



NEWPORT BEACH

City Council Staff Report

January 8, 2019
Agenda Item No. 9

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: Dan Matusiewicz, Finance Director - 949-644-3123,
dmatusiewicz@newportbeachca.gov

PREPARED BY: Theresa Schweitzer, Senior Accountant,
tschweitzer@newportbeachca.gov

PHONE: 949-644-3140

TITLE: Harbor Fees for the New Harbor Department and Select Rents

ABSTRACT:

On July 1, 2017, the City took over responsibility for managing harbor operations from the Orange County Sheriff. Since that time, the City utilized the fee schedule from the County of Orange. The City's fee study consultant, MGT of America (MGT), recently completed a comprehensive review of the Harbor Department fees. The real estate appraisal and consulting firm Netzer & Associates determined the fair market value of rents charged at Marina Park, guest/transient slips throughout the harbor, and select rents at the Balboa Yacht Basin. On August 8, 2018, the Harbor Commission reviewed the recommended fee and rent updates and unanimously recommended the updates, with minor changes, to the City Council for adoption. Subsequent to Harbor Commission review, staff recommended some minor corrections and adjustments to the Schedule of Rents, Fines, and Fees (SRFF) noted in the discussion below. The proposed harbor fees and select rents were then brought before the Finance Committee on November 29, 2018, at which time they recommended this matter be brought to the City Council.

RECOMMENDATION:

- a) Conduct a public hearing to receive comments on the harbor fees and select rents;
- b) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
- c) Adopt Resolution No. 2019-3, *A Resolution of the City Council of the City of Newport Beach, California, Adopting and Revising Certain Harbor Department Fees and Rents within the Schedule of Rents, Fines, and Fees.*

FUNDING REQUIREMENTS:

The fiscal impact of the proposed guest mooring and Marina Park slips rents and the new cost of services fees is shown below.

	FY16/17 Actual	FY17/18 Actual	Proposed Annual	Variance from FY 17/18
Guest Moorings	\$ 179,080	\$ 214,239	\$ 588,000	\$ 373,761
Marina Park Slips	\$ 133,461	\$ 208,407	\$ 277,000	\$ 68,593
New Fees	N/A	N/A	\$ 16,000	\$ 16,000
Total potential revenue increase				\$ 458,354

If approved, the change in fees are proposed to be implemented thirty (30) days after the approval date with an estimated increase to Tideland revenues of \$190,981 for the remainder of FY 2018/19 and approximately \$458,354 thereafter.

DISCUSSION:

On July 1, 2017, when City assumed responsibility from the County for managing Harbor operations, City utilized the fee schedule from the County of Orange. On July 10, 2018, Council created the Harbor Department and eliminated the Harbor Resources Division. In order to ensure the proper recovery of the City's cost of services pursuant to Newport Beach Municipal Code Section 3.36, the City's fee consultant, MGT, reviewed and updated the new Harbor Department fees.

The detailed staff report and attachments reviewed by the Harbor Commission on August 8, 2018, are included as Attachment B. The updated proposed rent and fee schedule is included as Exhibit 1 within Attachment A, where the following changes were made based on the Harbor Commission's recommendation:

1. The Large Vessel Guest Anchorage Rate – Non City Tackle – no boat, per Lineal Foot charge, was corrected to read \$0.47, rather than \$0.047; and
2. Lend a Mooring Line/Help to get on a mooring was removed. The name of the fee was confusing and misleading. Instead, the staff time to process and fulfill a request for a lost or broken line was added to the actual cost of the replacement line under the Lost/Broken Line fee (Attachment A, Exhibit 1, line 9).

