City of Morro Bay

City Council Agenda

Mission Statement
The City of Morro Bay is dedicated to the preservation and enhancement of the quality of life. The City shall be committed to this purpose and will provide a level of municipal service and safety consistent with and responsive to the needs of the public.

REGULAR MEETING
TUESDAY, SEPTEMBER 10, 2013
VETERANS MEMORIAL HALL - 6:00 P.M.
209 SURF ST., MORRO BAY, CA

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE
CLOSED SESSION REPORT
MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PUBLIC PRESENTATIONS - None

PUBLIC COMMENT - Members of the audience wishing to address the Council on City business matters not on the agenda may do so at this time. For those desiring to speak on items on the agenda, but unable to stay for the item, may also address the Council at this time.

To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

- When recognized by the Mayor, please come forward to the podium and state your name and address for the record. Comments are to be limited to three minutes.
- All remarks shall be addressed to Council, as a whole, and not to any individual member thereof.
- The Council respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, commission and/or staff.
- Please refrain from public displays or outbursts such as unsolicited applause, comments or cheering.
- Any disruptive activities that substantially interfere with the ability of the City Council to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Your participation in City Council meetings is welcome and your courtesy will be appreciated.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, (805) 772-6205. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

A. CONSENT AGENDA

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion.

A-1 APPROVAL OF CITY COUNCIL MINUTES FOR THE SPECIAL CLOSED SESSION MEETING HELD ON AUGUST 27, 2013; (CITY ATTORNEY)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF THE CITY COUNCIL MINUTES FOR THE REGULAR COUNCIL MEETING HELD ON AUGUST 27, 2013; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

B. PUBLIC HEARINGS - NONE

C. UNFINISHED BUSINESS

C-1 STATUS REPORT OF A MAJOR MAINTENANCE & REPAIR PLAN (MMRP) FOR THE EXISTING WASTEWATER TREATMENT PLAN; (PUBLIC SERVICES)

RECOMMENDATION: Receive, review and file this report.

D. NEW BUSINESS

D-1 REVIEW OF THE ECONOMIC DEVELOPMENT PROGRAM AND ASSOCIATED SCOPE OF WORK; (ADMINISTRATION)

RECOMMENDATION: Review the Economic Development Program and accompanying Scope of Work as is contracted with the Morro Bay Chamber of Commerce and provide direction to staff.

D-2 DISCUSSION OF A VOLUNTEER BUDGET REVIEW SUB-COMMITTEE; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Direct staff accordingly.

D-3 DISCUSSION AND RECOMMENDATION ON THE PROPOSALS RECEIVED FOR THE SUBLEASE OF 307 MORRO BAY BLVD.; (ADMINISTRATION)

RECOMMENDATION: Review the recommendation from the Proposal Review Team and award the Sublease of 307 Morro Bay Blvd to Grandma's Frozen Yogurt and Waffle Shop at the Gathering Place, submitted by Lenny A. and Beverly J. Ford-Durrer.

D-4 AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSAL (RFP) FOR A RATE STUDY FOR WATER & SEWER RATES; (PUBLIC SERVICES)

RECOMMENDATION: Prepare and issue an RFP and award a contract for the analysis of Water and Sewer rates for potential adjustments, in accordance with the City's Consultant Hiring Policy.

D-5 DISCUSSION ON POTENTIAL REVENUE BALLOT MEASURES FOR THE JUNE 2014 ELECTION INCLUDING A SALES TAX, PUBLIC UTILITIES USER TAX, TRANSIENT OCCUPANCY TAX, AND 911 TAX; (CITY ATTORNEY)

RECOMMENDATION: Review this report and the available options for revenue ballot measures and appoint two members of the City Council to select an ad hoc Citizen Committee to help craft ballot language to place on the June 2014 Election.

D-6 UPDATE ON THE STATUS OF THE PAVEMENT MANAGEMENT PLAN (PMP); (PUBLIC SERVICES)

RECOMMENDATION: Review and discuss this status report.

D-7 RESOLUTION NO. 47-13 CONFIRMING THE CITY OF MORRO BAY'S PARTICIPATION IN THE COMMUNITY CHOICE AGGREGATION (CCA) FEASIBILITY STUDY AND APPOINTMENT OF AN INDIVIDUAL TO THE CCA EXPLORATION ADVISORY COMMITTEE (CEAC); (ADMINISTRATION)

RECOMMENDATION: Consider participation in the CCA feasibility study and adopt Resolution No. 47-13 recommending the City Council appoint an individual to serve on the CCA Exploration Advisory Committee (CEAC).

D-8 WATER RECLAMATION FACILITY (WRF) PROJECT STATUS AND DISCUSSION; (ADMINISTRATION)

RECOMMENDATION: Discuss in open session, the progress to date on the Water Reclamation Facility (WRF) and provide direction to staff as necessary.

E. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

F. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS OR CALL THE CLERK'S OFFICE AT 772-6205 FOR FURTHER INFORMATION.
MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE CITY COUNCIL AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL LOCATED AT 595 HARBOR STREET; MORRO BAY LIBRARY LOCATED AT 625 HARBOR STREET; AND MILL'S COPY CENTER LOCATED AT 495 MORRO BAY BOULEVARD DURING NORMAL BUSINESS HOURS.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 24 HOURS PRIOR TO THE MEETING TO INSURE THAT REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

AGENDA NO: A-1

MEETING DATE: 9/10/2013

MINUTES – MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
AUGUST 27, 2013
CITY HALL CONFERENCE ROOM – 5:00PM

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Susan Slayton	Administrative Services Director

ESTABLISH QUORUM AND CALL TO ORDER
SUMMARY OF CLOSED SESSION ITEMS - The Mayor read a summary of Closed Session items.

CLOSED SESSION PUBLIC COMMENTS - Mayor Irons opened the meeting for Public Comment, seeing none, the Public Comment period was closed.

The City Council moved to Closed Session and heard the following item:

CS-1 **GOVERNMENT CODE SECTION 54957.6; CONFERENCE WITH LABOR NEGOTIATOR:** Conference with City Manager, the City's Designated Representative, for the purpose of reviewing the City's position regarding the terms and compensation paid to the following employee organizations and giving instructions to the Designated Representative: Firefighters Association (FFA), Service Employee's International Union, SEIU Local 620, Management and Confidential Employees.

CITY COUNCIL CONVENED TO OPEN SESSION – The City Council convened to open session; City Attorney, Rob Schultz reported that no reportable action under the Brown Act was taken.

ADJOURNMENT
The meeting adjourned at 5:50pm.

Recorded by:

Dana Swanson
Deputy City Clerk

AGENDA NO: A-2

MEETING DATE: 9/10/2013

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – AUGUST 27, 2013
VETERAN'S MEMORIAL HALL – 6:00P.M.

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Jamie Boucher	City Clerk
	Amy Christey	Police Chief
	Susan Slayton	Administrative Services Director
	Eric Endersby	Harbor Director
	Joe Woods	Recreation & Parks Director
	Rob Livick	Public Services Director

Mayor Irons called the meeting to order at 6:00 p.m.

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE

CLOSED SESSION REPORT – City Attorney Robert Schultz reported that City Council met in a Special Closed Session on August 27, 2013 on the following item: Conference with City Manager, the City's Designated Representative, for the purpose of reviewing the City's position regarding the terms and compensation paid to the following employee organizations and giving instructions to the Designated Representative: Firefighters Association (FFA), Service Employee's International Union, SEIU Local 620, Management and Confidential Employees.; no reportable action under the Brown Act was taken.

MAYOR AND COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PUBLIC PRESENTATIONS

SLO Clean Energy
SLO Clean Energy is a 501(c)3 and is made up of citizen volunteers exploring local, clean energy for SLO communities. Mladen Bandov presented their group's vision for SLO Clean Energy. Community Choice Aggregation (CCA) was signed into State law in 2002 and allowed cities and counties to purchase electrical power for ratepayers in their jurisdictions. This is a community based program that features local accountability; local priorities and reinvestment; and local jobs and economic development. CCA provides CHOICE which begins with competition among energy providers, provides better rates and contract terms and allows for an increased renewable energy portfolio. CCA promises clean, safe, reliable and affordable energy. He hopes that the City will support their venture by providing a Resolution supporting the

Exploration Advisory Committee set up to study the feasibility; he also hopes the City will appoint a community leader to represent Morro Bay on this committee. He hopes they can count on the City's support.

Public Services Director Rob Livick presented an update on the status of the Pavement Management Plan. In the 2013/14 adopted budget, there was $371,000 allocated from Measure Q. This, combined with other excesses, provides $757,557 that can go towards streets. A decision was made to allocate $150,000 to a reserve for day-to-day operations leaving $607,000. A portion of that will then be used for inspection and contract services which leaves approximately $550,000 for this year's paving plan. It appears that bids will be advertised in mid-September with the hopes of construction beginning in mid-October. They are looking at 30 street segments, mainly sealing projects; their focus will be in North Morro Bay with some work also being done on King Street and South Bay Blvd from Quintana to Hwy 1.

The Morro Bay Business report was given by Linda Franklin, a long-time employee at the Cotton Ball. The Cotton Ball is a full service fabric store that carries a huge selection of fabrics, quilt sections, sewing machines and other sewing/quilting necessities. They have a very knowledgeable staff. They are open Monday – Saturday from 10am-5pm and Sunday from 11am-4pm. They hope you will come by for a visit.

PUBLIC COMMENT

Don Doubledee spoke on behalf of the upcoming Morro Bay Harbor Festival. Tickets for the event are now available at the Harbor Fest Office as well as Albertsons. This year's event features wineries, breweries, local restaurants, a Kids Cove, the Checkerboard Stage, vendors, and 8 top notch bands. Their 30 non-profits and 200 volunteers invite you all to come celebrate at the water's edge.

Garry Johnson thanked the City for providing kids the opportunity to attend surf camps. Both the Recreation & Parks and Harbor Departments did a wonderful job. He was also very impressed with a local non-profit, Project Surf Camp, for the work they do with disadvantaged and disabled children. And finally he continues to pump up the Warrior project, people can still go to Rabobank and to Bayshore Realty to get packages to send to troops in Afghanistan.

Garry Hixon stated that the City Council is doing a really good job. He also stated that Morro Bay has become a really good place for a lot of people.

Yureal Ramirez spoke on behalf of "Save our Squirrels". He stated that every squirrel in Tidelands and Anchor Park along the waterfront have been poisoned and has been done so in an inhumane way. He was worried that the poison traps were placed near playgrounds, picnic areas and waterfront areas. He feels the best way to curb the squirrel population is through natural means.

Diana Duncan stated that other animals can eat out of these poison traps and can also be killed. She too was concerned with the placement of the traps which are too close to water, playgrounds and picnic areas. As a tax payer, she doesn't want her tax dollars used to poison animals.

Marge Redican has been taking care of the rock squirrels for over 30 years. She read a letter from a visitor who was shocked at the poisoning efforts. She stated that "nature takes care of nature, it isn't our job to do it." She urged this not to be allowed to happen again.

Shirley Norcuss was very saddened and angry at how the City was getting rid of our squirrels. The poison is both dangerous to children and animals. She finds our actions inexcusable. She hopes we can come together to do something more humane.

Betty Winholtz suggests that this isn't a community standard we want to be known for. While she knows that the poisons/pesticides used are legal, she questioned if we wanted to use them. She requested Council agendize where this action fits into our value system, as well as have this group meet with the Recreation & Parks Department Director to try and help. Openness is very important and hopefully Council can ensure that occurs.

Wayne Vogue is a student at Cuesta College in their Art Department. Cuesta is celebrating their 50th Anniversary and in celebration, the Art Department is hosing 3 Art Exhibits, the first being held on August 30th at 5:30pm. He invited the community to attend.

Dana Gibson hopes that the City of Morro Bay will be on board with the information presented by and about SLO Clean Energy. She is happy to volunteer to help move Morro Bay into joining these efforts.

Susan Stewart announced the Avocado Margarita Festival being held in 2 weeks, September 14th & 15th celebrating our local avocado industry. She also wanted to thank John DiNunzio for his time laying the foundation for our next phase in the Economic Development program that we will be moving forward with. She wanted to publicly state how much we appreciated his expertise, enthusiasm and leadership. She also reminded all who are listening, GET INVOLVED!! There are many opportunities to become aware, be involved, be notified and all groups would love to hear from you. She also thought that the CCA concept sounded like a promising idea.

Mayor Irons closed the public comment period.

Recreation & Parks Department Director Joe Woods spoke on the squirrel issue and is happy to explore the idea of partnering up with the group that spoke this evening. There was an overpopulation of squirrels which became an extreme situation. They chose to bring in a 3rd party who had the certifications for pesticides and they provided a 3 month service with all traps being removed by Friday, August 30th. The squirrel population is now manageable.

A. CONSENT AGENDA

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion.

A-1 APPROVAL OF CITY COUNCIL MINUTES FOR THE SPECIAL CLOSED SESSION MEETING HELD ON AUGUST 13, 2013; (CITY ATTORNEY)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF THE CITY COUNCIL MINUTES FOR THE REGULAR COUNCIL MEETING HELD ON AUGUST 13, 2013; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF THE AMENDMENT TO THE SUPPORT SERVICES MANAGER JOB DESCRIPTION; (POLICE)

RECOMMENDATION: Approve the proposed amendment to the Support Services Manager job description as well as the proposed job title change to Support Services Coordinator.

A-4 RESOLUTION 46-13 APPROVING AMENDMENT #2 TO LEASE SITE 65-66/65W-66W, 571 EMBARCADERO (IMANI); (HARBOR)

RECOMMENDATION: Approve Resolution 46-13, executing Amendment #2 to the Lease Agreement for Lease Site 65-66/65W-66W between the City of Morro Bay and Abba Imani.

A-5 APPROVAL OF SETTLEMENT AGREEMENT BETWEEN THE CITY OF MORRO BAY AND PACIFIC WESTERN BANK IN REGARD TO THE AFFORDABLE HOUSING AGREEMENT AT 600 MORRO BAY BLVD.; (CITY ATTORNEY)

RECOMMENDATION: Approve the Settlement Agreement thereby releasing Unit 106 located at 600 Morro Bay Blvd. from the Affordable Housing Agreement Deed Restrictions.

A-6 RESOLUTION 45-13 APPROVING AN APPLICATION TO THE STATE OF CALIFORNIA'S COASTAL CONSERVANCY FOR GRANT FUNDS THROUGH ITS CLIMATE READY PROGRAM; (PUBLIC SERVICES)

RECOMMENDATION: Approve Resolution 45-13 as submitted.

Mayor Irons opened up the public comment period for items on the Consent Calendar.

Phil Kaspersky, owner of 560 Embarcadero, spoke on Item A-4, approving a lease amendment to lease site 65-66/65W-66W, 571 Embarcadero. Earlier, he had provided pictures of the site and based on them, questioned how this lease site has been able to side-step the rules that all other lease site holders and property owners must comply with on the Embarcadero. There are currently 26 signs in front with additional signs in the back. He also questioned why, to his knowledge, they don't need dedicated parking for what appears to be 7 independent tenant locations. He feels this should be rectified while the lease is being taken care of. In addition, as signs have been added, flood lights have appeared to light the signs which is creating a light nuisance. He is requesting a delay of approval of the amendment until the parking, signage and lighting plans have been brought into compliance.

The public comment period for the Consent Calendar was closed.

Councilmember Christine Johnson pulled Item A-4 and Mayor Irons pulled Item A-5 from the Consent Calendar.

MOTION: Councilmember Nancy Johnson moved the City Council approve Items A-1, A-2, A-3 and A-6 of the Consent Calendar as presented. The motion was seconded by Councilmember Smukler and carried unanimously 5-0.

A-4 RESOLUTION 46-13 APPROVING AMENDMENT #2 TO LEASE SITE 65-66/65W-66W, 571 EMBARCADERO (IMANI); (HARBOR)

Councilmember Christine Johnson pulled this item to get answers to the questions raised by Mr. Kaspersky.

City Attorney Rob Schultz stated that in regards to parking, this project was granted a Conditional Use Permit and was heard and approved by the Coastal Commission. The parking issues would have been addressed at that time and those issues are not a part of this lease amendment process. He also stated that the City will look into the flood light issue and ensure that they are in compliance. The amendment addresses the signage issues and they will be taken care of. The upstairs real estate office was grandfathered in back in 2009 or 2010, whereby Council allowed real estate offices, if they provided vacation rentals, be considered commercial visitor serving.

Councilmember Nancy Johnson is willing to move forward with this but only with the understanding that this is a last chance agreement and if any of the deadlines are missed, it would be time to cease this lease. She also wants to ensure that the lighting issue is dealt with. She also feels it's very important to bring a visitor serving business to the 2nd story unit by the February 28, 2014 deadline.

Councilmember Smukler feels that language needs to be added that would ensure the real estate office space located upstairs be transitioned to a visitor service business to try and be consistent. He would be comfortable with that occurring by the February 28, 2014 deadline.

Councilmember Leage stated that second story businesses on the Embarcadero don't work. We need to be more lenient with this site in that regards.

MOTION: Councilmember Nancy Johnson moved to approve Resolution 46-13, approving Amendment #2 to lease site 65-66/65W-66W, 571 Embarcadero with 2 modifications – the flood lights be taken care of concurrently with the signs by October 31, 2013; and, the upstairs use as a real estate office be converted to a visitor serving use by February 28, 2014. The motion was seconded by Councilmember Smukler and carried unanimously 5-0.

A-5 APPROVAL OF SETTLEMENT AGREEMENT BETWEEN THE CITY OF MORRO BAY AND PACIFIC WESTERN BANK IN REGARD TO THE AFFORDABLE HOUSING AGREEMENT AT 600 MORRO BAY BLVD.; (CITY ATTORNEY)

Mayor Irons pulled this item to recuse himself from the discussion due to the proximity of his property to the project location.

MOTION: Councilmember Nancy Johnson moved to approve Item A-4 as presented. The motion was seconded by Councilmember Christine Johnson and carried 4-0-1 with Mayor Irons having to recuse himself.

B. PUBLIC HEARINGS - NONE

C. UNFINISHED BUSINESS - NONE

D. NEW BUSINESS

D-1 DISCUSSION OF THE FORMATION OF A GENERAL PLAN/LOCAL COASTAL PLAN (GP/LCP) UPDATE CITIZEN REVIEW COMMITTEE (CRC); (PUBLIC SERVICES)

Public Services Director Rob Livick presented the staff report.

The public comment period for Item D-1 was opened; seeing none, the public comment period was closed.

Mayor Irons stated it was important to get this started and moved into a timeline when we can start the process. He also sees the importance of some education; he is in favor of convening a sub-committee. He feels the keys to this are structure and composition, identifying roles and responsibilities, look into considering bylaws, having time to implement, and education for the committee on the GP and processes.

Councilmember Leage wondered where the money for this was going to come from. It's going to cost 1.5 million plus or minus to get it done, he doesn't feel we are ready for this yet and feels that making appointments to a committee without a plan is getting a little ahead of ourselves.

Councilmember Christine Johnson thinks it's fine to start early; thinks it's a great idea to develop bylaws; and she would like to get a timeline discussed. She also likes the idea of going to our own Boards and Advisory Councils first as she sees them as our most committed volunteers right now and then expand to the public.

Councilmember Nancy Johnson likes having the opportunity to be able to plan ahead. She wants to look carefully at the sub-committee's structure; she would like to see one member from each advisory board. She also wants to see a good balance of the at-large members. Also thinks it's a good idea to develop the parameters but wait until we have the results of the Strategic Growth Council to actually start the selection process. She also thinks the education component can be a good start after we know those results.

Councilmember Smukler agrees that we ensure we don't burn the members out by bringing them on board too soon. He appreciated the way the members of the WRF Committee were selected. He agrees a balance of membership on the committee is important for this process to succeed and

be bought into by the public. He sees 15 members at the maximum and is willing to work with less based on the interest level received.

Mr. Livick stated that maybe the time frame the City uses to advertise and recruit for their advisory boards could be used for this process as well.

Mayor Irons suggested January being a good time to revisit how to recruit members; he also hoped that in the future we would be discussing in more detail a work program and getting ideas on how a subcommittee would coincide with the start of the work program; he also liked a board made up of 9-15 members; he wanted to see defined roles and responsibilities; he wanted to consider having bylaws; and, he too felt that education was an important factor. He felt that looking to the current Advisory Board as well as past Advisory Board members to apply for this.

Councilmember Nancy Johnson stated that we had great success in getting quality people to be on the last sub-committee and thought we should follow a similar process.

Councilmember Smukler agreed and asked staff to return before the January time-frame to revisit this to get more into the particulars of the formation and function. He would also like to see an update and continued tracking of the progress of the workplan. He also threw out the idea of including a member of San Luis Coastal Unified School District to be on the board.

Mr. Livick reiterated that staff will bring this back in a January time frame; we will look to use our existing advisory body recruitment process; we will look at the getting members from advisory board or past members and the rest of committee would be nominated from the community at large ensuring a good cross section of members. He would also be bringing back a more detailed workplan in November.

D-2 DISCUSSION ABOUT OPTIONS TO REDUCE UNPERMITTED AND ILLEGAL FIREWORKS FOR THE 2014 4TH OF JULY; (POLICE)

Police Chief Amy Christey presented the staff report and timeline.

The public comment period for Item D-2 was opened; seeing none, the public comment period was closed.

Councilmember Nancy Johnson felt that due to the size of our police force and street miles, the only reasonable choice would be alternative #1. In addition, it would be a good idea to do some kind of advanced education on the use of fireworks.

Councilmember Smukler stated it was important to work to educate the community; he feels we are using illegal fireworks more and we need to address that. He thought it may be good to look into slightly increased staffing the night of the 4th as well as possibly increasing the cost of the fine for the use of illegal fireworks. To be fair, it would be important to notice, through a media campaign and temporary signage, the increased fine costs.

Councilmember Leage doesn’t want to see the code changed. He agreed that education to the community on what is allowed and what isn’t would be advantageous. He also agreed that

advanced advertisement is important. He added that he doesn't see this as a real problem in Morro Bay.

Councilmember Christine Johnson stated that people either love or hate fireworks. She believes we have seen a small increase in their illegal use. She also feels the majority of the problem may lie in North Morro Bay and at the beach and that if we increased patrol numbers, we could focus in those areas. She supports alternative #1 along with a media campaign, through Tolosa Press.

Mayor Irons appreciated the information in the staff report, it was very educational. He agrees that alternative #1 along with a media campaign is the way to go.

> MOTION: Councilmember Nancy Johnson moved to approve Alternative #1, to include a media campaign, as well as to allow the Police Chief to determine her staffing needs. The motion was seconded by Councilmember Leage and carried unanimously, 5-0.

D-3 DISCUSSION AND DIRECTION ON A CONSULTANT SERVICES HIRING POLICY; (CITY ATTORNEY)

City Attorney Rob Schultz presented the staff report stressing that this is a working document. He stipulated that a consultant provides professional services and often times are selected based on their expertise and knowledge; a contractor provides/builds/constructs something and requires competitive bidding and often times sealed bids.

Councilmember Christine Johnson asked what the time frame was before hiring back a previous employee as a consultant. Mr. Schultz proposed the following: "former employees that subsequently work as consultants are prohibited from participating in projects directly or indirectly related to the City of Morro Bay for a period of one year." In addition, "the former employee may not work in the following consultant roles: an individual working as an independent consultant; an individual working for a consultant firm, the firm may bid on a City contract but may not involve the former employee on the project; an individual working for a firm that has been subcontracted by another consulting firm to perform a specific component of the contract; an exception to the prohibition may be granted under extenuating circumstances before the one year period expires, for example if the former employee with specialized skill or experience is required to work on a special project."

Councilmember Smukler wondered if Council notification of this hiring could be a part of the policy; he also thought this would be a good place to put some information about summary and reporting of consultant expenditures and contracts in our budget review and presentation every year.

The public comment period for Item D-3 was opened; seeing none, the public comment period was closed.

Councilmember Christine Johnson stated that this is a formalization of something that is already going on and appreciates it being written. It also responds to questions from the public. She stated that this draft policy meets a lot of the needs on her list. She would like to add the section

that City Attorney Schultz read, regarding former employees; she also likes 1 year waiting period. She hoped that any exception to this would be based on Council approval.

Councilmember Nancy Johnson hoped that the former employee section would not be added but at least the ability to make exceptions may help with that.

Councilmember Smukler agrees with the changes so far. He also wants reporting regarding consultants being added along with financial expenditures to them be kept up in an ongoing document and provided in a quarterly report to Council as well as to the public.

> MOTION: Councilmember Christine Johnson moved to approve the Consultant Hiring Policy with the addendum read into the record by City Attorney Rob Schultz regarding previous City employees to also include "as per Council approval" as well as provide additional reporting of consultant expenses on a quarterly basis. The motion was seconded by Councilmember Smukler and carried unanimously, 5-0.

D-4 DISCUSSION AND DIRECTION ON LEAGUE OF CALIFORNIA CITIES RESOLUTIONS; (ADMINISTRATION)

City Manager Andrea Lueker presented the staff report.

The public comment period for Item D-4 was opened; seeing none, the public comment period was closed.

> MOTION: Councilmember League moved to authorize Mayor Irons to support both Resolution #1 and Resolution #2 at the League of California Cities Annual Conference. The motion was seconded by Councilmember Smukler and carried unanimously, 5-0.

D-5 QUARTERLY STATUS OF THE GOALS SET BY THE CITY COUNCIL IN MARCH 2013; (ADMINISTRATION)

City Manager Andrea Lueker presented the staff report.

Councilmember Christine Johnson requested a change made to Goal 2; Key Task b – change the date from 8/27/13 to 9/10/13.

Councilmember Smukler requested a brief update on the boat haul-out status. Harbor Director Eric Endersby stated that there is an ad-hoc committee formed that is currently working on that issue; there should be an update at the next Harbor Advisory Board meeting next week. Mr. Endersby went on to say that this will be contingent on 3 things: funding, location of where an actual haul out would occur and then an actual site for a yard itself.

Councilmember Smukler requested an update on the workplan for the update of the GP/LCP. Public Services Director Rob Livick stated that the focus has been on how to fund the work plan as there are some technical studies that can't be done in-house. He is anticipating bringing forward a budgetary plan, prior to the adoption of the next budget that goes along with the workplan for this in the future.

Mayor Irons stated that it would be worthwhile to review this program as it moves forward. Also requested was a status on the Morro Creek Bridge Project. Mr. Livick stated the target date for completion of the permitting and environmental review is April of next year. Staff has been working with Coastal Commission staff who have been very helpful. Mayor Irons also asked for a review of the progress made on street improvements. Mr. Livick stated this has to do with the modification we are doing with our Pavement Management Plan.

There is no action required for this item.

E. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Smukler requested a review of the City's Chemical and Poison Application Policy, a review of applicable signage requirements; and a discussion of alternatives; Mayor Irons and Councilmember Christine Johnson concurred.

Councilmember Smukler requested a review and discussion of the SLO Clean Energy Policy Resolution and appointment of a member to the Exploration Committee; all Councilmembers concurred.

Councilmember Smukler requested an update and discussion of the City's Affordable Housing Agreement.

Mayor Irons requested a status on the direction of the Economic Development Program, to review the contract and discuss expectations of the program; Councilmembers Christine Johnson, Nancy Johnson and Smukler concurred.

ADJOURNMENT

The meeting adjourned at 9:36pm.

Recorded by:

Jamie Boucher
City Clerk

AGENDA NO: C-1

MEETING DATE: September 10, 2013

Staff Report

TO: **Honorable Mayor and City Council** **DATE: September 4, 2013**

FROM: **Rob Livick, PE/PLS - Public Services Director/City Engineer**

SUBJECT: **Status Report of a Major Maintenance & Repair Plan (MMRP) for the Existing Wastewater Treatment Plan**

RECOMMENDATION

Staff recommends that this report be received and filed.

ALTERNATIVES

As no action is requested, there are no recommended alternatives.

FISCAL IMPACT

No fiscal impact at this time as a result of this report. Fiscal impact is addressed through the budget process.

DISCUSSION

This staff report is intended to provide an update on the development of the MMRP for the WWTP. At the February 14, 2013 JPA meeting the Council and District Board approved the development of an MMRP and made the following motion:

- Direct staff to prepare a time sensitive and prioritized MMRP for the WWTP with an anticipated rolling 2 year budget;
- That the JPA solicit proposals from a qualified firm, or firms, to provide technical advice and analysis on an as needed basis as determined by Morro Bay's Public Services Director and Cayucos Sanitary District Manager;
- And that the Morro Bay Public Services Director and Cayucos Sanitary District Manager report back to the JPA on a semi-annual basis on the progress and costs associated with the MMRP.

Development of a MMRP will assist the City and District in projecting the budgeting of expenditures required to keep the current plant operating in compliance with regulatory requirements.

Staff's primary focus has continued to be on the next Fiscal Year and the projects contained within the FY 13/14 WWTP budget that was adopted by both the City and District. The adopted budget contains $1.04M in funding for MMRP projects presented during the budget hearing at the JPA meeting. Staff is currently working on developing and refining an

Prepared by: __RL/BK/RS__ Dept. Review: RL__

City Manager Review:_____

City Attorney's Review:_____

implementation schedule for the projects funded in the FY 13/14 budget. An outline of the desired repair time frames and key project milestones has been identified and the schedule will be finalized after peer review with our technical support team. We anticipate finalizing this schedule by October.

After reviewing the qualifications of several highly regarded local and nationally recognized engineering firms MBCSD staff has executed contracts with Mike Nunley & Associates (MKN) and Black and Veatch (B&V) for two-year *on-demand* support services to assist staff in the execution of the projects outlined with in the MMRP. These contracts will give MBCSD the ability to issue individual task orders as specific work tasks are developed to execute the MMRP projects. Each contract will have a $100,000 ceiling and work will be awarded on a Time & Materials basis to ensure that we only pay for actual time spent on the awarded task. This will expedite the project delivery and ensure that design and construction management expenses are minimized to the maximum extent possible. Four initial tasks have been identified:

1. MKN will take the lead role in assisting MBCSD in the non-destructive testing of the digesters to evaluate their structural condition prior to developing the project scope and design specifications to coat and repair the digesters. They are currently developing and refining a scope of work for the non-destructive testing. This will expedite repairs and limit the down time of the digesters;

2. Both MKN and B&V will provide subject matter experts to participate in a peer review of the 2013 MMRP project plan and provide technical support to perform constructability review, analyze interim bypass plan for pre-discharge chlorination process and support the risk management decision process;

3. MKN will lead the design integration, and B&V will assist the team by providing engineering support to analyze vendor proposals, participating in a selection panel to select influent screening, washing and compacting equipment at the Headworks and a Chlorine Contact tank sludge removal system;

4. B&V will take the lead role in assisting MBCSD in providing a complete assessment of existing plant electrical components; including review of the 2006 Carollo Wastewater Treatment Plant Electrical Facilities Overview (Appendix H of the 2006 Facility Master Plan) as the basis for an updated condition assessment of critical electrical infrastructure.

Staff has continued to conduct more detailed discussions with various equipment representatives to further refine the types of equipment that will best suit the site specific parameters of the existing plant. Progress on three of the MMRP projects includes:

1. **Influent Screens**: Equipment evaluation has centered on a review of the various influent screen types to determine which is best suited to accommodate the existing influent channel given flow, debris loading and space constraints. Discussions have also continued on various options for removing the screened debris from the lower

level of the headworks once they are removed from the waste stream. Staff expects to make an equipment selection by the end of September and begin the procurement process.

2. **Chlorine Contact Repairs**: Staff is working with the various vendors on the chlorine tank project to identify the preferred equipment and to develop a strategy for implementing the repairs. During the repair period, the tank will have to be bypassed and plant staff is working on a strategy for maintaining disinfection and dechlorination during the repair process. This will require the use of temporary tanks to bypass the existing tank in order to keep the plant within regulatory compliance.

