0.00	$0.00	$0.00	($80,000.00)	$0.00
Pier Circulation Improvements	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Railing Replacement	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
International Boardwalk Resurfacing	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Elevator Replacement	$0.00	$0.00	($259,531.00)	$0.00	$0.00	$0.00
Waterside Signage	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Harbor Trash Skimmers	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pier Building Gutter Rerouting	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Parking Lot Debris Catchers	($9,310.00)	$0.00	$0.00	$0.00	$0.00	$0.00
LESS TOTAL CAPITAL EXPENDITURES:	($1,382,934.00)	($506,152.00)	($409,531.00)	($150,000.00)	($230,000.00)	($150,000.00)
LESS TOTAL EXPENDITURES:	($6,227,412.00)	($5,592,853.90)	($5,750,568.00)	($5,758,088.84)	($6,118,493.29)	($6,332,917.95)
CASH FLOW:	($2,163,038.00)	($1,645,570.93)	($1,763,292.37)	($1,828,245.53)	($2,247,706.11)	($2,519,573.42)
CASH & INVESTMENTS BALANCE:	$688,359.00	($2,311,934.93)	($4,609,227.29)	($6,971,472.82)	($9,269,178.93)	($11,838,752.35)
DEPOSITS INTO DESIGNATED RESERVES	$1,354,723.00	$534,000.00	$534,000.00	$50,000.00	$50,000.00	$50,000.00
INTEREST ON DESIGNATED RESERVES	$0.00	$33,868.08	$48,064.78	$62,616.40	$65,431.81	$68,317.60
TOTAL DESIGNATED RESERVES	$1,354,723.00	$1,922,591.08	$2,504,655.85	$2,617,272.25	$2,732,704.05	$2,851,021.66
AVAILABLE CASH & INVESTMENTS BALANCE:	($666,364.00)	($2,845,934.93)	($5,143,227.29)	($7,021,472.82)	($9,319,178.93)	($11,888,752.35)
TOTAL AVAILABLE RESERVES, CASH & INVESTMENTS	$688,359.00	($923,343.85)	($2,638,571.44)	($4,404,200.57)	($6,586,474.87)	($9,037,730.70)

Assumptions:
Beginning Cash & Investment Balance from CAFR for year ending 6/30/09
Revenues to City's General Fund not included
No City-owned property/leaseholds sold
Interest Earnings of 2.5% estimated by City Treasurer's Office
Capital Project amounts are scheduled as per the '09-'14 CIP; projects within the Harbor Uplands Fund (and corresponding Tidelands amounts) have been re-scheduled to assist with maintaining adequate fund balance and cash flow
Deposits into Designated Reserves equal one-month's operating expenses in each of the first three years, plus $565,723 for Capital expenses and $255K for deductible; an additional $50,000 for recurring capital projects
CPI of 0.0% on revenues, 5.0% on expenses

Attachment 3

HARBOR FINANCIAL ACTION PLAN

City staff recommends that the City Council authorize the following actions to eliminate the on-going operational shortfall in the Harbor Uplands fund of an estimated $779,000 in the current fiscal year and an anticipated operational shortfall of $947,000 next fiscal year through a combination of revenue and expense modifications for the 2009/10 and the 2010/11 fiscal years. The recommended actions are also designed to start building an initial reserve of $1.35 million consistent with that level recommended in the draft Harbor Enterprise Business Plan.

There are additional opportunities on the horizon which could potentially improve the financial position of the Harbor Uplands Fund. These include pending lease renewals and development based on new leases. Additionally, one transaction that is pending is the Tidelands/Uplands parcel swap in process with the State Lands Commission. This may be an opportunity to also return the Plaza Parking Structure to the Uplands Fund. This parcel, which is physically located in the Uplands, is considered a Tidelands parcel given the original source of funding to construct the parking structure. In addition to delaying capital projects until cash flow improves in the Harbor Uplands Fund, the City could consider financing major capital improvements over 20 to 30 years thereby reducing the demand for capital in the near term.

1) Approve a initial annual property tax in lieu fee for the publicly used portions of the Harbor Tidelands for payment to the General Fund to off-set general services, such as dedicated Police services, provided to Harbor area but currently only charged to the Uplands Fund	$79,000
2) Modify the Allocation for Public Works services from 60%/40% split between Uplands and Tidelands to a 50%/50% split on an on-going basis.	$50,000
3) Under take a study to restructure parking rates to maximize revenues	$100,000
4) Reduce expenditures associated with parking operations by evaluating the options to the current hybrid system	$200,000
5) Develop and implement an on-site advertising program using tasteful graphics similar to major shopping centers or notable theme parks	$80,000
6) Initiate a restructuring of the Fisherman's Wharf Sanitation District Assessments to mirror the common area maintenance approach utilized in commercial shopping centers to recover a greater share of common area maintenance costs	$35,700
7) Transfer costs associated with Public Works staffing and supervision for those elements related to solid waste functions in the Uplands to the Solid Waste Fund	$185,000

Attachment 3

8) Transfer costs associated with Public Works staffing related to waste water functions in the Uplands to the Waste Water Fund	$22,730
9) Reduce expenditures associated with the administration of the Uplands area by the Harbor, Business & Transit Department	$40,000
10) Reduce the number of Police Officers assigned to the Pier Detail to reflect seasonal demand and reduce the cost of Police services to the Uplands	$174,000
11) Delay or eliminate the following adopted Uplands Capital Improvement Projects: Comprehensive City Identity Program ($88,686 delay); Harbor Webcam & Surveillance Net ($43,198 eliminate); Parcel 10 Rehab ($143,747 eliminate); International Boardwalk restroom remodel ($150,000 delay); Pier Parking Structure Repair ($417,466 delay); Pier Parking Structure Mezzanine ($80,000 delay); Elevator Replacement ($259,531 delay)	$1,182,628
Total Adjustments	**$2,149,058**

List from Department Heads of Unmet Budget Needs

Citywide
1. Restoration of employee compensation concessions: $2,100,000

City Attorney
1. Comprehensive review of Personnel Rules including Civil Service Rules: $87,500
2. Comprehensive review of Municipal Code and submission of comprehensive modifications to the Mayor and City Council to improve efficiency and reduce potential liability: $100,0000
3. Proactive efforts to reduce liability exposure in the areas of environmental law and public works to reduce ongoing liability and attorney fees: $112,500

City Clerk
1. Reclassification of positions and additional part-time staff: $189,000
2. Agenda management software and hardware: $50,000
3. Video streaming of Commission meetings and supplies & equipment: $61,000

City Treasurer
1. Hire Senior Auditor and Business License Inspector: $184,000
2. Reclassification of position: $3,500
3. Contract services for compliance auditing and revenue preservation: $38,500

City Manager
1. Level one supervisor training: $75,000
2. Hire Administrative Aide position and part-time support: $125,000
3. Organization performance auditing and website enhancement: $100,000

Building & Engineering
1. Hire GIS analyst and office specialist position: $96,000
2. Reclassifications of positions: $4,000
3. Contract services for code updates, water quality and training: $200,000

Library
1. Hire Library Circulation Supervisor position: $96,600
2. Hire Children's Librarian position: $102,450
3. Purchase library materials and equipment: $100,950

Fire
1. Fire Apparatus Replacement: $300,000
2. Fire Station #1 Repairs: $500,000
3. Hire Fire Inspector & Fire Training Officer: $194,000

Harbor, Business & Transit
1. Hire Senior Management Analyst position: $130,000
2. Property Management Software and Support: $125,000
3. Office Space and Storage Reconfiguration: $25,000

Recreation & Community Services
1. Recreation and park facilities repairs and improvements: $200,000
2. Part-time personnel to staff programs and facilities: $50,000
3. RBPAC's Furniture, Fixture and Equipment Replacement: $50,000

Police
1. Personnel:
   Hire two motorcycle traffic enforcement officers: $280,000
   Hire two dedicated DUI enforcement officers: $240,000
   Hire one detective assigned as a Computer Forensics Specialist: $140,000
   Hire one detective assigned to the FBI Joint Terrorism Task Force: $140,000
2. Personnel
   Hire one Emergency Services Dispatcher: $93,000
   Hire one Public Services Specialist: $76,000
3. SWAT Ballistic Vests: $31,000

Public Works
1. Hire five Maintenance Worker I positions: $345,000
2. Hire one Electrician position with equipment: $100,000
3. Establish an additional sewer maintenance crew with equipment: $555,000

Information Technology
1. Hire one Information Systems Specialist: $110,000
2. Point-to-Point gigabit wireless to critical off site locations: $140,000
3. Computer room rehabilitation: $50,000

Planning
1. Hire one associate planner position: $125,000
2. General Plan updates and environmental work: $125,000
3. Specialized code enforcement work: $50,000

Human Resources
1. Hire one senior personnel analyst position: $150,000
2. Customer Services Academy: $50,000
3. Specialized personnel and labor relations contract services: $100,000

Financial Services
1. Hire internal services fund analyst and payroll clerk positions: $150,000
2. Hire financial analyst/CPA position: $100,000
3. Hire part-time employees for administrative support and print shop: $50,000

Attachment 5

Fiscal Year 2009-2010 Midyear Budget Status Presentation

CITY OF REDONDO BEACH

March 2, 2010

redondo BEACH

ADOPTED 2009-2010 BUDGET

- Total City budget of $104 million
- General Fund budget of $68 million
- Capital Improvement Program of $16 million
- Performance Based Objectives

redondo BEACH

ECONOMIC TRENDS

- Decline in California Economy Decreases City General Fund Revenues
- Business Closures
- Decline in Construction Industry
- Higher Competition from Neighboring Cities
- State Budget Deficit Anticipated to Impact City Budget
- Higher Costs for Fuel, Water and Other Essentials
- Decline in Travel
- Higher Unemployment

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BUDGET CONSIDERATIONS

- Mid-Year Budget Balancing
  - Principles
  - Methods
  - Goal Reduction of $545,098
- Internal Service Fund Review

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DECISION PACKAGES

- Decision Packages are Budget Choices, Policy Matters and Informational Updates
- Twenty-Six Decision Packages
- Decision Packages Adjust Budget or Provide Direction to Staff

redondo BEACH

HARBOR FINANCIAL CONDITION

- Overview of Harbor Revenues and Expenditures
- Harbor Financial Action Plan

redondo BEACH

RECOMMENDATION

- Receive and File FY 2009-10 Mid-Year Budget Report
- Adopt Resolution to Modify FY 2009-10 Budget With Recommended City Manager Budget Decision Packages
- Approve Recommended City Manager Policy Decision Packages

redondo BEACH

BLUE FOLDER ITEM

L1. DISCUSSION REGARDING THE MID-YEAR BUDGET REVIEW AND CONSIDERATION OF BUDGET & POLICY DECISION PACKAGES

ADOPT BY 4/5 VOTE AND TITLE ONLY RESOLUTION NO. CC-1003-292, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, MODIFYING THE BUDGET FOR FISCAL YEAR 2009-10

Staff recommends that the City Council:

a. Receive and file the City Manager's Mid-Year Budget review for FY 2009-10; and
b. Adopt by 4/5 vote and title only Resolution No. CC-1003-292 modifying the Fiscal Year 2009-10 budget reflecting the City Manager's recommended budget Decision Packages and adjustments to revenue; and
c. Approve the City Manager's recommended policy direction Decision Packages.

CONTACT: WILLIAM P. WORKMAN, CITY MANAGER

REVISED "PROPOSED MID-YEAR FY09-10 SUMMARY"

Attachment 1

Proposed Mid-Year
FY09-10 Summary

Description	General	Traffic Congest Relief	State Gas Tax	Storm Drain Improvement	St Landscaping/ Lighting	Local Transport Tax
[1] Beginning Fund Balance	3,175,527	601,013	658,820	765,563	15	(628)
Adopted Revenues	67,495,200	16,700	1,256,291	5,000	1,600,530	40,000
Carry-over Revenues	-	-	-	-	-	-
Other Council-Approved Revenues	27,287	-	-	-	-	-
Transfers In	1,045,313	-	-	-	1,084,211	-
Total Revenue	68,567,800	16,700	1,256,291	5,000	2,684,741	40,000
Adopted Appropriations	68,110,284	575,000	1,376,155	-	2,603,672	80,000
Prior Year Encumbrances	500,716	-	100	268,912	62,914	-
Carry-over Appropriations	814,129	39,443	197,608	519,598	-	-
Other Council-Approved Appropriations (Exhibit A)	227,287	-	-	-	-	-
Transfers Out	1,084,211	-	-	-	-	-
Total Uses	70,736,627	614,443	1,573,863	788,510	2,666,586	80,000
Estimated Ending Fund Balance	1,006,700	3,270	341,248	(17,947)	18,170	(40,628)
Adjustments to Revenue (Exhibit B)	(1,466,214)	604,966	(172,653)	-	17,000	-
Adjustments to Appropriations/Transfers Out (Decision Pkgs)	(38,645)	-	(17,763)	-	(86,765)	-
Adjustments to Revenue (Decision Pkgs)	(124,229)	-	-	-	-	-
Revised Estimated Ending Fund Balance	(545,098)	608,236	186,358	(17,947)	121,935	(40,628)

[1] *Per CAFR, includes only reserves for encumbrances; designations for continuing appropriations, future years' appropriations, self-insurance program, and health insurance premiums; and undesignated fund balance.*

Attachment 1

Proposed Mid-Year
FY09-10 Summary

Description	Prop A Local Trans Tax	Prop C Local Trans Tax	Measure R	Transit	Air Quality Improvement	Intergovernmental Grants	Comm Develop Block Grant
Beginning Fund Balance	1,253,977	2,568,502	-	(62,731)	102,514	(1,081,266)	(81,524)
Adopted Revenues	1,127,200	951,800	-	1,116,500	71,700	6,988,603	649,805
Carry-over Revenues	-	-	-	-	-	278,866	16,620
Other Council-Approved Revenues	-	-	-	127,814	-	243,761	-
Transfers In	-	-	-	2,218,123	-	-	-
Total Revenue	1,127,200	951,800	-	3,462,437	71,700	7,511,230	666,425
Adopted Appropriations	-	1,191,216	-	2,977,170	49,142	6,981,975	633,672
Prior Year Encumbrances	-	79,410	-	16,872	-	201,232	-
Carry-over Appropriations	-	1,610,548	-	-	-	3,731,209	16,620
Other Council-Approved Appropriations (Exhibit A)	-	-	-	350,000	-	243,761	-
Transfers Out	2,218,123	-	-	-	-	-	-
Total Uses	2,218,123	2,881,174	-	3,344,042	49,142	11,158,177	650,292
Estimated Ending Fund Balance	163,054	639,128	-	55,664	125,072	(4,728,213)	(65,391)
Adjustments to Revenue (Exhibit B)	(4,490)	(8,550)	125,000	337,619	(280)	-	-
Adjustments to Appropriations/Transfers Out (Decision Pkgs)	-	(502)	-	7,451	19	696,746	76,832
Adjustments to Revenue (Decision Pkgs)	-	-	-	-	-	696,746	33,171
Revised Estimated Ending Fund Balance	158,564	631,080	125,000	385,832	124,773	(4,728,213)	(109,052)

Attachment 1

Proposed Mid-Year
FY09-10 Summary

Description	Housing Authority	Parks/Rec Facilities	Narcotic Forfeiture/Seizure	Subdivision Park Trust	Disaster Recovery
Beginning Fund Balance	678,143	201,454	1,020,252	625,671	(32,774)
Adopted Revenues	5,560,685	7,500	222,200	45,000	75,000
Carry-over Revenues	-	-	-	-	-
Other Council-Approved Revenues	-	-	-	-	-
Transfers In	-	-	-	-	-
Total Revenue	5,560,685	7,500	222,200	45,000	75,000
Adopted Appropriations	5,566,297	-	64,890	294,420	4,120
Prior Year Encumbrances	-	150,000	-	16,127	-
Carry-over Appropriations	-	48,599	195,638	305,532	-
Other Council-Approved Appropriations (Exhibit A)	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Uses	5,566,297	198,599	260,528	616,079	4,120
Estimated Ending Fund Balance	672,531	10,355	981,924	54,592	38,106
Adjustments to Revenue (Exhibit B)	-	-	(111,180)	-	49,214
Adjustments to Appropriations/Transfers Out (Decision Pkgs)	(32,207)	-	-	-	-
Adjustments to Revenue (Decision Pkgs)	-	-	-	-	-
Revised Estimated Ending Fund Balance	704,738	10,355	870,744	54,592	87,320

Attachment 1

Proposed Mid-Year
FY09-10 Summary

Description	Capital Projects	Harbor Tidelands	Harbor Uplands	Solid Waste	Wastewater	Self-Insurance Program	Vehicle Replacement
Beginning Fund Balance	12,208,441	16,340,746	4,736,234	704,433	3,783,437	(1,306,203)	4,631,145
Adopted Revenues	64,000	5,960,630	4,066,850	3,351,473	2,546,261	5,573,081	3,026,444
Carry-over Revenues	-	-	-	63,604	-	-	-
Other Council-Approved Revenues	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
Total Revenue	64,000	5,960,630	4,066,850	3,415,077	2,546,261	5,573,081	3,026,444
Adopted Appropriations	937,946	7,454,121	5,407,112	3,477,830	4,780,043	3,517,695	2,405,503
Prior Year Encumbrances	258,012	497,722	166,236	88,822	1,527,025	-	930,635
Carry-over Appropriations	9,891,290	2,871,018	1,606,690	63,604	2,737,629	-	-
Other Council-Approved Appropriations (Exhibit A)	267,226	-	-	-	-	-	-
Transfers Out	1,045,313	-	-	-	-	-	-
Total Uses	12,399,787	10,822,861	7,180,038	3,630,256	9,044,697	3,517,695	3,336,138
Estimated Ending Fund Balance	(127,346)	11,478,515	1,623,046	489,254	(2,714,999)	749,183	4,321,451
Adjustments to Revenue (Exhibit B)	155,000	(152,021)	(22,160)	51,167	(30,727)	-	19,900
Adjustments to Appropriations/Transfers Out (Decision Pkgs)	-	132,905	(1,403,036)	(16,561)	13,067	1,199,438	(15,498)
Adjustments to Revenue (Decision Pkgs)	-	-	-	(17,100)	(1,757)	(483,710)	(93,437)
Revised Estimated Ending Fund Balance	27,654	11,193,589	3,003,922	539,882	(2,760,550)	(933,965)	4,263,412

Attachment 1

Proposed Mid-Year
FY09-10 Summary

Description	Building Occupancy	Information Technology	Printing and Graphics	Emergency Communications	Major Facilities Repair	Redevelopment Agency	Total
Beginning Fund Balance	(466,839)	(75,610)	(55,872)	231,033	-	11,836,353	62,959,826
Adopted Revenues	2,813,769	2,575,903	317,235	2,663,880	101,748	6,220,417	126,511,405
Carry-over Revenues	-	-	-	-	-	-	359,090
Other Council-Approved Revenues	-	-	-	-	-	-	398,862
Transfers In	-	-	-	-	-	-	4,347,647
Total Revenue	2,813,769	2,575,903	317,235	2,663,880	101,748	6,220,417	131,617,004
Adopted Appropriations	2,813,124	2,690,374	320,884	2,439,497	-	7,254,010	134,006,152
Prior Year Encumbrances	13,533	207,057	10,109	15,131	-	40,150	5,050,715
Carry-over Appropriations	-	-	-	853,224	-	111,241	25,613,620
Other Council-Approved Appropriations (Exhibit A)	-	-	-	-	-	-	1,088,274
Transfers Out	-	-	-	-	-	-	4,347,647
Total Uses	2,826,657	2,897,431	330,993	3,307,852	-	7,405,401	170,106,408
Estimated Ending Fund Balance	(479,727)	(397,138)	(69,630)	(412,939)	101,748	10,651,369	24,470,422
Adjustments to Revenue (Exhibit B)	-	-	-	-	-	-	(608,409)
Adjustments to Appropriations/Transfers Out (Decision Pkgs)	(26,782)	(15,607)	8,992	(28,225)	-	(2,641)	451,218
Adjustments to Revenue (Decision Pkgs)	307,822	202,179	68,832	17,466	-	-	605,983
Revised Estimated Ending Fund Balance	(145,123)	(179,352)	(9,790)	(367,248)	101,748	10,654,010	24,016,778

Administrative Report

Council Action Date: May 4, 2010

To: MAYOR AND CITY COUNCIL

From: MICHAEL WITZANSKY, RECREATION AND COMMUNITY SERVICES DIRECTOR

Subject: 2010 FOURTH OF JULY FIREWORKS EVENT

RECOMMENDATION

1) Receive and file a report on the 2010 Fourth of July Fireworks Event at Seaside Lagoon; and,
2) Authorize a $10,000 expenditure from the Harbor Tidelands Fund to reimburse Community Spirit Fireworks for the 2010 fireworks barge expense.

EXECUTIVE SUMMARY

In May 2007, the City Council approved a long term partnership agreement with Pete Moffett, d/b/a Community Spirit Fireworks, for the coordination and improvement of the annual Fourth of July Fireworks Event. From the City's perspective the partnership agreement has been programmatically and fiscally successful. The City's financial contribution to the event, per the terms of the agreement, has been reduced every year and the quality of the event has risen dramatically. This year, the City is obligated to pay Community Spirit Fireworks only $4,750 of the $19,000 of Harbor Revenue collected from special event parking fees, whereas in year one of the agreement all $19,000 was obligated.

The deescalating level of fiscal support from the City however has increased the burden on Community Spirit Fireworks to coordinate a program in the Lagoon that sells tickets, attracts event sponsorship, and ultimately pays for all Event expenses. Closure of the Seaside Lagoon's swim feature and the current economic climate have severely weakened Community Spirit Fireworks' ability to generate program revenue. In order to sufficiently cover 2010 event costs, Community Spirit Fireworks has asked the City to contribute an additional $10,000, which would pay for the expense of the barge used for fireworks launch.

BACKGROUND

Prior to 2006, the Pier Merchants Association organized the Redondo Beach's annual 4th of July Fireworks Event. The City's contribution to the program was the waiver of all associated Event fees and the cost of supporting Police, Fire and Public Works

Department personnel. The City did not provide assistance with program coordination or the acquisition of program sponsors. Due to declining interest and the lack of financial support, the Pier Merchants Association, in the winter of 2005, asked the City to assume all elements of the annual program. After determining that no other community organizations were willing to step forward and coordinate the annual program, the City accepted the responsibility of managing and funding the 2006 Event.

In the fall of 2006, Pete Moffett, President of Community Spirit Fireworks and organizer of Manhattan Beach's Annual Holiday Fireworks Festival, contacted the City and expressed interest in exploring the coordination and improvement of the Event. The City Council approved the exploration and encouraged him to begin contacting local stakeholders to determine the feasibility of program improvements and a partnership agreement between the City and Community Spirit Fireworks.

Following the Council's direction, Mr. Moffett met with a number of key community members and received positive feedback regarding the implementation of an alternative and "more localized" 4th of July Event. The ideas he gathered led him to propose a Friends of the Redondo Beach Fireworks Festival to be held at the Seaside Lagoon. The new Event concept was well received and led to a partnership agreement between the City and Community Spirit Fireworks that was approved by the City Council on May 15, 2007.

The agreement includes the following deal points:

- An initial term of five years, with three (3) additional five-year options.
- The City will waive all special Event fees and direct personnel costs for the Event and in year one contribute $19,000 to the Event (100% of the net Pier parking revenue generated by the day's flat rate increase); in year two, contribute $14,250 (75% of the net Pier parking revenue); in year three, contribute $9,500 (50% of the net Pier parking revenue); in year four, contribute $4,750 (25% of the net Pier parking revenue); and in year five, and beyond, contribute $0.
- The City will assist with Event marketing through the utilization of the City's website, newsletter, production of flyers, etc., and the acquisition of necessary permits and approvals.
- City Officials will assist with the ongoing promotion of the Event by assisting with the attraction of local sponsors and providing letter(s) of support.
- Community Spirit Fireworks will provide program coordination and development, acquire all sponsors, obtain all safety approvals, and will be responsible for the hiring of program vendors and service providers and all related purchasing/contractual agreements.
- Community Spirit Fireworks will purchase all necessary special Event insurance policies.

- The City will have the option to cancel the annual fireworks program in the event that there are significant public health and safety concerns.
- The City will provide use of the Civic Center Library Parking structure for the Event.

After the agreement was approved, Community Spirit Fireworks planned an Event at the Lagoon that included a spectacular fireworks display and high-powered laser and graphics show synchronized to music; children's activities and games (sponsored by Northrop Grumman) including crazy hair, tattoos, face painting, and Jim Gamble puppet shows; 150 to 200 round picnic tables reserved for Event sponsors with seating for ten; traditional BBQ food offered by local restaurants; full service bar, wine, beer and soft drink beverage service; and live, high quality local musical entertainment including the John Brown Band, Couchois Brothers, Bird Dog, a blues band, and a DJ to play hits from the 50's and 60's.

In 2008 and 2009 the Event was further improved by the addition of a large bounce slide and climbing attraction for children, a sea-doo jet boat exhibition, a rescue demonstration by the US Coast Guard, a kids' parade complete with marching band, and a sing along show with local school choirs. Despite all of the exciting additions, the Event's most popular attraction has been the Lagoon's summer swim feature. The swim feature has ensured a strong daytime participation in the festival, which has been critical in the event's appeal to sponsors and food providers that depend on steady sales throughout the day.

Unfortunately, the economic climate and the closure of the Lagoon's water swim feature have put the 2010 event in jeopardy. In order to coordinate this summer's event and maintain a quality, safe and secure fireworks display, Community Spirit Fireworks has requested that the City contribute the $4,750 of parking revenue scheduled in the partnership agreement and provide an additional $10,000 towards the event to cover the cost of the barge used to launch the fireworks. The barge requirement is somewhat unique to Redondo Beach. Many communities use land based platforms for their fireworks launch, which significantly reduces event costs. However, Redondo's local wind pattern and the proximity of the event to a number of boat slips in the Harbor necessitates a barge launch which helps ensure that the boats are not exposed to fire risks created by the fallout of fireworks shells. Funding for the $10,000 barge expense would be provided by the Harbor Tidelands Fund.

With the exception of the family swim feature, the 2010 Fireworks Event will include the various activities that have made the previous three Events so attractive and will include a skateboard park element and a supervised Kids Club that should by popular with parents and kids alike. For a full list of program details and a complete Event schedule see the attached brochure. Additionally, it should be noted that Community Spirit Fireworks maintains a website (www.redondofireworks.com) that provides up-to-date Event information.

COORDINATION

Recreation and Community Services Department staff coordinated this report with staff from the Harbor, Business, and Transit Department and Community Spirit Fireworks. Each year the 4th of July Fireworks Event is coordinated by the City's Special Events Committee which includes staff from the Recreation and Community Services, Harbor, Business & Transit, Human Resources, Fire, Police and Public Works Departments.

FISCAL IMPACT

Funding for the 2010 Fourth of July Fireworks Event, including the requested $10,000 reimbursement for barge expenses, would be included in the 2010-11 Fiscal Year Operating Budgets as follows:

Funding		Expenditures	
General Fund Event Budget	$ 6,400	City Personnel	$11,000
Harbor Parking Fees		2010 Contract Payment to	
80% Uplands & 20% Tidelands	$19,000	Comm. Spirit Fireworks	$ 4,750
Tidelands Funds	$10,000	Barge Reimbursement	$10,000
Total	$35,400	Total	$25,750

Excess (Deficit) = $9,650

Use of the Tidelands Fund for reimbursement of the Barge expense, rather than the residual revenue collected in the Harbor Uplands Fund for special event parking fees, would help improve the Harbor Upland Fund balance.

Submitted by:

Michael Witzansky, Recreation and Community Services Director

Approved for forwarding by:

Office of the City Manager

Attachments:

- Friends of the Fireworks Seaside Lagoon Community Celebration 2010 Event Flyer

4th Annual

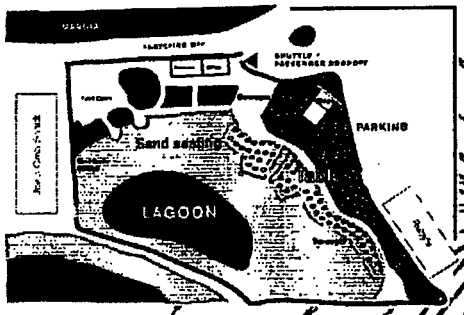
FRIENDS OF THE FIREWORKS

Seaside Lagoon Community Celebration

Redondo Beach Fireworks

July 4, 2010

ACT NOW - first 3 years sold out!



Log on to www.redondofireworks.com for the must-see video featuring scenes from last year's celebration – and a taste of what's to come this year!

Reserved Seating and Parking

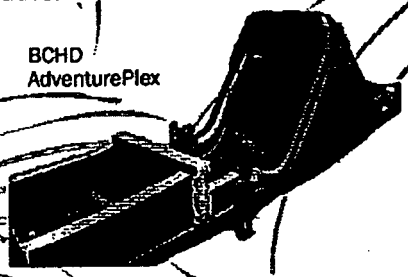
Reserve your own Friends of the Fireworks Picnic Table, or Seats on the Sand – with reserved parking in City Hall, library and high school lots while it lasts.

Prime Site and Sound Locale

Enjoy the dramatic, uplifting effect of the fantastic fireworks show, launched only yards away, synchronized to moving patriotic music with concert-quality sound.

Kids' Activities

For the first year ever, there will be a Kid's Club sponsored by BeachSports Surf and Beach Camps for children ages 5-12. The Kids Club will feature beach games, an obstacle course and races. Other activities will include: PCH SK8 Camps Skateboard Park (safety gear and parental waiver required); Mad Science show; Jim Gamble puppets; Freedom Parade around the lagoon; and an inflatable obstacle course with a 16-foot slide from Beach Cities Health District AdventurePlex – where health, adventure and fun meet!



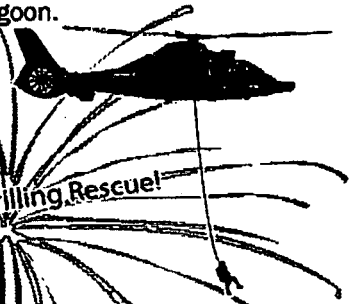
BCHD AdventurePlex

Entertainment

Rock & roll and dance the night away with live music by popular local bands-

The John Brown Band, Couchois Brothers and our fabulous local DJ Wynn. Just listen, dance or jam with the Free to Be Me Drum Circle - see the video for a sample of the beat!

U.S. Coast Guard helicopter will hover and demonstrate hoisting a rescue swimmer from the water in the harbor by the lagoon.



Thrilling Rescue!

Food and Beverage

Enjoy 4th of July favorites from Hennessey's, HT Grill and Ruby's Diner. Hamburgers, hot dogs, salads, BBQ chicken, tri-tip, grilled sausages, roasted corn on the cob, and FULL BEVERAGE SERVICE.

Reserve your Tables or Seats Today - & watch the fun new video, at

www.redondofireworks.com

or call (310) 746-7650

Gates Open 2:00 Fireworks 9:00

All features subject to final approvals and sponsor funding - refer to web site for updates.

CORPORATE SPONSORS

City of Redondo Beach, King Harbor Association, Anheuser Busch, Redondo Beach Marina, A.E.S Redondo Beach, Hennessey's, Redondo Beach Chamber, Beach Cities Health District, The Beach Reporter, Northrop Grumman, Guitar Center, BeachSports Surf & Beach Camps, Easy Reader, Stellar Websites

Proceeds from the Lagoon Party help pay for the fireworks enjoyed by all

Administrative Report

Council Action Date: May 4, 2010

To: MAYOR AND CITY COUNCIL

From: MAGGIE HEALY, ASSISTANT TO THE CITY MANAGER

Subject: PARKS AND WATERFRONT REGULATORY SIGNAGE

RECOMMENDATION

1) Receive and file a staff presentation on design concepts for regulatory signage in City parks and waterfront areas.
2) Approve the designs for parks regulatory signage as depicted in Attachment 1, and waterfront regulatory signage as depicted in Attachment 2.
3) Direct staff to develop detailed designs, specifications, and preliminary cost estimates for fabrication and installation of parks and waterfront signage.
4) Approve the First Amendment to Agreement C09-53 with Hunt Design, Inc. to include detailed design development, plans, specifications and limited implementation supervision for parks and waterfront regulatory signage (Phases 5 and 6) for the not-to-exceed cost of $32,000 for the term ending June 30, 2010.

EXECUTIVE SUMMARY

The design concepts for parks and waterfront regulatory signage are complete and ready for Council's review, approval and further direction to staff. Additional services from Hunt Design are required in order to develop plans and specs and bid out the fabrication of the parks and waterfront regulatory signage.

BACKGROUND

The adopted Capital Improvement Program budget for FY 2009-10 includes funding for continuation of the City's Comprehensive City Identity and Way Finding Program. In July of 2009, the Council approved a contract with Hunt Design which included the development of conceptual designs for citywide regulatory signage. In August, the City Council included regulatory signage for parks and waterfront (the pier, harbor, beach and Esplanade) in Phase I of the Priorities for Signage and Way Finding (Attachment 3).

Note: the Agreement with Hunt Design also included design and implementation of the King Harbor sign retrofit and the sponsored Palos Verdes Blvd. entryway sign. These items are ready for Council review and will be presented as Budget Response Reports on the May 18 Agenda.

L1B

The design concepts for parks and waterfront regulatory signage are complete and ready for Council's review and further direction to staff. Additional services from Hunt Design are required in order to develop plans and specs and bid out the fabrication of the parks and waterfront regulatory signage.

The attached amendment includes the development of detailed designs, plans, specifications and preliminary cost estimates for the parks and waterfront regulatory signage. Implementation supervision is included on an hourly as-needed basis. Deliverables will include a completed signage program, ready to bid, for all parks and waterfront areas. Upon Council's subsequent approval of plans, specifications and implementation priorities, the regulatory signage can then be bid, fabricated and installed in phases, as funding is available.

The Approved Capital Improvement Program (CIP) Budget for FY 09-10 included funding of $100,000 for continuation of the City's Comprehensive City Identity and Way Finding Program. Given limited funding, Implementation of Phase I of the Council's Signage Priorities may include only a portion of the total parks and regulatory signage required. Staff will return to Council within the next two months with recommended plans and specifications for parks and waterfront regulatory signage, along with cost estimates and an implementation plan based on available funding and fund sources.

COORDINATION

The parks and waterfront regulatory signage project is managed by a team of staff from: the City Manager's Office; Engineering; Harbor, Business & Transit; Planning; Police; Public Works; Recreation and Parks; and consultant Hunt Design. The First Amendment to the Agreement with Hunt Design has been approved as to form by the City Attorney.

FISCAL IMPACT

Funding in the amount of $32,000 is available in the City Manager's Office portion of the Adopted FY 2009-10 Budget to cover the cost of the First Amendment to the Agreement.

Consultant Funding:		Expenditures:	
FY 08-09 Carry Over CM Budget	$33,000	Hunt Design Orig. Agreement (includes: update to Way Finding Plan, conceptual designs, King Harbor sign retrofit and sponsored median signage design.)	$33,000
FY 09-10 CM Budget	$32,000	Hunt Design: Amendment #1	$32,000
Total	$65,000	Total	$65,000

May 4, 2010

Submitted by:

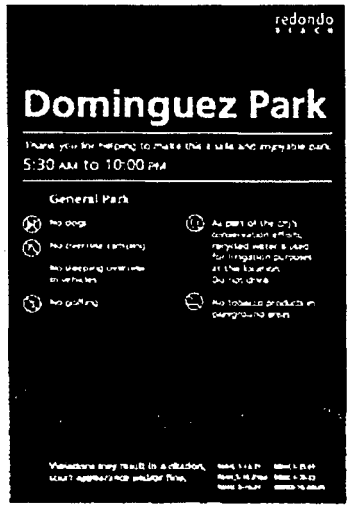
Maggie Healy
Assistant to the City Manager

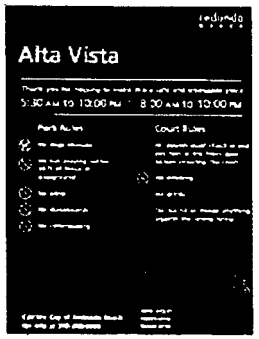
Approved for forwarding by

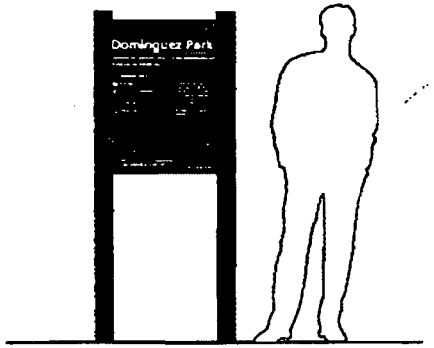
Office of the City Manager

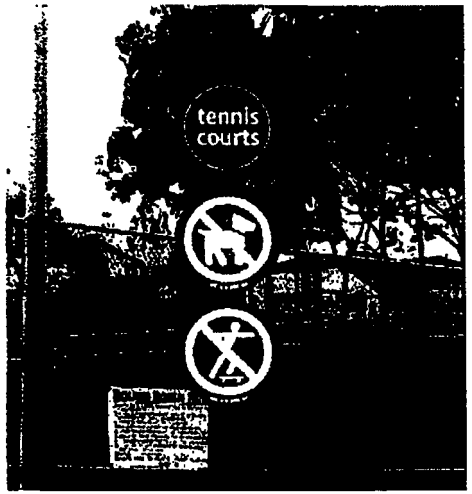
Attachments:

1. Parks Regulatory Signage Design
2. Waterfront Regulatory Signage Design
3. City Council Adopted Priorities for Signage and Wayfinding
4. First Amendment to Agreement with Hunt Design Inc.
5. Original Agreement with Hunt Design Inc.



