CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: May 19, 2016

To: Harbor Commission

From: Scott Riedman, Waterfront Director

Subject: Director's Report

COUNCIL ACTIONS

 Authorized the Waterfront Director to submit an application to the California Department of Resources Recycling and Recovery (CalRecycle) for all Household Hazardous Waste Grants (HHW Grants) for which the City of Santa Barbara Waterfront Department is eligible.

COUNCIL BUDGET WORK SESSIONS

- On Wednesday, May 11, Waterfront management staff presented the FY 2017 proposed budget to the City Council.
- On Tuesday, May 17, at 12:30pm, a City Council Finance Committee meeting will be held in the David Gebhard Room at 630 Garden Street to review Enterprise Fund fee changes, including Waterfront. The Waterfront fee changes were reviewed and recommended by the Harbor Commission at the March 17, 2016 meeting.

GRAND JURY REPORT

In late 2015 and early 2016, the Santa Barbara County Civil Grand Jury (Grand Jury) interviewed City and County staff and requested various documents regarding the harbor operations, including:

- County property taxes on boat slips;
- Vessel operability requirements;
- Live-Aboard permits; and
- Vessel DMV registration compliance.

On April 19, 2016, the Grand Jury released a report on City of Santa Barbara Harbor Operations (Attached). The Grand Jury found that harbor is operating within applicable regulations and policies and no response to the report was required or requested by the Grand Jury.

Director's Report May 19, 2016 Page 2

HARBOR COMMISSION VACANCIES

Currently there are three vacancies on the Harbor Commission. The application period closed on Monday May 2nd, and seven applications were received. The Council interviewed applicants on Tuesday, May 17, 2016, and additional interviews will be held on Tuesday, May 24, 2016, at 6:00 p.m.; and Tuesday, June 14, 2016, at 2:00 p.m. The Council will select the new Commissioners on Tuesday, June 28, 2016, and the new Commissioners will be seated at the July 21 meeting of the Harbor Commission.

TENTATIVE AGENDA ITEMS FOR THE JUNE MEETING

- Local Coastal Program
- East Beach Mooring Program update

Attachment: 2015-16 Santa Barbara County Civil Grand Jury report

CITY OF SANTA BARBARA HARBOR OPERATIONS Are Boat Owners' Property Taxes Slipping Away?

SUMMARY

The 2015-16 Santa Barbara County Grand Jury (Jury) received requests for investigation from citizens concerning certain operations of the Waterfront Department; specifically some questions concerning the harbor in the City of Santa Barbara. Complainants expressed concern with the fact that the department not only collects a slip transfer fee and monthly rent on slips; but property taxes are also collected from boat owners by the County of Santa Barbara, despite the fact that the slips are city property. Questions were also raised about the Department's policies concerning vessel operability and people living on their vessels. Lastly, a concern was raised about vessel registration numbers (CF numbers). The Jury found that, on these particular issues, the harbor is operating within applicable state and local regulations, as well as within harbor policy.

METHODOLOGY

Members of the Jury interviewed city and county staff and reviewed several documents and websites.

BACKGROUND

The Jury received requests to investigate operations at the harbor in Santa Barbara. The requests highlighted several areas, including:

- ➤ Payment of Property Taxes on Boat Slips
- > Operability of Vessels
- ➤ Live-Aboard Permits
- > Vessel Registration

OBSERVATIONS

The Waterfront Department (Department) of the City of Santa Barbara (City) is operated as an enterprise fund and includes three divisions: the Waterfront Business Management Division (Business), the Waterfront Facilities Management Division (Facilities), and the Waterfront Harbor Management Division (Harbor). As an enterprise department, all expenses incurred by the Department must be paid out of revenue brought in by the Department. No operating expenses are paid out of the general fund of the City, and all funds generated must be kept within the Department. For Fiscal Year 2015, the Department realized a net operating gain of \$252,178 between total department operating revenue of \$15,106,278 and total department operating expenses of \$14,854,100. According to staff, any net operating gains are put into the Department's

2015-16 Santa Barbara County Grand Jury

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capital fund each year. \$4,810,766 of the Department's operating revenue, or approximately 32%, was derived from slip fees and slip transfer fees.

