

**AVALON CITY COUNCIL MEETING
TUESDAY, NOVEMBER 1, 2016 – 6:00 P.M.
CITY COUNCIL CHAMBERS
410 AVALON CANYON ROAD, AVALON
A G E N D A**

In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact Denise Radde, City Clerk (310) 510-0220. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35. 102-35.104 ADA Title II). All public records relating to an agenda item on this agenda are available for the public inspection at the time the records are distributed to all, or a majority of all, members of the City Council. Such records shall be available at City Hall located at 410 Avalon Canyon Rd.

CALL TO ORDER / PLEDGE OF ALLEGIANCE / INVOCATION / ROLL CALL

ANNOUNCEMENTS / WRITTEN COMMUNICATIONS

CITY MANAGER REPORT / CITY ATTORNEY REPORT

COUNCILMEMBER REPORTS / MAYOR REPORT

PRESENTATIONS

1. The California State Department of Fish and Wildlife provides Santa Catalina Island with a staff member who interfaces with the Catalina Island Conservancy on issues relating to the management of buffalo, foxes and deer on the Island. Concerns have been expressed about the way in which mule deer are being managed. Rebecca Barboza, Environmental Scientist, will be making a presentation about what to do and not to do with Mule Deer.

ORAL COMMUNICATION

Members of the public may address the City Council at this time. No action will be taken on non-agenda items at this meeting. Speakers should limit comments to three (3) minutes each.

CONSENT CALENDAR

All items listed on the Consent Calendar are considered to be routine by the Council and will be enacted with one motion. There will be no separate discussion of these items unless a specific item is removed from the Consent Calendar for further discussion and possible action.

1. Actions

Although the live recording is the official record of public meetings, actions are prepared for the Council's approval.

Recommended Action

Approve actions from the October 18, 2016 regular City Council.

**CITY COUNCIL AGENDA
NOVEMBER 1, 2016
PAGE 2**

2. Authorization of Additional Expenditures for the Avalon Harbor Fueling Facility Replacement Project
Since construction of the project began significant unforeseen conditions impacted the progress and cost of the Fuel Dock. During excavation of the land side area, unknown underground conditions required the City to administer change orders to the contractor to keep the project moving forward.
Recommended Action
 - 1) The City Council appropriate funding and/or authorize additional expenditures up to the amount of \$150,000 as additional contingency for unforeseen and additional costs on the Avalon Harbor Fueling Facility Replacement Project.
 - 2) The City Council authorizes the City Manager or his designee to approve change orders on the Project up to the contingency amount.

3. Approval of Fence Color for Mole Park Improvements Project
City Council awarded the contract to Great Western Installers at their October 18, 2016 meeting for the Mole Park Improvements Project. At the meeting some public discussion ensued regarding the black color fencing Staff had proposed for the project. After further discussion, Staff proposed to meet with two Council Members to review available options and to make a final recommendation.
Recommended Action
Approve the fencing color in black for the Mole Park Improvements Project.

4. Biosolids Conveyor and Main Bearing Maintenance for the Alfa Laval ALSYS G2-45 Biosolids Centrifuge Dewatering Skid System
It is necessary to perform field service for the preventive maintenance on the main bearings and conveyor bearings for the Alfa Laval ALSYS G2-45 Centrifuge Dewatering Skid System. This is to ensure the equipment is fully operational, at all times, and to effectively control waste streams generated.
Recommended Action
Authorize the City Manager to execute an Agreement with Environ Strategies and Alfa Laval, to perform the recommended preventive maintenance on the Alfa Laval Centrifuge Dewatering Skid System located at the Avalon Wastewater Treatment Facility, for a Not to Exceed cost of \$12,000.00.

GENERAL BUSINESS

5. Extension of Lease for Catalina Island Yacht Club
The existing lease agreement was last extended in 1995 to its present term ending in 2020. CIYC would like a long-term lease extension of 33 years while past City Council direction would result in a (13) thirteen year extension.
Recommended Action
 - 1) Hear staff report.
 - 2) Discuss proposal.

**CITY COUNCIL AGENDA
NOVEMBER 1, 2016
PAGE 3**

- 3) Approve preparation of a lease extension agreement with CIYC of ten years with a thirteen- year option to 2043 instead of their requested extension term to 2053 with appropriate CPI increases and a strengthened City/public use provision.

6. CPUC Request to Urge and Facilitate Support For City/SCE Cooperation on State Grant Application for Sustainable Year-Round Fresh Water Supply and for Immediate and Longer Term Relief from Drought Designation for Avalon Water Users

This is an update from the action taken by the City Council at its meeting of October 18, 2016. The City Council instructed City Staff to bring this matter back at the November, 1 2016.

Recommended Action

- 1) Direct the City Manager, in consultation with the City Attorney, to seek the help, support, and direction of the California Public Utilities Commission in the appropriate manner prescribed by the Commission to urge, support, provide advice and direction to Southern California Edison to cooperate with and fully support the City of Avalon's priority request to the State of California for grant funds to build fresh water storage, construct new salt water wells, and refurbish or replace existing salt water wells to create a sustainable year-round supply of fresh water to Avalon.
- 2) Direct the City Manager and City Attorney to seek a revision to the SCE tariff to decouple drought designations for Avalon from the level of the Middle Ranch Reservoir to one based on fresh water availability in Avalon.
- 3) Seek the assistance of the CPUC to urge SCE to agree to issue water rationing waivers for hotels and businesses in Avalon in accordance with flexibility they already have in their tariff in recognition of the current water supply available to Avalon customers.

7. Update Discussion and Possible Action to Approve the City Providing Fresh Potable Water to Avalon Residents During the Water Shortage

ADJOURN

NOTICE OF POSTING

I, Denise Radde, declare that the City Council Agenda for November 1, 2016 was posted Friday, October 28, 2016, on the City's website www.cityofavalon.com, and at City Hall, 410 Avalon Canyon Road. Copies of agendas and staff reports are available at City Hall.