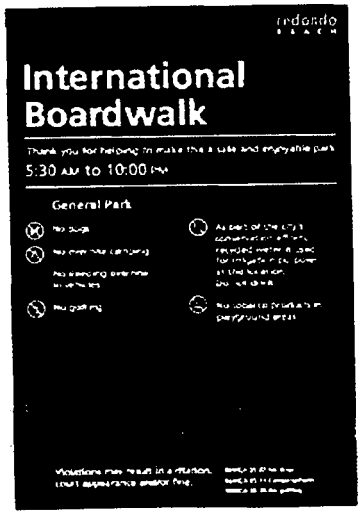


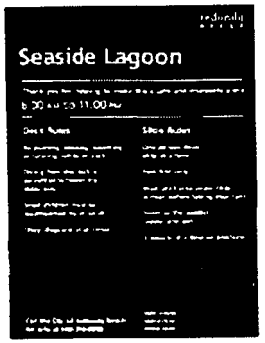


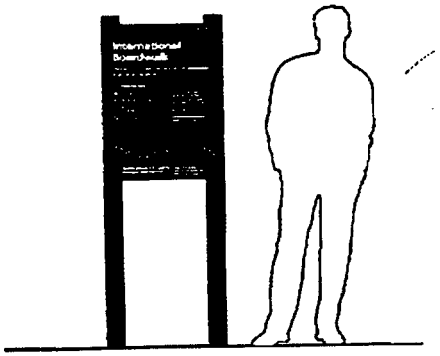


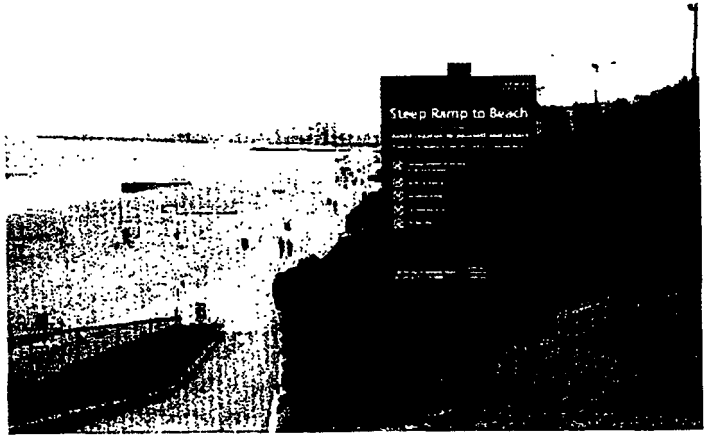
REDONDO BEACH PARKS

ATTACHMENT 1









ATTACHMENT 2

City Wayfinding and Signage Program

Priorities

Adopted: August 18, 2009

Phase 1

- King Harbor Retrofit
- District 1 Entry – Palos Verdes Blvd./Prospect
- Parks and Harbor/Pier/Beach Regulatory Signage
  - Priority Locations to be established
- Esplanade
- Artesia Blvd. – Phase II Signage Plans – Pending results of City Manager Working Group

Phase 2

- Riviera Village – Palos Verdes Blvd. at Catalina
- Pacific Coast Highway – Directional Signs for Harbor/Pier at
  - Beryl Street
  - Torrance Blvd.
- *190th Street and Hawthorne Blvd.*

Phase 3

- 190th Street Overhead/Median Signs (replace or new signs)
- Harbor Blvd. at Herondo – replace dolphin sign
- Pacific Coast Hwy. and Catalina Ave. Transitional Sign (Banner)
- Harbor Drive – 2 Overhead Signs - (replace or new signs)
- Waterside Signage

Phase 4

- Harbor Pier Pedestrian Signage – locators/directors (wayfinding), maps, kiosks
- Catalina Ave. at Pacific Ave. (International Boardwalk/Pier/Harbor)
- Citywide Wayfinding Sign Program
  - Wayfinding Phases II & III
  - Park and Parkette Identification
  - Entrance Monuments

Phase 5

- Street Signs

FIRST AMENDMENT TO AGREEMENT C09-53 BETWEEN CITY OF REDONDO BEACH AND HUNT DESIGN ASSOCIATES, INC.

THIS FIRST AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF REDONDO BEACH AND HUNT DESIGN ASSOCIATES, INC. (this "Amendment") is entered into between the City of Redondo Beach ("City"), and Hunt Design Associates, Inc. ("Consultant").

WHEREAS, the parties have entered into that certain Agreement for Consulting Services Between the City of Redondo Beach and Hunt Design Associates, Inc., C09-53, dated July 7, 2009 (the "Agreement"), which expires June 30, 2010.

WHEREAS, the City is in need of additional project services not included in the original scope of services of the Agreement but for which funds are available.

WHEREAS, the parties desire to amend the Agreement as follows:

1. Scope of Services. Exhibit "A" of the Agreement is amended to include Exhibit A-1 as attached.

2. Schedule for Completion. Exhibit "B" of the agreement is amended as follows: TERM: The Term of this contract shall run through June 30, 2011.

3. Compensation. Exhibit "C" of the Agreement is amended to include Exhibit C-1 as attached.

4. Modification. Except as expressly provided herein, the Agreement shall continue in full force and effect. The Agreement and this Amendment constitute the entire agreement between the parties and supersede any previous oral or written agreement. In the event of any inconsistency between this Amendment and the Agreement, this Amendment shall prevail. This Amendment may be modified or amended only by a subsequent writing executed by all of the parties.

IN WITNESS WHEREOF, the parties have entered into this Amendment as of this 4th day of May 2010.

CITY OF REDONDO BEACH

Mike Gin
Mayor

HUNT DESIGN ASSOCIATES, INC.

Jennifer Bressler
Principal

APPROVED AS TO FORM:

For City Attorney

APPROVED:

Risk Manager

ATTEST:

_____

Eleanor Manzano
City Clerk

EXHIBIT "A-1"
PROJECT DESCRIPTION AND/OR SCOPE OF SERVICES

Scope of Services

Hunt Design will provide planning and design for the following:

1. Design development and implementation of the Citywide Park Regulatory Signage
2. Design development and implementation of the Waterfront Regulatory Signage
3. Conceptual design, design development and implementation of a new waterfront directory map kiosk. Include redesign of waterfront slip-in map for directory only.

Phase 5: Design Development, Plans and Specifications

5.1 Develop conceptual designs into final detailed designs reflecting actual wording and visual content including color and materials recommendations and relationship to existing street and/or landscaping elements.

5.2 Prepare design-intent fabrication and installation drawings necessary to solicit bids and select sign vendor including typical sign location plans based on a collection of 10 case example parks and waterfront areas, design drawings and preliminary message listing.

5.3 City to provide final sign messaging for all 10 case example parks and waterfront areas. Design sign types and sign layouts as examples to be applied to other parks and waterfront areas in the future. As funds are applied to park and waterfront projects, the City will have a signage master plan to refer to for application of regulatory signs. All specifications are included so the City has a biddable document when ready to bid portions of the park and waterfront master plan.

5.4 Develop alternate implementation cost estimates to assist city in phasing of park and waterfront projects in the future. It is likely that the City will purchase signage on a location by location basis, therefore, this regulatory signage master plan will allow for such phasing.

Work products: Visual presentations of developed sign designs, design intent drawings; specifications; budget alternates.

Phase 6: Implementation Supervision

6.1 Assist City in preparation of Bid Documents.

6.2 Respond to questions from bidders/sign contractors.

6.3 Assist in review bids from sign contractors for adherence to scope. Review suggested alternates.

6.4 Review shop drawings, color and materials samples and mock-ups provided by sign contractors.

6.5 Conduct shop visits to inspect work in progress.

6.6 Assist in administration and inspection for installation of typical signage elements.

6.7 Prepare "punch list" of items requiring post installation attention by sign contractor.

Work Products: Contractor coordination, submittals review, "punch list."

EXHIBIT "C-1"

COMPENSATION

Provided Consultant is not in default under this Agreement, Consultant shall be compensated as provided below [check applicable boxes]. Invoices, if required, must be adequately detailed, based on accurate records, and in a form reasonably satisfactory to City; Consultant may be required to provide back-up material upon request.

A. AMOUNT

X Consultant's costs plus fixed fees as indicated below:

Phase 5: *Kiosk Design, Design Development, Plans and Specifications $26,000*
Phase 6: *Implementation Supervision - hourly as needed*

Fixed Hourly Fees include staff time to prepare for and travel to City meetings and/or public or stakeholder meetings. Standard hourly rates: Principal $150, Programming and Design $120, Drafting $ 80.

Expenses:
In addition to the above fees, Hunt Design Associates is to be reimbursed for standard expenses incurred in connection with this project at cost. Such expenses include: blueprints, computer imagery and other normal reproduction charges. In-house color printing will be charged at $5 per page. Extraordinary items required by the owner, such as models, renderings, etc. purchased by Hunt Design Associates will be billed at cost.

A reimbursable budget of $1,050 will be required for this project.

In no event shall the total cost exceed $32,000 for Phases 5 and 6 without prior written approval of the City Manager.

B. SCHEDULE FOR PAYMENT

X Monthly in arrears based upon the time spent during the previous month for which an invoice shall be submitted. City agrees to pay Consultant within thirty (30) days of receipt of monthly invoices; provided, however, that payments by City shall not exceed the proportion of the phase or task completed, and payment for each phase or task shall not exceed the following amount: $ [none unless specified].

Policy Number:

Date Entered: 11/28/2009

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 11/28/2009

PRODUCER
Migliore Insurance Services
15545 Devonshire Street, Suite 110
Mission Hills, CA 91345
Phone: (818) 830-3442
Fax: ( ) -

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: FARMERS INSURANCE EXCHANGE	
INSURER B: TRUCK INSURANCE EXCHANGE	
INSURER C:	
INSURER D:	
INSURER E:	

INSURED
HUNT DESIGN ASSOCIATES, INC

25 NORTH MENTOR AVENUE
PASADENA, CA 91106

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC	60028 10 13	11/28/2009	11/28/2010	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$1,000,000 $ 100,000 $ 5,000 $1,000,000 $2,000,000 $2,000,000
A		AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [X] HIRED AUTOS [X] NON-OWNED AUTOS	60028 10 13	11/28/2009	11/28/2010	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$1,000,000 $ $ $
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
		EXCESS / UMBRELLA LIABILITY [ ] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [ ] RETENTION $				EACH OCCURRENCE AGGREGATE	$ $ $ $ $
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N [ ] (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below	B1909 49 89	11/28/2009	11/28/2010	[X] WC STATUTORY LIMITS [ ] OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$1,000,000 $1,000,000 $1,000,000
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

*10 DAYS FOR NON PAYMENT

THE CITY OF REDONDO BEACH, ITS OFFICERS, ELECTED AND APPOINTED OFFICIALS, EMPLOYEES AND VOLUNTEERS, BUT ONLY WITH RESPECT TO LIABILITY ARISING OUT OF WORK OR OPERATIONS PERFORMED BY OR ON BEHALF OF THE CONTRACTOR

CERTIFICATE HOLDER

CITY OF REDONDO BEACH
415 DIAMOND STREET
REDONDO BEACH, CA 90277

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
Richard Migliore

C-09-53-1

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Administrative Report

Council Action Date: July 7, 2009

To: MAYOR AND CITY COUNCIL

From: MAGGIE HEALY, ASSISTANT TO THE CITY MANAGER

Subject: PROFESSIONAL SERVICES AGREEMENT WITH HUNT DESIGN, INC.

RECOMMENDATION

Approve the Professional Services Agreement Between the City of Redondo Beach and Hunt Design, Inc. to provide design services related to the Comprehensive City Identity Project for the amount not to exceed $33,000 through the term ending June 30, 2010.

EXECUTIVE SUMMARY

The Proposed Capital Improvement Plan Budget for FY 2009-10 includes $100,000 of funding for continued implementation of the citywide visual identity and wayfinding program including signage along key business corridors, entrance corridors and development of standards for park and regulatory signage.

The services of Hunt Design are needed to update the original signage master plan to incorporate the recent signage installations including the Pier, Harbor and Riviera Village, to develop alternative concepts for changing the Beryl-Catalina King Harbor sign, to develop a design for sponsored gateway signage, and to develop a cohesive plan for moving forward with the City's way finding and signage priorities.

Funding for the consultant services is available for carry-over from the FY 08-09 Adopted Budget for the City Manager's Office.

BACKGROUND

With the positive energy and momentum from the recent signage and wayfinding design efforts focused on the Pier, Harbor and Riviera Village areas, the services of Hunt Design are needed to update the original signage master plan to assure a cohesive way finding plan for the City's future. In addition, the designer will develop a citywide signage standard for the parks and boardwalk areas. Hunt Design will provide planning and design services related to the capital project including:

- Develop designs, plans and specifications for Citywide park and regulatory signage
- Update the Signage Master Plan

July 7, 2009

- Design, fabricate and install Pier-King Harbor signage and directional signage at PCH/Beryl and PCH/Torrance within Caltrans guidelines
- Develop alternative concepts for changing the Beryl-Catalina King Harbor sign
- Create a pilot project to permit local service organizations to sponsor construction of new entry monument signage

COORDINATION

The City Attorney has approved the agreement as to form.

FISCAL IMPACT

The total not-to-exceed contract cost of $33,000 is available for carry-over from the City Manager's Office portion of the FY 08-09 Adopted Budget and is part of the Department's annual work program for FY 09-10.

Submitted by:

Maggie Healy
Assistant to the City Manager

Approved for forwarding by:

Office of the City Manager

Attachment:

- Agreement for Professional Services Between the City of Redondo Beach and Hunt Design, Inc.

AGREEMENT FOR CONSULTING SERVICES BETWEEN THE CITY OF REDONDO BEACH AND HUNT DESIGN ASSOCIATES, INC.

THIS AGREEMENT FOR CONSULTING SERVICES (this "Agreement") is made between the City of Redondo Beach ("City") and Hunt Design Associates, Inc., a California corporation ("Consultant").

The parties hereby agree as follows:

A. Description of Project or Scope of Services. The project description or scope of services to be provided by Consultant, and any corresponding responsibilities of City or services required to be performed by City are set forth in Exhibit "A".

B. Term and Time of Completion. Consultant shall commence and complete the project or services described in Exhibit "A" in accordance with the schedule set forth in Exhibit "B".

C. Compensation. City agrees to pay Consultant in accordance with Exhibit "C".

* * * * *

GENERAL PROVISIONS

1. Independent Contractor. Consultant acknowledges, represents and warrants that Consultant is not a regular or temporary employee, officer, agent, joint venturer or partner of the City, but rather an independent contractor. This Agreement shall not be construed as a contract of employment. Consultant shall have no rights to any benefits which accrue to City employees unless otherwise expressly provided in this Agreement. Due to the independent contractor relationship created by this Agreement, the City shall not withhold state or federal income taxes, the reporting of which shall be Consultant's sole responsibility.

2. Brokers. Consultant acknowledges, represents and warrants that Consultant has not hired, retained or agreed to pay any entity or person any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement.

3. City Property. All plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials prepared for or obtained pursuant to this Agreement shall upon request be delivered to the City within a reasonable time, and the rights thereto shall be deemed assigned to the City. If applicable, Consultant shall prepare check prints upon request. Said plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials shall be specific for the project herein and shall not be used by the City for any other project without Consultant's consent. Notwithstanding the foregoing, Consultant shall not be obligated to assign any proprietary software or data developed by or at the direction of Consultant for Consultant's own use; provided, however, that Consultant shall, pursuant to Paragraph 14 below, indemnify, defend and hold the City harmless from and against any discovery or Public Records Act request seeking the disclosure of any such proprietary software or data.

4. Inspection. If the services set forth in Exhibit "A" shall be performed on City or other public property, the City shall have the right to inspect such work without notice. If such services shall not be performed on City or other public property, the City shall have the right to inspect such work upon reasonable notice. Inspections by the City shall not relieve or minimize the responsibility of Consultant to conduct any inspections Consultant has agreed to perform pursuant to the terms of this Agreement. Consultant shall be solely liable for said inspections performed by Consultant. Consultant shall certify in writing to the City as to the completeness and accuracy of each inspection required to be conducted by Consultant hereunder.

5. Services. The project or services set forth in Exhibit "A" shall be performed to the full satisfaction and approval of the City. In the event that the project or services set forth in Exhibit "A" are itemized by price in Exhibit "C", the City in its sole discretion may, upon notice to Consultant, delete certain items or services set forth in Exhibit "A", in which case there shall be a corresponding reduction in the amount of compensation paid to Consultant. City shall furnish Consultant, to the extent available, with any City standards, details, specifications and regulations applicable to the Project and necessary for the performance of Consultant's services hereunder. Notwithstanding the foregoing, any and all additional data necessary for design shall be the responsibility of Consultant.

6. Records. Consultant, including any of its subcontractors, shall maintain full and complete documents and records, including accounting records, employee time sheets, and correspondence pertaining to the project or services set forth in Exhibit "A". Consultant, including any of its subcontractors, shall make such documents and records available for City review or audit upon request and reasonable notice, and shall keep such documents and records, for at least four (4) years after Consultant's completion of performance of this Agreement. Copies of all pertinent reports and correspondence shall be furnished to the City for its files.

7. Changes and Extra Work. All changes and/or extra work under this Agreement shall be performed and paid for in accordance with the following:

Only the City Council, City Manager, or the Department Head responsible for the administration of, or supervision of the scope of work under, this Agreement may authorize extra and/or changed work. Consultant expressly recognizes that other City personnel are without authorization to either order extra and/or changed work or waive contract requirements. Failure of Consultant to secure the authorization for such extra and/or changed work shall constitute a waiver of any and all right to adjustment in contract price due to such unauthorized work and Consultant thereafter shall be entitled to no compensation whatsoever for performance of such work.

If Consultant is of the opinion that any work which Consultant has been directed to perform is beyond the scope of this Agreement and constitutes extra work, Consultant shall promptly notify the City of the fact. The City shall make a determination as to whether or not such work is, in fact, beyond the scope of this Agreement and constitutes extra work. In the event that the City determines that such work does constitute extra work, City shall provide extra compensation to Consultant on a fair and equitable basis. A written change order providing for such compensation for extra work shall be negotiated between the City and Consultant and executed by Consultant and the appropriate City official.

In the event City determines that such work does not constitute extra work, Consultant shall not be paid extra compensation above that provided herein and if such determination is made by City staff, said determination may be appealed to the City Council as long as a written appeal is submitted to the City Manager within five (5) days after the staff's determination is received by Consultant. Said written appeal shall include a description of each and every ground upon which Consultant challenges the staff's determination.

8. Additional Assistance. If this Agreement requires Consultant to prepare plans and specifications, Consultant shall provide assistance as necessary to resolve any questions regarding such plans and specifications that may arise during the period of advertising for bids, and Consultant shall issue any necessary addenda to the plans and specifications as requested. In the event Consultant is of the opinion that City's requests for addenda and assistance is outside the scope of normal services, the parties shall proceed in accordance with the changes and extra work provisions of this Agreement.

9. Professional Ability. Consultant acknowledges, represents and warrants that Consultant is skilled and able to competently provide the services hereunder, and possesses all professional licenses, certifications, and approvals necessary to engage in its occupation. City has relied upon the professional ability and training of Consultant as a material inducement to enter into this Agreement. Consultant shall perform in accordance with generally accepted professional practices and standards of Consultant's profession.

10. Business License. Consultant shall obtain a Redondo Beach Business License before performing any services required under this Agreement. The failure to so obtain such license shall be a material breach of this Agreement and grounds for immediate termination by City; provided, however, that City may waive the business license requirement in writing under unusual circumstances without necessitating any modification of this Agreement to reflect such waiver.

11. Termination Without Default. Notwithstanding any provision herein to the contrary, the City may, in its sole and absolute discretion and without cause, terminate this Agreement at any time prior to completion by Consultant of the project or services hereunder, immediately upon written notice to Consultant. In the event of termination by City, Consultant shall be compensated for: (1) all authorized work satisfactorily performed prior to the effective date of termination; and (2) necessary materials or services of others ordered by Consultant for this Agreement prior to Consultant's receipt of notice of termination, irrespective of whether such materials or services of others have actually been delivered, and further provided that Consultant is not able to cancel such orders. Compensation for Consultant in such event shall be determined by the City in accordance with the percentage of the project or services completed by Consultant; and all of Consultant's finished or unfinished work product through the time of the City's last payment shall be transferred and assigned to the City. In conjunction with any termination of this Agreement, the City may, at its own expense, make copies or extract information from any notes, sketches, computations, drawings, and specifications or other data, whether complete or not.

12. Termination in the Event of Default. Should Consultant fail to perform any of its obligations hereunder, within the time and in the manner provided or otherwise violate any of the terms of this Agreement, the City may immediately terminate this Agreement by giving written notice of such termination, stating the reasons for such termination. Consultant shall be compensated as provided immediately above, provided, however, there shall be deducted from such amount the amount of damages, if any, sustained by the City by virtue of Consultant's breach of this Agreement. Consultant may terminate this Agreement upon default by the City which is not cured within 30 days following written notice to the City stating the basis of such default.

13. Conflict of Interest. Consultant acknowledges, represents and warrants that Consultant shall avoid all conflicts of interest (as defined under any federal, state or local statute, rule or regulation, or at common law) with respect to this Agreement. Consultant further acknowledges, represents and warrants that Consultant has no business relationship or arrangement of any kind with any City official or employee with respect to this Agreement. Consultant acknowledges that in the event that Consultant shall be found by any judicial or administrative body to have any conflict of interest (as defined above) with respect to this Agreement, all consideration received under this Agreement shall be forfeited and returned to City forthwith. This provision shall survive the termination of this Agreement for one (1) year.

14. Indemnity. To the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless City and its officers, employees, elected and appointed officials, and volunteers from and against any and all claims, demands, causes of action, lawsuits (whether at law, equity or both), proceedings, liabilities, losses, damages, expenses, costs (including without limitation attorneys' fees and costs and expert witness fees), judgments, penalties, and liens of every nature arising or claimed to arise, directly or indirectly, out of Consultant's performance of work hereunder or its failure to comply with any of its obligations contained in the Agreement, or its failure to comply with any current or prospective law, except for such loss or damage caused by the sole negligent acts or willful misconduct of the City. This indemnification obligation shall survive this Agreement and shall not be limited by any term of any insurance policy required under this Agreement.

15. Insurance. See Exhibit "D." Insurance requirements set forth in Exhibit "D" that are waived by the City's Risk Manager do not require amendments or revisions to this Agreement.

16. Non-Liability of Officials and Employees of the City. No official or employee of the City shall be personally liable for any default or liability under this Agreement.

17. Compliance with Laws. Consultant shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Agreement, including without limitation all environmental laws, employment laws, non-discrimination laws and prevailing wage laws.

18. Limitations upon Subcontracting and Assignment. Consultant acknowledges that the services which Consultant shall provide under this Agreement are unique, personal services which, except as otherwise provided herein, Consultant shall not assign or sublet to any other party without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion. In the event that the City, in writing, approves any assignment or subletting of this Agreement or the retention of subcontractors by Consultant, Consultant shall provide to the City upon request copies of each and every subcontract prior to the execution thereof by Consultant and subcontractor. Any attempt by Consultant to assign any or all of its rights under this Agreement without first obtaining the City's prior written consent shall constitute a material default under this Agreement.

    The sale, assignment, transfer or other disposition, on a cumulative basis, of twenty-five percent (25%) or more of the ownership interest in Consultant or twenty-five percent (25%) or more the voting control of Consultant (whether Consultant is a corporation, limited liability company, partnership, joint venture or otherwise) shall constitute an assignment for purposes of this Agreement. Further, the involvement of Consultant or its assets in any transaction or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Agreement or Consultant's assets occurs, which reduces Consultant's assets or net worth by twenty-five percent (25%) or more shall also constitute an assignment for purposes of this Agreement.

19. Subcontractors. Consultant shall provide properly skilled professional and technical personnel to perform any approved subcontracting duties. Consultant shall not engage the services of any person or persons now employed by the City without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion.

20. Integration. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes any previous oral or written agreement; provided, however, that correspondence or documents exchanged between Consultant and City may be used to assist in the interpretation of the exhibits to this Agreement.

21. Amendment. This Agreement may be amended or modified only by a subsequent written instrument executed by both parties.

22. Conflicting Provisions. In the event of a conflict between the terms and conditions of this Agreement and those of any exhibit or attachment hereto, this Agreement proper shall prevail. In the event of a conflict between the terms and conditions of any two or more exhibits or attachments hereto, those prepared by the City shall prevail over those prepared by Consultant.

23. Non-Exclusivity. Notwithstanding any provision herein to the contrary, the services provided by Consultant hereunder shall be non-exclusive, and City reserves the right to employ other contractors in connection with the project.

24. Exhibits. All exhibits hereto are made a part hereof and incorporated herein by reference.

25. Time of Essence. Time is of the essence of this Agreement.

26. Confidentiality. To the extent permissible under law, Consultant shall keep confidential its obligations hereunder and the information acquired during the performance of the project or services hereunder.

27. Third Parties. Nothing herein shall be interpreted as creating any rights or benefits in any third parties. For purposes hereof, transferees or assignees as permitted under this Agreement shall not be considered "third parties."

28. Governing Law and Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Venue for any litigation or other action arising hereunder shall reside exclusively in the Superior Court of the County of Los Angeles, Southwest Judicial District.

29. Attorneys' Fees. In the event either party to this Agreement brings any action to enforce or interpret this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees (including expert witness fees) and costs. This provision shall survive the termination of this Agreement.

30. Claims. Any claim by Consultant against City hereunder shall be subject to Government Code §§ 800 *et seq*. The claims presentation provisions of said Act are hereby modified such that the presentation of all claims hereunder to the City shall be waived if not made within six (6) months after accrual of the cause of action.

31. Interpretation. Consultant acknowledges that it has had ample opportunity to seek legal advice with respect to the negotiation of this Agreement. This Agreement shall be interpreted as if drafted by both parties.

32. Warranty. In the event that any product shall be provided to the City as part of this Agreement, Consultant warrants as follows: Consultant possesses good title to the product and the right to transfer the product to City; the product shall be delivered to the City free from any security interest or other lien; the product meets all specifications contained herein; the product shall be free from material defects in materials and workmanship under normal use for a period of one (1) year from the date of delivery; and the product shall be fit for its intended purpose(s). Notwithstanding the foregoing, consumable and maintenance items (such as light bulbs and batteries) shall be warranted for a period of thirty (30) days from the date of delivery. All repairs during the warranty period shall be promptly performed by Consultant, at Consultant's expense, including shipping. Consultant shall not be liable under this warranty for an amount greater than the amount set forth in Exhibit "C" hereto.

33. Federal Funding. In the event any portion of the consideration to be paid to Consultant shall be derived from federal sources, Consultant shall comply with all federal nondiscrimination regulations, which are herein incorporated by reference and made a part of this Contract.

34. Severance. Any provision of this Agreement that is found invalid or unenforceable shall be deemed severed and all remaining provisions of this Agreement shall remain enforceable to the fullest extent permitted by law.

35. Authority. City warrants and represents that upon City Council approval, the Mayor of the City of Redondo Beach is duly authorized to enter into and execute this Agreement on behalf of City. The party signing on behalf of Consultant warrants and represents that he or she is duly authorized to enter into and execute this Agreement on behalf of Consultant, and shall be personally liable to City if he or she is not duly authorized to enter into and execute this Agreement on behalf of Consultant.

36. Waiver. The waiver by the City of any breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

[*SIGNATURES FOLLOW ON NEXT PAGE*]

IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California, as of this ____ day of _____, 2009.

CITY OF REDONDO BEACH

_____
Mayor

HUNT DESIGN ASSOCIATES, INC.

By: _____
Name: JENNIFER BRESSLER
Title: PRINCIPAL

APPROVED AS TO FORM:

_____
City Attorney's Office

APPROVED:

_____
Risk Manager

ATTEST:

_____
City Clerk

C09-53

EXHIBIT "A"

PROJECT DESCRIPTION AND/OR SCOPE OF SERVICES

Signage Master Plan and Park Wayfinding Design

Scope of Services

With the positive energy and momentum from the recent signage and wayfinding design efforts focused on the Pier, Harbor and Riviera Village areas, Hunt Design will revisit the original signage master plan to assure a cohesive way finding plan for the City's future. In addition, we're thrilled to take a look at a citywide signage standard for the parks and boardwalk areas. Hunt Design will provide planning and design for the following:

1. Update the original Redondo Beach Signage Master Plan
2. Conceptual design for the citywide park and regulatory signage
3. Conceptual design for sponsored median gateways
4. Alternate designs and detailed drawings for King Harbor gateway sign

Phase 1: Update of the Existing Identity and Way finding Program

1.1 Conduct a kick-off meeting to further define and clarify wayfinding priorities, identify district entrances and decision points leading to destinations and update key messages and locations of district, gateway and directional signage.

1.2 Update project and area plans, maps and other wayfinding and signage documents to provide standards, guidelines and cost estimates for fabrication of standard signage.

1.3 Update all the previous versions of Illustrator documentation to the most current Adobe Illustrator platform. All construction documents will fold into one cohesive document with chapters for all past Redondo Beach signage projects. Original master plan, The Pier monument, King Harbor monument, Riviera Village signage, and the recently added directional wayfinding.

Work Products: New signage location plans folded into one single PDF document with chapters for all signage and wayfinding projects to date. In the future, all signage projects will be added as additional chapters to this overall wayfinding plan.

Phase 2: Park and Regulatory Signage Conceptual Design

Our approach in multi-park projects is to survey existing conditions and work with the City to create a durable system of park signage, including identification, directional, informational and regulatory. If needed, we provide existing condition evaluations, programming, design, construction documents and implementation supervision.

Research existing conditions at all Redondo Beach parks and compare with other city parks.

2.2 Starting with the theme and details from the Signage Master Plan, explore conceptual design options for park and regulatory signage.

2.3 Develop best of conceptual designs into up to two alternate designs reflecting typical wording and visual content including color, preliminary materials recommendations.

2.4 Develop a preliminary implementation cost estimate.

2.5 Attend up to two design meetings, and one additional day of stakeholder meetings if necessary.

2.6 Develop conceptual designs into final detailed designs reflecting actual wording and visual content including color and materials recommendations and relationship to existing street and/or landscaping elements.

Work Products: Visual presentations of conceptual and developed sign designs with general materials and call-outs; preliminary implementation budget.

Phase 3: Conceptual Design for Sponsored Median Gateways

3.1 Conduct meeting to further define and clarify the median gateways and how sponsor names might be incorporated into the existing median gateway designs.

3.2 Develop conceptual designs into up to two alternate designs reflecting gateway designs with sponsor names.

3.3 Add call-outs to design drawing for preliminary bidding purposes.

Work products: design intent drawings

Phase 4: Alternate Concepts and Detail Drawings to Alter Existing King Harbor Gateway

4.1 Present up to two solutions to alter existing King Harbor Gateway. Hunt Design to study lighting alternates and sizing of letters.

4.2 Develop approved solution into detailed drawing, and assist the City in bidding the work to fabricators.

4.3 Review shop drawings, and attend up to one meeting at the fabricator's shop.

Work products: Design intent drawings; review shop drawings and fabrication.

Phase 5: Plans and Specifications
(not included at this time; exact services to be determined)

5.1 Prepare design-intent fabrication and installation drawings necessary to solicit bids and select sign vendor including final sign location plans, design drawings and message listing.

5.2 Develop an alternate implementation cost estimates.

Work products: design intent drawings; specifications; budget alternates.

Phase 6: Implementation Supervision
(not included at this time; exact services to be determined)

6.1 Assist City in preparation of Bid Documents.

6.2 Respond to questions from bidders/sign contractors.

6.3 Assist in reviewing bids from sign contractors for adherence to scope. Review suggested alternates.

6.4 Review shop drawings, color and materials samples and mock-ups provided by sign contractors.

6.5 Conduct shop visits to inspect work in progress.

6.6 Assist in administration and inspection for installation of typical signage elements.

6.7 Prepare "punch list" of items requiring post installation attention by sign contractor.

Work Products: Contractor coordination, submittals review, "punch list."

EXHIBIT "B"

SCHEDULE FOR COMPLETION

The Scope of Services included in Exhibit A will be performed during the term of the contract which shall run through June 30, 2010.

EXHIBIT "C"

COMPENSATION

Provided Consultant is not in default under this Agreement, Consultant shall be compensated as provided below [check applicable boxes]. Invoices, if required, must be adequately detailed, based on accurate records, and in a form reasonably satisfactory to City; Consultant may be required to provide back-up material upon request.

A. AMOUNT

X Consultant's costs plus fixed fees as indicated below. The fees are based approximately on estimated hours per task multiplied by our standard hourly billing rates of: Principal $150; Programming and Design $120; Drafting $80.

Phase 1:	*Update of the Existing Identity and Wayfinding Program*	*$6,000*
Phase 2:	*Park and Regulatory Signage Conceptual Design*	*$14,500*
Phase 3:	*Conceptual Design for Sponsored Median Gateways*	*$3,800*
Phase 4:	*Alternate Concepts and Detail Drawings to Alter Existing King Harbor Gateway*	*$7,200*
Phase 5:	*Design Development, Plans and Specifications*	*not included at this time*
Phase 4:	*Implementation Supervision*	*not included at this time*

In no event shall the total cost exceed $33,000 without prior written approval of the City Manager.

Expenses
In addition to the above fees, Hunt Design Associates is to be reimbursed for expenses incurred in connection with this project at cost. Such expenses include: blueprints, computer imagery and other normal reproduction charges. In-house color computer output will be billed at $5 per page. Extraordinary items required by the owner, such as models, renderings, etc. purchased by Hunt Design Associates will be billed at cost.

We estimate that a reimbursable budget of $1,400 will be required for this project.

B. SCHEDULE FOR PAYMENT

X Monthly in arrears based upon the time spent during the previous month for which an invoice shall be submitted. City agrees to pay Consultant within thirty (30) days of receipt of monthly invoices; provided, however, that payments by City shall not exceed the proportion of the phase or task completed, and payment for each phase or task shall not exceed the following amount: $____ [none unless specified].

EXHIBIT "D"

INSURANCE REQUIREMENTS FOR CONSULTANTS (GENERAL)

Without limiting Consultant's indemnification obligations under this Agreement, Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

Workers' Compensation insurance as required by the State of California.

Employer's Liability Insurance.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

General Liability: $1,000,000 per occurrence for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to this project/location.

Automobile Liability: $1,000,000 per accident for bodily injury and property damage.

Employer's Liability: $1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers or (2) the Consultant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Endorsement:

General Liability: The City, its officers, elected and appointed officials, employees, and volunteers are to be covered as insureds with respect to liability arising out of work performed by or on behalf of the Consultant. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance, or as a separate owner's policy.

Automobile Liability: The City, its officers, elected and appointed officials, employees, and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Consultant.

For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, elected and appointed officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

Each insurance policy shall be endorsed to state that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured.

Each insurance policy shall be in effect prior to awarding the contract and each insurance policy or a successor policy shall be in effect for the duration of the project. The maintenance of proper insurance coverage is a material element of the contract and failure to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of contract on the Consultant's part.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII and which are authorized to transact insurance business in the State of California by the Department of Insurance.

Verification of Coverage

Consultant shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on the City authorized forms provided with the contract specifications. Standard ISO forms which shall be subject to City approval and amended to conform to the City's requirements may be acceptable in lieu of City authorized forms. All certificates and endorsements are to be received and approved by the City before the contract is awarded. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

Subcontractors

Consultant shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

Risk Management

Consultant acknowledges that insurance underwriting standards and practices are subject to change, and the City reserves the right to make changes to these provisions in the reasonable discretion of its Risk Manager.

Policy Number:

Date Entered: 6/29/2009

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 6/29/2009

PRODUCER
Migliore Insurance Services
15545 Devonshire Street, Suite 110
Mission Hills, CA 91345
Phone: (818) 830-3442
Fax: ( ) -

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: FARMERS INSURANCE EXCHANGE	
INSURER B: TRUCK INSURANCE EXCHANGE	
INSURER C:	
INSURER D:	
INSURER E:	

INSURED
HUNT DESIGN ASSOCIATES, INC

25 NORTH MENTOR AVENUE
PASADENA, CA 91106

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADDL INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC	60028 10 13	11/28/2008	11/28/2009	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$1,000,000 $ 100,000 $ 5,000 $1,000,000 $2,000,000 $2,000,000
A		AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [X] HIRED AUTOS [X] NON-OWNED AUTOS	60028 10 13	11/28/2008	11/28/2009	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$1,000,000 $ $ $
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
		EXCESS / UMBRELLA LIABILITY [ ] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [ ] RETENTION $				EACH OCCURRENCE AGGREGATE	$ $ $ $ $
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N [ ] (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below	B1809 49 89	11/28/2008	11/28/2009	[X] WC STATUTORY LIMITS [ ] OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$1,000,000 $1,000,000 $1,000,000
A		OTHER BUSINESS PROPERTY	600281013	11/28/2008	11/28/2009	LIMIT COINSURANCE DEDUCTIBLE	$162,300 90% $250

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
*10 DAYS FOR NON PAYMENT

THE CITY OF REDONDO BEACH, ITS OFFICERS, ELECTED AND APPOINTED OFFICIALS, EMPLOYEES AND VOLUNTEERS, BUT ONLY WITH RESPECT TO LIABILITY ARISING OUT OF WORK OR OPERATIONS PERFORMED BY OR ON BEHALF OF THE CONTRACTOR

CERTIFICATE HOLDER

CITY OF REDONDO BEACH
415 DIAMOND STREET
REDONDO BEACH, CA 90277

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
Richard Migliore
Migliore
#09-53

ACORD 25 (2009/01)

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GENERAL LIABILITY ENDORSEMENT
CITY OF REDONDO BEACH
415 DIAMOND STREET
REDONDO BEACH, CA 90277

POLICY INFORMATION

Insurance Company TRUCK INSURANCE EXCHANGE Policy Number 600281013

Policy Term (From) 11/28/08 (To) 11/28/09 Endorsement Effective Date 06/09/2009

Named Insured Hunt Design Associates, Inc.

Address of Named Insured 15545 DEVONSHIRE ST., SUITE 110

Limit of Liability any One Occurrence/Aggregate $ 1,000,000 / $ 2,000,000

General Liability Aggregate Applies Separately to This Project/Location: Yes _____ No NO

Deductible or Self-Insured Retention (None unless otherwise specified): _____

Coverage is equivalent to Commercial General Liability occurrence form CG 0001: Yes YES No _____

POLICY AMENDMENTS

1. WHO IS AN INSURED (Section II) is amended to include as an insured the City of Redondo Beach, its officers, elected and appointed officials, employees, and volunteers, but only with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations.

2. This insurance shall be primary as respects the insured shown in the schedule above, or if excess, shall stand in an unbroken chain of coverage excess of the Named Insured's scheduled underlying primary coverage. In either event, any other insurance maintained by the Insured scheduled above shall be in excess of this insurance and shall not be called upon to contribute with it.