3. **Digester 2 Cleaning and Repairs**: Staff has made arrangements to have the digester cleaned in early October, and has begun initiating the operational changes required to take the digester off-line prior to cleaning.

CONCLUSION

Staff will continue to bring a status report on the development of the MMRP at City Council meetings on a monthly basis.

AGENDA NO: D-1
MEETING DATE: 9/10/13

Staff Report

TO: **Honorable Mayor and City Council** **DATE: September 3, 2013**

FROM: **Andrea K. Lueker, City Manager**

SUBJECT: **Review of the Economic Development Program and Associated Scope of Work**

RECOMMENDATION
Staff recommends the City Council review the Economic Development Program and accompanying Scope of Work as is contracted with the Morro Bay Chamber of Commerce and provide direction to staff.

ALTERNATIVES
Not applicable.

FISCAL IMPACT
There is no fiscal impact to review the Economic Development Program and Scope of Work.

SUMMARY
Based on the recent staffing changes at the Morro Bay Chamber of Commerce, the City Council asked that the Contract for Economic Development Services come back before the City Council for discussion.

BACKGROUND/DISCUSSION
The Chamber of Commerce entered into an agreement with the City of Morro Bay in October 2012 to provide Economic Development Services for the City of Morro Bay. The contract that was signed included a section on "Fund Authorization/Use of Funds". The contract also referenced a Scope of Work created by the Chamber of Commerce that further outlined the Economic Development services to be performed (both (attached). The contract was renewed for FY 2013/14 through adoption of the City's budget document in June 2013.

In recent weeks, there have been some staffing changes at the Chamber of Commerce and as such the Mayor, supported by City Council, asked for the Economic Development contract to be returned to the City Council agenda for discussion. Chamber of Commerce CEO, Craig Schmidt will also be at the meeting to review the progress on the terms and conditions of the contract.

CONCLUSION
Staffs recommends the City Council review the contract for Economic Development Services, the Scope of Work as well as the presentation from Craig Schmidt, Chamber of Commerce CEO and provide further direction to staff.

Prepared By: _____	**Dept Review:_____**
City Manager Review: _____	
City Attorney Review: _____	

LEASE AGREEMENT

AGREEMENT

This lease agreement is made and entered into this 9th day of October, 2012 by and between the CITY OF MORRO BAY, a municipal corporation hereinafter referred to as "LESSOR", and the MORRO BAY CHAMBER OF COMMERCE hereinafter referred to as "LESSEE".

RECITALS

WHEREAS, the CITY OF MORRO BAY is the owner of certain real property located at 695 Harbor Street, Morro Bay, CA; and

WHEREAS, the MORRO BAY CHAMBER OF COMMERCE is organized to encourage a strong local economy and quality of life by promoting commerce, sound government, and an informed membership and community; and

WHEREAS, comprised of local business leaders, the MORRO BAY CHAMBER OF COMMERCE has special knowledge and experience to promote economic and business development, including business attraction and retention programs, for the benefit of the CITY OF MORRO BAY; and

WHEREAS, the CITY OF MORRO BAY and the MORRO BAY CHAMBER OF COMMERCE have mutual interests in enhancing the economic growth and vitality of the community; and

WHEREAS, the CITY OF MORRO BAY and the MORRO BAY CHAMBER OF COMMERCE desire to enter into a lease agreement for real property located at 695 Harbor Street, Morro Bay, CA.

NOW, THERFORE, IT IS AGREED AS FOLLOWS:

1. LEASE: LESSOR hereby leases to LESSEE a certain real property,
2. RENT: LESSEE agrees to pay on or before January 1, 2013, and each year thereafter on or before January 1 the sum of $1.00, payable in advance per year as rent for the use of the premises.
3. TERM: The term of this Lease shall be three (3) years commencing January 1, 2013, and terminating without notice on December 31, 2015, unless sooner terminated as herein provided. Any extension of this Lease beyond the initial three (3) year term shall constitute a month-to-month tenancy and LESSEE agrees to vacate the premises upon thirty (30) days prior written notice from LESSOR after such initial three (3) year term.

4. USE OF PREMISES: LESSEE shall use the leased premises solely for the purpose of operation of Chamber business and for Economic Development purposes as set forth in the Funding Agreement attached hereto as Exhibit A between the CITY OF MORRO BAY and the MORRO BAY CHAMBER OF COMMERCE. Any default of the Funding Agreement shall be deemed a default of this Lease Agreement as provided in Section 18.

5. FIXTURES AND ALTERATIONS: LESSEE shall not make or cause to be made any alterations, additions or improvements of a substantial nature, or make any structural changes in the building without first notifying LESSOR. In the event structural changes are contemplated, LESSEE shall supply to LESSOR plans and specifications for such work, and obtain written approval. All permits necessary for such improvements shall be at LESSEE's expense.

6. ITEMS INSTALLED BY LESSEE: All decorations, additions and improvements made by LESSEE shall remain the property of the LESSEE for the term of this lease or any extension or renewal thereof. Upon expiration of this lease, or any renewal term thereof, the LESSEE shall remove all decorations, additions and improvements, and restore the leased premises, ordinary wear and tear excepted, to its condition at the time of original occupancy unless written approval is obtained by the LESSOR to allow such decorations, additions and improvements to remain.

7. MAINTENANCE: LESSEE shall at all times keep the leased premises (including maintenance of the structure, its roof, interior and exterior areas, and all portions of the leased premises, including but not limited to lighting, heating and plumbing fixtures, air conditioning, driveways, parking lots, and lawns) in good order, including reasonable periodic painting when needed, and in all respects keep the premises in good order, condition and repair at LESSEE's sole cost and expense. LESSOR shall have no duty, obligation, or liability whatever to care for or maintain or rebuild the premises or surrounding grounds. If LESSEE refuses or neglects to repair property as required hereunder, and to the reasonable satisfaction of LESSOR, as soon as reasonably possible after written demand, LESSOR may make such repairs without liability to LESSEE for any loss or damage that may accrue to materials, fixtures or other property, or to LESSEE's operation of a Chamber business, and upon completion thereof, LESSEE shall pay LESSOR's cost for making such repairs, plus 20% for overhead and administrative expense, upon presentation of a bill therefore, as additional rent.

8. SURRENDER OF PREMISES: At the expiration of the tenancy hereby created, LESSEE shall surrender the leased premises in the same condition as the leased premises were upon delivery of possession thereto under this lease, reasonable wear and tear excepted, and damage by unavoidable casualty excepted, and shall surrender all keys for the leased premises to LESSOR. LESSEE shall thereupon remove all its fixtures, and any alterations or improvements as provided above before surrendering the premises and shall repair any damage to the leased premises caused thereby. LESSEE's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this lease.

9. INSURANCE: LESSEE shall, during the full term of this lease, keep in full force and effect an appropriate policy of public liability and property damage insurance with respect to the leased premises. The policy shall name LESSOR and the LESSEE as insureds and shall contain a clause that the insured will not cancel or change the insurance without first giving the LESSOR 10 days prior written notice. LESSEE shall exhibit to LESSOR, at any time upon demand, a certificate of insurance, or other evidence of insurance, and shall keep such policies in effect during the full term of this lease or any extensions thereof.

10. FIRE, EXTENDED COVERAGE: LESSEE agrees to purchase and maintain, during the full term of this lease or any extensions thereof, a policy of fire, extended coverage, insurance, which policy shall not be less than 100% of the replacement value of the structure described above and to keep such policy in full force and effect at 100% of the replacement value. The cost of such insurance shall be at the sole cost of the LESSEE.

11. INDEMNIFICATION: LESSEE will indemnify LESSOR, its officers, officials, employees, volunteers and agents, and save them harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury or damage to property, or any other liability, arising out of any occurrence in, upon or at the leased premises, for the occupancy or use by LESSEE of the leased premises or any part thereof, occasioned wholly or in part by any act or omission of LESSEE, its agents, contractors, employees, servants, lessees or concessionaires or occasioned for any reason by act or omission of the LESSOR, in the establishment, operation or maintenance of the Chamber building, or for any act or omission by the LESSOR in furtherance of the interests of the LESSEE for any reason in connection with this lease. In case the LESSOR, its officers, officials, employees, volunteers and agents shall be made a party to any litigation commenced by or against LESSEE, or by or against LESSOR, its officers, officials, employees, volunteers and agents in furtherance of the interests of the LESSEE, then the LESSEE shall protect and hold LESSOR harmless and shall pay all costs, expenses and reasonable attorney's fees incurred or paid by LESSOR in connection with such litigation. LESSEE shall also pay all costs, expenses and reasonable attorney's fees that may be incurred or paid by LESSOR in enforcing the covenants and agreements in this lease.

12. UTILITIES & TAXES: LESSEE shall be solely responsible for and promptly pay all charges for heat, water, gas, electricity or any other utility used or consumed on the leased premises, including any deposits demanded by any utility. The LESSEE agrees to pay for any and all taxes arising from the use of the premises, including possessory interest taxes, if applicable.

13. ASSIGNMENT AND SUB-LETTING: LESSEE will not assign this lease, in whole or in part, nor sub-let all or any part of the leased premises, without prior written consent of the LESSOR in each instance. It is expressly understood and agreed that any income derived from sub-letting, or from fees assessed through the incubation program will be reinvested into the Economic Development Program.

14. GOVERNMENTAL REGULATIONS: LESSEE shall at LESSEE's sole cost and expense, comply with all of the requirements of all county, municipal, state, federal and other applicable government authorities, now in force, or which may hereafter be in force, pertaining to the premises, and shall faithfully observe in the use of the premises all municipal and county ordinances, and all state and federal statutes now, or which may hereafter be, in force.

15. DESTRUCTION OF PREMISES: If the leased premises shall be damaged or destroyed by fire, the elements, unavoidable accidents or other casualty, all insurance proceeds payable by reason thereof shall be applied to the repair, reconstruction and renovation of premises.

16. CONDEMNATION: In the event the premises shall be taken, in whole or in part, through the exercise of any power of eminent domain exercised by any state, federal or local municipality having the power thereof, any sums paid by such condemning authority shall be paid to the LESSOR.

17. DEFAULT: In the event of any failure of LESSEE to perform any of the terms, conditions or covenants of this lease to be observed or performed by LESSEE for more than 30 days after written notice of such default shall have been given to LESSEE, or if LESSEE shall abandon the premises, then LESSOR, besides other rights or remedies it may have, shall have the immediate right of reentry and may remove all persons and properties from the leased premises without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby.

18. CROSS DEFAULT: In the event of any failure of LESSEE to perform any of the terms, conditions or covenants of the FUNDING AGREEMENT attached hereto as Exhibit A for more than 30 days after written notice of such default shall have been given to LESSEE, then LESSOR, besides other rights or remedies it may have, shall have the immediate right of reentry and may remove all persons and properties from the leased premises without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby.

19. ENTIRE AGREEMENT: This lease, and the exhibits attached hereto and forming a part hereof set forth all the covenants, promises, agreements, conditions and understanding between the parties concerning the leased premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them, other than herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this lease shall be binding upon either party unless in writing and signed by both.

20. NOTICE: Any notice, demand, request or other instrument which may be required to be given under this lease shall be deemed delivered when sent by ordinary United States

Mail, postage prepaid, addressed to the LESSOR care of the City Clerk, or LESSEE care of its then acting CEO.

21. PARTIAL INVALIDITY: If any term, covenant or condition of this lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this lease, or the application of such term, covenant or condition to persons or circumstances other than those to which it is held invalid, or unenforceable, shall not be affected thereby; and each term, covenant or condition of this lease shall be valid and be enforced to the fullest extent permitted by law. Should the length, term or duration or this lease, in any way be in violation of any statute, law or Constitution, be invalid for any reason whatsoever, then this lease shall be deemed a lease from year to year, and all other provisions hereunder shall remain the same.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the 9th day of October 2012, at Morro Bay, California.

CITY OF MORRO BAY

ANDREA LUEKER
City Manager

MORRO BAY CHAMBER OF COMMERCE

CRAIG SCHMIDT
CEO

Attest:

JAMIE BOUCHER
City Clerk

Approved As To Form:

ROBERT SCHULTZ
City Attorney

FUNDING AGREEMENT BY AND BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY CHAMBER OF COMMERCE FOR ECONOMIC AND BUSINESS DEVELOPMENT SERVICES FOR FISCAL YEAR 2012-2013

This AGREEMENT is made and entered into by and between the City of Morro Bay, a municipal corporation ("City") and the Morro Bay Chamber of Commerce, a non-profit corporation ("Chamber").

RECITALS

WHEREAS, the City, recognizing the need for continued development of the economic base of the community is a municipal purpose, desires to provide for a coordinated effort to encourage, promote, and foster the economic development of the community; and

WHEREAS, the Chamber has traditionally and actively promoted business development and economic growth within the City for the purpose of creating jobs and expanding the tax base, and as a result thereof has obtained certain knowledge and expertise in this field of endeavor; and

WHEREAS, it is the desire of the parties that the entities involved in furthering the economic well being of the community maintain their historic effort in that regard while combining their efforts for such purposes, so that an effective economic development program for Morro Bay results; and

WHEREAS, the parties agree that these goals can best be accomplished through the operation of a program by the Chamber under the terms and conditions outlined hereinafter, making use of funds provided pursuant to this agreement by the City to supplement the funds made available by other public and private investors in the community economic development partnership.

NOW, THEREFORE, in consideration of the covenants and conditions stated herein, and in consideration of the mutual benefits that accrue to each of the parties hereto, as well as to the public good of all the citizens of Morro Bay, the parties have agreed and do hereby agree as follows:

Section 1. Fund Authorization/Use of Funds.

(a) For the Fiscal Year 2012-2013 (July 1, 2012 – June 1, 2013) ("Period"), City shall provide the Chamber from the City's General Fund for expenditures not to exceed $58,250 for economic and business development programs for the benefit of City as detailed in Exhibit A ("Chamber's Economic Development Plan "), attached hereto and incorporated herein.

(b) Chamber shall use the funds from the City during the Period, as specified in the Chamber's Economic Development Plan attached as Exhibit A, and set forth as follows:

1. Provide qualified and competent staff for the recruitment of and assistance to new business and industry, as well as for the retention and expansion of existing business, providing all management and administrative services necessary to present a viable program. This includes, but is not limited to, the gathering and dissemination of information, research, promotional programs, publications and services, and representing the City's interests in negotiating with industrial and business prospects considering location or relocation in Morro Bay.

2. Be responsible for the operation of the programs carried out under the terms of this agreement. The Chamber CEO or the Chamber's designee shall be responsible for the day-to-day operations of economic development activities and the general supervision and management of the business affairs under this agreement.

3. Provide office space, general office supplies, office equipment, auto, rent, employee benefits, memberships, accounting and legal services, insurance, payroll taxes, postage, and telephone necessary for carrying out the terms of this agreement.

4. Continue efforts to retain and expand existing businesses, particularly businesses that are non-tourism related, with an emphasis on additional family wage jobs. The strategies should be based on research on the needs and growth potential of existing businesses.

5. Continue efforts to recruit new businesses to Morro Bay. As with the business retention and expansion plan, the Chamber should focus on non-tourism related businesses that provide family wage jobs.

6. Develop and provide accurate and timely information to assist businesses interested in locating, expanding, or remaining in Morro Bay.

7. Provide advice and information to existing businesses that may wish to remain or expand in Morro Bay. Coordinate with appropriate other agencies, governments, and non-profits to assist in business retention and expansion.

8. Provide advice, information, and technical assistance to businesses interested in relocating in Morro Bay. Coordinate with appropriate other agencies, governments, and non-profits to assist in business location decisions.

9. Develop and maintain strong working relationships with agencies and governments that provide financial and technical assistance or training to business.

10. Engage a cross-section of people and organizations in the work supported through this contract.

11. Implement the economic development program as outlined in the Chamber's Work Plan and Budget.

12. Ensure that no funds provided by the City shall be used to support activities that generally serve and benefit only the Chamber of Commerce membership or programs not directly related to economic development. Nothing in this agreement, however, shall prevent the City from specifically funding new projects as proposed by the Chamber.

13. Operate the programs hereunder for the general public good for the promotion of business, industry, and trade within the City.

14. Indemnify the City and hold it harmless from any and all claims, suits, demands and causes of action resulting from the acts or failure to act of any agent, servant or employee of the Chamber, or any other person pursuant to this Agreement.

15. Coordinate recruitment of industries with the City Manager to ensure that there will be no adverse impact on Morro Bay's environment.

16. Make its books and financial records concerning the funds expended under this agreement available to the City for inspections and review and audit. The Chamber will provide an annual report and accounting of expenditures of the funds covered by this agreement.

17. Prepare within thirty (30) days of the end of each quarter a report detailing the economic development activities of the Chamber under this agreement. The quarterly report shall include data that measures its success in economic development in its report. The quarterly report shall include data that describes the total number of jobs within Morro Bay, by major sector (e.g., retail, wholesale, government, etc.). The quarterly report shall include the Morro Bay businesses that received direct assistance from the Chamber for business retention or expansion. This report should include the total number of businesses that contacted the Chamber or that were contacted by the Chamber. The quarterly report shall include the prospective businesses the Chamber talked with about relocating or opening in Morro Bay. This report shall include the total number of businesses that contacted the Chamber or that were contacted by the Chamber. The quarterly report shall include a summary report of outreach efforts made by the Chamber to other organizations, businesses, and people to support the work of this contract.

Section 2. Payments. Chamber shall submit written requests for advanced payments for expenditures based on the Chamber's adopted budgets under the Scope of Services. City shall provide payment to the Chamber upon approval of the request by the City's Administrative Services Director. City shall use its best efforts to make payment to Chamber within 25 days of receipt of request.

Section 3. Reports.

(a) Chamber shall present quarterly updates to the City Council at a regularly scheduled City Council meeting on the status of its efforts listed in the Scope of Services attached as Exhibit A.

(b) Prior to the conclusion of the Period, the Chamber shall submit a report to City in a form acceptable to the City Manager or his/her designee, which shall include, without limitation, detailed information on overall project management and achievement of goals as compared to Chamber's work plan and budget as set forth in Exhibit A.

(c) Upon the request of the City, Chamber shall provide City with an annual report prepared by a Certified Public Accountant itemizing how the Chamber expended the City's payment specified in Section 1(a). Such report shall provide separately detailed accounts for each program funded by City. This provision shall survive the termination of this Agreement.

(d) With reasonable notice from City, Chamber shall provide to City copies of any and all work product, documents, reports, property and books produced by Chamber in fulfillment of this Agreement ("Documents"). This shall be solely for the purpose of confirming and evaluating the execution of the programs described in this Agreement and shall not include records and documents unrelated to the execution of such programs (e.g., personnel records). Chamber's obligation to maintain such Documents shall continue for three (3) years after the termination of this Agreement. This provision shall survive termination of this Agreement.

(e) Chamber shall establish and maintain an accounting system in accordance with generally accepted accounting principles and standards. The system shall detail all costs chargeable to City under this Agreement and shall substantiate all such costs, and comply with any applicable State and Federal standards.

(f) Chamber shall endeavor to develop, in consultation with City, a program-based budget for all City-funded programs. Implementation of a program-based budget is not intended to affect the requirements outlined in paragraph 3(e) of this Section relating to generally accepted accounting principles.

Section 4. Ownership of Work Product.

(a) Unless otherwise agreed upon in writing, all reports, documents, or other written or visual material or any other material in any media, including any images, taglines, logos, or other media created or developed by Chamber or any third party contracted by the Chamber, in the performance of this Agreement, if paid in whole by the funding provided by this Agreement ("Work Product") shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. All Work Product shall be considered to be "works made for hire", and all such Work Product and any and all intellectual property rights arising from their creation, including, but not limited to, all copyrights and other proprietary rights, shall be and remain the property of City without restriction or limitation upon their use, duplication or dissemination by City. Chamber shall not obtain or attempt to obtain copyright protection as to any of the Work Products.

(b) Chamber hereby irrevocably assigns exclusively to City, all right, title and interest in such trademarks and/or copyrights or other intellectual property rights in the Work Products. Chamber shall take all acts requested by the City in order to enforce City's rights under this Section.

(c) Chamber shall not retain ownership of or any right, title or interest in any of the Work Products including, but not limited to, any related trademarks, copyrights, or other proprietary rights. The City and Chamber agree that the Work Product and all such rights, title and interest in or to the Work Products belong to and are being sold and assigned in their entirety to City for whatever use it desires, and that City does and shall at all times own, solely and exclusively, complete and unencumbered, all right, title and interest in and to all of the Work Product worldwide, any modifications thereto and any derivative works based thereon (including, but not limited to, all patent, copyright, trademark, service mark and trade secret rights). Nothing contained herein shall be deemed to constitute a mere license or franchise in City. The parties further agree that City will be free to use, modify, distribute, sell, license or otherwise exploit all such Work Products and any modifications to or derivative works based thereon without any restrictions or limitations or any obligations or payments to Chamber and that Chamber shall have no such rights.

(d) From time to time the Chamber will engage photographers to take photographs, or will purchase images for use in Chamber's marketing campaigns, collateral or other uses. As to those third party photographs or images whereby the Chamber negotiates to purchase not only the photograph or image but also the copyright or other intellectual property rights, the provisions of this Section 4 will apply. As to those third party photographs or images whereby the Chamber negotiates to purchase only the use of the photograph or image and the copyright is maintained with the photographer, the provisions of this Section 4 will not apply.

(e) It is understood and agreed that the Chamber currently owns exclusively intellectual property rights to its name, committee and event titles, and logos, which will be utilized in the performance of this Agreement, ("Chamber Property"). The Chamber reserves all rights, title and interest in the Chamber Property, and hereby grants the City a revocable, non-exclusive, license to the use of the Chamber Property to the extent it becomes incorporated into, and inseparable from, the Work Product.

(f) This section shall survive termination of this Agreement.

Section 5. Assignment. This Agreement shall not be assigned by Chamber without the written consent of City.

Section 6. Independent Contractor. At all times during the term of this Agreement, Chamber shall be independent contractors and Chamber, their officers, employees and agents shall not be employees of City.

Section 7. Personnel. Chamber represents that it has, or will secure at its own expense, all personnel required to perform the services under this Agreement. City shall approve all subcontractors used in the provision of services under this Agreement within five (5) business days of Chamber's submission and prior to their engagement by Chamber. Such approval shall not be unreasonably withheld by City. Chamber, however, shall be solely responsible for the work performed by those third party contractors, including timely performance and payment.

Section 8. Term. This Agreement shall remain in full force and effect from July 1, 2012 until June 30, 2013, unless terminated earlier as provided in Section 9 of this Agreement.

Section 9. Termination of Agreement. City may terminate this Agreement at any time, with or without cause, upon thirty days (30) written notice to Chamber. In the event of such termination, City shall pay Chamber for all costs and obligations reasonably incurred by Chamber in performing its services under this Agreement prior to the date of termination and such payment shall be in full satisfaction of City's obligations hereunder. City shall not be obligated to pay additional funds after issuance or receipt of such notice.

Section 10. Notice. Whenever it shall be necessary for any party to serve notice on another respecting this Agreement, such notice shall be served by certified mail, postage pre-paid, to the addresses below, unless and until a different address may be furnished in writing by any party:

To City: City Clerk
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

To Chamber: Morro Bay Chamber of Commerce
695 Harbor
Morro Bay, CA 93442

Such notices shall be deemed to have been served within seventy-two (72) hours after the same has been deposited in the United States Post Office by certified mail. This shall be valid and sufficient service of notice for all purposes.

Section 11. Insurance.

(a) Chamber shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive General Liability Insurance with minimum limits of Two Million Dollars ($2,000,000) for each occurrence, combined single limit, against any personal injury, death, loss or damage resulting from the wrongful or negligent acts by Chamber.

(b) Chamber shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive Vehicle Liability insurance covering personal injury and property damage, with minimum limits of One Million Dollars ($1,000,000) per occurrence combined single limit, covering any vehicle utilized by Contractor in performing the services required by this Agreement.

(c) Chamber agrees to maintain in force at all times during the performance of work under this Agreement workers' compensation and employer's liability insurance as required by law.

(d) Chamber shall require each of its sub-consultants or sub-contractors to maintain insurance coverage, which meets all of the requirements of this Agreement unless otherwise determined by the City's Risk Manager.

(e) The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least a B+; VII in the latest edition of Best's Insurance Guide.

(f) If Chamber fails to keep the aforesaid insurance in full force and effect, City shall notify Chamber that it is a breach of the Agreement and Chamber has three (3) days to cure such breach. If such breach is not cured by Chamber as required in this paragraph, City may terminate the Agreement or, if insurance is available at a reasonable cost, City may take out the necessary insurance and pay, at Chamber's expense, the premium thereon.

(g) At all times during the term of this Agreement, Chamber shall maintain on file with the City Attorney a certificate or certificates of insurance on the form required by the City, showing that the aforesaid policies are in effect in the required amounts. Chamber shall, prior to commencement of work under this Agreement, file with the City Attorney such certificate or certificates. The policies of insurance required by this Agreement shall contain an endorsement naming the City as an additional insured. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days prior written notice to City, and specifically stating that the coverage contained in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement

(h) The insurance provided by Chamber shall be primary to any coverage available to City. The policies of insurance required by this Agreement shall include provisions for waiver of subrogation.

(i) Any deductibles or self-insured retentions must be declared to and approved by City prior to commencing work under this Agreement.

Section 12. Indemnification. Chamber shall defend, indemnify, and hold the City, its officials, officers, employees, volunteers and agents serving as independent contractors in the role of city officials (collectively "Indemnitees") free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any acts or omissions of Chamber, its employees, or its agents in connection with the performance of this Agreement, including without limitation the payment of all consequential damages and attorneys' fees and other related costs and expenses, except for such loss or damage arising from the sole negligence or willful misconduct of the City. With respect to any and all such aforesaid suits, actions, or other legal proceedings of every kind that may be brought or instituted against Indemnitees, Chamber shall defend Indemnitees, at Chamber's own cost, expense, and risk, and shall pay and satisfy any judgment, award, or decree that may be rendered against Indemnitees. Chamber shall reimburse City and its directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Chamber's obligation to indemnity shall not be restricted to insurance proceeds, if any, received by Chamber, the City, its directors, officials, officers, employees, agents or volunteers. All duties of Chamber under this Section shall survive termination of this Agreement.

Section 13. Extent of Agreement. This agreement represents the entire and integrated Agreement between the parties on the matters included herein and supersedes any and all prior negotiations, representations or agreements, instrument signed by all parties to the Agreement.

Section 14. City Not Obligated to Third Parties. The City shall not be obligated or liable under this Agreement to any party other than Chamber.

Section 15. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the 9th day of October 2012, at Morro Bay, California.

CITY OF MORRO BAY

ANDREA LUEKER
City Manager

MORRO BAY CHAMBER OF COMMERCE

CRAIG SCHMIDT
CEO

Attest:

JAMIE BOUCHER
City Clerk

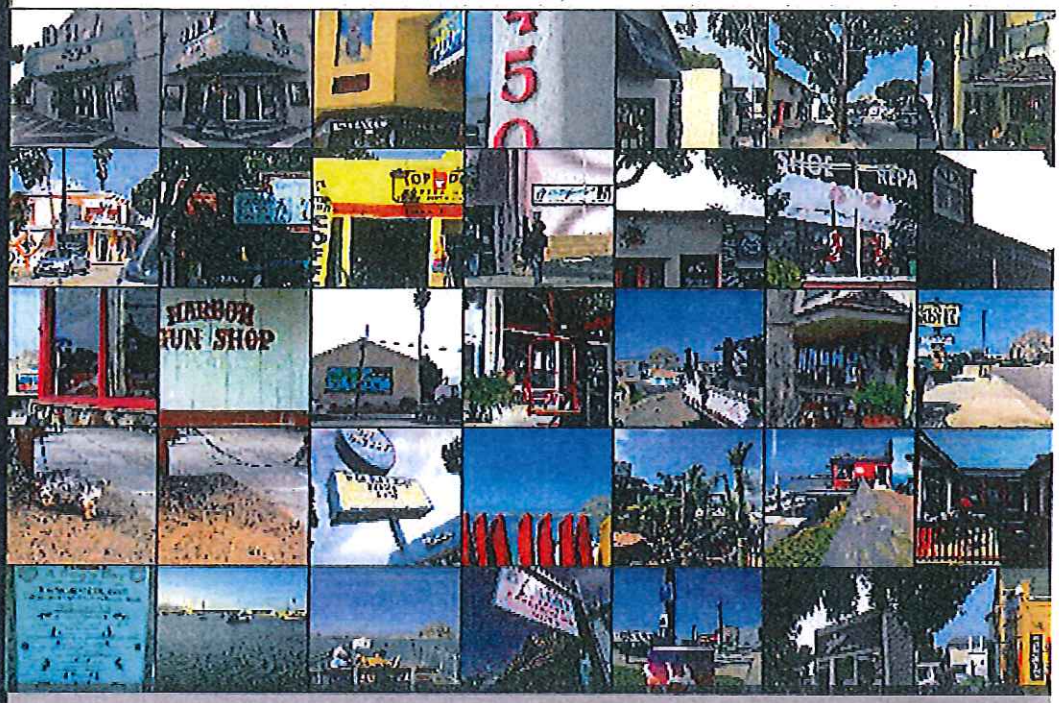
Approved As To Form:

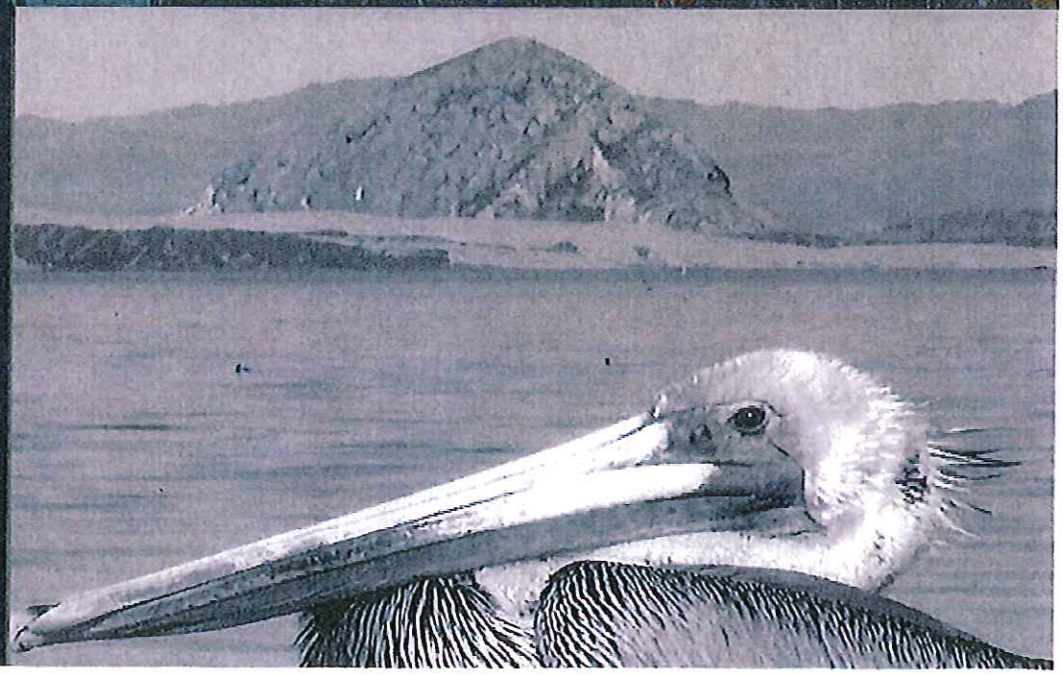
ROBERT SCHULTZ
City Attorney

September 2012

Morro Bay
CHAMBER OF COMMERCE

City of Morro Bay
Economic Development Program - 2012/13





Proposal by:
Morro Bay
Chamber of Commerce

The Morro Bay Chamber of Commerce and Business Resource Center

695 Harbor Street • Morro Bay, CA 93442 • 805-772-4467

It takes the right mix of tools, networking and know-how for small businesses to succeed in today's competitive environment. Entrepreneurs now have a place they can turn to for help in getting their business off on the right foot:

THE SMALL BUSINESS RESOURCE CENTER

In partnership with the City of Morro Bay, the Morro Bay Business Resource Center offers valuable services to prospective and new business owners, including mentoring in important areas such as financial planning, marketing, and future growth strategies. Workshops, seminars and classes on all aspects of successful business development are offered, and the Center provides guidance from experienced sources in developing business plans, contacts, pursuing government contracts and opportunities, and gaining recognition for your business through competitions and media resources.