Denise A. Radde, City Clerk / Chief Administrative Officer

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 1, 2016
ORIGINATING DEPT: City Clerk
PREPARED BY: Denise Radde, City Clerk
SUBJECT: City Council Actions

AGENDA ITEM: _____

CITY MANAGER: _____



RECOMMENDED ACTION(S): Approve actions from the October 18, 2016 regular City Council meeting.

REPORT SUMMARY: Although the live recording is the official record of public meetings, actions are prepared for the Council's approval.

FISCAL IMPACTS: N/A

GOAL ALIGNMENT: Not aligned,

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: N/A

FOLLOW UP ACTION: File Actions in the City Clerk's office.

ADVERTISING, NOTICE AND PUBLIC CONTACT: This item was properly listed on the posted agenda pursuant to the Brown Act.

ATTACHMENTS: Actions

The preceding change orders and upgrades are the major components regarding this specific request for additional funds. Please be advised that since these problems were encountered on property being leased to the City, it is the intent of Staff to work with the landowner to recover these costs.

GOAL ALIGNMENT: City Infrastructure.

FISCAL IMPACTS: The FY16-17 Budget does not include the proposed \$150,000 additional expenditure. If approved, the additional contingency would be funded by the balance of Harbor Fund cash reserves, which was projected in the FY16-17 Budget to be \$482,000 as of June 30, 2017.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: The construction of the Avalon Harbor Fueling Facility Replacement Project will be halted and remain incomplete until additional funds can be identified. Note costs would be expected to increase due to loss of momentum and re-mobilization.

FOLLOW UP ACTION: Execute the change orders and complete construction of the Avalon Harbor Fueling Facility.

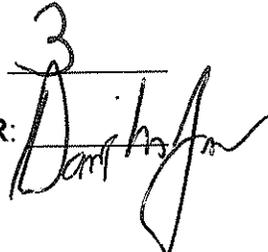
ADVERTISING, NOTICE AND PUBLIC CONTACT: Pursuant to the Brown Act.

ATTACHMENTS: None.

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 1, 2016
ORIGINATING DEP: Community Services
PREPARED BY: Dan Huncke, Community Services Director
SUBJECT: Approval of Fence Color for Mole Park Improvements Project

AGENDA ITEM: 3

CITY MANAGER: 

RECOMMENDED ACTION(S): City Council approves the fencing color in black for the Mole Park Improvements Project.

REPORT SUMMARY: City Council awarded the contract to Great Western Installers at their October 18, 2016 meeting for the Mole Park Improvements Project. At the meeting some public discussion ensued regarding the black color fencing Staff proposed for the project. After further discussion, Staff proposed to meet with two Council Members, Council Member MacGugan-Cassidy and Council Member Sampson volunteered, to review available options and to make a final recommendation.

The project currently is proposing black vinyl coated chain link fencing up to eight feet in height around both the volleyball and basketball court with an additional four feet of black sports netting above that. The fence height would be twelve feet in total and gated where the access openings to the courts are currently not gated.

Staff met with both Council Members MacGugan-Cassidy and Sampson individually to review the project. Each had an opportunity to review project renderings utilizing different color fencing; review pictures of other park projects using colored fencing; and Council Member MacGugan-Cassidy and staff drove out to Hamilton Cove (where they currently have black vinyl coated chain link fencing). Independently, both Council Members agreed that black fencing would be best color for the project.

GOAL ALIGNMENT: Enhance the overall look to the Mole Park area while creating additional recreation opportunities.

FISCAL IMPACTS: The funding for the black vinyl coated chain link fencing has been approved by City Council at their October 18, 2016 meeting.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: The project will not move forward and the grant funding will be lost.

FOLLOW UP ACTION: Allow Staff to proceed with the Mole Park Improvements Project utilizing black as the color for the perimeter fencing.

ADVERTISING, NOTICE AND PUBLIC CONTACT: This item was properly listed on the posted agenda pursuant to the Brown Act.

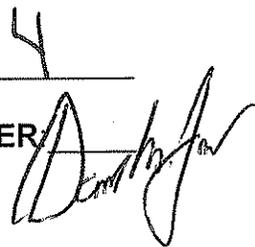
ATTACHMENTS: None.

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 1, 2016

AGENDA ITEM: 4

ORIGINATING DEP: City of Avalon's Wastewater Treatment Facility CITY MANAGER



PREPARED BY: Dennis Jaich – Director of Public Works

SUBJECT: Biosolids Conveyor and Main Bearing Maintenance for the Alfa Laval ALSYS G2-45 Biosolids Centrifuge Dewatering Skid System.

RECOMMENDED ACTION(S): Authorize the City Manager to execute an Agreement with Environ Strategies (ES), and Alfa Laval, to perform the recommended preventive maintenance on the Alfa Laval Centrifuge Dewatering Skid System located at the Avalon Wastewater Treatment Facility, for a Not to Exceed (NTE) cost of \$12,000.00.

REPORT SUMMARY: It is necessary to perform field service for the preventive maintenance on the main bearings and conveyor bearings for the Alfa Laval ALYSYS G2-45 Centrifuge Dewatering Skid System. This is to ensure the equipment is fully operational, at all times, to effectively control waste streams generated by the residents and visitors of the City of Avalon.

Emergency repairs would be required to be made expeditiously due to the critical components involved in dewatering sludge to meet State of California stipulations set forth in the operating permit. Postponing recommended preventive maintenance often leads to extensive damage to equipment ultimately requiring much more to repair to a serviceable condition. In addition, sludge dewatering requirements are in place at the City of Avalon landfill which requires all sludge to be dewatered to less than a 50% water content. These are landfill regulations that are mandated by the State of California Solid Waste permitting agency.

Alfa Laval is the manufacturer of the Centrifuge, specialists on this device, thus, are best equipped and certified to perform the necessary maintenance, which includes parts and services.

GOAL ALIGNMENT: City Infrastructure.