3. The insurance afforded by this policy shall not be canceled except after thirty days prior written notice by *certified mail return receipt* requested has been given to the City.

INCIDENT AND CLAIM REPORTING PROCEDURE

Incidents and claims are to be reported to the insurer at:

RICHARD MIGLIORE / AGENT
(Name/Department)

FARMERS INSURANCE
(Company)

15545 DEVONSHIRE ST.. SUITE 110
(Address)

MISSION HILLS, CA 91345
(City/State/Zip)

(818) 830-3442
(Phone)

SIGNATURE OF INSURER OR AUTHORIZED REPRESENTATIVE OF THE INSURER

I, RICHARD MIGLIORE (print/type name), warrant that I have authority to bind the below listed insurance company and by my signature hereon do so bind this company.

Richard Migliore
Signature - Authorized Representative / Title

MIGLIORE INSURANCE AGENCY
Organization

15545 DEVONSHIRE ST., SUITE 110 MISSION HILLS, CA
Address/Telephone

6/26/09
Date

City Council Agenda Date: **May 4, 2010**

ITEM L1.B.– ITEMS FOR DISCUSSION– REGULATORY SIGNAGE IN PARKS AND WATERFRONT AREAS

Attached for receiving and filing is the presentation on proposed regulatory signage designs for the parks and waterfront areas.

Submitted by:

Maggie Healy
Assistant to the City Manager

Approved by:

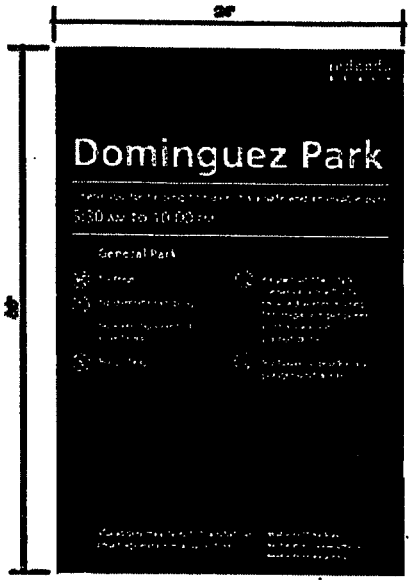
William P. Workman
City Manager

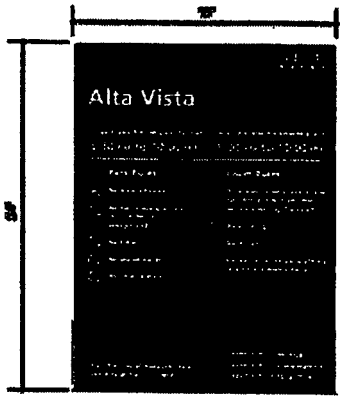
Attachments:

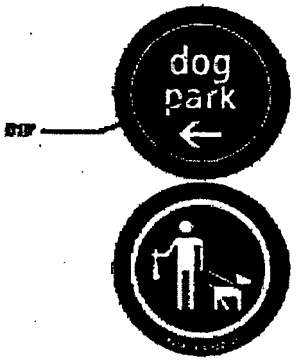
- Presentation - Hunt Design – Regulatory Signage Designs for Parks and Waterfront

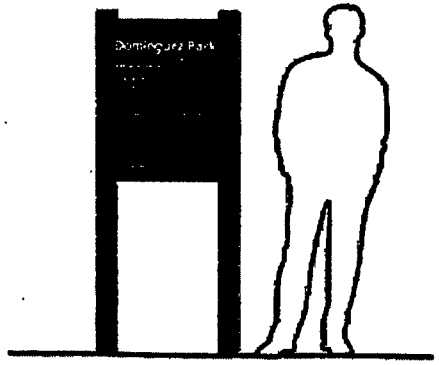
DESIGN

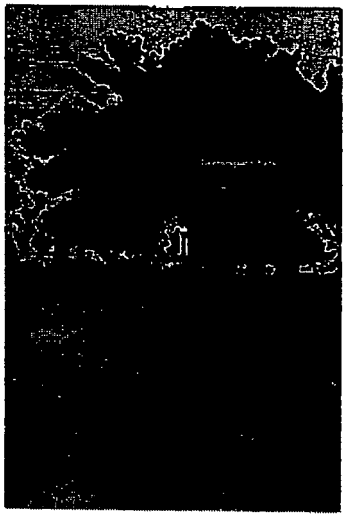
CITY OF MANHATTAN BEACH
CITY OF HAWTHORNE
CITY OF LAWNDALE

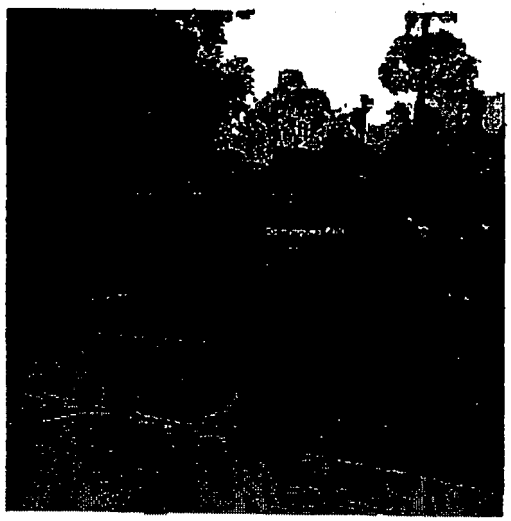

Dominguez Park

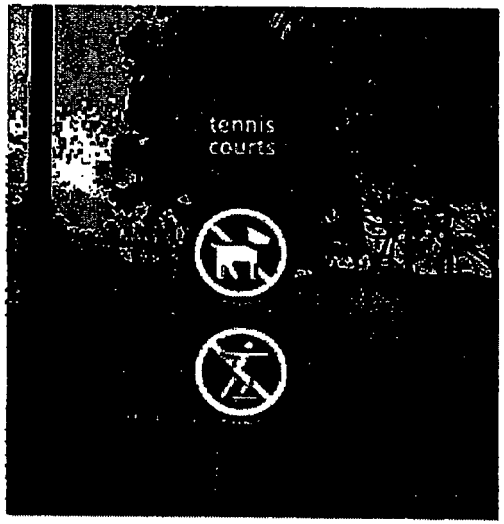

Alta Vista


dog
park





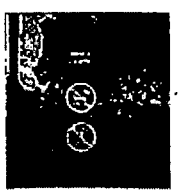



tennis
courts

ST100 - 24"x36" WPOSB
QTY.2

ST200 - 24"x36"
QTY.2

ST300 - 12"x24"
QTY.3

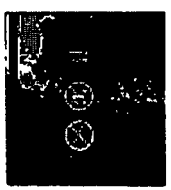


ST400 - 10"
QTY.16

ST100-24"x36" W/POSTS
QTY.0

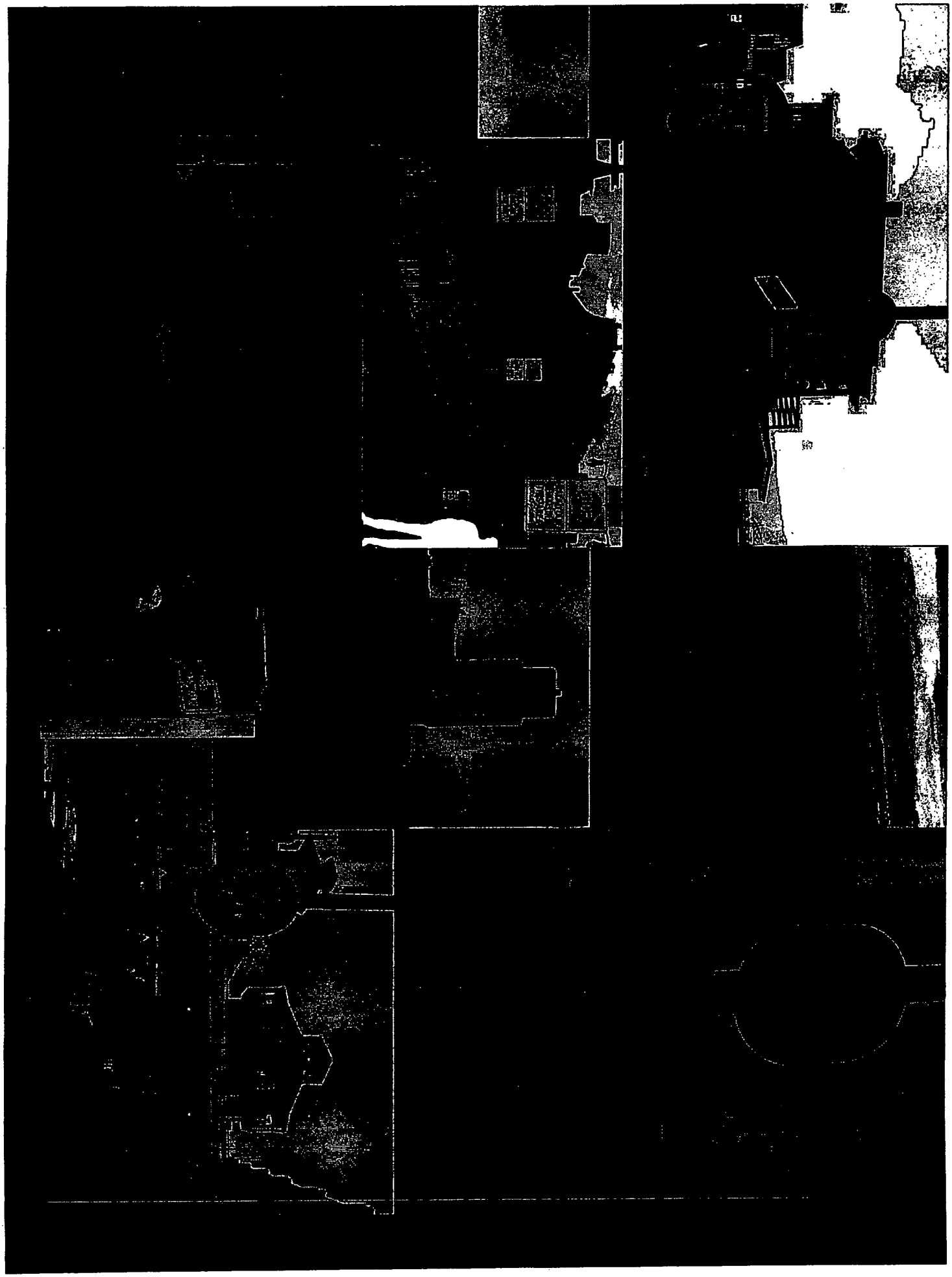
ST200-24"x36"
QTY.0

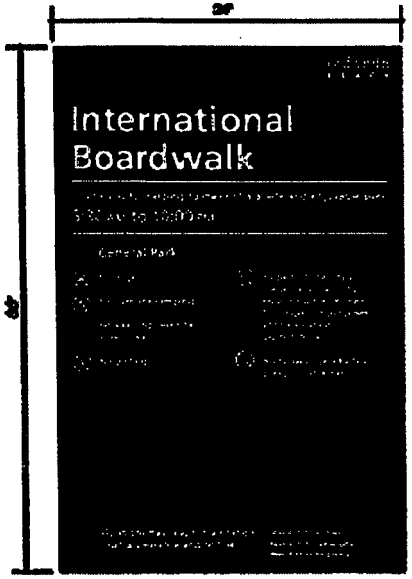
ST300-18"x24"
QTY.1

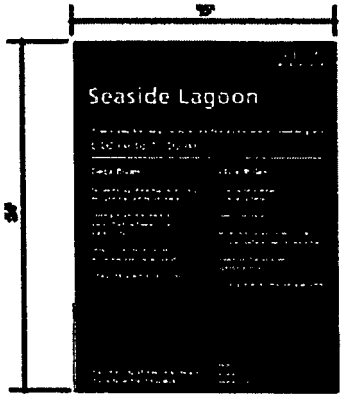


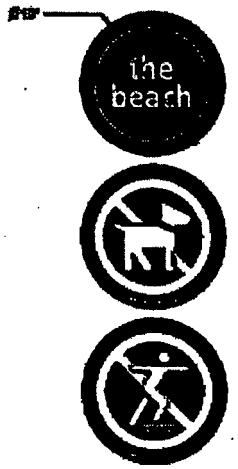
ST400-10"
QTY.0

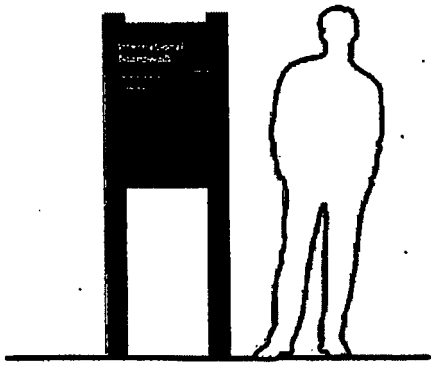
18"x24" PANEL MOUNTED TO FENCE

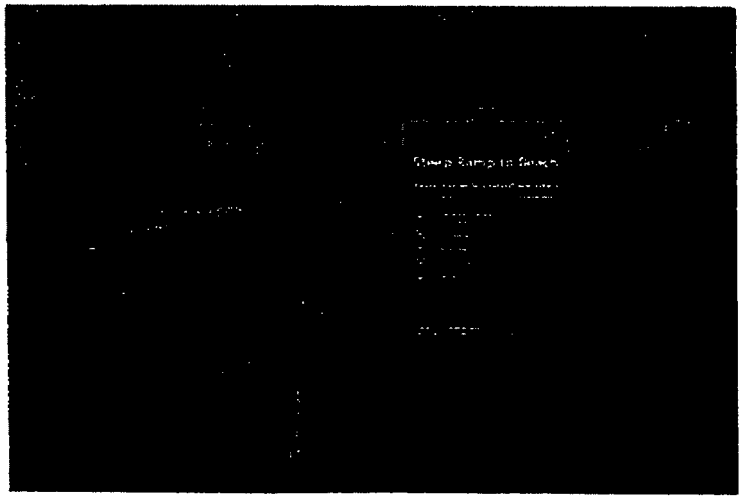


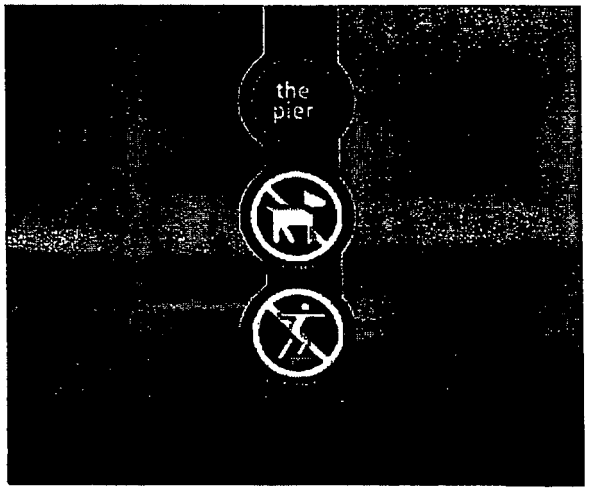

International
Boardwalk


Seaside Lagoon


the
beach






the
pier

Parks & Waterfront Regulatory Signage *Recommendation:*

- Approve the designs for parks and waterfront regulatory signage
- Direct staff to develop detailed designs, specifications, and preliminary cost estimates
- Approve the First Amendment to Agreement with Hunt Design, Inc.

HARBOR PATROL STATISTICS FOR 2010

INCIDENT DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
BOAT RESCUES	25	6	22	**20**									**73**
FIRE RESPONSES	14	10	2	**4**									**30**
MEDICAL RESPONSES	8	4	6	**5**									**23**
MOORING PERMIT INSPECTIONS	10	6	21	**36**									**73**
MARINE ENFORCEMENT	20	10	37	**25**									**92**
ANCHORAGE PERMITS	1	1	0	**2**									**4**
COMMERCIAL INSPECTIONS	0	0	0	**0**									**0**
PUBLIC ASSISTS	30	12	14	**15**									**71**
OVERHANG CHECKS	2	2	7	**2**									**13**
SEA LIFE ASSIST CALLS	2	3	3	**2**									**10**
POLLUTION CALLS	1	2	0	**1**									**4**
AGENCY ASSISTS	3	1	2	**2**									**8**
REPORTS-VESSEL ACCIDENT	0	1	0	**0**									**1**
REPORTS- VESSEL IMPOUND	0	0	0	**1**									**1**
REPORTS-MISCELLANEOUS	3	4	2	**3**									**12**
WATER RESCUE	1	0	1	**1**									**3**
ROCK ASSISTS	30	20	4	**0**									**54**
PLANE DOWN CALLS	0	0	0	**0**									**0**
DIVE OPERATIONS	2	4	3	**2**									**11**
MISCELLANEOUS CALLS	11	22	40	**35**									**108**
TOTAL CALLS FOR SERVICE	163	108	164	**156**	0	0	0	0	0	0	0	0	**591**

SIGNIFICANT EVENTS FOR THE YEAR

NOTES:

1-18-10- SERIES OF STORMS LASTING 5 DAYS, 13 BOATS PUMPED OF RAIN WATER AND ON 1-20-10- BOATERS IN ALL BASINS ADVISED OF HIGH SEAS AND WINDS. WE ALSO SUFFERED DAMAGE TO 3 OF OUR NAVIGATION BOUYS IN THE HARBOR

1-25-10- REDONDO BEACH FIRE DEPT HARBOR DIVISION HELD STATE CLASS FOR BOATING OFFICERS FROM ALL OVER THE STATE.

2-21-10- SAIL VESSEL SANK IN ITS SLIP IN KING HARBOR MARINA, VESSEL RAISED WITH HARBOR PATROL DIVE TEAM MEMBERS AND FIRE TRUCK ASSISTANCE

2-27-10- TSUNAMI ADVISORY IN EFFECT, LARGE AMOUNT OF WATER MOVEMENT DUE TO SURGE AND SOME DAMAGE TO DOCKS AND BREAKWATER

3-2-10-3 NAVIGATION BUOYS HAD TO BE REPOSITIONED DUE TO TSUNAMI WAVE ACTION MOVING THEM OFF STATION

3-29-10-ASSISTED CITIZEN ON INTERNATIONAL BOARDWALD BY RECOVERING HIS FALSE TEETH WHICH HAD FALLEN INTO THE WATER

4-4-10-DUE TO A SIGNIFICANT EARTHQUAKE IN MEXICO WE WERE PUT ON A DAMAGE SURVEY DETAIL FOR THE HARBOR, ONLY DAMAGE THAT OCCURRED WAS AT SPECTRUM CLUB, WHERE THE POOL OVERFLOWED AND DRAINED INTO THE OFFICES BELOW.

4-16-10-FREE DIVER DROWNED OFF PALOS VERDES AND WAS BROUGHT INTO REDONDO, MEDICS WORKED ON HIM FOR A WHILE AND HE WAS TRANSPORTED TO LITTLE CO. OF MARY, WHERE HE WAS PRONOUNCED D.O.A.

4-30-10-RESCUED A MAN OVERBOARD (KAYAKER CALLING IN ON CELL PHONE) VICTIM FOUND 2 MILES OFF SHORE PARAMEDICS TREATED AND TRANSPORTED

Administrative Report

Commission Action Date: May 10, 2010

To: MEMBERS OF THE HARBOR COMMISSION

From: GWENDOLYN PARKER, HARBOR, BUSINESS & TRANSIT DIRECTOR

Subject: DRAFT HARBOR ENTERPRISE BUSINESS PLAN

RECOMMENDATION

1. Receive and file this report;
2. Receive and file Harbor Business Plan Subcommittee report, recommendations, and notes from public meetings;
3. Receive and file list of discussion topics posted to flip chart at April 21, 2010, Harbor Business Plan Subcommittee public meeting
4. Receive and file emails from the public received at harborbusinessplan@redondo.org; and
5. Discuss and provide feedback to the City Council on the Draft Harbor Enterprise Business Plan.

EXECUTIVE SUMMARY

At its March 2, 2010, meeting, the City Council referred the Draft Harbor Enterprise Business Plan ("Draft Plan") to the Harbor Commission for input prior to City Council action. The Harbor Commission then referred the Draft Plan to the Harbor Business Plan Subcommittee ("Subcommittee") which held meetings with the public and with the boating community to gain stakeholder feedback. The Subcommittee has developed a report for the Commission with a recommendation to the City Council.

BACKGROUND

In collaboration with consultant services, the Harbor, Business & Transit Department completed a draft business plan for the Harbor Enterprise to assist in the management of the City's 150 acres of waterfront real estate. The Draft Plan is designed to provide the tools to help steer the revitalization of the Waterfront area. The Draft Plan was presented to the City Council at its meeting of March 2, 2010, and referred to the Harbor Commission for feedback. At the March 8, 2010, meeting, the Harbor Commission referred the Draft Plan to the Subcommittee for review.

In addition to the seven meetings staff held with the Subcommittee between November 2008 and June 2009 during the development of the Draft Plan, in 2010 the Subcommittee held two public meetings on March 30 and April 21, and one meeting specifically for the boating community on March 29. The Harbor Commission also discussed the Draft Plan at the March 8 and April 12 meetings. The Subcommittee has developed a report with a recommendation to the City Council (attached) using the feedback received at the meetings. The Subcommittee's

notes from each meeting and a list of discussion topics posted to a flip chart at the April 21 Subcommittee meeting are also attached.

To provide another option for public comment on the Draft Plan, an email address was created: harborbusinessplan@redondo.org. The emails from the public received at harborbusinessplan@redondo.org were sent to the Harbor Commission weekly as agreed upon with Chair Michael. The emails received as of 2:00 pm on May 6, 2010, are attached.

Staff recommends that the Harbor Commission receive and file: this report; the Subcommittee's report and recommendations and notes from meetings addressing the Draft Plan as noted above; the list of discussion topics posted on a flip chart at the April 21 Subcommittee meeting; and the emails from the public received at harborbusinessplan@redondo.org. In accordance with City Council direction, staff also recommends that the Harbor Commission provide feedback to the City Council on the Draft Harbor Enterprise Business Plan.

COORDINATION

The Draft Plan was developed by the Harbor, Business & Transit Department utilizing professional consulting services and through collaboration with the Police, Fire, Financial Services, Public Works, Engineering & Building Services and Recreation & Community Services departments and the City Manager's Office.

FISCAL IMPACT

The cost for preparing this report is included within the Harbor, Business & Transit Department's adopted FY2009-10 annual budget and is part of the Department's annual work program.

Submitted by:

Gwendolyn Parker
Harbor, Business & Transit Director

jallen

Attachments:

- Harbor Business Plan Subcommittee Report and Recommendations, and Notes From Meetings on March 29, March 30, and April 21
- List of Discussion Topics Posted to Flip Chart at April 21, 2010, Subcommittee Public Meeting
- Emails From the Public Received at harborbusinessplan@redondo.org
- Draft Harbor Enterprise Business Plan (without Exhibits)

Draft Harbor Enterprise Business Plan
Harbor Commission Subcommittee

(4/28/10)

MEMORANDUM

Date: April 28, 2010
To: Redondo Beach Harbor Commission
From: Harbor Enterprise Business Plan Subcommittee: Commissioners Michael (lead), Shaer, and Cignarale
Subject: Draft Harbor Enterprise Business Plan Recommendation to the Harbor Commission

Background: The City Council referred the Draft Harbor Enterprise Business Plan (Plan) to the Harbor Commission for the purpose of obtaining public comments, and to provide City Council with a recommendation on the Plan. The Harbor Commission voted to refer input on the Harbor Business Plan to the Harbor Enterprise Business Plan Subcommittee (HBP Subcommittee) to achieve these tasks and report to the Harbor Commission with its recommendation to the City Council. Please accept this memorandum as the summary of HBP Subcommittee activities and its recommendation to the Harbor Commission of a proposed response to the City Council.

Summary of Recommendation: Given the significant public concern, including similar concerns of the HBP Subcommittee, it is our recommendation that the Harbor Commission recommend to the City Council that it not ratify or approve the Draft Harbor Enterprise Business Plan at this time. Based upon the public feedback and the work done by the HBP Subcommittee, it is clear that the Draft Plan is incomplete, structurally unsound, and contains tasks that may not be in the best interests of the Harbor Enterprise or the City. The HBP Subcommittee recommends that the Harbor Commission recommend to the City Council that additional time be allocated to the analysis of the HBP to obtain further feedback from various entities and stakeholders, and make a final recommendation to the City Council. The HBP Subcommittee also recommends:

1. The Harbor Commission HBP Subcommittee recommends that the Harbor Commission forward on to the City Council the attached <u>Recommendation to City Council on the Draft Harbor Enterprise Business Plan.</u>

2. The HBP Subcommittee also recommends that the <u>Specific Recommendations to Key Decision Items Cited in the Draft Harbor Enterprise Business Plan</u> also be presented to City Council.

3. The Harbor Commission HBP Subcommittee recommends that the Harbor Commission forward on to the City Council all the comments/notes/emails gathered by the HBP subcommittee to the City Council.

4. The Harbor Commission HBP Subcommittee recommends that the Harbor Commission forward on to the City Council all the public testimony offered before the Harbor Commission

Redondo Beach Harbor Commission
Draft Harbor Enterprise Business Plan
Proposed Recommendations

MEMORANDUM

Date: May 10, 2010
To: Redondo Beach Mayor and City Council
From: Redondo Beach Harbor Commission: Shane Michael (Chair)
Subject: Harbor Commission's Draft Harbor Enterprise Business Plan Recommendation to City Council

I. Background: The City Council referred the Draft Harbor Enterprise Business Plan (Plan) to the Harbor Commission for the purpose of obtaining public comments, and to provide City Council with a recommendation on the Plan. The Harbor Commission voted to refer input on the Harbor Business Plan to the Harbor Enterprise Business Plan Subcommittee (HBP Subcommittee) to achieve these tasks and report to the Harbor Commission with its recommendation to the City Council. Please accept this memorandum as the summary of HBP Subcommittee activities and its recommendation to the Harbor Commission of a proposed response to the City Council.

II. Summary of Recommendations:
The Harbor Enterprise is the "lifeblood" of the City. If the Harbor Enterprise is healthy, the City is healthy. If the Harbor Enterprise is not healthy, the City is not healthy.

A. Given the significant public concern, including similar concerns of the HBP Subcommittee, and the Harbor Commission, it is our strong recommendation that the City Council not ratifies or approve the Draft Harbor Enterprise Business Plan at this time. Based upon the public feedback and the work done by the HBP Subcommittee, it is clear that the Draft Plan is incomplete, structurally unsound, and contains tasks that may not be in the best interests of the Harbor Enterprise or the City. The Harbor Commission recommends that the City Council provide the Harbor Community and the Harbor Commission with additional time to obtain further feedback from various entities and stakeholders, and make a final recommendation to the City Council. The Harbor Commission believes it can complete this task by September 15, 2010.

B. As an alternative to this task being accomplished solely by the Harbor Commission, the City Council may consider approving the formation of a 'Harbor Enterprise Business Plan Task Force'. The City has done this in the recent past on other important issues with good success. The Task Force should include representatives from the various entities and stakeholders associated with the Harbor Enterprise Zone, including members of the Harbor Commission. The Harbor Commission requests that the City Council form this Task Force and allocate a minimum of four monthly meetings of this Task Force. The four meetings would include one organizational meeting, two working meetings, and one recommendation(s) development meeting.

C. If City Council moves forward to vote on the Key Decision Items Cited in the Draft Harbor Enterprise Business Plan The Harbor Commission also recommends that the Harbor Commission's Specific Recommendations to Key Decision Items Cited in the Draft Harbor Enterprise Business Plan be considered by the City Council (See Part VI, below).

III. Summary of Findings: The current Draft Plan is a reasonable guideline document for some of what the Plan should address, however in its current format it contains several form, content, and structural challenges, that render it incomplete, inconsistent, and unworkable as a plan. Some of the major challenges or deficiencies in the Draft Plan include:

A. The Draft Plan is not a business plan in that it does not contain a clear vision, clear goals, clear performance objectives, clear tasks with timelines, clearly identified responsible parties, key performance indicators, a strategic implementation plan, and other metrics to evaluate its success. Some of the areas that should be included in the Plan, which are not:

1. Identification of what the "Harbor Enterprise" is, how it is defined, and its physical borders.
2. Clear identification of all the stakeholders in the Harbor Enterprise including all the current master lease and sub-lease holders, lease terms, lease expiration and/or extension dates, etc.
3. Identification of City controlled and non-controlled assets in the Harbor Enterprise (lease holder vs. city controlled property(s)
4. Identification of the City's management team, personnel, and support services that have responsibility for the Harbor Enterprise.
5. Identification of the Harbor Enterprise current income, projected income, current expenses, and projected expenses. The Draft Plan does not contain a general summary of the overall budget and/or sub budgets that impact the Harbor Enterprise, which should be included in the plan.
6. Identification of all capital improvements in the Harbor Enterprise that are, or will be, in need of renovation or replacement over the long term. These improvements should be separated and prioritized by those that are immediate and necessary, budgeted and/or funded, long term, and other enhancements, which could offer acceptable return on investment (ROI).
7. Identification of short, medium, and long term operational goals of the Plan.
8. Identification of those responsible for carrying out the various goals and tasks of the Plan.
9. Key performance indicators (KPIs) and other metrics used to evaluate the success of the plan.
10. Possible or potential issues which could affect the achievement of the outcomes.
11. All data, reports, and other information which supports the recommendations and needs identified in the Plan.

12. Management of future development densities within the Harbor Enterprise Zone.

B. The Draft Plan does not provide a holistic approach to making the Harbor Enterprise healthy and vibrant, taking into account how all the various funding mechanisms, capital improvements, stakeholders, and tasks fit together and work with each other. Rather, the Draft Plan appears to identify various individual tasks in a vacuum, that may or may not work together to achieve the goals of a healthy Harbor Enterprise. For example, there is no recognition or solution to various conflicting issues like meshing the Bike Path Master Plan with the landside and waterside entry points into the harbor, the effect of new businesses (such as 'Shade' type Hotel) on the pier tenants and vice versa, the future plans of the Seaside Lagoon vs. Mole-B and their interlocking relation to the City parking lot along the Hermosa Beach entrance, etc.

C. The pending Harbor rezone has not been adequately examined and analyzed as it pertains to the Plan.

D. Avenues of communication between the Pier area business and City Staff need to be established.

E. Include the establishment of Mole B activities in the HBP.

F. The Harbor Commission recommends that the Plan should incorporate the concerns, ideas, and needs of the boating community, leaseholders, harbor business, harbor residents, other stakeholders, and the Redondo Beach general community. This can only be effectively accomplished through more direct public input and the work of a Harbor Enterprise Business Plan Task Force.

Note: Significant concerns surfaced during both the public input process and through email correspondence regarding the establishment of a Business Improvement District (BID). The concerns mainly questioned the need for a BID managed by City Staff as opposed to the current membership of the City within the Harbor Enterprise Zone business managed Associations. Aspects included notions that the City would not be a member of the BID in the same respect as the Harbor business/leasee entities BID membership requirements.

IV. Summary of HBP Subcommittee Activities:

A. Met with the "King Harbor Boater's Advisory Panel" at King Harbor Yacht Club on Monday March 29, 2010. The attendees included representatives from:
   a. King Harbor Yacht Club
   b. King Harbor Marina (Sean Guthrie)
   c. Lanakila Outrigger Club
   d. Redondo Beach Sailing Club
   e. Other boater Delegates

B. The Harbor Commission HBP Subcommittee hosted an open forum public meeting at the City's main library on Tuesday March 30, 2010. The meeting date and time was published in the Beach Reporter. The attendees included:
   a. Councilman Bill Brand
   b. The Pier Business Association represented by Trinity Keeney
   c. King Harbor Marina (Sean Guthrie)
   d. Various Redondo Beach residents
   e. The Harbor Director and City Staff

C. Harbor Commission HBP Subcommittee members met on Thursday April 9, 2010 to summarize all the collected comments. The HBP Subcommittee provided an update to the Harbor Commission at large during the Harbor Commission's April 12, 2010 meeting.

D. The Harbor Commission HBP Subcommittee hosted an open forum public meeting at the City's main library on Wednesday April 21, 2010. The meeting date and time was published in the Beach Reporter and other sources. The attendees included:
   a. The Pier Business Association represented by Trinity Keeney
   b. King Harbor Marina (Sean Guthrie)
   c. Various Redondo Beach businesses and residents
   d. The Harbor Director and City Staff
   e. The International Boardwalk Association (Steve Shoemaker).

Note: The second open forum public meeting had more attendees than the first. The knowledge and understanding of the business plan seemed evident in more people from the first meeting to the second meeting. The Harbor Commission understands this to mean that stakeholders and entities in the harbor area are starting to understand the magnitude of this endeavor. However, much more understanding and analysis of the HBP needs to be completed. As more and more meetings occur it seems that more and more people understand the implications of the HBP. This is one of the reasons that the Harbor Commission is requesting additional time for the

Harbor Community to become more fully involved through the formation of Harbor Business Plan Task Force.

V. Summary of Public Comments

A. King Harbor Boater's Advisory Panel meeting, comments and recommendations included:

1. Tideland/Upland Concerns
   - Property Tax in Lieu Fee - Police expenditures
   - Are Internal Service Funds being applied fairly?
2. Concerns that the Business Improvement District will cost the boaters more
3. Current and future use of Mole-B by the outriggers and sailors.
4. Combine the current Mole-B and Seaside adjacent hand launching area into one facility location.
5. The need for public facilities on Mole-B including restrooms, showers, utilities, storage area, and a classroom. Possibly share existing/new facilities with the Harbor Patrol.
6. Explore the option of utilizing the new Harbor Patrol facility's classroom area.
7. Need to include Mole B Master Plan in Harbor Business Plan.
8. Create Mole B Task Force to develop Mole B Master Plan to include Harbor Commission, King Harbor Marina, King Harbor Boater Advisory Panel, City Sailing, Outriggers.
9. Identify the City proposed moorings location, number, and who it may serve (definitions/municipal code development). Should be analyzed further so it does not block traffic flow, hand launching, and sailing back to the slips
10. A request for a conceptual mooring plan or layout diagram.
11. How and who will manage the moorings, the City or a private company?
12. How will the new mooring cost and revenue be administered?
13. Can the moorings be built in phases to maximize its occupancy?
14. The mooring approval process should be open to the public for input.
15. Seaside Lagoon outdated facilities to be updated as a possible launching alternative point.
16. Appropriate waterside signage.

B. The Harbor Commission HBP Subcommittee public forum comments and recommendations included:

1. The need for better communication between the City and the harbor business owners. Many affected owners and operators are uninformed about the Harbor Business Plan, what it contains, and how it may affect them.
2. Suggestions for further public input on the Harbor Business Plan.
3. An overall harbor businesses review of the current tenants to identify opportunities and constraints to develop a sustainable long term plan.

4. Accountability by the tenants and the City to better maintain the pier and harbor.
5. Develop a timeline for Business Plan implementation.
6. Develop a Strategic Implementation Plan.
7. Create performance objectives.
8. A review of the businesses operations hours to make them more consistent.
9. Clear operations, design guidelines, improvement, and maintenance rules.
10. The quality and location of the bicycle path needs to be improved, better maintained, and better lit.
11. Identify an outreach strategy to attract better tenants, and tenants that offer services and goods related to the harbor, i.e. West Marine, etc. to create a more sustainable tenant mix.
12. Capitalize on the canoe launching area to attract the right programs and provide needed facilities, such as toilets, showers, utilities, etc.
13. Better Harbor and Pier signs and signage
14. A full review of the leases and expiration dates to synchronize them in a manner that would allow for a better overall leasing opportunity, and a more sustainable long term tenant mix.
15. Create partnerships and zoning to reduce uncertainty to businesses.
16. What is the best short term use of money?
17. What is the best long term use of money?
18. BID already functionally in place in the form of the Pier Association, the International Boardwalk Association, and King Harbor Association.
19. Create Public Improvement District to take burden off of leasehold business to aid in reducing/minimizing density.
20. Develop a champion (i.e. authority/responsibility) for the business plan.
21. Need to work more as a partnership with City using existing associations rather than BID
22. Need to develop a local pride in the area that will spill over to visitors
23. The Harbor area needs stability and vision to reduce business risk
24. Need to install pride with the people and business owners that have been in the Pier area for a while.

VI. Harbor Commission's Specific Recommendations to Key Decision Items Cited in the Draft Harbor Enterprise Business Plan

The Draft Harbor Enterprise Business Plan presents several Key Decision Items wherein the City Council is being asked to vote on the staff recommendations. As noted above, the Harbor Commission strongly recommends that the City Council extend the time-period to allow for public comments, further review, input, and ultimate approval of the plan. Therefore, the Harbor Commission recommends that none of the Key Decision Items be decided upon prior to the finalization of the plan itself, unless the particular item has a direct impact on the upcoming fiscal year's budget. If

the City Council deems any of the Key Decision Items to be of such a critical nature, which would have direct and urgent impact on formulating the upcoming fiscal year's budget, then we recommend that those items be voted upon on their own merits outside of the Harbor Enterprise Business Plan. In other words, we would recommend that a budgetary "placeholder" allocation be considered so that funds are available this fiscal year should the city Council decide to move forward to implement any of the items. To the extent the City Council does consider any individual Key Decision Item, the Harbor Commission recommends the following position for each item:

A. Decision: Marketing Plans
STAFF RECOMMENDATION: Develop and implement new integrated marketing plans with the Branding program as the guidepost and manage implementation by a single entity to be completed by December 31, 2011.
HARBOR COMMISSION RECOMMENDATION: NO. However, we would recommend a placeholder allocation for this item, if the City Council finds it necessary to do so to complete the upcoming fiscal year's budget. While creating a more unified marketing plan is reasonable, unless and until the City Council decides upon whether to create a Business Improvement District (BID), as well approves a final Harbor Enterprise Business Plan, implementing a new marketing plan would be premature, and an avoidable cost at this time. Since the draft plan also suggests using an outside consultant for the marketing plan, it would be premature to approve implementation of this item and hire a consultant until a final plan is approved.

B. Decision: Harbor & Pier Business Improvement
STAFF RECOMMENDATION: Complete a feasibility study for a Harbor & Pier Business Improvement District (BID) by December 31, 2010
HARBOR COMMISSION RECOMMENDATION: NO. In our opinion, and based upon public comment, a BID is used to address an already identified need or problem. Unless and until the City Council approves a final Harbor Enterprise Business Plan, to clearly identify the need or problem, completing a feasibility study in a BID would be premature, and an avoidable cost at this time.