With The Business Resource Center, you have years of experience and proven strategies for success at your disposal. Give us a call today. We've got answers.

How we can help you...

Access to Capital

Entrepreneurs looking for funding to turn their brilliant ideas into reality can turn to The Business Resource Center for guidance. The experts at The Center can help educate new business owners navigating the various funding sources that are available. They can also help individuals evaluate their business structure to determine what kind of capital is needed and the best ways to pursue it. Advice on applying for loans, as well as guidance on pursuing state and federal government contracts and opportunities are also available.

Affordable Space

The Business Resource Center offers an incubation program and facilities for businesses. Through this program, resident businesses can take advantage of low overhead and shared resources such as administrative support, fax and postal services, audiovisual equipment, copying equipment, Conference room and low-cost telephone and internet services. This allows fledgling businesses to concentrate their resources on more important growth areas during their critical early years.

Counseling

Business owners who utilize The Business Resource Center get access to vital counseling and advice from prominent business leaders and business development professionals. Entrepreneurs can tap into the wealth of knowledge and experience possessed by Chamber members and partner economic development agencies to help them at every stage of their growth, from conception onward. Individuals are referred to mentors based on their specific needs, whether it be financing, developing business plans or adopting long-term strategies for growth. The Center also helps advise owners on key items such as bookkeeping and human resources materials they need to get started.

Education

The Business Resource Center offers a multitude of classes, workshops and seminars to aid business owners at every stage of development. These programs cover a variety of topics such as marketing, business planning, website creation, and hiring and management techniques. These programs help owners set a strong foundation that fosters future growth and success.

Marketing

Running a successful business takes more than a great idea and a solid business plan - it requires marketing strategies that will get your name out in front of the public. The Business Resource Center partners with the Small Business Development Center, the Business Entrepreneurial Center, the Economic Development Corporation, the Business Innovation and Entrepreneurial Center, the Workforce Investment Board and the Senior Corps of Retired Executives to offer a variety of showcase opportunities such as Business Expos, Morning Coffee, Business After Hours and other activities to help you publicize your business.

Member Support

Chamber Business Members are a great source of support for new businesses. After your business plan is created with the help of our Business Resource Center partners, we can make connections for you with our business members. We have real estate experts, graphic designers, printers, signage professionals, marketing professionals, IT professionals, attorneys, accountants, etc. who have years of experience in our local market. Added to their professionalism is the biggest benefit of local networking with Chamber members – they have actually grown businesses in Morro Bay.

Recognition

The Business Resource Center can help business owners find avenues to compete for annual awards at the local, state and national levels, helping them to earn recognition for excellence. By directing business owners to various organizations, associations and

publications, the Center provides opportunities to gain visibility and generate positive promotion and media attention.

THE BUSINESS RESOURCE CENTER

Incubation Program

ABOUT THE PROGRAM

The Morro Bay Chamber of Commerce's Incubation Program is a low-cost program for fledgling businesses that provides them a highly-mentored environment with low overhead and the maximum opportunity for growth and development. In-resident businesses can take advantage of below-market, short-term leases, shared resources, such as meeting rooms, fax and postal services, and reduced-cost telephone and Internet service. Mentoring services are also available.

ELIGIBILITY

If you are a business in the first three years of operation, you may be eligible to become an in-resident client of our Incubation Program. We consider businesses from all industries, excluding professional services, such as medical or law offices, and those dependent on foot traffic.

Candidates must submit a pre-entry application accompanied by their business plan. Pre-entry applications are available below, or at the Business Resource Center, 695 Harbor Street in Morro Bay.

The Business Resource Center Coaching Team evaluates business plans and looks for businesses with potential for growth, success and job creation.

If a prospective business does not have a business plan, we can help develop one. That assistance includes a business plan-seminar, which meets ..... Applicants might also be interested in The SBDC's NxLevel Business Training Program and/or individual mentoring by a professional business executive.

Incubation Program Application

You can download and complete this application electronically, hitting "SUBMIT" to send by email, or
You can print and fill out this application by hand and fax it to 805-772-6038, or
You can print and hand deliver to: The Business Resource Center
695 Harbor Street, Morro Bay, CA 93442

THE BUSINESS RESOURCE CENTER

Incubation Program

SERVICES

If you become a client of the Incubation Program, you will have access to many services and benefits, including:

Reduced overhead
Short-term lease
Reduced rate rent
Shared office equipment
No deposit for utilities
Low-cost telephone and Internet service
Free receptionist service

Overnight delivery services.

Free use of our Conference Room that can accommodate up to 20 people and is equipped with audio-video equipment.

Minority and women business support from the Chamber's Small Business Taskforce, Minority Business Taskforce and the Women in Business Forum.

Access to the Center's Coaching Team working together to develop Morro Bay area small businesses. Click here for more information.

Special client initiatives that provides in-residents clients with access to federal procurement officers and end-users.

24-hour access to the building, etc . . .

The Morro Bay Chamber of Commerce
and Business Resource Center
695 Harbor Street • Morro Bay, California • 805-772-4467

In Business For Your Business

September 24th, 2012
Economic Development Coordinator
For the Morro Bay Chamber of Commerce

DRAFT SCOPE OF WORK

1.0 Roles & Responsibilities

1.1 Provide a point person for all phases of economic development
1.2 Provide educational and networking opportunities
1.3 Foster a business-friendly environment
Business advocate with City, County & State
1.4 Educate the citizenry on the importance of "Shop Local"

2.0 Address the Needs of Current & Emerging Business Community

2.1 Develop and facilitate a free Consultation Program for current business
2.2 Assist with the development and distribution of a BRE Survey
2.3 One-on-One BRE education; build educational relationships
2.4 Carryout Business Advocacy Roles
2.5 Attend(m), participate and present information: Morning Coffee, Business Forum
2.6 Economic Roundtable, Workforce Development, Resource Directory

3.0 Encourage New Businesses

3.1 Develop and Support Business Incubator Program
3.2 Provide market research businesses need to know to relocate
3.3 Provide a team of experts to assist relocation
3.4 Create and maintain an inventory of available properties
3.5 Identify target industries for recruitment
3.6 Provide incentive package to encourage new business
3.7 City Programs
3.8 Offers information on access to capital

4.0 Meetings & Partnership Working – Develop and Utilize

4.1 Chamber Economic Steering Meeting – Monthly
4.1.1 Issue Draft Agenda
4.1.2 Meeting Facilitation
4.1.3 Meeting Actions & Minutes

4.2 Partnership Meetings – Monthly
(as appropriate: Workforce Development, EVC, SBDC, etc...)
4.2.1 Attend, contribute & collect information
4.2.2 Present materials and progress report
4.2.3 Report back to Chamber Economic Steering Committee

4.3 Community Economic Roundtable – Monthly
4.3.1 Meeting Facilitation
4.3.2 Provide Business Barometer
4.3.2 Meeting Actions & Minutes

(m) - monthly

5.0 Goal "A" - Establish a Business 'Business Coaching' team of local business professionals

5.1 Analysis
5.2 Choice
5.3 Implementation

6.0 Goal "B"- Establish a Green Business Program

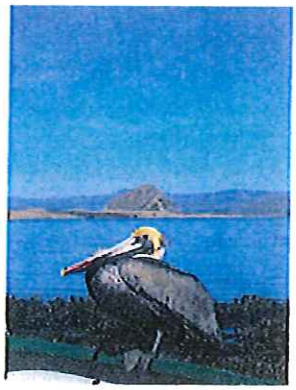
6.1 Analysis
6.2 Choice
6.3 Implementation

7.0 Goal "C"- Establish Chamber and Business Resource Center at Morro Bay

7.1 Analysis
7.2 Choice
7.3 Implementation

8.0 Measures of Success *(in order of priority)*

8.1 Number of businesses served
8.2 Number of consulting hours
8.3 Number of workshops
8.4 Number of attendees
8.5 Loans and investments facilitated
8.6 Increased Sales Tax
8.7 New Start-ups
8.8 Recruit new Business
8.9 Fewer Vacancies
8.10 More Morro Bay based jobs
8.11 Client Exit Surveys



Approach – Focus on Outcome Reporting

The Scope of Work identifies eight key work areas necessary to successfully undertake a meaningful economic development role for the Morro Bay Chamber of Commerce.

While simple outputs, such as raw counts of meetings and contacts, are easy to compile and report, this leads to the tendency to report on activities rather than results. Clear monthly reporting on increased sales tax, new start-ups, and businesses attracted or retained will be the primary reporting focus.

Other indicators of economic vitality include occupancy/ vacancy rates for existing office, retail, and industrial buildings, new capital invested, jobs created, new construction and new businesses licenses will be the secondary reporting focus.

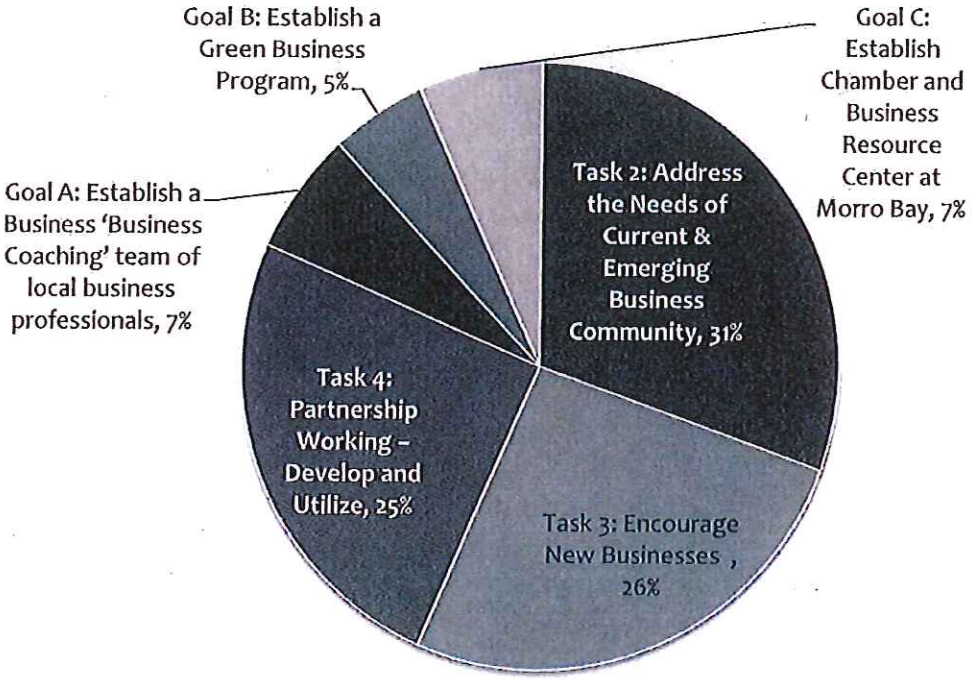


Figure 1: Workload percentage broken down by Task & Goals

Tasks Two, Three and Four represent the on-going and core work from the role and have been assigned a greater time & effort weighting. Goals A, B, C represents the three key program development goals. As Task One describes the general Roles and Responsibilities; and Task Eight represent the Targeted Outcomes; these have not included in the Workload break-down Figure 1.

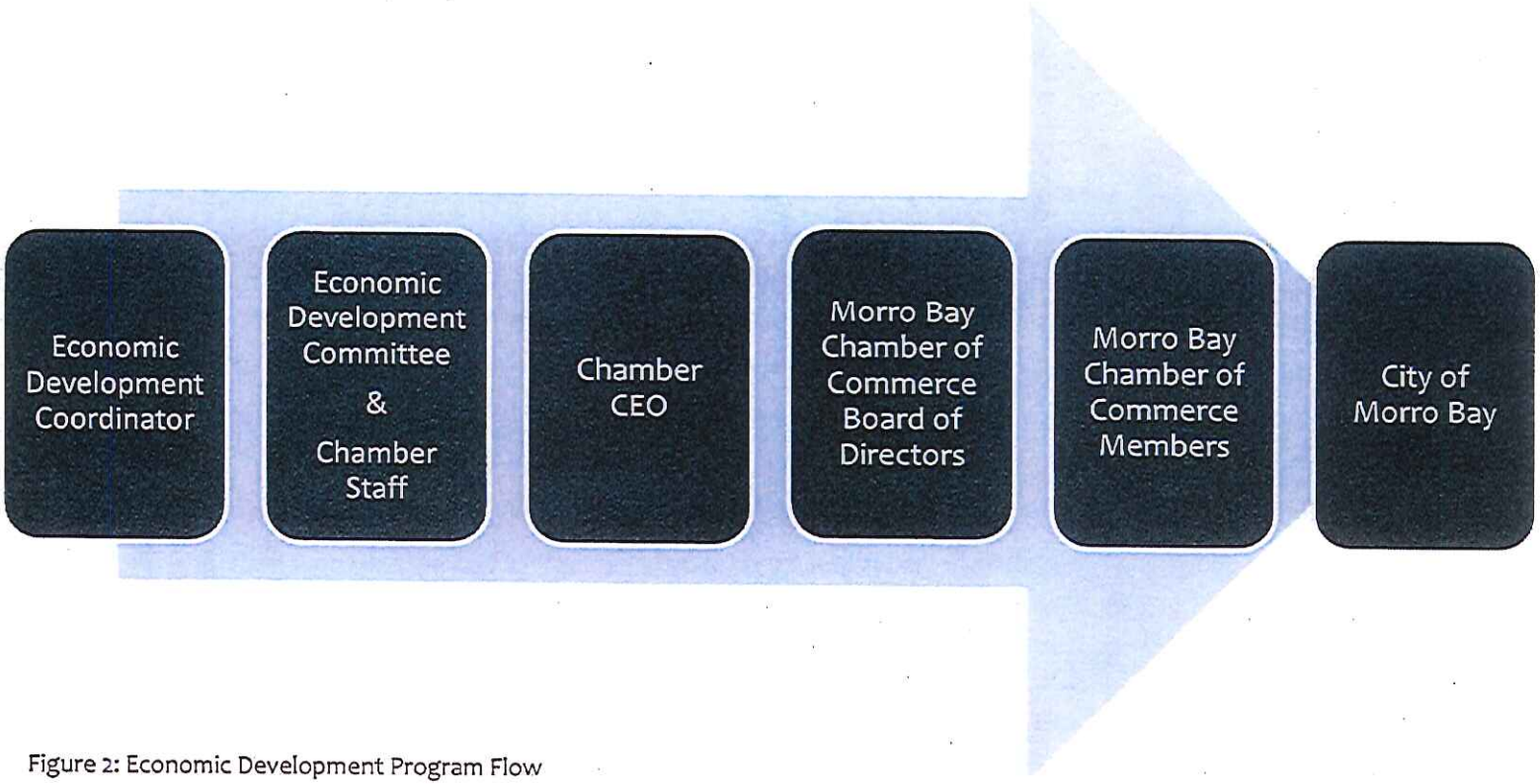


Figure 2: Economic Development Program Flow

The Economic Development Committee will be the governance entity for the program of work and will be comprised of the City Administrator or designee, two City Council members, Chair and Chair-Elect of the Chamber of Commerce and one representative from each of the following sectors... recreation, retail, manufacturing, lodging, restaurants, agriculture, fisheries and professional services.

Business incubators uniquely positioned to spark job creation

As local, state and national government agencies examine ways to create jobs and turn around the struggling economy, business incubation programs are featuring prominently in the debate – as well they should. For 50 years, incubators have been helping entrepreneurs turn their ideas into viable businesses, promoting innovation and creating jobs by providing emerging companies with business support services and resources tailored to young firms to increase their chances of success.

As any entrepreneur can attest, starting a new business isn't an easy task. Most business owners know every detail of their product or service, but many lack all of the skills they need to turn their ideas into successful firms. Business incubation programs are uniquely positioned to help entrepreneurs access resources through the incubator, business community, local colleges and universities, and other business assistance programs to help them develop the skills they need to grow successful firms.

Around the world, entrepreneurs are playing an increasingly important role in transforming economies. Rather than relying solely on efforts to attract existing businesses from other locations, many communities are recognizing the need to help local residents build new businesses from the ground up through business incubators.

By focusing on developing a new generation of entrepreneurs – most of whom have ties to the local area – communities are helping to build companies that will create jobs and spark economic growth in the region for years to come. And because these programs provide targeted business assistance to young firms at their earliest stages of development – when they're most vulnerable – business incubators help support new ventures that have a greater-than-average chance of success.

Although business incubation is still a relatively new industry, programs around the world have racked up impressive results that demonstrate the important role incubators play in stimulating economic growth and creating jobs. For example, the National Business Incubation Association estimates that in 2005 alone, North American incubators assisted more than 27,000 start-up companies that provided full-time employment for more than 100,000 workers and generated annual revenue of more than $17 billion.

Like many others, I have faith in the ability of entrepreneurs to jump-start our sagging economy by generating revenue and creating new jobs. But many times, they need a guiding hand to help them turn their ideas into viable businesses, particularly during times of economic crises. The world's existing network of business incubation programs – and the many new incubators under development – can assist entrepreneurs in growing new businesses that can help put many people back to work.

EDNow
Economic Development Now

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

September 10, 2012 Volume 12 / Issue 17

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Download this issue (PDF)

Is an Incubator Right for Your Community? Here's What You Should Consider

By Louise Anderson

Columbia, Mo., opened one last week. So did Tuscaloosa, Alabama. Carrboro, N.C., and Binghamton, N.Y., each have one in the works. As communities across the United States focus more than ever on helping small businesses start and grow, incubators are popping up everywhere.

Incubators can do much to nurture entrepreneurship and new business growth, especially when they are well run (see the National Business Incubation Association's "Principles and Best Practices of Successful Business Incubation"). But an incubator isn't right for every community.

ED Now recently spoke with Chuck Wolfe, president of consulting firm Claggett Wolfe Associates, about the steps that communities should take when considering an incubator. Wolfe has conducted dozens of incubator feasibility studies and served as a speaker, trainer and author on best practices in business incubation for years.

A feasibility study is a critical first step, of course, to determine whether the proposed project has a solid market, a sound financial base and strong community support, according to NBIA. But there are many other things a community should do to assess and build support for an incubator program.

Think through the outcomes you want and gain consensus. Get a clear idea of what you hope to accomplish with an incubator. Are you seeking to expand an emerging industry cluster, or diversify your economy over the long term? Do you want to provide a supportive environment for minority or disadvantaged individuals to pursue self-employment? Does your local college or university want a tool to attract entrepreneurial faculty and students? Incubators can play many roles in the economic development process, but they aren't always the right tool to reach your goals. As an economic developer, consider that:

What are business incubators?

Business incubators nurture the development of entrepreneurial companies, helping them survive and grow during the start-up period, when they are most vulnerable.

These programs provide their client companies with business support services and resources tailored to young firms.

The most common goals of incubation programs are creating jobs in a community, enhancing a community's entrepreneurial climate, retaining businesses in a community, building or accelerating growth in a local industry, and diversifying local economies.

Source: National Business Incubation Association, www.nbia.org.

- An incubator should be an integral part of a broader economic development plan. How will it complement other business creation, retention and attraction strategies?

- You'll typically need a broad base of stakeholders that is willing to make a long-term commitment to allow the incubator to reach maturity. A single powerful individual may drive the incubator, but more often than not, it will take a small group of committed community leaders to champion the effort.

• Don't let an available vacant (or "free") building drive the decision to develop an incubator. Location and facility layout are as important to an incubator's success as they are to any other business, and "free" may cost you more than you think when you get down to rehabilitation and operating costs.

• Don't assume that a feasibility study will result in a "green light" outcome. The goal of the study is to find out if an incubator is an appropriate tool for meeting your objectives. Wolfe regularly recommends against establishing an incubator based on factors such as market conditions, resource availability, timing, costs and community sentiment. In many of these situations, he recommends alternative programs or strategies that can generate the same outcomes without the structure and cost of an incubator.

Wolfe sees "feasibility" as related to the most effective use of money, time and resources to achieve the desired outcomes within the timeframe established by the stakeholders. That's to say that "feasibility" is relative, and the assessment must be tailored to the unique economic conditions and objectives of each community.

To establish an incubator "just because you have a building – that can be a recipe for a very costly disaster," Wolfe said.

Assess your local entrepreneurial culture. You might be ready for your community members to go for the brass ring of entrepreneurship, but that doesn't mean they are. If the community's economy is historically based in agriculture or natural resources, manufacturing, or is otherwise risk-averse, you may need to take smaller steps to encourage a more entrepreneurial mindset and culture before considering an incubator. Just understand that this may take some time, Wolfe noted. To assess your local entrepreneurial culture, consider:

• What kind of businesses have formed in your community recently? County business, business license and local Small Business Development Center data all can tell you what businesses are starting and in what industries. At the same time, Small Business Innovation Research grant data and patent data can help to give you an idea of the level of innovation occurring in your area.

• Does your community recognize, celebrate and appreciate its existing small businesses as a valuable part of the economy? Are existing businesses motivated to expand, seeking new markets?

• Have you seen any upward trends in entrepreneurial activity over the past three to five years? In addition to published data, events such as business plan competitions and startup weekends can be used to test the potential deal flow – that is, the existence and activity of growth-oriented entrepreneurs who might one day become incubator clients.

At the same time, don't think of incubators as a platform for helping startups only, Wolfe said. Incubators can also reach out to existing businesses to help them expand, launch new products or enter new markets. In addition, a number of incubators provide a turn-key operating platform to allow domestic and multi-national corporations to "test the waters" before making a permanent decision to relocate or establish a presence in the community.

Consider your management needs. The quality of the management is one of the top factors influencing the success of an incubator. However, staffing an incubator is no small task. Much of the incubator's value comes from the proactive coaching, mentor introductions and facilitated access to capital and resources provided by the incubator's management team. These individuals need to have a unique skill set that balances business building with the intricacies of working with a diverse set of stakeholders. Be prepared to pay for top-tier talent if you want the incubator to succeed.

Remember that an incubator is a long-range tool. Not only will it take time to grow successful incubated companies, but it typically takes several years simply to get an incubator in place. Developing a business operating plan is a 6- to 12-month process. Preparing a facility – depending on whether it's an existing building, new construction or a rehab, and whether financing is in place – can take anywhere from 10 months to two, three years or more.

Once clients start coming in, it can take 12 to 18 months to fill the facility. (According to Wolfe, one of the biggest mistakes is to accept all or even half of the companies that apply; that can get the program a reputation as a place for sick companies. His experience indicates that most well-run incubators accept only one out of five to one out of 10 applicants, with coachability being one of the decision factors.) The average company stays for two to three years.

Unless you are dealing with established companies, you may not see outcomes until three to five years, after a company graduates and hits its stride.

Know that there's no one model to follow. There is no one successful incubator model that can be replicated from community to community; models vary widely and should be designed to reflect local dynamics. An incubator program in Mississippi has three sites operated by one team, a model refined to meet the needs of the communities. Other communities have one site only, or a virtual incubator program, or offer different types of membership with varying levels of service. Still others focus on specific industries or stages of growth. Part of what a feasibility study should do is to determine the type of program a community can execute successfully.

Don't expect it to be self-sustaining, but do expect it to provide other returns. According to a 2011 Economic Development Administration study ("Incubating Success: Incubation Best Practices That Lead to Successful New Ventures", PDF), very few incubators don't require ongoing operating subsidies. "People need to invest in – versus donate to – the program because it delivers an outcome that is a good return of their investment," Wolfe said. That outcome might be in the form of increased tax revenues, cluster development, industry diversification or other benefits.

There are alternatives. An incubator isn't a must-have for a community to successfully nurture small businesses. Sometimes the facility makes a difference, but sometimes the local Small Business Development Center is able to meet the community's needs, or a combination of resources such as a university extension, community college offerings, SCORE program and co-working space can work. Virtual incubators are a solution in some circumstances.

A typical mistake made by many communities is to try to copy the model of a successful incubator located elsewhere. According to Wolfe, an incubator developer has to dig deep to overcome the desire to copy what has been done and to fully understand why the incubator is successful, including the unique factors that apply or don't apply to their own situation. Ultimately, you can learn from, but you cannot copy, someone else's success.

« **Back to September 10 ED Now**

Partnership Working - Framework

The following SLO County Organizations have been identified as key partners for Morro Bay's Economic Development. This table generally outlines the remit of each organization. Further understanding of each organizations programs and resources, as well as points of contact and quarterly meetings will be a key component to Task 4 – Partnership Working *(click on organization name in .PDF for link to website)*

ORGANIZATION	
Economic Vitality Corp	Venture Capital / Angle Network, Business Loan Programs, Business Advocacy, International Trade Consultation, Local Industry Information & Studies. Professional & Business License & Permit Handbook, Small Business & Resources Guides, How to Start a Business in SLO County, Small Business Management Series, Top Employers in SLO County
Small Business Development Center Cal Poly	General Business Consulting Services SBA.gov
CA Central Coast Research Partnerships	Applied research, business and technology assistance, develop and commercialize new technologies
Center for Innovation & Entrepreneurship@ Cal Poly	This university-wide Center is designed to enable students to interact with faculty, with experienced entrepreneurs, and with each other in ways that will enhance their educational experience as well as strengthen ties between the California entrepreneurial community and Cal Poly while enhancing the university's historic strengths in technological innovation.
Business & Entrepreneurship Center @ Cuesta College	Conduct community research; create targeted special projects and services that address the unique needs of the region. The BEC will collect and analy6ze community data and evaluate the economic needs of the region. • Target existing business clients and/or industry sectors most likely to create economic impacts and retain jobs. Clients and/or industry sectors should also have the potential to achieve significant increases in sales investment, and to boost regional economic wealth. • The BEC will provide, on an as needed basis, advanced business consulting services to established business, industry sectors, financial institutions, city and state agencies, and chambers of commerce in the following core areas:
Regional Workforce Development Center	Resources for Job Seekers and Employers. Economic advisory, planning and policy board. Comprised of 34 leaders from local business, government, education, labor, education. Mission is to promote a skilled workforce that results in healthy and prosperous economic development. Created under the Workforce Investment Act of 1998, oversee the use of federal,

	state and city funding in local economies.
SLO County Workforce Investment Board (SLOWIB)	Employee Skills Development such as; Problem identification, reading comprehension, speaking and active listening, writing; social skills like coordination, information gathering, looking for ways to help people, mathematics – SLO LWIA must take steps to ensure that program completers are equipped with these – Content, Process, Social and problem-solving skills – Reva Bear (805) 781835 rbear@co.slo.ca.us
SCORE – Senior Corp. of retired executives	SCORE "Counselors to America's Small Business" is part of a national nonprofit association dedicated to entrepreneur education and the formation, growth and success of the county's small business. SCORE volunteers serve as "Counselors to America's Small Business." The San Luis Obispo County Chapter provides free and confidential business counseling tailored to meet the needs of your small business and your personal objectives. The chapter also offers workshops for both start-up entrepreneurs and existing business small business owners.
CA SBA California Small Business Association	Advocates for small business *(further info required)*
SBA.gov	State and Federal Programs in Financial Assistance, Framework for Entrepreneurial Development *(further info required)*
MCSC Mission Community Services	Self-employment training, Women's Business Center *(more info required)*

AGENDA NO:	**D-2**
MEETING DATE:	**09/10/13**

Staff Report

TO: **Honorable Mayor and City Council** **DATE:** **September 5, 2013**

FROM: **Susan Slayton, Administrative Services Director**

SUBJECT: **Discussion of a Volunteer Budget Review Sub-Committee**

RECOMMENDATION
City Council to direct staff accordingly.

ALTERNATIVES
1. City Council direct staff to move forward with a policy, establishing a Volunteer Budget Review Sub-Committee; or
2. City Council to table the idea of a Volunteer Budget Review Sub-Committee.

FISCAL IMPACT
Unknown based on the amount of staff time involved in working with the Volunteer Budget Sub-Committee, training the members on fund accounting, governmental revenues and expenditures, and budget practices and processes.

BACKGROUND:
In February 2013, the City Council requested a staff report on what a Volunteer Budget Review Sub-Committee would look like. Staff sent out inquiries to other cities, as well as performed an Internet search. The results are attached as Appendix A.

DISCUSSION:
Staff has reviewed the information from other cities that have Volunteer Budget Review Sub - Committees, and attached that information in Appendix A for Council's review. The responding cities range in population from Sonoma (10,731) to Novato (52,554).

After reviewing the information obtained, it seems that most of the cities formed and some, but not all, have continued their committees as a result of their need to provide stabilization to a deficit-based budget. While Morro Bay went through difficult times which included layoffs, substantial budget reductions and pension reform, it is staff's opinion that today Morro Bay is on solid financial footing. As well, staff has provided projections for the future which include recommendations to the City Council on revenues measures to continue the solid financial footing the City has achieved. In addition in terms of time commitment, the City is in the beginning stages of many long-term capital projects that

Prepared By: _____	**Dept Review:**_____
City Manager Review: _____	
City Attorney Review: _____	

are going to entail much more time and effort by our Finance staff.

While staff acknowledges the importance of having community-provided input to the budget process, there is currently a significant amount of input from individuals with expertise in finance, without the benefit of a formal sub-committee. Staff is confident these individuals will continue to review and provide input on the budget process, expenditures and budget document in the future. In addition by adding a sub-committee, the timing of the budget process may need to be amended. For example, while the City Council has indicated that the goal-setting process this year will likely not be to the extent it was last year, the goal-setting process usually starts in February/March, and is quickly followed by budget tasks. Should a formal sub-committee be formed, it is likely to move the process up by 4 to 6 weeks.

If the City Council continues to believe a Volunteer Budget Review Sub–Committee is an important step to take, staff recommends that the Council then consider an augmented budget calendar and/or moving the goal-setting and budget process up to begin in early January.

CONCLUSION

While staff understands the benefits of a Volunteer Budget Review Sub-Committee, there is concern about timing and staff resources to work with such a committee. With the 2013/14 budget, the City received a significant amount of input on the budget, and staff is confident that this input will continue with or without the formation of a committee.

City of Sonoma POP. 10,731

Budget Committee

On September 16, 2009, in response to the current fiscal challenges being faced by the City, the Sonoma City Council formed a **Budget Committee**. The committee will delve into the current fiscal challenges faced by the City and will make recommendations for solutions. It is charged with reviewing budget projections for future years, and working on both revenue and expenditure strategies with respect to meeting the challenge of balancing the General Fund and maintaining City services in the next three to five years of economic recovery.

It is a 5 member committee, and meetings are held monthly.

City of Poway POP. 48,559

BUDGET REVIEW COMMITTEE CHARTER

SECTION I PURPOSE

The purpose of the Budget Review committee shall be to review the annual Operating and Capital Improvement Budget as proposed by the City Manager, and report its findings to the City Council.