The Jury noted in its review that one required project has a positive effect on the Department's budget every year. Twice a year, in the spring and fall, the Federal Channel at the entrance to the harbor must be dredged. Because the Harbor is designated as a "harbor of safe refuge", the Army Corps of Engineers (Corps) has performed this work at no cost to the City of Santa Barbara or its citizens. Historically, the Corps has allocated approximately \$2,500,000 per year for dredging the Federal Channel, including bathymetric surveys, biological surveys, permitting, and other dredging related activities. Department staff expects that the City would incur these expenses if it had to take over dredging the Federal Channel from the Corps.

The Jury also learned about another source of revenue for the Department, the revenue derived from cruise ships (\$5 per person including crew). Within the last few years, the number of cruise ships approved to dock at Santa Barbara increased from four or five per year to almost thirty. The Waterfront Director decides how many cruise ships will visit and includes the number in the Department's budget presentation to the City Council each spring. No cruise ship visits are approved during the busy summer season, May to September. Department staff stated that they have not received complaints about the cruise ships and encouraged any interested citizen to request the topic be added as an agenda item at City Council or Harbor Commission meetings.

In addition to the City Council of Santa Barbara, the Department is overseen by the Harbor Commission (Commission), which is a volunteer advisory board. The Commission consists of seven commissioners appointed by the city council. The Commission is responsible for making recommendations to the city council on all matters pertaining to the operation of vessels and water craft within the Harbor and the Department including, but not limited to, rules and regulations, rates and fees, budgets, equipment, facilities, materials and supplies. In the rare case of a slip contract termination, the Commission has the final word.

Payment of Property Taxes on Boat Slips

In addition to transfer fees and monthly slip rents, amounts that can often add up to thousands of dollars¹, complainants questioned why the County of Santa Barbara can collect property taxes on the slips, as they are owned by the City of Santa Barbara. It is general knowledge that state and local governments are exempt from property taxation.² Why is it, then, that the City can rent out its property (the slip) and require the slip holder to pay property taxes?

The jury learned that when the boat owner rents a slip at the harbor, he or she obtains a private interest in government owned property. Because he or she has the exclusive right to that slip by renting it from the City, he or she must pay unsecured³ property taxes. This is in accordance with the regulations of the California State Board of Equalization, which define "taxable possessory interests" to include the right to "actual physical occupation" of publicly-owned property "pursuant to rights not granted to the general public," "such as ... a permit to use a berth at a

.

¹ Appendix A is the current City of Santa Barbara Waterfront Department Slip Fee Chart, based on City Council Resolution No. 15-055, June 24, 2015.

² http://www.boe.ca.gov/lawguides/property/current/ptlg/ccp/XIII-3.html

³ https://www.countyofsb.org/ttcpapg/taxcoll/glossary.aspx

harbor" (California Code of Regulations, title 18, section 20). Each slip has a parcel number. Every January, Harbor staff sends the County Assessor's office a list of slip numbers and the name(s) of the people who rent them. This information is used to generate tax bills (see Appendix B for sample tax statements).

Operability of Vessels

The Jury looked into questions raised concerning the operability of vessels in the Harbor. It was found that operability is regulated by Santa Barbara Municipal Code (SBMC) TITLE 17 Section 17.20.255 (B). titled "Moored Vessels Must be Operable". The Harbor enforces operability in several ways. When the vessel is put into the slip, and when/if it is sold, operability is proved. If a complaint is received from other vessel owners or the public, Harbor staff investigates and follows up to prove operability. In addition, "Marina 1" is currently undergoing renovation. (A marina, in this case, being the "finger" where smaller boats are docked in slips.) As it is renovated, all vessels are required to relocate to other areas of the harbor, thus proving their operability. Lastly, staff makes numerous visual observations of vessels daily.