C. Decision: Parking Structure Operation
STAFF RECOMMENDATION: Complete an alternatives study on the parking structures for improved operation, customer service satisfaction and fiscal sustainability by December 31, 2010.
HARBOR COMMISSION RECOMMENDATION: NO. The Harbor Commission recognizes the deficiencies in the current parking structure operation. Therefore, if deemed critical, then we can recommend a Yes vote as to the merits of this item, but not as part of the Harbor Enterprise Business Plan, until the final plan is approved.

D. Decision: Renovation or Replacement of Parking Structures
STAFF RECOMMENDATION: Complete an alternatives study for renovation or replacement of the parking structures by December 31, 2010.
HARBOR COMMISSION RECOMMENDATION: NO. The Harbor Commission recognizes the need for parking structure maintenance or replacement, and will explore a more holistic solution in the HBP. Therefore, if deemed critical, then we can recommend a Yes vote as to the merits of this item, but not as part of the Harbor Enterprise Business Plan, until the final plan is approved.

E. Decision: Uplands Fund Operating Deficit
STAFF RECOMMENDATION: Approve the modifications included in Midyear Budget review Decision Package #26 to align Uplands Fund expenditures with available Uplands Fund revenues.
HARBOR COMMISSION RECOMMENDATION: NO, unless it is deemed critical to this upcoming fiscal year's budget. If deemed critical, then we can recommend a Yes vote as to the merits of this item, but not as part of the Harbor Enterprise Business Plan, until the final plan is approved.

F. Decision: Harbor Tidelands Fund and Harbor Uplands Fund Reserve Requirements
STAFF RECOMMENDATION: Approve the Tidelands Fund and Uplands Fund Minimum Reserve Policy and direct staff to implement by July 1, 2010
HARBOR COMMISSION RECOMMENDATION: NO, unless doing so is deemed critical to this upcoming fiscal year's budget. If deemed critical, then we can recommend a Yes vote as to the merits of this item, but not as part of the Harbor Enterprise Business Plan, until the final plan is approved.

G. Decision: Operation of Seaside Lagoon
STAFF RECOMMENDATION: Seek a new Time Schedule Order and/or State legislation for Seaside Lagoon's continued operation by April 30, 2010.
HARBOR COMMISSION RECOMMENDATION: NO, as part of the Harbor Enterprise Business Plan. However, the Harbor Commission recognizes the need to act quickly so that the lagoon's use and operations are not interrupted. Therefore, it is recommended that City Council act on this item on its own merits, outside of the Harbor Enterprise Business Plan.

H. Decision: Boat Ramp Alternatives
STAFF RECOMMENDATION: Complete an updated Boat Ramp alternatives study by June 30, 2011
HARBOR COMMISSION RECOMMENDATION: NO. The Harbor Commission recognizes the need for a new boat ramp. However, since the suggested completion date is June 30, 2011, implementation of a study can wait until the

final Harbor Enterprise Business Plan is adopted. Further, the general feeling of the harbor community is that prior studies have been completed and that there are very few alternatives that have not already been identified. The Harbor Commission would expect that a final Harbor Enterprise Business Plan would identify these alternatives and indicate the pros and cons of each. If this item requires a budget allocation of this coming fiscal year, it is recommended that funds be approved, pending the Harbor Enterprise Business Plan.

I. Decision: <u>Mooring Installation and Operation</u>
STAFF RECOMMENDATION: Complete installation of moorings in the main channel of King Harbor and implementation of a mooring management plan by September 30, 2011.
HARBOR COMMISSION RECOMMENDATION: NO. The Harbor Commission recognizes the need for new mooring, but this item should be prioritized and included in the final Harbor Enterprise Business Plan before further funds are expended. The community appears concerned as to how the installation would take place, whether in phases or all at once. Further, the Harbor Commission would recommend reviewing the "mooring management plan" in order make a recommendation to City Council. If this item requires a budget allocation of this coming fiscal year, it is recommended that funds be approved, pending the Harbor Enterprise Business Plan.

J. Decision: <u>Pier and Harbor Asset Management Plan</u>
STAFF RECOMMENDATION: Continue implementation of the property management strategies defined by Kosmont's Pier and Harbor Asset Management Plan
HARBOR COMMISSION RECOMMENDATION: NO. The Harbor Commission recognizes the need for a Harbor Asset Management Plan; however, it is not clear that the strategies outlined by Kosmont are the appropriate course of action. While continued implementation may be appropriate, it is recommended that any action taken on City owned leaseholds consider its affect on other leaseholds and the surrounding community. Therefore, it should be part of the overall final plan. After more public comment is received, it is intent of the Harbor Commission to make a recommendation as to whether and how the Kosmont plan is suited to also deal with improvements in other leaseholds. This recommendation should be included in the final Harbor Enterprise Business Plan.

K. Decision: <u>Infrastructure Improvements</u>
STAFF RECOMMENDATION: Continue capital investments, as funds allow, maintaining and enhancing the infrastructure using the Vintage design theme
HARBOR COMMISSION RECOMMENDATION: NO, as part of the plan. However, the Harbor Commission recognizes the need for extensive infrastructure maintenance and enhancement and the use of a consistent design theme. We

would expect the final plan to analyze the Vintage design plan and how it meshes with the overall Harbor Business Enterprise zone and the citywide branding efforts. Therefore, prior to a final plan, as projects are presented to City Council, the Harbor Commission recommends these projects be decided on their own merits.

L. Decision: <u>Fisherman's Wharf Sanitation District</u>
STAFF RECOMMENDATION: Revisit the Fisherman's Wharf Sanitation District assessment formula and align with private sector methodology by June 30, 2011.
HARBOR COMMISSION RECOMMENDATION: NO. This decision should be deferred until after the final Harbor Enterprise Business Plan is adopted.

This concludes the Harbor Commission's initial feedback and recommendations to the City Council.

Boating Business Meeting
29 March 2010

John Whitikar KHYC, KHMC, White Sea Bass Growout Facility
Lisa Falk KHYC, Boat in King Harbor Marina
Rafael Fernandez, KHYC Redondo Beach Sailing Club, Sailing Instructor, City Sailing Director, Youth Sailing Camps Founder
Al Ching, King Harbor Boater Panel, Lanikai Coach for 40 years
Brian Mitchell, member Lanikai outrigger club, landscape architect that offered design assistance for Mole B
Dorian Harris, RBYC and KHYC member, Redondo Beach Sailing instructor, liveaboard, racer
Kevin Herick, Port Royal Yacht Club Commodore
Mark Hansen
Tarek Shaer
Shane Michael
Patrick Shuss, Rear Commodore RBYC
Ted Winer, sailing instructor, sailor

<u>Tidelands/Uplands discussion</u>

- Rents based on percent of gross revenues => ~27% -→1.5%
- Is the tidelands being treated fairly?
    - Are the Internal Service Funds (ISF) being applied fairly in the Tidelands
- Why are the Uplands such a big factor?
    - Harbor Enterprise Zone (HEZ) consists of the Tideland/Uplands
        - Tidelands are State owned
        - Uplands are City owned
    - Four items of concern
        - Police Expenditures
            - Property Tax in Lieu Fee ~ $79K for police activities in the Tidelands
                - Large decrease in charge to Uplands
                - only a slight decrease in the Tidelands
        - Concerns about the Uplands running into the red
        - Business Improvement District (BID) will cost more for boaters
        - City Sailing maybe reduced
            - City Charter indicates requiring boater access
    - Check into the fairness of charging the Uplands with the thought of protecting the Tidelands
- Check into the ISF with the Budget Subcommittee → community support
- Need to run the HEZ more like a business
- Subcontract some of the services
- Each City Department is treated as a separate business entity
    - Use ISF to balance between Departments

- Expenses increasing faster than Revenues in the HEZ
- Get the Harbor looking great is the goal
    - Maybe we already have enough money without using ISF
- Do not need to hire more consultants
- Remain vigilant to not being charged fees that rents are already covering

<u>Mooring Management Plan discussion</u>

- Only for transient boats
    - Develop a municipal code
        - Grant may dictate this
- Location
    - Just north of Harbor Patrol Building
    - Need maneuvering capability for sailing and kayaking
- Make sure that hand launching capability is still in the Harbor
    - Put the hand launching elsewhere from Mole B
    - Place hand launching in the more public south area
    - Problems with surges in the current hand launch area
    - Group of people not getting recognized
        - Stand up paddlers group is increasing in numbers
- 35-40 foot boats in the mooring field
    - Maybe private money will make dingy docks
- Hand launching from outrigger club only not by non outrigger club members
    - Outriggers paying lease and paying rent
- No launching facility (ramp) into the main channel
- Parking problem with hand launching off of Mole B
    - Overflow parking affecting tenants
- Joe Bark Paddleboard/Standup group
- Where are the boaters that are mooring go to get to land and what facilities will be used

Recommendations on Mooring

- Ensure placement of mooring to maintain open navigable on north end of the harbor
    - Push further south
    - West of green buoy line
- Moorings be provided to only transient boaters
    - Determine appropriate number of moorings
    - Proposed conceptual drawings
    - Current plan calls for 50 moorings 'Catalina Style'
    - $2/ft/night proposed by Chief Madrigal
    - No code for 'transient' definition
- Appropriate waterside signage to appropriate debarking areas
- Ensure that the mooring development process is a public process
- Hand launching be preserved and enhanced at existing place or more public place

Mole B discussion

- Stubouts for sewer, water, electricity, and possibly phone
- Facility for shower, storage, classroom for kayak/canoe/outriggers/sailing
- UCLA Marine Aquatic Center Model → World Class Facility model
    - Slips for City Sailing program oriented with the wind
        - Wider bigger more stable staging area for kids
    - Mast-up dry storage
    - Classes to sit down
        - ~35 seats
    - Maintenance facility
    - Utility stubouts
    - Temporary building for City sailing programs
- Safety for City Sailing
    - Need one place for sailing
        - Need to walk kids from three different locations which are ~ ½ mile to 1 mile apart
- Initiate discussions on Mole B master plan
    - Co-facilities (i.e. training rooms, bathrooms, storage) with outriggers and sailing clubs
- Need to include Mole B Master Plan in Harbor Business Plan
    - Include priority (in order) in Harbor Business Plan
        - Harbor Patrol
        - Outriggers
        - City Sailing – need slips
        - Mast-up dry storage

Recommendations on Mole B

- Item M – To establish a Master Plan for Recreational Boating Facilities on Mole B
    - Create a Task Force to develop a Master Plan for Mole B
        - Task Force to develop process of Master Plan to include
            - Harbor Commission
            - King Harbor Marina
            - King Harbor Boaters Advisory Panel
            - City Sailing
            - Outriggers
        - No/low cost to City through volunteers
            - Subcommittee of Task Force to include examining funding options
- Council needs to direct staff to work with Harbor Commission to develop Master Plan for Mole B
    - Work with Brian Mitchell on Master Plan

Shane Michael
[signature]

Boating Business Mtg
29 March

John Whitikar KHYC KHMC White Sea Bass Growout Fac
Lisa Falk KHYC Boat KHM
Rafael Fer KHYC RBSailing Club Sailing Instructor ~ 20 yrs
City Sailing Director
Youth Sailing Camps Founder
Al Ching KHBoater Panel Lanikila Coach ~ 40 yrs
Brian Mitchell - member Lanikil Monaho outrigger club
- landscape Arch offered design assistance
↳ Mole B
Dorian Harris ⇒ RBYC KHYC prov member
- Sailing Instructor RB
- Liveaboard
- Racer
Kevin Herick ⇒ Port Royal YC Commadore
Mark Hansen
Sean Guthrie
Tarek
Shane

Rear Commador
Patrick Shuss → RBYC
Ted Winer → Sailing instructor
⇒ Sailor

Tidelands/Uplands discussion
Rents based on % of Gross Revenues ~~2~~ 27% → 1-5% Park
→ is tidelands being treated fairly?
↳ are the ISF being applied fairly in the Tidelands
- Why is the Uplands such a big factor?
Harbor Enterprise Zone ⇒ Tidelands/uplands
Tidelands → State uplands → City
Four items of Concern
- Police Expendatures ⇒ Property Tax in Lieu Fee
- Decrease to change to UL ~ 79K for Police
↳ only decrease FL slightly Activities in TL

Shane Michael
Chabal

- Concerns about the uplands running into the red
- BID will cost more for boaters
- City Sailing may be reduced
  - ↳ City charter indicates requiring boater access
- Check into the fairness of charging the uplands with the thought of protecting the Tidelands
- ISF check into with ~~Budget~~ Budget Subcommittee → Community Support
- Need to run it more like a business
- Subcontracting some services
- ~~ISF~~ Each Dept as seperate Business entity
  - ↳ use ISF to balance btwn Dept
- Expenses increasing faster than Revenues in HEZ
- Get the Harbor looking Great is the goal
  - ↳ maybe we already have enough money w/out using ISF
- Do not need to hire more consultants
- Remain vigilant to not being charged fees that rents are already coving

Mooring Management Plan

- Only for transient boats
  - ↳ develop a municipal code
    - ↳ Grant may dictate this
- location → just North of Harbor Patrol Bldg
  - → need manuevering capability → Sailing Kayaking
- Make sure that hand launching capability is still in Harbor → Put the Hand launching elsewhere from Mole B
  - → Place hand launching in the more Public South area
- Problems w/ surges in the current Hand Launch area
- 35-40 foot boats in mooring field
  - ↳ maybe private money will make dingy docks

- launching from outrigger club only by non outrigger club members
  outriggers paying lease and paying rent
  - Group of people not getting recognized
    stand up paddlers → group increasing in #'s

- no launching fac ramp into the main channel
- parking problem w/ hand launching off of Mole B
  → overflow and affecting tenants
  - Joe Bart Paddleboard/standup Group

- where will the boaters that are mooring go to get to land and what facilities will be used
  1) - ensure placement of moorings to maintain open ~~now each~~ nav water - west of Green buoy line on N end of Harbor
     - push further south
  2) - Moorings be provided to only transient boaters
  3) Appropriate waterside signage to appropriate debarc
  4) what landsite fac will be used by transients
  - Determine appropriate # of moorings
  - Proposed conceptual drawings
- current plan calls for 50 moorings "catalina style"
- $2/ft/night proposed by Chief Madgrigal
- no code for "transient" definition
  5) Ensure that the mooring development process is a public process → maybe make a future agenda item
- Hand launching be preserved and enhanced at existing place or more public place

Shane Michael

~~2) Placeholder in CIP for~~

Shane Michael

Mole B

- Stubouts → sewer water/electricity → maybe phone
- facility for shower/storage (classroom) Kayak/canoe/outrigg
- City Sailing — UCLA Marine Aquatic Center Model
- develop a world class fac
  - Slips for City Sailing program oriented w/ wind
  - Mast-up dry Storage ⇒ SB ↳ wider bigger more stable
  - Classes to ~~sit~~ sit down ⇒ 35 seats ↳ staging area for kids
  - Maintenance fac
  - utilities ⇒ stubouts
  - temp bldg for City Sailing programs
  - restroom shower fac
- Safety for City Sailing ⇒ need to walk kids from three different loc which are 1/2 mile to 1 mile apart
  ↳ need in one place
- Initiate discussions on Mole B master plan

Co fac (trawing rooms/bathroom/storage) w/ outriggers + Sailing clubs

- HPatrol, Outrigger, CSailing } include priority in HBP } Need to include Mole B Master Plan in HBP
- need Slips ⇐ Mast-up Dry Storage
  1) - Item M to establish a Master Plan for Rec Boating Fac on Mole B
- Council needs to direct staff to work w/ HC to develop Master Plan for Mole B

- Harbor Patrol send out notices to Sean, Al, and Boating Panel for construction activities ⇒ Construction Schedule
- Work with Brian Mitchell on Master Plan

Item M force develop
- Task to ~~Begin~~ Process of Master Plan
to include HC, KHMarina, ~~KHBAP~~ KHBAP, CS, outriggers
~ no/low cost to city thru volunteers examining
→ subcommitte of T.F. to include funding options

Shane Michael
Chetul

Community Meeting
30 March 2010

- Expand on MLPA in Harbor Business Plan (HBP) on pg 59
- Accountability for implementing Plan
  - Mole D
  - More <u>communication</u> on Pier
  - What does 'vintage' mean
  - How is re-vitalization going?
- Buy in by residents/businesses on Pier and Harbor to HBP
  - Stake in Pier/Business
  - Long Term leases required on Pier
    - Makes better business sense
    - Stay may input capital needs
    - How will this happen
      - Who is monitoring → checks and balances
- Master Lessee for communication and buy in
  - Month to month leases need to go in order to encourage capital investment
  - Increase revenue without new development by increasing lease length
  - Need to reach out to every lessee from month to month to long term
    - Need to be looked at as partners with the City
- Improve whole area to increase Hotel Transient Occupancy Tax (TOT)
- Need to increase the vibrancy of the area
- Differentiate between high/low quality tenants
- In practice communication is not being done
- Timeline for HBP implementation
  - A →B→C→D…
- Hold meetings between business/City to discuss issues in the Harbor
- Make information more readily available to people that are looking for info from the City to the Harbor area
- Inconsistent business hours
- Bike path improvements
  - South Bay Bicycle coalition
  - Rough spots in asphalt/concrete
    - Improvements needed
    - Divots
- Large/big name boater store in the area (West Marine type)
  - A type of store that can win awards
- Unrealized market with hand launch
  - Standup paddle boarders, kayaks, etc.

- Decron Plans block access to hand launch boat ramps
    - South Bay Board Riders
- Need to have a reserved area on the dingy dock for hand launch
    - Better restroom facilities than existing porta potty
- Page 34 6.2 Infrastructure Improvement
    - Improve bike path and hand launch as part of mooring grant
- Maybe use Seaside Lagoon combo with a bathroom for hand launch
- Hand launch signs to the hand launch area
    - Advertising the hand launch area
- No site for the entire harbor
    - Growth for how to do it smarter
    - International Boardwalk needs to be improved with better clients
    - How to sustain what we have
    - Incremental growth and not get hung up on the big things
- Partner with businesses/people to help improve the area
    - Uncertainty changes how businesses invest
        - Need certainty for business to feel better about investing
    - Longer term leases
- Dana Point/Santa Barbara Models
    - Density
- Local history development
    - Native Americans
- More density/more development in this business plan
    - Remove uncertainty does not mean increased density
- Crime concerns in the Harbor
    - Ghetto feel in places
- Need to improve Pier area to get people to come into the Harbor area from Hotels
    - Short term leases kill businesses
- Investors are ready to make deals and the City needs to work out the deals
    - There is money out there
- Need to continue momentum the Resnick is starting with investment in leases
    - Physical improvements
- What is the best short term use of money?
- What is the best long term use of money?
- Break it up into parts and negotiate more with individual leases/tenants
    - Don't make it so complicated
        - Break it down
- Give word of mouth
- City may not be able to get the perfect mix

- Redondo Beach is as beautiful as Monterrey
    - Comments from Planning Commission Conference
    - Monterrey as model
        - Wharf/cannery
- Opportunities to bring people back to Redondo Beach that may have left
- Modernize lease languages
- Implementation plan to get the City out of the leasehold business
- Maybe look at Starboard Attitude lease using Resnick leasehold as catalyst
- Examine city leasehold structure and relationship to other leases
- Pier/International Boardwalk too much crammed into a too small area
- Plan to how to attract people not just businesses
- City may need to invest to help the leaseholds bring in businesses and avoid density
- Attractions like the Monterrey Aquarium
    - Maybe a City investment
- Building Improvement District (BID) already in place
    - Pier Association/King Harbor Association are similar and need to work more together
    - Businesses already pay fees
    - Seems to be redundant
    - Committee already in place that is similar to BID
        - Try to streamline existing entity
- Public Improvement District
    - Streetscape
    - Takes burden off of leasehold business
        - Don't need density to make up costs
- Uplands needs more public improvements
    - Possibly City Funded
- Use volunteers to help make improvements
- Bond ratings/usages to invest in the Harbor area and paid by the General Fund
- Don't make the same mistakes again
    - Why was something done
- Decent foundation to build upon that aspect
    - Maybe not build something new
- Better definition of stuff (i.e. view corridors)
- Too vague, HBP needs more details more teeth
    - Steps for responsibility/accountability
- Narrow objective
- Implementation plan
    - Strategic Implementation Plan

- Performance objective
- Timeline
- HBP needs to stand alone
- HBP needs a budget/funding
    - Someone to do it and have the authority/responsibility
        - Champion
- International Boardwalk underutilized
    - Foot traffic needs to be changed
    - City does not have to decide who should be there
- Income brought into the HEZ needs to be reinvested into the water/harbor area
    - Paddle boarding
    - Develop codes for reinvestment
- Need activities that relate to the Harbor

Community Meeting
30 March

- Expand on MLPA in HBP
  Pg 59

- Accountability for implementing Plan
  Mole D
  - More Communication on Pier
  - Vintage Means
    - How re-vitialization is going

- Buy in by Business residents on Pier and Harbor to HBP
  - Stake in Pier/business
    - Long Term leases required on Pier
      - makes better business sense
    - Stay may input The capital need
    - How will this happen => who monitoring
      Checks & balances

- Master leasee for communication and buy in by
  - month to month leases need to go in order to encourage cap invest
  - increase revenue w/o new development by increasing lease length
  - need to reach out to every leasee from month to month to long term
    - need to be looked as as partners w/ city
  - improve whole area to increase hotel TOT
  - need to increase the vibrancy of area

Shane Michael

Shane Michael
Chetail

- differentiate btwn high/low quality tenants
- in practise the communication is not being done
time line for implementation
- A, b, c, d ...

- hold mtgs btwn business/city to discuss issues in the Harbor
- make information more ~~red~~ ~~rea~~ readily available to people that are looking for info from the city to the harbor area

- inconsistant business hours

- bike path improvements
  ↳ South Bay bicycle coalition
- rough spots ⇒ asphalt/concrete improvements ⇒ dirt

- Large/big name boater store in the area (West Marine type) ⇒ store to win award

- unrealized market w/ hand launch
  ↳ standup paddle boarders, kayak

- Decron plans block access to hand launch boat ramps ⇒ South bay Board Riders

- need to have a reserved area on the Dighny dock for hand launch
  - better restroom facilities than portapotty

Shane Michael
[signature]

- Pg 34 6.2 infrastructure improvement project improve bike path/hand launch
  - mooring as part of grant

- maybe use Seaside lagoon combo with a bathroom from handlaunch

- hand launch signs to the hand launch area
  advertising the Hand Launch area

- no site for entire harbor
  - Growth for how to do it smarter
  - international Boardwalk needs to be improved w/ better clients
  - How to sustain what we have
  - incremental growth and not get hung up on the big things
- Partner w/ businesses/people to help improve the area
  - uncertainty changes how businesses invest
    - need certainty for business to feel better about investing
  - longer term leases

- Dana Point / Santa Barabara models
  - density
- ~~histor~~ local history development → indians, etc
- more density / more development is in this business plan
  - remove uncertainty does not mean increased density

Shane Michael
Alstad

- Crime concerns in the Harbor
  - Ghetto concerns
- need to improve the Air Area to get people to come into harbor area from hotels
  - Short term leases kill businesses

There's money out there
- investors are ready to make deals and the City needs to work out the deals

- need to continue momentum that Resnick is starting w/ investment in leases
  - physical improvements
- What is the best short term use of money
  What is the best long term

- Break it up into parts and negotiate more with individual leases/tenants
  - don't make it so complicated
    - break it down

- Give word of mouth

- City may not be able to get the perfect mix
- RB is as beautiful as Monterey Comments from Planning Commission Conference
  - Monterey has a model wharf/cannery

Shane Michael
[signature]

- opportunities to bring people back to RB that may have left

- modernize lease languages

- implementation plan to get the city out of the leasehold business

- maybe look at Starboard Attitude lease using Resnick leasehold as catalyst

- examine City leasehold structure and relationship to other leases

- pier/internation BW too much crammed into too small an area

- plan to how to attract people not just how to attract businesses

- City may need to invest to help the leaseholds bring in business and avoid density

- attraction → like Monterary Aquarium
  ↳ maybe City investment

- BID Pier Association/KHA → need to work more together are similar
  ↳ already in place ⇒ businesses already pay
  ↳ seems to be redundant fees

- Committee → existing budget already in place that is similar to BID
  - try to streamline existing entity

- Public Improvement District → takes burden off of leasehold businesses
  ↳ Streetscape
  ↳ don't need density to make up costs

- uplands needs more public improvements
  ↳ possibly City Funded

- use volunteers to help make improvements

- Bond ratings/usages to invest in the harbor area and paid by the general fund

- don't make the same mistakes again
  - why was something done

- decent foundation build upon that aspect maybe not build something new.

- better definitions of view corridors
  ↳ stuff i.e ↑

- too vague (HBP → details) needs more teeth
  ↳ steps resposibility/accountability

Shane Michael

- narrow objective
- implementation plan → strategic Implementation plan
- performance objective
- timeline
- stand alone

- budget ⇒ funding
- Someone to do it authority/responsibilities
  ↳ champion

- IB underutilized
  foot traffic to be changed
- City does not have decide who should be there

- income brought into HEZ be reinvested into the water/harbor area
  ↳ Paddleboarding
- Develop codes for reinvestment

- need activities that relate to harbor

Shane Michael

Community Meeting
21 April 2010

- What role does the city want to play from a leaseholder standpoint?
    - Long term plan for Pier Lease
- What position does the City want to be in for the long term?
- 52% or so of the Pier is run by the City
    - Fees charged by City for Events
        - $500 to set-up stage
            - City essentially charges themselves
    - Confusion occurring between city and businesses
    - Associations struggling because of City control
        - Events being run down by City
    - BID causing confusion
    - Need to go back to working as a team
        - City was partner in the past
        - Need to get away from piddly fees
    - Event Fees drawing down on businesses
        - $1000 fee for Kite Festival → for example
        - Sad that possibly no kite festival next year because it got fee'd to death
- Work more as a partnership with city using existing Associations rather than BID
- What is the BID? What would it encompass?
    - 25% min partner by City in Associations
- Need Asset Management Plan to mesh with other items
- Some entities not in Association on Pier
- Need more clarity of BID characteristics
    - Would be before another diversionary study
- % of Gross Revenues off top for Master Leaseholds to City
- Lot of tax money, fees, etc that may not be re-invested into Harbor Enterprise Zone
- BID should be developed to solve a problem
- Do not offer month to month or at most two year leases
    - Cannot run businesses this way
- Harbor Enterprise Zone should be treated as business on whole
    - Should manage what we have better
    - Subcontracting City Services → Good!
- BID will take away from the time and money needed by businesses
- Develop interest from the different entities as baby steps
- Maybe put energy somewhere else(i.e. not BID) to get the ball rolling
- Kite Festival and such type events bring life to Pier

- Items that are budget (i.e. Decision Packets) related maybe pulled out of business plan to give more time to talk about business plan more thoroughly
- Need a vision
- Need more local control from Coastal Commission
- Priority Items → set timeline
    - Short term
    - Mid term
    - Long term
- Don't need more layers
- Develop a local pride in the area that will spill over to visitors
- Get local businesses more involved in area
- Get rid of vacant areas
- Get a spirit into the business plan
- Get increases in hotel rates occupancy to increase TOT
- A good formula is needed to get locals into the area
- City should be more proactive and develop a more unifying vision
    - What role is City playing
        - Landlord
        - regulator
- What is the long term plan and return on investments?
- Effect of other stakeholders and how they interact with each other
- City is worst entity at managing time
- Need to keep City properties/adjacent properties productive to help various leaseholds survive
- Replace and/or renovate parking structure in increments and do it in the winter months so that businesses don't lose out
- Parking structure payment method does not work.
    - Need to revisit safety and weather protection for exit lane workers
    - Pay/park/display may not work either
- Need stability/vision for people/businesses owners that have been there for a while
- Need to retain businesses that have been there for a while →40, 60 yrs
    - Longer leases
        - Need to have longer leases to get loans
    - Consistency among lease lengths
- Need to develop a pride with the long term people

21 April Community Mtg

What role does the city ~~wha~~ want to play from a leasholder standpoint?
- Long Term Plan for Pier lease
  - Aquired by City from various groups
    - Resnack
    - Tonys
    - Rest
    - Kincaid?

What position does the city want to be in for the long term?

52% or so ~~$~~ of Pier run by city
- Charged by City for Event
  - $500 to set-up stage
    - City essentially charging selves
- Confusion occurring btwn city & businesses
- Association struggling because of control City
  - Events being ~~ru~~ run down by city
- BID causing confusion
- Need to go back to working as a team
  - City was a partner in the past
  - need to get away from little biddy fees
- Event fees drawing down on businesses
  - $1000 fee for Kite Festivals => for example
- Sad that no Kite Festival because got feed to death
  - ↓ next year

Shane Michael
[signature] 21 Apr 10

Shane Michael
[signature] 21 April 10

(2)

- Work more as a partnership w/ city using existing associations rather than BID

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- Need Assest Management Plan to mesh with other items

- Some entities not in Associations on Pier

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- BID should be developed to solve a problem

- Not month to month leases or at most two year leases

- Harbor Enterprize zone should be treated ~~has~~ as business on whole
  - Should manage what we have better
  - Subcontract of City Services => Good!

Shane Michael Shelton 21 Apr 10

(3)

- BID will take away from the time and $$ needed by businesses

- Get interest from the ~~to~~ different entities as baby steps

- Maybe put energy somewhere else to get the ball rolling

- Kite Festival and such brings life to Pier

- items that are budget related maybe pulled out of business plan to give more time to talk about business plan more throughouly for decision packets

- need a vision

- Need more local control from Coastal Commission

- Priorities items → set timeline
  - Short term
  - Mid term
  - long term

- Dont need more buyers

- develop a local pride in the area that will spill over to visitors

Shane Michael
Shetul
21 Apr 10

(4)

- get local businesses more involved in area
- get rid of vacant areas
- get a spirit into the business plan

- get increases in hotels to increase TOT
- A good formula is needed to get locals into the area
- City should be more proactive and develop a more unifying vision
  - what role
    - landlord
    - regulator

- What is the long term plan and return on investments?
- Effects of other stakeholders and how they interact with each other

- city is worst entity at manageing time
- need to keep properties / adjacent properties productive to help various leaseholds survive
- Replace parking structure in increments
  - do it in winter months

Same w/ renovations

- So that businesses don't lose out
- Parking structure does not work
  Pay stations do not work
  - need to revisit safety / weather protection
- maybe not use pay / park / display

- need stability/vision for people/business owners that have been there for a while
- need to retain businesses that have been there for a while ~ 40 yrs 60 yrs
  - longer leases
- Need to have pride with the long term people
- need to have longer leases to get loans

Shane Michael

21 Apr 10

Harbor Business Plan Sub-Committee Meeting
April 21, 2010

Notes: Topics that were discussed at length and posted on a white flip chart during the meeting.

- What role does the City want to play in leases
- Redondo Pier Association vs. a BID
    - Poll leaseholders regarding interest in a BID
- Partnership with the City
- Pier businesses on month-to-month or 2yrs remaining on leases
- Contract out City services
- What is the vision
- Set priorities
- Replacement of Parking Structure

HarborBusinessPlan - Re: harborbusinessplan@redondo.org

From: G&G Office <the.office@sbcglobal.net>
To: HarborBusinessPlan HarborBusinessPlan <HarborBusinessPlan@redondo.org>
Date: Thursday, April 15, 2010 8:06 AM
Subject: Re: harborbusinessplan@redondo.org
CC: <sean@kingharbor.com>

The Crystal Cove Beach Resort leasehold is not opposed to the concept of a new Harbor business plan since it could potentially benefit all leaseholders.

Unfortunately, looking over the preliminary figures it appears to us that the end result of creating a new plan will result in an increased financial burden to our leasehold.

The economy is down, likewise our rents are down 20% (forecasted to drop another 3.3% this year) and we cannot afford an additional financial burden due to this proposed plan. While we believe the concept is sound our leasehold can not financially support this proposal at this time.

Sincerely,

Martin Ginsburg
G & G Enterprises
P.O. Box 1860
Wilmington, CA 90748-1860
Office: 310-835-4972
Fax: 310-549-8393

This information is confidential and only for the intended as designated by the title of this email.

HarborBusinessPlan - Re: harborbusinessplan@redondo.org

From: Dean Francois <savethestrand@yahoo.com>
To: HarborBusinessPlan HarborBusinessPlan <HarborBusinessPlan@redondo.org>
Date: Tuesday, April 20, 2010 2:07 PM
Subject: Re: harborbusinessplan@redondo.org

Please ensure that the harbor business plan has guidelines for a pedestrian and bike path that is consistent with the already approved harbor guiding principles.

The principles have clear language that states that pedestrian and bike path should be included in all new development that directs it as close as possible to the water and is routed in the "mix of development". This language was delicately debated at the harbor commission several years ago and approved by the city council. It was a balance between differing stakeholders in the process.

This would mean using the route to gain direct access to businesses and use this as a means of economic development. Any new development should include a footprint for such a path in the event that one cannot be developed at the time. Placing it on the street does not do this and provides too much conflict with vehicular traffic.

Please contact me for any further details and let me know when the commission and council agendize this.

Dean Francois
Friends of the South Bay Bicycle Path
www.SaveTheStrand.info
tele: **1-310-318-3326**
cell: **1-310-938-2191**

From: Mary Delehanty <mary.delehanty@yahoo.com>
To: <harborbusinessplan@redondo.org>
Date: Wednesday, April 21, 2010 6:00 PM
Subject: leases

Hi,
I have heard the distress from many employees and business owners on the pier about the month to month basis of their leases. It is my understanding it is to encourage a potential buyer of the pier leasehold to proceed unemcumbered. It, in fact, is saying we do not value your history or investment as a business owner on the pier. It is implying they are very dispensable if the new purchaser chooses to give them the boot.
I am appalled at the disrespect to these businesses and employees. Tony's is apart of Redondo history, so is Shark attack. I would like to see the leases renewed as soon as possible. These businesses are valueable to us..They need to be acknowledged as such.
thank you,
Mary Delehanty

From: <steve3@redondo.com>
To: <harborbusinessplan@redondo.org>
CC: <michael.g.jackson2@boeing.com>
Date: Thursday, April 22, 2010 9:37 AM
Subject: PARCEL #10

Hello harborbusinessplan,

I was unprepared last night but did touch on a major problem. That is, the closure of the octagonal building on parcel #10. At the time the city took control of the building, I believe 1990, they also removed the stairs that connected the North end of the pier with the Boardwalk. This made people walk around the building instead of using the stairs.

The building being closed creates a block and people just do not walk around. Redondo Fisherman's Cove offered to pay for replacement of the stairs but the city said they did not want to do anything until they decided what to do with the building. That was about 20 years ago.

The Fun Factory lost a million dollars a year after the stairs were removed and the building closed. The building would do about two to three million a year in revenue. This combination, and the cities percentage, is a huge loss to the harbor enterprise.

I have a lot more to say about the lost time with studies, plans and talk, with little action, if anyone wants to listen.

Last night was more to my liking than the formal meeting.

Steve

mailto:steve3@redondo.com

From: <steve3@redondo.com>
To: <harborbusinessplan@redondo.org>
CC: <michael.g.jackson2@boeing.com>
Date: Thursday, April 22, 2010 1:59 PM
Subject: ERROR IN P;ERCENTAGE RENT FIGURES

Hello harborbusinessplan,

I am sorry about confusing amount the city demanded for increased rent but, as I said, I was unprepared. Here are the correct figures. I think that even the correct figures are exorbitant considering that percentage rents on the pier, a much better area, are considerably less.

Redondo Fisherman's Cove Company

Permitted Use	NOW		DEMAND
Restaurant	3.5%	to	6.5%
Amusement games (with prizes)	6%	to	11%
Amusement games (no prizes)	7%	to	12%
All other retail	6%	to	10%

Tenants

Restaurant	8%	to	13%
Amusement games (with prizes)	12%	to	22%
Amusement games (no prizes)	14%	to	24%
All other retail	12%	to	20%

I think I said arcade "Amusement games (no prizes)" went from 7% to 24%.
I confused the tenant with the landlord.

Steve Shoemaker

mailto:steve3@redondo.com

HarborBusinessPlan - FW: Pier Parking Garage

From: Josef Bobek <jbobek@glaserweil.com>
To: "'harborbusinessplan@redondo.org'" <harborbusinessplan@redondo.org>
Date: Thursday, April 22, 2010 4:44 PM
Subject: FW: Pier Parking Garage

Per Bill Workman's request, I wanted to forward my below e-mail to him about a potential passive source of revenue for the pier parking structure.

Thanks

Joe

Josef Bobek III | Glaser, Weil, Fink, Jacobs, Howard & Shapiro LLP
10250 Constellation Boulevard, 19th Floor, Los Angeles, California 90067-6219
direct: (310) 556-7851 | fax: (310) 556-2920 | jbobek@glaserweil.com

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From: Bill Workman [mailto:Bill.Workman@redondo.org]
Sent: Thursday, April 22, 2010 4:00 PM
To: Josef Bobek
Subject: Re: Pier Parking Garage

Joe...love your idea. We will see if it can be made part of the Harbor Business Plan. In fact, send your comments to harborbusinessplan@redondo.org ...Bill

>>> Josef Bobek <jbobek@glaserweil.com> 4/22/2010 2:15 PM >>>
Bill,

Joe Bobek from the Budget & Finance Commission. I didn't know who to reach out to with the this question, so I hope you don't mind that I am directing it to you. Does the City own the main Pier parking garage? If so, has the City ever looked at leasing out billboard space in the garage? I was at the Crocker Symposium a few weeks back and one of the break out sessions was creative ways to get additional revenue from your real property. They briefly referenced signage in garage, etc. Some malls are starting to do it and I thought, especially during the summer months, this may create an additional revenue source for the City. Adwall (adwall.com) does it to some extent. You can look at example on thier site, but I know other companies out there will cover entire walls, instead of hanging billboards on the walls.

Just a thought.

Thanks

Joe

Josef Bobek III | Glaser, Weil, Fink, Jacobs, Howard & Shapiro LLP
10250 Constellation Boulevard, 19th Floor, Los Angeles, California 90067-6219
direct: (310) 556-7851 | fax: (310) 556-2920 | jbobek@glaserweil.com

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HarborBusinessPlan - Meeting May 10

From: G&G Office <the.office@sbcglobal.net>
To: <harborbusinessplan@redondo.org>, <Eleanor.Manzano@redondo.org>
Date: Thursday, May 06, 2010 8:43 AM
Subject: Meeting May 10
CC: <sean@kingharbor.com>

It has come to our attention that a meeting will be held on May 10th, and we wanted to reiterate our current position for the record due to the fact we will be unable to attend said meeting.