FISCAL IMPACTS: Not To Exceed expenditure of \$12,000. Budgeted: Sewer Service - Environ Strategies Maintenance Fund 10725-5124.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: Process control procedures at the Avalon Wastewater Treatment Facility would be compromised. Without the continued smooth operations of the Alfa Laval ALYSYS G2-45 Centrifuge Dewatering Skid System the facility would be unable to dewater biosolids from the two aerobic digestion holding tanks. The overflow would be called a SSO (Sanitary Sewer Overflow) which would violate

stipulations set forth in the CDO (Cease and Desist Order No. R4-2008-0028) for NPDES Permit No. CA0054372

FOLLOW UP ACTION: Authorize payment for the services to be performed by Alpha Laval, execute maintenance work.

ADVERTISING, NOTICE AND PUBLIC CONTACT: Pursuant to the Brown Act.

ATTACHMENTS: Alfa Laval Field Service Quote.

October 18, 2016



ES Engineering
Attn: Van Madding

RE: City of Avalon CA

Service Division
Alfa Laval Inc.
955 Mearns Road
Warminster, PA 18974
Tel: +1 215-443-4254
Fax: +1 804-545-2060
www.alfalaval.com

Subject: Alfa Laval Field Service

Dear Van,

Please find our estimated field service proposal based on a field service engineer traveling to your site to perform major service on your G2-45 Decanter, SN# 5122283.

Field Service Support

The price for Alfa Laval Support is \$1,500.00.00 **per day plus** airfare, **if** required. This daily rate is applicable for any time traveling or spent on site up to a maximum of 8 hours per day, Monday thru Friday. Any additional hours spent on site or weekend work/travel will be invoiced a rate of \$210/hr. This amount includes all expenses EXCEPT airfare. We anticipate 5 day(s) total to perform the work (including travel days).

Estimated Service: \$7,500.00- does not include airfare

Parts:

<u>Description</u>	<u>Part No.</u>	<u>Qty</u>	<u>Estimated Unit Price</u>
Major Kit, Conveyor	6124206630	1	\$594.58
Major Kit, Main	6124214830	1	\$838.53
Gearbox Svc Kit	6123904610	1	\$704.39
Grease	6120367150	10	\$33.40
Gear Oil	6120367110	2	\$216.28

Estimated Parts: \$2,904.06*****

Total Estimated Parts and Service: \$10,404.06

*****Freight is NOT included and will be additional.**

This estimate is based on the following:

- Full time support from 1-2 of your staff equipped with common hand tools.
- All Special tools sold with the machine are readily available
- Access to your maintenance shop.
- Access to hoisting equipment and operator if needed
- Your staff will work with our technician for lock out / tag out and isolating systems
- A safe clean work environment

COMMENTS AND EXCEPTIONS:

To schedule this service please provide a formal purchase order to US.FieldService@alfalaval.com. The purchase order should include the following:

- Clear statement of scope of service
- Accurate bill too and ship too address
- Contact information of site contact, including phone number, email or fax
- Contact information of your accounts payable department
- Contact information for the buyer associated with this project

This quote is valid for thirty (30) days and subject to Alfa Laval's standard terms and conditions. If you would like to use our service, please send me a purchase order to reserve an engineer for the dates desired.

Sincerely,

Beth Bond

Beth Bond
Field Service Coordinator

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 1, 2016

AGENDA ITEM: 5

ORIGINATING DEPT: ADMINISTRATION

CITY MANAGER: 

PREPARED BY: David Jinkens

SUBJECT: EXTENSION OF LEASE FOR CATALINA ISLAND YACHT CLUB

RECOMMENDED ACTION(S):

1. Hear staff report
2. Discuss proposal.
3. Approve preparation of a lease extension agreement with CIYC of ten years with a thirteen- year option to 2043 instead of their requested extension term to 2053 with appropriate CPI increases and a strengthened City/public use provision.

REPORT SUMMARY:

This item has been long pending for resolution. The issue focuses on what are fair terms for a lease extension for the CIYC. Fairness in this instance means fairness to the lessee and the lessor, the City of Avalon and its inhabitants.

In the end, the decision on the length of the agreement becomes a policy matter. The existing lease agreement was last extended in 1995 to its present term ending in 2020. CIYC would like a long-term lease extension of 33 years while past City Council direction would result in a (13) thirteen year extension.

The CIYC has had a long-term relationship with City government and the predecessor owner of the property, and the CIYC has taken good care of the subject property over the years. By their own account the CIYC has been a strong supporter of Avalon, charities here, and the local economy. Their support of Avalon is unquestioned.

Unlike most commercial leases, the CIYC has lease and operational provisions to provide access to the facilities to City government and the general public as mentioned in the report, as long as the use of the facility does not conflict with scheduled events and activities. *This is an important component of the lease, because it means that the property is available for City government and public use under conditions referenced in the lease document and rules governing the use of the facility.*

Mr. Barb and CIYC believe that a longer term lease is necessary in order to give confidence to its membership that their investment of "millions of dollars" over the life of the lease will be rewarded by the continued use of the facility. Historically, this has been the case since the building was built by CIYC in 1924.

Recent City Council direction:

The City Council directed the following action be taken after their meeting and discussion on this matter on September 6, 2016:

"6. Extension of Lease For Catalina Island Yacht Club (CIYC) City Manager David Jinkens gave a summary of the item. CIYC is requesting three (10 year) extension on their lease. Before proceeding forward on this item Cinde Cassidy made the motion to discuss publicly what was previously discussed in Closed Session, seconded by Anni Marshall. (All Ayes) City Council discussed the item and after consideration,

Staff was directed to bring this item back at a future meeting and provide a list of the pros and cons of providing a longer lease. Additionally:

- Can we sell CIYC the building if we only "own" the building because of the Tidelands?
- What rents do other Yacht Clubs pay on the mainland?
- Get a detail list of the improvements made on the building."

Recent History

On July 5, 2016 the City Council instructed the Interim City Manager to propose terms for a lease extension for the Catalina Island Yacht Club The current lease on the subject property ends in 2020. Under the City Council offer, the following terms were proposed:

1. A new lease extension to 2023; and
2. A one ten (10) year option extending it to 2033.

The letter to the Yacht Club stated that by proposing these terms the Yacht Club and Tuna Club would be on the same lease schedule.