Live-Aboard Permits

Complainants to the Jury expressed concerns with the perception that there are more people living on their vessels than are permitted by city regulations. SBMC TITLE 17, Chapter 17.18⁵ contains the rules for people living on their vessels (commonly known as "live-aboards"). Up to 113 permits may be issued by the Harbor at any given time. Per Department staff, 100 live-aboard permits were active at the writing of this report. Besides the applicant (who must be the current slip permittee), up to four other occupants may be added to the live-aboard permit. In addition to following up on any complaints, staff monitors live-aboards during the thousands of foot patrols they conduct in the harbor throughout the year. In fact, staff informed the Jury that they appreciate the live-aboard population because they are "the eyes and ears" of the harbor, and are often the first to observe and report fires and other safety issues.

Vessel Registration

The Jury learned that the Department of Motor Vehicles (DMV)⁶ of California requires that every vessel not documented by the U.S. Coast Guard be registered with the DMV. With a few exceptions, every sail powered vessel over eight feet in length and every motor driven vessel regardless of length, must be registered and have a CF (vessel registration) number provided by the DMV. This is the vessel equivalent of automobile registration. The CF number must be on the bow of the vessel and include a current registration sticker. It is the policy of Harbor staff, beginning in January, to go through the entire harbor once a year, and verify that all vessels are registered and are in the correct slip. Violators are given a phone call, a letter, and/or a posting on their vessel. Ultimately, tickets are issued if the CF stickers are not current.

CONCLUSION

⁴ http://www.santabarbaraca.gov/civicax/filebank/blobdload.aspx?BlobID=12166

⁵ Ibid.

⁶ https://www.dmv.ca.gov/portal/dmv/detail/boatsinfo/boatreg

The 2015-16 Santa Barbara County Grand Jury found that the collection of property taxes on boat slips at the City of Santa Barbara Harbor is being done in compliance with applicable state law. State law and internal policies are being followed concerning vessel registration. Lastly, it was found that city staff is following Santa Barbara Municipal Code TITLE 17, Harbor, and its internal policies concerning the operability of vessels and live-aboard permits.

Under California Penal Code Section 933.05 this report does not require a response.

