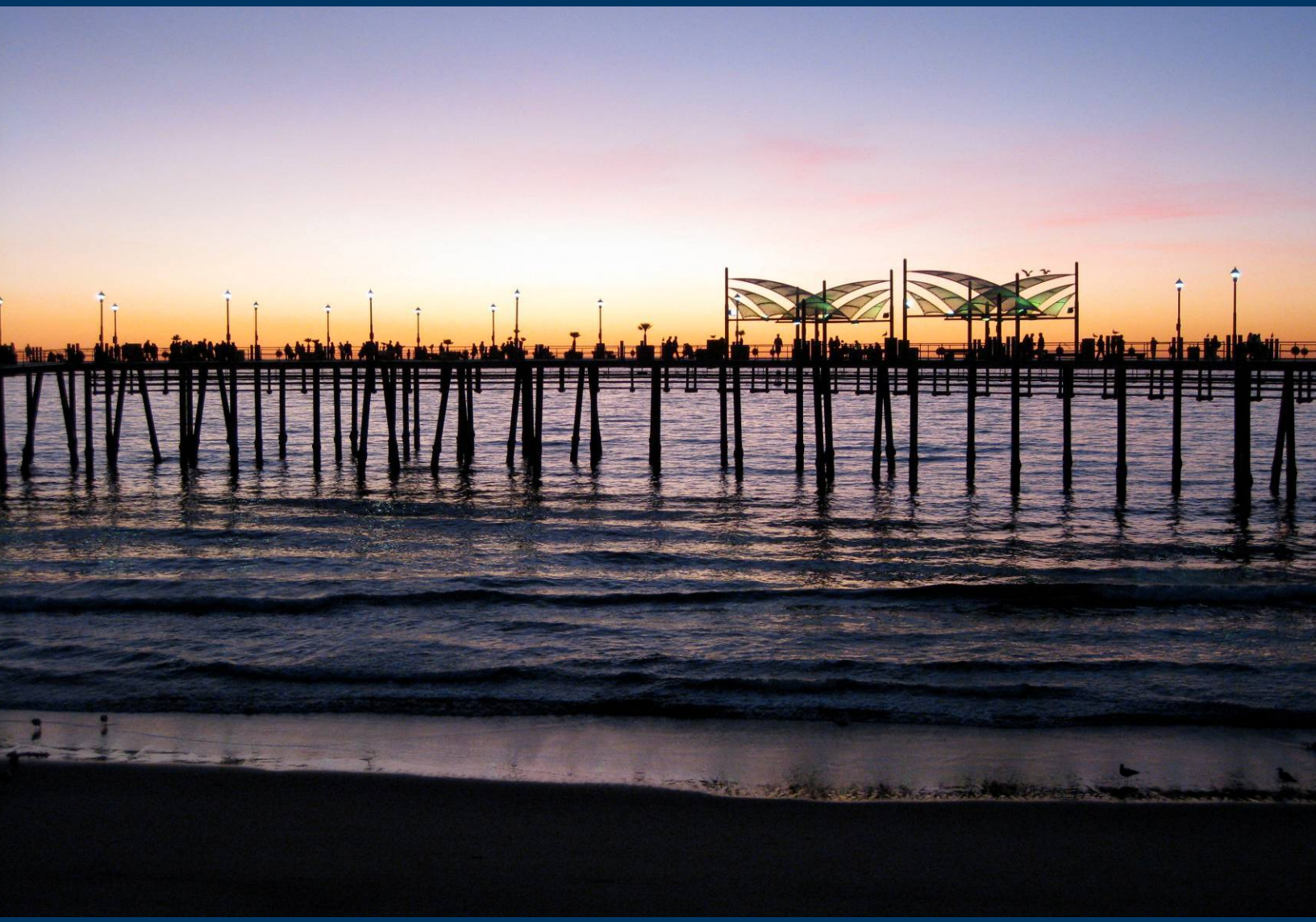
CITY OF REDONDO BEACH

HARBOR ENTERPRISE BUSINESS PLAN



AUGUST 2010

Table of Contents:

