

COASTAL CONSERVANCY
Staff Recommendation

MORRO BAY HARBOR FISHING FLEET ICE MACHINE

File No. 04-043
Project Manager: Timothy Duff

RECOMMENDED ACTION: Authorization to disburse up to \$180,000 to the City of Morro Bay to purchase and install an ice machine to serve the local commercial fishing industry.

LOCATION: Morro Bay waterfront, San Luis Obispo County (Exhibit 1)

PROGRAM CATEGORY: Urban Waterfront Restoration

EXHIBITS

Exhibit 1: Regional Location Map

Exhibit 2: Photography of Site

Exhibit 3: Letters of Support

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31300 *et seq.* of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed one hundred and eighty thousand dollars (\$180,000) to the City of Morro Bay (“City”) to purchase and install a new ice machine to serve the local commercial fishing industry, including modifications to the pier necessary to support the ice machine, subject to the condition that the City shall submit for the review and written approval of the Executive Officer of the Conservancy a final work program, including construction drawings, a budget, schedule, and names of any contractors and subcontractors to be employed for these tasks, evidence that the City has obtained all necessary permits and approvals and all other funds necessary to complete the project, and a signage plan for acknowledging Conservancy funding.”

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

The proposal by the City of Morro Bay to purchase and install a new ice machine to serve the local commercial fishing industry is consistent with the purposes and objectives of Division 21

of the Public Resources Code (Sections 31300 *et seq.*) regarding urban waterfront restoration; and with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.”

PROJECT SUMMARY:

The City of Morro Bay Harbor Department has requested Conservancy funds to purchase and install a new ice machine needed by the local commercial fishing fleet which in recent years has been struggling to remain economically viable in response to a number of challenges including depletions of some fish stocks, increasing regulatory restrictions, high overhead, and low prices. Based in part on a recent economic feasibility study funded by the Conservancy, the Harbor Department staff believes a market exists in Morro Bay and throughout San Luis Obispo County for fresh fish of sustainable species, including direct-to-consumer sales that would enable fishermen to sell fish off their boats at a lower cost to the consumer and a higher price for the fishermen. To capitalize on this market, an economical and reliable source of ice is needed to provide the local fishing fleet with a basic, yet essential service necessary to the fleet's survival. Without ice, the viability of Morro Bay's fishing fleet would be seriously jeopardized, if not shut down altogether.

Currently ice service is provided by the delivery of 300-pound blocks that are stored onsite in ice houses, and then ground into flakes and blown into boats as needed. However, state regulations will prevent block ice from being used for this purpose beginning in 2006, and the current provider serving Morro Bay is expected to discontinue service by the end of this year. Anticipating the 2006 deadline, ice machines similar to the one proposed for installation in the Morro Bay harbor have been installed at harbors in Santa Cruz, Port San Luis, and Santa Barbara where local commercial fleets operate today. In addition to providing the fleet with an onsite source of flaked ice, replacing the existing ice house with a quieter, more energy efficient and attractive modern ice making machine would improve the ambiance of Morro Bay's popular waterfront and eliminate the need for truck delivery of ice.

A recent assessment of the structural integrity of the dock where the ice machine would be installed indicates that although the dock is strong enough to support the ice machine, modifications have to be made to accommodate the machine's characteristics, and that a tie back system would have to be designed to meet earthquake standards. Conservancy grant funds would be used to construct these dock modifications, and to purchase and install the ice machine. The Morro Bay Commercial Fisherman's Association would manage operation of the ice machine. Any revenues from operating the ice machine in excess of expenses would be deposited into a maintenance account to be managed by the association and reviewed annually by the city.

Site Description: The project area is located along the Morro Bay harbor fronting the area's main boulevard, Embarcadero Street. While the project area has several restaurants typical of the waterfront's adjacent commercial and retail center, this stretch of the harbor front is primarily devoted to working fishing boats and shoreside support for the harbor's active fishing operations, including the proposed ice machine and ancillary facilities (Exhibit 2).

Project History: This project represents a continuation of the Conservancy's long term commitment to restoring Morro Bay's waterfront and supporting its commercial fishing industry, that began in 1980 when the Conservancy funded the preparation of a waterfront restoration plan. Since then, the Conservancy has provided over \$1.2 million for a variety of waterfront projects including funds for pier reconstruction, urban park land acquisition, floating slip construction, waterfront park and public access facility planning and construction, and commercial fishing gear storage facility development. The current proposal is addressed in a recent economic feasibility study of the Morro Bay commercial fishing industry prepared for the harbor department with funds awarded by the Conservancy in 2003, and has been developed in cooperation with staff from the Conservancy, the Morro Bay Harbor Department, and the Morro Bay Commercial Fisherman's Association.

