



CITY OF MORRO BAY CITY COUNCIL AMENDED AGENDA

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

Regular Meeting Tuesday, February 23, 2021 – 5:30 P.M. Held Via Teleconference

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

- Neighborhood Cop Program Update

PUBLIC COMMENT

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this Meeting will be conducted telephonically through Zoom and broadcast live on Cable Channel 20 and streamed on the City website (click [here](#) to view). Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, the Veterans' Hall will not be open for the meeting.

Public Participation:

In order to prevent and mitigate the effects of the COVID-19 pandemic, and limit potential spread within the City of Morro Bay, in accordance with Executive Order N-29-20, the City will not make available a physical location from which members of the public may observe the meeting and offer public comment. Remote public participation is allowed in the following ways:

- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the City Council at council@morrobayca.gov prior to the meeting and will be published on the City website with a final update one hour prior to the meeting start time. Agenda correspondence received less than an hour before the meeting start time may not be posted until after the meeting.*
- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the "raise hand" feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input.*

Please click the link below to join the webinar:

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRFUQT09>
Password: 135692
- Or Telephone Attendee: 1 (408) 638-0968 or 1 (669) 900 6833 or 1 (346) 248 7799;
Webinar ID: 827 2274 7698; Password: 135692; Press *9 to "Raise Hand" for
Public Comment

A. CONSENT AGENDA

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion. The public will also be provided an opportunity to comment on consent agenda items.

- A-1 APPROVAL OF MINUTES FOR THE FEBRUARY 9, 2021, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 AUTHORIZATION FOR "VIRTUAL" ATTENDANCE AT THE C-MANC ANNUAL WASHINGTON D.C. "WASHINGTON WEEK" MEETINGS BY THE MAYOR, CITY MANAGER AND HARBOR DIRECTOR, AND DISCUSSION OF THE WASHINGTON WEEK AGENDA; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council authorize a three-person "virtual" delegation (the Mayor, City Manager and Harbor Director) to virtually attend the California Marine Affairs and Navigation conference (C-MANC) 2021 "Washington Week" meetings in Washington D.C. slated for February 25 and 26, 2021, to represent the City's interests in the nation's capital, and to provide any desired input representing the City's interests on the elements herein.

B. PUBLIC HEARINGS

- B-1 PUBLIC HEARING FOR APPROVAL OF ISSUANCE BY HOUSING AUTHORITY OF SAN LUIS OBISPO (HASLO) OF TAX-EXEMPT BONDS FOR CONSTRUCTION AND ACQUISITION, THROUGH HASLO, OF 35 AFFORDABLE HOUSING UNITS IN CITY OF MORRO BAY AT 405 ATASCADERO ROAD, WITH NO INDEBTEDNESS NOR DEBT OBLIGATION INCURRED BY CITY OF MORRO BAY; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Staff recommends the City Council: 1) Conduct a public hearing under the Tax and Equity Fiscal Responsibility Act ("TEFRA") of 1982 and pursuant to the requirements of the Internal Revenue Code of 1986, as amended (the "Code"); and 2) Adopt Resolution No. 09-21 allowing the issuance of a tax-exempt obligation by the Housing Authority of the City of San Luis Obispo (HASLO), for the purpose of providing financing for the construction of multifamily affordable rental housing located in the City of Morro Bay (the "Project"); and, providing consent to the operation by HASLO within the boundaries of the City in connection with the financing, development, and operation of the affordable rental housing (such adoption of the resolution is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 et seq.)

C. BUSINESS ITEMS

- C-1 FISCAL YEAR 2020/2021 MID-YEAR BUDGET PERFORMANCE AND STATUS REPORT – SIX MONTHS ENDING DECEMBER 31, 2020: A) RECEIVE FISCAL YEAR (FY) 2020/2021 MID-YEAR BUDGET PERFORMANCE AND STATUS REPORT AND AUTHORIZE BUDGET ADJUSTMENTS AS RECOMMENDED IN THE ATTACHED SECOND QUARTER BUDGET PERFORMANCE REPORT, AND B) RECEIVE THE FY 2020/2021 CAPITAL IMPROVEMENT PLAN MID-YEAR UPDATE, AND C) APPROVE THE ADMINISTRATIVE SERVICES DIRECTOR – ASSISTANT CITY MANAGER JOB DESCRIPTION, AND D) ADOPT RESOLUTION NO. 10-21 AUTHORIZING STAFF TO PROCEED WITH THE SECOND-QUARTER BUDGET ADJUSTMENTS AND APPROVING THE AMENDED COMBINED SALARY SCHEDULE TO INCLUDE THE ADMINISTRATIVE SERVICES DIRECTOR – ASSISTANT CITY MANAGER JOB CLASSIFICATION; (FINANCE DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council: 1) Receive FY 2020/2021 Mid-Year Budget Performance and Status Report and Authorize Budget Adjustments as Recommended in the Attached Second Quarter Budget Performance Report, and 3) Receive the FY 2020/2021 Capital Improvement Plan Mid-Year Update, and 2) Approve the Administrative Services Director – Assistant City Manager Job Description, and 4) Adopt Resolution No. 10-21 Authorizing Staff to Proceed with the Second Quarter Budget Adjustments and amending the Combined Salary Schedule to include Administrative Services Director – Assistant City Manager job classification.

- C-2 REVIEW WATER RECLAMATION FACILITY (WRF) QUARTERLY UPDATE REPORT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council Receive the WRF Quarterly Update Report and provide input.

- C-3 CONSIDERATION OF AMENDMENT TO AN EXISTING CONTRACT WITH FAR WESTERN ANTHROPOLOGICAL RESEARCH GROUP, INC. (FAR WESTERN) FOR ADDITIONAL ARCHEOLOGICAL PRE-CONSTRUCTION INVESTIGATIONS AND MITIGATION SERVICES FOR THE WATER RECLAMATION FACILITY (WRF) LIFT STATIONS AND OFFSITE PIPELINES CONSTRUCTION; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council, and authorize the City Manager to sign, Amendment No. 5 (Attachment 1) to the existing amended agreement with Far Western, dated February 23, 2021, for additional and continued archeological support of the Water Reclamation Facility (WRF) Project in an increased amount of \$115,065 and for an extended term through December 31, 2021.

- C-4 CONSIDERATION OF SALE OR LEASE OF CITY-OWNED REAL PROPERTY; (CITY MANAGER)

RECOMMENDATION: Staff recommends the City Council authorize the sale of City property (0 Bolton Road) and lease of City property (570 Dunes Street) and provide other direction as appropriate.

- C-5 CONSIDERATION AND APPROVAL OF TEMPORARY CITY GOAL AND ACTION ITEMS ASSOCIATED WITH COVID-19 RESPONSE AND RECOVERY; (CITY MANAGER)

RECOMMENDATION: Staff recommends the Council adopt a new temporary City Goal, COVID-19 Response and Recovery and associated action items, and provide additional direction as appropriate.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, March 9, 2021 at 5:30 p.m.** via teleconference.

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 805-772-6205 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 UPON REQUEST BY CALLING THE CITY CLERK'S OFFICE AT 805-772-6205.

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 REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

MINUTES - MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
FEBRUARY 9, 2021 – 3:30 P.M.
TELECONFERENCE

AGENDA NO: A-1
MEETING DATE: February 23, 2021

City Council conducted this meeting in accordance with Section 3 of California Governor Newsom's Executive Order N-29-20 issued on March 17, 2020 in response to the present State of Emergency in existence due to the threat of COVID-19. This meeting was held via teleconference for all participants.

PRESENT: John Headding Mayor
 Dawn Addis Council Member
 Laurel Barton Council Member
 Robert Davis Council Member
 Jeff Heller Council Member

ABSENT: None

STAFF: Scott Collins City Manager
 Chris Neumeyer City Attorney
 Anne Lamphar Special Counsel
 Scot Graham Community Development Director
 Rob Livick City Engineer

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 3:30 p.m. with all members present.

SUMMARY OF CLOSED SESSION ITEMS – The Mayor read a summary of Closed Session items.

CLOSED SESSION PUBLIC COMMENT – Mayor Headding opened public comment for items on the agenda; seeing none, the public comment period was closed.

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

CS-1 CONFERENCE WITH REAL PROPERTY NEGOTIATOR – GOVERNMENT CODE SECTION 54956.8

Property: Assessor Parcel No. 066-331-046
Property Negotiators: Vistra Energy
Agency Negotiators: Scott Collins, City Manager; Rob Livick, City Engineer; Scot Graham, Community Development Director and Chris Neumeyer, City Attorney
Under Negotiation: Price and Terms of Payment – Easement Acquisition

CS-2 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

- Paragraph (1) of subdivision (d) Government Code Section 54956.9
- Name of Case: City of Morro Bay vs. Vistra Energy Corp., Case No. 20CV-0127, San Luis Obispo County Superior Court

RECONVENE IN OPEN SESSION – The City Council reconvened in Open Session. The Council did not take any reportable action in accordance with the Brown Act.

ADJOURNMENT - The meeting adjourned at 4:20 p.m.

Recorded by:

Dana Swanson
City Clerk

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AGENDA NO: A-2

MEETING DATE: February 23, 2021

Staff Report

TO: Honorable Mayor & City Council

DATE: February 17, 2021

FROM: Eric Endersby, Harbor Director

SUBJECT: Authorization for “Virtual” Attendance at the C-MANC Annual Washington D.C. “Washington Week” Meetings by the Mayor, City Manager and Harbor Director, and Discussion of the Washington Week Agenda

RECOMMENDATION

Staff recommends the City Council authorize a three-person “virtual” delegation (the Mayor, City Manager and Harbor Director) to virtually attend the California Marine Affairs and Navigation conference (C-MANC) 2021 “Washington Week” meetings in Washington D.C. slated for February 25 and 26, 2021, to represent the City’s interests in the nation’s capital, and to provide any desired input representing the City’s interests on the elements herein.

ALTERNATIVES

Not applicable.

FISCAL IMPACT

Unlike the past 25+ years of the City’s in-person attendance at Washington Week, due to the ongoing worldwide COVID-19 pandemic, organization of this year’s C-MANC Washington Week proceedings will be virtual online in nature, with no physical in-person attendance. As such, other than staff time, there should be no direct costs associated with Washington Week this year.

Last year’s actual direct costs were approximately \$8,700, with \$8,000 reimbursed from a Cable Committee grant.

BACKGROUND

C-MANC annually hosts “Washington Week” meetings, where representatives of California Ports and Harbors have the opportunity to remind Congress and various other agencies of the importance of dredging projects, commercial fishing, ocean and coastal management and other coastal-related issues in California such as the current efforts to site an offshore wind power generation facility off our coast.

The City is a founding member of C-MANC, which was created in 1965/1966 when the Northern California Marine Affairs Conference and the California Navigation Conference (CNC) merged.

Prepared By: EE

Dept Review: EE

City Manager Review: _____

City Attorney Review: CFN

Prior to that merger, San Luis Obispo County and the City were members of CNC. For over 25 years, the City has sent representatives to the “Washington Week” meetings. Attachment 1 to this report is last year’s C-MANC Washington Week agenda.

From an Army Corps of Engineers (Corps) priority standpoint, Morro Bay is considered a small or “subsistence” harbor. In terms of commerce, although we do generate approximately \$8 Million in ex-vessel value out of approximately 3.5 million pounds in commercial fishing landings per year, we are quite low on the totem pole compared to powerhouses like Los Angeles/Long Beach and Oakland. Because of our relative isolation, however, “harbor of safe refuge” status, United States Coast Guard presence and periodically dangerous harbor entrance, Morro Bay’s rank in priority for funding is elevated above a “subsistence” harbor, and we have been successful in having our dredging needs met.

The City could not afford to dredge our harbor without the Corps, as annually the Corps spends \$2.5-\$3 Million to dredge our entrance, and \$7-\$8 Million every 6-8 years to dredge the remainder of our inner channels. Continued dredging of ours and others’ Federally-authorized harbor entrance and channels remains a top priority of C-MANC, and our work with the Corps and our Washington D.C. visits remain a vital component to secure the necessary funding that will ensure our harbor remains not only safe for passage, but fully navigable from a commerce and operational standpoint.

In addition to the dredging funding, advocacy for our commercial fishing industry and its many facets remain a very high priority during Washington Week, and in recent years visits with the Bureau of Ocean Energy Management (BOEM) regarding the proposed offshore wind energy power generation projects on the Central Coast have been on the agenda.

DISCUSSION

It is vitally important for the City to maintain its relationships at all levels of the Corps’ organization and with our legislators in Washington D.C. Our membership and involvement with C-MANC is one key to our and other California ports and harbors’ voices being heard and needs being met.

Although this year will obviously be different with everything happening virtually, the C-MANC organized meetings will still occur with members attending online *en-masse*, and separate from that our Morro Bay delegation will set-up private Morro Bay-only meetings with key legislators and others, including the Corps, to discuss specific Morro Bay and Central Coast regional issues. Attachment 2 to this report is 2020’s Morro Bay private meetings agenda. Our legislative advocate in D.C., Julie Minerva with Carpi and Clay, is currently working on our draft D.C. agenda for this year.

Because this year’s visits will be virtual, topics of discussion will likely be condensed to only those of the most importance. Primary topics this year, for which we will be writing “leave-behind” white papers for our Congressional delegation and others, will include:

- **Dredging.** This federal fiscal year (FY21) the Corps is funded for \$2.8 Million to dredge Morro Bay’s harbor entrance with the Corps dredge ship *Yaquina*, tentatively due in late April. Although the new President’s draft FY22 federal budget is due to be released any time, \$2.8 Million is being requested for Morro Bay entrance dredging. For the remainder of the channels in the harbor, it is not anticipated that dredging will be required until approximately 2024-2025. We must, however, stay attentive to our harbor’s crucial and on-going needs and continue to press for adequate funding. To illustrate the effectiveness of our and C-MANC’s efforts, last year Congressman Carbajal spoke to the House

Subcommittee on Water Resources and Environment and asked the Assistant Secretary for the Army when Congress might be informed if Morro Bay is receiving the Congress-requested additional \$250,000 for dredging?

- **Fisheries.** In this Congress, Congressman Huffman (CA-2), Chair of the Water, Oceans, and Wildlife Subcommittee, co-introduced a bill to reauthorize the Magnuson-Stevens Fishery Conservation and Management Act, the overarching Federal law for all fishery management decisions. It remains critical that Morro Bay be at the table advocating for reasonable, science-based fishery regulation on the federal level through reauthorization of this act.
- **Bureau of Ocean Energy Management (BOEM) and Department of the Interior.** As BOEM continues to pursue the Federal leasing and permitting process for floating offshore wind electrical production off our coast, including working on mitigating the concerns of the Department of Defense on interruption of their offshore training and testing areas, we will be staying closely engaged with Congressman Carbajal and other legislators. In addition, we will be requesting to meet with key BOEM and Department of the Interior appointees and staffers in order to convey Morro Bay's support of the industry and concerns with the current state of the leasing process.
- **United States Coast Guard (USCG).** With the importance of the continued presence and operational effectiveness of Coast Guard Station Morro Bay, we will continue to convey support for the USCG's new building expansion project that is now under construction, while also providing our Congressional delegation the City's concerns about the building's continued lack of ability to fulfill the station's operational needs and provide full gender parity.

Congressman Carbajal's Chairmanship of the Coast Guard and Maritime Transportation Subcommittee of the House Committee on Transportation and Infrastructure, and Vice-Chairmanship of the Strategic Forces Subcommittee of the House Committee on Armed Services could provide key inroads to solving these problems.

- **National Estuary Program.** With the importance of our bay's ecological and environmental health and the great work the Morro Bay National Estuary Program does to support and enhance those things, support for continued federal funding of our nation's National Estuary Programs in the amount of \$700,000 annually per program location.
- **Legislators.** Each year we meet personally with our Congressional delegation, this year including new Senator Padilla and Senator Feinstein and Congressman Carbajal, and/or their key staffers, in addition to forging relationships with other key Congresspeople. Those meetings typically are both of a general nature and to focus on specific projects, issues and recent news and happenings of a noteworthy nature. Those personal meetings are important and do make a difference in matters and funding important to Morro Bay.

CONCLUSION

It is important for the California C-MANC delegation, as well as for the City, to maintain its many relationships in Washington D.C., in addition to bringing a unified voice of the importance of all of California's ports and harbors as an integrated "system" to the national economy and security. As evidenced by past year Corps funding "plus-ups" and other events such as Congressman Carbajal's recent committee testimony, Morro Bay's concerns and voice do matter and do make a difference in legislation, funding and other issues important to our community.

ATTACHMENTS

1. 2020 C-MANC Washington DC agenda
2. 2020 City of Morro Bay Washington DC private meetings agenda

CALIFORNIA MARINE AFFAIRS AND NAVIGATION CONFERENCE
March 3 – 4, 2020



Important Phone Numbers

Jim Haussener (925) 828-6215 (Text)
Ryan Hernandez (925) 459-4854
Suzy Watkins (805) 857-8712
Julie Minerva Cell (202) 361-5564
Mimma Faudale (202) 822-8300

DRIVER'S LICENSE REQUIRED FOR AGENCY MEETINGS

Tuesday, March 3

- 9:15 am – 10:15 am ***Morning Briefing Day 1***
Washington Court Hotel, Lower Lobby
525 New Jersey Ave., N.W
Travel from Morning Session to Corps HQ
- 10:30 am Arrive at Corps HQ
- 10:45 am – 1:30 pm ***Lunch discussion with the US Army Corps of Engineers Headquarters (Corps Attendees TBD)***
440 H St, NW
POC: Bradd Schwichtenberg SPD RIT Deputy Chief
- 1:35 pm Travel from Corps HQ to OMB or NOAA in Silver Springs
- 2:00 pm ***Maria Kim, Program Examiner***
Office of Management and Budget
The New Executive Office Building
725 17th Street, NW, DC. Room 10258.
POC: Sherron White, (202) 395-9145, sherron_white@omb.eop.gov
***** Driver's License and pre-clearance required***
- 2:30 pm ***John Armor, Director, Office of National Marine Sanctuaries***
National Oceanic and Atmospheric Administration (NOAA)
1305 East-West Highway (Building – SSMC 4)
Silver Spring, MD 20910
POC: Tracy Manning, (240) 533-0687, tracy.manning@NOAA.gov
*****Please let security guard know you are visiting John Armor, call Rebecca Young***
at 240-533-0691 to be escorted to office. Please bring Driver's License/government ID
- 3:30 pm ***David O'Brien, Acting Director***
Office of Aquaculture, National Marine Fisheries Service (NMFS)
1315 East-West Highway, Building 3
POC: Andy Zou
(301) 427-8341, andy.zou@noaa.gov
*****Either Andy or Mr. O'Brien will meet you in front of building to escort you to meeting***
Driver's License/government ID needed

3:30 pm **Krista Dellapina, Senior Policy Advisor**
Office of Science and Technology Policy, Executive Office of the President
White House Conference Center
726 Jackson Place, NW, (Meet in the Lincoln Room)
(202) 456-6038, Krista.J.Dellapina@ostp.eop.gov
****Location is around the corner from the NEOB located on Lafayette Square. The front is under renovation, so the entrance is covered by a black tent.**

6:00 pm **Welcome Reception hosted by the Hanson's**
330 13th Street, NE

Wednesday, March 4

9:00 am **Christopher Connor, President & CEO**
American Association of Port Authorities (AAPA)
Carpi & Clay Office
601 New Jersey Avenue, NW, Suite 300
(201) 310-5840, CConnor@aapa-ports.org

9:30 am **Morning Briefing Day 2**
Rayburn Cafeteria
****If there is a line on Independence Avenue, then enter at Horseshoe entrance on South Capitol Street**

10:30 am **FUNDING TEAM Robert Edmonson, Chief of Staff, Office of Speaker Nancy Pelosi**
1236 Longworth HOB
(202) 225-0100, Robert.Edmonson@mail.house.gov

10:30 am **AUTHORIZATION TEAM Sean Griffin, Counsel, Office of Representative Louie Gohmert (TX-01), Member of House Natural Resources Committee**
2267 Rayburn House Office Building
(202) 225-3035, Sean.Griffin@mail.house.gov

10:30 am **CA FRESHMAN John Lynch, Legislative Assistant, Office of Representative T.J. Cox (CA-21)**
1728 Longworth House Office Building
(202) 225-4695, John.Lynch@mail.house.gov

11:00 am **AUTHORIZATION TEAM Representative Grace F. Napolitano (CA-32), Chair of the House Transportation & Infrastructure Water Resources and Environment Subcommittee,**
1610 Longworth House Office Building
POC: Joseph Ciccone
(202) 225-5256, Joseph.Ciccone@mail.house.gov

11:30 am **FUNDING TEAM Rishi Sahgal and Alexis Segal, Legislative Assistants, Office of Senator Dianne Feinstein (D-CA)**
331 Hart Senate Office Building
(202) 224-3841, Rishi_Sahgal@feinstein.senate.gov

11:30 am **AUTHORIZATION TEAM Representative Chellie Pingree (ME-1) and Lisa Pahel, Legislative Assistant**
2162 Rayburn House Office Building
POC: Karen Sudbay, (202) 225-6116, karen.sudbay@mail.house.gov

12:00 pm **FUNDING TEAM Taylor Seebold, Legislative Correspondent, Office of Senator Kamala Harris**
112 Hart Senate Office Building
(202) 224-3553, taylor_seebold@harris.senate.gov

12:00 pm **AUTHORIZATION TEAM Nicole Teutschel, Professional Staff Member, Jimmy Bromley, Professional Staff Member, Nicole Vaughan, Coast Guard Detailee and Kelly Martin, Sea Grant Fellow**
Office of Senator Maria Cantwell, Ranking Member (D-WA)
Committee on Commerce, Science, and Transportation
422 Hart Senate Office Building
(202) 224-0411, nicole_teutschel@commerce.senate.gov, jimmy_bromley@commerce.senate.gov

12:30 pm **AUTHORIZATION TEAM Representative Alan Lowenthal (CA-47)**
108 Cannon House Office Building
POC: Emma Maron
(202) 225-7924, Emma.Maron@mail.house.gov

1:00 pm **FUNDING TEAM Jen Armstrong, Professional Staff Member**
Subcommittee on Energy and Water Development, Senate Committee on Appropriations
192 Dirksen Senate Office Building
(202) 224-7260, jen_armstrong@appro.senate.gov

1:00 pm **AUTHORIZATION TEAM Paniz Rezaeerood, Legislative Assistant, Office of Representative Joe Cunningham (SC-1), Member of House Natural Resources Committee**
423 Cannon House Office Building
(202) 225-3176, paniz.rezaeerood@mail.house.gov

1:30 pm **FUNDING TEAM Richie O'Connell, Senior Legislative Assistant, Office of Representative Ken Calvert (CA-42)**
2205 Rayburn House Office Building
(202) 225-1986, richie.oconnell@mail.house.gov

2:00 pm **AUTHORIZATION TEAM Representative Bruce Westerman (AR-04), Member of House Natural Resources Committee**
Jefferson Deming, Deputy Chief of Staff
209 Cannon House Office Building
POC: Madeline Bryant, (202) 225-3772, madeline.bryant@mail.house.gov

2:30 pm **AUTHORIZATION TEAM Representative Salud Carbajal (CA-24), Vice-Chairman of House Transportation & Infrastructure Committee**
1431 Longworth House Office Building
POC: Erin Sandlin, (202) 225-3601, erin.sandlin@mail.house.gov

2:30 pm **AUTHORIZATION TEAM Ray Phillips, Legislative Correspondent, Office of Representative John Curtis (UT-3), Member of House Natural Resources Committee**
125 Cannon House Office Building
(202) 225-7751, ray.phillips@mail.house.gov

3:00 pm **AUTHORIZATION TEAM Marc Alberts, Professional Staff, Subcommittee on Water, Oceans and Wildlife, Office of Ranking Member Rob Bishop (UT-01)**
Committee on Natural Resources
4120 O'Neill House Office Building – C Street and 2nd Street SW
(202) 226-2466, marc.alberts@mail.house.gov

- 3:30 pm **Callie Hoyt, Director, Federal Government Relations, National Marine Manufacturers Association**
****Nicole Vasilaros - Tentative**
650 Massachusetts Ave NW, Suite 520
(202) 737-9777, choyt@nmma.org
- 4:30 pm **CA FRESHMAN Jonathan Gilbert, Legislative Director, Office of Representative Mike Levin (CA-49)**
1626 Longworth House Office Building
(202) 225-3906, Jonathan.Gilbert@mail.house.gov
- 5:30 pm – 7:30 pm **CMANC Golden State Reception**
2045 Rayburn House Office Building

**City of Morro Bay
Washington Agenda
March 2, 2020**

Monday, March 2nd

- 8:30 am **Pre-Meet with Julie Minerva**
Chinatown Corner Bakery: 777 6th St NW (walking distance from Corps HQ)
- 9:15 am Arrive at Corps HQ
- 9:30 am **Bradd Schwichtenberg, Civil Deputy SPD RIT US Army Corps of Engineers**
441 G Street, NW
(202) 761-1367, Bradd.R.Schwichtenberg@usace.army.mil
- 10:30 am **Johanna Montiel, Legislative Assistant**
Office of Representative Salud Carbajal (CA-24)
1431 Longworth House Office Building
(202) 225-3601, johanna.montiel@mail.house.gov
- 12:00 pm **Christine Sur, Senior Natural Resources Advisor**
Office of Representative Jared Huffman (CA-02)
1527 Longworth House Office Building
(202) 225-5161, Christine.Sur@mail.house.gov
- 1:00 pm **Lisa Pahel, Policy Advisor**
Office of Representative Chellie Pingree (ME-1)
2162 Rayburn House Office Building
(202) 225-6116, lisa.pahel@mail.house.gov
- 2:00 pm **Taylor Seebold, Legislative Correspondent**
Office of Senator Kamala Harris
112 Hart Senate Office Building
(202) 224-3553, taylor_seebold@harris.senate.gov
- 3:00 pm **Riya Mehta, Legislative Assistant**
Office of Representative Jimmy Panetta (CA-20)
212 Cannon House Office Building
(202) 225-2861, riya.mehta@mail.house.gov
- 4:00 pm **Walter D. Cruickshank, PhD, Director**
Bureau of Ocean Energy Management [BOEM], Department of the Interior
1849 C Street, NW, Washington, Room 5248
POC: Karla Cook (202) 208-6300
Upon arrival, let security know to please call Karla at (202) 208-6300; then proceed to 5th floor where an escort will take you to room 5248. Valid CA driver's license required

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AGENDA NO: B-1

MEETING DATE: February 23, 2021

Staff Report

TO: Honorable Mayor and City Council

DATE: February 17, 2021

FROM: Scot Graham, Community Development Director

SUBJECT: Public Hearing for Approval of Issuance by Housing Authority of San Luis Obispo (HASLO) of Tax-Exempt Bonds for Construction and Acquisition, through HASLO, of 35 Affordable Housing Units in City of Morro Bay at 405 Atascadero Road, with No Indebtedness Nor Debt Obligation Incurred by City of Morro Bay

RECOMMENDATION

1. Conduct a public hearing under the Tax and Equity Fiscal Responsibility Act ("TEFRA") of 1982 and pursuant to the requirements of the Internal Revenue Code of 1986, as amended (the "Code"); and
2. Adopt Resolution No. 09-21 allowing the issuance of a tax-exempt obligation by the Housing Authority of the City of San Luis Obispo (HASLO), for the purpose of providing financing for the construction of multifamily affordable rental housing located in the City of Morro Bay (the "Project"); and, providing consent to the operation by HASLO within the boundaries of the City in connection with the financing, development, and operation of the affordable rental housing (such adoption of the resolution is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 et seq.)

ALTERNATIVES

1. Do not approve the issuance of financing for the benefit of the multifamily residential facilities. *Due to the lack of liability for repayment of financing by the City, this option is not recommended.*
2. Defer consideration of the request. *Due to the critical need for tax exempt bond financing to complete the acquisition and rehabilitation of the Project, this option is not recommended.*

FISCAL IMPACT

The Bonds to be issued for the Project will be the sole responsibility of the Borrower (a California limited partnership to be formed by an affiliate of HASLO). **The City will have no obligation (financial, legal or moral), no liability, and no responsibility for either the Project, or the repayment of the Bonds for the financing of the Project.** All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City of Morro Bay nor the State of California but are to be paid for solely from funds provided by the Borrower.

Prepared By: <u> NH </u>	Dept Review: <u> SG </u>
City Manager Review: _____	City Attorney Review: <u> CFN </u>

BACKGROUND

HASLO is requesting the City Council of the City of Morro Bay (the "City") hold a public hearing regarding the issuance of debt obligations (which may be in the form of a loan evidenced by a note or tax-exempt revenue bonds and referred to in this Notice as the "Bonds") in one or more series in an aggregate amount of approximately \$11,260,000.

Pursuant to applicable law, HASLO has determined that the consent and approval of the Morro Bay City Council is necessary for the issuance of the Bonds by HASLO, because the proposed affordable housing facility financed by the Bonds will be located in the boundaries of the City of Morro Bay.

The proceeds of the Bonds will be used to: (a) finance the acquisition, construction, improvement and equipping of a multifamily rental housing project to be located at 405 Atascadero Frontage Road in the City currently identified as Morro Bay Apartments; and (b) pay certain expenses incurred in connection with the issuance of the Bonds. The facilities are to be owned by a California limited partnership to be formed by an affiliate of HASLO (the "Borrower").

HASLO is committed to providing much needed additional affordable housing in the City of Morro Bay. Development of affordable housing is identified as a key implementation strategy in the City's affordable housing program. The primary funding source for this project will be low-income housing tax credits awarded by the California Tax Credit Allocation Committee (TCAC). These tax credits are then purchased by investors who become a limited partner. California statute does not allow Housing Authorities to be a party in these partnerships, so HASLO will hold its interest through its related entity San Luis Obispo Non-profit Housing Corporation (SLONP). The facilities to be financed are to be owned by a Borrower to be formed by SLONP, and the facilities will be operated by HASLO or another entity selected by the Borrower. The partnerships have a 15-year compliance period over which the tax credits are earned. After the 15 years, the limited partner has the option to seek a buyer for its interest. The project will feature an affordability requirement for a minimum of 55 years. All of the rental units in the housing facilities will be rented to persons and families of low or very low income. The principal amount of the Bonds allocable to each respective facility will be determined prior to the date of issuance of the Bonds but will not exceed \$11,260,000 as to any one facility.

NO CITY LIABILITY FOR THE FINANCING

There is no City liability in approving this financing arrangement for the benefit of the Project; a transaction generally referred to as "conduit financing." The bonds are payable solely from the payments by the Borrower on a loan made to it (the "Borrower Loan") by HASLO from the proceeds of the Bonds. The rental payments by tenants in the Project are the source of revenue used by the Borrower to repay the Borrower Loan. The City has no financial, legal, or moral obligation, liability or responsibility for the Project or for the repayment of the Bonds or the repayment of the Borrower Loan. The documents for the Bonds clearly provide that the Bonds are payable solely from payments on the Borrower Loan made by the Borrower. Outside of holding this hearing and adopting the required resolution, no other participation or activity of the City with respect to the bonds will be required.

CITY'S CONDUIT FINANCING POLICY

While the Council is not obligated to approve this request, it would be consistent with the City's

commitment to affordable housing. Under the City's debt financing and management policies, consideration of a request for conduit financing requires a properly noticed public hearing with an opportunity for public comment, followed by City Council decision.

HASLO'S PAST EXPERIENCE WITH CONDUIT HOUSING BONDS

HASLO has been a party to fourteen "conduit" housing bond issues in the past as reflected in the following summary. There have been no financial difficulties with any of these bond issues.

1. **1985.** 168-unit apartment development on Southwood Drive ("Parkwood Village").
2. **1998.** 30-unit development affordable for seniors and persons with disabilities located at 611 Brizzolara Street.
3. **1999.** 122-unit apartment development by the De Vaul Ranch Company, consisting of 26 units will be affordable: 24 units for "very-low" and 2 units for "moderate" income households.
4. **2002.** 19-unit senior apartment development at 433 Pacific Street ("Carmel Street Apartments").
5. **2005.** 40 affordable one-bedroom units for seniors as well as one manager's unit in an existing historic single-family residence at 2005 Johnson Avenue ("Del Rio Terrace").
6. **2009 and 2011.** 8-unit housing project at 1468 East Foothill Boulevard for the University Board of the Santa Barbara Presbytery.
7. **2012.** 120-unit apartment project affordable to low and very-low-income households located at 1550 Madonna Road.
8. **2013.** 19-unit apartment project affordable rental apartment facility for seniors located at 433 Pacific ("Carmel Street Apartments").
9. **2013.** 40-unit affordable rental apartment facility for seniors located at 2005 Johnson Avenue ("Del Rio Terrace").
10. **2015.** Rehabilitation of 55 affordable rental units located at 1092 Orcutt Road, 1102 Ironbark, and 1363 Pismo Street.
11. **2016.** 46-unit affordable apartment development at 3680 Broad Street ("Iron Works").
12. **2018.** 36-unit affordable apartment development at 3175 Violet Street ("Courtyard at the Meadows").
13. **2018.** Rehabilitation of 107 affordable rental units for seniors located at 3000 Augusta Street ("Judson Terrace Homes").
14. **2019.** 172-unit affordable apartment acquisition and rehabilitation (SLO Villages).

NEXT STEPS

After the TEFRA public hearing, adoption of the Resolution of the Council approving the issuance of the Bonds, and approval of the Borrower's application for tax-exempt financing, the Borrower can expect to receive the bond allocation in 2021. There will be no further actions required by the City.

ENVIRONMENTAL REVIEW

The project is exempt from environmental review per Section 15061 (b)(3) General Rule of the CEQA Guidelines. The project is an action to award funding.

CONCLUSION

Staff recommends the City Council adopt Resolution No. 09-21 allowing issuance of the tax-exempt obligation by the Housing Authority of the City of San Luis Obispo for the purpose of providing

financing for the construction of the multifamily affordable rental housing to be located in the City of Morro Bay.

ATTACHMENT

1. Council Resolution No. 09-21
2. Staff Presentation

RESOLUTION NO. 09-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING THE INCURRING OF A TAX EXEMPT OBLIGATION BY
THE HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
FOR THE PURPOSE OF PROVIDING FINANCING FOR THE
DEVELOPMENT OF MORRO BAY APARTMENTS**

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

WHEREAS, the Housing Authority of the City of San Luis Obispo (the "Authority") is authorized by Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the "Act"), to incur indebtedness and to make loans for housing purposes specified in the Act; and

WHEREAS, a California limited partnership to be established by the Authority (the "Borrower") intends to develop a 35 unit affordable housing project to be located at 405 Atascadero Frontage Road in the City of Morro Bay (the "City") currently identified as Morro Bay Apartments (referred to in this Resolution as the "Housing Facility"); and

WHEREAS, such assistance will involve the issuance by the Authority of debt obligations (which may be in the form of a loan evidenced by a note or tax-exempt revenue bonds, and referred to in this Resolution as the "Bonds") in the maximum amount of \$11,260,000, and a loan of the proceeds of the Bonds to the Borrower; and

WHEREAS, a portion of the housing units in the Housing Facility will be rented to persons and families of low or very low income as required by the Act and the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Bonds will be considered to be a "qualified exempt facility bonds" under Section 142(a) of the Code, and Section 147(f) of the Code requires that the "applicable elected representative" with respect to the Authority approve the issuance by the Authority of the Bonds following the holding of a public hearing with respect thereto; and

WHEREAS, the Authority has determined that the City Council is the "applicable elected representative" to approve the issuance by the Authority of the Bonds because the Housing Facility will be located within the City; and

WHEREAS, notice of a public hearing by the City Council regarding the financing of the Housing Facility has been duly given as required by the Code, and the City Council has held the public hearing at which all interested persons were given an opportunity to be heard on all matters relative to the location, operation and financing of the Housing Facility, including the Authority's issuance of the Bonds and subsequent lending of the

proceeds thereof to the Borrower to pay costs of the acquisition, construction and development by the Borrower of the Housing Facility; and

WHEREAS, it is in the public interest, for the public benefit and in furtherance of the public purpose of the City that the City Council approve the issuance by the Authority of the Bonds for the aforesaid purposes.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

1. The above recitals are true and correct.
2. The City Council hereby approves the issuance of the Bonds by the Authority for the purpose of providing funds to make a loan to the Borrower to enable the Borrower to finance costs of the Housing Facility. It is the purpose and intent of the City Council that this Resolution constitute approval of the issuance of the Bonds by the Authority for the purposes of section 147(f) of the Code, by the governmental unit having jurisdiction over the area in which the Housing Facility is to be located, in accordance with said section 147(f).
3. The issuance of the Bonds shall be subject to approval of the Authority of all financing documents relating thereto to which the Authority is a party. The City shall have no responsibility or liability whatsoever with respect to repayment or administration of the Bonds.
4. The City Council hereby consents to the operation by the Authority within the boundaries of the City in connection with the financing, development and operation of the Housing Facility, pursuant to Section 34208 of the Health and Safety Code.
5. The adoption of this Resolution shall not obligate the City or any department thereof to (a) provide any financing to acquire or construct the Housing Facility; (b) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction or operation of the Housing Facility; (c) make any contribution or advance any funds whatsoever to the Authority; or (d) take any further action with respect to the Authority or its membership therein.
6. The City Manager, the City Clerk and all other officers and officials of the City are hereby authorized and directed to do any and all things and to execute and deliver any and all agreements, documents and certificates which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby.

7. The City Clerk is hereby directed to forward a certified copy of this Resolution to the bond counsel for the Bonds, addressed as follows:

Paul J. Thimmig, Esq.
Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726

8. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 23rd day of February, 2021 on the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

19051.17:J17363
2/2/2021



City Council

**TEFRA HEARING FOR CONDUIT
FINANCING FOR HASLO AFFORDABLE
HOUSING PROJECT**

FEBRUARY 23, 2021



MORRO BAY
PUT LIFE ON COAST

WHAT IS TEFRA

- **TEFRA is the Tax and Equity Fiscal Responsibility Act of 1982**
- **TEFRA requires a local authority satisfy a public approval process prior to issuing tax-exempt bonds**
- **The public hearing requirement is typically met through a public hearing in the jurisdiction where the proposed project will be located.**



MORRO BAY
PUT LIFE ON COAST

Tax exempt bond issuance

- **HASLO** would like to issue tax exempt bonds in the amount of approximately \$11,260,000 for the 35-unit affordable housing project at 405 Atascadero Road
- **HASLO** has asked the City to assist by holding a public hearing providing an opportunity for public comment on the record.



MORRO BAY
PUT LIFE ON COAST

Fiscal Impact to City of Morro Bay



- **The Bonds will be the sole responsibility of the borrower.**
- **The borrower will be a non-profit formed by HASLO together with tax credit investors**
- **The City will have no financial, legal, moral obligation, liability or responsibility for the project or repayment of the bonds.**



MORRO BAY
PUT LIFE ON COAST



City Council

STAFF RECOMMENDS CITY COUNCIL ADOPT THE RESOLUTION TO ALLOW HASLO TO ISSUE THE TAX-EXEMPT BONDS

FEBRUARY 23, 2021



MORRO BAY
PUT LIFE ON COAST



AGENDA NO: C-1

MEETING DATE: February 23, 2021

Staff Report Addendum

TO: Honorable Mayor and City Council **DATE:** February 23, 2021

FROM: Scott Collins, City Manager
Katie Lichtig, Interim Finance Director

SUBJECT: Fiscal Year 2020/2021 Mid-Year Budget Performance and Status Report – Six Months Ending December 31, 2020

- A. Receive Fiscal Year (FY) 2020/2021 Mid-Year Budget Performance and Status Report and Authorize Budget Adjustments as Recommended in the Attached Second Quarter Budget Performance Report, and
- B. Receive the FY 2020/2021 Capital Improvement Plan Mid-Year Update, and
- C. Approve the Administrative Services Director – Assistant City Manager Job Description, and
- D. Adopt Resolution No. 10-21 Authorizing Staff to Proceed with the Second-quarter Budget Adjustments and Approving the Amended Combined Salary Schedule to include the Administrative Services Director – Assistant City Manager Job Classification

RECOMMENDATION

Staff recommends that the City Council:

- A. Receive FY 2020/2021 Mid-Year Budget Performance and Status Report and Authorize Budget Adjustments as Recommended in the Attached Second Quarter Budget Performance Report, and
- B. Receive the FY 2020/2021 Capital Improvement Plan Mid-Year Update, and
- C. Approve the Administrative Services Director – Assistant City Manager Job Description, and
- D. Adopt Resolution No. 10-21 Authorizing Staff to Proceed with the Second Quarter Budget Adjustments and amending the Combined Salary Schedule to include Administrative Services Director – Assistant City Manager job classification.

DISCUSSION

The purpose of this addendum is to provide an update to the staff report published on February 18, 2021. Since that time, staff identified a few insignificant word processing errors in Attachment 1 (Second Quarter FY 2020/21 Budget Performance and Status Report for period ending December 31, 2020) and one expenditure authorization that did not incorporate the entire amount of the authority. Only the expenditure authorization needs to be updated. The expenditure authorization relates to the Vehicle Replacement Fund appropriation. In Resolution 10-21 Exhibit 1 the full amount of the used replacement vehicle (\$49,900) was not included. Only the insurance proceeds (\$19,900) were included in the authorized amount. In order to ensure the authority matches the amount to be spent, staff is presenting amended Resolution 10-21 Exhibit 1 for Council consideration (Attachment 1). The new summary of recommended expenditure adjustments follows:

Prepared By: KL

Dept Review: KL

City Manager Review: _____

City Attorney Review: _____

Fund	Fund Name	Department	Amount	Proposed Use
001	General Fund	Public Works	\$ 126,100	PW Director (\$78,000) Consolidated Maintenance (\$48,100)
001	General Fund	Finance	\$ 1,167	Enhanced roles and responsibility - Finance Director
001	General Fund	Fire Department	\$ 411,113	Budget in multiple line items for wildfire and multiple operating supplies (\$357,733) and transfer to Vehicle Replacement Fund for Fire small vehicle purchases (\$52,380)
001	General Fund	Police Department	\$ 36,000	Transfer from General Fund to Vehicle Replacement Fund for vehicle replacement (\$30,000) Pre-employment costs (\$6,000)
001 915	General Fund	CIP Program Pavement Management Plan	\$ 125,000	Appropriate from the General Fund to General Fund CIP Emergency Stormdrain Repair project
General Fund Subtotal			\$ 699,380	

915	General Fund CIP	Pavement Management Plan	\$ 142,000	Transfer to CIP Pavement Management Plan from Measure Q
051	General Fund Emergency Reserve	Not Applicable	\$ 282,250	Transfer From Measure E Fund (new) revenue to General Fund Emergency Reserve
050	Vehicle Replacement Fund	Public Works	\$ 49,900	Purchase used replacement vehicle
270	Lower Cost Affordable Accommodations Fund	Not Applicable	\$ 15,000	Transfer to Harbor Fund to defray initial costs to implement Harbor RV Pilot Program
331	Harbor Fund	Harbor RV Pilot Program (6512)	\$ 56,500	Budget in multiple line items for operating supplies to support implementation and on-going operations of RV Pilot Program
907	Economic Development Fund	Multiple Departments	\$ 8,750	Appropriate funds in Economic Development Fund for 50% of Washington D.C. Public Affairs representation by the Ferguson Group. Economic Development Fund = 50%, Water Fund = 25%, and Sewer Fund = 25%.
All Other Funds Subtotal			\$ 554,400	
Expenditure/Transfers Budget Adjustments All Funds			\$ 1,253,780	

ATTACHMENT

1. Amended Resolution No. 10-21 authorizing staff to proceed with the second-quarter budget adjustments and approve amended Combined Salary Schedule.