1.0 Executive Summary 1
1.1 Key Action Items Underway 3
2.0 Introduction 5
2.1 Background 5
2.2 Harbor Enterprise Property 6
2.3 Organization of the Business Plan 7
3.0 Harbor Enterprise 9
3.1 Management 9
3.2 Operations 12
3.3 Chamber of Commerce and Visitor's Bureau 14
3.4 Regulatory & Environmental Control 14
3.5 Stakeholders 17
3.6 Customers 17
4.0 Competitive Assessment 18
4.1 Marinas 18
4.2 Commercial & Residential Amenities 20
4.3 Industrial 23
4.4 Recreation 24
5.0 Vision, Mission, & Goals 26
5.1 City Vision 26
5.2 City and Harbor, Business & Transit Department Mission Statements 26
5.3 Strategic Plan 27
5.4 Harbor and Pier Area Guiding Principles 27
5.5 City Manager's Harbor Working Group Task List 28
5.6 General Plan and Harbor/Civic Center Specific Plan 28
6.0 Waterfront Improvement Plan 30
6.1 Infrastructure Maintenance Projects 30
6.2 Infrastructure Improvement Projects 32
6.3 Asset Improvement Projects 35
6.4 Marketing 37
6.5 Other Waterfront Improvement Projects 42
7.0 Financing Plan 45
7.1 Lease & Parking Revenues 45
7.2 Expenses 46
7.3 Projected Budget 47
7.4 Other Resources 48
7.5 Financial Management Policies 49
8.0 Opportunity Assessment 53
8.1 Economic 53
8.2 Competitive Forces 54
8.3 Natural 55
8.4 Financial 56
8.5 Regulatory 57
9.0 Business Plan Goals & Recommended Tasks 58

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, July 2010)
F. Financial Summaries For Harbor Tidelands Fund and Harbor Uplands Fund (From FY10-11 Budget, June 2010)
G. Strategic Plan (City of Redondo Beach, March 2010)
H. Tidelands Trust Agreement (July 1971)
I. Harbor and Pier Area Guiding Principles (City of Redondo Beach, June 2006)
J. Communication and Customer Service 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 Harbor & Pier Revitalization Task List (2006)
P. Statements of Financial Principles (City of Redondo Beach, 2010)
Q. Administrative Policy/Procedures (APP) – City Staff Roles and Practices in Support of a Commission (City of Redondo Beach, February 2010)

CITY OF REDONDO BEACH

Michael A. Gin
Mayor

Steve Aspel	**Bill Brand**	**Pat Aust**	**Steven Diels**	**Matthew Kilroy**
Councilmember	Councilmember	Councilmember	Councilmember	Councilmember
District 1	District 2	District 3	District 4	District 5

The City Council serves as the elected body representing the community making policy decisions and taking legislative actions concerning the Harbor Enterprise. The City Council's Strategic Plan, Annual Budget, CIP and proposed Harbor Enterprise Business Plan provide the direction to the City Staff and City Commissions in carrying out the revitalization efforts for the Waterfront.

MISSION STATEMENT

The City Of Redondo Beach Is Committed To Providing The Finest Services To Enhance The Quality Of Life For Those Who Live, Work, Visit And Play In Our Community.

The City of Redondo Beach Values. . .

Openness and Honesty
Integrity and Ethics
Accountability
Outstanding Customer Service
Teamwork
Excellence
Fiscal Responsibility

1.0 Executive Summary

The City Council's overall Vision Statement for the community is:

> ***"Redondo Beach will be the most livable, friendly and attractive California beach city."***

The City Council's adopted 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 City's adopted Land Use Element of the General Plan includes the following goal for Coastal-Related Commercial Development:

> ***"Provide for the continued use of the City's coastal-related recreational facilities as resources for the residents of Redondo Beach and surrounding communities; ensuring that these uses and activities are compatible with adjacent residential neighborhoods and commercial districts and maintain a high level of quality and safety."***

The focused vision of this Business Plan is:

> ***"To enhance the customer base and satisfaction; to enhance the quality of life for area residents, visitors, and businesses; and to enhance the City's General Fund and Harbor fiscal condition."***

The City Council approved the development of a Harbor Enterprise Business Plan (Business Plan) as a major Strategic Plan objective. The intent of such a Business Plan was to guide the City in its corporate role of serving customers and managing the City's 150 acres of waterfront public enterprise and real estate interests.

A proposed Business Plan has been prepared for the City Council's consideration. The proposed Business Plan integrated the adopted policy directions and approved plans from the City Council; research and professional recommendations from City Management; data and expertise from outside consultants; advice from the Harbor Commission; and, feedback from stakeholders. The resulting Business Plan is a comprehensive document looking ahead to the vision of the next five years.