Appendix A



Effective: July 1, 2015

CITY OF SANTA BARBARA

						177.6.6.62	RFRONT DE SLIP FEE CI	_				
Slip Size	Rate per	Boat	Boat N		Security		CLAIR FEED CE	Г	PARKE.			
(in feet)	Foot	Length	100	Rent	100	Deposit	Transfer Fee		Total	NOTES:		
20	8.43		S	168.60	5	337.20	\$ 4,000.00	S	4,505.80	110125		
100	1000	100	-		-		4 400000	Ť	1,000,00	Note 1: Transfer fees are \$200 per foot for 20'		
20	8.43	21	s	177.03	5	354.06	\$ 4,200.00	s	4,731.09	slips, \$350 per foot for 25' slips. All other slips (
20	8.43	22	S	185.46	\$	370.92	\$ 4,400.00	S	4,956.38	\$400 per foot		
25	8.83	25	Principal	220.75	S	441.50	\$ 8,750.00	S	9,412.25	4100 per 1100		
25	8.83	26	-	229.58	S	459.16	\$ 9,100.00	S	9,788.74			
								-		Note 2: All side-ties with power and water are		
25	8.83	27	5	238.41	8	476.82	\$ 9,450.00	\$	10,165.23	subject to the rates on the slip fee chart.		
25	8.83	28	\$	247.24	S	494.48	\$ 9,800.00	-	10,541.72			
28	9.05	28	S	253.40	S	506.80	\$ 11,200.00	-	11,960.20			
28	9.05	29	\$	262.45	S	524.90	\$ 11,600.00	_	12,387.35			
		8								Note 3: All side-ties without power and water ar		
28	9.05	30	S	271.50	\$	543.00	\$ 12,000.00	8	12,814.50	\$7.35 per foot per month (length of boat).		
28	9.05	31	S	280.55	\$	561.10	\$ 12,400.00	-	13,241.65			
30	9.25	30	S	277.50	\$	555.00	\$ 12,000.00	S	12,832.50			
30	9.25	31	\$	286.75	\$	573.50	\$ 12,400.00	S	13,260.25			
	1000			- waren			- 10		10	Note 4: Fisherman's floats are \$4.90 per foot per		
30	9.25	32	\$	296.00	\$	592.00	\$ 12,800.00	S	13,688.00	month.		
30	9.25	33	\$	305.25	\$	610.50	\$ 13,200.00	S	14,115.75			
35	9,66	35	\$	338.10	\$	676.20	\$ 14,000.00	\$	15,014.30			
35	9.66	36	S	347.76	S	695.52	\$ 14,400.00	\$	15,443.28			
35	9.66	37	\$	357.42	S	714.84	\$ 14,800.00	\$	15,872.26			
35	9.66	38	S	367.08	\$	734.16	\$ 15,200.00	\$	16,301.24			
40	10.05	40	\$	402.00	S	804.00	\$ 16,000.00		17,206.00			
40	10.05	41	S	412.05	\$	824.10	\$ 16,400.00	\$	17,636.15	Note 5: All rates are based on the SLIP size. If		
40	10.05	42	-	422.10	\$	844.20	\$ 16,800.00	\$	18,066.30	boat is 28' in length, but is assigned to a 25' slip,		
40	10.05	43	_	432.15	\$	864.30	\$ 17,200.00	S	18,496.45	is to be assessed at the rate for a 25' slip with a 2		
43	10.30	43	\$	442.90	\$	885.80	\$ 17,200.00	S	18,528.70			
43	10.30	44	_	453.20	\$	906.40	\$ 17,600.00		18,959.60			
43	10.30		\$	463.50	\$	927.00	\$ 18,000.00	S	19,390.50			
43	10.30	46	Innium	473.80	\$	947.60	\$ 18,400.00		19,821.40	Live-aboard \$140.00		
45	10.47		\$	471.15	S	942.30	\$ 18,000.00	_	19,413.45	T/C Live-aboard 50%		
45	10.47	46	_	481.62	_	963.24	\$ 18,400.00	_	19,844.86			
45	10.47	47	S	492.09	S	984.18	\$ 18,800.00	_	20,276.27			
45	10.47	48	S	502.56	_	1,005.12	\$ 19,200.00		20,707.68			
50	10.85	50	S	542.50	_	1,085.00	\$ 20,000.00		21,627.50			
50	10.85	51	S	553.35		1,106.70	\$ 20,400.00	_	22,060.05			
50	10.85	52		564.20		1,128.40	\$ 20,800.00	-	22,492.60			
50	10.85		\$	575.05	_	1,150.10	\$ 21,200.00		22,925.15			
60	11.79	60		707.40		1,414.80	\$ 24,000.00		26,122.20			
60	11.79	61	\$	719.19	_	1,438.38	\$ 24,400.00	_	26,557.57			
60	11.79		\$	730.98		1,461.96	\$ 24,800.00		26,992.94			
60	11.79		\$	742.77		1,485.54	\$ 25,200.00	_	27,428.31			
70	12.79	70	_	895.30	Owner, and	,790.60	\$ 28,000.00		30,685.90	Note: All slips over 70' will need to be calculate		
80	13.87					2,219.20	\$ 32,000.00	_	35,328.80	individually when determining transfer fees and		
90	15.06	-	_	,355.40	_	2,710.80	\$ 36,000.00	_	40,066.20	security deposits		
100	16.33	100	\$1	,633.00	\$ 3	3,266.00	\$ 40,000.00	8	44,899.00			

Appendix B



HARRY E. HAGEN, CPA

TREASURER-TAX COLLECTOR COUNTY OF SANTA BARBARA FEDERAL TAX ID# 95-6002833 P.O. BOX 579 SANTA BARBARA, CA 93102-0579 (805)568-2920 SANTA BARBARA (805)346-8330 SANTA MARIA