RESOLUTION NO. 10-21 (AMENDED)

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING AMENDMENTS TO THE CITY'S FISCAL YEAR 20/21 BUDGET
TO AUTHORIZE VARIOUS ADDITIONAL REVENUES AND EXPENDITURES AND APPROVING
AN AMENDED FISCAL YEAR 2020-2021 SALARY SCHEDULE**

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

WHEREAS, second-quarter Fiscal Year 2020-21 Budget adjustments were discussed and approved during the February 23, 2021 Council meeting; and

WHEREAS, the California Public Employees' Retirement System (CalPERS), requires that all CalPERS employers list their compensation levels on one document, approved and adopted by the governing body, in accordance with 2 California Code of Regulations (CCR), section 570.5, and meeting all of the following requirements thereof:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
4. Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate; and

WHEREAS, the Council now desires to amend its publicly available Salary Schedule for Fiscal Year 2020-21, attached as Exhibit 2, to reflect the salary range for Administrative Services Director – Assistant City Manager effective immediately; and

WHEREAS, the formal approval of the pay schedule requires that they are duly approved and adopted by the City Council.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California,

1. The operating budgets of the City are amended by the additional revenues, expenditures and transfers, as shown on the attached Exhibit 1, that were discussed

- at the February 23, 2021, Council Meeting; and
2. The amended Salary Schedule provided as Exhibit 2 are hereby approved, effective immediately.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 23rd day of February 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

RESOLUTION NO. 10-21
Exhibit 1 - Page 1

Revenue and Transfer Adjustments – All Funds

Fund	Fund Name	Department	Source	Amount	Proposed Use
001	General Fund	Finance Department	TOT	\$ 550,000	General Fund Operations
001	General Fund	Finance Department	Sales Tax	\$ 184,500	General Fund Operations
001	General Fund	Fire Department	Fire Department Wildfire Mutual Aid	\$ 411,113	General Fund Operations and contribution to Fire Department Small Vehicle replacement
001	General Fund	Finance Department	Cannabis Local Tax	\$ 106,000	General Fund Emergency Repair CIP Operations
General Fund Subtotal				\$ 1,251,613	
003	Measure Q	Finance Department	Measure Q Transaction Tax	\$ 142,000	Pavement Management Plan
050	Vehicle Replacement Fund	Public Works	Insurance Settlement	\$ 19,900	Police Department Vehicle replacement
New	Measure E	Finance Department	Measure E Transaction Tax	\$ 282,250	Contribution to General Fund Emergency Reserve (Fund 051)
331	Harbor RV Program (6512)	Harbor Department	RV Pilot Program Revenues	\$ 90,975	Total projected revenues from RV pilot program.
331	Harbor Department Interfund Transfer in from Lower Cost Affordable Accommodation Fund	Harbor Department	RV Pilot Program Revenues	\$ 15,000	Transfer in to Harbor Fund to defray initial costs to implement Harbor RV Pilot Program
All Other Funds Subtotal				\$ 550,125	
Revenue/Transfers Budget Adjustments All Funds				\$ 1,801,738	

RESOLUTION NO. 10-21
Exhibit 1 - Page 2

Expenditures and Transfer Adjustments – All Funds

Fund	Fund Name	Department	Amount	Proposed Use
001	General Fund	Public Works	\$ 126,100	PW Director (\$78,000) Consolidated Maintenance (\$48,100)
001	General Fund	Finance	\$ 1,167	Enhanced roles and responsibility - Finance Director
001	General Fund	Fire Department	\$ 411,113	Budget in multiple line items for wildfire and multiple operating supplies (\$357,733) and transfer to Vehicle Replacement Fund for Fire small vehicle purchases (\$52,380)
001	General Fund	Police Department	\$ 36,000	Transfer from General Fund to Vehicle Replacement Fund for vehicle replacement (\$30,000) Pre-employment costs (\$6,000)
001 915	General Fund	CIP Program Pavement Management Plan	\$ 125,000	Appropriate from the General Fund to General Fund CIP Emergency Stormdrain Repair project
General Fund Subtotal			\$ 699,380	
915	General Fund CIP	Pavement Management Plan	\$ 142,000	Transfer to CIP Pavement Management Plan from Measure Q
051	General Fund Emergency Reserve	Not Applicable	\$ 282,250	Transfer From Measure E Fund (new) revenue to General Fund Emergency Reserve
050	Vehicle Replacement Fund	Public Works	\$ 49,900	Purchase used replacement vehicle
270	Lower Cost Affordable Accommodations Fund	Not Applicable	\$ 15,000	Transfer to Harbor Fund to defray initial costs to implement Harbor RV Pilot Program
331	Harbor Fund	Harbor RV Pilot Program (6512)	\$ 56,500	Budget in multiple line items for operating supplies to support implementation and on-going operations of RV Pilot Program
907	Economic Development Fund	Multiple Departments	\$ 8,750	Appropriate funds in Economic Development Fund for 50% of Washington D.C. Public Affairs representation by the Ferguson Group. Economic Development Fund = 50%, Water Fund = 25%, and Sewer Fund = 25%.
All Other Funds Subtotal			\$ 554,400	
Expenditure/Transfers Budget Adjustments All Funds			\$ 1,253,780	

RESOLUTION NO. 10-21
Exhibit 2 - Page 1

CITY OF MORRO BAY							
COMBINED SALARY SCHEDULE							
FISCAL YEAR 2020-21: Effective 2/24/2021							
TITLE	GROUP	STEP 1 Annual	STEP 2 Annual	STEP 3 Annual	STEP 4 Annual	STEP 5 Annual	STEP 6 Annual
ACCOUNT CLERK IN-TRAINING	S	32,460	34,083	35,787	37,577	39,455	
ACCOUNT CLERK I	S	39,243	41,205	43,265	45,429	47,700	
CONSOLIDATED MAINTENANCE WRK I	S	39,243	41,205	43,265	45,429	47,700	
OFFICE ASST. III	S	39,243	41,205	43,265	45,429	47,700	
OFFICE ASST. IV	S	42,428	44,549	46,777	49,116	51,571	
ACCOUNT CLERK II	S	44,079	46,283	48,597	51,027	53,578	
CONSOLIDATED MAINTENANCE WRK II	S	44,079	46,283	48,597	51,027	53,578	
PERMIT TECHNICIAN	S	45,143	47,400	49,770	52,259	54,872	
ACCOUNT CLERK III	S	47,210	49,571	52,049	54,651	57,384	
CONSOLIDATED MAINTENANCE WRK III	S	47,210	49,571	52,049	54,651	57,384	
ADMINISTRATIVE TECHNICIAN	S	48,044	50,446	52,969	55,617	58,398	
PERMIT TECHNICIAN - CERTIFIED	S	48,044	50,446	52,969	55,617	58,398	
SUPPORT SERVICES TECHNICIAN	S	48,044	50,446	52,969	55,617	58,398	
PROPERTY EVIDENCE CLERK	S	48,044	50,446	52,969	55,617	58,398	
MECHANIC	S	49,581	52,060	54,663	57,396	60,266	
RECREATION COORDINATOR	S	49,581	52,060	54,663	57,396	60,266	
HUMAN RESOURCES ANALYST I	C	54,690	57,425	60,296	63,311	66,476	
SUPPORT SERVICES COORDINATOR	C	54,690	57,425	60,296	63,311	66,476	
HARBOR PATROL OFFICER	S	54,777	57,516	60,392	63,411	66,582	
ENGINEERING TECHNICIAN III	S	56,158	58,966	61,914	65,010	68,260	
RECREATION SUPERVISOR	S	56,158	58,966	61,914	65,010	68,260	
UTILITY OPERATOR	S	56,245	59,057	62,010	65,111	68,366	
ASSISTANT PLANNER	S	56,508	59,333	62,300	65,415	68,686	
BUILDING INSPECTOR	S	58,765	61,703	64,788	68,028	71,429	
EXECUTIVE ASSISTANT/DEPUTY CLERK	C	58,765	61,703	64,788	68,028	71,429	
FIREFIGHTER	F	59,065	62,018	65,119	68,375	71,794	
UTILITY OPERATOR MC (MULTIPLE CERT)	S	60,182	63,191	66,351	69,668	73,152	
SENIOR ACCOUNTING TECHNICIAN	C	61,087	64,141	67,348	70,716	74,252	
POLICE SUPPORT SERVICES MANAGER	M	61,087	64,141	67,348	70,716	74,252	
HARBOR BUSINESS COORD	S	61,169	64,227	67,439	70,811	74,351	
POLICE OFFICER	P	65,152	68,410	71,830	75,422	79,193	83,152
HARBOR PATROL SUPERVISOR	S	64,523	67,749	71,137	74,693	78,428	
FIRE ENGINEER	F	64,573	67,802	71,192	74,751	78,489	
ENGINEERING TECHNICIAN IV	S	65,765	69,053	72,506	76,131	79,938	
ASSISTANT ENGINEER	S	65,765	69,053	72,506	76,131	79,938	
ASSOCIATE PLANNER	S	65,765	69,053	72,506	76,131	79,938	
BUILDING INSPECTOR/PLANS EXAMINER	S	65,765	69,053	72,506	76,131	79,938	
CONSOLIDATED MAINT FIELD SUPV	S	65,765	69,053	72,506	76,131	79,938	
HUMAN RESOURCES ANALYST II	C	65,765	69,053	72,506	76,131	79,938	
LEAD UTILITY OPERATOR	S	67,080	70,434	73,956	77,653	81,536	
MANAGEMENT ANALYST	M	67,153	70,511	74,036	77,738	81,625	
POLICE DETECTIVE	P	68,410	71,831	75,422	79,193	83,153	87,310
POLICE SCHOOL RESOURCE OFFICER	P	68,410	71,831	75,422	79,193	83,153	87,310
POLICE SENIOR OFFICER	P	68,410	71,831	75,422	79,193	83,153	87,310

RESOLUTION NO. 10-21
Exhibit 2 - Page 2

CITY OF MORRO BAY							
COMBINED SALARY SCHEDULE							
FISCAL YEAR 2020-21: Effective 2/24/2021							
TITLE	GROUP	STEP 1 Annual	STEP 2 Annual	STEP 3 Annual	STEP 4 Annual	STEP 5 Annual	STEP 6 Annual
FIRE CAPTAIN	F	74,227	77,938	81,835	85,927	90,223	
ASSOCIATE CIVIL ENGINEER	S	75,629	79,410	83,381	87,550	91,928	
WASTEWATER SYSTEMS SUPV	S	75,629	79,410	83,381	87,550	91,928	
BUDGET/ACCOUNTING MANAGER	M	78,532	82,459	86,582	90,911	95,456	
CONSOLIDATED MAINTENANCE SUPT	M	78,532	82,459	86,582	90,911	95,456	
ENVIRONMENTAL PROGRAMS MANAGER	M	78,532	82,459	86,582	90,911	95,456	
INFORMATION SYSTEMS TECHNICIAN	M	78,532	82,459	86,582	90,911	95,456	
RECREATION SERVICES MANAGER	M	78,532	82,459	86,582	90,911	95,456	
SENIOR PLANNER	M	78,532	82,459	86,582	90,911	95,456	
TOURISM MANAGER	M	78,532	82,459	86,582	90,911	95,456	
POLICE SERGEANT	P	81,251	85,314	89,579	94,058	98,761	103,699
PLANNING MANAGER	M	86,387	90,706	95,242	100,004	105,004	
SENIOR CIVIL ENGINEER	M	86,387	90,706	95,242	100,004	105,004	
FIRE MARSHAL	F	88,114	92,520	97,146	102,003	107,103	
CITY CLERK/HR MANAGER	M	100,603	105,633	110,915	116,461	122,284	
CITY ENGINEER	M	101,808	106,898	112,243	117,855	123,748	
COMMUNITY DEVELOPMENT MANAGER	M	101,808	106,898	112,243	117,855	123,748	
UTILITY DIVISION MANAGER	M	101,808	106,898	112,243	117,855	123,748	
POLICE COMMANDER	M	114,300	120,015	126,016	132,317	138,932	
DEPUTY CITY MANAGER	E	124,785	131,024	137,575	144,454	151,677	
COMMUNITY DEVELOPMENT DIRECTOR	E	124,785	131,024	137,575	144,454	151,677	
PUBLIC WORKS DIRECTOR	E	129,439	135,911	142,706	149,842	157,334	
ADMIN SERVICES DIR/ASST CITY MGR	E	129,439	135,911	142,706	149,842	157,334	
HARBOR DIRECTOR	E	131,853	138,446	145,368	152,636	160,268	sworn
FIRE CHIEF	E	131,853	138,446	145,368	152,636	160,268	sworn
POLICE CHIEF	E	131,853	138,446	145,368	152,636	160,268	sworn
CITY MANAGER	E	174,465	178,827	183,297	187,880	192,577	



AGENDA NO: C-1
MEETING DATE: February 23, 2021

Staff Report

TO: Honorable Mayor and City Council **DATE:** February 18, 2021

FROM: Katie Lichtig, Interim Finance Director

SUBJECT: Fiscal Year 2020/2021 Mid-Year Budget Performance and Status Report – Six Months Ending December 31, 2020

- A. Receive Fiscal Year (FY) 2020/2021 Mid-Year Budget Performance and Status Report and Authorize Budget Adjustments as Recommended in the Attached Second Quarter Budget Performance Report, and
- B. Receive the FY 2020/2021 Capital Improvement Plan Mid-Year Update, and
- C. Approve the Administrative Services Director – Assistant City Manager Job Description, and
- D. Adopt Resolution No. 10-21 Authorizing Staff to Proceed with the Second-quarter Budget Adjustments and Approving the Amended Combined Salary Schedule to include the Administrative Services Director – Assistant City Manager Job Classification

RECOMMENDATION

Staff recommends that the City Council:

- A. Receive FY 2020/2021 Mid-Year Budget Performance and Status Report and Authorize Budget Adjustments as Recommended in the Attached Second Quarter Budget Performance Report, and
- B. Receive the FY 2020/2021 Capital Improvement Plan Mid-Year Update, and
- C. Approve the Administrative Services Director – Assistant City Manager Job Description, and
- D. Adopt Resolution No. 10-21 Authorizing Staff to Proceed with the Second Quarter Budget Adjustments and amending the Combined Salary Schedule to include Administrative Services Director – Assistant City Manager job classification.

BACKGROUND

The attached draft Mid-Year Budget Report (Attachment 1) covers the first six months of the fiscal year beginning July 1, 2020 and ending December 31, 2020. The report presents analysis related to the key General Fund revenues and expenditures by category as well as an analysis of the City's other major funds, including the Water Reclamation Facility (WRF), Tourism Business Improvement District, Measure Q, and other major funds. Additionally, a review of active Capital Improvement Projects is included in this report.

Measure E-20 (Measure E), the recent voter approved 1 cent sales tax for Morro Bay, is not yet

Prepared By: KL Dept Review: KL
City Manager Review: SC City Attorney Review: JWP

included in the Mid-Year Budget Report since the City is yet to take any related budget actions regarding the tax. The tax goes into effect on April 1, 2021 and the City should receive the first proceeds from the collection of the tax in June 2021. Any proceeds received for tax collected in April, May and June 2021 will be accounted for in the current fiscal year. Since the City will receive revenue later this fiscal year, a short section on Measure E is provided below with a staff recommendation that any revenue received in the current fiscal year be transferred to the General Fund Emergency Reserve to replenish the fund balance.

Through financial analysis of activity from July 1, 2020 through December 31, 2020, staff is able to provide an update based on revenue and expenditure trends for the current fiscal year. These adjustments to the FY 2020/2021 budget were presented to the Citizens Finance Advisory Committee (CFAC) on February 18, 2021. Staff responses to questions raised prior to the February 18th CFAC meeting are provided as Attachment 2 and staff will report to the Council input provided by CFAC during the oral presentation of this matter on February 23, 2021.

DISCUSSION

In developing the Mid-Year Budget Report each department evaluated their respective revenues, expenditures, and capital projects. Additionally, each department assessed unmet mission critical needs in order to have their Department fulfill their workplan initiatives. They then submitted requests to the Interim Finance Director and City Manager for consideration. In sum, all funds are trending according to their adopted budget with some positive signs that staff is embracing with cautious optimism. The following charts summarize the proposed revenue and expenditure adjustments amounts for all funds for Council consideration (details follow in the appropriate section of this report).

Adjusted Revenue and Transfers Summary – All Funds

Fund	Fund Name	Department	Source	Amount	Proposed Use
001	General Fund	Finance Department	TOT	\$ 550,000	General Fund Operations
001	General Fund	Finance Department	Sales Tax	\$ 184,500	General Fund Operations
001	General Fund	Fire Department	Fire Department Wildfire Mutual Aid	\$ 411,113	General Fund Operations and contribution to Fire Department Small Vehicle replacement
001	General Fund	Finance Department	Cannabis Local Tax	\$ 106,000	General Fund Emergency Repair CIOperations
General Fund Subtotal				\$ 1,251,613	
003	Measure Q	Finance Department	Measure Q Transaction Tax	\$ 142,000	Pavement Management Plan
050	Vehicle Replacement Fund	Public Works	Insurance Settlement	\$ 19,900	Police Department Vehicle replacement
New	Measure E	Finance Department	Measure E Transaction Tax	\$ 282,250	Contribution to General Fund Emergency Reserve (Fund 051)
331	Harbor RV Program (6512)	Harbor Department	RV Pilot Program Revenues	\$ 90,975	Total projected revenues from RV pilot program.
331	Harbor Department Interfund Transfer in from Lower Cost Affordable Accommodation Fund	Harbor Department	RV Pilot Program Revenues	\$ 15,000	Transfer in to Harbor Fund to defray initial costs to implement Harbor RV Pilot Program
All Other Funds Subtotal				\$ 550,125	
Revenue/Transfers Budget Adjustments All Funds				\$ 1,801,738	

Adjusted Expenditure Summary – All Funds

Fund	Fund Name	Department	Amount	Proposed Use
001	General Fund	Public Works	\$ 126,100	PW Director (\$78,000) Consolidated Maintenance (\$48,100)
001	General Fund	Finance	\$ 1,167	Enhanced roles and responsibility - Finance Director
001	General Fund	Fire Department	\$ 411,113	Budget in multiple line items for wildfire and multiple operating supplies (\$357,733) and transfer to Vehicle Replacement Fund for Fire small vehicle purchases (\$52,380)
001	General Fund	Police Department	\$ 36,000	Transfer from General Fund to Vehicle Replacement Fund for vehicle replacement (\$30,000) Pre-employment costs (\$6,000)
001 915	General Fund	CIP Program Pavement Management Plan	\$ 125,000	Appropriate from the General Fund to General Fund CIP Emergency Stormdrain Repair project
General Fund Subtotal			\$ 699,380	

915	General Fund CIP	Pavement Management Plan	\$ 142,000	Transfer to CIP Pavement Management Plan from Measure Q
051	General Fund Emergency Reserve	Not Applicable	\$ 282,250	Transfer From Measure E Fund (new) revenue to General Fund Emergency Reserve
050	Vehicle Replacement Fund	Public Works	\$ 19,900	Appropriate insurance settlement to purchase used replacement vehicle
270	Lower Cost Affordable Accommodations Fund	Not Applicable	\$ 15,000	Transfer to Harbor Fund to defray initial costs to implement Harbor RV Pilot Program
331	Harbor Fund	Harbor RV Pilot Program (6512)	\$ 56,500	Budget in multiple line items for operating supplies to support implementation and on-going operations of RV Pilot Program
907	Economic Development Fund	Multiple Departments	\$ 8,750	Appropriate funds in Economic Development Fund for 50% of Washington D.C. Public Affairs representation by the Ferguson Group. Economic Development Fund = 50%, Water Fund = 25%, and Sewer Fund = 25%.
All Other Funds Subtotal			\$ 524,400	
Expenditure/Transfers Budget Adjustments All Funds			\$ 1,223,780	

Summary of General Fund Status

If all adjustments are approved, staff projects that the General Fund will need less support from the General Fund Emergency Reserve (GFER) to balance the budget than was originally projected when the budget was adopted in June 2020. At the beginning of FY 2020/2021, based upon understood and projected economic and financial impacts resulting from the COVID-19 pandemic, it was forecasted that the GFER would need to contribute \$1,283,319 to the General Fund to ensure a balanced budget. In total the support from the GFER for FY 2020/2021 will be reduced to \$731,086, a 43 percent reduction. The following chart summarizes the overall impacts

on the General Fund.

GF Operating Deficit Per Adopted Budget FY 20/21	\$ (1,283,319)
Increase to Revenue Per Proposed Amendments	1,251,613
Increase to Expenditures Per Proposed Amendments	(699,380)
Revised GF Operating Deficit FY 20/21 After Amendments	\$ (731,086)

Projected General Fund Emergency Reserve with Mid-Year Adjustments						
	FY 19-20 Actual	FY 20-21 Budget	FY 20-21 Mid-Year	2020/21 Budget vs. Mid-Year		
				\$ Change	Percentage Change	
Beg Bal	\$ 3,808,577	\$ 2,384,436	\$ 2,384,436			
Revenue	180,161	370,380	652,630	\$ 282,250	76%	
Expenditures	(426,669)	(20,853)	(20,853)	\$ -	0%	
Transfer to GF to Support Operating Deficit	(1,177,633)	(1,283,319)	(731,086)	\$ 552,233	-43%	
End Bal	\$ 2,384,436	\$ 1,450,644	\$ 2,285,127	\$ 834,483	58%	

General Fund Revenues

The FY 2020/2021 Adopted General Fund budget significantly reduced from FY 2019/2020 due to recession brought on by the COVID-19 Pandemic (COVID) and in anticipation of a surge of COVID cases this winter. The conservative posture on revenues was a necessary measure given the uncertainty of the virus at the time the budget was adopted. Since that time, San Luis Obispo County (and Morro Bay by extension) have vacillated between a rather tightly restricted economy to a more open one, trending with the ups and downs of the pandemic conditions locally. The City did experience a significant uptick in tourist visits throughout the summer and into early fall 2020, which was not anticipated in the budget. However, as referenced above, the City anticipated a rise in COVID cases in the winter, which we have experienced. In short, it has been a tumultuous period for our local economy, which drives the vast majority of City revenues. Staff conducted analysis of the City's main revenues, and also spoke with lodging industry, sales tax and property tax experts recently to get a sense of how the year has gone to date and what to expect with the remainder of the fiscal year.

This analysis of FY 2020/2021 General Fund revenues and relevant industry trends identified that revenues are trending well, with Sales Tax and Transient Occupancy Tax (TOT) anticipated to exceed adopted budget amounts. The City received the first three payments of Cannabis Local Tax for October (partial month), November, and December 2020 from Perfect Union (the first of two permitted cannabis operations in Morro Bay) and has received approval for reimbursement of more than \$400,000 in Mutual Aid costs associated with Morro Bay Fire personnel deployed to wildfires around the state. Staff is recommending that the General Fund be adjusted to recognize these revenues. Staff is recommending that the General Fund revenue budget be amended by a total of \$1,251,613. The following chart summarizes staff recommended revenue increases to the FY 2020/21 General Fund budget.

Fund	Fund Name	Department	Source	Amount	Proposed Use
001	General Fund	Finance Department	TOT	\$ 550,000	General Fund Operations
001	General Fund	Finance Department	Sales Tax	\$ 184,500	General Fund Operations
001	General Fund	Fire Department	Fire Department Wildfire Mutual Aid	\$ 411,113	General Fund Operations and contribution to Fire Department Small Vehicle replacement
001	General Fund	Finance Department	Cannabis Local Tax	\$ 106,000	General Fund Emergency Repair CIPOperations
General Fund Subtotal				\$ 1,251,613	

Sales Tax and TOT

Sales Tax and TOT revenues are stronger than anticipated and as a result staff is recommending upward revisions at mid-year. The City receives quarterly reviews for Sales Tax receipts and forecasts not only for the current fiscal year but for the next fiscal year from our long-term consultant (HdL) that specializes in sales tax analysis. HdL's analysis projects that the City will realize \$369,000 more than was budgeted for FY 2020/2021. Staff is recommending a revenue budget adjustment of 50% of that amount (totaling \$184,500) – staff believes that given the slow roll-out of the COVID vaccine and continuing uncertainty about future mitigation measures to thwart COVID this is the most prudent approach.

Staff is also recommending an increase in TOT revenue, due to the strong receipts through December 2020. Almost the entire year's budgeted TOT revenues were collected through the end of December. Staff is recommending that the City adjust the budget to assume we will collect 50% of the TOT collected between December 2019 until June 2020. That would equate to \$550,000. As with the Sales Tax projection, staff believes it is prudent to be cautious at this stage of the COVID-19 recovery.

Wildfire Reimbursements

Staff has confirmed approval of outside funding reimbursements for the City's support of wildfires across the state, totaling \$411,113. Staff is recommending that these reimbursements be allocated to the General Fund to offset personnel costs associated with the wildfire support, and Fire Department small vehicle replacements. Given that other claims are pending approvals staff is not recommending any further budget adjustments at this time. Once approvals are received staff will incorporate budget adjustments when appropriate.

Cannabis Tax Revenue

Staff is also recommending that \$106,000 be budgeted to recognize Cannabis Tax revenues being collected from Perfect Union, the first of two cannabis operations open for business in Morro Bay. Perfect Union opened in late October. This local tax approved by the voters is 5% of gross receipts and the estimated revenue is projected for 8 months of operation during the current fiscal year at an amount equal to slightly less than the average tax paid for the first two plus months of business. This seems prudent since one of the months was during the holidays and the second store will come open later this year. This proposed Cannabis Tax revenue amount does not include potential tax collected for the other permitted cannabis retail shop, Natural Healing Center, which is set to open this spring.

Staff is aware of the Council policy to dedicate new revenue to one-time expense or uses for the first 24 months. Staff is recommending appropriating a slightly higher amount to address an

emergency storm drain repair, which is consistent with this policy.

General Fund Revenues Summary

Current trends and estimates from the City’s advisors on sales tax and lodging industry experts indicate that these revenue increases (except for Mutual Aid Revenue) will become on-going into next fiscal year. Current analysis indicates that these estimated revenue increases are conservative and are likely to grow in FY 2021/22. Staff also anticipates positive revenues from Property Tax proceeds that will be recognized next fiscal year. That being said, staff believes that recognizing rebounding revenue incrementally is the prudent approach at this time as uncertainty remains in the economy.

General Fund Expenditures

Recommended General Fund expenditure adjustments total \$699,390. This amount accounts for a limited number of requests and only those that are essential for achieving the Council adopted goals and work plan objectives. The following chart summarizes the recommended General Fund expenditure adjustments. Detail on each request is provided below the chart.

Fund	Fund Name	Department	Amount	Proposed Use
001	General Fund	Public Works	\$ 126,100	PW Director (\$78,000) Consolidated Maintenance (\$48,100)
001	General Fund	Finance	\$ 1,167	Enhanced roles and responsibility - Finance Director
001	General Fund	Fire Department	\$ 411,113	Budget in multiple line items for wildfire and multiple operating supplies (\$357,733) and transfer to Vehicle Replacement Fund for Fire small vehicle purchases (\$52,380)
001	General Fund	Police Department	\$ 36,000	Transfer from General Fund to Vehicle Replacement Fund for vehicle replacement (\$30,000) Pre-employment costs (\$6,000)
001 915	General Fund	CIP Program Pavement Management Plan	\$ 125,000	Appropriate from the General Fund to General Fund CIP Emergency Stormdrain Repair project
General Fund Subtotal			\$ 699,380	

Of the total in the chart above, \$411,113 is recommended to be appropriated for use by the Fire Department. A significant amount of these amendments (more than \$350,000) offset direct expenses incurred for the mutual aid fire support or costs unavoidable due to wildfire deployments. Staff is also recommending appropriating funds for personal protective equipment (not COVID related), gas detectors and rescue equipment. Staff is recommending that \$58,500 be transferred from the General Fund to the Vehicle Replacement Fund for future use to replace small vehicles assigned to the Fire Department.

Other proposed General Fund expenditure budget adjustments in the chart are as follows:

- **Public Works Department** - Restoring funding for the Public Works Director and adding critical operating costs to Consolidated Maintenance: The Public Works Director position was unfunded in this year’s budget due the fiscal constraints the City was facing in FY 2020/2021. The position was covered on an interim basis by existing City staff from last spring up to February 2021, and the City Manager is currently serving in that position and

has initiated a recruitment. Finding a talented leader for the department to fill this role on a permanent basis is critical to the City's success. The leadership and management of the Public Works Department, with the diverse and complicated operations, requires the attention of a full-time department director. As such, funding is needed to complete this hiring process. Staff is hopeful that a selection will be made in March, and the new director on board within the next few months. Staff is also proposing that \$48,100 be added to Consolidated Maintenance budget to offset costs for solid waste disposal, water used to maintain and operate the City's public spaces and facilities, and for the dark fiber connection to the Corporation Yard. Each of these line items were under-budgeted in the current Fiscal Year. There are a number of other line items in Consolidated Maintenance functions (streets, trees, vehicle maintenance, etc.) that will likely go over their budgeted amounts. However, by adding the above recommended amount, there will be sufficient overall budget authority within the totality of those operations to cover these expenses. Staff will evaluate what changes may be needed for the next fiscal year as part of the FY 2021/2022 budget development process.

- **Police Department** - Replacing a Police Department Vehicle: A sedan in the department's existing fleet (the detective's vehicle) was totaled in an accident caused by another driver. Thankfully, no one was injured in the accident. As a result of an analysis conducted by the Department, the department is requesting to reassign an existing sedan to the detective and purchase a used Chevrolet Tahoe that would be the replacement. This vehicle would be assigned as the Chief's vehicle. This vehicle would be a good addition to the department's fleet because it could transport more people and is the same model as used by the field supervisors. The City will receive about \$19,900 from insurance proceeds and staff is recommending that an additional \$30,000 be appropriated to facilitate this purchase. A total amounting to the insurance proceeds plus \$30,000 would be transferred to the Vehicle Replacement Fund (VRF) and the purchase would be charged to the VRF.
- **Finance Department** - Restructure scope, responsibilities and title of Finance Director position: Since the departure of former Finance Director, Jennifer Callaway, in October 2020, staff has had an opportunity to assess our overall operations and recognize the responsibilities of that critical leadership position are much broader and more complex than running a single department. In addition to coordinating and directing utility billing, information services, and finance activities, Ms. Callaway and our current Interim Finance Director, Ms. Lichtig, serve a critical organizational role and strategic support to the City Manager. These responsibilities include facilitating interdepartmental projects and initiatives, overseeing information technology, coordinating communications strategies and the appropriate dissemination of public information, and providing analysis and recommendation for the development of the City's long-term strategic plan. The City has sought and received applications to fill the Finance Director position based on Finance Director requirements, but recognize the knowledge and skills adequate to fill that specific role do not meet the overall organizational needs that Ms. Callaway and Ms. Lichtig have fulfilled. After searching for comparable job descriptions for similar sized cities, staff recommends establishing a new job classification of Administrative Services Director-Assistant City Manager. The proposed job description, provided as Attachment 3 for Council review and approval, reflects a broad range of activities that could potentially fit under this umbrella, including finance, information services, Human Resources, Risk Management, and strategic support to the City Manager. The organizational structure is intended to be flexible to allow room to assign responsibilities and duties that best fit with the selected person's experience. Along with the new job description that would more accurately define the role, staff recommends increasing the salary range accordingly (about \$7,000 per year) to ensure the City can attract, recruit, and retain a highly qualified candidate. The proposed salary schedule including this classification is provided as Exhibit 2 of Resolution No. 10-21 for Council approval.

- **Storm drain Emergency Repair CIP** - The City has a long-term need to invest in the storm drain system, but one project has risen to be an urgent priority to address. A hillside storm drain has deteriorated to the point of failure. In addition to being on a hillside, the storm drain has water and sewer lines that have become compromised (temporary shoring is in place). The City Engineer is working on developing an interim fix that will mitigate the issues at this site while a long-term solution is designed. Staff is recommending that \$125,000 be allocated from the General Fund and appropriated to this CIP account so that when the design of the interim solution is complete staff can move forward as quickly as possible to implement this project.

Measure Q

In accordance with CFAC's mission, staff has compiled the second quarter revenues and expenditures, with supporting documentation from the City's Finance system, for the Committee's review and consideration (Attachments 2 and 3).

Staff is recommending a budget adjustment to Measure Q revenues and one to the Pavement Management Plan, totaling \$142,000. The City's sales tax advisor (HdL) believes the City will realize about \$1.1 Million in total Measure Q revenue for FY 2020/2021. Staff is recommending that half of the amount of additional projected revenue (\$142,000) be budgeted at this time. As for allocating this amount now to the Pavement Management Plan, staff believes that since the bidding process has yet to get underway this is good opportunity to supplement existing resources to get more streets paved. While there is unassigned fund balance available staff is recommending that these funds be considered in a more comprehensive way during the FY 2021/2022 budget.

The next chart summarizes operating revenues and operating expenditures associated with Measure Q through December 31, 2020. There are only two personnel related line items in the Police Department that show no expenditure to date. This is because of timing associated with the start of the new officer and the retiring police officer was able to train the new officer before retiring. The following chart is a new format suggested by CFAC and tracks more directly to budgeted expenditures.

City of Morro Bay
Schedule of Measure Q
Operating Revenues vs. Operating Expenditures
Fiscal Year 2020/21

	FY19/20 Actuals Audited	FY20/21 Adopted Budget	FY20/21 Budget Adjustment	FY20/21 Amended Budget	FY20/21 Second Quarter Transactions	FY20/21 % YTD
Beginning Fund Balance	\$ 342,964	\$ 342,964		\$ 342,964	\$ 342,964	
Revenues						
Sales Tax	987,019	845,000	\$ -	\$ 845,000	\$ 412,466	49%
Interest	4,973	-	-	-	-	0%
Gain on Investment	1,655	-	-	-	-	0%
Total Revenues	993,647	845,000	-	845,000	412,466	49%
Expenditures						
Fire						
Salaries & Benefits (Relief Firefighter)	152,675	200,724	-	200,724	78,915	39%
Transfer to General Fund (Remaining balance of Relief Firefighter)	121,916	128,899	-	128,899	60,958	47%
Fire Station #53 Debt Service	98,227	90,806	-	90,806	44,912	49%
Equipment (Firefighter Personal Protection Equipment)	7,220	30,000	-	30,000	-	0%
Equipment (Cardiac Monitors)	14,000	-	-	-	-	0%
Equipment (Wildland Fire Tools/Supplies Per amendment request)	22,314	-	-	-	-	0%
Equipment (Radios)	-	-	-	-	-	0%
Fire Engine Loan Payment to General Fund Emergency Reserve	56,250	56,250	-	56,250	-	0%
Total Fire	472,602	506,679	-	506,679	184,785	36%
Police						
Salaries & Benefits Train New Officer Pending Retirement of Existing		2,000	-	2,000	-	0%
Regular Pay & Benefits - 18th Sworn Officer			52,400	52,400	-	0%
Standby Pay & Associated Employee Benefits	25,167	24,000	-	24,000	17,420	73%
Equipment (Body Worn Cameras)	26,433	25,000	-	25,000	-	0%
Equipment (Tasers)	69,105	-	-	0	-	0%
Equipment (First Responder Kits, Ballistics Vest, et al)	7,157	12,000	-	12,000	15,612	130%
Automobiles	43,655	-	-	0	-	0%
Pmt to Other Agency's - SLO Sheriff Bomb/Gang/Narc Task Force	14,600	14,600	-	14,600	14,600	100%
Pmt to Other Agency's - CAD/Data Lines	15,138	6,000	-	6,000	2,243	37%
Total Police	201,255	83,600	52,400	136,000	49,875	37%
Public Works						
Streets						
Street Maintenance - Asphalt for Patching		40,000	-	40,000	3,708	9%
Street Maintenance - Equipment Rental	17,468	-	-	-	-	0%
Pavement Management Plan	27	325,000	(52,400)	272,600	-	0%
Total Public Works	17,495	365,000	(52,400)	312,600	3,708	1%
Equipment - Black Hill Repeater						
Gain/Loss on Investment - GASB 31						
Total Operating Expenditures	# \$ 691,352	\$ 955,279	\$ -	\$ 955,279	\$ 238,368	25%
Net Operating Revenues over Expenditures	### \$ 302,295	\$ (110,279)	\$ -	\$ (110,279)	\$ 174,098	
Ending Fund Balance	# 645,259	232,685	-	232,685	517,062	
Assigned Fund Balance - Debt Service Reserve	56,749	55,174		64,912	64,912	
Unassigned Fund Balance	\$ 588,510	\$ 177,512		\$ 167,773	\$ 452,150	

Pavement Management Plan and CIP Progress updates

Work under the pavement management plan began in early 2019. This project was put on hold last fiscal year to ensure there was sufficient revenues to pay for the project and help potential funding issues for public safety services. As of December 31, 2020, minimal expenditures have hit the capital project for pavement management, therefore no funds have yet been transferred out of the Measure Q fund to support this item. Detail is provided below for the Council to review.

Schedule of Pavement Management Plan Capital Project Operating Revenues vs. Operating Expenditures Fiscal Year 20/21						
	FY19/20 Actuals Audited	FY20/21 Adopted Budget	FY20/21 Budget Adjustments	FY20/21 Amended Budget	FY20/21 Second Quarter Transactions	FY20/21 % YTD
Revenues						
Road Maintenance & Rehav Alloc SB1-2032(h)(2)	\$ 50,487	\$ 300,000	\$ -	\$ 300,000	\$ 221,816	74%
SB1 - State GF Loan Repay from Traffic Congestion Relief (Prop 42)	-	-	-	-	-	0%
State Grant Capital Improve	-	-	-	-	-	0%
State Grant Other Govt Svc	-	-	-	-	-	0%
Transfer In		325,000	(52,400)	272,600	-	0%
Total Revenues	50,487	625,000	(52,400)	572,600	221,816	39%
Expenditures						
Pavement Management Plan						
Salaries & Benefits			-	-	-	
Miscellaneous Operating Supplies	8,903		-	-		
Engineering Services	38,181	100,000		100,000		0%
Consulting Services - Rick Engineering	3,403	47,000		47,000		0%
Contractual Services - Pavement Coatings Co.		478,000		478,000		0%
Other Utilities						
Total Operating Expenditures	\$ 50,487	\$ 625,000	\$ -	\$ 625,000	\$ -	0%
Use of Carryforward Funds						
Net Operating Revenues over Expenditures & Carryforwards	\$ -	\$ -	\$ (52,400)	\$ (52,400)	\$ 221,816	

On the following two pages are updates on all active CIPs from all City funds.

**City of Morro Bay
Project Summary by Program
CIP STATUS MID-YEAR FY 2020/21**

Streets Program				
		2020/21 Budget Including Carryforward	Expended through 12/31/2020	Comments
915-9614	Annual Pavement Management Plan	\$ 625,000	\$ -	Stop Gap structural repairs to Arterial and Collector Streets to be performed late Spring 2021 if revenue estimates are met. Measure Q amount reduced by approximately \$52,000 in December 2020 for MBPD officer.
915-8229	Highway 1 & 41 Interchange	179,285	\$ 5,503	Complete PA&ED by April 30, 2021
915-9933	Pipeline Along Kern & Anchor Streets SD-01A	9,900	\$ -	Insufficient Resources for pre-design/design
915-9934	Pipeline Along Kern & Anchor Streets SD-01B	22,950	\$ -	Insufficient Resources for pre-design/design
		\$ 837,135	\$ 5,503	
Parks and Creeks Program				
		2020/21 Budget Including Carryforward	Expended through 12/31/2020	
915-9937	Tidelands Stormwater Pocket Park	27,247	\$ 27,247	Project Complete
915-8029	Bocce Ball Court (Dunes & Shasta)	29,069	\$ -	Project on hold while reassessing property
915-8030	Morro Creek Restoration (FEMA)	-	-	Permitting from Coastal Commission unlikely
		\$ 56,316	\$ 27,247	
Public Facilities Program				
		2020/21 Budget Including Carryforward	Expended through 12/31/2020	
915-9508	Veteran's Hall 209 Surf - Refurbishment/Audio Visual Phase 19/20 Only	\$ 148,200	\$ -	Received reroof bids and preparing contract for work.
915-9942	New Electric Vehicle Charging Station	48,000	\$ -	Received cost estimates, executed grant contract, working on design build contract with provider
915-9510	Public Safety - Power Shutdown & Fiber	50,000	-	Under Construction by service provider, Digital West.
		\$ 246,200	\$ -	

Water Capital Projects				
		2020/21 Budget Including Carryforward	Expended through 12/31/2020	
921-9932	OneWater System Imprv - Nutmeg Pressure Zone	\$ 344,700	\$ 70,565	Project in preliminary design
	Water Tank Rehabilitation (6)	2,000,000	56,848	Project in Design
	Reskin Desal Building	200,000	-	
	Replace RO Membrane Filters	250,000	174,599	Complete
	RO Piping Tank Modifications	300,000	-	Need structural evaluation to tank tie downs
		\$ 3,094,700	\$ 302,013	
Sewer Capital Projects				
		2020/21 Budget Including Carryforward	Expended through 12/31/2020	
922-8312	Waste Water Treatment Plant Relocation & Treatment Alternatives (WRF)	\$ 47,312,544	\$ 25,040,349	Project on schedule for completion in accordance with the Regional Board's Time Schedule Order. See WRF Quarterly Reports for additional detail
922-8326	Waste Water Treatment Plant Relocation & Treatment Alternatives - Litigation	\$ 75,000	\$ 43,620	On going legal expensed for land acquisition, eminent domain, construction claims, etc
922-9928	OneWater Project -WasteWater Collections Main St & Atascadero Road	\$ 153,900	\$ 43,215	Project in Design
922-9929	OneWater Project - Waste Water Collections Upstream LS1/Beachcomber	\$ 103,050	\$ 57,136	Project in Design
	Upgrade Lift Station #2	\$ 70,000	\$ -	Project to be completed in conjunction with WRF Conveyance Project
		\$ 47,714,494	\$ 25,184,321	
Harbor Capital Projects				
		2020/21 Budget Including Carryforward	Expended through 12/31/2020	
923-8175	Beach Street Slips (North & South)			Start predesign activities - Mid year Budget Request pending confirmation of grant
923-8351	South T-Pier Renovations		-	No activities proposed
923-9930	North T-Pier Renovations			No activities proposed
923-8421	Harbor Ice Machine Annual Maintenance	\$ 10,000		Budget for City Contribution toward Annual Maintenance
923-9921	DBW Boat Launching Facility Rehab		-	No activities proposed
		10,000		
Transit Capital Projects				
		2020/21 Budget Including	Expended through 12/31/2020	
920-9931	MBT - Route Signage & Information Display Cases	\$ 8,000	\$ -	Staff will be ordering materials for installation prior to end of FY
920-9947	City Park Transit Hub Improvements	59,191	-	Staff will be preparing a Request for Proposals for design services once resources are available
920-9922	Replace One MBT Trolley (2009)	200,000	\$ -	Trolley will be ordered but not delivered prior to the end of the FY. Will carry over balance to FY21/22
		267,191		
Projects Approved After Budget Approved				
		2020/21 Budget Including	Expended through 12/31/2020	
915-8423	Direction Sign Prog/Wayfinding	\$150,000		Plans 30% complete routing for internal review.
915-9943	Clositer Park Ctr Median Landscape		\$11,292.55	Phase 1 Complete

Harbor Fund

Revenues and expenditures for the Harbor Fund are tracking consistent with the adopted budget. During approval of the FY 2020/2021 budget, the City Council conceptually approved a “pilot” RV dry camping program for the Harbor Department at several locations along the waterfront. The estimated annual revenues for this project were \$100,000 in the first pilot year, and \$135,000 to \$185,000 in subsequent years. At the time annual expenses were estimated at \$15,000 - \$20,000, and staff’s estimated “start-up” costs were approximately \$10,000. The City’s Low-Cost Accommodation Fund was slated to offset some of the program’s start-up operating expenses (up to \$15,000). The program began renting spaces in three locations on September 10, 2020, and to-date has generated approximately \$52,000 in revenues through December 31, 2020. The program has incurred approximately \$34,000 in expenses. The program was temporarily shut down from December 10, 2020 until January 26, 2021 due to COVID restrictions. On February 9, 2021, the Council voted to extend the pilot program through September 2021. As a result of this Council action, Harbor staff is recommending adjustments to revenues, expenditures, and a transfer from the Lower Cost Accommodation Fund. Staff believes the revenue estimates are conservative and expenditure costs are an educated estimate based on staff’s understanding of the mitigation measures directed by the Council. The following charts summarize the adjustments being requested for the current fiscal year.

Fund	Fund Name	Department	Source	Amount	Proposed Use
331	Harbor RV Program (6512)	Harbor Department	RV Pilot Program Revenues	\$ 90,975	Total projected revenues from RV pilot program.
331	Harbor Department Interfund Transfer in from Lower Cost Affordable Accomodation Fund	Harbor Department	RV Pilot Program Revenues	\$ 15,000	Transfer in to Harbor Fund to defray initial costs to implement Harbor RV Pilot Program
Harbor Fund total				\$ 105,975	

Fund	Fund Name	Department	Amount	Proposed Use
311	Habor Fund	Harbor RV Pilot Program (6512)	\$ 56,500	Budget in multiple line items for operating supplies to support implementation and on-going operations of RV Pilot Program
Harbor Fund Total			\$ 56,500	

Measure E

Revenues generated from the implementation of Measure E-20, a one-cent sales tax passed by voters in November 2020, is to prepare and respond to a medical or catastrophic emergency; maintain 24/7 911 emergency response including paramedic services, police services and fire protection services; keep public areas healthy, safe, and clean; and protect the financial stability of the City, its residents, and businesses. As noted above, collection of the new tax will begin in April, and staff anticipate receiving \$282,500 in the current fiscal year and is recommending that these funds be dedicated to restoring the GFER year-end fund balance. This recommendation is consistent with the priority of protecting the financial stability of the City. It is important to note that while so of the first payments of this new tax will arrive at the city after the first of the fiscal year they are typically recognized in the fiscal year they were collected by the merchant and sent on to the State of California. City is estimated to receive approximately \$2 Million in FY 2021/2022 from this source. The CFAC will serve as critical community accountability and review regarding the City’s recommended uses of Measure E-20 revenues. This role will commence in earnest with the development of the FY 2021/2022 Proposed Budget.

Water Fund, Sewer Fund, WRF and OneWater projects

Revenues for our utilities are coming in sufficiently to cover all expenditures. Staff is carefully watching utility bills that are in arrears. This amount has grown since our last quarterly report. As of February 1, 2021, there were 303 accounts totaling more than \$230,000. As of December 31, 2020, these numbers were 220 accounts and \$175,000 of past due bills. In addition to monitoring this situation from an operational and cashflow perspective, staff is monitoring action in Washington, D.C. to see if funds to assist customers with this debt will be part of the next COVID recovery bill. Expenditures for the Water and Sewer Funds are tracking consistent with the adopted budget. Water and Sewer CIP's are review above. The following is the WRF quarterly financial update.

Chart begins on next page

WWTP RELOCATION & TRMT ALTERNATIVE (WRF) March 2013 - December 31, 2020						Project 922 - 8312
SOURCE OF FUNDS	Prior Yrs Actuals 3/2013 - 6/30/19	2019/20 Actuals	2020/21 Budget & Carryfwd *	20/21 2nd Qtr Actuals	% of City Budget	Total Project
GRANTS & AWARDS	-	-	-	63,240	100%	75,000
SEWER ENTERPRISE ACCUM FUND	8,749,474	-	-	-	-	8,749,474
WATER ENTERPRISE ACCUM FUND	2,264,438	-	-	-	-	2,264,438
WIFIA LOAN DRAWS Rec'd in Period	-	1,151,431	47,312,544	10,737,072	23%	61,700,336
CLEAN WATER STATE REV FUND LOAN	217,441	-	-	5,312,748	100%	10,300,000
STATE REV LOAN/COPS PROPOSED FINANCING	-	-	-	-	-	47,507,113
TOTAL SOURCE OF FUNDS	11,231,353	1,151,431	47,312,544	16,113,061	34%	130,596,361
USE OF FUNDS	Prior Yrs Actuals	2019/20 Actual	2020/21 Budget & Carryfwd *	20/21 2nd Qtr Actuals	% of City Budget	Total Project
SEWER ENTERPRISE ACCUM FUND						
4999 Labor Cost Applied (Salary)	394,475	81,726	82,647	14,009	17%	745,555
Fringe Benefits	106,691	17,484	22,353	3,822	17%	201,248
Salaries and Benefits	501,166	99,211	105,000	17,831	17%	932,278
5114 Lab Testing Supplies	-	-	-	-	-	-
5199 Supplies & Equipment	182,921	1,300	1,287	11,055	859%	188,263
6101 Legal Services - General	54,877	155,475	120,000	25,817	22%	577,206
6107 Advertising	-	-	-	-	-	-
5307 Blueprint/Copy Charges	-	-	-	-	-	-
6220 Postage (Included in 6710)	7,997	-	2,063	878	43%	16,556
6301 Electricity	2,500	-	120,333	33,900	28%	802,500
6303 Water	-	3,474	13,000	14,567	112%	-
6510 Meetings & Confr	875	737	903	-	-	4,623
6513 Meals & Lodging	3,009	64	-	-	-	3,009
6514 Travel Expense	12,032	2,161	2,650	-	-	23,026
6640 Maintenance Contracts	44,776	-	-	-	-	44,775
6710 Notices & Publications	31,923	4,289	3,195	-	0%	45,180
Services/Supplies/Equipment	340,910	167,500	263,432	86,216	33%	1,705,138
6104 Engineering Services	283,569	129,974	158,947	107,143	67%	667,807
6105 Consultation Services	3,309,027	40,972	17,526	21,673	124%	3,742,550
6106 Contractual Services	22,930	432	-	30,000	100%	22,930
6152 Outside Lab Testing	10,947	14,189	94,489	3,439	4%	150,000
6161 Licenses & Permits	1,535	10,117	12,402	28,871	233%	381,630
6195 Rate Study	-	-	-	-	-	-
6196 Prog Mgmt & DB Procure	1,929,839	1,736,079	3,187,873	722,443	23%	10,811,589
6197 Grant Support	157,556	378,385	11,192	-	-	229,022
6198 Government Relations	118,296	50,972	27,000	12,150	45%	199,636
8110 Capitalized Interest	-	5,216	-	-	-	-
Construction Soft Costs	5,833,698	2,366,335	3,509,428	925,718	26%	16,205,164
7101 Land Acquisition	26,000	760,352	500,000	444,377	89%	1,286,353
Design/Build - On-site Imprv Design	-	-	-	-	-	-
7103 Phase	3,163,060	7,547,377	3,105,630	885,483	29%	15,663,972
7104 Desgin-Lift Station/Force Main	744,502	1,062,658	160,750	-	-	2,152,387
7105 Planning & Permitting	398,006	130,747	-	148,261	100%	616,114
Design-Inj Wells & Recycled Water	-	-	-	-	-	-
7106 Pipeline	6,570	-	29,167	-	-	456,570
6106 Contractual Services	-	-	-	-	-	-
7107 Design/Build - On-site Imprv Build Phase	-	544,798	25,122,154	22,489,202	90%	60,711,873
7108 Injection Well Construction	-	-	-	-	-	3,425,000
7109 Liftstation/FM Construction	-	-	14,366,983	-	-	27,291,512
7107 Design/Build - On-site Imprv Build Phase	-	-	-	-	-	-
7110 Pilot Well Construction	-	-	150,000	-	-	150,000
Construction Costs	4,338,138	10,045,933	43,434,685	23,967,322	55%	111,753,782
TOTAL SEWER ENTERPRISE	11,013,912	12,678,978	47,312,544	24,997,088	53%	130,596,361
TOTAL USE OF FUNDS	11,013,912	12,678,978	47,312,544	24,997,088	53%	130,596,361
<i>WRF Litigation*</i>	22,963	-	-	43,261	-	66,224
TOTAL USE OF FUNDS	11,036,875	12,678,978	47,312,544	25,040,349	53%	130,662,585

*Tracked as a sparate project as these are unbudgeted costs that can not be anticipated

CONCLUSION

The available second quarter preliminary data is optimistic that the economy is continuing to hold strong, although projected to be flattening. Staff recommends the City continue with conservative fiscal planning and efforts to sustain the City's economically sensitive revenues. Staff will continue to examine revenue and expenditure activity and work to identify opportunities to enhance revenue to support current and future operating needs.