PROJECT FINANCING:

Coastal Conservancy	\$180,000
City of Morro Bay	430,000
Morro Bay Harbor Department (in kind)	<u>30,000</u>
Total Project Cost	\$640,000

The expected source of Conservancy funds for this project is the Conservancy's FY 2002 appropriation from the California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Fund (Proposition 40). Consistent with the purposes of this funding source, the proposed project would be carried out in accordance with the provisions of the Conservancy's enabling legislation, and would serve to promote the restoration of the state's vital urban waterfronts.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project is undertaken pursuant to Chapter 7 of the Conservancy's enabling legislation, Public Resources Code Sections 31300-31315, addressing the restoration of urban waterfronts.

Section 31301 states this chapter's intent to promote the restoration of the state's vital urban waterfronts. It specifically encourages the support of planned private sector waterfront development so that urban waterfronts can be the vital economic and cultural component of the community which they once were. Consistent with this section, the proposed ice machine would support the private sector fishing industry and benefit citizens of the state and the local citizenry of Morro Bay.

Section 31307 authorizes the Conservancy to award grants to public agencies and nonprofit organizations for the restoration of urban coastal waterfront areas. The proposed grant to the City of Morro Bay to improve its urban harbor facilities is consistent with this section.

The proposed project is also consistent with Section 31308 regarding local participation in urban waterfronts projects. The Conservancy's funding is highly leveraged, with the grantee providing over 70 percent of the total costs.

The proposed project is also consistent with Section 31315 regarding the Conservancy's mandate for urban waterfront restoration and the improvement of the infrastructure of fishing harbors on public trust lands.

**CONSISTENCY WITH CONSERVANCY'S
STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):**

The project is consistent with the Conservancy's Strategic Plan as follows:

Consistent with **Goal 3 Objectives A and B**, the project would serve to protect and restore the rich cultural and historic waterfront resources derived from Morro Bay's working fishing fleet, and would support the harbor's commercial fishing industry.

The project also furthers Goal 3's statewide strategy to concentrate resources in areas where economic development is most needed. The proposed ice machine is critical to the economic development and long term viability of Morro Bay's commercial fishing industry.

**CONSISTENCY WITH CONSERVANCY'S
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

Required Criteria

Promotion of the Conservancy's statutory programs and purposes: See the "Consistency with Conservancy's Enabling Legislation" section above.

Consistency with purposes of the funding source: See the "Project Financing" section above.

Need: The grantee would provide over 70 percent of the budget. If the Conservancy does not fill the funding gap that remains, the opportunity to complete the project may be lost.

Location: The proposed project is entirely within the coastal zone within the City of Morro Bay.

Support from the Public: This project has widespread support, including that of the City of Morro Bay, the local Commercial Fisherman's Association, State Senator Bruce McPherson and Assemblyman Abel Maldonado. See Exhibit 4 for letters of support.

Greater Than Local Interest: The project objective to assist in ensuring the long-term survival of the historic Morro Bay fishing fleet benefits the regional economy and serves the needs of tourists from across the county and the state.

Additional Criteria

Urgency: As has been the case with other waterfronts in the state, infrastructure necessary to support a viable fishing industry has been declining in Morro Bay for several years. The current source of block ice, an essential component to Morro Bay' fishing fleet, will not be available by the end of this year, and will be illegal to use for fish storing purposes statewide by the end of next year. Without Conservancy funding, the ice machine cannot be purchased and installed, thereby further threatening the near term viability of Morro Bay's fishing fleet.

Leverage: Conservancy funds would total 28 percent of the total budget for this harbor improvement project.

Readiness: The project is ready to go to construction. The grantee has obtained its permits and the matching funds needed to complete the project.

COMPLIANCE WITH CEQA:

Reconstruction of an existing facility is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines (14 Cal. Code of Regulations Sections 15000 *et seq.*). Section 15302(b) specifically exempts the replacement of a commercial structure with a new structure of substantially the same size, purpose and capacity. The proposed project meets those criteria because the new structure is substantially the same size with the same purpose of providing ice for local commercial fishing boat operators and fish buyers. Conservancy staff will file a Notice of Exemption following Conservancy approval of this recommendation.