SECTION II DUTIES

The Budget Review committee shall have the following duties as determined by the Poway City Council:

1. With the assistance of staff, review the budget as prepared by the City Manager.

2. As appropriate, suggest means of improving the format of the budget in order that it be easily read and comprehended.

3. Review terminology used within the budget such that it may be easily understood by all interested readers.

4. Suggest areas that the City Council may wish to establish specific policies pertaining to either revenues or expenditures.

5. Review the budget activity goals and objectives as well as the activity workload statistics.

6. Prepare a final written report to be presented to the City Council at the public hearing regarding the budget.

SECTION III MEMBERSHIP

The Budget Review committee shall consist of five (5) members appointed by the Mayor with the concurrence of the City Council. Each Councilmember shall offer one nomination for appointment to the committee for Council consideration.

1. Committee members shall be residents of the City of Poway.

2. The term of membership shall be for two years, with appointments made to coincide with the City's two-year budget cycle. The term shall conclude with the adoption of the budget report for the last year of the two-year budget cycle.

3. The City Manager or his designee shall be an ex officio member of the committee.

SECTION IV VOTING

Each committee member shall be entitled to one vote. Approval of any matter requires an affirmative vote from the majority of the membership of the committee or three (3) votes.

SECTION V TERMINATION OF MEMBERSHIP

If a member misses more than three (3) consecutive meetings of the committee, without prior authorization from the Mayor, such member shall be considered to have resigned from the Committee. In addition, any member of the Committee may be removed at any time and without cause by a majority vote of the City Council.

SECTION VI MEETINGS OF MEMBERS

1. Regular meetings of the committee shall be scheduled at a time and place agreed to by the committee which will facilitate the attendance and input of the public.

2. Special meetings may be called at any time by the chairperson or three (3) or more members.

SECTION VII OFFICERS

The officers of the committee shall be the chairperson and vice chairperson. The City Manager or his designee, as an ex officio member of the committee shall serve as secretary to the committee.

SECTION VIII DUTIES OF OFFICERS

1. The Chairperson shall preside at all committee meetings.

2. The Vice Chairperson shall assume all the duties and responsibilities of the Chairperson in the Chairperson's absence.

3. The Secretary shall prepare agendas and shall give notice of regular and special meetings of the committee.

SECTION IX FINANCIAL DISCLOSURE

Committee members, as designated employees, shall be required to file Statements of Economic Interest, in accordance with the Government Code.

SECTION X COMPENSATION

Members of the committee shall serve without compensation. However, members shall be reimbursed for expenses incurred in carrying out their duties.

Historical Data:
Committee Established - February 17, 1981
Adopted Charter by Resolution 86-084 - August 5, 1986
Revised Charter by Resolution 02-039 (Rescinding 86-084) - April 23, 2002

City of Benicia POP. 27,163

FINANCE COMMITTEE
MISSION, DUTIES AND STRUCTURE POLICY
Amended November 7, 2008, May 3, 2011

Purpose

The purpose of the Finance Committee shall be advisory to the City Council and shall review financial issues that can be reasonably addressed by the City of Benicia. The Finance Committee shall coordinate with the City Council annually to prepare and approve a work program for the following year. Urgent issues may be authorized for study by the City Council at any regular Council meeting.

Mission Statement

The role of the Finance Committee is to provide citizen input to Council and staff regarding financial policy or process issues including Audits, Financial Budgets (primarily long term), and monthly review of the Warrant Register. In addition, the Finance Committee's role is to help promote citizen's participation and understanding regarding the financial condition of the City.

Duties

1. Annual review of independent auditor selection process with recommendation on which firm to use.
2. Annual review of the Comprehensive Annual Financial Report with recommendations as appropriate.
3. Annual review of the investment policy with recommendations as appropriate.
4. Annual review of independent financial audit with recommendation as appropriate.
5. Review the Long-Range Budget Forecasting Budget Model to determine long-term financial sustainability and make recommendations as appropriate.
6. Quarterly review of the City's Investments and make recommendations as appropriate.
7. Monthly review of financial disbursements (Warrant Register Review Process) of the City to reasonably gauge compliance with established policies and procedures and make recommendations as appropriate.
8. Monthly review of the City's General Ledger to monitor the City's performance against a stated budget and make recommendations as appropriate.
9. Special projects as directed by the City Council, City Manager or Finance Director.
10. Submit an annual work program to the Council for review and approval.
11. Finance Committee recommendations shall be provided to the Council in writing unless otherwise requested by the City Council.

Structure

1. The Committee shall be comprised of 5 members of the public, 2 Council Members and the City Treasurer.
2. Appointed citizens shall be Benicia residents, business owners, or members of Benicia organizations.
3. Members shall be appointed to 4-year terms, with at least 2 member terms expiring every 2 years.
4. Committee members shall elect the Chairperson, who will serve a one-year term, generally July through June to coincide with the fiscal year.
5. Elected liaisons shall be allowed full discussion priveleges but shall not have voting privileges.
6. Staff reports shall accompany agenda items when appropriate.
7. Decisions on agenda items shall be by Majority Vote.
8. Minutes shall be recorded, approved and forwarded to the City Council.
9. The Committee shall meet the 4th Friday each month at 8 A.M. unless otherwise necessary.

POP 12,270

BUDGET ADVISORY COMMITTEE

On March 19, 2013, the City Council established the ad hoc Budget Advisory Committee to assist the Council in evaluating alternatives to maintain a balanced budget through budget reductions, revenue enhancements, or a combination of both. The Committee will consist of up to 11 members plus 2 alternate members, with a term through June 30, 2013. The Council desires to have representation from a wide range of community stakeholders on the Budget Advisory Committee. Individuals interested in being appointed to the Committee by the City Council need to complete and submit the attached application to the City Clerk by 5:00 pm on March 28, 2013. The Grand Terrace residency requirement will be waived for any business committee appointee as long as the business is physically located in Grand Terrace and has a current business license on file with the City. The Council will review all applications at the Council Meeting on April 9, 2013. Appointments will be made to the Budget Advisory Committee for all applicants who are on the selection sheet of three (3) or more members of the Council. To fill any remaining Committee vacancies, the Council will interview applicants at a Special Meeting on April 11, 2013. **All Committee members and alternate members will be required to attend the Fiscal Year 2013-14 Budget Workshop Meeting scheduled for 6:00 pm on April 22, 2013.** The Committee's first meeting will be on Thursday, April 25, 2013 at 6:30 pm in the Community Room at City Hall.

Scope of Work for Budget Advisory Committee

A Budget Workshop will be held April 22, 2013, to present comprehensive financial information and a Budget Stabilization Plan to the City Council, which will include the following components:

- Projected revenues, expenditures and fund balance for the City's major funds for the next five years based on current service levels.
- Additional budgetary considerations that are needed to mitigate financial risk and/or fund future liabilities.
- Options for balancing the budget and addressing any ongoing structural deficit assuming no new revenues are available; i.e., expenditure reductions only.
- Incremental revenues needed to: (1) fund current operations (level 1 funding); (2) fund current operations and mitigate risk (level 2 funding); and (3) fund current operations, mitigate risk and enhance services to the community based on identified Council priorities (level 3 funding).
- Local tax measures that could be utilized to generate additional revenue at the three funding levels identified.
- Action plan leading to adoption of the FY 2013-14 budget in June and potential November ballot measure.

The work scope for the Budget Advisory Committee will be to evaluate the expenditure reduction and revenue enhancement options as presented in the Budget Stabilization Plan and submit a recommendation to the City Council regarding the option(s) that will be best for the community.

BUDGET ADVISORY COMMITTEE

The Committee will be required to provide its written recommendation to City staff by May 30, 2013 so that it can be included in the staff report for Council budget deliberations scheduled for June 11, 2013. It is anticipated that the Committee will need to meet weekly in May in order to meet this deadline.

Budget Information

In response to the economic recession, the City has implemented numerous budget and service level reductions in order to maintain a balanced budget. The most significant of these reductions includes the following:

- Removed Traffic Deputy from law enforcement services agreement.
- Removed Sheriff's Service Specialist from law enforcement services agreement.
- Eliminated Crossing Guard Program.
- Outsourced Parks Maintenance and 2/3 of Finance Department staff.
- Defunded 17.5 non Child Care positions reducing the City employee workforce at City Hall from 29 positions in FY 2009/10 to 11.5 positions in FY 2012/13 (60.3% reduction).
- Suspended employee cost of living adjustments (6 years) and merit increases (5 years); reduced City Hall employee work week from 40 to 36 hours (3 years, 10% reduction in wages); and reduced employee cafeteria benefit by 10% (3 years, City Hall and Child Care employees).

On December 29, 2011, the California State Supreme Court upheld the dissolution of redevelopment agencies. The rapid wind-down of the former redevelopment agency placed additional stress upon the City's budget along with adding extensive reporting requirements and an additional appointed governing body (Oversight Board of the Successor Agency of the City of Grand Terrace Redevelopment Agency) which must review and approve all wind-down activity. The Oversight Board's actions are then reviewed by the State of California's Department of Finance (DOF) and the State Controller's Office. The DOF rejected items in the Successor Agency's Recognized Obligation Payment Schedule (ROPS) for the period of January 1 through June 30, 2013 which negatively impact the City's General Fund budget by $737,848 on an on-going basis. The General Fund is the source of funds for all governmental services except those for which special revenue sources are available. The General Fund budget for Fiscal Year (FY) 2012-13 is $3.67 million.

General Information

There are several items which the Budget Advisory Committee will need to keep in mind as it assists the City Council in evaluating various budget solutions:

- The Committee will be required select a Chairperson to conduct committee meetings.
- All committee meetings will be open to the public and conducted in a manner consistent with the Ralph M. Brown Act. Training will be provided to committee members on this.

BUDGET ADVISORY COMMITTEE

- Members of the City Council or City Staff may attend the Committee meetings.
- The Committee will be required to prepare minutes from its meetings to be submitted to the City Clerk for inclusion on the City Council's agenda.
- The City is a legal sub entity of the State (not the County) and must follow all applicable State and Federal laws/regulations which apply to municipalities including governmental accounting standards which differ significantly from the private sector.
- The City Council is legally required to adopt a balanced budget prior to the start of the fiscal year (July 1).
- Funds legally designated for a specific use cannot be expended other than for that purpose. The General Fund is the only fund for which there is much discretion in how the funds can been expended.
- The proposed budget for FY 2013-14 to be presented at the Budget Workshop meeting on April 22, 2013 will include multiple budget alternatives along with recommendations for establishing reserves. With the dissolution of the City's former redevelopment agency, creating and funding reserves will be a critical component in the fiscal sustainability of the City.
- The DOF is currently reviewing the Successor Agency's ROPS for the period of July 1 through December 31, 2013 and the Due Diligence Review (DDR) for the Successor Agency's funds other than its affordable housing funds. The DOF is legally required to make its determinations on these items in April. It is possible that the DOF may make determinations which could include additional impacts to the General Fund beyond the $737,848 already identified.

CITY OF GRAND TERRACE
APPLICATION FOR BUDGET ADVISORY COMMITTEE

Please complete and submit your application to the City Clerk's Department by 5:00 pm on March 28, 2013. Please note that members of this Committee will be required to complete a Statement of Economic Interest (Form 700) and provide it to the City Clerk to remain on file as a public record.

Indicate in the boxes below if you are applying for appointment to the Committee as a Grand Terrace resident and/or representative of a Grand Terrace business:

Resident ☐ Business ☐

Name:_____

Business Name (if applicable):_____

Business License Number (if applicable):_____

Address:_____

Telephone Numbers (home, business, cell):_____

Email Address:_____

Occupation:_____

Education (list highest year completed and all degrees):

Indicate in the boxes below the evenings you are available for Committee meetings:

Monday ☐ Tuesday ☐ Wednesday ☐ Thursday ☐

Indicate below why you are interested in being appointed to the Committee:

CITY OF GRAND TERRACE
APPLICATION FOR BUDGET ADVISORY COMMITTEE

Indicate below what you consider to be your major qualifications to serve on the Committee:

Provide below there references, indicate whether they are personal or professional references, along with contact information.

1. _____
2. _____
3. _____

Please respond to the following two questions:

1. Can you be objective in your evaluation of tax revenue and non revenue solutions to the City's budget challenges?

2. What is your understanding of the City's financial situation?

Please feel free to provide a written statement containing any additional information you feel would be helpful for the City Council when the Committee appointments are considered.

CITY OF GRAND TERRACE
APPLICATION FOR BUDGET ADVISORY COMMITTEE

Supplemental written statement:

F-3

STAFF REPORT

THE CITY OF
POP 52,554 NOVATO
CALIFORNIA

75 Rowland Way #200
Novato, CA 94945-5054
(415) 899-8900
FAX (415) 899-8213
www.ci.novato.ca.us

MEETING DATE: January 27, 2009

TO: City Council

FROM: Shirley Gremmels, City Clerk

SUBJECT: **CITIZENS BUDGET ADVISORY AND BICYCLE/PEDESTRIAN ADVISORY COMMITTEES RESOLUTION AMENDMENT**

REQUEST

Consider adopting resolution rescinding, amending and restating Resolution 70-07 establishing a Citizens Budget Advisory Committee (CBAC) and 7-08 establishing the Bicycle/Pedestrian Advisory Committee (B/PAC) to allow for an increase in membership.

RECOMMENDATION

Adopt resolution.

DISCUSSION

At the January 13, 2009 meeting, the City Council directed staff to increase the membership for both Committees and appointed members.

Both amending resolutions have language that will allow for a range of three to five members for CBAC and five to seven members for B/PAC in order to give the City Council flexibility. Occasionally not enough members apply for membership in order for all the positions on the Committees to be filled or due to lack of candidates' qualifications or other reasons, the City Council decides not to appoint enough persons to fill all the positions on the Committee. In order to avoid developing a new formative resolution each time a different number of candidates is selected to make up the committee, it is desirable to establish a Committee with ranging memberships. The quorum would be set for each of these Committees at the time of City Council appointment of the members.

ATTACHMENTS

1. Resolutions

NOVATO CITY COUNCIL
AGENDA STAFF REPORT
DATE _____
FILE NO. _____

cc09_017.wpd
1/22/09

A-11

F-3
1.

CITY COUNCIL OF THE CITY OF NOVATO

RESOLUTION NO. _____

RESOLUTION RESCINDING, AMENDING AND RESTATING RESOLUTION 70-07 ESTABLISHING A CITIZENS BUDGET ADVISORY COMMITTEE AND ESTABLISHING A MEMBERSHIP OF THREE TO FIVE MEMBERS

WHEREAS, the City Council approved the formation of a Citizens Budget Committee on May 3, 2005 be disbanded with the City Council's adoption of the FY 2005/06 Budget. Later the City Council agreed that a permanent Citizens Budget Committee should be appointed; and

WHEREAS, at its May 14, 2007 workshop the City Council directed staff to prepare and bring back for Council consideration those documents necessary to change the name to Citizens Budget Advisory Committee (CBAC) and set the number of members from five (5) to three (3); and

WHEREAS, notwithstanding the Council's desire and historical practice to create a committee of a certain number of members, occasionally not enough persons apply for membership in order for all the positions on the committee to be filled. Or, due to lack of the candidates' qualifications or other reasons, the City Council decides not to appoint enough persons to fill all the positions on the committee. Therefore, in order to avoid developing a new, formative resolution each time a different number of candidates is selected to make up the committee, it is desirable to establish a committee with membership ranging from three to five members.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Novato does hereby establish a Citizens Budget Advisory Committee (CBAC), subject to the following.

1. The CBAC shall be a City Council appointed committee.

2. The CBAC shall be comprised of three to five members.

3. The term of each committee member shall be two (2) years.

4. The committee shall elect a Chair and a Vice Chair.

5. The committee shall meet at least quarterly and on an as needed basis.

6. The committee shall be advisory to the City Council and shall have, at a minimum, the following duties:

   - Review existing fiscal policies and/or recommend new fiscal policies to the City Council; including guidelines for the use of fund balances, surpluses and other reserves.
   - Review budget assumptions and budget process.

- Review the City's financial status quarterly.
- Collaborate with City staff to determine long-term financial needs and obligations.
- Collaborate with City staff to review all reasonable strategies which either enhance revenues or decrease expenditures as methods for reducing and ultimately eliminating the structural deficit.
- Collaborate with City staff and the Economic Development Commission to develop, and update as necessary, a detailed economic development strategy designed to enhance General Fund revenues.
- Develop a communication plan which informs the citizens of the City's financial situation and outlines budget options for improved financial health.

7. The committee shall submit an annual report to the City Council during the Budget process.

8. This resolution will take effect on January 27, 2009.

* * * * * *

I HEREBY CERTIFY that the foregoing resolution was duly and regularly adopted by the City Council of the City of Novato, Marin County, California, at a meeting thereof, held on the ____ day of _____, by the following vote, to wit:

AYES: Councilmembers
NOES: Councilmembers
ABSTAIN: Councilmembers
ABSENT: Councilmembers

_____
City Clerk of the City of Novato

RES/4078
1/20/9

CITY OF PIEDMONT

POP 10,889

Resolution 18-12

Creating a Budget advisory and Financial Planning Committee

WHEREAS, in these difficult economic times, the City's budget is under increasing pressure to maintain current levels of service and meet regulatory requirements without additional revenues; and

WHEREAS, it is proper to ensure that tax dollars are raised and spent in a responsible manner; and

WHEREAS, many residents of Piedmont work in varied and diverse professions, including the financial industry, and the City Council desires to gain additional insight on fiscal planning from their expertise in preparing the City's annual budget; and

WHEREAS, the City Council's deliberation on the budget can greatly benefit from a independent, high-level, comprehensive analysis of the City's budget five year projections, possible additional programs, and funding for long term capital, replacement, and facility funds; and

WHEREAS, the City Council's consideration of a budget takes place in a compressed timeframe each year, bounded by the presentation of the budget no later than May 15th of each year and its approval in late June;

NOW, THEREFORE, BE IT RESOLVED, that the City Council creates a Budget Advisory and Financial Planning Committee that shall serve in an advisory capacity to the City Council to help review and project the financial needs of the City; and

BE IT FURTHER RESOLVED, that the committee be charged with the following duties to be completed between the preparation of the budget in April and its approval by the City Council in June of each year:

1. Review the five year projections contained in the proposed budget and provide comment on whether they provide for the long term sustainable financial future of the City.

2. Provide a financial review of any new program commitments and funding sources in excess of $250,000 in any fiscal year.

A-14

3. Review the proposed additions to and expenditures from the following funds and provide comments on whether the proposals meet the long term financial needs and goals of the City.

- Capital Improvement Program Fund
- Equipment Replacement Fund
- Physical Facility Maintenance Fund; and

BE IT FURTHER RESOLVED, that in addition to the above duties, the Committee shall review and provide comment on the Mid Year Budget Report in January and/or February of each year; and

BE IT FURTHER RESOLVED, that the following shall apply to the Committee:

1. The Committee shall be comprised of five members appointed by the City Council. Due to the compressed timeframe of the work of the committee, the Committee chair may be appointed by the City Council, in consultation with the Mayor.

2. All meetings shall comply with the Ralph M. Brown Act (GC §54950 et seq.) including, but not limited to notice and agenda posting requirements as well as public participation.

3. Additional areas of study and/or duties shall only be undertaken with the approval of the City Council, provided that the Committee shall undertake any additional duties and/or areas of study assigned to them from time to time by the City Council.

4. The Committee shall terminate on June 30, 2015 unless the City Council takes action to continue the Committee.

5. The Committee is an advisory body to the City Council and is not an independent decision-making body. All of its recommendations regarding budgetary and financial planning matters are subject to discussion and approval of the City Council.

I certify that the foregoing resolution was passed and adopted at a regular meeting of the Piedmont City Council on March 5, 2012, by the following vote:

Ayes: Chiang, Fujioka, Keating, McBain, Wieler
Noes: None
Absent: None

Attest: _____
John O. Tulloch
City Clerk

AGENDA NO: D-3
MEETING DATE: 9/10/13

Staff Report

TO: **Honorable Mayor and City Council** **DATE: September 3, 2013**

FROM: **Andrea K. Lueker, City Manager**

SUBJECT: **Discussion and Recommendation on the Proposals Received for the Sublease of 307 Morro Bay Blvd.**

RECOMMENDATION

Staff recommends the City Council review the recommendation from the Proposal Review Team and direct staff to negotiate a sublease agreement with Grandma's Frozen Yogurt and Waffle Shop at the Gathering Place, submitted by Lenny A. and Beverly J. Ford-Durrer.

ALTERNATIVES

Staff provides the City Council 3 alternatives:
Alternative 1 - direct staff to negotiate a sublease agreement for the sublease of 307 Morro Bay Blvd. to Grandma's Frozen Yogurt and Waffle Shop at the Gathering Place.
Alternative 2 - direct staff to negotiate a sublease agreement for the sublease of 307 Morro Bay Blvd. to one of the other 3 (active) proposers; The Local Market, Morro Bay Cookie Company or Selah Tea Garden.
Alternative 3 - take no action.

FISCAL IMPACT

There is no fiscal impact in directing staff to negotiate the sublease. .

SUMMARY

On June 11, 2013, the City Council approved a lease agreement that will allow the City of Morro Bay to use the property at 307 Morro Bay Blvd. for a public restroom and open space area. At that meeting, the City Council also directed staff to prepare a Request for Proposal (RFP) for the sublease of the building to a business, with revenue generated from the sublease offsetting the cost of the lease to the City. The RFP was issued which generated the receipt of 5 proposals. The proposals were evaluated by a Proposal Review Team and their recommendation was to award the bid to Grandma's Frozen Yogurt and Waffle Shop at the Gathering Place.

Prepared By: _____	**Dept Review:_____**
City Manager Review: _____	
City Attorney Review: _____	

BACKGROUND

For a number of years it has been a high priority and goal of the City Council to obtain a public restroom in the downtown area. The property at the corner of Morro Bay Blvd and Main Street (307 Morro Bay Blvd) has been vacant for approximately one year. The building currently has a handicapped approved bathroom that, with slight modifications, can be readied for public use. Under Council direction, the City negotiated a lease agreement with the property owner, allowing for the use of the restroom for a period of 5 years with an option for a 5 year extension. The lease also contains a clause that should the owner decide he wants to sell the property, the City has a right of first refusal to purchase the property. Upon acquiring the lease on the property, the City Council directed staff to issue an RFP for business proposals to occupy the facility and operate, maintain and make available the restroom to the public.

DISCUSSION

An RFP was issued on July 9, 2013, a pre-proposal meeting and site walk-through was held on July 23, 2103, questions on the RFP were due on July 26, 2013 with responses posted on the website on August 6, 2013 with the final RFP due date of August 15, 2013. A Proposal Review Team (Councilmember Nancy Johnson, Councilmember Christine Johnson, City Attorney, City Manager and Chamber CEO) was convened and met on August 29, 2013 for an initial review of the proposals. Five proposals were received and included Grandma's Frozen Yogurt and Waffle Shop at the Gathering Place; The Local Market - a community market with local produce, good and services; Morro Bay Cookie Company; Selah Tea Garden; and, Jaffa Café Express (which was subsequently pulled from consideration by the proposer). The Proposal Review Team rated each proposal on the selection criteria contained in the RFP which included the following:

1. The Proposal complies with the Request for Proposal;
2. Overall quality of the conceptual design of the facilities, overall site plan and maximum utilization of site square footage (building and vacant area), and maximum benefit to the public;
3. Proposed lease terms including specific hours that the restroom facility shall remain open to the public and a maintenance schedule;
4. Proposers financial strength and current relationships with financing sources, and demonstrated ability to finance the proposal through to completion; and
5. Overall proposer and team qualifications and experience in similar projects.

Based on the initial review, the Proposal Review Team asked 3 of the applicants to make a verbal presentation to the Review Team on September 3, 2013 after which, the unanimous recommendation from the Review Team was to award the bid to Grandma's Frozen Yogurt and Waffle Shop at the Gathering Place. Attached to the staff report are the 5 proposals received with the exception of the confidential financial information.

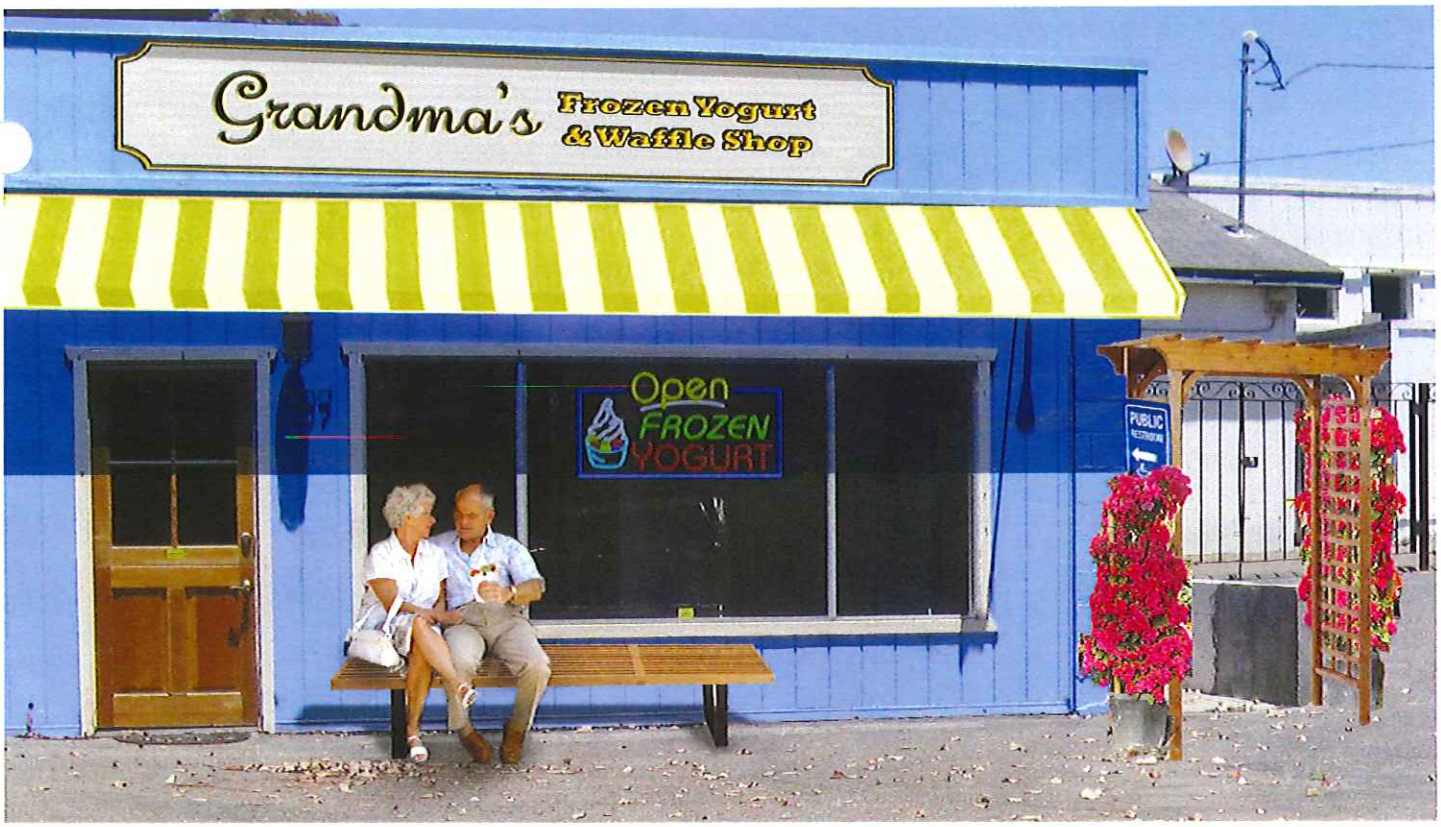
CONCLUSION

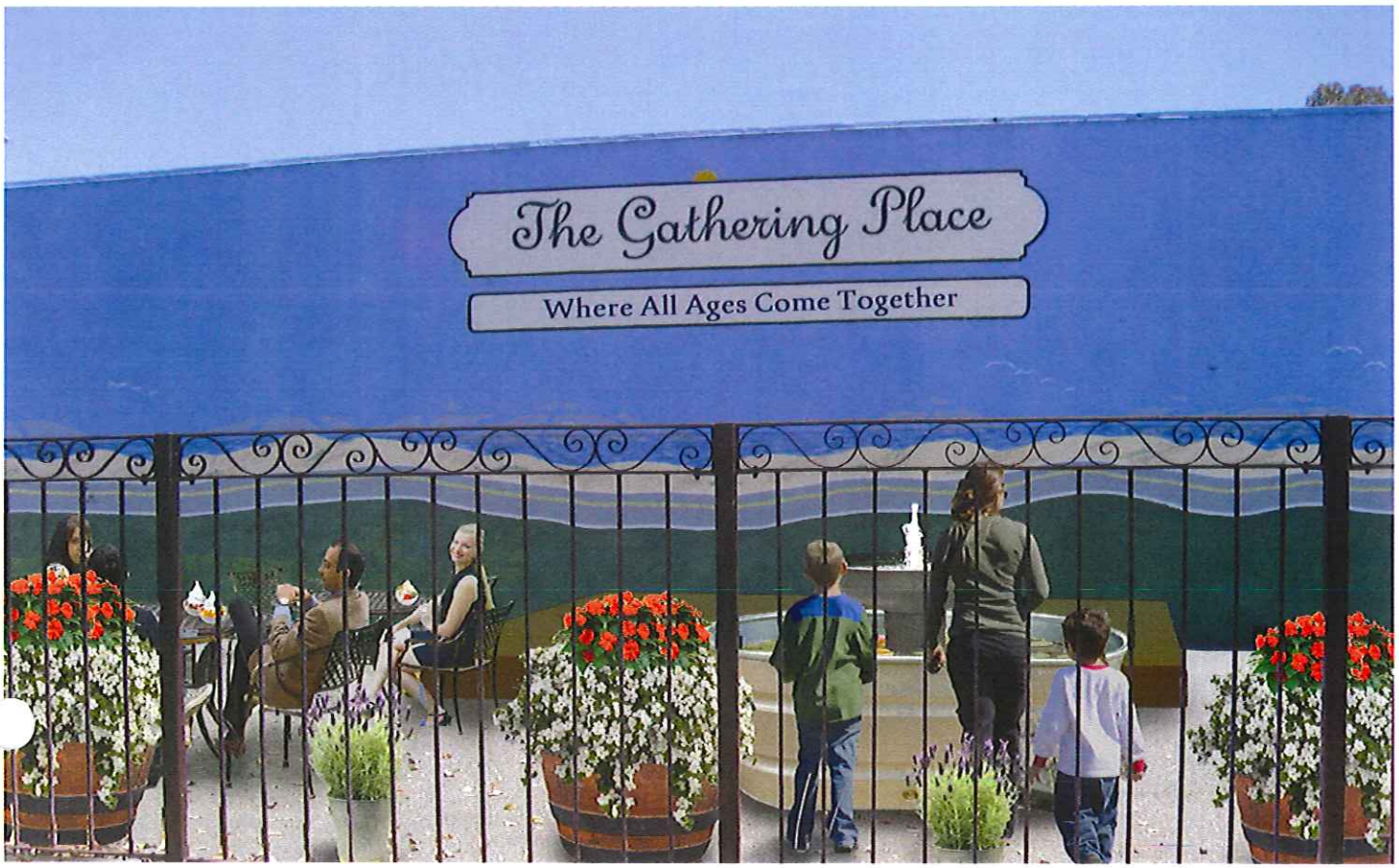
Staff recommends that Council follow the Proposal Review Team's recommendation and direct staff to negotiate a sublease of 307 Morro Bay Blvd with Grandma's Frozen Yogurt and Waffle Shop at the Gathering Place, owned and run by Lenny A. and Beverly J. Ford-Durrer.