UNSECURED 2015-2016 PROPERTY TAX STATEMENT

FOR FISCAL YEAR 07/01/2015 - 06/30/2016

Unsecured Property Number ASSESSEE ON JANUARY 1ST LIEN DATE 2015-5006629 INTENTIONALLY OMITTED 0f28 -002-6 TAX RATE AREA NUMBER TAX RATE PERCENT ASSESSED VALUE AS THE OWNER ON JANUARY 1st, THIS IS YOUR RESPONSIBILITY, SALE OR DISPOSAL DOES NOT RELIEVE THIS OBLIGATION 002-042 1.04840 LANDIMINERAL RIGHTS 56.141 IMPROVEMENTS 6.237 PERSONAL PROPERTY TRADE FIXTURES MAILTO GROSS TOTAL 62.378 0280026 20155006629 UNSEC INTENTIONALLY OMITTED HOME OWNERS EXEMPTION OTHER EXEMPTION 0 NET TOTAL 62.378 TAX AMOUNTS BASIC PROPERTY TAX 653.98 SPECIAL DISTRICTS 0.00 FIXED CHARGES DESCRIPTION OF PROPERTY TOTAL TAX 653.98 10% DELINQUENT PENALTY 0.00 C - Harbor Slip COST 0.00 HARBOR 0-F-28 1.9% MONTHLY PENALTY 0.00 SANTA BARBARA CA LESS APPLIED PAYMENTS 653.98 TOTAL TAXES DUE 0.00

DELINQUENT PENALTIES ADDED 08/31/2015

			IF NOT PAID BY	
TAX DISTRIBUTION BY AGENCY		AMOUNT	TAX DISTRIBUTION BY AGENCY	AMOUNT
BASIC PROPERTY TAXES:				
0000 Basic 1% (Prop 13/AB8) Taxes	568-2124	\$623.78		
8251 SB Unified High Bond 2000	963-4338	\$8.10		
8252 SB Unified Elem Bond 1995	963-4338	\$1.14		
8254 SB Unified High Bond 2010	963-4338	\$4.35		
8255 SB Unified Elem Bond 1998	963-4338	\$6.84		
8256 SB Unified Elem Bond 2010	963-4338	\$4.47		
9621 SBCC Bond 2008	965-0581	\$5.30		
TOTAL BASIC PROPERTY TAXES:		\$653.98		
TOTAL TAXES		\$653.98		
			ALL DELINQUENT BILLS ARE SUBJECT TO A \$50.00 COLLECTION	ON FEE IN ADDITION
			TO LATE PENALTIES.	

2015-2016 UNSECURED PROPERTY TAX STATEMENT

WHEN PAYING, DETACH THIS STUB RETURN THIS STUB WITH YOUR REMITTANCE INTENTIONALLY OMITTED PAYMENT STUB NUMBER

INSTALLMENT PAID

2015-2015-5006629-1 PROPERTY NUMBER 0f280026-026-6

TOTAL TAX 10% DELINQUENT PENALTY COST 1.5% MONTHLY PENALTY FEES	653.96 0.00 0.00 0.00
LESS APPLIED PAYMENTS	653.98
TOTAL TAXES DUE	0.00

PAY ONLINE: WWW.SBTAXES.ORG

HARRY E. HAGEN TREASURER-TAX COLLECTOR

P.O. BOX 579

SANTA BARBARA, CA 93102-0579

DELINQUENT PENALTIES 08/31/2015
ADDED IF NOT PAID BY 08/31/2015
CHECK THIS BOX FOR ADDRESS CHANGES ON REVERSE

01012015000020155006629820150831000000000000000000115394



HARRY E. HAGEN, CPA TREASURER-TAX COLLECTOR

P.O. BOX 579 SANTA BARBARA, CA 93102-0579 (805)568-2920 SANTA BARBARA COUNTY OF SANTA BARBARA (805)346-8330 SANTA MARIA FEDERAL TAX ID#95-6002833