The Crystal Cove Beach Resort leasehold is not opposed to the concept of a new Harbor business plan since it could potentially benefit all leaseholders.

Unfortunately, looking over the preliminary figures it appears to us that the end result of creating a new plan will result in an increased financial burden to our leasehold.

The economy is down, likewise our rents are down 20% (forecasted to drop another 3.3% this year) and we cannot afford an additional financial burden due to this proposed plan. While we believe the concept is sound, our leasehold can not financially support this proposal at this time.

Sincerely,

Martin Ginsburg
G & G Enterprises
P.O. Box 1860
Wilmington, CA 90748-1860
Office: 310-835-4972
Fax: 310-549-8393

This information is confidential and only for the intended as designated by the title of this email.

From: Sean Guthrie <sean@kingharbor.com>
To: rkketchum@californiayachtmarina.com; abelre@ca.rr.com; the.office@sbcglobal.net; mosterbauer@hotelportofino.com; dnagel@decronproperties.com; zislis@aol.com; bhoward@jackbilt.com
Cc: Tom Schiff <TSchiff@decronproperties.com>; kanderson@bestwestern-sunrise.com; jstrain@ustaxlawyer.com; csre@joescs.com; mhobbs@thecheesecakefactory.com
Sent: Wed, May 5, 2010 5:11:13 PM
Subject: Important Meeting Reminder

Reminder:

Monday, May 10th, at 7:00pm the Harbor Commission will be discussing the Harbor Enterprise Business Plan again at which time they are expected to finalize its recommendations to the City Council. In this regard, your input is vital because as mentioned before your silence could be misinterpreted as being supportive with all that is contained in this critical document. If you are unable to attend this meeting you can provide input to the Harbor Commission by email at harborbusinessplan@redondo.org but make sure you also copy the City Clerk at Eleanor.Manzano@redondo.org. Additionally, I have attached our input for you to review. Thank you for your time and consideration regarding this important.

Regards,

Sean Guthrie
Vice President
MCL Marina Corporation
212 Yacht Club Way, Suite A-3
Redondo Beach, Ca 90277
Tel: 310-376-6926 x 127
Fax: 310-374-6067

-----Original Message-----
From: Sean Guthrie
Sent: Tuesday, March 16, 2010 6:11 PM
To: rkketchum@californiayachtmarina.com; Harry Abelson (abelre@ca.rr.com); Martin Ginsburg (the.office@sbcglobal.net); Malia Osterbauer (mosterbauer@hotelportofino.com); David Nagle (dnagel@decronproperties.com); Michael Zislis (zislis@aol.com); Brad Howard (bhoward@jackbilt.com)
Subject: Harbor Enterprise Business Plan
Importance: High
Sensitivity: Confidential

Dear Fellow King Harbor Master Lessees:

As some of you know the City of Redondo Beach has developed a Draft Harbor Enterprise Business Plan that is currently under review by the Harbor Commission for input to the City Council before its approval. This Draft Plan is viewable via the city's website however being rather long due to numerous appendix documents there are four parts accessible as follows:

City Staff Report	http://laserweb.redondo.org/weblink/docview.aspx?id=213584
Plan Pages 1-90	http://laserweb.redondo.org/weblink/docview.aspx?id=213585
Plan Pages 91-190	http://laserweb.redondo.org/weblink/docview.aspx?id=213586
Plan Pages 191-332	http://laserweb.redondo.org/weblink/docview.aspx?id=213587

Of critical concern are the "Key Decision Items" (pages 3-7) and "Goals & Recommended Tasks" (pages 60-63) which are many proposed actions for city staff to carry out in the years ahead. Of additional importance is the "Harbor Enterprise Financial Update" (Appendix E) which includes cash flow analyses for the next five fiscal years.

Once approved by the City Council this Business Plan will specifically determine what does and doesn't happen in the Harbor-Pier Area for many years to come. In this regard, I wanted to first make sure you were aware of this matter and second organize a gathering for us to exchange our thoughts regarding the many proposed actions.

To this end I have taken the liberty to schedule a meeting for Wednesday, March 31st at 3:00pm in the Captain's Room at the Bluewater Grill (665 N. Harbor Drive) that hopefully you and/or any key associates can attend for which I would appreciate a RSVP at the earliest possible date.

As always your consideration of this important matter is greatly appreciated and if you have any questions or would like to discuss the Draft Plan further prior to the meeting please feel free to contact me at your convenience.

Regards,

Sean Guthrie
Vice President
MCL Marina Corporation
212 Yacht Club Way, Suite A3
Redondo Beach, CA 90277
Tel: (310) 376-6926 x 127
Fax: (310) 374-6067

HarborBusinessPlan - Harbor Commission May 10 Meeting

From: "Sean Guthrie" <sean@kingharbor.com>
To: <harborbusinessplan@redondo.org>
Date: Tuesday, May 04, 2010 3:21 PM
Subject: Harbor Commission May 10 Meeting
CC: <eleanor.manzano@redondo.org>
Attachments: 0429-1sg.pdf

Please find attached our company's input regarding the Draft Harbor Enterprise Business Plan.

Sean Guthrie
Vice President
MCL Marina Corporation
212 Yacht Club Way, Suite A-3
Redondo Beach, Ca 90277
Tel: 310-376-6926 x 127
Fax: 310-374-6067

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May 4, 2010

Harbor Commission
City of Redondo Beach
415 Diamond Street
Redondo Beach, Ca 90277

Re: Draft Harbor Enterprise Business Plan

Dear Chairman Michael & Fellow Commissioners:

As one of the oldest and largest Harbor Enterprise leaseholders we are greatly concerned about the well-being of the entire Harbor-Pier Area (the "Waterfront") and community at large. In this regard, we have actively participated in all the planning efforts directed towards improving our Waterfront and support the drafting of a Harbor Enterprise Business Plan (the "Plan") that will produce positive results. After thoroughly reviewing the draft Plan and participating in the related subcommittee meetings we submit the following input for your consideration:

1. The Plan should better describe what the overall goal is. *"If we do not know where we are going, we are not likely to get there."* For one, a specific vision statement should be developed to inspire more participation in creating a vibrant and financially successful Waterfront that our entire community will be proud of and frequently visit. Currently, the City's Strategic Plan goal to *"Enhance and revitalize the Harbor and Pier area"* and the Plan's five listed goals lack inspirational spirit. Additionally, because the Pier-Boardwalk Area is distinctly different from the Harbor Area with its preeminent marinas, hotels and apartments, secondary vision statements should be developed for each.

2. The *"Key Decision Items"* should be removed from the Plan, particularly those requiring immediate action as part of the City Budget process. Rather such action items and others to follow should be an ongoing outcome of the Plan and handled independently in conjunction with the *"Business Plan Goals & Recommended Tasks"* (see Attachment A for specific comments on each item).

3. All elements of both the *"Harbor and Pier Area Guiding Principles"* (Plan Appendix I) and *"City Manager's Harbor Working Group Task List"* (Plan Appendix O) should be integrated into the plan itself.

4. Greater emphasis should be placed on key policy recommendations in the *"Pier and Harbor Asset Management Plan"* (Plan Appendix C) and *"Harbor/Pier Lease Management Plan"* (Plan Appendix D) which includes working with existing master leaseholders *"...to reposition assets,"* and *"...maximize value of properties."*

apartments • offices • slips KingHarbor.com
208 Yacht Club Way, King Harbor Marina, Redondo Beach, CA 90277 (310) 376-6926 • Fax: (310) 376-9927

5. Historical financial information, including operating revenues and expenses plus capital improvement costs, for at least the past five years should be included in the Plan to provide essential benchmarks. Additionally, since the majority of lease revenues are a percentage of various business activity gross sales a breakdown by source (i.e. hotels, restaurants, retailers, marinas, etc.) should be included in order to better understand the past trends and monitor future projections.

6. City General Fund Tax Revenues (i.e. Hotel, Sales and Property Taxes) generated by Waterfront businesses which are estimated to be in excess of $4 million annually should be acknowledged and discussed in the Plan.

7. The massive power plant which significantly hampers our competitiveness with other coastal commercial districts, such as those in Hermosa Beach, Manhattan Beach and Marina Del Rey should be acknowledged and discussed in the Plan. This includes noting the critical importance of doing more to compensate for the negative impacts of this impeding facility which is expected to remain for many decades.

8. The Plan should include more measurable performance goals and objectives.

9. Please review Attachment B for specific recommended revisions and/or corrections.

In conclusion, the Harbor Commission possesses considerable knowledge and expertise that should be fully bought to bear on this important process. However, to properly perform your duties as key advisors to the City Council we believe additional time beyond May 10th will be required to effectively accomplish this task. We thank you for all the time and consideration being given to this vital matter.

Respectfully,

Marina Cove Ltd.
By MCL Marina Corporation
General Partner

Sean Guthrie
Vice President

Encl. Attachments A & B

Cc: Les Guthrie
Maryann Guthrie
Michael Aaker

ATTACHMENT A

City of Redondo Beach Draft Harbor Enterprise Business Plan

1.1 Key Decision Items & Recommendations – Pages 3-7

A. Marketing Plans – Oppose based on current description which for one should identify what *"single entity"* is being recommended to *"develop and implement new integrated marketing plans"*. Another critical issue is that marketing needs for the Pier-Boardwalk Area are distinctly different from those for the Harbor Area with its preeminent marina, hotel and apartment activities. However, before moving forward with this concept further discussions need to take place with key master lessees to gain the necessary support and approvals.

B. Harbor & Pier Business Improvement District – Oppose, because in essence a Business Improvement District already exists in that a percentage of all Waterfront businesses gross revenues are paid into the Harbor Enterprise. Additionally, Waterfront businesses generate a substantial amount of Transient Occupancy (12% of hotel gross revenues), Sales and Property Taxes estimated to be in excess of $4 million annually to the City General Fund, and the more attractive, well-maintained and safe the public areas are the better all businesses will perform, generating even more money to the City from which further improvements can be made. Rather the City needs to substantially reinvest in the public areas as is being done in the coastal commercial districts of Hermosa Beach, Manhattan Beach and other communities.

C. Parking Structure Operation – Support making more customer-friendly, primarily for the Pier and Boardwalk business patrons, and recommend making the first two hours free to increase turnover as is being done in many commercial districts like the highly successful Santa Monica Third Street Promenade, which is also in the Coastal Zone. This would encourage more customer traffic, particularly during the slow periods, and by raising parking rates for over two hours those simply going to the beach for long periods but spending little or no money at the businesses will be offsetting the lost parking revenues. Creating more turnover provides greater public access to more people which is consistent with Coastal Act polices. Additionally, parking within each structure should discourage long-term use or over two hours in those areas most convenient for the business patrons. Creating more customer friendly parking conditions will generate more business traffic which will generate more lease revenues.

D. Renovation or Replacement of Parking Structures – Support, but hopefully only renovation is required because replacement will be extremely expensive and require closing down the Pier Plaza, but could also be devastating to many of the Pier and Boardwalk businesses. In this regard, the alternatives study must fully consider all negative financial impacts to the existing businesses.

E. Uplands Fund Operating Deficit – Support, provided that the budget modifications relating to the Tidelands Fund are consistent with the State Lands Commission policies.

ATTACHMENT A – CONT'D

F. Harbor Tidelands Fund and Harbor Uplands Fund Reserve Requirements – Support, however the reserve policy should be modified to establish two separate funds, one for responding to natural and/or economic disasters and the other as a replacement reserve to cover future capital improvement and dredging costs.

G. Operation of Seaside Lagoon – No position

H. Boat Ramp Alternatives – Support, but only if the alternatives study is limited to potential sites with direct access to the Turning Basin.

I. Mooring Installation and Operation – Oppose, until a detailed mooring management plan is developed and supported by a majority of marina operators. The current economic recession is causing a significantly increase in boat slip vacancies which consequently allows the marinas to better serve guest boaters at half the fee projected for using a mooring. If there is a lack of market demand for guest mooring use and/or this operation is poorly managed these facilities will simply become a financial drain on the Harbor Enterprise.

J. Kosmont Pier and Harbor Asset Management Plan – Support, however Kosmont Companies or a similar real estate consultant should be retained to further explore opportunities for increasing revenues with every master leaseholder.

K. Infrastructure Improvements – Support, however as discussed in the *"Proposed Reserve Policy"* section *"...an engineer's estimate of the maintenance, repair and replacement cost must be developed"* for the entire Waterfront that includes such infrastructure projects as reinforcing, raising and replacing the marina bulkheads, walkways and railings, respectively.

L. Fisherman's Wharf Sanitation District – No position

9.0 Business Plan Goals & Recommended Tasks – Pages 60-63

The *"Recommended Tasks"* listed in this section should be combined with the *"Key Decision Items"* listed in section 1.1 into a separate implementation document that continually evolves as opportunities and issues arise that require advise from the Harbor Commission and/or direction from the City Council. This separate document should also be organized to provide clear timelines for completing key tasks similar to the City's Strategic Plan Objectives which includes regular progress reports to the City Council and Harbor Commission.

ATTACHMENT B

City of Redondo Beach Draft Harbor Enterprise Business Plan

Specific Recommended Revisions and Corrections

1.0 Executive Summary – Page 2

It should be clarified that the City does not own all the land and water area, rather a large portion is actually State-owned for which the City is the Trustee. It should also be mentioned that the Waterfront businesses generate two public revenue streams: 1) Lease payments which are a percentage of gross business revenues in excess of $6 million annually to the Harbor Enterprise Fund; and 2) Transient Occupancy (12% of hotel revenues), Sales and Property Taxes estimated to be in excess of $4 million annually to the General Fund.

2.1 Background – Page 8, Paragraph 3

Add the 1994 earthquake as a *"natural disaster"* which caused a very damaging liquefaction event on Mole B that is an ongoing concern for other Waterfront areas.

2.2 Harbor Enterprise Property – Page 9, Paragraph 1

Again, clarify that the City only owns the Uplands and is the Trustee for the State Tidelands.

3.4 Regulatory & Environmental Control – Pages 17-19

Add the South Coast Air Quality Management District and U.S. Army Corps of Engineers to the *"External Regulatory Agencies"* section

Add Green Task Force to the *"City Regulatory Programs"* section.

4.0 Competitive Assessment – Page 20

Add "meeting and banquet facilities" to the list of *"Waterfront assets"*.

4.1 Marinas – Page 20-22

Currently King Harbor has an over abundance of small boat slips, of the total approximately 50% are under 30 ft. and 75% are under 35 ft., and during economic recessions as is occurring now the vacancy rates for this category increases further. Contrarily, because of demographic changes over the past 50 years around King Harbor the market demand for boat slips over 35 ft. is far from being satisfied, hence lengthy wait times. In this regard, the Plan should included a breakdown of the current boat slip sizes along with strategies for addressing this imbalance which will require developing mitigation measures to satisfy Coastal Act policies for small boater access such as installing new public boat launch ramp and dry boat storage facilities.

4.2 Commercial & Residential Amenities – Page 24, Paragraph 1

Add Manhattan Village and Plaza El Segundo to the list *"inland shopping centers"*.

4.3 Industrial – Page 25, Paragraph 1

It should be noted that AES is currently planning to modernize its electric power generating facilities and is exploring the possibility of adding a full scale desalinization plant to its property.

4.4 Recreation – Pages 25-27

Under the *"Beaches"* section add "skating" to *"favored activities"* and under the *"Bike Path"* section add that it runs "from Torrance Beach north to Santa Monica".

5.3 Strategic Plan – Page 29

The *"Objectives"* should include discussing potential ways of increasing gross revenues with all master lessees.

5.4 Harbor and Pier Area Guiding Principles – Page 29

The various principles in Appendix I should be fully integrated into the Plan.

5.5. City Manager's Harbor Working Group Task List – Page 30

The various tasks in Appendix O should be fully integrated into the Plan.

6.2 Infrastructure Improvement Projects – Pages 34-36

The *"Pier and Harbor Enhancement Program"* section should also discuss various improvement projects for the Harbor Area such as constructing a Class 1 Bike Path along Harbor Drive and upgrading the marina walkways and railings.

The *"Transient Vessel Tie-up"* section should also discuss the potential negative impacts to existing marina operations, especially when vacancy rates are significantly higher during economic recessions such as now.

The *"Capital Improvement Program"* section should also list other pending/proposed projects that have not yet been funded.

6.3 Asset Improvement Plan – Pages 36-39

The *"Pier and Harbor Asset Management Plan"* and *"Harbor/Pier Lease Management Plan"* sections should be combined and include more of the key recommended polices set forth in Appendices C and D.

6.4 Marketing – Page 43, Summary of Marketing Activities

The *"creation of a joint marketing fund and joint management entity which would most likely be administered by a single association"* will require master lessee approval to accomplish. In this regard, before proceeding any further with this concept it is recommended that a task force be formed to explore the feasibility of this objective. The task force should be made up of representatives from the four organizations (City, Chamber, Pier and Harbor Associations) and master lessees with marketing expertise in hotel, banquet, restaurant, retail, marina and apartment operations.

ATTACHMENT B – CONT'D

7.1 Lease & Parking Revenues – Page 47

Again, it should be noted that the majority of the lease revenues are a percentage of the businesses gross revenues and that Waterfront businesses also generate Transient Occupancy (12% of hotel sales), Sales and Property Taxes estimated to be in excess of $4 million annually to the City General Fund. Additionally, it should be noted that the lease revenue percentages vary depending the business activities. For example, the percentage rent is 3.5% on restaurant sales, 7.5% on hotel room sales and 25-27% on boat slip rents.

7.2 Expenses – Page 48, Expenses Maintenance and Security Expenditures

It should be noted that some lessees pay for all their own leasehold landscape and building maintenance as well as onsite security personnel.

7.3 Projected Budget – Page 49

A minimum of five years past financial performance should be included for comparison purposes.

8.1 Economic – Page 55

Add "offices" to the list of related *"operations"*

8.2 Competitive Forces – Page 57

It should be noted that the massive power plant significantly hampers our competitiveness with other coastal commercial districts such as those in Hermosa Beach, Manhattan Beach and Marina Del Rey.

8.3 Natural – Page 57

The *"Weather"* section should also note the critical importance of developing stronger local patronage to help mitigate the adverse slow season conditions.

The *"Natural Disasters"* section should also note the 1994 earthquake as a natural disaster which caused a very damaging liquefaction event on Mole B that is an ongoing concern for other Waterfront areas.

8.5 Regulatory – Page 59

Add Coastal Marinas Permit as an additional regulatory threat being considered by the California Water Resources Control Board that poses a negative impact to the marinas.

CITY OF REDONDO BEACH

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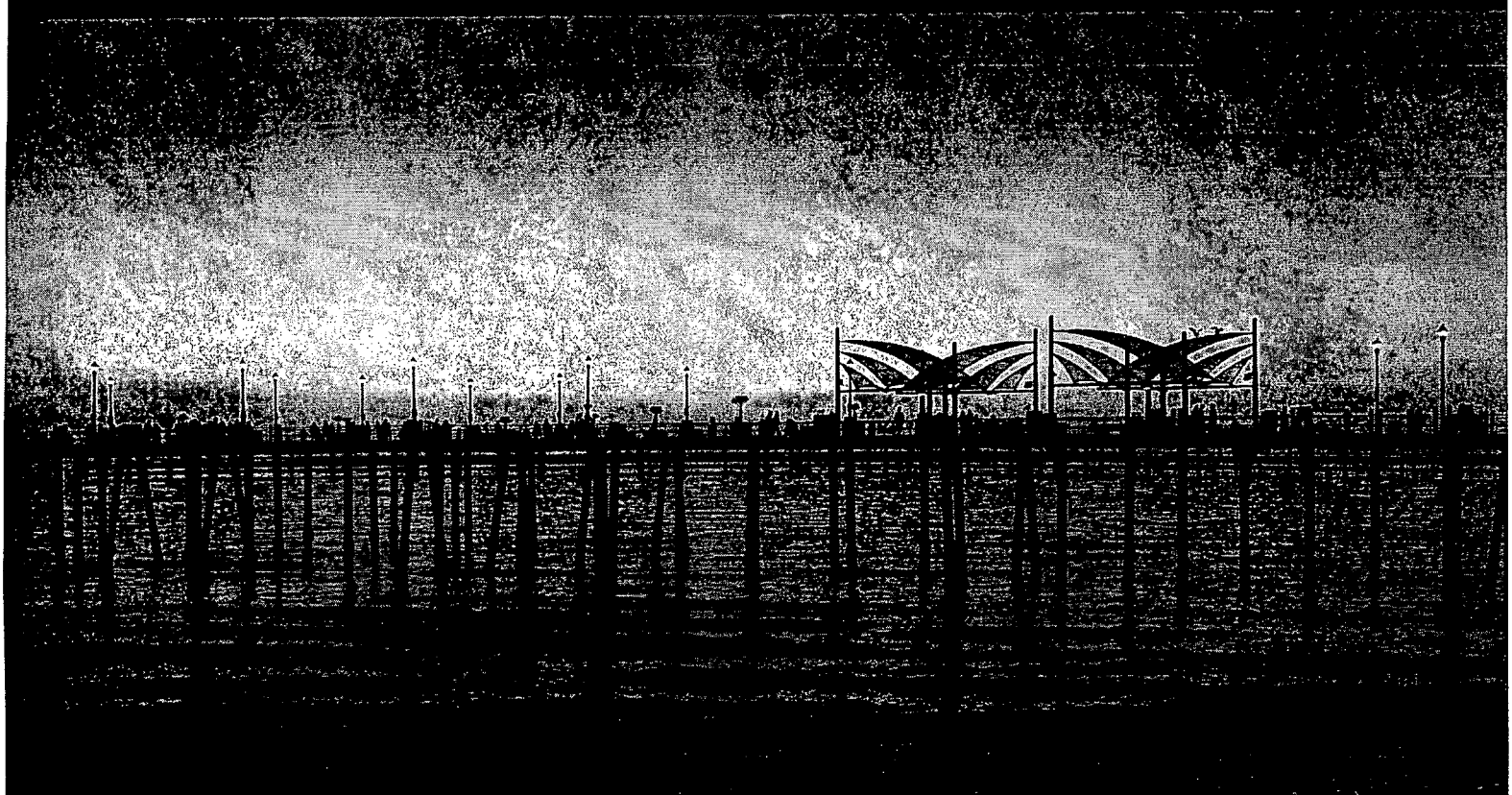
HARBOR ENTERPRISE BUSINESS PLAN



MARCH 2010

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Appendices:

A. Economic Development Activities: Competition by City (City of Redondo Beach, 2007)
B. Revitalization Concepts for the Pier and Boardwalk (RRM Design Group, December 2007)
C. Pier and Harbor Asset Management Plan (Kosmont and Associates, December 2007)
D. Harbor/Pier Lease Management Plan (Kosmont and Associates, August 2008)
E. Harbor Enterprise Financial Update (City of Redondo Beach, March 2010)
F. Financial Summaries For Harbor Tidelands Fund and Harbor Uplands Fund (From Budget Response Report #36 – FY09-10 Budget) (June 2009)
G. Strategic Plan (City of Redondo Beach, September 2009)
H. Tidelands Trust Agreement (July 1971)
I. Harbor and Pier Area Guiding Principles (City of Redondo Beach, June 2006)
J. City Communications Plan (City of Redondo Beach, August 2009)
K. Ground Lease Policy (City of Redondo Beach, no date)
L. Lease Extension Policy (City of Redondo Beach, no date)
M. Redondo Beach Branding Project Newsletter (City of Redondo Beach, June 2007)
N. Agreement Between the City of Redondo Beach and the State Lands Commission Regarding the Harbor Center Project and Kincaid's Restaurant Lease (City of Redondo Beach, March 2009)
O. City Manager's Harbor Working Group Pier and Harbor Revitalization Task List (2006)
P. Statement of Financial Principles (City of Redondo Beach, 2009)

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1.0 Executive Summary

The City of Redondo Beach is primarily a residential community with a population of 63,261 (2000 U.S. Census) in an area of 6.35 square miles. Residents enjoy fifteen parks, thirteen parkettes, five community centers, two libraries, and a recreational waterfront with 2 miles of sandy beaches and seaside attractions. In addition to sailboat racing and recreational boating, area attractions include free summer concerts by the sea as well as festivals celebrating kite flying, fresh seafood, and local art. Residents and visitors can enjoy a family-friendly atmosphere of relaxation, shopping, and international dining in Redondo Beach.

The City's waterfront includes approximately 150 acres of City-owned land and water developed with a variety of commercial and recreational uses, such as marina, hotel, retail, restaurant, beach and bike path (collectively "Waterfront"). The Harbor Enterprise is the business aspect of operating the City land and is managed via direction from the City Council to the City Manager's Office and the Harbor, Business, and Transit Department for day-to-day oversight. Additional services and expertise are provided by the Fire, Police, Public Works and Recreation & Community Services Departments. The Harbor Commission also fills a role by providing land use approval and policy advice for the City Council. In essence, the Harbor Enterprise is a public business whose service is to provide clean and safe amenities on public property in order to create an environment that attracts residents and visitors to enjoy Waterfront amenities. The Harbor Enterprise can successfully accomplish this service by utilizing available resources through efficient long-term management practices as described herein.

In addition to the Waterfront being a valuable recreational amenity and attraction, there is substantial economic activity generated by businesses in the area. These businesses generate revenues that support services City-wide. The Mayor and City Council have recognized the importance of the Pier and Harbor area to the community in the City's 2007-2010 Strategic Plan. One of the five current Strategic Plan goals for this period is to *Enhance and Revitalize the Pier and Harbor Area.*

With the new emphasis on revitalization, public and private investment is taking place. In fact, as the City recovers and emerges from the most severe economic recession since World War II, a cohesive framework to effectively manage and operate the Waterfront is necessary.

This Draft Business Plan will supply the City Council with the ability to develop decisive policy direction and steer the organization to efficient management while providing adequate financial resources to meet ongoing operational needs.

The Draft Business Plan was produced for the City Council with stakeholder, staff and Harbor Commission input, and is designed to provide a coherent approach for improvement. The goals, recommendations and choices presented herein represent an opportunity to modify practices or allocate resources in a manner that can result in revenue growth and expenditure savings, and the improvement of assets akin to the goals of a typical business.

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Through the development of this Draft Business Plan several Harbor Enterprise goals were established and are listed below. Additionally, methods to achieve these goals are identified at the end of the document.

A. Efficiently and Economically Operate and Maintain the Waterfront

B. Employ Sound Financial Management Practices for the Harbor Enterprise

C. Enhance and Improve the Waterfront's Infrastructure and Amenities

D. Maintain and Improve the Waterfront's Competitive Position

E. Develop a Cohesive Marketing Strategy to Attract Local and Global Patronage

1.1 Key Decision Items

This Draft Business Plan also presents several Key Decision Items that because of their content, timing is critical to defining the direction necessary to guide the management of the Harbor Enterprise and require further clarification and direction by the City Council.

A. <u>Decision</u>: Marketing Plans

The marketing plan will bring together the two lessee associations King Harbor Association and Pier Association), the Chamber of Commerce & Visitors Bureau utilizing approved branding strategies and uniform messaging to achieve optimal market penetration. Development of social media will continue.

RECOMMENDATION: *Develop and implement new integrated marketing plans with the Branding program as the guidepost and manage implementation by a single entity to be completed by December 31, 2011*

B. <u>Decision</u>: Harbor & Pier Business Improvement District

The Riviera Village established a Business Improvement District (BID) in 2003, and has utilized the BID for beautification improvements and promotional events. Harbor Enterprise businesses could benefit from a BID to help implement improvements, attract more visitors, and re-establish name recognition.

RECOMMENDATION: *Complete a feasibility study for a Harbor & Pier Business Improvement District by December 31, 2010*

C. <u>Decision</u>: Parking Structure Operation

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The existing Pier and Plaza Parking Structures operation is expensive and confusing. Recent advancements in the parking industry likely offer an opportunity for the City to change to a system with a customer-friendly approach that provides a better value.

RECOMMENDATION: *Complete an alternatives study on the parking structures for improved operation, customer service satisfaction and fiscal sustainability by December 31, 2010*

D. Decision: Renovation or Replacement of Parking Structures

The City's Pier and Plaza Parking Structures supply Pier and International Boardwalk businesses with parking necessary for visitors, but the facilities show signs of cracking and spalling. Renovation or replacement of the parking structures is necessary to maintain safe and adequate parking to the area.

RECOMMENDATION: *Complete an alternatives study for renovation or replacement of the parking structures by December 31, 2010*

E. Decision: Uplands Fund Operating Deficit

On the March 2, 2010, City Council agenda, the Harbor Financial Action Plan appears as Decision Package #26 of the Midyear Budget review. The Harbor Financial Action Plan recommends several budget modifications to reduce the operating deficit in the Harbor Uplands Fund of approximately $780,000.

RECOMMENDATION: *Approve the modifications included in Midyear Budget review Decision Package #26 to align Uplands Fund expenditures with available Uplands Fund revenues*

F. Decision: Harbor Tidelands Fund and Harbor Uplands Fund Reserve Requirements

A formal policy on minimum reserve levels for the Harbor Tidelands and Harbor Uplands Funds is recommended. The City's minimum General Fund Reserve equates to 8.25% of its annual operating expenses. A survey of other cities and discussions with the Financial Services Department served to identify the initial proposal for reserve levels for the Harbor Tidelands Fund and the Harbor Uplands Fund. Proposed reserve designations follow.

- One month's operating expenses, proposed to increase by one additional month annually, reaching three months in year three (this is the equivalent of 25% of annual operating expenses);
- Average annual expenditure for upcoming improvements, as identified in the 5-year Capital Improvement Program;
- Average annual expenditure for larger, recurring improvements, e.g., harbor dredging);

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- An amount equal to the deductible required per insurance policy coverages for improvements.

Implementation of the proposed Minimum Reserve Policy is subject to and embedded in the probable case scenario.

RECOMMENDATION: *Approve the Tidelands Fund and Uplands Fund Minimum Reserve Policy and direct staff to implement by July 1, 2010*

G. Decision: Operation of Seaside Lagoon

The Seaside Lagoon, a one-of-a-kind water amenity, has incurred fines for discharge of water containing chemicals and solids that exceed Regional Water Quality Control Board (RWQCB) restrictions. The City recently considered a renovation of the Lagoon which would help ensure the Lagoon retains its appeal to a wide variety of users and avoid future fines from the RWQCB. Funding sources for the renovation are presently unknown. Until project funding has been identified, it is imperative that the City obtain permission from RWQCB to operate beyond the February 28, 2010 expiration of the Time Schedule Order to prevent further penalty assessments.

RECOMMENDATION: *Seek a new Time Schedule Order and/or state legislation for Seaside Lagoon's continued operation by April 30, 2010*

H. Decision: Boat Ramp Alternatives

Two privately-operated boat hoists on Mole D are the only launching facilities open to the public for larger vessels, however other methods of transferring boats from trailers to the water are more popular. In November 2008, the City explored building a new boat ramp at Mole D for its optimal location with immediate access to open waters and breakwater protection. In July 2009, the California Coastal Commission required that the City create policies which provide for the construction of a boat ramp with future development projects. Construction of a boat ramp on Mole D would require collaboration with leaseholder Decron Properties.

RECOMMENDATION: *Complete an updated Boat Ramp alternatives study by June 30, 2011*

I. Decision: Mooring Installation and Operation

The City was recently awarded two grants from the State of California for the installation of a new transient vessel mooring area. Fees from transient guest moorings represent new revenue. Indirect income will be generated from transient mooring guest patronage at Waterfront amenities and attractions. Implementation plans must be developed to define

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mooring operators, identify staffing, complementary facilities and services and maintenance requirements for mooring equipment.

RECOMMENDATION: *Complete installation of moorings in the main channel of King Harbor and implementation of a mooring management plan by September 30, 2011*

J. Decision: Kosmont Pier and Harbor Asset Management Plan

In December 2007, City Council approved Kosmont's Pier and Harbor Asset Management Plan inclusive of recommendations for management of Waterfront assets. In addition to attracting new high quality tenants to lease and upgrade certain key properties, Kosmont recommended the City adopt a strategy to consolidate leases to facilitate longer term leaseholds with the goal of increased operational efficiencies, increased City revenue and to help augment and maintain amenities in a manner commensurate with the sophistication of successful destinations. The plan concluded that significant portions of existing improvements in the Harbor area are functionally obsolete and need significant investment and development.

RECOMMENDATION: *Continue implementation of the property management strategies defined by Kosmont's Pier and Harbor Asset Management Plan*

K. Decision: Infrastructure Improvements

One of the City Council's six Strategic Plan goals is to "Enhance and Revitalize the Harbor and Pier Area." The development of a design plan for the Pier and International Boardwalk area was identified as one of the key objectives to be accomplished in support of that goal. The City Council selected a "Vintage" style architectural treatment reminiscent of early Redondo Beach. The first step in implementing the Vintage theme was taken in summer 2008 with the installation of new pottery, plantings and streetlights. Plans and specifications are currently out to bid on replacement of a portion of the railing above the International Boardwalk. Landscaping improvements in the Pier entrance area will be initiated in FY 2010-11 concurrent with anticipated adjacent leasehold improvements.

RECOMMENDATION: *Continue capital investments as funds allow to maintain and enhance the infrastructure using the Vintage design theme*

L. Decision: Fisherman's Wharf Sanitation District

The City's Public Works Department performs trash collection and compaction services, and general cleaning of the public common areas of the Pier and International Boardwalk. Under the terms of the Fisherman's Wharf Sanitation District, each business in this area is

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assessed a service fee. The assessment was initially established in 1967, and was intended to recover 70% of expenses. In 1996, the assessment was increased to the current levels and now recovers only approximately 27% of District expenses. While, not a true "common area maintenance" (CAM) fee which is widespread in the private sector, CAM type assessments could be applied at the Pier and International Boardwalk modeling private sector practices, calculating fees based on a percentage of leased square footage.

RECOMMENDATION: *Revisit the Fisherman's Wharf Sanitation District assessment formula and align with private sector methodology by June 30, 2011*

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2.0 Introduction

This Draft Business Plan provides an organizational context for the Harbor Enterprise's ongoing operation and improvement of the Waterfront. The purpose of the Draft Business Plan is to provide options related to marketing, asset management, and financial management of the Harbor Enterprise and relate them to the City's goals, objectives and resources. The Draft Business Plan identifies an approach to effectively manage and operate the Harbor Enterprise in a manner that utilizes resources to cultivate revenues and improve assets.

The Harbor Enterprise includes a variety of marina, hotel, retail, commercial and recreational uses. Within this Draft Business Plan, the area will be identified as the "Harbor Enterprise" when referring to the business aspect of management and operation. In the context of offerings to the public, the uses and amenities will be identified as the "Waterfront", a term that may be used in promotional materials for the area. Furthermore, individual sub-areas ("Pier", "King Harbor", and "International Boardwalk") will be identified when discussing that particular sub-area.

2.1 Background

The City Council adopts the plans, policies, and budget for the Harbor Enterprise. The Harbor Enterprise is managed on a day-to-day basis by the City Manager's Office and the Harbor, Business, and Transit Department. Additional services and expertise are provided by the Fire, Police, Public Works and Recreation & Community Services Departments. The Harbor Commission considers land use matters within their jurisdiction and provides policy advice to the City Council, at the Council's request.

The Waterfront includes over 150 acres of land and water and includes the municipal pier ("Pier") four privately-operated marinas ("Harbor", "King Harbor"), many freestanding restaurants, two retail complexes, two hotels (plus one adjacent hotel), a few small office complexes, structured parking, and the Seaside Lagoon (a recreational facility). The combination of a small-craft harbor and a commercial Pier sets this area apart from nearby communities. Seaside attractions at the Waterfront were established at the end of the 19th century when the area served as a busy port for the Los Angeles region, and the City's image has historically been strongly tied to its waterfront. Sustaining the Waterfront is an important City priority.

In recent decades other Southern California communities have developed more visitor opportunities, increasing the competition for visitor dollars. This is true for other waterfront and nearby land-based destinations. Reinvestment in the Waterfront has not kept pace with the level of reinvestment in these other communities and, thus, cannot offer the same standard of modern improvements to the visitor. The Waterfront has also been impacted by several natural disasters, most notably the storms of 1963 and 1983, and the storm and fire in 1988. The 1988

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disasters destroyed most of the Horseshoe Pier, consisting of more than 22,000 square feet of leasehold commercial improvements, and significantly interrupted customer patronage habits. Patronage patterns are much different today. Today, the Waterfront is one of many Southern California options for visitor trips.

Waterfront improvements must also conform to policies of the California Coastal Commission and certain land use decisions may be subject to possible public votes under the recently-passed local Measure DD. The mission of the California Coastal Commission is to: protect, conserve, restore, and enhance environmental and human-based resources of the California coast and ocean for environmentally sustainable and prudent use by current and future generations. This mission is applied to all development projects in the coastal zone (defined locally as the area west of Pacific Coast Highway) and strict conditions may be attached to project approval.

The Mayor and City Council have recognized the importance of the Waterfront area to the community in the City's 2007-2010 Strategic Plan. One of the five current Strategic Plan goals for this period is to *Enhance and Revitalize the Harbor and Pier Area*. In part, this is an outcome of the 2006 City Manager's Harbor Working Group that prepared a Harbor & Pier Revitalization Task List. A number of Harbor improvement projects consistent with the City Council's direction have been completed or are currently underway. A complete discussion of recently completed projects and projects being implemented is included in Section • Waterfront Improvement Plan.

2.2 Harbor Enterprise Property

The City of Redondo Beach owns the land within the Harbor Enterprise area. As shown below in Figure 1: Map of Harbor Enterprise Area, this land runs north to south from Herondo Street to Torrance Boulevard, primarily west of Harbor Drive (although one leasehold parcel lies on the east of Harbor Drive). The land in the Harbor Enterprise is further divided as Uplands and Tidelands property. The Uplands include those properties lying east of the Mean High Tide line of October 1935. The Tidelands are west of that line. Tidelands can be thought of as the area that was open ocean before the development of the Harbor.

The part of the Harbor Enterprise which constitutes the Tidelands is held by the City in trust from the State of California. Under the State's 1915 Tidelands Grant, a number of restrictions were placed on the use of the Tidelands in Redondo Beach. By doctrine, these lands can only be developed for purposes consistent with the public trust; for public benefit.

