

AGENDA
REDONDO BEACH HARBOR COMMISSION
Monday, March 9, 2015, 6:30pm
REDONDO BEACH CITY COUNCIL CHAMBERS
415 DIAMOND STREET

I. OPENING SESSION

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

II. APPROVAL OF ORDER OF AGENDA

III. RED FOLDER ITEMS

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

IV. BLUE FOLDER ITEMS

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

V. CONSENT CALENDAR

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

5. APPROVAL OF AFFIDAVIT OF POSTING FOR THE HARBOR COMMISSION MEETING OF MARCH 9, 2015

6. APPROVAL OF THE FOLLOWING MINUTES: FEBRUARY 9, 2015

7. APPROVE CONTRACT NO. C-1502-024, A CONTRACT FOR APPRAISAL SERVICES BETWEEN THE CITY OF REDONDO BEACH AND INTEGRA REALTY RESOURCES FROM PREVIOUS CITY COUNCIL MEETING OF 2/17/15, ITEM H.28

Staff recommendation: Receive and file

8. SEASIDE LAGOON OPERATION UPDATE FROM PREVIOUS CITY COUNCIL MEETING OF 2/17/15, ITEM H.11 (PUBLIC WORKS ITEM)

Staff recommendation: Receive and file

VI. ORAL COMMUNICATIONS

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

VII. EXCLUDED CONSENT CALENDAR ITEMS

VIII. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

This section is intended to provide members of the public with the opportunity to comment on any subject that does not appear on this agenda for action. This section is limited to 30 minutes. Each speaker will be afforded three minutes to address the Commission. Each speaker will be permitted to speak only once. Written requests, if any, will be considered first under this section.

IX. EX PARTE COMMUNICATIONS

X. PUBLIC HEARINGS

XI. ITEMS FOR DISCUSSION PRIOR TO ACTION

9. PROVIDE INPUT TO THE CITY MANAGER REGARDING THE 2015-16 FY OPERATING BUDGET AND CAPITAL IMPROVEMENT PLAN

Staff recommendation: Receive and file

10. DISCUSSION AND INPUT TO THE CITY'S STRATEGIC PLAN

Staff recommendation: Receive and file

11. DISCUSSION AND POSSIBLE ACTION ON AECOM MARKET STUDY OF THE PROPOSED WATERFRONT REVITALIZATION PROJECT FROM PREVIOUS CITY COUNCIL MEETING OF 2/24/15, ITEM N.1

Staff recommendation: Receive and file

12. ADOPT BY TITLE ONLY RESOLUTION NO. CC-1502-014, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ADOPTING THE REDONDO BEACH MARINA MASTER SLIP LICENSE AGREEMENT AND THE FORM REDONDO BEACH MARINA SLIP LICENSE AGREEMENT FROM PREVIOUS CITY COUNCIL MEETING OF 2/17/15, ITEM H.29

Staff recommendation: Receive and file

13 DIRECTOR'S REPORT

Staff recommendation: Receive and file

XII. ITEMS CONTINUED FROM PREVIOUS AGENDAS

XIII. MEMBERS ITEMS AND REFERRALS TO STAFF

XIV. ADJOURNMENT

The next meeting of the Harbor Commission of the City of Redondo Beach will be a regular meeting to be held April 13, 2015, in the Redondo Beach Council Chambers, 415 Diamond Street, Redondo Beach, California.

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

An Agenda Packet is available at www.redondo.org under the City Clerk. Agenda packets are available at the Redondo Beach Main Library during Library Hours, at the Reference Desk and during City Hall hours in the Office of the City Clerk. Any writings or documents provided to a majority of the Harbor Commission regarding any item on this agenda will be made available for public inspection at the City Clerk's Counter at City Hall located at 415 Diamond Street, Door C, Redondo Beach, CA during normal business hours.

PROOF OF POSTING

I, Holly Short, hereby declare, under penalty of perjury, that I am over the age of 18 years and am employed by the City of Redondo Beach, Harbor Department, and that the following document was posted by me at the following location(s) on the date the time noted below:

Agenda – Redondo Beach Harbor Commission

Regular Meeting of March 9, 2015

Posted on: March 4, 2015 at 2:00 pm

Posted at: DOOR "A" BULLETIN BOARD

and CITY CLERK'S OFFICE

Holly Short
Signature

3/4/15
Date

**MINUTES OF THE
REDONDO BEACH HARBOR COMMISSION MEETING
FEBRUARY 9, 2015**

CALL TO ORDER

A regular meeting of the Harbor Commission was called to order at 6:30 p.m. in the City Council Chambers, 415 Diamond Street, by Chairperson D. Jackson.

ROLL CALL

Commissioners Present: Bloss, Dalton, Horvath, D. Jackson, M. Jackson,
Keidser, Shaer
Commissioners Absent: None
Officials Present: Pete Carmichael, Waterfront/Economic Development
Director
Steve Diels, City Treasurer
Margareet Wood, Recording Secretary

SALUTE TO THE FLAG

The members joined in the salute to the flag.

APPROVAL OF ORDER OF AGENDA

It was the consensus to approve the order of agenda.

CONSENT CALENDAR

5. Approval of Affidavit of Posting for the Harbor Commission Meeting of February 9, 2015
6. Approval of the Following Minutes: January 12, 2015
7. Approve Contract No. C-1502-014, an Agreement for Project Services with Compu/Audit Inc. for Waterfront Leasehold Sales Examination and Audit Services
8. Approve Contract No. C-1502-015, an Office Lease Between the City of RB and Jamison Management Company for the Premises at 107 West Torrance Blvd. #104 for the Term of February 3, 2015 Through February 2, 2020
9. Barney's Beanery CUP Update Regarding Food Sales and Live Music

The motion by Commissioner M. Jackson and seconded by Commissioner Keidser to approve the order of agenda was unanimously approved.

ORAL COMMUNICATIONS

None.

EXCLUDED CONSENT CALENDAR ITEMS

None.

PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Julie Coll, King Harbor Boating Foundation, distributed a brochure, *Bringing Life to our Ocean Waters*, and a flyer announcing the STEM Top Sail program.

The motion by Chairperson D. Jackson and seconded by Commissioner Keidser to receive and file the documents was unanimously approved.

Ms. Coll announced the upcoming tall ship, sea fair, and boat parade events sponsored by the King Harbor Boating Foundation. She planned to attend future Harbor Commission meetings and she provided the organization's website for more information.

Marci Guillermo, resident, raised questions with the current Measure B initiative regarding future changes and view preservation. She encouraged the Commissioners to scrutinize the election material and become informed. She said AES has been mailing misleading information. She wished candidates well and said she is independent and will vote according to her beliefs.

EX PARTE

None.

PUBLIC HEARINGS

None.

ITEMS FOR DISCUSSION PRIOR TO ACTION

The motion by Commissioner Shaer and seconded by Commissioner Horvath to advance the following item in the agenda was unanimously approved.

Summary of State Lands Commission Review of City Cost Allocation Plan and Internal Service Fund Allocation Methodology

Treasurer Diels referred to the administrative report which he said responds to complaints that the City misallocated tidelands funds through internal service fund transfers. He said the California State Lands Commission reviewed the City's cost allocation plan and internal service fund allocation methodology relative to the tidelands fund and concluded the method is appropriate and reasonable and no wrongdoing was found. He said the review deemed the methodologies and applications fair and reasonable compared to similar entities.

Chairperson D. Jackson said one issue is surpluses and allocating back to funds; and she questioned whether a more timely way of reallocating funds is available.

Treasurer Diels said the internal service fund rates are set by Council and fund requirements can be reduced. He said charges will be decreased going forward if a surplus is declared. He said auditors will check if funds are declared going forward and the money should be allocated back to tidelands. He said the City was accused of padding tidelands fund with general fund monies using internal

service funds; however actual annual audits show proper procedures are being followed.

The motion by Commissioner Bloss and seconded by Commissioner Shaer to receive and file the report was unanimously approved.

Discussion and Input to the City's Strategic Plan

Director Carmichael said this is the opportunity to formulate recommendations for the upcoming strategic plan workshop.

In response to Commissioner M. Jackson, Director Carmichael said that staff will discuss a new facility for sea lions with the marinas. He said input from the Commission regarding how to address the sea lion nuisance issue is appropriate.

In response to Commissioner Bloss, Director Carmichael said the Torrance Boulevard renaming has not moved forward and the item can be raised again at the upcoming strategic plan workshop.

Commissioner Bloss did not want the Torrance Boulevard renaming to be dropped and she hoped the Harbor Commission supports moving forward. She felt that occupants on the east side of PCH will feel neglected.