On July 30, 2016 Chairman Randy Barb wrote to the Mayor proposing that in addition to the terms above, the Yacht Club is requesting a total of three ten (10) year options based on the historic relationship between the City and the CIYC, the Club donations over the years to community events and charities, and the desire to have greater certainty in order to make long-term investments in the property.

Less Recent History

The CIYC was built in 1924 under an agreement with the Santa Catalina Island Company (attached). The building was built and paid for by the CIYC. The building was constructed, I am told, with a low rent term as a means of encouraging and supporting commerce to Avalon (as stated in the 1924 Agreement). It was viewed at the time as an enhancement to the local economy and a way to attract and retain long term visitors and patrons of the City and Island. I believe that this intention has been fulfilled by CIYC over the years.

The building, while maintained and operated by the CIYC, is property of the City of Avalon, based on information provided by the City Attorney (and referenced below).

Over the years the CIYC has kept the building in good repair, met the terms in the existing lease, and made substantial contributions to the Avalon community. CIYC is an IRS approved 501(c) 3 organization and must comply in its operation with applicable Federal law as it relates to charitable organizations.

What has been discussed by the City Council previously is not whether a lease extension will be granted but rather what the length of the lease extension.

The existing lease extension is for a term of fifteen (15) years with one (1) ten year option that ends in 2020.

Public Access Allowed

Some members of the City Council and community have voiced the concern that the lease precludes the public from use of the premises, because this is a private yacht club and thus deprives the public a right of access to a publicly-owned building.

The existing lease has a City government use provision as stated below:

6.4. Landlord's Right to Use the Premises. Tenant shall from time to time permit Landlord to use the Premises for the purpose of conducting public activities sponsored by Landlord involving groups of less than ten (10), upon reasonable notice from Landlord and subject to reconciling any schedule conflicts with Tenant. Landlord's use of the Premises shall be without charge. Landlord's use of the Premises shall be unrestricted to normally open public areas of the Premises. To assure that conflicts do not arise, Landlord shall coordinate in advance with Tenant's resident manager to obtain mutually acceptable facilities (e.g. rooms and furnishing).

6.5. Public Access to Premises. Tenant shall permit the Catalina Island Museum Society to conduct guided tours of the Premises, except for the private living quarters of the Tenant's resident manager. These tours will be without charge, open to the general public, and conducted at least four (4) times each year, during the period between November 1 and May 31 only. Such tours shall involve groups of ten (10) or fewer persons and shall be coordinated in advance with the Tenant's resident manager.

In addition, the CIYC is available for public use as memorialized in the 2014 Clubhouse Use Agreement that states in part:

**"Catalina Island Yacht Club (the "CIYC")
2014 - Clubhouse Use Agreement**

The CIYC clubhouse and certain ancillary facilities (the "Clubhouse") may be made available for the purpose of hosting or sponsoring special private functions subject to approval by the CIYC Board of Directors. Applications for use of the Clubhouse must be submitted to the Club Manager and the Vice Commodore for submission to the Board of Directors.

The following conditions, requirements and restrictions are applicable to all approved uses of the Clubhouse:

Capacity

The Clubhouse capacity is 120 guests with a normal dining set up, and 180 guests with an open room (no dining tables). These limits must not be exceeded by order of the Fire Marshal...."

For City and public use of the premises the CIYC requires a fee of \$450 plus any bar staff or servers etc. the only restriction is "during the summer (first weekend of May through 3rd weekend of Oct.), the club has never been available for outside summer use because members are there and there is only the one room."

No City obligation to maintain premises

The existing lease agreement between the City and CIYC places no obligation on City government in any form to maintain the subject property as one might find contained in a typical commercial lease.

8. Maintenance, Repairs and Alterations.

8.1. Tenant's Obligations to Maintain and Repair Premises. Tenant shall keep the Premises in good order, condition and repair (with necessary replacement) whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements, or the age of the Premises. These maintenance and repair obligations shall include, without limitation, construction and maintenance of all necessary pilings for the proper support of the improvements on the Premises, all plumbing, sewage, heating, air conditioning, ventilating, ducting, electrical, lighting facilities and equipment within the Premises, all fixtures, docks, walls (interior and exterior), foundations, steps, ceilings, roofs (interior and exterior), floors, windows, doors, plate glass, and skylights within the Premises, and all breakwaters, levees, landscaping, driveways, fences, signs, adjacent to the Premises.

8.2. Landlord's Obligations. Landlord shall have no obligation in any manner whatsoever to repair or maintain the Premises nor the improvements located thereon. All of these obligations are intended to be that of Tenant under Paragraph 8.1 hereof. Tenant expressly waives the benefit of any statute now

or hereinafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition and repair.

Obligation of CIYC to Restore Damaged or Destroyed Structure

11. Damage or Destruction.

11.1. **Obligation to Rebuild.** In the event that some or all of the improvements constituting a part of the Premises or the Premises itself are damaged or destroyed, partially or totally from any cause whatsoever, then Tenant shall repair, restore and rebuild the Premises to its condition and to the design standards existing immediately prior to such damage or destruction, and this Lease shall remain in full force and effect. This obligation to rebuild exists regardless of whether such damage or destruction is covered by any insurance required to be maintained under Paragraph 10. Such repair, restoration and rebuilding (all of which are herein called "repair") shall be commenced within a reasonable time after such damage or destruction has occurred and shall be diligently pursued to completion.

Responses to City Council Questions

1. Can we sell CIYC the building if we only "own" the building because of the Tidelands?

Answer: The City Attorney states, "The lease with the Yacht Club says that we own the property located "on the tidelands and/or submerged lands." Unless there is something in a State of California document that I am not aware of, we own the property. In any event, if we wanted to sell the property, we would have to have a title report done and that would answer the question definitively." *See attached 1924 Agreement for construction of the building.*

2. What rents do other Yacht Clubs pay on the mainland?

Answer:

Mr. Barb provided me with research he did on other leased facilities. I have not done independent research on the topic because of my focus on other City priorities.

"I have spoken to several yacht Clubs about leases. Cities view them as an asset. In San Diego there are four that lease from the port authority.