GRANDMA'S FROZEN YOGURT & WAFFLE SHOP
at
"THE GATHERING PLACE"
Where All Ages Come Together!

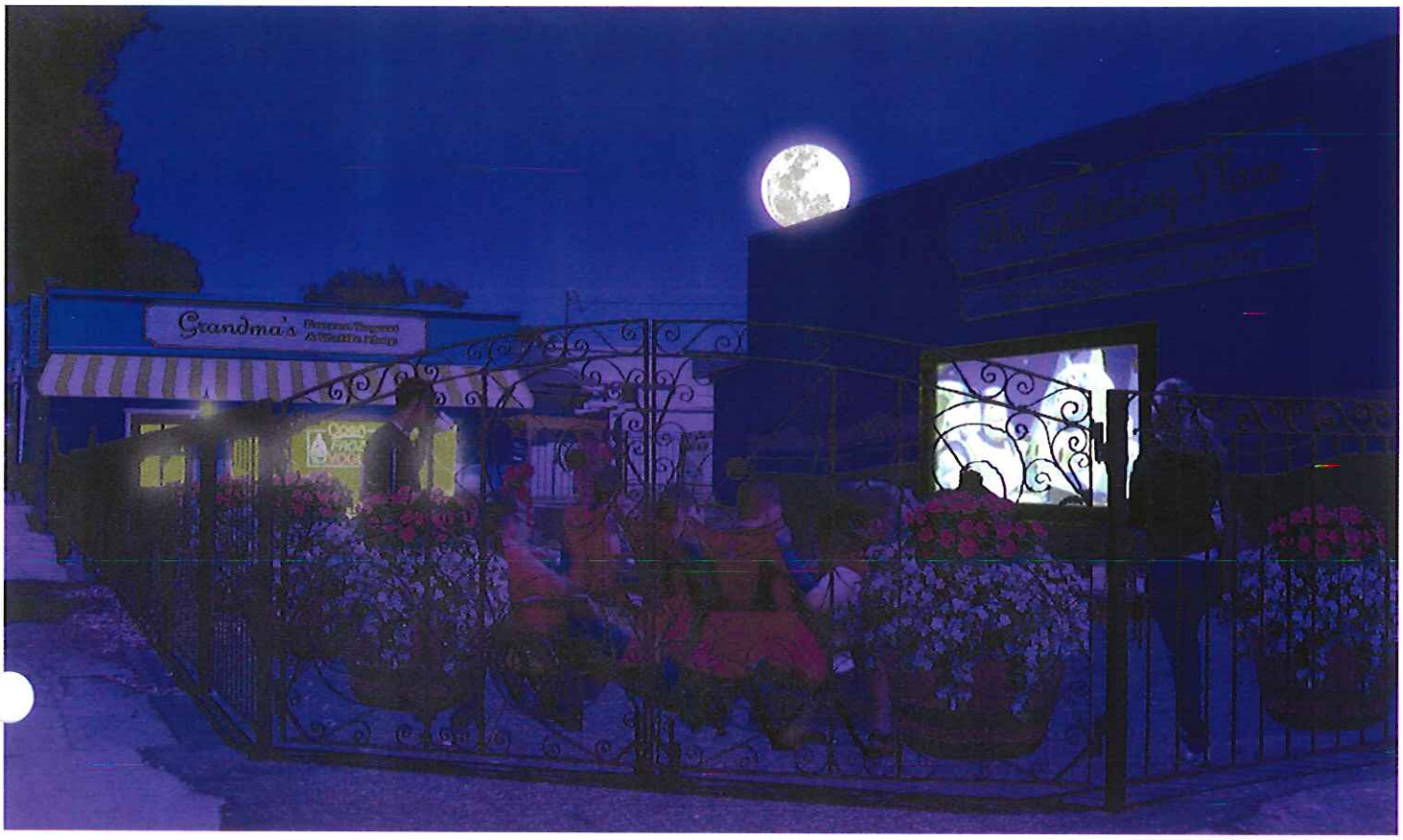
Lenny A. and Beverly J. Ford-Durrer, Co-Owners

Proposal Presented to the City of Morro Bay
To Sub-Lease Property Located at:
307 Morro Bay Boulevard
Morro Bay, California 93443
August 15, 2013


Grandma's
Frozen Yogurt
& Waffle Shop
Open
FROZEN
YOGURT
PUBLIC


The Gathering Place
Where All Ages Come Together

The Gathering Place
Where All Ages Come Together
The Gathering Place
Landscaped and maintained by:
Morro Bay Guerrilla Gardening Club


Grandma's

APPLICANT:

GRANDMA'S FROZEN YOGURT & WAFFLE SHOP
at the
"THE GATHERING PLACE"
WHERE ALL AGES COME TOGETHER!

Lenny A. and Beverly J. Ford-Durrer, Co-Owners

PROPOSED SUB-LEASE SITE:

307 Morro Bay Boulevard, Morro Bay, California 93443

PROJECT SUMMARY OF THE BUSINESS:

It is proposed that the owners of **"Grandma's Frozen Yogurt & Waffle Shop,"** Lenny and Beverly Ford-Durrer, and Beverly J. Ford, "Grandma" will occupy the building located at 307 Morro Bay Boulevard, Morro Bay, California. A Project Startup and Business Timeline has been developed to address the overall concept of the business plan. (Attachments-Exhibit A) The business proposes to sell frozen yogurt, specialty waffles, and non-alcoholic beverages. This business strives to be ecologically responsible by using recyclable containers and utensils when feasible (Attachments-Exhibit B) provide recycle receptacles for discarded products; and serve healthy Honey Hill Farm's Frozen Yogurt products with REAL yogurt culture and probiotics. There will not be any cooking, baking, or frying in the building. A commercial waffle iron for creating REAL, healthy waffles and fresh fruit has been purchased. For instance, the six waffle choice menu includes a granola batter waffle called "Surf's Up" which consists of sliced banana, and a choice of frozen yogurt. This, and other specialty waffles, along with healthy yogurt creations will be available throughout the day as patrons enjoy "The Gathering Place" being created in the courtyard.

This multi-use property will be a welcoming addition to the downtown area esthetically, as well as serve as a downtown public bathroom facility. The courtyard, which will be known as "The Gathering Place," will serve as a beautification project for the downtown area, offering many opportunities which will benefit the community year-round. Several downtown merchants and groups have offered "in-kind" services to take this concept to fruition. The **"Grandma's Frozen Yogurt & Waffle Shop"** owners have worked with Mr. Taylor Newton, owner of Newton Cultivation and advisor to "The Morro Bay Guerrilla Gardening Club" and Cal Poly graduate landscape architect, Ms. Darlene Rappaport, to create landscape designs provided throughout this proposal. Mr. Newton and the Gardening Club members have agreed to provide year-round maintenance for this community-wide effort.

Local musicians and business owners in the community have offered to create and build a small, moveable stage with an ADA compliant ramp for outdoor performances, educational forums, movie night, and other potential community activities. (See Non-Profit Concept—It Takes a Community, page 3) The Morro Bay High School Music Booster Club President, Debbie Clark, has endorsed the concept presented in this bid stating that they no longer have funds and that they welcome fundraising efforts throughout the year, as well as a regular venue for performances. She estimates that well over 300 members (young musicians in the community) will benefit by this effort.

This multi-use property will draw patrons to the business and help sustain it, as well. The owners have already complied with the Fictitious Business posting mandates (Attachments-Exhibit C); are new members of the Morro Bay Downtown Merchants Association; have an open business checking and financial credit card/debit account; have an established working relationship with distributor, Larry Ross from "Honey Hill Farm's Frozen Yogurt" and other companies prepared to deliver products needed on a timely basis. (Attachments-Exhibit D) The owners have attended special yogologist training classes in preparation for the opening of their business. In addition, they have worked closely with the County of San Luis Obispo Environmental Health Services Inspector, Mr. Denny Brewer, who has guided them through the initial stages required for county approval. They have estimates from contractors who are now prepared to start work immediately to upgrade electrical supply and plumbing needs. The **"Grandma's Frozen Yogurt & Waffle Shop"** owners can move forward in a timely manner if the bid is accepted and approved. Upon confirmation of the bid acceptance, the owners will apply for proper permits and site approval by the City of Morro Bay Planning Commission preparing for planned upgrades, approval by the County of San Luis Obispo Environmental Health Services following the upgrades, and a Morro Bay business license. Owners are proposing a lease agreement of $800 per month for a 5-year lease option offered by the City of Morro Bay. It is anticipated that it will take 6-8 weeks and the business will be open and profitable.

NON-PROFIT CONCEPT – *It Takes a Community!*

The Courtyard at the corner of Morro Bay Blvd. and Main Street will serve multiple functions bringing to life the property, located at the center of Old Town Morro Bay. The owners of **"Grandma's Frozen Yogurt & Waffle Shop"** worked with the "The Morro Bay Guerrilla Gardening Club" advisor, Taylor Newton of Newton Cultivation in creating a fundraising concept which will benefit local non-profits. Mr. Taylor and club members will cultivate, provide, and maintain plants for sale throughout the week with plant sales going directly to the club in order to be self-sustaining throughout the year. It is agreed that 50% of plant sales during scheduled fundraising events will go directly to the non-profit event being hosted, with the remainder going to the "Morro Bay Guerrrilla Gardening Club." An MOU will be created outlining the beautification of the corner courtyard which involves engaging members of the "The Morro Bay Gardening Guerrilla Club." Mr. Newton has created a model landscaping plan (Attachments-Exhibit E) and has agreed to provide on-going seasonal holiday creations and replacement plants following sales throughout the week. The fund-raising efforts will be on-going in order to foster their efforts, and to enhance our community and help sustain non-profits which provide needed services to those living in Morro Bay. All work and materials, including plants, will be delivered, cared for, and replaced regularly throughout the year.

The corner courtyard will serve as a seasonal display for the downtown merchants which will also be created and maintained by the club members throughout the year upon approval by the owners of **"Grandma's Frozen Yogurt & Waffle Shop."** For example, it is anticipated that the first downtown merchant celebration, if the bid is selected, will include hay stacks, pumpkins, and scare crows which will adorn the *Grandma's Frozen Yogurt & Waffle Shop Courtyard* to be more commonly known as "The Gathering Place" with a fundraiser being held for all to enjoy the first Friday of every month. The fall harvest, Halloween theme will transition into upcoming holiday and seasonal themes for the downtown merchants and their patrons to enjoy year-round.

Mentor and advisor to the Morro Bay Guerrilla Gardening Club, Taylor Newton states,

> The Guerrilla Gardening Club is a 5O1C3 Non-Profit Organization created and founded here in Morro Bay. Our Club has developed a design plan to work with "Grandma's Frozen Yogurt & Waffle Shop at The Gathering Place" located at 307 Main Street, Morro Bay, CA. We intend to provide landscape design, maintenance, and sales. We will offer our supplies & services in return for plant & merchandise sales, as well as possible job placement for our Nonprofit Educational Program members. Our Club adds new members every month. It is our mission to move them through our program into sustainable lives and employment. Please consider our support and participation in your consideration of "Grandma's Frozen Yogurt & Waffle Shop" in leasing 307 Morro Bay Blvd., Morro Bay, California."

The owners have been looking to secure a location to establish their "Grandma's Frozen Yogurt & Waffle Shop" business, in addition to offering a gathering place for holding non-profit events through yogurt tastings on a monthly basis. Non-profit organizations will be encouraged to complete an application in order to hold an event. They will be provided enough time to announce their fundraiser in newsletters and to place information in the local public events calendars, utilizing social/public media outlets, if desired. A decided percentage of "yogurt tasting" sales, activities, and garden proceeds will benefit the organization chosen that month, depending on the event planned.

During regular hours of operation, the courtyard will serve as a "Gathering Place" for all ages to enjoy the downtown area. Complimentary board games and special activities will be available. Individuals of all ages will have a chance to perform acoustic music on the stage being built by musicians on a volunteer basis. The moving stage can accommodate other activities such as special announcements and performance activities. All activities will be confined to within the gated enclosure, and comply with noise and curfew ordinances established by the City of Morro Bay. It is expected that these activities will occur as described in this proposal, and on an occasional basis with the owners securing the appropriate permits required by the City of Morro Bay. Strict youth curfew laws will be adhered to as well.

"THE GATHERING PLACE" OFFERINGS

The **"Grandma's Frozen Yogurt & Waffle Shop"** owners agree to provide the following:

A BIKE RACK will be readily available for those shopping at the downtown businesses, encouraging environmentally healthy options for travel to and from various vacation and sightseeing locations, including the Morro Bay State Park, RV Parks, and motel locations throughout the area.

GARDEN CLUB STORAGE AREA: Owners will provide an outdoor locked storage area for the Guerrilla Club garden supplies. The club will work with the owners to ensure safety and cleanliness.

BOARD GAMES/SPECIAL EVENTS DAYS & NIGHTS: (depending on the season) "Gathering" opportunities will be offered to generations of all ages, with special days and times set aside. For instance, chess, checkers, dominos, and other NON-ELECTRONIC games will be encouraged. Special events will include activities such as pumpkin carving demonstrations, with other downtown merchants welcomed to participate in sharing their talents throughout the year.

CLUB ACTIVITIES: The creation of several clubs has already been suggested where local residents and visitors will experience healthy hobby options. For example, a Lego Club for all ages, beading, and other handcraft clubs, a pinnacle card game club, along with other card and board games identified and approved by the owners.

"FIRST FRIDAYS" MOVIE NIGHTS UNDER THE STARS: G Rated Movies & Silent Film Night (Adhering to the "License to Broadcast Regulations") – The mobile performance stage will serve as the setting for scheduled movie nights, weather permitting. Donations from some events will go towards a non-profit, depending on the chosen activity. Upon discussion with the local Fire Marshall, Tom Prow, there are safe outdoor heaters for patrons to gather around comfortably. The owners will work with the Morro Bay fire department to ensure safety in regards to the number of guests allowed at events within the courtyard as planned throughout the year.

YOUNG PEOPLES MUSIC: The Gathering Place will host young adult opportunities for upcoming generations of musicians and entertainers to perfect their stage performance. Many of our local musicians and instructors have donated time to help our young people master their instruments, stage presence, and gain self-confidence in performing live. This courtyard venue will provide them a place to learn and grow their talent. Specific regulations and policies will be distributed and signed prior to performing which will help clarify expectations, and keep efforts organized and successful. Strict adherence to event curfew ordinances within the City will be adhered to, along with sound limits during all evening performance times. It is anticipated that fundraisers and special events planned for the courtyard will end by 8:00 p.m., possibly later depending on the event. If applicable, owners and courtyard use partners will secure the necessary one-time events permit by the City of Morro Bay for special events.

SATURDAYS FARMER'S MARKET, "TUNES FOR TIPS": Young musicians from Morro Bay High School and Los Osos Middle School will be invited guests each Saturday, as requested and when available, just prior to the Farmer's Market opening until closing time. Debbie Clark, President of the Morro Bay Music Booster Club, explained that all tips earned each Saturday will be placed into a joint account used for ALL young musicians to benefit from throughout the year. This will be handled directly by the coordinators, booster club officials, and music teachers which split their time between both schools. Other schools in the immediate area with music programs will also be considered.

SUMMARY: The owners will provide a combination of a superior "real cultured" frozen yogurt and waffle shop; an ADA approved public bathroom; and a welcoming gardenlike courtyard. The owners trust that their business concept described within this proposal will offer locals, visitors, vacationers, and downtown shoppers a warm and family friendly experience which will enhance and benefit the entire downtown merchant and business community.

PROPOSER QUALIFICATIONS AND EXPERIENCE IN SIMILAR PROJECTS:

Dr. Beverly J. Ford-Durrer has years of experience of successful program development, proposals and grant writing experience, before retiring to the community five years ago after working 27 years as an administrator in higher education in Northern California. She served as a board member and one of three grant writers for the successful implementation of the Community Partnership agreement in Butte County where she worked with other professionals bringing non-profits and for-profits together for "in-kind services" in order to create services for youth and their families.

As a licensed psychologist working with businesses, organizations, families, and individuals, Beverly recognized a need for a gathering place for all ages to benefit within the Morro Bay community. She is owner of the Central Coast Employee Assistance & Counseling Services Center, providing consultations to business owners and their employees. In addition, she provides clinical supervision for six psychological assistants and marriage and family therapist registered interns, all of whom provide low-cost counseling services to families in Morro Bay, San Luis Obispo, Paso Robles, and other nearby communities through her business. She also provides counseling services two days a week from her Morro Bay office. Parents often consult with Beverly about alternatives to the electronic world for their children and young adults. The owners proposed use of the property will provide some healthy alternatives for the local youth and families as outlined in this business concept.

Beverly worked for many years in her parent's deli-grocery store where all ages gathered to share experiences. She is well trained, educated, and experienced in business and marketing concepts, as well as meeting public needs via cooperation, coordination, and community fundraising. It is how she met her husband, Lenny "Blue" Durrer, who is co-owner of Grandma's Frozen Yogurt and Waffle Shop. She invited him to share radio time with her as they raised funds for Breast Cancer Awareness month, where he eventually volunteered to help her coordinate the dinner/dance event at the Holiday Inn in Butte County.

Beverly's family members were frequent vacationers to the Morro Bay community since childhood, where family reunions, special holidays, and other special celebrations were enjoyed. She is looking forward to contributing to the local community via the family owned business proposed.

Co-owner, Lenny Durrer, known professionally as Entertainer/Musician "Lenny Blue" in the Morro Bay Community, has years of experience with non-profit organizations such as the United Way, Cancer Relay for Life, Breast Cancer Awareness Month, and with other public functions utilizing his professional expertise in the live entertainment industry along with his multi-media production and broadcasting skills. Lenny also worked in the food service business while putting himself through college.

Lenny owned for over 10 years a government access video/audio documentation service based in Butte County. He contracted with several agencies including Butte County Board of Supervisors, the County Planning Commission, and County Social Services documenting County-wide Town Hall Forums for the California Welfare to Work Act.

He also contracted with the Oroville City Council and the Paradise Town Council providing taping of weekly and monthly meetings for broadcast on Government-Access Cable Television. Lenny worked at KNVN-NBC/KHSL-CBS TV in Chico, California for three years with the Evening News Broadcast Production Team as a Studio Cameraman, News Story Video-Editor, and as the Evening News On-Air Audio Engineer. Lenny also worked at Butte/Glenn Community College in the Distance Learning Department and at the BCTV Station for over 10 years, broadcasting, directing, programming, and producing live and recorded College Classes along with supervising and training numerous work-study students in his area of expertise.

Lenny volunteered to assist in installing and upgrading Christmas Lights in Downtown Morro Bay in conjunction with the Morro Bay Chamber of Commerce during his first year of retirement from Butte Community College, and from his media and broadcasting career. In 2010 Lenny volunteered with the Morro Bay Cancer Relay for Live Event helping book the live music performers as well as performing for the event.

Lenny remains actively involved locally. For the last four years he has recruited local area musicians in the Morro Bay community to donate their time and talent at the annual "Fast Eddie Ewing Memorial Benefit & Live Music Revue" held at and in partnership with Tognazzini's Dockside Restaurant, with all funds raised donated to Woods Humane Society. Lenny also coordinates an all-day musical revue fundraiser featuring local talent in partnership with Tognazzini's Dockside Restaurant. This fundraiser is an annual benefit to help financially support the Morro Bay 4th of July fireworks display in cooperation with the non-profit organization, the Morro Bay 4th of July Committee.

During his "Yogologist" training class, as he learned about the yogurt business, he created a smile on everyone's face as he marketed his own creation which will be featured on one of the specialty waffles when the business opens!

This family owned and operated business concept has been looking for a "home" for their frozen yogurt and waffle shop and "The Gathering Place" in the Morro Bay area for almost three years. They feel it is a perfect opportunity to fulfill the needs of the downtown merchants, beautify the corner, contribute to the community, and earn a living as a viable member of the Morro Bay community.

PUBLIC BATHROOM

The overall project will include a review of the existing side and front door entrances and the side door entry ramp by the City of Morro Bay, per ADA requirements for access and use. It is understood that there are several design details which will need to be addressed by the City of Morro Bay Planning Department.

"Grandma's Frozen Yogurt & Waffle Shop" owners have designed a welcoming, easy access entrance per plans submitted for consideration. Owners envision installing a hands-free soap dispenser, hands-free hand dryer, and a multi-toilet paper holder. DAILY maintenance cleaning will be done during business hours by owners and its employees utilizing a periodic checklist requiring initials to confirm compliance, with a thorough DAILY cleaning at the end of each business day. (Attachments-Exhibit F)

A personal consultation with seven businesses in the downtown area, where their bathrooms have served as an informal public bathroom, was completed this past month. It was determined that their bathroom facilities are being used by non-patrons, including those working during the farmer's market and other special events held downtown at a rate between 10-30%. Based on these discussions, it is estimated that costs of $20/day for proper cleaning and maintenance including materials and cleaning supplies is equivalent to $600/monthly total for year-round needs, understanding that many of the days/weeks/months will have heavier use and needs vs. the slow seasons experienced in the downtown area. Some of these merchants proudly provided green product line commercial contacts recommended in order to comply with coastal town conservation efforts. It is the intention of the owners to provide an eco-friendly business and public bathroom limiting what is sent to the landfill, as well.

PUBLIC ACCESS: Bathroom will be available to the public during regular business hours. Following extensive discussions and review of downtown merchants including posted open/closed signs in windows, it was determined that the majority of downtown merchants open their doors for business between the hours of 10:00 a.m. to 5:00 p.m., with some opening/closing earlier and later, depending on their retail business. Calls and visits to local motels, both privately and corporate owned establishments consistently identified the high season as the months between April through September, with the low season months being between October through March. It is anticipated that the **"Grandma's Frozen Yogurt & Waffle Shop"** during high season will be open six to seven days a week; holidays with the option/exception of New Year's, Easter, Christmas, and/or other major holidays where businesses in general may be closed. The owners will work with the Morro Bay Downtown Merchants Association to confirm low season business days and hours, in considering public bathroom needs for the City of Morro Bay downtown area. Due to the nature of the business and the goals described throughout this proposal, general business hours will be 9:00 a.m. – 6:00 p.m., with extended hours as described above and during planned special events in the courtyard such as monthly fundraising efforts, and when the courtyard is scheduled for special social events throughout the year. If needed, owners will comply with permit needs required by the City of Morro Bay prior to holding a special event.

SIGNAGE: The owners propose painted signage on the front and west side of the 440 sq. ft. building; painted signage designating the courtyard as "The Gathering Place," and small sign attachments to the gated enclosure per graphics.

PARKING: The business is one of mostly take-out, or visiting in the courtyard enjoying the activities planned throughout the week. Parking will be manageable during the day-to-day operations because many patrons will walk or bike from their chosen motels, businesses, or homes in the downtown area as they also do to enjoy the weekly Farmer's Market, car shows, street fairs, and other special events planned by the Morro Bay Downtown Merchants throughout the year.

SPECIAL COMPLIANCE REQUEST: As mentioned earlier, owners would like a consultation with the City of Morro Bay's Planning Department to confirm that all interior and exterior doorways and thresholds comply with ADA and wheelchair access code requirements. There is a tiled "lip" to the entrance of the bathroom which may need to be smoothed, and other landlord maintenance trip and fall issues to be corrected. In addition, owners would like to explore the possibility of constructing a short, solid interior wall between the business and the public access via the side entrance to better secure the business portion of the building.

TENANT IMPROVEMENTS REQUESTS TO OWNER VIA CITY OF MORRO BAY: Four upgrades are being requested at this time, if the bid is accepted. In order to accommodate electrical power needs, the owners of **"Grandma's Frozen Yogurt & Waffle Shop"** will need an upgrade completed by PG & E from 100 amp service to 200 amp service. The County of San Luis Obispo Environmental Health Services requires installation of a floor sink for all grey water; and an electric hot water heater installed for the washing of utensils and other cleaning needs. Manufacturers of frozen yogurt machinery recommend installation of an exhaust fan the size of a port hole in the back wall for ventilation of the heat generated by yogurt machinery. Authorization is requested to do so, upon approval of bid.

Request for Proposal

A. **Proposer Information**

1. **Identification.**
   The proposed business for the site at 307 Morro Bay Boulevard is Morro Bay Cookie Co., owned and operated by Carrie Raya.
2. **Experience.**
   I am a resident of Morro Bay, have started my family here, and would very much like to develop my business here. Morro Bay Cookie Co. is a small business I own which I operate under the Cottage Food Act in California that allows me to bake out of my home and distribute the baked products to third party retailers. I currently sell the products at Morro Bay Market, (Ben and Fred Akkari, owners (772-8543)), Sunshine Health Foods (Greg Barnard, owner (772-7873)), Bottle Liquor (Nick Gonzalez, manager (772-8474)) , and the Mobil gas station (Joel Anderson, manager (772-1660)). Under this law, I am not allowed to have any signage outside of my home, cannot have any direct sales out of my home and must package all products according to the specifications of the act. Therefore, I am in need of a store front which allows me to sell my product directly to consumers without having to utilize a third-party retailer. With this store front, I will also be able to advertise my business to help it grow.

   I have also been very involved in managing businesses, like the one being proposed, in the past. One such business was Utopia Bakery in San Luis Obispo, California. As manager of the bakery, I took part in many business decisions, including hiring employees, creating new signage, directing catered events, maintaining stock of perishable and dry goods, totaling daily gross earnings, and overseeing everyday duties of the bakery's employees. The owner of the bakery was Kees Docter (kdocter107@aol.com). Another business was Starbucks located in the University Union at Cal Poly State University, one of the busiest Starbucks in the nation. I was the assistant manager there and assisted the manager in all daily maintenance activites, including training new employees, ordering perishable and dry goods from both the campus warehouse and Starbucks, ensuring customer satisfaction through excellent customer service and quality control, and creating a work schedule for 12-15 employees (Lori Raissipour (756-1265)).

3. **Financial Data.** [redacted]

[redacted]

[redacted]

4. **Prior Financing.** [redacted]

B. Proposal Narrative

1. **Narrative.**

Many people come to Morro Bay thinking they are coming to a warm California beach town. They come dressed in shorts and t-shirts, flip flops and sarongs, ready to soak up the sun. Little do they know, Morro Bay is anything but the typical Southern California beach. Nobody informs them that they will need a parka and scarves instead of their beach towels. After a day walking around outside and enjoying all the shopping, wildlife, and scenery Morro Bay has to offer, what most people really want to do, including myself, is to warm up and enjoy something comforting and satisfying. As a cozy bakery, Morro Bay Cookie Co. will offer just that: a quaint environment featuring sweet treats, fresh baked bread, and homemade hot chocolate will put Morro Bay Cookie Co. on the map as a must-visit destination, whether it be in the fog or on one of our beautiful sunny days.

Also, for those who are fortunate enough to live in this beautiful place, a corner bakery is a must in any town. Morro Bay Cookie Co. will of course be benefitted by the tourist industry, however, it will be the locals that will keep it thriving during the off-season and throughout the year. The bakery will feature cookies as a signature offering, including original recipes for S'mores, Walnut Toffee Chocolate Chip, Peanut Butter Cup, Red Velvet, and Italian Cream cookies, just to name a few, with many vegan and gluten-free choices, as well. Muffins, scones, and cheesecakes will also be sold. We will also be proud to feature fresh-baked bread from an established wholesale bakery in San Luis Obispo – Back Porch Bakery, owner Dan Berkeland. This bakery will offer a variety of bread choices, including baguettes, olive bread, blue cheese walnut bread and Dutch crunch bread. We will also feature

a made-from-scratch hot chocolate that will pair perfectly with a sweet treat. Coffee from a local roasting company, tea, milk, juice and sodas will also be available.

The proposed plan for the site is to utilize the indoor space as a store front for the Morro Bay Cookie Co. Everything will be baked off-site at a bakery in San Luis Obispo on Prado Road (the same bakery Back Porch Bakery uses), and the products will be delivered daily to the site at 307 Morro Bay Boulevard. The proposed hours will be from 7 a.m. to 9 p.m. The restroom inside the site will be available to the public during those hours. A schedule of cleaning and maintaining the restroom daily will be enforced with the closing staff person.

2. **Design.**

The vision for the interior of the store will be as follows:

1. Cabinets and counter space added along the wall opposite the front door.
2. A dishwashing sink, hand-washing sink, refrigerator, and countertop oven (for warming cookies) will be added along the wall.
3. A display case will be installed just opposite the front door, and a counter top that houses a cash register, as well.
4. A small refrigerated beverage case will be installed.
5. Three small bistro sets will be placed along the wall with the window.
6. The interior will be painted a combination of colors, including pastel yellow, light turquoise, and clay red.
7. A menu board will be installed along the wall opposite the front door (For examples of the interior of the store, see following pictures.).

The exterior space provides a rare opportunity. The plan for the space involves transforming it into a courtyard-like setting, similar to a downtown plaza in many European cities. It will offer plenty of eating space, as well as a kids' corner, a moveable stage and room enough to hold events and gatherings for those who want to rent a space for parties, meetings, or even a small wedding. These plans will take some time to execute and the estimated date of completion will not be until January of 2014.

The plan for the exterior space is as follows:

1. A small wheelchair-accessible patio will be constructed using deck material at the entrance of the store. Three sets of tables and chairs will be placed there.
2. A large patio area with stone pavers and moss as the grout will be installed, covering the rest of the paved area.
3. Within the first 6 months, a floating deck will be constructed and will be moveable, thus functioning as a sitting area, a stage, a display area for presentations or exhibitions, or a dance floor for events.

4. The exterior of the building will be painted a clay red color, with a yellow sign and light turquoise lettering:

5. The large brick wall will be painted a single color, with signage on it as well, but will be an exhibition space for waterproof canvas art. Anyone wanting to display their pieces will be able to display them, within certain parameters, either for show or for sale. A schedule will be developed.
6. Three raised beds will also be installed, one housing succulents and sand to double as a sand box for kids. The beds will be 1.5 feet tall, 2.5 feet wide and 4 feet long. The sand box will be just high enough for a child to stand up and play in. The other beds will feature decorative plants.
7. An awning will be constructed on the large wall that will have a slatted roof to provide shade on sunny days. It will not cover the entire wall, but about half of the wall (see attached plan).
8. Space heaters will be available as needed.

Local musicians will be showcased on the stage during the weekend. Various artists will be encouraged to perform during the Saturday afternoon farmer's market and perhaps on Sunday afternoons for an acoustic performance. The stage can also be utilized anytime during the week to give demonstrations, such as a lesson on baking bread, painting a portrait, designing mosaic work, or brewing beer, and story time for the kids, etc. The purpose of the outdoor space will be to enhance the sense of community in Morro Bay. It is a wonderful opportunity to use the large space to make an inviting, comfortable place for people, both in the community and those visiting, as well, to come and enjoy a morning or afternoon among friends and family while having an exceptional treat. An added bonus is that the space is large enough to host a small gathering; for instance, an outdoor meeting. Tables and chairs can easily be brought in for a company party or a family get-together. A wedding reception would be so beautiful in an old-world-feeling venue, such as the one Morro Bay Cookie Co. will create.

C. **Terms of Use**

The proposed rent for the site will be $900 for the first six months, to help cover start-up costs, and then $1200/month thereafter.

