



## **STAFF REPORT**

**TO:** Board of Commissioners  
**FROM:** John D'Ornellas, Interim Harbor Manager  
**DATE:** November 16, 2021  
**SUBJECT:** Harbor Terrace Update

### **Recommendation**

Receive and file update report.

### **Discussion**

Per Board direction, summarized below is an update for the Harbor Terrace project:

#### **Flying Flags Avila Beach/Redtail Acquisitions LLC:**

- Harbor District received the Notice to Proceed from the County to allow the initial opening on October 26<sup>th</sup>.
- Flying Flags Avila Beach at Port San Luis began their soft opening on October 28<sup>th</sup>. RV sites can be reserved through the reservation site. Walk-in and car camping reservations can be made by phone or in person and will be online at a later date. The Jupe/Safari tents are still awaiting final approval from County Fire (CalFire). Park models are receiving finishing touches and will be available for reservation by mid-November.
- Commercial Area and Kitchen – The temporary commercial area is still under construction, but features like the seating area, check-in building, and bocce courts are underway. The developer would like to pursue a change in design of the kitchen, but this requires additional permitting from the County/State Housing Community Development. A design has not been submitted to the District for review. As this is a material change, it will be brought to the Board for consideration.
- Grand Opening – The Grand Opening is scheduled to take place November 30<sup>th</sup>, invitations to be sent by Flying Flags.
- Staff provided information to RedTail consultant for their alcohol license process.

### **District Uses**

- Gear Storage – Containers from Avila Beach and gear from Harford Pier and Landing have been returned to the site. The old containers have been taken to 777 Auctions for their November auction. PG&E to conduct site visit on November 9<sup>th</sup> and provide pad specifications. District will install pad and necessary improvements before PG&E

pulls the conductor and sets meter. This final electrical improvement is needed for the new entrance gate.

- Boat Storage – Staff has been working with Eikhof Design Group to finalize the striping plan for the storage yard. The developer plans to install the last section of concrete footing for the back perimeter the week of November 22<sup>nd</sup> and install the remaining fence. Boaters will be notified once we have a firm date on completion.
- Harbor Use Yard – Staff has been moving materials back gradually from Wild Cherry Canyon to the new yard.

### **Monthly Rents**

- The District collects rents from RedTail as follows:

Term: 50 years ending 2/15/2068.

District collects a percentage on gross revenue: earned by Redtail

Overnight Rents-Year 1 (starting when the occupancy was issued) is 10%, increasing by 1%/year until year 5 or 15%, remains 15% thereafter.

Food, beverage, sundries - 8% of gross.

Plus:

Additional rent of \$100,000 in each of the 1<sup>st</sup> five years after commencement date (October 2021)

District keeps Nobi Point/Woodyard rents until the earlier of when the Coastal Commission eliminates the use, or we collect \$625,000 annually from Redtail (projected 2023/2024).

- The District reimburses the Coastal Conservancy for the \$436,285 of entitlements they funded:

Agreement terminates 6/24/43 (30 years)

\$25,000 each year (commencing 12/15/2015) until project is fully built out.

Upon full buildout, the greater of \$25,000 for 2 years or 5% of what we collect; then \$75,000 or 7.5%. until they are fully repaid.,

Then 1.5% of rents collected until 6/24/43 (termination date), subject to certain annual adjustments as Coastal Conservancy paid out over \$400,000.

- Anticipated Annual Revenue FY21-22:

Percentage Rents: \$314,961

Coastal Conservancy Reimbursement: \$100,000

Water Meter Connection Fee/Charge (12 meters) \$18,000