The City of Redondo Beach is primarily a residential community with a population of approximately 67,000 in an area of 6.35 square miles. Residents enjoy fifteen parks, thirteen parkettes, five community centers, two libraries, and a recreational waterfront with over 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 or managed 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. The Waterfront is a key economic engine for the City in that area businesses generate significant general City 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 2010-2013 Strategic Plan. One of the five current Strategic Plan goals for this period is to *Vitalize the Harbor & Pier Areas*.

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 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 Business Plan was produced for the City Council by staff with stakeholder, community, 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 in order to achieve the collective vision for the Waterfront.

Through the development of this 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 Action Items Underway

1. **Parking Structure Operation**
   Complete an alternatives study on the parking structures for improved operation, customer service satisfaction and fiscal sustainability by March 31, 2011.

2. **Harbor Tidelands Fund and Harbor Uplands Fund Reserve Requirements**
   Approve the Harbor Tidelands Fund and Harbor Uplands Fund Minimum Reserve Policy and direct staff to implement by August 31, 2010.

3. **Boat Ramp Alternatives**
   Complete an updated Boat Ramp alternatives study by June 30, 2011.

4. **Harbor Uplands Fund Operating Deficit**
   Modifications approved in Midyear Budget review Decision Package #26 and FY 2010-11 Annual Budget Decision Package #6 have been implemented to align Uplands Fund expenditures with available Uplands Fund revenues.

5. **Operation of Seaside Lagoon**
   A new Time Schedule Order was received and approved by City Council on May 18, 2010.

6. **Harbor & Pier Business Improvement District**
   Complete a feasibility study for a Harbor & Pier Business Improvement District by December 31, 2010.

7. **Renovation or Replacement of Parking Structures**
   Complete an alternatives study for renovation or replacement of the parking structures by March 31, 2011.

8. **Fisherman's Wharf Sanitation District**
   Revisit the Fisherman's Wharf Sanitation District assessment formula and align with private sector methodology by June 30, 2011.

9. Marketing Plans

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.

10. Mooring Installation and Operation

Complete installation of moorings in the main channel of King Harbor and implementation of a mooring management plan by September 30, 2011.

11. Kosmont Pier and Harbor Asset Management Plan

Continue implementation of the property management strategies defined by Kosmont's Pier and Harbor Asset Management Plan.

12. Infrastructure Improvements

Continue capital investments as funds allow to maintain and enhance the infrastructure using the Vintage design theme

13. Key Financial Indicators

Develop a Key Financial Indicators Report to be updated at least annually to be used by policy advisors and decision makers as the Business Plan is implemented.

14. Customer Value Strategy

Evaluate methods to increase the number of customers to the Waterfront, boost customer satisfaction, and attract offerings to increase visitor spending.

2.0 Introduction

This Business Plan provides an organizational context for the Harbor Enterprise's ongoing operation and improvement of the Waterfront. The purpose of the 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 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 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 and enhancing 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 and an earthquake in 1994. The 1988 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 and/or manages 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 and are owned by the City. 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.

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 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 policies conclude discussion on the Financial Plan.

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.

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

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

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.

The current City Manager and Assistant City Manager bring an extensive level of experience in public real estate development and operation, public/private partnerships, financial management, and area revitalization to the City. These skills and background are complimented by a strong network of professionals in related fields developed over the years and through their involvement in trade and professional associations related to real estate and development.

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 1.6 staff members (Harbor Division). The Department Director oversees two other Divisions in the Department, Transit and Business Development. The two remaining Division employees (one Harbor Facilities Manager, and one Senior Administrative Specialist), or the equivalent of 1.3 full time staff members, are 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. 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
- Lease Negotiations
- Property inspections
- Capital Improvement Project coordination and oversight

[9] Article XII, Section 12.3 of the City Charter of the City of Redondo Beach

- Filming and special event coordination and oversight
- Financial analysis
- Accounts receivable

Harbor Division

Employees	Position
0.3	Harbor, Business and Transit Director
0.5	Harbor Facilities Manager
0.8	Senior Administrative Specialist
1.6	Total

Harbor Division staff possess experience in public sector economic development and Redevelopment Agency programs. Relationships with experts in the industry and staff members of other similar agencies are also maintained to keep abreast of current trends and methods. Harbor Division staff also maintain memberships in professional organizations allowing for development of enhanced skills and exchange of information.

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.

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, on Mole B (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 International Boardwalk, King Harbor, Veterans 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.

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

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.