As Harbor Department staff gained more experience and understanding of the Harbor services required under the restructure, staff has minor updates to the Harbor fees to be more clear and to reflect the efficiencies gained in the new department. These updates are subsequent to the Harbor Commission review, and are detailed in Exhibit 1 of Attachment A. The following lists the proposed changes (unless otherwise indicated, the fees did not change):

1. Renamed

- a. The Inspection Fee – Charter Boats was renamed Marine Activities Permit – initial (line 13), for clarity and consistency with the current fee name;
 - b. The Inspection Fee – Live Aboards, Marine Activities Permit Re-check was separated into two line items and renamed Live Aboard Permit (line 8) and Marine Activities Permit – renewal (line 14), for clarity and consistency with the current fee names; and
 - c. The City owned Guest Moorings – Offshore and Sub-Permittee Guest Moorings – Offshore have been combined to one line item and renamed “Guest Moorings – Offshore (Year-Round) (line 26) since they all have the same proposed rent.
2. Deleted
 - a. The Inspection Fee – Dock, Piling, Code Enforcement was deleted from the fee study, this is not a fee that would be charged;
 - b. The Mooring Inspection fee was deleted from the fee study as this is not a fee that would be charged;
 - c. The Impound Fee (Boats over 14’) fee was deleted from the fee study because this is the same service as the Towing Fee (Boats over 14’); and
 - d. The Live Aboard Permits, Marine Activities Permit (initial and renewal), and waitlist fees currently under Public Works – Harbor Resources will be deleted as the recently studied fees can be found under the Harbor Department fees.
3. Added
 - a. A Dinghy Storage rent (line 25) was added which is based on the Guest Mooring – Onshore (Year-Round) rate. Currently if a dinghy is adrift or lost, we keep it for five (5) days at no charge, after that we charge \$50 per day, or if it is impounded the dinghy owner is charged the impound fee for the first day and then \$50 for each day thereafter. The dinghies are first stored at the docks and then at Basin Marine.
4. Moved
 - a. The Balboa Yacht Basin Rentals (except Dinghy Rentals) and Commercial Piers under Public Works - Harbor Resources (updated title to Public Works - Tidelands Management) will be moved to Community Development – Real Property;
 - b. Dinghy Racks and Onshore and Offshore Moorings will be moved to Harbor; and
 - c. Wait List fees will be moved to Harbor.
5. Studied (generally speaking, the fees are lower because of the Harbor restructure)
 - a. The fee for being added to the Balboa Yacht Basin slips and garages waitlist went from \$38 to \$27 (line 21);
 - b. The fee for being added to the Balboa Yacht Basin and Marina Park dinghy racks waitlist went from \$38 to \$23 (line 22); and
 - c. The fee for being added to the live aboard waitlist went from \$38 to \$5 (line 23).
6. Other Adjustment
 - a. When studying the waitlist fees, MGT updated the fee study workbook with the indirect citywide overhead from the most current cost allocation plan, which resulted in some fees going down a few pennies. Although the full cost came down ever so slightly, none of the recommended fees changed, due to the City’s practice of rounding the fee down to the nearest dollar.

The service numbers highlighted on the left within Exhibit 1 of Attachment A are the fees and rents that require Council's approval. The remainder of the changes move existing fees and charges to their appropriate location within the SRFF. Although these do not require Council approval, they are included to provide the full picture of changes made to the SRFF document.

The proposed harbor fees and select rents were brought before the Finance Committee on November 29, 2018, at which time they recommended this matter be brought to the City Council without any additional changes. If approved, it is recommended the proposed fee changes take effect thirty (30) days from the date of approval.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to Government Code Section 66018(a) (two publications with at least five days intervening between the two dates), Government Code Section 66016(a) (notice mailed at least 14 days prior to the meeting to any interested party who files a written request) (mailed notice to Building Industry Association of Southern California, AT&T, Southern California Edison, and Southern California Gas Company on December 11, 2018), and the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENTS:

- Attachment A – Resolution No. 2019-3, including Exhibit 1 – Revision to the Schedule of Rents, Fines, and Fees – Harbor Fees and Select Rents
- Attachment B – Harbor Commission Packet – Proposed Rents and Fees for Marina Park Marina and the Harbor Department