Director Carmichael stated the item: *to present to Council for action engaging a consultant for engineering work for the boat ramp and Seaside Lagoon modifications* is complete and a next step can be recommended.

Director Carmichael said the RFP for paddle sports operators will go to Council in early March. He recalled the item was discussed by the Harbor Commission last spring.

Chairperson D. Jackson stressed the importance of the item: *to present to Council for action engaging a consultant for sea level rise analysis to plan and phase key infrastructure upgrades.*

In response to Commissioner Bloss, Director Carmichael reported that a CIP is slated for this fiscal year to install directional signage in the harbor.

Commissioner Bloss recommended including the harbor directional signage in the letter to Council. She also said a party for the Harbor Drive project completion is under discussion within the BCHD livability committee and she hoped the event does not become minimized by lack of time.

Commissioner Keidser raised the issue of Seaside Lagoon becoming an attractive site for sea lions.

Director Carmichael said the sea lion concern is part of the EIR scope and a marine biologist is looking at potential infiltration of an open Lagoon by sea lions.

Ms. Guillermo said the traffic is bad on Torrance Boulevard and she supported creating a more pedestrian-friendly area.

Ms. Coll said the Sea Lab has 4 years remaining at the current location and she supported moving toward an education destination in Redondo Beach.

Commissioner Dalton said the Sea Lab exposes many children to the harbor and ocean and maintaining that is important.

Director Carmichael advised the Sea Lab lease with AES is coming to term and the L.A. Conservation Corps operates the facility with private funding. He said the future of Sea Lab is a worthwhile topic.

Chairperson D. Jackson planned to draft a letter with recommendations to City Council in coordination with Commissioner Bloss and agenda for next month.

Discussion Regarding Harbor Sea Lion Nuisance Issues

Director Carmichael said the sea lion population in the harbor is becoming more present and aggressive: the pump-out dock is inundated and tenants are getting complaints. He said the problem has worsened since the bait barge sunk. He said that Chadwick School has expressed interest in replacing the barge and using for classroom programs. He said the design is under consideration and the funding, lease, and contractor are in place. He said a meeting is scheduled next week with 4 marina operators.

Commissioner M. Jackson requested to include 1 or 2 Harbor Commissioners at the meeting. He agreed the problem is getting worse and he spoke in support of creating a safe haven for sea lions.

Commissioner Dalton discouraged feeding the sea lions and attracting them to the harbor.

Director Carmichael commented that all harbors are seeing an increase in sea lion aggressiveness.

The motion by Commissioner Bloss and seconded by Commissioner Horvath to receive and file the report carried unanimously.

Director's Report

Highlights from Director Carmichael's report:

- Harbor Drive/Herondo Street project - good progress, curb cuts will be installed next week

- Boat hoists – both boat hoists shut down for repair, anticipate 6-8 weeks before operational
- Shade Hotel – approvals, financing, permits, entitlements in place, lease requires completion by end of year
- Super Bowl Sunday 10K – 5,680 runners registered, course adjustment well received, event well attended, few complaints received

Calendar

- March 8 - Kite Festival
- May 17 - Sea Fair
- Parcel 10 will be used this spring for yoga, pilates, skateboarding events

Commissioner Bloss said the 2015 Super Bowl 10K registration is lower than in prior years.

In response to Commissioner Bloss, Director Carmichael said the City was not awarded the boat ramp grant. He said Department of Boating and Waterways liked the site; however the fact that the City does not have control of the property was a hindrance. He said reapplication can be made in 2016.

In response to Commissioner Shaer, Director Carmichael said the boat ramp application included a feasibility study costing \$40-50,000 out of which approximately \$10,000 went toward administration.

In response to Commissioner Keidser, Director Carmichael said the next step in the Noble report will be 2 public meetings in March followed by a presentation to the Harbor Commission and then to City Council in May.

In response to Commissioner Shaer, Director Carmichael said the CenterCal EIR is 40% complete. He said the goal is to release a draft this summer and the final toward the end of the year, returning to the Harbor Commission in December or January with an EIR and CUP. He said consideration by Coastal Commission will follow in 3-6 months.

Ms. Guillermo questioned how that is possible if a boat ramp site has not been identified to which Director Carmichael stated the EIR is likely to include multiple boat ramp locations.

Robert Carlson, audience member, said it is embarrassing not to have a working boat launch. He added that no relevant information is posted online.

The motion by Commissioner Bloss and seconded by Commissioner Keidser to receive and file the report was unanimously approved.

ITEMS CONTINUED FROM PREVIOUS AGENDAS

None.

MEMBERS ITEMS AND REFERRALS TO STAFF

Commissioner Bloss distributed an announcement of an exhibit entitled Sink or Swim-Designing for a Sea Change.

The motion by Commissioner Keidser and seconded by Chairperson D. Jackson to receive and file the announcement was unanimously approved.

Commissioner Bloss commented on the attractive pier restroom improvements.

Director Carmichael said the improvements were financed by maintenance and operations funds; and future International Boardwalk improvements include asphalt, bike path signage, trash cans, benches, and lighting. He said the improvements will be in place for summer to coincide with new businesses.

Chairperson D. Jackson mentioned that seagulls pull trash from the cans, and she recommended installing lids on George Freeth Way cans.

Commissioner Shaer said the issues raised by Mr. Carlson are important.

Commissioner Shaer asked about increased kite festival publicity for local residents to which Director Carmichael responded that the Pier Association drives the event and advertises and the pier kite shop sponsors.

Commissioner Dalton recommended combining parts from both boat hoists to build one that is operational.

The motion by M. Jackson and seconded by Commissioner Keidser to adjourn the meeting was unanimously approved.

The meeting was adjourned at 7:37 p.m.

Respectfully submitted,

Peter Carmichael
Waterfront and Economic
Development Director



Administrative Report

Council Action Date: February 17, 2015

To: MAYOR AND CITY COUNCIL

From: PETE CARMICHAEL, WATERFRONT AND ECONOMIC DEVELOPMENT DIRECTOR

Subject: AGREEMENT FOR APPRAISAL SERVICES BETWEEN THE CITY OF REDONDO BEACH AND INTEGRA REALTY RESOURCES, INC.

RECOMMENDATION

Approve the agreement between the City of Redondo Beach and Integra Realty Resources for appraisal services.

EXECUTIVE SUMMARY

The City is engaged in a broad revitalization of the Waterfront, which includes significant new public and private sector investment. A necessary component of this revitalization process is determining value for key parcels in the Pier and Harbor Area through appraisal. The City will utilize professional appraisals as part of its analysis and processing of the proposed revitalization project with CenterCal Properties and in connection with agreements with the State Lands Commission.

The City conducted a competitive bidding process to select an appraiser to perform these services. Based on this process, staff recommended and the City Council selected Integra Realty Resources in 2014. The original contract with Integra is competitively priced and demonstrated a good understanding of the complex leasehold and ownership issues involved with the properties in question. The original contract for \$46,000 has now expired. Because the contract has expired a new contract is being recommended to extend the term through August, 2016 and add \$5,000 for additional scope of work including report preparation and presentation. This brings the total contract amount to \$51,000.

BACKGROUND

The current revitalization of the Redondo Beach Waterfront has been made possible by zoning and development standards which were approved by the voters through Measure G in 2010 and certified by the California Coastal Commission. Significant new public and private investment has manifested in the City's waterfront in recent years or is planned in the coming years. This includes significant hotel renovations at the

Crowne Plaza and Redondo Beach Hotel (former Best Western), the new Shade Hotel, the Redondo Landing renovation, the Harbor / Herondo Gateway Improvement Project and others. Another important component of this revitalization is the proposed Waterfront project by CenterCal properties. The Waterfront plan is within the voter-approved zoning and development parameters of Measure G and is the result of extensive public outreach.

In July 2013, the City Council approved a Memorandum of Understanding (MOU) with CenterCal Properties and directed Staff to initiate an environmental review of the project per CEQA guidelines based on the concept presented. A key component of the project area, as currently envisioned, is the Redondo Beach Marina Leasehold. To assist in furtherance of the revitalization concept, Integra completed an appraisal of the Redondo Beach Marina Leasehold.