US Army Corps of Engineers (USACE)

The USACE delivers civilian and military engineering services to countries worldwide. In King Harbor, the USACE owns and is responsible for the maintenance of the two breakwaters that protect craft in the marinas. With a headquarters location in Los Angeles, the USACE is proximate and can respond quickly to breakwater concerns.

South Coast Air Quality Management District (SCAQMD)

The SCAQMD is the air pollution agency responsible for the protection of the public from air pollution through a comprehensive program of planning, regulation, compliance assistance, enforcement, monitoring, technology advancement, and public education. Businesses in the area may be subject to SCAQMD permitting requirements.

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.

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.

Green Task Force

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 15 month assignment, the Task Force developed a Sustainable City Plan that included 26 recommendations. The Report was presented to the City Council on May 13, 2008, and 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. City staff will implement the recommendations as directed by the City Council.

3.5 Stakeholders

Harbor Enterprise stakeholders include those who have a vested interest in the operation and success of the area. Stakeholders include (but are not limited to): vendors, leaseholders, businesses, lenders, trades, organizations, employees, regulators and residents.

3.6 Customers

Customers represent perhaps the single most important element for the future success of the Harbor Enterprise. Customers are defined as "buyers of goods and/or services" and can be local, regional, or international visitors. Customers provide a dual goal: visitor spending creates fiscal results, thereby enhancing the local quality of life.

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, fine dining, and meeting and banqueting facilities. 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. As such, in the longer term, the mix of slip sizes should be evaluated at the time a marina is

renovated to ensure it best reflects market demand while also preserving access to a wide spectrum of boaters.

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)**

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

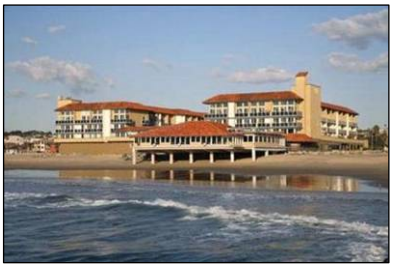
Two hotels lie within the Waterfront: The Portofino Hotel & Yacht Club, and the Best Western Sunrise Hotel. Additionally, the Crowne Plaza Redondo Beach and Marina Hotel is adjacent to the Waterfront. The Portofino Hotel was renovated in 2006, and the Best Western Sunrise Hotel is currently considering renovation.

The City has 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 wide variety of hotel room types and prices, allowing for attraction of broader visitorship.

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.

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 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, Manhattan Village and Del Amo Mall, have greatly expanded their customer draw, with new centers like El Segundo Plaza also expanding 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:

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 of industrial land at the Waterfront that acts as an obstacle for 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. The dominant position of the power plant on the Waterfront is a factor which negatively influences the area and must be taken into consideration when planning for the area. In the longer term, AES may be reinvesting in the site and already a pilot desalinization plant is being constructed on a portion of the AES site.

4.4 Recreation

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, skating 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 Canoe Club and the Nahoa Outrigger Canoe Club appeal to kayakers and outriggers of all levels. These two private outrigger canoe clubs sponsor medal winning racing teams, as well as offer instruction to those new to the sport. They are located on Mole B, adjacent Moonstone Park and the Harbor Patrol facility.

Boating

King Harbor offers kayak and peddle boat rentals, whale watching excursions, and 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 from Torrance Beach north to Santa Monica 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.

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 March 17, 2010, 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

The focused vision of this Business Plan is:

> ***"To enhance the customer base and satisfaction; to enhance the quality of life for area residents, visitors, and businesses; and to enhance the City's General Fund and Harbor fiscal condition."***

The result of the vision is expected to include 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.

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-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 March 2010, the Strategic Planning Workshop resulted in a three-year goal with objectives for the Harbor Enterprise (objectives not in order of priority) (see Appendix G):

Goal: **Vitalize The Harbor & Pier Areas**

Objectives:

- Present to the City Council for action a final Harbor Enterprise Business Plan
- Present an update to the City Council on the proposed Coastal Marinas Permit regarding water quality in the Harbor
- Develop and present to the Harbor Commission a process for how to proceed with a Master Plan for Mole B at the harbor
- Identify a location for the development of a boat launch ramp
- Work with Decron and other stakeholders to ensure construction of a public boat launch ramp.

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.

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 Harbor & Pier 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 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.

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 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.