ATTACHMENTS

1. Second Quarter FY 2020/21 Budget Performance and Status Report for period ending December 31, 2020
2. February 18, 2021 Staff Responses to CFAC Questions
3. Administrative Services Director – Assistant City Manager Job Description
4. Resolution No. 10-21 authorizing staff to proceed with the second-quarter budget adjustments and approve amended Combined Salary Schedule.

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

INTRODUCTION

Purpose

This is the second quarterly budget report for the Fiscal Year (FY) 2020/21, for the six-month period ending December 31, 2020. The purpose of this quarterly public reporting is twofold. First, it ensures that the City is consistently monitoring its revenues and expenditures so that it can proactively respond to unanticipated changes or emerging trends. Second, and equally important, these reports increase the transparency of City finances. The City is ultimately accountable to its residents to use the revenue it brings in efficiently and effectively to provide the highest quality services, and quarterly public reporting provides taxpayers with the information they need to hold the City to this standard.

Content

This quarterly report presents an overview of the City's operating revenues and expenditures from the General Fund for the quarter ending December 31, 2020, as compared to previous years, and explains any notable aberrations or trends in these numbers.

This report focuses on General Fund operating revenues and expenditure, four enterprise funds and two other funds (Morro Bay Tourism Improvement District and Measure Q). Together these funds represent most of the services provided by the City as well as city spending. Recently adopted sales tax Measure E (November 2020) will be added to the quarterly reporting in FY 2021/22 when revenue is collected for a full fiscal year.

Timeframe and Limitations

The information in this report is the most accurate and up-to-date information available at the time of publication for this period (FY2020/21 through December 31, 2020). However, this report is not an audited financial statement, and the numbers provided herein are preliminary and subject to change as the year progresses. No data on revenues and expenditures are final until the City has completed its annual comprehensive audit, which is released in the winter of each year for the prior fiscal year.

With respect to revenues: The City monitors and adjusts its revenue projections based on revenue performance and other developments that may affect City revenues. This is done in order to develop a more accurate picture of the City's anticipated year-end financial position. However, if no remarkable change in the fund's year end position is anticipated no budget adjustment will be recommended.

With respect to expenditures: The expenditure information in this report is extracted directly from the City's financial management system, and adjustments are made to account for certain known payments, reimbursements, or transfers between City departments and funds that have not yet been processed in the system at the time of publication. It represents a snapshot of City expenditures at a certain point in time (December 31, 2020).

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REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

EXECUTIVE SUMMARY

Overall, second quarter revenue trends are steady when compared to the mid-year of Fiscal Year 2019-20. Of the City’s most economically sensitive revenues - sales tax and Transient Occupancy Tax (TOT) are exceeding anticipated budgeted amount. Property tax is trending a bit higher than in prior years actuals due to the early receipt of unsecured property tax. Fines and Forfeitures, Charges for Service, and Licenses and Permits categories are trending consistent with prior years. The City has started to receive Cannabis Tax revenues and staff is proposing to a budget adjustment associated with this new General Fund revenue. Measure G is performing well, and a small budget adjustment is recommended. Lastly Measure E-20, the new sales tax approved by voters in November 2020 will be collected beginning in April. Staff is recommending that this revenue be recognized in the budget via a revenue budget adjustment.

Fund	Fund Name	Department	Source	Amount	Proposed Use
001	General Fund	Finance Department	TOT	\$ 550,000	General Fund Operations
001	General Fund	Finance Department	Sales Tax	\$ 184,500	General Fund Operations
001	General Fund	Fire Department	Fire Department Wildfire Mutual Aid	\$ 411,113	General Fund Operations and contribution to Fire Department Small Vehicle replacement
001	General Fund	Finance Department	Cannabis Local Tax	\$ 106,000	General Fund Emergency Repair CIPOperations
General Fund Subtotal				\$ 1,251,613	
003	Measure Q	Finance Department	Measure Q Transaction Tax	\$ 142,000	Pavement Management Plan
050	Vehicle Replacement Fund	Public Works	Insurance Settlement	\$ 19,900	Police Department Vehicle replacement
New	Measure E	Finance Department	Measure E Transaction Tax	\$ 282,250	Contribution to General Fund Emergency Reserve (Fund 051)
331	Harbor RV Program (6512)	Harbor Department	RV Pilot Program Revenues	\$ 90,975	Total projected revenues from RV pilot program.
331	Harbor Department Interfund Transfer in from Lower Cost Affordable Accomodation Fund	Harbor Department	RV Pilot Program Revenues	\$ 15,000	Transfer in to Harbor Fund to defray initial costs to implement Harbor RV Pilot Program
All Other Funds Subtotal				\$ 550,125	
Revenue/Transfers Budget Adjustments All Funds				\$ 1,801,738	

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

Overall expenditures for mid-year are tracking well with a few exceptions in the General Fund. Adjustments are being recommended in those departments in limited cases where meeting the City’s priorities call for such changes. In some departments, salary and benefits are trending high. This can be attributed to the large annual payment to CalPERS for our required contribution for Unfunded Accrued Liability (UAL) made in July. The UAL payment is a payment made in July which totaled \$1,212,698 (\$116,466 more than last year). Paying this all in July resulted in a savings to the of approximately \$60,000. Spending in the Fire Department is trending higher than budget due to COVID response as well as a continuing commitment to support others in the State via Mutual Aid. Another area where spending is trending high is in the “Other Pay” category within salaries and benefits. Payouts of leave for employees who left the organization this fiscal year as well as vacation payouts to current employees who had to forego vacations due to COVID are responsibilities show up in this line item. In many cases this has driven the line item to be over budget. Staff is watching overall salary and benefits expenditures in case adjustments are needed in a future budget review. The expenditure budget adjustments are limited to only essential additions. Staff believes that these amendments are critical to the organization’s success of achieving the Council goals and work plan objectives. The following chart summarizes expenditure adjustments for all funds.

Summary of Proposed Expenditures Adjustments Next Page

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

Fund	Fund Name	Department	Source	Amount	Proposed Use
001	General Fund	Finance Department	TOT	\$ 550,000	General Fund Operations
001	General Fund	Finance Department	Sales Tax	\$ 184,500	General Fund Operations
001	General Fund	Fire Department	Fire Department Wildfire Mutual Aid	\$ 411,113	General Fund Operations and contribution to Fire Department Small Vehicle replacement
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General Fund Subtotal				\$ 1,251,613	

003	Measure Q	Finance Department	Measure Q Transaction Tax	\$ 142,000	Pavement Management Plan
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All Other Funds Subtotal				\$ 550,125	
Revenue/Transfers Budget Adjustments All Funds				\$ 1,801,738	

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

GENERAL FUND – KEY REVENUE ANALYSIS

The following discussion provides a status of significant General Fund revenue sources as of the mid-year, ending December 31, 2020.

Staff monitors each revenue source closely and may recommend certain revenue adjustments based on revenue actuals or state budget actions. As noted above staff is recommending a number of adjustments to address economic recovery that has come earlier than anticipated.

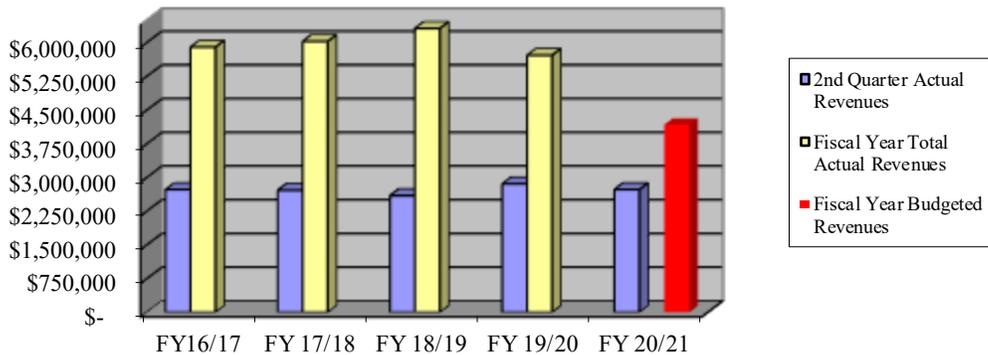
Other Taxes

Other taxes include sales and use tax, Prop 172 public safety sales tax, property transfer tax, transient occupancy tax (TOT), and Franchise Fees. As a category, other taxes represent 47.7% of the City’s total General Fund revenues with transient occupancy tax is a component of other taxes and is the City’s second largest revenue source behind property tax. For purposes of the quarterly review, an analysis of Other Taxes as a grouping, as well as individual analysis of Sales and Use Tax, TOT and Franchise Fees will be discussed.

Analysis – Mid-Year receipts are trending up for sales tax and TOT and in line with the budget for other categories. A detailed analysis of sales tax and TOT are provided below. Staff is recommending adjustments in both sales tax (\$184,500) and TOT (\$550,000). Staff is also recommending an including Cannabis Tax equaling \$106,000 in FY 2021/21 (not represented in these charts because no revenue from this source was budgeted in FY 2020/21.)

OTHER TAXES

Quarterly and Annual Revenues
5-Year History



	<u>FY16/17</u>	<u>FY17/18</u>	<u>FY18/19</u>	<u>FY19/20</u>	<u>FY20/21</u>
2nd Quarter Actual Revenues	\$ 2,727,457	\$ 2,712,525	\$ 2,593,026	\$ 2,856,413	\$ 2,729,232
Fiscal Year Total Actual Revenues	\$ 5,896,997	\$ 6,025,040	\$ 6,313,313	\$ 5,715,217	
Fiscal Year Budgeted Revenues					\$ 4,170,445
2nd Quarter Percent of Total	46.25%	45.02%	41.07%	49.98%	65.44%

Recommended Budget Revision **734,500**

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

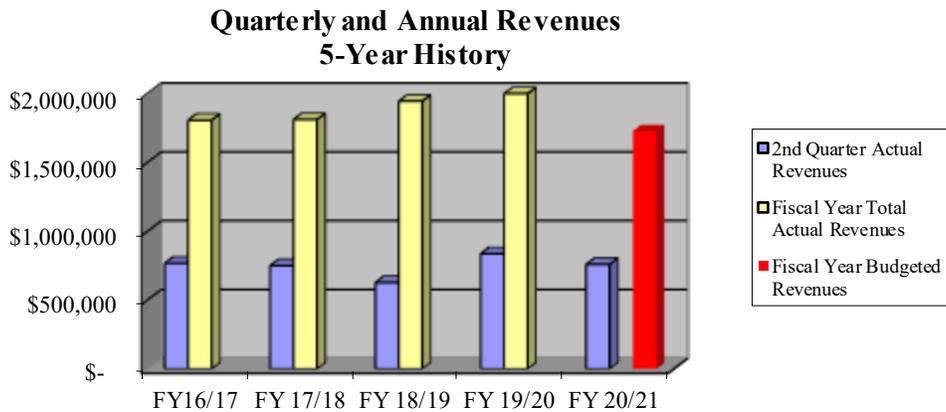
Sales Tax

Sales tax generates approximately 16.8% of revenues, the third largest revenue source for the City’s General Fund in FY 2020-21. The City’s General Fund receives 1 cent for every 7.5 cents of sales tax paid per dollar on retail sales and taxable services transacted within Morro Bay.

Analysis – Sales Tax is projected to over-perform compared to budget this year. This optimism comes from the expert analysis conducted by HdL, a firm that has been engaged with the City to analyze our collections history, forecast our revenues and pursue revenues on the City’s behalf when there appears to be missing revenues that are justifiably belong to the City.

As a revenue category, mid-year receipts are trending on par with this year’s reduced adopted budget. However, based on recent update from HdL local sales tax receipts from the gas and restaurant/bar sector have declined but have been off-set to an extent by the collection of tax from on-line sales. The declines in those particular categories have been less severe for Morro Bay than in San Luis Obispo County or Statewide. Staff reviewed the accuracy of the previous 5 years of HdL estimates and concluded that it is prudent to make modest budget adjustment to sales tax revenues at this time. The proposed budget adjustment is 50% of the forecasted amount that HdL is expecting the City to receive over the adopted budget. Staff believes this is prudent approach.

Sales Tax



	<u>FY16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Revenues	\$ 767,884	\$ 750,841	\$ 627,781	\$ 836,814	\$ 759,628
Fiscal Year Total Actual Revenues	\$ 1,807,642	\$ 1,811,884	\$ 1,945,359	\$ 2,186,074	
Fiscal Year Budgeted Revenues					\$ 1,728,822
2nd Quarter Percent of Total	42.48%	41.44%	32.27%	38.28%	43.94%

Recommended Budget Revision **184,500**

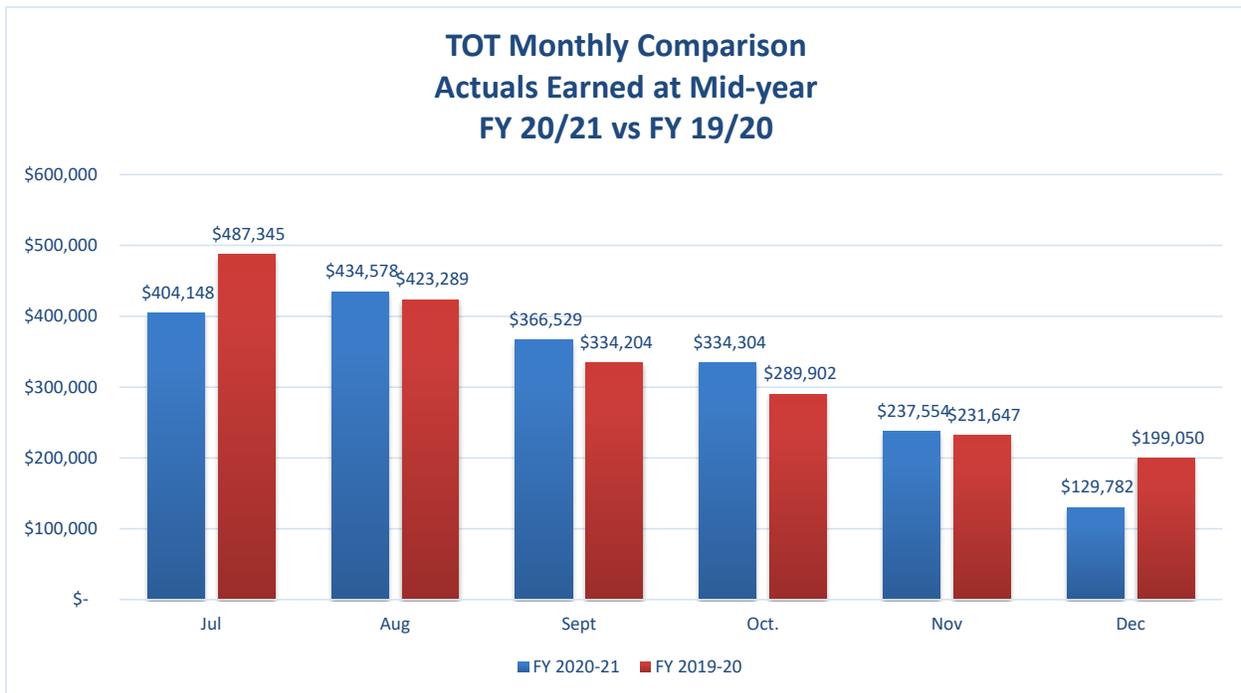
REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

TOT Tax

Transient Occupancy Tax (TOT) accounts for 18% of the City’s general fund revenues for FY 2020/21. As a highly economically sensitive revenue source, the City closely monitors this funding source for any indication that the tourism market is slowing down. During this dynamic time of COVID-19 this is difficult to predict and changes are experienced on an hour-by-hour basis. Nonetheless, Staff anticipated this second wave of impacts, so the adopted budget was reduced significantly from 2019/20 adopted budget.

The City levies a 10% transient occupancy tax (TOT) on all hotel, motel, vacation rentals and RV parks within the municipal limits of Morro Bay. This tax helps to fund City services provided to transitory visitors to Morro Bay. In addition, the City collects additional revenues for the Tourism Business Improvement District (TBID) in the amount of 3% on all hotels, motels, inns, etc., which funds the Tourism program within the City and a 1 percent tax on all hotels, motels, vacation rentals and RV parks which is the share for the County Tourism program.

Analysis – This year TOT receipts for the mid-year this fiscal year the City has earned 103 percent of the amount budgeted for this fiscal year. This following chart provides a side-by-side comparison of monthly TOT for the first 6 months of the fiscal year for the last two years. Note that in September through November 2020 TOT outpaced TOT earned in the same months in 2019. Even with the November and December “stay at home” orders TOT moved in a positive direction. As such staff is recommending an adjustment equal to 60% of that which was collected last year for the second half of the fiscal year (\$914,500). Some may suggest that this is too conservative given the drastic reductions in TOT for the second half of fiscal year 2019-20, but staff believes this is a prudent approach given so many unknowns about the future of travel and the economic recovery.



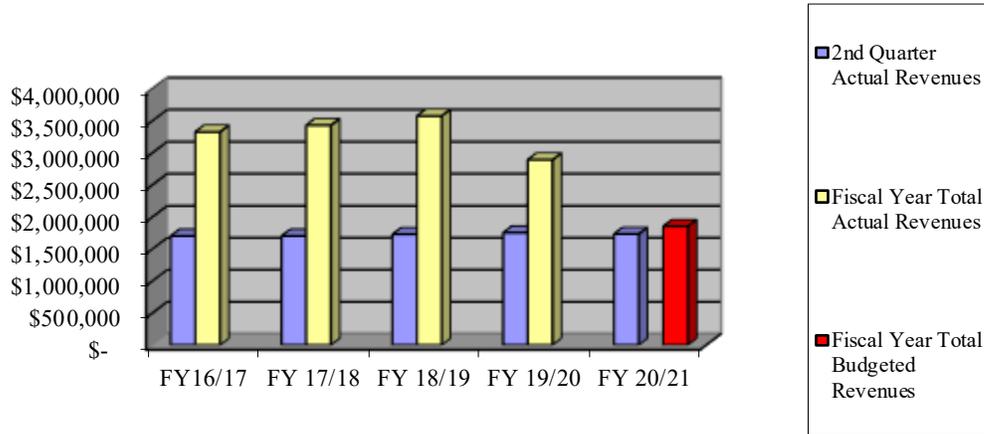
The next chart includes the actual amounts entered into the accounting system for the six months of the fiscal year. This amount accounts for cash received and posted to the accounts for each month it is received versus for the month during which the hotel collected the funds. In other words, hotels transmit the tax at the end of the month after it was earned, and this amount is then posted to the accounting system. In other words, the accounting system shows

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

entries for funds that represent the hotel activity from the month before (posted in January for TOT collected in December). In more tangible terms this means the hotels had more occupancy and the City had more visitors than might be discernible from looking at the amount accrued during the quarter.

Transient Occupancy Tax

**Quarterly and Annual Revenues
5-Year History**



	<u>FY16/17</u>	<u>FY17/18</u>	<u>FY18/19</u>	<u>FY19/20</u>	<u>FY20/21</u>
2nd Quarter Actual Revenues	\$ 1,701,933	\$ 1,702,037	\$ 1,727,757	\$ 1,753,005	\$ 1,732,432
Fiscal Year Total Actual Revenues	\$ 3,327,073	\$ 3,429,186	\$ 3,576,121	\$ 2,892,130	
Fiscal Year Total Budgeted Revenues					\$ 1,852,479
2nd Quarter Percent of Total	51.15%	49.63%	48.31%	60.61%	93.52%

Recommended Budget Revision **550,000**

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

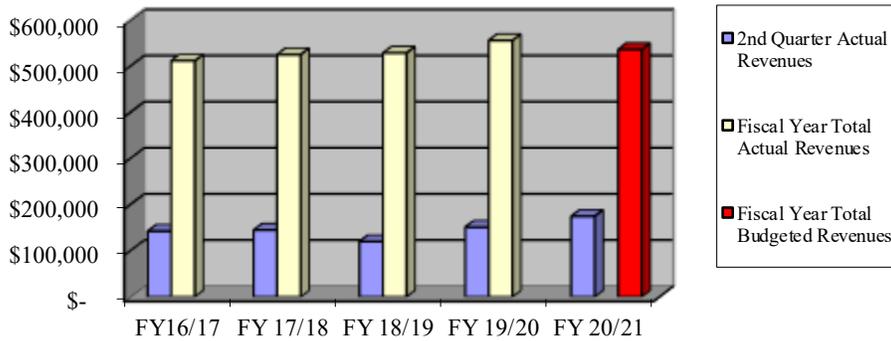
Franchise Fees

Franchise fees are collected by the City for the privilege of operating a utility service within Morro Bay, and as a fee in lieu of a business tax. Franchise fees are currently received for electricity, garbage, cable TV and natural gas. Franchise fees represent 5.2% of budgeted General Fund revenues in FY 2020/21.

Analysis – Historically, franchise payments are not remitted equally throughout the fiscal year; therefore, mid-year receipts are not necessarily predictive. Total franchise fee revenues to date are 32.5 percent of budgeted total receipts, slightly higher than with the prior year’s mid-year results. No budget adjustment is recommended at this time.

Franchise Fees

Quarterly and Annual Revenues
5-Year History



	<u>FY16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Revenues	\$ 142,446	\$ 144,862	\$ 119,847	\$ 151,040	\$ 174,741
Fiscal Year Total Actual Revenues	\$ 511,696	\$ 524,997	\$ 528,560	\$ 555,644	
Fiscal Year Total Budgeted Revenues					\$ 536,137
2nd Quarter Percent of Total	27.84%	27.59%	22.67%	27.18%	32.59%

Recommended Budget Revision

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

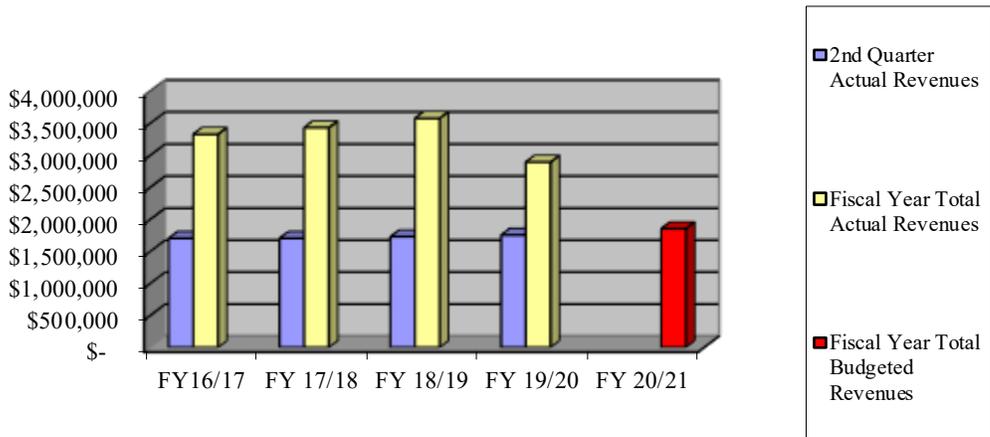
Property Tax

Property tax, including property tax in-lieu, is the largest revenue category for the City’s General Fund, accounting for 40.7% of budgeted General Fund revenues in FY 2020/21. Property tax is levied by the San Luis Obispo County Assessor’s Office at 1% of a property’s assessed value, of which the City receives approximately 13.7 cents per dollar paid on property located within the municipal limits of Morro Bay.

Analysis – Property tax distributions are largely received in the third and fourth quarters. Property tax revenue for FY 2020/21 was budgeted slightly lower than the previous year’s actuals projecting slight decline in real estate transactions. However new estimate suggests this might be a conservative estimate and will over-perform compared to the adopted budget. However, it is too early to have dependable data, so no budget adjustment is recommended.

Property Tax VLF

**Quarterly and Annual Revenues
5-Year History**



	<u>FY16/17</u>	<u>FY17/18</u>	<u>FY18/19</u>	<u>FY19/20</u>	<u>FY20/21</u>
2nd Quarter Actual Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year Total Actual Revenues	\$ 972,150	\$ 1,048,184	\$ 1,109,479	\$ 1,154,023	
Fiscal Year Total Budgeted Revenues					\$ 947,509
2nd Quarter Percent of Total	0.00%	0.00%	0.00%	0.00%	0.00%

Recommended Budget Revision -

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

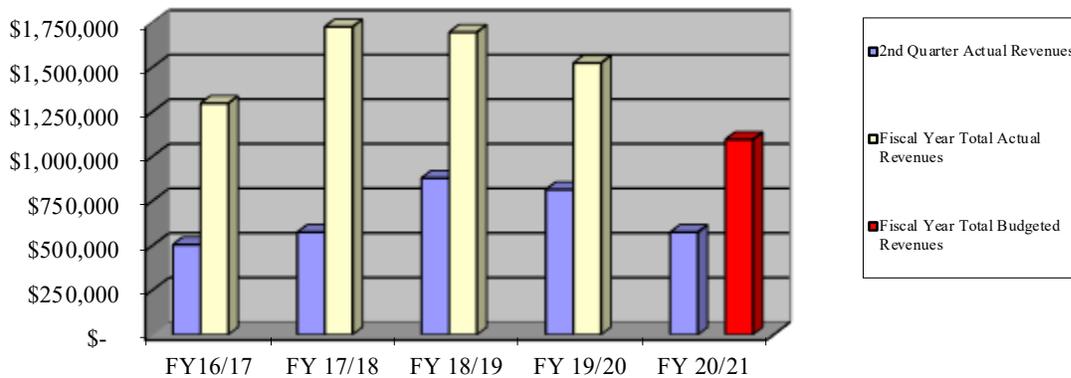
Charges for Services

City service revenues consist primarily of Plan Check fees, Building Inspection fees and Recreation sports and youth services fees. These fees are assessed based on recovery formulas, which reflect approximate costs of providing these services and, as a total category, account for 11% of the City’s General Fund revenues. Community Development and Recreation Services account for most of these fees.

Analysis – Mid-Year receipts are trending in line with budget. The Recreation Division programs’ revenues are not recovering due COVID-19 restrictions on reopening recreation programs. Community Development Charges for Services are likely to over-perform compared to budget, but it is too early in the fiscal year to propose any changes. Staff will continue to monitor this revenue source; however, no budget revisions are recommended at this time.

Charges for Services

**Quarterly and Annual Revenues
5-Year History**



	<u>FY16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Revenues	\$ 505,004	\$ 574,312	\$ 878,281	\$ 813,701	\$ 574,464
Fiscal Year Total Actual Revenues	\$ 1,297,352	\$ 1,726,241	\$ 1,695,853	1,523,506	
Fiscal Year Total Budgeted Revenues					\$ 1,094,799
2nd Quarter Percent of Total	38.93%	33.27%	51.79%	53.41%	52.47%

Recommended Budget Revision

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

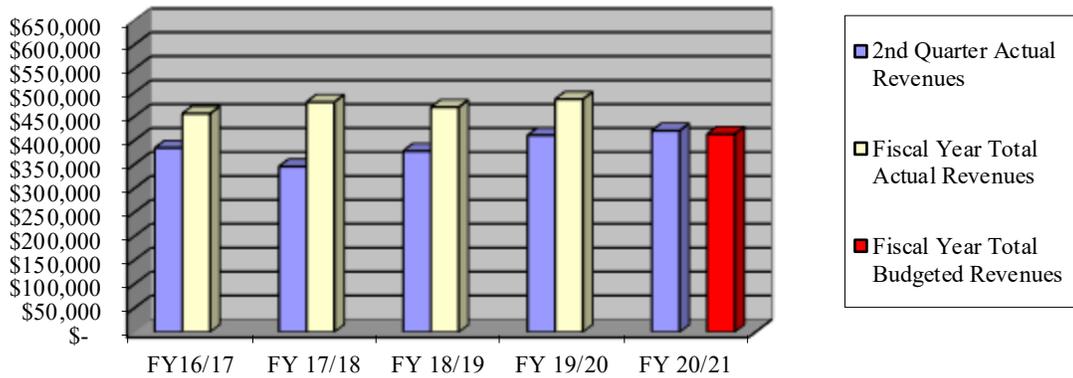
Licenses and Permits

Licenses and permits consist mainly of business and transient vendor taxes. Conditional use permits, and coastal permits are the other primary revenues sources in this category. The Licenses and Permits category represent approximately 4% of total City General Fund revenues for FY 2020/21. As business and transient vendor taxes are the largest subset of this revenue category, an independent analysis of that revenue source follows.

Analysis – Mid-Year licenses and permit revenue as an overall category is trending well compared with the mid-year results from the previous fiscal year. Business tax is the largest subset of this category. This is a good indicator for purposes of gauging the recovery in the City. This category of revenues is performing very well as evidenced by exceeding the City’s budget amount as of mid-year. While this is very good news because of the size of the budgets in the category and focus on other revenue sources for mid-year adjustments staff if not recommending budget adjustments at this time. Staff will continue to monitor this revenue source to assess the need for future budget adjustments.

Licenses & Permits

**Quarterly and Annual Revenues
5-Year History**



	<u>FY16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Revenues	\$ 384,530	\$ 345,779	\$ 378,197	\$ 411,016	\$ 420,619
Fiscal Year Total Actual Revenues	\$ 456,319	\$ 480,440	\$ 469,683	\$ 486,385	
Fiscal Year Total Budgeted Revenues					\$ 413,500

2nd Quarter Percent of Total	84.27%	71.97%	80.52%	84.50%	101.72%
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Recommended Budget Revision -

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

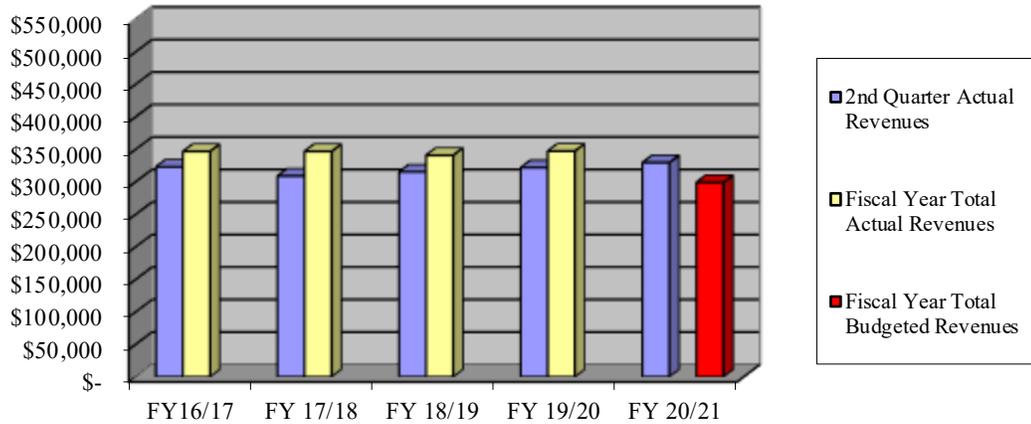
Business Tax

The City requires all business located within Morro Bay, or those that operate within Morro Bay, to obtain a business tax certificate. Business taxes apply to businesses operating as a general or sub-contractor, as a home occupation, from a commercial or office space rental, or as a business conducting temporary activities within the City limits. The amount of business tax paid by each business is based on the type of business being operated and varies depending on that type. Businesses, with gross receipts under \$4,000 per year for all work conducted within Morro Bay, are exempt from applying for and receiving a business tax certificate. These activities account for approximately 2.3% of annual General Fund operating revenues. Annual renewal payments are due on the anniversary of the license issuance.

Analysis – When viewed as a percentage of budget, current year mid-year revenues are trending slightly higher than previous years and the City has exceeded the adopted budget. An observation from staff is that the City has seen consistent flow of renewals and applications for new permits, but fewer business tax certificates issued to “brick and mortar establishments” from the onset of COVID-19. Because there is so much uncertainty moving forward no budget adjustment is recommended at this time.

Business Tax

**Quarterly and Annual Revenues
5-Year History**



	<u>FY16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Revenues	\$ 322,787	\$ 308,867	\$ 315,155	\$ 321,717	\$ 329,434
Fiscal Year Total Actual Revenues	\$ 346,704	\$ 346,701	\$ 340,629	\$ 347,040	
Fiscal Year Total Budgeted Revenues					\$ 298,960
2nd Quarter Percent of Total	93.10% ▲	89.09%	92.52%	92.70%	107.61%

Recommended Budget Revision -

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

GENERAL FUND – KEY EXPENDITURE ANALYSIS

The following discussion provides a status of significant General Fund expenditures as of the mid-year ending December 31, 2020. Staff monitors each expenditure closely, and is recommending several expenditure adjustments based on actuals and other critical needs weighed against revenue projections.

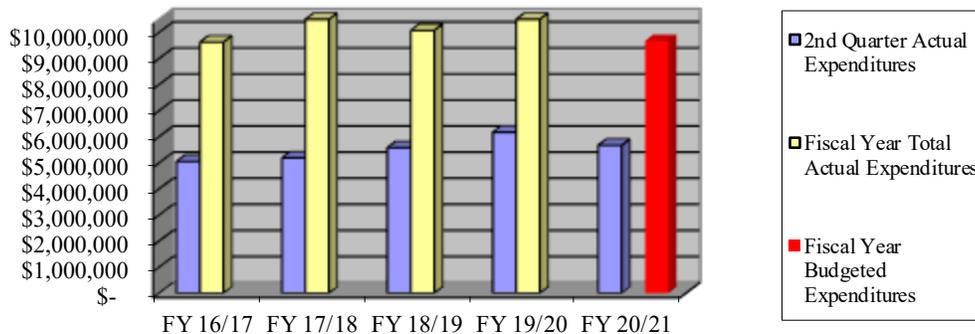
SALARIES AND BENEFITS

Salaries and benefits include full-time employee salaries, elected official’s stipends, temporary/relief employees, overtime, other benefits, pensions, and health care. Under typical circumstances, it would be expected that salaries and benefits would be at approximately 50% of total budget at the end of the mid-year.

Analysis – Mid-Year results are trending slightly higher than would be expected for the Fiscal Year to date. For all funds it is slightly higher than 50%. This is due to the total payment (\$1,212,698) of the City’s unfunded liability payment made on July 1, 2020. This is paid in July in order to receive a discount. This year the City saved fund approximately \$60,000. Another reason why the General Fund looks like it is trending higher than expected for this time in the year is that the City supported many out of County fires this year. Staff is recommending most of the reimbursement revenue for mutual aid be budgeted now. While the expenditure budget will look like the department is over-spending this is absolutely not the case. Lastly, as explained earlier, leave payouts are skewing expenditure budgets across the city. The second chart shows that salaries and benefits are trending well if UAL is taken out of the analysis.

SALARIES AND BENEFITS

**Quarterly and Annual Expenditures
5-Year History**

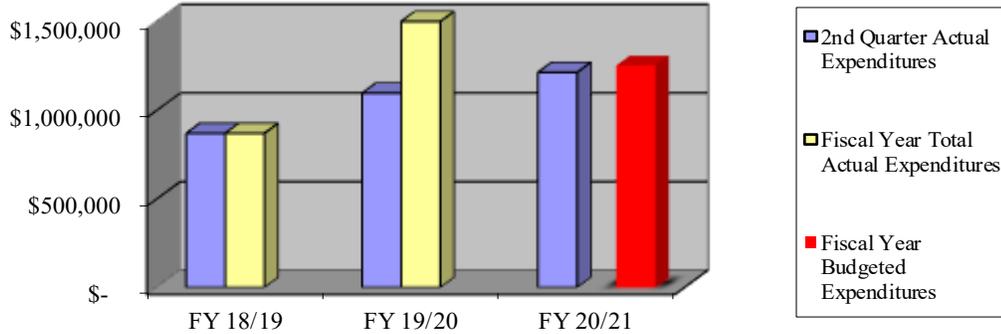


	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Expenditures	\$ 5,050,750	\$ 5,186,818	\$ 5,577,502	\$ 6,173,938	\$ 5,669,569
Fiscal Year Total Actual Expenditures	\$ 9,625,716	\$ 11,884,066	\$ 10,075,472	\$ 11,408,805	\$ 11,408,805
Fiscal Year Budgeted Expenditures					\$ 9,678,011
2nd Quarter Percent of Total	52.47%	43.65%	55.36%	54.12%	58.58%

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

Unfunded Accrued Liability

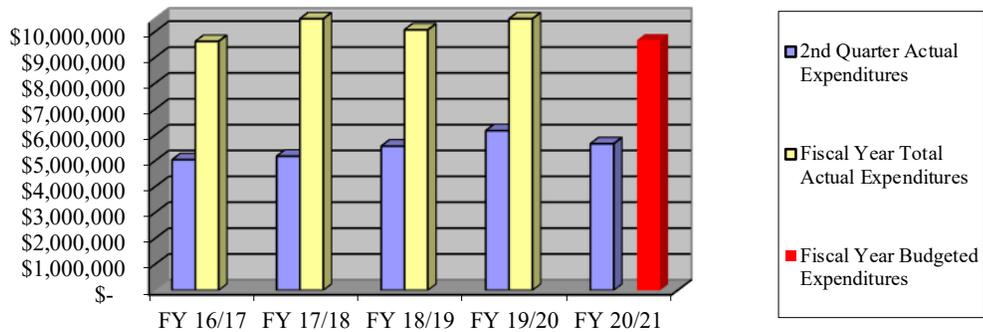
Quarterly and Annual Expenditures
5-Year History



	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Expenditures	\$ 869,087	\$ 1,096,232	\$ 1,212,698
Fiscal Year Total Actual Expenditures	\$ 869,087	\$ 1,582,733	
Fiscal Year Budgeted Expenditures			\$ 1,251,622
2nd Quarter Percent of Total	100.00%	69.26%	96.89%

SALARIES AND BENEFITS (Less UAL)

Quarterly and Annual Expenditures
5-Year History



	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Expenditures	\$ 5,050,750	\$ 5,186,818	\$ 5,577,502	\$ 5,304,851	\$ 4,456,871
Fiscal Year Total Actual Expenditures	\$ 9,625,716	\$ 9,924,201	\$ 9,206,385	\$ 9,826,072	
Fiscal Year Budgeted Expenditures					\$ 8,426,389
2nd Quarter Percent of Total	52.47%	52.26%	60.58%	53.99%	52.89%

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

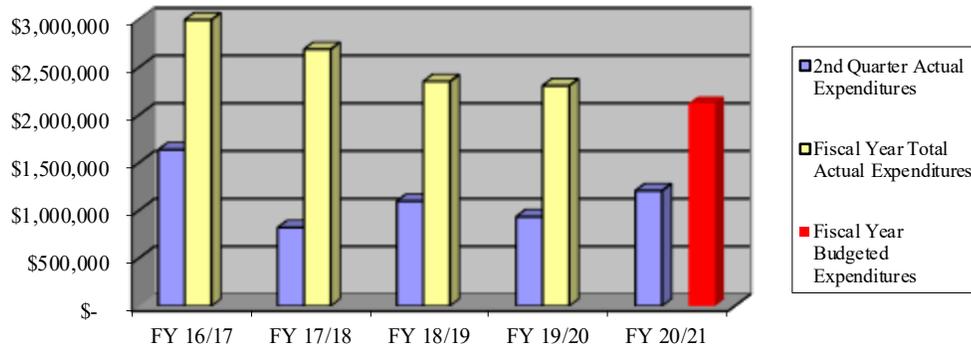
SUPPLIES, MATERIALS AND SERVICES

Operating expenditures consist of all General Fund costs to provide services, including supplies and materials, consulting services, contract services, and debt service. For analysis materials, utilities, insurance, payment to other agencies and transfers are categorized individually as they are often expenditure categories that staff have limited control or ability to reduce expenditures. The category of supplies, materials and services, the Cities most controllable expenditure category, should trend around the 50% level for the mid-year. Consulting and contractual services, a component of this category, may have various contract start dates and payments may not be equally spread throughout the fiscal year so variation from the 50% amount may be explained due to these consulting and contractual services.

Analysis – Mid-Year results are trending higher anticipated at this time of the year. There are a number of reasons for that including additional COVID-related expenses, some contract services that may not have been accurately budget in June 2020 (example: debt service for Animal Services building), under-estimated expense for audit services and several other line items. A few of these issues are addressed with budget amendments in Consolidated Maintenance, Police Department and Fire Departments. This is an issue that staff is watching carefully.

SUPPLIES, MATERIALS AND SERVICES

**Quarterly and Annual Expenditures
5-Year History**



	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Expenditures	\$ 1,638,283	\$ 822,445	\$ 1,099,247	\$ 936,328	\$ 1,208,227
Fiscal Year Total Actual Expenditures	\$ 3,022,358	\$ 2,691,066	\$ 2,354,564	\$ 2,309,101	
Fiscal Year Budgeted Expenditures					\$ 2,124,297
2nd Quarter Percent of Total	54.21%	30.56%	46.69%	40.55%	56.88%

Recommended Budget Revision **54,100**

*Fire Department supplies and materials not included

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

FINANCIAL SUMMARIES

General Fund

The following table is the *Schedule of General Fund Operating Revenues vs. Operating Expenditures* for the mid-year of FY 2020/21, and is sorted by revenue and expenditure category, which includes comparison information from the prior year. The projections column has been deleted from this chart given the dynamic nature of the economic situation facing the City.

**City of Morro Bay
Schedule of General Fund
Operating Revenues vs. Operating Expenditures
By Department
For the period ended December 31, 2020**

	FY19/20 Audited YE Actuals	FY19/20 2nd Qtr Actuals	FY19/20 % YTD	FY20/21 Adopted Budget	FY20/21 2nd Qtr Actuals	FY20/21 % YTD
Revenues						
Property Tax	\$ 3,390,942	\$ 1,508,448	44%	\$ 3,228,491	\$ 1,585,876	49%
Property Tax VLF	1,154,023	-		947,509	-	
Other Taxes	216,704	115,554	53%	53,007	62,431	118%
Transient Occupancy Tax	2,892,130	1,753,005	61%	1,852,479	1,732,432	94%
Sales Tax	2,186,074	836,814	38%	1,728,822	759,628	44%
Franchise Fees	555,644	151,040	27%	536,137	174,741	33%
Licenses & Permits	139,345	89,299	64%	114,540	91,185	80%
Business Tax	347,040	321,717	93%	298,960	329,434	110%
Charges for Services	1,523,506	813,701	53%	1,082,799	574,464	53%
Fines & Forfeitures	16,561	9,174	55%	17,000	7,912	47%
Intergovernmental	41,598	17,053	41%	24,074	9,878	41%
Other Sources	34,771	25,423	73%	18,442	31,233	169%
Use of Money & Property	298,809	113,748	38%	342,302	175,777	51%
Fund Transfers	1,159,265	849,152	73%	2,581,062	630,027	24%
Corona Virus Relief Income	-	-		-	125,793	100%
Total Revenues	\$ 13,956,412	\$ 6,604,128	47%	\$ 12,825,624	6,290,811	49%
Expenditures						
Salaries	5,248,126	2,600,518	50%	5,014,534	2,350,017	47%
Overtime	514,516	315,313	61%	212,896	399,392	188%
Part-time	685,931	436,447	64%	521,022	258,614	50%
Other Salaries	533,287	389,615	73%	258,184	267,046	103%
Labor Costs Applied	41,421	11,545	28%	15,735	1,837	12%
Benefits	2,852,916	1,324,268	46%	2,404,018	1,179,965	49%
PERS UAL	1,582,733	1,096,232	69%	1,251,622	1,212,698	97%
Supplies, Materials and Services	2,212,306	936,328	42%	2,133,947	1,208,227	57%
Utilities	513,649	226,584	44%	418,769	251,572	60%
Insurance	563,155	281,578	50%	205,086	282,992	138%
Debt	35,277	17,595	50%	35,191	17,507	50%
Payment to other Agencies	25,640	11,670	46%	-	5,275	-100%
Total Expenditures	\$ 14,808,957	\$ 7,647,692	52%	\$ 12,471,004	\$ 7,435,141	60%
Transfers In/Out	536,654	307,985	57%	354,620	177,310	50%
Total Operating Expenditures	\$ 15,345,611	\$ 7,955,677	52%	\$ 12,825,624	\$ 7,612,451	59%
Net Surplus or (Use) of Reserves	\$ (1,389,199)	\$ (1,351,549)		\$ -	\$ (1,321,640)	

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

The following table is the *Schedule of General Fund Operating Revenues vs. Operating Expenditures* for the mid-year of FY 2020/21 displayed by revenue type and expenditures per department. The chart includes comparison information from the prior fiscal year and serves to monitor Department expenditures related to both budgeted amounts and prior year actuals. The projections column has been deleted from this chart given the dynamic nature of the economic situation facing the City.