The MOU also contemplated potential changes to City owned Uplands and State owned Tidelands designation of properties within the project area. An appraisal is a necessary first step in the evaluation of potential changes to designation and would also be a part of the scope as outlined in the contract with Integra. The properties in question, as it relates to a potential change in Uplands and Tidelands designation, include the portion of Mole D, seaward of the mean high tideline, the area designated as Basin III within the Harbor, and the former Gold's Gym Property at 300 N. Harbor Drive. The 300 North Harbor Drive property is within the State Tidelands jurisdiction and has most recently operated as a fitness center, a use that is not consistent with the Tidelands Trust. For this reason, the State Lands Commission has asked that the property be appraised for potential sale or trade.

The original contract with Integra Realty Resources for appraisal of the above referenced properties had a total cost of \$46,000 and was approved by the City Council in February, 2014. Task A, the appraisal of the Redondo Beach Marina Leasehold was completed in spring, 2014. Task B, appraisal of the other three parcels is currently in process and will be completed in the next 60 days. This new contract being recommended for approval, includes the original scope, adds \$5,000 for additional City Council presentation work and extends the timeline for completion through August, 2016.

Integra Realty Resources was selected through a competitive process, which included bids from four separate appraisers. Integra had the best combination of competitive pricing, understanding of the task at hand, and experience working with the State Lands Commission, which will be involved in the appraisal process.

COORDINATION

The Waterfront and Economic Development Department collaborated with the City Attorney's Office to develop the agreement. The City Attorney's Office has approved the agreement as to form.

FISCAL IMPACT

The revitalization efforts at the Waterfront have been instrumental in bringing new private sector investment. Over \$50 million in new investment is projected by 2015 with an additional \$200 million or more possible through the proposed Waterfront project.

The total cost of this contract is \$51,000. This cost is associated with the Waterfront Revitalization project and will be reimbursed through the City Council approved Reimbursement Agreement with CenterCal Properties.

Funding

\$ 51,000 CenterCal Reimbursement
 Agreement

Expenditures

\$51,000 Integra Realty Resources

Submitted by:

Pete Carmichael
Waterfront and Economic Development
Director

Approved for forwarding by:

Office of the City Manager

Attachments:

- Agreement for Consulting Services between the City of Redondo Beach and Ellis Group, Inc., DBA Integra Realty Resources

All supporting documentation for **Consent Items**

can be found online at the City's website

www.redondo.org

under the corresponding City Council Meeting

city offices/city clerk/agenda & minutes

City Council Meeting

February 17, 2015

Item H28



Administrative Report

Council Action Date: February 17, 2015

To: MAYOR AND CITY COUNCIL

From: TIM SHEA, INTERIM PUBLIC WORKS DIRECTOR
DAN SMITH, INTERIM COMMUNITY SERVICES DIRECTOR

Subject: SEASIDE LAGOON OPERATION UPDATE

RECOMMENDATION

1. Receive and file an update on Seaside Lagoon 2014 water quality results; and
2. Authorize the Mayor to execute the one year contract renewal option to Contract C-1405-054 with Michelson Laboratory for the 2015 swim season subject to the same terms and conditions.

EXECUTIVE SUMMARY

Seaside Lagoon is a unique salt water swimming and special events venue that serves over 100,000 people each year. The Lagoon is subject to swimming water quality standards established by the Los Angeles County Health Department and water discharge regulations set by the Los Angeles Regional Water Quality Control Board through a multi-year National Pollutant Discharge Elimination System (NPDES) Permit. Compliance with the Regional Board's discharge regulations over the past 10 years has been a challenge, and the City has occasionally been forced to contest Board efforts to fine the City and place further water quality restrictions on the water discharged from the Lagoon.

In recent years the City has been successful in protecting itself from increasingly restrictive NPDES Permit limitations and reducing the Lagoon's water discharge liability. Part of this success is attributed to the City's active evaluation of the facility's water quality monitoring results and, in collaboration with Regional Board staff, implementing modifications to water testing methodologies that have improved testing accuracy.

In September 2014, Seaside Lagoon completed its fourth season of water quality monitoring under the current Five-Year NPDES Permit which runs through September 2015. In the past, the facility has struggled with two primary water effluent discharge categories, Total Suspended Solids (TSS) and Biochemical Oxygen Demand (BOD). The Lagoon's water quality data for the 2011, 2012, and 2013 operating seasons has

improved significantly in these areas and last March, the City Council directed staff to continue to operate the Lagoon for the 2014 and 2015 season.

To operate the Lagoon beyond the 2015 season, the current Permit requires that a renewal application be filed with the Regional Board by March 14, 2015. Based on past water quality data including the 2014 swim season and to preserve the option of operating beyond summer 2015, it is necessary to submit the NPDES application at this time. Given tightening water quality restrictions, it is unknown whether another Permit will be granted, but submitting an application gives the City maximum flexibility as it decides whether or not to operate the Lagoon beyond the 2015 swim season.

BACKGROUND

The 3.75 acre Seaside Lagoon is a unique recreation amenity that operates as a full water and events facility during summer months. Over the course of a typical year the facility's open space and saltwater lagoon serve 75,000 seasonal swimmers, supply picnic tables to approximately 475 user groups, host 80 private parties, provide space for roughly 600 participants in the City's Breakwater and Sailing Camp programs, and serve more than 25,000 patrons during special events such as the Lobster Fest, July 4 Fireworks, and the Super Bowl 10K Run.

Seaside Lagoon, when originally built in 1963, was a creatively designed recreational aquatic park with a mechanical system that, for water intake purposes, took advantage of a heated water supply made available by the nearby power plant and for discharge purposes utilized proximity to the harbor. The facility was constructed years before adoption of the Clean Water Act and the establishment of basic water chlorination practices for public swimming facilities.

While chlorination and de-chlorination functions have been added to the Lagoon, the rudimentary elements of the original water system design remain the same. However, compliance with contemporary Los Angeles Regional Water Quality Control Board regulations has been difficult given the chemical treatment. Since the implementation of the Lagoon's first NPDES Permit in 1999, the City has been fined \$195,000 for water discharge violations. The vast majority of these violations were for the discharge of Total Suspended Solids (TSS). After extensive examination by water quality experts and City Engineering staff, it was determined that there would be no cost effective way to treat or filter Suspended Solids in the high volume of water discharged by the Lagoon. The filtration approach suggested by Los Angeles Regional Water Quality Control Board (Regional Board) staff in 2007, as an example, would require the installation of a multi-million dollar treatment plant and the acquisition of several acres of harbor area property.

Over the years the City has been put in the difficult position of either 1) closing the facility, 2) spending significant capital resources to rehabilitate the facility and implement

a contemporary water delivery and filtration system to eliminate discharge into the Harbor, or 3) working with the Regional Board to modify the Lagoon's NPDES Permit to allow for increased water discharge limits. In 2007, the City pursued the last option and successfully collaborated with the Regional Board in the adoption of a Time Schedule Order (TSO) that significantly increased the Lagoon's TSS limits in exchange for the completion of an extensive water quality study. The study concluded that all but one of the Lagoon's problematic effluent categories could be managed through changes to operating procedures and testing methods, but that there was no cost effective way, given the facility's rudimentary water delivery system, to treat or filter the Lagoon's TSS. It also concluded that, on average, 94% of the TSS in the Lagoon's water discharge was in the ocean water before it entered the facility and the quality of the Lagoon's water discharge was effectively at the mercy of the ocean's natural conditions.

After determining that there was no cost effective way to eliminate the TSS problems through modification of the existing facility, the City pursued an extension of the TSO to allow for continued operation of the Lagoon while developing plans to reconstruct the facility (open the Lagoon to the ocean) and ultimately eliminate water discharge into the Harbor. The Regional Board agreed to extend the Lagoon's TSO for two years (through February 28, 2010). In January 2010, the City pursued a third TSO providing a continued relief of the TSS permit limits.

The first TSO issued in 2007 expired on January 31, 2008. The second TSO issued in 2008 expired on February 28, 2010. The third and most recent TSO was issued in 2010 and expired September 10, 2013. Since the TSO has expired, the Lagoon is now subject to the water discharge limits established in the facility's current Five-Year NPDES Permit.

Current Permit Limits

Seaside Lagoon's current NPDES Permit was issued on October 7, 2010 and will expire on September 10, 2015. Permit limits for TSS are as follows:

Monthly average 50 mg/L

Daily maximum, 75 mg/L

For the first three operating seasons of the current Permit, Seaside Lagoon was regulated by the 2010 TSO setting the limits as follows:

Monthly average 60 mg/L

Daily maximum, 120 mg/L

The City has also been historically concerned with the potential inclusion of metal discharge limitations in the Permit. Currently the Permit does not include specific metal limitations however it does require the City to regularly test, monitor and report on the discharge of arsenic, cadmium, copper, nickel, selenium, silver, thallium and zinc. It is assumed that the Regional Board intends to utilize the metals data collected by the City

to assess the need for including metal discharge limitations in future Seaside Lagoon Permits. When initially preparing the Permit, the Board considered including metal limitations, but, after the City challenged the inclusion, settled for inserting a re-opener clause in the Permit that gave them the option to add metals limitations at a later date. The re-opener clause however also included an expiration date, which passed on March 31, 2013. As the Board did not elect to reopen the Permit by the set date, the Lagoon will not be subject to metals discharge limitations until the adoption of a new NPDES Permit which cannot occur until at least 2016.