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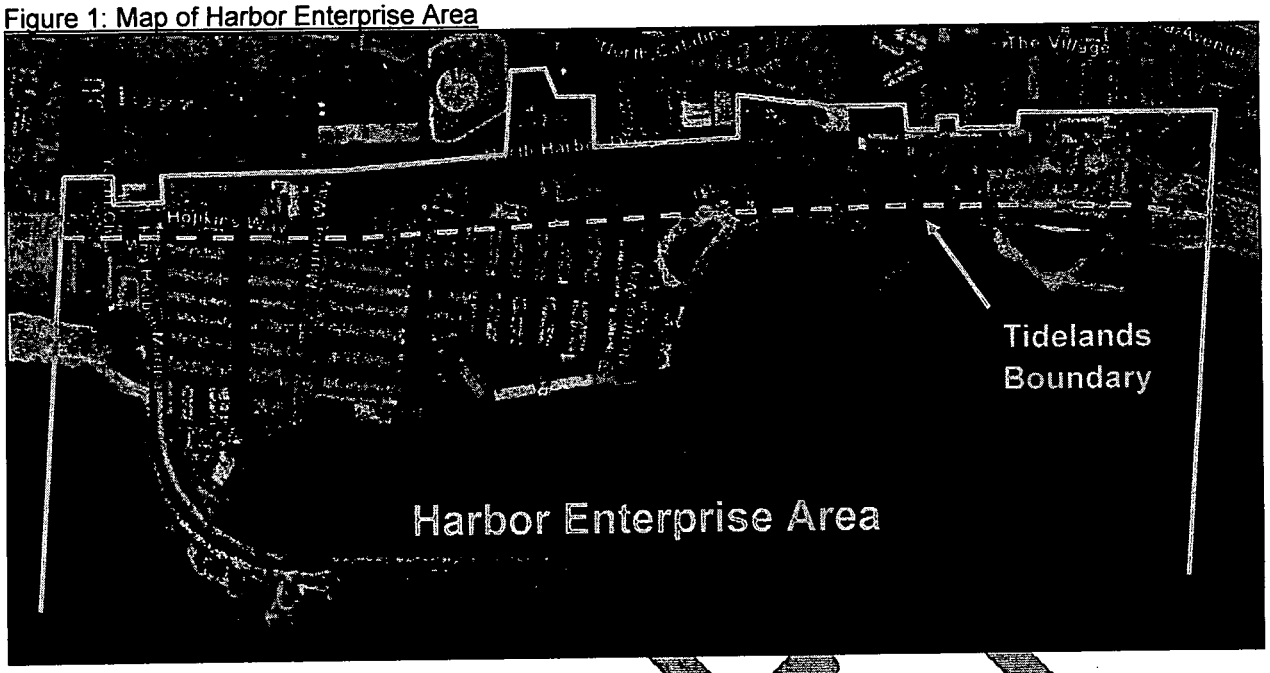
Figure 1: Map of Harbor Enterprise Area



2.3 Organization of the Business Plan

The Executive Summary preceded this section. Following this Introduction, which is Section 2.0, the Draft Business Plan is organized as follows:

3.0 **Harbor Enterprise** – Describes the management, operation, and regulatory oversight of the Harbor Enterprise, identifies parties responsible for the management and operation of the Harbor Enterprise, including, but not limited to elected officials, appointed Commissioners and City Departments. External regulatory agencies and City regulatory programs are also identified.

4.0 **Competitive Assessment** – Evaluates the competitive and economic viability of Waterfront uses and amenities against their competitors.

5.0 **Vision, Mission, and Strategic Goals** – Presents the City's Vision Statement, the Harbor, Business & Transit Department Mission Statement, and the current City Strategic Plan goals and objectives related to the Waterfront.

6.0 **Waterfront Improvement Program** – Lists current and future projects intended to maintain, expand, improve, and promote the Waterfront amenities. The City's Capital Improvement Program (CIP) is discussed including an explanation of the two CIP categories: 1) Infrastructure Maintenance and 2) Infrastructure Improvement. The Asset Management Plan and Lease Management Plan are described and examples of applied strategies are discussed. Additionally, current marketing efforts and potential enhancements are covered in this Section.

7.0 **Financing Plan** – Describes current financial matters of the Harbor Enterprise ranging from leasehold and parking revenues to internal service charges, expenditures, and the Fisherman's Wharf Sanitation District. A review of the FY 2009-10 budget, financial opportunities and financial management polices conclude discussion on the Financial Plan.

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8.0 **Opportunity Assessment** – Identifies positive outcomes that can result from current and future risks in the Harbor Enterprise. For example, in response to the algae bloom phenomenon the Public Works Department has developed a Red Tide Volunteers program to mitigate harmful effects to the air and marine ecosystems; and a depository is located at the Portofino marina adjacent to the fuel dock to capture used petroleum products and containers.

9.0 **Business Plan Goals & Recommended Tasks** – Lists the proposed goals and tasks to enhance operations in the Harbor.

Appendices - The Appendices include documents pertaining to City policies, practices and procedures and existing plans referenced herein that are currently in place or being implemented.

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3.0 Harbor Enterprise

The Harbor Enterprise can be considered a public business led by a board of directors and a management team that utilizes internal and external resources to maintain, operate, and improve the City's real estate asset subject to the oversight of specific regulatory agencies. The City Council serves in a role similar to a Board of Directors. The City Manager works for the City Council in a position resembling a Chief Executive Officer. The Harbor, Business & Transit Department and the other City Departments report to the City Manager. The Harbor Commission is a key advisor to the City Council along with assistance from the Planning Commission, Public Works Commission, Recreation and Parks Commission, and the Budget & Finance Commission.

3.1 Management

Mayor and City Council

The Mayor is the executive head of the City, presiding over City Council meetings, representing the City for all ceremonial purposes, and signing official documents on behalf of the City[1]. The City Council is vested with all powers of the City and enacts legislation and ordinances necessary to govern the City.[2] The Mayor and City Council are responsible for formulating laws and setting policy direction that promotes community interests pertaining to the Harbor Enterprise. Additionally, the Mayor and City Council have approval authority of the budget, contracts, and all real estate transactions for the Harbor Enterprise. The City Council is comprised of five City residents who are elected by Council district, and the Mayor is elected at large.

City Commissions

Several commissions consider items that relate to the Harbor Enterprise. All serve the City council in an advisory role, while the Planning and Harbor Commissions have some permit approval authority. Attached as Appendix Q is a City Administrative Policy/Procedures document titled City Staff Roles and Practices in Support of Commissions.

Harbor Commission

For property within the Harbor Enterprise, the Harbor Commission has land use authority in approving conditional use permits, design review and variances, and provides an advisory role for other matters as directed by the City Council[3]. The commission is comprised of seven

[1] Article VIII, Section 8.3 of the City Charter of the City of Redondo Beach
[2] Article IX, Section 9 of the City Charter of the City of Redondo Beach
[3] Title 2 Chapter 9 Article 7 of the City of Redondo Beach Municipal Code

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residents appointed by the Mayor and includes one boat owner who regularly uses the Harbor, one representative of the Harbor and Pier Lessee Association, and five members with backgrounds in various disciplines such as architecture, engineering, finance, law, business management and construction. Their work is supported on a collaborative basis by the City staff who provides professional expertise to the Commission.

Planning Commission

The City's Planning Commission advises the Mayor and City Council in all matters relating to planning, zoning and the physical development of the City as directed by the City Council and in such other matters as may be directed by the City Council[4]. As such, the Commission will provide the advice to the City Council on zoning decisions for the Harbor Enterprise, while as mentioned above, the Harbor Commission provides approval for conditional use permits for proposed development.

Public Works Commission

The Public Works Commission shall advise the Mayor and City Council in all matters relating to public works, capital improvement programs, solid waste and hazardous waste disposal, public utilities, traffic and transportation as directed by the City Council and in such other matters as may also be directed by the City Council[5].

Recreation & Parks Commission

The Recreation & Parks Commission shall act as adviser to the City Council in all matters pertaining to public recreation, including playgrounds and entertainment[6].

Budget & Finance Commission

As an advisory Commission only, the Budget & Finance Commission shall maintain a continuous study of sources of municipal revenue and methods of proper spending of public moneys, assist the City Manager and City Council in financial planning, and recommend methods of obtaining and financing permanent public improvements in the City as from time to time may be suggested by the City Manager or the City Council[7].

Public Art Commission

The Commission acts as adviser to the City Council in all matters pertaining to public art in Redondo Beach[8]. Public art in Redondo Beach is defined as artworks that are identified through a gift, City purchase, or artist commission, that are displayed in any publicly owned

[4] Section 2-9.1003 (Title 2, Chapter 9, Article 10) of the Municipal Code of the City of Redondo Beach
[5] Section 2-9.403 (Title 2, Chapter 9, Article 4) of the Municipal Code of the City of Redondo Beach
[6] Section 2-9.1103 (Title 2, Chapter 9, Article 11) of the Municipal Code of the City of Redondo Beach
[7] Section 2-9.1303 (Title 2, Chapter 9, Article 13) of the Municipal Code of the City of Redondo Beach
[8] Section 2-9.1403 (Title 2, Chapter 9, Article 14) of the Municipal Code of the City of Redondo Beach

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property or right of way area including parks, City buildings and facilities, streets, medians, sidewalks, plazas and in any other public location determined by the City Council.

City Manager's Office

The City Manager's Office provides oversight, direction and assistance to City departments in the day-to-day furtherance of the goals and objectives set by the City Council. The City Manager is the City's chief administrative officer and head of the administrative branch, and is directly responsible to the City Council for the proper administration and affairs of the City[9]. The City Manager has financial management responsibility, appoints and approves staff, directs assignments, and advises the City Council of information necessary to correctly manage the City, including the Harbor Enterprise. The City Manager's Office includes an Assistant City Manager who oversees the City's Capital Improvement Program, the Economic Development program, and all real estate negotiations.

Harbor, Business & Transit Department

The Harbor, Business & Transit Department is responsible to the City Manager and oversees the operation of the Harbor Enterprise on a day-to-day basis. The allocation of Department employees devoted to and funded by the Harbor Enterprise appears below and shows the full time equivalent of 3.3 staff members (Harbor Division). The Department Director oversees other Divisions in the Department, such as Transit and Business Development functions. Remaining Harbor Division employees are then responsible for performing the core services, key assignments and customer service which are all part of the day-to-day management of the Harbor Enterprise. The four remaining Division employees (two Harbor Facilities Managers, one Harbor Projects Analyst, and one Senior Administrative Specialist) amount to a full time equivalent of 2.9 staff members because of duties with other Divisions. Their responsibilities include, but are not limited to the following:

- Lease administration
- Harbor Tidelands Fund and Harbor Uplands Fund oversight, including coordination with funded Departments (Public Works, Police, Fire and Recreation & Community Services)
- Lease compliance
- Property inspections
- Capital Improvement Project coordination and oversight
- Filming and special event coordination and oversight

Harbor Division

Employees	Position
0.4	Harbor, Business and Transit Director
1.3	Harbor Facilities Manager

[9] Article XII, Section 12.3 of the City Charter of the City of Redondo Beach

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0.7	Harbor Projects Analyst
0.9	Senior Administrative Specialist
3.3	Total

3.2 Operations

Management of the Harbor Enterprise is the responsibility of the City Manager's Office. The Harbor Division is the primary lead, but many City departments participate in its ongoing operations. Operations are generally considered functions associated with maintaining facilities, providing security, fire, and life safety services, regulatory oversight, etc. and typically do not require high levels of direct oversight. City departments providing operations functions to the Harbor Enterprise include the Public Works, Engineering & Building Services, Fire, Police, Recreation & Community Services Departments, and the City Attorney's Office. The roles of each of these departments are described below. These departments serve in essence as sub-contractors to the Harbor Enterprise. Expenses are appropriately charged in accordance with an approved Cost Allocation and Internal Service Fund Plan (see Section 7.2).

Public Works

The Public Works Department includes a Pier and Harbor Maintenance division with 26 employees dedicated to services within the Harbor Enterprise. The division is physically based in the pier parking structure and is responsible for the maintenance and repair of the Pier and publically owned Harbor facilities. Facilities include the Pier, Pier and Plaza Parking Structures, sidewalks and handrails, a splash wall, and the Seaside Lagoon. This division has two sub-divisions; Pier Custodial Maintenance and Pier Building Maintenance

Additionally the greater Public Works Department is responsible for a variety of additional services which benefit the Waterfront. The services include standard functions that benefit all other properties within the City including managing solid waste and recycling collection, administration of tree trimming/pruning, and maintenance of streets, sewers, parkways, medians, greenbelts, public restrooms, parks, fleet, buildings, storm drains and public playground equipment.

Engineering & Building Services

The Engineering and Building Services Department works with the Public Works Department to maintain the Waterfront's infrastructure. The Engineering division is responsible for capital improvement (larger) projects that typically involve a bid process, and water quality issues. Engineering also regulates and inspects work completed by others, and provides expertise to identify potential deficiencies or necessary improvements. Recent projects include repairs to the Redondo Beach Municipal Pier, and Pier Building Rain Gutter Re-routing.

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Fire Department

General fire and safety protection in the Waterfront is provided through the Redondo Beach Fire Department which operates a station located at the west end of Marina Way (Fire Station #3). This station serves as headquarters for the Harbor Patrol, a seven-employee unit that serves the marinas and boating public with enforcement of boating laws, inspections and rescues.

Police Department

Law enforcement at the Waterfront is the responsibility of the Police Department. There is a dedicated 6-officer police substation at the Redondo Beach Pier which provides protection for the Pier, the Waterfront, the Harbors, Veteran's Park, all businesses on North Harbor Drive and the Harbor Area, the beach areas to the south and north, and The Village residences located west of Catalina Avenue between Pacific Avenue and Torrance Boulevard.

Recreation & Community Services

The Recreation & Community Services Department is responsible for management of the Seaside Lagoon and also offers sailing classes, a summer day camp, and other recreation activities within the Waterfront.

City Attorney's Office

The City Attorney's office assists the Harbor Division and Harbor Enterprise in drafting leases, contracts, and other legal documents, issuing legal opinions and as necessary, conducting legal proceedings.

3.3 Chamber of Commerce and Visitor's Bureau

The Redondo Beach Chamber of Commerce and Visitors Bureau is a volunteer membership organization dedicated to the promotion of business. The Chamber serves more than 600 members and was established in 1907. The Chamber is dedicated to accomplishing the following work plan items: Creating a Strong Local Economy, Promoting the Community, Providing Networking Opportunities, and Representing the Interests of Business with Government. The Visitor's Bureau is the primary source of tourist/destination marketing information for the city and the area known as the South Bay. The Chamber is also dedicated to providing more benefits and comprehensive services for the business community. Several Waterfront businesses maintain membership in the Chamber of Commerce and receive benefits such as assistance, promotion, and networking opportunities.

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3.4 Regulatory & Environmental Control

Like other property owners and managers, the Harbor Enterprise is subject to the regulatory control of multiple state and regional agencies. Additionally, operations within the Waterfront are regulated by some self imposed City initiatives as well. As described below, these agencies and initiatives control land uses and management of the Waterfront. While these agencies and initiatives help to ensure the Waterfront continues to be a clean and safe amenity for the public into the future, they also restrict options in how the Harbor Enterprise can utilize assets.

External Regulatory Agencies

The Redondo Beach Waterfront, like all California waterfronts, operates in a highly regulated environment with multiple levels of government holding regulatory and oversight authority over its operations. Several State and regional regulatory entities are charged with the task of regulating land use, operating practices, safety requirements, and the protection of natural resources in or proximate to the Waterfront. These entities are described in detail below and include the State Lands Commission, the California Coastal Commission, the Los Angeles Regional Water Quality Control Board, the Department of Boating and Waterways, and the Department of Fish and Game.

State Lands Commission

Uses and reinvestment activity within the Tidelands are controlled and regulated by the California State Lands Commission. The State Lands Commission has a broad mandate for protection of California's natural environment. The Commission has authority to administer the Tidelands Trust Agreement (attached as Appendix H) established by the State constitution, and is charged with protecting navigable waterways and fisheries for the benefit of the people of California. The Tidelands Trust also regulates commercial uses within the Tidelands and regulates the expenditure of Tidelands Fund monies. In 2009 the City and State Lands Commission approved an agreement clarifying several matters in dispute between the State and the City. The agreement is attached along with supporting documents as Appendix N.

California Coastal Commission

Uses and reinvestment activity within the Harbor Enterprise are also controlled and regulated by the California Coastal Commission. The California Coastal Commission plans and regulates the use of land and water within the coastal area. The Commission generally requires a Coastal Development Permit for development activity within the coastal zone if it changes the intensity of the use of the land, or will impact public access to coastal waters. All of the Waterfront lies within the coastal zone, and as such is subject to regulation by the Coastal Commission. At present, coastal permitting authority rests with the Coastal Commission.

Los Angeles Regional Water Quality Control Board

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Land Uses and Activities within the Harbor Enterprise which discharge water, and/or otherwise have the potential to impact water quality are subject to the oversight of the Los Angeles Regional Water Quality Control Board ("RWQCB"). The mission of the RWQCB is "to preserve and enhance water quality in the Los Angeles Region for the benefit of present and future generations". To carry out this mission, the RWQCB conducts a broad range of activities to protect ground and surface waters under its jurisdiction, including addressing region-wide and specific water quality concerns through updates of the Water Quality Control Plan (Basin Plan) for the Los Angeles Region; preparing, monitoring compliance with, and enforcing Waste Discharge Requirements including National Pollution Discharge Elimination System (NPDES) permits; implementing and enforcing local storm water control efforts; regulating the cleanup of contaminated sites which have already polluted or have the potential to pollute ground or surface water; coordinating with other public agencies and groups that are concerned with water quality; and informing the public on water quality issues. Permits are issued to public and private entities for the discharge of material into the ocean within certain allowable standards. Non-compliance with permits often results in fines to the responsible party.

Department of Boating and Waterways

The Department of Boating and Waterways (or "Cal Boating") was created to help develop convenient public access to the waterways and promote on-the-water safety. The Department of Boating and Waterways has regulatory oversight of certain design criteria related to marina and waterfront improvements, and funds a variety of programs. These programs include: officer training, financial aid and equipment grants; marina construction loans and grants to build boat launching ramps; and help local agencies pay for abandoned vessel removal.

Department of Fish and Game

The Department of Fish and Game controls and regulates fishing activity proximate to the Harbor Enterprise. The Department endeavors to provide sound stewardship of native fish, wildlife, plant species and natural communities for their intrinsic and ecological value and their benefits to humans. The Department's activities include habitat protection and maintenance in a sufficient amount and quality to ensure the survival of all species and natural communities. The Department also establishes guidelines for diversified use of fish and wildlife including recreational, commercial, scientific and educational uses.

City Regulatory Programs

In addition to regulatory oversight provided by the above external entities, the City also provides programs to promote clean water within the Waterfront. Unlike some of the regulatory controls discussed above these programs don't constrain land use or operations within the Harbor Enterprise but rather promote clean water within the Waterfront through the implementation of identified projects and practices. A description of the Water Quality Task Force, and the Best Management Practices administered by the City follows.

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Water Quality Task Force

The allocation of some financial and other resources within the Harbor Enterprise for ongoing maintenance, improvement, and public outreach projects is guided and prioritized by recommendations developed by the City of Redondo Beach Water Quality Task Force ("WQTF"). The WQTF was formed in 2005 in response to recurring episodes of red tide, to identify ways to improve the water quality within the Harbor Enterprise and proximate beaches, and ultimately identified and prioritized programs which if implemented would likely result in improved water quality. A matrix of Water Quality Task Force projects was subsequently approved by City Council and assigned to City departments. While most of the projects assigned to the Harbor Business and Transit Department involve the development of Best Management Practices ("BMP's"), other assignments include the development of the Clean Waterfront Plan, Clean Marina Program, Pier Fish Cleaning Station, and Harbor Leasehold Sweeping.

Best Management Practices

The BMP's are a WQTF recommendation and were developed by Harbor Division staff to provide some guidance of maintenance for activities, facilities and procedures that prevent or reduce pollutant discharges in the Waterfront. BMP's include education and outreach, proper planning of projects, proper cleaning of catch basin inlets, proposed harbor water circulation projects, and proper sludge and waste handling and disposal. Staff will meet with business owners and boat operators biannually to monitor activities and encourage consistent adherence to the recommended procedures.

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4.0 Competitive Assessment

This section identifies the competitive market position of the built assets and amenities available to users of and visitors to the Waterfront. Waterfront assets include over 1,400 boat slips, hotels, Pier and International Boardwalk attractions, shopping, office space, for-lease residential properties, casual restaurants and fine dining. The Waterfront is a vibrant seaside destination for boaters, residents, watersport enthusiasts, and visitors from around the world. The City desires to be in a strong competitive position for the local, regional, and global tourist. Visitors generate the sales and revenue of private businesses which creates sales tax revenue to the City and rental revenue to the Harbor Enterprise. For the purposes of evaluating competitive positioning, Waterfront assets were classified into three major components; a) marinas, b) commercial and residential amenities, and c) recreational uses. Each component and use occupies a different competitive position within the Southern California marketplace, as described below:

4.1 Marinas

The marinas within King Harbor are located approximately nine miles south of marinas in Marina del Rey, 12 miles north of marinas in Long Beach and 35 miles north of marinas in Newport Beach. King Harbor includes over 1,400 slips in four privately-operated marinas, ranging from 58 to 827 slips each, and is considered one of the premier small craft harbors in California, enjoying a first class location and commanding a commensurate market position. The marinas in King Harbor benefit from their uniquely rapid access from slip to open ocean, sheltered nature, attractive adjacent commercial uses, landside amenities, and relatively high quality berthing facilities. King Harbor offers pleasure boat berthing along with commercial fishing and visitor boat excursions at the Redondo Beach Marina. When considering the region, berths at King Harbor are highly sought after. Up to 80% of slips are rented by residents within a 15-mile radius of Redondo Beach.

Residents who live on their boats in King Harbor bear the name "liveaboards". Living on board a boat in a slip can provide an alternative, less expensive lifestyle for otherwise land-based residents, as rental is comparatively less than a home mortgage, or rental for an apartment in the same area. Liveaboards provide a level of security for the docks, but also provide unique challenges to the marinas, as marina operators must often provide facilities and services for these residents as if they were apartment renters. As of April 2009, there were approximately 160 liveaboards in King Harbor, representing just over 10% of all slips.

King Harbor marina operators command high occupancy rates, and steady rental growth, and recent surveys suggest moorage in King Harbor is consistent with competitive offerings. Like many other California harbors, King Harbor vacancy rates are higher for smaller, 25-foot slips and there is a rather long waitlist for berths that accommodate boats larger than 40 feet.

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There is a mid- to longer-term competition from new boat slip construction in the region, but given the market position of King Harbor, well-maintained marinas will continue to attract strong market support due to their offerings and benefits. Marina occupancy and rental rates may be impacted if the current economic recession continues or deepens, but these economic conditions may not pose a greater threat to King Harbor than to the competition. The current recession has apparently impacted demand for boat slips in the wider Southern California marina market, but King Harbor appears to have avoided similar significant impacts. For reference, according to a 2009 Los Angeles Business Journal article, vacancy rates climbed from under 3% to about 9% at Marina Del Ray over the previous year. Local sources report vacancy impacts on smaller slips, with vacancies increasing by a small factor for the smallest (25 foot) and small (25-35 foot) slips. Owners of smaller boats have alternatives to renting a slip including storage at home, or other landside options. Like in times of previous recessions or economic downturns, nationwide rates of boat abandonment appear to be increasing. In response, other Southern California marina operators have reduced prices to maintain occupancy levels.

As discussed below and shown in Table 1: Planned or Completed Marina Development/Renovation Activity, a cursory evaluation of the competition suggests that fewer slips may be available in the region in the future due to renovation and reconfiguration of existing slips. This will most likely result in a decrease in total supply, helping to preserve demand for King Harbor slips. The material presented to the California Association of Harbor Masters in October, 2008, reported recently completed and planned boat slip development activity in Southern California locations as follows:

- **Long Beach:** 1,500 new slips completed in 2007 that replaced 1,700 old slips; 1,700 new slips scheduled for development between 2009 and 2013 (to replace 2,000 old slips).
- **Los Angeles Harbor:** 200 new and 500 redeveloped wet slips and 400 new mast-up dry slips scheduled between 2008 and 2010 (to replace 500 wet slips).
- **Marina del Rey:** Over 700 redeveloped slips in the last three years. Potentially 500 redeveloped slips over the next three years. Unlike Los Angeles and Long Beach Harbors, the renovation of slips in Marina del Rey during the next three years is not as certain.

Table 1: Planned or Completed Marina Development/Renovation Activity

Marina	Timeframe	New/ Renovated	Removed/ Replaced	Net
Long Beach Marina	2007	1,500	1,700	(200)
	2009-13	1,700	2,000	(300)
Los Angeles Harbor	2008-2010	1,100	1,000	100
Marina Del Rey	2006-09	700	700	-
	2009-2012	600	600	-
Total		**5,600**	**6,000**	**(400)**

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Finally, information from King Harbor marina operators suggests that smaller slips are more heavily represented in King Harbor than in competitive Southern California locations. Traditionally, there have been higher vacancy rates for smaller slips in the region, however any desire to reconfigure multiple small slips to fewer large slips has historically been tempered by the California Coastal Commission, as they have required a minimum amount of small slips with any redeveloped marina.

Overall, unlike much of its competition, King Harbor appears to be maintaining healthy operations despite the downturn in the economy. This could be due to the inherent barriers to substitution faced by boaters, the near-instant access to the ocean, the quality of the amenities, or other factors. Whatever the causes, they must be identified, improved, and/or promoted. Such actions will also help to ensure amenities and operations equally resilient and opportunistic in future economic cycles.

4.2 Commercial & Residential Amenities

Hotels

Two hotels lie within the Waterfront: The Portofino Hotel & Yacht Club, and the Best Western Sunrise Hotel. Additionally, the Crowne Plaza Redondo Beach and Marina Hotel is adjacent to the Waterfront. The Portofino Hotel was renovated in 2006, and the Best Western Sunrise Hotel is currently considering renovation.

Recently, the City approved a lease for a new boutique hotel on N. Harbor Drive to be managed by the entity that operates the Shade Hotel in Manhattan Beach. This new boutique hotel is expected to add another 54 rooms and contribute to a variety of hotel room types and prices, allowing for attraction of all types of visitors.

The three current hotels contribute a total inventory of 613 rooms and provide one of the few opportunities for visitors to stay on the ocean in the Los Angeles region. These properties are located midway between larger clusters of waterfront hotel rooms in Marina del Rey and Long Beach. Historically, Waterfront hotels have captured high occupancy rates, and currently exceed 75% occupancy, the rate typically considered as a market signal that new construction is warranted. However, Waterfront hotel room rates and average daily room revenues have lagged behind other Southern California waterfront locations. Lagging room revenue has been attributed to competition from the nearby landside room inventory, which have a lower room rate structure, and comparatively remote nature of the facilities to regional attractions. Waterfront amenities represent a reasonably large collection of attractions for visitors, giving the Waterfront enough critical mass to be a destination. An expansion of attraction amenities, concurrent with the promotion of the Waterfront's central location and proximity to unique regional amenities, would give the Waterfront the additional offerings it needs to shift all Waterfront hotels from competing with landside options to being a destination with rates reflective of the unique location.

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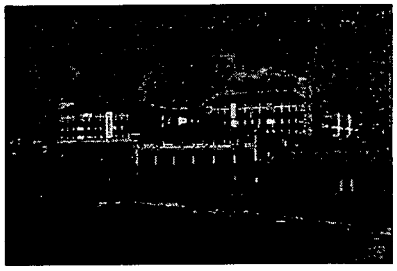
Residential

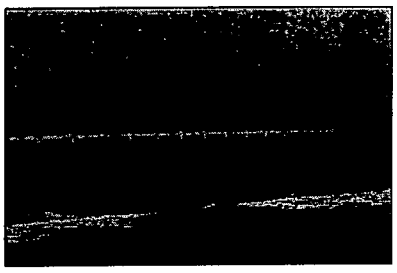


Residential uses within the Waterfront include the Marina Cove Apartments (49 units), the Crystal Cove Resort Apartments (recently renovated) (161 units), and the Portofino Apartments (18 units). These units were developed between 1962 and 1972 and offer superior views in a waterfront environment. These residential facilities are truly unique in their adjacency to the ocean, and it is unlikely the California Coastal Commission would approve similar developments today. Lease rates are reflective of the unique location and significant increases in lease rates, and ultimately Harbor Enterprise revenues, are unlikely. However any potential increase could be fostered by City encouragement of private rehabilitation of any less than first class residential units through measured modification to lease terms. Additionally, significant renovation of proximate amenities would encourage revenue escalation, but such reinvestment is already a standalone goal. The Crystal Cove Resort Apartments, formerly the Harbor Cove Apartments, embarked on a renovation after new ownership took over in 2004 and rental to the City has increased by 20% since then.

The residential uses appear competitive and will remain competitive without significant City action, so long as the City remains an appealing location to reside. However, due to current uncertainty in the residential income market, and recent sales of some of the properties in question, the City must continue to periodically communicate with residential management, and monitor maintenance standards and ownership of the various properties to proactively manage risks associated with potential default.

Office

Office uses at the Waterfront are primarily found at the Portofino Hotel, King Harbor Marina, and Pier Plaza. Portofino and King Harbor Marina offices are very small complexes totaling an estimated 25,000 square feet. Pier Plaza is the Waterfront's largest office development and includes approximately 65,000 square feet located on the roof of the parking garage adjacent to the Pier.



Pier Plaza originally opened in 1979-80 as Seaport Village and was primarily a retail destination intended to attract patrons from Redondo Beach and other nearby communities. Retail sales did not meet expectations, and over time retail tenants were replaced by office users. By the end of the 1980's the property had become office by an overwhelming majority, and it was subsequently renamed Pier Plaza. With the exception of the Los Angeles County courts facility, the office space is divided into small units ranging from 200 to 2,000 square feet. Office tenants are primarily residents of Redondo Beach and the surrounding communities. Pier Plaza has strong occupancy rates and commands rents at the

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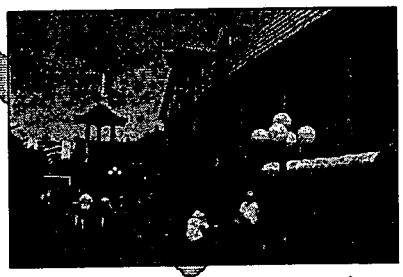
top end of the range of comparable markets and properties. Pier Plaza management reports that office tenants are attracted to the space due to its proximity to their homes, water views, and nearby attractions.

Competitive office offerings are available throughout the region, however based on the quality of the facilities, lease rates, and management's comments, the unique location of the offices is a driver of existing use and success. Noteworthy increases in lease revenues are feasible at Pier Plaza, but likely only if the property were completely repositioned to an alternative use.

Retail Shops and Restaurants



The market position of the Waterfront's commercial uses has declined significantly from the regional dominance they enjoyed 30 years ago. At that time the Waterfront was one of the most popular visitor attractions in all of Southern California, and a unique area for local residents. Since that time other waterfront locations including Hermosa Beach, Manhattan Beach, Long Beach and the Santa Monica Pier, and inland shopping centers including the South Bay Galleria and Del Amo Mall, have greatly expanded their customer draw and the choices available to local residents and visitors.

In the 1980's a series of natural disasters culminating in the fire of 1988 destroyed much of the Pier, ultimately resulted in a 22,000 square foot, or one-third, reduction of available commercial space, and disrupted consumer patronage habits to this day.

Waterfront shops and restaurants are located on the Pier, the International Boardwalk, and throughout King Harbor. The Pier and the International Boardwalk occupy a lower market position due to a lack of distinct destination attractions, difficult visibility and access, lack of consistent operating hours, and deteriorating physical condition.

In general, smaller outlets on the Pier and International Boardwalk tend to have weak sales performance, irregular operating hours and pronounced seasonality in patronage patterns. The smaller outlets are not independent destinations, and appear to draw support from those who are already patrons of the Waterfront.

The larger restaurants located within the Waterfront typically function as independent destinations that enjoy strong, stable sales volumes and regional patronage. The Cheesecake Factory on North Harbor Drive, strong among in the chain's outlets, is well-positioned in their top 5% nationally. These proven tenants appear to utilize their Waterfront location to attract patrons to the area and generate increased revenues.

An evaluation of the sales performance of the tenants in the Waterfront area by Kosmont and Associates, the City's real estate consultant, results in the following key findings:

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A Tenant's Location in the Waterfront Appears to Improve Sales Performance

- *Tenants located in the Waterfront area that have demonstrated a capacity to survive in locations outside of the Waterfront, or Tenant's with businesses similar to others that have demonstrated a capacity to survive in locations outside of the Waterfront appear to do better due to their location in the Waterfront area. These tenants appear to have superior levels of sales per square foot compared to similar entities located elsewhere.*
- *Tenants that might not survive in a location outside the Waterfront area may only be surviving due to their location in the Waterfront area. These tenants appear to have lower sales performance compared to similar entities located elsewhere, and appear dependant on incidental patronage.*

Most Tenants Are Impacted By Seasonality

- *Well performing tenants tend to have sales in the winter months at levels near the average of similar entities not located in the Waterfront, and well above the average sales of similar entities during the summer months.*
- *Tenants with greater sales seasonality, e.g. winter month's sales declines more than for similar entities not located in the Waterfront area, may only be surviving because of summer traffic.*
- *Tenants with stronger sales performance (in terms of sales per square foot) tend to be less impacted by seasonality.*
- *Visitor serving tenants and amenities are found throughout the Waterfront, however, weaker tenants are concentrated at the Pier and International Boardwalk.*

4.3 Industrial

Adjacent to King Harbor on the east, lies a significant area of land supporting industrial uses. The AES electric generating plant alone covers approximately 52 acres, and generates electricity for the power grid serving the western United States. Through large underground intake pipes, the AES plant captures water from the Pacific Ocean and circulates it to cool the turbines that generate the electricity. The water is then sent back to the ocean in King Harbor through similar pipes.

Additional smaller businesses add to the AES plant to form a superblock that acts may be seen as an obstacle by the residential neighborhoods to the east, as it provides no east-west connections between Catalina Avenue and North Harbor Drive for more than 2,300 feet.

4.4 Recreation

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There are a wide variety of recreational amenities available within the Waterfront. Available activities include boating, sailing, surfing, biking, skating, fishing, and swimming. The variety of recreational options available cannot be found in many other single locations in Southern California.

Beaches

Sunbathing, swimming, surfing, and biking on the beachfront bike path are all favored activities on the many miles of clean sand and surf to the north and south of the Waterfront. Each year, hundreds of thousands of beachgoers enjoy the cool breezes and recreation of the coast, protected by Los Angeles County Lifeguards.

Seaside Lagoon

Seaside Lagoon is a large salt-water, sand-bottom swimming and bathing facility located on the water's edge. Adjacent to the water area within the Lagoon is a large sand area, children's play equipment, a snack bar, locker rooms and restrooms. There is also a green space and luau shelter for day and evening events. The Lagoon is open during the daytime between May and September, when it is a popular destination for families and summer school groups. Between 80,000 and 100,000 people patronize the Seaside Lagoon each year. The Lagoon is currently in the design phase of a planned renovation the completion of which will help ensure it remains an amenity appealing to a wide variety of users in the future. Similar amenities are scarce other than natural beaches, and private water parks in the greater Southern California region. But the combination of a sand beach, sheltered swimming area and water features for the modest entry fee charged is truly unique and competitively unmatched.

Parks

Czuleger Park is a unique sloped park leading visitors from Catalina Avenue to the Waterfront, with exceptional views of the ocean along the way. The Waterfront also includes a significant grass area at the end of Marina Way, known as Moonstone Park. Moonstone Park lies on the water and provides magnificent views, while allowing a land-based recreational opportunity for adjacent boaters

Yacht Clubs & Outrigger Clubs

King Harbor is home to three yacht clubs, King Harbor Yacht Club, Port Royal Yacht Club, and Redondo Beach Yacht Club. King Harbor Yacht Club is the largest of the three and offers activities including youth boating programs and regional sailing races involving yacht clubs from other harbors. King Harbor is also home to two private outrigger boat clubs. The Lanakila Outrigger Club and the Nahoa Outrigger Club appeal to kayakers and outriggers of all levels. These two private outrigger boat clubs sponsor medal winning racing teams, as well as offer instruction to those new to the sport.

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Boating

King Harbor offers kayak and peddle boat rentals, whale watching excursions, romantic gondola rides. The Ocean Racer provides a unique high-speed ride in the Pacific Ocean aboard a 70-foot speedboat. The City's Recreation and Community Services Department offers sailing classes.

Fishing

Fishing on the southwest portion of the Redondo Pier is a major driver of traffic to the area. Fishing is also allowed in certain other areas in King Harbor. Redondo Sportfishing also offers a fleet of fishing vessels for the enthusiast. Half-day and three-quarter-day trips are available. Access to fishing can be found in neighboring cities, but the volume of visitors to the Pier for fishing is comparatively high.

Bike Path

Los Angeles County's 26-mile coastal bike path also runs through the Waterfront and provides a popular activity for area residents. The bike path also brings residents from elsewhere in the Santa Monica Basin to the Waterfront as potential customers.

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5.0 Vision, Mission, & Goals

The vision, mission, and strategic goals of the Harbor Enterprise and the City as a whole are set and adopted by the City Council. The City's current Strategic Plan, adopted by the City Council on October 20, 2009, includes a specific goal related to the Harbor Enterprise. The Strategic Plan document also includes the City's Vision and MIssion Statements. The annual City budget includes the annual work plan for each City Department with responsibility in operating and managing the Harbor Enterprise

In general, the goal for the City's Harbor Enterprise can be summarized as: to provide clean and safe amenities on public property in order to create an environment that attracts residents and visitors to enjoy Waterfront amenities. In order to successfully fulfill this purpose over the long term, the Harbor Enterprise must be managed strategically, to help ensure ongoing financial health and revitalization to preserve the capacity to maintain and improve Harbor Enterprise assets. The Harbor, Business & Transit Department Mission Statement, City Vision Statement, and Strategic Plan goal related to the Waterfront follow.