Schedule of Revenues and Expenditures per Department Next Page

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

City of Morro Bay
Schedule of General Fund
Operating Revenues vs. Operating Expenditures
By Department
For the period ended December 31, 2020

	FY19/20 Audited YE Actuals	FY19/20 2nd Qtr Actuals	FY19/20 % YTD	FY20/21 Adopted Budget	FY20/21 2nd Qtr Actuals	FY20/21 % YTD
Revenues						
Property Tax	\$ 3,390,942	\$ 1,508,448	44%	\$ 3,228,491	\$ 1,585,876	49%
Property Tax VLF	\$ 1,154,023	\$ -		\$ 947,509	\$ -	
Other Taxes	\$ 216,704	\$ 115,554	53%	\$ 53,007	\$ 62,431	118%
Transient Occupancy Tax	\$ 2,892,130	\$ 1,753,005	61%	\$ 1,852,479	\$ 1,732,432	94%
Sales Tax	\$ 2,186,074	\$ 836,814	38%	\$ 1,728,822	\$ 759,628	44%
Franchise Fees	\$ 555,644	\$ 151,040	27%	\$ 536,137	\$ 174,741	33%
Licenses & Permits	\$ 139,345	\$ 89,299	64%	\$ 114,540	\$ 91,185	80%
Business Tax	\$ 347,040	\$ 321,717	93%	\$ 298,960	\$ 329,434	110%
Charges for Services	\$ 1,523,506	\$ 813,701	53%	\$ 1,082,799	\$ 574,464	53%
Fines & Forfeitures	\$ 16,561	\$ 9,174	55%	\$ 17,000	\$ 7,912	47%
Intergovernmental	\$ 41,598	\$ 17,053	41%	\$ 24,074	\$ 9,878	41%
Other Sources	\$ 34,771	\$ 25,423	73%	\$ 18,442	\$ 31,233	169%
Use of Money & Property	\$ 298,809	\$ 113,748	38%	\$ 342,302	\$ 175,777	51%
Fund Transfers	\$ 1,159,265	\$ 849,152	73%	\$ 2,581,062	\$ 630,027	24%
Corona Virus Relief Income	\$ -	\$ -		\$ -	\$ 125,793	
Total Revenues	13,956,412	6,604,128	47%	12,825,624	6,290,811	49%
Expenditures						
City Council	91,185	55,693	61%	84,098	22,570	27%
City Manager	349,821	199,702	57%	338,591	186,890	55%
City Attorney	444,812	144,494	32%	445,539	206,845	46%
Contract Services	631,425	145,327	23%	518,822	418,900	81%
City Clerk/HR/Elections	368,955	200,412	54%	421,270	211,246	50%
Deputy City Manager	-	-	0%	-	-	0%
Accounting & Treasury/Rental Property	636,395	361,983	57%	638,304	403,542	63%
Police Department	3,600,286	1,937,718	54%	3,256,818	1,889,596	58%
Support Services	271,233	144,886	53%	274,348	151,881	55%
Fire Department	2,935,722	1,620,592	55%	2,567,171	1,800,264	70%
Emergency Operations Center	74,595	1,461	2%	12,422	49,440	398%
Community Development	1,024,250	558,195	54%	914,511	527,142	58%
Public Works	571,192	316,527	55%	512,298	300,938	59%
Consolidated Maintenance	1,059,731	538,531	51%	814,054	473,556	58%
Vehicle, Parks, Facilities	136,105	70,351	52%	119,212	67,460	57%
Streets, Street Trees, Storm Drains/Creeks	705,794	388,629	55%	683,021	303,318	44%
Street lighting	88,048	31,046	35%	79,487	30,742	39%
Curbside Recycling	26,988	-	0%	-	-	0%
Recreation Services - Administration	346,939	186,215	54%	225,038	114,522	51%
Recreation Services - Sports	390,640	321,871	82%	169,559	56,342	33%
Recreation Services - Youth Services	276,559	197,283	71%	199,618	148,167	74%
Recreation Services - Teen Programs	26,363	-	0%	46,222	4,843	10%
Recreation Services - Community Pool	99,186	-	0%	81,321	38,797	48%
Electricity	68,785	27,661	40%	69,280	28,140	41%
Undistributed/Lump Sum & PERS Sidefund	583,948	199,116	34%	-	-	
Total Expenditures	\$ 14,808,957	\$ 7,647,692	52%	\$ 12,471,004	\$ 7,435,141	60%
Transfers In/Out	536,654	307,985	57%	354,620	177,310	50%
Total Operating Expenditures	\$ 15,345,611	\$ 7,955,677	52%	\$ 12,825,624	\$ 7,612,451	59%
Net Surplus or (Use) of Reserves	\$ (1,389,199)	\$ (1,351,549)		\$ -	\$ (1,321,640)	

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

Other Funds

Other Funds can consist of internal service type funds that are used to account for various types of insurance coverage for the City, and to manage the City's information technology needs. In addition, the City has other funds that have been set-up to accumulate monies for various projects or capital and equipment needs, such as the facility maintenance fund. The report covers the Morro Bay Tourism Business Improvement District, the Measure Q fund which are discussed in more detail below. The Measure E fund is not included in this report but will be incorporated in FY 2021/22 when the City will budget for this new tax for a full year.

Morro Bay Tourism Business Improvement District

On April 27, 2009, Ordinance No. 546 was enacted, establishing Chapter 3.60 of the Morro Bay Municipal Code, which is entitled Tourism Business Improvement District (MBTBID) Law. Lodging establishments self-assess an additional transient occupancy tax on rooms rented, which is paid to the City, then returned to the Tourism Bureau for promoting tourism in Morro Bay. For the first year, the MBTBID assessment rate was 3%; ensuing years were set at 2%, per the Ordinance.

On September 13, 2010, Staff introduced Ordinance No. 562, which increased the MBTBID assessment rate back to 3%. The Ordinance was passed on September 27th and became effective October 28, 2010.

Annually in May, the MBTBID's annual report and budget are presented to the City Council, and a public hearing is set, which allows affected businesses the opportunity to protest the MBBID assessment. A Resolution is brought forward to confirm the results of the public hearing, renew the activities of the MBTBID for the upcoming fiscal year, and approve the levy and collection of the 3% assessments from the hoteliers.

In 2013, the MBTBID formed a 501c(6) corporation, Morro Bay Tourism Bureau, to carry out the marketing activities of the MBTBID, as well as manage the Visitors Center.

As part of the Management Partners' 2015 Organizational Study, the recommendation to *develop a proposal for integrating Tourism Bureau activities with City operations* was explored by staff. City staff held a public workshop on September 22, 2015, to discuss this with stakeholders, presented the concept to the MBTBID board at a special meeting on December 15, 2015, and ultimately presented the results of the City's outreach and recommendations to the City Council on January 12, 2016, with two management scenarios. The Council adopted Resolution No. 03-16, discontinuing the City's contract with the Morro Bay Tourism Bureau, and merging operations and marketing (via Mental Marketing) efforts into the City, beginning June 2016. Civitas' results were presented to the Council and staff is moving forward with the transition of the MBTBID to a 5-year term with a non-profit board of directors. Existing budget authority is available in the MBTBID budget to move this effort forward.

For the Mid-Year of FY 2020/21 revenues and expenditures are trending well with no budget adjustments recommended at this time.

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

TBID					
	FY16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
2nd Quarter Actual Revenues	\$ 510,489	\$ 538,016	\$ 543,929	\$ 405,964	\$ 473,059
Fiscal Year Total Actual Revenues	\$ 935,834	\$ 935,691	\$ 1,082,464	\$ 797,782	
Fiscal Year Budgeted Revenues					\$ 550,000
2nd Quarter Percent of Total	54.55%	57.50%	50.25%	50.89%	86.01%
2nd Quarter Actual Expenditures	\$ 434,309	\$ 531,601	\$ 541,586	\$ 470,814	\$ 91,732
Fiscal Year Total Actual Expenditures	\$ 917,560	\$ 917,930	\$ 1,342,177	\$ 797,782	
Fiscal Year Budgeted Expenditures					\$ 384,607
2nd Quarter Percent of Total	47.33%	57.91%	40.35%	59.02%	23.85%
Recommended Budget Revision Revenues					No Change
Recommended Budget Revision Expenditures					No Change
<i>*Revenues include transfers in and Assessment collections</i>					

Measure Q

With the November 7, 2006 election, the citizens of Morro Bay voted in a ½ cent district sales tax, commonly known as “Measure Q.” This is a general tax and has no sunset date. The ballot measure stated: *The Morro Bay Vital Public Services Restoration and Protection Measure. To preserve Morro Bay’s safety and character by funding essential services including upgrading firefighter/paramedic equipment, fire stations, police, street and pothole repairs, improving storm drains to protect the bay from pollution and other general city services, shall an ordinance be adopted increasing the City sales tax by one-half cent, subject to independent annual financial audits, and establishing an independent citizens’ advisory committee to review annual expenditures?”*

Ordinance 519 was enacted on August 14, 2006, to establish Chapter 3.22, City of Morro Bay Transactions and Use Tax. The City Council divides the annual revenue estimate between the departments, based on the language in the Measure, campaign polls, and departmental requests.

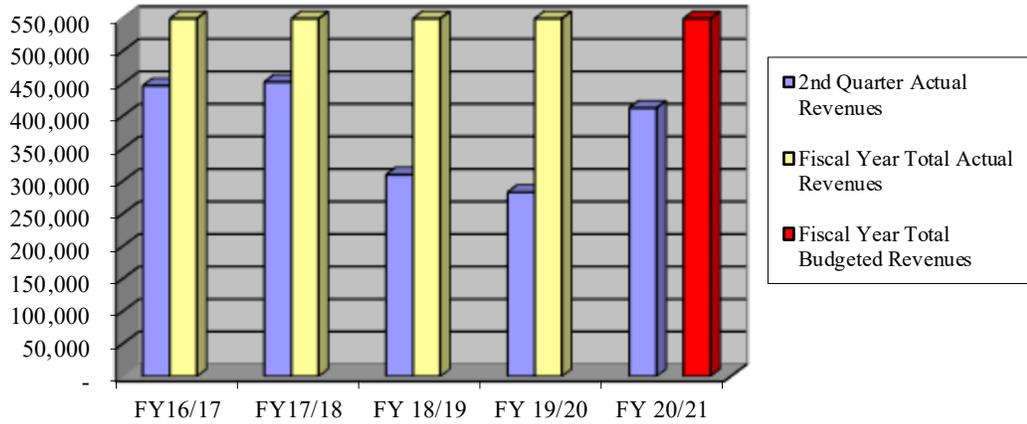
Measure Q revenues are trending consistent with other sales tax being collected. While the City’s sales tax experts say there is a possibility of over-achieving the revenue. Similar to changes in General Fund sales tax, staff is recommending modest budget adjustment to revenues (\$142,500).

Measure Q Expenditures are generally trending slowly because the Pavement Management Plan has been on hold. Work on the City’s pavement management plan had not begun as of December 31, 2020 and therefore the expenditures provided do not reflect a transfer of Measure Q funds to the pavement management plan. Staff is recommending adding all anticipated new revenue noted above the to pavement management plan CIP project budget.

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

Measure Q

Quarterly and Annual Revenues
5-Year History



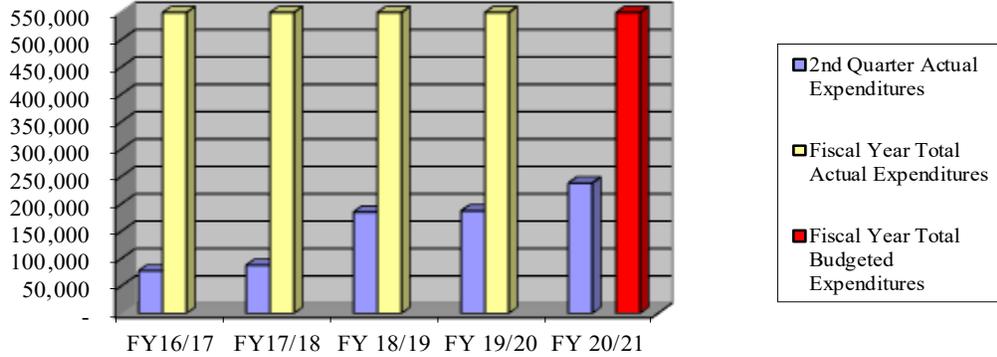
	<u>FY16/17</u>	<u>FY17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Revenues	446,882	452,616	309,983	283,047	412,466
Fiscal Year Total Actual Revenues	\$ 1,118,270	\$ 1,062,895	\$ 1,226,552	\$ 993,647	
Fiscal Year Total Budgeted Revenues					\$ 845,000
2nd Quarter Percent of Total	39.96%	42.58%	25.27%	28.49%	48.81%
Recommended Budget Revision					142,500

Measure Q Expenditure Chart Next Page

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

Measure Q

**Quarterly and Annual Expenditures
5-Year History**



	<u>FY16/17</u>	<u>FY17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Expenditures	77,934	88,167	185,403	187,571	238,368
Fiscal Year Total Actual Expenditures	\$ 1,544,827	\$ 952,398	\$ 1,067,640	\$ 691,351	
Fiscal Year Total Budgeted Expenditures					\$ 955,279
	0	5.04%	9.26%	17.37%	24.95%

Recommended Budget Revision **142,500**

* Staff is recommending allocation to the GF Pavement Management Plan CIP

Enterprise Funds

The Enterprise Funds are Proprietary Funds used to report the same functions presented as business-type activities. The following funds are included in this category: Harbor Funds, Water Funds and Sewer Funds. Each of these enterprise funds have an operating fund, capital improvement fund and an accumulation fund that hold operating savings for future projects. The following gives an update on important changes or activities in these funds.

Harbor Funds

The Harbor Enterprise Fund accounts for revenues received from harbor leases, rentals, moorings, and other sources, which are expended for maintenance, operation, patrolling, and improvements of the harbor. The Harbor Department has implemented a pilot RV parking program this year. It has proven to be successful with many visitors coming to Morro Bay to safely enjoy all that our City has to offer. Regarding the Pilot RV program, no revenues or expenditure adjustments are included at this time. Staff is evaluating details of budget adjustment given Council's approval of the pilot program and will present these findings at the February 23, 2021 Council meeting.

As the COVID-19 pandemic was taking shape, all significant Harbor Department capital projects were put on hold until the pandemic's economic effects took shape and their effects on the Harbor Operating Fund were better known. At the FY 19/20 Budget year-end, a transfer of approximately \$120,000 from the Harbor Accumulation Fund to the Harbor Operating Fund was necessary to balance the Operating Fund. The books are now closed on the FY 19/20 Budget, so any deferred rent revenues received from FY 19/20 were booked into this fiscal year.

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

As discussed at the first quarterly budget review, staff believe it is prudent to consider reviving the Beach Street Slips Replacement project. Staff anticipates using Harbor Accumulation funding along with a significant amount of the Castle Winds Community Benefit Fund amount. The Cable Committee funding is still being explored. Once the funding plan is solidified a more detailed project cost estimate will be created. With all this information staff will return for Council consideration of restarting this Harbor capital project. Revenues and expenditures for the Harbor Fund are tracking consistent with the adopted budget. During approval of the FY 2020/2021 budget, the City Council conceptually approved a “pilot” RV dry camping program for the Harbor Department at several locations along the waterfront. The estimated annual revenues for this project were \$100,000 in the first pilot year, and \$135,000 to \$185,000 in subsequent years. At the time annual expenses were estimated at \$15,000 - \$20,000, and staff’s estimated “start-up” costs were approximately \$10,000. The City’s Low-Cost Accommodation Fund was slated to offset some of the program’s start-up operating expenses (up to \$15,000). The program began renting spaces in three locations on September 10, 2020, and to-date has generated approximately \$52,000 in revenues through December 31, 2020. The program has incurred approximately \$34,000 in expenses. The program was temporarily shut down from December 10, 2020 until January 26, 2021 due to COVID restrictions. On February 9, 2021, the Council voted to extend the pilot program through September 2021. As a result of this Council action, Harbor staff is recommending adjustments to revenues, expenditures, and a transfer from the Lower Cost Accommodation Fund. Staff believes the revenue estimates are conservative and expenditure costs are an educated estimate based on staff’s understanding of the mitigation measures directed by the Council. The following charts summarize the adjustments being requested for the current fiscal year (not reflected on the chart for the Harbor Fund).

Fund	Fund Name	Department	Source	Amount	Proposed Use
331	Harbor RV Program (6512)	Harbor Department	RV Pilot Program Revenues	\$ 90,975	Total projected revenues from RV pilot program.
331	Harbor Department Interfund Transfer in from Lower Cost Affordable Accomodation Fund	Harbor Department	RV Pilot Program Revenues	\$ 15,000	Transfer in to Harbor Fund to defray initial costs to implement Harbor RV Pilot Program
Harbor Fund total				\$ 105,975	

331	Habor Fund	Harbor RV Pilot Program (6512)	\$ 56,500	Budget in multiple line items for operating supplies to support implementation and on-going operations of RV Pilot Program
Harbor Fund Total			\$ 524,400	

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

Harbor Operating Fund - 331

	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Revenues	\$ 809,290	\$ 846,662	\$ 791,523	\$ 815,436
Fiscal Year Total Actual Revenues	\$ 2,129,177	\$ 2,095,846	2,029,138	
Fiscal Year Total Budgeted Revenues				\$ 1,911,160
2nd Quarter Percent of Total	38.01%	40.40%	39.01%	42.67%
2nd Quarter Actual Expenditures*	\$ 948,674	\$ 1,109,626	\$ 1,054,661	\$ 1,041,272
Fiscal Year Total Actual Expenditures	\$ 1,916,165	\$ 1,959,475	\$ 2,063,186	
Fiscal Year Total Budgeted Expenditures				\$ 1,901,093
2nd Quarter Percent of Total	49.51%	56.63%	51.12%	54.77%

Recommended Budget Revision Revenues

Recommended Budget Revision Expenditures*

* Appropriate \$10,000 from Triangle Lot Fund - Boat Yard Storage - This amount has not yet been transferred in as of 12/31/20.

Water and Sewer Funds

The Water Enterprise Fund accounts for revenues received primarily from water service charges, which are expended for maintenance, operations, and capital improvements to the water system while the sewer enterprise fund accounts for revenues received primarily from sewer service charges, which are expended for maintenance, operations and improvements to the sanitary sewer system.

A summary of the Water and Sewer funds are found below, including overall revenues and expenditures and a breakdown of revenues by source.

Water Fund Charts Next Page

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

Water Fund - 311

	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Revenues	\$ 2,815,256	\$ 3,722,666	3,727,921
Fiscal Year Total Actual Revenues	\$ 5,747,726	7,430,278	
Fiscal Year Total Budgeted Revenues			\$ 7,540,200
2nd Quarter Percent of Total	48.98%	50.10%	49.37%
2nd Quarter Actual Expenditures	\$ 2,175,044	\$ 2,476,107	\$ 1,838,377
Fiscal Year Total Actual Expenditures	\$ 7,019,772	\$ 4,398,649	
Fiscal Year Total Budgeted Expenditures			\$ 4,013,815
2nd Quarter Percent of Total	30.98%	56.29%	45.80%
Recommended Budget Revision Revenues			No Change
Recommended Budget Revision Expenditures			No Change

Water Fund Revenues

	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Water Service Revenues	\$ 2,700,620	\$ 2,808,080	\$ 2,869,846
Fiscal Year Total Actual Revenues	\$ 5,501,111	\$ 5,741,692	
Fiscal Year Total Budgeted Revenues			\$ 5,786,000
2nd Quarter Percent of Total	49.09%	48.91%	49.60%
2nd Quarter Water WRF Surcharge Revenues	\$ -	\$ 821,722	\$ 806,762
Fiscal Year Total Actual Revenues	\$ -	\$ 1,553,558	
Fiscal Year Total Budgeted Revenues			\$ 1,654,000
2nd Quarter Percent of Total	0.00%	52.89%	48.78%
2nd Quarter Other Water Revenues	\$ 114,414	\$ 92,864	\$ 51,312
Fiscal Year Total Actual Revenues	\$ 246,615	\$ 135,029	
Fiscal Year Total Budgeted Revenues			\$ 100,200
2nd Quarter Percent of Total	46.39%	68.77%	51.21%

Sewer Fund Charts Next Page

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

Sewer Fund - 321

	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Actual Revenues	\$ 3,249,946	\$ 4,574,137	\$ 4,502,391
Fiscal Year Total Actual Revenues	\$ 6,940,807	\$ 11,334,766	
Fiscal Year Total Budgeted Revenues			\$ 9,177,000
2nd Quarter Percent of Total	46.82%	40.35%	49.06%
2nd Quarter Actual Expenditures	\$ 1,206,180	\$ 905,187	\$ 1,175,864
Fiscal Year Total Actual Expenditures	\$ 2,758,204	\$ 3,108,681	
Fiscal Year Total Budgeted Expenditures			\$ 3,414,406
2nd Quarter Percent of Total	43.73%	29.12%	34.44%
Recommended Budget Revision Revenues			No Change
Recommended Budget Revision Expenditures			No Change

Sewer Revenue Fund

	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
2nd Quarter Sewer Service Revenues	\$ 3,222,218	\$ 3,414,823	\$ 3,375,809
Fiscal Year Total Actual Revenues	\$ 6,891,724	\$ 9,112,745	
Fiscal Year Total Budgeted Revenues			\$ 6,946,000
2nd Quarter Percent of Total	46.75%	37.47%	48.60%
2nd Quarter Sewer WRF Surcharge Revenues	\$ -	\$ 1,125,915	\$ 1,108,824
Fiscal Year Total Actual Revenues	\$ -	\$ 2,172,277	
Fiscal Year Total Budgeted Revenues			\$ 2,173,000
2nd Quarter Percent of Total	0.00%	51.83%	51.03%
2nd Quarter Other Sewer Revenues	\$ 27,674	\$ 33,399	\$ 17,759
Fiscal Year Total Actual Revenues	\$ 49,083	\$ 49,744	
Fiscal Year Total Budgeted Revenues			\$ 58,000
2nd Quarter Percent of Total	56.38%	67.14%	30.62%

It is important to note that there has been a significant impact to some members of our community due to the COVID-19 pandemic. As a result the city has suspended penalties and shut-off reconnection fees. This has resulted in increased delinquent accounts. This is impacting both water and sewer revenue. For context, the following chart tracks the number of delinquent accounts and the total amount of revenue these accounts owed for services previously

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

provided. The number of customers in arrears is increasing as is the amount due. Remember this is just a snap shot in time but the increasing amounts could become an increasing issue for the finances of the funds. Staff is very sensitive to these challenges our community members face and we are working to set up payment plans and other accommodations. It is staff's understanding that the Federal government is considering how to help our customers as well as utility systems like the City. Staff is watching this situation and will keep the Council informed.

Arrears Through	Number of Accounts	Total Arrears
4/1/2020	55	\$23,516.67
5/1/2020	69	\$31,814.29
6/1/2020	83	\$42,315.10
7/1/2020	90	\$52,699.68
8/1/2020	102	\$64,549.25
9/1/2020	121	\$78,781.82
10/1/2020	144	\$99,167.72
11/1/2020	190	\$139,792.72
12/1/2020	178	\$139,435.76
01/1/2021	220	\$175,257.97
2/1/2021	303	\$231,868.52

In addition to the Water Resource Facility (WRF), the City is moving forward with other One Water projects. The following summarizes progress on these projects as of the end of December 2020.

Water and Sewer CIP Chart Next Page

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Water Capital Projects				
		2020/21 Budget Including Carryforward	Expended through 12/31/2020	
921-9932	OneWater System Imprv - Nutmeg Pressure Zone	\$ 344,700	\$ 70,565	Project in preliminary design
	Water Tank Rehabilitation (6)	2,000,000	56,848	Project in Design
	Reskin Desal Building	200,000	-	
	Replace RO Membrane Filters	250,000	174,599	Complete
	RO Piping Tank Modifications	300,000	-	Need structural evaluation to tank tie downs
		\$ 3,094,700	\$ 302,013	
Sewer Capital Projects				
		2020/21 Budget Including Carryforward	Expended through 12/31/2020	
922-8312	Waste Water Treatment Plant Relocation & Treatment Alternatives (WRF)	\$ 47,312,544	\$ 22,315,456	Project on schedule for completion in accordance with the Regional Board's Time Schedule Order. See WRF Quarterly Reports for
922-8326	Waste Water Treatment Plant Relocation & Treatment Alternatives - Litigation	75,000	\$ 43,620	On going legal expensed for land acquisition, eminent domain, construction claims, etc
922-9928	OneWater Project -WasteWater Collections Main St & Atascadero Road	153,900	\$ 43,215	Project in Design
922-9929	OneWater Project - Waste Water Collections Upstream LS1/Beachcomber	103,050	\$ 57,136	Project in Design
	Upgrade Lift Station #2	70,000	-	Project to be completed in conjunction with WRF Conveyance Project
		\$ 47,714,494	\$ 22,459,428	

Water Reclamation Facility Capital Project

The Water Reclamation Facility (WRF) project has been on-going for many years. As of FY 2017/18 staff established a separate capital project to account for the transactions associated with this project. Prior to that the costs had been captured through various sewer related accounts.

Below is a snapshot of expenditures, by category for the WRF project for the six months of FY 2020/21, including all prior year project costs. The summary below does not include legal costs associated with potential litigation expenses. Please note that the summary below only captures invoices paid as of December 31, 2020 and therefore will not align with the monthly reports provided by the City's Project Manager as those reports capture invoices in process.

WWTP Relocation and WRF Chart Next Page

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

WWTP RELOCATION & TRMT ALTERNATIVE (WRF) March 2013 - December 31, 2020						Project 922 - 8312
SOURCE OF FUNDS	Prior Yrs Actuals 3/2013 - 6/30/19	2019/20 Actuals	2020/21 Budget & Carryfwd *	2021 2nd Qtr Actuals	% of City Budget	Total Project
GRANTS & AWARDS	-	-	-	63,240	100%	75,000
SEWER ENTERPRISE ACCUM FUND	8,749,474		-			8,749,474
WATER ENTERPRISE ACCUM FUND	2,264,438		-			2,264,438
WIFIA LOAN DRAWS Rec'd in Period		1,151,431	47,312,544	10,737,072	23%	61,700,336
CLEAN WATER STATE REV FUND LOAN	217,441		-	5,312,748	100%	10,300,000
STATE REV LOAN/COPS PROPOSED FINANCING						47,507,113
TOTAL SOURCE OF FUNDS	11,231,353	1,151,431	47,312,544	16,113,061	34%	130,596,361
USE OF FUNDS	Prior Yrs Actuals	2019/20 Actual	2020/21 Budget & Carryfwd *	2021 2nd Qtr Actuals	% of City Budget	Total Project
SEWER ENTERPRISE ACCUM FUND						
4999 Labor Cost Applied (Salary)	394,475	81,726	82,647	14,009	17%	745,555
Fringe Benefits	106,691	17,484	22,353	3,822	17%	201,248
Salaries and Benefits	501,166	99,211	105,000	17,831	17%	932,278
5114 Lab Testing Supplies	-	-	-			-
5199 Supplies & Equipment	182,921	1,300	1,287	11,055	859%	188,263
6101 Legal Services - General	54,877	155,475	120,000	25,817	22%	577,206
6107 Advertising	-	-	-			-
5307 Blueprint/Copy Charges	-	-	-			-
6220 Postage (Included in 6710)	7,997		2,063	878	43%	16,556
6301 Electricity	2,500	-	120,333	33,900	28%	802,500
6303 Water		3,474	13,000	14,567	112%	
6510 Meetings & Confr	875	737	903			4,623
6513 Meals & Lodging	3,009	64	-			3,009
6514 Travel Expense	12,032	2,161	2,650			23,026
6640 Maintenance Contracts	44,776	-	-			44,775
6710 Notices & Publications	31,923	4,289	3,195	-	0%	45,180
Services/Supplies/Equipment	340,910	167,500	263,432	86,216	33%	1,705,138
6104 Engineering Services	283,569	129,974	158,947	107,143	67%	667,807
6105 Consultation Services	3,309,027	40,972	17,526	21,673	124%	3,742,550
6106 Contractual Services	22,930	432	-	30,000	100%	22,930
6152 Outside Lab Testing	10,947	14,189	94,489	3,439	4%	150,000
6161 Licenses & Permits	1,535	10,117	12,402	28,871	233%	381,630
6195 Rate Study	-	-	-			-
6196 Prog Mgmt & DB Procure	1,929,839	1,736,079	3,187,873	722,443	23%	10,811,589
6197 Grant Support	157,556	378,385	11,192			229,022
6198 Government Relations	118,296	50,972	27,000	12,150	45%	199,636
8110 Capitalized Interest	-	5,216	-			-
Construction Soft Costs	5,833,698	2,366,335	3,509,428	925,718	26%	16,205,164
7101 Land Acquisition	26,000	760,352	500,000	444,377	89%	1,286,353
Design/Build - On-site Imprv Design						
7103 Phase	3,163,060	7,547,377	3,105,630	885,483	29%	15,663,972
7104 Desgin-Lift Station/Force Main	744,502	1,062,658	160,750			2,152,387
7105 Planning & Permitting	398,006	130,747	-	148,261	100%	616,114
Design-Inj Wells & Recycled Water						
7106 Pipeline	6,570	-	29,167			456,570
6106 Contractual Services	-	-	-			-
7107 Design/Build - On-site Imprv Build Phase	-	544,798	25,122,154	22,489,202	90%	60,711,873
7108 Injection Well Construction	-	-	-			3,425,000
7109 Liftstation/FM Construction	-	-	14,366,983			27,291,512
7107 Design/Build - On-site Imprv Build Phase	-	-	-			-
7110 Pilot Well Construction	-	-	150,000			150,000
Construction Costs	4,338,138	10,045,933	43,434,685	23,967,322	55%	111,753,782
TOTAL SEWER ENTERPRISE	11,013,912	12,678,978	47,312,544	24,997,088	53%	130,596,361
TOTAL USE OF FUNDS	11,013,912	12,678,978	47,312,544	24,997,088	53%	130,596,361
<i>WRF Litigation*</i>	22,963			43,261		66,224
TOTAL USE OF FUNDS	11,036,875	12,678,978	47,312,544	25,040,349	53%	130,662,585

*Tracked as a separate project as these are unbudgeted costs that can not be anticipated

REVISED QUARTERLY BUDGET REPORT –Mid-Year FY 2020/21

SUMMARY OF RECOMMENDED BUDGET ADJUSTMENTS

Staff is recommending the following budget adjustments by the City Council.

Fund	Fund Name	Department	Amount	Proposed Use
001	General Fund	Public Works	\$ 126,100	PW Director (\$78,000) Consolidated Maintenance (\$48,100)
001	General Fund	Finance	\$ 1,167	Enhanced roles and responsibility - Finance Director
001	General Fund	Fire Department	\$ 411,113	Budget in multiple line items for wildfire and multiple operating supplies (\$357,733) and transfer to Vehicle Replacement Fund for Fire small vehicle purchases (\$52,380)
001	General Fund	Police Department	\$ 36,000	Transfer from General Fund to Vehicle Replacement Fund for vehicle replacement (\$30,000) Pre-employment costs (\$6,000)
001 915	General Fund	CIP Program Pavement Management Plan	\$ 125,000	Appropriate from the General Fund to General Fund CIP Emergency Stormdrain Repair project
General Fund Subtotal			\$ 699,380	
915	General Fund CIP	Pavement Management Plan	\$ 142,000	Transfer to CIP Pavement Management Plan from Measure Q
051	General Fund Emergency Reserve	Not Applicable	\$ 282,250	Transfer From Measure E Fund (new) revenue to General Fund Emergency Reserve
050	Vehicle Replacement Fund	Public Works	\$ 19,900	Appropriate insurance settlement to purchase used replacement vehicle
270	Lower Cost Affordable Accommodations Fund	Not Applicable	\$ 15,000	Transfer to Harbor Fund to defray initial costs to implement Harbor RV Pilot Program
331	Harbor Fund	Harbor RV Pilot Program (6512)	\$ 56,500	Budget in multiple line items for operating supplies to support implementation and on-going operations of RV Pilot Program
907	Economic Development Fund	Multiple Departments	\$ 8,750	Appropriate funds in Economic Development Fund for 50% of Washington D.C. Public Affairs representation by the Ferguson Group. Economic Development Fund = 50%, Water Fund = 25%, and Sewer Fund = 25%.
All Other Funds Subtotal			\$ 524,400	
Expenditure/Transfers Budget Adjustments All Funds			\$ 1,223,780	

Expenditure Adjustment & Transfers Chart Next Page

CFAC Responses to Questions
CFAC Meeting of February 18, 2021

WRF/Rate Analysis

Q1: When is it expected that Bartle Wells or other will re-analyze the recent 218 study efforts?

Answer (A): After the SRF loan rate is locked in, likely in March or April 2021. RL

Q2: What role do you anticipate will be played by CFAC?

A: Review and comment. RL

WRF – Water Reclamation

Q: Has the WRF estimate been updated to reflect the most current design philosophy for Water Reclamation?

A: Unsure what is the line of questioning is asking. The WRF budget includes the construction of an advanced purification water treatment facility, injection wells and associated appurtenances in accordance with the State’s regulations for Potable Reuse through groundwater augmentation. RL

Q 3: What % of State Water is expected to be offset by this design or could be if implemented?

A: To begin with, likely zero. The City has a Contract “take or pay” contract with the County for State Water. The City could use IPR in lieu of RO process to cover periods when State Water is shut down annually or during emergency stoppage. City will have ability to reevaluate State Water Contract moving forward. RL

Q 4: Is it possible that the water would be available to use, but we would not? If not, why?

When will this amount of water be available to use or possibly sell?

A: State Water is an interruptible water supply. It has not been historically 100-percent reliable due to endangered species issues in delta portion of the SWP conveyance. The WRF reclamation component will add to the City’s drought resiliency. City may be in position to sell portions of its IPR water in the future. This new source also provides City opportunity to reevaluate State Water Contract in the future. RL

WRF – Vistra

Almost from the start of the reporting on this Project, issues with Vistra have been one of the only identified issues and a significant reason for the delay in the Water Reclamation work has been due to these negotiations. And now Vistra is asking for permission for a Battery Storage Project.

Q 5: What has the City gotten for this obstruction? Is the demolition of the Power Plant also part of these discussions (leaving the stacks out of the equation)?

CFAC Responses to Questions
CFAC Meeting of February 18, 2021

A: There cannot be a linkage, i.e., no quid pro quo between the two. The WRF project land (easement) acquisition issues and the Battery Project are two separate issues on the Vistra property. The Battery Project will go through the public entitlement process. The easement acquisition is proceeding through the eminent domain process. RL

Measure E

Q6: When is it expected that CFAC will begin playing a role in this and what is the expectation of that role?

A: Staff will be using the same budgeting process as used for Measure Q for budgeting Measure E funds. In other words, CFAC will play a similar role with Measure E as Measure Q. One note on what may change in the process is staff will be looking to enhance clarity and simplicity of tracking the items recommended for funding so there are not as many small amounts funded from these sources. The intent of this change is to bring greater clarity about the impacts of the investments of Measure Q and E funds as well as streamlining the record keeping and reporting. This will be discussed further at future CFAC meeting.

Water Fund, Sewer Fund, WRF and OneWater Projects

Q7: It is indicated that sufficient revenues are coming in to cover all of these costs, but when?

A: As funding becomes available and as indicated in the OneWater CIPs, then these projects will be incorporated in the annual budget if approved by Council. RL

Q8: While a few have started, previous 218 requests indicated about \$20 Million of already collected funds would have been EXPENDED on OneWater Projects. Thus, the Staff statement could be correct, but the OneWater projects may not start for another 10 or 20 years. Is there a Plan which has dates such as was included in both of the past 218 studies?

A: The Council Adopted OneWater plan has the Water Storage and Distribution, and Wastewater Collection CIP and schedule.

Q9: Does this projection also include the costs for Demolition and possibly buying Cayucos out?

A: This is an outstanding issue that has no specific timeline associated with a decision at this stage of the project.

CFAC Responses to Questions
CFAC Meeting of February 18, 2021

Other Capital Projects

Q 10: The Annual Budget presentations refer to “unfunded” projects such as the Hwy 41/Main Street roundabout and Storm Water improvements. What is the plan to pay for these or when will that be developed?

A: Council can allocate funds to these projects at any time; it is a matter of balancing resources and priorities. Likely a plan will be developed to maintain and improve City infrastructure as additional resources are identified, such as the recently passed Measure E. RL

Q 11: Could you send to the Committee the status of the Capital Improvements for General Government (I-3), Harbor (I-4), Transit (I-4) and the Street Program(I-7,9) that were budgeted in 20/21. The numbers referenced are their pages in the Adopted Budget.

A: See pages 58 to 60 of Agenda Item III dated 2/18/2021 for status reports for all active projects.

Q 12: Revenue from cannabis tax is stated to be \$100,000, but in two tables it is shown as \$106,000.

A: The table is correct, and the narrative is a typographical error. The report will be updated when provided to Council.

Q 13: Please clarify the cost of the used Chevrolet Tahoe. The text indicates that the cost will be \$49,900, which is the total of the \$30,000 appropriation plus the \$19,900 insurance proceeds.

A: The actual cost of the vehicle is approx. \$42K (plus tax/license which should bring the total to approx. \$45K). The remaining cost to install emergency lighting, radio etc., will be approx. \$4-5K, to keep us within the allotted \$49,900 budgeted. Much if not all of the emergency equipment from the vehicle destroyed in the accident will be reused.

Q 14: The Measure Q table (page 56) contains a line item “Use of Carryforward Funds” which needs to contain a figure to make the totals add correctly.

A: The line “Use of Carryforward Funds is zero for both FY 19/20 Actuals and FY 20/21 columns. The line “Net Operative revenues Over Expenditures & Carryforwards” has been updated to be the difference between Revenues less Expenditures to make it more understandable. The published version indicated the ending fund balance on that line. The line on the schedule has been deleted and titles updated to be easier for the reader to understand. The report will be updated when provided to Council.

Q 15: Quarterly budget report: Page 2 states that the CalPERS UAL payment was \$1,251,698, but the table on page 16 shows \$1,212,698.

A: The narrative on page 2 referenced the budget number, the actual paid was \$1,212,698. The narrative will be updated, the reference to \$116,466 more than last

CFAC Responses to Questions
CFAC Meeting of February 18, 2021

year however is correct. This change will be made to the Quarterly Budget Report for the Council.

Q 16: Quarterly budget report: Page 3 shows \$282,250 transfer from Measure E to GFER. It is assumed that the figure is the estimated revenues for the three months of April - June, 2021. However, cash from the state for May and June will not be received until after July 1, so if you transfer that much, the new Measure E fund will finish its first fiscal year with a negative cash balance. Even though it is proper to consider the tax revenues as FY 20/21 revenues if you receive them within 60 days of the end of the fiscal year, you will only actually have April's cash in hand on June 30 to transfer. Moreover, I don't believe that tax revenues from Measure Q were ever used as a naked transfer without identifying what the money was being spent on. Shouldn't Measure E tax revenue be treated the same?

A: Staff has confirmed that the State will disburse May and June proceeds in July and August, respectively. This is common practice including with Measure Q. This timeline allows the revenues that are collected by merchants in FY 2020-21 to be accounted for in the same fiscal year. Based on this information Staff believes this is a prudent approach to follow.

The proposal to use this year's funds for the high priority use of restoring the GFER levels to be a prudent approach given no other purpose had previously been identified, and the ballot measure in part was intended to help the City recover from the impacts of COVID-19. There are many worthy operations that are being supported by the GFER that it could be argued that any high priority function in the General Fund is being supported with these funds. In other words, this approach streamlines a process that did not seem to add value for this one-time unique circumstance. Staff believes this set of facts are unlikely to be repeated anytime in the foreseeable future.

II-WRF 2nd Quarter Report

Q 17: Table 2 Challenges---At a public meeting when the first soil slippage was discussed, the City Engineer mentioned that the City had done an extensive study of the WRF site's geology which was made available to the bidders. He also said that the contractor had done their own analysis of the geology of the site after the contract was awarded. Why is the City responsible for a potential change order for the additional slippage when the contractor should have had a very good understanding to the site conditions?

A: After an exhaustive investigation and analysis and discussions with legal counsel, it was determined that the soil slip was due to an unknown ancient landslide neither discovered by the City's Geotechnical Engineer nor the Design-Builders, using the accepted standard of care in the practice of Geotechnical Engineering. Section 3.10.2 of the contract makes the owner responsible for changed/unknown site conditions. RL

CFAC Responses to Questions
CFAC Meeting of February 18, 2021

Q 18: Figure 1-Cash Flow---is there a concern that in each of the last six months the actual expenses are quite a bit less than the monthly forecasts?

A: This is an issue that will be addressed by project staff at the CFAC meeting.

Q 19: Table 16-Reimbursement Requests---I believe that this report could provide better information if the following were added: Invoice #, date City received invoice, date City submitted the invoice to either WIFIA or the CWSRF, and the date the reimbursement was received.

A: Thank you for the feedback. Staff will review the suggestion to determine what is appropriate to add based on the Council-directed scope of work for the CFAC.

III Q2 Budget Performance

Q 20: P.13-Salaries and Benefit Expenses-Why wasn't "leave payout" charged to the Compensable Leave Fund?

A: The Compensable Leave Fund is intended to be a last resort back stop to departmental operating budget. At the end of the year and there was a gap between available funds in a department operating budget and the payout amounts charged to their departments, the city could then use the Compensable Leave Fund for this purpose. This issue typically solved by other savings in the department.

Q 21: P.15-Supplies and Services Expense---Is it anticipated that some or all of the COVID related expenses might be reimbursed beyond what has already been received?

A: The short answer is it is hard to tell at this stage of the negotiation in Congress. The City is advocating for as much resource to come to the City with as much local control as possible. The City received positive information that the current COVID relief package being discussed in Washington, D.C. includes significant resources for cities and counties. That being said, staff has diligently pursued reimbursement, and the most recent response from Cal Office of Emergency Services and FEMA indicates that they do not have the authority to pay anything but directly related COVID-19 response medical and Personal Protective Equipment such as a certain class of mask for first responder. This message is very different than what is coming from the White House. Ultimately, staff continues to be vigilant about tracking the City's cost; prompting our governmental relations professional in Washington D.C. to give us up-to-date information; and working with our local Congressman to ensure Morro Bay receives what any other agency of our size, scope of services and complexity would receive.

Q 22: P.28-WRF Project Budget—I attempted to see how much difference the expenses were between the WRF Program Managers numbers in Table 3 (\$38.6M) and the Q2 WRF budget. When I added bottom line of the columns Prior Yrs. Actuals (\$11.0M), 2019/20 Actuals (\$12.7M) and 2021 Q2 Actuals (\$25.0M) I got a significantly higher number. What am I doing wrong? Also, some of the account descriptions need to be updated.

CFAC Responses to Questions
CFAC Meeting of February 18, 2021

A: This is an issue that will be addressed by project staff at the CFAC meeting.

Q 23: Quarterly budget report: Expenditures by category/transfers on page 16 don't tie to expenditures by department/transfers on page 18.

A: Please see updated General Fund Operating Revenue and Expense schedules included in the mid-year budget status reports on page 16 (By Category) and page 18 (By Department) that now show the same deficit amount of <\$1,321,640>. The version published had differing amounts on that line as open purchase order amounts (encumbrances) were not included in the expenditures sorted by Department and Transfer amounts were not updated on the sort by Category. Both reports now agree. The report will be updated for Council.

CFAC Responses to Questions CFAC Meeting of February 18, 2021

City of Morro Bay Schedule of General Fund Operating Revenues vs. Operating Expenditures By Department For the period ended December 31, 2020

	FY19/20 Audited YE Actuals	FY19/20 2nd Qtr Actuals	FY19/20 % YTD	FY20/21 Adopted Budget	FY20/21 2nd Qtr Actuals	FY20/21 % YTD
Revenues						
Property Tax	\$ 3,390,942	\$ 1,508,448	44%	\$ 3,228,491	\$ 1,585,876	49%
Property Tax VLF	\$ 1,154,023	\$ -		\$ 947,509	\$ -	
Other Taxes	\$ 216,704	\$ 115,554	53%	\$ 53,007	\$ 62,431	118%
Transient Occupancy Tax	\$ 2,892,130	\$ 1,753,005	61%	\$ 1,852,479	\$ 1,732,432	94%
Sales Tax	\$ 2,186,074	\$ 836,814	38%	\$ 1,728,822	\$ 759,628	44%
Franchise Fees	\$ 555,644	\$ 151,040	27%	\$ 536,137	\$ 174,741	33%
Licenses & Permits	\$ 139,345	\$ 89,299	64%	\$ 114,540	\$ 91,185	80%
Business Tax	\$ 347,040	\$ 321,717	93%	\$ 298,960	\$ 329,434	110%
Charges for Services	\$ 1,523,506	\$ 813,701	53%	\$ 1,082,799	\$ 574,464	53%
Fines & Forfeitures	\$ 16,561	\$ 9,174	55%	\$ 17,000	\$ 7,912	47%
Intergovernmental	\$ 41,598	\$ 17,053	41%	\$ 24,074	\$ 9,878	41%
Other Sources	\$ 34,771	\$ 25,423	73%	\$ 18,442	\$ 31,233	169%
Use of Money & Property	\$ 298,809	\$ 113,748	38%	\$ 342,302	\$ 175,777	51%
Fund Transfers	\$ 1,159,265	\$ 849,152	73%	\$ 2,581,062	\$ 630,027	24%
Corona Virus Relief Income	\$ -	\$ -		\$ -	\$ 125,793	
Total Revenues	13,956,412	6,604,128	47%	12,825,624	6,290,811	49%
Expenditures						
City Council	91,185	55,693	61%	84,098	22,570	27%
City Manager	349,821	199,702	57%	338,591	186,890	55%
City Attorney	444,812	144,494	32%	445,539	206,845	46%
Contract Services	631,425	145,327	23%	518,822	418,900	81%
City Clerk/HR/Elections	368,955	200,412	54%	421,270	211,246	50%
Deputy City Manager	-	-	0%	-	-	0%
Accounting & Treasury/Rental Property	636,395	361,983	57%	638,304	403,542	63%
Police Department	3,600,286	1,937,718	54%	3,256,818	1,889,596	58%
Support Services	271,233	144,886	53%	274,348	151,881	55%
Fire Department	2,935,722	1,620,592	55%	2,567,171	1,800,264	70%
Emergency Operations Center	74,595	1,461	2%	12,422	49,440	398%
Community Development	1,024,250	558,195	54%	914,511	527,142	58%
Public Works	571,192	316,527	55%	512,298	300,938	59%
Consolidated Maintenance	1,059,731	538,531	51%	814,054	473,556	58%
Vehicle, Parks, Facilities	136,105	70,351	52%	119,212	67,460	57%
Streets, Street Trees, Storm Drains/Creeks	705,794	388,629	55%	683,021	303,318	44%
Street lighting	88,048	31,046	35%	79,487	30,742	39%
Curbside Recycling	26,988	-	0%	-	-	0%
Recreation Services - Administration	346,939	186,215	54%	225,038	114,522	51%
Recreation Services - Sports	390,640	321,871	82%	169,559	56,342	33%
Recreation Services - Youth Services	276,559	197,283	71%	199,618	148,167	74%
Recreation Services - Teen Programs	26,363	-	0%	46,222	4,843	10%
Recreation Services - Community Pool	99,186	-	0%	81,321	38,797	48%
Electricity	68,785	27,661	40%	69,280	28,140	41%
Undistributed/Lump Sum & PERS Sidefund	583,948	199,116	34%	-	-	
Total Expenditures	\$ 14,808,957	\$ 7,647,692	52%	\$ 12,471,004	\$ 7,435,141	60%
Transfers In/Out	536,654	307,985	57%	354,620	177,310	50%
Total Operating Expenditures	\$ 15,345,611	\$ 7,955,677	52%	\$ 12,825,624	\$ 7,612,451	59%
Net Surplus or (Use) of Reserves	\$ (1,389,199)	\$ (1,351,549)		\$ -	\$ (1,321,640)	

CFAC Responses to Questions CFAC Meeting of February 18, 2021

City of Morro Bay Schedule of General Fund Operating Revenues vs. Operating Expenditures By Department For the period ended December 31, 2020

	FY19/20 Audited YE Actuals	FY19/20 2nd Qtr Actuals	FY19/20 % YTD	FY20/21 Adopted Budget	FY20/21 2nd Qtr Actuals	FY20/21 % YTD	
Revenues							
Property Tax	\$ 3,390,942	\$ 1,508,448	44%	\$ 3,228,491	\$ 1,585,876	49%	
Property Tax VLF	1,154,023	-		947,509	-		
Other Taxes	216,704	115,554	53%	53,007	62,431	118%	
Transient Occupancy Tax	2,892,130	1,753,005	61%	1,852,479	1,732,432	94%	
Sales Tax	2,186,074	836,814	38%	1,728,822	759,628	44%	
Franchise Fees	555,644	151,040	27%	536,137	174,741	33%	
Licenses & Permits	139,345	89,299	64%	114,540	91,185	80%	
Business Tax	347,040	321,717	93%	298,960	329,434	110%	
Charges for Services	1,523,506	813,701	53%	1,082,799	574,464	53%	
Fines & Forfeitures	16,561	9,174	55%	17,000	7,912	47%	
Intergovernmental	41,598	17,053	41%	24,074	9,878	41%	
Other Sources	34,771	25,423	73%	18,442	31,233	169%	
Use of Money & Property	298,809	113,748	38%	342,302	175,777	51%	
Fund Transfers	1,159,265	849,152	73%	2,581,062	630,027	24%	
Corona Virus Relief Income	-	-		-	125,793	100%	
Total Revenues	\$ 13,956,412	\$ 6,604,128	47%	\$ 12,825,624	6,290,811	49%	
Expenditures							
Salaries	5,248,126	2,600,518	50%	5,014,534	2,350,017	47%	
Overtime	514,516	315,313	61%	212,896	399,392	188%	
Part-time	685,931	436,447	64%	521,022	258,614	50%	
Other Salaries	533,287	389,615	73%	258,184	267,046	103%	
Labor Costs Applied	41,421	11,545	28%	15,735	1,837	12%	
Benefits	2,852,916	1,324,268	46%	2,404,018	1,179,965	49%	
PERS UAL	1,582,733	1,096,232	69%	1,251,622	1,212,698	97%	
Supplies, Materials and Services	2,212,306	936,328	42%	2,133,947	1,208,227	57%	
Utilities	513,649	226,584	44%	418,769	251,572	60%	
Insurance	563,155	281,578	50%	205,086	282,992	138%	
Debt	35,277	17,595	50%	35,191	17,507	50%	
Payment to other Agencies	25,640	11,670	46%	-	5,275	-100%	
Total Expenditures	\$ 14,808,957	\$ 7,647,692	52%	\$ 12,471,004	\$ 7,435,141	60%	
Transfers In/Out	-	536,654	307,985	57%	354,620	177,310	50%
Total Operating Expenditures	\$ 15,345,611	\$ 7,955,677	52%	\$ 12,825,624	\$ 7,612,451	59%	
Net Surplus or (Use) of Reserves	\$ (1,389,199)	\$ (1,351,549)		\$ -	\$ (1,321,640)		

Q 27: Same page 16: How much of the overtime YTD is for fire dept mutual aid?