Monitoring Results

In 2011, TSS levels were well below the Permit limits. The peak monthly average was 18.5 mg/L, which was significantly below the Permit monthly averages of 60 mg/L and 50 mg/L set by the TSO and Permit respectively. Similarly in 2012, TSS peak monthly average showed 6.8 mg/L. In 2013, the monthly average indicated a peak of 38.2 mg/L. Single samples taken within this period between 2011 and 2013 were all below 41 mg/L. One sample taken on September 2, 2013 registered 100 mg/L. On that day, the TSS level in the Harbor showed similar strength, demonstrating that the elevated level was not caused by Seaside Lagoon. While the single sample on September 2, 2013 exceeded the Permit threshold, the discharge was within the limits of the TSO, and therefore, no violation occurred.

Chronic toxicity testing is required on an annual basis. For the 2013 operating season, this particular test was conducted in mid-August and the results showed an exceedance above Permit established limits. Upon discovery, an accelerated chronic toxicity testing was implemented as outlined in the NPDES Permit. The City was able to do only one test during the off-season special event out of the six consecutive weekly tests required by the Permit, due to the fact that the Lagoon was closed for the season. An accelerated chronic toxicity test conducted in September 2013 showed no exceedance beyond Permit limits. City staff contacted the Regional Board and discussed with the regulators the efforts taken by City staff to source track the cause of the exceedance but no discoveries were found. At the beginning of the 2014 season, the annual chronic toxicity test was conducted and results showed the Lagoon was within Permit established limits.

In 2014, TSS levels were well below the Permit limits. The peak monthly average was 21.4 mg/L, which was significantly below the Permit monthly averages of 50 mg/L. The highest single sample of TSS in 2014 came in at 39 mg/L again well below the single sample limit of 75 mg/L.

To adhere to the requirements of the Los Angeles County Health Department, and to protect the health of Lagoon users, the facility is required to maintain a chlorine residual level. Prior to discharging into the Harbor, the water must be de-chlorinated per the requirements of the Regional Water Quality Control Board to protect marine life. City

staff operating and maintaining the facility keeps a constant watch of the chlorine residual level within the Lagoon at various locations, as well as at the outfall throughout each operating day. During the 2014 operating season, water quality sampling showed one instance of not meeting the chlorine residual limit at the Lagoon's discharge outfall. Additionally, for three days during the 2014 swim season the bacteria limits were exceeded. All three exceedance events were separate – occurring on different days. Repeat bacteria sampling conducted two days after an exceedance event showed bacteria levels returned to within acceptable limits eliminating the possibility of a chronic issue.

Risk Assessment

Monitoring data analysis showed that the TSS levels at Seaside Lagoon are below Permit limits. There is no apparent explanation for the improved results as City staff has continued to operate the facility as in years past. In 2011, in collaboration with the Regional Board, the standard operating procedures for analyzing water samples for TSS by the City's hired laboratory, Michelson Laboratory Inc., (Michelson) was modified. This change in laboratory procedures may have affected the most current results of TSS levels. As with many other variables, it is difficult to pin point a single source to explain the variability of the water quality in the ocean and harbor.

The chronic toxicity test is designed to assess the effects of the Lagoon discharge on marine life in the Harbor. Seaside Lagoon has not had issues passing the chronic toxicity test in years 2010 and 2011. In the last three years between 2011 and 2013, there has been no overage of the Permit levels and there was only one instance of exceedance. In addition, for comparison purposes, at the time the follow-up chronic toxicity test was conducted, Michelson was also asked to analyze the influent water quality with respect to chronic toxicity and results showed that the effluent passed the toxicity test while the influent failed. Based on historical trending and the results of the follow up test, the Lagoon is not anticipated to fail future toxicity tests.

Clean water mandates have imposed extensive obligations on the operation of Seaside Lagoon. After years of open dialogue with the regulators, monitoring results demonstrate that they can fall within the Permit established limits. During the 2014 swim season, Lagoon operators and maintenance staff had to contend with getting chemical supply on-site and meeting operational demands with aging infrastructure. These challenges may have caused the bacteria exceedances and added chlorine residual at the discharge outfall.

Public Works staff will be taking the necessary steps to ensure the Lagoon's safe operation during the upcoming season, including maintenance of both facilities and the infrastructure for chlorination and testing. As part of the Public Works Department's regular operating budget there will be equipment and surface repairs and an overhaul of the pumps and hoses in the chlorine distribution system as well as the underground

vault where other equipment is housed. This work will fall under the current operations budget and will be performed prior to the Lagoon 2015 opening in May. There is however a pump that controls the flow of water from the power plant site to the Lagoon. The pump and its components have been in operation for many years and have been serviced periodically but are nearing the end of their useful life. The estimated cost to repair or replace the pump and components is in excess of \$100,000. Staff expects the pump to perform as it has in the past but if the operating Permit is extended beyond the current term staff would come back to Council to appropriate funds for the necessary repair or replacement. It should be noted that without this pump the Lagoon cannot operate as it does currently and if the influent pump does fail it is unlikely the repair work could occur this season.

Permit Renewal

In September 2014, Seaside Lagoon completed its fourth season of water quality monitoring under the current Five-Year NPDES Permit which runs through September 2015. The City is required to apply for and obtain a new NPDES Permit for the Seaside Lagoon upon the expiration of the current Permit. The current Permit will remain in effect pending issuance of a new Permit so long as requirements of the federal NPDES program are met. An expired NPDES Permit will remain in effect if the following two conditions are satisfied: (1) The City has submitted a timely and complete application for a new Permit; and (2) through no fault of the City, the Regional Board does not issue a new Permit with an effective date on or before the expiration date of the previous Permit. The City is obligated to commence the renewal process and must file its application for a new Permit at least 180 days prior to the expiration date of the current Permit, or March 14, 2015.

If the City timely applies for a new Permit and the Regional Board fails to approve a new Permit by September 10, 2015, the current Permit will continue in effect until the Regional Board issues a new Permit. Failure to timely apply for a new Permit could result in a prohibition on discharges from Seaside Lagoon or fines for any unlawful discharges.

The renewal application is comprised of several forms, technical information and a fee to the Regional Board. Reissuance of an existing NPDES permit will be billed through the annual fee billing system and therefore payment is not required at the time of renewal application submission. The EPA will have an opportunity to comment on the application and the Regional Board will conduct a public hearing before approving the final Permit. To provide the City the choice to continue to operate the Lagoon past the 2015 swim season, it is staff's intention to submit a Permit renewal application by March 14, 2015. In addition, given the historic legal issues involved with Permit requirements and water quality limits, it is staff's recommendation that the Permit renewal application be completed with the assistance of outside counsel, including services through the

issuance of a new NPDES permit. The cost for outside counsel to prepare a permit renewal application and as needed services through the hearing process is \$5,000.

Water Quality Testing

On May 6, 2014, the City Council approved contract C-1405-054 with Michelson Laboratory Inc. to perform water quality sampling and testing at Seaside Lagoon. The contract was for the 2014 swim season and included language allowing the City to exercise a one year contract renewal subject to the same terms and conditions. Staff is recommending that the City exercise this renewal option. Funding in the amount of \$31,277.35 is included in the Community Services operating budget for Seaside Lagoon. A copy of the existing Michelson Agreement is included as an attachment to this report.

COORDINATION

This report was coordinated with the Waterfront and Economic Development Department, Community Services, and the City Attorney's Office.

FISCAL IMPACT

Seaside Lagoon's annual revenue and expenditure figures for the 2013-2014 FY are listed in detail below. The Lagoon operates at an annual deficit that is subsidized by the Harbor Tidelands Fund. Last year the Lagoon's operating deficit was \$122,459. In comparison, the Lagoon's operating deficit was \$136,456 for the FY 2012-13. Most of the deficit, much like a park, is attributed to fixed costs associated with annual facility and grounds maintenance. It should be noted the weather directly impacts attendance levels at the Lagoon and has a corresponding effect on the amount of funding generated on an annual basis through gate admission fees.