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 adoption of the Annual Budget by the City Council in June of 2010 and covers the five-year period through Fiscal Year 2014-15. That document includes the completion of Avenue of the Arts & Crafts Repairs, Harbor Drive Resurfacing (Beryl to Herondo), Pier Parking Structure Repair 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	Carryover from prior fiscal years
Avenue of the Arts & Crafts Repairs	300,000	
Marina Way Pump Station Generator Replacement	110,000	
Elevator Car Replacement	476,435	
Basin II Seawall Corrections/Improvements	99,736	
California Coastal Trail/Strand Bike Path	60,000	
Parcel 10 Structural Rehab	135,622	
Harbor Railing Replacement	2,014,640	09-12
Pier Parking Structure Repairs	926,089	10-13
Portofino Way Sewer Pump Station	2,450,000	10-12
Pier Structure Repairs	370,054	10-15
TOTAL:	$8,543,647	

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 five Strategic Plan goals is to "Vitalize the Harbor & Pier Areas." 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 Pier area revitalization. The goal of this plan is to create a more appealing atmosphere within the 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.

RRM's recommendations for improved signage 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. New, additional wayfinding and regulatory signage

within the Waterfront is currently in design and implementation is expected in Fiscal Year 2010-11.

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 CIP projects delivering physical improvements 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	Carryover from prior fiscal years
Harbor Trash Skimmers	40,000	
Pier Revitalization	909,687	
Relocation of Boat Launch	452,460	
Webcam/Surveillance Network	86,396	
Harbor Patrol Dock Replacement	252,581	
Pier Circulation Improvements	250,000	
Transient Vessel Dock	66,700	
Transient Vessel Mooring	250,000	
Seaside Lagoon Rehabilitation	896,081	
Comprehensive City Identity Program	57,280	09-13
Pier Piles & Utilities Barrier	150,000	10-11
Waterside Signage	55,000	10-13
International Boardwalk Restroom Remodel	600,000	12-16
Pier Parking Structure Mezzanine	80,000	13-14
Basin III Bulkhead Improvements	440,000	13-14
TOTAL:	$6,129,470	

The City's adopted Five Year Capital Improvement Program also includes a listing of Underfunded/Unfunded projects. These projects may be included in future capital budgets as funds are identified. The inclusion of a Underfunded/Unfunded Projects list in the CIP also serves to identify projects for which the City may seek grant funding as opportunities arise. Listed below are the Underfunded/Unfunded Projects in the Waterfront area listed in the current CIP:

- Harbor Area Wi-Fi $120,000
- California Coastal Trail/Bike Path $4,951,000
- Seaside Lagoon Rehabilitation $11,000,000

Other Infrastructure Improvement Initiatives

Finally, there are additional non-CIP improvement initiatives anticipated to be completed in Fiscal Year 2010-11, the completion of which will help enhance existing operations, amenities, and revenue streams.

- RDR (Resnick) leasehold improvements
- Development and installation of new directional signage at PCH/Torrance Bl.
- Development of design concepts for temporary and permanent signage at Beryl/PCH for City Council consideration

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, 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

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.

In July 2009, the City Council directed City staff to continue evaluating proposals for the remaining two properties: 135-9 N. International Boardwalk and the 400 Block of Fisherman's Wharf, also known as Parcel 10 and Pad 2, respectively.

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 FY 2010-2011. 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 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 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

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 was redesigned in early 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.

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 "More To Sea" catchphrase was launched in March 2010 and 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 includes 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 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 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.

The City currently contracts with Five Star Parking for the operation of the two parking structures. Their month-to-month contract will continue while a study is completed to consider the optimal method of operation and how we plan for the renovation or replacement of the parking structures.

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 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 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 considered a schedule to ensure a systematic audit process that, over time, allows the audit of each leasehold every five (5) years.

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.

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 much like a private shopping center owner/operator would. 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 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. Individual master lessees or sublessees may also provide an additional level of maintenance and security for their properties.

Internal Service Fund Allocations

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 fund 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 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 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 budgets for Fiscal Years 2009-10 and 2010-11. As shown in Appendix F, Internal Service Fund Allocations and Overhead charges to the Harbor Tidelands Fund and the Harbor Uplands Fund will total approximately $1,988,300 in Fiscal Year 2010-11. Internal Service Fund allocations are adopted by the City Council each February, typically at the mid-year budget review. Allocations and methodologies are reviewed for conformity with Government Accounting Standards Board (GASB) standards and financial best practices.