A: *The Fire Department provided 2,663.75 personnel hours, equipment, and apparatus to multiple mutual aid incidents throughout the state. The largest reimbursable expense is overtime pay at \$237,512.*

Q 28: Same page 16: Is the budget for insurance truly \$205,086 considering that the YTD is \$282,992 and PY was \$563,155? If so, is there an explanation as to why the budget was set so low?

CFAC Responses to Questions CFAC Meeting of February 18, 2021

A: In FY 18-19 auditors asked that insurance allocation methods be updated. Therefore, starting in FY 19-20 if the insurance premium could not be tied to something specific within a fund the default method was to allocate based on budgeted payroll dollars to equitability spread the cost across the funds in the organization. In doing so more insurance costs are now being charged to the General Fund and less to the Enterprise Funds. It is important to realize that the City a budget monitoring and accountability practice that if all costs were tallied for all there have not been overages. With the upcoming budget, staff intends to review this issue and assess if there is a better way to budget and allocate these costs.

Q 29: Page 57 shows \$147,000 for engineering/consulting for a \$478,000 paving project. Why is it so high (>30% of the project budget)?

A: Staff will be prepared to respond to this question at the CFAC meeting.

Q 30: Will the \$142,000 in additional Measure Q tax revenue be added to the \$478,000 paving project, resulting in a \$620,000 project to be completed in FY 20/21?

A: Yes, that is the intent.

Q 31: Re: bocce ball court project on page 58, what is meant by the notation "Project on hold while reassessing property"?

A: The bocce ball court is intended to be built on property that is currently being evaluated to determine if the City wants to either lease, sale, or keep the property as is.

Q 32: How has the cost-recovery program for the SRO been working? Have reimbursements from the school district been timely? What does the SRO do while schools are closed?

A: The school district has reimbursed the city on a timely basis. There are no outstanding payments. The City typically bills right after the quarter closes and receives payment within 30 days. The SRO has been fully occupied even though students are not on campus the same way they were pre-COVID. The role of the SRO while students are in and out of session remains important to the overall safety and security of the students and employees. The SRO patrols and monitors Morro Bay High School and Del Mar Elementary during school hours regardless of attendance. Activity around campuses remains busy throughout the year with construction, sports, and administrative assignments. As a trained detective, the SRO investigates crimes directly related to school aged children year-round.

CITY OF MORRO BAY

ADMINISTRATIVE SERVICES DIRECTOR – ASSISTANT CITY MANAGER

DEFINITION

Under general administrative direction of the City Manager, plans, organizes, and directs the activities of the Administrative Services Department by developing and implementing efficient and effective financial policies, plans and reporting systems to ensure the City's long-term fiscal health; oversees Information Systems and may oversee Human Resources; coordinating assigned activities with City departments and outside agencies; organizing and coordinating other programs and projects as assigned by the City Manager; and representing the City Manager as assigned.

DISTINGUISHING CHARACTERISTICS

This is a department director classification with overall responsibility for the activities of the Administrative Services Department. The Administrative Services Director-Assistant City Manager is responsible for all departmental operations, including professional, technical, and administrative staff. This class is appointed by the City Manager and aids the City Manager in variety of duties, including serving as the Chief Financial Officer and Public Information Officer for the City. The work provides for a wide variety of independent decision-making, within legal, general policy and regulatory guidelines. The incumbent is accountable for accomplishing department goals and furthering City goals and strategic objectives within general policy guidelines.

ESSENTIAL DUTIES & RESPONSIBILITIES

- Develops and directs the implementation of goals, objectives, policies, procedures, and work standards for the efficient operation of the Administrative Services Department
- Creates and maintains a high level of confidence in the accuracy and completeness of financial records prepared for the City Council and advisory committees; local, state, and federal agencies; and professional organizations.
- Oversees the administration of the City's annual operating budget; manages operations to achieve goals within available resources.
- Represents the City Manager in consulting with governmental agencies, other staff members, and the public; attends meetings, makes presentations and recommendations to appointed and elected officials on departmental related activities.
- Manages departmental personnel including interviews, selection, training, evaluations, and discipline.
- Coordinates with executive staff to develop plans and budget schedules for long range programs.
- Prepares grants, formal bid specifications, and request for proposals, and manages same.

ADMINISTRATIVE SERVICES DIRECTOR – ASSISTANT CITY MANAGER

- Prepares and submits periodic reports, analysis, and recommendations concerning departmental activities.
- Administers the maintenance of financial records including utility billings, business licenses, payables, receivables, collections, and payroll activities.
- Acts as property manager relating to City-owned property and rentals.
- Participates in the review and approval of all investment decisions.
- Responsible for City's computerized multi-fund municipal accounting system and upgrades.
- Manages a variety of programs including, but not limited to, finance, information services and public information, and supervises assigned staff.
- Participates in and advises on financial matters concerning labor relations, including negotiations.
- Advises the City Manager and the City Council on a broad range of issues within areas of responsibility.
- Serves as Acting City Manager upon the request or absence of the City Manager.
- Performs related duties as required.

QUALIFICATIONS

Knowledge of:

Advanced principles and methods of public and business administration as applied to a municipality; general municipal revenue and accounting principles and practices, including budgeting and investments; government procurement methods and guidelines; laws, regulations, and ordinances affecting fiscal operations and audits; technology related to computerized financial systems; principles of supervision and training; laws, regulations and ordinances affecting City operations; principles of supervision and training.

Ability to:

Learn, understand, interpret, and apply laws, rules, and regulations to specific accounting and financial situations as well as personnel situations; develop, implement, and interpret goals, objectives, policies, procedures and work standards; analyze complex problems, evaluate alternatives and make sound recommendations related to Administrative Services activities; organize and supervise the work of staff engaged in a variety of accounting and financial record keeping and personnel operations; prepare accurate reports and analyses; communicate clearly and concisely, both orally and in writing; deal effectively with organized employee groups; prepare bid packages and oversee purchasing procedures for City equipment and supplies; comprehend computer generated

ADMINISTRATIVE SERVICES DIRECTOR – ASSISTANT CITY MANAGER

financial data; establish and maintain cooperative relationships with those contacted during the course of work; effectively supervise and mentor others; and communicate effectively with City Council, staff, community members, business community, local media and other governmental agencies.

Education and Experience:

Any combination of experience and training that would provide the required knowledge and abilities is qualifying.

Equivalent to graduation from an accredited college or university with major work in public administration, business administration, accounting, or closely related field; possession of an M.B.A., M.P.A., or C.P.A. desirable.

Five years of progressively responsible professional-level administration management and financial experience in government or private industry requiring knowledge of finance, such as accounting, purchasing, budgeting; organizational development; and related central services. Must include three years of management-level experience.

Possession of a valid and appropriate California driver's license.

PHYSICAL DEMANDS

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is frequently required to sit and talk or hear, use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to walk.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

WORK ENVIRONMENT

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

ADMINISTRATIVE SERVICES DIRECTOR – ASSISTANT CITY MANAGER

Position requires prolonged sitting, standing, walking; office and field environment; travel from site to site; extensive public contact.

SELECTION GUIDELINES

Formal application, rating of education and experience, oral interview, and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council February ____, 2021

RESOLUTION NO. 10-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING AMENDMENTS TO THE CITY'S FISCAL YEAR 20/21 BUDGET
TO AUTHORIZE VARIOUS ADDITIONAL REVENUES AND EXPENDITURES AND APPROVING
AN AMENDED FISCAL YEAR 2020-2021 SALARY SCHEDULE**

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

WHEREAS, second-quarter Fiscal Year 2020-21 Budget adjustments were discussed and approved during the February 23, 2021 Council meeting; and

WHEREAS, the California Public Employees' Retirement System (CalPERS), requires that all CalPERS employers list their compensation levels on one document, approved and adopted by the governing body, in accordance with 2 California Code of Regulations (CCR), section 570.5, and meeting all of the following requirements thereof:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
4. Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate; and

WHEREAS, the Council now desires to amend its publicly available Salary Schedule for Fiscal Year 2020-21, attached as Exhibit 2, to reflect the salary range for Administrative Services Director – Assistant City Manager effective immediately; and

WHEREAS, the formal approval of the pay schedule requires that they are duly approved and adopted by the City Council.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California,

1. The operating budgets of the City are amended by the additional revenues, expenditures and transfers, as shown on the attached Exhibit 1, that were discussed at the February 23, 2021, Council Meeting; and
2. The amended Salary Schedule provided as Exhibit 2 are hereby approved, effective immediately.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 23rd day of February 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

RESOLUTION NO. 10-21
Exhibit 1 - Page 1

Revenue and Transfer Adjustments – All Funds

Fund	Fund Name	Department	Source	Amount	Proposed Use
001	General Fund	Finance Department	TOT	\$ 550,000	General Fund Operations
001	General Fund	Finance Department	Sales Tax	\$ 184,500	General Fund Operations
001	General Fund	Fire Department	Fire Department Wildfire Mutual Aid	\$ 411,113	General Fund Operations and contribution to Fire Department Small Vehicle replacement
001	General Fund	Finance Department	Cannabis Local Tax	\$ 106,000	General Fund Emergency Repair CIP Operations
General Fund Subtotal				\$ 1,251,613	
003	Measure Q	Finance Department	Measure Q Transaction Tax	\$ 142,000	Pavement Management Plan
050	Vehicle Replacement Fund	Public Works	Insurance Settlement	\$ 19,900	Police Department Vehicle replacement
New	Measure E	Finance Department	Measure E Transaction Tax	\$ 282,250	Contribution to General Fund Emergency Reserve (Fund 051)
331	Harbor RV Program (6512)	Harbor Department	RV Pilot Program Revenues	\$ 90,975	Total projected revenues from RV pilot program.
331	Harbor Department Interfund Transfer in from Lower Cost Affordable Accommodation Fund	Harbor Department	RV Pilot Program Revenues	\$ 15,000	Transfer in to Harbor Fund to defray initial costs to implement Harbor RV Pilot Program
All Other Funds Subtotal				\$ 550,125	
Revenue/Transfers Budget Adjustments All Funds				\$ 1,801,738	

RESOLUTION NO. 10-21

Exhibit 1 - Page 2

Expenditures and Transfer Adjustments – All Funds

Fund	Fund Name	Department	Amount	Proposed Use
001	General Fund	Public Works	\$ 126,100	PW Director (\$78,000) Consolidated Maintenance (\$48,100)
001	General Fund	Finance	\$ 1,167	Enhanced roles and responsibility - Finance Director
001	General Fund	Fire Department	\$ 411,113	Budget in multiple line items for wildfire and multiple operating supplies (\$357,733) and transfer to Vehicle Replacement Fund for Fire small vehicle purchases (\$52,380)
001	General Fund	Police Department	\$ 36,000	Transfer from General Fund to Vehicle Replacement Fund for vehicle replacement (\$30,000) Pre-employment costs (\$6,000)
001 915	General Fund	CIP Program Pavement Management Plan	\$ 125,000	Appropriate from the General Fund to General Fund CIP Emergency Stormdrain Repair project
General Fund Subtotal			\$ 699,380	

915	General Fund CIP	Pavement Management Plan	\$ 142,000	Transfer to CIP Pavement Management Plan from Measure Q
051	General Fund Emergency Reserve	Not Applicable	\$ 282,250	Transfer From Measure E Fund (new) revenue to General Fund Emergency Reserve
050	Vehicle Replacement Fund	Public Works	\$ 19,900	Appropriate insurance settlement to purchase used replacement vehicle
270	Lower Cost Affordable Accommodations Fund	Not Applicable	\$ 15,000	Transfer to Harbor Fund to defray initial costs to implement Harbor RV Pilot Program
331	Habor Fund	Harbor RV Pilot Program (6512)	\$ 56,500	Budget in multiple line items for operating supplies to support implementation and on-going operations of RV Pilot Program
907	Economic Development Fund	Multiple Departments	\$ 8,750	Appropriate funds in Economic Development Fund for 50% of Washington D.C. Public Affairs representation by the Ferguson Group. Economic Development Fund = 50%, Water Fund = 25%, and Sewer Fund = 25%.
All Other Funds Subtotal			\$ 524,400	
Expenditure/Transfers Budget Adjustments All Funds			\$ 1,223,780	

RESOLUTION NO. 10-21
Exhibit 2 - Page 1

CITY OF MORRO BAY							
COMBINED SALARY SCHEDULE							
FISCAL YEAR 2020-21: Effective 2/24/2021							
TITLE	GROUP	STEP 1 Annual	STEP 2 Annual	STEP 3 Annual	STEP 4 Annual	STEP 5 Annual	STEP 6 Annual
ACCOUNT CLERK IN-TRAINING	S	32,460	34,083	35,787	37,577	39,455	
ACCOUNT CLERK I	S	39,243	41,205	43,265	45,429	47,700	
CONSOLIDATED MAINTENANCE WRK I	S	39,243	41,205	43,265	45,429	47,700	
OFFICE ASST. III	S	39,243	41,205	43,265	45,429	47,700	
OFFICE ASST. IV	S	42,428	44,549	46,777	49,116	51,571	
ACCOUNT CLERK II	S	44,079	46,283	48,597	51,027	53,578	
CONSOLIDATED MAINTENANCE WRK II	S	44,079	46,283	48,597	51,027	53,578	
PERMIT TECHNICIAN	S	45,143	47,400	49,770	52,259	54,872	
ACCOUNT CLERK III	S	47,210	49,571	52,049	54,651	57,384	
CONSOLIDATED MAINTENANCE WRK III	S	47,210	49,571	52,049	54,651	57,384	
ADMINISTRATIVE TECHNICIAN	S	48,044	50,446	52,969	55,617	58,398	
PERMIT TECHNICIAN - CERTIFIED	S	48,044	50,446	52,969	55,617	58,398	
SUPPORT SERVICES TECHNICIAN	S	48,044	50,446	52,969	55,617	58,398	
PROPERTY EVIDENCE CLERK	S	48,044	50,446	52,969	55,617	58,398	
MECHANIC	S	49,581	52,060	54,663	57,396	60,266	
RECREATION COORDINATOR	S	49,581	52,060	54,663	57,396	60,266	
HUMAN RESOURCES ANALYST I	C	54,690	57,425	60,296	63,311	66,476	
SUPPORT SERVICES COORDINATOR	C	54,690	57,425	60,296	63,311	66,476	
HARBOR PATROL OFFICER	S	54,777	57,516	60,392	63,411	66,582	
ENGINEERING TECHNICIAN III	S	56,158	58,966	61,914	65,010	68,260	
RECREATION SUPERVISOR	S	56,158	58,966	61,914	65,010	68,260	
UTILITY OPERATOR	S	56,245	59,057	62,010	65,111	68,366	
ASSISTANT PLANNER	S	56,508	59,333	62,300	65,415	68,686	
BUILDING INSPECTOR	S	58,765	61,703	64,788	68,028	71,429	
EXECUTIVE ASSISTANT/DEPUTY CLERK	C	58,765	61,703	64,788	68,028	71,429	
FIREFIGHTER	F	59,065	62,018	65,119	68,375	71,794	
UTILITY OPERATOR MC (MULTIPLE CERT)	S	60,182	63,191	66,351	69,668	73,152	
SENIOR ACCOUNTING TECHNICIAN	C	61,087	64,141	67,348	70,716	74,252	
POLICE SUPPORT SERVICES MANAGER	M	61,087	64,141	67,348	70,716	74,252	
HARBOR BUSINESS COORD	S	61,169	64,227	67,439	70,811	74,351	
POLICE OFFICER	P	65,152	68,410	71,830	75,422	79,193	83,152
HARBOR PATROL SUPERVISOR	S	64,523	67,749	71,137	74,693	78,428	
FIRE ENGINEER	F	64,573	67,802	71,192	74,751	78,489	
ENGINEERING TECHNICIAN IV	S	65,765	69,053	72,506	76,131	79,938	
ASSISTANT ENGINEER	S	65,765	69,053	72,506	76,131	79,938	
ASSOCIATE PLANNER	S	65,765	69,053	72,506	76,131	79,938	
BUILDING INSPECTOR/PLANS EXAMINER	S	65,765	69,053	72,506	76,131	79,938	
CONSOLIDATED MAINT FIELD SUPV	S	65,765	69,053	72,506	76,131	79,938	
HUMAN RESOURCES ANALYST II	C	65,765	69,053	72,506	76,131	79,938	
LEAD UTILITY OPERATOR	S	67,080	70,434	73,956	77,653	81,536	
MANAGEMENT ANALYST	M	67,153	70,511	74,036	77,738	81,625	
POLICE DETECTIVE	P	68,410	71,831	75,422	79,193	83,153	87,310
POLICE SCHOOL RESOURCE OFFICER	P	68,410	71,831	75,422	79,193	83,153	87,310
POLICE SENIOR OFFICER	P	68,410	71,831	75,422	79,193	83,153	87,310

RESOLUTION NO. 10-21
Exhibit 2 - Page 2

CITY OF MORRO BAY							
COMBINED SALARY SCHEDULE							
FISCAL YEAR 2020-21: Effective 2/24/2021							
TITLE	GROUP	STEP 1 Annual	STEP 2 Annual	STEP 3 Annual	STEP 4 Annual	STEP 5 Annual	STEP 6 Annual
FIRE CAPTAIN	F	74,227	77,938	81,835	85,927	90,223	
ASSOCIATE CIVIL ENGINEER	S	75,629	79,410	83,381	87,550	91,928	
WASTEWATER SYSTEMS SUPV	S	75,629	79,410	83,381	87,550	91,928	
BUDGET/ACCOUNTING MANAGER	M	78,532	82,459	86,582	90,911	95,456	
CONSOLIDATED MAINTENANCE SUPT	M	78,532	82,459	86,582	90,911	95,456	
ENVIRONMENTAL PROGRAMS MANAGER	M	78,532	82,459	86,582	90,911	95,456	
INFORMATION SYSTEMS TECHNICIAN	M	78,532	82,459	86,582	90,911	95,456	
RECREATION SERVICES MANAGER	M	78,532	82,459	86,582	90,911	95,456	
SENIOR PLANNER	M	78,532	82,459	86,582	90,911	95,456	
TOURISM MANAGER	M	78,532	82,459	86,582	90,911	95,456	
POLICE SERGEANT	P	81,251	85,314	89,579	94,058	98,761	103,699
PLANNING MANAGER	M	86,387	90,706	95,242	100,004	105,004	
SENIOR CIVIL ENGINEER	M	86,387	90,706	95,242	100,004	105,004	
FIRE MARSHAL	F	88,114	92,520	97,146	102,003	107,103	
CITY CLERK/HR MANAGER	M	100,603	105,633	110,915	116,461	122,284	
CITY ENGINEER	M	101,808	106,898	112,243	117,855	123,748	
COMMUNITY DEVELOPMENT MANAGER	M	101,808	106,898	112,243	117,855	123,748	
UTILITY DIVISION MANAGER	M	101,808	106,898	112,243	117,855	123,748	
POLICE COMMANDER	M	114,300	120,015	126,016	132,317	138,932	
DEPUTY CITY MANAGER	E	124,785	131,024	137,575	144,454	151,677	
COMMUNITY DEVELOPMENT DIRECTOR	E	124,785	131,024	137,575	144,454	151,677	
PUBLIC WORKS DIRECTOR	E	129,439	135,911	142,706	149,842	157,334	
ADMIN SERVICES DIR/ASST CITY MGR	E	129,439	135,911	142,706	149,842	157,334	
HARBOR DIRECTOR	E	131,853	138,446	145,368	152,636	160,268	sworn
FIRE CHIEF	E	131,853	138,446	145,368	152,636	160,268	sworn
POLICE CHIEF	E	131,853	138,446	145,368	152,636	160,268	sworn
CITY MANAGER	E	174,465	178,827	183,297	187,880	192,577	



AGENDA NO: C-2

MEETING DATE: February 23, 2021

Staff Report

TO: Honorable Mayor and Council Members **DATE:** February 17, 2021
FROM: Eric Casares, PE – WRF Program Manager
Rob Livick, PE/PLS – City Engineer
SUBJECT: Review WRF Quarterly Update Report

RECOMMENDATION

Receive the WRF Quarterly Update Report and provide input.

DISCUSSION

Provided as Attachment 1 is the Quarterly Water Reclamation Facility Project Report.

This report was shared with the Citizen Finance Advisory Committee (CFAC) on February 18, 2021. Also, per CFAC Committee Member request, Attachment 2 is a project schedule that Committee Members have discussed with the City's WRF Project Manager.

ATTACHMENTS

1. City of Morro Bay Water Reclamation Facility Quarterly Report
2. WRF Project Schedule

Prepared By: ETC

Dept Review:

City Manager Review: _SC__

City Attorney Review: JWP__



MORRO BAY
OUR WATER
RELIABLE. CLEAN. FOR LIFE.

City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT DECEMBER 2020

FINAL | February 2021





City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT DECEMBER 2020

FINAL | February 2021

This document is released for the purpose of information exchange review and planning only under the authority of Eric T. Casares, November 2020, State of California, P.E. 73351

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Abbreviations

AFY	acre -feet per year
BNR	biological nutrient removal
BOD	Biochemical Oxygen Demand
Carollo	Carollo Engineers, Inc.
CCC	California Coastal Commission
CDFW	California Department of Fish and Wildlife
CPT	Cone Penetration Test
CWSRF	Clean Water State Revolving Fund
DDW	Division of Drinking Water
EACs	estimates and completion
EPA	Environmental Protection Agency
ESCP	Enhanced Source Control Program
EACs	estimates at completion
GMP	Guaranteed Maximum Price
GSI	GSI Water Solutions
IFC	issued for construction
IPR	Indirect Potable Reuse
KPI	Key Performance Indicator
MBMWC	Morro Bay Mutual Water Company
MBR	Membrane Bioreactor
Narrows	Eastern
NPDES	National Pollution Discharge Elimination System
NTP	notice to proceed
PA	Programmatic Agreement
PCO	Potential Change Order
PPP	Pollution Prevention Plan
Project	Water Reclamation Facility Project
PWAB	Public Works Advisory Board
RFP	request for proposal
ROW	right of way
RWQCB	Regional Water Quality Control Board
SAA	Stream Bed Alteration Agreement
SHPO	State Historic Preservation Office
SLO	San Luis Obispo
SPI	Schedule Performance Index
TM	Technical Memorandum
TSO	Time Schedule Order

TSS	Total Suspended Solids
UVAOP	Ultraviolet Advanced Oxidation Process
Vistra	Vistra Energy
WIFIA	Water Infrastructure Finance and Innovation Act
WRF	Water Reclamation Facility
WRFCAC	Water Reclamation Facility Citizens Advisory Committee
WWE	Water Works Engineers

Section 1

PROJECT OVERVIEW

1.1 General Project Status Update

All components of the Water Reclamation Facility Project (Project) are currently in progress. The general progress update and schedule information presented in this report is current as of January 29, 2021. The financial information including the spent to date and budget remaining amounts are presented as of December 31, 2020.

1.1.1 Water Reclamation Facility

1.1.1.1 Design

The design for the Water Reclamation Facility (WRF) was completed with the delivery of the Issued for Construction (IFC) drawings and specifications for the WRF on May 22, 2020.

1.1.1.2 Construction

Construction at the WRF site began on March 20, 2020. Activities to date include completion of the following items:

- Major civil site work
- Construction of the major water-bearing structures onsite (i.e., biological nutrient removal [BNR] basins and sludge holding tanks)
- Installation of the 78-inch steel pipe serving as the chlorine contact chamber
- Installation of the majority of additional yard piping and electrical ductbanks
- Installation of the slab for the Reverse Osmosis/Ultraviolet Advanced Oxidation Process (RO/UV-AOP) Building

The City and Program Manager are currently working on a new amendment (Amendment No. 5) with the design-build team that will include two (2) potential change orders (PCOs). These include changes to the wildlife exclusion barrier required by the Biological Opinion (BO) issued by the United States Fish and Wildlife Service (USFW) and changes to conduit materials throughout various WRF process areas. The net impact of Amendment No. 5 will be a credit to the City and will reduce the guaranteed maximum price (GMP).

1.1.2 Conveyance Facilities

1.1.2.1 Design

Water Works Engineers (WWE) submitted the bid set plans and specifications in May 2020 and the City advertised this component of the Project on June 15, 2020.

1.1.2.2 Construction

The City opened bids for the Conveyance Facilities component of the Project on August 14, 2020. The City received a total of five (5) bids. On November 10, 2020, the City Council awarded a contract for the construction of the Conveyance Facilities in the amount of \$31,493,675 to Anvil Builders, Inc. (Anvil).

City staff issued a notice to proceed (NTP) to Anvil on December 14, 2020 and Anvil began pre-construction activities (i.e., utility locations and tree removal) in late January 2021. Anvil plans to begin construction at Pump Station A, Pump Station B, and two (2) locations along the pipeline route in February 2021.

1.1.3 Recycled Water Facilities

1.1.3.1 Design

The City and Program Manager presented the findings of the Characterization TM to the City Council on November 10, 2020 along with the next budget authorization for the Project's hydrogeologist (GSI Water Solutions [GSI]) to cover Phase 3 of the hydrogeological work. In January 2021, GSI completed the drawings and technical specifications for the pilot injection well.

Table 1 summarizes some of the key accomplishments and critical challenges identified for the Project through January 29, 2021.

Table 2 Project Accomplishments and Challenges

Project Component	Key Accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
General Project	Continued to support the review of the City's construction loan application by the Clean Water State Revolving Fund (CWSRF) staff (anticipated signed loan agreement in April 2021)			
	Adoption of the sewer use ordinance (SUO) by the City Council.			
	Continued development of the Report of Waste Discharge (ROWD).			
Water Reclamation Facility	Continued advancing construction on the South Bay Boulevard site (construction 32.0 percent complete as of December 31, 2020).	Due to the recent rain event, another soil slip has occurred on the WRF site.	The City and Program Manager are working with the design-build team to determine an approach for investigation and remediation of the soil slip.	Responsibility for the cost of the investigation and remediation has not yet been determined and could result in a change order resulting in an increase to the guaranteed maximum price (GMP) and the overall Project budget.
	Negotiated a revision to the permanent wildlife exclusion barrier (\$469,000 credit).			
Conveyance Facilities	Executed contracts with Cogstone Resource Management (Cogstone) and Kevin Merk Associates (KMA) for archeological/paleontological and biological monitoring, respectively.			
	Awarded a contract and issued NTP for Anvil.			
	Submitted the notification for the California Department of Fish and Wildlife (CDFW) Streambed Alteration Agreement (SAA).			
	Received approval to start construction from the California Coastal Commission. Began pre-construction activities along the pipeline alignment (i.e., tree removal and utility location).			
Recycled Water Facilities	Completed the design of the pilot injection well. Met with the Division of Drinking Water (DDW) to review comments on the Draft Title 22 Engineering Report.			

1.2 Quarterly Budget Revision

The original \$126 million baseline budget was developed in June 2018 (Q4 Fiscal Year 2017/2018). At the beginning of each fiscal year, the budget is updated and used as the measure of performance for the Project during that upcoming fiscal year. The budget is then reviewed and reconciled on a quarterly basis so it can be compared to both the current fiscal year and baseline budgets. The next budget reconciliation will occur at the end of Q3 Fiscal Year 2020/2021 (March 31, 2021). A summary of the baseline, reconciled quarterly, and fiscal year budgets are summarized in Table 2. Subsequent budget reconciliations (quarterly) and fiscal year budgets (annual) will also be presented in this table for reference.

Table 3 summarizes the positions and estimates at completion (EACs) for the major elements of the Project through the end of Q2 Fiscal Year 200/2021. Major changes to the Project cost categories are as summarized below:

- General Program
 - Increase in the projected long-term budget for land acquisition.
- Water Reclamation Facility
 - Transfer of funds from contingency to the WRF budget to cover Amendment No. 4.
- Conveyance Facilities
 - Increase in the projected budget for engineering services during construction (ESDC) for WWE.
 - Increase in the projected budget for archeological mitigation.
- Recycled Water Facilities
 - Slight increase in the projected budget for hydrogeological work that needs to be performed by GSI.

Table 2 Budget Revision Summary

Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Past Fiscal Year (Q4 FY 18/19)	Quarterly Reconciliation (Q1 FY 19/20)	Quarterly Reconciliation (Q2 FY 19/20)	Quarterly Reconciliation (Q3 FY 19/20)	Current Fiscal Year (Q4 FY 19/20)	Quarterly Reconciliation (Q1 FY 20/21)	Quarterly Reconciliation (Q2 FY 20/21)
Water Reclamation Facility ⁽¹⁾	\$62,414,000	\$74,059,000	\$72,891,000	\$72,598,000	\$72,231,000	\$71,856,000	\$77,828,000	\$77,082,000	\$77,281,977
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000	\$28,524,000	\$29,224,000	\$29,989,000	\$29,840,000	\$37,355,000	\$37,482,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,250,000	\$5,212,000	\$5,353,000	\$5,526,000	\$5,526,000	\$5,740,000	\$5,968,000
General Program	\$24,403,000	\$11,614,000	\$11,801,000	\$11,625,000	\$11,701,000	\$12,964,000	\$13,260,000	\$14,255,000	\$14,445,000
Construction Contingency ⁽²⁾	\$9,444,000	\$6,450,000	\$7,132,000	\$7,131,000	\$7,364,000	\$10,264,000	\$4,207,000	\$4,250,000	\$3,414,023
Total	\$125,941,000	124,597,000	\$125,938,000	\$125,090,000	\$125,873,000	\$130,599,000	\$130,661,000	\$138,682,000	\$138,591,000

Notes:

(1) Costs include the design-build agreement with Filanc/Black & Veatch, Carollo, and other consultants.

(2) Breakdown of the current contingency (\$3,414,023) is as follows: WRF = \$614,023; Conveyance Facilities = \$2,500,000; and Recycled Water Facilities = \$300,000

Table 3 Estimates at Completion

Project Component	Original Estimates	Initial Contract Value	Current Contract Value	Expenditures to Date	Estimate at Completion
City and Program Management	\$24,403,000			\$6,418,429	\$13,595,000
City Costs ⁽²⁾				\$2,508,975	\$4,052,000
Program Management ⁽³⁾ (Carollo Engineers)		\$293,000	\$6,360,378	\$3,909,454	\$9,543,000
Design/Build WRF	\$62,414,000			\$24,269,179	\$75,762,000
Design/Build (Filanc/Black & Veatch)		\$67,234,512	\$75,761,822	\$24,269,179	\$75,762,000
Conveyance Facilities	\$21,087,000			\$1,919,121	\$33,646,000
Design (Water Works Engineers)		\$1,360,565	\$2,052,387	\$1,919,121	\$2,152,000
Construction				-	\$31,494,000
Recycled Water Facilities	\$8,593,000			-	\$3,575,000
Design				-	\$450,000
Construction				-	\$3,125,000
Contingency	\$9,444,000				\$3,414,000
Water Reclamation Facility					\$614,000
Conveyance Facilities					\$2,500,000
Recycled Water Facilities					\$300,000
Other Contracts⁽⁴⁾				\$6,020,345	\$8,599,000
Total	\$125,941,000			\$38,627,073	\$138,591,000

Notes:

- (1) Total expenditures and EAC are based on the budget reconciliation completed for Q2 Fiscal Year 2020/2021.
- (2) City costs include staff salaries and benefits, legal services, land acquisition, supplies and equipment, etc.
- (3) Includes total program management costs including public outreach and construction oversight/management.
- (4) Other Contracts includes previous consultants including MKN and Black & Veatch and current consultants including Far Western, ESA, Kestrel, GSI, Bartle Wells Associates, etc.

Section 2

KEY PERFORMANCE MEASURES

2.1 Performance Measures

A set of five (5) Key Performance Indicators (KPIs) were established to readily measure the progress of the Project. These KPIs represent various success factors associated with the WRF project management and delivery that were established by the Program Manager and City staff and are summarized as Table 4. The Project's performance is also illustrated graphically in Figures 1 and Figure 2.

Table 4 WRF Project Performance Measures

Performance Measure	Data	Baseline (Q4FY 19/20)	Current (Q2 FY 20/21)	Delta	Status	Ⓞ	Ⓢ	Ⓡ
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget (budget as of 09/30/20)	\$130.7 M	\$138.6 M	6.1%	Ⓢ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.1: WRF Costs	On Site WRF Projected Cost at Completion versus the Baseline Budget (budget as of 09/30/20)	\$79.3 M	\$77.9 M	-1.7%	Ⓞ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.2: Conveyance Facilities Costs	Conveyance Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$32.3 M	\$40.0 M	23.8%	Ⓡ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.3: Recycled Water Facilities Costs	Off Site Injection Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$5.8 M	\$6.3 M	7.6%	Ⓢ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.4: General Project Costs	General Project Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$13.3 M	\$14.4 M	8.9%	Ⓢ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
2: Program Manager Earned Value	Ratio of Program Manager Earned Value to Actual Invoiced Cost-to-Date (as of 09/30/20)	1.00	1.00	0.00	Ⓞ	>= 1.00	0.99 to 0.90	< 0.90
3: Schedule Performance Index ⁽¹⁾	Ratio of Planned Percent Complete to Actual Percent Complete (as of 06/30/20)	1.00	1.06	0.06	Ⓞ	>=1.00	0.99 to 0.80	<0.80
4: Conveyance Pipeline Installed	Feet of conveyance pipeline installed (thru 06/30/20)	18,500 LF	0.0 LF	0.0%	Ⓞ	<= 5%	> 5% and <=7.5%	> 7.5%
5: Compliance Date Countdown	Days Remaining to Compliance Date (as of 12/31/20)	789 days	715 days	238 days	Ⓢ	<= 365 days	364 days and 180 days	> 179 days

Section 3

PROJECT COSTS

3.1 Project Budget

The overall budget status for the Project is summarized in Table 5. The top half of the table provides a summary of total estimated Project costs, including original and current estimated costs for the entire Project. The bottom half of Table 5 shows the total amount of work currently under contract and provides a summary of total charges.

Table 5 WRF Project Overall Budget Status (thru December 2020)

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget ⁽¹⁾	\$125,941,000
Current Fiscal Year WRF Project Budget (as of 12/31/20) ⁽²⁾	\$130,661,000
Current WRF Project Budget (as of 12/31/20) ⁽³⁾	\$138,591,000
Budget Percent Change (Current versus Fiscal Year)	6.1%
Total Expenditures for December 2020	\$2,195,000
Total Expenditures to Date (thru 12/31/20 invoices)	\$38,627,000
Percent of Current WRF Project Budget Expended	27.9%
Summary of Contracted Work	
Total Contracted Amount	\$121,307,231
Percent of Current WRF Project Budget Contracted	87.5%
Total Contracted Amount Expended	\$34,963,000
Percent of Contracted Amount Expended	28.8%
Remaining WRF Project Contracted Amount	\$86,344,000

Notes:

- (1) Developed in June 2018 as the basis of the approved rate surcharge that took effect in July 2019.
- (2) The budget for the Project is reviewed on an annual basis at the end of each fiscal year (June 30th) and is used as the basis of performance for the Project for the upcoming fiscal year.
- (3) The Project budget is reconciled on a quarterly basis and compared to the current fiscal year budget (i.e., September 30th, December 31st, and March 31st)

3.2 Project Cash Flow

Figure 1 presents the projected and actual expenditures for the Project through December 2020 compared to the Fiscal Year 2020/2021 budget developed at the end of Q4 Fiscal Year 2019/2020. The line graph shows the cumulative values for the Project and the bars show the discrete monthly values. Actual and budgeted expenditures from 2013 to the end of Fiscal Year 2018/2019 have been combined to improve readability. Milestones have been added to the cumulative fiscal year budget and cumulative forecasted expenditures to show changes in the Project schedule that have occurred between development of the fiscal year budget from June 2020 and the current, reconciled budget developed at the end of December 2020. The milestone corresponds to the substantial completion of the WRF, which coincides with the City

being in compliance with the Time Schedule Order (TSO) issued by the Regional Water Quality Control Board (RWQCB) in June 2018.

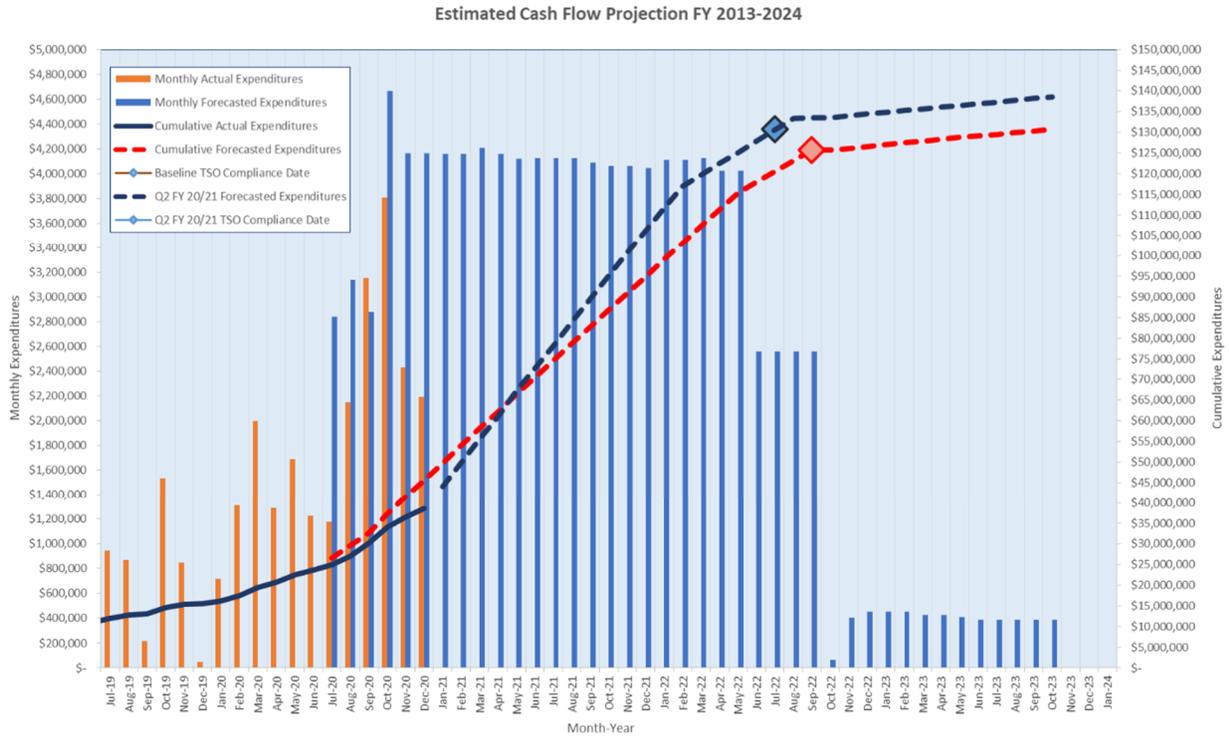


Figure 1 Project Cash Flow Projections and Actual Expenditures

A breakdown of the current Q2 Fiscal Year 2020/2021 budget by fiscal year is included in Table 6.

Table 6 WRF Project Cost Fiscal Year Projections

Project	Actual Expenditures to Date	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Total Project
WRF	\$24,269,179	\$16,042,813	\$31,715,194	\$5,254,325	\$-	\$77,282,000
Conveyance Facilities	\$1,919,121	\$15,139,745	\$20,423,467	\$-	\$-	\$37,482,000
Recycled Water Facilities	\$479,223	\$1,052,168	\$420,101	\$2,721,667	\$1,295,000	\$5,968,000
General Project	\$11,959,551	\$672,268	\$757,519	\$744,894	\$310,372	\$14,445,000
Contingency	\$-	\$1,255,636	\$1,796,985	\$261,402	\$100,000	\$3,414,000
Total	\$38,627,074	\$34,162,629	\$55,113,266	\$8,982,287	\$1,705,372	\$138,591,000

Notes:

(1) Cost includes the total anticipated cost for each element of the Project.

3.3 Project Cost Summary

Table 7 summarizes the cost-to-date and contracted amounts for each of the elements of the Project. This table also provides the current cost estimate for each project. Detailed information on the individual elements of the Project is provided in Section 7 of this Report.

Table 7 WRF Project Cost Summary (through December 2020)

Project	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)	Total Project Cost (Est.) ⁽¹⁾	Cost Expended to Date (%)
General PM	\$8,115,000	\$10,849,000	74.8%	\$14,445,000	56.2%
WRF	\$24,269,000	\$75,762,000	32.0%	\$77,896,000	31.2%
Conveyance Facilities	\$1,919,000	\$33,546,000	5.7%	\$39,982,000	4.8%
RW Facilities	\$661,000	\$1,151,000	57.4%	\$6,268,000	10.5%
Total	34,964,000	\$121,308,000	28.8%	\$138,591,000	25.2%

Notes:

(1) Cost includes the total anticipated cost for each element of the Project.

(2) Actual total expenditures are equal to \$38,627,000 (Table 6), but includes \$3,663,000 of uncontracted costs including City costs (i.e., labor, expenses, etc.)

3.4 Detailed Project Costs

The following tables show the detailed costs to date for active contracts for each element of the Project.

Table 8 General Project Activities Cost Summary (through December 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
ESA	\$412,080	\$412,320	99.9%
Far Western	\$275,944	\$282,014	97.8%
Bartle Wells Associates	\$65,580	\$100,800	65.1%
JoAnn Head Land Surveying	\$97,693	\$102,644	95.2%
JSP Automation	\$43,450	\$63,500	68.4%
Carollo Engineers, Inc. ⁽¹⁾	\$3,909,454	\$6,360,378	61.5%
Total	\$4,804,201	\$7,321,656⁽²⁾	65.6%

Notes:

(1) Total estimate at completion for Program Management/Construction Management is projected at \$9.5 million (see Table 3).

(2) Table only includes contracts that are currently active. The total contracted amount for General Project is \$10,848,591 and includes consultants including MKN, etc.

Table 9 WRF Cost Summary (through December 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
Overland Contracting	\$24,269,179	\$75,761,822	32.0%
Total	\$24,269,179	\$75,761,822	32.0%

Notes:

(1) Cost includes final value for Amendment No. 1, Amendment No. 2, Amendment No. 3, and Amendment No. 4 of \$1,636,060, \$63,937, and \$5,992,217, respectively and the original contract value of \$67,234,512.

Table 10 Conveyance Facilities Cost Summary (through September 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
Water Works Engineers (WWE)	\$1,919,121	\$2,052,387	93.5%
Total	\$1,919,121	\$2,052,387	93.5%

Table 11 Recycled Water Facilities Cost Summary (through September 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
GSI	\$548,975	\$1,038,947	52.8%
Total	\$548,975	\$1,038,947	52.8%

Notes:

(1) Table only includes contracts that are currently active. The total contracted amount for Recycled Water is \$621,000 and includes consultants including V&A and Middle Earth.

3.5 Change Orders

In May 2019, City staff and the Program Manager presented seventeen (17) PCOs with a total value of \$1.9 million for the WRF to the Water Reclamation Facility Citizens Advisory Committee (WRFCAC) and the City Council. The City Council approved these PCOs and authorized City staff to update the design-build team's contract and associated guaranteed maximum price (GMP). Since that time, the City and Program Manager have worked with the design-build team to value engineer Change Order No. 10 and reduce the cost by more than \$200,000. The City therefore amended the value for Amendment No. 1 to \$1,636,060 that was executed by the City in January 2020.

During Q3 FY 2019/2020 the City Manager authorized PCO No. 65, which was required to bring the design-build agreement in compliance with the appropriate prevailing wage rates (i.e., Davis-Bacon) required by the WIFIA and CSWRF programs.

In May 2020, City staff and the Program Manager presented an additional twenty six (26) PCOs to the PWAB and the City Council with a total cost of \$5,992,217. These PCOs were also approved by City Council.

In November 2020, City staff and the Program Manager presented an eleven (11) PCOs with a total value of \$835,097 for the WRF to the City Council. These PCOs were also approved by City Council.

The fifty five (55) approved change orders are summarized in Tables 12, 13, 14, and 15.