Funding		Expenditures	
Lagoon User Fees	\$515,136	Program Personnel	\$199,080
Tidelands Fund Subsidy	<u>\$122,459</u>	Maintenance Personnel	\$251,189
		M & O	\$131,018
		Overhead & ISF Allocations	<u>\$ 56,308</u>
Total	\$637,595	Total	\$637,595

Submitted by:
Tim Shea, Interim Director of Public Works

Submitted by:
Dan Smith, Interim Director of Community Services

Approved for forwarding by:
Joe Hoefgen, City Manager

ejeng

Attachment

- A. Existing Michelson Monitoring Agreement

All supporting documentation for **Consent Items**

can be found online at the City's website

www.redondo.org

under the corresponding City Council Meeting

city offices/city clerk/agenda & minutes

City Council Meeting

February 17, 2015

Item H11



Administrative Report

Council Action Date: February 17, 2015

To: MAYOR AND CITY COUNCIL

From: JOE HOEFGEN, CITY MANAGER

Subject: STRATEGIC PLAN UPDATE ON SIX-MONTH OBJECTIVES

RECOMMENDATION

Receive and file the monthly updates to the six-month strategic objectives established at the Strategic Planning Retreat held on October 9, 2014.

EXECUTIVE SUMMARY

On October 9, 2014, the City Council held a Strategic Planning Workshop to establish six-month objectives. The objectives set were adopted by the City Council at the November 4, 2014 Council Meeting. Monthly updates are provided to the Mayor and Council to enable them to monitor the City's progress. This current update is the third of the October 9, 2014 Strategic Planning session's six-month objectives. The next Strategic Planning Retreat will be held on April 2, 2015.

BACKGROUND

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

The City began strategic planning in 1998 with the creation of the first three-year strategic plan covering the period of 1998-2001. In October 2001, a second three-year plan was developed for 2001-2004. At the February 25, 2003 retreat, these Core Values were added: Openness and Honesty, Integrity and Ethics, Accountability, Outstanding Customer Service, Teamwork, Excellence, Environmental Responsibility, and Fiscal Responsibility. A third three-year plan was developed in March 2004, covering the period of 2004-2007, and including a vision statement. In September 2007, the fourth three-year plan was developed with new goals and objectives. A fifth three-year plan was developed on March 3, 2010. Finally, the sixth three-year strategic plan was developed on September 12, 2013. The following are the five strategic plan goals for 2013-2016. They are not in priority order:

- Vitalize the waterfront, Artesia Corridor, Riviera Village and Space Park
- Improve public infrastructure and facilities
- Increase organizational effectiveness and efficiency
- Build an economically vital and financially sustainable city
- Maintain a high level of public safety with public engagement

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

COORDINATION

All departments participated in the development of the Strategic Plan and in providing the attached update.

FISCAL IMPACT

The total cost for this activity is included in the Mayor and City Council's portion of the FY 2014-2015 Adopted Annual Budget.

Submitted by:

Joe Hoefgen, City Manager

Attachment:

- Strategic Plan Update - Six-Month Objectives dated February 17, 2015

CITY OF REDONDO BEACH  **SIX-MONTH STRATEGIC OBJECTIVES**
 October 9, 2014 – April 1, 2015

ACM=Assistant City Mgr CD=Community Development PW=Public Works WED=Waterfront and Economic Development CS=Community Services

**THREE-YEAR GOAL: VITALIZE THE WATERFRONT, ARTESIA CORRIDOR,
 RIVIERA VILLAGE AND SPACE PARK**

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. December 1, 2014	WED Dir., working with the CD Dir. and PW Dir.	Present to the City Council for action engaging a consultant for engineering work require for boat ramp and Seaside Lagoon modifications.	X			
2. At the Dec. 2, 2014 City Council meeting	PW Dir. – lead, WED Dir., and CS Dir.	Present to the City Council for action the recommended option for the development of Moonstone Park.			X	On hold pending boat ramp study
3. At the Dec. 2, 2014 City Council meeting	Harbor Master and City Attorney	Present to the City Council for action guidelines for paddle sports in King Harbor.			X	Project delayed due to competing priorities. Revised target date is April 7, 2015.
4. Feb. 1, 2015	PW Dir.	Present to the City Council for action the restoration of the name Redondo Beach Blvd. instead of Artesia Blvd. within the City of Redondo Beach.			X	Recruitment for Traffic Engineer in progress. Revised target date is Summer 2015.
5. Feb. 1, 2015	PW Dir.	Recommend to the City Council for action the renaming of Torrance Blvd. west of PCH to the water.			X	Recruitment for Traffic Engineer in progress. Revised target date Summer 2015.
6. March 1, 2015	CD Dir. and PW Dir.	Present to the City Council for action a policy and permit procedure to streamline outdoor dining, including dining decks in Riviera Village.			X	RVA and BID meeting held. Research underway. Revised target date to April 21, 2015
7. April 1, 2015	PW Dir., working with the CD Dir., City Manager and Councilmember Pat Aust	Assist with the formation of a BID (business improvement district) for Artesia Blvd.			X	Revised to Summer 2015 based on workload

8. April 1, 2015	PW Dir., working with the WED Dir.	Present to the City Council for action engaging a consultant for sea level rise analysis to plan and phase key infrastructure upgrades (e.g., walkways, railings, bulkheads).		X		Currently working with Regional Adapt LA Group. Kick-off meeting held 11-13-14.
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THREE-YEAR GOAL: IMPROVE PUBLIC INFRASTRUCTURE AND FACILITIES

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. At the Nov. 18, 2014 City Council meeting	CS Dir., working with the City Attorney and CD Dir.	Present to the City Council for action an ordinance for funding public arts projects in Redondo Beach.	X			Ordinance introduced on 11/18 and adopted on 12/2
2. January 1, 2015	PW Dir.	Request approval from Southern California Edison regarding the types of improvements that are allowed along the North Redondo Beach Bike Path and report results to the City Council.			X	Met w/SCE staff 11-19-14 to review improvement options. Meeting with new Edison representative scheduled for 01-21-15. Revise target date to March 1, 2015.
3. Feb. 15, 2015	Police Chief, working with the PW Dir.	Purchase and install replacement street parking meters in Riviera Village.		X		Purchase of meters approved at 1/20 Council Meeting. Waiting for delivery.
4. April 1, 2015	PW Dir. and City Attorney	Present to the City Council for action a Low Impact Development Ordinance for compliance with the municipal storm water permit requirements.		X		
5. FUTURE OBJECTIVE June 1, 2015	PW Dir.	Complete the Harbor Herando Project				

THREE-YEAR GOAL: INCREASE ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. Beginning January 2015 and through April 2015	City Manager	Appoint permanent department head positions: Public Works, Asst. City Manager, Police, Community Services Dir., Human Resources Dir.		X		
2. At the Jan. 20, 2015 City Council meeting	City Treasurer, working with the City Attorney and City Mgr.	Present to the City Council for action options to clean up and modernize the Transient Occupancy Tax (TOT).				
3. At the Jan. 20, 2015 City Council meeting	Finance Dir. and IT Dir., working with the City Treasurer	Review and present options to the City Council for direction for updating the business license process.			X	Revised date to April 21, 2015
4. At the Jan. 20, 2015 City Council meeting	City Attorney, working with the CD Dir.	Present to the City Council for direction options for the restructuring of the Redondo Beach Sister City Committee as a separate non-profit 501(c)(3) and/or an official city committee or commission.			X	Revised target date to April 1, 2015
5. At the Feb. 3, 2015 City Council meeting	IT Dir., working with the City Clerk	Present to the City Council for action a plan to update the city's website.			X	Revised target date to April 21, 2015
6. At the Feb. 17, 2015 City Council meeting	CS Dir. - lead, City Attorney, City Mgr., IT Dir.,	Present a report to the City Council for action on the feasibility and recommend to the City Council for action whether or not to implement a pilot program for the use of social media.			X	Revise date to April 21, 2015
7. April 1, 2015	Police Chief, working with the Finance Dir. and City Treasurer	Modernize the existing parking revenue collection and counting process and present a recommendation to the City Manager for action.		X		Continue to evaluate options.
8. April 1, 2015	City Attorney - lead, City Clerk and City Treasurer, City Manager, Mayor Aspel	Recommend to the City Council for direction a process for reviewing the City's Charter.				
9. April 1, 2015	IT Dir., working with the Department Heads	Conduct cybersecurity training for all full-time and part-time staff and City Council members that have access to city's computer resources.		X		Training has been initiated for staff.