The largest is San Diego Yacht Club. These are their terms:

40 Year lease signed in 2010

It includes four large buildings. Their property includes dry storage for rent as well as lockers.

They have 576 slips that they rent in their marina.

They pay the port authority 11% of the revenue that they collect from the slips, lockers, storage, food and beverage.

Their payments are reduced by Capital Expenditures to take care of the facility.

The revenue from the facility almost pays all the member costs. Their dues are only \$190.

There are three other Clubs on the bay are smaller but have the same terms.

Southwest

Silver Gate

Coronado

As I said each works with the clubs to bring activity to their water and city. All the clubs that I know of have marinas that generate revenue.

It's had to use mainland clubs to compare because we pay mooring fees directly to the city in Avalon and the city keeps 100%. (See attached CIYC list of rents at other marinas.)

3. Get a detail list of the improvements made on the building.

Answer:

Mr. Barb has provided a sheet of improvements to the building over the last ten years and that breakdown is attached to this document. See attached breakdown of CIYC donations.

Mr. Barb responded to the City Council's request by writing to the City Council the following:

Catalina Island Yacht Club Mission Statement

"The Catalina Island Yacht Club brings boaters to a historic clubhouse located in a world-renowned destination. Our mission is to provide our yachting members a comfortable and attractive facility where they and their families can relax, socialize and nurture friendships. We pursue our mission through the effort and generosity of our members and by our dedication to the preservation and enhancement of our unique home in Avalon. We will always be a friend and advocate of Avalon and a protector of Catalina Island"

Mayor Marshall and Council Members,

Thank you for your offer to extend our lease for 3 years plus the 10 year extension. I am writing to again reconfirm our acceptance of the extension, and to request that we be given two additional 10 year extensions (a total of 3). The previous lease terms have normally been for longer periods of time than the current offer of 3 plus 10. We are looking forward to those years ahead as partners in a city we that we consider home. Many members are here year round and others during our 6 month Yacht Club season from the first of May until the 3rd week of October. Guaranteeing the long term involvement of the Yacht Club in Avalon is essential for both the club and the city, for several reasons:

- 1) Many members are very involved in the community businesses, charities, churches, golf programs and other organizations. A long term lease is security for the future.
- 2) The Club is the largest single source of revenue for the city from a local organization that is not profit motivated.

** RESTAURANTS: there are 200 - 320 members, family and guests, on the island during the summer. In a survey taken, club members purchased 1400 meals in restaurants the last two weeks. That would result in total restaurant income of approximately \$60,000 in last two weeks. On Saturday my wife and I had lunch at Steve's and 28 of the 40 people eating were from the club.

** EVENTS: the club has a dinner event on Saturday Nights. All are catered by local restaurants.

**** WE ALSO HOLD OTHER EVENTS:**

*A fund raiser at the new museum last Wednesday night that raised nearly \$10,000 that will be donated in the city.

*The annual BILLFISH TOURNAMENT that donates all proceeds to city charities. (Well over \$100,000 in the last five years)

**** LOCAL RETAIL:** Members spend thousands of dollars in local retail stores each week.

****MOORING INCOME:** The club members own nearly 90 moorings now. The taxes paid on the moorings are over \$700,000 per year. I know the city just gets a small portion of that, but in addition we pay the annual fees and all the maintenance on the moorings. I know some may say that the moorings would sell with or without the club, but having a pool of several hundred boat owners that call this their home, certainly drives the price way up.

****MOORING PURCHASE INCOME:** during the last 24 months members have spent \$6,000,000 purchasing several new moorings. Based on the current transfer fee, that provided \$300,000 to the city.

****EMPLOYMENT:** The club employs over 20 people each year.

**** SHORE BOAT:** We budget around \$15,000 each year for the shore boat to bring members to the club.

3) The club house was built by the members in 1924 and has been maintained through the years at great expense to the membership. We have been good partners with the city and never asked for financial help. We have spent well over \$2,000,000 just in the last Ten Years.

I am not sending this type of email to brag about how great we are, but to let you know that we do all that we do because we love Avalon and our island home. All of us look forward to feeling good about our large investment and the future we have here. I have provided our mission statement below, so you know what our goals are. This mission statement is the focal point of all we do. It is also part of the criteria in evaluating prospective new members...."

PROS AND CONS OF A LONG-TERM LEASE WITH THE CIYC

Pros

- Long term lease provides the tenant with an assurance that the premises will be available over time and the lessor (i.e. City) with a reliable stable relationship for the operation and maintenance of the property
- Allows lessee to invest in improvements and maintenance of the facility for things such as pile replacements, building renovations etc.
- Provides City with assurances that capital investments will be made in the property
- Ensures that the City has a reliable partner over the long term who will maintain a stable relationship for the premises.

Cons-

- A long term relationship ties the hands of the City Council to the use agreed to no matter what conditions might change in the future.
- Precludes the City from using the premises for other purposes for the term of the lease.

In the final analysis, the question becomes whether there is a substantial public good associated with a longer-term lease versus a shorter term lease. CIYC believes that the longer-term lease provides their Club with security and City government and its people with substantial benefits.

GOAL ALIGNMENT: Maintain City leases promote responsible City partnerships.

FISCAL IMPACTS: There are no negative fiscal impacts to the City. The proposed lease extension continues a City relationship with the CIYC that has existed for many years, requires no City maintenance of the subject property, and requires no public funds for repairs, upkeep or rebuilding should the need arise.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: There will be a shorter term lease.

FOLLOW UP ACTION: The City Manager will complete discussion with CIYC about a strengthened public use provision. The City Attorney will prepare the lease extension agreement and bring back the final lease agreement for City Council approval.

THIS AGREEMENT, in duplicate, made on this first day of May, 1924, by and between CATALINA ISLAND YACHT CLUB, a California corporation, party of the first part, and SANTA CATALINA ISLAND COMPANY, also a California corporation, party of the second part,

WITNESSETH:

First: That said second party agrees with said first part to erect, build and finish, within a reasonable time after date hereof, pursuant to informal specifications attached hereto, made a part hereof, and marked "Exhibit A", a two-story frame club house building on pier foundation, on the property formerly used as a boat landing by the Catalina Boat Club, situated on the water front between Hill and Olive Streets, in the town of Avalon.