5.1 City Vision

The City's Vision Statement is also included in its Strategic Plan. The City's vision is:

> *"Redondo Beach will be the most livable, friendly and attractive California beach city."*

5.2 City and Harbor, Business & Transit Department Mission Statements

During the City's Strategic Plan Workshop in September 2009, the City Council reviewed its Mission Statement. The City Council adopted its Mission Statement at its meeting of October 20, 2009. The City's Mission Statement is:

> *"The City of Redondo Beach is committed to providing the finest services to enhance the quality of life for those who live, work and play in our community."*

The Harbor, Business & Transit Department develops its Mission Statement for the annual budget. In the City's current budget, the Mission of the Harbor, Business & Transportation Department is:

> *"to improve the quality of life for residents, businesses and visitors of Redondo Beach by facilitating business development and redevelopment opportunities, providing enhanced customer-*

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oriented public transportation services and efficiently managing the City's Harbor and other properties and resources."

Other Departments also include Mission Statements with their annual budgets and they mention their function with regard to operating within the Harbor Enterprise.

5.3 Strategic Plan

The City of Redondo Beach sets objectives for the entire City and also specific to the Harbor Enterprise through a semi-annual strategic planning process. In September, 2009, the Strategic Planning Workshop resulted in the retention of this three-year goal with objectives for the Harbor Enterprise (objectives not in order of priority) (see Appendix G):

Goal: Enhance and Revitalize the Harbor and Pier Area

Objectives:

- Present to the City Council for action a lease for 655 North Harbor Blvd.
- Obtain a schedule from Resnick Pier Leasehold regarding the revitalization construction plans and report the results to the City Council.
- Present to the City Council an update on the Pier Parcel 10 proposals.
- Report to the City Council the action by the LA Regional Water Quality Control Board regarding a new NPDES permit for continued operation of the Seaside Lagoon.
- Review with Decron Leasehold their plans and construction schedule and report the results to the City Council.

According to Kosmont and Associates, the City's real estate consultant, the completion of these short-term objectives will contribute to the long-term success of the Harbor Enterprise.

5.4 Harbor and Pier Area Guiding Principles

In early 2006, the City developed a set of guiding principles to help guide the future of the Waterfront. The Guiding Principles were designed to provide a high level vision for the Waterfront with future projects and activities to be measured against their potential to help achieve this vision, and provided the basis for the City Manager's Harbor Working Group's Task List (below). These Guiding Principles also serve to assist in prioritization of future projects and activities. Future development proposals and infrastructure projects could also be measured and shaped by these Guiding Principles. In the future, staff will utilize the adopted Guiding Principles in considering Waterfront issues and in evaluating specific projects programs and activities as they arise. The Harbor and Pier Area Guiding Principles are attached as Appendix I.

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5.5 City Manager's Harbor Working Group Task List

A short- and long-term list of accomplishments was identified in the City Manager's Pier and Harbor Revitalization Task List. This list was prepared in 2006 in consultation with the City Manager's Harbor Working Group which is comprised of a wide variety of Community and Pier and Harbor stakeholders. The task list is attached as Appendix O.

5.6 General Plan and Harbor/Civic Center Specific Plan

California requires each city and county to adopt a general plan to guide the growth and development of the community. The General Plan is the policy document setting forth acceptable land uses and guiding growth on each land parcel to provide compatibility and continuity to the entire City as well as each individual neighborhood in each area of the City.

In recognition of the critical importance and significance of the Harbor/Civic Center area relative to the City's physical and economic future, the Redondo Beach City Council directed that a separate specific plan be conducted to more precisely determine and protect the future function and character of this area, in conjunction with the general plan planning process.

The Harbor/Civic Center Specific Plan of May 2008 includes guidelines related to site design and public improvements for the Waterfront and Civic Center areas. These guidelines capture the desired quality of amenities, and vision for the physical environment as provided below.

- To provide for the continued evolution, use, and self-sustaining nature and operation of the harbor area as a local-serving and sub-regional focal point and mix of local-serving and visitor-serving commercial uses (marine-related office, retail, hotel, restaurant) and recreational/entertainment uses (boating, marinas, fishing, strolling, etc.).
- To provide for increased physical and visual linkages (through the use and coordination of signage, building materials, etc.) between the harbor area (both water and land areas) and "upland" sub-areas of the Specific Plan Area (Catalina Avenue, Civic Center, Residential Infill Area, and Pacific Coast Highway Area) and remainder of the City, located eastward of the actual harbor area.
- To protect and improve the physical (vehicular, bicycle, and pedestrian) and visual public access to, through, and across the harbor area (both east/west and north/south) in order to maintain and enhance the continued use and enjoyment of this important regional and local natural resource, in accordance with and in support of the proposed General Plan Update, the adopted Local Coastal Plan, and the Tidelands Trust.
- To ensure that public access in the harbor area, shall, except where it is determined to be physically infeasible due to engineering and construction constraints or safety and emergency access concerns, be unrestricted to the physically-challenged.
- To improve/upgrade the physical attractiveness and aesthetic characteristics of the harbor area (on both public and private parcels), through additional physical and functional design improvements, and increased maintenance. Specific attention should

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be paid to the monitoring and improvement of water quality and aesthetic conditions relative to storm drainage and drainage outfalls.

- To preserve, protect, maintain, and expand (where possible and financially feasible) all public open space and recreational land and water areas and uses in the harbor area and recognize their importance as a limited and valuable resource to the community and the many users of and visitors to the harbor area.
- To allow for the continued existence and new development (through leasehold modification and consolidation and/or incremental commercial density increases) of a viable mix and balance of local and visitor-serving commercial, recreational, and public open space land uses in the harbor area.
- To ensure that the design and physical placement/construction of structures in the harbor area will not reduce or impede physical (pedestrian and bicycle) and visual public access to the waterfront and shoreline, and, wherever possible, will improve and enhance such access and opportunities to residents of and visitors to the City.

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6.0 Waterfront Improvement Plan

The City of Redondo Beach intends to strategically leverage Harbor Enterprise resources to improve and promote assets within the Waterfront to increase revenues without proportionally increasing costs resulting in a net increase in funds available for further improvements. The prioritization of improvements and assets on which to target limited resources, promote, and leverage has been established by the City Council through recommendations developed by the Council itself, the Harbor Commission, administrative staff, and consultants. These efforts include infrastructure maintenance projects, infrastructure improvement projects, asset improvement projects, marketing activities, and the completion of other strategic initiatives, all of which have been cohesively designed to provide for the successful improvement of the Waterfront. The projects associated with each activity will be discussed herein. *Note: For the purpose of this Draft Business Plan, maintenance related capital improvements are discussed separately from asset improvement related capital improvements. An example of a maintenance related improvement would be the replacement of elevator cars in the parking structures, whereas the addition of Transient Vessel Moorings is considered an asset improvement.*

6.1 Infrastructure Maintenance Projects

There is a significant amount of infrastructure including pier structures, seawalls, and parking structures within the Waterfront that must be maintained to ensure ongoing use and success of the area. This infrastructure is located in a marine environment exposed to heavy pedestrian, boating, and vehicular traffic and as such requires significant ongoing maintenance efforts. Moreover, moist salt air alone has caused improvements, including steel, to suffer rapid deterioration. A variety of maintenance projects are currently underway, planned, or funds are being aggregated to complete the projects as described below.

Capital Improvement Program - Maintenance

The City has a Capital Improvement Program ("CIP") which prioritizes and allocates funding for capital intensive asset maintenance and improvement projects within the Waterfront. Some of the CIP projects are required as upkeep to existing assets, while others result in new assets being put in place.

Annually, the City of Redondo Beach conducts a five year CIP planning process. The CIP includes long-term projects, projects for which only initial funding is available, and near term projects which are incorporated into the current year CIP budget. For long-term projects, inclusion in the CIP may be a reflection of the City Council's policy decision to make a project a future goal. Some CIP projects require resolution of political issues prior to implementation. Other CIP projects require further design or engineering studies before they can be fully defined and budgeted. For those projects, the initial CIP budget may be limited to design services.

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Thus, it is not uncommon for funds to be carried over from year to year in the CIP. To the extent possible, grant funding can be obtained to accomplish many CIP needs.

The most recent CIP was approved with the Annual Budget by the City Council in June of 2009 and covers the five-year period through fiscal year 2013-14. That document includes the completion of Avenue of the Arts & Crafts Repairs, Harbor Drive Resurfacing (Beryl to Herondo), Pier Circulation Improvements and the reconstruction of the Harbor Patrol Facility. The CIP maintenance related projects listed below in Table 2 are currently in design, out to bid, in construction, or planned for the next five years.

Table 2: Maintenance Related CIP Projects (includes funds from all sources)

MAINTENANCE RELATED CIP PROJECT	BUDGET	SCHEDULE
Harbor Dr. Resurfacing Beryl to Herondo	$675,000	09-10
Avenue of the Arts & Crafts Repairs	300,000	09-10
Harbor Railing Replacement	2,519,895	09-11
Pier Parking Structure Sewer Repairs	926,071	09-10
Pier Structure Repairs	1,218,748	09-14
Portofino Way Sewer Pump Station	450,000	09-10
Pier Parking Structure Repair	926,071	09-10
Elevator Car Replacement	478,133	Carryover
Basin II Seawall Corrections/Improvements	99,895	Carryover
California Coastal Trail/Strand Bike Path	60,000	Carryover
Parcel 10 Structural Rehab	144,804	Carryover
TOTAL:	$7,798,617	

The City's ability to undertake future CIP projects for the Waterfront is limited by resource availability, including both financial and human resources. This means that projects will be prioritized and completed as funds become available. Depending on available funding and project management capacity, projects may not be started and/or completed the year originally identified in the CIP. Those projects carried-over from one year to another may have to be re-scheduled within the five-year CIP to maintain a realistic and reasonable expectation of project delivery. In addition to the projects included above, the City performs regular maintenance of public areas and certain facilities, such as the City-owned commercial buildings on the Pier.

Other Infrastructure Maintenance Initiatives

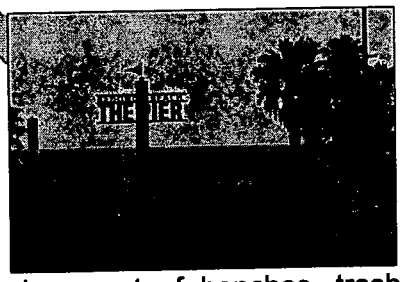
Finally, there are additional non-CIP maintenance initiatives anticipated to be completed this year, the completion of which will help ensure existing operations, amenities, and revenue streams remain available and undisrupted. These items include the following:

- Pursue Seaside Lagoon 'Time Schedule Order' with Los Angeles Regional Water Quality Control Board
- Install and rededicate George Freeth monument statue

6.2 Infrastructure Improvement Projects

In order for the Harbor Enterprise to attract additional patrons, the physical space of the Waterfront needs to not only be maintained, but also needs to be enhanced and improved. Such improvements may ultimately attract higher performing tenants, and may even help underperforming tenants enhance revenues. If strategically implemented, these improvements may result in a net increase in available resources for further improvements in the future.

Pier and Harbor Enhancement Program



One of the City Council's six Strategic Plan goals is to "Enhance and Revitalize the Harbor and Pier Area." The development of a design plan for the Pier and International Boardwalk area was identified as one of the key objectives to be accomplished in support of that goal. The goal of this plan is to create a more appealing atmosphere within Pier and Harbor Area for visitors through the addition, replacement, or improvement of amenities in public space including the improvement of landscaping, replacement of benches, trash receptacles, light standards, and the establishment of a set of design guidelines for future building improvements.

RRM Design Group (RRM) was selected to develop the design plan and assist the City in accomplishing this goal. RRM developed three alternative design concepts for improving and enhancing the public areas and City leasehold properties at the Waterfront. The City Council selected the "Vintage" style architectural treatments reminiscent of and unique to the Redondo Beach experience. The first step in implementing the RRM plan was taken in Summer 2008 with the installation of new pottery, plantings and streetlights. Material costs for all other elements of the design plan were estimated at over $2.6 million in 2008, with additional funds required for labor and installation costs. The City is now moving forward with landscaping improvements in the area of the Pier entrance and the replacement of a portion of the railings above the International Boardwalk. A copy of the approved design plan is attached as Appendix B. Funding availability will determine the schedule of ongoing implementation steps, however project implementation must be prioritized based on the potential positive impact of improvements (i.e. significantly visually appealing, or a clear improvement to existing conditions) relative to improvement costs.

Some of RRM's recommendations are currently being implemented. RRM identified the development of a comprehensive program of consistent and well-designed signage throughout the Waterfront as a key part of the City's Harbor/Pier revitalization activities. In an effort to enhance the area's identity and wayfinding for area visitors, new signage has been installed at selected locations near the Waterfront. Seven directional panels and five monument signs were installed in late 2008.

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Transient Vessel Tie-up

The City intends to reestablish a transient boat mooring facility along King Harbor's north breakwater, and associated guest dock west of the Seaside Lagoon. The addition of these facilities will result in additional revenues to the Harbor Enterprise, both directly through new mooring fees, and indirectly through additional patronage of Waterfront amenities. The City was awarded two grants from the California Department of Boating and Waterways to fund the transient vessel facilities and a guest dock open to the public at King Harbor. This will reduce the cost of the proposed improvements and help ensure positive net revenues through the development of the facilities. However, many questions arise when considering the future operation of the mooring area. Who can provide the staffing, facilities and services? Who will maintain the mooring equipment? An operation plan is necessary to correctly operate and manage the mooring area.

Note: The development of the transient vessel tie-up is an example of a strategic improvement that can be made at a reasonable cost that will leverage existing assets including unused harbor capacity, and existing amenities, and result in positive revenue impacts, expansion of the Waterfront consumer base, and improved Waterfront vitality.

Capital Improvement Program - Improvements

As mentioned previously, the City's CIP includes projects that will put in place physical improvements that have the potential to not just replace existing infrastructure, but will also enhance aesthetics which may result in the attraction of additional patrons, tenants, and ultimately additional revenues. A list of improvement related CIP projects follows in Table 3: Improvement Related CIP Projects.

Table 3: Improvement Related CIP Projects (includes funds from all sources)

IMPROVEMENT RELATED CIP PROJECT	BUDGET	SCHEDULE
Harbor Patrol Replacement Facility	$1,543,285	09-10
Comprehensive City Identity Program	57,280	09-10
Pier Circulation Improvements	250,000	09-10
Transient Vessel Dock	66,700	09-10
Transient Vessel Mooring	250,000	09-10
Pier Piles & Utilities Barrier	150,000	10-11
Waterside Signage	55,000	10-11
International Boardwalk Restroom Remodel	600,000	10-14
Pier Parking Structure Mezzanine	80,000	10-11
Webcam/Surveillance Network	86,396	Carryover

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Harbor Trash Skimmers	40,000	Carryover
Parking Lot Debris Catcher	19,670	Carryover
Pier Building Gutter Rerouting	112,743	Carryover
Pier Revitalization	909,543	Carryover
Relocation of Boat Launch	412,460	Carryover
Seaside Lagoon Rehabilitation	898,754	Carryover
TOTAL:	$5,531,831	

Other Infrastructure Improvement Initiatives

Finally, there are additional non-CIP improvement initiatives anticipated to be completed this year, the completion of which will help enhance existing operations, amenities, and revenue streams. These items include the following:

- Planning Department to review, update and recommend waterfront signage standards to the City Council
- Modifications to signage at Catalina/Beryl and present options for Harbor Commission and City Council feedback
- RDR Living Trust of 1996 (Resnick) leasehold improvements to Harbor Commission for action
- Develop and install new directional signage at PCH/Torrance Bl.
- Develop design concepts for temporary and permanent signage at Beryl/PCH for City Council consideration at an estimated cost of $5,000

6.3 Asset Improvement Projects

In order for the Harbor Enterprise to fully utilize Waterfront assets, properties and leaseholds not at their highest and best use, and underperforming properties and leaseholds ultimately need to be redeveloped. The improvement or renovation of these assets can only occur progressively over time as other improvements are implemented, unused assets are put into service, and tenant quality is improved. Reinvestment and the renovation of Waterfront assets will be the ultimate driver in creating a successful amenity attractive to all patrons and financially viable over the long term. In order to manage this process the City commissioned a Pier and Harbor Asset Management Plan and a Harbor/Pier Lease Management Plan, issued an RFQ/P to tenant vacant leaseholds, and is in the process of working with leaseholders on renovation programs.

Pier and Harbor Asset Management Plan

In December 2007, the City retained Kosmont Companies to complete a Pier and Harbor Asset Management Plan which includes recommendations for managing Waterfront assets. The asset management planning process included market research; discussions with City staff,

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community stakeholders and RRM Design Group; and case studies of public/private management of public lands.

The Pier and Harbor Asset Management Plan concluded that there are high quality tenants and amenities currently at the Waterfront which could be utilized strategically to attract additional high quality tenants and for revitalization of the Harbor area. The plan suggested that initially the City may have to proactively manage the development process and in some targeted cases provide public incentives to attract desired tenants.

In addition to attracting new high quality tenants to lease and upgrade certain key properties, Kosmont Companies also recommended that the City pursue long-term leasehold aggregation and consolidations strategies with the goal of increased operational efficiencies, to increase City revenue and help ensure amenities are maintained in a manner appealing to the market. The plan concluded that significant portions of existing improvements in the Harbor area are functionally obsolete and in need of significant investment and development. Kosmont Companies recommended City actions to stimulate private development of key properties and general policy recommendations to facilitate a major revitalization of the entire Harbor area within a 20-year horizon.

The Pier and Harbor Asset Management Plan is attached as Appendix C and is currently being implemented by City staff.

Harbor/Pier Lease Management Plan

Next, Kosmont Companies was engaged to prepare a Lease Management Plan for the Harbor Enterprise. The Harbor/Pier Lease Management Plan provides recommendations to manage the Pier and Harbor leases to:

1. Promote revitalization of the Pier and Harbor area.
2. Provide the greatest long-term value to the City.
3. Help reduce the current visitor seasonality and expand use by local residents.
4. Help to reduce local commercial sales loss/leakage to El Segundo, Manhattan Beach, Torrance and Hermosa Beach.

The Harbor/Pier Lease Management Plan identifies guidelines to optimize existing and future leases with the goal of providing opportunities for the revitalization of Waterfront assets and includes recommendations about how the Harbor Enterprise must determine which leases to extend, desired duration of leases, and potential retenanting of leaseholds. The Harbor/Pier Lease Management Plan is attached as Appendix D and is used by City staff to guide leasing decisions.

RFQ/P to Tenant Vacant Leaseholds

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In 2008, the City issued a Request For Qualifications/Proposals (RFQ/P) for the re-leasing and development of three City-controlled sites within the Waterfront: 655 N. Harbor Drive, 135-139 N. International Boardwalk and the 400 block of Fisherman's Wharf. The RFQ/P was distributed to over one hundred interested parties in July of 2008. Thirteen proposals from eleven developers were received for the three sites. Based on responses received, the City Council decided to proceed first with the repositioning of 655 N Harbor Drive, and leave proposal solicitation process open for the other two properties.

In October of 2008, the Council selected a proposal for a 54-room boutique hotel with a restaurant on the 655 N. Harbor Drive site. The City has completed the negotiation of the ground lease with Zislis Boutique Hotels, LLC, and is awaiting their project submittal. When the property is redeveloped as proposed, the Harbor Uplands Fund will realize a significant increase in direct ground lease revenues, increases in indirect revenues through increased patronage of other Waterfront businesses, and a first class amenity developed within the Waterfront further encouraging proximate reinvestment activities.

Leasehold Renovation

In March 2008, JJJ Enterprises (JJJ) acquired the ground lease for the 7.5 acre Redondo Beach Marina. Decron, a JJJ affiliate, manages the property and is now preparing a conceptual renovation plan focused on new commercial uses for the site. The preliminary plan is subject to modification and no development approvals have yet been applied for or granted. A revised proposal is expected in 2010. There has been some discussion of potential lease line adjustments with adjacent City-owned parcels to improve the utility of both City and Decron leaseholds and to facilitate the development of the new boat launch ramp. According to Kosmont & Associates, this project has the potential to add a new critical mass of commercial uses (including some low-impact uses), which would activate the Waterfront, increase the visitor draw, and provide an activity linkage between adjacent commercial areas at the Waterfront.

The City completed negotiations for a new lease with RDR Properties for its leasehold on the Pier. The new lease requires a renovation of the leasehold improvements. The new lease also requires the City to make hardscape improvements in concert with the leasehold renovation.

Reinvestment and renovation of leasehold properties present perhaps the best opportunities to reinvigorate the overall Waterfront area. According to Kosmont & Associates, the Waterfront currently includes some first class tenants who provide strong customer draw, but primarily consists of local businesses in a development that does not fully capitalize on the Waterfront location. Additionally, existing developments are reliant on automobile access and many attract single destination traffic rather than being a pedestrian-friendly multiple destination activity center. Through significant reinvestment, the Marina and the Pier could serve as activity-generating "ends of the barbell" and provide a continuous pedestrian draw to the difficult to revitalize International Boardwalk in the middle. Additionally, the addition of the proposed small boutique hotel at 655 N. Harbor Drive will add more interest and activity farther to the north. In

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this scenario, three separate areas of the Waterfront could see significant improvement in the near term.

6.4 Marketing

Current Waterfront marketing activities are led by the lessee associations and augmented by additional campaigns and efforts of the Chamber of Commerce & Visitors Bureau and the City's Harbor Division. The Waterfront serves a variety of market segments, and there are several ongoing and planned marketing activities designed to increase the awareness and patronage of the Waterfront by the various segments.

Primary Market Segments

Given the diversity of Waterfront amenities, a variety of market segments and patrons are served including boaters, residents, and visitors. Each of these groups visits or utilizes the Waterfront for different reasons, and as such marketing efforts to attract each group must be tailored respectively. A brief discussion of each audience follows.

Boaters

There are approximately 1,400 boat slips of varying sizes within King Harbor, of which approximately 160 are occupied by liveaboards. The boater cohort is for the most part not a group targeted by marketing activities as boaters with moorage in the marinas are considered a fairly stable audience, and typically attracted and retained by the marinas themselves. However, transient boaters could potentially be attracted by marketing efforts designed to raise awareness of facilities.

Residents

Stakeholders report that the primary trade area from which the Waterfront typically draws local patrons includes residents of the City and also all nearby cities, including Torrance, and Long Beach. Redondo Beach Residents are generally considered responsive to marketing efforts, but actual patronage of the Pier is constrained by the quality of amenities offered.

Visitors

Stakeholders report that out-of-area visitors are mostly drawn to the Waterfront from the Greater Los Angeles area. To a lesser extent, visitors include domestic tourists from elsewhere in California and the United States. The Waterfront is also patronized by a reasonably large group of international tourists, and particularly organized tour groups from Asia. Location appears to be a common denominator for all Waterfront visitors. Daytrippers from within the Los Angeles market are attracted by the Waterfront's mild weather and cool ocean breezes. Visitors from

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greater distances are drawn to the Waterfront's unique collection of restaurant and retail offerings and recreational opportunities including the beach and the coastal bike path.

Waterfront Lessee Associations

The Waterfront has two lessee associations which manage marketing campaigns; the Pier Association and the King Harbor Association. The Pier Association is comprised of four leaseholds at the Pier: RDR Properties, Redondo Fisherman's Wharf Company, Pier Plaza, and the City which represents its direct tenants at the Pier. The King Harbor Association includes all other Waterfront leaseholds from the International Boardwalk north to the City's border with Hermosa Beach. Each Waterfront lessee is required to become a member of one lessee association.

The associations are governed by their own by-laws and assess each member dues based upon gross sales. The City is a sponsor and member of each association. As sponsor, the City contributes 25% of the annual budget of each association, and lessee dues comprise the remaining 75%. The total annual budget for both associations is approximately $160,000, and the total City contribution among the two associations is roughly $40,000.

Pier Association

The Pier Association's annual budget is approximately $60,000, with marketing expenditures generally related to promoting Pier tenants, and the following events:

- **Summer of Music Concerts:** A free concert series occurring on the Pier from July 4th through Labor Day weekend on Thursday and Saturday nights.
- **Chalk Art Festival:** An annual at the end of August. Participants are invited to draw a themed masterpiece with chalk on the Pier's surface. Musical entertainment is provided during the day.
- **Rods, Rides and Relics:** An annual display of classic cars on the Pier that takes place the last Sunday in September. 2009 marked the 6th anniversary of the event.

In addition, The Sunshine Kite Company, a Pier tenant, independently holds a popular annual Kite Festival in March on the Pier and adjacent beach with little support from the Pier Association.

The Pier Association plans to expand marketing and sponsor additional community events. In May 2009, a jazz and art event was held featuring craft vendors, various jazz performances and local artists. The Pier Association is evaluating whether to hold the event again, and considering additional events in the future.

King Harbor Association

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The annual budget for the King Harbor Association is approximately $100,000 with marketing expenditures generally related to promoting Harbor area tenants, and the following events (co-sponsored with the Chamber of Commerce):

- **Super Bowl Sunday 10K/5K:** 2010 marked the 32nd year of this event that attracts more than 10,000 race enthusiasts and many more visitors to the Waterfront. Participants can run, walk, or stroll in the Super Bowl Sunday 10K Run, 5K Run/Walk or Baby Buggy 10K. The event features live music and a costume contest.
- **Lobster Festival:** Takes place each September and is the premier lobster festival for the South Bay, attracting thousands of visitors over a three-day period. Held at the Seaside Lagoon, the event features fresh lobster meals, live music, professional wakeboarding demonstrations, beachwear fashion shows, a free children's play area and activities for the whole family. In 2009, the annual Redondo Beach Lobster Festival marked its 14th year.
- **Christmas Boat Parade:** The King Harbor Association encourages a voluntary holiday lighting effort in concert with the King Harbor Yacht Club's Christmas Boat Parade. King Harbor boaters participate by hanging holiday lights on their boats. Local residents join in by hanging lights on their balconies.

The King Harbor Association produced a walking map of the Waterfront to enhance attraction of visitors and wayfinding. The map has been distributed to over 300 outlets, such as the local businesses listed in the map, hotels and car rental operators in Southern California, and selected California Welcome Centers operated by the State of California. Although exclusively funded by the King Harbor Association, the map also lists Pier tenants, providing a complete overview of the Waterfront.

The King Harbor Association has expressed interested in more collaboration with the Pier Association, especially as it relates to the walking map and internet marketing.

Chamber of Commerce & Visitors Bureau

The Chamber of Commerce & Visitors Bureau is an active marketing partner for the Waterfront. Both Lessee Associations are represented on the Chamber of Commerce Board of Directors. The Chamber co-hosts and sponsors the Super Bowl Sunday 10K/5K event and the annual Lobster Festival. The Chamber also provides financial support to Seaside Ice. Other current Chamber & Visitors Bureau Waterfront marketing activities include:

- **VisitRedondo.com, RedondoChamber.org:** The organization's website, which will be redesigned in March 2010.
- **General Visitor Marketing:** Chamber of Commerce & Visitors Bureau marketing efforts are budgeted at $385,000 and include rack cards, magazine and newspaper ads, brochures, familiarization trips and a public relations campaign. These are oriented toward both leisure and business travelers.

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There are plans for expanded marketing that will benefit the Waterfront. In 2009 the Chamber updated their *Guide to Planning Meetings in Redondo Beach* and *Restaurant & Dining Guide*. They are also utilizing social media as a promotion tool.

City Marketing Efforts

In addition to the two lessee associations and the Chamber of Commerce & Visitors Bureau, the City actively markets the Waterfront, with a variety of current marketing programs. These programs include the development of a cohesive Citywide messaging platform and enhancement of the Redondo Beach Resort Website, and other activities as discussed below. Future marketing efforts will implement an approved branding strategy and uniform message for optimal market penetration.

Branding

The City and the Chamber of Commerce are completing a branding strategy project sponsored by the Redondo Beach Roundtable. The project started in mid-2005, and includes an evaluation of the perception of the City by residents and tourists which was conducted in the Brand Assessment phase. The next step is to develop a plan, or "Blueprint", for communicating the City's brand to the public, which will be followed by developing a platform for managing the Brand Promise. The Brand Promise communicates the key attributes of Redondo Beach and describes the functional and emotional benefits of a real Redondo Beach experience.

Messaging Platform

The messaging platform will have specific guidelines related to target audiences, marketing media, message, etc.

redondobeachresort.org

In December 2008, the City launched a new "Redondo Beach Resort" website, www.redondobeachresort.org, which is intended to attract patronage from residents and local, regional and global visitors. This new site was designed through collaboration with the City's website consultant, the Harbor Commission Website subcommittee, Waterfront stakeholders, the Redondo Beach Chamber of Commerce & Visitors Bureau, and the Economic Development Council. The site presents the Waterfront as a unique resort destination.

The website shows live webcam feeds of visitors enjoying the Harbor and Pier.

Boat Hoist Coupons

The City offers residents reduced-rate coupons for local boat hoists located in Harbor Basin III, and operated by Redondo Beach Marina. While not specifically a marketing activity, the program definitely increases patronage of the Waterfront by local residents. The coupons are

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provided to offset the cost of launching a boat which typically ranges from $18 to $40 depending on the size of the boat. Each book of 15 coupons costs $20 but represents a $150 value as each coupon is good for $10 off a hoist launch. In a typical year approximately 30 coupon books are sold and 70-100 coupons are redeemed.

Filming

The Waterfront has long been an attractive location for film scouts. Many feature films, television shows, commercials and photo shoots have utilized the Waterfront's spectacular scenery as a backdrop to their scenes. The Waterfront has enjoyed a resurgence in filming that began in the mid-1990's. The Waterfront can be promoted to production companies, as an excellent location for television and movie filming due to its key attractive qualities including attractive views, proximate street access, and available parking along the ocean.

The City must expand these efforts and utilize any and all vehicles to market the location. Filming can generate revenues for the Harbor Enterprise while simultaneously serving as advertising (depending on the presentation of the Waterfront within the media).

Summary of Marketing Activities

Currently, marketing efforts for the Waterfront are disaggregated and management rests with four separate entities. While some desirable marketing activities will only benefit a portion of the Waterfront, the current approach is not the most efficient way to develop a comprehensive marketing program that targets optimum market segments and smoothes seasonal peaks in patronage patterns. Finally, while there are frequently events in the Waterfront, awareness of entertainment opportunities could certainly be increased through expanded and improved marketing efforts.

Joint marketing activities must be pursued and based on a comprehensive marketing plan utilizing the City's branding effort as a base. The marketing plan must determine the current and optimum trade area served by the Waterfront, potential marketing strategies tailored for each segment and strategies to boost off-peak and off-season Waterfront patronage. This may also require creation of a joint marketing fund and joint management entity which would most likely be administered by a single lessee association. The marketing plan and designation of the optimum roles for the various Waterfront marketing entities may best be developed by an outside consultant.

6.5 Other Waterfront Improvement Projects

Parking Garage Operations & Maintenance

The Pier Parking Structure (accessed from Torrance Boulevard) and the Plaza Parking Structure (accessed from Pacific Avenue at N. Harbor Drive) provide approximately 1,300 visitor

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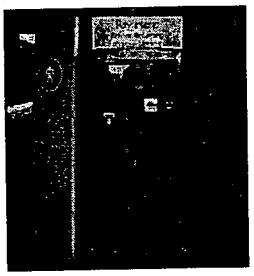
parking spaces. In 2005, the City implemented a pay-on-foot system whereby patrons pay prior to returning to their cars. This system was intended to provide two substantial benefits: a) reduce operating costs by removing labor at exit gates, and b) allow for faster exits by removing the lengthy payment and change process at gates. After many public discussions, the City Council directed that during peak hours visitors must have the option to either pay at the payment machines or to gate attendants at the exit. Currently, a significant portion of visitors bypass the payment machines and continue to make their payment at the exit gate. Thus, the parking structures are operated as a hybrid system with paid attendants available to help patrons use the pay-on-foot system. As a result, in addition to the $800,000 cost of installing the new system in 2005, the City is also paying for the increasing labor cost for gate attendants.



Surrounding beach communities offer parking with a variety of formats including valet parking, metered parking and attendant parking. Where offered, valet services are limited to certain times of day, with street spaces and parking spaces within public structures utilized to accommodate the valet services. Metered parking can be found in public parking structures, on surface streets and public parking lots. At some metered parking locations residents and other patrons can use prepaid keys rather than change at meters to pay for parking. Attendant serviced parking is utilized in some parking structures in hourly parking pay upon exit and pre-pay fixed price formats. Recent improvements in parking meter technology allow for payments in various forms. Smart cards, payment keys, and credit card payments by cell phone have all been recent advances. Recent studies by Parking Today magazine have shown that revenues (and stays) with systems utilizing these new methods are significantly higher.

Finally, portions of the Pier Parking Structure are showing signs of wear and deterioration. Cracks and concrete spalling are evident in several locations. In an oceanfront location, rebar-enforced concrete is particularly susceptible to rapid deterioration because of exposure to high humidity and salt air. Today, rust stains are visible in many locations in the parking structures and are indications that there is already internal damage which may affect the strength of the concrete. Close monitoring of parking structure conditions and provision for future maintenance and replacement is needed.

Increasing Off Season/Off Peak Use

Current Waterfront patronage patterns are highly seasonal. Attractions including the Pier and Seaside Lagoon are popular draws on days with warmer weather and during the summer season. However, patronage is quite low on cold or rainy days and during the non-summer months.

Reducing Pier Seasonality

One of the most consistent groups of Waterfront patrons are residents living within reasonable proximity to the Waterfront. However this group is relatively small in size compared to other

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users of the Waterfront. Generally visitors from outside the communities proximate to the Waterfront come when temperatures inland are higher, and it is pleasurable to be outdoors and near the cool breezes of the ocean. In order to reduce the impact of seasonality the City can attempt to increase the volume of local visitors by providing amenities appealing to locals and worthy of repeat patronage and/or provide attractions for non-locals that aren't reliant on weather. Likewise, the Pier Association must schedule worthwhile events to attract local residents and others during off-peak times.

Currently the Waterfront is predominantly tailored to seasonal, irregular and infrequent repeat patronage due to the primarily tourist oriented nature of the existing restaurant and retail establishments. Restaurants and retail establishments of proximate beach communities offer a higher quality experience for both residents and non-residents, and as a result experience a much greater degree of local patronage, including patronage by Redondo Beach residents. Riviera Village which is supported by repeat resident patronage is evidence of the viability and an example of the profile of retail and restaurant amenities desirable to residents. An increase and diversification in the quality of restaurant and retail offerings could result in an increase in total patronage, and repeat patronage by both resident and non-resident groups. Local residents can be surveyed to determine desired amenities and attractions, and the promotion of these amenities must be pursued.

Reducing Seaside Lagoon Seasonality

The Redondo Beach Recreation & Community Services Department is exploring programs to extend the patronage season for the Seaside Lagoon. For significant portions of the year the asset remains unused and generates little or no revenue. The Seaside Ice attraction, which transforms the Seaside Lagoon into an ice skating rink and holiday wonderland, is successful in drawing people and global publicity to the Waterfront for a winter recreation event. Seaside Ice included ice skating sessions, live music, DJ's, movie nights, special events and parties, attracting patrons from the broader South Bay region. Joint marketing and financing strategies helped create this program's success, and the Chamber of Commerce & Visitors Bureau will continue to be a potential financial partner for new or larger events. Additional programs and special events outside of the Seaside Ice and Seaside Lagoon operating seasons could include movie nights, volleyball tournaments and other similar recreational opportunities and events to increase utilization of the Seaside Lagoon.

Lease Audit/Compliance Program

As Landlord of several leases, the City is responsible for ensuring lease compliance of its private sector tenants. The most important lease terms to verify include calculation and payment of percentage rents, adherence to maintenance terms and operating hour provisions. Poor maintenance and irregular operating hours can result in a blighted appearance, and harms overall Waterfront business performance. City leases contain generally consistent language and requirements for these terms. Therefore, compliance activities will help to ensure a more

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consistent experience for visitors, potentially translating to increased patronage and overall revenue.

Lease rates for the majority of leases within the Harbor Enterprise are calculated as a percentage of actual lessee revenues. As such Harbor Enterprise revenues are dependent on accurate reporting of revenues by lessees. In order to ensure tenants are accurately paying lease revenues owed the City, two auditing firms have been retained to evaluate reported revenues of leaseholders within the Waterfront. In 2009, City staff developed a schedule to ensure a systematic audit process that, over time, allows the audit of each leasehold every five (5) years.

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7.0 Financing Plan

The Harbor Enterprise's operations are self-financed in two separate funds within the City budget. The Harbor Tidelands Fund and Harbor Uplands Fund provide the funding for expenditures within the geographical areas for which they are named. Currently the City's primary financial priorities for the Harbor Enterprise are to increase revenues and financial stability, through prudent financial management, fund maintenance, improvement and revitalization projects. The ultimate responsibility for financial management of the Harbor Enterprise rests with the City Manager, who directs the various City departments with operational responsibilities within the Harbor Enterprise. The City Council has budget approval responsibility.

Over time, accumulations of surpluses has allowed for excess monies to remain as fund balances in the two Funds. However, as the Harbor Tidelands Fund currently displays satisfactory financial health with a healthy fund balance after satisfaction of all capital projects listed in the City's CIP, the Harbor Uplands Fund carries a dangerously low fund balance due to the expenses of the Fund and the lesser revenues generated within the area. Swift action is necessary to avoid draining the Uplands Fund of its fund balance and to ensure adequate reserves are available when they are needed.

Resources available to fund Waterfront improvements are generated primarily by Harbor Enterprise operations. At this time, Harbor Enterprise revenues are only sufficient to cover minimal maintenance and enhancement projects. With time, revenues will increase through improved economic conditions, the addition of new tenants, and the completion of small improvement projects that will help to incrementally attract additional patrons and higher quality tenants resulting in greater discretionary revenues.

7.1 Lease & Parking Revenues

The majority of operating revenues for the Harbor Enterprise are generated through lease revenues from ground lease and direct lease tenants. Businesses in the Harbor Enterprise area generate more than $100 million in annual receipts. As shown in 7.3 below, lease revenues from these businesses along with public parking facilities and other revenues yield roughly $10 million in revenues to the Harbor Tidelands Fund and Harbor Uplands Fund (collectively) annually, and in strong economic environments these revenues typically grow annually as sales volumes increase. Parking is a significant revenue generator for the Harbor Enterprise, second only to lease rental income and represented approximately 20% of revenues in fiscal year 2008-09. As discussed below, operational expenses also tend to increase annually, making it difficult to support ongoing maintenance efforts with only existing lease and parking revenues. Growing revenues will require revitalization of the Waterfront which itself will require additional expenditures on improvements beyond what is now included in the CIP and the Harbor Enterprise financial projections. As such additional revenue sources may need to be pursued.