THREE-YEAR GOAL: BUILD AN ECONOMICALLY VITAL AND FINANCIALLY SUSTAINABILITY CITY

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. At the March 17, 2015 City Council meeting	CD Dir.	Present to the City Council for direction options for allowing more flexibility in parking requirements for businesses citywide.			X	Research underway. Will report on options in April. Revised target date April 21, 2015

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

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. Dec. 1, 2014	Police Chief, working with the ACM	Provide training and fully implement the jail surveillance video camera system.			X	Delayed pending HR Director recruitment
2. Jan. 1, 2015	Police Chief, working with the HR Dir.	Hire and retain sworn police personnel to achieve the budgeted 93 positions.		X		Currently at 90
3. At the Feb. 3, 2015 City Council meeting	Police Chief and City Attorney	Present to the City Council for action an ordinance to regulate parking in municipal public parking lots.			X	Met with CA office 2/9, ordinance needs continued review, will look to put before Council at a March meeting.
4. April 1, 2015	PW Dir. and Police Chief	Develop plans and specifications for security fencing around the police station.		X		
5. April 1, 2015	Police Chief, working with the PW Dir.	Research and present to the City Council for direction options for construction of a canine training facility on an existing unused city parcel.		X		
6. April 1, 2015	Fire Chief, working with the Police Chief, Library Dir., IT Dir. and PW Dir.	Present to the City Council for action a concept for furnishing and equipping an emergency operations center (EOC) in the Main Library Meeting Room.		X		Meetings have been conducted, plan has been developed and equipment has been specified.
7. April 1, 2015	Police Chief, working with the IT Dir.	Present to the City Council for consideration the benefits, costs and potential sources of funding for body-worn video (cameras) for police officers.		X		Council approved the purchase of 30 body worn cameras at 1/20 meeting. PO to vendor, expect arrival of equipment 3/1.
8. February 9, 2015	City Attorney, working with CD Dir., Police Chief, and CM	Present to the City Council options for an ordinance banning mobile vendors from within 500 to 1,000 feet from schools.			X	Current Ordinance prohibits vending from public right of way. Further discussions on enforcement required. Revised target date April 21, 2015

9. February 9, 2015	City Attorney, working with CD Dir., Police Chief, and CM	Present to the City Council a report on the feasibility of an ordinance on parking vehicles on City streets (e.g. Inglewood Ave. between MBB and Artesia Blvd.) for the purpose of the vehicle's sale.		X	To be completed no later than April 21, 2015
10. February 9, 2015	City Attorney, working with CD Director, Police Chief, and CM	Review current regulations and the feasibility of regulating amplified sound from mobile vendors.		X	To be completed no later than April 21, 2015

March __, 2015

The Honorable Mayor Aspel and City Councilmembers
City of Redondo Beach
415 Diamond Street
Redondo Beach, CA 90277

Subject: Harbor Commission Recommendations for the 'Strategic Plan' for March 2015 through October 2015

Dear Mayor Aspel and Councilmembers:

The Redondo Beach Harbor Commission respectfully submits a list of Pier and Harbor Enterprise Area recommended projects for consideration at the next strategic plan, which includes:

FUTURE PROJECTS FUNDING

- Waterfront revitalization.
Continue to explore and analyze various waterfront revitalization options that would be sustainable over the long term, generate income to the tideland and upland funds, benefit the general public, and draw in visitors from the local community.
- Develop guidelines for paddle sports in King Harbor.
Continue to work to develop guidelines to promote safety among all users of the harbor.
- Set aside funds for engineering analysis to elevate the harbor area sidewalks and walkways.
Continue to work with consultant on an analysis to determine possible solutions and potential costs. This project may be incorporated with CenterCal's overall analysis and review.
- Boat ramp funding.
This project analysis is underway as it is being incorporated into the CenterCal project. The Commission wants to ensure the boat ramp location and functionality meets the local boaters' need while also ensuring the safety of the public, future lagoon swimmers, harbor recreational users, pedestrians, and bicyclists. It should be oriented in a direction that would minimize the interference with the adjacent businesses operation.

- Maintain a clean harbor.

The cleanliness of the harbor and waterways is critical to the continued revitalization effort and contributes to increased tourism and sense of pride by the Redondo citizens. Adoption of new enforcement codes and placement of advisory signs could assist in reducing the refuse in the water that certain users of the harbor and break-wall leave behind, such as aluminum cans, plastic bags, and left over trash.

- Increase in informational and directional signage in the waterways.

With the addition of the new moorings, the Commission wants to ensure the harbor provides the necessary signage so that the overall experience of visitors is maximized.

- Long term moorings operation.

The commission recommends a review and consideration of a long term moorings management plan that would maximize the use of every mooring and generate the optimum revenue to the tideland fund. Plan should also include a maintenance program to keep the wands, lines, and moorings clean and operational.

- Set aside funds for the renaming of Torrance Boulevard west of PCH.

Continue analysis and develop action plan for the renaming of Torrance Boulevard west of PCH. The renaming would tie in with the improvements currently underway in the harbor and pier areas.

- Sea lion habitat.

The Commission recommends that the City work with the marinas and other local stakeholders to find a solution to the growing sea lion population.

- Sea lab.

The Commission recommends that the City work to maintain the Sea Lab program in Redondo Beach.

HARBOR ENTERPRISE TOPICS OF INTEREST

- The Commission recommends a cohesive redevelopment and improvement vision for Harbor Drive from Herando to the Pier. With the current Harbor Drive project underway, the Commission recommends that the City continue to monitor traffic among pedestrians, bicycles, and automobiles to ensure that the vehicular entrances into the businesses along Harbor Drive are safe for all parties.

DRAFT

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- Marine education programs in association with institutions like USC and UCLA to be encouraged along Mole B as it attracts scientists and highly educated technicians.
- Explore ways and programs to generate income and more community based activities at Pad-10, and consider enhanced landscaping and outdoor furniture.
- Exploration of a Surfing Hall of Fame to commemorate the City of Redondo Beach's surf history with the likes George Freeth, the Meistrells, and the Beach Boys.

The Harbor Commission wishes to thank the Mayor and City Council for considering the Harbor Commissions' input.

Thank you, once again, for supporting our efforts.

Sincerely,

Deborah Jackson
Chairman

Cc: City Manager
Waterfront and Economic Development Director



Administrative Report

Council Action Date: February 24, 2015

To: MAYOR AND CITY COUNCIL

From: PETE CARMICHAEL, WATERFRONT AND ECONOMIC DEVELOPMENT DIRECTOR

Subject: RESULTS OF WATERFRONT MARKET STUDY AND CONTRACT AMENDMENT WITH AECOM FOR FISCAL STUDY

RECOMMENDATION

1. Receive and file the AECOM market study of the proposed Waterfront Project
2. Approve First Amendment to contract with AECOM providing for fiscal study of proposed Waterfront Project

EXECUTIVE SUMMARY

At the July 1, 2014 City Council meeting, the City Council selected AECOM out of a field of qualified financial consultants to perform a market study of the proposed Waterfront Project. The study evaluated a host of important factors underlying the proposed project's market performance including competitive forces and demographics as well as project specifics such as the amount of square footage and the proposed mix of uses. Ultimately the report delivers a projection of market performance measured in terms of sales revenue.

AECOM projects that the proposed Waterfront Project will perform well in the market. Quoting directly from the AECOM study;

"In summary, current and anticipated future market demand appears sufficient to support the proposed project's programming. AECOM's analysis on comparable development of similar quality and scale suggest that the project will perform strongly in the market based on its mix of proposed uses."

More specifically, the AECOM analysis projects sales revenue per square foot, averaged across the various uses at \$780 per square foot upon stabilization. This projection is in line with the previous study performed by Jeff Green and Associates in 2013.

In addition to receiving and filing the market study, staff is recommending an amendment to the contract with AECOM to perform a fiscal study. Whereas the market study projects the gross sales revenue from the project, the fiscal study will project the amount of associated revenue to the City from the project by way of taxes and ground rent. The additional scope of work increases the AECOM contract's not-to-exceed amount from \$60,000 to \$90,000.

BACKGROUND

The City plays an important role as the steward of a magnificent stretch of the California coastal zone and has an obligation to preserve this asset for future generations. Part of the City's responsibility in this regard is to preserve and enhance the public infrastructure, to seek opportunities that will improve access for both residents and visitors, and to ensure ongoing environmental sustainability. With this responsibility as steward and trustee of the coastline as a guiding principle, the City Council has made the revitalization of the waterfront a key strategic priority.