Second: Said first party covenants and agrees to pay to said second party, as hereinafter provided, the actual cost to said second party at Avalon, of all labor and material required in the construction of said building, and compensation insurance charges incurred by said second party, during the construction of said building, plus ten percent (10%) of the total of such several amounts, it being understood that no estimate has been made of the cost of said building. It is further agreed that in order to avoid the necessity of said second party retaining all bills, receipts and vouchers, covering said work and material, and of submitting them to the said owner at the completion of said building, said party of the second part will render a statement to said party of the first part at a period of every month, together with a statement that said statement is in full, true and correct as to said account, taken from the ledger of said second party, and that said statement shall be deemed to be conclusive and incontrovertible evidence of the actual cost of said building to date.

Third: The said first party agrees to pay to said second party the total cost of said building, plus ten percent (10%) of such total cost, as said amounts are defined in the preceding paragraphs hereof, in the manner following:

Payment to be made covering the amount of statement rendered by said second party at a period of every month, five days after statement has been presented to said first party, such payments at the stated intervals to be paid to said second party at its office in Avalon, California.

Fourth: The said second party agrees to furnish all material and labor at the regular market price, all materials furnished and work done to be in accordance with the plans and specifications and within a fair and equitable construction of, and within the true intent and meaning of said plans and specifications; and to proceed with the erection of the building with all diligence and to prosecute the work to completion within a reasonable time.

Fifth: It is understood that said second party will exercise all reasonable efforts to keep the cost of said building at as low a figure as possible, and at the same time to carry out

File 218 Construction Contract

used as a boat landing by the Catalina Boat Club, situated on the water front between Hill and Olive Streets, in the town of Avalon.

Second: Said first party covenants and agrees to pay to said second party, as hereinafter provided, the actual cost to said second party at Avalon, of all labor and material required in the construction of said building, and compensation insurance charges incurred by said second party, during the construction of said building, plus ten percent (10%) of the total of such several amounts, it being understood that no estimate has been made of the cost of said building. It is further agreed that in order to avoid the necessity of said second party retaining all bills, receipts and vouchers, covering said work and material, and of submitting them to the said owner at the completion of said building, said party of the second part will render a statement to said party of the first part at a period of every month, together with a statement that said statement is in full, true and correct as to said account, taken from the ledger of said second party, and that said statement shall be deemed to be conclusive and incontrovertible evidence of the actual cost of said building to date.

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Fifth: It is understood that said second party will exercise all reasonable efforts to keep the cost of said building at as low a figure as possible, and at the same time to carry out and conform to said plans.

IN WITNESS WHEREOF, the parties hereto have caused their signatures to be hereunto affixed by their therunto duly authorized officers, the day and year first above written.

By R. B. Allen and By R. B. Allen
Secy-Treas. President.

SANTA CATALINA ISLAND COMPANY

May 27, 1924.

By R. B. Allen
Vice-President & General Manager

Catalina Island Yacht club donations Since 2010

	CIYC Foundation	Billfish Tournament	CIYC Auxiliary	Mooring Owners
AHS BASKETBALL, BASEBALL, FOOTBALL	\$ 600.00			
AHS CHEER SQUAD	\$ 2,000.00			
AHS FOOTBALL HELMET SENSORS	\$ 2,000.00			
AHS GIRLS BASKETBALL, BASEBALL, FOOTBALL	\$ 600.00			
AVALON BOOSTERS CLUB	\$ 1,900.00		\$ 1,750.00	
AVALON FIRE	\$ 23,000.00	\$ 11,850.00		
AVALON KIDS BASEBALL	\$ 750.00			
AVALON MUSEUM	\$ 1,000.00			
AVALON PONY LEAGUE	\$ 250.00			
AVALON ROTARY	\$ 3,000.00			
AVALON SCHOOL	\$ 450.00		\$ 5,500.00	
AVALON SEARCH & RESCUE	\$ 1,000.00			
BOY SCOUTS	\$ 450.00			
CATALINA ISLAND CONSERVANCY	\$ 30,600.00			
CATALINA ISLAND MED CENTER	\$ 23,950.00	\$ 49,800.00	\$ 2,000.00	
CATALINA ISLAND MED CENTER AUXILIARY		\$ 48,700.00		\$ 24,600.00
CATALINA ISLAND SEARCH & RESCUE	\$ 200.00			
CATALINA PONY CLUB	\$ 700.00		\$ 3,750.00	
CHOICES			\$ 750.00	
CITY OF AVALON TREMONT HALL				
CITY OF AVALON	\$ 17,100.00			
CUB SCOUTS	\$ 450.00			
GIRL SCOUTS	\$ 450.00			
HAMONDS BICULTURAL GROUP	\$ 150.00			
INTERACT CLUB	\$ 200.00			
ISLANDS CLUB	\$ 150.00			
KIDS VENTURE	\$ 2,000.00	\$ 12,200.00	\$ 2,000.00	
KIDS AT PLAY			\$ 2,000.00	
LACROSS	\$ 200.00			\$ 24,600.00
LITTLE LEAGUE BASEBALL	\$ 200.00		\$ 2,500.00	
MARINE ANIMAL RESCUE				
MUSIC WITH SARA	\$ 150.00		\$ 100.00	
OCEAN INSTITUTE	\$ 2,700.00			
P.L.A.Y.	\$ 500.00			
PLAY PRESCHOOL LEARNING AVALON YOUTH			\$ 6,000.00	
SCHOLARSHIPS	\$ 550.00			
ST CATHERINE'S YOUTH GROUP	\$ 250.00			
Y.a.I-YOUTH ACTIVITIES LEAGUE				
	\$ 117,500.00	\$ 122,550.00	\$ 26,350.00	\$ 49,200.00
TOTAL DONATIONS	\$ 315,600.00			