Table 12 Summary of Approved Change Orders (Amendment No. 1)

Contract	Change Order No.	Description	Value
WRF	01	New Sodium Hypochlorite Feed for Plant Water	\$78,576
WRF	02	Change Architecture of Operations Building	\$(21,623)
WRF	03	Headworks Odor Control	\$18,422
WRF	04	Remove Canopy and Monorail at membrane bioreactor (MBR)	\$(185,434)
WRF	05	Consolidate Chemical Facilities	\$218,978
WRF	06	Modify Chemical Piping	\$(15,856)
WRF	07	Remove Solids Dumpster Lid	\$14,543
WRF	08	Add SAFE Equalization Tank	\$504,116
WRF	09	Instrumentation and Control Changes	\$75,266
WRF	10	Revise Maintenance Building Layout and Size	\$516,583
WRF	11	Influent Piping and Metering	\$411,766
WRF	12	Install Outdoor-Rated Positive Displacement Blowers at BNR Facility	\$(58,210)
WRF	13	Remove Bypass of Coarse Screens	\$(37,137)
WRF	14	SAFE Diversion Box Additions	\$58,304
WRF	15	Size Dewatering as a Building in the Future	\$30,983
WRF	16	Stairs for the Coarse Screens and Grit Basins (total of 4)	\$52,870
WRF	17	Indirect Potable Reuse (IPR) Product Water Tank Bypass	\$(26,087)
Total			\$1,636,060

Table 13 Summary of Approved Change Orders (Amendment No. 2)

Contract	Change Order No.	Description	Value
WRF	65	Davis-Bacon Wage Increases	\$63,937
Total			\$63,937

Table 14 Summary of Approved Change Orders (Amendment No. 3)

Contract	Change Order No.	Description	Value
WRF	16	Modify Outfall Pump Station	\$367,632
WRF	19	Reduce Size of the Product Water Tank	\$(129,681)
WRF	32	Sulfuric Acid System	\$315,652
WRF	37	PLC/SCADA Software Uniformity (MBR, RO, and Headworks Only)	\$201,577
WRF	39	notice to proceed (NTP) Delay	\$1,220,532
WRF	40	Headworks Valve Automation	\$249,946
WRF	41	Perimeter Barbed Wire Fence	\$79,935
WRF	42	UV/AOP System Modifications	\$(33,481)
WRF	44	Tank Access Improvements	\$210,327
WRF	45	Maintenance Ceiling Revisions and Automated Roll-Up Door	\$21,009
WRF	46	Curbed Washdown Areas	\$76,250
WRF	47	Changes to Furnishings and Residential Equipment	\$85,194
WRF	50	Revisions to Water/Sewer Supply Storage Sheds	\$13,142
WRF	52	Analyzer Relocation and Enclosures	\$76,555
WRF	55	Notice of Dispute - PG&E Temporary Power	\$13,163
WRF	56	Impacts of Water Quality Changes	\$282,420
WRF	57	Soil Lateral Earth Pressure	\$116,329
WRF	58	Permanent Exclusion Fencing	\$855,991
WRF	59	Increased Escalation Costs	\$1,232,677
WRF	61	PCO Design Impacts	\$158,172
WRF	62	Conduit Alternative Design	\$(268,400)
WRF	64	Reduce Performance Period	\$(35,450)
WRF	66	Caltrans Intersection Improvements	\$(21,893)
WRF	67	BNR System Modifications	\$742,405
WRF	68	SAFE Equalization Settle Tank Drain Piping	\$62,215
WRF	69	Third Party Inspection and Testing	\$100,000
Total			\$5,992,217

Table 15 Summary of Approved Change Orders (Amendment No. 4)

Contract	Change Order No.	Description	Value
WRF	30	Match Sludge Blowers to MBR Scour Blowers	\$17,426
WRF	71	CDFW Site Access Restrictions	\$254,443
WRF	72	Owner Trailer Utility Hook Ups	\$19,593
WRF	73	Man Gates in Perimeter Fence	\$27,031
WRF	74	Parking Canopy Electrical Receptacles	\$42,346
WRF	75	Security Window at Admin Building	\$11,079
WRF	76	Additional Sodium Bisulfite Pump	\$58,243
WRF	78	Changed Condition - Soil Slip	\$280,013
WRF	79	Modify Water and Collection System Supply Shed	\$10,847
WRF	82	SCADA Uniformity	\$108,887
WRF	86	Water Shut Off Valve in Theresa Road	\$5,189
Total			\$835,097

3.6 Reimbursement from Funding Agencies

In 2017, the City was awarded a \$10.3 million planning loan from the Clean Water State Revolving Fund (CWSRF) program. To date, the City has made three reimbursement requests for the planning loan, which is anticipated to fully exhaust the entire loan amount. In February 2020, the City executed a \$61.7 loan with the Environmental Protection Agency's (EPA's) Water Infrastructure and Innovation Act (WIFIA) program. To date, a total of nine (9) reimbursement requests have been made. A summary of these requests is presented in Table 16.

Table 16 Summary of Reimbursement Requests

Agency	Description	Type	Number	Date	Requested Amount	Approved Amount
State Water Board	CWSRF Planning Loan	Loan	01	December 2018	\$289,595	\$217,441
State Water Board	CWSRF Planning Loan	Loan	02	November 2019	\$6,431,295	\$5,312,748
State Water Board	CWSRF Planning Loan	Loan	03	October 2020 ⁽¹⁾	\$4,783,797	\$-
EPA	WIFIA	Loan	01	May 2020	\$1,100,944	\$1,100,944
EPA	WIFIA	Loan	02	June 2020	\$61,014	\$61,014
EPA	WIFIA	Loan	03	June 2020	\$3,489,409	\$3,489,409
EPA	WIFIA	Loan	04	July 2020	\$2,461,121	\$2,461,121
EPA	WIFIA	Loan	05	August 2020	\$161,636	\$161,636
EPA	WIFIA	Loan	06	October 2020	\$1,635,157	\$1,635,157
EPA	WIFIA	Loan	07	November 2020	\$3,008,623	\$3,008,623
EPA	WIFIA	Loan	08	December 2020	\$3,671,550	\$3,671,550
EPA	WIFIA	Loan	09	January 2020	\$5,554,511	\$5,554,511
Total					\$32,648,654	\$26,674,156

Notes:

(1) Reimbursement No. 3 for the SRF Planning Loan was originally submitted in December 2019 and was resubmitted in October 2020.

Section 4

PROJECT SCHEDULE

A summary of the Project schedule is presented in Figure 2. The light blue bars for each major task represent the planned progress based on the baseline schedule. The dark blue bars represent the current actual progress through December 2020. For each major line item, the schedule performance index (SPI) has been provided as well as an overall SPI for the entire Project. The SPI is a ratio of the planned percent complete versus the current actual percent complete. A SPI of greater than 1.00 indicates that the Project is on or ahead of schedule and a SPI of less than 1.00 indicates the Project is running behind the planned schedule.

4.1 Project Milestones

In June 2018, the City received a TSO from the RWQCB. The TSO requires the City to comply with a time schedule that will, within five years of adoption, allow the City to achieve full compliance with biochemical oxygen demand (BOD) and total suspended solids (TSS) final effluent limitations established in Order No. R3-2017-0050. In addition to the final compliance date, a number of intermediate milestones are provided in Table 3 (Compliance Schedule) of the TSO. Presented in Table 17 are the milestones in the TSO.

Table 17 Time Schedule Order Milestone Summary

Required Actions	Compliance Due Date	Planned Compliance Date	Actual Compliance Date
Release of Public Draft EIR	March 30, 2018	-	March 30, 2018
Release of Updated Rate Study	June 30, 2018	-	July 05, 2018
Proposition 218 Hearing	August 30, 2018	-	September 11, 2018
Certification of Final EIR	June 30, 2018	-	August 14, 2018
Award of Contract for WRF	September 30, 2018	-	October 23, 2018
Develop, Implement, and Submit Pollution Prevention Plan (PPP) for BOD and TSS	December 01, 2018	TBD ⁽¹⁾	-
Award of Contract for Construction of Conveyance Facilities	November 30, 2019	-	November 10, 2020
Completion of WRF Improvements with Completion Report	December 30, 2022	July 05, 2022	-
Full compliance with final effluent limitations	February 29, 2023	July 05, 2022	-

Notes:

(1) The City and Program Manager have noted this requirement in the previous quarterly progress reports sent to the RWQCB (as required by the TSO). The City has requested that the Enhanced Source Control Program (EHSP) required as part of the Title 22 Engineer's Report be considered acceptable for this requirement in lieu of the PPP identified in the TSO.

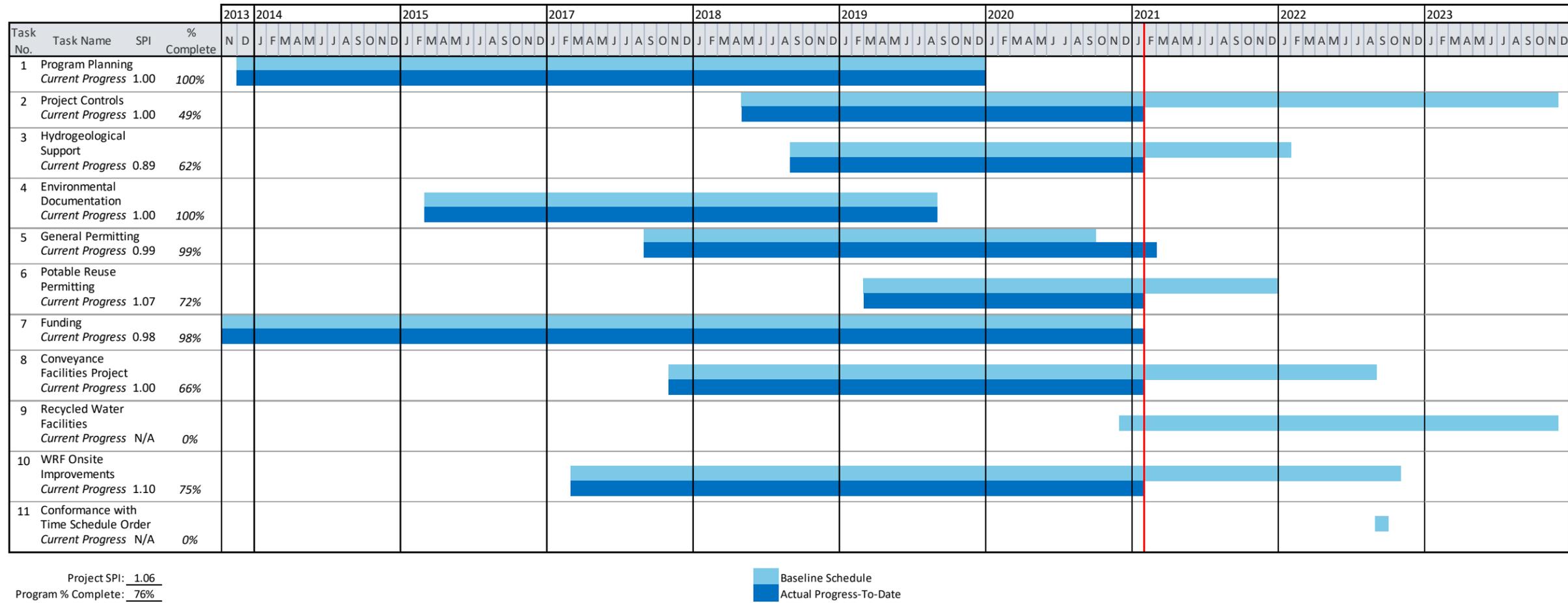


Figure 2 Project Summary Schedule

An expanded milestone schedule has also been developed for outstanding Project activities.

Table 18 Expanded Milestone Schedule

Milestone	Baseline Schedule due Date	Planned Completion Date
<u>General Project</u>		
Compliance with the TSO ⁽¹⁾	November 11, 2021	July 05, 2022
<u>Water Reclamation Facility</u>		
Begin Construction	August 08, 2019	March 20, 2020 (Actual)
Deliver 90 Percent Design	October 24, 2019	March 31, 2020 (Actual)
Substantial Completion	November 11, 2021	July 05, 2022
Final Completion	June 09, 2022	August 30, 2022
<u>Conveyance Facilities</u>		
Deliver 90 Percent Design	October 15, 2019	February 10, 2020 (Actual)
Deliver 100 Percent Design	December 17, 2019	June 15, 2020 (Actual)
Bid Advertisement	February 21, 2020	June 16, 2020 (Actual)
Award Construction Contract	May 08, 2020	November 10, 2020 (Actual)
Substantial Completion	September 17, 2021	January 08, 2022
Final Completion	November 19, 2021	February 22, 2022
<u>Recycled Water Facilities</u>		
Select Preferred Injection Area	May 28, 2019	June 17, 2020 (Actual)
Deliver 30 Percent Design	August 04, 2020	December 22, 2021
Deliver 60 Percent Design	November 10, 2020	March 30, 2022
Deliver 90 Percent Design	February 16, 2021	June 15, 2022
Deliver 100 Percent Design	April 27, 2021	September 14, 2022
Award Construction Contract	July 21, 2021	December 07, 2022
Substantial Completion	April 21, 2022	November 11, 2023
Final Completion	June 21, 2022	December 06, 2023

Notes:

(1) The TSO requires compliance with full secondary treatment by February 28, 2023.

Section 5

DESIGN AND PROCUREMENT

5.1 Design Status

No new design contracts for the Project were executed in Q2 Fiscal Year 2020/2021. A summary of the existing design contracts is included in Table 19 below.

Table 19 Procurement Status (through December 2020)

Project Name	Current Contract Amount	Amount Expended	30%	60%	90%	100%	Final
WRF	\$75,761,822	\$24,269,179	✓	✓	✓	✓	NA
Conveyance Facilities	\$2,052,387	\$1,919,121	✓	✓	✓	✓	✓
Recycled Water Facilities	\$0	\$0					

5.2 Procurement

No design or design-build contract procurements were performed in Q2 FY 2020/2021. Table 20 presents a summary of the procurement activity for the Project.

Table 20 Procurement Status (through December 2020)

Project Name	Circulate Request for Proposals	Proposal Opening Date	Council Award Date	Notice to Proceed Date	Consultant
WRF	January 24, 2018	May 8, 2018	October 23, 2018	November 01, 2018	Overland Contracting (Filanc-Black & Veatch)
Conveyance Facilities	January 31, 2017	March 8, 2017	November 14, 2017	November 15, 2017	Water Works Engineers
Recycled Water Facilities	Design Engineer to be Selected in 2021				

Section 6

CONSTRUCTION STATUS

6.1 Construction Summary

During Q2 Fiscal Year 2020/2021, construction continued for the WRF. Table 21 presents a summary of project construction progress and costs through December 2020.

Table 21 Project Construction Costs

Project Name	Amount Expended	Initial Contract Amount	Current Contract Amount	% Change in Contract Amount
WRF	\$24,269,179	\$67,234,512	\$75,761,822	12.7
Conveyance Facilities	\$-	\$31,493,675	\$31,493,675	0.0
Recycled Water Facilities	\$-	\$-	\$-	0.0
Construction Total	\$24,269,179	\$98,728,187	\$107,255,497	8.6

6.2 Upcoming Traffic Control

6.2.1 Planned Impacted Areas

Construction activities for the Conveyance Facilities component of the Project will begin in 2021 in several work zones. Starting in late February 2021, the following areas will be impacted for duration of Q3 Fiscal Year 2020/2021:

- Quintana Boulevard from La Loma Avenue to South Bay Boulevard
- South Bay Boulevard from Quintana Avenue to the entrance of the WRF
- Quintana from Main Street to Morro Bay Boulevard

6.2.2 Hours of Planned Lane/Road Closures

Based on Anvil’s baseline schedule, construction is slated to begin on the section of Quintana Boulevard between La Loma Avenue and South Bay Boulevard in February 2021. This segment of Quintana Boulevard will be completely closed to through traffic 24 hours per day with no pedestrian access between early February 2021 and the middle of April 2021. Hard road closures will be established at La Loma Avenue and north of the entrance to Benedict-Retty Mortuary and Crematorium. A soft road closure will be established at South Bay Boulevard and allow local traffic only to the church, mortuary, Black Hills Villas, and Blue Heron Terrace Mobile Home Park. These residences and businesses will only be accessible from South Bay Boulevard during the closure.

The community is encouraged to obtain additional information on current road closures/conditions from the WRF website (www.morrobaywrf.com) or by calling the Project hotline at 877-MORROBAYH2O.

6.3 Construction Safety

The Project safety goal is zero reportable incidents. There has been a total of zero reported incidents through December 31, 2020.

Section 7

OTHER PROGRAM ACTIVITIES

7.1 Public Outreach

As the City prepares for construction of the Conveyance Facilities component of the Project, the Program Manager has been engaged in a number of public outreach activities including the following:

- Updated the WRF website with key pipeline construction information
- Developed a press release that will be added to the City website under “Hot Topics”
- Developed an e-blast that will be sent to those members of the community who have signed up for information on the WRF website
- Placed door hangers (English and Spanish) on immediately impacted residents and businesses in the area of La Loma Avenue and Quintana Avenue
- Prepared a public service announcement (PSA) that was shared with local media
- Mailed letters to around 1,000 residences/businesses, that are near the overall construction path of the pipeline, alerting them to work beginning and how to get more information
- Worked with the Morro Bay Chamber of Commerce to connect the Project team to the local business community

Additional near-term public outreach activities include:

- Planning a business forum for the middle of February 2021 that will be hosted by the Program Manager and will serve as a kick-off event
- Planning monthly “office hours” for businesses directly impacted by the pipeline construction
- Creating programs to help support businesses (i.e., signage, etc.)

7.2 Permitting Activities

Permit compliance is an important aspect of the Project. The current permitting activities include:

- Regional Water Quality Control Board
 - In order to obtain a National Pollution Discharge Elimination System (NPDES), the City must submit a ROWD to the RWQCB. The Program Manager began development of the Draft ROWD in January 2021 and is scheduled to deliver the Final Draft in May 2021.
- Division of Drinking Water:
 - The Title 22 Engineering Report is required by DDW before the City can receive a potable reuse permit. The Program Manager delivered an initial Draft of the Title 22 Engineering Report to the City for review in June 2020. The revised draft, including comments from City staff, was submitted to DDW in July 2020. During Q3 Fiscal

Year 2020/2021, the City and Program Manager have received comments from DDW and has had several meetings to review their comments.

- The City is working with DDW to obtain a variance from their typical pipeline separation requirements due to the width of the trench for the Conveyance Facilities pipelines and the limited right of way (ROW) for much of the alignment. The City has been coordinating with DDW on this issue since early 2019 and submitted a formal application to DDW in August 2020. Since that time, the City has had a meeting to review the information provided, and has provided supplemental information to aid DDW's review. The City anticipates final concurrence with DDW in February 2021.
- Caltrans:
 - The City obtained the encroachment permit from Caltrans for construction of the Conveyance Facilities pipelines in August 2020.
- California Department of Fish and Wildlife:
 - The City must have a SAA from the CDFW before work can begin along certain segments on the bike path for the Conveyance Facilities component of the Project. The City submitted the revised notification in January 2020 and plans to obtain the SAA in March 2021.
- State Historic Preservation Office:
 - The Programmatic Agreement (PA) negotiated with the SHPO requires that a mitigation and monitoring plan be developed for each element of the project (i.e., WRF, pipelines, and injection wells). The City submitted the mitigation and monitoring plan to EPA for distribution to SHPO in October 2020. The City plans to obtain an approval from SHPO for ground disturbing activities in February 2021.

7.3 Funding Status

- Continued to support CWSRF's technical, legal, and financial reviews. The City anticipates signing a loan agreement with CWSRF in spring 2021.

7.4 City Operations Activity

The current City Operations activities include:

- Significant City Operations activities are not anticipated until start-up of the WRF begins in early 2022.

Section 8

PROJECT DETAILS

8.1 Water Reclamation Facility

8.1.1 Design/Build

In October 2018, the City executed a contract with Overland Contracting consisting of a joint venture of Filanc and Black & Veatch (i.e., design-build team) for design and construction of the WRF located at the South Bay Boulevard site. The WRF will be delivered using the design-build process.

8.1.2 Project Scope

The scope of this element of the Project includes a preliminary, secondary, and advanced treatment facilities. The secondary treatment processes will consist of a MBR and have the ability to exceed the anticipated discharge requirements for the City's new NPDES permit. The advanced treatment facilities include RO and UV-AOP. Purified water from the advanced treatment facilities will be injected into the Lower Morro Groundwater Basin.

8.1.3 Current Progress

The design-build team has continued to progress the construction of the WRF and is on track to reach substantial completion in July 2022.

8.1.4 Project Challenges

The City has been working with the design-build team over the last several months on the next amendment to their agreement (i.e., Amendment No. 5) that will result in a credit to the City and reduction to the GMP.

Table 22 WRF Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ^{(1),(2)}	\$67.2M	\$75.8M	●
Construction Contingency ^{(3),(4)}	\$9.2M	\$0.6M	●

Notes:

- (1) Project budget and current contract amount (≤5% over target = Green, between 5% and 10% over target = Yellow, >10% over target = Red).
- (2) The GMP includes costs for both design and construction of the WRF.
- (3) Project budget and current amount (≤50% of target = Green, between 0% and 50% of target = Yellow, ≤0% of target = Red).
- (4) The Program Manager initially allocated \$6.2 million for contingency for the WRF component of the project. During Q3 Fiscal Year 2019/2020, and additional \$2.9 million in contingency was added to the budget to cover Amendment No. 3. With execution of Amendment No. 1, 2, 3, and 4 \$8.5 million has been moved from contingency to the GMP leaving \$0.6 million in contingency.

Table 23 WRF Construction Summary

Schedule		
Request for Bid / Bid Advertisement	January 24, 2018	
Bid Opening Date	May 08, 2018	
Contract Award / Council Award Date	October 23, 2018	
Notice to Proceed (Design)	November 05, 2018	
Notice to Proceed (Construction)	March 20, 2020	
Original Final Completion Date	August 23, 2021	
Original Duration (Non-Working Days)	886	
Days Changed by Change Order	8	
Actual Final Completion Date (including Non-Working Days)	August 31, 2022	
Schedule Percent Complete	32.0% (286 days / 894 days)	
Budget		
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$73,475,845	
Award Amount (including Design Cost)	\$67,234,512	
Change Order Total	\$8,527,310	
Current Contract Value	\$75,761,822	
Percent Change	12.7%	
Work Completed		
Actual Cost -to-Date	\$24,269,179	
Percent Complete (Percent Expended)	32.0%	
Construction Oversight Statistics		
	PCOs	COs
Total Received	96	N/A
Total Approved	N/A	55 ⁽¹⁾
Total Pending	9	2 ⁽²⁾
Average Turnaround (calendar days)	N/A	N/A

Acronym List:

PCO – Proposed Change Order; CO – Change Order

Notes:

- (1) 55 PCOs have been approved and are reflected in Amendment No. 1, 2, 3, and 4 to the design-build agreement.

(2) 2 PCOs will be brought to City Council on November 17, 2020 for review and approval as Amendment No. 4.

8.2 Conveyance Facilities

8.2.1 Designer

In November 2017, the City executed a contract with WWE for design and engineering support for the facilities necessary to connect the existing WWTP and the new WRF.

8.2.2 Contractor

The City awarded a contract to Anvil for construction of the Conveyance Facilities component of the Project on November 10, 2020. A construction NTP was issued on December 14, 2020 and Anvil will begin construction in the middle of February 2021.

8.2.3 Project Scope

The Conveyance Facilities include the design of approximately 3.5 miles of pipelines and two (2) lift stations. The pipelines include two raw wastewater force mains, a wet weather/brine discharge force main, and a potable reuse pipeline to the west injection area.

8.2.4 Current Progress

Anvil has begun pre-construction activities and will begin construction in the middle of February 2021.

8.2.5 Upcoming Activities

The City will begin construction in the middle of February 2021. Anvil intends to start the following activities in February 2021:

- Installation of pipelines in Quintana Avenue between La Loma Avenue and South Bay Boulevard
- Demolition of the existing maintenance building at the City's existing corporation yard to facilitate construction of Pump Station A
- Construction of Pump Station A
- Construction of Pump Station B

8.2.6 Project Challenges

The City and Program Manager are focused on keeping the community informed of construction activities and will continue to use print media and the WRF website to present the most up to date information. As construction begins on the first segment along Quintana Boulevard, the City, Program Manager, and Anvil will undoubtedly learn how to improve the process for future segments of pipeline construction. The Project team is committed to implementing these lessons learned with the goal of minimizing impacts to the City's residents, businesses, and visitors.

Table 24 Conveyance Facilities Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ⁽¹⁾	\$24.2M	\$31.5M ⁽³⁾	
Construction Contingency ⁽²⁾	\$2.5M	\$0.0M	
Number of Feet of Pipelines Constructed ⁽²⁾	18,500 LF	0 LF	
Number of Days of Full Road Closures ⁽¹⁾	0 Days	0 Days	
Number of Hours of Night Work	0 Hours	0 Hours	

Notes:

- (1) Project budget and current contract amount ($\leq 5\%$ over target = Green, between 5% and 10% over target = Yellow, $> 10\%$ over target = Red).
- (2) Project budget and current amount ($\leq 50\%$ of target = Green, between 0% and 50% of target = Yellow, $\leq 0\%$ of target = Red).
- (3) The City will be bringing a recommendation to award the construction of the pipelines and pump stations to City Council on November 10, 2020.

Table 25 Conveyance Facilities Summary

Schedule	
Request for Bid / Bid Advertisement	June 15, 2020
Bid Opening Date	August 14, 2020
Contract Award / Council Award Date	November 10, 2020
Notice to Proceed for Construction	December 14, 2020
Original Final Completion Date	NA
Original Duration (Non-Working Days)	435
Days Changed by Change Order	0
Actual Final Completion Date (including Non-Working Days)	NA
Schedule Percent Complete	0%
Budget	
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$26,657,000
Award Amount	\$31,493,675
Change Order Total	\$0
Current Contract Value	\$31,493,675
Percent Change	0%
Work Completed	
Actual Cost -to-Date	\$0
Percent Complete (Percent Expended)	0%
Length of Pipe Installed (actual to date / planned total)	0 LF / 18,500 LF

Construction Management Statistics				
	RFIs	Submittals	PCOs	COs
Total Received	5	40	0	0
Total Responded To	2	29	0	0
Total Pending	3	11	0	0
Average Turnaround (calendar days)	NA	NA	N/A	N/A

Notes:

Acronym List:

RFI – Request for Information; PCO – Proposed Change Order; CO – Change Order

8.3 Recycled Water Facilities

8.3.1 Designer

Procurement activities for the final design of the Recycled Water Facilities have not yet been started. The Program Manager also anticipates beginning preliminary design in early 2021 along with the pilot injection testing. Phase 1 and Phase 2 of the hydrogeological work has been completed by GSI and work on Phase 3 (i.e., pilot injection testing) will be completed in May 2021.

8.3.2 Contractor

This element of the Project is being delivered via a conventional design-bid-build procurement process. The Recycled Water Facilities will begin construction in late 2022.

8.3.3 Project Scope

Since the potable reuse pipeline from the WRF to the selected injection site was moved into WWE's scope for design of the Conveyance Facilities, this element of the Project consists primarily of full-scale injection wells at the west injection site.

8.3.4 Current Progress

GSI has completed Phase 1 and 2 of the hydrogeological work, which has culminated in the selection of the west injection area and final siting of the injection wells.

8.3.5 Upcoming Activities

The next phase of hydrogeological work is pilot injection testing, which consists of the following elements:

- Design of the pilot injection well (January 2021)
- Permitting for installation of the pilot injection well (March 2021)
- Construction of the pilot injection well (March 2021)
- Conducting pilot testing (April to May 2021)

8.3.6 Project Challenges

Hydrogeological work is proceeding, and since the City has received pre-judgement possession of the land where the injection wells will be located, this element of the Project is not currently experiencing major challenges.

Table 26 Recycled Water Facilities Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ⁽¹⁾	\$0.0M	\$0.0M	
Construction Contingency ⁽²⁾	\$0.3M	\$0.0M	

Notes:

- (1) Project budget and current contract amount (≤5% over target = Green, between 5% and 10% over target = Yellow, >10% over target = Red).
- (2) Project budget and current amount (≤50% of target = Green, between 0% and 50% of target = Yellow, ≤0% of target = Red).

Table 27 Recycled Water Facilities Summary

Schedule				
Selection of the Injection Site	NA			
Request for Bid / Bid Advertisement	NA			
Bid Opening Date	NA			
Contract Award / Council Award Date	NA			
Notice to Proceed for Construction	NA			
Original Final Completion Date	NA			
Original Duration (Non-Working Days)	NA			
Days Changed by Change Order	0			
Actual Final Completion Date (including Non-Working Days)	NA			
Schedule Percent Complete	0%			
Budget				
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$3,300,000			
Award Amount	\$0			
Change Order Total	\$0			
Current Contract Value	\$0			
Percent Change	0%			
Work Completed				
Actual Cost -to-Date	\$0			
Percent Complete (Percent Expended)	0%			
Work Completed				
	RFIs	Submittals	PCOs	COs
Total Received	0	0	0	0
Total Responded To	0	0	0	0
Total Pending	0	0	0	0
Average Turnaround (calendar days)	NA	NA	N/A	N/A

Acronym List:

RFI – Request for Information; PCO – Proposed Change Order; CO – Change Order

Morro Bay WRF Project
Program Schedule

ID	WBS	Task Name	Duration	Scheduled Start	Scheduled Finish	Actual Start	Actual Finish	% Complete	Q1 20/21 Baseline Start	Q1 20/21 Baseline Finish	2014												2015												2016														
											O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
0	0	Morro Bay WRF Project	2624 days	Mon 11/18/13	Wed 12/6/23	Mon 11/18/13	NA	76%	Mon 11/18/13	Wed 11/15/23																																							
1	1	Program Planning	1575 days	Tue 12/10/13	Fri 12/20/19	Tue 12/10/13	Fri 12/20/19	100%	Tue 12/10/13	Fri 12/20/19																																							
111	2	Project Controls	1448 days	Tue 5/1/18	Wed 11/15/23	Tue 5/1/18	NA	49%	Tue 5/1/18	Wed 11/15/23																																							
112	3	Hydrogeological Support	860 days	Tue 9/25/18	Mon 1/10/22	Tue 9/25/18	NA	62%	Tue 9/25/18	Mon 1/10/22																																							
113	3.1	GSI Phase 1 - Groundwater Modeling	100 days	Tue 10/23/18	Mon 3/11/19	Tue 10/23/18	Mon 3/11/19	100%	Tue 10/23/18	Mon 3/11/19																																							
114	3.1.1	Kick-Off Meeting	0 days	Wed 12/5/18	Wed 12/5/18	Wed 12/5/18	Wed 12/5/18	100%	Wed 12/5/18	Wed 12/5/18																																							
115	3.1.2	GSI Task 1 - Groundwater Modeling	5 mons	Tue 10/23/18	Mon 3/11/19	Tue 10/23/18	Mon 3/11/19	100%	Tue 10/23/18	Mon 3/11/19																																							
116	3.2	GSI Phase 2 - Characterize and Select Preferred Project Area	860 days	Tue 9/25/18	Mon 1/10/22	Tue 9/25/18	NA	76%	Wed 12/5/18	Wed 6/17/20																																							
117	3.2.1	GSI Task 1A - Prepare Test Well Design and Permitting	4 mons	Wed 12/5/18	Tue 3/26/19	Wed 12/5/18	Tue 3/26/19	100%	Wed 12/5/18	Tue 3/26/19																																							
118	3.2.2	GSI Task 1B - Characterize Narrows Area	13.8 wks	Wed 3/27/19	Mon 7/1/19	Wed 3/27/19	Mon 7/1/19	100%	Wed 3/27/19	Mon 7/1/19																																							
119	3.2.3	GSI Task 1C - Characterize West Area	32 wks	Mon 7/1/19	Fri 2/7/20	Mon 7/1/19	Fri 2/7/20	100%	Mon 7/1/19	Fri 2/7/20																																							
120	3.2.4	GSI Task 1D - Evaluate Results and Select Preferred Area for Injection Test	10.2 wks	Mon 2/10/20	Mon 4/20/20	Mon 2/10/20	Mon 4/20/20	100%	Mon 2/10/20	Mon 4/20/20																																							
121	3.2.5	GSI Task 1E.a - Summary Technical Memorandum	3.6 wks	Mon 2/24/20	Wed 3/18/20	Mon 2/24/20	Wed 3/18/20	100%	Mon 2/24/20	Wed 3/18/20																																							
122	3.2.6	City Review	25 days	Mon 4/20/20	Fri 5/22/20	Mon 4/20/20	Fri 5/22/20	100%	Mon 4/20/20	Fri 5/22/20																																							
123	3.2.7	GSI Task 1E.b - Finalize Summary Technical Memorandum	18 days	Mon 5/25/20	Wed 6/17/20	Mon 5/25/20	Wed 6/17/20	100%	Mon 5/25/20	Wed 6/17/20																																							
124	3.2.8	Injection Site Selected	0 days	Wed 6/17/20	Wed 6/17/20	Wed 6/17/20	Wed 6/17/20	100%	Wed 6/17/20	Wed 6/17/20																																							
125	3.2.9	GSI Task 2 - Seawater Intrusion Monitoring	860 days	Tue 9/25/18	Mon 1/10/22	Tue 9/25/18	NA	70%	Tue 9/25/18	Mon 1/10/22																																							
126	3.2.10	GSI Task 3 - Groundwater Level Monitoring	860 days	Tue 9/25/18	Mon 1/10/22	Tue 9/25/18	NA	70%	Tue 9/25/18	Mon 1/10/22																																							
127	3.3	GSI Phase 3 - Basis of Design and Permitting for Full-Scale Injection Well System	231 days	Mon 11/9/20	Tue 9/28/21	Mon 11/9/20	NA	28%	Tue 9/25/18	Mon 1/10/22																																							
128	3.3.1	GSI Task 1A - Design and Permitting of Initial Injection Well(s)	102 days	Tue 11/10/20	Wed 3/31/21	Tue 11/10/20	NA	57%	Mon 9/7/20	Fri 11/6/20																																							
129	3.3.1.1	Task 1A Design	60 days	Tue 11/10/20	Mon 2/1/21	Tue 11/10/20	NA	77%	NA	NA																																							
130	3.3.1.2	Task 1A Permitting for Test	80 days	Tue 11/10/20	Mon 3/1/21	Tue 11/10/20	NA	58%	NA	NA																																							
131	3.3.1.3	Task 1A Installation	22 days	Tue 3/2/21	Wed 3/31/21	NA	NA	0%	NA	NA																																							
132	3.3.2	GSI Task 1B - Conduct Pilot Injection Testing (including Monitoring Wells)	30 days	Thu 4/1/21	Wed 5/12/21	NA	NA	0%	Mon 10/19/20	Fri 12/18/20																																							
133	3.3.3	Pilot Injection Testing Complete	0 days	Wed 5/12/21	Wed 5/12/21	NA	NA	0%	Fri 2/12/21	Fri 2/12/21																																							
134	3.3.4	GSI Task 1C - Modeling Scenarios	188 days	Tue 11/10/20	Thu 7/29/21	Tue 11/10/20	NA	24%	Mon 11/9/20	Fri 2/12/21																																							
135	3.3.5	GSI Task 1D - Basis of Design of Full-Scale Injection Well System	45 days	Thu 5/13/21	Wed 7/14/21	NA	NA	0%	NA	NA																																							
136	3.3.6	GSI Task 2 - Quarterly Monitoring Plan for GRRP Permit	12 days	Tue 11/10/20	Wed 11/25/20	Tue 11/10/20	Wed 11/25/20	100%	Mon 9/7/20	Wed 10/6/21																																							
137	3.3.7	GSI Task 3 - Water Quality Evaluations (including Clogging Analysis)	44 days	Thu 4/1/21	Tue 6/1/21	NA	NA	0%	Mon 1/4/21	Fri 3/5/21																																							
138	3.3.8	GSI Task 4 - Permitting Support for Title 22 Engineering Report	188 days	Tue 11/10/20	Thu 7/29/21	Tue 11/10/20	NA	24%	Mon 10/19/20	Tue 2/16/21																																							
139	3.3.9	GSI Task 5 - DDW Coordination for reviewing model	79 days	Tue 11/10/20	Fri 2/26/21	Tue 11/10/20	NA	58%	Fri 2/12/21	Fri 4/16/21																																							
140	3.3.10	GSI Task 6 - Project Summary Report	44 days	Thu 7/29/21	Tue 9/28/21	NA	NA	0%	Tue 2/16/21	Fri 4/16/21																																							
141	3.3.11	GSI Task 7 - Project Management and Meetings	225 days	Tue 11/10/20	Mon 9/20/21	Tue 11/10/20	NA	20%	Mon 9/7/20	Mon 1/10/22																																							
144	4	Environmental Documentation	1145 days	Fri 3/20/15	Thu 8/8/19	Fri 3/20/15	Thu 8/8/19	100%	Fri 3/20/15	Thu 8/8/19																																							
204	5	Potable Reuse Permitting	759 days	Wed 3/13/19	Mon 2/7/22	Wed 3/13/19	NA	72%	Wed 3/13/19	Thu 12/2/21																																							
205	5.1	Develop Draft Enhanced Source Control Program (ESCP)	490 days	Wed 3/13/19	Tue 1/26/21	Wed 3/13/19	NA	99%	Wed 3/13/19	Thu 10/15/20																																							
206	5.1.1	Sewer Use Ordinance (SUO) Update	490 days	Wed 3/13/19	Tue 1/26/21	Wed 3/13/19	NA	99%	Wed 3/13/19	Tue 9/22/20																																							
207	5.1.1.1	Prepare draft for City review	263 days	Wed 3/13/19	Fri 3/13/20	Wed 3/13/19	Fri 3/13/20	100%	Wed 3/13/19	Fri 3/13/20																																							
208	5.1.1.2	Send draft for City review	0 days	Fri 3/13/20	Fri 3/13/20	Fri 3/13/20	Fri 3/13/20	100%	Fri 3/13/20	Fri 3/13/20																																							
209	5.1.1.3	PWAB Review Meeting	1 day	Wed 8/19/20	Wed 8/19/20	Wed 8/19/20	Wed 8/19/20	100%	Wed 8/19/20	Wed 8/19/20																																							
210	5.1.1.4	Final SUO Council Workshop	1 day	Tue 11/17/20	Tue 11/17/20	Tue 11/17/20	Tue 11/17/20	100%	Tue 8/25/20	Tue 8/25/20																																							
211	5.1.1.5	First reading for Council	1 day	Tue 1/12/21	Tue 1/12/21	NA	NA	0%	Tue 9/8/20	Tue 9/8/20																																							
212	5.1.1.6	Second reading for Council	1 day	Tue 1/26/21	Tue 1/26/21	NA	NA	0%	Tue 9/22/20	Tue 9/22/20																																							
213	5.1.2	Industrial Waste Survey (IWS)	363 days	Wed 3/13/19	Fri 7/31/20	Wed 3/13/19	Fri 7/31/20	100%	Wed 3/13/19	Wed 8/26/20																																							
217	5.1.3	Enforcement Response Plan (ERP)	68 days	Thu 1/16/20	Mon 4/20/20	Thu 1/16/20	Mon 4/20/20	100%	Thu 1/16/20	Mon 4/20/20																																							
221	5.1.4	Source Mapping - Draft to City	33 days	Wed 4/15/20	Fri 5/29/20	Wed 4/15/20	Fri 5/29/20	100%	Wed 4/15/20	Fri 5/29/20																																							
222	5.1.5	Funding and Resources Report - Draft to City	47 days	Fri 5/1/20	Mon 7/6/20	Fri 5/1/20	Mon 7/6/20	100%	Fri 5/1/20	Mon 7/6/20																																							
223	5.1.6	Monitoring Program - Draft development for City	46 days	Mon 3/16/20	Mon 5/18/20	Mon 3/16/20	Mon 5/18/20	100%	Mon 3/16/20	Mon 5/18/20																																							
224	5.1.7	Outreach Program	51 days	Wed 4/15/20	Wed 6/24/20	Wed 4/15/20	Wed 6/24/20	100%	Wed 4/15/20	Wed 6/24/20																																							
225	5.1.8	ESCP Draft to City (as appendix to Draft Eng Report)	336 days	Wed 3/13/19	Wed 6/24/20	Wed 3/13/19	Wed 6/24/20	100%	Wed 3/13/19	Wed 6/24/20																																							
226	5.1.9	Final Draft Enhanced Source Control Program as appendix to Final Draft Er	1 day	Fri 7/31/20	Fri 7/31/20	Fri 7/31/20	Fri 7/31/20	100%	Thu 8/27/20	Thu 10/15/20																																							
227	5.2	Develop Final Enhanced Source Control Program	251 days	Wed 12/16/20	Wed 12/1/21	Wed 12/16/20	NA	8%	Fri 10/16/20	Tue 9/14/21																																							
228	5.3	Draft Title 22 Engineer's Report	450 days	Wed 3/27/19	Tue 12/15/20	Wed 3/27/19	Tue 12/15/20	100%	Wed 3/27/19	Mon 10/26/20																																							
229	5.3.1	Prepare Draft Report	334 days	Wed 3/27/19	Mon 7/6/20	Wed 3/27/19	Mon 7/6/20	100%	Wed 3/27/19	Mon 7/6/20																																							
230	5.3.2	FBV to submit LRV memo to DDW for review	0 days	Thu 5/21/20	Thu 5/21/20	Thu 5/21/20	Thu 5/21/20	100%	Thu 5/21/20	Thu 5/21/20																																							
231	5.3.3	Submit Draft Report to City	0 days	Mon 7/6/20	Mon 7/6/20	Mon 7/6/20	Mon 7/6/20	100%	Mon 7/6/20	Mon 7/6/20																																							
232	5.3.4	Submit Draft Engineering Report to DDW	0 days	Fri 7/31/20	Fri 7/31/20	Fri 7/31/20	Fri 7/31/20	100%	Fri 7/31/20	Fri 7/31/20																																							
233	5.3.5	DDW Review of Draft	97 days	Mon 8/3/20	Tue 12/15/20	Mon 8/3/20	Tue 12/15/20	100%	Mon 8/3/20	Mon 10/26/20																																							
234	5.3.6	Meet with DDW	1 day	Mon 10/5/20	Mon 10/5/20	Mon 10/5/20	Mon 10/5/20	100%	Mon 9/28/20	Mon 9/28/20																																							
235	5.4	Final Engineer's Report	320 days	Tue 11/17/20	Mon 2/7/22	Tue 11/17/20	NA	8%	Tue 10/27/20	Thu 12/2/21																																							
236	5.4.1	Prepare Final Draft, incorporate DDW comments	37 days	Wed 12/16/20	Thu 2/4/21	Wed 12/16/20	NA	54%	Tue 10/27/20	Fri 11/27/20																																							
237	5.4.2	Meet with DDW	1 day	Tue 11/17/20	Tue 11/17/20	Tue 11/17/20	Tue 11/17/20	100%	Mon 11/23/20	Mon 11/23/20																																							
238	5.4.3	Submit Final Draft Engineer's Report to DDW and RWQCB	21 days	Fri 2/5/21	Fri 3/5/21	NA	NA	0%	Mon 11/30/20	Mon 12/28/20																																							
239	5.4.4	DDW Review and Acceptance of Engineer's Report	150 days	Mon 3/8/21	Fri 10/1/21	NA	NA	0%	Tue 12/29/20	Mon 7/26/21																																							
240	5.4.5	Notice of Public Hearing 30 days before hearing	0 days	Fri 10/29/21	Fri 10/29/21	NA	NA	0%	Mon 8/23/21	Mon 8/23/21																																							
241	5.4.6	DDW Public Hearing	1 day	Mon 11/29/21	Mon 11/29/21	NA	NA	0%	Thu 9/23/21	Thu 9/23/21																																							



Project: Morro Bay WRF Project
Printed Date: Tue 1/12/21
Status Date: 1/12/21

Task	Summary	Inactive Milestone	Duration-only	Start-only	External Milestone	Progress
Split	Project Summary	Inactive Summary	Manual Summary Rollup	Finish-only	Deadline	Manual Progress
Milestone	Inactive Task	Manual Task	Manual Summary	External Tasks	Late	Slippage

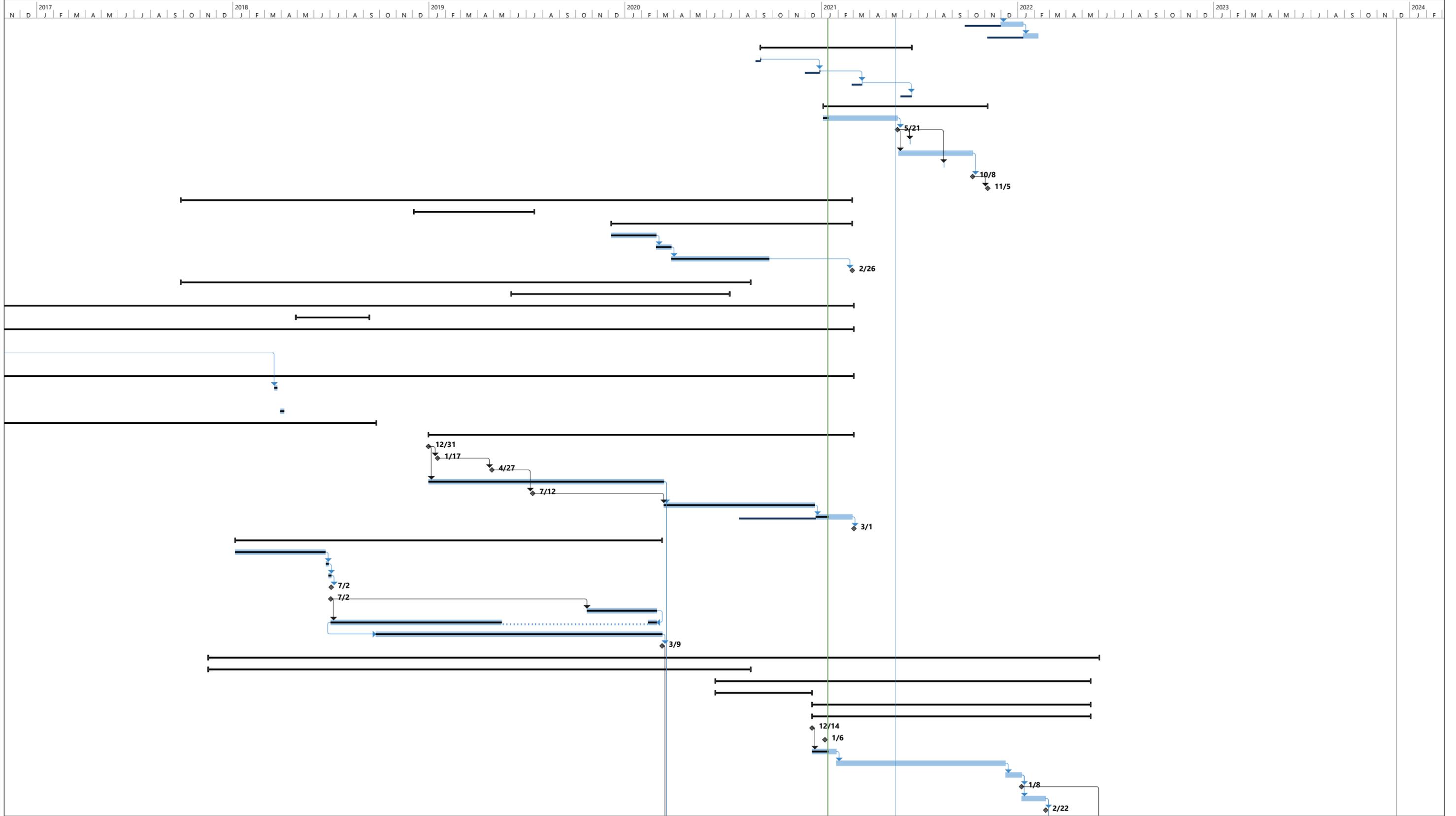
Morro Bay WRF Project
Program Schedule

2017 N D J J F M A M J J A S O N D 2018 J F M A M J J A S O N D 2019 J F M A M J J A S O N D 2020 J F M A M J J A S O N D 2021 J F M A M J J A S O N D 2022 J F M A M J J A S O N D 2023 J F M A M J J A S O N D 2024 J F



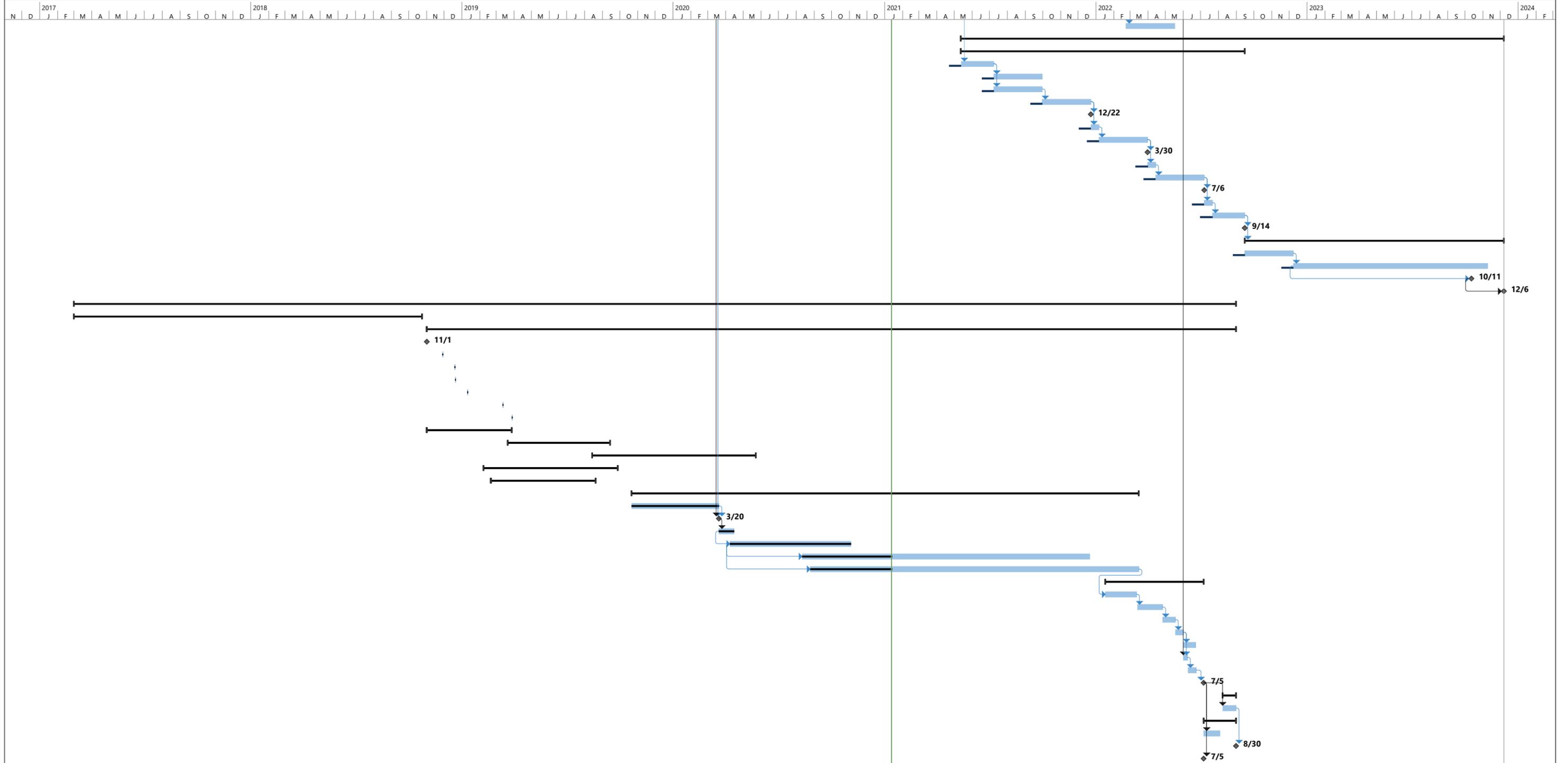
Project: Morro Bay WRF Project	Task	Summary	Inactive Milestone	Duration-only	Start-only	External Milestone	Progress
Printed Date: Tue 1/12/21	Split	Project Summary	Inactive Summary	Manual Summary Rollup	Finish-only	Deadline	Manual Progress
Status Date: 1/12/21	Milestone	Inactive Task	Manual Task	Manual Summary	External Tasks	Late	Slippage

Morro Bay WRF Project
Program Schedule



Project: Morro Bay WRF Project Printed Date: Tue 1/12/21 Status Date: 1/12/21	Task Split Milestone	Summary Project Summary Inactive Task	Inactive Milestone Inactive Summary Manual Task	Duration-only Manual Summary Rollup Manual Summary	Start-only Finish-only External Tasks	External Milestone Deadline Late	Progress Manual Progress Slippage
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Morro Bay WRF Project
Program Schedule



Project: Morro Bay WRF Project
Printed Date: Tue 1/12/21
Status Date: 1/12/21

Task	Summary	Inactive Milestone	Duration-only	Start-only	External Milestone	Progress
Split	Project Summary	Inactive Summary	Manual Summary Rollup	Finish-only	Deadline	Manual Progress
Milestone	Inactive Task	Manual Task	Manual Summary	External Tasks	Late	Slippage

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AGENDA NO: C-3

MEETING DATE: February 23, 2021

Staff Report

TO: Honorable Mayor and City Council **DATE:** February 18, 2021

FROM: Eric Casares, PE – WRF Program Manager (Carollo)
Rob Livick, PE/PLS – City Engineer

SUBJECT: Consideration of Amendment to an Existing Contract with Far Western Anthropological Research Group, Inc. (Far Western) for Additional Archeological Pre-Construction Investigations and Mitigation Services for the Water Reclamation Facility (WRF) Lift Stations and Offsite Pipelines Construction

RECOMMENDATION

Staff recommends the City Council approve, and authorize the City Manager to sign, Amendment No. 5 (Attachment 1) to the existing amended agreement with Far Western, dated February 23, 2021, for additional and continued archeological support of the Water Reclamation Facility (WRF) Project in an increased amount of \$115,065 and for an extended term through December 31, 2021.