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 on behalf of the businesses within the area including the Pier, the Pier Parking Structure and International Boardwalk. 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 Business Plan will assist in providing the Harbor Enterprise the path to the best case scenario.

The City's adopted budget for Year 2009-2010 includes the budget for the Harbor Enterprise (the Harbor Tidelands Fund and the Harbor Uplands Fund). Table 4 below illustrates the FY 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

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 Statements 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 could be erased soon if certain events 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. 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.

Minimum Reserve Policy

The City established a formal minimum reserve policy for the Harbor Enterprise on June 22, 2010. 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 was approved 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,
- 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 a portion of the existing fund balance in the Harbor Tidelands Fund for this reserve requirement. Using FY 2009-2010 budget figures, the Tidelands Fund reserve would total approximately $2.1 million, 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 for FY 2009-2010, the Uplands Fund required reserve would amount to approximately $1.35 million 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 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:

> *"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.

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

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

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. Improving the attractiveness of the Waterfront to local residents may smooth-out a component of the area's seasonality.

Natural Disaster

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. In 1994, the "Northridge" earthquake caused considerable damage to the Marina Way roadway and Seaside Lagoon. 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. utilize base rent to cover operating costs), but at this time operating expenses far exceed minimum rent revenues.

A reserve policy (such as the policy described in Section 7.5) to fund ongoing major improvements to the Waterfront, and maintenance of positive fund balances will help establish long-term solvency for 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 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.

Coastal Marinas Permit

In 2009, the California State Water Resources Control Board began exploring a program to require marina operators to ensure clean ocean water. The stated objective is to control pollutants by implementing appropriate management practices at marinas located in impaired waters, and to prevent pollution generated by marina activities from potentially impacting high quality waters. The program is currently on hold while the SWRCB considers new material, but is expected to resume in early 2011.

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.

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 Business Plan. The recommended tasks listed below are related to the achievement of each goal. The cohesive Business Plan goals and tasks are:

HARBOR ENTERPRISE BUSINESS PLAN

SUMMARY OF GOALS & RECOMMENDED TASKS

CM = City Manager's Office HBT = Harbor, Business & Transit Department PD = Police Department
PW = Public Works Department ENG = Engineering & Building Services FIN = Financial Services Department
RCS = Recreation & Community Services Department

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
B-15. Analyze financial reports and trend revenues and expenses forward to adequately prepare for the future.	✓			HBT

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
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

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
E-7. Connect branding and marketing efforts with customer needs		✓		HBT, CM
E-8. Develop methods to create brand loyalty		✓		HBT, CM
E-9. Encourage an appropriate tenant mix to increase the number of customers and customer spending	✓			HBT, CM
E-10. Develop a program of promotions via marketing to increase customers		✓		HBT, CM
E-11. Survey and research customer habits to determine methods to elevate customer satisfaction		✓		HBT, CM

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)

Appendix A

Economic Development Activities: Competition by City

(City of Redondo Beach, 2007)

Appendix B

Revitalization Concepts for the Pier and Boardwalk

(RRM Design Group, December 2007)

Appendix C

Pier and Harbor Asset Management Plan

(Kosmont and Associates, December 2007)

Appendix D

Harbor/Pier Lease Management Plan

(Kosmont and Associates, August 2008)

Appendix E

Harbor Enterprise Financial Update

(City of Redondo Beach, July 2010)

Appendix F

Financial Summaries For Harbor Tidelands Fund and Harbor Uplands Fund

(From FY 2010-11 Budget, June 2010)

Appendix G

Strategic Plan

(City of Redondo Beach, March 2010)

Appendix H

Tidelands Trust Agreement (July 1971)

Appendix I

Harbor and Pier Area Guiding Principles

(City of Redondo Beach, June 2006)

Appendix J

Communication and Customer Service Plan

(City of Redondo Beach, August 2010)

Appendix K

Ground Lease Policy

(City of Redondo Beach, no date)

Appendix L

Lease Extension Policy

(City of Redondo Beach, no date)

Appendix M

Redondo Beach Branding Project Newsletter

(City of Redondo Beach, June 2007)

Appendix 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)

Appendix O

City Manager's Harbor & Pier Revitalization Task List

(City of Redondo Beach, 2006)

Appendix P

Statements of Financial Principles

(City of Redondo Beach, 2010)

Appendix Q

Administrative Policy/Procedures

City Staff Roles and Practices in Support of Commissions

(City of Redondo Beach, February 2010)