



Administrative Report

N.2., File # 21-1969

Meeting Date: 2/16/2021

To: MAYOR AND CITY COUNCIL

From: Ted Semaan, Public Works Director

TITLE

DISCUSSION AND POSSIBLE ACTION REGARDING THE STATUS OF TRANSIENT VESSEL MOORINGS IN KING HARBOR AND APPROVAL OF MODIFICATIONS TO THE MOORING SERVICE SCHEDULE TO REDUCE ANNUAL MAINTENANCE COSTS BY APPROXIMATELY \$30,000

EXECUTIVE SUMMARY

Approval of the recommended action would keep all 25 sets of transient vessel moorings in place in the main harbor channel and direct staff to rotate moorings out of service in order to reduce maintenance costs. Per the City Council's request, staff looked into the possibility of removing some of the underutilized moorings and found that if moorings were removed, the California Department of Boating and Waterways would require the City to refund a substantial amount of the grant money provided to install them in 2014. Both staff and the Harbor Commission concluded that a better option is to rotate moorings service schedule and reduce annual maintenance costs by roughly \$30,000 per year.

BACKGROUND

During the FY 2020/21 City of Redondo Beach budget process, Budget Response Report #15 (copy attached) provided maintenance cost and utilization information for the transient vessel moorings located in the main harbor channel. The City Council directed staff to contact the California Department of Boating and Waterways ("DBAW") to determine the feasibility of removing some of the moorings. The 25 moorings were installed in the channel in 2014, utilizing a \$188,000 grant from DBAW. Although the use of the moorings has been increasing following the transition of operations to the Redondo Beach Marina, the moorings are still underutilized and expensive to maintain. Since the installation of the moorings was funded by a grant from DBAW, approval from DBAW would be needed to remove any of the 25 units.

Staff initially contacted DBAW in June 2020 to discuss the feasibility of removing moorings. It took repeated attempts to obtain the desired information as DBAW was very slow to respond. Removing 15 sets of moorings and leaving 10 in place was proposed, although it was emphasized that the City was flexible on the number to be removed. DBAW responded on October 19, 2020 and indicated that it would allow some or all of the moorings to be removed. However, removal of the moorings would require the City to refund a prorated amount of grant funding based on the portion of the 20-year grant period the moorings were not maintained in place. For the purpose of calculating the required

reimbursement amount, DBAW would place a value on each mooring based on the initial grant amount (\$188,000) divided by the number of moorings (25). It would then divide the per-mooring value into a per-month value based on the 240-month (20-year) grant term. Therefore, each mooring has an annual value of \$7,520 and a monthly value of \$31.33. There are 165 months remaining in the 240-month grant term.

If the City were to remove 15 of the moorings, it would have to reimburse \$77,541.75 in grant funds to DBAW, as follows:

Number of moorings removed:	15
Mooring value per month:	\$31.33
Grant term months remaining:	165
15 x \$31.33 x 165 =	\$77,541.75

Usage/Revenue

Since June 2017, transient moorings rentals have been administered by Leonardo Management, the property management company used by the City to oversee the Redondo Beach Marina leasehold. Although usage levels have been increasing, the overall usage remains extremely low, as follows:

	# of Moorings	Mooring Days Available	Mooring Days Used	Percentage Used
2018	25	9,125	342	3.7%
2019	25	9,125	672	7.4%
2020 (Jan-Nov)	25	8,375	719	8.6%

Total revenue collected for mooring rentals for calendar years 2018, 2019 and 2020 through November was as follows:

2018	\$9,036
2019	\$17,556
2020 (Jan-Nov)	\$18,618

Maintenance/Expense

As Public Works staff does not have the expertise or resources needed to perform the specialized maintenance the moorings require, maintenance is provided through an outside contract. Maintenance activities are provided on a quarterly, bi-annual and annual basis, and include the following:

- Cleaning buoys and removing marine growth;
- Monitoring sand lines and bow/stern lines for wear and tear and replacing as needed;
- Inspecting underwater mooring hardware and replacing as needed;
- Providing photographs to document the condition and deterioration of underwater mooring hardware.

In July 2016, the City Council awarded a five-year contract to Marine Tech Engineering. The initial

annual not to exceed cost was \$101,789. Beginning with the 2018/2019 budget year, the not to exceed annual cost was reduced to \$60,000. Staff has evaluated alternatives for reducing the cost of maintaining the moorings and concluded that the level of maintenance performed could be significantly reduced. The current maintenance program follows the specifications recommended by the mooring manufacturer and is more elaborate than necessary.

Staff, in collaboration with Marine Tech, feels the frequency of maintenance activities could be reduced by roughly 50%, while keeping the moorings in safe and usable condition and remaining in compliance with grant requirements. This would result in annual cost savings of roughly \$30,000. Further, in conversations with Marine Tech, should the need arise for additional inspection and maintenance be required in advance of an upcoming special event such as the Beach Life Festival, Marine Tech can inspect and ready moorings within a two-week period in advance of the event.

The current cost to maintain the 25 transient vessel moorings through an outside contract is roughly \$60,000 per year and over the remaining 14 years of the grant is approximately \$840,000. Reducing the frequency of maintenance services could reduce annual costs by about \$30,000, resulting in a cost of approximately \$420,000 over the remaining term of the grant. A portion of these costs can be offset with revenues from the moorings which generate approximately \$19,000 per year, or approximately \$266,000 over the remaining 14-year term of the grant. This results in an operational shortfall of approximately \$154,000. When this operational shortfall is compared to the cost of removing the moorings (both the grant reimbursement to the DBAW and the physical cost to remove the mooring), the costs over the term of the grant agreement are virtually the same - approximately \$154,000 versus \$129,000 plus removal cost. Thus, if the maintenance program can be reduced - the long-term fiscal impact to the City can be mitigated.

Grant Requirements

The DBAW Grant Agreement includes a 20-year performance period (term of the contract) from the date of acceptance, which was 10/7/2014. There is an audit provision under which the State may review the City's records associated with the management of the moorings.

The Grant Agreement with the State requires that "The Grantee shall ensure the facilities will continue to serve their intended purposes throughout their useful life (20 years). Facilities constructed or improved with Federal Aid Funds must continue to serve the purpose for which acquired or constructed by the Grantee." The Agreement goes on to state that failure to comply with the requirements of the provision of the grant is a breach of contract for which DBAW may require repayment of the grant on a prorated unexpired term basis as determined by the Department. During the contract term the City is required to do the following:

- Ensure that the moorings continue to serve their intended purpose;
- Allow reasonable access to the moorings during their useful life;
- Maintain and repair the moorings in safe and usable condition.

Harbor Commission Review

The Harbor Commission reviewed the status of the transient vessel moorings at their meeting on January 11, 2021. The draft minutes from the meeting are attached. The Commission voted

unanimously to recommend the following:

- Not permanently removing any moorings
- Not be in position to refund grant moneys
- Direct staff to hibernate moorings, or rotate service as appropriate to reduce maintenance expenses, per staff's discretion.

COORDINATION

The Public Works Department coordinated this item along with the Waterfront and Economic Development Department.

FISCAL IMPACT

The recommended action of rotating moorings out of service would reduce annual maintenance costs from \$60,000 to approximately \$30,000.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Budget Response Report #15
Harbor Commission Administrative Report
Harbor Commission draft minutes - 1/11/21