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7.2 Expenses

Maintenance and Security Expenditures

The cost of procuring some maintenance and security services from other City departments must be evaluated. It may be possible to obtain the same quality of service and realize cost savings by outsourcing some of these functions. Any reduction in the cost of providing these functions would free up funds for revitalization expenditures.

Because of the multi-tenant atmosphere and off-street nature of the Pier and International Boardwalk areas, the City's Public Works Department provides trash collection and compaction services, and typical everyday maintenance of the Pier and International Boardwalk area's public common areas. Some or all maintenance functions may be routine and suitable for outsourcing to achieve cost reductions. Other public areas within the Waterfront are also maintained by the City's Public Works Department.

Additionally, security of the Pier is provided by the Redondo Beach Police Department. The Police Department occupies a substation at the Pier despite the fact the Redondo Beach Police Station is located approximately two blocks from the Pier area. The Waterfront is the only area of the City to receive such a benefit. The current FY2009-2010 budget shows that offering the Police substation at the Pier results in an approximately $1.5 million expense to the Harbor Uplands Fund. It may be possible to outsource some security functions to significantly reduce security expenditures while ensuring the Waterfront continues to be a safe environment for patrons.

An alternative to outsourcing is to assess those who reap the benefits for the services. The cost for cleaning and trash collection and hauling is assessed to Pier area tenants, but at a low cost (see Fisherman's Wharf Sanitation District, below). The cost for Police services is completely borne by the Harbor Uplands Fund, while all Waterfront businesses and residents benefit from the special service. It is typical of private sector landlords to assess these expenses to tenants.

Internal Service Charges

Enterprise funds operated by government entities are typically assessed for the costs of general City services to the enterprise, and the Harbor Enterprise is no exception. These costs are essentially overhead from general operations, and additional operational requirements incurred as the Harbor Enterprise is a government entity. Examples of internal service charges include Human Resources, Information Technology, City Clerk, and City Council functions. The Harbor Enterprise is assessed for services provided by City divisions via internal service charges or fund allocations in a manner consistent with State and federal guidelines. In 1997 an independent accountant was hired to review City cost allocation practices pursuant to the standards established by the American Institute of Certified Public Accountants. That report

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concluded that the then-current practices were reasonable. In late 2007 Public Resource Management was commissioned to prepare a cost allocation plan which includes internal service cost allocations. The cost plan was approved by the City Council in March 2009. Suggested modifications to internal service fund charging practices were incorporated into the fiscal year 2008-09 Adopted Budget and in the fiscal year 2009-10 budget. As shown in Appendix F, Internal Service Charges and Overhead charges to the Harbor Tidelands Fund and the Harbor Uplands Fund will total approximately $2,036,117 in fiscal year 2009-10.

Fisherman's Wharf Sanitation District

As discussed above, the City's Public Works Department provides trash collection and compaction services, and general cleaning of the public common areas of the Pier and International Boardwalk areas. Under the terms of the Fisherman's Wharf Sanitation District, each business of this area is assessed a fee for this service. While not a true "common area maintenance" (CAM) fee as those found in the private sector, the assessment could follow the same approach of an assessment based upon leased square footage. Rather than allocating total expenses on a square footage basis, Fisherman's Wharf Sanitation District assessments are calculated through formulas based on type of business and gross sales with a CPI escalator. The assessment was originally designed to recover 70% of District expenses. While District expenses may exceed $1 million, assessments currently total about $357,000 annually. The sanitation district covers approximately 200,000 square feet of retail, office and restaurant space. As such, each square foot is assessed approximately $1.79 annually (average). A private sector landlord in South Redondo Beach may charge upwards of $4.00 per square foot annually. In terms of gross sales, the City assesses fees equating to approximately 1.13% of reported gross sales in the area. A typical private sector CAM may equate to 3-5%, but would also include items not charged under the Fisherman's Wharf Sanitation District, such as taxes, insurance, security, and an administrative salary component.

7.3 Projected Budget

Staff has developed new five-year cash flow projections for the Harbor Enterprise. These projections, which are attached as Appendix E, describe three scenarios for its operation: the best case, worst case and probable case scenarios. Starting with an audited Beginning Cash and Investments Balance for the year ending June 30, 2009, the three scenarios project future revenues and expenses for the Harbor Tidelands Fund and the Harbor Uplands Fund. Projects included within the City's Capital Improvement Program are included in the five-year projections and must be assumed to be completed on a funds available basis. These cash flow projections display the relative health of the Harbor Tidelands Fund and the distressed position of the Harbor Uplands Fund. The cash flow reports shows that we are in danger of falling into the worst case, especially in the case of the Harbor Uplands Fund. The City must implement cost savings and generate new revenues to avoid the worst case and direct the two Funds to the probable case. Recommended tasks in the draft Plan will assist in providing the Harbor Enterprise the path to the best case scenario.

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The City's adopted budget for the 2009-2010 fiscal year includes the budget for the Harbor Enterprise (the Harbor Tidelands Fund and the Harbor Uplands Fund). Table 4 below illustrates the 2009-2010 operating budgets for each Fund as well as the capital project totals charged to each Fund. As introduced in Table 4, the Harbor Tidelands Fund operates at a surplus before capital projects, while the Harbor Uplands Fund operates out of balance, leaving little opportunity for funding revitalization activities.

Table 4: FY 2009-2010 Adopted Budget

	HARBOR TIDELANDS	HARBOR UPLANDS
REVENUES	$5,992,630	$4,064,374
EXPENDITURES	$5,799,838	$4,842,002
OPERATING EXCESS (DEFICIT)	$192,792	($777,628)
CAPITAL EXPENDITURES*	$4,920,449	$2,335,562
FY 2009-2010 EXCESS (DEFICIT)	**($4,727,657)**	**($3,113,390)**

* Includes all current and carryover Capital Improvement Projects

7.4 Other Resources

In order to accelerate the achievement of the goals related to the revitalization of the Waterfront, additional resources need to be freed-up and/or utilized. These resources include private investment, grant and loans funds, and refinancing of debt.

Private Investment

The Asset Management Plan concluded that through strategic leasing of key sites significant private investment could be tapped to redevelop obsolete elements of the Waterfront area. This includes the near-term RFQ/P for three initial City-controlled sites as well as longer-term opportunities to consolidate leaseholds within the Waterfront. In addition to these efforts, Decron has been working on a conceptual development plan for the Redondo Beach Marina leasehold and the RDR Properties leasehold at the Pier is planning a renovation. It is understood that the timing of private investment will be subject to market forces, and may be delayed by the current economic uncertainty.

Outside Grant and Loan Funds

Grant and loan funds can be accessed from many sources, including the California Department of Boating and Waterways, and currently, funds from the recently passed American Recovery and Reinvestment Act ("ARRA").

Refinance Existing Debt

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The Harbor Enterprise Fund is retiring loan debt incurred to repair damages from natural disasters in the late 1980's. The existing loan balance (two loans) is approximately $3.7 million, the existing interest rate is 4.5% (fixed) and the annual payment of approximately $415,000 runs until July of 2023 (13 years). While the existing terms are favorable, interest rates are currently extremely low, and in certain cases subsidies lowering effective interest rates are available through the ARRA, potentially providing an opportunity to refinance existing debt. Lower effective interest rates or an extension of the term on existing debt would provide either an increase in funding capacity without changes in debt service payments, or reduce debt service payments freeing up revenue for alternate uses. *Note: while interest rates are low, security and credit requirements have increased. As such, any potential refinancing of existing debt may require a pledge of more security than required in original offerings.*

Issuance of Bonds

It is anticipated that future Harbor Enterprise revenues will be greater than they currently exist through the attraction of additional tenants to the Waterfront. The incremental revenues could be used to support the issuance of bonds to make strategic, revenue enhancing improvements to the Waterfront an accelerated fashion. Additionally, there may be obsolete infrastructure which is more costly in the long run to continue to maintain than it would be to replace and achieve reduced maintenance expenditures. When this is the case, bonds could be issued to fund the replacement of aging infrastructure, and repaid through savings in maintenance costs.

7.5 Financial Management Policies

Harbor Enterprise - Fund Balance

Consistent with Citywide budgeting practices, Harbor funds are managed conservatively and according to the City's Statement of Financial Principles, attached as Exhibit P. This practice is also consistent with the requirement that California cities must operate with a balanced budget and cannot borrow to meet operating cash flow shortfalls. Over the years the City's conservative financial management has resulted in operating surpluses, which have accumulated in the Harbor Enterprise funds. The Independent Auditors Report for fiscal year 2008-09 determined that the ending fund balances for the Harbor Enterprise totaled just over $15.2 million in cash and investments (excluding capital assets) ($12,356,085 for the Harbor Tidelands Fund and $2,851,397 for the Harbor Uplands Fund).

When considering the current year budget and the capital projects perceived as necessary, the Uplands fund balance appears dangerously low, as the entire fund balance would be erased before the end of the current fiscal year if all scheduled expenses take place. It must be noted, however, that the City's conservative method of budgeting typically allows for a significant "variance" (expense savings and excess revenue) at the end of a fiscal year. Also, the capital improvements listed in the City's CIP are not necessarily required expenditures within the CIP schedule. Rather, projects can be delayed or modified to lessen the immediate financial impact.

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In fact, many capital projects have been delayed and these "carryovers" will act as an overabundance of expenses in the single current year. Still, the Uplands Fund requires immediate attention, as its fund balance may erode to near nothing rather soon. Adequate reserves are necessary for emergencies, capital improvements, and other opportunities that may arise.

Fund balance is theoretically available to cover operating shortfalls or fund capital improvements. However, when considering enterprise funds, a typical question regards whether spending down the fund balances to fund revitalization and capital improvements will jeopardize the fiscal viability of the Harbor Enterprise. In response, a separate minimum reserve for each of the Harbor Enterprise funds must be created. Creating and maintaining a minimum reserve will permit clearer judgment about whether it is prudent to spend down portions of the fund balances to fund revitalization and capital improvement activities.

Proposed Reserve Policy

The City must establish a formal minimum reserve policy for the Harbor Enterprise. Adoption of a minimum reserve policy may reduce the funds available for annual operating expenses, but protect against unforeseen and unfunded capital improvement requirements.

Other municipalities have approved minimum reserve requirements. The City of Santa Barbara's Waterfront Department, for instance, carries a minimum fund balance reserve in an amount equal to 25% of their annual operating budget: 10% for one-time costs from unanticipated economic downturns, and 15% for response to disasters. An additional component for capital improvements in an amount equal to the average annual capital investment over the past three years, or 5% of net assets is also reserved. Finally, the City of Santa Barbara allows an annual appropriated reserve in the amount of ½ of 1% of the Waterfront Department's operating budget.

A 2007 California Society of Municipal Finance Officers (CSMFO) survey of cities' General Fund policies on minimum reserves found that most had adopted fund balance minimums between 10% and 30% of annual General Fund expenditures. Some cities also adopted a maximum reserve balance, with excess savings transferred to the capital improvement budget. The City of Santa Monica maintains a contingency reserve of 10% of their operating budget. The City of Long Beach maintains an Emergency Reserve and an Operating Reserve, each equal to 10% of their operating expenditures.

A separate initial reserve is proposed for the Harbor Tidelands Fund and the Harbor Uplands Fund at an amount equal to the sum of the following:

- One month's operating expenses, proposed to increase by one additional month annually, reaching three months in year three (equivalent to a reserve of 25% of operating expenses)
- The average annual expenditure for upcoming improvements, as identified in the 5-year Capital Improvement Program,

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- The average annual expenditure for larger, recurring improvements (e.g. harbor dredging)
- An amount equal to the deductible required in insurance policies covering improvements.

The proposed policy requires using only a portion of the existing fund balance in the Harbor Tidelands Fund for this reserve requirement. Under current conditions, the Tidelands Fund reserve would total approximately $2,098,691 in the current year, increasing by approximately $680,000 in each of the next two years, before increasing approximately $100,000 each year thereafter.

The Harbor Uplands Fund is operating at a loss, making it difficult or impractical to create a reserve for this Fund. Using the formula above, the Uplands Fund required reserve would amount to approximately $1,354,723 in the current year, increasing by approximately $534,000 in each of the next two years, before increasing approximately $50,000 each year thereafter.

The proposed policy requires using a portion of the existing fund balance in this reserve account. This methodology requires an inventory of future improvement obligations. For each improvement obligation, an engineer's estimate of the maintenance, repair and replacement cost must be developed. A portion of these requirements must be reserved from the existing fund balance. Annual deposits to the reserve funds must be made according to the improvement cycle for that obligation.

For example, according to the City's Engineering & Building Services Department, King Harbor must be dredged about once every 15 years. In 2004, the last time the Harbor was dredged, the cost was about $685,000. Annual deposits to the reserve fund for this obligation in 2019 must be established at $685,000 (in 2004 dollars) divided by the nine remaining years in the dredging cycle. Annual deposits shall be adjusted for inflation. Thus, the appropriate balance in the Harbor's reserve account will adjust annually to reflect the Harbor Enterprise's future obligations.

The amount reserved from the current fund balance must be determined based on the timing of future obligations as estimated by the procedure above. Funds held in reserve for improvements which are later funded by outside sources may then be reprogrammed for other capital improvement projects. The engineering studies of improvements for which the City has obligations could be performed by City staff or an outside consultant.

Typical Commercial Reserve Policies

For commercial complexes like the Pier Plaza and Redondo Beach Marina leaseholds, a landlord with full obligation for the building structure and roofs would deposit a portion of annual rental income into a reserve account. An annual deposit in the range of $0.15-$0.25 per square foot is typical for new retail buildings. California Department of Boating and Waterways requires marinas constructed with their Small Craft and Recreational Marina Loan Program set aside at least 2% of annual revenues in a reserve fund:

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"The borrower shall ensure that at a minimum, a two (2) percent of annual gross marina revenues capital outlay reserve is deposited annually. The borrower reserve account requirement is set at a minimum of two percent of annual gross marina revenues, but all marina borrowers are encouraged to set aside a higher percentage of annual gross marina revenues, as required, to meet actual specific marina needs."

The City's obligations as a ground lessor with the Harbor Enterprise are not necessarily the same as a typical commercial landlord. The improvements are decidedly not new assets, and the questions to be addressed are how to decide what portion of the existing fund balance can be released to fund capital improvement obligations and revitalization efforts, and what could prudently be retained as a reserve for future obligations.

Financial Reporting

The City recently presented alternative financial reporting formats for the Harbor Enterprise to improve public understanding and accountability for the fund. When presented to the Harbor Commission and the Budget & Finance Commission, Commissioners made several recommendations to improve presentation format and public understanding. Among these recommendations were more clearly differentiating operating revenues and expenses from capital, principal borrowing and interest items; eliminating or better explaining the variance and average carryover adjustments; and creating a reserve policy that accounts for building replacement or major storms that may adversely affect the Waterfront.

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8.0 Opportunity Assessment

There are multiple risks to the Harbor Enterprise associated with operating and improving the Waterfront, including economic, competitive, natural, financial, regulatory factors. As described below, in some cases these risk factors can be mitigated and opportunity found, while in others mitigation can be difficult.

8.1 Economic

As the use of the Waterfront by visitors is primarily based on discretionary expenditures, the Harbor Enterprise is highly susceptible to changes in the economic environment. The Harbor Enterprise's exposure to economic risk is evaluated as it relates to marina, restaurant and retail, and hotel operations below.

Marina

The success of the marinas in King Harbor is significantly impacted by a number of factors relating to an individual's consumer spending. These factors include economic conditions affecting disposable consumer income such as consumer confidence, employment, business conditions, fuel prices, interest rates, tax rates and rising consumer debt levels. The deep recession that is currently impacting the global economy has had an unprecedented effect on consumer spending. The American consumer has cut back on discretionary spending at a rate unmatched since World War II. This has included reduced spending in the boating industry, and the recreational boating aftermarket.

Local sources report that marinas typically have a delayed impact from economic recessions. Increased vacancy rates and resulting revenue declines are typically delayed and may persist after general economic recovery. Careful monitoring of operating conditions at Waterfront marinas is suggested, however response strategies may be limited.

A competitive analysis suggests that responses to competitive threats from other marinas are somewhat limited, and include price in the short term, and improved amenities in the long term. A boater's decision to moor a vessel at a given facility is generally a function of price, facility quality, location, amenities, and yacht club membership. Location is the only variable a marina cannot adjust to improve competitiveness, and price is the only variable that is readily adjustable to improve competitiveness. Additionally, price is essentially the only variable available for immediate modification as improvements in facility quality, the addition of amenities, and establishment/alteration of a club or marina all take time to implement or modify.

A boater's decision to move from one facility to another is tempered by certain substitution barriers including fixed-term agreements, loyalty to a particular club, waiting lists at alternate facilities, relocation expenses, convenience of moorage versus less expensive dry storage, and

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geographic proximity. Should a downturn in the economy be so severe as to result in significant vacancies at a particular facility (regional marinas typically have waiting lists) a facility will typically reduce effective pricing to be more competitive in the marketplace. This traditionally results in the preservation of existing tenants and/or the attraction of new tenants from alternate locations. Over time the market will reach equilibrium through changes in comparative facility pricing, eventually affecting all facilities within a particular area, and thus posing no greater threat to a particular marina than regional competition, but resulting in lower revenues for all.

Restaurants & Retail

Restaurants and retail stores in tourist based locations are typically highly susceptible to changes in discretionary spending. To date, the Harbor Division reports that restaurant sales are declining marginally at the Waterfront, suggesting that the recession is affecting the Waterfront differently than many other markets. Other information suggests that retail sales at the Waterfront have been affected proportionately to impacts at other competitive locations. Waterfront sales performance, not just lease income to the City, must be monitored closely in all economic times. These reports must be analyzed to detect changing performance trends so that appropriate proactive actions including halting non-mandatory expenditures can be taken to ensure sound operation of the Harbor Enterprise.

Currently, approximately 50% of all business revenue generated within the Waterfront is generated by restaurants. This may result in vulnerability to changes in restaurant patronage, and also be indicative of a less than ideal mix of restaurant, retail, office, hotel, and other uses. To best protect against varying economic conditions, diversification of restaurant, retail, and other amenities is desirable, and may also result in greater total Waterfront revenues. The Harbor Enterprise must evaluate the current amenity mix relative to successful competitive tourist and local visitor serving destinations. Additionally, as discussed previously a variety of quality and size of restaurants, and a diversification of retail to include non-tourism based retail must be established.

Hotel

Hotel operations within the Waterfront are supported by a variety of patrons including business travelers, conference attendees, and regional, national, and international visitors and tourists. Each of these groups is susceptible to impacts of economic threats through reduced business spending, and the shortening and elimination of vacation travel. Fortunately, the hotel customer base and hotel offerings available within the Waterfront are diverse, helping to protect against economic risk. Potential responses to these pressures are limited, but include the promotion of the Waterfront as the excellent value proposition it represents, and cohesive marketing efforts to brand the Waterfront as a desirable destination for both business and visitor patronage.

8.2 Competitive Forces

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As in any business, Waterfront patronage is susceptible to competitive pressures. Patrons may decide to go elsewhere if the Waterfront amenities do not maintain their appeal and value relative to competitive offerings.

Marina Competition

Marina competition and potential response measures are discussed at length above in section 4.1. There are other marinas in the region that could attempt to lure boaters from King Harbor by offering reduced pricing or higher quality amenities. However, the barriers to substitution are reasonable and so long as King Harbor marinas continue to provide high quality facilities, they will be able to mitigate potential impacts from competition.

Restaurant & Retail

Restaurant and retail amenities at the Waterfront are currently susceptible primarily to other tourist amenities within the greater Southern California region. Visitors have many options as to where to go for entertainment and recreation and as such the Harbor Enterprise must continue to preserve and improve offered amenities and the physical aesthetics of the Waterfront. Additionally, competitive offerings must be evaluated and Waterfront patrons regularly surveyed to ensure desired amenities continue to be provided and Waterfront offerings stay current with or exceed market demand.

Hotel

Competition amongst hotels can be fierce, and based primarily on location, proximity to amenities, quality of facilities, and price. As introduced above, visitors consist primarily of business travelers, conference attendees, and regional, national, and international visitors and tourists. For each of these groups the proximity to multiple restaurant, retail, and entertainment amenities is one of the primary reasons for staying within the Waterfront. As introduced in previous recommendations, ensuring that a variety of amenities are available in a clean and attractive environment will help to ensure a strong competitive position.

8.3 Natural

Weather

Waterfront patronage could be adversely affected if unseasonably cold weather, prolonged winter conditions, or extraordinary amounts of rainfall occur, especially during the peak season months of May through September. Potential mitigation measures are severely limited.

Natural Disaster

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In the 1960's and 1980's a series of major weather events caused significant damage to the Waterfront. The storm and fire in 1988 resulted in catastrophic damage to the Pier. Since then the Pier subsurface structure has been re-engineered and repaired. However, natural disasters remain an ongoing risk that is difficult to fully estimate. Mitigation measures include strengthening physical structures (as has been completed), and maintaining reserve funds for potential emergency repairs.

Water Quality

In the summer of 2005 residents, visitors, local businesses, and marine life were adversely impacted by recurring instances of "red tide" that caused tons of fish to suddenly die and decompose in the Harbor. A month earlier, the City had received highly publicized failing water quality grades at the Pier from environmental groups testing water quality at the beaches near the Municipal Pier. Revenue losses from declining business proximate to marinas were estimated as high as 25% during these extreme red tide events. Thus, these events were an environmental, economic and public relations crisis. The City now has a Red Tide Volunteers program in place to help with cleanup if another red tide event occurs. Additionally, a group of scientists from the University of Southern California is studying red tide dynamics within King Harbor with hopes of proposing improvements or an action plan to avoid or lessen the effects of a future red tide event. Finally, the City is implementing and must continue to fund the implementation of recommendations of the Water Quality Task Force to reduce pollutant runoff into the Harbor which could reduce the likelihood of another red tide event.

King Harbor also contains a petroleum collection site on the Portofino leasehold adjacent the fuel dock to prevent these contaminants from entering the ocean water and damaging the environment.

8.4 Financial

The economic risks described above create risks for the ongoing financial viability of the Harbor Enterprise. The City's conservative fiscal management practices have resulted in positive fund balances, which provide a source of revenue stability for short-term operating revenue gaps, and a potential source to fund future capital improvements. A positive fund balance protects against financial risk. Additionally, a prudent future financial practice may be to reduce dependence on revenue sources that are subject to economic risk (e.g. base rent to cover operating costs), but at this time operating expenses far exceed minimum rent revenues.

A reserve policy (such as the proposed policy described on page 58) to fund ongoing major improvements to the Waterfront, and maintenance of positive fund balances will help ensure the long-term solvency of the Harbor Enterprise.

To assist the Harbor Enterprise reserve policy, an engineering evaluation of Waterfront infrastructure must be completed to determine the alignment of reserve policies with

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infrastructure condition. The last evaluation was completed approximately 11 years ago in 1999, and significant changes in infrastructure aging and lifespan can occur over that period of time. The completion of an engineering evaluation will help align CIP budgets and projects with infrastructure needs.

8.5 Regulatory

Marine Protection Areas

Implementation of the California Marine Life Protection Act poses a potential risk to the marinas at the Waterfront. One of the proposed implementation mechanisms is to limit fishing through creation of Marine Protection Areas (MPA). King Harbor is close to two of the most plentiful fishing areas in the region: Rocky Point and Catalina Island; this makes King Harbor attractive for boaters participating in fishing activities. Rocky Point and areas around Catalina Island were recently considered in proposed MPAs. Ultimately, the latest round of MPA proposal included some of the area around Catalina Island, but did not include Rocky Point. The full impact of an MPA is not fully understood. However, if implemented it may result in a short-term reduction of commercial and recreational fishing activity around King Harbor, and a corresponding reduction in demand for King Harbor facilities and services. In the long-term, the protected areas may increase the populations of fish and may indicate a gain over time. The City must monitor Marine Life Protection Act activities to ensure environmental and boater interests are balanced, and that the Waterfront does not bear a disproportionate burden of this policy, but potentially realize some benefit.

Land Use Restrictions

In November 2008, Redondo Beach residents passed Measure DD, a measure that submits major changes in allowable land use to a public vote. The language of the measure is included in Article XXVII (Major Changes in Allowable Land Use) of the City Charter.

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9.0 Business Plan Goals & Recommended Tasks

Cohesive goals incorporating City initiatives, stakeholder desires, and fundamental objectives which if achieved would help ensure success of the Harbor Enterprise were developed through the creation of this Draft Business Plan. The recommended tasks listed below are related to the achievement of each goal. The cohesive Draft Business Plan goals and tasks are:

HARBOR ENTERPRISE BUSINESS PLAN

SUMMARY OF GOALS & RECOMMENDED TASKS

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GOAL A: EFFICIENTLY AND ECONOMICALLY OPERATE AND MAINTAIN THE WATERFRONT

TASKS:	WHEN			WHO
	On-Going	0-2 Years	3-5 Years	
A-1. Restructure parking operations to maximize revenue and increase customer satisfaction.		✓		HBT, CM, PD
A-2. Evaluate the feasibility of outsourcing some Waterfront maintenance and security functions.		✓		HBT, CM, PW, PD
A-3. Use the monthly sales reports submitted by tenants to monitor the performance of Waterfront leaseholders and as a risk management tool.	✓			HBT
A-4. Utilize social media applications as tools for emergency communications with the public.	✓			HBT
A-5. Regularly assess economic, competitive, and regulatory risks and respond proactively.	✓			HBT
A-6. Enforce lease terms and proactively participate in the resolution of the default.	✓			HBT

GOAL B: EMPLOY SOUND FINANCIAL MANAGEMENT PRACTICES FOR THE HARBOR ENTERPRISE

TASKS:	WHEN			WHO
	On-Going	0-2 Years	3-5 Years	
B-1. As leases come up for adjustment and renewal, continue to utilize recommendations in the Harbor/Pier Lease Management Plan to guide future tenant composition.	✓			HBT, CM
B-2. As leases come up for adjustment and renewal, apply Lease Extension Policy to lease extensions tied to reinvestment.	✓			HBT, CM
B-3. The condition of the parking structures must be carefully monitored. A sinking fund shall be established to finance the rebuilding of the pier parking structure in the foreseeable future.		✓		HBT, ENG, FIN
B-4. To the extent possible, establish and enforce uniform operating hours and maintenance standards for all leases.		✓		HBT
B-5. At sublease approval, ensure subleases are in-line with market rates.	✓			HBT

B-6. Evaluate the potential to restructure Fisherman's Wharf Sanitation District fee formulas; base on square footage.			✓	HBT, PW
B-7. Evaluate the potential to refinance existing debt.		✓		CM, HBT, FIN
B-8. Evaluate the potential to pay for infrastructure improvements by replacing maintenance intensive infrastructure and capturing the resulting maintenance cost savings.	✓			HBT, ENG, PW
B-9. Continue to be strategic in efforts to obtain outside grant and other sources to fund one-time expenditures, and considered funding as rationale for changing the timing and priority of Harbor investment projects.	✓			HBT, CM, ENG, RCS
B-10. Explore financing capital project accounts to fund major maintenance projects.		✓		HBT, CM, FIN
B-11. Implement a formal system to advise the Harbor Director of expenses (including draft annual budgets) pertaining to the Harbor Fund.		✓		HBT
B-12. Evaluate current amenity mix relative to successful competitive destinations, and as appropriate target specific uses as leases become available.			✓	HBT, CM
B-13. Renegotiate base, or minimum, rents higher, when possible, to allow for these revenues to satisfy annual operating expenses.	✓			HBT
B-14. Complete an engineering evaluation of Waterfront infrastructure to ensure fund reserves match replacement schedules.			✓	HBT, ENG

GOAL C: ENHANCE AND IMPROVE THE WATERFRONT'S INFRASTRUCTURE AND AMENITIES

TASKS:	WHEN			WHO
	On-Going	0-2 Years	3-5 Years	
C-1. Continue to support the Waterfront's strong uses and leaseholds and focus revitalization efforts on creating catalysts to help improve the performance of the weaker components.	✓			HBT, CM
C-2. When City-controlled leases of underperforming tenants expire, new leases for reformatted existing tenants, or new tenants must be provided with base lease terms equivalent to total rents of well performing outlets.		✓		HBT
C-3. As funds allow, continue to implement Pier and Harbor enhancement projects consistent with the Vintage theme.	✓			HBT, ENG
C-4. Design standards and recommendations must be implemented in order of their potential improvement impact relative to their cost.	✓			HBT, ENG, PW
C-5. As feasible, capital improvements shall be implemented in order of their potential improvement impact relative to their cost.	✓			HBT, ENG, PW
C-6. Continue to implement the strategies identified in the Asset Management Plan.	✓			HBT, CM

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C-7. Consistent with the Asset Management Plan and Lease Management Plan, continue to market available City-controlled properties that are not currently improved to the highest and best use.	✓			HBT, CM
C-8. Continue to evaluate leasehold renovation plans as they are introduced, and look for opportunities to leverage future renovations to improve the Waterfront beyond single leaseholds.	✓			HBT, CM
C-9. Continue to work with Decron Properties in the development of a revitalization program for the Redondo Beach Marina to take advantage of its unique location and create a multi-destination pedestrian environment synergistic with adjacent uses.	✓			CM, HBT

GOAL D: MAINTAIN AND IMPROVE THE WATERFRONT'S COMPETITIVE POSITION

TASKS:	WHEN			WHO
	On-Going	1-2 Years	3-5 Years	
D-1. Continue to communicate with residential management, and monitor ownership and maintenance standards of the various properties to proactively assess risks associated with potential defaults.	✓			HBT
D-2. Monitor competitive marina trends and occupancy rates to better understand King Harbor's performance in varying economic conditions relative to the competition, and utilize this information to develop strategies to resist the potential impacts of future economic downturns.	✓			HBT
D-3. Survey boat owners to determine factors that are currently driving decisions to moor in King Harbor rather than alternate locations, and use the results to promote, develop, and/or improve decision drivers.		✓		HBT
D-4. Survey Waterfront hotel operators and hotel guests to understand decision drivers for visitors and average visitor stay. Utilize the findings to promote, develop, and/or improve decision drivers.		✓		HBT
D-5. Survey local residents to better understand desired amenities, and utilize the results to promote, develop, and/or improve resident retention and attraction drivers.		✓		HBT
D-6. As lease terms come up for renewal, evaluate if the property can be improved to its highest and best use.	✓			HBT
D-7. Establish a tenant mix to attract local residents and support year-round patronage.			✓	HBT, CM
D-8. Continue to support programs that increase patronage in off-peak and off-season periods.	✓			HBT
D-9. Monitor competitive conditions and offerings, and consider potential impacts and opportunities as they relate to the Waterfront.	✓			HBT

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GOAL E: DEVELOP A COHESIVE MARKETING STRATEGY TO ATTRACT LOCAL AND GLOBAL PATRONAGE

TASKS:	WHEN			WHO
	On-Going	0-2 Years	3-5 Years	
E-1. Evaluate combining the two City-sponsored lessee associations within the Waterfront into a single entity.		✓		HBT
E-2. Develop a cohesive Marketing Plan for the City and Waterfront.		✓		HBT, CM
E-3. Evaluate synergistic opportunities between Visitor Bureau and Redondo Beach Resort websites.		✓		HBT, CM
E-4. Continue to market the Waterfront as a location for filming.	✓			HBT
E-5. Continue to support the City branding process as method to create consistent advertising.	✓			HBT
E-6. Continue to utilize websites, e-mail blasts, social media applications and other effective outreach efforts including to communicate with stakeholders and the public.	✓			HBT

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Sources Contacted for this Business Plan (alphabetical):

Michael Aaker (King Harbor Marina)
James Allen (City of Redondo Beach, Harbor, Business and Transit)
Pat Aust (City of Redondo Beach, Councilmember)
Mazin Azzawi (City of Redondo Beach, Engineering Dept.)
David Biggs (City of Redondo Beach, Asst. City Manager)
Nicholas Biro (City of Redondo Beach, Harbor Commission)
Al Ching (Lanakila Outrigger)
Harold Flood (Cal Boating & Waterways)
Brian Gerloch (International Boardwalk)
Sylvia Glazer (City of Redondo Beach, Public Works)
Sean Guthrie (King Harbor Marina)
Mark Hansen (King Harbor Yacht Club)
Brad Howard (Jackbilt - Cheesecake Factory)
Anika Jackson (Redondo Beach Pier Association)
Bill Ketcham (Pier Plaza)
Kevin Ketchum (Port Royal Marina)
Diana Lee (International Boardwalk)
Dan Madrigal (City of Redondo Beach, Fire Dept.)
Shane Michael (City of Redondo Beach, Harbor Commission)
Harry Munns (City of Redondo Beach, Harbor Commission)
Gary Ohst (City of Redondo Beach, Budget & Finance Commission)
Gwendolyn Parker (City of Redondo Beach, Harbor, Business and Transit)
John Parsons (City of Redondo Beach, Planning Commission)
Rob Short (Almar Marinas)
Scott Simmer (Portofino Marina)
Marna Smeltzer (Chamber of Commerce & Visitors Bureau)
Craig Stanton (Redondo Beach Marina)
Adam Thomas (Port Royal Marina)
Marianne Timms (Marina Recreation Association)
Joanne Turk (King Harbor Association)
Michael Witzansky (City of Redondo Beach, Recreation and Community Services)
Bill Workman (City of Redondo Beach, City Manager)

Consultants Providing Business Plan Material

Larry Kosmont (Kosmont & Associates)
Wil Soholt (Kosmont & Associates)
Denise Conley (Conley Consulting Group)
Joanna Whitley (Conley Consulting Group)

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Administrative Report

Commission Action Date: **May 10, 2010**

To: **MEMBERS OF THE HARBOR COMMISSION**

From: **GWENDOLYN PARKER, HARBOR, BUSINESS & TRANSIT DIRECTOR**

Subject: **DIRECTOR'S REPORT**

RECOMMENDATION

Receive and file this report.

EXECUTIVE SUMMARY

At the April 29 Economic Summit, the Redondo Beach Round Table rolled out the community's new Brand. The goal is to create a unified image, define our authenticity, increase resident and visitor awareness and extend the length of visitor stays and spending.

Brand Promise: Real Seaside Adventures.

Positioning Statement: Redondo Beach is Southern California's family-friendly complete seaside location, with a vibrant harbor, historic pier, international cuisine and eclectic shopping. A casual place to relax or a short jump into high energy fun for a genuine California beach experience.

Tag Line: More to Sea.
Designed to pique curiosity about the adventures and hidden treasures in Redondo Beach.

The Harbor, Business & Transit Department looks forward to summer events and activities supporting the destination brand experience.

CALENDAR

May 31	Memorial Day Ceremony. Veterans Park.
July 3 - September 4	Summer of Music. Saturdays and Thursdays on the Pier. 6:00pm.
July 4	Independence Day Celebration. 9:00pm.
August 21	Chalk Art Festival at the Pier

Seaside Lagoon

In support of continued operation of Seaside Lagoon a couple of social media sites have been established.

Community Facebook: *Save Seaside Lagoon*

City Facebook: *Redondo.org/seasidelagoon*

Presentation on the Status of the Water Quality Task Force List

Pursuant to discussion with Chair Michael regarding the May Harbor Commission agenda, it was mutually agreed upon that the presentation by the Engineering and Public Works departments on the status of the Water Quality Task Force list would be deferred to the June meeting.

COORDINATION

Department staff collaborated on the development of this report.

FISCAL IMPACT

The cost for preparing this report is included within the Harbor, Business & Transit Department's adopted FY2009-10 annual budget and is part of the Department's annual work program.
Submitted by:

Gwendolyn Parker
Harbor, Business & Transit Director

Attachments:

News Release
Brand Champions Guide

More To Sea redondo BEACH
Chamber of Commerce & Visitors Bureau

200 N. Pacific Coast Hwy. • Redondo Beach, CA 90277
phone 310-376-6911 • fax 310-374-7373 • www.VisitRedondo.com

NEWS

FOR IMMEDIATE RELEASE **4/26/10**

CONTACT: Maris Somerville, maris@somervillepr.com
Toll-free 866-607-5663
310-207-5663

REDONDO BEACH LAUNCHES NEW BRANDING CAMPAIGN WITH *MORE TO SEA*℠

REDONDO BEACH, Calif. – The Redondo Beach Chamber of Commerce & Visitors Bureau, Redondo Beach Roundtable, and City of Redondo Beach, is launching a stylish new brand identity on April 29 for Redondo Beach dubbed *More to Sea*℠. The message is an invitation to explore the city's rich mosaic of land and sea adventures, including waterfront dining, hotel accommodations, diverse shopping and recreation; biking the 27 mile coast route; scuba diving; whale watching; fishing; surfing; SeaLab; the Looking Glass semi-submersible, Gondola rides, educational cruises aboard the Voyager, and ocean kayaking. New marketing images and messages tout Redondo Beach as a casual place to relax or a short jump into high-energy fun for a genuine California beach experience. Program goals are to reinforce Redondo Beach's authenticity and distinctive place among Southern California's beach destinations. Results are expected to stimulate awareness and visitor appeal, and extended length of visitors' stay.

The branding campaign was developed by the firm brandStrata, which collected and analyzed extensive data on people's perceptions of Redondo Beach. The results produced a definition of what makes the city unique, enabling the development of effective communications tools to help promote Redondo Beach as one of California's top tourist destinations. The city's primary market is higher income married adults aged 30-49, most with families, who visit from the U.S., Asia, and Europe. Water sports, biking and hiking are their primary activity priorities.

According to Redondo Beach Mayor Mike Gin, the branding campaign will convey a clear message to the public that Redondo Beach has everything a visitor could want:

"We're excited about the potential for higher growth of our visitor industry, now that we have identified who our markets are, from where most of our visitors come, and what an exciting, high quality visitor experience we offer. We know that attracting visitors to our city is much more than just describing what Redondo Beach is all about, it's how it makes you feel," says Gin.

The brand program will debut at this year's Economic Summit 2010 at the Redondo Beach Performing Arts Center, April 29. For more information, contact Marna Smeltzer at the Redondo Beach Chamber of Commerce & Visitors Bureau at 310-376-6911, or visit www.RedondoChamber.org

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