Catalina Island Yacht Club			9/14/2015
	Capital		Repair &
	Improvements		Maintenance
2006	\$ 45,639.00		\$ 30,000.00
2007	\$ 212,778.00	New pilings and structural supports 2007-2011	\$ 30,000.00
2008	\$ 91,189.00		\$ 30,000.00
2009	\$ 268,539.00		\$ 30,000.00
2010	\$ 511,744.00		\$ 30,000.00
2011	\$ 146,321.00		\$ 30,000.00
2012	\$ 58,691.00		\$ 30,000.00
2013	\$ 89,974.00		\$ 30,000.00
2014	\$ 51,185.00		\$ 30,000.00
2015	\$ 102,135.00		\$ 30,000.00
Total	\$ 1,578,195.00		\$ 300,000.00
			(Annual budget is \$30,000)
10 year total expenditures		\$ 1,878,195.00	

**COMPARATIVE LEASE TERM INFORMATION PROVIDED BY CIYC TO JUSTIFY
LONGER TERM LEASE**

From: Randy Barb [mailto:rbarb@newcodistributors.com]
Sent: Thursday, October 27, 2016 10:48 AM
To: David Jinkens
Subject: RE: RENTS PAID BY OTHER YACHT CLUBS

David,

I have finished making calls to the managers of the mainland clubs to request lease length and lease payments, the results are below:

San Diego – lease is 40 years and marina revenue more that pays the lease to the city. City pays for capital improvements.

Southwest – lease is 40 years lease payment comes from marina revenue. City pays for capital improvements

Silver gate -- lease is 40 years lease payment comes from marina revenue. City pays for capital improvements

Coronado -- lease is 40 years lease payment comes from marina revenue. City pays for capital improvements

Long Beach – 50 year lease

Dal Rey – 60 year lease

Balboa Bay Club – 50 year lease

The members over the years love Avalon and the club. They have invested much more per member than any of the clubs I spoke with. We can't just rent a slip and the money goes to the club. We don't have a marina. Not only do the members not have slips to use, but they own almost a third of the slips in the Harbor and when the city rents them no percentage goes to the club. All of the other clubs allow the clubs to keep 80 to 89 percent of the revenue...

I really think to reduce the years anymore does not serve the City or the club well."

Randy

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 1, 2016

AGENDA ITEM: 6

ORIGINATING DEP: Administration

CITY MANAGER: 

PREPARED BY: David Jinkens

SUBJECT: CPUC REQUEST TO URGE AND FACILITATE SUPPORT FOR CITY / SCE COOPERATION ON STATE GRANT APPLICATION FOR SUSTAINABLE YEAR-ROUND FRESH WATER SUPPLY AND FOR IMMEDIATE AND LONGER TERM RELIEF FROM DROUGHT DESIGNATION FOR AVALON WATER USERS

RECOMMENDED ACTION(S):

1. Direct the City Manager, in consultation with the City Attorney, to seek the help, support, and direction of the California Public Utilities Commission in the appropriate manner prescribed by the Commission to urge, support, provide advice and direction to Southern California Edison to cooperate with and fully support the City of Avalon's priority request to the State of California for grant funds to build fresh water storage, construct new salt water wells, and refurbish or replace existing salt water wells to create a sustainable year-round supply of fresh water to Avalon.
2. Direct the City Manager and City Attorney to seek a revision to the SCE tariff to decouple drought designations for Avalon from the level of the Middle Ranch Reservoir to one based on fresh water availability in Avalon.
3. Seek the assistance of the CPUC to urge SCE to agree to issue water rationing waivers for hotels and businesses in Avalon in accordance with flexibility they already have in their tariff in recognition of the current water supply available to Avalon customers.

REPORT SUMMARY: This is an update from the action taken by the City Council at its meeting of October 18, 2016. The City Council instructed City staff to bring the matter back to the City Council at your meeting of November, 1 2016.

As directed by the City Council, the City Manager directed a request to Greg Ferree of SCE Corporate on October 19, 2016 seeking their assistance in granting waivers. As of the date of this memorandum (October 25, 2016) SCE has not responded favorably to the City Manager or City Attorney and has not accepted the City Manager's offer to have a meeting to discuss the City Council's request.

On September 19, 2016 and on October 11, 2016 representatives of SCE made themselves available to discuss with the City via a telephone conference call, about water issues in Avalon and how SCE and City government can work together to address fresh water shortage issues in Avalon. In summary, SCE wants more time to study options and costs that are expected

from their recently engaged consultant Dr. Val Franzel. They do not want to commit to any specific options until evaluating the cost/benefit of each option. It is not expected that this newly contracted SCE report will be available until December 2016. The City Attorney and I told SCE officers that we could *not* recommend to the City Council a delay in City action on the matter.

City staff agreed to continue sharing information with SCE (as we have done in the past) that we obtain from Carollo Engineering, and they agreed to share information from their new consultant once it is available.

Background - Based on past direction by the City Council, the City of Avalon through the City Attorney has been seeking the cooperation and support of Southern California Edison to collaborate and cooperate on a joint venture in which the City of Avalon and/or SCE would seek State of California funds to build new storage facilities, construct new water wells and refurbish or replace existing salt water wells in Pebbly Beach to create adequate fresh water storage from existing desalinization units in place to sustain the City of Avalon, its people, businesses, and the million plus people who come here annually.

The City Attorney advises that State funding for desalinization facilities are the top State priority.

Storing and Keeping Fresh Water Fresh - The construction of adequate fresh water storage facilities near the SCE plant in a closed-system environment eliminates direct air contamination potential, evaporation, wind-blown contaminants and animal access and provides a ready resource for fresh water in high-demand times. It is understood that fresh water storage in tanks would require steps to maintain water quality, and this is simply addressed by adding a small mixer to the tank that keeps the water mixed so that chlorine residual is maintained in the water column. Public water providers do this all of the time. Sealed water storage tanks are far more preferable than open reservoirs or other existing open-air fresh water facilities. Construction of large water storage facilities gives added protection to Avalon that an adequate fresh water supply will always be available.