D. **Schedule**

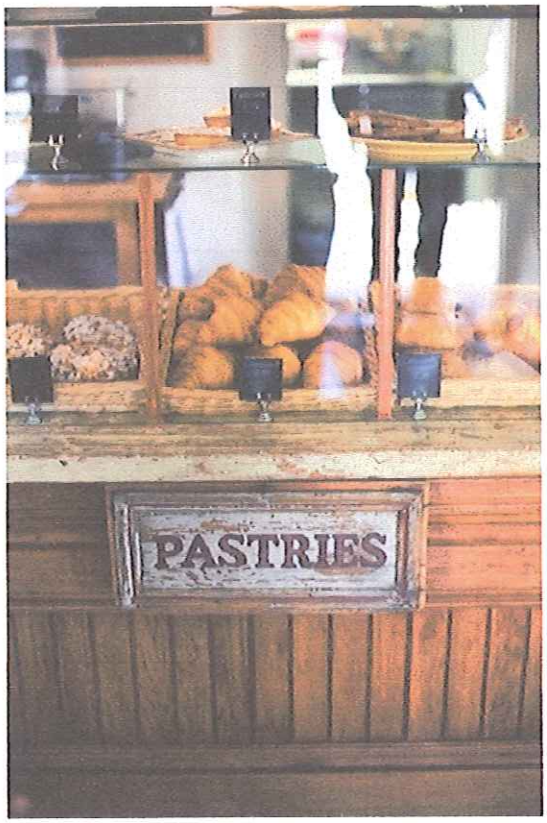
The initial phase includes completion of the interior of the store, painting the exterior of the store, as well as completing the deck just outside the front entrance within the first month following approval of the site. The second phase will include completing the rest of the elements for the exterior of the site by the end of the year, 2013.

An example of the lounge area on the floating deck.

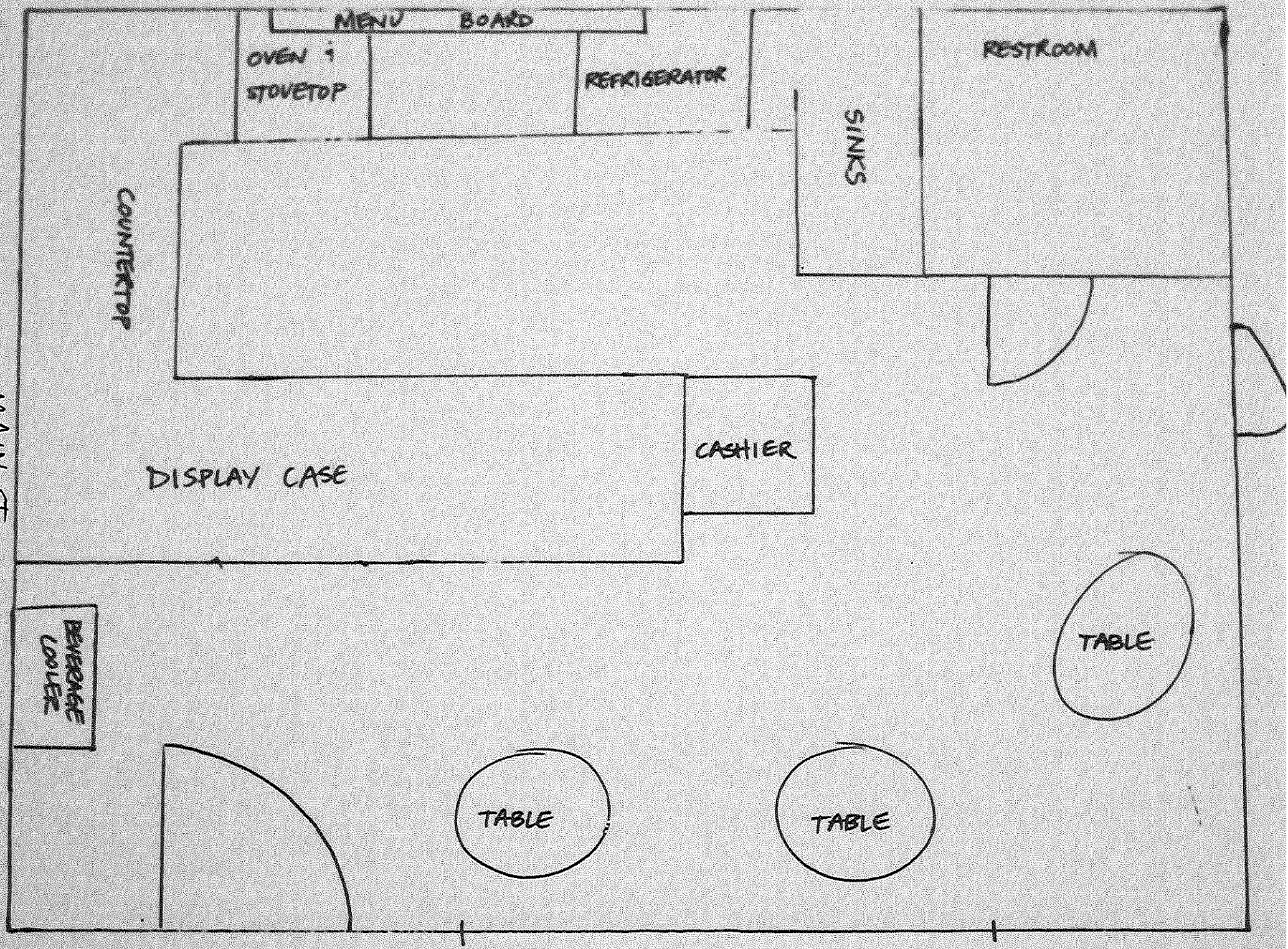
An example of the awning along the large wall.

An example of the stone pavers that will cover the paved area.

An example of the cabinetry of the interior of the store.



An example of the display case used for the baked goods. (The cabinetry will be white).


MENU BOARD
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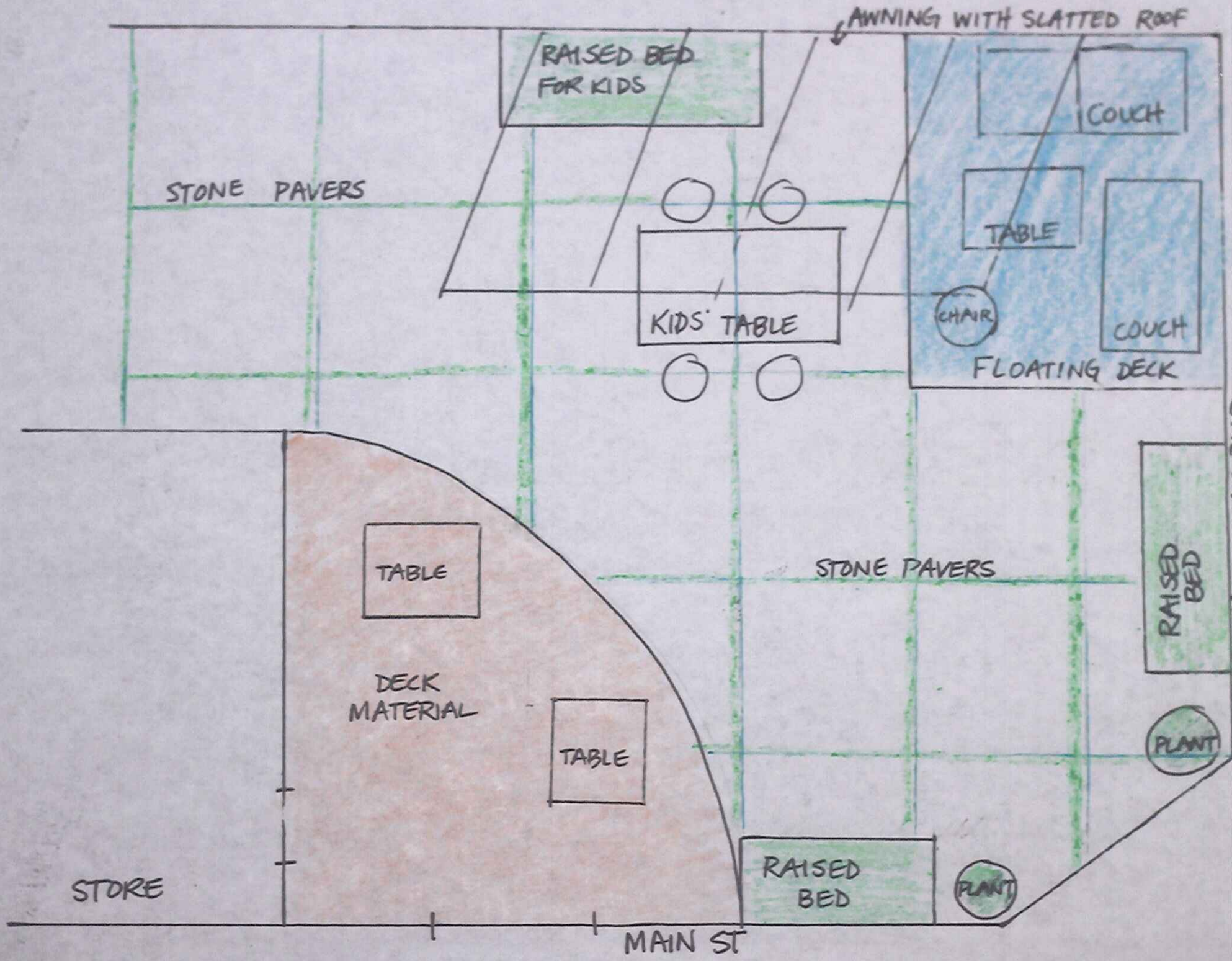
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STORE
MAIN ST

The Local Market
Business Proposal

Owners

The Local Market
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Executive Summary

The Local Market is a unique business. It is designed to be financially self sustaining and make the community more economically sufficient. **The Local Market** will create bonds within the community through large central sales of high demand products at a competitive price. With the increase of product movement and the deals we can afford to offer, all businesses in the down town area of Morro Bay will benefit. The attractive qualities of the market and our lively approach to using all of the space provided will assist the surrounding businesses by increasing tourism.

The business will be run by two brothers, Corey and Chandler Richmond. Our family background displays a strong entrepreneurial sense and determination so with the experience and drive we are qualified for the management of this business. With city involvement and community ties our rate of success will be high. Our passion for this project is growing every day and in time we will perfect the business.

General Company Description

In the central down town region of Morro Bay we plan on running a community market called **The Local Market**, which will provide the community with local produce, goods and services. Within the fenced area of the property there will be a farmers market much like the Saturday Farmers Market that is already established for local vendors except it will be opened every day between 10am and 5pm. This farmers market will be open to any business for a daily rate. Some days rates will vary depending on demand for space. For example the weekend of the Morro Bay Car Show or the Saturday Farmers Market, daily rates will be more then an average Tuesday. The building will be the heart of **The Local Market**. That is where usual business of retail will be taking place.

Our mission is to create a self sustainable market driven by local business providing the community with local products.

We will achieve in one year a financially healthy business with a strong flow of product movement, with all operating expenses paid for by vendor subletting.

It is important to us in business to have strong community ties. We want all the surrounding business to benefit through more foot traffic that we attract, as well as local supply lines of products and retail space for lease.

Retail produce has been around as long agriculture and will always exist. There will always be a demand for fresh and organic produce. As this market fits into the community and has a consistent product movement with reliable customers, every one will benefit.

The Local Market has good potential because it would be supplied by our own farm that would grow produce specifically for the market, allowing it to make larger profit margins and allowing for more competitive pricing. With greater cash flow coming in, more products can be purchased from outside farmers and vendors, which will increase business flow improving local economic growth.

The owners of **The Local Market**, Corey and Chandler Richmond are determined and motivated in business and have experience in farming, produce retail, marketing, business management and accounting. The Richmond brothers would like to create a name for them selves in the community and represent Morro Bay with a quality business, entertainment and tourism.

Products and Services

Inside the store there will be tables and stands spread out with fresh produce plus samples of a select variety of fruits and snacks for the customers to choose from as they shop. Art from local artists will be displayed on the walls for consignment. Local goods from the Farmers Market vendors will be carried to be retailed or consigned. Produce will be brought in by local farms such as Cayucos Oranges and Quail Springs Ranch. A walk in refrigerator will be installed to hold the produce. Cases of produce will be bought directly from local farmers and stored for surrounding restaurants to purchase. The market will be available for local businesses such as Sunshine Cafe and Bottle Liquor and Deli to easily buy local produce at wholesale price to provide their customers, thus creating healthy community ties.

On one side of the store against a wall, an assortment of healthy juices and smoothies such as Bolthouse and Odwalla will be displayed in a cold case. Across from the beverages will be a table to carry locally produces items including sauces, snacks, treats and other goods. On another wall will be bins of carefully selected bulk items chosen for its rate of turn over and appeal to the foot traffic. Against the back wall will be a large wet rack displaying the local produce in stock. The produce will be for sale by the unit or the case. Case prices will be sold mainly to restaurants at a discounted price that will be competitive to the large produce distributers. Single units will be priced to achieve an average 45% gross profit. In the front of the store will be newspaper stands and bananas. In the yard there will be tables and chairs set out for eating and lounging. Chess sets will be provided for playing and a gas fire pit will be there for the cold days. A stored stage will be available to make the area into a venue for live concerts, theatrics and community use. The area could be leased out to host promotional events and fundraisers for nonprofit organizations, charities, and local business; for example, Project Surf Camp, Teen Center, Boy/Girl Scouts and art shows. Venue lease rates will be set for consistent leasing.

Outside market sublease spaces will be available to all qualified vendors. Daily rates will be set to achieve full occupancy and to cover operating expenses of the business. For example if the total operating expenses for the business is $2500 per month, the vendor rates will be set to cover the expenses at a minimum of half occupancy per day. If there is 8 spaces available per day, at half occupancy for $20 a day would pay $2400 in 30 days, covering almost all operating expenses from just subleasing.

Marketing Plan

The Local Markets customer demographic will consist of a diverse group of consumers of all ages and all ethnic groups as well as farmer's market vendors and small business owners. The produce shop will focus solely on the diverse consumer demographic, providing a fresher then usual produce rack and tables. Most of its business will be tourists and foot traffic so more snack like items will be offered. Restaurants will also be a target demographic, where we will provide a convenient and fresher alternative to the major distributers. **The Local Market** will keep in stock products that we know most of the surrounding restaurants will require. Farmer's Market vendors will also be customers in that they will buy retail space from the market per day. The attraction to vendors will be the convenience and affordability to have a downtown high traffic business. Instead of spending $1600 to lease a building for sales of homemade products and goods, we offer flowing business to these people for as little as $300 a month.

Competition in the area would be Sunshine and Saturday Farmers Market, neither have the same business model as The Local Market and could both actually benefit from The Local Market starting business in the area. There would be more customer flow and product sales from all parties involved. Sunshine Health Food could buy their local produce from **The Local Market** and the Saturday Farmers Market. This would create a larger marketplace attracting more customers to the area because of the larger selection of goods.

Our strategy of promotion starts with methods other than paid advertising, such as catalogs, word of mouth, social networking and friends. During the early stages of start up; foot work and contacting customers will be the main form of advertising. In time our network will build and people will know to contact us for our products and services. We then will move on to media advertising and graphic image support, including logo design, cards and letterheads, brochures, signage and interior design. Eldorado Advertisement offers radio ads and services to meet our needs. As far as graphic design, Sand Dollar Marketing in San Luis Obispo offers services and we also have connections with Cal Poly students studying art and design.

Operation Plan

The Local Market will have up to 4 employees who will split seven 8 hour shifts each week. All employees will basically have the same duties; open, set up, close and clean the restroom. Vendors will take care of their own space allowing for the employees to focus on simple operational duties. The majority of the work will be obtaining the goods to be sold in the market, but once a supply line has been created it's just a matter of getting product out and allowing the customers to brows. The employee on duty will also be in charge of the farmer's markets flow. When vendors come in they will have to check in and pay the clerk for the day. Future vendor retail space will also be booked by the on duty clerk. Current booked vendors will have priority, so a waiting list may appear on specific days of the week. All pricing will be determined by sites monthly rent and operating expenses.

Labor costs will be high due to the fact that there has to be a clerk every day to maintain the public restroom. We request a time for negotiation to determine the site rent. We feel that this business would do well if opened only a few days a week to reduce labor costs, however due to the terms of the lease the business must be opened every day. Wage expense per day of operation may range up to $150 per day, costing $3512 per month. We feel $300 per month is a good start on rent and we can negotiate a local sales tax or sublease revenue in lieu of rent.

Management and Organization

The Local Market will be managed by Chandler Richmond on a day to day basis; however there will be an employee other then himself tending to the store. Chandler's responsibilities would be that of a store manager and clerk, taking care of customer's concerns, ordering products and public relations. Corey's responsibilities will be to source produce from local farmers, quality control, logistics, farming and bookkeeping. Both Corey and Chandler will be responsible for marketing, general operations, retail sales, graphic design and advertising.

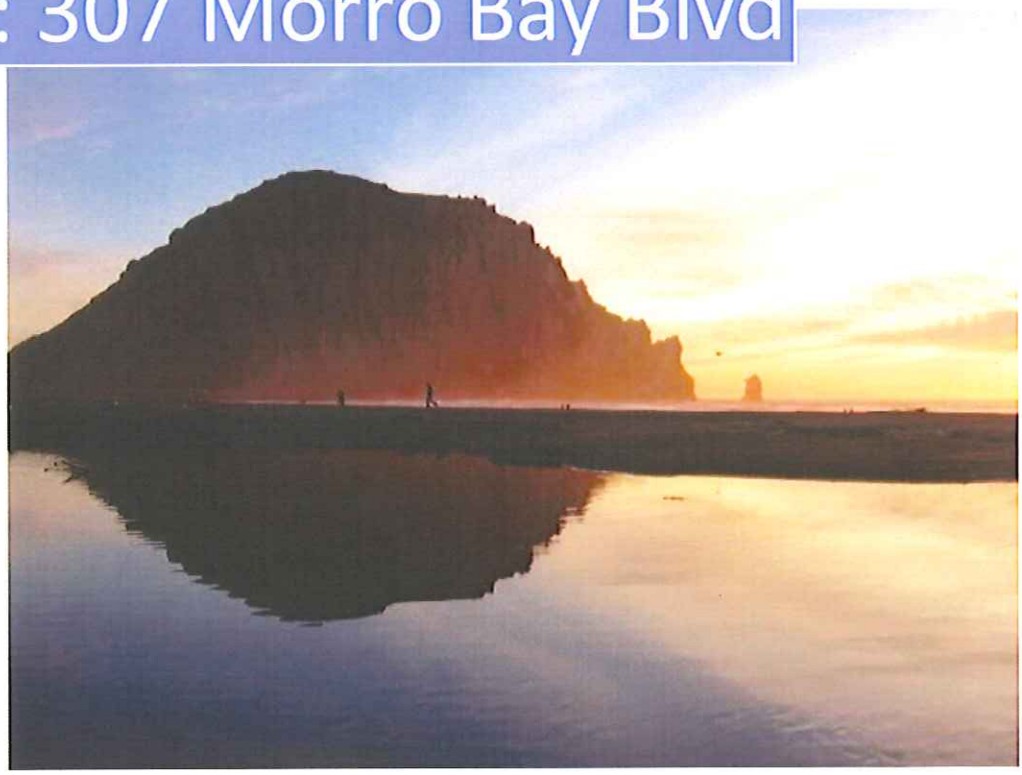
City of Morro Bay

City Hall

595 Harbor Street

Morro Bay, CA 93442

Request for Proposals Submittal Package: 307 Morro Bay Blvd



PROPOSAL FOR SUBLEASE FOR 307 MORRO BAY BLVD

Cynde Spence

Phil and Chrissy Voth

Selah Tea Garden

Morro Bay, CA 93442

Request for Proposals Submittal Package, 307 Morro Bay Blvd

Prepared by Cynde Spence

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For Phil and Chrissy Voth

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chrissyvoth@gmail.com

Selah Tea Garden

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Executive Summary

Selah Tea Garden is a new teahouse and fair trade retail space in the quaint Coastal town of Morro Bay, California. Selah Tea Garden is a Limited Liability Corporation, managed by its owners, Phil and Chrissy Voth. Phil Voth has twenty eight years of experience in the construction industry and eight years owning and managing a successful construction company in Fresno. His love and knowledge of fair trade retail items and landscaping will make the transition to owning and running a teahouse and garden a natural step. Chrissy Voth is a domestic engineer, educating her 4 children at home for 8 years and providing childcare to many children in Fresno. She is currently educating herself to be a teatender; her knowledge of the health benefits of tea, gardening, and fair trade retail items will help our marketing and sales efforts.

Recycling, Sustainability, and Conservation are hot topics in todays news. Through our research, we discovered that the California Central Coast is one of the most educated and socially minded regions of the United States of America. The demographics of San Luis Obispo County have pointed to a large number of non-profit businesses and partnerships per capita, with a high concern for natural resource conservation, social justice, and environmental sustainability. We have an extraordinary amount of educated people residing in the county and a new population of avid learners every year at the local colleges and University.

Selah Tea Garden will offer a full range of teas (hot and iced), as well as locally made food items, premium fair trade retail items, garden accessories, and loose teas for taking home or giving as gifts. Chrissy Voth is a teatender, and Phil has been learning proper brewing techniques. We will train all of our teatenders in the proper storage, brewing, and serving of each kind of tea.

The American tea market is growing rapidly. Tea sales have increased, with the number of tea rooms offering sit down service rising. American interest in tea certainly owes some of its increase to the proliferation of gourmet coffee shops around the globe. Most of working America has accepted the idea of expensive hot beverages as affordable luxuries, thanks to the marketing efforts of Starbucks. At the same time, trends are always changing - now that fancy coffee drinks are so widely accepted, some consumers are looking for new, and healthier luxuries to enjoy. Starbucks estimates that 7% of its $12 billion annual sales currently come from tea.

In Morro Bay, our potential clientele is divided between local residents and tourists. We expect to easily generate sales to existing committed tea drinkers, who will immediately recognize the quality of our products and services. Marketing to the much larger local groups who are not yet familiar with premium teas will emphasize our atmosphere (cozy, intimate, healthy and our wide array of alternative gifts (fair trade retail products, loose teas and garden accessories). Sales to tourists depend on a highly-visible location, ease of access to pedestrian traffic, association with the coastal charm of our town, and co-advertising efforts in cooperation with other local businesses.

The owners are investing $10,000 of their own money into the business through their existing business assets. Selah Tea Garden may be seeking an additional small business loan to fund our startup costs.

A. Proposer Information

1. Identification.

Selah Tea Garden will be a new tea house, garden space, and fair trade retail space. Selah Tea Garden will be managed by its owners, Phil and Chrissy Voth. Phil Voth has 28 years in the construction industry and has owned his own construction business for the past 8 years. His love and knowledge for Fair Trade retail products and experience in landscape design and construction will make the transition to owning and running the tea garden a natural step. Chrissy Voth has managed her household with excellent time management skills, home schooling their children for 8 years. Her experience in childcare, education, landscape design and maintenance make the change to owning and running a tea garden an easy transition. She is continually developing her knowledge of tea and her experience with the Fair Trade retail products of their online store, www.slohandcoffee.com, will directly help our marketing and sales efforts. Cynde Spence is well educated in the sustainable and environmental design of landscape, architecture, and cities. Her passion for sustainable design will be a key asset to the implementation and maintenance of the teahouse retail space and outdoor garden space.

2. Experience.

The members of our business team have experience in the construction, architecture, and landscape business field.

Phil Voth

Phil Voth has over 28 years of experience in the construction industry and the past 8 years of owning and managing his own construction business, and has expertise in the field of both, architecture and landscape, design and construction. Phil has a Bachelor degree in communication and a Masters degree in family counseling. Phil has completed many remodels and new construction projects in Fresno and Morro Bay.

Chrissy Voth

Chrissy Voth has successfully managed her household, raising four children, and homeschooling for 8 years. She has excellent time management skills and experience designing, constructing, and maintaining many landscape designs, gardens, and projects. She has designed and supervised the construction of trellises, koi ponds, and gardens.

Chrissy and Phil have devoted the past 2 years to developing their online business, www.slohandcoffee.com, working with various fair trade companies and creating a sewing unit to assist women escaping the slave trade in India. They are both active in the Morro Bay community volunteering to feed the homeless population with Estero Bay Alliance for Care.

Cynde Spence

Cynde Spence has a Bachelor degree in Architecture with an emphasis on Sustainable Design as well as a Master's degree in City and Regional Planning with an emphasis on Urban Design. She has previously worked in retail sales, landscape maintenance, and education, teaching Lego-architecture at SLOCA. During her internship with the Community Development Department of the City of San Luis Obispo, she worked to provide the background information for the Neighborhood Definition Project. Her capstone project for the MCRP program earned the City of San Joaquin over $35k in Community Development grants through her creation of "Sustainable Design Guidelines and Illustrative Site Plans" for City owned property. She is currently the Pro Bono Sustainability Coordinator for Bishop's Peak Elementary School. During the past year, her efforts at the school, creating a Green Team recycling program, have reduced the amount of trash going into the landfill 25% and increased the amount of recycling 200%.

Prior Leasing

Team members, Phil and Chrissy Voth, have had 28 years of experience in the construction business. They have owned and operated their own business, and successfully completed leases. Phil Voth operated his construction business through the lease of a commercial building and warehouse located in the Redevelopment District in downtown Fresno. They managed several employees, including some that were part of a court mandated rehabilitation program.

3. Financial Data.

[redacted]

Prior Financing

Phil and Chrissy Voth have self-financed and invested in their online business including, website development, $5000 in Fair Trade retail products, $5000 in the sewing unit located in Delhi, India, $2200 in a coffee machine. These efforts have continued to assist women and children escaping the sex slave trade develop skills to sew, operate a small business, and learn English in a safe environment. Approximately $600 to $900 per month was sent to India, through their account with the State Bank of India, to develop the sewing unit which in turn sewed shirts for *Milk & Honey* and *Hope for India*. Connections with other Fair Trade vendors were developed and include promoting the products and increasing the awareness of human trafficking at The Long Beach Museum of Art and Hurley International Corporate offices in Los Angeles.

B. Proposal Narrative

1. Narrative.

WHO WE ARE...

We are a group of conscientious people who want to share with our local community, and tourists, the knowledge and passion for different world cultures through Tea, Fair-trade, and Environmentally friendly retail items.

OUR MISSION...

The mission of this business is to increase the awareness of social justice and environmental issues both locally and globally. We desire to have a unique compassion for Fair-Trade, Environmentally friendly products and to create a space to share and discuss those ideas. Through these discussions and education we hope to promote emotional and physical healing of local individuals and families, as well as our visitors. We believe that if we begin to act locally, while thinking globally, we will be able to do more for people around the world.

OUR PRODUCTS...

The products we serve are primarily Fair-Trade, Environmentally friendly, Sustainable products locally and made around the world. Items will be made from recycled and repurposed materials. The teas we serve represent the different cultures and increase the awareness of social justice issues around the globe. The garden space is used to drink tea, socialize with friends, discuss current issues, and display local and native plants, both permanent and for sale. Using reclaimed, repurposed, and recycled materials, the garden is beautifully landscaped with semi-private areas for conversation and contemplation, each area has a different theme and represent several of the cultures in that region of the globe. Encouraging such conversation is healing for both speaker and listener and encourages global action making the space serve as both a demonstration and active healing garden.

• ***Maximum Public Benefit of the site and restroom facilities.***
Maximization of the public benefit of the site and the restroom facilities is a major component of our intended business. The health and well-being of our local community and our visitors is of utmost concern. Our vision for the site is that it will be used to serve the public as a demonstration and active healing garden. A healing garden is a place that is used to encourage healing, both emotionally and physically. There are many healing gardens around the country and most are available at hospitals, convalescent homes, meditation studios, spa retreats, etc.

The ADA accessible restroom is an important feature of the business location and will attract potential customers. Making the restroom available to the public will not pose a problem. In fact, we believe that having the restroom available to the public is an opportunity to provide comfort and healing. The restroom will be used to visually showcase conservation and sustainable design, through a display of photographs, stories, and statistics of the many different types of latrines around the world. We believe that sharing the conditions of impoverished communities and 3rd world countries will enlighten our visitors. Providing education on water conservation, sanitation, and hygiene will be good for our community. Seeing the contrast will increase our compassion for others at the same time increase our appreciation of our current conditions.

• ***Balance between uses and requirements in the City's General Plan, Local Coastal Plan, building codes, and design elements.***
The purpose of the central business district is to promote the development of the area as a central retail shopping facility. We have determined that our proposed business is an appropriate use in the Central

Business (C-1) District, as a Retail Business establishment conducting sales of: apparel, art, food, furnishings, general merchandise, gifts, and jewelry. It is consistent with a personal service establishment as it relates to art and health services. Plant Nurseries are also an allowed use in the area according to Section 17.24.090 MBMC. The project is categorically exempt from CEQA under class 1, section 15301, for existing facilities. The site is located outside the California Coastal Commission appeals jurisdiction.

The General Plan promotes the downtown core as one of Morro Bay's greatest assets. The focus of preserving and promoting Morro Bay as a tourist location and as a local "stay-cation" destination has been the subject of recent discussion with the Morro Bay Chamber of Commerce and the Morro Bay Visitor Center. Making this corner of the Old town attractive, usable, and economically viable is very important. This site visually connects the Old town to the Embarcadero via the grand staircase at Dorn's Restaurant. The site physically connects Downtown to North Morro Bay via Main Street. Enhancing the attractiveness of the corner will heal the blight, encourage pedestrians to investigate both Downtown and the Embarcadero, as well as link visitors to the North. Embellishing this location will also create a natural flow from one open space to another. Linking the Triangle Park to the Giant Chessboard, to the Embarcadero and Tidelands Park, will provide a very pedestrian friendly, walkable experience that will delight both locals and visitors.

We will provide meeting places for discussion of current events, to encourage community building, and promote growth and healing. The design of the garden space will complement the downtown, provide visual aesthetics, and promote a healthy community.

• ***A new and unique commercial use that is not generally available.***
Our business is unique and different from the existing local businesses. We feature Fair-Trade, Sustainable, Environmentally Conscious retail items that are not available in this area. We will also feature locally made items in the interest of shared advertisement and compatibility with the other retail items.

The wellness community is an emerging segment of our town. We recognize that there is a tremendous need for healing and recovery in this community. There are no known, public gardens in the area. This will be an added bonus to the downtown businesses that offer health and wellness items. A place to meditate, or share with a friend, will promote healing and health in our community. This "healing garden" will be an asset to the already established wellness community of Morro Bay. The health and wellness industry is one of the fastest growing industries in the world. Furthermore, interest in the healing properties of tea is increasing worldwide as well.

• ***A use that has broad public appeal.***
The Tea Garden will have great public appeal due to the variety and quality of retail items, the interesting stories behind the products, and the positive atmosphere of the space. The products will be reasonably priced considering the market for Fair Trade, environmentally conscious items. The facilities will be a win-win for the community and for tourists; making the downtown Morro Bay commercial

district beautifully enhanced, intelligently diverse, multi-cultural, and socially minded, both locally and globally, which will impress our visitors.

We will host occasional events such as birthday tea parties, an acoustic music event, or an outdoor movie projected on the wall behind the gathering space. These events will be G or PG rated, occur before 10pm, and will be less than the allowable decibel levels referenced in Section 17.52.030, Noise Requirements. We anticipate that during the summer months, acoustic music or movies will be shown on Friday or Saturday evenings, will be focused on family friendliness and encourage community building, as well as increasing the awareness of Fair Trade and Social Justice issues. Tea garden parties will be held Saturday mornings and afternoons.

2. Design.

Improvements to the interior retail space will be minimal during the proposed phasing schedule listed below. We anticipate that a tea bar, counter-space, and cabinets will be installed in addition to furniture such as shelves, tables, and chairs. All improvements made will be in adherence to ADA accessibility standards and will maintain clear access to the ADA accessible restroom, ensuring that all doors are free and clear for maneuverability.