FISCAL IMPACT

The amendment results in no fiscal impact to the WRF Project budget, as this additional expenditure was anticipated during preparation of the Q2 Fiscal Year 2020/2021 budget reconciliation.

BACKGROUND (ORIGINAL AGREEMENT)

In April 2015, the City executed an agreement with Far Western to support the selection of the WRF site by providing a fatal flaw cultural analysis of the MacElvaine property (Rancho Colina) (Original Agreement). That agreement was amended in November 2015 to provide a similar analysis for additional sites including the Righetti property (Amendment No. 1) and again in June 2016 for the Madonna and South Bay Boulevard properties (Amendment No. 2). Their scope of work was further expanded to include an evaluation of potential lift station sites and pipeline routes (Conveyance Facilities) in January 2017 in support of the development of the WRF Project's Draft Environmental Impact Report (DEIR) (Amendment No. 3). To further support the development of the DEIR, their agreement was again amended in December 2017 to include development of the area of potential effects (APE), Native American consultation, assessment of the potential for buried archeological resources, and a pedestrian study of the various components of the WRF Project (Amendment No. 4).

BACKGROUND (NEW AGREEMENT)

Following certification of the Final Environmental Impact Report (FEIR) by the City Council on August 14, 2018, the City negotiated an updated agreement with Far Western to support the required Section 106 consultation with the State Historic Preservation Office (SHPO) (New Agreement). The New Agreement was developed due to the age of the Original Agreement, as amended. The New

Prepared By: ETC

Dept Review: RL

City Manager Review: SC

City Attorney Review: JWP

Agreement included development of an Archeological Research Design and Treatment Plan (ARDTP) and assistance in preparation of a Programmatic Agreement (PA) with SHPO. The City received the executed PA from SHPO in December 2019, which marked a major milestone for the WRF Project. An amendment with Far Western was executed in January 2020 following execution of the PA and included additional effort to develop the Cultural Resources Monitoring and Mitigation Program (CRMMP) as required by the FEIR's Mitigation Measure CUL-5 (New Amendment No. 1). On February 28, 2020, City Council authorized the Public Works Director to execute an amendment to New Agreement (New Amendment No. 2). That new amendment was focused on Phase 2 of the Project (i.e., Conveyance Facilities). The scope of work included the work necessary for Far Western to meet the requirements in the PA and complete the continued cultural resource studies necessary before construction of the Conveyance Facilities can begin. The work included:

- Drilling hydraulic continuous cores at roughly 75-foot intervals throughout the sensitive portions of the Conveyance Facilities component of the WRF Project (total of 70 borings)
- Collection and field analysis of the core samples for identification of archeological material
- Preparation of a draft and final testing report
- Native American monitoring of the fieldwork and field analysis

In July 2020, the City Manager executed another amendment to the contract (New Amendment No. 3) to cover additional costs associated with pre-construction surveying. Due to the timing of receipt of the encroachment permit from Caltrans, Far Western and their drilling subcontractor had to remobilize to the site in order to perform additional borings in the known CA-SLO-16 site. A final amendment was recently authorized by the City Manager that included a no-cost time extension for Far Western's contract through December 31, 2021 to allow Far Western to continue to support the Project until the next amendment could be approved by the City Council.

Far Western has been an invaluable member of the WRF Project technical team and has been serving as the Project Archeologist for over six years.

NEW AMENDMENT NO. 5

It is again time to amend Far Western's contract to allow for their continued support of the Project as we begin construction of the main components of the Conveyance Facilities and prepare for construction of the new force main from Lift Station No. 2 (LS-2).

The additional scope of work included in this amendment (New Amendment No. 5) includes:

- Additional pre-construction testing for the LS-2 pipeline
 - Pre-field coordination
 - Establishing a field lab for processing cores
 - Overseeing the drilling over the course of two (2) days
 - Opening and processing the cores
 - Report preparation
 - Employing a Native American monitor to observe the core openings
- Mitigation for the section of CA-SLO-16 near the Morro Creek utility bridge includes:
 - An initial onsite stakeholder meeting will be held with City representatives, Caltrans, project contractor, and consulting Native Americans, to discuss the positive findings relative to project construction, and data recovery methods to mitigate adverse impacts to the site
 - Development of a mitigation work plan for all interested parties to review (i.e., Native American tribes, SHPO, Caltrans, etc.)
 - Hand excavation of two to four control units (if required for the bridge foundation excavation) following mechanical excavation by a flat blade excavator
 - Employing a Native American monitor to observe the mitigation work
 - If required, laboratory processing, cataloging, and analysis of recovered

archaeological materials will be conducted in accordance with the project Archaeological Research Design and Treatment Plan

A summary of the original agreement and amendments is included in the table below:

Contract Phase	Effective Date	Value	Total Contract Value	Description of Major Work Items
Original Agreement	January 1, 2019	\$124,664.01	\$124,664.01	<ul style="list-style-type: none"> • Archeological Research Design and Treatment Plan • Negotiation of Programmatic Agreement
Amendment No. 1	December 1, 2019	\$5,449.00	\$130,113.01	<ul style="list-style-type: none"> • Cultural Resources Monitoring and Mitigation Program
Amendment No. 2	February 1, 2020	\$130,879.00	\$260,992.01	<ul style="list-style-type: none"> • Pre-Construction Underground Investigations
Amendment No. 3	July 13, 2020	\$21,022.00	\$282,014.01	<ul style="list-style-type: none"> • Pre-Construction Underground Investigations in Caltrans right-of-way (CA-SLO-16)
Amendment No. 4	January 25, 2021	\$-	\$282,014.01	<ul style="list-style-type: none"> • Pre-Construction Underground Investigations (no cost time extension)
Amendment No. 5	February 23, 2021	\$115,065.00	<u>\$397,079.01</u>	<ul style="list-style-type: none"> • Pre-Construction Underground Investigations in newly acquired easements (LS-2 pipeline) • Mitigation Plan • Mitigation for Morro Creek Utility Bridge Construction

CONCLUSION

Staff recommends the City Council approve, and authorize the City Manager to sign, Amendment No. 5 to the existing amended agreement with Far Western, dated February 23, 2021, for additional and continued archeological support of the WRF Project in an increased amount of not to exceed \$115,065 and for an extended term through December 31, 2021, which would result in a total aggregated not to exceed amount of \$397,079.01 for the entire amended New Agreement.

ATTACHMENT

1. New Amendment No. 5, including Exhibit A (Scope of Services and Fee)

CITY OF MORRO BAY

AMENDMENT NO. 5 TO THE AGREEMENT
FOR CONSULTANT SERVICES
BETWEEN THE CITY OF MORRO BAY AND
FAR WESTERN ANTHROPOLOGICAL RESEARCH GROUP, INC.

This Amendment No. 5 is entered by and between the City of Morro Bay, a municipal corporation (“City”) and Far Western Anthropological Research Group, Inc., a California corporation (“Consultant”).

RECITALS

WHEREAS, City and Consultant entered into an agreement as of January 1, 2019, for consulting services related to the Water Reclamation Facility (the “Project”) for a not to exceed amount of \$124,644.01 (the “Agreement”);

WHEREAS, the Parties amended the Agreement as of February 1, 2020, to include additional services and established a not to exceed amount of \$260,922.01 for the entire Agreement (Amendment No. 2), which amendment was approved by act of the City Council, as required;

WHEREAS, the Parties amended the Agreement as of July 13, 2020, to include additional services and established a not to exceed amount of \$282,014.01 for the entire Agreement (Amendment No. 3);

WHEREAS, the Parties amended the Agreement as of January 25, 2021, to provide for additional time for the entire Agreement (Amendment No. 4);

WHEREAS, the Agreement and Amendment No. 1, No. 2, No. 3, and No. 4 are hereinafter referred to as the “Amended Agreement;”

WHEREAS, the Parties now agree it is time to again amend the Amended Agreement to provide for additional pre-construction archeological exploration and mitigation of known cultural resource sites for the Conveyance Facilities component of the Project, which work requires an expansion of the tasks to be provided by Consultant pursuant to this Amendment No. 5;

WHEREAS, Consultant has specific knowledge and experience to provide technical oversight needed to accomplish necessary tasks required to meet the City Council's goals for the Project; and

WHEREAS, due to the expansion of the tasks to be provided, the compensation payable pursuant to the Amended Agreement must be increased.

NOW THEREFORE, City and Consultant mutually agree to amend the Amended Agreement as follows:

1. The additional services to be provided by Consultant, pursuant to the Amended Agreement, as amended by this Amendment No. 5, shall include the Scope of Work, as set forth on pages 1 and 2 of Exhibit A, attached hereto and incorporated herein by this reference (the "Additional Work"). The Additional Work shall be satisfactorily commenced immediately upon execution of this Amendment No. 5, and satisfactorily completed by December 31, 2021.
2. The compensation to be paid for the Additional Work shall not exceed \$115,065, as described on pages 4 and 5 of Exhibit A, for a total not to exceed amount of \$397,079.01 for the Amended Agreement, as amended herein.
3. Except as expressly stated herein, all terms and conditions in the Amended Agreement shall remain in full force and effect.
4. The effective date of this Amendment No. 5 shall be deemed to be February 23, 2021 (Effective Date).

IN WITNESS WHEREOF, the parties will be deemed to have caused this Amendment No. 5 to be executed by their duly authorized representatives as of the Effective Date.

CITY OF MORRO BAY

CONSULTANT (2 signatures required)

By: _____
Scott Collins
City Manager

By: _____
_____,
Its _____

Attest:

Dana Swanson, City Clerk

By: _____
_____,
Its _____

Approved As To Form:

Chris Neumeyer, City Attorney



EXHIBIT A

January 28, 2021

Rob Livick
Public Works Director
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Re: Water Reclamation Facility Project, Construction Phase 2, Budget Augment Request for New LS-2 Pipeline Testing and Data Recovery Excavations (Mitigation) for Morro Creek Utility Bridge Foundation Construction

Dear Rob:

Per your request, the following serves as a scope of work and cost estimate for additional pre-construction testing and data recovery excavations for the Water Reclamation Facility (WRF) Construction Phase 2 (conveyance pipelines).

SCOPE OF WORK

Project Management

The Far Western Project Manager will oversee quality control, scheduling, costs, project administration, staff coordination, billing, and other administrative duties.

Lift Station 2 Pipeline Testing

During the past year archaeological testing was conducted for the conveyance pipelines under our existing contract. All work included within that scope is completed pending SHPO approval of the testing report. However, late last year a discrepancy in the project description was realized. Specifically, 300 meters of the LS-2 force main will be in a new alignment and not simply a replacement of the existing pipeline as previously described. This new alignment is in an archaeologically sensitive area and requires testing in accordance with the Programmatic Agreement. Results of the testing will be documented in an addendum Phase 2 Testing Report.

This task includes prefield coordination, establishing a field lab for processing cores, overseeing the drilling over the course of two days, opening and processing the cores, and report preparation. A local Native American monitor will observe the core opening.

Archaeological Mitigation for Morro Creek Utility Bridge

Prior test excavations demonstrated that archaeological site CA-SLO-16 is present within the pipeline alignment from Stations 27 to 37, and will therefore require data recovery excavations to mitigate adverse impacts immediately prior to construction in accordance with the Programmatic

Agreement. This area encompasses a utility bridge over Morro Creek immediately adjacent to where a human grave was previously identified. While pipeline construction and associated mitigation is not expected to occur until late 2021, the utility bridge must be constructed in March 2021. Ground disturbance associated with bridge construction is excavation of a 30-x-30 foot area on each creek bank to a depth of approximately 20 feet below surface. The following task are proposed to complete this mitigation in order to meet project timelines.

An initial stakeholder meeting will be held on site with City representatives, Caltrans, project contractor, consulting Native Americans, and Far Western archaeologists to discuss the positive findings relative to project construction, data recovery methods to mitigate adverse impacts to the site, followed by preparation of a short mitigation work plan for all interested parties to review.

Since findings during testing adjacent to the bridge foundations were minimal relative to adjacent areas, it is proposed that mitigation for the bridge foundations begin by mechanically stripping the foundation locations with an excavator outfitted with a flat blade. If intact archaeological deposits are identified, hand excavation of two to four control units will be conducted, followed by continued mechanical stripping to the base of the excavation. It is estimated that this can be completed over the course of 10 consecutive days by a team of five archaeologists. All fieldwork will be overseen by a local Native American monitor.

Immediately following field investigations, laboratory processing, cataloging, and analysis of recovered archaeological materials will be conducted in accordance with the project Archaeological Research Design and Treatment Plan.

Far Western has prepared this data recovery scope of work with the following assumptions:

- The approach to mitigation for bridge foundation presented here will be approved during initial stakeholder meeting.
- Project contractor will provide excavator, operator, shoring, and site security.
- Excavations for both bridge foundations can be conducted during the same field mobilization, and potentially concurrently if findings at one are positive.
- Funding for only one Native American monitor is included.
- No human burials are encountered. If present delays may occur while consultation with the Most Likely Descendent are conducted. Excavation and removal of each burial can be conducted at a cost of \$4000 per burial.
- Funding for curation of archaeological collection and reporting on bridge foundation data recovery excavations will be captured within a future contract modification for data recovery of the larger pipeline alignment.

BUDGET

The attached budget proposes a *not-to-exceed* amount of \$115,065 and details hours and direct costs for the tasks needed to complete the tasks outlined above. If you have any questions, please contact me at phil@farwestern.com at 530-756-3941.

Thank you for your consideration.

Best Regards,

A handwritten signature in black ink, appearing to be "Philip Kaijankoski".

Philip Kaijankoski
Principal Investigator

Enclosure: Cost Estimate

PROJECT TITLE: Morro Bay WRF LS2 Testing

CONTRACTOR: Rob Livick/Eric Caseras

TASK: Testing LS2 pipeline, data recovery for bridge foundations, and reporting CONTRACTOR CONTACT: City of Morro Bay/Carolo

TASK	LABOR HOURS	LABOR COST	OTHER DIRECT COSTS	SUBCONSULTANTS	SUBTOTAL
MANAGEMENT	50	\$ 7,340	\$ -	\$ -	\$ 7,340
PREFIELD	55	\$ 7,613	\$ 380	\$ -	\$ 7,993
LS2 PIPELINE TESTING FIELD/LAB	64	\$ 6,359	\$ 13,547	\$ 1,887	\$ 21,792
ADDENDUM TESTING REPORT WRITE-UP	74	\$ 7,534	\$ -	\$ -	\$ 7,534
DATA RECOVERY FIELD	448	\$ 38,012	\$ 8,569	\$ 9,433	\$ 56,014
DATA RECOVERY LAB	144	\$ 12,853	\$ 1,540	\$ -	\$ 14,393
GRAND TOTAL					\$ 115,065

BUDGET SUMMARY

Rates valid until September 30, 2021.

A Cost of Living adjustment of up to three percent will be applied annually on October 1.

PROJECT TITLE: Morro Bay WRF LS2 Testing
TASK: Testing LS2 pipeline, data recovery for bridge foundations, and reporting

CONTRACTOR: Rob Livick/Eric Caseras
CONTRACTOR CONTACT: City of Morro Bay/Carolo

POSITION/CLASSIFICATION	EMPLOYEE NAME	CONTRACT RATE	MANAGEMENT		PREFIELD		LS2 PIPELINE TESTING FIELD/LAB		ADDENDUM TESTING REPORT WRITE-UP		DATA RECOVERY FIELD		DATA RECOVERY LAB		TOTAL	
			Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
Principal Investigator	Hildebrandt, William	\$173.94	12	\$ 2,087	-	\$ -	-	\$ -	-	\$ -	-	\$ -	4	\$ 696	16	\$ 2,783
Principal Investigator	Whitaker, Adrian	\$166.78	16	\$ 2,668	24	\$ 4,003	-	\$ -	-	\$ -	88	\$ 14,677	16	\$ 2,668	144	\$ 24,016
Geoarchaeologist	Kaijankoski, Phil	\$129.03	16	\$ 2,064	24	\$ 3,097	32	\$ 4,129	40	\$ 5,161	-	\$ -	4	\$ 516	116	\$ 14,967
GIS Supervisor	DeArmond, Shannon	\$108.39	-	\$ -	1	\$ 108	-	\$ -	2	\$ 217	-	\$ -	-	\$ -	3	\$ 325
GIS Analyst	Bradeen, Jill	\$68.41	-	\$ -	4	\$ 274	-	\$ -	8	\$ 547	-	\$ -	-	\$ -	12	\$ 821
Lab Director	Harold, Laura	\$95.48	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	8	\$ 764	8	\$ 764
Lab Assistant	Armstrong-Ingram, Angela	\$80.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	16	\$ 1,280	16	\$ 1,280
Lab Assistant	Eubanks, Jill	\$75.90	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	40	\$ 3,036	40	\$ 3,036
Lab Assistant	Galindo Arias, Patricia	\$68.41	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	40	\$ 2,736	40	\$ 2,736
Production Director	Pardee, Michael	\$75.90	-	\$ -	-	\$ -	-	\$ -	8	\$ 607	-	\$ -	-	\$ -	8	\$ 607
Production Specialist	Montgomery, Kathleen	\$68.41	-	\$ -	-	\$ -	-	\$ -	8	\$ 547	-	\$ -	-	\$ -	8	\$ 547
Production Specialist	Saenz, Angelica	\$56.77	-	\$ -	-	\$ -	-	\$ -	8	\$ 454	-	\$ -	-	\$ -	8	\$ 454
Staff Archaeologist	Lindley, Stephen	\$72.26	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	16	\$ 1,156	16	\$ 1,156
Staff Archaeologist	Garvey, Devin	\$69.68	-	\$ -	-	\$ -	32	\$ 2,230	-	\$ -	88	\$ 6,132	-	\$ -	120	\$ 8,362
Logistics Coordinator	Townsend, Valarie	\$65.78	-	\$ -	2	\$ 132	-	\$ -	-	\$ -	-	\$ -	-	\$ -	2	\$ 132
Project Accountant	Chavez, Monika	\$83.49	4	\$ 334	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	4	\$ 334
Project and Proposal Director	Johnson, Melissa	\$92.90	2	\$ 186	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	2	\$ 186
Technician A	Technician A	\$63.25	-	\$ -	-	\$ -	-	\$ -	-	\$ -	272	\$ 17,204	-	\$ -	272	\$ 17,204
LABOR TOTAL			50	\$ 7,340	55	\$ 7,613	64	\$ 6,359	74	\$ 7,534	448	\$ 38,012	144	\$ 12,853	835	\$ 79,711

OTHER DIRECT COSTS	UNIT	UNIT RATE	Qty	(\$)	Qty	(\$)	Qty	(\$)	Qty	(\$)	Qty	(\$)	Qty	(\$)	TOTAL
Per Diem (Motel)	day	\$ 99.00	-	\$ -	-	\$ -	6	\$ 594	-	\$ -	45	\$ 4,455	-	\$ -	\$ 5,049
Meals/Incidentals	day	\$ 46.00	-	\$ -	-	\$ -	6	\$ 276	-	\$ -	50	\$ 2,300	-	\$ -	\$ 2,576
Mileage	mile	\$ 0.575	-	\$ -	600	\$ 345	600	\$ 345	-	\$ -	1800	\$ 1,035	-	\$ -	\$ 1,725
Coring Rig (per Day)	day	\$ 5,200.00	-	\$ -	-	\$ -	2	\$ 10,400	-	\$ -	-	\$ -	-	\$ -	\$ 10,400
AMS Radiocarbon		\$ 350.00	-	\$ -	-	\$ -	2	\$ 700	-	\$ -	-	\$ -	4	\$ 1,400	\$ 2,100
SUBTOTAL DIRECT COSTS				\$ -		\$ 345		\$ 12,315		\$ -		\$ 7,790		\$ 1,400	\$ 21,850
FEE ON DIRECT COSTS		10%		\$ -		\$ 35		\$ 1,232		\$ -		\$ 779		\$ 140	\$ 2,185
OTHER DIRECT COSTS TOTAL				\$ -		\$ 380		\$ 13,547		\$ -		\$ 8,569		\$ 1,540	\$ 24,035

SUBCONSULTANTS	UNIT	UNIT RATE	Qty	(\$)	Qty	(\$)	Qty	(\$)	Qty	(\$)	Qty	(\$)	Qty	(\$)	TOTAL
Native American	hour	\$ 100.00	-	\$ -	-	\$ -	16	\$ 1,600	-	\$ -	80	\$ 8,000	-	\$ -	\$ 9,600
Mileage	mile	\$ 0.575	-	\$ -	-	\$ -	200	\$ 115	-	\$ -	1000	\$ 575	-	\$ -	\$ 690
SUBTOTAL SUBCONSULTANTS				\$ -		\$ -		\$ 1,715		\$ -		\$ 8,575		\$ -	\$ 10,290
FEE ON SUBCONSULTANTS		10%		\$ -		\$ -		\$ 172		\$ -		\$ 858		\$ -	\$ 1,029
SUBCONSULTANT TOTAL				\$ -		\$ -		\$ 1,887		\$ -		\$ 9,433		\$ -	\$ 11,319

TOTAL PRICE				\$ 7,340		\$ 7,993		\$ 21,792		\$ 7,534		\$ 56,014		\$ 14,393	\$ 115,065
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AGENDA NO: C-4

MEETING DATE: February 23, 2021

Staff Report

TO: Honorable Mayor and City Council

DATE: February 19, 2021

FROM: Scott Collins, City Manager

SUBJECT: Consideration of Sale or Lease of City-owned Real Property

RECOMMENDATION

Staff recommends the City Council authorize the sale of City property (0 Bolton Road) and lease of City property (570 Dunes Street) and provide other direction as appropriate.

ALTERNATIVES

- 1) City Council could choose to sell or lease additional City properties.
- 2) City Council could choose not to sell 0 Bolton Road or lease 570 Dunes Street.
- 3) City Council could provide other direction to staff.

FISCAL IMPACT

The City could potentially receive up to \$269,000 to \$289,000 in a sale of the 0 Bolton Road property. These funds could help replenish the City's General Fund Emergency Reserves. The City could also receive up to \$20,000 to \$25,000 per year in rents for the 570 Dunes Street property. Rent revenues typically are used to support maintenance efforts in the City.

BACKGROUND

City Council made achieving fiscal and economic sustainability its primary goal during the last goal development process in 2019. The City had been implementing key action items since that time, including City Council review of different revenue generating mechanisms. The goal was to balance cost containment efforts and revenue enhancements to achieve a long-term financial stability for the General Fund (and other funds) which support core services and infrastructure for our community.

With the onset of the COVID-19 pandemic and related economic and financial impacts, Council directed staff to pursue a multitude of revenue enhancement options in order to maintain City solvency. Conditions at that time were such that all measures needed to be considered because the economy for all intents and purposes had ground to a halt to meet health directives. During those key City Council discussions in April 2020, Council directed staff to seek appraisals for several vacant City properties to determine their potential value for sale or lease. Council directed that staff bring back options for the various properties to include 460 Bonita Street, the Teen Center, 570 Dunes Street, and others deemed appropriate. Council could then weigh tradeoffs of relinquishing City property and the revenues garnered from a sale or lease.

The City contracted with Ciano Real Estate in summer of 2020 and Ciano completed appraisals on the majority of the requested properties (see attachment).

Prepared By: SC

Dept Review:

City Manager Review: SC

City Attorney Review: JWP

DISCUSSION

At the time Council provided direction on potential sale and lease of properties, the City was in a much different standing financially. The City, however, experienced a strong rebound in revenues over the course of the summer and fall in 2020. With the stronger financial position, plus the recent passage of the 1 cent sales tax initiative (Measure E-20), the City may not need to relinquish properties that serve current and potential future uses. That change in financial position serves as the basis for staff recommendations on the various properties in question. Below follows a brief discussion and recommendation for each of the properties that we have received appraisals to date:

- 1) **460 Bonita Street** – This building was the City’s second fire station in the past and now serves as storage facility for the Fire Department. The building stores Engine 5392, fire apparatus and rescue equipment, and Salvation Army food supply. The appraisal returned a value of \$680,000 to \$780,000. Given its strategic value for the Fire Department, staff does not recommend sale or lease of the property at this time.
- 2) **985 Shasta Avenue** – This is currently a vacant lot directly adjacent to the City’s Public Works/Community Development building. The property has been slated to hold two bocce courts and a greenhouse for community use. Several organizations, including El Morro Church, Morro Bay Active Adults, and Morro Bay in Bloom are prepared to extend volunteerism and funding to conduct, in concert with City funding, those improvements on site. That work would begin once it is safe to do so (COVID-19 considerations). The appraised value for the property is \$290,000 - \$315,000. Staff does not recommend sale or lease of the property at this time.
- 3) **570 Dunes Street** – This is a small house near the corner of Shasta Avenue and Dunes Street. The home has been rented to tenants in the past, with rent revenues supporting Citywide maintenance efforts. The City has not leased the property for some time and was awaiting this Council discussion to proceed. The appraised value for the property is \$550,000 to \$585,000. Market rate rentals in the area for a comparable property range from \$1,700 to \$2,100 per month. Several staff members and community members have inquired about renting the property. That interest is driven by the fact that there is a lack of rental vacancies in Morro Bay at this time. Given the need to have more sources of on-going City revenues and the rental interest, staff recommends that City Council authorize the City to put the house on the rental market. Staff further recommends first right of refusal to City staff for the rental.
- 4) **0 Bolton Road** – This is a vacant property at the end of Bolton Road near Highway 1. The appraised value for the property is \$269,000 to \$289,000. As the property does not appear to provide the City much strategic purpose, staff recommends that Council authorize this property to be put on the market for sale, and to use a local real estate firm to assist in the sale. Several procedural requirements, as a precursor to the sale of City-owned real property, must be met and are discussed below.

State Law Applicable to Transfer of City-owned Property

Pursuant to the Surplus Land Act (Government Code section 54220 *et seq.*) (Act), before the City can dispose of any real property it must declare that property surplus, as defined by the Act. The Act defines “surplus property” as any property that is not necessary for the City’s use (see, Subdivision 54221(b)(1)), In addition, unless that property can be declared “exempt surplus property,” again as defined by the Act, certain noticing and other procedural requirements must be met, including giving entities that provide affordable housing and open space an opportunity to negotiate for the purchase of that surplus property. The subject properties do not meet the definition of excess surplus property. In addition, even if the subject property was able to be considered excess surplus property, because

those properties are within the coastal zone the requirements of the Act apply.

Also, pursuant to Government Code subdivision 65402(a), the Planning Commission must provide a report as to the conformity of any sale of City-owned real property with the City's General Plan. The City has taken those required steps in the past for other property subject to that state requirement.

CONCLUSION

City staff are following up with Ciano regarding several other properties Council has inquired about. Those properties are likely of little to no value, but staff will report back to Council once that effort is complete. If the Council directs staff to proceed with the sale and lease options discussed herein, then staff will commence the state-required processes applicable to surplus City-owned real property.

ATTACHMENT

1. Appraisals

Comparative Market Analysis



460 Bonita Street, Morro Bay, California 93442

City of Morro Bay

JANUARY 27, 2021



Frankie Ciano

Compass - Ciano Real Estate Group

What is a CMA

No two homes are identical, which is why choosing a sales price or offer price for a home can be challenging. That's where the comparative market analysis, or CMA, is most useful.

What is a CMA?

The CMA is a side-by-side comparison of homes for sale and homes that have recently sold in the same neighborhood and price range. This information is further sorted by data such as type of home, number of bedrooms, number of baths, lot size, neighborhood, property condition and features, and many other factors. The purpose is to show estimated market value, based on what other buyers and sellers have determined through past sales, pending sales and homes recently put on the market.

How is the CMA created?

CMAs are generated by using property information from your real estate agent's multiple listing service (MLS). The MLS is available to licensed members only, including brokers, salespeople, and appraisers, who pay dues to gain access to the service's public and proprietary data, including tax roll information, sold transactions, and listings input by all cooperating MLS members. Listing agents generate CMAs for their sellers, and buyer's agents create them for their buyers so both sides know what current market conditions are for the homes they're interested in comparing.

How accurate are CMAs?

The CMA is a here-and-now snapshot of the market, based on the most recent data available, but it can instantly be rendered obsolete by a new listing, or a change of status in a home with the same criteria. Why? The market is constantly changing - new listings, pending sales, closed sales, price reductions, and expired listings.

CMAs can vary widely, depending on the knowledge and skill of the person creating the CMA as well as the number and type of data fields that are chosen. That means some features may not be included.

As informative as the CMA is, it should only be used as a tool and should not substitute for your real estate professional's knowledge and advice.



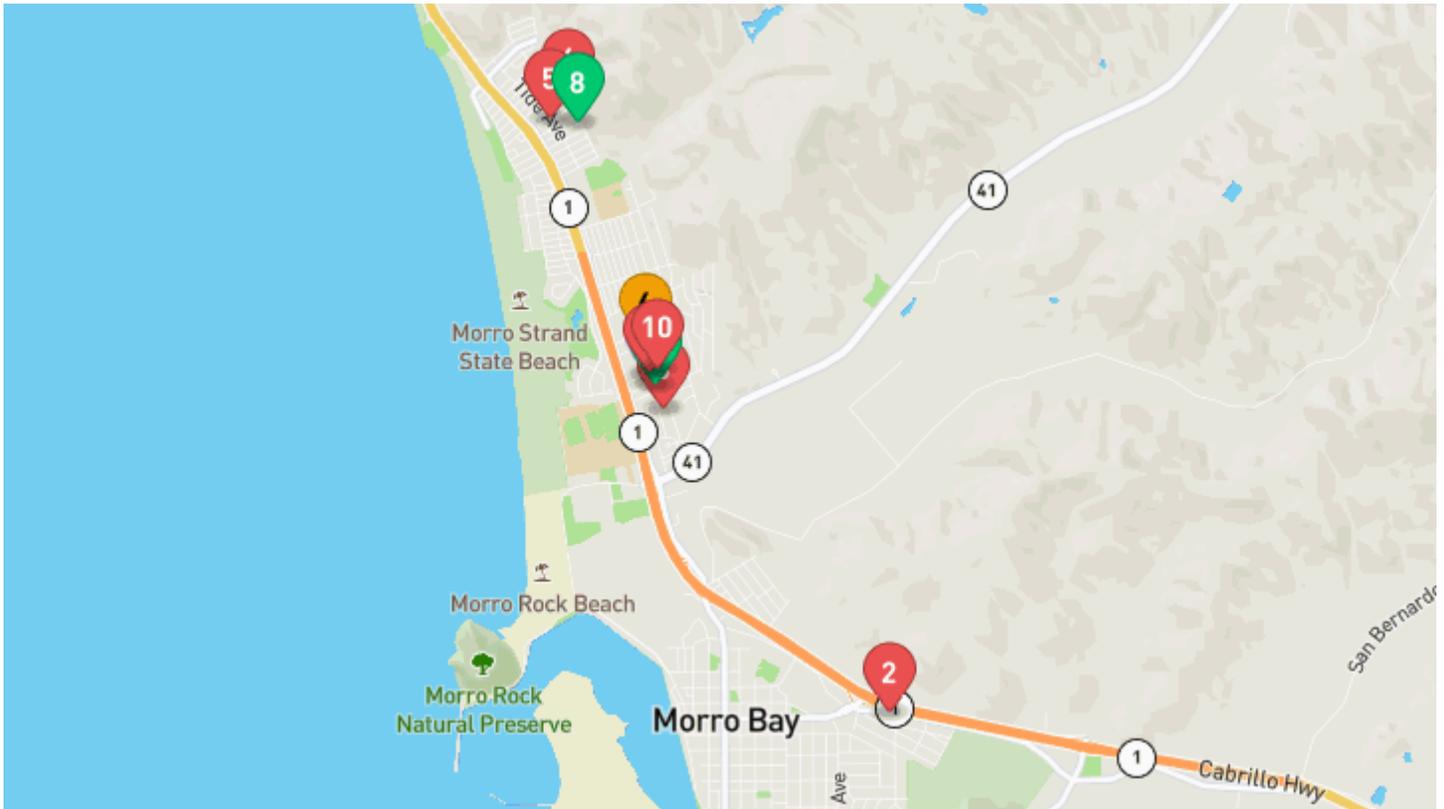
Frankie Ciano

Compass - Ciano Real Estate Group

Cell: 805-748-1026

frankie@cianorealestate.com | cianorealestate.com | DRE # 01412309

Map of Comparable Listings



STATUS: S = CLOSED P = PENDING A = ACTIVE

	MLS #	STATUS	ADDRESS	BEDS	BATHS	SQFT	PRICE
1	Subject	↑	460 Bonita St	1	1.00	-	-
2	NS20098308	S	990 Quintana Road	-	0/0	-	\$590,000
3	SC20158457	S	2120 Seaview Avenue	2	1.00	720	\$575,000
4	SC20137383	S	486 Oahu Street	2	1.00	840	\$549,000
5	OC20155569	S	381 Nevis Street	2	1.00	700	\$499,000
6	PI20258392	P	2485 Elm Avenue	2	1.00	1,004	\$559,000
7	SC20239409	A	465 Avalon Street	2	2.00	1,076	\$649,000
8	SC20255732	A	480 Mindoro St	2	2.00	1,236	\$689,900
9	SC20196439	S	466 Bonita Street	3	0/0	1,440	\$680,000
10	PI20170108	S	520 Bonita Street	2	1.00	884	\$511,000



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Summary of Comparable Properties

S SOLD LISTINGS

ADDRESS	SOLD DATE	BEDS	BATHS	SQFT	PRICE	\$/SQ.FT
990 Quintana Road	9/24/20	-	0/0	-	\$590,000	-
2120 Seaview Avenue	11/17/20	2	1.00	720	\$575,000	\$799
486 Oahu Street	8/27/20	2	1.00	840	\$549,000	\$654
381 Nevis Street	11/18/20	2	1.00	700	\$499,000	\$713
466 Bonita Street	11/20/20	3	0/0	1,440	\$680,000	\$472
520 Bonita Street	9/30/20	2	1.00	884	\$511,000	\$578
Averages				916	\$567,333	\$643

P PENDING LISTINGS

ADDRESS	SOLD DATE	BEDS	BATHS	SQFT	PRICE	\$/SQ.FT
2485 Elm Avenue	-	2	1.00	1,004	\$559,000	\$557
Averages				1,004	\$559,000	\$557

A ACTIVE LISTINGS

ADDRESS	SOLD DATE	BEDS	BATHS	SQFT	PRICE	\$/SQ.FT
465 Avalon Street	-	2	2.00	1,076	\$649,000	\$603
480 Mindoro St	-	2	2.00	1,236	\$689,900	\$558
Averages				1,156	\$669,450	\$581



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Sold Property Analysis

Averages

97.8%

Homes sold for an average of 97.8% of their list price.

30

Days on market

It took an average of 30 days for a home to sell.

Analysis

ADDRESS	LIST PRICE	SOLD PRICE	% OF LIST PRICE	DOM	\$ PER SQFT
990 Quintana Road	\$595,000	\$590,000	99.2%	77	-
2120 Seaview Avenue	\$595,000	\$575,000	96.6%	45	\$799
486 Oahu Street	\$549,000	\$549,000	100.0%	6	\$654
381 Nevis Street	\$522,500	\$499,000	95.5%	42	\$713
466 Bonita Street	\$700,000	\$680,000	97.1%	9	\$472
520 Bonita Street	\$519,000	\$511,000	98.5%	4	\$578
Averages	\$580,083	\$567,333	97.8%	30	\$643



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Suggested List Price

Analysis of the comparable properties suggests a list price range of:

\$680,000 - \$750,000

Comparable Averages per Status

S 6 Sold

\$567,333 \$643 / sqft

ADJ↓ \$567,333 \$643 / sqft

30 Days on Market

P 1 Pending

\$559,000 \$557 / sqft

6 Days on Market

A 2 Active

\$669,450 \$581 / sqft

23 Days on Market

Additional Notes

The CMA is a side-by-side comparison of homes for sale and homes that have recently sold in the same neighborhood and price range. This information is further sorted by data fields such as single-family or condo, number of bedrooms, number of baths, postal codes, and many other factors. Its purpose is to show fair market value, based on what other buyers and sellers have determined through past sales, pending sales and homes recently put on the market.



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460 Bonita St, Morro Bay, CA 93442-1525, San Luis Obispo County

	Beds N/A	Bldg Sq Ft N/A	Lot Sq Ft 3,049	Sale Price N/A
	Baths N/A	Yr Built N/A	Type TAX EXEMPT	Sale Date N/A

OWNER INFORMATION			
Owner Name	Morro Del Mar Fire District 960	Tax Billing Zip	93442
Mail Owner Name	Morro Del Mar Fire District 960	Tax Billing Zip+4	1525
Tax Billing Address	460 Bonita St	Owner Occupied	Yes
Tax Billing City & State	Morro Bay, CA		

LOCATION INFORMATION			
Zip Code	93442	Comm College District Code	San Luis Obispo
Carrier Route	C005	Census Tract	105.03
School District	San Luis Coastal		

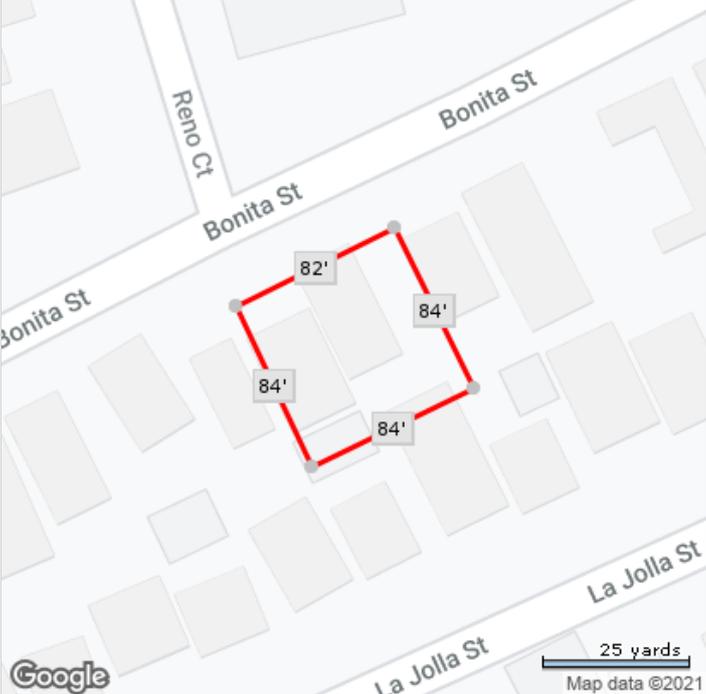
TAX INFORMATION			
APN	068-262-042	Tax Appraisal Area	006
Tax Area	006002		
Legal Description	000.07AC FIREHOUSE		

CHARACTERISTICS			
County Land Use	Government	Lot Acres	0.07
Universal Land Use	Tax Exempt	Lot Area	3,049

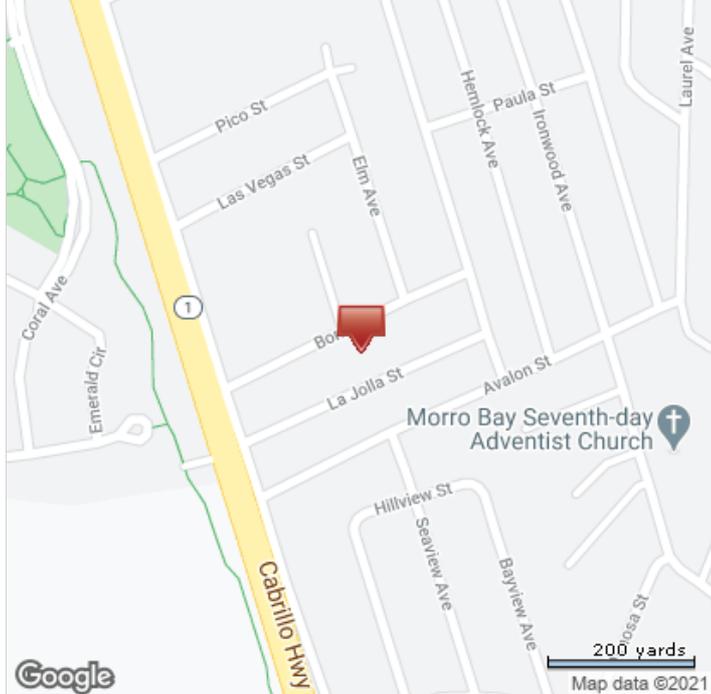
ESTIMATED VALUE			
Value As Of	01/19/2021		

LAST MARKET SALE & SALES HISTORY			
Owner Name	Morro Del Mar Fire District 960		

PROPERTY MAP



Map showing lot dimensions: 82' and 84'. Streets include Reno Ct, Bonita St, and La Jolla St. Scale: 25 yards. Map data ©2021.



Map showing regional context with streets like Pico St, Las Vegas St, Eln Ave, and La Jolla St. Landmark: Morro Bay Seventh-day Adventist Church. Scale: 200 yards. Map data ©2021.

*Lot Dimensions are Estimated



Morro Bay

985 Shasta Ave



Frankie Ciano

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(805) 748-1026
ciano@compass.com





Pricing Recommendation
Prepared for the City of Morro Bay on 11/13/2020

Recommended listing price

***\$290,000 - \$315,000**

About Your Listing Price

Value Range: \$290,000 - \$315,000
with a suggested list price of
\$299,000.

Agent's Notes

This evaluation is based on a desk review. Opinion of value may change based on market timing and allowed use. Tax records indicate a 3,872 sq ft lot and the parcel map displays 4,054 sq ft. Zoning: R4.

* This represents an estimated sale price for this property. It is not the same as an opinion of value in appraisal developed by a licensed appraiser under the Uniform Standards of Professional Appraisal practice. The information contained herein is derived from the local MLS and does not purport to be complete nor, necessarily, accurate and should be independently verified; nor does it represent or constitute a legal analysis or financial advice. Changes in price, condition, sale, or withdrawal may be made without notice. All measurements and square footage are approximate. Equal Housing Opportunity. Compass and its agents disclaim any and all liability for representations and warranties, express or implied, contained in, or for omissions from, the information contained herein or any other written or oral communication transmitted or made available to the recipient. This is not intended to solicit property already listed. Compass is a real estate broker licensed by the State of California operating under multiple entities. License Numbers 01991628, 1527235, 1527365, 1350742, 1443761, 1997075, 1935359, 1961027, 1842987, 1869607, 1866771, 1527205, 1079009, 1272467.