Support for Multiple Water Sources - The City of Avalon has been an active supporter since the early 1980's of using its vast access to sea water as a means of providing through desalinization year-round fresh water supply for residents and visitors. The existing SCE water supply system relies heavily on rain and ground water, and adequate storage facilities for desalinated fresh water would better ensure a sustainable supply of water year-round. Avalon does not necessarily have to use desalinated water year-round, only when there is a shortage of fresh water supply.

SCE officials continue to say that they conceptually support funds to create adequate storage facilities, and they want to study the matter and options more before committing to a final solution. City staff is of the opinion that the time for hesitation is over. There has been plenty of time for studies in the past. The City wants SCE support for the City requested improvements and work out final details of that support in the near term.

Hamilton Cove – SCE staff point out that if a water line could be constructed to supply Hamilton Cove with an inside City water source, Hamilton Cove would not be dependent on the Middle Ranch Reservoir which helps Hamilton Cove and water users in the Interior. City staff agrees with this premise. If grant funds can be acquired without diminishing dollars for new salt wells and storage, the City should actively support including the Hamilton Cove line in a grant request.

Avalon Needs for a Water Solution Should be Number 1 - Avalon must take steps to assure an adequate fresh water supply for its residents, business owners and operators and tourists. *Avalon's needs for grant funds should be the number one priority for requests this year for State funding and SCE should not be submitting competing proposals for State funding made by SCE that might compromise the ability of the City or SCE to receive sufficient funds or diminish the amount received.* It is important to remember SCE should support this request fully to help enable them to provide the service for which they are required to provide by the CPUC and under State law. Having said this, Avalon officials should support subsequent requests for State and Federal funding for other Island water needs.

We are being told that the applications for State water bond funds may not be available until December of this year. However, the City government and people and businesses of the community need assurances of the direction City government is taking in this regard so that they can plan for their future.

Why Ask the CPUC to Help?- Like the City Council that provides policy direction for City operations, the California Public Utilities Commission (CPUC) provides policy direction for non-public utilities like SCE and how they operate. Just as residents and local SCE staff make contact with members of the City Council on local matters, the City has the right to seek help from SCE's policy body, the CPUC. This is not meant as a criticism of SCE. It is simply using the tools available of government to achieve City goals.

GOAL ALIGNMENT: General Plan Conservation Element– Assure Adequate and Sustainable Water Supply.

FISCAL IMPACTS: Water is an essential component of maintaining a sustainable City for residents and visitors, maintaining property values, maintaining the local economy, and encouraging and supporting reasonable and proper investment in Avalon. The lack of adequate water storage and desalinization facilities creates incalculable drain on the local economy and revenue to operate the City. Residents of Avalon must be protected and sustained in the manner proposed in this report.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: Continued drought conditions, economic decline, and loss of tourism, unhealthy conditions, and an increase in water rates with no benefit to residents and businesses. Further delay of actions to create a sustainable Avalon fresh water supply will only mean more time lost for a positive solution. In addition, once direction is provided to the City, exploration of new Federal legislation can be pursued with a purpose in mind. SCE has in its power the ability to grant water rationing waivers.

FOLLOW UP ACTION: City Manager, after consultation with the City Attorney, will immediately file a request to the CPUC as noted herein.

ADVERTISING, NOTICE AND PUBLIC CONTACT: This item was properly listed on the posted agenda pursuant to the Brown Act.

ATTACHMENTS: Email to SCE Corporate Officials Regarding Water Rationing.

David Jinkens

From: David Jinkens
Sent: Friday, October 21, 2016 12:55 PM
To: 'Greg Ferree'
Cc: Ronald Hite; Ryan Stevenson; 'Scott Campbell'; Dennis Jaich; Jeff Lawrence; Adeline Yoong
Subject: RE: (External):RE: COMMUNICATION TO CORPORATE OFFICIALS OF SCE REGARDING WATER RATIONING



Dear Mr. Ferree:

Thank you for your message.

While the issue is one that you discussed with the City Attorney and I previously by telephone before the last City Council meeting, the request to you this time is specifically coming from the City Council. I want to be certain that they understand accurately the position your company is taking in regard to their request. It is for this reason that having your reply in your own words will best convey your thoughts on their request and avoid unintentional misunderstandings on our part.

Thank you!

David

David Jinkens
City Manager

From: Greg Ferree [<mailto:Greg.Ferree@sce.com>]
Sent: Friday, October 21, 2016 11:12 AM
To: David Jinkens; Ryan Stevenson
Cc: Ronald Hite; 'Scott Campbell'; Dennis Jaich; Jeff Lawrence; Adeline Yoong
Subject: RE: (External):RE: COMMUNICATION TO CORPORATE OFFICIALS OF SCE REGARDING WATER RATIONING

I think we discussed this subject at some length during our last conference call but I have included Ryan Stevenson here in order for him to provide any additional information.

From: David Jinkens [<mailto:djinkens@cityofavalon.com>]
Sent: Thursday, October 20, 2016 8:01 AM
To: Greg Ferree <Greg.Ferree@sce.com>

Cc: Ronald Hite <Ronald.Hite@sce.com>; 'Scott Campbell' <Scott.Campbell@bbklaw.com>; Dennis Jaich <djaich@cityofavalon.com>; Jeff Lawrence <Jeff.Lawrence@sce.com>; Adeline Yoong <Adeline.Yoong@sce.com>
Subject: (External):RE: COMMUNICATION TO CORPORATE OFFICIALS OF SCE REGARDING WATER RATIONING

RESENT ON 10-20-16



CITY OF AVALON

Dear Mr. Ferree:

I am writing to you at the direction of the City Council of Avalon. On a motion by Mayor Pro Tempore Olsen, seconded by Mayor Marshall, the City Council directed the City Manager to request that SCE corporate officers agree to issue water rationing waivers for hotels and businesses in Avalon in accordance with flexibility you have in your existing tariff in recognition of the current water supply available to your Avalon customers. If you are unable to do so, they are asking for the reasons that you will not do so.

Please let me know at your earliest convenience when you are available to discuss this request. We have been instructed to place a report and update on this matter at the City Council meeting of November 1st so time is of the essence.

Thank you for your review and anticipated assistance in this regard.

David

David Jinkens, M.P.A.
City Manager