The most recent revitalization efforts in the Waterfront were begun nearly a decade ago with the City Manager's Harbor and Pier Working Group, the Asset Management Plan and the Harbor Enterprise Business Plan, developed in 2008 and 2010 respectively. Ultimately, a new set of zoning standards were approved by the voters of Redondo Beach in 2012 and certified by the California Coastal Commission. In 2012, the City Council selected CenterCal Properties, out a field of qualified developers, to further the revitalization of a consolidated site on and around the Pier. Over the last two years, CenterCal has conducted several large town hall style meetings to draw public input and conducted numerous meetings with residents, businesses, and stakeholders. The concept that CenterCal has developed through this collaborative process includes no residential and is within the voter and California Coastal Commission approved limitations on density and square footage.

The plan has a density consistent with other South Bay beach city downtown districts, with expansive waterfront promenades, outdoor dining, shops, better pedestrian and bicycle access to the water, improved connectivity, and expanded opportunities for coastal recreation. Based on City Council direction in summer 2013, an Environmental Impact Report (EIR) is being conducted to evaluate the likely impacts of the proposed project on a variety of factors including noise, views, traffic, and water quality. The EIR is expected to be completed in 2015.

At its November 19, 2013 meeting, the City Council approved several project related documents. Additionally, at that meeting, a market study was presented by consultant Jeff Green Partners, providing a forecast for the proposed project's sales performance and overall prospects for success. In reviewing the report, some members of the City Council cited the appearance that the consultant was not independent in their analysis due to the fact that they had represented retailers that are tenants in CenterCal Properties elsewhere in the past. For this reason, and so that a more comprehensive report could be conducted that would include the hotel portion of the project, the City Council provided direction to initiate a second study to be paid for by the City of Redondo Beach.

At its March 4, 2014 meeting, the City Council approved a Request for Proposals (RFP) which defined the scope of work for this second market study as well as the procedure

for selection of a consultant. Staff elicited potential respondents to the RFP through web search and through consultation with other cities and public agencies that have engaged with consultants for similar work. Five responses to the RFP were received. At the July 1, 2104 meeting, the City Council had the opportunity to interview the five respondents and selected AECOM to perform the market study. The City Council subsequently approved the contract with AECOM at its August 19, 2014 meeting.

The AECOM analysis begins with a site and market overview and then organizes the analysis based on the three primary categories of uses currently proposed within the Waterfront project:

- Retail, Dining, and Entertainment (RDE). This category includes restaurants (often referred to as food and beverage or F&B), retail shops, and the premium theater
- Hotel
- Office

Within each category, the study provides some context and background for the category and its relevant competition as well as a SWOT analysis, a summary of the potential demand, and wraps up with a projection of performance.

Site and Market Overview

The primary residential market provides the largest source of sales for the retail, dining, and entertainment component of the project and is defined as those living within a five minute drive of the project. The secondary market is specified as a 10 – 30 minute drive. AECOM describes this catchment area as a 'low growth, high income area' that includes over 162,000 households at an average household income of \$98,230.

AECOM indicates that the three primary market segments are residents, employees (those working in the area but living outside the area), and tourists. For the retail, dining, and entertainment (largest) component of the project, AECOM estimates that 75% of revenue will be generated by residents, with the remaining 25% coming from a combination of employees, tourists, and others.

Retail Dining and Entertainment

One primary focus of the proposed Waterfront project is retail, dining, and entertainment. As such, AECOM classifies the project as a Destination Development, distinct from traditional shopping centers or malls in several ways:

- Regional dominance established through unique-to-region offerings rather than through department store anchors, scale, and tenant mix
- Rents tend to be higher due to a greater level of design quality, larger common areas, higher levels of programming, and sometimes more desirable locations.
- The tenant mix has a greater emphasis on entertainment-oriented retail, dining, and entertainment.

- Amenity levels and reinvestment rates are higher.
- The retail, dining, and entertainment components are frequently mixed with other uses, such as hotels, offices, and residential.
- Repeat visitation is higher

Based on this distinct positioning relative to more traditional mall shopping centers, AECOM feels that the project can leverage its waterfront location to provide a unique development. The study indicates that, given the void in this type of development within the South Bay, the project will perform well in spite of other challenges such as low vehicle visibility, lack of freeway access, and reduced market due to waterfront location.

The study's projection for RDE sales performance was entirely new, conducted based on raw data and completely independent of the previous study performed by Jeff Green & Associates in 2013. That said, AECOM's results fall within 6% of the results presented by Green & Associates in 2013. Both the AECOM and the Green & Associates results for RDE are summarized in the tables below:

AECOM

Type of Use	Sales per Square Foot
Market Hall	\$1,000
General Food & Beverage	\$850
Retail	\$750
Entertainment	\$320
Average	\$780

Jeff Green & Associates

Type of Use	Sales per Square Foot
Market Hall	\$805
General Food & Beverage	\$1,093
Retail	\$782
Entertainment	\$403
Average	\$827

Note: AECOM numbers are based on year 5 of operations. Jeff Green & Associates numbers are based on year 2 of operations. Both consultants are attempting to approximate the stabilized condition of the project, i.e., after lease up and initial turnover.

Hotel

The hotel proposed for the project is of the boutique variety which are generally smaller and offer unique, contemporary, and distinctive design. They are typically concentrated in the luxury or upscale category with an estimated room rate double the nationwide average. Given the distinctive positioning of the proposed hotel, AECOM attempted to create a set of benchmark hotel properties that represent the boutique positioning, while recognizing the unique hotel market characteristics of the South Bay. Comparable hotels selected include similar boutique products such as Shade, Manhattan Beach,

and Beach House in Hermosa Beach, but also included hotels such as Residence and Hilton Garden Inn.

Strengths identified in the study include ocean views from every room, proximity to a revitalized waterfront including a wide variety of food and beverage, and retail offerings. Weaknesses included the low vehicle visibility and lack of freeway access sighted earlier.

Common metrics for measuring hotel performance include the Average Daily Rate (ADR) and Revenue per Available Room (RevPAR). ADR is the nominal price for a hotel room averaged throughout the year. RevPAR takes into account a vacancy factor, arriving at the actual revenue generated per room assuming some level of vacancy. Based on the identified sample set and the opportunity for a boutique beach front hotel in close proximity to the ocean the other amenities offered in the Waterfront project, AECOM is projecting an ADR of \$240 and a RevPAR of \$190 upon stabilization. Based on the benchmark analysis presented in the study, these projections place the proposed hotel towards the upper end of the competition, above the Portofino Hotel in Redondo Beach and other water and marina front properties in San Diego and Marina del Rey.

Office

The approximately 45,000 square feet of office planned for the Waterfront Project is a smaller component of the overall mix of uses as compared with RDE and hotel. The office space will likely be positioned within the relatively new category known as creative office which is typically marketed to creative professionals, startups, and technology firms among others. This type of office space typically has non-traditional finishes such as open ceilings and concrete floors. Creative office often offers additional amenities such as kitchens and outdoor space, and it is located in more desirable sub-markets. Due to the amenities and high demand for this type of space, creative office commands higher rents than other similar office properties in their markets.

AECOM identifies several key trends that will impact the performance of the office product planned for the Waterfront Project. Due to a lack of construction of new office space in recent years and falling unemployment there is a trend for increasing demand and an environment for future growth in new construction. More specifically, vacancy rates are a key indicator of market health and demand for new office. In tracking office market trends in LA County and the South Bay, the study notes that Redondo Beach consistently achieves the low vacancy rates, but is more volatile due to the limited amount of office space available in the City.

Based on this analysis, the study projects that the proposed office space will command rents of approximately \$3.50 per square foot per month. This projection places the project above competing office property sub-markets such as El Segundo, Riviera Village and the greater South Bay, but below the very high rents commanded in the impacted creative office markets of Santa Monica and Venice.

First Amendment to AECOM Contract: Fiscal Study

In its previous meetings, the City Council has requested a fiscal study to evaluate the amount of revenue that the proposed waterfront project is expected to generate for the City by way of taxes, fees, and rent. This fiscal analysis would pick up where the market study leaves off; applying tax rates to the revenue projections from the market study. A preliminary fiscal analysis was prepared by Kosmont and Associates and presented to the City Council in November, 2013. This analysis projected total revenue of approximately \$400M over the life of the lease, but was based on a very conservative estimate of \$450 per square foot in RDE revenue. With new estimates by AECOM of \$780 per square foot, an updated fiscal study can be prepared.