UNSECURED 2015-2016 PROPERTY TAX STATEMENT

FOR FISCAL YEAR 07/01/2015 - 06/30/2016

Unserwood Property Number

BILL NUMBER	ASSESSEE ON JANUARY 1ST LIEN DATE				
2015-5011483	INTENTIONA	(CF0450PM-001-3		
	TAX RATE AREA NUMBER	TAX RATE PERCENT	ASSESSED VALUE		
AS THE OWNER ON JANUARY 1st, THIS IS YOUR RESPONSIBILITY, SALE OR DISPOSAL DOES NOT RELIEVE THIS OBLIGATION.	008-020	1.04159	LANDIMINERAL RIGHTS IMPROVEMENTS PERSONAL PROPERTY	0 0 10,500	
MA	ILTO		TRADE FIXTURES	0	
CF0450PM0013 20155011483- UNSEC	GROSS TOTAL	10,500			
INTENTIONALLY OMITTED			HOME OWNERS EXEMPTION OTHER EXEMPTION	0	
			NET TOTAL	10,500	
	TAX AMOUNTS				
			BASIC PROPERTY TAX SPECIAL DISTRICTS FIXED CHARGES	109.36 0.00 0.00	
DESCRIPTION	TOTAL TAX	109.36			
B - Boat 7760 HOLLISTER AVE GOLETA CA			10% DELINQUENT PEN ALTY COST 1.5% MONTHLY PEN ALTY LESS APPLIED PAYMENTS	0.00 0.00 0.00 109.36	
			TOTAL TAXES DUE	0.00	
			DELINQUENT PENALTIES ADDED IF NOT PAID BY	08/31/2015	
TAY BUTTOUR TO A CONTOUR	AMBURE	TAV BUR	BIBLITION BY ACENCY	AMBURE	

ASSESSEE ON JANUARY 1ST LIEN DATE

TAX DISTRIBUTION BY AGENCY		AMOUNT	TAX DISTRIBUTION BY AGENCY	AMOUNT
BASIC PROPERTY TAXES:				
0000 Basic 1% (Prop 13/AB8) Taxes	568-2124	\$105.00		
6851 Goleta Union Bond 1996	681-1200	\$1.38		
8251 SB Unified High Bond 2000	963-4338	\$1.36		
8254 SB Unified High Bond 2010	963-4338	\$0.73		
9621 SBCC Bond 2008	965-0581	\$0.89		
TOTAL BASIC PROPERTY TAXES:		\$109.36		
TOTAL TAXES		\$109.36		
			ALL DELINQUENT BILLS ARE SUBJECT TO A \$50.00 COLLECTION TO LATE PENALTIES.	FEE IN ADDITION
			TO DATE PERMIT ES.	

2015-2016 **UNSECURED PROPERTY TAX STATEMENT**

WHEN PAYING , DETACH THIS STUB RETURN THIS STUB WITH YOUR REMITTANCE

INTENTIONALLY OMITTED

INSTALLMENT PAID

PAYMENT STUB NUMBER 2015-2015-5011483-1

PROPERTY NUMBER CF0450PM-001-3

109.38 TOTAL TAX 10% DELINQUENT PENALTY 0.00 COST 0.00 1.5% MONTHLY PENALTY 0.00 0.00 LESS APPLIED PAYMENTS 109.36 TOTAL TAXES DUE 0.00

PAY ONLINE: WWW.SBTAXES.ORG

MAKE PAYMENT TO: HARRY E. HAGEN TREASURER-TAX COLLECTOR

COUNTY OF SANTA BARBARA

P.O. BOX 579

SANTA BARBARA, CA 93102-0579

DELINQUENT PENALTIES ADDED IF NOT PAID BY 08/31/2015 CHECK THIS BOX FOR ADDRESS CHANGES ON REVERSE

0101201500002015501148332015083100000000000000000000060939

2015-16 Santa Barbara County Grand Jury

Attachment