The outdoor garden space features local, native, and drought tolerant/resistant plants to showcase Xeriscaping. Recycled and repurposed retail items such as pottery, wood, and metal sculptures complement the plants. Items will be designed and made by local artists, craftsmen, and designers. The outdoor space will be decorated with removable home and garden patio supplies, furnishings, and fixtures.

Figure 1: Example of garden space at the Garden Shed in Cambria

Teas served include: Chai from India, Green Tea from Indonesia, Black Tea and White tea from China, and Moroccan mint tea. We also have Yerba Mate from Guatemala, and Coffee from Ethiopia and ***Lanna Coffee*** from Thailand.

Food items served will be prepackaged prepared by licensed vendors, offsite, and brought to our business. The food brought on site will conform to the rules and regulations of the Department of

Health and Safety. Food items may include: ***Joy Cup*** organic peanut butter cups, ***Morro Bay Cookie Company***, and ***Undercover Cookies*** gluten free cookies. We will also stock some locally made retail items such as ***Cayucos Hot Sauce.***

Items for sale include: handmade silk scarves from India, burlap bags, purses, wallets, shopping bags, shirts, dresses, etc all made by women and girls escaping the sex slave trade from ***XS Project, Freeset,*** and ***Milk&Honey***. Novelty items, such as Frankincense, Myrrh, wooden toothbrushes from the Yemen. Handmade cards made by HIV positive children in Africa. Wooden Yo-yos, tops, and jacks hand made by impoverished children in Turkey and recycled beads from Haiti through ***The Haitian Bead Project***.

Figure 2: Example of gathering space at Top Dog

Site Plan

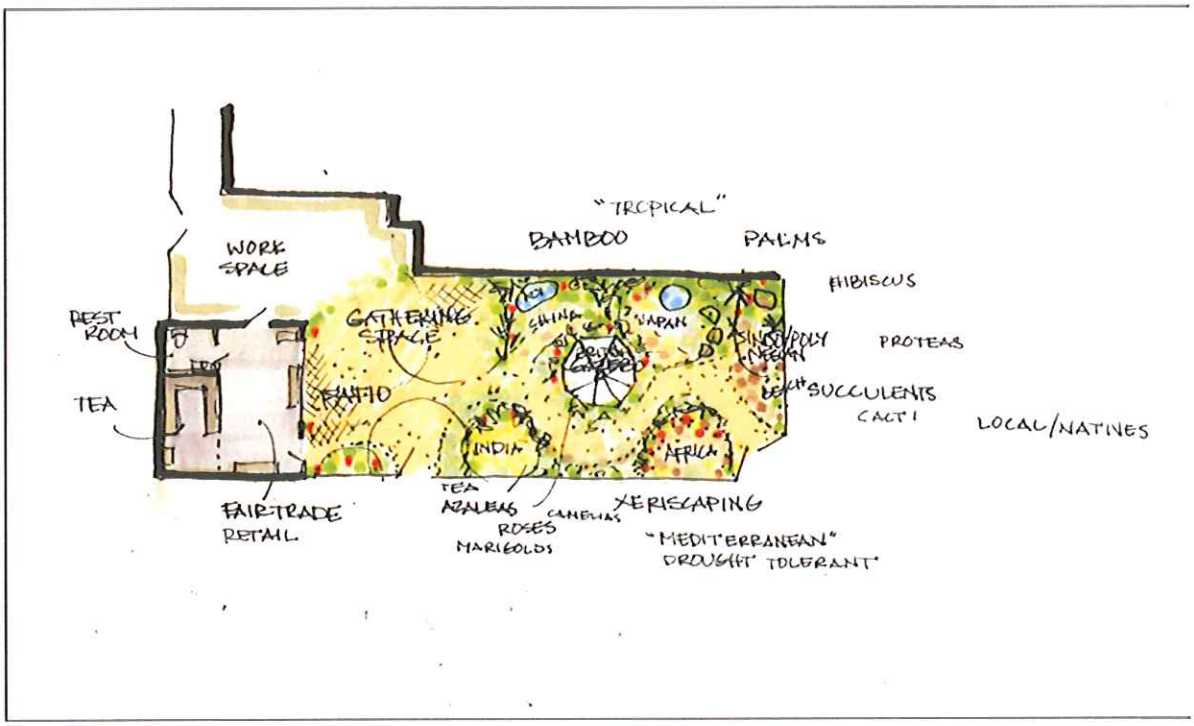

Figure 3: Site Plan

Building Floor Plan

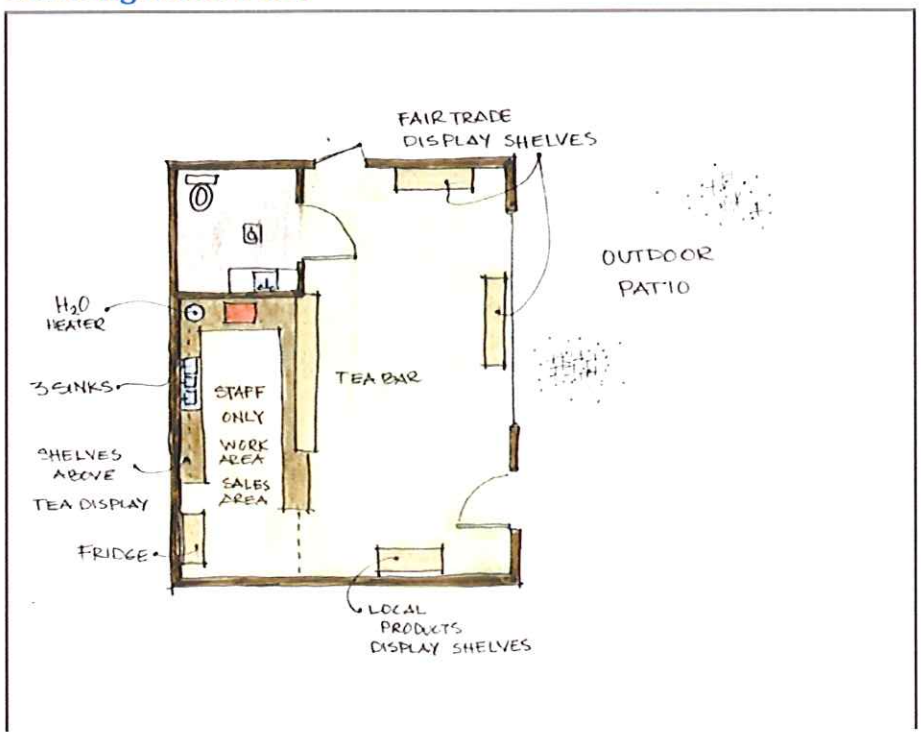

Figure 4: Building Floor Plan

Elevation

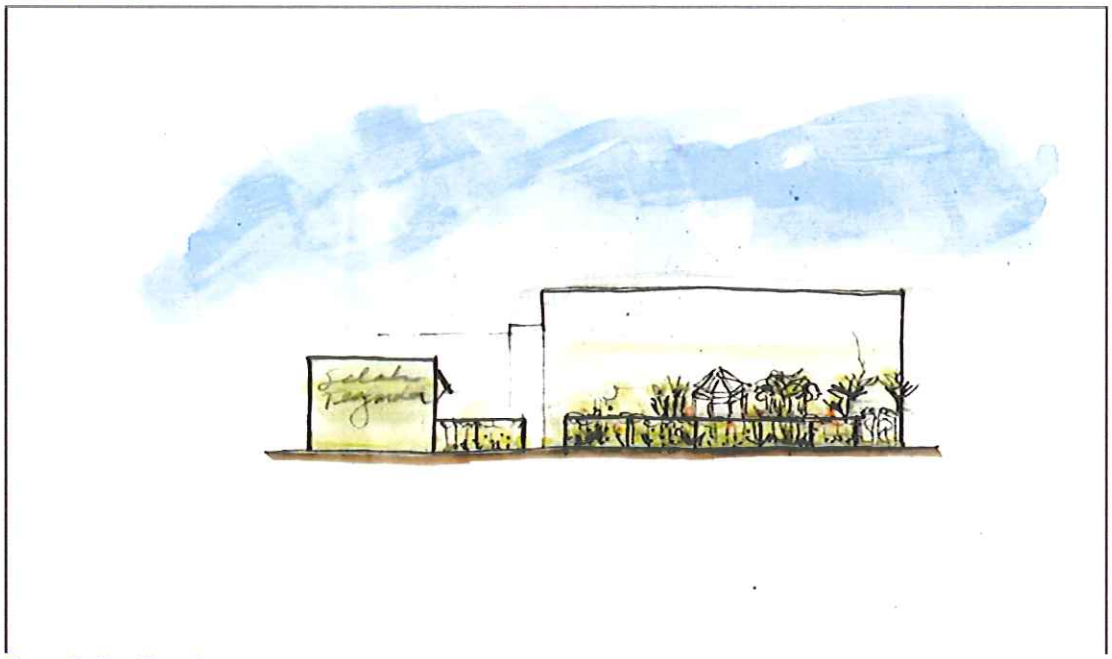

Figure 5: Site Elevation

Perspective

Figure 6: Building Perspective

REQUEST TO SUBLEASE PROPERTY AT 307 MORRO BAY BLVD., CA 93442
CITY OF MORRO BAY

JAFFA CAFÉ EXPRESS

RECEIVED
City of Morro Bay
AUG 1 4 REC'D
Finance Department
3:00 pm

2013 California Small Business of the Year District 17

Winner: 6 years in a row - New Times - Best Mediterranean Restaurant

Locations: San Luis Obispo / Arroyo Grande / Paso Robles

Mission:

Bring a renowned and respected restaurant to the Morro Bay - providing an award winning Mediterranean menu with an extraordinary customer experience.

Jaffa will provide Morro Bay with a new and exciting selection of food options that are in tune with today's generation of healthy and quality food items at an affordable price.

Menu Selections (we can tailor our menu to maximize our selling potential):

- Vegetarian and non - Vegetarian menu selections (see our attached menu)
- Pita wraps
- Pita pizzas
- Kabobs
- Salads
- Humus
- Baklava and much more
- Approved drink items

Experience: (Adnan Saleh – owner)

Over 25 years experience as a successful restaurant designer, owner and operator.

Worked in every aspect of the industry securing all necessary permits, licenses, and leases working "hand in hand" with all governmental agencies to assure the success of every Jaffa location.

Many awards including, 2013 Small Business of the Year – District 17 awarded in Sacramento.

Financial Strength:

See attached Bank Information (additional information provided upon request)

Proposal:

Jaffa will locate a scaled down custom designed Jaffa Café Express at proposed site (307 Morro Bay Boulevard), offering food selections that will develop a loyal and consistent customer base.

Jaffa will offer "made to order" food items and will feature a "grab and go" selection for the customers with a time sensitive schedule.

Jaffa will supply the fully trained workforce and management necessary to operate at an optimum level (more workforce during peak hours).

Jaffa will operate in accordance with all applicable conditions, regulations and zoning laws set forth by the City of Morro Bay and the County / State Health Codes.

Jaffa will make the necessary improvements to the existing restroom facility (meeting the ADA approved requirements and regulations).

Site Proposal:

Jaffa will utilize the existing building space (approx 440 sq ft) as the Café that will be remodeled to accommodate all City, State and County Health Department requirements designed with the "Jaffa motif" the will enhance and upgrade the existing outside and interior of the building.

Design, schematics and signage will be submitted to the City for final approvals.

ADA restroom facilities will be brought up to today's codes and standards.

Outside seating; tables, chairs and umbrellas will be provided to add adequate seating and character to the property.

Planters will be installed along with an approved delineation line to separate seating area from the parking.

Lease Proposal:

Morro Bay supplies location / restroom facilities for which Jaffa will pay 3% of the gross (paid monthly or annually).

Lease Term: TBD

Approval by the City of Morro Bay to add a small walk in cooler with dry storage (provided by Jaffa).

Hours of operation (restaurant and restroom facilities):

Open 7 days per week
8AM – 8PM (Summer)
8AM - TBD

Working relationship:

Financial reporting by Jaffa will be provided as specified by City of Morro Bay.

Ordering and delivery of dry goods and other necessary products will be supplied by authorized and approved vendors at designated dates and times.

All Jaffa staff and management trained in accordance with California Dept of Health requirements and standards.

Jaffa will operated in accordance with City approved days and time tables.

Summary:

We are confident that Jaffa Café will bring an award winning menu and strong community awareness to the City of Morro Bay.

Over the years we have developed a strong bond and loyal following of the local community members and plan on developing that same quality relationships in Morro Bay.

Jaffa Café would be honored to be affiliated with the City of Morro Bay, building a strong and long lasting working relationship that will stand the test of time.

Jaffa Café

Adnan Saleh (owner)
1308 Monterey St. Suite 120
San Luis Obispo, Ca 93401
805-305-3481 (direct)
www.jaffacafe.us

AGENDA NO: D-4

MEETING DATE: September 10, 2013

Staff Report

TO: **Honorable Mayor and City Council** **DATE: September 3, 2013**

FROM: **Rob Livick, PE/PLS - Public Services Director/City Engineer**

SUBJECT: **Authorization to Issue a Request for Proposal (RFP) for a Rate Study for Water & Sewer Rates**

RECOMMENDATION

Authorize staff to prepare and issue an RFP and award a contract for the analysis of Water and Sewer rates for potential adjustments, in accordance with the City's Consultant Hiring Policy.

FISCAL IMPACT

Both the water and sewer funds have upcoming required future expenses for which the current rate structures will not provide adequate funding. Additionally, the current rate structures of both revenue streams do not produce adequate funds to meet debt coverage ratios. It is anticipated that the total cost to perform a cost of the services study and rate analysis for both water and wastewater rates will be $75,000; those costs would be divided equally between the two funds. The source of the funds would be the Water and Sewer accumulation accounts.

BACKGROUND/ DISCUSSION

The community's water and wastewater rates structures are both related to water consumption: water based upon direct meter readings and wastewater upon estimates of what portion of water delivered is "returned" to the sewer system. Wastewater rates also incorporate the constituents that the various types of customers add to the wastewater stream, such as detergents from laundry businesses and/or food products from restaurants. These higher strength wastewater streams require more treatment than residential strength wastewater and thus have higher rates for treatment.

Water Rates

In advance of setting the water rates in 1994, the City Council considered a number of different types of rate structures, including a flat rate (each billing unit costs the same), a multi-tiered system (flat rate for fixed costs plus variable rate for water delivered) and an inverted block rate (each successive billing unit costs more than the previous unit). The water rate philosophy adopted by the City Council was a version of the inverted block rate. This system's primary characteristic is that it provides for incentives for water

Prepared by: __RL__ Dept. Review: RL__

City Manager Review:_____

City Attorney's Review:_____

conservation but it also provides that higher volume customers effectively pay a significantly higher unit cost for water for which the City pays a flat rate (i.e., State Water at $1500 +/- per acre foot).

One of the areas wherein the inverted block rate was found lacking was that the originally calculated rates for low volume users, in this instance in the 0 – 3 billing unit per month category, did not recover the City's fixed cost for reading of meters, billing costs and maintenance of mains, service connections and meters. This fixed cost was estimated at the time to be about $30 per month per customer.

Another area of consideration related to this group of users, was the absentee owners of vacation homes. Under the previous rate structure, these absentee owners would use no water for the months they did not occupy their vacation homes and not therefore pay a monthly bill. When they occupied the home they would pay a nominal amount for the small amount of water used, then not pay a bill for the remainder of the year. Their meters would still be read, zero balance bills mailed, and maintenance would still be performed but no revenue would be received.

To answer these concerns, the minimum monthly billing amount for 0 – 3 billing units per month based upon the calculated 3 billing unit cost of $16.43 per month was implemented. This amount is less than the monthly fixed costs referenced above with the other customers subsidizing the remaining amount. Qualified customers able to provide low income documentation were afforded the opportunity to participate in a rate reduction program. There are currently approximately 50 customers on this program and due to inconsistencies with the requirements of proposition 218, the program will terminate in January of 2014.

The water rate structure has been in place unchanged since that time, with the exception of the rate reduction program which we can no longer offer due to Prop 218. During that same time, operational expenses have increased more than 200%. Additionally, there may be different strategies in a rate structure to encourage water conservation in accordance with the City's adopted 2010 Urban Water Management Plan and State Requirements. For the past four fiscal years, the City has not met its obligation to the State Water project for the debt coverage ratio. The City is required to earn/charge monies through rate payers so that the amount taken in is 1.25 times more than the amount required for operational expenses. Currently, this debt coverage ratio is only at 0.74 times the amount needed. Additionally, there are capital project needs within the system that are necessary to maintain a safe and dependable water supply, including the following major Capital projects: Desalinization Plant upgrades and replacement of the Nutmeg Water Tank. In addition to these major capital projects there are a host of smaller "maintenance" type projects whose costs are not insignificant. These projects include pump replacements, valve replacements and water meter replacements among other maintenance projects.

Wastewater Rates

The wastewater rate schedule underwent a similar consideration when it was originally adopted in the early 1980's based upon both community philosophical desires and Wastewater Treatment plant (WWTP) upgrade grant requirements. The adopted rate schedule is a multi-tiered system for residential customers with a flat rate component from 0 – 10 water billing units, which recovered fixed costs for both the Collection System and the WWTP and a variable component based upon usage above that amount and the constituents of the residential wastewater stream.

One matter for consideration in this issue is that while water use is directly metered and is therefore readily determined, discharges into the sewer system from customers are not directly metered and it can only be estimated how much wastewater is discharged from any given customer in any given billing period.

Water passing through the water meter is often used for irrigation and other purposes that do not result in a sewer discharge, thus making it impractical to clearly document the amount of discharge. The wastewater rate structure tries to accommodate this difference by providing an allowance for up to 10 billing units of water used. This allowance promises to alleviate arguments from customers as to whether their water use of, say, 7 billing units resulted in the discharge of 1, 5, or 7 units of wastewater.

With only two exceptions, since its original adoption, wastewater rate increases were implemented based upon uniform across-the-board percentage increases. One increase was implemented based upon the minimum monthly billing amount.

The second and most recent increase occurred in October 2007, where the City Council adopted a schedule of sewer rate increases to fund the construction of the wastewater treatment plant at the current site. This rate increase looked more closely at the residential and commercial categories and initially provided a 50% commercial and residential increase and a subsequent 7.25% annual commercial and 5% annual residential increase. This current rate schedule for increases ends in one year as Proposition 218 requires a new vote every five years for succeeding rate increases.

Due to events that have occurred since that adopted increase, including the denial of the Coastal Development Permit for the wastewater treatment plant at the current location and the community's desire to construct a new Water Reclamation Facility away from the coast, the assumptions used in the 2007 rate increase are no longer adequate. In late 2010/early 2011, finance staff worked with RBC Capital to verify debt service coverage in anticipation of entering into a State Revolving Fund loan, and discovered our revenues in excess of our expenditures were insufficient to meet debt coverage ratios.

In November 2012, the Public Services Director prepared a memo to City Council, advising them of the potential rate concerns with relocating the new Water Reclamation

Facility (WRF) at one of the alternative sites. The estimated rate adjustment of relocating to a new site is preliminarily estimated at 38-percent above the rate structure currently in place that was needed to build at the existing site. This proposed rate increase is not only needed to relocate and construct the new WRF, but also to pay for the Major Maintenance and Repairs to maintain operations at the existing plant, as well as meeting debt coverage ratios for financing a future WRF project.

In order for the City to make any adjustments to the water and sewer rates equitably, the City should perform the following tasks:

- Evaluate the revenue, operation and maintenance expense, and capital needs of the Water and Wastewater Funds and ensure that revenue is sufficient to meet long-term obligations.
- Develop five-year financial plans for the Water and Wastewater Funds that stabilizes rate adjustments to avoid rate spikes while meeting financial planning criteria for each fund.
- Create schedules of water and wastewater rates and charges that are fair and equitable, that provide predictable sources of revenue developed in the financial plans, and that meet Proposition 218 requirements for rates and charges.

The City has a need to determine the cost of services and review its rates for both water and wastewater. These studies typically include projection of revenue and expense, identification of capital improvements, proposed financing of the improvements, development of a pro forma statement showing all financial obligations and debt service coverage, allocation of costs, and design of rates. The water rate studies should follow methodologies of the American Water Works Association while wastewater rate studies follow methods of the Water Environment Federation. It is anticipated that to complete the studies and move forward with a Proposition 218 vote will take approximately one year.

Currently the City does not have the available resources to perform the rate study, coordinate the public outreach effort and coordinate the required proposition 218 election for setting rates. Therefore, staff recommends the issuance of an RFP to select the most qualified firm for the cost of services and rate studies.

CONCLUSION

Based on the projected needs for the maintenance of our water system, the relocation and construction of the water reclamation facility as well as continued maintenance of our current wastewater treatment plant and to increase the debt coverage ratio to the minimum required amounts, the request of Council is to authorize staff to prepare and issue an RFP and award for the analysis of Water and Sewer rates for potential adjustments in accordance with the City's recently adopted Consultant Hiring Policy.

AGENDA NO: D-5

MEETING DATE: September 10, 2013

Staff Report

TO: **Honorable Mayor and City Council** **DATE: September 5, 2013**

FROM: **Robert Schultz, City Attorney**

SUBJECT: **Discussion on Potential Revenue Ballot Measures for the June 2014 Election including a Sales Tax, Public Utilities User Tax, Transient Occupancy Tax, and 911 Tax**

RECOMMENDATION

Staff recommends that Council review this report and the available options for revenue ballot measures, and appoint two members of the City Council to select an ad hoc Citizen Committee to help craft ballot language to place on the June 2014 Election.

ALTERNATIVES

1. Direct Staff to move forward and work with the two appointed Councilmembers and a Citizen Committee to craft ballot language to place on the June 2014 Election.
2. Direct Staff to hire a consultant firm to craft ballot language to place on the June 2014 Election.
3. Decide not to place a revenue ballot measure on the June 2014 Election.

FISCAL IMPACT

A local ballot initiative would cost the City approximately $20,000 if placed on the June 2014 election. If a revenue ballot measure passes, the City could expect to receive additional revenue per year between $187,000 and $900,000, depending on the revenue ballot measure, or measures, selected.

SUMMARY

The City of Morro Bay has been in a difficult financial position for a number of years. Many tough budgetary choices have already been made — but many more will need to be made unless additional revenue sources are obtained. The City Council must decide whether there is a collective interest in placing a measure on the ballot to generate revenue sufficient to sustain the costs of delivering the current set of City services. For any revenue-generating measure to have a chance of succeeding, the services, goals and outcome must be clear, the Council must be united in its support, and an organized constituency and campaign is needed to move the initiative forward.

Prepared By: _____ **Dept Review:_____**

City Manager Review: _____

City Attorney Review: _____

BACKGROUND

At the March 26, 2013 City Council meeting, Council Member Christine Johnson requested a future agenda item concerning potential new revenue sources. The City Council supported her request, and specifically mentioned, as a potential new revenue source, a sales tax increase to repair aging infrastructure and streets.

Attached to this staff report are various graphs from the Management Partners Report on future projections of revenues and expenditures that Council should review carefully. In the face of difficult financial times, and in response to the Management Partners Report, staff and Council have taken steps necessary to retain a balanced budget.

However, it is very important to realize that the Status Quo is not an option. As stated in the Management Partners Report, "the City of Morro Bay must make fundamental changes in the way it does business. To maintain current service levels, the community will be asked to pay more to keep them." In addition, in the budget presentations, staff prepared a number of scenarios for the City Council to review that all indicated that the "status quo" revenue picture resulted in expenditures exceeding revenues in all cases over the next 5 years.

DISCUSSION

The following is a list of potential revenue-generating measures:

Implement a Utilities Users Tax (UUT). Government Code Section 37100.5 authorizes cities to collect a utility user's tax on electric, gas, cable television, water, and telephone services. The tax is collected by the utility as part of its regular billing and then remitted to the City. The tax rate set by the City Council is typically defined by the voter referendum used to authorize the tax. There are approximately 150 cities and 4 counties with UUTs. The particular utility to which the tax is applied varies. In some cities, different rates apply to residential versus commercial users. The most common rate (the mode) is 5%, applied broadly among many types of utilities. The average rate (mean) is 5.5% with a standard deviation of 2.1%. Because most large cities have UUTs, roughly half of California residents and businesses pay a utility user tax. By way of comparison, Grover Beach charges 1% on telephones, gas, electric, CATV, and water, and raises $169,500 per year or $13.24 per capita. San Luis Obispo charges 5% and also includes cell phones, raising $4,187,700 or $97.47 per capita (or $19.49 per 1% of UUT per capita). The average per capita per 1% is $16.37. No other cities in the county charge a UUT.

Potential revenues for Morro Bay using $16.37 per capita per 1% of UUT are as follows:
1% = $165,882, 2% = $331,764, 3% = $497,646, 4% = $663,528, 5% = $829,410.

A UUT may be imposed as a special tax earmarked for a specific purpose. However, all other cities in California impose the UUT as a general tax to be used for a variety of municipal service needs, at the discretion of the City Council.

Increase the City's Transient Occupancy Tax (TOT). Transient Occupancy Tax (TOT), at a rate of 10% per rental, is currently collected by all entities renting lodging for 30 days or less. Those taxes are remitted monthly to the City, and that revenue stream accounts for 22% of the General Fund's

revenues before transfers in. TOT is the second largest revenue source to the City (property tax is the largest). An increase from the current 10% to 11% will result in a 10% increase in TOT revenues, projected to be $200,000 annually. A TOT may be imposed as a special tax earmarked for a specific purpose. However, all other cities in California impose the TOT as a general tax to be used for a variety of municipal service needs at the discretion of the City Council. It should be noted that the Hoteliers also collect a 3% assessment that goes directly to the Morro Bay Tourism Business Improvement District, which would bring the TOT for Hoteliers to 14%.

Increase the Local Transactions and Use Tax (Sales Tax). California has many special taxing jurisdictions (districts), which are funded by a transaction (sales) and use tax rate that is added to the standard statewide rate of 7.50%. The tax rates for these districts range from 0.10% to 1.00% per district. In some areas, there is more than one district tax in effect (Capitola, El Cajon, El Cerrito, Eureka, Ft Bragg, Nevada City, Placerville, Santa Rosa, Sebastopol and Woodland). In others, there is no district tax in effect. The sales tax in Morro Bay is 8% which is the average for cities in California. The extra 1/2 % (Measure Q) was approved by the voters in 2006. Another increase in sales tax would minimize the burden on local residents because those who visit the community pay approximately one-third of sales taxes paid within the City.

An increase in Sales Tax may be imposed at a rate of 0.25% or a multiple thereof. The ordinance proposing the tax must be approved by a two-thirds vote of all members of the governing body and the maximum combined rate of transactions and use taxes in any location may not exceed 2%.

Potential revenues for Morro Bay would likely be similar to Measure Q in the increments as follows: 0.25% = $419,500, 0.50% = $839,000, .075% = $1,258,500, 1% = $1,678,000

Implement City-Wide Assessment. An Assessment District is a special district that includes property that will receive direct benefit from new public improvements or from the maintenance of existing public improvements. The most common types of assessments are for roads, storm water, parks, landscaping, and street lighting. Formation of an Assessment District requires voter approval, which must be done in the form of a mailed ballot. Assessment Districts require that at least as many ballots (as weighed by the amount of the assessment against the parcel submitting the ballot) are returned in favor of the assessment as are returned in opposition to the assessment.

Each property is assessed a certain amount based on the percentage of benefit received by the property. Factors that determine the amount of benefit received may include the size of the lot or the proximity to the improvement being financed. The collection of the assessment charges occurs through County property tax collections, and is earmarked for the special assessment district as defined. Unless specified by a sunset clause, the collection will continue into the future at a minimum growth allowable by Proposition 13. A CPI (consumer price index) may also be added to the collection so as to keep revenues growing at a rate equal to expenditures.

Revenues are assumed at $359,000 in the Management Partners Report.

Implement a General or Special Parcel Tax. A parcel tax (otherwise known as a property-tax override) is a special non-ad valorem (non-value based) tax on parcels of property generally based

on either a flat per-parcel rate or a variable rate depending on the size, use, or number of units on the parcel. However, since this tax is not based on the value of the property, it is a "fixed" tax. Parcel taxes require two-thirds voter approval and are imposed for any number of purposes, including funding police and fire services, clean water watershed management and flood control, and neighborhood improvement and revitalization. There are approximately 6,000 taxable parcels in the City. With an annual assessment of $100 on each parcel in the City, the revenue derived would be approximately $600,000.

Emergency Communications (or 911) Tax. This tax is usually designed to charge all phone customers in the City equally to pay for the costs of providing emergency police and fire dispatch communications. The City's current budget for emergency police and fire dispatch communications is $412,425 of general fund dollars. A fee of $3.50 per month on approximately 11,000 phone lines (landlines as of 2008) would raise enough funds to cover the current budget.

General Taxes vs. Special Taxes

Local agencies, such as cities, may impose taxes using a variety of methods, subject to voter approval. These taxes are classified as either "general" or "special" pursuant to Proposition 218.

Whether the ballot measure requires a simple majority (50% + 1 vote) or a super majority (two-thirds of those voting in the affirmative) depends upon the ballot language and whether the question is placed upon the ballot as a general tax increase or a special tax increase.

A "general tax" may be used for any public purpose — the funds are fully discretionary and may be deposited into the General Fund. A majority vote (50%+1) of the electorate is required to impose, increase, or extend a general tax.

A "special tax" is a tax imposed for a specific purpose. For example, some cities dedicate tax revenues for the payment of law enforcement or street maintenance costs rather than using the taxes for the general operations of government. A two-thirds majority of voters is required to impose, increase, or extend a tax for a specific purpose.

Special tax revenues must be accounted for in a separate fund.

General taxes may only be put on the ballot at the same general election when the City Council election is held, unless the Council unanimously finds that there is an urgent need to impose the tax measure. Upon such unanimous declaration, the general tax measure may be put before the voters at a special election. Special taxes may be placed before the electorate at any time, either during a general election or in a special election.

It is staff recommendation that Council appoint two Council Members to work with staff in creating an ad hoc Citizen Committee that would study the issues, seek public input, and create a report and draft ballot language to place on the June 2014 Election. A timeline for approval of a Revenue Generating Ballot Measure is as follows:

December 10, 2013 – Citizen Committee presents report and draft language to Council.
January 14, 2014 - Further consideration by City Council of draft language and Ordinance.
February 11, 2014 – Approval of City Council Resolution placing Revenue Generating Measure on the June 2014 Election.

CONCLUSION

Staff recognizes that increasing taxes is a serious decision that cannot be taken lightly. However, staff expresses its conviction that Morro Bay has the immediate need to begin working on revenue-generating ballot measures in order to continue to provide the community with the services and quality of life that is currently enjoyed by the residents and visitors alike.

Therefore, it is staff's recommendation that Council direct staff to begin working with two Council Members and an ad hoc Citizen Committee and prepare a draft revenue measure to bring back to the City Council for consideration at the December 10, 2013 Council Meeting.