Subject Property
Prepared for the City of Morro Bay on 11/13/2020

Morro Bay

985 Shasta Avenue

Property Information

Property Type: R4

Lot

Lot Size: 3,872 SF / 0.09

Transaction Information

Active

ADDRESS	BED	BATHS FULL / HALF	SF	LOT	ORIGINAL LISTING PRICE	LAST ASKING PRICE	CLOSING PRICE	PPSF	MONTHLY CHARGES	LISTED	CONTRACT	SOLD	DOM
1339 Berwick Dr		0 / 0		4,000	\$425,000	\$425,000				10/29/20			15
2880 Juniper		0 / 0		6,199	\$359,000	\$389,000				9/25/15			1,87 5
2920 Juniper Ave		0 / 0		6,199	\$299,000	\$299,000				2/3/20			284
0 Laurel		0 / 0		4,000	\$194,000	\$194,000				2/20/20			103
AVERAGES				5,100	\$319,250	\$326,750							569

Contract

ADDRESS	BED	BATHS FULL / HALF	SF	LOT	ORIGINAL LISTING PRICE	LAST ASKING PRICE	CLOSING PRICE	PPSF	MONTHLY CHARGES	LISTED	CONTRACT	SOLD	DOM
1151 Main		0 / 0		6,350	\$249,000	\$249,000				5/11/18	10/20/20		645
AVERAGES				6,350	\$249,000	\$249,000							645

Sold

ADDRESS	BED	BATHS FULL / HALF	SF	LOT	ORIGINAL LISTING PRICE	LAST ASKING PRICE	CLOSING PRICE	PPSF	MONTHLY CHARGES	LISTED	CONTRACT	SOLD	DOM
2620 Nutmeg Ave		0 / 0		4,000	\$450,000	\$450,000	\$355,000			8/5/20	8/16/20	8/31/20	11
2551 Koa		0 / 0		3,480	\$350,000	\$315,000	\$300,000			5/5/19	7/28/20	9/8/20	447
2515 Greenwood Ave		0 / 0		6,480	\$399,000	\$349,000	\$285,000			2/19/20	8/5/20	8/24/20	162
AVERAGES				4,653	\$399,667	\$371,333	\$313,333						207



985 Shasta Ave



Active

- A. 1339 Berwick Dr
- B. 2880 Juniper
- C. 2920 Juniper Ave
- D. 0 Laurel



Sold

- E. 2620 Nutmeg Ave
- F. 2515 Greenwood Ave

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COMPASS

Comparable Properties Report
Prepared for the City of Morro Bay on 11/12/2020

Morro Bay

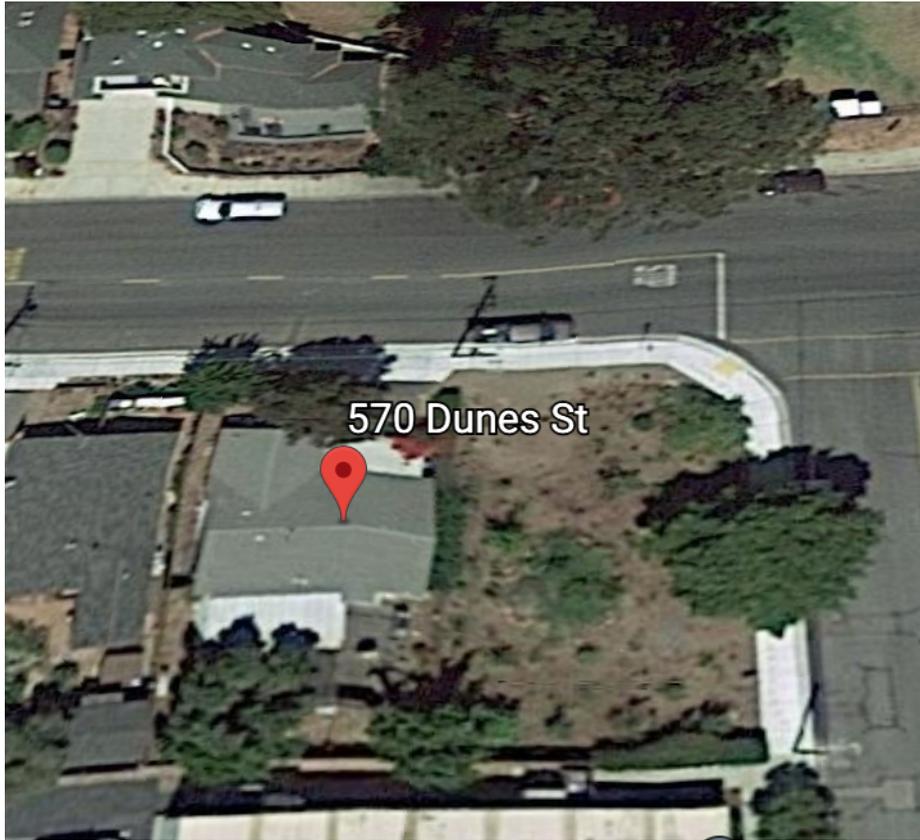
570 Dunes St



Frankie Ciano

DRE# 01412309
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Recommended listing price

***\$555,000 - \$585,000**

About Your Listing Price

Value range of \$555,000 - \$585,000
with a suggested list price of
\$579,000.

Agent's Notes

This evaluation is based on an extensive desk review. Opinion of value may change based on a visual inspection of the property and market timing. Tax records indicate a 2 bedroom 1 bathroom 791 sq ft home on a 3,872 sq ft lot. The parcel map displays a 4,072 sq ft. lot. Land use; Single Family.

* This represents an estimated sale price for this property. It is not the same as an opinion of value in appraisal developed by a licensed appraiser under the Uniform Standards of Professional Appraisal practice. The information contained herein is derived from the local MLS and does not purport to be complete nor, necessarily, accurate and should be independently verified; nor does it represent or constitute a legal analysis or financial advice. Changes in price, condition, sale, or withdrawal may be made without notice. All measurements and square footage are approximate. Equal Housing Opportunity. Compass and its agents disclaim any and all liability for representations and warranties, express or implied, contained in, or for omissions from, the information contained herein or any other written or oral communication transmitted or made available to the recipient. This is not intended to solicit property already listed. Compass is a real estate broker licensed by the State of California operating under multiple entities. License Numbers 01991628, 1527235, 1527365, 1350742, 1443761, 19971075, 1935359, 1961027, 1842987, 1869607, 1866771, 1527205, 1079009, 1272467.



Subject Property
Prepared for the City of Morro Bay on 11/12/2020

Morro Bay

570 Dunes Street

Property Information

Property Type: Single

Family

Beds: 2

Baths Full / Half: 1

Sq. Ft.: 791

Lot Size: 3,872 SF / 0.09

Year Built: 1968

Transaction Information

Active

ADDRESS	BED	BATHS		SF	LOT	ORIGINAL LISTING PRICE	LAST ASKING PRICE	CLOSING PRICE	PPSF	MONTHLY CHARGES	LISTED	CONTRACT	SOLD	DOM
		FULL /	HALF											
341 Oahu St	2	1 / 0		839	2,400	\$599,000	\$559,500		\$667		10/30/20			13
AVERAGES				839	2,400	\$599,000	\$559,500		\$667					13

Contract

ADDRESS	BED	BATHS		SF	LOT	ORIGINAL LISTING PRICE	LAST ASKING PRICE	CLOSING PRICE	PPSF	MONTHLY CHARGES	LISTED	CONTRACT	SOLD	DOM
		FULL /	HALF											
381 Nevis St	2	1 / 0		700	2,400	\$522,500	\$522,500		\$746		8/3/20	11/12/20		100
965 Pacific St	1	1 / 0		504	5,000	\$550,000	\$550,000		\$1,091		8/10/20	8/31/20		21
2120 Seaview Ave	2	1 / 0		720	5,000	\$625,000	\$595,000		\$826		8/5/20	10/10/20		45
AVERAGES				641	4,133	\$565,833	\$555,833		\$888					55

Sold

ADDRESS	BED	BATHS		LOT	ORIGINAL LISTING PRICE	LAST ASKING PRICE	CLOSING PRICE	PPSF	MONTHLY CHARGES	LISTED	CONTRACT	SOLD	DOM
		FULL /	HALF										
234 Pacific St	2	1		804	3,800	\$595,000	\$595,000	\$600,000	\$746	5/13/20	7/23/20	8/25/20	49
490 Yerba Buena St	2	1 / 0		780	2,400	\$399,000	\$399,000	\$439,000	\$563	6/4/20	6/21/20	7/13/20	5
432 Oahu St	2	1 / 0		770	2,400	\$520,000	\$520,000	\$500,000	\$649	7/28/20	9/20/20	10/15/20	51
411 Luzon St	2	1 / 0		814	2,400	\$539,000	\$539,000	\$529,000	\$650	5/29/20	6/8/20	7/23/20	9
1150 Las Tunas St	2	1 / 0		1,009	5,000	\$560,000	\$560,000	\$570,000	\$565	6/8/20	6/29/20	7/24/20	8
560 Olive St	2	1 / 0		806	4,500	\$650,000	\$620,000	\$615,000	\$763	2/17/20	7/29/20	9/11/20	55
603 Driftwood St	1	1 / 0		770	3,964	\$499,000	\$499,000	\$556,000	\$722	3/30/20	4/3/20	5/1/20	4
AVERAGES				822	3,495	\$537,429	\$533,143	\$544,143	\$665				26



 **570 Dunes St**

 **Active**

A. 341 Oahu St

 **In Contract**

B. 381 Nevis St

C. 965 Pacific St

D. 2120 Seaview Ave

 **Sold**

E. 234 Pacific St

F. 490 Yerba Buena St

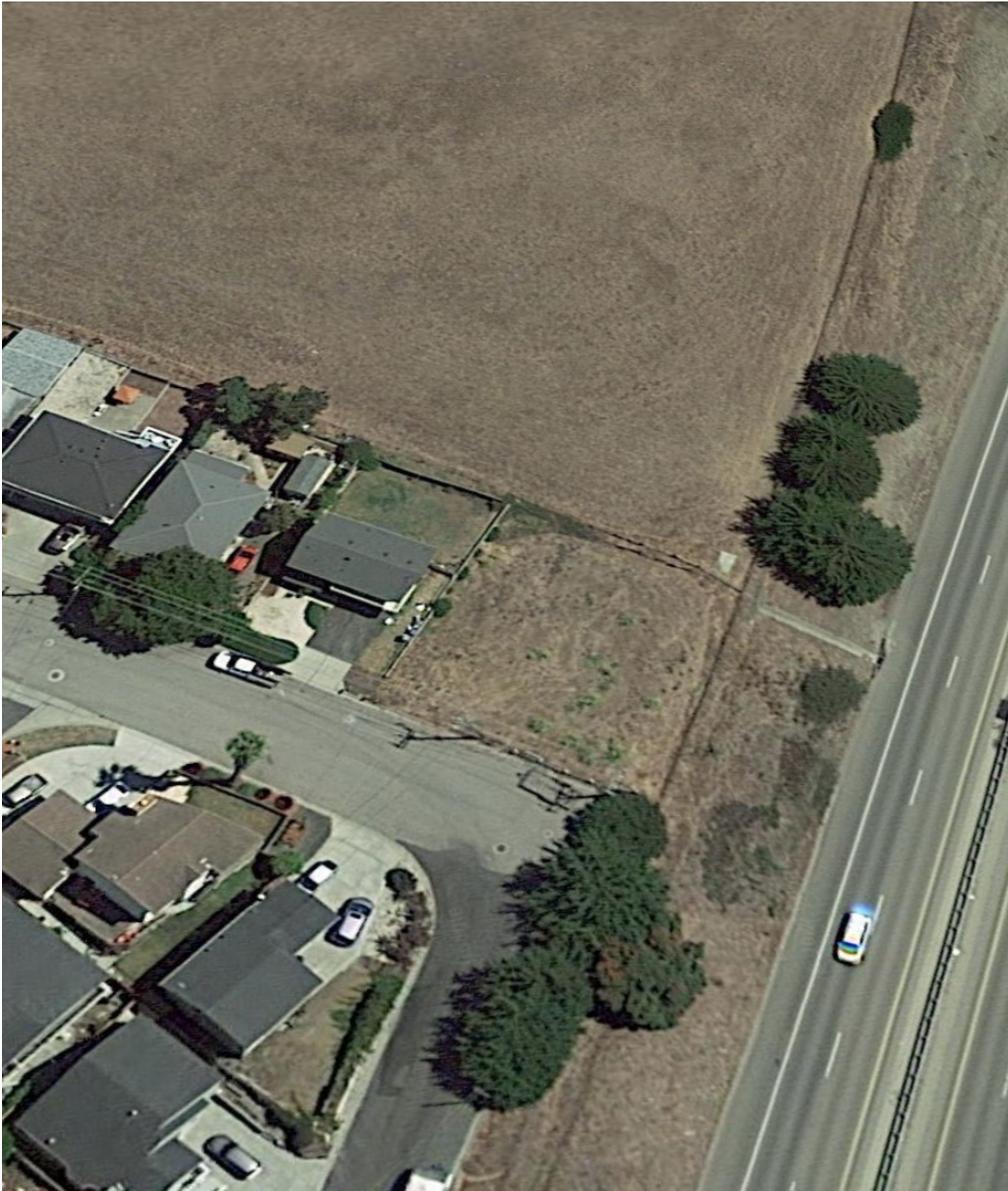
G. 432 Oahu St

H. 411 Luzon St

I. 1150 Las Tunas St

J. 560 Olive St

K. 603 Driftwood St



COMPASS

Comparable Properties Report
Prepared for the City of Morro Bay on 11/13/2020

Morro Bay

0 Bolton Dr



Frankie Ciano

DRE# 01412309
REALTOR® Broker Assoc.
(805) 748-1026
ciano@compass.com





Recommended listing price

***\$269,000 - \$289,000**

About Your Listing Price

Value Range: \$269,000 - \$289,000
with a suggested list price of
\$279,000.

Agent's Notes

This evaluation is based on an extensive desk review. Opinion of value may change depending on allowed use. Tax records indicate a 39,640 sq ft lot however the parcel map displays a 7,037 sq ft parcel. Land use listed; Government however surrounding properties are zoned R1.

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Active

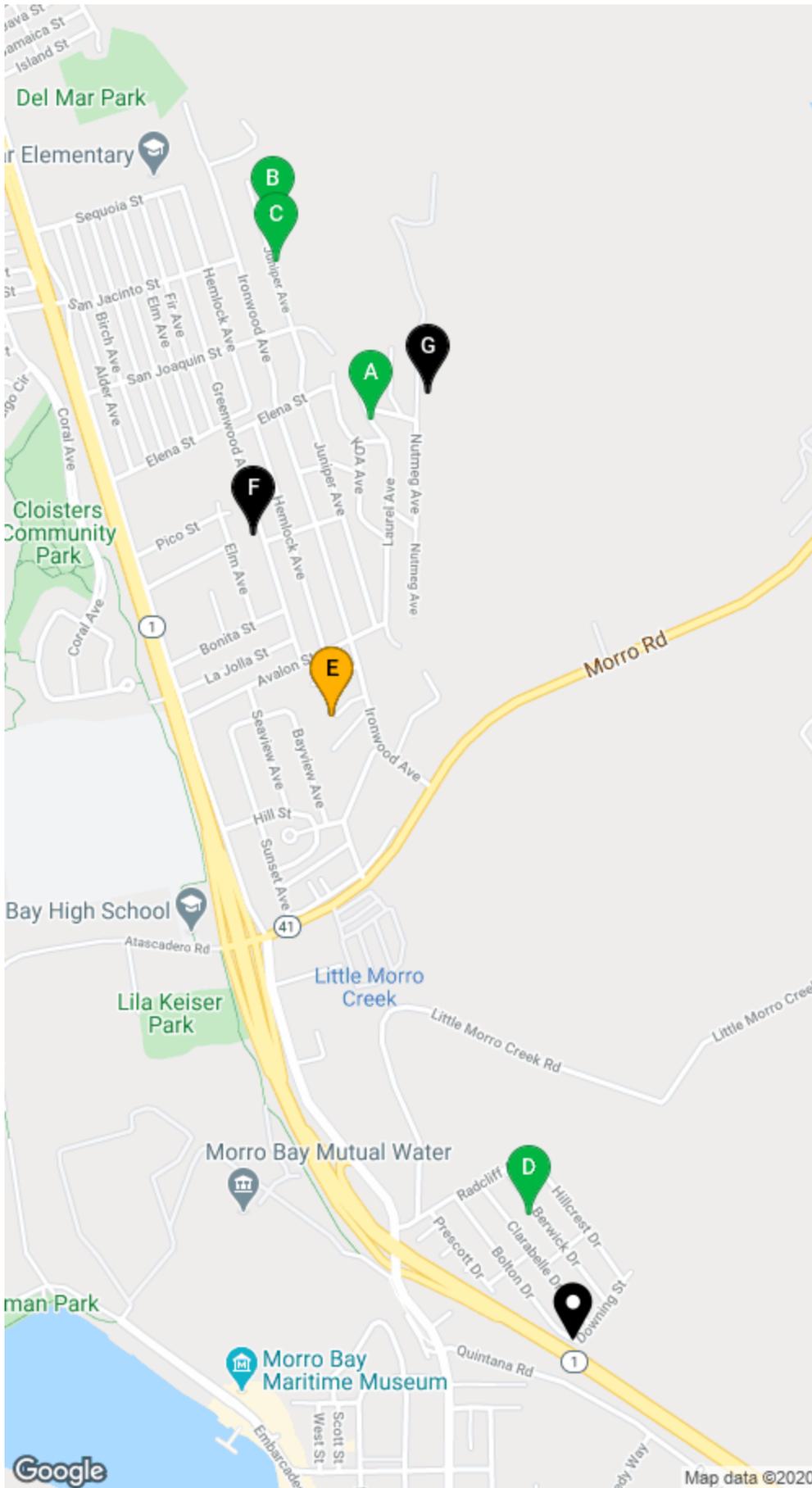
ADDRESS	BED	BATHS FULL / HALF	SF	LOT	ORIGINAL LISTING PRICE	LAST ASKING PRICE	CLOSING PRICE	PPSF	MONTHLY CHARGES	LISTED	CONTRACT	SOLD	DOM
0 Laurel		0 / 0		4,000	\$194,000	\$194,000				2/20/20			103
2920 Juniper Ave		0 / 0		6,199	\$299,000	\$299,000				2/3/20			284
2880 Juniper		0 / 0		6,199	\$359,000	\$389,000				9/25/15			1,876
1339 Berwick Dr		0 / 0		4,000	\$425,000	\$425,000				10/29/20			15
301 N Rennell		0 / 0		2,400	\$269,000	\$269,000				3/14/20			244
AVERAGES				4,560	\$309,200	\$315,200							504

Contract

ADDRESS	BED	BATHS FULL / HALF	SF	LOT	ORIGINAL LISTING PRICE	LAST ASKING PRICE	CLOSING PRICE	PPSF	MONTHLY CHARGES	LISTED	CONTRACT	SOLD	DOM
0 Ironwood		0 / 0		8,350	\$500,000	\$395,000	\$375,000			2/13/18	9/23/20	10/27/20	264
AVERAGES				8,350	\$500,000	\$395,000	\$375,000						264

Sold

ADDRESS	BED	BATHS FULL / HALF	SF	LOT	ORIGINAL LISTING PRICE	LAST ASKING PRICE	CLOSING PRICE	PPSF	MONTHLY CHARGES	LISTED	CONTRACT	SOLD	DOM
2515 Greenwood Ave		0 / 0		6,480	\$399,000	\$349,000	\$285,000			2/19/20	8/5/20	8/24/20	162
2551 Koa		0 / 0		3,480	\$350,000	\$315,000	\$300,000			5/5/19	7/28/20	9/8/20	447
2620 Nutmeg Ave		0 / 0		4,000	\$450,000	\$450,000	\$355,000			8/5/20	8/16/20	8/31/20	11
0 Ironwood		0 / 0		7,200	\$525,000	\$390,000	\$375,000			11/1/17	10/5/20	10/27/20	276
AVERAGES				5,290	\$431,000	\$376,000	\$328,750						224



0 Bolton Dr

Active

- A. 0 Laurel
- B. 2920 Juniper Ave
- C. 2880 Juniper
- D. 1339 Berwick Dr

In Contract

- E. 0 Ironwood

Sold

- F. 2515 Greenwood Ave
- G. 2620 Nutmeg Ave
- H. 0 Ironwood

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AGENDA NO: C-5

MEETING DATE: February 23, 2021

Staff Report

TO: Honorable Mayor and City Council

DATE: February 19, 2021

FROM: Scott Collins – City Manager

SUBJECT: Consideration and Approval of Temporary City Goal and Action Items Associated with COVID-19 Response and Recovery

RECOMMENDATION

Staff recommends the City Council adopt a new temporary City Goal, COVID-19 Response and Recovery and associated action items, and provide additional direction as appropriate.

FISCAL IMPACT

There is no immediate fiscal impact associated with the approval of this recommendation.

ALTERNATIVES

Do not adopt new temporary City Goal as proposed and/or direct staff otherwise.

BACKGROUND

City Council, at their January 12, 2021 meeting, directed staff to return with a temporary City goal surrounding the COVID-19 pandemic to add to its existing City goals. This direction was provided in response to the fact that the City is dedicating significant resources, both staff time and funds, to assist the community in the public health response and recovery efforts. Typically, the City would review its goals and related action items at this time, but that effort has been postponed to later in the calendar year to allow focus to remain on COVID-19.

Council requested that staff bring forward input from the community regarding this potential temporary goal. Staff conducted an online Polco poll in January and received 109 responses. The Chamber also participated in a County-wide poll for businesses in February, of which 20 Morro Bay businesses responded. Taken all together, the main concerns expressed by respondents is the need to continue to enforce the State and County rules and guidelines, continue communications, and assist the County with vaccination rollout efforts, while also doing what we can to support those struggling financially or otherwise through the pandemic. The Polco survey results are provided as Attachment 1.

DISCUSSION

Based upon feedback from the community and a review of efforts already underway, staff recommends that Council adopt the new temporary City goal of "Support the Community Through the COVID-19 Response and Recovery Effort" with the following action items:

1. Trash cleanup

Prepared By: SC

Dept Review:

City Manager Review:

City Attorney Review: CFN

- a. Add staff capacity to pick-up trash during the peak tourist season
 - b. enlist restaurant help
 - c. provide citizen volunteer opportunities and incentives
2. Reduce COVID-19 infection and exposure risks
 - a. follow County guidelines
 - b. continue to provide education and enforcement
3. Support SLO County Public Health's COVID-19 vaccination program
 - a. follow County guidelines
 - b. public outreach and information - who, what and when
 - c. budget support
 - d. training and deployment opportunities
 - e. citizen volunteer opportunities
4. Economic Recovery
 - a. support local businesses and employees
 - b. protect City financial reserves
 - c. continue working to streamline permit review process
 - d. promote low-cost housing/mobile home parks
 - e. expedite General Plan/Local Coastal Program/Zoning Code adoption

CONCLUSION

The City is focused on assisting our community through a once in a century global pandemic. City funding and staffing are targeting key efforts that keep our community safe, while also helping our community recover from related financial and economic impacts. Thus, it makes sense, and staff recommends, that City Council add a temporary goal to the City goals, focused on this response and recovery effort. As conditions improve related to the pandemic, the community and City Council will revisit all City goals with renewed vigor as well look to the future.

ATTACHMENT

1. Polco Survey – COVID-19



City of Morro Bay COVID-19 Resident Survey

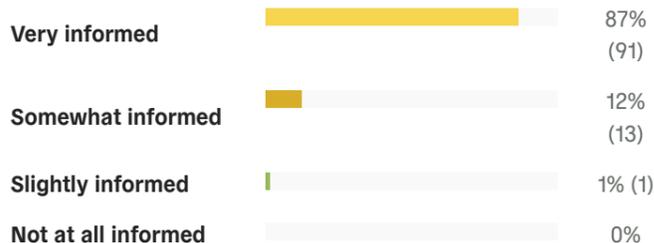
Survey Results
FINAL

02/17/2021

How would you rate your current knowledge of COVID-19 in the following areas?

Question	Very informed	Somewhat informed	Slightly informed	Not at all informed
The symptoms of COVID-19	87%	12%	1%	0%
The ways the disease is transmitted	90%	8%	2%	0%
What types of exposure require quarantine	61%	34%	4%	1%
For what symptoms or types of exposure should I get tested	72%	22%	5%	1%
Where to get tested	51%	26%	14%	9%
The accuracy of the test results (active infection)	41%	43%	14%	2%
The current laws and regulations in my community relating to COVID-19	60%	30%	9%	2%
Availability of COVID-19 vaccines	44%	31%	16%	9%

The symptoms of COVID-19



The ways the disease is transmitted



What types of exposure require quarantine



For what symptoms or types of exposure should I get tested



Where to get tested



The accuracy of the test results (active infection)



The current laws and regulations in my community relating to COVID-19



Availability of COVID-19 vaccines



When critical information about COVID-19 in your community needs to be shared, how important to you, if at all, are the following outlets?

Question	Essential	Very important	Somewhat important	Not at all important
Local television stations	36%	25%	16%	23%
Local radio stations	19%	18%	32%	31%
Local newspapers	26%	26%	24%	24%
Local government website	59%	24%	12%	5%
Local government emails/ e-newsletters	57%	27%	10%	7%
Schools	32%	18%	13%	37%
Social media	30%	17%	26%	26%
Other organizations such as churches, clubs and non-profits	12%	22%	30%	36%
Emails from organizations (e.g. schools, employers, etc.)	22%	26%	26%	25%
Word of mouth/heard from friend or family member	13%	22%	43%	22%

Local television stations



Essential		36% (38)
Very important		25% (27)
Somewhat important		16% (17)
Not at all important		23% (24)

Local radio stations



Local newspapers



Local government website



Local government emails/ e-newsletters



Schools



Social media



Other organizations such as churches, clubs and non-profits



Emails from organizations (e.g. schools, employers, etc.)



Word of mouth/heard from friend or family member



Thinking about the past 4 weeks, how often have you...

Question	Never	Sometimes	Mostly	Always
Avoided public places	9%	11%	61%	19%
Avoided crowded places	8%	3%	19%	71%
Avoided gatherings with more than 10 people	8%	1%	8%	83%
Used hand sanitizer when visiting public places	6%	17%	17%	60%
Tried to keep 6 feet away from others while out	3%	7%	20%	71%
Wore a mask indoors while in public	5%	2%	8%	86%
Wore a mask outdoors while in public	9%	24%	27%	40%

Avoided public places



Never		9% (10)
Sometimes		11% (12)
Mostly		61% (65)
Always		19% (20)

Avoided crowded places



Avoided gatherings with more than 10 people



Used hand sanitizer when visiting public places



Tried to keep 6 feet away from others while out



Wore a mask indoors while in public



Wore a mask outdoors while in public



Thinking about the past 4 weeks, has anyone in your household:

Question	Yes	No	Don't know
Been exposed to someone with a confirmed case of COVID-19	8%	85%	7%
Quarantined/isolated due to COVID-19 exposure	8%	90%	2%
Tested for COVID-19 (active infection)	26%	73%	1%
Tested POSITIVE for COVID-19 (active infection)	2%	96%	2%
Tested for COVID-19 antibodies	7%	88%	5%
Tested POSITIVE for COVID-19 antibodies	0%	95%	5%
Received a COVID-19 vaccination	24%	76%	0%

Been exposed to someone with a confirmed case of COVID-19



Yes		8% (9)
No		85% (91)
Don't know		7% (7)

Quarantined/isolated due to COVID-19 exposure



Tested for COVID-19 (active infection)



Tested POSITIVE for COVID-19 (active infection)



Tested for COVID-19 antibodies



Tested POSITIVE for COVID-19 antibodies



Received a COVID-19 vaccination



We know the COVID-19 pandemic is challenging in many ways. How would you rate your household on the following?

Question	Excellent	Good	Fair	Poor	Don't know
Overall physical health	36%	50%	11%	2%	0%
Overall emotional/social health	25%	52%	21%	3%	0%
Overall economic health	36%	47%	12%	5%	0%

Overall physical health



Excellent		36% (39)
Good		50% (54)
Fair		11% (12)
Poor		2% (2)
Don't know		0%

Overall emotional/social health

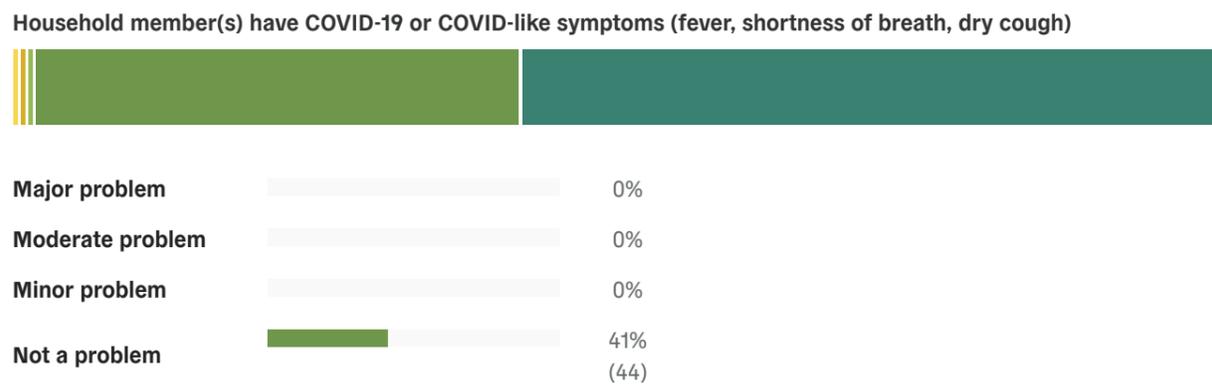


Overall economic health



Please rate how much of a problem, if at all, the following are for your household CURRENTLY.

Question	Major problem	Moderate problem	Minor problem	Not a problem	Not applicable
Household member(s) have COVID-19 or COVID-like symptoms (fever, shortness of breath, dry cough)	0%	0%	0%	41%	59%
Access to medical services (e.g., emergency care, basic medical care and needed prescriptions)	0%	6%	5%	84%	5%
Lack of good testing (access to tests and wait times for results)	5%	10%	15%	58%	13%
Access to healthy food	0%	4%	8%	88%	1%
Not being able to exercise	6%	20%	19%	55%	1%
Feeling nervous, anxious or on edge	6%	19%	46%	28%	2%
Feeling bored	9%	17%	35%	37%	2%
Not being able to stop or control worrying	5%	13%	26%	56%	1%
Having little interest or pleasure in doing things	1%	8%	23%	65%	2%
Feeling down, depressed or hopeless	2%	11%	32%	54%	1%
Feeling lonely or isolated	6%	10%	34%	49%	1%
Not knowing when pandemic will end/not feeling in control	7%	25%	43%	24%	1%
Household members not getting along	0%	3%	15%	71%	11%
Qualify for, but cannot obtain a COVID-19 vaccination	12%	7%	6%	50%	25%



Not applicable  59%
(63)

Access to medical services (e.g., emergency care, basic medical care and needed prescriptions)



Lack of good testing (access to tests and wait times for results)



Access to healthy food



Not being able to exercise



Feeling nervous, anxious or on edge



Feeling bored



Not being able to stop or control worrying



Having little interest or pleasure in doing things



Feeling down, depressed or hopeless



Feeling lonely or isolated



Not knowing when pandemic will end/not feeling in control



Household members not getting along



Qualify for, but cannot obtain a COVID-19 vaccination



Do you plan to get /have you gotten a COVID vaccination this year?



C Not sure 9% (9)

Please rate how much of a problem, if at all, the following are for your household CURRENTLY.

Question	Major problem	Moderate problem	Minor problem	Not a problem	Not applicable
Loss of job(s)	3%	6%	6%	50%	36%
Fear of losing job	1%	10%	5%	51%	34%
Reduced household income	7%	7%	15%	53%	19%
Making rent or mortgage payments	3%	3%	9%	71%	14%
Increased health care expenses	6%	6%	5%	72%	12%
Lack of skills to use technology to communicate	0%	0%	5%	87%	8%
Lack of technology to work from home	1%	0%	5%	71%	24%
Providing financial, emotional, or other support for extended family not living with you	3%	11%	21%	52%	13%
Helping my children with online schooling	5%	5%	6%	20%	64%
Lack of childcare/supervision	4%	1%	4%	25%	66%

Loss of job(s)



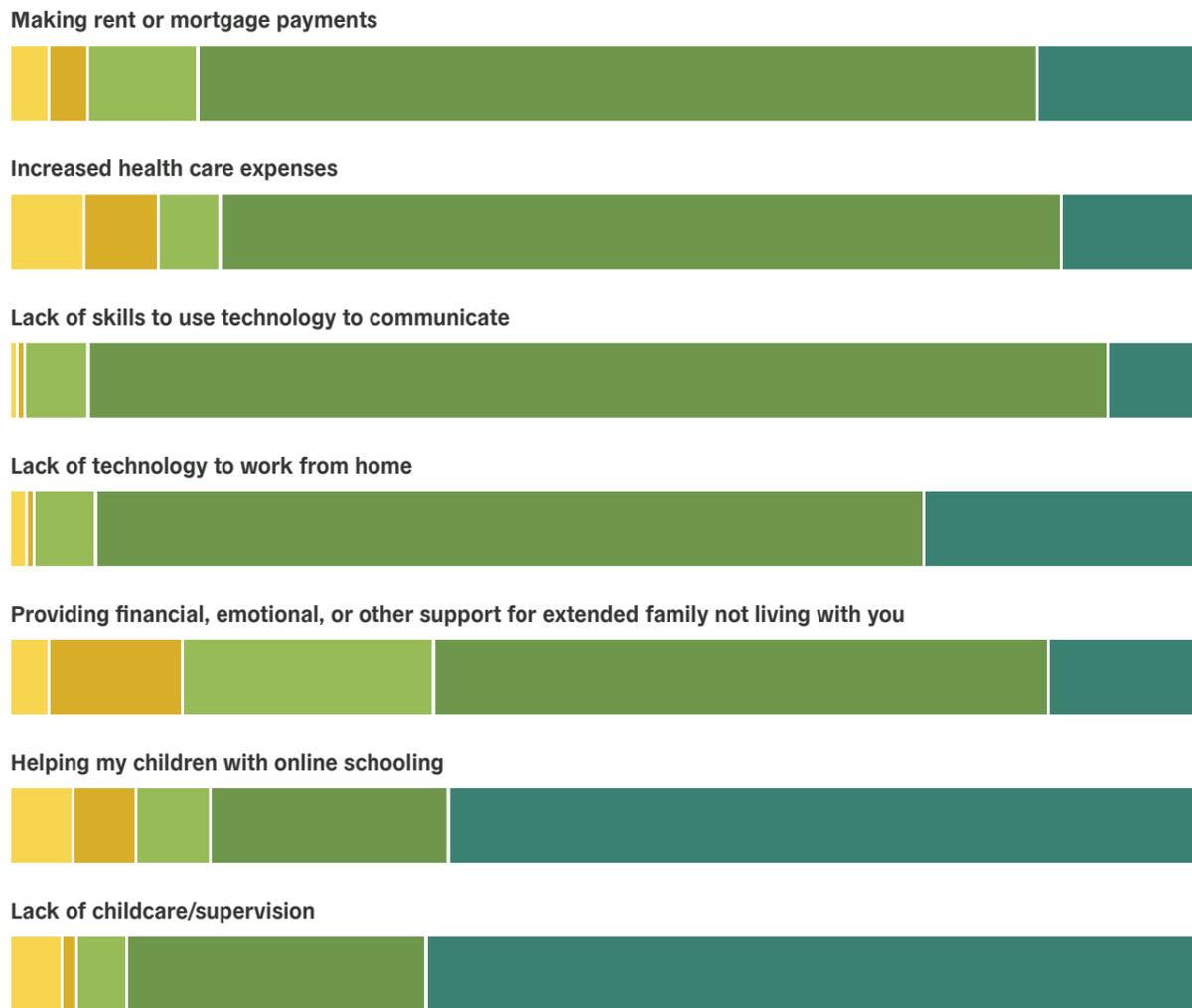
Major problem		3% (3)
Moderate problem		6% (6)
Minor problem		6% (6)
Not a problem		50% (52)
Not applicable		36% (37)

Fear of losing job

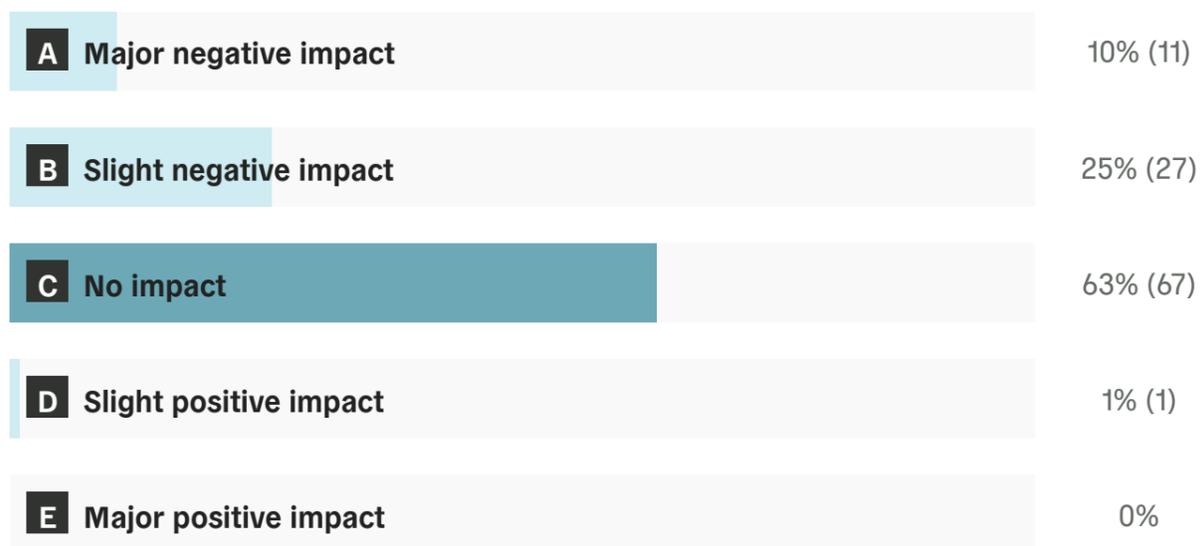


Reduced household income





How much, if at all, has COVID-19 impacted your household income?



If there are other significant challenges or problems you are facing because of the pandemic, please describe them.

The city does not communicate well and needs to enforce mask wearing. On a personal level, not having any physical contact with anyone is tough

Concern about and postponing regular testing like mammograms or blood work

Seeing other people not conforming to city, state or federal covid regulations and the LACK OF CITY ENFORCEMENT. Allowing crowds to gather and infect our area with no

regard to others health.

Not being able to visit in person with elderly relatives, neighbors and friends has left them socially isolated and me concerned about their overall well-being. The State and County lack of enforcement of mask wearing is very frustrating and concerning.

Censorship of alternative opinions by qualified health care professionals and the massive dis-information campaign by the government.

I need a hip replacement and transitional care facilities have a lot of Covid-19 and deaths.

Missing my family

Only that our non-profit theater company is shut down while our storage and insurance expenses continue.

None other than anger over how the Trump administration utterly failed to do anything with regard to the pandemic. My answer to how the federal government is doing in Question 11 below is based on the new Biden administration.

Vaccine availability

Inability to help with distant family and their health issues.

Inability to travel.

Frustration with lack of cooperation by tourists when it comes to taking the recommended precautions. I feel like I am making sacrifices but end up being trapped in my home because there are so many tourists in town. The businesses need them, I understand that but I am the one who making sacrifices but not having any benefit to my own wellbeing.

Childcare, infant care

This City is not doing enough to discourage tourists. Tax income seems to be their biggest concern.

the stress of people refusing to follow the science. Masks are not a partisan issue! This has been awful.

Lack of exercise, poor quality of leisure time and no social interaction

the most significant problem for me is the lack of in person education for my children. Distance learning is far inferior to in-person. Children are also suffering from lack of recreational activities and organized sports. Their screen time has skyrocketed and exercise plummeted. This is a recipe for disaster. PLEASE prioritize getting children IN school. Somehow it is safe to be at Target and Walmart but not school....

NA

I want to hug my grandsons

Can't go out to eat!

Eviction based on false statements

consolidating a business, losing employees

Forget the mask sometimes.

Not visiting family or friends

We worry about out of town visitors/tourists bringing more Covid19 to our community having to teach our grandchildren so their parents can work. Teachers have proven themselves non-essential.

Organizations I support and belong to are struggling.

Getting appointments for vaccine

While "access" to health care services is not an issue, we are unwilling to go to local labs for routine diagnostic services because the labs have told us they are not employing any special protocols for COVID-19. As a result we have had to postpone doctor visits (the doctors require annual labs for checkups).

Has affected all parts of my life negatively.

public transportation

Unable to safely visit out-of-area relatives for the past year, whom we would otherwise visit.

tired of isolation and stress

miss our social interactions and programs and hugs and family

Overall, please rate the response of the following government organizations to COVID-19.

Question	Excellent	Good	Fair	Poor	Don't know
The Federal government	5%	19%	19%	57%	1%
The State government	6%	32%	36%	26%	0%
Our local government	19%	32%	26%	18%	5%

The Federal government



Excellent		5% (5)
Good		19% (20)
Fair		19% (20)
Poor		57% (61)
Don't know		1% (1)

The State government



Our local government



How would you rate your local government's response to COVID-19 in the following categories?

Question	Excellent	Good	Fair	Poor	Don't know
Generally acting in the best interest of the community	24%	32%	22%	16%	6%
Being open and transparent to the public	24%	36%	21%	14%	6%

Question	Excellent	Good	Fair	Poor	Don't know
Informing residents about issues facing the community	25%	34%	20%	16%	5%
Overall confidence in our local government	24%	30%	24%	21%	1%

Generally acting in the best interest of the community



Excellent		24% (26)
Good		32% (34)
Fair		22% (24)
Poor		16% (17)
Don't know		6% (6)

Being open and transparent to the public



Informing residents about issues facing the community



Overall confidence in our local government



Please list the types of assistance from the City or County that would be helpful to you or your neighbors during the pandemic.

Buying local

Open senior activities at senior center. More outdoor classes. I understand there is a balance class but no one knows how to sign up for it. Indoor limited classes with air purification open libraries

Helping the +75 people use technology to get vaccine

We have RULES. ENFORCE THEM. Officials give in to the minority of people who break the rules. We need to get back to common sense basics regarding life. People act as though no one can tell them what to do and there is no one enforcing the rules. BE STRICTER and we would all benefit.

Be more strict about not encouraging visitation from other areas and enforce mask wearing.

Enforcement!!!! Enforce mask wearing!!! Enforce rules that are put in place to stop the spread. Some businesses ignored the rules and were not penalized for doing so. That is not fair to the businesses that complied. Get our seniors vaccinated so the don't have to remain socially isolated.

Open businesses and let people take personal responsibility for their health.

Improve getting the word out regarding vaccination. Not all residents have internet access.

Let the gyms open and people choose to go if they want to.

Outdoor activities for teens in small groups

It seems it's difficult to know where and when the vaccinations are available, so assistance with that, especially in Morro Bay, would be helpful.

A third of the City's population is over the age of 65. This is a large vulnerable population the City failed to adequately protect. The City should have passed an ordinance requiring masks be worn in public. This is even more necessary now that there are more contagious variants of the virus coming into circulation. The ordinance should make infractions a misdemeanor and our police should be aggressive in enforcing it.

The City of Morro Bay could consider providing us with one clear, easy to access source of information which anyone can get 24/7 (a phone number to call and a website) which is consistently and continuously updated. Ideally this source would include specific ways locals can help each other (where, when, and with what - i.e., drop off blankets, socks, warm jackets for the homeless at the bin by the Morro Bay library). The County could consider hiring more people to work in the health department to help others schedule vaccination appointments and to administer the vaccinations. Perhaps vaccinations should be given at pharmacies in every town; not just 3 locations in the county.

Support those who choose medical freedom and trust in their own body's immune system. Also support of those who can't wear masks.

vaccine availability

Indoor testing and vaccine administration.

Clear and abundant communication regarding vaccine acquisition and back to school plans, clear direction regarding proper types of masks to wear and delivery of masks to households.

Q about rating Fed gov. did not give a time frame. Its improving now. It was horrible in 2020

Ensuring food and shelter of some sort to our unhoused neighbors

Unfortunately, I think the change needs to come for the general population rather than the government--they need to follow what is "advised".

Clear and concise information as it relates to vaccine distribution. Being able to know when I'll become eligible and where I'll be able to access the vaccination.

Enforcement of safety recommendations. Vaccines please. Let's stop encouraging LA and Central Valley folks to visit here. There is just too much risk to the residents of MB..

Enforcing restaurants no indoor dining/bar like Harbor Hut

Drive thru vaccination POD ASAP in MB for 65+; Continue to discourage tourists for another month or 2 until we see the impact of the new strains that may grow.

Childcare

Enforce mask mandates and social distancing.

Getting vaccines to the community center and getting us all vaccinated!

reduce the number of visitors. This is my town, so why am I not able to go out because it is full of visitors without masks???

The community needs (like everyone in the State) to get better access to get vaccinated. The current status is everyone over 75, the next phase should be done incrementally....everyone over 70, then everyone over 65, etc....better planning and administration of the few vaccines available to SLO County.

Advocating on behalf of families and children to open our schools to in person learning NOW.

Instead of only focusing on vaccines, get good, known, medical information to the public on what foods and supplements keep one healthy and fight against COVID ie. vitamin D3, vitamin C, and zinc.

More focus on reopening schools!

More transparent and accessible communication.

Need much more information regarding WHEN immunizations will be available. Telling people how many immunizations have been given is not helpful at all.

Get organized and get the vaccines into people, especially those who work with the public and the elderly, as quickly as possible, including working on the weekends.

Allow businesses to open

Let's get the 41 underpass mural painted to cheer up! Should be able to get some volunteers right!?

Mental Health support, rent assistance, affordable housing

County decisions are being made without resident input. County could have/should have done more. Enforcement is a joke - just how ramping up after nearly a year with fines/closures? What a pathetic and irresponsible response.

Get an appointment for vaccination. I keep trying every day, but get nowhere.

Quit advertising Morro Bay as a tourist town, and get all the people from LA and the valley out of here.

Allow all businesses and churches to open without repercussion.

We really need better enforcement of mask and distancing rules among visitors.

just ongoing communicaton

Our homeless population need a place to stay and get supplies during bad weather and the pandemic. U

Better enforcement and adherence to actual public health guidelines instead of opinions and politics.

social, sport or activity based offerings for kids/teens

close Taco Temple as they have to many people. Stop people from going to grocery stores more that once a week.

Bring back handwashing stations near Rock area, if economically feasible

limit travel into our area to avoid spread and exposure

Making vaccine eligibility and signing up for vaccines much easier to access and less time consuming

Clear access to vaccination appointments.

fire the teachers and hire non-union replacments

Better vaccine availability

Keep the information flowing and now is the time for planning for tomorrow.

Keeping outsiders away

1. Fight hard to increase quantity of vaccine dosages for the county. Family members in Southern California have been actively contacted by their doctors and pharmacies to get vaccine, even those under age 75 before their tier was reached. But SLO County appears to have far less availability and we're left waiting and hoping our turn is coming. Just today we heard the vaccine can go to people in our age group but the county has only enough vaccine for a tiny percentage of eligible community members. 2. Strictly enforce mask mandates

Shut down tourists access to the city businesses.

Backoff from being needy for government money. Open up the city and revitalize the local economy. Fight the Government's fear-induced social engineering. Read and get the facts do not rely on government disinformation based upon fear.

OPENING OUR SCHOOLS!!

The City is doing a great job educating and informing, i hope the City resists the temptation to use this crisis as an excuse to stall the forward progress that was being made, our lifeblood is our small business community and embracing future investment

opportunities. Please show leadership in and through this pandemic by showing me and my neighbors that our City has the strength and fortitude to stay the course, approve and move forward with goals setting, this gives me and our community confidence that the City is resilient and not operating in fear.

pop-up food banks around neighborhoods, warming shelter & safe parking for unsheltered

Need better enforcement of mask mandates on the Embarcadero and downtown on weekends. We hardly go out on weekends because so many tourists ignore masking requirements.

don't know at this time

Now with President Biden I believe there will be better support to the local community and state overall. Better communication. Thank you.