Attached to this report is a First Amendment to the contract with AECOM which provides for a fiscal study. The scope of work is broken down into two phases to coincide with the ongoing business terms negotiation. The proposed phases are broken out as follows:

- Phase 1: Analysis of gross tax revenue. This is an analysis of the total tax revenue generated for the City based directly on the numbers produced in the AECOM market study. This phase of analysis can be completed now as it is not dependent on any of the yet to be finalized terms of the negotiation related to the Waterfront project.
- Phase 2: Analysis of net tax revenue and ground rent: This analysis takes a look at tax revenue generated for the City after factoring in the City's associated costs for things like public safety, public works, maintenance etc. This phase of the analysis would also project the amount of ground rent paid to the City by CenterCal Properties. Both of these factors (the City's costs and ground rent) are subject to the terms of the agreement reached with CenterCal Properties, therefore this second phase of the analysis would be conducted once those terms are established.

The total cost for this First Amendment scope of work is \$30,000. The market study component was for a not-to-exceed amount of \$60,000. Therefore, if approved this First Amendment would bring the total not-to-exceed contract amount to \$90,000. The first phase of the project is expected to take six to eight weeks. The second phase will come towards the end of 2015, as the business terms of the Waterfront project are finalized.

COORDINATION

The Waterfront and Economic Development Department coordinated with the City Attorney's Office in preparing the Contract Amendment. The City Attorney's Office has approved the document as to form.

FISCAL IMPACT

The total cost of the proposed First Amendment to contract with AECOM is \$30,000. This expenditure will be funded out of the Harbor Uplands and Tidelands FY 14/15 budget for contracts and professional services.

Funding

15,000 Harbor Uplands
15,000 Harbor Tidelands
30,000 Total

Expenditures

30,000 AECOM Technical Services

Submitted by:

Pete Carmichael
Waterfront & Economic Development
Director

Approved for forwarding by:

Joe Hoefgen
City Manager

Attachments:

- AECOM Market Study
- First Amendment to Contract with AECOM for Fiscal Study
- Original Contract with AECOM, approved by City Council August, 2014

All supporting documentation for **Consent Items**

can be found online at the City's website

www.redondo.org

under the corresponding City Council Meeting

city offices/city clerk/agenda & minutes

City Council Meeting

February 24, 2015

Item N1



Administrative Report

Council Action Date: February 17, 2015

To: MAYOR AND CITY COUNCIL

From: PETE CARMICHAEL, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

Subject: RESOLUTION NO: CC-**, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ADOPTING THE REDONDO BEACH MARINA MASTER SLIP LICENSE AGREEMENT AND THE FORM REDONDO BEACH MARINA SLIP LICENSE AGREEMENT**

RECOMMENDATION

ADOPT RESOLUTION NO: CC-****, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ADOPTING THE REDONDO BEACH MARINA MASTER SLIP LICENSE AGREEMENT AND THE FORM REDONDO BEACH MARINA SLIP LICENSE AGREEMENT.

EXECUTIVE SUMMARY

On May 8, 2014, the City completed its purchase of the Redondo Beach Marina leasehold, which includes approximately 58 boat spaces among other improvements. The licensing of boat slips and moorings represents a new activity among City-controlled improvements within King Harbor.

The attached Resolution will adopt the form of agreement to be used for licensing the occupation of boat slips and moorings within King Harbor.

BACKGROUND

On May 8, 2014, the City completed its purchase of the Redondo Beach Marina leasehold. This leasehold is quite different from other leaseholds the City recently purchased because of the approximately 58 boat spaces on the property. Other recently purchased properties involved the leasing of space for brick-and-mortar, commercial (restaurant, retail, and office) uses. The licensing of boat slips and moorings represents a new activity among City-controlled improvements within King Harbor and requires a new set of documentation.

An agreement for the use of water slips and moorings requires specialized language, and these agreements typically include a month-to-month term. With approximately 58

RESOLUTION NO: CC-****, ADOPTING THE REDONDO BEACH MARINA MASTER SLIP LICENSE AGREEMENT AND THE FORM REDONDO BEACH MARINA SLIP LICENSE AGREEMENT
Page 2

boat spaces, all under month-to-month agreements and changing occupants, the volume of documents and approvals would be highly inefficient for individual processing. Moreover, the process to send an agreement through for individual consideration can represent an inconvenient and unnecessary delay for a month-to-month licensee.

Therefore, Staff proposes the adoption of the attached Resolution to implement an approved template to be used when licensing the use of slips within Marina Basin III ("Redondo Beach Marina") and moorings. The Waterfront & Economic Development Director will oversee the process. The City's property manager for the Redondo Beach Marina property, Leonardo Management, will enter into the agreements pursuant to their previously approved contract authority.

COORDINATION

Preparation of the form and Resolution was a collaborative effort between the Waterfront & Economic Development Department and the City Attorney's Office. The City Attorney's Office has reviewed the contract and approved the document as to form.

FISCAL IMPACT

The adoption of the attached Resolution will have no direct fiscal impact. The template form will, however allow for more efficient licensing of boat spaces and moorings and will ultimately preserve this source of revenue generation.

Submitted by:

Approved for forwarding by:

Pete Carmichael, Waterfront & Economic Development Director

Joe Hoefgen, City Manager

Jallen

Attachments:

- RESOLUTION NO: CC-****, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ADOPTING THE REDONDO BEACH MARINA MASTER SLIP LICENSE AGREEMENT AND THE FORM REDONDO BEACH MARINA SLIP LICENSE AGREEMENT
- REDONDO BEACH MARINA SLIP LICENSE AGREEMENT

RESOLUTION NO. CC-1502-014

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ADOPTING THE REDONDO BEACH MARINA MASTER SLIP LICENSE AGREEMENT AND THE FORM REDONDO BEACH MARINA SLIP LICENSE AGREEMENT

WHEREAS, the City of Redondo Beach owns and operates the Redondo Beach Marina consisting of recreational and commercial boat slips in the Basin 3 area of King Harbor as well as moorings in the main channel; and

WHEREAS, the Redondo Beach Master Slip Agreement and the form Redondo Beach Marina Slip License Agreement have been developed to streamline the process to issue and approve licenses for slips in the Redondo Beach Marina as well as moorings in the main channel; and

WHEREAS, the Redondo Beach Marina Slip Agreement provides the owner of a vessel a limited, revocable license to use a slip or mooring at the Redondo Beach Marina and main channel; and

WHEREAS, the form Redondo Beach Marina Slip License Agreement incorporates the Redondo Beach Master Slip Agreement; and

WHEREAS, the Redondo Beach Master Slip Agreement authorizes a "Director" to execute, administer and enforce all Redondo Beach Marina Slip Licenses Agreements; and

WHEREAS, by adopting the Redondo Beach Master Slip License Agreement and the form Redondo Beach Marina Slip License Agreement the slip and mooring license process will be streamlined.

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

SECTION 1. That the Redondo Beach Master Slip License Agreement and the form Redondo Beach Marina Slip License Agreement are hereby adopted.

SECTION 2. That Mayor and City Council designates the Waterfront and Economic Development Director as "Director" as referenced in the Master Slip License Agreement and the "Director" is authorized to execute, administer and enforce all Redondo Beach Marina Slip Licenses Agreements pursuant to the Redondo Beach Marina Master Slip License Agreement.

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

PASSED, APPROVED, AND ADOPTED this 17th day of February, 2015.

Steve Aspel, Mayor

ATTEST:

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

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that the foregoing Resolution No. CC-1502-014 was duly passed, approved and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 17th day of February, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

All supporting documentation for **Consent Items**

can be found online at the City's website

www.redondo.org

under the corresponding City Council Meeting

city offices/city clerk/agenda & minutes

City Council Meeting

February 17, 2015

Item H29



Administrative Report

Commission Action Date: March 9, 2015

To: MEMBERS OF THE HARBOR COMMISSION

**From: LAURIE KOIKE, INTERIM DIRECTOR,
WATERFRONT & ECONOMIC DEVELOPMENT**

Subject: DIRECTOR'S REPORT

RECOMMENDATION

Receive and file a report from the Waterfront & Economic Development Director on current and upcoming waterfront projects and activities.

EXECUTIVE SUMMARY

An oral report will be provided by the Waterfront & Economic Development Director at the Commission meeting on current and upcoming waterfront projects and activities, including but not limited to property management, leasing activity, project updates, events and other information.

COORDINATION

Department staff collaborated on the development of this report.

FISCAL IMPACT

The cost for preparing this report is included within the Waterfront & Economic Development Department's adopted FY2014-15 annual budget and is part of the department's annual work program.

Submitted by:

*Laurie Koike, Interim Director
Waterfront and Economic Development*