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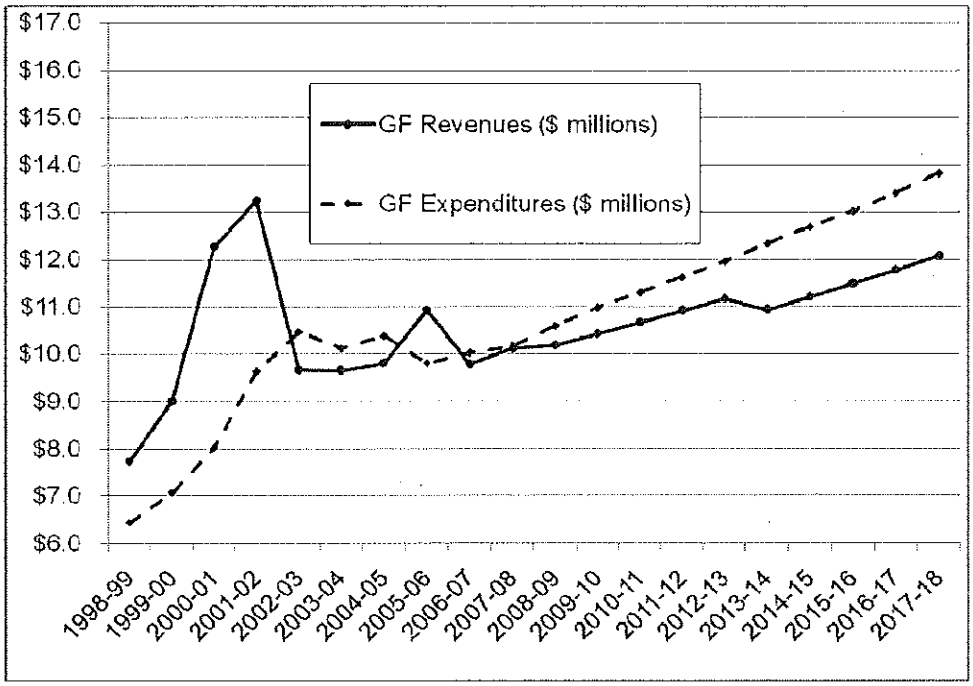
FIGURE 24: PROJECTED GENERAL FUND REVENUE AND EXPENDITURES ASSUMING STATUS QUO OPERATIONS – KEEPING PACE WITH INFLATION



As can be seen from the above figure, if one assumes continued sluggish revenue growth (justified given current economic conditions in California) and just enough growth in expenditures to maintain the same service levels, the City will face continued annual deficits into the future.

This is a very important finding and it is a basis for many of the recommendations that follow. The City of Morro Bay must make fundamental changes in the way it does business. To maintain current service levels, the community will be asked to pay more to keep them afloat. None of this will be easy for the community or City employees.

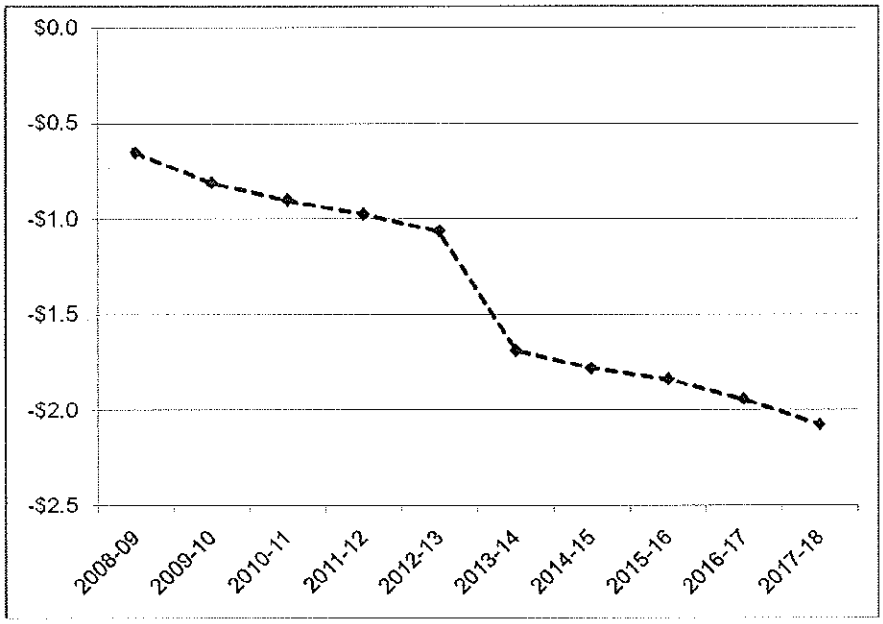
After discussing the results of our outreach efforts to stakeholders we will return to the critical financial questions, introduce the financial model and provide recommendations.

Online Survey Results

Management Partners conducted two concurrent online surveys. The first survey was tailored to the City's employees, and the second was intended for elected officials and appointed advisory commissions and committees. The purpose of the surveys was to gauge each group's understanding of budgetary issues and identify spending priorities and any new strategies for deficit reduction. The following list details the

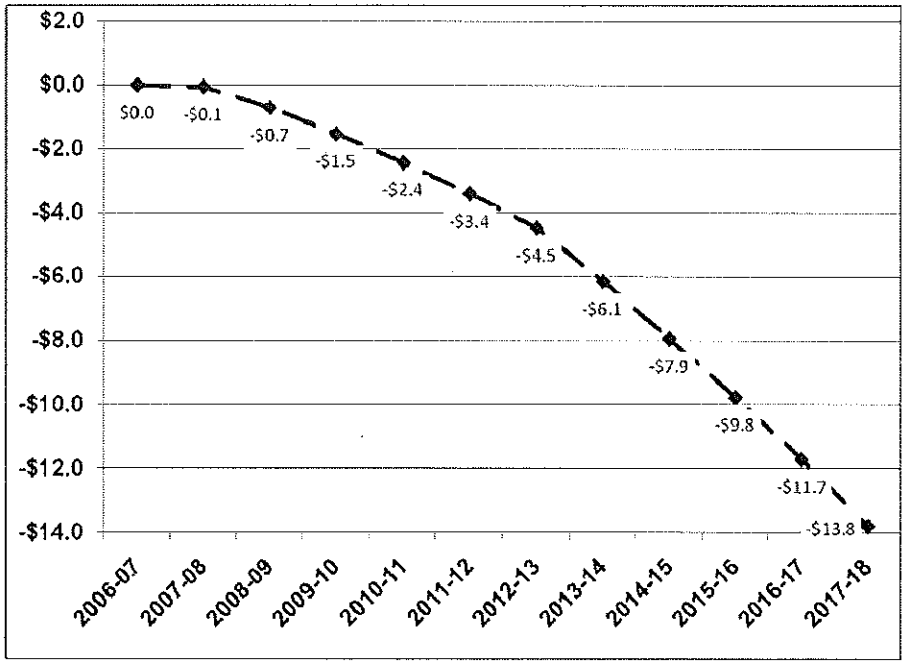
At current revenue and expenditure levels, adjusting for below median salary and fringe benefits, and projecting revenues and expenditures to grow at 2.85% per year (estimated average inflationary increase), the City will run General Fund deficits over $2 million annually by FY2018, as shown in Figure 27.

FIGURE 27: GENERAL FUND ANNUAL DEFICIT TREND, FY09-18



Taking the General Fund deficit for each year and adding them up results in a cumulative impact shown in Figure 28 below. While each year's individual deficit may seem to be minor, the cumulative effect is that the City will be almost $14 million in the red by the 2017-18 fiscal year. The result of continued deficit spending will not go away and, in fact, will have significant negative impacts for the City.

FIGURE 28: CUMULATIVE GENERAL FUND REVENUES LESS EXPENDITURES (MILLIONS)



Clearly this is not a feasible course of action for the City and this chart is shown only to demonstrate hypothetically, what would happen absent corrective changes.

AGENDA NO: D-6

MEETING DATE: September 10, 2013

Staff Report

TO: **Honorable Mayor and City Council** **DATE: September 5, 2013**

FROM: **Rob Livick, PE/PLS - Public Services Director/City Engineer**

SUBJECT: **Update on the Status of the Pavement Management Plan (PMP)**

RECOMMENDATION

Staff recommends that this report be received and filed.

ALTERNATIVES

Upon reviewing the report Council may choose to provide any additional direction to staff.

FISCAL IMPACT

No direct impact as a result of this action. With the adoption of the FY 2013/2014 budget Council approved $757,557 from the "Measure Q" funds for the Pavement Maintenance program. Staff has "set aside" $150,000 for day-to-day maintenance activities, such as potholing and other safety related street repairs. The remaining $607,557 will be used to fund the 2013 Pavement Management Programs Street Rehabilitation Program. Approximately ten percent of the funding is being used for consultant services (design, resident engineering and testing) and the remaining $546,801 for actual construction.

SUMMARY

Design of the 2013 Pavement Rehabilitation Project is underway and expected to be completed this month. Staff has hired Roads Scouts to assess current road conditions and develop contract specifications. Invitations to Bid will be issued in September and an October 2013 award is anticipated. Staff will transition to new pavement management software called Street Saver before the end of this calendar year and then FY 2014-2018 pavement management priorities will be reevaluated based on current roadway conditions and application of new pavement rehabilitation strategies, such as the triple layer cape seal process.

BACKGROUND

On January 14, 2013 the PWAB held a public meeting (The "Streets Summit") to discuss street maintenance and solicit public comment. In March through May 2013, the City Council and staff conducted a series of Goal Setting Workshops to establish City priorities for the upcoming fiscal Year. In response to community priorities, the City Council approved the FY2013/14 Budget that allocated additional resources from Measure Q to augment General

Prepared by: __RL/RS__ Dept. Review: RL__

City Manager Review:_____

City Attorney's Review:_____

Fund and Gas Tax revenues for the repair and maintenance of Morro Bay Streets.

DISCUSSION

The attached list of streets under design for the 2013 Pavement Rehabilitation Project is a result of the input received from Morro Bay residents, the Public Works Advisory Board, established PMP priorities and the funding allocated to achieve the second Major City Goal established by the City Council at the 2013 Goal Setting Workshop. Public Services Engineering and Parks & Recreation Street Maintenance staff are working closely with Road Scouts to adjust pavement rehabilitation priorities to address critical pavement defects while preserving the integrity of the established Pavement Management Plan which assures the most cost effective strategy for repairing our existing road infrastructure. A visual survey has been conducted on 94 city streets and 18 specific pavement defects to arrive at a design list that includes 33 street segments. The visual survey revealed that many of the North Morro Bay streets that ultimately need reconstruction may attain as much as an additional 10 years of service-life extension by utilizing the Triple Layer Cape Seal pavement rehabilitation technique. During the design phase, Road Scouts will take core samples of pavement at several locations to determine the structural capacity of the existing pavement cross-sections. This will determine the appropriate rehabilitation technique to be used on these street segments. A detailed road inventory is also in progress to further define the locations and quantities for specific pavement repairs that will be needed prior to resurfacing. After the inventory is complete, bid specifications will be completed and a revised cost estimate will determine the final list of street segments to be included in the contract. Small repairs will be performed by City street crews while the larger structural pavement defects will be repaired by contractors who have the necessary equipment. Two contracts will be awarded to support the 2013 Pavement Rehabilitation Project. The first will complete pavement dig-outs and structural repairs while the other will provide resurfacing. The availability of asphalt could be a key factor in the timing of this work. Staff is closely monitoring the strike which is currently limiting material availability so staff is looking for alternative sources should the strike continue without resolution.

Staff is working closely with SLOCOG to determine if additional Regional State Highway Account funding might be available for reconstruction of South Bay Blvd from Quintana Road to Teresa Road. The project is an eligible activity for the RSHA funds, but determination on funding will not be made by the SLOCOG Board until December 2013; therefore we will need to defer improvements to South Bay Blvd until late spring of 2014.

CONCLUSION

Pavement repair and resurfacing remains an important City priority and staff has identified a pavement rehabilitation method to stretch limited funding to increase the number of street segments which can be improved this year. While this will improve the rideability of many City streets, much remains to be done to provide a long term improvement in the City's overall pavement condition index. A new source of tax revenue is essential to achieve long-term improvement.

ATTACHMENTS

1. Road Segments under design for Pavement Rehabilitation
2. Tentative Schedule for 2013 Pavement Rehabilitation Project

ATTACHMENT 1

2013 Pavement Rehabilitation Design

Street	From	To	Repair
Andros	Sandalwood	Coral	3 Cape Seal
Cedar	San Jacinto Street	Sequoia	3 Cape Seal
Dogwood	San Jacinto Street	Sequoia	3 Cape Seal*
Elm	San Jacinto Street	Sequoia	3 Cape Seal*
Fir	San Jacinto Street	Sequoia	3 Cape Seal
Gilbert	Sandalwood	Coral	3 Cape Seal
Island2	Panorama Drive	Main Street	3 Cape Seal
Java1	Panorama Drive	Main Street	3 Cape Seal
Nassau	Main Street	Panorama Dirve	3 Cape Seal
Nevis1	Nassau Street	Tide Avenue	3 Cape Seal
Norwich 1&2	Prescott Drive	Hillcrest Drive	3 Cape Seal
Panay1	Main Street	Panorama Dirve	3 Cape Seal
Whitbey Way	Panorama Drive	Whitbey Street	3 Cape Seal
Avalon 1 & 2	Main	Laurel	Cape Seal
Beachcomber 1	Hatteras	Sienna	Cape Seal
Beachcomber 2	Yerba Buena Street	Java Street	Cape Seal
Hemlock	San Jacinto Street	San Jacinto Street	Cape Seal
Java2	Beachcomber Drive	Coral Street	Cape Seal$
Oahu1	Main Street	Tide Avenue	Cape Seal$
Oahu2	Tide Avenue	Panorama Drive	Cape Seal$
Quintana 1 & 2	MB Blvd	S. Bay Blvd	Cape Seal
Sandalwood1	Azure Street	San Jacinto Street	Cape Seal
Trinidad1	Main Street	Tide Avenue	Cape Seal**
Trinidad2	Tide Avenue	Panorama Drive	Cape Seal**
Kings	Quintana	End	Mill, Grade, Overlay$
S. Bay Blvd 1	Quintana	E. End	Remove & Replace$

Dawson1	Tuscan Avenue	Panorama Drive	Slurry Seal$
Nevis1	Panorama Drive	Tide Avenue	Slurry Seal$
Sandalwood2	San Jacinto Street	Java Street	Slurry Seal
Sicily1	Main Street	Panorama Drive	Slurry Seal$
YerbaBuen1	Beachcomber Dirve	Highway 1	Slurry Seal
YerbaBuen2	Main Street	Panorama Drive	Slurry Seal

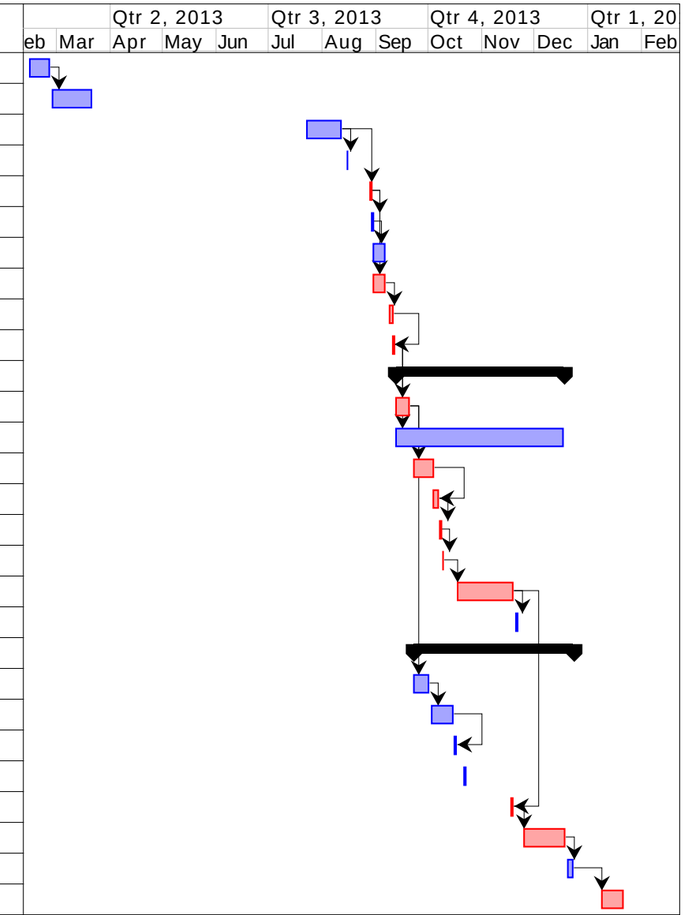
* Core & evaluate R-Value

** Consider Slurry Seal

$ As funding allows

ATTACHMENT 2

		Name	Duration	Start	Finish	Predecessors	Resource Names
1		Award Phase 1 Consulting Contract	9 days	2/13/13 8:00 AM	2/25/13 5:00 PM		
2		Visual Assessment 94 Streets	18 days	2/25/13 8:00 AM	3/21/13 5:00 PM	1	
3		Award Phase 2 Consulting Contract	15 days	7/23/13 8:00 AM	8/12/13 5:00 PM		
4		Visual Inspection 31 Pvmt Defects	2 days	8/15/13 8:00 AM	8/16/13 5:00 PM	3	
5		Project Field Review & Planning	1 day	8/29/13 8:00 AM	8/29/13 5:00 PM	3	
6		Pavement Coring	1 day	8/30/13 8:00 AM	8/30/13 5:00 PM	5	
7		Material Testing	5 days	8/30/13 8:00 AM	9/6/13 5:00 PM	6FS-1 day	
8		Road Inventory (Field)	5 days	8/30/13 8:00 AM	9/6/13 5:00 PM	5	
9		Road Inventory (Office)	3 days	9/9/13 8:00 AM	9/11/13 5:00 PM	8	
10		Final Street Selection	1 day	9/11/13 8:00 AM	9/11/13 5:00 PM	9FF	
11		**DIGOUT PROJECT**	**67 days**	**9/12/13 8:00 AM**	**12/18/13 5:00 PM**		
12		Prepare Digout Bid Package	7 days	9/12/13 8:00 AM	9/20/13 5:00 PM	10	
13		City Street Crew Commence Digouts	67 days	9/12/13 8:00 AM	12/18/13 5:00 PM	10	
14		Advertise for Digout Bids	10 days	9/23/13 8:00 AM	10/4/13 5:00 PM	12	
15		Bid Opening & Staff Review	2 days	10/4/13 8:00 AM	10/7/13 5:00 PM	14FF+1 day	
16		Board Meeting & Award Digout Contract	1 day	10/8/13 8:00 AM	10/8/13 5:00 PM	15	
17		NTP Digout Project	2 days	10/9/13 8:00 AM	10/10/13 5:00 PM	16	
18		Mobilization & Construction Digout Project	22 days	10/18/13 8:00 AM	11/19/13 5:00 PM	17FS+5 days	
19		Contingency Days for Digout Project	3 days	11/20/13 8:00 AM	11/22/13 5:00 PM	18	
20		**RESURFACING PROJECT**	**64 days**	**9/23/13 8:00 AM**	**12/24/13 5:00 PM**		
21		Prepare Resurfacing Bid Package	8 days	9/23/13 8:00 AM	10/2/13 5:00 PM	12	
22		Advertise for Resurfacing Bids	10 days	10/3/13 8:00 AM	10/16/13 5:00 PM	21	
23		Bid Opening & Staff Review	2 days	10/16/13 8:00 AM	10/17/13 5:00 PM	22FF+1 day	
24		Board Meeting & Award Resurfacing Contract	1 day	10/22/13 8:00 AM	10/22/13 5:00 PM		
25		NTP Resurfacing Project	2 days	11/18/13 8:00 AM	11/19/13 5:00 PM	18FF	
26		Mobilization & Construction Resurfacing Project	17 days	11/25/13 8:00 AM	12/19/13 5:00 PM	25FS+3 days	
27		Contingency Days for Resurfacing Project	3 days	12/20/13 8:00 AM	12/24/13 5:00 PM	26	
28		Final Reporting for Digout and Resurfacing Projects	10 days	1/9/14 8:00 AM	1/22/14 5:00 PM	27FS+10 days	



Schedule Dependent on:

ASPHALT AVAILABILITY

WEATHER CONDITIONS

AGENDA NO: D-7

MEETING DATE: 9/10/13

Staff Report

TO: **Honorable Mayor and City Council** **DATE: September 3, 2013**

FROM: **Andrea K. Lueker, City Manager**

SUBJECT: **Resolution No. 47-13 Confirming the City of Morro Bay's Participation in the Community Choice Aggregation (CCA) Feasibility Study and Appointment of an Individual to the CCA Exploration Advisory Committee (CEAC)**

RECOMMENDATION

Staff recommends the City Council consider participation in the CCA feasibility study and adopt Resolution No. 47-13. Staff further recommends the City Council appoint an individual to serve on the CCA Exploration Advisory Committee (CEAC).

ALTERNATIVES

The City Council is provided 3 alternatives:
Alternative 1 is to adopt Resolution No. 47-13 as provided.
Alternative 2 is to amend and then adopt Resolution No. 47-13.
Alternative 3 is to take no action.

FISCAL IMPACT

There is no fiscal impact with the adoption of Resolution No. 47-13.

SUMMARY

The staff report contains a suggested Resolution from SLO Energy. If passed, it will secure the City Council's interest in exploring CCA (Community Choice Aggregation) and appoints a representative to participate in the steering committee. It in no way commits or otherwise binds the City to participate in a CCA should it be established; however, it could result in a future request in a contribution from the General Fund should the organization not be able to secure private funds to cover the feasibility study.

CCA is a provision of California Law that allows cities, counties or joint power agencies to purchase electricity and other necessary electrical services on behalf of the customers in their area. CCA's differ from municipal utility districts in that the investor-owned utility, in this case PG&E, continues to own the electrical distribution infrastructure and to provide electricity transmission, distribution, billing and related customer services. However, CCAs are able to determine their own energy supply mixes and rate structures.

Prepared By: _____ **Dept Review:**_____

City Manager Review: _____

City Attorney Review: _____

BACKGROUND

SLO Clean Energy initially contacted the City of Morro Bay earlier this year in regard to participating in a Community Choice Aggregation (CCA). Staff met with SLO Clean Energy in June, followed by a presentation from SLO Clean Energy at the August 27, 2013 City Council meeting. Following that presentation, the City Council asked that this item and a Resolution supporting participation in a CCA be presented.

DISCUSSION

SLO Clean Energy, which is a coalition of San Luis Obispo County leaders and volunteers committed to local clean energy for communities within San Luis Obispo County, approached the City to consider joining with other jurisdictions to explore the economic benefits, risks and feasibility of creating a CCA in SLO County. Other counties to the north are also exploring creating a CCA including Monterey, Santa Cruz and San Benito.

In terms of the status of CCA's in California, Marin Energy Authority – (http://www.marinenergyauthority.com/) is currently operating, Sonoma Clean Power (http://www.sonomacleanpower.org/) and Clean Power SF (http://www.sfwater.org) are in the process of launching and Monterey/Santa Cruz/San Benito Communities (http://www.montereybaycca.org/), Yolo County and the City of Davis and San Diego County and Cities (http://www.sandiegoenergydistrict.org/) are in the exploration stage.

Adopting Resolution No. 47-13 does not obligate the City to pay for any portion of the feasibility study. Currently, fundraising and grant exploration are taking place. Below are the commitments the City of Morro Bay would be making by adopting the Resolution:

1. The City of Morro Bay agrees to participate in an inter-jurisdictional effort to investigate the feasibility of CCA, including support for efforts by a CCA Exploration Advisory Committee (CEAC) to guide preparation of a feasibility study, without obligation of any City funds, unless separately authorized in a future action by the City Council.
2. The City Council authorizes appointment of an individual(s) to participate as a member(s) of the CEAC.
3. The City Manager is authorized to execute the appropriate documentation to allow the CEAC and its technical consultants to request energy usage load data from PG&E so it may be analyzed as part of the feasibility study.
4. Adoption of Resolution No. 47-13 in no way binds or otherwise obligates the City of Morro Bay to participate in a CCA program.

CONCLUSION

Staff recommends the Council adopt Resolution 47-13 authorizing participation in the CCA feasibility study as well as appoint a member(s) to participate in the CEAC.

RESOLUTION NO. 47-13

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
CONFIRMING CITY OF MORRO BAY'S PARTICIPATION IN A
COMMUNITY CHOICE AGGREGATION (CCA) FEASIBILITY STUDY**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the Morro Bay City Council has demonstrated its commitment to increasing energy efficiency, and to supporting more broad availability and use of local renewable power sources within the City; and

WHEREAS, Community Choice Aggregation (CCA) is a mechanism through which an authority, represented by participating local governments within its jurisdiction, procures electrical power on behalf of its residential and commercial customers; and

WHEREAS, Pacific Gas & Electric Company (PG&E) remains an important partner, responsible for reliable delivery of power and enhancement and maintenance of grid infrastructure; and

WHEREAS, the Morro Bay City Council has identified CCA as a potential strategy that could be very effective in helping the City meet its AB32 greenhouse gas reduction targets; and

WHEREAS, Community Choice Aggregation, if determined to be technically and financially feasible, could provide substantial environmental and economic benefits to all residents and businesses in the City of Morro Bay; and.

WHEREAS, Community Choice Aggregation provides the opportunity to fund and implement a wide variety of energy related programs of interest to the community; and

WHEREAS, in addition to technical and financial feasibility, it is important to determine whether there is adequate public support for Community Choice Aggregation; and

WHEREAS, it is intended for the CCA Exploration Advisory Committee (CEAC) to be an advisory group comprised of local agency staff, local elected officials or their designees, and members of the public with expertise in energy, financial and/or organizational mechanisms; with the charge to develop CCA feasibility information and to advise the Morro Bay City Council and participating local agencies; and

WHEREAS, determining technical and financial feasibility requires obtaining and analyzing energy load data from PG&E, and conducting public education and outreach.

NOW, THEREFORE, BE IT RESOLVED by the Morro Bay City Council that:

1. The City of Morro Bay agrees to participate in an inter-jurisdictional effort to investigate the feasibility of Community Choice Aggregation (CCA), including support for efforts by a CCA Exploration Advisory Committee (CEAC) to guide preparation of a feasibility study, without obligation of the expenditure of any City Funds unless separately authorized in a future action by the Morro Bay City Council.

2. The Morro Bay City Council authorizes an individual (City staff or City Council member) to participate as a member of the CEAC.

3. The City Manager is authorized to execute the appropriate documentation to allow the CEAC and its technical consultants to request energy usage load data from PG&E so it may be analyzed as part of the feasibility study

4. Adoption of this Resolution in no way binds or otherwise obligates the City of Morro Bay to participate in a Community Choice Aggregation program.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 10th day of September, 2013, by the following vote:

AYES:

NOES:

ABSENT:

_____
JAMIE L. IRONS, Mayor

ATTEST:

_____
JAMIE BOUCHER, City Clerk

AGENDA NO: D-8

MEETING DATE: 09/10/2013

Staff Report

TO: **Honorable Mayor and City Council** **DATE: 09/03/2012**

FROM: **Andrea K. Lueker, City Manager**

SUBJECT: **Water Reclamation Facility (WRF) Project Status and Discussion**

RECOMMENDATION
Discuss in open session, the progress to date on the Water Reclamation Facility (WRF) and provide direction to staff as necessary.

ALTERNATIVES
Not applicable at this time.

FISCAL IMPACT
Not applicable at this time.

SUMMARY
Staff provides this report as a monthly update to the progress made to date on the new WRF project.

BACKGROUND
With the denial of the permit for the WWTP project in its current location, the City has embarked on a process for a WRF. This staff report provides a review of what has occurred to date as well as provides the City Council an opportunity for open discussion on the WRF project.

DISCUSSION
Below is a brief review of dates, status and accomplishments on the WRF facility project. Note the bolded information has been added since your last review.

Date	Action
01/03/13	Special City Council meeting – City Adopted Resolution No. 07-13 recommending denial of the WWTP project.
01/08/13	WWTP Project denied by the California Coastal Commission (CCC).
01/08/13	January JPA not held due to CCC meeting.
01/24/13	City Staff, Morro Bay JPA Sub-Committee, Cayucos SD representatives, staff and attorney meet and discuss strategy and moving forward.

Prepared By: _____ **Dept Review:**_____

City Manager Review: _____

City Attorney Review: _____

02/14/13	February JPA meeting held, “Discussion and Consideration of Next Steps for the WWTP Upgrade Project” was on the agenda and discussed.
02/26/13	City Council meeting - draft schedule/project timeline presented to City Council. City Council directed staff to prepare an RFP for a project manager.
03/11/13	City Council goal session, WRF established as Essential City Goal.
03/14/13	City Council goal session, WRF established as Essential City Goal.
03/14/13	March JPA meeting held, “Status Report on the Discussion with RWQCB Staff Renewal Process for the WWTP NPDES Permit No. CA0047881” and “Verbal Report by the City and District on the Progress of the future WWTP” were on the agenda and discussed.
03/18/13	RFP issued.
03/26/13	City Council meeting - City Council approves citizens to serve on the RFP selection committee.
03/27/13	Announcement placed on City website, etc. regarding citizen selection committee application period.
04/05/13	Citizen selection committee deadline.
04/09/13	City Council meeting - appointment of 5 citizens for the RFP selection committee at City Council meeting.
04/10/13	Addendum to RFP issued, re: selection committee
04/11/13	April JPA meeting held, “Verbal Report by the City and District on the Progress of the future WWTP” and Discussion and Approval to Terminate the Consultant Services Agreements with Delzeit; Dudek, McCabe and Company; and Montgomery Watson Harza (MWH)” were on the agenda and discussed.
04/15/13	RFP due.
04/16/13	Study Session on WRF facility announced for April 29, 2013
04/23/13	City Council meeting –reaffirmation of 5 members of citizen selection committee.
04/25/13	Quarterly Meeting with California Coastal Commission staff, WRF discussion and status report on the meeting agenda.
04/25/13	Initial meeting with Selection Committee for the RFP for Planning Services for the WRF.
04/29/13	WRF Study Session at Veteran’s Hall.
05/02/13	Interviews to recommend the individual/team for the WRF project manage
05/09/13	May JPA meeting held, “Verbal Report by the City and District on the Progress of the future WWTP” was on the agenda and discussed.
05/14/13	City Council meeting – Approval of John F. Rickenbach, Consulting as the Preliminary Planning Consultant for the WRF project.
05/14/13	City Council meeting – Approval of John F. Rickenbach, Consulting as the Preliminary Planning Consultant for the WRF project
05/15/13	Public Services staff continues to work with John F. Rickenbach, Consulting to finalize the consultant contract.
05/28/13	Closed Session Item scheduled to discuss Righetti appraisal.

06/13/13	JPA Meeting – Cayucos Veteran's Hall
06/24/13	Kick-off Meeting with John Rickenbach and team members
06/24/13-06/28/13	Work with Rickenbach to determine updated schedule pursuant to the scope of work in the RFP. Determination of Stakeholder groups/individuals
07/03/13	Tentative Schedule from Rickenbach for the New WRF posted online and available.
07/03/13	Working with Coastal Commission staff to finalize date for quarterly meeting/teleconference.
07/11/13	July JPA Meeting Cancelled.
07/18/13	Quarterly Coastal Commission/City of Morro Bay meeting, Rickenbach Team participated in review and discussion of the status of the WRF project.
07/19/13	WSC Report entitled Conceptual Wastewater Treatment Alternatives Technical Memorandum commissioned by the Cayucos Sanitary District (CSD) released on the CSD website and delivered to the City. Report located at the following address: www.cayucossd.org/documents/Conceptual%20WW%20Treatment%20AltTM_CSD.pdf
07/24/13-07/25/13	Stakeholder Interviews conducted by Rickenbach team
08/08/13	August JPA Meeting Cancelled
08/15/13	**Community Workshop #1 held at MB Veteran's Hall**
Week of 8/19/13	**Workshop Summary posted on City's website** **Comments Form available on City's website for additional comments on the workshop and/or project.**

Scheduled Items (dates may be tentative)

09/12/13	**September JPA Meeting Scheduled**
09/16/13	**Biosolids and Treatment Options Workshop at MB Veteran's Hall**
10/15/13	**Community Workshop #2 – location TBA**
10/22/13	**Presentation of Options Report to City Council**

CONCLUSION

City Council, since the denial of the WWTP permit in January, has made measured and deliberate progress in the WRF project, as outlined above.